SK's Journey with Challenge, Passion and Integrity

SK Inc. Sustainability Report 2024

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ESG LETTER

SK Group is actively involved in various businesses that address global ESG challenges, including green energy, AI/digital innovation, and biotechnology. As an enterprise committed to fostering a sustainable cycle of growth and coexistence, we are dedicated to shaping a brighter future.

Chey, Tae-won
SK Group Chairman & CEO

Amid global economic recessions and energy crises, SK Group has prioritized sustainable management, aiming to create economic value while fulfilling our social and environmental responsibilities. However, global challenges such as climate change, low birth rates, aging populations, and regional decline threaten the sustainability of societies worldwide.

A corporation exists within the fabric of society; if the society cannot sustain itself, neither can corporations.Therefore, corporations must expand their objectives from profit generation to enhancing societal value, addressing societal challenges with their technological and operational strengths.

In this era of carbon neutrality, it is essential for companies to leverage their innovative capabilities to develop carbon reduction solutions actively, transforming from carbon emitters to solution providers.

SK Group is actively involved in businesses that address global ESG challenges, including green energy, AI/digital innovation, and biotechnology. We aim to combine the strengths of these businesses to provide the "Total Solution" our stakeholders need. By investing in future growth sectors such as eco-friendly energy, hydrogen, biotechnology, and next-generation batteries, and practicing socially responsible management, we strive to create a sustainable cycle of growth and coexistence to build a better future.

We share a passionate commitment to a sustainable future. Grounded in innovation and responsible governance, we will continue our efforts to create social value and protect the environment. We promise to lead transformative change for a better world through collaboration with our customers, communities, and stakeholders.

Thank you.

ESG LETTER

Recognizing sustainability as a growth driver, we aim to achieve sustainable growth and enhance corporate value through top-tier global ESG management.

Jang, Yong-ho
SK Inc. President & CEO

Dear Valued Stakeholders,

In the midst of a global economic slowdown driven by prolonged high interest rates and inflation, compounding crises such as geopolitical risks have intensified, creating a challenging business environment with greater macroeconomic uncertainty than ever before.

Additionally, countries worldwide are introducing various policies and regulations to address environmental and social issues, such as climate change, supply chain management, and human rights, necessitating active response from companies. With the paradigm of ESG disclosure driven by global ESG disclosure mandates and the EU Supply Chain Due Diligence Directive, strengthened corporate responsibility and preparation of an information management system are essential.

Last year, SK Inc. proactively advanced its ESG management by establishing a top-tier global ESG management system that integrates the ESG performance of invested companies. Also, SK Inc. implemented an active shareholder return policy by purchasing and retiring treasury shares equivalent to 1% of market capitalization to increase shareholder value. As a result of these efforts, SK Inc. has achieved the highest 'AAA' rating from Morgan Stanley Capital International (MSCI), a global ESG rating agency, for two consecutive years and has been included in the Dow Jones Sustainability Index (DJSI) World Index for 12 consecutive years.

This year's SK Inc. Sustainability Report aligns with the trend of ESG disclosure, selecting key topics based on global ESG disclosure standards. The report provides reliable information on governance, strategy, risks, opportunities, and goals through web reporting to enhance stakeholders' information accessibility and convenience.

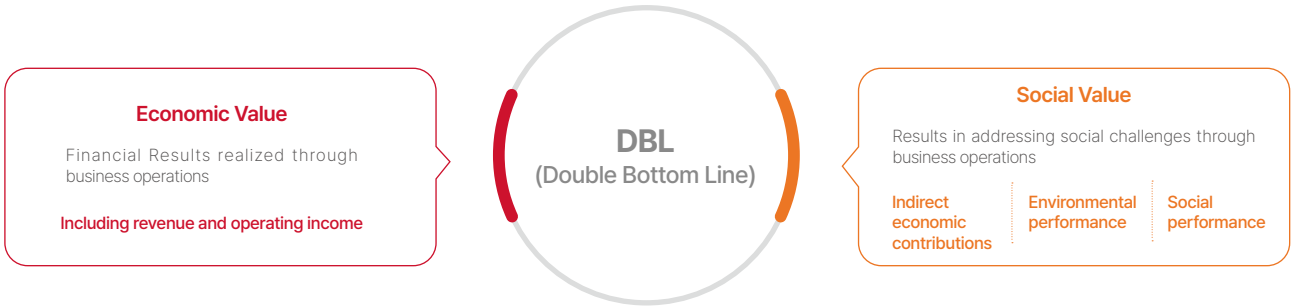
Going forward, SK Inc. promises to do its best to achieve sustainable growth and enhance corporate value. We ask for the continued support and interest of our stakeholders.

Thank you.

SK Double Bottom Line

SK DBL Management Philosophy

SK Inc. practices Double Bottom Line (DBL) management to pursue both economic and social values and grow alongside society. The social value pursued by SK refers to all the value created by the company for the happiness of its stakeholders, indicating the company's commitment to contributing to economic development through its innovative capabilities and realizing sustainable happiness for society based on a renewed entrepreneurial spirit. Through DBL management, SK has built a business model that fulfills its social responsibilities while achieving sustainable growth.



SK DBL Measurement

Social Value Measurement System

Since 2018, SK Group quantified the social value it creates and disclosed the social value it creates and enhanced stakeholder understanding and trust by sharing social value measurement methodology. SK Inc adheres to SK Group's social value measurement methodology and considers factors from its corporate business activities with positive or negative impact implications for its various stakeholders, including the environment, employees, suppliers, and the community.

Measurement Principles

Measure All Management Activities

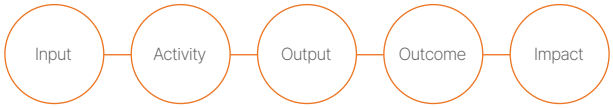
- Comprehensive measurement of all business activities including product development, production, sales, HR, and business partner collaboration
- Measurement of both positive (+) and negative (–) results

Outcome Measurement (Impact-oriented)

- Measurement of changes in beneficiaries' lives as outcome of corporate activities
- Evaluation of value addition from impact on society

Principle of conservatism

Application of objective and conservative standards and data to enhance validity and reliability



Measurement System

To enhance stakeholder understanding, the social value measurement system is structured and linked to the ESG domains to categorize and measure results as Economic Indirect Contributions, Environmental Outcomes, and Social Outcomes.

Economic Indirect Contributions	Environmental Performance			Social Performance				Governance
Employment	Products and Services	Resource Consumption	Environmental Pollution	Products and Services	Quality of Life		Consumer Protection	※ Governance indicators are disclosed as unquantified outcomes.
Dividends	Processes			Processes	Labor		Mutual Growth	
Taxes				Social Contribution	Social Contribution Activities	Donations	Volunteering Activities	

Economic Indirect Contributions

- Employment: Amounts paid in salaries and related benefits
- Dividends: Amounts paid as dividends
- Taxes: Amounts paid in national and local taxes

Environmental Performance

- Products and Services: Positive environmental impacts generated through the production and supply of eco-friendly products and services
- Processes: Negative environmental impacts from production processes (water usage, emissions of pollutants)

Social Performance

- Products and Services: Value created through the production and supply of products and services that enhance quality of life and increase public benefit
- Labor/Mutual growth: Value contributed by improving the working environment for employees and fostering growth with supplier companies
- Social Contribution: Value created through community service and mutual growth activities targeting local communities.

SK Double Bottom Line

SK DBL Management Philosophy

SK Inc. - Social Value Measurement

2023 Social Value Measurement Results

(Unit: KRW, Billion)

* The reporting scope of the 2023 Social Value Measurement results includes SK Inc. and six major subsidiaries.

Economic Indirect Contributions

Employment	Dividends	Taxes	Total
6,613	3,499	447	10,559

- Employment
  - Increase in the number of employees and salary payments, up by 4% compared to the previous year
- Dividends
  - Payment amounts for common/preferred shares maintained at the previous year's level
- Taxes
  - Decrease in corporate taxes and other tax payments

(Unit: KRW, Billion)

Environmental Performance

Products and Services	Environmental (Processes)	Total
1,361	△153	1,208

- Products and Services
  - Continued expansion of social value creation based on IT services (such as Cloud services and anomaly detection services), up by 28% compared to the previous year
- Processes
  - Greenhouse gas emissions and other negative environmental impacts (negative outcomes) maintained at the previous year's level

(Unit: KRW, Billion)

Social Performance

Products and Services	Processes		Social Contribution	Total
	Labor	Mutual Growth		
242	293	35	124	694

- Products and Services
  - Maintaining public benefit and quality of life improvements at the previous year's level
- Processes (Labor/Mutual growth)
  - Decrease in employee training and support for collaborative growth, up by 15% compared to the previous year
- Social Contribution
  - Decrease in contributions to charitable donations, 23% compared to the previous year

SK Double Bottom Line

ESG Performance Management

Key ESG Indicators

Environment		
Indicators (12)	Mandatory Disclosure Items	
	Disclosure Management	Assessment Management
General Energy Consumption	· Total energy consumption · Consumption by direct energy sources · Consumption by indirect energy sources	· Energy consumption intensity
Renewable Energy Consumption	· Total electricity consumption · Total renewable energy consumption · Consumption by type of renewable energy source · Consumption by procurement method of renewable energy	· Renewable energy usage rate (%)
Greenhouse Gas Emissions	· Target greenhouse gas emissions · Greenhouse gas reduction performance · Greenhouse gas reduction target achievement rate (%)) · Total greenhouse gas emissions · Scope 1/2/3 emissions	· Related policies/goals/achievements · Greenhouse gas reduction target achievement rate (%) · Total greenhouse gas emissions intensity
Climate Change Response (TCFD Disclosure)		· Related policies/strategies/achievements
Environmental Pollution Prevention	· Status of environmental pollution control facilities and monitoring systems · Status of environmental technology and education support · Status of violations of domestic and international environmental laws	
Air Pollutant Emissions	· NOx emissions · SOx emissions · Dust emissions · VOC emissions	· NOx emissions intensity · SOx emissions intensity · Dust emissions intensity · VOC emissions intensity
Waste Generation	· Total waste generation · Waste generation by type	· Waste generation intensity
Waste Recycling	· Total waste recycling volume	· Waste recycling rate (%)
Water Consumption	· Total water intake · Water intake by source · Water intake in water-sensitive areas	· Water intake intensity
Water Recycling	· Total water consumption · Total water recycling volume	· Water recycling rate (%)
Water Pollutant Emissions	· COD emissions · BOD emissions · T-N emissions	· COD emission intensity · BOD emission intensity · T-N emission intensity
Clean Technology		· Related policies/goals/achievements

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Industry-Specific Environmental Indicators

SK Double Bottom Line

ESG Performance Management

Social		
Indicators (14)	Mandatory Disclosure Items	
	Disclosure Management	Assessment Management
Employee Demographics	• Total number of employees • Employee demographics - Gender, age, permanent/temporary status • Number of new hires • Number of employees with disabilities • Ratio of female executives • Number of female executives	• Ratio of employees with disabilities
Employee Safety	• Lost Time Injury Rate (LTIR) by employee type - Internal/partners' employees • Number of work-related injuries - Internal/partners' employees • Employee mortality rate • Number of employee deaths	• Related policies/goals/achievements • Lost Time Injury Rate (LTIR)
Employee Health	• Occupational Illness Frequency Rate (OIFR) • Number of cases of occupational diseases	• Related policies/goals/achievements
Employee Rights		• Related policies/goals/achievements
Employee Capability Development	• Hours of employee training (HRD: Human Resource Development)	• Related policies/goals/achievements
Work-Life Balance		• Related policies/goals/achievements
Product/Service SV		• SV generated from products/services
Product/Service Safety and Quality	• Number of violations of product/service safety regulations	• Related policies/goals/achievements
Corporate Data and Customer Information Protection	• Number of incidents of data and customer information leakage	• Related policies/goals/achievements
Support for Supplier Company Growth		• Related policies/goals/achievements
Supplier ESG Risk Management	• Number of supplier assessed for ESG risks • Ratio of supplier with completed ESG improvement plan	• Related policies/goals/achievements
Community Support	• The proportion of employees participating in volunteer activities	• Related policies/goals/achievements
Support for the SE Ecosystem		• Related policies/goals/achievements
Fair Evaluation and Compensation	• Policies related to employee evaluation and compensation • Status of performance evaluation and feedback processes	

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Industry-Specific Social Indicators

SK Double Bottom Line

ESG Performance Management

Governance		
Indicators (9)	Mandatory Disclosure Items	
	Disclosure Management	Assessment Management
Executive Performance Evaluation and Compensation	• Establishment and operational status of the Compensation Committee	• Policies/goals/achievements related to ESG-based executive performance evaluation and compensation systems
Stakeholder ESG Needs Identification		• Related policies/goals/achievements
ESG-Based Business Portfolio Strategy and Processes		• Policies/goals/achievements concerning new business/ investment based on ESG criteria
Board Composition and Operations	• Operational status of the Board • Board compensation policies • Board evaluation status • Establishment and operational status of the Independent Director Nomination Committee	• Policies/goals/achievements concerning the Board's diversity, expertise, and independence • Female director ratio • Policies/goals/achievements related to ESG discussions within the Board
Audit Committee Operations	Establishment and operational status of the Audit Committee	
Enhancing Shareholder Value	• Shareholder rights protection policy • Shareholder return policy	
Anti-Corruption Management	• Number of violations related to anti-corruption regulations	• Policies/goals/achievements for anti-corruption • Policies/goals/achievements related to anti-corruption education for employees
ESG Disclosure		• Disclosure rate of key indicators • ESG management of subsidiaries and sub-subsidiaries
Global Partnerships Participation		• Policies/goals/achievements related to participation in ESG-related global partnerships

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Industry-Specific Governance Indicators

SK Double Bottom Line

Data-Based ESG Performance Management

SK Group has selected essential items that all member companies must manage as core ESG indicators, and SK Inc. also manages its ESG performance continuously based on these indicators. For efficient management of core ESG indicators, SK Group utilizes an integrated ESG management system (SVMS, Social Value Management System), where performance data for each indicator is inputted quarterly.

SK Inc. periodically reviews the objective ESG level of each indicator and sets phased goals to reach global top-tier levels, conducting improvement activities for each ESG item accordingly.

COMPANY OVERVIEW

SK Inc. is structured into two main divisions: the "Investment Division," which focuses on continuous business portfolio innovation and nurturing future growth drivers, and the "Business Division," which operates comprehensive IT services businesses based on digital technology.

Investment Division

SK Inc. strives to create a sustainable future through investment portfolio innovation. As the holding company of SK Group, SK Inc. continuously supports the business competitiveness of its subsidiaries and evolves as the principal entity for investments in future key growth areas, aligning with the changing management environment. We aim to achieve sound management in the advanced materials, green, biotech, and digital sectors and ultimately create value for our customers, employees, and shareholders.

Advanced Materials	Green	Biotech	Digital
Semiconductor materials Battery materials EV supply chain management (EV SCM)	Energy Transition Industrial Transition Carbon Management	CDMO Pharmaceuticals	Mobility, EV charging platforms AI/Blockchain/Data Center Solution

SK Inc. is dedicated to maintaining stable financial operations and securing investment resources to enhance shareholder value, ensuring its continued growth as a leader in ESG management and investment expertise. We prioritize continuous growth of our investment portfolio, committing to enhancing the overall value of our portfolio in active dialogue with the market and in collaboration with our stakeholders.

Lee, Sung Hyung, SK Inc. CFO

Business Division

SK Inc. C&C leverages its experience across various industries, including finance, manufacturing, semiconductors, and telecommunications, together with R&D investments and partnerships with leading global companies, to enhance customer business value based on its digital capabilities.

Despite rapid and complex changes in the business environment driven by dramatic advancements in generative AI, aging populations/geopolitical issues, and stricter environmental regulations, C&C is committed to supporting the sustained growth of our customers. We aim to be the 1st digital transformation partner by offering digital consultancy, AI, cloud, and digital ESG technologies, supported by based on digital consultancy, AI/cloud/digital ESG technologies, supported by a cost-efficient global delivery system.

Customer-Oriented Business Execution System	Strengthening Competitiveness in New Growth Areas	Global Growth	Enhanced Delivery Efficiency
Strengthening Customer Industry Expertise Transformation to Account-centered Service Structure	Generative AI/Cloud/Digital ESG/Net Zero	Digital Factory/Cloud/ Localization and Customer Diversification of ESG business	Offshoring Expansion and Internalization of Global Work Standards

SK Inc. C&C is consolidating its position as the leading Digital ITS provider in Korea by addressing core societal agendas, including generative AI/ESG/Net Zero/Digital Factory. Based on these capabilities and experiences, C&C continues its sustainable global successes in markets such as the U.S., Europe, China, and Japan. Throughout this process, we will fulfill our social responsibilities by simultaneously enhancing the value for shareholders and customers, while also benefiting local communities, business partners, and employees.

Yoon Poong-young, SK Inc. C&C CEO

ESG Strategy

"SK Inc. is driving the enhancement of the group's total corporate value through a sustainable portfolio."

Strategic Direction

Future Growth Business Investment

We are establishing an investment management system based on sustainable growth by integrating financial performance indicators and sustainability measurement indicators into the investment process.

Strategic Tasks

- Improvement of ESG risk&opportunity measurement methodologies
- Revision and implementation management of portfolio ESG management principles
- Review of portfolio investment performance and shareholder communication

Portfolio Value Enhancement

We aim to maximize the overall value of SK Inc. by enhancing the sustainable management capabilities of portfolio companies, thereby boosting value of individual companies.

Strategic Tasks

- Periodic review and establishment of new ESG policies
- Setting and supporting the implementation of portfolio advancement goals
- Setting and monitoring KPIs for each advancement goal

Stakeholder Value Enhancement

As a holding company, we are building a transparent and efficient management system to secure stakeholders' trust and are continuously striving to enhance shareholder value in response to changes in the management environment.

Strategic Tasks

- ESG disclosures on a consolidated basis and integrated ESG data management
- Maintenance of a global top-tier ESG rating
- Transparent governance and enhancement of shareholder value

Portfolio Advancement Goals

Environment

- Addressing climate change and expanding eco-friendly businesses

Social

- Talent development and diversity enhancement

Governance

- Transparent governance and ethical management

Stakeholder Engagement

Key Stakeholder Communication

SK Inc. aims to understand and address stakeholders' awareness and interest in ESG issues and reflect these in its management activities. SK Inc. recognizes employees, shareholders and investors, suppliers, customers, and the community as its five key stakeholder groups and considers their concerns regarding SK Inc.'s ESG management. We regularly identify the needs of key stakeholders, develop response strategies, and report related information to the executive management and the Board of Directors. Feedback from executive management and the board is integrated into management activities, ensuring continuous communication with stakeholders.

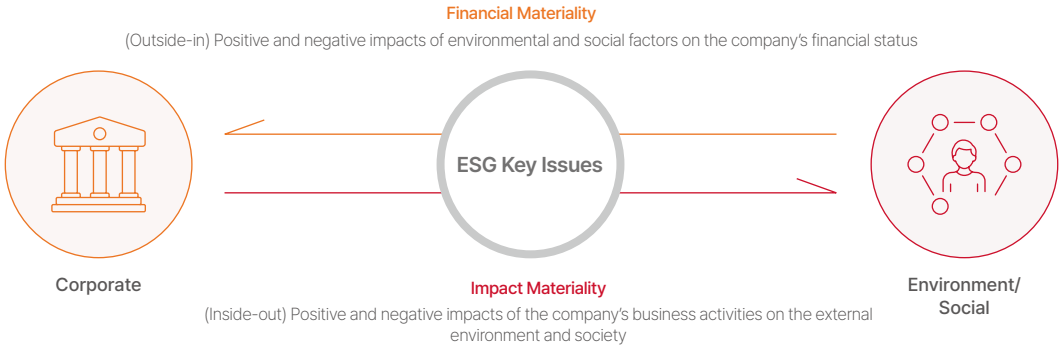
Key Stakeholder Communication Channels

Stakeholders	Communication Channels	SK Inc. Response Strategy
Employees	Evaluation/Coaching Programs	・Specific and diversified topics and methods ・Expand data-based feedback and input from employees
	Communication with Management	・Collect and discuss employee happiness feedback ・Establishment of an integrated online/offline platform
	Employee Participation/Networking	・Conduct self-design sessions ・Resume offline programs ・Facilitate internal communication within teams ・Promote employee-led activities
	Happiness Programs	・Diagnose activities ・Provide individual happiness assessments/solutions ・Build happiness data and references ・Conduct organizational happiness workshops
	Hangarae	・Secure ESG/stakeholder account content ・Improve and enhance bulletin board functions ・Host regular events
	H.App	・Strengthen communication channels ・Build a bidirectional communication environment ・Continuously improve employee-led initiatives
Shareholders and Investors	Analyst/Investor Meetings	・Supporting the publication of business reports ・Conduct site visits and IR events for key businesses
	Shareholder Meetings	・Diversify communication channels ・Develop events that meet shareholder expectations
	Disclosure/Performance Announcements	・Conduct in accordance with regulatory guidelines ・Expand sharing of detailed performance information
Suppliers	Mutual growth Day Biz. Partner CEO Seminars	・Provide ESG risk management and support programs for suppliers ・Expand mutual growth programs for suppliers ・Create substantial joint performance and strengthen competitiveness
Customers	Listening to VOC and Follow-up	・Regularize surveys/interviews ・Present discussion points
	Team Leader Consultative Body	・Hold regular meetings ・Provide regular insight reports ・Facilitate networking activities
	Customer Satisfaction Surveys	・Conduct regularly ・Expand target companies/scope of surveys
Local Communities	Local Public-Private Consultative Bodies	・Develop strategic CSR-linked programs based on community issues
	Local Governments/Schools/Institutions	・Continuously develop and operate environmental education programs linked to vulnerable groups

Double Materiality Assessment

Double Materiality Assessment Process

SK Inc. conducts an annual materiality assessment to identify key issues for sustainable management. The results inform strategic decision-making and risk management across the organization. In 2023, to deepen the analysis of mutual influences between the company's business activities and external stakeholders, the materiality assessment was performed based on the significance judgment principles of the GRI 2021 standards and the materiality assessment guidelines of the European Union's Corporate Sustainability Reporting Directive (CSRD). The double materiality assessment evaluates both the financial materiality of each ESG issue to the corporation's business and financial value, and the impact materiality of the corporation's business activities on the external environment and society. The assessment process has been verified by a third-party organization.



Step 1. Issue Identification and Analysis

ESG Issue Pool Construction

- Constructed a total of 18 issue pools through analysis of the previous year's issues, international standards/evaluations (ESRS, SASB, DJSI, MSCI, KCGS, GRI), media analysis, and benchmarking competitors.

Stakeholder Perspective Analysis

- Selection of top 5 issues by stakeholder and impact surveys
- Conducting interviews with ESG experts

Step 2. Double Materiality Assessment

A. Financial Materiality

- Identification of the financial impact (outside-in) of selected key issues on the company

B. Impact Materiality

- Identification of the impacts (inside-out) of the company's activities on the economy, environment, and society regarding major ESG issues

Step 3. Results Derivation and Reporting

Important Issue Derivation

- Priority-setting for issues based on a comprehensive evaluation of financial materiality and environmental/social materiality.
- Reporting four critical issues

Board Reporting and Approval

- Conducting reporting and approval processes for the four key issues identified through the materiality assessment at the board level
- Applying risk identification and management processes within the corporate risk management system

A. Financial Materiality Assessment

Financial Metrics Analysis
Analysis of 2022-2023 Capex/Opex for each issue

Strategic Direction
Mapping of issues to keywords from the CEO statements, shareholder meetings, and other IR materials

Internal Stakeholder Survey
Conducting surveys with internal stakeholders to assess financial impacts

Expert Evaluation
Surveys targeting ESG experts to assess financial impacts

B: Impact Materiality Assessment

Media Research
Assessment of media exposure frequency for each issue

Peer Benchmarking
Assessment of issue reporting status among peer companies

Internal Stakeholder Survey
Surveying internal stakeholders to assess environmental and social impacts

External Stakeholder Survey
Surveying external stakeholders to assess environmental and social impacts

Expert Evaluation
Surveying ESG experts to assess financial impacts

Double Materiality Assessment

Results of the Double Materiality Assessment

Key Reporting Topics

Areas	Issues	Financial Materiality	Impact Materiality	Stakeholder Impact					Reporting Location	GRI Index
				Employees	Customers	Shareholders and Investors	Suppliers	Local Communities		
E	**Climate Change Response**	●	●	◐	●	●	◐	●	17~29, 160~173	201-2, 302-1 302-3, 305-1~5
E	Expansion of renewable energy and power efficiency	◐	◐	◐	◐	●	◐	●	25, 29	302-1,3
E	Environmental impact management	○	○	○	○	○	○	◐	59~65	302, 303, 304 305, 306
E	Biodiversity conservation	○	○	○	○	○	○	◐	62~63, 66~67	304-1-3
E	Investments in eco-friendly businesses/technologies	◐	◐	◐	○	●	◐	●	55~58	-
S	**Talent Development and Diversity**	●	●	●	○	◐	○	◐	30~41	401-1~3, 403-1~10 404-1~3, 405-1~2
S	Improvements in human rights management	○	◐	◐	○	○	◐	○	68~72	-
S	Safety and health management	◐	◐	◐	○	○	○	○	73~78	403-1~10
S	Supply chain ESG management	◐	◐	○	◐	◐	●	◐	79~87	-
S	Responsible product/service management	◐	◐	○	◐	◐	○	◐	88~91	-
S	Information security and privacy	◐	◐	◐	◐	○	○	○	92~96	418-1
S	Community engagement	○	◐	○	○	○	○	●	104~108	203-1~2
G	**Portfolio ESG Management**	●	◐	◐	◐	●	◐	◐	51~54	-
G	Transparent board governance	○	◐	●	◐	●	○	○	110~114	2-9~21
G	**Ethics and Compliance**	◐	●	●	◐	●	◐	◐	42~50	2-25~27, 205-1~3, 206-1
G	Enhancement of shareholder value	◐	◐	●	◐	●	○	◐	114	-
G	Risk management	◐	◐	◐	◐	◐	◐	◐	115~118	2-26
G	Response to mandatory ESG disclosure requirements	◐	○	◐	◐	●	◐	◐	13~16	2-1~5

● High ◐ Mid ○ Low

Double Materiality Assessment

Response to Key Issues

Key Issues of 2023

Issue Background and Our Approach

2023 Material Issue	Analysis of Material Issues for External Stakeholders					
	Value Chain (Scope of Impact)	Stakeholders	Type of Impact	Output Indicators	Impact Assessment	Impact Indicators
Climate Change Response	Operations Product/services Supply chain	Environment Consumers/end-users External employees (e.g. supply chain, contractors)	Both combined	- Greenhouse Gas Emissions - GHG emission reductions	Environ-mental value lost/gained	- Negative environmental impact/social cost of greenhouse gas emissions (Social cost calculated using Social Cost of Carbon Proxy values)
Ethics and Compliance	Operations Supply chain	Consumers/end-users External employees (e.g. supply chain, contractors)	Both combined	- Number of ethics and compliance reports - Ethics and compliance report handling ratio	Social cost caused/ avoided	- Reduce the cost of ethics and compliance violations
Talent Management	Operations Supply chain	Society Employee External employees (e.g. supply chain, contractors)	Both combined	- Number of employees with disabilities and other labor disadvantaged groups - Employee satisfaction happiness score	Increase/ decrease in household-level income	- Improved quality of life by creating employment for labor-excluded populations - Reduction in the cost of attracting talented employees through an increase in the average number of years of service as a result of improved work engagement
Portfolio ESG Management	Operations Supply chain	Environment Society Consumers/end-users External employees (e.g. supply chain, contractors)	Both combined	- Number of ESG reviews performed on portfolios	Improve portfolio ESG levels	- Enhanced corporate value through portfolio ESG management

2023 Material Issue	Analysis of Material Issues for Enterprise Value Creation		
	Business Impact	Mid- to Long-term Target	KPI
Climate Change Response	Cost/ Risk	- Target 60% reduction in emissions by 2030 compared 2021 base year levels	- Establish progress to achievement of Net Zero target (actual GHG emissions compared to emissions target for the year) as a KPI linked to executive and employee compensation
Ethics and Compliance	Cost/ Risk	- 100% implementation rate of improvements in ethical management by 2025	- Annual measurement of the level of ethical management to identify improvements, with results reflected in company-wide KPIs linked to executive members and employee compensation
Talent Management	Cost/ Revenue	- Establish a mid- to long-term roadmap to modernize DE&I by 2030	- Establish of management strategies from a Diversity, Equity, and Inclusion (DE&I) perspective into the key performance indicators (KPIs) of executive members, linking it to performance rewards
Portfolio ESG Management	Risk/ Revenue	- Conduct at least two ESG reviews per year for the entire portfolio by 2030	- Conduct an annual portfolio ESG/climate risk analysis and report results to the Board of Directors as a KPI linked to executive remuneration

Climate Change Response (TCFD)

APPROACH

GOVERNANCE

Board-Level Oversight of Climate-Related Risks and Opportunities

SK Inc. reviews its environmental management strategy and implementation plans through the Board of Directors. Under the oversight of the board, the CEOs of the business and investment divisions discuss and decide on targets and performance related to climate change response and energy reduction. Following the Portfolio ESG Management Framework established in 2022, the ESG Committee annually receives reports on the ESG and climate risk assessments of investment companies and retains decision-making authority on critical matters. The ESG Committee holds management accountability for climate-related issues and oversees them, with climate-related topics discussed at least once a year in ESG Committee meetings. In 2023, the ESG Committee was briefed on the publication of the TCFD report and the results of the portfolio climate change risk analysis.

ESG Committee

Composition	Members	Details
Five Independent Directors	Pak, Hyun Ju (Chairperson) Yeom, Jae Ho Yoon, Chi won Kim, Byoung Ho Kim, Seon Hee	**Purpose of Establishment** - To promote the company's mid- to long-term sustainable growth **Functions and Roles** - Review and oversight of mid- to long-term strategies, annual management plans, and major activities - Review of major investment agenda - Monitoring and supervision of ESG management performance - Management and supervision of climate change issues
One Executive Director	Lee, Sung Hyung	

Status of Key Climate Change & Environment Reporting in 2023

ESG Committee Agenda Content	Committee Meeting Dates	Director Attendance
Publication of the Sustainability Report and TCFD Report	July 18, 2023	6 out of 6 members attended
Results of the Regular ESG Review of Portfolio	October 20, 2023	6 out of 6 members attended
Results of Portfolio Climate Change Risks Review		

The Role of Management in Assessing and Managing Climate-Related Risks and Opportunities

The CEO regularly receives reports on environmental risks and impact assessments, and internal audit results from business sites operating under the ISO 14001 Environmental Management System. The CEO has delegated authority to the CFO to ensure systematic management of environmental performance and integration of key organizational performance in response to climate change.
The CFO oversees the financial structure, optimization, and management of the business portfolio, supporting the CEO's decision-making in both financial management and enhancing ESG-focused business synergies, as well as managing portfolio climate risks.

Incentives for Environmental Management Performance

Type	Annual monetary compensation based on performance evaluation relative to set environmental management goals (KPIs)		
Target	CEO, CFO, and all subordinate leaders and employees	**CEO** Incentives take into account performance in major strategic initiatives such as participation in global climate change initiatives including Net Zero, RE100, TCFD disclosures, and external stakeholder evaluations.	**CFO, ESG executives, and all corporate executives** KPI targets are set linked to CEO's KPIs and related to corporate ESG management responsibilities
Scale	Determined based on performance evaluation relative to targets set for the entire organization/department/individual.		
Indicators	Greenhouse gas reduction targets, greenhouse gas reduction projects, energy efficiency improvement goals, supply chain engagement, and corporate performance in sustainability indices related to climate change		

Climate Change Response (TCFD)

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GOVERNANCE

Performance Indicators and Compensation Policies Related to Climate Change Response

SK Inc. includes climate change-related metrics in its KPIs and emphasizes the accountability of the management team. Performance in climate change response is linked to our compensation policy, with achievements reflected in the performance evaluations and compensation of executives and employees based on their achievement of KPIs. This integration of climate change response into our core management strategy is crucial for in promoting sustainable development.

Performance Indicators	Compensation Policies
Expansion of reporting to Board (ESG Committee) on climate change response	Linking compensation to KPI achievement
Maintenance of top-tier external ESG evaluations that include climate change response elements	

Tasks	Details
Enhancing Net Zero implementation	Reduction of greenhouse gas emissions (60% reduction by 2030 compared to the base year)
Eco-friendly data center operation	Improvements in data center optimization and structural improvements for increased power efficiency

Strengthening the Capabilities of Dedicated Climate Change Response Team Members

Member Expertise

	Leadership	Environmental Management	Climate Change	Safety and Health
Top Management	●	●	●	
Middle Management	●	●		●
Staff		●	●	●

Employee Skills Training

Training Title	Participants	Participation Hours	Number of Participants	Notes (Online/Offline)
ISSB/ESRS Global Disclosure Standards Workshop	ESG/finance staff	4 hours	10 participants	Offline
KSSB Disclosure Working Group	ESG/finance staff	30 hours	5 participants	Offline
C&C ESG Management and Digital ESG	All employees	3,846 hours	3,846 participants	Online
ISO 14001 Practitioner and Auditor Course	Environmental agents	158 hours	32 participants	Offline
Korea ESG Eco-Friendly Forum	Employees	85 hours	7 participants	Offline
Essential for the 2050 Energy Empire! ESG Classes	Employees	505 hours	30 participants	Online
SK-KAIST Climate Change Response Green Digital Transformation Course	ESG business expert	480 hours	8 participants	Offline
ESG Net Zero Understanding and Market Changes	All employees	5,872 hours	3,684 participants	Online
Understanding ESG Solutions for Carbon Measurement Management	Sales/marketing staff	45 hours	15 participants	Offline

Climate Change Response (TCFD)

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SK Inc. utilizes the TCFD framework to identify climate risks and opportunities, selecting significant risks and opportunities based on the characteristics of its business structure. These identified risks and opportunities are examined through scenario analysis and business impact assessments. The resulting response strategies are then integrated into the company's main business strategies and financial plans.

Climate Risk and Opportunity Identification	Selection of Significant Risks and Opportunities	Scenario Analysis	Business Strategy Incorporation
Qualitative and quantitative review based on the TCFD framework	Assessment of likelihood and severity of impact, identifying high-level risks	Utilization of multiple scenarios including Below 1.5°C scenarios (IEA, NGFS, IPCC)	Expansion of ICT business, implementation of Net Zero by 2040, management of climate risks in the investment portfolio, and increase in eco-friendly investments

Climate Risk and Opportunity Identification

SK Inc. identified transition risks, physical risks, and opportunities that climate change may affect our value chain by considering the characteristics of our investment and business divisions. We assessed the likelihood of occurrence and impact of each risk and opportunity in the short, medium, and long term through scenario analysis.

Identification and Response Process for Climate Risks and Opportunities

Business Division (Site Level) + Investment Division (Portfolio Level)

Categories		Risks and Opportunities
Transition Risks	Policy/Legal	Volatility in South Korea's RE100 implementation policy
		Introduction of CBAM (Carbon Border Adjustment Mechanism), ISSB domestic mandates
		Strengthening of ETS (Emissions Trading System)
		Legal actions against companies that fail to reduce greenhouse gases
	Technology	Competitive disadvantage due to failure to preempt investments in clean technologies
	Market	Demand for eco-certified products from customers
		Increasing requirements for climate risk management in investment portfolios
	Reputation	Stakeholder demands for disclosure of climate transition plans and performance
Physical Risks	Acute	Increase in frequency and intensity of natural disasters (floods, typhoons, etc.)
	Chronic	Increased likelihood of abnormal climate/weather, sea level rise
Oppor-tunities	Energy Resources	Transition from fossil fuel-based energy sources to renewable energy sources
	Market	Increased demand for electric vehicle materials and technologies
		Increased demand in the sustainable food market
	Products/ Services	Increased demand for IT management solutions/services for climate change response

Impact Outcome → High-Level Identification → SK Inc.'s Strategy

SK Inc.'s Strategy
- (1) Managing Transition Risks for Net Zero Implementation
- (2) Managing Risks/ Opportunities at Business Sites and Supply Chains
- (3) Managing Risks/ Opportunities in the Investment Portfolio

* Analysis Period (Time Horizon): short-term (up to 2025), mid-term (up to 2030), long-term (up to 2040)

Climate Change Response (TCFD)

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Selection of Significant Risks/Opportunities

SK Inc. identified significant risks and opportunities by considering the characteristics of its business structure. These are categorized into business and investment divisions, with priorities determined based on input from the board and ESG Committee, stakeholder demands, and business impacts. Detailed strategies are then developed.

Category	Level	Significant Risk/Opportunity Items		Time Frame	Impacted Value chain	Business Impact	Mitigation and Response Measures	Detail
(1) Management of Transition Risk for Net Zero Imple-mentation	Business division	Risks	(1)-1. Volatility in South Korea's Renewable Energy Policy	Short-/Mid-/ Long-term	Operation	• Companies committed to RE100 face limited procurement options, causing instability in supply and pricing due to government policies	• Installing solar power facilities to operate a total capacity of 650kW for self-generation • Monitoring cost variables of renewable energy, such as PPAs, and evaluating timing and volume for adoption	
			(1)-2. Strengthening of the Emissions Trading System (ETS)	Short-/Mid-term	Operation	• Increase in purchased emission allowances due to the rise in electricity consumption at data centers driven by the expansion to new customers during the third planning period	• Implementing the Net Zero 2040 roadmap and reduction plan, advancing reduction projects • Conducting economic analysis of carbon emission credit profits and losses	
(2) Business Site & Supply Chain Risk/Opportunity Management	Business division	Risks	(2)-1. Increased Data Center Operating Costs Due to Rising Temperatures	Long-term	All	• External temperature increases directly elevate the electricity costs required to cool data centers	• Replacing air conditioning equipment and optimizing IT infrastructure to improve energy efficiency	
			(2)-2. Increased Disaster Recovery Costs for Data Centers Due to Major River Flooding	Long-term	All	• Costs incurred for data center disaster recovery and compensation for customer damages due to major river flooding	• Conducting disaster response drills and preventive maintenance/ reinforcement of critical facilities	
	Business division	Opportunities	(2)-3. Increased Demand for IT Management Solutions/Services for Climate Change Response	Short-/Mid-term	Operation	• Anticipated increase in demand for advanced energy management systems among high-energy-consuming enterprises and IT services linked to eco-vehicle infrastructure management	• Providing IT services linked to greenhouse gas reduction and fostering business models connected to the Net Zero ecosystem	
	Business division	Risks	(2)-4. Supply Chain Manufacturer Operational Stoppage Due to Natural Disasters	Long-term	All	• Delays in procurement and increased costs of raw materials and similar competitive products due to sourcing difficulties following natural disasters, leading to revenue loss and damage	• Annual collection of data on greenhouse gas reduction and climate change response strategies from key suppliers	
(3) Investment Portfolio Risk/ Opportunity Management	Investment division	Risks	(3)-1. Climate Risk Management Requirements in the Investment Portfolio	Short-/Mid-/ Long-term	Downstream	• Exposure to risks evaluated by the market regarding the costs of low-carbon transition for companies	• Calculating actual risk costs, reflecting the economic feasibility of reduction targets and market conditions, and comparing them with operating profits for integration into investment strategies	
			(3)-2. Increased Financial Impact from Physical Risks in the Investment Portfolio	Long-term	All	• Economic losses from natural disasters due to the increased frequency of extreme weather events	• Using external climate/weather data, such as MSCI Climate VaR, to estimate financial impacts based on the increased frequency of abnormal climate and investment portfolio sites	
	Investment division	Opportunities	(3)-3. Transition from Fossil Fuel-based Energy Sources to Renewable Energy Sources	Mid-/Long-term	Downstream	• Continued market expansion expected due to aggressive investments and support for clean energy globally	• Investments in hydrogen, fuel cells, CCUS, and other renewable energy-related enterprises	
			(3)-4. Increased Demand for Electric Vehicle Materials and Technologies	Short-/Mid-term	Downstream	• Promotion of eco-friendly vehicle replacements in accordance with regulatory changes	• Investments in key materials and technologies such as copper foils and next-generation power semiconductors	
			(3)-5. Increased Demand in the Sustainable Food Market	Mid-/Long-term	Downstream	• Target set to reduce greenhouse gas emissions in the agriculture sector by 180,000 tons by 2030 compared to 2018	• Discovery and global fund management and investment in alternative foods and food tech startups	

Climate Change Response (TCFD)

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STRATEGY

Scenario Selection and Analysis

Transition risks refer to economic, policy, and technological risks that a company may encounter in the process of reducing carbon emissions and shifting to eco-friendly business models. Physical risks represent the physical dangers arising from climate change, such as natural disasters, including direct economic impacts from climate-related events like monsoons, droughts, and sea level rise. SK Inc has adopted the IEA and NGFS's Net Zero 2050 (Below 1.5°C) as the main scenario for transition risks and high greenhouse gas emissions pathway of SSP5-8.5 (IPCC 6th Assessment Report) as the main scenario for physical risks.Various scenarios were compared and analyzed based on the current level of greenhouse gas policy implementation. In the detailed scenario analysis design phase, scenario analysis models and tools suitable for IT-focused business site levels and investment-focused portfolio levels were utilized.

Business Site Level	Portfolio Level
In relation to the Net Zero 2040 Roadmap implementation, transition risks were analyzed comprehensively considering the IEA's carbon price outlook trends and South Korea's NDC and regulatory issues. Physical risks were analyzed using S&P Global's Climanomics® hazard modeling based on the location of direct operations and key suppliers.	The NGFS scenario-based analysis of the investment portfolio's four major areas identified carbon cost-based risk exposure, while physical risks were assessed regionally using the MSCI Climate VaR Report.

		Business Site Level	Portfolio Level
Transition Risks	Below 1.5°C	IEA NZE 2050(Net Zero Emission by 2050)	NGFS Net Zero 2050
	2°C	IEA APS (Announced Pledged Scenario)	NGFS Delayed Transition (1.6°C rise scenario)
	Above 3°C	IEA STEPS (Stated Policies Scenario)	NGFS Current Policies
Physical Risks	1.5°C to 4°C or more	SSP5-8.5 (IPCC 6th Report)	RCP 2.6, 4.5, 8.5 (IPCC 5th Report)
		Tool : S&P Global Climanomics®	Tool : MSCI Climate VaR(Value-at-Risk)

* NGFS : Network for Greening the Financial System

Business Strategy and Transition

SK Inc. is implementing a transition plan aimed at achieving Net Zero by 2040. In 2022, a Scope 3 management system was established, and related transition plans are currently under review by the ESG Committee.
Currently, the highest emission source is Scope 3 Category 15 (Investment). To achieve the SK Group's targets of 2050 Net Zero and contribute to the global reduction of 200 million tons of carbon emissions by 2030, SK Inc. is intensifying its efforts to expand eco-friendly investments and enhance its investment portfolio's climate risk management system.

Enhancing GHG Reduction and Environmental Management Across the Value Chain

Upstream - Raw Material Production and Transportation

Scope 3 Categories	tCO_2eq
1. Purchased products and services	8,307.32
2. Capital goods	1,701.31
3. Fuel and energy related activities (not included in scope 1 or scope 2)	9,876.53
4. Transportation and distribution	13.20
5. Waste generated in operations	7.94
6. Business travel	3,012.88
7. Employee commuting	941.73
8. Leased assets	0.00

Achieving Net Zero & RE100 2040

Operation - Product·Service Production

Direct/Indirect Emissions (Scope 1+2)	tCO_2eq
Direct Emissions(Scope 1)	1,433.88
Indirect Emissions(Scope 2)	125,207.18

Enhancing Upstream & Downstream Engagement

Downstream - Product Use and Investment

Scope 3 Categories	tCO_2eq
11. Use of the Product	65,499.76
12. Disposal of the product	307.32
15. Investment	13,770,531.73

Expansion of the Eco-Friendly Investment Portfolio

SK Inc. Transition Plan

Climate Change Response (TCFD)

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STRATEGY

Stakeholder Communication

Communication Channels with Shareholders

SK Inc. is diversifying communication channels targeted at shareholders and investors to effectively convey the company's efforts in reducing carbon emissions and the direction and outcomes of eco-friendly investments.

Shareholder/Investor Communication Channels	Key Communication Contents 2022-2023	Link
Shareholder meetings, Analyst/Investor meetings	Introduction of investments in decarbonization solutions investments as future growth drivers and member companies	https://www.sk-inc.com/en/ir/irArchive.aspx
Website	Publication of the ESG Special Report to introduce SK Group and SK Inc.'s efforts towards transitioning to a low-carbon economy and carbon emission reduction activities	https://www.sk-inc.com/en/esg/sustainability.aspx#sustainability-report

Examples of Communication on Transition Plans

In 2023, SK Inc. has continuously communicated with stakeholders about its climate change management system, transition plans, and climate change response activities.

Status of Shareholder/Investor Inquiries Related to Transition Plans Since 2021

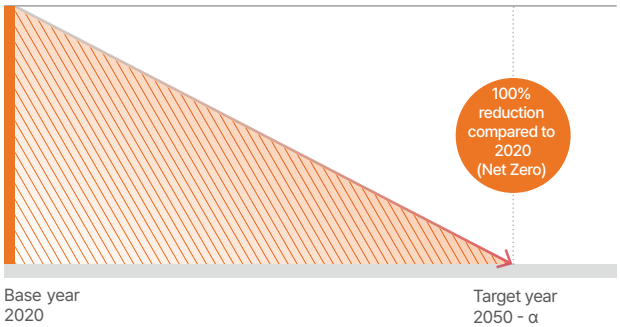
Type of Inquiry	Inquiry Topics	Proportion of Transition Plan Inquiries	Responses by SK Inc.
Transition plans at the business site level	Carbon neutrality plans	21%	• Status of carbon neutrality goals and related government policies
	RE100 implementation	17%	• Status of renewable energy usage
Transition plans at the investment portfolio level	Phase-out of high-carbon industries	7%	• Business strategic direction for high-carbon sectors
	Eco-friendly business strategy	38%	• SK Group's hydrogen business strategy • Plans for developing/investing in eco-friendly technologies
Information disclosure	TCFD reporting	17%	• Publication of TCFD reports

Implementation Status of Reduction Activities

Status of SK Group Member Companies' Reduction Targets

2050-α Net Zero

In 2021, SK became the first domestic company to declare a group-level Net Zero goal, aiming to achieve net-zero greenhouse gas emissions well before the global target year of 2050. SK member companies are setting ambitious targets under the "2050-α" initiative for their transition to low-carbon and decarbonized businesses. They are establishing and implementing reduction targets and plans to exhibit climate leadership in their respective industries.



First Domestic RE100 Membership

RE100 is a global initiative by companies committed to sourcing 100% of their electricity from renewable energy by 2050. In 2020, SK Inc., along with eight other member companies, became the first in South Korea to join RE100, leading the reduction of Scope 2 greenhouse gas emissions. Additionally, member companies that have not joined RE100 plan to expand their use of renewable energy to standards comparable to RE100.

8 member companies of RE100

Climate Change Response (TCFD)

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STRATEGY

2030 Ambition: Achieving a Global Carbon Reduction Contribution of 200 Million Tons

SK Group - Status of Reduction Activities

Reduction Activities	Details
Clean Mobility	**SK Inc. & SK E&S Joint Investment - Plug Power** • Hydrogen fuel cell technology for mobility
	SK Signet, SK E&S - EverCharge • Electric Vehicle (EV) charging business
	SK Inc. & SK Energy Joint Investment - Atom Power • Energy solutions for EV/ESS applications based on SiC power semiconductors
	SKC - Nexeon • New materials for electric vehicle batteries (silicon anode technology)
	SKC - Nexilis • Production of copper foil, a core material for lithium-ion batteries
Waste to Resources	**SK Innovation - SK Geo Centric** • Recycling business for waste batteries and plastics
	SK Ecoplant • Waste plastic recycling business • Development of digital-based solutions for tracking/managing the life cycle of waste discharge-transport-processing • Waste battery recycling business
	SKC • Pyrolysis technology for waste plastics
Air Mobility	**SK Telecom - Joby Aviation** • Pollution-free, low-noise urban air mobility business
	SK E&S • Development of liquid hydrogen drones
Future Energy	**SK Inc. & SK Innovation Joint Investment - Terra Power** • Next-generation small modular reactor (SMR) technology
	SK Energy & SK EarthOn, SK E&S • Carbon capture, utilization, and storage technologies (CCUS)
	SK Ecoplant - Bloom Energy • Fuel cell power generation business
	SK Ecoplant • Business development across the renewable energy value chain from offshore wind to green hydrogen production
Sustainable Food	**SK Inc. - Perfect Day, Nature's Fynd** • Protein production using fermentation of dairy and microbial fermentation technologies
	SK Inc. - Wildtype • Production of plant-based alternative meat and cell-cultured salmon meat
Zero Carbon Lifestyle	**SK Inc. - Halio** • Building energy efficiency improvement technology through eco-friendly innovative material, Smart Glass
	SK Siltron - Teraon • Technology for nanocarbon heating materials and high-temperature conductive ink materials
Green Digital Solution	**SK Hynix** • Development of 4th generation high-performance DRAM and high-efficiency enterprise SSDs

Climate Change Response (TCFD)

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RISK MANAGEMENT

Environmental/Climate Risk Management System

SK Inc. operates a system to identify, prevent, and assess climate risks in advance by linking the integrated enterprise risk management system with the ISO 14001 Environmental Management System. We validate the appropriateness and effectiveness of our risk assessments through annual internal and external audits. Significant risks are reported to the CEO and the Board of Directors to ensure enterprise-wide responses. Based on ISO 31000 guidelines, we manage the environmental and climate risk management system in conjunction with the enterprise-wide risk management system.

Environmental/Climate Risk Management Process

Linkage to Company-wide Integrated Risk Management System	
Stakeholder materiality assessment	Environmental issues
Human rights impact assessment	Environmental rights response status
Compliance management system	Environmental laws

Climate Change Scenarios Based on TCFD - BAU vs 1.5°C Scenario	
Transition risks	Policy, law, regulation(current/emerging), technology, market, reputation
Transition opportunities	Resource efficiency, products, markets, etc.
Physical risks	Acute, chronic

Environmental Risk Assessment (ISO 14001)

- Internal/external issues, stakeholder needs, compliance requirements
- Identification of risks/opportunities
- Analysis and determination of unique risks
- Evaluation of current response levels
- Analysis and determination of residual risks
- Treatment and effectiveness evaluation of residual risks

* Significant risks are reported to the CEO and the Board of Directors

Value Chain Climate Risk Management

SK Inc. identifies transition and physical risk factors and manages the climate risks associated with suppliers, customers, and investment companies, in the context of Scope 3 emissions management and expansion of eco-friendly business.

Upstream (Suppliers)

We conduct greenhouse gas reduction engagement activities focusing on HW/NW equipment manufacturers, which are the main sources of upstream emissions. In 2023, we are expanding climate risk management in the supply chain through environmental product certifications, Life Cycle Assessment (LCA) information, and Business Continuity Planning (BCP) requirements related to climate risks.

Downstream (Investment Companies)

SK Inc. manages the exposure to climate risks for investment companies. We have established an investment process that includes financial analyses comparing real risk costs with the market price/cost structure needed for achieving reduction targets and profit margins. We plan to continuously enhance downstream climate risk management through expanded management scope and strengthened methodologies.

Climate Change Response (TCFD)

APPROACH

METRICS & TARGETS

Climate Change Management Indicators and Targets of SK Inc.

SK Inc. is managing greenhouse gas and energy indicators as Key Performance Indicators (KPIs) in alignment with the Net Zero 2040/RE100 2040 roadmap. Additionally, we are enhancing the management of indicators along the value chain, linked to Scope 3 engagement and eco-friendly business initiatives.

Greenhouse Gas Emissions and Energy Management

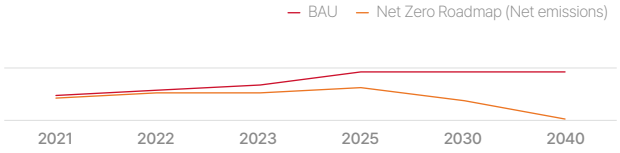
SK Inc. has designated the 'Net Zero KPI' as an internal evaluation indicator for managing GHG emissions and monitors GHG emissions by business site on a monthly basis. GHG emissions and energy use are calculated in accordance with the IPCC 2006 Guidelines for National Greenhouse Gas Inventories and the Guidelines for Reporting and Certification of Emissions from Greenhouse Gas Emissions Trading Systems, and are verified by an independent third-party verification organization to ensure they are properly calculated in accordance with the verification standards such as the Verification Guidelines for the Operation of Greenhouse Gas Emissions Trading Systems, the 2006 IPCC Guidelines, ISO14064-1, and ISO14064-3.

Greenhouse Gas Reduction Targets (Net Zero) and Performance

Reduction Activities	Details
Long-Term Target	Reaching Net Zero in Scope 1&2 by 2040
Near-Term Target	18% achieved in 2023, with a goal of 23% in 2024, Near-Term goal of 60% in 2030 (base year 2021)

Progress on Net Zero Roadmap

(Units: tCO_2eq)



Annual Greenhouse Gas Emissions by Fuel for Scope 1&2

Location-based emissions (Units: tCO_2eq)

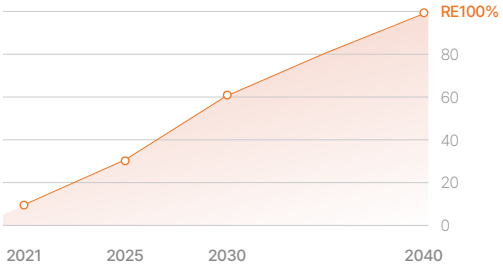
	2020	2021	2022	2023
Total Scope 1+2 emissions	64,014	86,109	109,213	126,641
Scope 1	206	1,432	1,431	1,434
Scope 2	63,808	84,677	107,782	125,207

※ The total greenhouse gas emissions follow the Guidelines for Reporting and Certification of GHG Emissions Trading Scheme, and there may be discrepancies with the aggregated values for each energy source.
※※ Scope 1+2 emissions target for 2023: 154,023 tCO_2eq (location-based emissions)

Renewable Energy Transition Targets (RE100) and Performance

Long-Term Target	Transition 100% of electricity usage to renewable energy sources by 2040
Near-Term Target	Transition 30% of electricity usage to renewable energy bases by 2025 Transition 60% of electricity usage to renewable energy bases by 2030

Progress on RE100 Roadmap



Year	Target	Performance
2021	3%	3.2%
2022	9%	9.7%
2023	16%	18.1%
2025	30%	-
2030	60%	-
2040	100%	-

Climate Change Response (TCFD)

APPROACH

METRICS & TARGETS

Scope 3 Management

SK Inc. has been expanding the measurement scope of Scope 3 emissions annually, and since 2022, the company has been calculating and disclosing emissions for all applicable categories. Over 90% of the total Scope 3 emissions, primarily involving investment companies and suppliers related to purchase, use, and disposal, are being managed through enhanced value chain engagement.

Long-Term Target	90% reduction of total Scope 3 emissions by 2050 compared to 2021 (achieving 2050-α Net Zero at the SK Group level, including major subsidiaries by 2050)
Near-Term Target	**(Upstream)** Over 50% of suppliers related to Category 1 and 2 (purchased goods and services/capital goods) by 2025 **(Downstream)** 30% reduction in Category 15 (investments) emissions by 2030 compared to the base year

Scope 3 Greenhouse Gas Emissions by Category

(Unit: tCO_2eq)

Category		2020	2021	2022	2023
Total	Scope 3 Categories	5,637	13,391,021	11,529,818	**13,860,200**
Upstream	Purchased products and services	First reported in 2021	7,480	7,854	**8,307**
	Capital goods	First reported in 2021	2,588	1,840	**1,701**
	Fuels and energy not included in Scope 1,2	First reported in 2021	84	8,402	**9,877**
	Transportation and distribution	12	12	7	**13**
	Waste generated during operation	12	30	1	**8**
	Business travel	914	896	2,129	**3,013**
	Employee commuting	8	3,324	1,900	**942**
	Leased assets	4,691	Included in Scope 2 from 2021	-	**-**
Downstream	Use of the Product	First reported in 2021	56,442	61,926	**65,500**
	Disposal of the product	First reported in 2021	265	291	**307**
	Investment[1)]	First reported in 2021	13,319,899	11,445,468	**13,770,532**

1) Based on disclosures and internal management data of major subsidiaries, the scope of aggregation expanded to 14 affiliates.

Management Details of Scope 3 and Value Chain Engagement

	KPI	Implementation Details
2021	• Addition of at least three additional categories to the calculation of Scope 3 emissions • Direct engagement with suppliers (including direct receipt of greenhouse gas management data, etc.)	• Calculation of all applicable categories (from 6 in 2021 to 11) • Receipt of greenhouse gas data from over 70% of manufacturers from whom HW is purchased, setting environmental management KPIs in the supply chain • Inclusion of environmental management levels in integrated supplier evaluations
2022	• Enhancement of Scope 3 calculation (expanding the scope of investment items) • Strengthened engagement with suppliers and management of the science-based targets (SBT) establishment rate	• Addition of major direct subsidiaries, such as SK Powertech and SK Pinx • Sending SBT establishment recommendation letters to key suppliers and incorporating SBT recommendations in the Code of Conduct for suppliers
2023	• Monitoring carbon emissions/climate change risks by major investment companies • Methodological enhancement of Scope 3 management • Setting and managing greenhouse gas reduction targets for suppliers	• Monitoring emissions and analyzing transition/physical risks related to climate change for key member companies and direct subsidiaries • Expanding the verification scope (third-party verification) • Expanding supplier engagement targets (increasing purchasing from 70 to 75%) and applying environmental evaluations in integrated purchasing (e.g., in cases where bidding companies are selected based on environmental bonus points)

Climate Change Response (TCFD)

APPROACH

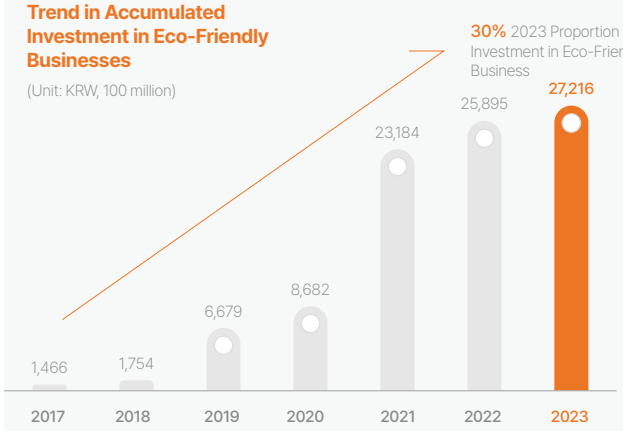
METRICS & TARGETS

Management of Increasing Proportions of Eco-Friendly Investments

SK Group, driven by its mission to lead in the low-carbon era, has set a target to reduce 200 million tons of CO_2 by 2030, which represents 1% of the global carbon reduction targets. To achieve this, SK Inc. is actively investing in eco-friendly business expansion, carbon emission reductions, and decarbonization solutions to contribute to global Net Zero targets and eliminate SK's carbon footprint. In 2023, SK Inc. allocated 30% of its direct investment funds to the growth of eco-friendly businesses, thereby expanding its eco-friendly portfolio. Moving forward, SK Inc. will continue to proactively invest in green businesses and technologies and strengthen the integration of green initiatives within the SK Group to drive the growth of the green economy.

Trend in Accumulated Investment in Eco-Friendly Businesses

(Unit: KRW, 100 million)



Proportion of Eco-Friendly Investments

2020	2021	2022	2023
21%	29%	30%	30%

* Since the declaration of the integrated holding company in 2015, the proportion of investments in companies engaged in activities linked to the K-Taxonomy

Internal Carbon Pricing

Application of Internal Carbon Price

SK Inc. applies an internal carbon price in investment decision-making and other management activities. This internal carbon price incorporates both the domestic carbon emissions trading price and credible international carbon price forecasts. The base price for the year is determined by the previous year's closing price of the Korean Assigned Unit (KAU) and the 1.5°C NGFS price forecast. Long-term carbon prices updated annually up to 2040.

* Korean Allowance Unit (KAU) closing price by the end of 2023 : KRW 9,020/ tCO_2eq

Climate Change Response (TCFD)

PERFORMANCE

Regulatory and Initiative Response

Global Greenhouse Gas Reduction Initiatives

SK Inc. joined the Global RE100 Initiative in December 2020 to accelerate international greenhouse gas reductions. A roadmap for RE100 2040, aligned with the Paris Agreement's 1.5°C target, was established, and the Net Zero 2040 declaration (Scope 1 and 2) was completed. Since 2021, SK Inc. has been disclosing its greenhouse gas reduction performance annually. To enhance the transparency of its Net Zero targets, it committed to the Science-Based Targets initiative (SBTi) in September 2022.

Emissions Trading Scheme (K-ETS)

In 2022, SK Inc. was included as a participant of the Korean carbon emission trading scheme and will fulfill its obligations to report greenhouse gas emissions and manage emission rights for a total of 16 facilities during the third planning period (2021-2025). We have established an emissions trading scheme management system at the corporate level and actively manage internal and external reduction activities. Additionally, since 2021, SK Inc. has participated in policy discussions (hosted by the Ministry of Trade, Industry and Energy) aimed at improving regulations related to RE100 procurement. This involvement led to our membership and sponsorship of the Corporate Renewable Energy Foundation (CREF) in 2022, supporting South Korea's eco-friendly policies and suggesting policy improvements.

Climate Change Stakeholder Communication

SK Inc. operates a system to evaluate and manage the alignment of its association memberships with the company's growth, sustainability, business ethics, fair trade, and compliance with the Paris Agreement. The company provides a Membership Management Process Guide to its employees. Activities such as joining, withdrawing from, and making expenditures on annual fees and donations to associations require the cooperation and approval of the External Communication Officer, who reports directly to the CEO. This officer monitors and assesses the appropriateness and value of various memberships, supports decision-making, and ensures that the association's public policy participation aligns with both the goals of the Paris Agreement and the company's objectives. Furthermore, to address any discrepancies between the association's stance on climate change and that of the company, SK Inc. undertakes the following actions in all jurisdictions where we have operations:

- Public statements on discrepancies between the company's stance and that of the association
- Discussions on modifying the association's stance
- Non-renewal or withdrawal from memberships
- Exploration and joining of alternative associations

Greenhouse Gas Reduction Management

Strengthening Scope 1 and Scope 2 Management

SK Inc. reports that 98% of its total greenhouse gas emissions are attributable to electricity use (Scope 2), with data centers accounting for over 90% of the electricity consumed. We have established the proportion of energy transition to renewable sources at data centers as a key performance indicator (KPI) and are expanding this proportion annually in accordance with the RE100 roadmap. Renewable energy procurement prioritizes self-generation, with solar power generation facilities at data center sites operating at maximum capacity (0.82 GWh in 2023). Long-term strategies include evaluating the introduction of Power Purchase Agreements (PPAs) and securing the best procurement options based on an economic analysis of available renewable energy sources, considering uncertainties in the domestic renewable energy market. We continuously optimize energy efficiency at data centers by setting electricity consumption as a key indicator and managing annual electricity demand forecasts and efficiency outcomes. This includes optimal operation of HVAC systems and investment in eco-friendly facilities by dedicated safety/environmental professionals at data centers.

Expanding Scope 3 Management

SK Inc. calculates and conducts third-party verification for emissions across all applicable categories according to the GHG Protocol Scope 3 guidelines. We have developed a management system to refine Scope 3 emissions calculations, expanding coverage to investment items (Category 15). We are enhancing our procurement management system to incorporate supplier data collection for LCA-based emissions calculations and establishing and managing Scope 3 reduction targets.

Greenhouse Gas Emission-Related Risks

Scope 1 & Scope 2	During the third phase of the emissions trading scheme, an increase in electricity consumption at data centers due to new clients is anticipated. This will consequently raise the need to purchase additional emission allowances. Given the expected rise in both domestic and global carbon prices, the cost per unit of these required allowances is also projected to increase.
Scope 3	Approximately 60% of the hardware/network equipment procured for IT services is manufactured in facilities located in China, Malaysia, Ireland, and Singapore. This presents a long-term risk of asset loss due to rising sea levels. If procurement of raw materials becomes challenging, it could lead to the shutdown of hardware manufacturers' facilities, potentially causing delays in purchases and increases in the costs of raw materials and competitive products. This, in turn, could result in decreased sales and cost losses.

Climate Change Response (TCFD)

PERFORMANCE

Greenhouse Gas Reduction Management

Expanding Supplier Engagement for Upstream Greenhouse Gas Reduction

More than 70% of the greenhouse gas emissions from our Scope 3 Category 1 and 2 (purchased goods and capital goods) come from HW/NW equipment suppliers. To encourage major suppliers we make formal requests for participation in greenhouse gas reduction efforts and monitoring their reduction activities. We directly collect data on greenhouse gas emissions, SBTi membership/status, and eco-friendly product certification information through questionnaires. This data is used for diagnosing supplier performance and improving the eco-friendly procurement process.

Eco-Friendly Corporate Vehicle Operation (As of 2023)

We operate environmentally friendly vehicles (electric and hybrid) to reduce carbon emissions from our corporate fleet. By implementing charging infrastructure and dedicated parking areas within our office premises, we support and encourage the voluntary use of eco-friendly vehicles by our employees.

Total number of vehicles	Number of eco-friendly vehicles	Percentage of eco-friendly vehicles
163	48	29.4 %

Renewable Energy Utilization

SK Inc. has completed a major expansion of solar power generation facilities at our data centers to boost our self-generation of renewable energy. We are also planning to invest in emerging renewable energy technologies, such as hydrogen fuel cells, considering future market conditions and economic viability. At our Daedeok Data Center, we have installed a 650 kW solar power generation facility in available spaces (parking lot, rooftop), which produces an average of 80kW annually and securing an annual cost saving of KRW 100 million based on Korea Electric Power Corporation rates. In addition to participating in green premium bids, we are exploring stable renewable energy utilization options, including Power Purchase Agreements (PPA) and Renewable Energy Certificates (REC).

Talent Management

APPROACH

GOVERNANCE

Board of Directors and Management

SK Inc.'s talent management decision-making system consists of a talent development organization led by the CEO. The head of the Corporate Culture Division serves as the Chief Human Resource Officer (CHO), who reviews, approves, and makes decisions on major talent management items. The Head of Talent Management Group and each team leader are highly experienced professionals in talent management, and the working-level employees also possess extensive experience. To ensure continued expertise, these personnel participate in SK Group's systematic HRD training and global seminars that reflect the latest HR trends. Important talent management items are periodically reported to management, and risks and opportunities related to talent management are considered in major decision-making processes. The responsible organizations conduct activities in alignment with the management planning process, and management reviews the effectiveness of talent management goal setting and fulfillment. Additionally, the happiness index from the Culture Survey, conducted for all employees, is included in the key performance indicators (KPIs) for the management team, including the CEO, and is linked to performance compensation.

Talent Management Organization

Management Council

SK Inc. holds a quarterly Management Council attended by management and employee representatives to discuss major issues and improvements in the work environment. The resolutions are applied to all employees. In 2023, topics such as growth/career development, work systems, and vacations were reviewed and decided upon, fostering consensus among the employees.

2023 Management Council Discussion Topics

Category	Date	Key Discussion Topics
Investment Division	1st Quarter (March 2023)	· Talent development and career progression
	2nd Quarter (June 2023)	· Working hours management/improvement directions
	3rd Quarter (September 2023)	· Internal communication programs and improvement directions
	4th Quarter (December 2023)	· Sharing of progress from 2023 discussions and 2024 Executive Council agenda
Business Division	1st Quarter (April 2023)	· Plans to reset the company-wide talent management system · Adoption of a DC pension plan · Establishment of birthday leave
	2nd Quarter (July 2023)	· Progress on activating the company-wide competency transformation · Sharing results from the Welfare TF operation
	3rd Quarter (October 2023)	· Establishment of a shortened working hours system for elementary care · Improvements in housing loans · Sharing recent topics of interest among employees

Talent Management

APPROACH

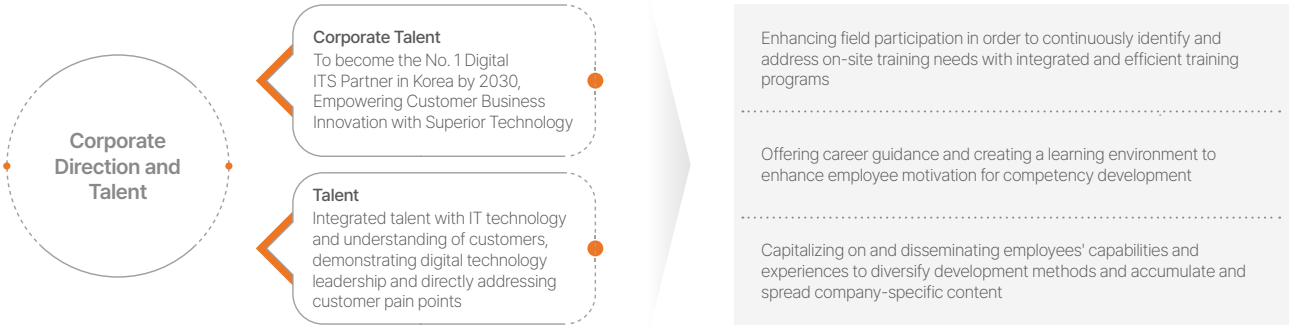
STRATEGY

Management and Operational System

SK Inc. newly introduced the C&C College development system in 2023 to enhance the job competencies of its members (including regular employees, contract employees, and outstanding partners) and guide and manage their development more systematically in line with the company's growth direction. The educational framework is designed by department based on the competencies required for business execution, and learning guides are provided to employees for each major task. Employees create their annual learning plans by incorporating coaching and feedback from development leaders as outlined in the learning guide. Based on the collected needs, necessary educational programs are operated. The learning outcomes of employees are comprehensively provided and managed through the academic management system, which allows employees to review their competency development results according to the growth roadmap and establish medium- to long-term learning plans.

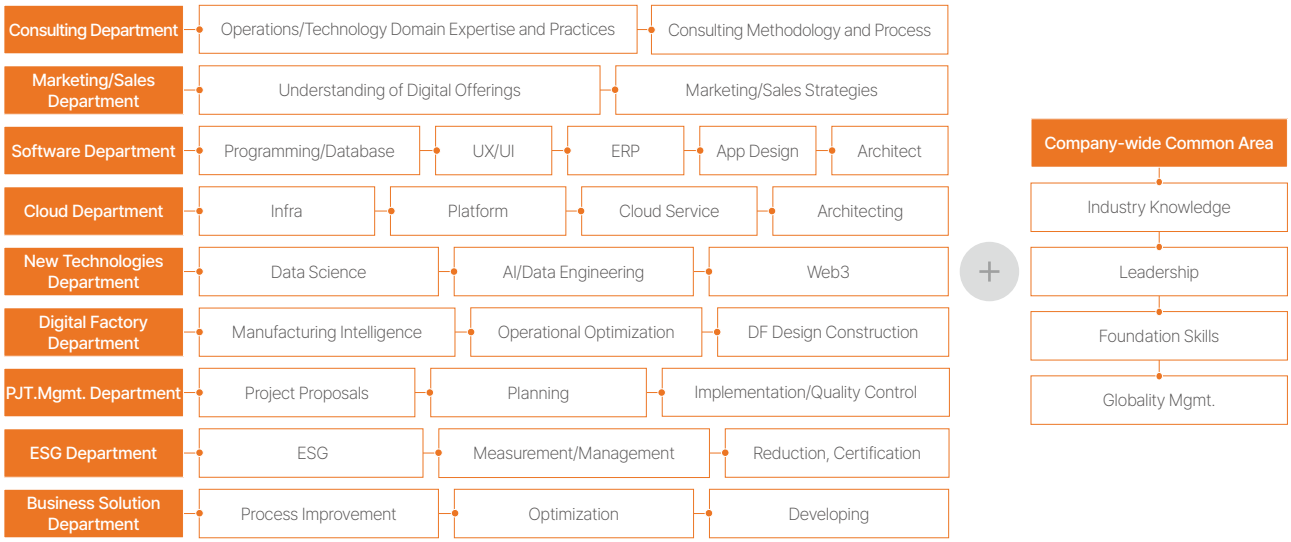
Job Competency Training System

C&C College



SK Inc. has designed and organized a job competency training system for the nine faculties within C&C College, as well as the company-wide common area, ensuring that competencies needed for daily tasks are systematically nurtured. Each faculty offers a learning roadmap with courses classified into basic, practical, and expert levels based on difficulty and target audience. The training program is continuously updated and managed throughout the year, incorporating quality assurance and feedback from in-house/expert practitioners. It currently comprises approximately 600 online and offline courses.

Faculty Training System Configuration



Industry-Academia Linked Competency Development

To strengthen capabilities in digital-based manufacturing innovation, SK Inc. has jointly established a master's program in Digital Convergence Engineering with Yonsei University. The first batch of 12 employee-students was selected in the second half of 2023, and the program has been in full operation since January 2024. Plans are in place to recruit and select members annually, with each participant going through 1.5 years of off-duty coursework.

Talent Management

APPROACH

STRATEGY

Employee Performance Management System

SK Inc. conducts coaching and competency evaluations from the perspective of employee growth/development to ensure a diverse and objective evaluation of individual expertise/performance. Performance evaluations are based on objectives (Management By Objectives), 360° multifaceted evaluations (including leader/peer evaluation), and ongoing feedback sessions (agile conversation) between leaders and team members. SK Inc. pays long-term cash incentives to all employees below senior management, with goals and targets set for each three-year period. Incentives are applied differentially based on the achievement rate. To align management and shareholder interests and maximize corporate value growth, we have introduced an employee stock option system that links compensation with the improvement of corporate value.

S-day (One-on-one coaching and evaluation system)

S-day is conducted twice a year (March and October) to guide employee career development and performance management through one-on-one coaching sessions with leaders. During these sessions, leaders and team members openly discuss about career development, performance, and skill enhancement. At the beginning of the year, employees set their own work plans/goals, with leaders providing coaching based on these plans to support development and growth. At the end of the year, employee capabilities and performance are reviewed to provide feedback for personal growth and to identify areas for competency improvement.

Compensation

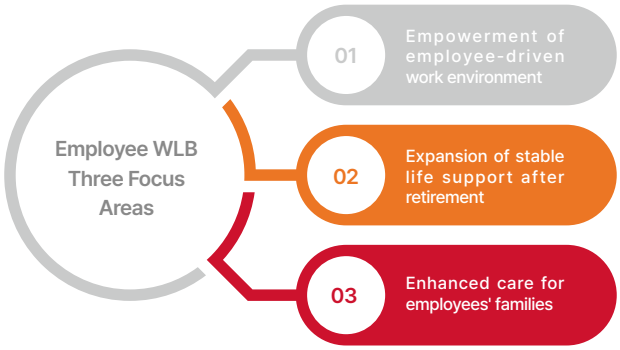
We operate various performance compensation systems that offer differential rewards based on organizational and individual performance.

Compensation System Details	Details
Annual Salary	• Linked to evaluations to motivate performance and secure job expertise through a career level-based salary system
Incentive Bonus	• We operate performance-based compensation systems through a Profit Share (PS) system that distributes excess profits of management performance to employees and a Target Incentive (TI) system that pays incentives based on KPI achievement.
CEO Pride Award	• Selection and reward of role models who contribute to the company's growth and serve as examples to peers
Competency Program Recognition	• BizFarm/Learning Collabo Lab (LCL) prize money and prizes for top teams
Training support (domestic/ international)	• Provides opportunities for top talents to participate in key conferences and development programs.
Top Performers in Job Competency Development	• Select around 20 best learners and lecturers from each faculty of the College to receive global seminar training opportunities

* Employee stock ownership options, such as the Employee Share Ownership Trust (ESOP) and Employee Stock Purchase Plan (ESPP), are not currently implemented, but are under consideration for introduction/expansion in the future.

Employee Work-Life Balance (WLB) Policy

SK Inc. has established and is operating a Work-Life Balance (WLB) policy to foster a culture that supports employees in balancing their professional and personal lives. We actively listen to feedback from all employees (including full-time and contract staff) and incorporate survey results to help them achieve stability at work and at home, enhancing their enthusiasm and productivity. Based on this communication, we are advancing the prioritization and enhancement of work environment improvements, driven by the employees themselves.



Employee Happiness Map Framework

Talent Management

APPROACH

STRATEGY

Employee Diversity, Equity, and Inclusion

Mitigation of Gender Imbalance in Hiring, Promotion, and Evaluation

SK Inc. objectively assesses applicants based on their career vision, expertise, and potential during recruitment interviews to proactively prevent gender discrimination. We evaluate candidates for leadership roles (middle managers/team leaders) based solely on their capabilities, qualities, and performance, regardless of gender. Additionally, we develop personalized career development plans to support their advancement.

Evaluation factors for mid-level managers

Evaluation Category	Details
Position Requirements	• Verification that the assigned job scope and complexity are appropriate • Level of work completeness performance • Number of working-level staff under management
Leadership Requirements	• Checking for sufficient expertise and practical experience in the relevant job • Potential for leadership as a manager

Operation of HR Systems for Fair Competition

In 2020, SK Inc. established a company-wide recruitment committee to ensure objectivity in interview evaluations. Additionally, in October 2022, we integrated job ranks to assign roles based on employees' capabilities and introduced an HR system that links compensation to performance outcomes.

Role-Based Workforce Management	All employees, regardless of rank or seniority, work on an equal footing, tackling challenging and decisive tasks based on their competencies and expertise.
In-depth Verification of Competence and Performance	We conduct bi-annual S-days for in-depth analyses of employees' competencies and performance, ensuring fairness in evaluations.
Compensation Based on Role and Performance	Compensation levels are determined by competencies, contributions, and performance, rather than rank or seniority.

Introduction of Unmarried Members' Birthday Leave

In response to societal changes and evolving employee needs, SK Inc. has replaced its previous wedding anniversary leave—available only to married employees—with a new birthday/wedding anniversary leave allocation. This allows all employees to choose to take leave annually for either their birthday or wedding anniversary.

Implementing a Global Diversity Program

SK Inc. is launching initiatives to enhance global competence and diversity among its employees. In partnership with AGS, a joint venture with Vietnam's FPT Group, we held a cross-cultural lecture on Vietnam to help employees understand differences in corporate culture, including aspects of politics, diplomacy, and personalities, as well as to improve office etiquette. Additionally, we have introduced a new English language program focused on global business situations and incorporated new content into our internal broadcasts each week to aid employees in developing effective workplace communication skills. SK Inc. is committed to continuing these efforts to foster diversity and inclusion within the company.

Talent Management

APPROACH

STRATEGY

Risk and Opportunities

SK Inc. has identified key risks and opportunities in human resources management that can reasonably be expected to affect its corporate outlook. To address these uncertainties, we have developed a human resources management strategy that considers their effects on our business model, value chain, strategies, decision-making, financial position, performance, and cash flows. Utilizing a web-based HR information management system, SK Inc. tracks productivity indicators such as operating profit per employee and labor costs as a percentage of sales, analyzing their financial impact. We align company-wide workforce operation plans and business directions with overall and divisional management goals and strategies, adjusting detailed workforce operations to fit the characteristics of each division. Due to the difficulty in separately quantifying the current or expected financial impact of these risks and opportunities, we present the financial impact as qualitative information.

Category	Details	Time Frame			Financial Impact
		Short-term	Mid-term	Long-term	
Risks	Increased turnover rates due to a negative organizational culture	●			Delays in projects, reduced development speed, and decreased productivity due to the loss of knowledge, experience, and expertise among the existing skilled workforce
Risks	Human resource shortages and the outflow of core talent	●	●		Increased recruitment and training costs, including recruiting fees, severance payments, and higher recruitment process costs, due to workforce shortages and key talent attrition
Opportunities	Acquisition and development of talent in future technology fields, such as AI, big data, and biotechnology		●	●	Increased productivity per employee and revenue generation through strategic talent placement aligned with future technology trends
Opportunities	Enhancing corporate image and brand value through the recruitment and development of outstanding talent	●	●		Increased costs for education, training, and recruitment during the talent acquisition and development process

(Short-term: 5 years / Mid-term: 10 years / Long-term: 30 years)

RISK MANAGEMENT

Risk Management

SK Inc. conducts organizational and group-level surveys to assess employee satisfaction and uses the results to develop strategies to reduce turnover. We manage attrition risks by analyzing turnover causes across factors such as job role, gender, employment type, and work location, and by selecting and implementing improvement tasks to address these causes.

Company-wide Activity/System Improvements

We continuously measure the importance and satisfaction of all regular and irregular activities/systems experienced by employees. By conducting an importance-performance analysis, identify priority areas for improvement where importance is high but satisfaction is low. Focusing on these priority areas, actively implementing system improvements and conducting member education and promotion.

Talent Management

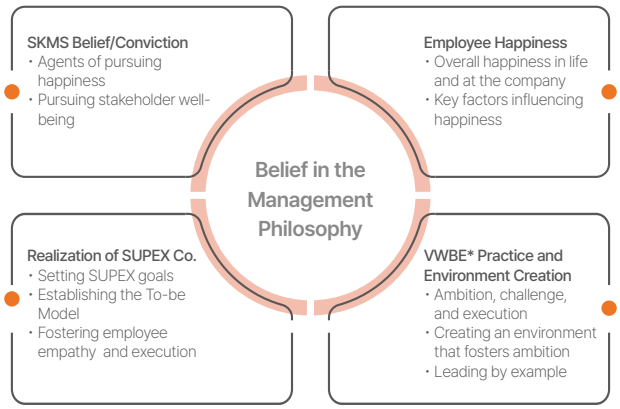
APPROACH

RISK MANAGEMENT

Employee Satisfaction Impact Measurement

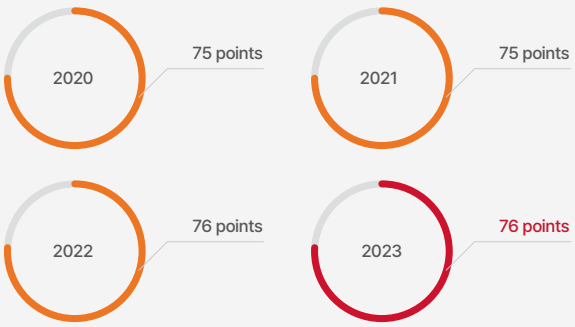
SK Inc. conducts an annual Culture Survey to assess employees' understanding and implementation of the SKMS management philosophy. The survey covers areas such as employees' happiness (in life, at work and future expectations), purpose (SUPEX goals, To-be Model), work engagement, and job satisfaction/stress. This helps us diagnose the impact on employee satisfaction. Based on the survey results and consolidated feedback, we implement targeted improvement activities.

Culture Survey Framework



* Voluntarily Willingly Brain Engagement

Employee Satisfaction (Culture Survey) Happiness Score Over Four Years



* Including listed subsidiaries of SK Inc., such as SK Innovation, SK Telecom, SK Networks, SK Square, SKC, and SK Biopharmaceuticals

Online Job Stress Test and Counseling Support

Recognizing that mental health is essential for employee happiness, SK Inc. developed a job stress test in 2022. Upon request, we connect employees with in-house psychological counseling services and two external counseling agencies through our Employee Assistance Program (EAP). In 2023, we conducted 904 stress tests and provided support for up to 8 external counseling sessions per person annually. Additionally, we continuously update safety and health regulations to promote employee well-being.

Development Process of the Job Stress Test

Item Development	Preliminary Survey	Statistical Analysis	Finalization of Items and Norms	Development of an Exclusive App for Employees
3 psychology professors and 1 psychiatrist professor participated	Conducted among 2,045 workers nationally and 177 SK Inc. employees	Validation of items through statistical analysis of preliminary survey results	Finalized 51 items reflecting the job and employee characteristics of SK Inc.	

Happiness Survey

Since 2020, all employees at SK Inc. have been completing a happiness survey before starting work each day. The survey includes multiple-choice questions on happiness levels and open-ended questions on factors affecting happiness. Results are compiled into a monthly Happiness & Mind Chart, which is shared with individuals and leaders at the department/group head level or above, followed by individual feedback. Based on the survey results, happiness workshops are conducted to identify improvement areas for enhancing organizational happiness. Additionally, end-of-year rewards are given to departments/groups that excel in promoting happiness.

Talent Management

APPROACH

METRICS & TARGET

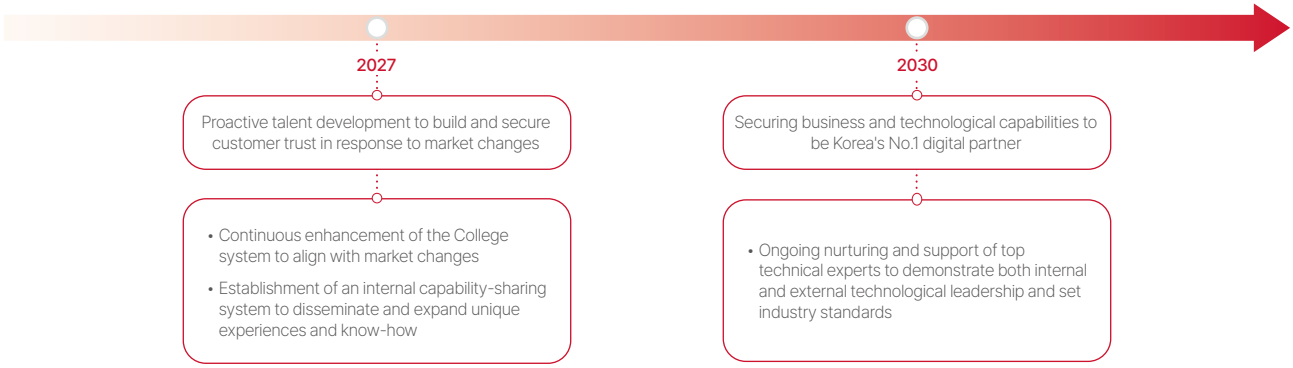
Metrics and Objectives

SK Inc. recognizes talent management as an important long-term priority. We have established goals to enhance and manage our talent effectively and are continuously monitoring our progress toward these objectives.

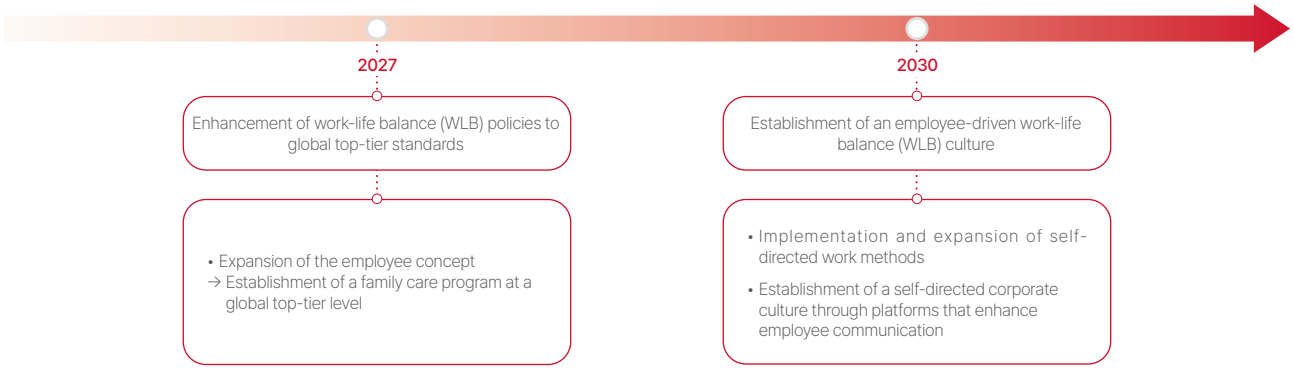
Diversity Objectives

We aim to achieve a minimum ratio of 15% female managers by 2026

Powering Business Competitiveness through Company-Wide Learning and Development



Corporate Culture Supporting Work and Family Life



Talent Management

PERFORMANCE

Performance in Job Competence Development

SK Inc. operates basic/practical competency training programs aligned with its business direction and employees' career growth paths. We also offer programs to develop digital experts who can lead customer engagements. All training programs are provided through C&C College, which provides learning guides tailored to each job based on the departmental education system. The college systematically supports the development of job competencies This approach creates a virtuous cycle of employee growth and digital business expansion by across various fields.

C&C College Departmental Completion Status

The C&C College, which opened in September 2023, trained nearly 28,000 people by the end of the year. This initiative enabled all employees to develop the practical skills necessary for their roles and grow with multiple competencies.

(Unit: Persons)

Department	Educational Direction	Graduates in 2023
Consulting	Develops consultancy skills that connect customer pain points with business and IT solutions, leveraging a deep understanding of customer needs and industry expertise. and industry expertise	89
Marketing/Sales	Cultivates practical capabilities in marketing and sales through a deep understanding of the industry and knowledge through a deep the company's services and offerings	931
Software	Enhances job-specific software skills essential to the company's core competitiveness, fostering experts who lead technical solutions and complete business tasks	2,353
Cloud	Develops specialists who drive rapid changes in IT services and possess expertise in multi-cloud environments, expanded and automated cloud-native technical capabilities, and architectural skills	1,783
New Tech.	Nurtures technical specialists with skills ranging from engineering to architecture, considering market trends and the needs of customers and business units in technology-intensive areas	1,773
Digital Factory	Trains experts who can lead digital manufacturing innovations for clients by defining high-quality manufacturing data and utilizing DT technology, all based on a solid understanding of fundamental capabilities and industry-specific characteristics in manufacturing	187
PJT Mgmt.	Develops project management specialists capable of leading and managing major and strategic projects, including next-generation initiatives	1,682
ESG*	Builds capacities to drive business and execute projects based on the company's digital ESG assets	-
Biz. Solution*	Creates business specialists who enhance customer value through solutions focused on process improvement, business operation optimization, and digital management	-
Company-wide	Helps build foundational competencies that are essential for performance and common to various roles	19,255
Total**		**28,023**

* ESG, Biz. Solution faculty will open in 2024
** Total includes employees completing internal/external/aggregated/VOD learning courses, including duplicates
※ 609.1% participation of all employees

Talent Management

PERFORMANCE

Job Competence Development Performance

Professional Development Outcomes

SK Inc. operates a project-based and task-based professional development program designed to cultivate digital experts who can lead our customers. In 2023, we expanded the program to include new areas crucial for business execution, such as Application/Data Architect, in addition to the existing focus areas. Implemented in 2019, the program has cumulatively developed approximately 1,300 individuals.

(Unit: Persons)

Category			2021	2022	2023	Total
Digital Technology Experts	Archi.	Digital Archi.	21	14	-	35
		Technical Archi.	67	37	22	126
		Appl. Archi.	-	-	31	31
		Data Archi.	-	-	27	27
	Cloud	Cloud App. Eng.	147	74	37	258
		Cloud Platform Eng.	177	74	23	274
	Data	Data Science	20	6	-	26
		Data Analytics & ML/DL	144	45	26	215
		Data Eng.	41	6	-	47
	AI Services		41	5	-	46
	Blockchain Services		15	-	-	15
	Subtotal		673	261	166	1,100
Digital Business Experts	Business Development/Consultancy		-	71	27	98
	Product Mgmt.		-	18	-	18
	Major/Next-gen Project Management		-	59	39	98
	Subtotal		-	148	66	214
Total			673	409	232	1,314

Talent Management

PERFORMANCE

Job Competence Development Performance

Practical Skill Development Outcomes

SK Inc. organizes and operates in-house collective courses based on learning needs, including the establishment of Individual Development Plans (IDPs) at the beginning of the year in alignment with employees' career growth paths. Employees apply for and participate in these training programs.

(Unit: Persons)

Development Areas	2021	2022	2023
AI/Big Data	421	413	387
Cloud	556	988	535
SW Eng.	-	294	556
Business (Marketing/Sales, Consulting, etc.)	-	282	279
PM/Business Management	-	458	697
Digital Factory	-	-	143
Total*	**977**	**2,435**	**2,597**

* Includes redundancies due to employees completing intensive competency development courses, such as in-house and collective courses

Key Competence Development Programs

Program	Key Training Content
mySUNI (SK Group common)	SK Group's common online education platform provides unrestricted access to various learning topics, allowing members to study without location or time constraints.
Self-directed Development	Support with educational funds, including self-development funds and happiness cards, available to individual employees
Job Competence Education	Intensive development of digital ITS experts capable of addressing customer pain points, including hands-on specialized courses (practical and expert) focused on performance and quality
LCL (Learning Collabo Lab)	Operation of voluntary learning groups where employees from various functions, such as technology, marketing, sales, project management, and staff, come together for research and development (R&D)
Open Lab	Seminars aligned with business needs, market trends (both domestic and international), and real-life examples
Leadership Courses	Comprehensive leadership solutions encompassing business leadership, people management, organizational development, and personal growth, including diagnostics, training, seminars, and coaching programs
Language Intensive Courses	Provision of business-oriented language courses for employees, with a focus on English
Telephone/Video Foreign Languages	Enhancement programs using telephone and video training to improve foreign language speaking skills in English, Chinese, and Japanese
Certification Acquisition/ Maintenance Support	Provide certification and retention programs, including costs, for strategic digital experts and employees who need to obtain certifications for their roles
Job Community	Operation of an online community, "Do Learn Do Learn," supporting knowledge sharing and problem-solving by job function

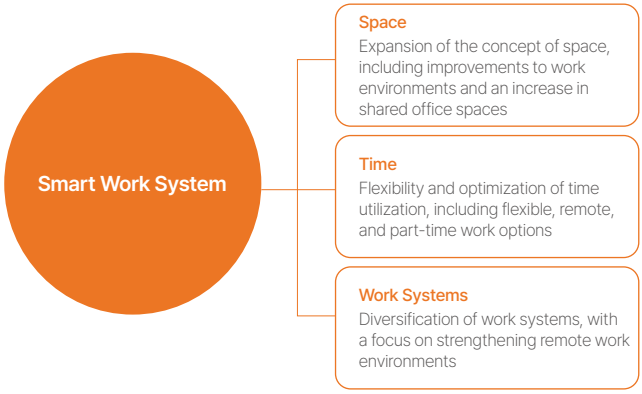
Talent Management

PERFORMANCE

Work-Life Balance (WLB) Support Programs

Empowering an Employee-Driven Work Environment

SK Inc. is actively introducing the Smart Work system to improve organizational efficiency and support employees' self-fulfilling work as the need for innovation in employee healthcare and work styles expands.



My Time System (Flexible Working hours)
- Adoption of an elective working hours system that allows employees to choose their working hours freely for study, childcare, and family care, enabling them to manage work hours according to their situations

Anywhere But Connected System (Working-from-home arrangements)
- A remote work system that enables working from anywhere while maintaining work efficiency

External Satellite Offices
- For employees who prefer to work from home but lack a a suitable home office setup, workspaces are provided close to their homes to support work-life balance and enhance work efficiency.

Enhanced Family Benefit and Care

Family-Friendly Company Certification

Operation of On-Site Daycare	Child Education Support	Gifts for Children Entering Elementary, High School, or University Examinations	Support for Special Education Costs for Children with Disabilities
• To prevent career interruptions due to childcare and enhance job focus, we provide full support for daycare expenses for children aged 1 to 4	• Helping employees balance work and family by reducing the financial burden of their children's education, from ages 5 through college	• Celebrating the growth and school admissions of employees' children	• Providing 100% support for special education costs up to the age of 25

Family Event Support	Family Care Program	Bereavement Support Program
• Celebrating family milestones within employees' families - Parents' 60th, 70th, and 80th birthdays; siblings' weddings; and children's births and marriages	• Providing support for family members through illness, accidents, and other challenges, and helping them continue their own careers. - Family care leave (10 days), leave of absence (up to 90 days), and reduced work hours (up to 2 years) - Childcare leave for elementary school children (up to 6 months) - Support for family-related counseling, including parenting, marital issues, domestic violence, and more	• Grief support for family members grieving the loss of a loved one, such as memorial/investigation supplies, time off work, and post-bereavement counseling

Enhancement of Maternity Protection Measures for Employees

Parental Leave	Spousal Maternity Leave	Support for Fertility Treatments
Providing parental leave for male and female employees with infants and toddlers up to the age of 8, while maintaining key benefits such as healthcare during the leave • Paid parental leave for primary caregivers: 1 year • Paid parental leave for non-primary caregivers: 1 year	Support for postnatal care and psychological stability of the spouse (up to 10 days)	• Reimbursement for in-vitro fertilization costs up to KRW 5 million per occasion, twice a year • Leave for fertility treatments (up to 9 days) and extended leave (up to 1 year)

Miscarriage Leave	Reduction of Working Hours	Breastfeeding Spaces and Break Areas
Leave to support psychological stability and recovery (up to 90 days)	• For pregnancy: Reduction of 2 hours per day reduction for pregnant employees (applicable throughout pregnancy) • For childcare, elementary school children, and other family care: Reduced working hours available upon application	Separate break rooms for pregnant and breastfeeding employees, equipped with: - Refrigerators for storing breast milk, spinal heating devices

Talent Management

PERFORMANCE

Work-Life Balance (WLB) Support Programs

Enhancement of Support for a Stable Post-Retirement Life

SK Inc. operates a comprehensive support system for employees' stable retirement and second act of life. We offer career counseling and aptitude exploration for retirees and manage defined benefit (DB) and defined contribution (DC) retirement pension plans, which are paid out as lump sums or annuities through external financial institutions. We ensure stable benefits by complying with the statutory outside contribution standard of 100% and managing retirement benefits in external asset institutions. Additionally, we provide five months of participation in relocation support services (non-attendance) and one month of vacation to prepare for retirement. We assist employees in selecting participating companies and engaging in programs that reflect their individual preferences, such as reemployment, startups, and life design education. We also operate a rehiring program for retired employees with exceptional competencies who wish to continue working.

Category	Achievements
Participants	16 persons based on 2023 retirees
Satisfaction Score	4 points (out of 5)
Employment and Entrepreneurship Rate	43.8% (7 employed)

Ethics and Compliance

APPROACH

GOVERNANCE

Board of Directors and Management

SK Inc. manages risk management, internal control, and ethical management/anti-corruption through the Audit Committee under the Board of Directors (BOD). In 2023, the Audit Committee held a total of 15 meetings. The company ensures the authority and independence of the organizations in charge by having the Internal Audit Department, which includes the Risk Management&Corporate Audit (Investment Division) and the Ethics Management Group (Business Division), conduct ethical management and risk management activities. The ethics management organization is staffed with professionals who have extensive experience in the field. Additionally, annual training is provided to enhance their expertise, including workshops and seminars on overseas corporate audits and bid management.

The Audit Committee has the authority to appoint or dismiss the head of the Internal Audit Department, who is responsible for ethical management. SK Inc. has established the SK Ethical Management System to systematically manage risks and opportunities related to ethical management. The results of ethical management evaluations are established as a company-wide KPI, impacting the performance evaluations and compensation of all employees, including management.

Code of Ethics

Code of Ethics

SK Inc. has established a Code of Ethics, including practical guidelines and directives, which are publicly accessible. This Code of Ethics applies to all stakeholders, including full-time, contract, seconded, and part-time employees of SK Inc. and its subsidiaries where SK Inc. holds management control. All employees are required to adhere to the Code of Ethics, with disciplinary procedures outlined, based on zero-tolerance principle, for those engaging in prohibited activities or failing to cooperate with investigations. The Code of Ethics is reviewed annually, and necessary revisions are made public. Additionally, all employees must sign an annual pledge of ethical management. A “Pledge to Practice Ethics for business partners” is also established for all suppliers and is a mandatory document for all contracts, promoting ethical management among suppliers.

Ethics Practice Guidelines

Employees
- Mutual respect among employees
- Prohibition of bribery and financial transactions
- Role of leaders

Customers
- Efforts to secure customer trust
- Protection of customer information

Society
- Compliance with laws
- Exclusion of money and valuables from stakeholders
- Fair trade with suppliers
- Fair trade with competitors

Company/Shareholders
- Prioritize company interests in case of conflict of interest
- Protection of company assets and information
- Prohibition of money laundering
- Reporting and business management

Whistleblower Protection
- Operation of an internal whistleblowing system
- Protection of whistleblowers' identities and prohibition of retaliatory actions

Ethics and Compliance

APPROACH

GOVERNANCE

Ethics and Compliance Management Standards

Category	Code of Ethics Practice Items	Key Content
Employees	• Mutual respect among employees • Prohibition of bribery and financial transactions • Role of leaders	• Prohibition of human rights violations and discrimination • Prohibition of sexual harassment • Efforts for environmental, health and safety • Guidelines related to money, valuables, and gifts • Examples set by leaders
Customers	• Efforts to secure customer trust • Confidentiality of customer information	• Efforts to secure customer trust and mutual development • Prohibition of bribery and hospitality • Protection of personal information of customers, business partners, and employees
Society	• Compliance with laws • Exclusion of money and valuables from stakeholders • Fair trade with suppliers • Fair trade with competitors	• Compliance with the Fair Trade Act, Improper Solicitation and Graft Act, Subcontracting Act, etc. (including charitable contributions and sponsorship) • Prohibition of illegal political funding • Prohibition of environmental preservation Efforts and Compliance with relevant Laws • Prohibition of unfair practices towards suppliers
Company/Shareholders	• Prioritization company interests in case of conflict of interest • Protection of company assets and information • Prohibition of money laundering • Reporting and business management	• Prohibition of concurrent employment without prior approval and business transactions with relatives • Prohibition of insider trading • Prohibition of private use of company assets and internal information/technology leakage • Prohibition of false or delayed reporting
Whistleblower Protection	• Operation of an internal whistleblowing system • Protection of whistleblower's identity and prohibition of retaliatory actions	• Prohibition of discrimination against reporters • Protection of testimonials • Whistleblower protection measures and prevention of recurrence • Sanctions and exemption system for self-reporting

Ethics Violation Cases (Don't)

SK Inc. collects potential ethical violation cases that occur during business activities to provide guidance for ethical behavior in employee job performance.

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

FAQ for SK Leaders on Ethics Practice

SK Inc. offers a dedicated guide in a Q&A format to help leaders internalize and exemplify ethical management. This guide addresses common situations that arise during business activities.

Areas	Contents
Conflicts of Interest	• Prohibition of conflicts of interest and approval requirements • Prohibition of solicitation in purchasing and personnel affairs • Compensation related to concurrent positions at investment companies • Reporting external lectures and return of compensation
Protection of company assets and use of budget	• Criteria for determining the private use of company assets • Prohibition of private sponsorship, advertising, or donations to specific organizations • Precautions related to the use and settlement of company budgets • Prohibition of transferring company benefits to others • Personal expense burden for adding personal itineraries • Simplification of formalities related to business
Gifts and Bribery	• Prohibition and permitted acceptance of money and other items • Handling high-priced gifts from overseas business partners • Standards for giving gifts among employees

Ethics and Compliance

APPROACH

STRATEGY

Management and Operational System

SK Inc. operates a management team and self-inspection system for risk assessment and practice audits. Based on the mid-term audit plan, we conduct at least one comprehensive audit every three years across all business areas. Additionally, we perform checklist-based self-inspection audit once a year in six major areas, including human resources, finance, and purchasing. For self-inspection audit, include additional oversight from the department responsible for ethical management, alongside the checks performed by the employees themselves. All audit plans and results are reported to the Board of Directors (BOD) for review and approval. Any issues identified that require improvement are addressed with implementation plans, which are then monitored for compliance after a designated period. Reports to the BOD include the implementation plans, the results of inspection on these plans, whistleblower investigations, ethics management training, self-inspection inspections, and ethics management surveys. This ensures that the overall monitoring of ethics management activities is managed by the Audit Committee.

Audit Details

The 2023 audit led to several enhancements, including improvements to the investment process guide, better procedures for managing exit business assets and outputs, more effective safety management fee systems and strengthened oversight of overseas subsidiary contracts and receivables.

Year	Diagnostic Targets and Content
2023	• Domestic subsidiary audits (4 cases) • Foreign corporation audits (2 cases) • Business audits (Solutions/Cloud/SI/OS) • Staff function audits (Investment/Purchasing/Cost)
2022	• Domestic subsidiary audits (3 cases) • Foreign subsidiary audits (1 case) • Business audits (Cloud) • Staff function audits (Business management/Purchasing)
2021	• Domestic subsidiary audits (2 cases) • Foreign subsidiary audits (1 case) • Business audits (SI/OS) • Staff function audits (Purchasing/Cost/Budget)

Ethics Management Reporting/Counseling Process

SK Inc. operates various reporting and counseling channels for stakeholders, centered around an online reporting system. This system is accessible not only to employees but also to suppliers, customers, and anyone aware of unethical behaviors, establishing a framework available to all. Reporting and counseling are managed at the group level by SK Group, with anonymity ensured. The principle of investigating 100% of reported cases is strictly followed. The whistleblower protection regulations within the reporting site explicitly guarantee the anonymity of reporters and prohibit any adverse or retaliatory actions against them.

Online Reporting	Telephone	E-mail
https://ethics.sk.co.kr	+82-2-6400-6262	ethics@sk.com sk.ethics@sk.com

Ethics and Compliance

APPROACH

STRATEGY

Anti-Corruption Management System

Anti-Corruption Principle

SK Inc. established the Anti-Corruption Management System Operation Regulation in 2021 and acquired ISO 37001 Anti-Bribery Management System (ABMS) certification for all its operations, which it maintains to this day.

Compliance Management System

Fair Trade Policy Compliance Management Principle

SK Inc. has established a compliance management policy and obtained the global compliance management certification ISO 37301, implementing a systematic compliance management system. Additionally, the compliance management portal disseminates and shares data on compliance obligations and key management risks for each organization. It also conducts awareness training and surveys on compliance management systems for all employees.

Compliance Management Communication System

Category	Timing	Target	Method	Responsiblity
Compliance Management Principle	At establishment	Employees	Post on Intranet (HiSK)	Legal Affair Group
		Stakeholders	Post on Website	Legal Affair Group
Compliance Management Obligations	At creation/ amendment	Each organizational unit	Notice/circular	Compliance manager
		Employees	Post on Intranet (HiSK)	Legal Affair Group
Compliance Management Risks	Annually	CEO	Risk assessment (can be included in management review reports)	Legal Affair Group
		Each department	Department notice/circular	Compliance manager, Legal Affair Group
Compliance Management Training	Annually	All employees	Compliance Guidebook	Legal Affair Group
Internal Audit	Annually	Compliance management officer	Internal Audit Report	Legal Affair Group
Management Review	Annually	CEO	Management Review Report	Compliance manager

Risks and Opportunities

SK Inc. has identified key risks and opportunities in the ethics and compliance area that could reasonably be expected to impact the company's outlook. We report on strategies to manage these risks and opportunities, addressing their potential effects on the business model, value chain, strategy, decision-making, financial condition, performance, and cash flows. However, the current or anticipated financial impact of these risks and opportunities cannot be quantified individually, so the financial impact is described qualitatively.

Category	Contents	Time Frame			Financial Impact
		Short-term	Mid-term	Long-term	
Risks	Exposure to unethical behavior leading to social criticism and sanctions	●	●	●	Brand image damage, revenue loss, and financial losses due to decreased investor confidence
Risks	Legal disputes and sanctions due to corruption, environmental pollution, safety incidents, non-compliance with subcontracting laws	●			Legal dispute and sanction costs due to ethical violations
Risks	Organizational mistrust and conflict due to unethical behavior among employees	●	●		Decreased morale and productivity leading to workforce turnover, reduced work efficiency, and increased costs
Opportunities	Securing investor confidence	●	●		Lowering capital raising costs and creating new investment opportunities

(Short-term: 5 years / Mid-term: 10 years / Long-term: 30 years)

Ethics and Compliance

APPROACH

RISK MANAGEMENT

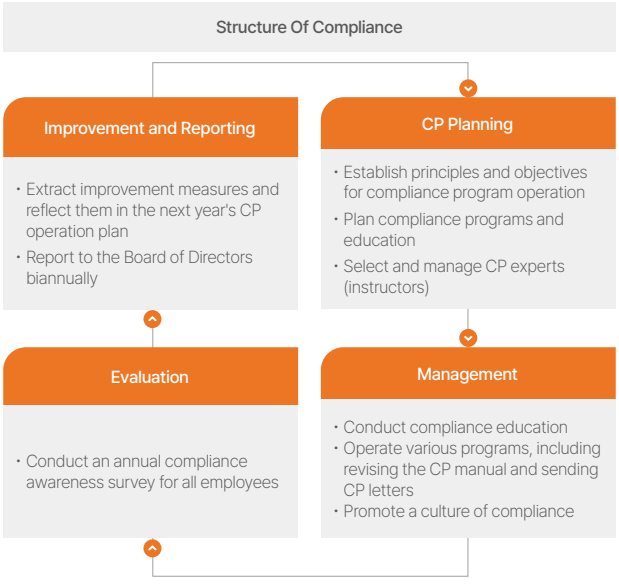
Risk Management

Systematic and Continuous Compliance Management Risk Assessment and Management

SK Inc. identifies, analyzes, and evaluates compliance risks by associating compliance obligations with aspects related to business activities, products, services, and operations. To ensure ongoing compliance management, we identify new and revised compliance obligations, assess the impact of these changes, and implement necessary plans to manage them.

Compliance Operating Process

The compliance program (CP) operating system follows a four-phase process: CP Planning → Operation → Evaluation → Improvement and Reporting, which is repeated cyclically. Key risks are analyzed and evaluated to develop a global-standard compliance program, fostering and promoting a culture of compliance. At the end of each year, employee awareness surveys are conducted to identify areas for improvement, which are then incorporated into the planning for the following year's compliance program. Biannual reports on operational performance and future plans are submitted to the Board of Directors and management. Additionally, the compliance system is verified by a third party.



Compliance Risk Selection and Management

SK Inc. selects and manages risks identified through the analysis of revised or newly enacted laws and regulations, violation cases, and employee compliance awareness surveys. This process considers the likelihood of occurrence and the impact on business activities, focusing on risks classified as medium or high that require improvement. In 2023, enhanced against misappropriation of supplier's technology and focused inspections on unfair trade practices in the software industry were prioritized. To mitigate these risks, employee education (with 8,242 participants) and improvements in subcontracting and purchasing processes and systems were implemented. Although some risks related to misappropriation, joint actions, and improper benefits decreased in the 2024 follow-up assessment, they are designated for ongoing management due to their impact on business activities.

Fair Trade Compliance Program

SK Inc. has introduced a compliance program to internalize relevant laws and procedures and foster a culture of compliance. Every two years, we update the Fair Trade Compliance Manual to reflect the latest laws and response guides, ensuring employees are familiar with fair trade-related laws and preventing violations related to fair trade and subcontracting through risk prevention.

Key Contents of the Fair Trade Compliance Manual

- CEO's declaration of compliance commitment, definition of CP, reasons for its introduction, CP execution system, and the eight key elements of CP
- Explanation of fair trade-related laws (Fair Trade Act, Subcontracting Act, Act on the Promotion Of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises, Improper Solicitation and Graft Act)
- Explanation of other company-relevant laws (Act on the Protection Of Temporary Agency Workers, Intellectual Property Rights, Personal Information Protection Act)
- Internal regulations (related rules, guides for various stages of business progression, internal whistleblowing system, introduction of responsible departments)

Ethics and Compliance

APPROACH

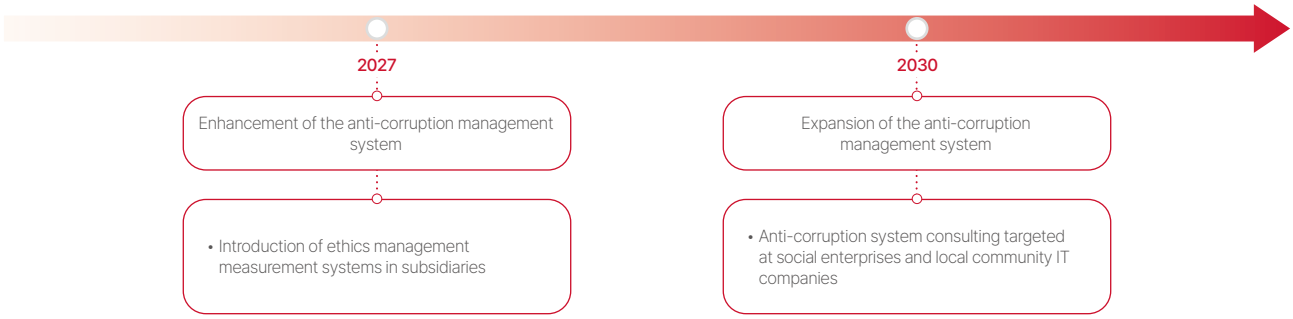
METRICS & TARGET

Metrics and Objectives

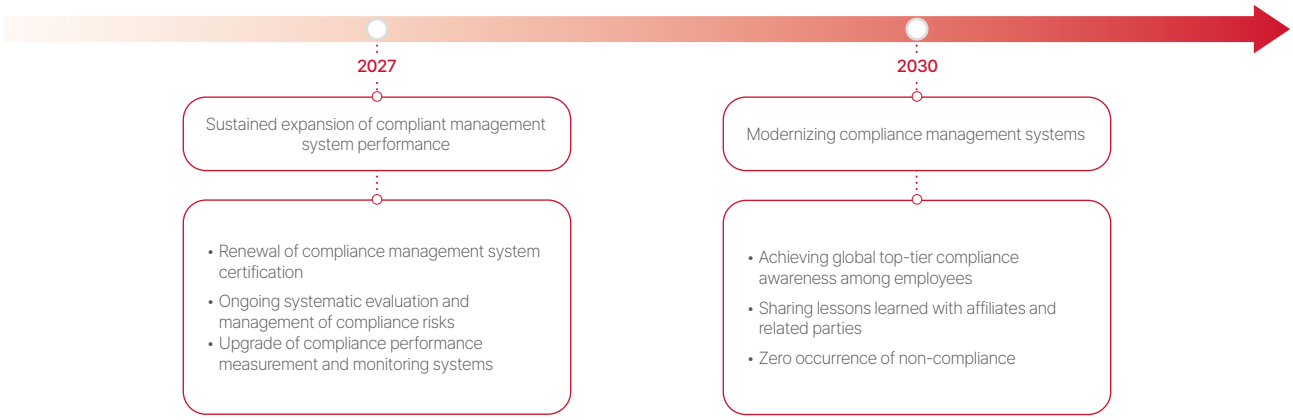
SK Inc. recognizes ethics and compliance as key management issues from a long-term perspective and has set objectives to enhance and monitor the performance of ethics and compliance levels.

Objectives	Metrics	Current Status 2023	Mid-term Objectives	Long-term Objectives
Continuous expansion of anti-corruption education targets	Anti-corruption education target	Implementation of ethics management online training and practice pledges for supplier personnel deployed in our operations	Supporting the establishment of ethics management systems and conducting training for key supplier companies (including subsidiaries)	Providing ethics management and anti-corruption training, and disseminating audit techniques to social enterprises and IT companies

Establishment and Expansion of Anti-corruption Management Systems



Zero Non-compliance Incidences



Zero Unfair Trade and Unfair Competition

Ethics and Compliance

PERFORMANCE

Ethical Management Practice Culture

Education on Ethical Management

Every year, SK Inc. conducts an ethics management pledge encompassing anti-corruption principles, targeting all employees, including permanent, contract, dispatched, and part-time staff. Additionally, we deliver annual online ethics training based on current trends. In 2023, the training covered topics such as workplace harassment, prohibitions on dual employment, business entertainment and hospitality, bribery, and private use of company assets. This training was supplemented with irregular newsletters sharing recent cases and principles of whistleblower protection. We also offer specialized courses for new leaders and provide separate compliance training targeted at project managers, business management, and sales personnel leading the field.

Ethics Management Practice Activities

We conduct ethics management practice workshops to train individuals to independently judge and resolve ethical dilemmas. These workshops use group discussions to develop organization-wide solutions. Additionally, we perform ethics surveys among employees to assess compliance levels across various ethical regulations, operational effectiveness of related systems, and the degree of internalization of corporate culture. These surveys are carried out at the SK Group level, ensure anonymity and objectivity, with results used to identify improvements for the following year. SK Inc. also strives to promote ethical management among our suppliers.
Every contractor engaged with SK Inc. is required to include a "Pledge to Practice Ethics for business partners" in all contracts. This pledge covers safety, health, environmental, and ethical behavior, and is mandatory to foster participation in ethical management. Additionally, at the time of deployment to our projects, supplier company employees undergo online ethics management training. This training covers our ethical management system, key violations, and whistleblower channels. Employees are also required to sign an ethics management practice pledge.

Ethical Management Training Attendance

	Category	2020	2021	2022	2023
SK Inc.*	Number of participants	4,229	4,457	4,605	**4,601**
	Percentage of participants	100%	100%	100%	**100%**
Supplier companies**	Number of companies	-	306	676	**653**
	Number of participants	-	4,476	7,022	**3,145**

* Includes all permanent, contract, dispatched, and part-time employees in SK Inc.'s investment and business divisions
** Ethics training for supplier companies has been conducted since the second half of 2021. Starting in 2023, the training frequency was changed from biannual to annual

Anti-Corruption Training Attendance

Category	2020	2021	2022	2023
Number of employees who have received training on anti-corruption policies and procedures	4,229	4,457	4,605	**4,601**
Percentage of employees trained on anti-corruption policies and procedures	100%	100%	100%	**100%**

※ Employees on leave or overseas assignments who face difficulties attending ethics and anti-corruption training are still included in the completion statistics

Strengthening of Ethics Expertise

SK Inc. is continuously striving to enhance its ethical management practices and protect the company and its employees from various ethical risks by developing the professional competencies of members of the team dedicated to ethical management. Each year, all those are required to attend at least one training related to their specific audit areas. In 2023, they completed courses on auditing overseas subsidiaries and bid management. Additionally, they stay updated on the latest trends and techniques through quarterly seminars with both internal and external lecturers.

Ethics and Compliance

PERFORMANCE

Promotion of Fair Trade Culture

Operation Status of the 8 Key Elements of Fair Trade Compliance

Key Element	Operational Status
CP Standards and Procedures Development and Implementation	• Revision of the Fair Trade Compliance Operating Regulations/Guidelines (January 2022) • Establishment of the Fair Trade Compliance Reward System Guidelines (December 2016) • Document Management and Posting through the internal Compliance Portal and the external website's fair trade bulletin board
CEO's Commitment and Support for Compliance	• CEO Commitment to Fair Trade Compliance • Publication of CEO's Internal and External Fair Trade Letter
Appointment of a Compliance Manager	• Compliance manager appointed by the Board of Directors • Annual compliance manager letter sent to employees • Semi-annual reporting of CP operation status and plans to the Board of Directors
Production and Distribution of Compliance Manuals	• Production and distribution of compliance manuals (at least biennially) • Creation and posting of e-books and mobile manuals • Placement in MARU (in-house library)
Continuous and Systematic Compliance Training	• Annual training for PM, Business Management, and Sales • Annual subcontractor law and intellectual property training for all employees • On-demand training for new and experienced employees • On-demand business-specific compliance training
Internal Monitoring System Setup	• Pre-emptive issue checks at project and business stages (ongoing) • RM SPOC (Risk Management Single Point of Contact) system operation • Biannual fair trade risk regular checks
Sanctions for Employees Violating Fair Trade-Related Laws	• Revision of the Fair Trade Compliance Operating Regulations/Guidelines (January 2022) • Operation of online/offline consultation offices
Effectiveness Evaluation and Improvement Measures	• Conduct a satisfaction survey of all compliance training • Annual compliance awareness survey among all employees • Utilization of these results for planning the following year

Ethics and Compliance

PERFORMANCE

Promotion of Fair Trade Culture

2023 Fair Trade Compliance Program Operational Performance

Education and Activities	Related Regulations	Number of trainings
Targeted Compliance Education	Fair Trade Act, Subcontracting Act, Dispatched Worker Protection Act, Intellectual Property Rights, Company Regulations	1 session
Anti-Solicitation Law Education	ISO37301, HRMS2024	1 session
Privacy Compliance Education	Privacy Protection Act, Information and Communications Network Act, Cloud-related Laws	1 session
Compliance Training for New/ Experienced Employees	Fair Trade Act, Subcontracting Act, Company Regulations	Ongoing
Global Compliance Education	GDPR (EU General Data Protection Regulation), FCPA (Foreign Corrupt Practices Act)	1 session
Technology Misuse Prevention and Intellectual Property Rights Education	Subcontracting Act, Intellectual Property Rights	1 session
Public Project Compliance Education	Subcontracting Act, Public Contract Laws, Software Industry Promotion Act, Improper Solicitation and Graft Act	1 session
Team Leader ESG Compliance Education	Subcontracting Act, Serious Accidents Punishment Act, Occupational Safety and Health Act, Ethics and Compliance	1 session
Internal Transactions Compliance Education	Fair Trade Act, Company Regulations	3 session
CP Operation Performance and Plans Reporting to the Board	All related laws and regulations with our business	2 session
Operation of CP Portal	All related laws and regulations with our business	Ongoing
Compliance Manager Letter, CEO Compliance Letter	Fair Trade Act, Subcontracting Act	2 session
Elevator Campaign	Subcontracting Act	1 session
Company-wide Announcement of Legal Changes	Amended laws and regulations related to our business in 2023	On-demand
Compliance Training Participation		**8,242 individuals**

Portfolio ESG Management

APPROACH

GOVERNANCE

Board of Directors and Management

The portfolio ESG management decision-making system at SK Inc. is organized under the CEO-led Sustainable Management Team. Designated for reviewing, approving, and making decisions on key issues. Details about the decision-making body and individual roles and responsibilities are specified through portfolio management principles and communicated to external stakeholders. The operational team is composed of personnel experienced in ESG tasks. Additionally, to ensure ESG expertise, participation in both internal and external ESG and climate-related training and workshops is ongoing.

The results of the portfolio ESG examinations are reported to the management and the ESG Committee. If significant ESG risks/ opportunities are identified based on monitoring results, communication is carried out through each company's Board of Directors or non-executive directors. Depending on the issue, portfolio ESG enhancement activities are conducted through methods such as ESG check reports or shareholder letters.

According to SK Inc.'s management principles, ESG enhancement activities are integrated into the management planning and strategy, and the management reviews ESG management objectives and the level of their implementation. Furthermore, items related to ESG enhancement at SK Inc. are set as key performance indicators (KPIs) for the management and the entire company to institutionally link and manage ESG-related performance across the organization.

STRATEGY

Management and Operational System

SK Inc. is establishing a system to integrally manage the economic and ESG value of its key asset, the investment portfolio, from a long-term perspective to enhance corporate value. By applying systematic ESG management throughout the investment lifecycle—from the investment review stage to acquisition and divestiture—we implement rational investment decisions that consider ESG factors internally. Externally, we ensure that the corporate value of the portfolio is appropriately recognized in the market, thereby enhancing its positive impact on society and the environment.

Portfolio ESG Management Principles

Portfolio ESG Management

APPROACH

GOVERNANCE

① Pre-Acquisition - Investment Review Stage

ESG Due Diligence

Conducting ESG Due Diligence
- Creation of a checklist tailored to the industry and size of the target company
- Distinction of inspection items into ESG risks and management systems
- Conducting written assessments and on-site due diligence

Insight Extraction
- Adjustment of acquisition price to reflect valuation
- Recommendation of improvement tasks for Post-Merger Integration (PMI)

② Value-up Period - Ownership Phase

Regular ESG Reviews

Investment Company Classification
- Categorization of the entire portfolio into 16 industries and three size groups

Derivation of ESG Priority Management Items
- Identification of core management areas in industries based on ESG external evaluations and stock price correlation analysis

Regular Board Evaluations
- Annual performance reviews of ESG, identifying critical ESG risks/opportunities

Climate Risk Management

Transition Risks
- Examination of financial impacts due to carbon regulations and price fluctuations
- Profitability: Consideration of carbon costs relative to sales and operating profit
- Cost-Effectiveness: Evaluation of the effectiveness of reduction measures relative to investments
- Marketability: Review of strategy considering the pace and level relative to competitors

Physical Risks
- Identification of vulnerable climatic factors at asset locations
- Recommendations for management strategies for high-risk assets

ESG-based Shareholder Communications

Agenda for Shareholder Communications
- Communication topics triggered by identified risks related to key ESG management issues in the industry or significant ESG controversies throughout the year

Engagement Approach by Investment Company Type
- Communications through the board of non-executive directors
- Dispatch of ESG review reports or shareholder letters

③Exit - Divestment/Investment Recovery Phase

ESG Divestment Strategy Review

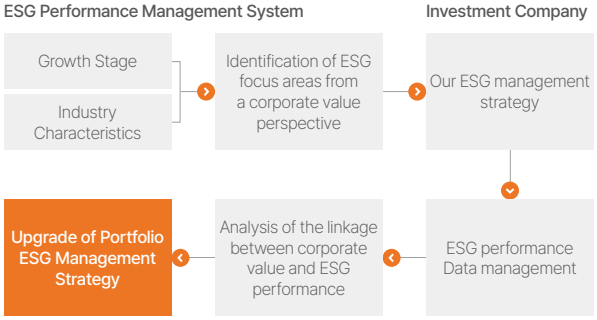
Publication of ESG Exit Report
- Development of an ESG value-up-based exit strategy post-acquisition
- Review of critical ESG risks/opportunities,and disclosure levels for ESG management

Sell-side Inspection Management

Review for the Presence Of Material ESG Issues
- Assessment of compliance with ESG regulations in the target market.
- Proposals for disclosure and enhancement of opportunities in areas of ESG excellence
- Verification of compliance with domestic and international responsible investment standards
- Disclosure of superior management areas and stakeholder communication

ESG Performance Management System

A comprehensive evaluation of the entire portfolio, categorized into 16 industries and three groups (group companies, direct subsidiaries, minor investment companies), focuses on ESG issues that significantly impact corporate value by industry. Regular ESG reviews were conducted for member and direct subsidiary companies, with and key issues reported to management and the ESG committee. Plans include expanding the management scope across the entire portfolio long-term and extending ESG management from domestic to international operations to enhance the ESG performance management system at all business locations. This approach aims to achieve the ultimate goals of portfolio value enhancement and corporate value improvement.



Portfolio ESG Management

APPROACH

STRATEGY

Risks and Opportunities

SK Inc. believes that enhancing the value of its investment portfolio is directly linked to increasing its corporate value. We identify key risk and opportunity factors in portfolio ESG management that could reasonably impact the corporate outlook. Our focus is on managing and improving ESG risks and opportunities, including recent industry-specific issues that have emerged in the market. This evaluation is conducted and improved biannually. Additionally, we report on management strategies to address the impacts and uncertainties caused by these risks and opportunities on our business model, value chain, strategy, decision-making, financial condition, financial performance, and cash flows.

Category	Contents	Term			Financial impacts
		Short-term	Mid-term	Long-term	
Risk	Increased ESG regulations and costs	●	●	●	Increased direct and indirect costs associated with ESG compliance at investee companies, including R&D investments, facility improvements, and operating expenses
Risk	Exposure of investment targets to ESG risks	●			Damage to investment companies' image due to external issues such as greenwashing, leading to decreased corporate value and litigation costs
Opportunity	Expansion of the clean technology market	●	●		Increased revenue through access to new markets for eco-friendly products and services
Opportunity	Mandatory disclosure of non-financial information	●	●		Expansion of valuation criteria through integration of non-financial performance into financial reporting

(Short-term: 5 years / Mid-term: 10 years / Long-term: 30 years)

RISK MANAGEMENT

Risk Management

The current domestic and international business environment shows an increasing likelihood and frequency of uncertain risks, necessitating strategies that account for various scenarios and prepare accordingly, unlike in the past, where blueprints were drawn with annually increased targets.
Consequently, SK Inc. aims to fortify its fundamentals to prepare for continued high inflation, high interest rates, geopolitical tensions, and macroeconomic uncertainties, and to build resilience against potential risks. In the short term, this involves strengthening financial stability and re-entering a high-growth trajectory alongside macroeconomic recovery, realizing returns on prior investments, and making new investments to explore growth opportunities. These actions are intended to alleviate downward pressure on corporate value and enhance risk responsiveness.

Risk Management Strategy

SHORT-TERM
Enhancing portfolio robustness by securing financial soundness and strengthening the portfolio

Short-term Strategy
- Maintain target levels of net debt dependence for the medium to long term
- Strengthening portfolio value
- Establish risk management measures through scenario planning
- Evaluate economic feasibility and execution based on ROIC (Return on Invested Capital)

MID-TERM
Enhance responsiveness to unpredictable risks

Mid-term Strategy
- Identify risk exposures related to macroeconomic changes
- Prepare for unforeseeable crises
- Establish preemptive measures before a crisis occurs

Climate-Related Financial Risk Management in the Portfolio

The transition to a low-carbon economy and efforts to accelerate Net Zero could affect both short and long-term profitability. SK Inc. has established a management system that that examines the current climate risk levels of the portfolio and reviews the effectiveness and economic feasibility of each company's reduction measures. Additionally, we classify and monitor over ten types of climate and region-specific financial risks across the entire portfolio.

Investment Portfolio: Transition Risk
Financial impact management framework for climate change transition risks

Investment Portfolio Physical Risk
Analysis of physical risk outlook data

Portfolio ESG Management

APPROACH

METRICS & TARGET

Metrics and Objectives

To manage the ESG levels of our portfolio, we closely monitor key areas based on industry areas of portfolio companies. We regularly update our metrics and set targets considering the industry-specific weights, stock correlations with external ESG rating agencies, and ESG trends by industry and region.

Objectives	Metrics	2023 Status	Mid-term Target (2027)	Mid- to long-term Target (2030)
Expansion of ESG Management Scope in the Portfolio	Subject of regular ESG reviews	High-priority and direct subsidiaries	Expansion in number of subsidiaries to be inspected	All subsidiaries and investment companies
	Frequency of ESG reviews	Annually	Biannually	Continuous, at least twice a year
Enhancement of ESG Levels in the Portfolio	Status of ESG controversy issues	Mostly absent or requiring management guidance	Minimized issues	No occurrence of issues
	External ESG evaluation status of the portfolio	MSCI rating of A or higher	Top-tier in each rating agency	Enhancement of corporate value through on ESG

Eco-friendly Business/Technology Investments

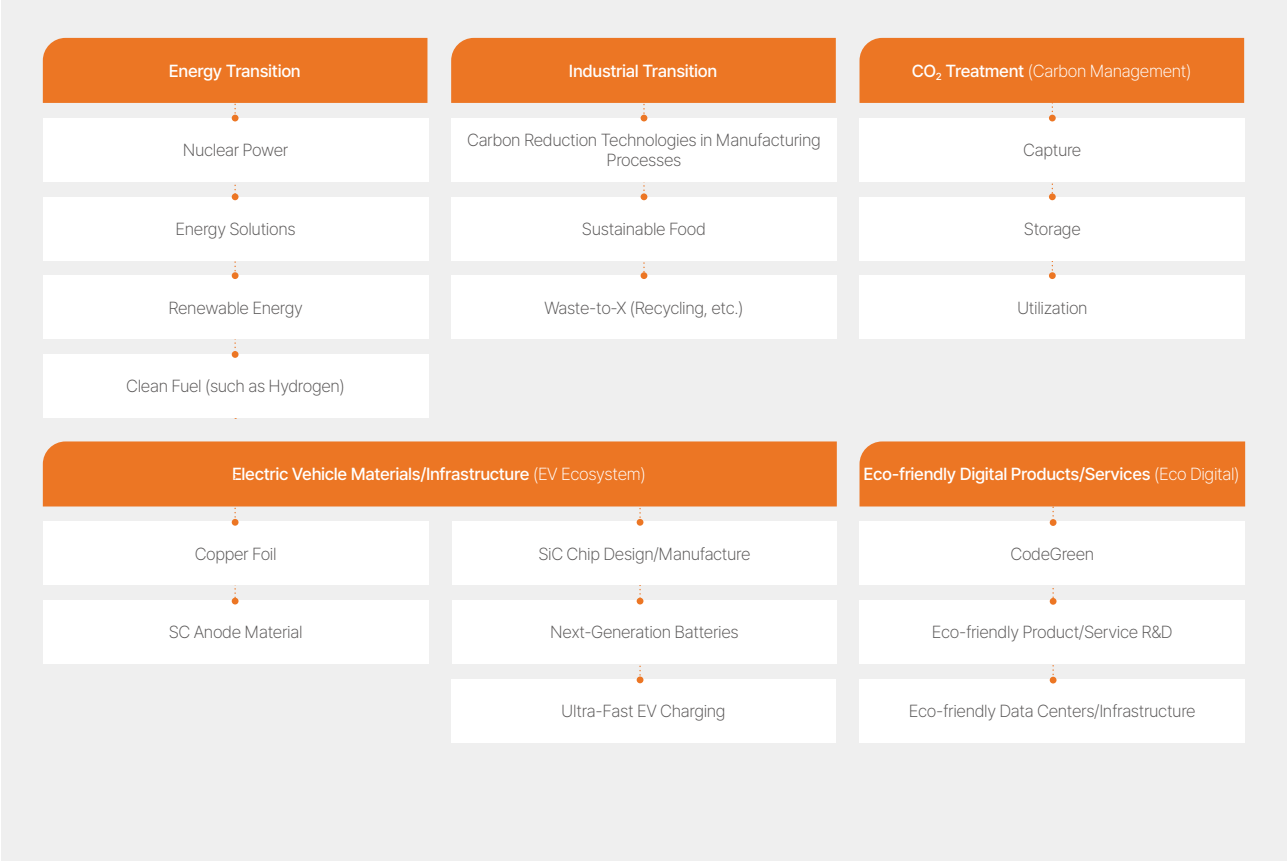
The recent acceleration of decarbonization is driving demand for green technologies and investments. In response, SK Inc. has identified five key green areas and established investment strategies and targets for clean technology.

MANAGEMENT

Clean Technology Investment Strategy

Key Green Areas

- Selection of five key green areas for the expansion of clean technology investments and business opportunities



Eco-friendly Business/Technology Investments

MANAGEMENT

Clean Technology Investment Strategy

Detailed Strategy

Category	Contents
Energy Transition	• Clean Fuel (such as hydrogen) - Securing core technologies and business foundations as alternatives to conventional fossil fuels • Nuclear Power - Acquiring key assets within the next-generation SMR (Small Modular Reactor) value chain to establish a foundation for entering the global carbon-free power generation market • Energy Solutions - Expanding business related to electrification in the US market, including grid home energy storage systems (ESS), microgrids, and EV charging
Industrial Transition	• Waste-to-X (Recycling, etc.) - Investing in innovative environmental technologies for Waste-to-X and integrating them with anchor businesses • Carbon Reduction Technologies in Manufacturing Processes -Investing in promising companies with carbon reduction technologies in industries with high GHG emissions, such as steel and cement • Sustainable Food - Securing a portfolio in the high-growth sustainable food sector
CO_2 Management	• Investing in CCUS technology and infrastructure to extend the value chain • Investing in global carbon credit developers to meet SK Group's carbon offset demand and secure high-quality voluntary carbon credits • Utilizing existing CCUS assets of SK and advancing new CCUS technologies
Electric Vehicle Materials/ Infrastructure	• Copper Foil / SiC Anode Material: Leading the global market in supplying materials to enhance battery performance and increase EV driving range • Next-Generation Batteries: Providing high-energy-density batteries to expand the adoption of electric vehicles. • SiC Power Semiconductors: Contributing to the electrification of mobility through improved energy efficiency • EV Charging: Expanding EV infrastructure by supplying ultra-fast chargers to the global market
Eco-friendly Digital Products/ Services	• Expanding digital technologies under the “CodeGreen” brand to facilitate efficient and accurate ESG implementation • Increasing investment in R&D for eco-friendly solutions, such as energy savings and carbon emission reduction • Revenue growth from eco-friendly products and services in the IT services sector

Eco-friendly Business/Technology Investments

PERFORMANCE

Investment Performance

Expansion of Eco-friendly Investments

- Continuously expanding eco-friendly investments to enter new markets and strengthen existing portfolios

Category	Contents
Energy Transition	• Entering into the SMR business for decarbonized baseload generation through investment in TerraPower, a U.S. sodium-cooled fast reactor design company • Securing core technologies for the energy solution platform through the acquisition of Atom Power, a U.S. SiC circuit breaker company • Preempting the green hydrogen portfolio through investment in Monolith, a U.S. plasma technology company • Investing in Lunar Energy, a U.S. home energy storage system (ESS) company
Industrial Transition	• Investment in Perfect Day, a global leader in fermented protein • Investment in Joyvio, China's largest specialty food distributor • Participation in a joint fund with Joyvio for sustainable food investments in China • Investment in Nature's Fynd, a company specializing in microbial-based alternative protein foods • Investment in Wildtype, a U.S. cell-based seafood company
CO_2 Management	• Possessing numerous foundational technologies for CCUS, including power generation using CO_2 and high-efficiency clean hydrogen production, through investment in 8rivers • Investment in ION Clean Energy, a promising tech company in the CO_2 wet capture field • Investment in Summit Carbon Solutions, the world's largest CCS project • Investment in Ecosecurities, a global top-tier carbon credit developer
Electric Vehicle Materials/ Infrastructure	• Secured a major shareholder position through investment in Solid Energy, a U.S. company developing next-generation lithium metal batteries. • Investment in Wason, the global leader in manufacturing copper foil, a crucial material for EV batteries • Completion of the JV plant for SiC anode material, a next-generation material for improving EV battery performance • Secured management rights and established production systems for SK PowerTech, a company designing and mass-producing SiC power semiconductors • Acquisition of SK Signet, which has obtained the world's first U.S. certification for ultra-fast EV charging technology, and establishment of a production line in the U.S.
Eco-friendly Digital Products/ Services	• Since 2020, each business unit has established long-term eco-friendly business goals, advancing projects to build sustainable solutions and platforms • Launching the CodeGreen brand in 2024 to support digital ESG initiatives, offering solutions for energy savings, greenhouse gas reduction, resource recycling, and safety management among 12 key offerings

Eco-friendly Business/Technology Investments

TARGET

Eco-friendly Investment Goals

Medium to Long-term Goals

- SK Inc. has set targets for eco-friendly investment amounts, revenue, and EBITDA by 2030

2030 Goals

Energy Transition
Cumulative Investment: KRW 14 trillion
Revenue: KRW 10.8 trillion
EBITDA: KRW 2.6 trillion

Industrial Transition
Cumulative Investment: KRW 5.3 trillion
Revenue: KRW 4.3 trillion
EBITDA: KRW 0.9 trillion

CO_2 Management
Cumulative Investment: KRW 3.5 trillion
Revenue: KRW 3.0 trillion
EBITDA: KRW 1.1 trillion

Electric Vehicle Materials/Infrastructure
Cumulative Investment: KRW 2.2 trillion
Revenue: KRW 8.4 trillion
EBITDA: KRW 1.8 trillion

Eco-friendly Digital Products/Services
Cumulative Investment: KRW 0.3 trillion

※ 2030 goals are prediction made in the current year and may change as the business environment shifts.

Environmental Impact Management

SK Inc. has developed the Green ICT 2040 strategy, which includes targets such as Net Zero 2040 and RE100 2040, to align with global climate regulations. The company aims to achieve top global levels of environmental management performance by 2025.

MANAGEMENT

Environmental Policy

Environmental Management Principle and Policy

- We have established our environmental policy based on a principle of minimizing the environmental impact of our business activities.

Environmental Management System

Green ICT 2040

- Under the Green ICT 2040 strategy, we are enhancing the environmental management system across the entire supply chain.

Securing Stakeholder Trust and Happiness as a Green Leader

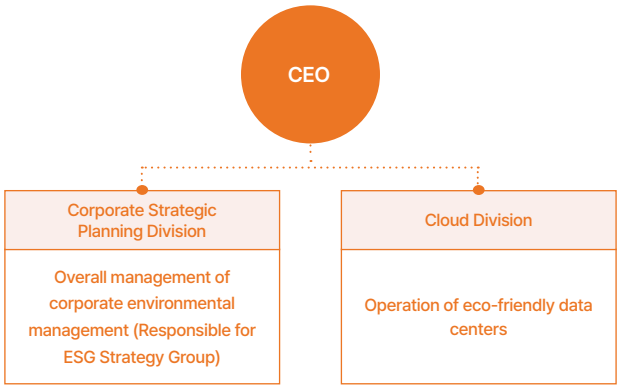
Climate Change (Energy/Greenhouse Gases)	Resource Recycling (Waste/Water Resources)	Eco-friendly Business	Management Infrastructure / Stakeholder Communication
• Net Zero 2040 • RE100 2040 • Expansion of Scope 3 management	• Increasing resource efficiency	• Expansion of ICT-based eco-friendly new businesses • Supply chain engagement	• Upgrade of the Environmental Management System (ISO 14001) • Strengthened disclosure (TCFD, CDP)

Corporate Environmental Management System

- Minimization of environmental impact and active promotion of energy reduction activities based on the ISO 14001 system
- Operating an environmental management portal as a communication channel for employees regarding environmental management

Dedicated Organization

- Under the CEO's leadership, we strengthen eco-friendly decision-making through declarations like Net Zero and joining RE100.



Role by Organization

Category	Roles
CEO	• Receiving quarterly environmental management performance indicators to oversee and manage company-wide environmental performance • Conducting management reviews through the Corporate Environmental Management System (ISO 14001)
Corporate Strategic Planning Division	• Overall management of corporate environmental management (Responsible for ESG Strategy Group) • Disclosure of environmental information such as CDP, DJSI, and communication with internal and external stakeholders
Cloud Division	• Managing greenhouse gas performance of Daejeon/Pangyo Data Centers in alignment with corporate goals • Implementing initiatives such as on-site renewable energy generation, purchasing renewable energy, and enhancing the power efficiency of data centers • Managing and evaluating compliance with regulations related to greenhouse gases, energy, waste, and environmental standards

Environmental Impact Management

PERFORMANCE

Environmental Risk Management

Compliance with Environmental Laws

- We integrate our corporate compliance management system (ISO37301 - Environmental Protection) to regularly assess compliance across organizational units, managing risks associated with environmental incidents and legal requirements.
- SK Inc. has been included in the Korean carbon emissions trading scheme as of January 2022 (announced by the Ministry of Environment), requiring us to report greenhouse gas emissions and manage emission rights for all 16 business sites during the third planning period (2021-2025).

Environmental Impact Assessment

- Although SK Inc. does not own facilities subject to mandatory environmental impact assessments, we annually evaluate the environmental impacts of business activities and facility operations at each site.
- We identify greenhouse gas emissions from data centers as a significant environmental impact and manage power usage effectiveness (PUE) for each data center in alignment with our corporate goals.
- We conduct integrated monitoring of environmental safety risks in conjunction with the Safety and Health Management System (ISO 45001) and manage environmental incidents through our corporate Safety, Health, and Environment (SHE) accident management system.

Data Center PUE Performance Management

- Power Usage Effectiveness (PUE) measures the energy efficiency of data centers by comparing total energy consumption to the energy used by IT equipment. A lower PUE indicates optimized energy consumption and reduced environmental impact.
- SK Inc. has designated PUE improvement at the Pangyo and Daedeok data centers as a key performance indicator (KPI), continually managing and enhancing energy efficiency.
- Plans are underway to increase the use of renewable energy in data centers and to continuously improve PUE through enhanced energy management training.

Environmental Risk Assessment

- We conduct annual reviews of internal and external environmental issues and stakeholder needs to identify risks, evaluate the effectiveness of response strategies, and develop minimization strategies for high-risk residuals.

Water and Waste Management

Water Consumption Management

- We manage and publicly report on water intake and recycling rates for our facilities, adhering to international standards.
- Efforts are underway to enhance water recycling rates by considering infrastructure improvements within data centers. Technological assessments and trade-off analyses are planned before implementation, starting in 2024.
- Our facilities are not located in water-sensitive areas and do not have wastewater discharge systems.
- We operate treated wastewater facilities to reduce freshwater consumption and minimize sewage production.
- To improve water quality in intermediate water tanks and reduce cleaning costs, we are transitioning from chlorine-based to eco-friendly cleaning agents.
- Cooling water standards for chillers are set to provide water at regulated temperatures, with controls linked to rooftop weather stations.
- Plans are in place to replace activated carbon filters and membranes in water treatment facilities to enhance the quality of treated water.
- We monitor daily water usage to track consumption trends, detect leaks at usage points, and implement measures to prevent waste.

Machine Usage Locations	• Basement Level 4: Replenishment water for mechanical room, intermediate water tank, storage water tank • 1st Floor: Water used for gardening and water fountain • Rooftop 1F: Cooling water for chiller
Janitorial Inspection Locations	• Restrooms on all floors

Environmental Impact Management

PERFORMANCE

Environmental Risk Management

Waste Management

- We manage waste recycling rates according to international standards (Zero Waste to Landfill, World Resources Institute).
- With no manufacturing facilities, most waste consists of general household waste. Any sporadic hazardous waste is managed and reported in accordance with legal procedures.
- We track waste from the primary collection agency through secondary and tertiary incineration and landfill stages to minimize landfill quantities.
- We minimize household waste through employee engagement programs, such as reducing disposable products and leftover food.
- Waste reduction achievements: Approximately 100% recycling rate based on ZWTL standards
  (Waste target for 2023: maintaining 100% level of ZWTL standards).
- At the Pangyo Data Center recycling station, we manually sort waste into general waste (standard garbage bags), other waste (non-recyclable materials like styrofoam, fabrics, plastics), and hazardous waste (waste oil, acidic water, waste batteries).
- General waste is categorized post-separation into incineration, landfill, or recycling. All waste from the Pangyo Data Center recycled for use in fuel, solid fuel products, or intermediary processed products.
- After separation, general and hazardous wastes are managed by specialized disposal firms on a contractual basis, and audits are conducted to ensure the contractors are disposing of the waste properly.

General Waste	Standard Garbage Bags		• Incineration (simple), landfill (simple), recycling (fuel)
	Household Batteries		• Transferred and processed at recycling facilities
Designated Waste	Waste Oils and Acidic Solutions	Liquid	• Recycled as fuel materials
		Solid	• High-temperature incineration
	Waste Batteries		• Recycled for the production of regenerative batteries or battery materials

Greenhouse Gas and Energy

Energy Efficiency Improvement

- As data centers account for over 90% of power usage, we have set the proportion of renewable energy transition in data center power consumption as a key indicator, expanding the transition percentage annually according to the RE100 roadmap.
  - Expanding on-site renewable energy generation by upgrading power facilities in data centers
  - Participating in Green Premium bidding, exploring options such as PPAs and RECs, and planning investments in renewable energy technologies such as hydrogen fuel cells
- We are enhancing energy savings at data centers by actively adopting high-efficiency facilities and new technological solutions.

High-efficiency Facilities and Technological Solutions

Category	Contents
High-efficiency Facilities	Modular uninterruptible power supply (UPS), pre-cooling chillers, inverter constant temperature and humidity controllers
Energy-saving HVAC Solutions	Water mist functions during summer, installation of new high-heat containment systems
Others	Real-time facility/power management systems, continuous use of CFD solutions for scientific efficiency

Eco-Friendly Data Centers

Category	Contents
Pangyo Data Center	• Applied high-availability, high-efficiency equipment, and renewable energy • Stabilized operational efficiency
Daedeok Data Center	• Acquired Green DC certification (since 2013) • Expanded solar power facilities • Replaced outdated HVAC equipment in stages with inverter-based high-efficiency units

Energy Usage Audit

- Annually at the end of January, we report the previous year's energy consumption to the Korea Energy Agency. We undergo an energy audit every five years by an energy audit agency designated by the Minister of Trade, Industry, and Energy (Last audited in August 2022).

Environmental Impact Management

PERFORMANCE

Biodiversity

Biodiversity Management

Biodiversity Policy

- We integrate biodiversity and deforestation risks into our corporate risk management system.
  - 2023 revision of the biodiversity policy
  - Clarification of policy applicability, specification of medium to long-term goals
  - Review of policy content at the Board of Directors and management level
  - Specification of headquarters, subsidiaries, and all domestic and international operations as subjects of this policy
  - Encouraging compliance with this policy among suppliers and business partners
- We set and manage medium to long-term goals for biodiversity protection.
  - (No Net Loss) Striving to operate without causing biodiversity degradation or loss by 2050
  - (Net Positive Impact) Advancing investments and activities for the conservation, restoration, and expansion of biodiversity by 2050
- We conduct examinations and tiered mitigation activities for biodiversity risks and impacts in areas surrounding business sites and within local communities.
- Serious risks to biodiversity arising during business operations are reported to the ESG Committee within the Board of Directors for key decision-making.

Biodiversity Conservation Activities

In accordance with SK Inc.'s biodiversity protection policy, our subsidiary SK Forestry is continuously working to conserve and enhance wildlife and plant biodiversity. This includes forestry activities such as thinning and afforestation on approximately 4,500 hectares of forests nationwide, including Chungju, Cheonan, Yeongdong, and Hwaseong. These biodiversity-related activities are verified annually by a third party and have received the Forest Management Certification (FM) from the Korea Forest Certification Program (KFCC). The KFCC is operated by the Korea Forest Service under the Ministry of Agriculture, Food and Rural Affairs and is equivalent to the international PEFC certification for biodiversity and sustainable forest management. SK Inc. strengthens biodiversity conservation by jointly establishing SK Forestry's forest management strategy and regularly monitoring its progress and performance.

Environmental Impact Management

PERFORMANCE

Biodiversity

Biodiversity Risk Assessment

- SK Inc. recognizes the importance of biodiversity protection and has utilized the WWF's Biodiversity Risk Filter (BRF) to analyze physical and reputational risks at domestic operations. This analysis identifies key risks at each site and adjacent areas to own operations based on dependency and impact risk indicators. Going forward, we plan to enhance biodiversity monitoring near our sites and manage risks through targeted biodiversity protection and restoration activities.

Site Data Entry
- Location of operations
- Industry information
- Business significance

→ **Risk Identification**
- 12 dependency risk indicators
- 12 impact risk indicators

→ **Risk Analysis**
- Physical risks
- Reputational risks

		Daedeok Data Center	Pangyo Data Center
PHYSICAL RISK	**Total Physical Risk Score**	3.0	2.5
	1. Provisioning services	1.1	1.6
	1.1 Water scarcity	2.2	2.3
	1.2 Forest Productivity and Distance to Markets	-	-
	1.3 Limited wild flora & fauna availability	-	-
	1.4 Limited marine fish availability	N/A	N/A
	2. Regulating & supporting services - enabling	3.0	2.5
	2.1 Soil condition	-	-
	2.2 Water condition	3.0	2.5
	2.3 Air condition	3.5	3.5
	2.4 Ecosystem conditions	-	-
	2.5 Pollination	-	-
	3. Regulating services - mitigating	4.0	3.4
	3.1 Landslides	4.0	3.0
	3.2 Fire hazard	3.0	3.0
	3.3 Plant/forest/aquatic pests and diseases	-	-
	3.4 Herbicide resistance	-	-
	3.5 Extreme heat	4.0	3.5
	3.6 Tropical cyclones	4.5	4.5
	4. Cultural services	-	-
	4.1 Tourism attractiveness	-	-
	5. Pressures on Biodiversity	2.6	2.0
	5.1 Land, Freshwater and Sea Use Change	1.8	1.8
	5.2 Tree cover loss	2.5	1.5
	5.3 Invasives	-	-
	5.4 Pollution	2.9	2.9

		Daedeok Data Center	Pangyo Data Center
REPUTATIONAL RISK	**Total reputational risk score**	2.5	2.5
	6. Environmental factors	1.6	2.0
	6.1 Protected/conserved areas	2.0	2.0
	6.2 Key biodiversity areas	1.0	2.0
	6.3 Other important delineated areas	1.0	1.0
	6.4 Ecosystem condition	1.6	1.5
	6.5 Range rarity	-	-
	7. Socioeconomic factors	2.6	2.6
	7.1 Indigenous Peoples (IPs), Local Communities (LCs) Lands and Territories	N/A	N/A
	7.2 Resource scarcity: food - water - air	-	-
	7.3 Labor/human rights	3.3	3.3
	7.4 Financial inequality	2.0	2.0
	8. Additional reputational factors	2.4	2.4
	8.1 Media scrutiny	3.5	3.5
	8.2 Political situation	1.6	1.6
	8.3 Sites of International Interest	-	-
	8.4 Risk preparation	2.0	2.0

Very Low(1.0-1.8) | Low(1.8-2.6) | Medium (2.6-3.4) | High(3.4-4.2) | Very High(4.2-5.0)

Environmental Impact Management

PERFORMANCE

Biodiversity

Prevent deforestation No Deforestation Policy

- Revision of No Deforestation Policy in 2023
  - Expansion of policy applicability to include headquarters, subsidiaries, and all domestic operations
  - Encouragement of policy compliance among suppliers and business partners
  - Review of policy content at the Board of Directors/management level
- Setting long-term goals for preventing forest degradation
- Identification and mitigation of forest degradation risks that may arise during business operations

Low-Carbon Products and Services

ICT Eco-Friendly Products and Services

- Supporting enterprises in achieving Net Zero through various digital solutions
- Ongoing expansion of the ICT eco-friendly products and services business

Low-Carbon and Avoided-Emissions Products

Building a cloud office environment

- Deploying a cloud environment in offices across the enterprise reduces carbon emissions by lowering the need for air conditioning compared to on-premises solutions

Mobile application 'Hangarae'

- Introduce carbon emission reduction activities into the 'Hangarae' mobile app service
- Reduced carbon emissions by approximately 2,000 tCO_2eq in 2023 for 95 organizations, including schools and educational institutions, through the Hangarae app

Environmental Impact Management

PERFORMANCE

Environmental Education

- Environmental Education: On RE100 and Net Zero for all employees, including distribution of environmental management practice guides
- Appointment of Environmental Management Agents: By sector for ISO 14001 training
- Assessment of Environmental Awareness: Conducted through the 'Culture Survey' corporate culture diagnostic
  - Question: Measurement of awareness levels regarding Net Zero environmental goals and strategies
- Launch of the 2023 ESG Portal: To enhance communication about SK Inc.'s Net Zero strategy
- Use of the Eco-Friendly Mobile App "Hangarae": To improve employees' ESG awareness
  - Provision of Social Value Points: As incentives for employee participation in eco-friendly practices
  - Sharing of Achievements: In greenhouse gas reduction per activity item
  - Organization of Events and Provision of Educational Video Materials: To raise awareness about carbon neutrality, energy, water and waste

Environmental Training in 2023

Training Title	Target Audience	Training Hours	Number of Participants	Remarks (Online/Offline)
C&C ESG Management and Digital ESG	All employees	3,846 hours	3,846 participants	Online
ISO 14001 Practitioner and Auditor Course	Environmental agents	158 hours	32 participants	Offline
Korea ESG Eco-Friendly Forum	Employees	85 hours	7 participants	Offline
Essential for the 2050 Energy Empire! ESG Classes	Employees	505 hours	30 participants	Online
SK-KAIST Climate Change Response Green Digital Transformation Course	ESG business experts	480 hours	8 participants	Offline
Understanding ESG Net Zero and Market Changes	All employees	5,872 hours	3,684 participants	Online
Understanding ESG Solutions for Carbon Measurement Management	Sales/marketing staff	45 hours	15 participants	Offline

TARGET

Environmental Management Goals

Company-wide environmental targets and data-driven performance monitoring

- Annual establishment of environmental objectives and tasks based on analysis of internal and external stakeholder demands, linked to corporate/organizational KPIs for implementation
- Monthly monitoring and performance management of environmental indicators, such as greenhouse gases, energy, waste, and water usage, through the ESG management system, Social Value Management System (SVMS)

Activities of Major Subsidiaries

SK Innovation

Strengthening the Recycling of Business Site Waste

SK Innovation is continuously enhancing waste recycling across its business sites. In 2023, its subsidiary SK Enmove achieved a 95% recycling rate (excluding heat recovery incineration), earning a new Gold grade Zero Waste to Landfill (ZWTL) certification. With this achievement, all business sites within the Ulsan Complex have successfully obtained ZWTL certification. For 2024, the company aims to acquire new certification for the SK Incheon Petrochem site, targeting ZWTL certification for all domestic business sites. To increase the resource circulation rate, SK Innovation has been using waste recycling rate as an evaluation indicator for selecting waste management contractors since 2023. This approach is intended to improve the long-term recycling rate of workplace waste. SK Innovation plans to continue its resource circulation efforts in collaboration with internal and external stakeholders, including its subsidiaries.

SK Networks

Plastic Reduction and Expansion of Eco-friendly Product Use

Since declaring the "Conversion to Eco-friendly Hotel" for Walkerhill Hotel & Resort (hereinafter "Walkerhill") in 2021, SK Networks has been focusing on reducing plastic use and transitioning to eco-friendly products with the goal of sustainable operations. To efficiently reduce plastic usage, the company joined Plastic ACTion (PACT), a global initiative operated by the World Wildlife Fund (WWF). SK Networks submitted a plastic reduction declaration and reduction plan, and is actively supporting activities for converting to recycled plastics and researching eco-friendly materials. The company has set a goal to replace 100% of plastic products in all Walkerhill rooms with eco-friendly alternatives by 2030, and achieved a replacement rate of approximately 70% in 2023. Furthermore, SK Networks is accelerating the transition to an eco-friendly hotel by converting all amenities to 100% biodegradable corn starch materials and introducing biodegradable plastic vinyl products.

SKC

Acquisition of Multiple Domestic and International Biodegradability Certifications for Biodegradable Materials

SKC continues to conduct research and development on biodegradable materials to contribute to the sustainability of the planet, aiming to become a global ESG material solutions company. SK Livio, SKC's joint venture for biodegradable materials business, has developed a high-strength Polybutylene Adipate Terephthalate (PBAT) material that overcomes the weakness of low durability of existing PBAT by utilizing nanocellulose reinforcement extracted from trees. Consequently, in 2023, the rf-PBAT was recognized for reducing environmental pollution and harmful substances, achieving the Environmental Label Certification (EL724) from the Ministry of Environment, along with multiple certifications from various global certification bodies. SK TBM Geostone, established as a joint venture with TBM from Japan, has developed biodegradable LIMEX by combining existing PBAT with natural limestone. This material completely biodegrades after a certain period without leaving plastic residues. In 2023, the biodegradable LIMEX H100 also obtained domestic and international (TUV Austria, KEITI) biodegradability certifications. SKC will continue to conduct research and development to expand the application of biodegradable materials, consistently contributing to the improvement of the global environment.

SK Telecom

Biodiversity Conservation Risk Assessment

SK Telecom is assessing biodiversity risks based on the LEAP (Locate, Evaluate, Assess, Prepare) Framework of the Taskforce on Nature-related Financial Disclosures (TNFD) in the process of constructing and operating network infrastructure to provide telecommunication services. Specifically, at the design stage, the company analyzes the organizational activity scope from a value chain perspective to determine where the infrastructure is installed and what activities are carried out at the location for biodiversity conservation. As a result, if the company's activities and infrastructure installation sites are deemed to have high importance and significant impact in terms of biodiversity conservation, SK Telecom reviews and applies risk mitigation measures that can continue biodiversity conservation while minimizing negative impacts on the quality of services provided to customers. When installing base stations in areas such as ecological scenery conservation areas, wildlife protection areas, or UNESCO World Heritage sites, the company contributes to biodiversity conservation by minimizing the impact of its infrastructure within the region through mitigation measures. These include avoiding installation by relocating to surrounding areas or utilizing existing facilities within the region to install base stations.

1) TNFD (Taskforce on Nature-related Financial Disclosures): A task force for disclosing nature-related financial information

2) LEAP (Locate, Evaluate, Assess, Prepare) Framework: An approach used by TNFD for companies to calculate and evaluate nature-related financial information

Activities of Major Subsidiaries

SK Telecom

Biodiversity Conservation Risk Assessment

Decision-Making Process for Biodiversity Conservation Risks and Opportunities

Working Group

ESG Implementation

Identification and Assessment of Biodiversity Risks and Opportunities

- Monitor biodiversity conservation risks and opportunities
- Analyze the impact of identified biodiversity conservation risks and opportunities on SK Telecom (materiality assessment)

Continuous

Management

Chief Legal Officer (Head of ESG)

Review and Decision-Making on Biodiversity Risks and Opportunities

- Report to CEO if biodiversity conservation risk and opportunity factors have a significant impact on SK Telecom
- Decide on response direction if the impact of biodiversity conservation risk and opportunity factors is not significant

CEO

Decision-Making on Significant Biodiversity Risks and Opportunities

- Determine how to respond to biodiversity conservation risk and opportunity factors
- Report to the ESG Committee for key issues that severely impact business and finance

On-demand

Board of Directors

ESG Committee

Decision-Making on Biodiversity Risks and Opportunities for Key Issues

- Decide on biodiversity risks and opportunities that severely impact SK Telecom

Biodiversity Conservation Risk Assessment Process

Design

Identification of Value Chain

- **Identify the scope of the organization's activities**
  - Classification according to direct operations/areas adjacent to direct operations/upstream/downstream

Selection of Priority Areas

- **Identify relevant biomes and ecosystems**
  - Ecosystem services and assets related to organizational processes
- **Determination of priority geographic areas**
  - Ecosystem conservation level
  - Importance of biodiversity
  - Water Stress
  - Areas potentially dependent on or impacted by the organization

Construction

Identification of Dependencies and Impacts

- **Identify dependencies and impacts**
  - Utilization of the ENCORE tool to identify sector-related dependencies and impacts as high/medium/low levels

Identification and Assessment of Risks and Opportunities

- **Analyze risks and opportunities**
- **Analyze future scenarios**

Operation

Target Setting

- **Identify target subjects**
- **Select indicators for setting quantitative targets**
- **Establish baselines and set targets**

Demolition

Mitigation Measures

- **Implement mitigation measures to achieve targets**
  - Avoidance
  - Reduction
  - Restoration and regeneration
  - Transformation

Monitoring and Verification

- **Analyze risks and opportunities**
- **Analyze future scenarios**

Example of Biodiversity Conservation Risk Assessment (Based on Location, Dependency, and Impact Assessment)

	Location Assessment					
SKT Activity	Activity Location (Administrative District)	Ecological and Scenic Conservation Area	Wildlife Protection Area	Regional Characteristics/ Dependency/Impact	Materiality and Risk Assessment Result	Mitigation Measures
Providing 5G Service in Namsan Area, Seoul	Yejang-dong, Jung-gu, Seoul	O	X	Pine forest area in Namsan Mt. where Quercus mongolica communities have developed	High	Avoidance of facilities in conservation areas
Providing 5G Service in Donggang Area	Mitan-myeon, Pyeongchang-gun, Gangwon-do	O	X	Habitat for endangered species including otters and musk deer	High	5G shared network
Replacing Old Antennas	Nationwide	X	X	Waste generation from replaced antennas	Medium	Waste recycling
Enhancing 5G quality at Seoul city hall subway station platform	Seosomun-ro, Jung-gu, Seoul	X	X	Equipment installation within urban facilities (No impact)	Low	-

Human Rights Management

Human rights are universally recognized as fundamental rights by the international community. With increasing need for laws and stakeholder demands to prevent and address human rights risks in operations and supply chains, SK Inc. is responding by conducting human rights impact assessments for employees and suppliers.

MANAGEMENT

Human Rights Management Principle

Human Rights Management Principle and Policy

- The Human Rights Management Policy was disclosed in 2015, with related systems revised and documented in 2023
- Operate Human Rights Management Principle and Policy based on zero-tolerance principle

Human Rights Management

Human Rights Management System

- Supports and complies with the universal principles of human rights as outlined in the UN Universal Declaration of Human Rights, the UN Human Rights Council's "Guiding Principles on Business and Human Rights", and the OECD's "Guidelines for Multinational Enterprises," integrating these principles into business activities
- Renewed HRMS certification through a third party in 2023 to align with global standards for human rights management
- Launched a Human Rights Management Portal on intranet (HiSK) to disseminate key notices and major agenda items from the Human Rights Management Committee

Dedicated Organization

- To effectively drive human rights management, the Human Rights Management Committee, the highest decision-making body, is organized under the management responsibility of the C-Level chairman of Human Rights Management

Role by Organization

Category	Roles
Human Rights Management Committee	• The highest decision-making body for human rights, which periodically discusses core human rights issues
Human Rights Violation Remedy Committee	• Deliberates on investigations and the handling of human rights violation cases
Board of Directors	• Reviews human rights risks and issues through the ESG Committee • Makes decisions on major human rights-related items

Human Rights Management

PERFORMANCE

Human Rights Impact Assessment

Human Rights Impact Assessment Process

- Conduct annual human rights impact assessments across all operations and suppliers to identify potential human rights risks and identify improvements to mitigate them
- Collaborate with external expert organizations to ensure objective and independent outcomes of the human rights impact assessments
- Continuous feedback on the assessment process enhances the indicators and system, with plans to expand the scope of assessments to include mergers, acquisitions, and joint ventures

Human Rights Assessment Process

Step1. Analysis

1-1. Human Rights Environment Analysis
- Review of domestic and international human rights guidelines and policies
- Analysis of the external environment, including political, social, economic, legal, and technological factors

1-2. Media Analysis
- Search for domestic media releases and extract relevant articles
- Identify issues arising from negative media coverage

1-3. Internal Capability Analysis
- Human rights management regulations, operational level of human rights management
- Sustainable management reports, disciplinary cases, grievance counseling analysis

1-4. Human Rights Management Trend Analysis
- Identification of human rights management trends and sector-specific human rights risks
- Benchmarking against exemplary human rights management

Step2. Assessment

2-1. Human Rights Impact Assessment Design
- Establishment of human rights impact assessment indicators based on the analysis results of human rights issues

2-2. Human Rights Impact Assessment Indicator Training
- Education on the necessity of human rights management and impact assessment
- Evaluation method guides for personnel responsible for each indicator

2-3. Conducting Human Rights Impact Assessment
- (1st phase) Internal evaluation by organizational personnel
- (2nd phase) On-site audits by expert committees – interviews with stakeholders

Step3. Communication

3. Implementation of Improvements in Human Rights Management
- Submission of the human rights impact assessment results report
- Presentation of recommendations for human rights management
- Proposal of directions for the implementation of human rights management

Implementation of Human Rights Impact Assessment

- Indicators development based on the National Human Rights Commission's standard human rights impact assessment, considering the Anti-Harassment at Work Act and industry characteristics
- Human rights impact assessment execution through sector-specific personnel evaluations, expert committee on-site audits, stakeholder interviews, and verification of objective documentary evidence
- Preliminary training for internal staff ahead of sector-specific personnel evaluations

Human Rights Impact Assessment Survey Overview

Five Key Areas of Human Rights Due Diligence
- Establishment of a human rights management system
- Strengthening human rights protection and remedy procedures for employees
- Assurance of industrial safety
- Protection of the human rights of partners
- Protection of environmental rights

Human Rights Issues/Evaluation Stakeholders
- Company employees
- Partners' employees
- Subcontractor employees
- Women
- Children
- Indigenous peoples and migrants
- Local communities

* Human rights impact assessments conducted for 100% of all operations

Human Rights Management

PERFORMANCE

Human Rights Impact Assessment

Human Rights Impact Assessment Results

• Once human rights risks are identified, improvement activities are initiated to mitigate negative impacts.

No.	Areas	2023	2024	Improvement (%p)
1	Establishment of a Human Rights Management System	97.4	98.6	1.2
2	Ensuring Non-Discrimination in Employment	97.2	100.0	2.8
3	Ensuring Freedom of Association and Collective Bargaining	100.0	100.0	-
4	Prohibition of Forced Labor	100.0	100.0	-
5	Prohibition of Child Labor	100.0	100.0	-
6	Ensuring Industrial Safety	100.0	100.0	-
7	Responsible Supply Chain Management	95.8	95.8	-
8	Protection of Local Residents' Rights	100.0	100.0	-
9	Ensuring Environmental Rights	100.0	100.0	-
10	Protection of Consumer Rights	100.0	100.0	-
11	Protection of Human Rights in the Workplace	91.2	94.1	2.9
Percentage achieved (%)		**98.0**	**98.8**	**0.8**

Human Rights Risks and Improvement Tasks

Category	Areas	Establishment of a Human Rights Management System	Responsible Supply Chain Management	Workplace Human Rights Protection	
	Items	Necessary Actions for Institutionalizing Human Rights Management	Preventing Human Rights Violations by Security Personnel	Prohibiting Sexual Harassment in the Workplace	Effectiveness of Remedy Procedures for Human Rights Violations in the Workplace
Identified Risks		Human Rights Committee is composed of only internal members; this composition presents limitations in gathering diverse stakeholder limitations and ensuring objectivity in decision-making	Inadequate Human Rights Monitoring for Subcontracted Employees at Security Office Functions (e.g., Lobby Reception and Badge Issuance)	Absence of a Detailed Procedure for Preventing and Responding to Workplace Sexual Harassment (Including Bullying)	Use of Internal Counselors in Remedy Procedures for Workplace Human Rights Violations; lack of external experts to ensure fairness and reliability
Affected Stakeholders		• Employees • Customers • Suppliers • Local communities	• Employees • Suppliers • Women • Local communities	• Employees • Women	• Employees • Women • Suppliers • Customers
Improvement Tasks	Mitigation Measures	Appointment of external members to enhance the objectivity and inclusivity of stakeholder opinions in the decision-making process	-	-	Utilization of external experts in key stages of the remedy procedures to enhance reliability of workplace human rights remediation processes
	Remediation Measures	-	Regular and ad-hoc human rights training for subcontractors and regular monitoring of employees working in security operations	Development and utilization of manuals that include counseling, investigation, remediation, and victim recovery support programs (EAP) for addressing workplace sexual harassment (including bullying)	-
Evaluating the Effectiveness of Improvement Initiatives and Action Plan		Long-term plans to incorporate diverse stakeholder opinions in the Human Rights Management Committee (including the appointment of external members).	Efforts to prevent human rights violations, such as requiring human rights training for security officers and security staff conducted by external trainers.	Annual regular online training for all company employees on prohibited actions, reporting methods, and procedural guidance regarding human rights impact assessment improvements. Plans are in place produce a manual for handling workplace bullying.	Collaboration with external labor law firms for addressing cases of sexual harassment. Other workplace human rights issues are addressed according to the group's internal security guide.

Human Rights Management

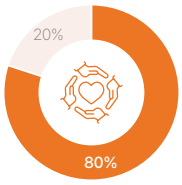
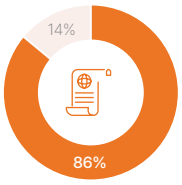
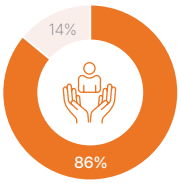
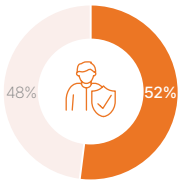
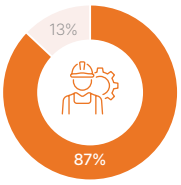
PERFORMANCE

Human Rights Impact Assessment

Supplier Human Rights Assessment

- Objective: Identify potential and actual human rights risks within supplier organizations in 2024, and support risk improvement activities through monitoring
- Scope: 654 supplier companies (include 100% of Tier 1 suppliers)
- Findings: High compliance rates in social goal management, information protection, human rights, and labor sectors; however, compliance in safety and health sectors is low
- Implication: Establish industrial accident and disease prevention management systems, through education and consulting support to meet ESG management and human rights compliance requirements

Non-compliant Compliant

Compliance Areas and Items	Social Goal Management	Information Security	Human Rights	Safety and Health	Labor
Analysis Results					
Items	• Awareness of Human Rights Management • Human Rights Violation Remedy Procedures • Performance of Human Rights Management	• Personal Information Protection • Intellectual Property Protection	• Prohibition of Child Labor • Prohibition of Forced Labor • Prohibition of Discrimination • Workplace Human Rights	• Industrial Safety • Prevention of Industrial Accidents • Management of Hazardous Factors	• Wages and Welfare Benefits • Freedom of Association and Collective Bargaining
Details	• Establishment of social responsibility goals for core areas • Continuous management of detailed implementation plans	• Establishment of a data breach prevention policy • Guidance on privacy protection policies • Encouragement and improvement activities for privacy protection monitoring • Privacy protection education to violations of law	• Establishment of human rights policies for humane treatment of workers • Regulations, prevention education against workplace bullying, coercion, and verbal harassment • Drafting, management, and distribution of employment contracts (including standard contracts for foreign workers) • Compliance with maternity protection for female workers • Compliance with legal employment ratios for disabled through job development	• Establishment of safety and health management policies and deployment of experts • Establishment of an industrial accident and disease prevention management system • Conduct of safety and health education and training for all employees • Regular safety inspections and education on protective gear and facility usage • Measurement and improvement of high industrial accident rates among supplier companies • Acquisition and management of safety management system certifications	• Prohibition of disadvantages in union establishment and activities • Conduct of talent development education to enhance work efficiency • Promotion of the importance of worker grievance handling channels • Education to prevent punishments under labor laws • Measurement of welfare expenses and establishment of rational and fair welfare systems

Human Rights Management

PERFORMANCE

Human Rights Grievance Mechanisms

Human Rights Risk Improvement Activities

- Establishment of Remedy Committees: Protection of victims' rights upon human rights violation reports, with detailed roles and responsibilities specified among related departments within the human rights sector.
- Construction and operation of human rights consultation and reporting channels: Availability of channels for both internal members and external stakeholders at all times.

Human Rights Violation Reporting Channels

Reporting Channels for Human Rights Violations, Workplace Harassment, Abuses Toward Supplier Companies, Other Human Rights Violations	https://ethics.sk.co.kr | skcc.ethics@sk.com
Reporting Workplace Sexual Harassment	[HiSK] → [Sexual Harassment Counseling Center] → [Sexual Harassment Counseling and Reporting] board
Employee-Led Grievance Handling and Suggestions	• Proposals for happiness design: Submissions via the communication mobile app, "Happ" • Process for employee suggestions and sympathies: Discussion and establishment of improvements review and support by related organizations implementation of improvements sharing results with employees post-implementation monitoring
Other Human Rights Violation Inquiries	Complaints received by the dedicated human rights department initiate the remedy process

Remedy Procedure

Receipt of Complaint
- Submission channels: via the portal or the human rights department official email

Complaint Classification & Determining Lead Department Determination
- Classification of received cases and confirmation of the responsible department

Investigation
- Fact-finding of the received complaint

Remedy Committee
- Convening the committee if necessary

Post-Management
- Feedback collection, monitoring, and recurrence prevention
  listening to feedback
  monitoring the situation
  considering measures to prevent recurrence

TARGET

Human Rights Management Roadmap

SK Inc., Where All Stakeholders Enjoy Human Rights

2027	2030
850 Responses to the Supplier Human Rights Status Survey	948 Responses to the Supplier Human Rights Status Survey
30% Increase from the Baseline	45% Increase from the Baseline

* Baseline: Number of supplier human rights practices survey responses in 2024 (654 suppliers)

Safety and Health

SK Inc. is committed to preventing the decline in operational efficiency and productivity due to poor safety and health management. SK Inc. has implemented a comprehensive safety and health risk management system that protects workers' rights, ensures a safe working environment, and mitigates hazards to prevent disruptions to business operations.

MANAGEMENT

Safety and Health Policy

Safety and Health Management Policy

Safety and Health Management Principle and Policy

- In 2021, aligned with SK Group's Safety, Health, and Environment (SHE) strategic direction, SK Inc. established its occupational safety and health management policy.
- The policy includes guidelines for actively managing and improving occupational safety and health risks that may affect not only SK Inc.'s employees but also suppliers, consumers, and the local community.

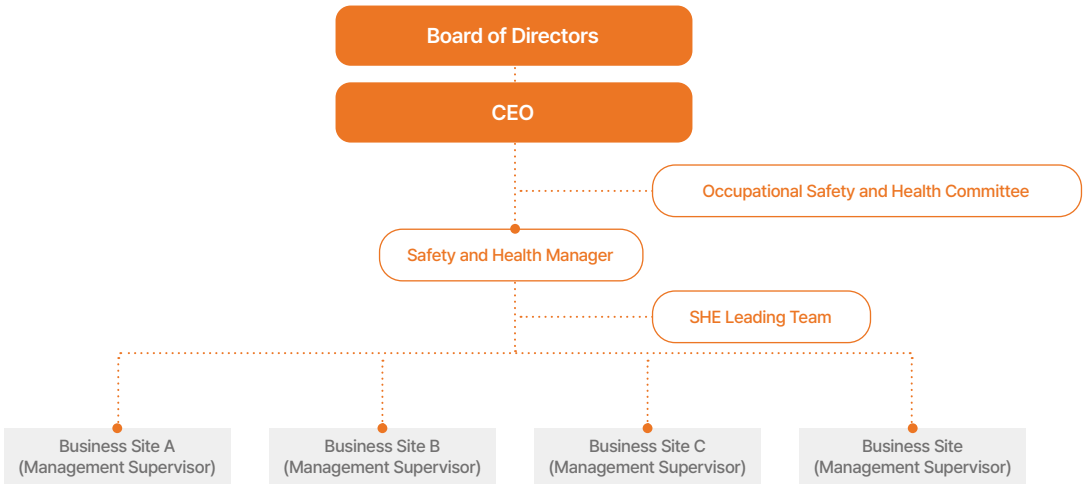
Safety and Health Management

Safety and Health Management System

- Establishment and maintenance of a company-wide occupational safety and health management system, certified under ISO 45001
- Operation of a Safety and Health Portal on intranet (HiSK) to announce key information, share organizational resources, and share key items and details from the Occupational Safety and Health Committee

Dedicated Organization

- Under the decision of the Board of Directors, the operation of a dedicated organization for safety and health, ensuring compliance with legal obligations such as the Occupational Safety and Health Act and the Serious Accidents Punishment Act
- Appointment of a Safety and Health Manager: The Board of Directors, including the CEO, integrating safety and health performance into the ESG KPIs across the company and its sectors/centers, linking this performance to compensation



Category	Roles
Board of Directors	• The board receives reports on safety and health issues and reviews decisions and management status regarding critical matters
Safety and Health Manager	• Overall management and supervision of safety and health tasks • Placement of qualified professionals in safety and health management roles
Occupational Safety and Health Committee	• Operation of the Occupational Safety and Health Committee, including employee representatives, convening quarterly • Deliberation and decision-making on matters related to employee safety, including industrial accident statuses (implemented quarterly, totaling four times in 2023)

Safety and Health

PERFORMANCE

Safety and Health Risk Management

Risk Assessment

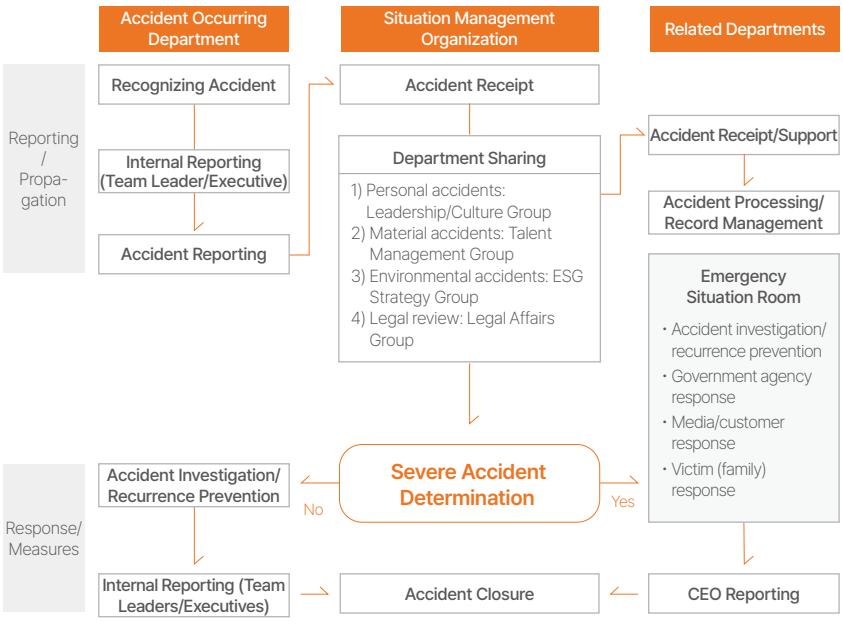
- Annual risk assessments across all business sectors
- Internal capability-based occupational safety risk assessments
- Regular risk assessments to identify new hazardous/risk factors, develop and implement improvement plans
  - Identification of hazardous and risk factors at each business site
  - Classification of risks based on risk estimation and determination the acceptable/non-acceptable range of risks
  - Validation of the previous year's hazardous/risk factors and addressing of factors through current year's measures
  - Evaluation and review of the effectiveness of measures to improve hazardous/risky factors
  - Results assessment of improvement actions based on risk assessment
  - Achievement of a 100% implementation rate for 76 items requiring improvement within the year
- 2023 Risk effectiveness assessment results show mitigated risks and zero related accidents due to implementation of effective remediation actions.

2023 Risk Assessment and Improvement Measures Implementation Results (Summary)

Category		Identified Risk Factors	Action Taken	Number of Improvements Needed	Number of Actions Taken
Overseas	SK On Hungary (SKOH) SK On China (SKOY)	• Collision accidents due to insufficient visibility during equipment movement • Collision/fall/drop accidents due to inadequate lighting in confined areas • Fall accidents during elevation of aerial work platforms	• Placement of at least two signalpersons during equipment movement • Installation of flashlights/headlamps for work in areas with lighting below 75 lux • Implementing checks for safety hook attachments before operations on aerial work platforms	27	27
Domestic	Construction Sites / External Lease Sites	• Light and amputational accidents during cutter operations • Burn accidents during refrigeration equipment installation due to refrigerant exposure • Electrical fires due to power strip overloads	• Pre-operation checks and wearing of cut-resistant gloves before using cutters • Checking for refrigerant leak devices before refrigeration equipment installation • Prohibition of the multiple power strip use beyond recommended capacity outlets, etc.	49	49
Total				76	76

Safety and Health Incident Response System

- Establishment of a detailed accident manual and response system segmented by area and severity for prompt response to occupational safety and health accidents
- Mandatory reporting to responsible departments in case of significant material loss to SK Inc. or its clients
- Principles of accident sharing require immediate sharing and reporting of recognized accidents to the responsible organization and superior officials
- Compliance with accident sharing and reporting protocols is obligatory, with potential disciplinary actions for violations



Safety and Health

PERFORMANCE

Safety and Health Risk Management

Safety and Health Accident Response Training

Assessment Category	Details
Fire Safety Inspection and Emergency Response Training	• Emergency response training targeting tenant employees, partners' employees, subcontractor workers, and emergency response centers • Virtual fire incident response scenario training and emergency operations center system at the data center • Regular checks on the management state of emergency response equipment and training on emergency response procedures
Emergency Patient Response System	• Hot-line system for immediate transportation in case of emergencies during employee working hours • First-aid training given to security personnel to ensure 24-hour first-aid availability

2023 Major Safety and Health Inspection Activities

- Implementation of occupational safety and health performance measurement (monitoring) (annually)
- Establishment and implementation of a safety inspection plan for the Data Center (Pangyo 3 times, Daedeok 2 times)
- Evaluation of the performance of occupational safety and health management responsibilities through regular checks (twice a year)
- Compliance checks with occupational safety and health laws and regulations (twice a year)
- Checks on the implementation of occupational safety and health communication among employees (twice a year)
- Implementation checks for urgent risk measures (twice a year)
- Evaluation of qualified suppliers in terms of occupational safety and health management (twice a year)

Supplier Safety and Health Capability Assessment

- Inclusion of supplier safety level assessments at contracting phase for subcontract projects and selection suppliers with industrial accident prevention capabilities
- Inclusion of occupational safety and health management capabilities of subcontractors in procurement contractor processes

Checklist for Subsidiaries and Suppliers Safety and Health Systems

Safety and Health Management System
- Existence of a dedicated occupational safety and health organization
- Safety and health objectives
- Safety and health management principle and policy
- Establishment of a safety and health management system

Safety and Health Implementation Capability
- Safety and Health Budget
- Implementation status of safety inspections and risk assessments
- Safety and Health Training
- Safety and health operations management

Safety and Health Operation Management
- Planning and implementation of emergency evacuation drills
- Safety incident response manual
- Evaluation procedure for the safety and health level of suppliers

Incidence Level and External Certification
- Industrial accident rate over the past three years
- Certificate for Occupational Safety and Health Management System

Supplier Safety and Health Management

- Results of safety and health capability assessments
  - 79 assessments completed for construction subcontractors (as of 2023)
  - 524 assessments completed for SI suppliers

※ Requirement for improvement in cases of non-compliance, with restrictions on transactions for non-implementation of improvements

- Implementation of safety and health management for night-shift supplier company employees
  - Monitoring of health status (heart rate, etc.) using smartwatches
- Education and application of safety management solutions for building and facility management suppliers
  - Application of occupational safety and health act and the serious accidents punishment act requirements by each work environment
  - Biannual (twice a year) checks on the implementation status of mandatory requirements

Safety and Health

PERFORMANCE

Health Support Activities

Health Support Programs

- Operating various health promotion programs for all employees, including part-time and contracted employees

Category	Program	Support Details
Prevention and Stress Management	In-house Gym	• Operating gym and shower facilities for employees.
	Mindfulness Training	• Conducting approximately 20 sessions monthly, including stretching, yoga, meditation, with both online real-time training and personalized coaching since COVID-19.
	Clubs	• Supporting club activities such as soccer, hiking, tennis, quilting, and movie watching.
	Health Check-up	• Supporting health check-ups for employees and their family members with medical expense coverage • Providing two types of check-ups based on age criteria: a comprehensive check-up for KRW 350,000 and a regular check-up for KRW 100,000. • Providing 4 hours of paid leave for health check-up days
	Health/Psychological Counseling	• Burnout Diagnosis: Conducting weekly burnout level assessments for employees and providing recovery support through professional psychological counseling and other care programs. • Empathy Plus : Providing psychological counseling for employees on workplace and family issues, job stress assessment, and more. • Vitamin Day: Offering health and psychological counseling services for employees at external sites
Medical	Medical fees support	• Up to KRW 1 million per year for medical expenses, medication, medical checkups, immunizations, etc., for yourself, spouse, children, and (spouse's) parents.
	Group Insurance	• Choose from the following support types: A (4th-generation fee-for-service health insurance), B (surgery, hospitalization, and diagnosis), or C (dental conservation and prosthetics).
	Sick Leave System	• Leave for long-term treatment and recovery due to occupational or non-occupational injuries (up to 2 years)
	Support for Overseas Assignees and Traveler	• Support for local treatment, transfer, and psychological counseling in medical emergencies and security situations

Management of Employees' Mental Health

- Introduced the mental health care program "Burnout Diagnosis" for all employees in May 2023, conducting weekly sessions for everyone
- Criteria and management indicators for employees' mental health include the happiness index and three burnout factors within the workplace (emotional burnout, cynicism, job efficacy)

Burnout Diagnosis

- Weekly survey for each individual (Weekly surveys conducted using a job exhaustion scale to identify burnout factors).

Identification of Recipients and Support Requests

- Identification of burnout risk groups
- Investigation of causes and support requests (survey utilization, interviews with volunteers)

Results Management and Follow-up Measures

- Regular diagnosis reports (individual and organization levels)
- Company-wide support programs (providing external counseling, leader interviews for volunteers, etc.)

Management of Employees' Health Potential Risks

- Conducting risk analysis for occupational diseases, prioritized based on external expert assessments and employee surveys
- Developing response measures and implementing support programs for identified risks

Health Risk Reduction and Mitigation Procedures

Potential Risks	Response Measures	Support Programs
Disease Prevention/ Management	Health Information Provision (bimonthly)	• Providing themed disease information and conducting specialized counseling for interested employees (e.g., diabetes, hypertension, hyperlipidemia).
Workplace Stress	Conducting "Job Stress Test" via Mobile App	• Assessing major stress factors among SK Inc. employees with expert guidance and analyzing potential health risks. • Early detection of high-risk groups based on risk analysis results, followed by psychological counseling and monitoring.

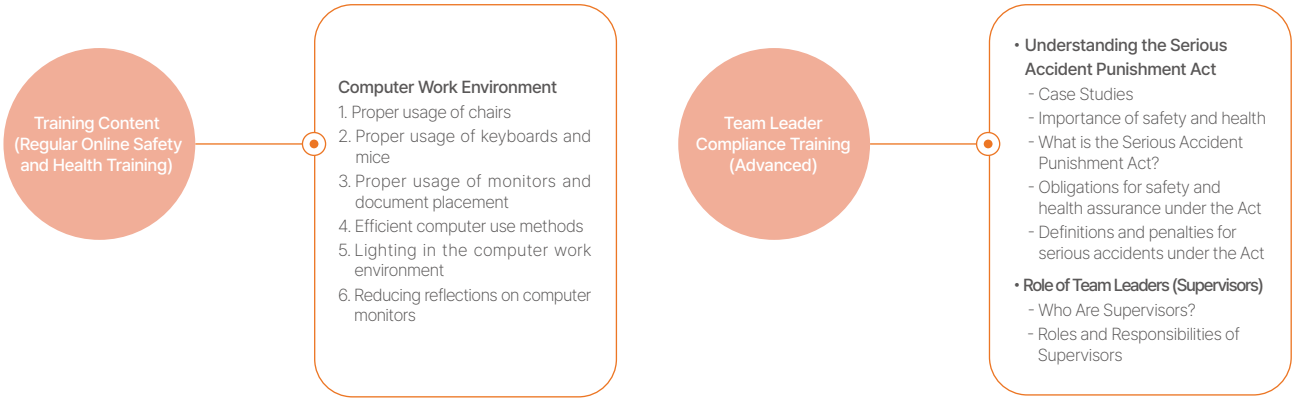
Safety and Health

PERFORMANCE

Safety and Health Management Programs

Safety and Health Training

- Implementing online training to enhance employees' awareness of safety and minimize risks.
- Providing training on the proper work environment to create a safe office environment and prevent musculoskeletal disorders, reflecting the characteristics of office work in 2023 (2,957 participants)
- Providing specialized training for certain job roles (e.g., executive drivers) and advanced safety and health management training for team leaders.



Supplier Safety and Health Grievance Channel

Supplier Safety and Health Grievance Channel

- Introduction of a feedback channel within the procurement information system and using tools such as Google Forms to improve the accessibility of contractors for receiving safety and health grievances
- Safety and health grievances from contractors: Two cases in 2022 and zero cases in 2023, achieving a 100% improvement rate

Accident Reporting System

- Utilizing a mobile app ('Happ') and a hotline for reporting safety and health incidents, including near-misses, with ongoing self-inspections by employees

Fire Response Simulation Drills

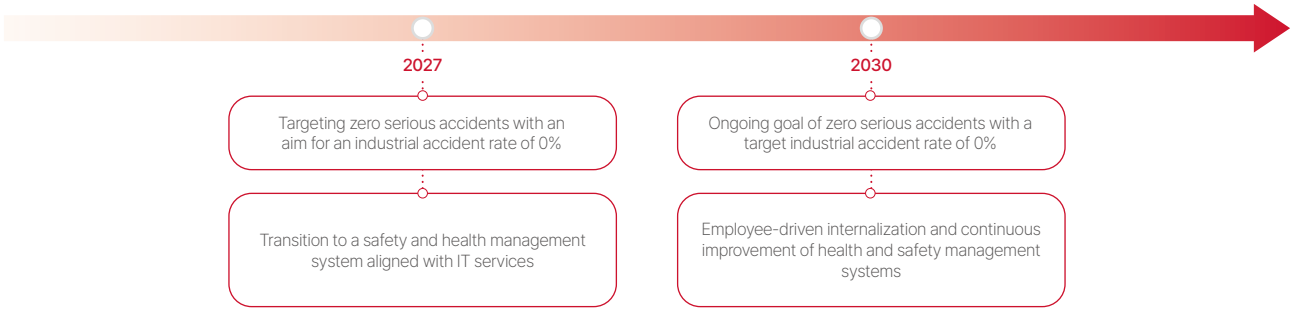
- Conducting mock drills based on detailed response plans that reflect real fire situations
- Implementing and internalizing initial response systems including fire reporting, personnel evacuation, and situation dissemination
- Conducting mock drills and scenario training at least twice annually company-wide and four times annually at global sites
- Collaborating with fire departments during joint training to implement cooperation systems in fire suppression processes

Safety and Health

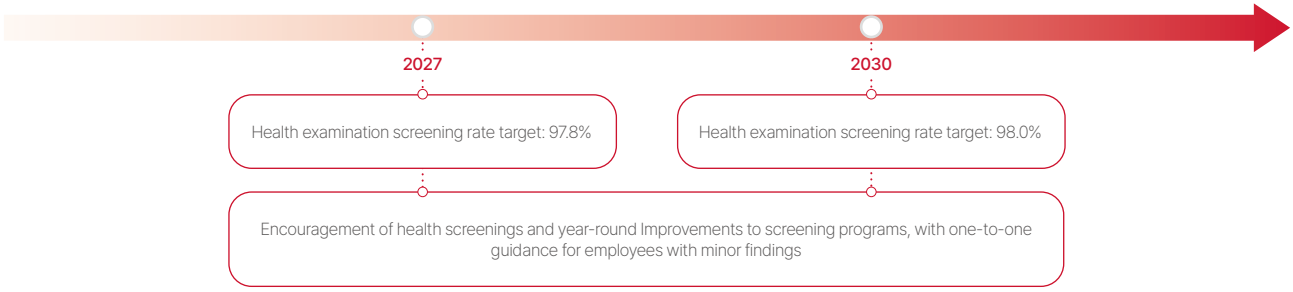
TARGET

Safety and Health Long-Term Roadmap

Zero Rate for Serious and Industrial Accidents



Expansion of Health Examination Screening Rates



Supply Chain Management

SK Inc. drives trust-based mutual growth with its suppliers. We support our suppliers' ESG practices and operate eight mutual growth programs to enhance competitiveness together with our suppliers to build a sustainable supply chain together.

MANAGEMENT

Supply Chain Policy

Supply Chain Sustainability Management Policy Supplier Code of Conduct

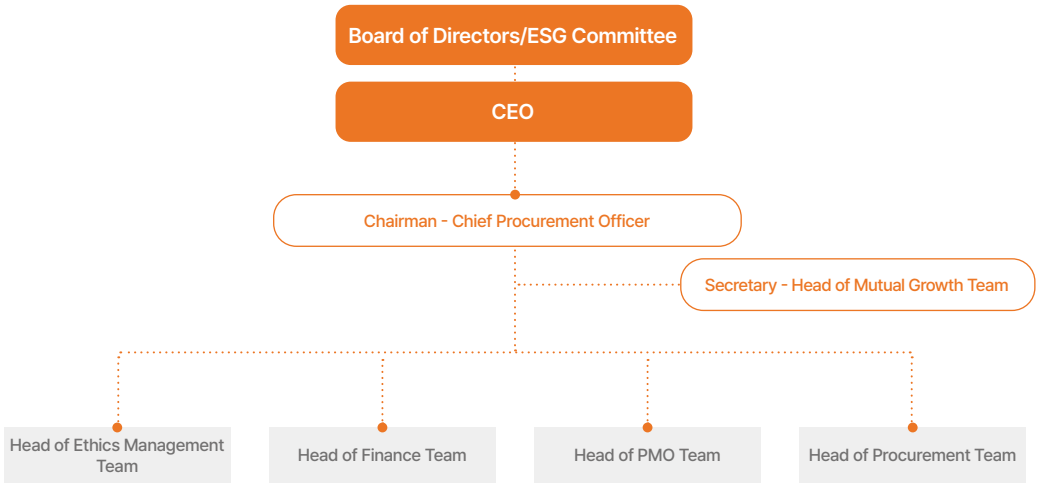
- To foster mutual growth and collaborations among large, medium, and small enterprises, we operate direct contracting structures with all suppliers, treating each as a Tier-1 supplier.
- To build sustainable supply chains, we conduct regular and periodical ESG assessments of our suppliers and require adherence to the Supplier Code of Conduct in all contracts.
- We conduct annual reviews of supplier ESG assessment results and procurement practices and manage supplier ESG risk through application of penalties to suppliers assessed to be under high ESG risk or in breach of the Supplier Code of Conduct.
- We proactively address environmental risks from raw and subsidiary material procurement stage through our Green Procurement System.
- We received the highest "Excellent" rating for nine consecutive years since 2014 in Mutual Growth Committee evaluations.

Supply Chain Management System

Supply Chain Management Organization

- The planning and performance of mutual growth activities are reported and reviewed by the ESG committee under the Board of Directors
- SK Inc. convenes monthly Mutual Growth Council meetings led by the Chief Procurement Officer (CPO), and attended by the procurement organization and key RM departments to review key matters on sustainable supply chain management.

Mutual Growth Council Organization



Supply Chain Management

PERFORMANCE

Supplier Selection

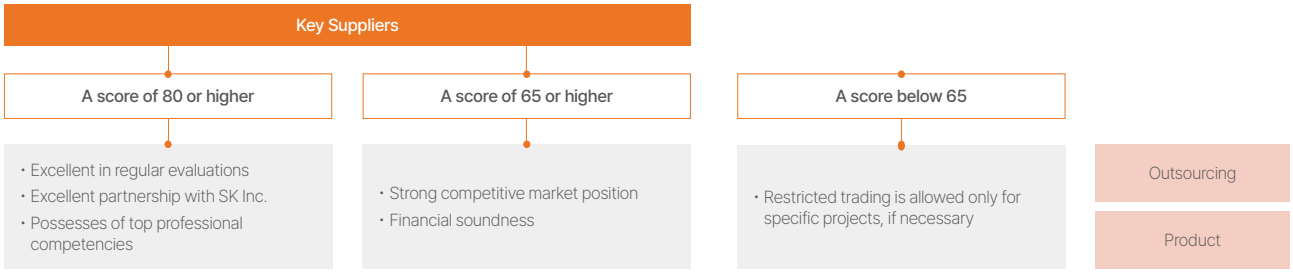
Supplier Selection and Review

- SK Inc. operates a direct contracting system with all suppliers in sectors such as hardware manufacturing, software development, manpower supply, and construction, ensuring they are classified as Tier 1 suppliers.
- During the selection and contracting process, an ESG screening based on SK Inc.'s ESG key indicators is conducted through the procurement information system.
- New suppliers cannot be registered, and existing relationships are terminated if they fail to meet the assessment criteria during ESG screenings or regular supplier evaluations.

Key Supplier Selection

- An annual evaluation is conducted for all suppliers with whom SK Inc. has trading relationships is conducted.
- This regular evaluation includes assessments of business performance capacity, partnership level (such as transaction volume,continuity), and ESG risk (10 points out of 100). Suppliers who score above a certain threshold are designated as “key suppliers”.

Criteria for Key Supplier Selection



Identification of Significant Suppliers

- Each year, SK Inc. selects "significant suppliers" based on strategic factors such as business relevance, transaction volume, and continuity, and exposure to ESG risks.
- Suppliers identified as high-risk through regular evaluations and ESG screenings are designated as “significant suppliers”.
- These significant suppliers are subjected to 100% in-depth ESG assessments and are managed accordingly.
- Through separate audits and consulting to support ESG improvement, continuous monitoring is conducted, risk improvement plans are established and verified, and various support programs are provided.

2023 Supplier Overview

(Unit: Companies)

Category		2023
Total number of Tier-1 suppliers		2,036
Total number of non Tier-1 suppliers		0
Key Suppliers	Total number of key suppliers	278
	Percentage of total spend on key suppliers	63%
Significant Suppliers	Total number of significant suppliers in Tier-1	86
	Percentage of total spend on significant suppliers in Tier-1	25%
	Total number of significant suppliers (Tier-1 and non Tier-1)	86

Tier 1 Suppliers: Directly contracted suppliers

Supply Chain Management

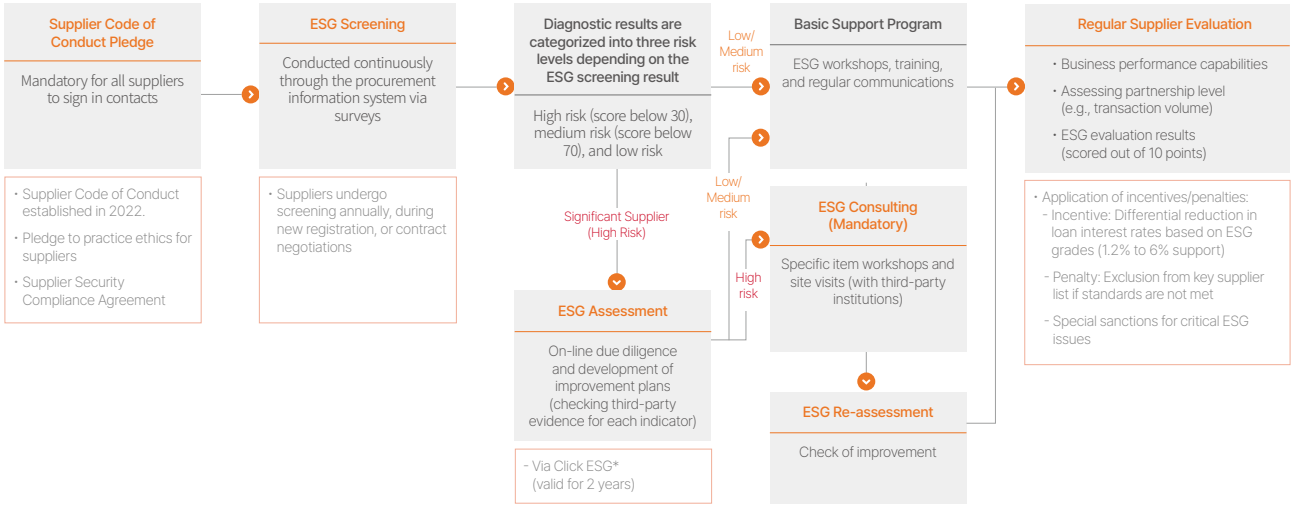
PERFORMANCE

Supplier ESG Program

Supplier ESG Management Process

- To identify ESG risks among suppliers and support their compliance, SK Inc. has established and implemented a "assessment/evaluation-feedback-in-depth assessment/improvement planning-post-management" process.
- In-depth ESG assessment (Due diligence) involve participation from procurement staff and external experts to ensure objectivity and fairness.
- Annually, results from the "regular supplier evaluation" are used to incorporate ESG assessment outcomes, applying penalties for failing to meet the relevant standards.

Supplier ESG Management Process



*Click ESG: A customized ESG comprehensive assessment platform for suppliers, suggesting ESG indicators by industry and sector, offering improvement guides (Best Practices), and providing result reports/dashboards

ESG Screening

- To identify potential ESG risks of suppliers, we establish ESG key indicators and conduct ESG screening based on the criteria suggested by global supply chain assessments such as ISO and RBA (Responsible Business Alliance).
- For supplier ESG risks, we identify risks by country/industry/product/service, such as use of equipments originating from conflict countries, conflict mineral use, and prioritizing the purchase of eco-friendly products, with a focus on Korean operations, which account for more than 90% of our sales and profits.
- In particular, we categorize suppliers by type (HW manufacturing, SW development, manpower supply, construction) to manage risks according to the characteristics and issues of the IT industry, and differentiate the evaluation weight of ESG key indicators.
- We conduct ESG screening of suppliers on an annual basis, and conduct follow-up development programs for each ESG risk level and support intensive improvement for high-risk suppliers.
- In 2023, 29.7% of the total 1,262 suppliers that underwent ESG screening were found to have high ESG risks.

SK Inc.'s Key ESG Indicators

(22 indicators consist of 66 items)

Environmental	Social	Governance
· Environmental management · Eco-friendly products · Greenhouse gas emissions · Energy consumption · Waste management · Hazardous substance management · Air pollutants · Biodiversity · Raw materials · Water resource protection	· Human rights · Data protection · Safety and health · Conflict minerals · Fair trade · Social contribution · Employment · Work environment	· Information disclosure · Management systems · Audits · Ethical management

2023 Supplier ESG Screening Overview

(Unit: Companies)

Category	2023
Total number of suppliers undergoing ESG screening	1,262
- Total number of high-risk suppliers	375
- Percentage of high-risk suppliers	29.7%

Supply Chain Management

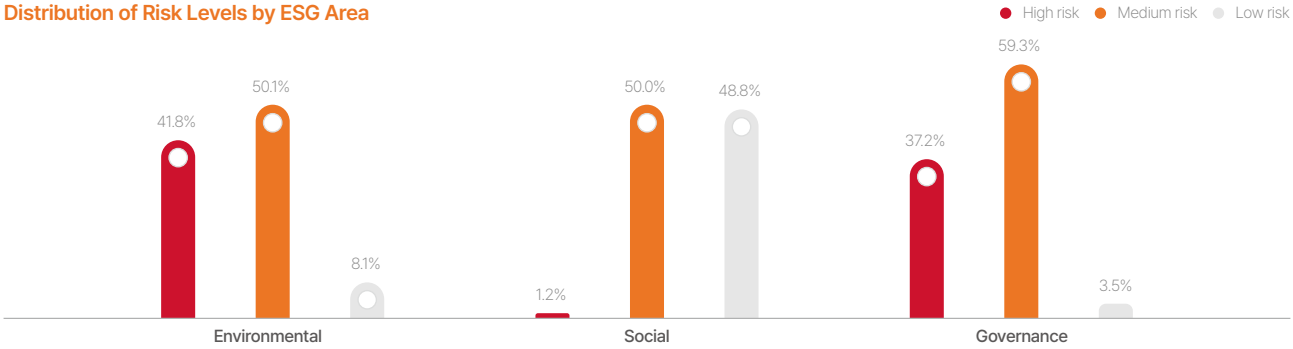
PERFORMANCE

Supplier ESG Program

2023 ESG Screening Results

High-risk suppliers (0-29 points)	Medium-risk suppliers (30-69 points)	Low-risk suppliers (70-100 points)
375 companies / 29.7%	791 companies / 62.7%	96 companies / 7.6%

Distribution of Risk Levels by ESG Area



ESG Assessment and Consulting

- All significant suppliers must be assessed and undergo due diligence with third -party auditor.
- Suppliers rated as "high risk" receive support through the ESG Consulting Program to identify deficiencies and develop and implement improvement plans.
- Suppliers rated as "medium risk" are required to develop and submit risk mitigation plans and are monitored for the implementation of these improvements.

ESG Consulting

Overview	• Target: Significant suppliers and selected a few additional key suppliers • Duration: March to August (6 months)
Key Content	• ESG assessment Workshop: Guide for each indicator using Click ESG • ESG Due Diligence: Verification of actual evidence for each indicator • Establishment of improvement plans for each supplier: Focus on indicators where performance is deficient • Support for the Implementation of Improvement Plans: - Online group and 1:1 consulting (continuous support) - Offline site visits (by type) • ESG Re-assessment: Verification of consulting outcomes

Overview of Supplier Assessment

(Unit:Companies)

Category	FY 2023	Target for FY 2023
Number of suppliers undergoing ESG Screen	1,262	100%
Number of suppliers assessed	1,262	100%
Number of significant suppliers assessed	86	
% of significant suppliers assessed	6.8%	
Number of suppliers assessed with substantial actual/ potential negative impacts	39	
Number of supplier assessed with substantial actual/potential negative impacts with agreed corrective action/improvement plan	39	
Total number of suppliers supported in corrective action plan implementation	39 / 100%	100%
Number of suppliers with completed corrective action/ improvement plan*	37 / 94.9%	
Number of supplier assessed with substantial actual/potential negative impacts that were terminated	1	
Total number of suppliers in capacity building programs	86	100%
% of significant suppliers in capacity building programs	100%	

* Corrective actions/improvement plans to be implemented within 12 months

Actions Based on Assessment Results

- Incentive and penalty programs applied based on ESG assessment results

Incentive Program

- Interest support program operated based on ESG risk grades (loan applications collected biannually)
- Loan interest is reduced deferentially according to ESG risk grades
  - Up to 6% interest reduction for low-risk ESG grades

Penalty Application

- During regular supplier evaluations, ESG assessment results contribute 10 points out of a total of 100.
  - 0 points if ESG assessment is not conducted
- Suppliers scoring below 65 points in regular supplier evaluation are excluded from the list of key suppliers
- In cases of major ESG issues (e.g., non-compliance with corporate ethics, SHE, etc.):
  - Level 1: Written warning
  - Level 2: Temporary exclusion
  - Level 3 : Contract termination or permanent exclusion
- Details of penalties applied in 2023
  - 1 company excluded temporary, 1 company excluded permanently

Supply Chain Management

PERFORMANCE

ESG Support Program

Supplier Risk Improvement Support

- To foster a consensus on the importance of ESG among suppliers, ESG program briefings and training sessions are conducted for supplier representatives.
- Online surveys are used to understand the diverse needs of suppliers regarding support programs aimed at ESG improvement.

* Conducted in September 2023, responses related to requests for support programs include 95% for training/guidance/consulting and 5% for other requests (external certification support, sharing of best practices).

Key ESG Support Programs

	Detail	Performance in 2023
Training	• **Mutual growth CEO Seminar** - Provides ESG insights to CEOs (hosted by SK Group, monthly) • **VLS Practitioner Training** - Applications collected monthly • **Provides materials for self-training on ESG** - Related topics such as information security, intellectual property, and occupational safety and health, etc.	• 86 CEOs • 463 attendees • All key suppliers (278 instances)
Guide	• **Monthly ESG Newsletter** - Shares ESG policies, trends, and related materials • **ESG Screening Guidebook** - Screening indicators, assessment, and evidence samples • **Support to get global certification (e.g. EcoVadis) for the key supplier of low - ESG risk**	• 12 times × 278 suppliers • All suppliers (2,036 companies) • 1 supplier
Consulting	• **ESG Consulting and Due diligence** - Verification of actual evidence for each indicator (third-party verification) - Guided sessions by item and on-site visit - Suggest best practices and benchmarking for developing suppliers' ESG	• 86 suppliers
Financial Support	• **Loan Interest Support Program** - Differential reduction of loan interest rates based on ESG risk grades (from 1.2% up to 6%)	• 6 suppliers

Supply Chain ESG Program Training

- Conducts training for SK Inc.'s buyer and internal stakeholders (supplier representatives) on their roles within the supply chain ESG program

Target	Training Course	Performance
SK Inc.'s buyer	• Compliance and human rights awareness training (January) • Ethical management training (May) - Enhancing awareness of ethical standards and internalizing ethical management practices • Data protection + Information security training (June) • Leader-led ethical practice workshop (June) • Workshop for the procurement group (July) - Updates on supply chain management status • Understanding C&C ESG Management (August)	• All 46 people of the procurement group attend all sessions
	• Team leader compliance training (June)	All 4 team leaders of the procurement group attend
Supplier Representatives	• ESG Management Training (VLS) • Training session for suppliers about ESG program	• 294 attendees • 77 suppliers, 210 attendees

Supply Chain Management

PERFORMANCE

Mutual Growth Program

• Developing programs that are practically beneficial to suppliers and operating eight major support systems

Simultaneously enhancing the competitiveness of SK Inc. and its suppliers

01. Fair Trade and Ethical Management

- Adherence to four major fair trade practices
- Use of standard subcontracting agreements
- Operation of an ethical management system
- Proactive risk management in ethical operations

02. Financial (Funding) Support

- Operation of mutual growth funds and network loans
- Interest support for ESG-excellent companies
- Contribution to mutual growth investment funds
- Exemption from guarantee insurance

03. Technical Support/Protection

- Provision of development methodologies and patented technologies
- Support for patent application costs
- Operation of a technical data escrow system

04. Business Support

- Implementation and operation of a performance-sharing system
- Pre-sharing of business information
- Joint R&D and marketing execution
- Management advising support

05. Education/Training Support

- SK Group courses
- SK Inc.-developed courses
- Enrollment in external IT specialist courses

06. Welfare System Sharing

- Collaboration with external operators (health check-ups, flu vaccinations, funeral services)
- Purchasing office automation (OA) equipment

07. Active Communication

- Regular business partner meetings
- Individual supplier visits
- Operation of an online grievance center

08. Ongoing Program Development

- Based on supplier feedback
  - Improvement and enhancement of existing programs
  - Continuous development of new programs

01. Fair Trade and Ethical Management

- Fair Trade: Strengthening the foundation for mutual growth through the operation of four guidelines by the Fair Trade Commission
- Ethical Management: Enhancing supplier compliance with ethical management through the implementation of ethical regulations and practical guidelines
- Use of Standard Subcontracting Agreements: Respecting the physical and intellectual property rights of suppliers
- Supplier Code of Conduct: Included as a mandatory document in all procurement contracts through the purchasing system
- Operation of a supplier grievance channel https://ethics.sk.co.kr/

02. Financial (Funding) Support

- **Mutual Growth Fund, Network Loan, ESG Interest Support Program**
  - Building and operating a system that enables suppliers to secure necessary funds at lower interest rates than market rates to support their management stability
  - Utilized as an incentive program for suppliers with excellent ESG ratings
- **Cash Payment and Timely Payment to Suppliers**
  - Ensuring smooth cash liquidity and planned financial activities for suppliers by implementing weekly 100% cash payment for subcontracting fees since 2006
  - Providing financial and funding support of approximately KRW 10.7 billion in 2023

03. Technical Support and Protection Measures

• Provision of SK Inc.'s patented technologies, joint R&D and market entry, and technical data escrow system:

Providing Usage Rights to SK Inc.'s Patented Technologies

Supporting for SME IT companies' technology-based commercialization by offering free licensing of our patented technologies to suppliers and startups

Joint R&D and Market Entry

Supporting the enhancement of suppliers' capabilities by transferring SK Inc.'s independently developed technologies and business execution know-how based on joint R&D efforts

Technical Data Escrow System

Protecting and storing critical technical data of suppliers in a third-party institution

Supply Chain Management

PERFORMANCE

Mutual Growth Program

04. Business Support

- Supporting productivity improvement through pre-sharing business opportunity information
- Enhancing Delivery Competitiveness: Suppliers extend lead times for manpower acquisition to secure top talent, while we improve delivery competitiveness through the deployment of excellent personnel and comprehensive pre-project training

05. Education/Training Support

- Providing role-specific custom training free of charge for managers, developers, and new hires.
- Enhancing the managerial capabilities of suppliers through diversified educational programs such as group training programs (Mutual Growth Academy) and external specialist courses.

Training Courses

Training Title	Detailed Programs	Performance (persons)	Date	Remarks
Mutual Growth CEO Seminar	Expert lectures (management, humanities, history, etc.)	86	Once per quarter	Group (Mutual Growth Academy)
Mutual Growth e-Learning	100 online courses in IT, QA, management, etc.	531	Continuous	
VLS Online Courses	IT, leadership, data analysis, etc.	463	Continuous	Provided by SK Inc.
DT	Spring Boot, Kubernetes, and web application development (React Programming), etc.	373	Continuous	
Supplier CEO Seminar	Expert lectures (Global economic forecast and business strategy)	120	November	
External Specialist Courses	Multicampus, Korea Productivity Center, STA, Convergence Lifelong Education Center, Fast Campus	141	Continuous	

Support for Enhancing DT Business Capabilities

- Provide support for learning and certification acquisition to ensure the effective utilization of Microsoft and Azure services.
- Providing CloudZ service training to enhance cloud technology competitiveness of suppliers
- Facilitate joint participation in our Cloud App. Modernization Factory course by experts, aimed at improving business performance and service quality through the enhancement of supplier employees' technical capabilities.
- Offer DT-related undergraduate courses at C&C College for key supplier employees across New Tech, Digital Factory, Business Solutions, and ESG academic departments

06. Welfare System Sharing

- Support for group accident insurance, health check-ups, funeral services, and Employee Assistance Program (EAP) psychological counseling (Vitamin Day)

07. Active Communication

- Regular Communication with Suppliers
  - Mutual Growth Day, business partner CEO seminars to enhance mutual understanding
- Improvements in Direct Communication
  - Individual visits and interactions with supplier representatives and executives
- Operation of online communication channels
  - Grievance handling channels for collaborative proposals, grievance handling, and management support to capture suppliers' feedback

https://procurement.skcc.com/spLogin.do

(Unit: Cases)

Category	2020	2021	2022	2023
Grievance handling requests	2	1	1	0
Number of processed requests (processing rate)	2 (100%)	1 (100%)	1 (100%)	0 (-)

Supply Chain Management

PERFORMANCE

Mutual Growth Program

Mutual Growth Program Performance

- Continued improvements in program performance

Achievements

(Unit: Cases)

Mutual Growth Program	Performance Areas	2020	2021	2022	2023
Technical Support and Protection	Free transfer of patented technology	23	29	34	34
	Joint R&D initiatives	15	17	31	32
	Technical data escrow	68	55	56	56
	Support cases for patent applications	-	5	7	3
Business Support	Joint Market Entry Initiatives	16	10	8	5

Support Programs for Member Companies

- Expansion of support programs to suppliers of nine member companies

Support Details

Mutual Growth Program	Specific Program Names	The number of companies supported, the number of support instances
Education and Training Support	Provision of education programs (VLS, external, DT, etc.)	8 companies, 31 cases
Welfare System Sharing	Provision of health check-up programs	5 companies, 32 cases
Business Support	Provision of recruitment website support programs	2 companies, 2 cases

Supply Chain Management

TARGET

Supply Chain Mid- to Long-term Roadmap

Enhancement of Supplier ESG Management

2024

Enhancing ESG Practices Among Suppliers

- Expansion of ESG in-depth assessment (due diligence)
  - 100% of key suppliers assessed by 2025
- Introduction of a new project supporting certification
  - Prioritizing low-risk suppliers
- Enhanced consulting for significant suppliers
  - Supporting 100% establishment of ESG frameworks for key managed suppliers

2027

Establishment of a Global Supply Chain ESG Framework

- Expansion of ESG consulting targets
  - Expanding target range from high-risk to both high- and medium-risk key suppliers
- Expansion of global certification support project
  - Support for business opportunity creation by suppliers
- Development of ESG consulting experts
  - Creation of new in-house training courses

2030

Creation of Joint Outcomes through ESG

- Mandatory ESG in-depth assessment for all suppliers
  - Applied to all suppliers
- Expansion of ESG-related business models (BM)
  - Joint equity investments with suppliers, solution discovery/cooperation, shared infrastructure, etc.
- Strengthening expert development
  - Implementing educational courses for suppliers

Supplier ESG Support KPIs

Management of Supplier ESG KPIs

Category	Current Level	Target Level	
	2023	2027	2030
Supplier Code of Conduct pledge rate	100%	100%	100%
Rate of ESG diagnostics among suppliers	62%	80%	100%
Expansion of ESG Assessment	100% of significant suppliers	100% of key suppliers	100% of all suppliers
Improvement plan development rate among high-risk major suppliers (significant suppliers)	100%	100%	100%
Percentage of suppliers achieving improvements within 12 months after developing improvement plan	94.9%	95%	95% or higher

Service Quality and Stability

Reliable service delivery is essential for enhancing customer satisfaction, improving brand image, and securing a competitive edge. We implement principles and systems to manage service quality, proactively prevent risks, respond to major incidents, and actively collect customer feedback.

MANAGEMENT

Service Management Principle

Service Golden Rules (SGRs) 7 Principles

Essential compliance items for providing disruption-free IT services are specified, with penalties applied for violations according to company rules:

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

Service Management System

Service Failure Response System

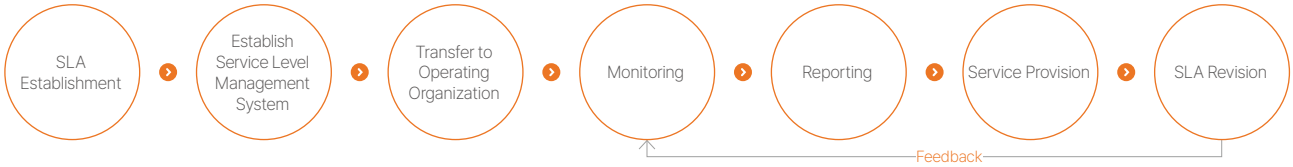
- Operation of a failure reporting and management system for 13 SK Group's common services (e.g., Group portal, Hangarae)
- Quarterly identification and verification of measures implemented to prevent recurrence of department-specific failures
- Enhancement of control over disruption responses through an executive-led crisis management system in case of major incidents

Service Failure Response System

Service Level Management System

- Proactive identification of potential service issues and quantitative measurement and management of service levels for enhanced quality of provided services and customer satisfaction
- Utilization of the Service Level Agreement (SLA) management system for monitoring management items and assessing service quality
- Conducting post-service reporting to identify key issues and holding monthly service evaluation meetings

SLA Operating Procedures



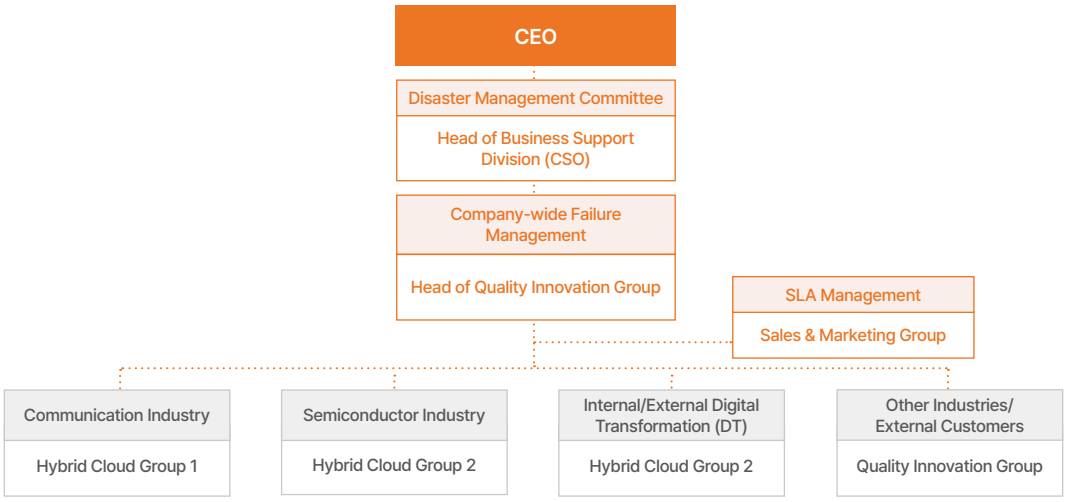
Service Quality and Stability

PERFORMANCE

Service Management System

Dedicated Organization

- Under the Chief Service Officer (CSO), a service quality management reporting system has been established, focusing on the executive management of all operational businesses
- Initiatives to strengthen customer trust including elimination of human errors, establishing a response system to minimize customer impact during major center disruptions (monthly meetings chaired by the CEO)
- Discussing and internalizing preventive measures for each major cause of disruptions (review meetings for each disruption)
- Reporting and managing IT major incidents to the Group's SUPEX Council for review



Organizational Subcommittee under the Group ICT Committee

- The DT Subcommittee and the IT Planning Team Leaders' Council operate under the SK Group ICT Committee to enhance IT/DT insights for customers.
- The IT Planning Team Leaders' Council aims to boost the overall digital competitiveness of the SK Group, create synergies, accelerate the growth of digital-based member companies, and strengthen networking activities for collaboration among these companies.

ICT Committee

DT Subcommittee

- Responsible for executing and driving group-wide DT initiatives
- Composed of 21 CSOs or executives from member companies, leading the DT 2.0 efforts
- Engaged in presenting and executing tasks, providing leadership in execution, advancing DT technology, and developing common DT platforms for group member companies

IT Planning Team Leaders' Council

- Council comprising IT business planning team leaders from member companies
- Composed of IT planning team leaders from 19 member companies
- Focuses on accelerating growth through digital business models, discussing DT2.0, and addressing common IT issues
- Activities include seminars with invited experts and networking to foster collaboration among affiliated companies

Quality Management Certification

- SK Inc.'s quality management system is recognized internationally through prestigious information security certifications.
- Annual audits ensure the management system is continuously managed and operated in a stable manner, demonstrating its effectiveness.

Status of Quality Management Certifications

Certification	Governing Body	Certification Details
Quality Management System (ISO 9000)	ISO	Initially certified in 2000 Certification renewed in 2024 (valid until 2027)
IT Service Management System (ISO 20000)	ISO/IEC	Initially certified in 2006 Certification renewed in 2021 (valid until 2024)

Service Quality and Stability

PERFORMANCE

Customer Satisfaction

Customer Satisfaction Survey

- Customer satisfaction surveys (CSI) are conducted to identify and analyze customer needs and areas of dissatisfaction based on survey results.
- An online survey targeting IT department managers and our operational staff captures the voice of the customer (VOC) and identifies areas for improvement based on factors contributing to score reductions.
  - The survey evaluates five areas: business/project performance and digital tech competency, management system, relationship, customer value proposition, and IT service quality.

Customer Satisfaction Measurement

Survey Overview	Survey of satisfaction with our IT services	Survey of satisfaction with competitor IT services
Survey Target	1,899 users of member company systems	500 users of competitor systems
Survey Method	Customer satisfaction is rated on a 7-point scale per category, then converted to a 100-point scale.	
Survey Content	Assessment and improvement identification across three areas (quality assessment by category, system availability assessment, comparative assessment of IT service providers)	
Survey Results	Overall satisfaction score of 72.1 increase of 1.4 points over the previous year but 1.2 points lower than competitors	

Customer Satisfaction Goals and Achievement Level

- Overall satisfaction increased slightly year-over-year, maintaining a "very good" rating at 72.1 points.

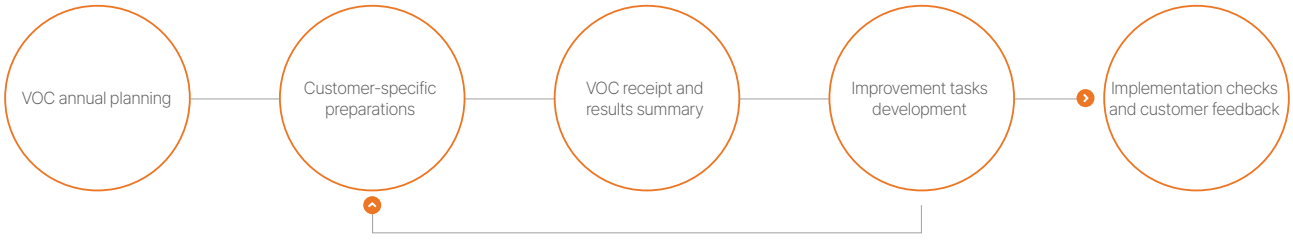
* Satisfaction threshold: 80+ (Excellent), 70+ (Very good), 60+ (Good)

- The annual customer satisfaction goal is set to maintain a "very good" rating (above 70 points).

Year	2020	2021	2022	2023
CSI Score	75	67.6	70.7	72.1

* Starting in 2023, "Security Service" were separated, and the CSI scores for the past three years (since 2021) were recalculated.

VOC Process



Service Quality and Stability

PERFORMANCE

Service Interruption Risk Management

- Classification and management of the number of incidents based on service interruption duration provided to customers
- Estimation of risk loss costs associated with service interruptions duration downtime
- Conducted at least two mock drills and scenario drills for company-wide service failure management and business continuity, and four times a year at global sites

Service Quality Risk Management

Category	Key Risks	Response Activities
Facility-related Risks	Data Center Fire	Conduct fire response drills based on detailed response plans, including fire notification, personnel preparation, and situation dissemination
IT-related Risks	IT System Failure	Implementation of staff awareness campaigns, operation of data model quality check tools, provision of development quality support and inspection, sharing of best practices to prevent recurring issues and enhance operational quality, and dissemination of failure case studies
	System Breaches (i.e. Hacking)	Provision of staff training on malicious email prevention and email security protocols, dissemination of data breach prevention communications, implementation of IT system vulnerability updates, conduct of mock phishing exercises, and provision of guidance on mitigating damages from the dark web
	SLA Management	Monitoring management items, assessing service quality, and executing reporting and documentation

Prevention of Human Errors

- Establish Work Principles for Zero Human Failure:
  [Principle 1] Require detailed change plans (impact analysis, recovery plan, etc.) and prior approval
  [Principle 2] Involve at least one person other than the operator in checking work progress, verifying results, and responding to errors immediately.
  [Principle 3] Prevent confusion in the work environment by differentiating the operation and development environments for intuitive identification

※ Company-wide email notices, posters, and compliance audits by site based on the above compliance principles

- Strengthen the definition and management processes of critical tasks
- Analyze causes of failures and enhance the implementation of measures to prevent recurrence

TARGET

Service Quality Management Roadmap

Information Security

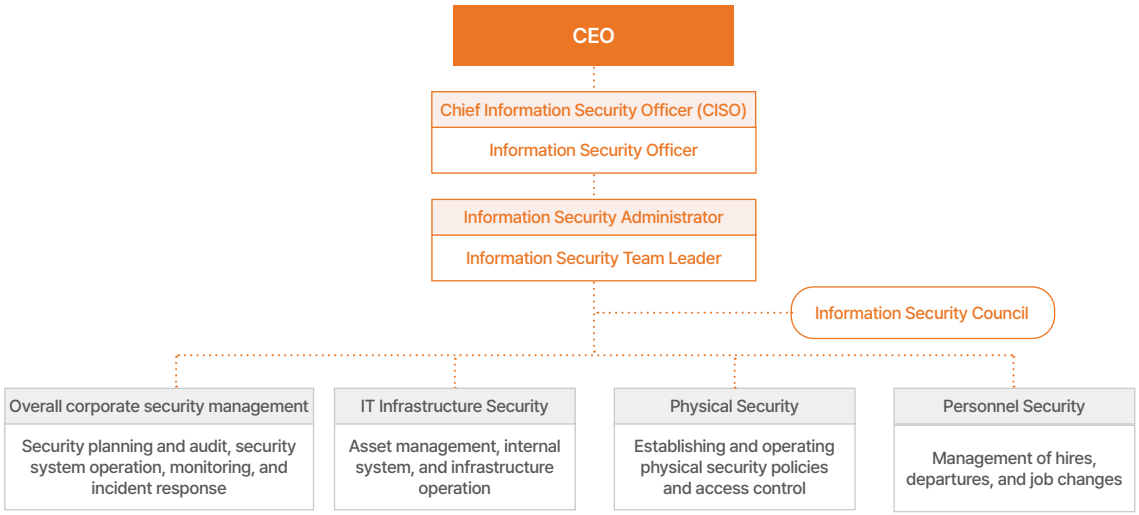
SK Inc. has established and operates an information security management system that meets global standards, continuously enhancing information security activities and actively upgrading its information security management system in response to rapid changes in the digital market. This effort aims to increase customer trust and expand opportunities for generating external business.

MANAGEMENT

Information Security Management System

- Appointment of a Chief Information Security Officer (CISO) for information security operation oversight and supervision
- Operation of a dedicated Information Security Team to prevent data leakage and address security compliance issues
- Management of a security committee for the sharing of security issues across organizational units and discussion of major items, including company-wide security policies
- Reporting of major information security issues to the ESG Committee and the Board of Directors for risk management purposes
- Annual reporting of compliance support activities and status, including information security items, to the Board of Directors

Information Security Management System Organization



Information Security Certification

- SK Inc.'s information security management system is recognized internationally through prestigious information security certifications.
- Annual audits ensure the management system is continuously managed and operated in a stable manner, demonstrating its effectiveness.

Status of Information Security Certifications

Certification	Governing Body	Certification Details
Information Security Management System (ISMS)	Ministry of Science and ICT	• Certification for the domestic information security management system under the Information and Communications Network Act • Initially certified in 2013 • Certification renewed and post-audit passed in 2023 (valid until 2026)
Information Security Management System (ISO 27001)	ISO/IEC	• International standard information security management system certification • Initially certified in 2006 • Certification renewed in 2022 (valid until 2025) • Post-audit passed in 2023
Information Security Control for Cloud Services, Protection of PII in Public Cloud (ISO 27017, ISO 27018)	ISO/IEC	• International standard cloud information security and personal information protection management system certification • Initially certified in 2022 (valid until 2025) • Post-audit passed in 2023

Information Security Disclosure KISA

- Implemented integrated information security disclosure for SK Inc. in June 2023
- Due to its efforts in information security certification, expert training, and investment activities, SK Inc. has been selected as an "Outstanding Information Security Investment Company" by the Ministry of Science and ICT for two consecutive years.

Information Security

MANAGEMENT

Information Security Policy

Information Security Principle

- SK Inc. has established and published information security principles and related regulations that all employees must adhere to, available for all employees to view on the intranet (HiSK).
- Additionally, we draft and publicly disclose our personal information handling policy in accordance with the Personal Information Protection Act, continually updating it as changes occur.

Information Security Regulations and Guidelines

Information Security Regulations (including Information Security Principle)	Privacy Administrator Guidelines	Information Security Management Guidelines
Employee Security Guidelines	IT Security Management Guidelines	Physical Security Management Guidelines

Public disclosure of the Privacy Policy

Public disclosure of the Privacy Policy through homepage

PERFORMANCE

Security Monitoring Activities

Data Protection

- Periodic inspections for compliance with IT security management guidelines and procedures to maintain system security and stability
- Protection of personal and critical information through security measures such as encryption and backup during data storage and transmission
- Proactive response to hacking attacks through the dissemination of system vulnerability countermeasures and preemptive actions

Security Diagnosis and Prevention Activities

- Execution of mock hacking and infrastructure vulnerability assessments prior to new service launches
- Annual IT vulnerability assessments and management of vulnerability remediation implementation levels, including infrastructure vulnerability assessments, source code analysis, and mock hacking
- Personal information processing system status checks and improvement action implementation reviews
- Regular and ad-hoc audits of company-wide security management areas

Third-Party Information Security Verification and Inspection Activities

Verification	Governing Body	Certification Details
Main ICT Infrastructure Inspections	Ministry of Science and ICT	• Cyber-attack prevention, execution of protective measures for key ICT infrastructures, and 100% implementation check of action plans (Nov. 2023)
Integrated ICT Facilities Inspections	Ministry of Science and ICT	• Facility safety and physical security, implementation of protective measures for dense ICT facilities (Jul. 2023) • Insurance coverage for the Data Centers in Daejeon and Pangyo

Security Monitoring

- Monitoring of emerging threats via Threat Intelligence providing the latest attack information domestically and internationally
- Detection activities including collection and analysis of various packets, logs, and event data on networks; detection of malicious code, information leakage, and other anomalous activities on systems and user PCs
- Formulation and application of response measures such as network blocking, dissemination of security vulnerabilities, and analysis of new/variant worms based on monitoring results

Category	Monitoring Content
WAF	Detection/blocking of web vulnerabilities targeting web servers
NIDS	Detection of network-based security threats
DLP	Detection/blocking of internal information leaks
ePM	Detection of malware/phishing URLs, malicious files in email attachments
EDR	Endpoint-based APT attack detection and response

Information Security

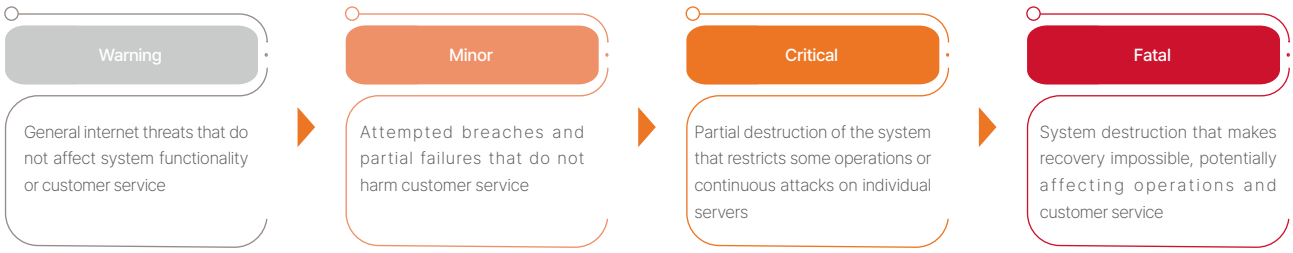
PERFORMANCE

Security Incident Response and Measures

Security (Breach) Incident Response System

- We have established rapid response and reporting procedures for security (breach) attempts/incidents to minimize their impact.
- Incident severity is categorized into four levels, with documented response procedures for each type of incident.
- A swift notification/reporting system is established through breach threat detection.
- Monthly activities are divided into breach prevention, intrusion detection, breach response, and other categories to manage potential security risks.

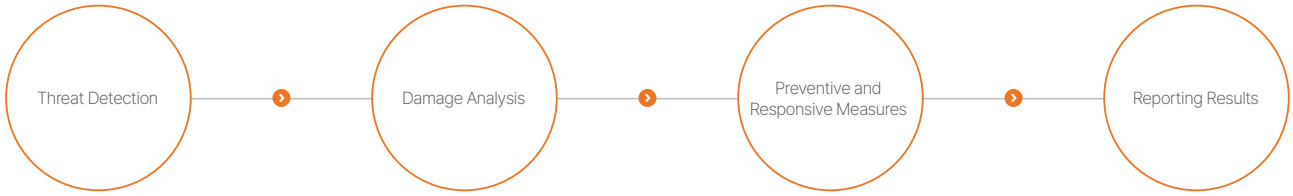
Incident Severity (4 Levels)



Types of Security Breaches

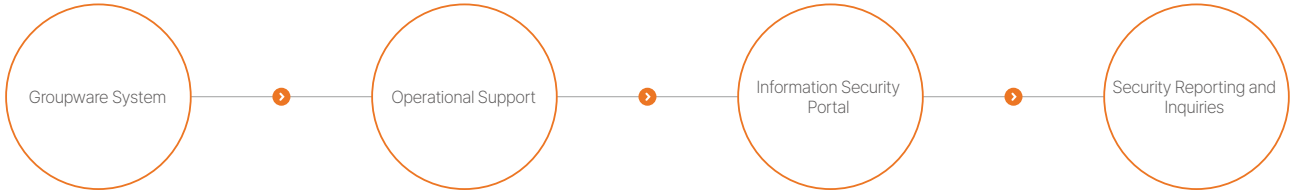
Type	Key Content
System Attacks	Attempts to upload web shells, attacks exploiting vulnerabilities in web/WAS such as Apache, DDoS attacks, attempts to hijack administrative privilege, etc.
Worm/Virus Infections	Installation of malware (viruses, worms, ransomware, etc.) via arbitrary path, etc.
Malicious Emails	Enticing malware installation through malicious site URL links or email attachment, etc.

Incident Notification/Reporting System



Security Incident Reporting and Measures

- The Security Control Center operates continuously (24/7, 365 days a year).
- A process is established for employees to immediately report any information security issues they discover.
- Employees are required to report to the internal security reporting center if they suspect hacking, detect malware or ransomware infections, encounter voice phishing or personal data leaks, or find security vulnerabilities.
- Upon incident occurrence, the information security team collaborates with the Computer Emergency Response Team (CERT) and operational departments to execute emergency measures.
- After verifying the effectiveness of these measures, a plan to prevent recurrence is established and disseminated to all employees through a company-wide notice.
- If the incident is caused by an insider violating security regulations, disciplinary measures are implemented.



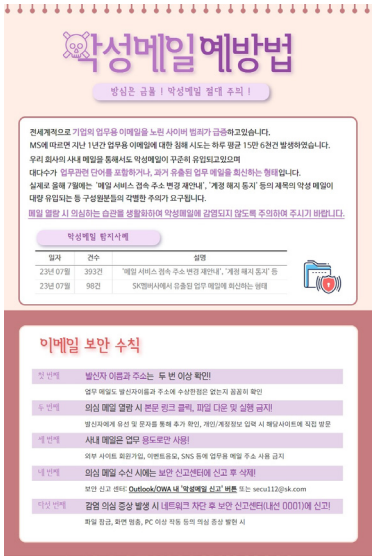
Information Security

PERFORMANCE

Security Incident Response and Measures

Security Incident Response Training

- To prevent security incidents such as malware infections and data breaches, we conduct mock phishing email exercises simulating the mass distribution of malicious emails to employees, along with awareness campaigns. (2 response drills conducted in 2023)



Enhancing Information Security Awareness

Information Security Change Management

- Cultivation of a Security Culture: Definition and systematic management of employee information security awareness maturity, including the establishment of measurement standards
- Strengthening of Employee Information Security Awareness: Provision of videos on the latest security trends, distribution of trend letters, and recognition of security event participants

Information Security Training

- Comprehensive information security and personal data protection training for all employees, as well as customized training essential for embedding security skills required in their roles
- Support for obtaining information security certifications

Education	Major Content of Training	Target Audience	Number of People Trained	Training Completion Rate
Training for Information Security	Major security incident cases and response strategies	3,900	3,884	99.60%
Training for Privacy Protection	Privacy information lifecycle management, compliance with domestic and international data protection regulations	3,900	3,884	99.60%
Training for New and Experienced Employees	Company-wide information security management system, everyday security, incident response	189	189	100.00%
Training for Project Security	PC security, asset management, account management, infrastructure security, cloud security, inspection activities	1,499	1,462	97.5%
Training for Development Security	Compliance requirements during system analysis/design/development/testing phases	406	341	84.00%

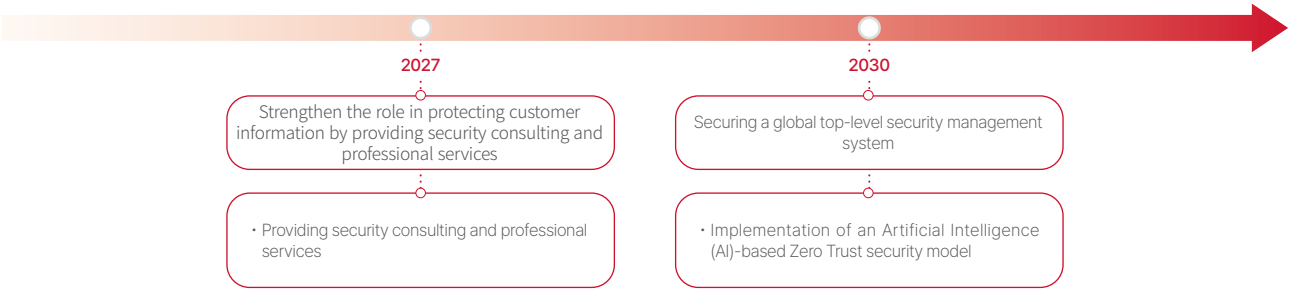
* Training for project security and development security includes suppliers, but only counts full-time employees.

Information Security

TARGET

Information Security Roadmap

Achieving Zero Information Security Incidents to Enhance Customer Trust



R&D

SK Inc. is dedicated to managing intellectual property to drive continuous innovation and ensure long-term success. By leveraging our accumulated technology and expertise, we are committed to researching and developing various platforms.

MANAGEMENT

R&D Organization

- In 2024, to expand our digital innovation business and identify Digital X business models, we elevate the R&D dedicated department, the Digital Tech Center, to the "DX Division."

DX Division	
DX Business Development Group	• Development of new inorganic business models based on Digital X (linked with investments) • Executing strategic alliances and M&As related to the four growth pillars * Generative AI, Cloud, Digital Manufacturing, Digital ESG
DX Tech. Group	• Establishment of integrated DX offering strategies, technical support, and promotion of DX technology partnerships • Executing DX architecture, CX consulting, digital marketing, and data integration businesses
G.AI Group	• Research and development, assetization, and pre-sales support utilizing Generative AI • Identifying data centers of excellence (Data CoE), data scientists, and vertical killer services based on Generative AI
Digital ESG Group	• Research and development, along with internal and external dissemination of existing solutions such as ESG Platform, Net Zero Platform, and Carbon Footprint Platform • Development of new business models related to ESG Management Systems
DX Convergence Group	• Research, development, and internal and external dissemination of existing solutions such as Web3, IoT, Metical Insight+, and Market Caster. • Development of new organic business models based on DX technology
Cloud Platform Group	• Architecting solutions based on cloud technology, standardizing MSP, and establishing and executing governance. • Development and operation of cloud management systems such as the MCMP* Platform and Modernization Platform * Multi-Cloud Management Platform

R&D Intellectual Property Management

Proactive IPR Strategy

- Support for company-wide branding and securing trademarks for digital assets
- Support for business expansion through P/F and copyright registration
- Risk assessment of patent infringement for major platforms and timely acquisition of IP
- Company-wide compliance risk assessment (IPR)

Intellectual Property Management Process

Ideation	Incubation	Commercialization	Business Expansion
Supporting the acquisition of ideas for intellectual property research	Establishment of intellectual property strategies for major R&D projects	Securing intellectual property rights alongside development and business execution	Expanding the business using secured intellectual property rights

R&D

MANAGEMENT

R&D Organization

Patent Holdings Status (2023)

Areas	Applications/Registrations	Areas	Applications/Registrations
AI	27	Solutions	18
Blockchain	12	Manufacturing	63
Cloud	2	Telecommunications	30
Data	17	Integrated Services	1
Healthcare	1	Existing Business	62
Finance & Strategy	11	Clean Technology (Eco-Friendly)	15
Total			259

Owned Licenses and Data Processing/Storage Capacity Status (2024)

Areas	Status	Description
Number of Owned Licenses or Subscriptions	183 licenses (owned licenses)	8 cloud services (4.4%)
Data Processing Capacity	461 servers	8,835 Core
Data Storage Capacity	966TB	General server disk and SAN storage capacities

※ Data extracted from company-owned assets, excluding equipment operated/serviced for clients. No outsourcing is involved for data processing and storage equipment.

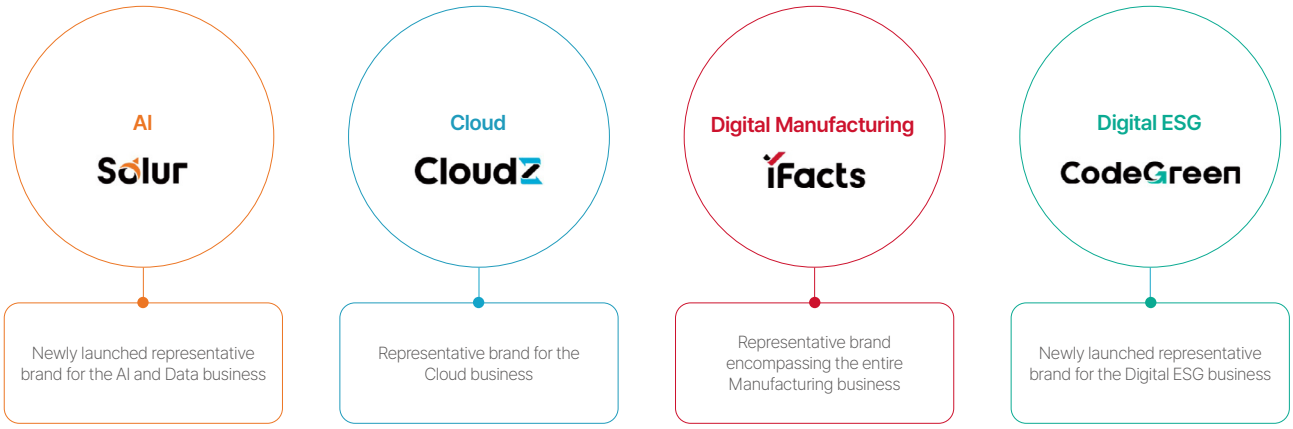
PERFORMANCE

Establishment of Branding System for Business Areas

Representative brands for SK Inc.'s four growth business areas

- For each of SK Inc.'s four major growth business areas, we unified and integrated previously separate brands into a representative brand system. This new system captures our vision through a tailored story for each area.

Our Four Brands for Major Growth Business Areas https://www.skcc.co.kr/insight/trend/2530



R&D

PERFORMANCE

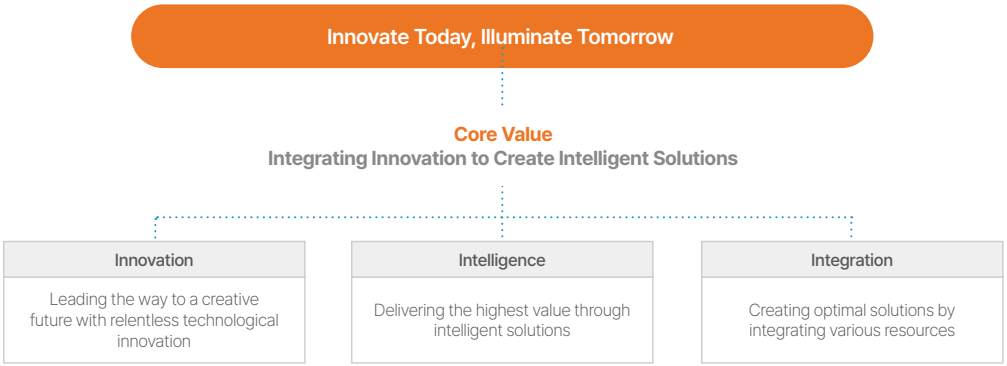
Establishment of Branding System for Business Areas

Unleashing Infinite Potential in the AI Innovation Era: Solur

Brand Story of Solur

- "Solur" is a Swedish term for a Viking sun compass. Just as the sun compass illuminated the way across the vast seas, the brand symbolizes the standards and direction for business. It encapsulates our commitment to leading in AI, digital innovation, customer value delivery, and sustainable social responsibility, reflecting limitless growth and possibilities.

Core Values of Solur https://www.skcc.co.kr/generative-ai



Key Services

Generative AI (G.AI) Solutions	Optimize business processes through diverse functionalities, including generative AI chatbots, report generation, coding automation, orchestration, and NLP text analysis, enabling efficient task performance
AI Solutions	Combine various AI functionalities, such as image and video analysis and data analytics, to provide optimal intelligent solutions in areas such as cerebral hemorrhage diagnosis, AI chatbots, and call center management
Big Data Platform	Extract business intelligence and support clients' data-driven decision-making by collecting, storing, analyzing, and visualizing large volumes of data
DT Services	Develop customized solutions based on the unique business needs of customers, and provide continuous support and training

R&D

PERFORMANCE

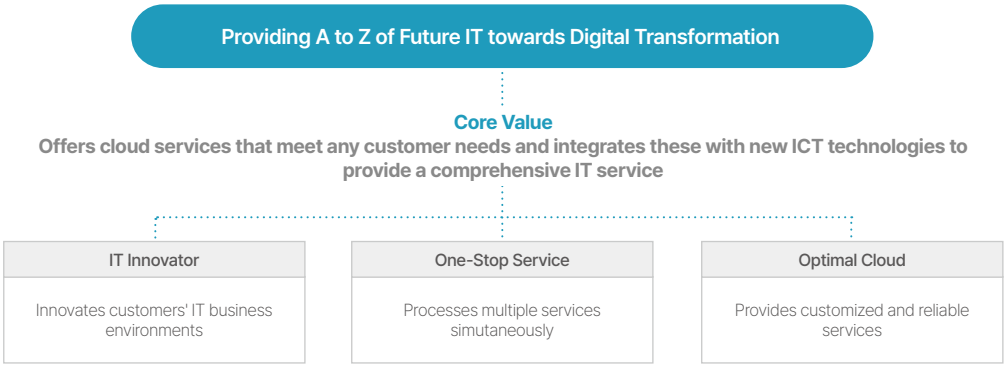
Establishment of Branding System for Business Areas

The Complete Business Cloud Solution: CloudZ

Brand Story of CloudZ

- CloudZ represents Cloud's flagship brand that embodies the determination to provide comprehensive cloud services—from consulting and construction to Cloud Center and Cloud Operation. It offers a complete A to Z range of cloud services in a one-stop, efficient, and seamless manner, enhancing customers' IT business environments.

Core Values of CloudZ https://www.skcc.co.kr/cloud



Key Services

Professional Service	Cloud Consulting, Cloud Architecting, Cloud Modernization—professional services designed for effective cloud transitions. This includes DevOps implementation, integrated management, and development environment training
Cloud Platform	Cloud Implementation Framework—cloud platform services designed for successful cloud adoption and stable data migration. This includes large-scale database migration and the modernization of applications, databases, and operations
Cloud Infra	Cloud Infrastructure Services—provides enterprise-level cloud infrastructure solutions, including Cloud DR, VDI (Virtual Desktop Infrastructure), IaC, Multi-CDN (featuring CloudFlare, Alibaba Cloud, CDNetworks, and SK Broadband), HPC, and Cloud Data Center services

R&D

PERFORMANCE

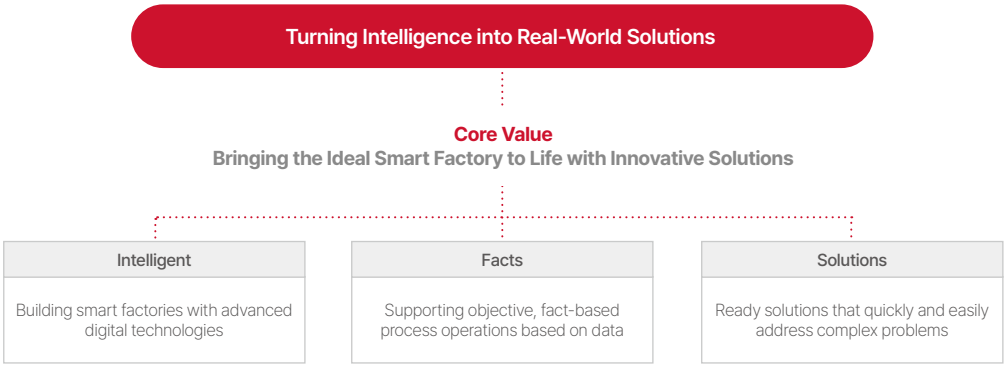
Establishment of Branding System for Business Areas

Shaping the Future of Manufacturing with Digital Factory Innovation: iFacts

Brand Story of iFacts

- iFacts, short for "Intelligent FACTory Solutions,' underscores the importance of facts, manufacturing factories, and factory solutions. It embodies Digital Manufacturing's vision of revolutionizing the manufacturing industry and realizing the future by providing fact-based, intelligent solutions.

Core Values of iFacts https://www.skcc.co.kr/manufacturing



Key Services

Production Management Execution Solutions	iFacts' production management execution solutions optimize clients' production processes using efficient tools and solutions such as MES, RMS, EAP, QMS, and RCS. These solutions enhance productivity and product quality, and offer customized approaches to meet customer requirements.
Equipment Control Solutions	Combining IT and operational technology to effectively manage and optimize manufacturing equipment Using tools such as MCS, HMI, Smart Edgebox, SPC, and TMS to control facilities and enhance production efficiency
ESG Factory Solutions	Promoting environmentally friendly manufacturing, energy efficiency, safety and health, and sustainable maintenance through FEMS, Digital SHE, PPdM. This supports compliance with ESG values and the establishment of sustainable business practices

R&D

PERFORMANCE

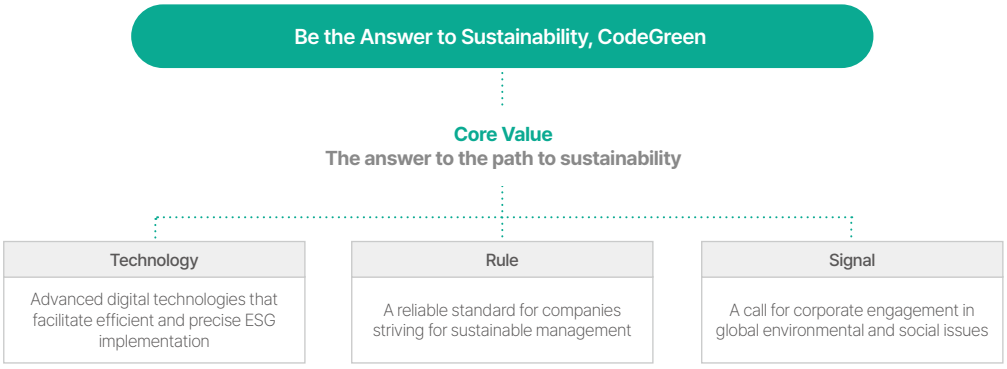
Establishment of Branding System for Business Areas

Unlocking the Value of a Sustainable Future with CodeGreen

Brand Story of CodeGreen

- CodeGreen embodies our commitment to sustainability, innovation, customer value, growth, and social responsibility. As our flagship Digital ESG brand, CodeGreen defines our path forward, aiming to play a leading role in the ESG field by targeting customers who work towards sustainable management.

Core Values of CodeGreen https://www.skcc.co.kr/esg



Key Services

Carbon Reduction Certification and Trading Platform (Centero)	A platform that records the entire process of greenhouse gas reduction certification to vitalize the voluntary carbon market, based on the Korea Chamber of Commerce and Industry's carbon reduction certification standards, ensuring credible credit management and transactions
ESG Management Platform (Click ESG)	A cloud-based platform service that provides universal standards for globally responsive ESG management and offers systematic management through ESG management level diagnostics and ESG management guides
Carbon Emission Monitoring and Management Solution (Digital Carbon Passport)	A solution that establishes a system to meet mandated climate disclosures across all industries, sharing verified data to maximize the efficiency of carbon emission management
Energy Management Solution (RE100)	An integrated energy management system that uses data analysis and AI algorithms to analyze the supply and usage of renewable energy and manages electricity trading contracts effectively to enhance energy efficiency and strengthen sustainable business practices for companies

R&D

PERFORMANCE

Open Innovation

- ESG Management Consulting for Export Companies in Hwaseong City
  - CodeGreen provided basic ESG consulting through the “Click ESG” platform to 16 companies in Hwaseong City that need an ESG management system. This includes diagnostics of ESG management levels, identification of improvement tasks, and onsite implementation guidance. For five companies requiring immediate response to export regulations, specialized consulting support is offered, including monitoring of improvement implementations, hands-on execution support, and greenhouse gas target management services.
- Responding to EU Carbon Regulations with Glassdome and Digital Carbon Passport
  - In collaboration with Glassdome, we have developed a “Digital Carbon Passport Platform” which includes Lloyd's Register Quality Assurance (LRQA) Third-Party Verification Services to address EU digital battery passport regulations. This platform offers fast-track support for EU export companies navigating EU carbon regulations.
- Establishment of a Master’s Program in Digital Engineering at Yonsei University
  - We have signed a memorandum of understanding with Yonsei University to establish a Master’s Program in Digital Convergence Engineering. This program aims to cultivate experts in digital manufacturing integration, including AI, data-driven manufacturing, and automation and intelligence in logistics.
- Activation of Environmental Education through 'Industry-Academia-Research Collaboration in Yongin Special City with Dankook University'
  - The Yongin Special City, Dankook University, and SK Inc.'s business division have formed a cooperative relationship to solve local environmental issues through industry-academia-research collaboration. This partnership includes cultivating talent in environmental education, participating jointly in R&D projects, and fostering human and material exchanges, all aimed at building a network for Sustainable Development Goals (SDGs) in Yongin Special City.

Social Contribution

SK Inc. is committed to addressing social issues and creating social value through various support activities and programs, aimed at building a happier society together with all members of the local community.

MANAGEMENT

Community Engagement Policy

Community Engagement Policy

- SK Inc. conducts its social contribution activities through active communication with the community.
- The ESG Committee within the Board of Directors reviews critical community risks identified through stakeholder participation.

"Building a Happy Society Together"

Application of ICT technology + Employee participation → Solving society's challenges and maximizing social value creation

01. Growing together with the local community

- Win-win cooperation with local SMEs (sharing/opening ICT infrastructure)
- Supporting local issues and sharing activities (supporting the growth of the underprivileged, volunteering)

02. Support for the self-reliance and growth of persons with disabilities

- Employment linkage projects through professional job training for young people with disabilities (SIAT)
- Support for the growth of IT professionals, including scholarship funds created through employee participation

03. Promotion of ICT-based social values

- Development and dissemination of ICT-based solutions for social issues, such as the Hangarae app
- Supporting the growth of social enterprises and social ventures through talent donation based on employee capabilities (SK Pro Bono)

Communication with Local Communities

Regular communication with key stakeholders	Identification and support for community emergencies and underserved areas
Strengthening community communication through collaboration and partnerships with various community organizations	Enhancing local communication through partnerships with community public-private consultative bodies (such as Community Welfare Councils), organizations (including Volunteer Centers, and Sustainable Development Councils), and social enterprises

Social Contribution

PERFORMANCE

Major Social Contribution Activities

Growing Together with the Local Community

- SK Inc. and its employees fulfill their roles and responsibilities as members of the local community by engaging in co-prosperity activities with local small enterprises and happiness-sharing initiatives to alleviate the difficulties faced by vulnerable groups.

ICT Infrastructure Opening and Sharing

SDGs: 9.c
Increasing access to information and communication technologies and ensuring universal internet access

Free Cloud Service
- Agreement with Gyeonggi Province to provide free cloud services to local small businesses
- Cloud expert training and free support for MSP (Managed Service Provider) partners of CloudZ

Strengthening the Social Safety Net in the Community

SDGs: 1
Eradicating poverty

Supporting Meal Programs for Children in the Community
- Happiness Alliance Happiness Meal project

Happiness Give Donation Campaign
- Supporting the winter needs of vulnerable groups, assisting young people preparing for independence and more

Employee Blood Donation Campaign

Supporting the Growth of Marginalized Groups in the Community

SDGs: 8.5
Creating quality jobs for everyone, including young people and persons with disabilities

DDA Project
- Digital Dream Academy, focusing on entrepreneurship and reemployment education for mid-career women experiencing career interruptions

Youth Employment Mentoring Project

Category		Unit	2021	2022	2023
Free Cloud Support Service	Number of participating companies	Companies	92	79	63
	Scale of service support provided	KRW 100 million	17.5	14.6	12.3
DDA Project	Number of graduates	Persons	29	27	20
	Number of individuals who have gained employment or started businesses after the program	Persons	10	16	15

Support for the Self-reliance and Growth of Persons with Disabilities

- Life-cycle CSR projects to address youth employment and improve the quality of life for persons with disabilities

IT Talent Scholarship for Supporting Youth Dreams

SDGs: 4.3
Ensuring access to tertiary education in technology and vocational training

"Happiness IT Scholarship Project"
- Operated with employee donations, providing scholarships to young persons with disabilities
- Supporting dreams with a total of 1.64 billion won raised from 2005 to 2023, benefiting 1,007 scholarship recipients

Stepping Stone for Social Integration through Enhancing Youth IT Capabilities

SDGs: 8.5
Creating quality jobs for everyone

Corporate Alliance for IT Talent Cultivation and Recruitment "Smart IT Advanced Training(SIAT)"
- Customized educational support for roles such as full-stack developers, business support, and software testing
- Employment support for young persons with disabilities in ICT
- Annual formation of the "SIAT Alliance" to provide social integration opportunities for young disabled individuals

Social Enterprise Management Support for Youth Employment Stability

SDGs: 8.5
Creating quality jobs for everyone

SE "Happy ICT" Management Support
- Management support for Happy ICT Foundation (social enterprise and certified persons with disabilities friendly business)
- Support for IT professional growth and employment stability to create quality jobs for persons with disabilities

Category		Unit	2021	2022	2023
Happy IT Scholarship Project	Scholarship Amount	KRW thousand	92,293	95,660	112,659
	Number of scholarship recipients	Persons	38	33	36
SIAT Project	Number of people employed (graduated)	Persons	48(51)	44(45)	40(44)
	Number of employment placements	Companies	28	28	19
Happy ICT Foundation	Total number of employees	Persons	70	75	74
	Number of employees with disabilities	Persons	27	31	29
	Percentage of employees with disabilities	%	39	41	39

Social Contribution

PERFORMANCE

Major Social Contribution Activities

Promotion of ICT-based Social Values

Social Value Participation and Practice

SDGs: 12
Sustainable consumption and production

Hangarae

- As a participatory platform for addressing social issues, it fosters empathy and internalization of ESG management among employees. The user-friendly app facilitates daily participation in solving social problems.
- It effectively motivates through rewards, habit-forming practices, and measuring social value based on practice data.
- In collaboration with various stakeholders, it promotes participation and dissemination of social value activities such as reducing household waste and greenhouse gases, resource conservation, blood donation, and volunteering.
- It implements and spreads experiential environmental education for elementary, middle, and high school students in collaboration with local stakeholders, fostering a future generation that understands and acts against the climate crisis.

Support for the SE Ecosystem

SDGs: 8.3
Encouragement of establishment and growth of SMEs

SK Pro Bono

- Supports the growth of social enterprises and social ventures using the IT professional capabilities of its employees
- Provides IT system planning, marketing strategy formulation, legal consulting, and web web testing. This initiative involves 500 employees and supports 158 social enterprises and social ventures

Category		Unit	2021	2022	2023
Hangarae	Number of members	Persons	14,000	28,000	59,746
	Number of participating companies/ organizations	Units	17	61	95
	Creation of Social Value	KRW 100 million	12.5	17.5	27.8
SK Probono	Number of participants	Persons	493	379	500
	Hours	Hours	2,371	1,637	1,431
	Number of SE supported	Companies	56	137	158

Hangarae

Hangarae Main Activities

Hangarae Website

- The Hangarae app is a mobile application designed to encourage participation in social value activities by facilitating social problem engagement in daily life. It promotes continuous practice through various motivational elements and engaging features, driving involvement in activities that spread social value.

※ Hangarae (meaning "bringing happiness to tomorrow" and signifying collective effort)

Various Features of Hangarae

SV Activity Recording/Measurement
- Records and measures a variety of daily social problem-solving activities
- Calculates social value based on objective measurement indicators

SV Points/Rewards
- Issues rewards (SVC) for individual participation
- The SVC can be used to create additional social value
- Options include donations, purchasing goods from social enterprises, buying items at company cafeterias/kiosks, and converting points at social enterprise shopping malls

Fun Elements & Learning Provision
- Activity Rankings/Levels: Features include stamps for activity/goal achievements, challenges for achievement and entertainment, and buddies for comparing ranks and inviting others to games or challenges.
- Stamps: Awarded for activity and goal achievements, providing encouragement
- Challenges: Offers engagement and entertainment through games and challenges
- Buddies: Allows users to compare ranks and invite others to participate in games or challenges
- Educational Content: Provides videos, columns, news, and glossaries related to ESG and social value (SV)
- Quizzes and quick polls: Supports and Identifies personal learning and awareness of social values

- Measuring and managing social value in an ESG management environment proactively addresses stakeholder concerns and showcases organizational innovation and distinctiveness.

SV of Hangarae

Calculated based on the reduction in carbon emissions and the Social Cost of Carbon (SCC)

Calculated based on the savings from non-use and recycling of raw materials

① Health promotion → Cost savings on medical expenses
② Cost savings on labor input for addressing social problems
③ Directly linked to donations or purchases from social enterprises through the Hangarae app

Social Contribution

PERFORMANCE

Hangarae

Social Value Created Through the Use of Hangarae

- Target: 95 institutions using Hangarae, including 54 elementary, middle, and high schools, and other educational institutions
- Duration: January 1, 2023, to December 31, 2023 (12 months) ※Note: The performance of each institution is based on usage starting from 2023.

Practice Activities	Frequency of Practices (Unit: 10,000 steps/ sessions)	Carbon Emission Reduction ($kgCO_2eq$)	Social Value of Hangarae Practice Activities in 2023** (KRW thousand)			
			Carbon Emission Reduction Benefits	Resource Conservation Benefits	Social Cost Savings Benefits	Total Social Value
Walking for Health	1,125,642	1,103,129	117,067	-	619,103	736,170
Use of Public Transport/Carpooling	195,986	468,702	49,830	302,007	4,509	356,346
Resource Recycling	238,474	168,005	17,873	36,863	-	54,736
Zero Food Waste	523,063	78,413	8,070	171,864	-	179,935
Low-Carbon Meals	32,821	32,821	3,489	-	-	3,489
Use of Stairs	2,711,823	28,745	2,983	1,220	14,237	18,440
Electricity Saving/Digital Carbon Footprint Reduction	313,617	33,438	3,543	5,751	-	9,294
Use of Mugs/Tumblers	750,516	20,848	2,234	115,568	-	117,801
Use of Reusable Bags/Containers	121,120	17,591	1,865	3,902	-	5,767
Recycling of Used Phones	1,140	15,131	1,609	28,457	-	30,066
Health Cycling	21,859	12,285	1,307	10,272	2,597	14,176
Separate Disposal of Transparent PET Bottles	101,682	4,271	458	2,522	-	2,979
Waste Recycling	13,940	4,224	449	101	-	549
Use of Handkerchiefs	27,271	784	82	2,345	-	2,427
Double-sided Printing/Electronic Receipts	40,382	503	52	1,675	-	1,727
Plogging	20,820	262	27	-	104,350	104,377
Water Saving/Use of Cups for Brushing Teeth	113,753	357	38	1,168	-	1,207
Health Exercise Certification	26,804	-	73	-	4,664	4,737
Blood Donation Certification	2,243	-	-	-	225,399	225,399
Social Contribution Activities	16,950	-	-	-	694,650	694,650
Reward Donation/Material Donation	53,240	-	-	-	147,101	147,101
Buy Social	12,823	-	-	-	63,872	63,872
Total	**5,340,327***	**1,989,508**	**211,049**	**683,716**	**1,880,482**	**2,775,247**

* Excluding "Walking for Health" / ** The basis for calculating social value per activity includes the PwC Methodology Report, official announcements/guides from the Ministry of Environment, and calculations from private health insurance companies.

Social Contribution

PERFORMANCE

Local Community Risk Assessment

- Identify and evaluate negative impacts on local communities by participating in community councils to monitor social issues, analyzing needs surveys from local stakeholders, and conducting annual surveys, meetings, and other activities related to environmental management, safety and health management, and human rights management.
- Among the identified risks, assess the level of risk by considering the likelihood of occurrence, impact on management activities, and current level of risk control. Select the risks that require improvement and prioritize them for management.
- In 2023, the identified risks that could affect the local community included fire, leakage of hazardous resources, and explosion, but these risks were assessed as low. However, no related accidents occurred due to continuous risk mitigation activities, such as regular safety inspections, education, considering risk severity and additional consequences.
- The risk level of risks related to local communities is continuously monitored and managed in connection with all management activities.

Results of the 2023 Local Community Risk Assessment and Responses (Summary)

Category	Risk/Requirements	Controls	Level of Risk	Results
Fire	Enhancing safety management for fire response	Established emergency response guide	Level 2	0 fire incidents in 2023
	Use of unauthorized cooling/heating equipment	Strengthened company-wide guidance and increase inspection frequency	Level 2	
	Overheating of electrical equipment terminals	Captured thermal images and shared with workers for attention regularly	Level 1	
Leakage of hazardous resources	Leakage of diesel fuel for power generation	Established emergency response manual	Level 1	0 leakage incidents in 2023
Explosions	Explosion due to dust, static electricity, or other factors while cleaning panels, distribution boards, etc.	Ventilation measures, and regular safety checks undertaken	Level 1	0 explosion accidents in 2023
	Explosion while checking the generator starting battery	Shared cautionary information with workers installing battery covers	Level 1	
Number of identified risks/response		15 cases/15 cases		

TARGET

Social Contribution Roadmap

(Social Value Measurement Goal)

(Unit: KRW, Million)

	2027	2030
Growing together with the local community	29,840	34,019
Support for the self-reliance and growth of persons with disabilities	729	845
Promotion of ICT-based social values	1,272	1,475
Total	31,841	36,339

Increased Employee Engagement	Enhanced Collaboration with Community Stakeholders	Discovery and Application of Social Value Expansion Solutions
• Expansion of employee participation policies and activation of participation campaigns	• Strengthened communication through participation in community committees (public/private partnerships) • Enhancement of program impact through successful case-based collaboration models	• Expansion of support solutions for vulnerable groups based on ICT • Support for the dissemination of social value using AI, blockchain, and big data

* Social contribution programs are measured based on outcomes, such as the number of newly employed individuals. If outcome measurement is difficult, such as in the case of volunteering or donations, measurement is based on input costs.

Activities of Major Subsidiaries

SK Innovation

Enhance Supplier ESG Capabilities Through Public-Private Partnerships

SK Innovation is contributing the Win-Win Cooperation Fund to the Foundation for Cooperation with Large, Medium, and Small Enterprises, Agriculture, and Fisheries to discover best practices based on public-private partnerships and to improve suppliers' ESG capacity building processes. Through technical cooperation and facility support projects, we are working together to help suppliers minimize the impact of their products and services on the environment and make positive contributions to society, and we are also promoting various projects to strengthen suppliers' own ESG management capabilities, such as providing incentives to suppliers with excellent ESG performance. We have conducted about 40 cooperation projects from 2021 to 2023, and we are actively supporting continuous monitoring and publicizing the performance of our suppliers even after the cooperation projects to help them enhance their economic and social value.

SK Networks

Build AI Competency Systems

SK Networks has established an AI competency system to foster talented people who can drive business innovations and create opportunities with AI. We have divided AI competencies into four levels, and through systematic development programs for each level, we are striving to develop our employees' competencies to secure competitiveness by fostering talents who can apply AI to innovate our business and create new opportunities. First, we operate an online program focused on basic statistics and generative AI utilization to equip all employees with AI Literacy (Lv.1), which is centered on data questioning/interpretation capabilities. We also teach a course as a next step that enables employees to apply AI to their work by utilizing generative AI to make judgments and interpretations on work data. Afterwards, we enable these employees to derive solutions from their work based on the hot skills required for their job/business for them to achieve innovation in their work through AI.

SKC

"My Green School", an Employee Engagement and Recycling Education Program

In line with its ESG management vision, "ESG Solution Provider for the Next Generation," SKC operates the "My Green School" education program to spread a culture of resource recycling to create a sustainable society. "My Green School" is a participatory education program in which employees of SKC and its investment companies visit elementary school students to raise awareness of environmental protection and separation of waste. Through various contents of "My Green School," students are educated on the need for resource recycling and waste recycling methods. The students also utilize My Green Place, a game-based waste information platform that SKC introduced in 2022, and card teaching aids. In May 2024, the program was newly designated as an 'Excellent Environmental Education Program' by the Ministry of Trade, Industry and Energy, recognizing the excellence of its educational content. We plan to educate 1,500 students nationwide to help bridge the education gap in local communities and contribute to the formation of healthy communities.

SK Biopharmaceuticals

Improve Patient Access to Medicines

SK Biopharmaceuticals and its subsidiary SK Life Science are implementing various activities to increase patient access to medicines. SK Biopharmaceuticals operates an Expanded Access Program (EAP) for the therapeutic use of investigational medicines and supplies products free of charge to participants in our clinical for them to continue treatment after the trial period. In 2023, approximately 80 patients in Korea received approximately 1,850 vials of Xenovate free of charge. Meanwhile, SK Life Science is strengthening access to XCOPRI® products through its patient support program, the Navigator platform. Through the Patient Assistance Program (PAP), we provide free XCOPRI® products to customers below a certain income threshold who have financial difficulties, and in 2023, we provided approximately 16,500 free products through the PAP. In addition, we provide Copay Assistance, which allows patients to purchase XCOPRI® products at an affordable price, and in 2023, we provided approximately 60,000 applications. SK Biopharmaceuticals plans to continue to enhance access to medicines to improve the quality of life for patients and contribute to a healthy future for all members of society.

Governance

SK Inc. implements and maintains a robust governance system at all levels of corporate activity to build trust with investors, customers, and the community, establishing a transparent decision-making structure and practicing accountable management.

MANAGEMENT

Board Operations

Corporate Governance Charter

https://www.sk-inc.com/en/esg/charter.aspx

- The Corporate Governance Charter was established and announced by SK Inc. in 2018 to provide governance information such as shareholder rights and the responsibilities of the Board and auditors, thereby enhancing management transparency.
- The charter was revised in 2021 to emphasize the role of the Board and to expand stakeholder communication across all aspects of ESG management.

Board Diversity Policy

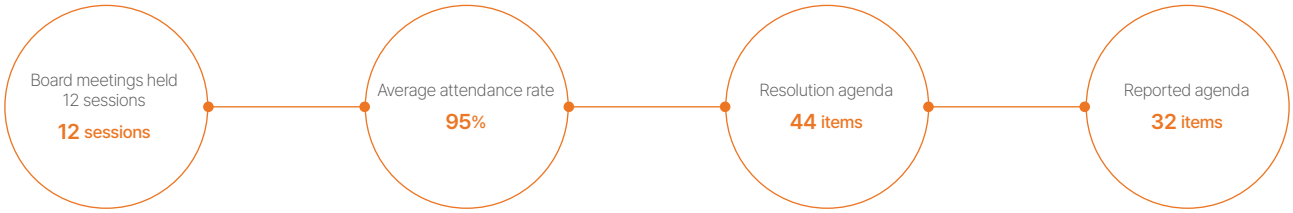
Board Diversity Guidelines

- SK Inc. embraces diversity in board composition—including race, gender, age, nationality, education, and religion—reflecting our management philosophy and strategy for continuous growth with shareholders, customers, and the community.

Board Meeting Schedules

- Regular Meetings of the Board are held monthly, with additional meetings held as needed. Decisions require a quorum of more than half of the sitting directors and approval from a majority of those present.
- The target minimum attendance rate for board meetings is 80%. Details on attendance rates and voting on agenda items by individual directors are disclosed on the website and in annual reports.

2023 Board of Directors Operations



Board Efficiency

- To secure participation, meetings can be attended through real-time conference calls, enabling all directors to participate in resolutions.
- Major items are reviewed by committees prior to Board meetings. Related departments address queries or requests from directors and provide additional explanations before the board meeting.
- The Board and Committee regulations explicitly allow for consulting external advisory bodies.
- All directors are required to attend at least 80% of meetings and may hold no more than four other mandates, a rule that applies to all five independent directors.

Director Appointments

- Directors are appointed through a resolution at the general shareholders' meeting, in accordance with the Korean Commercial Act and the Articles of Incorporation.
- The board members are elected annually, and each director is individually appointed with the approval or dissent and the corresponding ratio being disclosed publicly.
- The Nomination and Compensation Committee selects a pool of director candidates, conducting rigorous evaluations to assess expertise and independence to ensure compliance with relevant laws before recommending candidates to the shareholders' meeting.
- Recommended candidates are appointed at the shareholders' meeting following a Board resolution to convene the meeting.
- We have set the goal to have at least 51% independent directors on the Board.

Governance

MANAGEMENT

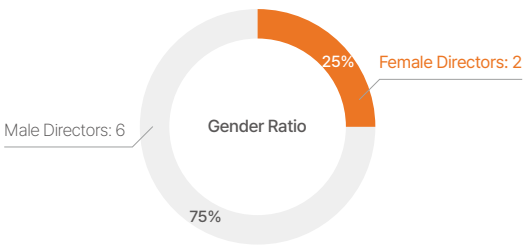
Board of Directors Composition

Current Status of the Board of Directors

(as of March 27, 2024)

Name (Gender)	Responsibilities		Expertise & Experience	Tenure	Length of tenure*
Yeom, Jae Ho (Male)	Independent Director	Expertise	Social Value, Global Perspective, Sustainability Management, Information Security Management	March 2022 to March 2025	5 years
	Chair of the Board	Expe-rience	Ph.D. in Political Science from Stanford University, 19th President of Korea University, [Current] Honorary Professor of Public Administration at Korea University, [Current] President of Taejae University		
Yoon, Chi Won (Male)	Independent Director	Expertise	Management, M&A, Global Perspective, Industry Expertise, Risk Management	March 2024 to March 2027	March 27, 2024 Newly appointed
	Chair of the Governance Committee	Expe-rience	Master's from Massachusetts Institute of Technology, Chairperson of EQONEX, [Current] Independent Director at Hyundai Motor Company		
Kim, Byoung Ho (Male)	Independent Director	Expertise	Accounting, Investment, Finance, M&A, Global Perspective, Risk Management	March 2022 to March 2025	5 years
	Chair of the Audit Committee	Expe-rience	MBA from UC Berkeley, Former Vice Chairperson of Hana Financial Group, [Current] Chairperson and Independent Member at HD Bank		
Kim, Seon Hee (Female)	Independent Director	Expertise	Management, Finance, M&A, Industry Expertise, Risk Management	March 2024 to March 2027	3 years
	Chair of the Nomination and Compensation Committee	Expe-rience	Master's in Business Administration from the University of Minnesota, Director at UBS Investment Bank, Switzerland, [Current] Vice Chairperson and CEO at Maeil Dairies Industry Co., Ltd.		
Pak, Hyun Ju (Female)	Independent Director	Expertise	Risk Management, M&A, Global Perspective, Law	March 2023 to March 2026	1 year
	Chair of the ESG Committee	Expe-rience	JD from Columbia Law School, Foreign Attorney at Law Firm Jipyong, [Current] Senior Foreign Attorney at SHIN&KIM		
Chey, Tae won (Male)	Executive Director (CEO)	Expertise	Management & Economics, International Relations, Social Value, Sustainable Management	March 2022 to March 2025	8 years
	-	Expe-rience	Ph.D. program in Economics at the University of Chicago (Ph.D. Candidate), [Current] Chairperson of SK Innovation, [Current] Chairperson of SK Hynix, [Current] Chairperson/CEO of SK Inc.		
Jang, Yong Ho (Male)	Executive Director (CEO)	Expertise	Management, M&A, Portfolio Management, Risk Management, Industry Expertise	March 2024 to March 2027	March 27, 2024 Newly appointed
	-	Expe-rience	B.A. in Economics from Seoul National University, President and CEO of SK Siltron, [Current] President/Co-CEO of SK Inc.		
Lee, Sung Hyung (Male)	Executive Director	Expertise	Economics, Finance, M&A, Portfolio Management, Risk Management	March 2023 to March 2026	1 year
	-	Expe-rience	BBA from Yonsei University, Former head of Finance at SK Corporation, [Current] CFO/President of SK Inc.		

*The tenure includes reappointments.



Governance

MANAGEMENT

Board of Directors Composition

Board of Directors Expertise

- Directors are selected and appointed to ensure that their qualifications and the collective skill set of the Board contribute to the long-term growth and development of the company.
- The Board is composed of individuals with extensive expertise and practical experience in leadership, key industries (advanced materials, green, bio, digital), financial accounting and risk, law and public policy, mergers and acquisitions, capital markets, international relations, and environmental, social, and governance (ESG).
- Specialized training for independent directors in each investment area by executives directly responsible for each area.
- Opportunities are offered for attending seminars and educational programs hosted by external experts to enhance Board expertise.

Board Skills Matrix (BSM)

Category	Name	Leadership	Core industry	Finance/ Accounting and Risk	Law/Public Policy	Mergers and Acquisitions/ Capital Markets	International Relationship	ESG	Fulfillment of Independence Requirements
Independent Directors	Yeom, Jae Ho	●	●		●		●	●	●
	Yoon, Chi Won	●	●	●		●	●	●	●
	Kim, Byoung Ho	●		●		●	●	●	●
	Kim, Seon Hee	●	●	●		●		●	●
	Pak, Hyun Ju	●		●	●	●		●	●
Executive Directors	Chey, Tae won	●	●	●		●	●	●	
	Jang, Yong Ho	●	●	●		●		●	
	Lee, Sung Hyung	●	●	●		●		●	

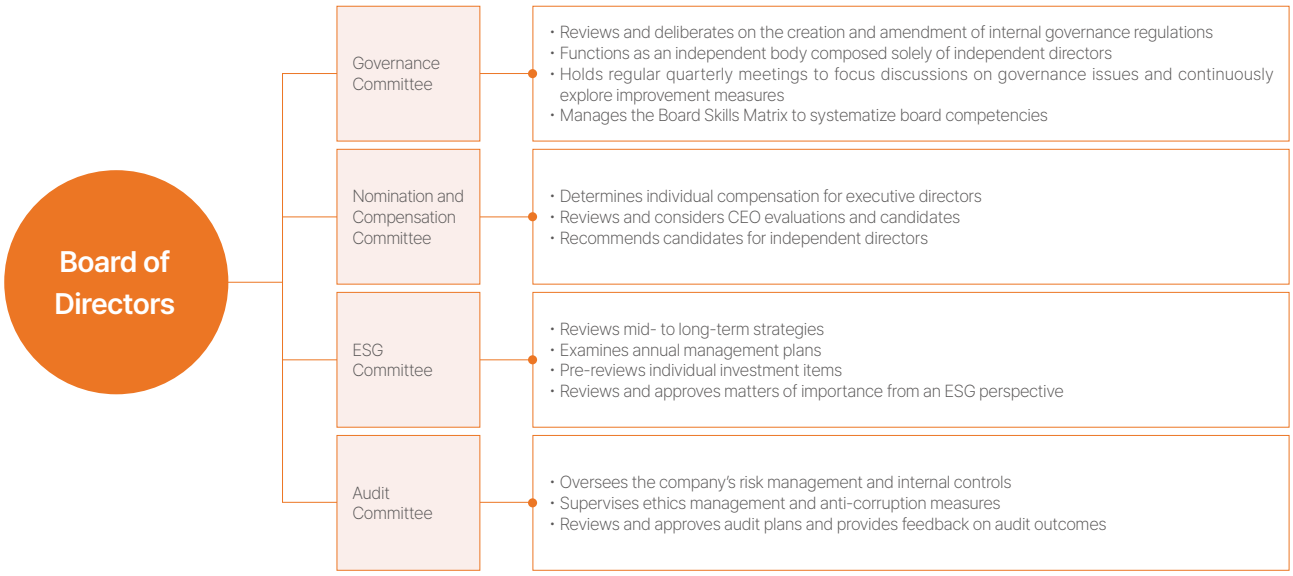
Board independence

Board Independence Guidelines

- The roles of the Chairperson of the Board and the CEO are distinct and separate.
- Independent directors are appointed from individuals who do not have a special relationship with the management team and are not unlimited partners or directors of a competing company without Board approval.
- Directors with a special interest in the resolutions of the Board have restricted voting rights.

Sub-Committees under the Board of Directors

- As of 2023, four sub-committees operate under the board for efficient and systematic management.
- Most sub-committees are composed of independent directors to maintain independence.
- The ESG committee includes one CFO to ensure extensive discussion of management strategies from an ESG perspective, enhancing the committee's functions.
- The ESG committee reviews and approves plans and performance of key ESG activities (environment/climate, information security, safety and health, human rights, supply chain).



Governance

MANAGEMENT

Board of Directors Composition

Details of the Four Board Committees

Category	Purpose and Functions	Composition (Chairperson*)	
ESG Committee	Purpose: Review and analyze ESG-related strategies and key matters for major corporate decisions Function: ① Validates ESG strategies and long-term financial strategies ② Reviews major investment proposals for presentation to the Board - Assesses risks from various perspectives including valuation, strategy, technology, finance, law, marketing, HR, PMI, and geopolitical aspects	**Independent Directors** Pak, Hyun Ju* Kim, Seon Hee Yeom, Jae Ho Kim, Byoung Ho Yoon, Chi Won	**Executive Director** Lee, Sung Hyung
Nomination and Compensation Committee	Purpose: Deliberate on matters related to the nomination of independent director candidates for appointment at the shareholder meeting, the evaluation and retention of the CEO, and the appropriateness of compensation for executive directors Function: ① Deliberate individual compensation of executive directors ② Recommend candidates for CEO evaluation and replacement ③ Nominate candidates for the position of independent directors ④ Other matters delegated by the board or necessary for the nomination of independent directors	**Independent Directors** Kim, Seon Hee* Pak, Hyun Ju	**Executive Director** Chey, Tae-won
Audit Committee	Purpose: Manage the company's auditing and business audits, and handle any matters delegated by the board Function: ① Handle matters related to accounting and interactions with external auditors ② Address issues related to auditing ③ Conduct a pre-review of internal transactions ④ Address other matters specified by laws, the articles of incorporation, or board regulations	**Independent Director** Kim, Byoung Ho* Pak, Hyun Ju Yoon, Chi Won	
Governance Committee	Purpose: Identify and discuss various issues related to enhancing the company's governance structure Function: ① Deliberate on governance matters, including amendments to internal regulations (such as the Articles of Incorporation, Corporate Governance Charter, and Board/Committee regulations) ② Address matters requiring the consultation or decision of all independent directors ③ Other significant corporate management issues affecting shareholder value as brought forward by the chairman	**Independent Director** Yoon, Chi Won* Pak, Hyun Ju Yeom, Jae Ho Kim, Byoung Ho Kim, Seon Hee	

Director Compensation and Performance Evaluation

Board Performance Evaluation and Compensation

- Directors are compensated within the limits approved by the shareholder meeting, as required by law. Compensation and calculation methods are disclosed in the annual report.
- The Nomination and Compensation Committee reviews the individual remuneration of executive directors, including independent directors, with final decisions made by the Board of Directors.
- We effectively measure and reward the performance of our top executives by incorporating metrics such as revenue, operating income, debt-to-equity ratio, cash dividend payout ratio, total shareholder return, credit ratings, growth rate, and sustainability rate into performance compensation.
- The KPIs for all executives, including the CEO, now include ESG elements. In 2023, this involved enhancing employee engagement and satisfaction, improving various ESG tasks, expanding discussions of important ESG topics in the board and ESG Committee, and establishing management measures from a DE&I perspective.
- KPI scores influence the target incentive as part of the bonus structure. The target incentive is determined based on the total KPI achievement rate, which includes ESG-related factors reflected in the bonus calculation.
- The Board of Directors on the evaluation of top management, and executive compensation is paid within the limits approved by the shareholders, based on an effective measure of management performance.
- Long-term incentives to executives with a three-year performance period that directly ties compensation to corporate sustainability (performance period: 3 years).
- Stock Grants are awarded using company stock.

Board Evaluation

- SK Inc.'s board conducts regular self-assessment of its performance, sharing the execution results of board resolutions and committee activities while discussing areas for improvement. In addition to evaluations by existing independent directors, annual board evaluations are performed by external stakeholders and key internal executives, including individual evaluations for each committee.
- The 2023 board evaluation included written assessments from key executives attending board meetings and external stakeholders. The results analyzed to derive and incorporate detailed improvements in board operations.
- The 2023 board evaluation score was 4.56 out of 5, a slight decrease from the previous year.
- The Evaluation comprises both quantitative and narrative assessments in five areas: "Board Roles/Functions/Responsibilities," "Board Composition and Director Qualifications", "Board Operations", "Committee Structure", and "Committee Operations".

Governance

PERFORMANCE

Board Risk Education

- Conduct regular training at least once a year to strengthen the expertise of independent directors and enhance their risk management capabilities, including updates on risk and regulatory trends in the industry
- Two sessions were held in 2023

Training Dates	Attending Independent Directors	Featured Training Content
July 3rd	Yeom, Jae Ho	• Core elements and methodology of scenario planning
October 31st	Lee, Chan Geun, Kim, Byoung Ho, Yeom, Jae Ho, Kim, Seon Hee	• Board and market communication

Strengthening Shareholder-Friendly Management

Notice of Shareholder Meeting

- To ensure shareholders have sufficient time to deliberate on the agenda, information related to the shareholder meetings—including location, proposals, and date is provided three weeks in advance. This exceeds the minimum requirement of two weeks' notice as stipulated by domestic commercial law.

Shareholder Voting Rights System

- SK Inc. ensures that shareholders can participate in major management decisions by exercising voting rights, adhering to the principle of one share, one vote.
- Shareholders can participate in the general meeting in person, by proxy, or through proxy solicitation. Since the 27th general meeting in 2018, electronic voting has been introduced to enhance the convenience of exercising shareholder rights.
- SK Inc. does not hold golden shares for government agencies.

Activities to Enhance Shareholder Value

- In March 2022, SK Inc. announced a Mid- to Long-term Shareholder Return Policy was announced to enhance shareholder value.
  - In addition to our existing policy of paying out at least 30% of ordinary dividend income, we will use proceeds from our investment portfolio, including IPOs, to repurchase/retire at least 1% of market capitalization annually through 2025. In April 2023, we retired 951,000 shares of treasury stock.
- On October 31, 2023, the Board of Directors decided to enter into a trust agreement for the acquisition of treasury shares to enhance shareholder value through stock price stability. The contract amount for this agreement is KRW 120 billion.
- On January 25, 2024, the Board of Directors approved the disposition of 12,575 shares of common stock from treasury stock for the purpose of paying bonuses to our and our subsidiaries' executive officers. This disposition was completed on January 29, 2024.

Risk Management

SK Inc. is actively engaged in risk management, with top executives involved at all stages of business activities. They proactively identify and address various risks that could have a significant impact.

MANAGEMENT

Risk Management Principle

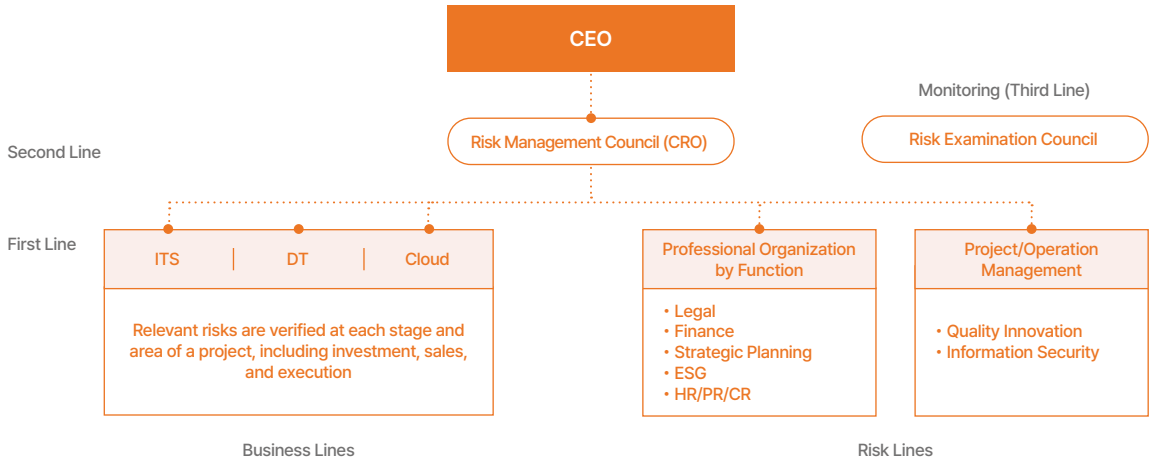
- In June 2023, SK Inc. established an integrated risk management system based on ISO 31000. Qualification verification was completed, with the first post-evaluation scheduled for May 2024.
- The risk management strategy follows a framework of "establishing risk management objectives, identifying and analyzing risks, preventing and mitigating risks, and evaluating and improving" to minimize the company-wide impact of risks.
- The company proactively manages four major risk categories: environmental, social, governance, and business risks.
- The risk management process is continuously enhanced, utilizing internal audit systems on an annual basis.

Risk Management System

Company-wide Risk Management Approach

- Company-wide risks are discussed within the Risk Management Council, which includes employees from business units, the Chief Risk Officer (CRO), and the Board of Directors.
- The enterprise risk management system includes a process for identifying and managing risks related to key issues derived from materiality assessment.
- The Risk Management Council comprises employees from risk management-executing organizations across the company, including business, finance, and legal departments, as well as CROs (heads of business support divisions and executives from departments where risks occur) to proactively address both financial and non-financial risks.
- Identified risks are monitored for planning and implementation by the Risk Management Council. Significant risks are reported to the Audit Committee and deliberated upon and resolved by the Board.
- The Risk Examination Council, as an independent organization, regularly checks and audits the execution of the company-wide risk management policy and processes based on organizational performance targets and risk ratings.
- Business risks are evaluated monthly, and integrated corporate risks are assessed and reported at least annually.
- Risk management and related KPIs are assigned to the CRO and heads of risk management organizations, with their performance evaluations linked to compensation.

Risk Management System



Risk Management

MANAGEMENT

Risk Management System

Management of Key Financial and Non-Financial Risks

- Based on ISO 31000, the Risk Management Council determines the risk appetite, which is the level of risk the company is willing to take. This considers the likelihood of a risk occurring, the severity of the risk consequences, the damage to the business, and the importance of the business.
- Based on the established risk appetite, we formulate a risk management strategy that aligns with our strategic direction. This involves identifying and managing both long-term and short-term risks and establishing a preventive system.
- We systematically manage various risks that may arise during business operations, such as financial risks (market, credit, liquidity, capital risks), investment risks, and project risks in the IT service delivery process.

Risk Management Areas

Environmental Risks	• Macroeconomic Environment • Market Environment	• Legal/International Regulations	• Climate Change Response • Disasters and Catastrophes
Social Risks	• Quality Management • Information Security	• Safety and Health	• Human Rights
Governance Risks	• Fair Trade	• Compliance Management	• Anti-Corruption
Financial/Investment* Risk	• Market Economy • Price Fluctuations	• Liquidity Changes • Credit Rating Changes	• Financial Losses
Business Risks	• Strategy Formulation • Customer Management	• Competitors • Investors	• Technological Changes

※ Investment risk is aligned with ESG portfolio risk management

Business Risk Analysis and Management

- When undertaking projects and investments of a certain scale, we classify the process from identifying business opportunities to project completion into four stages.
- By analyzing and evaluating risks at each stage, we identify potential risks and establish mitigation and response measures.
- We apply a business risk management checklist to address issues when entering new markets.
- We conduct risk reviews and analyses at each business stage using our management information system, "PROMIS".

Risk Analysis by Business Stage

Business Development Stage
- Identifying potential business opportunities
- Reviewing business feasibility (profitability, business structure, execution capability)
- Assessing the feasibility of member company transactions

Proposal/Bidding Stage
- Reviewing order strategy and competitiveness
- Selecting suppliers and compensating proposal fees
- Hedging risks in business execution
- Estimating proposal costs

Order/Contract Stage
- Prioritizing negotiations on customer contract terms
- Managing supplier contracts
- Managing customer contracts
- Sourcing our project execution personnel

Execution/Completion Stage
- Managing project scope and supplier contracts
- Conducting supplier inspections and processing payments
- Identifying and responding to risks early
- Customer inspections and receivables collection

Identifying Business Risks

Category	Content
Delivery Risk	• Scope expansion, schedule delays, cost overruns, liquidated damages
Credit Risk	• Management weakening, defaults, and bad debts from customers, suppliers, and consortium members
Contract Risk	• Poison pill provisions in MOUs, agreements, contracts, addressing disputes due non-performance, contract cancellations/invalidity, and damages
Investment Risk	• Investment (equity) losses and business exit costs
Overseas Risk	• Country risks, including political, economic, cultural, and regulatory factors
Fair Trade Risk	• Unfair trade practices (such as collusion) and unfair internal transactions • Non-compliance with subcontracting law obligations and prohibitions
Tax Risk	• Fabricated/intermediary transactions, tax invoice issuance, and accounting errors
Legal Violation Risk	• Non-compliance with various regulations
Reputation Risk	• Brand value decline (company, group)

Prevention System

- Risk management training
- Supporting risk self-diagnosis
- Risk monitoring
- Risk response
- Internalizing a risk management culture

Risk Management

MANAGEMENT

Risk Management System

Risk Identification and Mitigation Activities (2023)

Category		Risk	Risk Level * (Likelihood of occurrence x Impact)	Mitigation	Remarks
E	Climate Change Response	·Transition risk to Net Zero ·Emissions Trading Scheme	Mid	- Reviewing the renewable energy (PPA, etc.), including timing of the introduction of cost variable monitoring systems and the amount of volume - Implementing the Net Zero 2040 roadmap and reduction plan and promoting reduction projects	ISO 14001
S	Information Security	·Cybersecurity and privacy system management	Low	- Strengthening information security response system - Training to improve employee awareness	ISO 27001
	Safety and Health	·Establishment of SHE accident response system ·Strengthening risk environment management at overseas operations	Low	- Improving employee safety awareness - Conducting risk assessment down to unit construction	ISO 45001
	Human Rights Management	· Enhancing grievance procedures for human rights violations and improving transparency	Low	- Reinforcing the effectiveness of human rights violation remedy procedures - Expansion of human rights protection activities in the workplace	HRMS (Human Rights Impact Assessment)
	Business Management	·Scope increase, schedule delays, cost overruns, liquidated damages	Mid	- Clear scope definition and change management - Regular communication and review - Strengthening quality management	ISO 9001 ISO 20000
		·Management weakening, defaults, and bad debts from customers, suppliers, and consortium members	Low	- Building loss prevention strategies	
G	Compliance	·Fair Transactions in Subcontracting Act ·Monopoly Regulation and Fair Trade Act	Low	- Legal advice and review - Compliance training - Internal audit and monitoring	ISO 37301
	Anti-Corruption	·Treatment and hospitality, solicitation/bonding with suppliers	Mid	- Refining purchasing verification processes - Ongoing anti-corruption management dissemination to suppliers	ISO 37001

* Risk Level : Likelihood of occurrence X Impact, *Likelihood of occurrence : 1 to 5 points, Impact : 1 to 5 points. Prepare and implement measures for Retention, Reduction, Transfer, and Avoidance according to the level of risk.

Embedding a Risk Management Culture

- Risk management education is mandatory for all employees to internalize a risk management culture
- Specialized courses are offered for leaders, with step-by-step training based on job roles and ranks
- Since 2021, risk education for independent directors has been conducted at least once a year, covering industry and environmental risks and regulatory trends to enhance risk management capabilities

Key Risk Training Performance in 2023

Course Name	Target Audience	Remarks
Sexual Harassment Prevention Training	All employees	Mandatory
Disability Awareness Training	All employees	Mandatory
Ethical Management Training	All employees	Mandatory
SKMS/C&C Winning Culture	All employees	Mandatory
Personal Information Protection + Information Security	All employees	Mandatory
Occupational Safety and Health	All employees	Mandatory
Basic Compliance	New/Experienced employees	Mandatory
Compliance Training for Team Leaders	Team leaders	Mandatory
Compliance Competency Training for Key Targets	PM, Project Business Manager, Sales	Mandatory
Technology Protection	Relevant organizations	Optional
Total number of attendees (including duplicates)		**27,367 persons**

Risk Management

MANAGEMENT

Risk Management System

Emerging Risks

	War and Global Conflicts	Insufficient Management/Disclosure of Non-Financial Data Leading to Litigation	Intellectual Property Infringement from AI expansion
Category	Geopolitical Issues	Legal Issues	Technical Issues
Risk Definition and Description	Interstate and regional conflicts, such as the U.S.-China hegemonic war, the protracted Russian-Ukrainian war, and wars in the Middle East, pose risks that negatively impact businesses and their supply chains. • An increasing number of companies are negatively impacted by deteriorating political, social, military, and cultural relations, which limit their business activities and impair their sustainability • Proactive geopolitical risk reviews and supply chain diversification are becoming increasingly important to mitigate these risks	Risks of being sued for failing to fulfill disclosure obligations for non-financial information • The recent emergence of sustainability disclosure standards, such as the European Sustainability Reporting Standards (ESRS), has increased the risk of exposure to civil lawsuits filed by civil society organizations, NGOs, investors, and others for failing to fulfill non-financial disclosure obligations. • This increases the need to proactively analyze regulations and legislation related to non-financial disclosure and build a comprehensive compliance system	Risk factors related to potential infringement of intellectual property rights by data used in AI learning and output generation • The amount of data used in AI learning has surged dramatically due to the recent increase in the usage of generative AI • However, the standards for intellectual property rights related to AI-generated outputs are not clearly defined • Consequently, the importance of preventing intellectual property rights infringement on corporate data and assets is increasingly emphasized
Risk Impact	SK Group has a global network of about 540 companies and has established legal entities in Russia, China, and the Middle East to conduct local business activities. As geopolitical risks in these regions increase, there is a possibility of increased raw material and energy prices, leading to increased procurement costs and potential declines in profits. Additionally, export restrictions on high-tech products, such as semiconductors and advanced materials, are intensifying due to popular trade sanctions, which may negatively impact SK Group's activities related to high-tech industries.	SK Inc. is directly connected to stakeholders such as various organizations, investment companies, investors, and is therefore obligated to disclose transparent information to investors. • As a holding company, SK Inc. is required to disclose non-financial data on a consolidated basis • Failure to manage or properly handle non-financial factors can result in fines under relevant laws (such as fines of up to 5% of global sales per violation under the CSDDD) and exposure to lawsuits from civil society organizations and NGOs. • Responding to legal proceedings requires financial and time resources and can impact our reputation	SK Inc. handles sensitive information both inside and outside the company within its scope of business, including data centers and high-tech industries (such as semiconductors and AI), and is responsible for managing this information safely. • The indiscriminate use of information in the process of learning and generating results of generative AI may cause problems, such as SK Inc. infringing on intellectual property rights through unauthorized use of others' information, or others infringing on SK Inc.'s intellectual property rights through unauthorized use of SK Inc.'s information • Infringement of intellectual property rights may result in direct negative financial impacts, such as legal fees and compensation payments due to civil lawsuits.
Risk Mitigation Activities	SK Inc. conducts the following activities to minimize geopolitical risks such as war and international conflicts. • Identify and analyze geopolitical risks for SK Inc. and its subsidiaries • Establish risk response plans for high-risk companies • Manage geopolitical risks within SK Inc.'s integrated risk management system. • Analyze and avoid geopolitical risks of new overseas business sites	SK Inc. conducts the following activities to minimize the risk of litigation resulting from improper management and non-disclosure of non-financial data. • Detailed analysis of overseas disclosure standards and regulations, including CSRD, CSDDD, LkSG, etc., and confirmation of their applicability • Establishing a system for managing and disclosing non-financial data for SK Inc. and its subsidiaries • Continuously identify changes in regulations and laws related to the disclosure of non-financial information, and adjust response systems flexibly	SK Inc. conducts the following activities to minimize the risk of intellectual property infringement. • Conducts training on intellectual property regulations and laws related to AI and data • Periodically checks the status of data utilization within SK Inc. and identifies intellectual property rights infringements • Establish and monitor items related to AI and data utilization in the internal ethics policy

Activities of Major Subsidiaries

SK Innovation

Zero Anti-corruption Risk

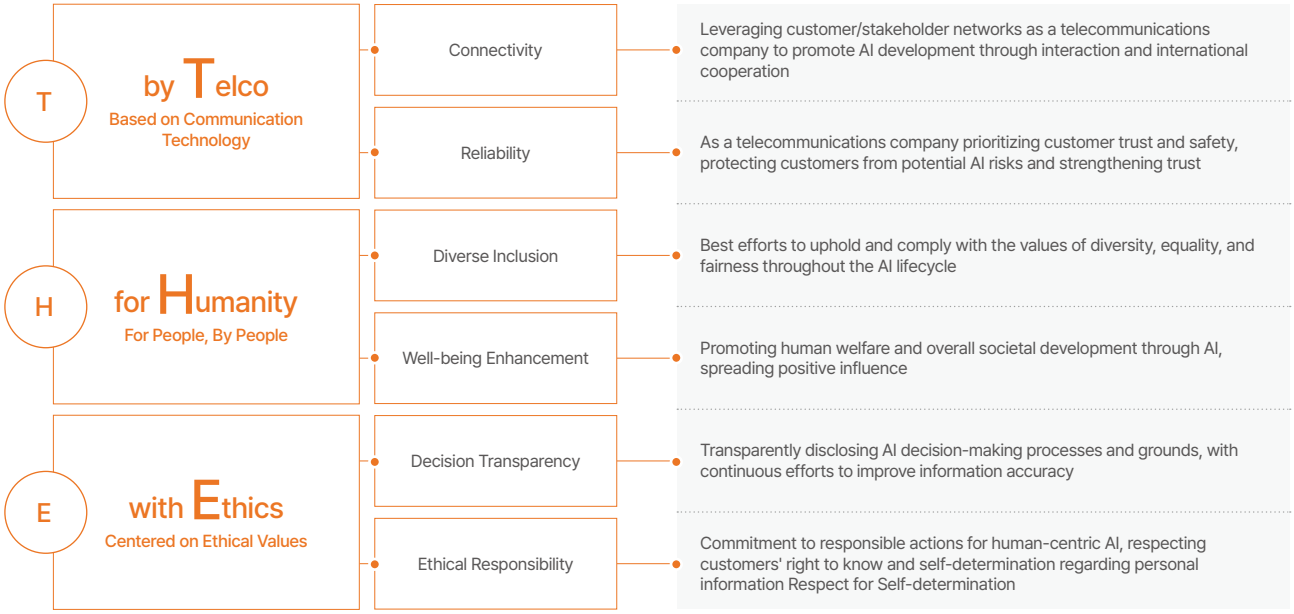
SK Innovation is continuously striving to establish anti-corruption compliance management through various efforts. These include implementing and operating an anti-corruption compliance program management system and conducting ongoing anti-corruption compliance training to eliminate anti-corruption risks. In 2023, SK Innovation simultaneously obtained international standard certifications for Compliance Management System (ISO 37301) and Anti-Corruption Management System (ISO 37001). Through these certifications, SK Innovation has officially recognized that its compliance and anti-corruption management systems are operating in accordance with global standards set by the International Organization for Standardization (ISO). Moving forward, SK Innovation aims to continuously enhance its compliance and anti-corruption management systems to eliminate anti-corruption risks.

SK Telecom

Establishment of AI Governance

In 2024, SK Telecom established "AI Governance," a decision-making framework to ensure AI reliability and safety. Amid growing global concerns about the need for regulation as AI technology rapidly advances, SK Telecom proactively introduced an AI decision-making system. At the shareholders' meeting held in March 2024, SK Telecom unveiled "T.H.E. AI," the AI governance principles comprising the characteristics, goals, and values of SK Telecom's AI. Furthermore, SK Telecom established a dedicated AI governance organization, developed AI governance processes, and set internal standards for employees to follow when developing and operating AI technologies and services. Based on this AI governance, SK Telecom will secure the reliability and safety of AI while successfully executing its AI pyramid strategy, propelling its growth as a Global AI Company.

T·H·E·AI



Activities of Major Subsidiaries

SK Networks

Enhancement of ESG Management Level of Subsidiaries/Sub-subsidiaries

SK Networks has classified its five subsidiaries and two sub-subsidiaries into three groups considering their listing status, shareholding ratio, and growth stage, and established ESG management directions and goals for each group. Through defining and implementing short-term and mid-term tasks for each company's ESG indicators, SK Networks aims to gradually improve the ESG management level. In particular, starting with listed companies and unlisted major subsidiaries with over 80% ownership, SK Networks is enhancing ESG levels through ESG status assessments, mid/short-term task execution, and publication of sustainability reports. The ultimate goal is for all subsidiaries and sub-subsidiaries to reach the top-tier level within the global industry by 2026. Additionally, SK Networks strengthens ESG management levels through monthly SV meetups where executives, team leaders, and working-level staff from each BU, including subsidiaries and sub-subsidiaries, gather to share and discuss ESG implementation status and engage in mutual learning processes.

SKC

Production of CEO and Board Compensation/Evaluation Activity Report

SKC has produced an Activity Report for the first time to disclose board activities and communicate about the evaluation and compensation of the board and CEO. Through this report, SKC transparently disclosed board evaluation items, competency/expertise assessment, CEO performance evaluation process, and compensation system linked to CEO evaluation. SKC aims to strengthen ESG management by continuously upgrading governance and improving soundness for sustainable management.

SK Square

Subsidiary Ethics Risk Management

SK Square conducts periodic internal management diagnostics (ethical audits) for the company and all subsidiaries that it holds substantial management control over to eliminate unethical risks in advance and practice prevention-centered ethical management. The audit plan is approved by the Audit Committee, and audit results are regularly reported to the committee. Additionally, the company continuously improves internal control levels for key functions through self-regulation system checks. SK Square aims to conduct regular ethical audits every three years for all businesses of SK Square and its subsidiaries based on MSCI (Morgan Stanley Capital International) recommended standards. Regular ethical audits assess compliance with company regulations and relevant laws in business operations, matters against customer value, and violations of ethical standards and anti-corruption policies. In 2023regular ethical audits, SK Square evaluated risks for all businesses and support organizations of SK Square and its subsidiaries, established an annual internal audit plan for high-risk businesses and subsidiaries, and obtained approval from the Audit Committee. Furthermore, SK Square enhances the effectiveness of subsidiary ethical risk management by continuously checking the implementation of recommendations and periodically reporting to the Audit Committee, going beyond just audit work.

ESG Data Book

FINANCIAL DATA

Summary Consolidated Financial Statements

Category	Unit	2021	2022	2023
Current Assets	KRW million	49,193,206	64,993,579	64,834,622
Cash and Cash Equivalents	KRW million	12,317,555	21,393,853	22,683,670
Inventories	KRW million	10,680,704	15,552,284	15,006,555
Other Current Assets	KRW million	26,194,947	28,047,442	27,144,397
Non-Current Assets	KRW million	116,175,157	129,512,281	142,135,642
Investments in Associates and Joint Ventures	KRW million	26,050,445	27,457,005	26,537,507
Tangible Assets	KRW million	51,393,741	59,921,872	73,494,432
Intangible Assets and Goodwill	KRW million	18,300,401	20,184,577	18,587,347
Other Non-Current Assets	KRW million	20,430,570	21,948,827	23,516,356
Total Assets	KRW million	165,380,363	194,505,860	206,970,264
Current Liabilities	KRW million	44,974,859	63,053,204	65,353,291
Non-Current Liabilities	KRW million	54,840,853	59,643,866	63,737,923
Total Liabilities	KRW million	99,815,712	122,697,070	129,091,214
Equity Attributable to Owners of the Parent	KRW million	21,243,751	21,595,546	20,726,714
Capital Stock	KRW million	16,143	16,143	16,143
Other Paid-In Capital	KRW million	6,445,296	6,401,912	7,024,926
Retained Earnings	KRW million	14,061,050	14,918,613	13,668,066
Other Components of Equity	KRW million	721,262	258,878	17,579
Non-Controlling Interests	KRW million	44,308,900	50,213,244	57,152,336
Total Equity	KRW million	65,552,651	71,808,790	77,879,050
Total Liabilities and Equity	KRW million	165,368,363	194,505,860	206,970,264

ESG Data Book

FINANCIAL DATA

Summary Consolidated Income Statement

Category	Unit	2021	2022	2023
I. Revenue	KRW million	95,627,973	132,079,354	131,237,878
II. Operating Profit (Loss)	KRW million	4,798,897	8,161,266	5,056,378
III. Profit (Loss) Before Income Tax from Continuing Operations	KRW million	5,979,994	5,900,013	(678,185)
IV. Net Profit (Loss) from Continuing Operations	KRW million	5,346,132	3,524,417	(1,297,308)
V. Net Profit (Loss)	KRW million	5,705,926	3,966,176	(406,387)
Net Profit Attributable to Owners of the Parent	KRW million	1,965,612	1,098,683	(776,798)
Net Profit (Loss) Attributable to Non-Controlling Interests	KRW million	3,740,314	2,867,493	370,411
VI. Earnings per Share Attributable to Owners of the Parent				
Basic Earnings per Share for Common Stock	KRW	37,010	19,432	(13,941)
Diluted Earnings per Share for Common Stock	KRW	36,903	19,303	(13,958)
Basic Earnings per Share from Continuing Operations for Common Stock	KRW	34,095	16,309	(18,669)
Diluted Earnings per Share from Continuing Operations for Common Stock	KRW	33,994	16,187	(18,682)

Summary Separate Financial Information

Category	Unit	2021	2022	2023
Revenue (Operating Income)	KRW million	2,749,536	3,369,784	4,137,030
Operating Expenses	KRW million	1,919,404	2,261,095	2,586,569
Operating Profit	KRW million	830,132	1,108,689	1,550,461
Net Profit for the Period	KRW million	1,499,764	544,415	362,974
Operating Profit per Capita	KRW million	186.3	240.8	337.0

ESG Data Book

NON-FINANCIAL DATA

1) Reporting scope of environmental data on a separate criteria: Investment and business division (data coverage 100%) includes a total of 16 operations*.
2) SK Inc. does not discharge air and water pollutants, hazardous waste, or volatile organic compounds, and does not withdraw water from water-sensitive areas.
3) SK Inc. is not subject to the management of air and water pollutants, hazardous waste, and volatile organic compounds, and does not withdraw water from areas of water stress.
* (Investment division) Seorin Office/SKMS Research Center, Yeongju/Dongtan/Seoul/Sejong Materials CIC, (Business division) Gwangju POS/Busan POS/Seongnam POS, Pangyo DC Center/Daedeok DC Center/Jungja Office/Pangyo Office/Jongno Integrated Office/Yeouido Base Office/Sunae Office

Environmental

Energy Consumption

	Category	Unit	2020	2021	2022	2023
Total energy (renewable + non-renewable energy)	**Total energy consumption**	**MWh**	**141,452.39**	**199,723.33**	**267,660.27**	**284,165.76**
		TJ	**1,340.01**	**1,853.73**	**2,491.62**	**2,653.17**
	Intensity (Per revenue)	TJ/KRW billion	0.39	0.67	0.74	**0.64**
	Intensity (Per employee)	TJ/person	0.33	0.42	0.54	**0.58**
Non-renewable energy	**Total (Domestic)**	**MWh**	**141,317.89**	**193,806.75**	**244,887.54**	**234,145.11**
		TJ	**1,338.72**	**1,796.93**	**2,273.00**	**2,172.97**
	Diesel	TJ	2.06	1.44	2.33	**2.36**
	Gasoline	TJ	-	10.98	10.21	**10.99**
	Propane	TJ	-	1.23	0.97	**1.02**
	Electricity	MWh	138,329.00	183,203.97	233,104.21	**221,674.36**
		TJ	1,329.00	1,758.76	2,237.80	**2,128.07**
	City gas	TJ	1.40	10.31	10.38	**9.31**
	Steam	TJ	7.30	14.21	18.53	**21.23**
	Total (Overseas)	**MWh**	**-**	**-**	**-**	**0.00**
		TJ	**-**	**-**	**-**	**0.00**
	Diesel	TJ	-	-	-	**0.00**
	Gasoline	TJ	-	-	-	**0.00**
	Propane	TJ	-	-	-	**0.00**
	Electricity	MWh	-	-	-	**0.00**
		TJ	-	-	-	**0.00**
	City gas	TJ	-	-	-	**0.00**
	Steam	TJ	-	-	-	**0.00**
	Total non-renewable energy consumption (domestic + overseas)	**MWh**	**141,317.89**	**193,806.75**	**244,887.54**	**234,145.11**
		TJ	**1,338.72**	**1,796.93**	**2,273.00**	**2,172.97**
	Intensity (Per revenue)	TJ/KRW billion	0.39	0.65	0.67	**0.53**
	Intensity (Per employee)	TJ/person	0.33	0.40	0.49	**0.47**

※ The sum of GHG emissions and energy use follows the guidelines for emissions reporting and certification under the GHG Emissions Trading Scheme and may differ from the detailed totals.
※※ Calculated by excluding green premium purchases from non-renewable energy electricity consumption.
※※※ Energy reduction target for 2023: 2,717.47 TJ

ESG Data Book

NON-FINANCIAL DATA

Environmental

Energy Consumption

	Category	Unit	2020	2021	2022	2023
Renewable energy	**Total (Domestic)**	**MWh**	**134.50**	**5,916.58**	**22,772.73**	**50,020.65**
		TJ	**1.29**	**56.80**	**218.62**	**480.20**
	Solar energy generation/ consumption	MWh	134.50	216.58	872.73	820.65
		TJ	1.29	2.08	8.38	7.88
	Green premium procurement	MWh	0	5,700.00	21,900.00	49,200.00
		TJ	0	54.72	210.24	472.32
	Total (Overseas)	**MWh**	**-**	**-**	**-**	**0.00**
		TJ	**-**	**-**	**-**	**0.00**
	Solar energy generation/ consumption	MWh	-	-	-	0.00
		TJ	-	-	-	0.00
	Green premium procurement	MWh	-	-	-	0.00
		TJ	-	-	-	0.00
	Total renewable energy consumption (domestic + overseas)	**MWh**	**134.50**	**5,916.58**	**22,772.73**	**50,020.65**
		TJ	**1.29**	**56.80**	**218.62**	**480.20**
	Ratio of renewable energy use	%	0.10	3.16	9.70	18.10
	Intensity (Per revenue)	TJ/KRW billion	-	2.15	6.76	12.09
	Intensity (Per employee)	TJ/person	-	1.33	4.95	10.87
Energy use costs	Total	KRW million	15,987.00	20,571.14	25,411.48	41,510.96
Data coverage		%	93	100	100	100

ESG Data Book

NON-FINANCIAL DATA

Environmental

GHG Emissions

	Category	Unit	2020	2021	2022	2023
Direct GHG emissions (Scope 1)	**Total Scope 1 emissions**	**tCO_2eq**	**205.40**	**1,432.51**	**1,430.93**	**1,433.88**
	Intensity (Per revenue)	tCO_2eq/KRW billion	0.06	0.52	0.42	**0.35**
	Intensity (Per employee)	tCO_2eq/person	0.05	0.32	0.31	**0.31**
	Data coverage	%	93	100	100	**100**
Indirect GHG emissions (Scope 2)	**Total Scope 2 emissions**	**tCO_2eq**	**63,808.00**	**84,677.05**	**107,782.50**	**125,207.18**
	Intensity (Per revenue)	tCO_2eq/KRW billion	18.33	30.80	31.98	**30.26**
	Intensity (Per employee)	tCO_2eq/person	15.84	19.04	23.41	**27.21**
	Data coverage	%	93	100	100	**100**
Other GHG emissions (Scope 3)	**Total Scope 3 emissions**	**tCO_2eq**	**5,636.97**	**13,391,021.00**	**11,529,818.00**	**13,860,199.71**
	Purchased goods and services	tCO_2eq	-	7,480.42	7,854.00	**8,307.32**
	Capital goods	tCO_2eq	-	2,588.36	1,840.00	**1,701.31**
	Fuel and energy related activities (not included in Scope 1 and Scope 2)	tCO_2eq	-	84.44	8,402.00	**9,876.53**
	Upstream transportation and distribution	tCO_2eq	12.04	12.07	7.00	**13.20**
	Waste generated in operations	tCO_2eq	12.32	29.84	1.00	**7.94**
	Business travel	tCO_2eq	913.96	896.00	2,129.00	**3,012.88**
	Employee commuting	tCO_2eq	7.98	3,324.32	1,900.00	**941.73**
	Upstream leased assets	tCO_2eq	4,690.66	0	0	**0**
	Other upstream	tCO_2eq	-	-	-	**-**
	Downstream transportation and distribution	tCO_2eq	-	-	-	**-**
	Processing of sold products	tCO_2eq	-	-	-	**-**
	Use of sold products	tCO_2eq	-	56,441.89	61,926.00	**65,499.76**
	End-of-life treatment of sold products	tCO_2eq	-	264.82	291.00	**307.32**
	Downstream leased assets	tCO_2eq	-	-	-	**-**
	Franchises	tCO_2eq	-	-	-	**-**
	Investments	tCO_2eq	-	13,319,899.00	11,445,468.00	**13,770,531.73**
	Other Downstream	tCO_2eq	-	-	-	**-**
	Data coverage	%	93	100	100	**100**

※ Scope 1 and Scope 2 emissions are calculated using the location-based method, Scope 2 emissions using the market-based method are 102,604 tCO_2eq, and Scope 1+Scope 2 emissions are 104,031 tCO_2eq.

※※ Upstream leased assets have been included in Scope 1 and 2 since 2021.

ESG Data Book

NON-FINANCIAL DATA

Environmental

Water

Category		Unit	2020	2021	2022	2023
Water withdrawal	**Total water withdrawal**	**Ton**	**39,731**	**45,107**	**52,666**	**102,794**
	Municipal water supply	Ton	39,731	45,107	52,666	102,794
	Groundwater	Ton	0	0	0	0
	Fresh surface water	Ton	0	0	0	0
Water consumption by business site (Municipal water※)	Pangyo Data Center	Ton	-	-	41,400	62,637
	Pangyo Office Building	Ton	-	-	11,266	11,295
	Seorin Building	Ton	-	-	-	15,338
	SKMS Research Center	Ton	-	-	-	8,165
	Dongtan/Sejong/Seoul	Ton	-	-	-	5,359
Fresh water consumption	**Total**	**Ton**	**-**	**-**	**-**	**102,794**
Water consumption	**Total water consumed**	**Ton**	**48,038**	**50,135**	**55,452**	**104,564**
	Intensity (Per revenue)	Ton/KRW billion	-	-	16.46	24.42
	Intensity (Per employee)	Ton/person	-	-	12.04	21.96
	Water consumption reduction target(current year goal)	Ton/KRW billion	-	16.40	14.78	10.89
Water discharge	**Total**	**Ton**	**-**	**-**	**-**	**102,794**
Water recycled/reused	**Total water recycled/reused**	**Ton**	**8,307**	**5,028**	**2,786**	**1,770**
	Total water recycling rate	%	-	10.03	5.02	1.69
Data coverage		%	93	90	88	100
Areas of water stress	Water withdrawals in areas of water stress	Ton	-	-	-	0
	Water discharges in areas of water stress	Ton	-	-	-	0
	Water use in areas of water stress	Ton	-	-	-	0

※ All water withdrawal sources for operation are from municipal water supplies; there is no water withdrawal from other sources such as groundwater and freshwater.
※※ Water recycling is limited to business divisions.

ESG Data Book

NON-FINANCIAL DATA

Environmental

Waste

	Category	Unit	2020	2021	2022	2023
Waste disposal	**Total waste disposed**	**Ton**	**54.62**	**107.04**	**84.13**	**493.76**
	General waste disposed	Ton	52.62	96.87	77.13	113.27
	Hazardous waste disposed	Ton	2.00	10.17	7.00	380.43
	Intensity (Per revenue)	Ton/KRW billion	-	-	0.02	0.12
Waste recycled/reused	**Total waste recycled/reused**	**Ton**	**18.34**	**99.00**	**36.44**	**462.09**
	General waste recycled/reused	Ton	-	-	29.44	105.99
	Hazardous waste recycled/reused	Ton	-	-	7.00	356.10
	Waste recycled/reused rate	%	-	-	93.21	93.59
General waste processed	**Total general waste processed**	**Ton**	**-**	**60.12**	**47.69**	**7.27**
	Waste landfilled	Ton	-	8.27	5.71	0
	Waste incinerated with energy recovery	Ton	-	51.85	41.98	0
	Waste incinerated without energy recovery	Ton	-	0	0	0
	Waste otherwise disposed	Ton	-	0	0	0
	Waste with unknown disposal method	Ton	-	0	0	7.27
Hazardous waste processed	**Total hazard waste processed**	**Ton**	**-**	**-**	**7.00**	**24.33**
	Waste landfilled	Ton	-	-	0	0
	Waste incinerated with energy recovery	Ton	-	-	0	16.93
	Waste incinerated without energy recovery	Ton	-	-	0	0
	Waste otherwise disposed	Ton	-	-	0	0
	Waste with unknown disposal method	Ton	-	-	7.00	7.40
Data Coverage		%	93	90	89	100

ESG Data Book

NON-FINANCIAL DATA

Environmental

Clean Tech

	Category	Unit	2020	2021	2022	2023
Expenses for recollecting environmental investments	**Total expenses**	**KRW million**	**9,795.35**	**2,929.14**	**3,592.38**	**1,798.35**
	Capital investment	KRW million	9,770.00	2,911.00	3,476.00	1,768.00
	Operating expenses	KRW million	25.35	18.14	116.38	30.35
	Profit and cost reduction due to environmental investments	KRW million	399.77	2,918.69	1,430.46	2,250.53
	Data coverage	%	92.86	90.00	89.00	87.35
Eco-friendly investments	**Total**	**KRW 100 million**	**-**	**15,429.80**	**2,779.00**	**1,282.73**
	Eco-friendly businesses	KRW 100 million	-	14,726.90	2,746.00	1,270.00
	Eco-friendly infrastructure	KRW 100 million	-	702.90	33.00	12.73
Revenue from eco-friendly products and services	Low carbon/carbon avoidance products	KRW 100 million	-	1,888.02	2,517.00	3,318.93
	Eco-friendly certified HW products	KRW 100 million	-	126.86	138.00	435.51
Eco-friendly cars	Percentage of eco-friendly cars owned	%	-	-	-	29.40
Violation of environmental laws and regulations	Number of legal and regulatory violations	Case	0	0	0	0
	Amount of fines/penalties	KRW	0	0	0	0
	Environment-related liabilities	KRW	0	0	0	0

ESG Data Book

NON-FINANCIAL DATA

Social

Employees

	Category	Unit	2020	2021	2022	2023
Employees	**Total number of employees**	**Persons**	**4,229**	**4,457**	**4,605**	**4,601**
By gender	Male	Persons	3,312	3,447	3,546	**3,543**
	Female	Persons	917	1,010	1,059	**1,058**
By employment type	**Total number of full-time employees**	**Persons**	**4,086**	**4,252**	**4,406**	**4,409**
	Male	Persons	3,202	3,297	3,403	**3,407**
	Female	Persons	884	955	1,003	**1,002**
	Total number of contract workers (non-regular workers)	**Persons**	**143**	**205**	**199**	**192**
	Male	Persons	110	150	143	**136**
	Female	Persons	33	55	56	**56**
	Total number of non-employees (contingent workers)	**Persons**	**30**	**41**	**53**	**99**
	Male	Persons	18	25	32	**68**
	Female	Persons	12	16	21	**31**
By age	Under 30	Persons	-	416	346	**294**
	Over 30 and under 50	Persons	-	3,306	3,379	**3,153**
	Over 50	Persons	-	735	880	**1,154**

※ Employee status data is aggregated according to internal management standards and may from the business report.

ESG Data Book

NON-FINANCIAL DATA

Social

Employee diversity

	Category	Unit	2020	2021	2022	2023
By race/nationality	**Total number of foreign employees**	**Persons**	**-**	**-**	**23**	**21**
	United States	Persons	-	-	9	9
	China	Persons	-	-	6	5
	Canada	Persons	-	-	3	3
	Malaysia	Persons	-	-	0	0
	Australia	Persons	-	-	1	0
	Others	Persons	-	-	4	4
	Total number of foreign management positions	**Persons**	**-**	**-**	**20**	**14**
	United States	Persons	-	-	8	6
	China	Persons	-	-	5	5
	Canada	Persons	-	-	3	1
	Malaysia	Persons	-	-	0	0
	Australia	Persons	-	-	1	0
	Others	Persons	-	-	3	2
Socially underprivileged	**Ratio of underprivileged**	**%**	**5.72**	**6.21**	**5.41**	**5.09**
	Total number of underprivileged	**Persons**	**242**	**277**	**249**	**234**
	Number of employees with disabilities	Persons	144	165	167	153
	Ratio of employees with disabilities	%	3.41	3.7	3.63	3.33
	Number of national veterans	Persons	70	79	82	81
	Number of LGBTQ employees	Persons	0	0	0	0
	Data coverage	%	100	100	100	100
Working overseas	Number of employees working overseas	Persons	364	381	424	186
	Ratio of employees working overseas	%	8.6	8.6	9.2	4.04

* The number of disabled employees is calculated based on Article 22, Paragraph 3 of the Employment Promotion and Vocational Rehabilitation Act for Disabled Persons
** The number of employees working abroad in 2020 is an approximation of the percentage

ESG Data Book

NON-FINANCIAL DATA

Social

Employee Gender Breakdown by Position/Occupational Group

	Category	Unit	2020	2021	2022	2023
Male	Number of executives	Persons	94	100	104	119
	Number of employees in revenue-generating functions	Persons	2,747	2,861	2,880	2,893
	Top management position	Persons	133	156	169	268
	Middle management position	Persons	2,111	2,233	2,259	2,180
	Non-management position	Persons	503	472	452	445
	Number of employees in other functions	Persons	474	486	547	532
	Top management position	Persons	73	73	101	110
	Middle management position	Persons	322	329	359	346
	Non-management position	Persons	79	84	87	76
	Number of employees in STEM-related positions	Persons	2,701	277	2,880	2,776
Female	Number of executives	Persons	3	8	10	13
	Number of employees in revenue-generating functions	Persons	675	739	725	729
	Top management position	Persons	11	18	21	32
	Middle management position	Persons	363	414	430	439
	Non-management position	Persons	301	307	274	258
	Number of employees in other functions	Persons	236	263	297	315
	Top management position	Persons	11	13	14	15
	Middle management position	Persons	90	106	138	135
	Non-management position	Persons	135	144	145	165
	Number of employees in STEM-related positions	Persons	672	111	725	695
Current Status of Female Employees by Position/Occupational Group	Share of female executives	%	3.10	8.00	8.80	9.85
	Share of female in revenue-generating functions	%	19.70	25.80	20.10	20.11
	Top management position	%	7.60	11.50	11.10	10.67
	Middle management position	%	14.70	18.50	16.00	16.76
	Non-management position	%	37.40	65.00	37.70	36.70
	Share of female in other functions	%	33.20	54.10	35.20	37.19
	Top management position	%	13.00	17.80	12.20	12.00
	Middle management position	%	21.80	32.20	27.80	28.07
	Non-management position	%	63.10	171.40	62.50	68.46
	Share of female in STEM-related positions	%	19.90	28.60	20.10	20.02

ESG Data Book

NON-FINANCIAL DATA

Social

New Hires and Turnover

	Category	Unit	2020	2021	2022	2023
New hires	**Total number of new hires**	**Persons**	**396**	**427**	**556**	**260**
By gender	Male	Persons	269	302	396	**184**
	Female	Persons	127	125	160	**76**
By type	New hire	Persons	167	105	71	**67**
	Experienced hire	Persons	229	322	485	**193**
By age	Under 30	Persons	170	147	159	**85**
	Over 30 and under 50	Persons	206	244	376	**166**
	Over 50	Persons	20	36	21	**9**
By position	Executive level	Persons	-	13	6	**0**
	Top management level	Persons	5	5	5	**1**
	Middle management level	Persons	116	187	275	**113**
	Non-management level	Persons	275	222	270	**146**
Internal hires (Open position)	Number of internal hires	Persons	434	461	495	**425**
	Total number of open positions	Persons	835	886	530	**520**
	Percentage of open positions filled by internal candidates	%	52	52	93	**82**
New hiring costs	**Total costs**	**KRW million**	**718**	**481**	**1,325**	**1,828**
Turnover	**Total turnover rate**	**%**	**3.6**	**4.8**	**4.8**	**6.0**
	Total number of turnover	**Persons**	**148**	**204**	**219**	**274**
By gender	Male	Persons	118	167	159	**187**
	Female	Persons	30	37	60	**87**
By age	Under 30	Persons	9	36	45	**41**
	Over 30 and under 50	Persons	105	135	132	**164**
	Over 50	Persons	34	33	42	**69**
By position	Executive level	Persons	-	-	1	**15**
	Top management level	Persons	40	14	12	**11**
	Middle management level	Persons	95	120	120	**158**
	Non-management level	Persons	13	70	86	**90**
By type	Termination	Persons	3	3	0	**2**
	Retirement	Persons	5	15	23	**23**
	Others	Persons	0	0	0	**18**
	Number of voluntary turnover	Persons	140	186	196	**231**
	Voluntary employee turnover rate	%	2.3	4.2	4.3	**5.0**

※ Voluntary turnover: When an employee leaves the company for reasons other than retirement or dismissal
※※ Turnover by position excludes secretarial positions from non-managerial positions.

ESG Data Book

NON-FINANCIAL DATA

Social

Gender Pay Indicators

	Category	Unit	2020	2021	2022	2023
Executive level	Base salary only	%	-	84.00	89.60	63.96
	Base salary + Other cash incentives	%	-	73.00	88.30	67.57
Top management level	Base salary only	%	-	92.00	72.76	99.17
	Base salary + Other cash incentives	%	-	87.00	70.54	100.78
Middle management level	Base salary only	%	-	85.00	87.00	94.28
	Base salary + Other cash incentives	%	-	85.00	85.06	95.56
Non-management level	Base salary only	%	-	94.00	90.67	89.91
	Base salary + Other cash incentives	%	-	94.00	90.72	89.28

Human Capital Development

	Category	Unit	2020	2021	2022	2023
Average hours of training and development per employee		**Hours**	**96**	**140**	**108**	**87**
By gender	Male	Hours	95	140	108	89
	Female	Hours	104	138	108	83
By age	Under 30	Hours	-	219	128	83
	Over 30 and under 50	Hours	-	138	108	86
	Over 50	Hours	-	115	100	91
By position	Executive level	Hours	4	37	14	42
	Top management level	Hours	40	97	65	84
	Middle management level	Hours	97	139	113	90
	Non-management level	Hours	119	181	116	87
Average amount spent on training and development per employee		**KRW/person**	**201,442**	**1,020,099**	**1,367,503**	**1,099,073**
By gender	Male	KRW/person	198,970	977,909	1,298,728	1,062,533
	Female	KRW/person	229,074	1,165,601	1,598,728	1,221,437
By age	Under 30	KRW/person	-	857,338	1,393,840	1,025,582
	Over 30 and under 50	KRW/person	-	1,065,891	1,488,314	1,247,142
	Over 50	KRW/person	-	886,846	889,550	713,239
By position	Executive level	KRW/person	157,209	6,001,298	7,891,626	7,617,783
	Top management level	KRW/person	115,156	886,846	3,342,822	1,402,478
	Middle management level	KRW/person	214,794	1,065,891	1,034,192	793,855
	Non-management level	KRW/person	229,152	857,338	1,099,993	1,013,747

ESG Data Book

NON-FINANCIAL DATA

Social

Individual Performance Appraisal

Category		Unit	2020	2021	2022	2023
Performance appraisal	Number of employees eligible for performance reviews	Persons	-	-	4,591	4,539
	Number of employees who received performance reviews	Persons	-	-	4,206	4,318
	Percentage of employees who received a performance review	%	-	-	91.61	95.13
Long-term performance appraisals	Number of employees eligible for long-term performance reviews	Persons	-	-	-	394
	Percentage of employees eligible for long-term performance reviews	%	-	-	-	8.68

* Conduct performance evaluations such as management by objectives, team performance evaluations, multifaceted evaluations and agile conversation.

Parental Leave Status

Category		Unit	2020	2021	2022	2023
Employees who took parental leave	Male	Persons	-	-	30	35
	Female	Persons	-	-	51	64
Employees returning to work during the year after taking parental leave	Male	Persons	-	-	37	39
	Female	Persons	-	-	48	47
Employees who returned to work 12 months or more after taking parental leave	Male	Persons	-	-	34	33
	Female	Persons	-	-	45	38
Ratio of employees returning from parental leave with 12+ months of service	Male	%	-	-	85	89
	Female	%	-	-	92	79

Labor Union/Collective Bargaining Status

Category	Unit	2020	2021	2022	2023
Labor Union/Management Council membership rate	%	100	100	100	100

※ Recalculation of the applicable rate due to changes in calculation criteria

ESG Data Book

NON-FINANCIAL DATA

Social

Health and Safety

	Category	Unit	2020	2021	2022	2023
Lost-Time Injuries Frequency Rate (LTIFR) of employees	**Total number of accidents**	**Cases**	**1**	**0**	**0**	**0**
	Male	Cases	0	0	0	0
	Female	Cases	1	0	0	0
	LTIFR	Cases/million hours	0.02	0.00	0.00	0.00
Lost-Time Injuries Frequency Rate (LTIFR) of suppliers	**Total number of accidents**	**Cases**	**0**	**1**	**1**	**0**
	Male	Cases	0	0	1	0
	Female	Cases	0	1	0	0
	LTIFR	Cases/million hours	0.00	0.01	0.00	0.00
Occupational Illness Frequency Rate (OIFR) of employees	Number of occupational illnesses	Cases	0	0	0	0
	OIFR	Cases/20 thousand hours	0.00	0.00	0.00	0.00
Occupational Illness Frequency Rate (OIFR) of suppliers	Number of occupational illnesses	Cases	0	0	0	0
	OIFR	Cases/20 thousand hours	0.00	0.00	0.00	0.00
Fatalities of employees	Total	Persons	0	0	0	0
Fatalities of suppliers	Total	Persons	0	0	0	0

Customer Satisfaction

	Category	Unit	2020	2021	2022	2023
Customer satisfaction	Customer satisfaction survey score	Score	75.0	67.6	70.7	72.1

※ Historical data has been retroactively restated, excluding 'Security Service' from the customer satisfaction survey since 2021

Social Contribution

	Category	Unit	2020	2021	2022	2023
Employee volunteering	Volunteer Hours	Hours	8,027	2,371	1,637	2,131
	Monetized value	KRW million	-	234	238	389
Expenses for social contribution activities	Cash contributions	KRW million	12,961	9,889	114	4,087
	In-kind giving	KRW million	146	1,762	45	113
	Management overheads	KRW million	354	182	178	62
Expenditure on major donations	SIAT	KRW thousand	23,700	65,000	68,000	31,666
	Happiness IT Scholarship	KRW thousand	18,459	19,132	22,532	141,019
	Happy ICT	KRW thousand	-	9,425	3,673	26,033
	Bazaar	KRW thousand	-	2,121	2,500	70,500

ESG Data Book

NON-FINANCIAL DATA

Social

Mutual Growth

	Category	Unit	2020	2021	2022	2023
Supporting mutual growth	Free transfer of patented technology	Cases	23	29	34	34
	Joint R&D	Cases	15	17	31	32
	Joint go-to-market cases	Cases	16	10	8	5
	Knowledge base imposition case	Cases	68	55	56	56
	Patent application support case	Cases	0	5	7	3

Supply Chain Management

	Category	Unit	2020	2021	2022	2023
Cost of purchase	**Total purchase amount from tier 1 Suppliers**	**KRW million**	**-**	**-**	**1,451,080**	**1,345,296**
	Total purchase ratio from tier 1 suppliers	**%**	**-**	**-**	**100**	**100**
	Ratio of purchases from key suppliers	%	-	-	43	63
	Ratio of purchases from significant suppliers*	%	-	-	5.1	25
ESG risk assessment	**Total number of suppliers ESG screening conducted**	**Companies**	**-**	**491**	**791**	**1,262**
	Number of high-risk suppliers	Companies	-	92	257	375
	Ratio of high-risk suppliers	%	-	18.7	32.5	29.7
	Number of significant suppliers**	Companies	-	-	38	86
	Ratio of significant suppliers	%	-	-	4.8	6.8
Suppliers with negative impact identified	**Number of suppliers assessed with substantial actual/potential negative impacts**	**Companies**	**-**	**-**	**38**	**39**
	Number of supplier assessed with substantial actual/potential negative impacts with agreed corrective action/ improvement plan	Companies	-	-	38	39
	Total number and ratio of suppliers supported in corrective action plan implementation	Companies / %	-	-	38 / 100%	39 / 100%
	Number and ratio of suppliers with completed corrective action/ improvement plan	Companies / %	-	-	37 / 97.4%	37 / 94.9%
	Number of suppliers with incentive programs applied	Companies	-	-	-	6
	Number of suppliers with penalty programs applied	Companies	-	-	0	2
Supplier purchase performance	**Total purchase amount**	**KRW 100 million**	**9,891**	**11,472**	**14,510**	**13,452**
	Total HW/SW purchases amount	**KRW 100 million**	**1,621**	**2,331**	**2,028**	**5,682**
	Domestic	KRW 100 million	1,559	2,182	1,861	5,543
	Overseas	KRW 100 million	62	149	167	139
	Total service purchases amount	**KRW 100 million**	**5,922**	**6,490**	**7,107**	**5,286**
	Domestic	KRW 100 million	5,837	6,391	7,033	5,188
	Overseas	KRW 100 million	85	99	74	98
	Others	**KRW 100 million**	**2,348**	**2,651**	**5,375**	**2,485**

* Significant Suppliers: Selected based on the results of regular evaluations of suppliers, including their business performance capacity, transaction volume, transaction continuity, and ESG assessment results, as well as their exposure to ESG risks.

** To diagnose 100% of key suppliers by 2025, we are expanding the scope of priority suppliers to include not only high-risk but also medium and low-risk suppliers in 2023.

ESG Data Book

NON-FINANCIAL DATA

Social

Information Security

Category		Unit	2020	2021	2022	2023
Leakage of personal information and data	Data leakage (including internal leaks, hacking, etc.)	Cases	0	0	0	0
	Leak of personally identifiable information (PII)	Cases	0	0	0	0
	PII leakage rate (PII leaks as a proportion of all data leaks)	%	0	0	0	0
	Users whose personal information was compromised as a result of data leaks	Persons	0	0	0	0
Customer information and user data	Cases where customer information was used for secondary purposes	Persons	0	0	0	0
	Number of requests for user data and information from government or law-enforcement agencies	Cases	0	0	0	0
	Number of customers requesting information	Persons	-	-	0	0
	Percentage of public results	%	-	-	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	KRW thousand	0	0	0	0
Breaches of customer personal information protection and loss of customer data	Cases of violations and complaints	Cases	0	0	0	0

Suspension of Service

Category		Unit	2020	2021	2022	2023
Less than 30 minutes of service suspension	Cloud-based services	Cases(minutes)	4(74)	7(132)	3(60)	0(0)
	All services	Cases(minutes)	28(554)	43(805)	33(676)	22(392)
30 minutes or longer of service suspension	Cloud-based services	Cases(minutes)	9(983)	25(3,902)	9(857)	3(195)
	All services	Cases(minutes)	100(9,985)	109(14,264)	87(13,044)	90(16,248)
Regular inspections and scheduled events	Cloud-based services	Cases(minutes)	1(32)	4(504)	1(21)	0(0)
	All services	Cases(minutes)	15(787)	35(3,455)	16(942)	9(2,771)
Suspension due to failures	Cloud-based services	Cases(minutes)	12(1,025)	28(3,530)	11(896)	3(195)
	All services	Cases(minutes)	113(9,752)	117(11,614)	104(12,778)	112(16,640)

ESG Data Book

NON-FINANCIAL DATA

Governance

Ethical Management

Category		Unit	2020	2021	2022	2023
Ethical management training	Total number of trainees	Persons	4,229	4,457	4,605	4,601
	Ratio of people who completed training	%	100	100	100	100
Ethical management reporting status	Total number of reports received	Cases	-	-	21	25
Number of report/ consultation handling	Total	Cases	-	-	21	25
	Investigations and audits	Cases	-	-	18	23
	Transferred to related departments	Cases	-	-	3	1
	Others	Cases	-	-	0	1
Ethics violations	Total number of violations	Cases	11	6	15	10
	Corruption and bribery	Cases	3	1	2	4
	Customer privacy data	Cases	0	0	0	1
	Discrimination and harassment	Cases	5	2	9	2
	Conflicts of interest	Cases	0	1	0	0
	Money laundering and insider trading	Cases	0	0	0	0
	Other (process violations)	Cases	3	2	4	3
Consequences for ethics violations	Total number of actions	Cases	11	6	15	10
	Dismissals	Cases	3	0	2	1
	Suspension	Cases	2	1	3	1
	Reprimand	Cases	0	2	1	2
	Warnings	Cases	6	3	5	3
	Others	Cases	0	0	4	3

※ Additional penalties, such as compensation restrictions, may be imposed based on discipline.

Anti-corruption

Category		Unit	2020	2021	2022	2023
Anti-corruption training (Policy and procedure training)	Total number of trainees	Persons	3,640	4,229	4,605	4,601
	Ratio of people who completed training	%	100	100	100	100
Anti-corruption risk assessment	Number of operations conducting corruption risk assessments	Cases	4	4	4	4
	Ratio of operations conducting corruption risk assessments	%	100	100	100	100

ESG Data Book

NON-FINANCIAL DATA

Governance

Expenditure on Policy

Category		Unit	2020	2021	2022	2023
Policy expenditures	Lobbying*	KRW thousand	0	0	0	0
	Political donations	KRW thousand	0	0	0	0
	Association/Membership fee for related organizations	KRW thousand	202,257	215,937	228,020	209,813

* SK Inc. complies with Chapter 6, Article 31 (Restrictions on Donations) of the Domestic Political Funds Act, which prohibits corporations or groups from donating political funds or providing lobbying funds.

** SK Inc. has no affiliation or activities with associations contrary to the Paris Climate Agreement and did not engage in any climate-related lobbying activities in 2023.

Policy-related Expenses

Category		Unit	2023
Policy-related expenses	Korea Enterprises Federation	KRW thousand	41,600
	Korea Information Technology Service Industry Association (ITSA)	KRW thousand	27,000
	Korea Software Industry Association (KOSA)	KRW thousand	20,000
	Korea Association of Cloud Industry (KACI)	KRW thousand	10,000
	Corporate Renewable Energy Foundation (CREF)	KRW thousand	10,000
	Korea Fair Competition Federation	KRW thousand	5,000
	Korea Industrial Technology Association	KRW thousand	4,320
	Seoul Bar Association	KRW thousand	3,738

R&D Investment

Category		Unit	2020	2021	2022	2023
R&D expenses	**Total amount**	**KRW million**	**81,231**	**70,113**	**72,445**	**54,825**
	Sales and management costs	KRW million	36,165	35,507	34,041	32,691
	Development costs	KRW million	45,066	34,606	38,404	22,134
R&D expenses as a proportion of revenue		%	4.51	3.81	3.30	2.27

ESG Data Book

CONSOLIDATED ESG DATA

1. The scope of data reporting on a consolidated basis is expanded to 6 listed subsidiaries*.
* SK Innovation, SK Telecom (Separate basis), SK Networks, SK Square (Separate basis), SKC, SK Biopharmaceuticals (Separate basis)
2. SK Square was listed at the end of 2021 and has been collecting/disclosing data since 2022.
3. Each data is based on data disclosed in the individual subsidiary's 2024 Sustainability Report, and in some cases, data has changed from the previous year's report due to revisions to the data in each individual subsidiary's report.
4. Information on data disclosure by item/indicator
- When adding data, there may be a difference in singular numbers due to rounding
- Footnotes were processed when existing disclosed data figures were changed due to changes in calculation method or reporting scope, etc.
- 'N/A' refers to data that is not disclosed due to business characteristics, changes in reporting scope, etc., and '-' is not separately collected/unmanaged as of the current year means data

Environmental

Emissions (Consolidated)

	Category	Unit	2020	2021	2022	2023
Direct GHG Emissions (Scope 1)	Total Scope 1 emissions	tCO_2eq	10,216,968.79	9,569,213.90	9,615,651.28	9,740,638.50
	Intensity (Per revenue)	tCO_2eq/KRW billion	154.25	115.29	85.57	88.36
	Intensity (Per employee)	tCO_2eq/person	433.09	390.77	370.62	375.14
Indirect GHG Emissions (Scope 2)	Total Scope 2 emissions	tCO_2eq	3,881,261.75	3,866,318.04	3,673,202.52	3,838,668.49
	Intensity (Per revenue)	tCO_2eq/KRW billion	58.60	46.58	32.69	34.82
	Intensity (Per employee)	tCO_2eq/person	164.52	156.24	140.16	149.41
Air Pollutants	VOC Emissions (Volatile Organic Compounds)	Ton	955.79	961.09	1,350.77	790.82

Emissions (Individual subsidiaries)

	Category	Unit	2023						
			SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	*** SK Biopharmaceuticals
Direct GHG Emissions (Scope 1)	Total Scope 1 emissions	tCO_2eq	1,433.88	9,379,375.68	6,063.00	9,287.44	175.50	343,870.00	433.00
	Intensity (Per revenue)	tCO_2eq/KRW billion	0.35	121.36	0.34	1.02	0.99	218.89	1.22
	Intensity (Per employee)	tCO_2eq/person	0.31	936.35	1.09	2.26	1.85	264.11	1.59
Indirect GHG Emissions (Scope 2)	Total Scope 2 emissions	tCO_2eq	125,207.18	2,275,526.36	1,143,195.00	29,410.95	460.00	263,823.00	1,046.00
	Intensity (Per revenue)	tCO_2eq/KRW billion	30.26	29.44	64.92	3.22	2.59	167.93	2.95
	Intensity (Per employee)	tCO_2eq/person	27.21	227.17	204.91	7.15	4.84	202.63	3.83
Air Pollutants	VOC Emissions (Volatile Organic Compounds)	Ton	N/A	338.39	N/A	N/A	N/A	9.43	443.00

* The total intensity for each year applies SK Inc.' consolidated revenues and number of employees.
** SK Inc., SK Telecom, SK Networks and SK Square do not emit VOC (Volatile Organic Compounds).
*** SK Biopharmaceuticals calculated Scope2 data based on consolidated (including SK Life Science) from 2021.

Energy consumption (Consolidated)

	Category	Unit	2020	2021	2022	2023
Energy consumption	Total non-renewable energy*	MWh	56,926,861.02	52,659,173.46	58,689,847.52	60,041,138.07
	Total renewable energy	MWh	3,103.50	247,192.32	693,651.86	921,882.62

Energy consumption (Individual subsidiaries)

	Category	Unit	2023						
			SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	** SK Biopharmaceuticals
Energy consumption	Total non-renewable energy*	MWh	234,145.11	54,227,500.00	2,316,971.00	219,268.72	3,517.50	3,034,619.63	5,116.11
	Total renewable energy	MWh	50,020.65	643,229.17	214,587.00	2,868.80	510.00	9,407.00	1,260.00

* Non-renewable energy consumption of companies other than SK Inc. has been converted/unified using a conversion factor (0.2777778 MWh/GJ).
** SK Biopharmaceuticals has calculated energy consumption data on a consolidated basis (including SK Life Science) since 2021.

ESG Data Book

CONSOLIDATED ESG DATA

Environmental

Water (Consolidated)

Category		Unit	2020	2021	2022	2023
Water withdrawal	Total water withdrawal	Ton	54,402,974.93	54,038,567.34	53,282,108.94	50,294,305.99
	Municipal water	Ton	53,177,780.93	52,383,145.34	51,984,469.33	48,511,610.99
	Ground water	Ton	711,595.00	0	569,543.00	51,461.00
	Fresh surface water (lake, river, etc.)	Ton	513,599.00	439,110.00	706,490.00	1,731,234.00
Water discharge*	Total water discharge	Ton	0	0	0	16,853,580.91
Water consumption**	Total water consumption	Ton	54,595,686.93	74,840,530.19	79,933,244.54	74,831,256.84
Water recycled/ reused	Total water recycled/ reused	Ton	192,712.00	20,801,963.00	24,174,890.22	24,536,950.85
	Total water recycling rate	%	0.35	27.80	31.21	32.79

Water (Individual subsidiaries)

Category		Unit	2023						
			SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Water withdrawal	Total water withdrawal	Ton	102,794.13	42,092,252.08	675,296.00	1,756,579.77	6,467.00	5,655,355.00	5,562.00
	Municipal water	Ton	102,794.13	42,091,506.08	631,570.00	467,764.77	6,467.00	5,205,947.00	5,562.00
	Ground water	Ton	0	0	43,726.00	7,735.00	0	0.00	0
	Fresh surface water (lake, river, etc.)	Ton	0	746	0	1,281,080.00	0	449,408	0
Water discharge*	Total water discharge	Ton	102,794.13	12,523,794.00	652,262.00	1,756,579.77	6,467.00	1,810,909.00	775.00
Water consumption**	Total water consumption	Ton	104,564.13	65,338,569.08	675,296.00	1,822,504.62	6,467.00	6,878,294.00	5,562.00
Water recycled/ reused	Total water recycled/ reused	Ton	1,770.00	23,246,317.00	0	65,924.85	0	1,222,939.00	0
	Total water recycling rate	%	1.69	35.58	0	3.62	0	17.78	0

* For water discharge, the data has been changed retroactively for 2020, 2021, and 2022 due to the change in calculation methodology in 2023.
**Total water consumtion = Total water withdrawal + Total water recycled/reused

ESG Data Book

CONSOLIDATED ESG DATA

Environmental

Waste (Consolidated)

	Category	Unit	2020	2021	2022	2023
General waste	**Total waste recycled/ reused**	**Ton**	**122,585.89**	**126,789.27**	**167,423.32**	**99,722.55**
	Total waste disposed	**Ton**	**78,380.10**	**92,356.08**	**142,279.84**	**13,331.10**
	Waste landfilled	Ton	0	8.27	1,129.00	**8,741.57**
	Waste incinerated with energy recovery	Ton	19,009.54	19,481.68	22,145.74	**767.00**
	Waste incinerated without energy recovery	Ton	95,901.55	98,761.18	89,373.40	**1,989.66**
	Waste otherwise disposed	Ton	0	0	0	**0**
	Waste with unknown disposal method	Ton	3,776.62	52.62	1,173.98	**1,832.87**
Hazardous waste	**Total waste recycled/ reused**	**Ton**	**61,610.00**	**44,213.00**	**6,801.00**	**39,961**
	Total waste disposed	**Ton**	**77,311.97**	**69,880.73**	**58,591.85**	**10,216.93**
	Waste landfilled	Ton	0	0	867	**1485.52**
	Waste incinerated with energy recovery	Ton	49.00	42.00	162.89	**464.93**
	Waste incinerated without energy recovery	Ton	**0**	**0**	**325.00**	**7566.00**
	Waste otherwise disposed	Ton	0	0	0.30	**693.08**
	Waste with unknown disposal method	Ton	6,560.00	69,838.73	50,442.66	**7.40**

Waste (Individual subsidiaries)

	Category	Unit	2023						
			SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
General waste	**Total waste recycled/ reused**	**Ton**	**105.99**	**56,893.23**	**429.00**	**5,948.66**	**8.67**	**36,337.00**	**-**
	Total waste disposed	**Ton**	**7.27**	**8,733.63**	**800.00**	**1,979.60**	**8.60**	**1,802.00**	**-**
	Waste landfilled	Ton	0	7,150.45	81.00	473.70	1.42	1,035.00	-
	Waste incinerated with energy recovery	Ton	0	0	0	0	0	767.00	-
	Waste incinerated without energy recovery	Ton	0	1,583.18	170.00	229.30	7.18	0	-
	Waste otherwise disposed	Ton	0	0	0	0	0	0	-
	Waste with unknown disposal method	Ton	7.27	0	549.00	1,276.60	0	0	-
Hazardous waste	**Total waste recycled/ reused**	**Ton**	**356.10**	**36,925.12**	**N/A**	**0**	**0**	**2,680.00**	**0**
	Total waste disposed	**Ton**	**24.33**	**8,740.16**	**42.00**	**36.00**	**0.34**	**994.00**	**24.00**
	Waste landfilled	Ton	0	1,406.52	0	0	0	79.00	0
	Waste incinerated with energy recovery	Ton	16.93	0	0	0	0	424.00	24.00
	Waste incinerated without energy recovery	Ton	0	7,039.00	0	36.00	0	491.00	0
	Waste otherwise disposed	Ton	0	294.64	42.00	0	0.34	0	0
	Waste with unknown disposal method	Ton	7.40	0	0	0	0	0	0

* SKC calculates the amount of waste disposal and recycling/reuse based on ZWTL starting in 2022

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CONSOLIDATED ESG DATA

Environmental

ISO 14001 Certification Status

Category		2023						
		SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
ISO 14001	Certified in 2023 (O/X)	O	O	O	O	X	O	O

CONSOLIDATED ESG DATA

Social

Employees (Consolidated)

Category		Unit	2020	2021	2022	2023
Employees	Total number of employees	Persons	23,793	24,541	26,046	25,982
By gender	Male	Persons	19,040	19,405	20,222	19,978
	Female	Persons	4,753	5,136	5,824	6,004
By age	Under 30	Persons	-	2,938	3,543	3,450
	Over 30 and under 50	Persons	-	15,600	16,049	15,690
	Over 50	Persons	-	6,003	6,454	6,842
By employment type	Full-time employees	Persons	22,225	23,028	24,345	24,224
	Contract workers (non-regular workers)	Persons	1,568	1,513	1,701	1,758
Socially underprivileged	Number of underprivileged**	Persons	760	734	738	731
	Number of national veterans	Persons	602	589	607	482

Employees (Individual subsidiaries)

Category		Unit	2023						
			SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Employees	Total number of employees	Persons	4,601	10,017	5,579	4,115	95	1,302	273
By gender	Male	Persons	3,543	8,118	4,377	2,638	74	1,089	139
	Female	Persons	1,058	1,899	1,202	1,477	21	213	134
By age	Under 30	Persons	294	1,959	434	504	3	225	31
	Over 30 and under 50	Persons	3,153	5,322	3,134	2,974	86	794	227
	Over 50	Persons	1,154	2,736	2,011	637	6	283	15
By employment type	Full-time employees	Persons	4,409	9,601	5,280	3,409	91	1,186	248
	Contract workers (non-regular workers)	Persons	192	416	299	706	4	116	25
Socially underprivileged	Number of underprivileged**	Persons	153	352	50	135	0	32	9
	Number of national veterans	Persons	81	170	171	38	0	22	0

* Criteria for aggregation of employee status data are different from business reports for each company depending on whether executive/independent directors are included
** For the number of members with disabilities, apply each subsidiary's criteria separately

ESG Data Book

CONSOLIDATED ESG DATA

Social

New Hires and Turnover (Consolidated)

	Category	Unit	2020	2021	2022	2023
New hires	**Total number of new hires**	**Persons**	**2,153**	**2,560**	**4,021**	**2,975**
By gender	Male	Persons	1,433	1,626	2,665	1,805
	Female	Persons	720	934	1,356	1,170
By age	Under 30	Persons	979	1,126	1,688	1,507
	Over 30 and under 50	**Persons**	1,040	1,244	2,186	1,312
	Over 50	Persons	134	190	147	156
Internal hires (Open Position)	Number of internal hires	Persons	1,971	1,998	1,907	1,094
	Percentage of open positions filled by internal candidates	%	46	45	38	**43**
Turnover	**Total number of turnover**	**Persons**	**1,411**	**1,557**	**1,416**	**1,985**
	Total turnover rate	**%**	**5.93**	**6.34**	**5.44**	**7.64**
By gender	Male	Persons	1,045	1,557	1,416	1,240
	Female	Persons	456	1,119	984	745
By age	Under 30	Persons	353	441	432	567
	Over 30 and under 50	Persons	839	400	390	866
	Over 50	Persons	309	811	704	552
Voluntary turnover	Total number of voluntary turnover*	Persons	1,149	1,207	1,098	1,491
	Voluntary turnover rate	%	4.83	4.92	4.22	5.74

New Hires and Turnover (Individual subsidiaries)

	Category	Unit	2023						
			SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
New hires	**Total number of new hires**	**Persons**	**260**	**1,246**	**424**	**858**	**11**	**159**	**17**
By gender	Male	Persons	184	913	174	410	4	113	7
	Female	Persons	76	333	250	448	7	46	10
By age	Under 30	Persons	85	619	218	502	2	77	4
	Over 30 and under 50	Persons	166	585	186	279	9	75	12
	Over 50	Persons	9	42	20	77	0	7	1
Turnover	**Total number of turnover**	**Persons**	**274**	**466**	**68**	**1,013**	**3**	**138**	**23**
	Total turnover rate	**%**	**5.96**	**4.65**	**1.22**	**24.62**	**3.16**	**10.60**	**8.42**
By gender	Male	Persons	187	371	54	516	1	97	14
	Female	Persons	87	95	14	497	2	41	9
By age	Under 30	Persons	41	98	3	358	2	61	4
	Over 30 and under 50	Persons	164	152	45	443	1	46	15
	Over 50	Persons	69	216	20	212	0	31	4
Voluntary turnover	Total number of voluntary turnover*	Persons	231	206	51	884	2	95	22
	Voluntary turnover rate	%	5.02	2.11	0.91	21.48	2.11	7.30	8.10

* Voluntary turnover : Refers to cases where an employee voluntarily leaves a job, not for reasons other than retirement or dismissal.
** Annual hiring costs: 718 (2020) / 481 (2021) / 1,325 (2022) / 1,828 (2023) [unit: KRW million]

ESG Data Book

CONSOLIDATED ESG DATA

Social

Position and Gender Status in Occupational Group (2023)

Category		Unit	Total
Current Status of Female Employees by Position/ Occupational Group	Share of women in total workforce	%	23.1
	Share of women in all management positions	%	17.5
	Share of women in junior management positions	%	18.2
	Share of women in top management positions	%	9.5
	Share of women in management positions in revenue-generating functions	%	9.3
	Share of women in STEM-related positions	%	21.2

* Percentage of female members by job title/role is calculated based on the sum and average of bereaved members
** Data for SKT and SK Square were not available for calculation due to unavailability of data.

Gender Pay Indicators (2023)

Category		Unit	Total
Executive level	Base salary only	%	69.0
	Base salary + other cash incentives	%	73.2
Management level	Base salary only	%	82.0
	Base salary + other cash incentives	%	78.1
Non-Management level	Base salary only	%	72.7
	Base salary + other cash incentives	%	72.2

* Ratio of women's base salary (and total pay) to men's by equivalent job title: median female pay / median male pay
** SK Square and SKC are not included in the calculation due to unavailability of data.

Employee Workforce Status by Nationality (2023)

Category		Number of total workforces	Number of total management workforces
By nationality	US	37	11
	China	25	7
	Canada	17	3
	Malaysia	11	0
	Australia	2	0
	Others	34	5

Labor Union/Collective Bargaining Status (2023)

Category		Unit	2023							
			Total	SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Employees covered by collective bargaining agreements	Percentage	%	**93.8**	100.0	100.0	100.0	64.9	100.0	86.9	100.0

* Unified based on the percentage of employees covered by collective bargaining agreements from 2023, reflected as unionization rate in the case of SK networks and SKC. Total covered by collective bargaining agreements is calculated on a headcount-weighted basis.

Human Capital Development (Consolidated)

Category		Unit	2020	2021	2022	2023
Training & development hours	Total number of hours of training and development	Hours	1,694,234.80	1,789,624.50	1,385,573.28	**1,381,492.30**
	Average hours of training and development per employee	Hours	71.21	72.92	53.20	**53.17**
Training & development amounts	Total amount spent on training and development	KRW	49,500,199,812	52,328,858,205	62,731,867,226	**67,288,562,808**
	Average amount spent on training and development per employee	KRW	2,080,452	2,132,303	2,408,503	**2,589,815**

Human Capital Development (Individual subsidiaries)

Category		Unit	2023						
			SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Training & development hours	Total number of hours of training and development	Hours	401,969.30	403,094.00	357,056.00	157,751.00	3,206.00	46,677.00	11,739.00
	Average hours of training and development per employee	Hours	87.37	37.75	64.00	39.42	33.75	35.90	43.00
Training & development amounts	Total amount spent on training and development	KRW	5,056,835,808	34,200,000,000	16,179,100,000	5,160,000,000	173,466,000	4,935,761,000	1,583,400,000
	Average amount spent on training and development per employee	KRW	1,099,073	3,000,000	2,900,000	1,289,439	1,825,958	3,791,000	5,800,000

* Data on training hours and costs for 2021 and 2022 have changed due to changes in publicly available data, and for SK Corporation, SK Telecom, and SK Biopharmaceuticals, total training hours/costs are calculated by multiplying the number of hours/costs per employee by the number of employees.

ESG Data Book

CONSOLIDATED ESG DATA

Social

Human Capital Return on Investment (HC-ROI)

	Category	Unit	2020	2021	2022	2023
Human capital return on investment metrics	Total revenue	KRW million	80,818,755	95,627,973	132,079,354	131,237,878
	Total operating expenses	KRW million	75,442,024	85,113,650	116,435,597	118,444,894
	Total employee-related expenses (salaries + benefits)	KRW million	1,837,862	2,140,799	2,718,296	2,972,995
	HC ROI		**3.93**	**5.91**	**6.75**	**5.30**

* Retroactive application as of the latest business report due to business changes of consolidated entities, etc.

Health and Safety (Consolidated)

	Category	Unit	2020	2021	2022	2023
Employees	Work-related fatalities	Persons	0	0	0	0
	Number of work loss injuries (LTI)	Cases	14	15	26	19
	Lost-time injury frequency rate (LTIFR)	Case/million hours	0.29	0.29	0.48	0.35
Contractors	Work-related fatalities	Persons	0	0	3	0
	Number of work loss injuries (LTI)	Cases	27	35	38	40
	Lost-time injury frequency rate (LTIFR)	Case/million hours	1.11	1.44	1.38	1.40

Health and Safety (Individual subsidiaries)

	Category	Unit	2023						
			SK Inc.	SK Innovation	SK Telecom	SK Networks	SK Square	SKC	SK Biopharmaceuticals
Employees	Work-related fatalities	Persons	0	0	0	0	0	0	0
	Number of work loss injuries (LTI)	Cases	0	12	0	0	0	7	0
	Lost-time injury frequency rate (LTIFR)	Case/million hours	0.00	0.06	0.00	0.00	0.00	2.15	0.00
Contractors	Work-related fatalities	Persons	0	0	0	0	0	0	0
	Number of work loss injuries (LTI)	Cases	0	26	4	6	0	4	0
	Lost-time injury frequency rate (LTIFR)	Case/million hours	0.00	1.13	7.50	1.75	0.00	2.56	0.00

* SK Inc., SK Square, and SK Biopharmaceuticals are excluded from the aggregate calculation of LTIFR for suppliers due to the inability to collect hours worked by suppliers.
** Lost-time injury rate = Lost-time injuries/total hours worked x 1 million (hours)

Customer Satisfaction*

	Category**	Unit	2020	2021	2022	2023	Remarks
SK Inc.	CSI (Customer Satisfaction Index)	Score	75	67.6	70.7	72.1	-
SK Innovation	KCSI (Korea Management Association Consulting)	Ranking	1st place (10 consecutive years)	1st place (11 consecutive years)	1st place (12 consecutive years)	1st place (13 consecutive years)	1st place for 13 consecutive years
SK Telecom	NCSI (Korea Productivity Center)	Score	79	79	79	79	1st place for 26 consecutive years
SK Networks	GEI (Customer Satisfaction), NCSI (National Customer Satisfaction Index)	Qualitative	Speedmate (self): 91.4/100 Walkerhill (NCSI): 4.2/5	Speedmate (self): 91.7/100 Walkerhill (NCSI): 4.3/5	Speedmate (self): 91.7/100 Walkerhill (NCSI): 4.3/5	Speedmate (self): 91.7/100 Walkerhill (NCSI): 4.3/5	-

* SK Square, SKC, and SK Biopharmaceuticals are excluded because they do not conduct separate customer satisfaction due to their business characteristics
** Due to the change in SK Inc.'s customer satisfaction calculation criteria in 2023, the score has been changed retroactively for 2021 and 2022.
*** Customer Satisfaction Rating Methodology: CSI (Customer Satisfaction Index), KCSI (Korean Customer Satisfaction Index), NCSI (National Customer Satisfaction Index), GEI (Guest Experience Index)

Policy & Principle

Environmental Management Principle and Policy

SK Inc. places environmental protection and respect for life at the core of its business operations and endeavors to minimize its impact on the environment across various business activities. To achieve this, the company has formulated an environmental policy based on its environmental management principles.

Environmental Management Principle

SK Inc. believes that dealing with environmental issues is a common task for humanity and that it is our responsibility and duty to pass on a clean global environment to our descendants. We will contribute to the preservation of the global environment and the development of a sustainable society by conducting our business activities in accordance with this recognition.

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

SK Inc. C&C CEO

Environmental Management Governance

SK Inc. reviews the strategic direction and implementation plan for environmental management through the board of directors, and under the management/supervision of the board of directors, the chief executive officer (CEO) of business and Investment Divisions discusses/determines goals and achievements such as climate change response and energy saving. In addition, the CEO of SK Inc. is regularly reported on environmental risks and impact assessments and internal audit results of business sites under the environmental management system (ISO 14001). The CEO of SK Inc. authorizes the CFO to systematically manage environmental performance and Integrated management of the performance of major organizations to respond to climate change.

Establish an Environmental Strategy

SK Inc. establishes the environment as a major strategy in business activities and considers the environment when making decisions. Establish environmental goals and tasks based on the analysis of internal and external stakeholder needs every year and implement tasks in connection with management and company-wide/organizational KPI.

Establishment and Operation of Environmental Company Regulations

SK Inc. establishes and operates company rules and regulations in terms of environment and disseminates and educates relevant personnel. Evaluate the effectiveness of relevant company regulations by periodically considering relevant laws, changes in business structure, and stakeholder requirements, and revise and reflect them.

Environmental Policy Scope

In conducting investment and product/service businesses, SK Inc. must implement environmental policies in all workplaces, and apply environmental policies to overall management activities such as purchase, distribution/logistics, waste, maintenance of facilities, and customer management.

Environmental Policies for Suppliers

SK Inc. includes a code of conduct in contracts so that suppliers it transacts with must comply with environmental laws/regulations and eco-friendly management. In addition, the supplier's environmental management level is evaluated and managed through periodic evaluation of suppliers and environmental evaluation when selecting integrated purchasing companies. In addition, we encourage unmanaged business sites, third-party manufacturers, joint venture suppliers, and outsourcing suppliers to become aware of SK Inc.' environmental policies and to participate in them.

Environmental Impact Assessment

SK Inc. integrates management of company and site environment-related risks. The project manager must conduct an environmental impact assessment for the relevant task or project. In addition, prior to conducting new businesses, due diligence, mergers and acquisitions, relevant responsible persons should review environmental regulations, requirements for the protection of the natural environment and ecosystems, and legal standards. In case a significant risk is found in the environmental impact assessment, a response plan must be established and implemented.

Environmental Performance Measurement and Management

SK Inc. establishes environmental indicators and performance targets according to environmental impact assessments, legal changes, and stakeholder demands, and selects and manages the department in charge of the performance indicators. Key performance indicators related to the enterprise environment are as follows.

- Energy consumption: city gas, electricity, district heating, etc.
- Greenhouse gas emissions: direct emissions, indirect emissions, and other indirect emissions
- Water consumption: water supply, recycled water consumption
- Waste generation: recycled, general waste, designated waste, treatment costs

Establish a system to systematically manage these environmental performances, conduct verification from an external third party organization that has no interest in the company, and continuously inspect and implement improvement activities.

Communication with Stakeholders

To enhance the transparency of environmental management, SK Inc. communicates with stakeholders by requesting relevant internal and external departments.

Policy & Principle

Biodiversity Policy

SK Inc. is aware of the increasing risks to biodiversity amid industrial development. It recognizes not only the social losses caused by the failure to protect natural ecosystems but also the impacts on its business. As an investment company, SK Inc. places great importance on biodiversity and has established principles for biodiversity management. It understands the necessity of biodiversity protection in its investment decision-making process and strives to minimize operational impacts on the environment. SK Inc. will prevent, minimize, and mitigate biodiversity risks throughout its business operations. During the review of new projects and business acquisitions, the company will assess and monitor the state and value of biodiversity and its potential impact. The company's goal is to achieve zero net loss and net positive impact by 2050.

Compliance with Legal Requirements in Areas Requiring Land Management and Biodiversity Protection

SK Inc. will comply with global biodiversity standards and legal requirements, including the internationally agreed Convention on Biological Diversity, led by the United Nations Environment Program (UNEP), and applicable international agreements on land management and biodiversity protection (World Heritage areas, IUCN Category I-IV protected areas). SK Inc. will carry out biodiversity conservation activities in and around business sites and local communities based on environmental impact assessments in accordance with relevant legal requirements in requiring land management and biodiversity protection.

Declaration content

① Prohibition Declaration: SK Inc. will not establish or operate new business sites in biodiversity conservation areas and their surrounding areas in the medium to long term.

② Mitigation Activities: According to the application of a mitigation hierarchy, we will strive to achieve No Net Loss (NNL) and Net Positive Impact (NPI) of biodiversity in business locations within biodiversity conservation areas and their surroundings. In forest areas owned by SK Inc. or its subsidiaries, we will monitor biodiversity as follows to ensure that impacts on biodiversity are minimized.

- Monitoring for the maintenance of biodiversity; monitoring of genetic resource protection areas; monitoring of endemic, threatened or rare species; monitoring to prevent illegal hunting, trapping and harvesting activities; and monitoring of artificial augmentation of threatened and endangered species to protect their populations.
- Determining the impact of animal populations on forest renewal and growth and biodiversity, environmentally sensitive areas including water resources, areas where soil erosion is expected, and areas where water resource protection should be a priority

③ Collaboration Activities: To achieve biodiversity conservation goals, SK Inc. will establish and strengthen strategic partnerships with industry associations, local communities, and professional organizations.

Coverage

① This policy applies to employees of SK Inc. headquarters, all domestic and overseas business sites, and subsidiaries.

② SK Inc. encourages all stakeholders involved in business relationships with the company, including our suppliers and business partners, to adopt this policy and promotes the necessity of protecting biodiversity.

Policy & Principle

No-Deforestation Policy

SK Inc., in all its forestry management activities, aims to achieve sustainable forest management and establish a responsible corporate system that ensures the stability, adaptability, and diversity of forests while meeting the principles of productivity, economy, and sustainability. The company sets a basic policy of maintaining and promoting the public functions of forests, such as land preservation, landscape maintenance, water source protection, and recreation. Along with forest protection, SK Inc. will contribute to carbon reduction and forest conservation to address the climate crisis through continuous afforestation. SK Inc. will prevent, minimize, and mitigate deforestation throughout its business operations. During the review of new projects and business acquisitions, the company will assess and monitor the impact of deforestation resulting from corporate operations. These principles will be applied to all major business sites, subsidiaries, and key business suppliers in the entire supply chain. The company's goal is to achieve a complete prohibition of deforestation by 2050.

Declaration Content

① Mitigation Declaration: SK Inc. will monitor the impact of deforestation that occurs during its business operations and implement afforestation and reforestation activities to offset the impacts. As the first in the country, the company registered A/R CDM projects with the UN to create forests that absorb carbon in Goseong-gun, Gangwon-do, and will strive to achieve a Net Zero impact from deforestation by creating more forests

Compliance and Monitoring

① Monitoring System for Compliance with the Declaration: SK Inc. ensures that forestry managers of relevant forestry and other activities conduct monitoring and keep records. If any significant negative impact on ecology (environment) is identified, the forestry manager will suspend forestry and other activities and report it to the general manager and relevant personnel. To prevent forest destruction, including compliance with the policy, regular and occasional assessments are conducted for ecological (environmental) impact assessment, and the results of the ecological (environmental) impact assessment are confirmed as follows. Forest managers will continuously check and block negative impacts on the ecology (environment), including minor risks, before they occur. Forest managers will continuously check and confirm the ecology (environment) after forestry operations and other activities to prevent negative impacts from occurring. If negative changes are identified after forestry operations and other activities, forest managers will record them and minimize them through communication with the general manager and relevant personnel. In the case of outsourcing forestry work, we will ensure that all measures are taken to protect the safety of workers and the environment of the forest through contracts with contractors. We will specify the safety equipment to be provided for the safety of workers, ensure that sufficient safety training is conducted before work, and keep relevant records of all measures. In addition, the person in charge will ensure that safety and environmental management are properly implemented through monitoring.

② Compliance with Forest Regulations/Obligatory Standards: SK Inc. establishes an organization responsible for managing the implementation of regulations and deforestation prevention policies at the headquarters, subsidiaries, and business sites to ensure company-wide policy compliance.

③ Collaboration with Suppliers and/or Suppliers for Deforestation Risk Management and Mitigation: SK Inc. will establish and strengthen strategic partnerships with industry associations, professional organizations, and others to achieve the goal of preventing deforestation.

Coverage

① This policy applies to employees of SK Inc. headquarters, all domestic and overseas business sites, and subsidiaries.

② SK Inc. encourages all stakeholders involved in business relationships with the company, including our suppliers and business partners, to adopt this policy and promotes the necessity of deforestation prevention.

Policy & Principle

Human Rights Management Principle and Policy

SK Inc. aims to earn trust and support through the creation of economic and social value, and to contribute to the sustainable happiness of our society and stakeholders through the creation of economic and social value, based on the SKMS, which is to pursue the happiness of our stakeholders, including our employees, customers, business partners, shareholders, and society, by achieving continuous stability and growth.

Human Rights Management Principle

Based on the SK Group's Corporate Philosophy (SKMS), which emphasizes pursuing the happiness of both employees and stakeholders, SK Inc. declares its Human Rights Management Policy with the aim of realizing the value of respecting human rights in all aspects of its business activities.

Article 1 SK Inc. will respect the human rights of all stakeholders and ensure their dignity as human beings.

Article 2 SK Inc. officially supports and commits to comply with the standards and regulations of international organizations and bodies related to labor and human rights, such as the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights (Ruggie Framework), and International Labour Organization conventions.

Article 3 SK Inc. requests compliance with the aforementioned international human rights and labor standards from all stakeholders in the value chain, including employees, business suppliers, local communities, customers, and suppliers. It will make every effort to prevent any violations of human rights in the value chain and promote respect for human rights.

Article 4 SK Inc. will adhere to all labor principles and laws recommended by the International Labour Organization (ILO) and ratified by the respective countries, including the prohibition of child labor, forced labor, ensuring health, safety, and working hours.

Article 5 SK Inc. respects diversity and strives to eliminate discrimination based on gender, race, age, social status, and other reasons. In the event of human rights violations, it will actively seek remedies for the victims.

Article 6 SK Inc. will establish and implement management systems necessary for human rights management, including anti-corruption (ethical management), environment/health/safety, compliance, and personal information protection.

SK Inc. C&C CEO

Human Rights Management System

In order to respect the human rights of all employees and to prevent and mitigate risks, SK Inc. regularly conducts human rights impact assessments through external expert diagnosis once a year under the supervision of the Legal Affair Group in accordance with the Human Rights Management Policy, and surveys the actual status of business partners' human rights, and the Human Rights Management Committee deliberates and decides on improvement measures. The Human Rights Management Committee operates the Human Rights Violation Remedy Committee, which deliberates on the investigation and handling of human rights violation cases under the Human Rights Management Committee.

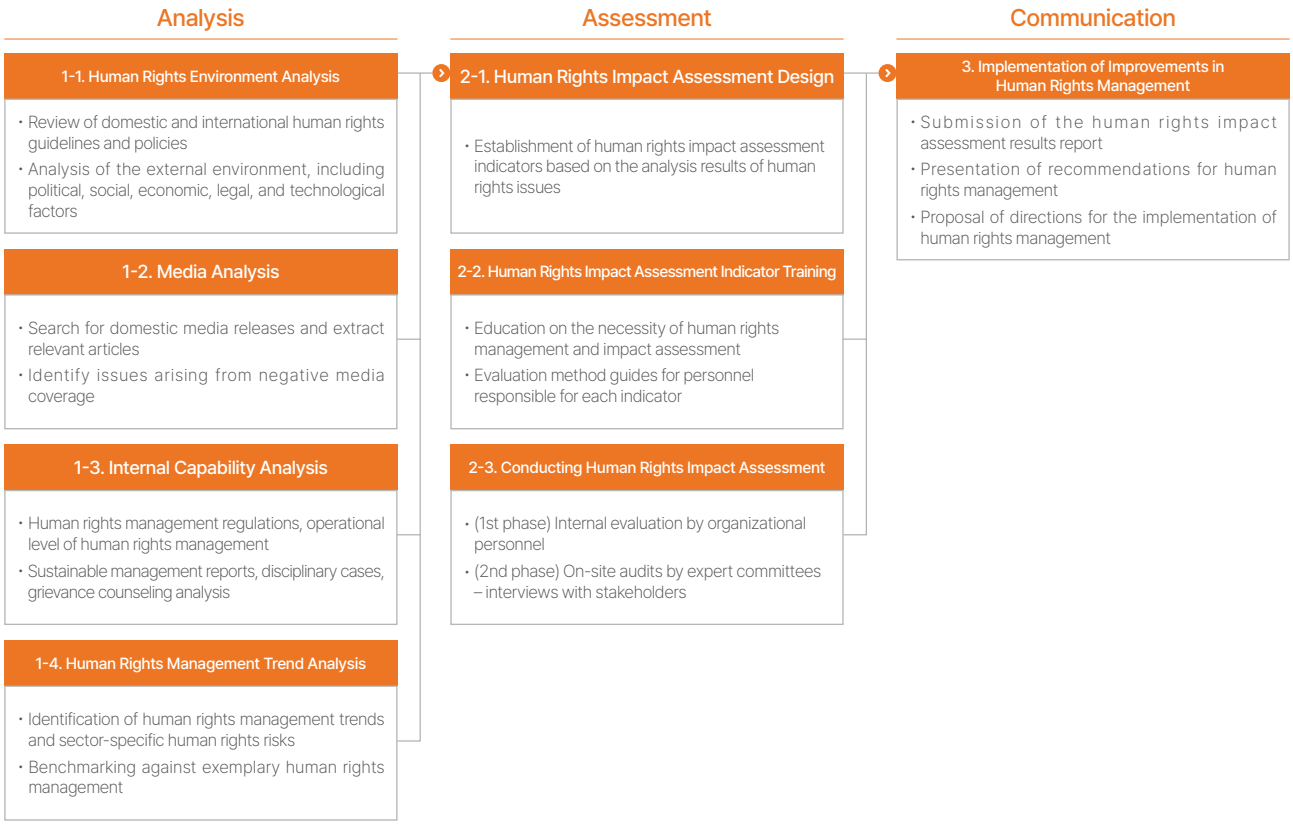
In addition, we have strengthened our human rights management by obtaining independent external verification (HRMS 2019) certification, and we conduct annual training on discrimination and harassment prevention, such as sexual harassment prevention training and disability awareness training, for all employees to strengthen employees' awareness of human rights management.

Policy & Principle

Human Rights Management Principle and Policy

Human Rights Impact Assessment Process

SK Inc. operates a human rights impact assessment process to ensure compliance with and improve the level of human rights management. In order to identify human rights management risks and implement improvements, we have established and implemented a process of 'analysis (analysis of human rights environment, media, internal capabilities, and trends in human rights management) → evaluation (evaluation design, training on indicators, and evaluation) → communication and execution (submission of result reports, deliberation, implementation of improvement measures, and monitoring). The results of the human rights impact assessment are reported to the CEO and key executives and disclosed in the Sustainability Report and intranet (Hi-SK).



Human Rights Risk Due Diligence Process

Our human rights risk due diligence is conducted in accordance with the Human Rights Impact Assessment Guidelines, involving legal officers, designated human rights agents within each department, and external audit/inspection experts. During the 'Assessment' phase of the human rights impact assessment, the following processes are adhered to. The risks identified through this due diligence are reviewed by the Human Rights Management Committee, which then formulates improvement measures.

Step 1. Selection of Human Rights Risk Due Diligence Indicators	The Legal Affair Group selects indicators necessary for the human rights risk due diligence based on the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, ILO conventions, OECD Guidelines for Multinational Enterprises, the National Human Rights Commission's Human Rights Impact Assessment Guidelines, internal and external company issues, stakeholder needs and expectations, and the previous year's human rights impact assessments.
Step 2. Education on Human Rights Risk Indicators and Due Diligence	The Legal Affair Group conducts education on human rights management policies, objectives, and compliance with the human rights management system, as well as on the human rights impact assessment indicators and due diligence for human rights agents in each department, in accordance with the Human Rights Management Education and Training Guidelines.
Step 3. Self-assessment	Human rights agents in each department complete the human rights impact assessment checklist and prepare supporting evidence.
Step 4. External assessment	Based on the checklists and supporting evidence prepared during the self-assessment, external audit/inspection experts verify the evidence and conduct interviews, providing recommendations and corrective actions if necessary.

Policy & Principle

Human Rights Management Principle and Policy

Guidelines for Human Rights Management

- **Humanitarian Courtesy**
  For the realization of human dignity and value, we make active efforts to prevent mental or physical inhumane treatment in advance. In the event of inhumane treatment, we will take strict measures in accordance with relevant regulations and strive for active relief.
- **No Forced Labor**
  We respect workers' free will for labor. Violence, intimidation, confinement, human trafficking, slave labor, and other forms of labor that unreasonably suppress mental or physical freedom are prohibited. Strive for fair and transparent labor contracts, strictly abide by the Labor Standards Act in relation to labor contracts, and give consideration to ensuring that workers fully understand their contents.
- **No Child Labor**
  We abide by regulations related to underage labor, provide appropriate procedures and support in accordance with laws and regulations, such as guaranteeing educational opportunities and consideration for safety when working with minors, and continuously check compliance with laws and regulations.
- **Non-Discrimination**
  We respect the diversity of all employees, and discrimination does not occur in the personnel process such as recruitment, wages, promotion, training, and placement for reasons such as gender, race, age, gender identity, education, disability, religion, political orientation, and social status. We provide equal remunerations and a working environment of mutual respect and consideration.
- **Working Hours Compliance**
  We comply with local working hour laws and regulations, such as regular, overtime and holiday work, and do not force employees to work beyond regular working hours. Revisions of laws and regulations are continuously managed to prevent violations.
- **Responsible Supply Chain Management**
  We identify the status of human rights protection within the supply chain, including management suppliers, and conduct appropriate education and training to prevent substantial or potentially significant negative human rights impacts.
- **Remunerations and Benefits**
  We pay more than the minimum wage stipulated in the region along with the pay slip and provide legal compensation for overtime work carried out under mutual agreement between labor and management. We seek to improve the quality-of-life safety and work motivation of our employees and strive to contribute to sound economic development.
- **Guaranteed Equal Remunerations**
  In accordance with the principle of equal remunerations, we provide equal pay for equal work to all members without discrimination based on gender, race, ethnicity, nationality, religion, disability, age, family status, social status, or political views.
- **Guaranteed Freedom of Association and Collective Bargaining**
  We promote sound organizational development through smooth and continuous communication between labor and management. We guarantee freedom of association in accordance with local labor-related laws and regulations, and we do not treat unfairly on account of joining or participating in a labor union.
- **Personal Information Protection**
  To protect the rights of all stakeholders, including customers, in accordance with the local regulations, we ensure the protection of their personal information and take necessary measures to secure the security of such information. We do not use personal information without the consent of the individuals for purposes other than the intended use, and we respect privacy to the fullest extent.
- **Community Engagement**
  We identify potential impacts on the nearby communities and listen to their opinions to avoid any adverse effects. We strive for continuous communication with the local communities. Furthermore, we make efforts to respect and protect the rights and property of the local communities and ensure their safety.
- **Ensuring Environment/Safety/Health**
  We strive to protect the environment and prevent pollution by complying with domestic and international environmental laws, setting measurable goals for environmental improvement, and regularly checking whether the goals are appropriate.
- **Human Rights Impact Assessment**
  Conduct regular human rights impact assessments to prevent human rights violations and respect human rights. The human rights impact assessment is carried out faithfully and fairly, and we strive to practice human rights management by reflecting the results of the human rights impact assessment.

Coverage

① This policy applies to employees of SK Inc. headquarters, all domestic and overseas business sites, subsidiaries, partners and subcontractors involved in business activities other than employees, women, children, indigenous peoples and migrants, and community members.

② SK Inc. encourages all stakeholders involved in business relationships with the company, including our suppliers and business partners, to adopt this policy and promotes the necessity of human rights management.

Policy & Principle

Safety and Health Management Principle and Policy

SK Inc. aims to earn trust and support through the creation of economic and social value, and to contribute to the sustainable happiness of our society and stakeholders through the creation of economic and social value, based on the SKMS, which is to pursue the happiness of our stakeholders, including our employees, customers, business partners, shareholders, and society, by achieving continuous stability and growth.

Safety and Health Management Principle

SK Inc., based on its human-centered management philosophy, prioritizes safety and health at every stage of its operations. Leveraging our accumulated technology and experience, we aim to enhance the quality of our services and contribute to the sustainable development of humanity.

1. We will continuously improve the level of our safety and health management system by complying with safety and health regulations and setting relevant objectives.

2. To prevent work-related injuries and health issues, we will create a safe and healthy work environment and strive to eliminate hazards and reduce risks.

3. We will conduct safety and health training that actively involves employees and minimize damage through swift and systematic responses in emergency situations.

4. We will create conditions that enable employee consultation and participation to effectively implement safety and health management.

5. Recognizing our corporate social responsibility, we will actively participate in safety and health improvement activities within the local community.

SK Inc. C&C CEO

Safety and health Management System

The fundamental premise of SK Inc.'s safety and health management policy is to implement a safety and health system that aligns with global standards, and we comply with international OHS standards and regulations, collective agreements, etc. SK Inc. reports the company-wide safety and health plan to the Board of Directors every year.

All agenda related to safety and health, including establishing measures to prevent the recurrence of industrial accidents and conducting risk assessments, are deliberated and resolved by the Occupational Safety and Health Committee, which includes worker representatives. The Safety and Health Management Officer oversees and manages all safety and health tasks, including the implementation of safety and health policies, while the General Safety and Health Manager oversees preventing occupational accidents of the contractor's workers and related subcontractor's workers, and strives to continuously improve the performance of the safety and health management system.

We have established evaluation procedures to prevent and mitigate risks and health issues related to our members' safety and health objectives. Internal investigations into safety, health, and well-being issues are conducted, including procedures for investigating work-related injuries, health abnormalities, diseases, and accidents. We have also strengthened safety and health management through independent external verification, such as obtaining ISO 45001 certification. Safety and health-related items are included in the key performance indicators for department heads and group leaders, and these items are also reflected in the overall company performance evaluation, including that of the CEO. To enhance our members' safety and health awareness, we conduct annual safety and health training for all employees, and since 2022, we have requested that our partners also conduct legally mandated safety and health training.

Safety and Health Risk Management

Through risk assessments and hazard evaluations, we diagnose potential risks in the workplace and take necessary actions when required. We prioritize, integrate, and manage quantified goals and action plans to effectively address risks and improve health and safety performance metrics. Additionally, integrated procedures have been established within the Industrial Safety and Health Management Regulations to respond to emergencies and investigate accidents. When entering contracts, we consider the ability to implement measures to prevent industrial accidents and reflect the selection criteria and review procedures based on the requirements of ISO 45001.

Coverage

① This policy applies to employees of SK Inc. headquarters, all domestic and overseas business sites, and subsidiaries.

② This policy applies to all workers who have a contract, service, outsourcing or special type of work contract with SK Inc.

③ SK Inc. encourages all stakeholders involved in business relationships with the company, including our suppliers and business partners, to adopt this policy and promotes the necessity of safety and health management

Policy & Principle

Fair Trade Policy

SK Inc. aims to earn trust and support through the creation of economic and social value, and to contribute to the sustainable happiness of our society and stakeholders through the creation of economic and social value, based on the SKMS, which is to pursue the happiness of our stakeholders, including our employees, customers, business partners, shareholders, and society, by achieving continuous stability and growth.
Fair trade compliance is a core value directly linked to the survival and development of the company. Through thorough implementation, we aim to enhance the long-term sustainability and value of the company, thereby becoming a trusted enterprise among all stakeholders, including shareholders, customers, business partners, and society.

Fair Trade Compliance Declaration

Dear Members,

I would like to extend my deepest gratitude to all of you for your dedication and hard work for our company, even in this rapidly changing business environment. Over the past 30 years, SK Corporation has grown into a leading IT company in Korea, building trust with stakeholders such as partners and customers through transparent and fair management. Since introducing the Fair Trade Compliance Program in 2009, we have consistently endeavored to implement the core values of fair trade fairness, transparency, autonomy, and trust while internalizing related laws and procedures. Additionally, we have conducted various compliance training programs for all employees to actively comply with and respond to the ever-changing legal regulations relevant to our company. We strive to operate an effective compliance program at the company-wide level every year. Our efforts in fair trade compliance are yielding tangible results.

Last year, we obtained ISO 37301 (Compliance Management System) certification, achieved the highest level, "Excellent," in the Win-Win Growth Index for eight consecutive years, and have been included in the Dow Jones Sustainability Index (DJSI) World for 11 consecutive years. These accomplishments demonstrate that our company's ESG (Environmental, Social, Governance) management is recognized globally as top-tier.

Dear members, ESG management is now a necessity of our time. We must examine and eliminate any unfair trade or business practices. Through strict compliance awareness and autonomous compliance practices, let's strive to coexist and prosper with society, always remaining honest and trusted as the "No.1 Digital IT Service Partner in Korea."
Thank you.

SK Inc. C&C CEO

Fair Trade Management System

SK Inc. reviews and resolves all matters related to fair trade, subcontracting, worker dispatch, business and information protection, corruption, and other unfair trade practices and unfair competition through the Fair Trade Compliance Committee. The Compliance Officer oversees and manages risk prevention and review of violations related to fair trade compliance.
We have established procedures to prevent and mitigate risks of unfair trade and unfair competition. We conduct an annual compliance awareness survey among our members and use the results to improve and develop our compliance program. We strengthen fair trade management by incorporating fair trade risk assessments into independent external verification (ISO 37301 Compliance Management System) and obtaining certification. Every two years, we update the Fair Trade Compliance Handbook, incorporating the latest revised laws and response guides, and make it available to all members via the groupware (HiSK). To enhance our members' awareness of human rights management, we annually send out CEO Letters and Compliance Officer Letters and conduct compliance training for all members. We also include the prohibition of unfair trade and unfair competition in our Code of Ethics and Ethical Management violation cases (Don'ts) to serve as ethical behavior guidelines for our members in their job performance.

Publishing the Fair Trade Compliance Manual

SK Inc. updates its Fair Trade Compliance Manual every two years, incorporating revised laws and response guides related to fair trade, and ensures that members are well-versed in relevant regulations to prevent violations related to fair trade and subcontracting in their work.

The key contents of the 2022 edition of the Fair Trade Compliance Manual are as follows:
- CEO's declaration of compliance commitment, definition of CP, reasons for its introduction, CP execution system, and the eight key elements of CP
- Explanation of fair trade-related laws (Fair Trade Act, Subcontracting Act, Act on the Promotion Of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises, Improper Solicitation and Graft Act)
- Explanation of other company-relevant laws (Act on the Protection Of Temporary Agency Workers, Intellectual Property Rights, Personal Information Protection Act)
- Internal regulations (related rules, guides for various stages of business progression, internal whistleblowing system, introduction of responsible departments)

Fair Trade Risk Management

We diagnose potential risks in the workplace through risk assessments and hazard evaluations and take necessary actions when required. To resolve risks, we prioritize, integrate, and manage quantified goals and action plans. The Fair Trade Compliance Program Operating Regulations establish the standards and procedures for compliance with all fair trade regulations, and the Compliance Management System Operating Regulations include procedures for responding to and investigating issues related to fair trade compliance. Additionally, we strengthen risk management by obtaining independent external verifications, such as ISO 37301 certification, which include fair trade risk management.

Coverage

① This policy applies to employees of SK Inc. headquarters, all domestic and overseas business sites, and subsidiaries.
② This policy applies to all workers who have a contract, service, outsourcing or special type of work contract with SK Inc.
③ SK Inc. encourages all stakeholders involved in business relationships with the company, including our suppliers and business partners, to adopt this policy and promotes the necessity of fair trade.

Policy & Principle

Supply Chain Sustainability Management Policy

SK Inc. aims to earn trust and support through the creation of economic and social value, and to contribute to the sustainable happiness of our society and stakeholders through the creation of economic and social value, based on the SKMS, which is to pursue the happiness of our stakeholders, including our employees, customers, business partners, shareholders, and society, by achieving continuous stability and growth.
SK Inc. promotes substantial and long-term shared growth based on trust with its suppliers through a supplier ESG management process that reflects international guidelines (RBA, etc.) and the SK Group's ESG Guide for Suppliers to manage sustainability in the supply chain.

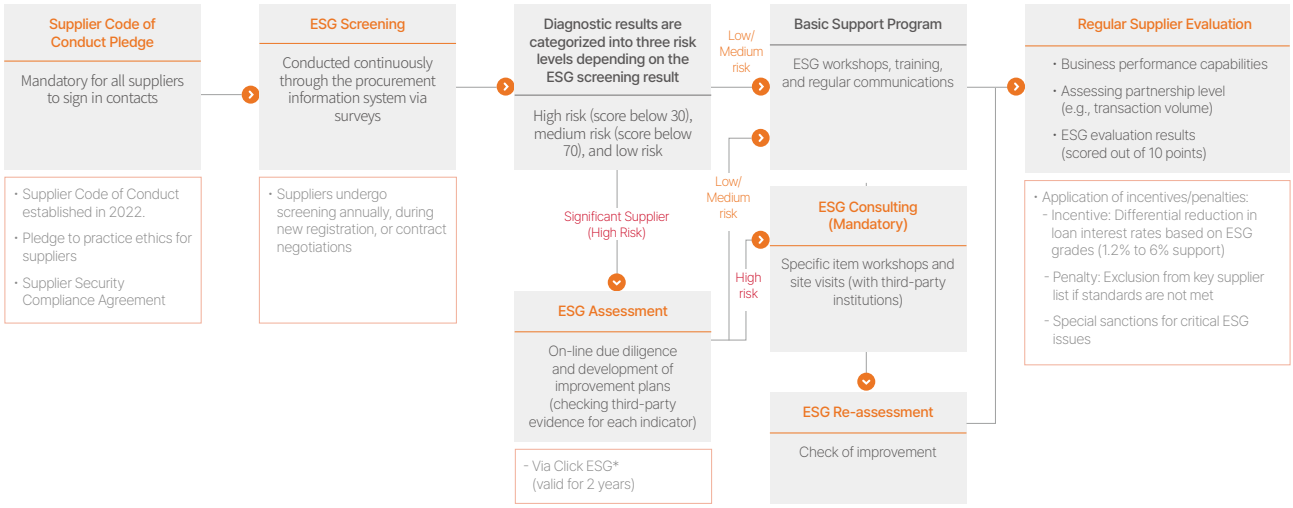
Supply Chain Sustainability Management System

SK Inc. operates a monthly Mutual Growth Council meetings, led by the Chief Procurement Officer (CPO) and involving the procurement organization and major RM departments, to deliberate on key issues for a sustainable supply chain.
We obtain pledges of compliance with the Supplier Code of Conduct at the time of signing all transaction contracts, and disclose the results of the implementation of the Supplier Code of Conduct through the Sustainability Report. Our procurement personnel and internal stakeholders (supplier representatives) are trained on the Supplier Code of Conduct and their roles in the supply chain ESG program. In addition, all employees are committed to building a responsible supply chain by submitting a pledge of the fair trade compliance.

Supplier ESG Management Process

SK Inc. has set supplier ESG level improvement and support activities as key KPIs for the procurement organization and has an ESG management process to identify and implement supplier ESG risks.
To identify and support the implementation of supplier ESG risks, we have established and implemented a process of 'assessment/evaluation → feedback → in-depth assessment/improvement planning → post-management', and in the process of in-depth assessment (due diligence), we involve representatives from the procurement organization and external experts to ensure objectivity and fairness.
The results of the ESG assessment are reflected in the 'regular supplier evaluation' for selecting key suppliers every year, and penalties are applied if the relevant standards are not met.

Supplier ESG Management Process



Supply chain sustainability due diligence process

Our ESG diagnostic metrics for suppliers, totaling 66 in the environmental, social, and governance areas, are weighted according to the characteristics of each type of supplier.
Suppliers that are categorized as key suppliers through regular supplier evaluation but are rated as high-risk are classified as priority management targets and provided with consulting for improvement through in-depth assessment and due diligence. ESG due diligence is a process in which procurement practitioners and external experts work together to verify evidence for each indicator and develop an improvement plan centered on the indicators that are not up to par or are insufficient. We support suppliers to implement the improvement plan within a certain period of time through offline on-site visits or online 1:1 consulting, and check the performance of improvement activities through re-assessment.

Coverage

① This policy applies to employees of SK Inc. headquarters, all domestic and overseas business sites, and subsidiaries.
② This policy applies to all types of organizations that design, sell, manufacture, or provide materials and services used to produce SK Inc.'s services/products. They should also require all sub-supply chains that provide materials and services to them to comply with this policy.
③ SK Inc. encourages all stakeholders involved in business relationships with the company, including our suppliers and business partners, to adopt this policy and promotes the necessity of supply chain sustainability management.

Policy & Principle

Supplier Code of Conduct

SK Inc. expects a high level of operational standards for the workplace environment of its suppliers. To strengthen the compliance management as the foundation of SK Inc.'s co-prosperity with its suppliers, the Supplier Code of Conduct (hereinafter referred to as "the Code") has been established. Furthermore, SK Inc.'s suppliers must comply with all applicable laws and regulations, ensure a safe working environment, and establish a management environment where workers are respected, and operate their businesses ethically.
This Code outlines the requirements that SK Inc. places on its suppliers. The scope of the Code includes all forms of organizations involved in designing, selling, manufacturing, or providing materials and services used in the production of SK Inc.'s services/products. All suppliers must comply with the Code, and they are required to ensure compliance with the Code throughout their sub-supply chains.
SK Inc. or designated external agencies may conduct visits to assess the suppliers' compliance with this Code. In the event of a significant violation of this Code by a supplier within the specified improvement period, SK Inc. may suspend transactions or terminate contracts with the supplier.
Additionally, the Code may be revised based on changes in SK Inc.'s supplier management policies and criteria. In case of any conflict between this Code and local regulations, the more stringent standard will prevail.

1. Human Rights and Labor

Suppliers must protect the human rights of workers and guarantee their dignity at a level that is accepted in the international community. This applies to all types of workers, including temporary workers, migrant workers, interns, and temporary workers. Workers must be guaranteed legal work and rights protection in accordance with local laws and regulations.

1-1. No Forced Labor

Suppliers must guarantee voluntary participation in all labor activities. Forced labor, workers under human restraint contracts (including bondage for debt repayment), involuntary convict workers, and human trafficking workers shall not be hired. This includes any act of moving, hiring, or relocating the socially underprivileged through threats, coercion, coercion, kidnapping, or fraud for the purpose of labor exploitation. Workers must not be required to surrender their government issued identification cards, passports, or work permits as a condition of employment. Suppliers or labor dispatch companies must not ask workers for fees (e.g. job placement, etc.) or deposits. In addition, working conditions must be documented and communicated in a language that workers can understand.

1-2. Underage Workers

Employment of protected child workers by suppliers is strictly prohibited. "Child" means a person under the highest of 15 years of age, the age at which compulsory education ends, or the minimum legal employment age in accordance with local laws. If a child worker is discovered, the supplier must take immediate countermeasures. We must immediately stop hiring child workers and improve the age verification process for workers in the hiring process. When a supplier operates an intern program, etc., it must comply with local laws and regulations. Suppliers may hire youth workers older than the legal minimum age for employment, but workers under the age of 18 must not perform hazardous work (including overtime and night shifts) in terms of safety and health.

1-3. Compliance with Working Hours

Suppliers must not exceed the maximum working hours stipulated by law in terms of weekly working hours. Furthermore, with the exception of emergencies or special circumstances, weekly working hours, including overtime, must not exceed the working hours set forth in the Labor Standards Act.

1-4. Wages and Benefits

Suppliers should include the minimum wage, overtime pay, welfare benefits stipulated by law, etc. in the wages paid to workers, and comply with all local laws and regulations. All overtime work must be done voluntarily with the consent of the worker, and overtime pay that is higher than the hourly wage applied to regular working hours must be paid in accordance with local laws and regulations. Wage reductions are not permitted as a means of disciplinary action. Wage payment standards and items for workers must be provided in a language that workers can understand through a pay stub or a written document on which pay details are recorded, as well as on the company intranet.

1-5. Humane Treatment

Suppliers must not engage in harsh and inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, and verbal abuse, and must not threaten workers with such treatment. Suppliers must define policies and procedures that ensure humane treatment of workers and fully explain them to workers.

1-6. Non-discrimination and Harassment

Suppliers should take measures to prevent workers from being harassed or unlawfully discriminated against. Discrimination based on race, skin color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political orientation, union membership status, marital status, etc. should not stand Except in the case of exceptions required by local law or workplace safety, workers or job candidates may not be required to undergo medical examinations that could be used as grounds for discrimination.

1-7. Freedom of Association

Suppliers must respect the right of workers to organize and join an employee council or labor union, freely associate with other workers for collective agreements and peaceful assembly, in accordance with the laws of the local country, and workers will not participate in such activities. Rights must also be respected. In addition, workers and worker representatives must be able to freely communicate and share their opinions and difficulties on working conditions and management policies with suppliers without worrying about discrimination, retaliatory measures, threatening behavior, or harassment

Policy & Principle

Supplier Code of Conduct

2. Safety and Health

Suppliers should recognize that activities to ensure the safety and health of workers are essential in all activities conducted in the company's business. Suppliers shall strive to establish and maintain a safe and healthy workplace in accordance with local laws and regulations.

2-1. Industrial Safety

In order to control workers' exposure to potential safety hazards (e.g. electric shock, fire, vehicle, risk of falling, etc.), suppliers must conduct appropriate administrative control, preventive maintenance, and continuous safety training. Where hazards cannot be adequately controlled by the means outlined above, workers must be provided with appropriate personal protective equipment. In addition, pregnant women should not be placed in hazardous environments.

2-2. Emergency Preparedness

Suppliers should identify and evaluate potential emergencies and accidents in advance. In the event of an emergency, report, notify workers and evacuation procedures, etc., and prepare emergency evacuation drills for workers to prevent emergencies, escape facilities, fire detection and fire extinguishing equipment, etc. to minimize damage caused by emergencies.

2-3. Prevention of Industrial Accidents and Diseases

Suppliers must have procedures and systems in place to prevent, manage, track, and report industrial accidents and diseases of workers. These include preventing occupational accidents and diseases by encouraging workers to report freely, classifying and recording occupational accidents and diseases, providing necessary medical treatment, and implementing corrective actions to investigate each case and eliminate its causes; Provisions should be included to support the return of workers who have been placed on leave due to

2-4. Physical Demands of Workplace

Suppliers shall identify, evaluate, and control workers' exposure to physically strenuous tasks, including repetitive manual work for long periods of time, heavy lifting or standing work, and physical strength-consuming assembly work.

2-5. Safety Management of Hazardous Machines, Instruments and Facilities

Suppliers should evaluate the safety of using machinery, instruments and facilities necessary for production. Physical guards, interlocks and barriers must be provided and properly maintained when workers are using machinery that may expose them to a risk of injury.

2-6. Management of Exposure to Harmful Factors in the Work Environment

Suppliers should regularly measure employees' exposure to factors such as hazardous chemicals, noise, and dust to identify the impact and implement technical measures and supervision to prevent exposure beyond the standard level. Staff must be trained on the hazards involved, and personal protective equipment must be provided if the hazards are not adequately controlled.

2-7. Safety and Health Education

Suppliers must conduct appropriate safety and health training for workers, and training must be conducted in the language the workers mainly use. Safety and health-related information in the workplace must be posted in a conspicuous place

Policy & Principle

Supplier Code of Conduct

3. Environmental Management

Suppliers should fully understand and strive to reduce the environmental impact caused by business operations and the provision of products and services to SK Inc. Environmental laws and regulations, such as disposal, recycling, industrial water management and reuse, and management of greenhouse gases and atmospheric emissions, must be complied with.

3-1. Obtaining Environmental Permits and Reporting

Suppliers must acquire, maintain, and manage all environmental permits and registrations necessary for corporate operation, and reflect the latest revisions. In addition, it must comply with the requirements such as operation and reporting necessary for the licensing process.

3-2. Pollution Prevention and Resource Efficiency

Suppliers should minimize or eliminate the emission of reduced pollutants and the generation of waste by adding pollutant control facilities. The use of natural resources, including water, fossil fuels, minerals and virgin forests, must be conserved through methods such as improving production processes, strengthening maintenance, modifying plant processes, replacing materials, reusing, conserving and recycling materials.

3-3. Hazardous Substance Management

Suppliers must separately manage chemicals and other substances harmful to humans or the environment, such as identification marks and labeling, to ensure safe handling, transportation, storage, use, recycling, reuse, and disposal.

3-4. Waste Water and Waste Management

Suppliers must systematically identify, manage, reduce, and dispose/recycle solid waste (non-hazardous). Wastewater and solid waste generated from various corporate activities, production processes, and sanitation facilities must be characterized, monitored, managed/treated in accordance with regulations, and discharged/disposed. In addition, measures to reduce wastewater generation must be taken, and the treatment efficiency of the wastewater treatment process must be monitored at all times.

3-5. Greenhouse Gas Emissions and Energy Consumption

Suppliers should identify energy consumption and GHG emissions at the company-wide and business site level in each phase of emission. We also need to find cost-effective ways to minimize energy consumption and greenhouse gas emissions while increasing energy efficiency. Ultimately, efforts to reduce greenhouse gas emissions must continue every year, such as establishing a 'Science Based Target' that meets the needs of the international community. SK Inc. may request related data (including manufacturer data such as greenhouse gas emissions/reduction plans), and suppliers must actively cooperate in this regard.

3-6. Air Pollutants

Suppliers should identify the characteristics of volatile organic compounds, aerosols, corrosive gases, dust, ozone layer depleting substances, and combustion by-products generated in the process, monitor them at all times, and manage/treat them in accordance with domestic and international laws before discharging them.

3-7. Expansion of Eco-friendly Products

Suppliers should prioritize the use of eco-friendly products that can reduce environmental pollution in the absence of special reasons by considering environmental risk factors from the purchase of raw and subsidiary materials, and strive to continuously expand eco-friendly products and services.

3-8. Water Resources Protection

Suppliers must systematically prevent rainwater pollution. To this end, a water resource management program that monitors water resource use and discharge must be implemented, contamination pathways must be controlled, and all wastewater discharges and wastewater treatment must be monitored.

3-9. Management of Soil/Noise/Vibration/Odor and Raw Materials

Suppliers must monitor noise, soil pollution, odor, biodiversity, etc. to reduce the negative impact on the ecosystem near the business site, and introduce related systems to reduce the use of raw materials and measure them separately.

3-10. Biodiversity Conservation

Suppliers must have a system to minimize negative impacts during business activities in biodiversity conservation areas and nearby areas. When conducting existing projects and reviewing new projects, the current status of biodiversity around the business site must be identified and the impact monitored.

3-11. No Forest Destruction

Suppliers must have a system to minimize the risk and negative impact of deforestation caused by business activities. Contribute to carbon reduction through forest protection and continuous afforestation, and participate in forest conservation and climate crisis resolution.

Policy & Principle

Supplier Code of Conduct

4. Ethical Management

Suppliers must comply with all local laws and regulations in business activities, and SK Inc. requires suppliers to maintain the highest standards of ethics.

4-1. Integrity and Anti-Corruption

Suppliers must maintain the highest level of integrity in their business relationships with all companies. You must not engage in any form of corrupt behavior (extortion, embezzlement, bribery, kickbacks, gifts, etc.), including giving money or other forms of advantage to a related party to influence decisions.

4-2. Prohibition of Unfair Profit

Suppliers must not provide, permit the provision, or receive any means to obtain unfair or improper benefits, and must implement monitoring and crackdown procedures.

4-3. Avoiding Conflicts of Interest

Employees of partner companies must handle their work responsibly and in accordance with the established business rules. In addition, employees of partner companies must not engage in any act that damages the company for personal gain or receives a promise of personal gain through a third party.

4-4. Information Disclosure

Information on labor/safety and health/environmental management, management activities, governance, financial status, and performance of suppliers must be disclosed in accordance with applicable laws and general industry practices. Falsification of records or misrepresentation of conditions and practices in related areas within the supply chain is unacceptable.

4-5. Intellectual Property Protection

The intellectual property rights of suppliers must be respected. Suppliers must transfer technology and know-how in a way that protects intellectual property rights and safely protect SK Inc.' information.

4-6. Prohibiting Anti-Competitive Practices

Comply with applicable antitrust (anti-collusion), advertising, and competition regulations and standards. You must not engage in any anti-competitive behavior that may limit or restrain competition in the marketplace.

4-7. Privacy

Suppliers must make reasonable efforts to protect the personal information of all people involved in business, including business suppliers, customers, consumers, and employees.

4-8. Data Security

Suppliers must comply with confidentiality obligations for data that they learn or receive in the course of conducting business. In addition, when a data infringement case is discovered, you must report/notify us, and you must actively cooperate with access to the data processing system performed in the process of confirming the infringement.

4-9. Whistleblower Protection

Suppliers must report all matters related to violations of the Code of Conduct or retaliation (harassment, discrimination, unfair behavior, etc.) for whistleblowing. SK Inc. will keep whistleblowing facts confidential, and will take strict action if retaliation against whistleblowing is discovered. In addition, we will fairly identify the issues raised and devise solutions.

4-10. Prohibition of Use of Conflict Minerals

Suppliers must establish and implement a prohibition policy that prohibits the use of raw materials obtained through illegal and unethical methods (e.g., minerals from mines occupied by armed forces, etc.).

4-11. Community Contribution

Establish strategies considering the characteristics of local social contribution companies and strive for social contribution activities by operating various employee participation programs.

Policy & Principle

Supplier Code of Conduct

5. Management system

Suppliers must implement and maintain as much as possible by establishing a system capable of continuous improvement to comply with this Code, related laws, and customer requirements. This should include clear goals and objectives, regular measurement and performance evaluation, and the implementation of continual improvement.

5-1. Declaration of Commitment

Suppliers must express in writing the company's commitment to compliance and continuous improvement, approved by the management, and post it at the workplace.

5-2. Management Duties and Responsibilities

Suppliers should appoint a person in charge of periodic inspection of the implementation and status of the management system and norm-related programs, and the company's CEO should review the status of the management system on a regular basis.

5-3. Response to Laws and Customer Requirements

Suppliers shall establish a process to identify, monitor, and understand the latest laws and regulations and customer requirements, including the requirements of this Code.

5-4. Risk Assessment and Management

Suppliers should identify potential risks in terms of environment, occupational safety and health, human rights and labor, and ethics, establish management plans for risks with high probability of occurrence and ripple effects, and report the implementation status to the management.

5-5. Goal Setting and Management

Suppliers should establish goals and action plans in terms of environment, occupational safety and health, human rights and labor, and ethics, and periodically evaluate the achievement status.

5-6. Training and Communication

Suppliers shall establish and operate a program to train managers and workers to implement the company's policies, procedures, and improvement goals and comply with applicable laws and regulations, and provide information on policies, practices, expectations, and performance-related information to workers, company and establish a communication process with customers.

5-7. Employee Feedback, Participation and Grievance Handling

Suppliers must have an independent auditing organization and reporting system, and conduct regular self-evaluation to verify compliance with this Code and local laws and regulations.

5-8. Auditing and Evaluation

Suppliers should conduct regular self-evaluation to check compliance with this code and local laws and regulations.

5-9. Corrective Action Process

Suppliers must establish procedures to appropriately correct deficiencies identified through internal or non-compliance evaluations, inspections, investigations, and reviews.

5-10. Supplier Participation and Fulfillment of Responsibilities (Supplier Management)

Suppliers who transact with SK Inc. must deliver this Code to sub-suppliers, request compliance, and conduct compliance evaluations.

We hereby acknowledge and agree to adhere to the detailed provisions of the Supplier Code of Conduct as required by SK Inc. We commit to actively implementing these standards.

To SK Inc.

Policy & Principle

Information Security Principle

With the development of IT technology, a variety of new threats can seriously affect the information assets of SK Inc., which provides comprehensive IT services to customers. As a Global IT Service Leader, information protection activities are no longer an option but an integral part of SK Inc.'s efforts to provide world-class products. Therefore, all employees of SK Inc. should do their best to take appropriate countermeasures by thoroughly considering the loss of important information assets, delays, and ethical consequences from numerous security threats such as hacking and information leakage from inside and outside.

Accordingly, SK Inc. establishes and declares an information protection policy that satisfies the following.

(1)It protects SK Inc.'s information assets from illegal access and leakage.

(2)It maintains confidentiality, integrity, and availability of SK Inc.'s information assets.

(3)SK Inc. complies with the legal security requirements related to information protection.

(4)All employees of SK Inc. should be able to recognize the importance of information protection and properly prevent, detect, and respond to accidents.

(5)SK Inc. periodically analyzes, checks, and audits risks related to information protection.

SK Inc. invests the time and resources necessary to comply with these information protection policies, and organizes and operates an organization that manages information protection. The organization is responsible for establishing, maintaining, inspecting, and training security regulations, guidelines and procedures. However, information protection cannot be performed only by a specific management organization, and above all, it requires the participation and responsibility of all employees. Therefore, all employees must recognize the importance of information protection and continue to be interested in understanding and complying with the declared policy.

SK Inc. C&C CEO

Community Engagement Policy

SK Inc. aims to earn trust and support through the creation of economic and social value, and to contribute to the sustainable happiness of our society and stakeholders through the creation of economic and social value, based on the SKMS, which is to pursue the happiness of our stakeholders, including our employees, customers, business partners, shareholders, and society, by achieving continuous stability and growth. Based on the slogan "Building a Happy Society Together," SK Inc. is actively engaged in social contribution activities based on communication with local communities. In particular, we focus son solving social problems and maximizing social value through the application of ICT technologies and the participation of employees. Through various efforts, including regular opinion gathering processes and councils for problem solving, we are constantly striving to build trusting relationships with local communities and realize sustainable development.

1. Growing together with the local community

SK Inc. contributes to enhancing the competitiveness of SMEs by strengthening cooperation with local SMEs and sharing and opening up ICT infrastructure. SK Inc. also actively supports local issues and engages in sharing activities to support the growth of the underprivileged and promote the welfare of local communities through various volunteer activities.

2. Support for the self-reliance and growth of persons with disabilities

SK Inc. aims to actively support the independence and growth of people with disabilities. To this end, we support them in various ways to acquire specialized job skills and stable employment, and provide them with specialized education and training opportunities to grow and demonstrate their capabilities as professionals, especially in the IT field.

3. Promotion of ICT-based social values

SK Inc. aims to spread ICT-based social values by developing and spreading ICT-based solutions to solve social problems and supporting the growth of social enterprises and social ventures through talent donations based on the capabilities of its employees.

Community engagement framework and risk management

Through cooperation and partnership with community public-private consultative bodies (such as Community Welfare Councils), institutions/organizations, and various social enterprises, we identify and support urgent issues and blind spots in the community that need attention. For negative risks caused by the company's business activities, we operate procedures to identify impacts and monitor the results of measures in connection with activities such as environmental management, safety and health management, and human rights management.

Coverage

① This policy applies to employees of SK Inc. headquarters, all domestic and overseas business sites, and subsidiaries.

② This policy identifies local communities and their members, such as local councils and NGOs near SK Inc.'s operations, with whom we interact through our business operations, as stakeholders.

③ SK Inc. encourages all stakeholders involved in business relationships with the company, including our suppliers and business partners, to adopt this policy and promotes the necessity of community engagement.

Policy & Principle

Board Independence Guidelines

SK Inc. complies with the commercial law of the Republic of Korea when it comes to ratifying the independence of directors. Regarding independence requirements, more stringent standards are applied in accordance with the US NYSE (New York Stock Exchange) regulations, and stipulated requirements are followed when determining the independence of director candidates or current directors. Even directors who do not meet the company's independence requirements are qualified according to the relevant laws and regulations of the Republic of Korea, and are allowed to demonstrate their abilities, experience, and wisdom, thereby contributing greatly to the board of directors and the company.

Board employees of SK Inc. meet all of the criteria below to meet the requirements for independence.

- Have not been hired as an executive by a company within the past 3 years
- Not be a supplier or employee of an external auditor;
- Not be a supplier or employee of an organization that has entered into a major advisory contract or technical partnership agreement with the company.
- Not be an advisor or consultant to the company or a member of the company's senior management;
- Not be a supplier or employee of any entity that entered into contracts for an amount exceeding 5% of the company's gross revenue for the current or last three fiscal years
- There is no other conflict of interest in the agenda set by the board of directors.

In addition to the above requirements, the board of directors will comprehensively consider the independence of directors, including the domestic and foreign circumstances, the position of the director and the company.

Board Diversity Guidelines

SK Inc. believes that a diverse board of directors can better reflect the interests of shareholders, customers and stakeholders from a wider perspective in making important decisions. At the end of each year, the board of directors determines the direction of director candidate selection and composition of the board of directors in order to meet the following diversity requirements.

1. Professionalism

- Required expertise:Business management (organizational operation), economics, law, accounting
- Detailed expertise: Business management, economics, global, core industry expertise, risk management, sustainable management
- Expertise of independent directors: Understanding director duties

2. Diversity

- Nationality: Candidates of various nationalities considering the company's overseas business
- Gender: Candidates of different genders reflecting the principle of gender equality to operate directors with diverse perspectives
- Age: Candidates of various ages to flexibly respond to changes in the business environment and increase the efficiency of the board of directors
- Others: Candidates must not be discriminated against on the basis of race, religion, ethnicity, nationality or other factors of diversity.

3. Recommendation

In order to reflect the interests of various stakeholders, we adopted an open approach when recommending independent directors, and when determining the direction of the board of directors, we ensure that the above diversity requirements are reflected in the composition of the board of directors through the 'Diversity Verification Matrix'. Going forward, SK Inc. will continue to make efforts to increase the efficiency of the board of directors by adding various perspectives and experiences to the extent that it does not violate the laws of the Republic of Korea.

Policy & Principle

Code of Ethics

Basic Principles of Employees

As employees of SK Inc., we take pride in our position and always faithfully perform our duties in an attitude representing the company.
- We clearly distinguish between public and private and conduct business fairly.
- We create an organizational culture where employees can respect each other and work voluntarily and willingly.

Responsibilities to Shareholders

We increase corporate value so that shareholder value can be created, and to this end, we enhance transparency and conduct efficient management.
- We maximize corporate value through efficient management through constant innovation and share the results with shareholders.
- We practice transparent management centered on the board of directors and respect the legitimate demands and suggestions of shareholders.
- We prepare management data in accordance with all laws and standards, and diligently disclose related information in accordance with laws and regulations to protect shareholders' interests.

Relationship with Business Suppliers

We pursue common development with our suppliers and compete fairly with our competitors.
- We grant fair trade opportunities to our suppliers, refrain from unfair acts taking advantage of our superior position, and pursue mutual benefits and common development.
- We compete in good faith with our competitors based on the spirit of mutual respect.

Attitude towards Customers

We continuously satisfy our customers to earn their trust and ultimately develop together with them.
- Respect the diverse opinions of customers and actively reflect them in the company's management activities.
- Safely protect customers' property and information in accordance with relevant laws and company regulations

Role to society

We contribute to the society through social and cultural activities along with contribution to economic development, and do our best to conduct management in accordance with social norms.
- We actively participate in social contribution activities and strive to make society as a whole happy.
- We contribute to social development through environment-friendly management.

Appendix

- This Code of Ethics is effective as of October 1, 2008.
- We operate a separate “Code of Ethics Practice Guidelines” so that employees can correctly interpret and implement the Code of Ethics.

Oath to Practice SK Ethical Management

I, as a member of SK Inc., have pride and self-esteem and in order to participate in creating a transparent corporate culture through the practice of ethical management, I pledge to be familiar with the company's 'anti-corruption policy' and to abide by the following.

1. (Consideration and respect) As a member of SK, I will always be considerate and respectful of the employees and stakeholders I work with.
2. (Prohibition of unethical/corruptive acts) I will not engage in any unfair trade or unethical/corruptive acts in addition to complying with the company's company regulations and related laws, including the company's ethics regulations.
3. (Interpretation/Application of Company Rules) If I have any questions regarding the interpretation/application of the Code of Ethics and related company rules while performing my duties, I will first consult with the head of the organization concerned, and if it is difficult to make my own judgment, I will be in charge of the company's ethical management We will consult with the organization and seek advice.
4. (Report/Consultation) If I am aware of an unfair transaction or corruption/corruption by a member in the course of my work, or if I receive a proposal for an act related to corruption/corruption from a stakeholder such as a business supplier, I immediately report it to the organization in charge of ethical management or I will consult
5. (Investigation Cooperation) In the event of an investigation/diagnosis, I will submit the data requested by the company (information necessary for unfair trade, corruption/corruption investigation, personal information, etc.), I will do my best to cooperate with the submission and statement request.
6. (Discipline) I will take disciplinary action in accordance with the procedure for violating this pledge and related company regulations.
7. (Ethical Behavior) Since the contents of the Code of Ethics and this Pledge of Practice present the minimum standards necessary for ethical decision-making and behavior, I will voluntarily follow stricter and higher standards of ethics based on company rules and regulations.

Policy & Principle

Anti-Corruption Principle

SK Inc. operates the 'Anti-Corruption Guidelines' as follows to pursue the continuous happiness of its employees and stakeholders and to realize social value through ESG management.

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 anticorruption management system.

SK Inc. C&C CEO

Compliance Management Principle

SK Inc. establishes and declares the Compliance Management Policy to expand the trust of employees and stakeholders through global-level compliance management and to realize social value through ESG management.

1. SK Inc. employees comply with all norms, including domestic and international laws, SKMS management philosophy, and internal regulations and guidelines that apply to their business activities.
2. SK Inc. may take disciplinary action in accordance with the Company's regulations if a member violates the obligation to comply with the Code or fails to take reasonable measures to prevent the violation even though he/she is aware of the possibility of such violation.
3. SK Inc. appoints a compliance officer with appropriate authority and competence to establish a compliance management system, and continuously manages and improves the level of compliance management through periodic system implementation and monitoring to achieve SUPEX-level compliance management goals.
4. SK Inc. establishes and encourages a compliance management-related reporting system for suspected or actual violations of compliance obligations, and implements protection measures for good faith reporters so that employees can feel free to participate in compliance management activities.
5. All SK Inc.' executives support the efficient operation of the Compliance Management System.

SK Inc. C&C CEO

Global Initiatives

SK Inc. deeply recognizes the importance of achieving global Net Zero and zero carbon footprint. We are actively reviewing and promoting eco-friendly and carbon reduction initiatives at a company-wide level. In 2020, we became the first company in Korea to join RE100 and disclose SASB, followed by the Net Zero 2040 Declaration and TCFD in 2021. In 2022, we joined SBTi and the domestic TCFD Alliance to address environmental issues through various efforts. Going forward, SK Inc. will continue to identify and participate in global initiatives that align with our sustainability goals based on our core values, mission, technology, and innovation to fulfill our responsibilities.

WE SUPPORT UN GLOBAL COMPACT	The UN Global Compact (UNGC) is the world's largest voluntary corporate citizenship initiative, presenting 10 principles in human rights, labor, environment, and anti-corruption. SK Inc. has joined this initiative, striving to fulfill corporate social responsibility and adhere to the UNGC's 10 principles. We will continue to participate in the implementation of these principles and transparently disclose our achievements, fulfilling our responsibilities as a corporate citizen for a sustainable society.
RE100	As a voluntary initiative to source 100% of the electricity used by businesses from renewable energy, SK Inc. became the first domestic member of the RE100 initiative in December 2020 to participate in global climate change response efforts and established the RE100 2040 goal.
ZERO ENERGY CERTIFICATION	Reflecting the UN's national-level Net Zero implementation demands and the financial sector's climate change response requirements for companies, SK Group aims to solidify its ESG management leadership through the first domestic group-level Net Zero declaration at the 2021 Expanded Management Meeting.
SCIENCE BASED TARGETS	As a science-based reduction target initiative, SK Inc. submitted the SBTi Commitment Letter for 2022. Based on the SBTi guidelines, we will comprehensively analyze domestic renewable energy market conditions and economics, consider resilience, and establish and implement GHG reduction measures consistent with a 1.5°C climate change response scenario.

UNGC Compliance Activities

Category	Principle	Key Activities	Page
Human Rights	01. Support and respect the protection of internationally proclaimed human rights. 02. Ensure not to be complicit in human rights abuses.	Obtained human rights management system certification Established a human rights management system and declaration Compliance with Labor Principles and Laws Established Human Rights Management and Remedial Committees to strengthen responses and procedures against human rights violations	68~72
Labor	03. Uphold the freedom of association and the effective recognition of the right to collective bargaining 04. Eliminate all forms of forced and compulsory labor 05. Effectively abolish child labor 06. Eliminate discrimination in respect of employment and occupation	Compliance with the Labor Standards Act Operation of the Management Council Operation of a fair performance management system Conducting individual career path design and performance review execution	30~41
Envir-onment	07. Support a precautionary approach to environmental challenges 08. Undertake initiatives to promote greater environmental responsibility 09. Encourage the development and diffusion of environmentally friendly technologies	Pursuing RE100 and Net Zero 2040 Expanding resource circulation and eco-friendly business Increasing green investments and technology development Strengthening the green business portfolio	17~29, 59~65, 173~186
Anti-Corruption	10. We strive to eradicate all forms of corruption, including unjust enrichment and bribery	Established ethics management and anti-corruption policies Operating a dedicated ethics management team and reporting/consulting system Operating an ethics management self-purification system Implementing ethics management and anti-corruption education	42~50

Initiative Participation Costs

Category	Participation Cost	Remarks
UNGC	$15,000	Membership Annual Fee
RE100	$6,000	General Membership Annual Fee (Membership Maintenance)
CDP	$2,950	Evaluation and Response Costs for Carbon Reduction Information Disclosure

Global Initiatives

Industry-Specific Indicators

SK Inc. selects and manages industry-specific indicators in the environmental, social, and governance (ESG) areas, reflecting the changes and demands of major external stakeholders.

Category	Key Indicators	Details	Page
Eco-Friendly Opportunities	Clean Technology	Possession of a clean technology development strategy	55~56
		Holds target to expand investment in clean technology	57~58
		Clean Technology R&D Spending (R&D Spending ÷ Sales and Trends)	128
		R&D activities corresponding to clean technology applications	55~56
		Number of patents related to clean technology	98
		Sales from Clean Technology Activities (Biz.)	128
		Performance of Clean Technology Activities (Biz.) - For each clean technology: R&D level, non-core business level, core business level, Pure Play level	57
		Discussions on environmental factors that need to be managed in the data center to establish and implement environment-related strategies (energy, water, etc.) → Including discussions on expanding data center management items, building a new data center, and outsourcing (when using third-party data)	28~29, 60~61
Product Responsibility	Product/Service Safety	(1) performance issues (2) recovery of service downtime (3) Service downtime for all customers	137
		Detailed description of operational risk factors (technical issues, hacking, natural disasters, programming issues, etc.)	89~91
Human Capital Development	Labor Practices	Offering employee stock ownership options	32
		Variable performance-based compensation	32
	Workforce Status	Ratio of (1) foreign nationals and (2) overseas resident employees	130
	Workforce competency development	Employee participation rate (%)	37
Product Responsibility	Personal Information Protection and Corporate Data Security	Number of customer personal data used for indirect purposes	137
		Total amount of monetary losses incurred as a result of legal proceedings related to the protection of customer personal information	137
		(1) Number of customer information requests from law enforcement agencies (2) Number of customers requesting information (3) Ratio of disclosure results	137
		List of countries requiring direct government management for key products or services (monitoring, blocking, content filtering, censorship, etc.)	137
		(1) Number of data breaches (2) Ratio of personally identifiable information (PII) involved Number of customers affected	137
Corporate Action	Anti-Corruption Management	Total monetary loss as a result of legal proceedings related to anti-competitive conduct regulations	FY2023 Business Report p.1369

Global Initiatives

SASB Index

To ensure transparent management, SK Inc. discloses indicators for the Software & IT Services business sector according to the Sustainability Industry Classification System (SICS) standards by the Sustainability Accounting Standards Board (SASB). We analyze and incorporate additional SASB requirements annually to continually engage with stakeholders. The ESG Committee regularly reviews and reports SASB disclosures and major issues. To fulfill corporate social responsibility and prevent future risks, we manage various items, including the environment, information protection, and service interruption management, in accordance with SASB recommendations.

Category	Core Indicators	Details	Page
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumed	123
		(2) Ratio of grid power	Not applicable[1]
		(3) Ratio of renewable energy consumption	124
	TC-SI-130a.2	(1) Total water withdrawal and percentage from areas with extremely high or high water stress	126
		(2) Total water consumption and percentage from areas with extremely high or high water stress	126
	TC-SI-130a.3	Activities to Strategically Integrate Environmental Factors in Data Center Operation	28~29, 60~61
Data Privacy and Freedom of Expression	TC-SI-220a.1	Description of policies and practices related to targeted advertising and user privacy.	92~96, 137
	TC-SI-220a.2	Number of users whose customer information was used for secondary purposes	137
	TC-SI-220a.3	The total amount of monetary loss as a result of legal proceedings related to the protection of personal information	137
	TC-SI-220a.4	(1) Number of law enforcement requests for user information	137
		(2) Number of users for whom information was requested	137
		(3) Rate of disclosure of user information	137
	TC-SI-220a.5	List of countries where core products or services are subject to government-mandated monitoring, blocking, content filtering, or censorship	137 [2]
Information Protection	TC-SI-230a.1	(1) Number of data breaches	137
		(2) Ratio of leaks related to personally identifiable information	137
		(3) Number of users affected	137
	TC-SI-230a.2	Description of the approach to identifying and addressing data security risks based on third-party cybersecurity risk management standards	92~96
Recruitment and Talent Management (Global, Diversity, Career)	TC-SI-330a.1	Ratio of employees with foreign nationality	130
	TC-SI-330a.2	Employee engagement rate	35
	TC-SI-330a.3	(1) Gender ratio (executive directors, independent directors, technical staff, other employees)	131
		(2) Diversity group ratio (executive directors, independent directors, technical staff, other employees)	131
Intellectual Property Protection and Antitrust	TC-SI-520a.1	Total monetary loss due to unfair competition/antitrust and related legal violations	FY2023 Business Report p.1369
	TC-SI-550a.1	(1) Performance Issues	137
		(2) Number of service interruptions	137
		(3) Total customer downtime	137
Risk Management for Service Interruptions	TC-SI-550a.2	Description of business continuity management related to operational disruptions	88~91

1) We do not consume any grid power, as we are using normal commercial power
2) Our core products and services are in the IT solutions sector, and we are not subject to specific blocking or censorship requests from government and law enforcement agencies.

Global Initiatives

TCFD Index

SK Inc.'s ESG Committee, under the Board of Directors, reviews and reports on TCFD disclosures and key issues. Each year, we analyze additional TCFD requirements to incorporate new elements. In line with TCFD recommendations, we plan to disclose our climate change response strategy, implementation performance, and goals, maintaining continuous communication with stakeholders, including shareholders.

Key Indicators	CDP Questionnaire No.	Page
Governance: disclosure of organizational governance to assess and manage climate change risks and opportunities		
a) Description of Board activities related to climate change risks and opportunities	4.1.2	17~18
b) Describe the role of management in assessing and managing climate change risks and opportunities	4.3, 4.3.1	17~18
Strategy: disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning.		
a) Describe climate change risks and opportunities in the short, medium and long term	2.1, 3.1, 3.1.1, 3.6, 3.6.1	20
b) Describe the impact of climate change risks and opportunities on the organization's business, strategy and financial plans	3.1.1, 3.6.1, 5.2	173~186
c) Describe strategies that consider a range of climate-related scenarios, including sub-2°C scenarios	5.1	21~23
Risk management: disclosure of how to identify, assess and manage climate change risks and opportunities		
a) Describe the process for identifying and assessing climate change risks	2.2.1, 2.2.2	19
b) Describe processes for managing climate change risks	2.2.1, 2.2.2	24, 183
c) Describe how the processes for identifying, assessing and managing climate change risks are integrated into the organization's overall risk management system	2.2.1, 2.2.2	24
Indicators and targets: Disclosure of indicators and reduction targets used to assess and manage climate change risks and opportunities		
a) Disclosure of indicators used to assess climate change risks and opportunities	7.52, 7.54, 7.54.1, 7.54.2	25~27
b) Disclosure of Scope 1, Scope 2, and Scope 3 GHG emissions	7.6, 7.7	25~27
c) Setting targets for managing climate change risks, opportunities and outcomes	7.53, 7.53.1, 7.54	25~27

Global Initiatives

GRI Standards Index

Statement of Use	SK Inc. has prepared the 'SK Inc. Sustainability Report 2024' covering its ESG performance from January 1, 2023 to December 31, 2023 in accordance with the GRI Standard 2021.
GRI 1 used	GRI 1 : Foundation 2021
Applicable GRI Sector Standards	As of June 2024, when SK Inc. publishes its report, there are no applicable GRI Sector Standards. Therefore, SK Inc. selects and discloses industry-specific indicators for each ESG area.

GRI 2 : General Disclosures 2021

Topic	No.	Disclosure Topics & Requirements	Page
Organizational Profile	2-1	Organizational details	192
	2-2	Entities included in the organization's sustainability reporting	192
	2-3	Reporting period, frequency and contact point	192
	2-4	Restatements of information	Any differences from the previous year's report are separately indicated in footnotes.
	2-5	External assurance	188~190
Activities And Workers	2-6	Activities, value chain and other business relationships	11
	2-7	Employees	129
	2-8	Workers who are not employees	129
Governance	2-9	Governance structure and composition	110~114
	2-10	Nomination and selection of the highest governance body	110~114
	2-11	Chair of the highest governance body	111
	2-12	Role of the highest governance body in overseeing the organization management of impacts	112~113
	2-13	Delegation of responsibility for managing impacts	112~113
	2-14	Role of the highest governance body in sustainability reporting	112~113
	2-15	Conflicts of interest	112
	2-16	Communication of critical concerns	112~113
	2-17	Collective Knowledge of the highest governance body	111~112
	2-18	Evaluation of the highest governance body	113
	2-19	Remuneration policies	113
	2-20	Process for Determining Remuneration	113
	2-21	Annual total compensation ratio	113, FY2023 Business Report p.1305

Global Initiatives

GRI Standards Index

GRI 2 : General Disclosures 2021

Topic	No.	Disclosure Topics & Requirements	Page
Strategy, Policies, and Implementation	2-22	Statement on Sustainable Development Strategy	3~4
	2-23	Policy commitments	147~164
	2-24	Embedding policy commitments	42~50, 59~65, 68~72, 73~78, 79~87, 93~96, 104~108
	2-25	Processes to remediate negative impacts	72, 77, 85
	2-26	Mechanisms for seeking advice and raising concerns	46, 112~113, 115~116
	2-27	Compliance with laws and regulations	FY2023 Business Report p.1367
	2-28	Membership associations	134, 165~172, 191
Approach to stakeholder engagement	2-29	Stakeholder engagement and communication	13
	2-30	Collective bargaining agreements	134
Disclosure of material issues	3-1	Process to determine material topics	14
	3-2	List of material issues	15
	3-3	Management of material issues	16

Economic Standards (GRI 200)

Topic	No.	Disclosure Topics & Requirements	Page
Economic Performance	201-1	Direct economic value generated and distributed	121~122
	201-2	Financial implications and other risks and opportunities due to climate change	20, 173~186
	201-3	Defined benefit plan obligations and other retirement plans	41
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	All employees are paid at least the legal minimum wage, according to national labor laws
Indirect Economic Impact	203-1	Infrastructure investments and services supported	104-108, 135
	203-2	Significant indirect economic impacts	5~6, 104~108
Procurement Practices	204-1	Proportion of spending on local suppliers	136
Anti-Corruption	205-1	Operations assessed for risks related to corruption	44
	205-2	Communication and training about anti-corruption policies and procedures	48, 138
	205-3	Confirmed incidents of corruption and actions taken	138
Anti-Competitive Behavior	206-1	Legal action for unfair trade practices such as anti-competitive behavior, monopolization, etc.	0 cases (FY2023 Business Report p.1369)

Global Initiatives

GRI Standards Index

Environment Standards (GRI 300)

Topic	No.	Disclosure Topics & Requirements	Page
Energy	302-1	Energy consumption within the organization	123~124
	302-3	Energy intensity	123
Water and Effluents	303-3	Water withdrawal	126
	303-4	Water discharge	126
	303-5	Water consumption	126
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	62~63
	304-2	Significant impacts of activities, products and services on biodiversity	62~63
	304-3	Habitats protected or restored	62~63
Emissions	305-1	Direct (Scope 1) GHG emissions	125
	305-2	Energy indirect (Scope 2) GHG emissions	125
	305-3	Other indirect (Scope 3) GHG emissions	125
	305-4	GHG emissions intensity	125
	305-5	Reduction of GHG emissions	61
Waste	306-3	Waste generated	127
	306-4	Recycling of waste at the end-of-life stage	127
	306-5	Waste directed to disposal	127
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	81~82
	308-2	Negative environmental impacts in the supply chain and actions taken	81

Global Initiatives

GRI Standards Index

Environment Standards (GRI 400)

Topic	No.	Disclosure Topics & Requirements	Page
Employment	401-1	New employee hires and employee turnover	132
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	40~41, 76
	401-3	Parental Leave	40, 134
Occupational Safety and Health	403-1	Occupational health and safety management system	73
	403-2	Hazard identification, risk assessment, and incident investigation	74~75
	403-3	Occupational health services	74
	403-4	Worker participation, consultation, and communication on occupational health and safety	77
	403-5	Worker training on occupational health and safety	77
	403-6	Promotion of worker health	76
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73~77
	403-8	Workers covered by an occupational health and safety management system	73
	403-9	Work-related injuries	135
	403-10	Work-related ill health	135
Training and Education	404-1	Average hours of training per year per employee	133
	404-2	Programs for upgrading employee skills and transition assistance programs	18, 37~39
	404-3	Percentage of employees receiving regular performance and career development reviews	134
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	131
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Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Not applicable
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable
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Climate Change Detailed Strategy

(1) Management of Transition Risks for Net Zero Implementation

Net Zero Implementation Transition Risks

SK Inc. has set a goal to achieve Net Zero by 2040, ten years ahead of South Korea's national carbon neutrality target of 2050. Changes and enhancements in renewable energy policies and greenhouse gas regulations will significantly impact achieving Net Zero. We continuously monitor relevant policy trends and regulatory changes and assess their impact on our Net Zero roadmap implementation.

Strategic Resilience of the Net Zero Roadmap

As SK Inc.'s business expands, the power consumption of our data centers increases annually, leading to expected rises in emission permit purchasing costs. To address this, we have established the Net Zero 2040 and RE100 2040 roadmaps, aiming to annually enhance renewable energy procurement and energy efficiency. To analyze the financial impact of implementing our Net Zero roadmap, SK Inc. utilized carbon credit price projections from various scenarios provided by the International Energy Agency (IEA).

Scenario Analysis Overview

	Stated Policies Scenario (STEPS)	Announced Pledges Scenario (APS)	Net Zero Emission by 2050 Scenario (NZE 2050)
Scenario Overview	Projections consider reduction targets announced to date, along with policies and measures already being implemented by each country	Announcements by national governments Projections include each country's announced greenhouse gas reduction targets (NDCs), anticipating a 40% reduction by 2050	Projections aim for fossil fuel replacement by 2030 and achieving Net Zero by 2050
Temperature Rise	Above 3 °C	Above 2 °C	Below 1.5 °C
South Korea's Carbon Credit Prices	2030: $42 USD 2040: $67 USD	2030: $40 USD 2040: $110 USD	2030: $90 USD 2040: $160 USD

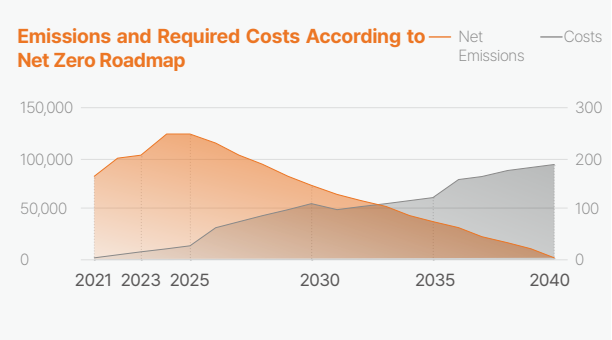
※ Based on APS and NZE 2050 scenarios, considering emerging markets and developing economies with Net Zero emissions pledges

SK Inc.'s Net Zero Target Implementation and Assumptions

- RE100 Roadmap Implementation: 30% by 2025 → 60% by 2030 → 80% by 2035 → 100% by 2040
- Achieving Energy Efficiency Goals: Reducing energy consumption through Power Usage Effectiveness (PUE) management
- Data Center Power Usage: Power usage is projected to increase until 2025 and remain constant until 2040.
- Korea Emissions Trading System (K-ETS) Allocation Ratio:
  - 4th phase (2026-2030) → 5th phase (2031-2035) → 6th phase (2036-2040)
  - Linear increase assumption, with allocation rates between 12% and 16%

Financial Impact Analysis of Emissions Under Net Zero On Track Implementation

(Unit: KRW 100 Million)



Scenario	Category	~2025	~2030	~2040	Total
STEPS	Based on BAU	△ 24.9	△166.9	△ 498.2	△ 690.1
	Net Zero implementation criteria	△ 51.2	△ 258.1	△ 802.4	△ 1,111.7
APS	Based on BAU	△ 24.4	△ 159.6	△ 711.1	△ 895.1
	Net Zero implementation criteria	△ 50.8	△ 251.0	△ 1,006.2	△ 1,308.1
NZE 2050	Based on BAU	△ 37.5	△ 342.1	△ 1,151.7	△ 1,531.3
	Net Zero implementation criteria	△ 60.7	△ 426.4	△ 1,428.1	△ 1,915.2

Climate Change Detailed Strategy

(1) Management of Transition Risks for Net Zero Implementation

(1)-1. Volatility in South Korea's RE100 Implementation Policy

Business Impact

The methods for implementing RE100 in South Korea can be broadly categorized into self-generation, green premium rates, Power Purchase Agreements (PPA), and Renewable Energy Certificates (REC). However, the realistically feasible means for RE100 implementation companies are highly limited due to the instability of the government's renewable energy policies in terms of supply and pricing. SK Inc. has established a roadmap to achieve RE100 by 2040. Although we have installed solar self-generation facilities at our business sites, the available sites can only cover less than 1% of our power needs. Therefore, strategic procurement of renewable energy is essential for achieving RE100. Currently, green premiums are not recognized as greenhouse gas reduction achievements under South Korea's emissions trading system. The price of REC purchases is highly volatile due to the variability of the government's Renewable Portfolio Standard (RPS) system. South Korea's PPA system is still more expensive compared to general electricity prices and has limited supply. Given our goal to achieve RE100 by 2040, ten years ahead of the national carbon neutrality target, we critically evaluate the risks associated with policies and regulations impacting the supply and pricing of renewable energy in South Korea.

Estimated Additional Power Purchase Costs for RE100 2040 Roadmap Implementation (2021-2040)

General Electricity Rates	Green Premium Rates Only	Mixed[1)]
KRW 1,166.7 billion	KRW +56.6 billion	KRW +17 billion

1) Mixed: Electricity Rates + Green Premium Rates + PPA + Emission Permits
※ Cost Estimation Key Assumptions: Assuming an average annual electricity rate increase of 3% until 2040 and reflecting the profit and loss of carbon credits based on a carbon credit price of 15,000 KRW.

Mitigation

Following our policy of prioritizing self-generation, we have maximized the use of available space at our business sites to install solar facilities, currently operating with a total capacity of 650 kW. This self-generation saves approximately KRW 100 million annually in electricity costs and is estimated to reduce over 650 tons of greenhouse gases annually (considering a life cycle of 15-20 years). In addition to self-generation, we are exploring other means such as green premiums, PPA, and REC for the renewable energy transition. Furthermore, we engage in related activities, including participation in policy forums on renewable energy and supporting corporate renewable energy foundations.

(1)-2. Enhanced ETS (Emissions Trading System)

Business Impact

South Korea's greenhouse gas emissions trading system increased the proportion of auctioned permits to 10% during the 3rd planning period (2021-2025). During this period, SK Inc.'s power usage in data centers has increased due to new customer expansion, leading to a rise in the number of permits that must be purchased. According to long-term scenarios by the IEA and others, domestic and global carbon credit prices are expected to rise. Consequently, the unit price of emission permits we need to purchase will also increase. Thus, SK Inc. manages the strengthening of emissions trading regulations as a key risk affecting emission permit purchase prices.

Mitigation

SK Inc. is implementing its Net Zero 2040 roadmap and reduction plans and is reviewing various reduction projects such as self-generation, the use of renewable energy, improving power efficiency at data centers, and certification of internal reduction achievements by the Ministry of Environment. To assess the strategic resilience of our roadmap against projected carbon prices, we conducted an economic analysis of the profit and loss from emission permits up to 2040.

Climate Change Detailed Strategy

(2) Risks and Opportunities for Business Sites & Supply Chain

Key Physical Risks to Business Sites & Supply Chain

We have analyzed the financial impact of climate risks such as temperature rise, sea level rise, and river flooding on our key business sites until 2040 using SSP scenario pathways. We also assessed our response measures to potential risks. While the short-term risks are minimal, the long-term importance of HVAC efficiency and disaster recovery management for data centers has been reaffirmed. Additionally, we considered supply chain risks, analyzing three suppliers that account for 45% of our IT equipment procurement expenditure.

Overview of Physical Scenario Analysis

We compared the physical risks posed to our major business sites by seven key climate risk factors (extreme temperatures, sea level rise, drought, wildfires, typhoons, water scarcity, and river flooding) by 2040. This comparison assessed risk levels across four different climate scenarios: SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5.

Analysis Targets

Directly operated sites (Daedeok Data Center and Pangyo Data Center) and Major supplier sites (three global suppliers accounting for 45% of IT equipment procurement expenditure, encompassing five manufacturing facilities of products we trade)

Analysis Method

Using S&P Global's Climanomics® hazard modeling, we assessed the frequency of risk occurrence based on the location of business sites and the vulnerability of asset types. We calculated the modeled average annual loss (MAAL) relative to the asset value at each site.

Climate Change Detailed Strategy

(2) Risks and Opportunities for Business Sites & Supply Chain

Results of Physical Risk Analysis for Directly Operated Sites

For the two data centers located in South Korea, the asset loss risk due to climate change under the high-emission scenario SSP5-8.5 was found to be minimal.

Asset Loss Risk by Climate Risk Factor (up to 2040)

Modeled Average Annual Loss

-	0~3%	~6%	~10%	~16%	~30%	30% ~

* If the risk element does not exist, it is marked as (-).

SSP1-2.6 Pathway

(Aggressive mitigation scenario in which total greenhouse gas emissions reduce to Net Zero by 2050, resulting in global average temperatures rising by 1.3-2.4 degrees Celsius by 2100, consistent with the goals of the Paris Alignment.)

Directly Operated Business Sites	Chronic				Acute									
	Extreme Temperatures			Coastal Flooding	Pluvial Flooding			Fluvial Flooding			Drought	Wildfires	Tropical Cyclone	Water Stress
	2020	2030	2040		2020	2030	2040	2020	2030	2040				
Daedeok Data Center				-										
Pangyo Data Center				-										

SSP2-4.5 Pathway

(Strong mitigation scenario in which total greenhouse gas emissions stabilize at current levels until 2050 and then decline to 2100. This scenario is expected to result in global average temperatures rising by 2.1-3.5 degrees Celsius by 2100.)

Directly Operated Business Sites	Chronic				Acute									
	Extreme Temperatures			Coastal Flooding	Pluvial Flooding			Fluvial Flooding			Drought	Wildfires	Tropical Cyclone	Water Stress
	2020	2030	2040		2020	2030	2040	2020	2030	2040				
Daedeok Data Center				-										
Pangyo Data Center				-										

SSP3-7.0 Pathway

(Limited mitigation scenario in which total greenhouse gas emissions double by 2100 and global average temperatures rise by 2.8-4.6 degrees Celsius by 2100.)

Directly Operated Business Sites	Chronic				Acute									
	Extreme Temperatures			Coastal Flooding	Pluvial Flooding			Fluvial Flooding			Drought	Wildfires	Tropical Cyclone	Water Stress
	2020	2030	2040		2020	2030	2040	2020	2030	2040				
Daedeok Data Center				-										
Pangyo Data Center				-										

SSP5-8.5 Pathway

(Low mitigation scenario in which total greenhouse gas emissions triple by 2075 and global average temperatures rise by 3.3-5.7 degrees Celsius by 2100.)

Directly Operated Business Sites	Chronic				Acute									
	Extreme Temperatures			Coastal Flooding	Pluvial Flooding			Fluvial Flooding			Drought	Wildfires	Tropical Cyclone	Water Stress
	2020	2030	2040		2020	2030	2040	2020	2030	2040				
Daedeok Data Center				-										
Pangyo Data Center				-										

Climate Change Detailed Strategy

(2) Risks and Opportunities for Business Sites & Supply Chain

(2)-1. Data Center Operating Expenses Due to Temperature Rise

Business Impact

Under SSP5-8.5 and lower pathways, the asset loss risk due to extreme temperatures for each data center is minimal. However, cooling equipment and IT equipment power consumption constitute a significant portion (about 45%) of the annual operating expenses for data centers. Therefore, changes in external temperatures are deemed a major risk. Particularly, the rise in external temperatures during summer, including heatwaves and tropical nights, directly leads to an increase in electricity costs for operating the cooling systems of data centers. If external temperatures rise by 1°C and persist for a year, additional annual power costs are estimated to increase by about 2.5-3.5% (approximately KRW 440-620 million based on 2021).

Mitigation

To maintain and improve HVAC efficiency in response to rising external temperatures, we have introduced and are operating high-efficiency equipment such as automatic water spray systems around chillers to minimize the impact of temperature increases. In 2021, we implemented Computational Fluid Dynamics (CFD) solutions to simulate airflow in data centers. We continually pursue energy efficiency by replacing inefficient HVAC equipment and relocating IT equipment based on scientific analysis from these simulations.

(2)-2. Disaster Recovery Costs Due to Major River Flooding

Business Impact

In scenarios where global warming exceeds 4°C after 2030 (SSP5-8.5 pathway), major river flooding expected once in 100 years results in high asset loss rates. Restoration and business interruption costs can exceed 30% of the total asset value of the data centers. If a data center experiences power outages and operational interruptions due to large-scale river flooding, compensation and recovery costs for our data center customers can reach up to KRW 2.2 billion per day. Although the probability of occurrence is low, such natural disasters can affect our reputation as an IT service provider. Therefore, we identify large-scale flooding as a key long-term risk.

Mitigation

SK Inc.'s data centers have disaster prevention capabilities to handle heavy rainfall of up to 100 ml per hour. We conduct annual flood prevention and humidity control drills to prepare for heavy rain scenarios. We carry out pre-maintenance and reinforcement of major facilities in response to heavy rain forecasts, focusing on inspecting and maintaining building leaks, drainage pumps, and drainage systems. Our data centers are equipped with large-capacity UPS and emergency generators to prepare for large-scale power outages caused by floods. We perform regular drills to switch to emergency power to ensure service continuity for our customers.

(2)-3. Increasing Demand for IT Solutions/Services to Combat Climate Change

Business Impact

South Korea's "2050 Carbon Neutrality Scenario" presents a long-term roadmap for expanding the distribution of energy management systems in buildings and transitioning to eco-friendly vehicles. Highlighted as key energy efficiency in the October 2022 Carbon Neutrality Committee's Carbon Neutrality and Green Growth Promotion Strategy are ICT technology-based real-time energy demand management and AI-based energy production infrastructure. Under this policy framework, the demand for IT services related to the advancement of energy management systems and the management of eco-friendly vehicle infrastructure, such as electric vehicle charging facilities, is expected to increase among energy-intensive companies in the manufacturing and power sectors. The latest IEA Net Zero scenario emphasizes that the existing Net Zero 2050 goals are insufficient to achieve the 1.5°C pathway, necessitating stricter greenhouse gas reduction regulations and the adoption of reduction technologies. This requires companies to not only reduce Scope 3 emissions within their value chain but also to make efforts to reduce greenhouse gases outside their value chain. There is a growing trend, especially in the US and Europe, towards increasing reduction targets and strengthening the disclosure of Scope 3 emissions. As global companies manage product carbon footprints based on Life Cycle Assessment (LCA) and participate in voluntary carbon credit markets, the demand for IT management systems for measuring, verifying, and trading greenhouse gas credits is expected to increase. With our digital technology capabilities in big data, AI, and blockchain, SK Inc. sees these changes as significant opportunities to provide customers with eco-friendly products and services.

Adaptation

SK Inc.'s business units proactively engage with government environmental policies and customer ESG needs. We participate in renewable energy industrial park projects and provide IT services linked to greenhouse gas reduction demands, such as Energy Management Systems (EMS) and Battery as a Service (BaaS). Since 2022, we have been expanding the customer base for the supply chain management service of the corporate ESG performance diagnostics platform "Click ESG." We are also developing business models connected to the Net Zero ecosystem, such as building LCA platforms to manage emissions during customer processes and developing the voluntary carbon certification and trading platform "Centero." In 2023, as a “green digital partner” for our customers, we upgraded our business strategy and organizational system by integrating IT expertise and ESG consulting capabilities to provide ESG/Net Zero E2E Services.

Carbon Trading Market Business Model Example

SK Inc.'s Centero (voluntary carbon reduction certification and trading platform) offers:
(1) Registry Service: Supports the certification process of carbon reduction projects by certification bodies.
(2) Marketplace Service: Provides a marketplace for trading reliable carbon credits.

Climate Change Detailed Strategy

(2) Risks and Opportunities for Business Sites & Supply Chain

Supply Chain Physical Risk Analysis Results

In the worst-case scenario (SSP5-8.5), the water stress risk for the business site located in Jiangsu, China, is high, while other climate factors pose minimal risks.

Asset Loss Risk by Climate Risk Factor (up to 2040)

Modeled Average Annual Loss

-	0~3%	~6%	~10%	~16%	~30%	30% ~

* If the risk element does not exist, it is marked as (-).
** The information below utilizes data from major suppliers who have agreed to disclose their location information (asset type "General Manufacturing" applied uniformly).

SSP1-2.6 Pathway

(Aggressive mitigation scenario in which total greenhouse gas emissions reduce to Net Zero by 2050, resulting in global average temperatures rising by 1.3-2.4 degrees Celsius by 2100, consistent with the goals of the Paris Alignment.)

Major Supplier Business Sites	Chronic		Acute								
	Extreme Temper-atures	Coastal Flooding	Drought	Wildfires	Tropical Cyclone	Water Stress				Fluvial Flooding	Pluvial Flooding
						2020	2030	2040			
Supplier A											
Supplier B (Facility1)											
Supplier B (Facility2)											
Supplier B (Facility3)											
Supplier C											

SSP2-4.5 Pathway

(Strong mitigation scenario in which total greenhouse gas emissions stabilize at current levels until 2050 and then decline to 2100. This scenario is expected to result in global average temperatures rising by 2.1-3.5 degrees Celsius by 2100.)

Major Supplier Business Sites	Chronic		Acute								
	Extreme Temper-atures	Coastal Flooding	Drought	Wildfires	Tropical Cyclone	Water Stress				Fluvial Flooding	Pluvial Flooding
						2020	2030	2040			
Supplier A											
Supplier B (Facility1)											
Supplier B (Facility2)											
Supplier B (Facility3)											
Supplier C											

SSP3-7.0 Pathway

(Limited mitigation scenario in which total greenhouse gas emissions double by 2100 and global average temperatures rise by 2.8-4.6 degrees Celsius by 2100.)

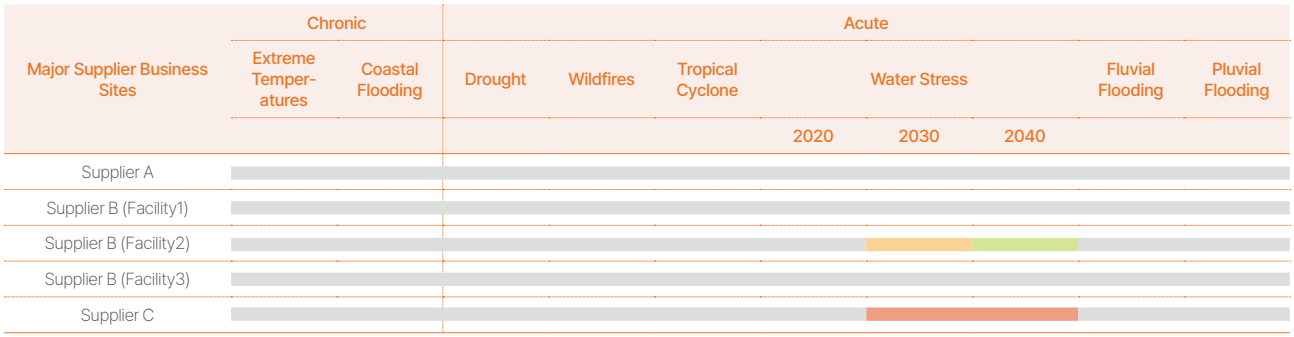
Major Supplier Business Sites	Chronic		Acute								
	Extreme Temper-atures	Coastal Flooding	Drought	Wildfires	Tropical Cyclone	Water Stress				Fluvial Flooding	Pluvial Flooding
						2020	2030	2040			
Supplier A											
Supplier B (Facility1)											
Supplier B (Facility2)											
Supplier B (Facility3)											
Supplier C											

Climate Change Detailed Strategy

(2) Risks and Opportunities for Business Sites & Supply Chain

SSP5-8.5 Pathway

(Limited mitigation scenario in which total greenhouse gas emissions double by 2100 and global average temperatures rise by 2.8-4.6 degrees Celsius by 2100.)



(2)-4. Operational Disruptions to Supplier Manufacturing Facilities Due to Natural Disasters

Business Impact

Approximately 60% (as of 2022) of the HW/NW equipment procured for SK Inc.'s IT services business is manufactured at facilities in China, Malaysia, Ireland, and Singapore. The likelihood of production disruptions due to water shortages is relatively high under the SSP 4.5-8.5 scenario path. If raw material procurement becomes difficult due to natural disasters such as water shortages, there is a risk that HW/NW equipment manufacturing facilities could be disrupted. This could result in reduced sales and increased costs due to delayed purchases, higher prices for raw materials, and similar competing products.

Mitigation

The supplier with manufacturing facilities in Malaysia has established manufacturing facilities in multiple countries for the same product group and has a business continuity management (BCP) system in place to handle natural disasters. SK Inc. annually collects data from key suppliers on greenhouse gas reduction and climate change response measures. Starting in 2023, we are also requiring suppliers to address supply chain risk management related to climate disasters. We are expanding our monitoring to ensure that manufacturing facilities are not overly concentrated in areas with high physical risk.

Climate Change Detailed Strategy

(3) Investment Portfolio Risks and Opportunities

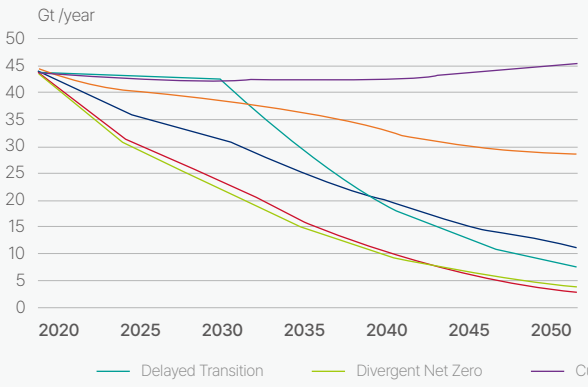
In 2022, SK Inc. established a framework for managing climate risks across its investment companies. We analyzed the exposure of our portfolio is to climate risks in four key areas using scenario analysis. Additionally, we assessed the economic feasibility of the reduction targets set by our investment companies, taking market conditions into account to estimate actual risk costs. These estimates were compared with operating profits and integrated into our investment strategy, which we began piloting in 2023. This foundation will support our goal of achieving a 90% reduction in Scope 3 emissions by 2050.

Climate Change Scenario Analysis (NGFS Scenarios)

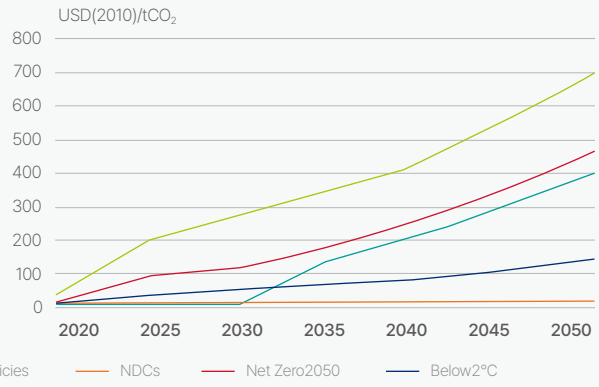
At the investment portfolio level, it is crucial to understand the market-assessed risk exposure related to the low-carbon transition costs of the companies. To achieve this, we selected and analyzed three commonly compared scenarios from the NGFS (Network for Greening the Financial System), which are widely used by national banks and financial institutions. We evaluated these scenarios using carbon pricing and GHG emissions trends. Specifically, the NGFS Current Policies scenario was adjusted based on the average price of emissions permits allocated and traded during the second phase (2018-2020), after the final price was established.

	Current Policies	Delayed Transition	Net Zero 2050
Description	Government regulations remain as they are	Regulations strengthen after 2030	Regulations gradually strengthen
Temperature Rise	Over 3°C	1.6°C	1.4°C
Key Parameters	Carbon Pricing and GHG Emissions Trends Analysis		

[Reference] Carbon Emissions by NGFS Scenarios



[Reference] Carbon Prices by NGFS Scenarios



Source: IIASA NGFS Climate Scenarios Database

Climate Change Detailed Strategy

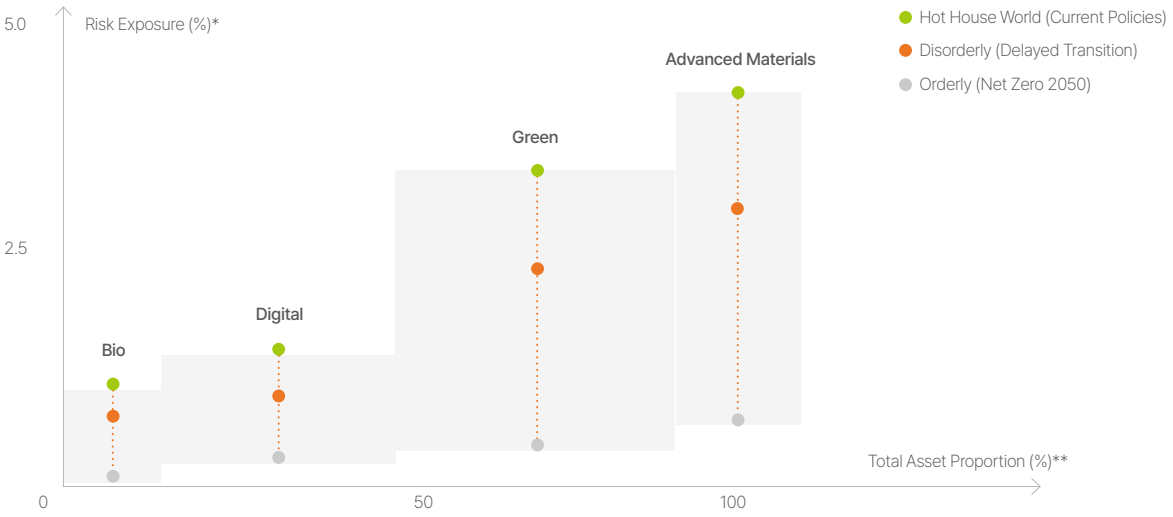
(3) Investment Portfolio Risks and Opportunities

Analysis of Investment Portfolio Risk/Opportunity Exposure

In 2022, SK Inc. assessed the transition risk exposure for major subsidiaries with verifiable emissions data. The risk exposure was calculated as a percentage of risk costs relative to sales, using current emissions and Business As Usual (BAU) emissions, which reflect company-specific expansion plans and projected sales associated with these emissions. All SK member companies in the portfolio, except for some directly controlled subsidiaries, have set targets for 2050 or beyond. If these targets are met, the portfolio's risk exposure could be reduced to 0% under the Net Zero scenario. To understand the actual impact on SK Inc., we developed a framework for managing financial impacts and integrating them into investment strategies, which we plan to implement starting in 2023.

Category	Risk Exposure Analysis Companies	Companies with Net Zero Goals
Number (Proportion)	27 (100%)	24 (89%)
Description	Member companies (24), direct subsidiaries (3)	Member companies (24)

Transition Risk Exposure Analysis Results by 4 Major Investment Area



* Risk Exposure: The cumulative risk cost from 2023 to 2050 divided by the cumulative sales over the same period
**Total Asset Proportion: The total asset proportion is calculated by multiplying the total asset value by SK Inc.'s equity share.

Climate Change Detailed Strategy

(3) Investment Portfolio Risks and Opportunities

(3)-1. Climate Risk Management Requirements for Investment Portfolios

Framework for Managing the Financial Impact of Climate Change Transition Risks

SK Inc. has established a climate risk management system for its portfolio investment companies. We use actual risk—defined as regulatory risk exposure minus the mitigated risks through the management efforts of these companies—as the evaluation criterion. In this process, we also assess the effectiveness of each investment company's reduction measures, their economic viability, and their market potential to withstand transition risks. The resulting actual transition risk is converted into a 'carbon risk compensation ratio,' which compares it with the future revenue generation capacity of the investment company. This ratio allows us to evaluate financial soundness from a carbon risk perspective.

Transition Risk

Regulatory Risk Cost	Reduction Target Implementation / Reduction Investment Costs	Cost Structure Improvement	Actual Risk Cost
Calculated based on each company's projected greenhouse gas emissions (Business As Usual) and forecasts of future emissions permit prices	Analysis of the effectiveness and economic viability of Net Zero implementation measures, considering mid- to long-term climate change response scenarios	Identification of areas where regulatory cost burdens can be reduced due to changes in price/cost structure	Differentiated management based on the actual risk level of each investment company

Step-by-Step Management Strategy

Deriving Regulatory Risks

Calculate the regulatory risk cost that investment companies will incur by considering carbon price forecasts based on NGFS scenarios and greenhouse gas emissions projections of major investment companies

- Review the present value of cumulative regulatory risk costs up to 2050
- Compare the ratio of cumulative regulatory risk costs to current asset value, sales revenue, and EBITDA

Response Strategies and Potential Areas for Risk Mitigation

Effectiveness and Economic Viability of Emission Reduction Measures

- Identify the reduction in regulatory risks based on the Net Zero targets established by the investment companies
- Assess the economic viability of carbon reduction measures
- Determine where transition risk costs can be reduced by, considering the competitive market position and product price elasticity.

Deriving Actual Risks

- Define actual transition risk as the residual risk after reducing exposed transition risk costs through the implementation of reduction targets or improvements in price and cost structure
- Calculate the carbon risk compensation ratio based on actual risk
- Manage high-risk companies separately if the carbon risk compensation ratio is greater than or equal to the operating profit margin

$$\text{Carbon Risk Compensation Ratio (\%)} = \frac{\text{Present Value of Expected Actual Transition Risk Costs by 2050}}{\text{Present Value of Expected Sales Revenue by 2050}} \times 100$$

Climate Change Detailed Strategy

(3) Investment Portfolio Risks and Opportunities

Investment Strategy Incorporation Process (Actual Risk)

If the carbon risk compensation ratio of an existing investment portfolio is higher than the operating profit margin, the company will be classified as a carbon-constrained company and will undergo a portfolio adjustment review. For companies not classified as carbon-constrained but with higher risk exposure compared to their peers, we will require more economically viable reduction targets. Regardless, we will continuously monitor changes in market conditions. In 2023, we will pilot the calculation of actual risk for member companies subject to emission permit allocation targets. This will help enhance our portfolio climate risk management system based on actual risk calculation.

Actual Transition Risk Management Process

Entities	All Companies in the Portfolio	Emission Permit for Allocation Portfolio Companies
Management Type	Understand Industry-specific Climate Risk Exposure	Manage Actual Risk Costs
Management Approach	**Assess climate risk exposure based on Business As Usual (BAU) emissions** by collecting BAU emissions data and basic financial information	Calculate the real risk ratio of carbon risk compensation relative to revenue

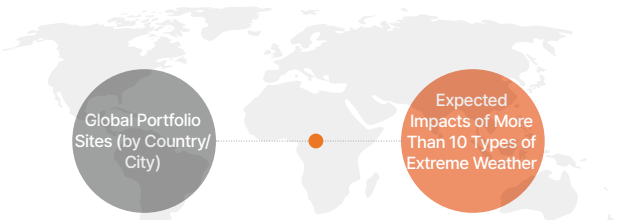
- Exceeding operating profit margin → Companies operating under carbon constraints → **Portfolio Adjustment Review**
  - Submit to the board (e.g., demand for business model innovation)
- Relatively high carbon risk compared to peers → Carbon-disadvantaged companies → **Reviewing Risk Hedge Strategy Adjustment Requests**
  - Demand improvements in the effectiveness and economic viability of risk reduction measures
- If not applicable → **Understanding Implementation Status**
  - Monitor effectiveness and economic viability based on actual implementation

Investment Portfolio Physical Risk

Physical risk arises from the physical impacts of climate change. As the frequency of extreme weather events increases, the financial impact of physical risks intensifies. Therefore, we use external climate/weather data, such as MSCI Climate VaR, to analyze the expected financial impacts based on regions exposed to extreme weather at investment company sites. Based on the 2022 analysis, we estimated the climate risk exposure of the portfolio. The most significant physical risks to SK Group's investment portfolio over the next 15 years include heatwaves, coastal flooding, and tropical cyclones. High-risk areas identified include Busan in South Korea, Dumai in Indonesia, and Incheon in South Korea, where financial losses due to climate risks are anticipated to be high. For high-risk areas and investment companies, we monitor whether they have established management systems during the biannual ESG performance reviews of the portfolio. Additionally, we consider physical risks as a decision-making factor when selecting sites business expansion and investment regions.

(3)-2. Intensification of Financial Impact from Physical Risks on Investment Portfolio

Analysis of Physical Risk Forecast Data



Countries: South Korea, USA, Japan, China, Indonesia, Vietnam, India, Hungary, UAE, etc.

The types include heatwaves, strong winds, coastal flooding, wildfires, tropical cyclones, heavy snow, heavy rain, drought, floods/overflow and extreme cold

Risk Level Classification

Climate Change Detailed Strategy

(3) Investment Portfolio Risks and Opportunities

Investment Portfolio Transition Opportunities

SK Group has recognized that the innovation and proliferation of key technologies for Net Zero, such as electrolytic hydrogen, electric vehicles, CCUS, renewable energy, and bioenergy, as presented in the IEA NZE 2050 and NGFS 2050 scenarios, are critical to determining the Net Zero implementation pathway. SK Inc. is seeking solutions to the fundamental causes of climate change, turning these into business opportunities. We focus on securing innovative technologies and business models for commercialization, which we recognize as strategic elements that allow SK Group to flexibly respond to future low-carbon market environmental changes.

Classification of Climate Change Transition Opportunities	Significant Opportunities	Time Frame	Value Chain	Financial Impact
Energy Resources	Transition from fossil fuel-based energy sources to renewable energy sources	Mid-/Long-term	Downstream	Increase in value of investments
Market	There is an increased demand for materials and technology related to electric vehicles	Short-/Mid-term	Downstream	Increase in value of investments
	There is an increased demand in the sustainable food market	Mid-/Long-term	Downstream	Increase in value of investments

Utilization of Climate Change Scenarios

As a global investment company, we primarily reference the IEA Net Zero scenario for global energy policy and technology outlooks. Additionally, we analyze South Korea's 2050 Carbon Neutrality scenario and NDC outlook, considering the impact of South Korean policies. The results of this analysis are reflected in SK Group's investment strategy and new service development strategy.

	South Korea's 2050 Carbon Neutrality Scenario and, NDC	Emissions by 2050 Scenario (IEA NZE Scenario)
Scenario Overview	Projections related to the technologies and investments necessary for the South Korean government to achieve carbon neutrality and meet its NDC.	By 2030: Substitution of fossil fuels By 2050: Achievement of Net Zero
Temperature Rise	Below 2.0 °C	Below 1.5 °C
South Korea's Carbon Pricing	3rd Basic Plan for Automotive Policy - Plans for transitioning to electric and hydrogen vehicles Greenhouse Gas Reduction Plans by Industry - Introduction of building energy management systems - Reduction technologies in the livestock sector	Increased Demand for Renewable Energy Sources Electric Vehicle Market Outlook CCUS Technology Utilization Outlook

Climate Change Detailed Strategy

(3) Investment Portfolio Risks and Opportunities

(3)-3. Transition from Fossil Fuel-based Energy Sources to Renewable Energy Sources

Business Impact

Various market reports and scenarios, including IEA and NDC scenarios, forecast continuous market expansion driven by active investment and support for clean energy by global nations. However, due to the overall lack of renewable energy resources domestically, SK Group plans to overcome these limitations and lead innovation in the domestic energy market by establishing a clean hydrogen ecosystem and investing in CCUS technology companies. The International Energy Agency (IEA) projects that CCUS will contribute to a 10% reduction in cumulative energy sector carbon emissions globally from 2021 to 2050 under the IEA Net Zero 2050 scenario. Given the characteristics of South Korea's power and industrial structures, CCUS technology is necessary to alleviate the burden of carbon emissions.

Adaptation

In January 2021, SK Group, along with SK E&S, invested in Plug Power, a leading company in the hydrogen economy industry in the United States. In June 2021, we also invested in Monolith, an American company that produces turquoise hydrogen, securing a board seat as a leading investor. In January 2022, SK E&S established a joint venture (SK Plug Hyverse) with Plug Power to promote the construction and operation of hydrogen refueling stations. Additionally, SK E&S invested approximately KRW 700 billion to start operating a liquefied hydrogen plant in Incheon in May 2024. This facility can produce 30,000 tons of liquefied hydrogen annually, enough to fuel 5,000 hydrogen-electric buses, making it the largest single liquefied hydrogen production facility in the world. To proactively secure CCUS technology, we have invested in 8 Rivers, a company with numerous proprietary technologies, ION Clean Energy, a promising carbon capture company, and Summit Carbon Solutions, the world's largest CCS project. Additionally, we invested in TerraPower, an innovative company in the nuclear field, to collaborate on the development of small modular nuclear power plants, which are attracting attention as a next-generation energy source. We are also promoting cooperation in the bio business, including the development of radiation cancer treatment based on Ac-225, a scarce resource produced by TerraPower.

Investment Status

Investment Companies	Proprietary Technologies	Investment Amount	Investment Timing
PlugPower	Green hydrogen production through water electrolysis and hydrogen fuel cells	Approximately KRW 1.8 trillion (co-invested with SK E&S)	2021
Monolith	Hydrogen and commercial solid carbon production from methane (without CO_2 emissions)	Confidential	2021
TerraPower	Next-generation SMR design technology based on sodium-cooled fast reactor	Approximately KRW 300 billion (co-invested by SK Innovation)	2022
Lunar Energy	Residential solar ESS business	Approximately KRW 60 billion	2020, 2022

(3)-4. Increased Demand for Electric Vehicle Materials and Technologies

Business Impact

The South Korean government aims to reduce greenhouse gas emissions by approximately 29.7 million tons in the transportation sector by 2030 through the expansion of eco-friendly mobility, including the distribution of 4.5 million electric and hydrogen vehicles. The government is promoting the replacement of commercial vehicles with eco-friendly cars in accordance with the Act on the Promotion of Development and Distribution of Environment-Friendly Automobiles. According to the IEA NZE 2050 scenario, the global market share for electric vehicles is expected to increase from 4.3% in 2020 to 60.9% in 2030.

Adaptation

To capture this rapidly growing market, SK Group has been actively investing in core materials and technologies for eco-friendly electric vehicles since 2021, including copper foil and next-generation power semiconductors. To secure a leading position in the next-generation lithium metal (Li-Metal) battery market, we invested KRW 30 billion in 2018 and KRW 40 billion in 2021 in SES AI, an American company with lithium metal anode and high-concentration electrolyte technologies, becoming the second-largest shareholder. We are currently co-developing B-sample batteries with global OEMs, targeting commercialization in early 2026. These batteries are expected to replace existing lithium batteries due to their high energy density and safety. In 2019, SK Group invested KRW 270 billion in Wason, a Chinese manufacturer of copper foil, an essential material for electric vehicle batteries, followed by an additional KRW 100 billion in 2020. We also acquired a 33.6% stake (KRW 26.8 billion) in 2021 and a 98.6% stake (KRW 123.9 billion) in 2022 in SK Powertech (formerly Yes Power Technix), a domestic company designing and manufacturing silicon carbide (SiC) power semiconductors for controlling electric vehicle current direction and power conversion. In 2021, we acquired a 53.4% stake (KRW 293.2 billion) in SK Signet (formerly Signet EV), a Korean company that obtained the world's first ultra-fast (350 kW) electric vehicle charger certification in the United States.

Investment Status

Investment Companies	Proprietary Technologies	Investment Amount	Investment Timing
SES AI	Next-generation Lithium Metal (Li-Metal) Battery Development	Approx. KRW 70 billion	2018, 2021
Wason	Copper Foil Manufacturer (Global No. 1)	Approx. KRW 380 billion	2019, 2020
SK Powertech	Silicon Carbide (SiC) Power Semiconductors	Approx. KRW 150 billion	2021, 2022
SK Signet	EV Ultra-fast Charger Manufacturing	Approx. KRW 300 billion	2021
Atom Power	SiC Circuit Breaker Energy Solutions & EV Charging Business	Approx. KRW 100 billion	2022

Climate Change Detailed Strategy

(3) Investment Portfolio Risks and Opportunities

(3)-5. Increased Demand in the Sustainable Food Market

Business Impact

The South Korean government has set a goal to reduce greenhouse gas emissions in the agriculture and livestock sectors by 180,000 tons by 2030 compared to 2018 levels, including through the use of alternative processed foods. The agriculture and livestock sectors account for 22% of global greenhouse gas emissions and also face increasing land and water pollution issues due to pesticides and waste. Sustainable food is being proposed as a solution to these problems, with significant market growth projected, especially among millennials and other future key consumer groups. In fact, investment in alternative foods is expected to grow from $3.7 billion in 2016 to an estimated $3.7 trillion by 2022, a 28-fold increase.

Adaptation

Considering the rapid growth rate and market size of the alternative food market, SK Group entered this market by investing KRW 54 billion in Perfect Day in 2020. Following this initial investment, SK Group secured a board seat through additional investments and began actively discovering alternative food and food tech startups. Since 2022, SK Group has expanded its alternative food portfolio by selectively investing in leading global alternative protein companies, such as Nature's Fynd, which has fermentation protein technology, and Wildtype, which develops cell-cultured salmon. In 2021, SK Group also created a joint fund with a large Chinese F&B distribution company to invest in promising Chinese alternative food and Agri-tech companies.

Investment Status

Investment Companies	Proprietary Technologies	Investment Amount	Investment Timing
Perfect Day	Production of fermented dairy proteins that can be used as ingredients in ice cream, cheese, and bread	Approx. KRW 130 billion	2020, 2021, 2024
Joyvio Group	Joint investment and business collaboration in the alternative food sector with an F&B distribution company established by China's Legend Holdings	Approx. KRW 50 billion	2021
Nature's Fynd	Fermentation protein technology to produce products such as cream cheese and alternative meat patties	Approx. KRW 29 billion	2021
Wild Type	Successfully developed the world's first cell-cultured salmon; planning commercial production following FDA GRAS approval	Approx. KRW 8.8 billion	2022

Issue Background and Our Approach

Climate Change Response

Issue Background

PDF Page p.25, 174

SK Inc. is prioritising carbon reduction in order to achieve the Paris Agreement's objective of limiting global warming to 1.5°C. As part of this process, the company is conducting a comprehensive risk assessment, including transition risks and physical risks from extreme weather events, in order to facilitate a smooth transition to a low-carbon economy. In response to investor demand for climate change action, SK Inc. is participating in RE100 with the goal of achieving Net Zero by 2040. The development of a climate change response system that considers these risks and costs is an important factor for corporate growth.

Our Approach

SK Inc. has set Net Zero and RE100 targets for 2040, aligned with science-based methodology, and is monitoring the implementation performance. To expand the use of renewable energy, we are prioritising self-generation and are building and operating solar facilities at our business sites. We are also increasing the RE100 achievement rate through Green Premium bidding and PPAs (18.1% in 2023, +2.1 percentage points from the target), and have established a climate change response system to analyse transition risks and physical risks and reflect financial impacts in our strategies.

Ethics and Compliance

Issue Background

PDF Page p.44~45

For organisations, issues involving internal employees and external partners have the potential to pose a significant business risk. Corruption and unethical behavior by employees can result in brand damage, decreased revenue, loss of investor confidence, and financial losses. Furthermore, such behavior can also have a negative impact on corporate culture, resulting in low employee morale, decreased productivity, and talent drain. It is therefore evident that compliance issues can have a significant impact on business, including costs and losses from legal disputes and regulatory sanctions, which can have a significant impact on the ability of a company to grow and become a sustainable entity.

Our Approach

SK Inc. operates a management team and self-inspection system for risk assessment and practice audits. Based on the mid-term audit plan, we conduct at least one comprehensive audit every three years across all business areas. All audit plans and results are reported to the Board of Directors (BOD) for review and approval. Any issues identified that require improvement are addressed with implementation plans, which are then monitored for compliance after a designated period. Furthermore, ISO 37001 and ISO 37301 certifications have been obtained, establishing a global standard management system and a systematic approach to managing ethics and compliance risks. Continuous improvement in ethics and compliance levels is achieved through the setting of mid- to long-term goals and the provision of training for employees and suppliers.

Talent Management

Issue Background

PDF Page p.31

For organizations, talent management is a critical factor in their success and sustainable growth. It enables them to maintain and enhance competitiveness, increase productivity and efficiency, and foster a positive company culture. Additionally, it plays a pivotal role in increasing customer satisfaction, reducing costs, fostering innovation, and developing leadership. Consequently, organizations must invest in talent management and implement a systematic management system to ensure long-term success.

Our Approach

SK Inc. newly introduced the C&C College development system in 2023 to enhance the job competencies of its members (including regular employees, contract employees, and outstanding partners) and guide and manage their development more systematically in line with the company's growth direction. The educational framework is designed by department based on the competencies required for business execution, and learning guides are provided to employees for each major task. Employees create their annual learning plans by incorporating coaching and feedback from development leaders as outlined in the learning guide. Based on the collected needs, necessary educational programs are operated. The learning outcomes of employees are comprehensively provided and managed through the academic management system, which allows employees to review their competency development results according to the growth roadmap and establish medium- to long-term learning plans.

Portfolio ESG Management

Issue Background

PDF Page p.51~54

SK Inc. is a holding company that is at the vanguard of ESG management. The enhancement of the value of its investment portfolio companies leads to the enhancement of the corporate value of SK Inc.. To achieve the enhanced corporate value of its portfolio, SK Inc. has established a system for managing ESG values in an integrated manner alongside the economic value created by the portfolio. The management of ESG in our portfolios is an important factor that affects the growth of SK Inc., ensuring that each portfolio is positioned as a leading player in the market, thereby enabling greater sales growth and increased corporate value.

Our Approach

SK Inc. is establishing a system to integrally manage the economic and ESG value of its key asset, the investment portfolio, from a long-term perspective to enhance corporate value. By applying systematic ESG management throughout the investment lifecycle—from the pre-acquisition stage to acquisition, value-up and exit—we implement rational investment decisions that consider ESG factors internally. Specifically, during the investment review phase, ESG due diligence is conducted with the objective of examining the ESG status of the target company based on its industry and size, as well as identifying potential improvement tasks related to PMI. In order to achieve the ESG value-up of the portfolio subsequent to its acquisition, we identify the key ESG management items by industry and company size, and conduct regular ESG performance reviews. Furthermore, we analyse the impact and response level of each portfolio with regard to climate risk (transition risk, physical risk), and in the exit stage, we derive an exit strategy based on ESG value-up and ascertain whether there are any material ESG issues.

GHG Emission Verification Opinion

Verification Scope
Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by SK Inc. which includes Scope 1 and Scope 2 emissions, for all the domestic sites under the operational control of SK Inc.

Verification Standards and Guidelines
To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

· Guidance for reporting and verification of GHG emissions trading scheme (No. 2023-221 provided by Ministry of Environment, Republic of Korea
· Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)
· For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance
SK Inc.'s GHG emissions satisfies the under Reasonable Assurance(less than ±5.0% of total emissions).

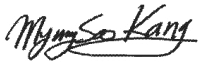
Verification Conclusion
As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

•2023 Emissions (Scope1, Scope2) (Unit: tCO_2eq)

Division	Scope 1	Scope 2	Total
Location-based	1,434	125,207	126,634
Market-based	1,434	102,604	104,031
Energy consumption (TJ)	24	2,622	2,640

* Decimal place is not considered when calculating the emission of each workplace.

June 5, 2024



Verification Opinion Statement for 2023 Scope 3 GHG Emissions

Verification Target
Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Scope 3 Greenhouse Gas Emissions (hereinafter 'GHG emissions') SK Inc. (hereinafter 'Company') for 2023.

Verification Scope
The verification Scope covered the emission categories selected by the company and the emissions between January 1st, 2023 to December 31st, 2023.

Verification Criteria
The following criteria and coefficients used by the company were applied.

• Criteria
- WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- ISO14064-1:2018
- GHG Protocol Corporate Standard
- Rule for emission reporting and certification of greenhouse gas emission trading Scheme [1)]
- ISO 14064-3:2019

1) Notification No. 2023-221 of Ministry of Environment

• Coefficient
- Environmental Product Declaration evaluation coefficient (2021)
- GHG Protocol 'Mobile Combustion GHG emission calculation tool v2.6'

Level of Assurance
The verification was performed in accordance with the procedures specified in ISO14064-3 and the assurance level of the verification was performed to satisfy the limited assurance level.

Verification Limitation
GHG emissions verification involves inherent limitations that may arise depending on the organization's data characteristics, calculations and estimates, sampling method, and limited assurance level. Additionally, this verification does not include responsibility for the accuracy of the original data provided by the company.

Verification Opinions
Through the verification process according to the 'ISO14064-3:2006' KFQ could obtain reasonable basis to express following conclusion on the Greenhouse Gas Emission Report.

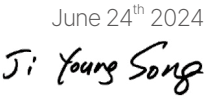
1) GHG emissions for 2023 of Company were properly calculated according to the verification standards.
2) For GHG emissions, no material errors or omissions were found, except for emissions information not considered within the selected category range.
3) The criteria and process established or estimated/assumed by the company to calculate GHG emissions were transparently reflected in the internal calculation process.

Appendix A. Summary of Scope 3 GHG Emission Results
• **Organization :** SK Inc.
• **Emission calculation period :** The emission calculation period is from January 1st to December 31st, 2023.

Company Scope 3 Emissions verification Results (Unit : tCO_2eq)

	Category	Scope 3 Emissions
1	Purchased goods & services	8,307
2	Capital goods	1,701
3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	9,877
4	Upstream Transportation and Distribution	13
5	Waste Generated in Operations	8
6	Business Travel	3,013
7	Employee Commuting	942
11	Use of Sold Products	65,500
12	End of Life Treatment of Sold Products	307
15	Investments	13,770,532
Total		13,860,200

June 24th 2024



CEO Ji-Young Song
Korean Foundation for Quality

National Institute of Environmental Research

Third-Party Verification Statement

The Korean Foundation for Quality (hereafter 'KFQ') has been requested by SK Inc. to conduct an independent verification of the 「2024 Sustainability Report for SK Inc.」 (hereafter 'the Report'). KFQ is responsible for providing an independent verification opinion based on the criteria and scope specified below. SK Inc. holds sole responsibility for the preparation of the Report.

Verification Criteria and Scope

- **Verification Criteria :** AA1000AS (v3) and AA1000AP (2018)
- **Verification Type :** Type 2 [Verification of compliance with 4 reporting principles and data reliability]
- **Verification Level :** Moderate [Verification based on limited evidence obtained]
- **Verification Boundary :** SK Inc. and subsidiaries (SK Innovation, SK Telecom, SK networks, SK Square, SKC and SK Biopharmaceuticals)
- **Verification Scope:** - GRI Standards (2021) Reporting Principles
  - Universal Standards

① Universal Standard 1,2: Reporting in accordance with GRI Standards (2021), ensuring compliance with the following requirements:

Requirements	Compliance	Requirements	Compliance
1. Reporting principles	○	6. Provide reasons for omission	○
2. General Disclosures	○	7. Publish a GRI content index	○
3. Determine material topics	○	8. Provide a statement of use	○
4. Report the disclosures in GRI 3: Material Topics 2021	○	9. Notify GRI	○
5. Report disclosures from the GRI Topic Standards for each material topic	○	-	-

② Universal Standards 3: Materiality Assessment Process

- Topic Standards

Requirements	GRI Standards/Topic Disclosure		
Reporting material issues according to the GRI Topic Standards	• GRI 201 : Economic Performance • GRI 205 : Anti-corruption • GRI 206: Anti-competitive Behavior • GRI 302 : Energy - Energy consumption • GRI 303 : Water and Effluents - Water consumption	• GRI 305 : Emissions - GHG emission (Scope 1,2,3) - VOC • GRI 306 : Waste - Waste treatment • GRI 401: Employment • GRI 403 : Occupational Health and Safety - Fatalities of employees - Occupational Illness Frequency Rate of employees - Occupational Illness Frequency Rate of contractors	• GRI 404 : Training and Education • GRI 405 : Diversity and Equal Opportunity - gender pay gap (average gender pay gap, median gender pay gap, etc.) • GRI 414: Supplier social assessment - Number of tier-1 suppliers, Number of key suppliers, total spend on suppliers

Methodology

To assess the reliability of the sustainability performance in the Report against the aforementioned criteria, the audit team reviewed sustainability-related processes, systems, internal control procedures, and available performance data.
The documentation reviewed by the audit team during the verification includes:

- **Non-financial information** : social · environmental data provided by SK Inc., disclosed Business Reports, and information obtained from media and/or the internet
- **Financial information :** financial statements data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage were used, but these contents are not included in the scope of verification
- **International Framework e.g :** TCFD (Task Force on Climate-related Financial Disclosures) Recommendations, SASB (Sustainability Accounting Standards Board) Recommendations - Software & IT Service Indicators in the Technology &Communication sector.

The assessment was performed through document review and interviews with the responsible personnel, including an on-site assessment. The validity of the materiality assessment process in the Report and the material issue selection considering stakeholders, data collection & management, and validity of the report preparation procedure as well as the description in the Report were assessed, but external stakeholder interviews were not conducted. Afterwards, it was confirmed that any errors, inappropriate information, and misstatement identified during the assessment were appropriately revised before publishing the Report.

Competency and Independence

The audit team was assembled in accordance with KFQ's internal regulations. KFQ has no conflict of interest with SK Inc. that could threaten the impartiality of verification, aside from providing third-party verification services.

Limitations

The completeness and responsiveness of the 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 SK Inc.

Third-Party Verification Statement

Findings and Conclusions

As a result of the verification, the Report was found to be prepared in accordance with the requirements for 'in accordance with GRI standard 2021' and the audit team found reasonable evidence to guarantee the 4 reporting principles of AA1000AP (2018) and AA1000AS (V3) Type 2 assurance level. We also found no significant errors or inadequacies in the Report regarding compliance with reporting principles.

- **Inclusivity**

  SK Inc. identifies five key stakeholder groups (Employees, Shareholders and investors, Suppliers, Customers, Local Communities) and determines material ESG issues related to stakeholders' interests through the communication channels tailored to the characteristics of each group. The audit team could not find any major stakeholders omitted in this process, and confirmed that SK Inc. made an effort to reflect identified stakeholders' opinion into their management activities.

- **Materiality**

  SK Inc. identified a pool of 18 issues through analysis of previous year's issues, international ESG related standards/evaluation, media analysis and benchmark against similar industries. Based on financial impact of selected key issues on the company and impacts of the company's activities on the economy · environment · social on each issue, finally 4 material issues were selected.
  In addition, the ESG committee under the board of directors confirmed that reporting and approval procedures for material issues were carried out and that risk identification and management processes were operated within the company risk management system. The audit team confirmed that the identified material issues were highlighted in the Report, and reported without any omissions.

- **Responsiveness**

  SK Inc. is committed to responding promptly to the needs and key interests of stakeholders. Nothing came to our attention to suggest that the responses and performance are inappropriately described in the Report.

- **Impact**

  SK Inc. identifies and monitors the impact of stakeholder-related material issues throughout its management activities and reports them in the Report as much as possible. Nothing came to our attention to suggest that it does not properly assess and report impacts relating to material issues.

Recommendation for improvement

- By establishing ESG-related data management systems more systematically and robustly to enhance the reproducibility of information, we expect SK Inc.'s ESG management performance to be managed more transparently.
- As a holding company, we hope that SK Inc. establish a standardized management system to share more meaningful ESG-related performance with stakeholders in reporting the performance of subsidiaries. We also hope that the collected performance data is to be interpreted and analyzed from a more diverse perspective and shared with stakeholders.

kfq Korean Foundation for Quali

AA1000 Licensed Report 000-80/V3-57H2Y

June, 2024

Seoul, Korea
Ji Young Song, CEO
Korean Foundation for Quality (KFQ)

Ji Young Song

Awards and Organizations

Awards and Certifications

Time of Award	Award	Awarding Institution
2023	Morgan Stanley Capital International Index (MSCI) AAA Rating	Morgan Stanley Capital International
	Dow Jones Sustainability Indices (DJSI) World for 12 consecutive years	S&P Dow Jones Indices
	Integrated Environmental, Social, and Governance (ESG) A+ rating	Korea ESG Standards Institute (KCGS)
	Winner of the Korea Sustainability Report Award (KRCA) for 5 consecutive years	Korea Standards Association (KSA)
	Awarded Platinum/Gold in the LACP 2023 Spotlight Awards and recognized as a Top 100 Report	LACP (League of American Communications Professionals)
	CDP Leadership A- Achievement	CDP Korea Committee
2022	Dow Jones Sustainability Indices (DJSI) World for 11 consecutive years, Industry Leader #1 in the Composite category	S&P Dow Jones Indices
	Morgan Stanley Capital International Index (MSCI) AAA Rating	Morgan Stanley Capital International
	Integrated Environmental, Social, and Governance (ESG) A+ rating	Korea ESG Standards Institute (KCGS)
	Winner of the Korea Sustainability Report Award (KRCA) for 4 consecutive years	Korea Standards Association (KSA)
	CDP Carbon Management Sector Honors Award (CDP Leadership A-)	CDP Korea Committee
2021	Dow Jones Sustainability Indices (DJSI) World for 10 consecutive years, Industry Leader #1 in the Composite category	S&P Dow Jones Indices
	Integrated Environmental, Social, and Governance (ESG) A+ rating	Korea ESG Standards Institute (KCGS)
	Winner of the Korea Sustainability Report Award (KRCA) for 3 consecutive years	Korea Standards Association (KSA)
	CDP Carbon Management Sector Honors Award (CDP Leadership A-)	CDP Korea Committee
	Winner of the Central ESG Management Award [ESG Overall Category]	JoongAng Ilbo

Member Organizations

Seoul Bar Association	Korea IT Service Industry Association (ITSA)	MEC Forum
Korean Bar Association	Seoul Economist Club	MyData Korea Hub
Korean In-house Counsel Association	Korea Association of Cloud Industry (KACI)	Federation of Middle Market Enterprises of Korea (FOMEK)
American Bar Association (ABA)	Korea Enterprises Federation	Korea Mech.Const.Contractors Association
Korean Patent Attorneys Association	Korean Institute of Certified Public Accountants	Korea Data Center Council (KDCC)
Korea Information and Communication Contractors Association	Korean Nursing Association	Seongnam Chamber of Commerce and Industry
Engineering Guarantee Insurance	Korea Electrical Engineers Association	Software Quality Council (sub-council within the Korea Software Industry Association (KOSA))
Fire Guarantee	Korea Fire Facility Association	National Defense Software Industry-Academia Association
Korea Fire Safety Institute	Fair Competition Federation	Korea Software Industry Association (KOSA)
Korea Engineering & Consulting Association	Korea Industrial Technology Association (KOITA)	The Federation of Korean Information Industries (FKII)
Korea Electrical Contractors Association	Consortium of Cloud Computing Research	Information & Communication Financial Cooperative
Korea Association for ICT Promotion (KAIT)	Korea Defense Industry Association	Corporate Renewable Energy Foundation (CREF)

About this Report

As a holding company, SK Inc. has published its 2024 Sustainability Report to communicate with stakeholders about its evolving growth portfolio and the importance of ESG management for sustainable investment. SK Inc.'s Sustainability Report covers not only our ESG strategy and performance but also the ESG performance of our major listed subsidiaries.
SK Inc. will continue to transparently disclose its business strategy and ESG management direction for sustainable growth, based on its management philosophy of pursuing stakeholder happiness.

Reporting Period

This report covers the financial and non-financial performance related to SK Group's major ESG management activities from January 1, 2023, to December 31, 2023, and includes data for the first half of 2024 where applicable. To illustrate trends, quantitative performance data spans from January 1, 2020, to December 31, 2023.

Reporting Boundaries

This report includes SK Inc. and its listed subsidiaries on a consolidated basis due to SK Inc.'s substantial control and influence over the occurrence of material issues. The financial performance is prepared in accordance with K-IFRS (Korean International Financial Reporting Standards). ESG performance is reported for SK Innovation, SK Telecom, SK networks, SK Square, SKC, and SK biopharmaceuticals, which represent approximately 85.6% of SK holdings by revenue. For the disclosure of data on a separate basis, data is calculated for a total of 16 business sites. For some indicators, data is collected only from business division sites due to the nature of the business. In the case of different reporting scopes and changes in the reported data, separate notations are made where the reporting scope is different and where there are changes in the reported data.

Reporting Standards and External Verification

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards and complies with the IFRS requirements of the International Sustainability Standards Board (ISSB). It also adheres to the UNGC Communication on Progress (CoP) principles and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, considering the Sustainability Accounting Standards Board (SASB) industry-specific standards. To ensure the reliability of the report's content, it has undergone verification by a professional sustainability reporting verification agency, with the verification statement included in section p.189~190 of this report.

Communication with Stakeholders

SK Inc. promotes ESG management based on stakeholder communication, identifying and integrating stakeholder requirements into overall management activities through various online and offline communication channels. Annually, we publish a sustainability management report to transparently share the status and performance of our ESG management efforts with stakeholders. In 2024, SK Inc. proactively identified stakeholders' needs through media research, surveys, and expert interviews, integrating these insights into our management activities. SK Inc. will continue to strengthen stakeholder communication and further advance its ESG management.

SK Inc. Sustainability Report 2024	
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Publication Date	August 22, 2024
Report Production	Sustainability (Investment Division) ESG Strategy Group (Business Division)
Contact	26, Jong-ro, Jongno-gu, Seoul, Republic of Korea sustainability@sk.com