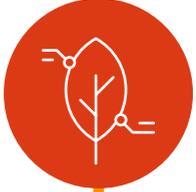
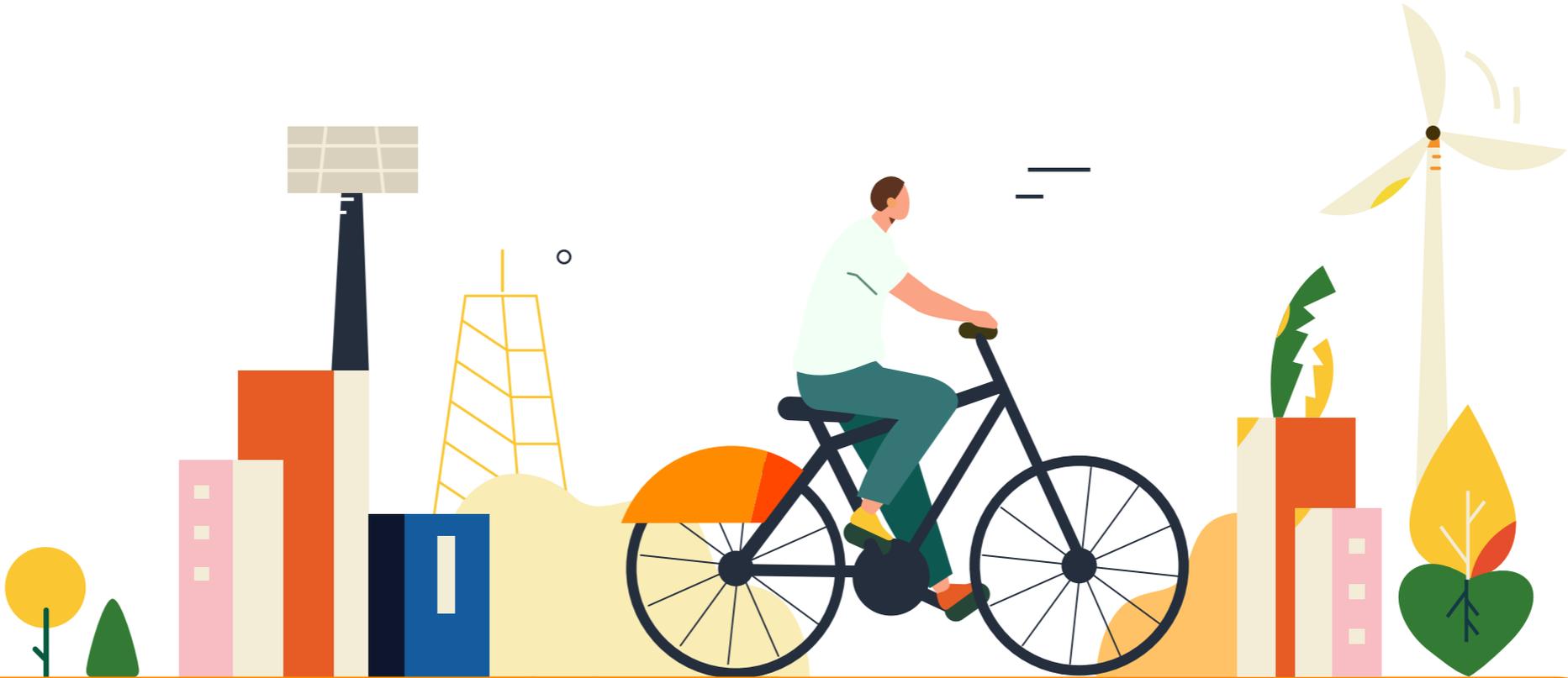


2023 SK Inc. Sustainability Report



Environmental
Social
Governance



About This Report

As an investment firm, SK Inc. is committed to understanding and communicating with stakeholders about our evolving growth portfolio and the underlying principles of ESG management. In line with this commitment, we have published the 2023 Sustainability Report. The report covers SK Inc.'s ESG Strategy, ESG Performance, ESG data and best practices of its major listed subsidiaries on a consolidated basis. With stakeholder happiness as our primary management philosophy, SK Inc. is committed to transparently and promptly disclose our business strategies for a sustainable growth and the ESG management initiatives. This report has been prepared based on the following criteria:

Report Period

This report contains the financial and non-financial performance of SK Inc. including ESG management activities from January 1, 2022 to December 31, 2022, and some data include the first half of 2023. The quantitative performance included the last four years of performance from January 1, 2019 to December 31, 2022 to reflect the trend change.

Report Boundary

Considering the scale of SK Inc.'s substantial control and its impact on major issues, this report includes its listed subsidiaries. The financial performance is reported in accordance with K-IFRS (Korean International Financial Reporting Standards). Additionally, it includes a qualitative performance report on ESG management and social value activities, which form the basis of SK DBL (Double Bottom Line) pursuit, based on the 20 member companies of SK SUPEX Pursuit Council. The ESG performance is disclosed for major listed subsidiaries, including SK Innovation, SK Telecom, SK Networks, SKC, SK Biopharmaceuticals, SK Square, and SK IE Technology. This represents approximately 84.4% of revenue based on sales. Any variations in reporting scope and changes in reporting data are indicated separately.

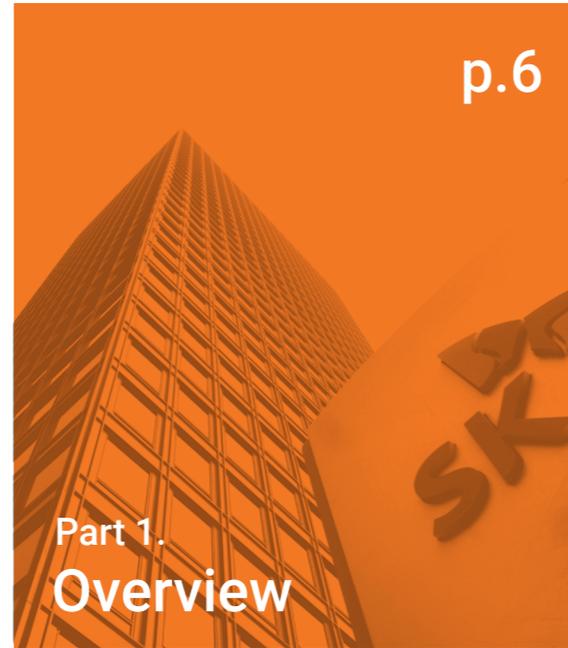
Report Criteria and External Validation

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, and it adheres to the principles of the United Nations Global Compact (UNGC) Communication on Progress (CoP). Additionally, it complies with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the industry-specific considerations outlined by the Sustainability Accounting Standards Board (SASB). To ensure the reliability of the reported information, the contents of this report have undergone verification by an ESG reporting specialist, and the verification statement is included on page 179 of this report. 

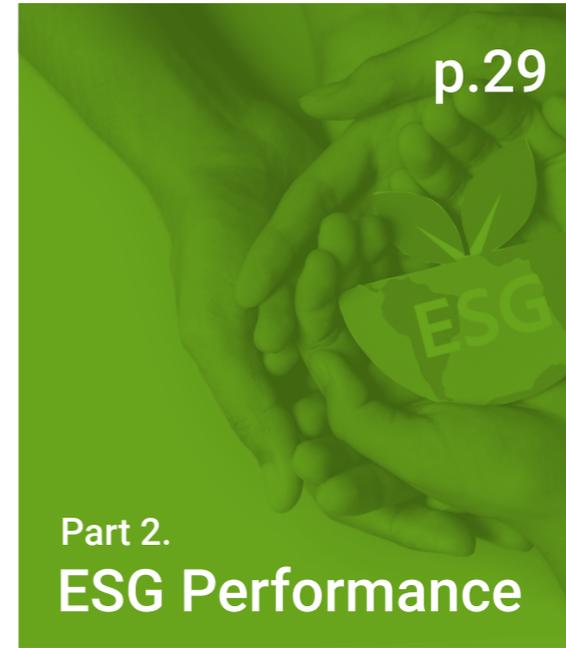
Communication with Stakeholders

SK Inc. pursues ESG management based on communication with stakeholders and operates various online and offline communication channels to understand stakeholder-specific requirements and incorporate them into our business activities. Every year, we publish an ESG report to regularly share our ESG management progress and achievements with stakeholders. Especially in 2023, in order to actively identify the needs of stakeholders related to sustainable management, SK Inc. conducted not only media research, surveys, but also expert interviews, and reflected them in its business activities.

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Interactive PDF

This report has been published as an interactive PDF including functionalities such as hyperlinks to navigate to relevant pages within the report, direct links to webpages, and the ability to watch videos.

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Additional Information

ESG Letter



“

This year, SK Group celebrates its 70th anniversary since its founding. SK, which started as Sunkyung Textile amidst the ruins of the Korean War, has grown into a global corporation over the past 70 years, aiming to create both economic and social value and pursue the happiness of its members and stakeholders. The history of SK is truly meaningful and precious, and it holds even greater significance as of this year.

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In recent times, we have keenly felt multidimensional crises on a global scale. Economic turmoil caused by geopolitical conflicts and the serious repercussions of the climate crisis threaten the world. In times like these, SK looks back at the spirit of determination and wisdom displayed by our past leaders who transformed adversity into a catalyst for growth.

Even though we have entered an era where it is challenging to find answers solely based on past experiences, we will build upon our spiritual heritage of passion and wisdom to confront new problems and find solutions through collective intelligence. We will transform crises into opportunities as we move forward.

Climate change, diseases, poverty, and other threats to humanity continue to persist even at this moment. Particularly, recent extreme heatwaves, heavy rainfall, and other abnormal weather patterns have caused damage to people worldwide. This poses a significant risk to corporate activities, and pursuing economic value alone is no longer sufficient to ensure sustainable future growth for companies. Based on the recognition that businesses must take a proactive role in solving global challenges, SK has set a goal to contribute to a reduction of 200 million tons of global carbon emissions by 2030, which represents 1% of the total reduction.

Furthermore, SK is consistently striving to develop a business portfolio that benefits the environment and people, measuring the environmental and social value generated by the company. We are making ongoing efforts to establish a governance structure that enables the best decision-making even in times of uncertainty. The purpose and driving force behind all of these challenges is the happiness of our members and society. Even in difficult conditions, our commitment to people and the environment will not waver. We will further refine our management and resource utilization strategies to create a foundation for even greater leaps.

SK promises to continue being a company that adds ‘happiness’ to the world, reminding ourselves of our unique DNA of ‘ambition and intelligence,’ and persisting and developing perpetually.

SK Group Chairman and CEO,
Chey, Tae-won

CEO Message



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In 2022, SK, as an investment specialist, faced a challenging year due to macroeconomic uncertainties such as aggressive interest rate hikes and concerns about an economic slowdown in various countries. However, we remained focused on enhancing corporate value through activities aimed at sustained growth, with a particular emphasis on our four key areas: advanced materials, green technologies, biotechnology, and digital innovation. Despite the volatile market conditions, we directed our efforts towards value creation in these core areas to ensure continued growth.

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In terms of ESG, we obtained the highest rating of 'AAA' from the MSCI, and advanced the system by reviewing ESG risk and opportunity factors of investment assets and examining responses to climate change regulations to strengthen our capabilities as an investment company.

In addition, we continue to innovate governance to strengthen diversity and expertise of the board of directors and ensure transparency and equity in management. In March 2023, we announced a mid- to long-term shareholder return policy and incinerated treasury stocks. In addition, we published the ESG Special Report to introduce SK Inc.'s journey to strengthen its viability and expand its growth opportunities based on balanced management of ESG and financial performance under high market uncertainty.

In 2023, there are concerns about the prolonged global recession and expectations for market recovery coexisting, leading to high volatility. However, SK Inc., as an investment specialist, will enhance our robust survival capabilities (sustainability) to ensure steady growth amidst such volatility.

To create opportunities for our values to further grow by reviewing the performance of our subsidiaries and investment portfolios, we will internalize ESG-based portfolio management and build a self-reinforcing structure for sustainable growth unique to SK Inc. Moreover, we will proactively demonstrate leadership in carbon reduction, eco-friendly initiatives, and other ESG-related business expansions, aiming for our portfolio built under the direction of ESG to be recognized with market premiums.

We ask for your support and encouragement in SK Inc.'s journey to secure trust from the market and stakeholders.

SK Inc. Vice Chairman & CEO,
Jang, Dong Hyun

장 동 현

Part 1.

Overview

As uncertainty increases, the importance company's unique story rises. The market and society are questioning whether companies have the ability to achieve a leap in value even in challenging business environments. In response, companies must demonstrate their resilience by showcasing their own success stories that remain unwavering. Moreover, this shall extend beyond mere storytelling and be substantiated through action.

SK's growth strategy, represented by its Financial Story, Governance Story, and ESG (Environmental, Social, and Governance), shall be conveyed to stakeholders through innovation and transformative initiatives that go beyond just planning and storytelling. SK Inc. aims to be a company that instills trust in stakeholders through effective communication about its achievements, and it will continue to invest in and practice sustainability for a sustainable future.

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Company Overview

SK Inc. is classified into two business sectors: the “Investment Division” which pursues continuous business portfolio innovation and the discovery and nurturing of future growth drivers, and the “Business Division”, which operates comprehensive IT service businesses based on digital technology.

In the Investment Division, SK Inc. aims to become an investment specialist that creates a sustainable future by continuously innovating our investment portfolio based on the ESG principles. We invest in four key industries: advanced materials, green technology, biotechnology, and digital technology, in line with the changing business environment, in order to secure future growth drivers. Additionally, as the holding company of the SK Group, they provide continuous support to subsidiary companies to enhance their business competitiveness.

In the Business Division, SK Inc. is a top-tier domestic IT services company. With years of experience, we maximize customer value based on global-level IT service technology and know-how in various industries such as public, finance, manufacturing, energy/chemicals, semiconductor, telecommunications, and media. Furthermore, leveraging their accumulated industry knowledge, in-house R&D, and digital technology capabilities secured through partnerships with global leading companies, we are driving digital-centered business model innovation.

Overall, SK Inc. is focusing on continuous innovation in its business portfolio and nurturing future growth drivers in the Investment Division, while in the Business Division, they provide high-value IT services based on global-level technology and are actively promoting digital-centered business model innovation.

Investment Division



Advanced Material
Semi-conductor,
Battery EV SCM,
EV SCM



Green
Energy Transition,
Industrial Transition,
Carbon Management



BIO
CDMO,
Medicine

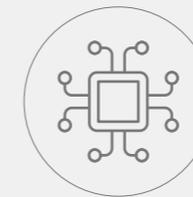


Digital
Mobility,
EV Charging Platform,
AI/Blockchain/
Data Center Solution

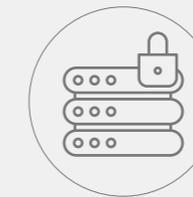
Business Division



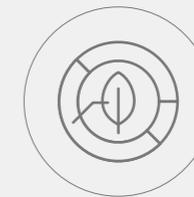
Digital Consulting
E2E Services



Tech Platform
AI, Blockchain,
Cloud, Big Data



ITS
Manufacturing,
Telecommunications,
Finance, Bio



Vertical Solution
Industry Specialization,
ESG

Investment

Business

Financial Story Investment Division

Financial Sector

SK Inc. is dedicated to ensuring stable financial operations, securing investment resources, and maximizing shareholder value as a leading ESG management and investment specialist, in order to achieve sustained growth.

SK Inc. handles various financial tasks, including overall financial management such as funding, accounting, and taxation. We provide decision-making support through investment risk evaluations and aim to establish a structure of sustainable investment resource circulation by attracting external investments under optimal conditions and implementing divestments.

In addition, we strive to enhance shareholder value by strengthening shareholder returns, such as dividend payments and share repurchases, ensuring that the increase in corporate value directly translates into improved shareholder value. Going forward, our company will continue to engage in ongoing communication to gain the empathy and trust of our shareholders and stakeholders, while consistently pursuing sustainable shareholder returns linked to investment performance.

Portfolio Mgmt. Sector

We support the continued growth of investment portfolio and the discovery and development of new growth portfolio in the future as a top priority to enhance corporate value.

In particular, we have developed a financial story centered around ESG themes for 2021, executing portfolio innovation in key areas such as advanced materials, green technology, biotechnology, and digital technology. To achieve this, as an investment specialist, we prioritize conducting investment suitability assessments and focus on portfolio performance management. Additionally, we take a leading role in practicing ESG and happiness management initiatives.

Furthermore, we will strive to maximize the overall value of the portfolio with stakeholders through proactive communication with the market.



SK Inc. CFO,
Lee, Sung Hyung

Portfolio for ESG- based 4 Key Areas

Advanced Materials

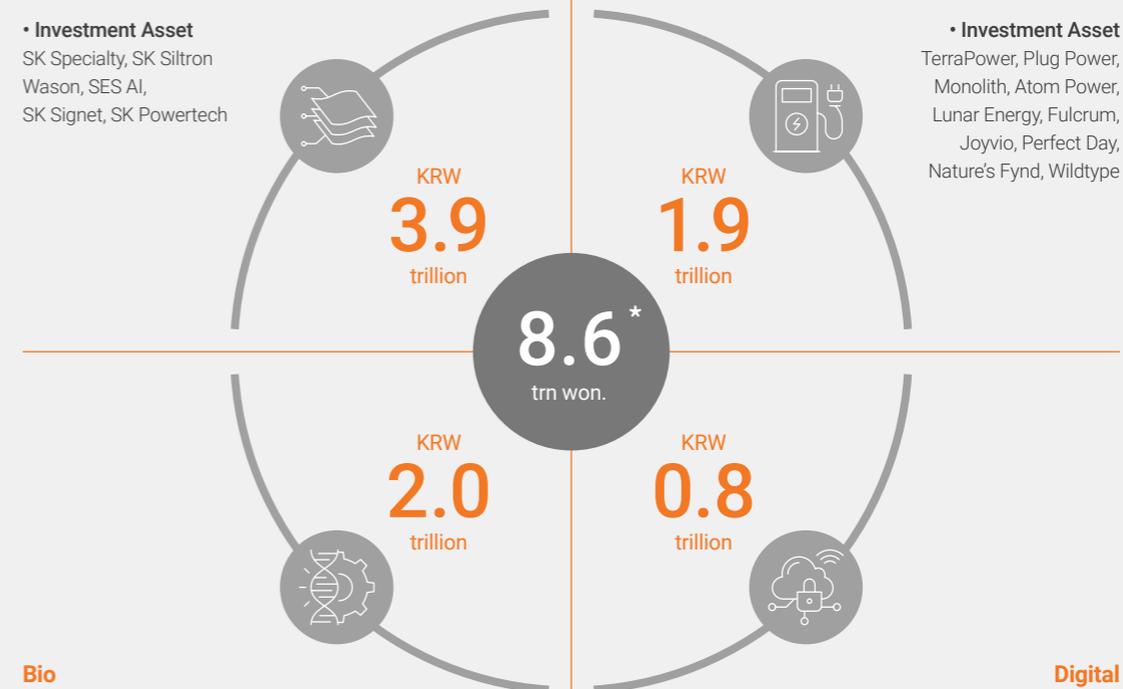
Proactively investing in high-growth 'semiconductor/ power semiconductor/battery' core materials to create synergy with existing businesses and accelerate the expansion of high-growth material portfolio

- Investment Asset
SK Specialty, SK Siltron
Wason, SES AI,
SK Signet, SK Powertech

Green

Securing decarbonization technology corporate assets to preoccupy green industry's growth hub and realizing Net Zero

- Investment Asset
TerraPower, Plug Power,
Monolith, Atom Power,
Lunar Energy, Fulcrum,
Joyvio, Perfect Day,
Nature's Fynd, Wildtype



Bio

Along with the development of innovative new drugs, expanding its scope to the entire value chain business of all bio and synthetic drugs encompassing CDMO

- Investment Asset
CBM, ProteoVant, Standigm,
Hummingbird, Yposkesi

Digital

Discovering candidates for new key business areas leading digital innovation and investing in new technologies

- Investment Asset
Socar, Chindata, DataRobot,
Soft Berry, Geminus AI, A4X

* Cumulative investment amount by 2022 (direct investment assets of SK Inc. in the growth area), including merger costs and excluding divest amount

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Advanced Materials



We invest in innovative technologies that connect people, technology, and customers.

The Advanced Materials Investment Center is a differentiated investment company that proactively invests in and nurtures core material and component technologies for continuous innovation in advanced industries. We leverage the technological expertise and differentiated synergy capabilities of the SK Group. We play a key role in future technology innovation and the global supply chain in areas such as semiconductor materials, battery materials, and EV supply chain management (SCM), which are expected to experience rapid and substantial growth aligned with global megatrends. These trends include the expansion of the high-performance computing (HPC) chipset market, the widespread adoption of electric vehicles (EVs) and the increasing demand for high-capacity/efficient batteries, the growing importance of power efficiency, and the advancement of vision sensing technology driven by autonomous driving and augmented reality (AR). In 2023, we aim to achieve visible results from our new growth portfolio, lead the establishment of a global supply chain for core technologies, drive portfolio optimization, and enhance the corporate value of SK Inc.

Kim, Yang Taek,
Head of the Advanced Materials Investment Center

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Green



We take the lead in the decarbonization sector for the transition to a sustainable energy system.

The Green Investment Center, established in 2021, has set its vision as becoming a value investor specializing in global decarbonization. It focuses on identifying and investing in business opportunities related to carbon emission reduction and removal solutions. In line with the global movement towards decarbonization, we concentrate on three main areas: energy transition, industrial transition, and carbon management. These areas involve replacing and cleaning fossil energy sources to increase the production and consumption of zero-carbon power, reducing direct emissions in industrial processes, and directly removing carbon that has already been emitted. Based on wide range and proactive investments in innovative climate change response solutions, we will secure green anchor assets which will serve a foundation for future growth within SK Group. Moreover through value creation, we aim to contribute to sustainable growth across companies and industries.

Kim, Moohwan,
Head of the Green Investment Center

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Bio



We provide new solutions for the healthy lives of humanity.

The core business of Bio Investment Center is the development and production of pharmaceuticals for the treatment of patients, aiming to promote human health and well-being. In the Contract Development & Manufacturing Organization (CDMO) sector, we promote facility expansion and technology-driven growth in the production of synthetic active pharmaceutical ingredients (APIs). In the Cell and Gene Therapy (CGT) business, we establish a global integrated operating system to foster future growth. In the pharmaceutical business sector, through investments we establish a growth foundation in companies with promising technologies and pursue investments in new areas with future growth potential through selectivity and focus. As we embrace an era where the interest in health and well-being continues to rise steadily in the aftermath of the COVID-19 pandemic, we will lead our company's sustainable growth by securing future growth drivers in the field of biotechnology.

Kim, Yeontae,
Head of the Bio Investment Center

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Digital



We invest in new technologies leading global digital transformation.

The Digital Investment Center is expanding its proactive investments in digital technologies and infrastructure, such as AI, Web3, and EV charging platforms, to lead the global digital transformation. We selectively invest in areas that have significant impact on other industries and are expected to experience substantial and sustained growth, aiming to enhance our digital competitiveness. This preparation for the Next portfolio, which can become a core industry for SK Inc.'s future growth, is also an important opportunity to contribute to the digital transformation of SK and Korean society. In the digital field, trends change more frequently than any other fields, requiring us to be agile in our response. Accordingly, SK Inc. establishes a self-reinforcing structure to maximize returns by investing in new promising areas by executing an active investment recoupment strategy. We will continue to differentiate our methodologies and speed in finding anchor investments in each subdivisions domains, striving to build an optimized portfolio

Yoo, Gyeongsang,
Head of the Digital Investment Center

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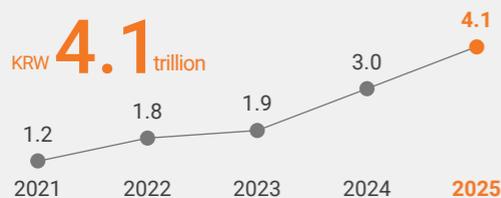
Advanced Material



To grow into the Global No. 1
Advanced Materials Company in 2025

Global NO.1

EBITDA Goals



* Accumulated with performances of SK Materials Co., Ltd., SK Siltron Co., Ltd and other investment companies

** Goals by year: Forecast as of today

Major Investment Companies

- Wason
- SES AI
- SK Signet
- SK Powertech

Rapid Evolution, Thriving Future

2022 Performance

Existing SK Inc. investments, such as SK Materials, SK Siltron, and Wason, have demonstrated robust financial performance, proving SK Inc.'s potential and capabilities as an innovation technology investor.

SK Materials achieved sales of KRW 1,530.2 billion and EBITDA of KRW 521.2 billion, representing a growth of 29% and 22%, respectively, compared to the previous year. This was realized through stable sales of specialty gases based on long-term contracts and expanding sales of new high-value-added products. SK Siltron recorded sales of KRW 2,354.7 billion and EBITDA of KRW 957.8 billion, demonstrating a growth of 27% and 53%, respectively, compared to the previous year. This growth was achieved through improved supply of silicon wafers and cost reduction measures resulting from enhanced productivity. Wason, a Chinese copper foil company in which SK Inc. holds a 30% stake, maintained stable growth by actively expanding production capacity and ensuring stable operations. It recorded a 27% increase in sales and a 28% growth in EBITDA compared to the previous year.

In 2022, despite the downturn in the overall industry, our existing investments showed significant growth in revenue and profit compared to the previous year. Additionally, our new portfolio generated meaningful results, witnessing robust growth in the advanced materials sector. Furthermore, we maintain ongoing communication with the market and stakeholders to ensure understanding and alignment with the vision, goals, and strategic direction of SK Inc.'s Advanced Materials Investment Center.

2023 Strategic Directions

In 2022, SK Inc. achieved meaningful results in terms of investment and expansion of new growth portfolios. A successful example of proactive technology investment was seen when SES AI, a next-generation Li-Metal technology company in which SK Inc. holds a 12.2% stake, completed its initial public offering (IPO) on the New York Stock Exchange in February 2022. Furthermore, after acquiring a stake in Yespowertech, a SiC power semiconductor design and production company, in 2021, SK Inc. secured majority ownership (99%) and renamed it SK Power Tech in March 2022. SK Power Tech began full-scale production in April 2023, establishing a mass production system through the relocation to the Busan Fab. With the expansion of production capacity through the addition of a new fab and the enlargement of a high-value-added portfolio, SK Power Tech aims to grow into a global top-tier SiC power semiconductor company. Additionally, in March 2022, the leading EV fast-charging technology company in North America, Signet EV, changed its name to SK Signet. It is expected to grow as a core portfolio within the high-growth EV industry.

SK Inc. aims to leap forward as a global top-tier advanced materials company by enhancing its wide-ranging material portfolio competitiveness in the advanced materials sector. In 2023, the company will focus on strengthening its portfolio in semiconductor materials, battery materials, and EV supply chain management (SCM) areas. SK Signet will pursue the full-scale expansion in the global market, including the establishment of production lines in the United States. SK Power Tech will enter the market in full swing with the operation of its mass production fab, and SK-G14 JV will invest in SiC anode materials, generating visible results in the new growth portfolio. SK Inc. also aims to lead in the establishment of a global supply chain through proactive response to SCM changes, including the establishment of local sites worldwide and collaboration/investment with global technology companies to enter promising future material markets. Finally, through portfolio optimization of existing assets, SK Inc. will enhance its corporate value, solidifying its position as an investment specialist. By focusing on these strategies, SK Inc. aims to strengthen its position as a global leader in advanced materials and advance its presence in key technology-based global supply chains, while generating visible results in its new growth portfolios.

Green



Constantly Evolving, Leading the Green Frontier

In 2022, SK Inc. actively responded to the global carbon-neutral trend and various regulatory environments by progressively reviewing the divestment of its existing fossil fuel-based assets, aiming to further greenify its portfolio.

2022 Performance

In 2022, SK Inc. selected energy transition and business transformation as key investment strategies, securing a foundation for commercialization through concentrated investments in promising assets within the decarbonization sector. In the Energy Transition sector, SK Inc. established a foundation for carbon free power generation by investing in TerraPower, a company with next-generation small modular reactor technology. Furthermore, the acquisition of Atom Power, a company specializing in SiC solid-state circuit breaker, and additional investments in Lunar Energy, a residential energy storage system (ESS) company, strengthened the basis for electric vehicle charging and home/commercial energy solution businesses. Additionally, following the investments made in 2021, Monolith and Fulcrum are actively leading the domestic and international business ecosystems. They are considering additional investments from SK E&S and SK Innovation, exploring opportunities for domestic commercialization and participation in projects in the US.

In the Industrial Transition sector, SK Inc. made new investments in Wildtype, the world's first successful developer of cultured salmon, while also strengthening the value-up aspect of its existing portfolio. In order to enter the Korean market with Perfect Day, a global alternative protein development company, SK Inc. signed an MOU with Maeil Dairy and Perfect Day to accelerate domestic regulatory procedures and product development through collaboration (SK-Maeil Dairy-Perfect Day).

2023 Strategic Directions

SK Inc. aims to capture anchor-type investment opportunities in the global market based on existing numerous grey assets (assets that have not yet achieved complete decarbonization but have high upside potential in the Green Transition). Additionally, SK Inc. seeks to maximize upside potential from commercialization/ scale-up through proactive investments in promising growth businesses, leveraging the strategic synergy of SK Group's existing capabilities. In this regard, SK Inc. will pursue environmentally friendly businesses that can make a substantial contribution to carbon reduction and actively participate in the rapidly expanding clean technology market to secure key opportunities and enhance competitiveness through collaboration with global partners. By aligning the capabilities of member companies in key decarbonization business areas, SK Inc. will actively consider participating in global joint ventures or new project opportunities, thereby contributing to the future enterprise value of SK Inc.

Accumulated investments in 2022

KRW **1.9** trillion

Leading the industry-wide decarbonization with 3 major challenges
(alternative energy/clean solution, sustainable food/ environmental technology, carbon dioxide treatment)

Green Transformation

Major Invested Company

Alternative Energy/Clean Solution

- Plug Power
- Monolith
- Lunar Energy
- Fulcrum
- TerraPower
- Atom Power

Sustainable Food

- Perfect Day
- Nature's Fynd
- Wildtype

Bio



Pioneering Synergy, Biotech Transformation

In 2022, SK Inc. maintained a strong growth trajectory in the API (Active Pharmaceutical Ingredient) business through a robust product portfolio. In the pharmaceutical sector, the company refined its mid- to long-term investment strategy and pursued strategic synergies among key assets such as SK Biopharmaceuticals, SK Pharmteco, and the investment portfolio. Furthermore, SK Inc. plans to establish a foundation for future growth by investing in next-generation technologies in the innovative new drug sector.

2022 Performance

SK Pharmteco, the integrated contract development and manufacturing organization (CDMO) business of SK Inc., achieved approximately 17% revenue growth in 2022, recording KRW 910 billion compared to the previous year. In the synthetic API segment, strong growth was driven by large-scale products, and continuous operational excellence initiatives contributed to an increase in EBITDA margin. While SK Pharmteco successfully expanded business in the CGT (Cell and Gene Therapy) CDMO segment, CGT CDMO revenues were somewhat muted in 2022 due to reduced investments in the CGT market amid macroeconomic challenges. Despite that, SK Pharmteco has been accelerating its entry into the promising CGT business. This includes becoming a major shareholder in CBM, a U.S.-based CGT CDMO, and focusing on strengthening the company's foundation through equipment inspections and operational efficiency initiatives to proactively prepare for market recovery after 2023.

2023 Strategic Directions

In 2023, SK Inc. will pursue a stable growth in its core API business in the synthetic API segment, as well as expand production based on next-generation technologies such as ADC (Antibody-Drug Conjugate) and Oligonucleotide. Furthermore, SK Inc. aims to establish a global integrated operational system for the cell and gene therapy (CGT) business, intensifying synergies between investments in companies such as Yposkesi in France and CBM in the United States. With an active focus on business development, SK Inc. will prioritize the discovery of excellent customers and proactively expand its production capacity through facility expansion when necessary to meet stable order volumes.

In the pharmaceutical sector, SK Inc. will establish growth foundations for each investment portfolio and continuously generate pipeline opportunities by leveraging its existing capabilities to enhance value in the development of innovative drugs.

In 2023, SK Inc. will refine its mid- to long-term investment strategy in the pharmaceutical business, strengthening strategic synergies among SK Biopharmaceuticals, SK Pharmteco, and existing/new investment portfolios. The company will focus on rapidly growing areas within the innovative drug sector, actively pursuing investments in promising new technologies and securing capabilities to ensure continuous growth momentum.

Accumulated investments in 2022

KRW **2.0** trillion

Becoming Global Top-tier CDMO in 2025

Global **Top-Tier**

Goals for 2025

Sales of more than KRW **2.1** trillion

Achieving **20%** margin from EBITDA

Digital



Building Futures, Powering Digital Innovation

SK Inc. is expanding its proactive investments in digital technologies and infrastructure such as AI, Web3, and electric vehicle (EV) charging platforms to generate new businesses that will be at the forefront of the digital realm. The company specifically focuses on areas where the market is rapidly expanding due to the maturity of digital technologies, sectors that have the potential to create new ecosystems and transform industries, and nascent industries in their early stages of formation. By seeking investment opportunities in these areas, SK aims to discover and foster businesses that will lead the way in the new era.

2022 Performance

SK Inc. is actively pursuing businesses related to charging infrastructure in the rapidly growing electric vehicle (EV) charging industry and the mobility industry, which are entering the commercialization stage and experiencing market formation and expansion. To prepare for the upcoming era of electric vehicles, SK, along with various member companies within the SK Group, is driving the development of charging infrastructure-related projects. Through investments in Softberry, the leading EV platform in Korea, and TBU, a provider of mobile charging services, SK aims to maximize synergy among member companies' charging infrastructure businesses while expanding capabilities and assets to establish SK Inc.'s winning strategy in an industry where market growth is clearly expected.

In the AI/Web3 industry, which holds significant transformative potential but lacks established rules of the game, SK Inc. reads market trends and invests in promising companies as potential game-changers, based on our own unique investment hypotheses and strategies.

SK Inc. is strengthening its investments as a global insider, leveraging its global network, in AI companies such as DataRobot, Geminus AI, and A4X, as well as Web3-focused companies like Superblock. In addition to investing in prominent Web3 investment firm Consensys, SK is also collaborating with Republic to create funds, maximizing its global network to enhance its investment capabilities.

Furthermore, SK Inc. pays close attention to technologies and industries in their early stages that have the potential to bring about significant transformations. We are committed to identifying and seizing such opportunities to drive innovation and create positive impact.

2023 Strategic Directions

SK Inc. aims to pursue investments that take into account not only the characteristics of industries based on technological maturity but also the specific characteristics of each region and country. In the software and deep tech sectors, SK Inc. will proactively identify and nurture competitive companies, with a primary focus on the United States, which have strong global technological leadership. In Southeast Asia and other Asian regions, SK Inc. will selectively invest in companies that apply validated technologies and business models, aiming to become winners in their respective industries.

Furthermore, SK Inc. will consider various approaches to investment, including direct investments and investments through funds, tailored to the industry, market, and investment targets. In an environment characterized by unpredictable speed and direction of change, SK Inc. will leverage its expertise and sharp investment strategies to continuously explore future sources of growth.

Accumulated investments in 2022

KRW **0.8** trillion

We contribute to the digital transformation of SK Group and society by preoccupying future-leading digital technologies.

Pioneer The Digital World

Major Investment Companies

Mobility and EV Charging Platform

- Socar
- Softberry
- Swift Navigation

AI/Blockchain/Data Center Solution

- Geminus AI
- DataRobot
- Superblock
- A4X

Investment

Business

Financial Story Business Division

By leading digital innovation for our customers and society with our top-notch technological capabilities and expertise, we aim to become the number one digital ITS partner in South Korea by 2030.

As a leading IT service provider in the country, SK Inc. has been delivering global-level technological expertise and differentiated customer value across various industries such as public services, finance, manufacturing, energy and chemicals, semiconductors, telecommunications, and media. Now, we seek to drive the mega-trend of digital transformation and spearhead innovation across all industries.

June 2023, we established a consulting specialized company to lead our customers' digitalization in the Tech. Consultancy sector. By integrating our Biz. Consultancy capabilities, we have built an End-to-End service system that supports our clients in their business diagnosis, analysis, improvement, and operational efficiency. We approach our work from the perspective of our customers, understanding their pain points, and aiming to be their partner in business model and value chain innovation, growing together towards shared objectives. Moreover, we have secured additional key locations beyond the existing US/China entities, including Europe, and Japan. This expansion aims to enhance the stability of our clients' local production facilities and drive global business expansion centered around accumulated Cloud Infrastructure and AI, creating a new growth engine for the future.

As an ESG-leading company, we will continuously advance our own ESG management and utilize digital technology to address social issues, fostering the well-being of society and the sustainability of our company. We will expand renewable energy production and procurement and improve the energy efficiency of data centers to seamlessly implement the 2040 Net Zero roadmap. Additionally, we will promote Digital ESG businesses, such as the carbon credit certification/trading platform (Centero), supply chain ESG diagnosis platform (Click ESG), and AI diagnostic medical imaging platform (Medical Insight+), to establish a virtuous cycle of ESG dissemination and business growth.

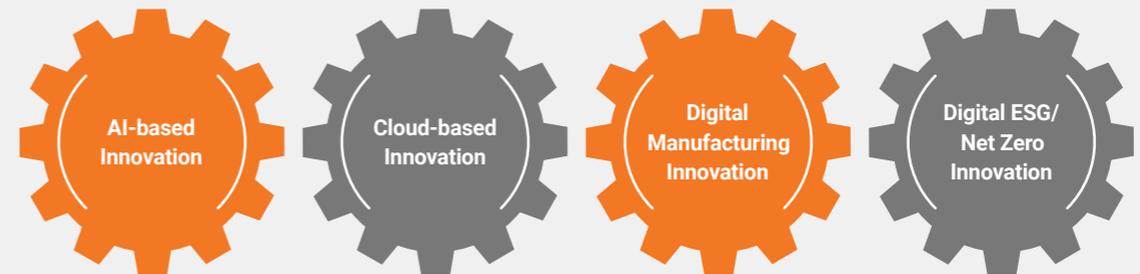
In 2023, amid domestic and international economic crises, we will strive to survive and explore new opportunities with our customers. We will solidify our ESG vision and strategy, firmly anchoring them to our business. We seek your trust and support for the Winning Story of SK Inc. C&C, armed with the shared values of 4P (Passionate/Professional/Proactive/People).



SK C&C CEO, **Yoon Poong-young**

Digital One, For the Next

Digital ITS Partner with Nation's Top Competency and Growth Potential



- AI Innovation Partners for Enterprise
- Business Sector BM Innovation (Low code/No code)

- Advance Multi-Cloud management platform & expand customer base
- Strengthen Global SaaS Player Collaboration

- Cultivating as Global Representative Biz

- Securing ESG/Net Zero E2E Service Systems

Digital IT Service Offering

Consultancy

- Strengthening stakeholder trust and securing a virtuous cycle of Digital ITS business through customer Pain-point analysis/resolution

Passionate

120% mental and immersion

Professional

Top-notch professionals

Proactive

Plus (+) thinking

People

A community where members get together

Business Division

IT at heart. Sustainability in mind

In 2022, SK Inc. focused on strengthening the foundation for executing the Financial Story that combines ICT with ESG. By continuously securing BM innovation cases using various industry knowledge and digital technologies, we maintain continuous growth based on customer trust, and we are making a leap forward as a global ICT company that leads customer value and industry-wide innovation.

2022 Performance

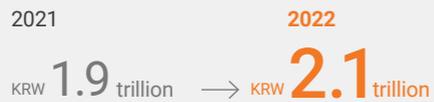
In 2022, SK Inc. proactively discovered/presented customers' business model innovation Agenda based on digital technology, led the entire process of customer digital transformation, and expanded its role in solving social problems such as environmental/safety/health. In addition, SK Group's large-scale IT infrastructure of various industries has been successfully converted to Cloud, and in the process, it has further strengthened the nation's best Cloud MSP capabilities by securing the largest Multi Cloud Coverage in Korea. In addition, SK Inc. has diversified customer base by focusing on external/large accounts such as public/financial/distribution based on improved business performance capabilities, including the expansion of professionals who can lead customers' digital transformation.

Moreover, leveraging strategic partnerships with various global companies, we are expanding service models in promising fields such as Digital Manufacturing and ESG solutions. In particular, in the ESG domain, we have achieved significant progress in digital SHE (Safety, Health, and Environment) areas, including "Carbon Reduction Certification" and "Electricity Remote Inspection," as well as in healthcare areas such as "Disease Diagnosis AI" for brain disorders. Additionally, we have developed an in-house platform to diagnose and manage companies' ESG implementation levels, contributing to elevating our customers' ESG management standards.

2023 Strategic Directions

In 2023, we will strengthen Biz. Consultancy to establish differentiated competitiveness in the ESG and Digital Manufacturing domains. In the ESG domain, we aim to enhance our consulting capabilities in level diagnosis/analysis and build an end-to-end service system through integration with platforms such as "Click-ESG" and "Centero," to enhance our ability to solve customer problems effectively. In the Digital Manufacturing domain, we will strengthen our engineering capabilities based on Biz. Consultancy, optimize customers' processes, and drive the automation and unmanned operation of production facilities using digital technologies. Additionally, we will establish a foundation for global growth through Digital Manufacturing and Cloud MSP. We will leverage existing partnerships with battery and other manufacturing customers to expand their global production facilities, foster the Digital Manufacturing business as a global operation, and establish the infrastructure for global services based on our proven Cloud MSP capabilities in the domestic market. Furthermore, we aim to secure a stable service system domestically and internationally through the expansion of Global Delivery Centers.

Sales growth



Biz. Increased social performance and creation in Net Zero/ESG Area



Goals for 2025

Leading Digital ITS Partner with Digital Technology and Biz. Knowledge

Achieved KRW **3** trillion in corporate value

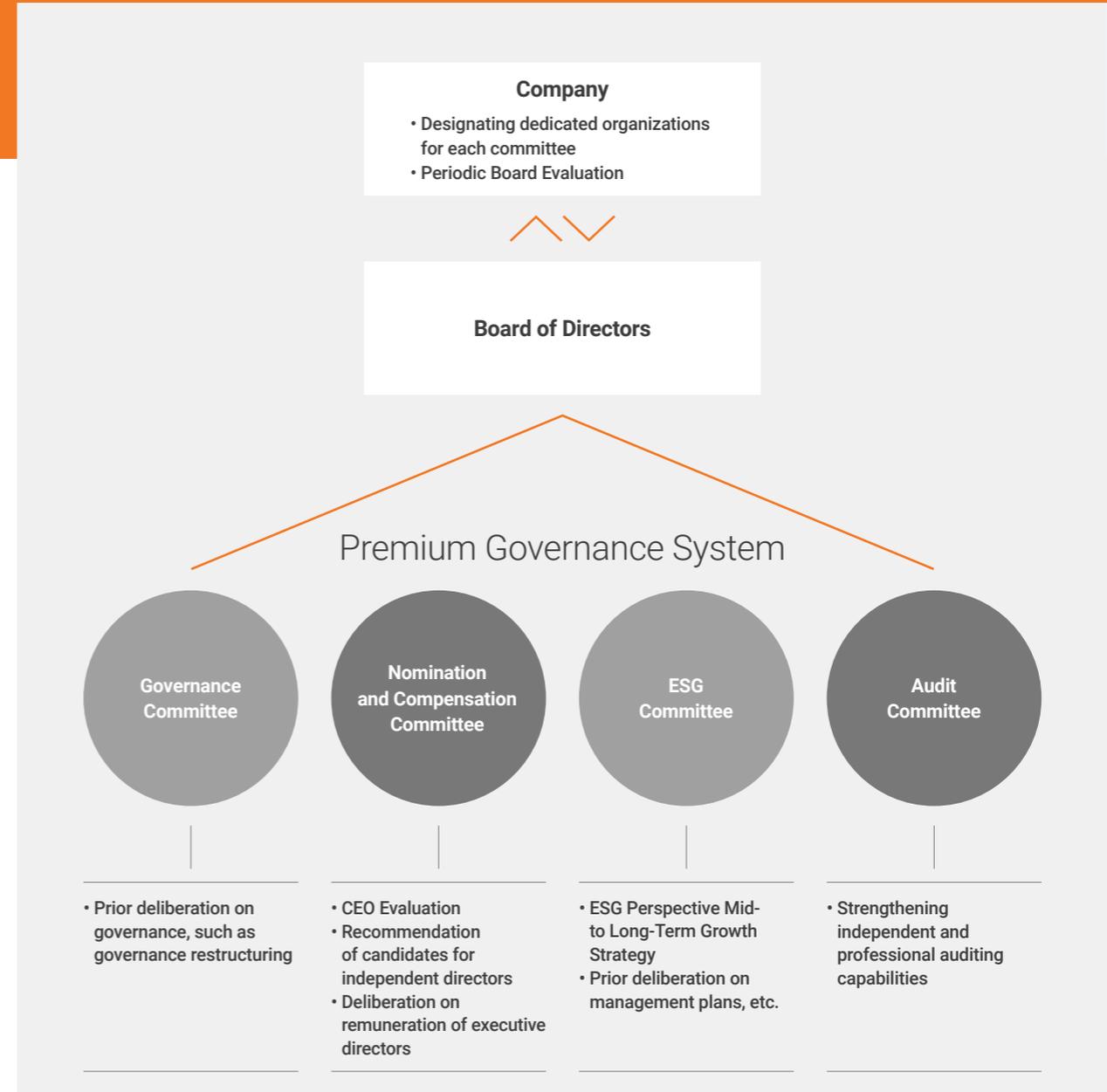
Governance Story

Management Driven by the Board of Directors

Since 2021, SK Inc. has been creating a governance story with the aim of strengthening the management of its board of directors beyond global standards.

The Governance story refers to a series of strategies and processes aimed at innovating the governance, which corresponds to the "G" in ESG (Environmental, Social, and Governance) management, to a global best-in-class level. SK Inc.'s Board of Directors aims to establish a premium governance framework that supports a independent board-centric management and decision-making system. This framework not only oversees and monitors the management team but also actively participates in activities such as recommending CEO candidates and being involved in the evaluation and compensation processes from the appointment stage. By doing so, the company seeks to proactively incorporate market demands and engage in active communication with various stakeholders.

Purpose	Action Planning
<ul style="list-style-type: none"> • Supervising/checking executives • Strengthening ownership and participation in management activities • Reflecting domestic and international shareholder and investor interest • Proving governance transparency to the market and support stakeholders • Strengthen SK Group's governance story and play a leading role 	<ul style="list-style-type: none"> • Finding candidates for independent directors with expertise, etc. • Strengthening communication with markets and stakeholders • Comprehensively revising the Charter of Governance • Strengthening the capabilities of independent directors through educational programs, etc.



Governance Performance

Strengthening Expertise of the 4 Major Committees

SK Inc. has established 4 committees under its Board of Directors to enhance expertise and promote board-centric management. The ESG Committee is responsible for reviewing and discussing mid- to long-term growth strategies and management plans from an ESG perspective. The Nomination and Compensation Committee handles the evaluation of the CEO, recommendation of independent director candidates, and deliberation of internal director compensation. The Audit Committee ensures independent and professional audits of SK Inc. and its subsidiaries, while the Governance Committee oversees governance-related matters such as restructuring the governance framework. Each committee plays a vital role in delivering results. To strengthen the functions of these committees, dedicated organizations have been assigned to each committee, and regular board evaluations and training are conducted.



	ESG Committee	Nomination and Compensation Committee	Audit Committee	Governance Committee
Key Features	<ul style="list-style-type: none"> • Mid- to long-term strategy review • Annual management plan review • Individual investment preview • Review and analysis of ESG-related critical issues 	<ul style="list-style-type: none"> • Establishment of individual remuneration for executive directors • CEO Evaluation and Candidate Review • Recommendation of candidates for independent directors 	<ul style="list-style-type: none"> • Supervision of corporate risk management and internal control • Ethical management/supervision of anti-corruption • Review/approval of audit plans and provide feedback on work results 	<ul style="list-style-type: none"> • Deliberation on governance regulations, such as enactment and revision of internal regulations • Functions of an independent consultative body consisting only of Independent directors • Discussion and improvement of governance issues through regular quarterly meetings • Systematization of Board competencies through continuous search for measures based on Board Skills Matrix
Key Achievements/ Agenda	<ul style="list-style-type: none"> • SK Management Plan and KPI Report/Approval • Stock Grant Using Own Shares • Participation in capital increase of overseas affiliates • Report Risk Management Plan • Portfolio ESG Integrated Management Reporting 	<ul style="list-style-type: none"> • Review of executive director remuneration • Review of candidates for independent directors and audit committee • Recommendation of candidates for independent directors and audit committee members • Reviewing the CEO Candidate Pool 	<ul style="list-style-type: none"> • Current status and plan of internal audit department • Status of SK Inc. reports • Plannigto Launch Management Diagnosis of Subsidiary Companies • Key Audit Results for the First Half of the Year • 2022 self-purification system evaluation result • Internal accounting management • Review of the independence of non-audit work of external auditors 	<ul style="list-style-type: none"> • Partial amendment to the articles of incorporation • Revision of the board of directors' regulations

Analysis of the Board of Directors' Deliberations

Number of Case Analyzed (by area)

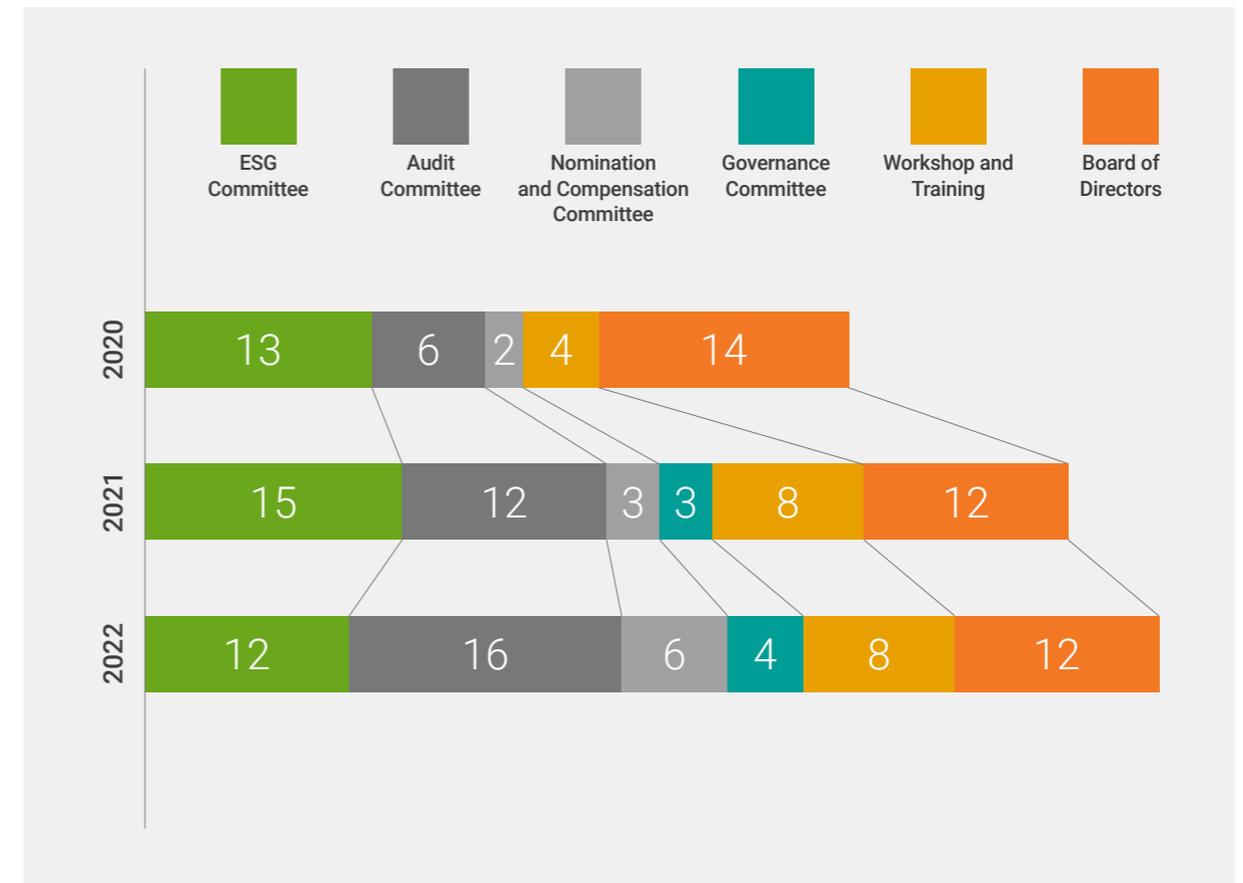
- Reviewing company's key investment agenda: An average of 1.3 cases per board of directors
- Highest percentage of legally mandated governance, ESG related management activities/investment cases



*Total number of agenda items, including the number of agenda items of the board of directors and subcommittees

Number of Meetings (Board of Directors/Committees) (times)

- Continuously increased discussions on the board of directors and its subcommittees since establishment of the responsible management driven by the Board of Directors
- Continuously increased annual input time per independent director



Board Skills Matrix (BSM) Management

As interest in ESG increases, there is a growing demand from shareholders, external investors, and other stakeholders for information regarding the expertise and diversity of the company’s highest decision-making body, the Board of Directors. In response to this trend, SK Inc. actively addresses the demands of shareholders, investors, and the market, and enhances governance transparency by adopting BSM to provide information related to the abilities, qualifications, and diversity of board members.

Through Board Structure Management (BSM), we aim to facilitate the understanding of shareholders and investors regarding the composition and capabilities required for the company’s board of directors. We actively manage the desirable composition of the board of directors that SK Inc pursues and reflect this in the management of the director candidate pool.

Based on BSM management, SK Inc strives to build an optimal board of directors that can realize stakeholder happiness and the Financial Story.

Results of Evaluating the Capability fo the Board of Directors through BSM



Governance Plan

To enhance its corporate governance practices, SK Inc. aims to strengthen the linkage between management activities and shareholder value through its board-centric management approach starting from 2023. In 2022, the company took concrete steps to ensure a more substantive evaluation of the CEO by the Board of Directors. The Board's judgment on matters such as the continuation of the CEO's tenure and compensation levels will now be reviewed on an annual basis, covering comprehensive aspects. SK Inc. will strive to establish premium governance that contributes to the interests of shareholders and stakeholders and enhances long-term corporate value through responsible management centered on the Board of Directors. Furthermore, as the holding company and a role model of the SK Group, SK Inc. will take the lead in driving change to establish premium governance within the group.

Chairman of the Board of Directors



Independent Director **Yeom, Jae Ho**

Independent Directors



Independent Director **Lee, Chan Keun**



Independent Director **Kim, Byoung Ho**



Independent Director **Pak, Hyun Ju**



Independent Director **Kim, Seon Hee**

Executive Directors



CEO **Chey, Tae won**



CEO **Jang, Dong Hyun**



Director **Cho, Dae Sik**



Director **Lee, Sung Hyung**

Our Approach to ESG

Stakeholder Engagement

Stakeholder Engagement Process

Based on the SKMS (SK Management System) management philosophy, SK Inc. defines stakeholders as customers, employees, shareholders/investors, business partners, and local communities that have a significant impact on its business activities. To ensure the incorporation of stakeholder demands into its business activities, the company operates various communication channels to identify stakeholder requirements on an annual basis. The opinions of stakeholders gathered through these channels are shared with the management team and the Board of Directors, allowing for enhanced alignment with business operations and the identification of key areas for prioritization and improvement. Ongoing monitoring and feedback mechanisms are in place to support the implementation of these initiatives. In the process of publishing this year's ESG report, in addition to stakeholder surveys, in-depth interviews were conducted to understand the stakeholders' primary ESG concerns. Efforts were made to faithfully incorporate these insights into the report.

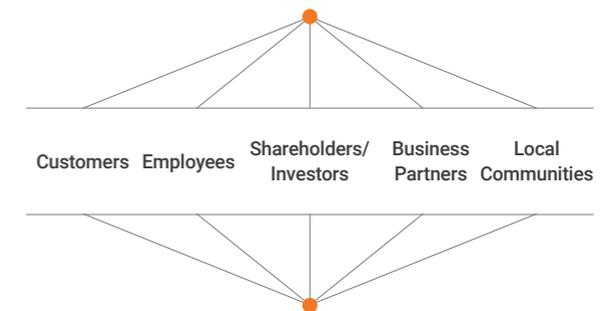
Step 1. Core Stakeholder Definition and Communication Channels

Identifying stakeholders' ESG needs

	Customers	Employees	Shareholders/Investors	Business Partners	Local Communities
<ul style="list-style-type: none"> Data accumulation through periodic performance Identifying and supplementing stakeholder needs 	<ul style="list-style-type: none"> Stakeholder Survey (once a year) Customer satisfaction survey (once a year) Consultation on DT: https:// support.skdt.co.kr (regular) Customer Center: skcenter@sk.com, 02-6400-0114 (year-round) Hangarae (year-round) Listening to VOC and F/up (year-round) Operating CIO and IT Planning Team leadership consultative body (year-round) 	<ul style="list-style-type: none"> Stakeholder Survey (once a year) Evaluation/Coaching Program (regular) Management Council (quarterly) Town Hall Meeting (regular) Hangarae (year-round) Mobile Communication Platform H.App/ Happy MSG (year-round) CEO-Member Comm. (regular) Happiness Counselling (year-round) SKMS Workshop (regular) 	<ul style="list-style-type: none"> Stakeholder Survey (once a year) Analyst/Investor Meeting (if required) General shareholders' meeting (regular) Disclosure (regular/frequent) Performance Announcement (regular) 	<ul style="list-style-type: none"> Stakeholder Survey (once a year) Purchase Information System (year-round) Stakeholder Account (year-round) Shared Growth Day (regular) Biz Partner CEO Seminar (regular) Visits to Biz Partner individually (year-round) Business partner meeting (regular) Online-Comm. Channel (year-round) 	<ul style="list-style-type: none"> Stakeholder Survey (once a year) Communities Local Governments/ Schools (Economy/Society) Welfare, education, etc.) (year-round) Organizations (Social Welfare Council, Volunteer Center, Sustainable Development Council) (year-round) Participation in the consultative body/Seongnam Community Public-Private Community Security Council (quarterly) Gyeonggi-do Economic Science Promotion Agency/Seongnam City Volunteer Center (if necessary)

ESG Research by Stakeholder
(Measurement of the Stakeholder Account / Gathering stakeholder feedback)

Communication Channel



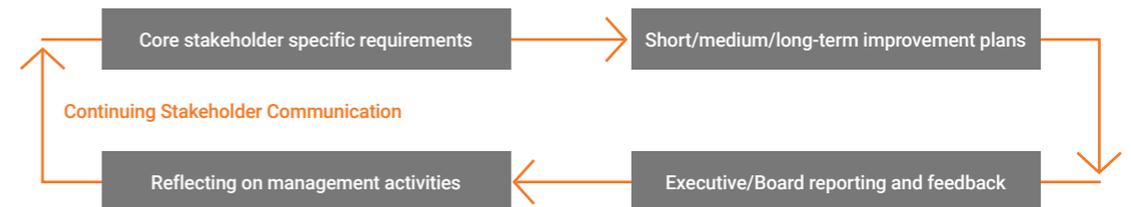
Materiality Assessment on Sustainable Management

Step 2. Key Driving/Improvement Areas

	Customers			Employees					Shareholders/ Investors			Partners	Local Community		
Communication Channels	Listening to VOC and F/up	Team Leader Consultative Body	Customer Satisfaction Survey	Evaluation/ Coaching Program	Communication with Management	Employee Participation/ Networking	Happiness-Related Programs	Hangarae	H.App	Analyst/ Investor Meeting	Shareholders' Meeting	Announcement/ Presentation of Performance Data	Stakeholder Account	Participation of Local Public-Private Consultative Bodies	Local Government/ Schools/ Institutions
Driving strategy	<ul style="list-style-type: none"> Increasing customer and company Biz Values 	<ul style="list-style-type: none"> Delivering insight and strengthening collaboration system 	<ul style="list-style-type: none"> Quantitative assessment of service satisfaction 	<ul style="list-style-type: none"> Providing growth/business feedback 	<ul style="list-style-type: none"> Gathering bottom-up opinions 	<ul style="list-style-type: none"> Increasing communication opportunities among members Enhancing member participation/ networking 	<ul style="list-style-type: none"> Pursuing work/person/ environmental perspective/ increase personal happiness 	<ul style="list-style-type: none"> Sharing ESG/ SV management direction, activities, performance, etc. 	<ul style="list-style-type: none"> Driving open mind communication, and positive change 	<ul style="list-style-type: none"> Conducting communication about the company Expanding coverage Pursuing active IR Applying ESG 	<ul style="list-style-type: none"> Executive presentation, Q&A 	<ul style="list-style-type: none"> Announcements other than the standard information Reviewing disclosures by investment case 	<ul style="list-style-type: none"> Expanding communication targets/methods Horizontal communication 	<ul style="list-style-type: none"> Securing a public-private partnership network/ understanding community issues 	<ul style="list-style-type: none"> Continuing to discover/ expand socially vulnerable classes support programs
Short/medium/ long-term plan	<ul style="list-style-type: none"> Regular survey/ interviews Suggesting discussion points 	<ul style="list-style-type: none"> Regular meetings Regular provision of Insight Report Networking activities 	<ul style="list-style-type: none"> Regular implementation Expanding survey target companies/ scope 	<ul style="list-style-type: none"> Discussion topics/methods specified/ diversified Based on employee feedback and data 	<ul style="list-style-type: none"> Gathering and discussing opinions on 'employees' happiness' Building an integrated online and offline platform 	<ul style="list-style-type: none"> Opening self-design session Resuming offline programs Self-communication by organization Driven by employees 	<ul style="list-style-type: none"> Activity diagnosis Individual Happiness Diagnosis/ Solution Delivery Building a Happiness Reference Conducting Organizational Happiness Workshop 	<ul style="list-style-type: none"> Securing ESG/ Stakeholder Account contents Improving/ enhancing bulletin board functionality Operating regular events 	<ul style="list-style-type: none"> Enhancing Comm. Channel Establishing a two-way communication environment Continual upgrade driven by employees 	<ul style="list-style-type: none"> Supporting publication of business reports Conducting a visit to the core business site conducting IR events 	<ul style="list-style-type: none"> Diversifying communication channels Developing into an event that shareholders desire 	<ul style="list-style-type: none"> Following regulatory guidelines Expanding detailed performance sharing 	<ul style="list-style-type: none"> Expanding business partner growth support programs/ ESG risk management Actual Co-Performance/ Creating a Stakeholder Account 	<ul style="list-style-type: none"> Developing strategic CSR linkage program based on community issues 	<ul style="list-style-type: none"> Operating/ continuously developing environmental education programs linked to vulnerable groups

Step 3. Reflecting Management Activities

Decision Making SK Inc. periodically identifies the needs of key stakeholders such as customers, employees, shareholders/ investors, business partners, and local communities, and establishes improvement plans from a short- and long-term perspective. This is periodically reported to the management and board of directors, and feedback from the management and board is reflected in management activities and is basis of communication with our stakeholders.



Materiality Assessment

SK Inc. follows the reporting principles of the Global Reporting Initiative (GRI), a global sustainability reporting guideline. In accordance with the GRI guidelines, SK Inc. identifies the key ESG issues that impact its sustainability every year and incorporates the results into the company's medium to long-term management strategy. To ensure credibility in the process of issue selection and evaluation, SK Inc. adheres to the four principles of inclusivity, materiality, responsiveness, and impact, as required by the AA1000, a global sustainability reporting verification standard.

Assessment Process and Analysis

Step 1. Issue Pool Creation

Through analysis of domestic and international ESG trends, disclosure guidelines, benchmarking of global leading companies, consideration of industry issues, media research, and internal issue reviews, we have identified the major material issues of SK Inc. In terms of ESG, we have identified 19 material issues that are relevant to SK Inc. Some adjustments have been made compared to the previous year, taking into account changes in the domestic and international business environment and ESG trends in 2022.

Step 2. Impact Assessment

Application of Double Materiality

In March 2023, SK Inc. conducted an impact assessment applying the concept of double materiality. In this process, we considered ① financial materiality and ② environmental and social impact materiality. Double materiality means considering both the external environmental and social factors that affect a company's financial condition and the internal and external perspectives of the impact of a company's management activities on the outside, in other words, the internal and external perspectives of ESG-related impact on corporate value. Through this approach, SK Inc. aims to clearly understand stakeholders' concerns and expectations and reflect them in its business strategy, maximizing business performance improvement while enhancing environmental and social value throughout its operations.



① Financial Materiality Assessment		
Analysis of Industrial Key Issues	Shareholder/Investor Inquiry Review	Internal Stakeholder Survey
<p>Peer group reporting and management trends Benchmarking analysis of a total of 11 companies, including 7 advanced overseas companies and 4 peer companies</p>	<p>Direct requirements of the Financial Society Identifying business factors that are directly related to the creation of financial value for the enterprise</p>	<p>Perception of internal stakeholders of financial impact by issue Shareholders/investors, executives and employees survey (approximately 200 cases)</p>

② Environmental and Social Materiality Assessment		
Media Research Analysis	ESG Assessment Organization Analysis	External Stakeholder Survey
<p>Media exposure frequency by SK Inc. management issue Analysis of 242 effective press releases from 17 media organizations</p>	<p>Key assessment items of domestic and abroad ESG rating agencies Reviewing the evaluation weight for industry of SK Inc. of MSCI, DJSI, KCGS, and more</p>	<p>External stakeholder perceptions upon environmental/social impact by issue Conducting surveys on business partners (suppliers), affiliates, customers, local communities, and ESG experts (approximately 120 cases)</p>

Assessment Process and Analysis

Step 3. Analysis of Materiality Assessment Results and Identifying Key Issues

SK Inc. conducted in-depth reviews and deliberations on the issues identified through evaluations, and selected eight key issues taking their financial impact and environmental/social impact into consideration. Each issue was identified based on its influence on financial aspects such as earnings, costs, risks, and opportunities, as well as its impact within the value chain from an environmental and social perspective. The effects on various stakeholder groups were also considered. According to the materiality assessment results, there has been an increase in the importance of enhancing shareholder value, portfolio ESG management, and issues related to ethical management and anti-corruption compared to the previous year. Detailed analysis of the key issues is reported in conjunction with SK Inc.'s major activities on the following pages.

Materiality Assessment Results Matrix



Details of Materiality Assessment Results

#	Top 8 Key Issues	Financial Impact Level				Environmental/Social Impact Level			Stakeholder Impact Level					
		Income	Cost	Risk	Opportunity	Up-stream	Own Operations	Down-stream	Employees	Shareholders	Client	Partner	Local Community	
1	Expansion of eco-friendly technology and investment	Very High	●	●	●	Very High	●	●	Very High	●	●	●	●	●
2	Establishment of a climate change response system	Very High		●	●	Very High	●	●	Very High	●	●	●	●	●
3	Increase of shareholder value	High	●	●	●	High		●	Very High	●	●			
4	Responsible product and service management	Very High	●		●	Very High	●		High	●	●	●	●	
5	Ethical management and anti-corruption	High			●	High		●	High	●	●		●	
6	Society-oriented management	High			●	High		●	High	●	●			
7	Portfolio ESG Management	Medium	●		●	Medium		●	High	●	●			
8	Attracting and training human resources	Medium	●	●	●	Medium		●	Medium	●	●	●	●	

Assessment Process and Analysis

Step 4. Key Issue Management and Reporting

SK Inc. has conducted an analysis of the financial impact (revenue, costs, risks, opportunities) and the environmental and social impact of key issues. We have prioritized risk and opportunity factors and established management strategies accordingly. Furthermore, from the perspective of enhancing corporate value, we have identified the impact of each issue on SK Inc. and reported the medium to long-term response goals and directions to our stakeholders.

Moving forward, we will continue to monitor the changes in key issues and seek feedback from stakeholders, ensuring timely communication to build trust, and consistently enhance corporate value.

Key Issues	Issue Background	Our Approach	Activities	Target	2022' KPI
 <p>Expanding green technologies/ investments</p>	Demand for eco-friendly technologies/investments is increasing due to the discovery of future growth industries, securing price competitiveness as decarbonization technology evolves, and complying with green taxonomy. It is time to make efforts to establish a new business model by preemptively securing capabilities for eco-friendly technologies while responding to global climate change.	SK Inc. is expanding its investment in eco-friendly solutions/ technology and increasing the proportion of portfolio assets to accelerate decarbonization and realize Net Zero in the industry by selecting four key areas ('advanced materials', 'green', 'bio' and 'digital').	<ul style="list-style-type: none"> Generating remarkable investment results in alternative energy, semiconductor/battery materials, EV SCM areas, environmental technology, and CO₂ processing areas Investing 30% of total investment in eco-friendly business in 2022, expanding the proportion of eco-friendly portfolio <p>+ See p.31</p>	<ul style="list-style-type: none"> Set NAV targets for Green Investment Portfolio as 2% of Green Market Size (by 2030) 	Investment in clean technology
 <p>Establishing a climate change response system</p>	Social responsibility is required for companies that are the main agents of carbon emissions and reduction to implement the 1.5°C Paris Climate Agreement. Accordingly, companies should establish a response system in consideration of conversion risks that may occur in the process of implementing a low-carbon economy, physical risks caused by weather events, and related financial impacts.	SK Inc. is currently participating in Net Zero, RE100 Declaration, and SBTi, and is actively carrying out internal and external reduction activities by establishing a group-level emission trading system management system. We will contribute to global Net Zero and zero carbon footprint by greening our existing fossil fuel-based portfolio, expanding our eco-friendly business, reducing carbon emissions, and investing in decarbonization solutions.	<ul style="list-style-type: none"> Suggesting action plans and objectives for Net Zero and RE100 by 2040, organizing greenhouse gas and energy consumption management, and expanding Scope 3 management Expanding renewable energy power through 'green premium' to about 10% in 2022 (about 3% in 2021) <p>+ See p.35</p>	<ul style="list-style-type: none"> RE100, Net Zero (2040) Expanding the share of renewable energy in the power supply through green premiums to reach 16% (by 2023). 	Net Zero carbon emission reduction
 <p>Increasing shareholder value</p>	The main management purpose of a company is to maximize shareholder value creation. All management activities of a company should be carried out in the direction of enhancing its value, and its profits shall be returned to its key stakeholders, shareholders.	In March 2022, SK Inc. announced the 'Mid- to Long-Term Shareholder Return Policy' to enhance shareholder value. Every year, we intend to maximize shareholder value by mobilizing various means such as treasury stock purchase, incineration, and cash dividends of more than 1% of the market capitalization.	<ul style="list-style-type: none"> In accordance with the shareholder return policy to share investment performance with shareholders, offered interim dividends for five consecutive years to continue our shareholder-friendly moves Retirement of 951,000 shares of treasury stock on April, 2023 (1.3% of market capital) <p>+ See p.122</p>	<ul style="list-style-type: none"> Distributing dividends of more than 30% of the income from operating activities (by 2025). Utilizing profits generated from IPO and investment portfolios to repurchase and retire treasury shares at a rate of at least 1% of market capitalization annually until 2025 (April, with a plan to retire 951,000 shares of treasury stock). 	Increasing corporate value
 <p>Conducting responsible product/service management</p>	ICT-based artificial intelligence, metaverse, and UAM require continuous capability building for future corporate growth. Due to the nature of the industry, significant material and economic damages are expected in the event of product or service disruptions and accidents. Therefore, it is essential to establish a response system and develop measures to mitigate such risks.	SK Inc. is striving to grow as a company that focuses on AI/ DT, which enriches industries and societies, and provides solutions for the convenience of humanity. At the same time, we aim to enhance product and service stability and improve quality by establishing a service disruption management system and implementing an accident response system.	<ul style="list-style-type: none"> total of 12 mock/scenario training sessions for all domestic and international workplaces in 2022 Approximately 58 corporate failure recurrence prevention tasks in 2022 Customer satisfaction survey score of 72.3 points (Comparative advantage of 1.5 or higher over competitor results) <p>+ See p.99</p>	<ul style="list-style-type: none"> Reducing total number of failures and time of failures by 25% year-on-year (2023) 	Product quality/ Zero safety accidents

Assessment Process and Analysis

Step 4. Key Issue Management and Reporting

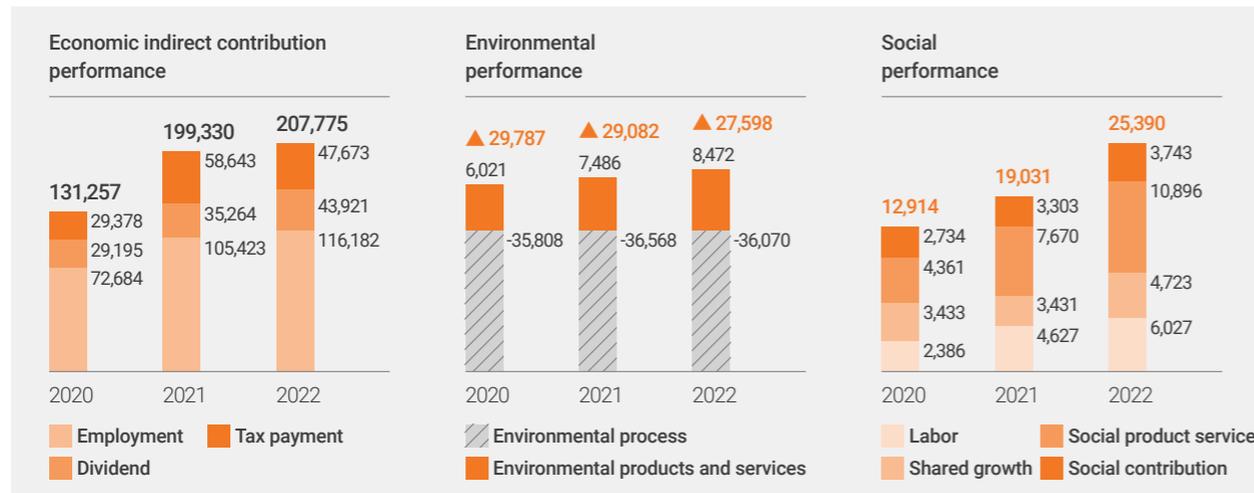
Key Issues	Issue Background	Our Approach	Activities	Target	2022' KPI
Ethical management and anti-corruption 	<p>The occurrence of unethical issues of members such as workplace harassment, sexual harassment/sexual violence, and embezzlement is directly related to corporate management risks, resulting in social costs. Therefore, companies shall recognize the performance of economic and legal responsibilities as well as ethical responsibilities as their basic obligations and practice corporate ethics in an independent manner.</p>	<p>SK Inc. is committed to ethical management as the foremost value for corporate competitiveness. Through the framework of "Ethics Code-Practice Guidelines-Practice Guidelines Handbook," we provide behavioral standards for employees in their work, operate ethics education and an ethics counseling center to enhance the ethical awareness of all members.</p>	<ul style="list-style-type: none"> The principle of zero tolerance to violations of ethical norms (discrimination, harassment, etc.) Conducting management diagnosis (risk assessment) at four workplaces (100%) → 15 violations of ethical standards were detected and disciplinary action was completed All members to complete 100% ethics/anti-corruption training <p>+ See p.123</p>	<ul style="list-style-type: none"> Zero report of anti-corruption violations 	<p>Group ethical management evaluation system performance enhancement</p>
Board-centered management 	<p>Corporations need to establish sound governance structures to ensure balanced representation of shareholder interests and facilitate ethical, transparent decision-making through board-centered responsible management. By forming a Board of Directors that can lead, assist, and check the management, companies can eliminate governance risks and secure the trust of internal and external stakeholders.</p>	<p>In 2021, SK Inc. declared its intention to establish a board-centered corporate governance structure through the formulation of governance stories and comprehensive revision of the governance charter. We will further strengthen the integration of management activities and shareholder value beyond global standards through the advancement of board-centric management.</p>	<ul style="list-style-type: none"> Granting the Board of Directors the authority to supervise the Company's key non-financial risks Evaluating by the Korea ESG Standards Institute_Corporate governance sector grade 'A+' A total of 12 board meetings in 2022 55.6% of independent directors (average 51.7% of large domestic companies) <p>+ See p.117</p>	<ul style="list-style-type: none"> Realizing global top level governance story 	<p>Increasing reporting/review of key ESG issues within the Board</p>
Portfolio ESG Management 	<p>As an investment firm, enhancing portfolio value is key strategy directly linked to enhancing corporate value. Poor portfolio management can lead to significant risks, and if serious incidents or accidents are exposed in the media, the company's reputation can be damaged, ultimately leading to a chain of corporate risks.</p>	<p>SK Inc. has established a robust investment governance system based on portfolio management strategies and principles. For consolidated subsidiaries, we monitor and manage key performance indicators (KPIs) and exercise voting rights. For investee companies, we continuously and regularly monitor and manage ESG issues as shareholders. We are fulfilling our role as an investment firm faithfully.</p>	<ul style="list-style-type: none"> Establishing portfolio ESG management system (examining ESG risk/opportunity factors throughout the investment process) Portfolio Climate Risk Financial Impact Management (Carbon risk, economics/effectiveness review of reduction measures, physical risk monitoring by abnormal climate type/region/company, etc.) <p>+ See p.144</p>	<ul style="list-style-type: none"> Portfolio ESG value-up 	<p>Enhancing portfolio shareholder communications</p>
HR Attraction and Training 	<p>The most important key to sustainable growth for a company is "talent". Therefore, companies need to take the lead in establishing systems, fostering a culture, and driving performance management for the entire process of talent recruitment, development, and capacity building. Among these, diversity and inclusiveness are essential for attracting top talent, improving internal employee satisfaction, and ultimately enhancing corporate value.</p>	<p>As part of our respect for diversity among members, SK Inc. is dedicated to securing and nurturing female talent. We operate family-friendly policies such as parental leave and infertility support to ensure that capable female talent does not experience career interruptions due to childbirth or childcare. By creating an environment where everyone can work equally, we are increasing the proportion of women in executive positions every year. We will actively support the cultivation of an inclusive corporate culture in the future.</p>	<ul style="list-style-type: none"> 25% of female directors among board members in 2023 (appointment of one additional female independent director) 2023 Presidential Commendation Award for Excellent Employment Equality between Men and Women (1st out of 150 companies in Korea) Women's selection T/O management during the management training program <p>+ See p.70</p>	<ul style="list-style-type: none"> Female/global leader ratio expanding by more than 25% (2025) 	<p>Increasing the proportion of female executives and employees by position</p>

Measuring Social Value

SK pursues a Double Bottom Line (DBL) management approach, aiming to create both economic and social values throughout its business activities. We continuously explore and expand business models that can enhance social value for the happiness of all our stakeholders. Furthermore, from a DBL perspective, we expand socially desirable products and services and strengthen the sustainability of our business models by measuring and managing social value in monetary terms. Negative impacts on local communities, such as greenhouse gas emissions and environmental pollution resulting from corporate activities, are considered as negative (-) outcomes. On the other hand, we measure positive factors that can have a beneficial impact on local communities, such as providing eco-friendly products and services and improving labor practices.

Since 2018, SK has developed methodologies for measuring social values and applied them to various aspects of our business activities, including product development, production, sales, human resources, and business partner collaboration. We measure social values using objective and conservative criteria and verify them through the SK Group Social Value Research Institute, an independent institution, to enhance external validity and credibility.

SK Group's Social Value Measurement in 2022 (unit: KRW 100 million)



2022 Measurement Result of Consolidated Member Companies

Corporate name	Indirect Economic Contribution	Environmental Contribution	Social Contribution
SK Innovation (including SK IE Technology)	KRW 3,726.8 billion	▲KRW 851.9 billion	KRW 163.4 billion
SK Telecom	KRW 1,927.7 billion	▲KRW 111.1 billion	KRW 676.1 billion
SK Networks	KRW 492.6 billion	KRW 17.2 billion	KRW 13.0 billion
SKC	KRW 389.2 billion	▲KRW 104.4 billion	KRW 16.8 billion
SK Square	KRW 25.2 billion	▲KRW 00 billion	KRW 124.7 billion
SK Biopharmaceuticals	KRW 27.6 billion	▲KRW 200 million	KRW 269.0 billion

Group-wide Social Value Measurement



* Subject to social value measurement: A total of 91 companies, including SK Group member companies and subsidiaries/grandchildren

** Some performance in 2021 was additionally reflected, changing to the previous KRW 18.4 trillion → KRW 18.9 trillion

Measure of Social Value

SK's Social Value (SV) Measurement Result

In 2022, we have created social values of KRW 1,489.4 billion in indirect economic contribution, KRW 94.1 billion in environmental performance, and KRW 79.7 billion in social performance.

(unit: KRW 100 million)

Economic indirect contribution performance (value contributed to the economy through corporate activities)			
Employment	Dividend	Tax Payment	Total
6,366	3,526	5,002	14,894 (+7.3% compared to 2021)
<ul style="list-style-type: none"> • Employment (salary, benefits) <ul style="list-style-type: none"> - +8% year-on-year due to increased number of members and increased salary payments • Dividends (shareholder dividends) <ul style="list-style-type: none"> -26% Y/Y on reduced dividend per share • Taxation (national tax, local tax) <ul style="list-style-type: none"> - Taxes, such as corporate tax, +55% year-on-year 			

Environmental performance (social value from the development, production, and sale of products)		
Product/Service	Environment (Process)	Total
1,098	▲ 157	941 (+19.3% compared to 2021)
<ul style="list-style-type: none"> • Products and services (+) value of environmental impact created through eco-friendly products and services <ul style="list-style-type: none"> - Continued expansion of social value creation based on IT services (Cloud service, abnormal vibration detection service) year-on-year +20% • Process (value of environmental impact during the production process) <ul style="list-style-type: none"> - The negative (-) environmental impact increased slightly due to the increase in greenhouse gas emissions caused by the expansion of Pangyo data center 		

Social performance (Sales of products that improve quality of life and social values provided to members, partners and communities)				
Product/Service	Labor	Co-Growth	Social Contribution	Total
249	323	63	162	797 (+20.4% compared to 2021)
<ul style="list-style-type: none"> • Products and services (value that improves consumers' quality of life) <ul style="list-style-type: none"> - +20% compared to the previous year due to the expansion of IT services, contributing to the enhanced public interest and quality of life • Labor/Companion Growth (Improvement of employee labor environment and value of business partners' shared growth activities) <ul style="list-style-type: none"> - +9% year-on-year due to the increase in welfare benefits and support for member education • Social contribution (value created by CSR activities for local communities) <ul style="list-style-type: none"> - +38% year-on-year due to increased donations to support the local community 				

* Combined performance of SK Inc. and direct subsidiaries holding management rights

※ Measurement formulas for each indicator are available on the SK website (<https://www.sk.co.kr>) and SV Hub (<https://www.svhub.co.kr>)

Social Value (SV) Measurement System

Measurement Principle

① Measurement of all management activities	<ul style="list-style-type: none"> • Measuring product development, production, sales, HR, Biz. and other corporate activities such as partner cooperation • Measuring positive (+) and Negative (-) performances
② Outcome measurement (Impact measurement)	<ul style="list-style-type: none"> • Measuring changes in beneficiaries' lives as a practical result of corporate activities (Outcome) • Value-evaluation orientation for impact <div style="text-align: center;"> <pre> graph LR Input --> Activity Activity --> Output Output --> Outcome Outcome --> Impact </pre> </div>
③ Principle of conservatism	Measurement by applying objective and conservative standards and data (improving validity and reliability)

Measurement System

To strengthen ESG management and enhance stakeholders' understanding, we have reclassified our existing categorization system of economic indirect contributions, business social performance, and social contributions into economic indirect contributions, environmental performance, and social performance.

Indirect Economic Contribution	Employment			
	Dividend			
	Tax Paying			
Environmental Performance	Product/Service	Resource Consumption	Environmental Pollution	
	Process			
Social Performance	Product/Service	Quality of Life		Consumer Protection
	Process	Labor		Co-Growth
	Social Contribution	Social Contribution	Donation	Volunteer Activity
Governance	※ Replacement with non-monetary performance disclosures			

Part 2.

ESG

Performance

SK Inc. is continuously making efforts to reduce ESG risks and expand opportunities under the belief that ESG management is the foundation for sustainable development and stakeholder happiness. The company is actively pursuing environmental efficiency improvements, climate change adaptation, and achieving Net Zero goals. It is also promoting various activities to enhance diversity and happiness of its employees while striving to establish premium governance that complies with global standards. In 2022, SK Inc. was recognized for these achievements and received the highest rating of AAA from the global ESG assessment agency, MSCI ESG Rating.

SK Inc. promises to proactively manage ESG risks and opportunities faced in its business operations to enhance long-term corporate value and expand the ESG-based management system for invested companies within its portfolio as a healthy investment specialist.

Environmental	30
Social	69
Governance	116

Environmental



- 1 Expanding Eco-friendly Investments and Businesses
- 2 Environmental Management
- 3 Eco-friendly Activities
- 4 TCFD Report

1

Expanding Eco-friendly Investments and Businesses



Focus on investment and commercialization of environmental solutions to reduce global greenhouse gases and achieve Net Zero

Roadmap

	2023	2025	2030
Target	Creating an eco-friendly market ecosystem through portfolio integration	Investing in future promising growth businesses based on the Green Biz. anchor business	Accelerating future value growth and achieving Net Zero
Action Plans	<ul style="list-style-type: none"> Expansion and integration of eco-friendly investments <ul style="list-style-type: none"> → Investment and portfolio integration of promising eco-friendly technological assets → Value enhancement through portfolio's green transition from fossil fuels 	<ul style="list-style-type: none"> Strengthening investment portfolio management to increase investment proportions in alternative energy, sustainable food, waste management, carbon treatment, electric vehicle materials and infrastructure, and eco-friendly digital sectors Strengthening investment portfolio management to address climate change 	<ul style="list-style-type: none"> Future corporate value growth through expansion of eco-friendly investments and businesses Support for achieving (scope 3) Net Zero goals in investment portfolios

Clean Technology Investment Strategy

By focusing five major eco-friendly areas -Energy Transition, Industrial Transition, Carbon Management, EV Ecosystem, Eco Digital- as key strategies for enhancing future corporate value, SK Inc. promotes preemptive investment in clean technology and secures business opportunities

Focused Area for Eco-friendly Investment

Energy Transition	Industrial Transition	Carbon Management	Ev Ecosystem		Eco Digital
Hydrogen and fuel cells	Waste-to-X	Capture	Battery Materials	EV SCM	Carbon trading platform
Nuclear power	Carbon reduction technology manufacturing process	Transport	Copper foil	SiC Wafer	Environmentally friendly products and services R&D
Energy solutions	Alternative proteins	Storage	SiC cathode material	SiC chip design/manufacture	Green DC/Infrastructure
Renewable energy		Utilization	High-nickel/single crystal anode material	Super-fast EV charging	

Eco-friendly Investment Objectives and Performance

Achievement

SK Inc. aims to expand investment in existing portfolios by identifying various promising companies in each of the five eco-friendly investment areas, thereby discovering promising eco-friendly business opportunities and entering new eco-friendly businesses.

 <p>Energy Transition</p>	<p>Electrification & Clean Fuels</p> <ul style="list-style-type: none"> Entered low-carbon base power source SMR business through investment in TerraPower, a design company for sodium cooling high-speed reactors in the U.S. Acquisition of Atom Power, a U.S. SiC Circuit Breaker company, securing core technologies for energy solution platforms Entered low-carbon synthetic crude oil and aviation oil business through acquisition of U.S. Waste-to-fuel technology firm Fulcrum Bioenergy Preoccupying Turquoise Portfolio by investing into U.S. Plasma Technology Company Monolith Becoming the largest shareholder through investment in Plug Power, a hydrogen fuel cell company in the U.S. Invested into Luna Energy, U.S. home ESS company
 <p>Industrial Transition</p>	<p>Concentrated industries, manufacturing industries (steel, cement, etc.), waste</p> <ul style="list-style-type: none"> Invested in Wildtype, a U.S. cell-based seafood company Invested in Nature's Fynd, a microbial-based alternative protein food company Invested in Perfect Day, a global leading fermented milk protein company Invested in Joyvio, China's largest professional food distributor Joint fund Participation with Joyvio to invest in sustainable foods in China
 <p>Carbon Management</p>	<p>CCUS, a natural carbon sink</p> <ul style="list-style-type: none"> Invested in 8rivers, which has many CCUS source technologies such as power generation using CO₂ and production of high-efficiency clean hydrogen Invested in ION Clean Energy, a promising tech company in solvent based CO₂ capture Invested in the world's largest CCS Project of Summit Carbon Solutions
 <p>EV Ecosystem</p>	<ul style="list-style-type: none"> Invested in Solid Energy, a next-generation lithium-metal battery developer, to secure the top three shareholders position Invested in China's Wason, a manufacturer of copper foil, an essential material for EV Batteries Securing management rights of SK Powertech, a SiC power semiconductor design and mass production company, and establishing a mass production system Acquiring SK Signet, the world's first U.S.-certified EV super-fast charger technology, and established the U.S. production line
 <p>Eco Digital</p>	<ul style="list-style-type: none"> Established mid- to long-term eco-friendly business goals for each business organization from 2020 to promote eco-friendly solutions and platform construction projects Developing /commercializing 7 solutions and platforms in 2022 including energy savings, carbon emissions reduction, air/water pollution reduction, Clean Tech, and Eco-digital services

Strategy

Establishing and implementing strategies to achieve investment, sales, and EBITDA targets by 2025 for each of the five areas to expand environmental investment.

 Energy Transition	<ul style="list-style-type: none"> • Renewable energy: Developing/operating domestic utility solar and offshore wind power based on platform specializing in renewable energy • Nuclear Power: Preemptively acquiring core assets within the next-generation SMR Value Chain lays the foundation for entry into the global carbon-free power generation business • Hydrogen/Fuel Cells: Utilizing existing energy business infrastructure, integrating large-scale hydrogen supply and fuel cell manufacturing/sales value chains • Energy solutions: U.S. GRID/HOME ESS, Microgrid, EV Charging, etc. Expand electrification efforts in the U.S. market <p>Targeted for 2025 (Unit: KRW trillion)</p> <table border="1"> <thead> <tr> <th>Accumulated investment value</th> <th>Sales value</th> <th>EBITDA</th> </tr> </thead> <tbody> <tr> <td style="font-size: 24pt;">12.4</td> <td style="font-size: 24pt;">9.8</td> <td style="font-size: 24pt;">2.4</td> </tr> </tbody> </table>	Accumulated investment value	Sales value	EBITDA	12.4	9.8	2.4
Accumulated investment value	Sales value	EBITDA					
12.4	9.8	2.4					
 Industrial Transition	<ul style="list-style-type: none"> • Promoting investment in promising companies with carbon emission reduction technology in the GHG multi-emission industry (steel, cement) process • Invested into innovative environment technology of Waste-to-X and combining with Anchor Biza • Securing a preemptive portfolio in the sustainable food area where high growth is expected <p>Targeted for 2025 (Unit: KRW trillion)</p> <table border="1"> <thead> <tr> <th>Accumulated investment value</th> <th>Sales value</th> <th>EBITDA</th> </tr> </thead> <tbody> <tr> <td style="font-size: 24pt;">4.5</td> <td style="font-size: 24pt;">2.7</td> <td style="font-size: 24pt;">0.2</td> </tr> </tbody> </table>	Accumulated investment value	Sales value	EBITDA	4.5	2.7	0.2
Accumulated investment value	Sales value	EBITDA					
4.5	2.7	0.2					

 Carbon Management	<ul style="list-style-type: none"> • Expanding value chain by investing in CCUS leading technology/infrastructure • Providing integrated 'CCUS as a service' solution based on expanded Value Chain • Leveraging SK's CCUS assets and promoting new CCUS technology bolt-on <p>Targeted for 2025 (Unit: KRW trillion)</p> <table border="1"> <thead> <tr> <th>Accumulated investment value</th> <th>Sales value</th> <th>EBITDA</th> </tr> </thead> <tbody> <tr> <td style="font-size: 24pt;">2.6</td> <td style="font-size: 24pt;">0.4</td> <td style="font-size: 24pt;">0.2</td> </tr> </tbody> </table>	Accumulated investment value	Sales value	EBITDA	2.6	0.4	0.2
Accumulated investment value	Sales value	EBITDA					
2.6	0.4	0.2					
 EV Ecosystem	<ul style="list-style-type: none"> • SiC Power Semiconductor: Expanding collaboration with global OEMs, maximizing synergy with the Preserved Power Semiconductor Biz. • Next-generation battery: Developing next-generation anode material/ Si cathode material and mass producing next-generation lithium metal batteries • Copper Foil: Proactively expanding dominance and cost-quality competitiveness in the Chinese market • EV Charging: Preoccupying the global EV infrastructure market (such as establishing U.S. production lines) and developing next-generation chargers (ESS linkage, robot charging, etc.) <p>Targeted for 2025 (Unit: KRW trillion)</p> <table border="1"> <thead> <tr> <th>Accumulated investment value</th> <th>Sales value</th> <th>EBITDA</th> </tr> </thead> <tbody> <tr> <td style="font-size: 24pt;">3.1</td> <td style="font-size: 24pt;">5.5</td> <td style="font-size: 24pt;">1.5</td> </tr> </tbody> </table>	Accumulated investment value	Sales value	EBITDA	3.1	5.5	1.5
Accumulated investment value	Sales value	EBITDA					
3.1	5.5	1.5					
 Eco Digital	<ul style="list-style-type: none"> • Planning to increase investment in R&D for eco-friendly solutions such as energy saving/carbon emission reduction, including investment in the development of a 'Voluntary Carbon Reduction Certification and Trading Platform' • Increasing sales of eco-friendly products/services in the IT Service Business Division <p>Targeted for 2025 (Unit: KRW trillion)</p> <table border="1"> <thead> <tr> <th>Accumulated investment value</th> <th>Sales value</th> <th>EBITDA</th> </tr> </thead> <tbody> <tr> <td style="font-size: 24pt;">0.3</td> <td style="font-size: 24pt;">0.5</td> <td style="font-size: 24pt;">0.2</td> </tr> </tbody> </table>	Accumulated investment value	Sales value	EBITDA	0.3	0.5	0.2
Accumulated investment value	Sales value	EBITDA					
0.3	0.5	0.2					

* 2025 goals for each area are predictive based on the current information

** The cumulative investment target is the total investment amount for each project, including co-investment at the SK Group level

[Special Page] Taxonomy-based Eco-friendly Investment Status

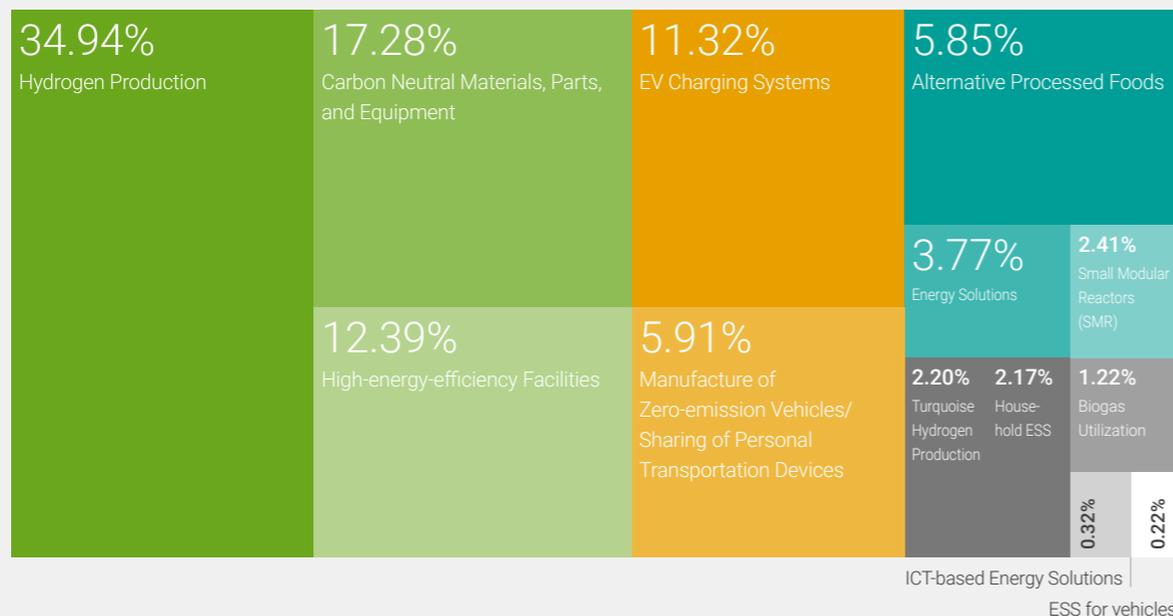
SK Inc. perceives Net Zero as a new growth driver in the era of energy transition, through swift adaptation to future energy sources and the exploration of diverse eco-friendly solutions. In order to achieve this, SK Inc. is expanding its focus on eco-friendly technologies and business opportunities. By strategically and actively investing in future core infrastructures, SK Inc. aims to enhance the synergy among green businesses within the SK Group and drive the growth of the green economy.

Major Decarbonization Investment Areas



Advanced Material	Digital	Green
<ul style="list-style-type: none"> EV SCM (Electric vehicle supply chain management) Battery materials 	<ul style="list-style-type: none"> ICT energy solutions Green mobility Reusable packaging 	<ul style="list-style-type: none"> Hydrogen, SMR (Small Modular Nuclear Power Plant) Electric vehicle charging solution Alternative food

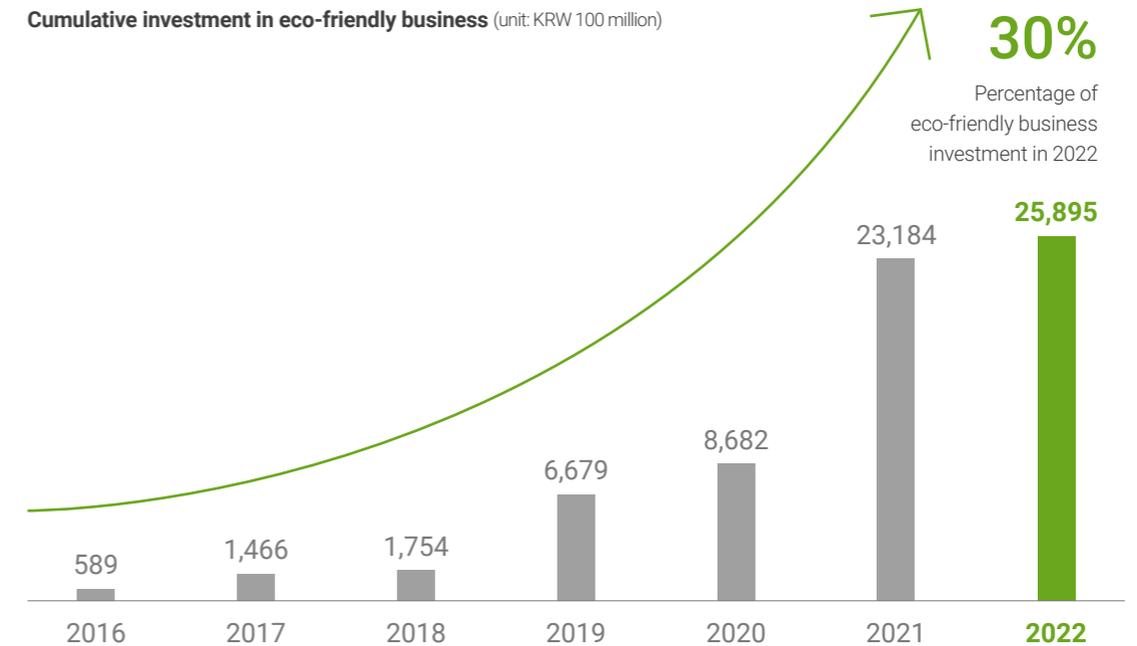
Proportion of Korean Green Classification System (K-Taxonomy) in Eco-Friendly Investments by Area



Key Investment Outcomes and Objectives



Cumulative investment in eco-friendly business (unit: KRW 100 million)



2

Environmental Management



Environmental Management Strategy

SK is upgrading its environmental management system in Biz Value Chain, focusing on the Green ICT 2040 strategy. We will promote environmental management performance with the goal of reaching the global top tier level by 2025.

Vision Securing stakeholders' trust and pursuing happiness as an eco-friendly leader

Green ICT 2040

Promotion Tasks



Management

- Since the establishment of its environmental policy and declaration of environmental management in 2021, SK Inc. has strengthened its commitment to eco-friendly decision-making, including the CEO's leadership in declaring Net Zero and joining the SBTi (Science Based Targets initiative)
- The CEO oversees the overall environmental management of the company through the corporate environmental management system (ISO 14001), conducting management reviews and receiving quarterly reports on environmental performance indicators
- At the corporate level, within the strategic planning department, the organization responsible for overall strategy, SK Inc. has operated optimal systems for implementing the Net Zero roadmap, expanding eco-friendly business, and managing performance. It has also set up a dedicated environmental department within the data center operation organization to effectively manage greenhouse gas reduction performance in alignment with corporate objectives
- The responsibility and authority of the responsible department, organizational unit executives, and personnel are designated to monitor public policies related to climate change and take necessary measures based on environmental management regulations



Strategic Planning Division

Company-wide Environmental Management [ESG Officer]

- Establishing/operating company-wide eco-friendly decision-making processes and performance management systems
- Disclosing environmental information

Cloud Division

Operation of Green Data Center [DC Safety/Green Promotion Team]

- Managing Daedeok/Pangyo Data Center's greenhouse gas reduction performances
 - Self-generating renewable energy, purchasing renewable energy, and promoting power efficiency at data centers
 - Conducting compliance assessment for greenhouse gas, energy, waste management and environmental areas

Response to Climate Change

Establishing Climate Change Response System

Participating in global greenhouse gas reduction initiatives and implementing challenging goals

- Joined Global RE100 Initiative Membership to Accelerate International Greenhouse Gas Reduction (December 2020)
- Established RE100 2040 roadmap and declared Net Zero 2040 (based on Scope 1 and 2) that meets the 1.5-degree Paris Climate Agreement standards, and publicly disclosed of greenhouse gas reduction results every year since 2021
- Signed up for Science-based Target Initiative (SBTi) for greater transparency in Net Zero goal management (Planned for September 2022 Commitment, 2024 near-term plan verification including scope 3)

Participated in environmental regulations like the emissions trading scheme (K-ETS) and suggested measures for policy improvement

- SK Inc. was incorporated into the carbon emission trading scheme (January 2022, notified by the Ministry of Environment) and fulfilled its obligation to report greenhouse gas emissions from a total of 16* workplaces during the third planning period (2021-2025)
* 15 additional workplaces as of 2022 and one new in 2023
- Company-wide emission trading system management scheme (February 2022), actively managing internal and external reduction activities
- Participated in a policy meeting (hosted by the Ministry of Trade, Industry and Energy) to improve regulations related to the procurement of RE100 from 2021 and participated in eco-friendly policies and suggestions for policy improvement in Korea by supporting the CREF (registered as member companies in 2022)

Greenhouse Gas Reduction Management

Reinforcement of Scope 1, Scope 2 Management in alignment with RE100 2040-Net Zero 2040 Roadmap

- 98% of total greenhouse gas emissions are due to power use (Scope 2), and data centers account for more than 90% of power use. As a result, the percentage of renewable energy conversion in data center power consumption has been set as a key indicator, and the percentage of conversion is increasing every year following to the RE100 roadmap
- Considering self-generation as a top priority method of procuring renewable energy, the maximum operation of solar self-generation facilities on data center-available sites (0.9 GWh in 2022). Other 'green premium' (21.9 GWh in 2022) to increase the share of renewable energy power (approximately 3% in 2021, about 10% in 2022, and 16% in 2023)

- Power Purchase Agreement (PPA) is being considered to secure stable renewable energy in the long term. Considering uncertainties in the domestic renewable energy market, the government will secure optimal procurement measures based on economic analysis of renewable energy by means
- Setting power consumption as a key indicator for continuous energy efficiency in the data center, and manage annual power demand forecasts and efficiency performance (see TCFD report 3-year results and objectives)
- Implementing optimal operation of air conditioning facilities and investing in eco-friendly facilities through data center safety/environmental experts (see Green Data Center p.40) 

Management Expansion and Establishing Scope 3 Reduction Goals

- In accordance with the GHG (Greenhouse Gas) Protocol Scope 3 guidelines, all applicable categories of emissions are calculated and third-party verification is carried out (6 in 2021 → 11 in 2022 / and detailed calculation methods by category are included in CDP disclosure details)
- Continuous improvement of management system for sophisticated calculation of Scope 3 emissions
 - Expanding coverage for calculating investment items (category 15)
 - Promoting supplier information data collection and upgrading purchase management system to calculate LCA-based emissions of purchased products (preparation for reflection on disclosure in 2024)
- Established Scope 3 reduction targets
 - Near-Term Target (Value Chain Engagement Target): Establishing supplier SBT of 50% or more of our purchased products, capital goods (category 1, 2) purchases by 2025 Long-Term Target: 90% reduction in Scope 3 total emissions in 2050

CASE Environmentally friendly business vehicles (as of 2022)

- Operating environmentally friendly (electric, hybrid) vehicles to reduce carbon emissions
- Supporting members' voluntary use of environmentally friendly vehicles by introducing charging infrastructure and exclusive parking areas in the office building

Total Number of Vehicles	Number of Environmentally Friendly Vehicles	Environmentally Friendly Vehicle Ratio
201 ^{EA}	36 ^{EA}	17.9%

Resource Circulation

Waste Management to Improve Resource Efficiency

Zero Waste To Landfill (ZWTL)/World Resources Institute (WRI) international standards to manage waste recycling rates as indicators

- Most of them are household wastes due to the absence of manufacturing facilities. Some of the designated wastes generated irregularly are disposed of/reported according to legal procedures
- To reduce the amount of waste landfill, carrying out follow-up management targeted for both primary collection company and secondary/tertiary incineration and landfill service providers
- Minimizing household waste through member practice programs such as reducing disposable products and zero leftover
- Waste emission reduction performance: approximately 93.2% based on ZWTL

Water Resource Management to Improve Recycling Resource Circulation

- If it is not located in a water resource-sensitive area and there is no wastewater discharge facility, applied international standards to the water in the facility concerned and the water intake and managed the recycling rate as indicators, and disclosed performance (Disclosure of 3-year performance and target TCFD report)



Expanding Eco-friendly Business Activities

ICT-Based Eco-friendly New Biz. Expansion

- Continuously expanding ICT eco-friendly products/services (reducing air pollution, water pollution, energy, and greenhouse gases)
- Developing 'Carbon Reduction Certification and Transaction Platform (Centero)' in 2022, expanding the service area of 'ESG Management Platform (Click ESG)' and developing various digital solutions to help companies transition to Net Zero

Major Eco-friendly Products and Services

- Carbon Reduction Certification and Trading Platform Centero: An objective carbon credit issuance/trading platform to increase voluntary carbon market (VCM) reliability to help reduce greenhouse gas
- ESG Management Platform Click ESG: ESG Management Platform for ESG Management Diagnosis, Supply Chain ESG Management, ESG Performance Management Services, contributing to revitalizing the ESG management ecosystem
- Reducing resources by extending the life of facilities through PPdM (Proactive, Predictive, Maintenance): Analyzing vibration data to monitor and prevent abnormalities of rotating facilities, reducing resources by extending the life of rotating facilities
- Fresh food demand forecast analysis model AutoML: An analysis model for predicting demand for eco-friendly agricultural products using Accu. Fabric Suite
- Carbon Emission Management Platform LCA Platform: Helping carbon reduction by aggregating and forecasting carbon emissions during the process

Supply Chain Engagement

Encouraging Greenhouse Gas Reduction on Upstream and Promoting Supplier Engagement Activities

- Sending an official letter to major suppliers* calling for participation in greenhouse gas reduction in the supply chain (establishing science-based greenhouse gas reduction targets (SBTi), LCA information, and climate risk response measures)

* SK Inc.'s Scope 3 Category 1 and 2 (purchase, capital goods) HW/NW equipment supplier with more than 70% greenhouse gas emissions

- Requiring data for supplier greenhouse gas reduction management (direct receipt of data based on questionnaires such as greenhouse gas emissions, SBTi subscription/plan, certification information for eco-friendly products), diagnosing supplier management level, and improving eco-friendly purchasing process

Internalization and Communication of Environmental Management

Advancement of Environmental Management System

+ Environmental Policy

Establishment and operation of environmental management system (ISO 14001)

- Minimizing internal/external environmental risks, carrying out environmental management activities based on ISO 14001 (acquired in June 2021), and disclosing environmental policies internally/externally
- Driving continuous improvements in management infrastructure: Zero Nonconformity, Improvements Based on 'Opportunity for Improvement' Findings (12 in 2021 and 4 in 2022)
- Operating the Environmental Management Portal as a employee communication channel for environmental management

*Hi-SK → ESG Management → Environmental/Safety and Health Portal

Company-wide environmental objectives and data-driven performance monitoring

- Establishing environmental goals and tasks based on analysis of internal and external stakeholder needs each year. Aligning with enterprise/organizational KPIs to fulfill the challenge
- ESG Management System Monitoring/Performance Measurement of Greenhouse Gas, Energy, Waste, Water by Environmental Indicators through Social Value Management System (SVMS)

Environmental Management Policy

1. As a leading environmentally-friendly ICT company, we will take the lead in addressing climate change by promoting energy conservation, reducing greenhouse gas emissions, and expanding environmentally-friendly business practices.
2. We will establish environmental objectives for the continuous development of our environmental management system and strive to improve our environmental performance.
3. We will comply with international environmental agreements and domestic regulations, as well as adhere to agreements reached with stakeholders.
4. We will communicate this policy to all members of our organization and foster awareness of environmental pollution prevention and conservation among them.
5. We will disclose environmental information to external stakeholders and actively participate in local community environmental conservation activities.

Integrated Environmental Risk Management

Environmental compliance assessment, environmental impact assessment, and environmental risk assessment based on ISO 14001 and integrated risk management in conjunction with annual regular implementation and enterprise management processes

- Environmental compliance assessment: Zero level of environmental accidents and legality risk through periodic compliance assessment of the law enforcement organization (pre-review and timely implementation of new applicable laws such as the 2022 emission trading system, eco-friendly car purchase law, and environmental information disclosure)
- Environmental Impact Assessment: SK does not own mandatory environmental impact facilities. However, we annually assess environmental impact on various environmental aspects of business activities and facility operations (in 2022, PUE* management by data center in conjunction with enterprise goals).

* PUE: Power Usage Effectiveness, the total power consumption of the data center divided by the power consumption of the IT equipment, represents the energy efficiency of the data center

- Environmental safety accident risk is monitored in conjunction with the safety and health system (ISO 45001), and environmental accidents are integrated into the company's SHE accident management system to manage them
- Environmental risk assessment: Identifying unique risks through analysis of internal and external environmental issues and stakeholder needs every year, assessing the adequacy of countermeasures, and establishing measures to minimize residual risk at high risk
- Further identifying mid- to long-term risks due to climate factors through climate scenario analysis according to TCFD recommendations, and introducing the Enterprise Risk Management System (ISO 31000) from 2023 to enhance the integrated management level of environmental risks in the enterprise management process



ISO14001Certificate



Environmental Management Policy



Environmental Management Portal

Spreading Eco-friendly Practice Culture

Internalization of Employees Environmental Information Disclosure

- Environmental training (RE 100, Net Zero, ESG Basic, etc.) for employees, distribution of environmental management practice guides, selection of environmental management agents by sector, and ISO 14001 training

Key Environmental Education Implementation Details for 2022

Training	Target	Participation Time/Capacity	Training Method	Date	Main Content
What is Net Zero?	All company employee	873 hours/ 1,379 people	Online Training	22.1.1~ 22.12.31	Understanding Net Zero and Environmental Management
ISO 14001/45001 Internal auditor training	Environmental safety and health agents by sector	124 hours/ 22 people	1-day lecture by professional consultants (BSI KOREA)	22.3.21	Environmental/health ISO requirements, procedures, risks and environmental impact assessments, etc.
ISO 14001/45001 Internal auditor	Environmental safety and health agents by sector	72 hours/ 9 people	1-day lecture by professional consultants (BSI KOREA)	22.4.1	Environmental/health ISO requirements, procedures, risks and environmental impact assessments, etc.

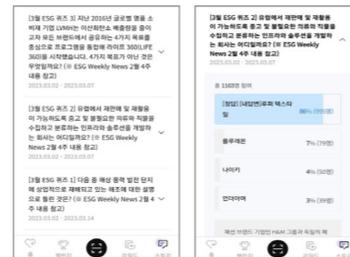
- To assess the improvement level of environmental awareness in line with our Net Zero initiatives, we are enhancing the 'Culture Survey' ESG perception section by adding questions related to our Net Zero environmental goals and strategies starting from 2022. This addition aims to better manage improvement levels and strengthen communication regarding our Net Zero objectives and strategies. We will actively promote and elevate ESG awareness among our members through measures such as ESG reports and the ESG portal (scheduled to launch in May 2023), aligning with our commitment to achieving Net Zero targets.

Employees Campaign for Greenhouse Gas Reduction Activities

- Eco-friendly mobile app. SV (Social Value) Point is provided as an incentive for employees to participate in eco-friendly practices such as 'using stairway/ healthy walking, zero leftover food, using mugs/tumblers, etc.' (1,828 SK Inc. employees contributed to 153 tCO₂e reduction through 352,782 cases of participation in 2022)
- Through the Hangarae App, event is held to raise awareness of the contribution of greenhouse gas reduction by activity item and carbon neutrality. Providing educational video data
- Hangarae began in July 2020 with the engagement activities of SK Inc. In order to spread an eco-friendly practice culture, a cumulative 61 companies, institutions, and schools were applied as of 2022, and 28,000 people participated in activities (see carbon emission reduction of 1,510 tCO₂e, details p.113) +



Hangarae ESG Quiz Event notice



Hangarae ESG Quiz

Strengthening Environmental Information Disclosure

+ TCFD Report

TCFD Disclosure

- Operating management systems in compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
- Expanding its coverage of its IT service business to include the investment sector in 2022. Providing scenario design and analysis in consideration of the characteristics of the business and investment sectors in 2023
- Implementing/continuously monitoring the mitigation planning in relation to the Net Zero 2040 Roadmap, Greenhouse Gas Reduction Implementation Strategy, and intensifying strategy resilience according to 1.5°C Climate Change Scenario

CDP Climate Change Disclosure

- Setting challenging reduction targets and implementing transparent disclosure required by the Carbon Disclosure Project (CDP) and execution of public disclosure
- Acquiring a CDP Climate Change Leadership rating (A-) for 2021 and 2022 consecutive years, Winning the CDP Climate Change Korea Awards (Carbon Management Sector Honors) (Jan. 2022)
- Every year, specifically updating the role of the board and management in responding to climate change and the performance of greenhouse gas reduction under the Net Zero 2040 roadmap



3

Eco-friendly Activities



Eco-friendly Data Centers

Green Data Center Status

Pangyo Data Center

- High density/modular environment for Cloud services, network neutrality for multi-line connectivity, and easy and fast connectivity to Cloud services
- Providing customer network ownership through network neutrality
- High availability, high efficiency, state-of-the-art facilities and application of renewable energy



View of Pangyo DC

- Total floor area: 66,942m²
- 6 floors above ground, 4 floors below ground
- Computer room 18,512m²
- Capacity 70 MW

Daedeok Data Center

- Designed and built to meet major DC (Data Center) standards at home and abroad
 - DC operational confidence level Tier 3, with a foundation for power reliability and disaster response
- Acquired Green DC certification (2013~)
- Gaining availability with core facility N+1 or 2N configurations
- Large-scale expansion of solar power generation facilities to reduce greenhouse gas emission



View of Daedeok DC

- Total floor area: 13,223m²
- 4 floors above ground, 1 basement level
- Computer room 5,818m²
- Capacity 9MW



Green Data Center Certificate

Green Data Center Operations

Greenhouse Gas Reduction by Increasing the Percentage of Renewable Energy Utilization

- A large-scale expansion of solar power generation facilities in the data center has been completed to expand renewable energy self-generation and new renewable energy technologies such as hydrogen fuel cells will also be invested in consideration of future market conditions and economic feasibility
- In addition to participating in green premium bidding, stable renewable energy utilization measures such as PPA and REC are being considered

※ Securing solar power generation facilities in available space of Daedeok DC (parking lot, rooftop) (560KW)
Average annual power production of 80KW (Korea Electric Power Corporation can save 100 million won/year in electricity bills)



Solar Power Plant Installation in Daedeok DC

Greenhouse Gas Reduction through Eco-friendly Activities in Data Center

- High-efficiency data center operations by actively introducing high-efficiency facilities and new technology solutions
 - Introducing high-efficiency facilities such as modular uninterruptible power supply (UPS), pre-cooling refrigerator, inverter-type constant temperature and humidity chamber
 - Applying energy-saving air conditioning solutions such as application of water spray function in summer and installation of new high-heat upper surface containers, etc.
 - Operating facilities/power real-time management system, scientific efficiency activities by utilizing CFD solutions at all times
- Analyzing new cooling technologies (liquid cooling, etc.) for highly integrated IT equipment such as GPU/HPC
 - Reviewing application timing considering the expansion of the base and economic feasibility, such as accepting future customer needs
- Reviewing the establishment of a facility water recycling environment in DC to improve the water recycling rate
 - Promoting after technical review of recycling and detailed analysis of trade-off (from 2024)

Conservation of Biodiversity

Biodiversity Management

+ Biodiversity Policy

- Integrating the risks of biodiversity and forest degradation into the corporate risk management system.
- Revised biodiversity policy in March 2023 to maintain, enhance, and conserve biodiversity/ecosystems.
 - Clarified the scope of commitment, specified mid- to long-term goals, and established partnerships. The policy was reviewed at the board/executive level.
 - Explicitly stated that the policy applies to the headquarters, subsidiaries, and all domestic and international business sites. Encouraging suppliers and partners to comply with the policy to raise awareness of the importance of biodiversity conservation.
 - Establishing/implementing mid- to long-term goals for biodiversity protection
 - Striving for no net loss of biodiversity by 2050, ensuring operations do not harm or lead to loss of biodiversity.
 - Promoting investment and activities for biodiversity conservation, restoration, and expansion with a net positive impact by 2050.
 - Conducting assessments of biodiversity risks and impacts in the vicinity of business sites and local communities, and implementing hierarchical mitigation activities.
 - Establishing collaborative systems with various stakeholders, such as local communities and professional organizations, for the conservation of ecological environments. Making efforts to communicate management status and performance information.
- In the event of a significant risk to biodiversity during business operations, it is reported to the ESG Committee within the board for major decision-making processes.

Forest Destruction Prevention

+ No-Deforestation Policy

- Revised forest conservation policy in March 2023 to recognize the seriousness of forest destruction caused by extreme climate change and to come up with specific responses to it. The policy was reviewed at the board/executive level.
 - Extending the scope of policy application to the headquarters, subsidiaries, and all domestic and international workplaces, and spreading the need for forest protection by encouraging suppliers and business partners to comply with the policy
 - Reviewing the implementation of appropriate measures, such as checking the risks of forest damage that may occur in the course of operation of the project and preparing a response system to protect/restore the relevant forest area in advance
 - Establishing/managing mid- to long-term goals to prevent forest destruction
 - : (Future Reformation) Actively promoting forest protection and afforestation in cooperation with stakeholders for sustainable forest protection by 2050

CASE Biodiversity Conservation Activities

Based on SK Inc.'s biodiversity policy, each member company of the SK Group is engaged in various activities that align with their respective characteristics to promote environmental and biodiversity conservation.

SK Hynix is focused on minimizing negative impacts on the surrounding ecosystems and conducts monitoring of the nearby biological environment. It is also engaging in activities to restore the ecological functions for biodiversity conservation.

• Installation and operation of biological monitoring devices:

A system that monitors effluent using organisms such as water fleas, algae, and bacteria to assess the toxic effects before discharge, thereby preventing negative impacts on aquatic ecosystems and biodiversity.



Biological monitoring

• Aquatic ecosystem monitoring:

Since 2019, monitoring of aquatic ecosystems has been conducted at five locations, including Jukdangcheon and Bokhacheon. Real-time monitoring of the poor physical environment (topography, structures) and aquatic ecosystems (plants, mammals) is carried out for effective ecosystem management.



Otters in Icheon Jukdangcheon

• Agreement for the Conservation of Endangered Species in Yeongdong Region:

A collaboration agreement was signed in December 2020 with the Geumgang River Basin Environmental Office, environmental organizations, and others to protect and restore the endangered species 'Red-Spotted Blue Butterfly' in Yeongdong-gun, Chungcheongbuk-do. Following the release of 80 individuals of the 'Red-Spotted Blue Butterfly' in May 2021, financial support of 30 million KRW per year and participation in habitat restoration activities will continue until 2023.



Parnassius bremeri

SK Innovation aims to combat climate change and preserve biodiversity in valuable forest areas. SK Innovation collaborate with government agencies and professional organizations to carry out ongoing ecosystem restoration projects.

• Mangrove Forest Restoration Project:

Since 2018, SK Innovation has been conducting mangrove forest restoration projects in the Mekong region of Southeast Asia, where excessive development has led to degradation. In 2019, SK Innovation established and operated a social enterprise in collaboration with government agencies, professional organizations, and local residents. By 2022, SK Innovation has restored 52 hectares of damaged areas by planting 160,000 mangrove trees (with a cumulative restoration area of 188 hectares) and estimated a reduction of approximately 6,000 tons of carbon dioxide. In 2023, SK Innovation plans to expand the restoration project by adding an additional 38 hectares with tree species that have high carbon reduction effects.

[Special Page] Biodiversity Risk Assessment

SK Telecom integrates the management of risks related to biodiversity conservation into its enterprise-wide risk management process. On a practical level, any biodiversity-related risks and opportunities are immediately reported to the Chief Legal Officer (CLO). Subsequently, these risks and their significance to the company are reported to the CEO, the Board of Directors, and the ESG Committee for timely decision-making. For building and operating network infrastructure, SK Telecom follows a risk assessment process based on the TNFD (Task Force on Nature-related Financial Disclosures) and LEAP (Leadership for Environment and Development) Framework. In the initial stages, the Value Chain is analyzed to understand the location where our infrastructure is installed and the activities taking place in that area for biodiversity conservation. If our activities and infrastructure installation location have a high level of importance and impact on biodiversity conservation, we evaluate and implement risk mitigation measures that allow us to sustain biodiversity conservation while minimizing any negative impact on customer service quality.

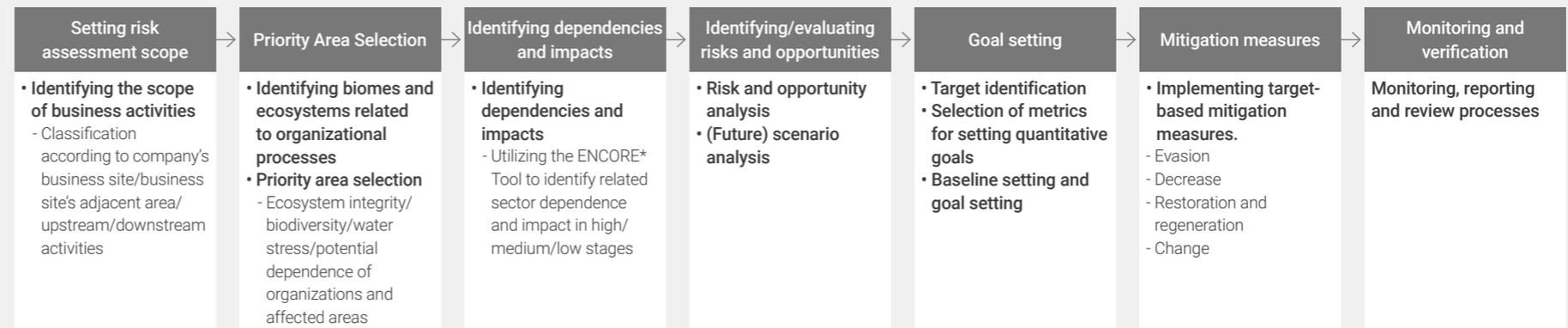
* TNFD (Taskforce on Nature-related Financial Disclosures): Taskforce on Nature-related Financial Disclosures

** LEAP (Locate, Evaluate, Assess, Prepare) Framework: An approach to calculate/evaluate each company's nature-related financial information in TNFD

Biodiversity Risk Management Reporting System



Biodiversity Risk Assessment Process



* ENCORE (Exploring Nature Capital Opportunities, Risks and Exposure) Tool: A tool assisting companies to understand and visualize the impact of changes in the natural environment caused by economic activities.

Example of Biodiversity Conservation Risk Evaluation (location, dependence, impact based evaluation)

SKT business activities (business operation area)	Location Evaluation		Regional characteristics/dependence/influence	Materiality and Risk Assessment Result	Mitigation measures
	Ecological Landscape Conservation Area	Wildlife Sanctuary			
5G service provided in Namsan area, Seoul (Yejang-dong, Jung-gu, Seoul)	0	X	Namsan Pine Forest Area with Quercus mongolica Community	High	Facilities to avoid ecological preservation areas
5G service provided in Donggang area (Mitan-myeon, Pyeongchang-gun, Gangwon-do)	0	X	Habitat of endangered species such as otters and musk deer	High	5G shared network
Old antenna replacement business (nationwide)	X	X	Waste generated by replacement antennas	Medium	Waste recycling
5G Quality Enhancement at Seoul Subway City Hall Station (Seosomun-ro, Jung-gu, Seoul)	X	X	Equipment installation in downtown facilities (impact level '0')	Low	-

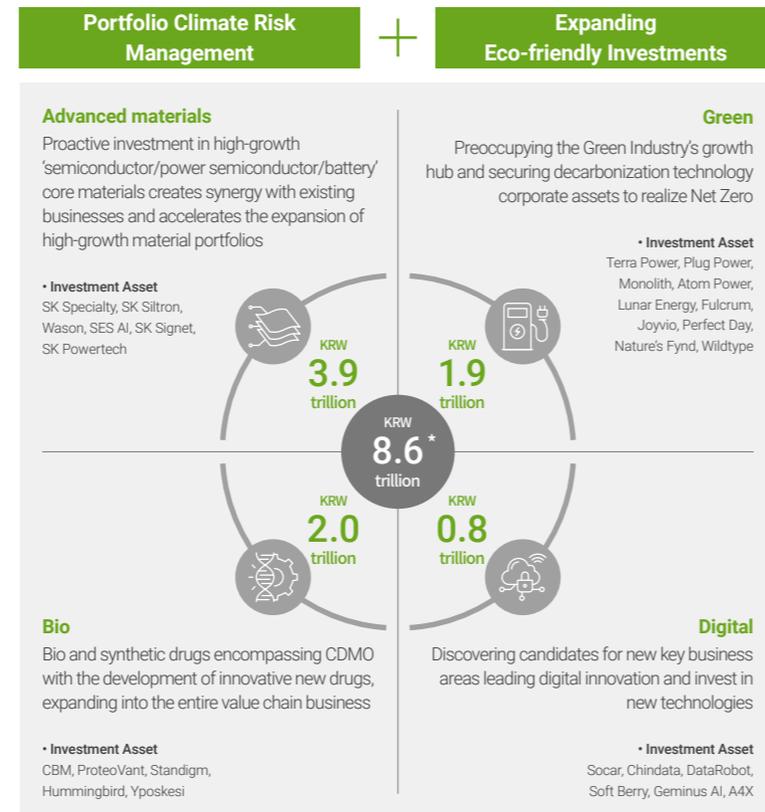
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TCFD Report

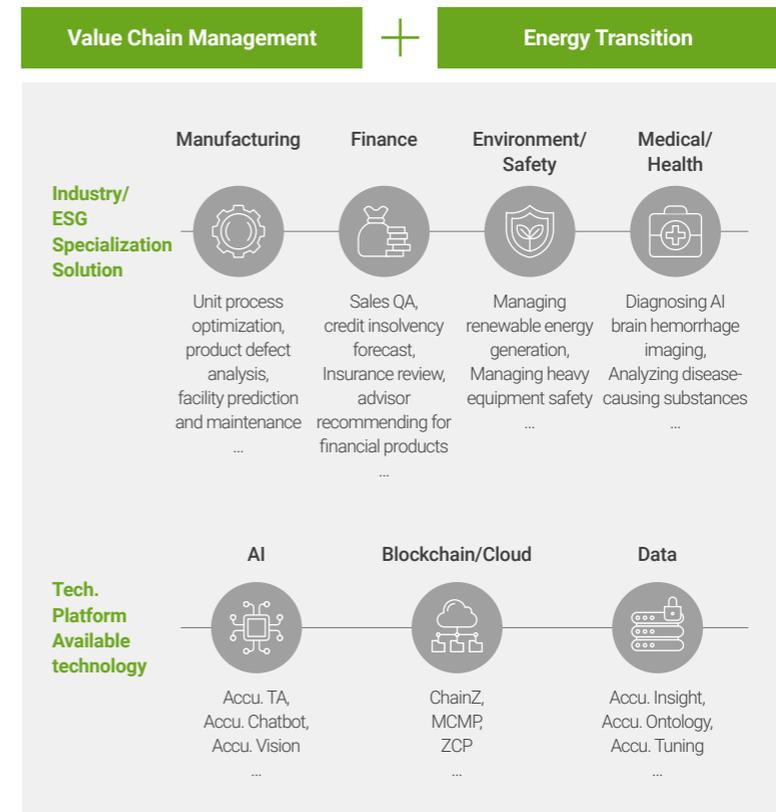


Overview

SK Inc. consists of an "Investment Division" focused on continuous business portfolio innovation, identifying and nurturing future growth drivers, and a "Business Division" engaged in comprehensive IT services based on digital technologies. To support these objectives, the company manages climate risks in line with the characteristics of the Investment Division (portfolio level) and the Business Division. It conducts comprehensive analysis of climate risks/opportunities across the organization. The Investment Division (portfolio level) manages climate risk by considering companies' emissions, reduction targets, investment plans related to emissions reduction, and uses a heatmap of regional/disaster-specific physical risks. Additionally, the division continuously expands the proportion of investments in environmentally friendly businesses. The Business Division has been increasing the use of renewable energy since the declaration of Net Zero by 2040, alongside the management of upstream climate risks, the division also expands the operation of ESG-focused solutions.



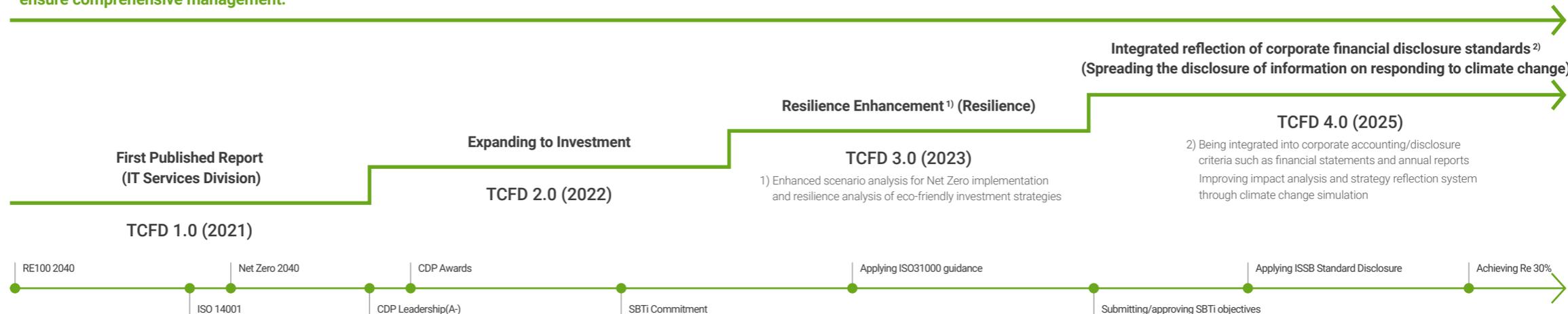
Investment Division Business Division



* Cumulative investment amount by 2022 (direct investment assets of SK Inc. in the growth area), including merger costs and excluding divest amount

TCFD Roadmap

- SK Inc. continuously enhances its reporting scope and disclosure level in accordance with the TCFD framework, thereby refining the company's Transition Plan.
- In 2023, the scenario analysis scope has been expanded from the business sites to the portfolio level to strategically analyze the resilience against key risks throughout the value chain.
- Ultimately, SK Inc. aims to integrate the environmental information management systems of subsidiaries and investment companies to align with corporate financial disclosure standards and ensure comprehensive management.



SK Inc.'s Response to Climate

- SK Inc. actively participates in the international community's efforts to address climate change, supporting the Paris Agreement and being the first company in the domestic industry to join the RE100 initiative and declare Net Zero 2040. In 2022, SK Inc. strengthened its climate change response and disclosure by joining SBTi, disclosing emissions for all Scope 3 categories, and expanding the reporting scope according to TCFD guidelines.
- As a group, SK has declared a global carbon reduction target of 1% by 2030. SK Inc. aims to evolve into a company that contributes to global carbon reduction based on its expertise in investments and IT.
- This TCFD report expands the analysis scope of climate risks/opportunities to the portfolio level, focusing on the resilience of SK Inc.'s Net Zero Roadmap strategy, the climate risk analysis/management system of the investment portfolio, and details of environmentally-friendly investments.
- Moving forward, we will refine our management system, targets/indicators for climate risks and opportunities, and enhance communication with investors and shareholders.
- Moving forward, we will further refine our management system, targets, and indicators for climate risks and opportunities. We will also enhance communication with investors and shareholders.

Report Summary

- SK Inc. has prepared this report in accordance with the TCFD guidelines, in collaboration with the Carbon Disclosure Project (CDP).

Items	Major Measures	CDP Linkage
Governance	Through the ESG Committee under the board of directors, SK Inc. is responsible for determining how to respond to climate change, reviewing mid- to long-term strategies, approving major tasks, and managing and supervising implementation. The CFO oversees the organization that manages the financial impact of climate change on investment assets.	C1.1a, C1.1b, C1.2
Strategy	SK Inc. actively establishes a strategy to respond to key climate risks/opportunities by identifying financial impacts based on IEA and NGFS scenario-based self-analysis and external analysis tools (S&P Climanomics®, MSCI Climate VaR).	C2.1a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.2b, C3.3, C3.4
Risk Management	SK Inc. manages climate risk based on the Environmental Risk Assessment Process (ISO14001). From now on, it will be managed in conjunction with the enterprise risk management system based on ISO 31000 guidance.	C2.1, C2.2, C2.2a
Index/Goals	SK Inc. regularly monitors data related to 2040 Net Zero and RE100 goals to manage performance, and is expanding its investment share linked to the green taxonomy	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b, C6.1, C6.3, C6.5, C6.5a

Governance

Board Oversight on Climate Change-related Risks/Opportunities

- SK Inc. reviews its environmental management strategy and implementation plans through the Board of Directors. Under the supervision and management of the Board, the CEOs of business and investment divisions discuss and decide on climate change response, energy conservation goals, and performance.
- The ESG Committee, in 2021, discussed and approved various important matters related to long-term climate change response, such as driving the Net Zero 2040 initiative, investing in green hydrogen businesses, securing stakes in electric vehicle battery material manufacturers, investing in self-generated renewable energy facilities for data centers, and building a business portfolio across the entire value chain in the hydrogen market. Additionally, in accordance with the Portfolio ESG Management Framework established in 2022, the ESG Committee receives reports on ESG and climate risk assessments from investment companies twice a year and holds decision-making authority on key matters.

ESG Committee

Composition	Members	Details
5 Independent Directors	Kim, Seon Hee (Chairman) Yeom, Jae Ho Kim, Byoung Ho Lee, Chan Keun Pak, Hyun Ju	Installation Purpose - Driving the company's mid- to long-term sustainable growth The ESG Committee has the right and role to hold meetings as needed - Review and management/supervision of mid- to long-term strategies, annual management plans and major activities - Prior review/determination of individual investment agenda (major capital expenditures, acquisitions, sales, etc.) - Monitoring and supervising ESG management performance - Managing/supervising climate change issues
1 Executive Director	Lee, Sung Hyung	

Major Resolutions on Climate Change & Environment in 2022 (Regular ESG Committee) agenda

Agenda	Details	Opening Schedule	Director Attendance Rate
KPI Performance Check	Reviewing the achievement of greenhouse gas emissions reduction goals toward Net Zero	22.11.24	100%
Portfolio ESG Integrated Management	Establishing a full portfolio ESG management framework for the entire investment process, including climate risk financial impact management measures	22.11.24	100%
Company M Investment Review	Considering additional investment into companies with key technologies of alternative foods	22.07.19	100%
Company Y Investment Review	Considering management right acquisition to foster silicon carbide business, a key component of electric vehicles	22.04.21	100%

* Other investment portfolio performance checks, SV creation performance, etc.

Management Role in Assessing/Managing Climate Change Risks/Opportunities

- The CEO of SK Inc. recognizes the significance of stakeholders' demands on climate change response from investors, customers, governments, and others, and understands their potential impact on the overall business management. Therefore, the CEO takes a proactive role in investing in and exploring business models for expanding environmentally friendly businesses, as well as driving cross-functional collaboration within the company.
- The CEO of SK Inc. participates in the SUPEX Pursuit Council, the highest deliberative body of the SK Group, to discuss and make decisions on group-wide ESG issues, including climate change response. Additionally, through performance monitoring processes, the CEO manages and oversees the incentive system (financial rewards) based on the organizational or individual environmental management-related performance.
- Under the environmental management system (ISO 14001), the CEO of SK Inc. receives regular reports on environmental risk and impact assessments, as well as internal audit results from business sites. The CEO delegates authority to the CFO to ensure systematic management of environmental performance and integrated management of the key organization's performance for climate change response.
- The CFO of SK Inc. oversees financial structures, business portfolio optimization and management functions, providing support to the CEO's decision-making from a comprehensive perspective, including financial management, enhancing synergies in ESG-focused businesses, and managing climate risk in the portfolio.

[Reference] Incentives for Environmental Management Performance

- Type: Monetary rewards based on the establishment and evaluation of environmental management goals (KPIs) as part of annual ESG management.
- Recipients: All members, including CEO, CFO, and subordinate leaders.
 - For the CEO, incentives are determined based on the achievement of key strategic initiatives such as participation in global climate change initiatives like RE100 and SBTi, disclosure of TCFD information, and evaluation by external stakeholders.
 - ESG executives, including the CFO, align their KPIs with the CEO's and set goals for upgrading the overall ESG management system.
- Scale: Determined based on performance evaluation relative to individual/team goals.
- Indicators: Greenhouse gas reduction targets, greenhouse gas reduction projects, energy efficiency improvement goals, supply chain engagement, corporate performance in climate change-related sustainability indices, etc.

※ Employees Incentives

- SK Inc. has been providing monetary rewards (SV Points) through the eco-friendly practice mobile app service called "Hangarae" since 2019. Employees receive these rewards for participating in internal campaigns such as taking the stairs, reducing double-sided printing, minimizing food waste, and using reusable cups. The earned points can be used to purchase products from social enterprises, utilize internal cafes, or make donations.
- Employees who contribute to the company's ESG management upgrade through the development of eco-friendly solutions, discovery of eco-friendly business models, etc., are eligible for rewards under the SUPEX pursuit system. The rewarded individuals' names are posted in the company's "Hall of Honor."

“ As an investment company and IT company, SK Inc. is striving to strengthen management of financial risks of climate change that exert downward pressure on corporate value and secure market opportunities for green business, including investment in clean technology.

Lee, Sung Hyung CFO of SK Inc. / Oh, Tak Geun Director of Strategic Planning Division



Strategy | Climate Change Risk/Opportunity Identification and Strategy Reflection Process

SK Inc. identifies climate risks and opportunities based on the TCFD framework and selects critical risks/opportunities based on the characteristics of the business structure. Scenario analysis and business impact and response for selected critical risks/opportunities are reviewed and reflected in key business strategies and financial plans.



TCFD Identifying Climate Risks/Opportunities under the Framework

Establishing application/analysis periods, taking into account Scope3 management and our Net Zero and RE100 2040 objectives

- Scope of Coverage: Includes key business and assets and value chains across the enterprise
- Analysis Period (Time horizon): Short Term (~2025), Medium Term (~2030), Long Term (~2040)

Type of Climate Risk (TCFD large category)		Identifying Risks/Opportunities		Time Frame	Affected Value Chain	Impact
Transition Risk	Policy/Law	T1	Volatility of Korea RE100 Implementation Policy	Short/Mid/Long-Term	Operation	High
		T2	Introducing CBAM (carbon border tax), mandatory in Korea such as ISSB	Mid/Long-Term	Downstream	Mid
		T3	Strengthening ETS (Emission Trading System)	Short/Mid-Term	Operation	High
		T4	Lawsuit against environmental organizations, etc. against companies that have not implemented greenhouse gas reduction	Long-Term	Operation	Low
	Technology	T5	Lack of competitiveness due to failure to preempt Clean Tech investment	Mid/Long-Term	Downstream	High*
		T6	Customers requesting for green certification product information	Mid/Long-Term	All	Low
	Market	T7	Requiring investment portfolio climate risk management	Short/Mid/Long-Term	Downstream	High
		Reputation	T8	Demand for disclosure of climate change plans and implementation results from stakeholders	Mid/Long-Term	All
Physical Risk	Acute		P1	Increased frequency and intensity of natural disasters (flood, Tropical Cyclone, etc.)	Long-Term	All
	Chronic	P2	Increased likelihood of extreme climate/sea level rise	Long-Term	All	High
Opportunity	Energy resource	O1	Converting into renewable energy sources from fossil fuel-based energy sources	Mid/Long-Term	Downstream	High
	Market resource efficiency	O2	Increasing demand for electric vehicle materials and technology	Short /Long-Term	Downstream	High
		O3	Increasing demand for sustainable food market	Mid/Long-Term	Downstream	High
	Resource efficiency	O4	Emphasizing the importance of eco-friendly bioenergy	Mid/Long-Term	Downstream	High
	Product/Service	O5	Increasing demand for IT management solutions/services to address climate change	Short/Mid-Term	Operation	High

* Impact Criteria: Considering linkage of board and ESG committee resolutions, stakeholder demand levels, business impact, etc.

* Impact is classified as High, but is analyzed and managed in detail in the Transition Opportunity

Selection of Critical Risks/Opportunities

Considering the characteristics of SK Inc.'s business structure, major risks/opportunities are derived in connection with each Focal Questions by workplace and portfolio level. Subsequently, scenarios are selected to analyze the impact of significant risks/opportunities derived.

Critical Risk/Opportunity	
Business Level (Business Division)	Carbon Reduction Implementation Cost T1 T3
	Impacts on Operation/ Expansion of Data Center P1 P2 O5
Portfolio Level (Investment Division)	Exposed Climate Risk Levels by Investment Area P1 P2 T7
	Market Outlook Following Low Carbon Transition O1 O2 O3 O4

※ See p.55, 56 for details of climate risks/opportunities other than critical risks/opportunities. +

Strategy | Climate Change Risk/Opportunity Identification and Strategy Reflection Process

Scenario Selection and Analysis

- We conducted a comparative analysis of multiple scenarios, considering the Net Zero 2050 scenario from the IEA and NGFS (Below 1.5°C) and the high greenhouse gas emission pathway of IPCC RCP 8.5 (Above 4°C) as the primary scenarios for transition risk and physical risk, respectively, and adopting the main scenario of the high greenhouse gas emission pathway, IPCC RCP 8.5 (Above 4 °C), as the physical risk scenario. These scenarios take into account the current level of greenhouse gas policy implementation.
- Detailed Scenario Analysis Key Tasks of IT Business-oriented Workplace Level and Global Investment-oriented Portfolio Level in Design Phase Scenario analysis models and analysis tools suitable for Focal Questions have been utilized.
 - Business Site Level: Considering IEA (International Energy Agency) carbon outlook trends and NDCs and regulations in Korea, physical risks from direct operations and major supplier locations are analyzed using S&P Global's Clinics® Hazard modeling.
 - Portfolio Level: An analysis of carbon cost-based risk exposure by four areas of the NGFS scenario-based investment portfolio was conducted, and the physical risk was identified by region based on the analysis of MSCI Climate Var Report for major listed companies

		Business Site Level	Portfolio Level
Transition Scenario	Less than 1.5°C	IEA NZE 2050 (Net Zero Emission by 2050)	NGFS Net Zero 2050
	2°C	IEA APS (Announced Pledged Scenario)	NGFS Delayed Transition (Scenario above 1.6 °C)
	3°C or higher	IEA STEPS (Stated Policies Scenario)	NGFS Current Policies
Physical Risk	1.5°C to 4°C or higher	RCP 2.6, 4.5, 8.5(IPCC 5th Report)	
		Using Tool: S&P Global Climanomics®	Using Tool: MSCI Climate VaR (Value-at-Risk)

* NGFS(Network for Greening the Financial System.) Green Finance Council

Critical Risk/Opportunity	Business Site Level	Portfolio Level	Critical Risk/Opportunity Items	Business Impact	Scenario Analysis / Strategy Application
Risk	Carbon reduction implementation cost		T1 Volatility of Korea's Renewable Energy Policy	Additional investment costs to achieve RE100	① Net Zero Transition Risk +
			T3 Strengthening ETS (Emission Trading System)	Additional cost increases due to increased quotas	
	Impact on data center operations		P1 P2 Increased frequency and intensity of natural disasters and abnormal weather conditions	Damage to facilities and disruption to services incur recovery costs and penalties (Not likely to occur, but diagnosing the impact of Worst Scenario criteria from a long-term perspective)	② Business & Supply Chain Physical Risk +
			Exposed climate risk levels by investment area		T7 Requiring investment portfolio climate risk management
P1 P2 Increased frequency and intensity of natural disasters and abnormal weather conditions	Sales, profitability drop as investment firms' financial performance deteriorates (Identification and management system for high-risk investment enterprises/ business establishments as of 2022)	④ Investment Portfolio Physical Risk +			
Opportunities	Market outlook following low carbon transition		O1 Transition into renewable energy sources from fossil fuel-based energy sources	Increasing portfolio profitability through preemptive investment and capacity acquisition in high-growth, low-carbon economy-related markets	⑤ Climate change transition opportunities +
			O2 Increasing demand for electric vehicle materials and technology		
			O3 Increasing demand for sustainable food market		
			O4 Emphasizing the importance of eco-friendly bioenergy		
	Impact on data center expansion		O5 Increasing demand for IT management solutions/ services to address climate change	Increasing revenue/profitability through expansion of IT services business and eco-friendly investment	

Strategy | ① Net Zero Transition Risks

Analysis of Net Zero Transition Risks

Renewable energy rates and greenhouse gas regulations affect the cost of procuring renewable energy and purchasing carbon credits for SK Inc., which declared Net Zero 10 years ahead of the country's carbon neutral target year. SK Inc. monitors related policy trends and regulatory changes from time to time and identifies the impact of implementing the Net Zero roadmap.

T1 [Policy/Law] Volatility of Korea RE100 Implementation Policy

Business Impact

- The means of achieving RE100 in South Korea can be broadly classified into self-generation, green premium tariffs, Power Purchase Agreements (PPAs), and Renewable Energy Certificates (RECs). However, the available means for RE100 implementation by companies are highly limited in reality. This is due to the instability of government policies in terms of supply and pricing.
- Therefore, SK Inc. has developed a roadmap to achieve RE100 by 2040 and has initially established on-site solar power generation facilities. However, due to limited available land, the amount of power that can be generated is less than 1%, making the purchase of renewable energy through strategic sourcing essential for achieving RE100.
- While green premium tariffs have the advantage of immediate procurement, they do not receive recognition for actual greenhouse gas reduction performance under the emission trading system in South Korea. REC purchases also carry the risk of price fluctuations due to the volatility of the Renewable Portfolio Standard (RPS) system being implemented by the government.
- South Korea's PPA system is still characterized by higher prices compared to general electricity and a shortage of supply. For the "PPA Customer Electricity Tariff" that the government planned to introduce in 2023, additional costs may arise depending on the time-of-use electricity consumption.
- SK Inc. aims to achieve RE100 by 2040, which is 10 years ahead of the government's carbon neutrality target year. As a result, the company considers the policy and regulatory risks that significantly influence the supply and pricing of renewable energy in South Korea.

Additional Power Acquisition Cost Estimate during Implementation of the RE100 2040 Roadmap (2021~2040)

General Electricity Rate	Green Premium Rate Only	PPA Only	Mixed ¹⁾
KRW 1355.1 billion	+ KRW 125.6 billion	+ KRW 14.8 billion	+ KRW 13.3 billion

1) Mixed: Solar Self-Generation + Green Charge + PPA

※ Cost calculation key assumptions: 4% annual increase in electricity rates by 2040 and reflecting emission gains and losses based on household and carbon emission price of KRW 35,000

Mitigation

- Following the prioritization of self-generation, SK Inc. has utilized available land within its facilities to establish solar power generation facilities. Currently, we operate a total capacity of 650 kW in self-generation. It is estimated that through the installed solar power self-generation, approximately 100 million KRW in electricity costs are saved annually, and there is an expected greenhouse gas reduction effect of over 650 tons per year (considering a life cycle of 15-20 years).
- In addition to self-generation, we consider Power Purchase Agreements (PPAs) as a key procurement method to secure more stable renewable energy sources. We are also closely reviewing the timing of implementation and contract quantities by monitoring various cost variables, including PPA supply levels and specific regulatory changes such as the "PPA Customer Electricity Tariff."
- SK Inc. is planning to transition to renewable energy primarily through green premium tariffs until 2025 and then shift the focus to PPAs starting from 2026 (based on the second quarter of 2023 plans). We continue our engagement activities, such as participating in policy forums regarding improvements needed in renewable energy policies like the "PPA Customer Electricity Tariff" and supporting the Corporate Renewable Energy Foundation.

T3 [Policy/Law] Strengthening ETS (Emission Trading System)

Business Impact

- The greenhouse gas emissions trading scheme in South Korea increased the proportion of paid allocation during the third planning period (2021-2025) to 10%.
- First planning period (2015-2017): 0% → Second period (2018-2020): 3% → Third period (2021-2025): 10%
- SK Inc. is experiencing an increase in power consumption in data centers due to expansion of new customers and other factors during the third planning period, which is expected to lead to an increase in the purchase of emission allowances through payment.
- Long-term scenarios, such as those presented by the IEA, forecast an upward trend in carbon prices domestically and globally, which would result in an increase in the unit price of emission allowances that SK Inc. needs to purchase.
- Therefore, SK Inc. manages the key risk of stricter regulations in the emission trading scheme, which impacts the purchase price of emission allowances.

Mitigation

- SK Inc. is implementing the Net Zero 2040 roadmap and reduction plans, promoting various mitigation projects such as self-generation, renewable energy utilization, data center power efficiency improvements, and internal certification of reduction achievements by the Ministry of Environment.
- To examine the strategic resilience of the company's roadmap based on carbon price outlook, an analysis of the economic feasibility based on carbon allowance profits was conducted until 2040. It is projected that SK Inc. will have the potential for emission allowance sales revenue starting from 2027 when implementing the Net Zero roadmap. (Detailed scenario analysis can be found in the following section.)

Strategy | ① Net Zero Transition Risks

Strategic Resilience of Net Zero Roadmap

Due to the increasing power consumption of SK Inc.'s data centers, the cost of purchasing emission allowances is expected to rise annually. In response, our company has developed the Net Zero 2040 and RE100 2040 roadmaps and is actively pursuing renewable energy purchases and energy efficiency improvements each year. In analyzing the financial impact of implementing our Net Zero roadmap, we have applied the carbon price outlook from the most recent Net Zero 2050 scenario, APS, and STEPS scenarios provided by the International Energy Agency (IEA). The scenario analysis indicates that in the long term, across all three scenarios, the cost of purchasing emission allowances required if we do not achieve Net Zero exceeds the cost associated with driving the Net Zero initiative. This suggests that the cost of our Net Zero implementation is an investment in the long-term perspective.

Overview of Scenario Analysis

The main parameters are carbon prices on the STEPS, APS, and Net Zero 2050 paths, which are the latest three scenarios with the IEA GEC Model (2022)

	the Stated Policies Scenario (STEPS)	Announced Pledges Scenario (APS)	Net Zero Emission by 2050 Scenario (NZE 2050)
Scenario Outline	Prospects taking into account the current reduction targets in addition to the policies/measures pursued by each country	Despite the Greenhouse Gas Reduction Goals (NDCs) announced by governments, expected to achieve a 40% reduction by 2050	Fossil fuel replacement by 2030, Net Zero expected by 2050
Temperature Rise	Above 3 °C	Above 2 °C	Below 1.5 °C
Carbon prices in South Korea	In 2030 42 (USD) In 2040 67 (USD)	In 2030 40 (USD) In 2040 110 (USD)	In 2030 90 (USD) In 2040 160 (USD)

※ APS, NZE 2050 abide by the Emerging market and developing economies with Net Zero emissions pledges

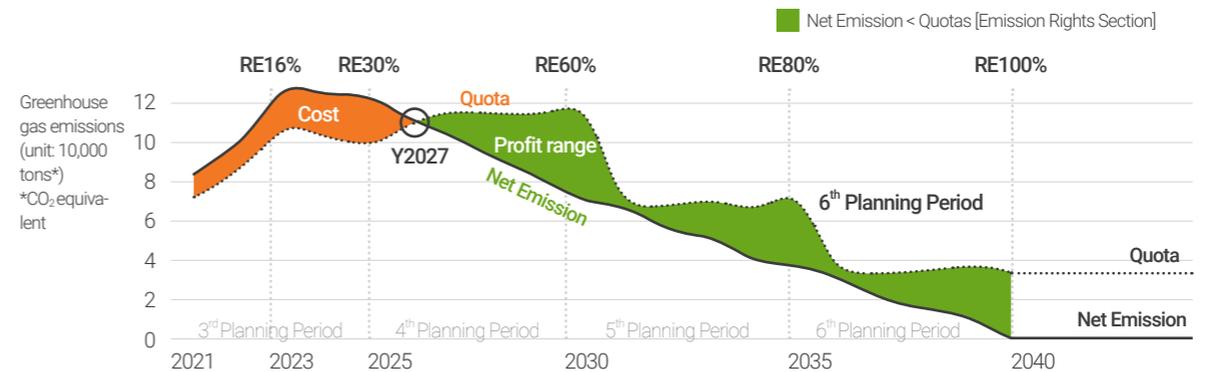
SK Inc.'s Net Zero Target Implementation and Assumption

- Implementing the RE100 roadmap: 30% in 2025 → 60% in 2030 → 80% in 2035 → 100% in 2040
- Achieving energy efficiency goals: 3.5% or more of greenhouse gas reduction annually through energy efficiency
- Data center power usage: Estimated through 2025, then the same usage through 2040
- Korea Emissions Trading Scheme (K-ETS) Percentage of Paid Allocation: 4th (2025-2030) → 5th (2031-2040) → 6th (2035-2040) Linear increase assumption (allocation rate 12-16%)

Results of Financial Impact Analysis based on Emissions when Implementing our Net Zero Target Ontrack

Net Emissions by 2026 > Quota → Purchase of Emissions (Cost) Required
 Net Emissions < Quota → Emission Rights Sales (yield) from 2027 onwards from 2027

Loss of emission rights by period following reduction (RE100, Energy Efficiency)



Gain/Loss Comparison during Net Zero Implementation by the Carbon Price Outlook by Scenario (unit: KRW 100 million)

Scenario	Classification	~2025	~2030	~2040	Total
STEPS	Based on BAU	▲ 26.1	▲ 128.3	▲ 325.9	▲ 480.3
	Net Zero Implementation Criteria	▲ 52.1	▲ 53.1	109.6	4.4
APS	Based on BAU	▲ 25.6	▲ 122.7	▲ 463.6	▲ 611.9
	Net Zero Implementation Criteria	▲ 51.7	▲ 55.2	168.5	61.6
NZE 2050	Based on BAU	▲ 39.4	▲ 263.0	▲ 752.8	▲ 1,055.2
	Net Zero Implementation Criteria	▲ 61.8	2.4	281.9	222.5

※ BAU-based = Emissions Purchase Cost for Emissions Exceeded by Reduction Activities
 Net Zero-based = (Emission Gain or Loss) - (RE100 and Energy Efficiency Investment Costs)

Strategy | ② Operations & Supply Chain Physical Risks

Physical Risk at Major Business Sites P1 P2

After analyzing the financial impact of climate risks such as temperature rise, coastal flooding, and Fluvial Basin Flooding on our major workplaces by 2040, we checked our response to potential risks. While the short-term risks we face are minimal, we reaffirmed the importance of managing data center co-operation efficiency and disaster recovery from a long-term perspective. In addition, considering supply chain risks, we also analyzed the case of 3 suppliers, which is 45% of the purchase amount in 2022.

Physical Scenario Analysis Overview

By 2040, the physical risks of major workplaces due to the 7 major climate risk factors (extreme temperature, coastal flooding, drought, Wildfire, Tropical Cyclones, water stress, Fluvial Basin Flooding) were compared around the IPCC RCP 8.5 and 4.5 route.

- To be analyzed: Direct Business Sites (Daedeok Data Center, Pangyo Data Center) and Major Supplier Business (3 global suppliers accounting for 45% of IT equipment purchases, 5 facilities for manufacturing our products)
- Analytic Method: S&P Global Clinics® Hazard modeling calculates a modulated average annual loss to the asset value of a workplace based on vulnerability data based on the frequency of risk occurrence by location and asset type

Physical Risk Analysis Results for Direct Operations Sites

The risk of asset loss due to climate change other than “Fluvial Flooding” is expected to be insignificant in the RCP 8.5 route, which will accelerate global warming by more than 4 degrees by 2040.

Modeled Average Annual Loss



Asset loss risk by data center climate risk factor (by 2040)

*Exclusion of analysis (-) if no relevant source of hazard occurs

● RCP 2.6 (Very low greenhouse gas emission scenario to keep temperature rise below 2°C)

Directly Operated Workplace	Chronic						Acute														
	Extreme Temperature			Coastal Flooding			Drought			Wildfire			Tropical Cyclone			Water stress			Fluvial Basin Flooding		
	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40
Daedeok Data Center				-	-	-															
Pangyo Data Center				-	-	-															

● RCP 4.5 (Emission scenarios in which mitigation policies are substantially implemented to keep the temperature increase at 2°C).

Directly Operated Workplace	Chronic						Acute														
	Extreme Temperature			Coastal Flooding			Drought			Wildfire			Tropical Cyclone			Water stress			Fluvial Basin Flooding		
	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40
Daedeok Data Center				-	-	-															
Pangyo Data Center				-	-	-															

● RCP 8.5 (Worst-case scenario where emissions continue in the 21st century and temperature rise is greater than 4°C)

Directly Operated Workplace	Chronic						Acute														
	Extreme Temperature			Coastal Flooding			Drought			Wildfire			Tropical Cyclone			Water stress			Fluvial Basin Flooding		
	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40
Daedeok Data Center				-	-	-															
Pangyo Data Center				-	-	-															

[Chronic] Data Center Operating Costs due to Rising Temperatures

Business Impact

- The risk of asset loss by data centers due to extreme temperatures is minimal in all RCP Scenarios. Nonetheless, SK Inc. considers temperature changes a major physical risk. This is because electricity costs for cooling facilities and IT equipment in the data centers account for a significant proportion (approximately 45%) of the annual operating costs.
- Rising external temperatures, such as summer heat waves and tropical nights, is directly linked to increased power costs to operate the data center’s cooling system. If the outside temperature rises by 1°C and lasts for a year, it is estimated that the annual electricity cost will increase by 2.5-3.5% (about 4.4-620 million KRW) as of 2021.

Mitigation

- To minimize the impact of external temperatures rising, our data centers are equipped with high-efficiency facilities such as automatic water spraying systems around the cooling facilities. In addition, we are monitoring airflow in the computer rooms through CFD(Computational Fluid Dynamics) since 2021. Through science-based analysis and using layout simulations we are able to rearrange IT equipment, update and replace antiquated systems to save energy, time, and cost.

[Acute] Data Center Disaster Recovery Costs due to Large-scale Fluvial Basin Flooding

Business Impact

- Data centers are especially vulnerable to fluvial flood hazards only under the high emission scenario(RCP 8.5) in 2030-2040. If an exceeding historical 100-year fluvial flood level event occurs, costs for facility restoration and business interruption is estimated over 30% of the total asset value of the Data centers.
- In the worst-case scenario if there is large-scale natural disaster such as fluvial flooding, the results could be power outages and facility shutdowns in the data centers. This will cost damage recoveries and customer compensations (up to 2.2 billion KRW per day). While unlikely, SK Inc. considers these climate factors to be a major risk, given its reputation as an IT service provider.

Mitigation

- SK Inc.’s data center has prepared measures to withstand rainfall of 100ml per hour and conducts simulated training exercises to respond to heavy rainfall incidents and manage humidity. Preemptive maintenance and reinforcement of key facilities are carried out based on concentrated heavy rainfall forecasts. In particular, building leaks, drainage pumps, and drainage systems are subject to concentrated inspections and maintenance.
- The data center is equipped with systems such as high-capacity uninterruptible power supplies (UPS) and emergency generators for large-scale power outages caused by natural disasters such as floods. Test and training for For IT service continuity are exercised regularly by simulating the case of the entire power supply disruption and practicing to switch to an emergency power system.

Strategy | ② Operations & Supply Chain Physical Risks

Supply Chain Physical Risk Analysis Results

By 2040, the risk of asset loss due to coastal flooding resulting from sea-level rise is very minimal for all pathways, including RCP 8.5, except for one facility (in Malaysia) exposed to flooding risk.

Modeled Average Annual Loss



Asset Loss Risk by Major Supplier Climate Risk Factors (~2040)

* Excluding analysis if there is no corresponding risk factor source (-) mark

● RCP 2.6 (Reduction policy is implemented considerably to adjust the temperature increase to 2°C)

Major Suppliers' Workplace	Chronic						Acute																	
	Extreme temperature			Coastal flooding			Drought			Wildfire			Tropical Cyclone			Water stress			Fluvial Basin Flooding					
	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40			
Supplier A																								
Supplier B(facility1)																								
Supplier B(facility2)																								
Supplier B(facility3)																								
Supplier C																								

● RCP 4.5 (Reduction policy is implemented considerably to adjust the temperature increase to 2°C)

Major Suppliers' Workplace	Chronic						Acute																	
	Extreme temperature			Coastal flooding			Drought			Wildfire			Tropical Cyclone			Water stress			Fluvial Basin Flooding					
	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40			
Supplier A																								
Supplier B(facility1)																								
Supplier B(facility2)																								
Supplier B(facility3)																								
Supplier C																								

● RCP 8.5 (Worst-case scenario where emissions continue in the 21st century and temperature rise is greater than 4°C)

Major Suppliers' Workplace	Chronic						Acute																	
	Extreme temperature			Coastal flooding			Drought			Wildfire			Tropical Cyclone			Water stress			Fluvial Basin Flooding					
	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40	'20	~'30	~'40			
Supplier A																								
Supplier B(facility1)																								
Supplier B(facility2)																								
Supplier B(facility3)																								
Supplier C																								

※ Using only the location information of the manufacturing facilities of the company's trading products agreed to be provided by the supplier (applying the asset type 'General Manufacturing' collectively)

[Acute] Supplier Manufacturing Facilities Suspended due to Natural Disasters

Business Impact

- Approximately 60% of the HW/NW equipment procured for SK Inc.'s IT services business (as of 2022) is manufactured in facilities located in China, Malaysia, Ireland, and Singapore. The potential for asset loss due to coastal flooding is relatively high across RCP 4.5 to 8.5 scenarios.
- Difficulties in sourcing raw materials and disruptions in the manufacturing facilities of HW suppliers due to coastal flooding and other natural disasters may lead to revenue decline and cost losses due to purchase delays and price increases for raw materials and alternative competitive products.

Mitigation

- The Malaysian facility-holding suppliers have multiple manufacturing facilities in various countries within the same product category and have implemented business continuity management systems (BCP) in response to natural disasters.
- SK Inc. collects data on greenhouse gas reduction and climate change adaptation measures from key suppliers on an annual basis. Starting from 2023, the company also requests suppliers to provide their response plans for supply chain risks related to climate disasters. Continuous monitoring is planned to ensure that manufacturing facilities are not excessively concentrated in regions with high physical risks.

Strategy | ③ Investment Portfolio Transformation Risk

Investment Portfolio Transformation Risk Analysis & Investment Strategy Reflection Process T7

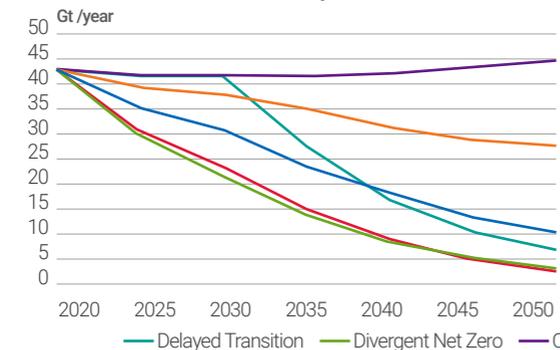
In 2022, SK Inc. established a climate risk management system for its investment companies and analyzed the level of climate risk exposure in four portfolio areas through scenario analysis. A framework was developed to compare the cost of actual risk, taking into account the economic evaluation and market conditions when achieving the reduction targets of investment companies, with operating profits. This system will be piloted from 2023 and will be used to formulate a concrete reduction pathway for Scope 3 emissions by 90% by 2050.

Climate Change Scenario Analysis (NGFS Scenario)

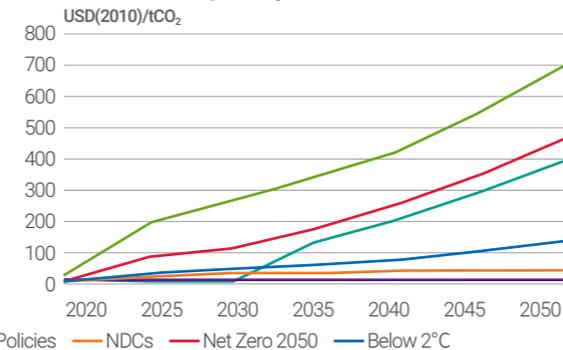
At the portfolio level, it is important to assess the market evaluation risk regarding the low-carbon transition costs of companies. To do this, three NGFS (Network for Greening the Financial System) scenarios, which are widely used in the financial sector, were selected and analyzed, particularly those that are frequently compared by national banks and financial institutions. The analysis was conducted using carbon prices and GHG emission trajectories. The NGFS Current Policies scenario was adjusted using the average price of emission allowances during the two phases (2018-2020) when the allocated emission allowances trading ended and the final price was determined.

	Current Policies	Delayed Transition	Net Zero 2050
Explanation	Maintaining current government regulations	Reinforcing regulations after 2023	Gradually strengthening regulations
Temperature rise	Above 3°	1.6°C	1.4°C
Parameter	Carbon Price & National Emissions		

[Reference] Carbon Emissions by NGFS Scenario



[Reference] Carbon price by NGFS scenario



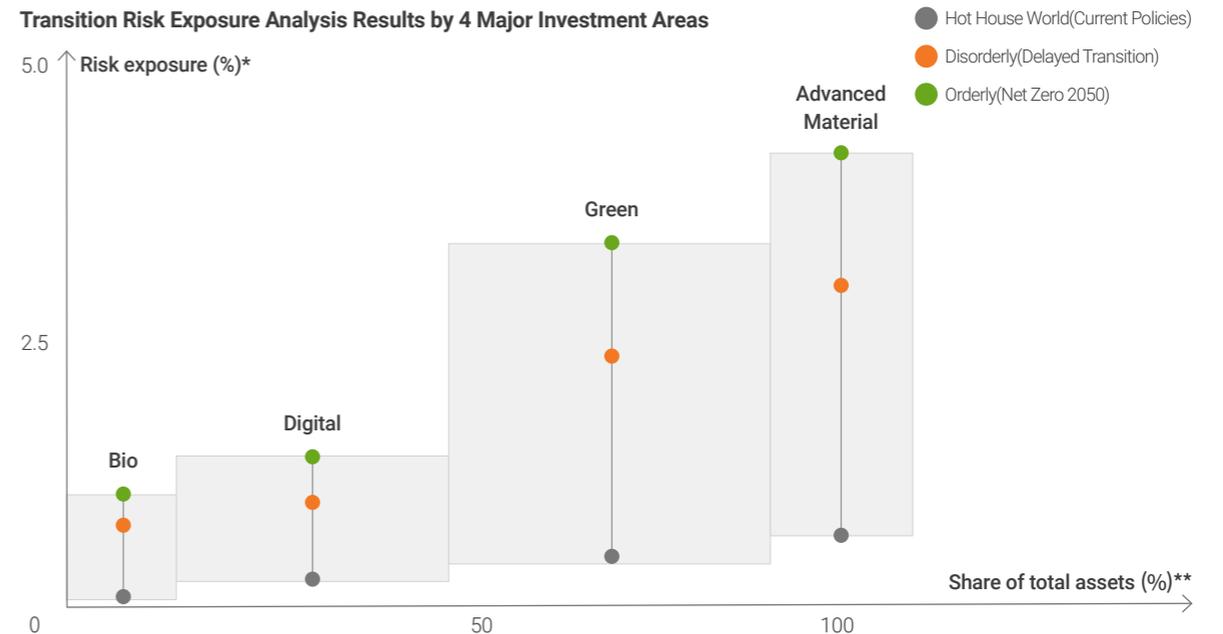
Source: IIASA NGFS Climate Scenarios Database

Investment Portfolio Conversion Risk Exposure Analysis Result T7

Category	Companies performing risk exposure analysis	Net zero target-setting company
Number (proportion)	27 member companies (100%)	24 member companies (89%)
Explanation	Member companies (24), direct subsidiaries (3)	Member companies (24)

In 2022, the exposure to transition risks was assessed based on companies within the SK Group that are major subsidiaries and have direct emission data available. The risk exposure was calculated as the cost of risk as a percentage of revenue. It considered the current emissions, the business-as-usual (BAU) emissions incorporating expansion plans for each subsidiary, and the expected revenue. Within the portfolio, all SK Group companies, except for some directly-owned subsidiaries, have a 2050-α Net Zero target. It was observed that if these targets are achieved, the portfolio's risk exposure would decrease to 0% based on the Net Zero scenario. A financial impact management and investment strategy integration system, which have been established to assess the actual impact on SK Inc., is planned to be implemented from 2023.

Transition Risk Exposure Analysis Results by 4 Major Investment Areas



* Risk exposure: 2023-2050 years of cumulative risk costs ÷ cumulative sales

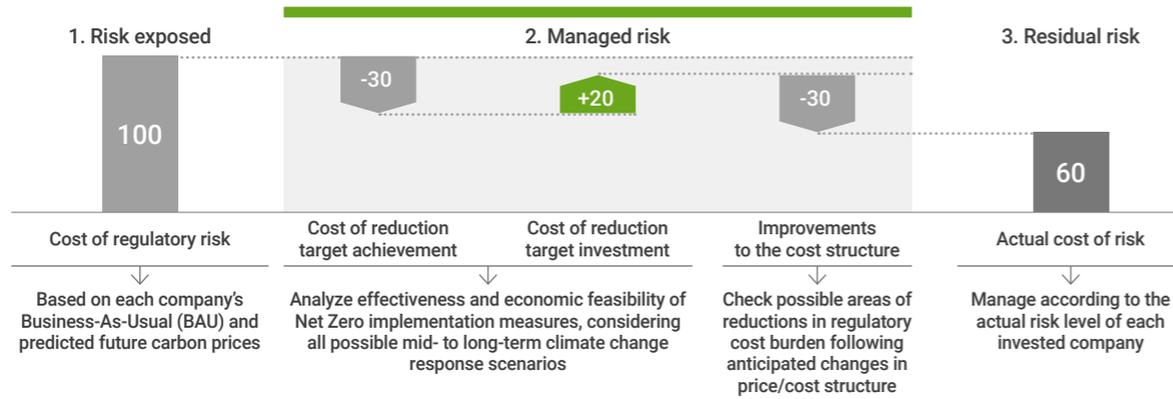
** Percentage of total assets: Total assets X SK share

Strategy | ③ Investment Portfolio Transformation Risk

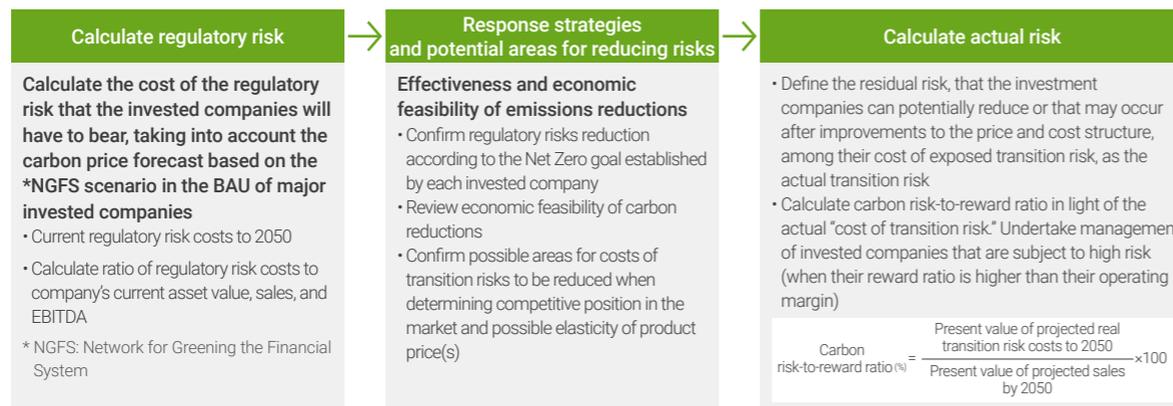
Financial Impact Management Framework for Climate Transition Risks

SK Inc. has established a climate risk management system for portfolio investment companies. The actual risk, which deducts mitigated risks through the management of portfolio companies from the exposed regulatory risks, is utilized as the basis for evaluating the investment companies. In this process, the effectiveness and cost-effectiveness of emissions mitigation measures held by each investment company are reviewed, along with an assessment of their market viability to support transition risks. This transition risk is then converted into a "carbon risk-to-reward ratio (RRR)," an indicator that is compared to the company's ability to generate sales in the future, in order to evaluate its soundness in terms of carbon risk.

Transition risk



Management Strategies by Stage

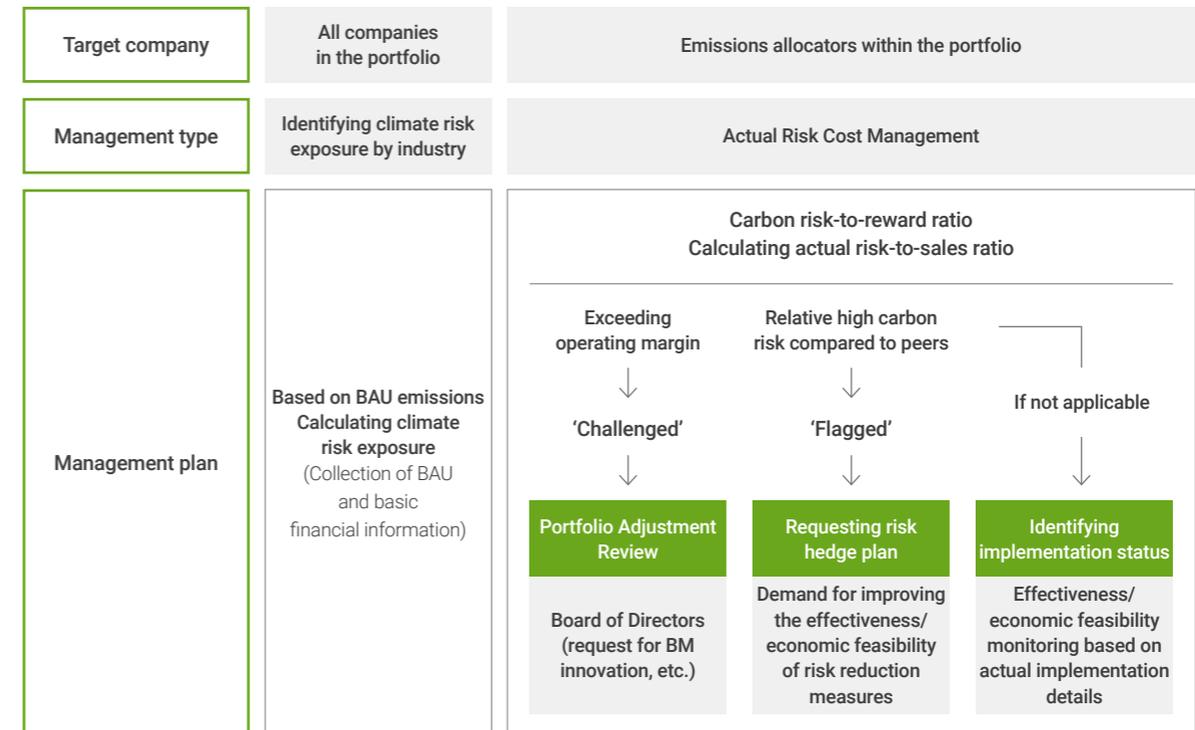


Investment Strategy Incorporation Process (Real Risk)

Regarding the subsidiary's existing investment portfolio, if the Carbon risk-to-reward ratio is higher than the operating profit margin, it will be classified as a 'Challenged' and a portfolio adjustment review will be conducted. If it is not classified as a 'Challenged' but has higher risk exposure compared to similar companies in the industry, it will be classified as 'Flagged' and more economically viable mitigation target implementation measures will be demanded. Furthermore, even in the absence of these circumstances, continuous monitoring will be conducted for any fluctuations due to changes in the market situation.

In 2023, we plan to conduct a pilot real risk assessment targeting member companies classified as entities subject to carbon emission allowance allocation. This pilot assessment will serve as the basis for progressively enhancing the portfolio's climate risk management system based on real risk assessments in the future.

Substantial Transition Risk Management Process

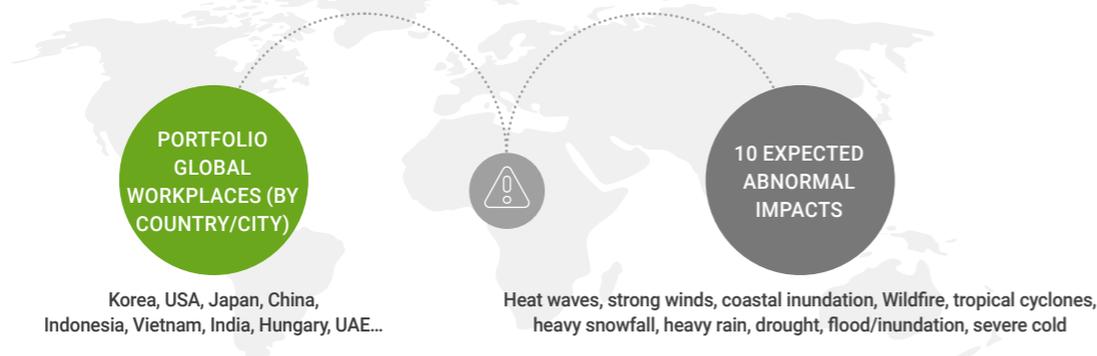


Strategy | ④ Physical Risk in Investment Portfolio

P1 P2 Framework for Managing Physical Risk

Physical risk refers to the risk that arises from the physical impacts of climate change. In recent years, the frequency of extreme weather events has increased, intensifying the financial impact of physical risks. In response to this, SK Inc. is analyzing the potential financial impacts based on the areas exposed to extreme weather events using external climate and weather data, such as MSCI Climate VaR. According to the analysis conducted in 2022, the estimated climate risk exposure of SK Inc.'s investment portfolio over the next 15 years revealed that the most significant physical risks are heatwaves, coastal flooding, and tropical cyclones. The regions with the highest financial loss potential due to climate risk were identified as Busan in South Korea, Dumai in Indonesia, and Incheon in South Korea. To address these high-risk regions and investment companies, SK Inc. conducts biannual portfolio ESG performance evaluations and monitors whether appropriate management systems are in place. Furthermore, when expanding business operations or selecting investment regions, SK Inc. considers physical risk as a factor in decision-making.

Physical Risk



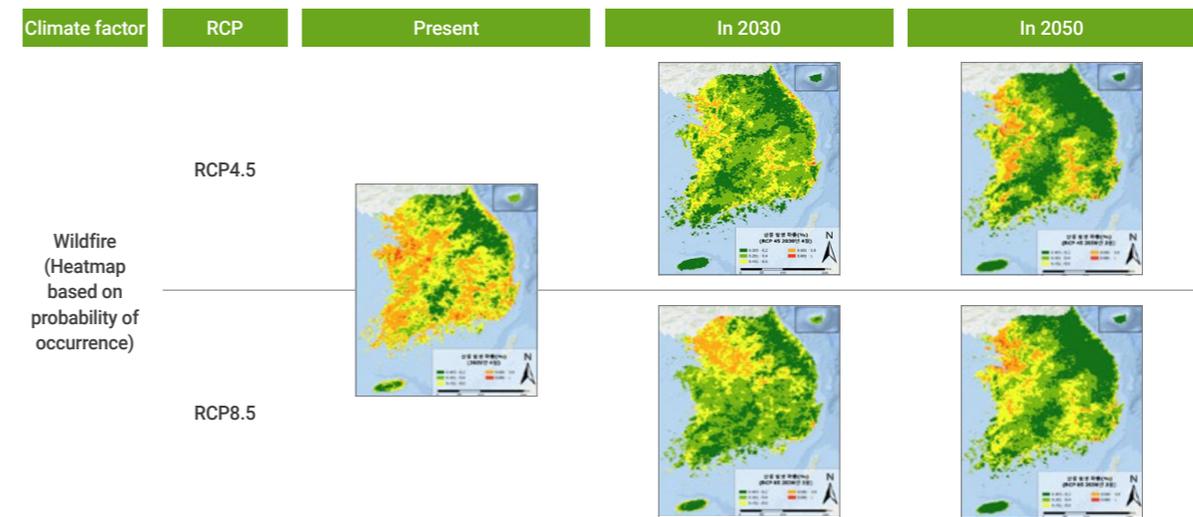
Risk level classification



Physical Risk Management Case for Investment Companies (SK Telecom)

- It assesses Physical Risks of Climate Change until 2050 based on RCP Scenarios and builds the "SK Telecom Climate Change Physical Risk Map" to simulate the impact on communication equipment
 - : Types of Disasters: Wildfires, Landslides, Heavy Rainfall, Heatwaves, and Heavy Snowfall (5 types)
- Transitioning to a Natural Disaster Prediction and Response System that reflects climate change scenarios
 - : Analyzing the financial impact of extreme weather events on 16,000 domestic network infrastructures based on RCP scenarios
 - : Identifying high-exposure areas with a high probability of significant risks and expected damage scale in advance
- Planning response strategies to minimize economic losses based on simulation results of natural disasters

Climate Change Physical Risk Map of SK Telecom



Managing existing facilities	Maintenance of communication infrastructure System maintenance for pre-maintenance and post-recovery of currently operating communication facilities and equipment: Reinforcing electric power system for communication facilities expected to be flooded/damaged or relocating base stations
Reflecting new facilities	Risk-reflected Design Reflecting physical risks when designing future communication equipment and building sites

Strategy | Climate Change Risk (other items)

T2 [Policy/Law] Introduction of CBAM (carbon border tax) and Mandatory in Korea such as ISSB

Business Impact

- IFRS, US SEC, EU EFRAG, and other organizations have announced climate disclosure standards. As a result, there is an increasing demand from the financial society for disclosure of greenhouse gas emissions up to Scope 3 and risks associated with climate change.
- Particularly, starting with the EU's CBAM, there is a global movement towards establishing trade regulations to address climate change. Companies that are not agile in responding to these trends may find themselves at a disadvantageous position in the global supply chain.

Mitigation

- Currently, SK Inc. is not directly subject to the EU CBAM. However, considering the possibility of future domestic implementation, SK Inc. plans to regularly analyze the financial impact of transition risks in its global investment portfolio. The results of future monitoring will be incorporated into the management system of the investment portfolio as a proactive risk management measure.
- Although the disclosure of climate-related information based on ISSB standards is not mandatory in South Korea so far, SK Inc. is expanding the reporting scope related to climate disclosure, including Scope 3, taking into account the ISSB guidelines.

T4 [Policy/Law] Lawsuits against Companies Failing to Reduce Greenhouse Gas Emissions by Environmental Organizations

Business Impact

- Lawsuits questioning the responsibility for greenhouse gas management, including uncertainties in emission reduction plans and issues of greenwashing regarding the implementation of reduction targets, are increasing against high-emitting global companies. This can negatively impact corporate image and trustworthiness.

Mitigation

- There have been no legal cases against domestic companies to date, and SK Inc. has declared the year 2040, which is 10 years ahead of South Korea's carbon neutrality target of 2050, as the target year for Net Zero. SK Inc. transparently discloses its annual greenhouse gas reduction performance through sustainability reports, CDP, and other platforms.
- In 2022, SK Inc. committed to the Science Based Targets initiative (SBTi), and in 2024, it plans to undergo verification of its near-term reduction targets, including Scope 3 targets.
- SK Inc. continues to monitor regulatory trends in environmental issues to mitigate potential legal issues. It analyzes the needs of environmental stakeholders according to ISO 14001 and 31000, and monitors and verifies compliance obligations according to ISO 37301 (Compliance Management System) through certification bodies.

T5 [Technology] Failure to Secure Clean Tech Investment Leading to a Decline in Competitiveness

Business Impact

- According to the IEA Energy Outlook 2022, the scale of clean energy investments is projected to increase from \$1.4 trillion in 2022 to \$4.5 trillion by 2030, based on the IEA NZE scenario.
- Rating agencies such as MSCI and KCGS consider investment plans in Clean Tech as a key evaluation criterion for global companies, and failing to make proactive investments in this area is expected to weaken SK Inc.'s ability to respond to future climate change and its competitiveness.

Mitigation

- SK Inc. has introduced a framework for analyzing the risk exposure and actual risk costs of portfolio companies under various transition scenarios. It is also continuously expanding the proportion of environmentally friendly investments in new investments. (Refer to the Opportunities section for more details)

T6 [Market] Increased Demand for Information on Environmentally Certified Products from Customers

Business Impact

- As demands for setting Scope 3 targets and reducing greenhouse gas emissions in the supply chain grow from the international community and environmental organizations, there is also an increasing demand for environmentally certified products and Life Cycle Assessment (LCA) information from suppliers, particularly in global companies. Suppliers who fail to meet these customer demands may experience a decline in trust and weakened business competitiveness.
- It is anticipated that even in SK Inc.'s IT service B2B customers, there will be a future demand for reducing greenhouse gas emissions and expanding environmentally certified products. SK Inc. recognizes the importance of managing environmental information for its core IT service infrastructure, including Data Centers and hardware/networking equipment.

Mitigation

- SK Inc.'s primary IT infrastructure, including Data Centers, is increasing the share of renewable energy-based electricity every year in line with the RE100 2040 Roadmap.
- Additionally, SK Inc. manages the presence of eco-labels for purchased hardware products and enhances supplier engagement, including recommending target setting based on SBTi criteria and requesting LCA information for key hardware suppliers.
- Moreover, SK Inc. strengthens communication with customers by incorporating its Net Zero implementation and overall environmental management system (ISO 14001 certification) into standard customer proposals.

Strategy | Climate Change Risk (other items)

T8 [Dignity] Demand for Disclosure of Stakeholders' Climate Transition Plans and Performance

Business Impact

- Inadequate response to climate change can lead to negative evaluations from stakeholders, potentially damaging the brand image and decreasing the corporate value of SK Inc. As an investment-focused company within the SK Group, a decline in reputation can also have negative impacts on other SK Group companies and hinder global investment attraction.
- Institutional investors, such as the National Pension Service in South Korea and global ESG asset management firms like BlackRock, hold around 20% of SK Inc.'s shares. While there have been no instances of share reduction due to environmental issues so far, inadequate climate change response may lead to long-term investment contraction.

Mitigation

- Since 2020, including SK Inc., seven SK Group companies have joined RE100, becoming the first in South Korea to do so. In 2021, SK Group made a Net Zero declaration, securing a leading position in climate change response domestically.
- SK Inc. actively incorporates the demands for climate change response from major investors and various stakeholders into its business activities. It transparently discloses relevant strategies and performance through TCFD reports and sustainability reports.
- SK Inc. has received recognition for its various environmentally friendly improvement activities for addressing climate change in 2022, such as being recognized as a CDP Leadership (A-) for two consecutive years, inclusion in the DJSI World Index for 11 consecutive years, and achieving the MSCI AAA rating. SK Inc. aims to continuously improve and address the demands for climate change response in the future.

Strategy | ⑤ Climate Change Transition Opportunities

Identifying Significant Climate Change Transition Opportunities

SK Inc. has recognized the importance of innovation and dissemination of key technologies for achieving Net Zero, such as hydrogen electrolysis, electric vehicles, CCUS (carbon capture, utilization, and storage), renewable energy, and bioenergy, as presented in the IEA NZE 2050 and NGFS 2050 scenarios. As a technology and investment-focused company, SK Inc. is actively seeking solutions to address the fundamental causes of climate change, leveraging them as business opportunities, and focusing on commercialization through securing innovative technologies and business models. This approach is seen as a strategic element that enables SK Inc. to adapt flexibly to future low-carbon market dynamics.

Classification of Climate Change Transition Opportunities		Major opportunity	Time frame	Value Chain	Financial impact
Energy resources	01	Transition from fossil fuel-based energy sources to renewable energy sources	Mid/Long Term	Downstream	Investment asset value increase
Market	02	Growing demand for electric vehicle materials and technologies	Short/Mid Term	Downstream	Investment asset value increase
	03	Growing demand in the sustainable food market	Mid/Long Term	Downstream	Investment asset value increase
Resource efficiency	04	Emphasis on the importance of eco-friendly bioenergy	Mid/Long Term	Downstream	Investment asset value increase
Product/Service	05	Expanding demand for IT solutions/services to respond to climate change	Short/Mid Term	Operation	Sales increase

Utilizing Climate Change Scenarios

As a global investment company, SK Inc. primarily references the IEA Net Zero scenario for global energy policies and technology outlooks. It also analyzes the Republic of Korea's 2050 carbon neutrality scenario and NDC projections, taking into account the policy landscape of South Korea. The insights derived from this analysis are integrated into SK Inc.'s investment strategies and new service development strategies.

	South Korea 2050 Carbon Neutral Scenario, NDC	Emissions by 2050 Scenario (IEA NZE Scenario)
Scenario Overview	Prospects for technology and investment needed to implement carbon neutrality and NDC in the Korean government	Substitute fossil fuels by 2030; Aiming to achieve Net Zero by 2050
Temperature rise	Below 2.0 °C	Below 1.5 °C
Major Items	The 3rd Automobile Policy Basic Plan - Planning to transition electric and hydrogen vehicles GHG reduction plan by industry sector - Introducing building energy management system - Reducing technology in the livestock industry	Increased demand for renewable energy sources EV market outlook Prospects for using CCUS technology

Strategy | ⑤ Climate Change Transition Opportunities

01 Transition into Renewable Energy Sources from Fossil Fuel-based Energy Sources

Business Impact

- IEA and NDC scenarios, along with various market reports, anticipate continued market expansion through active investments and support for clean energy by global nations. However, South Korea faces overall limitations due to a shortage of renewable energy resources. In order to overcome these limitations and lead innovation in the domestic energy market, SK Inc. plans to invest in building a clean hydrogen-based ecosystem and CCUS (carbon capture, utilization, and storage) technology companies.
- (Global) The International Energy Agency (IEA) forecasts that CCUS will contribute around 10% to the cumulative reduction of carbon emissions in the global energy sector from 2021 to 2050 in the IEA Net Zero 2050 scenario.
 - Estimated contributions of CCUS technology to carbon reduction: 40 million tons per year in 2021 to 1.2 billion tons per year in 2030, and 6.2 billion tons per year in 2050.
- (Domestic) Given the characteristics of South Korea's power generation and industrial structure, CCUS technology is necessary as a means to alleviate carbon emissions. (It is expected to contribute 3.8% to the 2030 NDC target and 8.0-12.3% to the 2050 carbon neutrality goal.)

Adaptation

- In January 2021, SK Inc. made investments in PlugPower, a leading company in the hydrogen economy industry in the United States, jointly with SK E&S. In June 2021, SK Inc. also invested in Monolith, the world's first producer of green hydrogen, securing a seat on its board as a leading investor.
- SK E&S established a joint venture company, SK PlugH2V, with PlugPower in January 2022 to pursue the supply of hydrogen electrolysis facilities. Additionally, SK Inc., as the driving force within SK Group, announced plans to invest 18 trillion won by 2025 to construct the world's largest liquid hydrogen plant and establish an ecosystem throughout the entire value chain, from hydrogen production to distribution and consumption.
- SK Inc. plans to lead the domestic green hydrogen and solid carbon markets through the joint venture with Monolith established in 2021.
- SK Inc. is also investing in companies such as 8rivers, which possesses core CCUS technologies, ION Clean Energy, a promising company in carbon capture, and Summit Carbon Solutions, the world's largest CCS (carbon capture and storage) project, to secure CCUS technologies proactively.

[Note] Investment Status

Investment Company	Possessed Skills	Investment Value	Investment Period
PlugPower	Water electrolysis facility and hydrogen fuel cell for green hydrogen production	Approximately KRW 1.6 trillion (joint investment by SK E&S)	2021
Monolith	Producing hydrogen and commercial solid carbon from methane (no CO ₂ evolution)	Non-disclosure	2021

02 Growing Demand for Electric Vehicle Materials and Technologies

Business Impact

- The South Korean government aims to reduce approximately 29.7 million tons of greenhouse gas emissions in the transportation sector by 2030 through the expansion of eco-friendly mobility, such as the widespread adoption of electric and hydrogen vehicles. The Eco-friendly Vehicle Act promotes the replacement of commercial vehicles with environmentally friendly vehicles. According to the IEA NZE 2050 scenario, the global market share of electric vehicles is projected to increase from 4.3% in 2020 to 60.9% in 2030.

Adaptation

- SK Inc. is actively investing in key materials and technologies, such as semiconductors for eco-friendly electric vehicle infrastructure, to lead in the rapidly growing electric vehicle market.
- To secure a position in the next-generation lithium-metal (Li-Metal) battery market, SK Inc. invested 300 billion won in SES AI, a company with lithium-metal anode materials and high-concentration electrolyte technology, in 2018. In 2021, an additional investment of 40 billion won was made, securing a position as one of the top three shareholders. SES AI aims to commercialize its prototypes by 2025, with expectations of significantly improved charge/discharge lifespan (over 10 times) to replace conventional fossil fuels.
- In 2019, SK Inc. invested 270 billion won in Wason, a Chinese manufacturer of copper foil, a crucial material for electric vehicle batteries. An additional investment of 100 billion won was made in 2020.
- SK Inc. also invested 26.8 billion won in SK Powertek (formerly YesPowerteknix), a domestic designer and manufacturer of SiC (silicon carbide) power semiconductors for electric vehicle current direction control and power conversion. SK Inc. secured a 33.6% stake by investing KRW 26.8 billion in 2021 in SK Powertech (formerly Yes Powerteknix), a design/manufacturer of silicon carbide (SiC) power semiconductors (electric vehicle current direction control and power conversion control). It also acquired a 53.4% stake (W293.2 billion) in Signet EV, a Korea-based company that obtained the world's first U.S. certification for its development of ultra-fast electric vehicle chargers, in 2021.

[Note] Investment Status

Investment Company	Possessed Skills	Investment Value	Investment Period
Lunar Energy	Residential Solar ESS business	About KRW 60 bn	2020, 2022
SES AI	Developing next-generation lithium metal (Li-Metal) batteries	about KRW 70 bn	2018, 2021
Wason	Copper Foil Manufacturer (Global No. 1)	Approx. KRW 380 bn	2019, 2020
SK Powertech (previous YPTX)	Silicon carbide (SiC) power semiconductor (only in Korea)	About KRW 100 bn	2021, 2022
SK Signet	Manufacture of ultra-fast EV rapid charger	About KRW 300 bn	2021
Atom Power	Energy solution and EV charging business	About KRW 100 bn	2022

Strategy | ⑤ Climate Change Transition Opportunities

03 Increasing Demand for Sustainable Food Market

Business Impact

- The South Korean government has set a greenhouse gas reduction target of 180,000 tons compared to the base year of 2018 in the agricultural and livestock sector by 2030, including through the use of alternative processed foods.
- The agricultural and livestock sector not only accounts for 22% of global greenhouse gas emissions but also faces increasing concerns about land and water pollution due to pesticides and waste. Sustainable food solutions have been proposed as a response. Additionally, a high market growth rate is expected, especially among future key consumer groups such as the millennial generation.
- Indeed, investments in alternative food-related industries have grown significantly, from around 130 billion won in 2016 to 2.6 trillion won in 2020, representing a twenty-fold increase.

Adaptation

- SK Inc. entered the alternative food market by investing 54 billion won in Perfect Day starting from 2020, considering the rapid growth and market size of the alternative food market. SK Inc. further secured a board seat through additional investments and actively engaged in the exploration of alternative food and food tech startups.
- SK Inc. selectively invests in leading global alternative protein companies in the United States and the United Kingdom and has established and operates funds related to alternative food for expansion into China.
- In the domestic market, SK Inc. collaborates with well-established food companies, jointly investing in the establishment of joint ventures, distribution, and R&D infrastructure, aiming to develop concrete alternative food businesses tailored to the Korean market.

[Note] Investment Status

Investment Company	Possessed Skills	Investment Value	Investment Period
Perfect Day	Producing fermented milk protein - Can be used as a raw material for ice cream, cheese, bread, etc.	About KRW 120 bn	2020, 2021
Joyvio Group	F&B distribution company established by Legend Holdings, a Chinese firm - Expected to jointly invest and cooperate for the alternative food sector	About KRW 40 bn	2021
Nature's Fynd	Possession of fermented protein technology - Launched cream cheese and alternative meat patties	About KRW 29 bn	2021
Wild Type	Successfully developed salmon cultured meat for the first time in the world - Scheduled for commercial production after US FDA GRAS approval	About KRW 8.8 bn	2022

04 Expansion of IT Solutions and Services Demand for Climate Change Mitigation

Business Impact

- The South Korean government has set long-term roadmaps for building energy management and transitioning to eco-friendly vehicles, including the goal of achieving carbon neutrality by 2050, as outlined in the "2050 Carbon Neutrality Scenario." In addition, in October 2022, the government introduced real-time energy demand management through ICT technology and AI-based energy production infrastructure as key measures to achieve energy efficiency (Carbon Neutrality and Green Growth Promotion Strategy). These policies are expected to increase the demand for energy management system upgrades in energy-intensive industries such as manufacturing and the power sector, as well as IT services related to eco-friendly vehicle infrastructure management and electric vehicle charging facilities.
- The latest IEA Net Zero Scenario emphasizes that the existing Net Zero by 2050 targets are insufficient to achieve the 1.5-degree pathway and that stronger greenhouse gas reduction regulations and the adoption of reduction technologies are essential. In this regard, efforts from companies are needed not only to reduce Scope 3 emissions within the value chain but also to reduce emissions outside the value chain. There is an ongoing trend of increasing emission reduction targets and strengthening disclosure of Scope 3 emissions, primarily in the United States and Europe.
- Considering the trend of global companies managing product carbon footprints based on Life Cycle Assessment (LCA) and participating in voluntary carbon credit markets, the demand for IT management systems for greenhouse gas measurement, verification, and reduction credit trading is expected to grow.
- SK Inc., with its digital capabilities in Big Data, AI, Blockchain, etc., sees these changes as important opportunities to provide customers with environmentally friendly products and services.

Adaptation

- SK Inc.'s business divisions proactively identify the direction of the government's environmental policies and customers' ESG needs to provide IT services in line with greenhouse gas reduction demands, such as participation in renewable energy industrial park projects, energy management systems (EMS), and Battery as a Service (BasS).
- Since 2022, the company has expanded the customer base for Click ESG, an ESG performance assessment platform, and is developing an LCA platform to manage emissions in the supply chain and the Centro platform for voluntary carbon certification and trading. These initiatives foster business models that connect to the Net Zero ecosystem.
- In 2023, SK Inc. aims to provide "ESG/Net Zero End-to-End Services" as a "Customer's Green Digital Partner" and is upgrading its business strategy and organizational structure to consolidate IT expertise and ESG consulting capabilities.

The Case of BM Linked to the Carbon Trading Market

SK Inc. Centro (voluntary carbon reduction certification and trading platform)

- (1) We provide "Registry service" that supports the business process of certifying carbon reduction projects by certification bodies; and
- (2) "Marketplace service" for reliable carbon credit transactions.

Strategy | ⑤ Climate Change Transition Opportunities

05 Emphasizing the Importance of Eco-friendly Bioenergy

Business Impact

- The South Korean government actively supports R&D investment and management activities for immediately deployable technologies among low-carbon industrial materialization technologies for renewable resources.
- The International Energy Agency (IEA) emphasizes the importance of environmentally friendly innovative technologies for waste treatment and utilization as environmental pollution from waste intensifies. As of 2021, the global biofuel market is estimated to reach approximately 146 trillion KRW. Biofuels play a crucial role in decarbonizing transportation modes such as aviation and shipping, and countries worldwide are expected to continue supporting the expansion of biofuels through policy measures, indicating robust growth prospects.

Adaptation

- SK Inc. is planning to invest in environmentally friendly businesses and technologies necessary to achieve Net Zero, while also pursuing market entry into the domestic bioenergy industry.
- In late 2021, SK Inc. jointly invested approximately 60 billion KRW with a domestic private equity fund in Fulcrum BioEnergy, a U.S. company that produces synthetic fuels using municipal solid waste. The company aims to explore the potential of waste-derived biofuels by introducing Fulcrum's innovative process domestically.

[Note] Investment Status

Investment Company	Possessed Skills	Investment Value	Investment Period
Fulcrum	Waste biofuel business	About KRW 30 bn	2021

Strategy | Transition Plan

Transition Plan

SK Inc. is implementing a transition plan with the goal of achieving Net Zero Scope 1+2 emissions by 2040. In 2022, the company established a Scope 3 management system, and related transition plans are currently under review by the internal ESG committee. Among the Scope 3 categories, Category 15 (Investments) currently has the highest emissions share. To achieve the SK Group's targets of 2050-a Net Zero and a carbon reduction contribution of 200 million tons by 2030, SK Inc. plans to further expand the proportion of environmentally friendly businesses in its portfolio and enhance its climate risk management system, which has been implemented since this year.

Upstream

Raw Material Production/Transportation

Scope 3 category	tCO ₂ eq
1. Purchased goods and services	7,854
2. Capital goods	1,840
3. Fuel and energy related activities (not included in scope 1 or scope 2)	8,402
4. Transportation and distribution	7
5. Waste generated in operations	1
6. Business travel	2,129
7. Employee commuting	1,900
8. Leased assets	-

Establishing supplier management goals related to Category 1 and 2 (purchasing/capital goods)

Operation

Production of products and services

Direct/indirect emissions (Scope 1+2)	tCO ₂ eq
Direct emissions (Scope 1)	1,431
Direct energy usage	24 (TJ)
Indirect emissions (Scope 2)	107,782.5
Indirect energy usage	2,256 (TJ)

2040 Net Zero & RE100

Downstream

Product use and investment

Scope 3 category	tCO ₂ eq
11. Use of the Product	61,926
12. Disposal of the product	291
15. Investment	11,445,468

Expanding Eco-Friendly Investment & Investment Portfolio
Advancing climate risk management system

SK Inc.'s Transition Planning



Strategy | Transition Plan

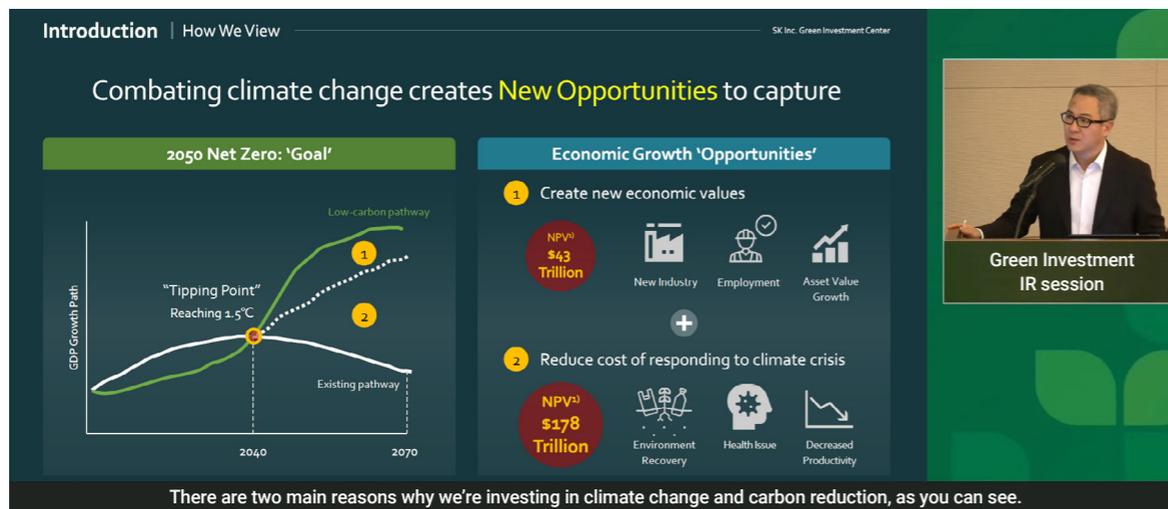
Stakeholder Communication

Communication Channels with Shareholders

SK Inc. is making efforts to diversify its communication channels with shareholders/investors to effectively communicate the company's initiatives, operations, and performance in carbon emission reduction projects, as well as the direction and outcomes of environmentally-friendly investments.

Shareholder/Investor Communication Channel	Major Communications in 2022-2023	QR Link
Shareholders' Meeting, Analyst/Investor Meeting	• Decarbonization solution new investment history/ performance to prepare decarbonization growth base	 https://sk-inc.com/kr/ir/irArchive.aspx
Disclosure/Performance announcement	• Decarbonization Solution New Investment History and Investment Performance	 https://sk-inc.com/en/media/view.aspx?seq=247
Home page	• Strengthening energy carbon emission reduction through electrification and expansion of clean fuel assets	Available from July 31st on the SK Inc. website

SK Inc.'s green business investor meeting (Dec. 2022)



Introduction | How We View SK Inc. Green Investment Center

Combating climate change creates **New Opportunities** to capture

2050 Net Zero: 'Goal'

Low-carbon pathway vs. Existing pathway. "Tipping Point" Reaching 1.5°C by 2040.

Economic Growth 'Opportunities'

- 1. Create new economic values: NPV²¹ \$43 Trillion. Includes New Industry, Employment, and Asset Value Growth.
- 2. Reduce cost of responding to climate crisis: NPV²¹ \$178 Trillion. Includes Environment Recovery, Health Issue, and Decreased Productivity.

Green Investment IR session

There are two main reasons why we're investing in climate change and carbon reduction, as you can see.

Transition Plan Communication Case

Since establishing the Net Zero goal for 2021, SK Inc. has been communicating with stakeholders about climate change response activities to achieve Net Zero. In 2023, SK Inc. plans to continuously communicate with shareholders/investors' inquiries related to the climate change management system and transition planning.

Status of Inquiries Regarding Shareholder/Investor Conversion Plan since 2021

Classification	Subject of inquiry	Percentage of Transition Plan Inquiries	SK Inc. response content
Transition plan at the business site level	Carbon neutral plan	17%	• Responding to the Korean government's policy under the goal of carbon neutrality
	RE100 promotion	17%	• Renewable energy procurement status
Transition plan at investment portfolio level	Phasing out high carbon production	8%	• Business strategic direction for high-carbon industries
	Green Business Strategy	54%	• SK Group's hydrogen industry • Eco-friendly technology development plan
Information disclosure	TCFD Reporting	4%	• TCFD Reporting Plan

* As of 2021-2022

Strategy | Transition Plan

Emission Reduction Activities Implementation Status

SK Group - Member Company Reduction Targets Status

2050-α Net Zero

In 2021, SK, the first domestic company to declare Group-level Net Zero, is striving to achieve net-zero greenhouse gas emissions earlier than the global carbon neutrality target of 2050. SK member companies have set ambitious achievement milestones called "2050-α" considering the characteristics of their businesses, and they are establishing and implementing reduction targets and action plans to demonstrate global climate leadership within their respective industries.



First-ever RE100 Membership in South Korea

RE100 is a voluntary global initiative by companies aiming to source 100% of their electricity from renewable energy by 2050. In 2020, SK, including SK Inc., became the first South Korean group to join RE100, demonstrating leadership in reducing greenhouse gas emissions in Scope 2. Additionally, other member companies that have not yet joined RE100 are also planning to expand their use of renewable energy in line with RE100 standards.

7 Member Companies Joining E100



SK Group - Status of Reduction Activities



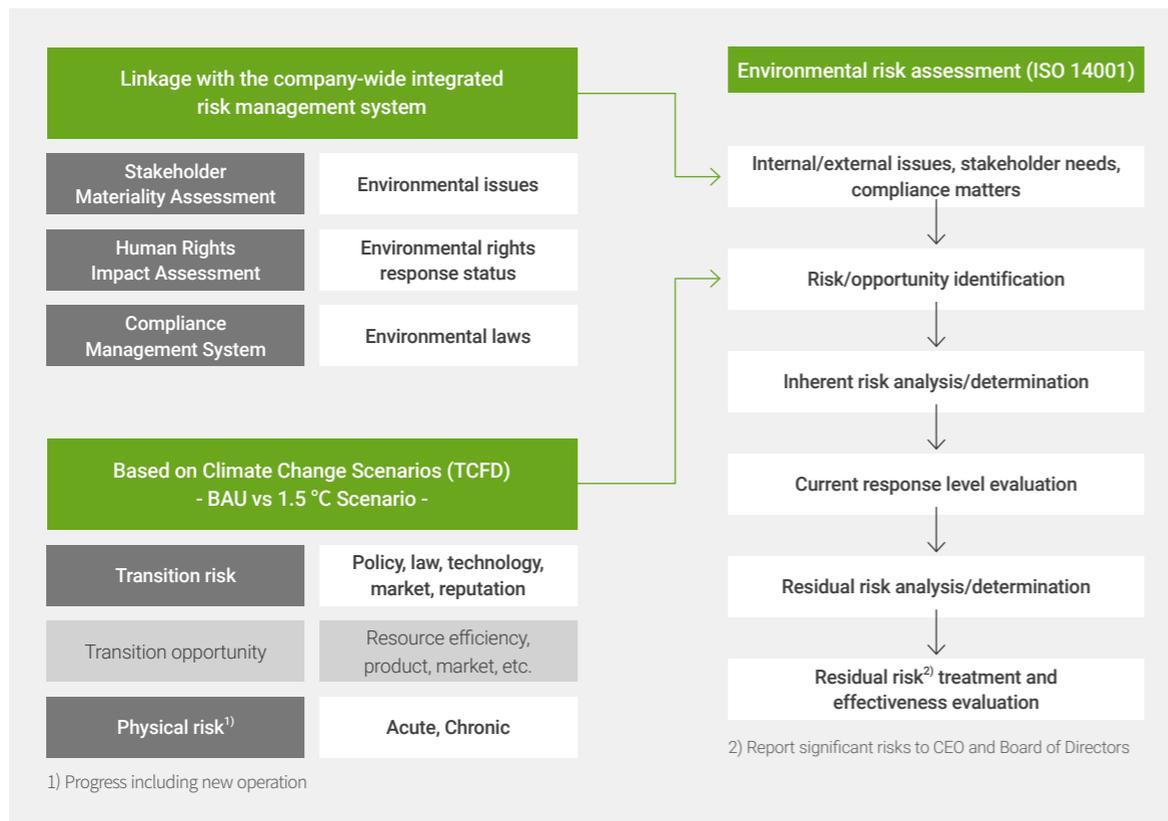
2030 Ambition:
Achieving contribution goals of reducing 200 million tons of global carbon emissions

Risk Management

Risk Management System for Environmental/Climate Risks

Environmental Management System (ISO 14001) and integrated enterprise-wide risk management system, SK Inc. identifies, prevents, and evaluates climate risks proactively. The suitability and effectiveness of risk assessment are validated through annual internal and external audits. Significant risks are reported to the CEO and the board of directors to ensure a company-wide response. In 2023, the company plans to integrate the environmental/climate risk management system into the enterprise-wide risk management system based on ISO 31000 guidelines.

Environmental/Climate Risk Management Process



Value Chain Climate Risk Management

SK Inc. identifies transition risks and physical risk factors and manages climate risks from suppliers, customers, and investment companies, with a focus on managing Scope 3 emissions and expanding environmentally friendly business activities.

Upstream (Suppliers)	Downstream (Investors)
<p>We are conducting support activities to enhance the environmental management level of our partner companies through ESG (Environmental, Social, Governance) initiatives (See P. 95 for details). </p> <p>In particular, we are focusing on engagement activities to reduce greenhouse gas emissions, with a key focus on upstream activities related to HW/NW equipment manufacturing. By 2023, we aim to refine our climate risk management system in the supply chain, including eco-friendly product certifications, Life Cycle Assessment (LCA) information, and Business Continuity Planning (BCP) related to climate risks.</p>	<p>Starting from 2022, we have initiated climate risk exposure management for investment companies. This involves financial analysis that considers the exposed risks, the costs required for mitigation goals, and the comparison of actual climate risk costs and operating profit ratios, taking into account market prices and cost structures. Furthermore, we plan to continuously enhance downstream climate risk management by expanding the scope of our management and strengthening our methodologies.</p>

Metrics & Targets | Climate-related Management Indicators and Goals of SK Inc.

SK Inc. manages greenhouse gas (GHG) and energy indicators as key performance indicators (KPIs) aligned with the Net Zero 2040/RE100 2040 roadmap. It strengthens the management of indicators throughout the value chain by integrating them with Scope 3 engagement and environmentally friendly business operations.

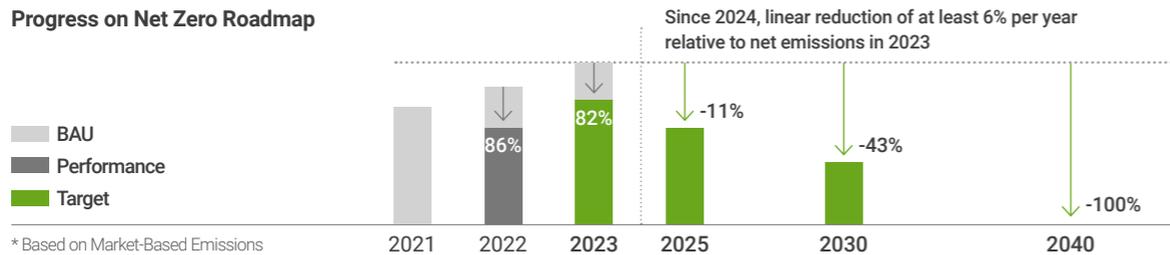
GHG Emissions and Energy Management

SK Inc. measures and monitors greenhouse gas (GHG) emissions on a monthly basis at each of its facilities. These measurements are utilized for performance management and assessment, including the use of Net Zero key performance indicators (KPIs). The calculation of GHG emissions follows the guidelines provided by the government's "Guidelines for Managing Energy Targets Related to GHG Emissions" and the Korea District Heating Corporation guidelines. The company ensures the accuracy and reliability of GHG indicators and performance by adhering to internationally recognized standards and frameworks, including the IPCC Guidelines 2006, WRI/WBCSD GHG Protocol 2004, ISO 14064-3 2006, ISO 14001, and relevant national regulations governing the allocation and trading of GHG emissions allowances. These indicators and performance data undergo third-party verification to validate their integrity.

Greenhouse Gas Reduction Target (Net Zero) and Performance

Long-Term target	Achieving Scope 1+2 Net Zero by 2040
Near-Term target	Annual increase in reduction amount compared to BAU by 2023: 10% in 2022 (14% in performance) → 18% target in 2023 Absolute reduction of 6% or more every year from 2024 to 2023 (SBTi target submission/verification scheduled for 2024)

Progress on Net Zero Roadmap



* Based on Market-Based Emissions

Increasing in reduction compared to BAU every year since Net Zero 2040 declaration in 2021 (by 2023)

Annual Greenhouse Gas Emissions by Scope 1&2 Fuel

Location-based emission standards [Unit: tCO₂eq]

Classification	2019	2020	2021	2022
Scope 1+2 emissions (total)	63,978	64,014	86,109	109,207
Scope 1				
Subtotal	121	206	1,432	1,431
City gas	89	68	523	526
Diesel	32	138	100	162
Gasoline	-	-	738	687
Propane	-	-	71	56
Scope 2				
Subtotal	63,857	63,808	85,677	107,782*
Power	63,531	63,550	84,166	107,091
District heating	326	258	511	692

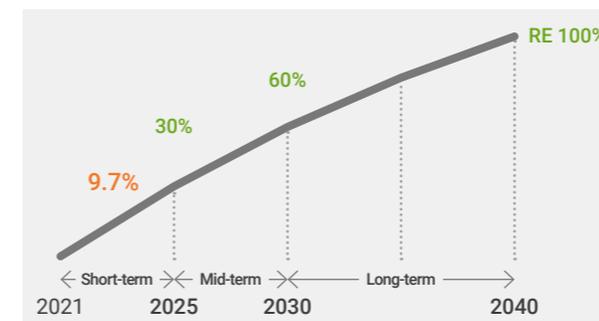
* Absolute increase in 2022 due to the increase in power consumption due to the expansion of the upper surface of the Data Center

※ The sum of greenhouse gas emissions above is based on the guidelines for reporting and certification of greenhouse gas emissions trading system. Therefore, there may be a difference from the total value for each detailed energy source.

Renewable Energy Transition Target (RE100) and Performance

Long-Term target	Transition 100% of electricity use to renewable energy by 2040
Near-Term target	Transition 30% of electricity use to renewable energy by 2025 Transition 60% of electricity use to renewable energy by 2030

Progress on RE100 Roadmap



Year	Target	Performance
2021	3%	3.2%
2022	9%	9.7%
2023	16%	-
2025	30%	-
2030	60%	-
2040	100%	-

[unit: TJ]

Classification	2019	2020	2021	2022
Sum	1,319	1,340	1,795	2,283
Power				
Demand (A)	1,348	1,375	1,880	2,282
Reduced amount (B)	41	46	122	41
Usage (A-B)	1,307	1,329	1,758	2,241
RE %	0.2%	0.3%	3.3%	9.7%
Other than power	12	11	37	42

Metrics & Targets | Climate-related Management Indicators and Goals of SK Inc.

Scope 3 Management

SK Inc. expands the scope of Scope 3 measurement annually, and since 2022, it calculates and discloses emissions for all categories applicable to the company. In particular, we strengthen Value Chain Engagement with investment companies and suppliers associated with the 'Investments' category, which accounts for over 90% of the total Scope 3 emissions. This includes our enhancing engagement with suppliers involved in purchasing, usage, and disposal processes.

Long-Term goal	Targeting 90% reduction in total Scope 3 emissions by 2050 compared to 2021 (Promoting to achieve 2050-a Net Zero at the SK group level, including major SK member companies by 2050)
Near-Term target*	(Upstream) Establishing SBT (Science-Based Greenhouse Gas Reduction Target) for more than 50% of Category 1,2 (purchasing/capital goods) related suppliers by 2025 (Downstream) Reducing 30% in Category 15 (investment) emissions compared to the base year by 2030

* Base year 2021 (according to the SBTi guide, SBTi targets for 2024 will be submitted/verified after reviewing base year and targets)

Scope 3 Category GHG Emissions (Unit: tCO₂e)

Classification		2019	2020	2021	2022
Sum	Scope 3 Total Emissions	5,464	5,637	13,391,021	11,529,818
Upstream	Purchased Products & Services	First report in 2021	First report in 2021	7,480	7,854
	Capital goods	First report in 2021	First report in 2021	2,588	1,840
	Fuel & Energy not included in Scope 1,2	First report in 2021	First report in 2021	84	8,402
	Transportation & Distribution	11	12	12	7
	Waste generated during operation	11	12	30	1
	Business travel	696	914	896	2,129
	Employee commuting	8	8	3,324	1,900
	Leased property	4,738	4,691	Included in Scope 2 from 2021	-
Downstream	Product use	First report in 2021	First report in 2021	56,442	61,926
	Product disposal	First report in 2021	First report in 2021	265	291
	Investment ¹⁾	First report in 2021	First report in 2021	13,319,899	11,445,468

1) Calculated by expanding the scope of collection and public disclosure of major subsidiaries among investment companies to 14 subsidiaries

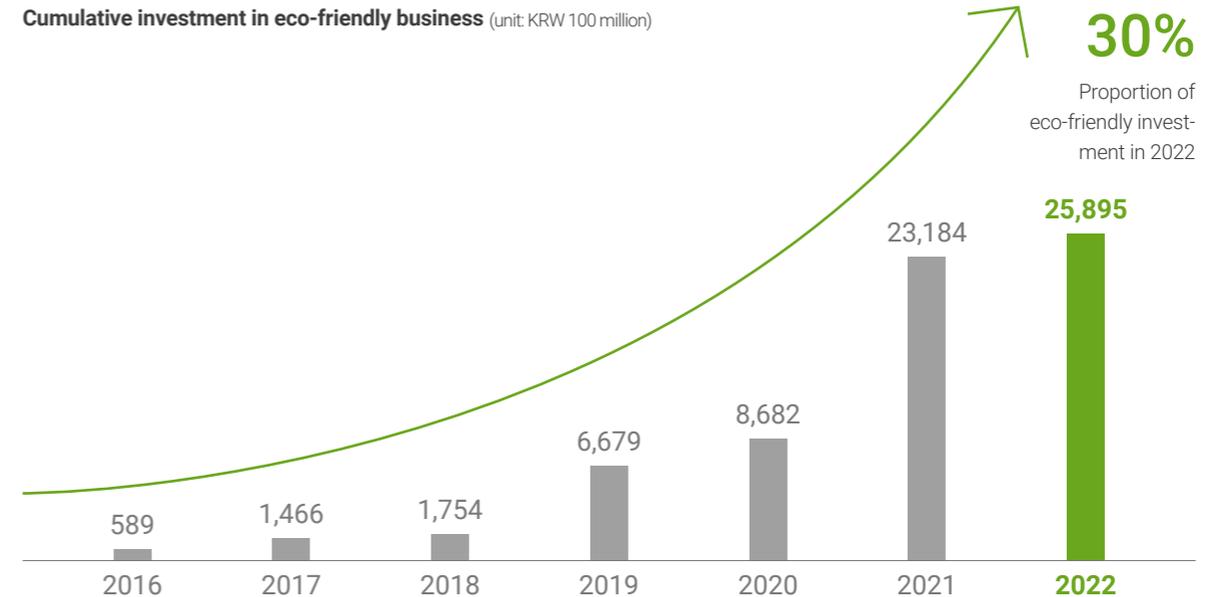
Scope 3 and Value Chain Engagement Management Details

	KPI	Implementation Details
2021	<ul style="list-style-type: none"> Additional expansion of Scope3 emission calculation categories to 3 or more Engagement for suppliers (Direct receipt of greenhouse gas management information data from suppliers, etc.) 	<ul style="list-style-type: none"> Calculating all categories applicable to our company (6 → 11 in 2021) GHG data from manufacturers accounting for more than 70% of our HW purchases, and establishing KPIs for environmental management of suppliers Including environmental management level in evaluation of integrated purchasing companies, etc.
2022	<ul style="list-style-type: none"> Advancing Scope 3 calculation (expansion of calculation scope for investment items) Reinforcing engagement with suppliers, management of SBT establishment rate 	<ul style="list-style-type: none"> Adding major direct subsidiaries, SK Powertech and SK Pinx Sending out letters of recommendation for SBT establishment to major suppliers/ Including SBT establishment recommendations in the Supplier Code of Conduct

Managing the Proportion of Eco-friendly Investment

With a strong sense of mission to lead the low-carbon era, SK Group has established a goal to reduce approximately 200 million tons of CO₂ by 2030, which accounts for 1% of the global carbon reduction target. To achieve this, SK Inc. actively invests in environmentally friendly businesses for climate change adaptation and green transition, carbon emission reduction, and decarbonization solutions to contribute to global Net Zero and SK's carbon neutrality. As of 2022, SK Inc. allocates 30% of its direct investment in growth areas to environmentally friendly businesses, expanding its green portfolio. Going forward, SK will continue to proactively invest in environmentally friendly businesses and technologies, and enhance collaboration among SK Group's green businesses to drive the growth of the green economy.

Cumulative investment in eco-friendly business (unit: KRW 100 million)



Share of eco-friendly business investment

2019	2020	2021	2022
16%	21%	29%	30%

* The share of investments in companies engaged in business related to the Korean green taxonomy among new investments since the declaration of an integrated holding company (2015).

Best Practice | Different Practices for One Goal



SK Innovation

Preemptively Introducing Internal Carbon Pricing

SK Innovation has taken steps to secure a business management system that reflects carbon pricing in response to the forecasted rise in future carbon prices. They have implemented an Internal Carbon Pricing (ICP) mechanism to comprehensively evaluate investment feasibility and improve the investment review process.

For all strategic investment proposals presented to the investment committee, SK Innovation measures the change in carbon emissions (Scope 1, 2 greenhouse gases) and adjusts the priority of investment proposals by factoring in future carbon prices as a cost. This approach goes beyond the traditional economic value-based investment evaluation and incorporates a comprehensive perspective that considers future carbon prices. It aligns with SK Innovation's ESG management philosophy, demonstrating a commitment to actively reduce carbon emissions in new business initiatives.

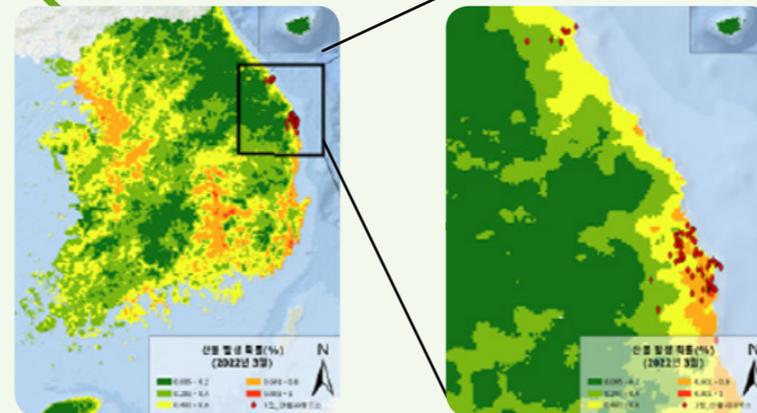
SK Innovation will continue to set and implement internal carbon prices at reasonable levels to achieve not only the effective implementation of the Net Zero Roadmap but also the discovery and execution of new eco-friendly and low-carbon businesses.

SK Telecom

Establishing Physical Risk Response Strategy

As rapid climate change continues to increase the likelihood of wildfires, landslides, extreme heatwaves, heavy rainfall, and heavy snowfall, the physical risks to SK Telecom's key assets, such as communication infrastructure, are also growing. In order to minimize related economic losses, SK Telecom has proactively addressed the potential impacts of severe climate change events on its communication equipment from 2030 to 2050, based on the RCP scenario. This effort has led to the development of the 'SKT Climate Change Physical Risk Map,' which analyzes and predicts the physical risks and their magnitude. To further refine the risk analysis, in 2023, SK Telecom is undertaking a more detailed risk assessment based on the SSP scenario, applying a granular analysis approach. This new assessment also considers the installation altitude of the actual equipment, providing a more comprehensive evaluation of the physical risks associated with different climate factors.

Based on the results of the 2022 physical risk assessment, SK Telecom has formulated medium-term climate adaptation strategies for the next 3 to 10 years. Additionally, long-term strategies beyond the next 10 years are also under development.



SK Networks

Building an Eco-Friendly Mobility Ecosystem Using ECO Parts

SK Networks provides economic benefits to customers and reduces loss ratios for insurance companies by supplying ECO parts in the automotive aftermarket. Moreover, it creates value for various stakeholders by contributing to environmental protection through resource recycling.

The ECO parts business involves recycling and redistributing reusable bumpers, doors, trunks, and other components from accident-damaged vehicles, establishing an eco-friendly resource circulation business model that promotes new resource utilization and waste reduction.

Leveraging the trust built over the years in the domestic automotive parts industry, SK Networks takes the lead in establishing a resource circulation ecosystem in the automotive parts market by signing agreements for "imported car ECO parts supply" with major insurance companies.

Currently, the product lineup covers 53 different car models, with plans to continuously expand the offerings in the future.



Best Practice | Different Practices for One Goal

SK Biopharmaceuticals

Reinforcement of Medical Waste Discharge Management

SK Biopharmaceuticals transparently manages medical waste discharge information and strengthens related management to ensure safe medical waste treatment. Among the designated laboratory wastes, medical wastes must be discharged by being clearly separated from other types of designated wastes after removing their biological activity in accordance with the Act on 'Genetically Modified and Transboundary Movement of Organisms'. Therefore, we are doing our best to process medical waste legally and safely to ensure the safety and health of all workers and minimize the impact on the ecosystem from the discharge of medical waste to the final treatment stage outside the business site. In October 2022, we strengthened the verification of medical waste generators by introducing a certification method that involves installing beacon tags. With this method, the information of the medical waste generator can be automatically recognized during the transfer and handover of medical waste using a portable reader. By implementing this system, we strictly adhere to the medical waste management receiving process.



SK IE Technology

Expansion of Renewable Energy Use to Achieve 2030 RE100

The procurement of renewable energy is a crucial task in terms of carbon reduction, as the battery material production process accounts for approximately 70% of the total greenhouse gas emissions due to indirect emissions from power consumption. In line with this, SK Innovation joined the RE100 initiative in September 2021 and set the goal of achieving a 60% renewable energy usage ratio for all global facilities by 2025 and complete transition to 100% renewable energy by 2030. The Gumi and Cheongju plants in Korea and the SK hi-tech battery materials Poland (SKBMP) are already operating with a 100% conversion to renewable energy through the Green Pricing system. Moreover, the company purchases Renewable Energy Certificates (RECs), utilizes on-site solar power generation facilities, and is also considering Power Purchase Agreement (PPA) options for securing a stable supply of renewable energy in the long term.

Thanks to these efforts, in 2022, SK IE Technology sourced 55.5% of its total energy consumption from renewable sources, achieving a greenhouse gas reduction of 109,428 tCO₂e. Going forward, we aim to derive an optimal renewable energy portfolio from a global integrated perspective, considering the renewable energy policies and power price trends in each country, and comparing various implementation methods to progressively expand the renewable energy usage ratio. Our ultimate goal is to achieve early completion of the RE100 commitment.



**Independently and Together,
SK advances towards
sustainable business**

Social



- 1 Employees
- 2 Safety and Health
- 3 Human Rights Management
- 4 Mutual Growth and Supply Chain
- 5 Service Quality and Reliability
- 6 Information Security
- 7 Social Contribution



1 Employees

Securing and Nurturing Talent

Reorganizing the company-wide development system and creating a learning culture to strengthen business competitiveness as a Digital ITS Partner

Roadmap	2023	2025	2030
Target	Advancing company-wide competency development system through establishment of C&C College	Securing customer trust by fostering talents who can preemptively respond to market changes	Securing business and technological capabilities as the No.1 digital partner in Korea
Action plan	<ul style="list-style-type: none"> Reestablishing customer/market needs-oriented competency development system Establishing competency development guides for each stage centered on required competencies 	<ul style="list-style-type: none"> Continuously advancing the college system aligned with market changes Disseminating unique experience and know-how through the establishment of an in-house competency sharing system 	<ul style="list-style-type: none"> Continuously developing/supporting top-notch technical experts capable of demonstrating internal/external technological leadership and establishing industry standards

Key Point

- Systematically fostering experts who help customers innovate their business based on the best technology
 - Proving a systematic talent development and growth guide to address customers' Pain Points and drive Biz.Model innovation
 - Establishing a shared space where the know-how and capabilities accumulated through projects can be spread to all members

Achievement

Performance of Competency Development Program

- Encouraging participation of all employees through various programs for career/competence development of employees

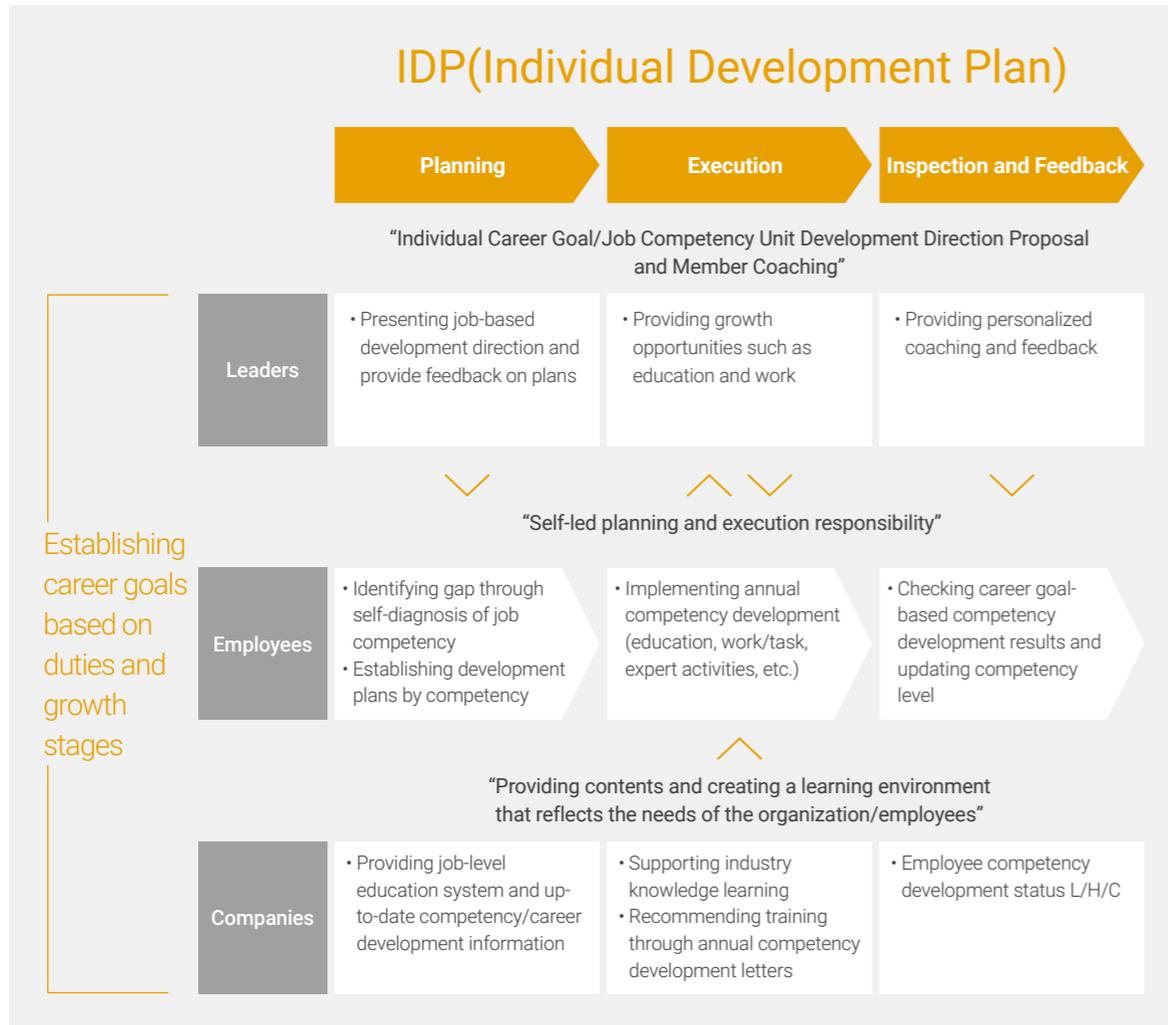
Program	2022 Participation Performance	Impact
Cultivating professional competency	<p>[Developing experts] Tech./Biz. Fostering a total of 409 people in 11 areas (cumulative 1,082 people)</p> <p>[Practical competency development] A total of 85 courses (150 classes), 2,435 students completed</p>	Average Education Satisfaction 4.3 points (on a scale of 5)
Open Lab	Operated 23 times, 3,957 participants	Average Education Satisfaction 4.3 points (on a scale of 5)
LCL(Learning Collabo Lab)	23 labs, 118 participants	
Biz. Farm	18 topics, 49 participants	
Supporting Certification Acquisition/Maintenance	334 new license acquisition cases, average 3.2 cases per person (11,139 cumulative cases, total of 3,507 people with one or more acquisitions)	

Management



Job-based Self-led Competency Development

- Employees, establishing annual competency development goals and plans to achieve their career goals.
- The company and leaders, providing systematic growth guidance and active coaching to help employees achieve their career goals.



Key Competency Development Programs

Program name		Main educational contents
mySUNI (group common)		SK Group’s common online education platform, consisting of categories based on various topics, provides a learning environment with free access to employees without time and space constraints.
Self-led Fostering		Supporting educational expenses (member Learning Account) that can be used by each member and a customized site for book-based learning, such as ‘Bukjeok Bukjeok’
Job competency training		Intensive training of digital ITS experts who can resolve customer pain points and operation of hands-on-oriented performance/quality specialized courses (practical courses/expert courses)
LCL (Learning Collabo Lab)		Operating voluntary learning groups where employees of various functions such as tech., marketing, sales, project management, and staff gather to conduct research and development
Open Lab		Seminars aligned with business needs, such as market trends, industry/domain knowledge, and use cases
Leadership course		Implementing leadership diagnosis, education/seminar, coaching, and organizational development programs, etc., focusing on the areas of Leading Biz, Leading People, Leading Organization, and Leading myself
Language education	Language Intensive Course	Business situation-oriented language courses for employees (English, Chinese, Japanese, etc.)
	Telephone/Video Foreign Language	Foreign language speaking competency strengthening program using phone/video education
Certification Acquisition/Maintenance Support		Providing certification acquisition and maintenance programs and expenses to those who are to be fostered as strategic digital experts and employees who need to acquire certification/certification for work
Job Community		Operating an online community (Do Learn Do Learn) that supports knowledge sharing and problem solving by job function

※ In the second half of 2023, the capacity development system will be reorganized into the C&C College system

Job Competency Training

- Providing a variety of project- and problem-solving-oriented training courses to quickly respond to changes in IT technology and customer environments, and provide digital-based ITS services based on this.



Major fostering programs

Classification	Fostering areas		Major Contents
Nurturing experts	Technology convergence	Digital Archi.	Customized training according to Biz experience and possessed technology
		Cloud Archi.	Fostering project-based internal/external technical expert coaching connections
		Data Science	Dual Track training based on data analysis and engineer capabilities
	Cloud	Cloud App. Eng.	Fostering HR to be available in actual practice/ projects immediately (in connection with CSP company training)
		Cloud Platform Eng.	Lab task performance for each IaaS/PaaS area based on expert coaching
	Data	Data analyzing & ML/DL	Fostering experts through open data or field data analysis process
		Data Eng.	Fostering through work by pairing with a mentor
	AI service		
	Blockchain service		
	Fostering practical skills	AI/Big Data	
Cloud			
SW Eng.			
Biz. (business development, marketing)		Providing customized programs for each level through preliminary competency diagnosis and supports external expert coaching	
PM/Business management		Providing personalized education through preliminary competency diagnosis and performing scenario-based assignments	

Job Competency Fostering Performance

- Operation projects and task-oriented expert development programs to nurture digital experts who can lead customers - 2022 Digital Tech/Biz. Fostering 409 experts* (cumulative 1,082)

* A level at which the technology can be applied/problem-solved and disseminated internally

- Establishing/operating 'short-term development program' centered on basic skills based on business direction and required competencies of employees

① Expert training performance (cumulative scale, unit: persons)

Classification		2020	2021	2022		
				New fostering	Cumulative	
Digital Tech. expert	Technology convergence	Digital Archi.	1	21	14	35
		Cloud Archi.	36	67	37	104
		Data Scientist	-	20	6	26
	Cloud	Cloud App. Eng.	87	147	74	221
		Cloud Platform Eng.	143	177	74	261
	Data	Data analyzing & ML/DL	128	144	45	189
		Data Eng.	44	41	6	47
	AI Svc.		41	41	5	46
	Blockchain Svc.		17	15	-	15
	Subtotal		497	673	261	934
Digital Biz. expert	Business development/consultancy		Introduced new programs in 2022		71	71
	Product Mgmt.				18	18
	Large/Next Generation Project Mgmt.				59	59
	Subtotal		-	-	148	148
Total		497	673	409	1,082	

② Result of Fostering Practical Competency (Unit: persons)

Classification	2021	2022	Total
AI/Big data	421	413	834
Cloud	556	988	1,544
SW Eng.	-	294	294
Biz (business development, marketing)	-	282	282
PM/Business management	-	458	458
Total	977	2,435	3,412

Employee Performance Management

Employees Development Platform

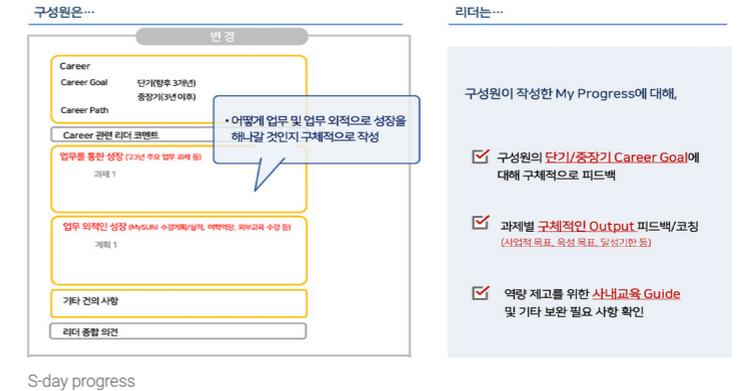
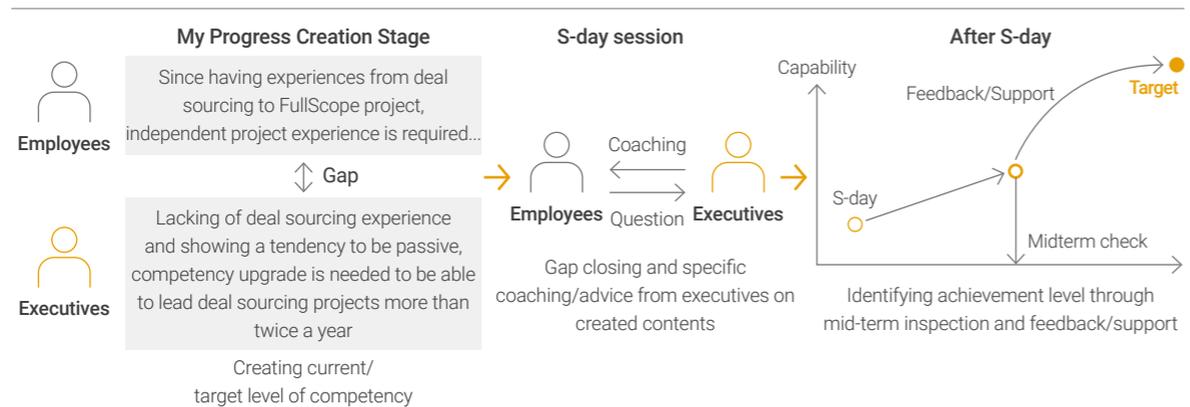
- SK Inc.'s unique member platform consists of S-Day and Talent Session.
- Conducting competency evaluation from the perspective of member growth/nurturing to maximize collaboration among members and enable various and objective evaluations of individual expertise/performance
- MBO (Management By Objectives)-based performance evaluation, 360° multi-faceted evaluation (leader evaluation/peer evaluation), regular feedback session between leader and team members



① S-day (employees 1 on 1 coaching, evaluation system)

- 1 on 1 Coaching Session with leaders for career/performance management of employees
- Leaders and team members are free to share content and feedback on career development, job performance, and capacity building
- At the beginning of the year, employees setting their own career goals/work plans, and leaders providing career coaching based on each employees' career plan.
- At the end of the year, reviewing the competencies and performance of the members to present specific feedback for personal growth, and confirming support/supplements to enhance competencies
- Twice a year (Mar, Oct)

Examples of progress



② Talent Session

- Discussing the next year's organization operation plan between the CEO and leaders (executives)
- Establishing member development/transfer plans by reviewing the career plans of employees confirmed through S-Day interviews at the company level and considering the required capabilities for each organization
- Conducted twice a year (June, November)

③ Reward

- Providing differentiated compensation according to performance through the operation of various performance compensation systems for all employees

Compensation system	Details
Salary	Operating an annual salary system based on career level to provide motivation for performance in connection with evaluation and to continuously secure job expertise
Incentive Bonus	Operating a performance-based compensation system through the PS (Profit Share) system, which distributes excess profits from annual management performance with employees, and the TI (Target Incentive) system, which provides incentives according to KPI achievement
CEO Recognition	Selecting/rewarding a role model who contributes to the growth of the company and serves as an example for colleagues
Competency Program Recognition	Bizfarm/TCL (Tech. Collabo Lab) prize money and prizes for excellent teams
Domestic/overseas training support	Opportunity to participate in major conferences and development programs for outstanding talent

* The system related to employee stock ownership options (such as ESOP - Employee Stock Ownership Plan and ESPP - Employee Stock Purchase Plan) is currently not in effect. However, we are considering its implementation or expansion in the future.

Work & Life Balance

Creating a corporate culture that supports the work-life balance of employees and improves the quality of life, enabling them to continue and carry out their work life

Roadmap

	2023	2025	2030
Target	Full-scale implementation of Work-Life Balance (WLB) priority areas for employees.	Advancing global top tier level WLB policy	Settlement of Employees-led WLB culture
Action plan	<ul style="list-style-type: none"> Enhancing self-led work environment to increase work efficiency and create an immersive environment Establishing action plans considering three perspectives of time/space/work system 	<ul style="list-style-type: none"> Expanding the concept of employees → Establishing a global top-tier employee family care program 	<ul style="list-style-type: none"> Establishing/proliferating self-led work method innovation plans Establishing a self-led corporate culture through a platform to strengthen employee communication

Key Point

Employee WLB Promotion Policy

- Creating a culture of employee WLB (Work & Life Balance)
 - SK Inc. establishes health and welfare policies for all employees (including regular and contract workers) with the aim of ensuring stability in both work and home life. By referring to the feedback from employee voices and survey results, the company selects priority areas for improving the work environment and implements advanced systems to enable employees to work more enthusiastically.
 - Implementing employee-led Work & Life Balance culture creation/proliferation through communication
- Employee WLB 3 priority areas selection/execution in earnest
 - Reinforcing employees' self-led work environment
 - Expanding support for stable living after retirement
 - Reinforcing care for employees' families
- Employee self-led work environment improvement establishment of specific action plan

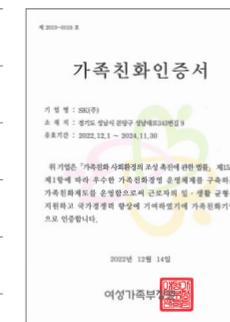
Space	Expanding base/shared office in terms of improving commuting and work environment considering customer location, etc.
Hour	Expanding various work types such as flexible/telecommuting in consideration of business/work characteristics of each organization
Working system	Continuously reinforcing remote work environment through digital environment upgrade

Achievement

- Operating various welfare programs to improve the work & life balance of employees
→ Measuring the effectiveness of the support system (2nd Life satisfaction/employment rate), measuring happiness/satisfaction through employee surveys
- SK Inc. promotes various activities with the goal of creating a family-friendly and happy workplace where work and family can balance in harmony, improves the quality of life of employees, and maintains the certification as an excellent family-friendly company since 2013.

Welfare system

Health	Medical expenses, health checkup, group accident insurance, support for purchase of eco-friendly agricultural products, etc.
Life stability	In-house loans (house purchase/rental, livelihood stabilization funds), communication expenses, lunch point support
Congratulations and condolences support for employees	Supporting for congratulations and condolences, support for congratulations and condolences consumables
Refresh/Leisure	Clubs (sports, hobbies, etc.), resort support, long service reward leave, etc.
Childbirth/Parenting	Baby reception program, operation of breastfeeding room, support for school expenses for children, etc.
Welfare facilities	Daycare center, infirmary, health center, refresh room operation, etc.
Senior support	2nd Life support system, retirement pension system

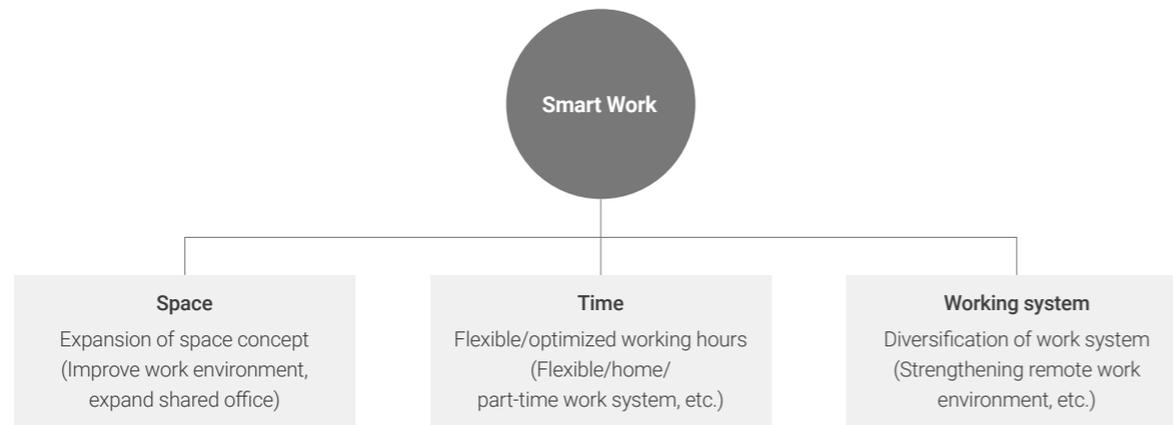


Family Friendly Certificate

Employee WLB Support Program

① Reinforcing Self-directed Work Environment for Employees

- Expanding the need for innovation in employee health management and working methods due to the spread of the pandemic situation caused by COVID-19
- Accordingly, we actively introduce the Smart Work system to increase organizational efficiency and lay the foundation for employees' self-complete work.



Flexible working hours (Optional working hour system)	• Supporting employees to manage their working hours according to circumstances by introducing a selective working hour system that allows employees to freely choose their working hours for study, childcare, family care, etc.
Working-from-home arrangements (Anywhere But Connected)	• As a non-face-to-face work method that allows workers to work anywhere efficiently, such as at home, the ABC system, introduced during the COVID-19 period, were used by an average of more than 40% of employees over the three-year period from 2020 to 2022. • Continuously encouraging the ABC System to respect employees' free ways of working even after COVID-19
Operating an external base office	• For employees who wish to work from home but do not have a suitable home office setup, providing workspaces in close proximity to their residences. This initiative supports the balance between work and home life and promotes increased work efficiency.
Part-time working options	• Operating part-time work and recruitment of workers in accordance with the Act on the Protection of Fixed-term and Part-time Workers, etc.

② Strengthen Family Benefits and Care

Operation of an in-house daycare center (childcare facilities)	• Operated to prevent employee career interruption due to childcare and to strengthen work engagement - For children aged 1 to 4, full support for daycare center operation costs
Support for school expenses for children	• Support work-life balance for employees by reducing the financial burden for children's education - For children aged 5 to college students
Elementary school/University/CSAT Entrance gift for examinees children	• Paid to celebrate the growth and school entrance of employees' children
Support for special education expenses for children with disabilities	• 100% support for special education expenses for children with disabilities until age 25
Operation of family care program	• Support family care for illness, accidents, etc.; Providing consideration at the company level so that employees' careers can continue - Family care leave (10 days) / Leave of absence (up to 1 year) / Short work (up to 2 years) - Elementary childcare leave (up to 6 months) - Family-related counseling support (parenting, couples, domestic violence, etc.)
Support for family events	• Bonus to celebrate the congratulations of a member's family - Parents' 60th birthday/70th/80th birthday, brother/sister marriage, childbirth/marriage
Providing consolation for the loss of family employees.	• Supporting congratulatory money/consumables for congratulations and condolences, congratulatory and condolence leave, and support for counseling after a family bereavement

Employee WLB Support Program

③ Reinforcing Breast-feeding/Lactation Facilities or Benefits

Parental leave	Leave of absence for childrearing for male/female employees with children under the age of 8 (Major welfare programs such as medical expenses are maintained even during parental leave) <ul style="list-style-type: none"> • Paid parental leave period for the primary caregiver: 1 year • Paid parental leave period for the non-primary caregiver : 1 year
Spouse maternity leave	Support for postpartum care such as psychological stability and recovery of spouse (up to 10 days)
Infertility treatment support	Leave for infertility treatment (up to 9 days) / Leave of absence (up to 1 year)
Miscarriage leave	Leave for mental stability and recovery support (up to 90 days)
Reduction of working hours	<ul style="list-style-type: none"> • Pregnancy period: Reduced working hours for employees within 12 weeks of pregnancy and after 36 weeks of pregnancy • Parenting and family care: Implementation of reduced work hours for applicants
Babysitting program	Pink ID card necklace and congratulatory gift provided to pregnant employees
Breastfeeding/ Sparing Facilities	Providing independent breastfeeding lounge, refrigerators and massage machines for breast milk rooms

- Other diverse support for smooth return to work through discussions on the career path of employees after parental leave is in progress.
- Awarded the 2023 Presidential Commendation in the category of excellent companies for equal employment by the Ministry of Employment and Labor
 - Ranked 1st among 150 domestic companies
 - Awarded the Excellent Company Prize that takes the lead in realizing gender equality in employment to spread awareness of gender equality in employment throughout society
 - Public recognition such as expansion of employment of female employees, active promotion of maternity protection activities, and operation of daycare centers to prevent career breaks for female employees



Presidential Award for Equal Employment for Men and Women

④ Reinforcing Support for Stable Living after Retirement

- Support system for stable old age and the second stage of life for employees

Support for career counseling and aptitude exploration after retirement	Support for career exploration for retired employees after retirement
Retirement pension system	Deposits at external financial institutions, lump sum or pension payment

- As of the end of 2022, KRW 521.7 billion of the estimated retirement benefit amount was accumulated/managed in an external asset institution, ensuring stable entitlement to benefits by complying with the statutory external accumulation standard of 90%.

Estimated retirement benefit	KRW 521.7 billion
------------------------------	-------------------

- 2nd- Life Support
 - Granted 2nd-Life preparation period before retirement: 5 months to participate in the transfer support service (not attending work) + 1 month vacation
 - Support for participation in transfer support services: Selection of participating companies reflecting individual intentions of members and support for participation in programs (reemployment/start-up/lifetime design training, etc.)
 - Operation of a re-employment program for members who need to carry out continuous work due to having excellent competency and retirement age
- Assessing Support Program Performance
 - 40% of retirement participants succeed in finding jobs in 2022

Classification	Performance
Participants	10 based on retirees in 2022
Satisfaction	score of 4.7 (out of 5)
Employment and start-up rate	40% (4 people employed)

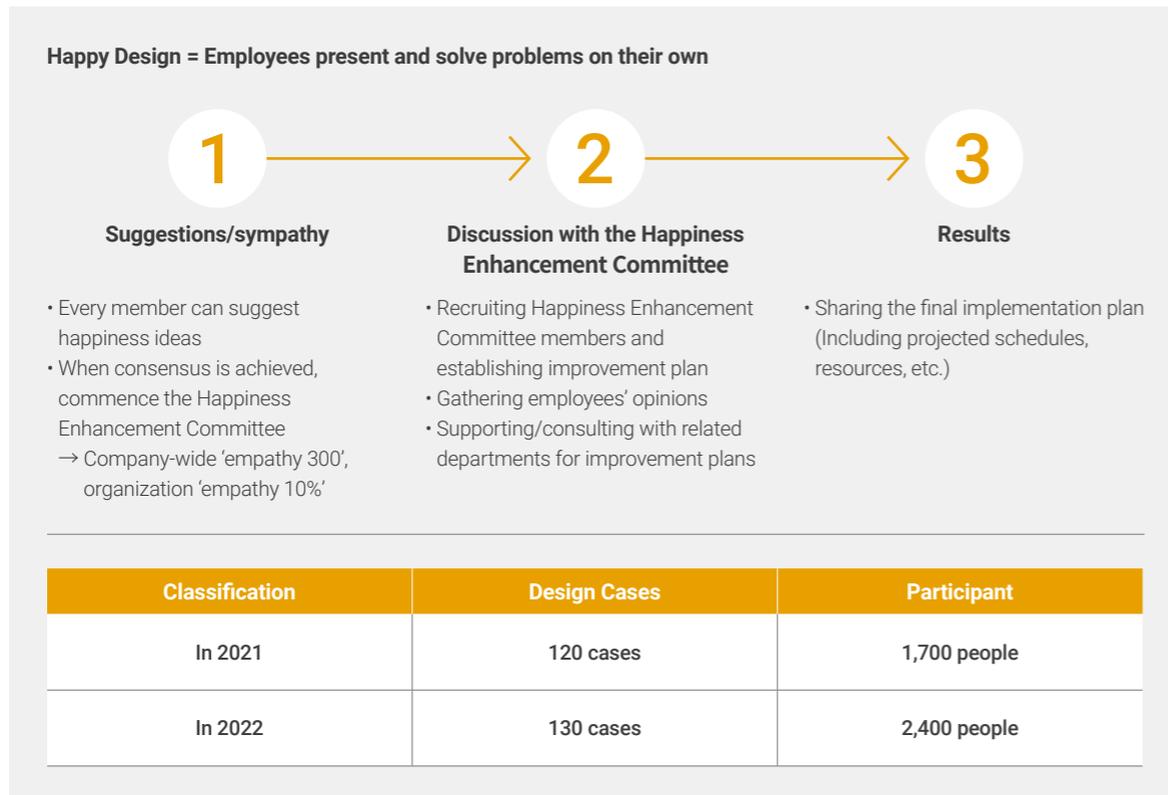


Information on the former support program

Creating a Culture of Happiness for Employees

Employees-led Happiness Design

- Operating the employees-led happiness design system to promote happiness, such as innovating the way we work and improving WLB
 - Promoting voluntary participation from employees throughout the proposal to execution phase, based on the needs for innovation in the organization's working methods and not only for their own happiness but also for the enhancement of employee engagement.
- Developed a job stress test for employees and opened in July 2022, linked with internal/external stress counseling upon request from members (A total of 754 stress tests were conducted as of April 2023)
 - Supporting member-led happiness design by revising safety/health related company regulations to reduce job stress



* In 2022, a total of 97 cases were adopted and happiness design was implemented, including the enactment of ground rules for sending e-mails and organizing book review broadcasting programs.

Employee-led Organizational Unit Pursuit of Happiness

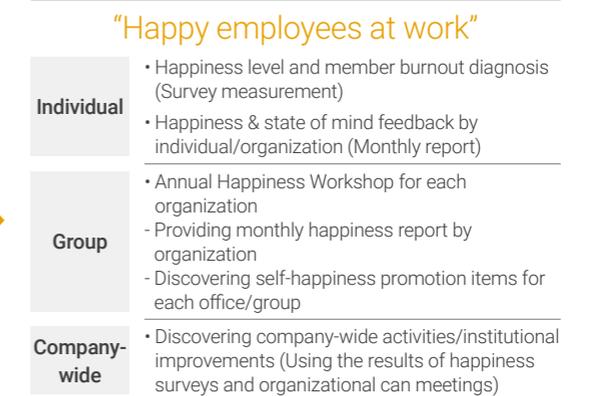
Creating a culture of happiness led by employees creating 'with us'

Happiness Map Framework



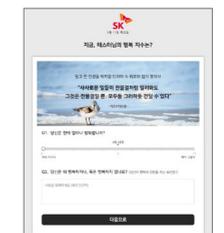
Stable life base

Mgmt. System



① Happiness Data Management

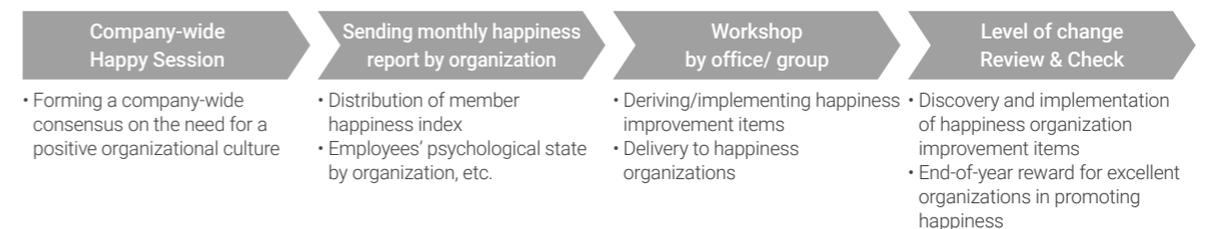
- Since June 2020, all employees have conducted a happiness survey before starting work
- Consisting of questionnaires on happiness influencing factors (subjective) in addition to happiness level (multiple choice)
- Delivering happiness levels and happiness influencing factors to individuals and leaders above office/group heads through the Monthly Happiness & Mind Chart and providing individual feedback and helping them manage the happiness of the organization on their own.



Happiness Survey screen

② Organized Happiness Workshop

Based on the results of the happiness survey, promote group/office happiness enhancement



Creating a Culture of Happiness for Employees

③ Company-wide Activity/Institutional Improvement

- Measuring the importance and satisfaction of all company-wide activities/systems experienced by employees, and identifying the top priority improvement areas with high importance but low satisfaction
- Actual system improvement centered on top-priority areas for improvement and employee training in parallel

Step 1. Measuring company-wide activities/institutions	Measuring regular/irregular activities/systems experienced by all employees
Step 2. Determining top priority areas for improvement	Determining priorities for improvement of activities/systems through IPA* analysis
Step 3. Rebuilding/Promotion/Education	Actual system improvement, member training and promotion

* Importance-Performance Analysis

Employee Happiness Chart (Example)

Happiness Index in May



Happiness Index by Week in May



Happiness Support Service

Happy MSG	Happy Counsel	Happiness Reference Book
<ul style="list-style-type: none"> • IT service to spread happiness, appreciation, recognition and praise in everyday life • Delivering messages of comfort and support anonymously to employees every morning 	<ul style="list-style-type: none"> • Psychological counseling support with professional counselors who can train employees' mind muscles • Professional counseling available in 4 areas: mental health care/happy family/happy workplace/leadership competency development • Mandatory participation of new team leaders and new transferred/recruited employees 	<ul style="list-style-type: none"> • Applying failure/success stories experienced by happiness leaders in the process of managing organizational happiness to other organizations

Employees Communication

Employee Engagement Impact Measurement

- Diagnosing employees' level of understanding and practice of SKMS management philosophy by conducting an annual employee culture survey
- Employee culture survey includes the following aspects; happiness (positive feelings at work/in the workplace, future expectations), purpose (SUPEX goal, To-be Model), job satisfaction (motivation, employment benefits) and the stress-related questions (Burnout, negative feelings at work),
After the survey, improvement activities are being carried out based on the results and collected feedback
 - Improving/maintaining the overall scores since 2020, when employees' engagement was promoted in earnest

Survey Framework

- SKMS Faith/Confidence**
- Pursuit of happiness
 - Pursuit of stakeholder happiness, etc.

- SUPEX Co. Realization**
- Setting SUPEX goals
 - Establishing To-be Model
 - Employee empathy, executive power, etc.

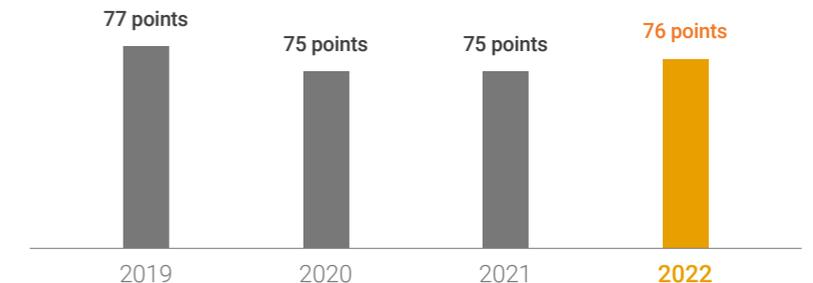
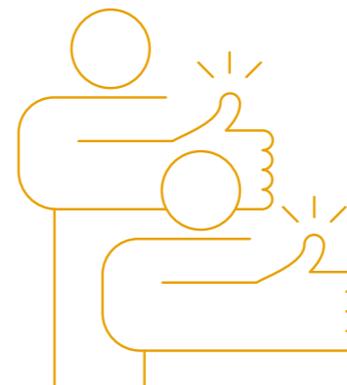


- Employee happiness**
- Happiness in work/life
 - Factors affecting happiness

- VWBE* practice and environment creation**
- Ambition, Challenge, Execution
 - Creating an environment to face challenges
 - Leaders' example, etc.

* Voluntarily Willingly Brain Engagement

Employee Engagement Impact (Culture Survey) Score 4-year Trend (including subsidiaries* on a consolidated basis)



* SK Innovation, SK Telecom, SK Networks, SKC, SK Biopharmaceuticals, SK Square, and SK IE Technology

Employees communication

Reestablishment and Internalization of Corporate Culture

- Reestablishing corporate culture to create happiness for employees themselves and drive innovation for the successful execution of Financial Story (Completed selection of core attributes 'shared value, organizational culture, leader talent')
- Implementing employee participation diagnosis survey for 'internalization of shared values', 'practice of Winning Culture', and 'reinforcement of ability to execute organizational goals' (55% response out of 3,735, reliability 95%, sampling error ± 1%p)
- Utilizing company-wide notices, in-house broadcasting, PC screen saver distribution, etc., and delivering effective messages for employees' easy understanding and taking actions.
- Each team, conducting workshop and customizing contents to suit the needs of the organization and to internalize the corporate culture



Core attributes of corporate culture 'shared values, organizational culture, leaders' prize

Employee Communication Platform

SK Inc. plans and operates various communication channels and programs to establish a pleasant organizational culture and activate communication among employees.

① Do Me a Favor Please (Tell the vice president openly)

- Developing member careers and spreading a culture of free communication through 1:1 communication between CEO and employees
- Background: Time to discuss with the CEO about topics desired by employees as a base for member applications
- Method: CEO-employee communication by various subjects

② Jihwaja

- Conducting once a month as a company-wide communication platform
- Sharing company-wide news, external lectures related to work knowledge, Beer Day, dissemination of corporate culture messages, etc.
- Strengthening communication among employees by operating various themes every month

Organizational Culture Innovation

Management Council

- SK Inc. holds a regular management council meeting attended by management and employee representatives on a quarterly basis to discuss major issues of the company and improvement of the working environment, and the proposed agreement is applied to all employees.
- In 2022, members formed a consensus on various agendas, such as <How to utilize a shared office since COVID-19> and <Introduction of a base office>

Classification	Investment Area Key Discussions
1st (March 2022)	Discussion on the way to work after COVID-19
2nd (June 2022)	Policy to utilize Seorin Office after COVID-19 Listening to employees' opinions to promote telecommuting
3rd (October 2022)	Checking the current status of work methods by organization Improving welfare system

Classification	Business Area Key Discussions
1st (February 2022)	Upgrading support for employee competency development, sharing agenda health management reinforcement plan
2nd (May 2022)	Sharing job-based HR system improvement plans, introducing the DC-type retirement pension system
3rd (August 2022)	Discussing welfare system improvement plans
4th (December 2022)	Sharing 2023 company-wide key agenda



Proceeding of the management council

2

Safety and Health



Roadmap Zero occupational disease incidence

	2023	2025	2030
Target	Operating job stress diagnosis tool and stretching reminder for VDT prevention	Advancing health management reinforcement activities by business site	Continuously implementing health management programs that understand/feel/participate employees
Action plan	Detailed implementation activities to achieve the 2023 target - Considering the characteristics of office work (low risk of physical injury), Establishing diagnosis tools such as adjustment/automation of work stress test items - Conducting additional tests and supporting counseling management for work stress, focusing on high-risk groups (ex. team leaders) and hopeful members - Operating employee health management programs for external sites		

Key Point

- Company-wide safety and health management system
 - Establishing safety and health system for employees through establishment of safety and health operation system based on group operating principles and creation of safety and health culture
- * Including all employees of the company (including commissions and contracts), contracts, services, consignment work, and special types of workers
- Establishing a company-wide health and safety management system by applying global standards and setting up risk assessment and performance management process
- Establishing occupational disease management plans
 - Establishing health examination management, occupational disease and disease management, VDT syndrome prevention and management, and job stress prevention and management plans considering the characteristics of office work (low physical injury risk)

Physical Health	VDT*	<ul style="list-style-type: none"> • Mind and body training coaching program (Online real-time training and customized coaching after COVID-19) • Implementation of VDT Syndrome Care Program * Prevention and pain management by major parts such as neck/shoulder hang, hand/back pain, etc. • Reinforcement of muscular endurance through the operation of an in-house gym • Provision of VDT Syndrome Prevention Alert Program
mental health	Job stress Care Diagnosis and consultation	<ul style="list-style-type: none"> • Job stress relief program through internal communication channels • Operation of psychological counseling room (Site Worker EAP (Employ Assistance Program) Service) • Implementation of 'Job Stress Test' based on mobile App

* Visual Display Terminal

Roadmap Zero violation of safety/health laws

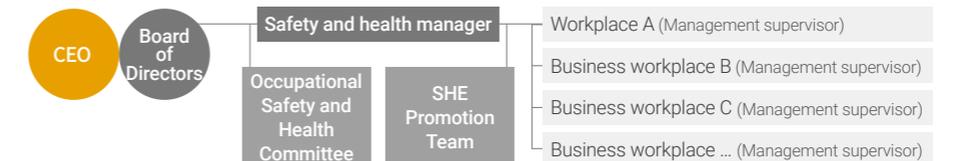
	2023	2025	2030
Target	Transition to a safety and health management system suitable for IT services	Reinforcement of safety and health participation environment and establishment of safety and health culture	Internalization of employee-led safety and health management system and continuous improvement/development
Action plan	Detailed implementation activities to achieve the 2023 target - Workplace risk assessment and improvement activities (at least once a year) - Reinforced/implemented criteria for evaluation of safety and health management manager and managerial supervisor - Advancement of supplier safety and health competency evaluation standards, inspection of implementation (semi-annually)		

Achievement

- Continuously maintained after acquiring the first global international standard ISO 45001 certification in 2021
- Establishing/implementing measures to improve hazards and prevent recurrence according to occupational safety risk assessment
- Conducting activities to prevent potential health risks for employees through job stress tests based on employee surveys and external expert opinions

Management

- Strengthening safety/health management organization and safety and health management through the operation of a dedicated safety and health organization determined by the board of directors, appointing a person in charge to oversee/manage the company's safety and health affairs, and place qualified personnel for safety/health management
- The board of directors receives reports on safety and health-related issues, and reviews the status of decision-making and management on major issues
- Under the safety and health management system, the Occupational Safety and Health Committee reviews the safety and health operating system and related issues and implements compensation links by reflecting safety and health performance in ESG KPIs within the company and divisions/centers, including the CEO, on a quarterly basis



Reinforcing Company-wide Safety and Health Management

Establishing Safety and Health Management Policy

- Establishing SK Inc.' safety and health management policy in 2021 in line with SK Group's SHE strategic direction established in 2019
- Including guidelines to manage and actively improve safety and health risks that may occur to stakeholders related to safety and health, such as SK Inc. employees, suppliers' workers, consumers, and local communities, by pursuing safety and health as the top priority based on a human-oriented management philosophy



ISO 45001 certificate Safety and health management policy

Establishing/Operating Safety and Health Management System

- Establishing safety and health management system and maintenance of ISO 45001 certification according to the need to establish safety and health management system and overall processes as a result of company-wide health and safety diagnosis
- Announcing major guidelines through the operation of the Health and Safety Portal, data sharing by organization, and notification of major agenda and contents of the Occupational Safety and Health Committee



Health and Safety Portal

* Hi-SK → ESG Management → Environment/Safety and Health Portal

Conducting Safety and Health Education

- Conducting online safety and health education to raise safety awareness among employees and minimize safety risks
- Although it is an industry subject to legal regular training exemption, it implements a customized training course tailored to the characteristics of the IT service industry to strengthen the safety capabilities of employees.
- Implementing member training for special duties (executive officers, etc.)
- In-depth training on safety and health roles for management and supervisors for team leaders
- As of 2022, 2,569 people completed regular safety training and 18 people completed ISO 45001 training

Training Contents

- | | |
|--|---|
| 1 Actions in case of an accident such as cardiac arrest | 6 Understanding Musculoskeletal Disorders |
| 2 Code of Conduct Basic Principles | 7 Work environment and health care for office workers |
| 3 Countermeasures by Accident Type | 8 Prevention of health problems caused by job stress |
| 4 First aid | 9 First aid measures by disaster type |
| 5 Understanding of the Act on Punishment for Serious Disasters, etc. | |

Reinforcing Safety and Health Inspection Activities

Safety and Health Internal Inspection Activities

- Operating the Occupational Safety and Health Committee: The Occupational Safety and Health Committee, including employee representatives, is held regularly once a quarter, deliberating/deciding safety-related matters for employees (4 times in 2022)
- Operating safety accident reporting system: Utilizing mobile app 'Happ' and hot line, operating safety and health accident reporting system such as near-miss accident, and regular employee self-inspection
- Reinforcing safety and health inspection activities in 2023
 - 2023 Safety and health performance measurement (monitoring) and data center field safety inspection plan established and progressed (enforced once a year in 2023, regular implementation semi-annually thereafter)
 - Inspection through performance evaluation of safety and health manager, etc. (half-yearly)
 - Inspection of compliance with safety and health related laws (half-yearly)
- Supporting advancement of safety and health activities of subsidiaries and suppliers

Subsidiary/Partner Safety and Health System Inspection Items

Areas	Inspection activities
Safety and health management system	<ul style="list-style-type: none"> An organization dedicated to safety and health Safety and health goals Safety and health management policy Establishment of safety and health management system
Safety and Health Implementation Capabilities	<ul style="list-style-type: none"> Safety and health budget Safety inspection and risk assessment conducted Safety and health education Safety and health operation management
Safety and health operation management	<ul style="list-style-type: none"> Whether emergency evacuation drills are planned and implemented Safety Accident Action Manual Supplier safety and health level evaluation procedure
Accident occurrence level and external certification	<ul style="list-style-type: none"> Industrial accident rate for 3 years Safety and health certification

Reinforcing Safety and Health Inspection Activities

Safety Management System Operation

- Complying with statutory obligations under the Industrial Safety and Health Act and the Severe Accident Punishment Act through an organization dedicated to safety and health

Main Content

- Establishing safety and health management goals and policies
- Conducting risk assessment inspection (once a year)
- Managing safety/health budgets
- Evaluating the performance of safety management managers, etc. (half-yearly)
- Inspecting safety and health communication for workers (half-yearly)
- Inspecting measures for imminent risks (half-yearly)
- Inspecting qualified subcontractor evaluation (half-yearly)
- Mandatory inspection of safety/health related laws (half-yearly)

- Improving workplace safety hazards and risk factors
 - Periodically implement risk assessment for all workplaces (once a year)
 - Performing occupational safety risk assessment based on its own capabilities, discover new harmful/risk factors through regular risk assessment, establish improvement plans, and implement implementation management on a regular basis
 - Identifying harmful and risk factors that may be exposed during work inside/outside the office building at each business site
 - Classifying and prioritizing according to risk estimation, identifying acceptable and acceptable/unacceptable risk factors
 - After confirming the effectiveness of harmful/risk factors in the previous year, reflecting them as current measures
 - Evaluating/reviewing the effectiveness of measures to improve harmful and risk factors
 - Measuring and evaluating improvement for risk assessment

2022 Risk Assessment Results and Implementation Measure Results

Deriving risk factors	Measures	Action fulfillment
Risk of accidents due to entry and exit of the welding work space	When the workplace is not in use, lockdown and prohibition of entry except for those concerned have been completed	Action implementation rate 100% (risk level 9 → risk level 3)
Diesel overflow accident due to diesel transfer pump electronic switch failure	Completion of additional measures for a separate shutoff valve in the pipe	Action fulfillment rate 100% (risk level 8 → risk level 4)
Risk of collision when opening the door of the elevator room dedicated to the data center	Attaching collision warning signs and conducting quarterly inspections (reflecting the building management risk checklist)	Conduct regular inspection, 0% crash accident (risk level 8 → risk level 4)
Safety accidents caused by bringing in and taking out heavy items (rooftop facilities)	Implementation of work after prior confirmation/agreement within DCSP (Data Center Service Portal)	Prior confirmation/consent fulfillment rate 100% (risk level 8 → risk level 4)

Reinforcing Supplier Safety and Health Competency Evaluation

- We have completed the process of evaluating the suitability of suppliers' capabilities in occupational health and safety management and will incorporate it into the procurement system starting in 2023.
- When carrying out subcontracting projects, during the bidding stage, we assess the safety level* of potential subcontractors to select those with industrial accident prevention capabilities.

* The safety level assessment aims to fairly evaluate subcontractors' occupational health and safety activities to ensure they possess a minimum level of competency.

Efforts to Spread Safety and Health Culture

Response to Safety and Health Accidents

- Establishing a detailed accident manual and rapid response system according to scope and severity to respond safety and health accidents
- Improving the level of emergency response management by adding 'critical material loss' to the safety and health accident criteria and reporting any material loss that is expected to have a significant impact on the company or the customer to the competent department

Safety and Health Accident Sharing Principle

- All employees immediately share and report the accident to the organization in charge of the accident and to a higher level manager immediately after recognizing the accident.
- Accident sharing and reporting shall comply with as a basic requirement, and in case of violation, disciplinary actions may be taken according to company regulations.

Areas	Target	Serious Accident (Group Propagation)	General accident (in-house transmission)
personal injury	employees, cooperating staff	<ul style="list-style-type: none"> Occurrence of work-related fatalities 2 or more injured at the same time for more than 3 months, etc. 	<ul style="list-style-type: none"> Work-related injuries and illnesses that require at least 3 days off work
Work-related injuries and illnesses that require at least 3 days off work	Headquarters, Pangyo, Daedeok and external business sites	<ul style="list-style-type: none"> Headquarters, Pangyo, Daedeok and external business sites Significant losses expected due to fire, explosion, leakage, etc. Physical loss expected to have a significant impact on business 	<ul style="list-style-type: none"> Accidents subject to administrative action related to environmental pollution Accidents with minor losses during fire/explosion/leakage

Safety/health Accident Sharing System



Safety and Health Accident Response System and Training

- Fire Safety Inspection and Emergency Response Training
 - Conducting emergency drills on a regular basis every year for employees of tenant companies/partner companies/emergency response centers for rapid emergency response.
 - Offering virtual fire scenario training for fire response training in the data center and establishing emergency room system
 - Derivation/implementation of improvements: frequent inspection of emergency response equipment management status, emergency evacuation course training, etc.
- Emergency patient response system
 - Establishing a hot-line system that enables immediate evacuation in the event of an emergency while working
 - Conducting first aid training for security guards on duty at all times so that they can provide 24-hour first aid
- Suppliers safety and health grievance channel operation
 - Announcement of channels for hearing opinions in the purchase information system
 - Considering the accessibility of suppliers, receiving safety and health-related grievances through the Google Forms, reflecting improvement after review
 - Grievance Channel (<https://forms.gle/i7jgjTydAXfyRdd6A>)
- In 2022, 2 cases of safety and health-related grievances received from suppliers were 100% improved (1 case for customer improvement, 1 case for SK improvement)
 - * One improvement by our company: Installation of 3 ladder fences to prevent falls in the Daedeok Data Center



Supplier safety and health grievance handling channel

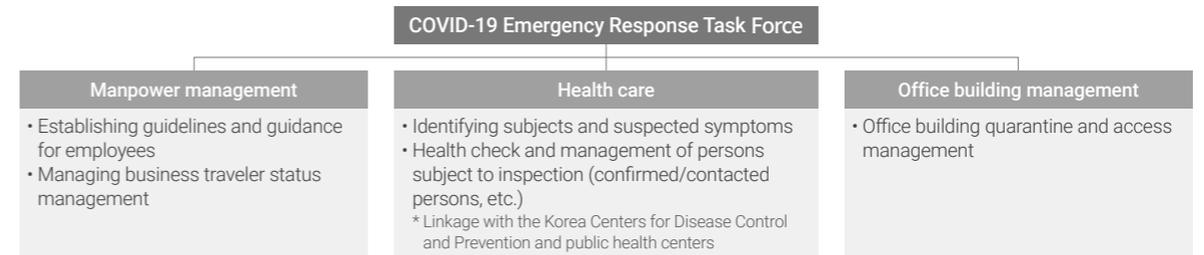
Response to COVID-19

- Continuing response to prolonged COVID-19, linking to national policy, continuously notifying members of safety and health-related matters, etc., and strengthening responses to prevent spread within the office building

Key COVID-19 Response Activities

- Establishing comprehensive guidelines, update and share them regularly
- Procurement/distribution of quarantine/hygiene products (external site emergency, overseas business trip, etc.)
- Access control/inspection target daily monitoring
- Office cleaning in 2022 (140 times), hygiene inspection, chair/carpet washing, etc. (14 sites in total)

Composing the COVID-19 Emergency Response Task Force



Health Support Activities

Health Support Program

- Various Workplace Stress Management, Sports & Health Initiative programs for all employees (including part-time and contracted employees)

Classification	Program	Support content
Prevention & Workplace Stress Management	In-house gym	• Gym and shower room for employees
	Mind & Body Training	• 11 to 13 courses per month, such as stretching, yoga, meditation, etc. (Online real-time training and customized coaching after COVID-19)
	Clubs	• Support for sports activities such as soccer, mountain climbing, and tennis, and club activities such as quilting and movie watching
	Health screenings	• Support for personal and family health checkup using medical expenses • 2 types of support based on age (intensive check-up (400,000 won), comprehensive check-up (250,000 won))
	Health/ Psychological Counseling	• Burnout Diagnosis: Care Program, such as diagnosing the burnout level of employees (once a week) and expert psychological counseling for recovery • Empathy Plus: Employee psychological counseling (work/family problems, etc.), job stress test, etc. • Vitamin Day: Health and psychological counseling service for external site employees and suppliers
Therapy/ Treatment	Medical expenses support	• KRW 1 mn per year, support for self/spouse/children/parents (spouse) • Hospital expenses, pharmaceutical expenses, health examination expenses, vaccination expenses
	Group insurance	• Selecting one from 3 types of A (4th generation loss insurance), B (surgery/hospitalization/diagnosis), C (teeth preservation/prosthetics)
	Sick leave system	• Leave of absence for long-term treatment and recovery (up to 2 years)
	Overseas dispatch/ business trip support	• Support for local treatment, transport, and psychological counseling in case of medical emergency and security situation

Responding to Potential Health Risks

- Analyzing potential risks of occupational diseases considering the characteristics of office work
 - External experts and members conduct their own surveys, derive health potential risk priorities for members
 - ① VDT syndrome* ② stress at work

* Health problems related with using video devices such as computer monitors and smartphones for a long time are collectively referred to
 - Establishing countermeasures for the derived potential risks and implement support programs
 - ① VDT Syndrome: Operating of 'VDT Prevention Stretching Alert Program'
 - Providing an alarming service with Bbogy character who appears on the PC screen at regular intervals to encourage workers to correct their wrong posture during work and relax their tense muscles
 - ② Stress at Work: Mobile app-based 'Job Stress Test' implemented
 - Operating examination items among the major stressors of support under expert advice, analysis of potential health risks for members
 - Results Data-based early detection of high-risk groups, psychological counseling, and monitoring

Employees Mental Health Management

- We introduced 'Burnout Diagnosis', a regular mental care program in May 2023 to measure and care for the mental health of all employees.
 - Regular mental health measurement targets and cycles: for all employees / once a week
 - Establishment of mental health measurement standards and management indicators (happiness index, three burnout factors in the workplace)
 - Finding ways to support employees through the Burnout Diagnostic Mental Care Process: Based on a Monthly Report on individual mental states, providing solutions such as connecting psychological counseling centers and interviews with leaders to members who wish to improve voluntary/led mental states

Burnout Diagnosis	Identifying audiences and requests for support	Outcome management and follow-up measures
<ul style="list-style-type: none"> • Individual weekly survey <ul style="list-style-type: none"> - Use of job burnout scale (MBI-GS) - Survey by burnout factor type every week (emotional burnout, cynicism, job efficacy) 	<ul style="list-style-type: none"> • Identifying targets at risk of burnout • Investigating causes and support requests <ul style="list-style-type: none"> - Gathering opinions through surveys - Interview (for applicants) 	<ul style="list-style-type: none"> • Regular diagnosis report (individual & organization) • Operating a company-level support program <ul style="list-style-type: none"> - Providing external in-depth consultation - Interview with leaders, etc. (for applicants)

Example of Job Burnout Scale (MBI-GS) Questionnaire

Classification	Details
Emotional burnout	<ul style="list-style-type: none"> • Psychological and physical energy in the process of performing tasks are in a state of experiencing exhaustion • The most direct relationship with job stress
Cynicism	<ul style="list-style-type: none"> • Maintaining a sense of distance from others by having a cold/negative and at the same time indifferent attitude toward the job • Defenses against further depletion of psychological/physical energy resources, behaviors to cope with emotional exhaustion
Job efficacy	<ul style="list-style-type: none"> • Feeling that one's productivity or accomplishments are inadequate, leading to a decrease in self-efficacy • As an issue related to self-evaluation, it exhibits more complex characteristics unlike emotional exhaustion and cynicism

Mental Health Management Framework

Measurement data	Subject to management criteria	All employees
	Obligatory status	Obligations
	Measurement method	Survey
	What to measure (in detail)	Burnout
	Measurement period	Weekly
Measuring tool Self-survey tool to assess mental health status	Response rate	to be implemented
	Scale Name	Job Burnout Progress MBI-GS
	Number of questions	6 questions
	Measurement result classification criteria	<ul style="list-style-type: none"> - 40 points or more: Severe burnout - 26-39 points: Mild burnout - 25 points or less: general job burnout

Happy SK Inc. where all stakeholders enjoy human rights

Roadmap

Target

2023

Establishing/internalizing human rights management system

- Updating company rules/guidelines for human rights management system operation
- Operating the Human Rights Management Committee and Human Rights Violation Remedy Committee
- Implementing human rights impact assessment including detailed indicators related to external stakeholders such as supply chain, local residents, and consumers
- Renewing human rights management system certification
- Implementing company-wide training related to human rights management

Action plan

2025

Implementing human rights management in full-swing

- Improving the management system by reflecting the results of the human rights impact assessment
- Implementing systematic and professional training to improve sensitivity to human rights
- Disclosing human rights management performance
- Strengthening human rights violation prevention and monitoring system
- Promoting human rights impact assessment for external stakeholders

2030

Disseminating human rights management performances

- External recognition of global top-tier human rights management
- Exchange of human rights policies and management policies with domestic and foreign human rights organizations and spread consensus
- Expanding business opportunities by building trust with the government/local community
- Expanding business opportunities by building trust with the government/local community

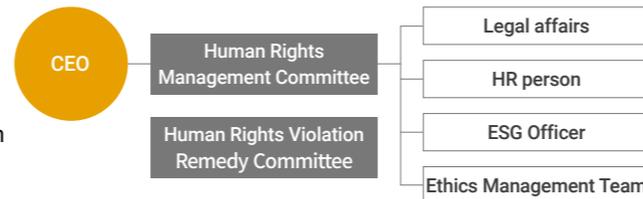
Key Point

Establishing Human Rights Management System

- SK Inc., which updated its human rights management system policy and obtained external certification for its human rights management system in 2022, is being recognized by a third party for meeting global standards for its human rights management system.
- We adhere to the universal principles of international human rights including UN Universal Declaration of Human Rights, the UN Human Rights Commission's 'UN Guiding Principles on Business and Human Rights', and the OECD 'Guidelines for Multinational Enterprises'.
- We comply with all labor principles and laws recommended by the International Labor Organization (ILO) and ratified by the state in relation to the prohibition of child/forced labor, health, safety, and working hours.

Management

- In order to efficiently promote human rights management under the management responsibility of the C-Level Human Rights Management Committee, we have organized the Human Rights Management Committee, the highest decision-making body, and discuss core human rights issues on a regular basis.
- As a subcommittee under the Human Rights Management Committee, the Human Rights Violation Relief Committee, which reviews investigations/handling of human rights violation cases, is established to establish/strengthen human rights remedy procedures.
- The board of directors reviews issues such as human rights risks through the ESG Committee, and makes decisions on major human rights-related issues.



Achievement

Conducting Human Rights Impact Assessment

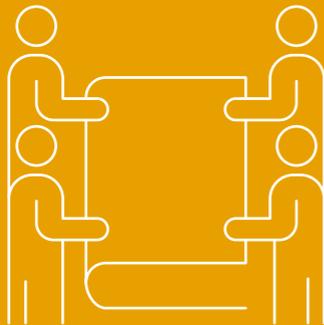
- Conducted human rights impact assessment through external expert diagnosis considering human rights issues in the IT industry in 2023 and areas vulnerable to human rights impact assessment in 2022 (data-based in 2022)
- The overall score of the human rights impact assessment is 98 points (%), and aspects such as compliance with labor-related laws and guarantees of basic rights (human rights) of stakeholders are operated excellently. However, it needs to be supplemented with responsible supply chain management.

Improving Human Rights Risk and Preventing Recurrences

- Regularly conducting human rights impact assessment once a year, establishing/implementing improvement tasks for each item derived from human rights risks. Measured improvement performance compared to the previous year (continuous increase since 2021, when the first human rights impact assessment was conducted, increased by 3.8 points (%p) compared to the 2022 evaluation).
- In order to prevent recurrence of human rights risks, a materiality test was conducted on the issues identified as a result of the human rights impact assessment, through which six major human rights issues were selected, related improvement tasks were carried out, and monitoring was conducted.
- Established guidelines for relief procedures for human rights violations and establishment of various counseling/report channels for human rights violations

3

Human Rights Management



Establishment of Human Rights Management System

Human Rights Management Policy

+ Human Rights Management Policy, Detailed Guidelines

- Since 2015, SK Inc. has announced its commitment to human rights management and carried out human rights risk improvement activities, established a promotion strategy and mid- to long-term roadmap to improve human rights management execution ability in 2022.
- The updated version of the human rights management policy is the CEO's will to set policies and goals for systematic management of human rights management in 2023, and to organize, document, implement, maintain, and continuously review related systems in order to improve the system with implementation requirements.
- Establishing an internal system necessary for the execution of overall human rights management, including anti-corruption (ethical management), environment/safety/health, compliance, personal information protection, quality management, etc., and advance the human rights management system under the leadership of the human rights management organization.

Establishment of Human Rights Management System and Acquisition of Certification

- SK Inc. is the first Korean private company to obtain HRMS certification through third-party screening by establishing a human rights management system that includes necessary processes and interactions in accordance with the requirements of the global human rights management guidelines
- Opened a human rights management portal to notify major information, share data by organization, share major agendas of the Human Rights Management Committee and human rights-related information (human rights field/inquiries), etc.
- Renewed the human rights management system certification through a third party (June 2023)



Human Rights Management System Certificate



Human Rights Management Policy



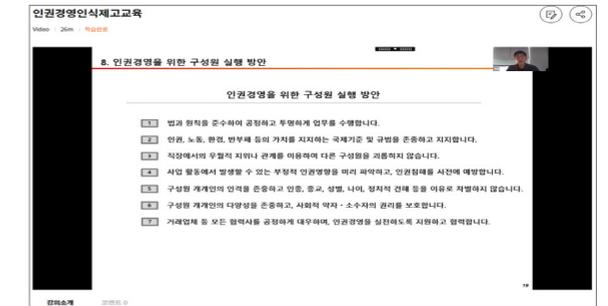
Human Rights Management Portal

Discrimination and Harassment Prevention Policy

- SK Inc. complies with laws and protects the rights of all employees so that all employees are not discriminated against or harassed based on external factors such as gender, disability, or religion.
- According to the analysis of human rights issues within the company, harassment, discrimination and bullying in the workplace are the main types of human rights violations. Prevention of human rights violations such as bullying and discrimination in the workplace, prevention of employees becoming victims and actors of human rights violations in the workplace by prescribing general rules including complaint handling procedures and victim protection based on the principle of zero tolerance
- Education on human rights including prohibition of discrimination and harassment for all employees (Refer to regular training of relevant departments such as Ethics Management Team)
- Introduction of cases related to business and human rights, understanding of human rights management and systems, guidance on human rights violation relief channels, etc.



Human rights education poster



Human Rights Education Screen

Human Rights Education status (including Discrimination and Harassment Prevention)

Classification	Unit	2021	2022	2023
Sexual harassment prevention training hours and completion rate	Hours (%)	1,574.2(89.3%)	4,447.1(92.1%)	5,151.4(100%)
Disability awareness improvement training hours and completion rate	Hours (%)	3,946.3(90.3%)	6,094.5(91.2%)	4,551.5(99.8%)
Average hours of human rights training per person	Hours	1.3	2.4	2.4

Human Rights Violation Relief Response

Enacting Human Rights Violation Guidelines

- Established guidelines for remedies for human rights violations, including a zero-tolerance policy that prohibits violations of human rights of employees such as discrimination, harassment and sexual harassment in the workplace, as well as violations of human rights of external stakeholders, such as violence against suppliers. In order to rescue the rights of victims through investigation/handling of human rights violations and damage reports, Remedy Committee, etc. is established, and detailed R&R between relevant departments in each human rights area is regulated/implemented.

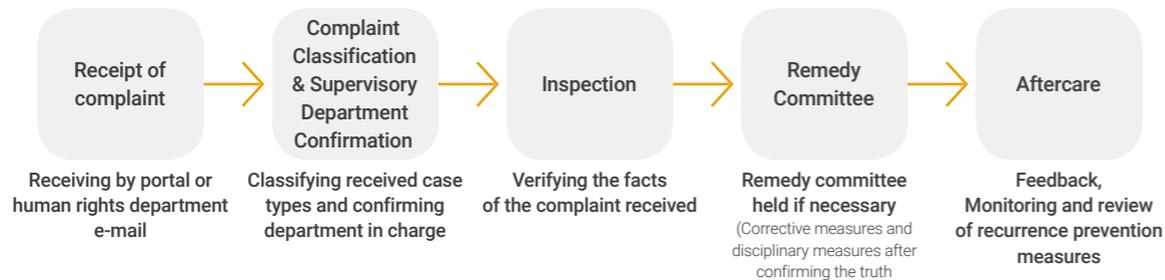
Establishing/operating various reporting channels for human rights violations and grievances:

- The channels for reporting and handling human rights complaints available all-time for both employees and external stakeholders

- Reporting human rights violations, such as bullying at work and abuse against suppliers**
 - <https://ethics.sk.co.kr> | skcc.ethics@sk.com
- Reporting sexual harassment in the workplace**
 - [Hi-SK] → [Sexual Harassment Consultation Center] → [Sexual Harassment Consultation and Report] bulletin board
- Employees-led grievance handling and suggestions**
 - Proposing happy design through communication mobile app, 'Happ'
 - Suggestion/agreement by employees → Discussion/establishment of improvement plans → Review/support for relevant organizations → Implementing improvement plans → Sharing improvement plan results with employees → Follow-up monitoring
- Receiving report/consultation in other areas of human rights violations**
 - Receiving complaints from the department in charge of human rights, proceeding with relief procedures according to the process for responding to relief procedures

Remedy Procedure Response Process

- SK Inc. is operating a relief process to resolve grievances and violations related to the human rights of its employees.



* Regularly analyzing/evaluating the validity of the remedy procedures, the number of cases resolved, and reporting this information in management review reports and relief reports. Providing ongoing monitoring of the effectiveness of relief measures by reporting to the CEO and the Human Rights Management Committee.

Status of handling reports of human rights violations (unit: case)

Classification	2020	2021	2022	Results in 2022
Bullying in the workplace	4	2	7	1 reprimand, 5 warnings, 1 other
Sexual harassment	1	0	2	Pay cut 2

Current Status of Counseling and Measures for Other Employees' Grievances (Unit: case)

Classification	2020	2021	2022	Results in 2022
Grievance counseling	0	0	6	1 Transfer to related department, 5 Other (member counseling, etc.)

Changes in employees' awareness of human rights management

Classification	2020	2021	2022	Remarks
Scores	N/A	78.2	96.7	Introduced human rights management system in 2021

* 2021 Human Rights Respect Culture Maturity Survey: Results of the 1st stage evaluation for human rights management system certification

* 2022 Human Rights Management Employee Awareness Survey: Result of average awareness evaluation of employees on the human rights management system

Human Rights Impact Assessment

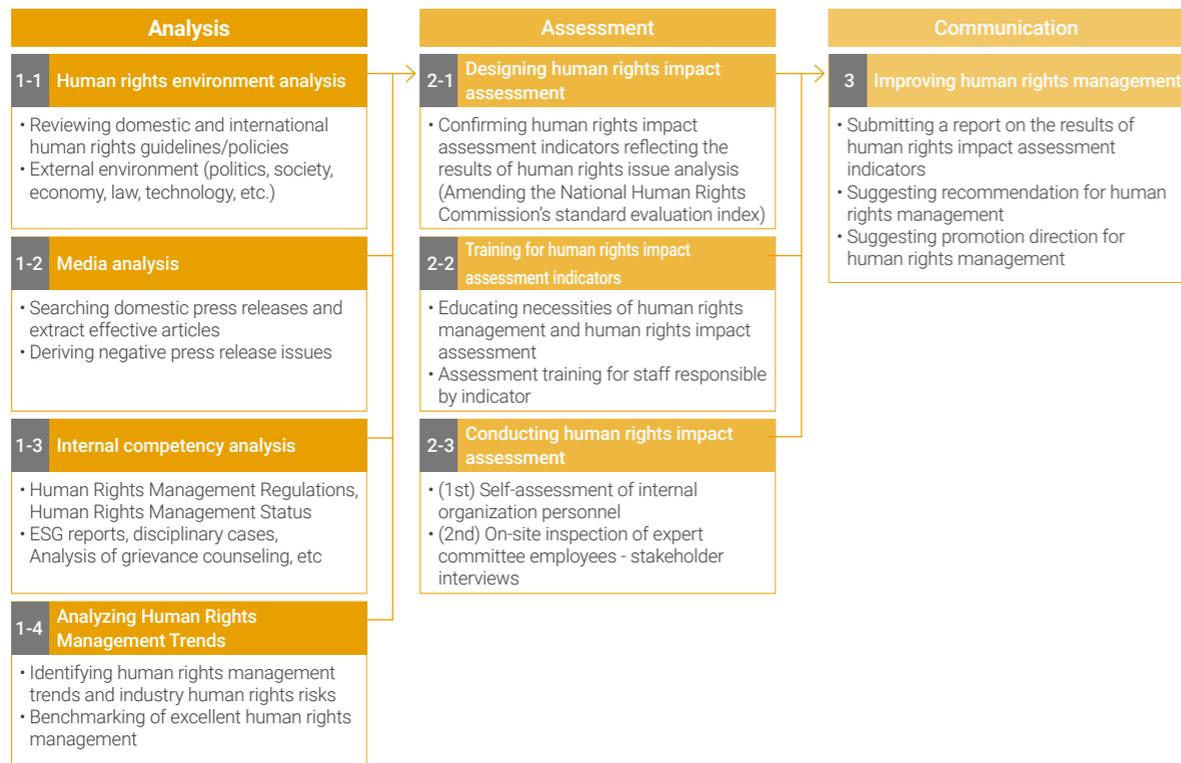
Human Rights Impact Assessment Overview

- Conducting regular Human Rights Impact Assessments on all our business sites and partner companies every year to prevent and mitigate human rights risks
- Since 2021, diagnosis and evaluation have been conducted with external specialized institutions to derive objective and independent human rights impact assessment results, and human rights focus areas and indicators based on member surveys are selected
- Conducting self-evaluation of internal affairs personnel, on-site inspections of expert members, and interviews with personnel to diagnose compliance with human rights management policies and detailed operational guidelines

* Conducting pre-training for internal personnel

- If the investigation actually identifies human rights risks, we identify related problems and promote improvement activities

Human Rights Impact Assessment Process



Evaluation Index Selection

- We added indicators of the Workplace Harassment Prevention Act implemented in 2019 to the standard human rights impact assessment indicators of the National Human Rights Commission of Korea and selected indicators in consideration of business characteristics.
→ Finalized 11 fields, 37 items, and 199 indicators
- According to the analysis of human rights issues in the IT industry in 2023, 5 key human rights due diligence areas and human rights issues/evaluation target stakeholders that can have a significant negative impact on business operations are identified
- ※ Major stakeholders with potential for human rights risks include employees of the company, employees of partner companies, consumers, women, and children.



Implementing Human Rights Impact Assessment

- Conducting human rights impact assessment based on 199 indicators by evaluating the person in charge in each field, on-site due diligence by experts, interviewing stakeholders, and verifying objective evidence
- Identifying potential human rights risks through regular impact assessments and deriving improvements to mitigate them
- Improving evaluation indicators and system through continuous feedback on overall evaluation, and expanding evaluation scope to new businesses such as mergers and acquisitions and joint ventures

Human Rights Impact Assessment

Human Rights Risk Improvement

- Results of human rights impact assessment
 - As a result of the 2023 Human Rights Impact Assessment, the overall achievement rate in each field increased from 94.2 points (%) to 98.0 points (%p) (351 points out of 358 points)
 - The areas of 'building a human rights management system', 'responsible supply chain management', and 'environmental assurance', which were evaluated as weak areas during the first human rights impact assessment in 2021, have achieved excellent results, reaching 95 points (%) or more through intensive improvement efforts over the past two years.

Human Rights Assessment – Aggregate Score



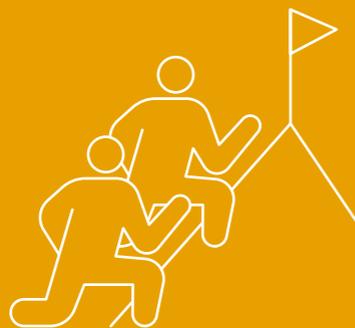
No.	Field	Achievement rate		
		2022	2023	Improvement rate
1	Establishment of human rights management system	95.2%	97.4%	2.2%p
2	Non-discrimination in employment	94.4%	97.2%	2.8%p
3	Freedom of association/collective bargaining guarantee	100.0%	100.0%	-
4	Forced labor prohibition	95.5%	100.0%	4.5%p
5	Child labor prohibition	100.0%	100.0%	-
6	Industrial safety guarantee	89.6%	100.0%	10.4%p
7	Responsible supply chain management	83.3%	95.8%	12.5%p
8	Human rights protection of local residents	100.0%	100.0%	-
9	Ensuring environmental rights	100.0%	100.0%	-
10	Consumer rights protection	100.0%	100.0%	-
11	Human rights protection in the workplace	90.0%	91.2%	1.2%p
Total Scores		94.2%	98.0%	3.8%p

- Deriving human rights risks and improvement tasks
 - As a result of the human rights impact assessment by sector, a total of 4 human rights risks were identified and 6 improvement tasks have been performed
 - Identifying potential risk areas for each risk and reflect mitigation measures to reduce the negative impact of risks within improvement tasks (100% completion of establishing mitigation plans for all 4 business sites)

Area	Items	Risk Derivation	Impact Subject	Deriving improvement task
Establishing human rights management system	Necessary measures for institutionalization of human rights management	Limitations on collecting opinions from various stakeholders within the Human Rights Management Committee and securing objectivity in decision-making	Employees, Customers, Suppliers, Local Communities	• Appointing additional external employees to ensure objectivity and diversity in decision-making
Non-discrimination in employment	Gender non-discrimination in employment	Low ratio of female managers, including executives, needs improvement	Employees, Suppliers	• Continuously promoting plans to nurture female managers, such as training to strengthen female managers' competency
Human Rights Protection in the Workplace	Prohibiting sexual harassment in the workplace	Lack of in-depth fact-finding investigation to monitor the possibility of sexual harassment	Employees, Suppliers	• Conducting professional fact-finding surveys on a regular basis • Preemptively preventing sexual harassment by preemptively conducting in-depth investigations when signs of occurrence are detected
		Absence of a manual that stipulates how to prevent and respond to sexual harassment/ bullying in the workplace		• Creating/utilizing manuals including counseling, investigation, relief, victim recovery support program (EAP) related to sexual harassment/ bullying in the workplace
	Effectiveness of remedy procedures for human rights violations in the workplace	Limits to consistent handling and insufficient use of external experts due to different responsibilities for 'bullying at work' and 'sexual harassment'		• Efficient remedy procedures by designating a department dedicated to remedy procedures for harassment and sexual harassment in the workplace • Utilizing external experts to handle cases involving human rights violations in the workplace in a fair and objective manner and build trust from internal employees.

4

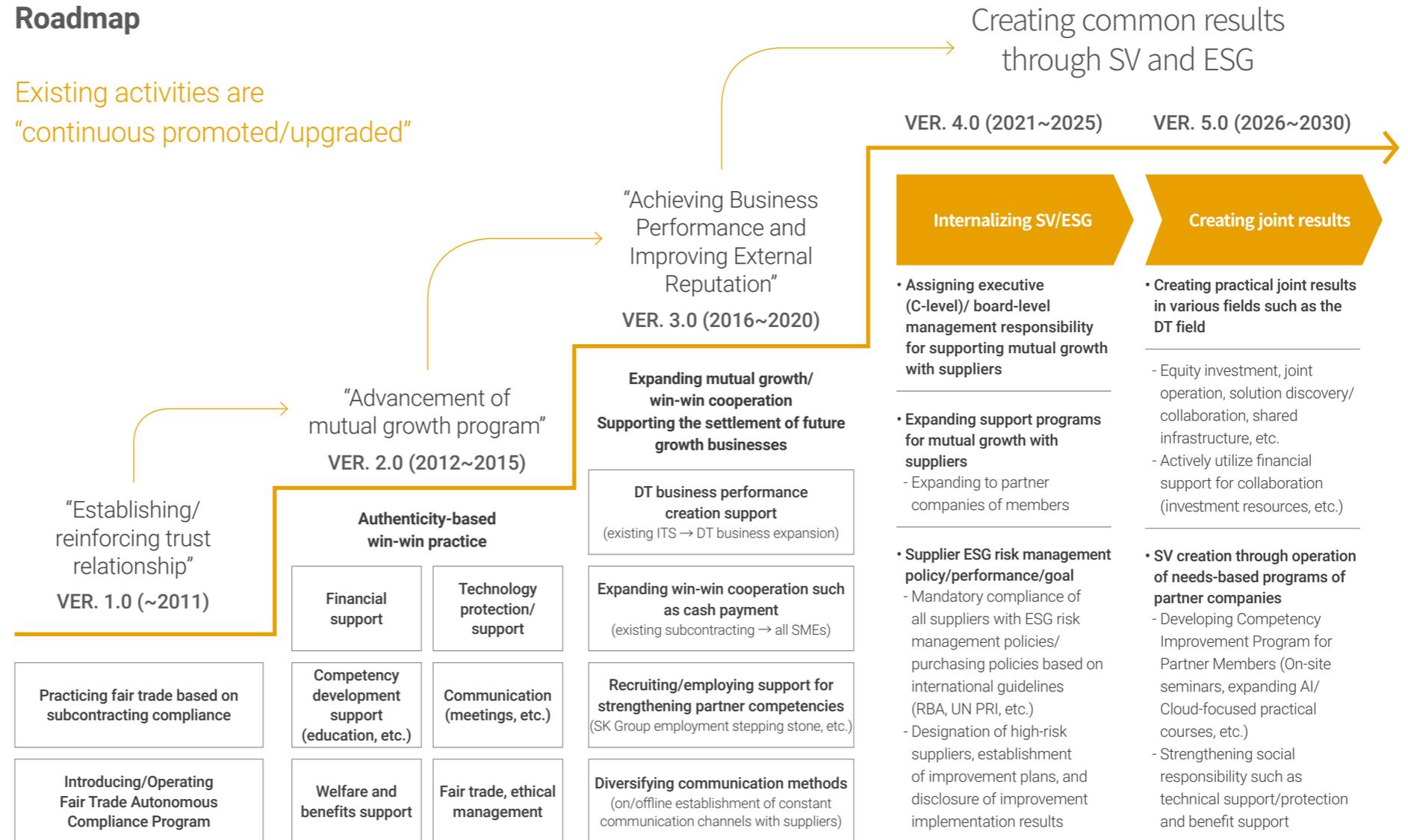
Mutual Growth and Supply Chain



Mutual growth

Roadmap

Existing activities are "continuous promoted/upgraded"



Key Point

Mutual Growth Support Policy with Suppliers

- Running various support programs based on 'sharing common perceptions of all parties involved in mutual growth' and 'playing roles in charge of each stakeholder' to practice actual mutual growth based on trust with suppliers



- For win-win cooperation and mutual growth between large and small enterprises, it is operated under the direct contract system (primary) with all partners regardless of partner levels

Achievement

Best Grade in Mutual Growth Evaluation

- Acquired the 'Best' rating for 8 consecutive years since 2014 as a result of the Mutual growth Committee's mutual growth evaluation

Mutual Growth Program Performance

By area	Number of cases
Free transfer of patent technology	34 cases
Joint R&D	31 cases
Joint market entry	8 cases
Technical Data Escrow	56 cases
Patent application support	7 cases

Expansion of Partner Support Programs

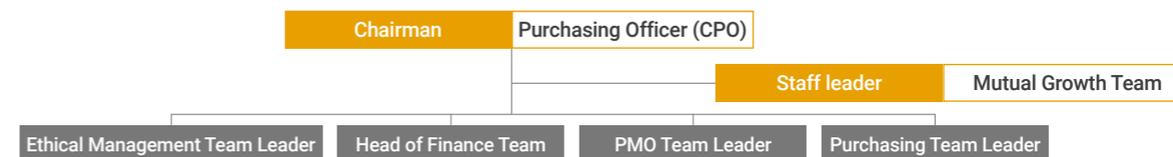
- Expansion of support programs for suppliers of 9 group member companies

Program	Number of companies eligible for the program and number of cases supported	Program	Number of companies eligible for the program and number of cases supported
FTC technology protection and support (patent, deposit)	1 company, 3 cases	Health checkup programs	3 companies, 10 cases
Mutual growth fund support	1 company, 1 cases	Recruitment site support program	3 companies, 3 cases
Training programs provided (VLS, external, DT, etc.)	6 companies, 33 cases	Influenza vaccination program	1 company, 51 cases

- Supporting the ESG system establishment based on 'Click ESG', a comprehensive ESG diagnosis platform tailored to suppliers
 - Diagnosis/evaluation of ESG level → Derivation of improvement tasks → Provision of guide → Provision of ESG level re-diagnosis and result report/dashboard

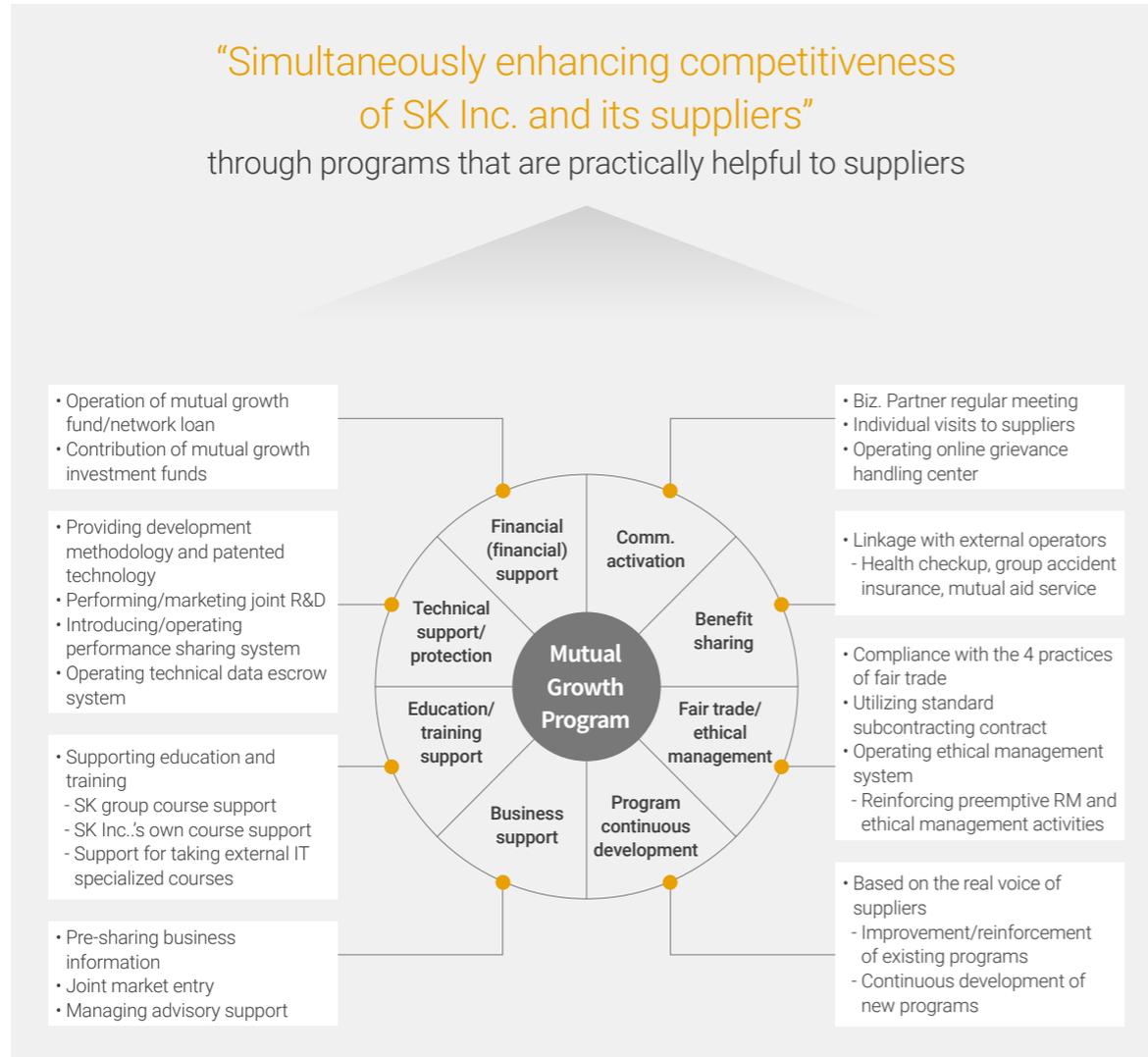
Management

- Operating the Mutual Growth Council once a month hosted by the CPO (Chief Purchasing Officer)
- Reviewing the plans and performance of mutual growth activities with suppliers and other major issues by the ESG Committee under the Board of Directors



Mutual Growth Program 8 Support Systems

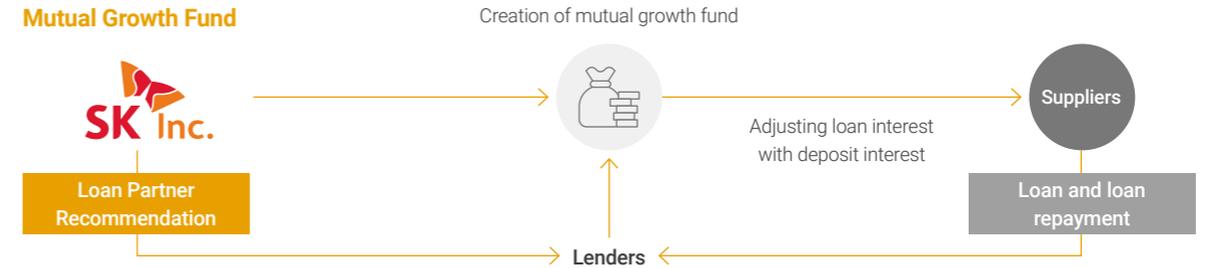
8 Major Support Systems



Financial (Financial) Support

- Mutual Growth Fund, Network Loan
 - Supporting the stable management base of partners by establishing/operating a system that can secure the necessary financial resources of partners at a low rate compared to market interest rates
- Timely payment
 - Implementing 100% cash payment for subcontracts since 2006 to ensure smooth cash flow of partners and to enable planned financial activities
 - Financial support worth about KRW 12.2 billion in 2022

Mutual Growth Fund



Activating Communication

- Regular communication with suppliers
 - Securing the foundation for effective shared growth by implementing “Companion Growth Day” and “Biz Partner CEO Seminar” and strengthening partnerships based on mutual understanding
- Individual visits to partner companies
 - Solving difficulties at the level of working-level motivation to promote collaboration through individual visits and communication with representatives and executives of partner companies
- Operating an online communication channel
 - Establishing a subcontractor purchase information system to identify the subcontractor’s real voice, such as collaboration proposals, complaints, and management support, and confirming the progress of the request



Online communication and grievance reporting channels for suppliers

Status of grievance handling by suppliers (unit: case)

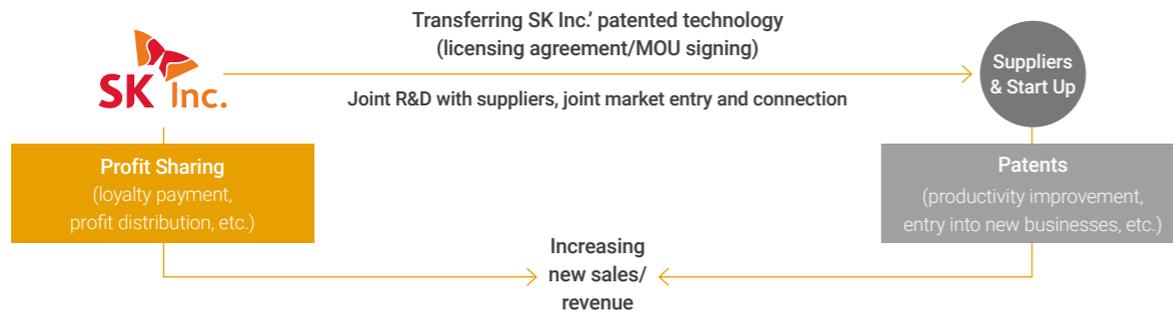
Category	2020	2021	2022
Grievance handling request	2	1	1
Processing of requests	2	1	1

* Main content: support for recruitment, improvement of inconveniences in the purchasing system, information on partner support programs, etc.

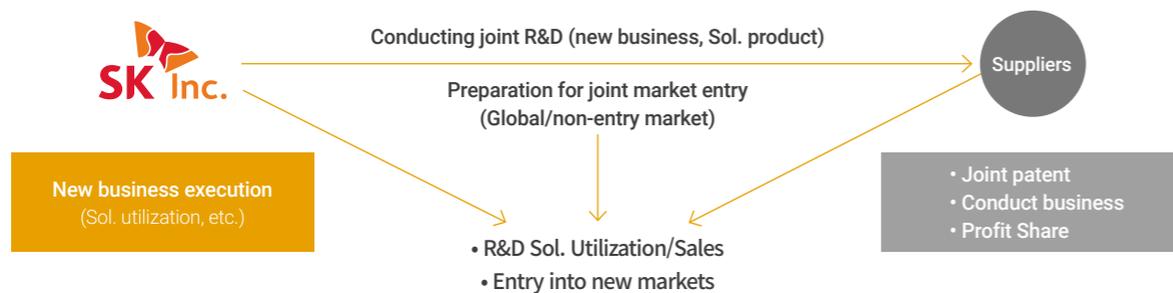
Mutual Growth Program 8 Support Systems

Technical Support and Protection

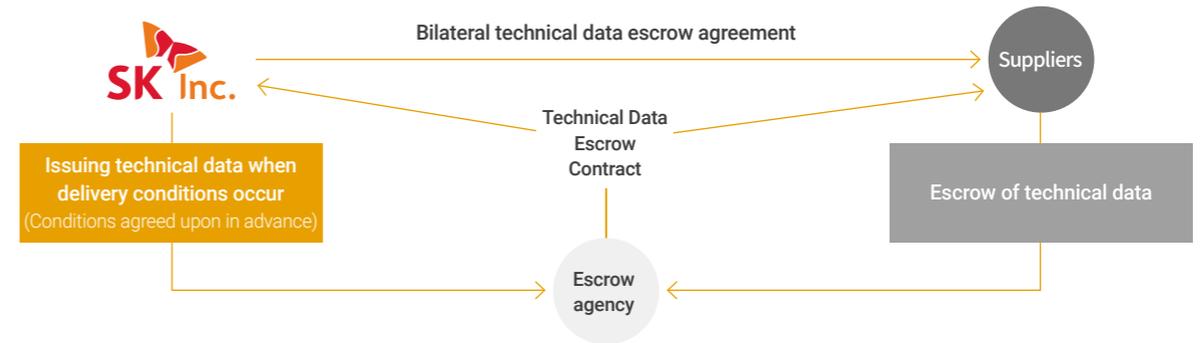
- Providing SK Inc.' patented technology
 - Support for technology-based commercialization of small and medium-sized IT companies by providing free support for the company's patent technology usage rights for partners and startups
 - Our partners can enter new businesses, develop new solutions, maximize work productivity, share profits through performance sharing, and secure intellectual property rights through joint patent applications



- Joint R&D And Joint Market Entry
 - Support for technology-based commercialization of small and medium-sized IT companies by providing free support for the company's patent technology usage rights for partners and startups
 - Our partners can enter new businesses, develop new solutions, maximize work productivity, share profits through performance sharing, and secure intellectual property rights through joint patent applications



- Technical Data Escrow System
 - Protecting technical data and eliminating risk of leakage of original technology by storing key technical data of partner companies in a third institution
 - SK Inc. guarantees license and ensure R&D reliability



Education and Training Support

- Supporting suppliers to improve their management capabilities through group training programs
- Providing training to strengthen outsourcing capabilities, strengthening business competitiveness of business partners, and inducing stabilization of the IT service market
- Free of charge customized education in various forms for each role



Mutual Growth Program 8 Support Systems

Main Curriculum

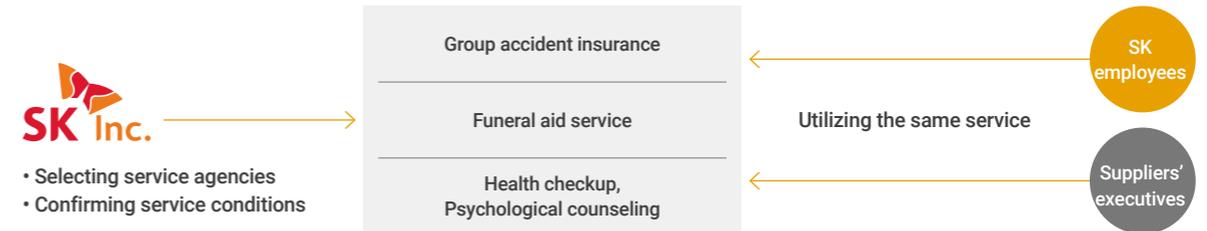
Classification	Name of education	Detailed program	Performance (persons)	Date
Group (Mutual Growth Academy)	Mutual growth CEO seminar	Special lectures by experts (management, humanities, history, etc.)	120	Once a month
	Mutual growth e-learning	100 online courses including IT, OA, management, etc.	1,147	at all times
SK Inc.	VLS Online Course	IT, leadership, data analysis, etc.	865	at all times
	DT(React Programming)	Spring Boot/Kubernetes, web application creation	706	at all times
	VLS open course	MES, AI, Cloud, digital platform construction, etc.	92	at all times
	Supplier CEO Seminar	Special lectures by experts (management, humanities, history, etc.)	150	Oct
	External professional course	Multi-Campus, Korea Productivity Center, STA, Convergence Lifelong Education Center, Fast Campus, etc.	49	at all times

Improving The Quality of Service Provided by Business Suppliers

- Support for technical learning and certification acquisition required for efficient use of Microsoft services and Azure services
- Providing CloudZ service training to enhance suppliers' cloud technology competitiveness
- Support for improving business performance and service quality by improving the technical capabilities of partners' members, such as joint participation in our expert Cloud App Modernization Factory course

Welfare System Sharing

- Safety and health support for business suppliers, such as group accident insurance, health checkup, mutual aid service, and EAP psychological counseling Vitamin Day
- Realizing the pursuit of happiness for stakeholders by enabling them to utilize the same welfare benefits as employees



Fair Trade, Ethical Management

- Fair trade: strengthening the basis for mutual growth through the introduction and operation of the 4 guidelines of the Fair Trade Commission
- Ethical management: strengthening compliance with ethical management of partner companies through the operation of ethical regulations and related practice guidelines
- Utilization of standard subcontracting contracts: Respect for contractor's Physical and Intellectual Property Rights

Business Support

- Supporting productivity improvement by securing necessary manpower and securing operational stability through prior sharing of business opportunity information
- Partner companies secure excellent human resources by increasing lead-time to secure human resources, and our company enhances the competitiveness of delivery through the input of excellent human resources and pre-project training



Supply Chain Management

Supply Chain Management Status

- Purchasing outsourced manpower for product and system development, maintenance, consulting, etc., such as hardware/software and PC/computing consumables, through about 1,747 domestic and foreign suppliers
- Contributing to the development of production areas and social contribution through local purchasing policies when conducting overseas projects
- In the case of new suppliers, new registration is determined through preliminary ESG diagnosis based on SK Inc.' ESG core indicators, and if the criteria are not met according to the results of this screening, registration as a new supplier is not possible or the business relationship is terminated (ESG preliminary evaluation rate in 2022: 100 %)

Domestic and overseas supply chain purchasing status (Unit: KRW 100 million)

Classification		2020	2021	2022
HW / SW	Total	1,621	2,331	2,028
	Domestic	1,559	2,182	1,861
	Domestic (Seoul)	1,353	1,822	1,687
	Domestic (regional)	205	361	174
	Overseas	62	149	167
Processing of requests	Total	5,922	6,490	7,107
	Domestic	5,837	6,391	7,033
	Overseas	85	99	74

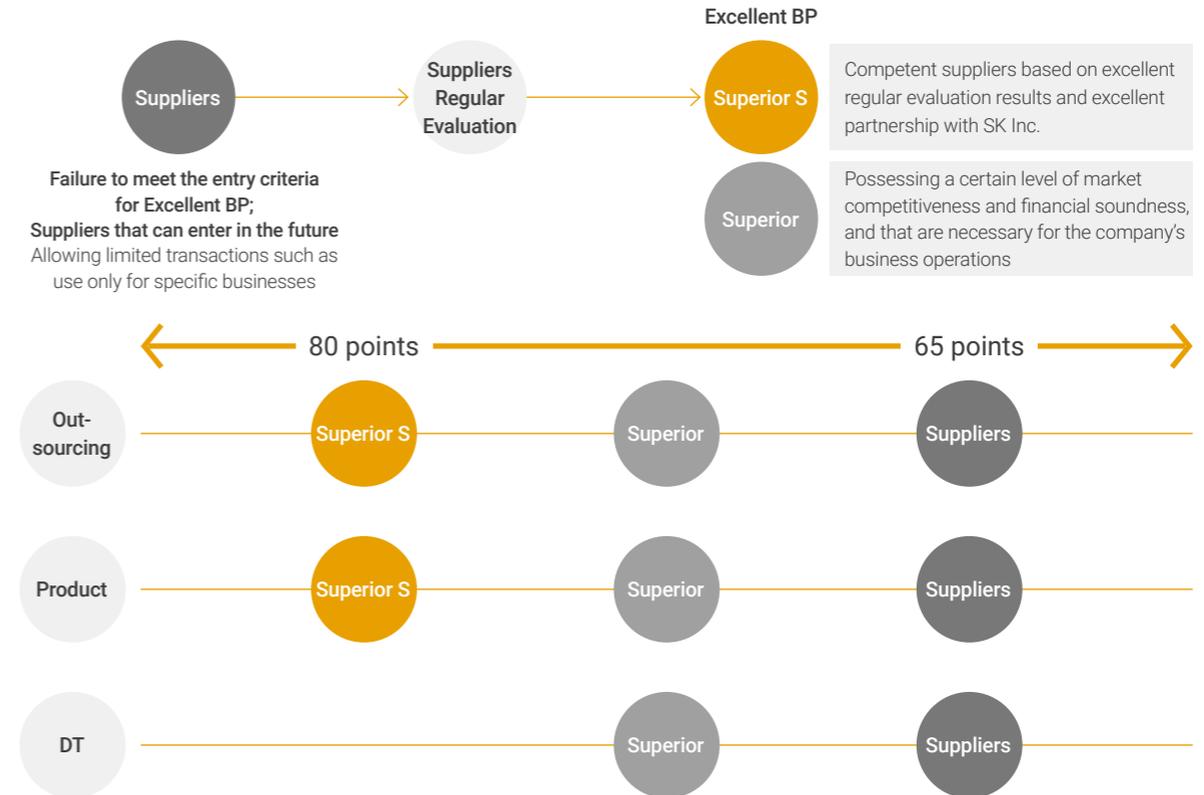
Selecting and Managing Excellent Business Partners

- Based on the strengthened evaluation criteria, regular evaluations are conducted for BPs (Business Partners), and only a few BPs are selected. Regular evaluation is conducted once a year with fair standards, and BP grade is adjusted according to the evaluation results.

* BP regular evaluation items: business performance capability (transaction performance/business performance, business performance evaluation, number of full-time employees, etc.), level of partnership with SK Inc., level of external business support, diagnosis/evaluation result of supplier ESG level

- Significant partner companies (Significant Supplier) and collectively referred to as "Excellent BP"
- The excellent BP grading system is classified as Superior S/Superior, and the support programs for each grade are applied differently.

※ Digital Transformation is commonly referred to as Superior



Current Status of Significant Suppliers by type and grade (unit: number of companies)

Classification	Superior S	Superior	Total
Product purchase	25	119	144
Outsourcing purchase	40	64	104
Digital Transformation	-	80	80
Total	65	263	328
Among BPs, targets for mutual growth agreement	24	34	58

Supply Chain ESG Management



Key Point

Green Procurement

- In accordance with procurement regulations, SK Inc. is making efforts to block environmental risk factors in advance from the purchasing stage of raw and subsidiary materials and equipment.
- When selecting items, prioritizing purchase of eco-friendly products that can contribute to saving resources and reduce environmental pollution compared to other products and services for the same purpose unless there is a special reason.

Supply Chain Sustainability Management Policy

- Re-establishing ESG risk management policy based on international guidelines (RBA, UN PRI, etc.) in 2022 (including ESG guide for group suppliers) as mandatory for all suppliers to pledge compliance for supply chain sustainability management
- ESG risk diagnosis and monitoring performed by differentiating evaluation indicators by classifying suppliers by type, and dualizing diagnosis methods regularly/frequently
- Establishing/supporting measures to improve ESG levels, such as training for executives/employees in charge, consulting, etc., by reflecting the results of supplier ESG preliminary diagnosis and identification of supplier needs for support programs
- Continuously improving activities by identifying/monitoring the ESG level of suppliers

Achievement

ESG Risk Diagnosis for Suppliers

- We inspect the ESG risks of our suppliers, focusing on our Korean business sites, which account for more than 90% of our sales and profits, and identify risks by country/sector/commodity, including issues related to the IT industry, as well as conflict minerals*
- Conducting regular/frequent ESG-level diagnostics, with 791 suppliers participating in the diagnosis in 2022, and 257 highrisk suppliers with high ESG risk (32%)
- Conducting intensive improvement support activities for high-risk suppliers to minimize risk of future full-scale supply chain management

* Preferential purchase of eco-friendly products (commodity-specific risk), purchase of data center renewable energy (sector-specific risk), suspension of equipment in conflict-affected countries (country-specific risk), etc.

Monitoring of purchase ratio of Best ESG Companies

Year	2019	2020	2021	2022
Proportion of Purchase*(%)	56	59	56	56

* Proportion of 'Product + Outsourcing Purchase' to Total Purchase Amount

Suppliers' ESG Practice Support System

Suppliers' ESG Practice Guide

+ Supplier ESG Code of Conduct

- In 2017, we established the Code of Conduct for Suppliers, which consists of the four areas of human rights, labor, safety and health, environment, and ethical management, and made it mandatory. In 2022, we revised the code based on international guidelines (RBA, UN PRI, etc.), which also includes the group's ESG guidelines for partner companies.
- The code of conduct is publicly available through our procurement information system (<https://procurement.skcc.com>)
- We continuously review supply chain ESG-related standards and codes of conduct and reflect them in our suppliers' purchasing practices
- Restrictions are placed on transactions with suppliers that violate the code of conduct, and ESG risks for the entire supply chain of SK Inc. are prevented in advance through diagnosis/evaluation of suppliers' ESG levels on a regular/occasional basis.



SK Inc.'s Supplier Purchase Information System



Suppliers' Code of Conduct

Supplier ESG Practice Support Process

- Establishing/implementing a systematic process for suppliers' ESG performance (diagnosis/evaluation-feedback-improvement planning- support- follow up management)
- Reflecting the sustainability management level evaluation results for partner selection every year and encouraging the improvement of the sustainability management practice level of the partner companies
- Securing objectivity and fairness of the evaluation by participating in our mutual growth team and external accredited auditing experts for in-depth diagnosis (due diligence)



Supplier ESG Diagnosis

- Reorganizing measures to improve ESG levels in 2023, such as continuous promotion of activities to build a consensus with suppliers on the importance of ESG, and expansion of ESG diagnosis/consulting targets for suppliers
- Conducting suppliers' ESG assessment based on ISO, RBA, external evaluation (including SK group's ESG guide) and SK Inc.'s ESG key indicators (environmental/social/governmental structure 66 items)
- Identifying various partner needs for support programs through online surveys for the purpose of supporting improvement activities through partner monitoring

Supplier ESG Diagnosis Index, List of Representative Items

Category	Management Criteria	Evaluation Details
Environment	Environmental management	Has your company set goals for key areas of environmental management?
	Eco-friendly products	Does your company conduct development/research to expand eco-friendly products and services?
	Greenhouse gas emissions	Does your company measure your greenhouse gas emissions (Scope 1, 2)?
Society	Social goal management	Has your company established social responsibility management goals?
	Human rights	Does your company provide employees with written employment contracts in a language that workers (both domestic and foreign) can understand?
	Labor	Does your company have a policy that respects workers' freedom of association?
Governance	Safety/Health	Does your company have a safety/health hazard management policy related to hazardous facilities and substances in the workplace?
	Information disclosure	Does your company disclose business activities and performance?
	Ethical management	Does your company have an ethical management policy (anti-bribery/corruption/extortion/embezzlement, etc.)?
	Management system	Does your company have rules for identifying and evaluating ESG risks?

Suppliers' ESG Practice Support System

Diagnosis Result of Suppliers

- In 2022, a total of 791 suppliers participated in regular/on-time ESG diagnosis, and 32% of companies were found to have high ESG risks.

* Comprehensive results of all suppliers according to 3 risk levels: high risk (0 to 29 points) 32%, medium risk (30 to 69 points) 62%, low risk (70 to 100 points) 6%

- According to the diagnosis on social/governmental structure areas (humanitarian treatment, prohibition of discrimination/harassment, working hours, wages/welfare benefits, human resource development, fair trade, anti-corruption, etc.), the requirement compliance rate was high.
- Diagnosis results of environmental areas (eco-friendly technology development, greenhouse gas emissions, use of renewable energy, air pollutant emissions, water management, waste management, etc.) showed relatively low rate of compliance with requirements

→ Deciding support directions according to diagnosis results

Ongoing education on ESG concepts/necessities	Specific guides on matters needed for improvement/implementation by area	Customized consulting according to the characteristics of each supplier
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- In particular, in the case of excellent high-risk BPs (38 suppliers), we aim to achieve 100% implementation by providing intensive support through separate due diligence and consulting, conducting continuous monitoring such as frequent interviews and various support programs, and establishing risk improvement plans.

Supplier ESG Improvement Support Program

Classification	Description	Target	Performance in 2022
Education/training	<ul style="list-style-type: none"> [Management] ESG seminar (lecture/discussion, etc.) [Staff] ESG basic/advanced course ESG practice training (environment/human rights/ethics/information protection) 	All suppliers	156 employees from 57 suppliers
Guide	<ul style="list-style-type: none"> ESG trend/benchmark information (policies, market trends, etc.)* In-depth technical support (Self-diagnosis checklist, improvement guide, policy establish support (regulation, etc. sample) 	All suppliers	221 suppliers
Consulting	<ul style="list-style-type: none"> On-line due diligence (using ESG diagnosis platform) → Improvement plan establishment/execution support (site visit, detailed guide, etc.) ESG Q&A, on-site ESG meeting (voice listening, detailed guide, etc.) 	High-risk suppliers	38 suppliers
Incentive	<ul style="list-style-type: none"> SK ESG's excellent partner win-win loan product launch → Support for interest reduction according to ESG rating Awards for ESG best practices (under review) 	All suppliers	Shinhan Bank Agreement and Contributing to the Win-Win Cooperation Fund (Support for business suppliers since 2023)

* Support for improvement of major deficiencies found as a result of diagnosis by sharing the performance of excellent partners (benchmark companies) for high-risk partners

Supplier ESG Support Key Performance Indicators (KPI)

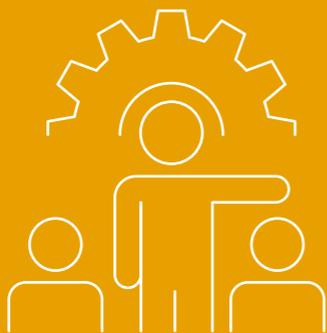
- SK Inc. manages the following ESG key performance indicators for suppliers/supply chain with a major goal of 2025

Items	Target level		
	2022	2023	2025
Percentage of Suppliers' Code of Conduct Pledged	• 100%	• 100%	• 100%
Suppliers' ESG Pre-diagnosis Evaluation Rate	• Reconstructing (systematizing) regular/occasional diagnosis system	• 100%	• 100%
Expansion of In-depth ESG Diagnosis for Suppliers	• 100% (High-risk Significant Suppliers)	• 100% (High-Risk Significant Suppliers + Superior S BPs)	• 100% (All Significant Suppliers)
Preference Given to Excellent Suppliers According to ESG Diagnosis Results	• During BP periodic evaluation Including evaluation items	• Increasing the proportion of regular evaluation items assigned	• Preferential treatment above a certain level (Reviewing demerit upon less)
Supply Chain Environmental Management	<ul style="list-style-type: none"> Supplier environment data request/analysis/guide Support for eco-friendly purchase policy operation (supplier environmental evaluation process when bidding for product purchase) Specify efforts to respond to climate change in the ESG code of conduct/standard contract for suppliers 	<ul style="list-style-type: none"> Disclosure of 50% or more of suppliers* climate change response activities (disclosure of CDP Climate Change) * For suppliers with a purchase volume of 75% or more 	<ul style="list-style-type: none"> Over 70% of suppliers disclose climate change response activities (CDP Climate Change Disclosure) Establishment of SBT* in over 50% of suppliers * Science Based-Target (Ratio of establishment of improvement plans among high-risk suppliers with science-based GHG reduction targets)
Ratio of High-risk Suppliers' Improvement Plan Establishment (based on Excellent BPs)	• 100%	• 100%	• 100%
Suppliers Achieving Improvement within 12 months of Establishment of Improvement Plan	• 97%	• Over 90%	• Over 90%



5

Service Quality and Reliability



Securing failure/quality management capabilities of Global Top Tier by timely responding to operational environment changes such as expansion of DT application

Roadmap

	2023	2025	2030
Target	Advancing the service stability system	Advancing the management capabilities to timely response to DT changes	Securing global level management capabilities
Action plan	<ul style="list-style-type: none"> Preventing failures through quantified operational audit/diagnosis and advancement of the operating system Promoting a 25% reduction in the total number of failures and duration of failures compared to the previous year 	<ul style="list-style-type: none"> Providing stable service to customers by upgrading failure/quality management capabilities Establishing a differentiated disability management system according to CSP*, MSP** roles 	<ul style="list-style-type: none"> AI/Big Data-based analysis technology to predict failures and preemptive action Achieving zero failure in controllable areas such as human error

* Cloud Service Provider / ** Management Service Provider

Key Point

Strengthening Service Stability

- Periodic update and sharing of processes such as failure management guidelines and SHE accident sharing system
- Establishing a contingency plan when operating/ changing operation, change management processes, and all services, minimizing the risk of service disruption

Improving Service Quality

- Operating SLA to improve service quality and customer satisfaction by identifying and eliminating potential problems in advance
- Operating Credit/Earnback policy according to the SLA target level agreed with the customer, penalty payment under the SLA contract in case of loss

Achievement

Improving Company-Wide Disability Management & Repeated Mock Training

- Conducting at least semi-annually, including company-wide mock/scenario training and performing at global business sites 4 times a year

* Conducted a total of 12 times in 2022 for all business sites at home and abroad

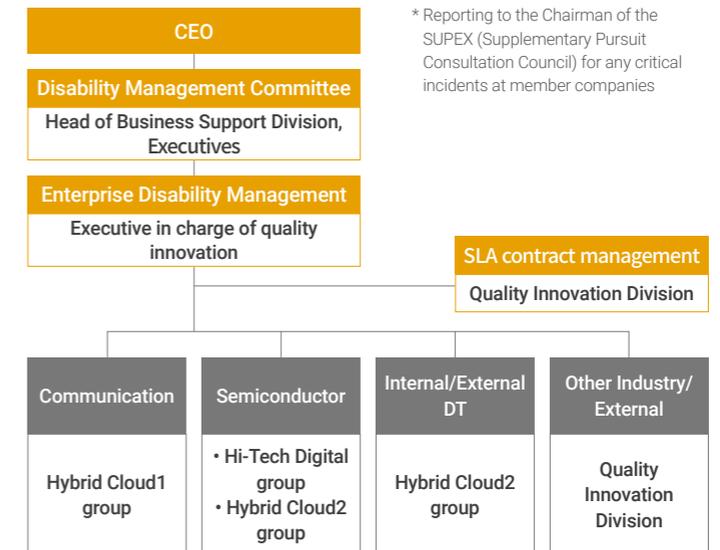
Reinforcing Framework-Based Operational Quality Management

- Quantitative quality level measurement based on operational diagnosis framework and implementation/ expansion of continuous quality management

* Operated/audited for a total of 12 companies in 2022, achieved the 2021 target (additionally expanded in 2022, more than 10 times a year)

Management

- Under the CSO, executives from all operational departments gather to strengthen management responsibility through discussions on major disability causes and the development of preventive measures through internalization (conducted monthly as part of Service Quality Monthly). In the event of significant IT accidents, a report is submitted to the board of directors for review and management.



* Reporting to the Chairman of the SUPEX (Supplementary Pursuit Consultation Council) for any critical incidents at member companies

Strengthening Service Stability

Preventing/Responding to Service Failures

- Checking the operational delivery system and gain visibility
 - Operational Delivery System Check: Process Check and Data Collection / Refining, then Structuring the Operational Delivery System
 - Establishing a user-friendly 'Operation Delivery Scheme Portal' (after structuring)
 - Improving the operational delivery system by phase and establishing improvement plans and goals as ongoing tasks
- Utilizing Zoom for effective communications in the event of failure, providing quick access through ServiceFLOW, and repeating failure response drills
- Specifying mandatory compliance for employees to provide failure-free IT services, and assigning penalties according to the company's rules in case of violation

SGRs (Service Golden Rules) 7 Principles

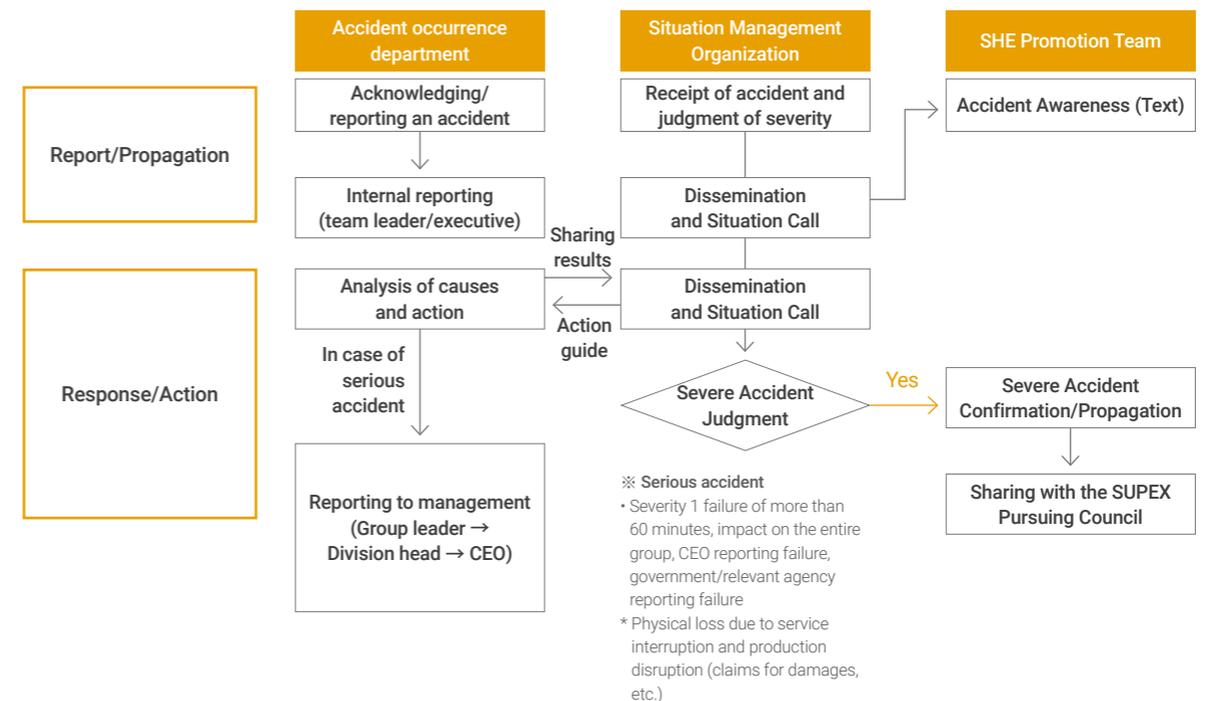
1. Select the subject of preventive inspection and implement it regularly.
2. Adhere to the change process, including obtaining pre-approvals for any modification work.
3. Set the backup target and cycle, and check the execution and results regularly.
4. Based on customer business importance, define, and manage monitoring targets and key performance indicators (KPIs).
5. In case of a failure, promptly alarm and take necessary actions, and establish and enforce measures to prevent recurrence after resolving the issue.
6. Adhere to work principles and ensure that tasks performed by collaborating companies are strictly managed by our company.
7. Comply with the security process, such as inspection of security vulnerabilities when new, changed, or terminated

Reinforcing Non-disruptive Operation

- Establishing prompt and effective response procedures for infrastructure to provide services continuously without interruption despite various external factors such as disasters
- To achieve this, we operate a disaster recovery center and conduct disaster simulation exercises to ensure that services provided to customers are not interrupted during disaster and emergency situations.
- We focus on identifying and addressing operational vulnerabilities through operational diagnosis and audits to proactively eliminate potential operational risks.
- We enhance and expand the application of the operational diagnosis framework to strengthen quantified operational quality management, leading to improved service stability and quality.
- We conduct vulnerability assessments to ensure the reliability of SKT channel services (B2C).
 - Quality degradation and increased customer concerns due to incidents in the SKT channel field.
 - By identifying and addressing operational vulnerabilities, we aim to enhance operational stability and improve customer satisfaction.

Service Failure Response System

- Reinforcing service failure response system
 - Group common services (group portal, Hangarae, etc. 13 targets) failure propagation and management system improvement
 - Improving the situation management tool (Zoom) of SK member companies and establishing an alternative solution for disseminating disabled text messages (X-Messenger, MS Azure environment)
 - Establishing an executive-centered situation management system in the event of a severe failure to strengthen prompt decision-making and failure response control



Improving Service Quality

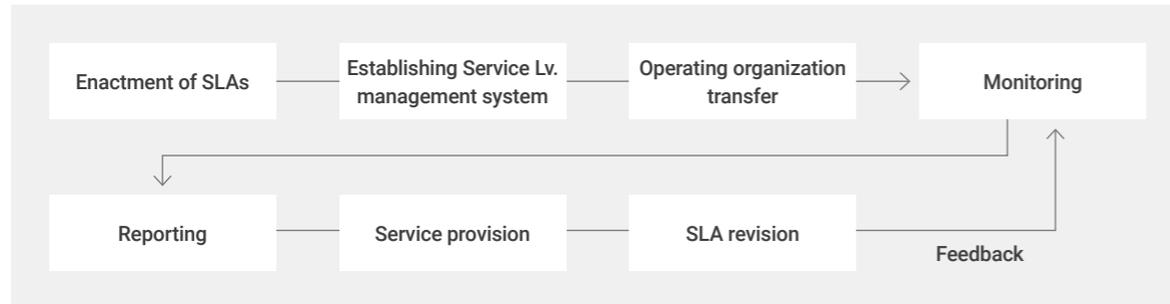
SLA, Service Level Agreement

- Referring to an innovation system that seeks to improve service quality and customer satisfaction by identifying/eliminating potential problems in our services in advance.
- Applying to measure and manage service levels quantitatively and reflecting customer-consulted service levels and details
- 'Credit/Earn back' policies* based on the SLA target level agreed with the customer, and operational service improvement activities to improve service and improve reliability

* A policy of paying a customer a penalty if the quality of the service does not meet the SLA target and refunding the penalty amount paid for the improvement of the quality is aimed at providing quality service

- Enhancing SLA functionality to match the SLA Pricing scheme. Responding to timely changes in DT, such as operations on a service-by-service basis to customer-focused management points

SLA operation procedure



- Once customer requirements are considered and agreed upon through mutual consultation, we establish Service Level Agreements (SLAs) and utilize a service level management system to monitor the performance of various management items and assess the service quality.
- After providing the services, we extract key issues through reporting and conduct monthly service evaluation meetings to continuously improve the SLAs and make necessary enhancements based on the feedback and insights gathered during these evaluation sessions.

Managing Service Disruption Risk

- We manage the number of incidents categorized based on the service downtime provided to the customers.
- Accessing to estimated cost of risk loss and service outage time through detailed risk management
- In particular, managing service downtime as an SLA failover target time, and imposing penalties under the SLA contract in case of loss

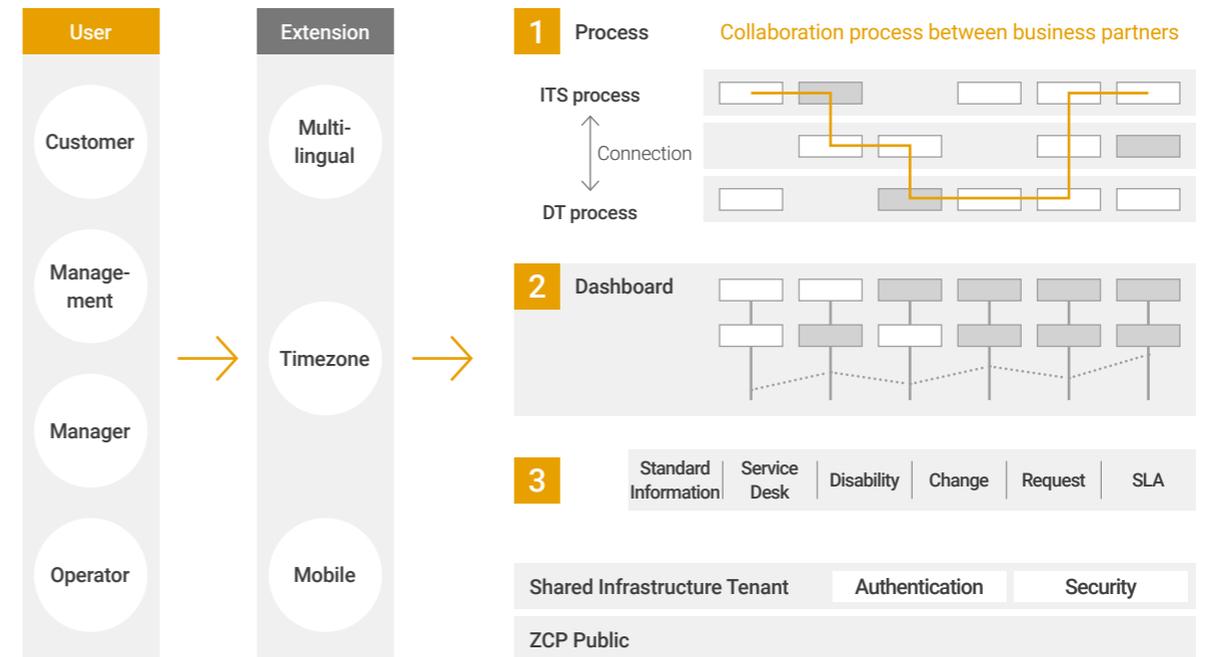
Optimizing the DT/ITS Integrated Operation Process

- To proactively respond to the changes in the DT and IT infrastructure environment, we continuously drive service operation process innovation, optimize operational processes, and operate the ServiceFLOW system for integrated DT/ITS management.

The ServiceFLOW system focuses on 'connection' and 'expansion' of services.

- Connection of entire work flow, overcoming discontinuity of operation process
- Structured to enable external cloud connection, expansion, and collaboration through cloud secondary process
- Responding flexibly to changes in working methods through diversification of languages and media of access

Service FLOW system



Improving Service Quality

Customer Satisfaction Survey and Response

- Satisfaction survey of end users (customers) since 1999 on our overall IT services
 - Improving service quality by identifying/analyzing customer needs and dissatisfaction factors based on satisfaction survey

2022 Customer Satisfaction (CSI) Survey Overview and Results

- Survey design: 'IT Service Satisfaction Survey' for executives and employees of SK member companies (a total of 9 companies) who receive their IT services a 'Competitive IT Service Satisfaction Survey' is used to compare system satisfaction of competitors
- Survey subjects: 2,498 employees of the system and 504 competitor system users were selected through square root proportional allocation extraction out of 9,075 total population
- Survey method: 7-point scale by area, customer satisfaction assessment and conversion to a 100-point scale
- Survey result
 - A. Overall satisfaction of 72.3 points, up slightly from the previous year, at the 'excellent' level
 - ※ Satisfaction criteria: 80 points or more (very good), 70 points or more (excellent), 60 points or more (normal)
 - ※ Overall Satisfaction: Average of Overall Satisfaction and Area Satisfaction
 - B. Identifying a comparative advantage of 1.5 or higher over competitor satisfaction results
 - C. Identifying improvement needs in system quality areas such as network quality, ERP/financial/accounting

• In 2022, we conducted a self-administered online survey targeting our customers' IT department representatives and our on-site personnel. The survey covered five key areas: Digital Tech Competency Level, Management System, Relationship, Value Proposition, and IT Service Quality. The purpose of the survey was to gather the Voice of the Customer (VOC) and identify factors contributing to the decline in scores. Through this process, we aim to derive improvement tasks and enhance the execution of our services, leading to overall improvement and increased efficiency.

VOC Process



Customer IT/DT Insight Improvement Activities

- Broadening customers' insight into IT/DT through active participation of group ICT committees such as the DT subcommittee, CIO council, and IT planning team leader council

DT Subcommittee

- A group under the ICT Committee established for the purpose of accelerating the implementation of Financial Story through DT
- Presenting challenges to group members for implementation of Financial Story, and providing execution L/H/C, DT technology, and group common DT platform
- Expanding into 21 companies this year (19 companies last year) and setting up an organization that can execute DT by aligning each member's financial story

CIO Council/IT Planning Team Leader Council

- An organization under the DT subcommittee and a consultative body at the level of CIOs and IT planning team leaders of affiliates
- Discussing the acceleration of digital-based affiliate Biz. model innovation, discussing common issues in group IT/DT, etc.
- Sharing the 2022 DT subcommittee agenda, hosting seminars featuring expert speakers, and networking for cross-company collaboration



Efforts to improve service quality

Improving Service Quality

CASE Efforts to Prevent Fire Accident Reoccurrence in Pangyo Data Center

Overview of the Incident and Response Activities:

On October 15, 2022, a fire broke out in a section of SK Inc.'s Pangyo data center battery room. The fire department was immediately dispatched to control the fire and prevent its spread by implementing firefighting measures and cutting off the power supply to the data center. As a result, some of the data center's resident clients experienced a disruption in power supply for several hours.

Prior to the incident, the Pangyo data center had been undergoing regular safety inspections in compliance with relevant regulations. In 2022, comprehensive inspections were carried out, covering building safety, fire facility functionality, and high-pressure gas safety. Furthermore, designated safety managers conducted periodic inspections of critical equipment and facilities as part of the company's proactive safety measures. Despite these pre-emptive efforts and diligence, the unforeseen accident occurred. In light of this incident, SK Inc. will thoroughly examine areas for improvement and implement measures to prevent future occurrences, thereby strengthening safety management and striving to enhance the overall service level for its clients.



Fire Response Simulation Training

Improvement Actions

SK Inc. is actively pursuing measures to prevent a recurrence of data center fires and enhance the stability of its data centers through internal inspections and improvements following the incident. Additionally, the company is collaborating with relevant government agencies and the fire department to ensure continuous consultations on safety enhancement.

1	2	3	4
Building/reinforcing various fire detection systems <ul style="list-style-type: none"> Reinforcing capability to detect and respond to anomalies by shortening the measurement information collection cycle of the battery monitoring system Introducing various fire detection monitoring systems such as light (flame)/smoke/off gas that can detect fire signs in advance 	Constructing additional fire extinguishing facilities to prevent fire spread <ul style="list-style-type: none"> Introducing heat-resistant fabric that blocks flame and oxygen and prevents the spread of fire Considering installing and using lead-acid batteries instead of lithium-ion batteries in the battery room 	Improving structural stability by relocating batteries and other facilities <ul style="list-style-type: none"> Separating physical space between batteries and other electrical equipment Improving structural stability through rearrangement such as securing/establishing a detour route for power lines in the battery room 	Revising and supplementing fire accident experience-based safety guidelines/guides <ul style="list-style-type: none"> Upgrading major disaster response scenarios such as fire, typhoon, earthquake, and heavy rain Supplementing safety guidelines reflecting SK Group's SHE Battery Safety Reinforcement Guide

Reinforcing the Implementation of Regular Mock Drills for Fire Response

- In Dec 2022, simulated drills based on detailed response plans reflecting actual fire situation levels
- Mock training highlights
 - Implementing/internalizing the initial response system such as fire reporting, personnel evacuation, and situation propagation
 - Implementing a cooperative system in the process of extinguishing fires through joint training of fire departments (joint entry into fire zones, joint confirmation of fire conditions, consultation on extinguishing methods)
- Regular mock training will be conducted and related guidelines/manuals will be continuously revised to reflect training outcome.

6

Information Security



Securing customer trust through zero security accident rate

Roadmap	2023	2024	2026
Target	Establishment of system-based hacking risk detection and response system	Expansion of system-based security management system	Strengthening the role of customer information protection
Action plan	Expansion of diagnostic automation areas (cloud security, ASM (Attack Surface Management), dark web information management)	Information protection reinforcement support (customer companies, subsidiaries, overseas business sites, business partners)	Providing security consulting and professional services

Key Point

- Expanding the importance of information protection and protecting customer value by establishing information protection policies and regulations that all employees must abide by
- Information protection policies and regulations are listed in the groupware system (Hi-SK) and can be viewed by all employees of the company
- 100% information security pledge fulfillment rate in 2022

+ Information Security Policy

SK Inc. Information Security Principles

1. We protect the information assets of SK Inc. from illegal access and leakage.
2. We maintain the confidentiality, integrity and availability of information assets of SK Inc.
3. SK Inc. complies with legal security requirements related to information protection.
4. All employees of SK Inc. must recognize the importance of information protection and be able to properly prevent, detect, and respond to accidents.
5. SK Inc. periodically analyzes, inspects, and audits risks related to information protection.

Management

- A CISO (Chief Information Security Officer) is appointed to command and supervise the company's information protection tasks, and an organization dedicated to information protection is established to prevent information leakage and respond to security compliance issues.
- Review and management at the board level in the event of a major security issue

* Report on compliance support activities and current status of the board of directors, including information security agenda, on a regular basis every year

Achievement

- Implementation of mandatory information protection disclosure
 - In June 2022, SK Inc. integrated information protection disclosure implementation
- Participated in domestic and international initiatives related to information protection
 - Gave presentation at the 2022 Industrial Security Conference
- Acquisition and renewal of external certification for corporate data/customer information protection management system
 - Acquired ISO 27017/ISO 27018 certification in July 2022
 - Renewed the ISO 27001 certification in June 2022
- Security consulting and training/self-assessment for BPs
- Selected as '2023 Information Security Investment Disclosure Excellent Company' hosted by the Ministry of Science and ICT
 - Recognized for two consecutive years for its achievements such as information security certification, professional manpower development status, information security investment activities, etc.



Information Security Management System

Advancement of Information Security Management System

- Securing a security management system and upgrading its operation under the environment of accelerating Multi-Cloud MSP business
 - Improving native service-oriented guide and advancing cloud security guidelines
 - Support cloud security setting check automation application
- Protecting corporate /personal Information
 - (Company information) Advancing security infrastructure and control/response system
 - (Personal information) Inspecting the overall status of personal information processing system
 - Acquired the cloud service global security certification

※ Considering the nature of our B2B business, we do not use personal information such as behavioral advertising and consumer behavior analysis.

Information Security Major Activities

Data Protection and Security Monitoring	Data protection, security monitoring
Security Incident Response and Measures	Security (infringement) incident response, security incident reporting/action, security incident response training
Information Security Verification and Certification	Simulation hacking and vulnerability inspection, personal information processing system actual condition inspection, External certification maintenance and inspection response
Raising Awareness of Information Security	Internalization of security capabilities, measurement and improvement of information protection awareness level, external leading activities

- Operation of Security Council
 - Operating a security consultative body to share security issues with relevant organizations across the company and improving executive capabilities

Security Verification Activities

- Reinforcing IT infrastructure and management system security through frequent inspection of IT vulnerabilities and implementation of measures
 - Major systems of our company and customers: Infrastructure vulnerability inspection performed at least once a year, secure coding diagnosis and mock hacking implementation, inspection of personal information processing system
 - Performing mock hacking and infrastructure vulnerability inspection before opening new services

Implementation of Third-party Information Security Verification and Inspection Activities

Verification	Supervision	Verification Content
Inspection of major information and communication infrastructure	Ministry of Science and ICT	Completed 100% implementation inspection of cyber infringement prevention, major information and communication infrastructure protection measures, and protection measures promotion tasks
Inspection of integrated information and communication facilities	Ministry of Science and ICT	Facility safety and physical security, implementation of protection measures for integrated information and communication facilities, and insurance for Daedeok/Pangyo Data Center

Information Security Certification

Certification	Subject	Certification Details
Information protection management system ISMS	Ministry of Science and ICT	Domestic information protection management system in accordance with the Information and Communications Network Act; Acquired ISMS-P inspection standard reflection certification in 2020, March 2023 Passed ISMS certification renewal review (by 2026)
International standard information protection management system ISO 27001	ISO/IEC	ISO 27001 ISO/IEC international standard information security management system certification, After initial certification in 2006, renewal completed in June 2022 (~2025)
Cloud security ISO 27017, ISO 27018	ISO/IEC	International standard cloud information protection and personal information protection management system certification, First certification acquired in July 2022 (by 2025)



ISMS information protection management system certificate



ISO 27001 Certificate



ISO 27017 Certificate



ISO 27018 Certificate

Information Security Activities

Data Protection

- Complying with IT security management guidelines and procedures for data protection
- Enhancing data security by encrypting and backing up critical data, taking into account the increasing web server/ malicious attacks through malicious emails, strengthening our proactive response to security attacks by conducting regular security checks.
- In December 2021, a critical security vulnerability (malicious remote code execution attack) was discovered in Apache Log4j*, prompting us to disseminate security vulnerability response measures across all systems and implement preemptive measures to counter hacking attacks.

* Apache Log4j is a Java-based logging library service.

Security Monitoring

- In response to advanced cyber threats, monitoring of new threats is carried out through Threat Intelligence, which provides the latest domestic and international attack information.
- Collecting/analyzing various packets and logs on the network, event data, and continuously detecting abnormal behaviors such as malicious codes in the system and user PCs and information leakage
- Establishing/applying countermeasures such as network blocking, propagation of security vulnerabilities, and analysis of new/variant worms according to monitoring results

Category	2022 Monitoring Contents
WAF	Detection/blocking of web vulnerability attacks against web servers
NIDS	Detecting network-based intrusion threats
DLP	Internal information leakage detection/blocking
ePM	Detecting malicious/phishing URLs and malicious files in email attachments
EDR	Endpoint-based APT attack and response

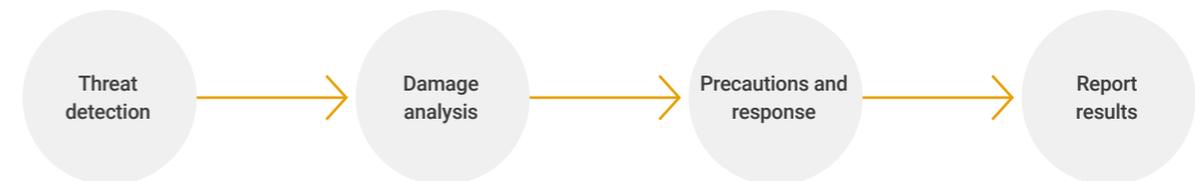
Security (Infringement) Accident Response System

- Maintaining the security and stability of the system and minimize the impact of intrusion accidents by stipulating prompt response, reporting, and dissemination procedures for security (infringement) attempts/incidents
- Classifying accident severity into 4 levels and manualizing response procedures by accident type

Four Levels of Severity

Fatal	A situation in which recovery is impossible due to system destruction, which may affect business and customer service	<p>Damage (strong)</p> <p>Damage (weak)</p>
Critical	A situation in which some tasks are restricted due to partial destruction of the system or continuous attacks are applied to individual servers	
Minor	System infringement attempt and partial failure, but no damage to customer service	
Warning	Common Internet threats that do not affect system functionality or customer service	

- Establishing a rapid dissemination/reporting system in the event of an incident through threat detection
- Managing/preventing potential security incidents by dividing each month into infringement prevention activities, intrusion detection activities, infringement response activities, and other items



Infringement type	Main Contents
System attack	Attempts to upload web shells, attacks on Web/WAS vulnerabilities such as Apache, DDoS attacks, attempts to steal administrator privileges, etc.
Worm/virus infection	Malicious code (virus, worm, ransomware, etc.) installed in the PC/server through an arbitrary path, etc.
Malicious mail	Malicious site URL link or attached file in the text to induce installation of malicious code, etc.

Information Security Activities

Security Incident Report and Action

- Security Control Center 24 hours a day, 365 days a year
- Establishing a process for our members to immediately report any information security issues they encounter
- Suspicious hacking activities, malware and ransomware infections, voice phishing, personal information leaks, and the discovery of security vulnerabilities are among the incidents that should be reported. When such issues arise, members report them to our internal security reporting center.



- In the event of a problem caused by an insider's violation of security regulations, disciplinary action will be taken.
- In the event of an accident, the organization in charge of information protection collaborates with CERT* and the operating department to take emergency measures for the problem situation, After confirming the action results, we establish measures to prevent recurrence and disseminate to employees through company-wide notification

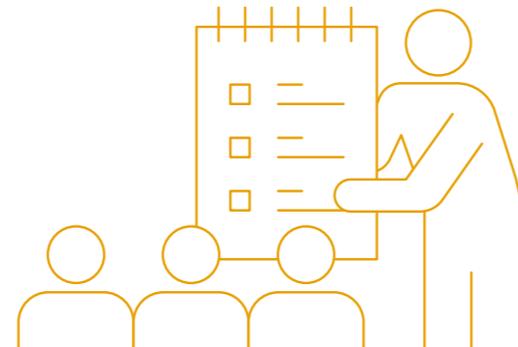
* Computer Emergency Response Team, specialized in security response

Security Incident Response Training

- Conducting response training to prevent security incidents such as malicious code infection and information leakage/infringement (2 response drills in 2022)
 - Conducting "malicious mail drills" under a simulation of a mass distribution of malicious mail to all employees, and sharing the results of the drills across the organization to raise employee security awareness



Security accident prevention training



Raising Information Security Awareness

Information Security Awareness Level Measurement

- Establishing/spreading the foundation for information security culture through activities to identify and raise employees' information security awareness level
 - Defining information security awareness maturity, preparing measurement standards, and managing them systematically
 - Improving employees' security awareness level, such as reduction of malicious mail infection rate and security violations, according to strengthened awareness-raising activities focusing on areas of inadequacy
- Enhancing the information security awareness of our members by providing the latest security trends, conducting security campaigns, and hosting information security events. Offering 'recognition' to participants and outstanding individuals as a token of appreciation for their active engagement in these initiatives.

Internalization of Information Security Capabilities

- Deploying various training programs to internalize employee security capabilities
 - Providing tailored content for each member's job performance, including mandatory legal education such as comprehensive personal information protection training, IT service security basic training, and education for new employees and executives. This includes information security and personal information protection education, as well as support for obtaining information security certifications.

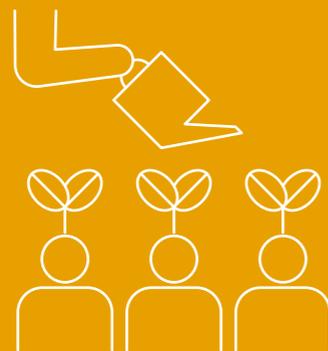
Name of training	Main contents of training	No. of people completed	Completion rate	Target No. of people
Personal Information Protection Education	Personal information Lite-Cycle management, domestic and overseas personal information protection compliance training	3,879	99%	total number of employees 3,903 persons
Information Security Training	PC security, database security, network management, etc. IT security, information security policy and management system	4,913	100%	1,876 full-time employees, 3,037 cooperative workers
Development Security Training	System Security training required for analysis/design/development/test stages	1,925	100%	305 full-time employees, 1,602 cooperative employees

Information Security External Leading Activities

- In June 2022, SK Inc.'s integrated information protection disclosure was implemented.
 - Information security investment status, information security manpower status, information protection certification/evaluation/inspection, and disclosure of information protection activities
- Preparing and participating in the November 2022 Industrial Security Conference data
 - Topic: How to Protect Industrial Technology in a Cloud Environment
- Security consulting and training for business partners (BP) in 2023

7

Social Contribution



Community Support

Social Value Measurement Performance and Goals

Roadmap	Performance		Target	
	2021	2022	2025	2030
Growth with the community	11,924	23,602	29,840	34,019
Implementation plan to support independence/growth of the disabled	751	685	729	845
Leading the spread of ICT-based social values	589	956	1,272	1,475
Total	13,264	25,244	31,841	36,339

(In millions of Korean won)

* Social contribution programs are measured based on Outcome, such as the number of employed persons, and if it is difficult to measure Outcome such as volunteer work/donation, it is measured by input cost

Expansion of employees' participation
(Expansion of employees' participation by more than 10% every year)

- Expansion of employees' participation policies and vitalization of participation campaigns
- Recognition of SK Pro Bono/volunteer working hours, support for activity expenses
- Expansion of reward support according to member participation (Hangarae)

Expansion of cooperation with local community stakeholders
(Secure more than 5 stakeholder cooperation models every year)

- Strengthening communication through participation in local community councils (public/private partnership)
- Community Security Consultative Body (participation of local governments and heads of welfare institutions)
- Enhancing program impact through a successful case-based cooperation model
- Hangarae: Discovering a model for cooperation to spread the practice model of the UN SDGs with local education offices, sustainable development councils, schools, etc.

Discovering solutions for spreading social values and expansion of application
(Secure more than 5 SV creation solutions by 2025)

- Discovering/expanding ICT-based solutions to support the underprivileged
- Improving AI-based information accessibility for the disabled and supporting job creation for the underprivileged
- Support for spreading social values using AI, Blockchain, and Bigdata
- Expanding social value and mutual growth through cooperation with SE and social ventures

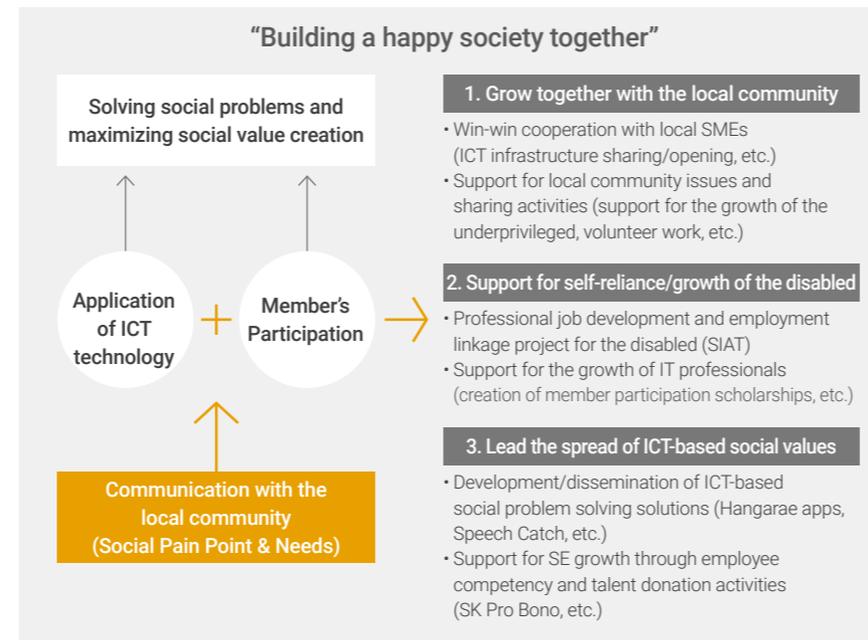
Key Point

- Leading social problem solving through ICT technology based on communication with the local community and leading social problem solving and pursuing stakeholder happiness through active social participation activities of employees
- Established three social contribution directions: "Growing Together with Local Communities," "Supporting the Independence and Growth of People with Disabilities," and "Spreading Social Value." Through the active participation of our members, implement social contributions based on our core competencies such as ICT/DT, aiming to ultimately solve social problems and maximize social value
- Material risks related to local communities derived through stakeholder engagement are reported to and reviewed by the ESG Committee under the Board of Directors.
- Community communication
 - In order to solve various problems in the community together, through regular communication with key stakeholders, urgent issues in the community and blind spots in need of help are discovered/supported.
 - We will strengthen communication with the local community through cooperation and partnerships with local public-private consultative bodies (Community Security Council, etc.), institutions/organizations (Volunteer Center, Sustainable Development Council, etc.) and various social enterprises.

Achievement

Category	Performance	Details
Participating employees	1,712 people	SK Pro Bono (379 persons), Happiness IT Scholarship (947 persons), Blood Donation (236 persons), Overwintering for the underprivileged (150 persons)
Beneficiary/Companies	164 people	SIAT (45 people), DDA (28 people), Happy IT scholarship students (36 people), Open Seed (55 people)
Beneficiary institution/company	244 companies	Cloud service (79 people), SK Pro Bono beneficiary SE (137 people), SIAT employment company (28 people)

Community Engagement Policy



Major Social Contribution Activities

Selecting 3 Social Contribution Directions and Measuring Performance in Connection with the UN SDGs

Growing with the Community	Supporting Self-reliance/Growth of the Disabled	Leading the Spread of Social Values
<p>SK Inc. and its employees seek to fulfill their responsibilities and roles as employees of the local community. To this end, we are promoting win-win activities with local SMEs and happiness-sharing activities to alleviate the difficulties of the underprivileged in the local community.</p>	<p>SK Inc. is paying attention to the 'quality of life of the disabled' among various social problems. We are developing a sustainable support program for the disabled while supporting the self-reliance/growth of the disabled with our members.</p>	<p>Stakeholders of SK Inc. expect active use of ICT technology to solve increasingly complex social problems. We strive to expand and spread social values by utilizing the ICT technologies of the company and its employees, and to contribute to the achievement of the UN SDGs.</p>
<p>ICT Infrastructure Opening and Sharing</p> <ul style="list-style-type: none"> Providing free cloud service for startups/small businesses - In 2022, 79 start-ups and SMEs, KRW 1.46 billion service support <p>9.c Expanding access to information and communication technology and universal Internet access</p> 	<p>Training ICT Professionals and Job Support</p> <ul style="list-style-type: none"> A project to strengthen the competitiveness of jobs for young people with disabilities is underway - 45 people who completed SIAT* education and 44 people got jobs in 2022 <p>* Smart IT Advanced Training 8.5 Creating quality jobs for everyone, including young people and the disabled</p> 	<p>Participation in Social Value and Spread of Practice</p> <ul style="list-style-type: none"> Hangarae: A participatory platform for solving social problems - Applied to 61 companies/institutions/schools, 28,000 people participated in the activities <p>12 Sustainable consumption and production</p> 
<p>Supporting the Growth of the Underprivileged in Local Communities</p> <ul style="list-style-type: none"> Employment Mentoring Project for Unemployed Youth DDA (Digital Dream Academy) Project: Entrepreneurship and re-employment education for middle-aged women who have had a career break - Fostering 28 instructors specializing in carbon neutral education by 2022 <p>8.5 Creating quality jobs for everyone, including young people and the disabled</p> 	<p>Happiness IT Scholarship with SK Members</p> <ul style="list-style-type: none"> Happiness IT Scholarship: Academic Support for Youth Disabled Students - In 2022, 947 participating members, 33 beneficiary scholarships, and 96 million won in scholarships <p>4.3 Ensuring access to tertiary education such as technology and vocational education</p> 	<p>Creating Social Value through the Use of Digital Technology</p> <ul style="list-style-type: none"> Workwiz: ICT-based middle-aged employment support portal Speech Catch: AI-based internet lecture subtitle service - 40 employees in 2022, 3,949 hours in total Signforus: Korean → Sign language translation solution <p>9.c Expanding access to information and communication technology; and universal internet access</p> 
<p>Strengthening the Community Safety Net</p> <ul style="list-style-type: none"> Supporting school meals for underprivileged children in the community Blood donation campaign for members in consideration of the nationwide blood shortage Emergency support for flood damage in the community Sharing Kimchi for the vulnerable and supporting heating costs <p>1 End of poverty</p> 	<p>SE* Support for Self-Reliance of IT Talents with Disabilities</p> <ul style="list-style-type: none"> Management support for 'Happy ICT Foundation', a standard workplace for the disabled specializing in IT for the disabled - 31 people (41%) in 2022 employment of the disabled <p>* Social Enterprise 8.5 Creating decent jobs for everyone, including young people and people with disabilities</p> 	<p>SE Ecosystem Support</p> <ul style="list-style-type: none"> Impact investing - Investment of about KRW 3 billion in 2022 Employee competency-based SK Pro Bono (talent donation) - 379 participants in 2022, 137 SE companies supported <p>8.3 Encouraging the establishment and growth of small and medium-sized enterprises</p> 

Major ICT-based Social Contribution Activities

Selecting 3 Social Contribution Directions and Measuring Performance in Connection with the UN SDGs

Growing with the community

Strengthening the community social safety net

- Participation in the Life Sharing Blood Donation Campaign in February 2022 (103 people), for leukemia patients Blood donation (133 sheets) to Korea Children's Leukemia Foundation
- In August 2022, emergency support for facility restoration funds (KRW 20 million) for 20 semi-basement flooded households in the low-income class in Seongnam area
- In November 2022, jointly participated in the Happy Alliance campaign to provide lunch boxes and side dishes to undernourished children
- In Dec 2022, mentoring and self-confidence recovery programs such as individual interviews for unemployed/isolated young people in Seongnam
- Participating in the 'Hope On* Hangarae Campaign' that supports winter home renovation and heating costs for the vulnerable at the end of each year

Cloud free support service

- Signed the "Gyeonggi-Do Large And Small Business Win-Win Cooperation Cloud Service Support Business Agreement" which provides free cloud services to small and medium-sized enterprises and local communities in Gyeonggi-do
- Cloud expert training, free support for CloudZ supplier MSP (Management Service Provider)

	2020	2021	2022
Number of Companies	78	92	79
Service Support Scale	Approx. KRW 1.68 billion	Approx. KRW 1.75 billion	Approx. KRW 1.46 billion

DDA (Digital Dream Academy)

- Through IT education and employment support counseling services for the underprivileged in the local community, together with the local government of Gyeonggi-do, Start-up/employment support project DDA

	2020	2021	2022
Number of graduates	64	29	27
Social advancement (employment/startup, etc.) No. of people	16	10	16

Independence/growth support for the disabled

SIAT(Smart IT Advanced Training)

- Since 2017, a program to foster ICT experts and support employment for the disabled with the Korea Employment Agency for the Disabled Operation of 'SIAT'
- Big data, software development, information security, web design, ICT job training support such as IT office service
- Providing employment opportunities for the disabled to advance into society by forming a 'seed alliance' with participating companies every year

	2020	2021	2022
Employed (Completion) Number of people	32 (36)	48 (51)	44 (45)
Employers	14 companies	28 companies	28 companies

- 2022 university student IT education (Open SIAT Mate): 55 participants

Happiness IT Scholarship

- Korea's only scholarship program for students with disabilities operated with voluntary donations from employees since 2005
- Selecting 33 disabled scholarship students in 2022 and deliver scholarships and scholarship certificates worth KRW 96 million
- Supporting the dreams and hopes of 969 underprivileged students by raising a total of KRW 1.52 billion by March 2023

	2020	2021	2022
Scholarship size	KRW 92,207,000	KRW 92,293,000	KRW 95,660,000
Number of scholarship students	37	38	33

Support for Happy ICT, the standard workplaces for the disabled

- Managing support for Happy ICT (standard workplace for the disabled, social enterprise), a foundation established in 2011 for the purpose of supporting IT Biz public projects
- Providing public interest IT services such as support for growth as an IT expert for the creation of quality jobs for the disabled, IT support for social enterprises, and smart local food business

	2020	2021	2022
Total number of employees	66	70	75
Number of people with disabilities	22	27	31
Ratio of people with disabilities	33%	39%	41%

Leading the spread of social values

Hangarae ※ Hangarae: 'Tomorrow that adds happiness'

- As an app service specialized in understanding/solving social issues that are the foundation of ESG, ESG of employees needed by the company Management empathy and internalization support
- Daily practice through effective motivation such as participation in solving social problems in everyday life and rewards through simple apps/ Habituation, practice data-based creation social value measurement/sharing
- Through cooperation with various stakeholders such as regional sustainable development councils, sponsoring organizations, educational institutions, etc., participation in social value activities such as domestic waste/greenhouse gas reduction, resource saving, blood donation, volunteer work, etc.

A total of 28,000 people signed up

→

→

61 companies/institutions participated (including 34 schools)

Created social value of KRW 1.75 billion (2022)

Creating Social Value through the Use of Digital Technology

- Speech Catch: Development of an AI voice recognition subtitle system to improve information accessibility for the disabled, text interpretation service for the disabled, subtitle service for internet lectures for the disabled who are employed by public officials/teachers
- Workwiz portal: Development/launch of middle-aged employment support platform, employment preparation coaching service and information provision support
- Development of 'Signforus', a Korean sign language translation solution for deaf people who do not know Korean, utilizing the 10th public data received the grand prize (Prime Minister Award) in the Entrepreneurship Contest

SK Pro Bono

- Supporting the growth of social enterprises through talent donation of employees' IT expertise
- IT system planning/design and operation, information security management and DT technology integration such as AI and Bigdata, etc., support for marketing strategy establishment, legal advice and web testing

2022

379
participants

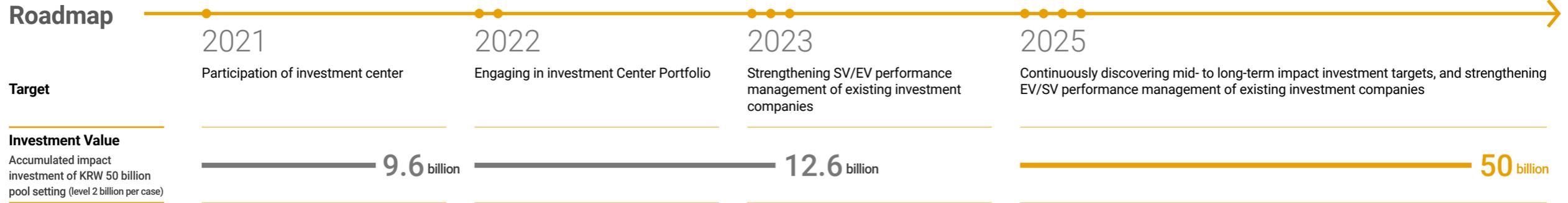
1,637
hours

137
SEs supported

SE Ecosystem Support

- Discovering social ventures with clear goals and capabilities for solving social problems
- Contributing to vitalizing the impact investment ecosystem by discovering and supporting social ventures

Roadmap



Impact Investment Policy

Definition of Impact Investing

- An investment method aimed at solving social problems while generating profits through investment
- Pursuing both EV and SV through impact investment in a way that supports social ventures that take the lead in solving social problems as an investment company
- Focusing on contributing to the social financial ecosystem and supporting value-up of investment social ventures, and approaching from the perspective of value investment in new growth areas at the mid- to long-term level

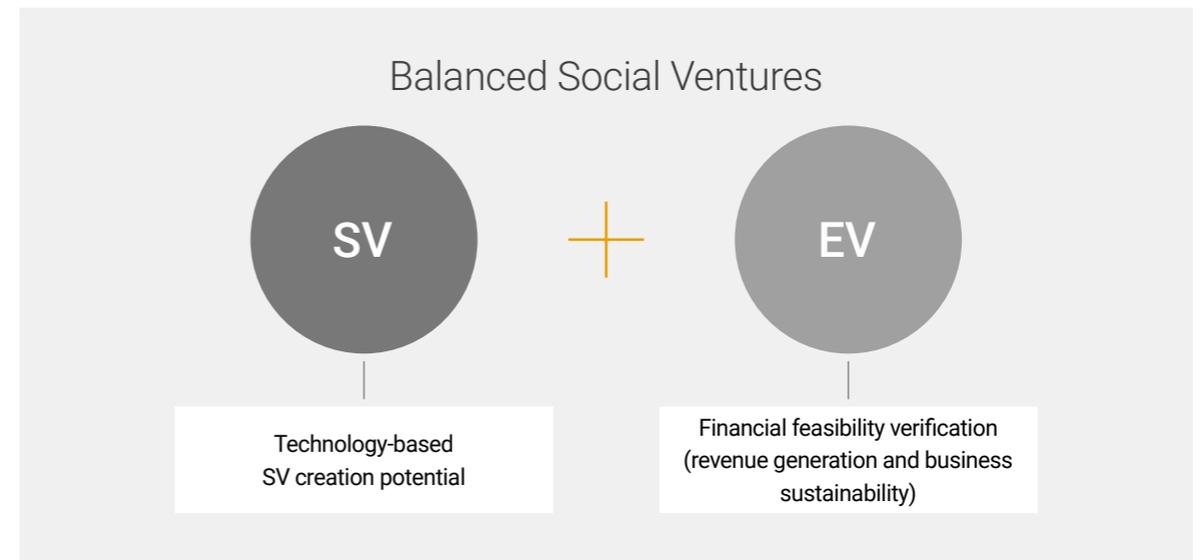
Impact Investment Targets and Plans

- A company that combines technology and SV creation potential among social ventures that are related to the four major investment areas of Financial Story.
- Pursuing direct capital investment (FI) from a mid- to long-term perspective
- Promoting overcoming the limitations of domestic impact investment, which lacks scale-up support, while verifying the financial potential of social ventures through investment in the Growth Stage*

* Growth Stage: Venture companies with revenue generation and business sustainability are divided into Early – Growth – Late Stages according to the company growth stage. In this Stage, business models are generally established, KPIs are improved, and valuations are formed based on financial indicators.

Impact Investment Conditions

- SV Perspective: Possess a virtuous cycle structure in which solutions to solve social problems lead to business growth
- EV Perspective: Sustainability in terms of sales and business



Impact Investment Execution and Performance Management

Impact Investing Activities

- Operating 'Deep Impact Day', an impact investment program based on employee participation
 - Providing scale-up and value-up opportunities to participating social ventures, encouraging members to empathize with the need to solve social problems and recognize 'new entrepreneurship'
 - In 2021, the One Center-One Impact concept was carried out, and a total of 40 social ventures were supported and the final impact investment target was selected through an investment review process involving members.
- In 2022, after establishing a target area in line with 'solving social problems through investment' for each investment center, change to a process that can discover and review social ventures year-round
 - Reviewing the feasibility of impact investment through the same process as general investment (deliberation by the company-wide investment committee)



Investment education from the perspective of social value



Lectures and education by inviting social entrepreneurs



One Center-One Impact Program

Impact Investment Performance

2020	3.6 billion won enûma Mission Bridging the Global Education Underprivileged Gap Biz Developing/Selling Digital Learning Solutions for Biz Infants and Toddlers
	2 billion won TESTWORKS Mission Equal Opportunity for All in the Mission Inclusive Employment Base Biz Data collection/refining/processing for Biz S/W QA and AI learning
2021	2 billion won [todo] WORKS Mission Development of technology for the disabled and the elderly Biz Wheelchair Power Assist Product Development/Sales
	2 billion won twt Mission Improving human health and quality of life based on foreign matter detection technology Biz Water pollution (fine substances, bacteria) measurement sensor development
2022	3 billion won THERMO LAB Mission Reduce waste and carbon emissions by developing sustainable packaging solutions Biz Development and sales of Biz reuse (eco-friendly) and smart packaging materials

SE Ecosystem Support through SK Pro Bono

- In order to support the SE ecosystem, SK operates SK Pro Bono, which supports the growth of the SE ecosystem, such as social enterprises and social ventures, based on the professional capabilities of its employees.
- In 2022, due to COVID-19, 137 social enterprises are provided with consulting and support necessary for the actual growth of social enterprises, such as marketing strategies, legal advice, and web usability tests, in a non-face-to-face manner.

[Special Page] Hangarae



Hangarae is a mobile app developed by SK Inc., aiming to promote participation in solving social issues in our daily lives. It introduces easily accessible social problem-solving activities and encourages consistent engagement through various motivations and fun elements, thereby fostering participation in spreading social value and creating a better tomorrow. Social issues are challenging to solve solely through the efforts of specific entities such as governments, NGOs, businesses, or schools. Individual actions in addressing social problems, even in small ways, can lead to greater awareness and development. These efforts can align with corporate and organizational initiatives related to ESG management, promoting social value, and CSR activities, making it easier to empathize and actively participate in such endeavors. To contribute to the creation of a sustainable society, SK Inc. developed Hangarae with the belief that the combination of individuals' healthy thoughts and actions can lead to a more prosperous future, creating "a tomorrow that adds happiness." The app has been applied to 61 companies, organizations, and schools, with more than 28,000 participants actively engaged in various social activities through the platform.

Key features of Hangarae app service

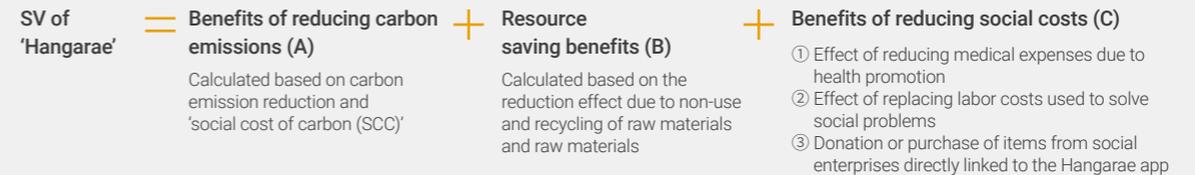
SV Practice Record/Measurement	SV Practice Record/Measurement	SV Practice Record/Measurement				
<ul style="list-style-type: none"> Practice and record various social problem-solving activities in daily life (currently, about 40 activities such as mug cups, stairs, walking, and public transportation) Calculate social values created according to objective measurement indicators (carbon emission reduction & monetization of social values) <p>* Support customized activities according to individual/organizational environments * Support recording methods such as QR/ NFC recognition, photo authentication, and administrator input through the app</p>	<ul style="list-style-type: none"> Blockchain technology-based reward (SVC) payment according to individual participation in practice Rewards are used in other social value creation forms such as donations and Buy Social <p>Donation</p> <table border="1"> <tr> <td>Purchase of goods from social enterprises</td> <td>In-house cafe/canteen</td> </tr> <tr> <td></td> <td>Purchase of goods</td> </tr> </table> <p>Conversion of points to the social enterprise shopping mall</p> <p>Gifts between users</p>	Purchase of goods from social enterprises	In-house cafe/canteen		Purchase of goods	<ul style="list-style-type: none"> Activity ranking/level: Inducing goodwill competition among users, recognition factor Stamp: Practice activity/goal achievement, encouragement Challenge: Providing achievement/pleasure through games/missions Buddy: Comparing rankings with close users such as teammates, inviting games/missions, giving gifts, etc. Providing materials such as ESG/SV-related educational videos, columns, news, and glossary Quiz, Quickfall: Learning support/awareness related to individual social values
Purchase of goods from social enterprises	In-house cafe/canteen					
	Purchase of goods					

Major Activities of Hangarae in 2022

- About 28,000 Hangarae users participated in about 350,000 ESG activities in 2022 alone
- It is expanding to activities with various stakeholders such as community and group members
 - Campaign to Sponsor Winter Heating Cost for the Underprivileged (December 2022): 150 people participated and donated KRW 4 million
 - New Entrepreneurship Council (ERT) 'Save the region, save the environment' Group-wide Joint Challenge (September-November 2022)
 - SK member companies: 20 subscribers (participants): 12,344 people (6,833 people)
 - Number of practices: 706,380 / Carbon reduction: 222.2 tons / Social value: KRW 151.8 million

Measurement of Social Value Created through Hangarae

In the ESG management environment, social value measurement and management are activities that show organizational innovation and differentiation as well as preemptive responses to stakeholders, and are becoming increasingly important.



Practice Activities	Number of times (10,000 steps/time)	Carbon emission reduction (kgCO ₂ e)	Social value of Hangarae practice activities in 2022** (thousand won)			
			Carbon emission reduction benefit (A)	Resource saving benefit (B)	Social cost reduction benefit (C)	Total social value
Healthy walking	862,817	845,560	89,904	-	474,549	564,453
Plogging	3,793	48	5	-	19,011	19,016
Use the stairs	2,605,143	27,615	2,936	1,198	13,677	17,811
Health bike	48,030	8,602	915	18,061	4,565	23,541
Public transportation/carpooling	110,581	368,518	39,183	220,513	-	259,696
Mugs/tumblers	778,365	21,794	2,317	121,114	-	123,431
Shopping cart/multi-use container	27,582	5,190	552	978	-	1,530
Separation of garbage	419,928	101,203	10,760	-	-	10,760
Separate discharge of transparent pet bottles	28,398	1,193	127	704	-	831
Recycling	2,018	6,270	667	11,255	-	11,922
Zero leftovers	643,562	98,143	10,435	222,029	-	232,464
Low carbon diet	11,391	11,391	1,211	-	-	1,211
Blood donation certification	1,776	-	-	-	178,470	178,470
Saving electricity	110,445	13,969	1,485	764	-	2,250
Save water	11,928	56	6	199	-	205
Double-sided printing	21,147	305	32	1,057	-	1,090
Health exercise certification	2,317	-	-	-	695	695
Social contribution activities	3,534	-	-	-	178,001	178,001
Reward donation/in-kind donation	3,700	232	25	-	69,747	69,772
Buy social	1,530	-	-	-	53,029	53,029
Total	4,835,168*	1,510,088	160,560	597,874	991,744	1,750,178

* Excluding healthy walking / ** PwC Methodology Report, Ministry of Environment public announcement/guide and private medical insurance company calculation data are applied as basis for calculating social value for each practice activity.

Best Practice | Different Practices for One Goal

SK Innovation

Advancement of Supply Chain ESG Management

In 2020, SK Innovation systematized its supply chain management standards from an ESG perspective and established an ESG assessment and management process for all its supplier companies. For new suppliers, a pre-assessment of their ESG practices is conducted as part of the registration process in the purchasing system. Tier 1 suppliers, who have had order records from the previous year, undergo annual ESG evaluations. Moreover, a selected group of strategically important Tier 1 suppliers, based on their significance and ESG risks, undergo in-depth ESG assessments and on-site inspections conducted by third-party experts. SK Innovation develops and implements ESG risk improvement strategies according to the evaluation grades, thereby supporting substantial enhancement of its suppliers' ESG management practices.

In 2022, to provide practical assistance in resolving ESG risk issues for supplier companies, SK Innovation conducted tailored ESG education and consulting based on the results of the previous year's in-depth ESG assessments. Additionally, they established policies for recognizing and rewarding excellent suppliers, further strengthening their risk management systems and processes. Tier 2 suppliers receive ESG risk assessment results from Tier 1 suppliers and are held accountable for adhering to the Supplier ESG Code of Conduct. Moving forward, SK Innovation will continuously improve its supply chain ESG management process to minimize ESG risks in the supply chain and elevate the overall management level.



SK Telecom

Establishing an AI Ethics Framework

As AI technology becomes more prevalent, AI ethics has emerged as a critical issue for the ICT industry and the international community. Consequently, there is a growing demand for companies to actively respond to these concerns. SK Telecom, in its commitment to be a leader in AI ethics, has implemented a comprehensive AI ethics system across the organization.

In 2021, SK Telecom established seven "AI Pursuit Values" with the goal of benefiting and enriching people's lives. These values serve as the foundation for the "AI Conversation Execution Ethics," which are applied to AI-based conversational services using language models. Furthermore, during the development stage of their Large Language Model (LLM), SK Telecom incorporates a safety module to address risky or unsafe user inputs, applying model tuning and pattern recognition to ensure ethical and commonsensical conversation redirection.

To address potential ethical issues comprehensively, SK Telecom has formulated the "LLM Ethics Policy" that breaks down various ethical scenarios and pre-defines attitudes and responses for AI training. The company is actively incorporating this new ethical framework into its actual services and applying the AI Pursuit Values and AI Conversation Execution Ethics to all AI services. This approach enables SK Telecom to provide people-centric AI services that benefit society and earn customer trust and appreciation.

* LLM (Large Language Model): A GPT3-based Korean language model capable of generating natural sentences and engaging in wide-ranging free conversations across various domains.



SK Networks

Pro bono, Sharing the Expertise and Talent of Employees

SK Networks employees actively participate in the SK Pro Bono program, where they voluntarily offer their professional expertise to social enterprises and social ventures to share their business expertise with society. Pro bono, meaning "for the public good" in Latin, involves providing long-term advisory services, such as business expansion strategies, to specific target organizations ("Target Pro Bono"). It also includes matching SK Networks employees with capabilities in marketing, legal, finance/accounting, translation, and other areas to perform spot advisory services for companies with relevant needs ("Spot Pro Bono").

In 2022, a total of 168 SK Networks, SK Magic, and SK Rent-a-Car employees contributed 832 hours to Pro Bono activities, generating a social value (SV) of approximately KRW 85 million. Through the Pro Bono program, the mobility service for people with disabilities, "Todoworks," received PR and marketing advice and conducted T-map banner advertisements, reaching over 6.2 million T-map users. Moreover, SK Rent-a-Car collaborated to run the "Travel Together" program.

This year, four social enterprises have been selected as Target Pro Bono recipients: "Onjeon," which develops services for dementia patients; "Equal Table," aiming to create a sustainable coffee culture; "Parking Space Creators," transforming unused parking spaces into new parking areas; and "Neighbor," connecting caregivers and patients with transportation services.

* Through the Pro Bono program, SK Networks continues to contribute its expertise to these social enterprises, fostering a culture of giving back and creating a positive impact on society.



Best Practice | Different Practices for One Goal



SK Square Strengthening Human Rights Management

At SK Square, human rights are considered a core value in their business operations. Consequently, they endorse the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, and have established a robust human rights policy to prevent any violations.

SK Square is committed to sharing this policy with all stakeholders and strictly adhering to human rights protection throughout their management activities. Moreover, they aim to mitigate any direct or indirect human rights infringement risks that may arise during their business processes. To achieve this, SK Square has implemented an internal management system to continuously improve the treatment of employees and relevant stakeholders regarding human rights issues.

In 2022, SK Square conducted a human rights impact assessment to identify significant human rights risks. Based on the findings, it made improvements, including enhancing employee rest areas and ensuring strict compliance with rest periods, to address the identified needs for improvement related to the right to rest.



SKC A New Material Open Platform that Builds a Win-win Ecosystem

Since 2017, SKC has been operating a New Materials Open Platform with the goal of fostering a symbiotic ecosystem within the materials industry and promoting co-prosperity with its suppliers. Through this platform, SKC collaborates with 17 specialized institutions, including Ulsan Creative Economy Innovation Center and Shinhan Bank, to support material-related startups, social enterprises, and aspiring entrepreneurs.

As part of its efforts in the New Materials Open Platform, SKC hosts the "SKC Startup Plus" competition, providing selected outstanding companies with business support funds, joint development opportunities, and other benefits. The company's dedication to strengthening the industrial ecosystem through the operation of the New Materials Open Platform has been recognized, earning them various accolades, including the "Compassionate Company" award in 2020, commendation from the Minister of SMEs and Startups in 2020, and the "Win-Win Ball of the Month" award in 2022, presented to outstanding companies promoting voluntary co-prosperity collaboration.

Rather than resting on these accomplishments, SKC is committed to continuously expanding its participation in the New Materials Open Platform and further enhancing the industrial ecosystem.

SK Biopharmaceuticals

Join the PSCI Supply Chain Sustainability Initiative

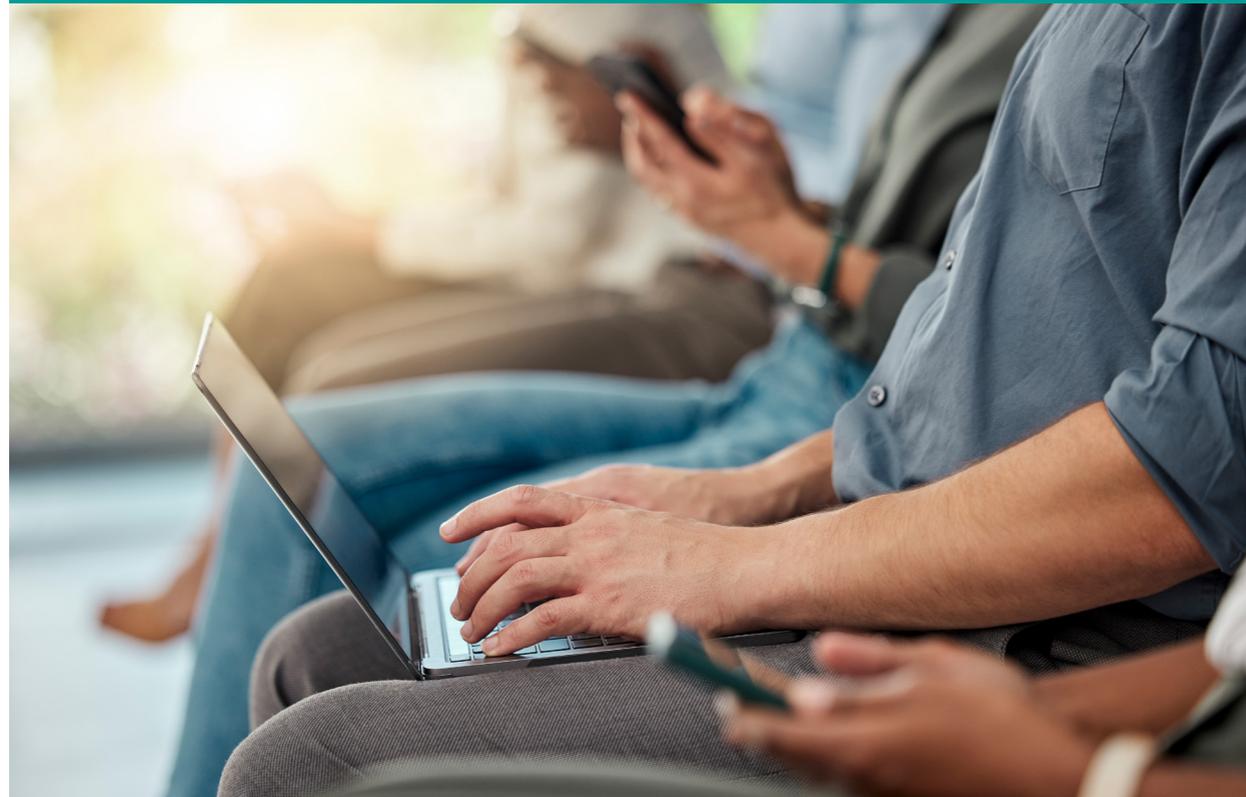
SK Biopharmaceuticals joined the Pharmaceutical Supply Chain Initiative (PSCI) in April 2022, becoming the first domestic pharmaceutical company in South Korea to do so. In the same year, they also became a member of the PSCI Audit Committee in October. PSCI is a non-profit organization established to promote sustainability in the global healthcare supply chain and is one of the key initiatives in this field.

SK Biopharmaceuticals aims to proactively manage supply chain ESG risks by adhering to the five principles of PSCI, which include health and safety, environment, and management systems, among others. Through transparent reporting, they strive to enhance overall sustainability in the supply chain. Additionally, through their involvement in the PSCI Audit Committee, SK Biopharmaceuticals plans to conduct PSCI audits for all Contract Manufacturing Organizations (CMOs) in the mid to long term, progressively improving their supply chain risk management.



**Independently and Together,
we move forward with the
community surrounding SK.**

Governance



- 1 Governance
- 2 Ethical Management and Anti-corruption
- 3 Compliance
- 4 Risk Management
- 5 R&D
- 6 Portfolio ESG Management



1

Governance



Board-centered Management

Corporate Governance Charter

+ Corporate Governance Information

- In 2018, SK Inc. Corporate Governance Charter enacted and announced (<https://sk-inc.com/en/esg/charter.aspx>)
- To establish sound corporate governance, including shareholder rights and responsibilities of the board of directors and audit body, and to expand the provision of governance information
- Strengthening management transparency and enhancing corporate value through the stipulation of responsible management practice centered on the board of directors
- Emphasized the importance of the role of the board of directors and expanded the scope of communication between shareholders and stakeholders to the overall ESG management by revising the corporate governance charter in 2021

Composition of the Board of Directors

- Decision-making body for major management issues that have a significant impact on management
- Conducting board activities in accordance with the board operation policy with independence, professionalism, efficiency, and diversity
- In 2019, an independent director was appointed as the chairman of the board, and as of March 2023, a total of 9 directors (4 executive directors, 5 independent directors)
- Expand diversity of the board of directors by appointing one new female independent director in 2021 and one additional in 2023, and present perspectives/strengthen communication based on various backgrounds such as gender, experience, knowledge, and career.

Board of Directors Activities

- Regular meeting of the board of directors once a month, temporary meeting of the board of directors if necessary
- A total of 12 BOD meetings were held in 2022, 42 agenda items were deliberated and resolved, and 30 agenda items were reported.
- Resolution with the attendance of a majority of the incumbent directors and the approval of a majority of the present directors (if there are no separate resolution requirements of the relevant statutes or the board of directors)
- The minimum attendance rate for the board of directors is 80%, and activity details, such as the attendance rate and individual directors' approval or disapproval of public agenda, are disclosed on the website and business report (Average attendance rate of 98% in 2022)
- ESG major issues (financial risk caused by climate change, safety/health, ethics, human rights, supply chain, etc.) and non-financial risks reported to and reviewed by the board of directors

Board Evaluation

- In addition to the existing evaluation by independent directors, the evaluation of the board of directors by external stakeholders and key internal executives is conducted once a year.
 - From 2022, individual evaluations by committee will also be conducted.
- For the 2022 board evaluation, a written evaluation was conducted targeting key executives and external stakeholders attending the board, and through the analysis of the results, detailed improvements for board operation were derived and reflected.
- The 2022 board evaluation result was 4.66 points (out of 5 points), a slight increase compared to the previous year.
 - Since this year's evaluation, evaluation contents reflecting Financial Story and Governance Story have been added, and five areas ('Role/Function/Responsibility of Board of Directors', 'Composition of Board of Directors and Qualifications for Directors', 'Operation of Board of Directors', 'Committee Structure', 'committee operation') consists of quantitative and descriptive evaluations

Board Performance Evaluation and Compensation

- In accordance with the law, compensation for directors is paid within the limits approved by the shareholders' meeting, and the remuneration and calculation method are disclosed in the business report.
- The Nomination and Compensation Committee deliberates on the individual remuneration of executive directors, and the final decision is made by the board of directors, including the individual remuneration of independent directors.

Appointment of Directors

- Directors are appointed through a resolution at the general shareholders' meeting in accordance with the Commercial Act and the Articles of Incorporation
- The Nomination and Compensation Committee selects director candidates and recommends candidates with qualifications appropriate to the relevant laws and regulations to the general shareholders' meeting after strict screening and consideration
- Candidates whose recommendations are confirmed are appointed as directors at the final shareholders' meeting after the board of directors' resolution to convene a shareholders' meeting.
- Considering the connection between director candidates' competencies and the company's management strategy as a key criterion, a skill set for all directors is formed and expertise is strengthened so that the board can contribute to the long-term growth and development of the company.

Board of Directors Composition/Activities

Current Composition of Executive/Independent Directors

(As of March 29, 2023)

Division	Name/Birth date	Position/Responsibility	Area of Expertise	Area of Expertise / Career	Term of office	Tenure*
Independent Directors	Yeom, Jae Ho (Male, January 1955)	Chairman of the Board of Directors	Information Security Management, Social Value, International Relations, Globality, Sustainability Management	PhD in Political Science at Stanford University / 19th President of Korea University, [Current] Professor Emeritus of Department of Public Administration, Korea University, [Current] Chairman of TAEJAE University Establishment Preparation Committee	March 2022 ~ March 2025	4 years
	Lee, Chan Keun (Male, August 1958)	Chairman of Nomination and Compensation Committee	Management, M&A, Globality, Industry Expertise, Risk Management	Master of Business Administration, Korea University / Vice President of Kookmin Bank CIB Group, [Current] Independent director of Hansei Yes24 Holdings	March 2021 ~ March 2024	5 years
	Kim, Byoung Ho (Male, September 1961)	Chairman of Audit Committee	Accounting, Investment, Finance, M&A, Globality, Risk Management	Master of Business Administration, UC Berkeley, USA / Vice Chairman of Hana Financial Group, [Current] Chairman and Independent Member of HDBank	March 2022 ~ March 2025	4 years
	Pak, Hyun Ju (Female, January 1962)	Chairman of Governance Committee	Risk Management, M&A Globality	Law JD, Columbia University Law School, USA / Foreign Attorney at JIPYONG LLC, Senior Foreign Attorney at Shin & Kim LLC	March 2023 ~ March 2026	March 29, 2023 New appointment
	Kim, Seon Hee (Female, October 1964)	Chairman of ESG Committee	Management, Finance, M&A, Industrial Expertise, Risk Management	Master of Business Administration, University of Minnesota, USA / Director of UBS Investment Bank, Switzerland, [Current] Vice Chairman, CEO of Maeil Dairies	March 2021 ~ March 2024	2 years
Executive Directors	Chey, Tae won (Male, December 1960)	Group Chairman and CEO	Management & Economy, International Relations, Social Value, Sustainability Management	PhD in Economics, University of Chicago, USA / [Current] Chairman of SK Innovation, [Current] Chairman of SK Hynix, [Current] Chairman and CEO of SK Inc.	March 2022 ~ March 2025	7 years
	Jang, Dong Hyun (Male, August 1963)	Vice Chairman and CEO	Management, M&A, Portfolio Management, Risk Management, Industrial Expertise	Master of Industrial Engineering, Seoul National University / President and CEO of SK Telecom, [Current] Vice Chairman and CEO of SK Inc.	March 2023 ~ 2026 March	6 years
	Cho, Dae Sik (Male, November 1960)	Executive director	Management, Finance, M&A, Portfolio Management, Risk Management	Master's degree at Clark University in the U.S. / President and CEO of SK Inc. [Current] Chairman of the SUPEX Council	March 2021 ~ March 2024	8 years
	Lee, Sung Hyung (Male, December 1965)	Executive director	Economics, Finance, M&A, Portfolio Management, Risk Management	Bachelor of Business Administration, Yonsei University / Vice President of Finance Division, SK Inc., [Current] President, CFO of SK Inc.	March 2023 ~ March 2026	March 29, 2023 New appointment

* The term of office includes consecutive terms

Board of Directors Policy & Goal

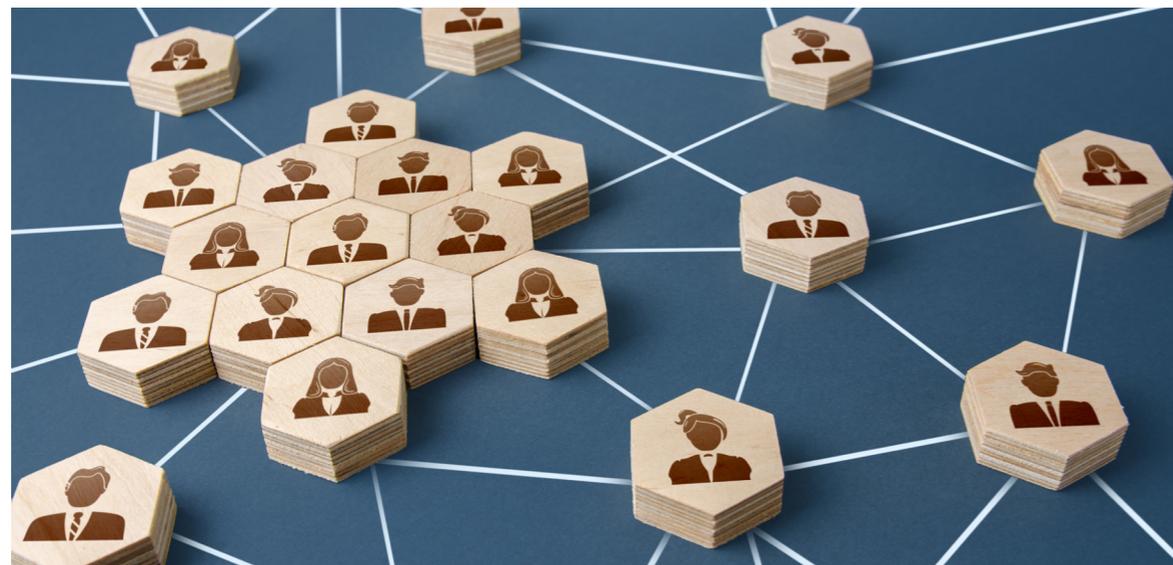
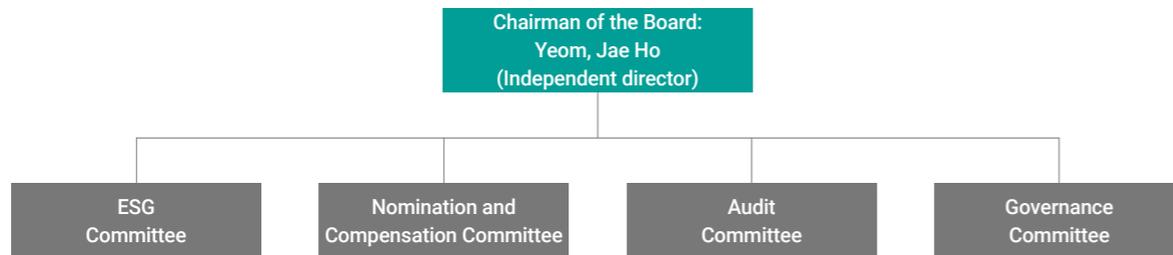
Category	Details
Independence	<ul style="list-style-type: none"> • Separation of the chairman of the board of directors and the representative director • Appointment of Independent directors as those who have no special relationship with the management • No general partner or director of another company for the same business purpose without the approval of the board of directors • Restriction on the exercise of voting rights of a director with special interest in the resolution of the board of directors • Reinforcement of monitoring function by establishing a support organization for the Audit Committee → Maintain and expand the ratio of independent directors to more than half (as of 2023: 56%) <p>+ Board Independence Guidelines</p>
Professionalism	<ul style="list-style-type: none"> • Recommendation and appointment of director candidates who possess the qualifications and capabilities, as well as a skills, which aligns with the skill set of the board as a whole, that can contribute to the company's long-term growth and development. • Composition of the board with directors who have expertise and practical experience in leadership, core industries (advanced materials, green, bio, digital), finance and accounting, risk management, legal and public policy, mergers and acquisitions, capital markets, international relations, and environmental, social, and governance (ESG) matters. • Direct provision of specialized education to independent directors by responsible executives from each investment center, focusing on the specific areas of expertise related to their roles. • Enhancement of expertise through participation in seminars and educational opportunities organized by external experts. • Public disclosure of the Board Skills Matrix, showcasing the expertise and skills present within the board → Expand the presence of industry experts in investments and business decisions.

Category	Details
Diversity	<ul style="list-style-type: none"> • Our management philosophy and strategy is for various stakeholders such as shareholders, customers, and society to grow together with the company, and the composition of the board of directors is designed to reflect diversity in terms of race, gender, age, nationality, education, religion, etc. → Prioritize diversity such as gender, age and nationality (as of 2023: 40% of female independent directors) <p>+ Board Diversity Guidelines</p>
Efficiency	<ul style="list-style-type: none"> • Temporary board meetings can be held from time to time as needed, and all directors can participate in resolutions through a communication method that transmits and receives voice at the same time even if they do not attend the meeting in person to ensure directors' participation in the board meeting. • In the case of major agenda items, each committee shall go through prior review before the board meeting, and questions or requests raised by directors at the committee shall be reviewed by related organizations and additional explanations are provided prior to the meeting of the board of directors. • It shall stipulate the right to receive advice from external advisory bodies in board/ committee regulations.

Efforts to Advance Corporate Governance

Committees under the Board of Directors

- Operate 4 committees under the board as of 2022 for efficient and systematic operation of the board of directors
- Mostly composed of independent directors for independent committee operation
- From 2021, to expand ESG discussions within the board of directors and strengthen governance transparency, reorganize the governance structure by establishing the ESG Committee and Nomination and Compensation Committee
- In particular, by including one CFO president in the ESG Committee, the management strategy from the perspective of ESG is strengthened to expand discussion.



Committee	Details	Composition(☉: Chairman)
ESG Committee	<ul style="list-style-type: none"> • Purpose: Review and analysis of ESG-related strategies and major issues for major decision-making of the company • Function <ol style="list-style-type: none"> ① Verification of ESG strategy/mid- to long-term strategy (Financial Story) ② Review of major investment agendas to be presented to the board of directors <ul style="list-style-type: none"> - Inspection of risks not only from the perspectives of valuation, strategy, technology, finance, law, marketing, HR, and PMI, but also from perspective of geopolitics, etc. 	Independent Directors Kim, Seon Hee ☉ Yeom, Jae Ho Kim, Byoung Ho Lee, Chan Keun Pak, Hyun Ju <hr/> Executive Directors Lee, Sung Hyung
Nomination and Compensation Committee (Functions of the former 'Independence of Nominating Committee' have been integrated)	<ul style="list-style-type: none"> • Purpose: Recommendation of candidates for independent directors to be appointed at the general shareholders' meeting, evaluation of the representative director and deliberation on whether or not to retain the position, adequacy of remuneration for executive directors, etc. • Function <ol style="list-style-type: none"> ① Review of individual executive directors' remuneration ② Evaluation of the representative director and recommendation of candidates for replacement ③ Recommendation of independent director candidates ④ Other matters necessary for recommending candidates for independent directors and matters delegated by the board of directors 	Independent Directors Lee, Chan Keun ☉ Kim, Seon Hee <hr/> Executive Directors Chey, Tae won
Audit Committee	<ul style="list-style-type: none"> • Purpose: Auditing the company's accounting and business affairs and handling matters entrusted to the board of directors • Function <ol style="list-style-type: none"> ① Matters related to accounting, external auditors, etc. ② Matters related to auditing ③ Function of pre-deliberation of internal transactions ④ Matters stipulated by other laws, articles of incorporation, or regulations of the board of directors 	Independent Directors Kim, Byoung Ho ☉ Pak, Hyun Ju Lee, Chan Keun
Governance Committee	<ul style="list-style-type: none"> • Purpose: Discovering, identifying, and discussing various issues related to corporate governance improvement • Function <ol style="list-style-type: none"> ① Including revision of internal regulations (articles of incorporation, governance structure charter, board/committee regulations), review of governance agenda ② Matters requiring consultation or decision of all independent directors ③ Other management matters that have a significant impact on shareholder value and are suggested by the Chairman 	Independent Directors Pak, Hyun Ju ☉ Yeom, Jae Ho Kim, Byoung Ho Lee, Chan Keun Kim, Seon Hee

Efforts to Advance Corporate Governance

Risk Education for the Board of Directors

- Conduct training to enhance independent directors' expertise and risk management capabilities, such as risk management and regulatory trends in the industrial environment
- Conducted 5 times in 2022, all independent directors attended

Date of Education	Independent Directors Attending	Main Contents of Education
April 20	All independent directors	Analysis and Forecast of Key Issues in the Global and Korean Economy
May 25th	All independent directors	Risk Management Plan
September 30	All independent directors	Pharmaceutical/Bio New Growth Area
October 31	All independent directors	Changes in the Global Business Environment / Introduction of Governance Infra
November 24	All independent directors	Sk Inc. Management System 2.0

Management Performance Evaluation and Compensation

- Reinforced top management evaluation to be decided at the board of directors in October 2022, top management remuneration is paid within the limit of directors' remuneration approved at the shareholders' meeting after efficient management performance measurement
- Since 2019, financial factors (50%) such as Growth Ratio (Sales, Operating profit, Net-asset), Profitability Ratio (ROE/ROIC, Net profit/sales ratio, EVA), Stability Ratio (Debt ratio), Total shareholder return, and quantitative criteria on the level of ESG management and SV performance (50%), are reflected in the performance assessments (KPI) of all executives, including top management (CEO).
- By 2023, all executive performance measures (KPI) include stock price indicators and stock price-linked activities related to corporate sustainability and achievement of ESG management
- Grant stock options to executives with a three-year performance period that directly ties compensation to corporate sustainability (performance period: 3 years)
- Granted stock grants using treasury stocks in 2022 (refer to the main agenda of the board of directors in the business report and website)

Establishment of CEO Succession Policy

- In order to discover, strategically and systematically verify and nurture CEO candidates with competence and potential, relevant in-house organizations such as the Board Secretariat and HR department collaborate to establish succession policies
- Stipulating overall succession policies, such as CEO candidate management, evaluation, and candidate recommendation, through the Nomination and Compensation Committee regulations and the Board of Directors regulations enacted and amended by the BOD in the 5th council in March, 2021
- After reviewing the leadership and expertise of the recommended candidate, the final decision is made as an executive director candidate at the general shareholders' meeting.

Strengthen Shareholder-friendly Management

Notification of Convocation of General Meeting of Shareholders

- Information on the general meeting of shareholders, such as location, agenda, date, etc., is provided three weeks before the general meeting of shareholders so that shareholders can secure enough time to deliberate on the agenda (domestic commercial law requires convocation notice at least two weeks before the shareholders' meeting date)

Shareholder Voting System

- Ensure that shareholders can participate in major management issues of SK Inc. by exercising their voting rights, and comply with the principle of one share, one vote
- Shareholders can exercise their voting rights through direct participation in the general meeting of shareholders, proxy voting, and solicitation of proxy voting, Since the 27th General Meeting of Shareholders held in 2018, we have introduced an electronic voting system to enhance the convenience of shareholders in exercising their voting rights.

Shareholders' General Meeting Attendance Status (Unit: Share, %)

Total number of issued shares	Number of issued shares with voting rights	Number of shares attended	Participation rate
74,149,329	54,989,509	42,632,135	77.5

Current status of exercising voting rights at regular shareholders' meetings

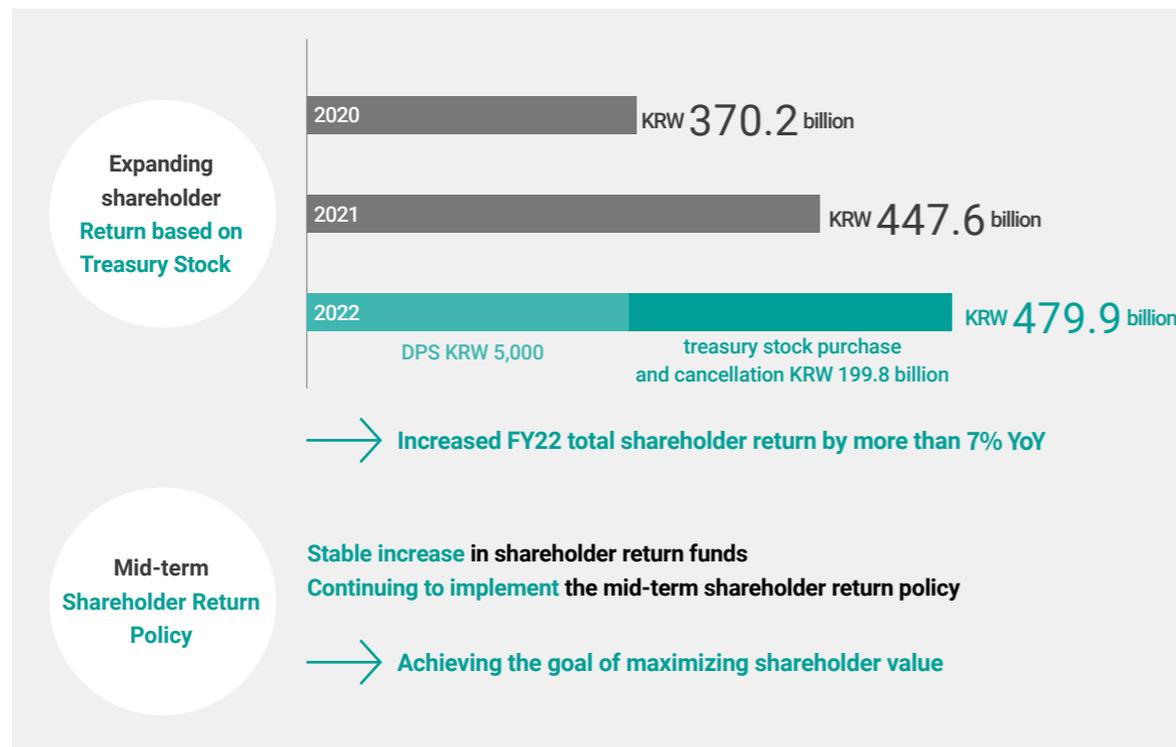
Agenda	Meeting purpose	No. of shares in favor	Percentage in favor (%)	No. of opposite shares	No. of opposite rate (%)	No. of shares withheld	Abstention rate (%)	
Agenda 1	Approval of financial statements for the 32nd period (January 1, 2022 ~ Dec 31, 2022)	40,639,516	95.3	1,925,950	4.5	66,669	0.2	
Agenda 2	Amendment of part of the Articles of Incorporation	42,337,405	99.3	280,044	0.7	14,686	0.0	
Appointment of directors (appointment of two executive directors and one independent director)								
Agenda 3	No. 3-1	Jang, Dong Hyun (Executive Director)	34,463,749	80.8	8,166,826	19.2	1,560	0.0
	No. 3-2	Lee, Sung Hyung (Executive director)	32,068,843	75.2	10,558,275	24.8	5,017	0.0
	No. 3-3	Pak, Hyun Ju (Independent director)	34,844,464	81.7	7,781,358	18.3	6,313	0.0
Agenda 4	Appointment of Audit Committee member as an independent director (Pak, Hyun Ju)	14,159,977	64.2	7,889,585	35.8	6,313	0.0	
Agenda 5	Approval of director remuneration limit	29,667,389	69.6	12,961,059	30.4	3,687	0.0	

Strengthen Shareholder-friendly Management

Shareholder Value Enhancement Activities

- Announced the 'mid- to long-term shareholder return policy' to enhance shareholder value in March 2023
 - In addition to our existing policy of paying out at least 30% of ordinary dividend income, using the proceeds from the investment portfolios, including IPOs, to fund repurchase/retire at least 1% of market capitalization annually by 2025 (retired 951,000 shares of treasury stock in April 2023)
- Total shareholder return for fiscal year 2022 increased by approximately 7% year-on-year
 - Paid out KRW 280 billion in cash dividends, representing more than 30% of ordinary dividend income
 - Repurchased approximately USD 200 billion in stock, more than 30% of portfolio realized earnings (951,000 shares retired)

Shareholder Return Policy



Dividend Status for the last 3 business years

Business year	Settling date	Stock type	Stock dividend	Cash dividend					
				Face value	Dividend per share*	Total dividends	Market price dividend rate**	Dividend payout ratio***	
								Consolidation standard	Individual standard
2020	12	Ordinary share	-	200	7,000	366,145,699,000	2.9	195.5	21.6
		Class shares	-	200	7,050	3,987,622,400	2.9		
2021	12	Ordinary share	-	200	8,000	443,050,991,000	3.1	22.8	29.8
		Class shares	-	200	8,050	4,543,001,400	3.6		
2022	12	Ordinary share	-	200	5,000	277,299,058,500	2.5	25.5	51.5
		Class shares	-	200	5,050	2,849,957,400	2.9		

* Total amount paid per share by business year

** Ratio of dividend per share to the arithmetic average price of the final price formed in the exchange market for the past one week from two trading days before the shareholder register closure date

*** Total dividend / consolidated or individual net profit

Interim Dividend Payment Details for the Recent 3 Fiscal Years

Division	2020	2021	2022	Remarks
Dividend per share (KRW)	1,000	1,500	1,500	Equal to common stock/ preferred stock
Total Dividends (KRW million)	52,869	79,308	85,034	-
Board resolution date	July 21, 2020	July 21, 2021	July 21, 2022	-

2

Ethical Management and Anti-corruption



Establishment and spread of anti-corruption management system

Roadmap	2023	2025	2030
Target	Establishment of anti-corruption management system	Advancement of anti-corruption management system	Expansion of anti-corruption management system
Action plan	<ul style="list-style-type: none"> • Maintaining ISO 37001 certification • 100% response to reports from stakeholders • Annual self-inspection of 6 key areas of vulnerability and internal audit for risk pools every 3 years 	<ul style="list-style-type: none"> • Dissemination of anti-corruption management system to subsidiaries 	<ul style="list-style-type: none"> • Consulting on anti-corruption management system for social enterprises and IT companies in local communities

Key Point

- SK Inc. has SK's own ethical management/anti-corruption system, and ethical management/anti-corruption issues are systematically managed under the SK ethical management system (Prevent/Detect/Respond)
- SK Inc. measures the level of ethics every year and we are pursuing the internalization of ethics at the level of a global leader by continuously improving weaknesses.
- SK Inc. has set ethical management results as a KPI*.

* Reflected in the performance assessment of employees, including management

Anti-Corruption Guidelines

1. All employees of SK Inc. are prohibited from engaging in acts related to corruption.
2. All employees of SK Inc. must observe domestic/overseas laws related to corruption and regulations/guidelines of our company that apply to business activities.
3. SK Inc. builds an anti-corruption management system based on global standards and continually enhances anti-corruption management by executing and monitoring the system.
4. SK Inc. revitalizes the report system and protects well-intended reporters to ensure that employees can participate in anti-corruption activities without undue burdens.
5. SK Inc. strictly handles employees who violate the Anti-Corruption Guidelines according to relevant regulations and discloses the results to employees
6. SK Inc. guarantees the authority and independence of the organization and employees in charge of preventing corruption.
7. All executives of SK Inc. provide unsparing support for the efficient execution of the anti-corruption management system.

Achievement

- Receive/handle various ethics/anti-corruption grievances
 - Operate various reporting/consultation channels (Internet, e-mail, phone)
 - Identify issues through regular surveys of Biz. partners/employees
 - Operate zero-tolerance policy and whistleblower protection policy
- Periodic monitoring of major business areas through self-remediation system and regular management diagnosis

Number of Discipline violations
15

Number of actions
15

Management

- The organization in charge of ethics management in the investment sector is under the direct control of the Audit Committee to secure independence, and in the business sector, as an independent organization in charge of ethics management, there is an ethics management team within the "Ethics Management Department" directly under the CEO. The Audit Committee under the Board of Directors performs supervision/responsibility for overall activities through periodic management review
- The Audit Committee has the right to appoint and dismiss the head of the internal audit department, and provides oversight of risk management, including reviewing and approving audit plans and providing feedback on major reports and audit results.
- SK Inc. has been recognized for our anti-corruption management system meeting international standards, through establishment of Anti-Corruption Guidelines in 2021 and acquiring and maintaining ISO 37001 global anti-corruption certification.

Rules: Code

Code of Ethics

+ Code of Ethics (Business sector, Investment sector)

- SKMS-based Code of Ethics enactment/revision allows employees to judge and act based on the Code of Ethics if they are placed in ethical conflicts related to job performance
- The scope of application of the Code of Ethics targets all full-time, contract, and dispatch workers who are employed at subsidiaries with management rights
- The Code of Ethics consists of ethics for employees, customers, society, company/shareholders, and protection of whistleblowers, and each area contains guides of specific actions
- All employees are responsible for abiding by the Code of Ethics, and disciplinary procedures will be taken in case of violation of the Code or non-cooperation with the investigation.
- Encourage business partners to participate in ethical management by enacting and requiring mandatory documents in all contracts
- SK Inc. reviews the need to revise the Code of Ethics every year and updates if necessary

Code of Ethics	Basic Principles of Ethics of SK Inc. for each stakeholders
Code of Ethics Practice	Ethical practices to be followed by employees
Code of Ethics Practice Guidelines	A detailed guide on items that need special attention

Ethical Management Violation Cases (Don'ts)

- Collect cases of ethical management violations that may occur during business activities and share them so that they can be used as guidelines for ethical behavior when employees perform their duties.

Category	Contents
Unethical	Four areas, including basic courtesy, money, treatment and hospitality, conflict of interest, and protection of company assets and information
Security	Three areas, including PC security, management of information and documents, and project security
Subcontracting	Six areas, including determination and adjustment of subcontract prices, payment of subcontract prices, unissued documents, inspection and notification of results, unfair management interference, and subcontract limitation.
Tax, fair trade	Four areas, including issue trading, unfair internal trading, unfair joint action (antitrust/anti-competitive), and unfair trading (provision of bribes through charitable contribution and sponsorship, etc.)
Reporting/Management	Three areas, including reckless business promotion, false, delayed, or partial reporting, and negligent business management

Ethical Management Practice FAQ for SK Leaders

- Provides a separate guide in the form of Q&A for situations that may occur frequently during work for the purpose of internalizing ethical management and encouraging to set an example of employees.

Area	Highlights
Conflicts of interest	<ul style="list-style-type: none"> • Prohibition of conflicts of interest and requirements for approval • Prohibition of solicitation in purchasing and personnel affairs • Regarding of compensations in the case of a concurrent position at an investment company • Reporting external lectures and return of compensation
Protection of company assets and use of budget	<ul style="list-style-type: none"> • Criteria for determining the private use of the company's assets • Prohibition of private sponsorship advertisement, or donation to a specific organization • Precautions related to the use and settlement of the company's budgets • Prohibition of handing over benefits provided by the company to others • Personal burden of expenses when adding a personal itinerary • Simplification of formalities related to business trips, etc.
Gift, money and other valuables	<ul style="list-style-type: none"> • Prohibition and permitted acceptance of money and other • Handling high-priced items as gifts from overseas business partners • Standards for giving gifts among employees, etc.

Ethical Management Standards

Category	Code of Ethics Action Items	Main Contents
Employees	<ul style="list-style-type: none"> • Mutual respect among employees • Prohibition of bribery and financial transactions • Role of a leader 	<ul style="list-style-type: none"> • Prohibition of human rights violations and discrimination • Prohibition of sexual harassment • Efforts for environment, health and safety • Guidelines related to money and valuables/gifts • Examples set by leaders, etc.
Customers	<ul style="list-style-type: none"> • Efforts to secure customer trust • Confidentiality of customer information 	<ul style="list-style-type: none"> • Efforts to secure customer trust and mutual development • Prohibition of bribery and hospitality • Protection of personal information of customers/business partners/employees, etc.
Society	<ul style="list-style-type: none"> • Compliance with laws • Exclusion of money and valuables from stakeholders • Fair trade with business partners • Fair trade with competitors 	<ul style="list-style-type: none"> • Compliance with the Fair Trade Act, Improper Solicitation and Graft Act, Subcontracting Act, etc (including charitable contribution and sponsorship). • Prohibition of illegal political funding (Direct or indirect political contributions) • Prohibition of environmental preservation Efforts and Compliance with Relevant Laws • Prohibition of Unfair Acts Against business partners etc.
Company/Shareholders	<ul style="list-style-type: none"> • Prioritize company interests in case of conflict of interest • Protect company assets and information • Prohibition of money laundering • Reporting and business management 	<ul style="list-style-type: none"> • Prohibition of concurrent employment without prior approval, prohibition of business transactions with relatives • Prohibition of insider trading • Private use of company assets and internal Prohibition of information/technology leakage • Prohibition of false/delayed reporting, etc.
Protection of whistleblowers	<ul style="list-style-type: none"> • Operation of internal whistleblowing system • Protection of whistleblower identity and prohibition of disadvantages 	<ul style="list-style-type: none"> • Prohibition of discrimination due to reporting • Protection of testimonials • Whistleblower protection measures and prevention of recurrence • Sanctions and exemption system for self-reporting, etc.

System

Exclusive Organization for Ethical Management

- In the investment Division, the Risk Management & Corporate Audit, an executive-level organization under the direct control of the Audit Committee, is exclusively responsible for ethical management/internal auditing, and guarantees the authority and independence of the organization and employees in charge (the Audit Committee shall have the authority to approve the appointment of executives of Risk Management & Corporate Audit)
- The Audit Committee, as the company's risk control tower, reviews and approves the audit plan, and provides feedback on audit results, major reports, and investigation results, and supervises the company's overall ethical management/anti-corruption
- 2022 The Audit Committee receives and discusses a total of 14 reports from the Risk Management & Corporate Audit
- In the Business Division, the ethics management organization directly under the CEO guarantees the authority and independence of the ethical management organization and employees in charge
- A diagnosis and support system has been built for subsidiaries and overseas corporations to internalize the culture of practicing ethical management

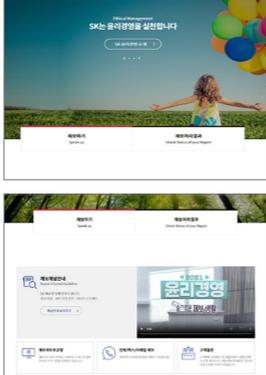
Ethics Management Reporting/Consultation System

- Various reporting/consultation channels for stakeholders are operated, and can be used by not only employees but also suppliers, customers, and anyone who recognizes unethical practices
- Reporting/consultation can be made anonymously and is managed collectively at the SK Group level
- Complying with the principle of 100% investigation on reported cases
- Protecting the identity of reporters and prohibiting disadvantageous/retaliation actions due to reporting through the Ethics Regulations and the reporters' protection clause in the online reporting site, and stipulating anonymity of reporting
- SK Inc. 2022 Status of reports: 21 cases

 Online reporting
<https://ethics.sk.co.kr>

 Hot lines
02-6400-6262

 email
ethics@sk.com



Report handling status in 2022

Number of report/consultation handling	Types
Investigations and audits	18 Cases
Transferred to related departments	3 cases
Others	0 cases
Total	21 cases

Implementing Self-Inspection System and Internal Audit

- SK Inc. is conducting self-inspection based on the checklist for risk-vulnerable areas such as the HR, finance, and purchasing. Also, SK Inc. is evaluating the effectiveness/efficiency of the self-check system annually to continuously improve vulnerable work areas and checklists
- In addition, risk-based audits are conducted for all management activities of the company and subsidiaries that SK Inc. holds management rights, and the risk pool is updated/evaluated annually to reflect changes in the business environment, and audits are conducted to selected audit targets
- Auditing all business areas within three years based on a medium-term audit plan



2022 Code of Ethics Violation Status and Measures

Category	Status
Total number of business sites / Corruption risk assessment ratio	4 business sites / 100%
Number of ethical management violations	15 cases

Types of disciplinary actions for ethical management violations	Number of cases	Measures taken result
Malpractice/embezzlement	1	1 other case
Bribery	1	1 case of dismissal
Human rights violation	9	2 cases of salary reduction, 1 case of reprimanding, 5 cases of warning, and 1 other case
Recruitment solicitation	-	-
Process violation	4	1 case of dismissal, 1 case of salary reduction, and 2 other cases

* Depending on the disciplinary action, additional disadvantages such as compensation restrictions, performance appraisals are imposed

Practice

Establishment of a Culture of Ethical Management Practices

- Continuous communication activities for ethical management through training, workshops, surveys, and written oaths targeting all employees (including executives) of invested companies and subsidiaries, as well as contract workers and dispatched workers
 - Identification of corruption risks at each organizational unit in which agents of each organization participate every year in connection with ISO 37001 and diagnosis of current status
 - Sharing of unethical/corruption risks by organization through ethical management practice workshops once a year and writing ethical management practice guidelines
 - Sending ethical management letters to prevent recurrence of major diagnosis/report investigation results
- Enhancing communication channels by activating and evaluating/improving employee communication such as ethical management Q&A and self-reporting through the ethical management portal.

* Hi-SK → ESG Management → Ethical Management Portal



Ethical Management Education

- Annual online education on ethical management for all employees (including the CEO and executives)
 - * Target: Regular employees, contract workers, dispatched employees, part-time employees, subsidiaries
- Management checks and encourages management to complete training: 100% completion of training for all employees
- Inspection of ethical management compliance to group heads/heads in charge or higher and distributing guides reflecting the inspection results
- Encourage participation through various case-based trainings, such as prohibition of harassment/sexual harassment in the workplace, prohibition of bribery and monetary transactions, prohibition of abuse of power to business partners, etc. Also provide guidance on reporting and communication channels/reporting procedures
- Inviting external expert instructors to conduct special on/offline training on anti-corruption and prohibition of insider trading
- Operate specialized courses for new hires and new leaders and conduct compliance training for PM/business management/sales positions

Ethical Management Training Classes

Category	2019	2020	2021	2022
Trainees (persons)	3,640	4,229	4,457	4,605
Ratio of people who completed training (%)	100%	100%	100%	100%

Anti-Corruption Training



Current Status of Anti-Corruption Training

Category	2019	2020	2021	2022
Employees trained on anti-corruption policies and procedures (persons)	3,640	4,229	4,457	4,605
Ratio of employees trained in anti-corruption policies and procedures (%)	100%	100%	100%	100%

* Handling of those who are unable to proceed with training due to reasons such as leave of absence or dispatch

Board Employees Informed/Trained on Anti-Corruption Policies and Procedures

Category	2019	2020	2021	2022
Number of board employees who received notice/training (persons)	9	9	9	9
Ratio of board employees who received notice/training (%)	100%	100%	100%	100%

Anti-corruption training

Ethical Management Practice Workshop

- Deriving solutions through organizational discussions on ethical management-related dilemmas
- Training for individual employees to judge/resolve ethical management dilemma situations through annual workshops

Ethical Management Survey

- Identifying the level of compliance in each area of ethics regulations, the level of related system operation, and the level of internalization of corporate culture through an annual ethical management survey for employees

The Oath of Practice For Ethical Management

+ Ethical Management Pledge

- In the second quarter of each year, all employees practice ethical management and sign a pledge to prohibit insider trading to voluntarily pledge to abide by ethical management.

ISO 37001 Certification

- Established the 'Anti-Corruption Management System Operation Regulations' in 2021 and obtained the Anti-Corruption Management System certification through individual examinations for all business sites in the Investment Division/ Business Division, and has been maintained until now
- Internationally certified that the company is implementing reasonable measures to prevent, detect, and respond to corruption



ISO 37001 Certificate

Ethical Management Support for Business Suppliers

+ Supplier's Code of Conduct

- Pledge to Practice Ethics for business partners
 - Encourage business partners to participate in ethical management by requiring a written pledge for ethical practice with business partners as a required document in all contracts
- Ethics management survey for suppliers
 - Conducted every year since 2020 for the purpose of preventing risks related to transactions with business partners and strengthening ethical awareness
 - The anonymous survey method through an external organization enhances objectivity and response rate, identifies unfair trade or unethical behavior, and communicates our commitment to ethical management, reporting channels, etc.
 - In-person interviews with major companies to enhance credibility of ethical management practices and secure communication channels
- Ethics Management Training for Business Partners' employees
 - Conduct online ethics management training for business partners' employees at the time of joining SK Inc. and take a pledge to practice ethical management

* Main training content: Ethical management system, major risk cases, reporting channels and methods, etc.



Ethical Management Training for Business Partners

3

Compliance



Compliance Management

Roadmap	2023	2025	2030
Target	Internalization of the compliance management system	Advancement of the compliance management system	Continually expanding the outcomes of the compliance management system
Operation plan	<ul style="list-style-type: none"> • Maintain the certification of compliance management system • Update compliance management system policies/guidelines • Ongoing company-wide compliance training 	<ul style="list-style-type: none"> • Renewing compliance management system certification • Continuously/systematically managing assessment of compliance risk • Upgrade compliance and measurement and monitoring 	<ul style="list-style-type: none"> • Achieving global top-tier member compliance • Sharing lessons learned with member companies and others • Zero non-compliance incidents

Non-compliance occurrence "Zero"

Fair Trade

Roadmap	2009~2010	2011~2023	2025	2030
Target	Introducing and Settling Stage	Stage for sustaining and spreading internal compliance culture	Dissemination of compliance culture to business partners and subsidiaries	Zero unfair trade/unfair competition
Operation plan	<ul style="list-style-type: none"> • Introduced CP (Compliance Program) in 2009 • Obtained "A" in CP grade evaluation in 2010 • Established and operated CP (Compliance Program) operation plan and compliance training plan 	<ul style="list-style-type: none"> • Establishment of CP Expert (fair trade/fair competition instructors) operation system • Implementation of about 20 courses related to our business-related laws and systems every year • Annual compliance risk assessment (2022 and onwards) • Implementation of company-wide employee compliance awareness assessment (2023 and onwards) 	<ul style="list-style-type: none"> • Expansion of compliance training content to some business partners and subsidiaries (30%) 	<ul style="list-style-type: none"> • Raise awareness of fair trade/fair competition within the value chain by expanding compliance training content to business partners and subsidiaries (100%) • Zero unfair trade/unfair competition

Key Point

Operation of Compliance Management System

- SK Inc. enacted compliance management system policy in 2022, acquired global compliance management certification ISO 37301, and was recognized for meeting the international standards of our compliance management system through post-examination
- Completed update of compliance management system operating regulations, etc. to reflect management changes and organizational reorganization
- Disseminated and shared data such as compliance obligations and compliance risks for each organization through the compliance management portal, and conducted training to raise awareness of the compliance management system for company-wide employees (mySUNi)

* Hi -SK → ESG Management → Compliance Management Portal



ISO 37301 Certificate Compliance Management Policy



Compliance Management Portal



Education to Raise Compliance Management Awareness

Management

Communication System for Compliance Management

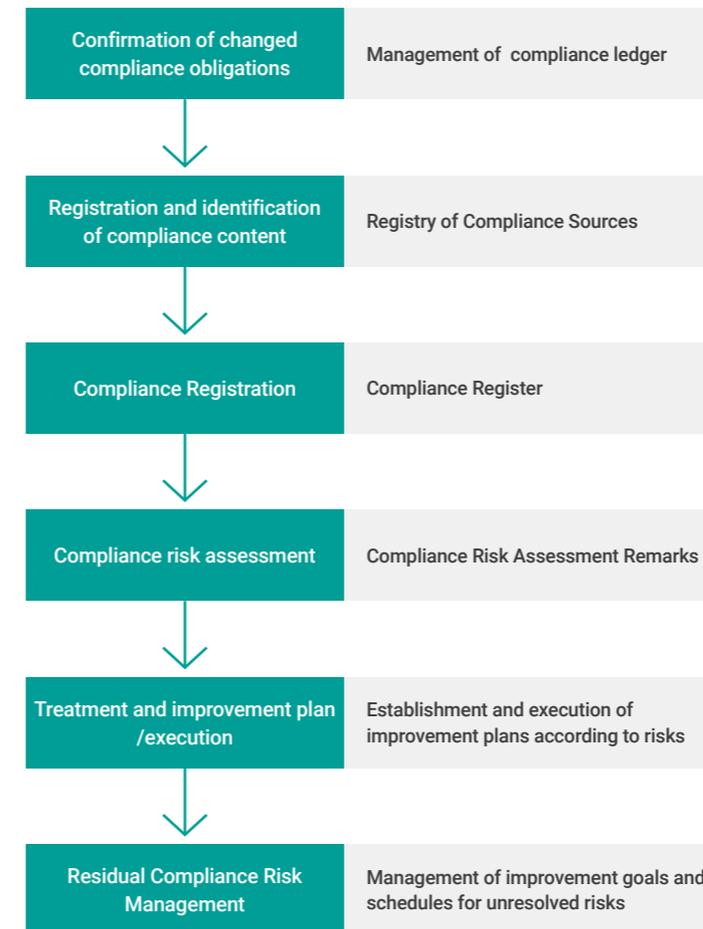
- Frequent communication with employees through various methods on all matters related to compliance management

Communication	Time	Targets	Method	Responsibility
Establishing a conflict of interest	Upon establishment	Employees	Publishing on the member intranet (Hi-SK)	Legal affairs manager
		Stakeholder	Publishing on the webpage	Legal affairs manager
Legal Obligations	Upon enactment and revision	Each unit organization	Announcement/circulation	Compliance manager
		Member	Compliance Master List	Legal affairs
Compliance risk	Every year	CEO	Risk assessment (can be included in management review report)	Legal affairs
		Department	Notice/circulation of each department	Compliance manager Legal affairs manager
Compliance training	Every year	Former employee	Compliance Management Guidebook	Legal affairs
Internal audit	Every year	Compliance Officer	Internal audit report	Legal affairs
Management review	Every year	CEO	Management review report	Compliance officer

Advancement of Compliance Management System

Continuous/Systematic Assessment and Management of Compliance Risks

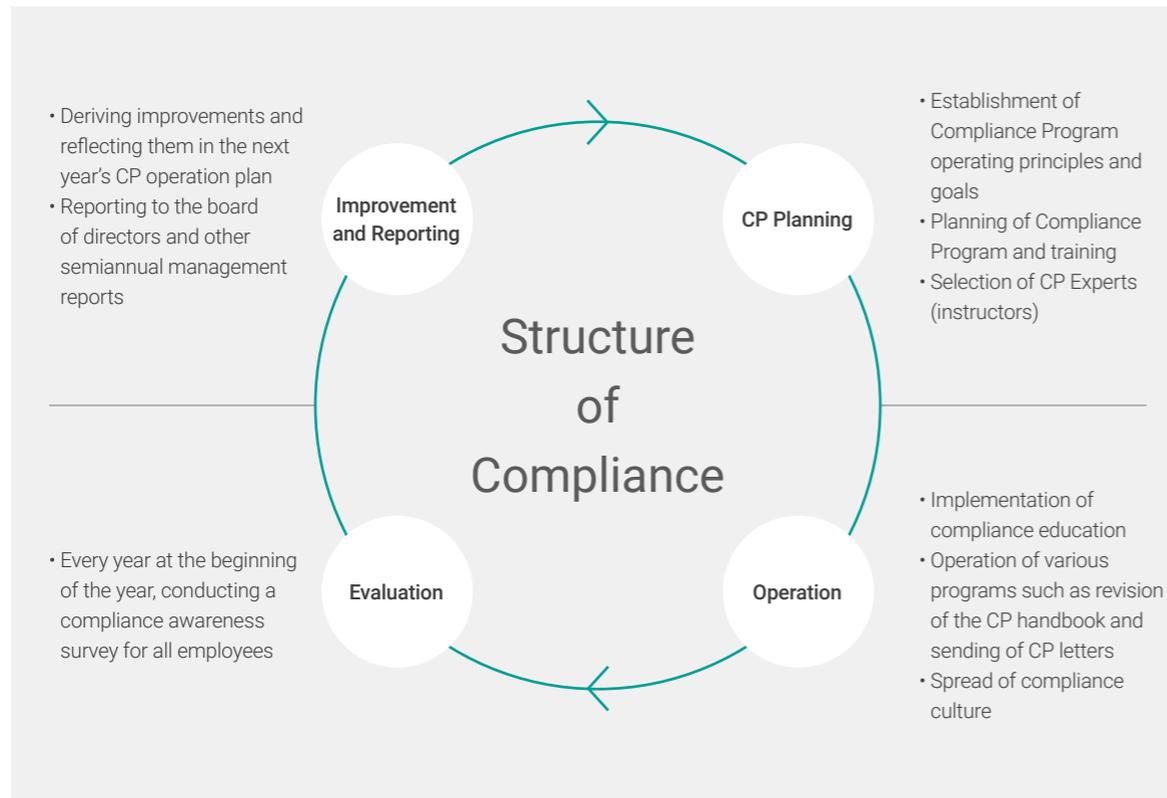
- Identification, analysis and evaluation of compliance risks by relating compliance obligations to relevant aspects of business activities, products, services and operations
- Identifying new and changed compliance obligations to ensure continued compliance management
- Remuneration is paid by reflecting employees' compliance/code of conduct in the company's KPI.



Spreading a Culture of Fair Trade

Compliance System

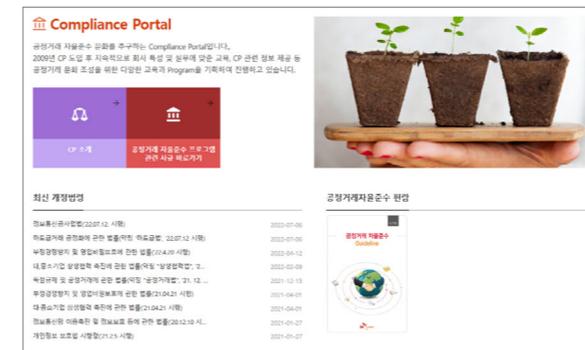
- The Compliance Program operating system consists of repeating the 4-step process of CP planning → operation → evaluation → improvement and reporting
- Thoroughly analyzes and evaluates relevant major compliance risks to plan a compliance program at the global level, spreads and propagates a compliance culture
- CP understanding surveys and compliance capability diagnoses are performed on all employees at the end of each year to derive improvement points and establish the CP plan for the following year. Operating outcomes and plans are reported to the Board of Directors and management semiannually



Operation of the Fair Trade Compliance Program

- Introduced the Fair Trade Compliance Program (CP) in 2009 to internalize related laws and procedures and create a culture of voluntary compliance
- Revision of the Voluntary Fair Trade Compliance Handbook to reflect the latest revised laws and response guides every two years
 - Through this handbook, employees can be familiar with laws related to fair trade, prevent violations related to fair trade/subcontracting in advance while performing duties, and cultivate employee compliance awareness.
 - Implementation of compliance programs such as sending CEO letters and compliance manager letters, compliance training, and operating a compliance portal
 - Support for effective compliance activities such as selection of CP Experts for each compliance area composed of in-house experts related to various regulations, education and consultation

Cases of unfair competition/antitrust violations in 2022
Zero



Compliance Portal
* Hi-SK → ESG Management → Compliance Portal



CEO Letter



Voluntary Fair Trade Compliance Handbook

Main Contents of the Voluntary Fair Trade Compliance Manual

- CEO's declaration of willingness to comply, CP definition and reasons for introduction, CP implementation system, 8 core elements of CP
- Commentary on laws related to fair trade (Fair Trade Act, Subcontracting Act, Mutually Beneficial Cooperation Act, Improper Solicitation and Graft Act)
- Commentary on other company-related laws (Act on the Protection of Temporary Agency Workers, Intellectual Property Rights, Personal Information Protection Act)
- In-house regulations (relevant company regulations, step-by-step guide for business progress, whistleblowing system, introduction of the department in charge)

Spreading a Culture of Fair Trade

Operational Status of 8 Core Factors of Fair Trade Compliance

Key elements	Operation status
Establishment and implementation of CP standards and procedures	<ul style="list-style-type: none"> Revision of 'Voluntary Fair Trade Compliance Operation Regulations/Guidelines' (January 2022) Enactment of 'Voluntary Fair Trade Compliance Reward System Enforcement Guidelines' (Dec. 2016) Document management and posting through internal compliance portal and fair trade bulletin board of external website
CEO's commitment to voluntary compliance and support	<ul style="list-style-type: none"> Efforts to secure customer trust Protection of customer information Efforts to secure customer trust and mutual development Prohibition of bribery and hospitality (including kickbacks) Protection of personal information of customers/business suppliers/employees, etc.
Appointment of a compliance manager in charge of CP operation	<ul style="list-style-type: none"> Appointment of a compliance manager through the board of directors Sending a compliance manager letter to employees (once a year) Reporting CP operation status and plans to the Board of Directors (half-yearly)
Production and distribution of compliance handbook	<ul style="list-style-type: none"> Production and distribution of compliance handbook (at least once every 2 years) Production and publication of e-book and mobile handbook MARU (in-house library)
Continuous and systematic voluntary compliance training	<ul style="list-style-type: none"> Training for PM/business management/sales (once a year) Training of prevention of technology misuse under the Subcontracting Act and Intellectual Property Rights for all employees (once a year) Training for new/experienced employees (frequently) Compliance training for each business (frequently)
Establishment of an internal monitoring system	<ul style="list-style-type: none"> Preliminary inspection of issues for each PJT and project stage (constantly) Operation of the RM SPOC system Regular inspection of fair trade risks (semi-annually)
Sanctions against executives and employees who violate fair trade-related laws	<ul style="list-style-type: none"> Revision of 'Voluntary Fair Trade Compliance Operation Regulations/Guidelines' (January 2022) Online/offline counseling center operation
Effectiveness evaluation and improvement measures	<ul style="list-style-type: none"> Obtained A grade in CP rating evaluation by Fair Trade Commission (2010) Compliance awareness evaluation for all employees (once a year) Based on the results, plan for the following year is established

2022 Fair Trade Compliance Program Operation Performance

Education and activities	Regulations related	Remarks
Focus target compliance training	Fair Trade Act, Subcontracting Act, Dispatched Worker Protection Act, company regulations	1 time
Education on the Improper Solicitation and Graft Act	Improper Solicitation and Graft Act	1 time
Cloud and personal information compliance training	Personal Information Protection Act, Information and Communications Network Act, Cloud-related Act, etc.	1 time
Compliance training for new employees and sales employees	Fair Trade Act, Subcontracting Act, Company Rules	always
Global compliance training	GDPR (EU Privacy Protection Act), FCPA (Foreign Corrupt Practices Act)	1 time
Electronic finance and personal information compliance training	Electronic finance related laws and regulations, personal information protection law	1 time
Technology misappropriation prevention and intellectual property rights education	Subcontracting Law, Intellectual Property Rights	1 time
Public Business compliance training	Subcontracting Act, Public Contract Law, Software Promotion Act, Improper Solicitation and Graft Act	1 time
Leader ESG Compliance Training	Subcontracting Act, Serious Accident Act, Occupational Safety and Health Act, Compliance Awareness, Raising Human Rights Awareness	1 time
Internal transaction compliance training	Fair Trade Act, Company Rules	3 times
CP operation performance and plan report to the Board of Directors	All of our related laws and regulations	2 times
Operation of CP portal	All of our related laws and regulations	always
Autonomous compliance manager letter, ceo autonomous compliance letter	Fair Trade Act, Subcontract Act	2 times
Elevator campaign	Subcontract Act	1 time
Company-wide notification of changes in the legal system	Legal systems amended in 2022, related to our company	Occasional
Participants enrolled in compliance training*		5,380

* Including overlaps

4

Risk Management



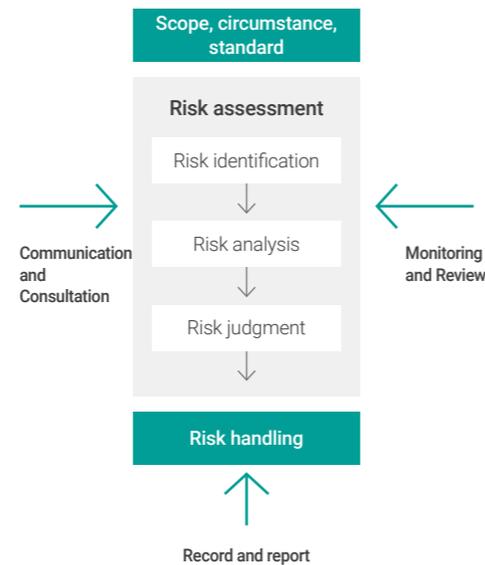
Key Point

Integrated Risk Management

- SK Inc. established an "integrated risk management system" based on the ISO 31000 guidelines to manage all types of risks arising from corporate business activities
- In June 2023, by securing the qualification of the risk management system based on ISO 31000 across the company's risk management system, standard principles, and overall process, it proved that the organization's mid- to long-term goals were achieved and that it had excellent capabilities in ESG and business risk management
- Based on the risk management strategy of 'Risk management goal establishment - risk identification and analysis - risk prevention and mitigation-evaluation and improvement', active participation of top management in the risk management system, operation of the management system linked to the company's business operation standards, and compliance with international standards are complemented to identify/prevent threat factors such as events, actions, and environments that may adversely affect the achievement of corporate goals in advance and further minimize corporate value volatility due to uncertainty.

Establish risk management goals	Establishment of key risk management goals that reflect internal/external issues and stakeholder needs
Risk identification/analysis	Efforts to minimize changes in corporate value through proactive prevention of threat factors that may have a negative impact on corporate management, identification of risk situations, measurement of impact, and establishment of countermeasures
Risk prevention and mitigation	Risks that may occur despite prior prevention are classified into four major risks (environmental, social, governance, and business-specific), and preemptively identify and manage them.
Evaluate/derive improvement	When an actual risk occurs, promptly respond through the risk management framework, immediately report and analyze/respond the occurrence risk, and establish measures to prevent recurrence through feedback

ISO 31000 based Risk Management Process



Risk Management Policy

- SK Inc. recognizes risk management as an essential component of corporate governance and strives to form an active risk management culture
- Continuously strengthen risk management process for the purpose of maintaining the soundness and stability of corporate management



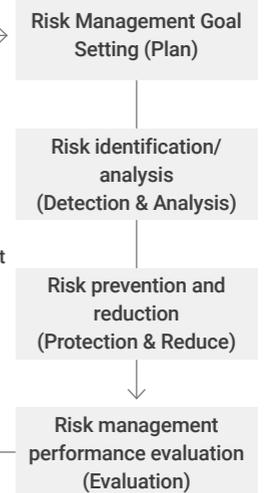
Risk Management Policy

Risk Management System Certificate

Company-wide RM Framework

Governance	
Policy	ISO 31000-based integrated risk management principle goal establishment / application
Management organization	Separation of risk management/ control functions
Infra	
Process	Establish/operate integrated RM performance system
System	Establishment of training and operation system to secure RM competency qualification
Ownership	
Internal review system	Internalization of Self RM based on the screening system for each risk area
Risk Awareness	Share risk management goals/ importance aligned with enterprise strategy

RM strategic direction

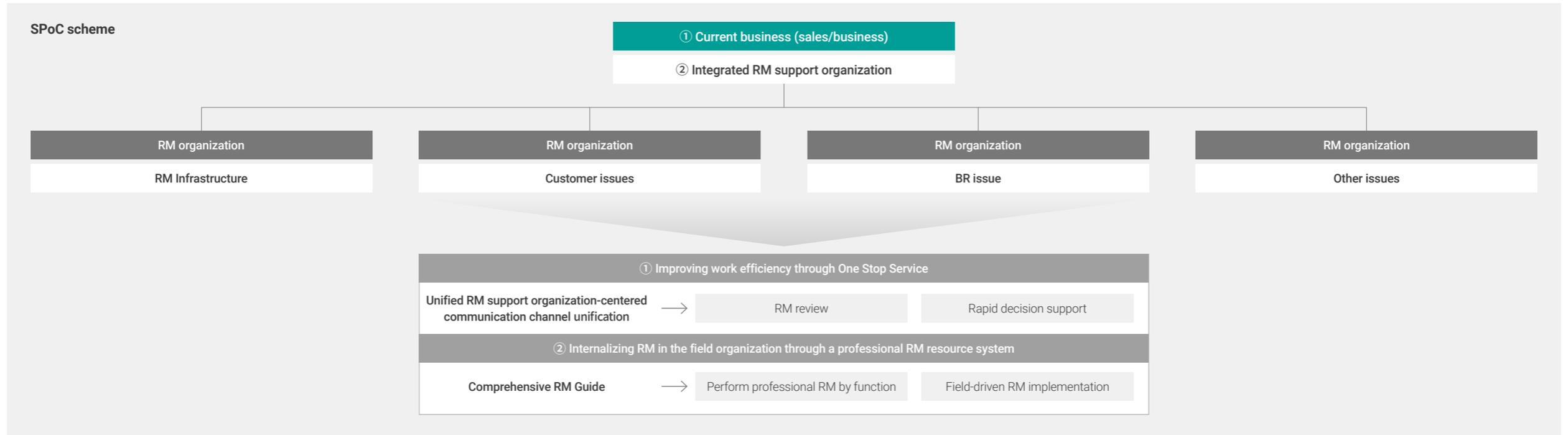
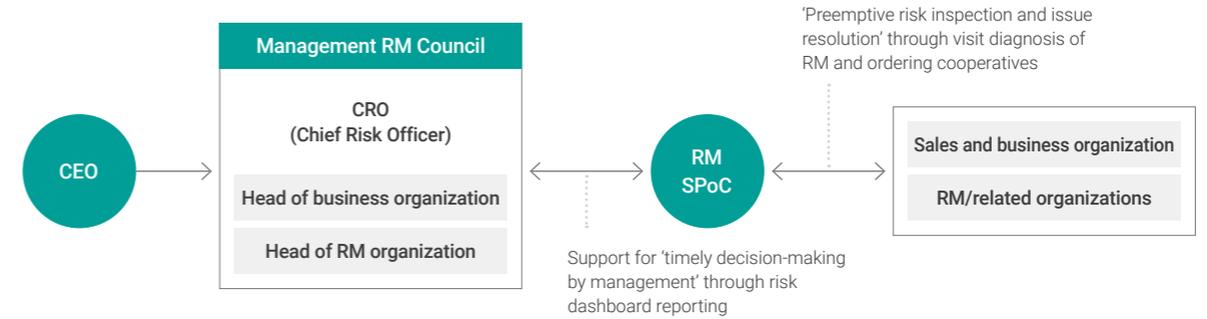


Continuous Improvement

Management

Risk Management Reporting System

- Establishment of a risk management council organization and reporting system including management for prompt risk response
 - KPIs are applied to the CRO and the head of the risk management organization, who are compensated based on an evaluation of performance.
 - Assign risk management-related KPIs to CROs and risk management organization heads, implement compensation linkage through performance evaluation
- * Report major risk management activities to the Board of Directors
- Establish a dedicated RM SPoC (Single Point of Contact) system for each business to enable integrated risk management at sites and risk management departments
- Professional risk review by field departments and unified risk management department communication channel
- Company's risk exposure is reviewed monthly by the Executive Risk Management Society, Enterprise Integrated Risk is assessed and reported at least once a year



Advancement of Risk Management System

Risk Management Area

- Preemptively identify and manage* company-wide integrated risks by classifying and defining macroscopic environmental risks for mid- to long-term risk response, financial risks such as sales, exchange rates, liquidity, and interest rates, business risks such as strategies, competitors, clients, and technological changes, and operational risks such as employees, processes, infrastructure, and security, and establishing response strategies.

Environmental risk	Social risk	Governance risk	Financial risk	Business risk
Macroscopic environment, market environment, law/international regulation, disasters, climate change responses	Quality management, information security, safety/health, human rights	Fair trade, compliance management, anti-corruption	Market economy, price fluctuations, liquidity fluctuations, credit fluctuations, financial losses	Strategy establishment, customer management, competitors, investors, technological changes

* Example of risk tolerance levels - (Social risk) No health and safety violations, (governance risk) no unfair competition/antitrust violations, (business risk) impact on SK corporate value, etc.

Risk Measurement and Management Advancement

- Risk measurement and stress testing are performed to identify the impact on business performance
 - * Finance, business environment, business, legal affairs, reputation, corporate culture, environmental risks, etc.
- Establish and operate a risk measurement model to early determine the feasibility of our projects in connection with current business departments
- Conduct risk management training for employees (mandatory course)
- Step-by-step training according to job group/position, provision of professional courses for leaders, etc.
 - Open next-generation MIS system in 2022
 - Open and operate next-generation MIS PROMIS through improvement/advancement of existing MIS system functions to make quicker business decisions, improve employee experience, and more.
 - * MIS: Management Information System
- When evaluating employees, HR review process includes risk management standards, and disciplinary action is taken against violations.

PROMIS function	Benefit
User-friendly UI/UX composition	Identify business status and provide various convenience functions
Streamlining the user convenience-oriented process for order-based business	Simplify sales representative task/process/performance PM work
Securing management infrastructure with platform-type business visibility	New process establishment and procedure management function development
Creation of data-based work environment	Providing customized data insight for executives/employees, automating estimation work
Designing a flexible architecture that accommodates BM changes	System expansion and failure response flexibility/improvement of flexibility for job changes

Potential Risk Analysis and Response

- Potential risk analysis and response
 - SK Inc. seeks to preemptively respond by identifying potential risks that it believes will have a significant impact on management.

(Selected based on Prioritization of identified risks)

Classification	Risk Description	Business Impact	Risk Response
Expansion of investment portfolio and phased reorganization	<ul style="list-style-type: none"> • As the growth potential of the existing portfolio (traditional investment assets) is clearly revealed, the need to expand investment in new high-value/high-growth areas emerges 	<ul style="list-style-type: none"> • Diversification of the investment portfolio and discovery of new investment areas may expose new risks that did not previously exist • Decreased value of the investment portfolio and changes in soundness and profitability are directly related to the corporate value of SK Inc. 	<ul style="list-style-type: none"> • Establishment of a portfolio ESG management system (constant/regular inspection of ESG risk factors throughout the investment process, reflection of valuation evaluation, and establishment of action plans) • Establishment of monitoring and exit plans through shareholder participation • Expansion of dedicated personnel
Carbon neutrality throughout the business value chain	<ul style="list-style-type: none"> • As climate change is recognized as a matter of survival, stakeholders demand "carbon neutrality" from companies • Possibility of strengthening supervision and regulation at the national level by reflecting net zero declarations and national policies of major countries including Korea 	<ul style="list-style-type: none"> • Increased response resources resulting from increased demands for global regulations and policies (e.g. greenhouse gas emissions trading system) • Increase in renewable energy power procurement costs to achieve Net Zero and RE100 • Risk of fines, penalties and litigation due to non-compliance with laws/policies 	<ul style="list-style-type: none"> • Establishment of a climate-related financial risk management system for portfolios • Introduction of internal carbon pricing and managing Net Zero KPIs for the group • Reinforce renewable energy use, utilize data center • Reorganize portfolio for projects that emit large amounts of greenhouse gases and prepare phased exit plans
Changes in global situation	<ul style="list-style-type: none"> • Intensifying conflict between the US and China • Spread of nationalism such as IRA • Increase in energy and raw material prices due to protracted Russo-U.S. war 	<ul style="list-style-type: none"> • Expansion of obstacles to growth of global businesses due to global fragmentation - raw material supply and demand issues energy supply issues 	<ul style="list-style-type: none"> • Reinforcing BM/Tech competitiveness for global competition and reexamination of global bases/assets

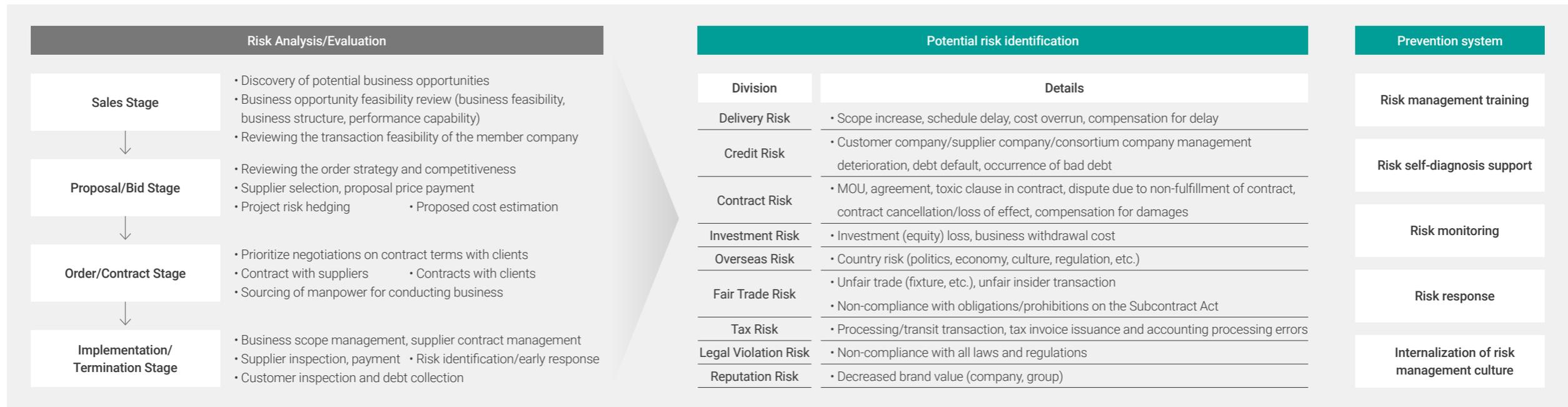
Internalization of Risk Management

Risk Management by Business Stage

- Execution of staged risk management for projects and investments exceeding a certain size
- Category of the process from discovery of business opportunities to completion of business into four stages, identification of potential risks through risk analysis/evaluation that may occur by area, risk reduction, and establishment of response plans
- Establishment of a preventive system, such as flexibility in management and resource input according to risk level
- Utilization of ISO 31000-based risk management system to preemptively identify, identify, and respond to new and long-term risks
- Systemically classify and manage that may occur in the course of business, such as financial risk including market/credit/liquidity/capital risk, investment risk, project risk that may occur in the process of providing IT services.

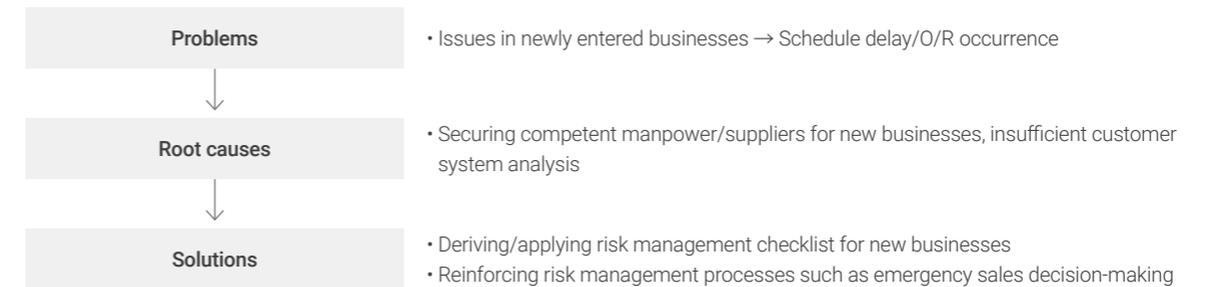


Risk Review Items and Management Support Areas by Business Stage



Reinforcing Risk Management of New Entry Businesses

- Analyzing root causes to prevent recurrence of issues in new entry businesses, drawing up and implementing solutions



5

R&D



Key Point

- SK Inc. defines Digital Transformation (DT) technologies such as Bigdata, AI, Blockchain, and Cloud as core R&D areas, and is continuously expanding its R&D investment portfolio that reflects technological changes and market needs.
- Develops a Tech. Roadmap that continuously reflects the status of DT technology development/possession (basic technology and related solutions) and To-Be direction
- Since 2023, investment in new technologies related to generative AI has been in expanding

Digital Product Map

Tech Product*		Vertical Product**	Professional Service***
AI/Data (AccuInsight+)	Blockchain (ChainZ)		
Accu.Insight	ChainZ Mainnet	Market Caster	Digital Doctor
Accu.Tuning		I-FACTs	Training Professional Service
Accu.TA		Medical Insight+	DataCoE
Accu.Chatbot	ChainZ Utility	Real Estate RPA	UX Professional Service
Accu.AICC		Click ESG	AI/Data Architecting Service
Accu.Vision	ChainZ Application	mTworks	
Accu.Lake			
DataRobot			

* Tech. Product: Products related to AI/Data & Blockchain technology
 ** Vertical Product: Products by industry (finance/manufacturing/healthcare, etc.)
 *** Professional Service: Services that support our digital products

Management

R&D Organization and Manpower

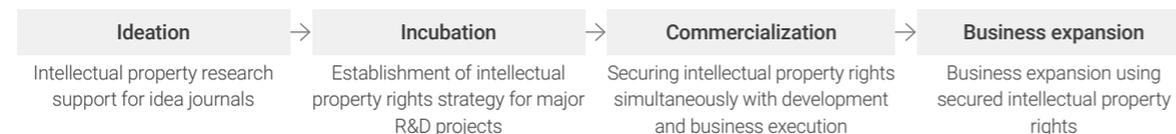
- In 2020, the Digital Tech Center was newly established and a separate dedicated organization for Cloud expertise was created and is creating continuous innovation and long-term results.

Organization	Main Business
DX Tech. group	<ul style="list-style-type: none"> • Digital Tech. Center and DX Tech. Group management plan/KPI establishment, performance/performance management • R&D related plan establishment such as investment tasks, progress management/performance management • Technical support for discovering and proposing/executing DX projects • Performing AI/big data platform engineering/architecting
AI/Data Tech. group	<ul style="list-style-type: none"> • AI/Data analysis platform product development and business • Vision-based technical support/project implementation (including Accu.vision platform application/modeling) • Solution development/advancement for AI contact center business expansion based on natural language processing and voice recognition technology
Web3 Tech. group	<ul style="list-style-type: none"> • Web3 and Blockchain technology (Mainnet/FT/NFT/STO/DID/Wallet, etc.) research • ChainZ solution technology development / business implementation / operation
Professional Services group	<ul style="list-style-type: none"> • Data Robot, AccuInsight+, etc. platform linkage, data integration/curation linkage, etc. analysis business expansion • Data AI service in the net-zero field (renewable energy power generation prediction, Netzero P/F AI analysis included) • Proposal/construction/operation of Snowflake based on the Modern Data Stack and technical support using Cloud Native services required by customers • Perform AI/DT strategic tasks and business organization collaboration tasks
Digital BM Development Group	<ul style="list-style-type: none"> • Developing and launching future new growth digital BM development • Development of new business such as credit transaction, rating, MRV, LCA, waste certification in the carbon sector.
Healthcare group	<ul style="list-style-type: none"> • Go-to-market for digital healthcare business (business development, handling of approvals and permits, etc.) • Installation and operation of Medical Insight Plus (MI+) • Discovery of new businesses in the healthcare and wellness business areas and follow-up of existing businesses • Establishment and operation of eco-partnerships related to business promotion

Achievement

R&D Intellectual Property Management

- Newly established and managed in-house system for systematic management of intellectual property portfolio in 2022
- Provide free license for patents to business partners
- Preemptive IPR strategy execution
 - Company-wide branding support and digital asset trademark acquisition
 - Public business expansion support through P/F and copyright registration
 - Inspection of patent infringement risk for major platforms and timely acquisition of IP
 - Company-wide compliance obligation risk assessment (IPR)



Patent Holding Status (2022)

Field	Number of applications/registrations	Field	Number of applications/registrations
AI	22 cases	Solution	18 cases
Blockchain	10 cases	Manufacturing	45 cases
Cloud	2 cases	Communication	31 cases
Data	12 cases	Integrated service	1 cases
Healthcare	1 cases	Existing business	61 cases
Finance/Strategy	10 cases	Clean technology (eco-friendly)	15 cases
Total		228 cases	

- ※ New patent details
- AI field: image analysis method and system for recognizing heavy equipment and gas pipelines
 - Blockchain field: How to manage user keys using smart contracts on the blockchain
 - Data field: method and system for automatic data relevance search using machine learning
 - Healthcare field: How to discover proteins (targets) for new drug development using artificial intelligence

Licenses Held, Data Processing/Storage Capacity Status (2023)

Field	Current situation	Explanation	Remarks
Number of licenses or subscriptions you have	108 (possessed licenses)	15 cloud offerings (13%)	
Data processing capacity	1440 servers	20,622 Core	0.02MSU
Data storage capacity	2,241TB	General server disk and SAN storage capacity	

※ Extracted based on our assets, excluding customer equipment operated/served by our company, and there is no outsourcing related to data processing and data storage.

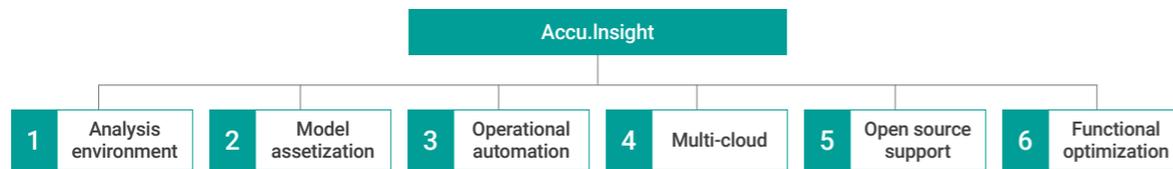
DT Platform-Based R&D

Technical name	Product name	Explanation
AI/DATA	① Accu.Insight	An AI/Data analysis platform that allows beginners to experts to quickly and easily use the entire process of data analysis and MLOps
	Data Robot	Global AutoML platform for easy and fast data analysis
	② Accu.AICC (AI Contact Center)	A platform that provides chatbots, voicebots, and additional AI consultation support functions to the existing contact center infrastructure
	③ Accu.TA (AI text analysis)	A solution that extracts/analyzes and processes information from documents using natural language analysis technology.
	Accu.Chatbot	It consists of a conversation engine for providing natural language-based chatbot service and STUDIO, a web-based UI tool that can conveniently create chatbots.
	④ Accu.Vision	Video/image analysis engine optimized for industrial safety, surveillance, and security with deep learning technology
	Accu.Lake	Unlike the Accu.Lake traditional data warehouse architecture, Accu.Lake is an evolved data platform that not only greatly improves performance by separating storage and compute, but also optimizes the cost structure.
	Data CoE	Based on Data Analytics, Data CoE is customer Biz. Expert service in which external experts solve core business areas (planning/strategy establishment) by acting as an agency for discovering and leading value-up tasks
Blockchain	⑤ ChainZ	As an enterprise blockchain platform, Ethereum-based ChainZ-Mainnet and digital file records are permanently stored in the blockchain to support digital assetization, providing NFTs and various Utility APIs.
Cloud	CloudZ CP	Platform service that provides integrated functions necessary for corporate customers who require up-to-date CP systems and applications
	⑥ AMDP	A platform that provides technology and standard development patterns required in the process of promoting application conversion based on MSA and promotes improvement in service quality and rapid development
	⑦ MCMPs	Cloud integrated management system that aims to provide Total Cloud Management Value by supporting various customer companies and industrial environments

DT Platform-Based R&D

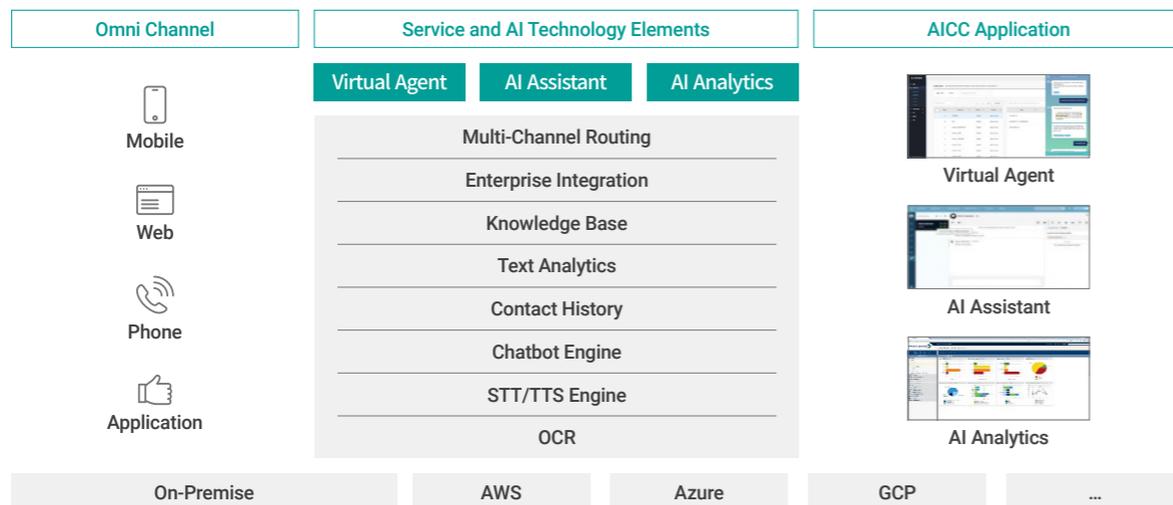
① Multi-Cloud based Machine Learning Platform <Accu.Insight>

- A multi-cloud based DevOps is machine learning platform that supports all areas of data science from data preprocessing to analysis/operation at once
- An integrated data analysis platform service that provides data collection, processing, analysis and visualization, and specialized technical support, with advantages of easy and fast data linkage and high data analysis accuracy
 - Supports both on-premise and cloud platform methods, operates in a multi-cloud environment, and continues to expand the scope of service offerings



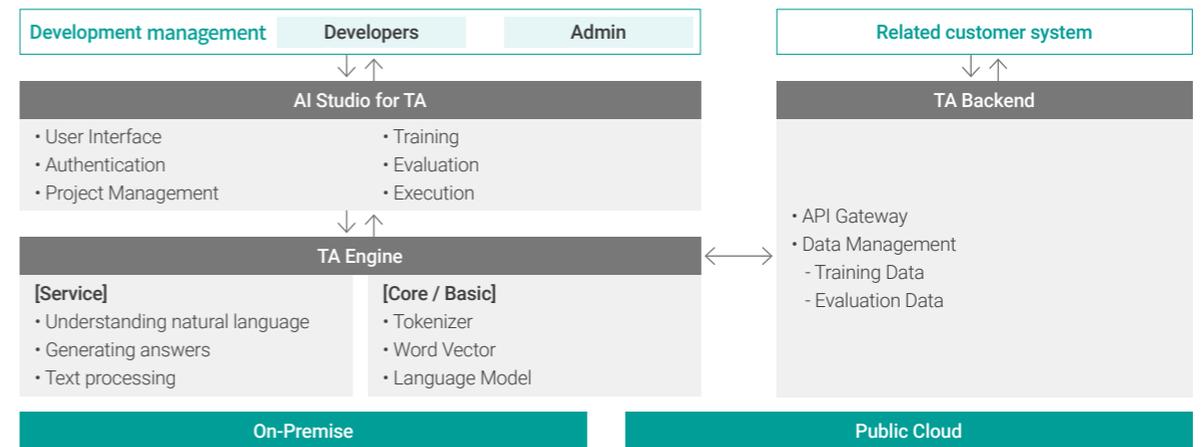
② AI Contact Center <Accu.AICC>

- Accu.AICC is AI Contact Center platform that provides chatbots, voicebots, and additional AI consultation support functions
- High level of natural language processing capability, human & AI integration to respond to various consultation scenarios
- Available in a flexible infrastructure environment from on-premise to public cloud



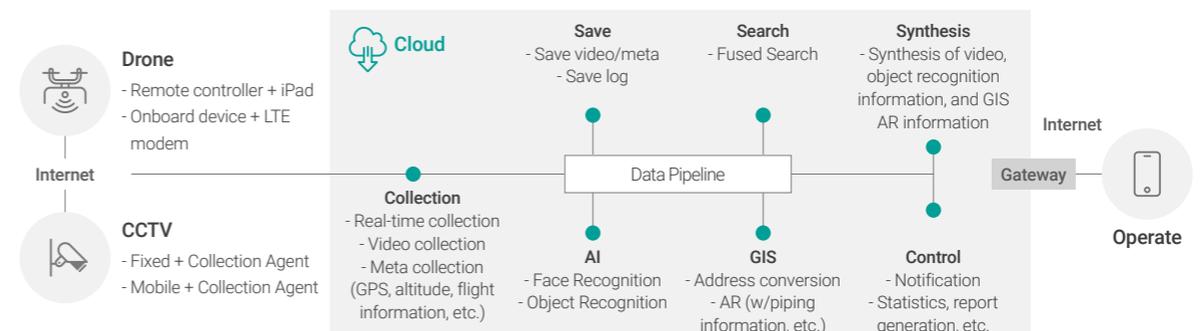
③ An AI engine based on Natural Language Processing <Accu.TA>

- AI engine with excellent NLP (Natural Language Processing) analysis performance
- Integrated interactive AI solution that implements all service models desired by customers
- Possesses a variety of deployment cases, such as survey analysis, professional consultation support, sales QA, automatic email classification, and HR recruitment management service



④ AI video analysis platform <Accu.Vision>

- A video analysis platform that recognizes specific objects customers require by setting analysis targets based on existing CCTV, video systems and applying AI technology such as deep learning
- Object recognition information and GIS-based data applied with AR technology are integrated and displayed in real time with drone footage

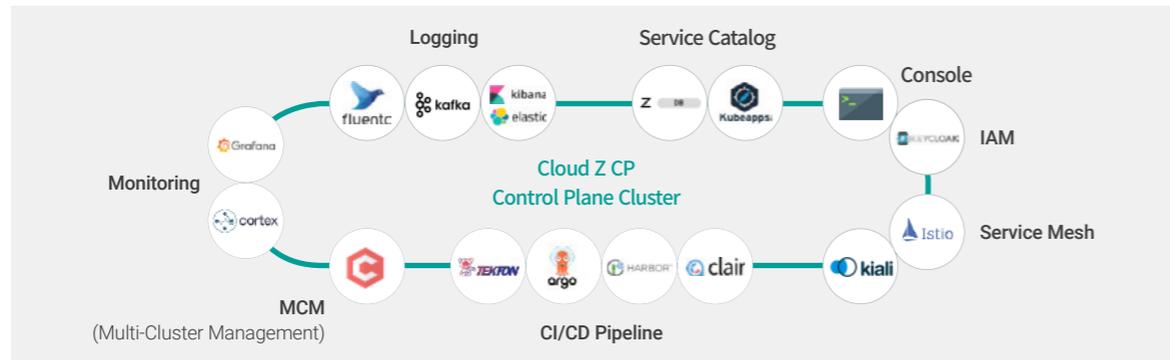


DT Platform-Based R&D

5 Enterprise Blockchain Platform <ChainZ>

- Platform service that provides functions necessary for enterprise customers who want to update systems and applications in an integrated manner
- In particular, it manages the multi-cloud based Kubernetes* service life-cycle and provides development convenience tools and operational efficiency services

* Kubernetes: A management system that provides automatic deployment and scaling of containerized applications, also expressed as K8s

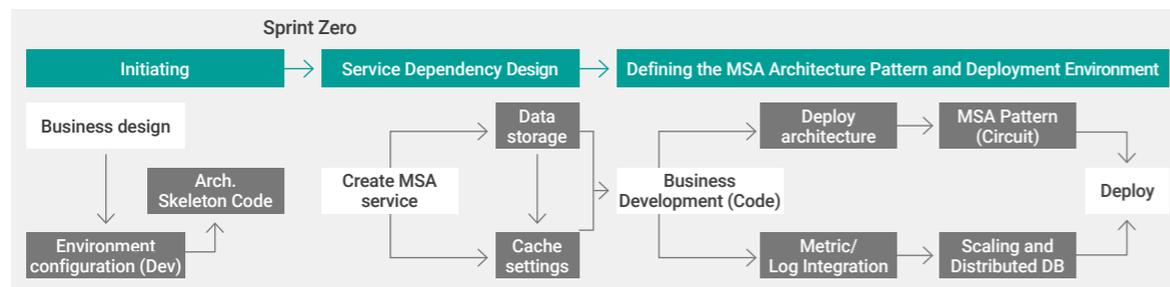


6 AMDP (Application Modernization Dev. Platform)

- A platform that provides technology and standard development patterns required in the process of promoting application conversion based on MSA and promotes improvement in service quality and rapid development
- SK AMDP improves quality based on verified code by applying it at the time of starting development and the development process using modern technology and patterns, secures patterns for development/distribution and performance-based design application, and supports the execution of verified code-based projects

Development process using AMDP

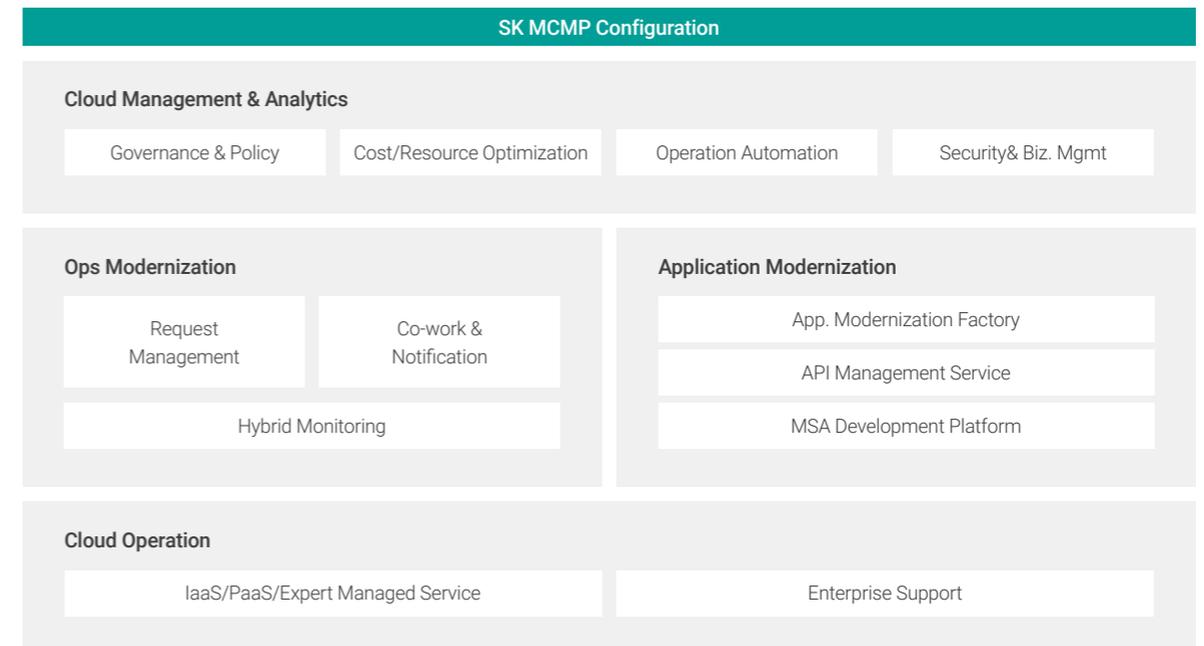
Sprint #1 ~ #N AMDP



7 MCMP (Multi-Cloud Management Platform)

- The MCMP system refers to a cloud integrated management system that aims to provide Total Cloud Management Value by supporting various customer and industrial environments based on the Multi-Cloud environment.

MCMP configuration and service



- It has the characteristics of an end-to-end integrated platform that covers all areas of service, such as resource management, request/failure/change management, monitoring, optimization, and automation required for cloud service operation. Advanced development such as securing insight analysis function is in progress
- Our company is currently operating as Premium MSP (Cloud Service Provider) and to provide customer value, we are in process of advanced development through enhancing basic functions, strengthening quality through automatic diagnosis at the operation level, strengthening automation functions, and securing Biz. Insight analysis functions

R&D by Industry

Industry	Contents	Introduction
Economy	① Market Caster	An AI financial market analysis platform that presents a financial innovation model and enhances competitiveness in the capital market by providing AI-based 'Investment Banking as a Service'
	Real Estate RPA	Real estate-related loan, registration, follow-up management task automation solution using RPA artificial intelligence
Green Tech	② Click ESG	ESG business management comprehensive diagnosis platform
	mTworks	A mobile test platform that makes it easier and simpler to perform mobile device tests, which have been a headache due to repetitive tasks and device purchase costs, through remote access and automation.
	③ Centero	Voluntary carbon reduction certification (registry) and credit/offset issuance/ Transaction support service
	Hangarae	Mobile platform for solving/practicing social problems in everyday life of SK Inc.
Manufacture	④ I-FACTs	An optimal platform that helps to utilize 'Data', the core of everything, in the most valuable way in the entire manufacturing process, which is divided into production management and control areas.
Healthcare	⑤ Medical Insight+	AI algorithm-based cerebral hemorrhage diagnostic aid solution

① Investment Platform that Integrates Digital Capabilities <Market Caster>

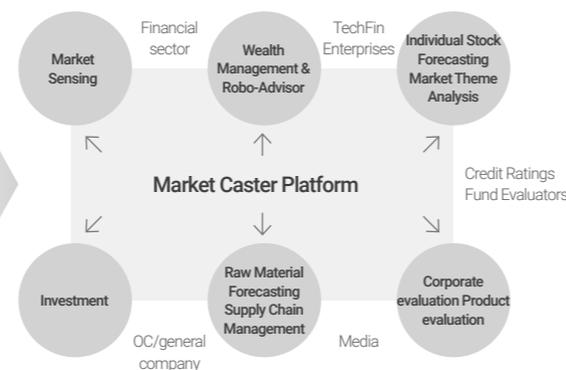
- Provides digital analysis system, standardization of asset management process and differentiated management service through AI-based analysis
- Provides investment contingency plan based on forecast information, builds portfolio according to investment purpose, provides asset direction and forecast information, pre-verifies investment strategy and trading, and provides asset volatility forecast information

Service Coverage & Offering



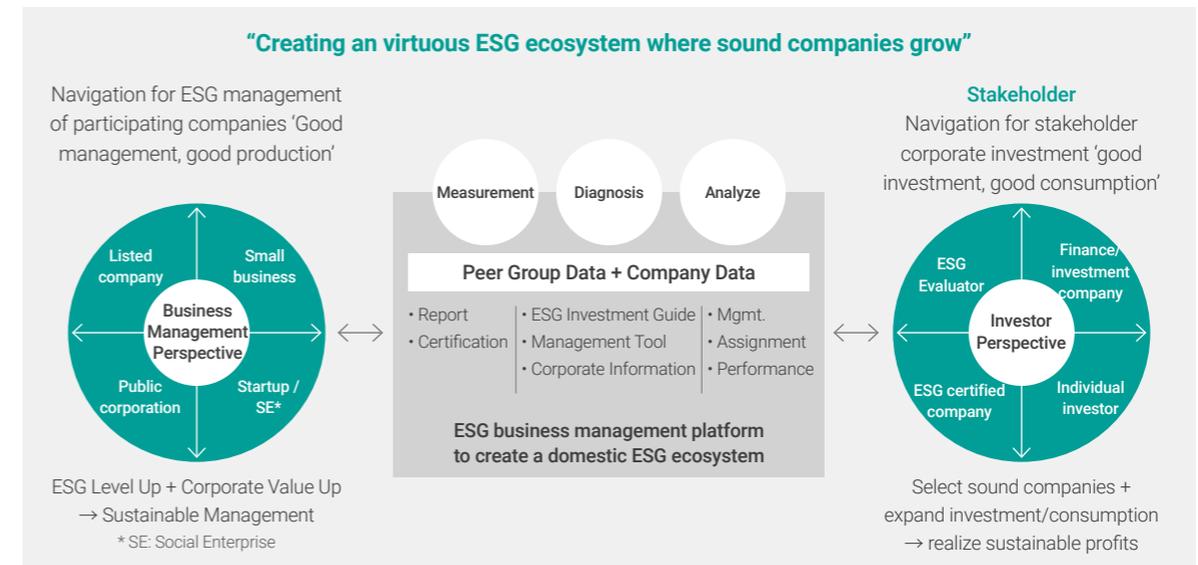
Index	<ul style="list-style-type: none"> • Stocks: KOSPI, S&P500, SSE, etc. • Interest rates: Treasury bond rates by country, market interest rates, etc. • Currencies: Dollar index, Euro index, won/dollar, renminbi, etc. • Commodities: Raw materials/energy/oil/gold index, etc.
Industry & Company	<ul style="list-style-type: none"> • Analysis and forecast by industry/type (company) • Analytical information such as stock price, liquidity, corporate financial analysis, credit rating
Region & Nation	<ul style="list-style-type: none"> • Region: Asia Pacific, North America, EU, etc. • Nation: Korea, US, Japan, China, etc.

Eco-System



② Comprehensive ESG Management Platform <Click ESG>

- Suggests how to apply the ESG management system efficiently and quickly to companies preparing for ESG management
- Provides an ESG management guide that can diagnose ESG management level at any time and derive and manage improvement points without the cost of building a separate system as a cloud-based platform service
- ① Global standard diagnosis system ② Tailored diagnosis from conglomerates to SMEs ③ ESG Expect to create a domestic ESG ecosystem based on the merits of establishing and executing ESG management strategies



Composed of 4 services considering the company's preparation stage and progress cycle

Comprehensive ESG policies and guides,
 ① ESG Portal
 Information sharing on ESG disclosure guide, trends, best practices, etc.

Company ESG data management tool,
 ④ ESG performance management
 Integrated management of ESG-related data (management indicators/goals/performance data/evaluation)



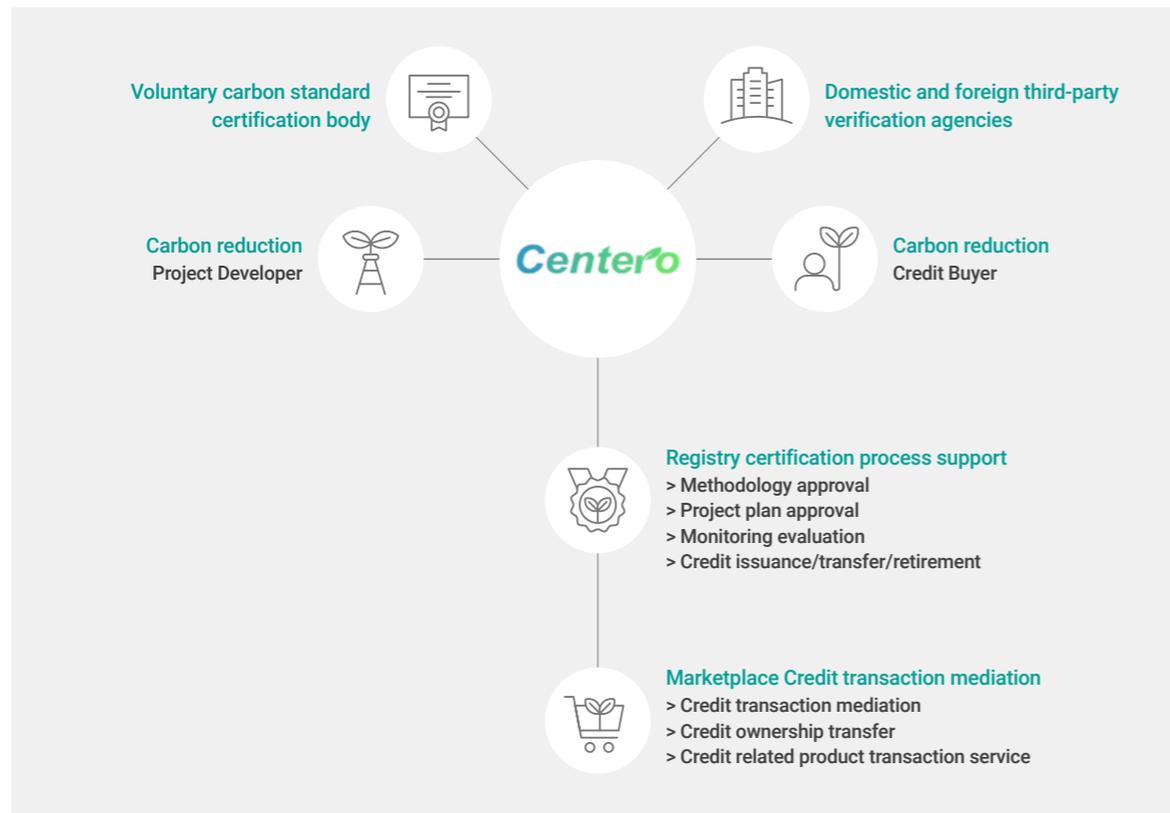
To start ESG business management,
 ② ESG management diagnosis
 Diagnose the current ESG management level and provide guides for improvement

Support export companies and mutual growth
 ③ Supply chain ESG management
 Business partners' ESG risk assessment and support for improvement management activities

R&D by Industry

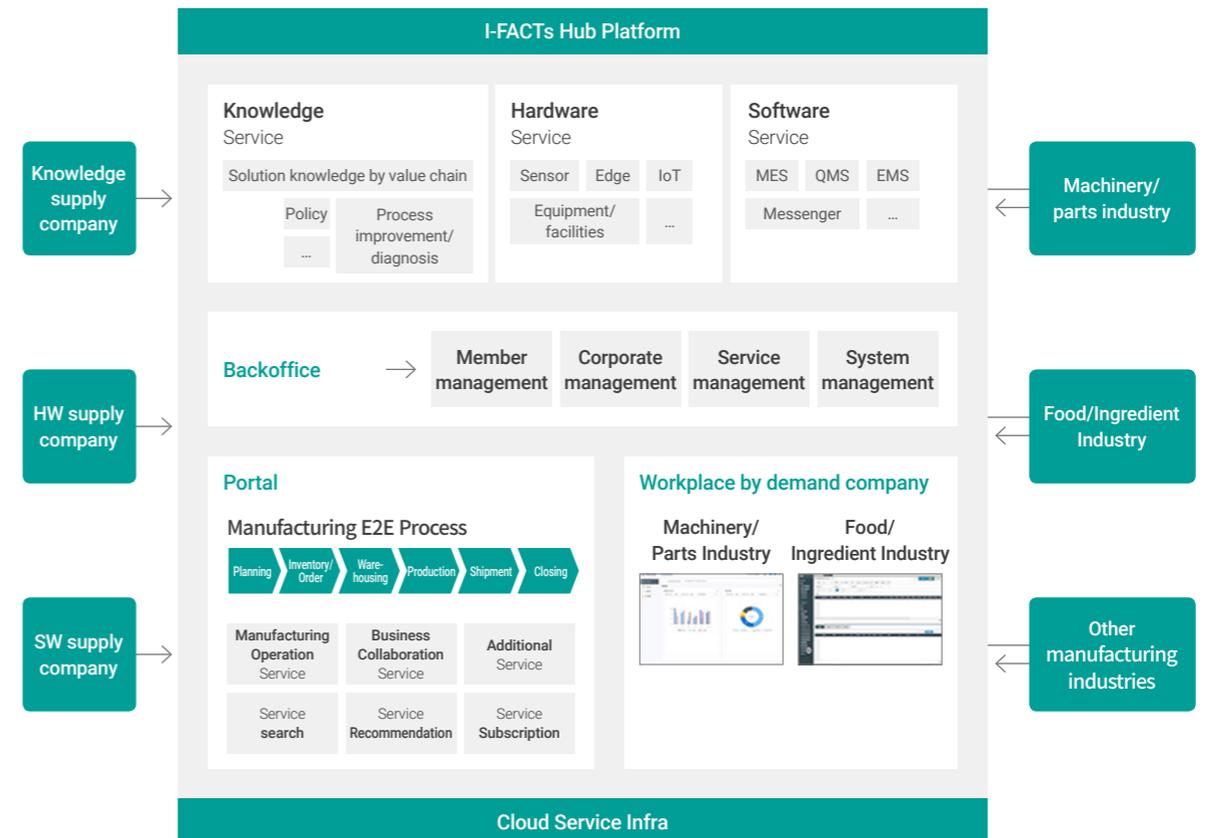
③ Voluntary Carbon Reduction Certification and Trading Platform <Centero>

- Supply chain carbon emissions and LCA (Life-Cycle Assessment) comprehensive management platform to respond to global environmental regulations such as realization of carbon neutrality and mandatory disclosure of carbon emissions
- Greenhouse gas emission prediction and analysis through AI and big data, and reduction credit lifecycle management by supporting faster collection, analysis, and prediction of related data
- Carbon reduction certification standard (KCCI of the Korea Chamber of Commerce and Industry) for the settlement of the voluntary carbon market (hereafter referred to as VCM Voluntary Carbon Market), it is possible to certify carbon reduction activities based on reliability and objectivity.



④ Intelligent Integrated Manufacturing Operation Platform <I-FACTs Hub>

- Cloud-based smart factory service platform that provides necessary solutions and environments for manufacturing ecosystem stakeholders (demanding companies, suppliers)
- Integrated operation of the entire manufacturing process from planning to prevention
- Back-Office for platform management, portal for displaying verified services, and Workplace for differentiated services for each consuming company
- Automated manual work, integrated processing between unit work processing systems (e.g. purchasing/quality/production systems), equipment/facility and control system I/F integration possible

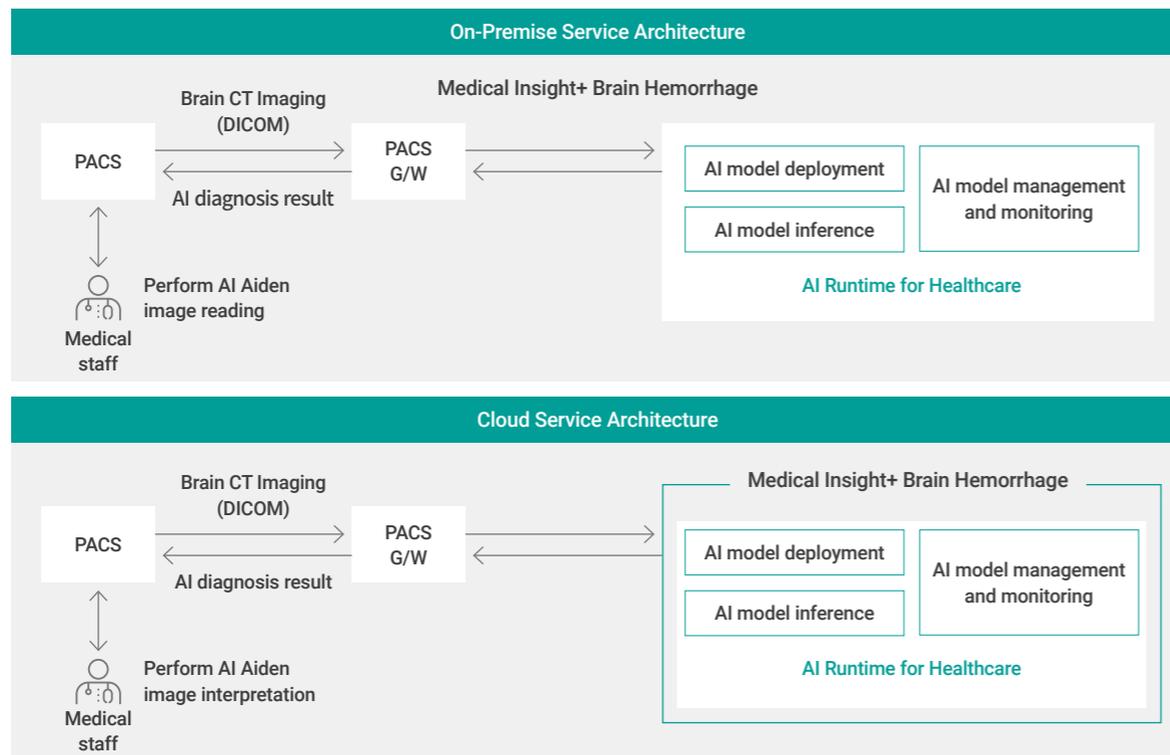


R&D by Industry

5 AI-based Cerebral Hemorrhage Diagnosis Solution <Medical Insight+>

- Brain haemorrhage diagnosis algorithm and AI service platform to increase diagnosis accuracy and shorten diagnosis time
- Provide a interpretation priority function, display the patient's cerebral hemorrhage probability as a numerical value from 0 to 100%, analyze CT images in slice units and detect locations with high cerebral hemorrhage potential using artificial intelligence algorithms
- Provide on-premise (installation) or cloud services, and the effectiveness of the solution is published in an international academic journal (Digital Medicine)
- Honored Health Tech Award at 2022 ASOCIO Tech Excellence Awards

* ASOCIO: An international civilian organization in the ICT sector formed by ICT associations from 24 countries across the Asian continent; in Korea, the Federation of Korean Information Industry is a member and participant, and we serve as vice chairman of the Federation of Korean Information Industry.



Open Innovation

[Approach 1. R&D collaborations with external business partners] Busan Center for Creative Economy & Innovation x SK Inc. C&C Innovative Startup Discovery Project

- OPEN INNOVATION program that provides opportunities to collaborate with large companies by discovering promising startups that provide necessary technology and corresponding services to large companies, and draws out the possibility of future business partnerships
- Target: Startups less than 7 years old that provide technologies and services that SK C&C can offer, such as safety and environment management services within companies, product quality management services, and other manufacturing platform linkage services
- Benefits: For selected companies, working-level collaboration with SK C&C for 6 months After going through the verification stage based on the above, business demonstration opportunities are provided, and a stage for future investment attraction and an opportunity to participate in OPEN INNOVATION events are also provided.



[Approach 2. Suppliers]

AI-based B2B Business Cooperation with NAVER Cloud

- Combining our digital ITS business experience with NAVER Cloud HyperCLOVA X to discover ultra-scale AI services tailored to the domestic industry
- Aiming to develop hybrid ultra-scale B2B services by combining NAVER Cloud HyperCLOVA X with AI data platforms such as AccuInsight+, our data platform, and Accu.TA, AI engine, centered on call center automation Code), cooperation in the development of low code solutions
- A close support system for the entire process from consulting to construction and operation will be prepared to apply ultra-scale AI more quickly and accurately considering the situation of domestic companies and customer needs.

Development of hybrid-type super-scale AI B2B service

SK Inc. C&C's already proven AI data platform

Naver Cloud's Hyperclover X



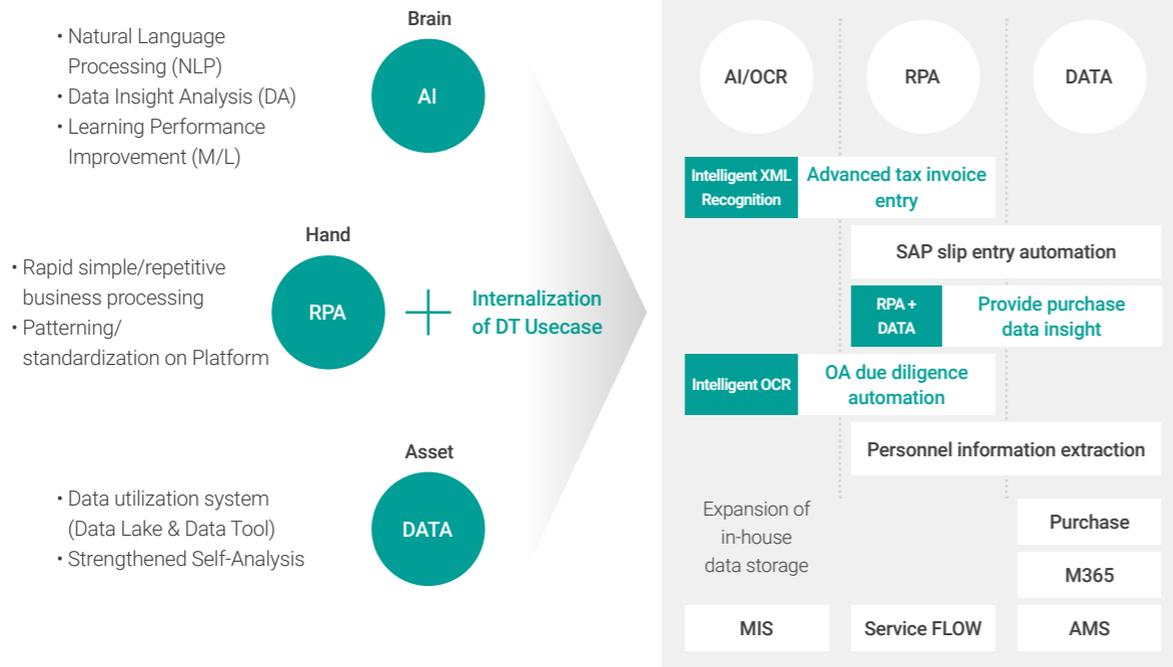
[Approach 3. Technology Licensing]

Ai Cerebral Hemorrhage Interpretation Solution Supplied to Domestic Healthcare Centers

- Self-developed artificial intelligence (AI) based cerebral haemorrhage imaging medical solution, 'Medical Insight+ Brain haemorrhage' supplied to domestic healthcare centers
- Service that analyzes brain computed tomography (CT) images within seconds and immediately informs medical staff of the bleeding location and abnormalities with over 97% accuracy (supply to a total of 4 healthcare centers in Korea as of 2023)

Process Innovation

- Process innovation through work automation
 - Background: Securing technical experience and performance capabilities for staff work efficiency and RPA-based business execution
 - Selecting and carrying out three intelligent/convergence tasks by promoting "RPA 2.0", which has been upgraded to the next level by combining with OCR*, Data Lake** usecase
- * Optical Character Recognition, optical character recognition, technology to read characters using light
 ** Save and utilize big data collected in various environments in its original form
- RPA 2.0
 - Beyond the automation of simple, iterative tasks, the level of RPA strategy was further upgraded to be applied to intelligent automation duties such as OCR, Data Lake, and XML recognition
 - Supporting user decision-making by automating data analysis/deriving results through software robots



• Work reduction effect by introducing RPA

Field	RPA introduction work	Benefit	Savings effect (by 2022)
HR	Check duplicate application for medical expenses	Reduction of business processing time and improvement of productivity by minimizing handwritten input of employees' medical expenses application and preventing human error	1,269 hr
	Condo/pension reservation automation	Enables quick feedback to applicants through automation of email transmission/reception of reservation details with supplier companies, and strengthens mobile accessibility through the introduction of chatbots	613 hr
	Manpower information request form	Reducing the processing time and removing human errors by having RPA bots process human resource data	219 hr
	Slope support automation	Reduction of business processing time through automatic slope approval and support mail sending	99 hr
Finance	Automatic suspense receipts settlement	Reduction of work hours and elimination of human errors that can occur when deposits are crowded through deposit history inquiry, data mapping, and e-mail sending automation	1,099 hr
	Automated VAT reporting	Replacing the entire process of VAT reporting with RPA, reducing business processing time	571 hr
	OA due diligence automation*	Digitization of asset barcode values, automation of the entire process of due diligence	1,600 hr
Accounting	Tax invoice SAP slip entry automation	Automation through RPA in the process of generating large amounts of identical forms	3,736 hr
	Corporate card new application/cancellation automation	Reduction of business processing time as the RPA Bot performs the task of directly communicating with the card company	213 hr
Purchase	Sending & Receiving Quotation Requests	Reduction of business processing time through automation of sending/receiving quotation requests	17 hr
	Creation of Purchase PO Proposal (Product + Outsourcing)	Automated purchase request details input and based on this, PO electronic payment creation work performed, human error elimination	92 hr
	Purchase order inspection confirmation and tax invoice AP generation	Reduce monthly closing work processing time by automating ERP inquiry of simple/repetitive purchase order inspection, issuance of tax invoice, and creation of slip	341 hr
	DataLake automatic collection of 2nd purchase quotation	Reduction of business processing time through automatic collection of secondary purchase estimates	16 hr

Cost reduction performance in 2022

Total savings of 9,885 hours per year ÷ 160 hours of work per month, 1MM = 0.1 billion households = approximately KRW 620 million in savings

6

Portfolio ESG Management



Establishment of a system to comprehensively manage the ESG performance of the portfolio in order to enhance the corporate value of the investment portfolio, which is a key asset, from a long-term perspective

Roadmap	2023	2024	2025
Target	Periodic ESG inspection for portfolio and analysis of financial impact of climate risks	Expand ESG inspection portfolio and scope of management	Strengthening ESG inspection/management for investment companies
Action plan	<ul style="list-style-type: none"> • Periodic ESG performance inspection twice a year for core industrial management areas for major member companies that hold management rights and have substantial control • Analysis of financial impact (transition risk) due to carbon regulations/price fluctuations and vulnerable weather factors (physical risk) in the region where the asset is located 	<ul style="list-style-type: none"> • Expand ESG regular inspection targets to a total of 28 consolidated subsidiaries, including direct subsidiaries holding management rights/ subsidiaries other than member companies • Expand the scope of ESG management centered on domestic business sites by portfolio to overseas business sites, and promote ESG performance management at all business sites 	<ul style="list-style-type: none"> • Inspection of ESG performance/issues, including minor investors, and advancement of shareholder communication process through shareholder letters

Key Point

Portfolio ESG Management Policy

- Comprehensively considering the size of each bereavement, ESG management level, etc., the entire portfolio is divided into 16 industries and 3 groups (member companies, direct subsidiaries, and minor investment companies) to derive ESG issues that have a significant impact on corporate value by industry, diagnose the current status and manage performance
- Regularly diagnose ESG risks and opportunity factors that need to be intensively managed/improved, including issues for each industry that have recently emerged in the market, and conduct regular diagnosis and improvement performance inspection twice a year.
- Reported to the ESG Committee, and as a result of continuous monitoring by portfolio, ESG management through communication through the board of directors and other non-executive directors of each company and sending ESG inspection reports/shareholder letters when important ESG risk/opportunity related issues arise

Achievement

- Publication of a consolidated sustainability management report including ESG performance and improvement performance of 7 listed member companies, which are major portfolios in 2023 (coverage based on sales: about 84.4%)
- Conducting regular ESG inspections for a total of 16 member companies in the 4 major fields of advanced materials, green, bio, and digital in the first half of 2023
- Additional disclosures of SK Inc.'s portfolio ESG monitoring activities and performance will be made in the future

Best Practice | Different Practices for One Goal

SK Innovation

Strengthening the Independence, Expertise and Diversity of the SK Innovation Board of Directors

SK Innovation appoints its directors based on the principles of independence, expertise, and diversity to ensure rational and balanced decision-making within the board. To enhance board independence, the Chairman of the Board is selected from among the independent directors. The company also maintains a pool of director candidates with expertise in leadership, finance and accounting, energy and chemicals, legal matters, global capabilities, ESG, etc., to ensure a balanced representation of expertise within the entire board. Moreover, SK Innovation strives for diversity within the board by seeking directors with diverse backgrounds in terms of gender, experience, nationality, race, religion, etc. This approach allows the board to operate with various experiences and perspectives. As of March 2023, with the appointment of a new independent director from a global CEO background, the total number of independent directors has increased from 5 to 6, achieving a 75% ratio of independent directors in the entire board. The number of female directors has also increased from 1 to 3, resulting in a 37.5% representation of female directors on the board, with a 50% representation among independent directors. Moving forward, SK Innovation will continue to strengthen board-centric management based on the principles of independence, expertise, and diversity, further promoting diversity within the board.



SK Networks

Acquisition of Anti-bribery Management Systems Certification (ISO 37001)

To promote the autonomous spread of ethical management throughout the organization, SK Networks conducts self-assessment annually using a checklist covering ethical risks in various business areas, including investment management and cost management. The checklist is continuously updated with additional items to ensure more effective evaluations. Moreover, to establish and disseminate an effective ethical management system between the headquarters and subsidiaries, since 2018 SK Networks has been operating an Ethical Management Committee, which includes C-level executives. The committee is responsible for conducting ethical management education and workshops through quarterly meetings. It also works on formulating ethical guidelines for each subsidiary, performing audits, providing support for reporting and investigation, and enhancing the capabilities of ethical management personnel. In 2022, SK Networks and SK Rent-a-Car obtained the Anti-Bribery Management System certification (ISO 37001), which attests to their adherence to international standards of ethical management. Going forward, SK Networks will continue to improve its ethical management practices to become a trusted company among stakeholders.



SK networks



SK Rent-a-car



SK Square

Advancement of Risk Management System

SK Square has established a risk management governance body and supporting organization to proactively address not only financial risks but also non-financial risks in the ever-changing business environment. Through this structure, the company identifies risks and implements risk management processes by formulating and executing response measures. SK Square specifically defines the types of financial and non-financial risks and regularly monitors the risk management status to prevent risks in advance. The ESG (Environmental, Social, and Governance) Committee, operating under the Board of Directors, oversees risk management. Major risks identified through continuous assessments and the results of risk response efforts are reported to the Board of Directors. SK Square is committed to staying ahead of risks, both financial and non-financial, through an organized and comprehensive risk management approach.

Best Practice | Different Practices for One Goal

SKC

Building a Governance Structure that Meets Global Standards

SKC is committed to establishing a professional and independent board-centered management structure by proactively introducing various systems related to corporate governance. Under the goal of forming a board with expertise encompassing sustainable management, financial accounting, investment activities, international relations, public policy, and other areas, the company has implemented a Board Skill Matrix (BSM), which includes seven evaluation indicators to assess candidate qualifications during the director appointment process. Furthermore, to enhance the board's independence, SKC has separated the roles of CEO and Board Chairman and established the independent directors. The appointed independent directors will lead the Council of Independent Directors and play a crucial role in facilitating smooth communication between the board and management.

Additionally, SKC has organized various subcommittees within the board for efficient operation. Beyond the formal board discussion sessions, SKC arranges diverse programs such as informal gatherings, meetings of the Council of Independent Directors, workshops, or regional site board meetings. Through these initiatives, the company aims to foster greater interaction among board employees, build consensus, and promote active communication, thus creating a more vibrant and engaged board.



**Independently and Together,
SK is committed to building
a sustainable governance system.**

SK Biopharmaceuticals

Open Innovation to Secure New Pipeline

SK Biopharmaceuticals is making continuous efforts to secure new pipelines through active open innovation activities such as R&D collaboration with external suppliers and technology licensing. In 2022, we are discussing the treatment approach (modality) by signing a joint R&D contract with two domestic suppliers. In addition, SK Biopharmaceuticals' own pipeline and excellent external pipeline that can create synergy were promoted by license-in to secure a variety of candidates.

SK Biopharmaceuticals aims to achieve cost-effective and realistic development of innovative technologies by minimizing the risk of R&D failure through open innovation activities and reducing R&D costs by sharing development costs with suppliers. New technology development achieved through open innovation will lead to increased sales and corporate value. In addition, the course of open innovation will help to secure technologies and additional human resources that SK Biopharmaceuticals does not possess.



SK IE Technology

Expansion of Eco-friendly Technology R&D

SK IE Technology is experiencing rapid growth in the electric vehicle market and is focused on manufacturing lithium-ion battery separators, a critical material in the value chain. Simultaneously, the company continues its research and development efforts to enhance product productivity, quality, competitiveness, and promote domestic production of separator materials. In 2022, the eco-friendly R&D expenditure related to lithium-ion battery materials amounted to approximately 14.9 billion KRW, accounting for 42% of the total annual R&D budget.

Thanks to these continuous R&D efforts, SK IE Technology registered 17 new patents domestically and 18 internationally in 2022, bringing the total number of patents and utility model rights held by the company to 234 as of the end of 2022. For 2023, SK IE Technology plans to further expand its R&D investment in green businesses, allocating over 50% of the total R&D budget to this area. The company has established a mid-to-long-term R&D roadmap with the goal of developing key technologies for eco-friendly separator production and recycling processes. Based on this roadmap, the company aims to solidify its leading position in the global separator market.



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Financial Performance

Consolidated Statement of Financial Position

Item	Unit	2020	2021	2022	Remarks
Current assets	KRW million	38,052,297	49,193,206	64,993,579	
Cash and cash equivalents	KRW million	10,096,940	12,317,555	21,393,853	
Inventories	KRW million	6,179,497	10,680,704	15,552,284	
Other current assets	KRW million	21,775,860	26,194,947	28,047,442	
Non-current assets	KRW million	99,615,609	116,187,655	129,512,281	
Investment in associates and joint ventures	KRW million	21,018,963	26,050,445	27,457,005	
Tangible assets	KRW million	45,895,594	51,406,239	59,921,872	
Intangible assets and goodwill	KRW million	16,496,007	18,300,401	20,184,577	
Other non-current assets	KRW million	16,205,045	20,430,570	21,948,827	
Total assets	KRW million	137,667,906	165,380,861	194,505,860	
Current liabilities	KRW million	37,212,697	44,974,859	63,053,204	
Non-current liabilities	KRW million	48,595,291	54,840,853	59,643,866	
Total liabilities	KRW million	85,807,988	99,815,712	122,697,070	
Controlling interests	KRW million	17,435,044	21,243,751	21,595,546	
Capital	KRW million	15,385	16,143	16,143	
Other paid-in capital	KRW million	5,250,146	6,445,296	6,401,912	
Retained Earnings	KRW million	12,496,676	14,061,050	14,918,613	
Elements of other stockholder's equity	KRW million	(327,163)	721,262	258,878	
Non-controlling interests	KRW million	34,424,874	44,308,900	50,213,244	
Total equity	KRW million	51,859,918	65,552,651	71,808,790	
Total Liabilities and Equity	KRW million	137,667,906	165,368,363	194,505,860	

Consolidated Income Statement

Item	Unit	2020	2021	2022	Remarks
I. Revenue	KRW million	80,818,755	97,203,653	134,551,641	
II. Operating income (loss)	KRW million	(76,894)	4,859,760	8,004,710	
III. Profit (loss) before tax	KRW million	31,744	5,982,328	5,908,697	
IV. Consolidated profit (loss) from continuing operations	KRW million	(234,975)	5,340,748	3,534,747	
V. Profit (loss)	KRW million	(108,432)	5,705,926	3,966,176	
Profit, attributable to controlling interests	KRW million	189,368.00	1,965,612	1,098,683	
Profit (loss), attributable to non-controlling interests	KRW million	(297,800.00)	3,740,314	2,867,493	
VI. Earning per share, attributable to controlling interests					
Basic earnings per share	KRW	3,544	37,321	19,547	
Diluted earnings per share	KRW	3,541	37,245	19,506	
Basic earnings per share from continuing operations	KRW	2,456	34,297	16,317	
Diluted earnings per share from continuing operations	KRW	2,453	34,227	16,283	

Separate Financial Information

Item	Unit	2020	2021	2022	Remarks
Revenue (operating revenue)	KRW million	3,473,984	2,749,536	3,369,784	
Operating expenses	KRW million	1,815,953	1,919,404	2,261,095	
Operating income	KRW million	1,658,031	830,132	1,108,689	
Net Income	KRW million	1,716,045.00	1,499,764.00	544,415	
Operating income per capita	KRW million	392.1	186.3	240.8	

Consolidated Criteria | Environmental Performance

1) The scope of data reporting on a consolidated basis is expanded to 7 listed subsidiaries*, compared to 4 companies in the previous year
 * SK Innovation, SK Telecom, SK Networks, SKC, SK Biopharm, SK Square, SK IE Technology)

2) Special matters related to disclosure of listed subsidiaries (sub-sub) companies
 - SK IE Technology is a subsidiary of SK Innovation, and SK IE Technology's non-financial performance is included in SK Innovation's disclosed data.
 - SK Square was listed at the end of 2021 and collected/disclosed data only for 2022

3) Information on data disclosure by item/indicator
 - When adding data, there may be a difference in singular numbers due to rounding
 - Footnotes were processed when existing disclosed data figures were changed due to changes in calculation method or reporting scope, etc.
 - 'N/A' refers to data that is not disclosed due to business characteristics, changes in reporting scope, etc., and '-' is not separately collected/unmanaged as of the current year means data

Emissions

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC Biopharmaceuticals***	SK
Direct GHG Emissions (Scope 1)	Total direct GHG emissions (Scope 1)	tCO ₂ -eq	10,667,041.21	10,216,968.79	9,569,213.90	9,615,651.28	1,430.93	9,116,618.51	6,394.00	10,330.23	149.20	480,302.91	425.50
	Intensity*	Per KRW 1 billion revenue	131.87	154.25	115.29	85.57	0.42	116.79	0.37	1.07	0.25	153.06	1.73
		Per employee	486.97	433.09	390.77	370.62	0.31	970.89	1.20	2.40	1.71	243.81	1.56
Indirect GHG Emissions (Scope 2)	Total indirect GHG Emissions (Scope 2)	tCO ₂ -eq	3,778,084.06	3,881,261.75	3,866,318.04	3,673,133.63	107,782.50	2,026,337.11	1,094,967.00	30,158.03	445.40	412,507.10	936.50
	Intensity*	Per KRW 1 billion revenue	46.71	58.60	46.58	32.69	31.98	25.96	63.27	3.12	0.75	131.46	3.80
		Per employee	172.48	164.52	156.24	140.16	23.41	215.80	206.05	7.00	5.12	209.39	1.75
Air Pollutants	Direct VOC emissions (Volatile Organic Compounds)**	Ton	626.40	955.79	961.09	1,350.85	N/A	888.85	N/A	N/A	N/A	26.00	436.00

* The total basic unit for each year applies SK Inc.' consolidated revenues and number of employees

** SK Inc., SK Telecom, and SK Square do not emit VOC (Volatile Organic Compounds).

*** SK Biopharmaceuticals calculated Scope 2 data based on consolidated (including SK Life Science) from 2021

Energy Consumption

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC Biopharmaceuticals**	SK
Non-renewable energy	Total non-renewable energy consumption*	MWh	58,058,676.50	56,926,861.02	52,659,173.46	52,330,624.17	631,388.94	44,524,109.99	2,300,648.00	230,575.39	3,249.14	4,636,603.71	4,049.00
Renewable energy	Total renewable energy consumption	MWh	3,001.00	3,103.50	247,192.32	695,096.85	22,772.73	530,958.49	123,584.00	573.63	0	16,258.00	950.00

* Total non-renewable energy consumption was converted/unified using a conversion factor (0.2777778 MWh/GJ)

** SK Biopharmaceuticals calculated Energy consumption data based on consolidated (including SK Life Science) from 2021

Consolidated Criteria | Environmental Performance

Water

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation* (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Water Withdrawal	Total water withdrawal	Ton	57,083,697.71	54,402,974.93	54,038,567.34	53,282,108.94	52,666.00	43,315,489.12	640,831.00	1,348,981.21	5,475.00	7,913,148.61	5,518.00
	Water supply and sewage by source		55,749,482.71	53,177,780.93	52,383,145.34	51,984,469.33	52,666.00	43,313,277.12	599,741.00	605,741.21	5,475.00	7,402,051.00	5,518.00
	By source												
	Fresh surface water (lake, river, etc.)	Ton	608,180.00	513,599.00	439,110.00	706,490.00	0	0	0	706,490.00	0	0	0
	Ground water		726,035.00	711,595.00	1,216,313.00	569,543.00	0	2,212.00	41,090.00	36,750.00	0	489,491.00	0
	Water discharge	Ton	0	0	0	0	0	0	0	0	0	0	0
Water Consumption	Total water consumption*	Ton	57,119,143.71	54,595,686.93	74,840,530.19	79,933,244.54	55,452.00	67,856,530.22	640,831.00	1,377,885.71	5,475.00	9,991,552.61	5,518.00
	Total water recycled/reused		35,446.00	192,712.00	20,801,963.00	24,174,890.22	2,786.00	22,064,795.72	0	28,904.50	0	2,078,404.00	0
	Total water recycling rate	%	0.06	0.35	27.80	31.21	5.02	33.75	0	2.10	0	20.88	0

* Total water consumption = total water withdrawal + total water recycled/reused = water and sewage consumption + fresh water consumption + groundwater consumption – discharge

Waste

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation* (including SK IE Technology)	SK Telecom*	SK Networks	SK Square	SKC**	SK Biopharmaceuticals***
Waste disposal	Total waste recycled/reused	Ton	166,742.28	122,585.89	126,789.27	167,423.32	29.44	88,962.70	419	6,423.98	8.2	71,580	N/A
	Total waste disposed	Ton	104,028.00	78,380.10	92,356.12	142,279.84	77.13	60,332.81	781	8,057.70	8.2	73,023	N/A
	By process type												
	Waste landfilled		0	0	8	1,128.80	5.71	0	-	250.59	1.5	871	-
	Waste incinerated with energy recovery		36,014	19,010	19,482	22,145.74	41.98	21,726.63	-	209.13	0	168	-
	Waste Incinerated without energy recovery	Ton	107,213	95,902	98,761	89,373.40	0	88,962.70	-	0	6.7	404	-
	Waste otherwise disposed		0	0	0	0	0	0	-	N/A	0	0	-
	Waste with unknown disposal method		172,405.28	3,776.62	3,392.29	1,173.98	0	0	-	1,173.98	0	0	-
Hazardous (designated) waste disposal	Total hazardous waste recycled/reused	Ton	44,279.00	61,610.00	44,213.00	6,801	7	N/A	N/A	0	0	6,794	0
	Total hazardous waste disposed	Ton	74,454.00	77,311.97	69,880.73	58,591.85	7	50,364.53	29	43.02	0.3	8,106	42
	By process type												
	Hazardous waste landfilled		0	0	0	867	0	-	-	0	0	867	0
	Hazardous waste incinerated with energy recovery		0	49.00	42.00	162.89	0	-	-	0.89	0	120	42
	Hazardous waste Incinerated without energy recovery	Ton	0	0	0	325	0	-	-	0	0	325	0
	Hazardous waste otherwise disposed		56	0	0	0.3	0	-	-	0	0.3	0	0
	Hazardous waste with unknown disposal method		50,062.00	6,560.00	69,838.73	50,442.66	7	50,364.53	29	42.13	0	0	0

* SK Innovation, SK Telecom are difficult to classify in detail by treatment type because it does not distinguish between general and designated wastes when disposing of waste and recycling/reuse

** SKC calculates the amount of waste treatment and recycling/reuse based on ZWTL starting in 2022

*** SK Biopharmaceuticals is excluded from the scope of data calculation as external companies dispose of general waste in batches

Consolidated Criteria | Social Performance

Employees

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Total number of employees*		Persons	22,352	23,793	24,497	25,945	4,605	9,390	5,314	4,306	87	1,970	273
Gender	Male	Persons	17,885	19,040	19,218	20,130	3,546	7,716	4,212	2,763	68	1,685	140
	Female	Persons	4,467	4,753	5,279	5,815	1,059	1,674	1,102	1,543	19	285	133
By age	Under 30 years of age		-	-	2,939	3,542	346	1,896	395	428	3	432	42
	30-50 years of age	Persons	-	-	15,595	16,007	3,379	4,827	3,184	3,116	81	1,203	217
	Over 50 years of age		-	-	5,963	6,396	880	2,667	1,735	762	3	335	14
Total number of full-time employees		Persons	20,672	22,225	22,967	24,221	4,406	8,993	5,036	3,601	84	1,828	273
Total number of contract workers		Persons	1,680	1,568	1,530	1,724	199	397	278	705	3	142	0
Socially underprivileged	Number of disabled employees**	Persons	636	760	849	861	167	335	176	128	0	45	10
	Number of veterans employed		-	602	589	607	82	296	167	42	0	20	0

* Criteria for aggregation of employee status data are different from business reports depending on whether inside/outside directors are included

** In the case of disabled employees, calculation is based on Article 22, Paragraph 3 of the Employment Promotion and Vocational Rehabilitation Act for Disabled Persons

New Hires

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Number of new hires		Persons	2,471	2,153	2,577	4,039	556	2,029	537	553	4	290	70
Gender	Male	Persons	1,693	1,433	1,627	2,675	396	1,484	285	270	3	198	39
	Female		778	720	950	1,364	160	545	252	283	1	92	31
By age	Under 30 years of age		788	979	1,128	1,691	159	913	211	239	1	152	16
	30-50 years of age	Persons	858	1,040	1,256	2,194	376	1,081	293	269	3	125	47
	Over 50 years of age		65	134	193	154	21	35	33	45	0	13	7
Internal hires (Open Position)	Number of internal hires	Persons	724	1,971	1,998	1,907	495	90	202	1,120	N/A	N/A	N/A
	Percentage of open positions filled by internal candidates	%	47	46	45	38	93	4	25	67	N/A	N/A	N/A

※ Annual hiring costs: 369 (2019) / 718 (2020) / 481 (2021) / 1,325 (2022) [unit: KRW million]

Consolidated Criteria | Social Performance

Employee Turnover

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation** (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Number of turnover		Persons	973	1,411	1,477	1,335	219	268	112	533	2	178	23
Total employee turnover rate		%	4.35	5.93	6.03	5.15	4.76	2.85	2.11	12.38	2.30	9.04	8.42
By Gender	Male	Persons	747	1,045	1,130	992	159	297	93	295	2	138	8
	Female		226	456	446	436	60	64	19	238	0	40	15
By Age	Under 30	Persons	146	353	391	379	45	85	8	145	0	91	5
	Over 30 and under 50		644	839	834	723	132	138	72	299	2	62	18
	Over 50		183	309	351	326	42	138	32	89	0	25	0
Number of voluntary turnover*		Persons	646	1,149	1,226	1,109	196	204	89	465	2	130	23
Voluntary employee turnover rate		%	2.89	4.83	5.00	4.27	4.26	2.17	1.67	10.80	2.30	6.60	8.42

* Voluntary turnover: Refers to cases where an employee voluntarily leaves a job, not for reasons such as retirement or dismissal.

** SK Innovation's 'number of turnover by gender and age' is the sum of 'regular workers + non-regular workers.'

Position and Gender Status in Occupational Group* (2022)

Category	Item	Unit	Total
Current Status of Female Employees by Position/Occupational Group	Share of women in total workforce	%	22.4
	Share of women in all management positions		13.8
	Share of women in top management positions		16.7
	Share of women in junior management positions		8.7
	Share of women in management positions in revenue-generating functions**		9.0
	Share of women in STEM-related positions**		22.1

* Position and gender status in the job group are calculated according to the sum and average value of the employees of each company

** SK Square is a holding company and consists of only management and support departments, so it is excluded from the data calculation values of revenue generation departments and STEM departments

Gender Pay Indicators* (2022)

Category	Item	Unit	Total**
Executive level	Base salary only		74
	Base salary + Other cash incentives		68
Management level	Base salary only	%	87
	Base salary + Other cash incentives		92
Non-management level**	Basic pay		73
	Basic pay and performance pay		72

* Ratio of base salary (and total wages) of women to men by equivalent positions: Average Women Salary / Average Men Salary

** Non-management level wages at SK Innovation (including SK IE Technology) are paid separately by the dispatching company, so they are excluded from the sum of this data.

Employee Workforce Status by Nationality (2022)

Category	Number of total workforces	Number of total management workforces
US	35	15
China	27	7
Canada	15	5
Malaysia	12	0
Australia	3	1
Others	30	5

Consolidated Criteria | Social Performance

Labor Union/Collective Bargaining Status (2022)

Category	Item	Unit	2022							
			Total	SK Inc.	SK Innovation (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Labor Union/Management	Number of Employees	Persons	21,102	4,595	9,390	2,484	2,316	85	1,970	262
Council membership	Membership rate	%	81.33	99.78	100	93.90	73.80	100	100	100

Human Capital Development

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Training & development hours	Total number of hours of training and development	Hours	1,372,043.00	1,694,234.80	1,715,191.50	1,384,445.28	497,399.38	374,813.00	334,782.00	102,688.00	2,008.00	64,756.00	7,998.90
	Average hours of training and development per employee		75.20	71.21	70.02	53.36	108.01	38.63	63.00	23.85	23.10	32.90	29.30
Training & development amount	Total amount spent on training and development	KRW	37,968,900,684	49,500,199,812	52,328,858,205	62,731,867,226.20	6,297,350,942	27,444,000,000	17,004,800,000	5,854,406,923	180,761,000	4,612,848,361	1,337,700,000
	Average amount spent on training and development per employee		2,080,943.81	2,080,452.23	2,136,133.33	2,417,878.87	1,367,502.92	2,828,695.11	3,200,000	1,359,592.88	2,078,000.00	2,347,506.00	4,900,000.00

Health and Safety

Category	Item	Unit	2019	2020	2021	2022							
						Total	SK Inc.	SK Innovation (including SK IE Technology)	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Employees	Fatalities	Persons	0	0	0	0	0	0	0	0	0	0	0
	Number of Work Loss Injuries (LTI)	Cases	20	14	15	26	0	10	0	1	0	15	0
	Lost-Time Injury Frequency Rate (LTIFR)	Case/million hours	1	0.29	0.29	0.59	0	0.53	0	0.11	0	3.27	0
Contractors	Fatalities	Persons	0	0	0	3	0	3	0	0	0	0	0
	Number of Work Loss Injuries (LTI)	Cases	32	27	35	38	1	23	9	2	0	3	0
	Lost-Time Injury Frequency Rate (LTIFR)	Case/million hours	1.02	1.11	1.44	1.41	0.01	1.05	2.86	0.56	0	1.94	0

Customer Satisfaction*

Category**	Unit	2019	2020	2021	2022	비고	
SK Inc.	CSI (Customer Satisfaction Index)	Score	75.7	75	72.2	72.3	-
SK Innovation	KCSI (Korea Management Association Consulting)	Ranking	1st place (9 consecutive years)	1st place (10 consecutive years)	1st place (11 consecutive years)	1st place (12 consecutive years)	1st place for 12 consecutive years
SK Telecom	NCSI (Korea Productivity Center)	Score	77	79	79	79	#1 for 25 consecutive years
SK Networks	GEI (Customer Satisfaction) NCSI (National Customer Satisfaction Index)	Qualitative	Walkerhill (GEI): 4.3 NCSI 8th	Speedmate (self): 91.4/100 Walkerhill (NCSI): 4.2/5	Speedmate (self): 91.7/100 Walkerhill (NCS): 4.3/5	Speedmate (self): 91.7/100 Walkerhill (NCS): 4.3/5	-

* SK Square, SKC, SK Biopharmaceuticals, and SK IE Technology are excluded because they do not conduct separate customer satisfaction due to their business characteristics

** Customer Satisfaction Rating Methodology: CSI (Customer Satisfaction Index), KCSI (Korean Customer Satisfaction Index), NCSI (National Customer Satisfaction Index), GEI (Guest Experience Index)

For SK Inc. | Environmental Performance

GHG Emissions

1) Calculated by Investment and Business Division for environmental data reporting scope (Data Coverage 100%)
 - A total of 16 business sites*, compared to 2021, 1 business site (Sunae Office) is added to expand the scope of disclosure
 2) Scope 3 management and expansion of disclosure items: Scope 1+2, energy, transportation, work waste, business trips, employee commuting, leased assets + purchased products, capital goods, use/disposal of products, investment, etc. Expanded to 11 categories/disclosure of emissions
 3) SK Inc. does not emit/discharge atmospheric pollutants, water pollutants, hazardous waste, or volatile organic compounds, and does not collect water from water resource sensitive areas.
 * (Investment Division) Seorin office/SKMS research center, Yeongju/Dongtan/Seoul/Sejong Materials CIC workplaces, (Business Division) Gwangju POS/Busan POS/Seongnam POS workplace/Pangyo DC Center/Daedeok DC Center/Jeongja Office Building/Pangyo Building /Jongno Integrated Office/Yeouido Base Office/Sunae Office Building
 ※ The total of greenhouse gas emissions and energy consumption follows the guidelines for reporting and certification of greenhouse gas emissions trading system and may differ from the detailed total.

Category	Item	Unit	2019	2020	2021	2022	Remarks	
Direct GHG emissions (Scope 1)	Scope 1 Total Emissions	tCO ₂ -eq	120.30	205.40	1,432.51	1,430.93		
	Intensity	Per KRW 1 billion revenue	0.04	0.06	0.52	0.42		
		Per employee	0.03	0.05	0.32	0.31		
	Data coverage	%	93	93	100	100		
	Emission Reduction Target	2021 (Base year) (per KRW 1 billion revenue)	tCO ₂ -eq			0.52	0.52	
2025 (Target year) (per KRW 1 billion revenue)				0.31	0.26			
Indirect GHG emissions (Scope 2)	Scope 2 Total Emissions	tCO ₂ -eq	63,788	63,808	84,677.05	107,782.50	Location-Based Emissions Standards	
	Intensity	Per KRW 1 billion revenue	19.70	18.33	30.80	31.98		
		Per employee	16.20	15.85	19.04	23.41		
	Data coverage	%	93	93	100	100		
	Emission Reduction Target	2021 (Base year) (per KRW 1 billion revenue)	tCO ₂ -eq			32.49	35.52	
2025 (Target year) (per KRW 1 billion revenue)				36.14	29.93			
GHG Emission Reduction Performance (Scope 1&2)		tCO ₂ -eq			First reported in 2022	15,660.00	Market-Based emissions standards (E-efficiency: 5,198tCO ₂ e, Solar energy generation: 401tCO ₂ e, Green premium 10,061tCO ₂ e)	
Other GHG emissions (Scope 3)	Scope 3 emissions	tCO ₂ -eq	5,464	5,636.97	13,391,021.00	11,529,818.00		
	Upstream	Purchased goods and services			First report in 2021	7,480.42	7,854.00	
		Capital goods			First report in 2021	2,588.36	1,840.00	
		Fuel and energy related activities (not included in Scope 1 and Scope 2)			First report in 2021	84.44	8,402.00	Additional calculation of purchased electricity/steam related emissions
		Transportation and distribution	11	12.04	12.07	7.00		
	Downstream	Waste generated in operations	tCO ₂ -eq	11	12.32	29.84	1.00	Modified application of general waste and designated waste treatment method recycling
		Business travel	696	913.96	896.00	2,129.00	Activity data collection unit changed to 'person.km' standard, additional calculation of emissions during overseas business trips (air)	
		Employee commuting	8	7.98	3,324.32	1,900.00	Activity data collection unit changed to 'people.km' standard	
		Leased assets	4,738	4,690.66	0.00	-	Included in Scope 1 and 2	
		Use of sold products			First report in 2021	56,441.89	61,926.00	
	Investments	Disposal of sold products	tCO ₂ -eq			First report in 2021	264.82	291.00
		Investments			First report in 2021	13,319,899.00	11,445,468.00	
	Data coverage	%	93	93	100	100		

For SK Inc. | Environmental Performance

Energy Consumption

Category	Item	Unit	2019	2020	2021	2022	Remarks	
Total energy (renewable + non-renewable energy)	Total energy consumption	TJ	1,319.00	1,340.00	1,854.00	2,276.14*		
	Intensity	TJ	0.41	0.39	0.67	0.68		
	Per employee		0.34	0.33	0.42	0.49		
	Total cost of energy consumption	KRW million	15,480.00	15,987.00	20,571.14	25,411.48		
Non-renewable energy	Total non-renewable energy consumption	TJ	1,319.00	1,340.00	1,796.92	2,273.00		
	Diesel		0.50	2.06	1.44	2.33		
	Gasoline	TJ	-	-	10.98	10.21		
	Propane		-	-	1.23	0.97		
	Energy power	TJ	1,307	1,329	1,758.76	2,237.80	1 kWh = 9.6 MJ, converting MWh to TJ	
			MWh	136,259	138,329	183,203.97	233,104.21	
	City gas	TJ	2	1.40	10.31	10.38		
	District heating (steam)		9.2	7.3	14.21	18.53		
	Intensity	TJ	0.41	0.39	0.65	0.67		
	Per employee		0.34	0.33	0.40	0.49		
	Non-renewable Reduction Target	TJ	2022 goal (per KRW 1 billion revenue)	First report in 2021	0.69	0.75		
		2025 goal (per KRW 1 billion revenue)	First report in 2021	0.76	0.69			
Renewable energy	Total renewable energy consumption	MWh	113	134.50	5,916.58	22,772.73		
	Solar energy generation/ consumption	MWh	113	134.50	216.58	872.73		
	Green premium procurement		0	0.00	5,700.00	21,900.00		
	Intensity	MWh	-	-	2.15	6.76		
	Per employee		-	-	1.33	4.95		
	Ratio of renewable energy use	%	0.08	0.10	3.16	9.70		
Data coverage		%	93	93	100	100	2022: 16 locations	

* Calculated in accordance with the 'Guidelines for Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2022-297)' and includes 3.14TJ of renewable energy (solar power generation).

Water

Category	Item	Unit	2019	2020	2021	2022	Remarks
Water Withdrawal	Total water withdrawal	Ton	44,170	39,731.00	45,107.00	52,666.00	
	Water supply and sewage by source		44,170	39,731.00	45,107.00	52,666.00	
	Ground water		-	-	-	-	
	Fresh surface water (lake, river, etc.)	Ton	-	-	-	-	
	Water discharge		-	-	-	-	
	Water resource sensitive area		-	-	-	-	
By business site	Pangyo DC	Ton	First reported in 2022			41,400.00	
	Pangyo Building	Ton	First reported in 2022			11,266.00	
Recycled/reused amount	Total water recycled/reused	Ton	11,930	8,307.00	5,028.00	2,786.00	
	Total water recycling rate	%	First report in 2021		10.03	5.02	Total water recycled / Total water consumption
Water Consumption	Total water consumption	Ton	56,100	48,038.00	50,135.00	55,452.00	
	By business site	Ton	First reported in 2022			44,186.00	
	Pangyo Building	Ton	First reported in 2022			11,266.00	
	Intensity	Ton	First reported in 2022			16.46	
	Per employee		First reported in 2022			12.04	
	Water consumption Reduction target	Ton	2022 goal (per KRW 1 billion revenue)	First report in 2021	16.40	14.78	
		2025 goal (per KRW 1 billion revenue)	First report in 2021	15.00	11.29		
Data coverage		%	93	93	90	88	2022: Application of the number of employees at the workplace

For SK Inc. | Environmental Performance

Waste

Category	Item	Unit	2019	2020	2021	2022	Remarks	
Waste Disposal	Total Waste disposed	Ton	69.00	54.62	107.04	84.13		
	General waste	Ton	61	52.62	96.87	77.13		
	Hazardous waste	Ton	8	2.00	10.17	7.00		
	Intensity	Per KRW 1 billion revenue	Ton	First reported in 2022			0.02	
	Waste generation Reduction Target	2022 goal (per KRW 1 billion revenue) 2025 goal (per KRW 1 billion revenue)	Ton	First report in 2021	0.04	0.04	0.04	
Waste Processed	Waste landfilled		First report in 2021	8.27	5.71			
	Waste incinerated with energy recovery		First report in 2021	51.85	41.98*			
	Waste incinerated without energy recovery	Ton	First report in 2021	-	-			
	Waste otherwise disposed		First report in 2021	-	-			
	Waste with unknown disposal method		First report in 2021	-	-			
	Waste processing expenditure	KRW million	32.4	25.35	18.14	30.66		
Recycled/reused waste	Total amount of waste recycled/reused	Ton	42	18.34	99	36.44		
	Waste recycling/reuse rate	%	First reported in 2022			93.21	Amount of recycling/reuse + Amount of waste incinerated with energy recovery/ total amount of waste treated	
Data coverage		%	93	93	90	89	2022: Application of the number of employees at the workplace	

* In case of incineration, energy is recovered to produce steam/heat/electric power, etc., and conservatively apply generally applied rates through expert consultation according to ZWTL application standards

Environmental Management

Category	Item	Unit	2019	2020	2021	2022	Remarks
Expenses for recollecting environmental investments	Total cost	KRW million	58.08	9,795.35	2,929.14	3,592.38	
	Capital investment	KRW million	25.68	9,770.00	2,911.00	3,476.00	
	Operating cost		32.4	25.35	18.14	116.38*	
	Profit and cost reduction due to environmental investments	KRW million	209.97	399.77	2,918.69	1,430.46	
	Data coverage	%	93	93	90	89	
Violation of environmental laws and regulations	Number of legal and regulatory violations	Cases	0	0	0	0	
	Penalties imposed	KRW	0	0	0	0	
	Environment-related liabilities	KRW	0	0	0	0	

* Increase in operating costs due to expansion of calculation range in 2022 (including Pangyo/Daedeok DC)

Clean Tech

Category	Item	Unit	2019	2020	2021	2022	Remarks
Revenue from eco-friendly products	Total	KRW 100 million	First report in 2021		3,606.93	5,371.00	
	Low carbon / carbon avoidance products**		First report in 2021		1,888.02	2,517.00	
	Eco-friendly certified HW products	KRW 100 million	First report in 2021		126.86	138.00	
	Revenue from investment in environmental businesses		First report in 2021		1,592.05	2,716.00	
Eco-friendly investments	Total	KRW 100 million	First report in 2021		15,429.8	2,779.00	
	Eco-friendly businesses*	KRW 100 million	First report in 2021		14,726.9	2,746.00	
	Eco-friendly infrastructure		First report in 2021		702.90	33.00	
Clean technology	Clean Technology R&D Spending	KRW 100 million	First reported in 2022			34.60	
	Number of patents related to clean technology	ea	First reported in 2022			15	

* Reflecting data changes in 2021 due to reorganization of eco-friendly portfolio Category based on K-taxonomy in 2022

** Securing sales of low-carbon/carbon-avoidance products over KRW 300 billion in 2023 among sales of eco-friendly products and services

Major low-carbon product - Lithium-ion battery (SK On)

SK On supplies lithium-ion batteries to global automakers, and the Battery Electric Vehicles(BEV) mounted with SK On's lithium-ion batteries emit no greenhouse gases while driving on the roads. (The percentage of total revenues from 'climate change' products in 2022: 3.2%, Estimated total avoided emissions per year: about 76,657 tCO₂e)

For SK Inc. | Social Performance

Employees

Category	Item	Unit	2020	2021	2022	Remarks
Total number of employees*		Persons	4,229	4,457	4,605	MR CIC merged in 2021
By gender	Male		3,312	3,447	3,546	
	Female		917	1,010	1,059	
By age	Under 30			416	346	First report in 2021
	Over 30 and under 50	Persons		3,306	3,379	First report in 2021
	Over 50			735	880	First report in 2021
Total number of full-time employees		Persons	4,086	4,252	4,406	
By gender	Male	Persons	3,202	3,297	3,403	
	Female	Persons	884	955	1,003	
Total number of contract workers (non-regular workers)		Persons	143	205	199	
By gender	Male	Persons	110	150	143	
	Female	Persons	33	55	56	
Total number of non-employees		Persons	30	41	53	
By gender	Male	Persons	18	25	32	
	Female	Persons	12	16	21	
Total number of socially underprivileged		Persons	242	277	249	
The ratio of socially underprivileged		%	5.70	6.21	5.41	
By type	Number of employees with disabilities**		144	165	167	Ratio of people with disabilities in 2022 3.63%
	Number of Veteran Employees of the State	Persons	70	79	82	
	Number of sexual minorities		0	0	0	
Ratio of employees working outside South Korea		%	8.6	8.6	9.2	

* The criteria for aggregation of employee status data differs from the business report depending on whether inside/outside directors are included.

** The number of disabled employees is calculated based on Article 22, Paragraph 3 of the Employment Promotion and Vocational Rehabilitation Act for Disabled Persons

SK Inc. calculates a reporting range of 100% in relation to the disclosure of non-financial data on a separate basis for social and governance parts (on a full-time basis)
 - Data were calculated for a total of 16 workplaces, and for some indicators, data were collected only for businesses in the business sector due to the nature of the business, which was indicated in notes at the bottom of the relevant item

New Hires and Turnover

Category	Item	Unit	2020	2021	2022	Remarks
Number of new hires		Persons	396	427	556	
The ratio of new hires		%	9.4	9.6	12.1	
By gender	Male	Persons	269	302	396	
	Female	Persons	127	125	160	
By type	New hire	Persons	167	105	71	
	Experienced hire	Persons	229	322	485	
By age	Under 30		170	147	159	
	Over 30 and under 50	Persons	206	244	376	
	Over 50		20	36	21	
By position	Executive		First reported in 2022		6	
	Senior management	Persons	5	5	5	
	Middle management	Persons	116	187	275	
	Non-management		275	222	255	Excluding 15 secretaries
New hiring costs		KRW million	718	481	1,325	
Number of internal hires		Persons	434	461	495	Number/Ratio of public positions filled by internal candidates (internal recruitment rate % 93.4 public offering)
Percentage of open positions filled by internal candidates		%	First reported in 2022		93.4	
Number of turnover		Persons	148	204	219	
Total Turnover Rate		%	3.6	4.8	4.8	
By gender	Male	Persons	118	167	159	
	Female	Persons	30	37	60	
By age	Under 30		9	36	45	
	Over 30 and under 50	Persons	105	135	132	
	Over 50		34	33	42	
By position	Executive		First reported in 2022		1	
	Senior management	Persons	40	14	12	
	Middle management	Persons	95	120	120	
	Non-management		13	70	79	Excluding 7 secretaries
By type	Dismissal		3	3	0	
	Retirement	Persons	5	15	23	
	Voluntary turnover		140	186	196	
	Voluntary turnover rate	%	2.25	4.17	4.26	

For SK Inc. | Social Performance

Current Status of Female Employees by Position/Occupational Group

Category	Item	Unit	Male	Female	Share of women*	Remark
Executive		Persons	104	10	8.8%	Including advisors, excluding Independent directors and acting positions
Revenue-generating functions			2,880	725	20.1%	
By position	Senior managers	Persons	169	21	11.1%	Team leader level
	Junior managers		2,259	430	16.0%	PM/Part leader level
	Non-managers		452	274	37.7%	Deputy/senior level, excluding secretarial positions
Other job groups			547	297	35.2%	
By position	Senior managers	Persons	101	14	12.2%	Team leader level
	Junior managers		359	138	27.8%	PM/Part leader level
	Non-managers		87	145	62.5%	Deputy/senior level, excluding secretarial positions
STEM-related positions		Persons	2,880	725	20.1%	STEM-related work (Computer programmer, web developer, statistician, logistician, engineer, physicist, scientist.): Defined as utilizing knowledge in science, mathematics, engineering, etc. in one's main work (including investment center)

* Number of female employees by position within each job group / total number of employees

Gender Pay Indicators* (2022)

Category	Item	Unit	Ratio	Remarks
Executive level	Base salary only	%	89.6	
	Base salary + other cash incentives		88.3	
Senior managers	Base salary only	%	72.8	
	Base salary + other cash incentives		70.5	
Junior managers	Base salary only	%	87.0	
	Base salary + other cash incentives		85.1	
Non-managers	Base salary only	%	90.7	Excluding secretarial positions
	Base salary + other cash incentives		90.7	

* Ratio of base salary (and total wages) of women to men by equivalent positions: Average Women Salary / Average Men Salary

Employee Workforce Status by Nationality (2022)

Item	Unit	2022	Remarks
Number of total workforces	Persons	23	US 9, Canada 3, Australia 1, Mongolia 1, Uzbekistan 1, China 6, Taiwan 2
Number of total management workforces	Persons	20	US 8, Canada 3, Australia 1, Uzbekistan 1, China 5, Taiwan 2

Parental Leave Status (2022)

Item	Unit	Male	Female	Remarks
Employees taking parental leave	Person	30	51	
Employees working for 12 months or longer after returning from parental leave	Person	34	45	Based on returnees in 2021
Rate of continuous working for 12 months or more among employees returning from parental leave	%	85	92	

Labor Union/Collective Bargaining Status

Category	Unit	2020	2021	2022	Remarks
Labor Union/Management Council membership rate	%	99	99.1	99.8	

Health and Safety

Category	Item	Unit	2019	2020	2021	2022	Remarks
Fatalities	Employees	Persons	0	0	0	0	
	Contractors	Persons	0	0	0	0	
Number of Lost-Time Injuries (LTI)	Employees	Cases	0	1	0	0	
	Contractors	Cases	0	0	1	1	
Lost-Time Injuries Frequency Rate (LTIFR)	Employees	Rate	0	0.02	0	0	Number of Lost-Time Injuries / Total working hours×200,000 (hours)
	Contractors	Rate	0	0	0.01	0.01	
Occupational Illness Frequency Rate (OIFR)	Employees	Rate	0	0	0	0	Number of cases of Occupational Illness / Total working hours×200,000 (hours)
	Contractors	Rate	0	0	0	0	

For SK Inc. | Social Performance

Human Capital Development

Category	Item	Unit	2020	2021	2022	Remarks
Average hours per employee of training and development		Hours	96	140	108	
By gender	Male	Hours	95	140	108	
	Female		104	138	108	
By position	Executives	Hours	4	37	14	
	Senior manager		40	97	65	
	Junior manager		97	139	113	
	Non-manager		119	181	116	
By age	under 30	Hours	First report in 2021	219	128	
	30-50 years old		First report in 2021	138	108	
	over 50		First report in 2021	115	100	
Average amount spent on training and development per employee		KRW	201,442	1,020,099	1,367,503	
By gender	Male	KRW	198,970	977,909	1,298,728	
	Female		229,074	1,165,601	1,598,228	
By position	Executives	KRW	157,209	6,001,298	7,891,626	
	Senior manager		115,156	886,846	3,342,822	
	Junior manager		214,794	1,065,891	1,034,192	
	Non-manager		229,152	857,338	1,099,993	
By age	under 30	KRW	First report in 2021	857,338	1,393,840	
	30-50 years old		First report in 2021	1,065,891	1,488,314	
	over 50		First report in 2021	886,846	889,550	
Ratio of employees attending training*		%	100	100	100	

* Excluding those who are unable to attend training due to reasons such as leave of absence or dispatch

Individual Performance Appraisal

Item	Unit	2020	2021	2022	Remarks
Ratio of employees who received Performance Appraisal	%	First reported in 2022		92	Performance Appraisal such as MBO (Management by objectives), Multidimensional performance appraisal (e.g. 360 degree feedback) and team-based performance assessment

Information Security

Category	Item	Unit	2020	2021	2022	Remarks
Leakage of personal information and data	Data leakage (including internal leaks, hacking, etc.)	Cases	0	0	0	
	Leak of personally identifiable information (PII)*	Cases	0	0	0	
	PII leakage rate (PII leaks as a proportion of all data leaks)	%	0	0	0	
Customer information and user data	Users whose personal information was damaged as a result of data leaks	Persons	0	0	0	
	Cases where customer information was used for secondary purposes	Persons	0	0	0	
	Number of requests for user data and information from government or law-enforcement agencies	Cases	0	0	0	
	Number of customers requesting information	Persons	First reported in 2022		0	
	Public Results Percentage	%	First reported in 2022		0	
Monetary losses incurred due to legal proceedings concerning personal information protection	Monetary losses incurred during the reporting period due to lawsuits concerning user privacy	KRW thousand	0	0	0	
Breaches of customer personal information protection and loss of customer data	Cases of violations and complaints	Cases	0	0	0	

* Personally identifiable information (PII) : any data that can be used to determine/trace personal identity

Suspension of Service

Category	Item	Unit	2020	2021	2022	Remarks
Less than 30 minutes of service suspension	Cloud-based services		4 (74)	7 (132)	3 (60)	
	All services		28 (554)	43 (805)	33 (676)	
30 minutes or longer of service suspension	Cloud-based services	Cases	9 (983)	25 (3,902)	9 (857)	
	All services		100 (9,985)	109 (14,264)	87 (13,044)	
Regular inspections and scheduled events	Cloud-based services	(Minutes)	1 (32)	4 (504)	1 (21)	
	All services		15 (787)	35 (3,455)	16 (942)	
Suspension due to Failures	Cloud-based services		12 (1,025)	28 (3,530)	11 (896)	
	All services		113 (9,752)	117 (11,614)	104 (12,778)	

For SK Inc. | Social Performance

Supply Chain Management Status

Item	Unit	2020	2021	2022	Remarks
Total number of suppliers	EA	-	1,399	1,747	
Total number of Tier-1 suppliers	EA	-	1,399	1,747	
Total number of significant suppliers in Tier-1*	EA	-	336	328	
Ratio of tier 1 significant suppliers	%	First reported in 2022		19	Total number of significant suppliers in Tier-1/ number of Tier-1 suppliers
Total spend on suppliers	KRW million	First reported in 2022		1,451,080	
Total spend on significant suppliers in Tier-1	KRW million	First reported in 2022		625,825	
The share of total spend on significant suppliers in Tier-1	%	First reported in 2022		43	Total spend on significant suppliers in Tier-1/total spend on suppliers

* Significant suppliers: Selected by evaluating business relevance with SK Inc. in the previous year (number of projects performed, impact on SK Inc. during project execution, etc.), environmental/social/governance impact (ESG risk), and possession of excellent/non-substitutable technology for a specific project (project performance evaluation, project performance certification, etc.)

KPIs Supplier Assessment and Development

Item	Unit	2020	2021	2022	Remarks
Supplier ESG Assessment					Conducting a desk assessment
Total number of suppliers assessed via assessments	EA	First report in 2021	491	791	
Ratio of suppliers assessed	%	100	100	100	
Total number of significant suppliers assessed	EA	First reported in 2022		328	
Ratio of significant suppliers assessed	%	100	100	100	2022 target: 100%
Number of suppliers assessed with substantial actual/potential negative impacts	EA	First reported in 2022		38	
Ratio of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	%	First reported in 2022		100	Target for 2022: 100%
Number of suppliers with substantial actual/potential negative impacts that were terminated	EA	First reported in 2022		0	
Corrective action plan support					
Total number of suppliers supported in corrective action plan implementation	EA	First reported in 2022		38	2022 target: 38 companies
Ratio of suppliers supported in corrective action plan implementation	%	First reported in 2022		97	
Total number of suppliers in capacity building programs	EA	First reported in 2022		750	2022 target: 750 companies

Social Contribution

Category	Item	Unit	2022	Remarks
Expenses for social contribution activities	Total volunteering by employees	Hours	1,637	Employee volunteering, volunteering activities during working hours, SK Pro Bono and talent donation activities (participating employees account for 38.7%)
		KRW million	238	Converted value of employees' volunteering activities = employee volunteering hours x legal minimum wage + hours of skill donation x employees' average hourly wage
	Cash contributions	KRW million	114	Total spent on local community projects, donations, sponsorships, funds, etc. - Happy IT Scholarship, sponsorship of scholarship quizzes, Community Chest of Korea, etc.
	In-kind giving	KRW million	45	Donation of goods, donation of products/services, advertising/marketing publicity, etc. - Donation of equipment for Happy ICT, free cloud services for entrepreneurs/SMEs - Matching grants (heating costs, goods for heating, facility repairs, etc.), food expense support for undernourished children, etc.
	Management overheads	KRW million	178	Operating expenses for social contribution projects (event staff wages, insurance, recruitment costs, business operation running costs such as phone/fax/computer, etc.), consulting costs, project research costs, etc.
	Social contribution investment by type	Charitable donations		27
Community investments		%	16	Brand awareness promotion activities, such as university support and event sponsorship
Commercial initiatives			57	Donation of cash and goods, sponsorships, matching funds, employee volunteering hourly expenses, etc.
Expenditure on major donations	Seeds		68,000	Operating costs for SIAT education in 2022, Round 1 SIAT education expenses in 2022
	Happiness IT Scholarship	KRW thousand	22,532	Korea Rehabilitation Association for the Disabled
	Happy ICT		3,673	Donation of second-hand assets for Happy ICT, etc.
	Bazaar		2,500	Hope On campaign for marginalized groups in the winter months

※ SK Inc. reports and executes up to CCO according to the size of external associations/social contribution contributions based on the Regulations for Responsibility. All executions are reviewed by the external Comm. team for adequacy and risk.

For SK Inc. | Governance Performance

R&D Investment Status

Category	Item	Unit	2020	2021	2022	Remarks
R&D expenses	Total amount	KRW million	81,231	70,113	72,445	
	Sales and management costs		36,165	35,507	34,041	
	Development costs		45,066	34,606	38,404	
R&D expenses as a proportion of revenue		%	4.51	3.81	3.3	Total R&D expenses / revenue

Law/Regulations

Category	Item	Unit	2020	2021	2022	Remarks
Violation of laws and regulations in the environmental, social and economic areas	Penalties	KRW	0	0	0	
	Non-monetary sanctions	Cases	0	0	0	
Violation of laws and regulations related to product/service safety	Number of violations of laws and regulations to prevent product/service safety accidents	Cases	0	0	0	
Violation of laws governing unfair competition/ monopolistic behavior	Monetary losses incurred within the reporting period due to legal proceedings against anti-competitive behavior	KRW	0	0	0	
	Legal violations resulting from corruption and bribery	Cases	0	0	0	
Cases of discrimination and corrective measures	Cases of discriminatory treatment (education, gender, disability, etc.) reported and processed	Cases	0	0	0	

Expenditure on Policy

Category	Item	Unit	2020	2021	2022	Remarks
Policy expenditures	Lobbying*	KRW thousand	0	0	0	
	Political donations		0	0	0	
	Association/ Membership fee for related organizations		202,257	215,937	228,020	

* SK Inc. complies with Chapter 6, Article 31 (Restrictions on Donations) of the Domestic Political Funds Act, which prohibits corporations or groups from donating political funds and providing lobbying funds.

※ SK Inc. has no affiliation or activities with associated associations contrary to the Paris climate agreement, and has not engaged in any climate-related lobbying activities in 2022.

Policy-related Expenses (2022)

Organization	Unit	Amount	Remarks
Seongnam Chamber of Commerce & Industry (SCCI) *	KRW	60,000,000	
Korea Enterprises Federation**		40,400,000	
Korea Information Technology Service Industry Association (ITSA)		33,000,000	
Korea Software Industry Association (KOSA)		20,000,000	
Korea Association of Cloud Industry (KACI)		10,000,000	
Federation of Korean Information Industries (FKII)		8,400,000	
Seoul Bar Association		5,222,250	
Corporate Renewable Energy Foundation (CREF)		10,000,000	

* As an organization that promotes activities to support the growth of local businesses, we support the work of the Seongnam Chamber of Commerce and provide support for member companies' expenses.

** As an organization that supports the maintenance of a proactive response system for rapid changes in the internal and external HR management environment, we support the association and pay membership expenses

Policy & Principle

Environmental Policy

SK Inc. places environmental protection and respect for life at the core of its business operations and endeavors to minimize its impact on the environment across various business activities. To achieve this, the company has formulated an environmental policy based on its environmental management principles.

Environmental Management Governance

SK Inc. reviews the strategic direction and implementation plan for environmental management through the board of directors, and under the management/supervision of the board of directors, the chief executive officer (CEO) of business and Investment Divisions discusses/determines goals and achievements such as climate change response and energy saving. In addition, the CEO of SK Inc. is regularly reported on environmental risks and impact assessments and internal audit results of business sites under the environmental management system (ISO 14001). The CEO of SK Inc. authorizes the CFO to systematically manage environmental performance and Integrated management of the performance of major organizations to respond to climate change.

Establish an Environmental Strategy

SK Inc. establishes the environment as a major strategy in business activities and considers the environment when making decisions. Establish environmental goals and tasks based on the analysis of internal and external stakeholder needs every year, and implement tasks in connection with management and company-wide/organizational KPI.

Establishment and Operation of Environmental Company Regulations

SK Inc. establishes and operates company rules and regulations in terms of environment, and disseminates and educates relevant personnel. Evaluate the effectiveness of relevant company regulations by periodically considering relevant laws, changes in business structure, and stakeholder requirements, and revise and reflect them.

Environmental Policy Scope

In conducting investment and product/service businesses, SK Inc. must implement environmental policies in all workplaces, and apply environmental policies to overall management activities such as purchase, distribution/logistics, waste, maintenance of facilities, and customer management.

Environmental Policy for Suppliers

SK Inc. includes a code of conduct in contracts so that suppliers it transacts with must comply with environmental laws/regulations and eco-friendly management. In addition, the supplier's environmental management level is evaluated and managed through periodic evaluation of suppliers and environmental evaluation when selecting integrated purchasing companies. In addition, we encourage unmanaged business sites, third-party manufacturers, joint venture suppliers, and outsourcing suppliers to become aware of SK Inc.' environmental policies and to participate in them.

Environmental Impact Assessment

SK Inc. integrates management of company and site environment-related risks. The project manager must conduct an environmental impact assessment for the relevant task or project. In addition, prior to conducting new businesses, due diligence, mergers and acquisitions, relevant responsible persons should review environmental regulations, requirements for the protection of the natural environment and ecosystems, and legal standards. In case a significant risk is found in the environmental impact assessment, a response plan must be established and implemented.

Environmental Performance Measurement and Management

SK Inc. establishes environmental indicators and performance targets according to environmental impact assessments, legal changes, and stakeholder demands, and selects and manages the department in charge of the performance indicators. Key performance indicators related to the enterprise environment are as follows.

- Energy consumption: city gas, electricity, district heating, etc.
- Greenhouse gas emissions: direct emissions, indirect emissions, and other indirect emissions
- Water consumption: water supply, recycled water consumption
- Waste generation: recycled, general waste, designated waste, treatment costs

Establish a system to systematically manage these environmental performances, conduct verification from an external third party organization that has no interest in the company, and continuously inspect and implement improvement activities.

Communication with Stakeholders

To enhance the transparency of environmental management, SK Inc. communicates with stakeholders by requesting relevant internal and external departments.

Policy & Principle

Biodiversity Policy

SK Inc. is aware of the increasing risks to biodiversity amid industrial development. It recognizes not only the social losses caused by the failure to protect natural ecosystems but also the impacts on its business. As an investment company, SK Inc. places great importance on biodiversity and has established principles for biodiversity management. It understands the necessity of biodiversity protection in its investment decision-making process and strives to minimize operational impacts on the environment. SK Inc. will prevent, minimize, and mitigate biodiversity risks throughout its business operations. During the review of new projects and business acquisitions, the company will assess and monitor the state and value of biodiversity and its potential impact. These principles will be applied to all major business sites, subsidiaries, and key business suppliers in the entire supply chain. The company's goal is to achieve a net-zero loss of biodiversity in areas of significant habitat by 2050.

Compliance with Legal Requirements in Areas Requiring Land Management and Biodiversity Protection: SK Inc. will comply with the legal requirements of the relevant country and local laws in all business locations where land management and biodiversity protection are applied, including World Heritage areas and IUCN Category I-IV protected areas.

Declaration Contents:

- ① Prohibition Declaration: SK Inc. will not establish or operate new business sites in biodiversity conservation areas and their surrounding areas in the medium to long term.
- ② Mitigation Activities: In business locations within biodiversity conservation areas and their surroundings, SK Inc. will strive to achieve No Net Loss (NNL) and Net Positive Impact (NPI) on biodiversity.
 - Specifically, the company will conduct monitoring to minimize the impact on biodiversity on its owned forest lands, including monitoring for biodiversity preservation, genetic resources protection, monitoring of native and endangered species, prevention of illegal hunting and harvesting, and monitoring the conservation of threatened and endangered species through artificial increase.
- ③ Collaboration Activities: To achieve biodiversity conservation goals, SK Inc. will establish and strengthen strategic partnerships with industry associations, local communities, and professional organizations.

No-Deforestation Policy

SK Inc., in all its forestry management activities, aims to achieve sustainable forest management and establish a responsible corporate system that ensures the stability, adaptability, and diversity of forests while meeting the principles of productivity, economy, and sustainability. The company sets a basic policy of maintaining and promoting the public functions of forests, such as land preservation, landscape maintenance, water source protection, and recreation. Along with forest protection, SK Inc. will contribute to carbon reduction and forest conservation to address the climate crisis through continuous afforestation.

SK Inc. will prevent, minimize, and mitigate deforestation throughout its business operations. During the review of new projects and business acquisitions, the company will assess and monitor the impact of deforestation resulting from corporate operations. These principles will be applied to all major business sites, subsidiaries, and key business suppliers in the entire supply chain.

The company's goal is to achieve a complete prohibition of deforestation by 2050.

Declaration Contents:

Mitigation Declaration: SK Inc. will monitor the impact of deforestation that occurs during its business operations and implement afforestation and reforestation activities to offset the impacts. As the first in the country, the company registered A/R CDM projects with the UN to create forests that absorb carbon in Goseong-gun, Gangwon-do, and will strive to achieve a net-zero impact from deforestation by creating more forests.

Compliance and Monitoring:

- ① Monitoring System for Compliance with the Declaration: SK Inc. ensures that forestry managers of relevant forestry and other activities conduct monitoring and keep records. If any significant negative impact on ecology (environment) is identified, the forestry manager will suspend forestry and other activities and report it to the general manager and relevant personnel.
- ② Compliance with Forest Regulations/Obligatory Standards: SK Inc. establishes an organization responsible for managing the implementation of regulations and deforestation prevention policies at the headquarters, subsidiaries, and business sites to ensure company-wide policy compliance.
- ③ Collaboration with Suppliers and/or Suppliers for Deforestation Risk Management and Mitigation: SK Inc. will establish and strengthen strategic partnerships with industry associations, professional organizations, and others to achieve the goal of preventing deforestation.

Policy & Principle

Safety and Health Management Policy

Safety and Health Governance

Based on its fundamental principles of the Safety and Health Management Policy, SK Inc. has established a safety and health system that complies with OHS international standards and regulations, voluntary programs and collective agreement on OHS. Every year, SK Inc. reports its comprehensive safety and health plan to the Board of Directors. All matters related to safety and health, such as the formulation of measures to prevent industrial accidents and conducting risk assessments, are deliberated and resolved in the Occupational Safety and Health Committee, which includes representatives of the workers. The establishment and division of roles in the safety and health specialized organization were decided by the Board of Directors in 2022. The Safety and Health Management Officer oversees all safety and health-related tasks, including the execution of safety and health policies, while the Overall Safety and Health Responsibility Officer manages the industrial accident prevention tasks for contract workers and workers in relationships of supply.

Risk assessment is carried out, taking into account the needs of stakeholders (contractors, business suppliers, etc.), and stakeholders are included in the execution of safety and health at SK Inc. In 2021, SK Inc. obtained the Safety and Health Management (ISO 45001) certification, which was successfully passed through a post-certification audit in May 2022. Safety and health-related items are included in the performance evaluation indicators for department heads and group leaders, as well as in the overall performance evaluation of the company, including the CEO, where ESG-related items are reflected. Continuous efforts are made to improve the performance of the safety and health management system. Quantitative goals and execution plans are established with priorities specified, and improvements in safety and health performance indicators are set for each division in the company. The scope of application of the safety and health policy includes contractors, service contracts, entrusted work, and workers in special employment forms.

Safety and Health Activities

SK Inc. diagnoses risks that may occur in the workplace through risk assessment and risk evaluation and takes necessary measures to address risks. Priorities are given to quantified goals and execution plans for risk resolution and are managed in an integrated manner. An integrated procedure for responding to emergency situations, including accidents, is established within the framework of the Industrial Safety and Health Management Regulations. In contractor agreements, criteria and review procedures reflecting the ability to take measures for industrial accident prevention and ISO 45001 requirements are considered.

An assessment procedure for risks and health issues related to the safety and health goals of employees is in place to prevent and alleviate health problems. To enhance safety and health awareness among employees, safety and health education was provided to all employees in 2021, and from 2022 onwards, legal safety and health education is also requested for contractors. Internal investigations on safety and health, including work-related injuries, health issues, illnesses, and accidents, are conducted, and external verification (ISO 45001) certification is obtained to strengthen safety and health management.

Human Rights Management Policy

Human Rights Management Policy

Based on the SK Group's Corporate Philosophy (SKMS), which emphasizes pursuing the happiness of both employees and stakeholders, SK Inc. declares its Human Rights Management Policy with the aim of realizing the value of respecting human rights in all aspects of its business activities.

- Article 1: SK Inc. will respect the human rights of all stakeholders and ensure their dignity as human beings.
- Article 2: SK Inc. officially supports and commits to comply with the standards and regulations of international organizations and bodies related to labor and human rights, such as the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights (Ruggie Framework), and International Labour Organization conventions.
- Article 3: SK Inc. requests compliance with the aforementioned international human rights and labor standards from all stakeholders in the value chain, including employees, business suppliers, local communities, customers, and suppliers. It will make every effort to prevent any violations of human rights in the value chain and promote respect for human rights.
- Article 4: SK Inc. will adhere to all labor principles and laws recommended by the International Labour Organization (ILO) and ratified by the respective countries, including the prohibition of child labor, forced labor, ensuring health, safety, and working hours.
- Article 5: SK Inc. respects diversity and strives to eliminate discrimination based on gender, race, age, social status, and other reasons. In the event of human rights violations, it will actively seek remedies for the victims.
- Article 6: SK Inc. will establish and implement management systems necessary for human rights management, including anti-corruption (ethical management), environment/health/safety, compliance, and personal information protection.

President and CEO, SK Inc.

Policy & Principle

Detailed Principles for Human Rights Management

Humanitarian Courtesy	Remunerations and Benefits
For the realization of human dignity and value, we make active efforts to prevent mental or physical inhumane treatment in advance. In the event of inhumane treatment, we will take strict measures in accordance with relevant regulations and strive for active relief.	We pay more than the minimum wage stipulated in the region along with the pay slip, and provide legal compensation for overtime work carried out under mutual agreement between labor and management. We seek to improve the quality of life safety and work motivation of our employees, and strive to contribute to sound economic development.
No Forced Labor	Guaranteed Freedom of Association
We respect workers' free will for labor. Violence, intimidation, confinement, human trafficking, slave labor, and other forms of labor that unreasonably suppress mental or physical freedom are prohibited. Strive for fair and transparent labor contracts, strictly abide by the Labor Standards Act in relation to labor contracts, and give consideration to ensuring that workers fully understand their contents.	We promote sound organizational development through smooth and continuous communication between labor and management. We guarantee freedom of association in accordance with local labor-related laws and regulations, and we do not treat unfairly on account of joining or participating in a labor union.
No Child Labor	Personal Information Protection
We abide by regulations related to underage labor, provide appropriate procedures and support in accordance with laws and regulations, such as guaranteeing educational opportunities and consideration for safety when working with minors, and continuously check compliance with laws and regulations.	To protect the rights of all stakeholders, including customers, in accordance with the local regulations, we ensure the protection of their personal information and take necessary measures to secure the security of such information. We do not use personal information without the consent of the individuals for purposes other than the intended use, and we respect privacy to the fullest extent.
Non-Discrimination	Community Engagement
We respect the diversity of all employees, and discrimination does not occur in the personnel process such as recruitment, wages, promotion, training, and placement for reasons such as gender, race, age, gender identity, education, disability, religion, political orientation, and social status. We provide equal remunerations and a working environment of mutual respect and consideration.	We identify potential impacts on the nearby communities and listen to their opinions to avoid any adverse effects. We strive for continuous communication with the local communities. Furthermore, we make efforts to respect and protect the rights and property of the local communities and ensure their safety.
Working Hours Compliance	Ensuring Environment/Safety/Health
We comply with local working hour laws and regulations, such as regular, overtime and holiday work, and do not force employees to work beyond regular working hours. Revisions of laws and regulations are continuously managed to prevent violations.	We strive to protect the environment and prevent pollution by complying with domestic and international environmental laws, setting measurable goals for environmental improvement, and regularly checking whether the goals are appropriate.
Responsible Supply Chain Management	Human Rights Impact Assessment
We identify the status of human rights protection within the supply chain, including management suppliers, and conduct appropriate education and training to prevent substantial or potentially significant negative human rights impacts.	Conduct regular human rights impact assessments to prevent human rights violations and respect human rights. The human rights impact assessment is carried out faithfully and fairly, and we strive to practice human rights management by reflecting the results of the human rights impact assessment.

Suppliers' Code of Conduct

Introduction

SK Inc. expects a high level of operational standards for the workplace environment of its suppliers. To strengthen the compliance management as the foundation of SK Inc.'s co-prosperity with its suppliers, the Supplier Code of Conduct (hereinafter referred to as "the Code") has been established. Furthermore, SK Inc.'s suppliers must comply with all applicable laws and regulations, ensure a safe working environment, and establish a management environment where workers are respected, and operate their businesses ethically. This Code outlines the requirements that SK Inc. places on its suppliers. The scope of the Code includes all forms of organizations involved in designing, selling, manufacturing, or providing materials and services used in the production of SK Inc.'s services/products. All suppliers must comply with the Code, and they are required to ensure compliance with the Code throughout their sub-supply chains. SK Inc. or designated external agencies may conduct visits to assess the suppliers' compliance with this Code. In the event of a significant violation of this Code by a supplier within the specified improvement period, SK Inc. may suspend transactions or terminate contracts with the supplier. Additionally, the Code may be revised based on changes in SK Inc.'s supplier management policies and criteria. In case of any conflict between this Code and local regulations, the more stringent standard will prevail.

1. Human Rights and Labor

Suppliers must protect the human rights of workers and guarantee their dignity at a level that is accepted in the international community. This applies to all types of workers, including temporary workers, migrant workers, interns, and temporary workers. Workers must be guaranteed legal work and rights protection in accordance with local laws and regulations.

1-1. No Forced Labor

Suppliers must guarantee voluntary participation in all labor activities. Forced labor, workers under human restraint contracts (including bondage for debt repayment), involuntary convict workers, and human trafficking workers shall not be hired. This includes any act of moving, hiring, or relocating the socially underprivileged through threats, coercion, kidnapping, or fraud for the purpose of labor exploitation. Workers must not be required to surrender their government-issued identification cards, passports, or work permits as a condition of employment. Suppliers or labor dispatch companies must not ask workers for fees (eg. job placement, etc.) or deposits. In addition, working conditions must be documented and communicated in a language that workers can understand.

1-2. Underage Workers

Employment of protected child workers by suppliers is strictly prohibited. "Child" means a person under the highest of 15 years of age, the age at which compulsory education ends, or the minimum legal employment age in accordance with local laws. If a child worker is discovered, the supplier must take immediate countermeasures. We must immediately stop hiring child workers and improve the age verification process for workers in the hiring process. When a supplier operates an intern program, etc., it must comply with local laws and regulations. Suppliers may hire youth workers older than the legal minimum age for employment, but workers under the age of 18 must not perform hazardous work (including overtime and night shifts) in terms of safety and health.

Policy & Principle

1-3. Compliance with Working Hours

Suppliers must not exceed the maximum working hours stipulated by law in terms of weekly working hours. Furthermore, with the exception of emergencies or special circumstances, weekly working hours, including overtime, must not exceed the working hours set forth in the Labor Standards Act.

1-4. Wages and Benefits

Suppliers should include the minimum wage, overtime pay, welfare benefits stipulated by law, etc. in the wages paid to workers, and comply with all local laws and regulations. All overtime work must be done voluntarily with the consent of the worker, and overtime pay that is higher than the hourly wage applied to regular working hours must be paid in accordance with local laws and regulations. Wage reductions are not permitted as a means of disciplinary action. Wage payment standards and items for workers must be provided in a language that workers can understand through a pay stub or a written document on which pay details are recorded, as well as on the company intranet.

1-5. Humane Treatment

Suppliers must not engage in harsh and inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, and verbal abuse, and must not threaten workers with such treatment. Suppliers must define policies and procedures that ensure humane treatment of workers and fully explain them to workers.

1-6. Non-Discrimination and Harassment

Suppliers should take measures to prevent workers from being harassed or unlawfully discriminated against. Discrimination based on race, skin color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political orientation, union membership, marital status, etc. should not stand. Except in the case of exceptions required by local law or workplace safety, workers or job candidates may not be required to undergo medical examinations that could be used as grounds for discrimination.

1-7. Freedom of Association

Suppliers must respect the right of workers to organize and join an employee council or labor union, freely associate with other workers for collective agreements and peaceful assembly, in accordance with the laws of the local country, and workers will not participate in such activities. Rights must also be respected. In addition, workers and worker representatives must be able to freely communicate and share their opinions and difficulties on working conditions and management policies with suppliers without worrying about discrimination, retaliatory measures, threatening behavior, or harassment.

2. Safety and Health

Suppliers should recognize that activities to ensure the safety and health of workers are essential in all activities conducted in the company's business. Suppliers shall strive to establish and maintain a safe and healthy workplace in accordance with local laws and regulations.

2-1. Industrial Safety

In order to control workers' exposure to potential safety hazards (e.g. electric shock, fire, vehicle, risk of falling, etc.), suppliers must conduct appropriate administrative control, preventive maintenance, and continuous safety training. Where hazards cannot be adequately controlled by the means outlined above, workers must be provided with appropriate personal protective equipment. In addition, pregnant women should not be placed in hazardous environments.

2-2. Emergency Preparedness

Suppliers should identify and evaluate potential emergencies and accidents in advance. In the event of an emergency, report, notify workers and evacuation procedures, etc., and prepare emergency evacuation drills for workers to prevent emergencies, escape facilities, fire detection and fire extinguishing equipment, etc. to minimize damage caused by emergencies.

2-3. Prevention of Industrial Accidents and Diseases

Suppliers must have procedures and systems in place to prevent, manage, track, and report industrial accidents and diseases of workers. These include: preventing occupational accidents and diseases by encouraging workers to report freely, classifying and recording occupational accidents and diseases, providing necessary medical treatment, and implementing corrective actions to investigate each case and eliminate its causes; Provisions should be included to support the return of workers who have been placed on leave due to

2-4. Physical Demands of Workplace

Suppliers shall identify, evaluate, and control workers' exposure to physically strenuous tasks, including repetitive manual work for long periods of time, heavy lifting or standing work, and physical strength-consuming assembly work.

2-5. Safety Management of Hazardous Machines, Instruments and Facilities

Suppliers should evaluate the safety of using machinery, instruments and facilities necessary for production. Physical guards, interlocks and barriers must be provided and properly maintained when workers are using machinery that may expose them to a risk of injury.

2-6. Management of Exposure to Harmful Factors in the Work Environment

Suppliers should regularly measure employees' exposure to factors such as hazardous chemicals, noise, and dust to identify the impact and implement technical measures and supervision to prevent exposure beyond the standard level. Staff must be trained on the hazards involved, and personal protective equipment must be provided if the hazards are not adequately controlled.

2-7. Safety and Health Education

Suppliers must conduct appropriate safety and health training for workers, and training must be conducted in the language the workers mainly use. Safety and health-related information in the workplace must be posted in a conspicuous place

Policy & Principle

3. Environmental Management

Suppliers should fully understand and strive to reduce the environmental impact caused by business operations and the provision of products and services to SK Inc. Environmental laws and regulations, such as disposal, recycling, industrial water management and reuse, and management of greenhouse gases and atmospheric emissions, must be complied with.

3-1. Obtaining Environmental Permits and Reporting

Suppliers must acquire, maintain, and manage all environmental permits and registrations necessary for corporate operation, and reflect the latest revisions. In addition, it must comply with the requirements such as operation and reporting necessary for the licensing process.

3-2. Pollution Prevention and Resource Efficiency

Suppliers should minimize or eliminate the emission of reduced pollutants and the generation of waste by adding pollutant control facilities. The use of natural resources, including water, fossil fuels, minerals and virgin forests, must be conserved through methods such as improving production processes, strengthening maintenance, modifying plant processes, replacing materials, reusing, conserving and recycling materials.

3-3. Hazardous Substance Management

Suppliers must separately manage chemicals and other substances harmful to humans or the environment, such as identification marks and labeling, to ensure safe handling, transportation, storage, use, recycling, reuse, and disposal.

3-4. Waste Water and Waste Management

Suppliers must systematically identify, manage, reduce, and dispose/recycle solid waste (non-hazardous). Wastewater and solid waste generated from various corporate activities, production processes, and sanitation facilities must be characterized, monitored, managed/treated in accordance with regulations, and discharged/disposed. In addition, measures to reduce wastewater generation must be taken, and the treatment efficiency of the wastewater treatment process must be monitored at all times.

3-5. Greenhouse Gas Emissions and Energy Consumption

Suppliers should identify energy consumption and GHG emissions at the company-wide and business site level in each phase of emission. We also need to find cost-effective ways to minimize energy consumption and greenhouse gas emissions while increasing energy efficiency. Ultimately, efforts to reduce greenhouse gas emissions must continue every year, such as establishing a 'Science Based Target' that meets the needs of the international community. SK Inc. may request related data (including manufacturer data such as greenhouse gas emissions/reduction plans), and suppliers must actively cooperate in this regard.

3-6. Air Pollutants

Suppliers should identify the characteristics of volatile organic compounds, aerosols, corrosive gases, dust, ozone layer depleting substances, and combustion by-products generated in the process, monitor them at all times, and manage/treat them in accordance with domestic and international laws before discharging them.

3-7. Expansion of Eco-friendly Products

Suppliers should prioritize the use of eco-friendly products that can reduce environmental pollution in the absence of special reasons by considering environmental risk factors from the purchase of raw and subsidiary materials, and strive to continuously expand eco-friendly products and services.

3-8. Water Resources Protection

Suppliers must systematically prevent rainwater pollution. To this end, a water resource management program that monitors water resource use and discharge must be implemented, contamination pathways must be controlled, and all wastewater discharges and wastewater treatment must be monitored.

3-9. Management of Soil/Noise/Vibration/Odor and Raw Materials

Suppliers must monitor noise, soil pollution, odor, biodiversity, etc. to reduce the negative impact on the ecosystem near the business site, and introduce related systems to reduce the use of raw materials and measure them separately.

3-10. Biodiversity Conservation

Suppliers must have a system to minimize negative impacts during business activities in biodiversity conservation areas and nearby areas. When conducting existing projects and reviewing new projects, the current status of biodiversity around the business site must be identified and the impact monitored.

3-11. No Forest Destruction

Suppliers must have a system to minimize the risk and negative impact of deforestation caused by business activities. Contribute to carbon reduction through forest protection and continuous afforestation, and participate in forest conservation and climate crisis resolution.

4. Ethical Management

Suppliers must comply with all local laws and regulations in business activities, and SK Inc. requires suppliers to maintain the highest standards of ethics.

4-1. Integrity

Suppliers must maintain the highest level of integrity in their business relationships with all companies. You must not engage in any form of corruption, extortion, embezzlement, bribery, tributes, gift giving, etc., including providing money or valuables to related parties for the purpose of influencing decision-making or providing other forms of benefit.

4-2. Prohibition of Unfair Profit

Suppliers must not provide, permit the provision, or receive any means to obtain unfair or improper benefits, and must implement monitoring and crackdown procedures.

4-3. Information Disclosure

Information on labor/safety and health/environmental management, management activities, governance, financial status,

Policy & Principle

and performance of suppliers must be disclosed in accordance with applicable laws and general industry practices. Falsification of records or misrepresentation of conditions and practices in related areas within the supply chain is unacceptable.

4-4. Intellectual Property Protection

The intellectual property rights of suppliers must be respected. Suppliers must transfer technology and know-how in a way that protects intellectual property rights and safely protect SK Inc.' information.

4-5. Fair Trade, Advertising and Competitiveness

Suppliers must comply with applicable regulations and standards regarding fair trade (anti-collusion), advertising, and competition.

4-6. Privacy

Suppliers must make reasonable efforts to protect the personal information of all people involved in business, including business suppliers, customers, consumers, and employees.

4-7. Data Security

Suppliers must comply with confidentiality obligations for data that they learn or receive in the course of conducting business. In addition, when a data infringement case is discovered, you must report/notify us, and you must actively cooperate with access to the data processing system performed in the process of confirming the infringement.

4-8. Whistleblower Protection

Suppliers must report all matters related to violations of the Code of Conduct or retaliation (harassment, discrimination, unfair behavior, etc.) for whistleblowing. SK Inc. will keep whistleblowing facts confidential, and will take strict action if retaliation against whistleblowing is discovered. In addition, we will fairly identify the issues raised and devise solutions.

4-9. Prohibition of Use of Conflict Minerals

Suppliers must establish and implement a prohibition policy that prohibits the use of raw materials obtained through illegal and unethical methods (e.g., minerals from mines occupied by armed forces, etc.). 4-10. Establish strategies considering the characteristics of local social contribution companies and strive for social contribution activities by operating various employee participation programs.

5. Management System

Suppliers must implement and maintain as much as possible by establishing a system capable of continuous improvement to comply with this Code, related laws, and customer requirements. This should include clear goals and objectives, regular measurement and performance evaluation, and the implementation of continual improvement.

5-1. Declaration of Commitment

Suppliers must express in writing the company's commitment to compliance and continuous improvement, approved by the management, and post it at the workplace.

5-2. Management Duties and Responsibilities

Suppliers should appoint a person in charge of periodic inspection of the implementation and status of the management system and norm-related programs, and the company's CEO should review the status of the management system on a regular basis.

5-3. Response to Laws and Customer Requirements

Suppliers shall establish a process to identify, monitor, and understand the latest laws and regulations and customer requirements, including the requirements of this Code.

5-4. Risk Assessment and Management

Suppliers should identify potential risks in terms of environment, occupational safety and health, human rights and labor, and ethics, establish management plans for risks with high probability of occurrence and ripple effects, and report the implementation status to the management.

5-5. Goal Setting and Management

Suppliers should establish goals and action plans in terms of environment, occupational safety and health, human rights and labor, and ethics, and periodically evaluate the achievement status.

5-6. Training and Communication

Suppliers shall establish and operate a program to train managers and workers to implement the company's policies, procedures, and improvement goals and comply with applicable laws and regulations, and provide information on policies, practices, expectations, and performance-related information to workers, company and establish a communication process with customers.

5-7. Employee Feedback, Participation and Grievance Handling

Suppliers must have an independent auditing organization and reporting system, and conduct regular self-evaluation to verify compliance with this Code and local laws and regulations.

5-8. Appreciation and Evaluation

Suppliers should conduct regular self-evaluation to check compliance with this code and local laws and regulations.

5-9. Corrective Action Process

Suppliers must establish procedures to appropriately correct deficiencies identified through internal or non-compliance evaluations, inspections, investigations, and reviews.

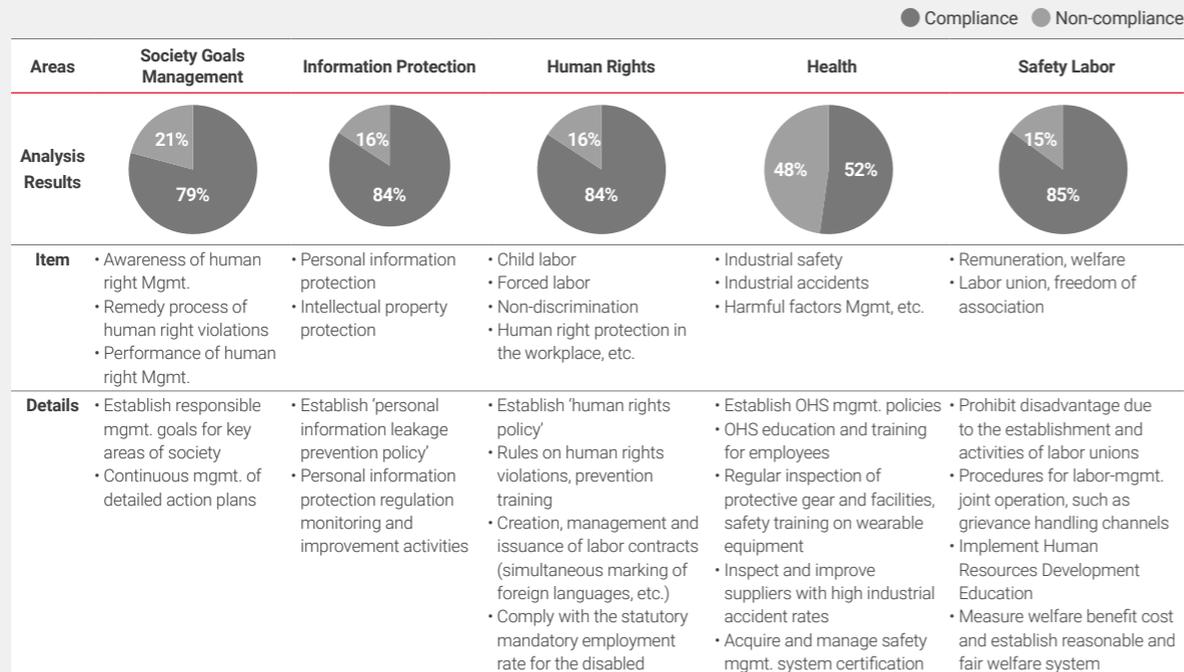
5-10. Supplier Participation and Fulfillment of Responsibilities (Supplier Management)

Suppliers who transact with SK Inc. must deliver this Code to sub-suppliers, request compliance, and conduct compliance evaluations.

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Investigation of Human Rights Conditions of Business Suppliers

- Identify potential and actual human rights risks within the organization of business suppliers in 2023 and support risk improvement activities through monitoring (targeting 801 suppliers, include 100% of Tier 1 suppliers)
- Among the management items, the compliance rate for social target management, information protection, health and safety, and labor requirements was high, while the compliance rate for health and safety was low.
- Establishing an industrial accident/disease prevention management system and training and consulting support necessary to have a safety management system in order to comply with ESG management and human rights requirements



Supplier Human Rights Management Improvement Plan

- Preparing guidelines for establishing responsible management goals in core social areas
- Diversification of methods for surveying suppliers' human rights conditions
- Advanced monitoring through questionnaires on human rights management

Information Protection Policy

With the development of IT technology, a variety of new threats can seriously affect the information assets of SK Inc., which provides comprehensive IT services to customers. As a Global IT Service Leader, information protection activities are no longer an option but an integral part of SK Inc.'s efforts to provide world-class products. Therefore, all employees of SK Inc. should do their best to take appropriate countermeasures by thoroughly considering the loss of important information assets, delays, and ethical consequences from numerous security threats such as hacking and information leakage from inside and outside. Accordingly, SK Inc. establishes and declares an information protection policy that satisfies the following.

- ① It protects SK Inc.'s information assets from illegal access and leakage.
- ② It maintains confidentiality, integrity, and availability of SK Inc.'s information assets.
- ③ SK Inc. complies with the legal security requirements related to information protection.
- ④ All employees of SK Inc. should be able to recognize the importance of information protection and properly prevent, detect, and respond to accidents.
- ⑤ SK Inc. periodically analyzes, checks, and audits risks related to information protection. SK Inc. invests the time and resources necessary to comply with these information protection policies, and organizes and operates an organization that manages information protection. The organization is responsible for establishing, maintaining, inspecting, and training security regulations, guidelines and procedures. However, information protection cannot be performed only by a specific management organization, and above all, it requires the participation and responsibility of all employees. Therefore, all employees must recognize the importance of information protection and continue to be interested in understanding and complying with the declared policy.

Policy & Principle

Corporate Governance Information

SK Inc. transparently discloses information about corporate governance as follows.

1. Requirements for Independence of Board of Directors

SK Inc. complies with the commercial law of the Republic of Korea to realize transparent management based on the composition and operation of an independent board of directors, defines the independence of the board of directors as follows, and discloses the current status of board operation. The board of directors of SK Inc. is considered independent when it consists of more than half of outside directors. In addition, it is determined that outside directors cannot obtain independent qualifications from the board of directors if they meet the following conditions. If you meet these requirements, you cannot be appointed as an outside director of SK Inc.

- ① Directors, executive officers, and employees who are engaged in the company's regular business, or directors, auditors, executive officers, and employees who have been engaged in the company's regular business within the last two years
- ② If the largest shareholder is a natural person, the principal, his/her spouse, and lineal ascendants/descendants
- ③ If the largest shareholder is a corporation, directors, auditors, executive officers and employees of the corporation
- ④ Spouses and lineal ascendants and descendents of directors, auditors and executive officers
- ⑤ Directors, auditors, executive officers and employees of the company's parent company or subsidiary
- ⑥ Directors, auditors, executive officers and employees of corporations with important interests such as business relationships with the company
- ⑦ In order to ensure fairness and independence in the appointment of directors, auditors, executive officers, and employees outside directors of other companies where the directors, executive officers, and employees of the company are directors or executive officers, the final decision is made after strict examination by the Nomination and Compensation Committee. outside directors are elected at the general shareholders' meeting.

2. Ratio of Appointment of Independent Directors

SK Inc. organizes the board of directors with the goal of exceeding 51% of independent directors in the board of directors. Currently, SK Inc.' board of directors has a total of 5 independent directors, accounting for 56% of the total number of directors, and through this, it maintains independence from major shareholders and management.

3. Board Diversity Policy

We strive to create a diverse and inclusive corporate culture, where all employees, including the board of directors, are treated without discrimination based on race, gender, disability, religion, or nationality. Throughout the entire human resources process, including recruitment, compensation, evaluation, promotion, and education, priority is given to the consideration of minorities and underrepresented groups.

4. Efficient Board Operations

In 2022, the attendance rate of SK Inc.'s board employees at board meetings averaged 98%. All board employees are required to have a minimum attendance rate of 80%, and currently, the total number of independent directors is limited to no more than four other directorships. SK Inc.'s board conducts regular self-assessment on its performance, sharing the execution results of board resolutions and committee activities, and discussing areas for improvement. The board employees are elected annually, and each director is individually appointed with the approval or dissent and the corresponding ratio being disclosed publicly. The average tenure of board employees is three years, with four independent directors possessing industry experience.

5. Management's Performance Compensation

SK Inc. efficiently measures the performance of its top management and provides compensation accordingly. The performance compensation is based on various indicators, including sales, operating profit, debt ratio, cash dividend payout ratio, total shareholder return, credit rating, growth rate, and Sustainability Rate index. The performance compensation is linked to a three-year period. To align management's interests with shareholders and maximize the growth of corporate value, SK Inc. has introduced Stock Options for management, ensuring that improvements in corporate value are directly linked to their compensation.

Remuneration of the board of directors

(unit: KRW million)

Division	Total remuneration	Average remuneration per person	Number of people (persons)
Registered director	18,917	4,729	4
Independent director	342	171	2
Employees of the audit committee	490	163	3
Total	19,749	2,194	9

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Board Independence Guidelines

SK Inc. complies with the commercial law of the Republic of Korea when it comes to ratifying the independence of directors. Regarding independence requirements, more stringent standards are applied in accordance with the US NYSE (New York Stock Exchange) regulations, and stipulated requirements are followed when determining the independence of director candidates or current directors. Even directors who do not meet the company's independence requirements are qualified according to the relevant laws and regulations of the Republic of Korea, and are allowed to demonstrate their abilities, experience, and wisdom, thereby contributing greatly to the board of directors and the company. Board employees of SK Inc. meet all of the criteria below to meet the requirements for independence.

- Have not been hired as an executive by a company within the past 3 years
- Not be a supplier or employee of an outside auditor;
- Not be a supplier or employee of an organization that has entered into a major advisory contract or technical partnership agreement with the company.
- Not be an advisor or consultant to the company or a member of the company's senior management;
- Not be a supplier or employee of any entity that entered into contracts for an amount exceeding 5% of the company's gross revenue for the current or last three fiscal years;
- There is no other conflict of interest in the agenda set by the board of directors.

In addition to the above requirements, the board of directors will comprehensively consider the independence of directors, including the domestic and foreign circumstances, the position of the director and the company.

Board Diversity Guidelines

SK Inc. believes that a diverse board of directors can better reflect the interests of shareholders, customers and stakeholders from a wider perspective in making important decisions. At the end of each year, the board of directors determines the direction of director candidate selection and composition of the board of directors in order to meet the following diversity requirements.

1. Professionalism

- ① Required expertise: IT, business management (organizational operation), economics, law, accounting
- ② Detailed expertise: business management, economics, global, IT industry expertise, risk management, sustainable management, investment
- ③ Expertise of outside directors: Understanding director duties

2. Diversity

- ① Nationality: Candidates of various nationalities considering the company's overseas business
- ② Gender: Candidates of different genders reflecting the principle of gender equality to operate directors with diverse perspectives
- ③ Age: Candidates of various ages to flexibly respond to changes in the business environment and increase the efficiency of the board of directors
- ④ Others: Candidates must not be discriminated against on the basis of race, religion, ethnicity, nationality or other factors of diversity.

3. Recommendation

In order to reflect the interests of various stakeholders, we adopted an open approach when recommending independent directors, and when determining the direction of the board of directors, we ensure that the above diversity requirements are reflected in the composition of the board of directors through the 'Diversity Verification Matrix'. Going forward, SK Inc. will continue to make efforts to increase the efficiency of the board of directors by adding various perspectives and experiences to the extent that it does not violate the laws of the Republic of Korea.

Policy & Principle

Code of Ethics

Basic Principles of Employees	<p>As employees of SK Inc., we take pride in our position and always faithfully perform our duties in an attitude representing the company.</p> <ul style="list-style-type: none"> • We clearly distinguish between public and private and conduct business fairly. • We create an organizational culture where employees can respect each other and work voluntarily and willingly.
Responsibilities to Shareholders	<p>We increase corporate value so that shareholder value can be created, and to this end, we enhance transparency and conduct efficient management.</p> <ul style="list-style-type: none"> • We maximize corporate value through efficient management through constant innovation and share the results with shareholders. • We practice transparent management centered on the board of directors and respect the legitimate demands and suggestions of shareholders. • We prepare management data in accordance with all laws and standards, and diligently disclose related information in accordance with laws and regulations to protect shareholders' interests.
Relationship with Business Suppliers	<p>We pursue common development with our suppliers and compete fairly with our competitors.</p> <ul style="list-style-type: none"> • We grant fair trade opportunities to our suppliers, refrain from unfair acts taking advantage of our superior position, and pursue mutual benefits and common development. • We compete in good faith with our competitors based on the spirit of mutual respect.
Attitude towards Customers	<p>We continuously satisfy our customers to earn their trust and ultimately develop together with them.</p> <ul style="list-style-type: none"> • Respect the diverse opinions of customers and actively reflect them in the company's management activities. • Safely protect customers' property and information in accordance with relevant laws and company regulations
Role to Society	<p>We contribute to the society through social and cultural activities along with contribution to economic development, and do our best to conduct management in accordance with social norms.</p> <ul style="list-style-type: none"> • We actively participate in social contribution activities and strive to make society as a whole happy. • We contribute to social development through environment-friendly management.
Appendix	<ul style="list-style-type: none"> • This Code of Ethics is effective as of October 1, 2008. • We operate a separate "Code of Ethics Practice Guidelines" so that employees can correctly interpret and implement the Code of Ethics.

Ethical Management Pledge

Oath to Practice SK Ethical Management

I, as a member of SK Inc., have pride and pride, and in order to participate in creating a transparent corporate culture through the practice of ethical management, I pledge to be familiar with the company's 'anti-corruption policy' and to abide by the following.

1. (Consideration and respect) As a member of SK, I will always be considerate and respectful of the employees and stakeholders I work with.
2. (Prohibition of unethical/corruptive acts) I will not engage in any unfair trade or unethical/corruptive acts in addition to complying with the company's company regulations and related laws, including the company's ethics regulations.
3. (Interpretation/Application of Company Rules) If I have any questions regarding the interpretation/application of the Code of Ethics and related company rules while performing my duties, I will first consult with the head of the organization concerned, and if it is difficult to make my own judgment, I will be in charge of the company's ethical management We will consult with the organization and seek advice.
4. (Report/Consultation) If I am aware of an unfair transaction or corruption/corruption by a member in the course of my work, or if I receive a proposal for an act related to corruption/corruption from a stakeholder such as a business supplier, I immediately report it to the organization in charge of ethical management or I will consult
5. (Investigation Cooperation) In the event of an investigation/diagnosis, I will submit the data requested by the company (information necessary for unfair trade, corruption/corruption investigation, personal information, etc.) etc.), we will do our best to cooperate with the submission and statement request.
6. (Discipline) I will take disciplinary action in accordance with the procedure for violating this pledge and related company regulations.
7. (Ethical Behavior) Since the contents of the Code of Ethics and this Pledge of Practice present the minimum standards necessary for ethical decision-making and behavior, I will voluntarily follow stricter and higher standards of ethics based on company rules and regulations. I will judge and act

Global Initiative



SK Inc. is deeply sympathetic to the need for global net zero and zero carbon footprint, and is actively reviewing and promoting initiatives related to eco-friendly and carbon reduction at the enterprise level. Particularly, recognizing the social responsibility and group-level risk management required due to climate change, the company took proactive steps in Dec 2020 by becoming the first domestic member of RE100 and disclosing information following SASB guidelines. In 2021, SK Inc. declared its commitment to Net Zero by 2040 and implemented TCFD disclosure. In 2022, the company joined SBTi and became a member of the domestic TCFD Alliance, demonstrating its determination to proactively address various environmental issues.

In addition, SK Inc. is a vice-president of the Korea Information Industry Association and won the 2022 Health Tech Award at the "ASOCIO (Asian Ocean Information Industry Organization) Tech Excellence Awards" joined by the association. We will continue to make various efforts to identify and participate in global initiatives that align with our sustainability goals in terms of core values, missions, technology and innovation.



The UN Global Compact (UNGC) is the world's largest voluntary corporate citizenship initiative that sets forth 10 principles in the areas of human rights, labor, environment, and anti-corruption. SK Inc. has joined this initiative to fulfill its corporate social responsibilities and actively strive to comply with the UNGC's 10 principles. The company commits to continuing its participation in the UNGC's 10 principles, transparently disclosing its progress, and fulfilling its responsibility as a corporate citizen to achieve a sustainable society.



As a voluntary initiative to supply 100% of its electricity from renewable energy sources, SK Inc. became a member of the domestic RE100 initiative in Dec 2020, aligning with the international community's demand for climate change action. The company has set the RE100 2040 target.



In response to the UN's call for national-level Net Zero actions and the financial society's demand for corporate climate change responses, SK Group declared the domestic first-ever Net Zero commitment at the expanded management meeting in 2021, solidifying its ESG management leadership.



Through the Science Based Targets initiative, SK Inc. submitted the SBTi Commitment Letter in 2022 and plans to submit and verify its targets in 2024. Based on the SBTi guidelines and comprehensive analysis of the domestic renewable energy market and economic feasibility, the company aims to develop and implement greenhouse gas reduction measures aligned with the 1.5°C climate change scenario, considering resilience and recovery.

UNGC Response Activities

Category	Rules	Main Activity	Page
Human rights	01. Support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> Obtained human rights management system certification Establishment and Declaration of Human Rights Management System Compliance with labor principles and laws Reinforcement of human rights violation response/ consecutive procedures following the establishment of the Human Rights Management Committee and the Relief Committee 	p.85-89
	02. Not subject to human rights violations		
Labor	03. Recognize freedom of association and the right to collective bargaining.	<ul style="list-style-type: none"> Compliance with the Labor Standards Act Management Council operation Operate a fair performance management system Career management for individual employees Designing career paths and implementing performance reviews 	p.70-79
	04. Eliminate all forms of forced labor.		
	05. Effectively abolish child labor.		
	06. Eliminate discrimination in employment and work.		
Environment	07. Support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> Promotion of RE100, Net Zero 2040 Response to resource circulation and expansion of eco-friendly business Expansion of eco-friendly investment and technology development Reinforcement of green sector business portfolio 	p.31-39
	08. Take the lead in taking greater environmental responsibility.		
	09. Support the development and dissemination of environmentally friendly technologies.		
Anti-corruption	10. Work to eradicate corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> Establishment of ethical management and anti-corruption policies Operation of an organization dedicated to ethical management and establishment of reporting/ consultation system Operation of self-regulation system for ethical management Implementation of ethical management and anti-corruption training 	p.123-127

Cost of Participating in the Initiative

Initiative	Participation amount	Remarks
UNGC	\$7,500	General membership fee
RE100	\$6,000	General membership annual fee (maintain membership)
CDP	\$2,950	Evaluation response cost for carbon reduction information disclosure

Industry-specific indicators

SK Inc. selects industry-specific indicators for each area of environment, social, and governance (ESG) in response to the changing needs and demands of key external stakeholders. We manages and discloses these indicators to address the unique challenges and opportunities presented by its industry. By analyzing and transparently disclosing information related to policy/regulation, ESG assessments/initiatives, and investor requirements, SK Inc. aims to mitigate industry-specific risks and build trust with stakeholders. Through these efforts, the company is committed to eliminating potential risks and ensuring the confidence and trust of its stakeholders.

Category	Key Indicator	Details	Page
Green Opportunity	Clean technology	Possession of clean technology development strategy	31
		Holds target to expand investment in clean technology	31, 33
		Clean Technology R&D Spending (R&D Spending ÷ Sales and Trends)	33, 161
		R&D activities corresponding to clean technology applications	31-33
		Number of patents related to clean technology	32-33
		Clean Technology Activities (Biz.) Sales	10-11, 156
		Clean Technology Activities (Biz.) Performance - - For each clean technology: R&D level, non-core business level, core business level, Pure Play level	31-32
Product Responsibility	Product/Service Safety	(1) performance issues and (2) recovery of service downtime; (3) Service downtime for all customers	159
		Detailed description of operational risk factors (technical issues, hacking, natural disasters, programming issues, etc.)	99-103
Human Capital Development	Labor practice	Offers employee stock ownership options	73
		Variable performance-based compensation	73
	Member Status	Ratio of (1) foreign nationals and (2) overseas resident employees	157
	Member competency development	Employee Participation Rate (%)	159
Product Responsibility	Personal information protection and corporate data security	Number of customer personal data used for indirect purposes	159
		Total amount of monetary losses incurred as a result of legal proceedings related to the protection of customer personal information	159
		(1) Number of customer information requests from law enforcement agencies, (2) Number of customers requesting information, and (3) Ratio of disclosure results.	159
		List of countries requiring direct government management for key products or services (monitoring, blocking, content filtering, censorship, etc.)	159
		(1) Number of data breaches, (2) Ratio of personally identifiable information (PII) involved, and (3) Number of customers affected	159
Corporate Action	Anti-Corruption Management	Total monetary loss as a result of legal proceedings related to anti-competitive conduct regulations	161

SASB Index

SK Inc. has disclosed indicators related to the Software & IT Services business area under the Technology & Communication sector, following the SASB Industry Standards. The company conducts reviews and reporting to the ESG Committee under the Board of Directors for SASB disclosures and key issues. In accordance with SASB recommendations, SK Inc. manages and transparently discloses various aspects such as environmental impact, information protection, and service discontinuation management. We will also plans to analyze and incorporate new SASB requirements annually, while engaging in continuous communication with stakeholders to ensure transparency and alignment with their expectations.

Category	Core Indicators	Details	Page	Remarks
Indexes related to the hardware infrastructure environment	TC-SI-130a.1	(1) Total energy consumed	155	The company uses general commercial power, so it does not consume separate grid power
		(2) Ratio of grid power (grid power consumption divided by total energy consumption)	-	
		(3) Ratio of renewable energy consumption (renewable energy consumption divided by total energy consumption)	155	
	TC-SI-130a.22)	(1) Water intake	155	
		(2) Water consumption	155	
TC-SI-130a.3	Activities to Strategically Integrate Environmental Factors in Data Center Operation	40		
Privacy and Freedom of Expression	TC-SI-220a.1	A description of our policies and practices regarding user personal information;	105-106, 159	
	TC-SI-220a.2	Number of users whose customer information was used for secondary purposes	159	
	TC-SI-220a.3	The total amount of monetary loss as a result of legal proceedings related to the protection of personal information	159	
	TC-SI-220a.4	(1) Number of law enforcement requests for user information	159	
		(2) Number of users for whom information was requested	159	
(3) Rate of disclosure of user information		159		
TC-SI-220a.5	List of countries where core products or services are subject to government-mandated monitoring, blocking, content filtering, or censorship	159	Our core products and services are in the IT solution sector, and we do not receive specific blocking or censorship requests from government and judicial authorities in this regard	
Information protection	TC-SI-230a.1	(1) Number of data breaches	159	
		(2) Ratio of leaks related to personally identifiable information	159	
		(3) Number of users affected	159	
TC-SI-230a.2	Describe your approach to identifying and remediating data security risks based on third-party cybersecurity risk management standards	105-107		
Recruitment and talent management (global, diversity, career)	TC-SI-330a.1	(1) Ratio of foreign nationals	158	
		(2) Ratio of overseas employees	157	
	TC-SI-330a.2	Employee engagement	78	
	TC-SI-330a.3	(1) Management	157-158	
(2) Technical Staff		157-158		
(3) Other		157-158		
Intellectual property protection and antitrust	TC-SI-520a.1	Total monetary loss due to unfair competition/antitrust and related legal violations	161	
Risk Management for Service Disruption	TC-SI-550a.1	(1) Performance Issue	159	
		(2) Number of service interruptions	159	
		(3) Total customer downtime	159	
	TC-SI-550a.2	Description of business continuity management related to operational disruptions	99-102, 104	

TCFD Index

SK Inc. conducts reviews and reporting to the ESG Committee under the Board of Directors for TCFD disclosures and key issues. Additionally, the company aims to analyze and update TCFD additional requirements annually. Following the TCFD recommendations, SK Inc. plans to disclose its climate change response strategies, implementation outcomes, and objectives, engaging in continuous communication with stakeholders, including shareholders.

TCFD Recommendation	CDP Linkage	Page
Governance: disclosure of organizational governance to assess and manage climate change risks and opportunities		
a) Description of Board activities related to climate change risks and opportunities	C1.1a, C1.1b	45
b) Describe the role of management in assessing and managing climate change risks and opportunities	C1.2	45
Strategy: disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning.		
a) Describe climate change risks and opportunities in the short, medium and long term	C2.1a, C2.3, C2.3a, C2.4, C2.4a	46-47, 57
b) Describe the impact of climate change risks and opportunities on the organization's business, strategy and financial plans	C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4	48-60
c) Describe strategies that consider a range of climate-related scenarios, including sub-2°C scenarios	C3.2, C3.2a, C3.2b	61-63
Risk management: disclosure of how to identify, assess and manage climate change risks and opportunities		
a) Describe the process for identifying and assessing climate change risks	C2.1, C2.2, C2.2a	46, 64
b) Describe processes for managing climate change risks	C2.1, C2.2	53, 64
c) Describe how the processes for identifying, assessing and managing climate change risks are integrated into the organization's overall risk management system	C2.1, C2.2	64
Indicators and targets: Disclosure of indicators and reduction targets used to assess and manage climate change risks and opportunities		
a) Disclosure of indicators used to assess climate change risks and opportunities	C4.2, C4.2a, C4.2b	65-66
b) Disclosure of Scope 1, Scope 2, and Scope 3 GHG emissions	C6.1, C6.3, C6.5, C6.5a	65-66
c) Setting targets for managing climate change risks, opportunities and outcomes;	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b	65-66

GRI Standards Index

Statement of Use	SK Inc. prepared the '2023 SK Inc. Sustainability Report', which contains ESG performance from 2022.01.01 to 2022.12.31, in accordance with the GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	As of July 2023, when SK Inc. publishes the report, there are no applicable GRI Sector Standards. Accordingly, SK Inc. selects and manages/discloses industry-specific indicators for each ESG area. (See Appendix p.174) +

GRI 2: General Disclosures 2021

Topic	No.	Disclosure Topics & Requirements	Page
Organizational Profile	2-1	Organizational details	2
	2-2	Entities included in the organization's sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2, 183
	2-4	Restatements of information	Differences with last year's report are indicated in the footnotes
	2-5	External assurance	2, 179-181
Activities And Workers	2-6	Activities, value chain and other business relationships	7-15
	2-7	Employees	151, 157
	2-8	Workers who are not employees	157
Governance	2-9	Governance structure and composition	16, 19-20, 117-121
	2-10	Nomination and selection of the highest governance body	117-119, 170-171
	2-11	Chair of the highest governance body	118
	2-12	Role of the highest governance body in overseeing the management of impacts	16, 17
	2-13	Delegation of responsibility for managing impacts	16, 17
	2-14	Role of the highest governance body in sustainability reporting	16-17, 120
	2-15	Conflicts of interest	119, 170-171
	2-16	Communication of critical concerns	17-18, 120
	2-17	Collective knowledge of the highest governance body	119, 121, 171
	2-18	Evaluation of the performance of the highest governance body	19, 117, 121
	2-19	Remuneration policies	117, 121, 170
	2-20	Process to determine remuneration	121
	2-21	Annual total compensation ratio	170, Business report p.1186

GRI 2: General Disclosures 2021

Topic	No.	Disclosure Topics & Requirements	Page
Strategy, Policies And Practices	2-22	Statement on sustainable development strategy	4-5
	2-23	Policy commitments	35, 78, 83, 118, 142, 144-145, 152
	2-24	Embedding policy commitments	38-39, 80, 83-86, 121
	2-25	Processes to remediate negative impacts	96-100
	2-26	Mechanisms for seeking advice and raising concerns	118~122
	2-27	Compliance with laws and regulations	141
	2-28	Membership associations	162
	Stakeholder Engagement	2-29	Approach to stakeholder engagement
2-30		Collective bargaining agreements	138

GRI 3: Material Topics 2021

Topic	No.	Disclosure Topics & Requirements	Page
Stakeholder Engagement	3-1	Process to determine material topics	23-26
	3-2	List of material topics	24-26
	3-3	Management of material topics	25-26, 31-34, 35-36, 70-73, 99-103, 117-120, 121-122, 123-127, 144

Economic Standards (GRI 200)

Topic	No.	Disclosure Topics & Requirements	Page
Economic performance	201-1	Direct economic value generated and distributed	5, 148
	201-2	Financial implications and other risks and opportunities due to climate change	46-60
	201-3	Defined benefit plan obligations and other retirement plans	76
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	160
	203-2	Significant indirect economic impacts	27-28
Procurement practices	204-1	Proportion of spending on local suppliers	95
	205-1	Operations assessed for risks related to corruption	125
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	124-127
	205-3	Confirmed incidents of corruption and actions taken	125

GRI Standards Index

Environment Standards (GRI 300)

Topic	No.	Disclosure Topics & Requirements	Page
Energy	302-1	Energy consumption within the organization	149, 155
	302-3	Energy intensity	155
Water and Effluents	303-3	Water withdrawal	150, 155
	303-4	Water discharge	150, 155
	303-5	Water consumption	150, 155
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	41-42
	304-2	Significant impacts of activities, products and services on biodiversity	41-42, 163
	304-3	Habitats protected or restored	41-42
Emissions	305-1	Direct (Scope 1) GHG emissions	149, 154
	305-2	Energy indirect (Scope 2) GHG emissions	149, 154
	305-3	Other indirect (Scope 3) GHG emissions	154
	305-4	GHG emissions intensity	154
	305-5	Reduction of GHG emissions	154
Waste	306-3	Waste generated	150, 156
	306-4	Waste diverted from disposal	150, 156
	306-5	Waste directed to disposal	150, 156
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	96-98
	308-2	Negative environmental impacts in the supply chain and actions taken	41-42, 97-98, 162

Social Standards (GRI 400)

Topic	No.	Disclosure Topics & Requirements	Page
Employment	401-1	New employee hires and employee turnover	151, 157
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	74-76, 84
	401-3	Parental leave	76, 158
Occupational Health and Saefety	403-1	Occupational health and safety management system	80-82, 164
	403-2	Hazard identification, risk assessment, and incident investigation	81-83
	403-3	Occupational health services	80, 84
	403-4	Worker participation, consultation, and communication on occupational health and safety	81, 83
	403-5	Worker training on occupational health and safety	81, 83
	403-6	Promotion of worker health	84
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81-84
Training and Education	403-8	Workers covered by an occupational health and safety management system	80-82
	403-9	Work-related injuries	153, 158
	403-10	Work-related ill health	158
Diversity and Equal Opportunity	404-1	Average hours of training per year per employee	153, 159
	404-2	Programs for upgrading employee skills and transition assistance programs	69-71
	404-3	Percentage of employees receiving regular performance and career development reviews	73, 159
Non-discrimination	405-1	Diversity of governance bodies and employees	118, 151-152, 157-158
	405-2	Ratio of basic salary and remuneration of women to men	158
Child Labor	406-1	Incidents of discrimination and corrective actions taken	87, 161
Forced or Compusory Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Not applicable
Rights of Indigenous People	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable
Supplier Social Assessment	411-1	Incidents of violations involving rights of indigenous peoples	Not applicable
	414-1	New suppliers that were screened using social criteria	95, 160
Public Policy	414-2	Negative social impacts in the supply chain and actions taken	97-98
	415-1	Political contributions	161
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	159

Verification Statement on The Sustainability Report for SK Inc.

Dear Stakeholders of SK Inc.

Korean Foundation for Quality (further 'KFQ') has been requested by SK Inc. to conduct an independent verification on the 「2023 ESG Report for SK Inc.」 (further 'the Report'). KFQ has responsibility to provide an independent verification opinion against the criteria and scope of assurance as specified below. SK Inc. has sole responsibility for the preparation of the Report.

Verification Criteria and Scope

- **Verification Criteria** : AA1000AS(v3) and AA1000AP (2018)
- **Verification Type** : Type 2 [Verification of compliance of 4 reporting principles and Reliability of Data Collection Method]
- **Verification Level** : Moderate [Verification based on limited evidence collected]
- **Verification boundary** : SK Inc. and 7 subsidiaries
- **Verification Scope** : Compliance with the 4 reporting principles according to AA1000AP and the GRI Standards 2021 reporting requirements
 - GRI Standards (2021) Reporting Principles
 - Universal Standards : Reporting in accordance with GRI Standards (2021), compliance with the following requirements

Requirements	Compliance	Requirements	Compliance
1. Reporting principles	○	6. Provide reasons for omission	○
2. General Disclosures	○	7. Publish a GRI content index	○
3. Determine material topics	○	8. Provide a statement of use	○
4. Report the disclosures in GRI 3: Material Topics 2021	○	9. Notify GRI	○
5. Report disclosures from the GRI Topic Standards for each material topic	○	-	-

- Topic Standards

Requirements	GRI Standards/Topic Disclosure		
Reporting material issues according to the GRI Topic Standards	<ul style="list-style-type: none"> · GRI 201 : Economic Performance · GRI 203 : Indirect Economic Impacts · GRI 204 : Procurement Practices · GRI 205 : Anti-corruption · GRI 207 : Tax 	<ul style="list-style-type: none"> · GRI 302 : Energy · GRI 303 : Water and Effluents · GRI 304 : Biodiversity · GRI 305 : Emissions · GRI 306 : Waste · GRI 308 : Supplier Environmental Assessment 	<ul style="list-style-type: none"> · GRI 401 : Employment · GRI 403 : Occupational Health and Safety · GRI 404 : Training and Education · GRI 405 : Diversity and Equal Opportunity · GRI 406 : Non-Discrimination · GRI 408 : Child Labor · GRI 409 : Forced or Compulsory · GRI 411 : Rights of Indigenous Peoples · GRI 414 : Supplier Social Assessments · GRI 415 : Public Policy · GRI 418 : Customer Privacy

Methodology

In order to assess the reliability of the sustainability performance in the Report against above mentioned criteria, the assessment team reviewed sustainability-related processes, systems, internal control procedures, and available performance data. The documentation the assessment team reviewed during the verification includes:

- **Non-financial information** e.g., aggregated social and environmental data provided by SK Inc., disclosed Business Reports, and information obtained from media and/or the internet; and
- **Financial information** i.e., financial statements of SK Inc. and 7 subsidiaries, data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage were used, but these contents are not included in the scope of verification
- **International Framework** e.g., TCFD (Task Force on Climate-related Financial Disclosures) Recommendations, SASB (Sustainability Accounting Standards Board) Recommendations - Software & IT Service Indicators in the Technology & Communication sector."

The assessment was performed by document verification and interviews person in charge including on-site assessment. The validity of the materiality assessment process in the Report and the material issue selection considering stakeholders, data collection & management, and validity of the report preparation procedure as well as the description in the Report were evaluated, but external stakeholder interviews were not conducted. Afterwards, it was confirmed that some errors, inappropriate information and misstatement found in the above steps were appropriately revised before publishing the Report.

Verification Statement on The Sustainability Report for SK Inc.

Competency and independence

The assessment team was consisted in accordance with KFQ's internal regulations. KFQ has no conflict of interest to the SK Inc. business which could threaten the impartiality of verification, other than providing third-party verification services.

Limitations

The completeness and responsiveness of sustainability performance represented in the Report have inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. The assessment team assessed the information and evidence in accordance with the terms of the contract, but we did not perform any further assessment on raw data.

Findings and Conclusions

As a result of the verification, the Report was prepared in accordance with the requirements for 'in accordance with GRI standard 2021' and the assessment team found reasonable objectives to guarantee the 4 reporting principles of AA1000AP(2018) and AA1000AS(V3) Type 2 assurance level. We also found no significant errors or inadequacies in the Report regarding compliance with reporting principles.

• Inclusivity

SK Inc. defines five key stakeholder groups (customers, members, shareholders/investors, partners, and communities) and identifies material ESG issues related to stakeholders' interests through the communication channels considering the characteristics of each group. The assessment team could not find any major stakeholders that were omitted during this process, and it was confirmed that SK Inc.'s efforts to reflect identified stakeholders opinion in their management activities.

• Materiality

SK Inc. has identified 19 material issues through analysis of domestic and international ESG trends, disclosure guidelines, global leading companies benchmark, industrial issues, media research and internal issue reviews, and selected 8 key issues taking into consideration of financial impact and environmental & social impact. In addition, it was confirmed that SK Inc. is working to reduce ESG risks and expand opportunities by monitoring mid- to long-term growth strategies and management plans in terms of ESG through the ESG Committee. The assessment team confirmed that the identified material issues were highlighted in the Report, and that the material issues identified in the materiality assessment process were reported in the Report without omission.

• Responsiveness

SK Inc. cares to respond in a timely manner to the needs and key interests gathered from stakeholders. Nothing came to our attention to suggest that its responses and performance are inappropriately described in the Report.

• Impact

SK Inc. identifies and monitors the impact of stakeholder-related material issues throughout its management activities and reports them in the Report as much as possible. Nothing came to our attention to suggest that it does not properly assess and report impacts relating to material issues.

Recommendation for improvement

- It is remarkable that we could see SK Inc.'s endeavor to disclose qualitative and quantitative performance in various perspective in order to communicate with stakeholders regarding SK Inc.'s overall ESG performance. We hope that ESG performance is interpreted and analyzed in diversified views considering industrial character, and it is shared with stakeholders significantly.
- As a holding company, we hope that the higher level of ESG performance expected by stakeholders is delivered by defining reporting subjects and scopes of ESG-related data and ensuring reporting completeness.



July, 2023

Seoul, Korea

Ji Young Song, CEO

Korean Foundation for Quality

Ji Young Song

GHG Verification Opinion

SK Inc.

Verification Scope

Korean Standards Association has conducted reasonable GHG emissions verification based on GHG report provided by SK Inc. which includes Scope1 and Scope2 emissions in 2022, for all the domestic sites under the operational control of SK Inc.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2022-279 provided by Ministry of Environment, Republic of Korea)
- ISO 14064-1, 3 : 2006
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories

Level of Assurance

SK Inc's GHG emissions satisfies the under Reasonable Assurance(less than ±5% of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2022 Emissions(Scope1, Scope2)

(Unit: tCO₂eq)

구분	Scope 1	Scope 2	Total
location-based	1,431	107,782	109,206
market-based	1,431	97,721	99,145
Energy consumption(TJ)	24	2,256	2,273

※ Decimal place is not considered when calculating the emission of each workplace.

June 7, 2023

KOREAN STANDARDS ASSOCIATION

Verification Statement on 2022 Scope3 Greenhouse Gas Emission Report

Verification Target

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Scope3 Greenhouse Gas Emissions (hereinafter 'GHG Inventory') of SK Inc. (hereinafter the 'Company') for 2022.

Verification Scope

The verification Scope covered the emission categories selected by the company and the emissions between January 1 st , 2022 to December 31 st, 2022.

Verification Criteria

This verification was performed based on WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard", "Guidelines for Preparation of Environmental Performance Statements (MOE Notification 2021-65 and ISO 14064-3 as verification criteria. In addition, the following criteria and coefficients used by the company were applied.

- Criteria : ISO14064-1:2018, GHG Protocol Corporate Standard
- Coefficient : GHG Emissions from Transport or Mobile Sources (GHG Protocol Calculation Tools and Guidance)

Level of Assurance

The verification was performed in accordance with the procedures specified in ISO 14064-3 and the assurance level of the verification was performed to satisfy the limited assurance level.

Verification Limitation

This verification is not intended to verify the validity of the calculation criteria set by the company itself. The verification was conducted based on the scope and calculation criteria set by the company, and the data information provided by the company as part of our verification procedures. Because of the nature of sampled data information and other inferent limitation, there remains the unavoidable risk that error, possibly significant, may not have been detected. Thus, depending on scope and criteria of emission calculation, significant differences may occur in the results, which may affect comparability.

Verification Opinions

KFQ issues an unmodified opinion on the Scope 3 Greenhouse Gas Emission of Company in 2022, following a verification process conducted in accordance with ISO 14064-3.

- 1) Scope 3 emissions for 2022 of the company were properly calculated according to the verification criteria mentioned above.
- 2) No material errors or omissions were found in the Scope 3 emissions, except for emissions information not considered within the selected category.
- 3) The criteria and process established or estimated and/or assumed by the company to calculate emissions were transparently reflected in the internal calculation process.

Appendix A. Summary of Scope3 GHG Emission Results

- Organization : SK Inc.
- Emission calculation period : The emission calculation period is from January 1 st to December 31 st 2022

(Unit: tCO₂eq)

Category	Scope3 Emissions	Category	Scope3 Emissions
1. Purchased goods & services	7,854	6. Business Travel	2,129
2. Capital goods	1,840	7. Employee Commuting	1,900
3. Fuel- and Energy-Related Activities Not In Scope1 or Scope2	8,402	11. Use of Sold Products	61,926
4. Upstream Transportation and Distribution	7	12. End-of-Life Treatment of Sold Products	291
5. Waste Generated in Operations	1	15. Investments	11,445,468
Total			11,529,818



Jun 23th 2023
 CEO Ji Young Song *Ji Young Song*
 Korean Foundation for Quality

Status of Awards and Affiliated Organizations

Awards/Recognition History

Time of award	Award name	Awarding body
2022	Listed in the DJSI (Dow Jones Sustainability Indices) World for 11 consecutive years	S&P Global Dow Jones Indices
	Morgan Stanley Capital International Index (MSCI) AAA rating	Morgan Stanley Capital International
	ESG (Environment, Social, Governance) Integrated A+ Rating	Korea ESG Standards Agency (former Korea Corporate Governance Service)
	Won the Korea Sustainability Report Award (KRCA) for 4 consecutive years	Korea Standards Association
	Won the 2022 CDP Honors Awards	CDP Korea
2021	Listed in the DJSI (Dow Jones Sustainability Indices) World for 10 consecutive years	S&P Global Dow Jones Indices
	ESG (Environment, Social, Governance) Integrated A+ Rating	Korea Corporate Governance Service
	Korea Sustainability Report Award (KRCA) Korean Standards Association	Korea Standards Association
	CDP (Carbon Disclosure Project) Korea	CDP Korea
	Awarded JoongAng ESG Management Grand Prize [ESG general sector]	JoongAng Ilbo
2020	Incorporated into the DJSI (Dow Jones Sustainability Indices) World for 9 consecutive years and selected as an Industry Leader [No. 1 in the Conglomerate Sector]	S&P Global Dow Jones Indices
	ESG (Environment, Social, Governance) Integrated A+ Rating	Korea Corporate Governance Service
	Won the Korea Sustainability Report Award (KRCA)	Korea Standards Association
	Government award for meritorious sustainable management [Presidential Commendation]	Ministry of Trade, Industry and Energy, Ministry of SMEs and Startups

Affiliated Organization Status

Seoul District Attorney	Korea IT Service Industry Association (ITSA)	MEC forum
Korean Bar Association	Seoul Economist Club	MyData Korea Hub
Korea In-house Lawyers Association	Korea Cloud Industry Association	Federation of Korean Medium Enterprises
American Bar Association	Korea Employers Federation	Korea machinery construction business
Korean Patent Attorneys Association	Accounting Society	KDDC (Data Center Association)
Information and Communication Construction Association	Korean Nursing Association	Seongnam Chamber of Commerce and Industry
Engineering Mutual Aid Association	Korea Electrical Engineers Association	SW Quality Council (Council within Korea SW Industry Association (KOSA))
Fire Industry Mutual Aid Association	Korea Fire Facility Association	Defense Software Industry-University Association
Korea Fire Safety Institute	Korea Fair Competition Federation	Korea SW Industry Association (KOSA)
Korea Engineering and Consulting Association(KENCA)	Korea Industrial Technology Association	Korea Federation of Information Industries (FKII)
Korea Electric Contractors Association	Korea Cloud Computing Research Association	Information and Communication Mutual Aid Association
Information and Communications Promotion Association (KAIT)	Korea Defense Industry Promotion Association	(Foundation) Corporate Renewable Energy Foundation (CREF)

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Green Investment Center	Heewon Kim
Bio Investment Center	Dongkyu Kim
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