

Table of Gap Assessment between the ISSB Standards (IFRS S1 and S2¹) and 56-1 One Report

Topic	56-1 One Report	Analysis
<p>Overview and Structure</p>	<p>56-1 One Report covers the disclosure in 4 sections;</p> <p><u>Part 1: Business Operation and Operating Results</u></p> <ol style="list-style-type: none"> 1. Organizational structure and operation of the group of companies 2. Risk management 3. Business sustainability development 4. Management discussion and analysis (MD&A) 5. General information and other material facts <p><u>Part 2: Corporate Governance</u></p> <ol style="list-style-type: none"> 6. Corporate governance policy 7. Corporate governance structure and material facts related to the board, subcommittees, executives, employees and others 8. Report on key operating results related to corporate governance 9. Internal control and related party transactions <p><u>Part 3: Financial Statements</u></p>	<p><u>56-1 One Report specifies disclosure topics that cover the main topics as prescribed in the ISSB Standards</u> (the ISSB Standards consists of 4 main topics (1) Governance; (2) Strategy; (3) Risk Management; and (4) Metrics and Targets). 56-1 One Report covers sustainability-related information disclosure, including the company's operating structure, policies, risk management, and sustainability management in both environmental and social aspects. However, some details in 56-1 One Report <u>are not equivalent to the ISSB Standards</u>, thus the SEC considers to enhance 56-1 One Report.</p>

¹ IFRS S1 and S2: <https://www.ifrs.org/sustainability/knowledge-hub/introduction-to-issb-and-ifrs-sustainability-disclosure-standards/>

Topic	56-1 One Report	Analysis
	<u>Part 4: Certification of Information</u>	
Form of disclosure	Pursuant to 56-1 One Report in business sustainability development part, when the entity is not capable to disclose information such as policies, guidelines, or operating performances, the entity is eligible to address that such information is not available (comply or explain mechanism).	<p><u>Generally, 56-1 One Report requires the entity to disclose information regarding business sustainability development part that is not yet consistent with the ISSB Standards.</u></p> <p>To illustrate, if the policies, guidelines, or operating performances is not available, 56-1 One Report allows the entity to explain reasons. Meanwhile, the ISSB Standards require to disclose the information in “mandatory with transition relief” approach. In this regards, the SEC considers to strengthen 56-1 One Report’s form of disclosure to be mandatory with transition relief accordingly.</p>
Governance	Pursuant to 56-1 One Report, the entity shall disclose the structure on corporate governance and material facts related to the board of director, subcommittees, executives, employees and others that reflects the qualifications of the Board of directors and subcommittees.	<p><u>56-1 One Report specifies the topics on governance as covered by ISSB Standards.</u> However, some details in 56-1 One Report <u>are not yet equivalent to the ISSB Standards,</u> thus the SEC considers to escalate 56-1 One Report to be aligned with the ISSB Standards</p> <p><i>Examples of disclosures that consider to be enhanced:</i></p> <ul style="list-style-type: none"> • <i>Specified information on the responsible person for overseeing sustainability such as the establishment of a Sustainability Committee and a Climate</i>

Topic	56-1 One Report	Analysis
		<i>Committee. This also includes their competency and skills as well.</i>
Strategy	Pursuant to 56-1 One Report, the entity is required to disclose substantial policies and goals on sustainability management, including holistic operational strategies, which able to reflect intention and commitment on environmental and social aspects of the entity including human rights and corporate governance.	<p><u>The requirement in 56-1 One Report to disclose on strategy topic still not cover all main topics of the ISSB Standards.</u> 56-1 One Report requires to disclose holistic operational strategies. In addition, <u>the indication on timeframe, which is short and/or long term, is not consistent with the ISSB Standards.</u> For the alignment with the ISSB Standards, the SEC considers to amend 56-1 One Report accordingly.</p> <p><i>Examples of disclosures that consider to be enhanced:</i></p> <ul style="list-style-type: none"> • <i>Information on sustainability strategies</i> • <i>Timeframe for risk management, related to sustainability and climate change.</i>
Risk Management	Pursuant to 56-1 One Report on risk management topic, the entity is required to disclose risk management related information including; <ol style="list-style-type: none"> 1. <u>Risk management policy and plan</u> to demonstrate that the entity inspects, monitors and assesses the risks affecting the achievement of the vision, objectives, goals or 	<u>The requirement in 56-1 One Report to disclose on risk management topic does not cover all core topics of the ISSB Standards.</u> 56-1 One Report requires the entity to disclose risk management information only in the sense of the results of its consideration. It does not cover the process or approach that is used to assess the results. Consequently,

Topic	56-1 One Report	Analysis
	<p>strategy on the operation of the company, and identify the preventive measures at an acceptable level on a continued basis by clarifying significant risks.</p> <p>2. <u>Risk factors on business operation</u> such as, operational risk of the entity with its affiliates, both existing and emerging risks. The entity shall identify risks including the environmental and social areas, which include respect for human rights and good corporate governance. In this regards, environmental risks might be risks on climate changes and way to manage in the following 3-5 years.</p>	<p>the SEC considers to add further details in 56-1 One Report to be aligned with the ISSB Standards</p>
Metric and Targets	<p>Pursuant to 56-1 One Report, it requires the entity to disclose information that consistent with the entity’s strategies (if any). Such information may be only an overview and may not cover sustainability’s or climate information concisely. Furthermore, 56-1 One Report does not require the entity to disclose metrics related to sustainability management and climate issues. However, the GHG emission in scope 1 and 2 should be disclosed by the entity. In case that the GHG emission information is not available, the entity is able to define as not available with supporting rationale (comply or explain)</p>	<p><u>The requirement in 56-1 One Report to disclose metric and targets topic does not cover all core topics of the ISSB Standards.</u> To illustrate, 56-1 One Report requires the entity to disclose on goals only in areas consistent with the company’s overall strategies, but the entity’s metrics are still not required to identify. Thus, the SEC considers to escalate 56-1 One Report in this topic to be aligned with the ISSB Standards.</p>

