

PO1-3_ESG POLICIES_ADF_Rev02			
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ESG POLICIES

Purpose

As a fund managed under ADF Asset Management, ADFKLB1, ADFPLF, ADFKIP, ADFDV is dedicated to producing sustainable values for people, nature, and the future to accomplish the “Green ADF” vision. ADF recognizes the potential for ESG-related risks, and as such, ESG matters are an important consideration in how the firm does business.

This policy articulates a series of policies, processes, and practices that govern ADF’s operations to ensure desired ESG outcomes are communicated and implemented across the asset.

Scope

The Scope is applicable to ADFKLB1, ADFPLF, ADFKIP, ADFDV fund as assets of ADF.

Environmental Policy

ADF is committed to environmental stewardship and sustainability in all aspects of our management and development projects. We recognize the urgent need to address environmental challenges and strive to be responsible corporate citizens by integrating environmental considerations into our decision-making processes.

Environmental Management System

ADF strives to identify and manage environmental risks for all management and development projects. The foundation of the environmental management system should be based on ISO-14001:2015 Standard. We are committed to continuous improvement of our environmental management system through regular management reviews and transparent communication with stakeholders.

Energy Efficiency

ADF is committed to measuring, monitoring, and enhancing energy efficiency. All energy-using appliances and equipment for our facilities shall adopt high environmental standards. We believe that enhancing energy efficiency is one of the key elements in achieving greater financial and ESG impact for building management and development.

Indoor Environmental Quality

ADF is committed to maintaining a healthy indoor environment through effective ventilation, temperature and humidity control, air quality monitoring, prevention of indoor pollutants, regular HVAC system maintenance, employee awareness, and a systematic reporting mechanism, ensuring a comfortable and safe workspace for all our assets.

Material Sourcing

ADF makes a commitment to responsible sourcing through our supply chain decisions. ADF pursues the green purchasing initiative focusing on reducing the environmental impact of materials. And ADF employs construction contractors who source directly or indirectly high- efficiency energy certified or equivalent equipment and appliances for development projects. Construction materials are encouraged to be supplied locally where possible to support the local economy and minimize energy consumption for transporting the materials. In selecting materials, recyclability of the materials should also be considered.

Chemical and Hazardous Materials

Chemical and other materials posing a hazard if released into the environment should be identified and managed to ensure their safe handling, movement, storage, reusing and/or recycling and disposal.

Waste Management

ADF takes a systematic approach to identifying, managing, reducing, and disposing of waste from assets under operation. We follow the principle of the waste management hierarchy, including reducing, reusing, recycling,

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reprocessing, and responsible waste disposal whenever possible. Waste must be managed systematically from a resource conservation perspective.

Water Resources

ADF is committed to designing and operating building facilities in a manner to utilize water resources efficiently. The use of water resources must be planned, monitored, and reviewed for continuous improvement. We are also dedicated to raising our standard of water stewardship, improving water quality and security in the communities in which our properties are located.

Wastewater Control

ADF takes a systematic approach to identifying, managing, reducing, and treating wastewater in design and operation of building. Management of wastewater must be planned, monitored, and reviewed for local regulations compliance and continuous improvement.

Air Emission Control

ADF takes a systematic approach to identify, manage, reduce and treat air pollutant in design and operation of investment assets. Management of air pollutant must be planned, monitored and reviewed for continuous improvement.

Green Building Certifications

ADF recognizes the value of green building certifications and is committed to obtaining appropriate sustainable design certifications and supporting building to secure operational sustainability designations.

Biodiversity and Habitat

ADF recognizes that operation activities can impact biodiversity and remains committed to maintaining the biodiversity of surrounding environments. ADF strives to minimizing the impact on biodiversity during maintenance work while actively investigating and safeguarding habitats.

Climate resilience

ADF is dedicated to enhancing building resilience through preventative maintenance, ongoing improvements, and effective risk management. Our building operations professionals must receive comprehensive training to ensure asset preservation, prioritize the health and safety of staff and guests, and promptly address potential property damages following extreme weather events.

Net-zero

ADF is committed to achieving Net-Zero carbon emissions as part of our dedication to environmental sustainability, with the aim of reaching this milestone by 2050. Focusing on energy efficiency, adoption of renewable energy, and emissions reduction across our operations, we strive to minimize our carbon footprint. Regular monitoring and transparent reporting will track our progress toward achieving Net-Zero by 2050, while we continuously innovate to remain at the forefront of sustainable practices.

Greenhouse Gas Emissions

ADF is committed to reducing greenhouse gas emissions by implementing rigorous measurement, reporting, and reduction strategies, fostering renewable energy adoption, engaging stakeholders, embracing innovative technologies, and ensuring compliance and transparency to advance sustainability goals across our real estate portfolio.

Social Policy

ADF is committed to fostering a positive social impact in all aspects of its real estate investment and management activities. We recognize the significance of social responsibility and aim to contribute to the well-being of communities, stakeholders, and society as a whole.

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Human Rights

ADF respects and promotes human rights in line with the “UN Guiding Principles on Business and Human Rights” at all locations where we operate and in our relationships with employees, customers, and the companies we partner with. We believe that all members of the firm deserve a fair and ethical workplace. All members must be treated with the utmost dignity and respect.

Anti-Discrimination and Anti-Harassment

ADF does not allow discrimination against any member of the firm based on gender, age, nationality, race, religion, ethnicity, marital status, political affiliation, disability, or any other status. We strive to maintain a workplace that is free from discrimination or harassment and the opportunities are equally distributed to employees. The basis for recruitment, assignment, and promotion at ADF is qualifications, performance, skills, and experience. Our partners are expected to act in the same manner while working with us.

Occupational Health and Safety

Health and safety of employees at ADF must be the priority in all circumstances. ADF and its contractors and vendors comply with all requirements, as specified in the National Occupational Safety and Health Act, and strive to adopt best management practices.

Employee health & well-being

ADF is committed to providing high standards to all employees in terms of personnel health and hygiene. The working environment shall be continuously maintained to ensure good health standards. We manage air quality, acoustics, and ergonomic furniture, providing our employees the opportunities to stay active, flexible, and effective.

Wages and Benefits

ADF remunerates employees at least the federal minimum wage and provides any benefits within the time period required by the national labor laws and employment contracts. ADF communicates its pay structure and pay periods to all members of the firm. Wages are not used as a disciplinary measure.

Freedom of Association and Bargaining

ADF allows all members the lawful right to associate with others, to form and join organizations of their choice, and to bargain collectively without interference, discrimination, and retaliation.

Diversity, Equity, and Inclusion

ADF embraces and values differences among people in race, ethnicity, gender, age, religion, education, personalities, skill sets, experiences, and knowledge. We strive to attract, advance and retain a diverse, high-performing workforce. We are committed to promoting and advancing a culture of inclusion driven by our employees’ unique perspectives and diverse backgrounds and experiences.

Forced Labor, Child Labor and Modern Slavery Policy

ADF prohibits all forms of forced labor and child labor. We are committed to complying with all applicable labor laws.

Employee engagement

ADF strives to achieve and maintain high levels of employee engagement and satisfaction through mutual trust and respect between employees and the management. We support the professional development and work/life balance of each employee. We motivate employees with outstanding performances by providing reasonable remuneration based on a fair evaluation of their achievements.

Tenant engagement

The health and wellness of our tenants are important to us. ADF strives to improve the quality of our projects and strengthen customer services to providing the best products and services. Our operations professionals must conduct

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regular inspections, repairs, and remediation to maintain safe and secure properties. We reinforce the internal system to enhance quality inspections and customer satisfaction.

Community Engagement

ADF is dedicated to living in harmony with local communities where we own properties and run business through social contribution activities leveraging our competencies.

Procurement Process

ADF has strong relationships with its suppliers that have been built over the years. ADF requires each of its suppliers to meet the highest standards for all goods and services. ADF requirements include a commitment to rigorous quality assurance and social responsibility. ADF is committed to the fair treatment of suppliers at every stage of the procurement process.

Emergency Response Plan

ADF identifies and assesses potential emergency situations for all investment and development. For each situation, it develops and implements emergency response plans and procedures in a way to minimize harm to life, environment and assets.

Incident Management

ADF complies with the requirements on incident management and incident reporting, as specified by the Occupational Safety and Health Act.

Governance Policy

ADF is committed to maintaining strong governance principles to ensure transparency, accountability, and ethical conduct in all aspects of our real estate investment and management activities. We aim to uphold the highest standards of corporate governance to safeguard the interests of stakeholders and promote sustainable growth.

Anti-Corruption and Anti-Lobbying

ADF has a zero tolerance for any form of corruption in connection with its business dealings. Bribes, kickbacks, illegal payments or other means of obtaining improper advantage are not to be offered or accepted. Employees of ADF do not attempt to influence government deliberations or actions by way of funding. No supplier, or its representatives or employees, shall offer or receive a kickback or bribe, whether to or from others relating to work performed for ADF.

Political Contribution

ADF employees do not engage in political activities in any of the company’s capacities and do not offer political contributions to any candidates or parties. While an employee may participate as an individual citizen in the political process, decisions to do so are entirely personal and voluntary. Employees must not use their position with the company to coerce or pressure other members of the company to make contributions to support or oppose any political candidates or ballot initiatives.

Honest marketing

ADF strives to ensure that our customers are provided with honest and truthful information when purchasing our products and services. We shall actively disclose any information which may significantly affect our customers, even if it is disadvantageous to us.

Protection of customer information

The fair, ethical and lawful collection, using and processing of customers’ personal information is essential to build trust, provide best-in-class services and achieve our corporate objectives. The personal information of customers is only collected and used as necessary for the performance of the services offered and for the purposes disclosed in a

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privacy notice.

Protecting Intellectual Property Rights

ADF is committed to protecting the intellectual property rights of the Company, its customers, and its business partners. We shall not disclose the intellectual property and various information of the company to the outside without prior permission or due procedure.

Cyber Privacy and Security

ADF is committed to protecting our information assets against computer viruses and hacking and continually improving data privacy and security via best available IT technologies and solutions. Any disruptions on the IT operating systems can impact our stakeholder community including employees, investors, and customers equally.

Corporate Governance

ADF is committed to conducting business responsibly, with oversight from leadership at the highest level of the company, our Board of Directors. Our governance structure, policies and strategies are designed to support the needs of our business and the long-term interests of our shareholders, and to ensure that management is accountable to shareholders.

Whistleblower Protection

Whistleblower protection is key to encouraging the reporting of misconduct, fraud, and corruption. The risk of corruption increases where the reporting of wrongdoing is not supported or protected. ADF strongly supports and protects whistleblowers from retaliation for reporting in good faith suspected acts of corruption and other wrongdoings.

Fiduciary Duties

The Board has fiduciary duties and is expected to take a proactive approach to uphold the firm's commitment to business success, safeguard shareholders' rights - including for profitability, meeting obligations, and voting while diligently fulfilling its ESG responsibilities.

Board Committees

The Board may operate a temporary or standing committee(s) to establish a framework for the governance of the Board and oversight of the firm. The committee may oversee valuation, investment and risk management processes, which incorporate matters pertaining to the ESG factors.

Board of Directors

The Board of Directors oversees the CEO and senior management who are responsible for the day-to-day operation of the firm for the sake of shareholders' interests. The Board reviews CEO and senior management annually to ensure top management provides effective leadership of the firm. Based on the annual review, the Board determines appropriate compensation for the CEO and senior management.

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Authorization

The Document is drafted by Hyung Jin Yoon
 The Document is approved by

Chang Hyun Kim
Chief Executive Officer
ADF Asset Management

Approved and established on **Dec. 15, 2023.**