



Mirae Asset Securities Co., Ltd.

**GREEN, SOCIAL AND SUSTAINABILITY
BOND FRAMEWORK**

June 2021

1. Background

Mirae Asset Securities Co., Ltd. (“Mirae Asset” or “the Company”) is one of Korea’s leading financial institutions with investment activities firmly based on solid investment principles and know how accumulated with its professional experiences. The Company strives to provide its clients with greater value and contribute to creating a vibrant society through investment.

Mirae Asset’s headquarter is located in Korea. As of FY2020, the Company carried out its business activities through its global network comprising 77 domestic branches, 3 representative offices (in Beijing, Shanghai and Ho Chi Minh City) and 11 overseas subsidiaries (includes United States, U.K., Hong Kong, Brazil, Vietnam, Indonesia, China(Beijing), Singapore, Mongolia and India). Mirae Asset has set up specialization strategies customized to the unique regional characteristics to sharpen our competitive edge in the global market.

Mirae Asset generates its revenue primarily through the following five reportable operating business segments and prepares its segment reporting information accordingly for the purposes of resource allocation and assessment of each segment’s performance:

- **Wealth Management:** providing securities brokerage to individual customers and non-professional investors, offering products of wealth management and financial consulting services;
- **Investment Banking:** conducting corporate finance businesses such as various funding and mergers and acquisitions (“M&A”) advisory, among others;
- **Sales and Trading:** trading bonds, providing brokerage services, supplying derivatives, hedge fund management and sales, as well as executing principal investment and proprietary trading;
- **Wholesale:** conducting sales of various financial instruments to corporate customers, providing domestic equity and derivatives brokerage and related services to domestic institutional investors; and
- **Principal Investment and Others:** conducting principal investment, supporting parts of the Company’s headquarter and carrying out operating activities other than those mentioned above

Mirae Asset’s Sustainability Business Strategy

Mirae Asset aims to fulfill its environmental and social responsibilities by providing financial solutions that promote sustainability and shared growth. Mirae Asset was the first Korean securities firm to establish “Environmental and Social Policy Statement”, which the Company is committed to adopting throughout its entire business lifecycle from product development to sales, customer care, investment, advisory and asset management.

With a mission to pioneer a sustainable future through finance, Mirae Asset set up three areas of focus, Accountability & Governance, Climate Engagement & Net-Zero and Inclusive Growth, with strategic priorities. Mirae Asset’s strategic initiatives will allow the company to reach KRW10 trillion in sustainable finance¹ by 2025.

¹ 2020 baseline applied; cumulative amount for i) ESG investment and ii) advisory services, balance amount for iii) ESG bonds and iv) ESG financial products

ESG Management Mission	We are committed to pioneering a sustainable future through finance with a clear understanding of our social roles and responsibilities		
2025 Goal	Reach KRW10 trillion in sustainable finance⁽¹⁾		
Focus Areas	Accountability & Governance	Climate Engagement & Net-Zero	Inclusive Growth
	Enhance responsible and ethical management	Expand carbon reduction finance	Expand inclusive finance
Strategic Priorities	Identify ESG investment opportunities and enhance risk management & engagement	Enlarge ESG-themed financial product balance	Bolster the accessibility of financial services for underprivileged community
	Commit to and comply with global initiatives	Continuous issuance of sustainability bond	Develop social contribution engagement
UN SDGs		 	 

Aligning ESG policy Framework to UN Sustainability Development Goals (UN SDGs) and Sustainability Accounting Standards Board (SASB), Mirae Asset will actively respond to climate change, and pursue social inclusion while faithfully carrying out its role as a Korea's leading financial institution.

In order to put more emphasis on Focus Areas, Mirae Asset recently announced its commitment to advocating Taskforce on Climate-related Financial Disclosures (TCFD) and setting a science-based targets through the Science Based Target initiative (SBTi), showcasing Company's strong will to achieve the mission and goals.

ESG Governance

Mirae Asset's ESG Board Committee will oversee and monitor company-wide ESG policies and medium/long-term ESG strategies in discussion with Executive Committee. Led by ESG Implementation Team, working groups from each business unit will be at forefront executing Mirae Asset's ESG financing.

The Company is allocating its resources strategically to achieve Sustainable Finance targets, while closely monitoring and managing the risk exposure of high-emission generating industries within its investment portfolio. By supporting TCFD and setting up ESG Framework & ESP Statement, Mirae Asset will strictly comply with regulations and market standards, which Risk Management Committee will oversee and manage.



2. Mirae Asset’s Green, Social and Sustainability Bond Framework

Mirae Asset intends to issue a series of Green, Social and Sustainability Bonds (“GSS Bonds”) to fulfill its economic, environmental and social responsibilities. Green, Social and Sustainability Bond Framework has been developed to facilitate transparency, disclosure, integrity and quality in Mirae Asset’s GSS Bonds for interested investors and stakeholders.

Financing may include instruments such as investments and loans that contribute to sustainable development by earmarking the proceeds for projects and expenditures that fall within the Eligible Project Categories (as described below).

The Framework has been developed to address the four key pillars of the Green Bond Principles (“GBP”) 2018, Social Bond Principles (“SBP”) 2018, and the Sustainability Bond Guidelines (“SBG”) 2018:

1. Use of Proceeds
2. Projects Evaluation and Selection
3. Management of Proceeds
4. Reporting

The framework also covers External Review, and the Framework may be subsequently revised or updated as the sustainable finance market continues to evolve.

2.1 Use of Proceeds

An amount equal to the net proceeds of Mirae Asset’s GSS Bond will be used to finance and/or refinance, in whole or in part, new or existing projects (“Eligible Projects”) from any of the Eligible Project Categories as defined below. Eligible products include new investments through acquisition of equity stakes in project SPV or funds and loans, and refinancing of existing projects that have been executed within 36 months prior to the date of issuance of the bond.

The net proceeds or an amount equal to the net proceeds of a Green Bond and/or a Social Bond issued under the Framework will be allocated to projects or lending that fall under the Green Eligible Categories set forth in Section 2.1.1 below or the Social Eligible Categories set forth in Section 2.1.2 below, respectively. The net proceeds or an amount equal to the net proceeds of a Sustainability Bond will be allocated to a combination of Green and Social Eligible Categories.

2.1.1 Green Eligible Categories

Eligible Project Categories	Eligible Criteria	Example / Eligible Projects	UN SDG
Renewable energy	Technology and related infrastructure supporting the production of renewable energy such as solar energy, hydro-power, wind power and bioenergy	<ul style="list-style-type: none"> Solar cell production Solar energy generation (including building-integrated photovoltaics, and solar thermal technology) Biomass energy generation from waste biomass (including marine, agriculture, forest) without co-firing with fossil fuel, following the waste hierarchy Ocean energy generation (ocean thermal energy, tidal power generation) Hydro-power projects Wind power generation 	Goal 7: Affordable and Clean Energy
Green Building	Acquisition, construction or renovation of green buildings that qualified for recognized Green Building Standards ²	<ul style="list-style-type: none"> Green buildings that meet recognized Green Building Standards: LEED Gold and above, BREEAM Excellent and above, HQE Excellent and above, BBC-Effinergie+ and national equivalents with minimum standards such as G-SEED 2 (Green Standard for Energy and Environmental Design) based on the Act on Development and Support of Green Buildings 	Goal 11: Sustainable cities and communities

² Recognized Green Building Standards: LEED Gold or higher, BREEAM Excellent and above, HQE Excellent and above, BBC-Effinergie+ or G-SEED 2 or higher (Green Standard for Energy and Environmental Design) that is based on the Act on Development and Support of Green Building

Sustainable Water and Wastewater Management	Solutions that promote the sustainable management of water resources	<ul style="list-style-type: none"> • Infrastructure to improve water quality • Wastewater treatment • Membrane filtration waste water recycling 	Goal 6: Clean water and sanitation
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2.1.2 Social Eligible Categories

Eligible Categories	Eligible Projects	UN SDG
SME financing and microfinance	<ul style="list-style-type: none"> • Loans to or direct investments in start-ups, venture companies³ and SMEs that meet one of below criteria: <ul style="list-style-type: none"> – Companies formed by Business Starters (and re-restarter) defined under Support for Small and Medium Enterprise Establishment Act⁴ with management under age of 39 or 50% of employees under age of 39 – Companies certified as ‘Good Employment Company’ by the central or local government⁵ 	Goal 8: Decent work and economic growth
Affordable housing	<ul style="list-style-type: none"> • Investment in public housing projects provided in accordance with “Happy House” criteria⁶ and “Publicly Supported Private Rental Housing” criteria⁷ set by the Ministry of Land, Infrastructure and Transport (MOLIT) <ul style="list-style-type: none"> – Housing for newlyweds, single parent, college students or person between age of 19 and 39 who does not own a house and meet standards set by MOLIT Low income Families or individuals with financially dependent(s) aged over 65 	Goal 11: Sustainable cities and communities

2.1.3 Exclusionary Criteria

The following industries and/or activities are excluded from consideration for eligibility:

- Luxury sectors (precious metals wholesale or brokerage, precious minerals wholesale or brokerage, artworks and antiques wholesale or brokerage, golf course services);
- Child labour;
- Adult entertainment;
- Weapon;
- Alcohol;
- Tobacco;
- Fossil fuel (e.g. production, distribution, remediation and associated energy efficiency technologies);
- Nuclear power;

³ Start-ups and venture companies are defined in Act on Special Measure for the Promotion of Venture Businesses and the Article 2 of the Enforcement Decree of the Framework Act on Small and Medium Enterprises. Full article can be found from this website:

<http://law.go.kr/LSW/eng/engMain.do>

⁴ Business Starters are defined in the Support for Small and Medium Enterprise Establishment Act. Full article can be found from this website: <http://law.go.kr/LSW/eng/engMain.do>

⁵ Example of selected companies can be viewed from this website:

http://www.moel.go.kr/local/jinju/news/notice/noticeView.do?bbs_seq=20190200076

⁶ Eligible tenant criteria for Happy House as defined in Enforcement Regulation of Special Act on Public Housing. Full article can be found from this website: <http://law.go.kr/LSW/eng/engMain.do>

⁷ Eligible tenant criteria for Publicly Supported Private Rental Housing as defined in Enforcement Regulation of Special Act on Private Rental Housing. Full article can be found from this website: <http://law.go.kr/LSW/eng/engMain.do>

- Large-scale hydro-power projects with a generating capacity of over 25 megawatts; and
- Biomass suitable for food production

2.2 Project Evaluation and Selection

The Project Evaluation and Selection Process is a key process in ensuring that the net proceeds raised by the Mirae Asset's Sustainability Bond are allocated to projects and assets which meet the eligibility criteria as defined in Section 2.1.

Potentially eligible projects for the use of net proceeds of each bond issued under the Framework will first be identified and proposed by Mirae Asset's business units. These projects will need to meet all investment and lending criteria established by Mirae Asset for lending in the ordinary course of its business.

Mirae Asset's ESG Implementation Team and Working Committee will assess the environmental and social impact of potential eligible projects by screening customer information against the Eligible Use of Proceeds set forth in Section 2.1, and will make recommendation for inclusion as Eligible Use of Proceeds.

On an annual basis, the ESG Implementation Team and Working Committee will review the allocation of the GSS Bond proceeds to the Eligible Projects and determine if any changes are necessary. They will ensure that all projects included under the Eligible Use of Proceeds still align with the Eligible Criteria or determine if replacement / deletion / additions are necessary.

2.3 Management of Proceeds

The net proceeds of GSS Bond will be deposited in Mirae Asset's Treasury Portfolio. An amount equivalent to the net proceeds shall be allocated for the financing and / or refinancing of existing or new Eligible Projects. Mirae Asset's treasury team will track the net proceeds through a separate GSS Bond Register (the "Register") that includes details on issuing terms of GSS Bond and amount allocated to Eligible Projects.

The Register will be reviewed annually by the ESG Implementation Team and Working Committee to account for any re-allocation, repayments or drawings on the Eligible Projects and expenditures within the pool.

Pending the full allocation of the net proceeds, all or a portion of the net investments proceeds will be held in accordance with Mirae Asset's general liquidity management policies. The unallocated can be invested in cash, cash equivalents, investment grade securities or other marketable securities and short-term instruments or other capital management activities.

Mirae Asset may issue GSS Bond in any currency, jurisdiction and market reflecting its current and future business needs. The net proceeds can be swapped or hedged into different currencies subject to the company's needs.

2.4 Reporting

The reporting will include allocation reporting and impact reporting and will be publicly available on Mirae Asset's internet website.

Allocation report

The allocation reporting will be available to investors within approximately one year from the date of the bond/loan issuance and yearly thereafter until the bond/loan proceeds have been fully allocated and in case of any material changes.

- Confirmation that the use of net proceeds of each bond complies with this Framework;
- The total amount allocated to Eligible Use of Proceeds and breakdown per eligible category; and
- The balance amount of unallocated net proceeds

Impact report

Until full allocation, Mirae Asset will provide annual impact reporting on relevant impact metrics for each category of Eligible Projects on a best effort basis.

Eligible Project Categories	Reporting Indicators
Environmental Impact	<ul style="list-style-type: none">• kWh of power generated from renewable energy• Tonnes of GHG avoided• Tonnes of water treated• Type of certification and number of Green Buildings
Social Impact	<ul style="list-style-type: none">• Amount of financing provided to start-ups, venture companies and SMEs• Number of start-ups, venture companies and SMEs financed• Amount of financing provided for public housing

External Reviews

Second Party Opinion

Mirae Asset has engaged Sustainalytics to provide an independent third party to provide assurance on Mirae Asset's Green, Social and Sustainability Bond Framework and its alignment with the GBP, SBP and SBG. The opinion from Sustainalytics ("Second Party Opinion") will be made available on Mirae Asset's internet website.