

SK'S ESG JOURNEY WITH

2022 SK Inc. Sustainability Report

CHALLENGE, PASSION AND INTEGRITY.



ABOUT THIS REPORT

SK Inc., as an investment specialist, published a sustainability report in 2022 to communicate with stakeholders about its changing growth portfolio and the ESG management at its foundation. The report includes SK Group's ESG Story, SK Inc.'s ESG Strategy, and the ESG performance of consolidated subsidiaries. To demonstrate our sustainability, we will share the business strategies through which SK Inc. will grow, as well as the philosophy and principles through which it will pursue ESG management. This report has been prepared in accordance with the following standards.

REPORTING PERIOD

This report covers the financial and non-financial performances of SK Inc.'s major sustainability management activities from January 1 to December 31, 2021, including some data from the first half of 2022. As for quantitative performance, SK Inc. has incorporated the results of the past four years, from January 1, 2018 to December 31, 2021, so that changes in trends can be shown.

REPORTING BOUNDARY

With consideration for control by SK Inc. and its impact on the occurrence of major issues, this report complies with the Korean International Financial Reporting Standards (K-IFRS) in terms of key boundaries for quantitative and qualitative reporting. ESG management and social value activities, which form the basis of pursuing the SK DBL (Double Bottom Line), includes reporting of qualitative performance at a group level based on the 20 member companies of the SK SUPLEX Council. Further, major ESG and financial outcomes are disclosed on a consolidated basis, covering listed subsidiaries – mainly SK Innovation, SK Telecom, SK Networks, and SKC – and representing 80.3% of total revenue.

STANDARDS AND EXTERNAL VERIFICATION

This report has been prepared in accordance with the Core Option of the Global Reporting Initiative Standards and observes the Principles of the UNGC Communication on Progress (CoP). SK Inc. also follows the climate change recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the industry-specific standards of the Sustainability Accounting Standards Board (SASB). To ensure the reliability of the reported content, this report has been verified by a professional sustainability report verification agency, and the results of this verification are presented on page 186–188 of this report.

COMMUNICATION WITH STAKEHOLDERS

The sustainability management of SK Inc. is based on communication with its stakeholders. SK Inc. communicates with its stakeholders through publishing a sustainability report every year. In 2022, SK Inc. actively identified the needs of stakeholders regarding sustainability management by conducting surveys and media research, and the findings have been incorporated in its management activities.

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INTERACTIVE PDF

This report is published in an interactive PDF format.
Clickable texts or icons will take you to related pages within the report,
web pages, video clips, and other content.



Today, humanity is experiencing changes that are occurring more rapidly than ever before. Confronted by a wide range of problems, such as environmental pollution, climate change, and the wealth gap, people are seeking companies that can solve these social problems. It is time for companies to come forward with resources and businesses to meet this demand.

SK has embarked on a journey to becoming a challenger, rather than a champion. We deliberate on our new roles as a company to secure new corporate values in the coming age. Our ESG Story records the challenges undertaken today by SK and its aspirations for a happier tomorrow, at the frontier of time.

PART 1

SK ESG STORY, FULL OF CHALLENGES.

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ESG INVITATION

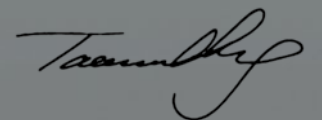


Over the past two years, we became keenly aware of the importance of sustainable growth in the course of enduring the prolonged pandemic. Our heightened awareness of the climate change issue and of the value of life has completely overturned the fundamental objectives and directions of our business activities. Based on these reflections, SK set up an audacious goal of reducing carbon emissions by 200 million tons by 2030 and announced our Financial Story elaborating on the methodology for achieving this goal.

To ensure that such promises are fulfilled, we will change priorities among our business structures, management activities, and resources according to a sustainable growth model. By constantly reviewing whether our current actions help attain our goals and corporate values, we will contribute to solving problems faced by the global community and enhance corporate values by innovating beyond conventional methods.

The management environment remains challenging this year due to factors including war, changes in the global environment, and inflation. Nonetheless, our employees will work toward our goals based on a mindset of new entrepreneurship to seek solutions through social consensus and creative innovation.

We truly appreciate the trust bestowed on us by all our stakeholders despite the difficult circumstances. SK promises to foster greater confidence and happiness through ongoing communication and innovation.



SK Group Chairman and CEO, **Chey Tae-won**

ESG JOURNEY, TOWARD SUSTAINABLE HAPPINESS.

SK's journey to ESG starts from
a fundamental question.
What is the purpose of companies?

In the past, companies pursued profits. However, companies that solely chase profits can no longer secure their future, as their social roles and responsibilities have grown as a consequence of common global challenges such as climate change and COVID-19. Investors are turning their back on companies that ignore ESG values, and consumers are paying greater attention to value-based consumption. The roles of companies are changing, and the age has come for us to seek a new paradigm of entrepreneurship.

While accelerating on its journey toward ESG, SK poses a new question. How can companies add to the happiness of society? SK is convinced that companies can properly fulfil the new roles demanded by society and secure new corporate values for sustainable growth when they engage in solid ESG management by building transparent governance.

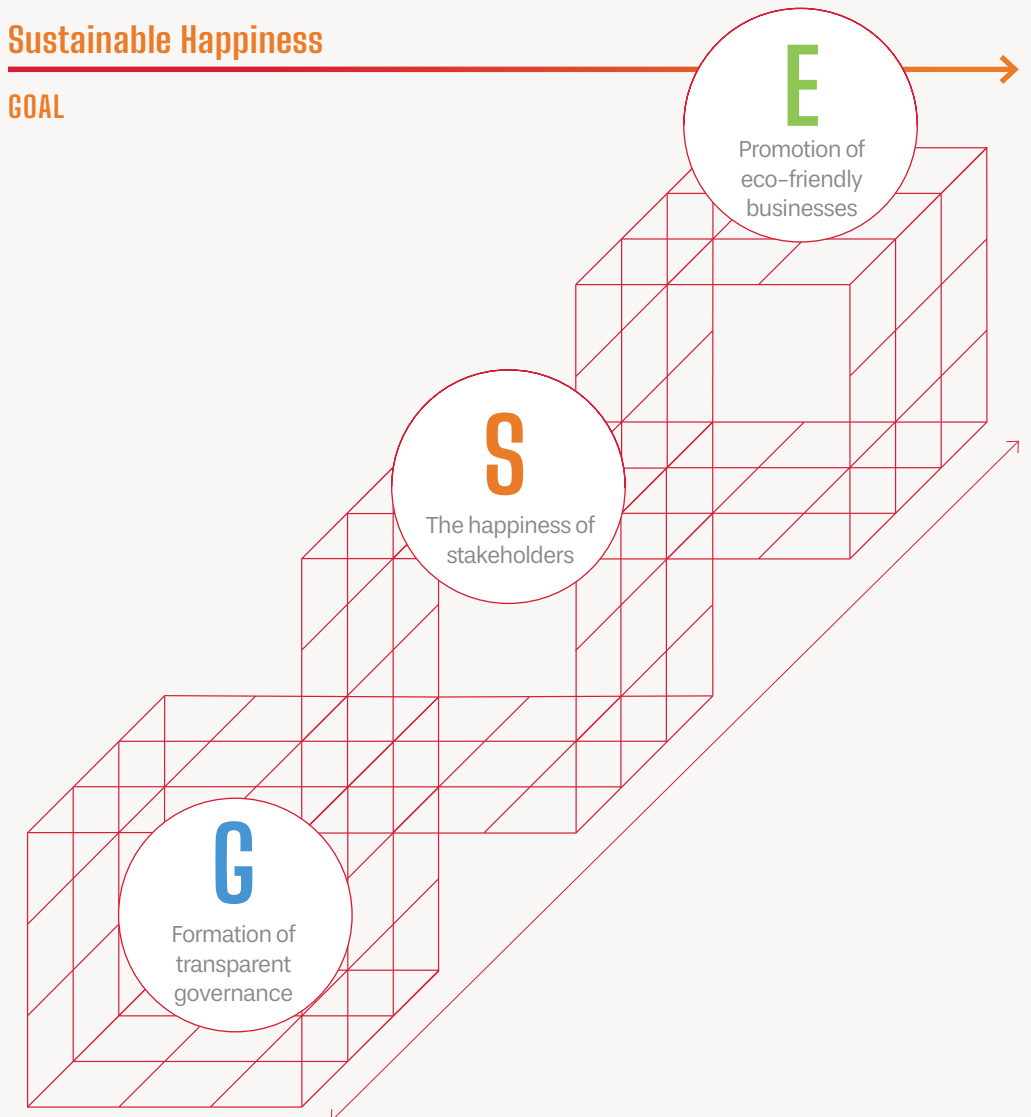
SK aims to create
sustainable happiness for our society.

We will grow economically, socially, and environmentally by undertaking new challenges with ambition and trust. We will define new corporate goals and, together with diverse partners who share our vision, create new avenues for companies to enhance the happiness of society.

The ESG Directions of SK

Sustainable Happiness

GOAL

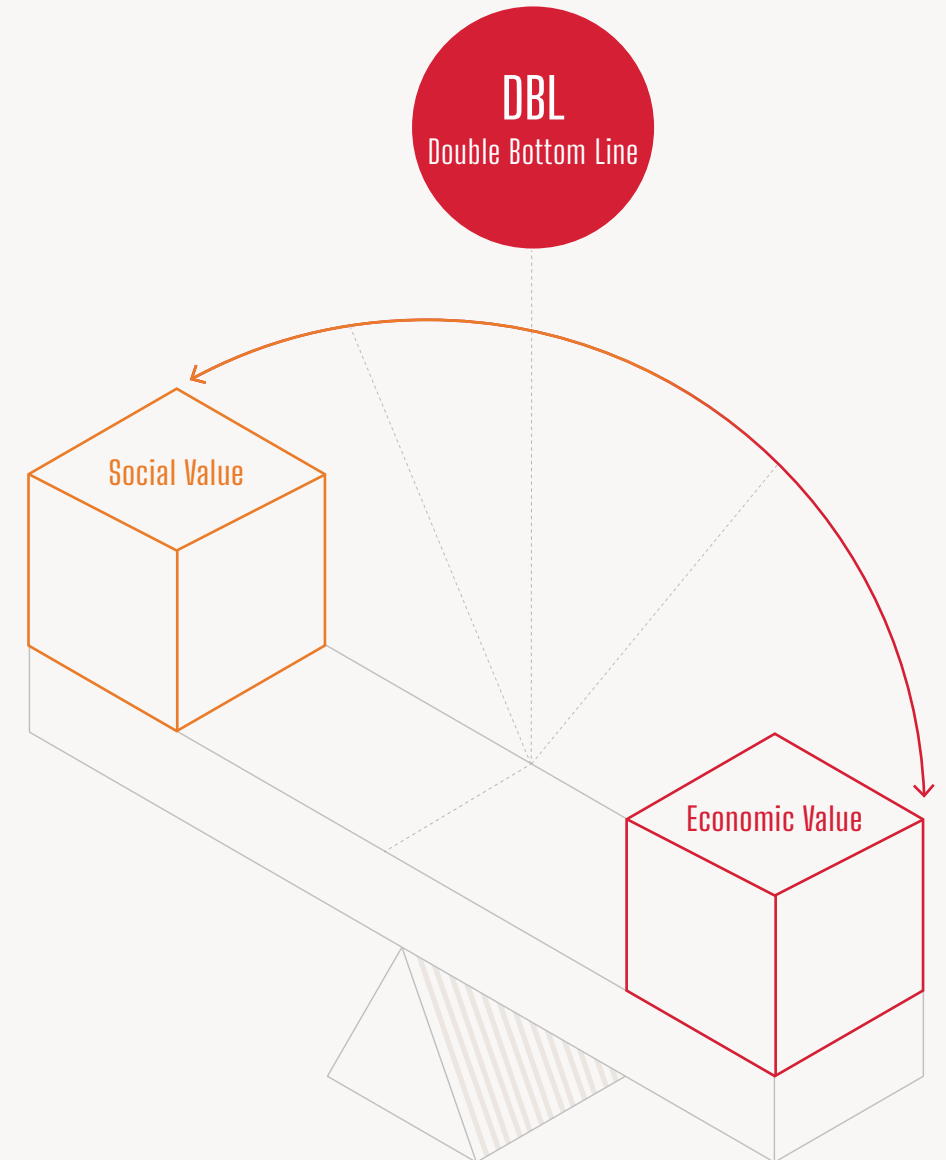


DBL DOUBLE BOTTOM LINE

DBL is the sustainable growth methodology of SK and the source of its competitiveness. SK pursues the happiness of stakeholders by undertaking constant innovation based on DBL.

DBL is an abbreviation for "Double Bottom Line," referring to the concurrent pursuit of economic values and social values throughout our management activities. Here, the social values pursued by SK encompass all values produced by the company for the happiness of its stakeholders. SK contributes to economic development by utilizing its innovation capabilities and attains sustainable happiness based on a new paradigm of entrepreneurship. SK innovates its business models by growing social and economic values through DBL management.

SK has long been at the forefront of efforts to create social values. In 2004, SK adopted the pursuit of happiness for diverse stakeholders as its management goal instead of maximized profits, and has since strived to develop social consensus and tackle problems. In pursuit of even greater happiness, SK adopted "Deep Change" as the key phrase for guiding corporate management in 2016. We removed the phrase "creation of sufficient profits" from the Articles of Association of SK member companies and added the "pursuit of social values and happiness" in 2017. Through these processes, DBL management was fully implemented in 2018 and SK has been accomplishing business innovation directed at the coexistence and happiness of all members of society.



MEASUREMENT OF SOCIAL VALUE

Measurement is a prerequisite for management!

Social value measurement refers to converting the social impact of corporate management activities into currency values, such as sales and operating profits. Similar to economic values, indicators and references are needed to create more social values. SK firmly believes that measuring and managing social values enable the development of socially desirable products and services, which makes SK's business models sustainable in the long run. This is the starting point of the DBL management conducted by SK.

Furthermore, under the expectation that the meaningfulness and influence of social value measurement will grow if more stakeholders measure social values and share the same standards, SK has broadened the range of its internal and external cooperation efforts. In 2018, SK began to measure and disclose the social values produced by major SK member companies by conducting joint research and consultations with external experts. Moreover, SK collaborates with diverse academic institutions, organizations, and companies to secure objective grounds for social values produced by corporate activities. The Value Balancing Alliance (VBA) is a representative example. The VBA is a non-profit corporation launched in 2019 by around 30 global enterprises, including SK, BASF, Novartis, and POSCO, as well as the Big 4 accounting firms, for the purpose of cooperating on the establishment of international standards for social value measurement.

SK generates social values in all processes of making and providing its products and services. In addition, by objectively measuring and transparently disclosing the positive impact of such values on our society, SK achieves business innovation in pursuit of coexistence and happiness for all members of society.

SV Measurement Results of the Group



SOCIAL VALUE & ESG

ESG is another name for the pursuit of social values.

ESG management, which stands for Environment, Social, and Governance, has become a major trend. Though it has recently emerged as a prominent global issue, the concept of ESG has existed since the early 2000s. With humanity now facing crises such as the COVID-19 pandemic and climate change, ESG has become a requisite for sustainable growth, rather than a mere recommendation.

SK promotes ESG from two perspectives: managing and responding to the needs of the capital market and external ESG evaluations, and innovation and transition of business based on ESG. Response to ESG evaluations refers to activities for managing and disclosing the ESG criteria demanded by the capital market in accordance with global standards. The innovation of business models based on ESG is about strengthening eco-friendly businesses and creating sustainable business portfolios.

SK will dedicate more attention and efforts to produce the social values that it has consistently pursued, thereby fulfilling the new roles that companies are expected to play in this new age and exerting a positive influence.



MANAGING ESG PERFORMANCE

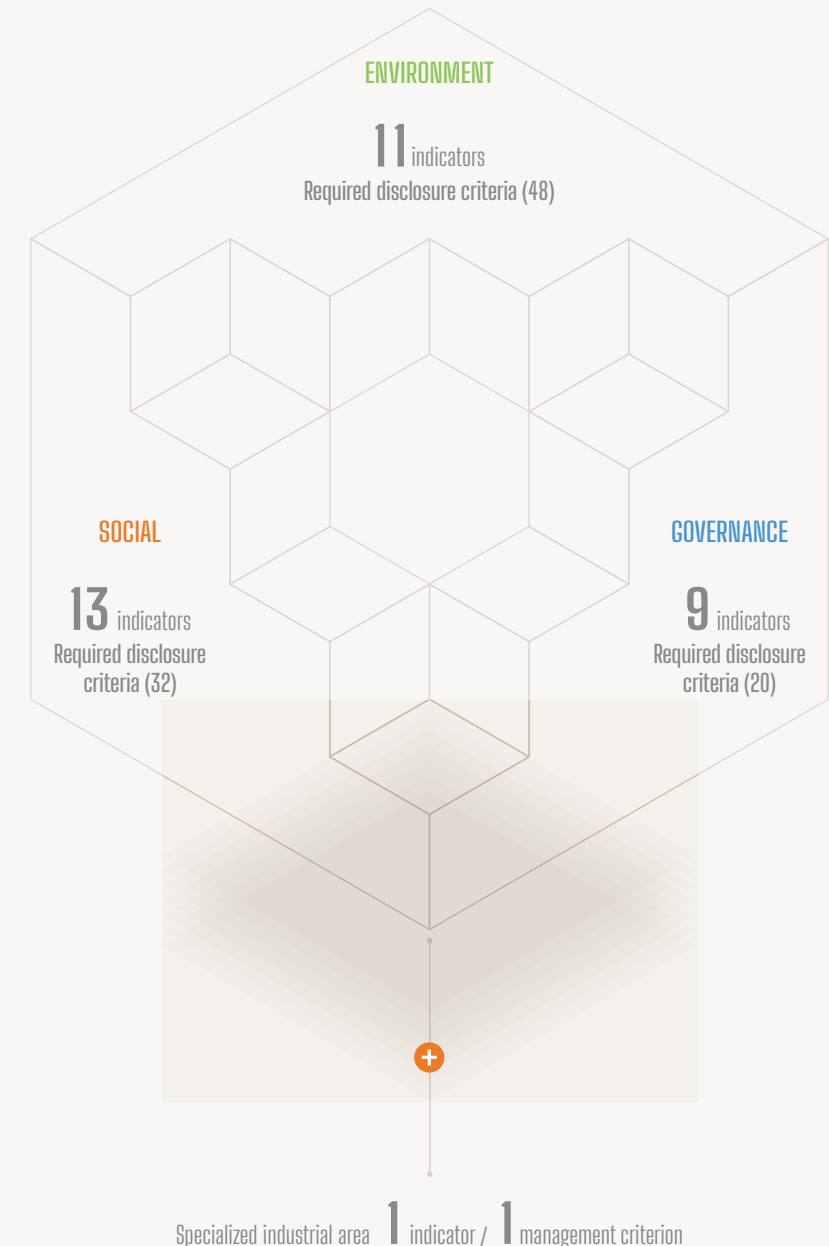
Strengthening the basics! System for managing core ESG indicators

The systematic implementation of ESG management requires a clear understanding and continual management of ESG-related requirements by external stakeholders. In early 2021, SK defined the essential common criteria to be managed by all member companies of the SK Group as core ESG indicators and built a system to manage these criteria. From 2022, SK is expanding the scope of its ESG management to include the subsidiaries and grandchild subsidiaries of member companies.

CORE ESG INDICATORS The core ESG indicators, selected by analyzing and summarizing various ESG indicators demanded by the stakeholders of SK, such as the financial society and ESG disclosure and evaluation bodies, include the requirements of external stakeholders, criteria to be improved by SK member companies, and criteria for strategic ESG activities. The core ESG indicators comprise 34 indicators and 100 detailed management criteria, including the following: 11 indicators and 48 management criteria in the environment domain (greenhouse gases, climate change, waste), 13 indicators and 32 management criteria in the social domain (safety of employees, mutual growth with business partners, support for local communities), and 9 indicators and 20 management criteria in the governance domain (composition of the Board of Directors, the Audit Committee, anti-corruption management). Furthermore, the industrial specialization areas of each member company have been added to reflect their respective industrial characteristics.

DATA-BASED PERFORMANCE MANAGEMENT SK built an integrated ESG management system based on IT (Social Value Management System, SVMS) to manage the core ESG indicators efficiently. All member companies enter performance data and improvement activities related to all core ESG indicators into the SVMS on a quarterly basis, and the accumulated ESG data is managed in an integrated manner.

ESG PERFORMANCE EVALUATION Progressing a step beyond the selection of the core ESG indicators and management of data-based performances, SK has built an in-house system for evaluating ESG performance. This organized and reliable system, utilizing the various evaluation methodologies of external evaluation agencies, is comprised of peer comparison and goal attainment. Peer comparison is designed to objectively compare differences in relation to the ESG levels of global peer companies within the same industrial group. The current ESG levels of SK member companies are evaluated based on actual data taken from peers for each indicator. For goal attainment, we establish stepwise goals to reach a global top-tier standard and evaluate the degree of goal attainment each year. The evaluation results are included in the quarterly ESG performance reports and provided to the management and the BOD of each member company, enabling them to identify their standards of ESG and conduct ESG improvement activities.



ENVIRONMENT		
Indicators (11)	Required disclosure criteria (48)	
	Disclosure management (31)	Evaluation management (17)
General energy consumption	<ul style="list-style-type: none"> Total energy consumption Consumption by each direct energy source Consumption by each indirect energy source 	<ul style="list-style-type: none"> Total energy consumption (intensity)
Renewable energy consumption	<ul style="list-style-type: none"> Total power consumption Total renewable energy consumption Consumption by each renewable energy source RE consumption by each procurement method 	<ul style="list-style-type: none"> Ratio of renewable energy
GHG emissions	<ul style="list-style-type: none"> Target GHG emissions GHG reduction outcome Total GHG emissions Scope 1 emissions Scope 2 emissions Scope 3 emissions 	<ul style="list-style-type: none"> Related policy/goal/performance Attainment of GHG reduction goal (%) Total GHG emissions (intensity)
Response to climate change (TCFD disclosure)		<ul style="list-style-type: none"> Related policy/strategy/performance
Prevention of environmental pollution	<ul style="list-style-type: none"> Current status of environmental pollution management facilities and monitoring systems Current status of environmental technologies and educational support Current status of violations of domestic and foreign environmental laws 	
Air pollutant emissions	<ul style="list-style-type: none"> NOx emissions SOx emissions Dust emissions VOC emissions 	<ul style="list-style-type: none"> NOx emissions (intensity) SOx emissions (intensity) Dust emissions (intensity) VOC emissions (intensity)
Waste generation	<ul style="list-style-type: none"> Total waste generation Waste generation by type 	<ul style="list-style-type: none"> Total waste generation (intensity)
Waste recycling	<ul style="list-style-type: none"> Total amount of waste recycled 	<ul style="list-style-type: none"> Waste recycling rate
Water consumption	<ul style="list-style-type: none"> Total water intake Water intake by intake source Water intake in areas of water stress 	<ul style="list-style-type: none"> Total water intake (intensity)
Water recycling	<ul style="list-style-type: none"> Total volume of water used Total volume of water recycled 	<ul style="list-style-type: none"> Total water recycling rate
Water pollutant emissions	<ul style="list-style-type: none"> COD emissions BOD emissions T-N emissions 	<ul style="list-style-type: none"> COD emissions (intensity) BOD emissions (intensity) T-N emissions (intensity)
+		
INDUSTRY-SPECIALIZED INDICATORS IN THE ENVIRONMENTAL DOMAIN		

SOCIAL		
Indicators (13)	Required disclosure criteria (32)	
	Disclosure management (18)	Evaluation management (14)
Current status of employees	<ul style="list-style-type: none"> Total number of employees Ratio of employees <ul style="list-style-type: none"> Gender, age, regular/non-regular Number of new employees Number of disabled employees Ratio of female executives Number of female executives 	<ul style="list-style-type: none"> Ratio of disabled employees
Safety of employees	<ul style="list-style-type: none"> LTIR by employee type <ul style="list-style-type: none"> Internal employees/employees of business partners Number of lost time incidents <ul style="list-style-type: none"> Internal employees/employees of business partners Employee death rate Number of employee deaths 	<ul style="list-style-type: none"> Related policy/goal/performance Lost time incident rate (LTIR)
Health of employees	<ul style="list-style-type: none"> Occupational illness frequency rate (OIFR) Number of occupational illnesses in employees 	<ul style="list-style-type: none"> Related policy/goal/performance
Human rights of employees		<ul style="list-style-type: none"> Related policy/goal/performance
Competency development of employees	<ul style="list-style-type: none"> Hours of education (HRD) 	<ul style="list-style-type: none"> Related policy/goal/performance
Balance of work and life		<ul style="list-style-type: none"> Related policy/goal/performance
SV of products/services		<ul style="list-style-type: none"> Amount of SV created by products/services
Safety and quality of products/services	<ul style="list-style-type: none"> Number of violations of laws related to product/service safety 	<ul style="list-style-type: none"> Related policy/goal/performance
Protection of corporate data and customer information	<ul style="list-style-type: none"> Number of corporate data and customer data leakage incidents 	<ul style="list-style-type: none"> Related policy/goal/performance
Support for mutual growth with business partners		<ul style="list-style-type: none"> Related policy/goal/performance
Management of the ESG risks of business partners	<ul style="list-style-type: none"> Number of business partners assessing ESG risks Ratio of business partners implementing improvement measures 	<ul style="list-style-type: none"> Related policy/goal/performance
Support for local communities	<ul style="list-style-type: none"> Ratio of employees who participate in volunteer activities 	<ul style="list-style-type: none"> Related policy/goal/performance
Support for the SE ecosystem		<ul style="list-style-type: none"> Related policy/goal/performance
+		
INDUSTRY-SPECIALIZED INDICATORS IN THE SOCIAL DOMAIN		

GOVERNANCE		
Indicators (9)	Required disclosure criteria (20)	
	Disclosure management (9)	Evaluation management (11)
Performance evaluation on management and compensation	<ul style="list-style-type: none"> Installation of the Compensation Committee and operating status 	<ul style="list-style-type: none"> ESG-based performance evaluation on policy/goal/performance related to the management / compensation system
Identification of the ESG needs of stakeholders		<ul style="list-style-type: none"> Related policy/goal/performance
ESG-based business portfolio strategies and processes		<ul style="list-style-type: none"> Policy/goal/performance incorporating ESG standards for new businesses/ investments
Composition and operation of the Board of Directors	<ul style="list-style-type: none"> Operating status of the Board of Directors Compensation policy for the Board of Directors Evaluation status of the Board of Directors Installation/Operating status of the Independent Director Candidate Recommendation Committee 	<ul style="list-style-type: none"> Policy/goal/performance regarding the diversity/expertise/independence of the Board of Directors Ratio of female directors ESG-related policy/goal/performance within the Board of Directors
Operation of the Audit Committee	<ul style="list-style-type: none"> Installation/operating status of the Audit Committee 	
Enhancement of shareholder values	<ul style="list-style-type: none"> Policy to protect the rights of shareholders Policy to return to shareholders 	
Anti-corruption management	<ul style="list-style-type: none"> Number of violations of anti-corruption regulations 	<ul style="list-style-type: none"> Anti-corruption policy/goal/performance Anti-corruption education policy/goal/performance for employees
Disclosure of ESG information		<ul style="list-style-type: none"> Core indicator disclosure rate ESG management of subsidiaries/ grandchild subsidiaries
Participation in global partnerships		<ul style="list-style-type: none"> ESG-related global partnership policy/goal/performance
+		
INDUSTRY-SPECIALIZED INDICATORS IN THE GOVERNANCE DOMAIN		



NEW PERSPECTIVES

There is a keen interest in ESG management. While companies are busy responding to the ESG wave that has become mainstream around the world, SK consistently engages in sincere ESG management by preemptively anticipating social values and ESG. We discussed with the employees of SK about how ESG management has entered the global mainstream, how SK responds to such changes, and what they envision a better tomorrow achieved through SK's ESG management might look like.



Lee Hyung-hee
SV Chairman of SK SUPLEX Council

Q1-1

Is the craze for ESG management a momentary trend, or will it change the fundamentals of the corporate ecosystem?

ESG encompasses non-financial criteria that cannot be fully determined through existing financial statements. It covers desirable factors that a company, as a member of society, must comply with, and is an important measure of a company's value. Now, the importance of ESG is growing, alongside the financial values – such as revenue and operating income – that have long dominated the business world. Beyond the national level, global standards for ESG are being established, and companies must adhere to these standards if they are to maintain investment and expand their customer base. Considering the above, and in line with the changes and demands of the present, ESG management can arguably be seen as a new corporate management paradigm.

Q1-2

We see why ESG management is important, but how can we practice it properly?

The essence of ESG management is in proactively responding to the risks in each of the Environment (E), Social (S), and Governance (G) areas and increasing the sustainability of companies. Money flows into ESG funds, and companies that adopt ESG approaches to environmental regulations are winning more investments. Based on these phenomena, we can see that companies can achieve sustainable growth through ESG management.

SK is not strengthening ESG management just to superficially create a benign image for the company. Whereas SK used to spend a portion of its profits on doing "good" deeds, it is now engaging in operations with integrity, starting from the profitmaking process. To SK, ESG is an intangible asset and a source of competitiveness. In particular, SK's ESG management is differentiated by the quantitative measurement and systematic management of the social values created.

**ESG has become an irreversible trend.
We must perceive the ongoing changes and respond wisely.
SK has demonstrated proactive responses to such changes based on DBL.**

Q2

SK is said to be driving the flow of ESG based on DBL. If so, what changes are SK Innovation, SK Telecom, and SKC pursuing?

SK Innovation is transforming into a green energy and materials company by promoting “Carbon to Green” innovation.

SK Innovation has solidified its leadership in the market by demonstrating differentiated competitiveness in the battery and material businesses. The battery metal recycling (BMR) business is in the preparatory stage. Furthermore, SK Innovation attempts to reduce its carbon footprint in all business areas while continually discovering and expanding promising materials and eco-friendly technologies. We anticipate that the Financial Story of SK Innovation will lead to meaningful outcomes and hope to gain trust from stakeholders by promoting fundamental changes in business methods for a sustainable future.



Kwon Young-su
Head of ESG Development Office, SK Innovation

SK Telecom aspires to become a company that opens up a sustainable future alongside customers, so that they can be proud of its ESG activities associated with the telecom business.

SK Telecom declared “ESG 2.0” at the general meeting of shareholders held in March. In addition to making efforts to build transparent and sound governance to fulfill its promises, SK Telecom adds ESG values to its areas of expertise. Representative examples include eco-friendly growth through the green network and building a safer and happier society through ICT and AI technologies. While strengthening ESG activities that are closely associated with the main businesses, SK Telecom conducts ESG activities in which customers can participate for rewards, thus growing the social impact of the Financial Story fostered together with its stakeholders.



Lee Joon-ho
Head of ESG Development Group, SK Telecom

SKC opens up a sustainable future by engaging in ESG management, which unites the management system and ESG in the process of transforming into a “global ESG material solution company.”

In the environment domain, SKC is working toward “2040 GHG Net Zero” and seeking a transition into ESG business models in areas such as secondary batteries, semiconductors, and eco-friendly materials. In the social domain, the “open platform for new materials” launched in 2017 has become established as a leading mutual cooperation program for startups and SMEs, further amplifying the meaning of happiness. SKC also strives to increase transparency and diversity in the governance domain, such as by appointing an independent director as the Chairperson of the Board of Directors and a female independent director as the Chairperson of the Internal Trade Committee. By the end of 2021, the ESG Support Group was formed to prepare the groundwork for strengthening ESG management.



Nah Yun-a
Head of ESG Management Office, SKC

Q3

Now, let's listen to the stories of employees who are responsible for ESG duties at SK member companies. Please introduce the representative social values created by your company. What do you think SK is seeking to achieve through these efforts?

By making a transition to a differentiated green portfolio, including hydrogen, renewable energy, low-carbon LNG, and energy solutions, SK E&S proposes realistic alternatives to Net Zero in response to the climate crisis and contributes to carbon reduction efforts at home and abroad.

SK E&S strives to engage in sustainable management based on eco-friendly energy businesses to deliver sustainable happiness to all stakeholders. We will provide a stable supply of eco-friendly energy and facilitate the happiness of all stakeholders so that members of our society and future generations can enjoy a clean global environment.

We will write a unique growth story through the stable supply of sustainable, eco-friendly energy.



Lee Do-hyung
Manager, ESG Planning Team, SK E&S

SK ecoplant pursues social values by grafting technologies onto its business models. As a representative example, SK ecoplant acquired a subsidiary for incineration technologies and collaborated with AWS, a global cloud service operator, to analyze efficient optimization points for incinerators and built an operating system for reducing air pollutants. Through this business, SK ecoplant proposed an incinerator model based on AI/DT.

SK ecoplant pursues happiness for all in a cleaner and safer environment by ceaselessly working toward the sustainable growth of humankind and Earth, instead of simply being satisfied with the characteristics of its business.

I believe that when we share values and consider the happiness of diverse stakeholders, we can fulfill our corporate social responsibility.



Park Han-seong
Manager, ESG Reporting and Rating Team, SK Ecoplant

SK Networks innovated its business models to reduce the adverse impact of products and services on the global environment. Examples include product innovation through the increased use of eco-friendly plastics by SK Magic, reducing carbon emissions and fostering a circular economy through the purchase of used phones by Mintit, and GHG reduction through EV conversion by SK Rent-a-Car.

When our society is warmed by energy that is good for the earth, companies can gain trust, and their employees can experience happiness within a healthy and strong organization.

I believe the goal of SK is to create sustainable values for everyone.

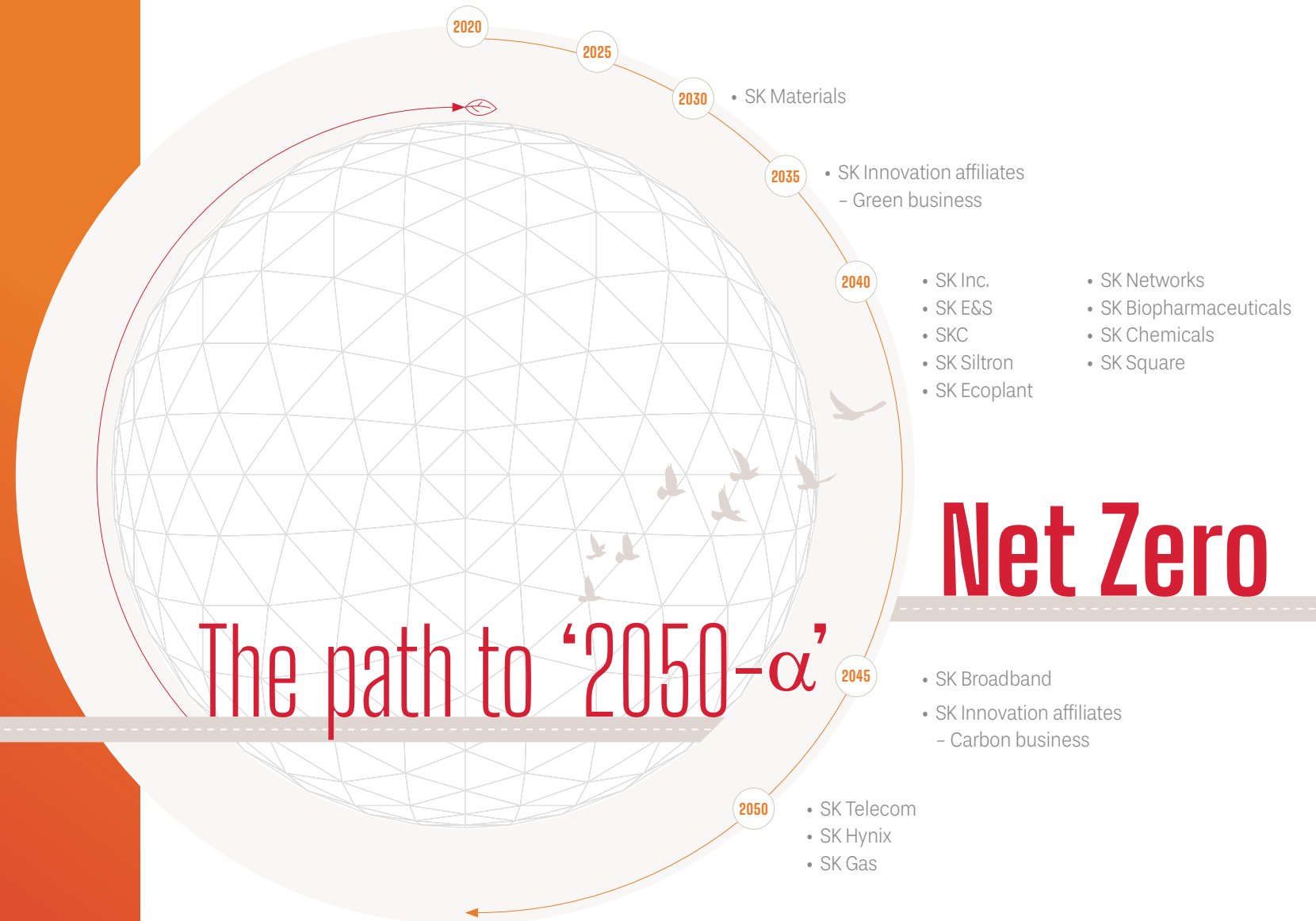


Han Hye-young
Manager, SV Implementation Team 1, SK Networks

ESG STORY 1 – ENVIRONMENTAL

We forge a new path by turning Net Zero into an opportunity for sustainable growth.

Now is the time for us to converse with the planet. SK joins the worldwide movement to attain Net Zero for our one and only Earth and for our future. SK will take a step further into a low-carbon economy based on our new growth strategy for eco-friendly businesses and Net Zero attainment.



“2050-α” NET ZERO

In the summer of 2021, many locations across the world suffered from a series of fires occurring due to unusual weather conditions. In California, U.S.A., an unprecedented forest fire burned an area of 4,200 km², and thousands of residents were forced to take refuge from an immense forest fire that continued for nearly two weeks in Southern Europe. Over the past 20 years, icebergs in Iceland equivalent to 1.25 times the surface area of Seoul have melted. Experts warn that icebergs, accounting for 10% of the national territory of Iceland, may disappear entirely by 2200.

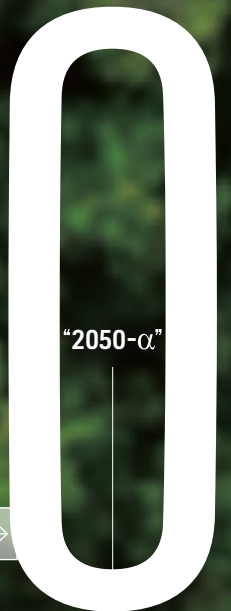
In the face of the immediate reality of the climate crisis, we must achieve “Net Zero” in order to stabilize the earth's temperature. Many countries are working together for the global goal of Net Zero, including South Korea, but it is not easy to find a path through a terrain that has never before been experienced.

In this period that demands courage, SK is taking up the challenge. In June 2021, 14 member companies of the SK Group declared their commitment to Net Zero, and established intermediate goals and implementation plans to ensure that our promises are fulfilled. Our ambitious goal called “2050-α” aims to attain Net Zero GHG emissions earlier than 2050, the global target for carbon Net Zero. Each company will exert global climate leadership in its respective business area. Further, we will transparently disclose the process to prove that our promises are faithfully carried out.

PROGRESS TOWARD ZERO BY 2050, OR EARLIER.

2021

“2050-α”



Net Zero refers to generating "zero" net emissions by equalizing the GHGs emitted and absorbed by human activities. The scope of SK's Net Zero objective includes GHGs formed in the production process (scope 1), the process of generating electricity necessary for operations (scope 2), and throughout the value chain, including the transportation, use, and disposal of products (scope 3).

To accomplish Net Zero, in addition to minimizing emissions, we need to sequester remaining GHGs through forests or remove them using CCUS technologies¹⁾. One of the most effective means to reduce carbon emissions in management activities is to reduce our reliance on fossil fuels. In 2020, SK became the first company in South Korea to join RE100²⁾ and has been promoting the transition to low-carbon and decarbonizing businesses. RE100 is a voluntary initiative of global enterprises that intends to supply 100% of electric power through renewable energy sources, such as wind power and solar power, by 2050. Six SK member companies have joined, including SK Inc., SK Telecom, SK Hynix, SKC, SK Siltron, and SK IE Technology.

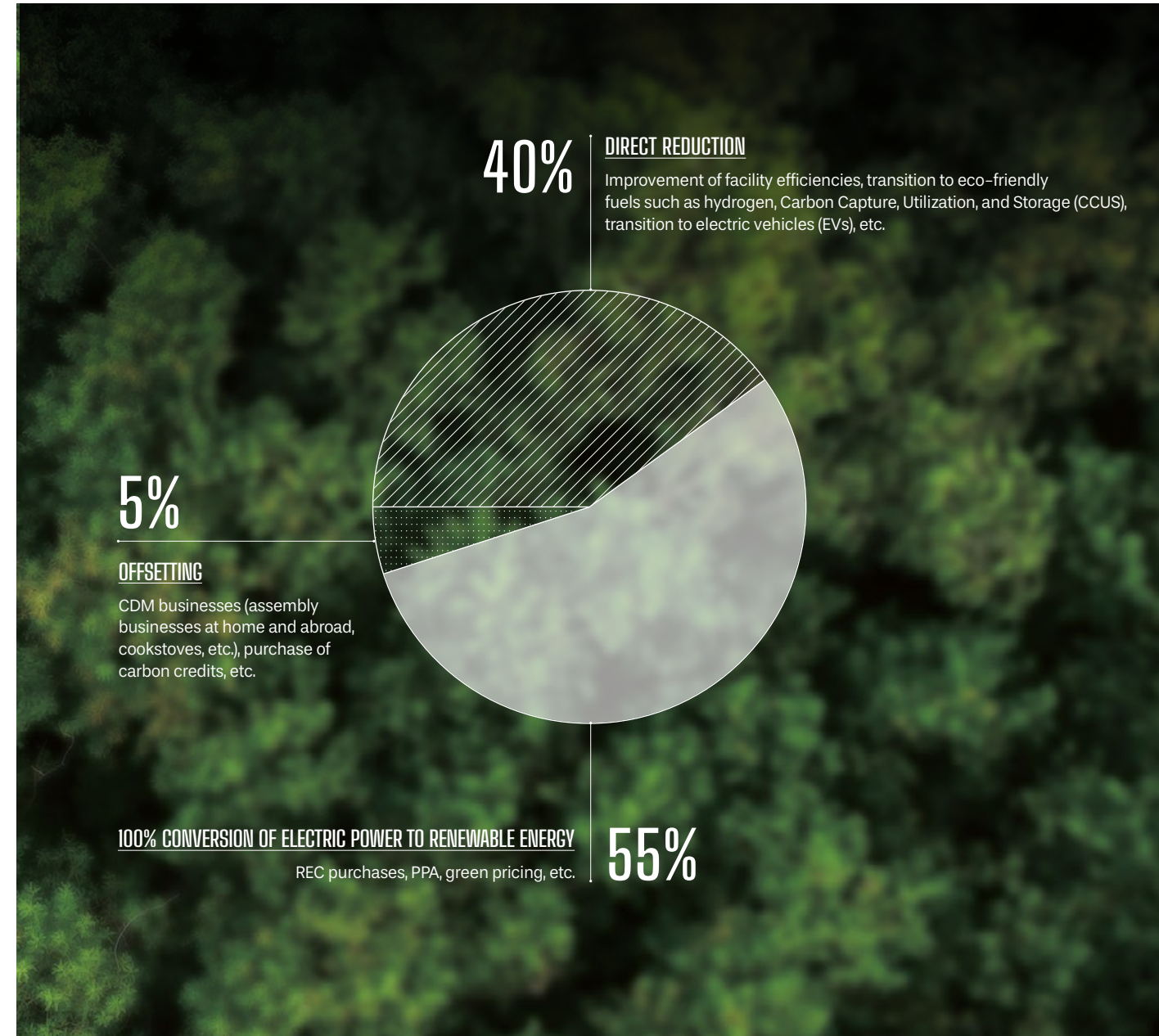
SK announced an audacious goal to reduce global carbon emissions by 200 million tons by 2030, in the process of attaining Net Zero by 2050. This amount corresponds to 1% of the global GHG reduction goal, which is 2.1 billion tons.³⁾ In addition to its renewable energy efforts, SK implements direct reduction by existing businesses and zero net emissions by new businesses. The only way to prevent the climate crisis, which is proceeding at an unprecedented rate on an immense scale, is to take immediate action.

SK is firmly committed to undertaking business changes based on social values to remove all carbon emissions in the shortest time possible.

¹⁾ Carbon Capture, Utilization, and Storage (CCUS) technologies

²⁾ An abbreviation for "Renewable Energy 100%," which is a global initiative launched in 2014 by the Climate Group, a global non-profit organization, and the Carbon Disclosure Project (CDP), a global certification body for environmental management

³⁾ Source: International Energy Agency 2021 Report



Business Model Innovation Based on ESG

01. BATTERY ECOSYSTEM

SK intends to become an eco-friendly company that produces beneficial values for the environment. In particular, SK is concentrating its capabilities to secure unique competitiveness, focusing our attention on batteries as a key element that will enable fundamental changes.



SK has noted the potential of the battery industry, which would allow low-carbon and green growth innovation of economic and social structures. From production to use, rental, charging, reuse, and recycling, various member companies are closely cooperating to build an ecosystem throughout the entire value chain.

EV batteries from SK On have been proven to be safe, recording zero fire accidents in vehicles after the supply of 270 million cells. Based on its independent technologies for cathode materials, anode materials, and modules, SK On has secured outstanding long-distance driving performance and can rapidly charge vehicles within 15 minutes.

SK IE Technology combined its chemical technologies, accumulated over 50 years, and cutting-edge nanotechnologies to develop a lithium-ion battery separator (LiBS), which was the first of its kind developed in South Korea and the third in the world. Utilizing the technological power of the world's best copper foil manufacturer, SKC is fostering the battery materials field as its new growth engine for the future.

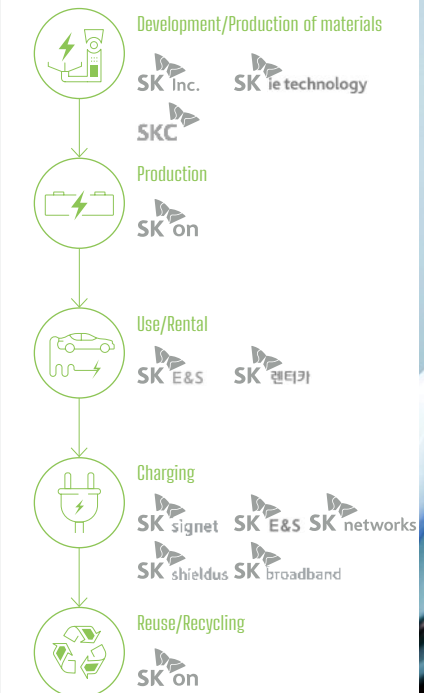
SK Innovation is pursuing "Battery as a Service (BaaS)" businesses. Metals such as nickel, cobalt, and lithium are retrieved from used batteries and recycled into battery materials through a system that monitors batteries in real-time.

SK Signet is building a convenient environment for driving EVs and offers solutions ranging from slow to super-fast chargers based on unrivaled technologies and professional knowledge.

As seen in these examples, SK member companies are creating social values by utilizing their business capabilities and innovating business models across the battery lifecycle.

BATTERY ECOSYSTEM

Providing eco-friendly solutions throughout the value chain



02. CLEAN ENERGY ECOSYSTEM

The future envisioned by SK is powered by eco-friendly energy. By applying various energy solutions centered on renewable energy and hydrogen energy, SK is speeding up the development of an eco-friendly energy ecosystem to prepare for the future energy market.



The future energy market will be governed by renewable energy and hydrogen energy, and energy solutions will solve the challenges that exist throughout the entire energy system. SK cultivates the business capabilities of its member companies to build an eco-friendly energy ecosystem. SK Inc., SK E&S, SK Innovation, SK On, SK Gas, and SK Ecoplant participate and cooperate in the full process, encompassing the production, storage, and use of renewable energy sources such as solar and wind power and hydrogen energy.

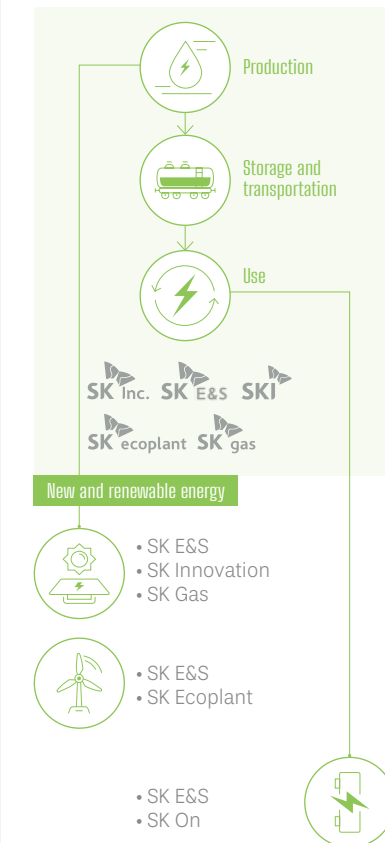
SK Inc. acquired shares to become the largest shareholder of Plug Power, a leading U.S. company in the hydrogen economy industry. In addition, SK Inc. has undertaken a business supplying water electrolysis equipment by establishing a joint corporation with Monolith, a U.S. company that was the world's first to produce turquoise hydrogen. Such investments and business expansions are a testament to SK Group's ambition to lead the formation of an eco-friendly hydrogen ecosystem.

SK E&S intends to complete its green portfolio through a business re-design. Its goal is to supply eco-friendly energy stably and efficiently by creating synergy among the low-carbon LNG, eco-friendly LNG, hydrogen, and renewable energy businesses. Notably, SK E&S is the largest private renewable energy business operator in South Korea, operating solar and wind power businesses. By 2025, SK E&S will become a global renewable energy player possessing a 7 GW pipeline.

Moreover, SK Innovation, SK On, and SK Ecoplant are improving their competitiveness in diverse energy solution areas, including the Energy Storage System (ESS) business, fuel cell business, microgrid business based on distributed generation, and mobility solution business based on EV batteries.

A future of unlimited, clean energy is imminent. SK will bring us closer to making this future a reality by innovating its business models through ESG.

HYDROGEN ECOSYSTEM



03. PLASTIC ECOSYSTEM

SK innovates to realize a green chemical ideal. The chemical member companies of SK are building a circular economic system throughout the plastic value chain by cooperating closely and utilizing advanced technologies, working together to promote business model innovation.



Plastics make our lives convenient, but are the main cause of environmental pollution. Accordingly, SK focuses on developing innovative technologies to mitigate their adverse effects while maintaining their useful functions.

With the goal of becoming the "world's largest urban oil field company" that produces petroleum by recycling waste plastics, SK Geocentric is accelerating its efforts to commercialize the pyrolysis oil manufacturing technology that decomposes waste plastics into naphtha for plastic products using heat and the depolymerization technology, which chemically decomposes and recycles contaminated plastic bottles and clothes.

SK Chemicals has announced its goal of replacing raw materials with discarded plastics and nature-derived biomaterials by 2030. It will achieve this by innovating business models and transforming the existing chemical materials business, which is focused on petrochemical products, into a business founded on green materials.

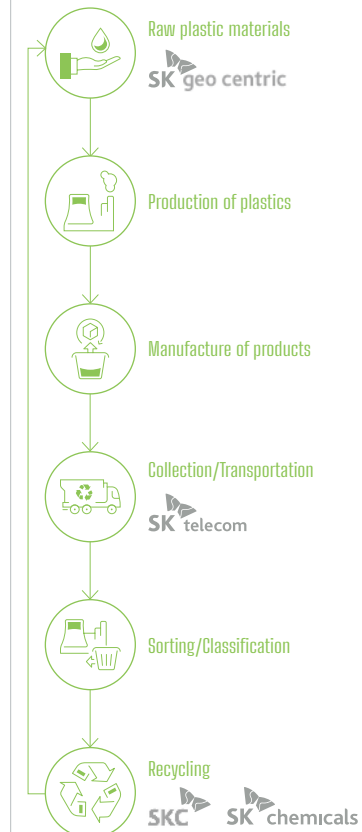
SKC has also taken the initiative to build a virtuous cycle of recycling large amounts of waste plastics by commencing an eco-friendly business that recycles waste plastics using pyrolysis oils.

SK Ecoplant and SK Telecom have undertaken a business to reduce carbon emissions by enabling consumers to recycle plastics in everyday life using reverse vending machines and reusable cup collectors.

It takes only 5 minutes to use disposable plastics but 500 years for them to decompose. Frans Timmermans, Executive Vice-President of the EU Commission, warned, "If we don't change the way we produce and use plastics, there will be more plastics than fish in our oceans by 2050."

SK will act. By reducing the time taken to decompose plastics and reusing more waste plastics, SK will reduce our carbon footprint and contribute to achieving Net Zero.

VALUE CHAIN OF THE PLASTIC CIRCULAR ECONOMY



ESG STORY 2 – SOCIAL

Striving toward happy participation,
happy coexistence, and a
happy transformation for all.

SK has grown with the love and support of numerous stakeholders. Beyond the commitment and efforts shown by SK employees, it is thanks to the opportunities provided by customers, business partners, and local communities that SK has been able to achieve its successes, both small and large. Now, SK will return the favor by delivering happiness.



Sustainable happiness
FOR ALL

SUSTAINABLE HAPPINESS

SK pursues sustainable happiness for all employees and stakeholders.

SK's purpose is to facilitate the creation of a happy society by happy employees. The SK Management System (SKMS), established in 1979, considers happiness to be the greatest value. Based on a common understanding of the essence of corporate management, the SKMS has been the foundation for coalescing employees and raising the caliber of business management.

SK conducts "happy management" based on its human-centered management philosophy, following the principles of SKMS. We strive for the happiness of all stakeholders, including employees, business partners, customers, and local communities. Recognizing that sustainable happiness cannot be attained alone, we aspire to create happy changes through participation by all. In the future, SK will continue our amazing journey toward a happier tomorrow by fostering the values that promote happiness.



01. CREATING A HAPPY WORKPLACE

A happy workplace for employees,
where human rights and diversity
are respected



SK cherishes the happiness of employees, who are the core constituents of SK. Based on the belief that building a happy and mature community is the prerequisite for generating profit and social value, SK fine-tunes its various systems to maximize the happiness of employees. SK respects the dignity and human rights of all employees, preparing and strictly abiding by global codes of conduct and guidelines. Furthermore, each member company endeavors to manage the health and safety of employees according to specific circumstances and needs, fostering a sustainable workplace where employees can maintain their work-life balance and feel secure in their work.

In addition, with the belief that an inclusive corporate culture that guarantees diversity empowers businesses to grow and innovate, SK focuses on cultivating a culture that allows individual employees to express the value of diversity. All employees of SK are encouraged to cultivate their work capabilities by utilizing the infrastructures offered by each company and develop timely awareness of external trends. mySUNI is a noteworthy growth platform that helps SK employees to take the initiative in choosing, designing, and revising their own learning paths.

Employees of SK cultivate their own happiness
with the conviction that greater happiness can be achieved
when they work with the SK community.

FEATURES

HUMAN RIGHTS



- Fulfillment of the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights
- Establishment of human rights regulations
- Publication of human rights management reports
- CEO's announcement of the human rights policy
- Prohibition on the use of conflict minerals

DIVERSITY & INCLUSION



- Expansion of women's leadership
- Establishment of the diversity principles of the Board of Directors
- Corporate culture of inclusivity and respect

HEALTH & SAFETY



- Establishment of the safety, health, and environment (SHE) guidelines
- Formation of safety and environmental management systems
- Enhancing safety using smart technologies

COMPETENCY DEVELOPMENT



- Formation of learning infrastructures for employees
- Operation of mid- to long-term career support programs

02. BUILDING A SUSTAINABLE VALUE CHAIN

Building sustainable supply chains that are fair and competitive



SK grows alongside business partners based on the principles of coexistence and fairness. Grounded in the belief that the sustainability of business partners is necessary for the competitiveness of SK, SK supports business partners in developing technologies through various means, such as financing, joint development, and patent sharing. In addition, SK assists business partners in strengthening their businesses by empowering employees.

Furthermore, SK offers various forms of support for business partners to manage ESG by observing global laws and standards. By establishing guidelines to improve ESG and building an IT platform at the group level, SK helps member companies conduct activities to improve ESG throughout the supply chain. Member companies apply the guidelines according to their management environment and enable business partners to reach the standards of competitiveness that are demanded in this era.

Accordingly, business partners of SK actively participate in improving ESG outcomes and seek measures to grow the pie of sustainable happiness.



FEATURES

WIN-WIN RELATIONSHIP



- Expanding technical and financial support for business partners
- Revitalizing communication with business partners
- Protecting the technologies of business partners
- Sharing welfare benefit systems

ESG MANAGEMENT



- Supporting the ESG management of business partners
- Strengthening safety management throughout the supply chain
- Providing SHE consulting to business partners

03. ENHANCING CUSTOMERS' QUALITY OF LIFE

Delivering a unique customer experience incorporating social values



Customers are people who trust and choose SK's products and services. SK offers unique values to ensure that their choices are economically, socially, and environmentally sound. In the event that customers experience discomfort, SK removes pain points by analyzing them thoroughly and responding adequately, and also provides innovative solutions. SK endeavors to ensure that everyone has safe and convenient access to its products and services, and continually strengthens its cyber security capabilities to protect the personal information of its customers.

Further, SK concentrates on developing technologies that account for their social impact, aiming to deliver products and services that can change the lives of customers for the better and contribute to our society's development. In addition, SK strictly manages its environmental impact to help the value consumption of consumers who desire to reduce carbon emissions.

SK is confident that customers will encourage and support SK for its unique efforts to deliver the best products, services, and social values.



FEATURES

PRODUCTS WITH SOCIAL VALUE



- Creating social values using technologies
- Releasing products that generate social values
- Providing services for the socially disadvantaged

PRODUCTS WITH ENVIRONMENTAL VALUE



- Expanding eco-friendly products with reduced carbon footprints
- Operating eco-friendly business sites
- Introducing eco-friendly processes

CUSTOMER SATISFACTION



- Guaranteeing the safety and quality of products
- Protecting personal information
- Surveying customer satisfaction

04. STRENGTHEN SOCIAL SAFETY NETS

Creating greater happiness in partnership with local communities



SK aims to create sustainable happiness and contribute to the development of local communities in all places where it operates businesses. SK member companies monitor and solve social issues and problems that arise in the local communities where they belong.

Member companies have further strengthened their social safety net in response to the COVID-19 pandemic and are operating programs to enhance social values reflecting the characteristics and knowledge of each company. They also support initiatives to strengthen the autonomy of socially vulnerable groups and strive to serve as a good neighbor in local communities by reinvigorating the local economy and recruiting local talents.

Members of local communities trust and support the corporate activities of SK, and they are progressing together with SK toward a happier tomorrow.



FEATURES

SUPPORTING LOCAL COMMUNITIES



- Supporting the growth of socially disadvantaged groups in local communities
- Disseminating a culture of sharing
- Social contribution activities using business capabilities
- Fostering local community talent
- Voluntary participation of employees
- Disseminating social values

SUPPORTING SOCIAL ENTERPRISES



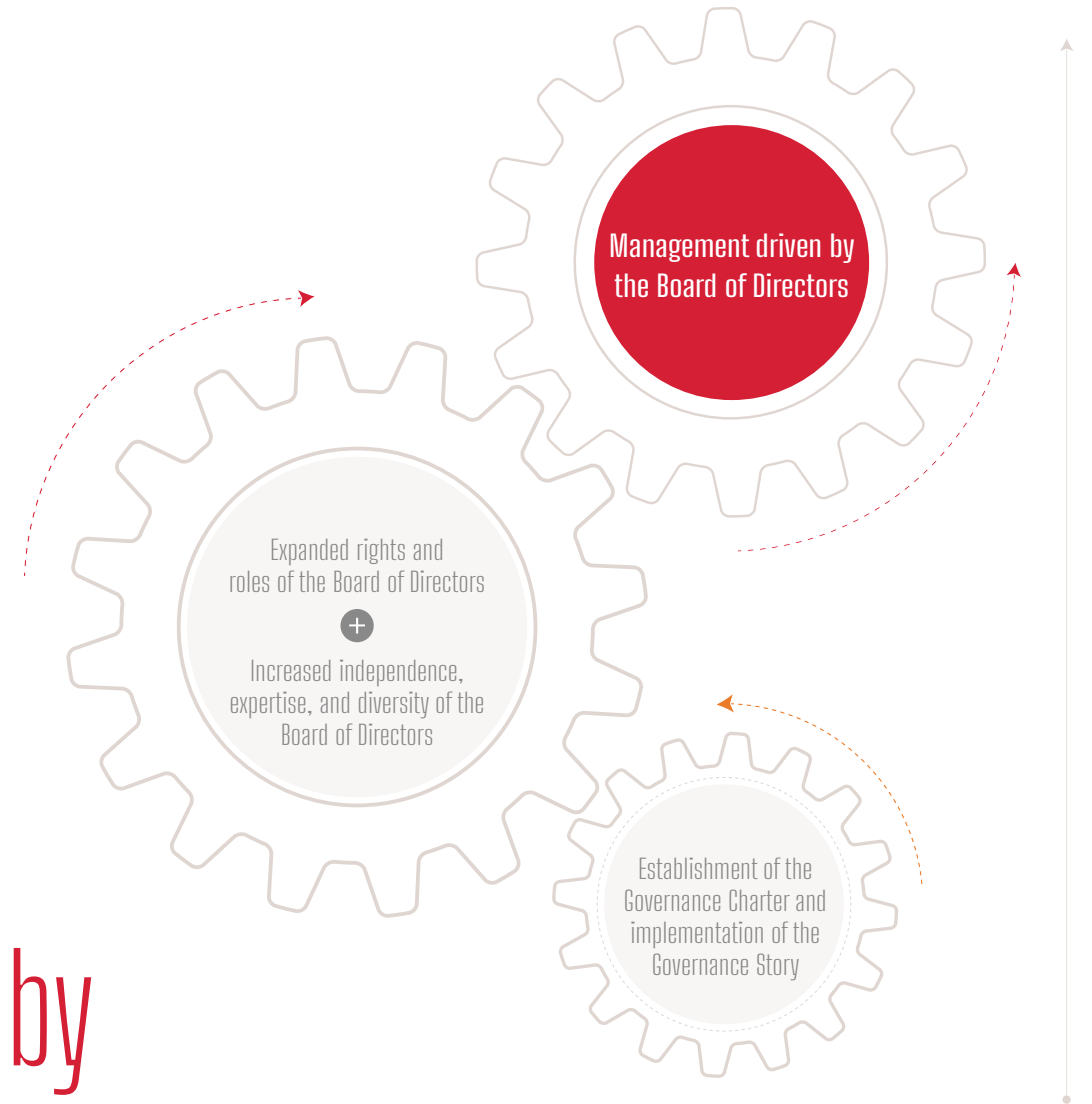
- Fostering innovative startups
- Supporting small and medium business owners
- Supporting social enterprises and revitalizing the ecosystem
 - Fostering talent for social innovation, KAIST SEMBA
 - Promoting social enterprise financing, SE Fund
 - Social outcome incentives, SPC (Social Progress Credit)
 - South Korea's largest Social Value Open Platform, SOVAC (Social Value Connect)

ESG STORY 3 – GOVERNANCE

Setting new standards beyond global standards

The Board of Directors is at the very core of SK governance. Since responsible management is achievable only when the Board of Directors functions properly and fulfills its intended roles, SK implements business management that exceeds global standards and is driven by the Board of Directors, thus building long-term trust relations with stakeholders.

Guided by GOOD GOVERNANCE



SK'S NEW GOVERNANCE STORY

New Governance Story achieved through responsible management driven by the Board of Directors

SK has formed a solid governance system centered on the Board of Directors, catalyzing ESG management. The ratio of independent directors has been increased to secure the independence of the Board of Directors, and related procedures and policies are being reinforced to ensure fairness in the recommendation and appointment of directors. Moreover, the composition of the Board of Directors is optimized and reinforced in competence through the harmonization of elements ranging from expertise in knowledge, experience, and ability, and a review of diversity in terms of gender, age, and professional field. Also, the Board of Directors has expanded its rights and roles to make practical decisions about pending issues, and each member company installs and operates specialized committees within the Board of Directors to perform personnel, strategy, and audit functions for in-depth discussions and independent decision-making. Notably, all member companies have a Nomination And Compensation Committee that evaluates and determines compensation for the CEO, an ESG Committee that reviews ESG and mid- to long-term growth strategies, and an Audit Committee that audits accounting/business and monitors ethical management.

As such, the Board of Directors, strengthened with independence, expertise, and diversity, strives to make the right decisions for sustainable development by accumulating competency and wisdom. In the decision-making process, the Board of Directors always considers the happiness of SK employees and various stakeholders within the SK value chain. Moreover, each member company contributes to the authoring of SK's unique Governance Story by establishing and practicing the Governance Charter.



SK'S INTEGRITY STANDARD

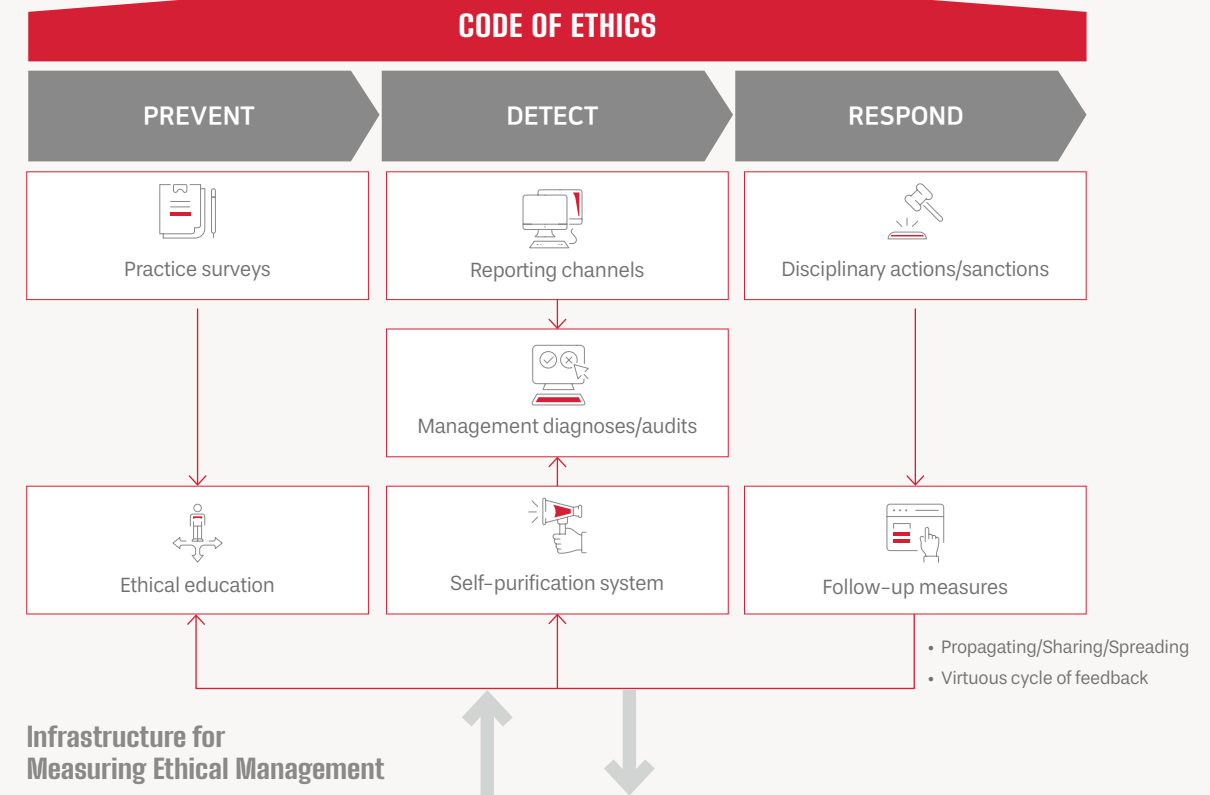
Suggesting new ethical standards based on an ethical management measurement system

SK has built a unique ethical management system and proactively responds to related risks. Based on a group-wide ethical management system, SK prevents unethical behaviors by conducting ethical practice surveys and education, detects unethical behaviors through its self-purification system, reporting channels, and regular/non-regular audits, and implements response measures in accordance with regulations/procedures to prevent recurrences.

In 2022, SK will prepare the infrastructure for measuring ethical management while upgrading its ethical management system to promote responsible management driven by the Board of Directors. After developing an objective measurement system that can be linked to goals and performance management, we will use the measurement results to analyze, for each criteria, the gap between goals and the current status. The diagnostic results will be provided to the Board of Directors of each member company to suggest directions for risk management and establish improvement measures for the CEO. We expect to build a virtuous cycle of measurement, diagnosis, and improvement. Each member company will transparently disclose the measurement results by publishing its sustainability report, enhancing stakeholder trust.

The principle of the SV measurement system is that "measurement is a prerequisite for management," and this also applies to the measurement of corporate ethics. SK will elevate its level of ethical management to the standard of leading global enterprises by objectively measuring the present and future of ethical management and strengthening the risk management system operated by the Board of Directors.

Ethical Management System



All success stories are written based on a brilliant strategy.

Companies are breaking away from the conventional methods of pursuing growth solely through financial outcomes and shifting to new corporate values that converge market trust and social empathy. The ways in which companies produce success stories are also changing.

As the formula of corporate values changes, our perspectives on the future must change. SK Inc. has taken up the challenge to create an unprecedented success story based on its unique growth strategy. We introduce SK Inc., an investment specialist that builds a sustainable future through ESG strategy.

PART 2

SK Inc. ESG STRATEGY

BEHIND A GREAT STORY.

30 COMPANY PROFILE

31 ESG COMMITMENT

33 SUSTAINABLE GROWTH

COMPANY PROFILE

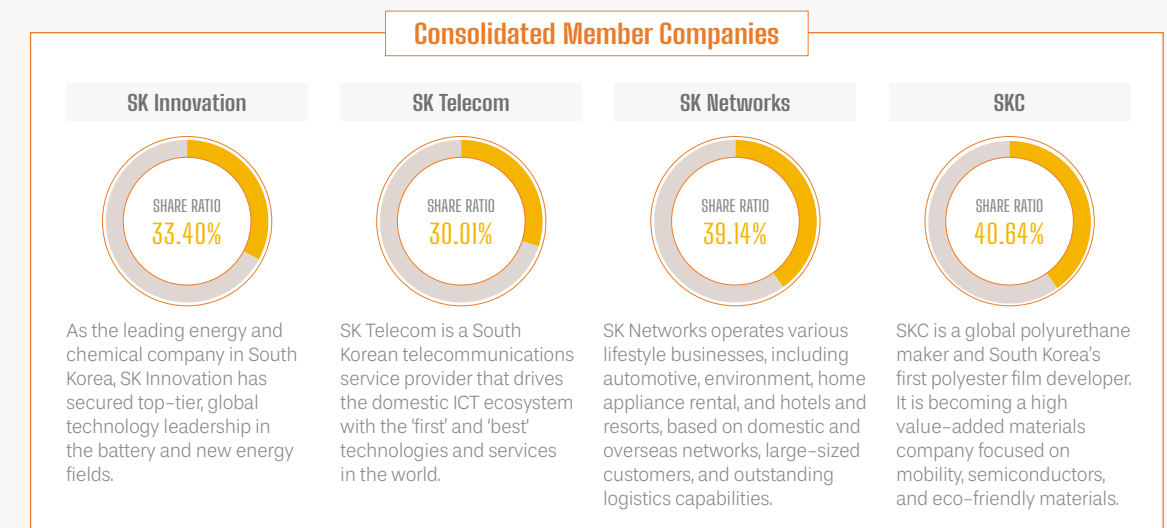
SK Inc. was founded as Sun-Kyung Textile in 1953 and became an integrated holding company in 2015. SK Inc. merged with SK C&C and has grown into a global company.

SK Inc. is divided into the Investment Division, which finds and fosters future growth engines, and the Business Division, which manages IT services based on digital technologies.

With stable profit sources like energy and ICT, SK Inc. has diversified its portfolios in four core investment areas by expanding the scope of investments to the semiconductor and bio areas. Global-level technologies and knowledge in IT services have allowed SK Inc. to secure new growth engines.

By merging with SK materials, a company that has global competitiveness in special gases and semiconductor materials, SK Inc. has begun to invest in advanced materials and technologies to solidify its position as a top global company for semiconductors and batteries.

The top priority of SK Inc. is to raise the overall value of its portfolio by adding future growth potential to current stability, on top of ESG management.



ESG COMMITMENT

As an investment specialist that pursues sustainable values,
we will create a sustainable future based on ESG.



SK Inc. strives to enhance stakeholders' happiness and reinforces corporate values by innovating its business portfolio and expanding ESG values. SK Inc. is on the way to become a trusted and recognized company by the market and society based on our Financial Story, which manifests the unique Deep Change methodology of SK.

SK Inc. is directing its changes, as an investment specialist, based on primary growth areas like advanced materials, green, bio, and digital. In the advanced materials area, we focus on securing a high-growth portfolio and producing outcomes in the semiconductor and battery industries. In the green area, we invest in promising decarbonization assets to conduct businesses from the perspective of climate change response. In the bio area, we contribute to enhancing the health of humankind by expanding pharmaceutical manufacturing businesses globally. In the digital area, we invest in new technologies that drive the digital innovation of our society. Based on such investments, portfolio management, and global cooperation, we will strive to ensure that ESG values are properly evaluated in the market and can have a greater impact on society.

Moreover, we will ensure the transparency and fairness of our business management by disclosing the evaluation results of the Board of Directors' activities through the declaration of our Governance Story and creating an investment decision-making process that reflects ESG matters.

By achieving outcomes based on ESG management, SK Inc. will grow into an investment specialist that creates a sustainable future. In this process, SK Inc. will deliver greater happiness to stakeholders by actively communicating with its shareholders, customers, and society.

Please share your encouragement and support for our efforts to maintain the empathy and trust of society.

Thank you.

장 동 현

SK Inc. Vice Chairman & CEO
Jang, Dong Hyun

ESG COMMITMENT

SK Inc. established its growth vision as a "Total Digital Transformation Partner" leading the digital innovation of customers and society, and by specifying its strategies and goals through the Financial Story.

Although the past two years have been challenging due to the COVID-19 pandemic, we have produced meaningful results whilst practicing our new vision by expanding digital business models and finding ESG solutions.

In terms of ESG solutions, the scope of our business is expanding from environmental, health, safety, and medical services to services that can promote a foundation for ESG in the market, such as carbon credit and trading platforms and ESG diagnosis and management platforms.

Further, amid the global energy crisis, SK Inc. tries to attain Net Zero by increasing the efficiency of power usage and using renewable energy in our data centers. SK Inc. also promotes activities for local communities, such as supporting the employment of socially-neglected groups, through IT education and providing IT infrastructures to small businesses.

For the happiness of employees, SK Inc. is diversifying methods for the mental and physical care of employees at sites, beyond providing fair performance-based rewards. We will continue strengthening our delicate and effective WLB programs, starting with the in-house mental counseling and occupational illness prevention solutions launched this year.

Such efforts can continue under the belief that companies survive and grow by gaining the trust of stakeholders.

While constantly listening to the voices of our stakeholders, SK Inc. will create a virtuous structure that enhances corporate values by pursuing business innovation that facilitates coexistence and happiness for all members of society.

Thank you.

박성하

SK Inc. President and CEO
Park, Sung Ha



We will open up the path to sustainable growth
by innovating the industry with digital technologies
and internalizing ESG management.



SUSTAINABLE GROWTH, NEW FRONTIER FOR VALUE INVESTING.

SK Inc. started life with the merger of SK C&C and SK holdings in 2015, through a process similar to the ordinary holding company model. However, SK Inc. took a different path from other companies by reinventing itself as an investment company in 2017. Further, in March 2021, the Investment Division of SK Inc. proposed a new blueprint for sustainable growth by transforming into a company that invests in values. SK Inc. has announced an ambitious plan to reach a stock price of KRW 2 million by 2025. Moreover, the Business Division promotes evolution into an innovative business model that breaks convention and seeks new growth opportunities in order to drive a future world centered on ICT.

There are expectations that go, "We believe in SK!" Yet there are also doubts, such as "Is that right?" or "But why?" SK Inc. will turn these doubts into confidence by managing its business portfolio in accordance with its unique Financial Story, global-level Governance Story, and ESG management. We assure stakeholders that they will soon see a truly new frontier that stands out in the global market environment.

01. FINANCIAL STORY

SK Inc. finds new corporate values based on its vision for sustainable growth and a growth story centered on trust and empathy rather than financial statements.



02. GOVERNANCE STORY

We will create a new value story for shareholders by consolidating the responsible management principles of the Board of Directors and raising the governance level to meet the global standards.



03. PORTFOLIO MANAGEMENT

As an investment specialist, we are widening our perspective from the existing focus on financial performance to sustainability, thereby adding ESG values across the investment process and enhancing overall value.

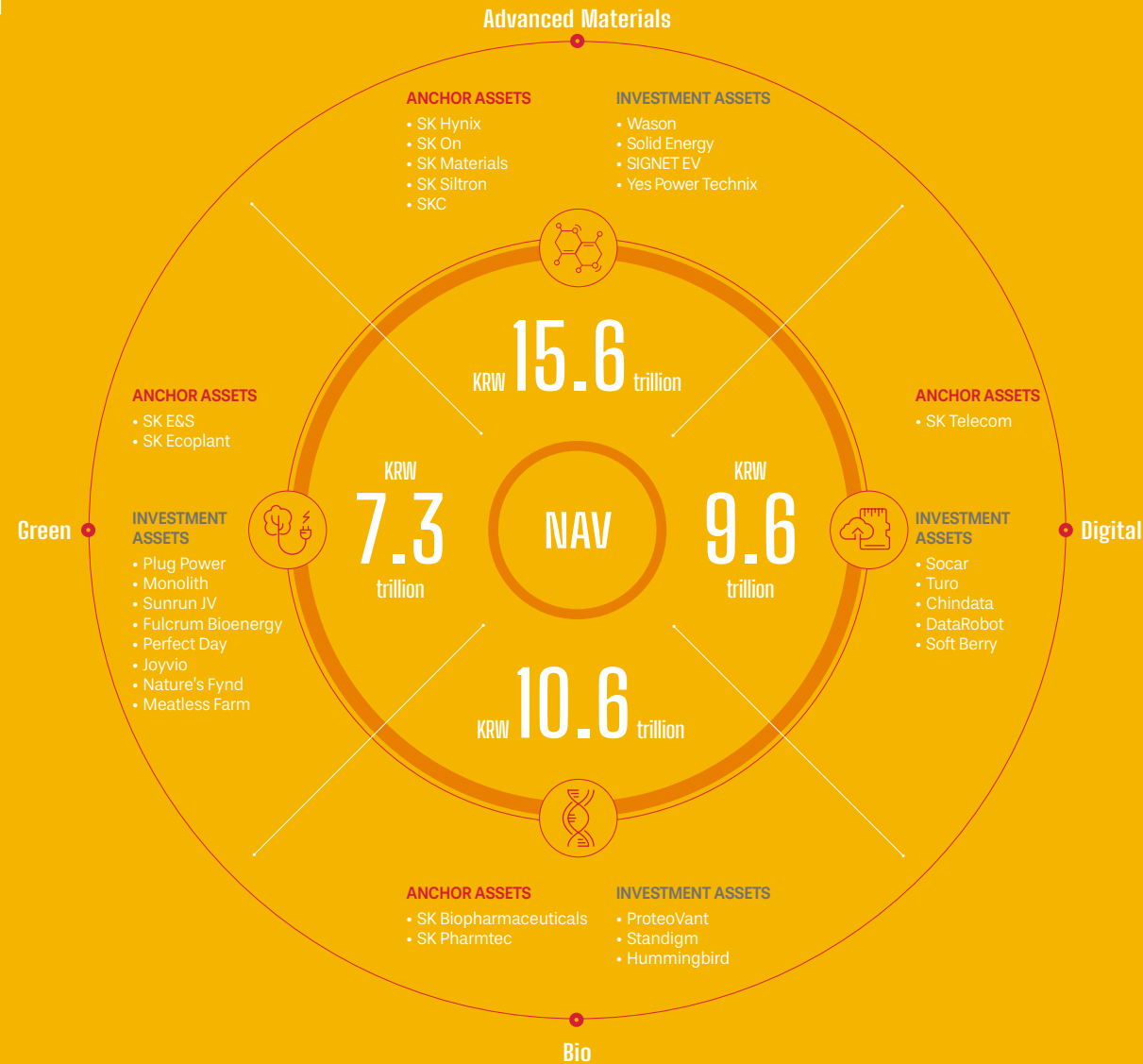


01. FINANCIAL STORY INVESTMENT

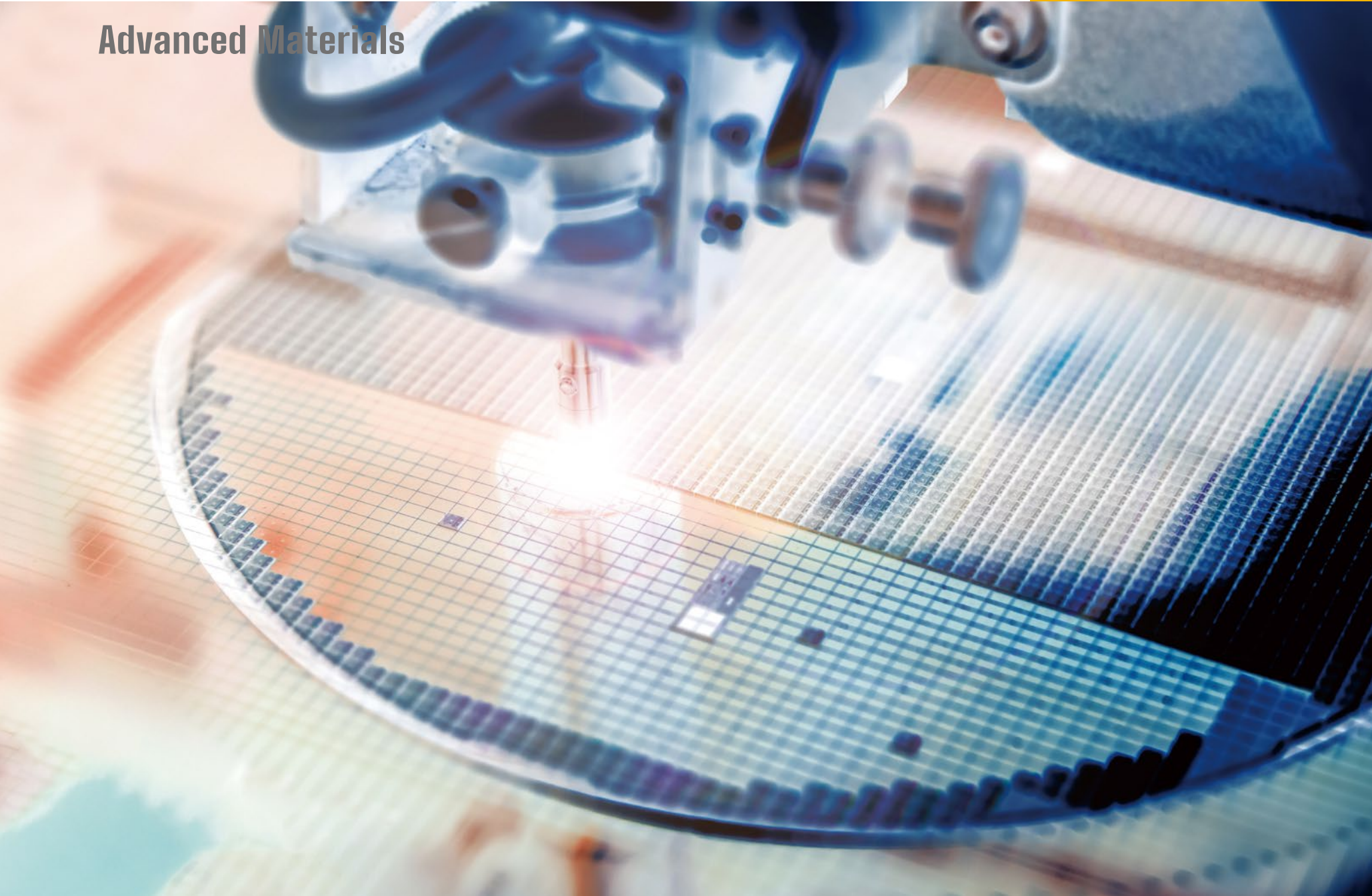


SK Inc. strives to create a business portfolio that enables sustainable growth and is trusted by stakeholders such as customers, investors, and markets. Accordingly, SK Inc. selected 'advanced materials, green, bio, and digital' as the four major investment areas of SK with high environmental and social contributions. With the specialized investment organization of SK Inc. across these four areas, we will utilize the infrastructure of SK Group, including member companies, to increase the probability of successful investments and enhance the net asset value (NAV). Moreover, as announced at the general meeting of shareholders in March, SK Inc. will strive to improve its governance and shareholder values by reinforcing management driven by the Board of Directors and the shareholder return policy.

Head of Financial Division, SK Inc.
Lee, Sung Hyung



Advanced Materials



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

Our goal is to become an expert that invests in innovative technologies by connecting people, technologies, and customers based on our insight into future technologies and the synergy within the group.

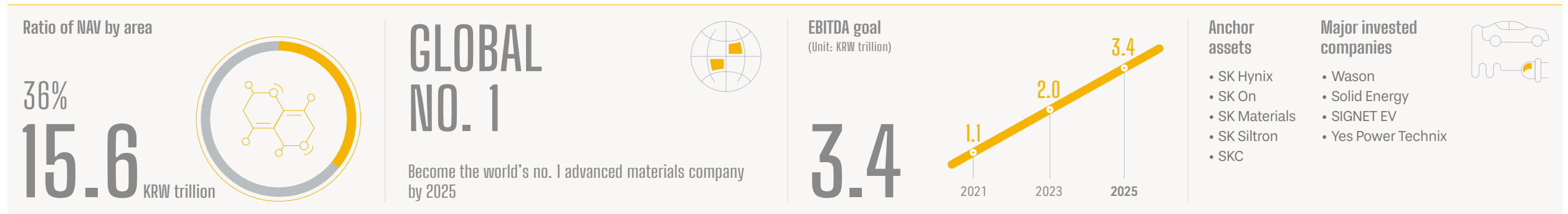
With the advent of Industry 4.0, global megatrends have arisen, such as the growth of High Performance Computing (HPC) chipset markets and the spread of Electric Vehicles (EVs). Through the ability of SK to generate synergy, we have been preemptively investing in rapidly growing areas like semiconductor materials, batteries, and EV Supply Chain Management (SCM). In the future, we will increase our investment in future values of innovative technologies by utilizing our insight into markets and technologies to direct the SK synergy. By doing so, we will enhance our corporate values and improve the values of stakeholders, including shareholders and investors.

Head of the Advanced Materials Investment Center, SK Inc.
Kim Yang Taek

Advanced Materials

FAST-GROWING & EMERGING

Thanks to the favorable turn the downstream industries of semiconductors and EV achieved in 2021, the sales and profits of investment companies have grown by large. With the production of visible outcomes based on new portfolios, our Advanced Materials Sector continued to show steady growth. Furthermore, SK Inc. endeavored to increase communication opportunities so that markets and stakeholders could empathize with the future vision and Financial Story proposed by the Advanced Materials Investment Center at SK Inc.



2021 PERFORMANCE

SK Inc. demonstrated its potential and capabilities as an investment specialist in innovative technologies by showing solid financial records with SK Inc. Materials, SK Siltron, and Wason. In the case of SK Inc. Materials, the sales volume and EBITDA increased by 25% and 19% compared to the previous year to KRW 1,189.4 billion and KRW 427.4 billion. SK Siltron recorded sales of KRW 1,827.4 billion and an EBITDA of KRW 626.1 billion, a growth of 9% that was achieved by improving the supply of silicone wipers and reducing the cost through increased productivity. Wason, a Chinese copper foil maker in which SK Inc. has a 30% shareholding, maintained a sharp growth by increasing sales by 115% and EBITDA by 59% compared to the previous year.

SK Inc. also accomplished meaningful outcomes in terms of expanding investments and new growth portfolios. SK Inc. has a 11.4% shareholding in Solid Energy, an American company with next-generation Li-metal technologies that completed the Initial Public Offering (IPO) on the New York Exchange in February 2022. Solid Energy was an example of successful preemptive investment in technologies. Furthermore, SK Inc. made an equity investment in Yes Powertech, a company that designs and mass produces SiC power semiconductors. By acquiring Signet EV, the no. 1 company in North America for high-speed EV chargers, SK Inc. expanded business areas and consolidated its identity and direction as an investment company. Moreover, by the end of 2021, SK Inc. successfully integrated the investment and engineering capabilities of SK Inc. and SK Materials by merging with SK Materials.

SK Inc. Materials has grown into 'South Korea's top semiconductor materials company' through a Value-up of its existing special gas business and by expanding its portfolio of high-growth semiconductor materials. Based on global top technological competitiveness, it plans to become a 'global top materials technology specialist' by expanding its core portfolio through semiconductors, batteries, display materials, and CCUS.

2022 STRATEGIC DIRECTIONS

SK Inc. aims to grow into a top global company for advanced materials by increasing its competitiveness in a wide range of material portfolios.

To do so, SK Inc. will focus on strengthening the semiconductor materials, battery materials, and EV SCM areas in 2022. By making equity investments in companies with core technologies and establishing joint ventures (JV), SK Inc. will secure global top-tier technologies.

In addition, SK Inc. will commercialize new products that are highly difficult to mass-produce, such as EUV photo materials, to generate outcomes in new future businesses. By promoting a preemptive expansion into SiC wafers, which will become core materials for SK in the future, SK Inc. will develop into South Korea's top semiconductor materials company. Further, SK Inc. will consolidate its position as an investment specialist by boosting its corporate values through optimized asset portfolios.

Green



We drive decarbonization for the energy transition.

The Green Investment Center was established in 2021 with the goal of reinforcing the corporate value of SK by driving industrial decarbonization.

SK Inc. concentrates on investment in and commercialization of solutions necessary to reduce global GHG emissions and prevent environmental pollution. We derive and promote two areas and four tasks that we need to focus on for sustainable growth. In the 'Pre-Green' area where the focus is to reduce GHG and pollutants, we select alternative energy and sustainable food as investment tasks. In the 'Post-Green' area where the efforts are directed at removing and recycling emissions that already occurred, we promote environmental technologies and carbon dioxide treatment as core businesses. All four tasks have significant market scale and sustainability, with high business value and potential. We will contribute to the sustainable growth of the company and overall industries by consistently expanding our investments.

Head of the Green Investment Center, SK Inc.
Kim Moo-Hwan

Green

EVER-EVOLVING, NEVER STANDING STILL

In 2021, SK Inc. invested in promising global assets and focused on securing business opportunities in the decarbonization area. We have invested actively in alternative energy and sustainable food. As value consumption is becoming a global trend, our society is expected to move toward decarbonization, and we can further expand our Financial Story in the green area.



2021 PERFORMANCE

In the alternative energy area, the goals of the SK Group are to nurture and expand the hydrogen market ecosystem and secure global leadership in the clean hydrogen market. In January 2021, SK Inc. and SK E&S jointly made an equity investment in Plug Power, an American company specializing in hydrogen fuel cells, and became the largest shareholder. In addition, SK Inc. added a turquoise hydrogen portfolio by investing in an American plasma technology company called Monolith. SK Inc. also invested in Fulcrum Bioenergy, an American company that produces synthetic crude oils using domestic waste. Fulcrum's technology for producing synthetic crude oils is considered an innovative solution that can resolve the shortage of landfill sites for domestic waste and substantially lower the GHG emissions from transportation fuels.

In the sustainable food area, we reviewed alternative protein assets as the primary target for investment to reduce GHG and environmental pollution associated with the conventional agriculture and livestock industries. We have secured business rights in South Korean and Asian markets by making strategic equity investments in promising global assets, including Perfect Day, a fermented milk protein maker, and Nature's Fynd, a company with technologies for producing alternative proteins. Furthermore, SK Inc. is vigorously discussing the commercialization of sustainable food assets with domestic and foreign food and beverage (F&B) business partners

2022 STRATEGIC DIRECTIONS

SK Inc. has initiated measures to secure future carbon-free energy sources by promoting investment and commercialization of promising alternative energy assets, such as renewable energy, hydrogen, and biofuel. Such resources can greatly raise our asset values in the green area. In addition, SK Inc. plans to pursue growth in the carbon dioxide treatment area by securing anchor assets and creating business models in the Carbon Capture, Utilization and Storage (CCUS) market, which embraces the capturing, storage, and use of carbon.

Furthermore, in response to global Net Zero trends and various regulatory environments, SK Inc. will promote further greening of its portfolios by reviewing step-wise securitization of fossil fuel-based assets.

Bio



We offer new solutions for the healthy life of humankind.

From a long-term perspective, we are devoted to developing new blockbuster medicines that can serve patients around the world and their families with health and hope.

The Bio Investment Center invests in Contract Development and Manufacturing Organizations (CDMOs) and pharmaceutical businesses. In the CDMO business area, we focus on the CDMOs for active pharmaceutical ingredients (APIs) and foster the CDMOs for cell and gene therapies (CGTs) as future growth engines. In the pharmaceutical business area, the Center strengthens its competitiveness as a reliable business partner that promotes strategic and preemptive extensions for medicine development. In view of the increasing interest in health and well-being amid the COVID-19 pandemic, we will pursue long-term investments and drive the sound growth of the company.

Head of the Bio Investment Center, SK Inc.
Lee Dong-Hoon

Bio

TWO TRACKS, ONE GOAL

In 2021, SK Inc. maintained the sustainable growth of the synthetic API business area through its strong product portfolio while successfully expanding its businesses to the rapidly growing CGT CDMO area. Within the pharmaceutical business, SK Inc. initiated measures to secure more advanced technologies by investing in next-generation technologies, aiming to identify a company comparable to SK biopharmaceuticals. We will deliver our Financial Story using new biomedicine as the keyword.



2021 PERFORMANCE

SK Pharmteco, an integrated corporation in charge of the CDMO business of SK Inc., reported consolidated sales of KRW 780.0 billion in 2021, showing growth by about 19% compared to the previous year. This sales volume is about 7 times larger than the sales achieved in 2017, before the company started to grow globally. After acquiring Yposkesi, a CGT CMO in France, in March 2021, we invested in the Center for Breakthrough Medicines, a CGT CMO in the United States, in December. By doing so, we succeeded in expanding our businesses in the rapidly growing CGT CDMO area. We now have a global CDMO business system that encompasses the existing API area and the new CGT area, securing the stable growth of core businesses along with adding growth engines for the future.

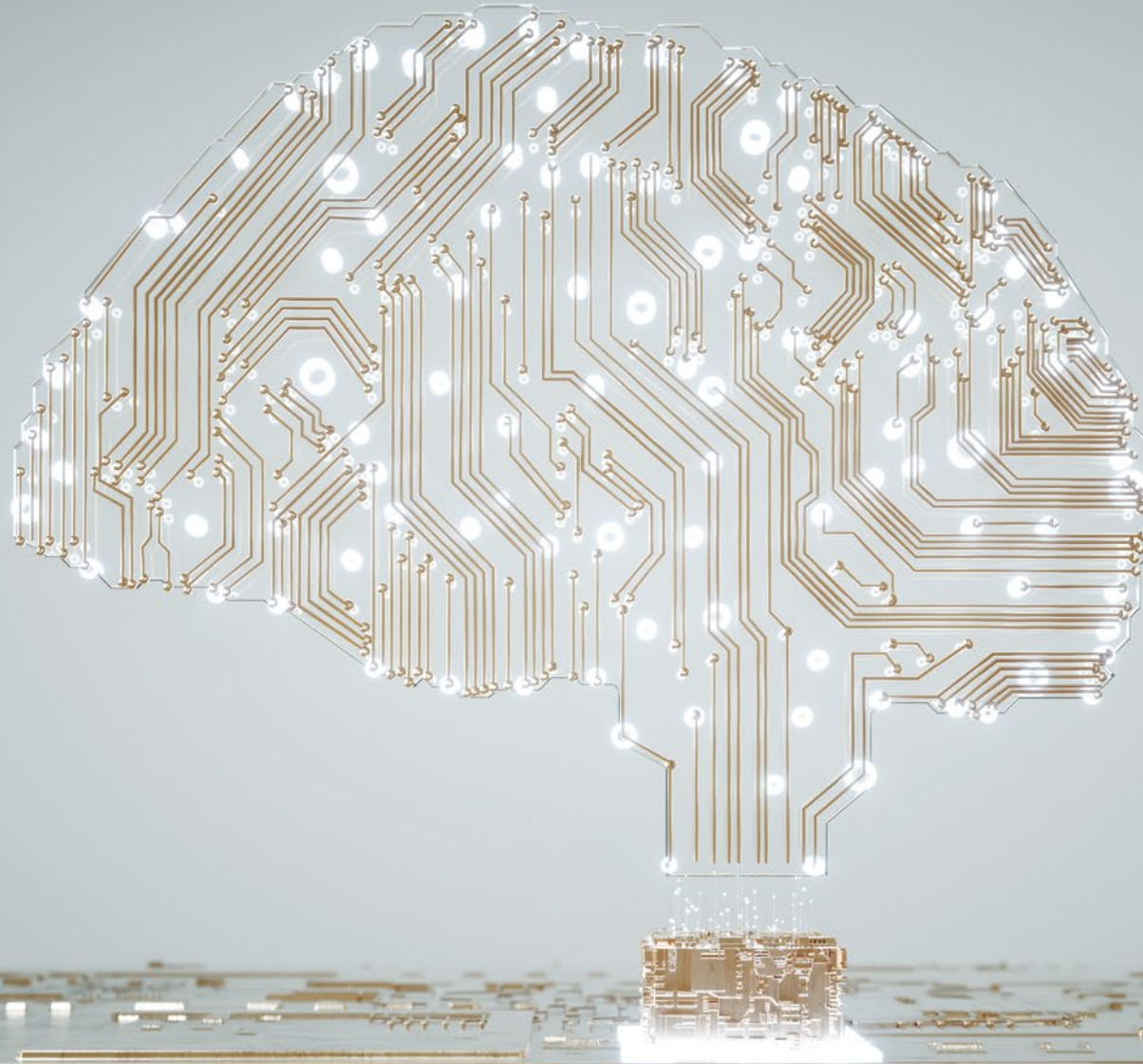
In the pharmaceutical business area, we joined the latest trend of medicine development by investing in Proteovant, a medicine development company based on next-generation targeted protein degradation (TPD) technologies.

2022 STRATEGIC DIRECTIONS

The strategic directions of the CDMO business in 2022 are to maintain stable growth of the existing API business while promoting high growth in the new CGT business. In particular, since API pipelines and long-term contract quantities are constantly increasing based on the outstanding quality and technologies of SK Pharmteco, we will handle order quantities stably by extending our capabilities in each market.

In the case of the pharmaceutical business, we will secure a more balanced growth engine by entering the new biomedicine business. The new biomedicine market is a market with huge growth potential, estimated to grow at an annual rate of 10% or higher. Accordingly, SK Inc. will secure related platform technologies and expand its growth portfolios in the growing biomedicine market.

Digital



We invest in new technologies that drive the global digital transformation.

We aim to enhance the corporate values of SK by making investments in promising portfolios that drive Digital Transformation (DT) within the group and society.

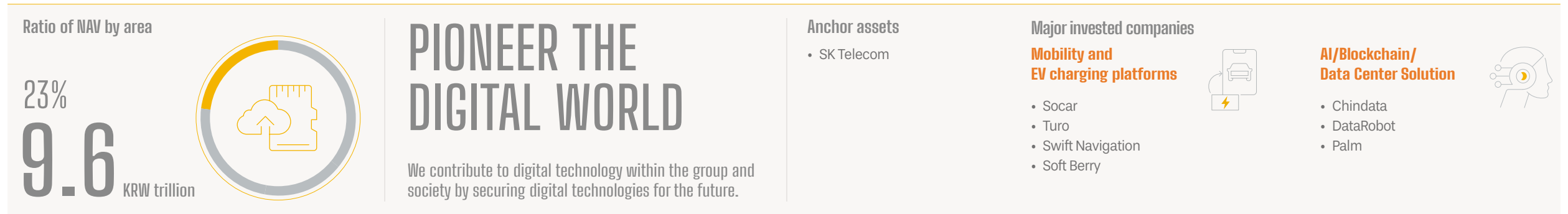
The Digital Investment Center proactively invests in new growth areas based on unique industrial insights. The center creates synergy with the group's businesses by entering the EV charging, AI, and blockchain areas, which are expected to grow in the future. In addition, we will contribute to the sustainable growth of SK by strengthening global business partnerships and finding investment opportunities.

Head of the Digital Investment Center, SK Inc.
Lee Su-Beom

Digital

INVESTING IN TOMORROW'S TECHNOLOGIES

In 2021, SK Inc. expanded its investment in AI and DT to add greater convenience and abundance to human life. Investment opportunities were sought and leveraged in 'CASE' areas, which is the core keyword of the mobility industry. CASE stands for Connected, Autonomous, Shared, and Electrification. SK Inc. strives to make a special and unique CASE by closely cooperating with various global enterprises.



2021 PERFORMANCE

We jointly raised a new mobility fund of USD 300 million with the Geely Auto Group in China to facilitate investments in CASE areas, which are major keywords in the mobility industry. We also invested in Swift Navigation, a leader in high-precision GPS technology for the future automotive and mobile areas.

Moreover, we invested in Soft Berry, a promising EV charging platform that is expected to show mutual growth alongside the expansion of the EV market. Soft Berry's EV Infra is an essential app used by the largest number of EV riders in South Korea, and greatly contributes to the resolution of charging issues – the biggest pain points of EV users.

In the AI area, we have invested in DataRobot, an automotive platform company that develops AI models, to improve the product competitiveness of SK Inc.'s Business Division.

Further, in the blockchain area, we have invested in Palm, an exclusive NFT network, and are cooperating with ConsenSys Fund to continue expanding our investment areas.

2022 STRATEGIC DIRECTIONS

SK Inc. plans to enhance the asset values of the group by securing promising portfolios in the EV, mobility, and data center solution areas, which are expected to continue growing.

In addition, SK Inc. will secure anchor assets by making preemptive investments in leading companies in new growth areas other than AI and blockchain, such as space, climate, and robotics.

Also, SK Inc. will prepare investment resources through active divestment in non-core assets and build a 'virtuous investment structure' that maximizes investment profits with new growth areas.

01. FINANCIAL STORY BUSINESS

In line with the environmental changes involving the dissemination of digital technology and ESG, SK Inc. creates business models in pursuit of economic values, social values, and the happiness of various stakeholders at the same time, thus promoting sustainable growth.

By combining its digital technical capabilities in AI, big data, and blockchain with the domain expertise accumulated over about 30 years in various industrial areas like semiconductors, battery, energy, chemistry, bio, finance, and communication, SK Inc. will secure diverse technology platforms and industrial solutions necessary for the innovation of customers' businesses. SK Inc. facilitates its customers' growth through digital transformation in all areas throughout the customer value chain. Moreover, SK Inc. raises customers' level of ESG management through ESG solutions, as well as expanding the scope of businesses to solve social problems faced by stakeholders in the areas of safety, environment and health.

SK Inc. seeks critical growth opportunities, in line with stakeholders' expectations, for the diffusion of digital technologies and the resolution of social problems.

While strengthening our future growth potential through the Digital Transformation business, SK Inc. will continue expanding its customer base in South Korea and overseas to stabilize its businesses. Further, SK Inc. will continually improve its international credibility as an ESG solutions company.

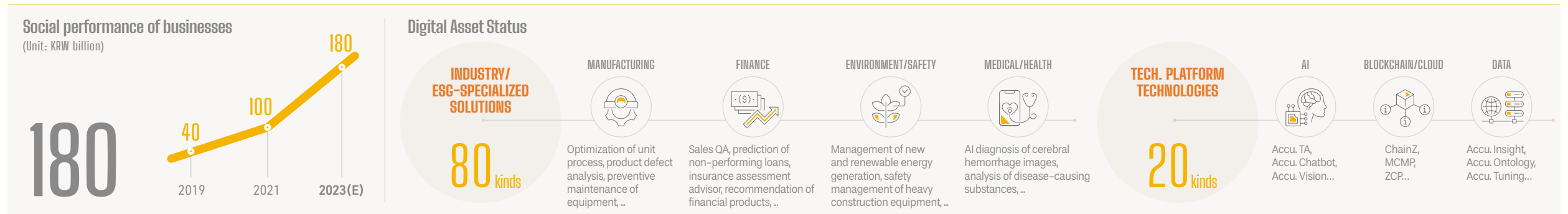
With such efforts, SK Inc. will become a total digital transformation partner that leads digital innovation for customers and society.



Business Division

IT AT HEART. SUSTAINABILITY IN MIND.

In 2021, SK Inc. took solid measures to strengthen the basis of its Financial Story, adding ESG to digital technologies. SK Inc. is strengthening its position as a total digital transformation partner that leads digital innovation for customers and society by strengthening technical/human competitiveness in the core areas of Industry 4.0, such as AI, blockchain, cloud, and big data, and by expanding the digital business.



※ Social performance of businesses: social values produced by developing, producing, and selling products

2021 PERFORMANCE

In 2021, SK Inc. strengthened the basis for promoting the Financial Story by increasing its investment in digital technologies and human resources. As the first step toward this goal, practical training programs were identified and conducted to complete the digital transformation of all employees, doubling the pool of digital workers in comparison to the previous year. In terms of quality, SK Inc. also doubled the number of digital experts at level 3 or higher who can lead the market and customers.

Furthermore, SK Inc. expanded the lineup of technology platforms and industrial solutions to about 80 categories by increasing its R&D investments in AI, blockchain, cloud, and big data. SK Inc. strengthened its technological competitiveness through affiliation with global technology companies.

In addition, the SK Group successfully migrated its large-scale IT infrastructure, comprising various industries, into the cloud environment. In this process, we secured the best cloud MSP capability in South Korea by establishing the most extensive multi-cloud coverage.

We diversified our customer base by focusing on external/large-scale accounts in the public, finance, and distribution areas. The ratio of the digital transformation business was increased by about twofold compared to the previous year.

2022 STRATEGIC DIRECTIONS

In 2022, SK Inc. will visualize the outcomes of the business model transformation and build trust with stakeholders. The lineup of platforms and solutions for various industrial areas, including manufacturing, finance, and healthcare, will be expanded to accelerate the digital innovation of customers. To do so, SK Inc. will increase its strategic collaboration with solution and technology companies in each industry. Moreover, SK Inc. will expand the customer base to cover the public, finance, and mid-sized companies in South Korea while also strengthening its affiliation with business partners for entry into the global market.

In addition, while accelerating the creation of social outcomes by disseminating about 30 ESG solutions, SK Inc. plans to expand eco-friendly facilities at data centers and accelerate the execution of RE100/Net Zero, and thereby enhance the level of ESG management.

02. GOVERNANCE STORY

Responsible Management Driven by the Board of Directors

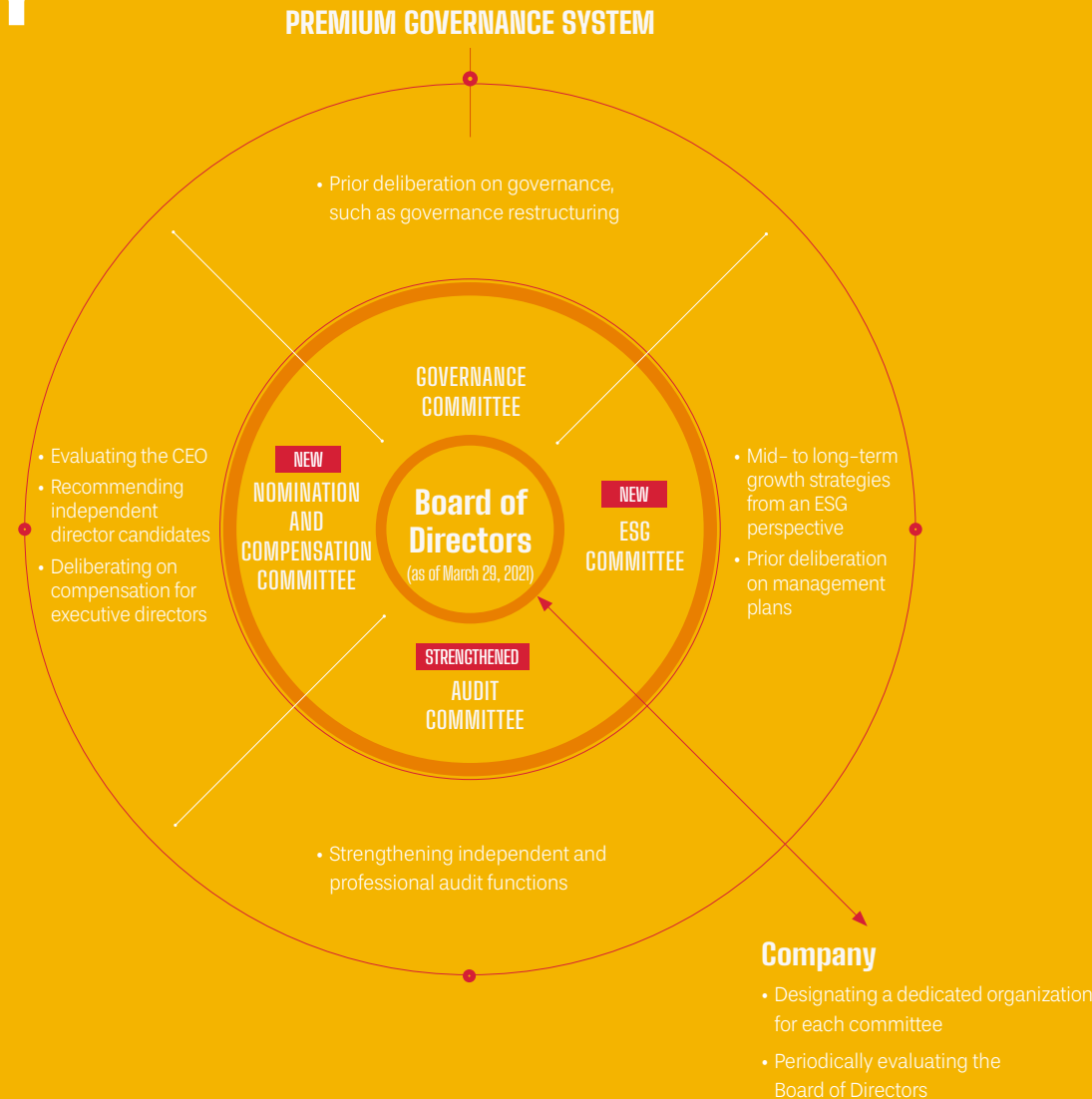
SK Inc. has been creating its Governance Story since early 2021 with the goal of managing the Board of Directors at a level above global standards. The Governance Story refers to a series of strategies and processes to innovate governance, the 'G' pillar of Environment, Society, and Governance (ESG), at the global level. SK Inc. will establish and operate a premium governance system to support responsible management driven by the Board of Directors. Beyond monitoring or checking on the management and recommending candidates for the CEO position, the Board of Directors strives to communicate with various stakeholders to understand market demands and reflect them in the business strategy and performance.

OBJECTIVES

- To monitor and check on management
- To enhance ownership and encourage the Board of Directors' participation in management activities
- To reflect the interests of domestic and foreign shareholders and investors
- To demonstrate the transparency of governance to the market and form the basis for maintaining stakeholders' support
- To strengthen the Governance Story of the SK Group and play a leading role

ACTION PLANS

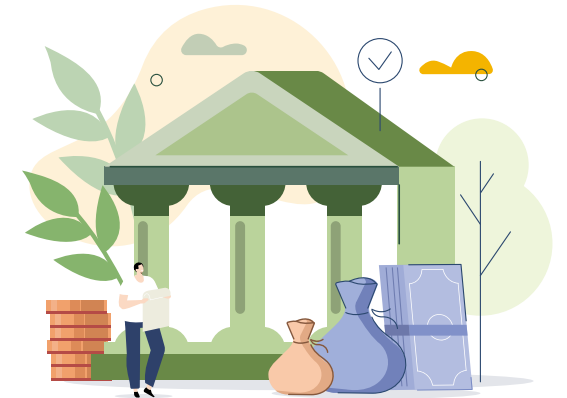
- Strengthening the capabilities of independent directors through education programs
- Finding candidates with diverse expertise for the position of independent directors
- Increasing communication with the market and building a communication platform for stakeholders
- Entirely revising the Governance Charter



GOVERNANCE PERFORMANCE

Enhancing the Expertise of the Four Major Committees

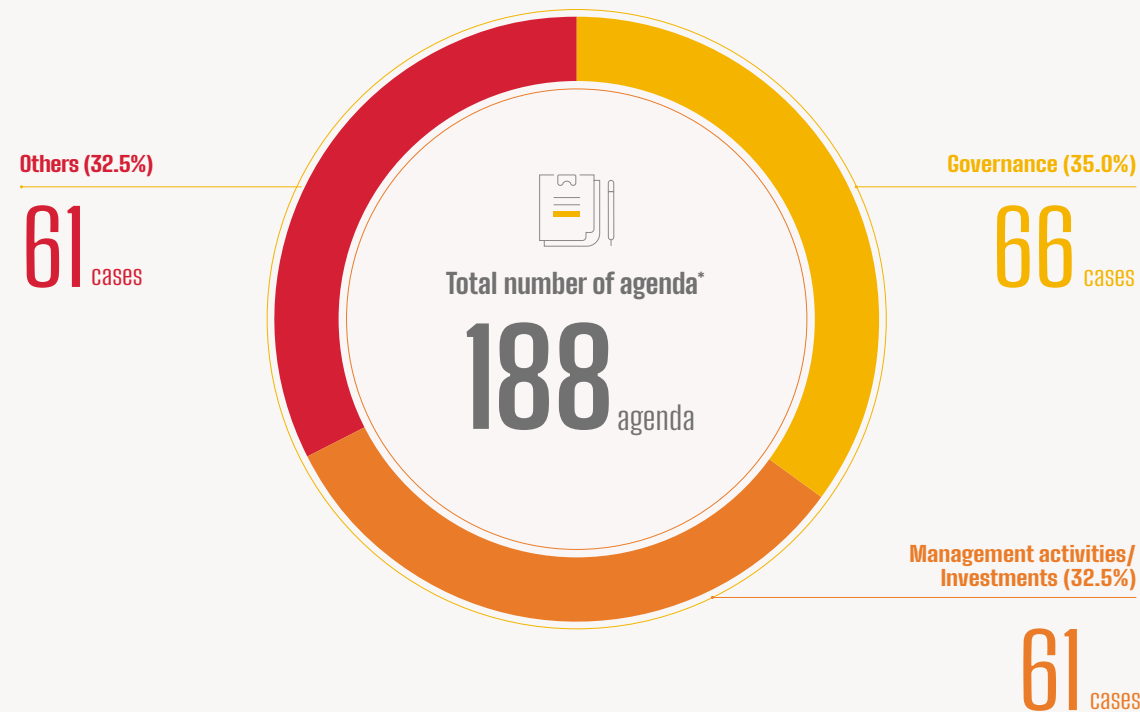
SK Inc. prepared an institutional device to make important management decisions for the company through the Board of Directors. By establishing the ESG Committee and Nomination And Compensation Committee in 2021, SK Inc. upgraded its management system driven by the Board of Directors, which is charged with core management activities, such as evaluating the CEO's performance, recommending candidates, reviewing the adequacy of compensations for executive directors, and reviewing mid- to long-term growth strategies. Among the committees under the Board of Directors, the ESG Committee conducts preliminary reviews on mid- to long-term growth strategies and management plans from an ESG perspective. The Nomination And Compensation Committee evaluates the CEO's performance, recommends candidates for the position of independent directors, and reviews compensations for executive directors. The Audit Committee performs independent and professional audits on SK Inc., including its subsidiaries. The Governance Committee reviews matters of governance, such governance restructuring, in advance. The Board of Directors periodically evaluates and provides education for the four major Committees and designates an exclusive organization for each Committee to reinforce their functions.



	ESG Committee	Nomination And Compensation Committee	Audit Committee	Governance Committee
Major Functions	<ul style="list-style-type: none"> • Review of mid- to long-term strategies • Review of the annual management plans • Preliminary review of individual investment agendas • Review of important matters from the ESG perspective 	<ul style="list-style-type: none"> • Appropriation of compensations for each executive director • Evaluation of CEO's performance and review of candidates • Recommendation of candidates for the position of independent directors 	<ul style="list-style-type: none"> • Periodic review of audit plans and status • Periodic education for empowerment 	<ul style="list-style-type: none"> • Review of governance regulations, such as establishment and revision of internal regulations • Independent councils comprised of only independent directors • Discussion on governance issues and continual search for improvement measures through quarterly meetings • Systematization of the Board of Directors' capabilities using the Board Skill Matrix
Major Outcomes/Agendas	<ul style="list-style-type: none"> • Stock grant using treasury stocks • Participation in capital increase of overseas affiliates • Revision of agreements and additional agreements to practice mutual cooperation with the SUPLEX Council 	<ul style="list-style-type: none"> • Review of compensations for executive directors • Review of candidates for the position of independent directors and auditors • Recommendation of candidates for the position of independent directors • Recommendation of candidates for the position of auditors who are independent directors 	<ul style="list-style-type: none"> • Signing of contracts for brand use • Reporting of the results of inspection on the self-purification system of SK Inc. in 2021 • Analysis of the management performance of major subsidiaries • Plan for commencing management diagnosis on subsidiaries • Internal accounting management 	<ul style="list-style-type: none"> • Revision of the Governance Charter • Review of the introduction of the Board Skills Matrix • Plan for improving the evaluation system for the Board of Directors

Analysis of the Review Function of the Board of Directors

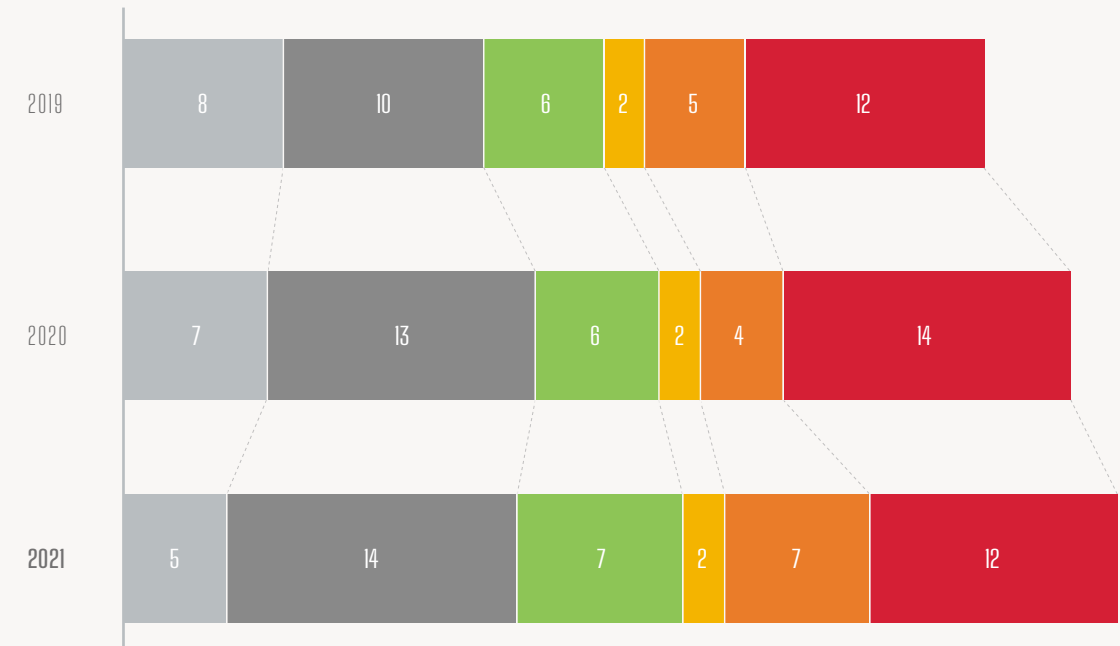
Analysis of Agenda (Areas)



- Review of agenda related to investment, the primary business of the company: **1.2 cases per Board of Directors' meeting on average**
- The ratios of statutory governance and ESG-related management activities/investments are highest.

Analysis of Agenda (Cases/Hours)

● Preliminary report ● ESG Committee ● Audit Committee ● Nomination And Compensation Committee
 ● Workshop and education ● Board of Directors



- **Matters discussed by the Board of Directors have been continually increasing** with the implementation of the principle of responsible management driven by the Board of Directors.
- The number of hours contributed by each independent director has been continually increasing.

* Total number of agenda, including agenda of the Board of Directors and its subordinate Committees

Revision of the Governance Charter

Governance can act as a precondition to enhancing and increasing corporate values. Recently, there have been increases in ESG investments that evaluate governance as the primary investment factor. South Korea started to pay attention to governance in view of the domestic IMF crisis, global financial crises, and various owner risks. Companies have accelerated their efforts to improve governance through the continual amendment of the Commercial Act, Fair Trade Act, and other laws.

Based on the suggestion of the Governance Committee and a workshop of independent directors in 2017, SK Inc. established the Governance Charter through a resolution of the Board of Directors in March 2018. The full text of the Governance Charter stresses the management philosophy and governance structure of SK Inc., which aim to create values for customers, shareholders, and society and find harmony and balanced happiness among stakeholders. The body of the Governance Charter regulates the principles that SK Inc. must follow to establish sound governance and is divided into five topics, including shareholders, the Board of Directors, audit organization, stakeholders, and management monitoring by the market.

Since the first enactment of the Governance Charter, the 14th revision of SKMS, SK Group's management philosophy, was carried out in 2020. This has resulted in numerous internal and external changes. For example, SK management's purpose has become the positive pursuit of employee and stakeholder happiness, and a 3rd revision of the Corporate Governance Criteria, to proactively strengthen the roles and responsibilities of the board of directors, was announced in 2021. SK Inc. reflected these changes through a revision of the Governance Charter in December 2021, strengthening the BOD-oriented governance structure. The charter inherited the management philosophy contained within the 14th SKMS, and the text was restructured into four themes: responsible management centered on the BOD, protection of shareholder rights, audits, and communication with shareholders and stakeholders.



Details of Revision of the Governance Charter

Division	Revision
Full Text	<ul style="list-style-type: none"> • Revision of management philosophy <ul style="list-style-type: none"> - Purpose of management: To pursue the happiness of employees and stakeholders - Increased trust among stakeholders → Sustainable development - Regulation of social values provided to stakeholders • Independent Yet United (Added) <ul style="list-style-type: none"> - Obligation to cooperate voluntarily - Regulation of benefits from cooperation and responsibilities • Revision of closing <ul style="list-style-type: none"> - Duty of the company to improve governance - Declaration of the Governance Charter
Body	<ul style="list-style-type: none"> • Application of the revision system for the Corporate Governance Criteria (3rd) • Addition of 'Roles and responsibilities of the Board of Directors' <ul style="list-style-type: none"> - Goals, responsibilities, rights, functions, roles • Addition of 'Committees under the Board of Directors' <ul style="list-style-type: none"> - Declaration of roles → Specification through regulations • Addition of 'General Meeting of Shareholders' <ul style="list-style-type: none"> - Obligation to issue a notice of the general meeting of shareholders, separate election of auditors • Addition of 'Communication with Shareholders and Stakeholders' <ul style="list-style-type: none"> - Expansion of scope, reporting obligation, etc.

Introduction of the Board Skills Matrix (BSM)

As interest in ESG grows, shareholders and external investors have increasing needs for information, such as information on the expertise and diversity of the Board of Directors as the highest decision-making body. In developed capital markets like the United States, more companies are preparing and disclosing the Board Skills Matrix (BSM).

Accordingly, the Board of Directors of SK Inc. has introduced the BSM to actively fulfill the demands from shareholders, investors, and markets. The BSM refers to information disclosed on the eligibility, aptitude, and diversity of members of the Board of Directors or candidates for the position of Directors. By providing the information to investors, we can enhance investors' understanding about the composition of the Board of Directors, provide information about the directors' capabilities, and increase trust in the company's logic and processes for recommending candidates. As an investment specialist, SK Inc. has introduced the BSM to enhance corporate value by realizing its Financial Story through an optimal composition of the board of directors and communicating with investors.

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

Leadership



Expertise in managing large-scale organizations

9 persons



Core Industries



Expertise in the advanced materials, bio, green, and digital industries

6 persons



M&A/Capital Markets



Expertise in investment activities, such as M&A

7 persons



International Relations



Expertise in international political dynamics and regional risks

5 persons



Finance/Accounting and Risk



Expertise in finance and accounting in terms of company management and supervision

7 persons

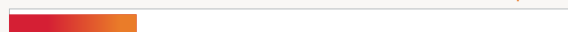


Law/Public Policy



Expertise in the analysis of, and response to, legal risks related to company management or expertise in law and public policy

2 persons



Environmental/Social/Governance



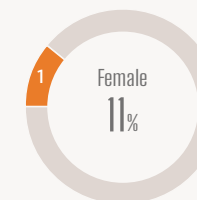
Expertise in environmental and social risks

9 persons



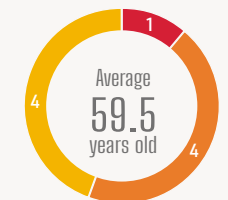
Gender Ratio

● Female ● Male



Age

● 54 years old or below ● 55-60 years old ● 61 years old or above



GOVERNANCE PLAN

SK Inc. will strengthen the connection between management activities and shareholder values by enhancing the sophistication of management driven by the Board of Directors, aiming to raise the standard of governance in 2022. In this regard, SK Inc. will specify related procedures so that the Board of Directors can engage in a more practical evaluation of the CEO's performance. The Board of Directors will determine, on an annual basis, whether the CEO is eligible to remain in office and their level of compensation. SK Inc. intends to achieve zero governance risks based on management driven by the Board of Directors, as well as promote changes as a role model that can apply to all member companies in which SK Inc. has a shareholding. Ultimately, we will maximize shareholder values by matching the interests of significant shareholders, management, and shareholders of the company.

BOARD OF DIRECTORS

Executive Directors



Chey, Tae Won
Group Chairman and CEO



Jang, Dong Hyun
Vice Chairman and CEO



Park, Sung Ha
President and CEO



Cho, Dae Sik
Executive Director

Independent Directors



Yeom, Jae Ho
Chairman of the BOD



Lee, Chan Keun
Chairperson of Nomination And
Compensation Committee



Kim, Byoung Ho
Chairperson of Audit Committee



Jang, Yong Suk
Chairperson of ESG Committee



Kim, Seon Hee
Chairperson of Governance Committee

03. PORTFOLIO MANAGEMENT



When reviewing investments, SK Inc. considers growth potential and sustainability as essential criteria. In the investment review process, SK Inc. carries out an analytical and systematic decision-making process such that economic values, ESG, and SV are reflected in the valuation of investment cases.

Based on our portfolio management strategy and management principles, SK Inc. has built a solid investment governance system comprising the 1st and 2nd Investment Committees, the ESG Committee, and the Board of Directors.

Portfolio value-up is a core strategy linked to the corporate value of SK Inc. By adding ESG values to the overall investment process, SK Inc. will enhance its aggregate value as an investment specialist.

Head of Portfolio Management Division, SK Inc.
Kim, Hyung Keun



SUSTAINABLE

ESG PORTFOLIO MANAGEMENT

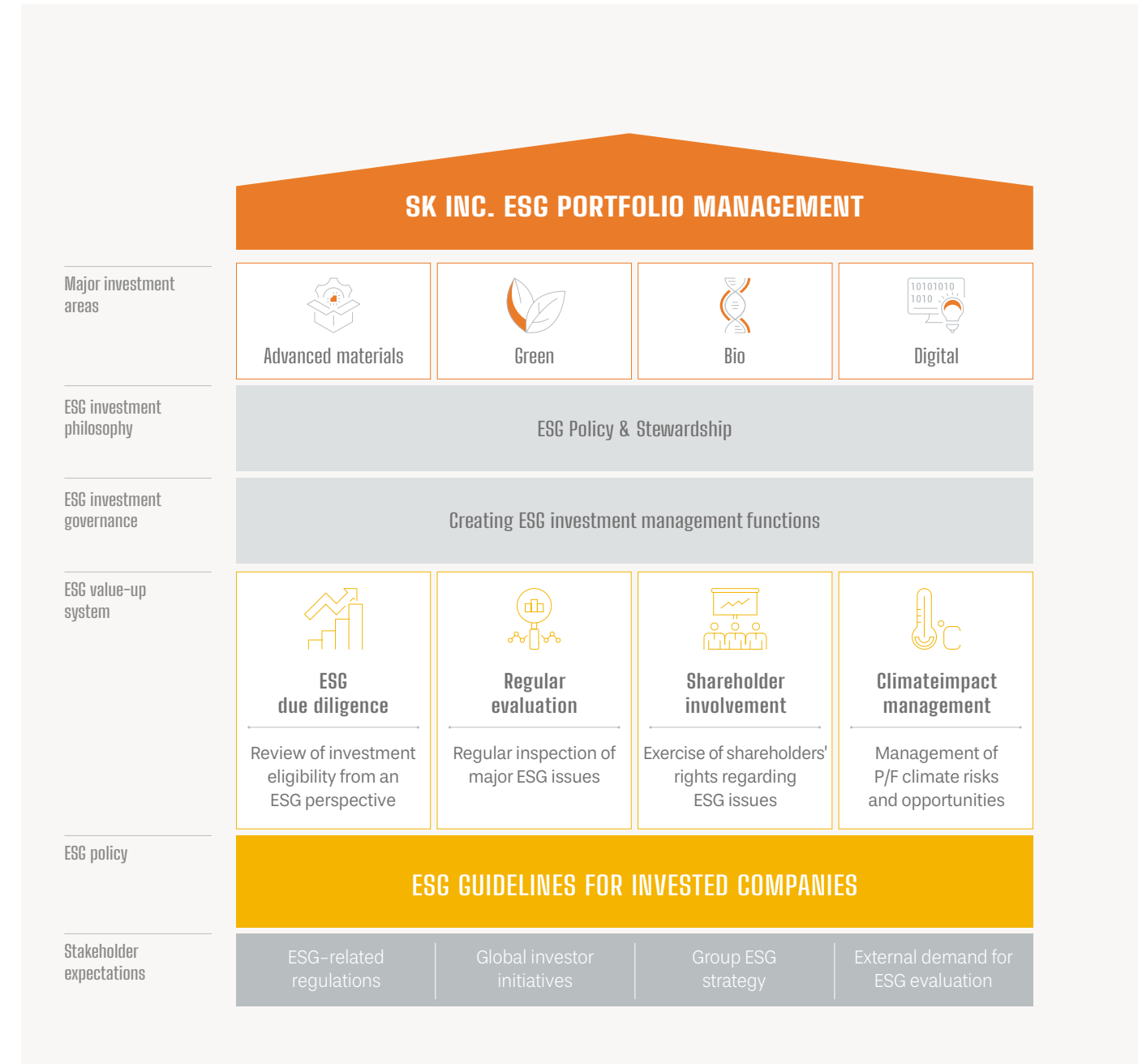
FRAMEWORK

SK Inc. establishes and executes investment strategies by integrating ESG into the overall investment process. The ESG Policy and ESG Stewardship were established to highlight the roles and commitment of an investment specialist, and ESG Governance was formed to supervise ESG activities, make investment decisions, and support ESG operations.

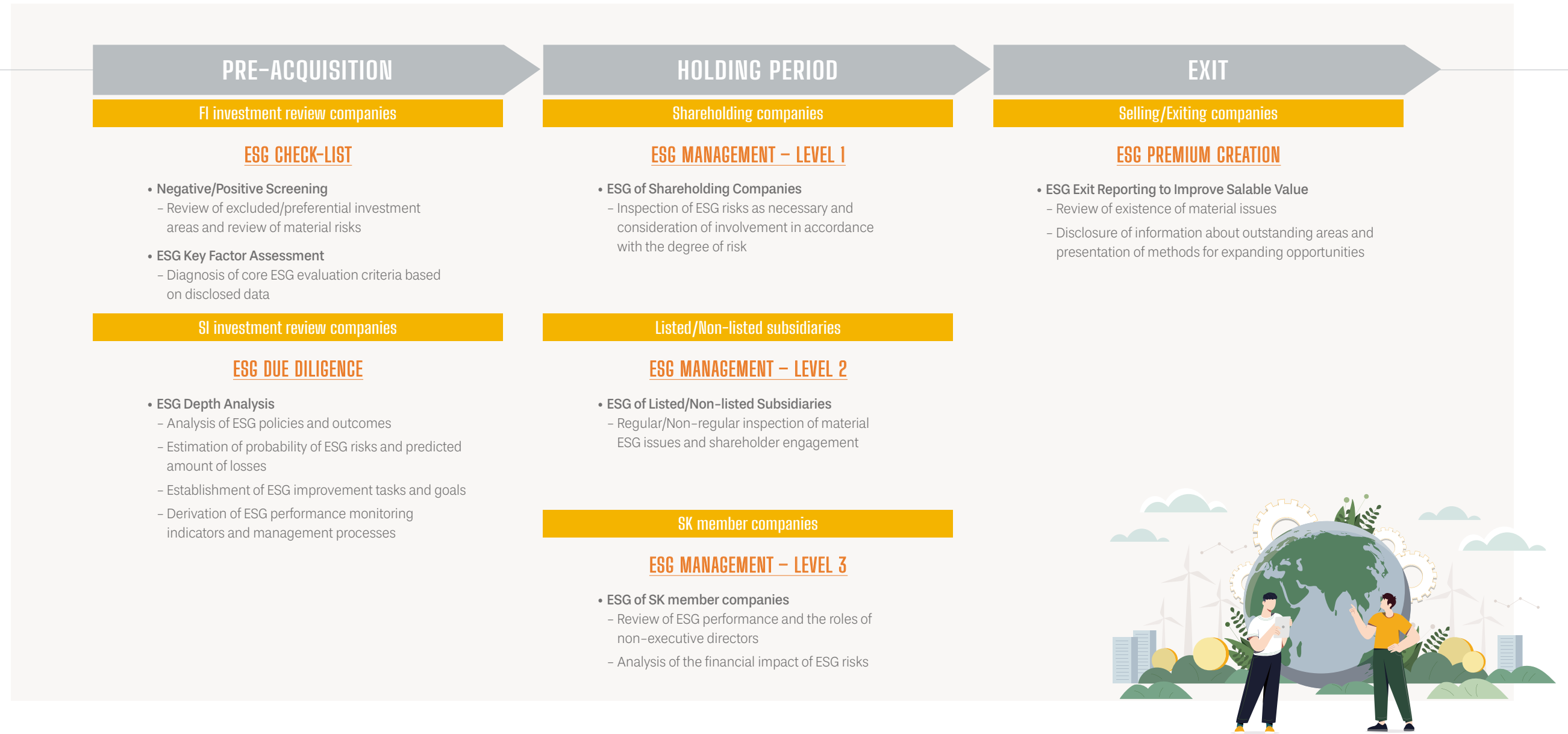
By reflecting ESG considerations in the existing investment process, SK Inc. makes decisions and integrates ESG across the investment process through ESG due diligence conducted prior to investment. After investing, we build a value-up system and manage our ESG performance by deriving and utilizing standard ESG management guidelines that correspond with the different types of invested companies.

In addition, SK Inc. has built a system for active response to climate change, setting up a direction and roadmap for managing its portfolio based on the TCFD recommendations.

SK Inc. strives to improve corporate values by pursuing balanced growth of EV and ESG (SV) throughout the portfolio. SK Inc. manages ESG outcomes of consolidated member companies by monitoring KPIs and exercising voting rights. For invested companies, SK Inc. conducts regular and non-regular inspections and management of ESG issues as part of its role as a shareholder.



ESG VALUE-UP APPROACH



PART 3

ESG POLICY & PERFORMANCE

55 ESG CORE ISSUES

63 ENVIRONMENTAL

85 SOCIAL

127 GOVERNANCE

ESG CORE ISSUES

Stakeholders' Participation

Based on the SKMS management philosophy, SK Inc. defines customers, employees, shareholders/ investors, business partners, and local communities as major stakeholders, and operates various communication channels to actively communicate with these stakeholder groups. Further, we conduct an annual analysis of stakeholders and customers to identify their needs. Stakeholders' needs are derived from an ESG perspective, and our strategy to create SV is established based on the needs. The Board of Directors reviews these matters to approach business model (BM) innovation and maximize the common interest of all stakeholders.

STEP 01

Identifying the ESG Needs of Stakeholders



- Accumulating data through periodic execution



- Continued checking and supplementation of stakeholders' needs

Definition of Core Stakeholders and Communication Channels

CUSTOMERS	EMPLOYEES	SHAREHOLDERS/INVESTORS	BUSINESS PARTNERS	LOCAL COMMUNITIES
<ul style="list-style-type: none"> • Stakeholder survey (Annual) • Customer satisfaction survey (Annual) • DT-related counseling: https://supportskdtco.kr (Year-round) • Customer center: skcenter@sk.com, +82-2-6400-0114 (Year-round) • Haenggarae (Year-round) • VOCs and follow-up (Year-round) • Operation of Council of CIO and IT Planning Team Leader (Year-round) 	<ul style="list-style-type: none"> • Stakeholder survey (Annual) • Evaluation and coaching programs (Regular) • Management Council (Quarterly) • Employee participatory events (Regular) • Haenggarae (Year-round) • HApp mobile communication platform/ Happy Message (Year-round) • Operation of communication channel with CEO (Regular) • Request/Happiness Counseling (Year-round) • SKMS Workshop (Regular) 	<ul style="list-style-type: none"> • Stakeholder survey (Annual) • Analyst/Investor meeting (As necessary) • General meeting of shareholders (Regular) • Announcements (As necessary) • Presentation of performance (Regular) 	<ul style="list-style-type: none"> • Stakeholder survey (Annual) • Procurement information system (Year-round) • Stakeholder account (Year-round) • Mutual Growth Day (Regular) • Business Partner CEO Seminar (Regular) • Visiting individual business partners (Year-round) • Business partner meeting (Regular) • Online communication channel (Year-round) 	<ul style="list-style-type: none"> • Stakeholder survey (Annual) • Local governments and schools (Economic/social welfare, education, etc.) (Year-round) • Institutions and organizations (Social Welfare Council Volunteer Center, Sustainable Development Council) (Year-round) • Participation in public-private councils/ Seongnam Community Guarantee Council (Quarterly) • Gyeonggi Business and Science Accelerator/ Seongnam Volunteer Center (As necessary)

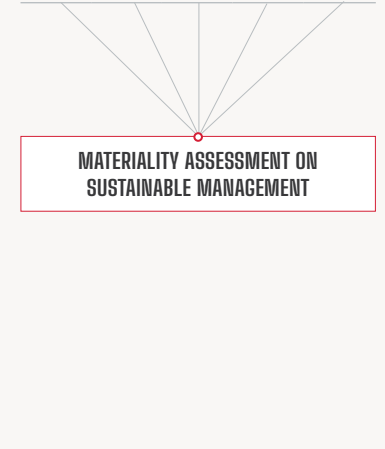
ESG Survey on Stakeholders

(Stakeholder Account Measurement/
Gathering of Stakeholders' Opinions)

COMMUNICATION CHANNEL






MATERIALITY ASSESSMENT ON SUSTAINABLE MANAGEMENT



STEP 02

Deriving Focused Promotion/Improvement Areas

	CUSTOMERS			EMPLOYEES						SHAREHOLDER/INVESTORS			BUSINESS PARTNERS	LOCAL COMMUNITIES	
Communication Channels 	Listening to VOC and follow-up	Operating team leader councils	Customer satisfaction surveys	Evaluation/ Coaching programs	Communicating with management	Employee participation/ networking	Happiness-related programs	Haenggarae	HApp	Analyst/ Investor meetings	General meeting of shareholders	Announcement/ Presentation of performance data	Stakeholder Account/ BP related	Participating in public-private councils	Local governments/ Schools/ Institutions
Promotion Strategy 	<ul style="list-style-type: none">Enhancing the business values of customers and our company	<ul style="list-style-type: none">Providing insights and reinforcing the collaboration system	<ul style="list-style-type: none">Quantitatively evaluating satisfaction with the services provided	<ul style="list-style-type: none">Providing operating/ feedback on work	<ul style="list-style-type: none">Gathering bottom-up opinions	<ul style="list-style-type: none">Strengthening two-way communicationIncreasing communication opportunities among employees	<ul style="list-style-type: none">Work, human, and environmental perspectives/ increasing each individual's happiness	<ul style="list-style-type: none">Sharing ESG/SV directions, activities, and outcomes	<ul style="list-style-type: none">Communicating with an open mind and driving positive changes	<ul style="list-style-type: none">Conducting communication about the companyExpanding coveragePromoting active IRUtilizing ESG	<ul style="list-style-type: none">Direct announcement by the management and Q&A	<ul style="list-style-type: none">Announcements other than the standard informationReviewing announcement of each investment case	<ul style="list-style-type: none">Expanding communication targets and methodsHorizontal communication	<ul style="list-style-type: none">Securing public-private cooperation networks/ Identifying pending issues of local communities	<ul style="list-style-type: none">Continually finding and expanding programs to support socially vulnerable classes
Short/Mid to Long-term Plans 	<ul style="list-style-type: none">Regularizing surveys and interviewsProposing discussion points	<ul style="list-style-type: none">Conducting regular meetingsProviding regular insight reportsNetworking activities	<ul style="list-style-type: none">Periodic conducting of surveysExpanding target companies and scope	<ul style="list-style-type: none">Specifying and diversifying topics and methods of discussionBased on employee feedback and data	<ul style="list-style-type: none">Gathering opinions and discussing 'Employees' happiness'Building an integrated online/offline platform	<ul style="list-style-type: none">Conducting self-design sessionsResuming offline programsCommunicating with each organizationDriven by employees	<ul style="list-style-type: none">Activity diagnosisProviding happiness diagnosis/ solution to each individualElaborating on action guideline to secure dataBuilding happiness references	<ul style="list-style-type: none">Securing ESG/ SV contentsImproving and reinforcing forum featuresConducting regular events	<ul style="list-style-type: none">Strengthening communication channelsBuilding an environment for two-way communicationContinual upgrade driven by employees	<ul style="list-style-type: none">Supporting publication of business reportsVisiting core business sites/ conducting IR events	<ul style="list-style-type: none">Diversifying communication channelsDeveloping events desired by shareholders	<ul style="list-style-type: none">Conducted according to regulations and guidelinesExpanding sharing of detailed outcomes	<ul style="list-style-type: none">Expanding programs to support mutual growth of business partners/ Managing ESG risksCreating joint outcomes/SV	<ul style="list-style-type: none">Developing strategic CSR-linked programs based on pending issues of local communities	<ul style="list-style-type: none">Operating and continually developing environment education programs for socially vulnerable classes

STEP 03

Decision-making

Reflecting in Management Activities

Under the Board of Directors



Materiality Assessment

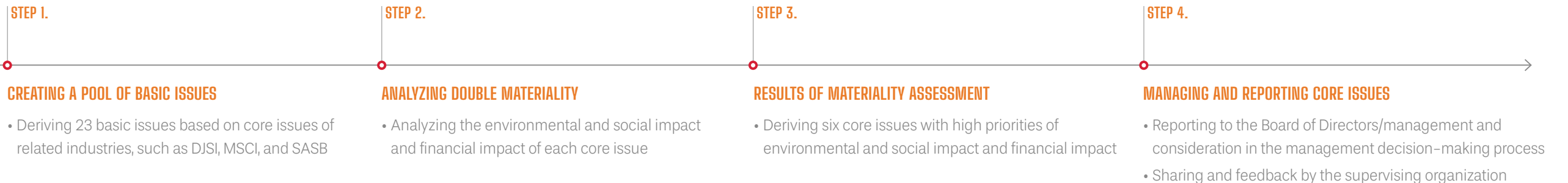
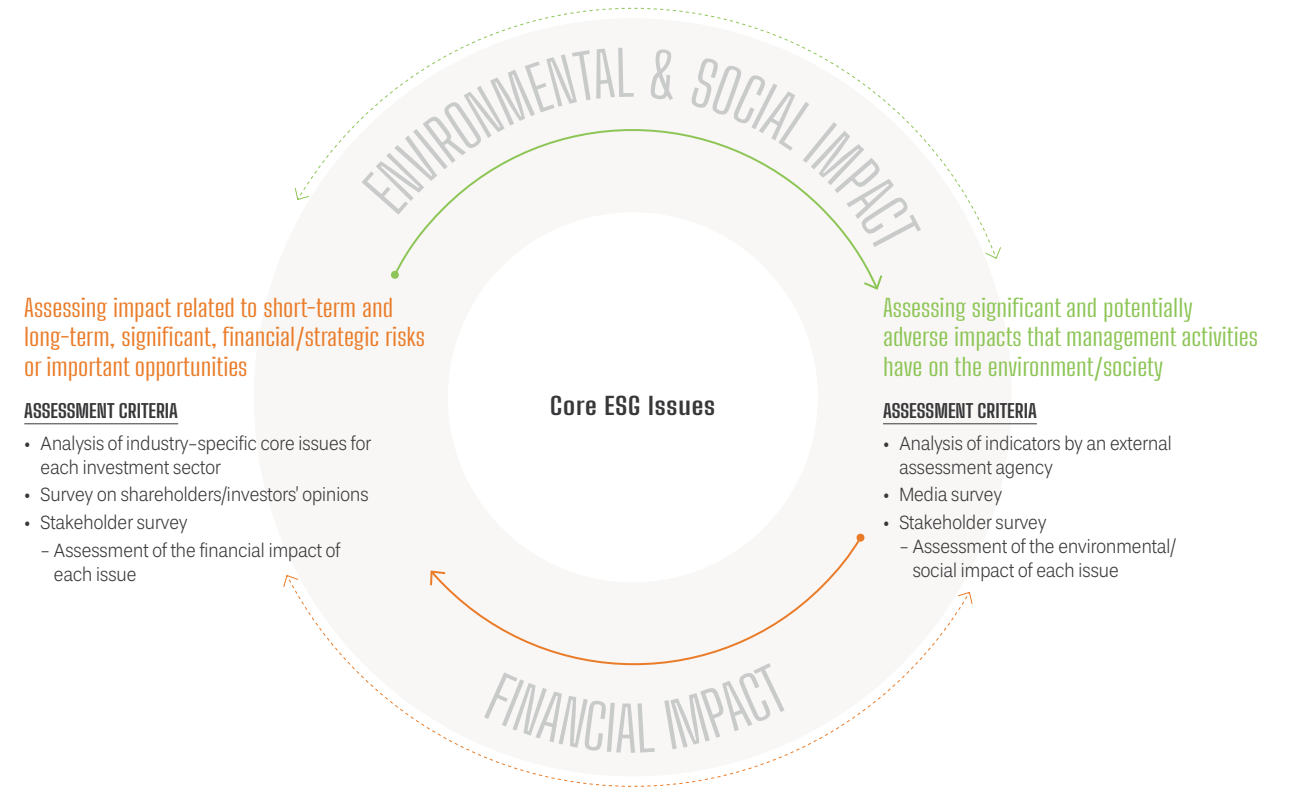
Materiality Assessment – Double Materiality

SK Inc. understands that core issues must be selected with consideration for their environmental and social impact, as well as their financial impact. Even for the same core issue, information must be disclosed such that all stakeholders can concurrently consider the environmental/social and financial impacts.

SK Inc. has therefore introduced a double materiality process through which core issues are selected from the perspective of two kinds of impact: environmental/social impact and financial impact. As a specialized investment company, SK Inc. proposes its primary activities, responses, and goals based on double materiality from the perspective of stakeholders that use ESG information.

Materiality Assessment Process

SK Inc. conducted a materiality assessment, divided into four stages, in accordance with the Global Reporting Initiative (GRI), a global sustainability reporting guideline, to determine details for disclosure through the sustainability report and to identify core issues requiring management.



STEP 1. Pool of Basic Issues

By analyzing material issues for advanced materials, green, bio, and digital businesses based on global ESG assessment standards such as DJSI, MSCI, and SASB, SK Inc. created a pool of basic issues: 8 environmental issues, such as the expansion of eco-friendly technologies; 9 social issues, such as responsible management of products/services; and 6 governance issues, such as diversity/expertise/independence of the Board of Directors.

STEP 2. Double Materiality Analysis

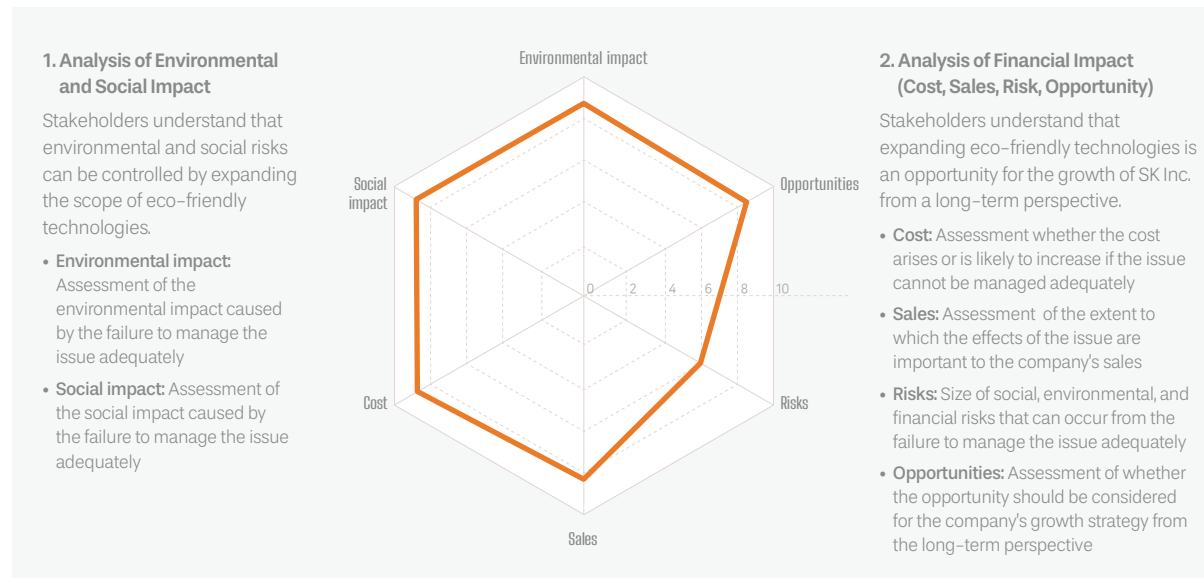
The double materiality perspective can show value-creation not only for shareholders and investors, but for all stakeholders, by assessing the interconnectivity of the environmental and social impact and financial impact instead of assessing each impact separately.

STEP 3. Results of the Materiality Assessment

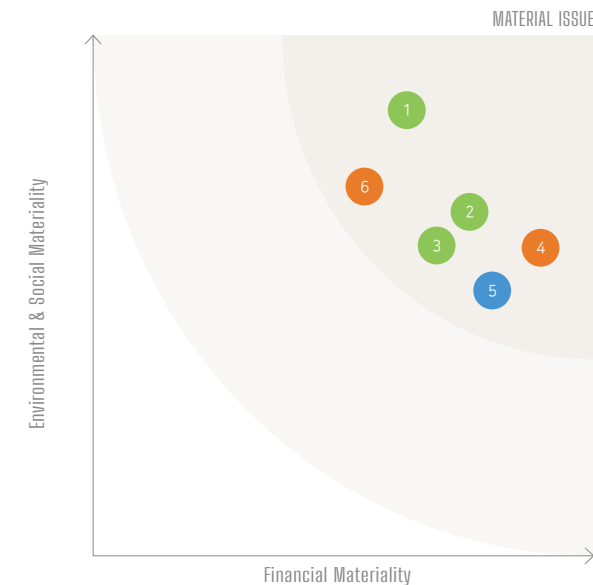
SK Inc. selected six core issues with high priorities in terms of both impacts using a 2-by-2 matrix for deriving core issues based on environmental and social impact and financial impact. Further, SK Inc. partially changed some details and priorities amongst these core issues relative to the previous year. The detailed results of the core issue analysis are reported on the following page in relation to the major activities of SK Inc.

EXAMPLES OF DOUBLE MATERIALITY ANALYSIS

Expanding Eco-friendly Technologies



Matrix to Derive Core Issues



ENVIRONMENTAL

- ① Expansion of eco-friendly technologies
- ② Climate change response system
- ③ Management of GHG emissions



SOCIAL

- ④ Responsible management of products/services
- ⑥ Attraction and training of talented human resources



GOVERNANCE

- ⑤ Reinforcement of the diversity/expertise/independence of the Board of Directors



STEP 4.

Managing and Reporting Core Issues

SK Inc. has identified risks and opportunities and established effective response plans by analyzing the environmental and financial impacts (cost, expense, risk, opportunity) on the core issues. In addition, SK Inc. systematically manages these core issues in connection with business and ESG management activity cases relating to its four core business areas. Mid- to long-term goals and plans for the core issues were set up in response to stakeholder communication and external evaluations. SK Inc. will prepare for a sustainable future by implementing feedback on the core issues and building a sustainable reporting system.

●●● HIGH ●●○ MEDIUM ●○○ LOW

Core Issue	Environmental and Social Impact		Financial Impact				Response	Major Activities of SK Inc.	Goal/Plan
	Environment	Society	Cost	Sales	Risk	Opportunity			
Expansion of eco-friendly technologies 	●●●	●●●	●●●	●●●	●●●	●●●	<ul style="list-style-type: none"> Since stakeholders see long-term opportunities to reduce costs and increase sales by managing environmental, social, and financial risks through the expansion of eco-friendly technologies, SK Inc. will optimize its asset portfolio by strengthening core technologies related to the advanced materials business and producing outcomes in future businesses. 	<ul style="list-style-type: none"> Business Case: Created outstanding investment outcomes in the semiconductor materials, battery materials, and EV SCM areas ESG Activity Case: Presented/Shared the Financial Story of the Advanced Materials Investment Center to enhance market and stakeholder consensus for eco-friendly technologies (September 2021) <p> Report page 35-36</p>	<ul style="list-style-type: none"> Advanced materials business - NAV KRW 25 trillion + α (2025)
Creation of a climate change response system 	●●●	●●●	●●●	●●○	●●●	●●●	<ul style="list-style-type: none"> Since stakeholders see long-term opportunities in reducing costs and managing environmental, social, and financial risks by building a climate change response system, SK Inc. will convert its fossil fuel-based asset portfolio into a green portfolio in response to the global Net Zero trends. 	<ul style="list-style-type: none"> Business Case: Built strategies for responding to climate change and investment businesses in the alternative energy, sustainable food, environmental technology, and CO₂ treatment areas ESG Activity Case: Presented/Shared the Financial Story of the Green Investment Center, outlining the plan to become a global total green business investor (October 2021) <p> Report page 37-38</p>	<ul style="list-style-type: none"> Green business - NAV KRW 35 trillion + α (2025)
Management of GHG emissions 	●●●	●●●	●●●	●●○	●●●	●●●	<ul style="list-style-type: none"> Since stakeholders see long-term opportunities in reducing costs and managing environmental, social, and financial risks by managing GHG emissions, SK Inc. will expand its investments in eco-friendly businesses and support Net Zero and RE100. 	<ul style="list-style-type: none"> Business Case: Presented Net Zero and RE100 action plans and goals ESG Activity Case: Restructured the management of GHG and energy consumption and expanded Scope 3 management in the 2040 Net Zero plan <p> Report page 14-19</p>	<ul style="list-style-type: none"> Increased ratio of eco-friendly sales - Net Zero RE100
Responsible management of products/services 	●●●	●●●	●●●	●●○	●●●	●●●	<ul style="list-style-type: none"> Since stakeholders see long-term opportunities in reducing costs and managing environmental, social, and financial risks through responsible management of products/services, SK Inc. will achieve early value-up of cell/gene therapy businesses in the bio area, as well as launching new medicine businesses. In addition, we will strive to increase service stability and improve service quality in the IT industry. 	<ul style="list-style-type: none"> Business Case: Growing into a responsible company that focuses on AI/DT areas, enriching industries and society and providing healthy solutions for humankind ESG Activity Case: Increased investment in mobility/EV charging platforms, AI, blockchain, data center solutions, medicine production and development, and pharmaceutical businesses; improving management of IT service errors and strengthening quality control <p> Report page 39-44, 107-110</p>	<ul style="list-style-type: none"> Securing global-level IT service capabilities (2025) Bio business - Average annual growth of 31% (2026)
Diversity/expertise/independence of the Board of Directors 	●●○	●●●	●●●	●●○	●●○	●●●	<ul style="list-style-type: none"> Since stakeholders see long-term, significant opportunities for growth in strengthening the diversity/expertise/independence of the Board of Directors and reducing costs, SK Inc. will further strengthen the connection between management activities and shareholders' values by strengthening the sophistication of management centered on the Board of Directors. 	<ul style="list-style-type: none"> Business Case: Responsible management driven by the Board of Directors ESG Activity Case: Expanding the supervisory authority of the Board of Directors, determining major decisions of the company through the Board of Directors, and reflecting shareholders' opinions in management activities <p> Report page 45-50</p>	<ul style="list-style-type: none"> Zero governance risk
Attraction and training of talented human resources 	●●○	●●●	●●●	●●●	●●○	●●●	<ul style="list-style-type: none"> Since stakeholders see long-term, significant opportunities for growth in attracting and training human resources, SK Inc. will strive for employees' happiness by enhancing human rights management, diversity and inclusiveness, work-life balance, and health and safety for employees. 	<ul style="list-style-type: none"> Business Case: Strategically securing talent and establishing/operating training policies with consideration for the direction of growth and business characteristics ESG Activity Case: Self-directed development of job-based competencies, strategic training on DT, operating a training communication platform for employees, managing employees' performance, and innovating organizational culture <p> Report page 94-98</p>	<ul style="list-style-type: none"> Training DT experts

Measuring Social Values of SK Inc.

Social Value Measurement Results

In 2021, SK Inc. produced indirect economic contributions of KRW 1,387.8 billion, environmental outcomes of KRW 78.9 billion, and social outcomes of KRW 66.2 billion.

(Unit: KRW billion)

INDIRECT ECONOMIC CONTRIBUTIONS			
Employment	Dividend	Tax payment	Total
588.4	476.2	323.2	1,387.8
<ul style="list-style-type: none"> • Values contributing to economy through corporate activities <ul style="list-style-type: none"> - Employment: Payroll, welfare benefits - Dividend: Shareholder dividend - Tax payment: National tax, local tax 			

ENVIRONMENTAL OUTCOMES		
Product/Service	Environment (process)	Total
91.6	△ 12.7	78.9
<ul style="list-style-type: none"> • Product/Service <ul style="list-style-type: none"> - (+) values of environmental impact created by eco-friendly products/services (Ex) Reduction of pollutants and resource uses • Process <ul style="list-style-type: none"> - (-) values of environmental impact created by production processes (Ex) GHG/waste/water/air pollutants 		

SOCIAL OUTCOMES				
Product/Service	Labor	Mutual growth	Social contribution	Total
20.8	28.1	5.6	11.7	66.2
<ul style="list-style-type: none"> • Product/Service <ul style="list-style-type: none"> - Values that improve the quality of life of consumers (Ex) Crime prevention, safety enhancement • Labor/Mutual growth <ul style="list-style-type: none"> - Improvement of labor environment and mutual growth values of business partners • Social contribution <ul style="list-style-type: none"> - Values created by CSR activities in local communities 				

Significance of Measurement

- Unique business tool of SK to accelerate SK DBL (EV+SV) management
- Solving various social problems by utilizing business capabilities of the company

Measurement System

- Reclassifying the existing indirect economic/business/social contribution systems into indirect economic/environmental/social/governance to strengthen ESG management and improve understanding of stakeholders

Measurement Principles

1
Measuring all management activities

- Measuring overall corporate activities, including product development, production, sale, HR, and cooperation with business partners
- Measuring positive (+) and negative (-) outcomes

2
Measuring outcomes (pursuing impact measurement)

- Measuring changes that occur to the lives of beneficiaries as actual outcomes of corporate activities
- Pursuing value assessment of social impact

Input
→
Activity
→
Output
→
Outcome
→
Impact

3
Conservatism principle

- Measuring based on objective and conservative standards and data (enhancing validity and reliability)

Indirect economic contributions (E)	Employment			
	Dividend			
	Tax payment			
Environmental outcomes (E)	Product/Service	Resource consumption	Environmental pollution	
	Process			
Social outcomes (S)	Product/Service	Quality of life		Consumer protection
	Process	Labor		Mutual growth
	Social contribution	Social contribution	Donation	Volunteer activities
Governance (G)	※ Replaced by disclosure of non-monetary outcomes			

Direction of Social Value Measurement

- As an investment specialist, SK Inc. pursues stakeholder's happiness through the establishment of a sustainable portfolio.
- By actively measuring and spreading SVs of portfolios, SK Inc. improves ESG management and makes decisions from the DBL perspective using SV-based business models.

Business Models Creating Social Values

SK Inc. (Business Division) – AI-based Cerebral Hemorrhage Image Interpretation Service

This service creates social values by improving national health and reducing medical expenses through early and accurate diagnosis of emergency cerebral hemorrhage patients. The service is being expanded to AI cerebral infarction/cerebral aneurysm.

[Representative Measurement Formula]

- Reducing medical expenses through AI image diagnosis
 - Improved accuracy of AI image diagnosis and interpretation x reduced medical expenses through reduction of misdiagnosis rate x number of cases applied with AI image diagnosis

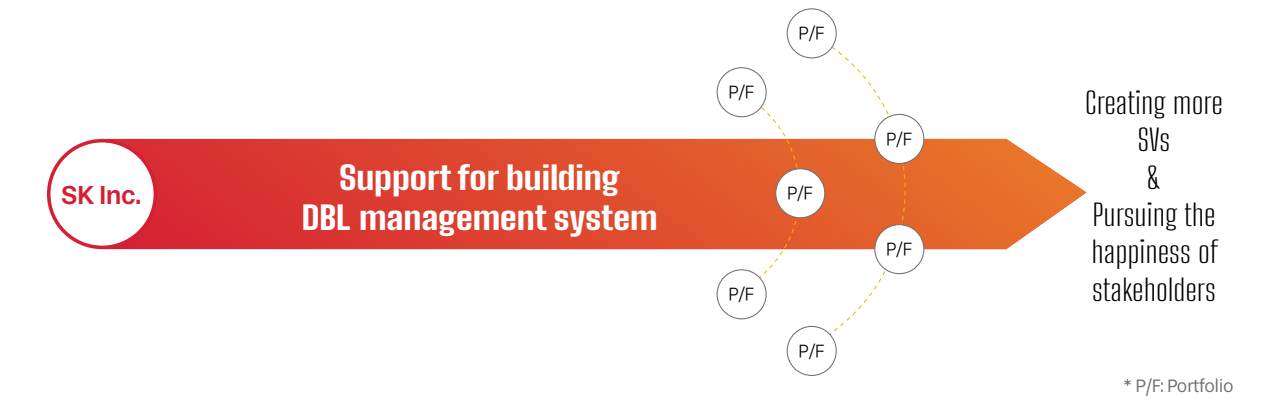
SK Inc. (Business Division) – Abnormal Vibration Detection (PPdM*) Service

This service for analyzing and diagnosing vibrations generated by various rotating equipment using LTE and cloud creates social values by preventing safety accidents of rotating equipment and extending the service life of products.

[Representative Measurement Formula]

- Reducing resources through extended service life of rotating equipment
 - Ratio of raw materials reduced x efficiency of monthly resource reduction of rotating equipment x number of rotating equipment

* PPdM: Proactive, Predictive Maintenance



SK Inc. (Business Division) – Cloud Server Service

This service creates social values by expanding the basis for cloud services, supporting digital transformation of customers, and reducing IT resource and network energy in comparison to on-premise.

[Representative Measurement Formula]

- Reducing resources compared to on-premise
 - Resource reduction rate per MMR* sales unit of cloud service x IaaS** cloud sales

* MMR: Monthly Recurring Revenue

** IaaS: Infrastructure as a Service

SK Forest – Forestry Business

In South Korea, where 70% of the national territory is forest, the forest management implementation rate is only 53%. Forest management creates public values of forests in comparison to purposeless lands.

[Representative Measurement Formula]

- Atmospheric purification through afforestation business (CO₂ absorption)
 - (Forest – purposeless land) x CO₂ unit expense x CO₂ absorption
- Preventing soil erosion through afforestation business
 - (Soil erosion of purposeless land – soil erosion of forest) x soil erosion prevention expense x forest area

Social Value Creation Outcomes of Consolidated Member Companies

SK Innovation

SOCIAL VALUE MEASUREMENT RESULTS



MAJOR SOCIAL VALUE CREATION OUTCOMES

ENVIRONMENTAL Practicing Net Zero

- Expanding eco-friendly products/services like EV batteries and declaring 2050-a Net Zero to reduce adverse environmental impact (GHG)
- Reducing carbon emissions by 10% or more compared to the carbon emissions baseline (BAU in 2019) by building a green operation system that introduces low-carbon fuels



SOCIAL Expanding SV Ecosystem

- Launched 'SK+Green Start-up' as a mutual growth program for start-ups using the government-conglomerate-impact fund
- Fostered 29 start-ups with eco-friendly technologies until 2021 and planning to foster 100 start-ups by 2025



SKC

SOCIAL VALUE MEASUREMENT RESULTS



MAJOR SOCIAL VALUE CREATION OUTCOMES

ENVIRONMENTAL Eco-friendly Materials

- Expanding products like secondary battery materials that reduce GHG emissions and planning to attain 2040 Net Zero through RE100
- Developing and expanding biodegradable materials for the goal of achieving plastic Net Zero by 2030, and recycling waste plastics
- Acquiring UL's ZWTL Gold Grade for the first time among South Korean secondary battery companies by reducing waste and expanding resource circulation



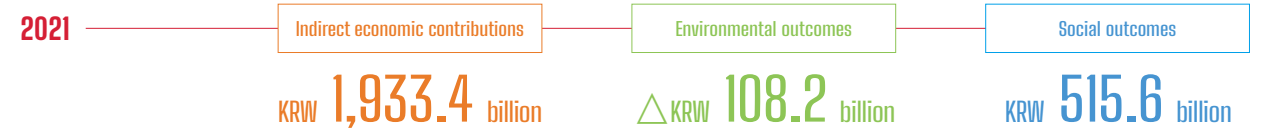
SOCIAL Revitalizing Local Economy

- Launched 'Joy'n Jeongeup' as a local economy revitalization project to support youth start-ups in Jeongeup and open shared offices/stores for the revitalization of the old downtown area



SK Telecom

SOCIAL VALUE MEASUREMENT RESULTS



MAJOR SOCIAL VALUE CREATION OUTCOMES

ENVIRONMENTAL Energy Efficiency

- Efforts towards increasing energy efficiency to reduce the impact of GHG emissions through sustained investment in expansion of infrastructure, such as 5G networks
- Operating three major green strategies (increased power efficiency of communication infrastructures, operation of renewable energy communication infrastructures, absorption of GHG through forest business) to attain Net Zero by 2050



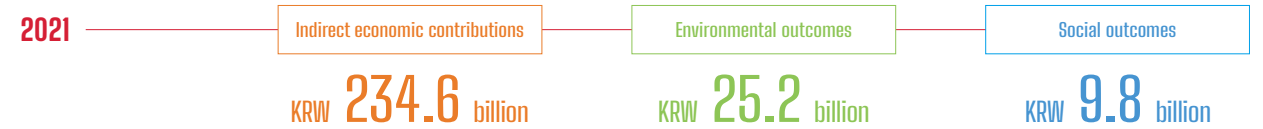
SOCIAL Building Social Safety Net

- Solving social problems by expanding ICT business models and conducting AI-based ESG activities [Key BM] T Map driving habits (prevention of traffic accidents), AI care service (protection of vulnerable elderly), crime number blocking service (prevention of voice phishing), COVID-19 vaccine care call 'NUGU' (supporting national epidemic prevention), etc.



SK Networks

SOCIAL VALUE MEASUREMENT RESULTS



MAJOR SOCIAL VALUE CREATION OUTCOMES

ENVIRONMENTAL Recycling Resources

- Supporting projects to reuse PCs and tablet PCs, including the used phone purchase service of MINTIT
- Producing environmental outcomes by contributing to the revitalization of used products (reduction of resource consumption and GHG emissions, delay of waste generation)



SOCIAL Expanding Social Contribution

- All employees participating in diverse social contribution activities, such as blood donation and lunch box delivery, with the goal of 20 hours or more every year per person, starting in 2021
- Planning to revitalize social enterprises by adding target pro bono activities, which support the growth of social enterprises and ventures, by utilizing work capabilities of employees in 2022



ENVIRONMENTAL



1. Expanding Eco-friendly Investments and Businesses

2. Environmental Management

3. Operating Eco-friendly Data Centers

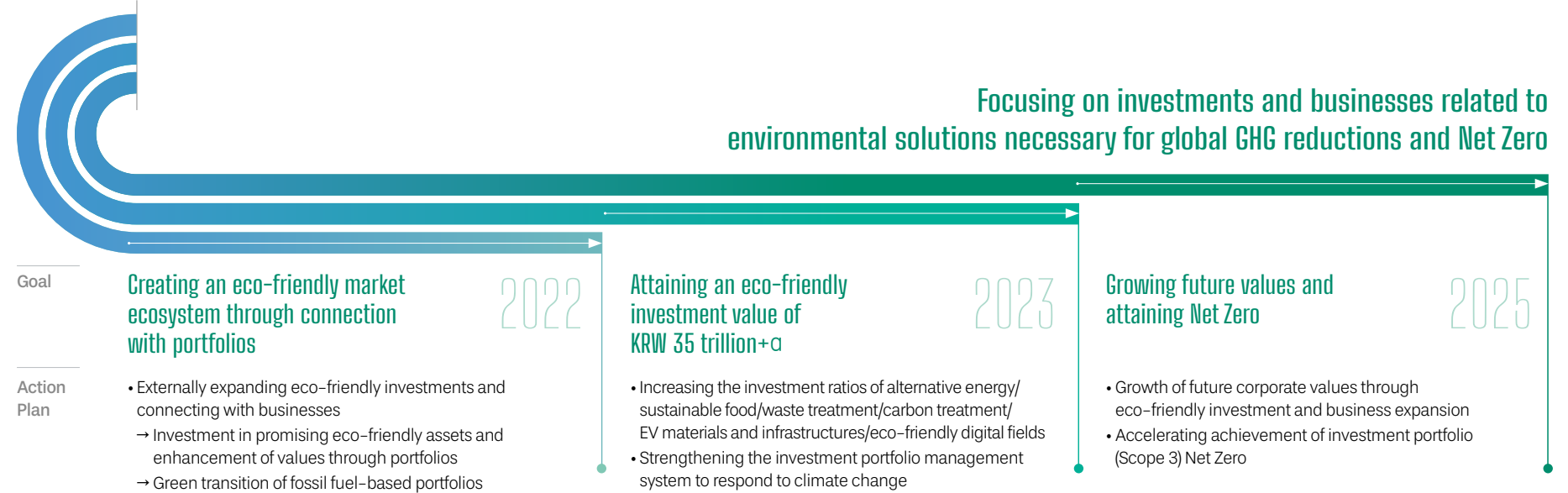
4. TCFD Report

1

EXPANDING ECO-FRIENDLY INVESTMENTS AND BUSINESSES

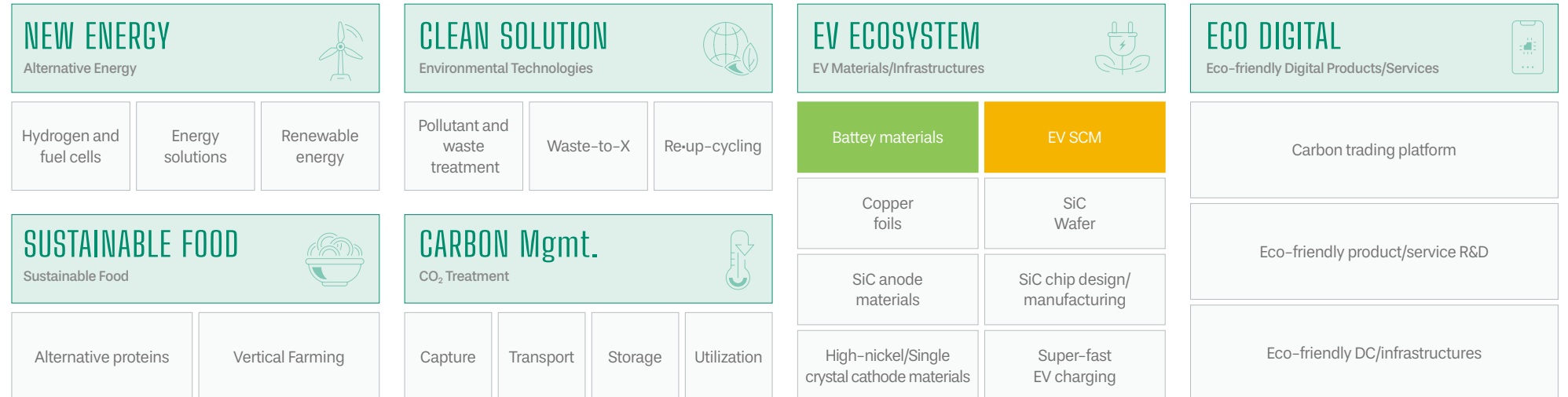


ROADMAP



FOCUS AREA

- Actively investing in eco-friendly areas, while focusing on investments and business opportunities for promising global assets in the decarbonization area

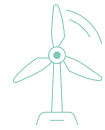


Expanding Eco-friendly Investments and Businesses

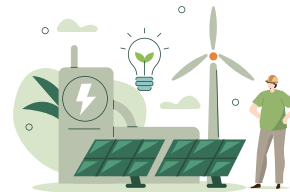
Achievement

NEW ENERGY

Alternative Energy



- Secured a position as the largest shareholder of Plug Power, an American company specializing in hydrogen fuel cells
- Added a turquoise hydrogen portfolio by investing in Monolith, an American plasma technology company



CLEAN SOLUTION

Environmental Technologies



- Reviewing acquisition of Waste-to-X (fuel, protein, etc.) technologies
- Reviewing acquisition of assets based on comprehensive environmental management (incineration/landfill/water treatment)
- Reviewing commercialization of comprehensive environmental management/Waste-to-X
- Invested in Fulcrum Bioenergy, an American company that produces synthetic crude oils using domestic waste



EV ECOSYSTEM

EV Materials/Infrastructures



- Secured a position as one of the three largest shareholders of Solid Energy, an American company developing next-generation lithium metal batteries
- Invested in Wason, a Chinese company that manufactures copper foils for EV batteries
- Acquired a stake in Yes Power Technix, a company that designs and mass produces SiC power semiconductors
- Acquired Signet EV, the world's first company to obtain American certification for super-fast EV charger technology



SUSTAINABLE FOOD

Sustainable Food



- Additional investment in Perfect Day, a leading global company for alternative fermented milk proteins
- Invested in Nature's Fynd, a company that possesses alternative protein production technologies
- Invested in Meatless Farm, a European company for plant-based alternative meat
- Planning to expand the alternative food portfolio in the Chinese market by jointly investing in funds with Joyvio, a Chinese food distributor



CARBON MANAGEMENT

CO₂ Treatment



- Reviewing investments in industrial facility flue gas and atmospheric CO₂ capturing technologies
- Reviewing diverse CO₂ technologies/infrastructures

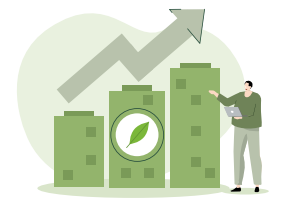


ECO DIGITAL

Eco-friendly Digital Products/Services



- Promoting eco-friendly solutions and platform businesses by establishing mid-term and long-term business goals for each business organization, starting in 2020
- Developed/Commercialized about 10 solutions and platforms for reducing energy use, carbon emissions, and air/water pollutants in 2021



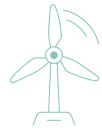
Expanding Eco-friendly Investments and Businesses

Strategy

NEW ENERGY

Alternative Energy

- Renewable energy: Developing, investing in, and operating utility-level solar and offshore wind power complexes in South Korea
- Hydrogen/Fuel cells: Using existing energy business infrastructure, supplying hydrogen on a large scale, and integrating fuel cell manufacturing/selling value chains
- Energy solutions: Promoting the expansion of grid ESS, microgrids, and EV charging businesses in the United States



By 2025	Investment	Sales goal	EBITDA goal
	KRW 9.5 trillion	KRW 6.5 trillion	KRW 1.7 trillion

CLEAN SOLUTION

Environmental Technologies

- South Korea: Expanding M/S for waste treatment businesses with a bolt-on strategy centered on existing assets
- U.S. and Europe: Investing in innovative environmental technology, Waste-to-X, and combining with anchor businesses
- Global Expansion: Achieving qualitative growth of waste businesses in South Korea in connection with innovative technologies, as well as entering waste markets in Southeast Asia by leveraging existing businesses



By 2025	Investment	Sales goal	EBITDA goal
	KRW 4.0 trillion	KRW 3.6 trillion	KRW 0.5 trillion

EV ECOSYSTEM

EV Materials/Infrastructures

- SiC power semiconductors: Promoting expansion based on collaboration with global OEMs and maximizing synergy with existing power semiconductor businesses
- Next-generation Li batteries: Finding and fostering next-generation battery material technologies
- Copper foils: Proactively promoting expansions to gain market dominance and cost-quality competitiveness in the Chinese market
- EV charging: Preoccupying global EV infrastructure markets and developing next-generation chargers (ESS linkage, robot charging, etc.)



By 2025	Investment	Sales goal	EBITDA goal
	KRW 1.9 trillion	KRW 10.6 trillion	KRW 2.4 trillion

SUSTAINABLE FOOD

Sustainable Food

- Driving the ecosystem: Proactively securing a portfolio in the S/F area, which is expected to show high growth
- Securing technologies: Finding/Investing in companies with top-tier technologies and commercialization capabilities in each area
- Value-up: Promoting affiliations and sustainable food business partnerships with Asia F&B



By 2025	Investment	Sales goal	EBITDA goal
	KRW 0.3 trillion	KRW 2.5 trillion	KRW 0.3 trillion

CARBON MANAGEMENT

CO₂ Treatment

- Expanding the value chain by investing in leading CCUS technologies/infrastructures
- Providing integrated 'CCUS as a Service' solutions based on the expanded value chain
- Utilizing the CCUS assets of SK and promoting new CCUS bolt-on



By 2025	Investment	Sales goal	EBITDA goal
	KRW 0.6 trillion	KRW 2.5 trillion	KRW 0.2 trillion

ECO DIGITAL

Eco-friendly Digital Products/Services

- Planning to expand R&D investments in eco-friendly solutions, such as the development of a 'voluntary carbon reduction certification and trading platform' and energy reduction/carbon reduction
- Increasing sales of eco-friendly products/services in the IT Service Business Division



By 2025	Investment	Sales goal	EBITDA goal
	KRW 0.3 trillion	KRW 0.5 trillion	KRW 0.2 trillion

2

ENVIRONMENTAL MANAGEMENT



VISION AND STRATEGY

- As environmental management becomes a core element of ESG, stakeholders and financial societies in South Korea and overseas are demanding that companies improve their environmental management capabilities and actively respond to climate change.
- Companies are required to disclose financial information in relation to their climate change responses, and such disclosure is gradually becoming an international standard.
- SK Inc. perceives that environmental management is a key element of ESG and its responsibilities and duties for the future of humankind.
- Accordingly, SK Inc. is upgrading the environmental management system for the entire business value chain under the Green ICT 2040 Strategy, managing environmental performance with the goal of reaching the global top tier by 2025.

VISION

Securing the trust of stakeholders and pursuing happiness as a leading eco-friendly company

GREEN ICT 2040

Eco-friendly Management

Tasks

Climate Change (Energy/Greenhouse Gas)

Resource Circulation (Waste/Water)

1 Net Zero 2040
(SBTi 1.5°C)

2 RE100 2040

3 Expansion of Scope 3
management

4 Increased resource
efficiency

Eco-friendly Businesses (Sales/Purchase)

Mgmt. Infrastructure / Stakeholder Communication

5 Expansion of new eco-friendly
businesses based on ICT

6 Supply chain
engagement

7 Upgrading the environmental
management system
(ISO 14001)

8 Reinforcement of
information disclosure
(TCFD, CDP)

Environmental Management

Responding to Climate Change

Promoting RE100 2040 and Net Zero 2040

1) Participating in international initiatives

- SK Inc. gained RE100 Initiative membership (December 2020) and established the RE100 2040 goals to undertake the climate change response required by the international community.
- SK Inc. disclosed its Net Zero 2040 goals and road map (June 2021) and will submit the SBTi commitment letter (during 2022).

2) Managing greenhouse gases and energy consumption

- In 2021, the total greenhouse gas emission of SK Inc. was 86,109,568 tCO₂e (excluding scope 3), of which approximately 92% was emitted from electric power usage at the data center (168 GWh).
- Due to an increase in customers and data usage at the data center, electric power usage is forecasted to rise by 15% per year up to 2025. SK Inc. invested KRW 2.3 billion in 2021 to expand the use of renewable energy and increase the energy efficiency of the data center.
- With the goal of reducing the power demand of the data center by 3.5% or more every year, SK Inc. introduces new technologies and plans new methods of reducing energy use (capable of reducing greenhouse gas emissions by 3% or more).

3) Procuring renewable energy power

- SK Inc. has continued its efforts to expand private power generation using new and renewable energy from mid- to long-term perspectives, such as extending solar power generation by 500 kW (November 2021, 650 kW total) and introducing hydrogen fuel cells.
- SK Inc. purchases green premium electricity to contribute to the renewable energy industry ecosystem. (Purchased 5.7 GWh in 2021 and planning to purchase 22 GWh in 2022)
- SK Inc. is reviewing the long-term purchase of renewable energy, such as the Power Purchase Agreement (PPA) that reflects domestic market circumstances, to implement the Net Zero 2040 and RE100 2040 road maps.

4) Implementing government regulations

- SK Inc. became a company subject to the carbon credit trading scheme (January 2022, announced by the Ministry of Environment) and must report emissions and handle carbon credits for 15 business sites during the 3rd period (2021–2025, 5 years).
- SK Inc. has set up a company-wide carbon trading scheme management system (February 2022) in connection with the Net Zero road map and is actively conducting internal/external reduction activities

Expanding Scope 3 Management

- SK Inc. aims to actively participate in the global efforts to respond to climate change by strengthening its Scope 3 management.
- The criteria for computing Scope 3 GHG emissions have been established, and the information disclosure categories have been expanded (6 → 11 categories).
- In the future, SK Inc. will elaborate on its reduction goals and road maps in connection with the SBTi goals.

Responding to Resource Circulation and Expanding Eco-friendly Businesses

Increasing Resource Efficiency (Waste / Water Resources)

- In 2021, SK Inc. prepared a new management system applying the international standards of Zero Waste To Landfill (ZWTL) and the World Resources Institute (WRI) to expand resource circulation and improve management levels of waste and water.
- In particular, 94% of waste will be recycled based on the ZWTL standard and 99% by 2025.

Expanding New Eco-friendly Businesses Based on ICT

- SK Inc. continues to expand its ICT eco-friendly products and services (reduction of air pollution, reduction of water pollution, energy reduction, GHG reduction).
- The entire company is driving the development of new eco-friendly solutions combined with digital technologies (AI, big data, cloud, etc.), such as renewable energy transition (RE100) and the GHG life cycle assessment system.

Supply Chain Engagement

- SK Inc. maintains its eco-friendly procurement policy, which includes eco-friendly certification, high-efficiency energy, preferential purchase of goods with reduced hazardous substances, and control of the purchase of products that can cause environmental pollution. (The purchasing ratio of products with eco-friendly certification in 2021 was increased by over 20% compared to 2020.)
- Supplier GHG information demand–analysis–feedback (May 2022)
 - Promoted as the basic supplier engagement policy for the goal of reducing upstream GHG
 - Demand–analysis–feedback of GHG emissions information, GHG reduction goals, SBTi plan, and eco-friendly product supply information
- SK Inc. plans to actively communicate with suppliers by sharing its environmental data, including climate change response reports and Net Zero plans.



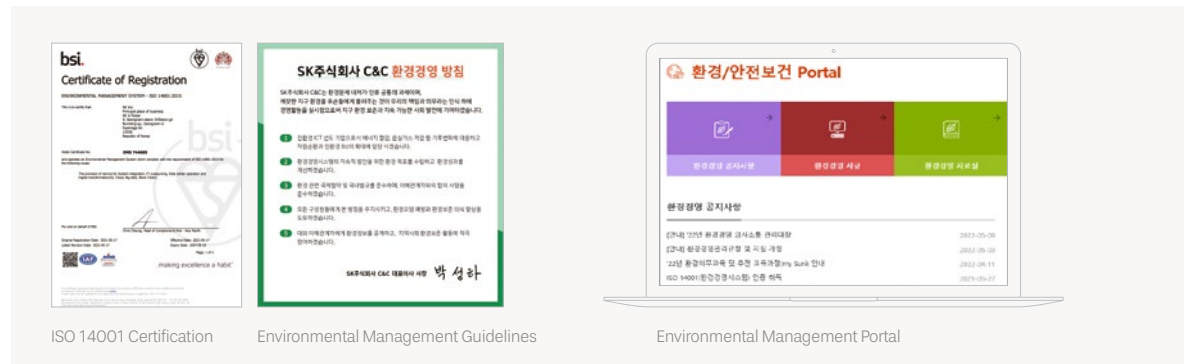
Environmental Management

Internalizing and Communicating Environmental Management

Enhancing the Sophistication of Environmental Management Infrastructures

1) Building and Operating the Environmental Management System

- SK Inc. conducts environmental management activities based on ISO 14001 (acquired in June 2021), such as minimizing internal/external environmental risks and decisions of the CEO.
- Management infrastructures are improved continually (zero nonconformity during external audits, and improvement recommendations have been implemented (12 items in 2021 and 2 items in 2022).
- The Environmental Management Portal is operated to raise the environmental management awareness of employees.
- The dedicated organization in charge of promoting eco-friendly businesses develops various eco-friendly activities and purchases green premium electricity (5.7GWh purchased in 2021, 22GWh expected in 2022) to minimize environmental risks of the data center, which has high environmental loads.



2) Monitoring Environmental Goals and Performance

- SK Inc. establishes and manages environmental goals and tasks every year by analyzing the demand of internal and external stakeholders and implements the tasks in connection with the KPIs of the company and organization.
- SK Inc. maintains its record of zero environmental accidents and legality risks through its integrated management of environmental laws and compliance obligations and periodic evaluations of compliance.
- SK Inc. monitors the monthly attainment of GHG, energy, waste, and water indicators and manages performance measurement through the ESG management system called the Social Value Management System (SVMS).

3) Impact Assessment and Risk Management

- SK Inc. operates the Risk Management Council, centered on management, to quickly respond to risks. (Refer to p.140 "Risk Management Report System.")
- Environmental risks that have a significant impact on management activities are reported promptly, and there is a process by which the collaborating organization and risk management organization preemptively inspect/share risks. (Zero high residual risks in 2021)

Spreading a Culture of Eco-friendly Practice

- SK Inc. operates practice programs for employees using the Haenggarae mobile app, such as health-promoting usage of stairs and walking, eliminating leftovers at meals, and the use of mugs/tumblers, to strengthen consensus and increase the participation of employees in everyday practice. Records on individual practices and carbon reduction values are provided.
- The Haenggarae mobile app was launched in July 2020 to facilitate engagement activities among the employees of SK Inc. By May 2022, the app was disseminated to 17 schools, public institutions, and other companies. Carbon emissions have been reduced by 2,250 tCO₂e (equivalent to about 100,000 trees) with 14,000 participants, producing an economic value of KRW 1.9 billion.
- Practice programs continue to increase with ideas proposed by users (4 programs at the time of the launching of the Haenggarae app → 32 programs currently).
- Conducting environmental education to internalize environmental management for employees
 - Compulsory environmental education for employees (RE100, Net Zero, ESG basics, etc.), distribution of environmental management practice guides, in-house environment-related announcements

Strengthening Information Disclosure

1) Disclosing Information on Climate Change Response Strategies: TCFD

- SK Inc. has a management system that complies with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).
- SK Inc. disclosed its climate change response strategy for the IT Service Business Division in 2021 and expanded the scope to the investment business in 2022.
- SK Inc. continuously monitors short-term and mid- to long-term risks and opportunities according to the 1.5°C climate change scenario, its Mitigation Plan according to the financial impact analysis, and its GHG reduction strategy based on the Net Zero 2040 road map.

2) Carbon Disclosure Project: CDP

- SK Inc. fosters understanding of climate change response levels evaluated by the Carbon Disclosure Project (CDP), including governance, GHG emissions, reduction goals, and strategies. Challenging reduction goals are set, and information is disclosed transparently.
- SK Inc. received a CDP Climate Change Leadership Grade (A-) in 2021 and won an award at the CDP Climate Change Korea Awards (Carbon Management Sector Honors) in January 2022.

3

OPERATING ECO-FRIENDLY DATA CENTERS



Status of Eco-friendly Data Centers

Pangyo Data Center

- High-density/modular environment for cloud computing, AI, and big data services and easy and fast multi-cloud connection support
- Network ownership provided to customers through network neutrality
- Application of latest equipment with high availability and efficiency, running on new and renewable energy



- Total floor area: 66,950 m²
(6 ground floors, 4 underground floors)
- Computing room area: 18,500 m²
- Capacity: 70 MW

Daedeok Data Center

- Design and construction that satisfy major domestic and overseas standards for data centers (DC)
 - Tier 3 DC operation reliability with stable power and disaster response
- Acquired green DC certification (2013-)
- Securing availability through N+1 or 2N configuration of key facilities
- Large-scale extension of solar power facility to reduce GHG emissions



- Total floor area: 13,200 m²
(4 ground floors, 1 underground floor)
- Computing room area: 5,780 m²
- Capacity: 9 MW



Green Data Center Certificate

Operating Eco-friendly Data

Reducing GHG Through Increased Use of Renewable Energy

- SK Inc. completed a large-scale extension of solar power facilities at its data centers to increase renewable energy generation. It will invest in other new and renewable energy technologies, such as hydrogen fuel cells, while considering future market circumstances and economic feasibility.
- In addition to green premium bidding, SK Inc. is also considering using stable renewable energy sources such as PPA and REC.



※ Secured solar power facilities (560 kW) in the available space at Daedeok DC (parking lot, rooftop)
– Produces 80 kW of electricity every year (saving KEPCO's electric charge by KRW 90 million/year)

Reducing GHG Through Data Center Energy Efficiency

- SK Inc. actively introduces high-efficiency equipment and new technical solutions and promotes efficient scientific activities based on data.
 - Applying high-efficiency equipment, such as high-efficiency, modular uninterruptible power supplies (UPS), precooling freezers, etc.
 - Applying energy-saving air conditioning solutions with water spraying in the summer, etc.
 - Promoting efficient scientific activities using data center equipment, the real-time power management system, and CFD solutions
- Plans to engage in active communication by sharing environmental information, such as SK Inc.'s climate change report and Net Zero plan, with suppliers

Details of Activities

	'21	'22
	<div> <div></div> <div></div> <div></div> </div>	
	Promoting tasks to increase the operating efficiency of data center equipment	Using CFD(*) solutions and internalizing high-efficiency operations
Reduction Activities	<ul style="list-style-type: none"> • Improving DC computing room operations <ul style="list-style-type: none"> – Optimally operating the cooling temperature of DC computing rooms – Applying the containment of new computing rooms • Improving equipment <ul style="list-style-type: none"> – Demonstrating the direct introduction of outdoor air – Improving freezer efficiency (water spray) 	<ul style="list-style-type: none"> • Analyzing / improving the air conditioning efficiency of computing rooms <ul style="list-style-type: none"> – Airflow, temperature distribution, air volume analysis • Designing and arranging high-efficiency equipment based on new computing room tests

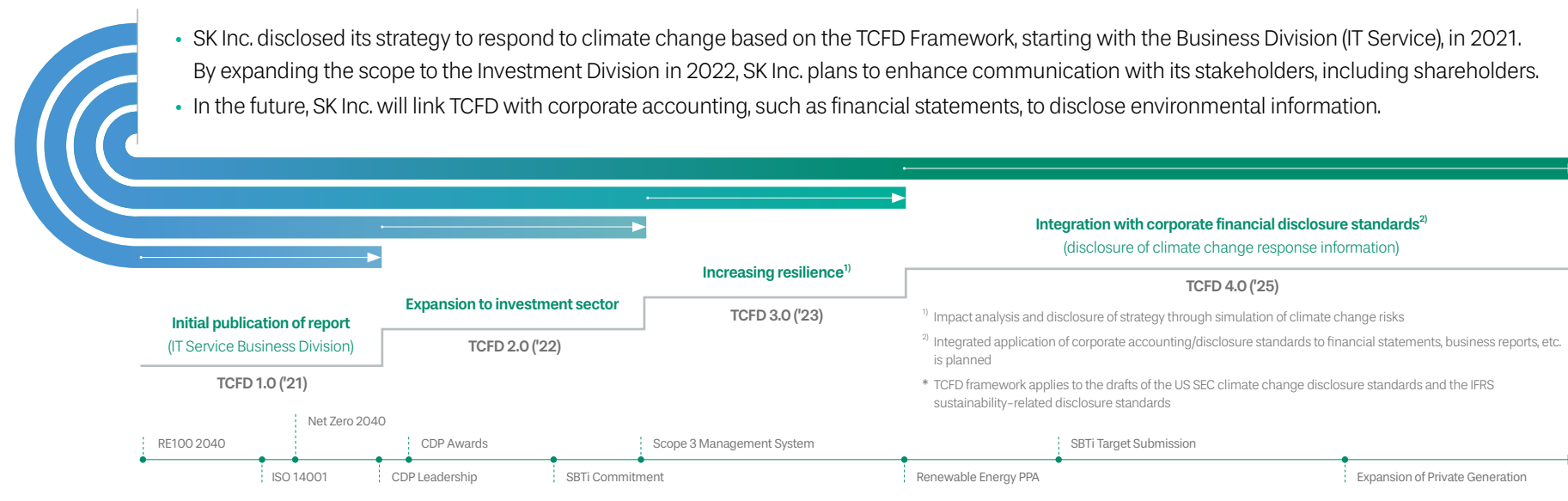
* CFD: Computational Fluid Dynamics, a visualized solution that simulates the operating environment of a computing room, such as airflow and temperature distribution, based on fluid dynamics

4

TCFD REPORT



TCFD ROADMAP



SK's Perspective on the Climate Crisis

- SK Inc. announced (October 2021) its pledge to cut 1% of global carbon emissions based on the global carbon reduction target by 2030 and expressed its commitment to take a leading role in solving various environmental issues, including responses to climate change.

[Message from the Chairman]

Mechanism to Accelerate Green Growth

"Companies have improved human lives through growth and a focus on maximizing profits, but the environment was destroyed in this process. It should be especially noted that environmental issues are arising due to companies' failure to internalize various problems caused by external effects. Therefore, how companies internalize external effects is important, and we propose three points.

1. Measurement: Environmental impact must be quantified into currency values. In other words, environmental accounting is necessary.
2. Incentives: Incentives are needed to internalize external effects.
3. Cooperation: Global cooperation is required to prepare financial resources that provide incentives.

There must be a system that allows companies to solve environmental issues voluntarily, applying methods of solving environmental problems while maintaining economic development. Companies must act with a strong sense of purpose. That is the new entrepreneurship of the new age."

Chey Tae Won, Chairman of SK Group,
August 2021, Keynote Address at the Seoul P4G Summit (Summary)

Summary of Report

- SK Inc. prepared this report in accordance with the TCFD guidelines and by referring to the CDP assessment questions.

Item	Description	CDP Link
Governance	Through the ESG Committee under the Board of Directors, SK Inc. decides climate change response methods, reviews mid- and long-term strategies, approves major tasks, and supervises execution. The CEO informs employees about KPIs and environmental management plans resolved by the ESG Committee and encourages company-wide cooperation to expand eco-friendly businesses. SK Inc. implements a system that offers incentives for environmental performance.	C1.1b, C1.2, C1.2a
Strategy	SK Inc. generates response measures by analyzing the short-term (~2025), mid-term (~2030), and long-term (~2040) business impacts based on risks and opportunities according to climate change scenarios of BAU 1.5°C and below 2°C. The measures are combined to establish the Net Zero 2040 roadmap and detailed implementation strategies equipped with climate change resilience.	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. determines risk levels and countermeasures after identifying and evaluating risks in association with the integrated risk management system and TCFD Guidelines based on the environmental risk assessment process (ISO 14001). In addition, SK Inc. manages environmental risks by integrating internal business processes, such as eco-friendly businesses.	C2.1, C2.2, C2.2a
Metrics/ Goal	SK Inc. utilizes its internal system monthly to monitor and manage all environment-related indicators, such as general energy, renewable energy, GHG, air pollution, waste, water, and water pollution. In particular, the reduction of GHG emissions is managed as a KPI of the CEO, linked to the Net Zero 2040 roadmap.	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b, C6.1, C6.3, C6.5, C6.5a

TCFD Report

Governance

Supervision of Climate Change Risks and Opportunities by the BOD

- Through the Board of Directors, SK Inc. reviews the strategic directions and implementation plans for environmental management. Under the management and supervision of the Board of Directors, the CEOs of the Business and Investment Divisions discuss/decide goals and outcomes of climate change responses and energy-saving.
- With a resolution of the Board of Directors in March 2021, SK Inc. formed the ESG Committee under the Board of Directors, comprised of five independent directors and one internal director (CEO of SK Inc.), to strengthen ESG management. The ESG Committee decides mid- and long-term strategies for climate change response, environmental business investments, and primary issues.
- In 2021, the ESG Committee discussed and approved various environment-related agendas, such as the promotion of Net Zero 2040, investment in the turquoise hydrogen business, securement of shares of EV battery material manufacturers, investment in private renewable energy generation at data centers, and formation of a business portfolio throughout the entire hydrogen market value chain.

ESG Committee		
Composition	Members	Description
5 independent directors	Jang Yong-suk (chairman)	Purpose of establishment – To promote the mid- and long-term sustainable growth of the company The ESG Committee is convened whenever necessary Authorities and roles – Review, management, and supervision of ESG strategies and major activities – ESG investment decisions (major capital expenditures, acquisitions, disposals, etc.) – Monitoring and supervision of ESG management – Management and supervision of climate change issues, etc.
	Yeom Jae-ho	
	Kim Byoung-ho	
	Lee Chan-keun	
	Kim Seon-hee	
1 internal director	Jang Dong-hyun	

【Reference】Major Environment-related Resolutions in 2021 (ESG Committee)

Agenda ^(*)	Time Held	Outcome	Participation Rate
• Expansion of the global businesses of the Green Investment Center (capital increase of overseas affiliates, etc.)	March 2022		
• Investment in the turquoise hydrogen business • Investment in private renewable energy generation at data centers	May 2021	Passed	100%
• Report on additional acquisition of shares of a Chinese copper foil manufacturer • Investment in sustainable food	June 2021		
• Report on the current status of the joint cooperation fund with China for sustainable food	August 2021		

^(*) The table above does not include agenda for environmental management strategies and performance reports (4 agenda in total) and only specifies agenda for environment-related investments.

Role of Management in Assessing and Managing Climate Change-related Risks and Opportunities

- The CEO of SK Inc. recognizes the overall impact of demands for climate change response by stakeholders, including investors, customers, and the government, on corporate management.
- The CEO of SK Inc. participates in the SUPEX Council, the highest decision-making body of the SK Group, to discuss and decide major ESG matters, such as climate change response at the group level.
- The CEO of SK Inc. drives investments and business models to expand eco-friendly businesses and encourages company-wide cooperation.
- The CEO of SK Inc. confers the head of the Happiness Promotion Center with the authority of a Chief Sustainability Officer to systematically manage environmental performance. The CSO oversees the integrated management of major organizations for climate change response.
- The CSO of SK Inc. performs periodic management reviews, such as environmental risk and impact assessments at business sites and internal audits, and reports to the CEO under the environmental management system (ISO 14001). In addition, the performance monitoring process offers incentives (monetary rewards) to organizations or individuals that make achievements related to environmental management.

【Reference】Incentives for Environmental Management Performance

- Type: Setting environmental management goals (KPI) as a part of ESG management every year and providing monetary rewards based on evaluation
- Targets: CEO, CSO, CPO, CFO, COO, CRO, subordinate leaders, and all employees
- Scale: Determined according to the target-performance evaluation of each organization/individual
- Indicators: GHG reduction goals, GHG reduction projects, energy efficiency goals, supply chain engagement, corporate performance based on the sustainability index related to climate change, etc.
- Other incentive (*) systems for changes in the behaviors of employees

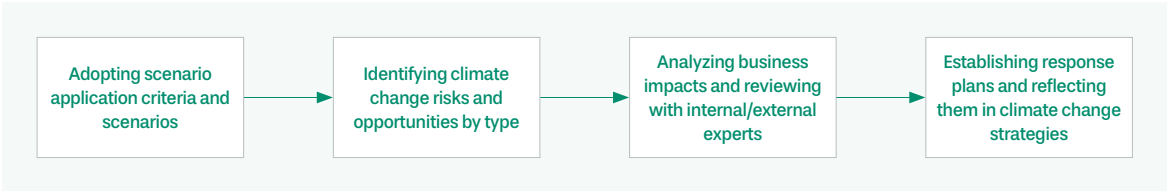
^(*) Monetary rewards (points) are provided as an incentive for practicing eco-friendly campaigns and activities, such as the use of stairs, double-sided printing, and health-promoting bicycles, using a mobile app for eco-friendly practice. These points can be used to purchase goods from social enterprises or the in-house café or donated.

TCFD Report

Strategy

Impact of Climate Change Risks and Opportunities on Business, Strategy, and Finance Plans and Responses

- SK Inc. selected climate change response scenarios, identified risks and opportunities for each climate change type presented in the TCFD Guidelines, comprehensively analyzed the financial impact of each risk and opportunity on businesses, established response plans based on reviews by the management and internal/external experts, and reflected the plans in climate change strategies.



Applying Climate Change Response Scenarios

- Scenario application criteria
 - Time horizon: Short-term (-2025), mid-term (-2030), long-term (-2040)
 - Scope of coverage: Major businesses and assets in the company-wide value chain
 - Application method: Comparative analysis of high GHG scenarios on the BAU level vs. low GHG scenarios (1.5°C & below 2°C)
- Applied scenario models (use of latest models)
 - Transition: Use of RE100/Net Zero, domestic and overseas energy forecasts associated with eco-friendly businesses and scenarios related to technology, market, and regulation trends
 - Physical: Use of data center operations and scenarios related to natural disasters and changes in air temperature and precipitation in eco-friendly investment countries such as the U.S. and China

Division		Low GHG Scenarios (1.5°C & Below 2°C)	High GHG Scenarios (Above 2.7°C)
Transition	Risk	International Energy Agency (IEA) NZE 2050	IEA STEPS
	Opportunity	Republic of Korea Government NDC	
Physical Risk		SSP1-2.6 (South Korea) NGFS NZE 2050 (U.S., China, Japan)	SSP5-8.5 (South Korea) NGFS CPS (U.S., China, Japan)

1) International Energy Agency (IEA) Net Zero Emission 2050: Scenario suggested by the IEA to attain Net Zero by 2050
2) IEA Stated Policies Scenario (STEPS): Scenario devised to evaluate whether each government is observing the announced energy policy
3) Nationally Determined Contribution (NDC): National GHG reduction goal, for which the South Korean government pledged a 40% reduction by 2030 compared to 2018 (October 2021)
4) Shared Socioeconomic Pathway (SSP), SSP1-2.6 (eco-friendly scenario for low carbon), SSP5-8.5 (scenario for continued use of fossil fuels and increase in emissions)
5) Network for Greening the Financial System (NGFS) Net Zero Emission 2050: Scenario suggested by the Green Finance Council to attain Net Zero by 2050
6) NGFS Current Policies Scenario (CPS): Scenario assuming the maintenance of current status without control over GHG emissions

- SK Inc. compared and applied scenarios based on the parameters below, identifying risks and opportunities by climate change type and analyzing the impacts.

Assumption		In transition to a Net Zero society	Maintaining status (BAU)
Parameter		Low GHG Scenarios (1.5°C & Below 2°C)	High GHG Scenarios (Above 2.7°C)
Transition	Energy transition	• Fossil fuel (ratio): 80% in 2020 → 40% in 2040 → 10% in 2050 • Renewable energy (ratio): 10% in 2020 → 90% in 2050	• Petroleum use in 2050: Increased by 15% compared to 2020 • Natural gas use in 2050: Increased by 50% compared to 2020
	Energy investment	• Hydrogen industry: USD 1 billion in 2020 → USD 40 billion in 2030 • EV (ratio): 5% in 2020 → 20% in 2030 → 60% in 2040	• Continued construction of coal and oil power plants
	GHG reduction	• Net 55% in 2030 (South Korea: Net 60%), Net Zero in 2050	• Emission of 34 Gt in 2020 → 36 Gt in 2030 → 36 Gt in 2050
	Core technology	• Water electrolysis hydrogen, next-generation battery, bioenergy, CCUS, renewable energy, smart grid, hydrogen fuel, etc.	• Companies focusing on legacy investments in existing technologies (limited investments in new eco-friendly technologies)
	Carbon price (average)	• South Korea: KRW 50,000 (ROK NDC 2030) • Global: USD 130 (2030), USD 250 (2050)	• South Korea: KRW 35,000 (considering the price in 2021)
	Policy/Regulation	• Reinforcement of various regulations (ETS, carbon border tax, etc.)	• No specific restrictions related to climate change
	Behavior change	• Voluntary changes by citizens and consumers to adopt eco-friendly behaviors – Estimated to contribute to about 10% of Net Zero to be attained in 2050	• No impact on the reputation of companies and products from changes toward eco-friendly behaviors among citizens and consumers
	Acute climate change	• Increase in natural disasters, such as floods, typhoons, heat waves, and earthquakes	• Temperature rise and substantial increase in natural disasters
Physical	Chronic climate change	• Temperature rise, precipitation change, etc.	

TCFD Report

Strategy

Climate Change Risks

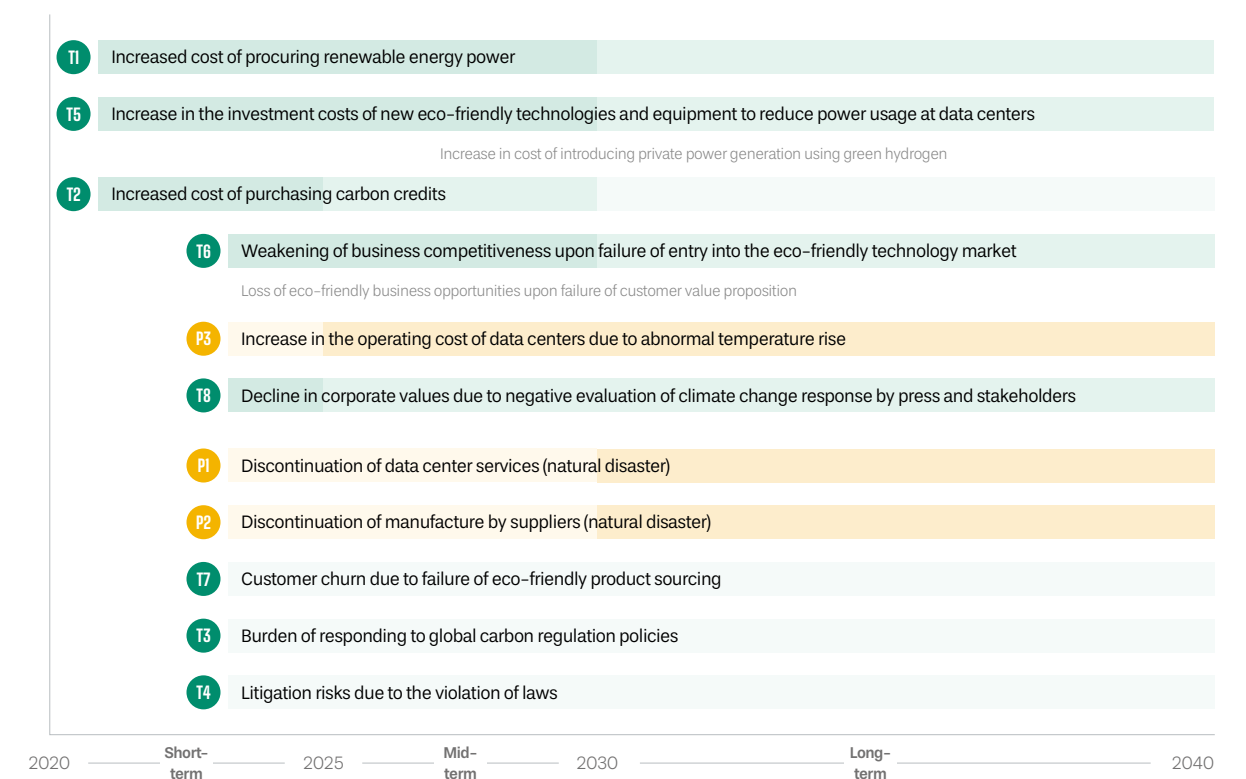
- Based on the applied scenario models, SK Inc. identified risks and analyzed short-term, mid-term, and long-term impacts by detailed risk type. Response plans were established through the review of each risk item by internal/external experts and reflected in the climate change response strategies of SK Inc.

Identifying climate change risks and assessing the impact of each risk type

Risk Type	Details	Impact			Value Chain
		Short	Mid	Long	
Transition Risks	T1 Increased cost of procuring renewable energy power to attain Net Zero, RE100	High	High	Mid	Direct
	T2 Increased cost of purchasing carbon credits due to increase in power consumption and rising price of carbon credits	High	Mid	Low	
	T3 Increase in response resources due to an escalation in global regulations and policy requirements	Low	Low	Low	
	T4 Risks of penalties, fines, and lawsuits related to non-compliance with environmental laws	Low	Low	Low	
	T5 Continued increase in the investment costs of high-efficiency equipment, private generation equipment, and new technology solutions	High	High	Mid	Downstream
	T6 Failure to secure growth engines, decline in sales, and investment loss from technology development	Mid	Mid	Low	
	T7 Decline in customers' trust and customer churn due to failure of eco-friendly product sourcing	Low	Low	Low	
	T8 Worsened investor relations, decline in brand values, boycotting by consumers, etc.	Low	Mid	Mid	
Physical Risks	P1 Discontinuation of data center services due to large-scale extreme weather events or natural disasters → Compensation to customers, recovery costs	Low	Low	Mid	Direct
	P2 Failure to procure parts or discontinuation of manufacture by suppliers due to large-scale natural disasters → Delay in purchases, rise in market prices (increased costs)	Low	Low	Mid	Upstream (U.S, Japan, China)
	P3 Increase in the power cost of data center cooling systems due to rise in air temperature	Low	Mid	Mid	Direct

(*) Impact: Financial burden (high impact if it exceeds KRW 3 billion), severity, probability

Impact
High



TCFD Report

Strategy

T1 [Policy/Law] Increased cost of procuring renewable energy power

BUSINESS IMPACT

- The total power usage of SK Inc. in 2021 was 183.2 GWh, corresponding to 98% of energy consumption and 99% of GHG emissions. Therefore, the use of renewable energy power must be expanded (by implementing RE 100) to reduce GHG emissions. In line with price trends for each method of renewable energy procurement, such as investments in self-generation and green pricing, REC purchases, and PPA, the variation in financial impact is expected to be significant.

Estimated cost of purchasing additional electricity according to the RE100 2040 roadmap (2021-2040)				
General pricing	Green pricing only	REC purchase only	PPA Only	Mixed ¹⁾
KRW 863.9 billion	+ KRW 125.4 billion	+ KRW 16.9 billion	+ KRW 9.7 billion	+ KRW 5.1 billion

¹⁾ Mixed: Private solar power generation + green pricing + PPA
 ※ Reflects gains and losses from carbon credits assuming a price of KRW 35,000

MITIGATION

- In line with its policy to prioritize the use of self-generated power, SK Inc. has installed solar panel facilities by maximizing the use of available land within its worksites. It is also reviewing the introduction of hydrogen fuel cells.
- Further, through an optimal mixed procurement methodology, SK Inc. conducts a quarterly comparative analysis of economic feasibility for each method of procurement – such as green pricing, REC purchases, and PPA – that reflects market circumstances, including policies and supply status, to minimize financial impacts.
- In the short run, energy will be procured through green pricing in 2021 and 2022 and PPA in 2023 and onward.

T2 [Policy/Law] Increased cost of purchasing carbon credits due to an increase in GHG emissions

BUSINESS IMPACT

- SK Inc. became a company subject to the 3rd emissions trading scheme of the Ministry of Environment and is obliged to purchase carbon credits for any emissions exceeding the government-allocated quota (allowable emissions).
- Due to the increase in power consumption at the data centers of SK Inc. due to the increase in new customers, the emissions exceeding the allocated amount are expected to increase. The burden for purchasing carbon credits will increase as the government continues to reinforce regulations by raising NDC goals, enacting the Carbon Neutrality Act, and increasing the paid allocation ratio¹⁾.

¹⁾ 1st period (2015-2017) Zero % → 2nd period (2018-2020) 3% → 3rd period (2021-2025) 10%

MITIGATION

- SK Inc. estimates that carbon credits will need to be purchased until 2016. If reduction efforts such as the use of renewable energy, efficient power usage at data centers, and certification of internal reduction performance by the Ministry of Environment are implemented, SK Inc. will be able to earn profits from selling excess carbon credits starting in 2027. SK Inc. establishes and implements the Net Zero 2040 roadmap and reduction plan based on such economic analyses.

Estimation of gains and losses from carbon credits (2021-2040)			
Carbon credit price (assumed)	Based on BAU	Implementation of reduction	Remarks
KRW 35,000	(-) KRW 67.0 billion	+ KRW 6.0 billion	• Ratio of paid allocation - Assuming 10-16%
KRW 50,000	(-) KRW 95.8 billion	+ KRW 9.0 billion	

(-): Estimated cost of purchasing carbon credits (2021-2026), +: Estimated profit from selling carbon credits (2027-2040)

TCFD Report

Strategy

T3 [Policy/Law] Burden of responding to an increase in global carbon regulations and policy requirements

- In March 2022, the U.S. Securities and Exchange Commission (SEC) announced the draft of the Climate Information Disclosure Regulation. The International Financial Reporting Standards Foundation announced the draft of international standards to establish the IFRS Sustainability Disclosure Standards. Global financial societies are increasingly demanding the disclosure of GHG emissions, including Scope 3, and information about climate change response risks.
- In addition, though the EU Carbon Border Adjustment Mechanism (CBAM) does not apply to the global businesses of SK Inc. yet, policy trends should be monitored to keep track of possible domestic implementation in the mid- and long-term.
- In 2021, SK Inc. formed an exclusive organization to strengthen its GHG management capability, including Scope 3 and domestic and overseas regulations. Environmental resources are continuously being supplemented.

T4 [Policy/Law] Litigation risks due to the violation of laws

- There are 11 domestic laws related to the environment that apply to SK Inc., including the *Act on the Allocation and Trading of Greenhouse Gas Emission Permits* and its Enforcement Decree, the *Environmental Technology and Industry Support Act* (obligation to disclose environmental information), and the *Act on the Promotion of Development and Distribution of Environment-friendly Automobiles* (mandatory purchase of eco-friendly vehicles). There have not been any lawsuits, and future risks are extremely low.

T5 [Technology] Increased cost of investment in new eco-friendly technologies and equipment to reduce power usage at data centers

BUSINESS IMPACT

- Data centers account for over 90% of the total power usage of SK Inc. Accordingly, SK Inc. actively introduces high-efficiency equipment and new technical solutions to reduce power costs and GHG emissions. Related costs are increasing.

MITIGATION

- SK Inc. promotes energy reduction with the goal of reducing power usage at data centers by over 3.5% annually. In 2021, SK Inc. invested KRW 420 million to increase the power efficiency of data centers by introducing Computational Fluid Dynamics (CFD) airflow simulation, changing heat exhaust structures, and purchasing high-efficiency air conditioning equipment and materials considering the life cycle of existing products. Through such efforts, SK Inc. expects to reduce total GHG emissions by 3% or more every year.
- In addition, SK Inc. invested KRW 2 billion in 2021 to extend the private, high-efficiency solar power facility by 500 kW in the parking lots and on the rooftops of its data centers. The total capacity of the solar power facility is 650 kW.
- Through private solar power generation, SK Inc. can save electric rates of KRW 100 million annually and predicts a GHG reduction effect of over 650 tons per year (considering a life cycle of 15–20 years). The technical feasibility of introducing hydrogen fuel cells as an additional means to generate private power was reviewed, and SK Inc. will engage in future investments while considering market situations and economic feasibility.

T6 [Market] Weakening of business competitiveness upon failure of entry into the eco-friendly technology market

BUSINESS IMPACT

- Globally, startups based on climate technologies are growing rapidly under the expectation of economic transition to a Net Zero society. Companies leading Net Zero initiatives strive to create new business portfolios by developing and investing in climate technologies.
- While the South Korean government is developing low carbon/decarbonization policies such as Net Zero scenarios, domestic customers (companies) are demanding digital technologies linked to climate technologies to manage business risks or expand business models.
- The consulting industry foresees that the climate technology market size will be KRW 9,000 trillion globally and KRW 250 trillion in South Korea by 2030. If SK Inc., the leading ICT company in South Korea, were to fail to achieve market entry, risks may occur, such as weakening of future business competitiveness and stagnation of growth.

MITIGATION

- SK Inc. is utilizing digital technologies such as AI, big data, and cloud to develop the RE100 trading platform for building energy-independent infrastructures in regional industrial complexes. SK Inc. develops climate technology solutions and platforms to promote mid- to long-term business growth, such as the service for analyzing optimal electric vehicle charging locations, service smart farm services (autonomous driving of farming machines, fruit condition analysis in orchards, etc.) through vision AI convergence, etc.
- In addition, the HR Department of SK Inc. has been operating programs to foster technical experts since 2019. Eco-friendly business experts of the SK Group have formed a council to mutually cooperate across industrial areas, participating in national technology development tasks and conducting joint projects.

T7

[Market] Decline in customer trust and customer churn due to a failure of eco-friendly product sourcing

BUSINESS IMPACT

- Most customers of SK Inc.'s IT Service Business Division promote eco-friendly purchasing policies to implement green purchases and Scope 3 reductions in the supply chain. Accordingly, the demand for products with eco-friendly certification is increasing.
- Failure to source products with the specific environmental certification demanded by customers will result in the weakening of sales competitiveness, decline in customer trust, customer churn, and decline in sales.

MITIGATION

- In 2021, SK Inc. conducted an environmental assessment of suppliers, granting bonuses to products with environmental marks when purchasing HW products as a demonstration. Detailed assessment criteria were set to conduct full-scale assessments in 2022.
- Moreover, to encourage HW manufacturers to produce eco-friendly products, SK Inc. directly receives information concerning low carbon product certification, suppliers' GHG emissions data, and GHG reductions plans.
- In addition to expanding eco-friendly purchases, SK Inc. will continue to conduct supply chain engagement activities to encourage suppliers to respond to CDP evaluations and establish SBTi goals.

TCFD Report

Strategy

T8 [Reputation] Decline in corporate values due to negative evaluations of the company's climate change response by the press and stakeholders

BUSINESS IMPACT

- SK Inc. judges that negative evaluations of its inadequate climate change responses by stakeholders, such as investors and press media, are likely to cause a deterioration in the brand image and a decline in corporate values. Since SK Inc. is the holding company of the SK Group, the decline in its reputation can have an adverse impact on other affiliates that use the SK brand. They may also face disadvantages in attracting global investments.
- Currently, about 20% of investors of SK Inc. are institutional investors. Major shareholders include the National Pension Service, a socially responsible investment body, and BlackRock, the world's no. 1 ESG investment company. SK Inc. has not reduced its shares due to climate change issues or environmental risks so far, but inappropriate responses to climate change can lead to the reduction of investments in the long term. If 20% of institutional investors withdraw 1% of their share, SK Inc. will suffer a loss of KRW 37 billion in its market capitalization (as of the end of May 2022), which can shrink investments by a decline in stock prices.

MITIGATION

- Seven companies within the SK Group, including SK Inc., joined the RE100 membership in 2020, becoming the first among South Korean companies to do so. In 2021, the SK Group externally declared the promotion of Net Zero and became a benchmarking target for domestic companies by securing leadership status in climate change responses.
- In 2021, SK Inc. achieved CDP Leadership (A-), inclusion in the DJSI World Index for 10 consecutive years, and an MSCI AA Rating. SK Inc. aims to meet the ceaseless demand of various stakeholders, including major investors, for climate change responses and make continual improvements.

PI [Acute] Discontinuation of data center services due to large-scale extreme weather events or natural disasters

BUSINESS IMPACT

- The SSP Scenario of the IPCC predicts that the damage to facilities caused by lightning, floods, and typhoons on the Korean Peninsula will not be immense until 2040, and maximum precipitation is expected to increase by 4.3–6.1 mL. Data centers will suffer no damage from these changes.
- If data center services are interrupted by large-scale disasters such as power outages, the maximum daily cost for compensation and recovery will be approximately KRW 2.2 billion.

MITIGATION

- Even if large-scale power outages of KEPCO were to be prolonged, SK Inc. is fully equipped with emergency power generation systems, including large-capacity UPS and emergency generators. SK Inc. conducts periodic training to switch power from KEPCO into emergency power to guarantee continuity of services for customers.
- In addition, the data centers of SK Inc. are designed to withstand earthquakes that measure 7.0 on the Richter scale and heavy rains of 100 mL per hour, with reinforced durability to endure abnormal weather conditions. SK Inc. conducts annual simulated training to prevent floods and control humidity during heavy rains.

P2 [Acute] Discontinuation of manufacturing facilities by suppliers due to natural disasters

BUSINESS IMPACT

- Approximately 70% of HW equipment purchased by the IT Service Business Division of SK Inc. is manufactured by U.S. manufacturers, and approximately 15% of products come from Japan, Europe, and China.
- According to the NGFS NZE 2050 Scenario (if efforts are made toward a transition to a Net Zero society), typhoon damages in the United States and Japan in 2040 will be similar to the current level. Based on the NGFS CPS Scenario (assuming continuation of current conditions without control over GHG emissions), the damage level will increase by 5.3% in 2030 and 7.6–11.7% in 2040 in the United States and by 2.9% in 2030 and 3.6% in 2040 in Japan.
- If it becomes difficult to procure raw materials due to natural disasters such as large-scale typhoons, there is a risk that HW manufacturers will close down their manufacturing facilities. Such closures can result in purchasing delays, a rise in the prices of raw materials and competing products, a reduction in sales, and losses from costs.

MITIGATION

- SK Inc. annually diagnoses the environmental level of its suppliers. The possibility of untimely procurement is extremely low, but SK Inc. is improving the existing process for manufacturers in the United States, Japan, and China to additionally diagnose their ability to cope with natural disasters.

P3 [Chronic] Increase in the operating cost of data centers due to abnormal temperature rise

BUSINESS IMPACT

- Since power consumption by cooling facilities and IT equipment accounts for over 45% of annual operating expenses at the data centers of SK Inc., the efficiency of the cooling system should be improved and the effects of outdoor air temperature must be minimized to reduce expenses.
- In particular, rises in air temperatures due to heat waves and tropical nights in the summer are directly linked to the increase in power expenses required to operate the cooling system at the data centers.
- Based on the IPCC's SSP5–8.5 Scenario, the annual number of warm days on the Korean Peninsula will increase by 26.6 days in 2040 compared to 2021, and the highest temperature will rise by 1.8°C. If the air temperature rises by 1°C and continues for a year, the annual power expense is estimated to increase by about 2.5–3.5% (KRW 440–620 million as of 2021).

MITIGATION

- SK Inc. introduces and operates high-efficiency facilities, such as automatic water sprays near freezers, to maintain and improve the efficiency of air conditioning when the air temperature rises, thus minimizing the impact of temperature rises. By introducing the Computational Fluid Dynamics (CFD) solution in 2021, an airflow simulation environment was built in the computing rooms. SK Inc. continually increases electric energy efficiency by replacing inefficient air conditioning systems or rearranging IT equipment based on scientific analyses.

TCFD Report

Strategy

Climate Change Opportunities

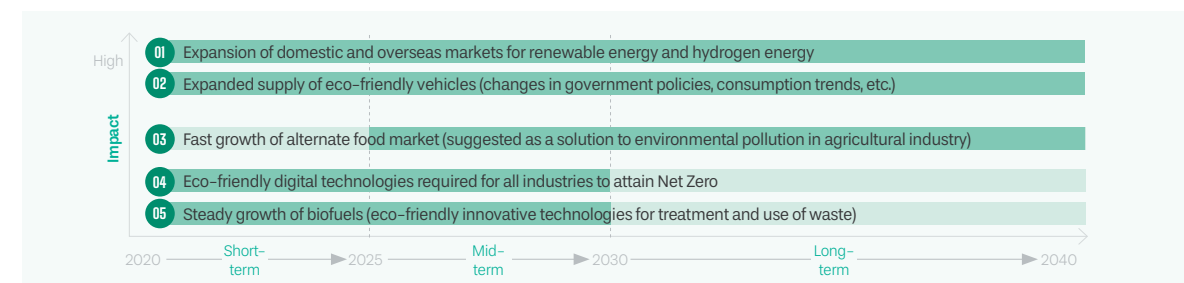
- SK Inc. pays attention to the fact that the achievement of Net Zero will be determined by the innovation and diffusion of core technologies presented in the IEA NZE 2050 and NFGS 2050 Scenarios, such as water electrolysis hydrogen, electric vehicles, CCUS, renewable energy, and bioenergy. As a technology company and an investment specialist, SK Inc. seeks solutions to the fundamental causes of climate change and turns these solutions into business opportunities to secure innovative technologies and BM. SK Inc. perceives such efforts as strategic elements to flexibly respond to future changes in the low-carbon market environment.

Identification of climate change opportunities and impact assessments

Opportunity	Opportunity Type ¹⁾	Impact ²⁾			Investment (-May 2022)	Value Chain
		Short	Mid	Long		
01 Entry into the eco-friendly hydrogen energy market	Energy sources, products/services, markets (securement of alternative energy sources, diversification of business groups)	High	High	High	KRW 925.0 billion	Downstream
02 Investment in EV materials and technologies	Products/services, markets (diversification of business groups, changes in consumer preferences)	High	High	High	KRW 830.0 billion	
03 Entry into the sustainable food market	Products/services, markets (diversification of business groups, changes in consumer preferences)	Mid	High	High	KRW 175.0 billion	
04 Development of eco-friendly digital products/services	Products/services, markets (development and expansion of low-carbon products/services)	High	High	Mid	KRW 81.9 billion	
05 Investment in eco-friendly bioenergy companies	Resource efficiency, energy sources, products/services (development of new products through R&D and innovation)	High	High	Mid	KRW 60.0 billion	

¹⁾ Classification of opportunity types (TCFD, CDP Guidelines): Resource efficiency, energy sources, products/services, resilience, markets

²⁾ Impact: Resolution of climate change issues, investment scale, diversification of business groups, growth potential



01 Investment in eco-friendly hydrogen energy

BUSINESS IMPACT

- The alternative energy (new energy) market of renewable energy, fuel cells, and energy solutions is expanding due to the recent structural changes in the energy demand and supply industries. Based on the analysis of the IEA and NDC scenarios and various market reports, SK Inc. forecasts that the expansion of new and renewable energy markets centered on wind and solar power will accelerate in the global market, and the South Korean market in hydrogen energy will grow due to the shortage of renewable energy resources.

ADAPTATION

- In January 2021, SK Inc. and SK E&S jointly acquired 4.95% and 9.9% of shares in Plug Power, a leading company in the U.S. hydrogen economy industry at KRW 1.7935 trillion won and became the largest shareholder. In June 2021, SK Inc. invested in Monolith, a U.S. company which was the world's first company to produce turquoise hydrogen, and secured a spot within the Board of Directors as a leading investor.
- SK Inc. will establish a joint corporation with Monolith to occupy the turquoise hydrogen and solid carbon markets of South Korea. SK E&S founded a joint corporation (SK Plug Hyverse) with Plug Power in January 2022 to conduct a business for supplying water electrolysis equipment.
- In addition, the SK Group announced a plan centered on SK Inc. to build an ecosystem for the entire value chain, from hydrogen production to distribution and consumption, by investing KRW 18 trillion up to 2025 and constructing the world's largest liquefied hydrogen plant.
- Focusing on hydrogen energy, SK Inc. will invest KRW 9.5 trillion in alternative energy (new energy) by 2025. SK Inc. established the financial goals of achieving a sales volume of KRW 6.5 trillion and an EBITDA of KRW 1.7 trillion.

[Reference] Investment Status

Invested Company	Technologies in Possession	Investment Amount	Time of Investment
Plug Power, U.S.	Water electrolysis technologies and green hydrogen energy solutions	KRW 1.85 trillion (joint investment with SK E&S)	2021
Monolith, U.S.	Production of hydrogen and commercial solid carbon from methane (without generating CO ₂)	Undisclosed (requested by Monolith)	2021

TCFD Report

Strategy

02 Investment in electric vehicle materials and technologies

BUSINESS IMPACT

- The South Korean government set a national goal to reduce GHG emissions by 2,970 tons by 2030, by means of expanding the supply of eco-friendly vehicles, such as EV and HV, to 4.5 million cars. The Act on the Promotion of Development and Distribution of Environment-friendly Automobiles promotes the replacement of business vehicles with eco-friendly vehicles. The IEA NZE 2050 Scenario predicts that the global EV market will multiply 18 times in sales volume by 2030 compared to 2020, and the automobile market will fully convert into an EV market after 2050.

ADAPTATION

- In 2021, SK Inc. began to proactively invest in core materials and technologies, such as copper foils and next-generation power semiconductors, to preemptively secure eco-friendly EV infrastructures and technologies in the fast-growing EV market.
- In 2018, SK Inc. invested KRW 30 billion in Solid Energy Systems, a U.S. company with technologies for lithium metal anodes and concentrated electrolytes, to preemptively secure the next-generation lithium metal battery market. SK Inc. became the third largest shareholder by additionally investing KRW 40 billion in 2021. Solid Energy Systems succeeded in developing prototype products and aims to commercialize them by 2025. With enhanced charging/discharging service life (10 times or more), this new energy source is expected to replace existing fossil fuels.
- SK Inc. invested KRW 270 billion in Wason, a Chinese company that manufactures copper foil materials for EV batteries, in 2019. An additional investment of KRW 100 billion was made in 2020.
- In addition, SK Inc. invested KRW 26.8 billion in Yes Power Technix, a South Korean company designing/manufacturing silicon carbide (SiC) power semiconductors (controlling the current direction and power conversion of EV), in 2021 to secure a share of 33.6%. SK Inc. acquired 53.4% of the shares (KRW 293.2 billion) in Signet EV, a South Korean company that developed the world's first ultra-fast EV charger and acquired U.S. certification, in 2021. SK Inc. invested KRW 70 billion in Polestar, a Swedish high-performance EV maker which is strategically fostered by Volvo.
- SK Inc. estimates it will produce an EBITDA of KRW 1.6 trillion by 2025 through investments in EV materials and technologies.

[Reference] Investment Status

Invested Company	Technologies in Possession	Investment Amount	Time of Investment
Solid Energy Systems	Development of next-generation lithium metal (Li metal) batteries	KRW 70.0 billion	2018, 2021
Wason	Copper foil manufacturing (ranked no. 1 globally)	KRW 380.0 billion	2019, 2020
Yes Power Technix	Silicon carbide (SiC) power semiconductors (the only holder of this technology in South Korea)	KRW 97.8 billion	2021, 2022
Signet EV	Ultra-fast UV charger manufacturing	KRW 293.2 billion	2021
Polestar	High-performance EV manufacturing*	KRW 70.0 billion	2021

* USD 57 million invested via the Hong Kong Geely Fund

03 Entry into the sustainable food market

BUSINESS IMPACT

- The South Korean government will reduce GHG emissions by 180,000 tons by 2030 in comparison to 2018 in the agricultural and livestock industries. This will be reflected in transitions in dietary life, such as the growth of the alternative processed food market.
- The agricultural and livestock industries account for 24% of global GHG emissions, and soil and water quality problems are increasing due to pesticides and waste. Sustainable food was recently proposed as a solution, and primary future consumers, especially those in the millennial generation, are expected to grow the market.
- Global investments in alternative food have already grown by a factor of 20 from KRW 130 billion in 2016 to KRW 2,600 billion in 2020.

ADAPTATION

- Considering the fast growth rate and market size of the alternative food market, SK Inc. has selectively invested in leading global companies for alternative proteins in the U.S. and the UK since 2020. With respect to alternative foods, SK Inc. is actively raising and managing funds to enter the Chinese market.
- SK Inc. will invest KRW 310 billion by 2025 and achieve a sales volume of KRW 2.5 trillion and an EBITDA of KRW 300 billion.

[Reference] Investment Status

Invested Company	Technologies in Possession	Investment Amount	Time of Investment
Perfect Day	Production of fermented milk proteins – Usable as ingredients for ice creams, cheese, and bread	KRW 120.0 billion	2020, 2021
Joyvio Group	F&B distribution company established by Legend Holdings in China – Plans to jointly invest in alternative foods and cooperate on businesses in China	KRW 40.0 billion	2021
Nature's Fynd	Fermented protein technologies – Released cream cheese and alternative meat patty products	KRW 29.0 billion	2021
Meatless Farm	Released 10 alternative meat products (e.g. ground meat and patties) – Leading company for alternative meat (22 countries)	KRW 40.0 billion	2021, 2022

TCFD Report

Strategy

04 Development of eco-friendly digital products/services

BUSINESS IMPACT

- The South Korean government announced (October 2021) its Nationally Determined Contributions (NDCs) to reduce emissions by 40% by 2030 compared to 2018 and attain Net Zero by 2050. The government suggested the roadmap and core technologies to be promoted by different industrial fields, including energy transition, manufacturing, transportation, construction, agriculture, livestock, and fisheries. Digital technologies such as AI, big data, and cloud computing are emphasized as essential technologies for all industries.
- In the global market, the climate technology market is growing rapidly in developed countries such as the United States and European countries. Climate technologies include the management of carbon emissions, GHG offsetting, renewable energy, smart grids, climate prediction, and precision farming.
- SK Inc. predicts that the demand for eco-friendly products/services based on digital technologies will grow according to governmental policies and market trends. They will become mid- to long-term growth engines for the IT Service Business Division.

ADAPTATION

- Each business organization of SK Inc. established mid- to long-term eco-friendly business goals in 2020 and has been conducting projects to build eco-friendly solutions and platforms. SK Inc. invests in and develops eco-friendly solutions to offer value propositions to customers after undergoing the Point of Concept (POC) and testing stages.
- As of 2021, SK Inc. is developing/commercializing approximately 20 solutions and platforms related to energy reduction, carbon reduction, and air/water pollutant reduction.

Ex) Energy-saving solutions and platforms

- RE100 trading platform for industrial complexes, GHG life cycle assessment system, EV battery management system, platform for analyzing and optimizing energy use of factory equipment, etc.

- Including the recent investment (KRW 930 million) in the "platform for certifying and trading voluntary carbon reduction," the IT Service Business Division invested KRW 81.9 billion in R&D for eco-friendly solutions between 2021 and 2022. SK Inc. plans to gradually expand the amount of investment.

05 Investment in eco-friendly bioenergy companies

BUSINESS IMPACT

- The South Korean government actively supports R&D investments and management activities for low-carbon fuel technologies based on renewable resources that can be commercialized immediately.
- With the intensification of environmental pollution caused by waste, the International Energy Agency (IEA) advocates for eco-friendly, innovative technologies to treat and use waste. The IEA estimates that the size of the global biofuel market is KRW 160 trillion as of 2020. Despite the spread of EVs, the industry foresees that biofuels will show a steady growth because of the demand for internal combustion engine vehicles and aviation fuel.

ADAPTATION

- SK Inc. will invest in eco-friendly businesses and technologies and enter the South Korean bioenergy market to respond to climate change and attain Net Zero.
- Accordingly, at the end of 2021, SK Inc. jointly invested KRW 60 billion in Fulcrum BioEnergy, a U.S. company that produces synthetic crude oil from domestic waste, with a domestic private equity fund. SK Inc. will seek potentials in the waste biofuel business by introducing the innovative processes of Fulcrum BioEnergy to South Korea.
- SK Inc. will invest KRW 4 trillion in waste treatment and use up to 2025, aiming to achieve a sales volume of KRW 3.6 trillion and an EBITDA of KRW 500 billion.

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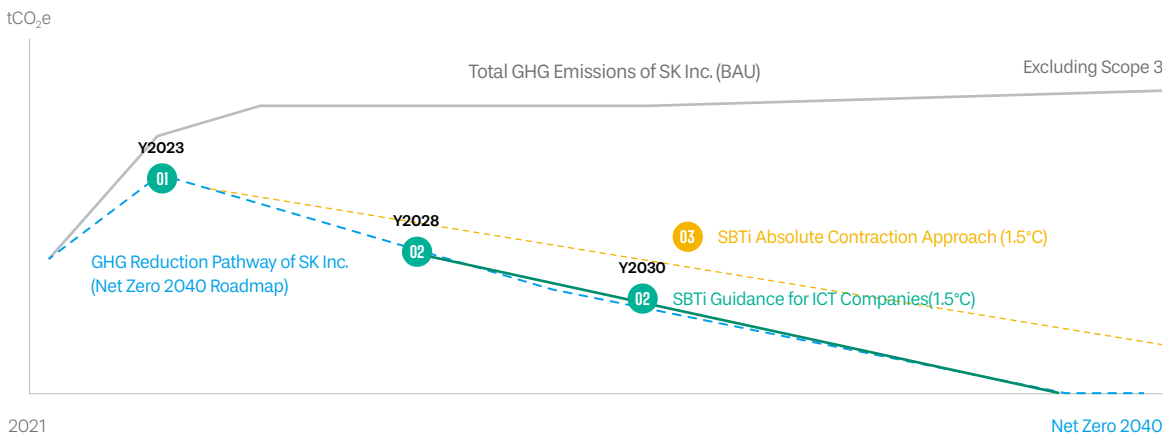
Strategy

Resilience of Organizational Strategy Based on Various Climate Change Scenarios

- As an investment company, SK Inc. jointly pledged the attainment of Net Zero with companies for which SK Inc. is a major shareholder, such as SKI and SKT. SK Inc. leads each company in establishing and implementing GHG reduction goals and roadmaps. All major anchor asset companies of SK Inc. showed a strong commitment to achieving Net Zero and consistent efforts to attain their goals. Such efforts demonstrate the readiness of SK Inc. for climate change risks in its investment portfolio.
- In terms of opportunities, SK Inc. expands eco-friendly investments in hydrogen energy, electric vehicles, and alternative meat to cope with future changes in the low-carbon market environment. SK Inc. is analyzing whether its investment portfolio accords with global standards (EU Taxonomy, Korean Green Classification System, etc.) and will share the results with stakeholders.
- Furthermore, as an ITS company, SK Inc. minimizes the risks of the increased cost of purchasing renewable energy power and carbon credits. At the same time, SK Inc. has established the Net Zero 2040 roadmap by specifying and incorporating action plans to follow the GHG reduction pathway aligned with the 1.5°C climate change response scenario, considering the resilience of the organization.

GHG Reduction Strategy and Reduction Pathway

- The major risks and opportunities experienced by ICT companies, such as predicted costs for renewable energy power and carbon credits and the entry into eco-friendly markets, are uncertain in the long run. However, SK Inc. applied the SBTi Guidance for ICT Companies Setting Science-based Targets to analyze trends in GHG reduction to ensure a flexible response. The circumstances of the South Korean renewable energy market and economic feasibility were analyzed comprehensively and linked to the Net Zero roadmap.



- 01 Setting the SBTi base year (2023): SK Inc. will submit the SBTi commitment in 2022 and the target in 2024.
- 02 SBTi target year (2028-2030): Setting goals for 5 years after the base year and 2030 according to the SBTi Guide

※ SBTi guidance for ICT companies (data center) setting science-based targets (absolute reduction of 6% per year)

	Base Year	Target Year		
		2028	2029	2030
2023		Reduced by 31.6%	Reduced by 37.6%	Reduced by 43.6%

- 03 Absolute reduction of 4.2% per year from the base year emissions (2023)

Reduction Methods

Main reduction method: RE100 2040 goals + energy efficiency of data centers

- SK Inc. plans to reduce GHG by 99% by 2040 and minimize risks such as the increased cost of carbon credits by attaining the RE100 2040 goals and increasing the energy efficiency of its data centers.

① RE100 2040 Roadmap

Year	2021	2022	2023	2024	2025	2030	2035	2040
RE %	3%	9%	16%	23%	30%	60%	80%	100%

- Applying the optimal method of procuring mixed renewable energy (private generation, green premium, PPA, etc.)
- Continually promoting rolling to minimize costs by tracking market conditions and the prices of each method

② Strengthening the power efficiency performance of data centers

- Aiming to reduce power consumption by 3.5% or more every year
- Improving the air conditioning environment of computing rooms and introducing equipment/solutions based on new technologies through the analysis of big data on operations

Additional reduction methods from mid- to long-term perspectives

- In the mid-term and long-term, SK Inc. will acquire GHG reduction certifications that meet national or international standards, such as the Korea Voluntary Reduction (KVER) and Sustainability Development Mechanism (SDM), to secure carbon credits and generate profits while reducing GHG emissions.

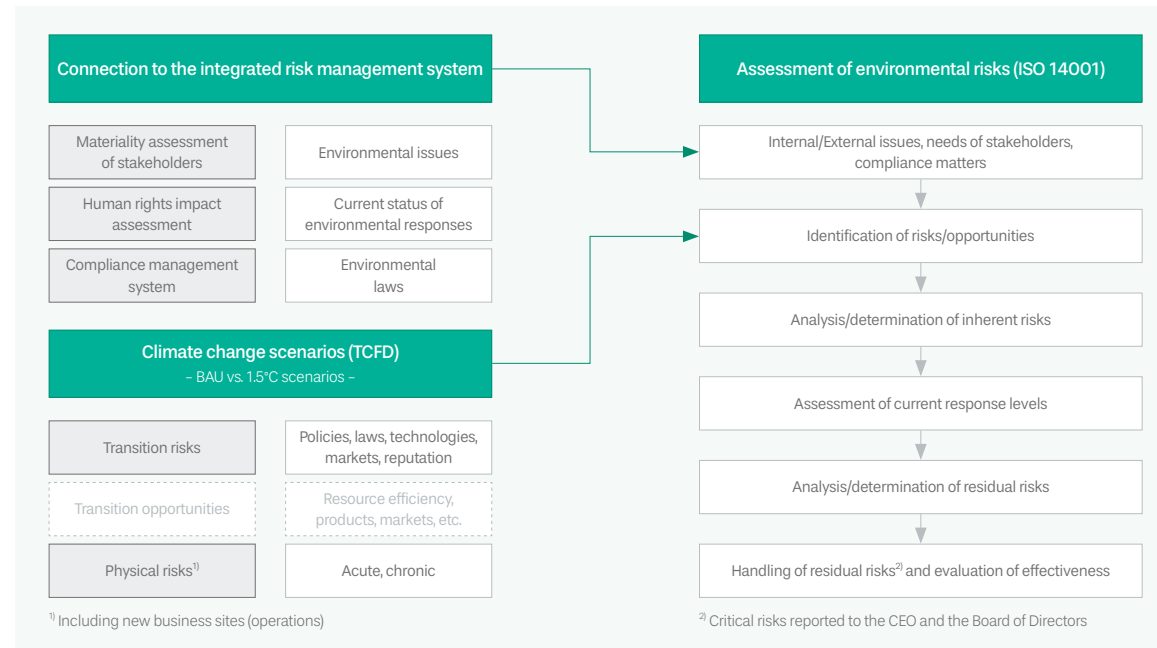
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Risk Management

Process for Managing Risks Related to Climate Change

Managing Environmental Risks

- SK Inc. operates processes for identifying, preventing, and assessing environmental risks in connection with the integrated risk management system under the environmental management system (ISO 14001). Every year, SK Inc. verifies the appropriateness and effectiveness of its risk assessments through internal/external audits.
- Moreover, SK Inc. assesses the financial impacts of climate change scenarios according to the TCFD Recommendations.



[Reference] Environmental Risk Monitoring and Resolution by the SK Group

The SK Group operates a council to proactively prevent common environmental risks. The group discusses and proposes response measures with participating affiliates regarding global environmental issues. SK Inc. is also a member of this council.

- SV Committee: Support for issues related to Net Zero and RE100
- Environmental Business Committee: Support for business-related issues, such as technologies, markets, and government policies
- Governance Committee: Support for the prevention of environmental pollution and pollutant accidents

Integrated Management of the Business Process

- SK Inc. manages eco-friendly investments and supply chains by expanding eco-friendly businesses.

Upstream	Downstream
<p>Environmental assessment of the supply chain</p> <p>SK Inc. prepares environmental assessment indicators and standards, such as environmental regulations for suppliers and eco-friendly certifications, and applies them to the supplier selection process.</p>	<p>Managing the environmental risks of investment businesses</p> <p>The environmental management organizations of SK Inc. diagnose and assess environmental risks and outcomes from the preliminary reviews of all investment businesses for decision-making. When reviewing investments, executives in charge of environmental management must participate in the decision-making process.</p>

TCFD Report

Management Indicators and Goals

Climate Change Indicators and Goals Managed by SK Inc.

- SK Inc. focuses on GHG and energy indicators, which involve high risks related to climate change.

Managing Greenhouse Gas Emissions and Energy

- SK Inc. measures and monitors monthly GHG emissions at each business site and utilizes the measurement results to manage yearly performance, such as the Net Zero KPI. In addition to GHG Scopes 1 and 2, SK Inc. endeavors, as a leading eco-friendly company, to reduce GHG throughout its business value chain by continually improving the Scope 3 measurement and management systems. GHG emissions were computed according to the South Korean government's "Guidelines on the Operation, etc. of Greenhouse Gas Energy Targets" and the district heating construction guidelines. GHG indicators and outcomes undergo third-party verifications according to the IPCC Guidelines 2006, WRI/WBCSD GHG Protocol 2004, ISO 14064-3 2006, ISO 14001, and the Act on the Allocation and Trading of Greenhouse Gas Emission Permits and its Enforcement Decree.

Greenhouse Gases				[Unit tCO ₂ e]					
Division		2019	2020	2021 ¹⁾			2025 Goal		
				BAU	Reduction	Emission	BAU	Reduction	Emission
Scope 1+2		63,978	64,014	90,973	4,864 (5.2%)	86,109	177,392	57,098 (32.2%)	120,294
Subtotal		121	206	1,540	108 (7%)	1,432	1,540	508 (33%)	1,032
Scope 1	Gas	89	68	523	-	523	523	-	523
	Diesel	32	138	100	-	100	100	-	100
	Gasoline			846	108	738	846	508	338
	Propane			71	-	71	71	-	71
Subtotal		63,857	63,808	89,433	4,756	84,677	175,852	56,590 (32.2%)	119,262
Scope 2	Electricity	63,531	63,550	88,922	4,756	84,166	175,341	56,590	118,751
	District heating	326	258	511	-	511	511	-	511
Subtotal		5,464	5,637	13,391,021	-	13,391,021			
Scope 3 ²⁾	Upstream	5,464	5,637	14,416	-	14,416	To be specified in the second half of 2022		
	Downstream			13,376,606	-	13,376,606			

¹⁾ Increase in emissions due to an increase in data center customers and the expansion of the GHG scope (4 business sites in 2020 → 15 business sites in 2021, added gasoline/propane)

²⁾ Scope 3 management items: Expanded (6 → 11 items): Energy other than Scopes 1 + 2, transportation, work waste, business trips, commuting of employees, leased assets, purchased products, capital goods, use/disposal of products, investments

Energy							[Unit: TJ]
Division		2017	2018	2019	2020	2021	2025 Goal
Total		1,187	1,403	1,319	1,340	1,795	2,743
Electricity	Demand (A)	1,185	1,410	1,348	1,375	1,880	3,656
	Reduction (B)	30	38	41	46	122	943
	Use (A-B)	1,155	1,372	1,307	1,329	1,758	2,713
	RE %	0.1%	0.1%	0.2%	0.3%	3.3%	30.0%
Non-electricity ³⁾		32	31	12	11	37 ⁴⁾	30

³⁾ Non-electricity: Energy use from district heating (heat), gas, diesel, gasoline, and propane

⁴⁾ Includes management items based on measures to strengthen energy management (use of gasoline and propane)

Managing Resource Circulation (Waste/Water)

- SK Inc. discharges most kinds of domestic waste, including paper, bottles, plastics, cans, and polystyrene. Domestic water accounts for most of its water use, and its annual usage is below 5% compared to the global peer group, and its environmental load is relatively small. Nonetheless, SK Inc. improved its management levels in 2021 by applying the ZWTL and WRI international standards. Based on the ZWTL standards, SK Inc. aims to achieve a 99% waste recycling rate.

Waste/Water							[Unit: Ton]
Division		2017	2018	2019	2020	2021	2025 Goal
Waste	Discharged	268	193	69	54	107	Below 150
	Recycled (%)	58%	69%	61%	34%	93% ⁽⁵⁾	99%
Water	Water intake	125,868	134,017	44,170	39,731	45,107	45,000
	Recycled (%)	10%	10%	21%	18%	10%	10% or above

⁵⁾ The management criteria was revised by applying the ZWTL standards in 2021 (strengthening the traceability of waste treatment companies)

Best Practice in the Environmental Area

SK Innovation

Securing Waste Battery Metal Recycling (BMR) Technology



SK Innovation has independently developed waste battery metal recycling (BMR) technology and is operating a business that recovers metals like lithium, nickel, cobalt, and manganese. This technology achieves a greater effect on reducing carbon dioxide than conventional mine and salt lake production methods by directly recovering high-purity lithium hydroxide (LiOH), which can be used in high-nickel anodes. Based on a life cycle analysis (LCA) performed by Argonne National Lab in the United States, carbon dioxide generated while producing LiOH using this technology is 74% and 41% reduced in comparison to mines and salt lakes respectively. A demo plant has been constructed and is undergoing a scale-up feasibility test. SK Innovation plans to start plant operations and commercial production in 2025 in major EV markets, such as the United States and Europe.

SK Telecom

Making a World Without Disposable Cups Through “Happy Habit”



As domestic and foreign regulations on disposable plastic cups are strengthening, SK Telecom embarked on this project to solve the environmental problems caused by plastic cups. Happy Habit is an eco-friendly platform project that builds a resource recycling ecosystem by supplying, lending, collecting, cleaning, and resupplying reusable cups using ICT. A demonstration project was carried out on Jeju Island in July 2021, with another demonstration project conducted in Jung-gu, Seoul, in November. These demonstration projects proved the expandability of the reusable cup system.

From July 2021 to June 2022, SK Telecom reduced the use of disposable cups by over 3 million. The ICT-based reusable cup system is now expanding nationwide, including in key commercial areas in Seoul and Incheon. SK Telecom will strive to build a sustainable environmental ecosystem by cooperating with business partners, increasing benefits for participants, and reducing the use of disposable plastics.

SK Networks

Resource Recycling Projects



SK Networks creates environmental values by reducing the use of new resources, cutting down on carbon emissions, and delaying disposal through the resource recycling projects of its subsidiaries, Mintit and SK network service.

Mintit operates South Korea's first AI-based used phone purchasing machine called 'Mintit ATM,' which allows anyone to trade or donate used phones. This service offers a true 'circular economy' that circulates limited resources.

※ In 2021, SK Networks saved material expenses of KRW 21.2 billion and GHG expenses of KRW 1.2 billion by reusing and recycling used phones.

In addition, SK Networks service is expanding the scope of eco-friendly resource recycling projects to small appliances, E-Waste* of ICT devices, recycling centers, due diligence on clients' disused IT assets, and the ITAD business** that offers systematic consulting and solutions for data deletion and sales.

※ In 2021, 2,634 tons were handled by the recycling center, and the ITAD-related environmental performance was 31,394 units (PC).

* E-Waste: Waste generated by electronic devices and parts

** ITAD: IT Asset Disposition

SKC

Waste Plastic Resource Project



The waste plastic resource project is part of the efforts made by SKC towards a plastic recycling environment. Together with SK picglobal, a global joint venture chemicals company, SKC is building industrial pyrolysis oil production facilities to recycle waste plastics. Although it is difficult to recycle waste plastics made of different materials using existing technologies, we are striving to increase resource utilization by melting plastics using pyrolysis and re-extracting them as raw materials.

SKC is currently preparing a pilot facility by combining the technology of Kankyo Energy, a Japanese venture, with SK picglobal's knowledge in chemical businesses. Its goal is to commence commercial operations in 2023. In the short run, SKC plans to extract pyrolysis oils, such as intermediate oil, from waste plastics and use them as boiler fuels. In the long run, SKC will apply oil refining technologies to turn waste plastics into raw plastic materials.

SOCIAL



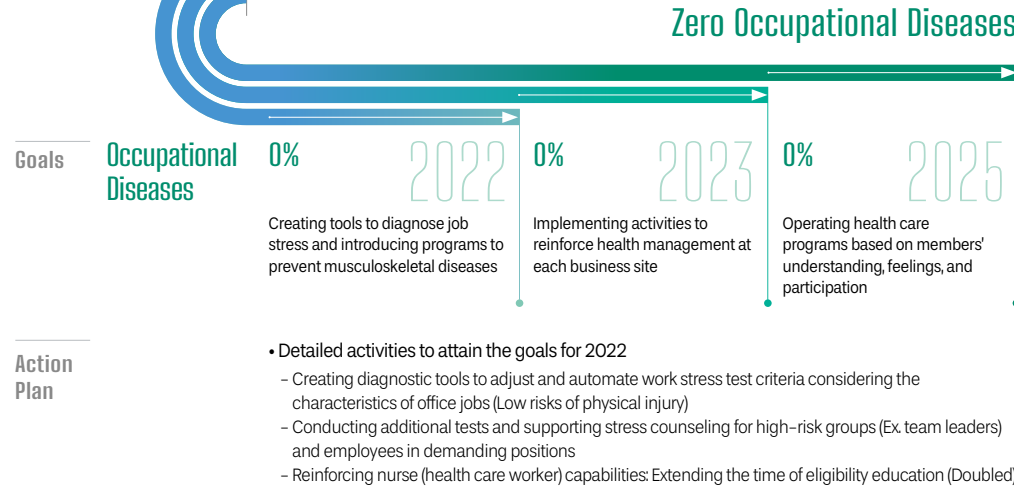
1. Safety and Health
2. Work & Life Balance of Employees
3. Securing and Fostering Human Resources
4. Human Rights Management
5. Information Security
6. Service Quality and Stability
7. Mutual Growth and Supply Chain
8. Social Contribution

1

SAFETY AND HEALTH



ROADMAP



KEY POINTS

Company-wide Safety and Health Management System

- SK Inc. has established the safety and health management system based on the group's operating principles and built safety and health systems for employees by creating a culture of prioritizing safety and health.
* Including all SK employees (Including part-time, contract) and subcontract, service, consigned, and special employment type employees
- Global standards are applied to build a company-wide safety and health management system and establish processes for risk assessment and performance management.

Establishing Methods of Managing Occupational Diseases

- SK Inc. has established methods for managing health check-ups considering the characteristics of office jobs (Low risk of physical injury), managing occupational diseases, preventing the VDT syndrome, and preventing and managing job stress.

Body health	Preventing and managing Visual Display Terminal (VDT) Syndrome	<ul style="list-style-type: none"> Coaching program for mind, energy, and body training * Contact-free, online videos and coaching given the circumstances caused by COVID-19 Program to address the VDT syndrome * Prevention and management of pain on the neck, shoulders, hands, and waist Strengthening muscular endurance by operating a fitness center Providing a program to provide information on the VDT syndrome for prevention
Mental health	Diagnosing job stress and providing relevant counseling	<ul style="list-style-type: none"> Conducting programs to reduce job stress by operating internal communication channels Operating a psychotherapy office (EAP service for site workers) Testing job stress (Planning to expand stress management to external site employees)



Zero Violations of Health and Safety Laws



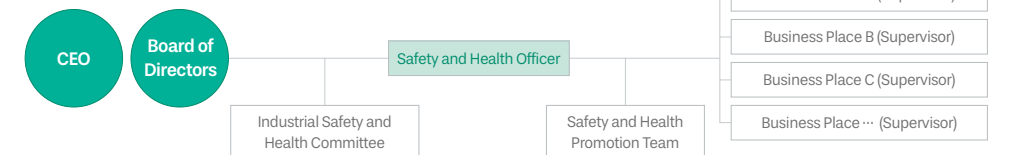
ACHIEVEMENTS

- SK Inc. initially acquired the ISO 45001 international standard in 2021 and passed the surveillance audit in 2022.
- SK Inc. has developed a plan to improve prevention of hazards according to industrial safety risk assessment and established and implemented measures to prevent recurrences.
- A job stress test is performed based on employee surveys and expert opinions to prevent potential health risks for employees.

MANAGEMENT

- The Safety and Health Promotion Team is formed by the decision of the Board of Directors to strengthen the safety/health organization and appoint the Chief Safety and Health Officer to manage safety and health affairs and to assign safety/health professionals.
- The Industrial Safety and Health Committee meets every quarter under the safety and health management system to review issues related to the safety and health management systems. Safety and health performance is reflected in the ESG KPIs of all employees, including the CEO and responsible personnel/centers, with respect to compensation.

Composition of the safety and health organization



Safety and Health

Strengthening Employees' Safety and Health Management

Adopted the Safety and Health Management Guideline

- SK Inc. adopted the Safety and Health Management Guideline (2021) according to the group's SHE strategies established in 2019.

Setting Up and Acquiring Certification for The Safety and Health Management System

- The safety and health management system was established based on the results of company-wide safety and health diagnosis, building the system according to the accompanying processes and the needs for maintaining ISO 45001 certification.
- SK Inc. opened the Safety and Health Portal to share major announcements and organizational data and announce agendas and details of the Industrial Safety and Health Committee.
 - Hi-SK → Business Support → Environment/Safety and Health Portal



Conducting Safety and Health Education

- Conducting online safety and health education to raise safety awareness among members and minimize safety risks
- Supplementing tailored educational courses according to the characteristics of the IT service business to empower employees, though SK is not legally subject to regular education (2022)
- Planning to expand the scope of the safety and health education programs in 2022 (leaders, employees of special employment type, etc.)

Details of Education



- | | |
|--|--|
| (1) Systems and key points of the Occupational Safety and Health Act | (2) Safety and health management system |
| (3) Safety and health education regulated by laws | (4) Industrial accident investigation and understanding statistics |
| (5) Understanding laws related to punishment for serious accidents | (6) Understanding musculoskeletal diseases |
| (7) Working environment and health management for office workers | (8) Prevention of health hazards caused by job stress |
| (9) First aid measures by accident type | |

Reinforcing Safety and Health Inspection Activities

Safety and Health Inspection Activities

- Operating the Industrial Safety and Health Committee: SK Inc. inspects company-wide safety and health goals and the current status of industrial accidents once a quarter through the Industrial Safety and Health Committee, which includes an employee representative (The Committee was held four times in 2021).
- Operating a near-miss reporting system: SK Inc. operates a safety and health accident reporting system using the company portal and mobile app (HAPP), and regularly inspects employees.
- SK Inc. is strengthening safety and health inspection activities in 2022.
 - Planning to measure safety and health performance (monitoring) and establish safety inspection plans for external sites in 2022 (The inspection will be carried out once in 2022 and semiannually afterward.)
 - Inspection through evaluation by the safety and health officer, etc. (semiannual)
 - Inspection on the fulfillment of safety and health-related laws (semiannual)
- SK Inc. supports the safety and health activities of subsidiaries and business partners.

Criteria for Inspection of Safety and Health Systems of Subsidiaries/Business Partners

Division	Inspection Activity
Safety and health systems	<ul style="list-style-type: none"> Forming a safety and health organization Appointing a safety and health officer Appointing or entrusting a safety manager/health manager Forming the Industrial Safety and Health Committee
Safety and health activities	<ul style="list-style-type: none"> Conducting safety education/safety inspection Conducting education for site workers Entrusting safety education and diagnosis
Safety accident status	<ul style="list-style-type: none"> Number of serious accidents

Strengthening Safety and Health Evaluation Capabilities of Business Partners

- Evaluating the relevant capabilities to manage the safety and health of suppliers and reflecting the evaluation criteria in purchase contracts (Suppliers' eligibility to be evaluated after establishing the guidelines for evaluating safety management capability)
- When conducting contracted businesses, SK Inc. evaluates* the safety level of suppliers in the bidding stage to select suppliers with the ability to prevent industrial accidents.

* The safety level is evaluated to fairly select suppliers that have at least the minimal capability based on the criteria for the safety and health activities of the contractor.

Safety and Health

Responding to Safety and Health Accidents

Responding to Safety and Health Accidents

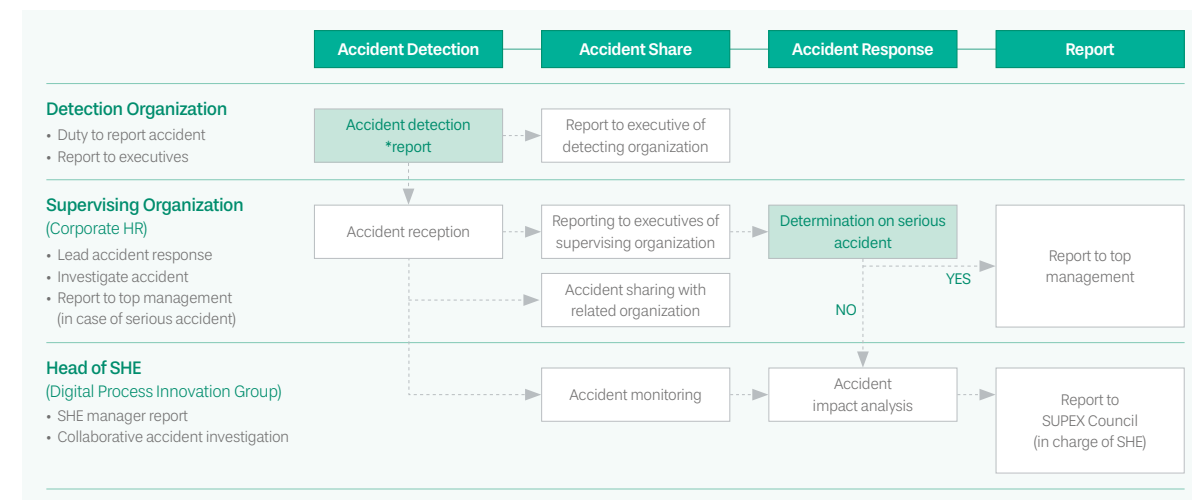
- SK Inc. established a detailed accident manual and a prompt response system based on the scope and importance of safety and health accidents.
- Since accidents with 'serious physical damage' has been added to the standards used for defining safety and health accidents, physical damage expected to have a significant impact on the company or customers must now be reported to the supervising department, thus raising the level of emergency response level.

Principles of Sharing Information on Safety and Health Accidents

- In the event of an accident, all employees must share and report details to the organization and the superior in charge of the work area/department where the accident occurred.
- Information on accidents must be shared and reported. Violations may be subject to disciplinary action according to the company's regulations.

Area	Target	Serious Accident (Spread within the Group)	General Accident (Spread within the Company)
Personal injury	Employees, employees of suppliers	<ul style="list-style-type: none"> - Occurrence of work-related fatality - Two or more injuries that last more than three months, etc. 	<ul style="list-style-type: none"> - Work-related injuries and diseases that require at least three days of closure
Environmental pollution/ physical (property) loss	Head office, Pangyo, Daedeok, and external business sites	<ul style="list-style-type: none"> - Accidents of chemical leakage, maritime and river pollution - Significant damage that occurred or is expected from fire, explosion, leakage, etc. - Physical damage expected to incur a significant impact on businesses 	<ul style="list-style-type: none"> - Accidents related to environmental pollution for which administrative measures must be taken - Fire, explosion, or leakage accidents that cause minor damage

Health & Safety Accident Information Sharing System



Safety and Health Accident Response System and Training

- Firefighting safety inspection and emergency response training
 - Annual emergency response training for occupants' employees, employees of business partners, and members of the Emergency Response Center to respond to emergency situations in an agile manner
 - During the data center extension work in 2021, virtual training was carried out on a fire caused by flame scattered in the metal cutting process. There was a problem in the reception of fire alarms at the construction site due to a noise issue.
 - Derivation/implementation of improvement points: Frequent inspection of time alarm, education on the emergency evacuation, etc.
- Emergency patient response system
 - A hot-line system that enables immediate evacuation in case an emergency occurs to employees
 - Professional first aid training is provided for full-time security guards to take first aid measures 24/7

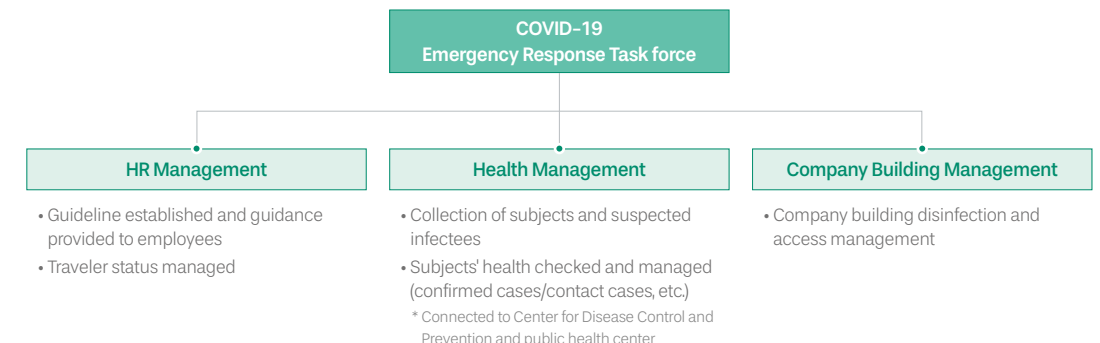
Response to COVID-19

- SK Inc. continues measures to respond to the prolonged COVID-19 pandemic, organizes video conferences, continually announces health and safety matters to employees, and has strengthened its response to prevent the spread of infection within office buildings.

Primary responses

- SK Inc. has established a comprehensive guideline, updates it regularly, and shares the guideline with all stakeholders
- Procuring and distributing quarantine and sanitary supplies (Emergencies occurring at external sites, during overseas business trips, etc.)
- Restricting access and inspecting persons accessing our facilities (Body temperature measurement, etc.), monitoring targets of management/ inspection daily, etc.
- In 2021, SK Inc. carried out disinfections (223 times), sanitary inspections, office cleaning (Chairs, carpets, etc. at 20 sites)

COVID-19 emergency response task force process



Safety and Health

Health Support Activities

Health Support Program

- SK Inc. operates diverse health promotion programs for the benefit of all employees (Including part-time and contracted employees).

	Program	Details of Support
Prevention	Mind, energy, and body training	<ul style="list-style-type: none"> Operating 5-6 stretching, yoga, and meditation courses every month * Mind and Body Training Room at the head office and Pangyo (Switched to contact-free programs after COVID-19)
	Fitness center	<ul style="list-style-type: none"> Fitness center and shower room for employees
	Health check-ups	<ul style="list-style-type: none"> Support for medical expenses related to health check-ups of employees and their family members Two types based on the age group [Focused check-up (KRW 400,000), comprehensive check-up (KRW 250,000)]
	Psychotherapy	<ul style="list-style-type: none"> Empathy Plus: Psychotherapy and job stress tests for employees Vitamin Day: Health and mental counseling service for employees at external sites and business partners (temporarily discontinued due to COVID-19)
Treatment	Medical expense support	<ul style="list-style-type: none"> Up to KRW 1 million per year to support the medical expenses of employees and their spouses, children, and parents (spouses) Hospital, medicine, health check-up, and vaccination expenses
	Collective insurances	<ul style="list-style-type: none"> One of A (4th generation indemnity insurance), B (surgery/hospitalization/diagnosis), and C (dental preservation/prosthetics) types

Analysis of Potential Health Risks

- SK Inc. analyzes potential risks of occupational diseases considering the work characteristics of office jobs
 - Conducting surveys on external experts and employees and determining priorities among potential health risks of employees
 - VDT syndrome* 2) Workplace stress

*A generic term that refers to the health problems that arise from long-term use of video devices like PCs, monitors, and smartphones
 - Establishing responses to the potential risks derived through the analysis and implementing support programs
 - VDT syndrome: Developed the 'Stretching Alarm Program to Prevent VDT'
A character named Ppogy appears on the PC screen at given intervals to encourage stretching, correct inappropriate posture while working, and relax muscles that become tense.
 - Workplace stress: Conducted 'job stress tests' based on the mobile HAPP
Development of test criteria among primary stress factors that SK employees are likely to experience, with experts' advice, analyzing potential health risks
→ Early discovery of high-risk groups, psychotherapies, and monitoring based on the result data

Safety Prevention Activities

Reorganization of the Safety Management System

- By analyzing the gap between SK's safety and health management systems and the measures prescribed in the Serious Accidents Punishment Act, SK Inc. derived vulnerabilities and solutions and reorganized the management systems by setting up the mandatory safety and health systems in the early stage.

Details

- Setting up safety and health management goals and policies
 - Managing safety/health budgets
 - Checking communication with employees regarding health and safety (biannual)
 - Implementing evaluation of suppliers (biannual)
 - Implementing risk assessment (biannual)
 - Evaluating work performance of the safety officer, etc. (biannual)
 - Inspecting implementation of measures to address urgent risks (biannual)
 - Inspecting compliance with safety/health-related laws (semiannual)

- SK Inc. has adopted measures to improve safety hazards and risk factors at business sites.
 - Periodically conducting risk assessments at all business sites (biannual)
 - Performing industrial safety risk assessments based on competency, finding new hazards/risk factors through regular risk assessment and establishing improvement plans, and implementing fulfillment management periodically
 - Identifying hazards and risk factors to which employees are exposed during internal and external works at each business site
 - Classifying grades according to risk estimation and checking accepted, acceptable, and unacceptable risk factors
 - Checking the effectiveness of measures to manage hazards/risk factors from the previous year and reflecting the results in current measures
 - Performing evaluation/review on the effects of measures taken to improve hazard and risk factors (Measuring the outcomes of improvement actions)
 - Measuring risk assessment improvement performance (Refer to the table below)

Results of Implementing Risk Assessment and Improvement Measures in 2021

Derivation of Risk Factors	Details of Improvement Actions	Outcomes
Safety accidents from carrying heavy weights in and out	<ul style="list-style-type: none"> Implemented the plan for preliminary checking/consent within DCSP 	100% completion of preliminary checking/consent
Collision accidents when opening doors of the data center E/V room	<ul style="list-style-type: none"> Attached collision warning signs and implemented quarterly inspections (Reflected in the building management checklist) 	100% completion of quarterly inspections
Overheating-related fire accidents from unauthorized use of refrigerating equipment	<ul style="list-style-type: none"> Increased the frequency of inspection and provided company-wide safety guidance (Attached guide signs) 	Frequent inspections underway (Zero fire)
COVID-19 infections	<ul style="list-style-type: none"> Implemented broadcasts (a.m. and p.m.) to induce employees to comply with sanitary control, such as mask-wearing COVID-19 response/prevention activities (Expanded working-from-home, etc.) 	Reduced the rate of infection (Confirmed effectiveness)

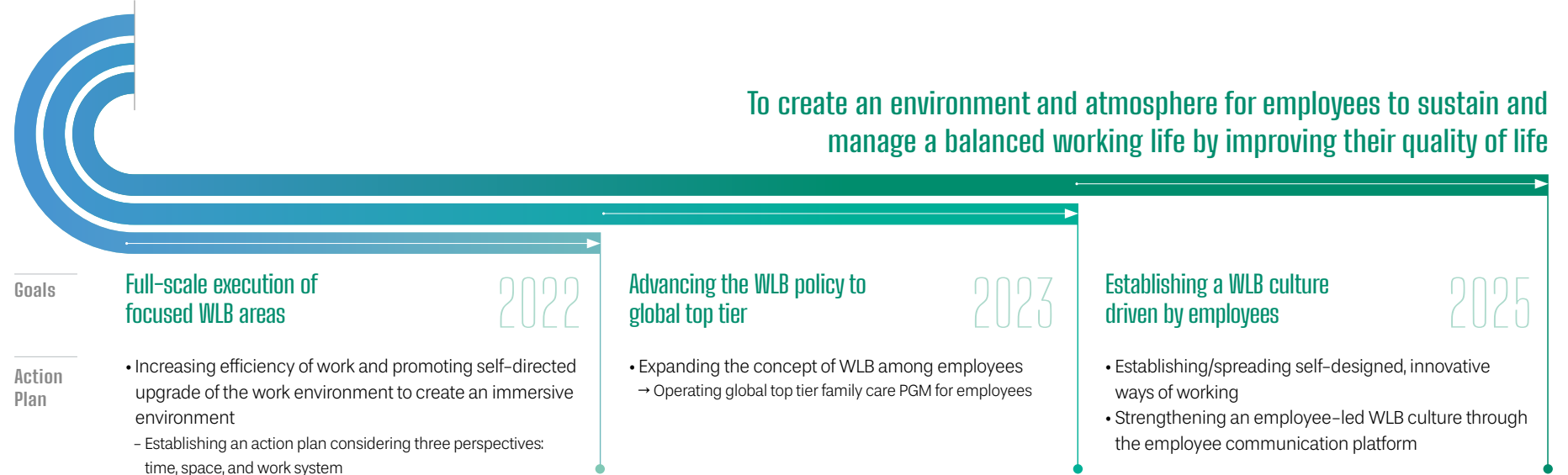
※ Excluding safety and health actions taken before 2021

2

WORK & LIFE BALANCE OF EMPLOYEES



ROADMAP



KEY POINTS

Policies to Promote Employee WLB

- We are striving to create a culture of Work & Life Balance (WLB*) for employees.
 - SK Inc. regulates health and welfare policies for employees so that all employees can balance their work and home lives, and we offer a work environment that motivates them. By listening to employees' voices and referring to survey results, focused areas are selected to add sophistication to the support system in each area.
 - Creating and expanding a WLB culture, driven by employees through communication
- Three focused areas of WLB are selected and implemented.
 - Self-directed reinforcement of the work environment by employees
 - Increased support for stable life after retirement
 - Increased care for employees' family members
- Employees establish specific action plans to improve the work environment.

Space	Expansion of base/shared office spaces to improve the commuting and work environments while considering customer sites and employees' places of residence
Time	Expansion of diverse work types, such as flexible working hours and working from home, considering the business characteristics to support settlement of each organization
Work system	Continual reinforcement of the remote work environment by upgrading digital capabilities

ACHIEVEMENTS

- We have created various welfare benefit systems to enhance work and life balance among employees.
 - Measuring the effects of support systems (rate of satisfaction with 2nd life after retirement/employment), measuring happiness/satisfaction through employee surveys
- SK Inc. conducts various activities for the goal of 'creating a family-friendly and happy workplace that facilitates balance between work and life,' enhancing the quality of life and acquiring the family-friendly certificate in 2013.

Welfare Benefit System

Health	Medical expenses, health check-ups, collective accident insurances, purchase of green farm products
Stable livelihood	Internal loans, communication expenses, lunch meal points
Family events	Allowances and supplies for family events
Refresh / Leisure	Operation of clubs, support for rest centers
Childbirth / Childcare	Child fetching PGM, scholarships, gifts for entering elementary schools and taking college entrance exams
Welfare facilities	Daycare center, medical room, fitness center, Mind and Body Training Room, etc.
Old age support	2 nd life support system, retirement pension system

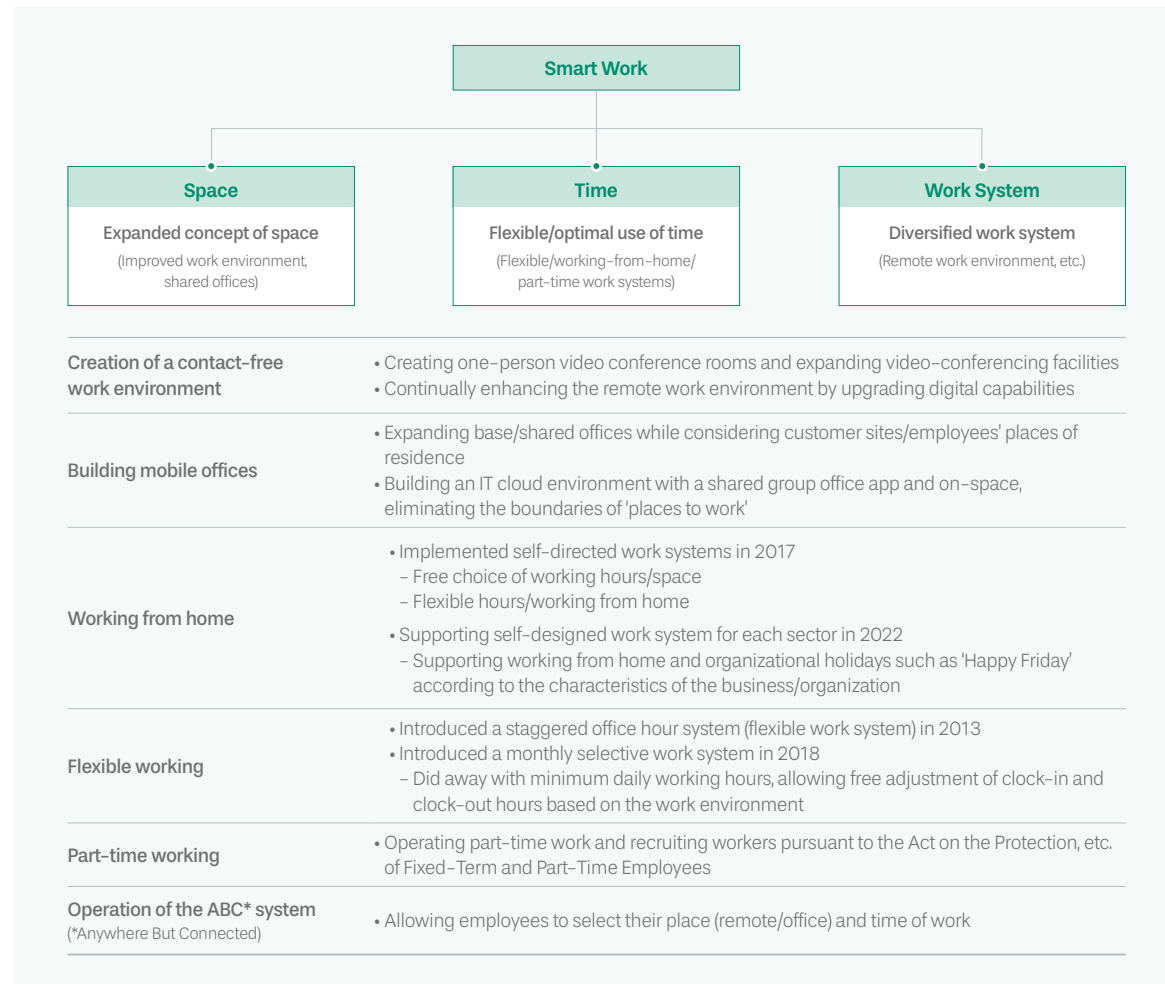
Family-friendly Certificate



Work & Life Balance of Employees

Self-driven Enhancement of the Work Environment

- The COVID-19 pandemic requires employees to manage their health and innovate their ways of working.
- Accordingly, SK Inc. has enhanced organizational efficiency by actively introducing smart work systems and prepared the groundwork for self-contained work performance.



Support for Stable Living after Regular Retirement

- An employee support system for stable old-age life and 2nd life after retirement

Career counseling and exploration of opportunities after retirement	Support for career exploration after the regular retirement of employees
Retirement pension system	Deposited through an external financial institution and provided as a lump sum or pension

- By saving and managing KRW 407.2 billion of retirement benefits through an external asset agency as of the end of 2021, SK Inc. maintains the 90% ratio according to the legal external saving standards and guarantees the right to receive benefits in a stable manner.

Estimated retirement benefits	KRW 445.3 billion
Ratio of external saving of retirement benefits	91%

- Support for 2nd life after retirement
 - SK Inc. grants time to prepare for a 2nd life well before regular retirement
 - 5 months of participation in outplacement services (without attending work) + 1 month of leave
 - SK Inc. supports participation in outplacement services.
 - Selecting companies based on employees' intention and various supporting programs (Reemployment/startup/life planning education, etc.)
 - A reemployment program for regular retirees is in operation for employees with outstanding competency who need to continue working.

전직 지원 프로그램

전직 지원 서비스 제공

- 전문기관과 연계하여, 재취업/창업/생애설계 교육 등 서비스 제공
- 구직률 개인별 선호도에 따라 2개 전문기관 (라이프매니지먼트, 이움길) 중 선택 가능
- ※ 전문기관 소개자료는 별도 첨부

2nd Life 준비기간 부여

- 전직 지원 서비스 참여기간을 미래 준비기간으로 활용 가능하도록 지원
- 전직 지원 서비스 참여 5개월(미출근)+휴가 1개월
- ※ 서비스 참여기간 중 급여 전액 지급
- ※ 사업적 필요성으로 서비스 참여기간 동안 업무를 수행해야 하는 경우에는 예외적으로 전직지원금(월 급여 2개월분) 추가 지급 (단, 전직지원금은 전직 지원 서비스 참여기간(5개월) 중 근무일수 반영 월당 지급)

- Measuring the outcome of support programs
 - Successful employment and startup achieved by 50% of retirees in 2021

Category	Outcome
Number of participants	10 retirees in 2021
Satisfaction score	4.6 points (5-point scale)
Employment and startup rates	50% (4 employed, 1 startup)

Work & Life Balance of Employees

Strengthening Care for Employee's Families

- SK Inc. runs various systems and programs for employees who are pregnant, have recently delivered a child, or have children.

Operating in-house daycare center	• Operating an in-house daycare center to take care of children aged between 1 and 4 years
Support for children's educational expenses	• Providing educational expenses for children between 5 years of age and undergraduates
Coding education for children	• Operating coding education to boost children's understanding of information technology and instill pride in employees
Baby greeting program	• Providing a pink ID card necklace and gift to pregnant employees
Reduced working hours during pregnancy	• Implementing reduced working hours for employees within the first 12 weeks or after 36 weeks of pregnancy
Breast-feeding/lactation facilities	• Operating a lactation lounge and arranging a refrigerator to store breastmilk
Family care leave	• Granting leave to employees where they have to take care of family members in need of care, such as elementary school children, disease/accident in the family, and elderly persons
Parental leave	• Granting parental leave to male/female employees who have a child aged 8 years or below – Paid parental leave if the employee is the main caregiver: 1 year – Paid parental leave if the employee is not the main caregiver: 1 year

Measuring the Impact of WLB Satisfaction on Employees

- By conducting annual culture surveys on employees, SK Inc. continues to communicate with employees and strives to assess their satisfaction.
- The culture survey includes questions about happiness (expectations about life, company, and future) to measure the degree of happiness felt by employees, assessing the happiness regarding WLB and job satisfaction.
 - Improved and maintained the total score since 2020, when SK Inc. first started to promote happiness and WLB

Survey Framework

Belief/Confidence in SKMS

- Body pursuing happiness
- Pursuit of stakeholders' happiness, etc.

Realization of SUPEX Co.

- Setting SUPEX goals
- Establishing a to-be model
- Consensus and implementation capabilities of employees, etc.



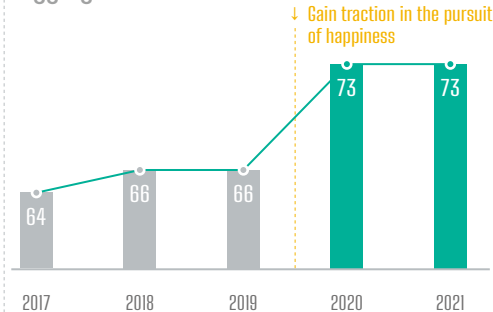
Happiness of employees

- Happiness regarding company/life
- Factors that influence happiness

Practice of VWBE and development of environment

- Vigor, attempt, execution
- Development of a vigorous practice environment
- Leaders setting examples, etc.

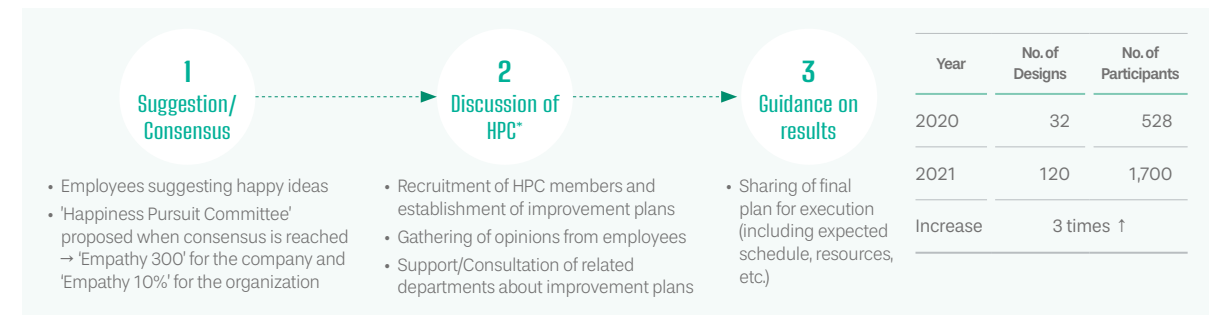
Aggregate Score



Employee-driven Happiness Design

- SK Inc. operates an employee-driven happiness design system to innovate the way of working and enhance WLB and happiness.
 - SK Inc. encourages the voluntary participation of employees from suggestion to execution, increasing participation based on the needs for happiness and innovation in the way of working

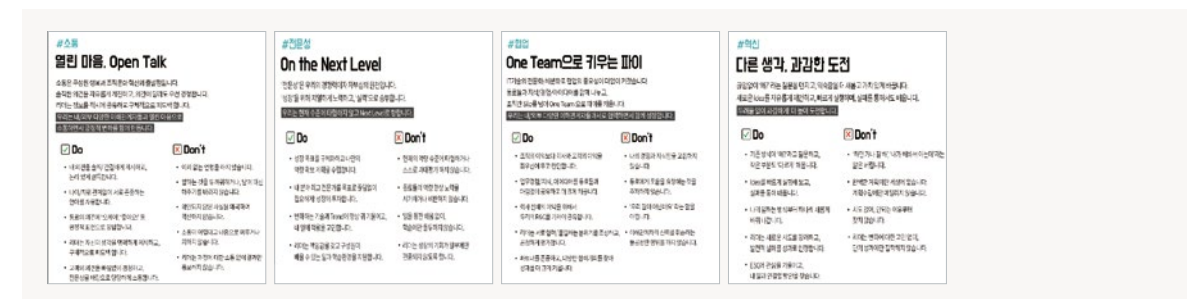
Happiness Design = Problems posed and solved by employees



* Happiness Pursuit Committee

Internalizing an Active Organizational Culture

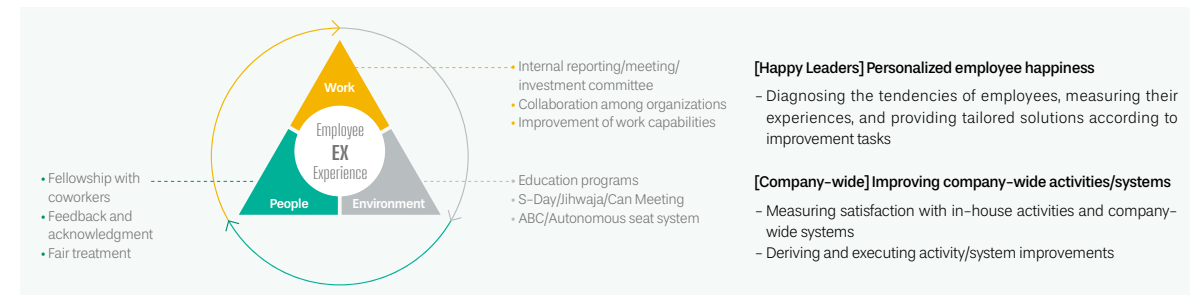
- SK Inc. makes various efforts to introduce and strengthen an active organizational culture where employees find happiness and drive innovation for the successful implementation of F/S. (Selected 4 core properties and 36 behavioral patterns)
 - Internalizing an organizational culture founded on 'communication,' 'expertise,' 'collaboration,' and 'innovation' (Customizing the details according to organizational needs through W/S of each team)
- SK Inc. establishes an effective method of delivering messages so that employees can easily understand them and act
 - Suggesting detailed dos and don'ts for each keyword



Work & Life Balance of Employees

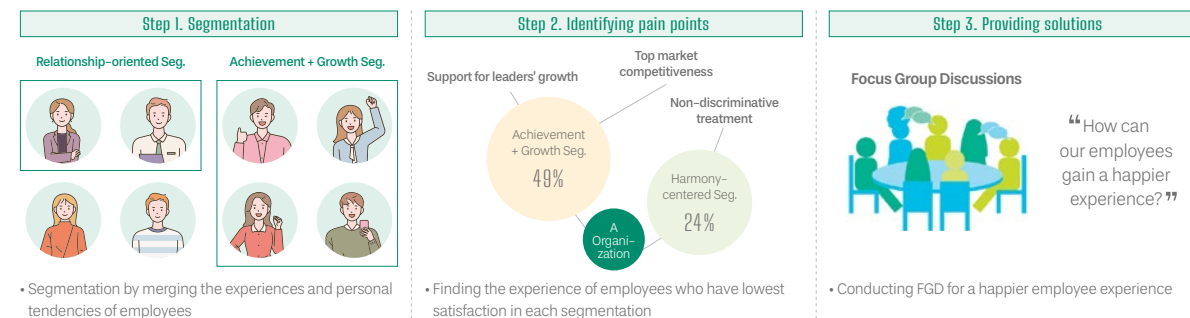
Happiness Management Focused on the Experience of Employees

- SK Inc. provides tailored solutions for each organization and improves in-house activities and systems to offer a happier experience to employees in terms of work, people, and environment.



(1) Happy Leaders: Personalized employee happiness

- Implementing segmentation of employees based on the pursuit of happiness and identifying unmet needs for each segmentation
- Finding solutions to unmet needs through employee FGD* and delivering them to Happy Leaders



(2) Improving company-wide activities/systems

- Measuring the importance and satisfaction of all company-wide activities/systems experienced by employees, deriving top priority improvement areas that show high importance and low satisfaction
- Improving the system by focusing on top priority improvement areas/conducting education for employees



* FGD: Focus Group Discussion
** IPA: Importance-Performance Analysis

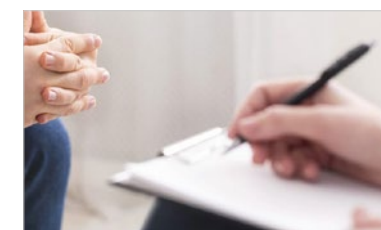
Happy Data Management

- Since June 2020, a happiness survey has been conducted for all employees before starting work.
- The survey comprises three questions related to their level of happiness, happy emotions, and influential factors relating to happiness. Different questions are asked every day in terms of influential factors, and the same set of questions are repeated every two months.
- The level of happiness and happy emotions of the week are handed over to Happy Leaders every Tuesday, and Happy Leaders can use the survey results to manage the happiness of their organizations.



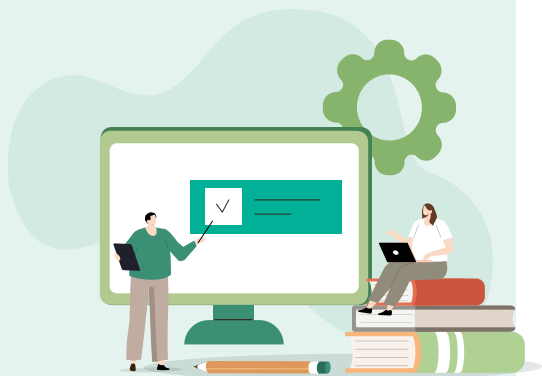
Happy Support Services

Happy MSG	Happy Counsel	Happy Reference Book
<ul style="list-style-type: none"> An IT service to spread happiness, gratitude, acknowledgments, and compliments in everyday life Ability to send an anonymous message of support and encouragement to an employee every morning 	<ul style="list-style-type: none"> A mental counseling service by a professional counselor to train employees' mental strength Professional counseling is available in four areas, including mental health, happy family, happy workplace, and leadership development New team managers, transfer employees, and sales employees are required to participate 	<ul style="list-style-type: none"> A book of success stories, failures, and episodes shared by Happy Leaders regarding happiness management, allowing other organizations to learn from and apply these cases

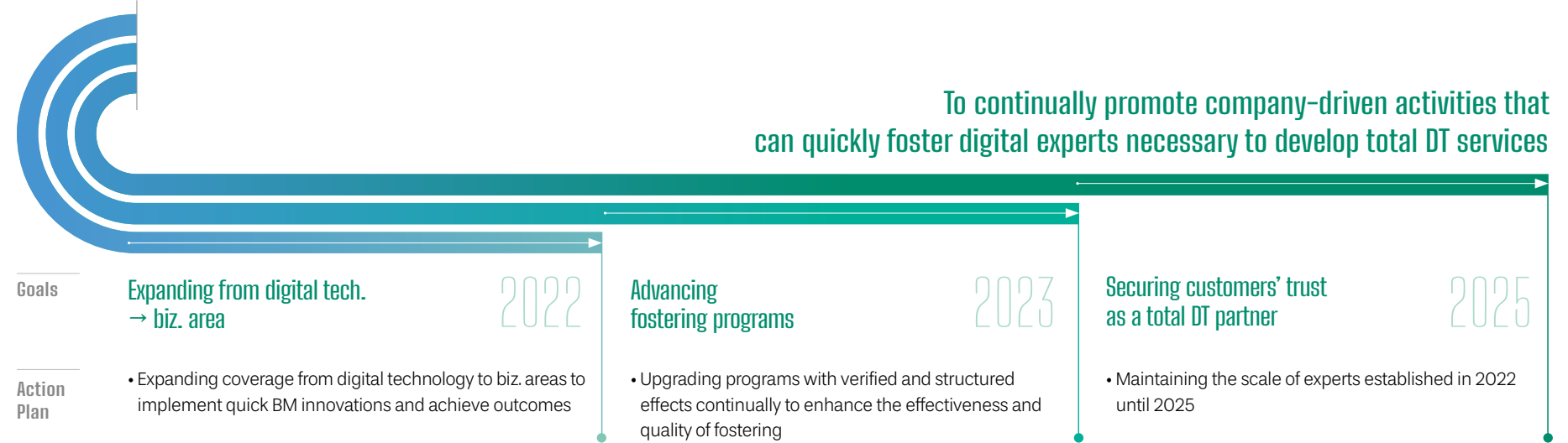


3

SECURING AND FOSTERING HUMAN RESOURCES



ROADMAP



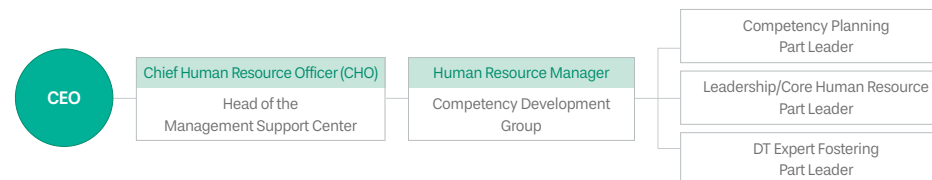
KEY POINTS

Policy to Foster Human Resources

- Considering the growth direction and business characteristics of the company, it is necessary to strategically foster human resources that can drive digital innovation of BM.
- There is growing need for creating infrastructures to engage in self-directed improvement so that personal growth can be aligned with the company's competencies. Accordingly, SK Inc. establishes a job-based fostering system to enhance each individual's expertise based on personal career goals.

MANAGEMENT

- The Chief Human Resource Officer (CHO) is generally responsible for strategically fostering employees. The CEO reviews and manages annual reports related to the core strategic issues related to human resources.



ACHIEVEMENTS

Outcomes of Executing Competency Development Programs

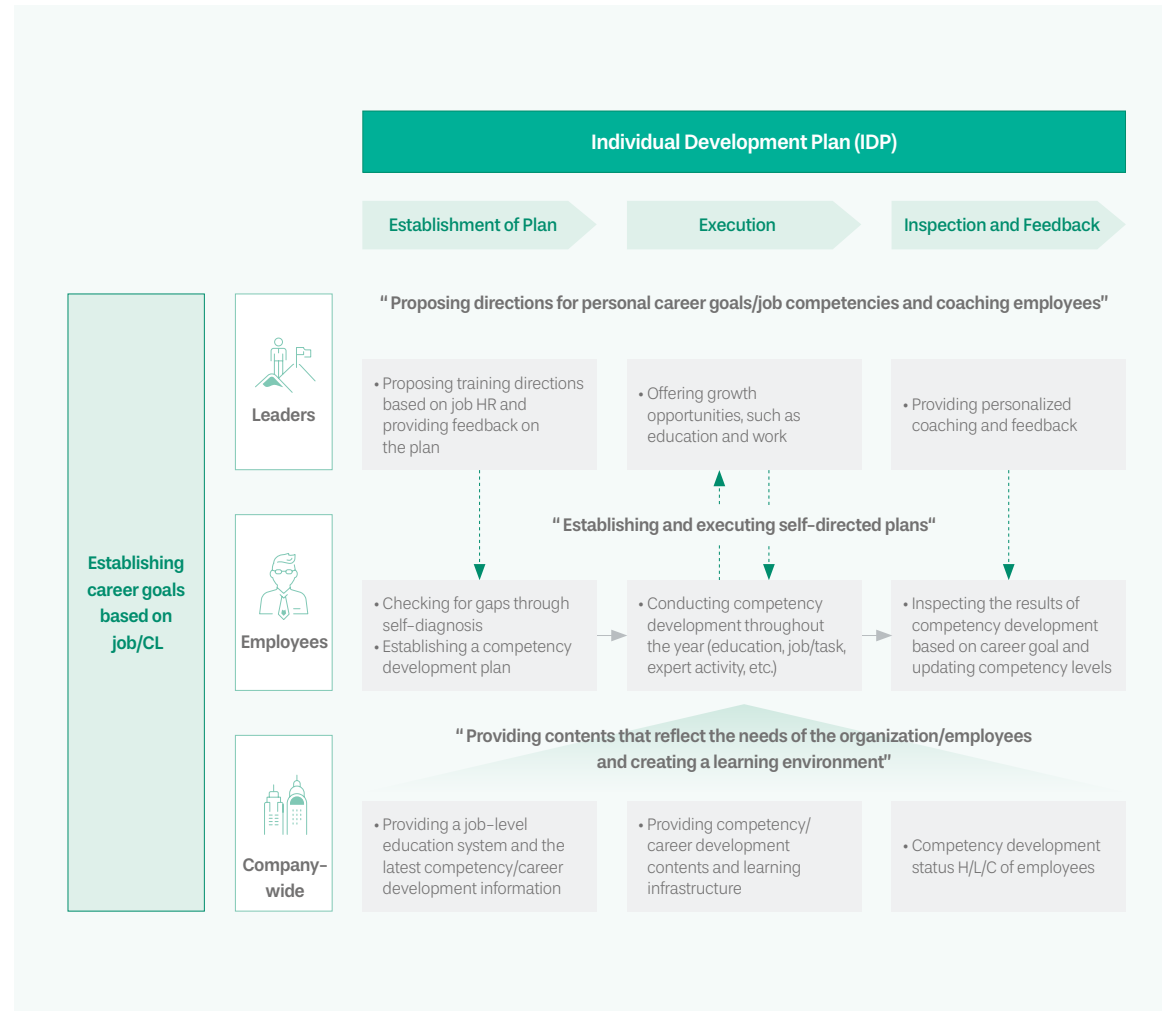
- SK Inc. encourages all employees to participate in various programs implemented to develop their career and competency.

Category	Program	Outcome in 2021	Impact
Company-driven programs	Strategic fostering of human resources in DT	Operated 211 educational programs to foster DT human resources, securing 1,075 new workers (2,303 cumulative)	Average satisfaction score of 4.3 points (on a 5-point scale)
	Open Lab	Operated 9 times with 2,389 participants	Average satisfaction score of 4.3 points (on a 5-point scale)
Employee-driven programs	TCL (Tech Collabo Lab)	Involved 24 TCL teams and 120 participants	
	Biz. farm system	Based on 32 themes, 17 teams (pitching), and 98 participants	
External competency programs	Industry-university research	Joint research with KAIST to analyze structured data (Market caster platform business) and study molecular structure (AI technology to predict physical properties)	
	License acquisition/maintenance support	Supported 738 persons to acquire a new license (3.3 licenses owned per person in 2021)	

Securing and Fostering Human Resources

Self-directed Development of Job-based Competencies

- Employees establishing and executing individual development plans (IDPs) to attain their career goals
- Leaders/company providing coaching/competency development programs for employees to become job experts



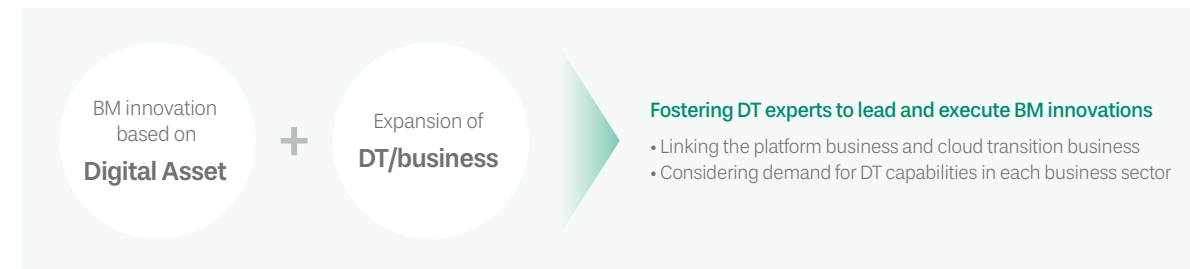
Major Competency Development Programs

Name of Program		Details of Education
mySUNI (Group-wide)		A common online education platform of the SK Group that comprises courses on diverse topics and supports liberal learning based on needs
Self-directed Fostering		Support for personal educational expenses (Learning Account), organizational learning hours (Growth Day), and the tailored book-based learning website called 'Bukjeokbukjeok'
Strategic Fostering of DT Talents		Fostering talents in the areas of digital convergence and cloud, specialized in each industry necessary for expanding solution, platform, and cloud businesses
Tech Collaboration Lab (TCL)		Voluntary, small-scale R&D lab activities using DT, supporting TCL activities and providing rewards based on performance
Biz. Farm System		An environmental program that expands employees' opportunities for business participation and focuses on the commercialization of new BM driven by employees
Open Lab		Monthly open lectures conducted by selecting topics and instructors to share and accumulate knowledge in different areas, such as industry and domain trends aligned with the business needs, use cases, stakeholder happiness, and laws and regulations
Leadership Course		Clinic on organizational and performance management for leaders and intermediate leaders and support for group coaching
Language education	Focused Language Course	Programs to improve the foreign language proficiency of employees, one-to-one tutoring three times a week, and use of a video system
	Foreign Language Training with Phone/Video	Programs to empower employees with foreign language speaking skills, using phone or video education, operated three times a year
Long-term Overseas Training		Support for a 5-month overseas training program that provides industrial learning in the areas of AI/DT in cooperation with Carnegie Mellon University
Support for Acquiring Academic Degrees		Global top MBA and master's courses to foster future entrepreneurs, strategically fostering employees with outstanding potential (Selection of about two elite individuals every year)
Support for License Acquisition and Maintenance		Provision of expenses necessary to foster strategic digital experts and support them in acquiring licenses or certifications

Securing and Fostering Human Resources

Strategically Fostering DT

- SK Inc. has established a plan to foster DT experts who can promote BM innovation centered on DT convergence, cloud, AI, and blockchain, which are the primary strategic directions for the company.
- SK Inc. provides various educational courses focused on designing projects and solving problems to strengthen comprehensive DT services, such as diagnosis, analysis, strategy suggestion, and execution of BM, beyond conventional education on IT skills.
- Through such educational courses, SK Inc. has attained primary strategic directions of platform business and cloud transition and created new business opportunities.

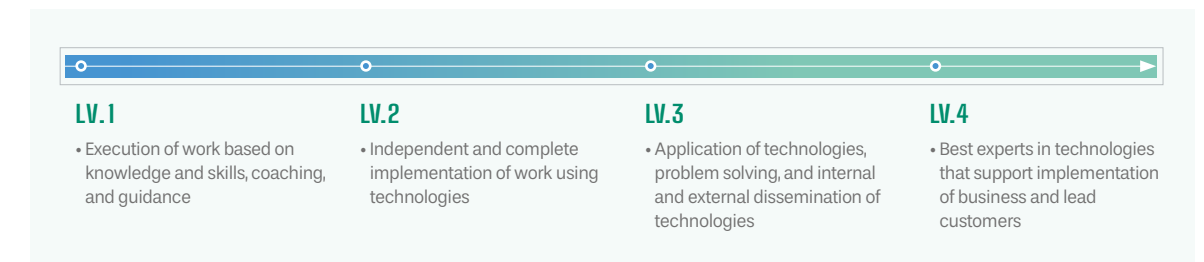


Primary Programs

DT Area		Description
DT Convergence	Digital Archi.	Tailored design based on business experience and technologies in possession
	Cloud Archi.	Fostering experts through implementation of projects based on coaching by internal and external experts
	Data Scientist	Dual track fostering based on analysis and engineering competency
Cloud	Cloud App. Eng.	Differentiation based on actual project input Concurrent education with CSPs (AWS, Azure)
	Cloud Platform Eng.	Implementation of lab tasks in each IaaS/PaaS domain based on expert coaching
	Data Analysis & ML/DL	Implementation of open data or hands-on data analysis processes
Data	Data Eng.	
	AI Services	Fostering method based on DT pairing with mentors
	Blockchain Services	

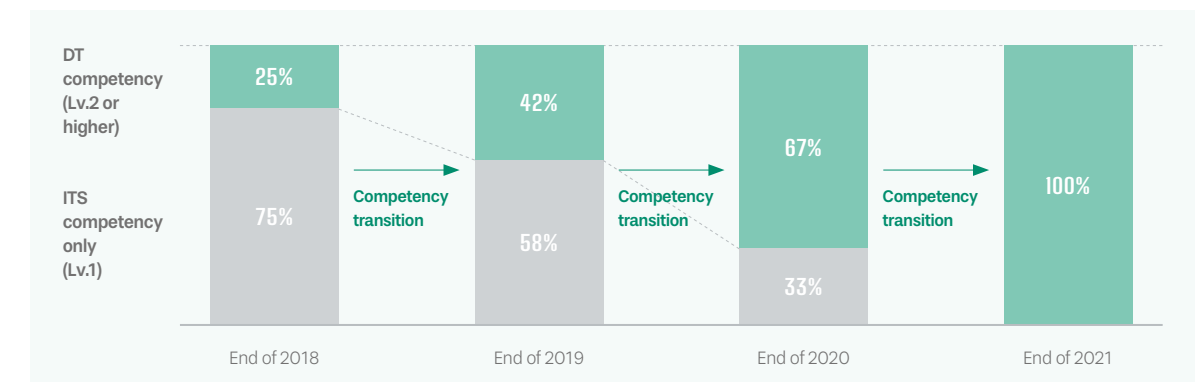
Steps for Improving DT Competencies of Employees

- SK Inc. grants competency levels 1–4 based on DT knowhow and work competency.



Outcome of Strategically Fostering DT

- SK Inc. completed digital transition for all technical workers (Lv.2 or higher) (by the end of 2021).
- SK Inc. secured 33.4% of digital experts who can lead customers (Lv.3 or higher) (by the end of 2021).



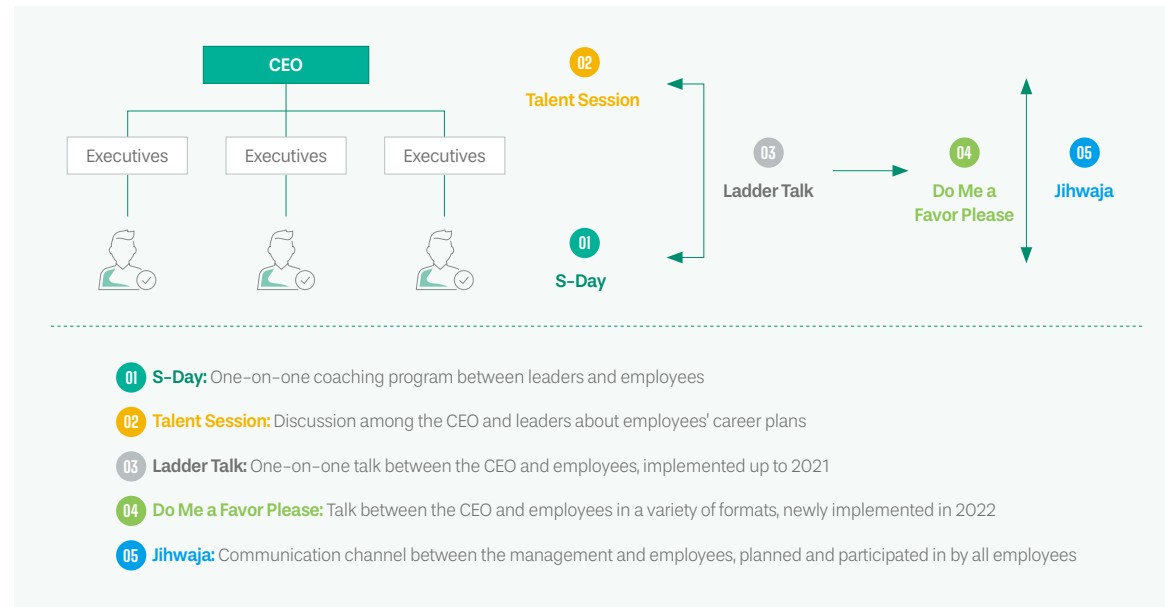
- SK Inc. has diversified its business portfolio by improving the strategic competencies of DT employees and securing experts, prepared the driving force for BM innovation, and increased the ratio of digital asset business and sales.
- SK Inc. will continually foster digital convergence and cloud experts (Lv.3 or higher) specialized in each industry necessary to expand its solutions, platform, and cloud businesses.

Securing and Fostering Human Resources

Training and Communication Platform for Employees

Training and Communication Platform for Employees

- Implementing a career training program for employees based on communication between CEO/leaders and employees



S-Day

- One-on-one coaching session with leaders, conducted twice a year to manage the careers/performance of employees
- Setting specific and clear targets by discussing personal training/growth goals
 - Assigning duties so that employees can have complete self-authority/responsibility
 - Specific output feedback/coaching for each task
 - Checking matters to be supported/supplemented to improve competencies

Talent Session

- CEO and leaders (executives) discussing and supporting optimal career plans for employees in each organization
- Discussing, on a company level, employees' career concerns and plans confirmed through S-Day interviews
- Conducted twice a year, in June and November

Do Me a Favor Please

- One-on-one communication between the CEO and employees, started in 2022, to facilitate employees' career development and improve corporate management infrastructures

Background	<ul style="list-style-type: none"> Operated by upgrading the existing Ladder Talk program → Operated with various themes and methods based on employee applications
Title	<ul style="list-style-type: none"> Talk to the Vice Chairman
Methods	<ul style="list-style-type: none"> Communication between the CEO and employees about various topics Communication using various means through in-person and contact-free methods

Jihwaja

- A communication channel between management and employees, planned and participated in by all employees once a month

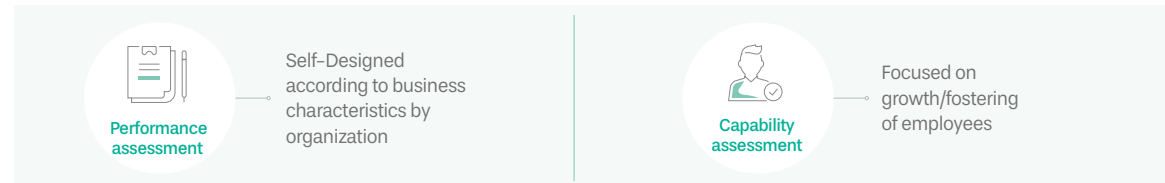


Securing and Fostering Human Resources

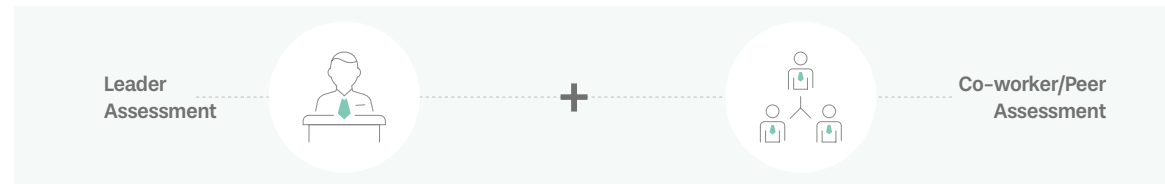
Managing Employees' Performance

Assessment System

- A task unit assessment system is operated based on work that has been implemented in practice.
- Performance management standards are established according to the business characteristics of each organization to assess performance. Competency assessments are implemented from the perspective of growth and fostering capabilities to maximize shared collaboration rather than excessive competition.
- Especially, 'my' absolute performance/competency levels are measured to foster and encourage employees to expand expertise, and promote growth. Scores are given instead of grades to be used for compensation, directly connected to the absolute level of expertise/performance.



- Assessment is performed based on a multilateral approach by default. Peer assessment is applied to enable diverse and objective assessment of expertise/performance by colleagues, in addition to assessment by leaders.



- By diversifying the assessment timeline by job, SK Inc. implements immediate feedback by task units to enhance acceptability. A mobile assessment system is in place so that assessment can be done anytime, anywhere.

	My Task	Self-reported work performance, assessment request, and inquiry
	Current Status of Request	Task assessment on other employees upon request from the employee seeking an appraisal
	Assessment	Performance assessment: Entry of weighting by task, implementation period, etc. Competency assessment: Self-review of competency

- Career path design and performance review of individual employees are executed through the year-end performance assessment based on the results of regular assessment. The results are used to establish the human resource operation plan for the following year, including compensation, job promotion, and transfer of employees.

Compensation System

- Various performance-based compensation systems are operated to provide differentiated rewards based on performance.

System	Details
Annual Salary/ Incentive Bonus	Compensation is based on the career level to provide motivation for enhancing performance and securing job expertise.
Recognition by CEO	Examples of exemplary performance are gathered from the previous year to provide compensation to winners.
Recognition of PGM Competency	Compensation is provided as prize money or goods to individuals and teams with excellent Biz. Farm and TCL performance.
Support for Domestic/ Overseas Training	Providing opportunities for talented individuals to participate in major conferences and training programs

Innovating the Organizational Culture

Management Council

- The Management Council is a body that represents employees and plays a pivotal role in shaping and innovating the organizational culture focused on employees.
- The Council comprises an equal number of members representing the management and employees. It discusses various agendas in pursuit of employees' happiness through regular meetings.
- In 2021, four Council meetings were convened to discuss matters such as improving the welfare system, supporting competency development, and improving the work environment by means like HR innovation.

Category	Key Points of Discussion by the Investment Division	Category	Key Points of Discussion by the Business Division
1st (March 2021)	<ul style="list-style-type: none"> • L1 HR system improvement • Transfer employee survey result follow-up 	1st (February 2021)	<ul style="list-style-type: none"> • Improvement of the welfare system
2nd (June 2021)	<ul style="list-style-type: none"> • Raising the limit of L1 self-development costs • L1 HR system improvement • Sharing the outcomes of/plans for health and safety management in 2021 	2nd (May 2021)	<ul style="list-style-type: none"> • Methods to support self-directed competency development
3rd (September 2021)	<ul style="list-style-type: none"> • Changes to the medical/communication expense system • Sharing the outcomes of/plans for health and safety management in 2021 	3rd (September 2021)	<ul style="list-style-type: none"> • Innovation of the HR system • COVID-19 response of the company
4th (December 2021)	<ul style="list-style-type: none"> • Revision of HR regulations • Sharing the outcomes of/plans for health and safety management in 2021 	4th (November 2021)	<ul style="list-style-type: none"> • Improvement of the scholarship system • Improvement of the retirement pension system

4

HUMAN RIGHTS MANAGEMENT



ROADMAP



KEY POINTS

Building a Human Rights Management System

- By updating its human rights management system and acquiring external certification for the human rights management system in 2022, SK Inc. was acknowledged by a third party to have fulfilled the global standards for the human rights management system.
- SK Inc. has developed management activities while supporting and complying with the universal human rights principles presented in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights by the UN Human Rights Commission, and the OECD Guidelines for Multinational Enterprises.
- SK Inc. complies with all labor principles and laws stipulated by the ILO and ratified by the national government regarding the prohibition of child and forced labor, ensuring employees' health and safety, and working hours.

Mitigating Human Rights Risks and Preventing Recurrence

- SK Inc. conducts human rights impact assessments annually to establish and execute tasks to improve areas of risk. The outcome of improvement is measured in comparison to the previous year (The score increased by 9.4 points compared to 2021).
- Vulnerable items are strengthened to prevent the recurrence of human rights risks, and in-depth surveys are conducted to monitor risks of human rights violation.
- SK Inc. has established a violation relief procedure and created various channels to consult and report human rights violations.

MANAGEMENT

- Under the responsibility of the C-Level Chair of the Human Rights Management Committee, the Committee is organized as the highest decision-making body that efficiently promotes human rights management. The Committee periodically discusses and reviews core issues related to human rights.
- The Human Rights Violation Relief Committee was formed as a subcommittee under the Human Rights Management Committee to investigate and handle violations, establishing and reinforcing the human rights relief procedure.



ACHIEVEMENTS

Conducting a Human Rights Impact Assessment

- SK Inc. performed human rights impact assessment through diagnosis by external experts, with special emphasis on the human rights issues of the IT industry in 2022 and vulnerable areas in 2021 (Based on data from 2021).
- The overall human rights impact score was 94.2 points. Although the score on observance of labor-related laws and the guarantee of basic (human) rights of stakeholders was excellent, SK Inc. needs to improve its performance on responsible supply chain management and industrial safety.

Human Rights Management

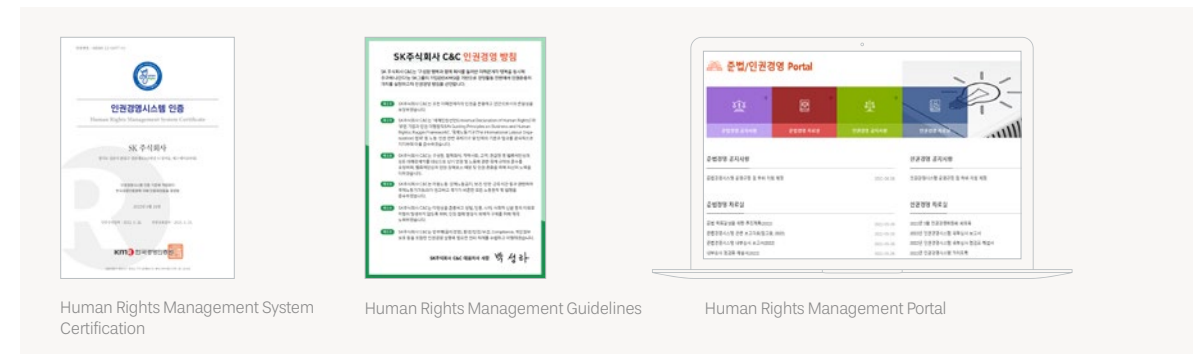
Building a Human Rights Management System

Updating the Guidelines for Human Rights Management

- SK Inc. announced its commitment to reinforce human rights management in 2015 and has been implementing activities to improve human rights risks. A promotion strategy and a mid- to long-term roadmap were established to improve the execution of human rights management in 2021.
- The guidelines and goals to manage human rights systematically were determined in 2022, and related systems were reorganized, documented, executed, and maintained. The Human Rights Management Guidelines were updated to include the commitment of the CEO who reviews such efforts.
- SK Inc. formed an internal system necessary to execute human rights management, embracing anti-corruption (ethical management), environment/safety/health, compliance, personal information protection, and quality management as core areas. The organization in charge of human rights management has been striving to add more sophistication to the human rights management system.

Building a Human Rights Management System and Acquiring Certification

- The Korea Management Registrar supervises the human rights management system, which includes the processes required by the global human rights management guidelines and the interaction among such processes. SK Inc. became the first private company in South Korea to acquire the Human Rights Management System (HRMS) certification based on a third-party review.
- Through the Human Rights Management Portal, SK Inc. announces important matters, shares organizational data, and shares key agendas and guidance (human rights/contact information) of the Human Rights Management Committee.



Discrimination and Harassment Policy

- SK Inc. adheres to laws and protects employees' rights to ensure that no employee is discriminated against or harassed for external factors like gender, disability, and religion.
- As a result of analyzing internal human rights issues, discrimination and harassment at work were found to be the primary type of human rights violations. By regulating relevant matters to prevent human rights violations like workplace harassment and discrimination, handling procedures, promptly and ensuring the protection of victims, SK Inc. prevents employees from becoming victims or perpetrators of human rights violations at work.

Human Rights Violation Relief Response

Establishing a Human Rights Violation Relief Procedure

- SK Inc. established a human rights violation relief procedure that includes a zero-tolerance policy prohibiting discrimination, harassment, and sexual harassment at work. When a case of violation or damage is reported, the Relief Committee is mobilized to investigate and handle the case. Detailed R&R is regulated and implemented among related departments in each human rights domain.

Creating/Operating Counseling and Report Channels for Human Rights Violations

- **Report on ethical management, such as workplace bullying and power tripping**
– <https://ethics.sk.co.kr/>, skcc.ethics@sk.com
- **Report on sexual harassment at work**
– [Hi-SK] → [Sexual Harassment Counseling Center] → [Sexual Harassment Counseling and Report] Forum
- **Grievance handling and suggestions driven by employees**
– Suggestion of happiness design using the mobile app, "HAPP"
– Suggestions/Empathy of employees → Discussion/Establishment of an improvement plan → Review/Support by related organization → Implementation of improvement plan → Sharing of results with employees → Follow-up monitoring
- **Receiving report/counseling in other areas of human rights violation**
– Petitions are received by the department in charge of human rights, and the relief procedure is carried out according to the relief procedure response process.

Relief Procedure and Response Process

- SK Inc. operates a relief procedure to resolve grievances and violations related to the human rights of employees.



- Receipt of petition: Received via the portal or the main email address of the human rights department
 - Classification and determination of the supervising department: Classification of case type and finalization of the department in charge
 - Investigation: Confirmation of the factual relations of the petition received
 - Relief Committee: Convening the relief committee when necessary and enforcing corrective and disciplinary action through related committees
 - Follow-up management: Feedback, monitoring, and review of prevention methods
- * The feasibility of the relief procedure and the number of relief cases are analyzed and evaluated periodically and indicated on the Management Review Report and Relief Report to be submitted to the CEO and the Human Rights Management Committee. By doing so, SK Inc. continually monitors the outcomes of relief measures.

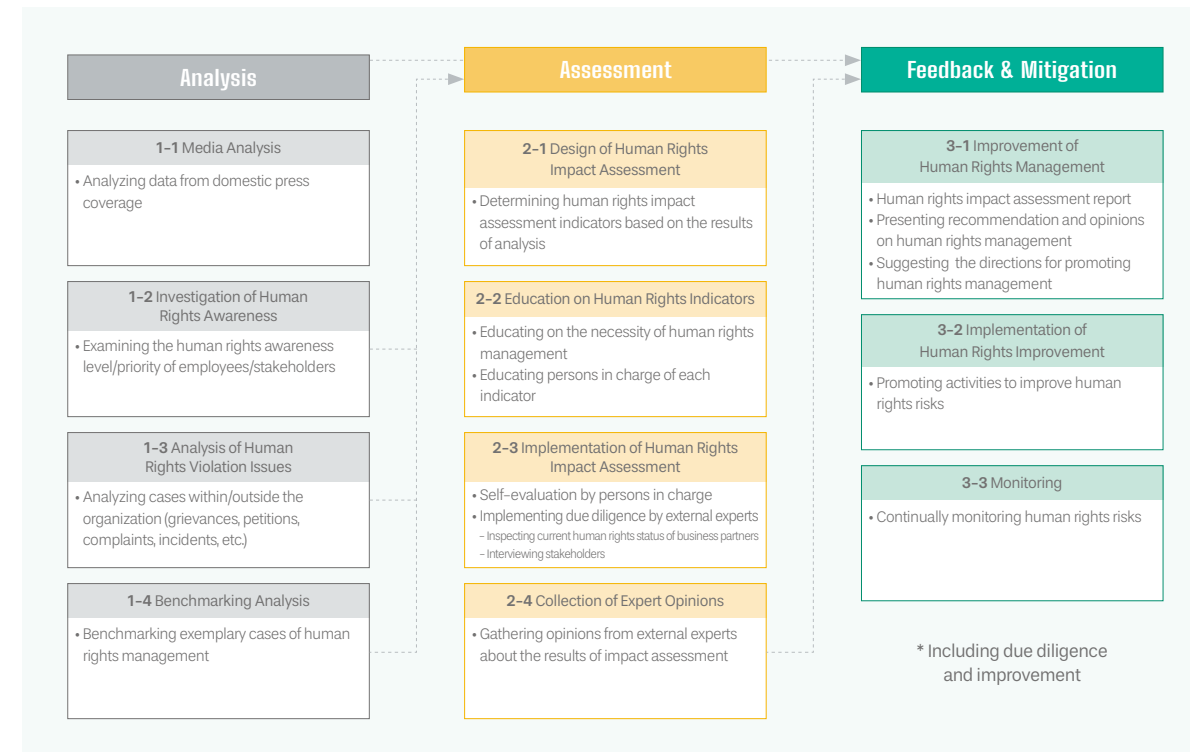
Human Rights Management

Human Rights Impact Assessment

Overview of the Human Rights Impact Assessment

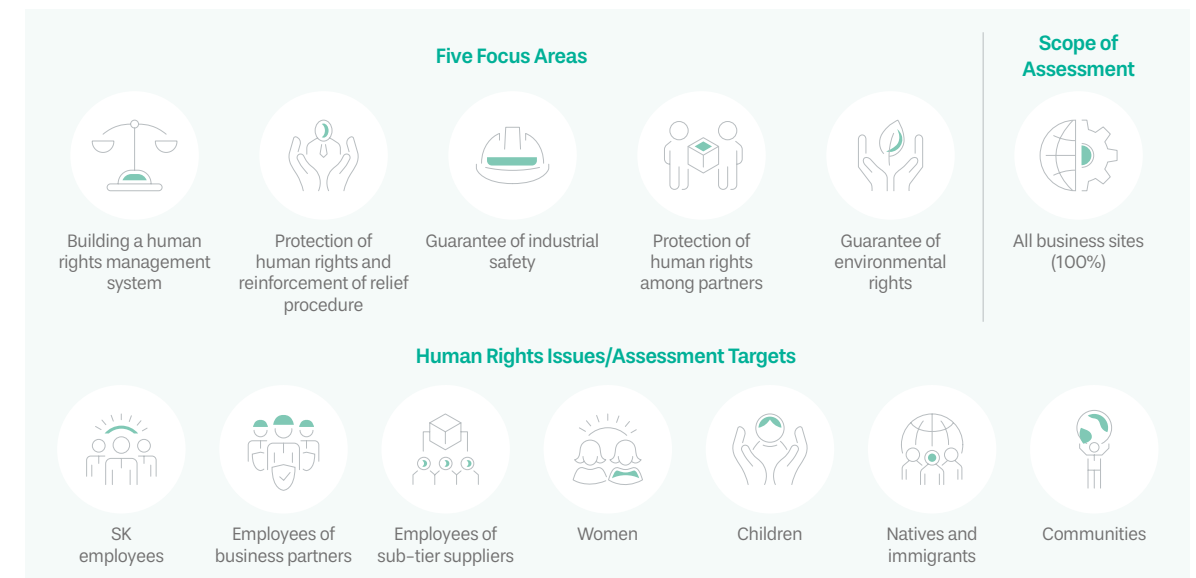
- SK Inc. annually assesses the human rights impact of all business sites and business partners to prevent the risk of human rights violations.
- Since 2021, SK Inc. has been conducting diagnoses and assessments through a specialized external agency to derive objective and independent results. Focused areas and indicators are selected based on a survey of employees.
- Compliance with the Human Rights Management Guidelines and detailed operating guidelines are diagnosed by internally evaluating persons in charge, conducting due diligence by experts, and interviewing persons in charge.
* Persons in charge are provided preliminary education.
- When human rights risks are identified during the investigation, SK Inc. confirms related issues and promotes improvement activities.

Human Rights Impact Assessment Process



Selecting Indicators for the Assessment

- Under the existing Human Rights Management Guidelines, SK Inc. introduced basic items for human rights impact assessment by conducting media research, interviews with related parties, and investigation of organizational and business status.
- An indicator based on the Workplace Bullying Prevention Act enacted in 2019 was added to the standard indicators for human rights impact assessment by the National Human Rights Commission of Korea, and indicators were selected by considering the characteristics of the business. → 11 areas, 37 items, and 196 indicators were selected.
- As a result of analyzing human rights issues of the IT industry in 2022, 5 focused due diligence areas that can have significant adverse effects on business operations, human rights issues, and stakeholders subject to assessment were derived.



Executing the Human Rights Impact Assessment

- While focusing on improvement points compared to the previous year, SK Inc. performed human rights impact assessment by evaluating persons in charge of each area, inviting experts to perform on-site due diligence, interviewing stakeholders, and verifying objective evidence based on the 196 indicators.
- Through periodic impact assessment, SK Inc. identified potential human rights risks and derived improvement points to reduce such risks.
- SK Inc. has improved the assessment indicators and systems through continued feedback and plans to expand the scope of assessment to new businesses, such as merged and joint companies.

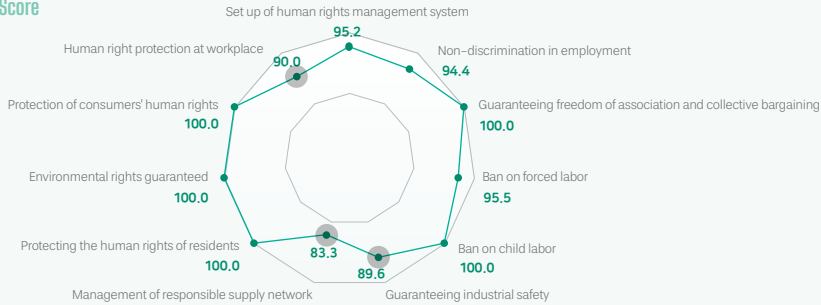
Human Rights Management

Human Rights Impact Assessment

Results of the Human Rights Impact Assessment

- Based on the human rights impact assessment conducted in 2022, the achievement rates have generally increased in comparison to the previous year. The total rate increased by 9.4%, from 84.8% in 2021 to 94.2% in 2022.
- As a company in the introductory stage of human rights management, SK Inc. confirmed through verification by an external agency that it is observing laws and implementing essential tasks.
- 'Building a human rights management system' and 'guarantee of environmental rights,' the areas that showed vulnerabilities in 2021, showed an increase of 17.8% and 30.6%, respectively.

Human Rights Assessment – Aggregate Score



No.	Area	Achievement Rate		
		2021	2022	Improvement Rate
1	Set up of human rights management system	77.4%	95.2%	17.8%
2	Non-discrimination in employment	88.9%	94.4%	5.5%
3	Guaranteeing freedom of association and collective bargaining	100.0%	100.0%	0%
4	Ban on forced labor	90.9%	95.5%	4.6%
5	Ban on child labor	100.0%	100.0%	0%
6	Guaranteeing industrial safety	83.3%	89.6%	6.3%
7	Management of responsible supply network	75.0%	83.3%	8.3%
8	Protecting the human rights of residents	100.0%	100.0%	0%
9	Environmental rights guaranteed	69.4%	100.0%	30.6%
10	Protection of consumers' human rights	100.0%	100.0%	0%
11	Human right protection at workplace	87.5%	90.0%	2.5%
Total		84.8%	94.2%	9.4%

[Results in 2021: Based on performance in 2020; results in 2022: Based on performance in 2021]

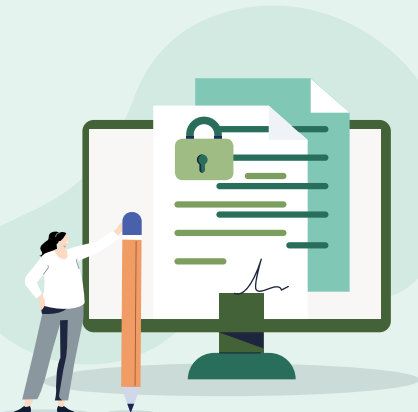
Deriving and Mitigating Human Rights Risks

- By assessing the human rights impact in each area, five risks were derived, and improvement tasks were carried out.
- SK Inc. identified potential risks for each risk category and took measures to reduce the adverse impact of risks through improvement tasks. (100% completion of establishing mitigation plans for all 4 business sites).

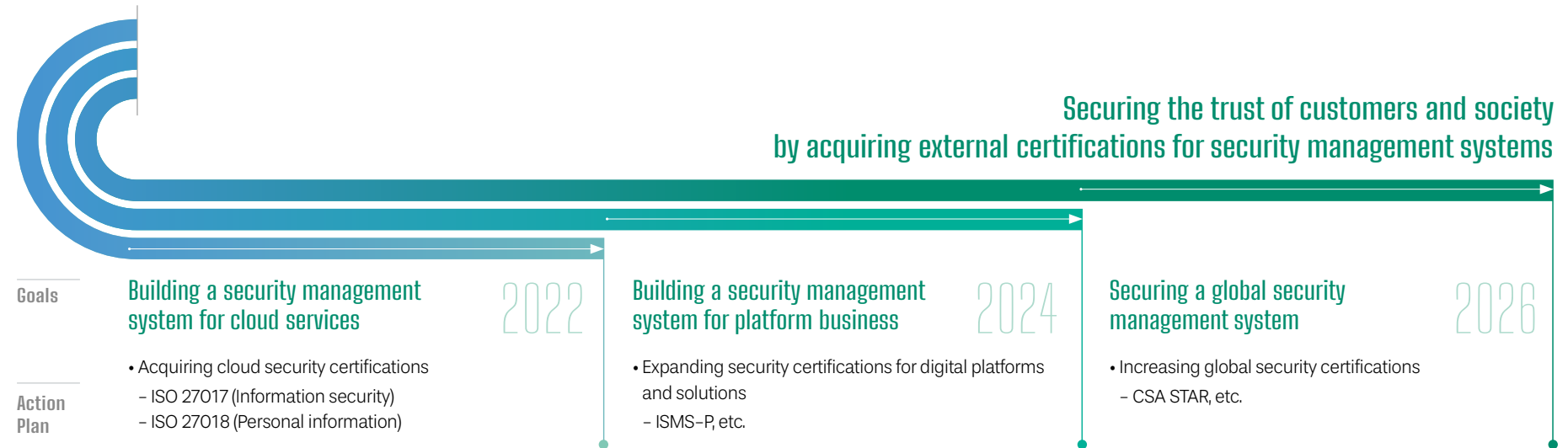
Area	Derived Risk	Targets of Impact	Related Potential Risk Area	Execution of Improvement Task
Building a human rights management system	Lack of access to the human rights management system among internal and external stakeholders	<ul style="list-style-type: none"> Employees Customers Business partners Communities 	<ul style="list-style-type: none"> Right to collective bargaining Freedom of association 	<ul style="list-style-type: none"> Adding human rights management menu on the website and uploading the Human Rights Management Guidelines
Prohibition of forced labor	Occurrence of overtime work or lack of information that there is a type (condition) of work that can result in overtime work	<ul style="list-style-type: none"> Employees Business partners 	<ul style="list-style-type: none"> Forced labor Child labor 	<ul style="list-style-type: none"> Monitoring forced labor through regular investigation of the work patterns of each department
Guaranteeing industrial safety	Lack of regular education on workplace health and safety	<ul style="list-style-type: none"> Employees Business partners Residents Communities 	<ul style="list-style-type: none"> Industrial accidents 	<ul style="list-style-type: none"> Conducting regular education by professional institutions or qualified experts
Responsible management of supply chain	Insufficient prevention of human rights violations by security employees	<ul style="list-style-type: none"> Business partners 	<ul style="list-style-type: none"> Forced labor Unequal compensation Discrimination 	<ul style="list-style-type: none"> Requesting human rights education for security employees Requesting submission of human rights compliance pledges (Or specification on the labor contract) by security employees
Protection of human rights at work	Lack of in-depth investigation and grievance handling to monitor the possibility of sexual harassment	<ul style="list-style-type: none"> Employees Women employees 	<ul style="list-style-type: none"> Discrimination 	<ul style="list-style-type: none"> Standardizing the investigation and relief procedures to monitor the possibility of sexual harassment Preparing standardized reporting criteria and providing training by experts

5

INFORMATION SECURITY



ROADMAP



KEY POINTS

- SK Inc. has established the information security policy and relevant regulations that all employees must observe to raise awareness regarding the importance of information security and protect customers' information assets.
- The information security policy and relevant regulations are registered on the groupware system (Hi-SK) and are available for access by all SK employees.

Information Security Principles of SK Inc.

- SK Inc. will protect its information assets from illegal access and leakage.
- SK Inc. will maintain the confidentiality, integrity, and availability of its information assets.
- SK Inc. will ensure compliance with the statutory security requirements related to information security.
- All employees of SK Inc. must recognize the importance of information security and be able to duly prevent, detect, and address incidents.
- SK Inc. periodically analyzes, inspects, and audits risks related to information security.

ACHIEVEMENTS

Implementing a System for Autonomous Announcement of Information Security

- SK Inc. implemented a system for public announcement* of information security for the first time among IT service businesses in August 2021.
- * System for companies to autonomously announce information security status pursuant to the Act on the Promotion of Information Security Industry (Became mandatory in 2022)

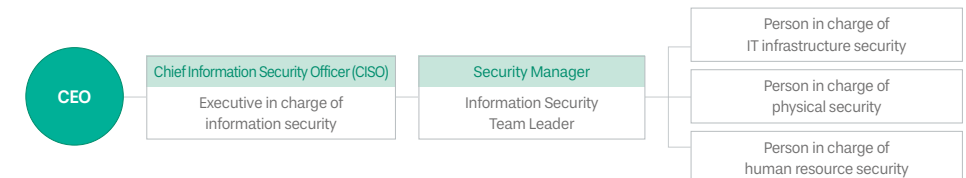
Participating in Domestic and Overseas Initiatives for Information Security

- Won an award from the Ministry of Trade, Industry and Energy in 2021
- Presented at the Industrial Security Conference in 2021

MANAGEMENT

- SK Inc. has appointed a Chief Information Security Officer (CISO) to conduct and supervise information security measures. An organization in charge of information security prevents information leakage and responds to security compliance issues.
- When critical security issues arise, the Board of Directors reviews and manages the issues.

* The Board of Directors oversees compliance activities and reports the current status every year, including information security agendas.



Information Security

Information Security Management System

Improving the Sophistication of the Information Security Management System

- SK Inc. strengthens the security management system and improves sophistication of the system operation under an environment that accelerates the Multi-Cloud MSP business.
 - Improving guidelines centered on native services and fine-tuning cloud security guidelines
 - Supporting the automatic application of cloud security inspections
- SK Inc. protects corporate information and personal information.
 - (Corporate information) Raising the level of corporate data protection by inspecting the remote working environment
 - (Personal information) Conducting inspections to identify violations of the law, leakage, and hacking risks from the perspective of customer information protection
- SK Inc. has improved and managed its security system to cope with full-time remote working.

Major Information Security Activities

Data protection and security monitoring	Data protection, security monitoring
Response to and countermeasures against security incidents	Response to security (infringement) incidents, report on and countermeasures against security incidents, training to respond to security incidents
Verification and certification of information security	Simulated hacking, inspection of vulnerabilities, inspection of the personal information system, maintenance of external certifications, response to inspections
Enhancement of information security awareness level	Internalization of security capabilities, measurement and enhancement of the information security awareness level, external activities

Operating the Security Council

- SK Inc. runs the Security Council to share security issues with related organizations and enhance implementation capabilities.
- Under the guidance of leaders of IT security-related organizations, the Council discusses major agendas, such as company-wide security policy, security vulnerabilities, improvement points, methods of re-designing the security management system, and preparations for external certifications and inspections (conducted four times in 2021).



Data Protection and Security Monitoring

Data Protection

- SK Inc. complies with the IT security guidelines and procedures to protect data.
- In view of the recent increase in malicious emails and attacks against web servers, SK Inc. proactively strengthens data safety by encrypting and backing up important data and responds to security attacks by reinforcing periodic inspection activities.
- A security vulnerability (attack using remote malicious code) of the highest Log4j severity evaluated by Apache was found in December 2021. SK Inc. proactively responded to hacking attacks by strengthening its response measures and taking preliminary actions on all systems.

Security Monitoring

- SK Inc. monitors new threats through Threat Intelligence, which provides information on the latest domestic and overseas attacks to cope with increasing cyber threats.
- Activities are continued to detect abnormal actions related to various packets and logs on networks, collection and analysis of event data, malicious codes on systems and user PCs, and information leakage.
- Based on the results of monitoring, SK Inc. establishes and applies response measures, such as network blocking, dissemination of information on security vulnerabilities, and analysis of new and variant worms.

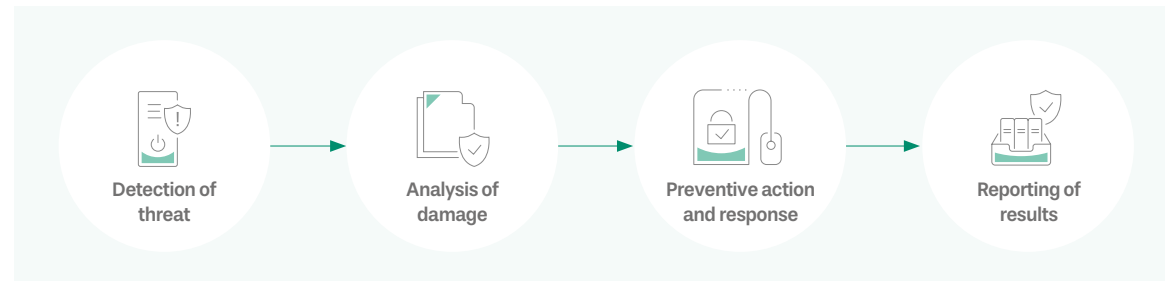
Type	Details of Monitoring
WAF	Detecting and blocking vulnerability attacks against web servers
NIDS	Detecting threats of infringement on networks
DLP	Detecting and blocking leakage of internal information
ePM	Detecting malicious/phishing URLs and malicious files in emails
EDR	Responding to APT attacks based on endpoint

Information Security

Security Incident Response and Countermeasures

Security (Infringement) Incident Response System

- SK Inc. regulates the procedure to facilitate agile response, reporting, and spreading of information on security (infringement) attempts and incidents to maintain the security and stability of systems and minimize the impact of infringement incidents.
- The severity of incidents is divided into four levels, and the response procedure for each incident type is turned into a manual.



- By detecting infringement threats, SK Inc. establishes a system for quick reporting and spreading of information to cope with incidents.
- Potential security incidents are managed and prevented by conducting monthly activities related to prevention, detection of invasion, infringement response, and other tasks.

Types of Infringement Incidents

System attacks	Web shell upload attempts, attacks against web/WAS vulnerabilities like Apache, DDoS attacks, attempts to snatch admin permissions, etc.
Worm/virus infections	Installation of malicious codes (viruses, worms, ransomware, etc.) on PCs and servers via random routes
Malicious emails	Sending URL to malicious sites or attachments in emails to install malicious codes

Four Levels of Severity

Fatal	A situation where the system has been irrecoverably destroyed such that the damage affects businesses and customer services	<div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #008080; margin-right: 5px;"></div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Strong damage</div> </div> <div style="display: flex; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #008080; margin-right: 5px;"></div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Weak damage</div> </div>
Critical	A situation where partial destruction of the system limits some businesses, or an individual server is being attacked	
Minor	A situation where there have been infringement attempts and partial errors on the system but no damage to customer services	
Warning	A general threat on the Internet that does not affect system functions or customer services	

Security Incident Reporting and Countermeasures

- The Security Control Center is operated at all times (24/7).
- There is a process for employees to immediately report information security issues that they detect.
- Suspected hacking, malicious codes, ransomware infections, voice phishing, personal information leakage, and security vulnerabilities are subject to reporting. When these issues arise, employees are required to report to the Security Report Center.

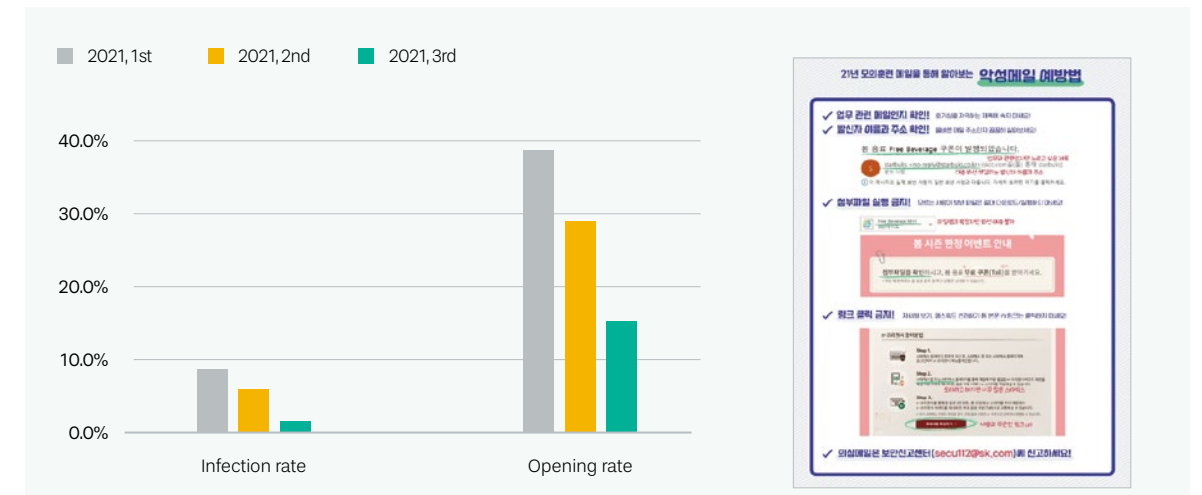
Groupware System → Business Support → Information Security Portal → Security Report and Inquiry

- Disciplinary actions are taken if the issue was caused by a violation of security regulations by an insider.
- If an incident occurs, the organization in charge of information security collaborates with the CERT* and the concerned department to execute emergency actions against the situation, confirm the results, establish measures to prevent recurrence, and share the case with employees through a company-wide announcement.

* Computer Emergency Response Team

Security Incident Response Training

- SK Inc. conducts response training to prevent security incidents, such as infections with malicious code, information leakage, infringements, etc. (Response training was held three times in 2021.)
 - 'Simulated Malicious Email Training' is carried out by assuming a situation where a large number of employees receive massive malicious emails. The results of the simulated training are shared with all employees to raise their security awareness.



Information Security

Information Security Verification and Certification

Security Verification Activities

- SK Inc. strengthens the security of its IT infrastructures and management systems by inspecting IT vulnerabilities and taking actions on a regular basis.
 - Major systems of SK Inc. and customers: SK Inc. carries out infrastructure vulnerability inspections at least once a year, secure coding diagnosis and simulated hacking, and inspection of the personal information processing system
 - SK Inc. implements simulated hacking and infrastructure vulnerability inspection before opening new services
- SK Inc. conducts third-party verification and inspection of information security.

Verification	Supervision	Details of Verification
Inspected major information communication infrastructures	Ministry of Science and ICT	Fully inspected the cyber infringement prevention system, measures to protect major information communication infrastructures, and tasks to promote protection measures
Inspected integrated information communication facilities	Ministry of Science and ICT	Implemented facility safety, physical security, and integrated facility protection and took out a liability insurance for the Daedeok and Pangyo Data Centers

Information Security Certification

Certification	Supervision	Details of Certification
ISMS	Ministry of Science and ICT	Acquired ISMS-P certification, the domestic certification for information protection management systems pursuant to the Act on the Promotion of Information and Communication Network Utilization and Information Protection, etc., in March 2020 (~2023), and passed a surveillance audit in 2021
ISO 27001	ISO/IEC	Certified to the international standard in information protection management systems in 2006, renewed in June 2022 (~2025)
ISO 27017 ISO 27018	ISO/IEC	First certified to the international standard for cloud information protection and personal information management systems in July 2022 (~2025)



ISMS

ISO 27001

ISO 27017

ISO 27018

Enhancing Information Security Awareness Level

Measuring the Information Security Awareness Level

- SK Inc. has created an information security culture by identifying and enhancing the information security awareness level of employees and taken measures to disseminate good practices.
 - Defining the maturity of information security awareness and systematically managing the measurement standards
 - Improving the security awareness level of employees to reduce the rates of malicious email infection and security violations by reinforcing activities to enhance the awareness in inadequate areas
- By providing education on the latest security trends and conducting security campaigns and information security events, SK Inc. raises information security awareness among employees and offers recognition to participants and outstanding performers.

Internalizing Information Security Capability

- SK Inc. conducts various educational programs to induce employees to internalize security capabilities.
 - Legally mandatory education on personal information protection, basic education on IT service security, education on information security and personal information protection, tailored educational contents for new employees and executives, support on acquisition of information security licenses, etc.

Education Program	Details of Education
Personal information protection	Life-cycle management of personal information, education on compliance with personal information protection regulations at home and abroad
Information security	IT security and information security policies and management systems, such as PC security, database security, network management, etc.
Development security	Security education required in the system analysis, design, development, and testing stages

Pioneering Activities in Information Security

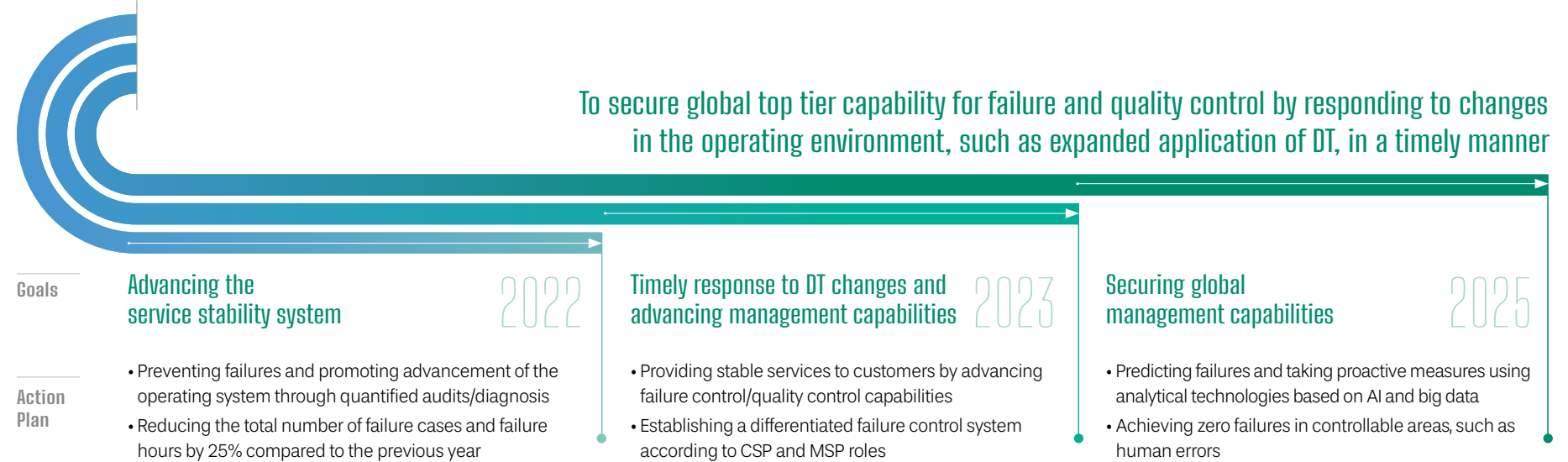
- SK Inc. publicly disclosed its information security policy and action plan in August 2021.
 - Publicly announcing the status of information security investments, current status of information security workers, information security certification/assessment/inspection, and information security activities
 - Enhancing the transparency of information disclosure by proactively responding to mandatory implementation in 2022 pursuant to the Act on the Promotion of Information Security Industry
- SK Inc. won an award from the Ministry of Trade, Industry and Energy in 2021.
- SK Inc. made a presentation at the '2021 Industrial Security Conference.'
 - Topic: Method of Securing Security Workers to Protect Core National Technologies
- SK Inc. established methods for improving security management from a mutual growth perspective through self-assessment of business partners (98 companies participated in 2021), and business partners will receive tailored support for their activities.

6

SERVICE QUALITY AND STABILITY



ROADMAP



KEY POINTS

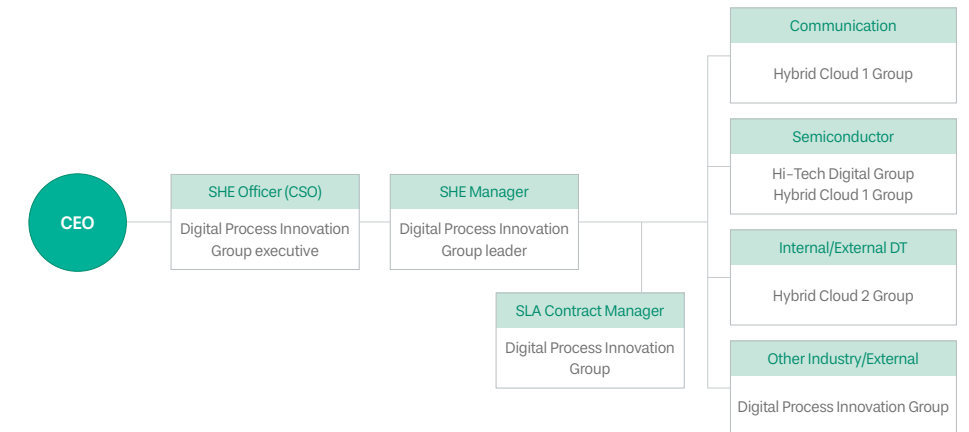
- **Strengthening Service Stability**
 - SK Inc. has built a failure response TF to prevent faults and supplement the operating system at a higher level of sophistication.
 - Failure management guidelines, SHE accident sharing systems, and processes are updated periodically and shared with employees.
 - When operating and change management processes and various services are operated/changed, a contingency plan is established to minimize the risk of business discontinuation.
- **Enhancing Service Quality**
 - The SLA is in operation to identify and remove potential issues associated with services in advance, thereby improving service quality and customer satisfaction.
 - SK Inc. operates a credit/earn-back policy based on the SLA goals agreed with customers and pays penalties pursuant to the SLA contract when losses occur.

MANAGEMENT

- Officers in the business departments under the CSO gather once a month to discuss measures for preventing the recurrence of any major causes of failure and to internalize these measures.
 - When serious IT incidents occur, they are reported to the Board of Directors for management and review.
- * Serious incidents involving clients are reported to the chair of the SUPEX Council.

ACHIEVEMENTS

- **Improving Company-wide Failure Communication and Repeating Simulated Training**
 - SK Inc. conducts company-wide simulated training and scenario training at least twice a year, and global business sites conduct training four times a year.
 - * Conducted 14 training sessions in total at all domestic and overseas business sites in 2021
- **Inspecting the Prevention of Failure Recurrence**
 - SK Inc. derives measures to prevent the recurrence of failures in each sector and strengthens the stability of its services by inspecting implementation on a quarterly basis.
 - * Performed 61 tasks to prevent the recurrence of failures in 2021
- **Managing SLA and Progress**
 - SK Inc. monitors performance and implements warnings and monthly SLA reporting.
- **Framework-based Strengthening of Quality Control**
 - SK Inc. measures quality levels in quantitative terms based on the operation diagnosis framework and implements continual quality control.
 - * Operated/audited 7 companies in 2021 and expanding the scope in 2022 (At least 10 times a year)



Service Quality and Stability

Strengthening Service Stability

Establishing a Company-wide Failure Response TF

- SK Inc. managed changes in the operating quality improvement tasks in 2021 and minimized failures through prevention and response measures, aiming to provide high-quality services to customers and strengthen responses to service failures.
- A company-wide failure response Task Force (TF) was established to supplement and improve the sophistication of the overall operating system.
 - Establishing/applying the guidelines for spreading operating quality improvement tasks
 - Establishing bi-modal governance with executive ability (A system that applies selectively according to the operating environment)
 - Implementing Back to the Basics programs (Education on the operating process, expansion of failure simulation training, etc.)
- Major activities of the failure TF
 - Sophistication of the cloud change management system: Selecting the degree of work risks to calculate the risk of changing cloud
 - Improvement of the agile failure management environment: Enhancing the efficiency of situation control communication using a video conference solution (ZOOM)
 - Application of continual management system after failure: Developing a screen to monitor the measurement indicators to be managed, including changes that affect prevention/minimization of failures

Preventing and Responding to Service Failures

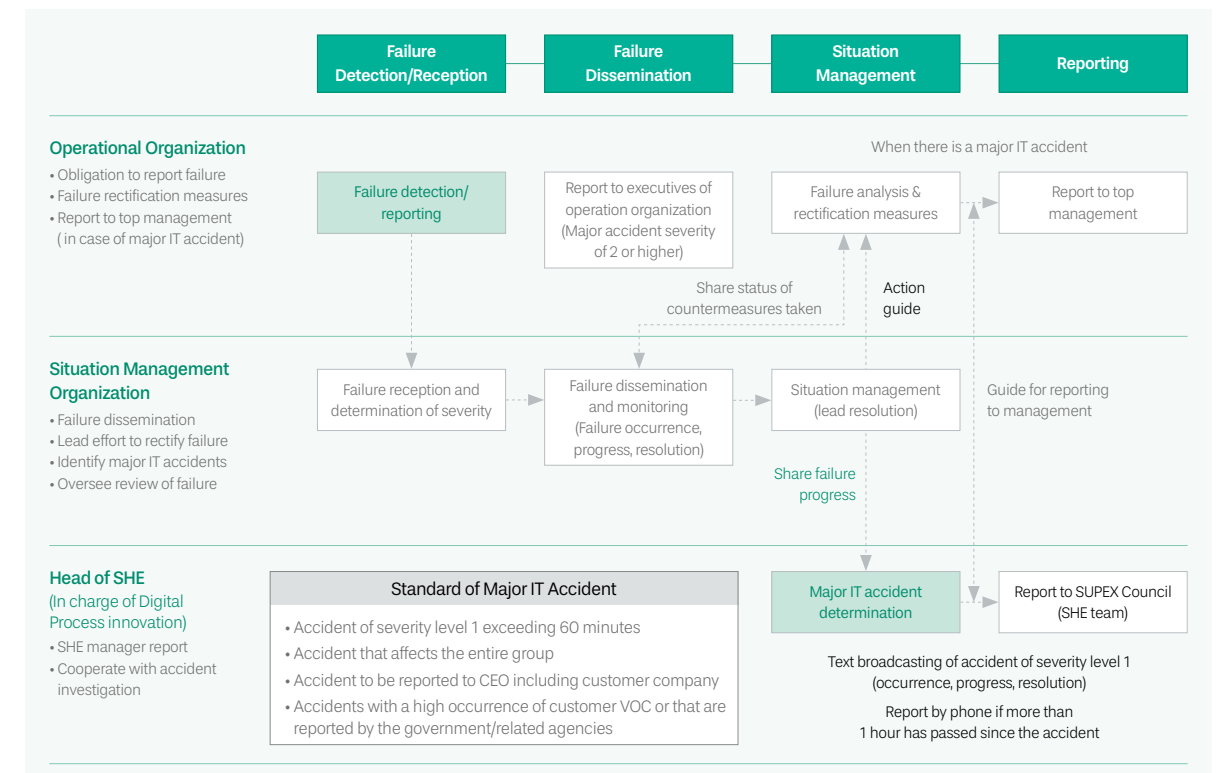
- SK Inc. detects failures in advance and notifies information in real-time using monitoring tools specialized for each area, automates daily inspections, and prevents failures through regular inspections.
- When failures occur, ZOOM is used for effective communication, and a quick access feature and repeated simulation training are available through ServiceFLOW.
- Matters to be observed by employees to provide failure-free IT services are specified, and penalties are imposed according to company rules when violations occur.

Seven Principles of the Service Golden Rules (SGRs)

1. Select the targets of preventive inspections and perform them periodically.
2. During change work, adhere to the change processes, such as preliminary approval.
3. Set the target and cycle of backup, perform it periodically, and inspect the results.
4. Define and manage the monitoring targets and key performance indicators depending on the importance of customers' businesses.
5. Upon recognizing failures, spread information and take action immediately. Establish and implement preventive measures after the failure is addressed.
6. Follow the work principles and always perform the work of business partners under the management of SK Inc.
7. When services are introduced, changed, or closed, follow the security processes, such as inspection of security vulnerabilities.



Service Failure Response System



Strengthening Uninterrupted Operations

- SK Inc. has established a quick and effective response procedure for equipment so that services can be provided without interruption despite various external factors, such as disasters.
- The Disaster Recovery Center operates to prevent interruption of services provided to customers under disaster situations through provision of simulated disaster training to employees.
- SK Inc. preemptively removes potential operational risks by inspecting vulnerabilities through diagnoses/audits.
 - Strengthened quantitative quality control by enhancing the sophistication of the diagnostic framework and expanding application in 2021, thus improving service stability and quality

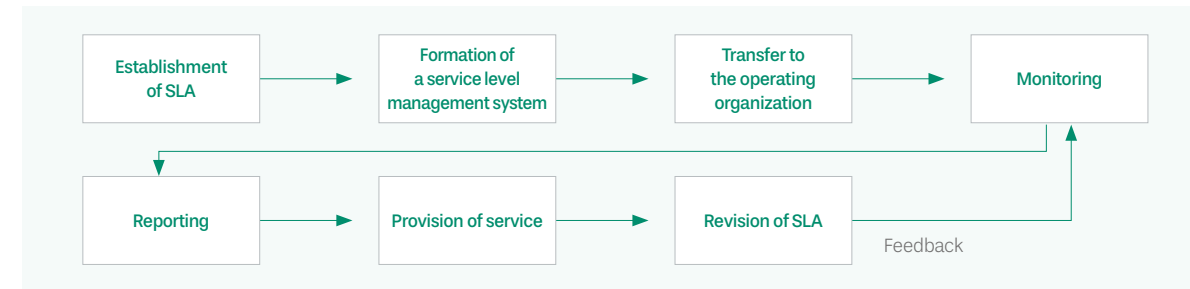
Service Quality and Stability

Improving Service Quality

Service Level Agreement (SLA)

- The SLA refers to an innovative system that aims to improve service quality and customer satisfaction by identifying and removing potential problems in the provision of services.
 - The SLA is used to measure and manage the service level quantitatively, reflecting the service level and details demanded by customers.
 - By operating the 'credit / earn-back' policy* based on the SLA goals agreed with customers, SK Inc. strives to improve its services and enhance stability.
- * If the quality of services falls short of the SLA goals, SK Inc. pays penalties (credits) to customers and earns back the penalties after improving quality. This system is intended to ensure high-quality services.
- SLA features are enhanced in accordance with the SLA pricing system, and SK Inc. responds to changes in DT in a timely manner by operating services in line with key management points from the customers' perspective.

SLA Operating Procedure



- If the SLA is set based on customer requirements and mutual consultation, SK Inc. can monitor management items and identify service quality by utilizing the service level management system.
- Key issues are derived from the report after providing services, and the SLA is supplemented continually by conducting monthly service evaluation meetings.

Managing the Risks of Service Interruption

- SK Inc. prepares systematically for service interruption risks, such as technical failures, programming errors, cyberattacks, and natural disasters.
- The number of failure cases is managed by classifying cases according to the service interruption time. Inevitable interruptions like inspection and maintenance are also included in the number of failure cases.
- SK Inc. estimates the cost of loss caused by risks and service interruption time by managing detailed risks.
- In particular, the service interruption time is managed based on the target troubleshooting time stipulated in the SLA. If a loss occurs, penalties are paid in accordance with the SLA.

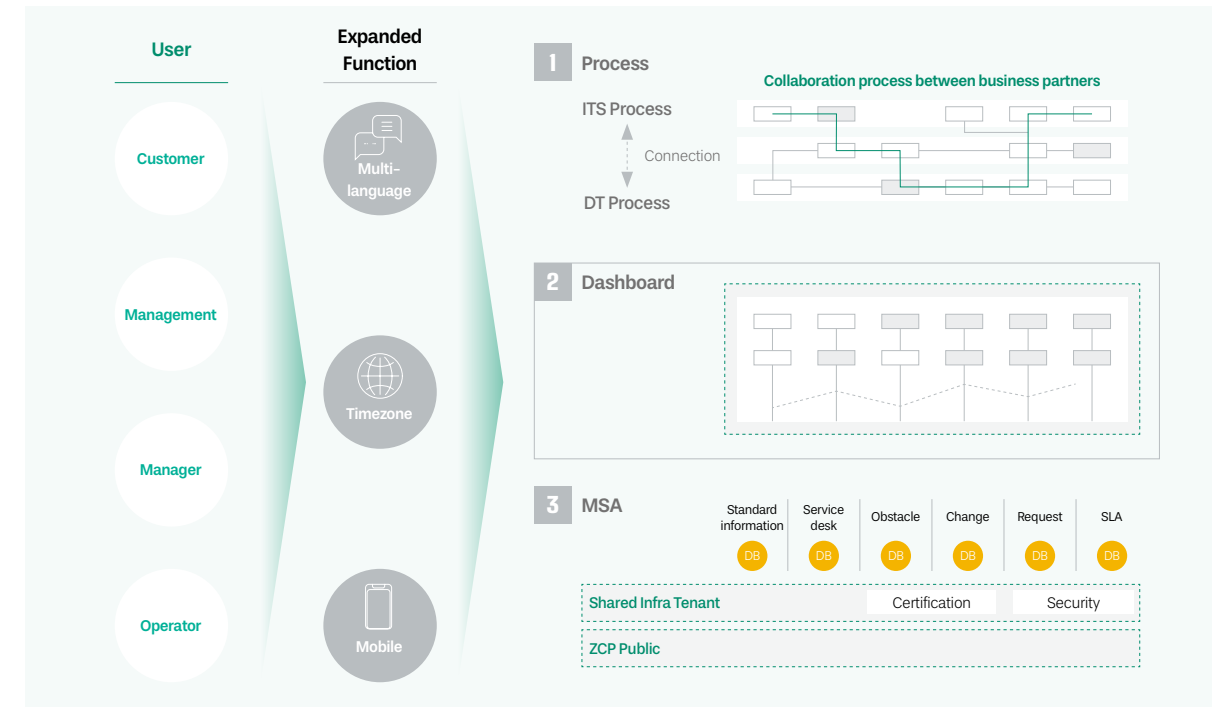
Optimizing the Integrated DT/ITS Operation Process

- SK Inc. continually promotes innovation of the service operation process to implement preemptive responses to the changing DT and IT infrastructure environments. The ServiceFLOW system is operated to optimize the operation process and integrate DT/ITS management.

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

- Connecting the overall workflow and overcoming severance of the operation process
- Structuring the auxiliary cloud process to connect, expand, and collaborate by means of external cloud
- Flexibly responding to changes in the way of working through diversification of languages and access media

ServiceFLOW System



Service Quality and Stability

Improving Service Quality

Customer Satisfaction Surveys and Responses

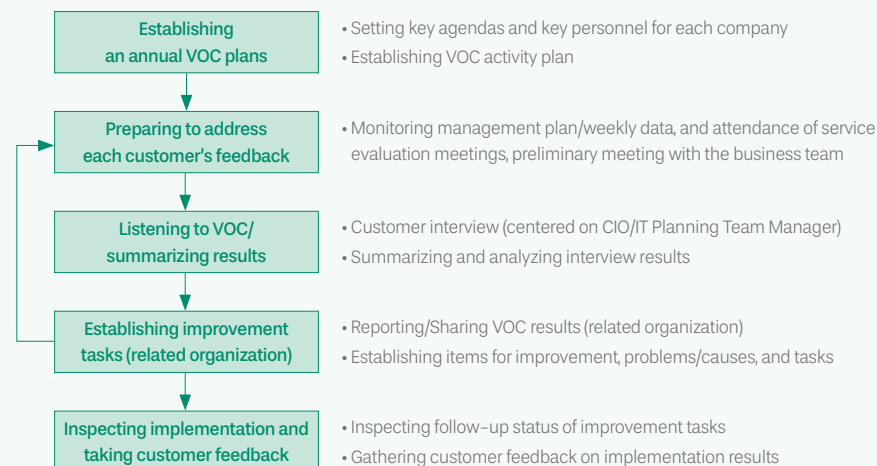
- SK Inc. has conducted satisfaction surveys on its IT services with end users (customers) since 1999.
 - Improving service quality by identifying and analyzing customers' needs and points of dissatisfaction based on the satisfaction survey

Overview and results of the Customer Satisfaction Index (CSI) survey carried out in 2021

- Survey method: Online survey
- Survey results
 - The overall satisfaction score was 72.2 points, slightly lower in comparison to the previous year but maintaining an 'Excellent' grade.
 - Compared to the scores of competitors, SK's score was 1.9 points higher.
 - VOCs related to the contact-free work environment, such as system errors and network speed, increased due to the increase in working from home.

- In 2022, SK Inc. identified VOCs by conducting an online survey of customers' IT employees and on-site managers, deriving and implementing tasks to improve factors that lower the score. By doing so, SK Inc. will improve its services and implementation capabilities.

VOC Process



Activities to Enhance Customers' IT/DT Insights

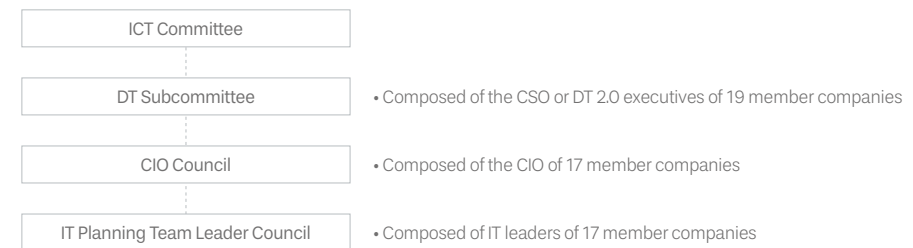
- SK Inc. gathers and inputs customers' insights into IT/DT through active engagement of the ICT Committee, which includes the DT Subcommittee, CIO Council, and IT Planning Team Leader Council.

1) DT Subcommittee

- A body that executes DT under the ICT Committee, aiming to accelerate the realization of the Financial Story through DT
- Suggesting tasks to member companies of the group to realize the Financial Story and providing execution L/H/C, digital technologies, and a common DT platform for the group
- Forming an organization that can execute DT by aligning the Financial Stories of the 19 member companies

2) CIO Council / IT Planning Team Leader Council

- Organizations under the DT Subcommittee comprised of CIOs of affiliated companies and IT planning team leaders
- Discussing the acceleration of BM innovation of affiliated companies based on digital transformation and discussing the common pending issues of IT/DT
- Shared agendas of the DT Subcommittee and conducted expert seminars and collaborative networking activities in 2021



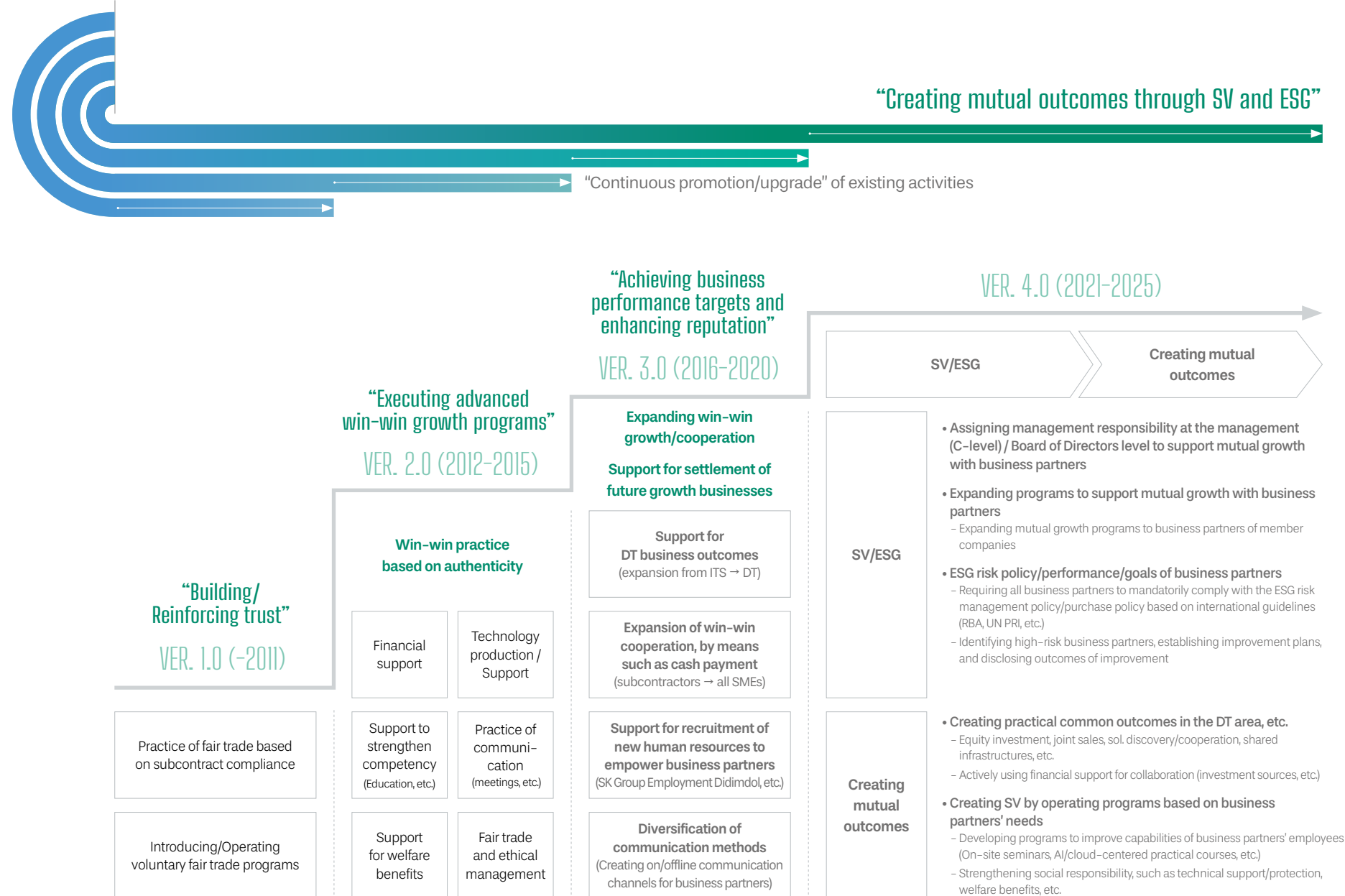
7

MUTUAL GROWTH AND SUPPLY CHAIN

Support for Mutual Growth



ROADMAP



MUTUAL GROWTH AND SUPPLY CHAIN

Support for Mutual Growth

KEY POINTS

Policy to Support Mutual Growth with Business Partners

- SK Inc. operates various support programs by 'sharing a common awareness among all interested parties' and 'performing the roles of each party' to practice mutual growth based on trust.

“By strengthening long-term competitiveness,
existing win-win policies and systems are
“switched to the cultural perspective of mutual growth.”



- In the interests of cooperation and growth among SMEs and conglomerates, our company operates contracts with all business partners as direct contracts (first-tier) without second or third-tier business partners.

ACHIEVEMENTS

Highest Grade in the Mutual Growth Evaluation

- Based on the mutual growth evaluation by the Mutual Growth Committee, SK Inc. acquired the 'Highest' grade for 7 years in a row since 2014

Outcomes of Mutual Growth Programs

Category	No. of Cases
Gratuitous transfer of patented technology	29 cases
Joint R&D	17 cases
Cases of joint market entry	10 cases
Technical data escrow cases	55 cases
Cases of patent application support	5 cases

Expanding Support Programs for Business Partners

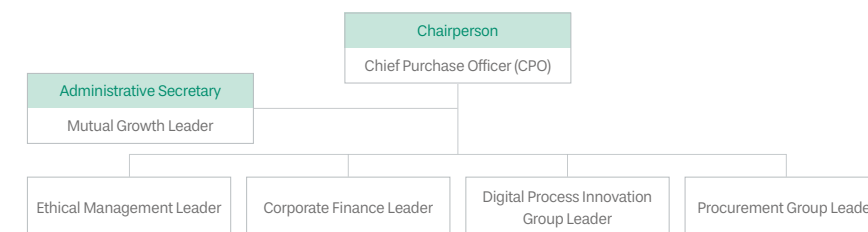
- SK Inc. expanded business partner support programs for five member companies of the group.

Program	No. of Cases
Technology protection and support by the Fair Trade Commission	2 companies, 9 cases
Support through the Mutual Growth Fund	2 companies, 2 cases
Provision of VLS education programs	3 companies, 89 cases
Provision of health check-up programs	1 company, 8 cases

- SK Inc. has established the ESG system based on “Click ESG,” a comprehensive ESG diagnostic platform tailored for business partners.
 - Diagnosis of ESG level → Establishment of goals/improvement tasks → Provision of guidance → Provision of regular report and dashboard

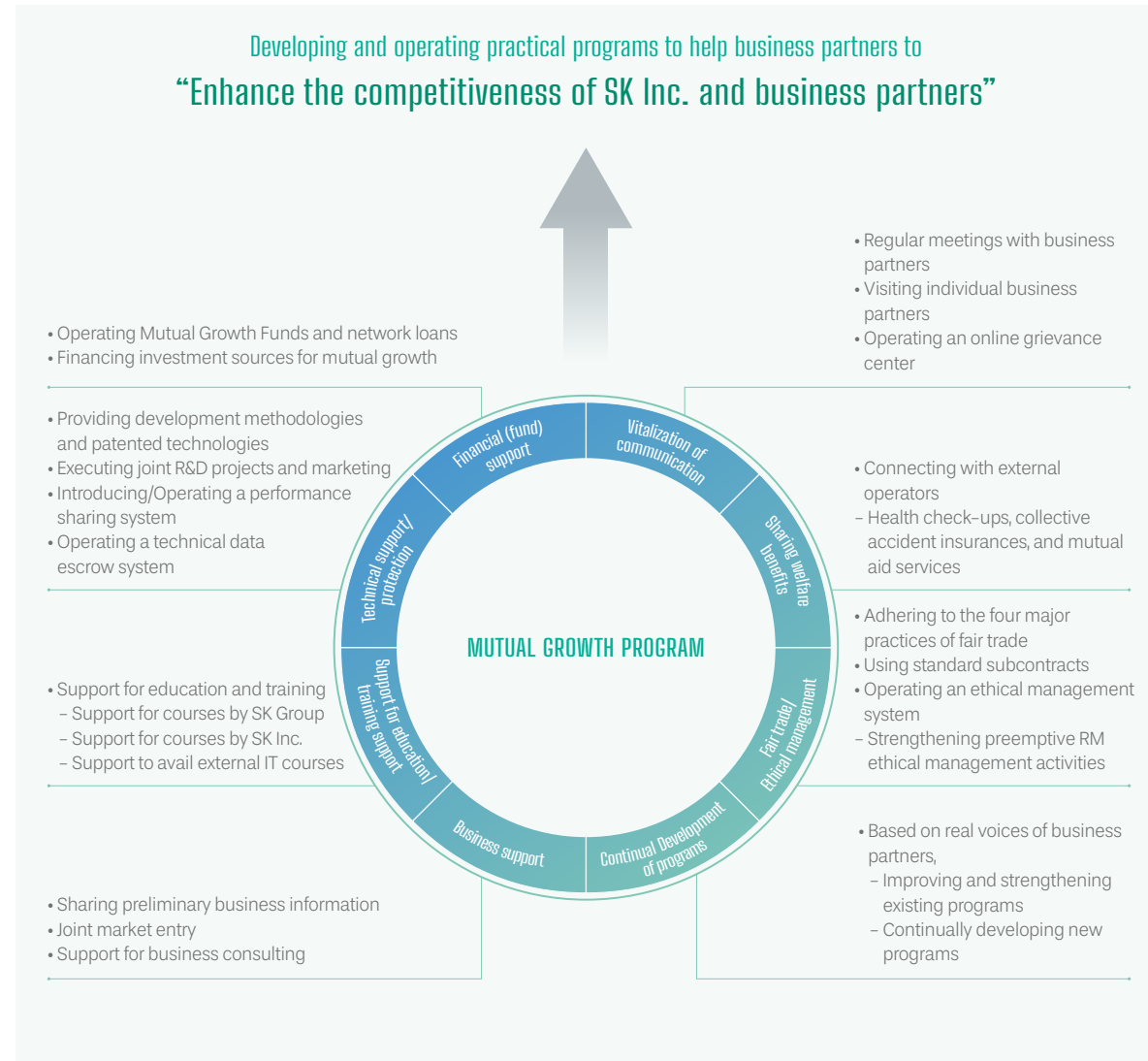
MANAGEMENT

- The CPO supervises the Mutual Growth Committee, which is held once a month.



Support for Mutual Growth

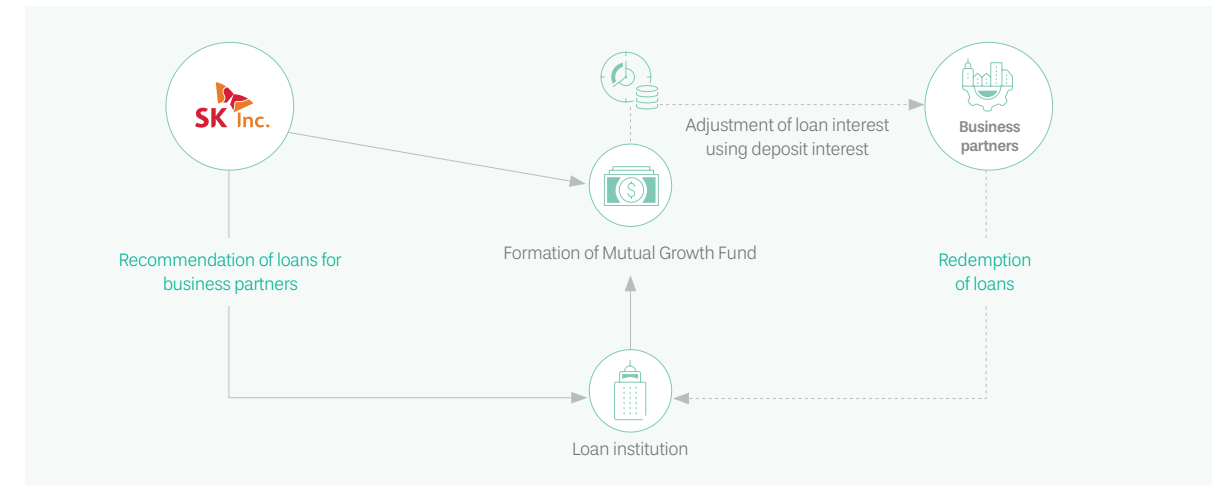
Mutual Growth Program



Financial (Fund) Support

- Mutual Growth Funds, network loans
 - By building and operating a system that can secure financial sources needed by business partners at a lower interest rate compared to market rates, SK Inc. supports business partners to build a stable management background.
- Timely provision of payment
 - SK Inc. has implemented 100% cash payment of subcontract prices since 2006, allowing business partners to secure cash liquidity and plan their financial activities.
- In 2021, SK Inc. provided financial support of about KRW 13.1 billion.

Mutual Growth Fund



Support for Mutual Growth

Mutual Growth Program

Promoting Communication

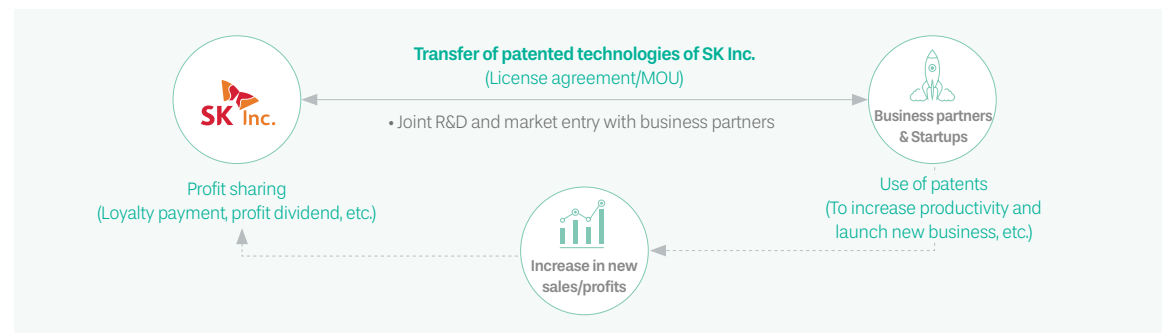
- Regular communication with business partners
 - SK Inc. secures the groundwork for effective mutual growth by strengthening partnerships based on mutual understanding, and implements 'Mutual Growth Day,' 'Business Partner CEO Seminar,' etc.
- Visiting business partners
 - SK Inc. visits and communicates with CEOs and executives of business partners to resolve difficulties at the hands-on level through collaboration.
- Operating online communication channels
 - SK Inc. has established a procurement information system for business partners to identify real voices of business partners related to the topics of collaboration, grievances, and management support and checks the status of responding to their requests.



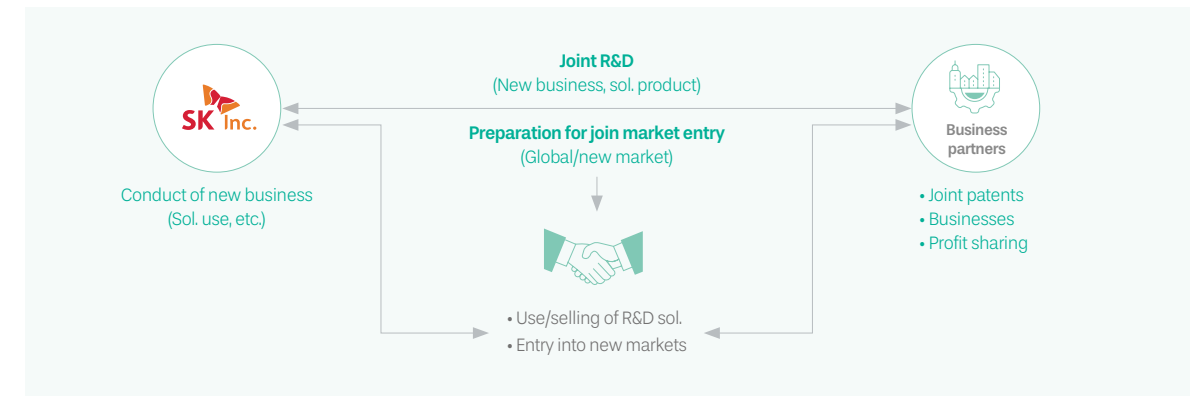
'2021 Mutual Growth Day,' declaring 'Joint ESG Practice' with business partners

Technical Support and Protection

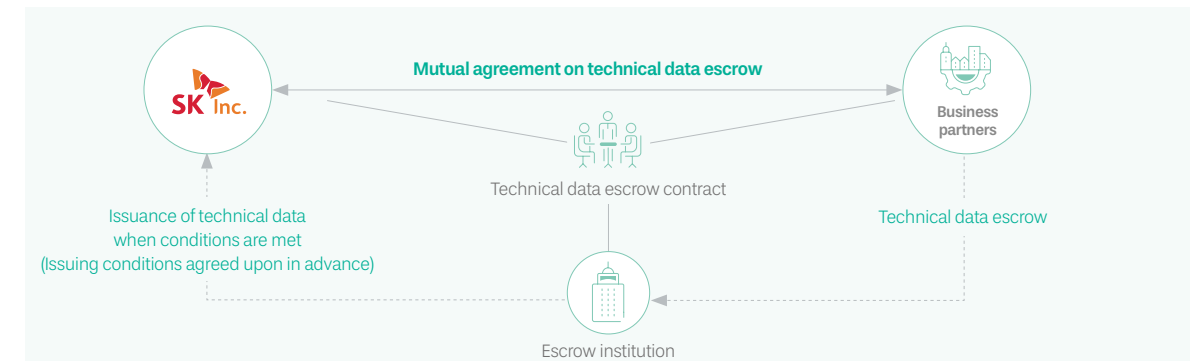
- Provision of patented technologies of SK Inc.
 - SK Inc. provides business partners and startups the free rights to use patented technologies, supporting the technical commercialization of IT SMEs.
 - Business partners are expected to start new businesses, develop new solutions, and maximize productivity. SK Inc. expects to share profits and secure intellectual property rights through joint patent applications.



- Joint R&D and joint market entry
 - By conducting joint R&D, SK Inc. delivers its technologies and business knowledge to empower business partners.
 - Business partners are expected to promote R&D based on stable sales and resolve issues related to limited resources and the environment. SK Inc. generates outcomes like reduction in the use of resources and shortened lead time for entry into new markets through collaboration with professional business partners.



- Technical data escrow system
 - SK Inc. removes the risk of leaking source technologies by storing data at a third institution, thereby protecting the core technical data of business partners.
- SK Inc. guarantees the right to use technical data and ensures the stability of R&D.

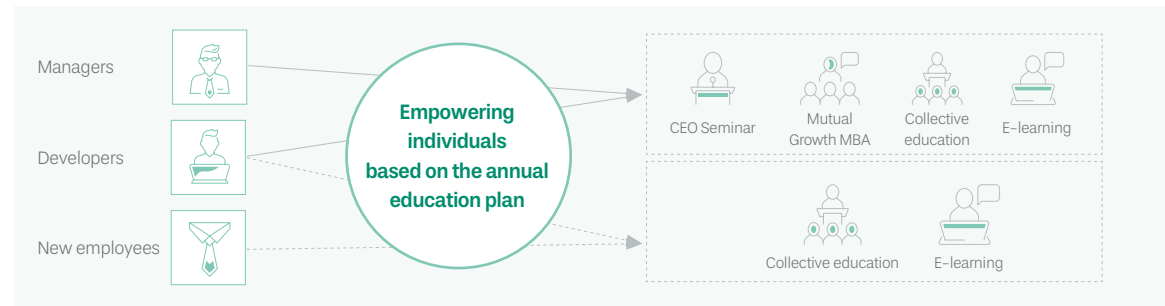


Support for Mutual Growth

Mutual Growth Program

Support for Education and Training

- SK Inc. supports business partners in expanding their management capabilities through the group's education programs.
- Education on outsourcing capability raises the business competitiveness of business partners and drives stabilization of the IT service market.
- Education programs tailored according to roles are provided for free.



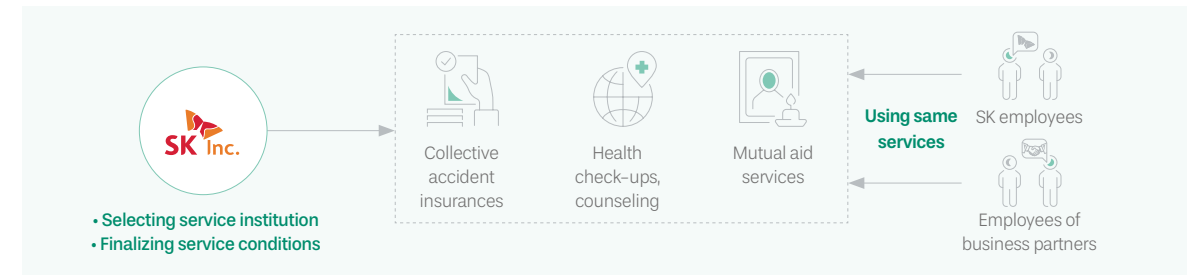
Major Education Courses

Division	Title of Education	Detailed Programs	Outcome (Persons)	Period
Group (Mutual Growth Academy)	CEO Seminar on Mutual Growth	Special expert lectures (Management, humanities, history, etc.)	123	Monthly
	Mutual Growth E-Learning	100 online courses, in areas such as IT, OA, management, etc.	870	Year-round
	VLS Online Courses	IT, leadership, data analysis, etc.	728	Year-round
SK Inc.	DT (Cloud Application, React Programming)	Spring Boot/Kubernetes, building web applications	153	Year-round
	VLS Open Course	MES, AI, cloud, digital platform creation, etc.	134	Year-round
	Seminars for Business Partners' CEOs	Special expert lectures (Management, humanities, history, etc.)	15	November
	Professional External Courses	Multicampus, Korea Productivity Center, STA, Convergent Lifelong Education Institute, Fast Campus, etc.	16	Year-round

- Enhancing the service quality of business partners
 - Supporting technical learning and certifications necessary for efficient use of Microsoft and Azure services
 - Providing CloudZ service education for 100 employees of 48 critical suppliers to enhance cloud competitiveness of business partners
 - Supporting improvement of business performance and service quality by enhancing the technical capability of business partners' employees through joint participation in the Expert Cloud App Modernization Factory Course

Sharing Welfare Benefit Systems

- SK Inc. supports the safety and health of business partners by providing collective accident insurance, health check-ups, mutual aid services, and EAP counseling (Vitamin Day).
 - SK Inc. pursues stakeholders' happiness by allowing their employees to receive the same welfare benefits as SK employees.

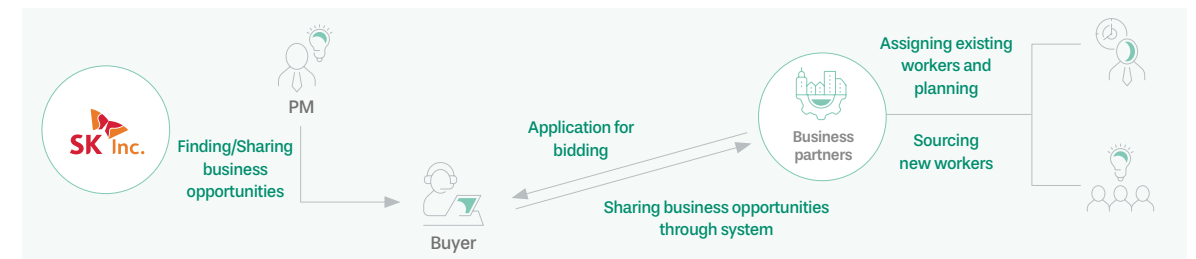


Fair Trading, Ethical Management

- Fair trading: Strengthening the base to practice mutual growth by introducing and operating the four guidelines stipulated by the Fair Trade Commission
- Ethical management: Strengthening compliance with the principles of ethical management by operating ethical regulations and related practice guidelines
- Using standard subcontracts: Respecting the physical and intellectual property rights of business partners

Business Support

- By sharing information about business opportunities in advance, SK Inc. supports business partners in securing necessary human resources and improving productivity through stable operations.
 - Business partners can secure outstanding human resources by extending lead time, and SK Inc. boosts delivery competitiveness using pre-project education.



Support for Mutual Growth

Managing the Supply Chain

Status of Supply Chain Management

- Through about 1,399 business partners at home and abroad, SK Inc. purchases various products like HW, SW, PC, and electronic consumables and outsourced labor for system development, maintenance, and consulting.
- When conducting overseas businesses, SK Inc. adheres to the local purchasing policy to develop the production area and make social contributions.

Purchase Status of Domestic and Overseas Supply Chains

(Unit: KRW 100 million)

Division		2019	2020	2021
HW/SW	Total	4,625	1,621	2,331
	South Korea	4,566	1,559	2,182
	South Korea (Seoul)	3,908	1,353	1,822
	South Korea (region)	658	205	361
	Overseas	59	62	149
	Total	6,360	5,922	6,490
Outsourcing	South Korea	6,279	5,837	6,391
	Overseas	81	85	99

Selecting and Managing Business Partners

- Business partners are evaluated periodically to select a small number of business partners based on the reinforced standards. The periodic evaluation is performed once a year according to fair standards, and business partners' grades are reassigned according to the evaluation results.

* Criteria for periodic business partner evaluation: Business capability (Trading outcomes/business outcomes, business execution, number of employees, etc.), level of partnership with SK Inc., degree of support for external businesses, sustainable management, and ESG diagnosis

- Critical suppliers are selected by evaluating the number of business projects/transactions conducted with SK Inc. during the previous year, possession of superior/irreplaceable technologies for a specific business (Business evaluation, certification, etc.), and impact on SK Inc.
- The critical supplier grading system is divided into Superior S, Superior, and General grades, and different incentives are provided according to grade.

Critical Supplier Basic Requirements



Business partners

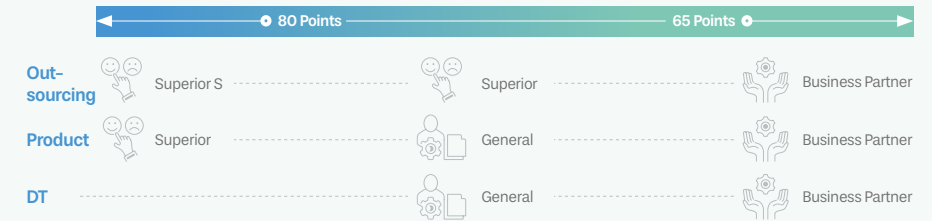
- Business partners that do not meet the qualifications for critical suppliers currently but can possibly become critical suppliers in the future



Regular evaluation of business partners



Critical suppliers



Out sourcing	Superior S	• Business partners that have excellent BP evaluation results and partnerships with SK Inc. and that demonstrate outstanding capabilities
	Superior	• Business partners that possess a certain level of market competitiveness and financial soundness, and that are necessary for the company's business operations
Product	Superior	• Business partners that have excellent BP evaluation results and partnerships with SK Inc. and that demonstrate outstanding capabilities
	General	• Business partners that possess a certain level of market competitiveness and financial soundness, and that are necessary for the company's business operations
DT	General	• Business partners that possess a certain level of market competitiveness and financial soundness, and that are necessary for the company's business operations

Current Status of Critical Suppliers by Type and Grade

Division	Total	General	Superior	Superior S
Product purchase	150	131	19	-
Outsourcing purchase	106	-	64	42
DT	80	80	-	-
Total	336	211	83	42
Mutual growth targets among business partners	46	11	12	23

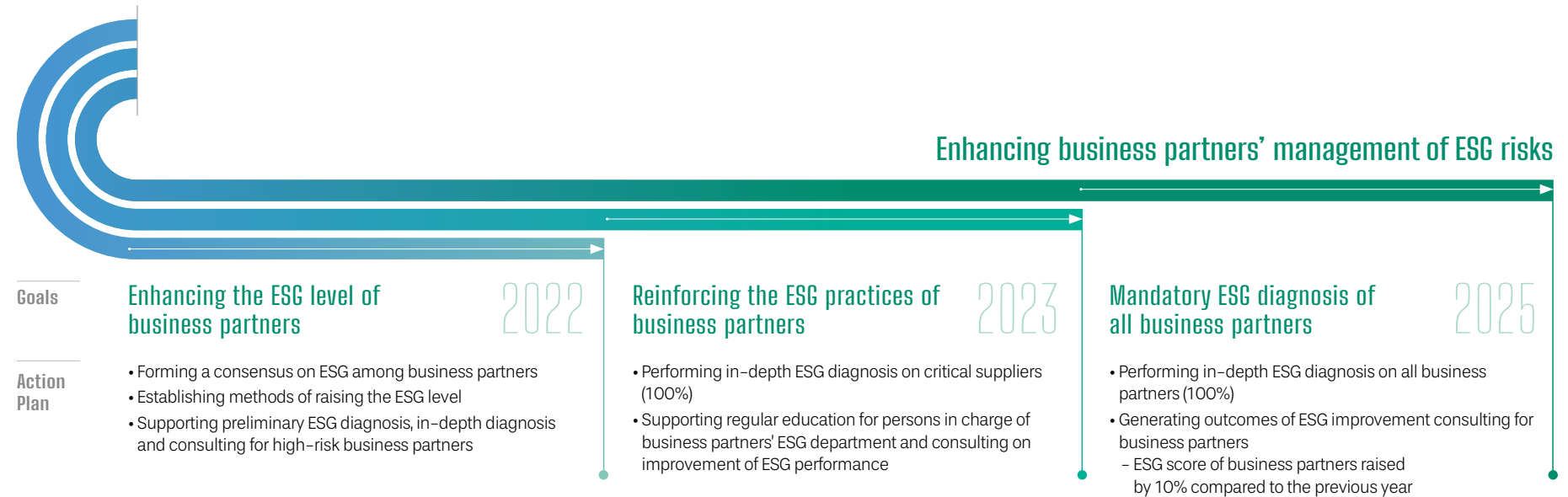


MUTUAL GROWTH AND SUPPLY CHAIN

ESG SUPPORT SYSTEM FOR BUSINESS PARTNERS



ROADMAP



KEY POINTS

Green Purchase

- Based on the purchase regulations, SK Inc. strives to eliminate environmental risk factors in advance during the purchase of raw and side materials and tools.
- Unless there is a special reason, SK Inc. prioritizes the purchase of eco-friendly products that can save resources and reduce environmental pollution compared to other products/services for the same use.

Policy to Support ESG Practice of Business Partners

- SK Inc. reestablished its ESG risk management policy in accordance with the Code of Conduct, which is based on international guidelines (RBA, UN PRI, etc.) in 2022. The Code of Conduct comprises guidelines for the core management areas that reflect the characteristics of the IT industry. All business partners are obliged to sign the policy.
- ESG risks are diagnosed and monitored while the evaluation indicators/diagnosis methods/cycles may vary based on the classification of business partners (Regular and non-regular).
- SK Inc. establishes and supports measures to enhance the ESG level of business partners, such as education and consulting, by reflecting the preliminary ESG diagnosis and the need for support programs.
- SK Inc. continues to improve business partners' ESG performance by identifying and monitoring their current ESG levels.

ACHIEVEMENTS

Diagnosing the ESG Risks of Business Partners

- ESG diagnoses and evaluations were entirely updated in 2021, and 491 business partners underwent diagnosis using the renewed system. Among them, 92 business partners (19%) were found to have high ESG risks.
- SK Inc. conducts activities to minimize risks for high-risk business partners, thereby minimizing the overall risk in the supply chain.

Monitoring the Purchase Status of Excellent ESG Companies

Year	2018	2019	2020	2021
Ratio (%)	55	56	59	56

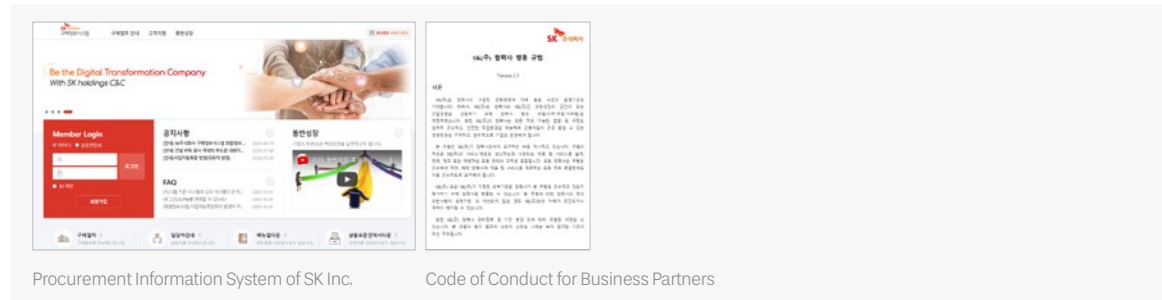
* Total purchase: Product purchase + outsourcing purchase

ESG Support System for Business Partners

ESG Practice Support System for Business Partners

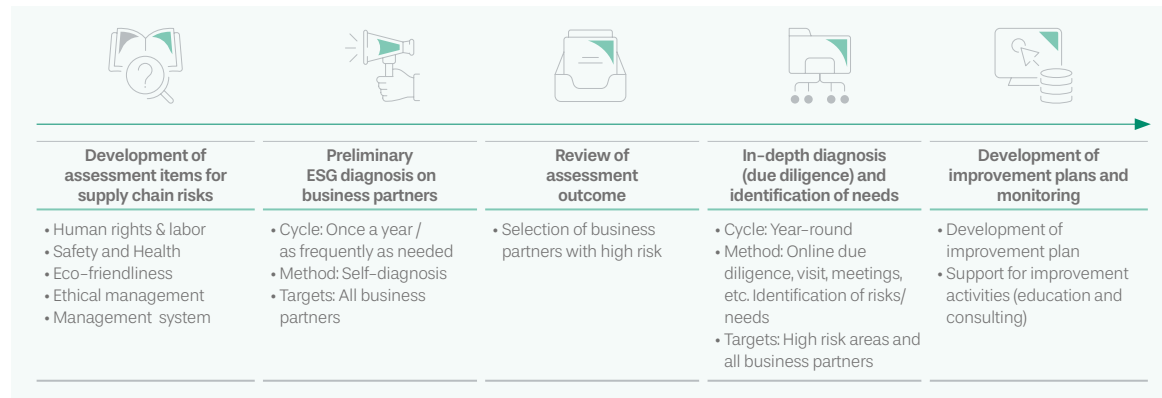
ESG Practice Guidelines for Business Partners

- In 2017, SK Inc. established the Code of Conduct comprising four areas, including human rights and labor, safety and health, eco-friendliness, and ethical management, and made compliance mandatory for business partners. The Code of Conduct was reestablished in 2022 according to international guidelines (RBA, UN PRI, etc.).
- The Code of Conduct is disclosed through the Procurement Information System. (<https://procurementskcc.com/hdk/bbs/noticeView.do>)
- SK Inc. restricts transactions with business partners that violate the Code of Conduct. ESG risks of the entire supply chain are prevented by conducting regular evaluations on the ESG levels of business partners.



ESG Practice Support Process for Business Partners

- SK Inc. has created a systematic process for business partners to practice ESG, which comprises evaluation, feedback, improvement plan, support, and follow-up management.
- By reflecting the results of sustainable management evaluation on the regular evaluation to select business partners every year, SK Inc. encourages business partners to raise the level of sustainable management practices.



Diagnosing the ESG standard of Business Partners

- SK Inc. promotes activities to form a consensus about the importance of ESG among business partners. By diagnosing the ESG performance of business partners, methods for enhancing ESG levels were updated in 2022.
- SK Inc. performs preliminary ESG diagnosis on business partners. The diagnosis comprises 70 questions in the environment/society/governance areas based on key ESG indicators, the Code of Conduct for business partners, ISO, RBA, and external evaluations.
- SK Inc. measures the ESG standards of business partners, monitors the purpose of supporting improvement activities, and identifies business partners' needs for support programs through online surveys.

List of ESG Diagnosis Criteria for Business Partners

Division	Management Criteria	Evaluation Details
Environment	Environmental management	Did your company establish goals for core areas of environmental management?
	Eco-friendly products	Is your company conducting development/research to expand the lineup of eco-friendly products and services?
	Greenhouse gas emissions	Does your company measure greenhouse gas emissions (scope 1, 2)?
Society
	Management of social goals	Has your company established socially responsible management goals?
	Human rights	Does your company provide labor contracts to employees using a language that employees (locals/foreigners) can understand?
Governance	Labor	Has your company established a policy that guarantees freedom of association?

	Disclosure of information	Does your company disclose its business activities and outcomes?
Governance	Ethical management	Does your company have ethical management policies in place (prohibition of bribery, corruption, extortion, embezzlement, etc.)?
	Management system	Does your company have regulations to identify and evaluate ESG risks?

ESG Support System for Business Partners

ESG Practice Support System for Business Partners

ESG Diagnosis Results of Business Partners

- In the past three years, SK Inc. has evaluated the sustainable ESG performance of all business partners (100%). The ESG diagnosis system was entirely rearranged in 2021, and 491 business partners were diagnosed based on the changed evaluation system in 2022. Among them, 19% showed high ESG risks.

* Overall results of all business partners were classified into three risk levels.
 – High risk (0–30 points) 19%, medium risk (31–69 points) 57%, low risk (70–100 points) 24%

- The compliance rates were high for the society and governance areas (humane treatment, prohibition of discrimination and bullying, working hours, wages and welfare benefits, fostering of human resources, fair trading, anti-corruption, etc.).
- The compliance rates were low for the environment area (development of eco-friendly technology, greenhouse gas emissions, use of renewable energy, emissions of air pollutants, water management, waste management, etc.).

→ Direction of support according to the results of diagnosis

- Continual education on the concept/necessity of ESG
- Specific guidance on improvement/implementation points in each area
- Tailored consulting based on the characteristics of each business partner

- In particular, SK Inc. provided intensive support for high-risk business partners through separate due diligence and consulting, performed continual monitoring, and established and implemented methods of improving all risks.

Support Programs to Improve the ESG performance of Business Partners

Division	Description	Targets
Education	<ul style="list-style-type: none"> [Management] ESG seminars (Lectures, debates, etc.) [Hands-on workers] Basic and in-depth ESG courses ESG practice education (On topics such as environment, human rights, ethics, information protection) 	All business partners
Guidance	<ul style="list-style-type: none"> Information on ESG promotion trends (Policy, market trends, etc.) Self-diagnostic checklist (Linked to the ESG operation model) Support for ESG policy (Samples like regulations, etc.) 	All business partners
Consulting	<ul style="list-style-type: none"> Online due diligence (Using the ESG diagnosis platform) → Establishment and implementation of improvement plans (Site visit, detailed guidance, etc.) ESG Q&A, ESG meetings (Listening to issues/concerns, detailed guide, etc.) 	High-risk business partners
Others	<ul style="list-style-type: none"> Review of incentives for business partners with excellent ESG performance → Inclusion of periodic evaluation items and increased importance of stepwise scoring Support for certification by external ESG evaluation bodies (reviewed after 2023) 	All business partners

ESG Key Performance Indicators (KPIs) for Business Partners

- SK Inc. manages the ESG KPIs of its business partners and supply chains as follows, aiming to reach the targets by 2025.

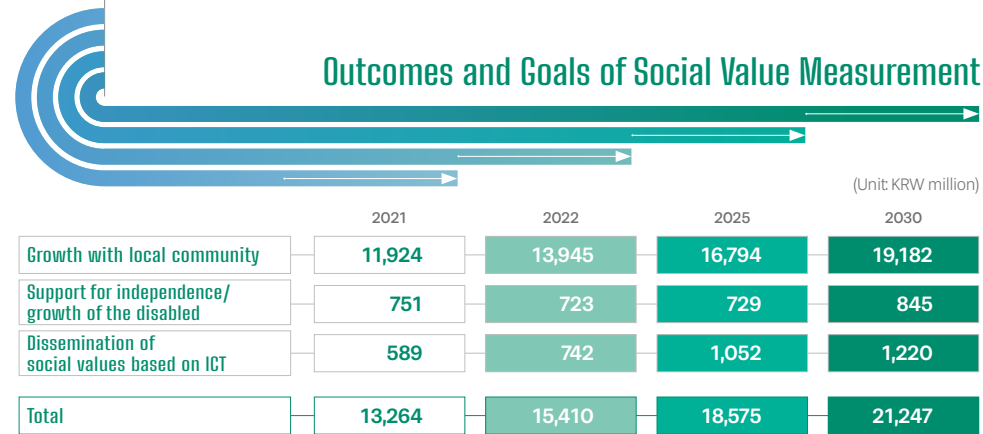
Item	Target		
	~2022	2023	2025
Ratio of business partners that signed the Code of Conduct	• 100%	• 100%	• 100%
Ratio of business partners evaluated on ESG	• Reestablished the regular/non-regular diagnosis system	• 100%	• 100%
Expansion of in-depth ESG diagnosis for business partners	• Conducted in-depth ESG diagnosis for high-risk business partners (100%)	• Conducting in-depth ESG diagnosis for critical suppliers (100%)	• Conducting in-depth ESG diagnosis for all business partners (100%)
Selection of critical suppliers based on ESG diagnosis	• Granted bonus points during the periodic evaluation	• Official evaluation items applied during the periodic evaluation	• Granting scores to business partners that receive a certain level
Environmental management throughout the supply chain	<ul style="list-style-type: none"> Demand/analysis/guidance related to environmental data Supported eco-friendly purchase policy (Environmental evaluation of suppliers when bidding for product purchase) Statement of climate change response efforts in the ESG Code of Conduct and standard contracts for business partners 	<ul style="list-style-type: none"> Over 50% of suppliers* disclosing their response to climate change (CDP Climate Change) <p>* Suppliers with a purchase rate of 75% or higher</p>	<ul style="list-style-type: none"> Disclosing climate change response activities of more than 70% of suppliers (CDP Climate Change) Over 50% of suppliers with SBTi commitments
Rate of transition from business partners with high ESG risks → medium risks	• 70% for critical suppliers	• Selecting high-risk business partners through annual ESG diagnosis to increase the rate of transition	

8

SOCIAL CONTRIBUTION — SUPPORT FOR LOCAL COMMUNITIES



ROADMAP



* Social contribution programs are measured based on their outcomes, such as employment criteria. In cases where it is difficult to measure outcomes for volunteer activities and donations, they are measured by the input expense.

Increasing participation of employees
(Participation of employees increased by over 10% every year)

Expanding cooperation with stakeholders (Local communities)
(Securing at least 5 stakeholder cooperation models every year)

Finding/Applying solutions to spread social values
(securing at least 5 SV creating solutions by 2025)

- Expanding employee participation policy and revitalizing participatory campaigns
 - Acknowledging time spent for Pro Bono and volunteer work as working hours and providing activity expenses
 - Increasing rewards for participation (Haenggarae)
- Strengthening communication through participation of local community councils (Public/private partnership)
 - Local community councils (Involving local government, heads of welfare institutions)
- Improving program impact using cooperation models based on successful cases
 - Haenggarae: Developing cooperation models to practice UN SDGs with regional offices of education, councils for sustainable development, and schools
- Finding/Applying solutions to support socially vulnerable classes based on ICT
 - Improving access to information about the disabled using AI and creating jobs for socially vulnerable classes
- Sharing social values using AI, blockchain, and big data
 - Expanding social values and promoting shared growth in cooperation with SEs and social ventures

“Creating a happy society for all”

Solving social problems and maximizing the creation of social value

Applying ICT + Participation of employees

Communicating with regional and civil societies
(Social Pain Point & Needs)

1. Growth with local communities

- Mutual cooperation with local SMEs (Sharing/opening ICT infrastructures, etc.)
- Support to resolve pending issues of local communities and sharing activities (Support for growth of socially neglected classes, volunteer activities, etc.)

2. Support for the independence/growth of the disabled

- Projects for fostering and employing the disabled in professional jobs (SIAT)
- Support to foster IT experts (Scholarship formed by employees, etc.)

3. Dissemination of social values based on ICT

- Development/Dissemination of social problem-solving solutions based on ICT (Haenggarae app, Speech Catch, etc.)
- Support for SE growth through competency and talent donation activities by employees (Pro Bono, etc.)

KEY POINTS

- By communicating with regional and civil societies, SK Inc. strives to resolve social problems using ICT. Employees participate actively in social activities in pursuit of stakeholders' happiness.
- SK Inc. established three directions for social contribution, including 'growth with local community,' 'support for independence/growth of the disabled,' and 'dissemination of social values.' Social problems are solved and social values are maximized by encouraging employees to participate in social contributions based on the core capabilities of SK Inc., such as ICT/DT.
- Communicating with local communities
 - SK Inc. regularly communicates with major stakeholders to resolve various problems experienced by local communities, finding and providing support for urgent pending issues and blind spots that need a helping hand.
 - SK Inc. strengthens its communication with local communities through cooperation and partnerships with local public-private councils (local guarantee councils, etc.), institutions/organizations (volunteer centers, council for sustainable development, etc.), and various social enterprises.

ACHIEVEMENTS

- Major Outcomes of Social Contribution Activities in 2021

Division	Outcome	Details
Participants	1,580 persons	Pro Bono (493), Happy IT Scholarship (531)Haenggarae Donation for Socially Vulnerable (413), Blood Donation (103), Anna's House (40)
Beneficiaries	235 persons	SIAT (51), DDA (29), Open SIAT (68), Career Up (49) Happy IT Scholarship (38)
Beneficiary organizations/Companies	176 companies	Cloud Service (92), Pro Bono Beneficiary SE (56) SIAT Employment Company (28)

Support for Local Communities

Major Activities for Each Direction of Social Contribution

Selecting Three Directions and Measuring Outcomes of Social Contribution linked to the UN SDGs

Growth with Local Communities

SK Inc. and its employees make various efforts to fulfill responsibilities and roles as members of the local community. To do so, SK Inc. promotes shared activities with SMEs in the local community and happiness-sharing activities for socially vulnerable groups.

Opening and Sharing ICT Infrastructure

- Providing free cloud services to startups and SMEs
Provided KRW 1.75 billion to 92 companies in 2021

9.c
Increasing access to ICT and universal access to the Internet



Supporting the Growth of Socially Disadvantaged Groups

- Digital Dream Academy (DDA) Project:
Education on startup and reemployment for women who had to discontinue their career
DDA completed by 29 persons, and 10 persons had success with finding employment/starting a business

8.5
Creating good jobs



Strengthening Social Safety Nets for Local Communities

- Supporting free meals for local communities
Warm contact project sharing meals (KRW 127 million)
Meal support for underfed children (KRW 50 million)
- Blood donation campaign conducted by employees to resolve national blood shortage
- Sharing kimchi and supporting heating expenses to assist socially vulnerable classes

1
End to poverty



Support for Independence/Growth of the Disabled

Among various social issues, SK Inc. pays attention to the quality of life of the disabled. While facilitating the independence/growth of the disabled by working with employees, SK Inc. continues to develop sustainable support programs for the disabled.

Training ICT Experts and Supporting Employment

- Smart IT Advanced Training (SIAT), a project to strengthen job competitiveness by training ICT experts and supporting employment of the disabled
Completed by 51 persons and employment found by 48 persons in 2021

8.5
Creating good jobs



Happy IT Scholarship Project with Employees

- Happy IT Scholarship Project: Supporting schooling of disabled students
531 employees, 38 beneficiary students, and total scholarship of KRW 92 million in 2021

4.3
Guarantee of access to tertiary education, such as technical and vocational education



Supporting SE* for Independence of Disabled IT Workers

- Exemplary IT company employing the disabled
– Supporting 'Happy ICT Foundation' business
27 disabled persons employed in 2021 (39%)

8.5
Creating good jobs



* Social Enterprise (SE)

Dissemination of Social Values

Stakeholders of SK Inc. pursue active use of ICT to solve social issues that are becoming increasingly complex. SK Inc. expands and spreads social values using ICT capabilities of the company and employees and strives to attain the UN SDGs.

Participating in and Practicing Social Values

- Haenggarae: A participatory platform to solve social problems
Applied to 17 companies/institutions, involving 1,400 participants

12.
Sustainable consumption and production



Creating Social Values Using Digital Technology

- Workwiz: An ICT employment portal for the middle-aged
- Speech Catch: A subtitle service for online lectures based on AI
45 persons in 2021, and a total of 4000 hours provided

9.c
Increasing access to ICT and universal access to the Internet



Supporting the SE Ecosystem

- Impact investments
Invested KRW 4 billion in 2021
- Pro Bono based on employees' capabilities (Talent donation)
493 participants and 56 SEs supported in 2021

8.3
Good jobs and economic growth



Support for Local Communities

Major Social Contribution Activities Based on ICT

Growth with local community

Strengthening Social Safety Nets for Local Communities

- In 2021, the SK Group jointly participated in the Happy Alliance Campaign for underfed children. * Provided lunch boxes and Christmas gifts to 10,000 underfed children
- The Warm Contact Project was promoted in 2021 to offer free meals daily for three months to 1,535 elders who live alone. Employees volunteered to provide meals at 'Anna's House' in Seongnam and donated clothes for the winter.
- In 2021, SK Inc. sponsored a matching grant for heating expenses of socially disadvantaged groups. Employees donated Haenggarae points, and the company donated the same amount to sponsor heating expenses, heating supplies, and facility maintenance for the socially disadvantaged.
- In February 2022, SK Inc. participated in the Life Sharing Blood Donation Campaign (103 persons) and donated donor cards (133 cards) to the Korea Childhood Leukemia Foundation to help children with leukemia

Free Cloud Service

- SK Inc. signed an "Agreement on Win-win Cooperation Cloud Service Project with Conglomerates and SMEs in Gyeonggi-do Province," by which free cloud services are offered to SMEs in Gyeonggi-do Province and local communities.
- Free cloud expert training and Management Service Provider (MSP) service are provided to CloudZ business partners.

Division	2019	2020	2021
Participating companies	16 companies	78 companies	92 companies
Service support	KRW 0.99 billion	KRW 1.68 billion	KRW 1.75 billion

Digital Dream Academy (DDA)

- In collaboration with the local government of Gyeonggi-do Province and a social enterprise named Sangsang Woori, SK Inc. provides IT education and job-seeking counseling services to vulnerable classes in the local community (women who had to discontinue their career to manage childcare responsibilities) and conducts DDA as a startup/employment

Division	2019	2020	2021
Number of persons that completed counseling	22 persons	64 persons	29 persons
Social entry (employment/startup)	8 persons	16 persons	10 persons

Support for independence/growth of the disabled

Smart IT Advanced Training (SIAT)

- SK Inc. has been operating 'SIAT,' a training program to foster ICT experts and support employment of the disabled, in cooperation with the Korea Employment Agency for the Disabled since 2017.
- SK Inc. provides assistance with ICT job training, in areas including big data, SW development, information security, web design, and IT office service, to disabled high school and university graduates.
- SK Inc. forms 'Seed Alliance' with participating companies every year, providing employment opportunities to help the disabled engage in society.

Division	2017	2018	2019	2020	2021
Employed (graduates)	19 persons (23 persons)	18 persons (21 persons)	21 persons (23 persons)	32 persons (36 persons)	48 persons (51 persons)
Participating companies	13 companies	9 companies	8 companies	14 companies	28 companies

- IT education (Open SIAT Mate) for undergraduates in 2021: 68 participants
- IT education (SIAT Career Up) for disabled workers in 2021: 49 participants

Happy IT Scholarship

- This one and only scholarship system for disabled students in South Korea has been operated since 2005 using voluntary donations from employees.
- A total fund of KRW 1.41 billion has been raised as of March 2022, sponsoring 933 socially disadvantaged students to help them pursue their dreams and hopes.
- In 2021, SK Inc. offered a total scholarship of KRW 92.93 million to 38 disabled students and provided career counseling and mentoring by employees.

(Unit: KRW thousand)

Division	2018	2019	2020	2021
Scholarship	94,614	93,950	92,207	92,293
Recipients	52 persons	49 persons	37 persons	38 persons

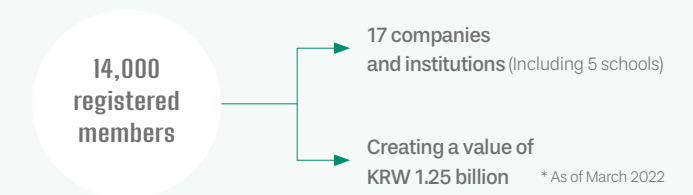
Supporting an Exemplary ICT Company for the Disabled

- In 2011, SK Inc. founded and supported the management of the Happy ICT Foundation (an exemplary company for the disabled, social enterprise) for the purpose of supporting public IT businesses.
- SK Inc. assists the disabled in becoming IT experts by creating quality jobs, provides IT services to social enterprises, and offers IT services for the public good, such as the Smart Local Food Project.

Dissemination of social values

Haenggarae ※ Haenggarae: 'Adding Happiness for Tomorrow'

- Haenggarae is an app service specialized in understanding/solving social problems that form the basis of ESG. This app induces employees to empathize with and internalize ESG.
- Users can solve social problems in everyday life using this convenient app, make a habit of practicing ESG through effective motivations like rewards, and measure/share social values created based on data.
- In cooperation with various stakeholders such as regional councils for sustainable development, Community Chest, and educational institutions, SK Inc. participates in and practices social value activities, including reduction of plastics, air pollutants/GHG and wastes; blood donations; and volunteer activities.



Creating Social Values Using Digital Technology

- Speech Catch: Developing a subtitle system based on AI voice recognition to increase access to information for the disabled, providing text message translation services for the disabled, and supporting subtitle services for online lectures targeting disabled public officers and teachers
- Workwiz Portal: Developing/Launching a platform to assist employment of middle-aged persons, offering employment coaching services, and providing information

Pro Bono

- Pro Bono supports the growth of social enterprises by donating the IT talents of employees.
- SK Inc. plans, designs, and operates IT systems, manages information protection, and provides advisory on AI, big data, DT, marketing, and laws.

493 participants, 2,371 hours, and 56 SEs supported in 2021

8

SOCIAL CONTRIBUTION – SUPPORT FOR THE SE¹⁾ ECOSYSTEM


¹⁾ SE : Social Enterprise

ROADMAP

Direction

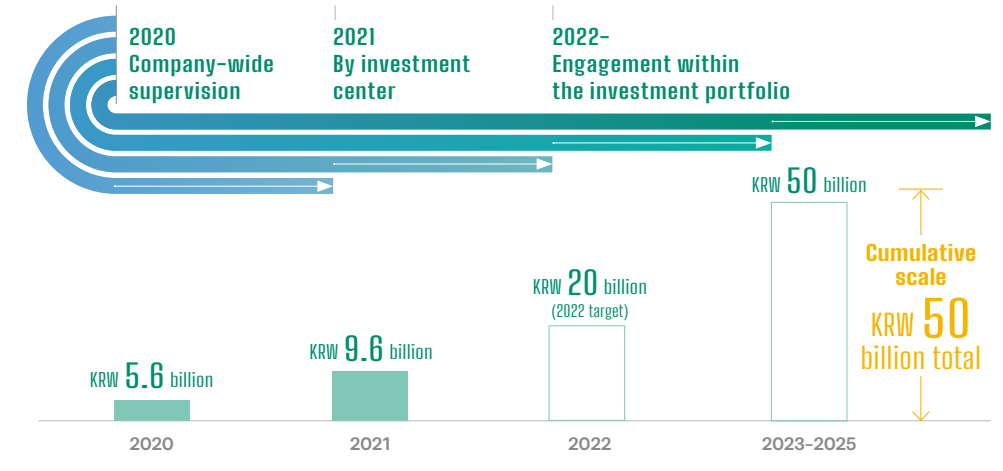
Finding social ventures that have clear objectives and capabilities to solve social problems



Revitalizing the impact investment ecosystem by finding social ventures and supporting their growth

Investment Scale

Setting an impact investment pool with a cumulative scale of KRW 50 billion
(KRW 2 billion per case)



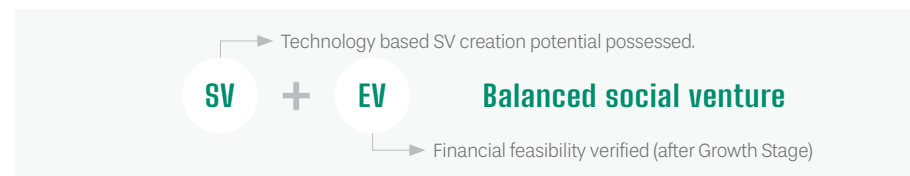
Impact Investment Policy

1) Impact Investment

- Impact investment is a method of investment intended to produce profits and solve social problems at the same time.
- As an investment specialist, SK Inc. concurrently pursues EV and SV through impact investment by supporting social ventures that are at the forefront of solving social problems.
- SK Inc. focuses on the social finance ecosystem and value-up support for investment social ventures, approaching impact investment from the perspective of mid- to long-term value investment in new growth areas.

2) Targets and Methods of Impact Investment

- Targets of impact investment include social ventures with technologies and SV potential, associated with the four major investment areas of the financial story.
- Pursuit of direct fund investment from a mid- to long-term perspective
- While verifying the financial possibilities of social ventures by executing investments in the Growth Stage²⁾, SK Inc. strives to overcome the limitations of domestic impact investments that lack scale-up support.



3) Evaluation of Impact Investments

- SV perspective: Demonstration of a virtuous cycle where solutions to social problems lead to business growth
- EV perspective: Demonstration of sustainability from a sales and business standpoint

²⁾ Growth Stage: Venture companies are classified into early, growth, and late stages. In the growth stage, companies generally establish their business models, improve KPIs, and form valuations based on financial statements.

Support for the SE Ecosystem

Executing Impact Investments and Managing Performance

Impact Investment Activities

- SK Inc. has been operating 'Deep Impact Day,' an impact investment program that involves the participation of employees (2020–2021).
 - Scale-up and value-up opportunities are provided to participating social ventures, and employees are encouraged to understand the need for social problem-solving and recognize the 'new paradigm of entrepreneurship.'
 - Carried out with the 'one center-one impact' concept in 2021 to support 40 social ventures, with final impact investment targets selected by reviewing investments with employees



Impact Investment Program

- After establishing the target areas that accord with social problem-solving through investments by each investment center in 2022, SK Inc. revised the process to find and review social ventures throughout the year.
 - Reviewing the feasibility of impact investment using the same process as ordinary investments (Reviewed by the company's Investment Committee)

Impact Investment Performance

- SK Inc. invested KRW 12.6 billion between 2020 and May 2022.

2020	3.6 billion	enuma <p>Mission Target removal of the gap between the world's educationally underprivileged class</p> <p>Biz Developing / Selling digital learning solutions for infants</p>
	2.0 billion	TESTWORKS <p>Mission To provide equal opportunity for everyone based on inclusive employment</p> <p>Biz Data collection / refining / processing for software QA and AI learning</p>
2021	2.0 billion	[todo] WORKS <p>Mission Pursuing technology development for people with disability and the elderly with weak mobility rights</p> <p>Biz Development / sale of wheelchair power assisting products</p>
	2.0 billion	THE WAVE TALK <p>Mission Improving human health and quality of life based on foreign substance detection technology</p> <p>Biz Development of pollution (fine substances, bacteria) measurement sensor</p>
2022	3.0 billion	THERMO LAB <p>Mission To reduce waste and carbon emissions by developing sustainable packaging material solutions</p> <p>Biz Developing and selling reusable (eco-friendly) and smart packaging materials</p>

Supporting the SE Ecosystem through Pro Bono

- With the goal of supporting the SE ecosystem, SK Inc. operates SK Pro Bono, a project to nurture the ecosystem of SEs and social ventures, based on the professional capabilities of employees.
- In 2021, SK Inc. provided the practical assistance needed for the growth of 56 SEs, by measures such as system diagnosis, UI/UX improvement, and development of suitable business models.
- In July 2021, SK Inc. held a growth workshop for SEs in cooperation with the Korea Social Enterprise Promotion Agency. This workshop involved 27 SEs and was followed by 200 SK Pro Bono members.
 - As a result, SK Inc. has achieved practical outcomes, such as Dutch Store* being selected as a Sharing Economic Enterprise by the Seoul Metropolitan Government in 2022
 - * A sharing platform for small business owners to specify business models and create proposals



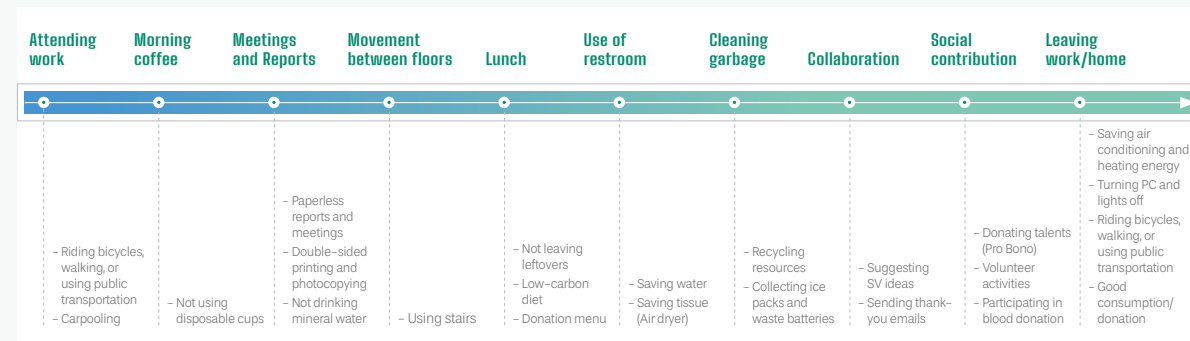
Haenggarae is a mobile app that works to build a better tomorrow with social value activities by sharing easy social problem-solving activities in everyday life and helping users practice these activities through motivation and a sense of enjoyment.

Without active involvement from members of society, it is difficult to solve social problems solely through the efforts of a single entity (government, NGO, company, school, etc.). In particular, if small social problem-solving practices by individuals can lead to bigger interest and attention, companies and organizations can drive consensus and participation in ESG management, social values, and CSR activities more easily. Accordingly, SK Inc. planned and developed Haenggarae with the aim of 'adding happiness for tomorrow' and creating a sustainable society by gathering the healthy thoughts and actions of individuals.

Primary Features of the Haenggarae App Service

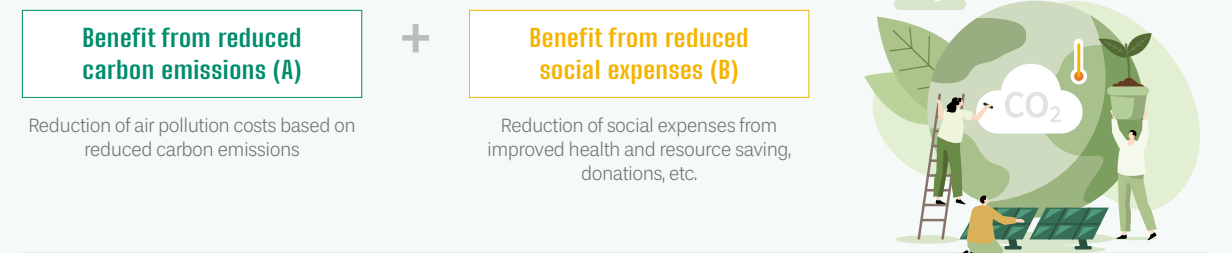


Social Problem-solving Activities Practiced in Everyday Life through Haenggarae



Measuring Social Values Through Haenggarae

In the ESG management environment, the measurement and management of social values serve as activities that demonstrate proactive responses to stakeholders, as well as organizational innovation and differentiation. They are becoming increasingly important.



Practice Activity	Haenggarae Total				
	Number of Times (10,000 steps/time)	(A) Carbon Reduction (kg)	Currency Value (KRW 1,000)	(B) Currency Value (KRW 1,000)	Total SV (KRW 1,000)
Health walking	416,026	765,487	32,457	228,814	261,271
Use of stairs	2,327,175	24,674	1,046	17,574	18,620
Blood donation	1,167	-	-	117,272	117,272
Mug/tumbler	613,536	6,749	285	95,466	95,752
Meals without leftovers	161,026	24,556	1,041	55,554	56,595
Double-sided printing	3,932	57	2	197	199
Public transportation/ carpool	45,389	248,732	10,546	159,951	170,497
Health bicycles	1,882	1,054	45	1,108	1,153
Separate collection/ plogging	593,159	142,951	6,061	-	6,061
Use of shopping basket	2,044	97	4	-	4
Turning power off	29,106	1,604	68	349	417
Reward donation	1,027	-	-	28,231	28,231
Social Buy	1,012	-	-	43,570	43,570
Total		1,215,962	51,557	748,087	799,644

* Notices and guidelines of the Korea Development Institute and the Ministry of Environment and computational data generated by private medical insurance companies were used to compute the social values associated with each activity.

Best Practice in the Social Area

SK Innovation

Zero Serious Accidents



SK Innovation operates safety and leadership standard programs to raise employees' levels of safety awareness based on the exemplary practices of leaders. In 2021, this program involved eight training sessions on 'sharing and spreading innovative cases of safety culture', supervised by the leaders of SK Innovation and the CEOs of business partners. The program allowed SK innovation to promote safety awareness throughout all business sites.

In 2021, 10 'Life Safety Guides to Prevent Worker Accidents' were established to prevent daily accidents that accounted for about 65% of worker accidents at SK Innovation's business sites during the previous year. A company-wide campaign called 'Precious Safety Life' was also implemented. Furthermore, SK Innovation was able to achieve zero serious accidents by closely supporting the SHE affairs of high-risk projects and high-risk tasks involving facility maintenance, which can lead to serious accidents.

SK Telecom

Expanding an AI-based Social Safety Net



Amid the COVID-19 pandemic, SK Telecom strives to support public health and medical service workers by offering an AI outbound call service, where an AI speaker named 'NUGU' responds to phone calls.

'NUGU Care Call' is a service that checks COVID-19 symptoms like fevers, body temperatures, coughs, and sore throats in persons under self-quarantine or active monitoring. 'NUGU Vaccine Care Call' is a service that guides vaccination schedules for persons due for vaccination, as well as checking normal immune responses and providing information on side effects for vaccinated persons. NUGU Care Call contributed to building a national quarantine system and preventing the spread of COVID-19 by reducing quarantine duties by 85%.

SK Networks

Happiness Created and Grown by Employees



Based on the commitment of employees, SK Networks engages in diverse activities to establish a positive workplace and bring happiness to all employees.

In 2021, SK Networks conducted a 'Career Workshop' for employees to help them self-design their careers. In addition, employees of SK Networks can share happiness opinions in the morning and practice happy living in the afternoon of the third Friday of each month, which is called 'Happier Day.' 'HR Design Lab' and 'Happy Workplace' are participatory HR improvement programs, and the CEO and employees run the 'Happiness/SKMS Board' as a regular council to resolve matters that hinder happiness. This board functions as the unique happiness agent of SK Networks, helping to build an environment that produces outcomes through immersion. Through these efforts, SK Networks was selected by the GPTW Institute as one of the '100 Good Places to Work in Korea in 2022.'

SKC

Revitalizing the Material Industry Ecosystem



Since 2017, SKC has been operating the 'Open Platform for New Material Technologies' as shared infrastructure to support promising start-ups, social enterprises, and future entrepreneurs by co-operating with 17 institutions, including the Ulsan Center for Creative Economy and Innovation, Shin & Kim LLC, National Academy of Engineering of Korea, MOTIE Office of Strategic R&D Planning, Deloitte Anjin LLC, and BYN Blackyak. Various participants on the platform, including the government, industry, academic institutions, and local communities, offer professional R&D, business infrastructure, SHE, patent, investment, and industrial consulting services through online and insight seminars.

GOVERNANCE



1. Governance
2. Ethical Management and Anti-Corruption
3. Compliance
4. Risk Management
5. R&D

1

GOVERNANCE

Governance

Management Driven by the Board of Directors

Corporate Governance Charter

- In 2018, SK Inc. established, announced, and implemented the Corporate Governance Charter. (<https://www.sk-inc.com/kr/ir/charter.aspx>)
- The purpose is to provide governance information and establish robust corporate governance, such as the rights of shareholders and the responsibilities of the Board of Directors and audit team.
- The goal is to increase the transparency of management and enhance corporate values by stipulating the practice of responsible management driven by the Board of Directors.
- In 2021, the Corporate Governance Charter was revised to stress the importance of the Board of Directors and expand the scope of communication with shareholders and stakeholders to ESG management.

Composition of the Board of Directors

- The Board of Directors is a body that makes important decisions affecting management.
- The Board of Directors conducts activities according to its operating policy, which is based on independence, expertise, efficiency, and diversity.
- An independent director was appointed as the chairman of the Board of Directors in 2019, and the Board of Directors is composed of nine members as of March 2022 (4 executive directors and 5 independent directors).
- In 2021, the Board of Directors improved its diversity by appointing new female independent directors and thus strengthened its communication capabilities through the addition of new perspectives.

Activities by the Board of Directors

- Regular Board of Directors meetings are held once a month, and non-regular meetings are held as necessary.
- In 2019, 14 meetings were held, 44 agendas were deliberated and resolved, and 36 agendas were reported.
- Decisions are made by the attendance of a majority of the enrolled directors and the consent of a majority of the directors present (unless there is a separate resolution requirement in related laws or by the Board of Directors).
- The minimum attendance rate target for the Board of Directors is 80%, and details of activities such as attendance rates and whether individual directors have agreed or disagreed on disclosed agenda are shared on the corporate website and business report (an average attendance rate of 98% in 2021).
- Non-financial risks, such as material ESG issues derived through the participation of stakeholders, health and safety plans, and legal compliance control standards, were reviewed.

Assessment of the Board of Directors

- From 2018, assessment of all directors has been implemented through assessment questionnaires developed by external institutions (once a year).
- The assessment is divided into 39 sectors across 5 major areas (roles, functions, and responsibilities of the Board of Directors, composition of the Board of Directors, qualifications requirements for directors, operation of the Board of Directors, committee structure and operation).
- The 2021 assessment result was 4.61 points (on a 5-point scale), which was identical to the score from the previous year. Starting in 2021, the Board of Directors assessment included a qualitative assessment on the composition and operation of the Board of Directors by external stakeholders and internal executives. Through an analysis of this result, we derived detailed improvement points regarding the operation of the Board of Directors.

Performance Assessment and Compensation of the Board of Directors

- Payment is made in accordance with the law within the limit of remuneration for directors approved by the general meeting of shareholders, and the remuneration and calculation method is disclosed in the business report.
- The Nomination and Compensation Committee reviews and reports on individual remuneration for executive directors, and final decisions are made by the Board of Directors – including decisions on remuneration for Independent Directors.

Appointment of Directors

- Directors are appointed through a resolution of the general meeting of shareholders in accordance with the Commercial Act and the articles of incorporation.
- The Nomination and Compensation Committee selects a pool of director candidates, carries out a strict screening process, and recommends candidates who are suitably qualified (in terms of the related laws) to the general meeting of shareholders, with consideration for their expertise, independence, etc.
- Candidates whose recommendations are confirmed are appointed as independent directors at the final general meeting of shareholders, after the Board of Directors moves to convene the general meeting of shareholders.
- Taking the connection between the competencies of a director candidate and the company's management strategy as a key criterion, the skill set of the entire Board of Directors is composed, and expertise is strengthened, such that the Board of Directors can contribute to the long-term growth and development of the company.



Governance

Composition of the Board of Directors

[As of March 29, 2022]

Classification	Name / Month and Year of Birth	Position / Responsibilities	Area of Expertise	Career History	Term	Duration of Employment*
Executive Directors	Chey, Tae-won (Male, December 1960)	Group Chairman and CEO	Management, economy, international relations, social value, sustainable management	Ph.D. in Economics, University of Chicago, USA / [Current] Chairman, SK Innovation / [Current] Chairman, SK Hynix	2022.03 – 2025.03	6 years
	Jang, Dong Hyun (Male, August 1963)	Vice Chairman and CEO	Management, M&A, portfolio management, risk management, industrial specialty	Master's degree in Industrial Engineering, Seoul National University / CEO and President, SK Telecom	2020.03 – 2023.03	5 years
	Park, Sung Ha (Male, October 1965)	President and CEO	Economy, M&A, risk management, ICT specialty, industrial specialty	Master's degree, MIT, USA / Strategy Support Team Leader, SK SUPEX Council	2020.03 – 2023.03	2 years
	Cho, Dae Sik (Male, November 1960)	Executive Director	Management, finance, M&A, portfolio management, risk management	Master's degree, Clark University, USA / CEO and President, SK Inc.	2021.03 – 2024.03	7 years
Independent Directors	Yeom, Jae Ho (Male, January 1955)	Chairman of the Board of Directors	Information security management, social value, international relations, globality, sustainable management	Ph.D. in Political Science, Stanford University, USA / 19th President, Korea University; [Current] Honorary Professor, Public Administration, Korea University; [Current] Chairman of Preparatory Committee, Taejae University	2022.03 – 2025.03	3 years
	Lee, Chan Keun (Male, August 1958)	Chairperson of Nomination And Compensation Committee	Management, M&A, globality, industrial specialty, risk management	Master's degree in Management, Korea University / Executive Vice President, CIB Group, Kookmin Bank; [Current] Independent Director, Hanse Yes 24 Holdings Co, Ltd.	2021.03 – 2024.03	4 years
	Kim Byoung Ho (Male, September 1961)	Chairperson of Audit Committee	Accounting, finance, M&A, globality, risk management	Master's degree in Management, UC Berkeley, USA / Vice Chairman, Hana Financial Group; [Current] HD Bank Chairman of the Board of Directors	2022.03 – 2025.03	3 years
	Jang, Yong Suk (Male, July 1968)	Chairperson of ESG Committee	Information security management, organization, social value, globality, sustainable management	Ph.D., Standard University, USA / Assistant Professor, Department of Sociology, University of Utah; [Current] Professor, Department of Public Administration, Yonsei University	2020.03 – 2023.03	5 years
	Kim, Seon-hee (Female, October 1964)	Chairperson of Governance Committee	Management, finance, M&A, industrial specialty, risk management	Master's degree in Management, University of Minnesota, USA / Director, UBS Investment Bank, Switzerland; [Current] CEO and President, Maeil Dairies Co., Ltd.	2021.03 – 2024.03	1 year

* The duration of employment includes re-elected tenure.

Operating Policy and Targets of the Board of Directors

Classification	Contents
Independence	<p>Policy introduced to enhance the independence of the Board of Directors</p> <ul style="list-style-type: none">• The chairman of the Board of Directors is separated from the CEO.• Independent directors are elected from candidates who do not have a special relationship with management.• An independent director shall not take a position as a general partner or director at other companies running identical business without the approval of the Board of Directors.• The exercise of voting rights by any director who has a special interest in the resolution of the Board of Directors shall be restricted.• Monitoring functions are enhanced through the installation of an organization that supports the Audit Committee <p>→ Maintained and expanded the ratio of independent directors to be greater than the majority (March 2022: 56%)</p>
Expertise	<p>Policy introduced to enhance the expertise of the Board of Directors</p> <ul style="list-style-type: none">• Candidates for directors are recommended and elected such that the qualifications, capabilities, and skill sets of all directors can contribute to the long-term growth and development of the company.• The Board of Directors is composed of directors with deep expertise or practical experience in leadership, core industries (advanced materials, bio, green, digital), finance, accounting, risk, law, public policy, M&A, capital markets, international relations, environment, ESG, etc.• Executives in charge at each investment center directly provide specialized education in each investment area to independent directors.• The expertise is enhanced by seminars and training opportunities provided by external specialists, etc.• Disclosure of the Board Skills Matrix for the competency of the Board of Directors <p>→ Expanding industrial specialists through investments, businesses, etc.</p>

Classification	Contents
Diversity	<p>Policy introduced to consider the diversity of the Board of Directors</p> <ul style="list-style-type: none">• The management philosophy and strategy of our company is to promote continuous growth with various stakeholders, such as shareholders, customers, and society. The Board of Directors pursues diversity in its composition in terms of race, gender, age, nationality, educational background, and religion. <p>→ Priority is placed on diversity in gender, age, and nationality</p>
Efficiency	<ul style="list-style-type: none">• Temporary Board of Directors meetings can be convened at any time as necessary. To guarantee directors' participation, all directors can participate in resolutions without being present at the meetings via methods of telecommunication that allow the real-time sending and receiving of voices.• Major agenda are preliminarily reviewed by each committee before convening meetings of the Board of Directors. Questions and requests posed by directors at the committees are reviewed by related organizations so that explanations can be added prior to the Board of Directors' meeting.• The right to receive advice from external advisory institutions is stipulated in the Board of Directors and committee regulations.

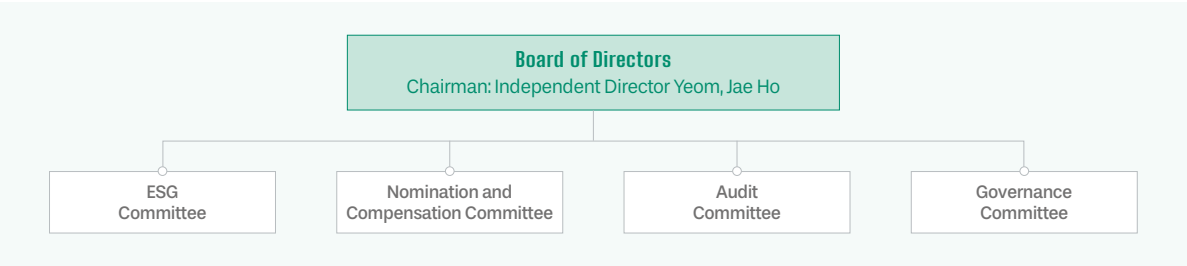
Governance

Efforts for the Advancement of Governance

Strengthening System Management

- The number of committees under the Board of Directors was increased from 3 in 2020 to 4 in 2022 for the efficient and systematic operation of the Board of Directors.
- Committees are mostly composed of independent directors to ensure independent committee operations.
- Restructuring of governance, including the establishment of the ESG Committee and the Nomination and Compensation Committee, to enhance the transparency of governance and expand ESG discussions within the Board of Directors beginning in 2021.
- The ESG Committee includes one CEO/Vice Chairman to promote discussion on management strategies from an ESG perspective.

Committee	Details	Composition (◎: Committee Chairman)
ESG Committee	<ul style="list-style-type: none"> • Purpose: To review and analyze ESG-related strategies and matters related to company decision-making • Function <ol style="list-style-type: none"> 1) Verification of ESG strategy/mid-term and long-term strategy (Financial Story) 2) Review of investment agenda submitted to the Board of Directors <ul style="list-style-type: none"> – Inspection of risks from different viewpoints, such as valuation, strategy, technology, finance, law, marketing, HR, PMI, and geopolitical aspects 	<ul style="list-style-type: none"> • Independent directors <ul style="list-style-type: none"> – Jang, Yong Suk ◎ – Yeom, Jae Ho – Kim, Byoung Ho – Lee, Chan Keun – Kim, Seon-hee • Executive director <ul style="list-style-type: none"> – Jang, Dong Hyun
Nomination and Compensation Committee (Functions of the former 'Independent Director Candidate Recommendation Committee' have been integrated)	<ul style="list-style-type: none"> • Purpose: Deliberation on issues such as recommendations of independent director candidates to be elected at the general meeting of shareholders, the assessment and re-election of the CEO, and the appropriateness of compensation for executive directors • Function <ol style="list-style-type: none"> 1) Deliberation on compensation for individual executive directors 2) CEO assessment and recommendation of candidates in case of replacement 3) Recommendation of independent director candidates 4) Other matters required for recommending independent director candidates and matters delegated by the Board of Directors 	<ul style="list-style-type: none"> • Independent directors <ul style="list-style-type: none"> – Lee, Chan Keun ◎ – Jang, Yong Suk • Executive director <ul style="list-style-type: none"> – Chey, Tae-won



[As of 2022]

Committee	Details	Composition (◎: Committee Chairman)
Audit Committee	<ul style="list-style-type: none"> • Purpose: To audit the accounting and business affairs of the company and handle matters delegated by the Board of Directors. • Function <ol style="list-style-type: none"> 1) Matters related to accounting and external auditors 2) Audit-related matters 3) Prior deliberation on internal transactions 4) Other matters stipulated in laws, the articles of incorporation, or by the Board of Directors 	<ul style="list-style-type: none"> • Independent directors <ul style="list-style-type: none"> – Kim, Byoung Ho ◎ – Jang, Yong Suk – Lee, Chan Keun
Governance Committee	<ul style="list-style-type: none"> • Purpose: To find, examine, and discuss various issues related to improving the governance of the company • Function <ol style="list-style-type: none"> 1) Deliberation on governance agenda, including revision of internal regulations (articles of incorporation, Governance Charter, Board of Directors/committee regulations) 2) Matters requiring consultation or decision-making by all independent directors 3) Others: Matters submitted by the chairman which would exert significant impact on shareholders' values 	<ul style="list-style-type: none"> • Independent directors <ul style="list-style-type: none"> – Kim, Seon-hee ◎ – Lee, Chan Keun – Yeom, Jae Ho – Kim, Byoung Ho – Jang, Yong Suk

Governance

Efforts for the Advancement of Governance

Performance Assessment and Compensation of Management

- Through the efficient measurement of management performance, compensation for top management is paid within the director compensation limit approved by the general meeting of shareholders.
- 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).
- Performance is linked for 3 years, and stock options are granted to management to link corporate value enhancement to compensation.

Established a CEO Succession Policy

- Related internal organizations, such as the Board of Directors Secretariat and HR, collaborated to establish the CEO succession policy, which is intended to find competent CEO candidates and verify and train them in a strategic and systematic manner.
- The Nomination and Compensation Committee Regulation and the Board of Directors Regulation, established and revised at the 5th Board of Directors meeting held in March 2021, stipulate general matters related to the succession policy, such as the management, assessment, and recommendation of CEO candidates.
- Appropriate CEO candidates are recommended to the Board of Directors, with the Board of Directors reviewing the leadership and expertise of the recommended candidates to finalize executive director candidates for the general meeting of shareholders.

Risk Education for the Board of Directors

- Risk education for independent directors was conducted to strengthen their expertise and cultivate their ability to manage industrial risks and regulatory trends.
- Education was carried out five times in 2021, and all independent directors participated.

Date of Education	Participating Independent Directors	Contents of Education
March 11, 2021	All independent directors	Overview of the hydrogen industry and related technologies
March 19, 2021	All independent directors	Systems for improving the management strategy/governance of SK Inc.
April 27, 2021	All independent directors	Overview of the advanced materials (semiconductors) industry and its technologies
September 27, 2021	All independent directors	International state of affairs and forecasts
October 7, 2021	All independent directors	Overseas governance systems

Strengthening Shareholder-friendly Management

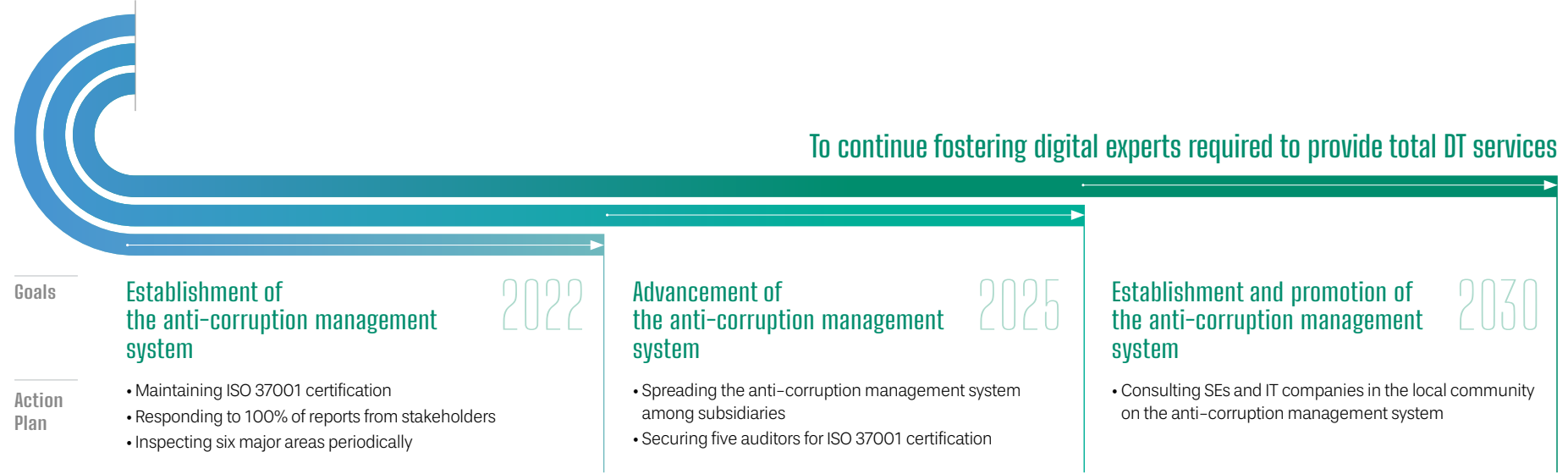
- 2018
 - Convened annual meetings of shareholders at different times and implemented the electronic voting system
 - Adopted the Corporate Governance Charter
 - Introduced assessments for the Board of Directors
 - Posted the CEO's letter to shareholders on the company website
- 2021
 - Restructured governance (responsible management driven by the Board of Directors)
 - Paid interim dividends for 4 consecutive years (KRW 79.3 billion, increased by 50% compared to 2020)
 - Comprehensive revision of the Governance Charter

2

ETHICAL MANAGEMENT AND ANTI-CORRUPTION



ROADMAP



KEY POINTS

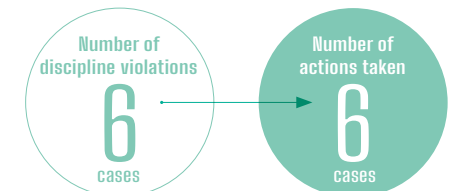
- SK Inc. perceives ethical management as an axis of its corporate culture and adopts a systematic approach based on '3Cs (Code, Compliance, Consensus).'
- SK Inc. has set ethical management results as a KPI*.

* Reflected in the performance assessment of employees, including management



ACHIEVEMENTS

- Receiving/Handling various ethical/anti-corruption grievances
 - Operating various report/counseling channels (Internet, email, phone)
 - Identifying issues through periodic surveys of business partners/employees
 - Operating zero tolerance principles and a reporter protection policy
- Periodically monitoring major business areas through the self-purification system



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.

MANAGEMENT

- The Ethical Management Team at the Happiness Promotion Center under the aegis of the CEO is an independent organization in charge of ethical management. The Audit Committee under the Board of Directors supervises overall activities through periodic management reviews.
- In 2021, SK Inc. fulfilled international standards with its anti-corruption management system by establishing the Anti-Corruption Guidelines and acquiring ISO 37001 global anti-corruption certification.

Ethical Management and Anti-Corruption

Regulation: Code

Ethical Regulation

- By enacting and revising the ethical regulations based on SKMS, employees can judge and act based on the regulations when they face ethical conflicts related to their duties.
- The ethical regulations is composed of ethical rules and reporter protection for employees, customers, society, company, and shareholders. Guidelines on the details of practice in each area are provided.
- All employees are responsible for observing the ethical regulations and must judge and act according to the principle of "legal, transparent and reasonable" decision-making.
- Disciplinary procedures are taken if employees violate regulations or do not cooperate with an investigation.

Anti-Corruption Policy

- Ethical management violations during business activities are collected and shared as part of the ethical behavior guidelines for employees.






Area	Details
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 affairs, fair trade	Four areas, including issue trading, unfair internal trading, unfair joint action (antitrust/anti-competitive), and unfair trading (bribery through donation, etc.)
Reporting and management	Three areas, including reckless business promotion, false, delayed, or partial reporting, and negligent business management

FAQs on Ethical Management Practice for SK Leaders

- A separate guide is provided in the format of FAQs about situations that may occur frequently, aiming to assist internalization and set examples for ethical management among employees.

Area	Description
Conflicts of interest	<ul style="list-style-type: none"> • Prohibition and approval of conflicts of interest • Prohibition of solicitation in purchasing and personnel affairs • Handling of compensations in the case of a concurrent job at an investment company • Reporting external lectures and return of compensation
Protection of the company's assets and use of budgets	<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 for traveling expenses • Simplification of formalities related to business trips
Gifts, bribery	<ul style="list-style-type: none"> • Prohibition and allowance of bribery • Handling of expensive gifts from overseas business partners • Standards for donating gifts among employees, etc.

Ethical Management Standards

Division	Ethical Regulation Practice Criteria	Description
Employees 	<ul style="list-style-type: none"> • Mutual respect among employees • Prohibition of bribery and monetary transactions • Roles of leaders 	<ul style="list-style-type: none"> • Prohibition of human rights violations and discrimination • Prohibition of sexual harassment • Efforts to ensure safety and health • Guide regarding valuables and gifts • Examples set by leaders, etc.
Customers 	<ul style="list-style-type: none"> • Efforts to secure customers' trust • Protection of customer information 	<ul style="list-style-type: none"> • Efforts to build customer trust and mutual development • Prohibition of bribery and hospitality • Protection of the personal information of customers, customers, and employees
Society 	<ul style="list-style-type: none"> • Law observance • Eliminating the bribery of stakeholders • Fair trading with business partners • Fair trading with competitors 	<ul style="list-style-type: none"> • Compliance with the Fair Trade Act, Improper Solicitation and Graft Act, Subcontract Act, etc. • Prohibition of provision of illegal political funds (Direct or indirect political contributions) • Efforts for environmental preservation and compliance with relevant laws • Prohibition of unfair acts against business partners, etc.
Company and shareholders 	<ul style="list-style-type: none"> • Prioritizing the company's interest when there is a conflict of interest • Protection of the company's assets and information • Prohibition of money laundering • Reporting and business management 	<ul style="list-style-type: none"> • Prohibition of unapproved sideline / concurrent jobs or trading with companies run by relatives • Prohibition of insider trading • Private use of company's assets and prohibition of leakage of internal information/technologies • Prohibition of false/delayed reports, etc.
Reporter protection 	<ul style="list-style-type: none"> • Operation of the internal report (whistleblowing) system • Protection of the reporter's identity and prohibition of disadvantageous treatment 	<ul style="list-style-type: none"> • Prohibition of discrimination in response to reporting • Protection of testifiers • Protection of reporters and prevention of recurrence • Exemption system for voluntary reports, etc.

Ethical Management and Anti-Corruption


System: Compliance

Exclusive Organization for Ethical Management

- The Ethical Management Team at the Happiness Promotion Center under the aegis of 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.


Ethical Management Reporting / Counseling System

- SK Inc. operates various reporting / counseling channels for stakeholders.
- Reporting and counseling can be completed anonymously, and cases are managed by the SK Group.
- All reported cases are investigated.
- The reporter protection clause within the ethical regulations stipulates the protection of the reporter's identity and the prohibition of disadvantageous treatment/retaliation against reporting.




Online reporting

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



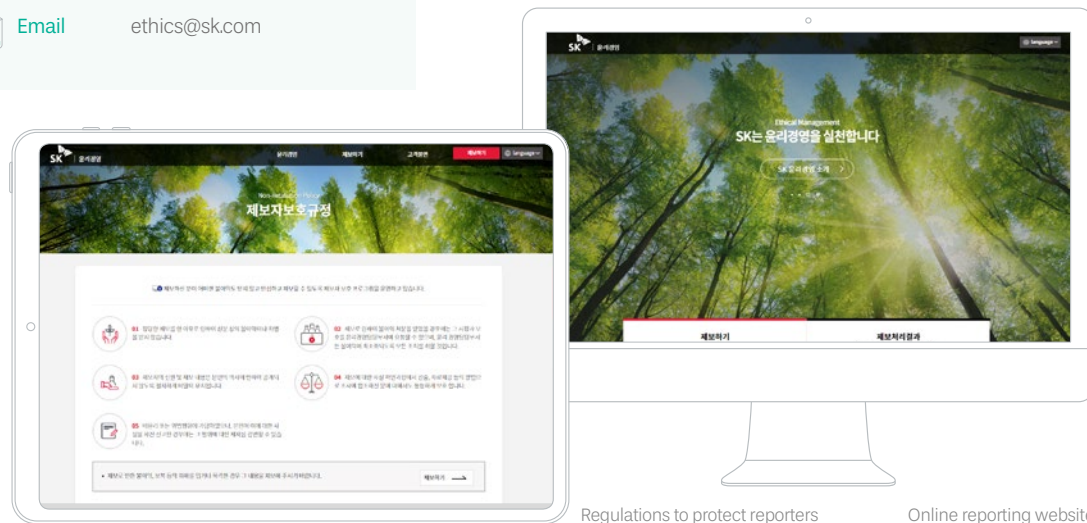
Phone

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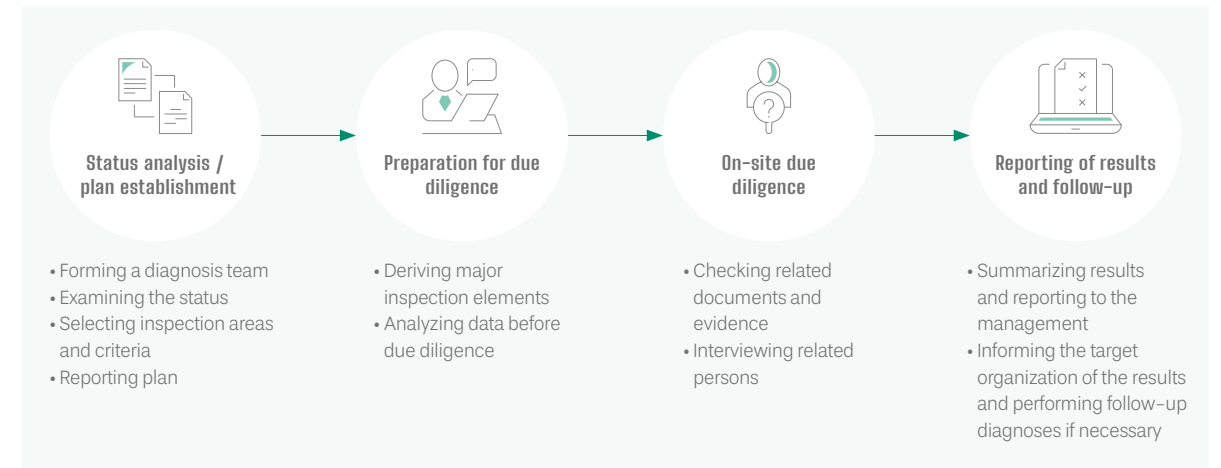


Regulations to protect reporters

Online reporting website

Ethical Management Self-purification System (Risk Assessments and Practice Audits)

- Annual diagnoses and evaluations are performed regarding six major business areas, including personnel, finance, and purchasing.



Risk Assessment on Business Site Discipline Violations in 2021

Matter		Results	
Total number of business sites / ratio of corruption risk assessments		4 business sites / 100%	
Number of discipline violations		6 cases	
Malpractice/embezzlement	1 case	Wage cut	1 case
Bribery	0 cases	Reprimand	2 cases
Human rights violation	2 cases	Warning and others	3 cases
Recruitment solicitation	1 case		
Process violation	2 cases		

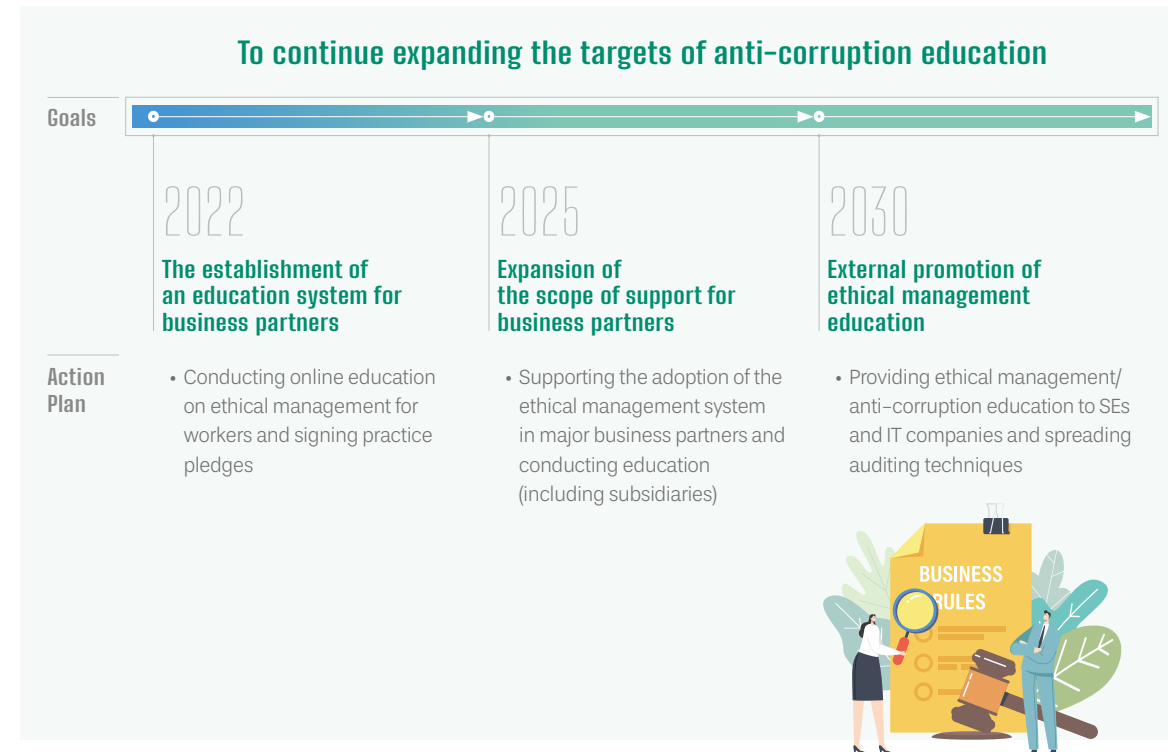
Ethical Management and Anti-Corruption

Consensus Formation: Consensus

Ethical Management Education Policy

- SK Inc. conducts annual online education on ethical management for all employees (including the CEO and management).
* Targets of education: Regular and contract employees, business partners and agency workers, subsidiaries
- SK Inc. inspects the ethical compliance of group heads and managers and distributes guides that reflect the inspection results.
- SK Inc. provides information on various cases and reporting procedures related to the prohibition of workplace bullying/sexual harassment, bribery and monetary transactions, and power-tripping over business partners.
- SK Inc. also operates specialized courses for new employees and leaders and conducts compliance education for PMs, business managers, and salespersons.

Anti-Corruption Education Goals



Current Status of Ethical Management Education

Ethical Management Education

Division	2018	2019	2020	2021
Number of persons who completed education (persons)	3,478	3,640	4,205	4,457
Ratio of persons who completed education (%)	100%	100%	100%	100%

Human Rights and Anti-Corruption Education

Division	2018	2019	2020	2021
Employees educated on anti-corruption policies and procedures (persons)	3,478	3,640	4,205	4,457
Ratio of employees educated on anti-corruption policies and procedures (%)	100%	100%	100%	100%

* Excluding employees on leave or dispatched employees who were unable to receive education (23 persons in 2020)

BOD Members Notified/Educated on Anti-Corruption Policies and Procedures

Division	2018	2019	2020	2021
Number of BOD members notified/educated (persons)	8	9	9	9
Ratio notified/educated (%)	100%	100%	100%	100%



Education on ethical management

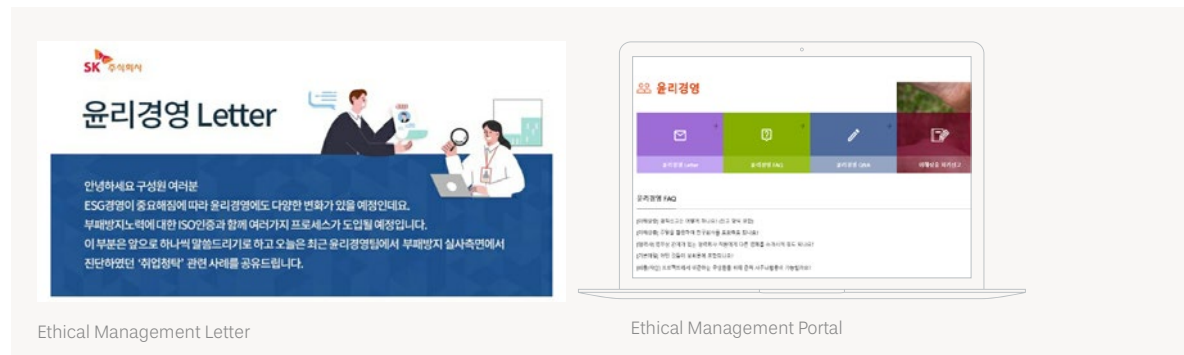
Ethical Management and Anti-Corruption

Consensus Formation: Consensus

The Culture of Ethical Management Practice

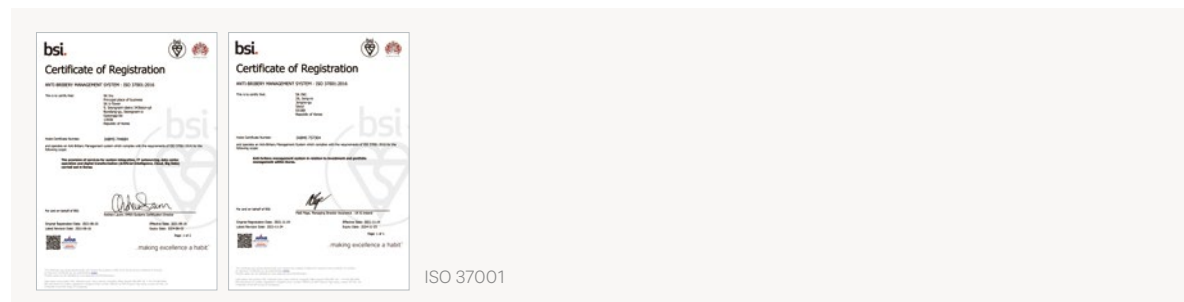
- SK Inc. identifies organizational corruption risks and diagnoses the current status of each organizational agent in connection with ISO 37001 every year.
- All employees sign a pledge to practice ethical management in the 2nd quarter of every year.
- Through the annual workshop on practicing ethical management, SK Inc. shares information on the unethical/corruption risks of each organization and establishes the Ethical Management Practice Guidelines.
- The Ethical Management Letter is distributed to prevent recurrence based on the results of diagnoses and reports.
- The Ethical Management Portal allows employees to communicate through ethical management Q&A and self-reporting.

* Hi-SK > Business Support > Ethical Management Portal



ISO 37001 Certification

SK Inc. acquired certification for its anti-corruption management system through reviews on all business sites in the Investment/Business Divisions in 2021.



Ethical Management Surveys

- Ethical management surveys are conducted on employees each year to examine the level of regulatory compliance in each area of ethics, the level of operation of related systems, and the level of internalization of organizational cultures.
- The SK Group conducts these surveys in a manner that guarantees anonymity and objectiveness. The survey results are utilized to identify points for improvement in the following year.

Supporting Ethical Management among Business Partners

- Ethical management surveys of business partners
 - Surveys have been conducted every year since 2020 for the purpose of preventing trading risks with business partners and raising ethical awareness.
 - The surveys are conducted anonymously through an external survey agency to increase objectiveness and response rates. The surveys identify unfair transactions or unethical behaviors and convey the commitment of SK Inc. to practicing ethical management and report channels.
 - Major companies are interviewed directly to raise trust in ethical management and secure a communication channel.

- Ethical management education for the employees of business partners
 - Employees of business partners are educated online on ethical management and are required to sign the pledge to practice ethical management when they are dispatched to SK Inc.

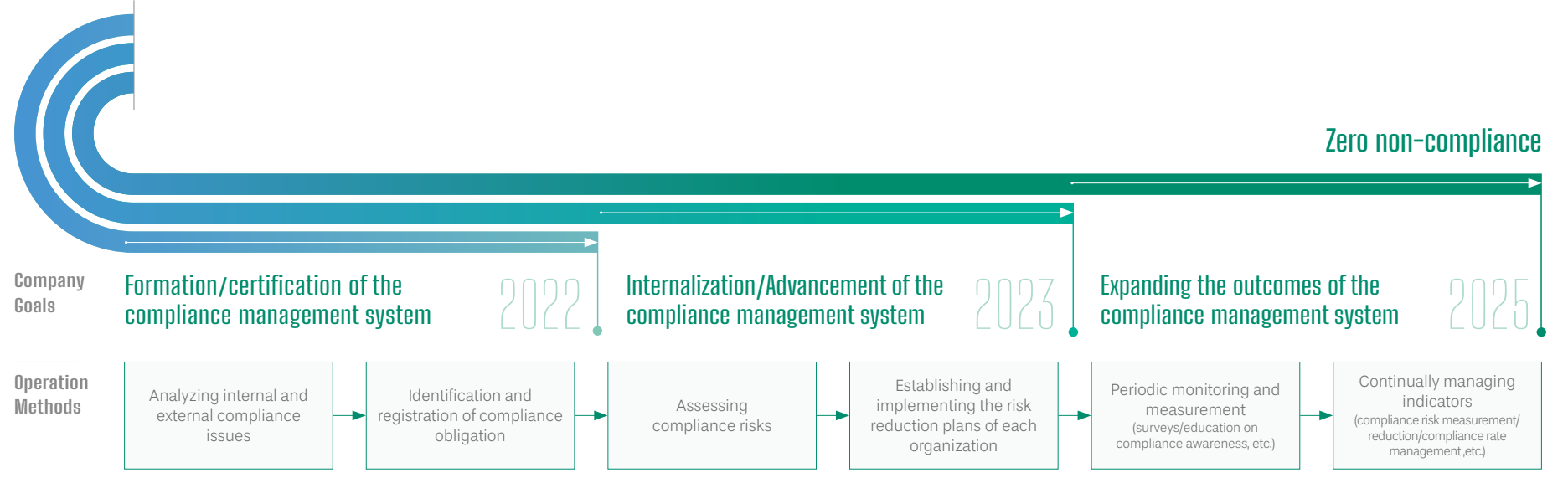
* Key contents of education: Ethical management system, case studies on major risks, reporting channels and methods, etc.



3

COMPLIANCE

ROADMAP



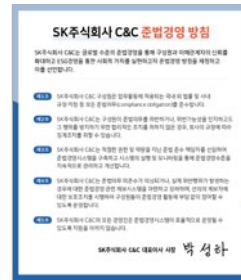
KEY POINTS

Building the Compliance Management System

- SK Inc. was acknowledged to have fulfilled international standards with its compliance management system by establishing the Compliance Management Guidelines and acquiring ISO 37301 certification in 2022.
- SK Inc. establishes, executes, evaluates, maintains, and continually improves its compliance management system, which adopts the processes and interactions required by global standards.
- The Compliance Management Portal was opened within the in-house portal system to increase convenience for employees and to share data such as the Compliance Management Guidelines, announcements, and compliance information (compliance areas and contact information).



ISO 37301 Certificate



Compliance Management Guidelines



Compliance Management Portal

ACHIEVEMENTS

Compliance Management Communication System

- SK Inc. uses diverse means to frequently communicate with employees about all compliance matters.

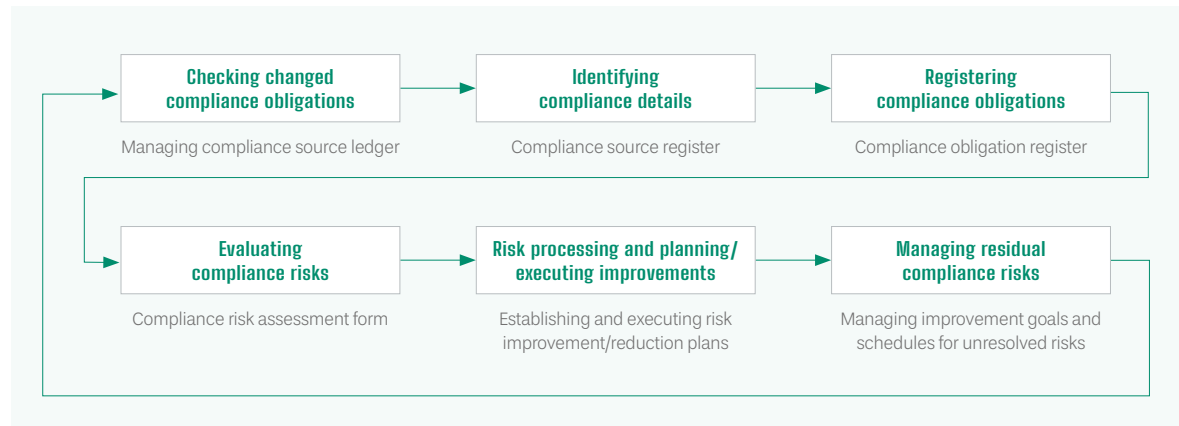
Communication	Time	Targets	Method	Responsibility
Compliance Management Guidelines	Upon establishment	Employees	Posted on the intranet (Hi-SK)	Legal affairs manager
		Stakeholders	Posted on the website	Legal affairs manager
Compliance obligations	Upon enactment and revision	Each organization	Announcement, circulation, education	Compliance manager Legal affairs manager
		Employees	Announcement of compliance obligations	Legal affairs manager
Compliance risks	Every year	CEO	Risk assessment form(may be included in the management review report)	Legal affairs manager
		Each organization	Announcement, circulation, education	Compliance manager Legal affairs manager
Compliance education	Every year	All employees	Compliance management guidebook	Legal affairs manager
Internal audits	Every year	Compliance officer	Internal audit reports	Legal affairs manager
Management reviews	Every year	CEO	Management review reports	Compliance officer

Compliance

Compliance

Continual/Systematic Evaluation and Management of Compliance Risks

- SK Inc. examines management compliance obligations and identifies, analyzes, and evaluates compliance risks.
- SK Inc. identifies new compliance obligations established by changes in the regulatory environment to guarantee sustained compliance management
- SK Inc. evaluates the impact of identified changes and executes plans to reduce major compliance risks.
- Remuneration is paid by reflecting employees' compliance/code of conduct in the company's KPI.

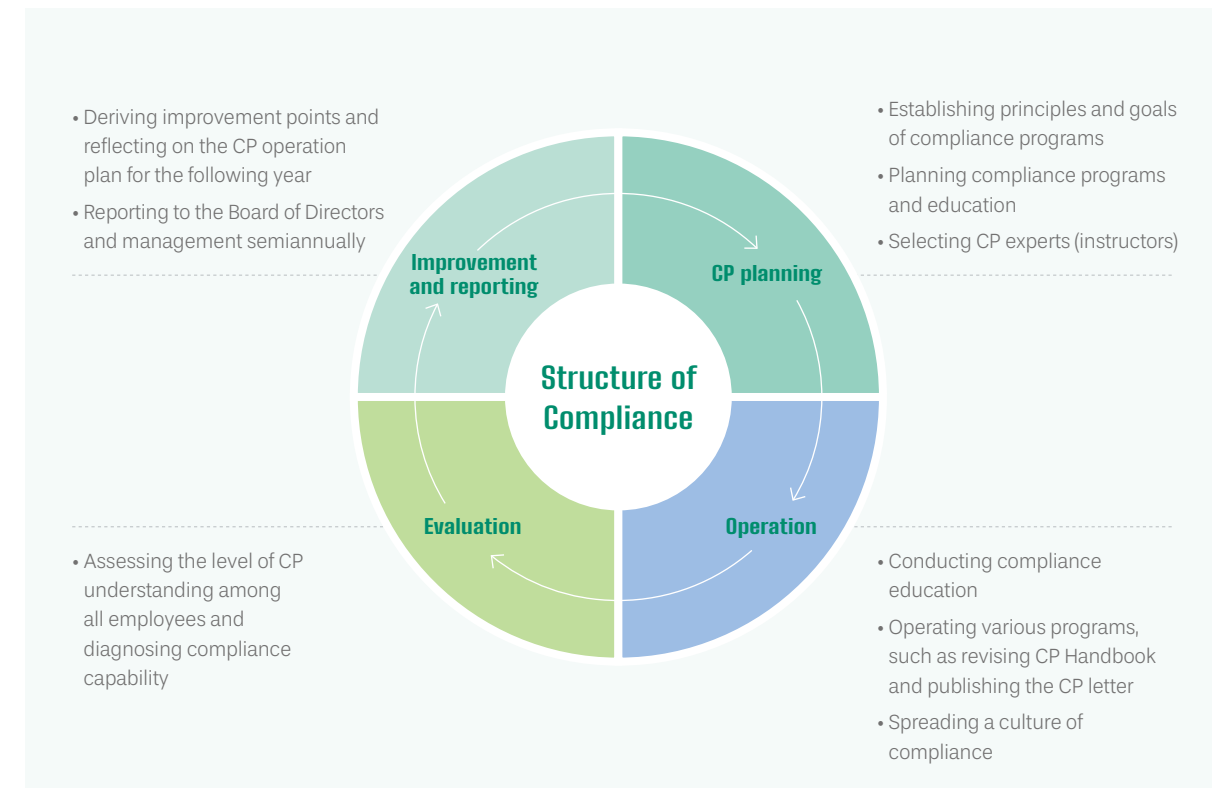


Operating Voluntary Fair Trading Compliance Programs

- In 2009, SK Inc. introduced the Voluntary Fair Trading Compliance Program (CP) to internalize relevant laws and procedures and foster a voluntary compliance culture.
- The Voluntary Fair Trading Handbook is revised every two years to reflect the latest law amendments and response guides.
 - Through the handbook, employees are informed of fair trading laws to prevent violations related to fair trading and subcontracting.
- Raising compliance awareness among employees
 - Compliance programs, such as letters from the CEO and the voluntary compliance manager, compliance education, and operation of the Compliance Portal
 - Selecting CP experts in each compliance area comprised of internal experts on various regulations and supporting effective compliance activities such as education and advisory sessions

Operating the System of Voluntary Fair Trading Compliance Programs

- The operating system of voluntary fair trading compliance programs repeats four processes, including CP planning, operation, evaluation, and improvement and reporting.
- By thoroughly analyzing and evaluating major compliance risks, SK Inc. plans global compliance programs and spreads a culture of compliance.
- The Board of Directors appoints a voluntary fair trading compliance manager to plan and operate compliance programs. 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.



Compliance

Compliance

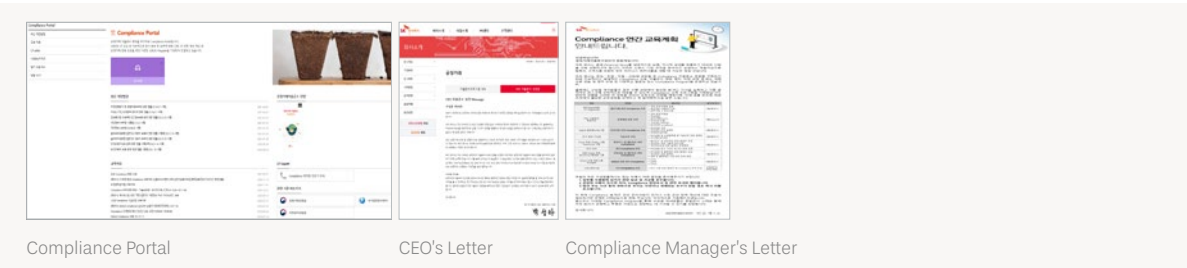
Operating Status of Eight Core Elements of Fair Trading Compliance

Core Element	Operating Status
Preparing and implementing CP standards and procedures	<ul style="list-style-type: none"> Revised the "Voluntary Fair Trading Compliance Regulations / Guidelines" (January 2022) Established the "Voluntary Fair Trading Compliance Reward System Guidelines" (December 2016) Managing and posting documents on the fair trading forum of the in-house Compliance Portal and external websites
Voluntary compliance commitment and support of the CEO	<ul style="list-style-type: none"> Announced the CEO's Voluntary Compliance Declaration (April 2009) Distributing the CEO's compliance letter to all employees (annually) Fair trading and mutual growth meetings with business partners (annually) Supporting CP budgets and human resources Pledge for ethical management and fair trading discipline (March 2011, March 2012, March 2013)
Appointing the compliance manager in charge of operating CP	<ul style="list-style-type: none"> Appointing the compliance manager through the Board of Directors Distributing the compliance manager's letter to employees (annually) Reporting on the CP operating status and plan to the Board of Directors (semiannually)
Producing and distributing the voluntary compliance handbook	<ul style="list-style-type: none"> Producing and distributing the compliance handbook (at least once in two years) Producing and posting e-book and mobile handbook formats Furnishing the handbook in MARU (in-house library)
Implementing continual and systematic compliance education	<ul style="list-style-type: none"> Education on PM/business management/sales (annually) Educating all employees on preventing technology misappropriation under the Subcontract Act and intellectual property rights (annually) Educating new and experienced employees (non-regularly) Compliance education on each business (non-regularly)
Building the internal monitoring system	<ul style="list-style-type: none"> Preliminary inspection of issues in each PJT and business stage (non-regular) Operating the RM SPOC system Periodic inspection of fair trading risks (semiannually)
Restraining employees who violate fair trading laws	<ul style="list-style-type: none"> Revised the "Voluntary Fair Trading Compliance Regulations / Guidelines" (January 2022) Operating online/offline counseling centers
Evaluating effectiveness and implementing improvements	<ul style="list-style-type: none"> Acquired an A grade for CP from the Fair Trade Commission (2010) Diagnosing the compliance capability of all employees (annually) Establishing the following year's plan based on the results

Operating Outcome of Compliance Programs in 2021

Education and Activity	Relevant Regulations	Remarks
Basic online compliance education	Fair Trade Act, Subcontract Act, Act on the Protection of Temporary Agency Workers, company rules	1 time
Education on the <i>Improper Solicitation and Graft Act</i>	<i>Improper Solicitation and Graft Act</i>	1 time
Education on DT-related laws/systems	<i>Personal Information Protection Act, Act on the Promotion of Information and Communications Network Utilization and Information Protection, etc., Electronic Financial Transactions Act, Specific Financial Information Act</i>	1 time
Compliance education for new employees and salespersons	<i>Fair Trade Act, Subcontract Act</i> , company rules	Non-regular
Global compliance education	GDPR, FCPA, CIFUS	1 time
Education on the Subcontract Act and subcontract compliance guidelines	<i>Subcontract Act</i>	1 time
Education on preventing technology misappropriation and intellectual property rights	<i>Subcontract Act</i> , intellectual property rights	1 time
Compliance education on public businesses	<i>Subcontract Act</i> , legal systems related to public contracts, <i>Software Industry Promotion Act, Improper Solicitation and Graft Act</i>	1 time
Compliance education for leaders	<i>Fair Trade Act, Serious Accidents Act, Occupational Safety and Health Act, Improper Solicitation and Graft Act</i>	1 time
Compliance education for intermediate leaders	<i>Subcontract Act</i> , company rules	1 time
Education on the Mutually Beneficial Cooperation Act regarding misappropriation of technical data	<i>Subcontract Act, Mutually Beneficial Cooperation Act</i>	1 time
Education on the Personal Information Protection Act	<i>Personal Information Protection Act</i>	1 time
Compliance manager's letter, CEO's compliance letter	<i>Fair Trade Act, Subcontract Act</i>	2 times
Compliance capability diagnoses	<i>Fair Trade Act, Improper Solicitation and Graft Act, Subcontract Act, Act on the Protection of Temporary Agency Workers</i> , intellectual property rights, company rules	1 time
Company-wide announcement of changes in legal systems	Legal systems amended in 2021, related to our company	Non-regular
Participants enrolled in compliance training*		5,548 persons

* Including overlaps



4

RISK MANAGEMENT



KEY POINTS

Integrated Risk Management

- SK Inc. establishes an integrated risk management system based on the strategy of "risk prevention– detection–reduction," identifies and prevents threats such as incidents, actions, and environments that can have an adverse impact on its goals, and minimizes variability in corporate values caused by uncertainties.

Risk prevention	Efforts to minimize fluctuation in corporate values by preventing threats that have an adverse impact on management, identification of risk situations, measurement of impacts, and the establishment of response methods
Risk detection	Classification of risks that can occur despite prevention measures into four risk categories (environment, finance, business, operation) for preemptive management
Risk reduction	Agile response to risks based on the risk management framework, immediate reporting of risks, analysis, response, and prevention of recurrence through feedback

Company's RM Framework

GOVERNANCE

Policy	Establishing and applying compliance principles
Managing organization	Separating risk management / control features

INFRASTRUCTURE

Process	Establishing/operating an integrated RM system
System	Education, system, evaluation, etc.

OWNERSHIP

Voluntary compliance system	Establishing self-implemented RM by hands-on departments
Spreading voluntary compliance culture	Sharing awareness of voluntary compliance and its value

RM Strategic Direction

Risk prevention

Risk detection

Risk reduction

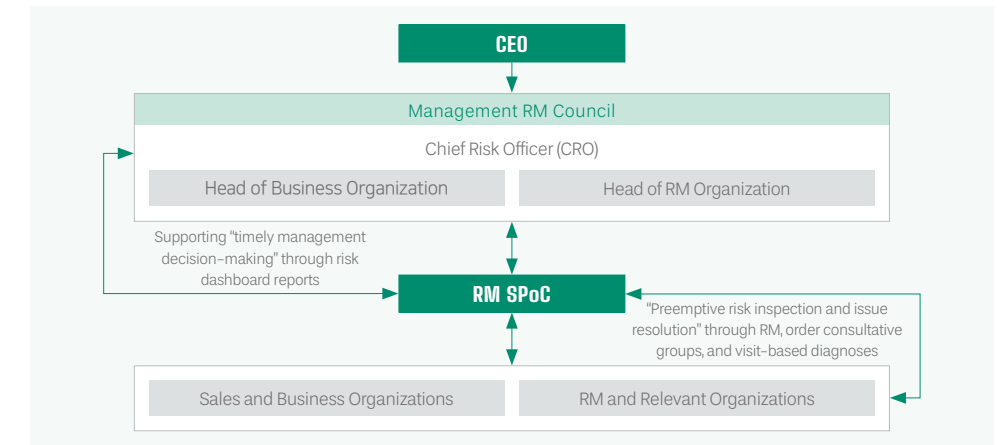
MANAGEMENTS

Risk Management Report System

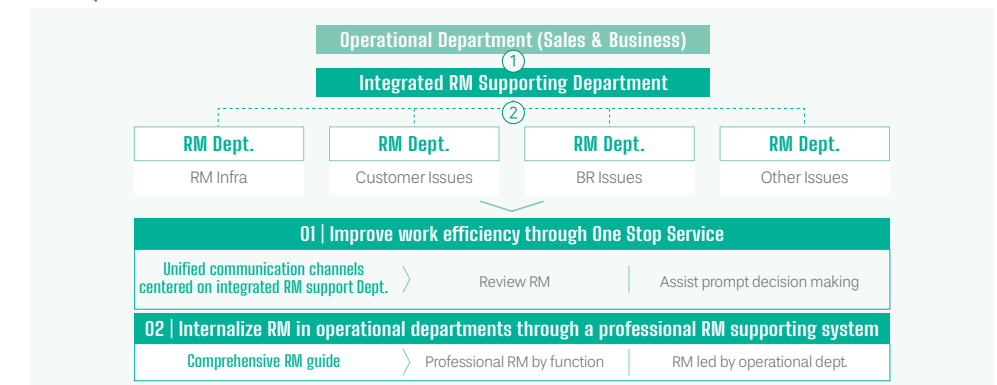
- SK Inc. has established a risk management council that includes a management and reporting system to ensure agile responses to risks.
 - KPIs are applied to the CRO and the head of the risk management organization, who are compensated based on an evaluation of performance.

* When issues arise, they are reported to the ESG Committee within the Board of Directors.

- By building a Single Point of Contact (SPoC) system for the RM of each business, SK Inc. integrates the management risks between the site and the risk management department.
- Communication channels have been combined for professional risk review of hands-on departments and the risk management department.



SPoC system



Risk Management

Risk Management

Risk Management Areas

- SK Inc. preemptively identifies and manages risks by establishing a response strategy, defining and classifying risks into the following: (1) environmental risks from a macroscopic perspective for mid- and long-term risk responses; (2) financial risks such as sales, exchange rate, liquidity, and interest rate; (3) business risks such as strategies, competitors, customers, and technological changes; and (4) operating risks such as employees, processes, infrastructure, and security.

Environmental Risks	Financial Risks	Business Risks	Operating Risks
<ul style="list-style-type: none"> Macroscopic environment Market environment Law/international regulation Disasters Climate change responses 	<ul style="list-style-type: none"> Market economy Price fluctuations Liquidity fluctuations Credit fluctuations Financial losses 	<ul style="list-style-type: none"> Strategy establishment Customer management Competitors Investors Technological changes 	<ul style="list-style-type: none"> Employees Processes Infrastructure Organizational culture Security

Enhancing Risk Measurement and Management

- Risk measurement and stress tests are performed to examine the impact on business performance.
 - * Finance, management environment, businesses, legal affairs, reputation, corporate culture, environmental risks, etc.
- In connection with business departments, SK Inc. establishes and operates a risk measurement model to determine the potentials of its businesses.
- Employees are educated on risk management (required course). — Stepwise education by job group/rank, professional course for leaders, etc.
- When evaluating employees, HR review process includes RM standards, and disciplinary action is taken against violations.
- In 2022, SK Inc. opened the next-generation MIS*.
 - Next-generation MIS PROMIS was opened to improve the existing MIS features and establish quick business decisions and increase convenience for employees.

* MIS: Management Information System

PROMIS Feature	Expected Effects
User-friendly UI/UX	<ul style="list-style-type: none"> Identification of work status and provision of various convenient features
Processes simplified based on user convenience for order type businesses	<ul style="list-style-type: none"> Simplification of sales work/process/execution PM duties
Securement of visible management infrastructures for platform type businesses	<ul style="list-style-type: none"> Development of new processes and procedure management features
Creation of a data-based work environment	<ul style="list-style-type: none"> Provision of data insights for management/employees and automation of estimation work
Flexible architecture design that accommodates BM changes	<ul style="list-style-type: none"> Enhancement of system extension, flexible troubleshooting, and flexibility in work changes

Analyzing and Responding to Emerging Risks

- SK Inc. identifies and responds to potential risks that are expected to have a significant business impact.

Classification	Risk Description	Business Impact	Risk Response
Transition risks due to climate change	<ul style="list-style-type: none"> Transition risks due to climate change are regarded as an important issue for investment portfolio design and long-term investment decision-making. 	<ul style="list-style-type: none"> Transition risks due to climate change response may occur in the course of transitioning to a low-carbon economy. When reviewing the current investment portfolio, the financial impacts that may occur due to climate change must be considered. 	<ul style="list-style-type: none"> Response principles from mid- to long-term perspectives Investment portfolio must be recomposed by reflecting the financial impact from greenhouse gas emission projects. ESG risks of all investment businesses are inspected, and an action plan is established.
Changes in the IT market based on new technologies	<ul style="list-style-type: none"> Due to IT market changes driven by new technology, business areas need to be redesigned. 	<ul style="list-style-type: none"> There is increasing corporate interest in new technologies, such as AI, big data, blockchain, cloud, IoT, etc. New market entry will be hindered if technological capacities and systems are absent. In the case of the cloud-based information management market, market entry becomes very difficult once infrastructures are established. 	<ul style="list-style-type: none"> Market changes are perceived as an opportunity to redesign business areas and innovate BM. Promotion of changes in major business areas: Cloud-based projects, digital infrastructure establishment, AI solutions, etc. Especially, investments for DT solutions and digital service development are continuously expanded.

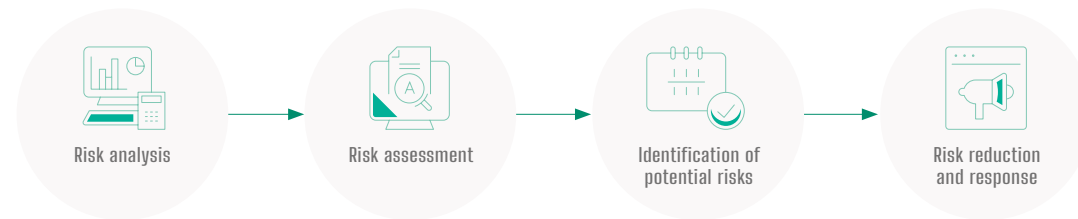


Risk Management

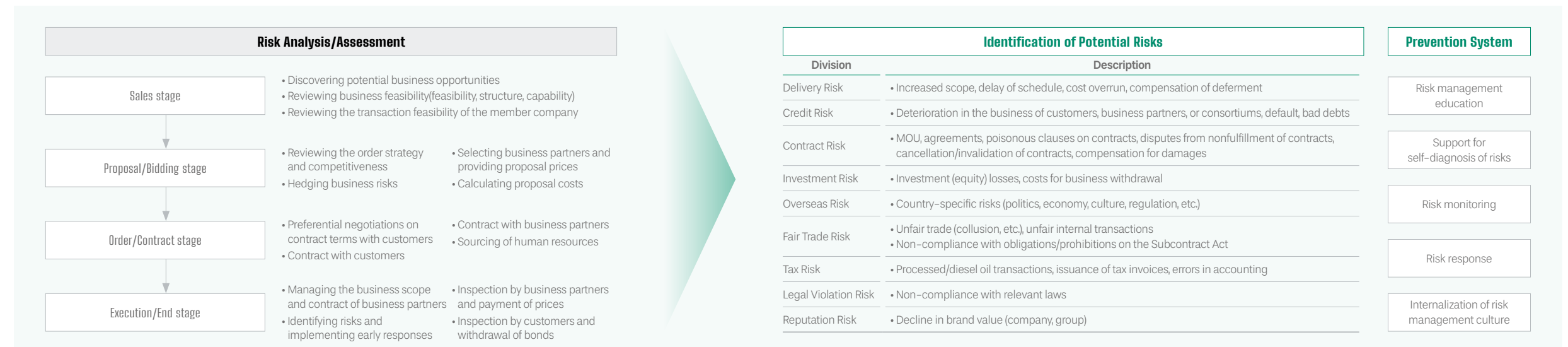
Risk Management

Risk Management in Each Business Stage

- SK Inc. executes risk management in each stage when conducting businesses or investments of a certain scale.
- The process, ranging from identifying business opportunities to the end of business, is classified into four stages, and potential risks are identified by analyzing and evaluating possible risks in each area. Risk reduction and response measures are then established.
- The prevention system is reorganized by changing resource inputs according to the degree of risks.

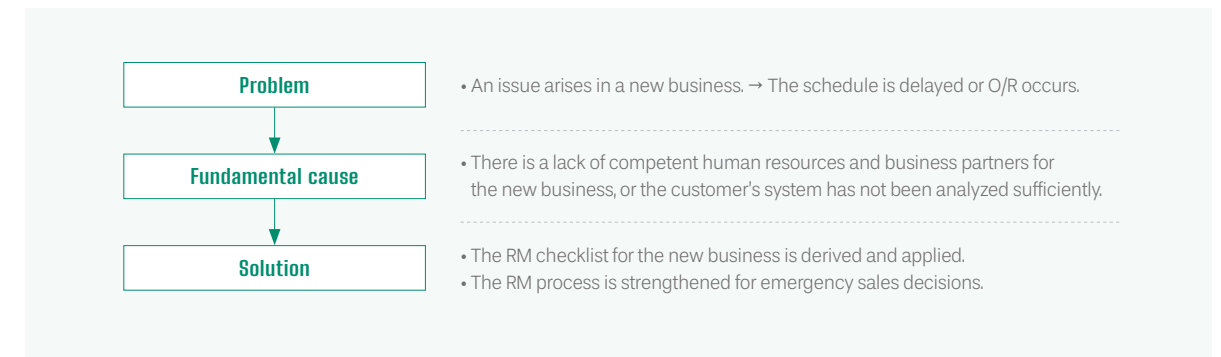


Risk Review Items and Risk Management Support Areas in Each Business Stage



Strengthening Risk Management for New Businesses

- SK Inc. analyzes the fundamental cause of issues in new businesses to derive and execute solutions.



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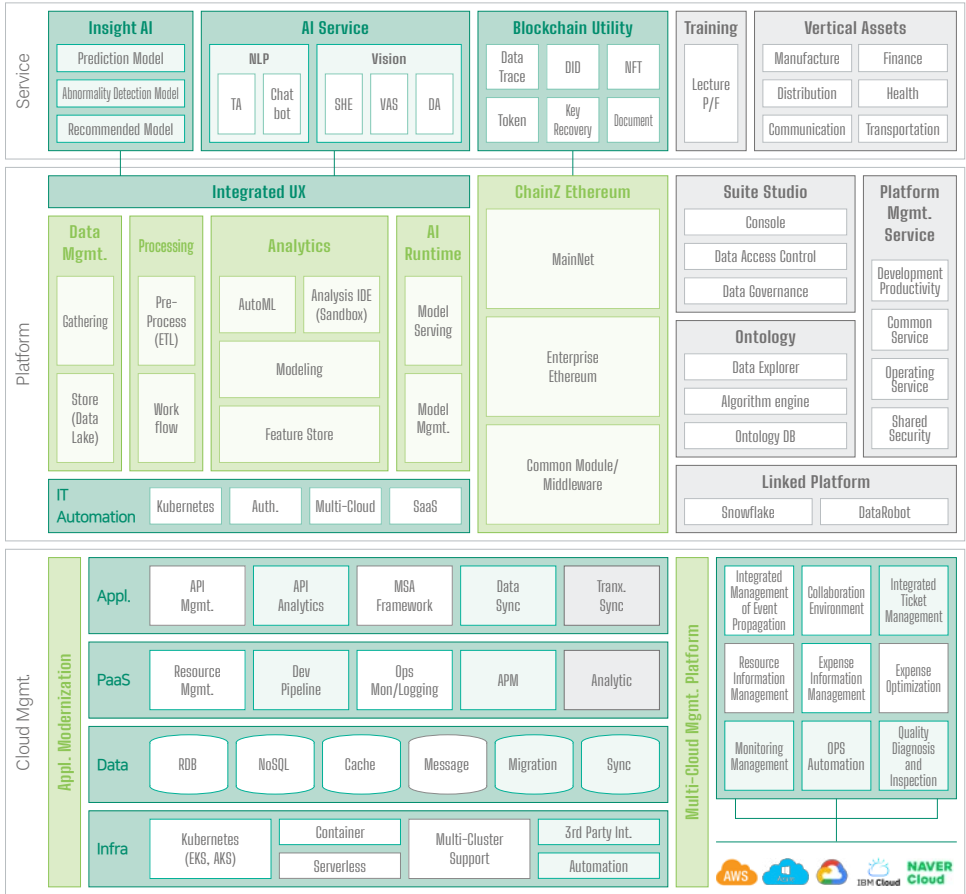
R&D



KEY POINTS

- SK Inc. has defined digital transformation (DT) technologies, including big data, AI, blockchain, and the cloud, as core R&D areas. Its R&D investment portfolio is being constantly expanded to reflect technological changes and market needs.
- SK Inc. has created a technology roadmap that continually reflects the current status of DT technology development/possession (base technologies and related solutions) and to-be directions.

TECH. ROADMAP



MANAGEMENT

R&D Organization and Human Resources

- SK Inc. built the Digital Tech Center in 2020 to strengthen its platform-based business structure and improve synergy in BM innovation. A dedicated organization was formed for cloud expertise.
- The organization was reorganized in 2022 to reinforce and externally disseminate R&D to produce platform business outcomes.
 - Related R&D organizations have been combined to boost the synergy of AI and data technologies, and a new platform architecture organization was formed to increase digital assets and quality competitiveness.

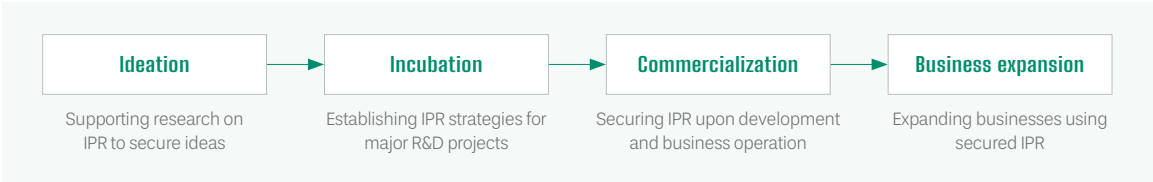
Organization	Key tasks
Data Combination TF	<ul style="list-style-type: none"> • Combining, exporting, and handling pseudonymous information as a specialized organization in this regard. • Developing new, data-oriented business opportunities and expanding into new areas. • Establishing a data curation platform that provides integrated services embracing the entire lifecycle of data, from exploration to distribution.
Professional Service Group	<ul style="list-style-type: none"> • Carrying out planning functions for the Digital Tech Center. • Implementing digital PLM for technology-based governance and facilitating co-ordination between businesses and technology organizations. • Exploring and conducting data businesses and internal/external data analytics (M/L, D/L, etc.) projects.
Platform Architect Group	<ul style="list-style-type: none"> • Standardizing technologies/development systems to enhance the competitiveness of digital platforms and solutions. • Providing business support through AI/data architect capabilities and support for cloud/infra technologies. • Improving the UX competitiveness of digital products and offering internal/external UX consulting services.
AI/Data Platform Group	<ul style="list-style-type: none"> • Developing a data platform (AccuInsight) and establishing and applying the data platform to business. • Completing key features of AICC and refining TA & chatbot to strengthen business competitiveness. • Developing and applying vertical industry AI services (AutoML analysis, healthcare, and specialized services). • Developing and increasing the quality of visual AI services.
Blockchain Platform Group	<ul style="list-style-type: none"> • Developing a ChainZ blockchain platform (mainnet and utility service). • Developing and operating a ChainZ API service. • Business technology consulting and technological support based on internal/external blockchain platforms.
Cloud Sector	<ul style="list-style-type: none"> • Creating cloud modernization values. • Enhancing the sophistication of cloud managed platforms. • Securing cloud managed service models and optimizing operations. • Developing and operating DT product sales platforms. • Developing cloud integrated products to add corporate value.

R&D

ACHIEVEMENT

Managing R&D Intellectual Property Rights

- In 2020, SK Inc. built a new internal system to systematically manage its portfolio of intellectual property rights.
- SK Inc. will provide non-exclusive free licenses for business partners to use its patents.
- A proactive IPR strategy will be executed.
 - Supporting company-wide branding and securing trademarks for digital assets
 - Supporting the expansion of public businesses through the registration of P/F and copyrights
 - Inspecting patent infringement risks on major platforms and securing IPs in a timely manner
 - Assessment of company-wide compliance risks (IPR)



Patent Holding Status (2021)

Area	No. of Applications/ Registrations	Area	No. of Applications/ Registrations
AI	22 cases	Solution	18 cases
Blockchain	9 cases	Manufacture	35 cases
Cloud	2 cases	Communication	25 cases
Data	7 cases	Integrated service	1 case
Healthcare	1 case	Existing business	75 cases
Finance and strategy	4 cases	Total	199 cases

※ Details regarding new patents

- AI area: A chatbot scenario system based on a multiple natural language processing engine
- Data area: An AI model serving system and its method
- Manufacturing area: A portable multiple 3D marker and on-site AR conformity testing system thereof

R&D BASED ON THE DT PLATFORM

DT Platform	Contents	Introduction
AI+DATA+ CLOUD	01 Accu.Fabric Suite (Formerly Cloud on Cloud)	A data platform for data-driven digital innovation
	Accu.TA	Composed of a natural language processing solution, a text analytics engine, and a UI tool called STUDIO
	Accu.Chatbot	Composed of a chatbot solution, a chatbot engine, and a UI tool called STUDIO
	Accu.Vision	A service platform that provides a real-time video analysis service based on vision AI technologies, an industrial safety detection service using drones and CCTVs, and an image-based edge analysis service
AI	02 AI Insight	AI professional assets for each industry
Blockchain	ChainZ	A corporate blockchain platform that offers the ChainZ main net based on Ethereum and ChainZ utilities (Token, NFT, Document, Data Tracing, Proxy Key)
	03 Accu.Insight	An AI/data analysis platform that allows beginners and experts to use data analysis and the entire MLOps process easily and quickly
Data	Accu.Ontology	Simplification of knowledge systems by connecting the relationships of segmented data in all visualizing business processes using nodes and edges and visualizing them into a 3-dimensional structure
	04 Accu.Tuning	An AutoML platform that assists data analysis processes, from EDA to modeling
	Accu.Rator	A data curation platform that matches data demanders with suppliers and provides an integrated professional service from data consulting to combination, processing, analysis, and use
Cloud	05 CloudZ CP	An integrated platform service that provides features needed by corporate customers demanding the latest systems and applications
	06 AMDP	A platform that provides necessary technologies and standard development patterns in the MSA-based application conversion process and promotes quick improvement of service quality and development
	07 MCMP	An integrated cloud management system that aims to provide total cloud management values by supporting various customers and industrial environments

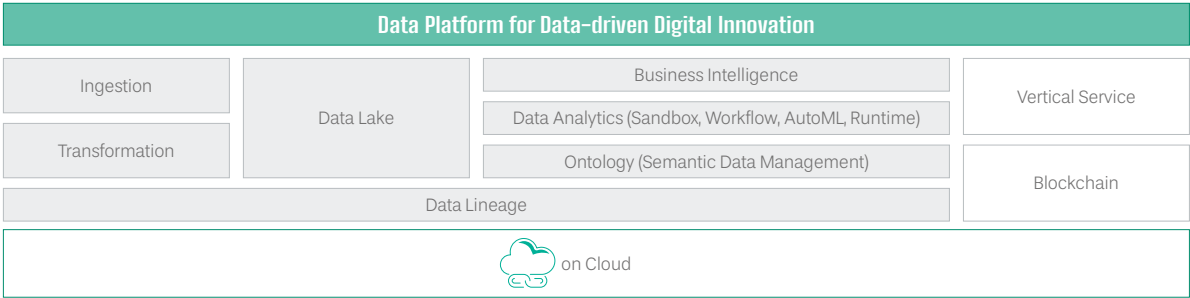
R&D

R&D BASED ON THE DT PLATFORM

01 Accu.Fabric Suite

- This digital service platform aims to achieve innovation centered on the "Intelligent Cloud" by utilizing tailored "enterprise solutions" for each data/AI area.
- The suite type platform integrates data collection and use to overcome the decline in competitiveness during the individual introduction of components.
- It can resolve the data silo phenomenon and maximize the use of data through efficient operation.

Data Fabric Suite



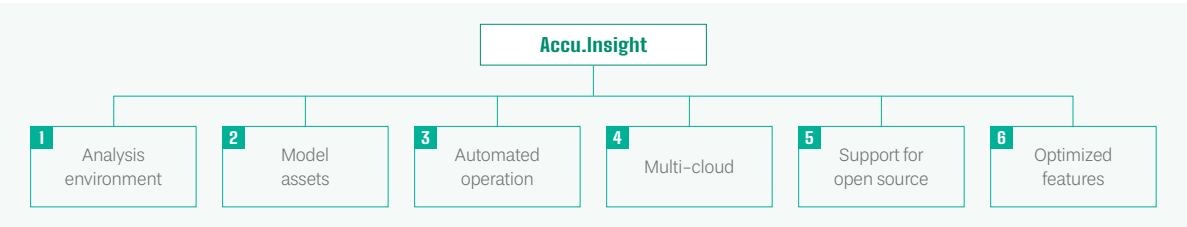
02 AI Insight

- This AI service is tailored for each industry.
- The service has secured high analysis accuracy based on knowledge accumulated over many years.
- The scope of this service is being constantly expanded to reach diverse industries.

	1 Energy, chemical, manufacture	2 Semiconductor	3 Distribution	4 Healthcare	5 Finance	6 SHE	7 CRM	8 Monitoring	9 Business management
Prediction	Process prediction	Process prediction	Sales demand prediction	Drug identification	Market prediction	Process prediction	SHE abnormality detection		Customer response analysis
	Price prediction		Price prediction						Sharing infrastructure
	Engineering analysis		Product identification						HR service
Anomaly Detection	Facility abnormality detection			Medical abnormality detection	Financial abnormality detection	SHE abnormality detection	Service abnormality detection	Service abnormality detection	Work efficiency
	Product abnormality detection	Product abnormality detection							
Recommendation	Process optimization			Medical recommendations			Product recommendations	Work optimization	

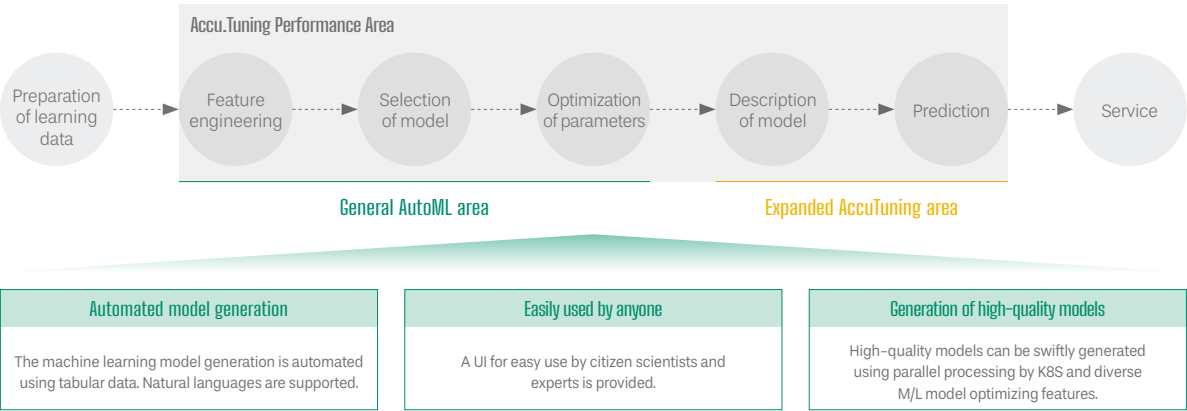
03 Accu.Insight

- This platform is a multi-cloud-based DevOps machine learning platform that supports all areas of data science, including data preprocessing, analysis, and operation.
- The integrated data analysis platform service encompasses data collection, processing, analysis, visualization, and technical support. The strengths of this platform include easy and fast data linkage and high accuracy of data analysis.
- It is available in both on-premise and cloud platform methods and can also be operated in a multi-cloud environment. The service scope is continuously being expanded.



04 Accu.Tuning

- Non-developers can easily and quickly build high-quality machine learning models as long as they have an understanding of business data. This solution shortens the time required to analyze complex data and achieve high analytical performance.
- Accu.Tuning is specialized in tabular data (Excel data) analysis and natural language tagging (South Korean text processing), which can be used to automate machine learning. It also provides various features to gain insights into data in addition to modeling.



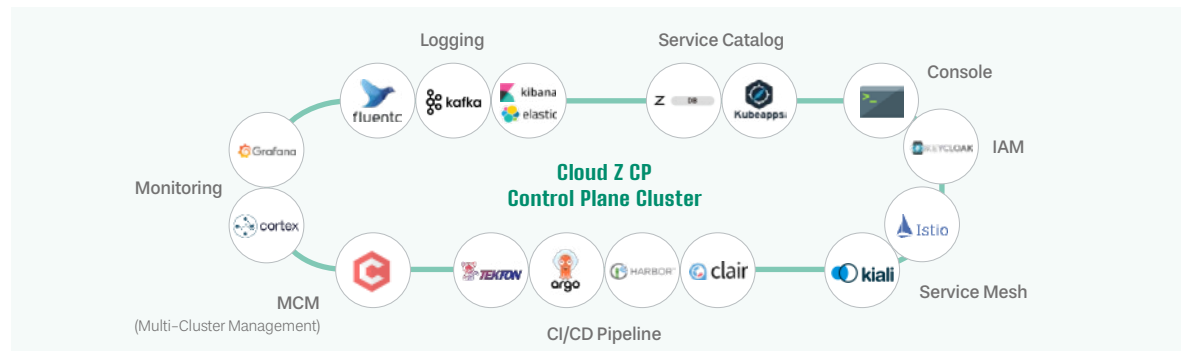
R&D

R&D BASED ON THE DT PLATFORM

05 CloudZ Container Platform (CP)

- This integrated platform service offers features needed by corporate customers demanding the latest systems and applications.
- It manages the lifecycle of the Kubernetes* service based on a multi-cloud and provides convenient development tools and efficiency services.

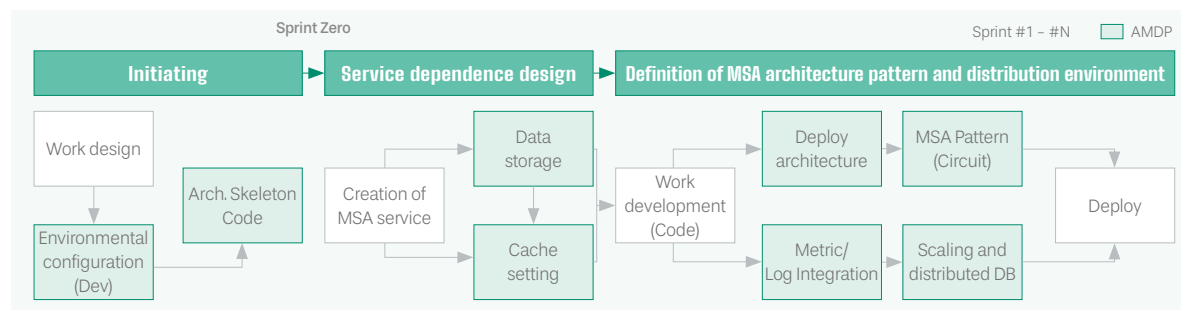
* Kubernetes: A management system that supports automatic deployment and scaling of container applications, also expressed as K8s



06 Application Modernization Dev. Platform (AMDP)

- This platform provides necessary technologies and standard development patterns in the MSA-based application conversion process and promotes the quick improvement of service quality and development.
- SK AMDP is applied to the early stage of development and development processes that link modern technologies and utilize patterns. Quality is improved using verified codes, and patterns are secured to apply designs from development, deployment, and performance perspectives. AMDP assists the execution of projects based on verified codes.

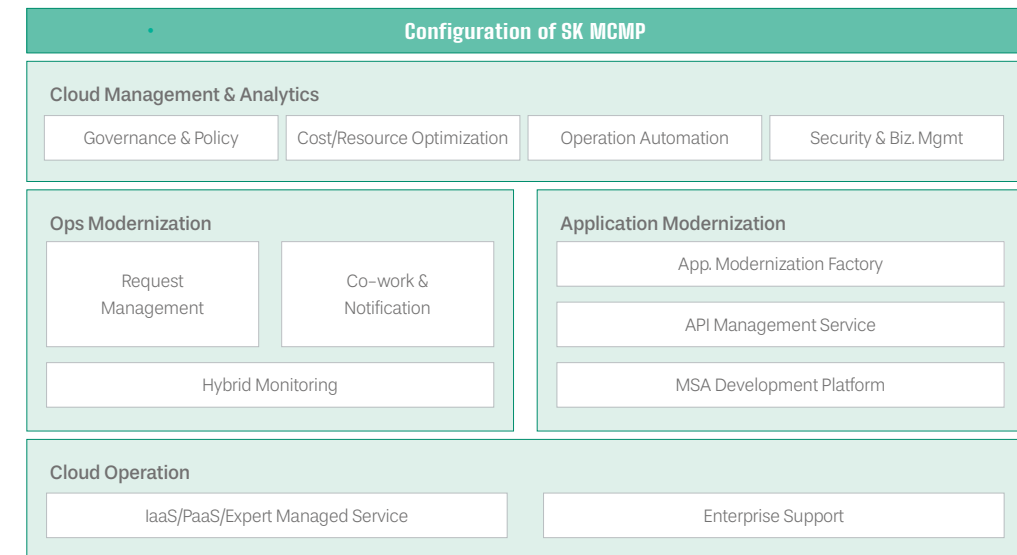
Development Process Using AMDP



07 Multi-Cloud Management Platform (MCMP)

- The MCMP system refers to an integrated cloud management system that aims to provide total cloud management values by supporting diverse customer and industrial environments based on a multi-cloud environment.

Configuration and Services of MCMP



- This end-to-end platform encompasses all cloud service areas, including resource management, requests, troubleshooting, and changing management, monitoring, optimization, and automation.
- SK Inc. is a premium multi-cloud service provider (MSP) that offers advanced basic features to provide customer values and strives to increase quality through the automatic diagnosis of operating levels, reinforcement of automation features, and secured features for analyzing business insights.

R&D

R&D IN EACH INDUSTRIAL FIELD

Industrial Field	Contents	Introduction
Manufacture	iFacts	An optimal platform that helps utilize the value of data, the most important part of all manufacturing processes, divided into production management and control areas
Finance	MarketCaster	An AI platform analyzing financial markets that proposes financial innovation models and increases competitiveness in the capital market by providing "Investment Banking as a Service"
Healthcare	01 Medical Insight	An auxiliary solution to diagnose cerebral hemorrhage based on AI algorithms
	iClue-TDMD	An AI service that helps find new drug targets (factors that cause diseases) of metabolic diseases
Vertical Platform	Digital Doctor	A platform that enables customers unfamiliar with digital technologies to diagnose needs and problems related to DT and derive prescriptions
	02 Contest Platform	A platform that supports various digital technology contests, such as data analysis and the cloud, by project and turns contest results into knowledge assets
	mTworks	A mobile testing platform that enables easy and simple testing of mobile devices, resolving the trouble caused by repetitive work and device purchasing expenses, through remote access and automation
	03 KeepWell	A total care service that helps individuals practice personal healthcare based on health check-up results
	04 CLICK ESG	A comprehensive platform service to diagnose ESG management
Management	Joint Development Platform (JDP)	A digital R&D platform service for semiconductors (IP exploration, material simulation, AI prediction of physical properties)
	Net Zero Platform	A service for voluntary carbon reduction registry and credit/offset issuance/trading
	Haenggarae	A mobile platform of SK Inc. to practice social problem-solving in everyday life

01 Medical Insight

- This solution interprets the CT images of cerebral hemorrhages using the AI technologies of SK Inc., providing an algorithm and an AI service platform for diagnosing cerebral hemorrhage while increasing the accuracy and shortening the time of diagnoses.

Primary Features of Medical Insight

- Informing suspected patients: API management providing an interpretation priority feature (Triage)
 - Creating and distributing API and providing an environment for testing API
- Feature providing slice-wise analysis of cerebral hemorrhages
 - Fast and accurate diagnosis of cerebral hemorrhage by displaying the possibility of the disease for each slice

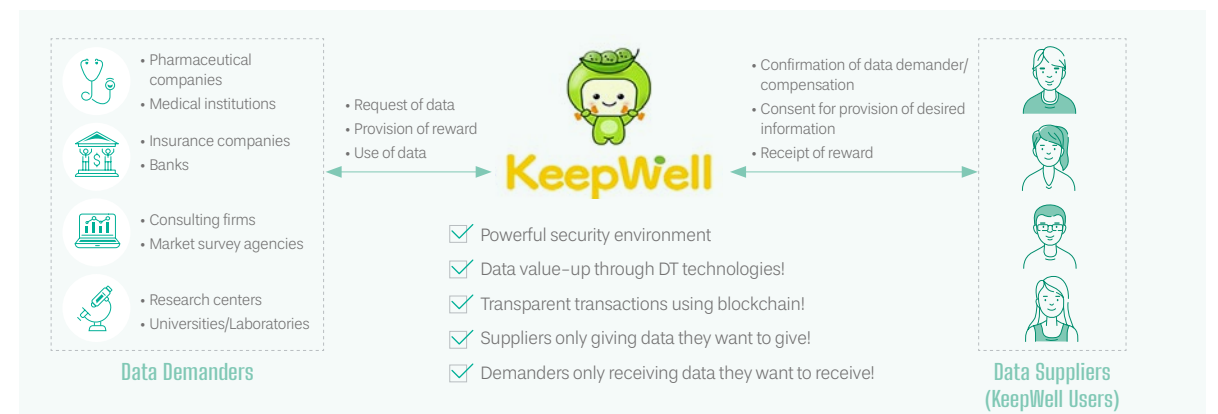
02 Contest Platform

- This multi-purpose digital training platform based on on-site cases aims to achieve digital-centered innovation of BM through voluntary participation, well-intended competition, and altruistic sharing.
- The platform supports end-to-end contest services, which embraces contest planning, execution, automated evaluation, and monitoring.
- Practical DT capabilities are improved through the self-training of employees, intended to strengthen the core basis of the company to boost its growth potential.

Area	Contest Type (Detailed Topic)			Evaluation Method
AI	Simulation	Optimization	NLP	Accuracy measurement
Data	Machine Learning / Deep Learning (Prediction / Inference Modeling)		Ontology	Accuracy measurement Expert evaluation (Ontology)
	Big Data Architecture Design	Big Data System Tuning	Real-time/Batch Programming	Performance measurement Cost measurement
Cloud	Architecture Design	Migration		Performance measurement Cost measurement
Blockchain	Development of Ethereum-based Public DApp		Development of Kaleido-based Enterprise Service	Expert evaluation ConsenSys, external advisory group, etc.

03 KeepWell

- KeepWell analyzes health check-up results and creates healthcare missions appropriate for users. While providing information about exercise, nutrition, and sleep, this service encourages the enthusiastic participation of users to build a healthy lifestyle through various quizzes.

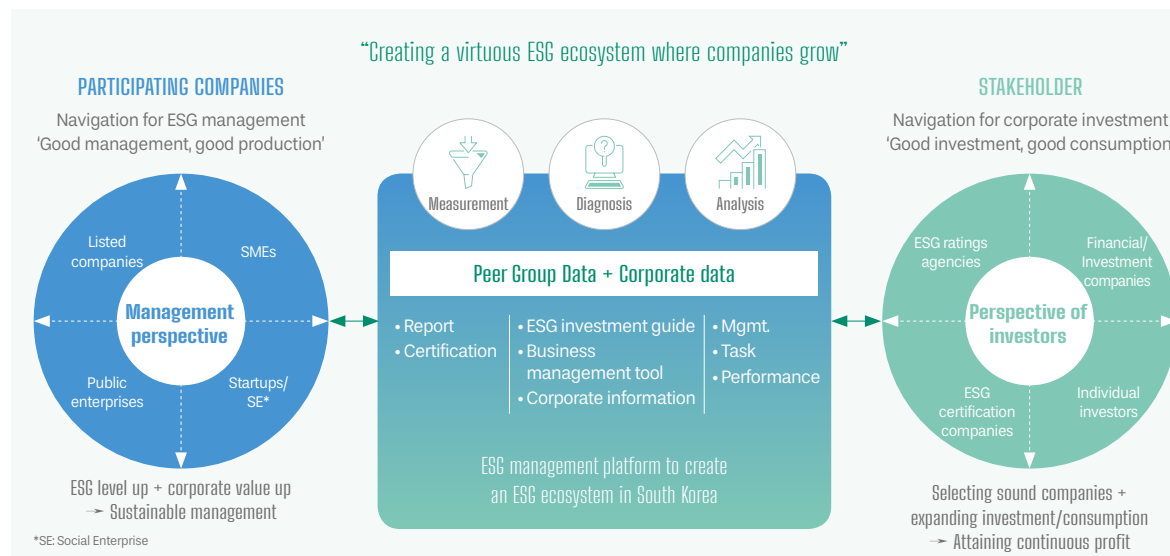


R&D

R&D IN EACH INDUSTRIAL FIELD

04 Click ESG, A Comprehensive ESG Management Platform

- Click ESG suggests efficient and fast methods of applying ESG management systems to companies preparing for ESG management.
- This cloud-based platform service offers an ESG management guide that can diagnose, improve, and manage the level of ESG management without the need for system-building expenses.
- ① Global standard diagnosis system ② Tailored diagnosis from conglomerates to SMEs ③ Expected to create a domestic ESG ecosystem based on the merits of establishing and executing ESG management strategies



"Composed of four services, considering the preparatory stages and cycles of companies"

Combining ESG policies and guides,

① ESG Portal

Sharing ESG announcement guides, trends, and best practices

Corporate tool to manage ESG data,

④ ESG Performance Management

Integrated management of ESG-related data (indicators/goals/data/evaluation)



To start ESG management,

② ESG Diagnosis

Diagnosing the current level of ESG management and providing a guide for improvement

Supporting expert companies and mutual growth,

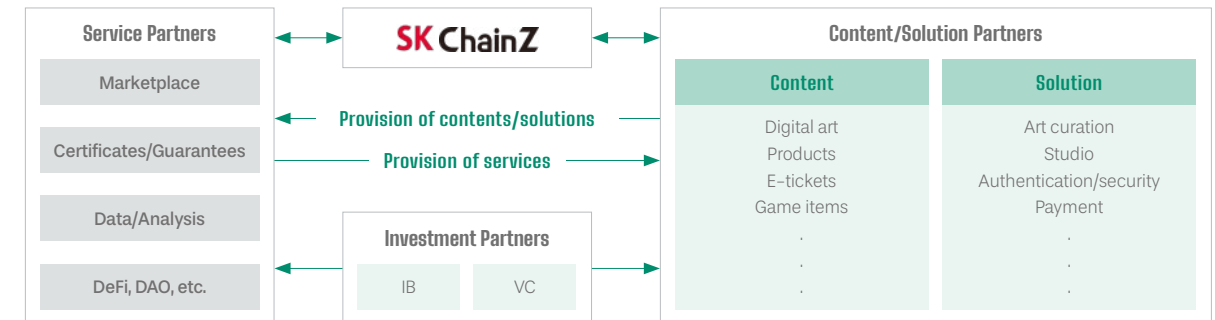
③ Supply Chain ESG Management

Diagnosing ESG risks of business partners and supporting improvement activities

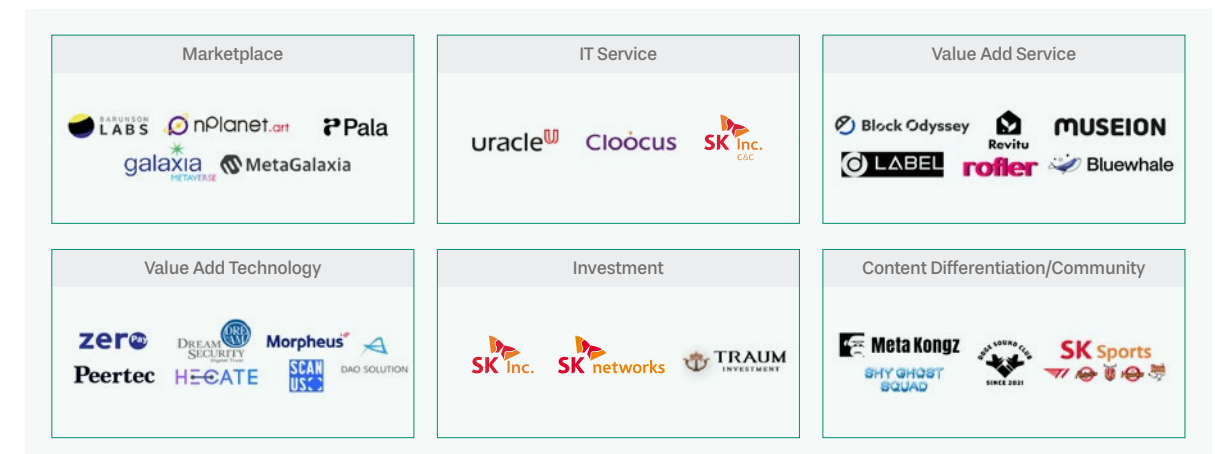
Open Innovation

Creating ChainZ for an NFT Ecosystem to Cover All NFT Services

- NFT services require various contents, solutions, and services in addition to the blockchain platform of SK Inc.
- SK Inc. has built a complete platform through partnerships to provide a differentiated platform that accommodates diverse NFT services and BM.
- By participating in a complete platform through the exchange of technologies, solutions, and services, participants can expect a channeling effect, finding common business opportunities and sharing customers and business areas.



Current Status of NFT Ecosystem Partners

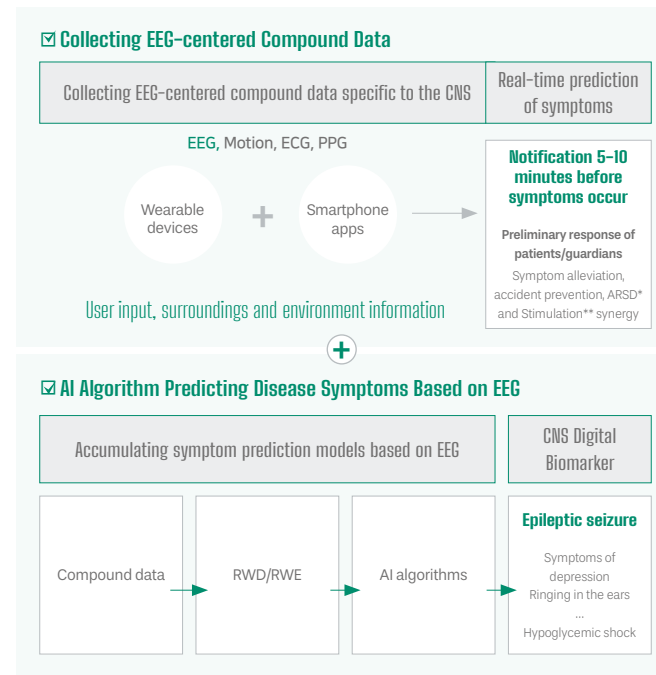


R&D

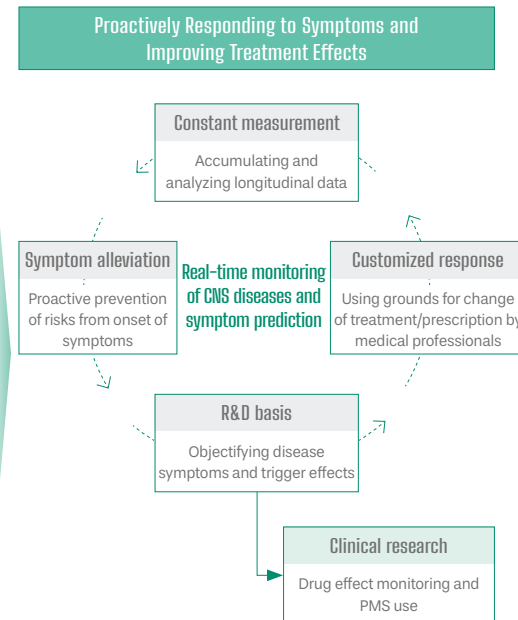
Open Innovation

Epilepsy DTx (Digital Therapeutics)

- Epilepsy DTx is a digital therapeutics for epilepsy developed through a cooperation between SK Inc. and SK Biopharmaceuticals.
- The goal is to offer a differentiated service for predicting symptoms of Central Nervous System (CNS) diseases by analyzing complex bio-signals and surrounding environmental information in real-time.
- Patients wear a wearable device in daily life to gather bio-signals, detect epilepsy using an AI engine, and alert users of the results. Alerts are checked via notifications from applications installed on the phones of patients or guardians.
- Securing an algorithm that detects/predicts epilepsy in real-time

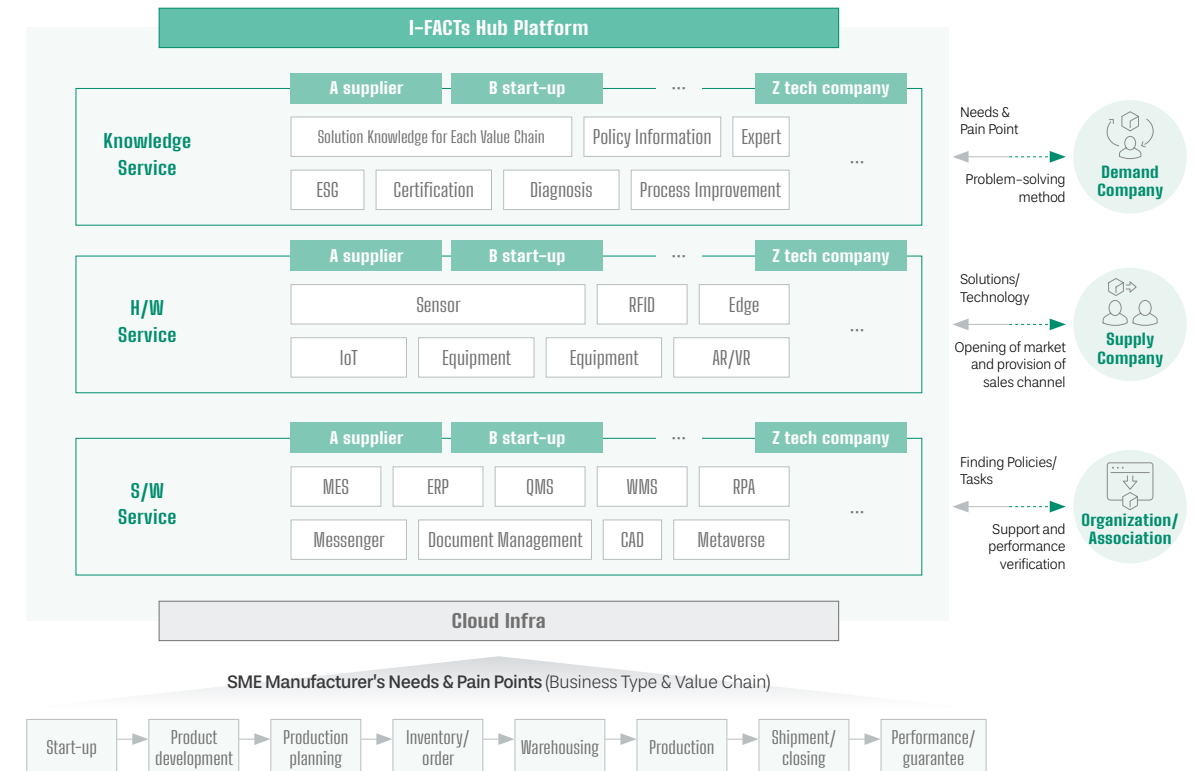


* Acute repetitive seizure drug
** Microcurrent nerve stimulation



I-FACTs Hub

- This "cloud-based manufacturing service platform" aims to resolve the needs and pain points of stakeholders (demand companies, supply companies, organizations/associations) in the value chain that participate in the SME manufacturing ecosystem.
- Based on sophisticated technical support and the business experience of SK Inc. in the manufacturing industry, SMEs supplying manufacturing services can make a transition to the cloud environment and run SaaS businesses.
- Manufacturing SMEs trying to introduce a smart manufacturing environment under limited resources can use the I-FACTs Hub to subscribe for a service that matches their business type and size.
- The platform increases the fundamental competitiveness of the manufacturing ecosystem by continually discovering excellent services by suppliers and collaborating with organizations/associations to increase the effectiveness of policies that apply to demand companies.



R&D

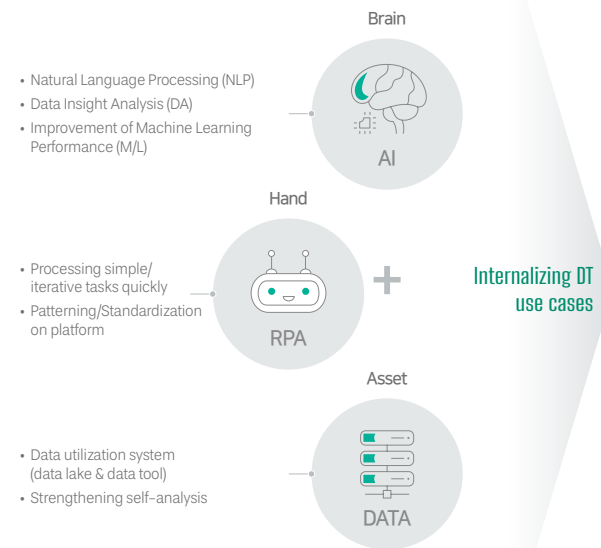
PROCESS INNOVATION

Process Innovation Through Work Automation

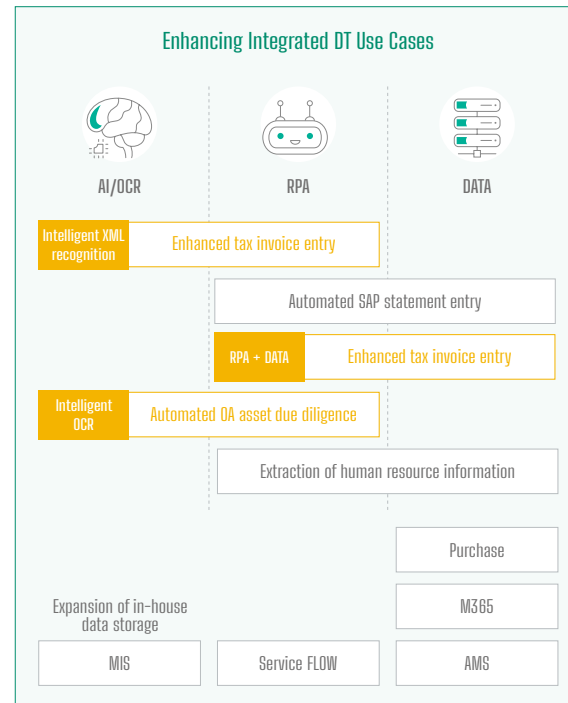
- Promotion background: To secure the work efficiency of staff and build technical experience and capability to conduct RPA-based businesses
- By promoting "RPA 2.0," which has been further upgraded compared to 2020 by combining use cases of OCR¹⁾ and Data Lake²⁾, SK Inc. selected and implemented three intelligent and convergent tasks.

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 the user decision-making process by automating data analysis/deriving results using a software robot.



Internalizing DT use cases



Work Reduction Effects Achieved by the Introduction of RPA

Area	RPA Introduction	Expected Effects	Reduction Effect (2021)
Finance	Entering tax invoices, SAP, AP, and statements	Automating the massive creation of statements based on the same form through RPA	1,744.2 hr
	Settling suspense receipts	Shortening working hours through the automation of deposit history view, data mapping, and emails and removing human errors that can occur during busy hours	1051.7 hr
	Registering / canceling corporate credit cards	Reducing the time to process communications with credit card companies using RPA bots	198.0 hr
	Reporting surtaxes	Reducing the processing time by replacing the surtax reporting process with RPA	300.0 hr
	Due diligence on OA assets	Digitalizing asset barcode values and automating the entire asset due diligence process	1,599.0 hr
HR	Booking resorts	Providing quick feedback to applicants by automating the transmission and reception of booking emails with affiliated companies, increasing mobile accessibility using chatbots	606.0 hr
	Filling out human resource information request forms	Reducing the processing time and removing human errors by having RPA bots process human resource data	103.0 hr
	Checking redundant applications according to automated medical expense processing and OCR	Reducing the processing time and increasing productivity by minimizing the manual entry of medical expenses requested by employees and preventing wrong entries	1,656.8 hr
	Automating family event approval and support	Reducing the processing time through automation of family event approvals and emails about supplies	98.5 hr
	Creating purchase order request forms	Preparing electronic approval of PO and removing human errors by automating the entry of purchasing request details	317.0 hr
Purchasing	Automating quotation requests for external SI business	Reducing the processing time through the automation of simple, iterative quotation checks when requesting quotations for multiple items	83.2 hr
	Confirming purchase order inspections / creating AP	Reducing the processing time through the automation of ERP viewing, tax invoice issuance, and statement creation tasks for simple/iterative purchase order inspections	571.2 hr
	Purchasing data insight	Managing quotation information as a DB instead of Excel, creating and using tailored reports, and improving productivity	393.2 hr

[Expenses reduced in 2021]

8,721 hrs. reduced during the year ÷ 160 hrs. of work per month, 54 MM total = about KRW 540 million

¹⁾ OCR – Optical Character Recognition, a technology that interprets characters using light

²⁾ Data Lake – Saves big data collected from different environments in the original form and processes / shares the data according to the purpose of use

Best Practice in the Governance Area

SK Innovation

Zero Corruption Risks

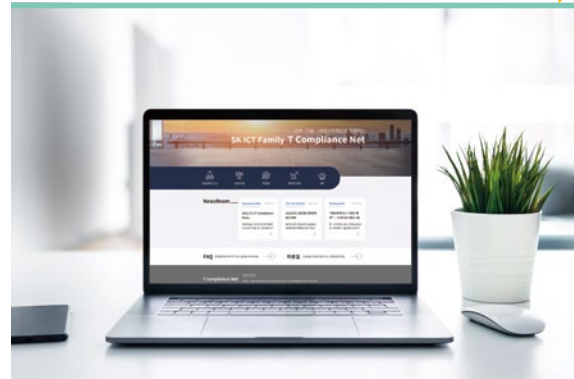


SK Innovation selected 'Zero Corruption Risks' as the core strategic task for growth to comply with global anti-corruption and anti-bribery laws, and to prevent social or economic losses and reputational damage caused by unethical management.

Through regular organizational restructuring in 2021, SK Innovation formed a compliance department charged with running a company-wide compliance program and practicing anti-corruption. 'Zero corruption risks' was selected as the core task of the ESG growth strategy. Based on these efforts, SK Innovation attained zero corruption in 2021 and will maintain zero risks in the future.

SK Telecom

Promoting an Integrated CP* for the ICT Family



In November 2020, SK Telecom developed an integrated compliance program and promotion framework for the ICT Family, reflecting the compliance capabilities and business characteristics of the 23 companies within the ICT Family to increase the efficiency of integrated responses to the changing business environment.

While sharing guidelines on individual tasks to ensure compliance at each company within the family, each company also established and executed effective annual tasks according to their circumstances. These tasks were reflected in the KPIs of each company and the appraisal system for executives. Through this program, SK Telecom enhanced the compliance awareness and capabilities of the ICT Family, encouraging the execution of – and cooperation on – tasks customized to the conditions of each company.

* CP: Compliance Program

SK Networks

Conducting the Ethical Management Practice Workshop and Survey



SK Networks conducts an ethical management practice workshop to identify ethical dilemmas faced by employees and discuss the problem-solving process. The workshop in 2021 had a contact-free format because of COVID-19, discussing 'mutual ethics among employees,' 'prevention of private use of company's assets,' and 'work engagement' with 4,689 participating employees (including contract workers). The workshop also shared improvement points for practicing ethical management.

SK Networks selected and awarded the 'Best Organization at the 2021 Ethical Management Practice Workshop' to internalize the culture of ethical practice amongst subsidiaries. In addition, SK Networks conducts annual ethical management surveys to diagnose compliance with the Code of Ethics and determine the standard of practice. In 2021, the ethical management practice survey was carried out on six companies, including the head office and subsidiaries, and 4,125 employees responded to the survey (including contract workers). SK Networks takes actions in accordance with the survey responses, such as establishing a plan to inspect unethical behavior and promoting a campaign to stop bullying at work.

SKC

Operating Ethical Management Reporting Channels



SKC operates various channels for stakeholders, including employees, business partners, and customers, to report unethical behaviors related to all management activities (unfair transactions, unreasonable demands, bribery, other legal violations, human rights violations, etc.).

In addition, SKC stipulated principles for protecting reporters in the Ethical Management Practice Guideline to ensure strong protections for reporters. SKC secures the anonymity of reporters by preventing IP tracking and applying personal information masking. Reports are directly investigated by a department dedicated to ethical management or transferred to relevant departments.

ESG Data Book

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Financial Performance

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Category	Unit	2019	2020	2021
Current assets	KRW million	40,015,360	38,052,297	49,193,206
Cash and cash equivalents	KRW million	7,981,755	10,096,940	12,317,555
Inventory	KRW million	9,138,361	6,179,497	10,680,704
Other current assets	KRW million	22,895,244	21,775,860	26,194,947
Non-current assets	KRW million	92,596,063	99,615,609	116,187,655
Investments in associates and joint ventures	KRW million	21,894,716	21,018,963	26,050,445
Tangible property	KRW million	42,828,327	45,895,594	51,406,239
Intangible assets and goodwill	KRW million	14,666,250	16,496,007	18,300,401
Other non-current assets	KRW million	13,206,770	16,205,045	20,430,570
Total assets	KRW million	132,611,423	137,667,906	165,380,861
Current liabilities	KRW million	35,627,088	37,212,697	44,974,859
Non-current liabilities	KRW million	44,808,303	48,595,291	54,840,853
Total liabilities	KRW million	80,435,391	85,807,988	99,815,712
Controlling interests	KRW million	16,683,769	17,435,044	21,248,343
Capital stock	KRW million	15,385	15,385	16,143
Other paid-in capital	KRW million	4,074,176	5,250,146	6,445,296
Retained earnings	KRW million	12,556,584	12,496,676	14,065,642
Elements of other stockholder's equity	KRW million	37,624	-327,163	721,262
Non-controlling interests	KRW million	35,492,263	34,424,874	44,316,806
Total equity	KRW million	52,176,032	51,859,918	65,565,149
Total liabilities and equity	KRW million	132,611,423	137,667,906	165,380,861

CONSOLIDATED INCOME STATEMENT

Category	Unit	2019	2020	2021
I. Revenue	KRW million	97,184,175	80,818,755	98,325,016
II. Operating income (loss)	KRW million	3,840,452	-76,894	4,935,539
III. Profit (loss) before tax	KRW million	2,954,220	31,744	6,026,834
IV. Consolidated profit (loss) from continuing operations	KRW million	1,894,812	-234,975	5,398,529
V. Profit (loss)	KRW million	1,606,039	-108,432	5,718,424
Profit, attributable to controlling interests	KRW million	716,904	189,368	1,970,204
Profit (loss), attributable to non-controlling interests	KRW million	889,135	-297,800	3,748,220
VI. Earning per share, attributable to controlling interests				
Basic earnings per share	KRW	12,910	3,544	37,408
Diluted earnings per share	KRW	12,910	3,541	37,332
Basic earnings per share from continuing operations	KRW	15,285	2,456	34,754
Diluted earnings per share from continuing operations	KRW	15,285	2,453	34,683

SEPARATE FINANCIAL STATEMENT

Category	Unit	2019	2020	2021
Revenue (operating revenue)	KRW million	3,245,516	3,473,984	2,749,536
Operating expenses	KRW million	1,764,617	1,815,953	1,919,404
Operating income	KRW million	1,480,899	1,658,031	830,132
Net income	KRW million	1,420,543	1,716,045	1,499,764

Non-financial Performance

ENVIRONMENTAL PERFORMANCE

GHG Emissions

Category		Unit	2018						2019					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Direct GHG emissions (Scope 1)	Total Scope 1 emissions	tCO ₂ -e	532	NA	7,603	9,731	486,160	504,026	120	10,117,596	6,604	9,029	533,410	10,666,759
	Per KRW 1 billion revenue	tCO ₂ -e	0.2	NA	0.5	1.0	183.9	14.5	0.0	216.0	0.4	0.7	225.9	131.8
	Per employee	tCO ₂ -e	0.1	NA	1.5	3.0	214.0	34.9	0.0	1,438.0	1.2	3.0	228.0	481.8
Indirect GHG emissions (Scope 2)	Total Scope 2 emissions	tCO ₂ -e	67,114	NA	927,062	20,092	132,804	1,147,072	63,788	2,410,230	998,989	20,981	283,273	3,777,261
	Per KRW 1 billion revenue	tCO ₂ -e	26.3	NA	55.0	2.0	50.2	32.9	19.7	51.5	65.0	2.0	120.0	46.7
	Per employee	tCO ₂ -e	17.7	NA	187.0	6.0	58.0	79.5	16.2	342.6	184.0	6.0	121.0	170.6

Category		Unit	2020						2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Direct GHG emissions (Scope 1)	Total Scope 1 emissions	tCO ₂ -e	205	9,704,232	6,133	13,114	492,320	10,216,004	1,433	9,008,207	6,286	11,801	602,094	9,629,821
	Per KRW 1 billion revenue	tCO ₂ -e	0.1	280.9	0.4	0.7	199.7	152.0	0.5	180.9	0.4	1.1	177.3	115
	Per employee	tCO ₂ -e	0.1	1,320.1	1.2	4.0	190.0	442.8	0.3	1,126.7	1.2	3.3	232.3	404.1
Indirect GHG emissions (Scope 2)	Total Scope 2 emissions	tCO ₂ -e	63,808	2,390,989	1,033,846	34,186	421,125	3,943,954	84,677	2,201,669	1,045,114	33,788	474,249	3,839,497
	Per KRW 1 billion revenue	tCO ₂ -e	18.4	69.2	64.0	3.0	170.8	58.7	30.8	44.2	62.4	3.1	139.6	45.9
	Per employee	tCO ₂ -e	15.7	325.3	193.0	9.0	163.0	170.9	19.0	275.4	199.3	9.5	183	161.1

* Due to a change in the reporting scope for SK Innovation, data from 2019 onwards is reported.
** 'NA' indicates data undisclosed due to internal reasons, such as changes in reporting scope.
*** '-' indicates data that has not been collected.
**** Each company's greenhouse gas data for 2021 is prepared based on each company's greenhouse gas verification and specifications.

Non-financial Performance

ENVIRONMENTAL PERFORMANCE

Energy Consumption

Category		Unit	2018						2019					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Energy consumption	Total renewable energy consumption	MWh	113	NA	2,730	12	-	2,855	113	131	2,757	-	-	3,001
	Total consumption of non-renewable energy	MWh	145,551	NA	1,988,192	38,914	4,073,333	6,245,990	136,918	51,573,441	2,142,441	39,376	4,029,975	57,922,151

Category		Unit	2020						2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Energy consumption	Total renewable energy consumption	MWh	135	147	2,810	12	-	3,104	5,917	180,130	45,461	60	14,645	246,212
	Total consumption of non-renewable energy	MWh	139,278	49,604,216	2,216,812	49,887	4,818,146	56,828,339	499,167	44,766,520	2,275,684	229,297	5,431,380	53,202,047

Non-financial Performance

ENVIRONMENTAL PERFORMANCE

Water Use

Category		Unit	2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Water	Water reused/recycled	ton	5,028	20,407,703	-	25,967	363,265	20,801,963
	Water reuse/recycling rate	%	10.03	32	-	2.4	4	27.80

Category		Unit	2018					2019						
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Water	Total water use	ton	134,017	NA	707,296	734,923	6,712,225	8,288,461	44,170	48,611,818	719,552	767,798	6,929,855	57,073,193
	Water supply and sewage	ton	134,017	NA	655,204	42,261	6,275,905	7,107,387	44,170	48,610,433	668,513	68,537	6,347,325	55,738,978
	Freshwater (lakes, rivers, etc.) usage	ton	-	NA	-	620,710	-	620,710	-	-	-	608,180	-	608,180
	Groundwater usage	ton	-	NA	52,092	71,952	436,320	560,364	-	1,385	51,039	91,081	582,530	726,035
	Water released	ton	-	NA	-	-	-	-	-	-	-	-	-	-

Category		Unit	2020					2021						
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Water	Total water use	ton	39,731	43,283,742	662,034	1,231,052	7,796,035	53,012,594	45,107	43,131,027	604,870	1,072,177	9,177,998	54,031,178
	Water supply and sewage	ton	39,731	43,283,086	630,297	634,733	7,199,553	51,787,400	45,107	43,126,603	591,396	604,670	8,007,980	52,375,756
	Freshwater (lakes, rivers, etc.) usage	ton	-	-	-	513,599	-	513,599	-	-	-	439,110	-	439,110
	Groundwater usage	ton	-	656	31,737	82,720	596,482	711,595	-	4,424	13,474	28,397	1,170,018	1,216,313
	Water released	ton	-	-	-	-	-	-	-	-	-	-	-	-

* Storm water, as a type of sewer water, is included in water supply and sewage usage
** Total water usage = Water supply and sewage usage + Freshwater usage + Ground water usage – Water discharged

Non-financial Performance

ENVIRONMENTAL PERFORMANCE

Emission of Waste and Volatile Organic Compounds

Category		Unit	2018						2019					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Waste	Total waste recycled/reused	ton	-	46,079	607	NA	NA	46,686	34	56,819	535	NA	20,170	77,558
	Total waste disposed	ton	193	53,999	1,107	4,431	22,141	81,871	61	66,235	1,107	5,612	22,400	95,415
Hazardous waste	Total hazardous waste recycled/reused	ton	-	51,321	NA	NA	NA	51,321	8	38,955	NA	NA	5,316	44,279
	Total hazardous waste disposed	ton	-	58,089	22	34	7,083	65,228	8	44,085	21	44	5,904	50,062
Emission of volatile organic compounds	Direct emissions of volatile organic compounds	ton	-	NA	-	NA	83.10	83.10	-	549	-	NA	77.40	626.40

Category		Unit	2020						2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Waste	Total waste recycled/reused	ton	16	51,437	417	NA	21,762	73,632	90	41,921	417	NA	20,591	63,019
	Total waste disposed	ton	53	72,102	1,150	8,213	24,815	106,333	97	67,145	794	10,287	24,667	102,990
Hazardous waste	Total hazardous waste recycled/reused	ton	2	55,919	NA	NA	5,689	61,610	9	37,875	NA	NA	6,329	44,213
	Total hazardous waste disposed	ton	2	56,706	45	26	6,487	63,266	10	50,999	530	1	7,582	59,122
Emission of volatile organic compounds	Direct emissions of volatile organic compounds	ton	-	672	-	NA	77.40	749	-	770	-	NA	21.30	791

* As SKC's data for recycled waste was managed without granularity in 2019–2020, the amount of waste recycled was estimated and calculated in accordance with the proportion of each type of waste. There is no recycling data for 2018.

Non-financial Performance

CONSOLIDATED – SOCIAL PERFORMANCE

Employees

Category		Unit	2018						2019						2020						2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
All Employees	Total no. of employees	Person	3,973	NA	5,007	3,172	2,276	14,428	4,106	7,036	5,336	3,319	2,341	22,138	4,229	7,351	5,262	3,644	2,586	23,072	4,457	7,995	5,245	3,539	2,592	23,828
	Male	Person	3,180	NA	4,170	1,861	2,053	11,264	3,250	6,173	4,338	1,924	2,103	17,788	3,312	6,400	4,246	2,189	2,331	18,478	3,447	6,844	4,170	2,114	2,307	18,882
	Female	Person	793	NA	837	1,311	223	3,164	856	863	998	1,395	238	4,350	917	951	1,016	1,455	255	4,594	1,010	1,151	1,075	1,425	285	4,946
	Permanent employees	Person	3,782	NA	4,841	2,371	2,241	13,235	3,935	6,621	5,090	2,526	2,294	20,466	4,086	6,921	5,042	3,013	2,522	21,584	4,252	7,652	4,961	3,019	2,525	22,409
	Contract employees	Person	191	NA	166	801	35	1,193	171	415	246	793	47	1,672	143	430	220	631	64	1,488	205	343	284	520	67	1,419

Category		Unit	2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL
No. of disabled employees		Person	165	293	59	104	92	713
No. of veterans employed		Person	79	265	169	35	33	581
No. of employees by age	Under 30	Person	416	1,228	413	336	436	2,829
	30–50	Person	3,306	3,921	3,379	2,628	1,588	14,822
	Over 50	Person	735	2,846	1,453	575	568	6,177

Hiring

Category		Unit	2018						2019						2020						2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
New hires	Male	Person	183	NA	416	299	265	1,163	255	500	328	364	222	1,669	269	469	204	201	206	1,349	302	660	67	172	262	1,463
	Female	Person	91	NA	179	412	29	711	111	105	112	396	27	751	127	113	201	205	32	678	125	277	45	213	75	735
	Total	Person	274	NA	595	711	294	1,874	366	605	440	760	249	2,420	396	582	405	406	238	2,027	427	937	112	385	337	2,198
Open positions filled by internal candidates		Person	507	NA	273	NA	NA	780	363	-	361	NA	NA	724	434	83	541	NA	NA	1,058	461	205	166	NA	NA	832
Ratio of open positions filled by internal candidates		%	65	NA	31.5	NA	NA	29.39	50	-	45.1	NA	NA	23.03	52	7.40	57.2	NA	NA	52.20	52	13.70	59.8	NA	NA	27.46
By age	Under 30	Person	129	NA	124	NA	173	426	170	357	106	NA	144	777	170	355	218	NA	80	823	147	459	58	NA	220	884
	30–50	Person	139	NA	465	NA	106	710	180	227	324	NA	88	819	206	211	187	NA	137	741	244	451	54	NA	97	846
	Over 50	Person	6	NA	6	NA	15	27	16	21	10	NA	17	64	20	16	0	NA	21	57	36	27	0	NA	20	83

* Due to a change in the reporting scope for SK Innovation, data from 2019 onwards is reported.

** 'NA' indicates data undisclosed due to internal reasons, such as changes in reporting scope.

*** '-' indicates data that has not been collected.

Non-financial Performance

CONSOLIDATED – SOCIAL PERFORMANCE

Employee Turnover

Category		Unit	2018						2019						2020						2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Total turnover	Total	Person	131	NA	183	-	161	475	133	165	144	347	174	963	148	190	226	560	178	1,302	204	265	164	454	257	1,344
By gender	Male	Person	109	NA	164	-	143	416	106	147	119	216	155	743	118	168	184	316	154	940	167	223	139	234	213	976
	Female	Person	22	NA	19	-	18	59	27	18	25	131	19	220	30	22	42	244	24	362	37	42	25	220	44	368
By age	Under 30	Person	24	NA	16	-	69	109	18	18	7	12	90	145	3	26	6	234	43	312	36	40	13	167	69	325
	30-50	Person	94	NA	144	-	76	314	106	54	123	280	73	636	140	63	207	235	98	743	135	106	149	217	139	746
	Over 50	Person	8	NA	23	-	16	47	9	93	14	55	11	182	5	101	13	91	37	247	33	119	2	70	49	273
Voluntary turnover	Total	Person	NA	NA	84	-	161	245	NA	49	79	334	174	636	95	66	77	533	177	948	186	184	98	430	255	1,153
	Voluntary turnover rate	%	NA	NA	1.68	-	7.1	2	NA	0.70	1.48	10.1	7.4	3	2.25	0.90	1.46	14.6	6.8	4	4.17	2.30	1.87	12.2	9.8	5

Human Capital Development

Category	Unit	2018						2019					
		SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Total training time	Hour	350,150	NA	350,490	114,809	24,808.4	840,257	360,006	585,313	272,136	123,088	49,161	1,389,704
Average training time per person	Hour	94	NA	70	56	10.9	59	87	83	51	37.0	21.0	63
Total training cost	KRW	-	NA	10,514,700,000	4,825,000,000	2,709,810,566	18,049,510,566	-	22,613,000,000	9,071,200,000	4,422,000,000	1,862,700,684	37,968,900,684
Average training cost per person	KRW	-	NA	2,100,000	2,350,000	2,230,000	1,375,829.76	-	3,000,000	1,700,000	1,330,000	1,120,000	1,854,403

Category	Unit	2020						2021					
		SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKN	SKT	SKC	TOTAL
Total training time	Hour	405,984	674,340	415,698	337,870	114,559.8	1,948,452	623,980	299,564	260,328	456,315	95,904	1,736,091
Average training time per person	Hour	96	90	79	93.0	44.3	84	140	38	74.0	87	37.0	73
Total training cost	KRW	851,898,218	23,760,000,000	16,312,200,000	6,530,000,000	2,143,306,972	49,597,405,190	4,546,581,243	21,947,000,000	6,983,000,000	16,259,500,000	1,863,801,889	51,599,883,132
Average training cost per person	KRW	201,442	3,000,000	3,100,000	1,790,000	2,102,000	2,306,212.46	1,020,099	3,000,000	1,970,000.0	3,100,000	2,150,000	2,334,519.44

* As SKC's total training cost/average training cost per person is disclosed on a separate basis, this has been identically applied on a consolidated basis (excluding invested companies as accurate calculations are difficult due to the mixed use of education expense accounts)

Non-financial Performance

CONSOLIDATED – SOCIAL PERFORMANCE

Collective Bargaining

Category		Unit	2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Union membership	Number	Person	4,417	7,995	5,245	2,201	2,592	22,450
	Rate	%	99	100	100	62.2	100	94

Health and Safety

Category		Unit	2018						2019					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Employees	Fatalities	Case	0	NA	NA	0	-	-	0	0	0	0	0	0
	Lost time accidents	Case	0	NA	NA	0	4	4	0	13	0	1	6	20
	Hours worked	Hour	8,740,600	NA	NA	NA	2,962,963	11,703,563	9,033,200	13,952,825	11,216,000	6,666,667	3,236,107	44,104,799
	LTIFR (Lost-Time Injury Frequency Rate)	Case/million hours	0	NA	NA	0	1.3	0.3	0	1.0	0	0.2	1.85	0.5
Partner companies	Fatalities	Case	0	NA	NA	-	0	-	0	0	0	0	0	0
	Lost time accidents	Case	0	NA	NA	4	2	6	0	24	0	6	2	32
	Hours worked	Hour	23,360,000	NA	NA	NA	1,600,000	24,960,000	23,360,000	31,497,066	NA	4,195,804	144,091	59,196,961
	LTIFR	Case/million hours	0	NA	NA	NA	1.3	0.2	0	0.8	0	1.4	13.88	0.5

Category		Unit	2020						2021					
			SK Inc.	SKI	SKT	SKN	SKC	TOTAL	SK Inc.	SKI	SKT	SKN	SKC	TOTAL
Employees	Fatalities	Case	0	0	0	0	0	0	0	0	0	0	0	0
	Lost time accidents	Case	1	5	0	0	8	14	0	4	0	1	10.0	15
	Hours worked	Hour	9,453,000	14,886,959	10,976,000	NA	3,968,812	39,284,771	9,805,400	15,548,754	10,940,000	7,142,857.0	6,792,500.0	50,229,511
	LTIFR (Lost-Time Injury Frequency Rate)	Case/million hours	0.1	0.35	0	0.00	2.02	0.4	0	0.25	0	0.1	1.47	0.3
Partner companies	Fatalities	Case	0	0	0	0	0	0	0	0	0	0	0	0
	Lost time accidents	Case	0	21	0	1	5	27	1	24	0	4.0	6.0	35
	Hours worked	Hour	23,360,000	19,861,769	NA	3,030,303	1,798,440	48,050,512	23,360,000	18,696,471	NA	3,149,606.0	2,865,874	48,071,951
	LTIFR	Case/million hours	0	1.1	0	0.3	2.78	0.6	0.04	1.3	0	1.3	2.09	0.7

Non-financial Performance

CONSOLIDATED – SOCIAL PERFORMANCE

Customer Satisfaction

Division	Unit	2018					2019				
		SK Inc.	SKI	SKT	SKN	SKC	SK Inc.	SKI	SKT	SKN	SKC
Customer satisfaction survey score	Point	75.5	-	77	Walkerhill GEI 4.3	NA	75.7	Korean Customer Satisfaction Index (KCSI) 1st place	77	Walkerhill GEI 4.3/ NCSI 8th	-

Division	Unit	2020					2021				
		SK Inc.	SKI	SKT	SKN	SKC	SK Inc.	SKI	SKT	SKN	SKC
Customer satisfaction survey score	Point	75	Korean Customer Satisfaction Index (KCSI) 1st place	79	Walkerhill GEI 4.2/ NCSI not assessed SpeedMate simple maintenance 72.6 points (extremely satisfied), complex maintenance 76.6 (extremely satisfied)	-	72.2	Korean Customer Satisfaction Index (KCSI) 1st place: 11 consecutive years	79	Walkerhill GEI 4.32/ NCSI 2nd SpeedMate simple maintenance 72.6 points (extremely satisfied), complex maintenance 77.1 points (extremely satisfied)	-

* GEI: Guest Experience Index / NCSI: National Customer Satisfaction Index / KS-WEI: Korean Standard Well-being Environment Index

For SK Inc.

- 1) Business Division environmental data → expanded to include the Investment Division (scope 93% → 100%)
2) Emissions increased as a result of a rise in data center customers and an expansion of the scope of GHG management (4 worksites in 2020 → 15 in 2021, gasoline/propane added)
- 3) Scope 3 management criteria: expanded (6 → 11); excluding Scope 1+2: energy, transportation and distribution, waste generated in operations, business travel, employee commuting, leased assets + purchased goods, capital goods, use and end-of-life processing of goods, investments
4) SK Inc. does not emit atmospheric pollutants, water pollutants, hazardous waste, or volatile organic compounds

ENVIRONMENTAL PERFORMANCE

Energy consumption

Category		Unit	2019	2020	2021	Notes
Total consumption of non-renewable energy		TJ	1,319	1,340	1,797	
Urban gas consumption		TJ	2	1.4	10,305	
Diesel consumption		TJ	0.50	2.06	1,439	
Energy consumption		TJ	1,307	1,329	1,758,758	
		MWh	136,259	138,329	183,203,970	
District heating (steam) consumption		TJ	9.2	7.3	14,212	
Gasoline consumption		TJ	-	-	10,982	New disclosure in 2021
Propane consumption		TJ	-	-	1,227	New disclosure in 2021
Intensity	Per KRW 1 billion revenue	TJ	0.406	0.386	0.65	
	Per employee	TJ	0.335	0.33	0.40	
Total consumption of renewable energy		MWh	113	134.5	5,916.6	
Solar energy generation/consumption		MWh	113	134.5	216.6	
Green premium procurement		MWh	0	0	5,700.0	New disclosure in 2021
Intensity	Per KRW 1 billion revenue	MWh	-	-	2.15	New disclosure in 2021
	Per employee	MWh	-	-	1.33	New disclosure in 2021
Renewable energy consumption rate		%	0.082	0.096	3.16	
Total expenditure on energy consumption		Million KRW	15,480	15,987	20,571	
Data scope		%	93	93	100	
Energy consumption reduction targets	2021 (per KRW 1 billion revenue)	TJ	-	-	0.689	5.5% reduction against BAU
	2025 (per KRW 1 billion revenue)	TJ	-	-	0.761	32.2% reduction relative to BAU

GHG emissions

Category		Type	Unit	2019	2020	2021	Notes
Direct GHG emissions (Scope 1)	Scope 1 emissions		tCO ₂ e	120.3	205.4	1,432,514	First disclosed in 2020, aggregation of diesel consumption
	Intensity	Per KRW 1 billion revenue		0.037	0.059	0.521	
		Per employee		0.031	0.051	0.322	
	Data scope		%	93	93	100	
	Emission reduction target	2021 (per KRW 1 billion revenue)		-	-	0.521	
		2025 (per KRW 1 billion revenue)		-	-	0.313	33% reduction against BAU (1,540 tons)
Indirect GHG emissions (Scope 2)	Scope 2 emissions		tCO ₂ e	63,788	63,808	84,677,054	Location-based
	Intensity	Per KRW 1 billion revenue		19.7	18.4	30,797	
		Per employee		16.2	15.7	19,037	
	Data scope		%	93	93	100	
	Emission reduction target	2021 (per KRW 1 billion revenue)		-	-	32,491	
		2025 (per KRW 1 billion revenue)		-	-	36.14	32.18% reduction against BAU (175,852 tons)
Other GHG emissions (Scope 3)	Upstream	Purchased goods and services	tCO ₂ e	-	-	7,480	Newly added in 2021
		Capital goods	tCO ₂ e	-	-	2,588	
		Fuel- and energy-related activities not included in Scopes 1 and 2	tCO ₂ e	-	-	84	
		Transportation and distribution	tCO ₂ e	11	12	12	
		Waste generated in operations	tCO ₂ e	11	12	30	
		Business travel	tCO ₂ e	696	914	896	
	Downstream	Employee commuting	tCO ₂ e	8	8	3,324	
		Leased assets	tCO ₂ e	4,738	4,691	0	Changed to Scope 2 emissions
		Use of sold products	tCO ₂ e	-	-	56,442	Newly reported in 2021
		Disposal of sold products	tCO ₂ e	-	-	265	Newly reported in 2021
		Investments	tCO ₂ e	-	-	13,319,899	Newly reported in 2021
	Data scope		%	93	93	100	
Total			tCO ₂ e	5,464	5,637	13,391,021	

For SK Inc.

Water

Category		Unit	2019	2020	2021	Notes
Total water intake		Ton	44,170	39,731	45,107	
Water and sewage usage		Ton	44,170	39,731	45,107	
Freshwater (lakes, rivers, etc.) usage		Ton	-	-	-	
Groundwater usage		Ton	-	-	-	
Water released		Ton	-	-	-	
Water reused/recycled		Ton	11,930	8,307	5,028	
Total water use		Ton	56,100	48,038	50,135	Total water intake + water recycled
Data scope			93	93	90	
Water use reduction target	2021 (per KRW 1 billion revenue)	Ton	-	-	17	First disclosed in 2021
	2025 (per KRW 1 billion revenue)	Ton	-	-	15	First disclosed in 2021

Waste

Category		Unit	2019	2020	2021	Notes
General waste		Ton	61	52.62	96.87	
Designated waste		Ton	8	2	10.17	
Waste processed	Landfill	Ton	-	-	8.27	First disclosed in 2021
	Incineration for energy recovery	Ton	-	-	51.85	First disclosed in 2021
	Incineration without energy recovery	Ton	-	-	-	First disclosed in 2021
	Processing via other methods	Ton	-	-	-	First disclosed in 2021
	Processing method unknown	Ton	-	-	-	First disclosed in 2021
Recycled/reused waste	Recycled/reused waste	Ton	42	18.34	99	
Waste processing expenditure		Million KRW	32.4	25.35	18.14	
Data scope		%	93	93	90	
Waste generation target	2021 (per KRW 1 billion revenue)	Ton	-	-	0.04	First disclosed in 2021
	2025 (per KRW 1 billion revenue)	Ton	-	-	0.03	First disclosed in 2021

Environmental management

Category	Type	Unit	2018	2019	2020	2021
Expenses for recollecting environmental investments	Capital investment	Million KRW	19.80	25.68	9,770.00	2,911.00
	Operating cost	Million KRW	10.03	32.40	25.35	18.14
	Total cost (capital investment + operating cost)	Million KRW	29.83	58.08	9,795.35	2,929.14
	Revenue and cost reductions due to environmental investments	Million KRW	22.48	209.97	399.77	2,918.69
	Scope of application to worksites	%	93	93	93	90
Violations of environmental laws	Number of legal and regulatory violations	Case	0	0	0	0
	Penalties imposed	KRW	0	0	0	0
	Environment-related liabilities	KRW	0	0	0	0

Clean Tech

Category	Type	Unit	2021
Revenue from eco-friendly products	Low carbon/carbon avoidance products	KRW 100 million	1,888
	Eco-friendly certified HW products	KRW 100 million	127
	Revenue from investment in environmental businesses	KRW 100 million	1,592
	Total	KRW 100 million	3,607
Eco-friendly investments	Eco-friendly businesses	KRW 100 million	14,726.9
	Eco-friendly infrastructure	KRW 100 million	702.9
	Total	KRW 100 million	15,429.8

* Targets for each activity/investment are outlined in the TCFD report

For SK Inc.

REPORTING SCOPE

With respect to reporting of environmental and social data, SK Inc. calculates the scope of reporting as 100% for society and 100% for the environment (based on permanent employees)
 • SK Inc. calculates data for the entirety of its worksites. Some data is calculated for Business Division worksites only, with the reporting scope separately indicated in the footnotes.

SOCIAL PERFORMANCE

Employees

Category	Unit	2019	2020	2021	Remarks
Total No. of Employees	Person	4,138	4,229	4,457	MR merged in 2021
By gender	Male	3,273	3,312	3,447	First disclosed in 2021
	Female	865	917	1,010	
By age	Below 30	-	-	416	
	30-50	-	-	3,306	
	Above 50	-	-	735	
Permanent employees	Person	3,935	4,086	4,252	
By gender	Male	3,111	3,202	3,297	
	Female	824	884	955	
Contract workers	Person	171	143	205	
By gender	Male	139	110	150	
	Female	32	33	55	
Non-employees (dispatched workers)	Person	32	30	41	
By gender	Male	23	18	25	
	Female	9	12	16	
Proportion of non-employees	%	0.8	0.7	0.9	
Socially vulnerable workers	Person	186	242	277	
Workers by socially vulnerable group	%	4.5	5.7	6.21	
People with disabilities	Person	102	144	165	
People of national merit	Person	80	70	79	
Foreigners	Person	25	28	26	
Sexual minorities	Person	-	0	0	First disclosed in 2020
Ratio of directors/ employees with foreign nationality	%	0.6	0.7	0.58	
Ratio of employees working outside South Korea	%	5.3	8.6	8.55	

¹⁾ The data collection standards of the employee's status may differ from those of the annual reports based on whether executive/independent directors are included or not

²⁾ Based on the Act on The Employment Promotion and Vocational Rehabilitation of Persons with Disabilities, twice the number of people with less severe disabilities is hired in lieu of those with severe disabilities.

New hires and turnover

Category	Unit	2019	2020	2021	Remarks
New hires	Person	366	396	427	
Proportion of new hires	%	9	9.4	9.58	
By gender	Male	255	269	302	First disclosed in 2020
	Female	111	127	125	
By type	New hire	132	167	105	
	Experienced hire	234	229	322	
By age	Below 30	170	170	147	
	30-50	180	206	244	
	Above 50	16	20	36	
By position	Executive	-	7	13	
	Senior management	-	5	5	
	Middle management	-	116	187	
	Non-management	-	275	222	
Open positions filled by internal candidates	Person	363	434	461	
Turnover	Person	133	148	204	
Turnover rate (permanent employees)	%	3.3	3.6	4.8	
By gender	Male	106	118	167	
	Female	27	30	37	
By age	Below 30	18	9	36	
	30-50	106	105	135	
	Above 50	9	34	33	
By position	Executive	-	40	14	
	Senior management	-	95	120	
	Middle management	-	13	70	
By type	Dismissal	1	3	3	CL3, L6
	Voluntary retirees	-	140	186	
	Retirement	3	5	15	

* Newly hired and turnover rates are based on regular full-time employees; Executives are excluded

** Annual hiring costs: 3,000 (2018) / 369 (2019) / 718 (2020) / 481 (2021) [unit: KRW million]

For SK Inc.

Classification by position and gender in job groups (2021)

Category	Unit	Male	Female	Ratio of females (%)	Notes
Executives	Person	100	8	8.0	Advisors, executives
Revenue generating positions	Person	2,861	739	25.8	
By position	Senior managers	Person	156	18	CL3, L6
	Junior managers	Person	2,233	414	CL2, L4–L5
	Non-managers	Person	472	307	CL1, L1–L3
Other job groups	Person	486	263	54.1	
By position	Senior managers	Person	73	13	
	Junior managers	Person	329	106	
	Non-managers	Person	84	144	
Ratio of female employees in STEM group	Person	277	111	28.6	STEM*positions within revenue generating positions

* STEM : Science, Technology, Engineering, Mathematics

* SK Inc. plans to increase the ratio of female leaders to 15% by 2025. To attain this target, it actively identifies and fosters female leader candidates and considers them for appointment to managerial positions (executives/team leaders).

* Female Leadership Program

Program	Eligibility	Details
ELP (Executive Leadership Program)	For EMD officers	Program for training group managers, T/O management for female candidate selection
FLP (Fast Leadership Program)	For team leaders/members	
HLP (Hipo Leadership Program)	For team leaders	
WLP (Woman in Leadership Program)	For female team members	Group female team leader training program
NLP (Next Leadership Program)	For team leaders/members	Female candidates are actively considered when the company selects participants for its manager training programs.

Basic pay and compensation for female employees compared with male employees, by job grade (2021)

Category	Unit	Unit	Ratio	Notes
Executives in identical job grade	Base pay	%	84	
	Base pay and performance bonus	%	73	
Senior managers	Base pay	%	92	
	Base pay and performance bonus	%	87	
Junior managers	Base pay	%	85	
	Base pay and performance bonus	%	85	
Non-managers	Base pay	%	94	*Excl. secretarial positions
	Base pay and performance bonus	%	94	

Foreign employees (2021)

Category	Unit	Proportion of total workforce	Proportion of management	Notes
South Korean nationals	%	99.30	98.68	ROK nationals
Foreigners	%	0.66	1.32	Non-ROK nations

Ethnicity/race of foreigners by job group (2021)

Category	Unit	Manager	STEM	Other	Notes
Asian	Person	0	9	1	China, Mongolia, Uzbekistan, Taiwan
Black/African-American	Person	0	0	0	
Hispanic/Latino	Person	0	0	0	
White	Person	0	2	2	Canada, Australia, Russia
Other	Person	1	8	3	US national

For SK Inc.

Parental leave (2021)

Category	Unit	Male	Female	Notes
Employees taking parental leave	Person	18	37	
Employees working for 12 months or longer after returning from parental leave	Person	18	74	Based on returnees in 2020
Proportion staying for 12 months or longer	%	94	99	

Employee development

Category	Unit	2019	2020	2021	Notes
Company-wide average training hours per person	Hour	87	96	140	
By gender	Male	84	95	140	
	Female	101	104	138	
By position	Non-manager	122	119	181	
	Junior manager	81	97	139	
	Senior manager	40	40	97	
	Executive	5	4	37	
By age	Below 30	-	-	219	
	30-50	-	-	138	First disclosed in 2020
	Above 50	-	-	115	
Company-wide average training expenses per person	KRW	-	201,442	1,020,099	First disclosed in 2020
By gender	Male	-	198,970	977,909	
	Female	-	229,074	1,165,601	
By position	Non-manager	-	229,152	857,338	First disclosed in 2020
	Junior manager	-	214,794	1,065,891	
	Senior manager	-	115,156	886,846	
	Executive	-	157,209	6,001,298	
By age	Below 30	-	-	857,338	
	30-50	-	-	1,065,891	First disclosed in 2021
	Above 50	-	-	886,846	

* Excluding personnel for which training cannot easily be conducted, such as experienced hires, workers dispatched overseas, and specialized workers

Collective bargaining

Category	Unit	2019	2020	2021	Notes
Labor-Management Council membership rate	%	98.9	99.0	99.1	

Laws/regulations

Category	Type	Unit	2019	2020	2021	Notes
Violation of social/economic laws and regulations	Penalties	KRW	0	0	0	
	Non-monetary sanctions	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	1	0	0	

For SK Inc.

Information security

Category	Type	Unit	2019	2020	2021	Notes
Leakage of personal information and data	Data leakage (including internal leaks, hacking, etc.)	Case	0	0	0	First disclosed in 2019
	Leak of personally identifiable information (PII)*	Case	0	0	0	
	PII leakage rate (PII leaks as a proportion of all data leaks)	%	0	0	0	
	Users whose personal information was damaged as a result of data leaks	Person	0	0	0	
Customer information and user data	Cases where customer information was used for secondary purposes	Person	0	0	0	
	Number of requests for user data and information from government or law-enforcement agencies	Case	0	0	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	Thousand KRW	0	0	0	
Breaches of customer personal information protection and loss of customer data	Cases of violations and complaints	Case	0	0	0	

* Personally identifiable information (PII): any data that can be used to determine/trace personal identity

Suspension of service

Category	Type	Unit	2019	2020	2021	Notes
10 to 30 minutes of service suspension	Cloud-based services	Case (minutes)	13 (277)	4 (74)	7 (132)	
	All services	Case (minutes)	48 (956)	28 (554)	43 (805)	
30 minutes or longer of service suspension	Cloud-based services	Case (minutes)	25 (2,773)	9 (983)	25 (3,902)	
	All services	Case (minutes)	120 (19,974)	100 (9,985)	109 (14,264)	
Regular inspections and scheduled events	Cloud-based services	Case (minutes)	4 (238)	1 (32)	4 (504)	
	All services	Case (minutes)		15 (787)	35 (3,455)	
Suspension due to failures	Cloud-based services	Case (minutes)	34 (2,812)	12 (1,025)	28 (3,530)	
	All services	Case (minutes)	152 (20,085)	113 (9,752)	117 (11,614)	

Health and safety

Category	Type	Unit	2019	2020	2021	Notes
Fatalities	Employee	Person	0	0	0	
	Employee of supplier	Person	0	0	0	
Lost-Time Injuries (LTI)	Employee	Person	0	1	0	
	Employee of supplier	Person	0	0	0	
Lost-Time Injuries Frequency Rate (LTIFR)	Employee	Rate	0	0.02	0	* Rate: 1(case)/ total working hours x 20,000 (hours)
	Employee of supplier	Rate	0	0	0.01	
Occupational Illness Frequency Rate (OIFR)	Employee	Rate	0	0	0	
	Employee of supplier	Rate	0	0	0	

R&D investment

Category	Type	Unit	2019	2020	2021	Notes
R&D expenses	Total	Million KRW	74,820	81,231	70,113	
	Sales and management costs	Million KRW	41,460	36,165	35,507	
	Development costs	Million KRW	33,360	45,066	34,606	
R&D expenses as a proportion of revenue		%	4.06	4.51	3.81	Total R&D expenses ÷ revenue x 100

For SK Inc.

Expenditure on policy

Category	Type	Unit	2019	2020	2021	Notes
Policy expenditures	Lobbying	Thousand KRW	0	0	0	
	Political donations	Thousand KRW	0	0	0	
	Membership of related organizations	Thousand KRW	211,142	202,257	215,937	

* SK Inc. complies with the Political Funds Act (corporations or organizations shall be prohibited from contributing political funds)

Policy-related expenses (2021)

Organization	Unit	Amount
Seongnam Chamber of Commerce & Industry (SCCI) ¹⁾	KRW	60,000,000
Korea Enterprises Federation ²⁾	KRW	40,400,000
Korea Information Technology Service Industry Association (ITSA)	KRW	33,000,000
Korea Software Industry Association (KOSA)	KRW	20,000,000
Korea Association of Cloud Industry (KACI)	KRW	10,000,000
Federation of Korean Information Industries (FKII)	KRW	8,400,000
Seoul Bar Association	KRW	5,222,250

¹⁾ 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.

²⁾ 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

Survey targets

Category	Type	Unit	Outcomes			Targets	
			2019	2020	2021	2022	2025
Quality/service management for customer satisfaction	Customer satisfaction	%	75.7	75	72.2	73	75
Pursuit of a happy organizational culture through employee satisfaction	Employee engagement	%	76.6	78.3	78.9	79	81

Social contribution

Category	Type	Unit	2021	Notes
Expenses for social contribution activities	Total volunteering by employees	Hours	2,371	Employee volunteering, volunteering activities during working hours, pro bono work and donation of skills
		Million KRW	234	Converted value of employees' volunteering activities = employee volunteering hours x legal minimum wage + hours of skill donation x employees' average hourly wage
	Cash contributions	Million KRW	9,889	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	Million KRW	1,762	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.
				Operating costs of social contribution projects (wages for event staff, insurance, recruitment costs, running costs including telephones/fax/computers), consulting costs, project research costs, etc.
Social contribution investment by type	Charitable donations	%	15	Program to promote regional employment, donations to local communities
	Community investments	%	26	Brand awareness promotion activities, such as university support and event sponsorship
	Commercial initiatives	%	59	Donation of cash and goods, sponsorships, matching funds, employee volunteering hourly expenses, etc.
Expenditure on major donations	Seed	Thousand KRW	65,000	Operating costs for SIAT education in 2021, Round 1 SIAT education expenses in 2022
	Haenggarae	Thousand KRW	2,000	Donations of funds for the development of Wansan Girls' High School
	Happy IT Scholarship	Thousand KRW	19,132	Rehabilitation International Korea
	Happy ICT	Thousand KRW	9,425	Donation of second-hand assets for Happy ICT, etc.
	Bazaar	Thousand KRW	2,121	Hope On campaign for marginalized groups in the winter months
	Environment	Thousand KRW	5,083	RE100 membership fee

Policy & Principle

CORPORATE GOVERNANCE

SK Inc. discloses information about corporate governance in a transparent manner as follows.

1. Independence of the Board of Directors

SK Inc. complies with the *Commercial Act* of the Republic of Korea to incorporate transparent management, by means of organizing and operating an independent Board of Directors (BOD). In this regard, we hereby define the conditions for ensuring the independence of the BOD and disclose the status of the BOD, as follows. We believe that the BOD is independent if independent directors constitutes its majority. We also believe that the BOD cannot be deemed to have independent qualifications if the independent director falls under the conditions set forth below. Therefore, SK Inc. shall not appoint any person who has the following conditions:

- ① Directors, executive directors and employees who are engaged in the regular business of the relevant company, or directors, auditors, executive directors and employees who have engaged in the regular business of the relevant company within the past two years;
- ② The principal, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person;
- ③ Directors, auditors, executive directors, and employees of the corporation, in cases where the largest shareholder is a corporation;
- ④ The spouses, lineal ascendants, and lineal descendants of directors, auditors, and executive directors;
- ⑤ The directors, auditors, executive directors, and employees of a parent company or a subsidiary company of the relevant company;
- ⑥ Directors, auditors, executive directors, and employees of a corporation which has a significant interest in the relevant company, such as business relations with the company;
- ⑦ Directors, auditors, executive directors, and employees of another company for which directors, executive directors, and employees of the relevant company serve as directors and executive directors.

In order to ensure fairness and independence when appointing independent directors, we appoint these positions at the general shareholders' meeting following a rigorous examination by the Independent Director Candidate Recommendation Committee.

2. Election Ratio of Independent Directors

SK Inc. elects the BOD with the aim of having independent directors constitute more than 51% of the BOD. Currently, our BOD has five independent directors, representing 56% of all directors, which ensure that the BOD can maintain its independence from large shareholders and management.

3. Diversity Policy of the Board of Directors

In order to promote a diverse and non-discriminatory corporate culture, SK Inc. is committed to ensuring that all employees, including board members, are not discriminated on the basis of race, gender, disability, religion, or nationality, in all matters including recruitment, compensation, evaluation, promotion, and education, and prioritizes the interests of minorities.

4. Efficient Operation of the Board of Directors

In 2021, the average participation rate of directors in the BOD was 97.67%. The minimum participation rate required for all directors is 80%, and all 5 independent directors limited other duties to 4 or less. The BOD of SK Inc. regularly and independently evaluates the performance of the BOD by sharing the execution results of its decisions and committee activities and discussing areas of improvement. Directors are appointed annually, and at the time of appointment, the appointment case of each director is put to a vote. The pros and cons as well as the proportion of appointees are disclosed. The average tenure of directors is 3 years, and the number of independent directors with industrial experience is four.

5. Performance-based Compensation of Management

SK Inc. efficiently measures the performance of our top management and pays compensation accordingly. Performance-based compensation uses indicators such as sales, operating profit, debt ratio, cash dividend payout ratio, total share price return, credit rating, growth rate, sustainability rate, etc. The period for which we pay performance-based compensation to top management is three years. In addition, we introduced stock options for executives to directly link corporate value enhancement and compensation in order to maximize the growth of corporate value by building a consensus between management and shareholders.

GUIDELINES FOR GUARANTEEING THE INDEPENDENCE OF THE BOARD OF DIRECTORS

SK Inc. follows the local commercial law in ratifying the independence of its directors. Regulations of independence conditions are applied with stricter standards in accordance with US NYSE regulations, and it follows prescribed conditions for determining the independence of directors, including candidates and current directors.

Some directors, who fail to satisfy the company's independence requirements, may be qualified in accordance with the regulations of the Republic of Korea based on the relevant statute, in cases where they significantly contribute to the Board of Directors and the company by demonstrating competence, experience and wisdom.

All directors of SK Inc. Board of Directors maintain their independence by satisfying all of the following standards.

- The candidate should not have been hired by the company as an officer within the past three years;
- The candidate should not be a partner or employee of the company's independent auditor;
- The candidate should not be a partner or employee of an organization that has signed a key advisory contract or a technical alliance agreement with the company;
- The candidate should not be the company's adviser or consultant or a member of the company's high-ranking management team;
- The candidate should not be a partner or employee of an organization that currently is at party to or has signed a contract for an amount exceeding 5% of the company's total revenue in the past three accounting years; or
- The candidate should not have any conflicts of interest on an agenda item of the company's Board of Directors.

In addition to the above, the Board of Directors will comprehensively evaluate the director's independence, including domestic and overseas situations and the position of the directors and the company.

Status of shares with differentiated voting rights (2021)

Voting rights per 1 share	Votes per share	Number of shares	Number of shares with voting rights
No voting right*	0	18,058,562	0
1 voting right	1	56,090,767	56,090,767
Total	–	74,149,329	56,090,767

* Consisting of preferred shares and treasury shares under the *Commercial Act*

Policy & Principle

GUIDELINES FOR GUARANTEEING DIVERSITY IN THE BOARD OF DIRECTORS

SK Inc. clearly recognizes that diversity in the Board of Directors enables it to adopt broader perspectives and thereby better reflect the benefits of its shareholders, customers and other stakeholders in making important decisions.

At the end of each year, the Board of Directors makes decisions regarding the next-year's direction for the selection of director candidates and the composition of the Board of Directors to satisfy the following diversity requirements.

1. Expertise

- ① Essential areas of expertise: IT, business management (operation of organizations), economy, law, and accounting
- ② Segmented areas of expertise: Business management, economics, global affairs, IT industry, risk management, sustainable management, and investment
- ③ Expertise of independent directors: Understanding of a director's duties

2. Diversity

- ① Nationality: Candidates with diverse nationalities, considering the company's overseas projects
- ② Gender: Candidates of different genders, reflecting the gender equality principle for including diverse perspectives in the operation of the Board
- ③ Age: Candidates belonging to diverse age groups, to enhance the Board's efficiency while effectively responding to changes in business conditions
- ④ Others: Candidates should not be discriminated based on their ethnicity, religion, race, nationality, and other factors

3. Recommendations

An open approach is adopted for recommending independent directors to reflect the stakeholders' diverse interests.

When determining the direction of the Board of Directors, the Board verifies whether the composition of the Board of Directors reflects the diversity requirements established above, using the "diversity verification matrix."

SK Inc. will steadily strive to enhance the Board's efficiency by adding diverse perspectives and experiences to the extent not violating the law of the Republic of Korea.

CODE OF ETHICS

Basic principles for employees



We faithfully perform our duties, as constituents of SK Inc., in a manner representative of our position and the values of the company at all times and with pride.

- We perform our duties in a fair manner and keep our private and public duties separate.
- We will develop an organizational culture where constituents are mutually respected and are motivated to work willingly and voluntarily.

Responsibilities toward shareholders



SK Inc. shall elevate our corporate value to create value for shareholders, and to do so, we shall improve our transparency and perform efficient management.

- SK Inc. maximizes the shareholders' value by means of efficient management through continual innovation, and shares such achievements with shareholders.
- SK Inc. practices Board-centered, transparent management while respecting the shareholders' legitimate requests and proposals.
- SK Inc. prepares its management data in accordance with all relevant legislations and standards, and discloses the relevant information faithfully based on the law to protect the shareholders' benefits.

Relations with business partners



SK Inc. pursues win-win development with its business partners and fairly competes with its competitors.

- SK Inc. provides fair trading opportunities to its partner companies, does not commit unfair acts using its positional advantages, and pursues mutual benefits and win-win development
- SK Inc. competes fairly with competitors based on a spirit of mutual respect.

Attitude toward customers



We will gain trust from customers by providing continual satisfaction, with the ultimate aim of developing together with customers.

- We will respect the diverse opinions of customers and incorporate them into the company's management activities.
- We will protect the customer's property and information safely in accordance with all relevant laws and the company's policies.

Roles in relation to the social community



SK Inc. constituents contribute to the social community through social and cultural activities while also contributing to the country's economic development. They do their utmost to manage the company's business in line with prevailing social norms.

- SK Inc. constituents strive to deliver happiness to the social community by actively participating in company's CSR activities.
- SK Inc. constituents contribute to the development of the social community through eco-friendly management.

Addendum



This code of ethics will enter into force on October 1, 2008.

- SK Inc. has provided a separate "Guidelines for Practicing the Code of Ethics" to ensure that its constituents may interpret and practice the Code of Ethics correctly.

Policy & Principle

OATH TO PRACTICE ETHICAL MANAGEMENT

Oath to Practice SK Ethical Management

I, the undersigned, hereby pledge to comply with the following with a full understanding of the company's Anti-Corruption Policy, to participate in the development of a transparent corporate culture by practicing ethical management with pride and self-esteem as a constituent of SK Inc.

1. (Caring and respect) As a constituent of SK Inc., I will always maintain a mindset of care and respect for fellow constituents and stakeholders.
2. (Prohibition of unethical/corrupt acts) I will not commit any unfair trading or unethical / corrupted acts in performing my duties and will comply with company's regulations and related statutes, including the company's Code of Ethics.
3. (InterpretationApplication of company regulations) When I have any questions in connection with the interpretationApplication of the Code of Ethics and related company regulations in relation to the performance of my duties, I will consult my department manager first, and in cases that are difficult to judge on my own, I will consult with the company's organization responsible for ethical management to obtain advice.
4. (Reporting/consultation) If I notice any unfair trading or unlawful/corrupt acts committed by a constituent while performing my duties or if I receive an offer to engage in unlawful/corrupt acts from a business partner or other stakeholders, I will immediately report the matter and consult with the company organization responsible for ethical management.
5. (Cooperation with investigations) When an investigation/diagnosis is conducted, I will render all possible cooperation including the submission of material requested by the company (information required to investigate unfair trading, unlawful acts/corruption, consent to review personal information, etc.) to determine the occurrence of unfair trading, unlawful acts/corruption, etc. and comply with requests for testimony.
6. (Disciplinary actions) I will accept any disciplinary actions based on established procedures in the event that I violate this oath or any related regulation of the company.
7. (Ethical conduct) The contents of the Code of Ethics and this oath regarding practices present the minimum guidelines required for ethical decision-making and conduct, and I will voluntarily judge and act in regard to other matters in accordance with a stricter and higher ethical standard based on the company's regulations, etc.

INFORMATION PROTECTION POLICY

Various threats that emerge alongside the development of IT technologies may seriously affect the information assets of SK Inc., which offers comprehensive IT services to customers.

Activities to ensure information security have become essential and indispensable to the efforts of SK Inc., which strives to provide the world with products of the highest quality as a global IT service leader.

Therefore, all SK Inc. employees should prioritize the development of measures to protect important information assets from internal and external hacking or data leakage by thoroughly considering various legal, social and ethical repercussions, in addition to the possible loss of important information assets and delay or degradation of processes.

Hence, SK Inc. has established and declared an information security policy, which satisfies the following criteria:

- ① We protect the information assets of SK Inc. from illegal access or leakage.
- ② We maintain the confidentiality, integrity and availability of the information assets of SK Inc.
- ③ SK Inc. complies with statutory security requirements related to information security protection.
- ④ All SK Inc. constituents shall be able to duly prevent, detect and address accidents and shall recognize the importance of information security.
- ⑤ SK Inc. implements analyses, inspections, and audits of risks related to information protection on a regular basis.

SK Inc. invests the time and resources required to comply with information security policies and establishes and operates an organization that manages information security. This organization is responsible for the development, maintenance, inspection, and education of security regulations, guidelines, and procedures. Information security, however, cannot be achieved solely by a specific management organization; rather, it requires the participation and responsible actions of all employees. Therefore, all employees must recognize the importance of information protection and exercise continuous efforts to understand and comply with the declared policies.

Policy & Principle

HUMAN RIGHTS MANAGEMENT

Human Rights Management Guideline

Based on the business perspective of SK Group (SKMS) to 'concurrently pursue the happiness of employees and stakeholders,' SK Inc. declares the Human Rights Management Guideline to realize the value of respect for human rights throughout its management activities.

Article 1 SK Inc. will respect the human rights of all stakeholders and respect human dignity.

Article 2 SK Inc. will officially support and observe the standards and laws enforced by international organizations related to labor and human rights, such as the 'Universal Declaration of Human Rights,' the 'UN Guiding Principles on Business and Human Rights (Ruggie Framework),' and the 'International Labor Organization (ILO) Conventions.'

Article 3 SK Inc. requests all stakeholders within its value chain, including employees, business partners, local communities, customers, and the supply chain, to abide by the above international codes of human rights and labor. SK Inc. will strive to prevent human rights violations and respect human rights across its value chain.

Article 4 SK Inc. will follow all labor principles and laws recommended by the ILO and ratified by the nation regarding health, safety, working hours, and the prohibition of child labor and forced labor.

Article 5 SK Inc. will respect diversity, prevent discrimination against gender, race, age, and social status, and support victims of human rights violations.

Article 6 SK Inc. will establish and implement a management system to execute human rights management, which includes anti-corruption (ethical management), environmental/health/safety, compliance, and personal information protection.

President and CEO, SK Inc.

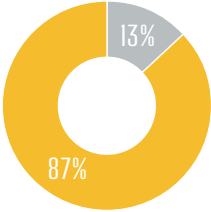
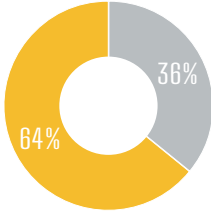
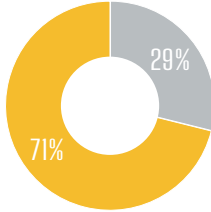
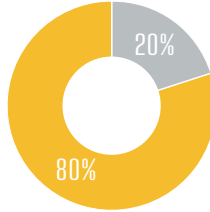
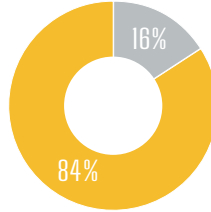
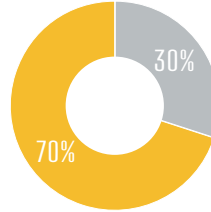
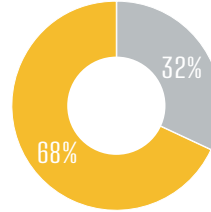
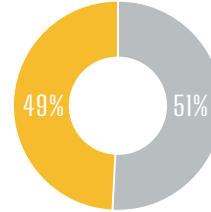
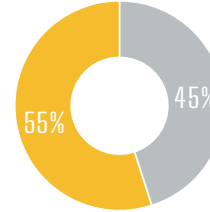
Detailed principles for human rights-oriented management

Humanitarian Treatment	Wage and Welfare
SK Inc. shall endeavor to prevent the occurrence of psychological or physical inhumane treatment, for the realization of the dignity and value of every human being. If inhumane treatment (ex, human trafficking, etc.) occurs, we will enact strict measures in accordance with the relevant regulations and endeavor to provide active relief.	SK Inc. shall meet or exceed the minimum wage prescribed in each relevant region along with the payroll statement, and provide compensation for overtime work carried out under mutual agreement between labor and management. The company shall also seek to strengthen the motivation of its constituents to work and to ensure their living safety, and endeavor to contribute to the sound development of the economy.
Prohibition of Forced Labor	Freedom of Association
SK Inc. shall respect the free will of its employees. The company shall prohibit any form of forced labor which unfairly suppress psychological or physical freedom by means of assault, threat, confinement, human trafficking, slavery, etc. The company shall endeavor to conclude fair and transparent labor contracts, comply with the <i>Labor Standards Act</i> in matters pertaining to labor contracts, and ensure that its employees understand the contents thereof.	SK Inc. shall promote sound organizational development through smooth and continuous communication between its labor and management. In accordance with the labor-related laws of relevant regions, the freedom of association shall be guaranteed, and unfair treatment shall not be applied on the grounds of labor union membership or activities.
Prohibition of Child Labor	Privacy Protection
SK Inc. shall comply with regulations on child labor, implement the appropriate procedures, provide support in accordance with the laws and regulations pertaining to minors, and continuously review its compliance with laws and regulations.	SK Inc. shall protect the personal information of stakeholders, including customers, in accordance with local laws and regulations, for the purpose of protecting the human rights of all stakeholders, and shall take necessary measures to protect the security of personal information. The company shall not use personal information for any purpose without the consent of the person concerned, and shall respect individual privacy as much as possible.
Prohibition of Discrimination	Local Community
SK Inc. shall respect the diversity of all employees, and ensure the non-occurrence of discrimination in recruitment, wages, promotions, and other HR processes for reasons such as an individual's sex, race, age, gender identity, academic background, disability, religion, political orientation, or social status, equal remuneration and shall foster a working environment based on mutual respect and consideration.	SK Inc. shall identify its potential impacts on communities near its workplaces, listen to the feedback of local communities to prevent problems from occurring, and strive for continuous communication. SK Inc. shall respect the local community's right to safety and property rights, and endeavor to protect such rights.
Working Hours Compliance	Environment, Safety & Health
SK Inc. shall comply with the working hours regulations of relevant regions in terms of regular, overtime, and holiday work, and shall not force its employees to work overtime. Amendments in laws and regulations shall be managed on an ongoing basis to prevent the occurrence of illegal acts.	SK Inc. shall strive to protect the environment and to prevent contamination in compliance with local and overseas laws, establish measurable goals to improve the environment, and periodically review whether such goals are appropriate.
Responsible Supply Chain Management	
SK Inc. identifies the status of human rights protection within its supply chain, such as business partners, and conducts appropriate education and training to prevent substantial or potentially critical human rights impacts.	

Policy & Principle

STATUS OF HUMAN RIGHTS AT BUSINESS PARTNERS

- In 2022, SK Inc. examined the potential and actual human rights risks of business partners and supported risk improvement activities through monitoring.
- Targets included 452 business partners (15 HW manufacturers, 123 SW manufacturers, 293 labor suppliers, 21 public corporations).
- Among management items, business partners showed high compliance rates for humane treatment, prohibition of discrimination and bullying, working hours, and wages and welfare benefits. They showed low compliance rates for freedom of association, prohibition of forced labor and child labor, industrial accidents, and industrial safety.
- Detailed practice guides, standard procedures, education programs, and consulting services are necessary to comply with ESG management and human rights requirements.

		Compliance Non-compliance							
Area and Item	Humane treatment	Freedom of association	Prohibition of discrimination and bullying	Working hours	Wages and welfare benefits	Forced labor	Child labor	Industrial accidents	Industrial safety
Analysis Result									
Details	<ul style="list-style-type: none">- Preparing regulations related to humane treatment	<ul style="list-style-type: none">- Preparing regulations related to freedom of association- Securing communication channels with management- Establishing a joint labor-management declaration to establish a cooperative labor-management relationship- Jointly establishing plans to overcome crises	<ul style="list-style-type: none">- Preparing regulations related to anti-discrimination- Identifying matters to be resolved and preparing occasions to share the results	<ul style="list-style-type: none">- Preparing measures and regulations on illnesses caused by long working hours- Monitoring long working hours	<ul style="list-style-type: none">- Examining the issuance of pay slips specifying the method of payroll calculation	<ul style="list-style-type: none">- Preparing regulations related to forced labor- Improving work processes to guarantee rest time- Negotiating with employee representatives to guarantee resting spaces- Holding in-house events as part of the family-friendly management policy	<ul style="list-style-type: none">- Preparing regulations related to child labor- Updating the list of employees- Establishing an identity verification procedure	<ul style="list-style-type: none">- Preparing methods of improving the work environment- Conducting regular health check-ups and guaranteeing active treatment measures	<ul style="list-style-type: none">- Periodically performing facility safety evaluations- Holding safety practice workshops- Clarifying the roles and responsibilities of persons in charge of safety management

Plans for Improving the Human Rights Management of Business Partners

- Preparing the Code of Conduct and guide for business partners and providing education on human rights management
- Diversifying the methods of investigating the human rights conditions of business partners
- Supporting the design of self-diagnostic checklists for business partners, focused on the implementation of human rights management

Policy & Principle

CODE OF CONDUCT OF BUSINESS PARTNERS

Preface

SK Inc. sets expectations for a high level of operational standards in the working environment of its business partners. Hence, in order to strengthen compliance management as the foundation of accompanied growth for both SK Inc. and its business partners, the company enacted the Code of Conduct of Business Partners (hereinafter referred to as the "Code"). Furthermore, the business partners of SK Inc. shall strictly observe all applicable laws and regulations, secure a safe working environment, build a business environment that respects employees, and conduct business in an ethical manner.

This Code establishes the standards that SK Inc. expects from its business partners. The Code is applicable to organizations in all forms that design, sell, manufacture or provide materials and services used to produce services and products of SK Inc. All business partners shall comply with the Code, and shall demand compliance from all subsidiary supply chains that provide materials and services to relevant business partners.

SK Inc. or external institutions designated by SK Inc. may visit business partners to assess the status of compliance with this Code by business partners. When a critical violation of this Code by a business partner is not improved within the requested period, the business with SK Inc. may be suspended or the contract may be canceled.

This Code may be amended in accordance with any changes, etc. of the business partner management policy and standards of SK Inc. In case of conflict between this Code and local laws, the stricter standards shall prevail.

1. Human Rights and Labor

Business partners shall protect the human rights of workers and guarantee their dignity to internationally accepted standards. This shall be applicable to all forms of workers including temporary workers, migrant workers, trainees, dispatched workers, etc. Workers shall be guaranteed legitimate labor and protection of rights in accordance with local laws.

1-1. Prohibition of Forced Labor

All labor shall be voluntary. The company shall not hire forced laborers, workers under a confinement contract (including confinement for debt servicing), involuntary convict laborers and laborers subject to human trafficking. This includes all acts of moving, hiring and transferring social minorities by means of threat, force, compulsion, kidnapping, fraud, etc. for the purpose of labor exploitation.

Business partner companies shall not demand the transfer of government issued identification cards, passports or work permits as a condition of employment. Business partners or manpower dispatch companies shall not demand commissions (for instance, job placement commissions, etc.) or surety from workers, and shall document and deliver work conditions in languages understandable by the worker.

1-2. Underage Worker Protection

Use of child labor is strictly prohibited. The term "child" refers to a person with less than the highest age among the following criteria: the age of 15, the age of completing mandatory education or the minimum legal employable age according to local laws. When an underage worker is found, business partners shall promptly enact countermeasures. Employment of underage workers shall cease immediately and the process of age confirmation during hiring shall be improved. If any apprentice programs are in effect, such programs shall comply with local laws and regulations. Juvenile workers over the legal minimum age for hiring can be hired, but workers under the age of 18 shall not perform any dangerous tasks (including overtime and night shifts) to protect their health and safety.

1-3. Compliance in Working Hours

The weekly working hours shall not exceed the maximum working hours regulated by the relevant laws. Moreover, the weekly working hours, including any overtime hours, may not exceed the working hours set by the *Labor Standards Act* except in emergency or special situations.

1-4. Wages and Employee Benefits

Wages given to workers shall include minimum wages, overtime compensation and legal employee benefits, and shall comply with local laws and regulations. All overtime services shall be performed voluntarily with the consent of workers, and overtime compensations higher than the hourly wages for regular working hours shall be given according to local laws and regulations.

No pay cuts shall be permitted as a means of disciplinary action. The wage standards and items of workers shall be provided in a payslip or a document with wage payment details via in-house Intranet, etc. and shall be issued in languages understandable by workers.

1-5. Humanitarian Treatment

Harsh and inhumane treatment of workers is forbidden, including sexual harassment, sexual abuse, punishment, mental or physical coercion and abusive language, nor any threats of such treatment. Business partners shall define policies and procedures to guarantee the humanitarian treatment of workers and sufficiently explain these matters to workers.

1-6. Non-discrimination

The business partner shall take measures to prevent bullying or illegal discrimination of workers. In all matters pertaining to employment, including the recruitment process and wages, promotion, compensation and educational opportunities, the business partner shall not discriminate based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political inclination, union membership, marital status, etc. Except where required by local laws or necessary to ensure occupational safety, disclosure of medical information that may present grounds for discrimination shall not be requested from workers or employment candidates.

1-7. Freedom of Association

In accordance with local laws, the business partner shall respect its workers' rights to organize and to join an employee council or a labor union and exercise their freedom of association with other workers for group agreement and peaceful assembly and shall also respect their right not to participate in such activities. Also, workers and their representatives shall be able to communicate and share their opinions and views regarding difficulties in working conditions and business policies without concerns about discrimination, retaliation, threats or bullying.

2. Safety and Health

Business partners shall recognize that activities to guarantee the safety and health of workers are essential and take priority among all activities to be performed for the company's businesses. Business partners shall, according to local laws and regulations, strive to build and maintain safe and sound workplaces.

2-1. Occupational Safety

Business partners shall perform proper administrative control, preventive maintenance and consistent safety education to control workers' exposure to potential safety hazards (e.g. electrocution, fires, car accidents, falling hazards, etc.). When hazardous elements cannot be sufficiently controlled by aforementioned measures, proper personal protective gear shall be provided to workers. Also, pregnant female workers may not be deployed under the harmful environmental conditions.

2-2. Preparation Against Emergency Situations

Potential emergency situations and accidents shall be identified and evaluated in advance. Damage from emergency situations shall be minimized by setting up an emergency situation reporting system, worker notification and evacuation procedures, and provision of emergency drills for workers, evacuation facilities, fire detectors and fire-fighting equipment.

Policy & Principle

2-3. Industrial Disasters and Prevention of Disease

A proper system and procedure shall be established to prevent, manage, trace, and report industrial disasters and diseases affecting workers. The system shall include clauses to support the return of workers in leave of absence due to an industrial disaster or disease by 1) encouraging workers to report freely, 2) classifying and recording industrial disasters and diseases, 3) providing necessary medical treatment, and 4) performing corrective measures to survey each case and to eliminate its cause.

2-4. Tasks Imposing Physical Burdens

Business partners shall identify, evaluate and control workers' exposure to physically burdensome tasks including repetitive manual tasks for a long period, lifting heavy objects, standing and physically exhausting assembly tasks.

2-5. Safety Management of Dangerous Machinery, Instruments, and Facilities

The safety of machinery, instruments, and facilities needed for production shall be properly evaluated. When machinery which may expose workers to risks of injury is used, a physical protective device, interlock device, and barrier shall be provided and properly maintained.

2-6. Management of Exposure to Harmful Elements within the Working Environment

The level of workers' exposure to harmful elements such as chemical substances, noise, dust, etc., shall be measured regularly to identify its impact, and technical measures and management supervision shall be implemented to prevent exposure beyond the standard value. Employee education on related risks shall be implemented, and when the risk is not fully controlled, personal protective gear shall be provided.

2-7. Safety and Health Education

Proper safety and health education for workers shall be implemented, in a language mostly used by workers. Safety and health related information shall be posted in visibly accessible locations in the workplace.

3. Environmental Management

Business partners shall strive to fully understand and reduce environmental pollution caused by their business operations and the environmental impact incurred upon providing products, services, etc. to SK Inc.. They shall comply with environment related laws and regulations in terms of waste disposal, recycling, controlling industrial water and controlling greenhouse gas and atmospheric emissions.

3-1. Acquisition and Reporting of Environmental Licenses and Permits

All necessary environmental licenses and permits and registrations for the operation of the company shall be acquired, maintained, managed, and updated with the latest amendments. Also, all necessary requirements for the process of acquiring licenses and permits, such as operations and reporting, etc., shall be observed.

3-2. Prevention of Contamination and the Reduction of Resource Use

The emission of contaminating substances and waste shall be minimized or eliminated through the addition, etc. of contamination source control facilities. The use of natural resources, including water, fossil fuel, minerals, and primeval forests, shall be reduced through methods such as the improvement of production processes, strengthening of maintenance, modification of facility processes, use of alternative materials, reuse, preservation, recycling, etc.

3-3. Harmful Substance Management

Chemical substances and other substances harmful to human beings or the environment shall be separately managed through identification marks, labeling, etc. and safety shall be guaranteed by means of safe handling, transportation, storage, use, recycling or reuse and disposal of such substances.

3-4. Wastewater and Other Wastes

Solid wastes (harmless) shall be systematically identified, managed, reduced, disposed and recycled. Solid wastes and wastewater generated from the various activities, production processes, and sanitation facilities of the company shall be identified, monitored, managed and treated according to regulations and properly discharged or disposed. Also, measures shall be implemented to reduce wastewater and the processing efficiency of the wastewater treatment process shall be constantly monitored.

3-5. Energy Consumption and Greenhouse Gas Emissions

The energy consumption and greenhouse gas emissions of the whole company and each unit of the workplace, shall be identified in phases. In addition, cost efficient means shall be sought to minimize energy consumption and greenhouse gas emissions while enhancing energy efficiency. SK Inc. may request materials related to these matters (including the materials of the manufacturer pertaining to greenhouse gas emission and reduction plans, etc.), and business partners shall actively cooperate with such requests.

3-6. Air Pollutants

Volatile organic compounds, aerosols, corrosive gases, dust, substances which deplete the ozone layer, and byproducts of combustion shall be identified, monitored, and managed or treated according to domestic and international laws and properly discharged.

3-7. Eco-friendly Products

With consideration for the environmental risks arising from the purchase of raw materials, and in the absence of extenuating circumstances, eco-friendly products that can reduce environmental pollution should be used as a priority. Further, efforts should be made to continuously expand the use of eco-friendly products and services.

3-8. Water Resource Protection

The contamination of rainwater shall be prevented systematically. A water resource management program to monitor the use and discharge of water resources shall be implemented, contamination routes shall be controlled, and all waste water shall be monitored for proper discharge and treatment.

3-9. Management of soil, noise/vibrations, odors, and raw materials

Noise, soil pollution, odors, biodiversity, etc., are monitored to reduce negative impacts on ecosystems in the vicinity of worksites. Additionally, to reduce the consumption of raw materials, dedicated management is necessary, including the introduction of related systems and measurements taken accordingly.

4. Business Ethics

In the operation of business sites, the business activities of business partners shall comply with all local laws and regulations, and SK Inc. shall demand its business partners to maintain the highest standards of ethics.

4-1. Integrity

In business relations with all companies, the highest level of integrity shall be maintained. Business partners are strictly prohibited from engaging in illegal acts, such as all forms of corruption, extortion, embezzlement, bribery, tributes, and gifts including money or other forms of benefits to related personnel for the purpose of affecting the decision-making process.

4-2. Prohibition of Unfair Benefits

Unfair means or means to acquire inappropriate benefits shall not be provided, permitted, or received, and a process shall be implemented to monitor and stop such practices.

Policy & Principle

4-2. Information Disclosure

Information on labor affairs, safety and health, environmental management status, business activities, governance structure, financial status and performance shall be disclosed in accordance with applicable laws and general industrial practices. Any forgery of records or omissions of relevant information, including information regarding actual conditions in the supply chain, shall not be tolerated.

4-3. Intellectual Property Protection

Intellectual property rights shall be respected. The transfer of technology or know-how shall be performed in a manner that ensures the protection of intellectual property rights and the information of SK Inc. shall be securely protected.

4-4. Fair Trade, Advertisement, and Competition

Applicable regulations and standards on fair trade (prohibition of price-fixing), advertisement, and competition shall be observed.

4-5. Personal Information Protection

Reasonable efforts shall be taken to protect the personal information of all personnel, including business partners related with businesses, clients, consumers and employees. In addition, all applicable laws related to personal information protection and information security in collecting, storing, processing, transmitting and sharing personal information shall be observed.

4-6. Data Security

Business partners must fulfill their obligation to maintain the confidentiality of data provided to or known in the course of performing business. Also, upon the discovery of a data infringement incident, the incident shall be reported and notified to SK Inc., and business partners shall actively cooperate in the data processing system approach, etc. to be performed during the process of confirming the infringement.

4-7. Protection of Whistle Blowers

All matters related to violations of the Code of Conduct or acts of retaliation against whistle blowers (harassment, discrimination, unfair behavior, etc.), shall be reported. SK Inc. shall maintain the anonymity of whistle blowers, and in the event that an act of retaliation on whistle blowers is exposed, strict measures will be taken. The problem identified by a whistleblower shall be fairly investigated and a solution will be sought.

4-8. Prohibition of the Use of Conflict Minerals

A policy prohibiting the use of raw materials acquired through illegal and unethical means (for example, minerals from mines occupied by armed forces) shall be established and implemented.

4-9. Regional Social Contribution

Efforts shall be made to carry out social contribution activities through the establishment of strategies aligned with the company's characteristics and diverse employee engagement programs.

5. Management System

Business partners shall establish, perform, and maintain a management system to ensure that the system may be continuously improved for compliance with these norms, related legislations, and requests of customers. The system shall include a clear statement of purposes and objectives, long-term measurements and achievement assessments, and measures for continuous improvement.

5-1. Presentation of a Willingness to Comply

The management shall demonstrate a willingness to undertake continuous improvement and compliance with company requirements approved by the management, and these shall be posted in the workplace.

5-2. Obligations and Responsibilities of the Management

A responsible person shall be appointed to be in charge of conducting scheduled inspections of the performance and status of programs related to the management system and norms, and the representative director of the company shall review the current status of the management system on a regular basis.

5-3. Correspondence to Laws and Customer Requests

A process shall be established to identify, monitor, and understand the latest legislations and customer requests, including the requirements of these norms.

5-4. Obligations and Responsibilities of the Management

A responsible person shall be appointed to be in charge of conducting scheduled inspections of the performance and status of programs related to the management system and norms, and the representative director of the company shall review the current status of the management system on a regular basis.

5-5. Risk Assessment and Management

Potential risks pertaining to the environment, occupational safety and health, human rights and labor, and ethics shall be identified, and a management plan shall be established to address risks with high occurrence possibility and ripple effects, and its performance status shall be reported to the management.

5-6. Establishment of Goals and Management

Objectives and performance plans pertaining to the environment, occupational safety and health, human rights and labor, and ethics shall be established, and the status of their achievement shall be evaluated on a regular basis.

5-7. Education Training and Communication

A program shall be established and operated to educate managers and workers to comply with related laws and regulations as well as to perform the policies, procedures, and improvement objectives of company, and a process shall be established to facilitate communication among workers, the company, and customers regarding information related to the company's policies, customs, expectations, and achievements.

5-8. Feedback, Participation, and Complaints Processing of Employees and Executives

To check compliance with relevant local laws and regulations, including this code, an independent audit body and reporting system must be maintained, and regular self-assessments must be conducted.

5-9. Audits and Assessments

Self-assessments shall be performed on a regular basis to check compliance with local acts and regulations, including these norms.

5-10. Process for Corrective Measures

A proper procedure shall be established to correct defects identified through internal or external assessments, inspections, investigations, and reviews.

5-11. Participation of Suppliers and the Fulfillment of Responsibility (Supplier Management)

Business partners engaged in business with SK Inc. shall deliver and request compliance with these norms and shall implement compliance assessments..

Policy & Principle

SAFETY AND HEALTH

Safety and Health Governance

SK Inc. annually reports company-wide safety and health plans to the Board of Directors. All agendas related to safety and health, including measures to prevent the recurrence of industrial accidents and risk assessments, are reviewed and resolved by the Industrial Safety and Health Committee, a body that includes a labor representative. The Board of Directors made resolutions to form a dedicated safety and health organization and to divide its roles in 2022. The Safety and Health Officer is generally in charge of the safety and health affairs of the company, and the Chief Safety and Health Officer is responsible for preventing industrial accidents at contractors' and contractees' workplaces.

As such, SK Inc. assessed risks by reflecting stakeholders' needs (Subcontractor, business partners, etc.), and stakeholders are also included when executing safety and health activities. In addition, SK Inc. acquired the ISO certification for safety and health management (ISO 45001) in 2021 and passed its surveillance audit in May 2022. Criteria related to safety and health are included in the KPIs of department heads and group heads, and ESG-related criteria are reflected in the evaluation of the company's performance, including the CEO. SK Inc. strives to continually improve the performance of the safety and health management systems. Priorities are determined to establish quantitative goals for the company and each sector to improve the action plans and performance indicators. Furthermore, all subcontract, service, entrusted, and special employment workers are included in the scope of SK's safety and health policies.

Safety and Health Activities

SK Inc. diagnoses risks that can arise in business sites through risk assessments and acts to mitigate these whenever necessary. Priorities are assigned to quantitative goals and action plans are developed to resolve, integrate, and manage risks. In addition, the Industrial Safety and Health Management Regulation includes an integrated procedure to respond to emergencies and investigate accidents. When signing subcontracts, SK Inc. prepares the selection criteria and review procedures considering the contract parties' ability to prevent industrial accidents and the ISO 45001 requirements.

SK Inc. also has an evaluation procedure to prevent and alleviate risks and health issues among employees regarding safety and health goals. In 2021, SK Inc. conducted safety and health education for all employees to raise their safety and health awareness. Starting in 2022, SK Inc. will request its business partners to conduct legal safety and health education. SK Inc. internally investigates employees' safety, health, and well-being, in terms of work-related injuries, abnormal health conditions, diseases, and accidents. Safety and health management has been reinforced by acquiring an independent external certification (ISO 45001).

ENVIRONMENTAL POLICY

SK Inc. conducts diverse business activities through management centered on the values of environmental protection and respect for life. To reduce the environmental impacts of our Business Division, we establish environmental policies based on environmental management principles.

Governance of environmental management

SK Inc. reviews, through the Board of Directors, strategic directions for environmental management and related action plans. Under the management/supervision of the Board of Directors, the CEOs of the Business Division and the Investment Division discuss/decide upon targets and outcomes relating to the climate change response, energy reduction, etc. Additionally, so that environmental outcomes can be systematically managed, the CEOs of SK Inc. grant the head of the 'Happiness Promotion Center' – a body under direct CEO supervision – with CSO (Chief Sustainability Officer) authority. This enables the integrated management of key organizational outcomes relating to the environment.

Establishing environmental strategies

SK Inc. focuses on the environment as a core strategy for its management activities and considers the environment when making key decisions. Every year, we establish and manage environmental targets and tasks based on an analysis of internal and external stakeholder needs. Tasks are implemented following linkage with company/organizational KPIs.

Establishing internal regulations on the environment

SK Inc. establishes and implements internal regulations and standards concerning the environment. Relevant working level personnel are provided with information and training on these environmental regulations. Internal regulations are regularly revised and updated through assessments of their validity with respect to laws, changes in business structure, stakeholder needs, etc.

Scope of the environmental policy

When conducting business in terms of investments and products/services, SK Inc. shall implement environmental policies at all worksites. The environmental policy shall be applied across all management activities, including procurement, transport/distribution, waste, facility maintenance, customer management, etc.

Environmental policy for partner companies

SK Inc. includes a code of conduct in all contracts to ensure that the suppliers it transacts with adhere to laws/regulations and environmental management. Through regular supplier assessments and environmental assessments when selecting integrated buyers, we assess and manage the standards of environmental management of our suppliers. Further, for non-target worksites, third-party manufacturers, joint venture partners, outsourcing partners, etc., we encourage greater awareness of – and engagement with – SK Inc.'s environmental policy.

Policy & Principle

Environmental impact assessment

SK Inc. comprehensively manages company and worksite-related environmental risks. Project managers shall carry out environmental impact assessments of relevant work and projects. Further, prior to conducting new projects, preliminary due diligence, or M&A, persons in charge shall review environmental regulations, requirements for protecting the natural environment and ecosystems, and legal standards. If material risks are identified during the environmental impact assessment, response plans shall be established and implemented.

Measuring and managing environmental outcomes

SK Inc. establishes environmental metrics and performance targets in line with environmental impact assessments, changes to legislation, and stakeholder needs. Relevant performance metrics are assigned to departments and managed accordingly. Key company-wide environmental metrics are as follows.

- **Energy use** : urban gas, power, district heating, etc.
- **GHG emissions** : direct emissions, indirect emissions, other indirect emissions
- **Water use** : water supply, recycled water used
- **Waste generated** : waste recycled, general waste, designated waste, processing cost

SK Inc. systematizes environmental outcomes and constantly conducts reviews and improvement activities through assurance by an independent, third-party organization.

Communication with stakeholders

To enhance the transparency of environmental management, SK Inc. communicates with stakeholders by requesting cooperation from relevant departments, such as media and external affairs, whenever environmental issues occur.

BIODIVERSITY POLICY

SK Inc. recognizes the continuous increase in risks to biodiversity caused by the advancement of industry. We also recognize the importance of the social losses as well as the business impacts which may result from a failure to protect the natural ecosystem. As an investment specialist, SK Inc. recognizes the importance of potential impacts on the environment and biodiversity that may arise from the takeover and operation of various businesses, and it defines biodiversity principles accordingly. The company understands the necessity of protecting biodiversity in the investment decision-making process and will adopt all necessary measures to minimize the impact of its operations on the environment.

1. Risks to biodiversity shall be prevented, minimized and mitigated in all aspects of business. During the review of new businesses and the business takeover process, we shall check and evaluate and monitor the impacts on the value and status of biodiversity. Efforts shall be made to apply the relevant principles throughout the entire supply network of SK Inc., including major workplaces, subsidiaries, major business partners, etc.

2. Legal conditions of relevant areas, countries, and regions shall be observed at all workplaces that have been designated as World Heritage areas and IUCN Category I–IV protected areas.

3. We will try to achieve no net loss (NLL) and net positive impact (NPI) for biodiversity in workplaces with important habitats. Monitoring of biodiversity in forests and fields owned by SK Inc. or its subsidiaries shall be implemented as follows, to minimize the impact on biodiversity.

- Monitoring to maintain biodiversity
- Monitoring protected areas with genetic resources
- Monitoring native or endangered or rare species
- Monitoring to prevent illegal hunting, capture, gathering activities, etc.
- Monitoring the implementation of artificial growth for the protection of populations of endangered species
- Identifying the impact of animal populations on the renewal and growth of forests and on biodiversity
- Environmentally sensitive regions including water resources
- Areas expected to experience soil erosion
- Areas to be handled with priority for the protection of water resources

4. After monitoring biodiversity protection across the entire plantation area (4,528.64 ha) of SK Forest on an annual basis, SK Inc. will implement management activities to achieve no net loss (NLL) at locations which require protection from a biodiversity perspective.

Policy & Principle

FOREST DESTRUCTION PREVENTION POLICY

SK Inc. and SK Forest shall secure the stability, adaptability, and diversity of forests to the greatest extent possible by establishing sustainable forest management practices and systems for all forests, and shall fulfill the principles of forest management, including productivity, economic feasibility, and preservation. We configured the fundamental policies of management to maintain and improve the public functions of forests, such as the preservation of national territory, landscape maintenance, cultivation of water sources, recreation, etc. We shall contribute to the reduction of carbon emissions, to forest preservation, and the solution of the climate crisis through continuous afforestation, along with efforts for the protection of existing forests.

Promise to prevent forest destruction

1. We shall take full responsibility for forests and forest products from environmental, economical, and social perspectives, and shall perform sustainable forest management and chain reaction of distribution and processing in accordance with the requirements of forest authentication (standard and index) and shall handle lumber and non-lumber forest products produced from authenticated forests. For this purpose, the forest management authentication standard (KFCC-S-01) shall be acquired for all workplaces and the requirements related to the authentication system shall be observed.
2. Management activities corresponding with the purpose of the Korea Forest Management Certification (KFMC) shall be conducted in all workplaces, and we shall contribute to the development of domestic forest certification, conforming to the demands of the international society on forest certification. Especially, we shall actively cooperate with policies related to the forest products of the country and fulfill the social responsibility of the company by satisfying consumer demands regarding forest certification products, in order to contribute to the improvement of the industrial competitiveness of the country.
3. A rigorous system shall be established and maintained based on the forest management certification manual, and we shall continually improve the system by means of conducting monitoring and achievement assessments on a regular basis. Also, all members of the organization shall acquire a sufficient understanding of the management policies of the company and ability to perform the related work, and we shall guarantee the realization of management policies through the continuous cultivation of work capabilities. Also, we shall promote activities such as educational programs, etc. for the prevention of forest destruction, inclusive of all personnel including personnel hired by business partners and forest workers related to forest management.
4. We were the first company in South Korea to be registered as an A/R CDM business with the UN, by establishing the forest at Gosung-gun, Gangwon-do as a resource for absorbing carbon. We shall register the forest carbon off-set project to be recognized for forest carbon absorption through the forest management of trees (extension of the final age, renewal of species of trees) in forestation areas, to respond to the challenges of climate change.

Monitoring policy compliance

1. SK Inc. requires forest managers to implement relevant forest projects and other activities and to maintain and store relevant records. If it is judged that there have been any negative impacts on important matters or the ecosystem (environment), etc., the forest manager shall suspend the forest project and other activities and shall notify the matter to the overall manager and related persons in charge.
2. All forest projects and other activities which are to be implemented within all management planning districts and included with the scope of forest certification shall be applied to all areas (machinery, equipment, chemical substances, business partners related to work management, etc.) that may affect the ecosystem (environment) as well as economical (lumber and non-lumber products, etc.), environmental (land, water resource, animal / plant, etc.), social (local community, etc.) matters.
3. Scheduled assessments and non-scheduled assessments shall be performed for the prevention of forest destruction (policy compliance, etc.) and to assess impacts on the ecosystem (environment), and we shall confirm the results of ecosystem (environment) impact assessments, as follows.

The forest manager shall identify and eliminate negative impacts on the ecosystem (environment), including minor risks, prior to their occurrence.

The forest manager shall monitor the ecosystem (environment) continuously after forest projects and other activities and shall conduct management to prevent negative impacts.

When a negative change is identified after forest projects and other activities, the forest manager shall record the matter and minimize the change through communication with the overall manager and related persons in charge.


When a forest project, etc. is entrusted to an external party, we shall make sure that every measure for the safety of workers and the environmental protection of forests shall be adopted through the contract with the entrusted company. Especially, the safety equipment to be provided for the safety of workers shall be specified, sufficient safety education shall be implemented prior to the commencement of work, and the records related to all measures shall be maintained. Also, the person in charge shall guarantee that safety and environmental protection management principles are properly implemented through continual monitoring.

Global Initiatives




SK Inc. is actively reviewing initiatives and partnerships to cooperate with local communities, NGOs, and governments to contribute to the spread of ESG (reducing environmental/social impacts). Through our GRI/SASB disclosures and UNGC membership, we have been fulfilling and supporting our corporate social responsibility.


In December 2020, we were the first in South Korea to join RE100 and are promoting disclosures in line with SASB. In 2021, we have been implementing our Net Zero 2040 Declaration and making disclosures in accordance with the TCFD recommendations. Further, in 2022, we engaged with SBTi and became a member of the Corporate Renewable Energy Foundation and the domestic TCFD alliance. These efforts are indicative of our steadfast commitment to lead the way in resolving environmental issues.




The U.N. Global Compact (UNGC) is the world's largest voluntary initiative of corporate citizens adopting 10 key principles in the areas of human rights, labor, environment, and anti-corruption. SK Inc. strives to follow the 10 UNGC Principles, while pursuing social responsibility by participating in the relevant initiatives. It will discharge its duties as a corporate citizen to realize a sustainable world by upholding the UNGC 10 Principles and regularly disclosing its performance in this respect.



RE100 is an initiative to replace 100% of the electrical power consumed by business with renewable energy. SK Inc. became a member in December 2020, the first in South Korea to do so, and has set its RE100 targets for 2040.



Reflecting the UN's call to implement Net Zero at a national level, as well as demands from financial society to respond to climate change, SK Inc. intends to strengthen its leadership in ESG management through the nation's first group-level Net Zero Declaration (Expansion Management Meeting in 2021).



Through the Science Based Targets Initiative (SBTi), SK Inc. plans to submit its 2022 SBTi Commitment Letter and submit/verify its target for 2024. By applying SBTi guidelines for ICT companies, we will comprehensively analyze trends in our GHG emissions, as well as the domestic renewable energy market and economic feasibility. We will also assess our resilience and establish/implement GHG reduction measures in accordance with the 1.5°C climate change scenario.

UNGC-related Activities

Category	Principle	Key Activities	Pages
Human rights	01. SK Inc. upholds and protects international human rights. 02. SK Inc. constituents do not infringe on human rights.	• Acquisition of human rights management system certification • Establishment of a human rights management system and commitment • Compliance with labor principles and legislation • Strengthened human rights violation response/relief processes in line with the establishment of the Human Rights Management Committee and Relief Committee	99-102
Labor	03. SK Inc. upholds the freedom of association and the right to collective bargaining. 04. SK Inc. eliminates all forms of forced labor 05. SK Inc. effectively deters and prohibits child labor. 06. SK Inc. prohibits any discriminatory practice in employment and the workplace.	• Compliance with the Labor Standards Act • Operation of the Management Council • Operation of a fair performance management system • Development of individual career paths for each employee to manage their experience and implementation of performance reviews	94-98
Environment	07. SK Inc. takes the preventive approach to the environmental issues. 08. SK Inc. leads the way in taking more responsibility for the environment. 09. SK Inc. supports the development and supply of eco-friendly technologies.	• Promotion of RE100, Net Zero 2040 • Response to circular economy and expanding eco-friendly businesses • Expanding eco-friendly investments and technology development • Enhancing the Green business portfolio	14-16 35-38 64-68
Anti-corruption	10. SK Inc. strives to prohibit and deter all forms of corruption, including illicit gains and bribery.	• Establishment of ethical management/anti-corruption policies • Operation of a dedicated body for ethical management and formation of a whistleblowing/consultation system • Operation of an ethical management self-purification system • Education on ethical management/anti-corruption	132-136

Engagement Expenses in Initiatives

Initiative	Cost of Engagement	Notes
UNGC	\$7,500	General membership fee
RE100	\$5,000	General membership annual fee (maintain membership)
RE100 and Net Zero	₩2,427,000,000	2021 green pricing, solar panel facility expansion, etc.
CDP	\$1,055	Cost of responding to assessments, including disclosure of carbon reduction information
Corporate Renewable Energy Foundation	₩10,000,000	Annual membership fee (signed up in July 2022)

Industry-specific Indicators

SK Inc. defines industry-specific environmental, social, and governance indicators that reflect the changes and needs of key external stakeholders. Through the analysis and transparent disclosure of policies/regulations, ESG evaluations/initiatives, and investor needs, we will mitigate industry risks and secure the trust of our stakeholders.

Category	Key Indicator	Detailed Criteria	Pages
Eco-friendly opportunities	Clean technologies	• Possession of strategies for clean technology development	64
		• Possession of target to expand investment in clean technology	64, 66
		• R&D expenditure on clean technology (R&D expenditure ÷ revenue and trend)	66, 167
		• Relevant R&D activities in areas where clean technology is applied	64–66
		• Number of patents relating to clean technology	65–66, 144
		• Revenue from clean technology activities (Biz)	36, 38, 163
		• Outcomes of clean technology activities (Biz.) – For each clean technology: R&D standard, non-core business standard, core business standard, Pure Play standard	64–65
		• Discussion of environmental factors (energy, water, etc.) that require management by the data center to establish and implement environmental strategies → Including discussions on plans for expansion of existing criteria managed by the data center, establishment of a new data center, and outsourcing (when using data from other companies)	68, 70, 83
Product stewardship	Product/service safety	• (1) Performance issues and (2) service downtime frequency; (3) service downtime for all customers	167
		• Detailed explanations of risk factors from an operational perspective (technology issues, hacking, natural disasters, programming issues, etc.)	107–110
Human capital development	Labor practices	• Provision of employee stock options	133
		• Variable performance-based compensation	98
	Status of employees	• Ratio of (1) employees with foreign nationalities and (2) employees residing overseas	158, 165
	Development of employee capabilities	• Employee participation rate (%)	166
Product stewardship	Personal information protection and corporate data security	• Number of times that customers' personal information was used for indirect purposes	167
		• Total damages, in monetary terms, arising from the outcome of legal proceedings on the protection of customers' personal information	167
		• (1) Number of requests for customer information by law enforcement agencies, (2) number of customers that requested information, (3) ratio of disclosure outcomes	167
		• List of countries for which core products or services require direct government management (monitoring, blocking, contents filtering, censoring, etc.)	167
		• (1) Number of data breaches, (2) ratio of personally identifiable information (PII), (3) number of affected customers	167
Corporate behavior	Anti-corruption management	• Total damages, in monetary terms, arising from the outcome of legal proceedings concerning regulations on anti-competitive behavior	166

TCFD Index

SK Inc. reviews and reports on TCFD disclosures and key agenda to the ESG Committee under the Board of Directors and plans to analyze and reflect additional TCFD requirements every year. In accordance with the TCFD recommendations, we plan to disclose our climate change response strategies, implementation outcomes, and targets, and continue to communicate with our shareholders and other stakeholders.

TCFD Recommendations	CDP	Pages
Governance: SK Inc. discloses the governance structure of its corporate organization in identifying and controlling climate change-related risks and opportunities.		72
b) It stipulates the roles of the management team that controls climate change risks and opportunities.	C1.2, C1.2a	72
Strategy: SK Inc. discloses the actual and potential impact of climate change risks and opportunities on the company's business affairs, its strategic direction and financial/ investment plans.		
a) It describes the climate change risks and opportunities in the short, mid and long-run outlook.	C2.1, C2.3, C2.3a, C2.4, C2.4a	73-81
b) It describes the impact of climate change risks and opportunities on the company's business affairs, strategies, and investment/ financial plans.	C2.3a, C2.4a, C2.5, C2.6, C3.1, C3.1c, C3.1d	73, 81
c) It describes the strategies considering scenarios related to diverse climate change impacts, including global temperatures of 2°C or lower.	C3.1a	81
Risk management: SK Inc. discloses the methods for identifying, assessing, and managing its climate change risks and opportunities.		
a) It describes the processes for identifying and assessing climate change risks.	C2.2b, C2.2c	74, 82
b) It describes the processes for managing climate change risks.	C2.2d	82
c) It describes how the processes for identifying, assessing and managing climate change risks are integrated into the company's overall risk management system.	C2.2	82
Indicators and goals: SK Inc. discloses the indicators and reduction goals used for assessing and managing climate change risks and opportunities.		
a) It discloses the indicators for assessing the climate change risks and opportunities.	C4.2 , C9.1	83
b) Scope 1, Scope 2, and Scope 3 greenhouse gas emission volumes are disclosed.	C6.1 , C6.3, C6.5	83
c) Goals are set up for managing climate change risks, opportunities, and outcomes.	C4.1 , C4.1a, C4.1b, C4.2	83

SASB Index

Through this report, SK Inc. has disclosed indicators from the Software & IT Services industry (Technology & Communications) of the SASB Standards. The ESG Committee, under the Board of Directors, reviews and reports on SASB disclosures and key issues, and the company manages and transparently discloses information relating to the environment, information protection, and service interruption management, in accordance with the SASB recommendations. We plan to analyze and reflect additional SASB requirements every year and continue our communication with our stakeholders.

Topic	Code	Criteria	Page	Notes
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumed	155, 162	As the company uses general commercial power, no grid power is consumed
		(2) Percentage grid electricity (the value obtained by dividing the Grid power consumption by total energy consumption)	-	
		(3) Percentage renewable (the value obtained by dividing the renewable energy ¹⁾ consumption by total energy	155, 162	
	TC-SI-130a.2 ²⁾	(1) Total water withdrawn	156, 163	
		(2) Total water consumed	156, 163	
	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	70	
Personal Data & Freedom of Expression	TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	104	
	TC-SI-220a.2	Number of users whose information is used for secondary purposes	167	
	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	167	
	TC-SI-220a.4	(1) Number of law enforcement requests for user information	167	
		(2) Number of users whose information was requested	167	
		(3) Percentage resulting in disclosure	167	
	TC-SI-220a.5	List of countries where core products or services are subject to government- required monitoring, blocking, content filtering, or censoring	-	As the company's core products and services are IT solutions, it does not receive specific blocking or censorship requests from the government or law enforcement agencies

¹⁾ Solar energy
²⁾ Based on "High or Extremely High" as defined in World Resources Institute's (WRI) Water Risk Atlas tool.
* Unreported information is omitted because it contains business information in sensitive areas. (TC-SI-000A-C)

Topic	Code	Criteria	Page	Notes
Data Security	TC-SI-230a.1	(1) Number of data breaches	167	
		(2) Percentage involving personally identifiable information (PII)	167	
		(3) Number of users affected	167	
	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	104-105	
Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.1	(1) Percentage of employees that are foreign nationals	158, 164	
		(2) Percentage of employees that are located offshore	164	
	TC-SI-330a.2	Employee engagement as a percentage	168	
	TC-SI-330a.3	(1) Management	158, 164-166	
		(2) Technical staff	158, 164-166	
Intellectual Property Protection & Competitive Behavior		(3) All other employees	158, 164-166	
	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	166	
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.1	(1) Number of performance issues	167	
		(2) Number of service disruptions	167	
		(3) Number of total customer downtime	167	
	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	107-109	

GRI Standards Index

Universal Standards (GRI 100)

Topic	No.	Items	Pages	Notes
Organizational Profile	102-1	Items	1	
	102-2	Organization	33-44, 143-150	
	102-3	Activities, Representative Brands, Products and Services	192	
	102-4	Location of Head Office	70	
	102-5	Business Region	128-131	Refer to p.7, 14 of the business report
	102-6	Characteristics of Ownership Structure and Legal Form	33-44	
	102-7	Market Scope	153	
	102-8	Size of Organization	158, 164	
	102-9	Information of Employees and Workers	116	
	102-10	Organization's Supply Chain	6-10, 26-28, 116	
	102-11	Critical Changes in Organization and Supply Chain	140-142	
	102-12	Preventive Principles and Approach	180	
	101-13	External Initiative	189	
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Compliance with societal and economic regulations	419-1	Violation of Social and Economic Laws and Regulations	166	

3rd Party Assurance Statement

Dear Stakeholders of SK Inc.,

Korean Foundation for Quality (further 'KFQ') has been requested by SK Inc. to conduct an independent assurance on the 2022 Sustainability Report for SK Inc. (further 'the Report'). KFQ has responsibility to provide an independent assurance statement in accordance with the standards and scope of assurance as specified below. SK Inc. has sole responsibility for the preparation of the Report.

Standards and Scope of Assurance

- Standards: AA1000AS(v3) and AA1000AP (2018)
- Type: Type 2, covers the assessment of adherence to the Accountability principles of inclusivity, materiality, responsiveness, impact; and reliability and quality of disclosed information on sustainability performance.
- Level: Moderate, limited evidence has been obtained to support our assurance statement
- Scope:
 - GRI Standards (2020) Core option
 - Reporting Principles
 - Universal Standards
 - Topic Specific Standards

Topic	GRI Disclosure	Topic	GRI Disclosure
Management Approach	103-1, 103-2, 103-3	Environmental Compliance	307-1
Economic Performance	201-3	Employment	401-1
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Anti-Corruption	205-1, 205-2, 205-3	Diversity and Equal Opportunity	405-1, 405-2
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Energy	302-1, 302-3	Human Rights Assessment	412-1, 412-2
Water and Effluents	303-3	Supplier Social Assessment	414-2
Emissions	305-1, 305-2, 305-3, 305-4	Customer Privacy	418-1
Waste	306-3	Socioeconomic Compliance	419-1

Methodology

In order to assess the reliability of disclosures about the sustainability performance in the Report by applying the standards, we reviewed sustainability-related processes, systems, internal control procedures, and available data. The documentation reviewed during the assurance engagement includes:

- Non-financial information e.g., data provided to us by SK Inc., disclosed Business Reports, the previous Sustainability Report, and information obtained from media and/or the internet; and
- Financial information i.e., Financial statements reported on the DART (Data Analysis, Retrieval and Transfer System, <http://dart.fss.or.kr>), the Electronic Disclosure System managed by Financial Supervisory Service.
- International Framework e.g., Recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), SASB (Sustainability Accounting Standards Board) Technology&Communication Sector Software&IT Services Standard (2018 ver.)

The assessment was performed by document review and onsite inspection. We interviewed employees who are responsible to prepare the Report, where we evaluated the validity of the materiality assessment processes, a stakeholder-centric approach to select material issues, data collection and management procedures, report preparation procedures, and validation of claims stated in the report. It was confirmed that errors, inappropriate information, and ambiguous expressions identified during the assessment were properly corrected prior to the Report being published.

Competency and independence

The assurance team was organized in accordance with KFQ's internal regulations. KFQ has no conflict of interest which could threaten the independence and impartiality of verification, other than providing third-party audit services to the SK Inc. business.

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. In accordance with the terms of the contract, we assessed the information and evidence provided by the company. We did not perform any further assessment procedures on raw data.

3rd Party Assurance Statement

Findings and Conclusions

As a result of the assessment, we confirm that the content of the Report fulfills the requirements of the 'Core option' of GRI Standards and secured reasonable basis to assurance level of Type 2 in accordance with AA1000AS(V3). Within the scope of the assurance activities above, we could not find further significant error or inappropriate information from the final Report against the following principles:

- **Inclusivity**

SK Inc. is gathering opinions from various stakeholders including customer, employees, shareholders and investors, business partners, and local communities through communication channels such as customer center, haenggarae, shareholders and business partners meeting. Nothing came to our attention to suggest that the main stakeholders are not stated in the Report.

- **Materiality**

SK Inc. identifies important issues by conducting a materiality assessment in terms of financial, environmental, and social impact, followed by prioritization. It is confirmed that the Report properly describes the identified issues resulting from the materiality assessment without any omission.

- **Responsiveness**

SK Inc. consistently engages with stakeholders to respond to their feedback and main interests. Nothing came to our attention to suggest that its responses and performance are inappropriately described in the Report.

- **Impact**

We found during our assessment that SK Inc. is identifying and monitoring impacts relating to stakeholders and reporting them to the extent possible. Nothing came to our attention to suggest that it does not properly assess and report impacts relating to material issues.

- **Reliability and quality of disclosed information on sustainability performance**

We assessed the reliability of specified environmental and social performance data related to sustainability. We conducted an interview with managers responsible for the Report preparation, where we reviewed internal data on a sample basis and publicly available documentation, and confirmed the reliability of the processes for collating qualitative and quantitative sustainability data described in the Report. Nothing came to our attention to suggest that intentional misstatements and/or material non-conformities in data are presented during the assessment.

Recommendation for improvement

KFQ recommends following developmental approaches in order to systematize sustainability management in the future and to disclose the results of the report effectively.

- The sustainability report for SK Inc. elucidates the non-financial performance of consolidated companies. We look forward to the consistent quantitative data will be transparently covered in the upcoming report.
- In the future, we hope that SK Inc. discloses its ESG targets and performances transparent. The action can allow stakeholders to confirm the company's well-developed ESG management strategy and achievements that meet their expectations.



July, 2022
Seoul, Korea
Ji Young Song, CEO
Korean Foundation for Quality (KFQ)

Ji Young Song

Greenhouse Gas Verification Report

SK Inc.

Verification Scope

Korean Standards Association has conducted verification for GHG emissions under reasonable level of assurance, based on GHG report provided by SK Inc. which includes Scope 1 and Scope 2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Korean ETS guidelines provided by Ministry of Environment, Republic of Korea
- KS I ISO 14064-1,2,3 : 2019
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories

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 GHG emission and energy consumption data are adequately quantified.

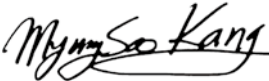
• GHG Emissions and Energy consumption

Year	Scope 1	Scope 2	Total
2021	1,433 tCO ₂ eq	84,677 tCO ₂ eq	86,103 tCO ₂ eq
	24 TJ	1,774 TJ	1,791 TJ

※ Decimal place is not considered when calculating the emission of each workplace.

July 26, 2022

KOREAN STANDARDS ASSOCIATION



Verification Statement of 2021 Scope 3 Greenhouse Gas Emissions

Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged by SK Inc. to conduct independent verification of its 2021 Scope 3 Greenhouse Gas (GHG) Emissions reported against the criteria below to limited level of assurance using ISO 14064-Part 3 for greenhouse gas assertions.

Verification Scope

The verification of Scope is evaluating the accuracy and reliability of data and information for only the selected categories listed below:

- Purchased goods & services, Capital goods, Fuel-and energy-related activities, Upstream transportation & distribution, Waste generated in operations, Business travel, Employee commuting, Upstream leased assets, Use of sold products, End of life treatment of sold products, Investments

Verification Criteria

This verification was conducted in accordance with the following criteria of Scope 3 GHG Emission verification:

- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3)
- ISO 14064-3: Greenhouse gases- Part 3: Specification with Guidance for the Verification and Validation of Greenhouse Gas Statements

Limitation of verification

The verification has conducted under limited level of assurance, the accuracy and completeness of Scope 3 GHG Emission calculation contains inherent limitations that can arise depending on the characteristics, calculations, and estimation of the data by the SK Inc. In order to confirm the data and information provided by the SK Inc. sampled data for each of the above Scope 3 categories in the course of the verification. This verification is not for the purpose of verifying the validity of the calculation criteria set by SK Inc. Depending on our own calculation standards, significant differences may occur in the Scope 3 GHG Emission calculation results, which may affect comparability.

Also, this verification opinion does not include responsibility for accuracy on the original data provided by SK Inc.

Verification approach

The verification are carried out in accordance with our verification procedure. This procedure included desk-review of the Scope 3 GHG Emissions. This is followed by on-site visit to carry out interviewing relevant employees whom involved calculation of Scope 3 GHG Emissions in order to confirm data & information system and process.

Furthermore, we examined evidences to assess the data and information referred in the Scope 3 GHG Emission calculation.

Verification opinion

Based on the procedures conducted as described above, there is no evidence that the Scope 3 GHG Emissions statement shown below:

- 1) is not materially correct and not a fair representation of the GHG emissions data and information: and
- 2) has not been prepared in accordance with the WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3)

It is our opinion that SK Inc. has established appropriate systems for the collection, aggregation, and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

• SK Inc. 2021 Scope 3 GHG Emissions

Scope 3 Category	tCO ₂ -eq	Scope 3 Category	tCO ₂ -eq
1. Purchased goods and services	7,480	7. Employee commuting	3,324
2. Capital goods	2,588	8. Upstream leased assets	0
3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	84	11. Use of sold products	56,442
4. Upstream transportation & distribution	12	12. End of life treatment of sold products	265
5. Waste generated in operations	30	15. Investments	13,319,921
6. Business travel	896		
Total			13,391,043

July 26th, 2022



CEO Ji-Young Song
Korean Foundation for Quality

Awards and Memberships

Awards

No.	Name of Award	Awarding Body	Year
1	Included in DJSI (Dow Jones Sustainability Indices) World for 10 consecutive years	S&P Global Dow Jones Indices	2021
2	Rated A+ in the integrated ESG (Environment, Social, Governance) score	Korea Corporate Governance Service (KCGS)	
3	Korean Readers' Choice Award (KRCA)	Korea Standards Association (KSA)	
4	CDP (Carbon Disclosure Project) Carbon Management Honors	CDP Korea	
5	Joongang ESG Management Grand Prize [Integrated ESG sector]	Joongang Daily	2020
6	Included in DJSI (Dow Jones Sustainability Indices) World for 9 consecutive years and selected as the Industry Leader [Ranked No. 1 in the Industrial Conglomerates sector]	S&P Dow Jones Indices	
7	Rated A+ in the integrated ESG (Environment, Social, Governance) score	Korea Corporate Governance Service (KCGS)	
8	Korean Readers' Choice Award (KRCA)	Korea Standards Association (KSA)	
9	Government citation on distinguished sustainable management (Presidential)	Ministry of Trade, Industry and Energy, Ministry of SMEs and Startups	2019
10	Included in DJSI (Dow Jones Sustainability Indices) World for 8 consecutive years	S&P Dow Jones Indices/ RobecoSAM	
11	Rated A+ in the integrated ESG (Environment, Social, Governance) score	Korea Corporate Governance Service (KCGS)	
12	Korean Readers' Choice Award (KRCA)	Korea Standards Association (KSA)	
13	Minister of Commerce, Industry and Energy Award at the 2019 Most Loved Korean Companies Awards	Ministry of Trade, Industry and Energy, Ministry of SMEs and Startups	

Memberships

Name of Organization		
Seoul Bar Association	Korea Information Technology Service Industry Association (ITSA)	MEC Forum
Korean Bar Association	Seoul Economist Club	MyData Korea Hub
Korea In-house Counsel Association	Korea Association of Cloud Industry	Federation of Middle Market Enterprises of Korea
American Bar Association	Korea Enterprises Federation	Korea Mechanical Construction Contractors Association (KMCCA)
Korea Patent Attorneys Association	The Korean Institute of Certified Public Accountants	KDCC (Korea Data Center Council)
Korea Information and Communication Contractors Association	Korean Nurses Association	Seongnam Chamber of Commerce & Industry
Engineering Guarantee Insurance	Korea Electric Engineers Association	Korea Software Quality Consultative Group (body within the Korea Software Industry Association (KOSA))
Fire Guarantee	Korea Fire Facility Association	Korea Defense Software Association
Korea Fire Safety Association	Fair Competition Federation	Korea Software Industry Association (KOSA)
Korea Engineering & Consulting Association	Korea Industrial Technology Association	Federation of Korea Information Industries (FKII)
Korea Electrical Contractors Association	Consortium of Cloud Computing Research	
Korea Association for ICT Promotion (KAIT)	Korea Defense Industry Association	

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