SK networks
WE NETWORK
2022 Sustainability Report of SK networks

About This Report

Report Overview
By annually publishing sustainability reports since 2018, SK networks provides an honest and transparent account of its financial performance, key initiatives, and progress in Environmental, Social, and Governance (ESG) management. We introduced a double materiality assessment last year, and this year's report contains stories about activities and performances related to each material issue according to the GRI Standards 2021. Going forward, we will disclose our business data in a transparent manner through continuous publications to communicate with various stakeholders.

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

Reporting Period
This sustainability report details our sustainability performance from January 2022 through December 2022. For some key items of information, the report contains data spanning the past three years, from 2020 to 2022, to enable comparisons. In the case of information that may have an impact on our stakeholders, the range of data extends to the years before 2022 and up to early 2023.

Reporting Scope
This report covers SK networks and its subsidiaries. The financial data provided herein conforms to the Korean version of the International Financial Reporting Standards (K-IFRS).

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 pages 122~123.

Additional Information
To increase the accessibility of information for stakeholders, this report is also available on our official website (www.sknetworks.co.kr). For further inquiries, please contact the SV Implementation Team.

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Interactive Guide
The 2022 SK networks Sustainability Report has been published as an interactive PDF with links to move between relevant pages within the report.

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CEO Message

“ We will create sustainable value through ESG management and bring happiness to our customers and stakeholders.”

Countries around the world started living with COVID-19 in 2022, but the business environment continues to face high inflations and interest rates due to the uncertainty raised by the Russia-Ukraine War. However, despite these circumstances, there is an increasing social demand regarding corporate management activities. Industries are being restructured with a particular focus on DT, AI, and ESG.

SK networks has been pursuing transition into a business-oriented investment company and striving consistently to strengthen existing business models while securing new momentum for the sustainable happiness of various stakeholders.

In 2022, SK networks took more proactive measures to address climate change by strengthening the reduction measures as a part of the 2040 Net Zero Roadmap and joining the SBTi. We also invested in solar power generation facilities, implemented the EV100, and obtained an international certification related to environmental management infrastructures (ISO 14001).

SK magic has been introducing various eco-friendly products to its customers. SK magic released a food waste disposer called ‘Eco Clean,’ which contributes to the environment with its excellent functionality, and expanded the Green Collection lineup (air cleaner, water purifier) made of eco-friendly plastics. Additionally, SK magic reinforced its eco-friendly efforts by obtaining the ZWTL Gold Grade (96% waste recycling rate) and joining the PACT for zero plastics.

SK rent-a-car opened the 'Eco Lounge' in Jeju for customers to experience new electric vehicle(EV) models and accelerated the transition into an EV Business Model through the development of the 'EV Park Jeju', the largest EV Park in South Korea. In 2022, SK rent-a-car obtained government approval for the demonstration project on GHG reduction of EVs. In 2023, SK rent-a-car is planning to offer benefits to customers using EVs through the GHG offset system (carbon credit).

To accelerate the transition into an eco-friendly hotel, Walkerhill is reducing the use of disposables and expanding the range of products made from eco-friendly materials and associated services. Walkerhill also took the initiative to reduce water consumption (increasing recycling rates) by investing in water reclamation and reuse facilities.

Since 2022, SK networks service has been consolidating its position as a solar power generation company. MINTIT established a sustainable collaboration system with the Ministry of Environment and cooperated with various social enterprises to expand its business model based on ICT resource recycling, offering inspection devices and braille learning devices for the visually impaired. In addition, SK networks acquired SK electlink, a leading private EV rapid-charging operator, and invested in preemptive solutions such as AI, alternative leather, and automated tractors to resolve global environmental and social issues.

SK networks operates three specialized committees (Personnel, ESG Management, and Audit Committees) under the Board of Directors(BOD) to form the foundations for ESG management driven by the BOD. Since 2022, SK networks has been assessing the independence, diversity, and expertise of the BOD and transparently disclosed the results. SK networks obtained an international certification for the anti-corruption management system (ISO 37001).

Furthermore, after joining the UNGC in May 2022, SK networks adopted the Declaration of Human Rights in September in support of its employees’ happiness and human rights. We are also expanding the scope of ESG management by creating a sustainable supply chain through education and various mutual growth programs for business partners.

With such efforts, SK networks will continue to fulfill our corporate social responsibilities as the highest priority and ensure that all decisions are made based on the ESG management policy. Doing so will strengthen our position as a sustainable company, spread good influence, and contribute to the happiness of employees and stakeholders.

We look forward to receiving stakeholders’ attention and support for the genuine efforts made by SK networks toward a sustainable future.

Thank you and sincerely,

CEO & President of SK networks **Lee Hojeong**

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SK networks

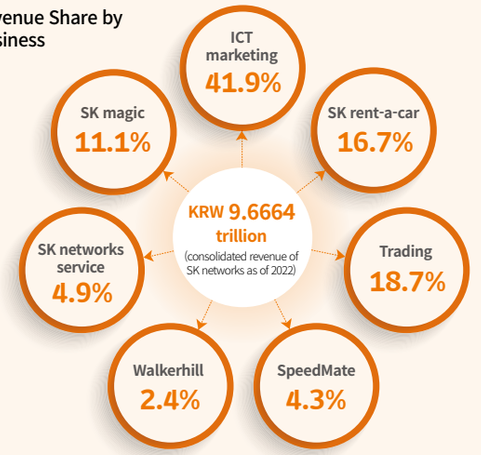
On April 8, 1953, SK networks was created in the ashes of the Korean War and marked a new promising sign in the Korean economy. Since then, we have realized customer value, delivering the message of dream and hope to people over the past 70 years from reconstruction sites in Korea. Living up to our company name, SK networks, we have never relented in our efforts to connect various businesses and all our stakeholders and create social value beyond economic value. SK networks started as a small textile company and underwent an adventurous and pioneering period of transitioning its business model to include fashion, trade, energy wholesale and retail, car maintenance, ICT marketing, hotels, home appliances, and car rental in keeping with the industrial trends of the times. SK networks is accelerating its evolution into a sustainable, business-oriented investment company by expanding its business portfolio centered on promising future businesses such as digital transformation, Web3, and sustainability and simultaneously upgrading its investment management system.

(Based on the 2022 annual report)

Revenue	KRW 9.6664 trillion
CEO*	Lee Hojeong
Head Office Address	Samil Bldg., 85, Cheonggyecheon-ro, Jongno-gu, Seoul, Republic of Korea
Date of Establishment	April 8, 1953
Key Subsidiaries	SK rent-a-car, SK magic, SK networks service, etc.
Website	https://www.sknetworks.co.kr/

* As of March 2023

Revenue Share by Business



Our Journey to Date

1953-1973 Beginning

1953 Founded Sunkyung Textiles
1962 Became the first South Korean company to export rayon fabric to Hong Kong
1963 Received the Gold Tower Order of Industrial Service Merit

1974-2002 Growth

1976 Received the $100 Million Export Tower, Sunkyung designated a general trading company
1980 Acquired Korea National Oil Corporation
1998 Changed the company 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 Exceeded 100 million in accumulated sales volume of cell phones
2014 Launched SK rent-a-car
2016 Acquired Tongyang Magic
2018 Exceeded 150 million in accumulated sales volume of cell phones
2019 Acquired AJ rent-a-car
2020 Launched SK rent-a-car as a joint corporation
2021 Spun off MINTIT and cartini
2022 Acquired SS Charger
Changed the name to SK electlink (2023)

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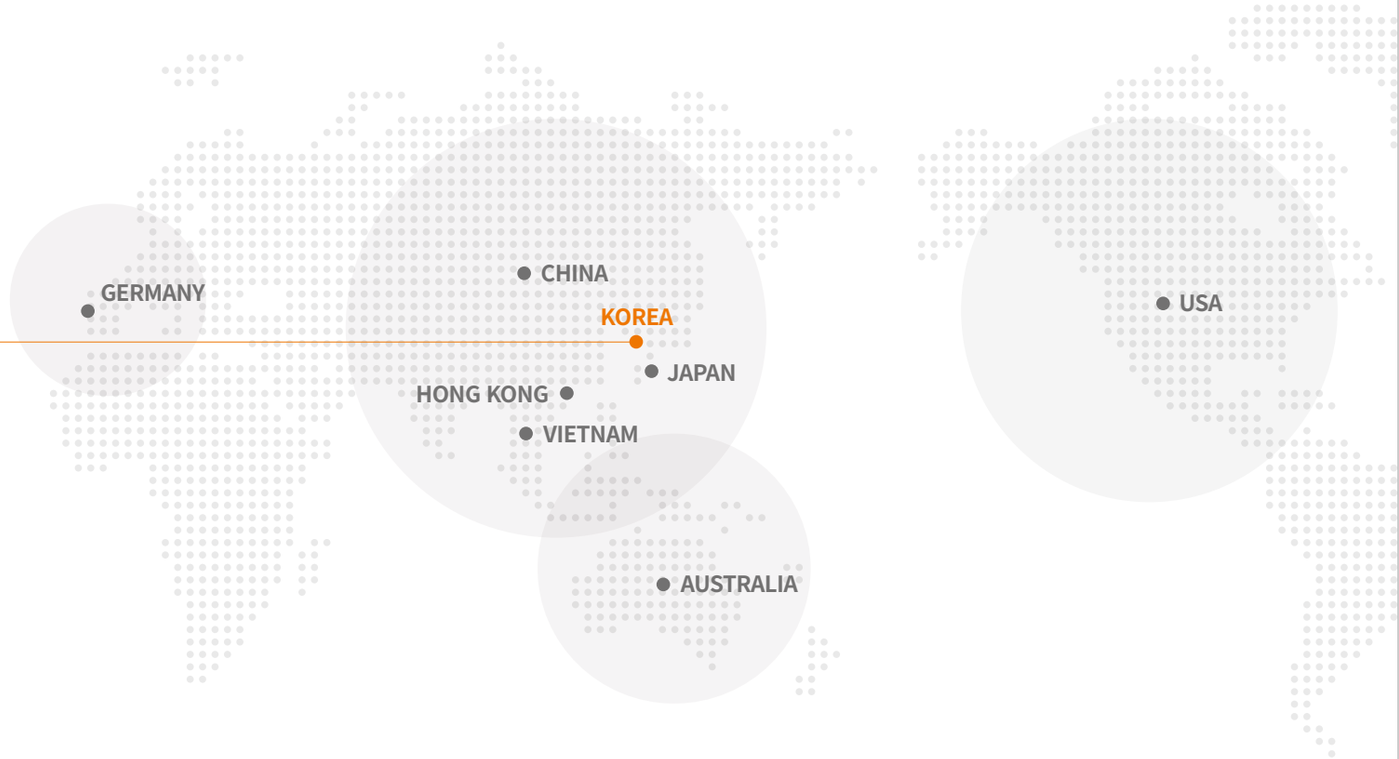
Domestic Business Sites and Global Network

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



Domestic

SK networks

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

SK magic

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

SK rent-a-car

Head Office (Seoul)

Overseas

Shanghai/Shenyang Corporation
Tokyo Corporation
Frankfurt Corporation
Hong Kong Corporation
Sydney Corporation
Mintit Vina
Hico Capital

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Key Business Areas

ICT Marketing

South Korea's Leading Mobile Device Distributor

SK networks has firmly maintained the highest rank in the ICT device distribution industry in South Korea. We dominate the market and have distributed approximately 5 million mobile devices while expanding our presence into the distribution of other devices, including laptops, tablet PCs, and ICT accessories, in collaboration with manufacturers. Additionally, we provide the mobile devices demanded by customers in a timely manner through our numerous distribution centers located across the country and a distribution network based on purchasing platforms. We have solidified our position as the largest mobile phone distributor in South Korea. SK networks will continue to expand in the mobile phone distribution market by constantly creating new values for customers and generating meaningful profits, while maintaining stable growth.

Global Trading

Highest Caliber of Global Business Experience Accumulated over 50 Years

On the foundation of global business experience accumulated for over 50 years, SK networks is taking the lead in global trading, mainly in the chemicals and materials sector, with competitiveness based on stable global sourcing capabilities, the latest information, and strategic networking. We handle polyester materials, aromatic products, methanol, and other petroleum chemical intermediates, and we are developing semiconductor and battery materials as new businesses. Through long-term contracts with major petrochemical companies in South Korea and overseas, we have established a stable business model for export and domestic sales, earning recognition as a key player in the market. In particular, we are expanding our business in the Chinese market, which has shown the greatest demand. Furthermore, we are exploring opportunities for expansion into regions such as North America, India, and Southeast Asia, in alignment with changes in global market demand. We are committed to increasing sustainability by expanding our business portfolio with eco-friendly and recyclable materials.

SpeedMate

Top-ranking Brand in the South Korean Automotive Market

The SpeedMate Division of SK networks operates various businesses ranging from car maintenance to emergency roadside services, domestic distribution of car parts and tires, and overseas exports. With the slogan of "Good Maintenance and Good Tires," we provide accurate and reasonable maintenance services at over 600 stores nationwide. Our car management membership service, CLUB SM, exceeded a cumulative total of 150,000 customers within a year of its launch. CLUB SM offers various benefits such as engine oil, air conditioning filters, and maintenance labor discounts, as well as partnerships with group members including SK rent-a-car and SK magic to issue discounts on products. We also plan to launch discounted customized maintenance services tailored to each customer's maintenance patterns. SpeedMate continues to introduce various services and events tailored to the timing and situation, aiming to increase customer satisfaction, proactively respond to market changes by securing future car maintenance personnel and technical expertise, and lead the car management industry.

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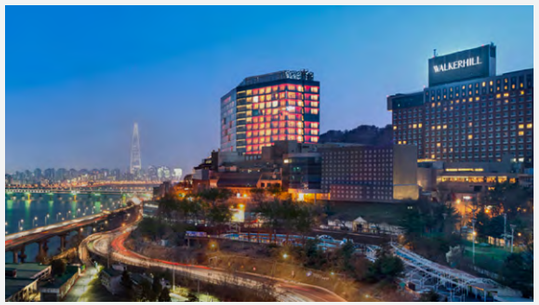
Key Business Areas

Walkerhill Hotels & Resorts

Urban Resorts in the Heart of the City

Walkerhill Hotels & Resorts is a leader in the South Korean hotel industry that delivers premium experiences for customers who wish to enjoy a relaxing time of rest in nature. Walkerhill encompasses a wide range of lifestyle services, such as culture, entertainment, and MICE. Various business models are in operation: Grand Walkerhill Seoul, which is pioneering a new leisure culture; Vista Walkerhill Seoul, which offers refreshing and unusual experiences; Querencia* Douglas House in the city; and external business areas best exemplified by Darakhyu (Incheon Airport Transit Hotel, Yeosu) for smart travelers. In addition, Walkerhill Hotels & Resorts provides differentiated services and brand values by presenting unique brand products that customers can access at home, such as the Premium Living Selection and Walkerhill Gourmet. Based on our rich experience and knowledge accumulated over more than six decades since our opening in 1963, we will produce constant enhancements in customer values.

* Querencia: A place where one feels at home when both physically and mentally exhausted



Global Investments

Enhancing Corporate Value By Transitioning into a Business-oriented Investment Company

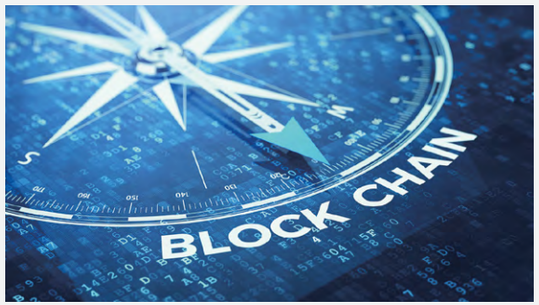
The Global Investment Center invests mainly in early-stage startups in new future growth areas such as digital transformation, Web3, and sustainability. The center secures a competitive investment portfolio primarily targeting Silicon Valley in the U.S., a region that leads global technology and trends from both financial and strategic investment perspectives. Investments are made in consideration of the future growth of SK networks, beyond the basic profits from investment. Furthermore, an investment company (Hico Capital) was established in Silicon Valley in the U.S. to strengthen our networking and actively seek investment opportunities. Through these efforts, we are spurring our transition into a business-oriented investment company that continuously enhances corporate value through investments. The Global Investment Center plans to further upgrade its business models and discover growth engines in connection with sustainable future technologies.

Blockchain

Securing a Future Growth Portfolio Centered on Blockchain

The Blockchain Innovation Center is a new organization formed in 2022 to find opportunities for leaps in progress and discover new growth engines in the rapidly-growing blockchain area. We began participating in the KGC* in 2019 and proactively entered the blockchain field in 2022 by investing in the Hashed VC Fund, a blockchain developer called Block Odyssey, and a specialized metaverse company called Com2Verse. At the same time, we expanded our participation as an XPLA validator in 2022 to contribute to developing the blockchain ecosystem in Korea. Henceforth, we will offer differentiated customer experiences by applying blockchain technologies to our business models and increasing the competitiveness of our products and services. On the basis of a powerful driving force and executive ability we accumulated for several years building broad networks and making investments, we plan to secure a future growth portfolio centered on blockchain.

*KGC: Klaytn Governance Council



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SK rent-a-car

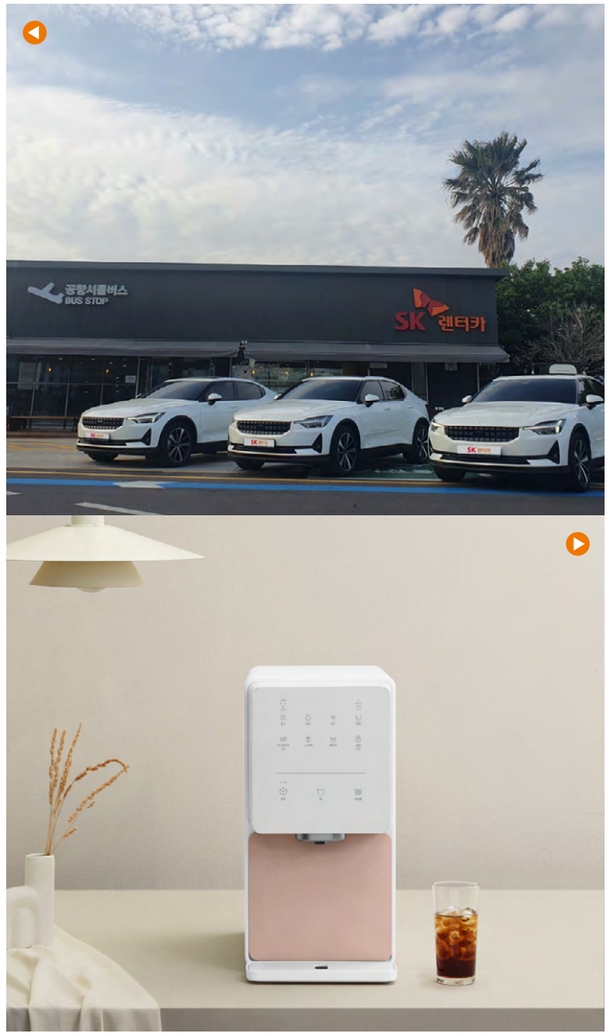
Mobility Life Innovator

SK rent-a-car is leading the South Korean car rental industry with its expertise and know-how. Based on this strong foundation, we drive innovation in mobility services through differentiated "Car Care Life Services" and a "Digital Technology-based Business Model (BM)." Additionally, we are focusing on discovering powerful growth drivers such as developing specialized electric vehicle (EV) services called EV Link, which provides essential elements for EV operation, including charging, parking, and car washing. Alongside these efforts, we are committed to providing a rational payment service called Tago Pay, which ensures the prioritization of customer value, and an integrated "online-to-offline (O2O) vehicle management service." SK rent-a-car aims to become a "data-driven O2O mobility service provider" through online platform business innovation. True to our slogan, "Move. Better. SK rent-a-car," we strive to go beyond the conventional car rental business by enhancing digital technology, expanding our customer base through data analysis, and improving services with our nationwide network of approximately 170 bases, allowing all stakeholders to enjoy a more advanced mobility life.

(Based on the 2022 annual report)

Revenue	KRW 1.2475 trillion
CEO*	Hwang Ilmoon
Head Office Address	Samil Bldg., 85, Cheonggyecheon-ro, Jongno-gu, Seoul, Republic of Korea
Date of Establishment	2020 (initial establishment: 1988)
Areas of Business	Car rental
Website	https://company.skcarrental.com/

* As of March 2023



SK magic

A Leading Company in the Household Appliance Rental Market

Ever since its establishment in 1985, SK magic has driven the trends in the South Korean home appliance market by offering differentiated technologies and customer-friendly services. The Tailored Life Subscription service, which empowers customers to lead healthier, more convenient, and environment-friendly lives, has strengthened the competitiveness of SK magic. We have expanded our businesses from home appliances to mattresses, and we are focusing on developing new products related to sleep-tech and Walkerhill to become a market leader. Additionally, SK magic launched subscription and space care services to make its products available in various ways. SK magic will become a genuine Home Life Curation Company that creates a sanitary and safe living environment and enhances the quality of life of our customers. In the future, SK magic will continue to invest in technologies to respond to rapidly changing demands in household appliances while sharpening our CS capabilities to dominate the global market, beyond the South Korean market.

(Based on the 2022 annual report)

Revenue	KRW 1.0274 trillion
CEO*	Yoon Yoseop
Head Office Address	Samil Bldg., 85, Cheonggyecheon-ro, Jongno-gu, Seoul, Republic of Korea
Date of Establishment	2016 (initial establishment: 2013)
Areas of Business	Manufacture, sale, and rental of home appliances
Website	https://company.skmagic.com/

* As of March 2023

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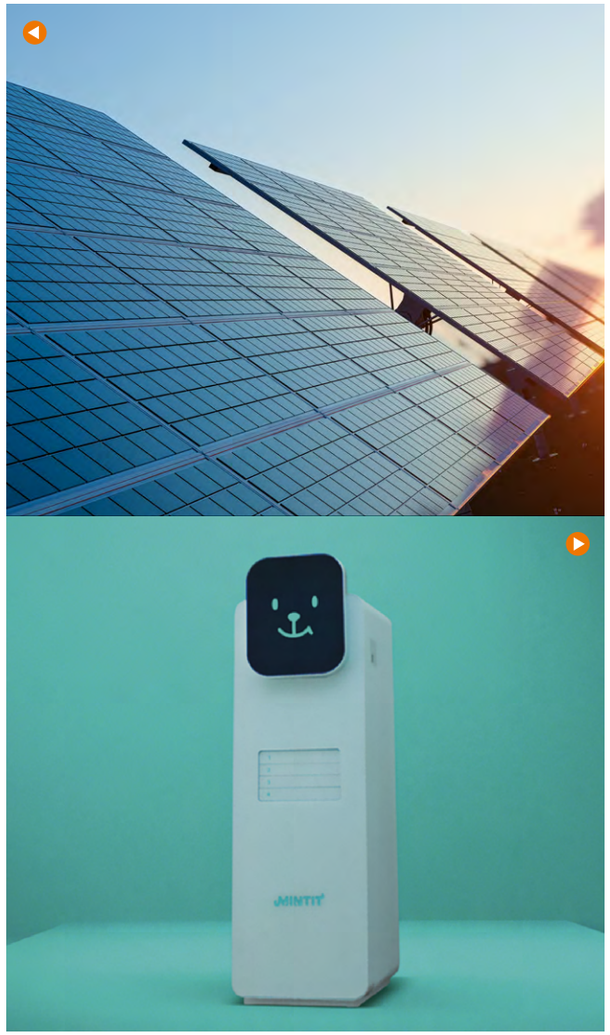
SK networks service

Technical Partner Operating ICT

SK networks service manages its network infrastructure management and global IT H/W and S/W distribution businesses based on ICT power accumulated over many years. Recently, we have been concentrating on increasing our sustainability by expanding our businesses into various environment-friendly areas such as solar self-consumption, EPC*, construction and maintenance of EV charging facilities, and resource circulation. SK networks service secures its competitiveness through change and innovation, promoting mutual growth with customers by creating new possibilities and values.

*EPC: Engineering Procurement Construction



(Based on the 2022 annual report)

Revenue	KRW 475.7 billion
CEO*	Jeon Hyeongil
Head Office Address	Pacific Tower, 41, Sejong-daero 9-gil, Jung-gu, Seoul, Republic of Korea
Date of Establishment	2007
Areas of Business	Maintenance and repair of communication equipment, construction of network infrastructures
Website	https://www.sknservice.com/

* As of March 2023

MINTIT

MINTIT, a Second-hand ICT Device Platform

MINTIT ATM is a kiosk-based service for cell phone diagnosis and self-purchases, based on AI technology. It is the first example in South Korea of such a system equipped to completely erase personal information and data stored in second-hand mobile devices. This system provides an environment that enables anyone to sell second-hand phones. The technology earned the international standard software quality certification (TÜV SÜD) for personal information and data deletion to alleviate concerns about used cell phone trades and increase the reliability of trading. 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. This leads to a virtuous cycle, including the MINTIT reforestation campaign, support for ICT-vulnerable individuals, and upcycling collaboration. We further aim to spread our influence over the industry by cooperating with various partners. In the future, MINTIT will seek continued innovation to evolve into an ICT resource circulation platform.

(Based on the 2022 annual report)

Revenue	KRW 170.4 billion
CEO*	Ha Sungmoon
Head Office Address	189, Seongam-ro, Mapo-gu, Seoul, Republic of Korea
Date of Establishment	2020 (initial establishment: 2002)
Areas of Business	Sale of communication devices
Website	https://www.mintit.co.kr/

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SK electlink

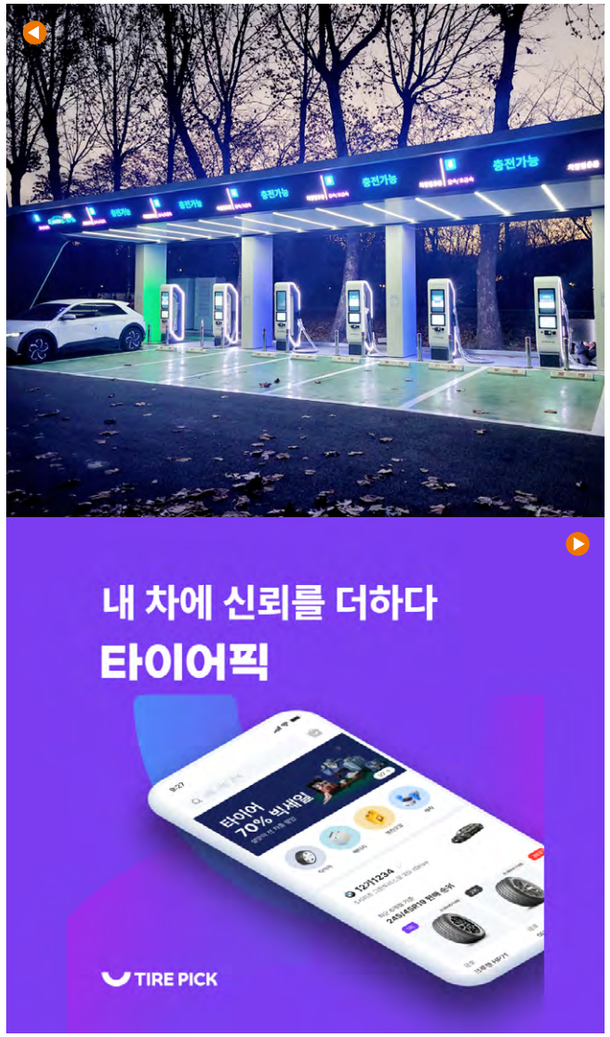
Top-ranking Private Quick Charging Business Operator in South Korea

SK electlink is the largest private charging business operator in South Korea, providing a total range of solutions for EV charging, including charger installation, charging services, operation of charging platforms, and development of related solutions. As the first private operator in this field, we have secured key charging locations and operate ultra-fast chargers at highway rest areas. We continue to innovate charging services based on our differentiated technological capabilities and knowledge. To address a major source of inconvenience experienced by EV users, namely the occupation of charging stations by non-charging vehicles, we collaborated with government agencies to develop the "Charging Interference Prevention Solution" that resolves the issue. We also offer the "Auto Charging Solution," which simplifies the complex authentication process during charging by enabling seamless authentication and payment through vehicle-to-charger connection. These differentiated technologies minimize inconvenience for EV customers. Furthermore, we introduced the first subscription-based charging product in South Korea called the Lucky Pass, providing EV users with a new charging experience and convenience. SK electlink strives to contribute to the expansion of EVs by proactively removing the inconveniences faced by EV users and advancing toward a sustainable future.

(As of the 2022 fiscal year)

Revenue	KRW 14.7 billion
CEO*	Cho Hyungki
Head Office Address	17F, Samsung Life Insurance Jamsil Bldg., 295, Olympic-ro, Songpa-gu, Seoul, Republic of Korea
Date of Establishment	2022
Areas of Business	EV charging services and platform operation
Website	https://skelectlink.co.kr/

* As of March 2023



cartini

The Leading Mobility Platform in South Korea

cartini operates the mobility platform TIREPICK (www.tire-pick.com), which is the first in the industry to provide a tire and battery information search service based on license plate numbers, as well as a nationwide 24/7 battery installation service. At TIREPICK, we offer personalized products and services essential for driving, such as tires, batteries, car washes, and engine oil. Being the sole provider that combines reasonable online prices with the advantages of an offline network consisting of over 700 partnerships, including SpeedMate and autoOasis, we are growing as an essential mobility platform for all driving customers. Cartini identifies pain points experienced by customers based on big data and continuously implements improvements to ensure that customers can easily and conveniently receive car management services in any situation. We strive to grow into the highest rated mobility platform in South Korea that constantly provides customers with new experiences.

(Based on the 2022 annual report)

Revenue	KRW 13.6 billion
CEO*	Choi Woohyeok
Head Office Address	267, Tojeong-ro, Mapo-gu, Seoul, Republic of Korea
Date of Establishment	2021
Areas of Business	Online sale of tires, batteries, and engine oils
Website	https://www.tire-pick.com

* As of March 2023

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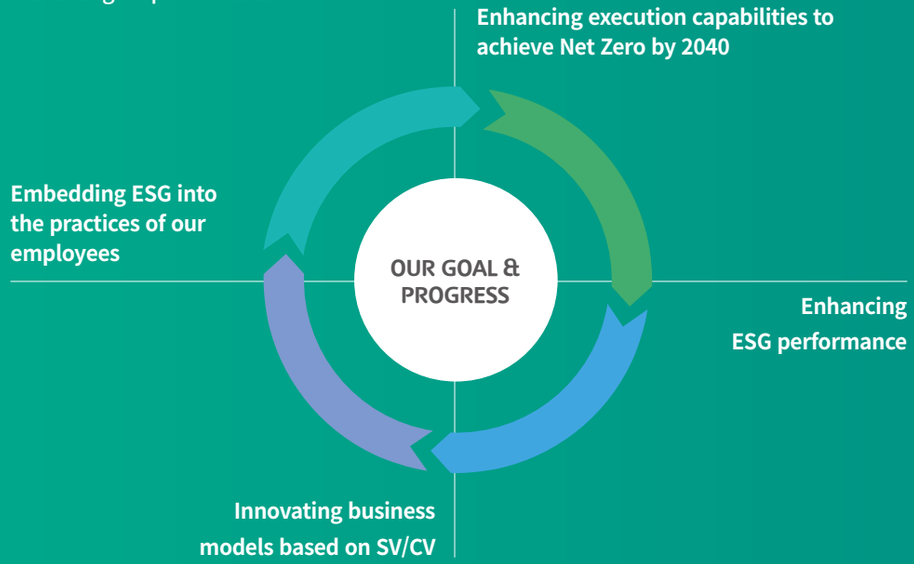
ESG Highlight

OUR GOAL & PROGRESS

SK networks has established the goals of enhancing execution capabilities to achieve Net Zero by 2040, improving ESG performance, innovating business models based on social value (SV) and customer value (CV), and internalizing ESG among our employees. By supporting the execution of ESG, we will gain trust in the market and contribute to enhancing corporate value.



MATERIALITY ISSUES

Material Issue 1	Customer-centered Management
Material Issue 2	Strengthening Dominance in the Market by Developing New Products and Launching Services
Material Issue 3	Cultivating and Managing Human Resources
Material Issue 4	Managing the Supply Chain and Strengthening Shared Growth
Material Issue 5	Responding to Climate Change and Protecting Biodiversity

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Our Goal & Progress

Enhancing execution capabilities to achieve Net Zero by 2040

Achieving Net Zero by 2040

SK networks has established greenhouse gas (GHG) emissions reduction strategies tailored to each business to reinforce its execution capabilities for achieving "Net Zero." SK networks and its seven subsidiaries* joined EV100 and have made efforts to switch all business vehicles, including customer vehicles, to EVs by 2030. As of 2022, we replaced a total of 7,300 vehicles with EVs. In addition, after joining SBTi** in September 2022, we established goals and reduction measures according to the SBTi standards, adopting a systematic approach to mitigating GHG emissions. Furthermore, we declared our support for the TCFD(Task Force on Climate-Related Financial Disclosures). We will accurately measure the impact of climate change on our company and disclose all financial and non-financial impacts.

* SK networks, SK rent-a-car, SK magic, SK networks service, SK rent-a-car service, SK magic service, MINTIT, cartini
** SBTi: Science Based Targets Initiative

net zero

Enhancing ESG Performance

Securing Market Trust By Achieving Global Top-tier ESG Assessment Grades

The goal of SK networks is to enhance our assessment grades compared to the previous year or obtaining a grade of A or above in ESG assessments conducted in South Korea and overseas. To this end, SK networks analyzes external assessment results and establishes and executes improvement measures. Accordingly, in 2022, we achieved the top level with the ESG key indicators within the SK Group and obtained the grades of MSCI* A, KCGS** Overall A, and CDP*** B.

Building ESG Management Systems for Subsidiaries

In 2022, SK networks established an ESG management system for subsidiaries based on their listing status and growth stage. By inspecting the current status of each ESG indicator, defining tasks, and supporting execution, we will raise the level of ESG management in all subsidiaries until they achieve the goal of joining the global top-tier by 2026.

Securing Global Certifications and Increasing Participation in Initiatives Through ESG Management

In 2022, we acquired certifications for our environmental management system (ISO 14001) and anti-bribery management system (ISO 37001). SK magic also obtained the ZWTL Gold rating (96% waste recycling rate). We are advancing our foundation for ESG management through various efforts, such as joining the UN Global Compact (UNGC) to strengthen human rights management.

* MSCI : Morgan Stanley Capital International
** KCGS : Korea Institute of Corporate Governance and Sustainability
*** CDP : Carbon Disclosure Project

Innovating Business Models Based on SV/CV

Supporting Business Model Innovation Tasks Based on SV and CV

Since 2021, SK networks has operated monthly "SV Board" and "CV Board" meetings with executives, team leaders, and working-level employees of each business, presided over by the CEO. Each Board establishes focused SV/CV tasks in different business areas, shares the outcome of executing the tasks, and innovates business models through mutual learning of related trends and issues. In particular, the Integrated SV-CV Board was active in each quarter of 2022 and discovered cases of simultaneous SV-CV creation and selected best practices to be shared throughout the company, to raise employees' awareness of the linkage between SV and CV. Additionally, the Big Idea Audition was held in October for all employees, including those of our subsidiaries, for the purpose of sharing various ideas for the innovative transformation of business models, such as creating new customers and offering experiences that leave a positive impression on customers.

Embedding ESG into the Practices of Our Employees

Increasing Support for the SE Ecosystem

In 2022, SK networks established new target-type/spot-type Pro Bono programs intended to support professional consulting activities tailored to social enterprises and ventures related to its business models for one year. Our programs achieved outstanding outcomes, such as creating various collaboration cases with participating companies and successfully attracting investments of KRW 500 million. In recognition of these accomplishments, we received the Pro Bono of the Year Award and Super Rookie Award from Happynarae in 2022. In 2023, 24 employees are participating in our Pro Bono activities. We are considering long-term measures to support participating companies through interest assistance programs after the end of the current Pro Bono consulting activities.

Upgrading the Social Contribution System and Reinforcing Practice Among Employees

SK networks raised SV/ESG awareness among its employees by means of CEO engagement, reinforced ESG alignment within business models, support for ESG education, and expanded practice in daily routines. Using the Hangarae app, in 2022, we reduced routine carbon emissions by 77 kg per person (36 tons total) and we completed 16.3 hours of volunteer service per person. In 2023, we aim to support local communities and vulnerable groups by conducting various online and offline social contribution programs, with a target of contributing 20 hours of volunteer service per person.

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Stakeholder Engagement

SK networks defines customers, employees, suppliers, shareholders, investors, and local communities as major stakeholders and identifies issues that can influence sustainability. Additionally, we operate various communication channels to communicate actively with our stakeholders. Every year, we analyze the pain points experienced by stakeholders and study their needs.

Issue	Stakeholders	Key Issues	Participating Channels	Short-term Plans (2023)	Mid-term Plans (2024-2026)	Long-term Plans (2027-)
Customer-centered Management	Customers	• Customer satisfaction • Customer-tailored solutions • Personal information protection	• VOC channels, website, social media, etc. • Customer contact at agencies/branches • Questionnaires and customer satisfaction surveys	• Enhancing customer satisfaction • Developing new products/services • Analyzing and improving brands (adding/modifying ESG assessment items)	• Enhancing customer value through business model innovation • Creating SV through product and service innovation • Analyzing ESG the assessment trends of customers by brand	• Improving the ESG assessment items of customers by brand (including a review of measures to diversify survey targets)
Cultivating and Managing Human Resources	Employees	• Identifying and resolving factors that hinder employees' happiness and enhancing the ability to execute happiness strategies following the process of [challenge- performance-growth]	• Happiness survey (happiness diagnosis/ measurement)	• Listening to opinions of employees using measurement-type and thinking-type questions and creating a vigorous environment	• Advancing happiness diagnosis/ measurement systems and building a sharing system	• Evolving into a platform that innovates working styles and corporate cultures
		• Consultative body connecting the CEO and employees to seek and propose solutions for fostering a positive work culture	• Happiness/SKMS Board (employee speak-out)	• Executing short-term tasks and operating a suggestion system for employees to achieve immersion/growth	• Consultative body that improves the systems/capabilities/cultures of the company	• Consultative body that engages in discussions with the top-level management to create a VWBE culture and practice SKMS
		• Creating a VWBE culture by sharing and proposing happiness management activities for the company and employees	• Happiness Bulletin Board (communication channel for employees)	• Reorganizing bulletin boards to establish a culture of responsible and constructive debate	• Evolving into an idea audition platform for employees	• Advancing progress through bulletin boards/communities
		• Strengthening commitment to the management philosophy and activities through communication with the top-level management	• Happiness Talk (dialogue with the management)	• Spreading the CEO's messages and management philosophy and securing venues for regular communication to build trust	• Securing a forum for direct communication between the CEO and employees (regular communication)	• Preparing a forum for direct communication between the CEO and employees (expanding regular communication)
Managing the Supply Chain and Strengthening Shared Growth	Suppliers	• Creating fair and reasonable trading relationships • Supporting the business and educational activities of suppliers • Managing the ESG risks of suppliers	• Operating the Shared Growth Fund • Face-to-face meetings and conferences • SK networks electronic purchase system • Supplier education programs	• Expanding the operation of the Shared Growth Fund • Establishing support programs for outstanding suppliers • Reinforcing a system of communication with suppliers • Supporting the ESG affairs of suppliers	• Reestablishing strategies to promote shared growth • Implementing and expanding support programs for outstanding suppliers • Identifying and implementing win-win tasks • Introducing an incentive system for suppliers with outstanding ESG and expanding support	• Advancing strategies to promote shared growth • Building an open platform for shared growth communication channels • Developing additional educational programs for suppliers and encouraging participation
Reinforcing Transparency in Governance	Shareholders/ Investors	• Strengthening two-way communication between the company and shareholders	• General meeting of shareholders	• Creating an environment for shareholders to ask questions and securing sufficient time	• Diversifying communication channels using online platforms, such as live streaming of the general meeting of shareholders on YouTube	
		• Expanding the exposure of the company's Financial Story in both scope and frequency • Establishing recognition as an ESG-leading company and securing demand for ESG investments	• Meetings with corporate and private investors	• Communicating with investors frequently and publishing reports • Executing IR in South Korea and overseas for potential investors	• Conducting online and offline IR events tailored to the needs of investors	
Local Community Engagement	Local Communities	• Activating programs for vulnerable groups (securing safety nets, etc.) • Managing local community risks • Contributing to local communities and creating sustainable environmental cities	• Local governments • Community social security councils • Persons in charge at district welfare centers and community centers	• Upgrading the social contribution system • Establishing a local community risk management system • Securing channels for consultation with local communities – concluding agreements on local community contribution between Walkerhill and the Gangjin-gu District Office • Developing and operating contents for local community contributions	• Strengthening capabilities for executing social contribution activities • Advancing the risk management system related to local communities • Activating content channels to revitalize culture/tourism (Walkerhill) • Developing and implementing win-win programs for local residents	• Elevating our brands through social contribution activities • Activating win-win programs for local residents and measuring/managing performance

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Double Materiality Assessment

Concept of Double Materiality Assessment

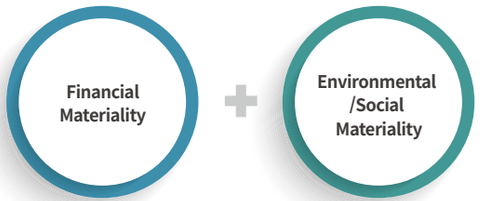
Materiality assessment is a process of identifying material issues or elements that can affect the sustainability of a company. The GRI Standards 2021 advised selecting material issues that simultaneously have both financial importance and importance in environmental, social or human impacts through the double materiality approach. SK networks began applying double materiality assessment when publishing the 2021 Sustainability Report, deriving material issues based on the opinions of employees and various external stakeholders such as customers, suppliers, local communities, and investment agencies. We presented related activities, performances, and goals in detail in the report.

Financial Impact

The degree of positive and negative impacts that external sustainability factors can have on the financial conditions of the company from an internal perspective

Assessment targets: Directors and employees

Double Materiality



Environmental and Social Impact

The degree of positive and negative impacts that the business activities of the company can have on the environment and society from an external perspective

Assessment targets: Customers, suppliers, academics, and experts of investment agencies

Double Materiality Assessment Process

Step 1

Formulating the issue pool

- Compiling issues impacting the industry related to S&P Global top 10%, industry movers, eight companies engaged in the same area of business that are members of the Sustainability Yearbook, and SASB
- Formulating the first draft of the issue pool by classifying the issues based on GRI and combining similar issues
- Deriving the potential issue pool based on the material issues of SK networks in the previous year

Potential issue pool formulated: 19 issues

Step 2

Conducting double materiality assessment

Environmental and social impacts

- Analyzing 809 news articles on the internet (search period: January 1, 2022 – February 17, 2023)
- Benchmarking and analyzing three South Korean companies and three global companies in the same area of business
- Incorporating global guidelines such as the GRI, UN SDGs, ISO 26000, and UNGC COP guidelines
- Conducting a survey of external stakeholders such as customers, partners, experts from academia and investment institutions (survey period: February 21 – 28, 2023)

Financial impact

- Conducting a survey of employees (survey period: February 21 – 28, 2023)
- Analyzing the internal strategies of SK networks, such as business strategies, medium to long term ESG roadmaps, and the contents of the New Year's address
- Analyzing assessment indicators such as S&P Global, MSCI, and KCGS and ESG-related laws pertaining to each issue

Candidate issue pool derived: 17 issues

Step 3

Selecting material issues

Selecting the five issues, ranked based on the double materiality assessment, as material issues

Priority Impact: 3 issues

Environmental/Social Impact: 1 issue

Financial Impact: 1 issue

Final selection of material issues: 5 issues

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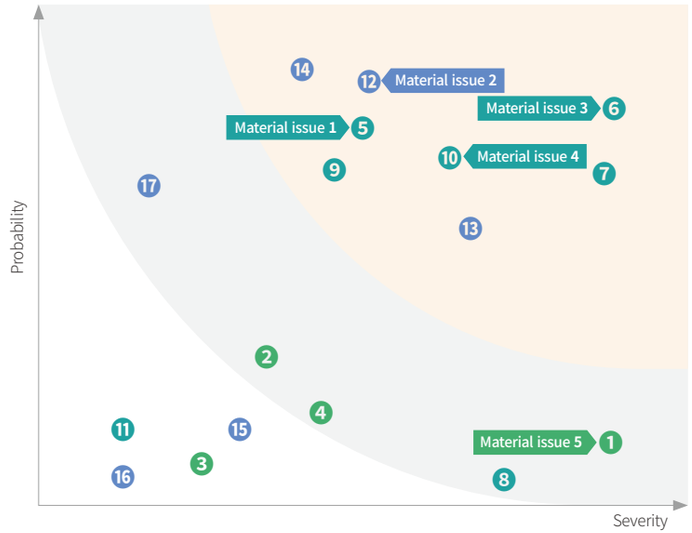
Double Materiality Assessment Results

By comprehensively considering environmental, social, and financial impacts through the double materiality assessment, SK networks selected the following five issues as material issues, out of a pool of ten issues with a high impact. These issues* were determined to have a high impact based on the Group's strategies and connection with our businesses.

● : Low Impact ●● : Middle Impact ●●● : High Impact

Category	Issue	Impact		Location	GRI Index
		Environmental and Social	Financial		
Environmental	① **Responding to climate change and protecting biodiversity*** Material issue 5	●	●●●	37~41p	302, 304, 305
	② Managing waste and pollutant emissions	●●	●●●	49~51p	306
	③ Managing water resources	●	●	49~51p	303
	④ Developing sustainable products/technologies and using sustainable packaging materials	●●	●●	52~53p	301
Social	⑤ **Customer-centered management** Material issue 1	●●●	●●●	20~24p	416
	⑥ **Cultivating and managing human resources** Material issue 3	●●●	●●●	31~33p	401, 402, 404
	⑦ Respecting human rights and diversity	●●●	●●●	54~55p	405, 406, 408, 409, 410
	⑧ Local community engagement	●	●	63~65p	203, 413
	⑨ Managing industrial safety and health	●●	●●	56~59p	403
	⑩ **Managing the supply chain and strengthening shared growth*** Material issue 4	●●●	●●	34~36p	204, 308, 414
	⑪ Stakeholder engagement	●	●	16p	2
Economy and Governance	⑫ **Strengthening market dominance by developing new products and launching services** Material issue 2	●●●	●●●	25~30p	-
	⑬ Ethics and anti-corruption management	●●●	●●●	71~75p	205, 206
	⑭ Strengthening information security	●●	●●●	60~62p	418
	⑮ Reinforcing governance transparency	●●	●●●	66~70p	2
	⑯ Legal compliance and supporting initiatives	●	●	76~77p	2
	⑰ Strengthening risk management	●	●●	78~79p	201, 207

▽ Environmental and social impacts



▽ Financial impact

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Double Materiality Assessment

Double Materiality Assessment Results of Each Subsidiary

Considering the possibility that the material issues of major subsidiaries may differ across industries, SK networks conducted separate double materiality assessments for SK magic and SK rent-a-car*. After checking for redundant issues based on the separate assessment results, three material issues were derived, including “responding to climate change and protecting biodiversity**,” “customer-centered management,” and “strengthening market dominance by developing new products and launching services.” SK networks will continuously refine its materiality assessment to derive more reliable results and communicate actively with various stakeholders.

* SK rent-a-car conducts the assessment using a separate methodology presented in its own sustainability report.
** For the issue of responding to climate change and protecting biodiversity, SK networks has declared the objective of achieving Net Zero by 2040 and is providing overall monitoring and support for accelerating GHG emissions reduction activities, tackling major climate-related risks and opportunities, and conducting environmental management of the head office and seven subsidiaries. When formulating the RE100 and EV100 roadmaps, SK networks includes itself and its seven subsidiaries in the medium- to long-term strategies and goals.

Category	Issue	Impact				
		SK networks		SK magic		SK rent-a-car*
		Environmental and Social	Financial	Environmental and Social	Financial	Integrated
Environmental	Responding to climate change and protecting biodiversity (Material issue 5)	●	●●●	●	●●●	●●●
Social	Customer-centered management (Material issue 1)	●●●	●●●	●●●	●●●	●●
	Cultivating and managing human resources	●●●	●●●	●●●	●●●	
	Managing industrial safety and health	●●	●●	●●●	●●●	
	Managing the supply chain and strengthening shared growth	●●●	●●	●●	●●	
Economy and Governance	Strengthening market dominance by developing new products and launching services (Material issue 2)	●●●	●●●	●●	●●●	●●
	Reinforcing transparency in governance	●●	●●●	●●	●	●

* Among the material issues of SK rent-a-car, only the issues that are similar to the material issues of our company were selected and incorporated.

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Material Issue 1

Customer-centered Management

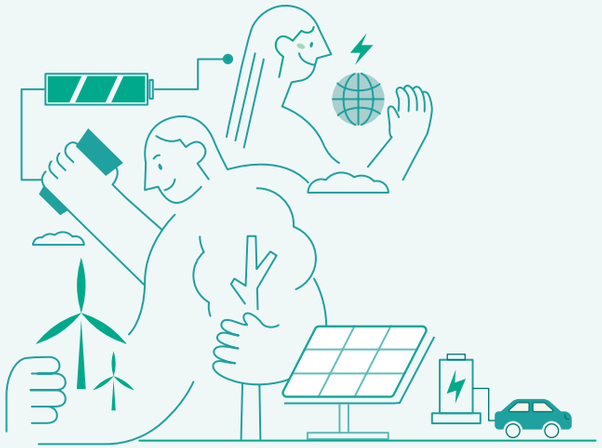
Creating the Customer Value of SK networks

SK networks has been operating the CV Board with the participation of the CEO since 2021, endeavoring to conduct customer-centered management to enhance product and service safety, quality, and customer value with the collaboration of executives, team leaders, and working-level employees of each subsidiary and division. In 2022, we concurrently operated monthly CV councils supervised by the representatives of subsidiaries and divisions to discuss various customer issues and improvement tasks based on the VOCs received by subsidiaries and divisions. Through these activities, SK networks strengthens its accountability for product and service safety and quality, resolves the pain points experienced by customers, and innovates business models by creating customer value.

Customer Value Generating Activities of SK networks

In 2016, SK networks acquired Tongyang Magic and AJ Rent-a-Car while shifting the focus of its business to the rental business, as part of the effort to respond to the changing industrial environment and increase customer satisfaction. SK magic was established after the acquisition of Tongyang Magic and has developed into a leader in the South Korean home appliance rental markets, building on differentiated technologies and customer-friendly services. Additionally, SK rent-a-car was launched through the merger of the car rental businesses of SK networks and AJ Rent-a-Car, acquired in January 2019. SK rent-a-car offers convenient services by propelling a new automotive rental culture characterized by a transition from ownership to use.

SK networks has been proactively reorganizing its business structure by listening only to the voices of customers and markets over the last seven decades. Based on our capabilities and experiences of ceaselessly embracing new challenges and innovations as a “Customer Value Explorer,” we aim to progress further to achieve sustainable growth and performance. By innovating our existing businesses and constantly fostering future growth engines, we will practice sustainable management, thereby enhancing value for all stakeholders.



▽ Roadmap for Enhancing Customer Satisfaction and Product/Service Safety

~2023	~2025	~2026
Deriving/implementing improvement tasks by analyzing customer satisfaction survey results	Elevating customer experience through customer management and product diversification	Continually identifying tasks to innovate customer value in response to changes in business models and the external environment
Advancing the product safety management process	Establishing and executing certification management plans	Reviewing the necessity of additional certifications to improve safety and services

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SK rent-a-car

Enhancing Customer Protection Systems

We aim to realize customer value by respecting and incorporating the opinions from customers through customer protection systems such as our Customer Protection Charter, customer dispute handling procedure, and organizational body for customer protection. Through the Customer Protection Charter, SK rent-a-car observes fair trading principles for customers, provides diverse values to customers, gains trust by creating a strong positive impression on customers, and expresses its commitment to ultimately fostering the happiness of customers. Any disputes with customers are resolved according to the Consumer Dispute Settlement Criteria under the Framework Act on Consumers, the Standard Terms and Conditions of Car Rental, and the Terms and Conditions of Service of SK rent-a-car. With dedicated employees in charge of legal affairs, purchasing, maintenance, and sales, SK rent-a-car will systematize its customer protection organization and become a leading company in customer protection.

Internalizing Work Culture Based on the Perspective of Customers

After focusing on identifying causes and resolving issues with relevant divisions based on VOCs in 2021, in 2022, SK rent-a-car collaborated with various divisions to resolve VOCs from an upstream perspective. As a representative example, we established and implemented the CV Leader System, which is responsible for communication and collaboration among relevant divisions*, to produce practical improvements addressing the VOCs. During the year, 33 employees from different divisions participated as CV Leaders, presenting their opinions, collaborating, and communicating to execute tasks. In 2023, SK rent-a-car will continue its CV Leader System while reflecting on the lessons learned in 2022, building on the accumulated experiences of employees in relation to CV and creating a customer-oriented organizational culture.

* Task leader, field execution, support of the head office

Conducting Customer Satisfaction Surveys

SK rent-a-car analyzes customer satisfaction to improve all products and services quantitatively and qualitatively. Customers complete a survey after using the products and services of SK rent-a-car, and the satisfaction survey is designed to analyze major customer contact points, such as persons in charge of contracts, general maintenance, on-site maintenance, and regular inspections. The quantitative results of the satisfaction survey are utilized as KPIs and improvement indicators of each organization in charge. The qualitative opinions of customers are classified into short-term and long-term improvement tasks to facilitate improvement activities. In 2022, 13 key tasks were established, and the number of monthly VOCs declined by 11%. We plan to continue selecting tasks and conducting improvement activities in 2023, unsparing our efforts to deliver satisfying customer experiences.

▽ Customer Protection Charter

01. Providing transparent information
We will provide transparent information about products and services to our customers.

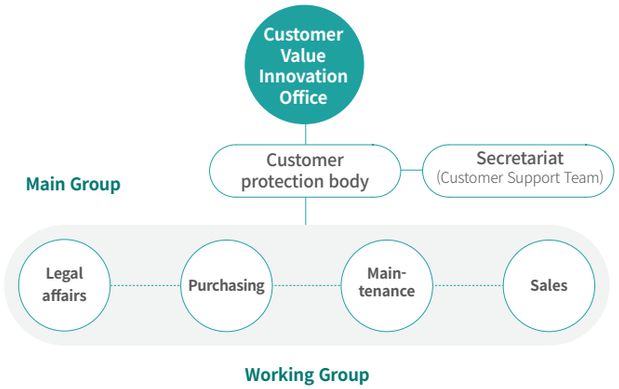
02. Fair handling of business
We will keep our promises to customers and handle business fairly without discrimination.

03. Improving systems
We will handle complaints and claims of damage from customers fairly and quickly and reflect their views in system improvements.

04. Complying with laws and procedures
We will comply with laws and procedures to protect the personal information of customers.

05. Respecting opinions
We will contribute to the happiness of the customers of SK rent-a-car by respecting their opinions and reflecting them in our actions.

▽ Customer Protection Body



1) Team leaders and working-level employees in charge of each function
2) Guest Group: Persons responsible and in charge at relevant divisions

▽ Performance of Customer Improvement Tasks in 2022

Key tasks
13 key tasks derived

number of VOCs
Decrease in the number of monthly VOCs by **11** %

Customer satisfaction survey results
93 points (2021) → **94** points (2022) ▲

▽ Major Awards Received in 2022

Name of Award	Awarding Institution
Korea Brand Hall of Fame (2023) ***2 consecutive years**	The Institute for Industrial Policy Studies
Korean Standard Well-being Consumer Index (KS-WEI), 1st Place (2023) ***12 consecutive years**	Korean Standards Association
National Brand Awards ****5 consecutive years**	The Chosun Ilbo
National Service Awards, 1st Place (2023) ***4 consecutive years**	The Institute for Industrial Policy Studies
Korean Standard Quality Excellence Index (KS-QEI), 1st Place ***Awarded 7 times**	Korean Standards Association

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SK magic

Building an Integrated VOC System and Enhancing Customer Value

SK magic operates its VOC system and CS Improvement Council so as to build a company-wide, customer-centered CS system, regularly discovering customer insights and concentrating on quick and efficient CS service policies. SK magic performs organic collaboration activities with customer contact organizations. Based on these efforts, SK magic shares the CS status and major VOC issues of each contact point through the customer value innovation meetings of the management, proposes service policies, and makes swift decisions regarding operating directions. With a customer-oriented organizational culture that focuses on linking and observing the stages of customer usage from production to use and service, SK magic has achieved outstanding results in various customer satisfaction surveys by developing customer-centered products and improving its services.

▽ Focal Activities for Enhancing Customer Value

Converting VOCs into Management Assets	Reinforcing the Customer Sensing Process	Improving Customer-centered Service Policies	Reinforcing a Company-wide CV Mindset
We built an integrated VOC system to collect multidimensional VOC data for statistics on products and services. Based on this system, we eliminated customer complaints and prepared a management decision-making system, by expanding the scope of management and strengthening utilization.	We regularly and efficiently conduct various working-level surveys through the activities of the customer advisory group. By combining consumer opinions and internal perspectives, the surveys have ultimately contributed to creating the value of improving work methods. Additionally, the Counseling Research Team conducted a VOC satisfaction survey focused on product and service quality, strengthening management throughout all stages of the brand experience of customers and thus enhancing customer satisfaction.	We diagnosed our CS process by implementing CS consulting by an external agency (a solution to optimize customer experiences). By formulating tasks to improve customer experiences, based on assessments of areas of inferiority and superiority and benchmarking of other companies, we continuously conducted activities to improve customer experiences. In order to bolster our execution capabilities, our customer contact organization operated regular CS councils to enhance the degree of completion of tasks.	We are enhancing CS awareness and sensitivity throughout the company by changing our operational direction from business-centered to customer-centered indicators, establishing common CS indicators with customer contact organizations, and continuously managing our KPIs.

Pursuing Customer Centered Management (CCM*) Certification

In May 2023, SK magic declared its intention to build a customer-centered management system to drive socially responsible management and create a consumer-oriented management culture. We formed a TF organization and launched a committee to provide innovative products and services while prioritizing customer value. The head of Hwaseong Factory was appointed as the Chief Customer Officer (CCO). In the future, SK magic will continue reinforcing its customer-centered management system by preventing damages to consumers and actively incorporating VOCs into management activities.

* Consumer Centered Management (CCM): A certification system supervised by the Fair Trade Commission

▽ Major Awards in the Customer Satisfaction Sector

1st Place

2022 Korea Brand Power Index (K-BPI)
Dishwashers for **21 consecutive years**
Multi-function ovens for **16 consecutive years**
Microwaves for **6 consecutive years**

2022 INNOSTAR Certification
Bidets for **3 consecutive years**

2022 GREEN-STAR Certification
All clean air purifiers for **8 consecutive years**

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Walkerhill

Advancing the Customer-centered Management System

Walkerhill set the directions for enhancing customer value by building the CS management system in 2019. VOCs collected from each channel are classified systematically and delivered to relevant divisions and the management to support various customer-centered management activities, such as resolving customer complaints, developing and improving products and services, and reflecting customers' voices in our consumer policies. We track VOCs from receipt to completion under the management of the officer in charge, collaborating with relevant divisions to prevent recurrence and remove the fundamental cause. Since 2021, the CV Board, supervised by the hotel Chief Operating Officer(COO), has met with all executives and team leaders every month to share current information on the progress of focal tasks for enhancing customer value. Cases of exemplary employees who impressed customers are shared to cultivate a customer-centered culture.

Expanding the Digital Experience of Customers

Walkerhill introduced systems for mobile check-in (MCI), mobile check-out (MCO), and mobile in-room orders using kiosks and personal mobile devices to provide contact-free hotel services and it built a mobile platform that offers a digital experience to customers, from reservation to check-out. The platform enhanced the satisfaction of customers by shortening the waiting times for check-in and check-out and simplifying unnecessary reservation processes. In addition, while reinforcing lifestyle products that contain the unique premium brand value of Walkerhill, including home meal replacement (HMR) and premium meal kit product lines, Walkerhill is reorganizing its online mall called the Walkerhill Store to extend its hotel experience from offline to the online environment.

Highest NCSI Ranking in the Hotel Sector

Walkerhill Hotels & Resorts celebrated its 60th anniversary in 2023. Recognized for enhancing customer value and innovating hotel services, Walkerhill was ranked second in the National Customer Satisfaction Index (NCSI) in 2021 and achieved first place in 2022 with a customer satisfaction score of 80 points. Additionally, Walkerhill also placed first at the 2023 National Brand Awards and placed first in the hotel and resort sector at the National Brand Awards for seven consecutive years since its launch as an independent brand in 2017, a stellar achievement. Walkerhill will continue to deliver differentiated experiences through facilities and services tailored to the different lifestyles of customers. Moreover, Walkerhill will become the best environment-friendly hotel in Korea by adopting environment-friendliness and a win-win approach as solutions for future growth and it will create sustainable values through ESG management.

▽ Major Improvements Based on VOCs in 2022

Products
- Facility and environmental improvement
- Product guide improvement
- Safety, health, and quarantine improvement
- Hygiene, cleanliness, and privacy improvement

Services
- Education to improve services at the organizational level
- Selection of outstanding employees
- Service process improvement

Digital Experiences
- Mobile check-in system
- Online reservations for apps and web activities
- Opening of new online stores

Membership
- Improvement through diagnoses of app and web UX
- Educational course on key customers
- Membership satisfaction surveys and improvements
- Control of wrongful usage

1st place in the 2023 Korea-National Brand Awards

Ranked 1st in the hotel sector in the 2022 NCSI

Emblem commemorating the 60th anniversary of Walkerhill

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MINTIT

Based on its 2022 management plan to “empower customers to know and experience MINTIT,” MINTIT implemented various call-to-action strategies to strengthen its brand presence. In addition, MINTIT strengthened its self-service contents so that customers are able to have their questions answered easily and quickly and improved the customer center by utilizing chat-based communication. MINTIT built and managed an integrated customer journey map for online and offline settings, based on periodic customer surveys. MINTIT will continue creating positive customer experiences by consistently verifying indicators related to customer conversion.

Strengthening Brand Presence

MINTIT upgraded its visual guidelines to approach more customers in a friendly manner, developing a 3D model for the brand mascot named MINTI. Additionally, an advertising campaign targeting Gen Z was conducted to deliver the message of resolving concerns regarding personal information leakage through the innovation of data-deletion technologies. As a part of this campaign, MINTIT developed advertisements focused on digital channels by selecting models suitable for MINTIT’s image. By collaborating with other companies and opening pop-up stores, MINTIT created spaces for customers to gain a direct experience of the brand concept.

MINTI’s 3D model

Call to Action

MINTIT identified the inconveniences imposed by previous methods by quantitatively investigating VOC data received through the customer center and reviews posted by actual users. Accordingly, MINTIT improved its ATM UX and UI to enhance the convenience of customers and optimize user experiences. Furthermore, MINTIT actively conveyed its brand identity by renewing its website and app, and customers can now use MINTIT services with greater convenience by accessing information they want before and after selling used cell phones.

Executing advertisements focused on digital channels, such as YouTube and Instagram

3D advertisement at the K-POP Square in Samsung COEX

Pop-up stores

Creating a Culture that Promotes the Transparent Distribution of Used Cell Phones

MINTIT acquired the International Standard Software Quality Assurance (SQA, based on ISO/IEC 25051:2014) from the head office of TUV SUD, a quality assurance agency in Germany, for a program (app) that deletes personal information and data. Customer information is rendered irrecoverable through a randomization and overwrite* process using an encryption algorithm, and a deletion certificate is issued after the completely removal of the personal information remaining in used cell phones sold or donated by customers. With this innovation, MINTIT raised awareness of its brand and gained the trust of customers by demonstrating the excellence of personal information security, an issue that is of the highest concern for customers when trading used cell phones.

* Overwrite: A method of overwriting data on top of existing data

International Standard Software Quality Assurance (SQA, based on ISO/IEC 25051:2014)

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Material Issue 2

Strengthening Market Dominance by Developing New Products and Launching Services

SK rent-a-car

SK rent-a-car Direct

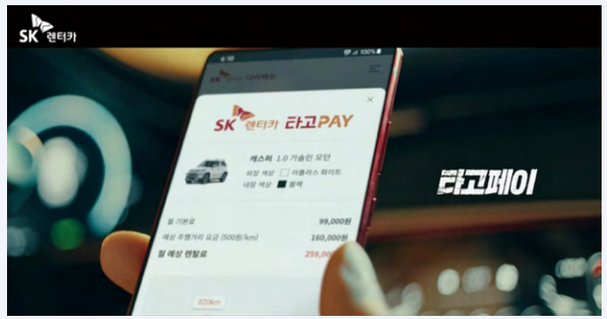
In May 2021, SK rent-a-car officially launched SK rent-a-car Direct, which provides various services applying innovative digital solutions, including self-quotes, non-face-to-face contracts, and same-day delivery. By identifying the needs of customers based on the knowledge accumulated over many years through offline sales of long-term car rentals, we unveiled an online platform with diverse products and new services. SK rent-a-car Direct established a one-stop long-term car rental contract service that can process the entire transaction, from price quote to contract, in the online environment to expand the value of the direct platform further. We launched first-in-the-industry products, including the Same-day Delivery (Delivery Today) service. In addition, we are continuously expanding our products and services, such as Tago Pay, Tago Buy, and affiliated second-hand cars, to progress as an online mobility platform. In the future, SK rent-a-car Direct will evolve into a platform that leads the mobility market by offering various customer-tailored services that account for the different lifestyles of customers.

• Providing Differentiated Value through SK rent-a-car Direct

Available to anyone, anywhere, 24/7	Instant delivery after the concluding the contract, with diverse vehicles and inventory stock	Easy and convenient online process, from price quote to contract

Tago Pay

In 2021, SK rent-a-car released an online-only rental product called Tago Pay, which introduced a new pricing system for paying the fee based on driving distance. The conventional method of calculating rental car fees was advantageous for people with long driving distances, but meanwhile, there was a need for products for customers driving short distances. Tago Pay was designed to provide car rental services at reasonable cost to customers who drive short distances by setting a basic fee for each car model and adding the distance fee. The first pilot product of Tago Pay, launched in November 2021, received much attention from customers and was sold out. Tago Pay was well received by customers who only ride cars on weekends or for special purposes such as driving children to school, leisure events, or traveling. SK rent-a-car Tago Pay, which innovated the fee calculation method, was officially launched in January 2022 after drastically expanding the range of cars according to demand. The range of products was expanded to include second-hand cars in September and EVs in 2023.



Tago PAY

Quality Control Through Tago Buy

Tago Buy from SK rent-a-car allows customers to purchase second-hand cars securely by providing high-quality vehicles. Based on rental contracts, customers can use a car as much as they need, check for any problems in the car, and then acquire ownership of the car at any time they wish. Additionally, care services of high affordability and value are offered to customers during the rental period, and an extension guarantee of up to KRW 1.5 million is provided for free after the takeover of ownership. Customers can therefore feel secure about purchasing second-hand cars. Tago Buy became the first in the industry to introduce blockchain technologies: information about a vehicle's maintenance history, accident history, and the number of owner changes from the time of purchase until the inquiry is converted into blocks, to minimize the risk burden for customers.

Tago Buy

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SK rent-a-car

EV Link Service

Despite the increasing popularity of EVs, customers are anxious about the inconvenience of the short driving distance of EVs compared to internal combustion engine cars, the shortage of infrastructural charging facilities, and the lack of expertise in EV repair shops. Accordingly, SK rent-a-car planned an EV Link service in pursuit of a new business model to enhance customer value by providing service packages that would resolve the pain points of customers seeking to switch to EVs. EV Link comprises a versatile and economically-feasible charging service and other services available to customers using EVs. Through EV Link, customers can receive various benefits, including charging, carwash, parking, and maintenance services. They can also check the charge status, view charging station information, and obtain directions using the EV Link app.

SK rent-a-car EV Park Jeju, the Largest in South Korea

Following the EV Park Proclamation Ceremony in June 2021, SK rent-a-car has been developing South Korea's largest EV-only rental space at its Jeju Branch, spanning a total area of 27,400 m^2. SK rent-a-car plans to build charging infrastructures with a total capacity of 7,200 kW in cooperation with the KEPCO, and the construction of a portion covering 5,000 kW has been completed. In addition to car management, we constructed and now operate a cafeteria for the relaxation and health of employees and a car management building with shower facilities. EV Park Jeju will be completed in the first half of 2024. After an additional construction period of approximately one year, this park will serve as a pickup tower where customers can pick up their cars and a return terminal where customers can rest after their trip.

Opening of the Eco Lounge, a Cultural Complex

Eco Lounge is a cultural complex space that opened in December 2022. It comprises the TERAROSA Café, featuring a specialty coffee brand, and an EV charging station of KEPCO, a global energy company. This lounge was developed with the concept of recharging both people and EVs during their trip to Jeju. TERAROSA was built as the first drive-thru store in South Korea, taking account of the fact rental cars are the primary means of transportation for travelers in Jeju. The EV charging station was built by mixing high-speed chargers and V2G slow chargers to provide differentiated charging experiences. The EV charging station in the Eco Lounge will have charging facilities (nine units) installed with a total capacity of 1,000 kW, including ultra-high-speed chargers, during the 3rd quarter of 2023. Designed as a model that combines the café space with the EV charging station, the Eco Lounge allows visitors to check the status of their EV charge in real-time from the café. The lounge is a major EV charging station in operation in Jeju, where over 20 EVs are charged daily.

Eco Lounge

EV Camping Service

In response to the continued popularity of car camping, SK rent-a-car launched a car camping service for customers who rent EVs for short periods in Jeju. The EV camping service rents out various camping supplies at reasonable prices so that customers can enjoy camping without any excessive burdens. Cooking tools and electric heaters necessary for camping can be connected easily. We increased the convenience of customers by building a shelter for cars, reducing the inconvenience for customers who may regard camping as a hassle. We provided the car camping service in the Jeju Nokume Camping Site in February 2023 and expanded the service to the IOLLE in Forest Camping Site in Gujwa-eup, Jeju-si, and the Campa Jeju Camping Site in Seoguipo-si in June. SK rent-a-car will continue to present intelligent and environment-friendly services for the enjoyment of travelers visiting clean Jeju.

EV camping service

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SK magic

Progress as a Home Life Curation Company

SK magic has achieved growth through differentiated technologies and customer-friendly services. Beyond kitchenware and household appliance categories, SK magic pursues a Life Subscription strategy, incorporating its key values (health, convenience, environment-friendliness) into daily products and services that are essential for the residential space of customers. SK magic continuously expands its product portfolios, and the representative lineup of its new products includes food waste disposers and bed mattresses. The Eco Clean food waste disposer of SK magic eliminated the bad odor and loud noise emitted by conventional food waste disposers and innovatively reduced the cost of maintenance and filter replacement. The range of activities of customers who already use our kitchenware has been expanded to include food processing. The mattresses of SK magic fulfill the needs of customers by combining hygiene services, satisfying the increasing interest in healthcare and deep sleep. To ensure product quality, we obtained an international certification (SGS certification) for hazardous substances. With premium products affiliated with the Walkerhill brand, we deliver luxurious hotel-like experiences to the homes of customers. With the signing of an MOU with BRlab, a specialized sleep tech company, we are pursuing expansion into the field of sleep solutions. Furthermore, we are offering various options (detailed rental conditions, care services, etc.) to fulfill the needs of customers, resolving their pain points and implementing a process through which customers can choose a customized combination of options they want. SK magic will strive to become a home life curation company that presents products that customers need, in the way they want.

SK magic Walkerhill mattresses

SK magic Eco Clean food waste disposer

Walkerhill

Theater of Light, an Immersive Exhibition

Walkerhill Theater, the center of the Korean performance culture, has been reborn as the Theater of Light, an immersive art exhibition center. The Theater of Light is a permanent exhibition space built by TMONET, where visitors can appreciate the works of master artists from new perspectives. With the grandeur created by space spanning a total area of 4,200 m^2 and reaching a maximum height of 21 m, the Theater of Light presents differentiated cultural content of immersive art exhibitions to customers through the sensory richness and depth of the 3-dimensional space, with the architectural beauty of a grand theater. This theater uses grand scales and dynamic project mapping techniques to showcase the representative works of renowned artists such as Gustav Klimt, a master of golden color, and Yves Klein, a connoisseur of blue. It delivers a fantastic artistic experience to the audience, who will feel as if they have become the protagonist of a masterpiece painting. Walkerhill has been consistently discovering content to provide new cultural and artistic experiences to customers. By opening the Theater of Light, Walkerhill has contributed to creating a cultural space with advanced technologies to shed new light on artworks and solidify the position of Walkerhill as a “lifestyle destination” in the city.

Walkerhill Theater of Light 'Gustav Klimt, Gold in Motion'

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SK networks service

SK networks service was founded to manage customers and increase the service quality of the SK Group's ICT business. As a major business, SK networks service entered partnerships with global IT vendors to distribute various IT-related H/W devices and S/W programs in South Korea, such as networks, servers, and storage devices. Building on the experience of operating the networks for SK broadband, SK networks service continues its efforts to strengthen the competitive edge of existing businesses and build new growth engines by maximizing customer value through communication network consulting and installation, operation and maintenance, and solution provision. We are securing new growth engines and strengthening our ESG management culture by actively pursuing promising future businesses such as EV charging infrastructures, solar power generation, 5G specialized networks, and retail tech. SK networks service will become trusted by all stakeholders by prioritizing the growth of its customers and ceaselessly undertaking innovations to create better customer value, produce social value, and strengthen ESG management.

EV Charging Business

SK networks service follows the environment-friendly policy of the South Korean government, building optimal charging infrastructures with leading CPO* EV charging business operators and providing maintenance services.

* everon (one of the top three slow charging business operators in South Korea), SK electlink (the highest ranking private high-speed charging business operator, excluding the public sector)

SK networks service	CPO business operators
SK networks service	everon / SK electlink
Providing a total range of services related to EV charging infrastructures (sales / installation / maintenance / repair)	Controlling and operating EV charging infrastructures and providing charging roaming services

▽ Detailed Execution by Task

Sales	• Consulting services tailored to each customer, including information on installation location of chargers, capacity, and time of installation • Design work and consultations related to power supplies
Installation	• Conducting on-site supervision (foundation work, electricity work, etc.) • Checking risk factors during work and managing safety • Handling documents related to installation
Maintenance and Repair	• Directly management of professional workers around the nation who can arrive at the site in the shortest time • Providing optimal charging services based on cause analysis and measures using specialized equipment • Managing the repair of defects in charging facilities

R&C in Possession

① Approximately 500 engineers who provide coverage across the entire country
② Simultaneously equipped with communication and electrical capabilities, an advantage compared to electrical companies
③ Providing one-stop services, including installation, inspection, repair, and facility defect repair
④ Assessing and managing maintenance quality on a monthly basis (SLA)

Solar Power Business

By providing EPC* and nationwide maintenance for renewable solar energy, we attain various goals such as reducing electricity costs, selling electric power, and participating in RE100.

* Engineering Procurement Construction

Solar Power Plant No. 1 (power generation business)

SK networks Icheon Distribution Center (self-consumption)

SK networks Anseong Distribution Center (self-consumption)

SK magic Hwaseong Factory (self-consumption)

R&C in Possession

① Providing one-stop services, from design approval to installation and maintenance
② Providing direct maintenance services at power plants across the country and monitoring the network
③ Analyzing the quantity of power generation and conducting regular inspections by creating an optimal environment

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SpeedMate

Online to Offline (O2O) Engine Oil Change Service

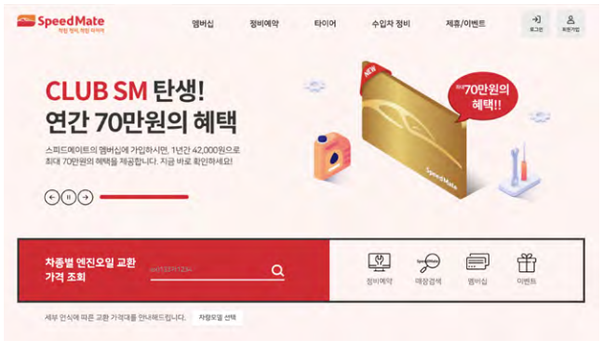
Consumers began to prefer non-face-to-face services after the outbreak of the COVID-19 pandemic and the maintenance industry is accelerating the use of online and mobile environments. Accordingly, SpeedMate provides an Online to Offline (O2O) engine oil change service, which is the service product most frequently required for car management, thereby shifting its offline services online. Through this service, SpeedMate widened the scope of customer contact to encompass the online environment and strengthened customer value by utilizing offline maintenance bases. The O2O engine oil change service is structured so that customers pay for engine oil and oil change services on the official SpeedMate website and have their engine oil changed at a SpeedMate store on the date they selected. In this process, customers can check the engine oil product and its price in advance before deciding on the purchase and receive guidance on the next date of oil change. This service offers the unique value and convenience of SpeedMate.

ERS and EV Emergency Charging Service

As the ratio of EVs gradually increases in South Korea, SpeedMate provides an EV emergency charging service to supplement EV charging infrastructures and ensures the safety of drivers. We concluded a business agreement with 'Mintech' and 'Eva,' which are companies related to EV batteries and charging, and launched our service in November 2022 by mounting EV charging equipment on 10 emergency rescue vehicles in Jeju. By charging their cars for 20 minutes at a time, customers can drive an additional distance of approximately 10 km. Charging services are available regardless of the EV manufacturer and model. Customers of AXA General Insurance, Heungkuk Fire, Lotte General Insurance, Carrot General Insurance, and Meritz Fire can use the service by simply contacting their insurance company. SpeedMate will expand this service from Jeju to the entire country, promoting the convenience and safety of EV riders.

ECO Parts Distribution Business

SpeedMate operates an ECO parts distribution business to increase its sustainability through this environment-friendly business that helps customers who drive imported cars receive reasonable accident maintenance and recycles automotive parts resources. Starting with business agreements with major general insurance companies in South Korea in 2022, SpeedMate has built commercialization infrastructures and supplied ECO parts for imported cars, thus contributing to generating economic and social values for various stakeholders. Based on the linkage of the parts billing system with major insurance companies, we operate the overall business process, including the purchase of imported car parts, inspection of recycled parts, and supply of insurance companies. We aim to expand our business areas beyond car parts enter the markets for general maintenance services and commercial cars. Through such efforts, SpeedMade will become the highest rated business operator in the accident car parts market and foster a culture of resource circulation in the mobility industry. Based on the trust we gained in the industry over many years, we will increase our contact with customers and lay the foundation for an environment-friendly mobility ecosystem.



Checking engine oil products and their prices, purchasing, selecting the appointment date and store location, and visiting the repair shop on the selected date for engine oil change service

Concluded a business partnership agreement on emergency charging services in June 2022

Business agreement ceremony on ECO parts for imported cars

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SK electlink

Auto Charging Service (Link & Charging)

Auto charging is one of the new methods of charging EVs. It is a convenient charging solution that handles charging and fee payment at once, bypassing complicated processes such as card tagging for member authentication or charger screen touching. It allows users to simply link their EV with the charger. SK electlink introduced the 1st generation auto charging service authenticating users by checking license plate numbers using cameras, based on deep learning. In 2022, SK electlink commercialized the 2nd generation auto charging service that authenticates users by encrypting unique vehicle information. We are preparing to introduce the 3rd generation auto charging solution, which can apply Ultra Wide Band (UWB) communication protocols to the wireless charging environment. In particular, auto charging can be requested through a single QR code scan using the SK electlink app. It is an optimal service solution for charging stations that can contribute to carbon neutrality by reducing the use of plastic cards.

▽ Plug & Charging Auto Charging System

1st generation (2021) **Camera recognition**	2nd generation (2022) **MAC address**	3rd generation (2023) **Ultra Wide Band** [UWB]
A method of authenticating the user when the license plate number registered by the customer is identical to the license plate number shown on the image taken by the camera installed on the charger	An authentication method that sends the vehicle MAC address transmitted from the vehicle to the charger during charging to the server and encrypts the address	An authentication method to be implemented that uses a UWB sensor to identify the user's mobile phone approaching the charger

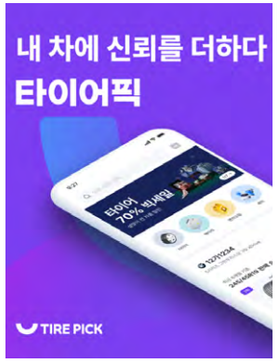
Monitoring System to Prevent Interruption During EV Charging

The monitoring system to prevent interruption during EV charging is a solution designed to resolve the greatest pain point experienced by EV customers, caused by the illicit use of charging surfaces. With the recent increase in the supply of EVs, disputes among users are gradually increasing and causing social conflict, due to the increased incidence of charging interruptions at public charging stations and APTs. SK electlink developed a solution to prevent charging interruption and minimize disputes by cooperating with municipal and district governments and APT management offices. Optical cameras that can recognize license plate numbers based on deep learning are used to monitor ordinary vehicles or vehicles that continue using the charging surface after charging is complete. The owners of such vehicles are informed by text messages or notifications, and if the charging surface continues to be in use, a photo of the license plate number is taken and sent to the relevant municipal or district government to impose a fine. In the future, SK electlink will continue its efforts to utilize differentiated technologies to minimize the inconvenience of EV customers and make charging a convenient and pleasant experience.

cartini

Launch of the TIREPICK App

TIREPICK became the first in the industry to launch tire and battery search services based on license plate numbers and a 24/7 nationwide battery service. The TIREPICK app was launched in October 2022, and the existing website and mobile site (www.tire-pick.com) were renewed entirely to increase the convenience of customers in using our services. Information on inconveniences experienced by customers were extracted from big data accumulated after opening TIREPICK and applied during app development, thereby increasing user convenience and accessibility and reinforcing the recommendation function. In addition, TIREPICK offers a user experience quite different from other companies by applying concise and convenient UI and UX, as well as a simple yet luxurious BI. For the convenience of customers making appointments, TIREPICK provides information such as the fastest appointments based on location and appointments based on the desired battery position and date. Customers can check data such as vehicle identification numbers and specifications of vehicle parts at a glance, solely based on their license plate number. By recommending products that are suitable for each individual, we reduce the worries of our customers in the product selection process. After launching the app, TIREPICK plans to become a genuine mobility platform operator by delivering a comprehensive subscription service that includes all requirements for mobility, such as tires, batteries, carwashes, and engine oil.



Images of the App/Play Store

Fulfilling the needs of customers for comprehensive car management through platform/service expansion

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Cultivating and Managing Human Resources

Core Strategies for Cultivating and Managing Human Resources

Governance

The Chief Sustainability Officer(CSO) of SK networks is responsible for conducting the company's duties related to managing and cultivating human resources. We annually report human resource strategies and related issues to the management, including the CEO, and strengthen the responsibilities of the management.

Virtuous Cycle of Challenge, Performance, and Growth

SK networks aims to elevate its corporate culture and the competency of its employees by creating a virtuous cycle of embracing challenges that result in performance leading to growth, to achieve a successful transition into a business-oriented investment company. For this purpose, we are building a culture and system that encourage employees who accept changes and innovations and fairly appraises and acknowledges performance. We have various platforms to ensure that the growth of individual employees is directly linked to the growth of the company and organization. The ultimate goal of SK networks is to create a virtuous cycle that continuously generates synergy linking people, culture, and business.

People

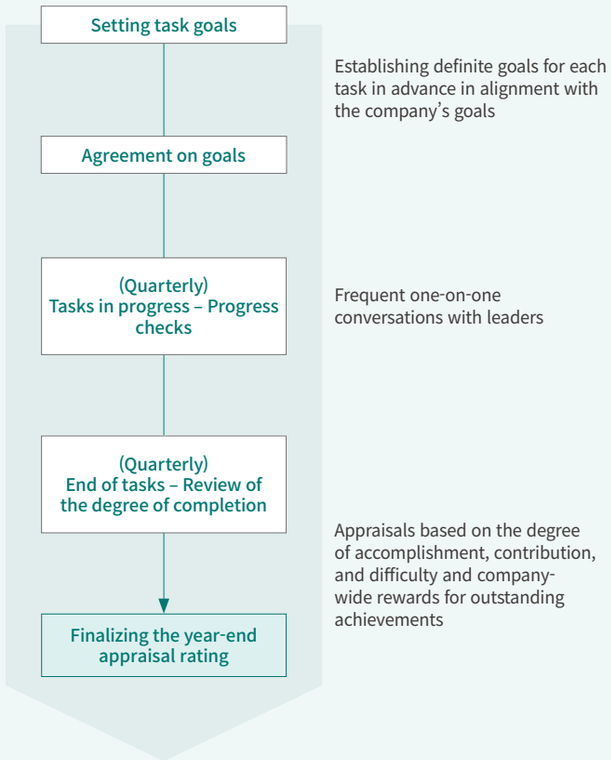
A System of Fair Appraisals and Rewards Based on Concrete Performance

SK networks collects opinions from employees to make improvements toward achieving a fair appraisal and reward system. Through employee councils, we increased the participation of employees in the appraisal process in 2021 and improved leadership survey questions and methods in 2022. In 2023, we will further improve our systems by motivating employees who accept changes according to the directions of our company, which seek to encourage challenge, performance, and growth, provide optimal rewards to those who show outstanding performance, and allow both the company and employees to grow.

One-on-one Feedback Dialogue for Enhanced Performance and Career Development

SK networks conducts one-on-one feedback conversations each quarter so that leaders can manage the performance of employees and encourage career development based on Net-pro, a system that appraises employees and provides feedback. In 2023, we will reach a clear agreement on task and performance goals in advance and reinforce one-on-one feedback conversations so that leaders and employees can work together on achieving performance.

Employee Appraisal System



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People

Employee Growth and Career Management

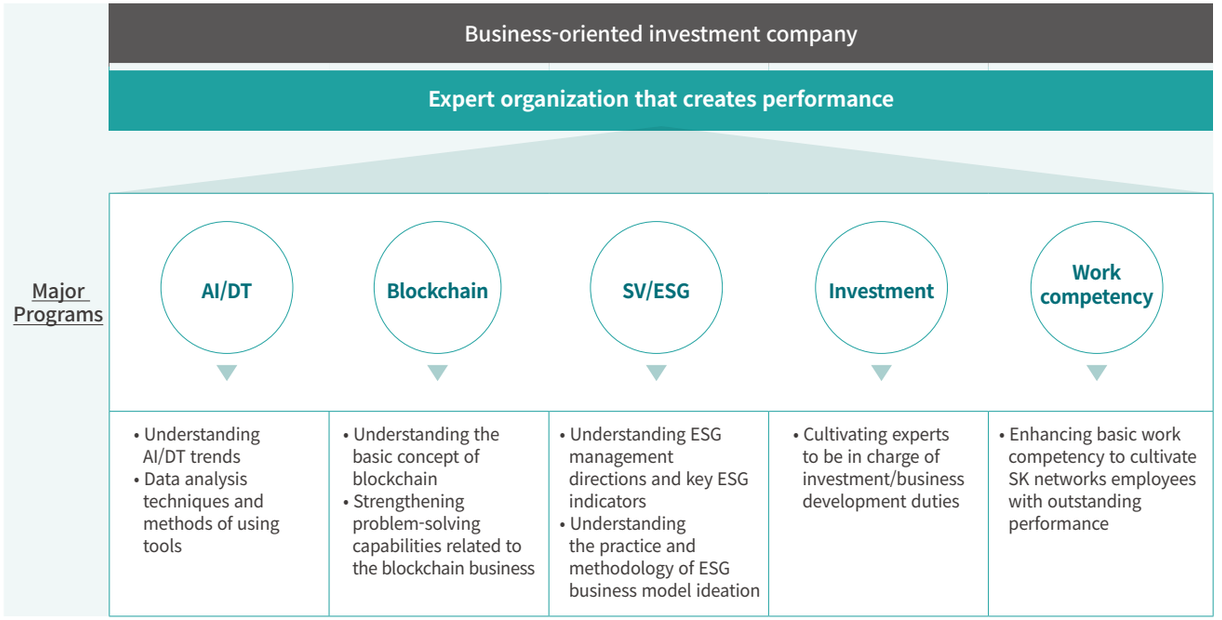
SK networks supports the career management of employees to help them understand the direction of the company and design individual growth plans. In 2021, we began to conduct semiannual career workshops for all employees to engage in self-directed career design. In 2022, we operated various programs focused on the common key competencies so that the CDP* of each individual can be aligned with the direction of the company and organization, with execution capabilities and persistence. SK networks will continue to support employees to achieve their share growth with the company.

* CDP : Career Development Plan

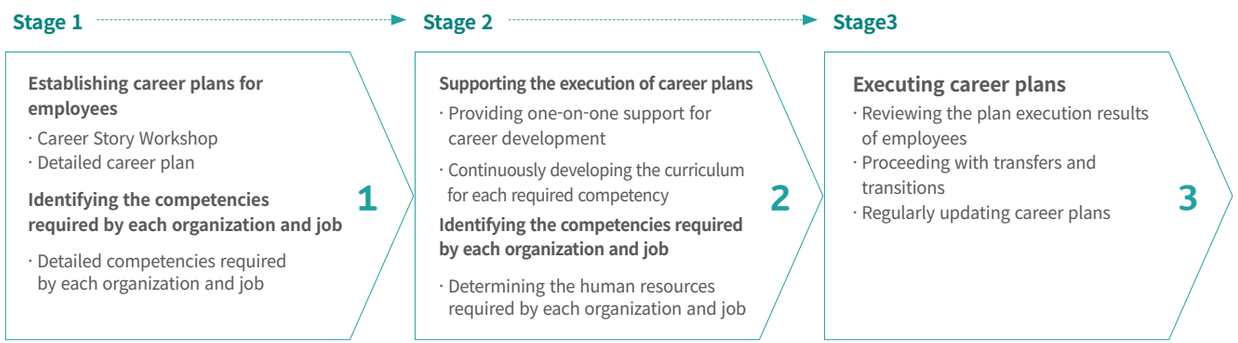
Workshops for employees

Course on data utilization competency for employees (Tableau)

▽ Cultivation Programs for Employees in 2022 at a Glance



▽ 2021-2022 Employee Career Management System



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System/Culture

Promoting the Happiness of Employees

System Design to Promote Employee Happiness

SK networks aims to continuously nurture the happiness of employees and create a work environment where employees can work enthusiastically by designing various systems from the perspective of employee happiness in many areas, such as work-life balance, innovative work methods, and increased lifelong competency.

Happiness Created by Employees

Happy Design Platform

The Happiness/SKMS Board is a platform where employees directly propose and generate happy elements in the work environment in linkage with cultures, systems, and competencies. Since 2020, the board has been conducting monthly meetings with new members, handling new agenda items each year to implement activities that promote happiness. In 2022, we carried out various projects from the perspective of "systems" and "cultures/competencies," which led to the launch of actual programs and the improvement of systems.

Communication Platform for Employees

Real Talk is a platform that allows five or six employees to communicate frankly with the CEO. Using this platform, executives and employees can share honest conversations. They can freely discuss any questions or suggestions based on agendas related to the businesses, people, and cultures of SK networks and listen to the honest thoughts of the CEO. We will continue implementing various methods to increase employees' understanding of the company's directions and build their trust and bond with the management.

Improving the Work Environment for Employees

SK networks strives to improve its work environment for employees, to innovate how work is performed and enhance the quality of employees' lives. Telework was implemented through self-design by each organization according to their respective business/organizational characteristics, and the work environment was improved by upgrading the digital environment and creating the focus room as a single-person workspace. Additionally, flexible working hours were introduced so that employees can choose their work schedule. (Number of employees who participated in the flexible working hours system in 2022: 1,246 (76.1%), SK networks.)

▽ Welfare Benefit Systems

Health	Supporting health examinations, medical expenses and dental insurance premiums, operating in-house fitness centers and "health keepers" (massage rooms), and supporting the in-house cafeteria (lunch) and "Net Morning" (breakfast)
Stabilizing livelihoods	Providing housing funds and livelihood loans and supporting financial planning
Family occasions	Providing allowances and consumables for special family occasions
Recharging and Leisure	Supporting resorts and condominiums, club activities, recharge leaves, and travel to encourage long service tenures
Childbirth and Childcare	Supporting schooling expenses and admission allowances for children, operating daycare centers, and providing infertility leaves
Other	Supporting flex time, operating an in-house counseling office, and supporting learning with self-development allowances to increase the lifelong competency of employees

Creating the Best Work Culture

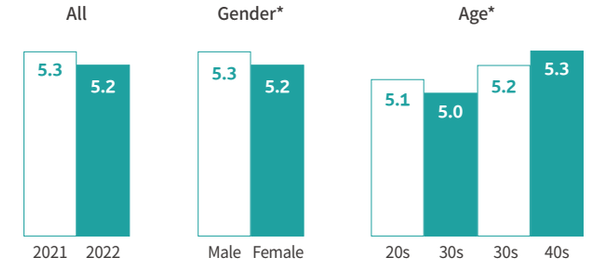
The "Happiness Day" Program

On the third Friday of each month, SK networks conducts Happiness Day, which allows employees to freely work four hours and spend the rest of the time doing what makes them happy. Additionally, we regularly conduct the Happiness Survey to diagnose key areas such as the happiness level of employees and SV, in our effort to find, strengthen, and improve factors that affect the happiness of employees.

Diagnosing and Improving the Corporate Culture Through Surveys

SK networks diagnoses its corporate culture through annual happiness and culture surveys to ensure the continued happiness of employees. It seeks to create a healthier corporate culture based on the analysis results and monitoring. As a result of these consistent efforts, we were listed among the "Top 100 Best Companies to Work in South Korea," selected by GPTW, for two consecutive years. In 2022, SK networks was also selected as one of the "Best Companies to Work for Working Mothers in Korea" and the "Best Companies to Work for Millennials in Korea." In the future, we will continue striving to create a desirable corporate culture that nurtures the happiness of employees.

Happiness Survey Results



* Happiness survey results in 2022

Best Workplaces™ Great Place To Work. KOREA 2023

SK networks

One of the 100 best companies

A good company to work for by GPTW Research Center

Best Companies to Work for Millennials in Korea

Best Companies to Work for Working Mothers in Korea

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Managing the Supply Chain and Strengthening Shared Growth

Codes and Systems for Managing the Supply Chain

SK networks establishes and implements three focused strategies for shared growth to practice CSR management and realize a sustainable society together with its suppliers*. Furthermore, we enacted the Supplier Code of Conduct and we require suppliers to comply with the Code to ensure their business sustainability. Through our Supply Chain ESG Guidelines, we enhance the ESG understanding of suppliers and provide a reference necessary for practicing ESG management. SK networks will build a sustainable supply chain by communicating transparently with its suppliers to ensure that they can meet the requirements for responsible ESG management.

*Suppliers, contractors, and partner companies

Click to download the Supplier Code of Conduct

Click to download the Guideline for Sustainable Supply Chains

▽ The Supplier Code of Conduct

Labor and Human Rights	Voluntary labor, prohibition of child labor, working hours, wages and welfare benefits, humane treatment, prohibition of discrimination, freedom of association
Safety/Health	Industrial safety, prevention of industrial accidents and diseases, preparedness for emergencies at business sites, health and safety communication, workplace environment, management of workloads, management of facilities for employees
Environmental Protection	Compliance with environment-related laws, management of energy consumption and GHG emissions, management of harmful substances, management of air pollutants, prevention of environmental pollution and conservation of resources, solid waste
Ethics and Fair Trade	Eradication of illicit acts, information disclosure, protection of intellectual properties, compliance with fair trade, identity protection and prohibition of retaliation, protection of personal information
Management Systems	Compliance commitment, duties and responsibilities of management, distribution of guidelines and training, feedback and counseling

Operating the Procurement Review Committee

We formed the Procurement Review Committee to review appropriateness when selecting suppliers and purchasing items, to ensure that decisions are made in a fair and transparent manner. The committee holds meetings on purchases to review, proposed by the division responsible for procurement. The deliberation applies to private contracts of KRW 500 million or more and competitive purchases of KRW 1 billion or more. In 2022, a total of 7 meetings were held to discuss and report 19 items. The Chair of the Procurement Review Committee also serves as a member of the Shared Growth Subcommittee of SK Group Members and is responsible for evaluating and improving the ESG affairs of suppliers, establishing shared growth policies, and participating in subcommittee activities.

▽ Three Key Strategies for the Shared Growth of SK networks

Three Key Strategies for the Shared Growth of SK networks

Providing fair opportunities and maintaining a transparent process	Enhancing the win-win cooperation system	Reinforcing the competitive strengths of suppliers
• Declaration on ethical procurement • Continuously discovering suppliers and offering fair trade opportunities • Maintaining transparency in fair trade at every stage, from selection of suppliers and contracting to payment	• Creating communication channels for key suppliers and listening to VOCs • Identifying win-win tasks • Selecting good suppliers through ESG/SRM* evaluations and strengthening partnerships * Supplier relationship management	• Establishing the Win-Win Fund • Preparing support programs for suppliers

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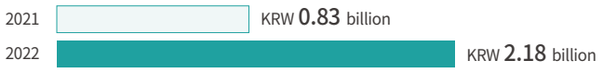
Shared Growth Programs

Financial Support

Shared Growth Fund

The Shared Growth Fund was created with the Industrial Bank of Korea (IBK) to provide financial support to our suppliers and provide them with loan interest exemptions. Through this fund, we assist our suppliers suffering from difficulties caused by the COVID-19 pandemic and economic downturn. The range of support was expanded to the suppliers of our subsidiaries in 2021. We provided KRW 0.83 billion in support in 2021, and the amount of the fund was more than doubled in 2022 to KRW 2.18 billion, used to support nine suppliers. In 2023, we plan to more than triple the amount of support compared to 2021.

▽ Shared Growth Fund Performance



Win-Win Cooperation Fund for Suppliers with Excellent ESG Performance

In 2023, SK networks newly established the Win-Win Cooperation Fund with Shinhan Bank for suppliers with excellent ESG performance. It is a program assist with the loan interests of suppliers that show a strong commitment to ESG management and high level of outcomes. SK networks pays the loan interest with Shinhan Bank at a 1:1 ratio to reduce the interest paid by suppliers for up to 2% per year, depending on the company's ESG rating. Through this fund, we encourage suppliers to participate in the ESG diagnosis and help them expand ESG management.

Non-financial Support

Learning Support Platforms for the Employees of Suppliers

SK networks has been providing unsparing support to the employees of suppliers to improve their job capabilities, enhancing their work competency, build leadership, and provide opportunities to learn the latest trends. The SK Growth Mobile program, which was operated until 2022, was replaced with the Learningmate platform in 2023 to provide content based on specific learning needs. In 2024, we aim to expand the scope of content tailored to the employees of suppliers through mySUNI, a learning platform for the employees of SK group members.

Supporting Education for the Employees of Suppliers

SK networks conducted human rights and ethics education programs for suppliers in June 2022, in which 32 suppliers participated voluntarily. 96.6% of all participants completed this educational course. This program was an opportunity for our suppliers to increase their attention to ESG management and raise their employees' awareness of human rights and ethics. Through such programs, we expect to achieve positive effects in ESG evaluations. Henceforth, SK networks will administer various regular educational programs for the employees of suppliers each year, on subjects such as human rights, ethics, anti-corruption, and the environment, to achieve shared growth.

Communication with Suppliers

Reinforcing the Win-Win Cooperation System

SK networks deeply empathizes with the hardships faced by suppliers and strives to help them adapt to the rapidly changing business environment. Every year, we visit our suppliers to listen to their views on-site and analyze their opinions to minimize any risks that suppliers may experience. In 2022, we visited the sites of 46 key suppliers. In 2023, we plan to visit 55 suppliers. Additionally, we share information on matters related to cooperation through the communication forum available through the new procurement system (www.skbuyone.com). We collect opinions and grievances from suppliers through various channels. In 2022, 42 cases were received, and 37 of them were handled (88.1% completion rate). In the future, we will actively incorporate the opinions and requests of our suppliers to enact improvements.

Protecting the Information of Suppliers

Information is the most important asset for business survival. SK networks respect the intellectual property rights and business secrets of its suppliers. When selecting or trading with suppliers, we do not force them to provide technical materials or compromise their intellectual property rights. SK networks will reinforce its information protection system further to ensure that both tangible and intangible information assets of suppliers can be managed safely.

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Diagnosing ESG Risks in the Supply Chain

Platform-based Diagnosis Service for Supply Chain ESG Risks

SK networks annually conducts preliminary ESG evaluations by adding environmental and social domains to the regular evaluation items of suppliers to strengthen their ESG risk management. Targets of ESG risk assessment are selected by considering the scale and frequency of transactions and the business impacts of suppliers, and a consulting service is provided to conduct education tailored to the improvement goals derived for the following year. In 2022, we held presentations on ESG risk assessment for 48 key suppliers, assessed their performance (ratio of high-risk suppliers: 75%), and provided consulting to 20 companies. The results of inspections of improvement outcomes after consulting indicated that 12 out of 20 companies improved their ESG performance (ratio of improved companies: 60%). Major improvement activities included establishing safety and health management policies and building environmental management systems. SK networks will continually measure the ESG risks of its suppliers, refine the assessment and management systems, and assist suppliers to prevent ESG risks and practice sustainable management.

Derived short-term, mid-term, and long-term improvement tasks for each area of ESG through consultation with a specialized agency and supported practical improvements

▽

Improvement rate

60%

(Performance improvement in 12 out of 20 companies)

Continued Progress in the Supply Chain

▽ [Roadmap for Supply Chain Management and Shared Growth Goals]

	2023	2024	2025
Shared Growth Goals	• Regularly assessing suppliers and establishing support programs (systems) for outstanding suppliers • Expanding the operation of the Shared Growth Fund - 2023: More than tripling the amount of support compared to 2021 • Piloting additional financial support programs • Reinforcing the communication system for suppliers - Listening to the voices of suppliers	• Implementing and expanding support programs for outstanding suppliers • Expanding the operation of the Shared Growth Fund - 2024: More than quadrupling the amount of support compared to 2021 • Expanding additional financial support programs • Identifying and implementing win-win tasks	• Reestablishing key strategies for shared growth • Preparing the foundation for executing the shared growth system • Continuously expanding the quota of the Shared Growth Fund and financial support programs
ESG Risk Management Goals	• Supporting ESG improvement in suppliers - 90% diagnosis coverage* in 2023 - Conducting biennial due diligence and disclosing the ratio of high-risk suppliers - Providing consulting services to improve 36 suppliers diagnosed as high-risk in 2022 • Inclusion of ESG items when assessing regular or outstanding suppliers (revising relevant regulations)	• Supporting ESG improvement in suppliers - 100% diagnosis coverage - Establishing the target for the ratio of high-risk suppliers - Providing consulting services to improve suppliers diagnosed as high-risk in 2023 • Introducing incentives for suppliers that demonstrate outstanding ESG performance • Supporting ESG-based procurement by subsidiaries	• Supporting ESG improvement in suppliers - Maintaining 100% diagnosis coverage - Attaining the target for the ratio of high-risk suppliers - Providing consulting services to suppliers diagnosed as high-risk in 2024 • Expanding incentives for suppliers that demonstrate outstanding ESG performance • Supporting ESG-based procurement by subsidiaries (continuation)
Diagnosis Coverage	**90%** coverage or above	Attaining **100%** coverage	Maintaining **100%** coverage
High-risk Suppliers	Ratio of high-risk suppliers: **50% or less**	Ratio of high-risk suppliers: **30% or less**	Ratio of high-risk suppliers: **5% or less**

* Ratio of suppliers under focused management that completed the ESG diagnosis

▽ Process of Supply Chain ESG Diagnosis and Performance

Introducing the Platform-based Diagnosis Service for Supply Chain ESG (Click ESG)

Click ESG assessment criteria

- (E) **26 items** including environmental policies, management of input resources, and output management, etc.
- (S) **27 items** including human capital, suppliers, products and customers, local communities, etc.
- (G) **13 items** including corporate conduct, governance, etc.

→ Implementing ESG risk assessments of key suppliers → Deriving tasks according to the assessment results → Implementing consulting programs for each high-risk supplier

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Material Issue 5

Responding to Climate Change and Protecting Biodiversity

Emerging Global Environmental Risks

Since the Paris Agreement in 2015, countries around the globe have established GHG emissions reduction goals, regularly inspected reduction performance, and made tremendous efforts to reduce GHG emissions. Despite such efforts, the climate crisis has worsened, and global biodiversity is being threatened by the continued occurrence of abnormal climate phenomena such as the heaviest snow in 50 years, extreme droughts, and large-scale forest fires. Accordingly, the UN Environment Programme (UNEP) disclosed in its Emission Gap Report in October 2022 that a rapid social transition is urgently needed to prevent exacerbated damage from climate change. Businesses must set the response directions to achieve sustainable growth and protect biodiversity. They must also establish active strategies and systems to attain Net Zero 2040 and preserve the ecosystem through various efforts, such as increasing energy efficiencies, developing new technologies, and protecting habitats.

Efforts of SK networks to Achieve Net Zero by 2040

SK networks has continuously innovated its business by transforming its business portfolios with the goal of swiftly responding to the changes in the business landscape caused by the climate crisis and to contribute to resolving the unprecedented environmental issues in our society. We regard the climate crisis as an opportunity platform for growth, rather than merely a risk. With that in mind, we shall pull our strength to progress toward a sustainable future. We have reformed our business portfolio in an ESG-centered direction to promote sustainable growth. First, the ESG Management Committee was newly established in March 2021 to advance our ESG management system, and all members of the Board of Directors have been participating in this committee since May 2022. In addition, we obtained the environmental management system certification (ISO 14001) in November 2022 to implement processes for identifying, preventing, and assessing environmental risks in advance. We verify the appropriateness and effectiveness of our risk assessment through annual internal and external reviews.

In addition, we declared its commitment to achieving Net Zero by 2040 in June 2021 to achieve carbon neutrality. In September 2022, we formulated the reduction measures for our Net Zero roadmaps and participated in the Science Based Targets initiative (SBTi). Along with the declaration of our support for the TCFD, we are also participating in key initiatives including the UNGC, EV100, and K-RE100 to respond to climate change and solve environmental issues through substantive actions.

Expanding Protection of the Ecological Environment

Due to climate change and environmental pollution, global biodiversity is forecasted to decrease drastically by up to 17% by 2030. In response, SK networks created the MINTIT Forest through purifying and sapling planting activities in the Yeouido Saetgang Eco Park to remove exotic plants that threaten the ecosystem in the area and contribute to restoring the regional forest and securing the diversity of biological species. Otters, designated as a natural monument, live in this area, along with various birds, reptiles, and insects. We conduct the activities above with a social cooperative named Hangang every year to remove the risk factors for various animals and plants and improve their habitats. Furthermore, Walkerhill Hotels & Resorts removes exotic plants that threaten the ecosystem of Mt. Acha near the business site and conducts plogging activities (twice, in April and September 2022) with the Gwangjin-gu Office. SK rent-a-car has participated in the beach protection project supervised by the Ministry of Maritime Affairs and Fisheries since July 2021 to cultivate a cleaner Jeju. SK rent-a-car selected Hyeopjae Beach in Jeju as its companion beach to conduct continuous coastal purification activities (three times in 2021 and four times in 2022). SK networks will continue to engage in efforts to preserve biodiversity.

2017
Sale of the LPG and petroleum product wholesale business

2019
Withdrawal from the coal business in Australia

2020
Sale of the petroleum product retail business

2021
Establishment the new ESG Management Committee

2022
Participation of all members of the Board of Directors in the ESG Management Committee

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Roadmap for Achieving Net Zero by 2040

In accordance with our commitment to achieving Net Zero by 2040, SK networks has established the Net Zero 2040 Roadmap, which aims to reduce net GHG emissions to zero by 2040. With this goal, SK networks plans to attain the 1.5 °C scenario according to the Paris Agreement by reducing GHG emissions by at least 4.6% per year up to 2031 and by 6.0% per year up to 2040.

2040 RE100 Roadmap

Additionally, in pursuit of the goal of transitioning 100% of our energy to renewable energy by 2040 along the goal of achieving Net Zero 2040, SK networks has established a mid to long term roadmap based on green premium purchases, third-party PPA, and use of solar energy.

Setting Goals to Attain EV100

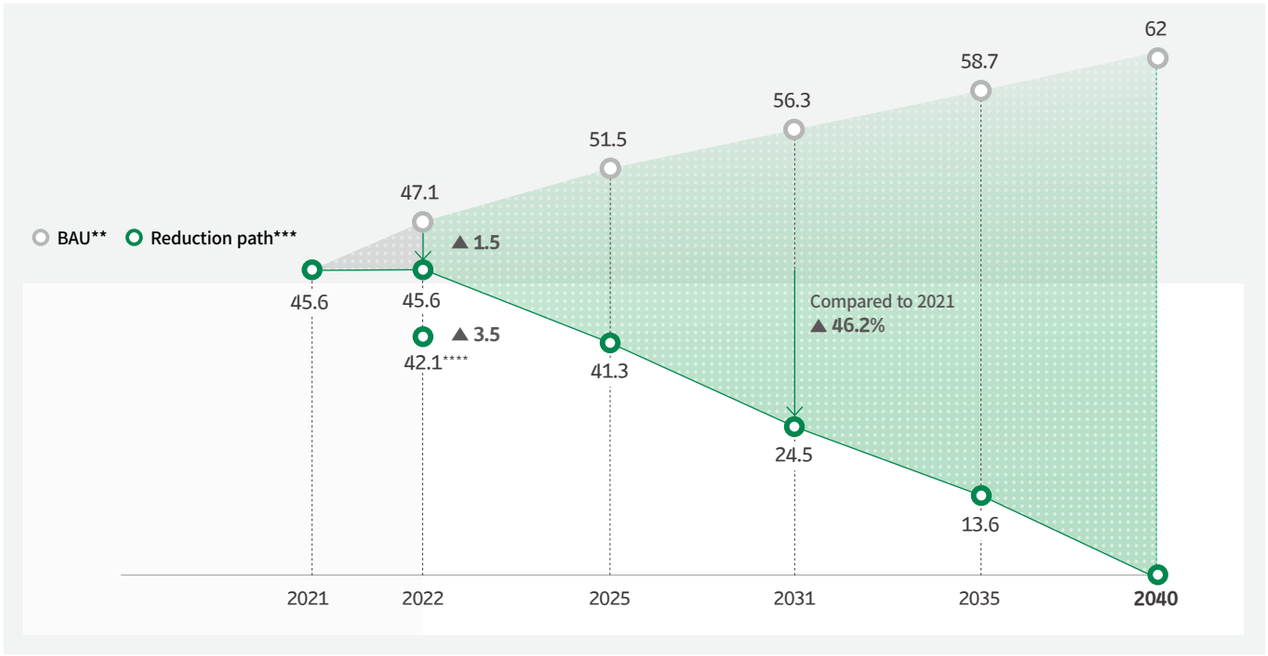
SK networks establishes mid to long term environmental goals based on its Net Zero 2040 strategies and reinforces ESG management activities throughout all business areas. We build the foundation for sustainable management by launching environment-friendly products and services and joining global initiatives. Each business division establishes and implements environment-friendly strategies, and we adopted the goal of achieving a 100% transition to EVs by 2030, by joining the global EV100 initiative in 2021.

Goal to attain a 100% transition to EVs by 2030 (joined EV100 in October 2021)	
Targets	SK networks and subsidiaries (eight companies total), approximately **220,000 vehicles**
Goals	25% by 2025, 70% by 2028, and **100% by 2030**
Performance	**Completed the replacement of 13,666 vehicles*, cumulative total as of 2022**

* Including customer-rented vehicles of SK rent-a-car and excluding some rented vehicles of subsidiaries of SK networks

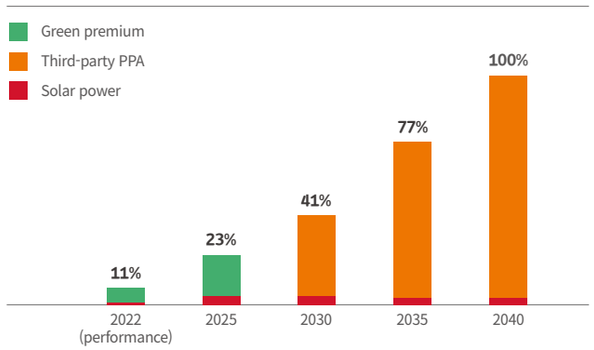
▽ Net Zero 2040 Roadmap*

(Unit: Thousand tCO_2eq)



* Figures are for eight companies, including SK networks and its subsidiaries. Verification of the SBTi goals is in progress, and figures are subject to change.
** Business-as-Usual *** Scope 1, 2 emissions (excluding Scope 3) **** Emissions reflecting the green premium

2040 RE100 Roadmap



Renewable Energy Consumption

(MWh)	2022. 1Q	2022. 2Q	2022. 3Q	2022. 4Q
In-house generation (solar power)	64	86	86	338
Green premium	1,845	1,845	1,942	1,942
Total consumption	1,909	1,931	2,028	2,280

※ Ratio of renewable energy in 2022: 11% (calculation standards of RE100: amount of renewable energy used/total electric power consumption)

EV100 Roadmap

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2.2%	5.0%	9.6%	16.3%	24.9%	36.8%	53.0%	70.3%	84.9%	100%

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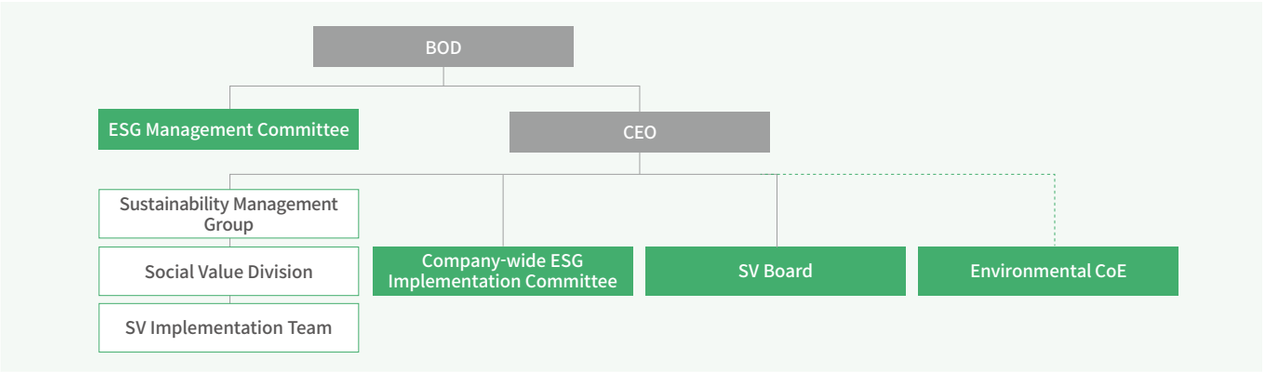
Governance and Strategy

SK networks recognizes sustainability issues, including climate change, as crucial matters in our decision-making. We installed the ESG Management Committee within the Board of Directors in March 2021 to make decisions from an integrative perspective. We created a process for the Board to make final decisions on agenda items reviewed by the ESG Management Committee. Additionally, we have been operating the company-wide ESG Implementation Committee composed of key members of the management, including the CEO, since August 2021. The ESG Implementation Committee, attended by eight members and the CEOs of major subsidiaries, discusses the issues and trends related to climate change, accompanying risks and opportunities, and response methods.

▽ Governance



ESG Management Committee	Preliminary deliberation of major decisions by reviewing and analyzing strategies and matters related to environmental and social values and governance
Social Value Division SV Implementation Team	Working-level organization for Net Zero 2040, which participates in global environment-related initiatives and measures and analyzes environmental data
Company-wide ESG Implementation Committee Members: Key members of the management, including the CEO, and the CEO of each subsidiary	Strengthening the execution of ESG strategies, aligning business model strategies with ESG directions, and internalizing ESG management through the inspection and discussion of ESG management activities
SV Board Members: CEO, Chief Sustainability Officer(CSO), Head of the Social Value Division, executives, team leaders, and working-level employees of each business/subsidiary	Sharing the key SV promotion tasks and the progress of each business, discussing SV/ESG trends and response methods
Environmental CoE Members: Team leaders and working-level employees of each business/subsidiary	Promoting Net Zero 2040 (determining reduction methods), measuring and analyzing environmental data, internalizing the environmental management system for each business, and securing expertise

▽ Detailed Agendas of the ESG Management Committee

Category	Agenda	Details
2021	Past and present of SK networks, value-up direction workshop	Implementation of the Net Zero 2040 initiative (proposal)
	In-kind contribution of the MINTIT Business Division	Creating environmental value through the formation of a circular economy
2022	Approval of management plans for 2022	Strengthening execution capabilities to achieve the Net Zero 2040 objective, participating in the SBTi, etc.
	Establishment of CEO KPIs for 2022	Reflecting GHG emissions and the Group's key ESG indicators
	Approval of investment in the EV charging business	Contributing to reducing GHG emissions through the expansion of EV charging infrastructures

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Governance and Strategy

Strategy

Definition of Significant Financial or Strategic Impact

SK networks defines "risks and opportunities" as substantial changes in climate-related issues that can affect businesses, operations, profits, and expenditures unlike ordinary circumstances. We identify the financial and strategic impacts of various changes, including changes in profits, business site management, and business portfolio structures that can be caused by climate change issues. The Corporate Value System reflects various social values, such as reductions in GHG emissions and energy consumption, and economic value. We promote the innovation of business models for creating social value and the formation of a healthy ecosystem.

Analyzing Climate Change Scenarios

In response to changing environmental circumstances, SK networks selected and analyzed the IEA NZE 2050 and IEA B2DS* scenarios, which are similar to the GHG emissions reduction path of our company, and two physical scenarios of the Korea Meteorological Administration (SSP1-2.6, SSP5-8.5**). Additionally, we identified risks and opportunities caused by climate change based on the analysis and calculated the possible financial impacts.

* IEA NZE 2050: IEA Net Zero Emissions by 2050 Scenario
IEA B2DS: IEA Beyond 2 ℃ Scenario

** SSP1-2.6 (low-carbon scenario): The annual average air temperature of the Korean Peninsula will rise by 1.6 ℃ and the average precipitation will decline by 1% in the near future (2021-2040) compared to the present.
SSP5-8.5 (high-carbon scenario): The annual average air temperature of the Korean Peninsula will rise by 1.8 ℃ and the average precipitation will decline by 3% in the near future (2021-2040) compared to the present.

Risk and Indicator Management

Managing Risks

SK networks recognizes the crises caused by climate change and identifies and assesses risks. We identify risks according to climate crisis responses by assessing materiality assessment based on financial impacts and business impacts. After discussing and consulting on the assessment results through the ESG Management Committee under the Board of Directors and the company-wide ESG Implementation Committee of the management, we reflected these results in our business strategies. The Social Value Division regularly monitors issues related to climate change and identifies decisions to be made by communicating and collaborating with the divisions in charge of each business. For matters that require decision-making, we operate a process within the business strategy by submitting agendas to the company-wide ESG Implementation Committee. In addition, the ESG Management Committee communicates with external stakeholders to ensure the transparency of management, identifies trends and issues in South Korea and overseas regarding policies and systems related to climate change. Additionally, we operate an integrated risk management system for sustainable management. Working-level organizations of each business monitor potential risks, including climate change risks, to cope with various financial and non-financial risks that can arise from business activities. The company-wide ESG Implementation Committee of the management reviews overall environmental, social, and economic risks, and any decisions made by this committee are delivered to each business division to be reflected in business activities.

▽ Risks and Opportunities Related to Climate Change

Risks	Responses	Opportunities
Transition Risks • Policy and law: Government's emissions trading scheme, Green New Deal, prohibition of the new registration of internal combustion engine vehicles by 2035 • Technology: Customers' demand for clean technologies • Market: Market demand for the global reduction of GHG emissions • Reputation: Devaluation by customers who prefer value consumption and by investment groups due to a decline in reputation	• Reviewing relevant laws when implementing businesses and proactively discussing legal risks such as lawsuits • Continuously investing in clean technologies and considering the risks of development failure • Continuously managing climate change risks in the business portfolio • Disclosing climate change information and actively reflecting the requirements of investors	• Environment-friendly mobility business - Increasing profits through environment-friendly car rental and EV charging businesses • Environment-friendly home appliance business - Launching the Green Collection and expanding lineup according to increasing demand for environment-friendly products • Forming a circular economy - Building a circular economy ecosystem through collaboration with various stakeholders (ICT devices, refurbished home appliances, automotive eco parts, etc.)
Physical Risks • Acute: Natural disasters, such as floods, typhoons, etc. • Chronic: Increase in energy and logistics costs due to high temperatures and chronic extreme weather	• Preparing a response system when emergency natural disasters occur • Actively preparing for water shortages by investing in water recycling facilities	

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Governance and Strategy

Managing Indicators

SK networks selects, measures, and monitors environmental indicators such as GHG emissions, energy consumption, water consumption, and waste emissions to manage risks and opportunities related to climate change. We endeavor to secure transparency in management through regular external disclosures.
In particular, we built the GHG Inventory to measure and manage GHG emissions, to attain our reduction goals stated in the declaration of Net Zero 2040. We are expanding the scope of calculation to GHG emissions (Scope 3) from the entire value chain, including upstream and downstream effects. We are conducting SBTi verification by establishing reduction goals based on the measurement results, and we make consistent efforts to achieve various goals, such as a steady transition to EVs through EV100 and K-EV100 and improvement of waste recycling rates through ZWTL certification.

Managing Environmental Indicators

The Social Value Division identifies the current status of company-wide environmental management by monitoring environmental indicators (GHG emissions, energy consumption, water use and recycling, waste emissions and recycling, climate disclosures, etc.) among key ESG indicators monthly. We report the material issues identified by the materiality assessment to the CEO and the company-wide ESG Implementation Committee.

Managing Scopes 1, 2, and 3

SK networks now calculates GHG emissions, which had previously been calculated for a limited number of business sites, for all businesses, including subsidiaries, and discloses the calculation results through its website and sustainability report. Additionally, in 2022, we conducted third-party assurance of Scope 1 & 2 emissions of 2021 to enhance the calculation method and increase the reliability of our emissions calculations. Also, we analyzed the relevance of the Scope 3 category to our businesses and completed calculations for the 14 categories that have GHG emissions. Despite the expansion of businesses following the end of the COVID-19 pandemic, we made efforts to reduce the GHG emissions of each business by replacing old equipment and using renewable energy through the construction of solar power generation facilities. Such efforts resulted in a reduction exceeding our target, and the increase in GHG emissions was minimized in comparison to 2021.

Managing Goals and Performances

SK networks quantified its GHG emissions reduction and the Group's key ESG indicators and reflected them in the KPIs of the CEO and management to manage risks and opportunities related to climate change. Moreover, we established a GHG reduction goal according to the SBTi to attain Net Zero by 2040 and created an EV transition roadmap for all business vehicles of SK networks and subsidiaries and rental vehicles of SK rent-a-car to achieve EV100 by 2030. The goal and roadmap were shared with the company-wide ESG Implementation Committee and Environmental CoE to inspect the implementation status and make business decisions.

Developing the Operation Process for the Environmental Management System

SK networks established environmental management system regulations and guidelines on planning, operation, and performance to build and efficiently manage the environmental management documentation system. We registered the regulations and three guidelines as the company-wide rules of SK networks and developed a process for sharing them with all employees. We developed a process for operating the environmental management system based on the Plan, Do, Check, and Action (PDCA) framework of the ISO 14001: 2015 requirements. We also established environmental goals and implementation plans by defining our environmental policies, identifying environmental aspects, evaluating impacts, identifying environmental issues, assessing risks, and evaluating compliance with environmental laws. We conduct regular monitoring of our goals and performance outcomes. We will evaluate the fulfillment of the ISO 14001: 2015 requirements through annual internal reviews and renewal reviews by external certification bodies, making immediate improvements when non-conformities occur or when we receive recommendations.

▽ Climate Change Risk Management Process

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ESG Performance Cases

CASE 1 | MINTIT

Creating a Resource Circulating Ecosystem

MINTIT achieves various environmental performance outcomes through its primary businesses, namely the reuse and upcycling of ICT devices. MINTIT ATM is an unmanned machine that purchases used phones mounted with an AI evaluation system, applying a technology for deleting personal information. This ATM offers an environment in which customers can recycle and donate used phones easily and conveniently, creating a resource circulation ecosystem through the new, non-face-to-face culture of trading used phones. In addition to used phones, MINTIT is expanding its environment-friendly, resource circulation businesses to include various IT devices such as laptops and tablet PCs through the ITAD* business. Besides, by collaborating with social ventures, MINTIT selectively supplies used ICT devices for upcycling** and generates environmental and social values. MINTIT aims to go beyond its existing business models focused on recycling and become an upcycling hub that gives new functionality to used ICT devices. Moreover, MINTIT collaborates with the Ministry of Environment to conduct phone circulation campaigns and operates climate change event booths to solidify its ICT recycling leadership and gain customers' trust in the brand. Through these efforts, we are reinforcing our position as an ESG brand and creating an environment-friendly culture along with customers.

* ITAD: IT Asset Disposition

** Upcycling: Act of adding a new function or design to a product that has reached the end of its service life to turn it into a better product

▽ The ICT Resource Circulation Ecosystem of MINTIT

▽ Partnership with Social Ventures that Upcycle Used ICT Devices

LabSD	MINTIT X LabSD Used phones → Digital optometers Prevention of blindness in lower-middle-income countries	ACTUS	MINTIT X CO:ACTUS Used tablet PCs → Communication solutions Supply of tablet PCs as tools for communication between hearing-impaired drivers and passengers and recovery of old tablet PCs
ohfa	MINTIT X OHFA Tech Used phones → Braille learning devices Enhancement of literacy rates in lower-middle-income countries	UNIUNI	MINTIT X UNIUNI Used phones → Smart safety solutions Safety management at industrial sites
CORNERS	MINTIT X Corners Used phones → Safety and health management solutions AI technologies for detecting and analyzing de-identification data, development of safety solutions for vulnerable groups		

Upcycling X Cost of innovative technology ➡ Contribution to spreading innovative products ➡ Resolving social issues

CASE 2 | Walkerhill

Providing Environment-friendly Hotel Experiences to Customers

After proclaiming its commitment to "transitioning into an environment-friendly hotel" in 2021, Walkerhill Hotels & Resorts built environment-friendly operating systems and infrastructures throughout the hotel, introduced environment-friendly services and products, and conducted various activities. In 2018, a green building certification (LEED)* was acquired by Darakhyu, and a T2 capsule hotel at the Incheon International Airport. In 2021, we acquired the Korea Eco-Label, an official certification for environment-friendly services, after undergoing a strict examination by the Korea Environmental Industry & Technology Institute under the Ministry of Environment. Walkerhill solidified its position as an environment-friendly hotel by also acquiring the ZWTL certification from UL. As a representative example of our environment-friendly services, we strive to enhance the environment-friendliness of packaging materials by replacing disposables with reusables, standardizing products, food, and beverage packages and decreasing their weights, and increasing the ratio of environment-friendly materials through the GO GREEN campaign, which reduces the use of plastics and protects the environment. Additionally, we utilized the mobile platform to minimize the use of paper in hotel services. We opened vegan rooms that exclude animal products and minimized environment-destroying elements in various areas, ranging from interior design to food. Furthermore, we engage in energy-saving activities, such as operating in-house solar power generation facilities within the hotel and replacing lighting, cooling, and heating devices with high-energy-efficiency products.

* Leadership in Energy and Environmental Design

▽ Direct Customer Experience of Environment-friendly Activities

Mobile Check In/Out	Text messages with reservation information, e-registration cards, mobile check in/out
Zero Plastic, Eco Stay	Minimized use of plastics, environment-friendly/large-capacity amenities, bio-bottled water
Electric Vehicle	Hotel's EV shuttles, charging infrastructures, and EV rental services
Eco Dining & Vegan Food	Reduction of disposables, food ingredients with environment-friendly certifications, and vegan food
Go Green Product & Activity	Activities for experiencing environment-friendly/social enterprise products

▽ Expected Resource Circulation Performance of Walkerhill

Installed five microbial food waste disposers in August 2022

Estimated annual reduction in food waste emissions

240 tons ▼

(Monthly average decomposition volume in the last three months: 20 tons)

Installed water reclamation and reusing system in January 2023

Estimated annual volume of recycled water

73,000 tons ▲

(Estimated maximum daily volume of recycled water: 200 tons)

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CASE 3 | SK rent-a-car

Providing the Experience of Social Value Creation to EV Rental Customers

SK rent-a-car set the goal of achieving 100% replacement of approximately 200,000 vehicles with EVs by 2030 to reduce GHG emissions and drive the future mobility market. We contribute to spreading an environment-friendly culture in transportation by establishing infrastructures that allow customers to experience and choose EVs.

SK rent-a-car developed EV Smartlink for checking EV operation data to objectively examine and measure the reduction in GHG emissions achieved through the use of EVs. This service enables real-time, remote monitoring to calculate the amount of GHG emissions reduced by vehicles, collects and stores 75 items of information (39 battery control items, 17 motor control items, 11 charging control items, and 8 vehicle-related items), and increases the reliability of data by identifying GHG emissions and charging and discharging volumes according to the different driving tendencies of drivers.

By applying for the "external project on GHG offset credits" administered by the Ministry of Land, Infrastructure and Transport with SK telecom in October 2020, we installed EV Smartlink on about 60 EVs operated by the Jeju billycar branch and we predict annually reducing GHG emissions by approximately 150 tons compared to internal combustion engine vehicles of similar grades. The Emissions Certification Committee approved our methodology in January 2022. In 2022, SK rent-a-car and SK Telecom concluded a business agreement on implementing external business for the GHG offset scheme. SK rent-a-car will introduce EVs for use in its businesses and provide devices and solutions to calculate emissions reductions. SK rent-a-car is jointly implementing an external business for calculating the GHG emissions reductions of all EVs in operation, including ones to be purchased in the future, and acquiring reduction certifications, to obtain approval in the second half of 2023. We wish to offer our customers an opportunity to reduce GHG emissions by providing substantial benefits, and returns of GHG emissions credits to our EV customers. In the future, we will strive to create social value with our EV customers as an environment-friendly leader in the mobility market.

CASE 4 | SK magic

Sale of Environment-friendly Products

With the "3 Zeros" goal of eliminating the emission of carbon, plastics, and waste, SK magic is carrying out various environment-friendly businesses to reduce environmental impact in all stages. In October 2021, we became the first in the home appliance industry to launch the Green Collection, an environment-friendly product line, with All-Clean Air Purifier Green 242 (ratio of PCR 99.5%) made of environment-friendly plastic (PCR*) materials. In 2022, we additionally launched three models of air purifier and the Eco Mini Water Purifier using the same materials. Eco Mini Water Purifier is a no-power water purifier that minimizes carbon emissions and uses PCR for 64.4% of the plastics in the product. Based on the number of this model of water purifier sold in 2022, we reduced the use of plastics equivalent to 8.4 million PET bottles. In addition, we will continue our efforts to facilitate resource circulation by increasing the ratio of PCR materials used in all products from 9%** in 2022 to 21% in 2030 and 70% in 2040. SK magic performs a Life Cycle Assessment (LCA) of the Green 242 product to measure the seven environmental impact categories, quantify emissions, and provide environmental information to consumers. We are expanding the scope of this information to all products in the Green Collection.

SK magic established the green business model implementation strategy in 2021. By securing technologies that include the five elements for achieving "3 Zeros," we will develop environment-friendly products using eco-friendly technologies, increase energy efficiency throughout the production process, and accomplish the international zero emissions standards by 2040 by building environment-friendly production infrastructures for waste reduction.

* PCR : Post-Consumer Recycled ** PCR-applied product groups in 2022: Water purifiers, air purifiers, bidets, dishwashers

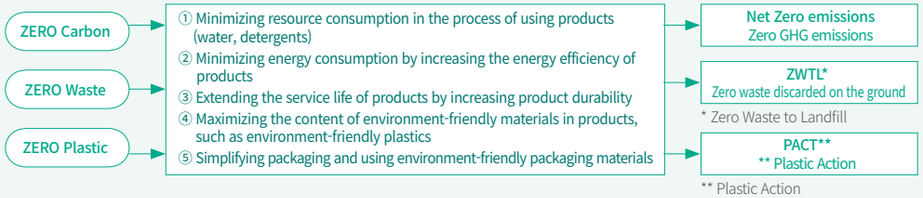
▽ SK magic Eco Mini Water Purifier Green 41

▽ SK magic's Product Refurbishment Process

▽ Green Business Model Promotion System

Reducing all factors that hinder the earth's environment in the process of making and selling products to zero

The Goal of Achieving International Standards by 2040



** Plastic Action

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CASE 5 | SK networks service

Resource Recirculation Business

By operating the Recycling Center that handles and recycles e-waste (waste from electronic devices and parts) of medium- and small-sized home appliances and ICT devices, SK networks service applies a recycling process to various waste products and resources and realizes social value by building a resource circulation system through the recycling of materials (reuse, regeneration). As a representative example, we produced and sold high-quality plastic flakes by dismantling and classifying medium- and small-sized home appliances and ICT devices. Currently, we are retrieving equipment that reached expiration to separate, sell, and dispose of scrap irons and nonferrous metals, thereby entirely preventing the illegal recycling of metals.

▽ Resource Recirculation Business of SK networks service

▽ Recycling Process

Items handled	• Medium- and small-sized home appliances • ICT devices • Franchise equipment
Process	Raw material collection, transportation, dismantling, and classification, Crushing/grinding, sorting, packaging, and shipment
Organic matters	Plastic flakes / PCB / Aluminum / Copper / Scrap iron / Secondary cells

EV Charging Business

SK networks service collaborates with the top CPO business operators of EV charging services in South Korea (SK electlink and everon) to build optimal charging infrastructures and provide maintenance and management services. We installed and maintained EV chargers in expressway rest areas for everon, one of the top three slow-charging business operators in South Korea, in 2022 and for SK electlink, the leading high-speed charging business operator, in 2023. We offer one-stop services ranging from installation to maintenance, as well as an emergency call-out service that can visit any location in the country within two hours. With professional workers and instrumentation devices, we provide a total EV charging service through optimal quality control.

▽ Service Performance of EV Charging Infrastructures

Sales, installation, and maintenance for everon	Installation and maintenance for SK electlink
• Period: 2022년 ~ • Ordering client: everon Co., Ltd.	• Period: 2023년 ~ • Ordering client: SK electlink
Regular inspection of charging facilities by the Ministry of Environment	**Installation of EV chargers in expressway rest areas**
• Period: 2022년 ~ • Ordering client: everon Co., Ltd.	• Period: 2023년 ~ • Ordering client: Korea Expressway Corporation

Solar Power Business

SK networks service acquired a license for the solar power business in 2022 based on its accumulated capabilities in operating network infrastructures and systems. We are conducting businesses in solar power EPC, power generation and maintenance. Self-consumption solar power facilities were built in the Icheon and Anseong Distribution Centers of SK networks, the Walkerhill Hotel Parking Tower, and the Hwaseong Factory of SK magic. We built solar power plants through in-house construction. In 2023, we signed an MOU with Top Solar, the highest ranked company in South Korea for solar power construction, to seek business expansion. SK networks service will strengthen its partnerships with various suppliers in the future, attract customers, reinforce the competitive edge of its businesses, support solar energy utilization by South Korean companies, and contribute to spreading the practice of Net Zero emissions in our industries.

▽ Solar Power Construction and Maintenance Performance

Power generation business	Solar Power Plant-1
• Construction period: 2022 • Construction cost: KRW 1.17 billion	• Construction period: September 2022 – December 2022 • Ordering client: SK networks service (in-house construction) • Carbon reduction: 584 tons (annual) • Capacity: 996 kW • Electricity reduction: 1,272 MWh (annual) • Sales: KRW 234 million (annual)

Self-consumption

• Construction period: 2021 – 2022
• Construction cost: KRW 3.0 billion
• Ordering clients: SK networks, SK magic, Walkerhill

SKN Icheon Distribution Center (self-consumption)	SKN Anseong Distribution Center (self-consumption)
• Construction period: July 2022 – September 2022 • Ordering client: SK networks • Carbon reduction: 545 tons (annual) • Capacity: 929 kW • Electricity reduction: 1,187 MWh (annual)	• Construction period: August 2022 – November 2022 • Ordering client: SK networks • Carbon reduction: 586 tons (annual) • Capacity: 999 kW • Electricity reduction: 1,276 MWh (annual)
SK magic Hwaseong Factory (self-consumption)	**Walkerhill Hotel Parking Tower (self-consumption)**
• Construction period: June 2021 – July 2021 • Ordering client: SK magic • Carbon reduction: 48 tons (annual) • Capacity: 70 kW • Electricity reduction: 104 MWh (annual)	• Construction period: October 2022 – November 2022 • Ordering client: Walkerhill Hotel & Resort • Carbon reduction: 17 tons (annual) • Capacity: 30 kW • Electricity reduction: 38 MWh (annual)

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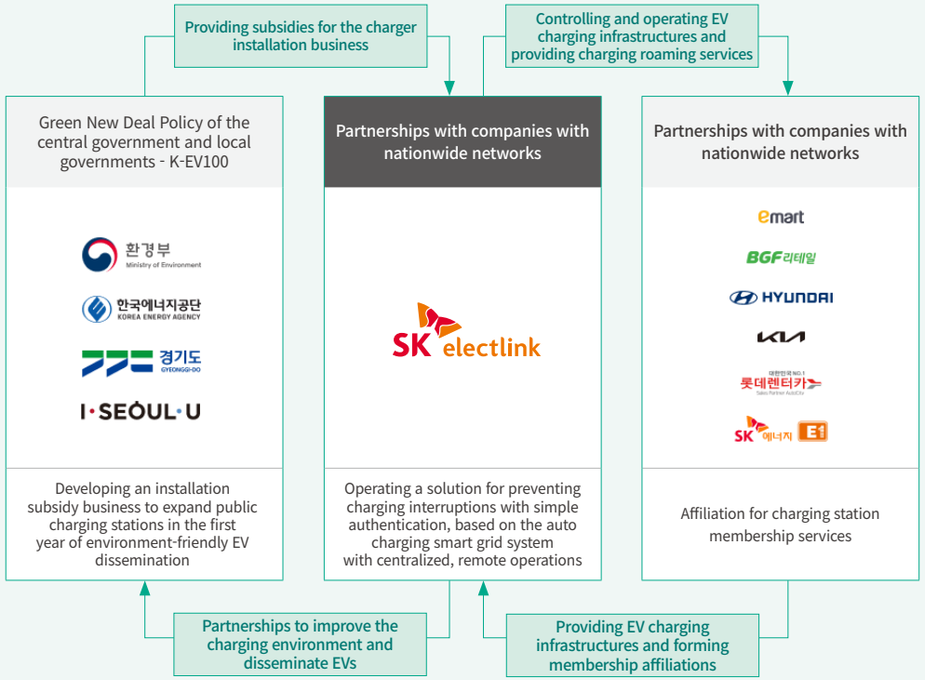
CASE 6 | SK electlink

EV Charging Business

SK electlink provides total solutions for EV charging to its customers, such as installing EV chargers, providing charging services, operating charging platforms, and developing related solutions. We minimize the inconvenience of EV customers with differentiated technologies, including the Charging Interruption Prevention Solution designed to resolve the biggest pain point experienced by EV customers and the Auto Charging Solution that skips complicated payment processes by using chargers to process payments immediately, by connecting vehicles to chargers. We provide economic value and convenience of use by offering various discounts and additional features to EV customers, innovating our charging services based on differentiated technologies and know-how. SK electlink will bring us closer to a sustainable future by reducing the inconvenience of EV customers and spreading the use of EVs.

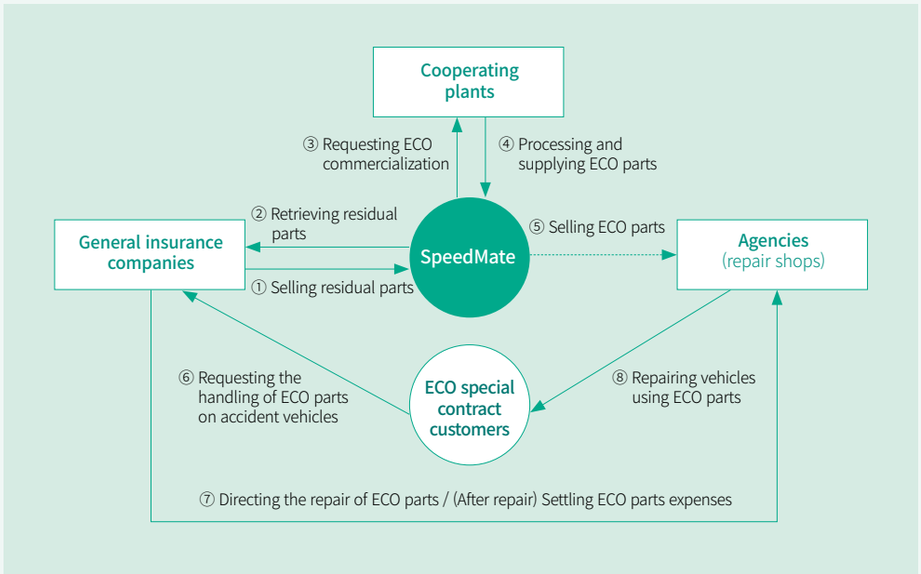


CASE 7 | SpeedMate

ECO Parts Business for Imported Cars

SpeedMate conducts an ECO parts distribution business for imported cars to build a resource circulation ecosystem in the automotive parts market. By establishing commercialization plant infrastructures and starting the production of ECO parts for imported cars in 2022, we reduced the loss ratio of general insurance companies and offered economic benefits to customers. We progressed in efforts to establish infrastructures for circulating environment-friendly parts, such as concluding a business agreement on the supply of ECO parts for imported cars with major general insurance companies in South Korea. In 2022, we secured 53 kinds of ECO parts for different imported car models, and we will gradually expand the lineup of parts. Based on the trust of customers accumulated over many years, SK networks will expand its ECO parts distribution business in partnership with insurance companies, agencies, and various stakeholders and produce social and environmental values.

▽ ECO Parts Business Structure



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Measuring Social Value (SV)

Meaning of Social Value Measurement

- **What is social value?**
  A value created by resolving various issues faced by society
- **What is social value measurement?**
  The sum of social contributions of corporate business activities intended to resolve social issues

Value of BM
(Business Model)

Economic Value (EV)	Social Value (SV)
Final results of a corporation's economic activities, referring to the financial performance publicly disclosed in accordance with the generally accepted corporate accounting standards	Social achievement created by generating social profits through business activities and reducing the costs of social degradation

Directions for Measuring SV

- SK networks measures the SV achievement created by each business model through various business portfolios, including those of subsidiaries, and seeks to promote the happiness of various stakeholders.
- SK networks maximizes performance outcomes and raises the level of ESG management by expanding the target and scope of measurement each year and pursues decision-making and growth from a DBL* perspective by linking SV with its business models.

* DBL : Double Bottom Line

SV Measurement Results

Including its major subsidiaries*, SK networks created indirect economic contributions of KRW 492.6 billion, environmental performance outcomes worth KRW 17.2 billion, and social performance outcomes worth KRW 13.0 billion.

* SK rent-a-car, SK magic, SK networks service, MINTIT

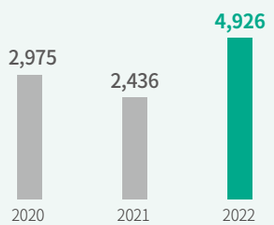
Indirect Economic Contribution

Value created by the indirect contribution of corporate activities to the economy

( ) : Change compared to the previous year

Employment	Dividends	Tax payments	Total
KRW 344.5 billion (KRW +164.6 billion)	KRW 26.3 billion (-)	KRW 121.8 billion (KRW +84.4 billion)	**KRW 492.6 billion**

(Unit: KRW 100 million)



Increase according to the expansion of the measurement scope to include three subsidiaries (SK rent-a-car, SK magic, MINTIT) in 2022

※ Targets: SK rent-a-car, SK magic, SK networks service, MINTIT

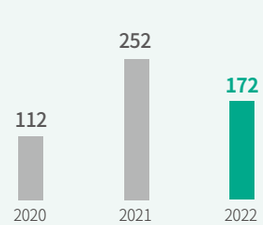
Environmental Performance

Value created by the development, production, and sale of environment-friendly products/services and environmental impact from the production process

( ) : Change compared to the previous year

Environment (products/services)	Environmental process	Total
KRW 21.3 billion (△KRW 6.5 billion)	△KRW 4.1 billion (△KRW 1.5 billion)	**KRW 17.2 billion**

(Unit: KRW 100 million)



Increase according to the expansion of the measurement scope to include three subsidiaries (SK rent-a-car, SK magic, MINTIT) in 2022
Increase in the disposal rate compared to the previous year according to the reinforcement of MINTIT's used phone reutilization criteria

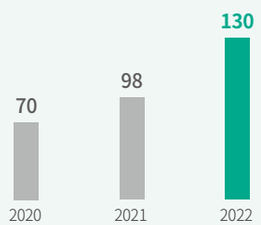
Social Performance

Value created by the development/production/sale of products and services that improve life quality, improvement of the labor environment, shared growth, and social contribution activities for local communities

( ) : Change compared to the previous year

Products/Services	Processes (labor/shared growth)	Social contributions	Total
KRW 0 billion (△KRW 0.1 billion)	KRW 10.4 billion (KRW +2.3 billion)	KRW 2.6 billion (KRW +1.0 billion)	**KRW 13.0 billion**

(Unit: KRW 100 million)



Increase according to the expansion of the measurement scope to include three subsidiaries (SK rent-a-car, SK magic, MINTIT) in 2022
Components of labor performance such as support for educational activities for employees of subsidiaries, parental leaves, and safety assurance against illnesses and diseases

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SV Measurement Cases Related to Products and Services

CASE 1 ICT Marketing

Creating Environmental Performance Through Efficient Logistics

ICT Marketing of SK networks attempts to integrate distribution centers and reorganize the transportation network to increase the efficiency of the device logistics business. Through these efforts, we decreased the average moving distance of delivery vehicles in the general device distribution market significantly and created consistent environmental performance through the reduction of GHG and air pollutant emissions.

Reduction in GHG emissions through the efficient distribution/ logistics of mobile phones

- **Measurement formula:** (Market average distribution distance per device − distribution distance per SK networks device) X carbon emissions proxy X number of devices distributed

CASE 2 MINTIT

Building an Ecosystem for Recycling ICT Devices

Through MINTIT ATM, an unmanned machine for purchasing ICT devices, MINTIT provides an environment in which customers can recycle and donate used phones easily and conveniently. MINTIT expanded its business area to environment-friendly resource circulation through the ITAD* business, which involves handling and recycling various IT assets such as tablet PCs and laptops.

Reduction in resource consumption/GHG emissions/environmental expenses for disposal through the reuse of ICT devices (smartphones/tablet PCs/PCs)

- **Measurement formula:** (Market average resource consumption per smartphone − resource consumption per used phone of SKN) X resource consumption proxy X volume provided for reuse**
- **Measurement formula:** (Market average GHG emissions per smartphone − GHG emissions per used phone of SKN) X resource consumption proxy X volume provided for reuse**
- **Measurement formula:** (Market average disposal weight per smartphone − disposal weight per used phone of SKN) X resource consumption proxy X volume provided for reuse**

* ITAD: IT Asset Disposition ** Volume provided for reuse: Distribution volume × service life ratio

※ Indicators on this page have been verified by following objective measurement methods of the Center for Social value Enhancement Studies (CSES).

CASE 3 SK magic

Manufacturing Products with Environment-friendly Plastic Materials

SK magic replaces the plastics used in products with recyclable materials as a part of its activities to reduce the environmental impact throughout the product life cycle. Products of the Green Collection have increased the ratio of environment-friendly plastics up to 99.5% while maintaining the same price and performance as existing products. By increasing the production of Green Collection products, SK magic continuously creates environmental performance enhancements, reducing GHG and air pollutant emissions from virgin plastics and reducing the volume of waste plastics.

Reduction in GHG emissions through air purifiers/water purifiers using environment-friendly plastics

- **Measurement formula:** (CO2 emissions from existing materials − CO2 emissions from PCR materials) X carbon emissions proxy X number of products sold

* PCR : Post-Consumer Recycled

CASE 4 SpeedMate

Distributing ECO Parts

SpeedMate of SK networks introduced an environment-friendly concept for ECO parts in the automotive aftermarket and is enhancing the environmental performance of supplying and distributing products and services. ECO parts are reliable products manufactured by sorting and re-commercializing some of the parts from massive accident vehicles that need to be disposed of. Through ECO parts, we minimize the volume of waste generated and suppress GHG and air pollutant emissions from the production of new parts.

Reduction in GHG emissions through the use of ECO parts

- **Measurement formula:** (CO2 reduction from ECO parts − market average CO2 reduction from parts) X carbon emissions proxy X number of ECO parts sold

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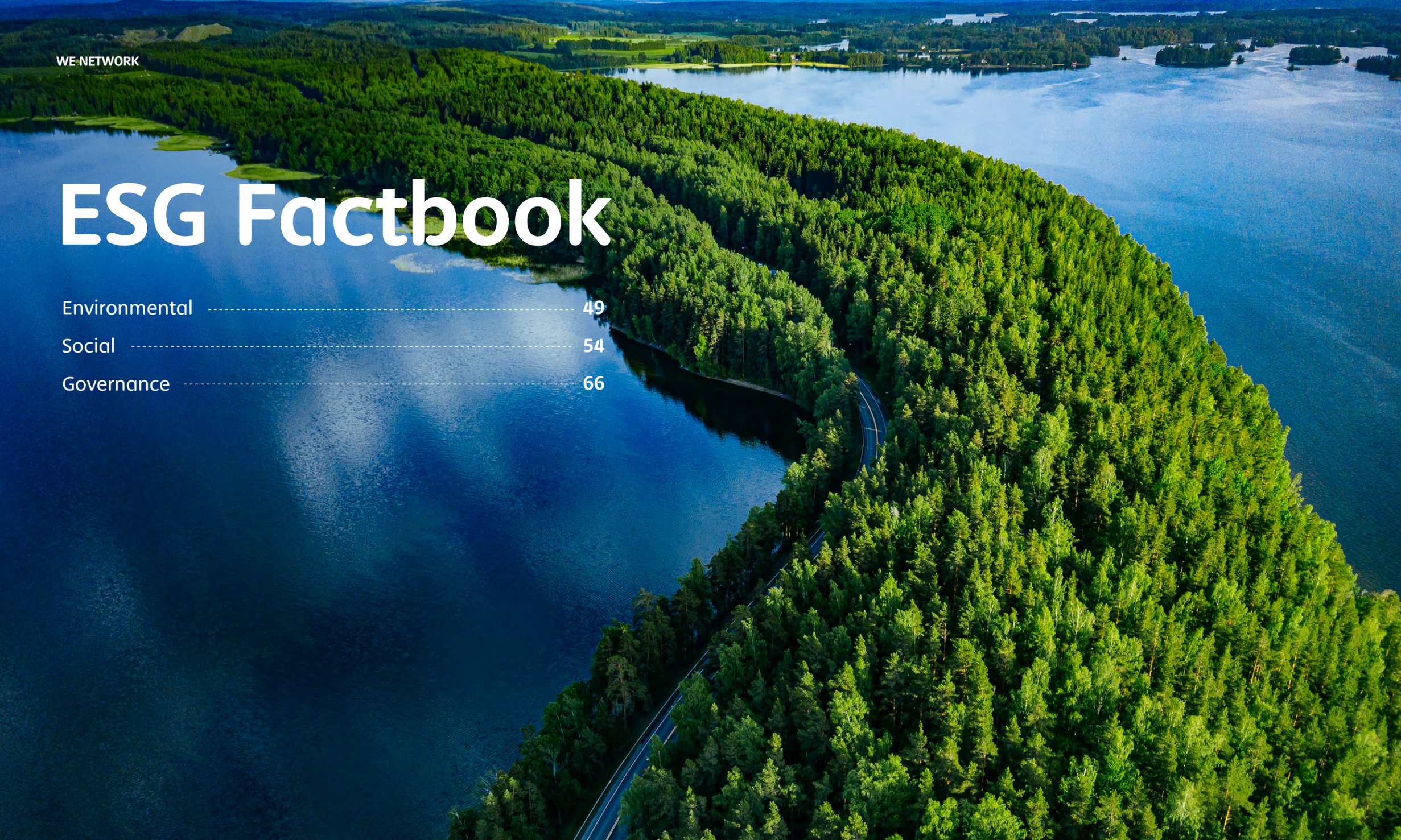

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E - Water and Resource Circulation

Governance

The Social Value Division of SK networks manages and monitors the company's environmental management affairs. Through the SV Board, we share the key environment-related tasks for each business and review their progress and discuss response measures. Additionally, the ESG Implementation Committee, which includes the CEO, the representatives of each subsidiary, and C-level executives, reports and discusses major environmental issues. We have established a system to report significant matters at regular BOD meetings, and we operate a procedure to manage and supervise company-wide risks and opportunities associated with environmental issues.

※ Refer to the organization chart under Material Issue 5 (Responding to Climate Change and Protecting Biodiversity) for details.

Strategy

SK networks regularly monitors relevant environmental data to expand resource circulation of water and waste at key business sites. We establish and operate various strategies, such as increasing the volume of recycling water and waste and expanding the use of environment-friendly packaging materials at each business site, to reduce water consumption and waste generation. We also participate in global initiatives and obtain certifications to implement more proactive reduction measures. MINTIT, SK networks service, and SpeedMate reduce the use of new resources through the resource circulation business, generating environmental values such as carbon emissions reduction and delay of disposal. In 2022, Walkerhill Hotels & Resorts set the increase in water recycling rate as a KPI and expanded water reclamation and reuse* facilities. SK magic introduced the water reclamation and reuse facilities and installed ICT** inspection machines for water purifier production lines at the Hwaseong Factory in 2022, to reduce water usage.

* Water reclamation and reuse: Wastewater or other water purified and recycled after use
** ICT: All methods of collecting, developing, processing, preserving, transmitting, and utilizing information using hardware and software technologies

▽ Water Reduction and Resource Circulation Activities in 2022

Category	Details	Performance (Expected Achievement)
Walkerhill	• Increasing the volume of recycled water through the expansion of water reclamation and reuse facilities - Expected to increase from 90 t/day → up to 200 t/day	• Estimated annual volume of recycled water: **73,000** tons(2023)
	• Reducing food waste through the introduction of large-sized food waste disposers	• Estimated annual reduction of approximately **240** tons
	• Seeking an environment-friendly waste recycling process to achieve the renewal and grade of ZWTL certification • Reducing plastic emissions and expanding environment-friendly packaging by restraining the use of disposables and joining the PACT • Encouraging customers to participate in the environment-friendly "Go Green" campaign - Reducing waste by removing plastic products and disposables in hotel rooms - Reducing water usage by removing towel replacement and bed making services during guest stays	• Estimated annual reduction in plastics: **70%** (2023)
SpeedMate	• Distributing ECO parts for imported cars, using residual parts from accident vehicles - Currently in possession of 53 varieties of parts for different vehicle models, with further expansion planned	• Approximately 8,389 kg in CO2 reduction through ECO parts (based on the parts in possession as of June 2023)
SK networks service	• Recycling the company's waste products/resources through the treatment of waste from small and medium sized home appliances, ICT devices, and parts and the operation of a resource circulation center	• **91%** recycling rate based on the total volume collected (2022)
SK magic	• Increasing the recycling volume through the installation of water reclamation and reuse facilities at the Hwaseong Factory • Reducing water usage through the installation of ICT inspection equipment for water purifier production lines at the Hwaseong Factory in 2022 - Changing the method of testing water purifiers (water → nitrogen) - Replacing 2-2.5 liters of water per water purifier with nitrogen	• Volume of water recycled at the Hwaseong Factory: Estimated to be **2,400** tons per year • Volume of ICT inspection water reduced: Estimated to be **600** tons per year
	• Reducing non-renewable plastics through participation in the PACT and establishing a plan to expand the use of PCR* - 10% reduction by 2023, 15% by 2027, 21% by 2030	• Ratio of PCR: **9%** (2022)
	• Minimizing waste and increasing the waste recycling rate - Maintaining an actual recycling rate of 95% (Hwaseong Factory) - Enhancing recyclability and monitoring harmful substance emissions by improving environment facilities and reinforcing the waste classification system each year - Attaining zero waste and obtaining the ZWTL Platinum Grade by 2040	• Attained the **ZWTL Gold Grade** (2022) - Waste recycling rate: 96% (Hwaseong Factory)
MINTIT	• Creating a resource circulation ecosystem by expanding the culture of used cell phone collection	• Number of used cell phones purchased: **1,065,558** (2022)

* PCR : Post-Consumer Recycled

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Zero Waste to Landfill (ZWTL) Certification and Grade Improvement

SK networks is raising its level of waste management by annually expanding the scope of ZWTL certification and improving its ZWTL grade. In particular, Walkerhill Hotels & Resorts acquired ZWTL certification for the hotel in 2021. In 2022, SK magic acquired the ZWTL Gold Grade (96% recycling rate) for its Hwaseong Factory.

Joining Plastic ACTion (PACT)

Walkerhill Hotels & Resorts of SK networks (September 2021) and SK magic (November 2022) joined the PACT, an initiative of the World Wildlife Fund (WWF) to efficiently reduce the use of plastics, to reduce the impact of marine pollution caused by plastics used and produced at business sites on biodiversity and marine ecosystem. Accordingly, each business site submitted a reduction plan and is committed to reducing plastic usage. Based on the reduction plan, each business site will eliminate the use of disposable plastics that are unnecessary for maintaining our products and services, and transition into using sustainable substitutes and recycled plastics. We will continuously contribute to the circular economy by supporting R&D activities related to environment-friendly materials.

Spreading a Culture of Recycling with Resource Circulation Business Model

SK networks strives to raise awareness of resource circulation based on its 4R (Reduce, Reuse, Recycle, Recovery) business. Through a nationwide campaign for collecting disused cell phones and expanding installation of MINTIT ATMs (approximately 5,600 machines as of the end of 2022), MINTIT facilitates the reutilization of used cell phones and recycles discarded products into parts and raw materials for other products. In addition, we offer a genuine experience of the circular economy through the ITAD* business, which provides systematic consulting services and solutions such as asset due diligence on disused IT devices, data deletion, and sales. Additionally, SK networks service operates a recycling center business that treats and recycles e-waste** from small home appliances and ICT devices. The company is thus expanding its area of business to include the environment-friendly resource circulation business. Also, SpeedMate distributes ECO parts*** for imported cars and recycled waste tires.

* ESG Performance Case 1
** ESG Performance Case 5
*** ESG Performance Case 7

▽ **Environment-friendly Packaging and Product Strategy**

	SK magic	Walkerhill
Activity	• Revising the packaging efficiency criteria through quality testing of the distribution environment - Removing unnecessary packaging factors - Using common specifications for packaging materials, etc. • Using environment-friendly packaging materials - Removing EPS pads from Eco Mini Water Purifier Green 41 and using 100% paper for packaging materials • Considering the use of reusable packaging materials - Developing reusable packaging using EPS materials that are easily recyclable	• Changing to environment-friendly/ biodegradable materials - Paper packaging materials and environment-friendly cold insulators using natural plant gels - Environment-friendly plastic bags using biodegradable vinyl and paper laundry bags - Reduced carbon emissions by 40% compared to ordinary bottled water through replacement with bio-bottled water (biodegradable bottles) (reducing Scope 3 emissions by 1 ton per month) • Transitioning to reusables - Reusable coasters using silicon - Use of large-capacity dispensers - Reduced carbon emissions by 90% compared to paper hand towels by using recycled waste linen (limited to October 2022)
Performance	Reduced 67 tons of EPS pads and 127 tons of carton boxes in 2022	100% transition rate in 2022

▽ **Plastic Reduction Goal** (Submitted to PACT)

Virgin Plastic Use Reduction Plan of SK magic	Plastic Use Reduction Plan of Walkerhill*
2023 Reduction by **10%**	2023 Reduction by **70%**
2027 Reduction by **15%**	2027 Reduction by **87%**
2030 Reduction by **21%**	2030 Reduction by **100%**

* Applied to some items, such as packaging materials provided to customers and amenities in hotel rooms

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Risk Management

Managing Risks based on Business Characteristics

SK networks manages risks for each business to circulate resources, including water resources, and reduce waste. Walkerhill Hotels & Resorts increases the volume of water resources recycled by installing water reclamation and reuse facilities to manage the risks related to the overuse of water by customers. With products and campaigns that encourage customers to participate in environment-friendly activities, we provide opportunities for experiencing value-driven consumption. “Begin Vegan” is a packaged product for environment-friendly rooms, and the “Green Card” campaign minimizes the use of plastics through the non-replacement of bedsheets and towels. These are examples of our environment-friendly participatory activities. MINTIT conducts various campaigns to prevent the disposal of cell phones and increase the volume of used cell phones collected. Through a campaign held in 2022 with Samsung Electronics, MINTIT increased the collection volume by providing additional rewards to customers who returned their used phones when purchasing a new phone. Celebrating Earth Day in 2023, we conducted a nationwide cell phone circulation campaign with the Ministry of Environment to collect used cell phones and offer Net Zero points in return. SpeedMate created a business model based on the supply of ECO parts and concluded a supply agreement with major general insurance companies in South Korea to gain trust from customers in ECO parts.

Conducting Product LCA and Expanding LCA-applied Products

SK magic strives to expand the range of products with the LCA-based Environmental Product Declaration (EPD). EPD is a system that builds sustainable consumption and production systems centered on consumers by disclosing environmental information about products to consumers accurately and transparently. EPD quantifies and indicates environmental information generated in all product processes, including raw material acquisition, production, distribution, consumption, and disposal. In July 2022, All-Clean Air Purifier-49 m^2 of SK magic was registered as an EPD-certified product after undergoing evaluations of seven environmental impact categories, such as resource footprints, carbon footprints, and impact on the ozone layer. In 2023, we will continue expanding LCA-applied products by acquiring certifications for three additional models.

Metrics and Target

SK networks measures its performance by setting annual goals for environmental indicators based on key ESG indicators. We establish focused management goals for the additional indicators of each business.

Fulfilling the Obligation to Collect Waste Mobile Phones

As a seller of ICT/office devices and mobile phone devices, SK networks fulfills its obligation to collect waste mobile phones pursuant to the amendment of the Resource Circulation Act. In 2015, we joined the Korea Electronics Recycling Cooperative and built a system for recycling electrical and electronic products. We aim to collect 100% of the mandatory amount each year, and up to 2022, we successfully collected 100% of the mandatory amount set for cooperatives by the Ministry of Environment.

Increasing the Efficiency of Water Use

Since 2020, SK networks has been measuring and analyzing the water use, reuse, recycling rate, and intake rate in water stress areas of SK networks, SK magic, and SK rent-a-car for the efficient use of water. Through this effort, we continuously reduce our consumption and prevent the waste of water resources by increasing the volume of reused water. SK networks conserves water resources by regularly measuring and monitoring water usage at major business sites. Notably, Walkerhill Hotels & Resorts set the increase in the water resource recycling rate as a KPI and is establishing and operating strategies for expanding water reclamation and reuse facilities. We reinforced water reclamation and reuse facilities within business sites in November 2022, and we therefore forecast a drastic increase in the volume of recycled water, from 90 t/day to 200 t/day. Moreover, we expect to increase the volume of recycled water to 260 t/day after 2025 by installing additional water reclamation and reuse facilities. We plan to run an environment-friendly hotel that actively conserves water resources

▽ **Key Metrics and Target of Water and Waste** (Key ESG indicators for 2022*)

Basic unit of water intake volume**	Basic unit of waste volume**	Waste recycling rate
Below **151.26** m^3/KRW billion	Below **1.31** /KRW billion	Over **79.66**%

* Scope: SK networks (head office + Walkerhill) and SK magic, including the Hwaseong Factory
** Basic unit: Based on 3-year average sales

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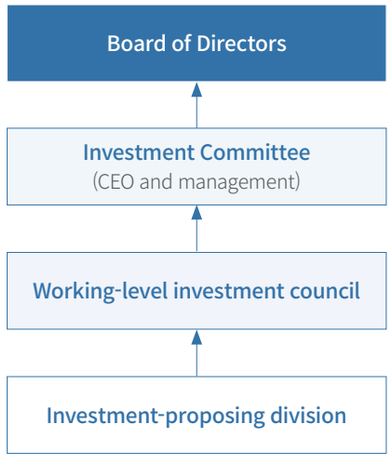
SK networks operates an Investment Committee to review and deliberate on the strategic suitability, purpose and propriety of execution, investment feasibility, and risks regarding new investments, sales, and major governance changes. The Investment Committee reviews and makes final decisions on the risks and opportunities related to the business environment, finance, legal affairs, and ESG reviewed by the working-level investment council in advance. These risks and opportunities undergo the BOD approval procedure as necessary. Investments related to clean technologies are reviewed through close cooperation between the business or investment organization and the Social Value Division. In 2023, we will further strengthen our monitoring of ESG factors in the process of conducting pre-emptive and follow-up reviews of our investment targets.

* Refer to the organization chart under Material Issue 5 (Responding to Climate Change and Protecting Biodiversity) for details.

▽ **Investment Review System**



Strategy

Investing in Environment-friendly and New Technology Companies

SK networks seeks synergy with SK rent-a-car and SpeedMate and discovers new growth engines by investing in the EV charging business, which is the core of the environment-friendly mobility market centered around EVs. We will expand our environment-friendly mobility business and reduce carbon emissions by achieving a leading position in the rapidly-growing EV charging market, securing a competitive edge in the EV infrastructure area, and proactively responding to the climate crisis and changes in the automotive industry. Additionally, the Global Investment Center makes investments to discover growth engines associated with sustainable future technologies and expand partnerships. We continuously invest in global companies with new environment-friendly technologies to reduce the environmental pollution and resource usage caused by existing industries. Examples include a company that manufactures environment-friendly leather made of mushroom mycelium and a company that offers unmanned, automated tractor solutions. Building on our successful investment in such global companies with new environment-friendly technologies, we will strengthen our efforts to discover growth engines associated with sustainable future technologies and form partnerships.

Region	Time of Investment	Investment Target	Overview	Investment Amount
Korea	2022	everon	One of the three largest companies operating slow EV chargers in South Korea	Approximately KRW 10 billion (second-largest shareholder)
	2022	STraffic	Company operating private high-speed chargers on the largest scale in Korea	Acquisition with approximately KRW 70 billion in investment, and the founding of SK electlink
Overseas	2023	Source.ag	AI smart farm solution company	USD 2 million
	2022	MycoWorks	Company manufacturing environment-friendly leather made of mushroom mycelium	USD 20 million
	2022	Sabanto	Company developing unmanned, automated tractor solutions	USD 4 million
	2020	IPI Partners II-A	Investment fund specialized in data centers	USD 12 million

Investing in Environment-friendly Equipment

SK networks invests in environment-friendly equipment and assets of existing businesses by identifying changes in the industrial structure caused by the climate crisis and the business impact of risks and opportunities. We pursue innovation of business model by investing in and developing promising new technologies such as environmental solutions, AI, and Web3 to reduce global GHG emissions and achieve the Net Zero target.

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▽ Investment in Environment-friendly Equipment Related to Clean Technologies in 2022 (Unit: KRW)

SK magic	Installed water reclamation and reuse facilities (KRW 325 million) and waterless ICT inspection equipment (KRW 330 million)
SK networks service	Invested in solar power plants for the solar power generation business (KRW 1.17 billion)
Walkerhill	Replaced facilities to prevent air pollution (replaced boilers and the burners within boilers to reduce nitrogen oxide emissions) (KRW 79 million), installed solar power equipment (KRW 86 million), and installed water reclamation and reuse facilities (KRW 810 million, construction completed in January 2023)
SpeedMate	Replaced LED lighting (for energy efficiency) (KRW 150 million)
ICT	Installed solar power equipment in the Icheon and Anseong Distribution Centers (KRW 2.59 billion)
SK rent-a-car	Constructed an EV-exclusive rental complex SK rent-a-car EV Park in Jeju (KRW 6.28 billion, a portion of construction expenses) and installed solar power equipment (KRW 160 million)

Developing (R&D) Clean Technologies

With cutting-edge research facilities and outstanding research personnel, the Home Appliance Institute of SK magic is constantly creating new innovations in home appliances. The All-Clean Air Purifier Green Series (Virus Fit, 242, 267, 285), which simultaneously enables air purification and disinfection, reduces power consumption and annual energy usage by up to 61% compared to equivalent models within the company, by applying turbo fans and a flow path structure. Additionally, this series uses environment-friendly materials for all interior and exterior parts of the product, except for essential parts. Compared to other products covering the same floor area, this series reduced the volume of new plastics generated per product and decreased carbon emissions by approximately 50%. In 2022, we launched Eco Mini Water Purifier Green 41, a no-power, environment-friendly water purifier that only uses water pressure without energy consumption. All-in-One Direct Ice Water Purifier, the first product in South Korea to apply the BLDC compressor based on the inverter-controlled method, reduces monthly power consumption by 61% compared to existing products and minimizes energy usage by means of a 4-way refrigerant switching valve and environment-friendly refrigerants. Eco Clean is the first environment-friendly food waste disposer in Korea and applies circulatory dehumidification and dry grinding technologies. Unlike conventional food waste disposers, this product can maintain a pleasant indoor environment free of odors, bacteria, and mold in hot and humid summers because it does not release the moisture and various odors generated while processing food into the air. Additionally, a decompressed clean filter that removes over 99.9% of odor has been applied to prevent filter contamination, bad smells, and bacterial growth caused by wet steam. Compared to the filter replacement cycle (four times a year) of commercial products, this product's filter can be used longer (replaced once a year) and reduces environmental waste and costs. SK magic has various patents for clean technologies for structural and efficiency improvements designed in the product development process and acquired seven new patents in 2022.

▽ New Patents Related to Clean Technologies Acquired by SK magic in 2022

Product Group	Summary of Technology	ESG Performance
Air purifiers (ACL)	Sliding combination of cover panel	Designing separable structures to enable the replacement of parts, for the sustainability of products
	Structure for easy cleaning (separation of discharge unit)	
	Rotatable hinge	
Water purifiers (WPU)	Detachable connection tubes attached to intake tubes	Designing separable structures to enable the replacement of parts, for the sustainability of products
	Water for children button, water volume setting button	Conservation of water, electricity, and gas resources through function settings
	Rotation of the paddle or tray using one motor	Conserving resources by reducing the number of parts and shortening processes
Gas stoves (GRA)	Gas shutoff when water boils in the container	Conserving resources through increased energy efficiency

SK rent-a-car developed EV Smartlink, a comprehensive vehicle solution that checks EV driving information to objectively examine and measure carbon emissions reduction by EVs. By embedding EV Smartlink, we secured the reliability of data such as GHG emissions and charging and discharging volumes in different driving situations based on EV driving information, including EV battery, motor, and charging control. Compared to GHG emissions by internal combustion engine vehicles of similar grades, EV Smartlink is estimated to reduce GHG emissions by approximately 150 tons per year (about 60 vehicles). This methodology was approved by the Emissions Certification Committee under the Ministry of Land, Infrastructure and Transport in January 2022, and we aim to obtain approval for the GHG offset system (carbon credit) business in the second half of 2023. Additionally, with the aim of stabilizing the power supply in Jeju by utilizing EV batteries as ESS*, SK rent-a-car cooperates with KEPCO to conduct V2G** demonstration projects. The two companies will develop grids for the V2G business, develop control systems, and shape up relevant systems at EV Park Jeju, which will be constructed in the future.

* Energy Storage System ** Vehicle-to-grid

Metrics and Target

Walkerhill	• Considering the development of a waste treatment process to obtain a ZWTL grade • Increasing the recycling rate by establishing KPI goals for the water recycling rate (daily recycling volume of 260 tons in 2025)
SK magic	• Maintaining an actual recycling rate of 95% or higher at the Hwaseong Factory (with the goal of obtaining the ZWTL Platinum Grade and attaining zero waste by 2040) • Efforts to achieve a PCR* rate of 21% by 2030 and 70% by 2040

* PCR : Post-Consumer Recycled

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SK networks has organized teams dedicated to safety rule management (SHE), labor condition management (HR), SV (communication with specialized external agencies related to human rights), and information security (personal information management) to supervise risks related to human rights. The company-wide ESG Implementation Committee, which comprises the CEO, the representative of each subsidiary, and C-level executives, periodically reports on and discusses human rights issues (necessity of human rights management, report on the results of human rights due diligence, human rights roadmap, and etc.), identifies the current status of human rights matters, and establishes specific goal-based action plans. Furthermore, our BOD regulations stipulate matters required to be reported by law and the system for reporting important matters at regular BOD meetings. By joining the UNGC, we strengthened our capability for supervising human rights risks by participating in educational sessions and receiving global trend information. SK networks specifically discloses its human rights goals and related stakeholders through its Human Rights Policy and the Declaration of Human Rights Management available on its website. Accordingly, we considered all stakeholders during the human rights risk assessments carried out in 2022.

Human Rights Commitment Declaration

In line with SKMS management philosophy focused on SK People's continuous happiness and pursuit of SUPEX (Super Excellent) with voluntary and willing brain activities, SK networks vows to create sustainable values with customers to address social challenges. Furthermore, we will respect human rights and deliver on our responsibilities in all our business activities to meet the expectations of the society toward corporations.

Enthusiastically advocating the Human Rights Principles suggested in global guidelines including the Universal Declaration of Human Rights, the UN Guiding Principles on Business & Human Rights (UNGP) and the Constitution of the International Labor Organization (ILO), SK networks will develop human rights policies that can encompass all stakeholders including SK People, customers, shareholders, business partners and local communities, continually revisiting and updating such policies.

1. SK networks will prohibit discriminatory HRM practices affecting employment, payroll, promotion, etc. on the basis of gender, age, ethnicity, race, religion, etc. fostering diversity within organization.
2. SK networks will not tolerate forced labor, child labor and bullying at work.
3. SK networks will comply with labor-related laws and regulations concerning minimum wage, work hours, freedom of assembly, labor union, collective bargaining right, equal pay, etc.
4. SK networks will comply with health and safety laws to create a pleasant work environment and protect the health of SK People.
5. SK networks will operate on/offline platforms for ethical violations and employee grievances reports, with a strong commitment to address human rights violations.
6. SK networks will promote fair business practices based on mutual trust with business partners and not engage in unfairly demanding/offering bribes, favors, etc.
7. SK networks will remain committed to foster cultural practices of respecting human rights and putting human rights principles in action, with all stakeholders including SK People, customers, shareholders, business partners and local communities.

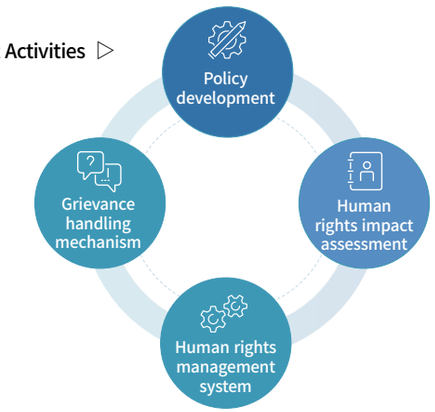
CEO & President
Lee, Ho-jeong

◁ SK networks Declaration of Human Rights Management

Strategy

SK networks enacted the Human Rights Policy in 2021 based on the principles required by international organizations related to human rights and labor, such as the UN. In 2022, all our employees participated in the Declaration of Human Rights Management. In all our policies related to human rights and labor, we incorporated various international guidelines, including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization Constitution, to prevent human rights violations and manage related risks. We provide intranet counseling to resolve grievances such as workplace bullying and create a safe and sound workplace by conducting regular human rights impact assessments. In addition, we lay the foundation for practicing human rights management through compulsory education for employees on eight topics (industrial safety and health, improving disability awareness, ethical management, retirement pension, personal information protection, fair trade, preventing sexual harassment, and the internal accounting management system), with programs designed based on the human rights management framework. SK networks joined the UN Global Compact (UNGC) in 2022 and has been striving to implement the Ten Principles of the UNGC for a sustainable society. We manage human rights and operate due diligence processes according to the Ten Principles of the UNGC regarding human rights, labor, environment, and anti-corruption. We actively participate in conferences and seminars held by the UNGC Network Korea.

Major Human Rights Management Activities ▷



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Risk Management

Identifying and Reducing Human Rights Risks

We conduct internal surveys of our employees to diagnose their human rights awareness and employ external experts to assess human rights risks. We developed a checklist based on the UNGP on Business and Human Rights developed by the UN Commission on Human Rights, reflecting the business areas of SK networks. A third-party institution reviewed the reliability and effectiveness of 156 items under five domains. In addition, we identified human rights risks according to the assessment results, consulting the persons in charge of each division, and formulated improvement tasks.

Human Rights Impact Assessment

We conducted our first human rights impact assessment in 2022 to assess the human rights awareness of our employees and formulate improvement tasks. After conducting an in-house assessment by internal personnel based on the human rights due diligence checklist, we identified matters for improvement by undergoing due diligence by external experts. Among the stages of risk assessment, improvement determination, effectiveness review, and corrective actions, we focus particularly on corrective actions to improve the process of our human rights impact assessment. We will further strengthen our expertise by expanding the support of external experts in revising the human rights policy and building the human rights system according to the framework of the UNGP on Business and Human Rights.

▽ Human Rights Impact Assessment Process

Risk assessment	Effectiveness review	Identifying areas for improvement	Implementing and monitoring improvements
Executing employee surveys on human rights conditions and self-assessments based on the checklist	Reviewing reliability and effectiveness through external institutions	Reviewing human rights risks and selecting vulnerable targets	Implementing and continuously monitoring activities to reduce human rights risks

222 employees participated anonymously in the human rights impact assessment conducted from May 10 to 15, 2022. Based on the assessment, 83.3% of the employees were found to perceive the level of human rights guaranteed by the company to be high, and 92.3% considered human rights when performing their duties. This ratio was notably higher than the average ratio (about 50%) of companies in South Korea. SK networks selected the Declaration of Human Rights as the top-priority task among the improvement tasks determined through the human rights impact assessment. The Declaration of Human Rights, with the CEO's signature and dates of enactment and revision, is posted on our website. In 2023, we will strengthen human rights management system by revising our human rights policy, establishing the human rights education process, and enhancing the grievance handling mechanism. We will redefine relevant duties through collaboration among relevant divisions, determine tasks, and execute effective improvement measures.

Additionally, we will continue developing the human rights management system by gradually expanding the scope of human rights impact assessment to include suppliers, general customers, and local communities based on our in-house goals and roadmaps for protecting human rights.

Operating Channels for Handling Human Rights Grievances

SK networks receives reports on ethical management issues through the intranet and operates in-house grievance counseling programs to handle the grievances of employees, such as workplace bullying. Our employees have access to grievance counseling programs, and their grievances are handled in four stages, including the investigation of the cause, action planning, feedback on the solution, and final notification of results. SK networks considers the anonymity and protection of employees to be the most important part of the grievance-handling process. We disclose the number of grievances received and handled (2 received and 2 handled in 2022, 100% completion rate) and conduct relevant education for employees to prevent recurrence.

Metrics and Target

Enhancing the Diversity of Employees

SK networks aims to maintain the ratio of employees with disabilities at or above 3.1% as part of our continuous efforts to ensure the diversity of employees through fair and non-discriminatory employment. This indicator has been managed as an ESG key indicator since 2021, and the goal was raised to 3.2%* in 2022. In 2023, we plan to expand the scope of management to our subsidiaries, with the goal of exceeding the performance from 2022 (exceeding the legally required employment rate of 3.1%).

* Submitted by SK networks to the Korea Employment Agency for Persons with Disabilities

Human Rights Management

SK networks will refine its human rights management system to protect the human rights of employees, SK networks will establish and manage mid- to long-term roadmaps for the advancement of human rights management until 2027.

▽ Human Rights Management Roadmaps

Building the human rights management system by 2023	Externally expanding human rights management up to 2025	Advancing human rights management up to 2027
• Conducting human rights due diligence on employees • Human rights impact assessment and risk diagnosis • Diagnosing and solving vulnerabilities based on human rights risk assessment results • Expanding human rights management programs	• Disclosing human rights management performance • Sharing human rights policies, exchanging management principles, and spreading empathy with group members, suppliers, and human rights organizations in South Korea and overseas • Human rights policy and overseas recognition	• Expanding the global supply chain of the human rights management system • Supporting the human rights policies and due diligence systems of suppliers • Deepening and developing human rights policies to meet the global BP level

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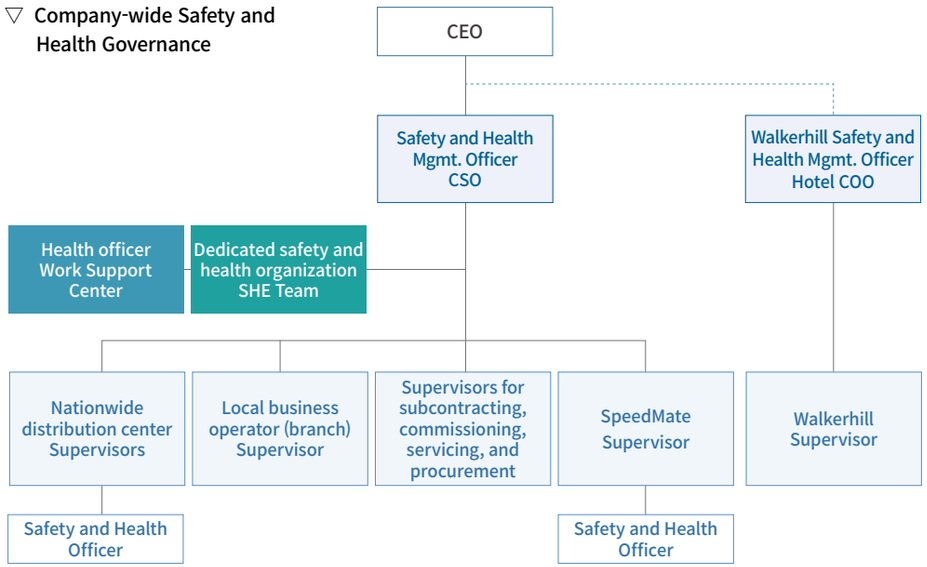
SK networks formed an exclusive organization for safety and health in 2022, striving to build safety and health management systems and foster a culture that prioritizes safety and health. In addition, we execute safety and health policies, activities, and plans by receiving reports and approvals from the BOD each year. Safety and health issues are included in the KPIs of the company and the CEO and linked to remunerations. The ESG Implementation Committee, which comprises the CEO, the representative of each subsidiary, and C-level executives, reports on and discusses the key issues related to safety and health. We prepared a procedure for controlling safety and health risks by building a system in which important matters required by law can be reported at regular BOD meetings through the BOD regulations. We assign professionals in charge of safety and health, such as safety officers and health officers, and secure capabilities for managing safety and health risks through on-the-job training for Safety and Health Officers and the Chief Safety and Health Officer and invitational education programs by external instructors.

▽ Company-wide Safety and Health Governance



Strategy

SK networks regards the safety and health of various stakeholders, including customers, citizens, and workers (including all regular employees, non-regular employees (independent contractors), short-term workers, special workers, and workers of suppliers (subcontractors), as the core value of corporate management. By establishing the safety and health management policies in 2021, our top management expressed its commitment to safety and health. We create a safe and healthy work environment and prevent accidents by practicing measures to guard safety and health. In 2022, we revised our safety and health management policies in line with the directions of the Group's SHE strategy. We strive to implement policies following the strategic direction of the SHE Team, the exclusive organization in charge of this effort. Additionally, SK networks considers health to be an essential factor for the happiness of employees and builds healthcare support systems and safe work environments to promote healthy lives. We aim to contribute to the healthy lives of employees by operating various preventive programs considering the high risk of adult diseases, obesity, and mental stress among office workers.

Safety Management Programs

Conducting Safety and Health Education

SK networks conducts safety and health education while accounting for the legal requirements and characteristics specific to business sites, to raise safety and health awareness among employees and cultivate a culture focused on safety and health. We differentiate educational courses depending on the type of site, such as office space and distribution centers, and regularly operate quarterly online education programs to increase the educational benefits and strengthen safety capabilities. We also conduct on-the-job training for Safety and Health Officers through specialized external institutions.

Establishing and Training the Emergency Response System

Considering the impact of the COVID-19 pandemic and environmental changes such as telework activation, we made emergency response manual videos for fires and earthquakes and shared them with our employees to improve the effects of emergency response training in the virtual environment. Our distribution centers and Walkerhill built their own emergency response systems and conduct fire response training each year. In 2023, we plan to secure a practical response system to ensure the safety of employees by implementing emergency evacuation training in the head office building.

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Employee Health and Welfare

Health Enhancement Programs

Since August 2022, SK networks has been administering health enhancement programs for all employees, including contract employees. Workout in Daily Life Program helps to develop a healthy exercise routine to prevent various adult diseases. The program provides rewards to employees who exercise 30 minutes a day, and additional rewards are given to those who participate 15 times or more in a month to build healthy habits. In 2022, 62 employees (approximately 13%) participated in the Workout in Daily Life Program Program, and the number of times they participated was 1,833. We also have a Stress Diagnosis Program to enhance the mental health of employees. Employees can check their mental health condition by taking the stress test twice a year, and solutions tailored to specific test results are provided. Furthermore, each organization recommends programs according to the cause of stress (job, relationships, organizational culture, etc.) and degree of stress.

Intensive Management Based on Specific Job Characteristics

SK networks intensively manages the health of employees by classifying programs based on job characteristics into programs for preventing adult diseases and enhancing mental health.

▽ Intensive Management Areas Based on Specific Job Characteristics

Programs to Prevent Adult Diseases	Programs to Enhance Mental Health
• Smoking rate: To be decreased to 10% by 2025 • Obesity rate: To be decreased to 30% by 2025 - Evaluation of BMI* values, dietary planning, exercise coaching, etc. • Exercise rate: To be increased to 50% by 2025 - Operating exercise programs and building a health-friendly environment	• Education to raise mental health awareness - Providing various educational programs on mental health (correcting misunderstandings regarding psychological counseling) • Operating programs to increase accessibility - Newly instituting, operating, and improving healing programs (personality tests in each organization, interpretation lectures, etc.)

* BMI : Body Mass Index

Health-friendly Environment

SK networks helps employees manage their health by creating a health-friendly environment. In-house nurses are employed at the head office to provide medicines and medical treatment. Our cafeteria offers nutritionally balanced meals prepared by a nutritionist. Additionally, we have a fitness center with a floor area of 500 m^2 and many fitness equipment to assist employees in managing their physical fitness. In-house health keepers (professional masseur) and massage chairs are available to prevent musculoskeletal diseases caused by long working hours. Besides, We also manage indicators related to creating a health-friendly environment, such as the fitness center use rate and cafeteria use rate. Through satisfaction surveys, we collect opinions from our employees and improve the environment and systems based on their views.

▽ Safety and Health Activities and Programs in 2022

New Organization Dedicated to Safety and Health	Building a system to cope with the Serious Accidents Punishment Act and strengthening activities to prevent accidents
Enhancing the SHE Leadership of Top Management	On-site safety inspections through MBWA, etc.
Operating the Compliance Council	A council of nine companies*, including SK networks and subsidiaries, that strengthens compliance response capability (sharing pending issues by through quarterly meetings and strengthening responses to major compliance issues through special lectures)
Executing Quarterly Safety and Health Education	Raising safety and health awareness
Conducting Risk Assessments in the First and Second Halves of the Year	Checking risk factors and establishing and implementing measures to prevent recurrence
Eligible Contractor Evaluation	Concluding contracts with suppliers and contractors that have safety and health verifications
Supporting the Health of Employees	Support for medical examinations and influenza vaccinations, healthy exercise programs, stress tests, fitness center in the company building, operating healthcare rooms, and assistance for medical expenses, collective insurances, etc.

* Added SK electlink in 2023

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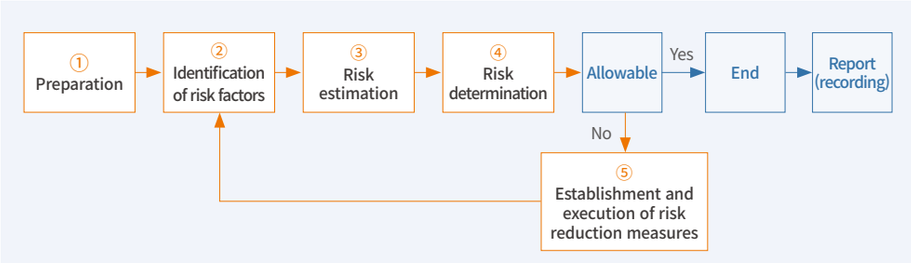
Risk Management

The Chief Safety and Health Officer appointed at each business site of SK networks frequently monitors employees, suppliers, and risk factors of the respective business sites and conducts risk control activities through monthly meetings. In 2022, 10 business sites in South Korea identified 77 risk factors (risk* level of 6 or higher), and we achieved improvements in 67 of these factors by establishing measures to prevent recurrence. In 2023, we will secure public confidence by acquiring ISO 45001, an international standard for safety and health management systems.

(*) Risk = probability of accident X severity of accident (calculated as a combination of probability and severity on a scale of 1 to 3)

▽ Safety and Health Risk Management Process



▽ Safety and Health Risk Factors and Improvement Measures

Determining risk factors		Improvement measures	Outcome of measures
Distribution Centers	Collision accidents due to the non-separation of forklifts and pedestrian zones	Painting of forklift movement areas (yellow) and pedestrian movement areas (white)	100% inspection rate (0 accidents reported after taking measures)
	Electric shock accidents due to failure to mount forklift charger cables	Repair and installation of forklift charger cable holders	100% inspection rate in each quarter (0 accidents reported after taking measures)
	Safety accidents caused by inadequate safety and health labeling	Completion of the attachment of safety and health labels	100% inspection rate in each quarter (0 accidents reported after taking measures)
	Falling accidents on safety stairs with low handrails	Replacement of safety stairs above 1 m from the ground surface with high handrails	100% inspection rate in (0 accidents reported after taking measures)
All Business Sites	Chemical accidents due to missing MSDS* and warning signs	Furnishing MSDS and warning signs according to the Occupational Safety and Health Act	100% inspection rate in each quarter (0 accidents reported after taking measures)

* MSDS : Material Safety Data Sheets

Risk Mitigation Measures and Effectiveness Assessment

SK networks identifies risk factors and establishes risk reduction measures by performing regular risk assessments in the first and second halves of each year. After executing risk reduction measures, we verify whether the measures taken were appropriate and whether the risk factors were reduced. If hazards and risk factors have not been removed sufficiently, we reestablish reduction measures after estimating risks and give notification of the remaining factors through educational sessions or announcements. Additionally, the dedicated organization for safety and health uses a channel for real-time communication with the persons in charge of safety and health to report urgent pending issues.

Managing Safety and Health in Suppliers

The Procurement Team of SK networks issues announcements on the integrated procurement system to receive safety and health grievances from suppliers through the team email. Separate management measures are implemented for suppliers that belong to high-risk groups. Examples of such measures include providing safety diagnosis services to suppliers and including matters related to suppliers in risk assessments at distribution centers. Additionally, we manage the overall safety and health levels of suppliers and assess safety capabilities according to the eligible contractor evaluation.

Listening to the Opinions of Workers

We form safety and health councils with suppliers centered on the Chief Safety and Health Officer of each business site in Korea and operate monthly council meetings. The councils conduct activities to reinforce the safety and health inspection systems of each business site and listen to the opinions and grievances of employees and suppliers regarding safety and health. In 2022, 31 cases were received, 26 were handled, 5 were in progress, and the rate of handled cases was 84%. In addition, Walkerhiill improves the environment and actively adopts the opinions of customers, through actions such as installing wildlife warning signs.

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SOKSOK Counseling Center: Promoting Mental Health

SK networks has set mental health care for office workers as an area of specialized focus to provide professional counseling services. Counseling services are provided to all employees and their immediate family members, addressing job stress, private emotions, family issues, and child-rearing needs, and even providing legal advisement. We publicize information regarding the services each quarter to improve access for employees. We are also improving our counseling services with the goal of achieving a satisfaction score of 4.5 points (on a 5-point scale).

Managing Medical Check-ups and Infectious Diseases

SK networks executes annual medical check-ups for all employees, aiming to achieve a 100%* of medical check-ups rate. We provide informational guidance to help all employees receive medical check-up during the year. In 2023, the scope of the comprehensive medical check-ups was expanded to include all employees to strengthen their health care, and we are continually improving medical check-up items and center services. Additionally, we take measures to protect our employees against infectious diseases such as influenza and COVID-19. Our employees are vaccinated for influenza each year. In addition to recommending teleworking in response to infectious diseases, we utilize smartphone apps to provide contact-free health care. We also promote the health of teleworking employees through meditation and stretching programs available via Zoom.

* Legal targets of the corresponding year

▽ COVID-19 Response Activities at Each Business Site

SK networks	Walkerhill
• Telework guidelines according to the circumstances of the business/business site • Daily management of confirmed cases • Refraining from talking in public places • Notifying the person in charge of SHE and conducting inspections after contact with a confirmed patient or if symptoms occur • Quarantining according to the guidelines of the health authorities when confirmed cases occur • Furnishing thermal imaging cameras and hand sanitizers	• In-house health monitoring system for employees • Minimizing risks by blocking infection routes and analyzing the causes of infection • Operating an emergency response organization at Walkerhill • Utilizing QR codes and guest book systems in multi-use places with customer contact • Adopting contact-free thermal imaging cameras at all business sites

Metrics and Target

Through continuous development, improvement, and practice of safety and health management systems reflecting the characteristics of each business site and changes in the business environment, SK networks will make safe and sound business sites at the global top-tier in each area and continuously work to achieve a record of zero serious accidents. Additionally, we practice safety and health leadership for all employees by cultivating and habituating a culture prioritizing safety and health. For this goal, we develop safety and health management systems above the legally required level and conduct risk assessments in the first and second halves of each year.

▽ Roadmap for Safety and Health Goals

	Zero Serious Accidents		
	2023	2024	2025~
Goal	Developing Safety and Health Management Systems	Establishing a Self-regulated Prevention System	Fostering and Habituating the VWBE Safety and Health Culture
	• Developing safety and health management systems according to the respective characteristics of business sites • Safety and health management system certification (ISO 45001) • Diversifying safety and health education curricula • Expanding the operation of health care services and health programs for employees	• Creating an environment for voluntary participation of workers in safety and health initiatives • Establishing a health management system that accounts for the characteristics of employees • Ex-post review of safety and health management systems (ISO 45001)	• Creating a culture promoting safety and health and strengthening VWBE safety and health leadership • Spreading the safety and health culture through participation and cooperation • Maintaining the safety and health management system certification (ISO 45001)

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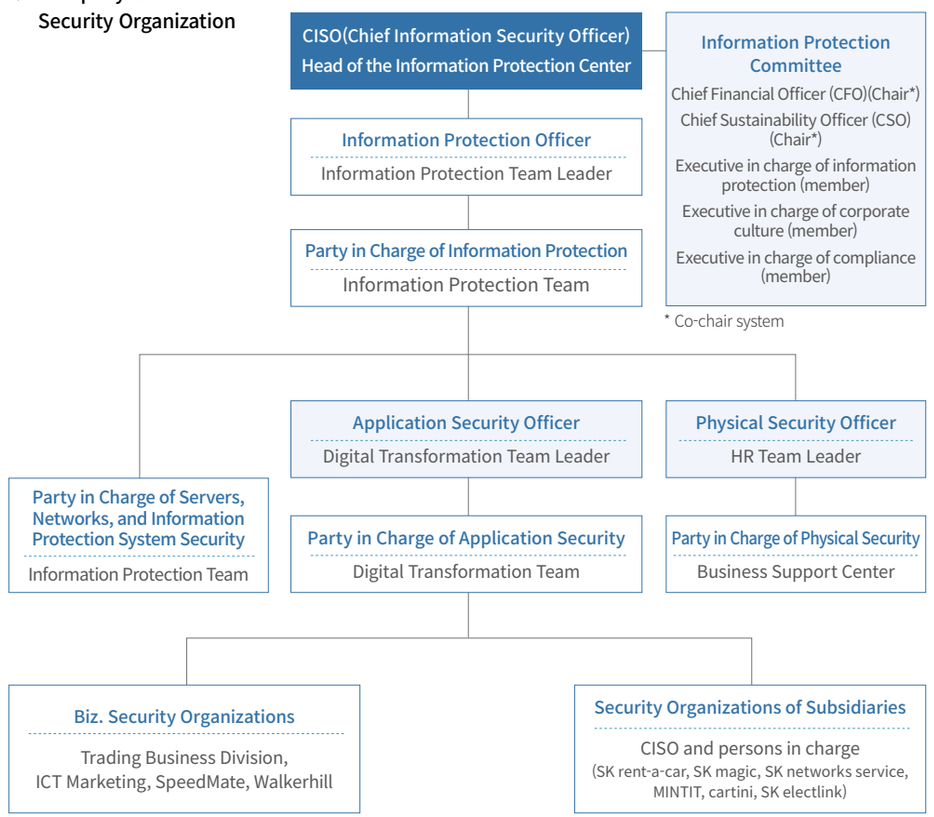
Exclusive Organization for Information Protection and Personal Information Protection

SK networks appointed the Head of the Information Protection Center as the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) to manage, direct, and supervise the information protection and personal information protection duties of the company. A dedicated organization for information protection (Information Protection Team) prevents the leakage of (personal) information and responds to security compliance issues. Personnel in the organization dedicated to information protection is strictly prohibited from holding another position concurrently with the information protection duty pursuant to the Act on Promotion of Information and Communications Network Utilization and Information Protection, and the organization complies with the qualifications for CISO, as regulated by laws.

Information Protection Committee and Working-level Council

SK networks operates an Information Protection Committee, which is the highest decision-making body that comprises key executives and team leaders. The committee reviews, deliberates, and resolves matters and policies related to information protection and personal information protection, makes decisions on disciplinary actions against internal security accidents and violations, and approves action plans according to internal and external security audit results. The results of the Information Protection Committee are reported to the top management. Additionally, we strengthen our ability to execute information protection duties by forming and operating a working-level council on (personal) information protection.

▽ Company-wide Security Organization



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Strategy

ISMS-P Certification and Information Protection Disclosure

SK networks initially acquired the information security management system (ISMS) certification and personal information management system (PIMS) certification in 2015 to operate information management systems with public confidence and comply with laws. We acquired the revised ISMS-P* certification in 2021 and have maintained this certification. ISMS-P inspects the overall level of information security and personal information systems with 102 control items, including 16 items on establishing and operating management systems, 64 items on security requirements, and 22 items on requirements in each step of personal information processing. In addition, we disclosed our information protection outcomes in 2022 to engage in transparent management of investments and activities related to information protection.

* ISMS-P : Personal Information & Information Security Management System

▽ **Status of Investment in Information Security**

Date prepared: December 31, 2022

Disclosure Item			Disclosure Details
Status of Investment in Information Security	Amount of investment in information technologies (A)		KRW **43,056,515,480**
	Amount of investment in information protection (B)		KRW **3,733,013,291**
		Key investment items	Maintenance of the personal information processor management system
			Security service fees, SSL certificates, HotSOS device security program license, etc.
	B / A		**8.7%**

※ The data on our information protection investment status was disclosed in 2022 on the information protection disclosure portal pursuant to the *Act on the Promotion of Information Security Industry.*

Complying with the Group's Security Guidelines

Beyond acquiring the ISMS-P certification and observing laws, SK networks follows the security guidelines of SK Group. The Group annually inspects the implementation of the security guidelines by group members and recommends tasks for improvement. SK networks establishes a plan for implementing the Group's recommendations, reports the plan to the top management, and continuously improves its security level by executing the tasks.

Enhancing Security Awareness Among Employees

SK networks announces the enactment and revision of regulations related to information security to ensure that employees can be aware and publishes the regulations so that they are available for review. All employees sign the information protection pledge each year and are obliged to complete online (personal) information protection education at least once a year. Additionally, we frequently share information about various security accidents and major policy changes and strengthen the security awareness of employees through periodic mock trainings and on-site inspections. In 2023, we plan to build a system for managing the security level of each individual and continue to improve the security level of individuals and organizations.

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Risk Management

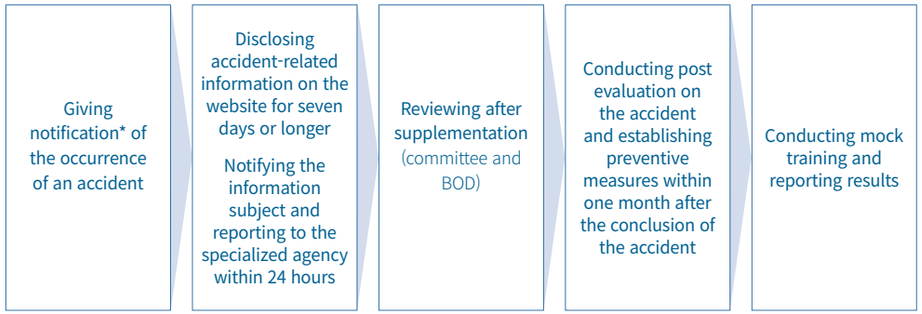
Prior Response to Security Threats

SK networks provides information on development security guidelines for system development and inspects compliance status before opening systems. We conduct regular vulnerability diagnoses on the operating system infrastructure and web services to minimize the risk of hacking incidents through system vulnerabilities. In addition, we periodically execute simulated malicious email/DDoS attack training, daily routine security inspections, and document security inspections to raise the security awareness of employees and enhance our responsiveness to external hacking attacks.

Monitoring Security Threat

SK networks operates approximately 15 types of security solutions to respond to external attacks and prevent the leakage of internal information. We analyze major risks in connection with the abnormal sign monitoring system based on big data analysis. We also rely on the 24/365 security control service of SK shieldus, a specialized security company, to detect and agilely respond to security threats that arise at night and on weekends.

▽ Procedure for Responding to Personal Information Accidents

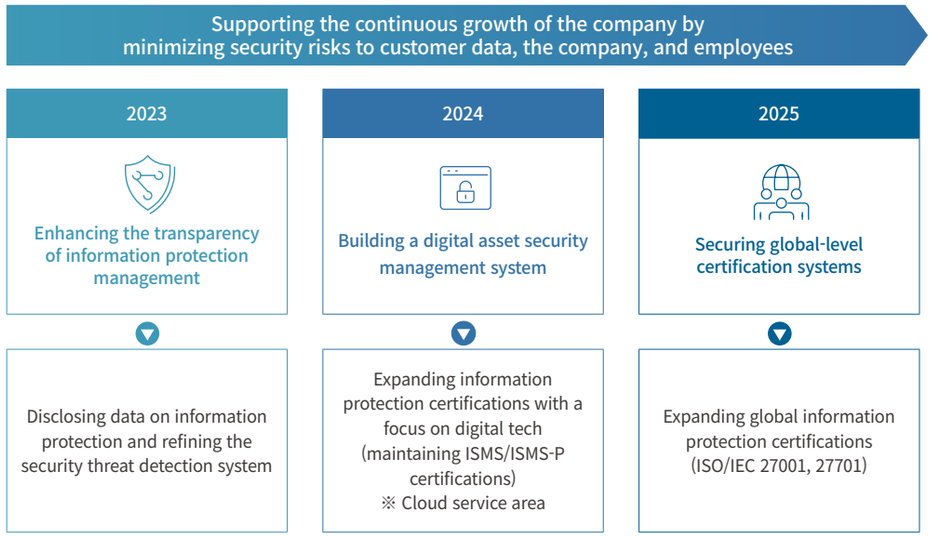


* Reporting procedure: Person who recognizes the accident → Upper-level team leader and person in charge of the company-wide personal information division → Upper-level team leader and person in charge of the company-wide risk management division → CPO and team leaders/executives of relevant divisions → CEO and executives of the holding company

Metrics and Target

The Information Protection Center aims to minimize internal and external security risks by applying stepwise roadmaps and reinforcing security management and certification systems.

▽ Information Security Roadmaps



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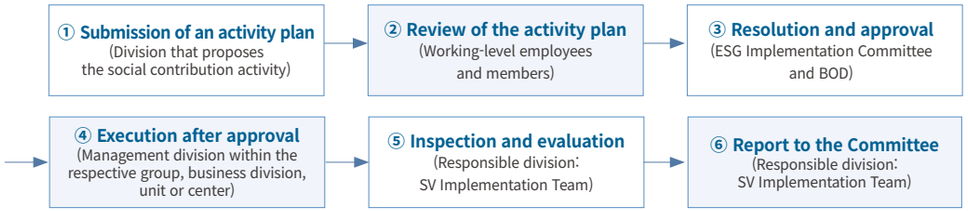
SK networks installed an ESG Implementation Committee to internalize ESG management activities and review, deliberate, and decide on the company's ESG strategies by aligning business strategies. Chief Sustainability Officer(CSO) was appointed as the chair of this committee, and members include the CEO, Chief Operating Officer(COO) and Chief Financial Officer(CFO), the head of Planning Division, Finance Division, HR Division, and Audit Division. The head of the Social Value Division serves as the secretary of the committee. In principle, the committee holds bimonthly meetings, but meetings can also be held non-regularly as necessary. This committee discusses the execution of donations to support local communities and protect vulnerable groups, the distribution of resources according to the level of ESG importance, communication methods for different stakeholders, and other agenda items related to ESG.

Strategy

Social Contribution Implementation System of SK networks

Based on its social contribution system called "Happy Participation, Happy Coexistence, and Happy Changes," SK networks conducts various social contribution activities and strives to improve the entire local community. SK networks strengthens corporate social responsibility and defines activities that contain its unique identity as a promoter of "Happiness+." Such activities are classified into "donation execution" and "volunteer programs" (including Pro Bono work). We engage in organizational activities specialized for each business and pursue voluntary social contribution activities by encouraging individual employees to freely participate in social contribution activities. In addition, we endeavor to spread a positive influence and support the sustainable growth of local communities through partnerships with various stakeholders, including local communities, NGOs, and the government.

▽ Decision-making Process for Social Contribution Activities



▽ Directions for Social Contribution

Promotion System

Happy Participation	Happy Coexistence	Happy Changes
Voluntary and enthusiastic participation of all employees in volunteer activities	Maintaining close partnerships with local communities, NGOs, and the government Upgrading social contribution activities by sharing competency and knowledge	Pursuing fundamental social changes by systematically supporting the self-reliance of vulnerable groups instead of providing temporary and charitable help

Promotion Criteria — Composition of Activities

Social Responsibilities of Large Companies	• Is it aligned with the Group's direction for social contribution? • Is it necessary for securing a safety net? (including emergency disasters) • Does it help support the SE ecosystem? (linkage of ESG key indicators)	Donations Volunteer activities (including Pro Bono work)
Social Contribution Identity of SK networks	• Is it linked to Business Model or local communities related to our business sites? • Is it for members of vulnerable groups (e.g. elderly people, children, persons with disabilities)? • Is the activity worth inheriting as a tradition? (Is there a reason why SK networks has to do it?)	
Risk Management	• Is it a reliable organization? (public corporation status (designated donation organization))	

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Operating Pro Bono Projects in Connection with Business Model

SK networks has implemented target-focused and spot-focused Pro Bono activities through the voluntary participation of employees since 2022, to contribute the expertise of employees for the benefit of the broader society and support the growth of social enterprises and ventures. In 2022, 168 employees of SK networks, SK magic, and SK rent-a-car participated in target-type (17 employees) and spot-type (151 employees) activities for a total of 832 hours, producing social value equivalent to KRW 85 million. For target-type Pro Bono work in 2022, we conducted nine advisory projects to develop new business model and attract investments for three social enterprises/ventures that intend to resolve social issues related to mobility, clean air, and resource circulation. While providing advisement on public relations and marketing of Todo Works, striving to achieve a mobility world free of discrimination, we placed T Map banner advertisements and exposed the brand to T Map customers over 6.2 million times. We administered a program called Traveling Together for 67 teams that made reservations with SK rent-a-car. Through this program, SK rent-a-car confirmed the possibility of a new business model based on the experience of providing "barrier-free trips for everyone." For spot-type Pro Bono, we match social enterprises in need of advisement with employees who have the relevant capabilities to offer advisement as needed. Advisory areas include management planning, marketing, legal affairs, finance/accounting, business planning, language interpretation and translation, R&D, and usability testing.

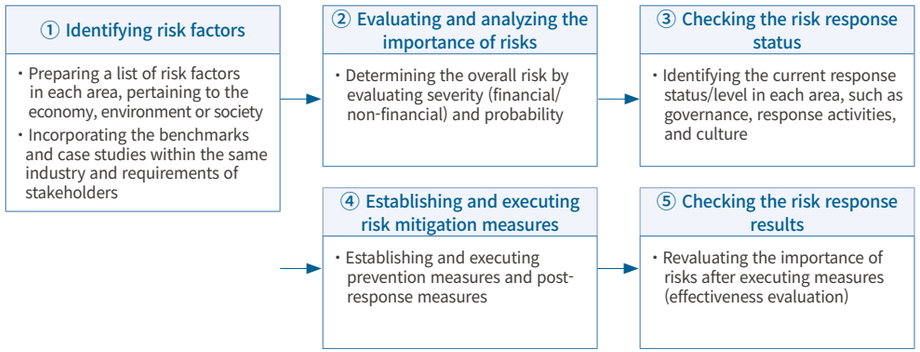
Conducting "Match Up" Education Linking Industry and Education for Industry 4.0

SK networks participates in Match Up, an online job certification course for undergraduates, jobseekers, and incumbents who wish to improve their job capabilities relevant to Industry 4.0. After presenting the job capabilities necessary in the blockchain area and evaluating and certifying the job capabilities of learners, we utilize the certification results in our personnel system. Match Up was first implemented in 2020, and 816 out of 2,499 total trainees completed the course in three years, by the end of 2022. Among them, 73 persons passed the job certification evaluations, including online and offline exams, presentations, and demonstrations.

Risk Management

SK networks preemptively identifies possible risk factors that may impact local communities near its primary business sites and executes regular risk assessments to manage the risk factors proactively. We prioritize risk factors according to level, identify the response status, execute preliminary mitigation measures, and prevent risks that impact our sustainability. We prevent and manage risks by documenting this risk management process, sharing it with the parties concerned, and monitoring the risk factors.

▽ Risk Management



Establishing and Executing Risk Mitigation Measures for Local Communities (Hotel Business)	
Risk factor	**Details of mitigation measures**
Noise pollution caused by loud voices or music due to the lack of proper management	- Measuring noise before events and maintaining noise at or below the standard level - Issuing advance notices in areas where damage is expected, such as local governments and apartment management offices
Traffic congestion caused by increased traffic volume nearby business sites	- Removing traffic congestion in cooperation with police stations within the areas - Sending security workers to remove traffic jams inside and outside business sites during high-traffic periods - Advising customers to take public transportation and operating more free shuttles

Establishing and Executing Risk Mitigation Measures for Local Communities (Distribution Center Business)	
Risk factor	**Details of mitigation measures**
Occurrence of accidents due to increased traffic volume near business sites	- Conducting safe driving education for drivers, on matters such as compliance with speed limits - Consulting nearby companies on issues to prevent traffic accidents caused by illegal parking and stopping nearby business sites

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Metrics and Target

Strengthening SV Practice in Daily Life

SK networks has administered various online and offline programs for local communities and vulnerable groups since 2021, with the goal of achieving 20 hours of social contribution activities per employee. In 2022, our employees volunteered 16.3 hours per person in offline volunteer activities including non-face-to-face activities, plogging, blood donations, and food distribution at a chophouse in Myeongdong. In 2023, we celebrated our 70th anniversary by conducting the Earth Networking Project (social contribution networking between local communities and employees), in which 332 employees volunteered for 1,567 hours during the day. We further encourage the participation of employees by planning and proposing various other programs. Additionally, we have been using the Hangarae app* since 2021 to practice SV in daily routines. Our employees participate in SV-creating activities using the app, including carbon reduction activities such as using stairs, using tumblers, and turning power off, social contribution activities such as blood donation, plogging, and non-face-to-face volunteer work, Earth Happiness projects that commemorate Earth Day and Water Day, and the 4-Up Challenge**. SV points and SV rewards are granted for each activity, and we encourage employees to participate by upgrading levels. In 2022, 465 employees participated in 20,979 activities per month on average. The total amount of carbon emissions reduced was 36 tons, and the total amount of SV created was KRW 108 million. Henceforth, we will continue to regularly support online and offline activities to create a culture for practicing SV in daily life.

* ESG practice app, with a name that means "Happiness (Hang) Added (Ga) Future (Rae)"

** 4-Up Challenge: Unique challenge of SK networks for practicing new entrepreneurship, comprising nine activities in four areas, including Green Up, Community Up, Culture Up, and Competency Up

Local community contribution activities celebrating the 70th anniversary (restoring MINTIT Forest and removing exotic plants)

Measuring and Monitoring the Improvement of Support for the SE Ecosystem

SK networks resolves social issues through business, pursues innovation of its business model based on social value, and supports the SE ecosystem. We constantly strive to secure a safety net, support vulnerable groups with future growth potentials (education for youths, support for small business owners), and resolve local community issues associated with business sites, and we continuously monitor improvement results. Additionally, we form partnerships and pursue coexistence with social enterprises that share the same goals in our business operations. Based on the expertise of employees of SK Network, we help social enterprises become independent and create opportunities to innovate their businesses.

Click for detailed businesses to support the SE ecosystem

Roadmap and Future Plan

SK networks plans to expand the range of professional volunteer activities and develop programs for supporting local communities in connection with business model by 2025. With these goals, we will continuously improve our social contribution activities by reflecting on the opinions of employees taken through regular internal questionnaires. We will conduct activities that accord with our social responsibility and business identity, such as free vehicle inspections by SpeedMate for people with disabilities, donation of home meal replacements and kimchi by Walkerhill, dream-fostering programs for children in ICT-vulnerable groups, regular blood donations, and support for the SE ecosystem.

▽ Roadmap for Supporting Local Communities and the SE Ecosystem

	2023	2024~2025	2026~
	Upgrading the social contribution system	Strengthening the execution of social contribution activities	Enhancing our brand through social contribution activities
Volunteer hours per employee	20 hours per person	20 hours per person	20 hours or more per person
Measuring the impact of social contribution activities	Developing measurement items	Refining measurement methods	-
Supporting the SE ecosystem	Establishing support plans	Expanding support and measuring performance	Advancing support plans and performance
Pro Bono	Increasing the number of participating subsidiaries	Creating business model-linked performance by expanding the participation of SEs and employees	Expanding business model-linked performance
Collaborating with internal and external stakeholders	Participating in councils and alliances within the Group	Participating in councils and alliances within the Group	Securing cooperative models with external stakeholders (public institutions, NGOs, etc.)

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G - Board of Directors

Establishing the Board of Directors (BOD) Operation System

SK networks regards establishing sound governance as its top-priority task to achieve economic development and create social value through our business activities. We established the basic principle of "responsible management centered on the BOD," and three major committees* within the BOD, such as the ESG Management Committee, provide accurate, timely and sufficient management information to the BOD members. Independent directors undergo prior discussions so that important decisions of the company can be made transparently.

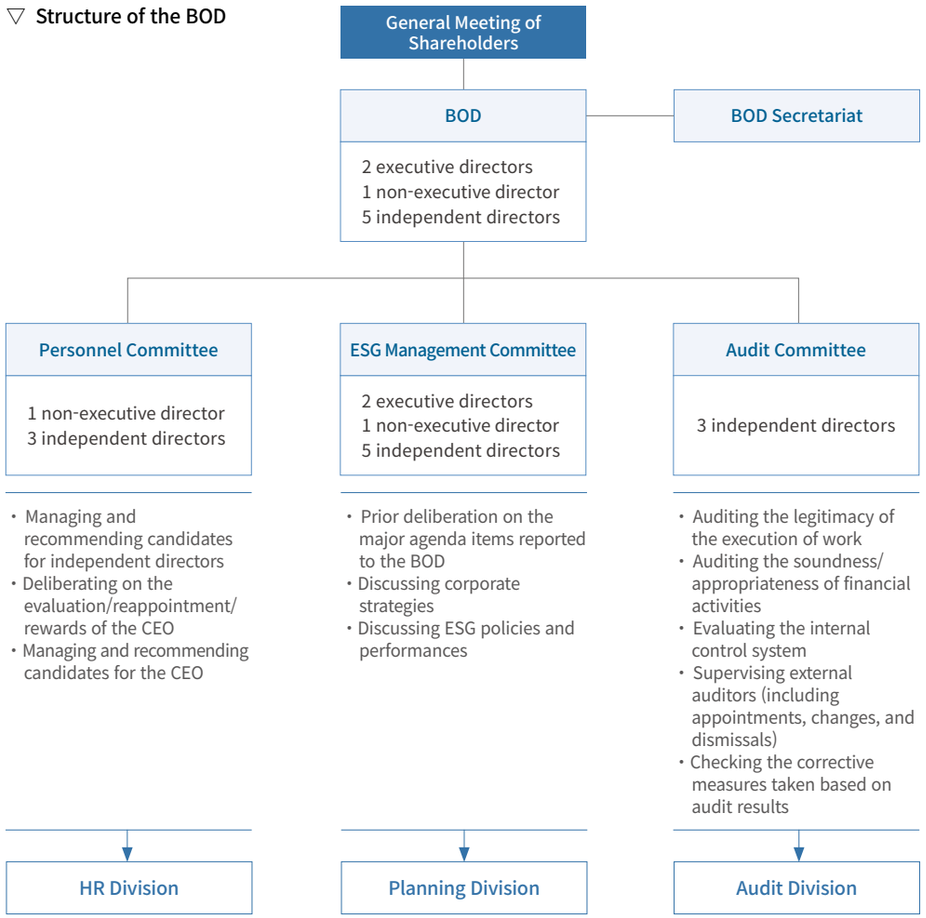
* ESG Management Committee, Personnel Committee, Audit Committee

Composition and Independence of the BOD

The BOD makes decisions on key policies regarding business operations, as the top decision-making body. We seek to ensure independent operation and decision-making in the BOD, and the BOD consisted of five independent directors out of eight directors as of March 2023. To ensure autonomy, we have separately appointed* the CEO and the chairman of the BOD, and since 2019, we have selected the chairman from among independent directors.

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

▽ Structure of the BOD



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Establishing the Board of Directors (BOD) Operation System

Expertise and Diversity of the BOD

We select experts who have no reason for disqualification according to the *Commercial Act or Monopoly Regulation and Fair Trade Act*, and at the same time, equipped with expertise in each area. We then nominate these experts as candidates for independent directors at general shareholders' meetings. As of March 2023, we had appointed directors with expertise and a wealth of experience in various fields, such as law, finance and accounting, and marketing, which underpins the expertise of our BOD. Moreover, SK networks implemented and announced the Board Skills Matrix (BSM) of the BOD as of the end of 2022 to gain the trust of various stakeholders. At the same time, we continue to enhance the expertise and diversity of the BOD by identifying professional capabilities required for the BOD in the long term and considering them in the process of selecting new independent directors.

▽ Board Skills Matrix

Environmental / Social / Governance
Expertise, such as career related to ESG, paper publications, and academic degrees
5 members

Accounting / Finance
Expertise in finance and accounting for business management and supervision
4 members

Legal / Compliance
Expertise in legal risk analysis and response
4 members

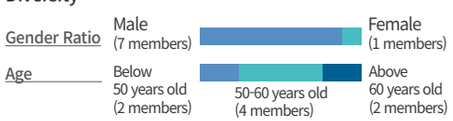
Industry / Tech
Career experience and academic degrees related to the future growth industries of the company
4 members

Leadership
Work experience in a management position of a company/corporation in South Korea and overseas
7 members

Investment
Expertise in M&A, IPO, investment, etc.
4 members

Global Competency
Global business experience
4 members

Diversity



Female ratio : 12.5% **Average age : 55.6years old**

※ Average tenure of board: 3 years and 6 months (as of the end of 2022)

Operation Performance of the BOD

SK networks strives to establish sound governance to realize responsible management centered on the BOD. We installed the BOD Secretariat as an independent organization to support the activities of the BOD. We also installed specialized committees within the BOD to establish a governance system based on in-depth discussions of key agenda items. The BOD establishes and evaluates the mid- to long-term strategies and annual management plans of the company, deliberates on individual agenda items and makes important decisions to boost our corporate value.

Operation of the BOD

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 laws and the Articles of Incorporation while supervising directors for their performance. The BOD is convened regularly, but it is allowed to be held more frequently if necessary. Also, the directors are given information regarding agenda items so that they can closely examine the issues in advance. Furthermore, we hold a briefing in advance or seek advice from outside experts to enhance the understanding of agenda items, and in the event of a pressing issue, we report the issue immediately. By doing so, we strive to make informed and professional decisions in a transparent manner. In 2022, a total of 9 BOD meetings were held, with 36 cases resolved and 14 cases reported.

Operation of the BOD	Unit	2020	2021	2022
No. of BOD Meetings Held	Case	10	11	9
Regular	Case	10	11	9
Temporary	Case	-	-	-
No. of Agenda Items Discussed (Reported + Resolved)	Case	38 (11 reported + 27 resolved)	46 (13 reported + 33 resolved)	50 (14 reported + 36 resolved)
Accepted	Case	27	31	36
Rejected/Modified	Case	-	2	-
Average BOD Attendance Rate	%	87.5%	87.9%	93.1%
Executive directors	%	65.0%	56.3%	88.9%
Non-executive directors and independent directors	%	96.2%	93.8%	94.4%

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Operation Performance of the BOD

Committee Activities

As part of the efforts to elevate expertise and efficiency in decision-making, SK networks installed committees within the BOD. Each committee has its operational regulations disclosed on the company website. The very purpose of the committees is to devote more focus on key decisions made by the BOD and main business issues, thereby making better decisions and ensuring the expertise and transparency of BOD deliberations.

Audit Committee The Audit Committee consists of three independent directors. It conducts audits regarding various issues, including the legitimacy of business operations, the soundness and validity of financial activities, the adequacy and accuracy of the financial reporting process, and the feasibility of accounting standards and accounting changes. The committee also takes charge of assessing the internal control system, supervising the Internal Audit Team and external auditors (appointments, dismissals, and changes included), and checking whether corrective measures were taken. The Audit Committee held 18 meetings in 2022.

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

Personnel Committee Launched in March 2021, the Personnel Committee originally comprised three members, including the CEO, a non-executive director, and an independent director. In March 2023, the members of this committee were changed to three independent directors and one non-executive director to strengthen the independence of the committee. In addition to its role as the Nomination Committee, it also assumes the roles of nominating and managing the candidates for the CEO and deliberating on the appointment, evaluation and compensation of the CEO. The Personnel Committee held four meeting sessions in 2022.

Evaluation and Remuneration

SK networks introduced and is operating a remuneration system using stocks so that the BOD can take an active part and continuously contribute to the mid- to long-term corporate value of the company. Through the resolution at the general meeting of shareholders, we grant stock options to the CEO, set to be exercised after at least three years and at most seven years. We provide a portion of annual remunerations for independent directors as stock grants, which are set to be exercised after their term in office so that the BOD can contribute to continuous and long-term growth and enhance the corporate value of the company. In addition, SK networks has conducted annual BOD evaluations involving all BOD members since 2022 to determine detailed measures for improving BOD operations. The BOD evaluation in 2022 was carried out as an internal evaluation of three areas (roles/composition/operation of the BOD) with 35 items on a 5-point scale (extremely poor, poor, normal, good, extremely good), and the evaluation results for SK networks was "Good."

Independent Director Activities and Governance Innovation

SK networks separately holds one or two BOD workshops each year to discuss matters that are difficult to address at regular BOD meetings due to time and space limits. At these workshops, we enhance our understanding of the company's business portfolio, pending issues, and directions and share various information and opinions. At the BOD workshop held for two nights and three days starting on July 7, 2022, we conducted an in-depth review of candidates for the CEO and independent directors and debated the future strategic directions of the company.

Additionally, the BOD established the criteria (KPIs) for evaluating the CEO (at the BOD meeting in May 2022) to "strengthen responsible BOD-centered management" and determined the evaluation and remuneration levels based on the criteria (BOD meeting in February 2023). The BOD reviewed and approved the consecutive service of the CEO (BOD meeting in December 2022), which was deliberated by the Personnel Committee within the BOD, and the CEO candidate recommendation results. In 2022, we introduced the Board Skills Matrix (BSM) for evaluating the BOD and announced the evaluation results to stakeholders. Through these efforts, we continue to develop our systems for BOD-driven management.

The company offers opportunities to participate in overseas conferences once a year to enhance the expertise of the BOD by enabling the members to experience the latest industrial and technological trends and gain insights. We also offer special lectures by external experts and educational programs (ESG, AI/DT, etc.) through the SK Group's education platform called mySUNI, continuing our efforts to support the capacity building of our independent directors.

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Future Directions for the BOD

We strive to ensure the board's diversity, expertise, and independence. As part of this effort, we ensure that the BOD consists of five independent directors (more than 63%) out of a total of eight members to secure the board's independence. To promote gender diversity, we appointed a female director in 2021. To promote sustainability by putting ESG management center and front in terms of business management, we will expand the breadth of agenda items to facilitate high-quality discussions on a wider range of issues. The average attendance rate of the BOD in 2022 was 93%, 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 through opportunities to take part in internal and external educational programs as well as overseas conferences.

BOD workshop in July 2022

Shareholder-friendly Management

SK networks holds general meetings of shareholders regularly on days other than focus days by participating in the dispersed compliance program for general shareholders' meetings. We adopted an electronic voting system for shareholder-friendly management. The system enables shareholders to exercise their voting rights online without the need for in-person visits 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 strengthen the rights of shareholders and their influence. As part of the effort to expand the influence of shareholders, we encourage proxy solicitation targeting shareholders who own 100,000 common stocks or more and release audit report before convocation.

Our company implements a stable dividend policy in the long term to return our gains to shareholders. At the BOD meeting held in March 2023, we resolved to retire treasury shares. We retired 12,409,382 treasury shares in April, which accounted for 5% of the total shares issued. Furthermore, in the first half of 2023, we granted 320,671 treasury shares to the CEO, independent directors, and employees as bonuses. We have been purchasing treasury shares worth KRW 100 billion through corporate trust since March, with the purchases to be completed by November. In the future, we will continue considering various means to improve shareholder value, including dividends.

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Strengthening the Independence and Expertise of Decision-making Body

In 2022, SK networks increased the independence of the Internal Audit Team directly under the CEO by reorganizing it into an organization directly under the BOD. In 2023, the team was promoted into an executive organization consisting of two teams to strengthen the operation and assistance of the Audit Committee and enhance the level of internal audits and ethical management. As an organization directly under the Audit Committee, the Internal Audit Team reports internal audit plans, results, and ethical management practices to the Audit Committee for approval. The Audit Committee has the right to agree with the appointment and dismissal of the Head of Audit Division and the authority to evaluate, which guarantees independence and objectivity in the exercise of duties. Additionally, we conduct introductory education when appointing new auditors to help them gain an overall grasp of the business matters of the company. We continuously share management data of the company and offer education and seminar opportunities to improve the audit expertise of Audit Committee members. We also provide introductory education for new employees of the Audit Division and assist them in acquiring the Certified Internal Auditor (CIA*) license. By recommending participation in internal and external education and training programs, we continuously enhance the expertise and ethics of our employees.

* Ratio of members of the Audit Division who acquired CIA: 20% (as of June 2023)

▽ Ethical Management Structure and Roles

Establishing and Executing Ethical Management Practice Goals

As a direct organization under the Audit Committee, the Ethical Management Team reports annual internal audit plans and detailed execution plans for ethical management activities to the Audit Committee at the beginning of the year. The team executes the plans after undergoing the approval procedure and reports quarterly performance to the Audit Committee. In addition, while following the guidelines of the Group's Autonomous and Responsible Management Support Group for ethical management activities, we have observed the ethical management measurement system since 2022 to evaluate our ethical management level objectively. The results of ethical management activities are reflected in the CEO's annual performance evaluation (KPIs).

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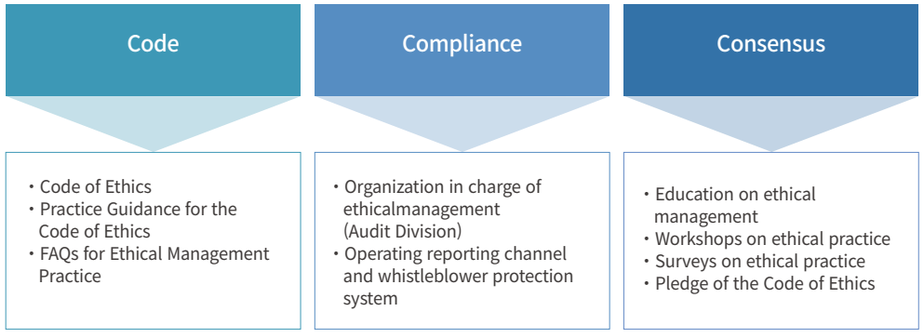
With the purpose of fulfilling our ethical accountability as well as earning more trust from stakeholders, SK networks and its subsidiaries have built the 3C (Code, Compliance, Consensus) System, striving to create a fair and transparent corporate culture.

▽ 3C System for Ethical Management



Code

Based on the SK Management System (SKMS), which is the management philosophy of the Group, we established our Code of Ethics in 2007. The Code of Ethics presents a set of standards for our employees to follow in their behavior and value judgments. It encompasses many aspects, including the attitude toward customers, basic ethics, responsibility to shareholders, the desirable relationship with suppliers, and our role in society. In addition, the Practice Guidelines for the Code of Ethics was formulated to help our employees better understand the code and put it into practice. The guidelines stipulate the behavioral rules that our employees should uphold, such as corruption prevention, mutual respect, company and customer data privacy, interest conflict resolution, fair transactions, responsibility for safety, environment and health, and informant and whistleblower protection. We disclose the guidelines on our website.

▽ Code of Ethics

Attitude toward Customers	We provide various values to customers, earn the trust of customers by continuously giving satisfaction, and ultimately grow with customers.
Basic Ethics of Employees	Our employees faithfully perform their duties with a sense of pride in representing the company from their respective positions.
Responsibility for Shareholders	We raise corporate value by creating value for shareholders. In order to do so, we enhance transparency and pursue efficient management.
Relationship with Business Partners	We create a fair and competitive ecosystem with our business partners, driving co-development through virtuous cooperation.
Roles for Society	We grow with the broader society by performing various roles, such as protecting the environment, creating jobs, improving life quality, and contributing to local communities.

Compliance

The Audit Division, under the umbrella of the Audit Committee, takes charge of ethical management operations. Specifically, this division manages all aspects of ethical management, carrying out a variety of programs to embed a culture of ethics into every corner of the company and tracking the progress of implementation.

Operating Reporting Channels and Protecting Whistleblowers

We set up our own channel for reporting all forms of misconduct to monitor and manage our employees' ethical management activities in a systematic manner. When we receive a case report, the Internal Audit Team and the ethical management organizations of subsidiaries investigate the case and take measures to handle it fairly. SK networks formulated its own regulations stipulating that informants shall not suffer any disadvantage on account of reporting. Furthermore, the same level of protection is given to individuals who help the informant submit a report.

▽ Reporting Channels

Web	http://ethics.sk.co.kr	Mail	SK networks Corporate Internal Audit Team, 85, Cheonggyecheon-ro, Jongno-gu, Seoul

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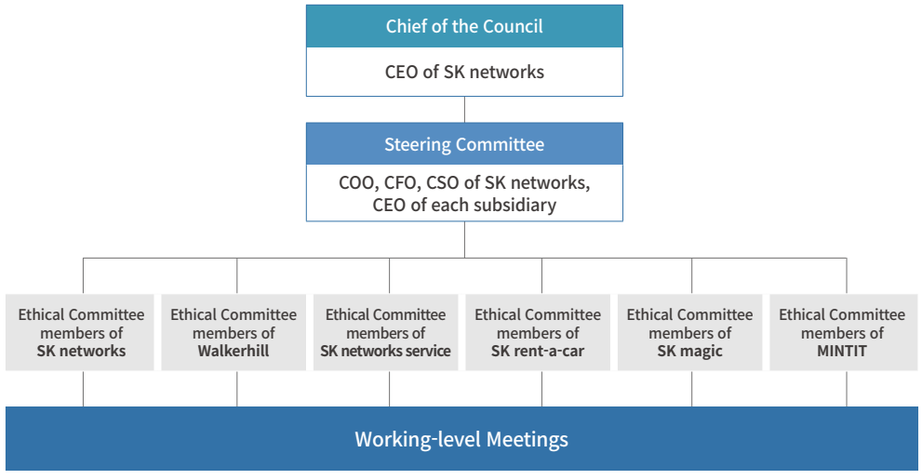
Operating the Self-monitoring Inspection System

To promote the voluntary practice of ethical management, we prepared a checklist of ethical risks by area, and we conduct self-inspections 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 systems, inventory management, and special risk management. The checklist enables employees to examine and assess risks according to the characteristics of their work. We add new inspection items every year.

Operating the Ethical Management Council

Since 2018, SK networks has operated the Ethical Management Council chaired by the CEO of SK networks, with the purpose of building a system for the effective execution of ethical management activities between the head office and subsidiaries and advancing the level of practice. Executives in charge of audits at each company are appointed as members of the council, and multiple educational programs and workshops are planned and provided through the working-level meetings. The council helps subsidiaries establish their own ethical regulations, inspects their status, investigates reported cases, and strengthens the competency of employees in charge of ethical management. Furthermore, we will continue to support our subsidiaries to enhance their auditing functions and their ethical management through the council.

▽ Organization of the Ethical Management Council in 2023



※ Excluding subsidiaries with less than 50 employees (SK electlink, cartini, Hico Capital)
※ Working-level meetings are composed of team leaders and working-level employees of the ethical management division of each company

Building Consensus

SK networks follows the guide of the Voluntary and Responsible Management Support Group and conducts ethical management education, ethical practice workshops, and ethical practice surveys once a year each for all employees, including those in subsidiaries, with the goal of achieving 100% participation. In 2022, the scope of ethical management education was expanded to the independent contractors and subcontractors of SK networks. In 2023, we began to raise ethical practice awareness and capabilities by further expanding the scope of education to the independent contractors and subcontractors of our subsidiaries. Moreover, the CEO of SK networks announced the Declaration of Human Rights in 2022 and proclaimed our commitment to practicing ethical management and anti-corruption. The Corruption Prevention Policy was signed in the CEO's name and disclosed on our website. In 2023, we shall cultivate and disseminate a fair and transparent corporate culture by providing ethical management practice guidelines for SK leaders to all executives.

Click to view the Corruption Prevention Policy

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▽ Ethical Management Practice Guidelines for SK Leaders

Area	Details
Resolving Conflicts of Interest	• Prohibition on conflicts and interest and matters that require approval • Prohibiting solicitations regarding purchasing and personnel • Handling of remunerations in cases of concurrent positions at investment companies • Reporting external lectures and refunding remunerations
Protecting Company Assets and Utilizing Budgets	• Criteria for judging the private use of company assets • Prohibiting private sponsorships, advertisements, and donations to a specific organization • Precautions related to the use and settlement of company budgets • Prohibiting the transfer of benefits provided by the company to other persons • Personal burden for expenses when adding private schedules during business trips • Simplifying formalities related to business trips
Receiving Gifts and Bribes	• Prohibition on bribes and acceptable cases • Handling expensive gifts from overseas partners • Criteria for giving and receiving gifts between employees

Pledge to Practice the Code of Ethics

All employees of SK networks sign a pledge to practice the Code of Ethics on the first business day of every year. The pledge elevates our unified commitment to practicing ethical management actively. Through the pledge, all our employees renew their awareness of ethical management practices and voluntarily take the lead in creating a transparent corporate culture.

Anti-bribery Management System (ISO 37001)

In 2022, SK networks and SK rent-a-car acquired the anti-bribery management system certification (ISO 37001)*. We reinforced internal control by introducing an international-level management system, effectively identifying the risks of each organization, establishing a management system, and reducing tangible and intangible losses. At the same time, we gained trust from external stakeholders for being a company that observes global standards.

* Standards for anti-bribery management system announced by the ISO in 2016

Mechanism for Practicing Ethical Management

SK networks adopted a self-monitoring inspection system that complies with legal and ethical codes and controls corruption and malpractice. It conducts self-monitoring inspections of the head office and subsidiaries every year under the supervision of the Audit Division. Furthermore, we conduct activities to prevent risks by monitoring the management status. Additionally, we operate a reporting channel to investigate reports of unethical activities and implement regular internal audits based on the annual audit plan approved by the Audit Committee.

Risk Management

Executing Regular Internal Audits and Checking Implementation

SK networks aims to execute regular audits of all businesses of SK networks and its subsidiaries based on the MSCI* recommendation. By conducting risk assessments on all businesses and supporting organizations at the beginning of the year, annual audit plans are established for the businesses/organizations evaluated to have high risks. The annual audit plans are reported to the Audit Committee for approval. In addition to executing audit duties, we continuously inspect the implementation of recommendations through our system and periodically report to the Audit Committee to enhance our execution ability.

* Morgan Stanley Capital International (MSCI), a global assessment agency founded by Morgan Stanley that has been evaluating companies based on 35 ESG elements and disclosing evaluation results since 2009

Conducting Preventive Activities

The Audit Division monitors the overall operational affairs of the company and organizations weekly and communicates with other divisions frequently. Additionally, an annual ethical practice survey is conducted on all employees to identify their grievances and ethical matters that require improvement. We perform activities to resolve such issues immediately or reflect the findings in our annual management plan. Furthermore, since 2022 we separated the external audit reports on the Audit Committee into preliminary reviews and reports of review results, thus increasing the number of opportunities for communication between the Audit Committee and external auditors from once to twice a quarter. Through these activities, we strengthened the reliability of our financial statements announced to stakeholders by incorporating the professional judgment of the Audit Committee.

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Goals

We 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. Our endeavors include providing various educational programs, conducting ethical practice surveys, operating the Ethical Management Council, and investigating the reported cases. We aim to elevate our goals every year.

We will raise the level of ethical management by expanding the subjects of ethical education, advancing the ethical management of subsidiaries through the Ethical Management Council, strengthening our auditing capabilities, and expanding the anti-bribery management system (ISO 37001) certification to subsidiaries.

▽ Ethics-related Indicators of SK networks (2022)

Managing Reports	Ethical Management Education	Ethical Practice Workshops	Ethical Practice Surveys
• **Securing easy access to the reporting channel** - Providing a link to the reporting channel on the main screen of the head office and subsidiary websites • **Stipulating the regulations for protecting whistleblowers** - Completed stipulating the regulations for protecting whistleblowers, including measures against violations • **Externally disclosing the number of cases reported and handled** • **Implementing improvement measures regarding issues found** - Received and investigated 86 cases in 2022, found 10 ethical management violations, and completed personnel/improvement measures according to relevant regulations	• **Expanding the targets of education** - Expanded the scope of education to include the employees of suppliers and conducted online education in June 2022, with plans to expand the scope of education to all contractor workers of the head office and subsidiaries in 2023 • **Education completion rate above 95%** - Accomplished an overall completion rate exceeding 95%, combining the head office and subsidiaries (99.2% average completion rate) • **Developing in-house education topics/contents** - Planning to produce in-house educational videos in 2023	• **100% participation rate of organizational unit** - Participation of all organizations (teams) of the head office and subsidiaries (4,108 employees) • **Addressing vulnerabilities from the previous year through the discussion topics** - Completed ethical practice workshops regarding the lack of respect among employees and the adoption of the anti-bribery management system (ISO 37001) in 2022 to improve employees' compliance with the Code of Ethics, which was identified as a vulnerable area during the ethical practice survey conducted in 2021 - Planning to discover new topics and reflect them in agendas in 2023	• **Expanding the scope of survey targets** - Expanded the scope to nine companies, including the head office and subsidiaries • **Response rate above 80%** - Overall response rate of 79.7% for the head office and subsidiaries (five companies above 80% and four companies below 80%) • **Including internally-developed questions in the survey and analyzing/managing results** - Planning to improve internally-developed questions and manage implications from the survey results in 2023

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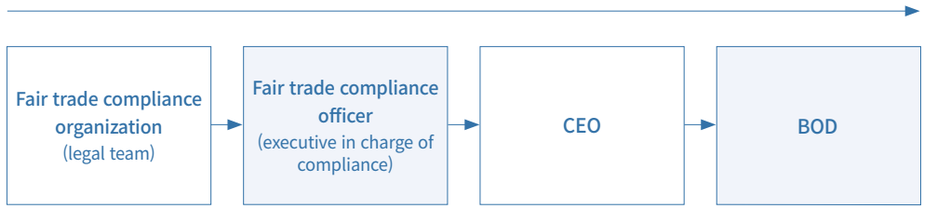
Compliance Organization

The Fair Trade Compliance Program (CP) of SK networks is an internal compliance system enacted and operated to comply with fair trade laws. SK networks introduced the CP in 2002, and the CP operation status is set as an agenda to be reported to the BOD each year.
By operating the CP, SK networks presents clear and specific action criteria regarding fair trade to employees. Through various preventive activities, such as the inspection of legislation trends and preliminary review of fair trade issues, we minimize the risks of legal violations that can arise in business operations. The BOD of SK networks appoints the compliance officer and operates the dedicated compliance organization. Additionally, we determine major compliance issues to inspect the current compliance status of fair trade laws. By sharing essential policies with relevant divisions, we prepare the foundation for compliance through activities enhancing the transparency of transactions.

▽ Compliance Reporting System



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Compliance Principle

In September 2022, SK networks clarified the fair trade principle to be followed by the company and employees through a message from the CEO. This principle states that the company must create an environment that delivers sustainable happiness to various stakeholders and employees by paying careful attention to various areas. In addition to efforts by the company, employees must also follow the fair trade principle to maintain a healthy relationship with all stakeholders.

Composition of the Compliance Council

SK networks formed the SK networks Compliance Council in 2019 with the goal of improving the compliance capabilities and risk management levels of the company and its subsidiaries. The SK networks Compliance Council shares information regarding relevant systems and conducts education through three modules, respectively on legal, fair trade, and SHE (Safety, Health, Environment) affairs. Through these activities, we continuously strengthen our ability to detect violations of laws and respond to issues.

Compliance Programs and Activities

We reinforce the advance monitoring and preventive functions against risks that can arise during business operations. We enhance the monitoring of changes in the regulatory compliance environment, disclosures, and preliminary review system for large-scale internal transactions, thereby creating a transparent and clear business performance culture based on compliance. Furthermore, we identify material issues concerning compliance and enact improvements to cope with the transformation of the regulatory landscape. We continue our compliance efforts by enhancing our trade transparency and revising and distributing the fair trade compliance manual (September 2022).

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Compliance Monitoring System

According to the CP regulations, SK networks monitors BOD resolutions and announcements regarding large-scale internal transactions, subcontracts, and other contracts that arouse concern for violations of the *Monopoly Regulation and Fair Trade Act*, through a cooperation system linking compliance-related organizations. In addition, we established the Supplier Code of Conduct and the Guideline for Sustainable Supply Chains to efficiently manage fair trade risks and secure the reliability of transactions, stipulating fair trade compliance with business partners and prohibiting of unfair competition. The Code of Ethics and Code of Ethics Practice Guidelines stipulate that employees must comply with fair trade compliance regulations. Depending on the cases, we conduct proactive inspections and investigations of the compliance status of employees and request the Personnel Committee for immediate corrective actions or disciplinary actions when needed. If significant violations or possibility of violations to the *Monopoly Regulation and Fair Trade Act* are found, details are reported to the top management or BOD. Through such monitoring systems, we identify and eliminate unlawful factors that can lead to fair trade risks.

Metrics and Target

Compliance Education and Publicity

SK networks informs employees about legal precautions according to the incorporation of new subsidiaries or changes in affiliates and distributes the fair trade compliance manual. We have created an environment that suppresses compliance risks by sharing compliance information in various areas.
The SK networks Compliance Council held meetings four times throughout the year (March, June, September, and December) to share the 25 compliance issues of SK networks and its subsidiaries and conducted three education sessions (on cartel regulation, practical compliance issues, and response to the *Serious Accidents Punishment Act*) led by external experts for personnel in charge at the head office and subsidiaries. Through these efforts, SK networks strengthens its compliance competency and reinforces risk management to cope with the rapidly-changing business environment.

Future Plans

In response to the changes in the regulatory environment in 2023, SK networks will provide full compliance support to employees to ensure that they can fulfill their responsibilities and roles pertaining to fair trade compliance and social value enhancement. We will diagnose compliance of major subsidiaries, inspect the legal compliance status of each business, increase the transparency of transactions, conduct compliance education for employees (one company-wide mySUNI education, four sessions for business divisions), hold SK networks Compliance Council meetings (four times), and conduct expert education (two times). In addition, SK networks will strive to become a trusted company by meeting the expectations of all stakeholders, including employees, shareholders, customers, business partners, and society, and undertaking an expanded role to meet the demands of these times.

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Integrated Risk Management

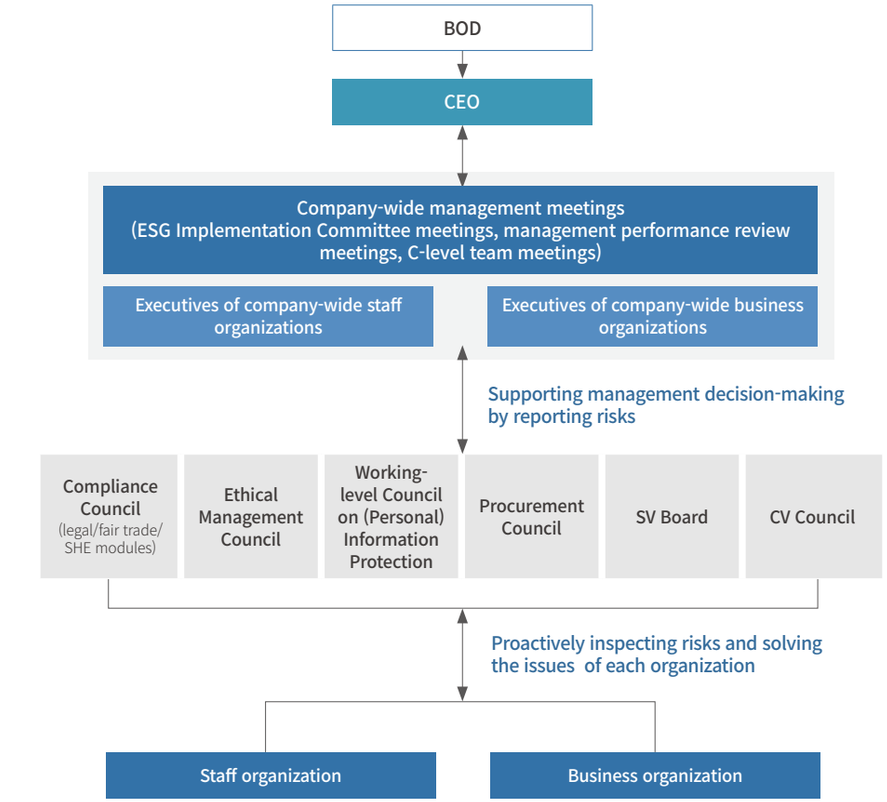
Under circumstances which pose growing business uncertainties, we continuously seek ways to identify economic, social, and environmental risks in advance and preemptively respond to factors that may threaten our business. By establishing an integrated risk management system based on the risk management strategy of risk prevention, identification and mitigation, we will identify and prevent threats that can have a disadvantageous impact on our goals, such as adverse incidents, actions, and environments, and minimize fluctuations in corporate value caused by uncertainties.

Prevention	Identification	Mitigation
Efforts to minimize fluctuation of corporate value through the prevention of risks that can have an adverse impact on corporate management, identification of risk circumstances, measurement of impacts, and establishment of response measures	Identification of highly probable risks in advance and proactive management of key areas	Agile response to actual risks through the risk management system, immediate reporting, analysis, and response to risks, establishment of preventive measures through feedback

Risk Management System

SK networks has organized professional human resources for each organization to efficiently cope with various risks that may occur in all business activities, subdividing the roles and responsibilities (R&R) of risk management by department. The company-wide staff organization or the business organization in each of the financial/non-financial risk areas conducts frequent monitoring to establish strategies for identifying, evaluating, and responding to existing or potential risks. Additionally, we share risks and build prevention and post-response systems while operating individual councils. Risks that are determined to be important are reported to the management through company-wide management meetings (ESG Implementation Committee meetings, management performance review meetings, C-level team meetings) that oversee the integrated risks of the company. Significant matters are submitted as agendas to the BOD.

▽ Risk Management Reporting System



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Key Risk Management Areas

SK networks proactively identifies and manages the integrated risks of the company by classifying and defining risks into market risks, fair trade risks, information security risks, and climate/environmental change risks.

▽ Key Areas

Market risks	• Occurrence of financial difficulties, bad debts, and changes in the interest rates of ustomers and suppliers
Contract and legal violation risks	• Disputes related to MOUs, agreements, and contracts and compliance with compensation laws, etc.
Fair trade risks	• Unfair trading (collusion, etc.), and unfair internal trading • Non-compliance with obligations and prohibitions in the *Subcontracting Act*
Safety and health risks	• Occurrence of safety and health issues among employees and subcontractors
Ethical and anti-corruption risks	• Occurrence of malpractice, embezzlement, and anti-corruption issues
Information security risks	• Leakage of company/customer information
Procurement risks	• Risks in the selection and management of suppliers and supply chain risks
Climate and environmental change risks	• Proactive response to risks through the analysis of relevant regulations and laws
Customer and reputation risks	• Decline in brand value, occurrence of customer issues
Tax and accounting risks	• Tax risks, inventory management, statement screening, etc.

Tax and Accounting Risk Management 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 the mandatory preparation and submission of reports related to Base Erosion and Profit Shifting (BEPS) required by each nation. When calculating the amount of tax to be paid, we always strive to avoid any tax omission by verifying the amount through various tax advisory firms.

Faithfully Fulfilling Tax Obligations

SK networks operates a process for inspecting tax risks according to taxation laws and generating solutions. We sufficiently review and prepare for the impact of amended tax laws on our company prior to enforcement and we comply with taxation laws through the evaluation and management of tax risks that may arise in our business activities. We faithfully fulfill reporting and payment obligations for each tax item and respond to risks of errors by supplementing the internal computer system and appointing a tax agency. We carefully review judicial precedents and amendments to tax laws for the follow-up management of taxes paid. When necessary, we submit correction reports and claims for rectification.

Enhancing Tax Transparency

SK networks secures tax transparency by forming transparent and fair relationships with stakeholders and disclosing related information. Based on the principle of maintaining a transparent relationship with taxation authorities, we faithfully perform duties according to relevant laws. We abide by the tax laws and price guidelines of the OECD and engage in transactions with affiliated parties in South Korea and overseas at fair prices. We also comply with regulations such as mandatory preparation and submission of reports related to Base Erosion and Profit Shifting (BEPS) required by each nation. Our company avoids unfairly reducing tax burdens by abusing weak points and flaws in tax laws and tax treaties and is committed to faithfully fulfilling our tax payment obligations based on the proper tax structure.

Operating the Internal Accounting Management System

SK networks applies regulations related to the internal accounting management system pursuant to the *Act on External Audit of Stock Companies, etc.* and operates an internal accounting management system in each area by accounting for the corporate scale of the head office and major consolidated subsidiaries. The internal accounting management system allows us to secure the reliability of the separate and consolidated financial statements of SK networks. Each year, three bodies, namely the company's management, external auditor, and the Audit Committee, independently inspect, report, and announce the appropriateness of the internal accounting management system.

- The company's management improves the internal accounting management system through annual in-house evaluations and reports the improvement results to the Audit Committee, BOD, and general meetings of shareholders.
- The external auditor performs an independent assurance audit on the company's internal accounting management system and reports to the Audit Committee.
- The Audit Committee internally evaluates and resolves the operating conditions of the company's internal accounting and reports the results to the BOD.

* SK networks operates an independent organization supporting the Audit Committee.

SK networks identifies potential risks in each area by dividing the internal accounting management system into three areas, namely Entity Level Control (ELC), Transaction Level Control (TLC), and Information Technology General Control (ITGC). We have a Risk Control Matrix (RCM) that describes the method of managing and evaluating control activities. The RCM is updated annually by reflecting the changes in the external environment and businesses and it is utilized as the criteria for evaluating our management internally. The internal evaluation of the management is classified into design evaluation and operational evaluation.

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Performance Data

Finance

Category	Unit	2020	2021	2022
Summary of Consolidated Financial Statement				
Current Assets	KRW 100 million	26,387	30,472	27,032
Non-current Assets	KRW 100 million	61,348	63,638	67,961
Total Assets	KRW 100 million	87,735	94,109	94,993
Current Liabilities	KRW 100 million	37,233	38,976	35,678
Non-current Liabilities	KRW 100 million	28,049	31,244	34,807
Total Liabilities	KRW 100 million	65,282	70,219	70,485
Total Equity	KRW 100 million	22,453	23,890	24,507
Summary of Consolidated Income Statement and Key Ratios				
Sales	KRW 100 million	106,259	110,181	96,664
Gross Profit	KRW 100 million	10,784	11,362	11,977
Operating Income	KRW 100 million	1,239	1,220	1,542
Income Before Income Taxes	KRW 100 million	1,073	1,071	815
Net Income (Loss)	KRW 100 million	421	1,035	908
EBITDA	KRW 100 million	9,455	9,731	10,070
Sales Growth Rate	%	-18.6%	3.7%	-12.3%
Operating Income Growth Rate	%	13.3%	-1.6%	26.4%
EBITDA Growth Rate	%	-0.2%	2.9%	3.5%
Operating Profit Margin	%	1.2%	1.1%	1.6%
EBITDA Margin	%	8.9%	8.8%	10.4%
Net Profit Margin	%	0.4%	0.9%	0.9%
Debt to Equity Ratio	%	290.8%	293.9%	287.6%

Tax Report

Category	Unit	2020	2021	2022
Corporate Tax Rate	%	21.3%	28.2%	16.1%
Effective Tax Rate	%	95.2%	37.1%	1,274.3%
Profit Before Tax	KRW 100 million	783	888	-5
Amount of Tax to be Paid	KRW 100 million	244	136	2

R&D Investment

Category	Unit	2020	2021	2022
Investment Amount	KRW million	24,452	40,216	24,215
Ratio of R&D Investment to Sales	%	0.2%	0.4%	0.3%

Shareholders

Category	Unit	2020	2021	2022
No. of Shares Issued	Shares	248,187,647	248,187,647	248,187,647
No. of Outstanding Shares	Shares	218,554,682	218,554,682	218,642,154
Shareholders with 5% Share Ratio or Higher	No.	SK Inc., National Pension Service	SK Inc., National Pension Service	SK Inc., National Pension Service
No. of Shares Owned	Shares	116,511,071	113,619,888	110,248,942
Share Ratio	%	46.9%	45.8%	44.4%
Existence of Dividend Policy	Y/N	Y	Y	Y
Implementation of Dividend Policy	Y/N	Y	Y	Y
Dividend	KRW million	26,237	26,237	26,250
Cash Dividend Payout Ratio	%	76.1%	26.6%	30.4%
Cash Dividend per Share	KRW	120	120	120

Policy-related Expenditures*

Category		Unit	2020	2021	2022
Lobbying and Other Political Funds**		KRW million	N/A	N/A	N/A
Total Expenditure for Membership Fees to Relevant Organizations		KRW million	486	385	331
Detailed Expenditure for Membership Fees	Key Organization (1)	Qualitative	Seoul Car Rental Association	Seoul Car Rental Association	Seoul Car Rental Association
	Key Expenditure (1)	KRW million	271	215	132
	Key Organization (2)	Qualitative	Korea Hotel Association	TEMOT INTERNATIONAL AU	TEMOT INTERNATIONAL AU
	Key Expenditure (2)	KRW million	43	31	36
	Key Organization (3)	Qualitative	Korea Tire Manufacturers Association	Energy & Mineral Resources Development Association of Korea	Korea Professional Golf Tour
	Key Expenditure (3)	KRW million	33	30	30
	Key Organization (4)	Qualitative	TEMOT INTERNATIONAL AU	Korea Hotel Association	Korea Enterprises Federation
	Key Expenditure (4)	KRW million	32	30	25
	Key Organization (5)	Qualitative	Energy & Mineral Resources Development Association of Korea	Korea Tire Manufacturers Association	Korea Hotel Association
	Key Expenditure (5)	KRW million	30	30	24
Government and Public Institutions	Corporate Income Tax and Public Utilities Charge	KRW million	109,207	70,707	31,422
Creditors	Net Interest Expense	KRW million	104,391	90,256	92,908
Employees	Fringe Benefits	KRW million	56,469	62,704	65,558
	Ratio of Fringe Benefits to Sales	%	0.5%	0.6%	0.7%
	Estimated Retirement Benefit*** (On-going Basis Amount)	KRW million	40,865	59,418	32,949
	Ratio of Retirement Benefit Plan Assets	%	101.0%	91.2%	126.7%
Others	Operating Costs	KRW million	10,501,957	10,896,163	9,512,235

* SK networks

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

*** Based on the Financial Verification Result Report of SK networks. Amount calculated using the estimated accumulation method that accords with the international accounting standards to pay retirement benefits pursuant to Article 16 (1) 1 of the *Act on the Guarantee of Employees' Retirement Benefits* and Article 5 (1) of the Enforcement Rules of the same Act

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ESG Data - Environmentronment

· Scope of environmental data collected: SK networks (separate), SK rent-a-car (separate), SK magic (separate), SK networks service (separate)
· Reference date of collecting environmental data: December 31 of the respective year

GHG Emissions

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total GHG Emissions (Scope 1+2)	tCO_2eq	48,169.1	41,225.0	40,488.3	31,116.5	2,319.3	6,140.8	911.6
Total GHG Emissions (Scope 1+2 Including Green Premium)	tCO_2eq	48,169.1	41,225.0	37,019.7	28,783.6	2,180.6	5,222.0	833.5
Scope 1 (Direct Emissions)	tCO_2eq	13,765.4	10,212.3	10,330.2	8,644.0	621.2	278.7	786.3
Scope 2 (Indirect Emissions)	tCO_2eq	34,403.7	31,012.7	30,158.0	22,472.4	1,698.1	5,862.2	125.3
Scope 2 (Indirect Emissions Including Green Premium)	tCO_2eq	34,403.7	31,012.7	26,689.5	20,139.6	1,559.4	4,943.4	47.2
Scope 3 (All Other Indirect Emissions)	tCO_2eq	578,744.1	4,582,682.7	3,085,084.5	635,871.6	892,869.3	1,443,185.1	113,158.5
Upstream (Major Emission Sources 1-8)	tCO_2eq	15,224.5	1,684,959.9	786,931.1	255,967.8	338,291.8	79,802.1	112,869.4
1. Purchased Goods and Services	tCO_2eq	14,688.7	879,481.8	730,651.3	225,307.3	320,958.9	71,703.5	112,681.6
2. Capital Goods	tCO_2eq	N/A	90,815.7	33,794.0	25,161.2	3,465.5	5,167.3	-
3. Fuel-and-energy-related-activities (not included in Scope 1 or 2)	tCO_2eq	N/A	3,158.0	4,411.8	3,441.9	239.2	698.2	32.5
4. Upstream transportation and distribution	tCO_2eq	535.8	709,119.9	15,002.3	500.6	13,328.9	1,057.4	115.4
5. Waste generated in operations	tCO_2eq	N/A	711.3	426.0	337.7	-	88.3	-
6. Business travel	tCO_2eq	N/A	144.9	500.6	327.6	50.9	122.1	-
7. Employee commuting	tCO_2eq	N/A	1,528.4	2,145.2	891.5	248.3	965.4	39.9
8. Upstream leased assets	tCO_2eq	N/A	N/A	-	-	-	-	-
Downstream (Major Emission Sources 9-15)	tCO_2eq	563,519.6	2,897,722.8	2,298,153.5	379,903.8	554,577.6	1,363,383.0	289.1
9. Downstream transportation and distribution	tCO_2eq	17,988.9	194,316.5	51,646.8	45,832.6	1,838.4	3,686.6	289.1
10. Processing of sold products	tCO_2eq	N/A	N/A	0.2	0.2	-	-	-
11. Use of sold products	tCO_2eq	542,325.8	2,697,141.8	1,911,862.8	-	552,180.3	1,359,682.5	-
12. End of life treatment of sold products	tCO_2eq	N/A	1,643.2	13.9	-	-	13.9	-
13. Downstream leased assets	tCO_2eq	N/A	N/A	794.4	794.4	-	-	-
14. Franchises	tCO_2eq	3,204.9	4,621.3	4,648.4	4,089.6	558.8	-	-
15. Investments	tCO_2eq	N/A	N/A	329,187.0	329,187.0	-	-	-
Total GHG Intensity (Scope 1+2)*	tCO_2eq/KRW billion	4.53	3.74	4.19	4.79	1.86	5.70	1.92
Scope 1 (Direct Emissions)	tCO_2eq/KRW billion	1.30	0.93	1.07	1.33	0.50	0.26	1.65
Scope 2 (Indirect Emissions)	tCO_2eq/KRW billion	3.24	2.81	3.12	3.46	1.36	5.44	0.26
Scope 3 (All Other Indirect Emissions)	tCO_2eq/KRW billion	54.47	415.92	319.16	97.86	715.70	1,340.00	237.73
Total GHG Reduction (Scope 1+2)	tCO_2eq	-13,838.0	6,971.6	-159.8	-210.2	-16.7	978.6	-911.6
Scope 1 (Direct Reduction)	tCO_2eq	-3,759.0	3,648.8	-865.0	-185.0	103.0	3.3	-786.3
Scope 2 (Indirect Reduction)	tCO_2eq	-10,079.0	3,322.8	705.2	-25.1	-119.7	975.3	-125.3
Scope 3 (All Other Indirect Reduction)	tCO_2eq	N/A	N/A	1,496,078.4	-14,428.8	-89,864.3	1,713,530.0	-113,158.5
Total GHG Reduction Rate Compared to Previous Year (Scope 1+2)**	%	-5.25%	14.42%	1.79%	-0.68%	-0.72%	13.75%	-1.68%
Total GHG Target Emission (Scope 1+2)	tCO_2eq			41,816.2	31,913.2	2,631.3	6,415.7	856.0
Scope 1 (Direct Emissions)	tCO_2eq			10,714.5	9,004.0	864.0	114.5	732.0
Scope 2 (Indirect Emissions)	tCO_2eq	Initially reported data in 2022		31,101.7	22,909.2	1,767.3	6,301.2	124.0
Scope 3 (All Other Indirect Emissions)	tCO_2eq			N/A	N/A	N/A	N/A	N/A
Total GHG Reduction Rate Compared to Target (Scope 1+2)***	%			3.18%	2.50%	11.85%	4.28%	-6.50%

* Consolidated sales of SK networks applied to the total intensity in each year
** With the expansion of the reporting scope for the last three years, the criteria for calculating the reduction rate in 2022 are as follows. Reduction performance in 2020: The intensity and sales in 2020 (SK networks, SK magic, SK rent-a-car, and SK networks service combined) were unified based on the consolidated data of SK networks compared to the intensity in 2019 (SK networks and SK magic combined).
*** Based on emissions excluding green premium

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Energy Consumption

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Consumption	GJ	884,345.4	835,543.6	830,070.7	639,843.9	47,796.2	128,481.4	13,949.2
Direct Energy	GJ	34,347.6	33,211.4	31,357.5	9,183.8	9,129.2	1,714.9	11,329.6
LPG	GJ	5,912.0	2,162.2	3,067.6	284.7	2,782.9	-	-
Diesel	GJ	15,188.0	14,767.0	14,919.2	5,264.3	1,395.5	-	8,259.3
Kerosene	GJ	558.7	418.5	208.7	161.7	47.0	-	-
Gasoline	GJ	12,688.9	15,863.6	13,162.0	3,473.1	4,903.7	1,714.9	3,070.2
Indirect Energy	GJ	849,997.8	802,332.2	798,713.2	630,660.1	38,667.0	126,766.4	2,619.7
Electric Power	GJ	704,356.9	645,087.3	635,265.2	472,238.2	36,863.4	123,545.4	2,618.1
Gas	GJ	145,641.0	156,692.2	162,912.7	157,886.5	1,803.6	3,221.0	1.5
Steam	GJ	-	552.7	535.4	535.4	-	-	-
Renewable Energy	MWh	12.0	67.2	573.6	325.8	143.7	104.1	-
Photovoltaic	MWh	12.0	67.2	573.6	325.8	143.7	104.1	-
Wind Power	MWh	-	-	-	-	-	-	-
Geothermal	MWh	-	-	-	-	-	-	-
Hydroelectric Power	MWh	-	-	-	-	-	-	-
Others	MWh	-	-	-	-	-	-	-
Ratio of Renewable Energy Use	%	0.01%	0.08%	9.40%	8.11%	8.95%	15.72%	11.70%
Renewable Energy Procurement	MWh	12.0	67.2	8,123.6	5,403.8	445.7	2,104.1	170.0
Green Pricing System	MWh	-	-	7,550.0	5,078.0	302.0	2,000.0	170.0
Purchase of Renewable Energy Certificate (REC)	MWh	-	-	-	-	-	-	-
Third-party PPA	MWh	-	-	-	-	-	-	-
Equity Investment	MWh	-	-	-	-	-	-	-
Self-generation	MWh	12.0	67.2	573.6	325.8	143.7	104.1	-
Total Energy Intensity (per Sales)	GJ/KRW billion	83.23	75.83	85.87	98.47	38.31	119.30	29.31
Total Energy Consumption Target	GJ	Initially reported data of SK networks in 2022			605,531.8	Initially reported data of SK networks in 2022		
Performance to Target	%				-5.7%			
Reduction Performance*	%	-80.92%	8.88%	0.02%	-27.00%	10.68%	13.40%	-16.77%
Total Renewable Energy Generation	MWh	184.3	222.3	763.3	325.8	314.4	104.1	20.0
Photovoltaic	MWh	184.3	222.3	763.3	325.8	314.4	104.1	20.0
Total Energy Sales	MWh	172.3	162.3	189.7	-	169.7	-	20.0
Electric Power	MWh	172.3	162.3	189.7	-	169.7	-	20.0

* Calculation of reduction performance based on intensity
With the expansion of the reporting scope for the last three years, the criteria for calculating the reduction performance in 2022 are as follows.
Reduction performance in 2020: The intensity and sales in 2020 (SK networks, SK magic, SK rent-a-car, and SK networks service combined) were unified based on the consolidated data of SK networks compared to the intensity in 2019 (SK networks and SK magic combined).

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Water Usage

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Water Withdrawal	ton	1,231,052.0	1,073,468.7	1,348,981.2	1,262,036.7	33,175.5	52,429.0	1,340.0
Municipal Water Supplies	ton	634,733.0	605,961.7	605,741.2	545,945.7	33,175.5	25,280.0	1,340.0
Fresh Ground Water	ton	82,720.0	28,397.0	36,750.0	9,601.0	-	27,149.0	-
Fresh Surface Water	ton	513,599.0	439,110.0	706,490.0	706,490.0	-	-	-
Others	ton	-	-	-	-	-	-	-
Water Stress Areas	ton	-	-	-	-	-	-	-
Total Water Withdrawal Intensity (per Sales)	ton/KRW billion	115.85	97.43	139.55	194.22	26.59	48.68	2.82
Total Water Use	ton	1,250,211.0	1,099,435.7	1,377,885.7	1,290,130.7	33,175.5	53,239.5	1,340.0
Amount of Recycled Water	ton	19,159.0	25,967.0	28,904.5	28,094.0	N/A	810.5	N/A
Ratio of Recycled Water	%	1.53%	2.36%	2.10%	2.18%	N/A	1.52%	N/A
Water Withdrawal of Water Stress Areas	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Waste Disposal

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Emissions	ton	8,239.0	10,323.4	8,100.8	4,059.7	380.1	3,627.2	33.7
General Waste	ton	8,213.0	10,322.4	8,057.7	4,059.7	338.0	3,626.4	33.7
Recycled/Reused	ton	4,489.0	6,930.1	6,424.0	2,997.1	-	3,426.9	N/A
Incinerated	ton	-	-	209.2	93.9	-	115.3	N/A
Landfilled	ton	-	-	250.6	183.3	-	67.3	N/A
Others	ton	3,724.0	3,392.3	1,174.0	785.5	338.0	16.8	33.7
Designated Waste	ton	26.0	1.0	43.0	-	42.1	0.9	N/A
Recycled/Reused	ton	-	-	-	-	-	-	N/A
Incinerated	ton	-	-	0.9	-	-	0.9	N/A
Landfilled	ton	-	-	-	-	-	-	N/A
Others	ton	26.0	1.0	42.1	-	42.1	-	N/A
Waste Intensity (per Sales)	ton/KRW billion	0.78	0.94	0.84	0.62	0.30	3.37	0.07
Total Waste Emissions Target	ton	Initially reported data of SK networks in 2022			4,052.2	Initially reported data of SK networks in 2022		
Performance to Target	%				-0.2%			
Amount of Recycled/Reused Waste	ton	4,489.0	6,930.1	6,424.0	2,997.1	N/A	3,426.9	N/A
Ratio of Recycled/Reused Waste	%	54.48%	67.13%	79.30%	73.82%	N/A	94.48%	N/A
Reduction Performance*	%	-93.8%	-20.8%	10.6%	-19.4%	27.4%	35.1%	13.6%

* Calculation of reduction performance based on intensity
With the expansion of the reporting scope for the last three years, the criteria for calculating the reduction performance in 2022 are as follows.
Reduction performance in 2020: The intensity and sales in 2020 (SK networks, SK magic, SK rent-a-car, and SK networks service combined) were unified based on the consolidated data of SK networks compared to the intensity in 2019 (SK networks and SK magic combined).

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Air Pollutants Emissions

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Emissions	ton	0.1	0.1	0.6	N/A	N/A	0.6	N/A
Nitrogen Oxides (NOx)	ton	0.1	0.1	0.2	N/A	N/A	0.2	N/A
Sulfur Oxides (SOx)	ton	-	-	-	N/A	N/A	-	N/A
Volatile Organic Compounds (VOCs)	ton	-	-	-	N/A	N/A	-	N/A
Dust	ton	0.00002	0.024	0.4	N/A	N/A	0.4	N/A
Air Pollutant Intensity (per Sales)	ton/KRW billion	0.00001	0.00001	0.00006	N/A	N/A	0.0005	N/A

Water Pollutants Emissions

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Emissions	ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Biochemical Oxygen Demand (BOD)	ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chemical Oxygen Demand (COD)	ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Nitrogen (T-N)	ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Suspended Solids (SS)	ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Others	ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water Pollutant Intensity (per Sales)	ton/KRW billion	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Environment-friendly Investments

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Purchase of Environment-friendly Products and Services*	KRW million	104,098.12	306,222.26	506,206.56	1,034.00	503,620.16	N/A	1,552.40
Environment-friendly Purchase Compared to Total Purchase	%	5.25%	14.25%	21.47%	0.59%	32.63%	N/A	0.44%
Sales of Environment-friendly Products and Services**	KRW million	110,165.00	127,989.00	339,035.34	184,256.25	127,345.56	22,360.53	5,073.00
Environment-friendly Sales Compared to Total Sales	%	1.07%	1.20%	3.51%	2.84%	10.21%	2.08%	1.07%
Environmental Investment Expense***	KRW million	786.48	4,989.10	11,167.77	2,905.27	6,435.50	655.00	1,172.00
No. of Environment-friendly Vehicles in Possession	EA	1,800	6,674	13,703	22	13,660	6	15
Electric Vehicles	EA	1,591	6,429	13,473	20	13,432	6	15
Hydrogen Vehicles	EA	90	106	111	-	111	-	-
PHEV	EA	119	139	119	2	117	-	-
No. of Environment-friendly Certifications****	Case	1	3	3	2	-	1	-
No. of ESG Bonds Issued	Case	-	1	-	-	-	-	-

* Purchase of products that satisfy the ESG specifications within the ESG purchase guideline of SK networks (products with third-party environmental certification, products that reduce environmental hazards throughout the life cycle such as distribution, use, and disposal, and products with green certifications like recyclable products showing excellent GHG reduction, etc.)
** Sales of products and services that acquired certification from a third-party certification body or are judged to have equivalent environment-friendliness
SK networks: Scope of Walkerhill LEED certification (T2 Transit Hotel at Incheon International Airport, Darakhyu) + businesses applying environmental declaration (Walkerhill Hotel) + ECO parts business of SpeedMate
SK rent-a-car: EV rental business
SK magic: Rental and sale businesses of environment-friendly products (Green Collection) (only reflecting performance after opening the new system in July 2022)
SK networks service: Resource Circulation Center, solar power business, EV charging business
*** Expenses to improve all investment-related environments, such as facilities and equipment (investments related to environment-friendly and new technologies, GHG reduction, energy reduction, increasing energy efficiency, harmful chemical reduction, introduction of renewable energy technologies, etc.)
**** Cases certified by a third-party certification body that evaluates the environmental/social impact of products and services (e.g., LEED, green building, carbon footprints, environmental declaration, low carbon Good Recycled (GR), etc.)

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· Scope of social data collected: SK networks (separate), SK rent-a-car (separate), SK magic (separate), SK networks service (separate)
· Reference date of collecting social data: December 31 of the respective year

Employee Status*

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total No. of Employees	Person	4,392	4,249	4,306	1,638	652	1,313	703
By Gender								
Male	Person(%)	2,883(65.6)	2,780(65.4)	2,763(64.2)	1,042(63.6)	499(76.5)	567(43.2)	655(93.2)
Female	Person(%)	1,509(34.4)	1,469(34.6)	1,543(35.8)	596(36.4)	153(23.5)	746(56.8)	48(6.8)
By Age								
Under 30 Years of Age	Person(%)	575(13.1)	381(9.0)	428(9.9)	304(18.6)	44(6.7)	65(5.0)	15(2.1)
30-50 Years of Age	Person(%)	3,150(71.7)	3,224(75.9)	3,116(72.4)	1,106(67.5)	567(87.0)	897(68.3)	546(77.7)
Over 50 Years of Age	Person(%)	667(15.2)	644(15.1)	762(17.7)	228(13.9)	41(6.3)	351(26.7)	142(20.2)
By Contract Type								
Regular	Person(%)	3,662(83.4)	3,671(86.4)	3,601(83.6)	1,312(80.1)	572(87.7)	1,027(78.2)	690(98.2)
Non-regular	Person(%)	730(16.6)	578(13.6)	705(16.4)	326(19.9)	80(12.3)	286(21.8)	13(1.8)
Part-time Workers	Person	7	7	6	6	-	-	-
Contract Workers	Person	723	571	699	320	80	286	13
Total No. of Management Positions**	Person(%)	398(9.1)	418(9.8)	423(9.8)	164(10.0)	84(12.9)	120(9.1)	55(7.8)
Male in Management Positions	Person(%)	360(90.4)	371(88.8)	373(88.2)	141(86.0)	80(95.2)	97(80.8)	55(100.0)
Male in Top Management Positions	Person(%)	44(97.9)	46(90.2)	49(90.7)	17(80.9)	14(100.0)	15(93.7)	3(100.0)
Male in Middle Management Positions	Person(%)	238(94.0)	248(94.7)	247(93.6)	65(90.3)	66(94.3)	64(91.4)	52(100.0)
Male in Junior Management Positions	Person(%)	78(78.0)	77(73.3)	77(73.3)	59(83.1)	0(0.0)	18(52.9)	0(0.0)
Female in Management Positions	Person(%)	38(9.6)	47(11.2)	50(11.8)	23(14.0)	4(4.8)	23(19.2)	0(0.0)
Female in Top Management Positions	Person(%)	1(2.1)	5(9.8)	5(9.3)	4(19.1)	0(0.0)	1(6.3)	0(0.0)
Female in Middle Management Positions	Person(%)	15(6.0)	14(5.3)	17(6.4)	7(9.7)	4(5.7)	6(8.6)	0(0.0)
Female in Junior Management Positions	Person(%)	22(22.0)	28(26.7)	28(26.7)	12(16.9)	0(0.0)	16(47.1)	0(0.0)
Total No. of Non-management Positions	Person(%)	3,994(90.9)	3,831(90.2)	3,883(90.2)	1,474(90.0)	568(87.1)	1,193(90.9)	648(92.2)
Male in Non-management Positions	Person(%)	2,523(63.2)	2,409(62.9)	2,390(61.5)	901(61.1)	419(73.8)	470(39.4)	600(92.6)
Female in Non-management Positions	Person(%)	1,471(36.8)	1,422(37.1)	1,493(38.5)	573(38.9)	149(26.2)	723(60.6)	48(7.4)
Total No. of Employees in Sales-generating Departments	Person(%)	3,160(71.9)	3,033(71.4)	3,016(70.0)	1,167(71.2)	425(65.2)	786(60.0)	638(90.8)
Male	Person(%)	2,080(65.8)	1,980(65.3)	1,923(63.8)	740(63.4)	347(81.6)	226(28.7)	610(95.6)
Female	Person(%)	1,080(34.2)	1,053(34.7)	1,093(36.2)	427(36.6)	78(18.4)	560(71.3)	28(4.4)
Total No. of Management Positions in Sales-generating Departments	Person(%)	237(5.9)	222(5.2)	230(5.3)	100(6.1)	43(6.6)	43(3.3)	44(6.3)
Male	Person(%)	211(89.0)	191(86.0)	198(86.1)	85(85.0)	43(100.0)	26(60.5)	44(100.0)
Female	Person(%)	26(11.0)	31(14.0)	32(13.9)	15(15.0)	0(0.0)	17(39.5)	0(0.0)
No. of Employees in STEM*-related Departments**	Person(%)	1,004(22.9)	1,035(24.4)	1,022(23.7)	254(15.5)	44(6.7)	173(13.2)	551(78.4)
Male	Person(%)	850(84.7)	879(84.9)	861(84.2)	153(60.2)	27(61.4)	145(83.8)	536(97.3)
Female	Person(%)	154(15.3)	156(15.1)	161(15.8)	101(39.8)	17(38.6)	28(16.2)	15(2.7)

* Changed according to the 2022 annual report (not including registered executives and employees dispatched to overseas corporations, including non-regular workers (part-time, contract, etc.), partially different from report data of the previous year
** Changed the criteria for classifying management positions (Top: executives (including in-house executives, excluding registered executives), Middle: position holders (team leaders, PL, etc.), Junior: associate position holders (part leaders, center leaders, hotel manager, chef, etc.), partially different from report data of the previous year
*** Departments related to science (research personnel, nurses, etc.), technology (IT, information protection, developers, etc.), engineering (electrical/civil engineers, technicians, etc.), and mathematics (accounting, finance, etc.)

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Employee Status

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Minority Employees	Person(%)	174(4.0)	168(4.0)	178(4.1)	76(4.6)	23(3.5)	52(4.0)	27(3.8)
Disabled*	Person(%)	118(2.7)	117(2.7)	128(3.0)	51(3.2)	16(2.5)	41(3.2)	20(2.8)
Male	Person	66	69	78	30	7	27	14
Female	Person	52	48	50	21	9	14	6
Patriots and Veterans	Person(%)	48(1.1)	43(1.0)	42(1.0)	17(1.0)	7(1.1)	11(0.8)	7(1.0)
Male	Person	42	38	37	15	6	9	7
Female	Person	6	5	5	2	1	2	-
Foreigners	Person(%)	8(0.2)	8(0.2)	8(0.2)	8(0.5)	0(0.0)	0(0.0)	0(0.0)
China	Person	4	4	5	5	-	-	-
Japan	Person	2	2	2	2	-	-	-
Canada	Person	2	2	-	-	-	-	-
Australia	Person	-	-	1	1	-	-	-
By Race/Ethnic Group**								
Asian in Management Positions	Person	-	-	-	-	-	-	-
Black/African-American in Management Positions	Person	-	-	-	-	-	-	-
Hispanic/Latino in Management Positions	Person	-	-	-	-	-	-	-
White in Management Positions	Person	-	-	1	1	-	-	-
Other in Management Positions	Person	-	-	-	-	-	-	-
No. of Employees at Overseas Business Places	Person	652	664	748	392	-	356	-
Employees Dispatched Overseas	Person	29	20	13	8	-	5	-
Recruitment of Local Employees	Person	623	644	735	384	-	351	-
No. of Local Managers	Person(%)	10(1.6)	13(2.0)	15(2.0)	1(0.3)	0(0.0)	14(4.0)	0(0.0)
No. of Employees in Major Countries								
China	Person	416	383	370	370	-	-	-
Middle East	Person	9	-	-	-	-	-	-
Malaysia	Person	164	253	356	-	-	356	-
Vietnam	Person	20	2	-	-	-	-	-
Indonesia	Person	6	3	1	1	-	-	-
Australia	Person	3	3	3	3	-	-	-
Germany	Person	6	4	1	1	-	-	-
Taiwan	Person	7	4	4	4	-	-	-
Brazil	Person	2	-	-	-	-	-	-
U.S.	Person	8	4	5	5	-	-	-
Japan	Person	6	3	3	3	-	-	-
Hong Kong	Person	5	5	5	5	-	-	-

* Submitted to the Korea Employment Agency for Persons with Disabilities (double the severely disabled persons and based on the number of full-time workers)
** Foreign nationals

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Employee Recruitment

Name of Indicator		Unit	2020	2021	2022				
			Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Newly Recruited Employees*		Person(%)	455(10.4)	426(10.0)	553(12.8)	238(14.5)	45(6.9)	247(18.8)	23(3.3)
By Gender	Male	Person	239	200	270	132	29	94	15
	Female	Person	216	226	283	106	16	153	8
By Age	Under 30 Years of Age	Person	139	85	239	192	12	28	7
	30-50 Years of Age	Person	240	261	269	37	31	187	14
	Over 50 Years of Age	Person	76	80	45	9	2	32	2
By Type	New	Person	305	294	439	216	2	213	8
	Experienced	Person	135	132	102	10	43	34	15
	No. of Young Interns	Person	15	-	12	12	-	-	-
	Transition of Young Interns to Regular Employees	Person(%)	6(40.0)	0(0.0)	6(50.0)	6(50.0)	0(0.0)	0(0.0)	0(0.0)
By Contract Type	Regular	Person	201	247	156	16	-	123	17
	Non-regular	Person	254	179	397	222	45	124	6
Open Positions filled by Internal Candidates									
No. of Persons Moved to Internal Departments		Person(%)	913(66.7)	819(65.8)	1,120(66.9)	190(44.4)	61(57.5)	593(70.6)	276(92.3)
Total No. of Open Positions		Person	1,368	1,245	1,673	428	106	840	299

* Excluding persons recruited as registered executives (executive directors, independent directors, non-executive directors)

Employee Turnover and Retirement

Name of Indicator		Unit	2020	2021	2022				
			Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Turnover and Retired Employees		Person(%)	612(13.9)	581(13.7)	533(12.4)	246(15.0)	35(5.4)	199(15.2)	53(7.5)
By Gender	Male	Person	353	317	295	155	22	70	48
	Female	Person	259	264	238	91	13	129	5
By Age	Under 30 Years of Age	Person	221	190	145	105	17	16	7
	30-50 Years of Age	Person	269	265	299	116	16	128	39
	Over 50 Years of Age	Person	122	126	89	25	2	55	7
By Position	Management Position	Person	18	29	20	11	1	5	3
	Non-management Position	Person	594	552	513	235	34	194	50
Voluntary Turnover and Retirement*		Person(%)	557(12.7)	466(11.0)	465(11.3)	222(13.6)	26(4.0)	179(13.6)	38(5.4)
By Gender	Male	Person	324	246	252	141	17	60	34
	Female	Person	233	220	213	81	9	119	4
By Age	Under 30 Years of Age	Person	229	175	139	105	14	15	5
	30-50 Years of Age	Person	225	204	259	103	11	114	31
	Over 50 Years of Age	Person	103	87	67	14	1	50	2
Average Retention Period		Year	8.7	9.7	9.7	12.8	9.1	5.6	10.8
Male		Year	9.9	10.9	11.3	14.0	9.7	8.0	10.9
Female		Year	6.4	7.2	7.0	10.8	7.3	3.8	8.9

* No. of turnover and retired employees, excluding regular retirement, recommended resignation, and death from industrial accidents

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Employee Remuneration

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Gender Pay Gap for Management Positions*								
Fixed Pay	%	73.3%	77.7%	82.5%	94.3%	107.9%	61.3%	0.0%
Fixed Pay + Variable Pay	%	69.5%	77.7%	82.8%	98.4%	101.5%	58.6%	0.0%
Gender Pay Gap for Non-management Positions**								
Fixed Pay	%	70.2%	69.6%	72.1%	80.9%	86.8%	56.7%	82.1%
Fixed Pay + Variable Pay	%	68.7%	69.9%	69.9%	74.5%	87.1%	55.3%	81.9%
Average Hourly Wages	KRW	17,597	18,412	20,401	22,184	18,429	19,704	19,379
No. of Employees Receiving Minimum Wage***	Person(%)	4(0.1)	47(1.1)	9(0.2)	9(0.5)	0(0.0)	0(0.0)	0(0.0)
No. of Employees Eligible for Material Non-pay Benefits****	Person(%)	3,992(90.9)	4,043(95.2)	3,969(92.2)	1,303(79.5)	652(100.0)	1,313(100.0)	701(99.7)

* Ratio of remuneration for females to remuneration for males in management positions (Top, Middle, Junior)
** Ratio of remuneration for females to remuneration for males in non-management positions
*** Based on the minimum wage system in Korea
**** Support for retirement benefit, housing, group insurance, educational expense, etc.

Performance Evaluation

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Employees Subject to Performance Evaluation*	Person(%)	4,046(92.1)	4,100(96.5)	3,925(91.2)	1,297(79.2)	652(100.0)	1,277(97.3)	699(99.4)

* MBO (target management), KPI, multifaceted evaluation, etc.

Employee Education

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total No. of Participating Employees	Person(%)	4,176(95.1)	4,249(100.0)	4,306(100.0)	1,638(100.0)	652(100.0)	1,313(100.0)	703(100.0)
Total Hours of Education	Hour	329,681	260,950	102,688	35,504	38,185	11,867	17,132
Hours of Education per Person	Hour	78.9	61.4	23.8	21.7	58.6	9.0	24.4
Total Educational Expense	KRW million	6,464.38	6,891.76	5,854.41	4,198.56	1,015.00	505.00	135.85
Educational Expense per Person	KRW	1,547,983	1,621,973	1,359,593	2,563,222	1,556,748	384,615	193,243

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Major ESG-related Education

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Environment								
No. of Participating Employees*	Person(%)	312(7.1)	591(13.9)	332(7.7)	233(14.2)	99(15.2)	0(0.0)	0(0.0)
Hours of Education per Person	Hour	1.1	7.5	4.7	5.8	2.0	-	-
Educational Expense per Person**	KRW	N/A	N/A	6,024	N/A	20,202	-	-
Ethics/Anti-corruption								
No. of Participating Employees*	Person(%)	3,964(90.3)	4,009(94.4)	4,019(93.3)	1,431(87.4)	652(100.0)	1,242(99.4)	724(99.7)
Hours of Education per Person	Hour	0.9	0.8	1.0	1.0	1.0	1.0	0.8
Educational Expense per Person**	KRW	3,105	N/A	N/A	N/A	N/A	N/A	N/A
No. of Suppliers Conducting Ethics/Anti-corruption Education	EA	-	-	550	32	518	-	-
Ratio of Employees Receiving Anti-corruption Policies/Procedures	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ratio of Suppliers Receiving Anti-corruption Policies/Procedures	%	10.5%	20.3%	32.1%	74.4%	24.1%	0.0%	0.0%
Human Rights								
No. of Participating Employees*	Person(%)	3,204(73.0)	2,984(70.2)	2,863(66.5)	1,508(92.1)	652(100.0)	0(0.0)	703(100.0)
Hours of Education per Person	Hour	2.5	2.2	2.4	2.5	3.5	-	1.0
Educational Expense per Person	KRW	3,558	3,656	3,720	1,326	2,485	-	10,000
No. of Suppliers Conducting Human Rights Education	EA	3	3	35	32	-	-	3
Fair Trade								
No. of Participating Employees*	Person(%)	171(3.9)	234(5.5)	940(21.8)	20(1.2)	602(92.3)	318(24.5)	0(0.0)
Hours of Education per Person	Hour	2.0	2.3	5.8	0.1	8.0	2.0	-
Educational Expense per Person**	KRW	5,848	4,274	9,574	100,000	7,692	1,540	-
Differentiated Education for Each Job	Implementation (Y/N/Partially)	N	N	Partially	Y	N	Y	N

* Ratio of participating employees at the time of education
** Excluding the share of common expenses on mySUNI

Collective Agreement

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Labor Union Members*	Person(%)	2,265(71.0)	2,353(72.7)	2,316(73.8)	710(70.0)	185(36.1)	984(97.9)	437(72.2)

* Based on the number of employees subject to joining the labor union

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Parental Leave

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Employees Using Parental Leave	Person	79	76	94	50	14	25	5
Male	Person	31	34	37	22	4	7	4
Female	Person	48	42	57	28	10	18	1
No. of Employees Who Worked for 12 Months or Longer After Returning from Parental Leave*	Person(%)	33(52.4)	71(95.9)	61(87.1)	34(89.5)	10(90.9)	8(88.9)	9(75.0)
Male	Person(%)	9(60.0)	26(96.3)	24(85.7)	11(84.6)	6(85.7)	1(100.0)	6(85.7)
Female	Person(%)	24(50.0)	45(95.7)	37(88.1)	23(92.0)	4(100.0)	7(87.5)	3(60.0)

* Based on persons who returned during the previous year for each year

Supply Chain Management

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Supply Chains	EA	2,198	2,226	2,196	547	1,230	307	112
No. of Tier-1 Suppliers	EA	1,356	1,381	1,277	547	311	307	112
No. of Significant Suppliers in Tier-1*	EA(%)	340(25.1)	346(25.1)	299(23.4)	168(30.7)	79(25.4)	44(14.3)	8(7.1)
Total Purchase Costs	KRW million	1,986,075	2,150,877	2,357,272	174,241	1,543,637	285,772	353,622
Percentage of Total Spend on Significant Suppliers in Tier-1	%	91.3%	90.6%	90.4%	94.5%	95.0%	68.7%	85.9%
No. of Suppliers Evaluating ESG Risk Assessments	EA	-	50	49	49**	-	-	-
No. of Suppliers Evaluating Risk Assessments**	EA	257	209	207	186	-	-	21

* Classified as significant suppliers in Tier-1 based on the internal criteria of each company (certain purchase amount or above, etc.)
** 48 significant suppliers, 1 other
*** Number of suppliers that received credit rating

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Social Contribution*

Name of Indicator	Unit	2020	2021	2022
Social Contribution Donation	KRW million	1,294.3	1,347.0	501.8
Donation in Cash	KRW million	781.41	1,259.74	429.51
Donation in Kind	KRW million	512.88	86.91	71.26
Business Expense	KRW million	-	0.38	1.02
Social Contribution Donation Category				
Amount of Charitable Donation	KRW million	1,250.43	1,133.57	488.12
Amount of Social Investment	KRW million	43.86	210.71	9.45
Amount of Commercial Investment	KRW million	-	2.37	3.21
Current Status of Key Donation Expenditure				
Key Organization(1)	Qualitative	Community Chest of Korea	Community Chest of Korea	Chey Institute for Advanced Studies
Amount of Key Expenditure(1)	KRW million	351.92	400.18	121.00
Key Organization(2)	Qualitative	Philanthropy Education Forum of Korea	Center for Social value Enhancement Studies	Center for Social value Enhancement Studies
Amount of Key Expenditure(2)	KRW million	300.00	340.00	111.00
Key Organization(3)	Qualitative	Marine Corps Headquarters	Save the Children Korea	Sunkyung Choi Jong Kun Foundation
Amount of Key Expenditure(3)	KRW million	136.48	210.71	100.00
Key Organization(4)	Qualitative	Armed Force Medical Command	Sharing Happiness	Korea Foundation for Cooperation of Large & Small Business, Rural Affairs
Amount of Key Expenditure(4)	KRW million	135.97	160.00	50.00
Key Organization(5)	Qualitative	ROK Special Warfare Command	Philanthropy Education Forum of Korea	Community Chest of Korea
Amount of Key Expenditure(5)	KRW million	119.71	63.81	49.37
Hours of Volunteer Activities by Employees	Hour	914.00	7,329.00	7,222.00
Hours of Volunteer Activities per Person	Hour	1.54	14.60	16.30
Target Hours of Volunteer Activities per Person	Hour	Initially reported data of SK networks in 2022		20
Ratio of Participating Employees	Person(%)	63(10.6)	445(88.6)	404(91.2)
Performance Evaluation on Social Contribution Program Operation	Implementation (Y/N/Partially)	N	Y	Y

* Head office of SK networks

Customer Satisfaction*

Name of Indicator	Unit	2020	2021	2022
Customer Satisfaction	Qualitative	SpeedMate(in-house): 91.4/100 Walkerhill(in-house): 4.2/5	SpeedMate(in-house): 91.7/100 Walkerhill(in-house): 4.3/5	SpeedMate(in-house): 91.7/100 Walkerhill(in-house): 4.3/5
No. of Customer Complaints Received	Case	692	376	369
Ratio of Complaints Handled	%	100%	100%	100%
Ratio of Customers Using Online Services and Products	%	6%	8%	5%
Ratio of Sales from Selling Online Services and Products	%	1%	1%	1%

* Based on B2C (hotel, car maintenance) service business of SK networks

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Occupational Health and Safety

Name of Indicator	Unit	2020	2021	2022				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Working Hours								
Employees	Hour	9,135,360	8,837,920	8,956,480	3,407,040	1,356,160	2,731,040	1,462,240
Employees of Suppliers(Contractors and Subcontractors)	Hour	2,658,240	2,774,720	3,569,280	1,682,720	1,052,480	807,040	27,040
No. of Victims								
Employees	Person	1	1	1	-	1	-	-
Employees of Suppliers(Contractors and Subcontractors)	Person	1	4	2	2	-	-	N/A
Lost Time Injury(LTI)								
Employees	Case	-	1	1	-	1	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case	1	4	2	2	-	-	N/A
Lost Time Injury Rate(LTIR)								
Employees	Case/0.2 million hours	-	0.0226	0.0223	-	0.1475	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	0.0752	0.2883	0.1121	0.2377	-	-	N/A
Lost Time Injury Frequency Rate(LTIFR)								
Employees	Case/1 million hours	-	0.1131	0.1117	-	0.7374	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case/1 million hours	0.3762	1.4416	0.5603	1.1886	-	-	N/A
Industrial Accident Rate*								
Employees	%	0.0228%	0.0235%	0.0232%	0.0000%	0.1534%	0.0000%	0.0000%
Employees of Suppliers(Contractors and Subcontractors)	%	0.0782%	0.2999%	0.1166%	0.2472%	0.0000%	0.0000%	N/A
No. of Occupational Illnesses								
Employees	Case	-	-	-	-	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case	-	-	1	1	-	-	-
Occupational Illness Frequency Rate(OIFR)								
Employees	Case/0.2 million hours	-	-	-	-	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	-	-	0.0560	0.1189	-	-	-
Total Recorded Incident Rate(TRIR)**								
Employees	Case/0.2 million hours	-	0.0226	0.0223	-	0.1475	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	0.0752	0.2883	0.1681	0.3566	-	-	N/A
No. of Occupational Fatalities								
Employees	Person	-	-	-	-	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Person	-	-	-	-	-	-	-
Fatality Rate								
Employees	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employees of Suppliers(Contractors and Subcontractors)	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
No. of Evaluating Risk Assessments	Time	2	2	15	3	1	1	10
Safety Preventive Management of Suppliers	Implementation (Y/N/Partially)	Partially	Partially	Y	Y	Y	Y	Y

* Different from data submitted to the Korea Occupational Safety and Health Agency (KOSHA data are divided by the number of workers covered by occupational compensation insurance, and data presented are divided by the total number of employees)
** Based on the number of lost time injuries plus the number of occupational illnesses

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ESG Data - Governance

· Scope of governance data collected: SK networks (consolidated)
· Reference date of collecting governance data: December 31 of the respective year

BOD Composition

Category		Unit	2020	2021	2022
Total No. of Directors		Person	7	8	8
Independence	No. of Executive Directors	Person(%)	2(28.6)	2(25.0)	**2(25.0)**
	No. of Independent Directors	Person(%)	4(57.1)	5(62.5)	**5(62.5)**
	No. of Non-executive Directors	Person(%)	1(14.3)	1(12.5)	**1(12.5)**
	Limit on Other Mandates of Independent Directors*	Y/N	Y	Y	Y
Diversity	No. of Female Directors	Person(%)	0(0.0)	1(12.5)	**1(12.5)**
Expertise	Directors with Industry Experiences**	Person(%)	0(0.0)	1(12.5)	**3(37.5)**
	Risk Experts***	Person(%)	1(14.3)	1(12.5)	**1(12.5)**
	Accounting/Financial Experts****	Person(%)	1(14.3)	2(25.0)	**2(25.0)**
	ESG Experts*****	Person(%)	1(14.3)	1(12.5)	**5(62.5)**

* Limited to other external directorships in publicly listed companies running similar businesses
** Number of directors who have experience in GICS (Industrials) industry (not including experience in the BOD of another company within the same industry)
*** Persons who have professional experience in risk management such as risk management area or financial risk assessment, executives who have experience in specific risk management, persons who worked for a risk consulting company or as a risk consultant, scholars in risk-related fields (impossible with BOD experience related to risks)
**** Persons who have experience as an executive, CFO, or financial director of an audit company, persons with a professional title such as CFA and CPA, and persons acknowledged by the company as financial experts in the case of a market that applies strict financial principles (impossible with BOD experience related to accounting/finance)
***** 2022 data applying ESG expertise evaluation results of the Board Skills Matrix (BSM) of SK networks

Director Remuneration*

Category	Unit	2020	2021	2022
CEO Remuneration	KRW million	4,900	1,647	**1,130**
CEO-to-Employee Pay Ratio	%	12.5%	4.5%	**3.3%**
Ratio of Shares to CEO Remuneration**	%	210.8%	663.6%	**56.3%**
Ratio of Shares to Remuneration for Directors Excluding CEO	%	0.0%	13.8%	**850.2%**
Ratio of National Pension Shares	%	7.8%	6.6%	**5.3%**

* Based on the fixed pay
** Based on the stock price as of the last day of each year

Audit Committee

Category	Unit	2020	2021	2022
No. of Independent Directors	Person(%)	3(100.0)	3(100.0)	**3(100.0)**
Ratio of Independent Directors	%	100.0%	100.0%	**100.0%**
Directors with Industry Experiences	Person (%)	0(0.0)	0(0.0)	**0(0.0)**
Accounting/Financial Expertise of Chairman	Y/N	N	N	**N**
No. of Directors with Accounting/Financial Expertise	Person(%)	1(33.0)	2(67.0)	**2(67.0)**
No. of Committee Meetings Held	Case	12	17	**18**
Participation Rate of Independent Directors	%	100.0%	100.0%	**100.0%**

Personnel Committee*

Category	Unit	2020	2021	2022
No. of Independent Directors	Person	N/A	3(60.0)	**3(60.0)**
Participation of CEO**	Y/N	N/A	Y	**Y**
No. of Committee Meetings Held	Case	N/A	1	**4**
Participation Rate of Independent Directors	%	N/A	100.0%	**100.0%**

* Newly established in March 2021 to assume the roles of the existing Nomination Committee as well as evaluating the performance of the CEO and deliberating on CEO retention and the scale of remuneration
** CEO not participating in deliberations and resolutions related to CEO remuneration (non-participation considering the characteristics of agenda)

ESG Management Committee

Category	Unit	2020	2021	2022
No. of Independent Directors	Person	N/A	5(83.3)	**5(62.5)**
ESG Experts*	Person	N/A	1(12.5)	**5(62.5)**
No. of Committee Meetings Held	Case	N/A	6	**6**
Participation Rate of Independent Directors	%	N/A	94.0%	**97.0%**

* Data for 2022 applying ESG expertise evaluation results according to the Board Skills Matrix (BSM) of SK networks

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ESG Data - Governance

Ethical Management

Category	Unit	2020	2021	2022
No. of Ethical Management Report and Counseling Cases*	Case	93	68	86
Employees	Case	31	24	22
Business Partners	Case	7	9	21
Customers	Case	48	27	32
Others	Case	7	8	11
No. of Disciplinary Actions Against Ethical Management Violations	Case	11	68	10
Money-related	Case	4	7	4
Employee-related	Case	3	12	5
Rule Violation-related	Case	1	4	1
Others	Case	3	45	-
No. of Cases Handled	Case	93	68	86
Investigations and Audits	Case	86	56	55
Transfer to Relevant Departments	Case	-	-	24
Others	Case	7	12	7
No. of Code of Conduct Violations	Case	11	5	10
Dismissal from Office	Case	3	2	1
Suspension of Work	Case	-	1	3
Pay Cut	Case	3	-	3
Reprimand	Case	1	-	1
Others	Case	4	2	2

* Including reports, investigations, and other complaints of employees, business partners, and customers (excluding redundant reports)

Laws/Regulations

Category	Unit	2020	2021	2022
Violation of Anti-corruption/Fair Trade Laws*				
No. of Violations of Anti-corruption Regulations	Case	-	-	-
No. of Antitrust and Anti-competition Activities	Case	-	-	-
Fine and Settlement Money for Antitrust and Anti-competition Activities	KRW 100 million	-	-	-
No. of Violations of Subcontract-related Laws	Case	-	-	-
Violation of Social and Economic Laws				
No. of Violations	Case	-	-	-
Fine and Penalty	KRW	-	-	-
Violation of Laws Related to Information Protection				
No. of Information Leakage Cases	Case	-	-	-
No. of Corporate Data and Information Leakage Cases	Case	-	-	-
No. of Customer Information Leakage Cases	Case	-	1*	-
No. of Complaints Related to Information Protection	Case	-	-	-
Amount of Fines for Violating Laws Related to Information Leakage	KRW million	-	-	-
Violation of Other Laws**				
No. of Violations of Laws Related to Labor Law Violation	Case	-	-	-
Fine and Penalty	KRW million	-	-	-
No. of Violations of Environment-related Laws	Case	-	-	-
Fine and Penalty	KRW million	-	-	-
No. of Violations of Laws Related to Product and Service Safety	Case	-	-	-
Fine and Penalty	KRW million	-	-	-

* SK magic, 1 case
** SK networks

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GRI Standards 2021

Universal Standard 2

Indicator		Disclosure	Page
Organization and Its Reporting Practices	GRI 2-1	Organizational details	6~12
	GRI 2-2	Entities included in the organization's sustainability reporting	6~12
	GRI 2-3	Reporting period, frequency, and contact point	About This Report
	GRI 2-4	Restatements of information	About This Report
	GRI 2-5	External assurance	About This Report
Activities and Workers	GRI 2-6	Activities, value chain, and other business relationships	7
	GRI 2-7	Employees	86~87
	GRI 2-8	Workers who are not employees	86~87
Governance	GRI 2-9	Governance structure and composition	66~70
	GRI 2-10	Nomination and selection of the highest governance body	66~70
	GRI 2-11	Chair of the highest governance body	66
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	68~69
	GRI 2-13	Delegation of responsibility for managing impacts	69
	GRI 2-14	Role of the highest governance body in sustainability reporting	69
	GRI 2-15	Conflicts of interest	74
	GRI 2-16	Communication of critical concerns	68
	GRI 2-17	Collective knowledge of the highest governance body	69
	GRI 2-18	Evaluation of the performance of the highest governance body	69
	GRI 2-19	Remuneration policies	69
	GRI 2-20	Process to determine remuneration	69
	GRI 2-21	Annual total compensation ratio	89
Strategy, Policies, and Practices	GRI 2-22	Statement on sustainable development strategy	5
	GRI 2-23	Policy commitments	15
	GRI 2-24	Embedding policy commitments	16
	GRI 2-25	Processes to remediate negative impacts	78~79
	GRI 2-26	Mechanisms for seeking advice and raising concerns	72
	GRI 2-27	Compliance with laws and regulations	97
	GRI 2-28	Membership associations	95
Stakeholder Engagement	GRI 2-29	Approach to stakeholder engagement	119
	GRI 2-30	Collective bargaining agreements	16

Universal Standard 3

Indicator		Disclosure	Page
Disclosures on Material Topics	GRI 3-1	Process to determine material topics	17~19
	GRI 3-2	List of material topics	17~19
	GRI 3-3	Management of material topics	20~41

GRI 200(Economic Performance)

Indicator		Disclosure	Page
Economic Performance	201-1	Direct economic value generated and distributed	81
	201-2	Financial implications and other risks and opportunities due to climate change	40, 105~114
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	76
	205-3	Confirmed incidents of corruption and actions taken	95
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	95
Tax	207-1	Approach to tax	79
	207-2	Tax governance, control, and risk management	81

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GRI 300(Social Performance)

Indicator		Disclosure	Page
Energy	302-1	Energy consumption within the organization	83
	302-3	Energy intensity	83
	302-4	Reduction of energy consumption	83
Water and Effluents	303-3	Water withdrawal	84
	303-5	Water consumption	84
Biodiversity	304-3	Habitats protected or restored	37
Emissions	305-1	Direct (Scope 1) GHG emissions	82
	305-2	Energy indirect (Scope 2) GHG emissions	82
	305-3	All Other indirect (Scope 3) GHG emissions	82
	305-4	GHG emissions intensity	82
	305-5	Reduction of GHG emissions	82
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	85
Waste	306-3	Waste generated	84
	306-4	Waste diverted from disposal	84
Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	36

GRI 400(Social Performance)

Indicator		Disclosure	Page
Employment	401-1	New employee hires and employee turnover	88
	401-3	Parental leave	91
Occupational Health and Safety	403-1	Occupational health and safety management system	56~59
	403-2	Hazard identification, risk assessment, and incident investigation	58~59
	403-3	Occupational health services	56~59
	403-5	Worker training on occupational health and safety	56
	403-6	Promotion of worker health	57
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58
	403-9	Work-related injuries	93
	403-10	Work-related ill health	93
Training and Education	404-1	Average hours of training per year per employee	89
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	94
	405-2	Ratio of basic salary and remuneration of women to men	89
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	55
Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	36

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ESG Key Indicators

The SK Group has built a system for managing ESG key indicators by considering the business areas of its affiliates and engages in sustainable management of ESG indicators required by various stakeholders, such as 2021 Financial Society and global ESG rating agencies. SK networks establishes and promotes improvement tasks for each indicator to become a global top tier. In 2022, we established methods of managing ESG key indicators and roadmaps for our subsidiaries to support stepwise improvement efforts.

Environmental

Indicators (12)*	Essential Disclosure Items (49)	
	Disclosure Management (32)	Evaluation Management (18)
General Energy Consumption	• Total energy consumption • Consumption by direct energy source • Consumption by indirect energy source	• Total energy consumption (intensity)
Renewable Energy Consumption	• Total electric power consumption • Total renewable energy consumption • Consumption by renewable energy source • RE consumption by procurement method	• Ratio of renewable energy
GHG Emissions	• GHG target emissions • GHG reduction performance • Total GHG emissions • Scope 1/2/3 emissions	• Related policies/goals/performances • Total GHG emissions(intensity) • GHG reduction target achieved(%)
Climate Change Response (TCFD Disclosure)		• Related policies/strategies/performance
Air Pollutant Emissions	• NOx emissions • SOx emissions • Dust emissions • VOC emissions	• NOx intensity • SOx intensity • Dust intensity • VOC intensity
Waste Generated	• Total waste generated • Generation by waste type	• Total waste generated (intensity)
Waste Recycled	• Total waste recycled	• Waste recycling rate
Water Consumption	• Total water intake • Water intake by intake source • Water intake in water resource sensitive areas	• Total water intake (intensity)
Water Recycled	• Total water usage • Total water recycled	• Ratio of water recycled
Water Pollutant Emissions	• COD emissions • BOD emissions • T-N emissions	• COD intensity • BOD intensity • T-N intensity
Environmental Pollution Prevention	• Environmental pollution management facilities • Current status of monitoring systems • Current status of environmental technologies and educational support • Current status of violations of Korean and foreign environmental laws • Current status of violations of environmental laws	
Clean Technology		• Related policies/goals/performances

Social

Indicators (14)*	Essential Disclosure Items (34)	
	Disclosure Management (20)	Evaluation Management (14)
Employee Status	• Total no. of employees • Employee ratios - Gender, age, regular/non-regular • No. of newly recruited employees • No. of disabled employees • Ratio of female executives • No. of female executives	• Ratio of disabled employees
Employee Safety	• LTIR by employee type - Internal employees and employees of suppliers (contractors and subcontractors) • Lost Time Injury (LTI) - Internal employees and employees of suppliers (contractors and subcontractors) • Fatality rate of employees • No. of employee fatalities	• Related policies/goals/performances • Lost Time Injury Rate (LTIR)
Employee Health	• Occupational Illness Frequency Rate (OIFR) • No. of occupational illnesses in employees	• Related policies/goals/performances
Employee Human Rights		• Related policies/goals/performances
Employee Competency Development	• Hours of education (HRD)	• Related policies/goals/performances
Work-Life Balance		• Related policies/goals/performances
Product/Service SV		• Amount of product/service SV created
Product/Service Safety and Quality	• No. of violations of laws related to product/service safety	• Related policies/goals/performances
Corporate Data and Customer Information Protection	• No. of corporate data and customer information leakage cases	• Related policies/goals/performances
Support for Shared Growth of Suppliers		• Related policies/goals/performances
Management of ESG Risks of Suppliers	• No. of suppliers conducting ESG risk assessments • Ratio of suppliers implementing improvement measures	• Related policies/goals/performances
Support for Local Communities	• Ratio of employees participating in volunteer activities	• Related policies/goals/performances
Support for SE Ecosystem		• Related policies/goals/performances
Fair Evaluation and Remuneration	• Policies related to employee evaluation and remuneration • Current status of performance evaluation and feedback processes	

Governance

Indicators (9)*	Essential Disclosure Items (20)	
	Disclosure Management (9)	Evaluation Management (11)
Management Evaluation and Remuneration	• Installation and operation of the Remuneration Committee	• Management performance evaluation based on ESG and policies/goals/performances related to remuneration system
Identification of ESG Needs of Stakeholders		• Related policies/goals/performances
ESG-based Business Portfolio Strategy and Process		• New business/investment policies/goals/performances applying ESG standards
BOD Composition and Operation	• Current status of BOD operation • BOD remuneration policies • Current status of BOD evaluation • Installation and operation of the Independent Director Recommendation Committee	• BOD diversity/expertise/independence policies/goals/performances • Ratio of female directors • ESG-related policies/goals/performances within BOD
Operation of Audit Committee	• Installation and operation of the Audit Committee	
Enhancement of Shareholder Value	• Policies to protect shareholder rights • Policies to return to shareholders	
Anti-corruption Management	• No. of violations of anti-corruption regulations	• Anti-corruption policies/goals/performances • Anti-corruption education policies/goals/performances for employees
Disclosure of ESG Information		• Ratio of key indicator disclosures • ESG management for subsidiaries
Participation in Global Partnership		• ESG global partnership policies/goals/performances

Industry-specific Area (1 Indicator, 1 Evaluation Management)

* These indicators fall under the Group's common area, and the disclosure items and the number of evaluation items partially differ among group members.

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UN SDGs

In an effort to achieve the UN Sustainable Development Goals (UN SDGs) strategically, SK networks actively engages in the 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 make in the areas of the economy, society, and environment where we can meet the needs of today and tomorrow. We always go the extra mile to put them into action.

Target		Description	Page
Target 7.3		Ensure access to affordable, reliable, sustainable, and modern energy for all	38~40
Target 8.4		Promote sustainable, inclusive and sustainable economic growth, full and productive employment and decent work for all	31~33
Target 12.5		Ensure sustainable consumption and production patterns	42~45
Target 13.2		Take urgent action to combat climate changes and its impacts	37~41
Target 17.1		Strengthen the means of implementation and revitalize the global partnership for sustainable development	99, 113~117

SASB

The Sustainability Accounting Standards Board (SASB) 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 and Distribution	CG-MR-130a.1	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	82~83
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	60~62
	CG-MR-230a.2	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected	92, 95
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage (by region)	89
	CG-MR-310a.2	Voluntary and involuntary turnover rate for in-store employees	88
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations*	95
Workforce Diversity and Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for management and all other employees**	67, 86~87, 94
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	95
Product Sourcing, Packaging & Marketing	CG-MR-410a.1.	Revenue from products third-party certified to environmental and/or social sustainability standards	85
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	49~53
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	49~53

* 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

Activity Metrics

Topic	Code	Accounting Metric
Number of Distribution Centers	CG-MR-000.A	7 distribution centers (Seoul, Icheon, Anseong, Busan, Daejeon, Daegu, Gwangju)
Total Area of Retail Space and Distribution Centers	CG-MR-000.B	117,351m^2

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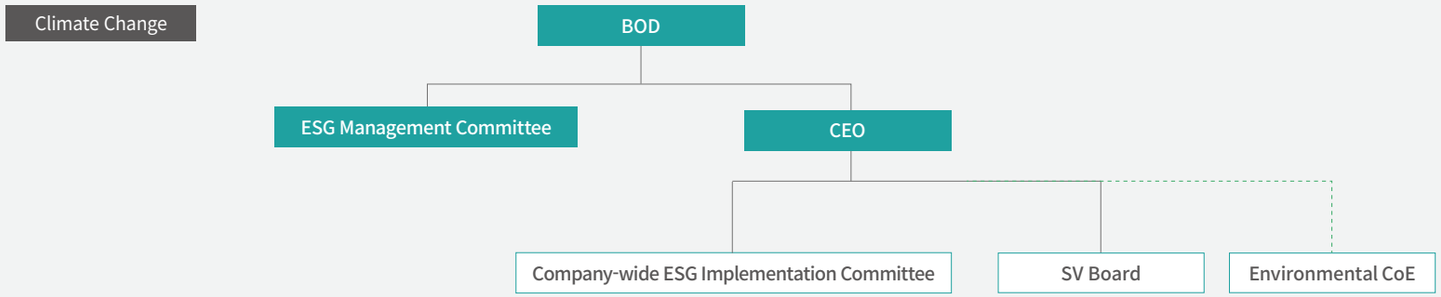

ESG Management Committee	– Composition: BOD members (2 executive directors, 1 non-executive director, 5 independent directors) – Roles: Reviewing strategies and matters related to the environment, social value, and governance and deliberating on major decisions through analysis
Company-wide ESG Implementation Committee	– Composition: CEO, Chief Operation Officer(COO), Chief Sustainability Officer(CSO), Chief Financial Officer(CFO), Head of Planning Division, Head of Finance Division, Head of HR Division, Head of Audit Division, Head of Social Value Division (Secretary), CEOs of subsidiaries (SK rent-a-car, SK magic, SK networks service), and BU Leader (Walkerhill Hotel Chief Operating Officer(COO)) – Roles: Strengthening the ability to execute ESG strategies, linking business model strategies (including subsidiaries) and ESG directions, and internalizing ESG management by inspecting and discussing ESG activities
SV Board	– Composition: CEO, Chief Sustainability Officer(CSO), Social Value Division, executives/team leaders/working-level employees in charge of SV/ESG for each business (subsidiary), members of Strategy Planning Team, SV Implementation Team – Roles: Sharing focused SV tasks and progress for each business, sharing SV/ESG trends, discussing response measures, and sharing progress of stakeholder accounts
Environmental CoE	– Composition: Team leaders/working-level employees in charge of SV/ESG for each business (subsidiary), SV Implementation Team – Roles: Promoting Net Zero 2040 (determining reduction measures), measuring and analyzing data, internalizing environmental management system for each business, and securing expertise
SV Division, SV Implementation Team	– Working-level organization for promoting Net Zero 2040 – Participating in and operating environment-related initiatives in Korea and overseas (SBTi, CDP, K-RE100, EV100, ZWTL, TCFD, etc.) – Measuring and analyzing environmental data (GHG, energy, water, waste, etc.)

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Category	Recommended Disclosure	Details	CDP
Governance	Describe the board's oversight of climate-related risks and opportunities.	SK networks regards sustainability issues, including climate change, as key decisions and has installed the ESG Management Committee within the BOD in March 2021 to make decisions from an integrated perspective. Afterward, we established a process for the BOD to make final decisions on the agendas preliminarily reviewed by the ESG Management Committee. ▽ **Discussion of Climate Change Issues** The ESG Management Committee discussed and deliberated on climate change issues two times in 2021 and three times until August 2022.	C1.1

Category	Session	Date Held	Agenda	Details
2021	1st Session	June 18	Past and present of SK networks, value-up direction workshop	Promoting Net Zero 2040 (proposal)
	3rd Session	July 29	Investment in kind of MINTIT Division	Creating environmental value through formation of circular economy
2022	4th Session	March 8	Approval of management plan for 2022	Strengthening execution ability for Net Zero 2040, SBTi participation, etc.
	5th Session	April 28	Establishing CEO KPIs for 2022	Reflecting GHG emissions and ESG key indicators
	6th Session	August 19	Approval of investment in EV charging business	Contributing to GHG reduction through expansion of EV charging infrastructures

SK networks provides various opportunities, such as workshops, to help independent directors in the ESG Management Committee make decisions based on climate change and sustainability and enhance their ESG expertise. In 2021, we conducted a lecture on the TCFD Recommendation on ESG finance, Net Zero 2040, and climate through Biz. Comm. Day (May 2021) and shared environmental consulting results of SK networks (September 2021).

Additionally, we reported the ESG business model value-up directions and Net Zero 2040 goals through the 1st ESG Management Committee held in June 2021. At the ESG Management Committee Workshop held in July 2022, we discussed the trends and regulations in Korea and overseas related to climate change and the current status, directions, and practice tasks for environmental management of SK networks by reporting our performance with carbon emissions reduction and ESG indicators in the first half of the year. Through these efforts, we are increasing the sensitivity of BOD members to climate change and environmental issues and actively reflecting them in decision-making.

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Governance	**Describe the board's oversight of climate-related risks and opportunities.**	SK networks has been operating the company-wide ESG Implementation Committee, which involves the management including the CEO, since August 2021. The company-wide ESG Implementation Committee includes eight members, CEOs of three subsidiaries, and Walkerhill President and discusses issues and trends related to climate change, accompanying risks and opportunities, and response plans. ▽ **Discussion of Climate Change Issues** The company-wide ESG Implementation Committee discussed climate change and environmental issues twice in 2021 and 11 times in 2022.	C1.2

Category	Session	Date Held	Details
2021	1st Session	August	- Joining global initiatives (introducing SBTi, ZWTL, EV100, and WWF PACT and discussing participation) - Introducing EU Carbon Border Adjustment Mechanism and response plans
	2nd Session	September	- ESG performance report for 2Q of 2021 - Sharing environmental consulting results of SK networks
2022	1st Session	January	- Plan for joining SBTi
	2nd Session	February	- Key ESG trends: 10 key ESG trends of MSCI in 2022, BlackRock Annual Letter, introducing Framework Act on Carbon Neutrality - Establishing KPIs of each organization regarding ESG tasks (reducing carbon emissions)
	3rd Session	March	- Key ESG trends: Draft of EU Sustainability Due Diligence, acceleration of renewable energy by EU, policy directions of new government for carbon neutrality
	4th Session	April	- Key ESG trends: Mandatory climate disclosure of SEC, draft of IFRS-ISSB Sustainability Disclosure Standards, amendment to EU CBAM, etc.
	5th Session	May	- Support programs to improve ESG of suppliers - Key ESG trends: Policy suggestions based on KSSB Sustainability Disclosure, future alternative food, etc.
	6th Session	June	- Current progress of Walkerhill's ESG strategic tasks (methods of reducing waste and enhancing recycling rate)
	7th Session	July	- ESG Signpost: Key ESG indicators, reducing carbon emissions, EV transition - Current status of participation in Korea TCFD Alliance
	8th Session	August	- ESG Signpost: Key ESG indicators, reducing carbon emissions, EV transition - Key ESG trends: Launching Valuing Water Finance Initiative (VWFI), global interest relations regarding EV charging stations, U.S. Inflation Reduction Act, alternative protein being best climate investment
	9th Session	September	- ESG Signpost: ESG key indicators, reducing carbon emissions, EV transition - Performance of ESG key indicators in 2Q
	10th Session	October	- ESG Signpost: ESG key indicators, reducing carbon emissions, EV transition - Method of improving ESG key indicators
	11th Session	November	- ESG Signpost: ESG key indicators, reducing carbon emissions, EV transition - Key ESG trends: Samsung Electronics joining RE100, opening of COP27 - Sharing 2022 performance report on ESG key indicators

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Governance	**Describe the board's oversight of climate-related risks and opportunities.**	Additionally, the Social Value Division establishes climate change response strategies for our company, promotes BM innovation, and improves the management system. The Social Value Division analyzes and evaluates risks and opportunities related to climate change, establishes issues and strategies related to climate change, and reports other performances to the management. The SV Implementation Team of the Social Value Division has operated the SV Board, a company-wide council that handles ESG issues, since 2020. In 2022, the Environmental Committee of Experts (CoE) was newly established to accelerate our GHG reduction activities according to Net Zero 2040, strengthen environmental management, and foster in-house environmental experts. The Environmental CoE was operated bimonthly with the SV Board. The Environmental CoE shares the Net Zero 2040 progress of each business by focusing on position holders and working-level employees of each BU (including subsidiaries), major climate-related risks, and business model improvement/innovation cases reflecting climate-related risks and opportunities. We are strengthening our environmental capabilities through lectures by external experts. ▽ **Activities of SV Board and Environmental CoE**	C1.2

Category	Session	Date Held	Details
2021	1st Session	February	- Reason Why We Must Pay Attention to ESG (external lecture – mySUNI SV College Leader) - Focused SV matters in 2021: Establishing environmental goals (Net Zero, etc.), participating in global initiatives, etc.
	2nd Session	March	- Presenting SV-BM tasks for each business
	3rd Session	April	- Sharing intermediate evaluation results for ESG key indicators - Sharing progress of environmental consulting: Conducting interviews to build environmental data for each business, etc.
	4th Session	April	- Introducing progress of environmental consulting and global initiatives: SBTi, CDP, TCFD, etc.
	5th Session	June	- Intermediate report on progress of environmental consulting - Sharing study data related to ESG strategies of global e-waste companies
	6th Session	July	- Sharing progress of SV-BM tasks for each business: PCR* plastic air purifier, building Jeju EV Park, etc.
	7thSession	August	- Sharing case study of exemplary companies (Patagonia, IKEA, Unilever, Terracycle, etc.) - Sharing examples of SV & CV creation for each business
	8th Session	October	- Sharing environmental consulting results - Methods of attaining Net Zero and environmental goals for each business - Sharing current status of ESG key indicators
	9th Session	November	- Sharing SV-BM results
	10th Session	December	- Sharing SV strategies for each business in 2022

* PCR : Post-Consumer Recycled

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<tr><td>Governance</td><td>Describe the board's oversight of climate-related risks and opportunities.</td><td>▽ Activities of SV Board and Environmental CoE
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<tr><th>Category</th><th>Session</th><th>Date Held</th><th>Details</th></tr>
<tr><td rowspan="11">2022</td><td>1st Session</td><td>January</td><td>- Plans for operating SV Board & Environmental CoE and managing SV Implementation Office
- Sharing focused promotion tasks for each BU</td></tr>
<tr><td>2nd Session</td><td>February</td><td>- Net Zero 2040 promotion status
(plan for establishing carbon emissions reduction KPI, implementation status of EV100)
- Sharing GHG reduction measures for each business in 2022</td></tr>
<tr><td>3rd Session</td><td>February</td><td>- Methods of achieving Net Zero 2040</td></tr>
<tr><td>4th Session</td><td>March</td><td>- Sharing cases of companies promoting SV + CV (Amazon, Maeil Dairies)
- Sharing examples of SV + CV for each BU</td></tr>
<tr><td>5th Session</td><td>April</td><td>- Lecture by external expert on 'Climate Crisis and Future of Business' (Greenpeace member)
- Progress of SBTi consulting and cooperation request</td></tr>
<tr><td>6th Session</td><td>May</td><td>- Sharing methods of upgrading ESG key indicators
- Current progress of carbon reduction activities for each business</td></tr>
<tr><td>7th Session</td><td>June</td><td>- Sharing cases of companies promoting SV + CV (Allbirds, Lululemon)
- Sharing cases of SV + CV for each BU</td></tr>
<tr><td>8th Session</td><td>July</td><td>- Calculating GHG Scope 3 and joining SBTi
- Sharing Scope 1, 2 third-party assurance results
- Current progress of carbon reduction activities for each business
- Performance review on ESG key indicators in 1Q and improvement plans</td></tr>
<tr><td>9th Session</td><td>September</td><td>- ESG trends and promotion status (ESG Signpost, SBTi participation status, etc.)
- Current progress of focused promotion tasks for each BU (current status of and plans for GHG reductionactivities)</td></tr>
<tr><td>10th Session</td><td>October</td><td>- [External Lecture] Introduction of PPA Implementation Method and Forecast (EcoNetwork)
- Scope 3 management group guideline
- Methods of advancing Scope 3 calculation for each BU</td></tr>
<tr><td>11th Session</td><td>November</td><td>- Sharing performance of ESG key indicators in 2022
- ESG management status and plans of subsidiaries</td></tr>
</table></td><td>C1.2</td></tr>
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Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	▽ **Definition of Significant Financial or Strategic Impact** SK networks defines 'risks and opportunities' as actual changes that can impact businesses, operations, revenues, and expenditures due to climate-related issues, unlike ordinary circumstances. In the short term, we identify flooding of business places and assets due to heavy rain as a risk. In the mid- to long-term, we identify legal regulations due to climate change, decline in demand according to changes in customer preferences, and rise in energy and raw material prices as factors that can impact our businesses. That is, SK networks identifies the financial/strategic impact of various changes caused by climate change issues, such as revenue changes, business place management, and business portfolio structure. We reflect social value, including GHG emissions and energy consumption, and economic value in our 'Corporate Value System,' promoting the innovation of BM and the formation of an ecosystem for producing social value. ▽ **Indicators** SK networks quantifies financial or strategic impact by using environmental indicators and monitors the impact monthly through the ESG management system. If the level of climate change risks corresponds to 1.5% of the company's equity at the end of the immediately prior business year from an economic value perspective, SK networks judges that the financial impact is considerable and has the ESG Management Committee deliberate on the risks and the BOD to make decisions. The reputation of stakeholders and corporate image are also considered during decision-making as they can affect our corporate value and sales. In addition, we regard investments (investments in renewable energy, etc.) to reduce GHG emissions as strategically important in relation to our climate change response and Net Zero 2040. Such investments are reported to the management through the SV Board or Environmental CoE, even if they are below the financial criteria. For instance, the amount of investment of the ICT business in solar power facilities at two distribution centers is KRW 2.57 billion, and the financial impact is not large, but we shared the details at the Environmental CoE in February 2022 because this investment is an important investment in renewable energy facilities to reduce GHG emissions. In other words, SK networks monitors quantitative indicators such as capital, sales, and GHG emissions from an Economic Value (EV) perspective to review significant impacts on climate change and reviews qualitative indicators such as negative news articles and climate change responses from a Social Value (SV) perspective. SK networks declared Net Zero 2040 in June 2021 to cope with the changing environment and prepare for the low-carbon era. We defined innovation of Business Model (BM) suitable for the Net Zero era as our core issue, with the belief that we need to change our business directions to reduce GHG emissions of Scopes 1 and 2 and throughout the value chain. Accordingly, we applied our Net Zero 2040 plan approved by the BOD when designing our BM innovation.	C2.1, C2.2, C2.3, C2.4

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Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	▽ **Analysis of Climate Change Scenarios** SK networks selected and analyzed IEA NZE 2050, IEA B2DS* scenarios similar to our GHG emissions reduction roadmap and two physical scenarios (SSP1-2.6, SSP5-8.5**) of the Korea Meteorological Administration to respond to the changing environmental circumstances. According to the scenarios, Korea must reduce GHG emissions by 40% by 2030 compared to the emissions in 2018. Additionally, EVs will account for 60% of all passenger cars sold globally in 2030. In particular, major automotive-consuming nations like the United States and the EU are prohibiting the sale of internal combustion engine vehicles until 2035, and Korea is also preparing to expand the supply of environment-friendly vehicles. Regulations related to GHG and EVs are very likely to have a financial impact on SK networks, a company that operates logistics distribution and car rental businesses. Based on these analyses, SK networks discovers risks and opportunities caused by climate change and calculates the possible financial impact. We identify climate change risks by risk level and manage short, mid, and long term roadmaps for attaining Net Zero and RE100 step by step. The climate-related risks we have confirmed are as follows. **[Transition Scenarios]** Based on climate change scenarios like IEA NZE 2050, IEA B2DS, and NDC***, we have established parameters according to the company-wide scope and temperature changes of 1.5 °C and 1.6-2 °C based on the Paris Agreement. Through assumptions and analyses, we are operating transition scenarios for renewable energy and EV transition. **[Physical Scenarios]** Based on the two climate change scenarios (SSP1-2.6, SSP5-8.5) set by the National Institute of Meteorological Research of the Korea Meteorological Administration, we establish parameters according to the company-wide scope and temperature changes of 1.6-2 °C to operate physical scenarios. * IEA NZE 2050: IEA Net Zero Emissions by 2050 Scenario IEA B2DS: IEA Beyond 2 °C Scenario ** SSP1-2.6 (low-carbon scenario): The annual average air temperature of the Korean Peninsula will rise by 1.6 °C and the average precipitation will fall by 1% in the near future (2021-2040) compared to the present. SSP5-8.5 (high-carbon scenario): The annual average air temperature of the Korean Peninsula will rise by 1.8 °C and the average precipitation will fall by 3% in the near future (2021-2040) compared to the present. *** NDC: Nationally Determined Contribution	C2.1, C2.2, C2.3, C2.4

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<tr><td>Strategy</td><td>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</td><td>▽ Climate-related Risks and Opportunities<table>
<tr><th>Category</th><th>Risk Type</th><th>Details</th></tr>
<tr><td rowspan="4">Transition Risks</td><td>Policy and Law</td><td>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 a mid- to long-term roadmap marked by the electrification of fossil fuel facilities, EV100, and RE100, to accomplish Net Zero 2040. 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, breaches, or penalties, in a proactive manner.</td></tr>
<tr><td>Technology</td><td>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.</td></tr>
<tr><td>Market</td><td>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 coal, LPG, and petroleum products.</td></tr>
<tr><td>Reputation</td><td>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 divestment 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.</td></tr>
<tr><td rowspan="2">Physical Risks</td><td>Short-term</td><td>We select and manage businesses that could be damaged by floods or typhoons within a short amount of time.
SK rent-a-car has established a system enabling customers to respond to emergencies and natural disasters.</td></tr>
<tr><td>Long-term</td><td>High temperature incurs rising energy costs in business sites, while the 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 scarcity.</td></tr>
</table></td><td>C2.1, C2.2, C2.3, C2.4</td></tr>
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<tr><th>Category</th><th>Risk Type</th><th>Details</th></tr>
<tr><td>Opportunities</td><td>Product and Service</td><td>The establishment of mid- to long-term environmental goals is in the pipeline 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.

① Environment-friendly mobility business
We are reading the flow of the market that is globally accelerating the transition to EVs, and SK rent-a-car drives the effort to expand the environment-friendly mobility business. After acquiring shares of ‘everon’ in early 2022, SK networks entered into the EV charging business. SK rent-a-car secured the fund for purchasing EVs by issuing green bonds in early 2022, reinforced its EV rental service, and launched exclusive EV services (EV All-in-One, EV Link, etc.). In addition to the construction of ‘Jeju EV Park’ as Korea’s largest EV complex to be completed in 2024, we are actively promoting the transition to an environment-friendly mobility business by obtaining approval of the EV business for reducing GHG emissions from the ‘Emissions Certification Committee’ of the Ministry of Land, Infrastructure and Transport.

② Environment-friendly home appliance business
Environment-friendliness has become an important topic with the increasing needs of customers for value consumption in the home appliance industry. SK magic is turning into an environment-friendly home appliance company that manages the life cycle of products, from development to recycling. We are expanding the lineup of our environment-friendly products: Air purifiers that acquired the world’s first carbon footprint certification in 2017; Korea’s first water purifier using stainless pipes in 2018; air purifiers that applied environment-friendly plastics (PCR*) in 2020; the ‘Green Collection’ that used 99.5% environment-friendly plastics for the first time in the world in 2022; and a no-power water purifier that used environment-friendly plastics for both interior and exterior materials, called ‘Eco Mini Water Purifier Green 41.
* PCR : Post-Consumer Recycled

③ Creating circular economy
Due to the climate change crisis, the transition to a circular economy that can limitlessly recycle resources instead of a linear economy that disposes of resources after use has become important. Accordingly, SK networks strives to build a circular economy ecosystem by collaborating with various stakeholders. MINTIT collects and recycles used cell phones through an AI-based, unmanned machine for purchasing used phones called ‘MINTIT ATM,’ and the scope of devices collected is being expanded to various IT devices, such as tablet PCs and laptops.
Besides, we are seeking future growth opportunities from the transition to a circular economy by conducting a variety of activities: Resource circulation MOU of ICT Marketing of SK networks (with Sungeel Hitech, LS-Nikko Copper); supply of ECO parts for imported cars by SpeedMate; and refurbished product sales, collection of waste home appliances, and supply of water purifier filters using recycled plastics by SK magic.</td></tr>
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</td><td>C2.1, C2.2, C2.3, C2.4</td></tr>
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Strategy	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	▽ **Financial Impact of Risk Factors** ● **Physical risks** The head office and subsidiaries of SK networks have business places all over Korea, and the distribution centers of SK networks and the nationwide sales network of SK rent-a-car are especially vulnerable to the physical impact of climate changes like typhoons. Physical damages from climate changes, such as typhoons, are directly associated with sales, and they can also affect operating expenses, productivity, and insurance premiums. Accordingly, SK networks measures the financial impact of physical risks using the S&P TCS Tool, which utilizes global economic models for climate modeling and measurement to evaluate the amount of asset loss. SK networks will determine asset loss rates of key tangible assets of SK networks and subsidiaries caused by eight major physical risks from climate change every ten years from 2020 to 2100. Additionally, we perceive delays in vehicles and delivery, damages to facilities, and safety issues of laborers as great risks caused by extreme weather conditions related to climate change, establishing measures to prevent typhoon damages and distributing them throughout the company each year. ※ Eight major physical risks caused by climate change: Abnormal air temperature, drought, forest fire, water shortage, rise in sea level, river flooding, typhoon, heavy rain South Korea was under the direct influence of five typhoons in 2019, three in 2020, three in 2021, and five in 2022. The SHE team of SK networks prepared a response system to minimize the physical damage from typhoons at its sites, and damage situations were reported to the SHE team. We were under the influence of five typhoons in 2022, including three in July (no. 4 Aere, no. 5 Songda, no. 6 Trases), one in August (no. 11 Hinnamnor), and one in September (no. 14 Nanmadol). Among them, Typhoon Hinnamnor struck the Korean Peninsula, but no direct damage occurred, and it is difficult to determine sales decline accurately. Estimating the potential financial impact based on the maximum compensation limit evaluated and appropriated by insurance companies, the potential financial impact of changes in the physical environment is estimated to be up to KRW 544.2 billion. There is a possibility of disasters arising from climate change in the future, but there has not been any accident so far. If accidents do not occur, the minimum potential financial impact would be the annually paid insurance premiums, which amount to KRW 2.43 billion. ※ Estimated amount of damage: Maximum compensation limit available in the case of an accident, about KRW 544.2 billion Insurance premium of KRW 502.0 billion for ICT distribution centers (KRW 1.0 billion for transportation insurance + KRW 500.0 billion for general property insurance + and KRW 1.0 billion per accident for accident compensation insurance) + insurance premium of KRW 42.2 billion of SK rent-a-car (KRW 41.1 billion for property damage insurance / KRW 1.1 billion for machinery risk coverage)	C2.5, C2.6, C3.1

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Strategy	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	● Reputation risks As environmental awareness rises internationally, companies are spurring their ESG management. Since SK networks operates B2C businesses, an inadequate response to climate change can lead to negative evaluations by stakeholders, which would have an adverse impact on the brand image and result in a decrease in customers, sales, and stock prices. SK networks perceives the fact that it needs to fulfill the needs of investors that are expanding socially responsible investment, such as the National Pension Service and BlackRock. In addition, the MSCI evaluates investment in clean tech when evaluating trading companies and distributors. If we fail to meet this criterion, there is a risk of losing the trust of investors. Accordingly, SK networks has been disclosing ESG information transparently by publishing annual sustainability reports since 2018. We have disclosed our climate change response strategies and GHG emissions status through CDP since 2021. Besides, we are faithfully disclosing our ESG management status in response to ESG evaluations, such as the MSCI, DJSI, and KCGS. We declared Net Zero 2040 in June 2021 and participated in EV100 in October. We are expanding investments with the goal of transitioning over 200,000 vehicles (including vehicles of SK rent-a-car) to EVs by 2030. Insufficient responses to the demand for disclosure of non-financial information, such as the CDP, MSCI, DJSI, and KCGS, can sully the reputation and decline the value of a company. Assuming that the decline in stock prices is 5-20%, the loss of corporate value according to the decline in stock prices is estimated to be between KRW 48,024,309,695 and KRW 192,097,238,778 if we apply the rate of decrease to the closing price on December 29, 2022 (KRW 3,870 per share). ▽ Financial Impact of Opportunity Factors ● Market opportunities According to the annual trend of the automotive industry in 2022 announced by the Ministry of Trade, Industry and Energy, the domestic sales of environment-friendly vehicles was 441,000 vehicles, increased by 26.8% compared to the previous year and accounting for the record high ratio of 22.8% to total sales. The Boston Consulting Group forecasts that the global EV sales volume will be 39 million in 2030, which is about five times larger than 8.02 million in 2022. The demand for environment-friendly vehicles, such as EVs, is constantly increasing. As of the end of December 2022, the number of environment-friendly vehicles of SK rent-a-car is 13,660, which is about 6.5% of the total 209,670 vehicles permitted. Out of the separate sales of KRW 1,247.5 billion, sales of SK rent-a-car from environment-friendly vehicles is KRW 127.3 billion. As most of the sales arise from internal combustion engine vehicles, SK rent-a-car will be significantly affected if it fails to adapt to new regulations.	C2.5, C2.6, C3.1

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Strategy	**Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.**	Accordingly, SK rent-a-car developed 'EV Smartlink' to check the driving information of EVs based on a comprehensive automotive management solution called 'Smartlink,' aiming to examine and measure the amount of reduction from the use of EVs rather than simply spreading the supply of EVs. Through this service, we attempted to get acknowledged for a GHG reduction methodology in the transportation area of the GHG emissions trading scheme pursuant to the *Framework Act on Low Carbon, Green Growth.* In October 2020, SK rent-a-car and SK telecom applied for the 'GHG offset credit project' of the Ministry of Land, Infrastructure and Transport using EVs. To get the project approved, we obtained GHG reduction data from about 60 EVs in operation at the Jeju billycar branch. By installing 'EV Smartlink,' we gained 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. We projected GHG emissions to be reduced by 150 tCO_2eq compared to the level of internal combustion engine vehicles. In January 2022, the 'Emissions Certification Committee' of the Ministry of Land, Infrastructure and Transport approved this methodology. Going forward, SK rent-a-car will switch all vehicles 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. SK networks and SK rent-a-car perceive the market changes caused by new regulations as opportunities, joining EV100 and promoting a transition of all vehicles to EVs. The financial impact of this transition is estimated to be an additional revenue of KRW 92.0 billion other than rental fees in 2030. ※ According to the mid- to long-term roadmaps of EV100 and K-EV100 for 2030, the number of vehicles permitted for SK rent-a-car will be increased to 230,000. Assuming that the price of GHG emissions will rise to USD 122.1 per tCO_2eq or KRW 160,000 per tCO_2eq in 2030 according to the NGFS, the financial impact was calculated as follows. Target no. of vehicles permitted in 2030 according to mid- to long-term roadmaps of EV100 and K-EV100 X average amount of GHG reduction per EV X estimated carbon emissions price per ton in 2030 230,000 vehicles X 2.5 tCO_2-eq X KRW 160,000 = KRW 92,000,000,000 (about KRW 92.0 billion)	C2.5, C2.6, C3.1

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Strategy	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	● **Product and service opportunities** Climate change has caused certain changes to the demand and preferences of customers. Customers are interested in environment-friendly products and lifestyles, and the used phone market has emerged and is expanding quickly with the growing trend of relevant brands and products. The used phone market in Korea was previously centered around person-to-person transactions and small private businesses, but SK networks launched MINTIT in 2019 to provide an easy and convenient service for trading used phones. In fact, the number of used phones collected by MINTIT in 2020 was 389,000 and increased by 2.57 times to about 1 million in 2022. Additionally, the number of MINTIT ATMs installed by MINTIT increased from 3,000 in 2020 to 5,653 in 2022. As a result, MINTIT showed sales of KRW 170.4 billion in 2022, about 3.8 times greater than KRW 44.5 billion in 2020. MINTIT has set a goal to collect 1.1 million used phones in 2023, which is a 10% growth compared to 2022, and the sales volume will grow accordingly. In addition, the Center for Social value Enhancement Studies (CSES) measured the environmental value of MINTIT's used phone collection to be KRW 26,403 per mobile phone. This value represents the value of resources being reused through the recycling of used phones, the reduction of carbon emissions from the production of new phones, and the environmental effect of delaying disposal. The environmental value based on the collection target of 1.1 million in 2023 is estimated to be about KRW 20.3 billion. The potential financial impact will reach KRW 207.7 billion in the future. (Estimated sales of KRW 187.4 billion + estimated environmental value of KRW 20.3 billion) ※ Financial impact = Estimated sales from the used phone collection target of 1.1 million in 2023 (about KRW 187.4 billion = sales from 1 million used phones collected in 2022 (KRW 170.4 billion) X 1.1) + estimated environmental value (about KRW 20.3 billion = used phone collection target in 2023 (1.1 million) X reuse rate (70%) X environmental value of MINTIT (KRW 26,403))	C2.5, C2.6, C3.1

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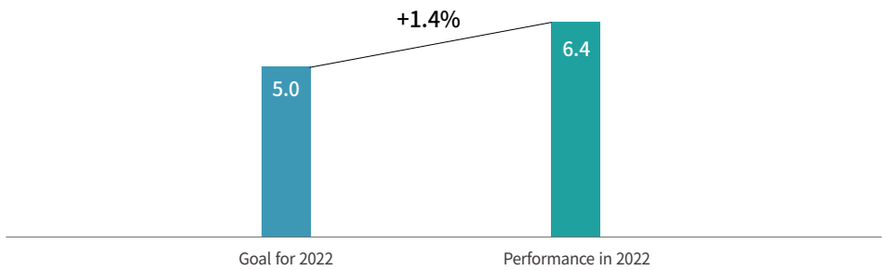
Category	Recommended Disclosure	Details	CDP
Strategy	**Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.**	On the basis of the 1.5°C and NDC scenarios, we unpacked physical and transition risks so as to grasp what impact climate change may have on our business. Especially, we have set up the target of mitigating GHG emissions by 46.2% 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. 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) • Increase the installation of solar panels as direct mitigation measures • Introduction of indirect reduction measures (REC purchase, PPA, green premium, etc.) 2) Goal to achieve 100% EV conversion by 2030 (joined EV100 in October 2021) • 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 2022, a total of 13,666 units have been converted * Including SK rent-a-car customer vehicles Electric Vehicle (EV) Transition Rate  	C3.1

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Category	Recommended Disclosure	Details	CDP
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. We measure the financial impact of physical risks using the S&P TCS Tool, which utilizes global economic models for climate modeling and measurement to evaluate the amount of asset loss. SK networks will determine asset loss rates of key tangible assets of SK networks and subsidiaries caused by eight major physical risks from climate change every ten years from 2020 to 2100. The assessment results are reflected in 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 Social Value 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 of the company-wide ESG Implementation Committee, followed by reflection into business strategies. Additionally, we promote consultations through the ESG Management Committee to secure management transparency based on communication with external stakeholders. We also monitor domestic and international trends in climate change-related policies and systems and identify significant issues.	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 as well as the external stakeholders. 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
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	SK networks operates 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. Risk Management Process 	

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Category	Recommended Disclosure	Details	CDP
Metrics and 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 puts 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 measure and manage the GHG Inventory. Furthermore, we expand the calculation scope into GHG emissions (Scope 3) generated throughout the value chain, including upstream and downstream. Mitigation plans are also being established for SBTi verification based on the measured results. On top of that, by joining the EV100 and K-EV100 initiatives, we continuously convert vehicles to EVs every year, constantly striving to improve the recycling rate of waste by acquiring ZWTL verification. ▽ **Managing Environmental Indicators** The Social Value Division monitors environmental indicators (GHG emissions, energy consumption, water use and recycling, waste disposal and recycling, etc.) among ESG key indicators monthly, identifies company-wide environmental management status, and reports the key issues identified through the materiality assessment to the CEO and company-wide ESG Implementation Committee. Through these efforts, the team supports the management in grasping the environmental management status of the company and considering related issues in decision-making.	C4.1

ESG Key Indicator Management System Screen (Example)

Name of Indicator	Name of Item	Input Status	Quantitative/ Qualitative	Unit	Target Score	Performance		Achievement Rate (Performance/Target)	
						Monthly	Annual (Expected)	Monthly	Annual (Expected)
Environment									
Common Intensity	Sales	• Finalized	Qualitative	KRW	-	7,689,229,2…	7,689,229,2…	-	
General energy consumption	Total energy consumption (intensity per sales)	• Finalized	Qualitative	GJ/KRW billion	50.99	51.8255049…	51.8255049…	98.36%	98.36%
	Total energy consumption	• Finalized	Qualitative	GJ	-	398,498.18…	398,498.18…	-	-
	Consumption by direct energy source	• Finalized	Qualitative	GJ	-	46,209.866…	46,209.866…	-	-
	Consumption by indirect energy source	• Finalized	Qualitative	GJ	-	352,288.32…	352,288.32…	-	-
Renewable energy consumption	Ratio of renewable energy	• Finalized	Qualitative	%	2.364	12.1771751…	12.1771751…	515%	515%
	Total electric power consumption	• Finalized	Qualitative	MWh	-	65,059.101…	65,059.101…	-	-
	Total renewable energy consumption	• Finalized	Qualitative	MWh	-	7,922.3607…	7,922.3607…	-	-
	Consumption by [self-generated] renewable energy source	• Finalized	Qualitative	MWh	-	423.68038	423.68038	-	-
	Renewable energy consumption by procurement method	• Finalized	Qualitative	MWh	-	7,498.6803…	7,498.6803…	-	-
GHG emissions	Achievement rate of GHG reduction target	• Finalized	Qualitative	%	-	0	0	-	-

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Category	Recommended Disclosure	Details	CDP
Metrics and Targets	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks.	SK networks expanded the scope of GHG emissions, which was previously limited to some business places, to all business places, including subsidiaries and sub-subsidiaries, in 2021. We disclose the calculation results on our website and sustainability reports. In 2022, we conducted the first third-party assurance of Scope 1 and 2 emissions in 2021 to advance the calculation method and increase the reliability of emissions calculation. Additionally, we analyzed the business relevance of the entire Scope 3 category and completed calculating the 14 categories emitting GHG. Despite the lack of discussion on Scope 3 calculations in the supply chain in Korea and the lack of cases, we have calculated emissions based on direct data and average values or costs.	C6.1, C6.3, C6.5

(Unit : tCO_2eq)		2020[1]	2021[2]	2022[3]
Scope 1+2		51,198	45,589	45,598 (42,118)[4]
	Scope 1	16,346	11,801	12,690
	Scope 2	34,852	33,788	32,908 (29,429)[4]
Scope 3		**581,558**	**4,622,952**	**3,093,671**
	Cat. 1	14,689	911,902	737,683
	Cat. 2	N/A	96,287	33,795
	Cat. 3	N/A	3,415	4,791
	Cat. 4	536	709,957	15,683
	Cat. 5	N/A	751	470
	Cat. 6	2,693	147	524
	Cat. 7	N/A	1,974	2,537
	Cat. 8	N/A	-	-
	Cat. 9	18,110	195,112	51,680
	Cat. 10	N/A	-	0.232
	Cat. 11	542,326	2,697,142	1,911,863
	Cat. 12	N/A	1,643	14
	Cat. 13	N/A	-	794
	Cat. 14	3,205	4,621	4,648
	Cat. 15	N/A	-	329,187

1) Did not conduct third-party assurance of Scope 1, 2, 3
2) Completed third-party assurance of Scope 1, 2 and did not conduct third-party assurance of Scope 3
3) Completed third-party assurance of Scope 1, 2
4) GHG emissions according to market-based Scope 2 emissions: 42,118 tCO_2eq (including green premium: 3,480 tCO_2eq)

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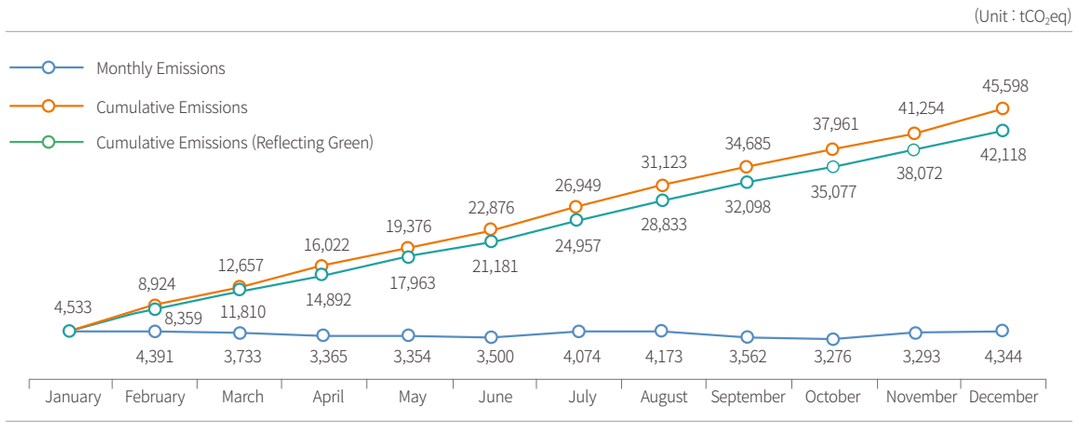
Category	Recommended Disclosure	Details	CDP
Metrics and Targets	**Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks.**	With the cessation of the COVID-19 pandemic in 2022, our businesses have been revitalized, and energy consumption and GHG emissions increased in 2022 compared to 2021. Accordingly, we monitored monthly GHG emissions status, replaced old equipment for each business, accelerated EV conversion of business vehicles, and increased the use of renewable energy (by installing new PV panels and purchasing green premium) to reduce GHG emissions.  	C6.1, C6.3, C6.5
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	With the goal of managing risks and opportunities related to climate change, SK networks quantified the GHG emissions reduction and ESG key indicators to be reflected in the KPIs of the CEO and the management. Furthermore, we have established an EV transition roadmap for the business vehicles of SK networks and its subsidiaries (eight companies total) and all rental vehicles of SK rent-a-car, aiming to attain the GHG reduction target following our participation in the SBTi and the EV100 by 2030 for Net Zero 2040. We share this roadmap with the ESG Implementation Committee and Environmental CoE to inspect the implementation status and make business-related decisions.	C4.1

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Awards

Business	Award	Organization
SK networks	Best Workplaces in Asia	GPTW Korea
	100 Best Companies to Work for in Korea	GPTW Korea
	Best Companies for Working Mothers to Work in Korea	GPTW Korea
	Best Companies for Millennials to Work in Korea	GPTW Korea
SK networks-SpeedMate	Star Brand	Maekyung Media Group
	Consumer's Choice	Joongang Ilbo Media Group
	Korea Brand Power Index (K-BPI), 1st Place (2023) *21 consecutive years	Korea Management Association Consulting
SK networks-Walkerhill	National Customer Satisfaction Index (NCSI), 1st Place	Korea Productivity Center
	National Brand Awards (2023) *7 consecutive years	Joongang Ilbo Media Group
SK rent-a-car	Korea Brand Hall of Fame (2023) *2 consecutive years	The Institute for Industrial Policy Studies
	Korean Standard Well-Being & Environment Index (2023), 1st Place *12 consecutive years	Korean Standards Association
	National Brand Awards *5 consecutive years	The Chosun Ilbo
	Grand Prize for Rent-a-Car at National Service Awards (2023) *4 consecutive years	The Institute for Industrial Policy Studies
	Korean Standard Quality Excellence Index (KS-QEI), 1st Place *Awarded 7 times	Korean Standards Association
SK magic	Korea Brand Power Index (K-BPI), 1st Place	Korea Management Association Consulting
	INNOSTAR	Korea Management Registrar
	Green Star Certification	Korea Management Registrar
	Energy Winner of the Year Award	Consumers Korea
	Korean Standard Premium Brand Index, 1st Place *2 consecutive years	Korean Standards Association (KSA)
	Consumer's Choice *7 consecutive years	The Joongang Ilbo Media Group
	Best Brand Chosen by Consumers	The Chosun Ilbo
	Korea Brand Hall of Fame (2023) *4 consecutive years	The Institute for Industrial Policy Studies
MINTIT	Most Trusted Brand Chosen by Consumers *3 consecutive years	The Digital Chosun Ilbo
	Customer-Loving Brand Awards *3 consecutive years	The Joongang Ilbo Media Group
	Korea ESG/CSR Awards	Korea ESG/CSR Awards Organizing Committee
	Minister of Trade, Industry and Energy Award for Contribution to Electronics and IT Industries	Ministry of Trade, Industry and Energy, Korea Electronics Association (KEA)
	YouTube Works Awards Korea, Best YouTube Branding Campaign, Omni-screen/Multi-creative/Lead Increase	YouTube
	Trade Day, 100 million Dollar Export Tower	Korea International Trade Association
	Environment and Economy Awards, Green Service Awards (President of Korea Environmental Industry & Technology Institute Award)	Greenpost Korea
cartini	Bronze Award for Search Performance at Korea Digital Advertising Awards	Korea Digital Advertising Association

Certifications

Business	Certification Type	Organization	Date of First Certification
SK networks	ISMS	Korea Internet & Security Agency	Dec. 15, 2021
	ISMS-P	Korea Internet & Security Agency	Dec. 15, 2021
	Best Family Friendly Management	Ministry of Gender Equality and Family	Dec. 1, 2019
	ISO 9001	Korea Foundation for Quality	Nov. 1, 2013
	ISO 22000	Bureau Veritas Certification	Aug. 11, 2017
	HACCP	Korea Agency of HACCP Accreditation & Service	Jun. 17, 2008
	ISO 14001	Korea Management Registrar	Nov. 15, 2022
	ISO 37001	BSI	Dec. 16, 2022
SK networks service	Korea Service Quality Certification	Korea Management Technology Consultant Association	Dec. 23, 2020
	ISO 9001	ICR	Oct. 8, 2010
	ISO 45001	Korea Management Registrar	Oct. 28, 2022
SK rent-a-car	ISMS-P	Korea Internet & Security Agency	Dec. 16, 2020
	ISO 14001	NTREECERT	Aug. 5, 2007
	ISO 9001	NTREECERT	Aug. 5, 2007
	Best Family Friendly Management	Ministry of Gender Equality and Family	Dec. 1, 2021
	G-Smartlink (SaaS Basic Grade) Cloud Security Assurance Program (CSAP)	Korea Internet & Security Agency	Nov. 26, 2021
	ISO 37001	BSI	Oct. 20, 2022
	ISO 45001	BSI	Nov. 22, 2022
	Web Accessibility (WA) Certification	WebWatch	May. 31, 2021
SK magic	ISMS-P	Korea Internet & Security Agency	Mar. 17, 2021
	ISO 14001	Korean Standards Association	Jun. 27, 2007
	ISO 9001	Korean Standards Association	Nov. 17, 1994
MINTIT	ISO 27001	German Certification Major, TUV SUD	Aug. 25, 2022
	TUV SUD SQA Certification (Android Data Deletion App)	German Certification Major, TUV SUD	Dec. 2, 2021
	TUV SUD SQA Certification (Windows Data Deletion SW)	German Certification Major, TUV SUD	Oct. 28, 2022

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

	Association
21	Seoul HACCP Council
22	Seoul Bar Association
23	Fire Prevention Measures Council
24	Korea Software Industry Association
25	Korea Engineering & Consulting Association
26	UN Global Compact Network Korea
27	SEOUL Car Rental Association
28	Korea Used Car Dealers Association
29	Korea Automobile Manufacturers Association
30	Korea Electrical Contractors Association
31	Korea Information & Communication Contractors Association
32	Jeju Special Self-Governing Provincial Tourism Association
33	Korea Council of Chief Information Security Officers
34	KOREA Investor Relations Service
35	Korean Association of Professional Convention Organizers
36	Korea Exchange
37	Korea Enterprises Federation
38	Korean Air Cleaning Association
39	Korea Fair Competition Federation
40	Korea Hotel Association

	Association
41	Korea International Trade Association
42	Korea Listed Companies Association
43	Korea Fire Facility Association
44	Korea Fire Safety Institute
45	Korea Fire Safety Association
46	Korea Automobile Importers & Distributors Association
47	Korea Outdoor Advertising Association
48	Korea Food Service Industry Association
49	Korea Food Service Industry Association, Gwangjin-gu
50	Korea Personnel Improvement Association
51	Korea Electric Engineers Association
52	Korea Electric Vehicle User Association
53	Korea Electronics Recycling Cooperative
54	CONsortium of CERT
55	Les Clefs d'Or Korea
56	Korea Professional Golf Tour
57	Energy & Mineral Resources Development Association of Korea

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Greenhouse Gas Verification Statement

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SK networks Co., Ltd. and 7 affiliates

Operation Companies under greenhouse gas emission verification:

- SK networks Co., Ltd., SK networks service, SK rent-a-car CO., LTD., SK rent-a-car service, SK magic Co., Ltd., SK magic service Co., Ltd., MINTIT Co., Ltd. and cartini Co., Ltd.

Scope

- The annual GHG emissions for 2021 calendar year
- Direct GHG emissions (Scope 1) and indirect emissions (Scope 2) of domestic business sites

GHG Criteria & Protocols used for Verification:

The verification was carried out using:

- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
- WBCSD/WRI GHG Guidance – Revised March 2004
- IPCC Guideline for National Greenhouse Gas Inventories
- ISO14064-1:2018 & ISO 14064-3: 2019
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea is applied to the all-verification activities.

Verification Opinion:

As a result of carrying out verification in accordance with the protocols mentioned above and the principles of ISO/IEC Guides 65, EA-6/01 and Guide 66, it is the opinion of BSI that:

- This scope 1&2 verification for domestic business sites was conducted to provide reasonable assurance level verification in accordance with the 'Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme'
- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.
- No material misstatement during the verification process for emissions was found, it was confirmed that relevant activity data and evidences were properly managed.
- Therefore, the BSI Group Korea Verification Team provides a verification opinion that is “appropriate”.

Verification Data:

- Annual direct (Scope 1) and indirect (Scope 2) GHG emissions in 2022

(Unit: tCO_2e)

Scope 1	Scope 2	Total
12,690	32,908	45,598

※The total emissions can differ to a cut-off decimal point

For and on behalf of BSI:

Issue: 14/05/2023

Managing Director Korea, SeongHwan Lim

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SK networks Co., Ltd and 7 subsidiary companies

Verification Scope:

- Scope 3 GHG emissions for SK networks Co., Ltd business units and 7 domestic subsidiaries in 2022
  SK networks Co., Ltd Business Division: Headquarters, Information and Communication, Trading, Speedmate, Walkerhill SK networks Co., Ltd 7 Subsidiary companies: SK networks service Co., Ltd, SK magic Co., Ltd, SK magic service Co., Ltd, SK rent-a-car Co., Ltd, SK rent-a-car service Co., Ltd, MINTIT Co., Ltd, cartini Co., Ltd

Limits of verification:

- Verification was carried out through document review, risk analysis, and interviews with the head of the headquarters for emission information and data on the greenhouse gas inventory from SK networks Co., Ltd. No visit to the site to be verified or verification of the authenticity of the data provided by SK networks Co., Ltd has been carried out.
- This validation may be affected by limited factors such as limited data provided, non-business site visits, and sampling, which pose an inevitable risk that critical errors may not be found and may exist.

Verification Category:

- **SK networks Co., Ltd** 12 categories: Purchased products and services, capital goods, other fuel and energy activities, upstream transport, waste disposal, business trips, commutes, downstream transport, processing of product, downstream lease, franchises, investments
- **SK networks service Co., Ltd** 5 categories: Purchased products and services, other fuel and energy activities, upstream transportation, commuting, downstream transportation
- **SK magic Co., Ltd** 10 categories: Purchased products and services, capital goods, other fuel and energy activities, upstream transportation, waste disposal, business trip, commuting, downstream transportation, use of product, disposal of product
- **SK magic service Co., Ltd** 2 categories: Other fuel and energy activities, commuting
- **SK rent-a-car Co., Ltd** 9 categories: Purchased products and services, capital goods, other fuel and energy activities, upstream transportation, business trips, commuting, downstream transportation, use of product, franchises
- **SK rent-a-car service Co., Ltd** 5 categories: Purchased products and services, other fuel and energy activities, waste disposal, business trip, commuting
- **MINTIT Co., Ltd** 6 categories: Purchased products and services, capital goods, other fuel and energy activities, business trips, commuting, downstream transportation
- **cartini Co., Ltd** 5 categories: Purchased products and services, other fuel and energy activities, upstream transportation, commuting, downstream transportation

GHG Criteria & Protocols used for Verification:

The verification was carried out at the request of the SK networks Co., Ltd using:

- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
- Carbon Performance Labelling Emissions Factor - Revised by the Korea Environmental Industry and Technology Institute(2021)
- WBCSD/WRI Greenhouse Gas Protocol Corporate Value Chain(Scope 3) Standard 및 Scope 3 Calculation Guidance
- Global Warming Potentials- IPCC the second assessment report values(1995)
- BSI GHGEV Manual

Verification Opinion:

BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.

- This scope 3 other indirect emission verification for SK networks Co., Ltd was verified under the limited assurance level.
- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.
- No material misstatement during the verification process for emissions was found, it was confirmed that relevant activity data and evidences were properly managed. Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

Verifiation Data:

- SK networks Co., Ltd and 7 subsidiary companies Other Indirect Emissions in 2022 (Scope3)

(Unit: tCO_2eq/yr)

Scope3 Category		2022 emissions
1	Purchased products and services	737,683
2	Capital goods	33,795
3	Other fuel and energy activities excluding Scope 1&2	4,791
4	Upstream transportation	15,683
5	Waste disposal	470
6	Business trip	524
7	Commuting	2,537
9	Downstream transportation	51,680
10	Processing of product	0.232
11	Use of product	1,911,863
12	Disposal of product	14
13	Downstream lease	794
14	Franchises	4,648
15	Investments	329,187
Total Emissions		3,093,671

- Detailed information, including limits and assumptions on the calculation of emissions by Scope3 category, is provided in the validation report.

For and on behalf of BSI:

Issue: 19/06/2023

Managing Director Korea, SeongHwan Lim

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Verification Statement on The Sustainability Report for SK networks

Dear Stakeholders of SK networks

Korean Foundation for Quality (further 'KFQ') has been requested by SK networks to conduct an independent verification on the 「2022 Sustainability Report for SK networks」 (further 'the Report'). KFQ has responsibility to provide an independent verification opinion against the criteria and scope of assurance as specified below. SK networks has sole responsibility for the preparation of the Report.

Verification Criteria and Scope

- Verification Criteria : AA1000AS(v3) and AA1000AP (2018)
- Verification Type : Type 2 [Verification of compliance of 4 reporting principles and Reliability of Data Collection Method]
- Verification Level : Moderate [Verification based on limited evidence collected]
- Verification Scope : Compliance with the 4 reporting principles according to AA1000AP and the GRI Standards 2021 reporting requirements

- GRI Standards (2021) Reporting Principles
- Universal Standards

Reporting in accordance with GRI Standards (2021), compliance with the following requirements

Requirement	Compliance	Requirement	Compliance
1. Reporting principles	○	6. Provide reasons for omission	○
2. General Disclosures	○	7. Publish a GRI content index	○
3. Determine material topics	○	8. Provide a statement of use	○
4. Report the disclosures in GRI 3: Material Topics 2021	○	9. Notify GRI	○
5. Report disclosures from the GRI Topic Standards for each material topic	○		

- Topic Standards

Requirements	GRI Standards/Topic Disclosure
Reporting material issues according to the GRI Topic Standards	·**GRI 201**: Economic Performance ·GRI 302: Energy ·GRI 304: Biodiversity ·GRI 305: Emissions ·**GRI 401**: Employment ·**GRI 404**: Training and Education ·GRI 414: Supplier Social Assessment

Methodology

In order to assess the reliability of the sustainability performance in the Report against above mentioned criteria, the assessment team reviewed sustainability-related processes, systems, internal control procedures, and available performance data. The documentation the assessment team reviewed during the verification includes:

- **Non-financial information e.g.,** data provided by SK networks, disclosed Business Reports, and information obtained from media and/or the internet; and
- **Financial information i.e.,** Data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage were used, but these contents are not included in the scope of verification.

The validity of the materiality assessment process, selected major issues, data collecting and management, and report preparation and contents in the Report were assessed through interview with the person in charge, but external stakeholder interviews were not conducted. Afterwards, it was confirmed that some errors, inappropriate information, and misstatement found in the above steps were appropriately supplemented before publishing the Report.

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Verification Statement on The Sustainability Report for SK networks

Competency and independence

The assurance team was consisted in accordance with KFQ's internal regulations. KFQ has no conflict of interest to the SK networks business which could threaten the independence and impartiality of verification, other than providing third-party verification services.

Limitations

The completeness and responsiveness of sustainability performance represented in the Report have inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. In accordance with the terms of the contract, we assessed the information and evidence provided by the SK networks. We did not perform any further assessment on raw data.

Findings and Conclusions

As a result of the verification, the Report was prepared in accordance with the requirements for ' in accordance with GRI standard 2021' and the assessment team found reasonable objectives to guarantee the AA1000AS(V3) Type 2 assurance level. We also found no significant errors or inadequacies in the report regarding compliance with reporting principles.

- **Inclusivity**
  SK networks defines the six stakeholder groups (customers, shareholders, employees, partners, the government and local communities) and hear their opinions through the operation of communication channels considering the characteristics of each group for effective communication. The assessment team could not find any major stakeholders that were omitted during this process, and it was confirmed that SK networks is making efforts to reflect the collected opinions of stakeholders in its management strategy.

- **Materiality**
  SK networks has established ESG goals to achieve sustainable growth based on key ESG indicators and formulated improvement tasks through the ESG management system to achieve sustainable growth. In addition, the ESG Management Committee was established to monitor ESG related activities and its performance.
  SK networks conducted double materiality assessment to understand internal · external stakeholder's interest and its financial and social · environmental impact, and as a result, 5 material issues were selected. The assessment team confirmed that the identified material issues were highlighted in the Report, and that the material issues identified in the materiality assessment process were reported in the Report without omission.

- **Responsiveness**
  SK networks consistently engages with stakeholders to respond to their feedback and main interests. Nothing came to our attention to suggest that its responses and performance are inappropriately described in the Report.

- **Impact**
  SK networks selects and monitors material issues in consideration of the mutual relationship with the corporate external environment, and reports the contents within the scope possible. Nothing came to our attention to suggest that it does not properly assess and report impacts relating to material issues.

Recommendation for improvement

➡ This report highlights SK Networks' efforts to broadly reflect ESG performance and data generated through the business activities of its major subsidiaries. We hope future reports will also transparently provide ESG-related activities to understand the high-level ESG strategy that stakeholders expect from SK Networks.

➡ Especially, we hope that SK Networks' response to climate change communicate to stakeholders by disclosing the various activities and its results related to the SK Networks' NetZero Roadmap.

AA1000 Licensed Report 000-80/V3-QGHFL

kfq Korean Foundation for Quality

June, 2023
Seoul, Korea
Ji Young Song, CEO
Korean Foundation for Quality (KFQ)

Ji Young Song

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