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21

SK networks Sustainability Report

WE NETWORK

About This Report

Report Overview

This fifth Sustainability report provides an honest and transparent account of our financial performance, key efforts, and progress for ESG (Environment, Social, and Governance) management. And this report contains our past, present and, future through the section named, 'Financial Story' (page 30~50). Going forward, we will disclose our business data in a transparent manner through the continuous publication to communicate with various stakeholders.

Reporting Principles

This report aligns with the Core Option of GRI (Global Reporting Initiative) Standards. In order to address the issues that relate to the nature of our business, we comply with the disclosure recommendations of TCFD (Task Force on Climate-Related Financial Disclosure) and SASB (Sustainability Accounting Standards Board) Standards.

Reporting Period

This Sustainability Report details our sustainability performance from January 2021 through December 2021. For some of key information, it contains data from the past three years from 2019 to 2021 to allow you to make comparisons. And the information that may have an impact on our stakeholders covers the years before 2021 and early 2022.

Reporting Scope

This report covers SK networks and its subsidiaries. When it comes to the financial data provided herein, we follow K-IFRS (the Korean Version of International Financial Reporting Standards).

Reporting Assurance

With the aim of improving the reliability and quality of this report, the data in this report has been subject to third-party verification. And the results are available on page 98.

Additional Information

To give more access to stakeholders, this report is also available on our official website (www.sknetworks.co.kr). For further enquiries, please contact SV Implementation Team 1.

Interactive Guide

2021 SK networks Sustainability Report is published as an interactive PDF with a function to move to relevant pages within the report.



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Relevant webpage



Video



Click the button for details

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CEO Message

“ **SK networks will deliver greater sustainable value putting ESG management at our heart to resolve customer and social issues.** ”



Last year, the prolonged COVID-19 brought us a great deal of ordeal. The world we currently live in is characterized by the global environmental crisis, the widening gap in understanding and communication between generations, and the rising issues regarding transparency and fairness. Under these circumstances, a company is required to do more than creating economic value added to meet the demands of society; taking on a new challenge, and delivering a creative solution.

Against this backdrop, SK networks has never relented in innovating our business model to constantly evolve amid the challenging business environment, thereby living up to the demands from society and taking up the expanded role required in these times.

2022 will be the year we accelerate our ‘Eco-friendly Management’ that was on track last year. In 2021, we declared ‘Net Zero 2040,’ joined EV100, and mitigated GHG (Greenhouse Gas) emissions. This year, we will step up our practice by joining SBTi. In detail, SK magic has expanded the application scope of eco-friendly materials to new appliance rentals such as air purifiers or water purifiers. In an effort to minimize waste generation, it also plans to achieve the certification of ZWTL (Zero Waste To Landfill), a global environmental stewardship initiative.

SK rent-a-car is gearing up to reinvent itself as an EV (Electric Vehicle)-centered mobility company converging online and offline. To this end, the largest-scale electric vehicle park in Korea, named SK rent-a-car Jeju EV Park (EV rental car branch), is now being constructed in Jeju while the company has spurred its effort to become more environment-friendly such as obtaining the approval of the carbon offsets credit external project. Walkerhill’s ESG management has also been on track, being certified as an eco-friendly hotel in 2021 by the Ministry of Environment and obtaining ZWTL validation. MINTIT, an ICT resource recycling project, recovered about 1 million units of used cell phones in 2021, creating

higher social value based on various partnerships with global E-Waste companies.

Our focus is on securing a new portfolio so that we can flexibly respond to the rapidly changing market and take another leap. As part of these endeavors, we are looking for new growth opportunities in the emerging blockchain area, promoting a wide range of global investments based on ESG.

Furthermore, we have formed and operated three committees (Personnel Committee, ESG Management Committee, and Audit Committee) under the Board of Directors (BOD) to fortify the governance structure driven by the BOD. We strive for continuous improvement in the independence, expertise, and diversity of the BOD.

In recognition of our constant endeavors to become a safe and happy workplace for all our employees, SK networks was selected as the ‘top 100 best workplace among Korean companies’ in 2022. Upon joining UNGC in 2022, we will redouble our exertion to support the happiness, human rights, and capacity-building of our members.

With a firm belief in ESG management, we have been persistent in challenging ourselves and striving to underpin the happiness of our employees and other various stakeholders. And we are confident that these painstaking efforts can solidify our business model and enable a good impact to permeate every corner of our society.

We look forward to stakeholder’s unwavering interest and support on our journey ahead while we take up new challenges.

Thank you very much.

President & CEO of SK networks **Park Sang Kyu**

2021 ESG Highlight

Environment



EV100¹⁾

Joined in October 2021
(the Head Office and subsidiaries / sub-subsidiaries included)



ZWTL²⁾

Obtained validation in
November 2021
(Walkerhill)



KRW 33.3 billion

Environmental value of MINTIT's
used cell phone collection
(2019-2021)



56.1%

Share of eco-friendly plastic
materials stands among SK
magic's newly released air
purifiers in 2021



6,972 tons³⁾

Carbon reduction of the amount
(reduction amount in 2021 compared
with the level of 2020)



A total of 4,000 trees

Planted as part of the efforts to
preserve biodiversity and 'MINTIT
reforestation campaign'

Social



94 persons

MINTIT sponsoring talents in the
ICT sector



7,329 hours⁴⁾

Spent on volunteer work



85,762 hours⁵⁾

Spent on education



KRW 830 million

Raised for shared growth fund
supported as of December 2021



50 suppliers

Diagnosed for ESG risks



ISMS⁶⁾, ISMS-P⁷⁾

Certified personal data-related



Zero

No. of customer data leaks



Selected as GPTW⁸⁾

Korea
(GPTW Korea)

Governance



4,866, 98.5%

Targeting employees
Ethics and anti-corruption education
No. of employees completing the
educational program
completion rate



ESG Management Committee and Personnel Committee within the BOD launched



ESG-based business portfolio strategy completed



Global partnership engagement reinforced

(participation in EV100 and ZWTL,
preparation for joining SBTi⁹⁾)

1) EV100: Electric Vehicles 100% 2) ZWTL: Zero Waste To Landfill 3) Based on the Scope 1 & 2, including SK networks, SK rent-a-car, and SK magic 4) 13.6 hours per person as of December 2021, excluding the volunteers of transferred or resigned employees and employees of Walkerhill 5) 159.4 hours per person as of December 2021, excluding the employees of Walkerhill 6) ISMS: Information Security Management System 7) ISMS-P: Personal Information & Information Security Management System 8) GPTW: Great Place to Work 9) SBTi: Science Based Targets initiative

Company Profile



Introduction

On April 8, 1953, the birth of SK networks in the ashes of the Korean War marked a new promising sign in the Korean economy. Since then, we have realized customer value, delivering the message of dream and hope to people over the past 70 years from the reconstruction sites in Korea. Living up to our company name, SK networks, we have never relented in our efforts to connect various businesses and all our stakeholders. We are truly committed to creating social value beyond financial value. In recent years, we have declared the transition to ‘Business-oriented Investment Company,’ our new identity, in order to achieve sustainable growth and outstanding results. To this end, our focus is on securing new business models with strategic investments in global promising areas and blockchain sector.

General Status

(as of December 2021)

Classification	Content
Year of Establishment	1953
CEO	Park Sang Kyu
Head Office	Samil Bldg., 85, Cheonggyecheon-ro, Jongno-gu, Seoul, Republic of Korea
Total Assets	KRW 9.4109 trillion
Revenue	KRW 11.181 trillion
Operating Profit	KRW 122 billion
No. of Employees	SK networks 1,597 / SK magic 1,295 / SK rent-a-car 647
Credit Rating	AA-
KCGS Rating	A Overall
Key Subsidiaries	SK magic, SK rent-a-car

Key Businesses

Based on our extensive network at home and abroad, the scope of business spans a variety of sectors including ICT device distribution, automobile maintenance and parts, automobile & environmental home appliances rental, and lifestyle business such as hotels & resorts operations and global trading. Furthermore, we focus on shaping our New Identity, Business-oriented Investment Company, by intensively investing in the sectors that are capable of creating synergy with our key businesses.

Key Subsidiaries



Rental service that enriches customers' healthy lifestyle

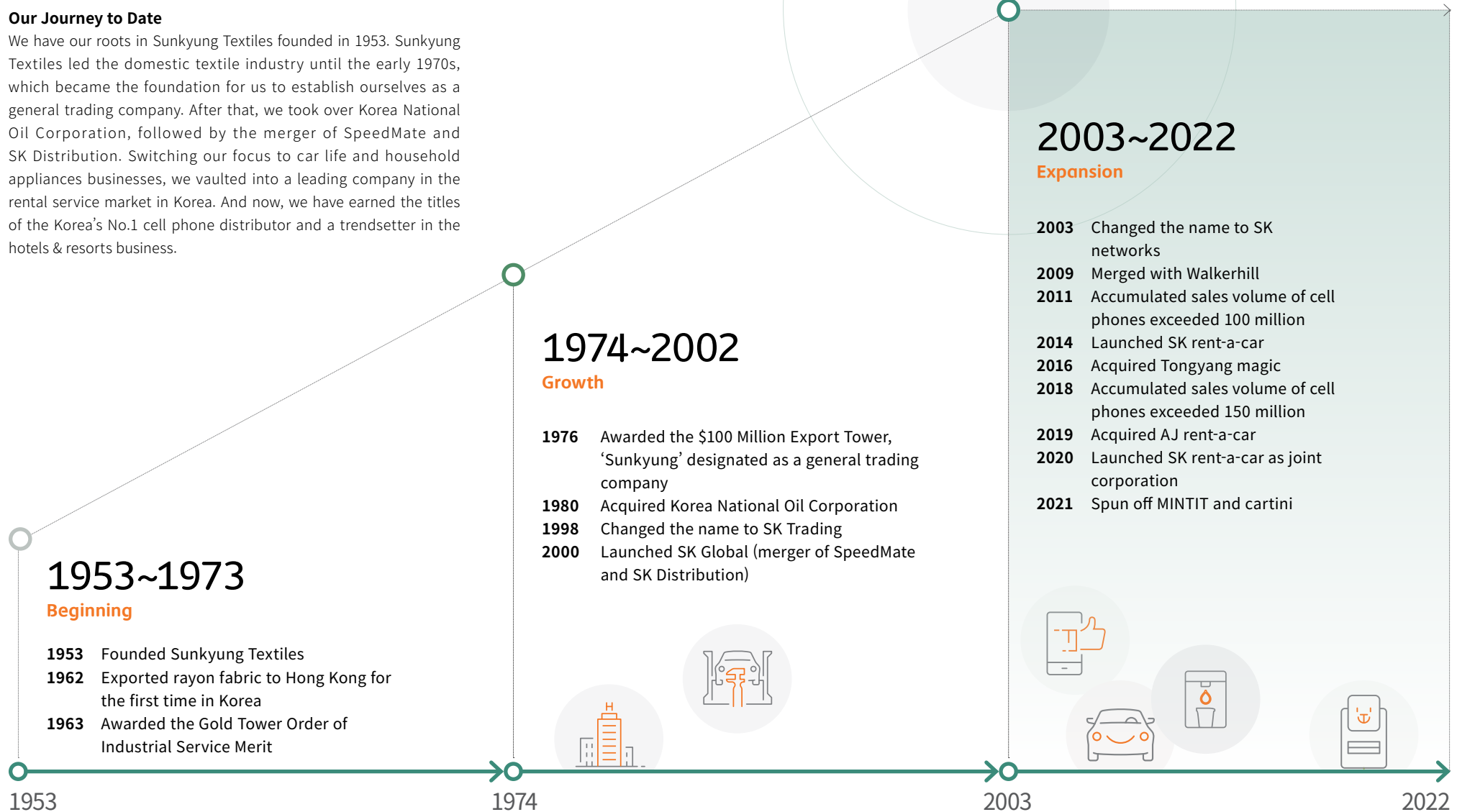
SK rent-a-car — Boasting the longest history in the sector in Korea, SK rent-a-car has provided an integrated online and offline mobility service, leading the car rental business.

SK magic — Since its inception in 1985, SK magic, a leading company that has shaped the trend in the household appliances market in Korea, provides subscription services tailored to individuals through our eco-friendly home appliances brand.

Company Profile

Our Journey to Date

We have our roots in Sunkyung Textiles founded in 1953. Sunkyung Textiles led the domestic textile industry until the early 1970s, which became the foundation for us to establish ourselves as a general trading company. After that, we took over Korea National Oil Corporation, followed by the merger of SpeedMate and SK Distribution. Switching our focus to car life and household appliances businesses, we vaulted into a leading company in the rental service market in Korea. And now, we have earned the titles of the Korea's No.1 cell phone distributor and a trendsetter in the hotels & resorts business.



1953~1973

Beginning

- 1953** Founded Sunkyung Textiles
- 1962** Exported rayon fabric to Hong Kong for the first time in Korea
- 1963** Awarded the Gold Tower Order of Industrial Service Merit

1974~2002

Growth

- 1976** Awarded the \$100 Million Export Tower, 'Sunkyung' designated as a general trading company
- 1980** Acquired Korea National Oil Corporation
- 1998** Changed the name to SK Trading
- 2000** Launched SK Global (merger of SpeedMate and SK Distribution)

2003~2022

Expansion

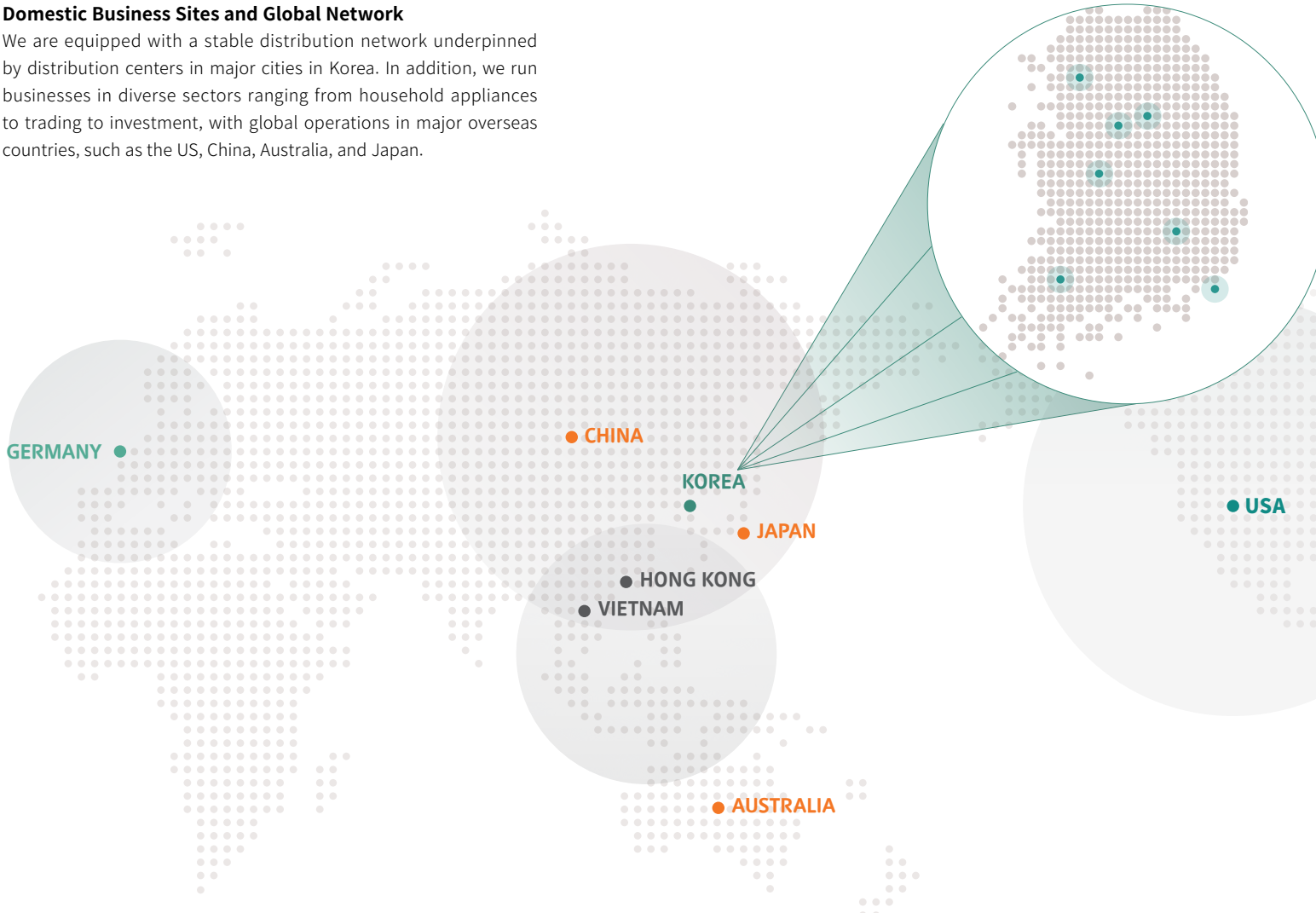
- 2003** Changed the name to SK networks
- 2009** Merged with Walkerhill
- 2011** Accumulated sales volume of cell phones exceeded 100 million
- 2014** Launched SK rent-a-car
- 2016** Acquired Tongyang magic
- 2018** Accumulated sales volume of cell phones exceeded 150 million
- 2019** Acquired AJ rent-a-car
- 2020** Launched SK rent-a-car as joint corporation
- 2021** Spun off MINTIT and cartini



Company Profile

Domestic Business Sites and Global Network

We are equipped with a stable distribution network underpinned by distribution centers in major cities in Korea. In addition, we run businesses in diverse sectors ranging from household appliances to trading to investment, with global operations in major overseas countries, such as the US, China, Australia, and Japan.



Domestic

- SK networks**
- Head Office (Seoul)
 - Urban Distribution Center (Gyeonggi-do, Icheon)
 - Anseong Distribution Center (Gyeonggi-do, Anseong)
 - Busan Distribution Center (Gyeongsangnam-do, Gimhae)
 - Daegu Distribution Center (Gyeongsangbuk-do, Chilgok-gun)
 - Daejeon Distribution Center (Daejeon)
 - Gwangju Distribution Center (Jeollanam-do, Jangseong-gun)

SK magic

- Head Office (Seoul)
- Hwaseong Plant (Gyeonggi-do, Hwaseong)

SK rent-a-car

- Head Office (Seoul)

Overseas

- Shanghai/Shenyang/Dandong Corporate
- Tokyo Corporate
- Frankfurt Corporate
- Hong Kong Corporate
- Sydney Corporate
- MINTIT Vina
- Hico Capital

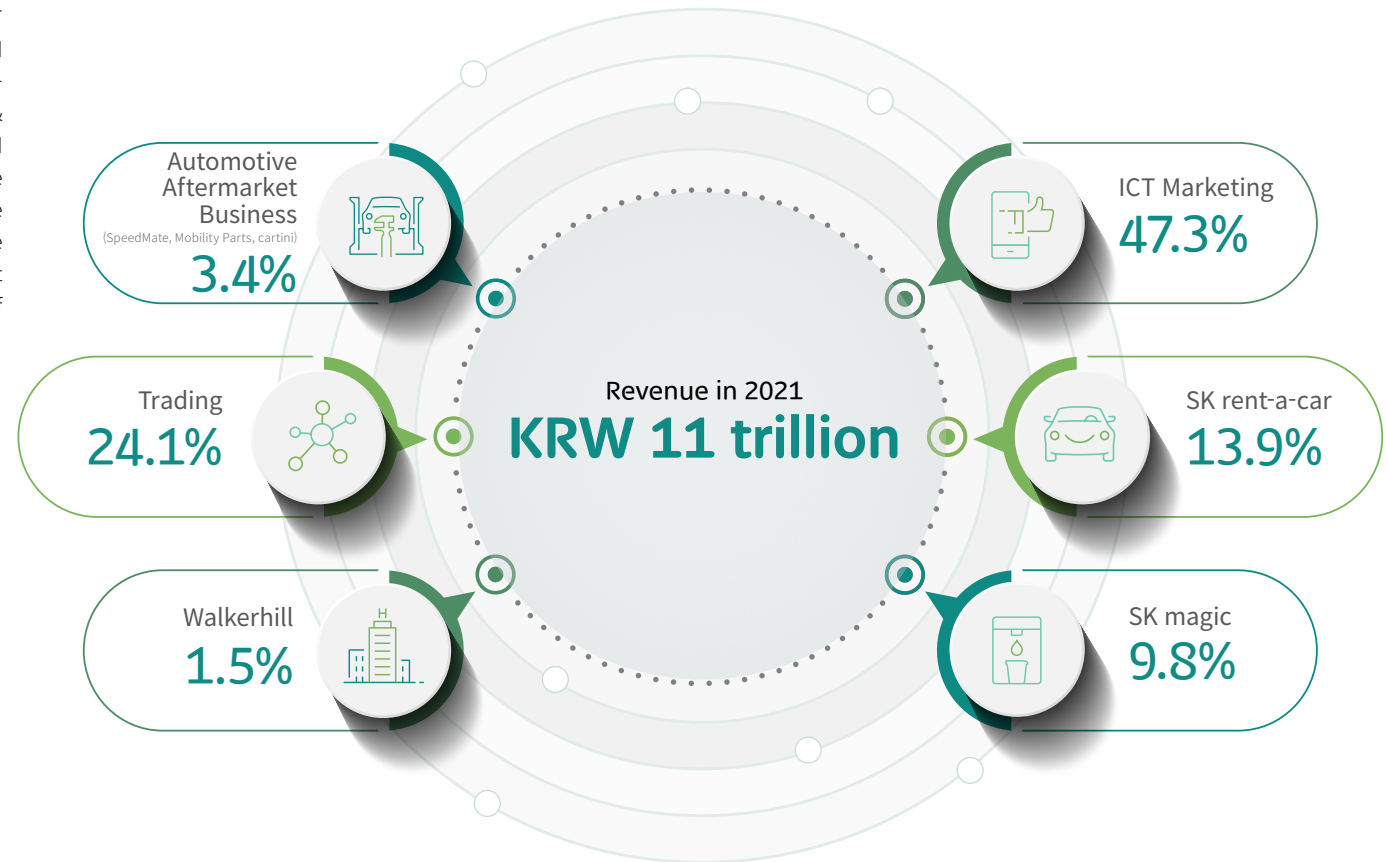
Business Portfolio

We have never stopped our efforts to innovate our business models, analyzing and keeping track of the changes in customers' consumption value caused by industrial transformation. Keeping pace with the changing customers' needs, we have run a variety of businesses. Currently, our various businesses encompass ICT marketing, mobility, home appliances, hotel, trading, blockchain, and global investment. In October 2021, we spun off 'MINTIT,' second-hand recycle brand, and 'TIREPICK*,' O2O** shopping mall for tire & battery so that we can raise the expertise level of each brand and take up our business portfolio a notch. Furthermore, investments are being made in promising sectors at home and abroad, such as the fast-growing digital and blockchain technologies. In addition, we are redoubling our efforts to transition to 'Business-oriented Investment Company' with a focus on the establishment of a virtuous cycle of investment system that connects our key businesses.

* Entity name: cartini
 ** Online to Offline

Revenue Share by Business

(as of December 2021)



ICT Marketing

Korea's No. 1 Mobile Device Distributor

SK networks has firmly maintained our No.1 spot in the ICT device distribution industry in Korea. We dominate the market distributing around 5.5 million of mobile devices while expanding our presence into other device distribution, such as laptops, tablet PCs, and ICT accessories, in collaboration with manufacturers. Our distribution centers scattered across the nation are key to delivering a variety of ICT devices to customers. In September 2021, we relocated and extended our Urban Distribution Center to a total floor area of 53,000n² while establishing a more advanced logistics system. In an effort to mitigate our carbon footprint, solar self-consumption equipment will be established in 2022.

SK networks service (subsidiary)

The very purpose of SK networks service is to reinforce customer management and raise service quality of the SK Group's ICT business. The business scope spans the operation, management and repair of the networks of our affiliated companies including SK telecom and SK broadband, and the provision of various products and services ranging from IT solutions to communications equipment. The company is also working on the expansion of the sustainable resource circulation business by operating the Recycling Center that disposes of and recycles E-Waste* and running ITAD** business.

* E-Waste: waste generated from electronics or parts
 ** ITAD: IT Asset Disposition

Urban Distribution Center (Gyeonggi-do, Icheon)



Business Performance in 2021

in Revenue
KRW 5.2 trillion

No. of mobile devices sold
5.48 million

No. of mobile device distribution channels
1,057 agencies

No. of distribution centers
6

Social Value Creation in 2021

Amount of Waste Disposal at the Resource Circulation Center **2,634 tons**

ITAD-related Environmental Performance **31,394 PCs**

Worth of Pollutant Reduction by Improving Logistics Efficiency **KRW 900 million**

SV* Product Planning and Donated to the ICT Vulnerable **KRW 210 million**

* SV: Social Value

SK rent-a-car

Mobility Life Innovator

SK rent-a-car is spurring its efforts to innovate customer experience through its distinguished ‘Car Care Life Service,’ and ‘digital technology-based BM (Business Model),’ that we have achieved on the strength of 35 years of experiences in driving the domestic rental business. To give customers more access, we opened our ‘SK rent-a-car Direct’ homepage. On top of that, we provide a variety of services that meet the needs of customers, such as ‘Tago Pay,’ a reasonable vehicle rental plan that charges customers per mileage traveled, and ‘O2O Vehicle Management Service’ that connects online and offline. Going forward, SK rent-a-car will reinvent itself as ‘Data-driven O2O Mobility Service Provider,’ through ‘Online Platform Business Innovation.’ Based on more than 150 networks in Korea, SK rent-a-car will go beyond the conventional car rental business area to advance digital technology, expand customers through data analysis, and enhance service improvement to bring mobility innovation so that customer satisfaction can be realized.

On top of that, we will deliver a new electric vehicle experience for customers through 100% conversion to eco-friendly vehicles by 2030 in accordance with the declaration of joining EV-100 and K-EV100. Also, Korea’s largest electric vehicle complex, ‘SK rent-a-car Jeju EV Park (temporary name)’ is scheduled to open in 2023. Through these endeavors, we will usher in a new era of eco-friendly mobility together with our customers.



SK rent-a-car Jeju branch



Business Performance in 2021

in Revenue
KRW **1.5** trillion



No.1
in KS-WEI* for
10 consecutive years



2021 National Service Awards in the rental car sector for **2** years in a row



Permission for more than **200,000** rental cars



Social Value Creation in 2021

Joined the Climate Group’s ‘EV100’ and the Ministry of Environment’s K-EV100, a Korean Transition Project towards Zero-emission Cars

The number of units converted to EV: **4,897****

Recorded a Stable Monthly Growth Rate*** Since the Launch of ‘SK rent-a-car Direct’ in May 2021

The number of customers who checked estimates rose **33%**, and the number of contracts rose by **24%** monthly

Contributing to the Reasonable Consumption of Customers by Paying As Much As They Used

Launched a pilot of **Tago Pay**

Participated in the ‘Companion Beach’ Campaign Promoted by the Ministry of Oceans and Fisheries (Hyeopjae Beach in Jeju)

Collected Waste through cleaning activities of the ‘Companion Beach’ **137kg**

* Korean Standard Well-being & Environment Index

** The accumulated number of units converted to EV by 2021: about 6,500

*** Average monthly growth rate (May 2021 ~ April 2022)

SK magic

Leading Company in the Household Appliance Rental Market

Since the inception in 1985, SK magic has led the home appliances market based on our unparalleled technology and customer-friendly services. We expanded our product line with 'Green Collection', an eco-friendly brand, to firmly position ourselves as an unwavering leading company in the industry. As another differentiation strategy, we presented 'Tailored Life Subscription,' a new paradigm of personalized subscription economy in the home appliances field. Through the tailored life subscription, customers can experience SK

magic's eco-friendly products based on their personal tastes and experience the value of eco-friendly consumption. Going forward, SK magic will continue to invest in technologies to respond to the rapidly changing household appliances while sharpening our CS capabilities so that we can dominate the global market beyond the domestic market.

Eco Mini Water Purifier Green 41



Business Performance in 2021

in Revenue
KRW **1.1** trillion



No. 1
in Korea Brand Power Index for
19 consecutive years



More than
2.22 million
accumulated rentals



Grand Slam
of the global top 3 design awards in 2021
(iF, IDEA, redden)



Stronger global
Biz. through US
Amazon



Expanded business areas
through collaboration with Samsung Electronics and Philips



Social Value Creation in 2021

Refurbished Products Sold **5,127**

Applied of Eco-friendly Plastics to Newly Released Air Purifiers **56.1%**

Ratio of Recycled Waste **95%***

Generated of Solar Energy by Installing the Energy Generation Facilities in Hwaseong Plant **48MWh**

* Based on the waste generated in Hwaseong Plant

MINTIT

Second-hand ICT Device Platform, MINTIT

The kiosk-based cell phone diagnosis and self-purchase service, 'MINTIT ATM' based on AI technology for the first time in Korea is equipped with the system to completely erase the personal information and data stored in the second-hand mobile devices. The technology obtained the international standard quality certification to alleviate the concerns about used cell phone trades and raise the reliability in safety. On top of that, we have created an ICT device recycling ecosystem in daily lives for trading used cell phone at any time in an easy and convenient manner for everyone. Particularly in the circumstances that we became familiar with non-face-to-face daily lives due to the COVID-19 pandemic, our 'MINTIT ATM mini' received great feedback from customers as it added the functions, such as cell phone charging, UV sanitation, and personal data deletion. MINTIT does not simply provide a used phone trading service. We also carry out a resource circulation campaign that embraces anyone joining efforts to save resources and protect the environment. It leads to a virtuous cycle, including MINTIT reforestation campaign and the support for the ICT vulnerable. As we advance, we plan to gradually expand our product lines to used ICT devices, including tablet PCs and laptops, on top of used cell phones so that we can raise our impact in the resource circulation field.



International standard software quality certification in personal information and data deletion area (SQA, ISO/IEC 25051:2014)

Awards History

- + SK Group's SUPEX Quest Awards (Social Value Award)
- + AD STARS in the BE & Activation area, Crystal prize in the Green area
- + Korea ICT Innovation Awards in the ICT analysis technology area (cell phone value analysis, AI technology) - ICT convergence
- + Korea Mobile Awards in the innovative service field using AI
- + PIN UP Design Awards in the Tangible Design and IT Devices Design areas



Korea's first AI-based kiosk providing cell phone diagnosis and self-purchase service, 'MINTIT ATM'

Business Performance in 2021

MINTIT ATMs in total Installed **5,400**



Donated **13,000** units of used cell phone



Collected **1** million units of used cell phone (up about 3 times compared to 2020, market share estimated at 10%)



Social Value Creation in 2021

Created for Environmental Value

(material cost savings effect, equivalent to KRW 21.2 billion, and delaying the incurrence of KRW 1.2 billion of GHG emissions costs through the reuse and recycling of used cell phones)

About KRW **22.4** billion

MINTIT Project Performance in Collaboration with International Relief NGO, Save the Children

(accumulated about KRW 170 million donated, 94 children supported)

About KRW **50** million raised

Supporting Children Aged Under 18 from Low-income Grandparents Families

35

'MINTIT reforestation' in Yeouido Saetgang Eco Park (4,000 seedlings planted)

10,000m²

Certification in the Field of Personal Data and Data Deletion*

international standard quality certification obtained

* Hosted by the German quality certification body, TÜV SÜD

Walkerhill Hotels & Resorts

Querencia* in the City

Walkerhill Hotels & Resorts provides a variety of cultural programs, including leisure, culture, and food within nature, providing a top-notch experience for customers to enjoy their relaxing time for rest. As Korea's leading luxury hotel, Grand Walkerhill Seoul offers high-class facilities and services, while Vista Walkerhill Seoul brings a fresh experience beyond simple rest with the concept of 'Refreshing. Vividly.' With the concept of 'a hideout in the woods for relaxation,' Douglas House gives customers healing and recharging time for their minds. While the external business department of Walkerhill operated Matina Lounge in the Incheon International Airport, it opened Korea's first capsule hotel, 'Darakhyu,' at the same airport. Walkerhill has made every effort to bring diverse leisure services to our customers. As part of our reinforcement of ESG management,

we acquired the 'Korea Eco-Label' and ZWTL** validation, the official 'Eco-friendly Services' certifications, to strengthen ESG management. We also received excellent evaluations in seven areas, including waste reduction and green purchasing, thereby solidifying our position as an eco-friendly hotel.

* Querencia: a place where one feels at home when both physically and mentally exhausted
 ** ZWTL: Zero Waste To Landfill

Walkerhill's vegan room opened for the first time in the industry



Business Performance in 2021

in Revenue
KRW 161.3 billion



No.1 at the National Brand Awards in Hotels & Resorts category for **6** consecutive years



paid / free membership subscribers (as of December 2021)
87,278



58% of paid membership re-registration rate



Social Value Creation in 2021

An Official Eco-friendly Hotel Certification

Acquired **'Korea Eco-Label'**

Provided ESG Experiential Eco-friendly Service

'Go Green Campaign'*

'Begin Vegan' package**

Acquired ZWTL Validation, Waste Recycling Rate at within the Hotel Facilities

94%

Firefighter Welfare Promotion Agreement Giving Benefits for Firefighters Nationwide to Use the Facility

371 rooms

* Reducing disposables in rooms
 ** The industry's first room with a vegan concept.

Automotive Aftermarket Business

Automotive Aftermarket No. 1, SpeedMate

As a No.1 brand in the automotive aftermarket service in Korea, SpeedMate provides a wide variety of automobile-related services, including car maintenance, emergency roadside service, import car maintenance, import car parts distribution, tire distribution, and car parts export. For the light maintenance, we have successfully launched 'CLUB SM', our membership to present reasonable maintenance prices to alleviate the financial burdens of our customers. Going forward, SpeedMate will never stop researching and developing services to resolve the grievances of our customers and launch new services to realize a customer value innovation.



ECO Mobility Parts

Our mobility Parts department aims to step up as the No.1 leader in the accident car part market based on the synchronized parts billing system with major car insurance companies in Korea. Through this collaboration, we will lead the resource circulation culture in the mobility industry by being at the forefront of commercializing eco-friendly parts. On top of that, we plan to expand our business scope to general maintenance and commercial vehicle markets beyond part business. The mobility parts department will make every effort to pave the foundation for building an eco-friendly mobility ecosystem based on the reliability accumulated in the market while facilitating communication with customers.

New Concept of Car Maintenance Platform Service, cartini

In October 2021, cartini was established as an independent corporation to accelerate customer-oriented online platform-based automotive service, starting from the TIREPICK business team under SpeedMate. In line with this purpose, cartini is continuously identifying customer complaints and upgrading the services so that drivers can easily and conveniently receive vehicle management services anytime, anywhere, and in any situation. At TIREPICK, an online shop for tires and batteries operated by cartini, users can find tire information by using only license plate number, which is the first service in Korea. Also, its online advance payment system allows easy replacement service of tire or battery. The brand-new service of cartini has brought about growing demands for online tire replacement with positive customer feedback. We expect to expand the number of installation alliance branches from the current 380 to 540 nationwide by the end of this year, thanks to the growing trend. On top of that, we are on the verge of launching a new mobile application, scheduled to launch in the second half of 2022. Through this application, we will leap forward as the No.1 car care platform, constantly bringing a new experience to customers.



Trading

Global Top-level Business Experience Accumulated over 50 years

On the foundation of global business experience accumulated for over 50 years, SK networks' trading business is taking the lead in global trading, mainly in the chemicals and materials sector, with competitiveness, such as stable global sourcing capabilities, the latest information, and strategic networking. We have maintained strategic partnerships with major international suppliers and big buyers in and outside Korea to expand stable income structures. We also utilize our own tank terminals to target the domestic market.

Business Performance in 2021

in Revenue
KRW 2.7 trillion



long-term business partners
About 35



Expert Trading Company designated by the
Korea International Trade Association



Social Value Creation in 2021

Reorganizing our portfolio centering on ESG

(Exiting from coal, internal combustion engine vehicle, and steel businesses)

Newly Growing Businesses

Global Investment Center

The Global Investment Center invests mainly in early-stage startups in future new growth areas such as digital transformation, blockchain, and sustainability. The center secures a competitive investment portfolio primarily targeting Silicon Valley in the U.S. that leads the global technology and trends from both financial and strategic investment perspectives. Investments are made in consideration of future growth of SK networks on top of the basic investment profits. The representative example is the USD 20 million investments in 2022 in 'MycoWorks,' an eco-friendly alternative leather company using mushroom mycelium. The Global Investment Center plans to further expand the partnerships and discover growth engines in connection with sustainable future technologies, starting from such successful investments in eco-friendly technology firms.

Biz Acceleration Center (BAC)

Biz Acceleration Center (BAC) was newly formed in the first half of 2021 to discover business opportunities that can serve as new growth engines. BAC actively promotes inorganic growth, such as M&A, in the sector in which connection can be made with our mobility business and the existing rental business of SK magic. As a representative example, in January 2022, BAC invested KRW 10 billion in Everon, one of Korea's three largest EV charging companies. EV charging is a rapidly growing market as it gradually replaces internal combustion engine vehicles in EVs. Through this Everon investment, SK networks plans to preemptively establish the future mobility infrastructure and secure the dominant market position and competitive edge.

Blockchain Business Department

The Blockchain Business Department was newly established in 2022 to identify new growth engines and seek new opportunities to leap forward in the rapidly growing blockchain sector. Starting with the participation in KGC* in 2019, we invested in Block Odyssey, a specialized blockchain developer, in January 2022, preemptively investing in the blockchain field, which will become a critical future growth technology. On the basis of a powerful driving force and execution force we have accumulated for several years in building broad networks and making investments, we plan to secure the blockchain-centered future growth portfolio. Besides, we will further enhance our competitive edge of products and services by combining existing business models and blockchain technology.

* KGC: Klaytn Governance Council



MycoWorks investment ceremony

Everon investment ceremony

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Our Goal & Progress

We have formulated our strategies for ESG management to achieve sustainable management. Our ultimate goal is that all our employees put ESG management into action and drive growth to make all our business innovations lead to ESG management performance. To this end, we will establish the goals of enhancing execution capabilities for Net Zero 2040, improving ESG performance, innovating business models based on social value (SV) and customer value (CV), and internalizing ESG for employees while raising our capacity to achieve the goals.

Stepping Up Our Executive Ability for Net Zero 2040

Net Zero 2040

Reaching Net Zero by 2040

As part of the effort to promote our executive ability to reach 'Net Zero,' we have established GHG (Greenhouse Gas) emissions reduction plans tailored to each business's nature. SK networks and our seven subsidiaries joined EV100** in October 2021 and have made every effort to switch all business vehicles, including customer vehicles, to EVs (Electric Vehicle) by 2030. As a result, as of 2021, we converted a total of 6,500 vehicles to EVs on an accumulated basis. On top of that, we are contemplating the multifaceted ways to advance the methodology for calculating Scope 1 and 2 GHG emissions and mitigating emissions. Furthermore, we completed the establishment and measurement of Scope 3 inventory while systematically setting up and managing the mid- to long-term mitigation goal through setting the plan to mitigate carbon emissions.

* 8 companies: SK networks (Walkerhill included), SK networks service, SK rent-a-car, SK rent-a-car service, SK magic, SK magic service, MINTIT, cartini

** EV100: Global initiative bringing together companies and have them make commitments to converting all their own or rental vehicle weighing less than 3.5 tons and the half of their own or rental vehicles weighing more than 3.5 tons to eco-friendly ones, and turn them into action by 2030

Enhancing ESG Performance



ESG Management Goal at the Global Top-tier Level

SK networks established a plan to acquire higher grade from the previous year or grade A or above in the external ESG evaluation. To this end, we analyzed the Group's ESG key indicators as well as results of MSCI, CDP, S&P, and KCGS followed by establishing and implementing the improvement plans.

Joining Global Initiatives

Walkerhill acquired 'Korea Eco-Label,' an official certification for 'eco-friendly service' in 2021 and ZWTL* validation, aiming at higher grades later. SK networks also joined UNGC** in May 2022 to enhance human rights management.

* ZWTL: Zero Waste To Landfill

** UNGC: UN Global Compact, a specialized organization under the UN established to improve a global environment and to encourage companies to join the efforts for sustainable development promoted by the UN

SV/CV- BM Innovation



BM Innovation through SV* & CV** Creation

Putting SV & CV at our heart of management, we have spared no effort in supporting innovation to make business progress. In detail, we have operated 'SV Board,' and 'CV Board' that are convened and presided by the CEO once a month, with executive members, team leaders and working-level employees engaged by business. Each board held 10 meetings*** respectively in 2021. The very purposes of the Boards are to draw up key tasks by business for the creation of SV & CV, share the developments and results, and enables mutual learning, thereby facilitating our business model innovation.

* Social Value

** Customer Value

*** Operation of the integrated board in August and November

Embedding ESG into All Our Employees



ESG Capacity Building for Employees

SK networks provided a total of 9 ESG lectures for all employees held by the CEO to raise the understanding of ESG and secure commitment in 2021. In 2022, we are preparing an ESG literacy lecture as an online education course, targeting all employees to take it.

Internalization of Social Contribution

Activities and Support for the SE Ecosystem

Targeting to carry out social contribution activities for more than 20 hours a year per employee, SK networks has joined various activities, including blood donation, MINTIT reforestation, and making kits to support the vulnerable. From 2022, we have operated a 'target-type pro bono' as a permanent counselling service for a year as well as a 'spot-type pro bono' as a matching service when counselling is required for social enterprises which can connect to our business.

SV Practice in Daily Lives

The 'Hangarae' application, introduced in 2021, is an SV practice platform where SV can be continuously created through employee voluntary activities for creating SV, such as using stairs, tumblers, donating blood, and plogging. In 2021, the carbon reduction amount made through the Hangarae application was 48,251kg in total.

Governance

Solid Governance System

We put the establishment of a sound governance structure first to contribute to economic development and social value creation through our business operations. To this end, under the basic principle of ‘BOD (Board of Directors)-driven Responsible Management,’ we have provided accurate and sufficient business information for the directors through the three committees within the Board including the ESG Management Committee. And we have in place a system that brings together independent directors to discuss before so that decisions regarding overarching business issues are made in a transparent manner.

* ESG Management Committee, Personnel Committee, Audit Committee



BOD Composition

(as of March, 2022)

Title	Name	Gender	Position	Career Profile	Tenure**
Executive Director	Park Sang Kyu	Male	President & CEO, Member of the ESG Management Committee, Member of the Personnel Committee	President & CEO of SK networks	Until March 2023
	Choi Sung Hwan	Male	Member of the ESG Management Committee***	Business Director of SK networks business	Until March 2025
Independent Director	Ha Yung Won	Male	BOD Chairman, Chairman of the ESG Management Committee, Member of the Personnel Committee	Emeritus at Sogang University Business Department	Until March 2024
	Lee Cheon Sei	Male	Chairman of the Audit Committee, Member of the ESG Management Committee	Lawyer at the Dongin Law Group	Until March 2023
	Im Ho	Male	Chairman of the Personnel Committee, Member of the ESG Management Committee	Professor at Hongik University (Intellectual Property Law)	Until March 2024
	Jeong Seok Woo	Male	Member of the Audit Committee, Member of the ESG Management Committee	Professor at Korea University Economics Department	Until March 2025
	Lee Moon Young	Female	Member of the Audit Committee, Member of the ESG Management Committee, Member of the Personnel Committee	Associate professor at Duksung Women's University Accounting Department	Until March 2024
Non executive Director	Kim Hyung Keun	Male	Member of the Personnel Committee ESG Management Committee***	Portfolio Management Head of SK Inc.	Until March 2025

* Average term of service is 2.75 years (as of March 29, 2022, two new directors appointed)

** Joined as of May 2nd, 2022

Governance

BOD Composition and Independence

The BOD makes decisions on key policies regarding business operations as the top decision-making body. For the independent operation and decision making of the BOD, we have the BOD consist of five independent directors out of eight directors as of March 2022. To ensure independence, we separately appoint the CEO and the chairman of the BOD, and since 2019, we have selected the chairman among independent directors.

BOD's Expertise and Diversity

We select experts who have no reason for disqualification regarding the Commercial Act or Monopoly Regulation and Fair Trade Act, and at the same time, are equipped with expertise in each area, and nominate them as candidates for independent directors at general shareholders' meeting. As of March 2022, we appointed directors with expertise and a wealth of experiences in various fields, such as law, finance & account, and marketing, which underpins the expertise of our BOD. In order to earn trust from a wide range of stakeholders, we take into account nationality, gender, age, ESG capacity, and experience when appointing an independent director to promote diversity.



* We separately appointed the CEO and the BOD's chairman from March 13, 2009 through March 12, 2014. Then, we separated the appointment of BOD chairman and the CEO again from March 18, 2016.

BOD Operation

The BOD deliberates and makes decisions on key matters in regard to the company's management policy and business operations, the issues delegated from general shareholders' meetings, and the matters stipulated by the laws and Articles of Incorporation while supervising directors for their performance. The BOD is convened once a month, but it is allowed to be held frequently if necessary. And the directors are given information regarding agenda items so that they can closely look into the issues in advance. Furthermore, we hold a briefing in advance or seek advice from outside experts to get them better understand agenda items, and in the event of a pressing issue, we report immediately. By doing so, we strive to make informed and professional decisions in a transparent manner. In 2021, a total of 11 BOD meetings were held with 33 cases resolved and 13 cases discussed.

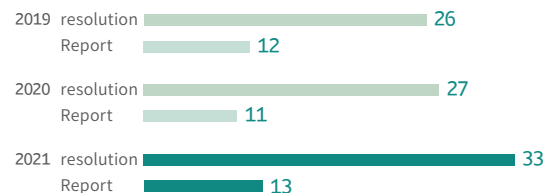
Average BOD attendance rate (unit: %)



No. of BOD meetings held (unit: time)



No. of agenda items in the BOD meetings (unit: case)



Committee Operation within the BOD

As part of the efforts to elevate expertise and efficiency in decision making, SK networks puts in place and operates committees within the BOD. Each committee has its operational regulations. And the very purpose of the committees is to put more focus on key decisions made by the BOD and main business issues, thereby making better decisions and ensuring the expertise and transparency of the deliberation.

Audit Committee The Audit Committee consists of three independent directors. It conducts audits of various issues including the legitimacy of business operations, the soundness and validity of financial activities, the adequacy and accuracy of financial reporting process, and the feasibility of accounting standards and accounting change. The committee also takes charge of assessing the internal control system, supervising the Corporate Audit Team and external auditors (appointment, dismissal, and change included), and checking whether corrective measures are taken.

ESG Management Committee ESG Management Committee was launched in March 2021. Since May 2022, all directors have served as the members of the committee. The main function of the committee is to deliberate the mid- to long-term strategies, business plans and investment affairs before decision making at the BOD. Along with this, from the perspective of ESG, the committee makes discussions on the company's ESG strategies and policy as well as the results of the policy implementation.

Personnel Committee Launched in March 2021, the committee is comprised of one executive director, three independent directors, and one non-executive director. In addition to its role as Independent Director Recommendation Committee, it also assumes the roles of nominating and managing the candidates for CEO, deliberating personnel / evaluation / compensation of CEO.

Governance

Shareholder-friendly Management

To deliver a shareholder-friendly management, we have adopted an electronic voting system. The system enables shareholders to exercise their voting rights online without visiting when we register the list of shareholders and agenda items for general shareholders' meetings on the online platform. The very purpose of the system is to improve the shareholders' rights and their influence. As part of the effort to expand shareholders' influence, we encourage proxy solicitation targeting shareholders who own 100,000 common stocks or more and release audit reports before convocation.

Independent Director Activities and Governance Innovation

On June 18, 2021, we held a workshop for the BOD to provide information on the company's management status and strategic direction for raising the understanding of the direction for improvement in the business portfolio and major issues by business, as well as social and customer value creation performance and the promotional tasks related to employee happiness management. As part of establishing and implementing the overall system for responsible management centered on the BOD, the BOD resolves agendas of '2021 CEO evaluation' and 'CEO compensation' in February 2022 and 'establishment of CEO KPI for 2022' in May 2022. On top of that, the Personnel Committee within the BOD will

deliberate on whether to reappoint the CEO, manage the group of candidates for the CEO, and recommend candidates for the CEO. In 2022, we plan to adopt Board Skills Matrix (BSM) for the BOD to raise the reliability of stakeholders and evaluate the BOD, striving to continuously develop the board-centered management system. For directors to experience the latest industry and technology trends and find insights, we give opportunities to participate in overseas conferences. We also offer external professional training and educational programs (ESG, AI / DT, etc.) through SK Group's education platform called mySUNI, continuing our efforts to support the capacity building of our independent directors.

BOD Structure

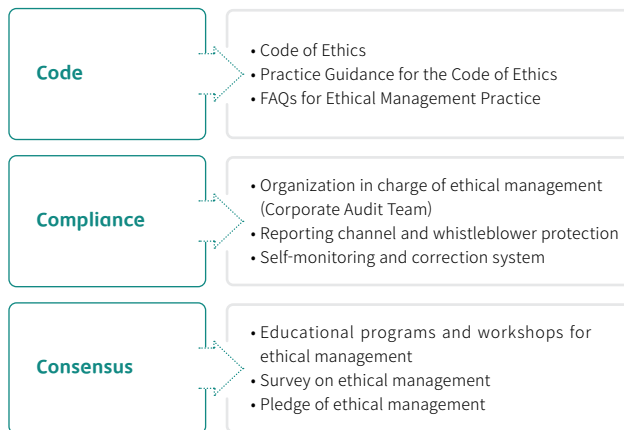


Ethical Management

3C Ethical Management System

With the purpose of fulfilling our ethical accountability as well as earning more trust from stakeholders, SK networks and our subsidiaries have built 3C (Code, Compliance, Consensus) Ethical Management System. Along with this, we have formulated Practical Guidance for the Code of Ethics while operating the ethical management system through the Corporate Audit Team, the department in charge of ethical management right under the Audit Committee. On top of that, various programs are provided, such as educational programs for ethical practices or workshops, as part of efforts to spread a culture of transparency.

3C Ethical Management System



Code of Ethics and Practice Guidance

On the basis of SKMS (SK Management System), the management philosophy of the group, we have drawn up our Code of Ethics in 2007. This Code of Ethics presents a set of standards for our employees for their behavior or value judgment. It encompasses many aspects including the attitude for customers, the basic ethics, responsibility for shareholders, the desirable relationship with suppliers, and our role in society. On top of that, the Practice Guidance for the Code of Ethics has been also formulated to help our employees better understand the code and put it into practice. The guidance stipulates the behaviors that our employees should uphold, such as anti-corruption, mutual respect, company and customer data privacy, interest conflict resolution, fair transaction, responsibility for safety, environment and health, and informant

and whistleblower protection. In particular, it contains the provision to prevent the breaches of the anti-corruption laws, such as the 'Improper Solicitation and Graft Act.' Going forward, we will turn our Code of Ethics into practice to create a fair and transparent culture, and at the same time, elevate the level of trust from our stakeholders, thereby contributing to sustainability and the public happiness.

Ethical System Operation

Organization in Charge of Ethical Management

The Corporate Audit Team, under the umbrella of the Audit Committee, takes charge of ethical management operation. In detail, it manages the whole aspects of ethical management, carrying out a variety of programs to embed a culture of ethics into every corner of the company and keeping track of the implementation. In addition, the Corporate Audit Team carries out annual inspections on the items reported through reporting channels as well as our own audits by business.

Self-monitoring and Correction System

In an effort to raise the level of voluntary ethical management practice, we have prepared a checklist of ethical risks by area, and conducted a self-inspection once a year. The checklist consists of items that cover various sectors, such as HR management, cost management, procurement and business partner management, sales and receivables management, investment management system, and special risk management, which enables employees to examine and assess risks according to the characteristics of their work. In addition, The Corporate Audit Team conducts investigations into the cases reported through the reporting channel or its management diagnosis.

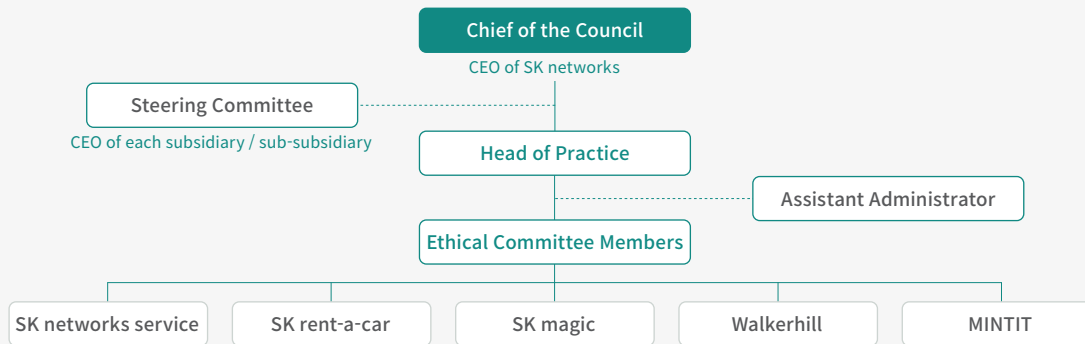
Code of Ethics

Attitude toward Customers	Earning trust of customers by continuously giving satisfaction and ultimately sharing happiness with customers
Basic Ethics of Employees	Creating a happy corporate culture where VWBE is realized without unnecessary conflicts by a company and employees and at the same time seeking for achieving visions of the company and employees
Responsibility for Shareholders	Raising the corporate value to create value for shareholders and raising transparency and efficient management for higher value
Relationship with Business Partners	Pursuing the mutual benefits and shared growth while competing in a fair manner with competitors
Roles for Society	Contributing to the development of a nation and society through doing a business in compliance with social norms and ethical standards as a healthy social member while striving to become a trusted company

* VWBE: Voluntarily, Willingly, and Brain Engagement

Ethical Management

Ethical Management Council Structure in 2022



Ethical Management Council

We have in place the Ethical Management Council driven by the Steering Committee comprised of the CEOs of SK networks, subsidiaries, and sub-subsidiaries with the aim of sharpening our subsidiaries' capabilities to deliver ethical management, and having ethical management on track under the close cooperation between the Head Office and subsidiaries. The Chief of the council and Ethical Committee members are assumed by the CEOs, and the HR Team Leaders of subsidiaries are the members of the council. The council enables the close cooperation system and facilitates the ability to execute. In addition, it has planned and provided multiple educational programs and workshops through the working-level meetings while helping subsidiaries establish their own ethical regulations, inspect their status, and investigate the reported cases. SK networks continues to support our subsidiaries in ramping up their function of auditing their ethical management through the council.

Reporting Channel and Whistleblower Protection

We have set up our own reporting channel for all forms of misconduct in order to monitor and manage our employees' ethical management activities in a systematic manner. When we receive a case reported, the Corporate Audit Team and subsidiaries' Ethical Management Teams investigate into the case, and take measures to fairly handle it. The scope of report spans bribery, negligence in risk management and false reports. In order for stronger whistleblower protection, we have also formulated our own regulations stipulating that informants shall not suffer any disadvantage on accounts of reporting. Furthermore, the same level of protection is given to the person who helps the informant report. If the informant thinks that there is a possibility of identity exposure or threats, the informant can request for protection from the Ethical Management Team, and the team immediately checks the status and takes action to resolve it along with disciplinary action and countermeasures against recurrence of the case.

Reporting Channel

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

Mail SK networks Corporate Audit Team, 85, Cheonggyecheon-ro, Jongno-gu, Seoul

Results of Ethical Management Report

In 2021, through our channel for report, we received a total of 68 cases regarding the pursuit of personal interests by abusing their position or workplace bully. And the Corporate Audit Team and the subsidiaries' Ethical Management Team under the Ethical Management Council investigated into the cases. As a result, 5 out of 68 cases were categorized as the cases of breach, and measures were taken following the decision in accordance with the relevant regulations by the Personnel Committee.

Cases Reported by Stakeholder Group*

Customers **27 cases**

Others **8 cases**

Business partners **9 cases**

Employees **24 cases**

Total
68 cases

* A total of 6 companies, including SK networks, subsidiaries, and sub-subsidiaries

Disciplinary Actions on Ethical Management Violation* (Unit: cases)

Category	Disciplinary Actions Taken
Money-related breach	2
Breach by employees	1
Violation of rules	1
Others	1
Total	5

* SK networks and 6 subsidiaries / sub-subsidiaries

Ethical Management

Dissemination of a Culture of Ethical Practice

Ethical Practice Education and Workshops

As part of the effort to raise awareness of the gravity of ethical practice among all our employees, we have trained them on ethical management. In 2021, we provided online ethics education for all our employees, including non-regular employees, and we expanded the education to the workers in our partner companies in June 2022. The scope of the online education ranged from workplace bully to abuse of power in the workplace to work attitude.

Ethical Management Education Completion Status*

No. of employees completed (Unit: persons)



Ratio of employees completed (Unit: %)



* SK networks and 6 subsidiaries / sub-subsidiaries

Ethical Management Practice Workshop

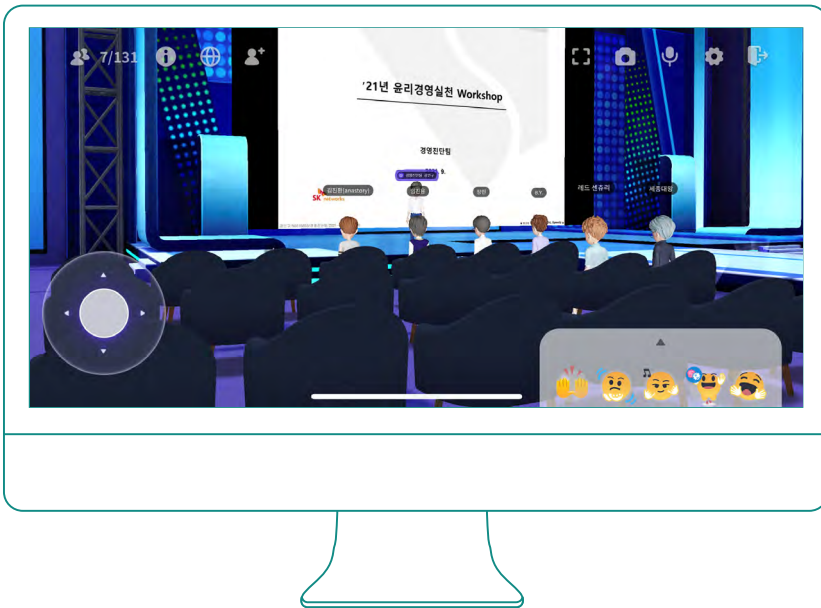
We have induced ethical dilemma situations for employees that can occur in each organization's field of work and hold ethical management practice workshops where we discuss the process of resolving the issues. In 2021, we implemented non-face-to-face workshops through conference calls and metaverse applications, considering the COVID-19 pandemic circumstances, joined by a total of 4,689 employees. At workshops, we discussed the topics of 'employee mutual ethics,' 'prohibition of private use of corporate assets,' and 'work concentration' while sharing improvements for practicing ethical management. For the internalization of ethical practice culture in each subsidiary and sub-subsidiary of SK networks, we selected and awarded outstanding organizations of '2021 ethical management practice workshop'.

Ethical Management Practice Survey

In order to diagnose our compliance and practice level for ethical management, we annually conduct an ethical management practice survey targeting the employees in the head office as well as subsidiaries. In 2021, we surveyed targeting the head office and six subsidiaries and sub-subsidiaries, and 4,125 employees (including non-regular employees) answered 23 questions. Based on the opinions collected through the survey, we have prepared and implemented measures, for instance, establishing audit plans and carrying out campaigns for preventing workplace harassment.

Pledge to Practice Ethical Management

All employees of SK networks joined in the pledge of ethical management practice on the first business day of every year, thereby elevating the sense of unity to actively practice ethical management. Through the pledge, all our employees raise the awareness of ethical management practices, voluntarily taking the lead in creating a transparent corporate culture.



Ethical management practice workshop

Ethical Management

SK networks Compliance Council in 2022



Participating companies

SK networks and 7 subsidiaries / sub-subsidiaries



Module

Legal / Fair trade / SHE



No. of Employees

60



Major Activities

Raising compliance sensitivity and response capabilities, upgrading common training and information-sharing, COVID-19 emergency response, etc.

Compliance

Fair Trade Compliance Program

In 2002, we introduced the Fair Trade Compliance Program (hereinafter 'CP') to comply with laws related to fair trade and enhance transparency in trade. The CP operation presented clear guidelines and standards for employees to follow in the course of business, creating an environment in which employees keep the laws by themselves and preemptively prevent the financial/non-financial risks in advance. In addition, SK's online education platform, 'mySUN1,' elevates the compliance sensitivity to changes in the regulatory climate, such as the revision of the Fair Trade Act, while enhancing our capability to respond to diverse compliance issues in a timely manner.

Compliance Council

The Compliance Council was established in 2019, aiming to improve the compliance capabilities and risk management level of our subsidiaries and sub-subsidiaries. The council is operated with three modules; Legal, Fair trade, and SHE, which shares necessary information on the related laws and systems by holding regular meetings and providing education. These activities continuously strengthen the capabilities to detect legal violation activities and respond to issues.

To promptly respond to the COVID-19 pandemic, we utilized the emergency response channel, comprised of responsible employees and the employees on the field of participating companies of the council, to carry out systematic management and response activities, from establishing response plans to sharing situation and taking emergency measures. Going forward, we will enhance our practical risk management capabilities that enable swift response to the changing business environment by holding regular council meetings and sharing expertise.

Fair Trade Compliance Committee

SK networks has a compliance officer and operates a dedicated organization for self-compliance. The BOD gives authority and responsibility to the officer and the organization for effective CP operation. The compliance officer and the dedicated organization take the role of promoting compliance-related activities. For example, they improve large-scale internal transaction monitoring systems between affiliates and provide education on the fair trade act targeting all employees of the company. The performance, results, and future plans are reported yearly to the BOD. The BOD fully gives human and material support for compliance activities while actively presenting opinions about compliance issues.

We will reinforce the prior monitoring and prevention functions against risks that can arise during the business operation. As part of it, we will enhance the monitoring of changes in the regulatory compliance environment, disclosure, and preliminary review system for large-scale internal transactions, thereby creating a transparent and clear business performance culture based on compliance. On top of that, we will identify material issues concerning compliance and improve them to cope with the transformation of the regulatory landscape. Our efforts to raise trade transparency and revise and distribute the fair trade compliance manual will be further continued for compliance.

Risk Management

Integrated Risk Management

Under the circumstances that we experience growing business uncertainties, we continuously seek ways to identify economic, social, and environmental risks in advance and preemptively respond to factors that may threaten our business. As part of the efforts, we have established a management system to prevent financial and non-financial risks in advance and strategic ways to discover, assess, and respond to current or potential risks through constant monitoring led by organizations in the field in each business, such as finance team and accounting team. In addition, we hold a management performance review meeting hosted by the CEO and a Business Model (BM) innovation meeting every other month, aiming to systematically set out a response plan for financial and non-financial risks.

Risk Management System

SK networks has been composed of professional human resources so that we can efficiently cope with various risks that may occur in all business activities. We have subdivided the roles and responsibilities (R&R) of risk management by department, including the Finance Team, Tax Team, HR Team, and Legal Team of the Management Support Division that oversees risk management. In terms of anticipated risks, each person in charge of each team established a proactive response system to minimize the possible damage.

Risk Management System

Department	Unique Risk Management Functions (R&R)
Digital Transformation Team	<ul style="list-style-type: none"> IT investment project management
Finance Team	<ul style="list-style-type: none"> Review/approval of new transactions/BIZ. Review and approval of credit limit for overseas corporations Credit and collateral management Receivables management Accident management Fund management (head office/overseas corporations) Foreign currency management and foreign exchange risk management
Accounting Team	<ul style="list-style-type: none"> Establishment and management of accounting policies Statement screening
Tax Team	<ul style="list-style-type: none"> Tax risk management
HR Team	<ul style="list-style-type: none"> HR regulation and system management
Legal Team	<ul style="list-style-type: none"> Contract management Litigation management Fair Trade
SV Implementation Division	<ul style="list-style-type: none"> Climate and environmental change risk management

Key Risk Management Areas

For the purpose of thoroughly analyzing each risk type and preparing systematic response measures, we manage them by segmenting them into four categories; market risk, liquidity risk, compliance risk, and tax risk. We also established an 'internal futures exchange system' to hedge foreign exchange risks that may arise in the course of business. Particularly for the sales departments, we regularly hold seminars about foreign exchange risks to raise awareness of foreign exchange risks and to encourage them to utilize the internal futures exchange system. We make these endeavors for our employees' in-depth understanding of risk management, thereby preparing for risky situations by themselves, ultimately creating a risk management culture throughout the company.

Company-wide Risk Management Segmentation

Market risk	<ul style="list-style-type: none"> Manages exchange risk by establishing exchange risk management guidelines, convenes the Exchange Risk Management Committee when making decisions on exchange rate fluctuations. Organizes an efficient portfolio to manage interest rate fluctuation risk (building efficient portfolio through fixed rate borrowings/deposits, reduction of borrowings at high interest rates, and diversification of savings products). Promotes successful communication with the capital market through quarterly provisional performance disclosures and NDR*.
Liquidity risk	<ul style="list-style-type: none"> Manages appropriate debt level and improves financial integrity in connection with credit rating triggers. Manages bond recovery-related risks through forfeiting and export insurance in trading transactions.
Compliance risk	<ul style="list-style-type: none"> Manages the risk of the legal violation by reporting the CP (compliance program) operation status to the BOD annually. Strengthens preventive activities and capacity for issue response through activities of the Compliance Council, including reviewing the impact of the amendment of the relevant statutes, such as the Occupational Safety and Health Act, sharing success cases, and providing education.
Tax risk	<ul style="list-style-type: none"> Preemptively responds to the impact (risks and opportunities) of the amendment of tax laws through analysis of precedents
Climate and environmental change risk	<ul style="list-style-type: none"> Preemptively responds to risks by analyzing climate and environmental regulations and laws. Manages business risks and opportunities related to environment and climate change through the operation of SV Board (environmental CoE**) and utilizes them in BM innovation. Reports to the management (the company-wide ESG Implementation Committee) and discusses BM direction and trends through signpost management related to environment in subsidiaries and sub-subsidiaries and discusses with the Strategy Planning Division to report them to the ESG Management Committee.

* Non Deal Roadshow

** CoE: Center of Excellence

Sustainable Supply Chain

Supply Chain Management Policy and System

SK networks has established and implemented three key promotion strategies for win-win growth, aiming to carry out our corporate social responsibility management together with partner companies and to create a sustainable society. On top of that, we have established a Code of Conduct for Partner Companies to secure business sustainability of business partners, with a principle of mandatory compliance. The 'Supply Chain ESG Guidelines' have raised the understanding of ESG and provided a standard reference for practicing ESG management. We will continue to communicate with them so that our partner companies can meet the demands of a more vital ESG management responsibility while building a sustainable supply chain system.

Code of Ethics for Partner Companies

Corporate Ethics		Eradication of fraudulent act, information disclosure, intellectual property protection, personal data protection
Respecting Human Rights		Voluntary labor, prohibition of child labor, compliance with work hours, wage and welfare, humane treatment, prohibition of discrimination
Safety and Health		Occupational safety, emergency measures at the worksite, occupational disaster and disease prevention
Environmental Protection		Compliance with environmental laws, air pollution management, environmental pollution prevention and energy saving, management of restricted materials in the product, hazard materials management

Three Key Strategic Areas for Win-Win Growth

Three Key Strategic Areas for Win-Win Growth

- 1

Providing fair opportunities and maintaining a transparent process

 - Proclaiming ethical procurement
 - Consistently discovering suppliers and offering fair trade opportunities
 - Maintaining transparency in fair trade in each stage from selection of partner companies and contract to payment
- 2

Enhancing the win-win cooperation system

 - Establishing communication channels with key partner companies and listening to VOC
 - Identifying win-win tasks
 - Selecting good partner companies through ESG/SRM* evaluation and making stronger cooperation
- 3

Reinforcing the competitive edge of partner companies

 - Making a Win-Win Fund
 - Preparing support programs for partner companies

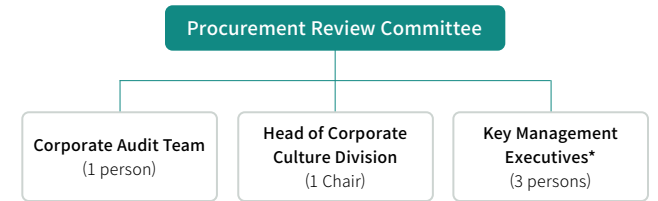
* SRM: Supplier Relationship Management

Shared Growth with Partner Companies

Procurement Review Committee

We have formed the Procurement Review Committee to review the appropriateness when selecting suppliers and purchasing items in a fair and transparent manner. The committee holds meetings on purchases subject to review, proposed by the department responsible for procurement. The deliberation applies to the private contracts of KRW 500 million or more and competitive purchases of KRW 1 billion or more. In 2021, a total of 7 meetings were held to discuss and report 24 items.

Composition of Procurement Review Committee



* Head of the Strategy Planning Division, Head of the Finance Division, Head of Sustainable Management Division

Reinforcing Competitiveness of Partner Companies

through the Shared Growth Fund

Shared Growth Fund

Shared Growth Fund was created with Industrial Bank of Korea (IBK) to give financial support to our partner companies and exempt loan interest for them. Through this fund, we assist our partners suffering from economic difficulties derived from the COVID-19 pandemic. As of December 2022, we have supported KRW 830 million for three partner companies. This year, we plan to expand the support amount by more than double from that of the previous year.

Sustainable Supply Chain

'SK The Growth Mobile' Learning Platform

We support learning for all members of our partner companies through the education platform service 'SK The Growth Mobile.' The education programs include job competency improvement, leadership development, and the latest trends. SK networks will never spare our support for the members of our partner companies to sharpen their internal competencies and job skills through our SK education platform.

Support for Training Employees of Partner Companies

We have a program to nurture new employees of our partner companies. The program includes various curriculums to cultivate basic knowledge and develop job competencies. In the 5-day training held in 2020, we provided education on the latest trends in each business as well as primary job training required for organizational understanding, document writing, and communication to nurture them as key talents of our partner companies. In addition, we are actively training workers in our partner companies, which had been suspended due to the prolonged COVID-19 pandemic. A total of 96.6% of voluntary participants from 32 partner companies completed the human rights and ethics education held in June 2022. The education was evaluated as the opportunity for participants to raise the awareness of human rights and ethics as well as the interests of ESG management. In the perspective of SK networks, these programs are expected to bring about positive effects for ESG evaluation. Going forward, we will regularly provide a variety of education for people working in our partner companies to realize shared growth with them.

Reinforcement of Win-Win Cooperation System

There are still few platforms for SME partners to preemptively respond to the rapidly changing business environment. As we deeply understand their difficulties, we support them to minimize possible risks by visiting our partner companies annually, listening to their

voices, and analyzing those to prepare measures for them. In 2021, we paid on-site visits to 50 key partner companies. In 2022, we plan to visit 46 key partner companies.

Protection of Our Partner Companies' Information

Information is the most critical asset for business survival. SK networks respects the intellectual property rights and trade secrets of our partners and does not force them to pass over technical data or use intellectual property rights when selecting or transacting. Going forward, we will all the more strengthen our information protection system so that the tangible and intangible information of our partner companies can be managed more safely.

ESG Risk Assessment of Partner Companies

In order for the tightened ESG risk management of our partner companies, we conduct an annual ESG preliminary evaluation by adding the environmental and social factors to the existing regular assessment of partner companies. We select the subject of ESG risk assessment in consideration of the trade size, frequency, and business impact of our suppliers to conduct the assessment. According to the results, we establish improvement goals and provide tailored training for them. In 2021, we conducted ESG risk assessments for 50 key partner companies, and identified the tasks and set up the consulting program for improvement by looking at the results. In 2022, we plan to conduct on-site inspection to give consulting to each partner company. We will continuously advance our ESG risk measurement, assessment, and management system for our partner companies so that we can support them to prevent ESG risks and implement sustainable management.

Criteria of ESG Risk Assessment of Partner Companies

Environment	Environmental strategy / Environmental management / Environmental performance / Environmental control
Social	Labor stability / Labor condition / Labor equality / Social contribution / Ethical management / Safety and health / Safe investment / Supply chain management
Governance & Economy/Management	Management stability / Accounting transparency / Management system

Social Value Creation within Supply Chain

The 'SK Networks Purchasing Project: Reflecting the ESG Requirements' is prepared to create social value through shared growth with our partner companies in March 2021. Led by the Walkerhill Business Division, the project was joined by 36 managers and working-level employees in charge in Walkerhill, as well as six key partner companies. In the first half of 2021, general education on ESG, SK networks' ESG management, and Walkerhill's material issues were introduced, bringing about a sense of unity in ESG management. Based on the understanding, we discussed the implementation of ESG management with our partner companies. In the second half of the year, SK networks' ESG Purchase Guidelines and ESG Purchase Practice Guidance were prepared after in-depth discussions on stakeholders' needs and the issue of purchasing by item.

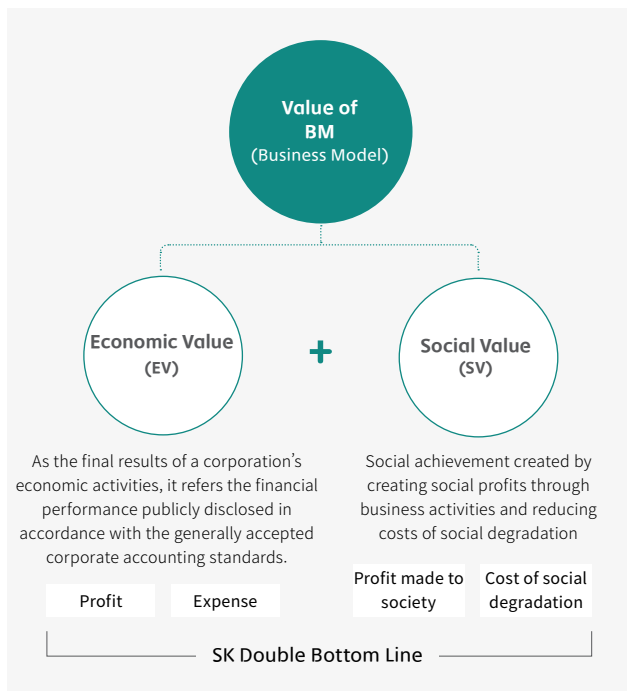
[Purchase process change project implemented for creating social values](#) 



Social Value Creation

Social Value Measurement System

SK networks measures our values created through business activities in a monetary form, based on the Double Bottom Line (DBL) measurement indicators, which is a management principle of SK considering both economic value (EV) and social value (SV). The scope of measurement is classified into indirect economic contribution achievement, environmental achievement, social achievement, and governance. The results of the measurement are disclosed to all our stakeholders in a transparent manner. We will continuously seek ways to strengthen our corporate responsibility for society throughout the business, further striving to expand our social value creation to the happiness of our entire stakeholders.



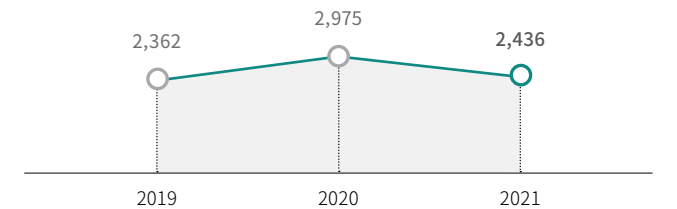
Social Value Measurement Indicators

Indirect Economic Achievements	Hiring		Achievement derived from paying wage and giving stable jobs to employees
	Dividend		Achievements contributing to raising the shareholders' value by redistributing profits generated from business activities to shareholders by share
	Tax		Achievements contributing to the advancement of the people's lives and maintain the country by paying taxes on the profits made in the course of business
	Product / Service		Achievements improving the level of impact on the environment through products and services
Environmental Achievements (E)	Product / Service	Processing	Achievements made from internal business in the course of product manufacturing, processing, or service provision
	Labor		Effects of creating social achievements across labor by improving a working environment based on basic rights of employees (including the achievements of hiring the vulnerable)
Social Achievements (S)	Fairness		Achievements in regard to support for business partners, SMEs, startups, and small business owners within the industrial ecosystem, and cooperation in pursuit of shared growth
	Shared Growth		Achievements made through social contribution projects we directly plan and operate or in collaboration with partners
	Social Contribution Activities		Achievements concerning donation to those regarded as the ones in social need such as the vulnerable, non-profit organizations, or public institutions
	Donation		Achievements regarding a variety of volunteer activities including employees' pro bono, talent donation, and labor service
Social Contribution	Volunteer Work		Achievements in association with the protection of minority shareholders' rights and ethical management such as accounting transparency, corruption, or law violation
	Governance (G)		

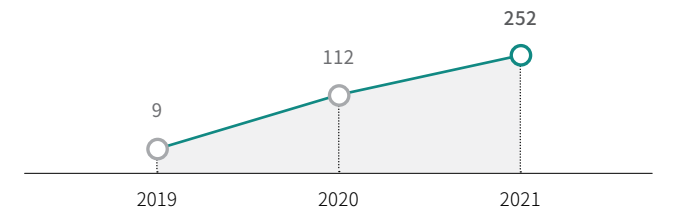
Results of Social Value Measurement in 2021

In 2021, SK networks created a total of KRW 278.6 billion, of which KRW 243.6 billion in indirect economic contribution, KRW 25.2 billion in environmental achievement, and KRW 9.8 billion in social achievement.

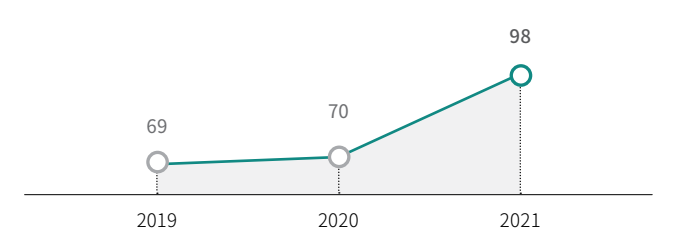
Indirect Economic Contribution Achievement (Unit: KRW 100 million)



Environmental Achievement (Unit: KRW 100 million)



Social Achievement (Unit: KRW 100 million)



Financial Story

Story #1. 70 Years of Journey towards Customer Value	31
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Story #1

70 Years of Journey towards Customer Value

New Promising Sign for the Korean Economy, Writing a New Chapter in the General Trading History

We had a humble beginning as Sunkyung Textiles, the precursor of SK networks founded in 1953 when Korea sank into a dire slump in the aftermath of the Korean War. Sunkyung Textiles started its business with only four reassembled weaving units made of machines from abandoned factories burnt and ravaged by bombardments and the addition of 16 units. Emerging with people from the ashes of the war, Sunkyung Textiles delivered the message of dream and hope at the reconstruction sites in Korea. As the innovative driver of clothing habits, Sunkyung Textiles had never stopped its journey towards a top-notch yarn manufacturing company in Korea, becoming the first to export rayon fabric to Hong Kong, followed by the successful production of polyester thread. Later, it changed its name into Sunkyung as it shifted to a general trading company. Sunkyung made remarkable progress such as the winning of \$100 Million Export Tower and the expansion of its network through the acquisition of various businesses. Based on these achievements, it has become 'SK networks' that currently raises the profile of Korea.



The precursor of SK networks, Sunkyung Textiles was founded in the ashes of the Korean War in 1953

Sunkyung Textiles started acetate yarn manufacturing in 1966



Pushing Back the Frontiers of Our Business Scope for Customer Satisfaction

SK networks, the root of SK Group, has never relented in exploring what business we can do to benefit customers. In the 1980s, when the stable supply of energy was required due to a series of oil shocks, we played a leading role in expanding the no. of gas stations to around 3,000 throughout the nation by taking over the Korea Oil Corporation from the government. In 1989, we started our telecommunications business taking advantage of our experience in operating about 1,000 mobile phone retail stores, thereby maintaining our no. 1 spot in the mobile device distribution industry.

In the late 1990's, we opened the door to a transparent maintenance market in the automotive industry by launching 'SpeedMate,' followed by the global expansion across a wide range of sectors encompassing chemical materials, steel, and automotive businesses. We made remarkable progress across a variety of sectors including the ICT marketing, domestic energy distribution and global trading. In 2003, we changed the company name to 'SK networks,' took over Walkerhill in 2009, previously acquired by SK Group from the government, and developed it into a luxury hotel brand representing Korea.



SK networks launched in October 2003

We Network. That is why We are SK Networks.

Customer Value into New Experience

Social Problems with Creative Solutions

Our Employee's Capability up to Lifetime Employability

Digital Technology for Business Innovation



Never-ending Evolution to Keep Pace with Industrial Transformation

In 2016, our focus switched to the rental business in line with the changing landscape of the business. Under the management vision, 'sustainable growth,' we have chosen the rental business as our core future growth locomotive. With an aim to fulfill this management vision, we made bold choices and concentrated on those areas. As part of it, SK networks acquired Tongyang Magic and AJ rent-a-car while closing businesses irrelevant to sustainable growth to use them as a source of growing businesses. Since the acquisition of 'SK magic' became the leading company in the home appliances and rental market in Korea underpinned by its differentiated technologies and customer-friendly services. 'SK rent-a-car,' launched following the acquisition of AJ rent-a-car we merged in January 2019 with SK network's rental car business, has shaped a new culture in the rental market, marked by 'from ownership to use,' providing unique services for customer convenience.

We have made our utmost efforts to identify the needs of customers and markets, preemptively revamping our business structures for the last 70 years. Now, we will leap forward, aiming at sustainable growth and fruitful performance, based on our constantly accumulated capabilities and experience as the 'Customer Value Explorer.' We promise that we will implement sustainable management that will elevate the value of our customers and stakeholders by innovating the existing business and continuously cultivating future growth engines.



Story #2

Adjusting Ourselves to Changing Environment

Advent of Climate Crisis

Currently, the world is faced with unprecedented crises such as the COVID-19 pandemic, climate change, environmental pollution, and polarization. As the issues impacting the entire globe arise, such as heavy snowfall in 50 years, extreme drought, and large-scale wildfires derived from the climate crisis, the industrial structure is also experiencing a grand transformation. Against this backdrop, companies now have to combat climate crisis to achieve sustainable growth. To this end, it is required to build strategies and systems to bring about carbon neutrality by increasing energy efficiency, improving the production process, and developing new technologies.

Portfolio Transition into Eco-friendly Businesses

SK networks has also been continuously innovating our business by transforming our business portfolios with an aim to swiftly respond to the changing business landscape caused by the climate crisis and to contribute to resolving unprecedented environmental issues in our society. We deal with the climate crisis as an opportunity platform for growth, not a risk. With that in mind, we pull our strength to go forward toward a sustainable future. We have already initiated the advancement of the ESG management system for a sustainable growth. And as part of it, we reformed our business portfolio into ESG-centered one. In 2017, we sold the LPG business and petroleum product wholesale business, followed by the withdrawal of the Australian coal business in 2019. In 2020, we also sold the petroleum product retail business, thereby gradually reducing the share of businesses related to coal and oil and expanding our businesses in the eco-friendly sector.



Declaration of Net Zero 2040

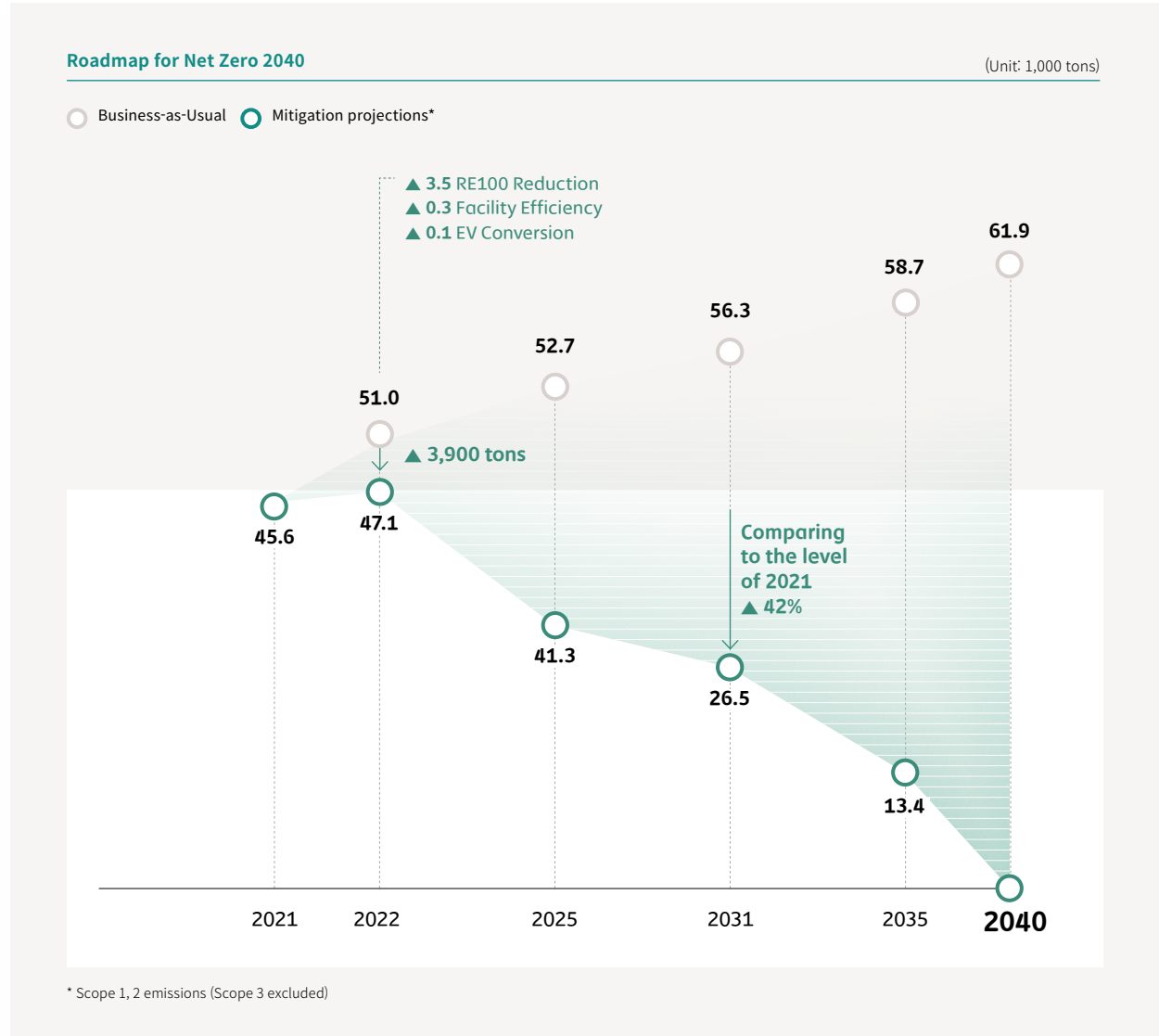
To actively join the climate action required by the global society, we declared 'Net Zero 2040' in June 2021. Along with the declaration, we also established a goal to reduce GHG emissions by 42% by 2031 compared to the 2021 level while achieving Net Zero Commitment by 2040. To fulfill our Net Zero goal, we are working on joining SBTi, a Science Based Targets initiative, together with our subsidiaries and each business division. By joining the SBTi, we plan to reduce 4.2% of GHG emissions every year by 2031 and lessen 6.4% of the average emissions every year by 2040 to achieve the goal in relation to the Paris Agreement 1.5°C scenario.

Scope 1,2

SK networks has established a mid- to long-term roadmap for eco-friendly vehicle expansion and transition to new and renewable energy transition, aiming to mitigate GHG emissions within our business sites. Upon joining 'EV100' and 'K-EV100,' we are pushing forward 100% EVs(Electric Vehicles) conversion of our company vehicles, including our subsidiaries such as SK rent-a-car, by 2030. On top of that, we plan to minimize the GHG emissions by actively increasing the generation of new and renewable energy and making our facilities much more efficient, such as installing solar panels.

Scope 3

SK networks is committed to mitigating not only our Scope 1 and 2 emissions but also Scope 3 emissions through the measurement and management. Especially based on the SBTi recommendations, we have made eight companies including all our subsidiaries and sub-subsidiaries subject to the emission measurement in 11 out of 15 categories. In 2021, the Scope 3 emissions were 4,622,952 tons. Furthermore, we established a mid- to long-term mitigation plans encompassing the adoption of new and renewable energy and emissions reduction within the supply chain, which was followed by the formulation of the roadmap of reducing the Scope 3 emissions by 90% from the level of the base year (2021) by 2050. Based on this, the preparation is being made to join the SBTi and submit our reduction targets in 2022.



Our Endeavors for Achieving 'Net Zero'

Transition to Electric Vehicles

SK networks has established and carried out action plans to achieve 'Net Zero' in our subsidiaries and business divisions in line with the government's carbon-neutral direction. Among about 220,000 units of vehicles, including customer vehicles, we converted about 4,900 units to electric vehicles as of 2021, which led to the accumulated number of 6,500 electric vehicles as of the end of 2021.

Energy Consumption Reduction

We consider various options to increase the proportion of renewable energy use, such as adding self-generation equipment. In October 2021, SK rent-a-car built solar power generation facilities at the Busan Logistics Center, and we will keep striving to improve logistics efficiency and save energy usage. SK magic has saved city gas energy by shutting down centralized boilers and has been using renewable energy generated from the installed facility in the Welfare Building within Hwaseong Plant since July 2021.

* SK rent-a-car's Busan Logistics Center equipped with solar power generation facilities



Walkerhill's vegan room opened for the first time in the industry

EV Transition Progress of 8 Subsidiaries/ Sub-subsidiaries Including SK rent-a-car

Classification	No. of vehicles converted to EV (ratio)
SK networks	5(8%)
SK networks (Walkerhill)	3(10%)
SK networks service	0(0%)
SK rent-a-car	4,897(2%)
SK rent-a-car service	0(0%)
SK magic	0(0%)
SK magic service	1(0%)
MINTIT	5(63%)
cartini	1(50%)
Total EVs	4,912(2%)

(as of 2021)

Eco-friendly Hotel

Walkerhill Hotels & Resorts declared to convert itself to an eco-friendly hotel. As part of accelerating the 'Green management' putting customers and the environment first, it acquired the 'Korea Eco-Label' certification in 2021 after passing a strict examination by the Korea Environmental Industry & Technology Institute under the Ministry of Environment. As an eco-friendly hotel, Walkerhill removed single-use amenities in rooms and is operating programs engaging its customers in mitigating GHG emissions activities. Furthermore, it replaced refrigerators and air conditioners while introducing individual boilers in 2021. It also converted company cars into EVs, joining efforts to mitigate GHG emissions. As we advance in 2022, we will continue to present concrete solutions to cut GHG emissions by replacing and improving old facilities, installing PV panels, and expanding the EV charging infrastructure.





Story #3

'Virtuous Cycle of Business and Investment' to Achieve Sustainability

'Growth' and 'Achievement,' What We Need

Since our inception, SK networks has never relented in innovating our business portfolio and expanding its scope into various sectors, including ICT marketing, petroleum product distribution, and rental service. On this journey, we sold some businesses that we thought lacked sustainability, such as petroleum wholesale, LPG, and fashion business. Following the years of painstaking efforts, we have revamped our portfolio. However, we are seeing the sales of smartphones decrease due to the smartphone market saturation. Walkerhill still needs time to recover its sales losses incurred by the COVID-19. And concerns have mounted over the sustainable growth of our key growth businesses, SK rent-a-car and SK magic, given the intensifying competition in the domestic rental business market.

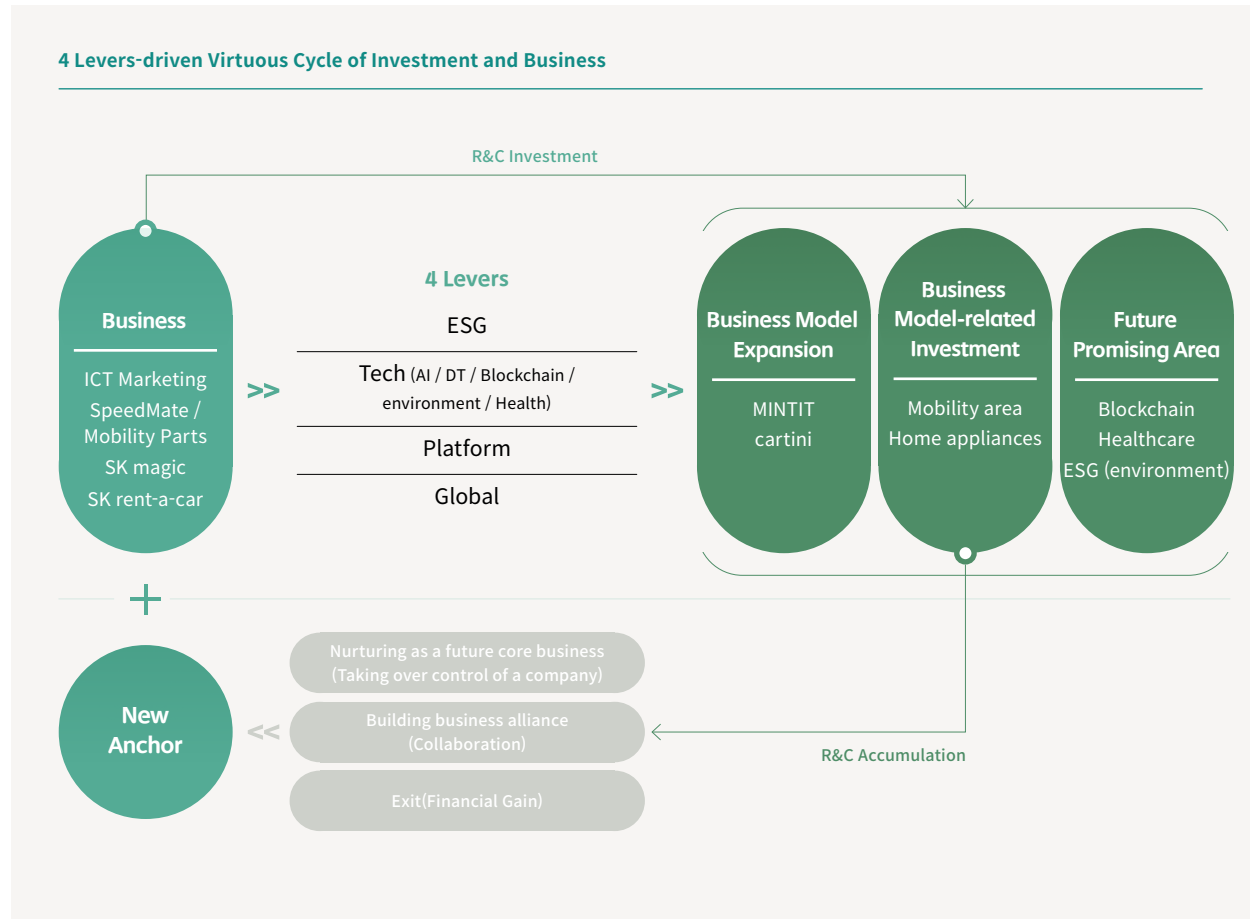
This perception makes us feel the desperate need of change. We contemplated what roles we have to play to continue to deliver sustainable value to our customers and society. Following the deliberation, we have reached a conclusion that we have to boost synergy between our key businesses and new businesses that we invest in, and solidify our identity as a business-oriented investment company. This is the path we will follow.



Virtuous Cycle of Business and Investment

To fully gear up for the transition to the business-oriented investment company, we restructured our organization. In 2021, we created BAC (Biz Acceleration Center) to secure new growth engine, followed by the restructuring of the existing investment center into ‘Global Investment Center,’ in 2022. We created the ‘Blockchain Business Division,’ one of our focus areas, and established an overseas subsidiary. And we hired investment experts and have all our executives comprised of professionals in order to empower them to drive the innovation of the new business models. At the company level, we made our organization agile to produce results in an efficient and swift manner while building up our competitiveness through the collaboration with external professional groups.

When it comes to business, our focus will be on four strategic directions; ESG, Tech, Platform, and Global, thereby creating a virtuous cycle where investment is made in areas with high growth potential, the invested technologies are converged with our key business sectors, and if needed, the invested areas are included in our business portfolio depending on their growth potential. SK networks also make all-out efforts to nurture our main businesses as core ones in the future. SK rent-a-car will become a provider of data-based, innovative O2O* EV service while. SK magic will broaden the scope of its Green Collection brand based on its internationally recognized eco-friendly technology, and render tailored life subscription service that is second to none. MINTIT, the BM of ICT Marketing, will consolidate its position in the circular economy market by upgrading its technology progress, thereby demonstrating its bona fide will to accomplish resource circulation to the world. In terms of the mobility business including SpeedMate, we will lead ESG management in the field and continue to identify new growth engines.



* O2O: Online to Offline



SK rent-a-car to Become “Data-driven O2O Mobility Service Provider”

WHY, Why Do We Pursue Mobility Service Provider?

As the climate crisis has become a real threat in our everyday life at a more rapid speed than we thought, the international community is calling on corporations around the globe to take measures to achieve carbon neutrality. The government is formulating policies, such as granting subsidies, expanding EV charging facilities, or imposing a ban on the registration of internal combustion engine vehicles from 2035. In line with the trends, consumers are paying attention to eco-friendliness, showing higher interest in the purchase of EVs. Accordingly, the sales of environment-friendly vehicles, such as EVs or hybrid cars, are on the sharp increase. Indeed, the ‘EV era’ is in full swing. Against this backdrop, SK rent-a-car is convinced that it is time to position itself as the ‘No.1 Mobility Service Provider.’

HOW, How Do We Approach?

The business innovation that SK rent-a-car seeks for is special. The company has proactively delivered eco-friendly management putting its focus on the EV business. And it aims to vault into ‘Data-driven O2O Mobility Service Provider’ through ‘Online Platform Biz Innovation.’ As part of the effort, it opened the ‘SK rent-a-car Direct’ online platform to give customers more access. In addition, SK rent-a-car plans to expand the breath of its customer base by upgrading data-based digital technologies while improving its price structure to provide a higher level of convenience.



Aerial view of SK rent-a-car Jeju EV Park, the EV rental center

2030

Conversion to 100% EVs

100%

Plan to operate EVs at the SK rent-a-car Jeju EV Park by 2025

‘SK rent-a-car Jeju EV Park,’ the Largest EV Rental Center in Korea

In response to the global environmental regulations on GHGs emission mitigation, SK rent-a-car joined ‘EV100’ and ‘K-EV100,’ Korean initiative for the transition into non-polluting vehicles. Following these initiatives, it plans to convert its all vehicles into EVs by 2030. Furthermore, ‘SK rent-a-car Jeju EV Park,’ the domestic largest EV rental center on a site of 27,688m², will be unveiled in 2023. In accordance with the plan to operate EVs 100% by 2025, the company will adopt 3,000 EVs along with the EV charging facility with a capacity of 7,200kW and amenities. Approximately one million customers are expected to visit this ‘SK rent-a-car Jeju EV Park,’ and the company will provide them with a new level of EV driving experiences that they have never imagined before.

EV Business to Combat Climate Crisis

'EV Link', a Solution that Provides Convenience and Eco-friendliness at the Same Time

As part of the EV rental business, 'EV Link' provides an easier and simpler charging service for EV riders. In partnership with the domestic largest charging network (53% coverage), SK rent-a-car enables customers to charge their EV with just one card and also offers discounted prices through its membership subscription service. On top of that, the application allows customers to find the location of charging facilities and the status of chargers, and manage their EV status (SOC*). 'EV Link' offers the highest level of convenience in terms of EV charging and also contributes to air pollution reduction by boosting the spread of EVs in Korea.

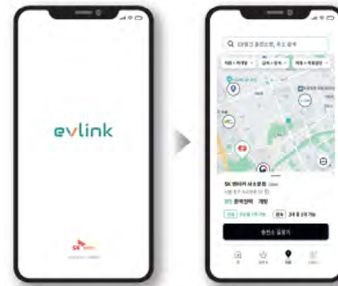
Eco-friendly Ecosystem Establishment by Spreading EVs

In an effort to mitigate GHGs emitted from our business growth as well as to lead the future mobility market, we have set up the target of converting all our company vehicles, 200,000 units, into EVs by 2030. To accelerate the transition, SK rent-a-car has set up the mid- to long-term roadmap to attain the target for EV100, and included the rapid transition to the ecosystem for EVs as one of its KPIs. As a result, we purchased about 5,000 EVs in excess of our target by 40% of 3,500 EVs in 2021. The ambition we have is more than just distributing EVs. Our ultimate goal is to create an infrastructure where customers can experience EV driving and choose, thereby contributing to the spread of an eco-friendly culture in the transportation sector. The establishment of 'SK rent-a-car Jeju EV Park' in Jeju, the mecca of short-term car rental, is part of the endeavors. 3,000 vehicles run in the park will be converted into EVs by 2025, based on which, the 'SK rent-a-car Jeju EV Park' will provide a venue for its one million annual visitors to experience EV driving and improve their perception.

* SOC: State of Charge

53%

Korea's largest EV charging network with coverage



Running EV Link app.

Finding charging stations near me

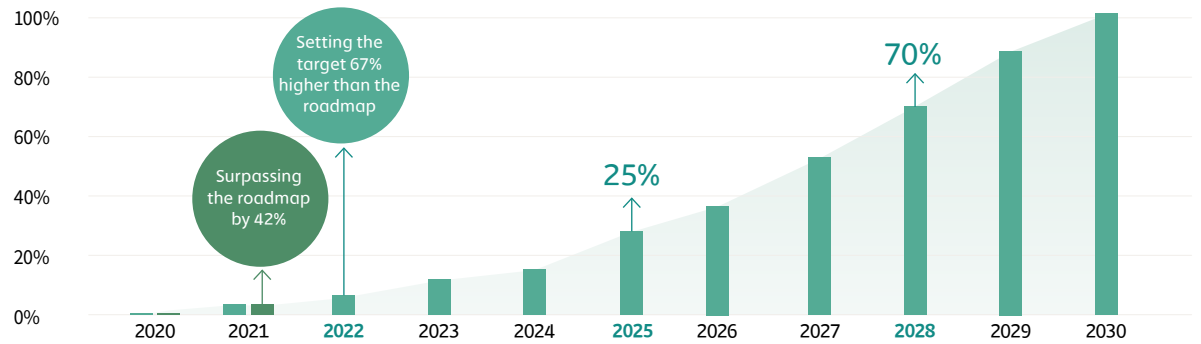
GHGs Mitigation through 'EV Smartlink'

SK rent-a-car's ultimate goal is to objectively quantify and measure its GHG emissions reduced by the use of EVs just beyond EV distribution. To this end, based on its comprehensive vehicle management solution, 'Smartlink', the company has developed 'EV Smartlink' that gives customers access to EV operation data.

The methodology of cutting down GHGs in the transportation sector presented by the GHG Emissions Trading Scheme under the 'Framework Act on Low Carbon, Green Growth' is not enough. Accordingly, we applied to the Ministry of Land, Infrastructure, and Transport for approval for 'Greenhouse Gas Offset Credit Business' in collaboration with SK telecom in October 2020 with the aim to gain recognition for our methodology of GHGs mitigation through EV operation. In order to measure GHGs reduced from the operation of 60 EVs at the Jeju billycar branch, we installed 'EV Smartlink,' which gave us access to EV operation data such as EV battery control, motor control, or charging control, as well as GHGs emissions and charging / discharging amount by driving circumstance. Based on 75 vehicle operation data, we projected GHG emissions to be reduced by 150 tons compared to the level of internal combustion engine vehicle. In January 2022, the 'Committee for Emissions Certification' of the Ministry of Land, Infrastructure, and Transport approved this methodology. Going forward, SK rent-a-car will switch to EVs, and at the same time, acquire GHG offset credits to provide companies and individuals subject to the Emissions Trading Scheme, thereby delivering a greater value.

Roadmap for EV Transition

● Conversion Status ○ Mid- to Long term Roadmap



EV100 Achievement

WHAT, Value Creation

Business Value Creation

SK rent-a-car is creating its unique value through 'Online Platform Biz Innovation.' In May 2021, we unveiled SK rent-a-car Direct, the online platform where customers can enjoy a higher level of convenience through distinguished services ranging from self-quotation for rental to non-face-to-face contract to same day delivery. Its easiness and convenience are a driving force of the steady growth, which is evidenced by a 21% increase in the no. of visitors per month, a 33% increase in the no. of quotation customers per month, and a 24% increase in the no. of contracts per month.

* Average monthly growth rate (May 2021~ April 2022)



◀ 'SK rent-a-car Direct,' an easy and simple service that enables self-quotation, non-face-to-face contract and same-day delivery

84

No. of employees participating in beach cleanup campaign (on an accumulated basis)

Environmental Value Creation

SK rent-a-car's new family, 'Hyeopjae Beach' As part of the campaign for environmental protection, we adopted 'Hyeopjae Beach' as our companion beach in July 2021 for the first time in the industry. We are well aware that, behind our achievement of No.1 place in the car rental sector in Jeju, there has been the support and cooperation from Jeju Province and its local people, and trust and interest from our customers. In return, SK rent-a-car has initiated activities to protect the ocean and beach in Jeju. In 2021, we conducted the beach cleanup activities collecting trash around the beach three times. We are engaging customers in our campaign to clean up Jeju.

'Hyeopjae Beach' officially adopted as our companion beach in July 2021 through the companion beach campaign driven by the Ministry of Maritime Affairs and Fisheries





Growing into “Home Life Curation Company”

WHY, Why Do We Pursue Home Life Curation?

The COVID-19 pandemic has shaken our everyday life, bringing about many changes. We are getting familiar with indoor life in private space, pursuing convenience, wellness, and eco-friendliness. These trends have ushered in the era of individually tailored subscription economy. Against this backdrop, SK magic has unveiled its ‘Tailored Life Subscription’ service, a new paradigm of subscription platform for household appliances rental. SK magic will go beyond an appliances rental service provider to evolve as the bona fide Home Life Curation Company by providing consumers with personalized eco-friendly offerings that can save resources and costs in the way they want.



Antibacterial Waterproof Bidet
selling on Amazon

HOW, How Do We Approach?

Eco-friendly Life Subscription beyond Rental

SK magic has contemplated the way how to contribute to the health of human and nature through home appliances that are always with us in our daily life. Keeping ESG management at our heart, we have been committed to developing technologies to make the home appliances rental business sustainable. As a result, we have secured competitive eco-friendly technologies, which, in turn, have led to the launch of our new brand, ‘Green Collection.’ And we have put all environment-friendly product lines under the Green Collection brand, and expanded its scope to cover water purifiers, dishwashers, and bidets, thereby gaining a competitive edge. SK magic’s ultimate destination is a ‘life subscription’ company presenting a wide range of products and services required for customers’ indoor life in the way they want. To this end, we will push back the frontiers of our service and product lines by expanding our business partnerships with diverse product and service providers.

Green Life Resonating with the World

On the strength of our domestically recognized technologies, SK magic aims to tap into the global markets, and prove the excellence of SK magic. As the first step, we started to sell our ‘Antibacterial Waterproof Bidet’ on Amazon, the world’s largest e-commerce platform, and it is being well received. Going forward, we will scale up the investments in technology development, thereby raising the profile of the excellence of home appliances made in Korea.

Green Collection

launched in June 2021

99.5%

Eco-friendly plastic for the materials of Green Collection products

WHAT, Value Creation

Environmental Value Creation

Our 'All-Clean Air Purifier Green 242' is the first product made of eco-friendly plastic (PCR-ABS*) in the world. To manufacture a unit of this product, a total of 242 abandoned plastic bottles (500ml) are recycled. It means it has the effect of reducing carbon emissions by 3.5kg, which is equivalent to the amount of carbon emissions consumed for six months by a 30-year-old pine tree. We also use PCR-ABS to manufacture the interior and exterior of 'Eco Mini Water Purifier Green 41,' our eco-friendly self-control water purifier, which has the effect of cutting down the amount of plastic used to produce 41 plastic bottles (500ml).

PCR-ABS, a recycled plastic extracted from plastic materials contained in abandoned appliances or electronic devices, is an environment-friendly raw material that has no harm to the human body. It has the same level of performance and same price as existing ones, and the eco-friendly plastic application rate is raised to the world's highest level, 99.5%. On the basis of this best-in-class technology progress, SK magic has established a process where eco-friendly raw materials are applied up to 99.5% to manufacture the interior and exterior of products, and the collected products after the rental termination are not discarded to be 100% recycled to produce new products.

As a result, SK magic was selected as the eco-friendly management leader in the Innovation Best Practice Sector at the 2021 Korea Management Awards while our seven products, including the air purifier, bidet, and microwave, ranked 1st in recognition of their innovativeness that leads the environment-friendly market at the '2022 Innostar - Green Star' hosted by Korea Management Registrar(KMR). Going forward, SK magic will suspend the operation of centralized boilers to cut down city gas energy consumption, and use solar energy to power the welfare facility at the Hwaseong Plant to curtail GHG emissions. In addition, we will never relent in taking on a new challenge, and innovating ourselves to reach 'Net Zero,' taking various measures, such as ameliorating our hot water and heating systems, raising lighting efficiency, and switching to eco-friendly refrigerant use.

* PCR-ABS: Post-Consumer Recycled Acrylonitrile Butadiene Styrene

** Based on the amount of models released in 2021 made of 99.5% eco-friendly plastic

242

The no. of plastic bottles recycled to produce one unit of All-Clean Air Purifier Green 242

100% recycled

Collected products after the rental termination

Ranked 1st

7 products ranked at the 2022 Innostar - Green Star

69,273kg**

Carbon reduction in 2021 due to the reduced use of plastic in Air Purifier Green Series

All-Clean Air Purifier Series
 [From the left, Green 267(20 pyeong), Green 242(15 pyeong), Green 285(25 pyeong)]





MINTIT to Vault into “No.1 ICT Device Recycling Platform”



WHY, Why Do We Pursue ICT Device Recycling Platform?

The recycling culture enabling resource circulation has come to the fore in an effort to save the planet suffering from climate change. MINTIT is the brand created with the objective to deliver environmental and social value by running the used cell phone recycling business. Any MINTIT customer can join resource circulation and put ESG into action in their daily life by making transactions of used cell phone or donating them. The very purpose of MINTIT is to provide customers with an experience of being part of the ‘circular economy,’ and build an ecosystem for resource circulation to create environmental and social value.

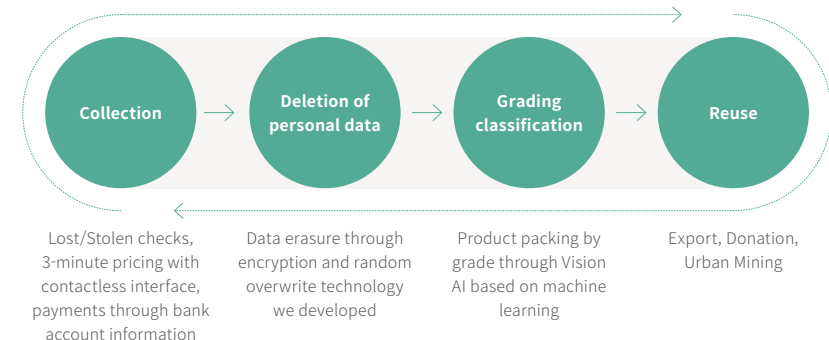
HOW, How Do We Approach?

MINTIT Reviving Used Phones

‘MINTIT ATM,’ the kiosk-based cell phone diagnosis and self-purchase service machine, integrates AI technology to create an environment where users can safely and conveniently trade used cell phone. Many people had complained about concerns over personal data theft and difficulties when trading used cell phones in the past. Against this backdrop, MINTIT built a system that leaves no single information of customers during the used cell phone trades to resolve this issue. The program makes it impossible to restore customer information through randomization and overwrite the processing of data by applying the encryption algorithm. This personal data leakage prevention technology has been recognized by obtaining the German TÜV SÜD certification in the international standard software quality and SQA certification in the personal information and data deletion area. With the guarantee of transparency and stability, MINTIT improves the vague trade structure of the used cell phone distribution market, creating a new trend for used cell phone trading. On the foundation of these top-notch technologies, we plan to expand our product lines in the portfolio to the entire used ICT devices, including tablet PCs, desktop PCs, and laptops. We will make it possible to use desktops, PCs or monitors that are not easy to trade between individuals so disposed as scrap metal, for resource circulation, thereby raising the convenience and safety of customers.

* Overwrite: a deletion method that overlaps and erases data that has already been recorded

MINTIT Resource Circulation Process



WHAT, Value Creation

MINTIT, Global Trade Platform for Used Phones

As we have firmly settled our status as the resource recycling brand in Korea, we will widen our stature in other countries to take the lead in the resource recycling all over the world through collaboration with global partners. The resource circulation activities are a campaign that anyone in the world can practice for saving the severely damaged nature of the earth. We plan to expand our business model by installing 'MINTIT ATM' in other countries so that we can collect the items outside Korea and immediately sell them.

Social / Environmental Value Creation

The resource circulation culture MINTIT has established, has created environmental values, such as lessening the use of new resources, mitigating carbon emissions, and delaying the disposal of wastes. At this stage, MINTIT goes one step further and conducts a campaign to make a sustainable environment joined by each of our customers. 'MINTIT reforestation Campaign' is an eco-friendly campaign that customers can engage in by donating their cell phones after verifying their identity through MINTIT ATM. The used cell phones collected through this campaign are passed over to a company specializing in battery recycling. The income derived from the campaign went to the reforestation. As a result, the MINTIT forest was created in April 2021 with 4,000 trees in an area of 10,000 m2 Yeouido Saetgang Eco Park.

Since 2019, we have promoted the 'ICT Dream Project' to create social values in collaboration with Save the Children. As of 2021, about 1 million used cell phones were collected through MINTIT. We put prices on 30,000 units out of them and donated 100% of the set price to the IT marginalized through 'MINTIT Project', a second-hand phone donation program. We also give donations to 'Save the Children' for continuously supporting children aged under 18 from low-income grandparents families. Creating a donation culture in our daily lives, we have accumulated about KRW 150 million as donations since 2019 and have assisted with ICT for 94 children for three years.

KRW 33.3 billion

The environmental value of MINTIT second-hand phone collection (accumulated from 2019 to 2021)

KRW 150 million

Support for ICT children (accumulated from 2019 to 2021)

30,000 units

Utilizing second-hand phone donation project*, donated to the IT marginalized

* Putting prices on second-hand phones donated by customers and 100% of the set price donated



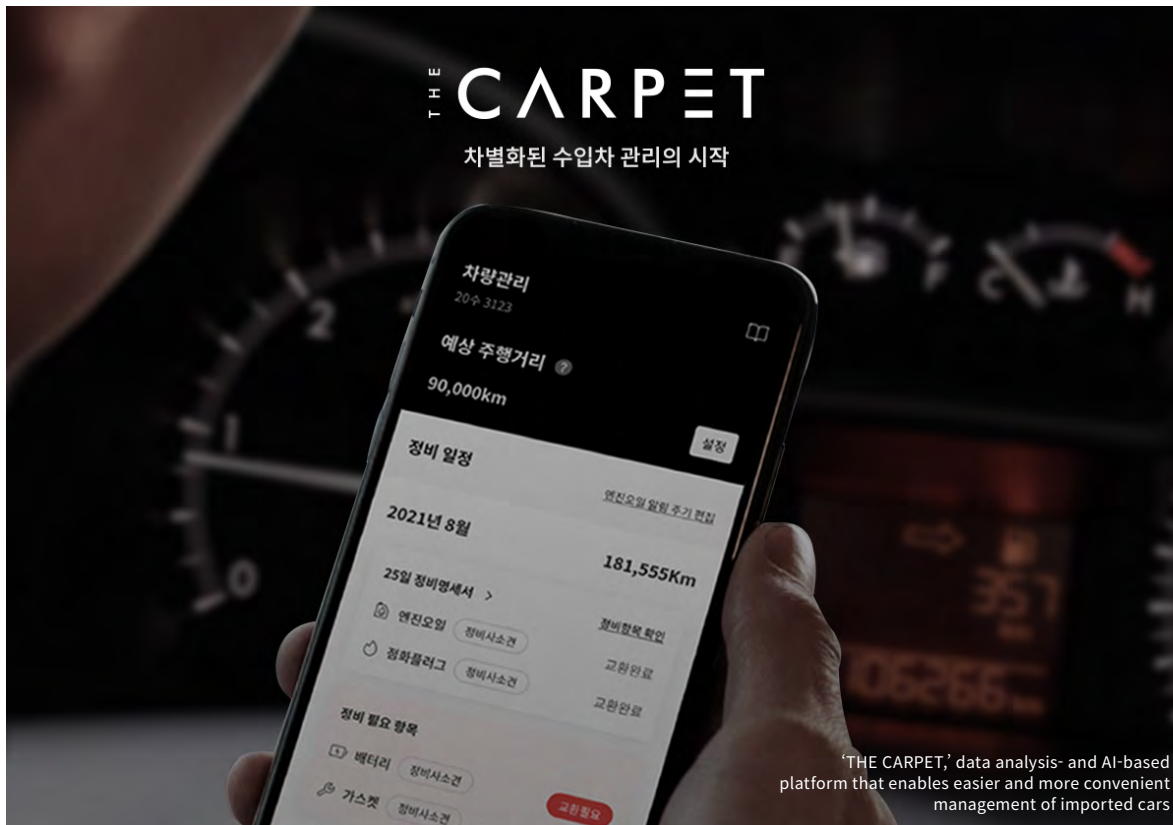
'MINTIT reforestation,' created by MINTIT members after planting 4,000 seedlings

Environmental Value Creation

- ⊕ **Environmental value by reusing used phones through MINTIT: KRW 22.4 billion** (as of 2021)
 - Effect of delaying the generation of material costs worth KRW 21.2 billion by the reuse and recycling of used phones
 - Effect of delaying the generation of GHG worth KRW 1.2 billion

Automotive Aftermarket

“Solidifying Our Stature as the No.1 Player in the Automotive Aftermarket”



WHY, Why Are We No. 1 Player in the Automotive Aftermarket?

With the slogan of ‘good maintenance’ and ‘good tire,’ SpeedMate provides transparent maintenance services on the basis of customer trust. We have provided economic benefits for our customers through our membership, ‘CLUB SM,’ with an aim to repay our customers’ trust. Our ‘TIREPICK,’ a tire Online to Offline (O2O) platform, is a non-face-to-face purchase service launched for the first time in the industry. Along with this, we rolled out a vehicle management platform for imported vehicles, ‘THE CARPET,’ in 2022. This platform provides easier and more convenient vehicle management service. Based on the capabilities of presenting differentiated services in the industry, SK networks’ Automotive Aftermarket business will actively push forward ESG management in 2022. The ECO mobility parts business will raise the environmental and social values through a synergy effect with ‘cartini,’ a new concept of vehicle management service, and ‘THE CARPET. Through such endeavors, we will become the No.1 player leading the automotive aftermarket.

HOW, How Do We Approach?

SpeedMate, No.1 in the Automotive Aftermarket

SpeedMate has drawn up an unparalleled strategy aiming to not only enhance the competitiveness of existing businesses but also to discover new growth areas to satisfy customers’ unmet needs. Our approach is to convert O2O inflow based on ESG management, provide membership benefits to cope with future environmental changes, and offer a new concept of services in the automotive aftermarket, such as ERS* and EV emergency charging. In order to implement the strategy, SpeedMate strives to increase the sales channels, including online and B2B channels, while advancing the functions of CLUB SM. Through these endeavors, we have secured a total of 850,000 maintenance customers as of 2021. We will continue this growing trend to develop various car-care areas** focusing on customer convenience based on existing offline as well as new online channels.

* ERS: Emergency Roadside Service

** Light maintenance, ERS, EV emergency charging, platform alliance, content alliance, etc.

ECO Mobility Parts

The Mobility Parts business of SK networks started with the parallel import of foreign car business in 2008. Through this business, we supplied imported cars at an affordable price for our customers and further expanded our business to maintenance services improving the customer convenience. Since then, we have made inroads into part distribution business. Currently, we only maintain the part distribution business where we find competitiveness. The mobility parts business division decided that using ECO parts is all the more critical to be in line with the rapid transition of the eco-friendly mobility industry. The most significant advantage of ECO parts is the lower amount of waste generated when producing ECO parts through remanufacturing, which reduces GHG emissions, such as air pollutants and carbon dioxide. On top of that, ECO parts are offered at a 30-60% lower price despite their similar level of performance. Therefore, we can alleviate the financial burden of our customers if using the ECO parts. Under the circumstances that there are currently few reliable ECO part businesses in Korea, the mobility parts business division signed the business partnership of 'ECO part supply for imported cars' with the major car insurance companies, taking the lead in building an infrastructure of eco-friendly part circulation for vehicles. Based on the customer trust we have accumulated for a long time, SK networks will pave the foundation for ECO part supply in which we can work together with various parties, including car insurance companies and agencies. In addition, we will strive to create social and environmental values through resource circulation.

New Vehicle Management Platform Service, 'cartini' and 'THE CARPET'

The services cartini provides include tire size search functions based on license plate number, which is the very first service in Korea, as well as online prepayment, an innovative service that does not require on-site payment. These services of cartini have led to a 'No.1 Car Care' brand image in Korea. Fueled by the tire sales growth every year, cartini plans to launch the vehicle management mobile application based on My Data in the latter half of 2022 to raise accessibility. In addition, we will expand the scope of business to engine oil, car wash products, and winter tires to secure competitiveness for comprehensive vehicle management service.

CO₂ Mitigations by Key ECO Mobility Parts

Body parts	
Part name	CO ₂ Reductions (kg)
Headlight	10.5
Front bumper	19.9
Rear bumper	24.1
Front door	96.5
Trunk	37.8
Hood	33.9

Source: Waseda University, Joint research results of the sales of Japanese automobile recycling parts (2013)

Environmental Value Creation

- Reducing plastic waste by lessening waste, using recycled parts, and utilizing washer fluid injectors
- Maintaining ISO 9001 certification, reducing wastes, and promoting zero PET washer fluid

Following the recognition of the difficulty of imported car drivers in terms of selecting vehicle repair shops, the BM Innovation Project Group launched 'THE CARPET,' in 2022, a platform that makes it possible to manage imported cars in an easier and more convenient manner. It provides AI chatbot maintenance service that furnishes vehicle diagnosis in real time when uploading a photo of warning light or selecting the type of failure by stage, which is the domestic 1st service launched. It also offers the service in which customers can check the no. of auto maintenance shops' repairs of imported vehicles by model based on the no. of maintenance statement transmitted. Through these services, we continue to create customer value.

WHAT, Value Creation Business Value Creation

SpeedMate, Mobility Parts business division and cartini expect to see a rise in SpeedMate's maintenance customers from about 850,000 in 2021 to 1.1 million in 2024 if we firmly keep our dominant position by providing differentiated services based on enhanced ESG management in the automotive aftermarket. The revenue of the mobility parts business is also expected to grow from KRW 128.3 billion to about KRW 700 billion by 2024, continuing its rapid growth trend. We anticipated that the tire sales of cartini would increase from about 74,000 in 2021 to about 1 million in 2024, creating a synergy effect.

No. of customers for maintenance (unit: 10,000 persons)



Revenues of part business (unit: KRW 100 million)



No. of tires sold at cartini (unit: 10,000)



Focus

“Securing New Identity as a Business-oriented Investment Company”

New Growth Business

In line with the change of time, companies should be able to flexibly respond to the transformation of the business landscape. They are required to discover new competitive businesses and properly switch businesses while constantly seeking growth opportunities. Accordingly, SK networks are committed to creating performances and actively investing in newly emerging areas on the foundation of our capacity that has already made synergy effect through various businesses and led innovation in the market. Although the transition to a business-oriented investment company is a challenge for securing future drive engines, we will keep in mind our direction toward ESG, which is our corporate responsibility, and put our focus on investment in sustainable management. On top of that, we will look for new growth engines in the emerging blockchain field while securing global growth potential revolving around the U.S. and enhancing our investment capabilities.



Global Investment Center

Global Investment Center focuses on three major themes in our investment; 'digital transformation' for meaningful changes in the society, 'future innovation' for an affluent life, and 'sustainability' from the perspective of ESG. The representative example of sustainability is a USD 20 million investment in 'MycoWorks,' a U.S. eco-friendly alternative leather company using mushroom mycelium. SK networks is planning to establish cooperative relationships with MycoWorks in expanding production facilities, sales network, and R&D of new materials other than leather, in addition to the equity investment. Global Investment Center will continuously focus on seeding investment for newly growing companies.



Biz Acceleration Center (BAC)

Biz Acceleration Center (BAC) was newly established in 2021 to secure a new growth engine for SK networks. BAC discovers EV charging business that will become a core sector of EV in the eco-friendly mobility market, seeking to create a synergy effect with SK rent-a-car and SpeedMate. It is seeking new growth engines connecting SK magic's home appliances and rental business. January 2022, BAC invested KRW 10 billion in 'Everon,' one of the big three EV charging operation companies in Korea, becoming the company's second-largest shareholder. As we see the grand transition trend to EV in proactive response to the climate crisis, we strive to take the dominance in the market and preemptively secure a competitive edge.



Blockchain Business

The blockchain business is at the center of our key strategies for the organizations responsible for newly growing businesses. Capitalizing on blockchain technology that connects the real economy and the virtual economy, SK networks is making more aggressive investments. Starting from the domestic blockchain project called 'Klaytn Governance Council' operated by Kakao in 2019, the blockchain business division has discovered promising blockchain startups and facilitated the ecosystem by collaborating with various specialized companies and investing in funds. In February 2022, we signed an MOU with Hashed Ventures, a blockchain-specialized company, and made a strategic investment in 'Block Odyssey,' a blockchain-based authenticity verification solution and NFT platform company, to secure 10% of the share. Taking these opportunities, we will actively share blockchain technology and industry trends and find ways to collaborate with businesses in the industry. Going forward, we will build a new growth portfolio focusing on blockchain to establish a system that converges technologies to various businesses in the affiliates and transparently shares performances with all our stakeholders.





Story #4 Together, for Greater Happiness

SK networks pursues happiness based on the commitment of our employees. Sustainable happiness requires the internalization of a happiness strategy. Our employees put into action happiness strategy based on VWBE (Voluntarily, Willingly, Brain Engagement), which underpins our sustainable growth, employees' competitiveness, and our best work culture. Aiming to seek the direction of happiness led by all employees, we conduct a 'Happiness Survey' on a monthly basis, and work on removing the obstacles identified to the happiness. In addition, we inspect our social value creation activities. All these differentiated happiness built up by the efforts of our employees will culminate in the happiness of all our stakeholders. It is our ultimate destination, employees' constant happiness.



SKMS Practice for Employees' Growth and Happiness (in 2021)

Happiness Activities

Key Activities

Biz Comm. Day for team leaders

BM Innovation Workshop conducted based on 4 Levers (ESG, Tech, Platform, Global)

- March: 2021 business plan and SV & DT tasks shared
- May: SV-BM innovation cases shared and ESG-related lectures provided by an external instructor
- September: Sustainability report reviewed and the results of ESG consulting shared, metaverse-related lectures provided by an external instructor
- November: ESG/DT utilization cases shared, lectures on creative organization and leader's roles offered by an external instructor

Leadership Workshop for team leaders (first / second half)

Sharpening leader's roles and operational leadership skills

- First half: 2021 team organization plan presented by team leaders and lectures under the theme of 'more happiness for us' by the CEO (4 times)
- Second half: Results of team operation shared and lectures under the theme of 'more fairness for us' by the CEO (2 times)

Career Story Workshop for all employees (first/second half)

Roadmap for personal career path established and shared through the workshop and CEO lectures provides

- First half: CEO lectures offered putting emphasis on the significance of SKMS understanding and practice (23 times)
- Second half: CEO lectures offered with the aim of underscoring the gravity of ESG management and making commitments to strategic directions (9 times)

The Happiness Day for the Happiest Jobs

The Happiness Day when focusing on the happiest job for four hours in the afternoon

- Happiness Survey carried out on the third Friday of every month, and all employees carry out their happiest self-designed work.

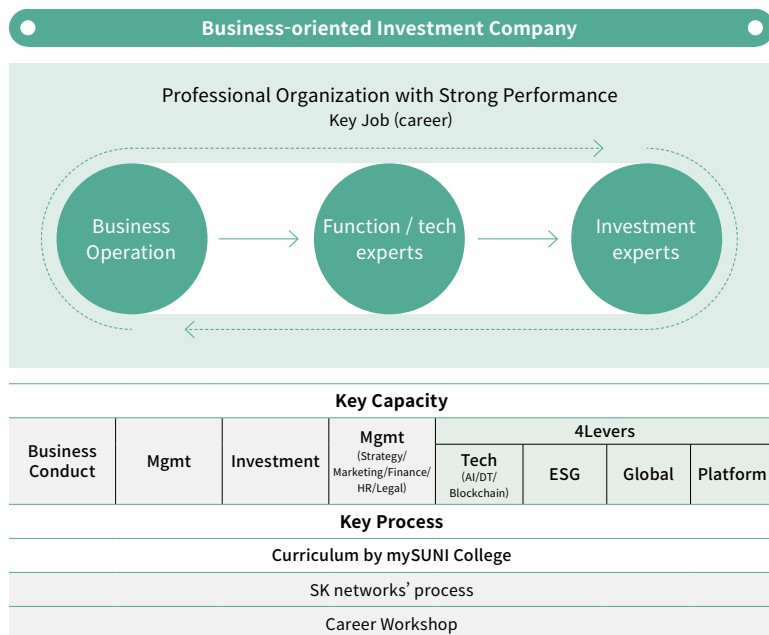
Opening Session conducted in which the CEO and responsible executive members give answers in term of subjects selected by employees

- April: Best work culture and employee growth
- May: SV and BM innovation (MINTIT)
- September: Investment status and direction
- November: Governance management

Achievement- and Growth-oriented Capacity Building Activities and System Core Capacity-building Platform to Deliver Strong Performance

We operate a variety of programs so that our employees can naturally secure their own lifelong competency that leads to higher performance in an organization. In order for them to efficiently carry out our business strategy, we provide programs to build a core competency in the areas such as investment, AI, DT, blockchain, and ESG management. Utilizing the corporate's internal education platform, 'mySUNI,' our employees can acquire knowledge and skills on AI and DT to communicate with various experts, such as in the field of blockchain while learning essential job skills that can be the foundation of performance of an organization and securing competency to enhance ESG management.

Employee Cultivation at a Glance



HR Design Lab

'HR Design Lab', Solution to Obstacles Getting in the Way of Our Happiness

With the aim of empowering our employees to resolve obstacles to happiness that identified through the surveys, we have introduced HR Design Lab, an employee participation-based HR system refinement program. The member of the Lab conducted research and interviewed employees to resolve the identified issues such as the free-rider problems and mutual feedback reinforcement. Through these activities, we made clear the standards and procedures for job performance evaluation as well as the selection criteria and process while defining and selecting free riders. And these were reflected in Q-Session* conducted at the end of 2021. In addition, we gave more concrete shape to task-based performance measurement. In 2022, Net-Pro is in the pipeline to step up peer feedback.

* Company-wide Personnel Committee

Internal Recruiting Program, 'Career 365'

We have another unique recruiting program for employees called 'Career 365.' It is a system to find members through the recruitment notice of the corporate's internal system. Employees can apply for any organization they want through Career 365. It is our unique 'open job market' culture differentiated from other companies. We created a similar environment with an outside job market to give employees opportunities to improve their competitive edge by making a career change within the company.

Career Workshop Targeting All Employees

SK networks conducts two career workshops each year for all our employees in the first and second half. Through the workshop in the first half of 2021, employees could clearly understand the company's management philosophy and design their career goals and detailed plans in line with the philosophy. The workshop provided the venue for employees to recognize the gravity of their career design and contemplate their duties and tasks from the career perspective. In the latter half of 2021, the employees took part in the workshop. We shared our future direction as a business-oriented investment company while ensuring their clear understanding of ESG management for further sustainability. As we advance, we will hold diverse types of workshops by a career as part of the support for our employees' careers in the future. For instance, we will inform the necessary capability and knowledge, share internal and external cases, and support networks.

Making the Company a Great Place to Work **‘Happiness/SKMS Board’ for Happy Communication**

The Happiness/SKMS (SK Mgmt. System) Board, joined by a total of 12 board members, is a regular council in which the CEO and members directly propose ideas to create a ‘happy workplace’ and implement them. At monthly meetings, the members resolve pain points while serving as a Happiness Agent for SK networks creating an environment in which performance is made through concentration. In 2021, we had a time to share and communicate various issues and solutions regarding how to make our workplace safe and give flexibility in terms of working hours operation in the grip of the COVID-19 pandemic, how to achieve work and life balance, and how to create the best work culture.

‘Leader’s Happiness Talk’ Putting Emphasis on Employees’ Happiness and ESG Management

The management of SK networks has conducted ‘Happiness Talk’ with employees on an annual basis. The Happiness Talk provides a venue for employees to think about the company and the roles of employees under the theme of the public happiness for all employees, SKMS practice, and ESG management. In the first half, the CEO delivered 23 lectures on SKMS practice and happiness under the theme of ‘More Happiness for Us’ while communicating with leaders about the role to ensure fairness under the theme of ‘More Fairness for Us,’ and with employees about the significance of ESG management in the second half. Furthermore, we had a time online and offline to share the company’s management status and investment results with employee, and talk about the ways of creating the best work culture.

More Happiness for us, Activities Together to Bring Happiness

The Happiness Day is the third Friday of every month when our employees focus on the happiest job for four hours in the afternoon. On the day, we conduct a Happiness Survey during the morning to diagnose the happiness of our employees and suggest opinions on how to bring happiness in harmony with society. Moreover, we held ‘SKMS workshop’ in the form of Gather.town* so that we better understand the SK management philosophy. In addition, multiple channels aiming to promote happiness are being operated including 7 reading clubs that consist of 86 employees and Happiness Bulletin Board. All these efforts resulted in us being selected among the top 100 Great Place to Work in 2022 by the GPTW Institute.



One of the 100 best companies

A good company to work for by GPTW Research Center

A good company for Korean millennials to work for

A good company for Korean female working moms to work for

Our Commitment for the Happiness of All

The prerequisite for achieving the sustainable growth of SK networks and the happiness of our employees is to bring happiness to all stakeholders. For the happiness of all, our commitment is to perfectly fulfill the role we assumed as a member of the community with a strong work ethic by securing sources of economic value and self-actualization. On top of that, with the belief that the greater the happiness of the entire employees, the greater the happiness of each individual, we will keep in mind to respect and care for co-workers to facilitate communication and cooperation. For customers, we will provide more valuable products and services while continuously making a good impact on society for social value creation, such as environmental protection, job creation, and contribution to communities. To this end, we will strive to step up our ESG management this year and create a fair ecosystem. We will elevate our corporate brand value, thereby bringing sustainable life and prosperity for all our stakeholders.

* Gather.town: Metaverse platform



ESG Report

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Environment

Action on Climate Change

Strategy With the purpose of actively responding to environmental issues including climate change, the BOD decided to launch the ESG Management Committee that consists of the CEO and five independent directors in March 2021. Led by the company-wide ESG Implementation Committee participated by major management and the representative of subsidiaries, we examine our strategies to combat climate change, such as carbon neutrality or the Net Zero declaration. SV Implementation Division, the organization in charge of ESG management affairs, shares the detailed action plans and performance status with the relevant departments through the monthly SV board and environmental CoE(Center of excellence). Going forward, we continue to manage all facets of our ESG management with a focus on the SK Group's key indicators, including climate change-related one, thereby continuously improving the environmental data.

Goal SV Implementation Division, the organization directly under the CEO, brought together all business units and subsidiaries to make discussions and produced mid- to long-term environmental goal and key tasks to be done. Following the declaration of Net Zero 2040 in June 2021, we proclaimed our joining of SBTi for science-based reduction management, and have annually inspected our environmental indicators to respond to CDP questionnaires. To achieve mitigate GHG emissions, the GHG inventory for domestic business sites of SK networks and our subsidiaries and sub-subsidiaries established while managing environmental indicators in a systematic manner, such as energy and water consumption or waste generation.

Evaluation To turn eco-friendly management into action, we have joined global initiatives; EV100, an initiative to convert into eco-friendly vehicles, and ZWTL (Zero Waste To Landfill) since 2021. In 2022, we are in the progress of acquiring ISO14001 (Environmental Management System) and joining SBTi (Science Based Targets Initiative). In addition, we annually disclose our environmental data in compliance with global standards including GRI, TCFD, SASB, and etc.

Next Plans In accordance with the Paris Agreement, the Green New Deal, and the declaration of carbon neutrality, we established a plan to raise the use of renewable energy to 100% within the business sites in Korea by 2040 and reduce GHG emissions to 0. We also annually monitor renewable energy usage by energy source and plan to review Green Premiums, REC, and PPA to increase its usage.

GHG Emissions

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car*	Total
Total GHG emissions (Scope 1+2)	tCO ₂ eq	25,228	4,782	30,010	31,587	12,261	3,452	47,300	30,906	7,119	2,303	40,328
- Direct GHG emissions (Scope 1)	tCO ₂ eq	8,691	338	9,029	7,957	4,831	326	13,114	8,459	282	724	9,465
- Indirect GHG emissions (Scope 2)	tCO ₂ eq	16,537	4,444	20,981	23,630	7,430	3,126	34,186	22,447	6,837	1,578	30,863
- Other GHG emissions (Scope 3)**	tCO ₂ eq	N/A	N/A	N/A	N/A	N/A	N/A	N/A	621,443	3,156,715	803,005	4,581,163
GHG emission intensity (Scope 1+2)	tCO ₂ eq/KRW billion	2	5	2	4	12	4	4	4	7	2	4

* Since the publication of Sustainability Report of SK rent-a-car, the data has been different due to the calculation criteria changes for emissions in the voluntary verification stage

** Category: Procurement, Capital goods, Other fuels and energy activities, Upstream/Downstream transportation, Operation waste, Business trip, Commuting, Use/Disposal of products sold, Franchise

Environment

Action on Climate Change

GHG Emissions

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
GHG reduction	Total GHG reduction (Scope 1+2)	tCO ₂ eq	-269	82	-187	-6,359	-7,479	N/A	-13,838	681	5,142	1,149	6,972
	- Direct GHG reduction (Scope 1)	tCO ₂ eq	576	126	702	734	-4,493	N/A	-3,759	-502	4,549	-398	3,649
	- Indirect GHG reduction (Scope 2)	tCO ₂ eq	-845	-44	-889	-7,093	-2,986	N/A	-10,079	1,183	593	1,548	3,323
	GHG reduction rate (reduction of the year)	%	-1	2	-1	-25	-156	N/A	-46	2	42	33	15
	Target GHG emissions (Scope 1+2)*	tCO ₂ eq	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	- Direct GHG reduction (Scope 1)	tCO ₂ eq	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	- Indirect GHG reduction (Scope 2)	tCO ₂ eq	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	GHG reduction rate (achievement rate compared to the target)	%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GHG emission intensity	Direct GHG reduction (Scope1)	tCO ₂ eq/KRW billion	1	0	1	1	5	0	1	1	0	1	1
	Indirect GHG reduction (Scope2)	tCO ₂ eq/KRW billion	2	5	2	3	7	4	3	3	6	2	3

* GHG inventory established for the entire organizational boundary in 2020, the year of 2021 set as the base year to join SBTi in 2022, and N/A entered in the section of target emissions for 2021

Energy Consumption

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car**	Total	
Total energy consumption	Total energy consumption (general+renewable)	GJ	508,439	98,153	606,592	644,214	155,952	70,950	871,116	632,007	147,929	42,721	822,657
	Total energy consumption intensity (general+renewable)	GJ/KRW billion	48	112	46	80	153	86	82	78	137	41	75
General energy	Direct energy consumption	GJ	167,947	6,658	174,605	157,637	2,965	6,581	167,183	162,832	4,878	9,738	177,448
	- Gasoline	GJ	1,519	N/A	1,519	5,908	198	2,243	8,349	5,232	2,088	5,685	13,005
	- Diesel	GJ	6,509	N/A	6,509	5,837	N/A	1,182	7,019	5,145	N/A	1,786	6,931
	- Kerosene	GJ	N/A	N/A	N/A	488	N/A	N/A	488	343	N/A	5	348
	- City gas	GJ	159,527	6,658	166,185	140,595	2,767	2,053	145,415	151,768	2,790	2,134	156,692
	- Others	GJ	392	N/A	392	4,809	N/A	1,103	5,912	344	N/A	128	471
	Indirect energy consumption	GJ	340,492	91,495	431,987	486,534	152,987	64,369	703,890	469,132	142,878	32,983	644,993
	- Electric power	GJ	340,492	91,495	431,987	486,534	152,987	64,369	703,890	468,579	142,878	32,983	644,440
	- Steam***	GJ	N/A	N/A	N/A	N/A	N/A	N/A	N/A	553	N/A	N/A	553

** Since the publication of Sustainability Report of SK rent-a-car, the data has been different due to the calculation criteria changes for emissions in the voluntary verification stage

*** 2021 Data was confirmed in the course of the third-party verification of GHG emissions, so data from 2021 managed

Environment

Action on Climate Change

Energy Consumption

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Renewable energy	Total electric power consumption	MWh	35,480	9,531	45,011	50,693	15,936	6,705	73,334	48,822	14,931	3,436	67,189
	Total renewable energy consumption	MWh	0	0	0	12	0	0	12	12	48	0	60
	- Photovoltaic (self-generation)	MWh	0	0	0	12	0	0	12	12	48	0	60
	- Wind power	MWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	- Geothermal power	MWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	- Hydroelectric power	MWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	- Others (biomass, etc.)	MWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Ratio of renewable energy use	%	0	0	0	0	0	0	0	0	0.3	0	0.1
Renewable energy procurement	Green premium	MWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	REC purchase	MWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Third-party PPA	MWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Equity investment	MWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Self-generation	MWh	N/A	N/A	N/A	12	N/A	N/A	12	12	48	N/A	60

Energy Generation

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Renewable energy generation	Total power generation	MWh	N/A	N/A	N/A	12	N/A	172	184	12	48	162	222
	- Photovoltaic	MWh	N/A	N/A	N/A	12	N/A	172	184	12	48	162	222

Energy Sales

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Energy Sales	Total sales	MWh	N/A	N/A	N/A	N/A	N/A	172	172	N/A	N/A	162	162
	- Electric power	MWh	N/A	N/A	N/A	N/A	N/A	172	172	N/A	N/A	162	162

Environment

Water Usage

Strategy We monitor the water consumption while establishing and operating strategies to increase the recycling rate and reduce water usage.

Water

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Total water intake (Total water use)*	Ton	741,886	49,428	791,314	1,149,449	84,590	16,172	1,250,211	1,001,678	64,832	31,634	1,098,144
- Potable water or intake from other waterworks system	Ton	62,658	5,879	68,537	581,513	37,048	16,172	634,733	536,730	36,306	31,634	604,670
- Groundwater intake	Ton	47,532	43,549	91,081	35,812	46,908	0	82,720	1,128	27,269	0	28,397
- Surface water including water from marshes, rivers, lakes, and ocean	Ton	608,180	N/A	608,180	513,599	N/A	N/A	513,599	439,110	N/A	N/A	439,110
- Water intake in water resource sensitive areas	Ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water intake intensity	Ton/KRW billion	70	56	61	143	83	20	118	123	60	31	100
Amount of recycled water	Ton	23,516	0	23,516	18,525	634	0	19,159	24,710	1,257	0	25,967
Ratio of recycled water	%	3.2	0	3.0	1.6	0.7	0	1.5	2.5	1.9	0	2.4
Water stress	Water intake of water-stressed regions	%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Water intake + recycling

Environment

Resource Usage and Pollution Reduction

Water Pollutants

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
COD	Emissions	Ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Intensity	Ton/KRW billion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BOD	Emissions	Ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Intensity	Ton/KRW billion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
T-N	Emissions	Ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Intensity	Ton/KRW billion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Waste

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Waste	Disposal	Ton	3,191	2,465	5,656	4,340	3,805	94	8,239	4,265	5,588	435	10,288
	- General waste	Ton	3,191	2,421	5,612	4,337	3,782	94	8,213	4,265	5,587	435	10,287
	- Designated waste	Ton	0	44	44	3	23	0	26	0	1	0	1
	Intensity	Ton/KRW billion	0.3	2.8	0.4	0.5	3.7	0.1	0.8	0.5	5.2	0.4	0.9
	Ratio of recycled waste	%	13.2	95.6	49.1	41.5	70.6	0	54.5	61.7	76.9	0	67.4
	Total amount of recycled waste	Ton	422	2,356	2,778	1,802	2,687	0	4,489	2,632	4,298	0	6,930

Environment

Clean Technology

Strategy Strategy for Clean Technology Development

SK networks identifies what changes climate change will entail in the industrial structure and what impact the opportunities and risks may have on our business. Based on the findings, we pursue the innovation of our business model through clean technologies to deliver sustainable management.

Goal and Achievement Aiming at Expanding the Investments in Green Technology and Achievement

1) Putting the roadmap into action for the transition to RE100 to achieve 100% renewable electricity

- More solar panels installed and operated as part of the direct emissions reduction plan
- Indirect emissions reduction plan being adopted (REC procurement, PPA, Green Premium, etc.)

2) Setting up the target of converting all corporate vehicles to EVs by 2030 (Joined the EV 100 in October 2021)

- Target: SK networks and subsidiaries/subs-subsidiaries (8 companies), approximately 220,000 vehicles
- Goal: 2025: 25%, 2028: 70%, 2030: 100%
- Achievement: A total of 6,526 vehicles converted as of 2021

3) Setting up the target of increasing the no. of second-hand mobile phones collected to expand its resource circulation technologies (MINTIT)

- Goal: Annual increase in the amount of second-hand mobile phones collected
- Achievement: 1,009,634 units in 2021

4) Contributing to GHG emissions mitigation through the transition to eco-friendly refrigerant use (SK magic)

- Goal: Raised share of eco-friendly refrigerant usage
- Achievement: 7.6 tons in 2021

5) Switching to eco-friendly plastic (PCR-ABS) materials underpinned by its resource circulation technology earned through the facilitation of a circular economy (SK magic)

- Goal: Raised share of eco-friendly plastic (PCR-ABS) usage
- Achievement: 343 tons in 2021 (5.1% compared with the total plastic usage in 2021)

6) Investment in the global firms with eco-friendly technology

- Goal: Discovering growth engines related to sustainable future technologies and expanding partnerships
- Achievement: About USD 2,000 of investments in MycoWorks, a manufacture of eco-friendly leather made of mushroom mycelium in 2022

7) Investment in Everon, an EV slow charging CPO*, for business collaboration in future mobility infrastructure

- Goal: Expanding into the mobility business, reducing carbon emissions by expanding EV charging facilities
- Achievement: About KRW 10 billion of investments in 2022

* CPO (Charge Point Operator)

Activity R&D Activity for Clean Technology

SK networks has established mid- to long-term environmental goals based on the Net Zero 2040 strategy, reinforcing ESG management activities across all business areas. We have also launched eco-friendly products and services while joining global initiatives. Taking this opportunity to lay the foundation for sustainable management, our green strategy has been formulated and implemented at all corners of our business areas. Starting with the joining of EV100 global Initiative in 2021, we set a goal to convert all our corporate vehicles to EVs by 2030.

In particular, SK rent-a-car plans to build Korea's largest EV rental center in Jeju by 2025, aiming to expand the conversion to eco-friendly vehicles. SpeedMate, our comprehensive automobile management brand, promotes resource circulation projects using car parts. SK magic has successfully developed PCR-ABS, eco-friendly plastic for the first time in the domestic home appliance industry and launched 'Green Collection,' extending the product lineup in the portfolio. The refrigerant used for projects has also been switched to an eco-friendly one to minimize our environmental impact. For the first time in the domestic hotel industry, Walkerhill has obtained Zero Waste To Landfill (ZWTL) validation since its declaration to reinvent itself into an eco-friendly hotel last year. The green operation systems and infrastructure are under development. MINTIT, our ICT recycling brand, is building a business model based on the resource circulation process capitalizing on used phones after collecting them, thereby creating environmental and social values.

Social

Labor

Strategy SK networks defines our ultimate goal of business operations as ‘happiness of employees.’ We respect the human rights of all our employees, do not discriminate without a rational reason, and stipulate the constant pursuit of the happiness of our employees and stakeholders as our management philosophy that drives us. To this end, we support our employees in striking a balance between work and life, operating a system that enables them to strengthen their competitiveness, and put in place flexible working system and the system for working from home. On top of that, many other efforts are being made through multiple programs designed to help our employee build their capacity and achieve a healthy balance between work and family.

Employee Capacity Building

With the purpose of elevating individual and corporate performance, we have in place the employee capacity Building policy. All our employees are subject to the policy, and given a choice of internal/external educational programs that are required for the team they belong to or their duty. The policy guarantees more than four hours of learning a week on average, and curriculums are designed to nurture commonly required capabilities and job skills. And we regularly update the programs with the additions of programs newly required for individual career development, such as the courses for ESG, AI, or digital literacy, to help our employees grow.

Goal For the sake of the happiness of our employees, we have made every effort with a focus on the human rights protection, assistance for employees’ health and wellbeing, and work-life balance. In recognition of these efforts, we were certified by the Ministry of Gender Equality and Family as a family-friendly company in 2019, and have formulated the step-by-step roadmap to constantly renew the certification. In an effort to promote the welfare of our employees, putting human rights management and occupational safety and health at our heart, we strive to advance work-life balance and embed this culture into every corner of our organization.

Evaluation In an effort to identify strengths and areas that need improvement in our corporate culture, we have operated the happiness measuring system. On a monthly basis, we conduct ‘Happiness Survey’ to pay attention to the voices of our employees, and strive to become the best work place following the discussion with the relevant departments. The survey is conducted 3 times with the measurement type and 7 times with the thinking type. The measurement type consists of a mixture of the same and new questionnaires to track the trends of employees’ happiness and job satisfaction. The thinking type survey aims to pay close attention to the employees’ opinions on the issues of the month. The collected thoughts are utilized in making solutions to improve the system.

Next Plans In 2021, we held the Biz Comm. Day to share the current management status and key performances by business for the employees in charge (including the employees in subsidiaries). (a total of 4 sessions, participated by the employees who wish to join) In 2022, we planned the ‘business status update meeting’ on a quarterly basis for all employees, a broader concept compared with the sessions of the previous year. In the first quarter, we shared ‘management plans and investment status in 2022’ and had a real-time Q&A session. Furthermore, we operate the ‘Happiness / SKMS Board’ which is comprised of 11 members who voluntarily applied to become. The members of the Board have selected tasks in regard of capability, and system & culture, and come up with solutions. Based on these two pillars; the business status update meeting that aims to help our employee better understand the company and to earn more trust from them about our sustainable growth, the Happiness / SKMS Board operation that empowers our employees to bring a change to corporate systems and culture on their own, SK networks will raise our employees’ satisfaction and work engagement.

Labor Union

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Labor union membership*	Persons(%)	759(34.1)	786(72.0)	1,545(46.6)	757(40.9)	954(80.0)	143(23.9)	1,854(50.9)	742(46.5)	1,012(78.1)	175(27.0)	1,929(54.5)
Collective agreement application	Persons(%)	752(33.8)	1,092(100)	1,844(55.6)	749(40.4)	1,193(100)	143(23.9)	2,085(57.2)	731(45.8)	1,295(100)	175(27.0)	2,201(62.2)

* All employees

Social

Labor

Employees

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Total employees	Persons	2,227	1,092	3,319	1,853	1,193	598	3,644	1,597	1,295	647	3,539
Gender	Male	1,464	460	1,924	1,193	520	476	2,189	1,049	565	500	2,114
	Female	763	632	1,395	660	673	122	1,455	548	730	147	1,425
Age (as of December 31 every year)	Under 30 years of age	592(26.6)	46(4.2)	638(19.2)	416(22.5)	62(5.2)	57(9.5)	535(14.7)	206(12.9)	88(6.8)	42(6.5)	336(9.5)
	30 - 50 years of age	1,398(62.8)	750(68.7)	2,148(64.7)	1,207(65.1)	854(71.6)	503(84.1)	2,564(70.4)	1,138(71.3)	938(72.4)	552(85.3)	2,628(74.3)
	50 years and older	237(10.6)	296(27.1)	533(16.1)	230(12.4)	277(23.2)	38(6.4)	545(15.0)	253(15.8)	269(20.8)	53(8.2)	575(16.2)
Contract type	Regular	1,701(76.4)	825(75.5)	2,526(76.1)	1,484(80.1)	951(79.7)	578(96.7)	3,013(82.7)	1,411(88.4)	1,046(80.8)	562(86.9)	3,019(85.3)
	Non-regular	526(23.6)	267(24.5)	793(23.9)	369(19.9)	242(20.3)	20(3.3)	631(17.3)	186(11.6)	249(19.2)	85(13.1)	520(14.7)

Employee Diversity

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Gender balance	Female employee	763(34.3)	632(57.9)	1,395(42.0)	660(35.6)	673(56.4)	122(20.4)	1,455(39.9)	548(34.3)	730(56.4)	147(22.7)	1,425(40.3)
	Female employee in management positions	20(9.6)	15(20.3)	35(12.4)	18(11.1)	15(18.5)	3(4.2)	36(11.5)	19(12.4)	20(23.3)	4(4.8)	43(13.4)
	Female executive	1(2.9)	0(0)	1(2.0)	1(4.2)	0(0)	0(0)	1(2.0)	4(16.7)	1(5.6)	1(7.7)	6(10.9)
	Female director	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	1(12.5)	1(25.0)	1(20.0)	3(17.6)
	Female employee in management positions in revenue generation departments	15(11.0)	9(37.5)	24(15.0)	11(12.1)	12(46.2)	0(0)	23(14.0)	12(16.9)	16(59.3)	1(1.9)	29(19.1)
	Newly hired female employee	209(47.3)	187(58.8)	396(52.1)	68(46.3)	121(53.3)	16(51.6)	205(50.6)	15(31.9)	174(65.7)	24(33.3)	213(55.5)
Employees with disabilities	Persons(%)	54(2.4)	20(1.8)	74(2.2)	55(3.0)	18(1.5)	19(3.2)	92(2.5)	57(3.6)	25(1.9)	22(3.4)	104(2.9)
Patriots and veterans	Persons(%)	27(1.2)	11(1.0)	38(1.1)	19(1.0)	11(0.9)	5(0.8)	35(1.0)	17(1.1)	11(0.8)	7(1.1)	35(1.0)
Foreigners	Persons(%)	7(0.3)	0(0)	7(0.2)	3(0.2)	0(0)	1(0.2)	4(0.1)	2(0.1)	0(0)	1(0.2)	3(0.1)

Social

Labor

Employee in Overseas Worksites

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
No. of employees in overseas worksites	No. of employees sent abroad	Persons	31	3	34	23	6	0	29	14	6	0	20
	No. of locals employed	Persons	509	52	561	467	159	0	626	396	175	0	571
	Total	Persons	540	55	595	490	165	0	655	410	181	0	591
Local employment ratio		%	94.3	94.5	94.3	95.3	96.4	0	95.6	96.6	96.7	0	96.6
No. of local managers		Persons	2	0	2	2	0	0	2	1	0	0	1
Ratio of locally employed managers		%	0.4	0	0.4	0.4	0	0	0.3	0.3	0	0	0.2
Total employees by key region	China	Persons	453	0	453	416	0	0	416	383	0	0	383
	Middle East	Persons	18	0	18	9	0	0	9	0	0	0	0

Recruitment and Retention

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Recruitment	Total no. of new hires	Persons	442	318	760	148	227	31	406	48	265	72	385
	- Entry-level	Persons	381	234	615	114	162	5	281	14	226	0	240
	- Experienced	Persons	61	84	145	34	65	26	125	34	39	72	145
	- Regular	Persons	44	122	166	29	86	15	130	22	56	0	78
	- Non-regular	Persons	398	196	594	119	141	16	276	26	209	72	307
	- Female	Persons	209	187	396	64	121	16	201	15	174	24	213
	- Male	Persons	233	131	364	84	106	15	205	33	91	48	172
	- Under 25 years of age	Persons	115	4	119	39	3	5	47	6	7	4	17
	- 25 - 34 years of age	Persons	271	80	351	72	54	14	140	10	50	28	88
	- 35 - 44 years of age	Persons	23	109	132	13	93	10	116	18	98	29	145
	- 45 - 54 years of age	Persons	23	123	146	14	77	2	93	11	106	7	124
	- 54 years and older	Persons	10	2	12	10	0	0	10	3	4	4	11
	- Youth intern converted to regular position	Persons(%)	23(59.0)	0(0)	23(59.0)	40(54.8)	0(0)	0(0)	40(54.8)	24(68.6)	0(0)	0(0)	24(68.6)

Social

Labor

Recruitment and Retention

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Turnover	Leaver (Turnover rate)	Persons(%)	220(9.9)	127(11.6)	347(10.5)	408(22.0)	120(10.1)	32(5.4)	560(15.4)	276(17.3)	143(11.0)	35(5.4)	454(12.8)
	- Male	Persons	187	29	216	251	41	24	316	163	43	28	234
	- Female	Persons	33	98	131	157	79	8	244	113	100	7	220
	30 years and younger	Persons	9	3	12	214	8	12	234	156	6	5	167
	30 - 50 years of age	Persons	183	97	280	133	83	19	235	96	93	28	217
	50 years and older	Persons	28	27	55	61	29	1	91	24	44	2	70
	Management positions	Persons	36	3	39	32	2	2	36	17	1	0	18
	Non-management positions	Persons	184	124	308	376	118	30	524	259	142	35	436
	Voluntary	Persons(%)	219(9.8)	115(10.5)	334(10.1)	408(22.0)	103(8.6)	22(3.7)	533(14.6)	276(17.3)	126(9.7)	28(4.3)	430(12.2)
	Involuntary	Persons(%)	1(0.04)	12(1.1)	13(0.4)	0(0)	17(1.42)	10(1.7)	27(0.7)	0(0)	17(1.3)	7(1.1)	24(0.7)
Retention	Average retention period	Years	10.8	5.1	8.9	12.0	5.4	7.0	9.0	13.5	5.7	8.0	9.7
	- Male	Years	12.1	8.1	11.2	12.8	7.9	7.8	10.6	14.6	5.8	8.9	10.9
	- Female	Years	8.6	3.0	6.1	9.3	3.5	5.7	6.3	11.5	5.2	6.8	7.8

Remuneration

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Wage (Median pay per month)	Average wage of all employees	KRW thousand	7,980	6,476	7,485	5,043	7,133	4,535	5,644	6,032	7,860	5,048	6,521
	- Male	KRW thousand	9,399	7,564	8,960	5,922	8,212	4,877	6,239	6,894	9,014	5,406	7,108
	- Female	KRW thousand	4,386	4,191	4,298	3,512	4,840	3,200	4,100	4,428	5,400	3,820	4,863
	Average wage of director	KRW thousand	69,730	22,140	53,867	81,213	26,395	13,079	45,051	25,195	20,956	14,517	21,057
	- Male	KRW thousand	69,730	22,140	53,867	81,213	26,395	13,079	45,051	28,143	23,922	16,896	24,025
	- Female	KRW thousand	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,560	12,056	5,000	7,205

Social

Labor

Remuneration

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Wage (Median pay per month)	Average wage of employees in management positions	KRW thousand	15,112	9,158	13,549	10,898	9,484	7,994	9,876	13,621	10,935	8,588	11,606
	- Male	KRW thousand	15,436	9,390	13,992	11,119	9,833	7,999	10,051	13,903	11,093	8,581	11,731
	- Female	KRW thousand	10,739	8,243	9,669	9,127	7,947	7,876	8,531	11,631	10,412	8,736	10,795
	Average wage of employees in non-management positions	KRW thousand	4,091	4,235	4,139	4,088	4,573	3,743	4,203	5,036	5,602	4,293	5,152
	- Male	KRW thousand	4,692	5,051	4,779	4,557	5,311	4,036	4,641	5,578	6,271	4,606	5,614
	- Female	KRW thousand	3,072	3,704	3,359	3,343	4,064	2,855	3,636	4,132	5,131	3,649	4,589
Equal Remuneration	Equal Remuneration												
	- Management positions	%	69.6	87.8	69.1	82.1	80.8	98.5	84.9	83.7	93.9	101.8	92.0
	- Non-management positions	%	65.5	73.3	70.3	73.4	76.5	70.7	78.3	74.1	81.8	79.2	81.7

Labor Practices

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Labor practices	Average hourly wage	KRW	18,980	14,735	17,583	19,027	15,844	21,699	18,423	19,322	14,248	24,153	18,349
	No. of employees earning minimum wage	Persons	8	0	8	4	0	0	4	47	0	0	47
	Ratio of employees earning minimum wage	%	0.4	0	0.2	0.2	0	0	0.1	2.9	0	0	1.3
	Total amount of monetary losses as a result of legal proceedings associated with labor lawviolations	KRW	0	0	0	0	0	0	0	0	0	0	0

Education

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Employee education	Total education hours*	Hours	80,730	42,358	123,088	152,538	90,077	95,255	337,870	102,726	94,242	63,360	260,328
	Educational hours per employee	Hours	36	39	37	82	76	159	93	64	73	98	74
	Total education expenses	KRW million	3,761	661	4,422	4,212	1,753	565	6,530	4,715	1,637	631	6,983
	Educational expenses per employee	KRW 10 thousand	169	61	133	227	147	94	179	295	126	98	197

* SK networks' data disclosed (Walkerhill excluded) in 2019, combined data of SK networks and Walkerhill disclosed since 2020

Social

Labor

Work-life Balance

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Employees participating in flexible working hours system	Persons(%)	228(10.2)	157(14.4)	385(11.6)	114(6.2)	150(12.6)	519(86.7)	783(21.5)	136(8.5)	156(12.0)	564(87.2)	856(24.2)

Parental Leave

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Employees using parental leave	Total	Persons	82	13	95	55	13	19	87	40	14	18	72
	Male	Persons	24	1	25	7	2	10	19	6	1	12	19
	Female	Persons	58	12	70	48	11	9	68	34	13	6	53
Employees returning after parental leave	Total	Persons(%)	44(95.7)	13(92.9)	57(95.0)	39(97.5)	10(90.9)	10(100)	59(96.7)	32(94.1)	11(91.7)	11(84.6)	54(91.5)
	Male	Persons(%)	12(100)	0(0)	12(100)	5(100)	1(50)	4(100)	10(90.9)	5(100)	0(0)	7(87.5)	12(85.7)
	Female	Persons(%)	32(94.1)	13(92.9)	45(93.8)	34(97.1)	9(100)	6(100)	49(98.0)	27(93.1)	11(100)	4(80.0)	42(93.3)
Employees working for more than 12 months after parental leave	Total	Persons(%)	45(93.8)	7(77.8)	52(91.2)	35(79.5)	12(92.3)	First disclosure in 2021	47(82.5)	36(92.3)	10(100)	10(100)	56(94.9)
	Male	Persons(%)	4(100)	1(100)	5(100)	5(41.7)	0(0)	First disclosure in 2021	5(41.7)	4(80.0)	1(100)	4(100)	9(90.0)
	Female	Persons(%)	41(93.2)	6(75.0)	47(90.4)	30(93.8)	12(92.3)	First disclosure in 2021	42(93.3)	32(94.1)	9(100)	6(100)	47(95.9)

Social

Labor

Performance Evaluation

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Employees subject to performance-generating evaluation system	Application rate	%	100	N/A		100	N/A	100		100	N/A	100
Employees subject to long-term incentive	Application rate	%	N/A	N/A		N/A	N/A	100		N/A	N/A	100

Satisfaction

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Employee satisfaction*	All employee	Points	76.6	N/A		70.8	N/A	N/A		72.3	N/A	N/A
	- Male	Points	First disclosure in 2020	N/A		70.4	N/A	N/A		73.0	N/A	N/A
	- Female	Points	First disclosure in 2020	N/A		71.7	N/A	N/A		70.6	N/A	N/A
Employee work engagement*	All employee	Points	73.2	N/A		66.8	N/A	N/A		71.5	N/A	N/A
	- Male	Points	First disclosure in 2020	N/A		66.5	N/A	N/A		72.1	N/A	N/A
	- Female	Points	First disclosure in 2020	N/A		67.3	N/A	N/A		70.1	N/A	N/A

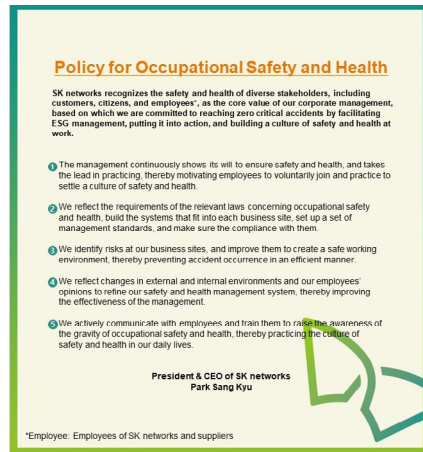
* SK networks (Excluding Walkerhill)

Social

Safety and Health

Strategy Establishment of SHE Management System

Considering the safety and health of various stakeholders, including our employees, partner companies, customers, and citizens as our core value of corporate management, we annually establish and implement plans on safety and health following the approval from the BOD. We newly established an organization dedicated to safety and health while building S.H.E (Safety, Health and Environment) management system, stepping up the practical preventive measures against crisis and the responsive activities to the Serious Accidents Punishment Act. We also put more efforts to provide health and safety education for raising the safety and health awareness.



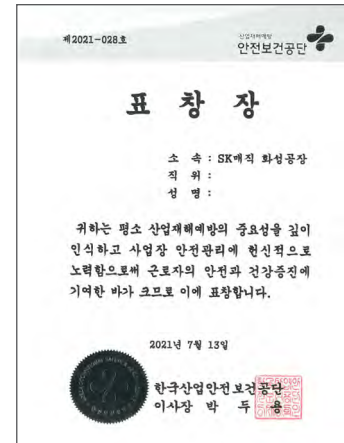
Policy for Occupational Safety and Health

Goal Global Top-tier level Safety and Health System

Aiming to realize 'Zero' serious accidents in a safe and healthy business site that is global top-tier level in each field, we carry out safety and health activities, tightening the safety and health management system considering the characteristics of each business site, such as hotel, production, and logistics. We plan to obtain the safety and health management certification by 2025 while expanding the mental health care programs through the SOKSOK counseling center and preventing adult diseases in consideration of the nature of the job. We will make more extraordinary efforts to create a health-friendly business site, such as operating health keepers at our sites.

Evaluation

We conduct risk assessments to identify and improve harmful risk factors in order to effectively prevent the occurrence of disasters. In the face of the COVID-19 pandemic, we formed the Compliance Council, a response body. The organization established step-by-step response guidelines, securing the safety of our employees as well as business sites in a preemptive and comprehensive manner. In 2021, SK magic's Hwaseong plant was awarded an outstanding business site by the Korea Occupational Safety and Health Agency. It demonstrates our multifaceted efforts to advance the preventive activities against occupational accidents at sites. We have also established KPIs for each business site to evaluate and inspect progress.



Citation from Korea Occupational Safety and Health Agency

Next Plans

Recognizing that the safety and health of various stakeholders is the critical value of ESG management, we will keep developing the safety and health management system to step up our preemptive disaster prevention activities. In addition, we will create a safer, healthier, and happier workplace in which a safety and health culture has permeated our lives through active communication and education with employees and partner companies.

Social

Safety and Health

Industrial Accident

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Employees	Occupational Fatalities	Persons(%)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	
	Total Lost Time Injury Rate (LTIR)*	Cases/200 thousand working hours	0.15	0.06	0.13	0.03	0	0	0.02	0.14	0.06	0	0.10
	Lost Time Injury (LTI)**	Cases	1	0	1	0	0	0	0	0	1	0	1
	Lost Time Injury Rate (LTIR)	Cases/200 thousand working hours	0.04	0	0.03	0	0	0	0	0	0.08	0	0.03
	Lost Time Injury Frequency Rate (LTIFR)	Cases/1 million working hours	0.22	0	0.15	0	0	0	0	0	0.39	0	0.14
	Industrial accident rate	%	0.04	0	0.03	0	0	0	0	0	0.08	0	0.03
	Occupational Illness	Cases	0	0	0	0	0	0	0	0	0	0	0
	Occupational Illness Frequency Rate (OIFR)	Cases/200 thousand working hours	0	0	0	0	0	0	0	0	0	0	0
	Severity rate of injury	%	1.79	0	1.22	0	0	0	0	0	0.08	0	0.03
	Absenteeism rate	%	0	0	0	0	0	0	0	0	0	0	0
	No. of employees subject to risk group	Persons(%)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)
	Near miss rate of regular employees	%	0	0	0	0	0	0	0	0	0	0	0
	Near miss rate of non-regular employees	%	0	0	0	0	0	0	0	0	0	0	0
Workers of suppliers	Occupational Fatalities	Persons	0	0	0	0	0	N/A	0	0	0	N/A	0
	Lost Time Injury (LTI)	Cases	5	1	6	1	0	N/A	1	4	0	N/A	4
	Lost Time Injury Rate (LTIR)	Cases/200 thousand working hours	0.32	0.19	0.29	0.10	0	N/A	0.07	0.36	0	N/A	0.25
	Lost Time Injury Frequency Rate (LTIFR)	Cases/1 million working hours	1.58	0.97	1.43	0.48	0	N/A	0.33	1.78	0	N/A	1.27

* Employees and suppliers

** 2019 LTI data in last year's report is revised due to erroneous information

Industrial Safety

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Safety management	Risk assessment	Yearly number	1	1	2	1	1	0	2	1	1	0	2
	Supplier safety prevention management	Implementation	Y	Y		Y	Y	N		Y	Y	N	
Health support	Physical health care support	Implementation	Y	Y		Y	Y	Y		Y	Y	Y	
	Mental health care support	Implementation	Y	Y		Y	Y	Y		Y	Y	Y	

Social

Human Rights

Strategy We established the SK networks human rights policy in 2021 in line with the principles of international organizations, such as the United Nations, concerning human rights and labor. Aiming at preventing and managing human rights risks, we reflected the international guidelines, including the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, and the Constitution of the International Labour Organisation. These are also applied to all policies related to human rights and labor. To create a safe and healthy workplace, we provide counseling through the company's intranet to deal with grievances such as workplace harassment. We also conduct human rights impact assessments on a regular basis.

Goal Our plan is to advance human rights management step by step. In 2021, we established human rights policy and implementation system while developing educational content regarding human rights for our employees. In 2022, we plan to conduct human rights due diligence, impact assessment, and risk assessment, aiming to reinforce the human rights management system. We will continuously improve our weaknesses by looking at the results of the assessments. In 2025, we will share our human rights policies with group members, partner companies, and human rights organizations in and outside Korea.

- Establishment of human rights policy and due diligence system
- Developing and dissemination of education and content related to human rights
- Grievance channel for employees* Guidance and feedback sharing for employees
- * Operation of 'In-house Grievance counseling' within Netok (the intranet)



Evaluation **Human Rights Impact Assessment** We conducted the human rights impact assessment from 2022 in order to identify employees' awareness levels and areas to be improved. We annually let external experts carry out human rights due diligence after having a self-evaluation conducted by the person in charge within the company based on the checklist for human rights due diligence. Then, we identify areas for improvement.

Human Rights Impact Assessment Process

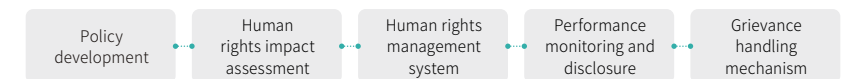
- Step 1: Risk assessment - Human rights status survey targeting employees and self-assessment through the checklist
- Step 2: Identification of areas for improvement - Review of human rights risks and selection of vulnerable subjects
- Step 3: Efficacy Review - Review of reliability and effectiveness conducted by an external agency
- Step 4: Corrective action - Finding solutions based on the results

Identification and Improvement of Human Rights Risks

To research the levels of human rights awareness, we conducted a survey targeting company employees and evaluated human rights risks by contracting external experts. We have also developed a checklist reflecting 'UN Guiding Principles on Business and Human Rights' and our business areas. Based on those, the third-party organization reviewed reliability and effectiveness on a total of 154 items in 5 areas. By looking at the evaluation results, we identified human rights risks and prepared improvement tasks in consultation with the person in charge of each department.

Human Rights Impact Assessment 2022

Key items of Human Rights Impact Due Diligence



Human rights due diligence

Evaluation Category	Regular assessment conducted on an annual basis
Organization	Organized by SK networks and a third-party verifier
Self-diagnosis	Reviewing global guidelines on human rights management Surveying employees on human rights status Conducting self-diagnosis based on our own checklist
Result analysis	Reviewing the effectiveness of the third-party assessment of human rights risks Identifying areas of improvement, coming up with and implementing plans for the enhancement Communicating our regarding annual activities such as the publication of sustainability report

Social

Human Rights

Report Handling

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Reported cases related to human rights	Cases	0	0	0	0	0	0	0	0	0	0	0
Processed cases related to human rights	Cases	0	0	0	0	0	0	0	0	0	0	0

Violation of Laws

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Violation of human rights laws	No. of violations	Cases	0	0	0	0	0	0	0	0	0	0
	Fine	KRW thousand	0	0	0	0	0	0	0	0	0	0
	Penalty	KRW thousand	0	0	0	0	0	0	0	0	0	0

Human Rights Education

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Human rights education hours per employee	Hours	1.6	1.3	1.5	1.6	1.3	2.0	1.6	1.5	2.3	3.0	2.1
Sexual harassment prevention education	%	99.1	99.0	99.1	99.1	99.0	100	99.2	99.3	99.0	100	99.3
Education to improve awareness of the disabled	%	97.4	99.0	97.8	97.0	99.0	100	98.2	99.1	99.0	100	99.3

Social

Supply Chain Management

Procurement

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Total purchase	Total purchase	KRW 100 million	1,979	3,683	5,662	2,273	3,960	1	6,234	1,609	4,330	3	5,942
	Purchase amount of eco-friendly products and services	KRW 100 million	0.0	2.3	2.4	0.1	3.7	0	3.8	8.1	13.1	0	21.2
	Purchase rate of win-win growth products	%	0	0		0	0	100		0	0	100	

Support

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Support for suppliers	Financial support	KRW 100 million	16.1	0	16.1	5.8	0	0	5.8	8.3	0	0	8.3
	Support for technology development and protection	Implementation	N	N	N	N	N	N	N	N	N	N	N
	Support for workers' human rights and ethical management	Implementation	N	N	N	N	N	Y	Partially	N	N	Y	Partially
	Support for employee job competency training	Implementation	N	N	N	Y	N	Y	Partially	Y	N	Y	Partially

Social

Relationship with Local Communities

Strategy SK networks carries out a variety of social contribution activities based on the three principles of ‘Happy participation, Happy coexistence, and Happy changes.’ Along with organizational activities that are specialized for each business, we ensure each employee has social contribution activities freely. Going forward, we will broaden our partnerships with various stakeholders, such as local communities, NGOs, and the government.

Goal SK networks aims to build a system to promote social contribution and put into action activities, thereby contributing to sustainable growth and transformation, and disseminating our good impact. To this end, we encourage our employees to voluntarily spend 20 hours on volunteer work while designing diverse local community support programs in association with our business models and expanding the scope of our professional volunteer work by 2025. In addition, we will refine our social contribution activities to reflect our employees’ thoughts and feedback through regular survey.

Next Plans With the objective of maximizing the happiness of the entire society, we will work together to grow the local community. We will continue to implement activities related to our social responsibility and business identity. For instance, we will support free car inspection to the disabled with SpeedMate and donate Walkerhill’s meal kits and kimchi. In addition, we will keep supporting ICT Dream Support projects and SE ecosystem, and delivering regular blood donation, thereby carrying out activities suitable for our business nature as well as fulfilling our social responsibility.

Investment

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Social investments	KRW 100 million	22.0	0	22.0	13.5	0	0	13.5	14.2	0.1	0	14.2
Policy donations	KRW 100 million	0	0	0	0	0	0	0	0	0	0	0
Social value creation of products/services	KRW million	2,810	N/A	2,810	10,537	N/A	N/A	10,537	25,400	N/A	N/A	25,400

Volunteer Activities*

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Volunteer hours per employee**	Hours	4.6	0.3	2.1	0.6	0.1	0.1	0.2	13.6	0	5.2	4.3
Participating employees	Persons	663	64	727	67	35	20	122	445	0	183	628
Ratio of participating employees	%	85.9	5.9	39.0	11.2	2.9	3.3	5.1	82.7	0	28.3	25.3

* SK networks (Excluding Walkerhill)

** Volunteer hours of moved/left employees excluded"

Social

Information Protection and Personal Data Leakage Issue

Certification and Education

Category	Unit	2019			2020				2021			
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total
Personal data production education	Implementation	Y	Y		Y	Y	Y		Y	Y	Y	
Information security education	Implementation	Y	Y		Y	Y	Y		Y	Y	Y	
Certification*	PIMS, ISMS, ISMS-P Certification*	Y (PIMS, ISMS)	N/A		Y (PIMS, ISMS)	N/A	Y (ISMS-P)		Y (ISMS, ISMS-P)	Y (ISMS-P)	Y (ISMS-P)	

* SK networks (Excluding Walkerhill)

Customer Satisfaction

Category	Unit	2019			2020				2021				
		SK networks	SK magic	Total	SK networks	SK magic	SK rent-a-car	Total	SK networks	SK magic	SK rent-a-car	Total	
Customer satisfaction level*	Score	Walkerhill: GEI 4.3 NCSI 8nd place	NCSI 4th place		SpeedMate: Basic Maintenance 72.6(Very satisfied) Complex Maintenance 76.6(Very satisfied) Walkerhill: GEI 4.2	NCSI 2nd place	KS-WEI 1st place		SpeedMate: Basic Maintenance 72.6(Very satisfied) Complex Maintenance 77.1(Very satisfied) Walkerhill: GEI 4.32 NCSI: 2nd place	NCSI 2nd place	KS-WEI 1st place		
Violation of laws	No. of violations of customer safety and health regulations	Cases	0	0	0	0	0	0	0	0	0	0	0
	No. of violations of safety-related laws for products/services	Cases	0	0	0	0	0	0	0	0	0	0	0

* GEI : Guest Experience Index / NCSI : National Customer Satisfaction Index / KS-WEI : Korean Standard Well-being Environment Index

Governance

Board of directors

Strategy SK networks makes strenuous efforts to establish sound governance with an aim to realize responsible management centered around the BOD. To assist the BOD activities, we have established and operated the BOD Secretariat as an independent body, and set up specialized committees within the BOD to make a governance system that promotes in-depth discussions on key agenda items. The BOD assumes the roles of formulating and establishing the company's mid- to long-term strategy and business plans, contemplating key issues, and making decisions on overarching issues. The ESG management Committee reviews future strategies and investment issues from the ESG perspective while the Personnel Committee takes on the roles of recommending candidates for CEO and independent directors, evaluating CEO's performance, deliberating compensation, and laying the foundation for BOD-driven responsible management.

Goal We are striving to ensure the board's diversity, expertise, and independence. As part of the efforts, we have the BOD consist of five independent directors (more than 60%) out of a total of eight members to make sure the independence. Especially, for the sake of gender diversity, we appointed a female director in 2021. In order to promote sustainability by putting ESG management center and front in terms of business management, we will expand the breadth of agenda items so that we can make quality discussions on more issues. The average attendance rate of the BOD in 2021 was 85%, which we will continuously manage and improve. We plan to hold workshops to discuss current pending issues and future directions twice a year so that the board members can make effective decisions for corporate management. The BOD will reinforce its expertise by having opportunities to take part in internal and external educational programs as well as overseas conferences.

BOD Composition

Category	Unit	2019	2020	2021	
Independence	No. of independent directors	Persons	5	4	5
	Ratio of independent directors	%	63	57	63
	Period of policy building by independent directors and non-executive chairperson*	Years	4	5	6
	Independent director chairman	Implementation	Y	Y	Y
	Limit on the no. of other duties**	Implementation	Y	Y	Y
	Operation of shareholder independent director nomination system	Operation	N	N	N
	Operation of independent director nomination advisory group	Operation	N	N	N
Diversity	Board Diversity policy	Implementation	N	N	Y
	No. of female directors	Persons	0	0	1
	Ratio of female directors	%	0	0	13

* Tenure of the chairman of independent and other non-executive directors

** Limited to the directors of other companies in the same field

Category	Unit	2019	2020	2021	
Expertise	Directors with business experiences	Persons (%)	0(0)	0(0)	1(12.5)
	Risk expert	Persons (%)	1(12.5)	1(14.3)	1(12.5)
	Financial expert	Persons (%)	2(25.0)	1(14.3)	2(25.0)
	ESG expert	Persons (%)	1(12.5)	1(14.3)	1(12.5)
Efficiency	Average tenure	Months	35.5	34.7	33
	Attendance rate	%	87	90	85

Governance

Board of directors

Operation

Category	Unit	2019	2020	2021	
Convocation	No. of meetings convened	Times	10	10	11
Reporting and resolution	No. of agenda reported	Cases	12	11	13
	No. of agenda resolved	Cases	26	27	33
Vote by agenda item	In favor	Cases	26	27	31
	Against	Cases	0	0	2
	Requesting for revision	Cases	0	0	0
	Abstaining	Cases	0	0	0

Accountability

Category	Unit	2019	2020	2021	
Director liability reduction	Directors liability Insurance	Join	Y	Y	Y
	Leadership-related issue	Cases	0	1	4
Director education	Participation in internal education	Cases	1	1	4
	Hiring outside experts on request	Cases	1	2	1

Committee

Category	Unit	2019	2020	2021	
Personnel Committee*	No. of members	Persons	3	3	5
	Ratio of independent directors	%	66.6	66.6	60
	CEO participation (excluded in case of 100% independent directors)	Participation	Y	Y	Y
	No. of meetings convened	Times	1	1	2
	Attendance rate	%	100	100	100
	No. of agenda resolved	Cases	1	1	3
	No. of agenda reported	Cases	0	0	1
	No. of members	Persons	4	3	3
	Ratio of independent directors	%	100	100	100
	No. of financial experts	Persons(%)	2(50)	1(33)	2(67)
Audit Committee	No. of meetings convened	Times	8	12	17
	Attendance rate	%	97	100	100
	No. of agenda resolved	Cases	7	9	8
	No. of agenda reported	Cases	13	13	24
	No. of objections or requests for revision	Cases	0	0	1
	No. of members	Persons	N/A	N/A	6
	Ratio of independent directors	%	N/A	N/A	83
ESG Management Committee	No. of ESG experts	Persons	N/A	N/A	1(17)
	No. of meetings convened	Times	N/A	N/A	6
	Attendance rate	%	N/A	N/A	94
	No. of agenda resolved	Cases	N/A	N/A	0
	No. of agenda deliberated	Cases	N/A	N/A	18
	No. of agenda reported	Cases	N/A	N/A	2

* Personnel Committee, launched in March 2021, assuming the roles of the existing Independent Director Recommendation / Nomination Committee as well as evaluating the performance of CEO and deliberating on CEO retention and the scale of compensation

Governance

Board of directors

Evaluation and Remuneration

Category	Unit	2019	2020	2021	
BOD evaluation	Self-evaluation	Implementation	N	N	N
	Independent evaluation by the third party	Implementation	N	N	N
Remuneration	Guidelines on variable compensation for CEO	Implementation	Y	Y	Y
	ESG elements included in CEO performance indicators	Implementation	Y	Y	Y
	Compensation structure for non-executive directors	Implementation	Y	Y	Y
	Individual standards for remuneration calculation	disclosure	Y	Y	Y
Share	Shareholding ratio of directors and the CEO	%	0.84	0.85	0.05
	Share ratio among CEO incentives	%	N/A	N/A	N/A
	Share ratio of the National Pension Service	%	8	7.8	6.64
	Payment of treasury stock to employees for the past two years	%	N/A	N/A	N/A

Shareholders' Right Enhancement

Category	Unit	2019	2020	2021	
Facilitation of exercising votes	Introduction of written voting system	Introduction	N	N	N
	Introduction of electronics voting system	Introduction	Y	Y	Y
	Recommendation to exercise voting rights by proxy for all shareholders*	Implementation	Y	N	N
Shareholders' right protection	Introduction of cumulative voting system	Introduction	N	N	N
	Disclosure of dividend policy	Implementation	N	N	N
	Notice of agenda items before general shareholders' meetings	Implementation	Y	Y	Y
	Disclosure of an audit report prior to the convening notice	Implementation	Y	Y	Y

* From 2020, the scope of the people who are advised to exercise voting rights by proxy is set to shareholders who own 100,000 or more common stocks

Governance

Ethical Management

Strategy SK networks has established our system for ethical management, ‘3C system (Code, Compliance, Consensus), to fulfill our ethical responsibilities and earn more trust from stakeholders. Based on the system, we strive to create a culture of fairness and transparency.

*3C: Code (code of ethics), Compliance (compliance with ethics regulation), Consensus (consensus building)

Goal We aim to sharpen our capabilities to deliver ethical management at the company level to prevent corruption through multifaceted efforts in line with our 3C Ethical Management System. The endeavors include providing various educational programs, conducting surveys, operating the Ethical Management Council, and investigating into the cases reported.

Evaluation In 2021, SK networks and our subsidiaries provided online education for employees. The education covers a variety of ethical issues such as workplace bully, abuse of authority in the workplace, and work attitudes. We also surveyed our employees on ethical management practice while running an ethical management workshop where we discussed under the themes of ‘employee mutual ethics,’ ‘prevention of the use of corporate assets for personal purposes,’ and ‘work engagement,’ and shared the areas to be improved. In addition, the efforts are being made, including the investigation into the reported cases or self-inspections on possible risks by business area.

Next Plans We will expand the subject of ethical education to procurement BP of our suppliers in addition to our employees to raise effectiveness. Also, our ethical management council activities will continuously advance the independent auditing function for the ethical management of each subsidiary. As we move forward, we will obtain the certification for Anti-bribery management systems (ISO 37001) for consistent growth in ethical management.

Efforts in Ethics

Category	Unit	2019	2020	2021	
Ethics education**	No. of board members receiving anti-corruption policies/procedures	Persons	0	0	0
	Ratio of board members receiving anti-corruption policies/procedures	%	0	0	0
	No. of employees receiving anti-corruption policies/procedures	Persons	4,709	5,034	4,939
	Ratio of employees receiving anti-corruption policies/procedures	%	100	100	100
	No. of suppliers receiving anti-corruption policies/procedures	Persons	N/A	909	1,171
	Ratio of suppliers receiving anti-corruption policies/procedures	%	N/A	100	100

Category	Unit	2019	2020	2021	
Ethics education**	No. of employees receiving anti-corruption education	Persons	4,635	4,922	4,866
	Ratio of employees receiving anti-corruption education	%	98.4	97.8	98.5
	Ethics education hours per employee	Hours	0.9	0.9	0.9
	Ratio of employees receiving ethics education	%	98.4	97.8	98.5
	Implementation of ethics education for suppliers***	Implementation	N	N	N
	Prevention of sexual harassment and workplace harassment	Implementation	Ethics WS	Ethics WS	Ethics WS

** Total of 6 companies, including subsidiaries and sub-subsidiaries

*** To be implemented from 2022

Governance

Ethical Management

Reporting and Violation

Category	Unit	2019	2020	2021	
Ethical management reporting and consultation (by stakeholders)	Reporting on ethical management	Cases	74	93	68
	Employee	Cases	33	24	24
	Business partner	Cases	2	4	9
	Customer	Cases	31	38	27
	Others	Cases	8	27	8
Disciplinary status for ethical management violations	Finance-related	Cases	3	5	2
	Employee-related	Cases	3	2	1
	Rule violations-related	Cases	3	1	1
	Others	Cases	0	3	1
	Total	Cases	9	11	5
Handling	Investigation (audit)	Cases	15	9	6
	Transfer to relevant department	Cases	59	84	62
	Others (rejection, etc.)	Cases	0	0	0
Measures for violating Code of Conduct	Dismissal from office	Cases	1	3	2
	Suspension of work	Cases	5	0	1
	Pay cut	Cases	3	3	0
	Reprimand	Cases	0	1	0
	Others	Cases	0	4	2
	Total	Cases	9	11	5
Audit	Implementation of audits related to reporting and disciplinary action	Cases	74	93	68

Category	Unit	2019	2020	2021	
Violation of law	No. of violations related to anti-corruption	Cases	0	0	0
	Fines and settlements for antitrust and anti-competition activities	KRW 100 million	0	0	0
	Unfair trade activities such as anti-competitive or anti-monopoly	Cases	0	0	0
	No. of monetary sanctions for violations of laws and regulations	Cases	0	0	0
	No. of lawsuits for violating laws and regulations	Cases	0	0	0
	Litigation costs and fines due to price fixing	KRW 100 million	0	0	0
	Violation of product/service information and labeling regulations	Cases	0	0	0
	No. of violations of laws related to insider trading	Cases	0	0	0
	No. of violations of subcontract-related laws	Cases	0	0	0

Governance

Compliance

Strategy Since we adopted Compliance Program (CP) for fair trade in 2002, we have established the compliance control standards and CP operation regulations, presenting clear guidelines and standards for employees to follow when performing their duties so that they can comply with fair trade regulations by themselves. These measures have preemptively prevented financial and non-financial risks. SK networks formed the Compliance Council in 2019 with the goal of improving the compliance capabilities and risk management level of our subsidiaries and sub-subsidiaries. By operating three modules, including legal, fair trade, and SHE (Safety, Health, Environment), we have shared necessary information on related systems and provided education to continuously reinforce our ability to detect violations of laws early and respond to issues in advance.

Goal SK networks supports education on the Fair Trade Act for the entire employees, regular monitoring of changes in the compliance and regulatory landscape, and the reinforcement of systems for prior review of disclosures and large-scale internal transactions. Through these efforts to enhance preliminary review and prevention functions, we will create a culture of fair and transparent business on the basis of compliance.

Evaluation SK networks designates self-compliance managers and operates an organization dedicated to self-compliance that has been given authority and responsibility by the Board of Directors (BOD). The dedicated organization annually reports on activities, performance, and plans, in relation to improving the monitoring system for large-scale internal transactions between affiliates and providing education on the Fair Trade Act, to the BOD. The BOD actively expresses opinions on these agenda items and fully supports the compliance activities through human and material assistance. On top of that, we are tightening the risk management level so that we can immediately respond to the rapidly changing business environment through regular meetings of the Compliance Council and sharing of expertise.

Next Plans For a prompt response to regulation changes, we induced material issues related to compliance so that we can apply it to areas such as monitoring compliance with laws concerning each business, raising trade transparency, revising and distributing fair trade voluntary compliance guidelines, and compliance education for employees.

Efforts to Practice Fair Trade

Category	Unit	2019	2020	2021
Risk assessment	Implementation	Implementation	Implementation	Implementation
CP program				
Prior business consultation system	Implementation	Implementation	Implementation	Implementation
Internal supervision system	Implementation	Implementation	Implementation	Implementation
Education				
Fair trade/anti-corruption education hours for employees	Hours	0.9	0.9	0.9

Reporting and Violation

Category	Unit	2019	2020	2021
Amount of violation of socioeconomic laws	KRW	0	0	0
No. of violations of socioeconomic laws	Cases	0	0	0
Unfair trade activities such as anti-competitive acts, anti-monopoly acts, etc.	Cases	0	0	0
No. of monetary sanctions for violations of laws and regulations	Cases	0	0	0
Violation of law				
No. of lawsuits for violating laws and regulations	Cases	0	0	0
Fines and settlements related to antitrust/anti-competition	KRW 100 million	0	0	0
Litigation costs and fines due to price fixing	KRW 100 million	0	0	0
Violation of product/service information and labeling regulations	Cases	0	0	0
No. of violations of laws related to insider trading	Cases	0	0	0
No. of violations of subcontract-related laws	Cases	0	0	0

Governance

Tax and Accounting

Strategy We operate a process to review tax-related risks and devise solutions in accordance with laws. Reviewing the revised tax law in advance, we faithfully and accurately fulfill our duty of reporting and paying taxes. We also comply with regulations such as mandatory preparation and submission of reports related to Base Erosion and Profit Shifting (BEPS) by each nation. When calculating the amount of tax to be paid, we always strive to avoid any tax omission by checking and verifying the amount through various tax advisory firms.

Tax Report

Category	Unit	2019	2020	2021
Report by country*				
Korea	KRW 100 million	10	244	136
Report by region*				
Asia	KRW 100 million	10	244	136
Estimated value*				
Estimated effective tax rate	%	23.6	95.2	37.1
Estimated corporate tax rate	%	7.1	21.3	28.2

* On a separate basis (SK networks)

Accounting and Auditing

Category	Unit	2019	2020	2021
Cost for external audits	KRW 100 million	10	11	12

Appendix

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Performance Data

Summary of Consolidated Financial Statement

Category	Unit	2019	2020	2021
Current Assets	KRW 100 million	39,657	26,387	30,472
Non-current Assets	KRW 100 million	61,731	61,348	63,638
Total Assets	KRW 100 million	101,388	87,735	94,109
Current Liabilities	KRW 100 million	45,220	37,233	38,976
Non-current Liabilities	KRW 100 million	33,115	28,049	31,244
Total Liabilities	KRW 100 million	78,335	65,282	70,219
Total Equity	KRW 100 million	23,053	22,453	23,890

Summary of Consolidated Income Statement and Key Ratios

Category	Unit	2019	2020	2021
Sales	KRW 100 million	130,542	106,259	110,181
Gross Profit	KRW 100 million	11,143	10,784	11,362
Operating Income	KRW 100 million	1,094	1,239	1,220
Income before Income Taxes	KRW 100 million	15	1,073	1,071
Net Income (loss)	KRW 100 million	-1,226	421	1,035
EBITDA*	KRW 100 million	9,470	9,455	9,731
Sales Growth Rate	%	3.2	-18.6	3.7
Operating Income Growth Rate	%	-18.1	13.3	-1.6
EBITDA Growth Rate	%	145.5	-0.2	2.9
Operating Profit Margin	%	0.8	1.2	1.11
EBITDA Margin	%	7.3	8.9	8.83
Net Profit Margin	%	-0.9	0.4	0.9
Debt to Equity Ratio	%	339.8	290.8	293.9

Policy-related Expenditures

Category	Unit	2019	2020	2021
Lobbying, Interest Groups, Quasi Groups*	KRW million	N/A	N/A	N/A
Local and Political Campaigns/Groups/Candidates	KRW million	N/A	N/A	N/A
Total Amount of Membership Fees, such as to KITA	KRW million	First disclosure in 2020	485	385

* SK networks complies to the national political funding law and does not provide any funds to political, lobbying funds for certain political parties and organizations to prevent corruption related to political funds.

Economic Value Distribution

Category	Unit	2019	2020	2021
Stockholders	Dividends KRW million	31,986	28,881	26,237
Creditors	Net Interest Expense KRW million	95,078	104,391	90,256
Employees	Allowance and Bonus KRW million	306,746	334,054	322,128
	Fringe Benefits KRW million	62,259	70,667	76,248
	Retirement Allowance KRW million	40,389	38,150	36,859
Government and Public Institutions	Corporate Income Tax and Public Utilities' Charge KRW million	51,063	110,207	70,707
Local Community	Investment in Social Contribution KRW million	2,204	1,347	1,416
Other	Operating Costs** KRW million	12,944,868	10,501,957	10,896,162

** The amount including cost of sales, selling expenses and administrative expenses

GRI Index

Universal Standards(GRI 100)

Topic	Disclosure	Reporting Page
Organization Profile	GRI 102-1 Name of the organization	06-07
	GRI 102-2 Activities, brands, products, and services	06-07
	GRI 102-3 Location of headquarters	06-07
	GRI 102-4 Location of operations	08-09
	GRI 102-5 Ownership and legal form	08-09, Business report*
	GRI 102-6 Markets served	08-09
	GRI 102-7 Scale of the organization	06-07
	GRI 102-8 Information on employees and other workers	60-62
	GRI 102-9 Supply chain	27
	GRI 102-10 Significant changes to the organization and its supply chain	No Significant Changes
	GRI 102-11 Precautionary Principle or approach	26
	GRI 102-12 External initiatives	94-95
	GRI 102-13 Membership of associations	99
Strategy	GRI 102-14 Statement from senior decision-maker	04
	GRI 102-15 Key impacts, risks, and opportunities	31-50
Ethics and Integrity	GRI 102-16 Values, principles, standards, and norms of behavior	22-25
	GRI 102-17 Mechanisms for advice and concerns about ethics	22-25
Governance	GRI 102-18 Governance structure	19-22
	GRI 102-36 Process for determining remuneration	19-22, Business report**
Stakeholder Engagement	GRI 102-40 List of stakeholder groups	88-89
	GRI 102-41 Collective bargaining agreements	60-61
	GRI 102-42 Identifying and selecting stakeholders	88-89
	GRI 102-43 Approach to stakeholder engagement	88-89
	GRI 102-44 Key topics and concerns raised	88-89

* Business Report: SK networks p.62 / SK magic p.222 / SK rent-a-car p.288

** Business Report: SK networks p.364 / SK magic p.230 / SK rent-a-car p.299

Universal Standards(GRI 100)

Topic	Disclosure	Reporting Page
Reporting Practice	GRI 102-45 Entities included in the consolidated financial statements	09-16
	GRI 102-46 Defining report content and topic Boundaries	02
	GRI 102-47 List of material topics	02
	GRI 102-48 Restatements of information	02
	GRI 102-49 Changes in reporting	02
	GRI 102-50 Reporting period	02
	GRI 102-51 Date of most recent report	02
	GRI 102-52 Reporting cycle	02
	GRI 102-53 Contact point for questions regarding the report	02
	GRI 102-54 Claims of reporting in accordance with the GRI Standards	02
	GRI 102-55 GRI content index	86-87
	GRI 102-56 External assurance	100
	Management Approach	GRI 103-1 Explanation of the material topic and its Boundary
GRI 103-2 The management approach and its components		31-50
GRI 103-3 Evaluation of the management approach		29

Topic Specific Standards-Economic Performance(GRI 200)

Topic	Disclosure	Reporting Page
Economic Performance	GRI 201-1 Direct economic value generated and distributed	85
	GRI 201-2 Financial implications and other risks and opportunities due to climate change	33-35
Procurement Practices	GRI 204-1 Proportion of spending on local suppliers	73
Anti-corruption	GRI 205-2 Communication and training about anti-corruption policies and procedures	80-82
	GRI 205-3 Confirmed incidents of corruption and actions taken	80-82
Anti-competitive Behavior	GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	80-82
Tax	GRI 207-1 Approach to tax	83
	GRI 207-2 Tax governance, control, and risk management	83

GRI Index

Topic Specific Standards-Environmental Performance(GRI 300)

Topic	Disclosure	Reporting Page
Materials	GRI 301-2 Recycled input materials used	56-57
	GRI 301-3 Reclaimed products and their packaging materials	56-57
Energy	GRI 302-1 Energy consumption within the organization	53-54
	GRI 302-3 Energy intensity	53-54
	GRI 302-4 Reduction of energy consumption	53-54
Water and Effluents	GRI 303-5 Water consumption	55
	GRI 305-1 Direct (Scope 1) GHG emissions	52-53
Emissions	GRI 305-2 Energy indirect (Scope 2) GHG emissions	52-53
	GRI 305-4 GHG emissions intensity	52-53
	GRI 305-5 Reduction of GHG emissions	52-53
	GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	56
	GRI 306-3 Waste generated	57
Waste	GRI 306-4 Waste diverted from disposal	57
	GRI 306-5 Waste directed to disposal	57
Environmental compliance	GRI 307-1 Non-compliance with environmental laws and regulations	59

Topic Specific Standards-Social Performance(GRI 400)

Topic	Disclosure	Reporting Page
Employment	GRI 401-1 New employee hires and employee turnover	63
	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	65
	GRI 401-3 Parental leave	65
Occupational Health and Safety	GRI 403-5 Worker training on occupational health and safety	67-69
	GRI 403-9 Work-related injuries	67-69
Training and Education	GRI 404-1 Average hours of training per year per employee	64
Diversity and Equal Opportunity	GRI 405-1 Diversity of governance bodies and employees	77
	GRI 405-2 Ratio of basic salary and remuneration of women to men	64
Non-discrimination	GRI 406-1 Incidents of discrimination and corrective actions taken	70-71
Human Rights Assessment	GRI 412-1 Operations that have been subject to human rights reviews or impact assessments	70-71
	GRI 412-2 Employee training on human rights policies or procedures	70-71
Marketing and Labeling	GRI 417-2 Incidents of non-compliance concerning product and service information and labeling	75-76
Customer Privacy	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	75-76
Socioeconomic Compliance	GRI 419-1 Non-compliance with laws and regulations in the social and economic area	81-82

UN SDGs

In an effort to achieve UN SDGs in a strategic manner, SK networks actively engages in the Sustainable Development Goals (UN SDGs), adopted unanimously by the UN member states. We also prioritize the SDGs that highly relate to our ESG strategies on our list of priorities when we carry out relevant activities, thereby reflecting them in our ESG operation strategies. In addition, we present goals and achievements that we have to made in the areas of economy, society, and the environment where we can meet the needs of today and tomorrow. We always go the extra mile to put them into action.

Target		Page
Target 7.3	 7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable, and modern energy for all	34-35
Target 8.4	 8 DECENT WORK AND ECONOMIC GROWTH Promote sustainable, inclusive and sustainable economic growth, full and productive employment and decent work for all	48-49
Target 12.5	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	42-44
Target 13.2	 13 CLIMATE ACTION Take urgent action to combat climate changes and its impacts	33-35
Target 17.1	 17 PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalize the global partnership for sustainable development	87, 94-95

Double Materiality Assessment

SK networks conducted a materiality assessment to identify material issues related to sustainability that can impact our management activities and the interest of our internal and external stakeholders.

Selection of Material Issues

Every year, SK networks induce key topics that have to be the center of our attention for promoting sustainable management. For the materiality assessment in 2021, we formed an ESG issue pool consisting of 14 issues based on analyzing the ESG evaluation, GRI Standards, TCFD, MSCI, media, and perceptions of the industry and investment institutions. Particularly this time, we conducted a double materiality assessment. Double materiality refers to the topic derivation process that takes into account two impacts; one is the 'Inside-out' perspective regarding the effect that a company makes on the environment and the society in the course of business, and the other is the 'Outside-in' perspective concerning the impact of sustainable issues make on the company's financial condition or business. Through this method, we have assessed sustainable material issues of the company from both economic and social perspectives, followed by a reflection on our ESG strategy.

Step 1

Identifying ESG issues and formulating the issue pool

We have formed an issue pool for SK networks' ESG risk response and sustainable management by analyzing external information disclosure requirements and evaluation indicators. As a result, 14 key topics were selected for ESG management.

Sustainability Standards Analysis

GRI Standards, MSCI, UN SDGs, SASB, etc.

Analysis of internal and external management data and understanding the current status

Analyzing the perception of media, related regulations and guidelines, peer group status, industry, and investment institutions

Step 2

Identifying the scope and timing of impact

We have analyzed 14 topics by dividing them into the scope and timing of impact.

Identifying the scope of impact

- Direct: The degree to which corporate activities make a direct impact
- Inducing: The degree to which corporate activities induce related activities to other groups (suppliers, customers, etc.)
- Linked: The degree to which business relationships make an impact rather than direct activities

Identifying the timing of impact

- The time when corporate activities make a significant impact on each topic (current, potential)

Step 3

Conducting Double Materiality Assessment

For the Double Materiality Assessment, we applied both financial and influential significance.

Financial significance (Outside-In) analysis (X-axis)

- Engagement: Internal and external financial group (financial/investment institutions related to the company, internal employee responsible for finance)
- Questions (5 point scale impact assessment): Financial impact or risks, regulations and policies, trend of similar or related businesses in the industry, stakeholders, social reputation, innovation opportunities, etc.

Influential significance (Inside-Out) analysis (Y-axis)

- Engagement: SK networks executives, independent directors, departments in charge
- Questions (5 point scale impact assessment): Possibility of occurrence, scale of impact, depth of impact, resilience, etc.

Step 4

Making prioritization

The final priority was selected by considering the environmental and societal significance of the business and collecting the opinions of internal and external stakeholders. We also secured the credibility of the evaluation process through third-party verification.

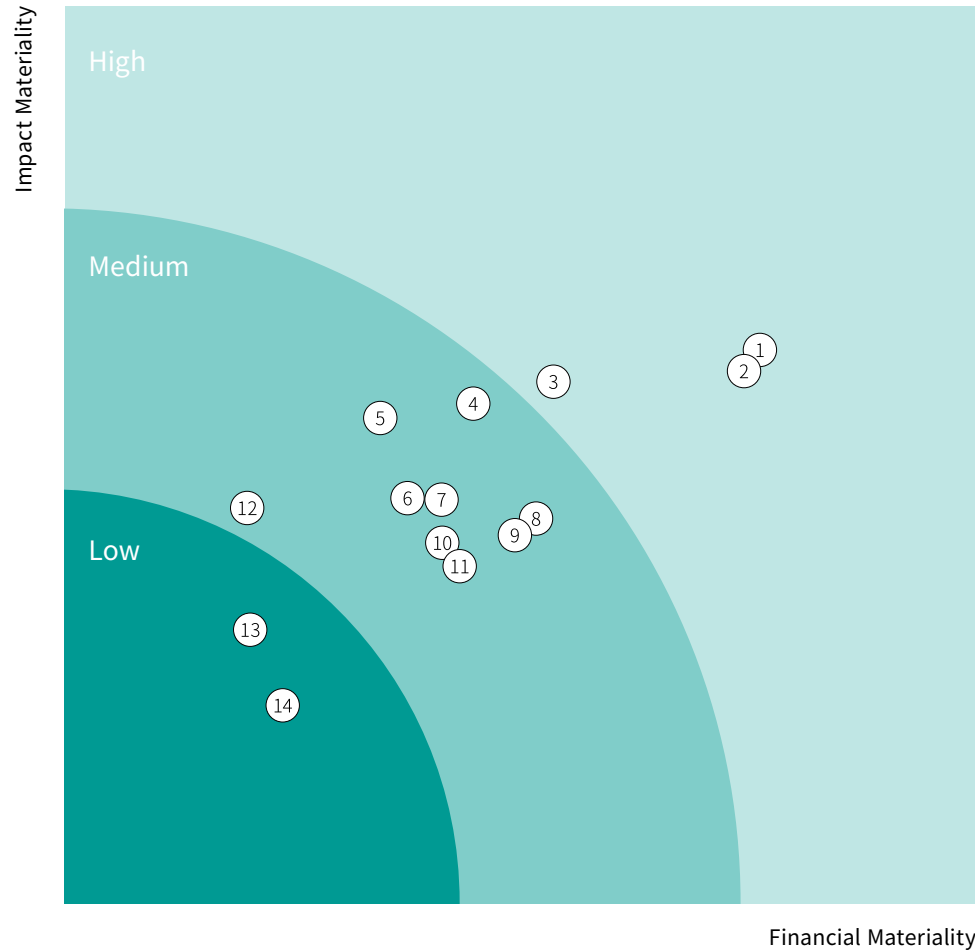
Prioritization

We have set the priority with 14 issues in accordance with the results of the comprehensive evaluation of financial and impact materiality.

Third-party Verification

The reporting content was verified by the third-party organization (Korea Management Registrar, KMR) to secure reliability and transparency.

Double Materiality Assessment



As a result of the materiality assessment, 'Customer-centered management,' 'Reinforcement of governance transparency,' and 'Ethics and anti-corruption' were selected as the key topics of SK networks' sustainability management in 2021. At the same time, strengthening industrial competitiveness, eco-friendly technology and product development, and occupational safety and health were ranked at the top of the priority. With an objective of becoming a company contributing to our customers and society, we continuously improve the areas where we find insufficient among the selected issues.

Material Issues and Reporting Boundaries

Rank	Material Issue	Scope of Impact			Timing of Impact		Report Page
		Direct	Inducing	Linked	Current	Potential	
1	Customer-centered management	●	●	●	●	●	31-32
2	Reinforcement of governance transparency	●	●	●	●	●	19-21
3	Ethics and anti-corruption	●			●		22-25
4	Strengthening industrial competitiveness		●		●		22-25, 36-47
5	Eco-friendly technology and product development	●			●		38-46
6	Occupational safety and health	●	●	●	●		67-69
7	Employment and talent development	●	●		●		48-50
8	Supply chain management		●		●		27-28, 72-73
9	Emissions management		●		●		52-54, 56
10	Stakeholder engagement	●			●		88-89
11	Respect for human rights	●			●		70-71
12	Water management		●		●		55
13	Climate change and biodiversity	●			●		33-35, 52
14	Community	●	●		●	●	74

SASB

The SASB (Sustainability Accounting Standards Board) Index identifies the subset of ESG issues most relevant to financial performance in each industry as initially established by the US Securities and Exchange Commission (SEC). SK Networks specifically reports according to the standards of the “Multiline and Specialty Retailers & Distributors” industry where our ICT business applies.

Sustainability Disclosure Topic & Accounting Metrics

TOPIC	CODE	ACCOUNTING METRIC	Page
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	53-54
	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	75
Data Security	CG-MR-230a.2	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected	75-76
	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	64
Labor Practices	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	63
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations*	64
	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees**	19, 77
Workforce Diversity & Inclusion	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	64
	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	56
Product Sourcing, Packaging & Marketing	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	56-58
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	56-58

Activity Metrics

TOPIC	CODE	ACCOUNTING METRIC
Number of: (1) retail locations and (2) distribution centers	CG-MR-000.A	8 Distribution Centers (Seoul, Yongin, Anseong, Busan, Dajeon, Daegu, Gwangju, Iljuk)
Total area of: (1) retail space and (2) distribution centers	CG-MR-000.B	123,632m ²

* Describing the nature, context, and any corrective actions taken as a result of the monetary losses

** Describing its policies and programs for fostering equitable employee representation across its global operations

TCFD

Task Force on Climate-related Financial Disclosures

Intensifying climate change has increasingly required companies to take measures to resolve the issue, the Financial Stability Board has established the recommendations of TCFD (Task Force on Climate-related Financial Disclosures) that encourage companies to disclose their financial data in regard of climate change response. In compliance with the recommendation, SK networks discloses our targets and data concerning our action on climate change, and fulfills our responsibilities on this matter.

Category	Recommended Disclosure	Details	CDP
Governance	Describe the board's oversight of climate-related risks and opportunities.	The ESG Management Committee discusses with the BOD as the communication channel for integrated decision-making regarding our action on climate change. In March 2021, the ESG Management Committee was established within the BOD, and all board members have participated in it since May 2022. The ESG Management Committee is the highest decision-making body to discuss environmental, social, and governance issues, including climate change, deliberating climate change agenda items, such as GHG, energy, and water resources. In 2021, it convened 6 meetings to make discussions on several issues; investment in elevating the sustainable company value and mid-to long-term business plans, such as acquisition and sale. In particular, we are cognizant that the agenda items that may have a far-reaching impact on our management, such as Net Zero issue, need discussions and decision making by the BOD. Since 2019, an ESG-related indicator has been included in the KPIs for the CEO. In addition, on an environmental note, we have set up the targets of reducing GHGs emissions and measuring the environmental effect, based on which we will assess the performance and reward them according to the results following the board's approval after the deliberation by the Personnel Committee under the BOD.	C1.1
	Describe management's role in assessing and managing climate-related risks and opportunities.	SK networks has put in place SV Implementation Division under the CEO, which is responsible for establishing company-wide strategies to respond to climate change, innovating business models, and refining the relevant management system. In detail, the SV Implementation Division takes charge of analyzing and evaluating risks and opportunities posed by climate change, formulating strategies to address climate change-related issues, and reporting the progress to the CEO. It also operates SV Board joined by the CEO on a monthly basis. The Board deals with key risks stemming from climate change by business, and shares and reports best practices of business model enhancement and innovation in regard of climate change, with executives / managers / working-level employees participating in. Furthermore, the team manages ESG key indicators (GHG emissions, energy consumption, water consumption, waste generation / reuse, climate change-related data disclosure, etc.) by monitoring these indicators at the company level and conducting materiality assessments to identify overarching issues to report to the CEO. The final decision maker, CEO, makes decisions on a range of issues related to climate change responses, such as business structure restructuring and other relevant activities while bringing up key agenda items at the ESG Management Committee and the BOD. One of representative agendas reported to the CEO and the BOD following the discussion and review by the SV Implementation Division and the Working Group was the Net Zero 2040 declaration. At a meeting of the SV Committee (our CEO serves as a member of the committee) under the SUPEX Council, the top decision making body of the SK Group, the proclamation of Net Zero was an agenda item discussed, each member company reviewed this matter, and we declared Net Zero 2040 in June 2021 following our CEO's decision. Accordingly, the SV Implementation Division played a central role in measuring GHG emissions (8 companies including SK networks, subsidiaries and sub-subsidiaries), drawing up strategic mitigation plans to reach Net Zero 2040, innovating business models and establishing an environmental management system. As part of the efforts, we operate a company-wide ESG Implementation Committee on a monthly basis, which is joined by key executive members including the CEO. And main BU representatives including the heads of subsidiaries attend the committee to discuss a variety of climate change issues such as the key matters, trends, regarding risks and opportunities entailed, and how to respond. In 2021, the committee dealt with matters; the concept of carbon border adjustment mechanism and how to respond, environmental indicators to mitigate GHGs, the results of the environmental consulting conducted with the aim of measuring environmental indicators and improving them, and the directions of sustainability report. In 2021, the company-wide ESG Implementation Committee made a discussion on the joining of EV 100 of eight companies including SK networks, and subsidiaries/sub-subsidiaries while discussing the issues concerning the joining of UNGC and SBTi, the developments of Net Zero implementation, and relevant issues in 2022. (SV Implementation Division serves as the assistant organization of the company-wide ESG Implementation Committee)	C1.2

TCFD

Task Force on Climate-related Financial Disclosures

Category	Recommended Disclosure	Details	CDP
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>With the purpose of gearing up for a low-carbon era in agile response to the rapidly changing market, we declared Net Zero 2040 in June 2021. We are cognizant that achieving this goal requires us to mitigate GHG emissions across the whole our value chain, not just Scope 1 and 2 emissions reduction, and it can be attained through change the direction of our business. That is why we define business model innovation as a key issue in a Net Zero era. In line with this, the CEO, the top decision maker, drove this matter to be approved by the BOD, and reflected the plan for Net Zero in designing business model innovation, which was a clear manifestation of the CEO's iron will.</p> <p>In response to changing environmental landscape, we selected and analyzed IEA NZE 2050 and IEA B2DS* scenarios and the Korea Meteorological Administration's two domestic physical scenarios (SSP1-2.6, SSP5-8.5**) that are similar to our reduction roadmap. According to the scenario, we have to reduce 40% of the GHG emissions in Korea by 2030 compared to the level of 2018. In addition, EVs are projected to account for 60% of global passenger car sales from 2030. In particular, an amendment to the Act on the Promotion of Development and Distribution of Environment-friendly Automobiles to ban domestic sales of internal combustion engine vehicles from 2030 has been proposed in Korea. Therefore, the regulations related to GHG and EVs are very likely to have a financial impact on SK networks running a rental car business as well as a logistics distribution business.</p> <p>Based on this analysis, SK networks identifies risks and opportunities from climate change while calculating possible financial impacts accordingly. We identify climate change risks by risk stage. We have particularly established the short-term, medium-term, and long-term roadmaps for achieving the Net Zero goal and the transition to RE100 and managed them in stages to cut the GHG emissions. The risks related to climate change currently being identified are as follows.</p> <p>[Transition Scenario] Based on the climate change-related scenarios, IEA NZE 2050, IEA B2DS, and NDC***, the company-wide analysis range and 1.5°C, 1.6-2°C temperature change are established to set the parameters, and we have operated transition scenarios for renewable energy and electric vehicle conversion through assumptions and analysis.</p> <p>[Physical Scenario] Based on two climate change scenarios (SSP1-2.6, SSP5-8.5) set by the National Institute of Meteorological Sciences of the Korea Meteorological Administration, we have operated a physical scenario as the company-wide analysis range and 1.6-2°C temperature change are established to set the parameters.</p>	C2.1, C2.2, C2.3, C2.4

* IEA NZE 2050 (IEA Net Zero Emissions by 2050 Scenario): International Energy Agency's 2050 Net Zero scenario

IEA B2DS (IEA Beyond 2°C Scenario): Scenario in which temperature rise exceeds the 2°C target

** SSP1-2.6 (low carbon scenario): In the near future (2021-2040), the average annual temperature of the Korean Peninsula will rise by 1.6°C and the average precipitation will decrease by 1% compared to the present level.

SSP5-8.5 (high carbon scenario): In the near future (2021-2040), the average annual temperature of the Korean Peninsula will rise by 1.8°C and the average precipitation will decrease by 3% compared to the present level.

SSP (Shared Socioeconomic Pathway): the latest GHG pathway in IPCC 6th Assessment Report (AR6)

*** NDC (Nationally Determined Contribution) : National GHG mitigation goal

TCFD

Task Force on Climate-related Financial Disclosures

Category	Recommended Disclosure	Details	CDP
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>[Risk factor]</p> <p>1) Transition risk: Risks possibly occur across various sectors, such as policy, laws, technology, or the market, in the course of switching to low-carbon economy</p> <ul style="list-style-type: none"> • Policy risk: The government has imposed diverse regulations in order to reduce carbon emissions and accelerate the transition to renewable energy sources, such as the emissions trade scheme, Green New Deal Policy, and the ban on the registration of internal combustion engine vehicles from 2035. In response, we have established and executed mid- to long-term roadmap marked by REC procurement, the third-party PPA, and the use of solar energy source to accomplish the Net Zero target and the transition to renewable energy by 2040. • Legal risk: Legal issues, such as environment-related proceedings or violations, may undermine corporate reputation and business transactions. When starting new businesses, we review the relevant laws and regulations, and discuss legal risks, such as proceedings, breach, or penalties, in a proactive manner. • Technology risk: With the purpose of meeting customers' demand for green products with high energy efficiency, we have invested in clean technologies. Related risk factors, including competition for new technology development or the costs incurred by development failure, are taken into consideration. • Market risk: There is a growing need for GHG emissions mitigation across the globe. In accordance with the judgment that the carbon business is lucrative now, but it could become a risk in the long-term, we have managed climate change-related risks in our business portfolio by transferring the retail business of petroleum, LPG, and petroleum products. • Reputational Risk: A degraded reputation can have a negative impact on customers who prefer value consumption. It may also negatively affect capital procurement by being neglected by investment groups, which regard a company's environmental responsibility as critical. For instance, we are aware that insufficient disclosure of non-financial information, such as climate change data, may negatively affect corporate valuation, resulting in the risk of investment withdrawal and stock price decline. Therefore, we disclose climate change data through our Sustainability Report and website, actively reflecting the demands of global credit rating agencies and investors in our management activities while faithfully following government regulations. <p>2) Physical risk: We inspect the risks posed by abnormal weather events stemming from global warming, such as scorching heat, floods, or typhoons.</p> <ul style="list-style-type: none"> • Short-term risk: We select and manage businesses that could be damaged by floods or typhoons within the short amount of time. SK rent-a-car has established its system that enables its customers to respond to emergencies and natural disasters. • Long-term risk: High temperature incurs rising energy costs in business sites while chronic occurrence of abnormal weather events increases growing business operating costs including logistics ones. We regard increasing costs of facility and asset operation, business site discontinuation, and the deterioration of occupational health as risks, and manage them. In preparation for the crisis derived from climate change, such as drought and water shortage, in the mid- to long-term, Walkerhill invested in water recycling facilities coping with water-scarce situations. <p>[Opportunity factor]</p> <p>The establishment of mid- to long-term environmental goals is in the pipelines based on our Net Zero 2040 strategy while stepping up ESG management across all our business areas. To lay the foundation for sustainable management, we have launched green products and services, and joined global initiatives. And each business division has their own eco-friendly strategies.</p> <p>In 2021, we have joined EV100 and set up our target of the 100% conversion to EVs. Especially, SK rent-a-car plans to switch to eco-friendly vehicles and create the Korea's largest-scale EV rental center in Jeju by 2025. SpeedMate, our comprehensive vehicle management brand, runs a vehicle parts resource circulation business. SK magic successfully developed environment-friendly plastic (PCR-ABS) for the first time among domestic home appliances providers while rolling out its eco-friendly brand 'Green Collection', and expanding the scope of the product line. And it has also switched to environment-friendly refrigerant to minimize environmental contamination. Following the declaration of the transition to green hotel, Walkerhill has obtained ZWTL (Zero Waste To Landfill) validation for the first time in the domestic hotel industry and constantly built its operating system and infrastructure in favor of the environment. ICT recycling brand, MINTIT, has also established its business model based on its used phone recycling business, thereby creating environmental and social value.</p>	C2.1, C2.2, C2.3, C2.4
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	We analyze the impact that opportunities and risks posed by climate change will have on our business. In consideration of their financial impact, we have mapped out strategies to respond to them. We have switched to the eco-friendly business-centered portfolio through the transfer of LPG and petroleum retail business, and coal-related business to deliver ESG management. Following the declaration of the Net Zero 2040 in 2021, our business divisions and subsidiaries have spurred the restructuring of business structure. In detail, SK rent-a-car has proclaimed its plan for the 100% conversion to eco-friendly vehicles by 2030 with a total of seven subsidiaries and sub-subsidiaries joining the declaration, aiming to grow as a mobility service provider that suits the era of EV. SK magic has broadened the scope of its own brand, Green Collection, while using green raw materials to manufacture products and reinforce its environment-friendly life subscription. MINTIT aims to sharpen its capabilities as an ICT resource circulation platform. SpeedMate has served as a leading player in CO2 and waste reduction by utilizing environment-friendly parts.	C2.5, C2.6, C3.1

TCFD

Task Force on Climate-related Financial Disclosures

Category	Recommended Disclosure	Details	CDP																					
Strategy	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.	<p>On the basis of the 1.5°C and NDCs scenarios, we unpacked physical and transition risks so as to grasp what impact that climate change may have on our business. Especially, we have set up the target of mitigating GHG emissions by 42% from the base year (2021) by 2031, and reaching the Net Zero by 2040, and verified this reduction scenario. We are committed to tightening our emission management. In particular, SK networks has established goals of expanding the investments in Green Technology based on the Net Zero 2040 strategy.</p> <p>1) Establishment and operation of RE100 conversion roadmap for the transition to new and renewable energy (analysis of expected investment cost is in progress based on the reduction scenario)</p> <ul style="list-style-type: none"> • Increase the installation of solar panels as direct mitigation measures • Introduction of indirect reduction measures (REC purchase, PPA, green premium, etc.) <p>2) Goal to achieve 100% EV conversion by 2030 (joined EV100 in October 2021)</p> <ul style="list-style-type: none"> • Subject: SK networks and subsidiaries / sub-subsidiaries (a total of 8 companies), about 220,000 vehicles* • Goal: 25% in 2025, 70% in 2028, 100% in 2030 • Performance: As of 2021, a total of 6,526 units have been converted * Including SK rent-a-car customer vehicles 	C3.1																					
		<p>Roadmap for Net Zero 2040 (Unit: 1,000 tons)</p> <p>○ Business-as-Usual ○ Mitigation projections*</p> <p>▲ 3.5 RE100 Reduction ▲ 0.3 Facility Efficiency ▲ 0.1 EV Conversion</p> <p>▲ 3,900 tons</p> <p>Comparing to the level of 2021 ▲ 42%</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Business-as-Usual (BAU)</th> <th>Mitigation Projections</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>45.6</td> <td>45.6</td> </tr> <tr> <td>2022</td> <td>47.1</td> <td>47.1</td> </tr> <tr> <td>2025</td> <td>52.7</td> <td>41.3</td> </tr> <tr> <td>2031</td> <td>56.3</td> <td>26.5</td> </tr> <tr> <td>2035</td> <td>58.7</td> <td>13.4</td> </tr> <tr> <td>2040</td> <td>61.9</td> <td>13.4</td> </tr> </tbody> </table> <p>* Scope 1, 2 emissions (Scope 3 excluded)</p>	Year	Business-as-Usual (BAU)	Mitigation Projections	2021	45.6	45.6	2022	47.1	47.1	2025	52.7	41.3	2031	56.3	26.5	2035	58.7	13.4	2040	61.9	13.4	
Year	Business-as-Usual (BAU)	Mitigation Projections																						
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Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	Recognizing the crises derived from climate change, SK networks identifies and evaluates the risks accordingly. Risks in response to the climate crisis are identified by evaluating their materiality depending on their financial and business impacts through a materiality assessment. The assessment results are reflected on company-wide business strategies after thorough discussion and consultation in the ESG Management Committee for the BOD and the company-wide ESG Implementation Committee for the management. The SV Implementation Division regularly monitors climate change-related issues through communication and collaboration with the departments in charge of each business and identifies areas that require decision-making, followed by reflection into business strategies. Going beyond, we promote the consultations through the ESG Management Committee with an aim to secure management transparency based on communication with external stakeholders. We also monitor domestic and international trends in climate change-related policies and systems. Then, we identify significant issues and manage indicators, followed by selecting them as our crucial ESG indicators to measure and monitor them monthly.	C2.2																					
	Describe the organization's processes for managing climate-related risks.	In response to environmental issues, SK networks identifies significant climate change risks based on the analysis of regulations, policies, industry status, and perceptions of investment institutions. We make the order of priority for the identified risks using materiality assessment, participated by the internal employees responsible for ESG as well as internal and external finance experts. We also regularly conduct a risk assessment and share the risk and opportunity factors in regard to climate change with all business divisions of the company.	C2.2																					

TCFD

Task Force on Climate-related Financial Disclosures

Category	Recommended Disclosure	Details	CDP																																								
Risk Management	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<p>SK networks operate an integrated risk management system for sustainable management. In order to respond to financial/non-financial risks that may arise in the course of business, the working-level organizations of each business are monitoring potential risk factors, including climate change risks. The company-wide ESG Implementation Committee, participated by the management, reviews overall environmental, social, and economic risks. The decided items are passed on to each business division to reflect them in the management activities.</p>	C2.2																																								
Metrics & Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	SK networks put efforts into selecting, measuring, and monitoring environmental indicators such as GHG emissions, energy consumption, water consumption, and waste disposal to manage risk and opportunity factors related to climate change. Particularly to achieve the carbon emission reduction goal through the Net-Zero 2040 declaration, we calculate and manage Scope 1 & 2 based on the SBTi guidance. Furthermore, we expand the calculation scope into GHG gas emissions (Scope 3) generated throughout the value chain, including upstream and downstream. Mitigation plans are also being established based on the measured results. On top of that, by joining the EV100 global initiative, we continuously convert vehicles to EVs every year, constantly striving to improve the recycling rate of waste by acquiring ZWTL certification.	C4.1																																								
	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>SK networks annually measures GHG gas emissions and discloses them in a transparent manner. We also disclose intensity emissions by dividing GHG emissions by economic activity indicators so that our stakeholders can clearly analyze the status of the GHG emissions. The scope of emissions is subsidiaries and sub-subsidiaries in Korea, and the total emissions in 2021 is as below.</p> <p>GHG Emissions and Energy Consumption in 2021</p> <table border="1"> <thead> <tr> <th rowspan="2">Category</th> <th rowspan="2">Scope 1</th> <th rowspan="2">Scope 2</th> <th colspan="11">Scope 3</th> </tr> <tr> <th>Procurement</th> <th>Capital goods</th> <th>Other fuels and energy activities</th> <th>Upstream transportation</th> <th>Operation waste</th> <th>Business trip</th> <th>Commuting</th> <th>Downstream transportation</th> <th>Use of products sold</th> <th>Disposal of products sold</th> <th>Franchise</th> <th>Subtotal</th> </tr> </thead> <tbody> <tr> <td>Emissions (tCO₂eq)</td> <td>11,801</td> <td>33,788</td> <td>911,902</td> <td>96,287</td> <td>3,415</td> <td>709,957</td> <td>751</td> <td>147</td> <td>1,974</td> <td>195,112</td> <td>2,697,142</td> <td>1,643</td> <td>4,621</td> <td>4,622,952</td> </tr> </tbody> </table>	Category	Scope 1	Scope 2	Scope 3											Procurement	Capital goods	Other fuels and energy activities	Upstream transportation	Operation waste	Business trip	Commuting	Downstream transportation	Use of products sold	Disposal of products sold	Franchise	Subtotal	Emissions (tCO ₂ eq)	11,801	33,788	911,902	96,287	3,415	709,957	751	147	1,974	195,112	2,697,142	1,643	4,621	4,622,952
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	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	SK networks responds to climate change crises through constant monitoring of environmental regulations and market trends in and outside Korea while establishing improvement goals through risk identification. In particular, we have established and implemented a corporate-wide climate change response strategy to be carbon neutral by 2040 to reduce GHG emissions. With an objective to set and achieve mitigation targets by measuring GHG emissions from a total of 8 companies, including subsidiaries and sub-subsidiaries other than SK networks, we have drawn the detailed tasks for each business through a multifaceted review of reduction measures. The results of performance evaluation are regularly disclosed to our stakeholders. In addition, we actively obtain various certifications and take part in global initiatives related to climate change response, striving for better evaluation and improvement. In 2021, we continued our efforts for the transition to electric vehicles by joining EV100, and acquiring ZWTL certification. We are in the process of joining SBTi in 2022. Furthermore, SK networks has included ESG items in the CEO KPI since 2019 to encourage the achievement of goals and has provided compensation based on evaluation and performance. In 2021, we reflected ESG achievements in the evaluation of the CEO (20%) and applied our GHG mitigation goal in the KPI of all executives (10% or higher) from 2022.	C4.1																																								

Awards & Certifications

Awards

Business	Award	Organization
SK networks	Top 100 in Korea Best Workplaces (2022)	GPTW Korea
SpeedMate	No.1 at the Korea Brand Power Index (2022) * 20 consecutive years	Korea Management Association Consulting
	reddot Design Award (2022)	German Design Council
	PIN UP Design Award (2021)	Korea Association of Industrial Designers (KAID)
	GD (Good Design) Award (2021)	Japan Industrial Design Promotion Organization (JIDP)
	IDEA Design Award (2021)	Industrial Designers Society of America (IDSA)
	CES (2021)	Consumer Technology Association
	iF Design Award (2021)	International Forum Design
	Superior Taste Award (2021)	ITI, International Taste Institute
	reddot Design Award (2021)	German Design Council
	GD (Good Design) Award (2021)	Ministry of Trade, Industry and Energy, Korea Institute of Design Promotion
SK magic	K-DESIGN Award (2021)	DESIGNSORI
	CES (2020)	Consumer Technology Association
	iF Design Award (2020)	International Forum Design
	reddot Design Award (2020)	German Design Council
	Company with the Best Jobs in Korea (2020)	Ministry of Employment and Labor
	IDEA Design Award (2020)	Industrial Designers Society of America (IDSA)
	GD (Good Design) Award (2020)	Ministry of Trade, Industry and Energy, Korea Institute of Design Promotion
	GD (Good Design) Award (2020)	Japan Industrial Design Promotion Organization (JIDP)
	PIN UP Design Award (2020)	Korea Association of Industrial Designers (KAID)
	Presidential Award, Korea Brand Awards (2020)	Ministry of Trade, Industry and Energy
	Korea Brand Hall of Fame (2022)	Institute for Industrial Policy Studies
	Top Prize, National Service Awards * 2 consecutive years	Institute for Industrial Policy Studies
SK rent-a-car	No. 1 in the car rental category at the Korean Standard Well-being & Environment Index (2021) * 10 consecutive years	Korean Standards Association
	No. 1 at the Korean Standard-Quality Excellence Index (2021) * won 6 times	Korean Standards Association
	AD STARS (2021)	AD STARS Organizing Committee
	PIN UP Design Award (2021)	Korea Association of Industrial Designers (KAID)
MINTIT	GD (Good Design) Award (2020)	Ministry of Trade, Industry and Energy, Korea Institute of Design Promotion
	IDEA Design Award (2020)	Industrial Designers Society of America (IDSA)
	Top Prize in the tire store category of the Korea Brand Hall of Fame (2021)	Institute for Industrial Policy Studies
cartini	A.N.D AWARDS (2021)	Korea Digital Enterprise Association

Certifications

Business	Certification Type	Organization	Date of First Certification
	ISMS	Korea Internet & Security Agency	Dec. 15, 2021
	ISMS-P	Korea Internet & Security Agency	Dec. 15, 2021
SK networks	Best Family Friendly Management	Ministry of Gender Equality and Family	Dec. 01, 2019
	ISO 9001	Korea Foundation for Quality	Nov. 01, 2013
	ISO 22000	Bureau Veritas Certification	Aug. 11, 2017
	HACCP	Korea Agency of HACCP Accreditation & Service	Jun. 17, 2008
	ISO 14001	Korean Standards Association	Jun. 27, 2007
SK magic	ISO 9001	Korean Standards Association	Nov. 17, 1994
	ISMS-P	Korea Internet & Security Agency	Mar. 17, 2021
	Best Family Friendly Management	Ministry of Gender Equality and Family	Dec. 01, 2021
SK rent-a-car	G-Smartlink (SaaS basic grade) Cloud Security Assurance Program	Korea Internet & Security Agency	Nov. 26, 2021
	ISMS-P	Korea Internet & Security Agency	Dec. 16, 2020
	ISO 9001	NTREECERT	Aug. 05, 2007
	ISO 14001	NTREECERT	Aug. 05, 2007
MINTIT	SQA certification in the personal information and data deletion area	German certification major, TÜV SÜD	Dec. 02, 2021



Memberships

Association	
1	CDP (Carbon Disclosure Project Initiative)
2	TEMOT International
3	The Climate Group (EV100 Initiative)
4	Korea Online Privacy Association
5	Gwangjin-gu Chamber of Commerce and Industry
6	Gwangjin-gu Scholarship Committee
7	Gwangjin-gu Sports Committee
8	Gwangjin-gu United Defense Council
9	The Gwangjin Cultural Center
10	Daegu Chamber of Commerce and Industry
11	Korea Mech. Const. Contractors Association
12	Korea Industrial Safety Association
13	Korea Chamber of Commerce and Industry
14	Korea Specialty Contractors Association
15	Korea Tire Manufacturers Association
16	Busan Marine Industry Association
17	Seoul Chamber of Commerce and Industry
18	Seoul HACCP Council
19	Seoul Bar Association
20	Fire Prevention Measures Council

Association	
21	Korea Software Industry Association
22	Korea Engineering & Consulting Association
23	SEOUL Car Rental Association
24	The Korea Usedcar Dealers Association
25	Korea Automobile Manufacturers Association
26	Korea Electrical Contractors Association
27	Korea Information & Communication Contractors Association
28	Jeju Special Self-Governing Provincial Tourism Association
29	KOREA Investor Relations Service
30	The Korean Association of Professional Convention Organizers
31	Korea Exchange
32	Korea Enterprises Federation
33	Korean Air Cleaning Association
34	Korea Fair Competition Federation
35	Korea Hotel Association
36	Korea Electric Engineers Association
37	Korea International Trade Association
38	Korea Listed Companies Association
39	Korea Fire Facility Association
40	Korea Fire Safety Institute

Association	
41	Korea Fire Safety Association
42	Korea Automobile Importers & Distributors Association
43	Korea Outdoor Advertising Association
44	Korea Food Service Industry Association
45	Korea Electric Vehicle User Association
46	Korea Electronics Recycling Cooperative
47	CONsortium of CERT
48	Les Clefs d'Or Korea
49	Energy & Mineral Resources Development Association of Korea



Third-Party Assurance Statement

Verification Statement on 2021

Greenhouse Gas emissions & Energy consumption Report

Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged by 『SK Networks』 to independently verify its 2021 Greenhouse Gas Emissions and Energy consumption Report (hereinafter 'GHG Inventory').

Verification Scope & Standard

KFQ's verification was conducted domestic business sites under operational control of 『SK Networks』. 'Guidelines on the Reporting and Certification of Emissions of Greenhouse Gas Emission Trading Systems (Notification No. 2021-278 of Ministry of Environment & IPCC Guidelines 2006)' were mainly applied in verification process but also the Company Guidelines for GHG Inventory was considered.

Verification Procedure

The verification was planned and carried out in accordance with the procedures stipulated in the verification guidelines for the operation of the greenhouse gas emission trading system (Notification No. 2021-112), and the verification guarantee level was carried out to meet the limited guarantee level.

Limitations of verification

Accuracy and completeness of emission data reported in the 'GHG Inventory' are subject to inherent limitations due to their nature and the methodology used in determining, calculating and estimating such data.

Conclusion/Opinion

Through verification procedures such as ISO 14064-1, ISO 14064-3, the following conclusions are presented on greenhouse gas emissions data.

- 1) The Inventory Report has been stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'
- 2) Thus, KFQ conclude that the Greenhouse Gas Emissions of the Company in 2021 is correctly calculated and stated in accordance with 'Rules for verification of operating the greenhouse gas emission trading scheme'. 2021 Greenhouse Gas emissions and Energy consumption of 『SK Networks』

2021 Greenhouse Gas emissions and Energy consumption of 『SK Networks』

Year	Division	GHG emissions (tCO2-eq)		
		Scope 1	Scope 2	Subtotal
2021	GHG emissions (tCO2-eq)	11,801.011	33,788.155	45,589

* The above GHG emissions and Energy Consumption are cut in units of integer for each business site, and a difference of less than ± 1 tCO2eq (or T.J) from the actual value of the system may occur.

Jun. 30th, 2022
 CEO Ji-Young Song
 Korean Foundation for Quality (KFQ)

Third-Party Assurance Statement

Independent Assurance Statement

To readers of SK networks sustainability Report 2021

Introduction

Korea Management Registrar (KMR) was commissioned by SK networks to conduct an independent assurance of its SUSTAINABILITY Report 2021 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of SK networks. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with SK networks and issue an assurance statement.

Scope and Standards

SK networks described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
 - Management approach of Topic Specific Standards
 - GRI 204: Procurement Practices
 - GRI 205: Anti-Corruption
 - GRI 303: Water
 - GRI 305: Emissions
 - GRI 401: Employment
 - GRI 403: Occupational Health and Safety
 - GRI 404: Training and Education
 - GRI 412: Human Rights Assessment

As for the reporting boundary, the engagement excludes the data and information of SK networks’ partners, suppliers and any third parties.

KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by SK networks to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Third-Party Assurance Statement

Independent Assurance Statement

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with SK networks on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

SK networks has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

SK networks has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

SK networks prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of SK networks actions.

Impact

SK networks identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with SK networks and did not provide any services to SK networks that could compromise the independence of our work.

July 2022 Seoul, Korea

