

# 2023 SUSTAINABILITY REPORT

# About This Report

SK networks has been publishing the Sustainability Report annually since 2018 to report and communicate its sustainable management and financial performance with stakeholders. The 2023 Sustainability Report contains information on SK networks' ESG management strategies, key performance, and issues in the environmental, social, and governance areas. It aims to actively communicate with stakeholders and create social value.

## Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative(GRI) Standards 2021, the international reporting standards for sustainable management. Five material issues derived through the double materiality assessment contained herein have been organized based on 'IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information' and 'IFRS S2 Climate-related Disclosures' published by the International Sustainability Standards Board(ISSB). ESG-related information has been prepared with consideration of Sustainability Accounting Standards Board(SASB) and by reflecting the recommendations of Task Force on Climate-related Financial Disclosures(TCFD). We prepared financial information based on consolidated statements, and complied with Korean International Financial Reporting Standards(K-IFRS) for reporting standards and definitions.

## Reporting Period and Boundary

This report was prepared based on qualitative and quantitative data for one year from January 1, 2023 to December 31, 2023. For significant performance, the range of this report extends to the first half of 2024 and it is published on June 28, 2024. Quantitative performance data is provided for the past three years (2021/2022/2023) to show year-over-year trends, and separate notes are provided where necessary. The reporting scope includes SK networks and its key subsidiaries(SK magic, SK rent-a-car, SK networks service), and if the reporting period and boundaries are different, they are clarified with separate notes.

## Reporting Assurance

With the aim of enhancing the fairness and reliability of this report, the data in this report has gone through third-party verification from the Korea Foundation for Quality. Verification standards are applied with AA1000AS Type II, and the results are available on pages 133-134.

## 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 SV Implementation Team, SK networks' Office of Sustainability Management.

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## SK networks

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## Interactive Guide

The 2023 SK networks Sustainability Report has been published as an interactive PDF with links to move between relevant pages within the report.

- |  |  |
|--|--|
|  Cover page     |  Contents         |
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# Commitment

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# CEO Message

Continued geopolitical conflicts that have flared up in several regions and global political and economic instability are expected to heighten uncertainties in the business environment more than ever this year. Even in such a rapidly changing environment, SK networks is continuously striving to strengthen its key competitiveness to generate stable profits and solve social issues for stakeholders pursuing sustainable growth.

SK networks has committed to evolving into an AI company and has been accelerating transition toward an AI-centered business model. SK networks has been enhancing the existing business models and making new business investments centered on AI and ESG while striving to realize its vision and make a sustainable future together with its stakeholders.

In 2023, SK networks obtained approval from the Science Based Targets initiative (SBTi) for its short-term and long-term goals in the Net Zero 2040 roadmap to address climate change issues. It has strengthened its environmental management through its investments in solar power generation facilities, EV100 implementation and based on its environmental management system certification(ISO 14001). Furthermore, SK networks continues to make preemptive investments in AI, alternative leather, smart farm technologies, etc. to resolve global environmental and social issues.

SK magic has introduced 'Re;package' in the form of an eco-friendly module to use eco-friendly materials for all internal and external product materials and packaging materials and to convey its sincere ESG management philosophy to customers. Additionally, SK magic is reinforcing its eco-friendly efforts by maintaining the ZWTL Gold Grade (96% waste recycling rate) and establishing reduction roadmap for PACT to zero plastic.

SK rent-a-car is planning to offer additional benefits to customers using electric vehicles(EVs) through the greenhouse gas offsets system by Korea Offset Credit.

Walkerhill Hotel & Resort is evolving into an AI-based hotel through innovation in the cultural and technological fields. Walkerhill is the first in the domestic hotel industry to propose an NFT-based membership(W.XYZ). It discloses its ESG story, and takes the initiative to reduce water consumption and energy use by investing in water reclamation and reuse facilities and high-efficiency facilities.

SK networks service is expanding its Recycling Center business, solar power generation and maintenance business, and electric vehicle charging infrastructure business.

MINTIT, a representative domestic ICT resource circulation business operator, has implemented the 'Nationwide mobile phone circulation campaign' in collaboration with the Ministry of Environment to collect used mobile phones, and is expanding the infrastructure for donation of waste ICT resources through the idle IT device donation campaign. SK electlink is solidifying its position as an EV charging infrastructure construction and business operator and expanding the provision of convenient EV charging platform services to customers.

SK networks operates three specialized committees(Personnel, ESG Management, and Audit Committees) under the Board of Directors(BOD) to form the foundations for management driven by the BOD, conducts evaluation on BOD operation, and discloses a professional competency composition table, etc., to establish a transparent governance. SK networks is cancelling its treasury stocks, and implementing a stable dividend policy to increase shareholder value, while striving to comply with ethical management and fair trade as much as possible based on an international certification for the anti-corruption management system (ISO 37001).

SK networks has created a safe work environment at its business sites by obtaining Certification for Occupational Health and Safety Management System(ISO 45001) in 2023, and continues to innovate the Voluntarily, Willingly Brain Engagement(VWBE), creating an environment where members can pursue happiness while performing their work. In addition, SK networks is willing to lead to expand the scope of stakeholders through support for suppliers' training, operation of various shared growth programs, and contribution to the local community.

SK networks will be continuously committed to fulfilling its corporate social responsibility, and add economic value and universal human value through technology by allowing more people to enjoy benefits generated by AI technologies. SK networks will strengthen its position as a sustainable company and enhance its positive influence to bring happiness to various stakeholders.

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

Thank you and sincerely,

We will realize our vision of evolving into AI company, practice efficient ESG management, and create a sustainable future together with our stakeholders.



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

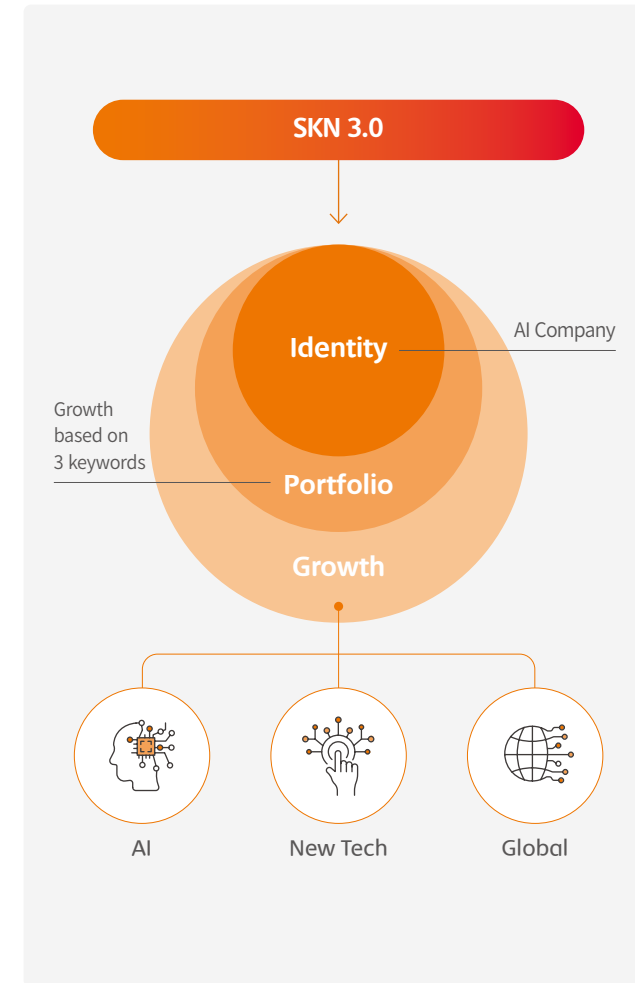
# Business Portfolio

## Company Overview

SK networks, which originates from Sunkyung Textiles, the beginning of SK Group founded in 1953, has evolved in line with the changes in the Korean industries. In the 2000s, SK networks diversified its business areas from trade and distribution to consumer goods rental businesses. It has expanded its business scope to include ICT device distribution, communication infrastructure management, global trading, car maintenance and car rental, wellness home appliance rental, hotel and resort business, etc. through the head office and subsidiaries. In order to continuously enhance corporate value, SK networks is investing in promising global companies based on its professional network in future technology sectors and systematic portfolio management process, and upgrading its business model to evolve into an AI company. To this end, SK networks will innovate on its future businesses by incorporating AI into its existing businesses and expanding data solutions and AI-related businesses.

Revenue	KRW 9.1339 trillion (Based on the 2023 consolidated income statement)	Date of Establishment	April 8, 1953
CEO	Lee Hojeong	Key Subsidiaries	SK magic, SK rent-a-car, SK networks service, etc.
Head Office Address	Samil Bldg., 85, Cheonggyecheon-ro, Jongno-gu, Seoul, Republic of Korea	Website	<a href="https://www.sknetworks.co.kr/">https://www.sknetworks.co.kr/</a>

### SK networks to accelerate innovation



# Business Portfolio

## 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



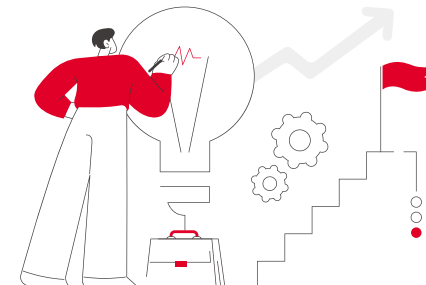
### 1974~2002 Growth

- 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 (merged with SpeedMate and SK distribution)



### 2003~2023 Expansion

- 2003** Changed the name to SK networks
- 2009** Merged with Walkerhill
- 2011** Exceeded 100 million in accumulated sales volume of mobile phones
- 2014** Launched SK rent-a-car
- 2016** Acquired Tongyang Magic (changed the name to SK magic)
- 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))
- 2023** Acquired en-core



# Business Portfolio

## Business Areas

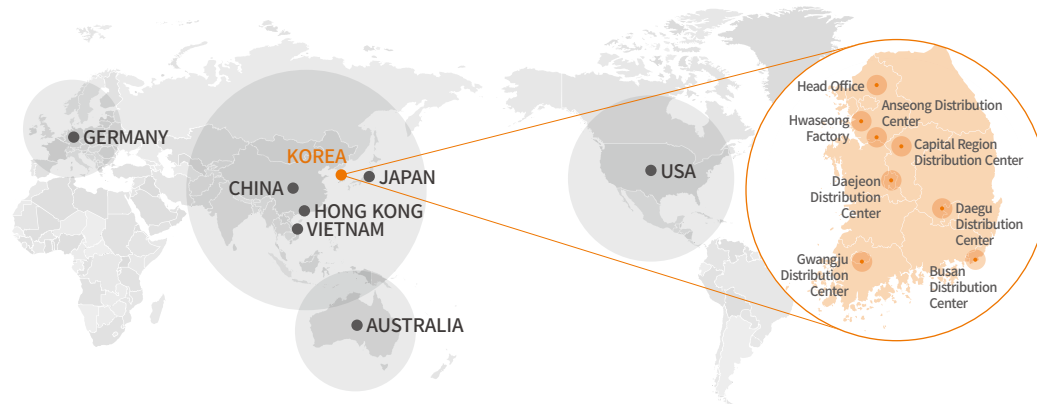
SK networks has been carrying out ICT marketing business centered on mobile phones and global trading business based on its competitiveness such as domestic and international network bases, excellent trading partners, and unrivalled logistics capabilities. Furthermore, it has been engaged in growth businesses such as car rental and car maintenance-centered mobility business, wellness home appliance rental as well as operating Walkerhill Hotels & Resorts.

Ratio of product/service revenue for each business division



## Domestic Business Sites and Global Network

SK networks is equipped with a stable distribution network underpinned by distribution centers in major cities in South Korea. In addition, we operate businesses in diverse sectors and make investment, with global operations in major overseas countries, including the US, Japan, China, and Malaysia.



Domestic	Overseas
<b>SK networks</b> 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) Walkerhill Hotels & Resorts(Seoul)	HICO CAPITAL(San Francisco) Tokyo Corporation Shanghai/Shenyang Corporation Hong Kong Corporation Malaysia Corporation MINTIT VINA(Ho Chi Minh City) Frankfurt Corporation Sydney Corporation
<b>SK magic</b> Head Office(Seoul) Hwaseong Factory (Hwaseong, Gyeonggi-do)	
<b>SK rent-a-car</b> Head Office(Seoul)	
<b>SK networks service</b> Head Office(Seoul)	





## Key Business Areas

### ICT Marketing

#### South Korea No.1 Mobile Device Distributor

SK networks has firmly maintained the highest rank in the ICT device distribution industry in South Korea. We have distributed approximately 4 million mobile devices while expanding our presence into the distribution of other devices, including laptops, tablet PCs, and ICT accessories for education platform, food-tech solution industries. We are also providing optimized integrated logistics services to customers through logistics infrastructure and operating systems built in major regions across the country.

 FY2023 Revenue  
**KRW 3.87trillion\***  
 \*Excluding revenue of SK networks service

 Device sold in FY 2023  
**3.94 Million Units**

 Domestic Distribution Centers  
**6**

#### MINTIT, a Second-hand ICT Device Platform

MINTIT ATM' is a kiosk-based service for mobile 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. The technology of MINTIT earned the international standard software quality certification (TÜV SÜD) for personal information and data deletion to alleviate concerns about used mobile phone trades and increase the reliability of trading second-hand phones. This leads to a virtuous cycle, including the MINTIT reforestation campaign, which is resource circulation campaign that allows people to save resources and participate in environmental protection, and support for ICT-vulnerable individuals.




“ATM Mini” and “Large ATM” of MINTIT

### Global Trading

#### Global Top-level Chemicals and Materials Trading

The chemical and materials division of SK networks handles Polyester raw materials such as p-Xylene (PX), high purity terephthalic acid (PTA), Mono Ethylene Glycol (MEG), aromatic products such as benzene (BZ), styrene monomer (SM), toluene (Tol), xylene (MX), and petrochemical products such as methanol (MeOH), solvents, and polyurethane (PU) raw materials. We have positioned as a key player in import/export and domestic sales through long-term transactions centered on long-term contracts with domestic and foreign petrochemical companies. Based on risk management, we strive to resolve the pain points of regular customers so that they can keep the business stable and grow continuously. At the same time, we seek flexible growth in line with the changes in supply and demand in the petrochemical product market. In 2023, our revenue reached around KRW 1.4 trillion led by long-term contracts, and going forward, we will strive to create steady profits based on customer trust and stabilized business model rather than seeking just quantitative expansion.

 FY2023 Revenue  
**KRW 1.37 trillion**

 Long-term contracted partners in chemical business  
**35**

## Key Business Areas

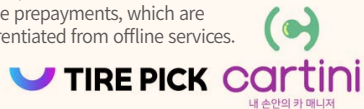
### SpeedMate

#### Top-ranking Brand in the South Korean Automotive Market

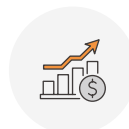
The SpeedMate of SK networks provides various services ranging from car maintenance to emergency roadside services, maintenance of imported cars, domestic distribution of car parts for imported cars and distribution of tires, and overseas exports of car parts, as the No. 1 brand in the domestic automotive aftermarket. Our car maintenance membership service “CLUB SM”, which was successfully launched, offer maintenance services at reasonable prices to customers, thereby reducing their financial burden. We are also striving for ESG management activities that enhance environmental and social values, such as the ‘ECO Parts Business’ utilizing recycled parts from accident vehicles and the ‘Good Maintenance Business’ in collaboration with the Seoul Council on Social Welfare. SpeedMate plans to expand its customer services and further enhance its expertise to strengthen its unparalleled competitiveness. Going forward, we will enhance customer satisfaction through customized marketing based on maintenance data, and become a leading brand in the automobile maintenance industry by securing talents with future car maintenance capabilities and technologies.

#### A New Concept of Vehicle Management Platform Service, 『cartini』

‘Cartini’ originates from the ‘TIREPICK’ business team of the SpeedMate. We started the business as an independent corporation in October 2021 for more accelerating service for cars based on a customer-centered online platform. Cartini strives to identify customer inconveniences and continuously improve them so that drivers can easily and conveniently receive vehicle maintenance services anytime, anywhere, and in any situation. Cartini operates the mobility platform ‘TIREPICK’, which is the online shopping mall for tire, engine oil and battery, and is the first to provide a tire information search service based on license plate numbers in the industry. Customers can easily receive tire and battery replacement services through call-up and valet replacement services and online prepayments, which are differentiated from offline services.



FY2023 Revenue  
KRW **360** billion



K-BPI\*  
**No. 1 for 22 consecutive years**  
(As of 2024)



SpeedMate Car Workshop  
Approximately **590**

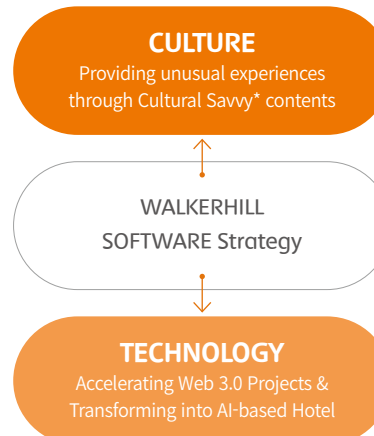
\*Korea Brand Power Index; A survey on the brand power of Korean industries conducted by the Korea Management Association Consulting (KMAC)

### Walkerhill

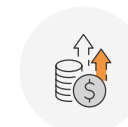
#### Urban Resorts Leading a New Leisure & Resort Culture Grand Walkerhill Vista Walkerhill

Walkerhill Hotels & Resorts (“Walkerhill”) 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 leisure, culture, and food. Diverse concept brands that deliver differentiated emotional experience, such as Grand Walkerhill Seoul, Vista Walkerhill Seoul, Douglas House, and Darakhyu satisfy the diverse tastes and needs of our customers. Since declaring our vision of transitioning into an “eco-friendly hotel” in 2021, we have been presenting a new business model for practicing ESG management through change and innovation, and striving to realize ESG values together with our customers. In 2023, we strived to provide special experiences to our customers through various activities and programs, such as picnics at the forest park, leisure activities at the outdoor swimming pool, and resting hour at the Walkerhill library. Furthermore, we hosted cultural events, including the wine festival “Walk on the Clouds,” to make our customers enjoy wine. Going forward, Walkerhill will provide customers with an abundant experience through various packages products and promotions, as well as continue our efforts for sustainable management and ESG values. To this end, we plan to continuously operate hotels in eco-friendly ways and set new standards for a sustainable future through interactions with our customers.

#### Future Strategic Direction



\*Communication with customers & provide opportunities for unusual experience through ability to understand and appropriately deal with diverse cultural backgrounds



FY2023 Revenue  
KRW **280** billion



**No. 1**  
in 2022 NCSI\* hotel category



**No. 1**  
in 2024 National Brand Awards for 8 consecutive years

\*National Customer Satisfaction Index; National Customer Satisfaction Index hosted by Korea Productivity Center

## Key Business Areas

### Global Investment

#### Enhancing Company Value through Transformation into an AI Company

The New Growth Promotion Group is investing mainly in the future growth areas including AI with the goal of strengthening existing businesses and exploring future business opportunities. We are making investment in the local markets through an investment company (Hico Capital) established in Silicon Valley, USA, which leads global technology and trends, and has also formed a joint fund in cooperation with local venture capital. In 2023, we acquired en-core, a data management solution provider, while continuing our investment in companies which may strengthen our business growth potential, such as the pet care company 'BM Smile' and the AI solution development and supply startup 'Upstage'. As such, the New Growth Group plans to enhance corporate value through an AI-centered business value-up strategy, brings benefits for various stakeholders by allowing more people to enjoy AI-related benefits, and continuously increase economic value and universal human value through technology.

#### Investment Domains

We selected three primary focus areas, considering our corporate philosophy, growth potential, and social impact.

- **AI** : We invest in AI technology, dreaming of meaningful social changes.
- **Web3** : We invest in the Web3/blockchain-related area, representing security, decentralization, and transparency that will be applied in various industries.
- **Sustainability** : We pursue sustainable growth to create future value for all generations.

#### Portfolio



\*Kurly, PortOne, MycoWorks, etc.

\*SoftBank Future Innovation Fund III, DCVC Bio Fund II, Kindred Ventures Fund II, etc.

### SK magic

#### A Leading Company in the Wellness Home Appliance 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. SK magic, which expanded its playing fields to home appliance rental business such as water purifiers and air purifiers in 2008, is leading the market paradigm by being recognized for its world-class technology accumulated through continuous research and development. Going forward, SK magic will build a domestic and international collaboration ecosystem for AI in line with the rapidly changing market environment, promote AI-based innovation for the existing products, and strengthen its business competitiveness. At the same time, we will release new AI products and services in the wellness field such as pets and healthcare to evolve and develop into an 'AI Wellness Platform company' based on relationships with customers, and preemptively dominate the global market beyond the South Korean market.

#### Future Strategic Direction

##### Releasing New AI Items

Expanding Coverage in Wellness Sector through New Products/Services

PET

Health Care

##### Innovating customer experience through integrated solution

Expanding connectivity between products/services



FY2023 Revenue  
KRW **840** billion

Grand Slam of the global top 3 design awards



No. of Rental Accounts  
Exceeded **2.6** million  
(As of the end of December 2023)



K-BPI(Korea Brand Power Index)  
**No. 1**  
for 5 consecutive years

## Key Business Areas

### SK rent-a-car

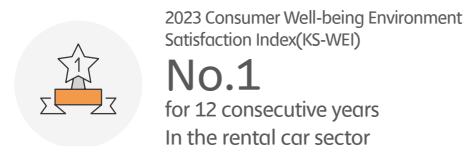
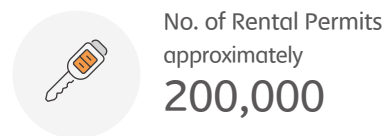
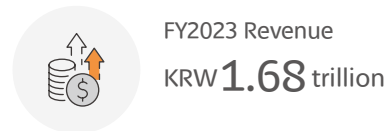
#### Mobility Life Innovator

SK rent-a-car is leading the South Korean car rental industry with its expertise and experience. 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).” In 2023, we also introduced various second-hand car products to meet the segmented needs of customers in the second-hand car market. In addition to innovative second-hand car products such as ‘Long-term rental of second-hand car’ that can be used at a reasonable price, ‘Tago Buy’ that allows customers to try out a car and purchase at a desired time, ‘Monthly rental’ that allows customers to use month-to-month rental service without any burden, and ‘Tago Pay’ that allows customers to pay for the amount of use they get, we also opened the ‘Dongtan Center for Certified Used Car’ where customers can inspect and take over the second-hand cars on site.

On top of that, we are ushering into a new era of eco-friendly mobility, providing new experience for customers through 100% conversion to eco-friendly vehicles by 2030 in line with the declaration of joining EV-100 and K-EV100, participation in the ‘Two-Way DR\*’ Project to stabilize power supply in Jeju Island, operation of travel item rentals service and electric car camping products for local short-term car rental customers.

SK rent-a-car will be transformed into innovative mobility company by expanding its customer base and improving services through upgraded digital technology and data analysis, based on its 150 networks in South Korea, and going beyond the existing rental car business area to achieve customer satisfaction. To this end, in 2023, we focused on improving the structure and operational efficiency by strengthening cash management and improving the profit structure to secure a mid-to long-term profit base.

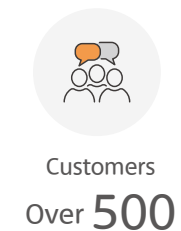
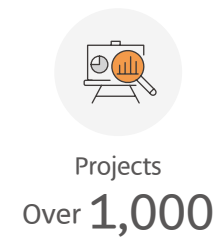
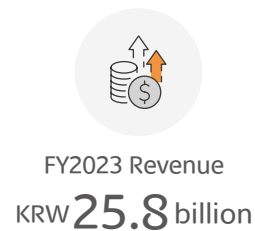
\*DR(Demand Response) : A system to manage demand that solves the problem of power shortage by expanding renewable energy.



### en-core

#### Tech Company Adopting Data-AI and Business Innovation

Having established a unique methodology based on a deep understanding and insight into data and IT, en-core has developed and supplied data consulting services and data integration management solution DATAWARE™ to support enterprises and institutions in systematic data management and use. Our services and products are utilized across various industries, including manufacturing, services, finance, telecommunications, public sectors, distribution, healthcare, and education. In 2023, we established an R&D ecosystem including AI infrastructure, attraction of additional potential customers, and new technologies by being incorporated into SK networks. Our plans for 2024 are to introduce new products and services based on data and artificial intelligence to expand our business areas, adapting to the rapidly changing IT environment and striking technological advancements.

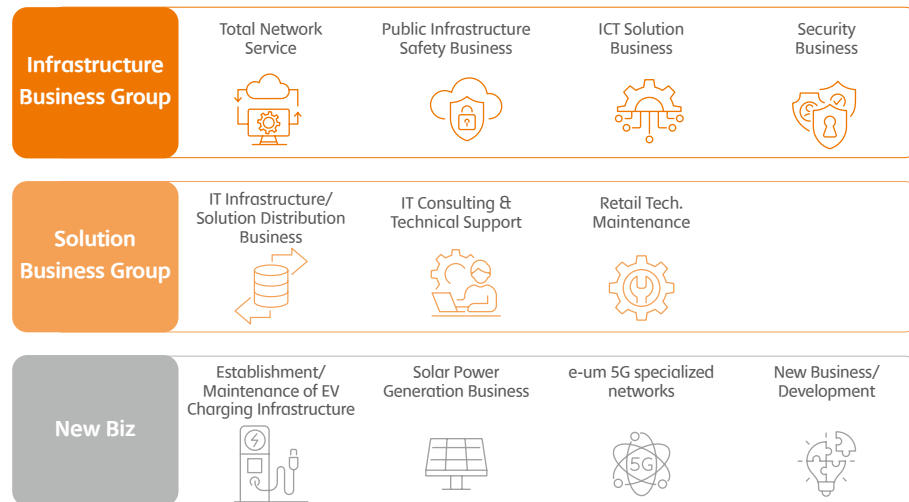


## Key Business Areas

### SK networks service

#### Technical Partner Operating ICT

SK networks service provides network infrastructure management and global IT H/W and S/W distribution businesses based on ICT power accumulated over many years. We are mainly engaging in infrastructure business that performs construction, operation, and maintenance of communication network equipment for SK Telecom, SK Broadband, and public/B2B customers, and IT solution business that distributes IT equipment and software such as networks, servers, and storage. Now, we are expanding our business area to eco-friendly fields such as solar power generation and EPC business, and EV charging facility construction/maintenance, focusing on higher sustainability. In 2023, we solidified our position in the facility equipment maintenance service for food and beverage franchise store. Going forward, we will upgrade the quality of our total franchise maintenance services.

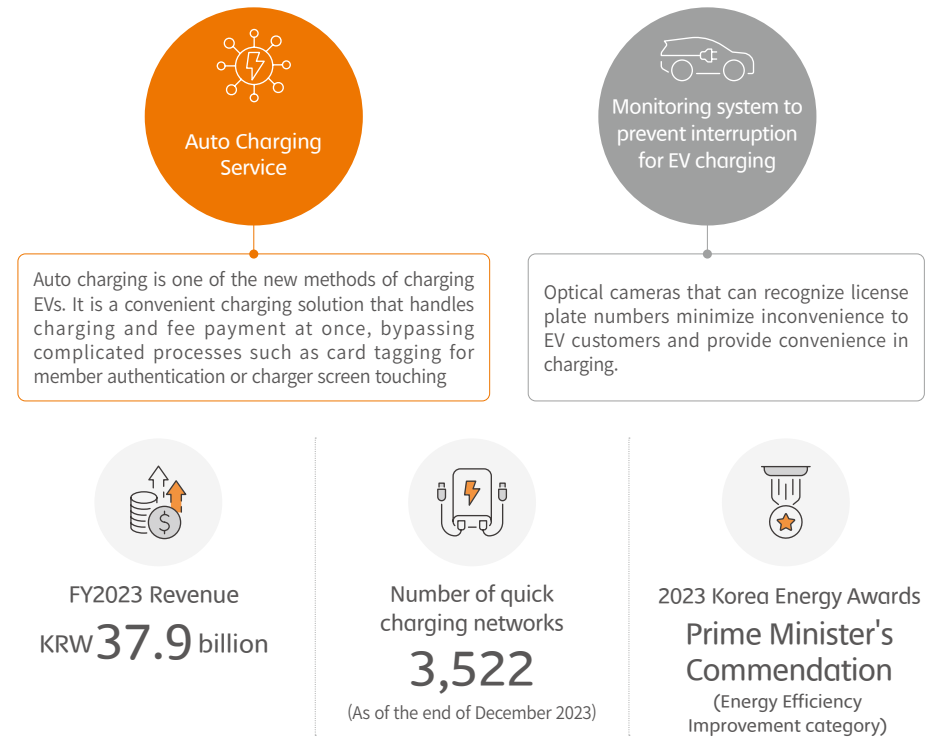


FY2023 Revenue	<b>KRW 475.6 billion</b>	ICT Centers	Integrated Surveillance	<b>16</b>	Operational Bases	<b>92</b>
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### SK electlink

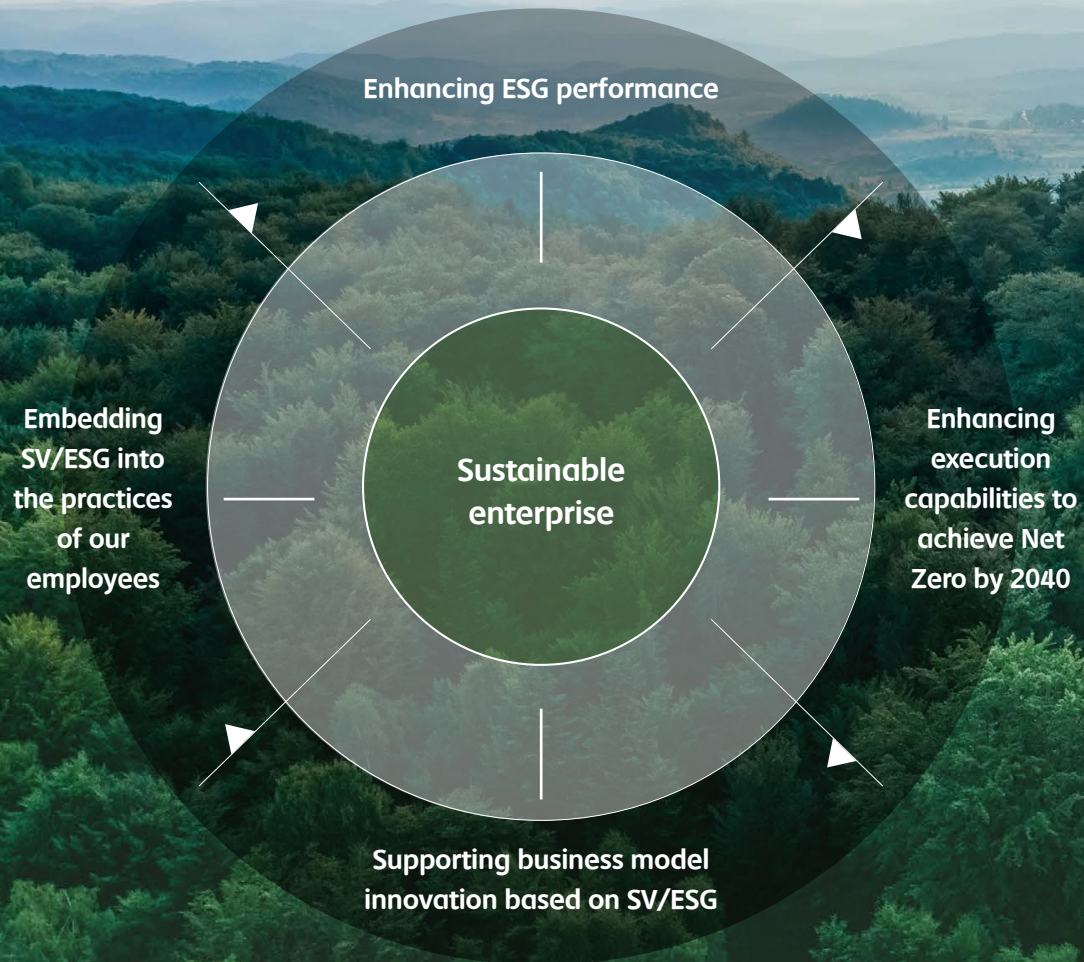
#### No. 1 Private Quick Charging Business Operator

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 on charging services based on our differentiated technological capabilities and knowledge. In 2023, we increased the quick charging networks by 1,863 sites, operating a total of 3,522 quick charging stations. Going forward, we will strive to provide a convenient charging environment in the places where customers need it most.



## OUR GOAL & PROGRESS

SK networks has established the goals of enhancing ESG performance, enhancing execution capabilities to achieve Net Zero by 2040, innovating business models based on social value and ESG, and embedding SV/ESG into the practice of our employees. By supporting the execution of ESG, we will gain trust in the market and contribute to enhancing corporate value.



## MATERIALITY ISSUES



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**Material Issue 1** Climate Change Response

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**Material Issue 2** Waste Management and Resource Circulation

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**Material Issue 3** Talent Development and Management

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**Material Issue 4** Customer-Centered Management

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**Material Issue 5** Strengthening Transparency of Governance

# OUR GOAL & PROGRESS

## 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 2023, 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 First/second-tier subsidiaries

Since 2022, SK networks has established and operated an ESG management system for subsidiaries based on their listing status and growth stage. By selecting ESG indicators tailored to industry of each subsidiary, 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.

\*MSCI : Morgan Stanley Capital International

\*\*KCGS : Korea Institute of Corporate Governance and Sustainability

\*\*\*CDP : Carbon Disclosure Project



## 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 first/second-tier subsidiaries\* joined EV100 and have made efforts to switch all business vehicles, including customer vehicles, to EVs by 2030. As of 2023, we replaced a total of 15,921 vehicles with EVs. In addition, we obtained approval for short and long-term goals according to the SBTi\*\* in 2023, and went through the third-party verification on emission under Scope 3. As such, we are making a systematic approach to mitigating GHG emissions. Furthermore, we declared our support for the TCFD\*\*\*, while accurately measuring the impact of climate change on our company and disclosing all financial and non-financial impacts to manage it.

\*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

\*\*\*TCFD : Task Force on Climate-Related Financial Disclosures



## Supporting business model innovation based on SV/ESG

### Supporting Business Model Innovation Tasks Based on Social Value and ESG

Since 2021, SK networks has operated a "SV meet-up" with executives, team leaders, and working-level employees of each business, presided over by the CEO. At the meeting, we establish key tasks to create social value for each business area, share the outcome of executing the tasks, and innovate on business models through mutual learning of related trends and issues. In addition, we regularly operate a corporate ESG Implementation Committee with the participation of C-Level and key executives, representatives of subsidiaries, etc. to discuss and decide on ESG management.



## Embedding SV/ESG into the practices of our employees

### Increasing Support for the SE\*

Since 2022, SK networks has been operating new target type/spot-type Pro bono programs intended to support professional consulting activities tailored to social enterprises and ventures related to business models of SK networks every year. In 2023, total of 23 employees participated in our Pro bono activities. Our programs achieved outstanding outcomes, such as creating various collaboration cases with participating companies. In recognition of these accomplishments, we received the Pro bono of the Year Award and Super Rookie Award from Happynarae in 2023. We are implementing 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 voluntary 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 2023, we reduced carbon emissions by 68.5 kg per person (26.7 tons total) and we completed 18.1 hours of volunteer service per person. In 2024, we aim to support local communities and vulnerable groups by conducting various online and offline social contribution programs.

\*SE : Social Enterprise



# Creation of Social Value




## The Significance of Measuring Social Value Measurement

SK networks measures the social value (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 double bottom line (DBL)\* perspective by linking SV with its business models. To this end, SK networks has been measuring SV in three areas : economic indirect contribution, environmental performance and social performance since 2018, and has been disclosing the measurement results every year(Except Governance performance to disclose to the measurement result due to Non-monetary measurement).


Indirect economic contribution performance means values created by Economic indirect contribution performance and environmental performance refers to value created by the development, production, and sale of environment friendly products/services and environmental impact from the production process. Social performance includes value created by improvement of life quality, improvement of the labor environment, and social contribution activities for local communities. Governance represents efforts for transparent and responsible decision-making. Going forward, SK networks will continue to update and develop indicators that create social value based on its business model to further enhance DBL management.

\*A management method that creates both economic value and social value throughout all management activities.

### Monetary measurement

Economic indirect contribution performance	Environmental(E) performance	Social(S) performance
 <ul style="list-style-type: none"> <li>• Employment</li> <li>• Dividends</li> <li>• Taxes</li> </ul>	 <ul style="list-style-type: none"> <li>• Environment                             <ul style="list-style-type: none"> <li>- Production process</li> <li>- Sales of eco-friendly products/services</li> </ul> </li> </ul>	 <ul style="list-style-type: none"> <li>• Society                             <ul style="list-style-type: none"> <li>- Sales of products/services that improve the quality of life</li> <li>- Improvement of labor environment and shared growth</li> </ul> </li> <li>• Social contribution                             <ul style="list-style-type: none"> <li>- Social contribution activities</li> <li>- Donation</li> <li>- Volunteer activities</li> </ul> </li> </ul>

### Non-monetary measurement

Governance(G)
 <ul style="list-style-type: none"> <li>• Improving corporate stability and implementing sustainable management through the establishment of sound governance system</li> <li>• Non-monetary indicators(such as Group ESG Key indicators) and information disclosed on Exchange rather than monetized values</li> </ul>





## SV Measurement Factors

Social value pursued by SK networks is measured based on three criteria: Baseline, Proxy, and Contribution under the principles of external acceptability, objectivity, and conservativeness. Social value is calculated by the following formula: '(Social Value Created (Outcome) - Baseline) × Monetization Unit (Proxy) × Sales Volume (Volume Provided) × Contribution'. This formula aims to quantitatively evaluate the social value created by each product and service and reflect it objectively and transparently. Baseline provides a basis for comparison by setting up a base point for change while Proxy objectively monetizes social performance. Sales volume indicates the amount of the product or service provided, and performance of each participant in the value chain is rewarded based on contribution (level). SK networks comprehensively evaluates social value and utilizes it in strategic decision-making for sustainable management.

**Measurement formula** = (Social value created (Outcome) - Baseline<sup>1)</sup>) × Monetization unit (Proxy<sup>2)</sup>) × Sales volume (Volume provided) × Contribution<sup>3)</sup>

- 1) It is measured as a (+) value only when the company's product exceeds the market average for the same or similar products/ services.
- 2) Data derived from internal measurement is not recognized due to objectivity.
- 3) Existing benchmarking ratios (e.g. cost ratio, investment ratio, etc.) are used, but if it is difficult to use it, the company uses the 'OKEF classification', a role-based qualitative evaluation methodology internally developed.

## Results of Monetizing SV Measurements

As a result of monetary measurement, SK networks' 2023 social value performance showed an increase of approximately KRW 46.2 billion year-on-year due to increased dividends and tax payments and the development of new individual indicators, recording a total of KRW 569 billion (+9%). Indirect economic contribution increased by 10% year-on-year to KRW 542 billion, of which employment accounted for KRW 345.6 billion, dividends KRW 60.5 billion, and tax payments KRW 135.9 billion. Environmental performance decreased by 3% year-on-year to KRW 16.7 billion, recording KRW 22.2 billion in the product/service sector and KRW 5.5 billion in the processing sector. Social performance decreased by 21% year-on-year to KRW 10.3 billion, achieving KRW 8.7 billion in the processing sector and KRW 1.6 billion in the social contribution sector. Social value performance measurement was conducted for a total of five companies including SK networks, SK networks service, SK magic, SK rent-a-car and MINTIT. (SK magic, SK rent-a-car, and MINTIT have been newly included since 2022.)

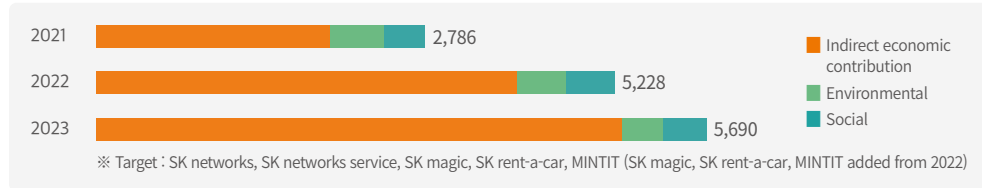
## Key Performance in 2023

In 2023, SK networks experienced increase in social value performance year-on-year thanks to the increased operating profit and continued creation of resource circulation. With the introduction of a shareholder value enhancement policy and increase in operating profit, performance generated by dividend increased by KRW 34.2 billion and tax payment increased by KRW 14.1 billion. In particular, the performance created by resource circulation through the reuse of used electronic products (smartphones, tablet PCs, laptops) of MINTIT, which has been continuously measured since 2019, increased by KRW 200 million year-on-year based on stabilized B2C collection channels in 2023 (participation in Samsung Electronics' compensation program\*). We also created performance of KRW 60 million through the development of new indicators to measure the recycling performance (gold, silver, palladium) of discarded smartphones.

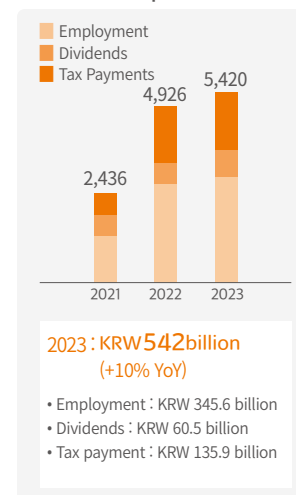
\*It is a used electronic product compensation program jointly operated by Samsung Electronics and MINTIT, which provides additional compensation to customers who return a used device when purchasing a new device.

### Results of Monetizing SV Measurements

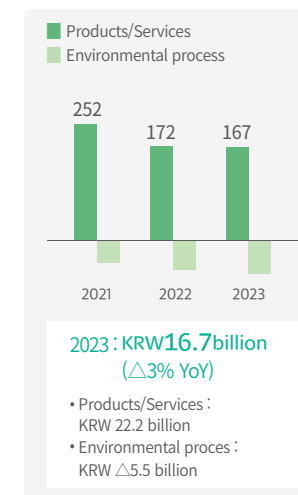
(unit : KRW 100 million)



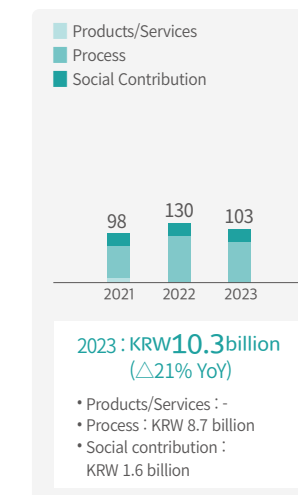
### Indirect economic contributions performance



### Environmental performance



### Social Performance



## Case on Measuring Social Value Performance related to Resource Circulation

SK networks is continuously developing and updating social value performance related to resource circulation in line with its business model. In particular, we are continuously developing indicators related to resource circulation in the environmental products and services sector to meet the demand for solving social problems.

### Case 1 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.

\*ITAD : IT Asset Disposition

Reduction in resource consumption/GHG emissions/environmental expenses for Waste disposal through the reuse of ICT devices (smartphones/tablet PCs/PCs)  
(2022 performance : KRW 20.1 billion / 2023 performance : KRW 20.3 billion)

- Measurement formula : (Market average resource consumption per ICT device – resource consumption per used ICT device) X resource consumption proxy X volume provided for reuse\*\* X contribution
  - Measurement formula : (Market average GHG emissions per ICT device – GHG emissions per used ICT device) X carbon emission proxy X volume provided for reuse\*\* X contribution
  - Measurement formula : (Market average disposal weight per ICT device – disposal weight per used ICT device) X resource consumption proxy X volume provided for reuse\*\* X contribution
- \*\* Volume provided for reuse: Distribution volume X service life ratio

### Case 2 SpeedMate

#### Distributing ECO Parts

SpeedMate of SK networks introduced an environment-friendly concept for ECO parts in the automotive aftermarket, and we are 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 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  
(Expected to generate outcome through full-scale business launch from 2024)

- \* Measurement formula: (CO<sub>2</sub> reduction from ECO parts – market average CO<sub>2</sub> reduction from parts) X carbon emissions proxy X number of ECO parts sold X contribution

### Case 3 SK magic

#### Manufacturing Products with Environment-friendly Plastic Materials

SK magic is striving to expand the use of PCR\* plastic, a material recycled from discarded plastic. We are continuing our research and development to increase the content of PCR plastic in the interior and exterior materials of products during the production process.

In 2021, SK magic developed new ABS\*\*, a material widely used as an exterior material for home appliances, into PCR in collaboration with a chemical materials company, and launched the 'All Clean Air Purifier Green242', which used PCR plastic up to 99.5% for the first time in the industry in October 2021. In 2022, we additionally launched the 'Eco Mini', a wireless water purifier using PCR plastic up to 64.4%, taking lead the efforts to recycle waste plastic in the home appliance market and confirming the possibility of entering the market for eco-friendly home appliances utilizing waste resources.

Reduction in GHG emissions through air purifiers/water purifiers using environment-friendly plastics  
(2022 Performance: KRW 40 million / 2023 Performance: KRW 30 million)

- Measurement formula: (CO<sub>2</sub> emissions from existing materials – CO<sub>2</sub> emissions from PCR\* materials) X carbon emissions proxy X number of PCR products sold X contribution
- \*Post-Consumer Recycled \*\*Acrylonitrile Butadiene Styrene

### Case 4 SK networks service

#### Recycling of Closed Franchise Convenience Store Facilities

SK networks service started to develop various business models for more faithful resource circulation. In 2023, we contributed to reducing waste by collecting waste generated from the closed franchise convenience stores and recycling major minerals (iron, copper, aluminum) and minimizing negative environmental impacts incurred when producing new minerals.

Performance of delaying resource consumption/environmental costs due to GHG emissions through recycling waste of closed franchise convenience stores' facilities (iron, copper, aluminum)  
(2023 performance: KRW 460 million - new indicator)

- Measurement formula : (Environmental cost incurred when producing major minerals - Environmental cost incurred when recycling major minerals) x Resource consumption proxy x Volumes of major minerals provided (weight) x Contribution
- Measurement formula : (Greenhouse gas emissions when producing major minerals - Greenhouse gas emissions when recycling major minerals) x Carbon emissions proxy x Volume of major minerals provided (weight) x Contribution

# Material Issue Report



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# Stakeholder Engagement

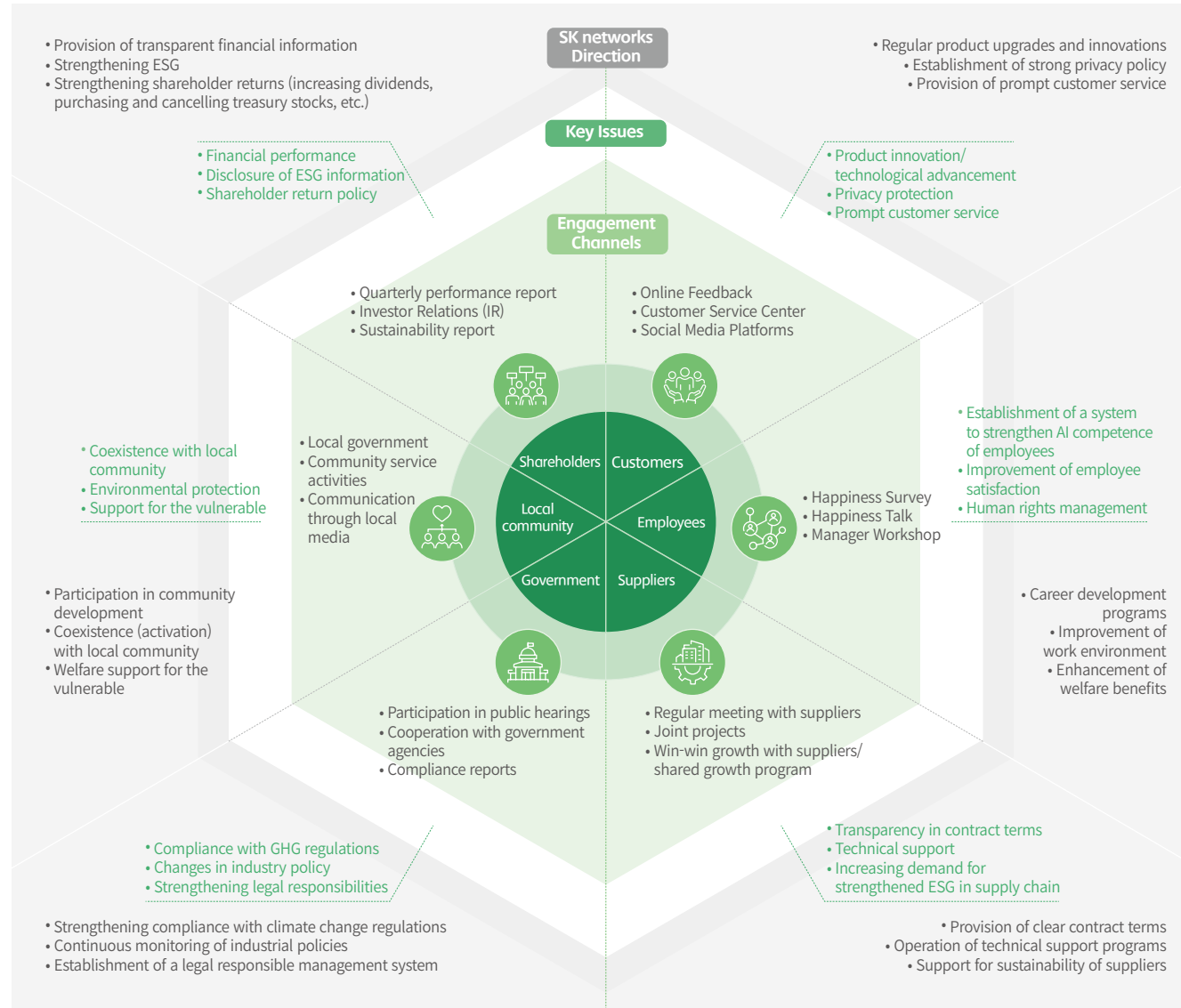
## Definition and Engagement of Stakeholders

SK networks defines all entities that directly or indirectly affect its management activities as stakeholders, and categorizes customers, employees, suppliers, government, shareholders/investors, and local communities as major stakeholders. We are communicating with stakeholders through various engagement channels and collect opinions from them in various ways, such as customer satisfaction surveys, internal surveys, regular suppliers meetings, public hearings, general shareholders' meetings, and forum in the local community. The feedback obtained through these channels is reflected in all management activities for improvement of products and services, establishment of management strategy, compliance with policy, and fulfilment of social responsibility. In order to meet the expectations and demands of stakeholders, SK networks enhances transparency and accountability in management and builds long-term relationships based on trust. On top of that, we are listening to various opinions for sustainable management through regular stakeholder surveys and continuously improving the management activities based on these opinions. We simultaneously realize economic and social values and strengthen mutual trust with stakeholders. Going forward, SK networks will pursue sustainable growth based on close cooperation with stakeholders and raise the overall value of the company.

## Pursuing Stakeholders' Happiness

Corporate Governance Charter of SK networks stipulates the main principles of strategy for its stakeholder engagement: 'The Company shall exist and develop perpetually on a track of stability and growth as a cradle and foundation on which the People and stakeholders seek happiness continuously.' We simultaneously increase economic and social value, deliver various values to customers, foster a fair and competitive ecosystem with business partners, and create values for shareholders. We grow together with the local community through our roles of protecting environment and creating jobs. We endeavor to maintain harmony and balance of happiness among stakeholders and ensure sustainability from a long-term perspective. To ensure perpetual existence and development of the company, SK networks declares to establish a transparent governance with the Board of Directors-centric responsible management. Going forward, we will comply with our Corporate Governance Charter while realizing the sustainable future with our stakeholders.

Stakeholder Engagement and Directions



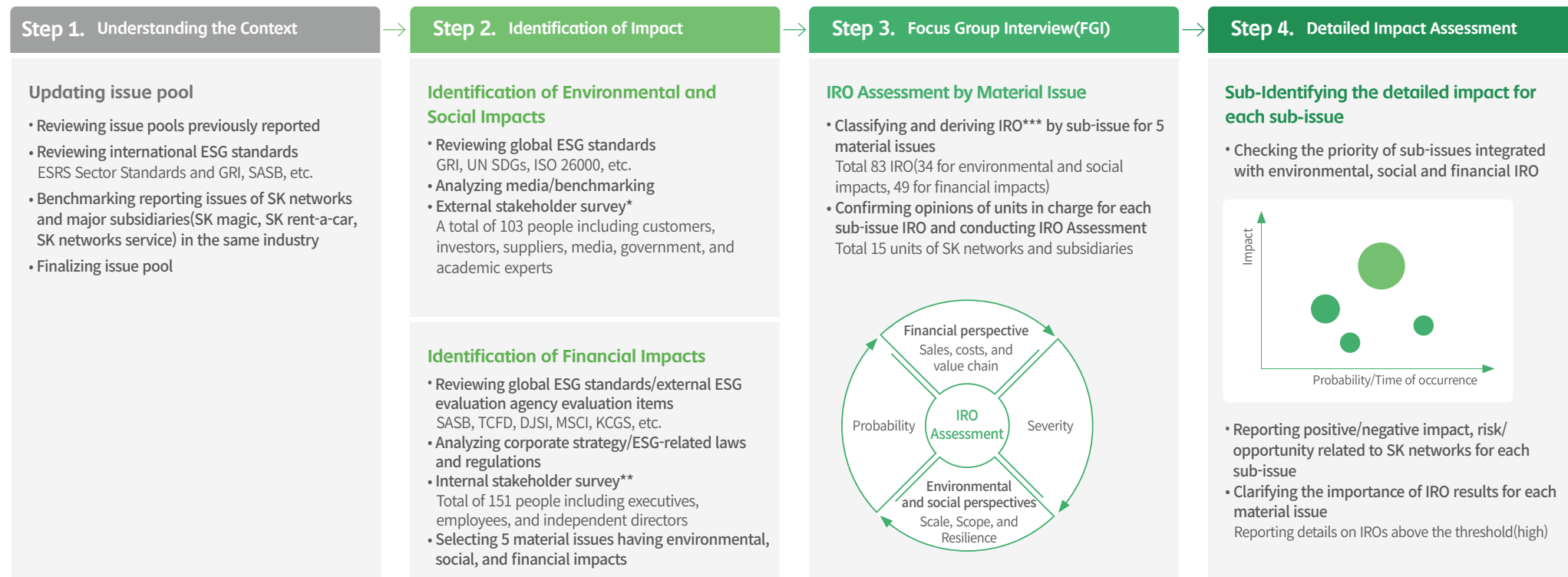
## Stakeholders Channels, Issues and Response Roadmap

Stakeholders	Engagement Channels	Key Issues	Short-term Plan(2023)	Mid-term Plan(2024 ~ 2026)	Long-term Plan(2027)
<b>Customers</b>	<ul style="list-style-type: none"> <li>VOC channels</li> <li>Customer contact at agencies/branches</li> <li>Questionnaires and customer satisfaction surveys</li> <li>Website, SNS</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Customized solutions for customers</li> <li>Personal information protection</li> </ul>	<ul style="list-style-type: none"> <li>Increasing customer satisfaction</li> <li>Developing new products/services</li> <li>Improving customer contact service</li> <li>Analyzing and improving brands (adding/modifying ESG assessment items)</li> </ul>	<ul style="list-style-type: none"> <li>Ultimately resolving pain points which undermines customer satisfaction and enhancing customer value through BM innovation/creation of new BM</li> <li>Creating social value through products/services</li> <li>Analyzing customer's ESG assessment trends for each brand</li> </ul>	<ul style="list-style-type: none"> <li>Improving customer's ESG assessment items for each brand (including a review of measures to diversify survey targets)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Happiness Survey (Happiness diagnosis/measurement)</li> </ul>	<ul style="list-style-type: none"> <li>Identifying and resolving factors that hinder employees' happiness and enhancing the ability to execute happiness strategies following the process of [challenge- performance-growth]</li> </ul>	<ul style="list-style-type: none"> <li>Creating an environment to listen to the opinions of employees and practice ambition by utilizing measurement/thinking type surveys</li> </ul>	<ul style="list-style-type: none"> <li>Improving the happiness diagnosis/ measurement system and establishing a sharing system</li> </ul>	<ul style="list-style-type: none"> <li>Evolve into a platform for innovation in working methods and corporate culture</li> </ul>
	<ul style="list-style-type: none"> <li>Happiness Talk (Conversation with management)</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening commitment to the management philosophy and activities through communication with the top-level management</li> </ul>	<ul style="list-style-type: none"> <li>Providing a regular communication channel for sharing CEO messages and management philosophy and building trust</li> </ul>	<ul style="list-style-type: none"> <li>Providing a channel for direct communication between CEO and employees (Regular communication)</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the channel for direct communication between CEO and employees (Expanding regular communication)</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Expanding the operation of the Shared Growth Fund</li> <li>Establishing support programs for outstanding suppliers</li> <li>Reinforcing a system of communication with suppliers</li> <li>Supporting the ESG affairs of suppliers</li> <li>Supporting education program of suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Reestablishing strategies to promote shared growth</li> <li>Implementing and expanding support programs for outstanding suppliers</li> <li>Identifying and implementing win-win tasks</li> <li>Introducing an incentive system for suppliers with outstanding ESG and expanding support</li> <li>Developing additional educational programs for suppliers and encouraging participation</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the operation of the Shared Growth Fund</li> <li>Establishing support programs for outstanding suppliers</li> <li>Reinforcing a system of communication with suppliers</li> <li>Supporting the ESG affairs of suppliers</li> <li>Supporting education program of suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Reestablishing strategies to promote shared growth</li> <li>Implementing and expanding support programs for outstanding suppliers</li> <li>Identifying and implementing win-win tasks</li> <li>Introducing an incentive system for suppliers with outstanding ESG and expanding support</li> <li>Developing additional educational programs for suppliers and encouraging participation</li> </ul>	<ul style="list-style-type: none"> <li>Reestablishing strategies to promote shared growth</li> <li>Strengthening the win-win cooperation system - Building an open platform for shared growth communication channels</li> <li>Developing additional educational programs for suppliers and encouraging participation</li> </ul>
<b>Shareholders/ Investors</b>	<ul style="list-style-type: none"> <li>General shareholders' meeting</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening two-way communication between the company and shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Creating an environment for shareholders to ask questions and securing sufficient time</li> </ul>	<ul style="list-style-type: none"> <li>Diversifying communication channels using online platforms such as conversations with shareholders and live broadcasting of general shareholders' meetings</li> </ul>	
	<ul style="list-style-type: none"> <li>Meetings with corporate and private investors</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the scope and frequency of exposure to SK networks Financial Story</li> <li>Establishing awareness of ESG leading companies and securing ESG investment demand</li> </ul>	<ul style="list-style-type: none"> <li>Communicating with investors frequently and publishing reports</li> <li>Executing IR in South Korea and overseas for potential investors</li> </ul>	<ul style="list-style-type: none"> <li>Conducting online and offline IR events tailored to the needs of investors</li> </ul>	
<b>Local Community</b>	<ul style="list-style-type: none"> <li>Local governments</li> <li>Community social security council</li> <li>Persons in charge at district welfare centers and community centers</li> </ul>	<ul style="list-style-type: none"> <li>Activating programs for the vulnerable (securing safety nets, providing benefits of cultural programs to the underprivileged, etc.)</li> <li>Managing risks of local community</li> <li>Realizing contribution to local community and sustainable environment friendly cities</li> </ul>	<ul style="list-style-type: none"> <li>Updating social contribution system (2022)</li> <li>Identifying community-related risks and deriving pools, and establishing risk management system</li> <li>Securing community consultation channels - Signing of business agreement (MOU) for community contribution (2022, Walkerhill-Gwangjin-gu Office)</li> <li>Developing and operating community contribution content</li> </ul>	<ul style="list-style-type: none"> <li>Operating social contribution system</li> <li>Upgrading community-related risk management system</li> <li>Activating content channels for revitalizing culture/tourism (Walkerhill)</li> <li>Developing and implementing win-win program for local community</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading social contribution system</li> <li>Activating win-win program for local community, measuring and managing performance</li> </ul>

# Double Materiality Assessment

SK networks has identified material issues from an ESG perspective by conducting a double materiality assessment to strengthen corporate sustainability. The assessment focuses on identifying the impact of external environmental and social factors on the company’s ‘financial materiality’ and ‘impact materiality’ which refers to the ‘impact of company’s management activities on the external environment and society. In particular, we have upgraded the double materiality assessment methodology by applying the MAIG (Materiality Assessment Implementation Guidance) of the ESRS (European Sustainability Reporting Standards) for this report. We have secured more reliable assessment results by conducting IRO assessments through focus group interviews targeting units related to key issues. SK networks reports the results of the materiality assessment to the ESG Management Committee within the Board of Directors and the Company-wide ESG Implementation Committee, an internal management council, to systematically manage material issues by having the Board of Directors and management review financial risks related to sustainability. Furthermore, we have established and are managing sustainable management indicators to effectively respond to identified key issues, and for key indicators, we are setting goals and reflecting them in the management KPIs for performance evaluation.

## Double Materiality Assessment Process



\*a. Stakeholders of SK networks and major subsidiaries b. Survey period : Feb. 01, 2024 ~ Feb. 08, 2024

\*\*a. Survey subjects: Employees of SK networks and major subsidiaries b. Survey period : Feb. 01, 2024 ~ Feb. 08, 2024

\*\*\*Impact, Risk and Opportunity

## Step 1 Understanding the Context

### Environmental and Social Impact

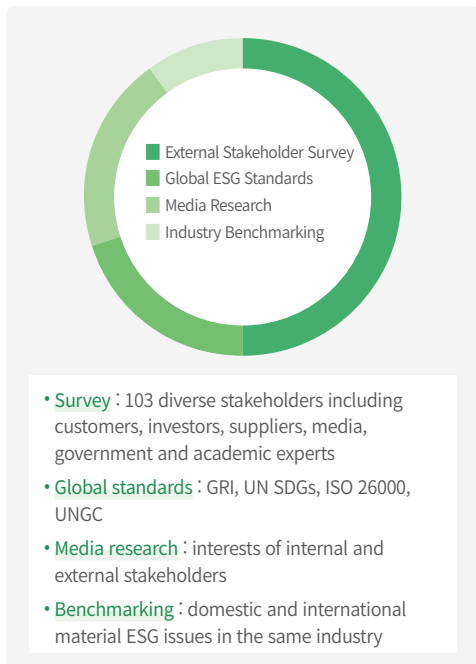
We conducted the environmental and social impact analysis through a survey with 103 diverse stakeholders. In addition, we assessed the environmental and social responsibility of the organization by applying global ESG standards such as GRI, UN SDGs, ISO 26000, and UNGC. This was done to identify the awareness of ESG issues and response strategies within the same industry through media research and domestic and international benchmarking.

### Financial Impact

The analysis was conducted based on a survey of 151 internal employees and independent directors of SK networks, SK magic, SK rent-a-car, and SK networks service. The organization's financial performance and sustainability were assessed based on global ESG standards such as SASB and TCFD and assessment items of external ESG evaluation agencies such as DJSI, MSCI, and KCGS. The analysis also focused on evaluating the company's management direction and strategy, including internal strategies on KPIs, management plans, and compliance with legal obligations.

#### Identification of Environmental and Social Impacts

#### Identification of Financial Impacts



## Step 2 Identification of Impact

SK networks has understood the expectations and demands of external stakeholders through environmental and social analysis and clearly identified the major factors affecting it. In financial analysis, we evaluated the interaction between internal management mechanisms and the economic environment to analyze the major impact on financial performance and sustainability. Through such analysis, we finally selected 5 material issues, including 3 issues with priority impact which have high impact both in terms of financial and social & environmental impact, and 2 issues which have high financial impact and social & environmental impact, respectively.

### Identification of Impact Results

☑ Selection of Material Issues

Category	Issue	Impact Category	FY2023		FY2022
			Environmental/Social Impact	Financial Impact	Material Issue
Environmental E	Response to Climate Change ☑	Priority	High	High	●
	Protection of Biodiversity		Low	Low	
	Management of Pollution and Emissions		Medium	Medium	
	Management of Water Resources		Low	Low	
Social S	Waste Management and Resource Circulation ☑	Priority	High	High	
	Talent Development and Management ☑	Priority	High	High	●
	Respect for Human Rights and Diversity		Medium	Medium	
	Supply Chain Management		Medium	Medium	●
	Management of Safety and Health	Environmental and Social	High	Low	
	Enhancement of Information Protection	Financial	Medium	High	
	Contribution to Local Community		Low	Low	
	Customer-centered Management ☑	Environmental and Social	High	Medium	●
Governance G	Ethical Management and Anti-Corruption		Medium	Medium	
	Compliance Management		Low	Low	
	Transparency in Governance ☑	Financial	Low	High	
	Strengthening Risk Management		Low	Medium	
	Sustainable Investment/R&D		Medium	Low	●

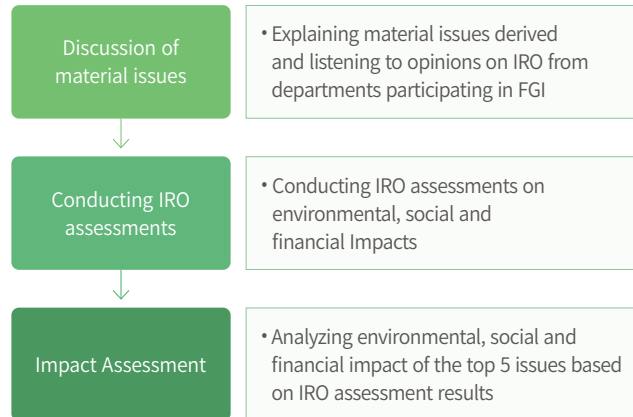
### Step 3 Focus Group Interview (FGI)

SK networks conducted focus group interviews with departments related to the five material issues derived. Through the interview, we collected the opinions from departments in charge for each sub-issue, and evaluated IRO (impact, risk, and opportunity) to secure reliable assessment results. A total of 15 departments of SK networks and its subsidiaries participated in the interview, presenting detailed opinions for each material issue. We have identified the impact of each issue, and confirmed the priority of the sub-issues.

#### Overview of FGI

Category	Details
Target	<ul style="list-style-type: none"> <li>Head office of SK networks: Strategy Team, Finance Team, Management Analysis Team, Strategic IR Team, Board of Directors Support Team, HR Team, SV Implementation Team, etc.</li> <li>Major Business Group and Subsidiaries: Business Group: SpeedMate, Walkerhill, etc. Subsidiaries: SK magic, SK rent-a-car, SK networks service, MINTIT, etc.</li> </ul>
Date	March 6-8, 2024 (3 days)

#### Focus Group Interview (FGI) Process



### Step 4 Detailed Impact Assessment

SK networks integrated the IRO assessment results for each sub-issue of each material issue and reported the details of each issue. We assessed the probability/time of occurrence and severity from a financial perspective (sales, cost, and value chain) and an environmental/social perspective (scale, scope, resilience). We systematically managed the material issues identified through such assessment and reported the results to the ESG Management Committee for its examination. SK networks manages risks related to sustainability and reflects key indicators in the management KPIs to evaluate their performance.

#### Details of IRO Assessment (Example)

Response to Climate Change >> Adaptation to and Mitigation of Climate Change

Attributes	Environmental and social impact
	Impact
Positive/negative	Alleviating extreme weather phenomena such as heat waves and cold waves
Positive/negative	Contributing to reducing global greenhouse gas emissions and concentration
Positive/negative	Alleviating species extinction and ecosystem crisis

Response to Climate Change >> Adaptation to and Mitigation of Climate Change >> Policy and Law

Attributes	Financial Impact
	Risk & Opportunity
Risks	Increasing price of GHG Emissions Trading (Strengthening Carbon Regulations and raising carbon prices for quotas)
Risks	Strengthening obligation to disclose climate change-related information (Greenhouse Gas Emissions Reporting Regulations in China and Japan, SEC Disclosure on Climate)

#### Assessment of IRO Impact

Assessment of Environmental/Social Impact	Assessment of Financial Impact
<ul style="list-style-type: none"> <li>Assessing significant and potential positive and negative impacts on the environment and society that may arise due to business activities</li> </ul>	<ul style="list-style-type: none"> <li>Assessing the impact on financial and corporate value creation and probability of occurrence in the short/mid/long term</li> </ul>
<b>Scale</b>	Intensity of impact(e.g., changes in laws or policies, etc.)
<b>Scope</b>	Extensiveness of impact (e.g., geographic scope of individual environments, etc.)
<b>Resilience</b>	Extent to which impact can be recovered (e.g., recovery period, etc.)
<b>Probability of occurrence</b>	Time when impact is likely to occur (e.g., now, within 3-10 years, or 10 years later, etc.)

(Rating on a 5-point scale)

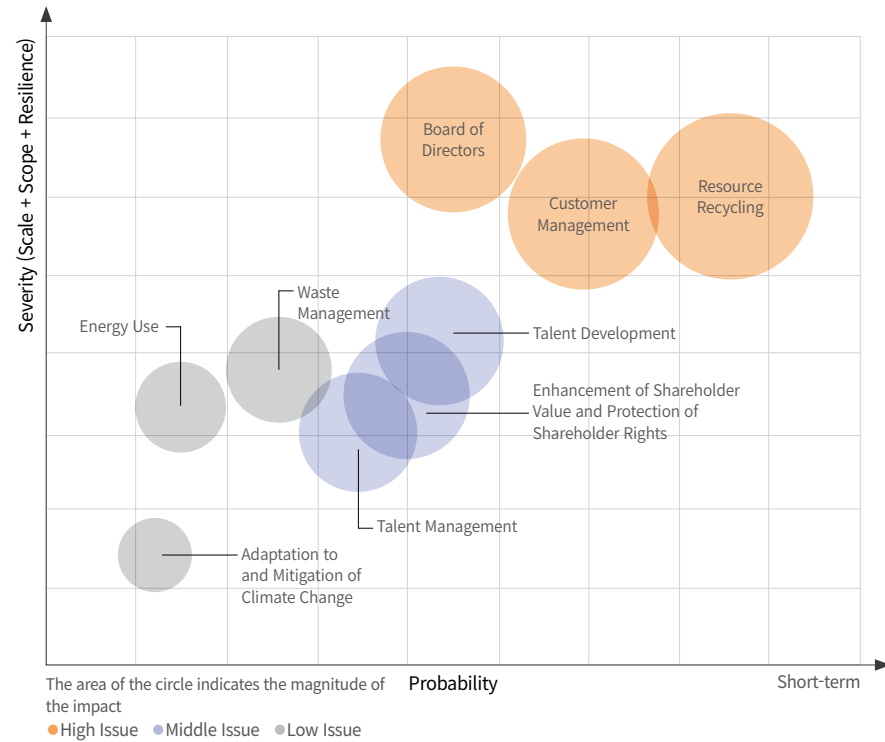
<b>Sales</b>	Change in sales(e.g. certain percentage of annual sales)
<b>Cost</b>	Cost impact(e.g. certain percentage of annual expenses)
<b>Value chain</b>	Impact on value chain(e.g. up/downstream, SK networks business sites)
<b>Time of occurrence</b>	Time of occurrence by period(e.g. short-term, mid-term, long-term)

### Results of Double Materiality Assessment

SK networks has completed an IRO analysis on five key issues that have a significant impact on sustainability of the company through the double materiality assessment process. 'Response to Climate Change' is recognized as material issue from a materiality perspective of responding to risks such as rapidly emerging environmental and disclosure regulations. 'Waste Management and Resource Circulation' was highly evaluated as material issue in terms of pursuing resource efficiency and implementing social responsibility for resource circulation as a business model. 'Talent Development and Management' was selected as material issue as it is essential element for the long-term growth and strengthening competitiveness of an organization, and 'Customer-centered Management' was identified as a material element for enhancing corporate trust through customer satisfaction and the safety of products and services. 'Transparency in Governance' plays an important role in strengthening corporate stability and transparency by enhancing trust between the Board of Directors and shareholders. SK networks will reflect these material issues in internal management activities and manage them systematically by setting specific implementation goals.



# Impact Materiality



Category	Material Issues			Attributes	Impact	Severity		
	Level 1	Level 2	Level 3			Scale	Scope	Resilience
E	Waste Management and Resource Circulation	Resource Circulation	Renewable Resources	Positive	Resource Conservation/GHG Reduction	High	Mid	Low
				Positive	Building Infrastructure for Resource Circulation(Circular Economy)	Mid	High	Low
S	Customer-centered Management	Customer Management	Privacy	Positive	Protection of Customer Information, Increased Social Trust	High	Mid	Low
				Negative	Excessive security procedures and restrictions on information sharing hinder customer experience	Mid	Low	Mid
G	Transparency in Governance	Board of Directors		Positive	Spreading Sound Governance	High	High	Low
				Negative	Inappropriate Appointment of Directors and Opaque Decision-making	Low	High	Low

☑ The notation is very positive

### Environmental

#### E

Waste Management and Resource Circulation

- Renewable resources: Neutral
- Waste Recovery and Conversion: Very positive ☑
- Waste Disposal: Positive

Response to Climate Change

- Renewable Energy: Positive ☑
- Adaptation to and Mitigation of Climate Change: Neutral
- Non-Renewable Energy: Positive ☑

Business activities of SK networks have a positive impact on resource circulation. Used phone collection by MINTIT, waste home appliance collection by SK magic, and resource recycling business of SK networks service are making significant contributions to waste reduction and resource recycling. Furthermore, SK magic's efforts to use recycled plastics and reduce hotel waste are recognized as performance in waste management. Regarding climate change response, the potential negative environmental impacts caused by SK networks' management activities were found to be very low.

### Social

#### S

Talent Development and Management

- Talent Development: Very Positive ☑
- Work-Life Balance: Neutral
- Freedom of Association and Collective Agreements: Positive

Customer-centered Management

- Privacy: Positive ☑
- Reflection of Customer Needs: Neutral
- Accessibility to Information: Very Positive ☑

SK networks is improving the quality of life of its employees through unrivalled talent management in the industry. To make positive performance, we have adopted policies that seek work-life balance, and supported competency development of our employees through AI education along with the recruitment of external talent. On top of that, 'conversation with employees', which activates communication between the CEO and employees, is creating a positive impact. These efforts are contributing to the development of talent throughout our society.

In order to practice customer-centered management, we are also enhancing consumer trust through privacy protection measures such as MINTIT's personal information deletion. In addition, we are working to increase customer satisfaction by actively reflecting customer needs and providing services tailored to their needs. Furthermore, we are realizing the value of customer-centered management by improving their information accessibility so that customers can easily obtain the information they need.

### Governance

#### G

Responsible management centered on the BOD

- Board of Directors: Positive ☑

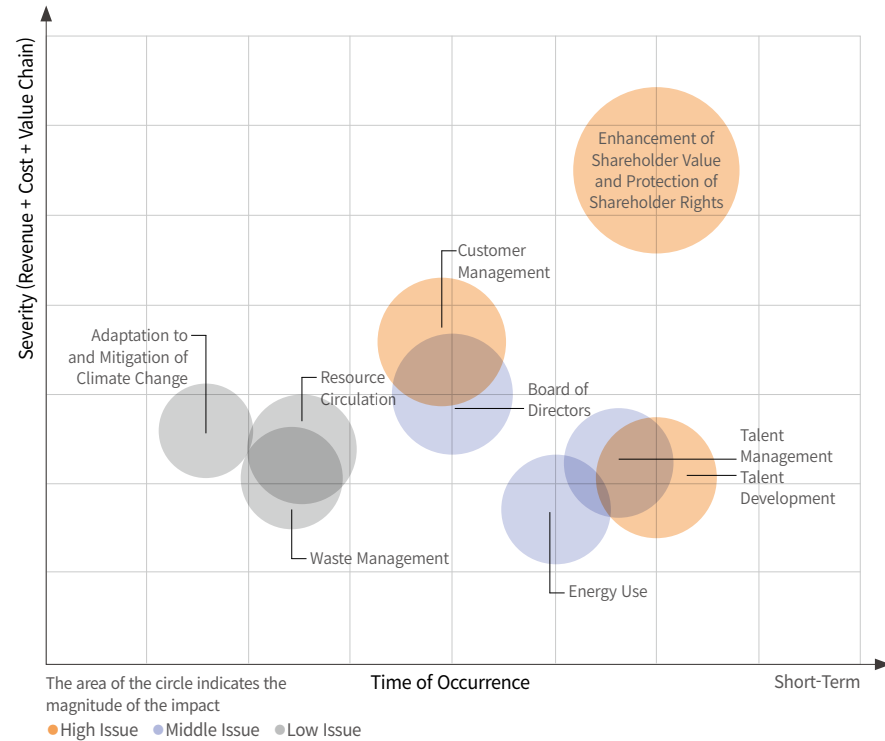
Shareholder-friendly Management

- Enhancement of Shareholder Value and Protection of Shareholder Rights: Positive ☑

SK networks is realizing the Responsible management centered on the BOD by strengthening transparency in appointing directors and making decision to meet the expectations of external stakeholders. In addition, we are enhancing shareholder value and implementing shareholder-friendly policies by strengthening the role of the Board of Directors, and striving to protect investors and enhance trust by protecting shareholders' rights. These efforts have allowed us to contribute in expanding the positive impact of Board-centered management.

\*Criteria for classifying attributes  
 a. Very positive: more than 80% positive > negative    b. Positive: more than 60% positive > negative  
 c. Neutral : positive = negative    d. Negative : positive < more than 60% negative

# Financial Materiality



Category	Material Issue	Sub-Issues			Attributes	Risks and Opportunities	Severity		
		Level 1	Level 2	Level 3			Revenue	Costs	Value Chain*
S	Customer-centered Management	Customer Management	Responsible Marketing and Reflection of Customer Needs	Risks	Sales decrease due to incorrect analysis of customer demand, generating long-term inventory	High	High	OP	
				Opportunities	Increase in sales due to the launch of products/services that reflect customer needs	High	High	OP&DW	
			Risks	Loss of customer trust due to lack of authenticity in marketing (greenwashing, Cause marketing, etc.)	Low	Low	OP&DW		
	Talent Development and Management	Talent Development	Information Accessibility	Opportunities	Operation of platform services to improve customers' accessibility to information	High	High	OP	
			Board of Directors	Opportunities	Reduction in product/service provision costs by securing excellent talent	High	Mid	OP	
				Opportunities	Reduction in recruitment costs through efficient talent development programs	Mid	Mid	OP	
G	Transparency in Governance	Enhancement of Shareholder Value and Protection of Shareholder Rights	Risks	Weakening of value chain foundation due to loss of shareholder trust and outflow of investment capital	High	High	UP&OP &DW		
			Opportunities	Attracting investment/improving capital market reputation					

\*UP : Upstream / OP : Business site of SK networks / DW : Downstream

### Environmental

Sub-issue with priority ■ Risks ■ Opportunities

Waste Management and Resource Circulation

- Non-renewable Resources
- Waste Recovery and Conversion
- Renewable Resources

Response to Climate Change

- Non-renewable Energy
- Reputation Risk related to Climate Change
- Policies and Laws related to Climate Change

SK networks prioritizes regulatory risks over opportunities in climate change and resource circulation. Although our dependence on electricity is high, our overall energy consumption is relatively low. In addition, the financial impact of MINTIT and Resource Circulation Center of SK networks service is low. In terms of waste management, waste reduction indirectly affects sales growth, and we are mainly focusing on external regulations and responses to them to adapt to and mitigate impact of climate change. In particular, climate change-related policies and laws have the highest risk, but 'reputation related to climate change' showed that opportunities are somewhat higher than risks.

### Social

Sub-issue with priority ■ Risks ■ Opportunities

Talent Development and Management

- Talent Development
- Working Hours
- Freedom of Association/Collective Agreements

Customer-centered Management

- Responsible Marketing
- Information Accessibility
- Privacy

SK networks is fostering and managing human talents which has significant financial impact to improve corporate performance. In order to proactively transform business model, we are developing talents and strengthening talent management based on the CEO's proactive will and communication among employees. These talent-related issues have generally higher opportunities. In addition, we are responding to customer management risks by protecting customer privacy and reinforcing responsible marketing, thereby maintaining customer trust and enhancing financial stability. We are creating opportunities in terms of expanding customer base by improving information accessibility.

### Governance

Sub-issue with priority ■ Risks ■ Opportunities

Responsible management centered on the BOD

- Board of Directors

Shareholder-friendly Management

- Enhancement of Shareholder Value and Protection of Shareholder Rights

Board of Directors of SK networks is actively responding to external factors such as increasingly strengthened laws and regulations related to governance, which are increasing the risk factors of the Board, and the Board is faithfully performing its roles. We are realizing responsible management centered on the Board of Directors, and meeting the expectations of external stakeholders by strengthening the transparency in appointing directors and making decision. Furthermore, we expect to promote investor inflow and increase capital through the enhancement of shareholder value and protection of shareholder rights, and create a virtuous cycle in creating financial performance. We are working to enhance our reputation in the capital market by pursuing shareholder-friendly policies, and thereby strengthening sustainability.

### Material Issues Matrix

● Achievement ▲ Unachievement

Goal		Progress			
Material Issues	Goals	Major activities for 2023	2023 Performance	2023 Quantitative Performance	Achievement
Response to Climate Change	Achievement of Net Zero 2040	<ul style="list-style-type: none"> <li>• Completion of SBTi verification</li> <li>• Implementation of Net Zero roadmap</li> <li>• Implementation of RE100/EV100</li> <li>• GHG emission reduction activities</li> </ul>	<ul style="list-style-type: none"> <li>• GHG emission reduction</li> <li>• Increase in renewable energy usage rate</li> <li>• Increase in EV conversion rate</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of approximately 632 tons of greenhouse gas, 1.5% reduction compared to the previous year (Based on 8 companies including SK networks and first/second-tier subsidiaries)</li> </ul>	●
	Climate change Establishment and operation of governance	<ul style="list-style-type: none"> <li>• Holding ESG Management Committee meetings(8 times)</li> <li>• Deliberation of climate change response strategy</li> <li>• Setting of greenhouse gas reduction target</li> <li>• Establishment of climate change adaptation and mitigation strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with TCFD recommendations</li> <li>• Examination and deliberation of climate change response policy</li> <li>• Analysis of climate change scenario and impact assessment</li> <li>• Expansion of investment to adapt to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energy usage rate 10%</li> <li>• EV conversion rate</li> <li>- EV100 standard : 7.9%(for 8 companies including SK networks)</li> <li>- K-EV100 standard : 42.3%*(Based on SK networks)</li> <li>* Number of vehicles owned : 78 total vehicles, 33 electric/hydrogen vehicles)</li> </ul>	●
Waste Management and Resource Circulation	Zero Plastic Waste by 2030	<ul style="list-style-type: none"> <li>• Establishment of resource circulation infrastructure</li> <li>• Operation of eco-friendly packaging solutions</li> <li>• Expansion of used mobile phone collection program</li> <li>• Recycling of waste home appliances</li> <li>• Campaign to reduce plastic use</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of zero waste to landfill(ZWTL) goal</li> <li>• Expansion of eco-friendly packaging material use</li> <li>• Operation of waste recycling program</li> <li>• Expansion of recycled plastic use</li> </ul>	<ul style="list-style-type: none"> <li>• Recycled plastic use rate (Walkerhill : 70%, SK magic : 10%)</li> <li>• Waste recycling rate (Walkerhill : 94%, SK magic : 96%)</li> <li>• ZWTL (Walkerhill : completed validation, SK magic : acquired Gold Grade)</li> </ul>	●
Talent Development and Management	Strengthening Leadership and Fostering Employees Capabilities	<ul style="list-style-type: none"> <li>• Operation of employee lifetime competitiveness enhancement program</li> <li>• Operation of a program to strengthen leadership</li> <li>• Improvement of employee evaluation system</li> <li>• Establishment of a good work environment</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting education to strengthen employees' work capabilities</li> <li>• Operation of a leadership pool</li> <li>• Operation of 'The Happiness Day', introduction of a flexible work system, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Result of Culture Survey : 69.8 points</li> </ul>	●
Customer-centered Management	Creation of Customer Value and Improving of Service	<ul style="list-style-type: none"> <li>• Operation of internal CV council</li> <li>• Improvement of customer complaint handling system</li> <li>• Strengthening customer data protection</li> <li>• Development of customer-tailored services</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of customer satisfaction and service quality</li> <li>• Obtaining customer data protection certification(Asset Disposal and Information Security Alliance(ADISA))</li> <li>• Positive customer satisfaction survey results</li> </ul>	<ul style="list-style-type: none"> <li>• Customer complaint handling rate : 100%</li> </ul>	●
Transparency in Governance	Establishment of a Board-centered Management System and Shareholder-friendly Management	<ul style="list-style-type: none"> <li>• Revision of the Corporate Governance Charter</li> <li>• Strengthening the expertise of the Board of Directors (Personnel Committee , ESG Management Committee, Audit Committee)</li> <li>• Implementation of a Board of Directors education program</li> <li>• Strengthening communication with shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening the Board Skills Matrix(BSM)</li> <li>• Implementation of education to strengthen the expertise of independent directors</li> <li>• Reflection of ESG performance in management KPIs</li> <li>• Expansion of annual performance reporting on the Group's ESG Key indicators</li> <li>• Implementation of shareholder return policy</li> </ul>	<ul style="list-style-type: none"> <li>• Average attendance rate of the Board : 97.5%</li> <li>• Completion rate of the Board education program : 100%</li> <li>• Price-dividend rate in 2023: 3.48%</li> </ul>	●

Material Issue 1

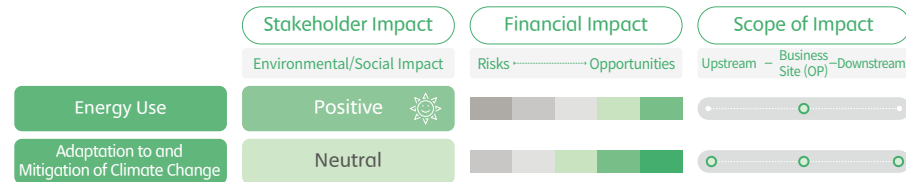
# Response to Climate Change

## 1 Governance

SK networks is establishing a company-wide climate change governance that includes the Board of Directors, subsidiaries, management, executives, and working-level staff, and proactively identifies and manages related risks and opportunities. The ESG Management Committee independently and objectively determines material issues related to climate change, considers climate change issues when making major decisions that may have a significant impact on management strategies, and looks into major climate change response policies and strategies, including greenhouse gas reduction targets and implementation strategies. The ESG Management Committee held a total of eight meetings in 2023 to discuss and deliberate climate change response strategies as a major agenda items. Going forward, the ESG Management Committee will further solidify future growth strategies in terms of enhancing sustainable corporate value, including climate change response.

## 2 Strategy

### 2-1. Identification of Impacts/Risks and Opportunities



#### Social/Environmental Impact

Category	Attribute	Impact	Probability	Severity	
Energy use	Renewable energy	Positive	Contribution to the development of renewable energy industries such as solar power	Mid	High
	Non-renewable energy	Positive	Stable power supply for production activities	Low	High
Adaptation to and mitigation of climate change	Positive/negative	Reduction of human casualties due to abnormal weather	High	Mid	

#### Financial Impact

Category	Attribute	Risks and Opportunities	Time of occurrence*	Severity	
Energy use	Non-renewable energy	Risk	Increase in operating costs due to increased electricity rates	Short-term	High
		Opportunity	Reduction in operating costs through energy efficiency improvements	Short-term	Mid
Adaptation to and mitigation of climate change	Reputation related to climate change	Risk	Increased stakeholder concerns (strengthening climate change-related requirements from external evaluation agencies and clients)	Short-term	Mid
		Opportunity	Enhancement of corporate image by obtaining various external certifications and joining initiatives	Short-term	Mid

\*Short-term : Up to 1 year, Mid-term : 1 to 5 years, Long-term : Beyond 5 years

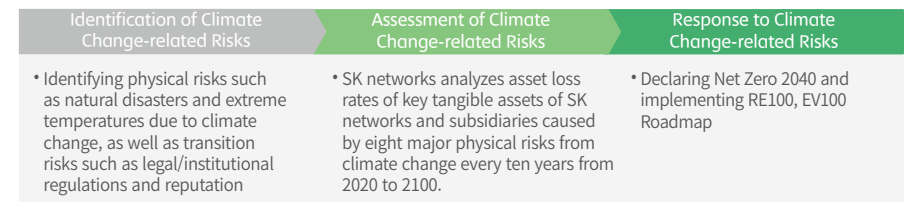
### 2-2. Strategy and Response Status

SK networks declared Net Zero 2040 in June 2021 to respond to the changing environment and prepare for the low-carbon era. In 2023, we submitted a science-based reduction target to achieve Net Zero to SBTi and completed verification. In order to implement the established Net Zero 2040 roadmap, SK networks plans to reduce Scope 1 and 2 GHG emissions by 46.2% by 2031 and 95% by 2040 compared to 2021, thereby achieving the Paris Agreement to limit global warming to 1.5°C. Furthermore, in order to actively contribute to carbon neutrality across the entire value chain, we plan to reduce SK networks' emission and Scope 3 GHG emissions by 27.5% by 2031 and 90% by 2050 compared to 2021 to actively contribute to carbon neutrality across the value chain.

Response Status	<ul style="list-style-type: none"> <li>• Conversion to 100% Renewable Energy(RE100) by 2040 – Investment in solar power facilities, purchase of green premiums, PPAs, etc.</li> <li>• Conversion to 100% EVs(EV100) BY 2030 – For approximately 220,000 vehicles of SK networks and its first/second-tier subsidiaries(8 companies in total)</li> <li>• Climate Change-related Investment – Preemptive investment in AI, alternative leather, and smart farms</li> </ul>
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## 3 Risk Management

SK networks recognizes opportunities and risks caused by climate change based on the TCFD framework, and identifies, evaluates, and responds to risks by dividing them into short-term, mid-term, and long-term risks. The short term risks include flooding of business sites/assets due to heavy rain, and the mid to long-term risks include legal regulations due to climate change, decreased demand due to changes in customer preferences, and rising energy and raw material prices that can affect business. SK networks has established and is operating a process for the Board of Directors and management to manage risks by identifying the financial/strategic impact of various changes, including changes in profits, operation and management of business site, and business portfolio structure that may arise from climate change issues.



## 4 Metrics and targets

- Management of Scope 1, 2 and 3
  - Scope 1 and 2 : Calculating and managing GHG emission and going through third-party verification for all businesses including first/second-tier subsidiaries
  - Scope 3 : Completing calculation of GHG emissions in 13 categories
- Reflecting reduction of greenhouse gas emissions and quantified performance of Group ESG key indicators in CEO and management KPI

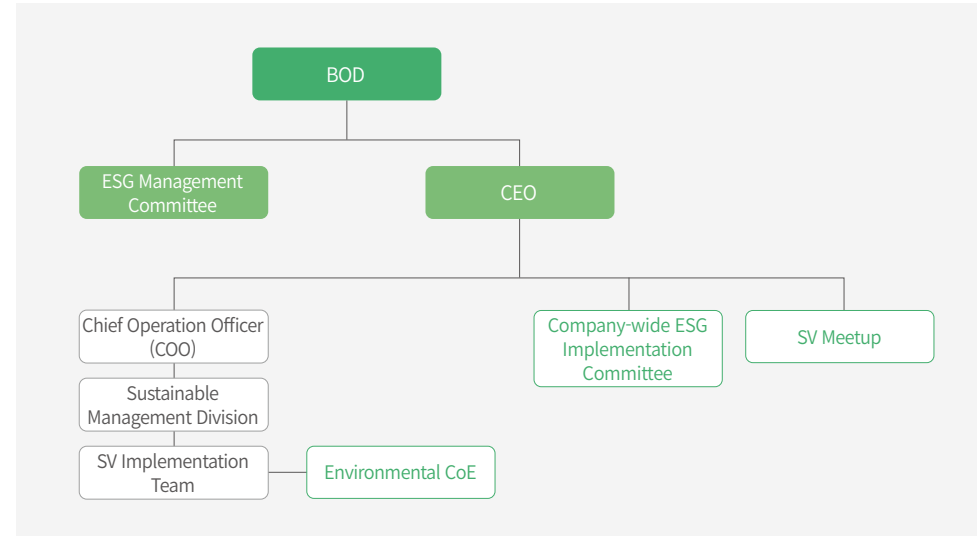
# Governance

## Governance for Climate Change

The 27th session of the Conference of the Parties(COP27) of the United Nations Framework Convention on Climate Change(UNFCCC) emphasized the need for countries around the world to accelerate carbon reduction efforts and limit global warming to 1.5°C. The current extreme weather events are devastating the whole world, signaling that the climate crisis has become a ‘normal and continued trend’. In addition to aggressive greenhouse gas emission reduction, the global society must strengthen resilience to address the climate crisis.

SK networks supports the goals of the Paris Agreement to limit the global warming to 1.5°C based on its science-based targets and solutions. We have established strategies to respond to major climate risks and opportunities as well as to contribute to the environment and society through innovation while preparing measures to respond to climate change and reflecting it into our targets, and using qualitative and quantitative measurement to track progress. SK networks is committed to establishing a company-wide climate change response governance and achieving carbon neutrality to respond to risks related to climate change and create business opportunities. The Board of Directors, as the highest decision-making body, deliberates, decides, and supervises agenda items reviewed in advance by the ESG Management Committee. SK networks establishes a company-wide climate change governance that includes the Board of Directors, subsidiaries, management, executives, managers, and working-level staff, and proactively identifies and manages related risks and opportunities. The ESG Management Committee held a total of eight meetings in 2023 to discuss and deliberate climate change response strategies through ESG-related agenda items such as ‘Performance of Group’s ESG key indicators.’ Going forward, the ESG Management Committee will further strengthen its roles and functions by more sharing future growth strategies in terms of enhancing sustainable corporate value, including responding to climate change.

Governance\*



\*Based on the organizational chart for the first half of 2024

(as of the end of December 2023)

Status	Name of organization	Composition	Members	Roles	2023 meeting status
Subcommittee of the Board of Directors	ESG Management Committee	Members of the Board of Directors - 2 executive directors, 1 other non-executive director, 5 independent directors	<ul style="list-style-type: none"> <li>(Executive directors) Lee Hojeong, Choi Sunghwan</li> <li>(Other non-executive directors) Lee Sunghyeong</li> <li>(Independent directors) Ha Yungwon, Im Ho, Jeong Seokwoo, Lee Moonyoung, Chai Sooil</li> </ul>	<ul style="list-style-type: none"> <li>Examining/analyzing strategies and key issues related to environment, social values, and company governance to pre-deliberate on major decisions of the Board of Directors</li> </ul>	8 meetings held
Corporate Management Council	Company-wide ESG Implementation Committee	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 and BU Leader	<ul style="list-style-type: none"> <li>(CEO) Lee Hojeong, (COO) Choi Sunghwan</li> <li>(SK magic CEO) Kim Wanseong, (SK rent-a-car CEO) Hwang Ilmoon, (SK networks Service CEO) Jeon Hyeongil, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the ability to execute ESG strategies</li> <li>Linking business model strategies (including subsidiaries) with ESG directions</li> <li>Inspecting and discussing ESG activities</li> </ul>	5 meetings held
	SV Meetup	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	-	<ul style="list-style-type: none"> <li>Sharing focused SV tasks and progress for each business,</li> <li>Sharing SV/ESG trends, discussing response measures</li> <li>Sharing progress of stakeholder accounts</li> </ul>	10 meetings held
Working-level Staff	Environmental CoE*	Team leaders/working-level employees in charge of SV/ESG for each business (subsidiary), SV Implementation Team	-	<ul style="list-style-type: none"> <li>Promoting Net Zero 2040(determining reduction measures), measuring and analyzing data</li> <li>Internalizing environmental management system for each business, and securing expertise</li> </ul>	3 meetings held
	SV Division, SV Implementation Team		-	<ul style="list-style-type: none"> <li>Working-level organization for promoting Net Zero 2040</li> <li>Participating in and operating environment-related initiatives in Korea and overseas</li> <li>Measuring and analyzing environmental data</li> </ul>	-

\*CoE(Committee of Experts)

## Role of the Board of Directors

The Board of Directors of SK networks, as the ‘highest decision-making body of the company’, deliberates and decides on major issues of the company, including climate change issues, and supervises the execution of the duties of the management. In order to advance the ESG management system, SK networks established the ‘ESG Management Committee’ in March 2021, in which all Board members have participated since May 2022. The ESG Management Committee independently and objectively determines material issues related to climate change, considers climate change issues when making major decisions that may have a significant impact on management strategies, and looks into major climate change response policies and strategies, including greenhouse gas reduction targets and implementation strategies. The Board of Directors has strengthened its ability to respond to climate change by deliberating and deciding on agenda items such as the sale of the petroleum product retail business (2020) and approval of investment in the electric vehicle charging business (2022). In particular, in 2023, it discussed the performance of the Group’s ESG Key indicators and the status of Net Zero implementation.

### Board Agenda on Climate Change Response for 2023

Session/Date held	Agenda	Details
4th Session(May 08)	Establishment of CEO KPI for 2023	Reflecting greenhouse gas emissions and the Group’s ESG Key indicators
10th Session(Dec. 14)	Participation in capital increase by SK electlink, etc.	Contributing to greenhouse gas reduction through expansion of EV charging infrastructure

## Strengthening Ability to Respond to Climate Change

SK networks operates various educational programs and workshops to help independent directors of the ESG Management Committee make decisions based on climate change and sustainability and to enhance their expertise in ESG. We are actively supporting the Board members to raise their sensitivity to climate change and environmental issues and ensure that their expertise is reflected in the decision-making process.

(As of the end of December 2023)

Training Date	Training Target	Training Contents
April 07, 2023	Chai Sooil	<ul style="list-style-type: none"> <li>Workshop for new independent director</li> <li>- Including Net Zero implementation status and future tasks</li> </ul>
April 14, 2023	Chai Sooil	<ul style="list-style-type: none"> <li>Orientation for new independent director</li> <li>- Sharing key insights such as governance, ESG, and global management issues</li> </ul>
June 23, 2023	Ha Yungwon, Im Ho, Jeong Seokwoo, Lee Moonyoung, Chai Sooil	<ul style="list-style-type: none"> <li>SK networks Financial Story Direction</li> <li>- Sharing evaluation (proposal) of SK networks Board of Directors for 2023, etc.</li> </ul>
October 31, 2023	Ha Yungwon	<ul style="list-style-type: none"> <li>2023 Directors’ Summit</li> <li>- Guidance on implementation of domestic shareholder communication and mandatory disclosure</li> <li>- Discussing on cases of considering ‘ESG priorities when establishing goals’ by the Board of Directors in the discussions related to ‘strategy’</li> </ul>

## ESG Management Committee

SK networks has established the ESG Management Committee under the Board of Directors to make integrated decisions on climate change. All Board members have been participating in the ESG Management Committee since May 2022. As of the end of December 2023, the ESG Management Committee consists of a total of eight Board members, including two executive directors(including the CEO and COO), five independent directors(including the chairman of the Board), and one other non-executive director. In 2023, the ESG Management Committee held a total of eight meetings to be regularly reported current issues related to ESG and continuously monitor the status of climate crisis response. SK networks operates the ESG Management Committee as a channel for examining, analyzing, and managing environmental and social issues including climate crisis response and strategies related to governance to make decisions. In 2023, the ESG Management Committee deliberated on the publication of the Sustainability Report, quarterly performance of the Group’s ESG Key indicators, and participation in the capital increase of SK electlink.

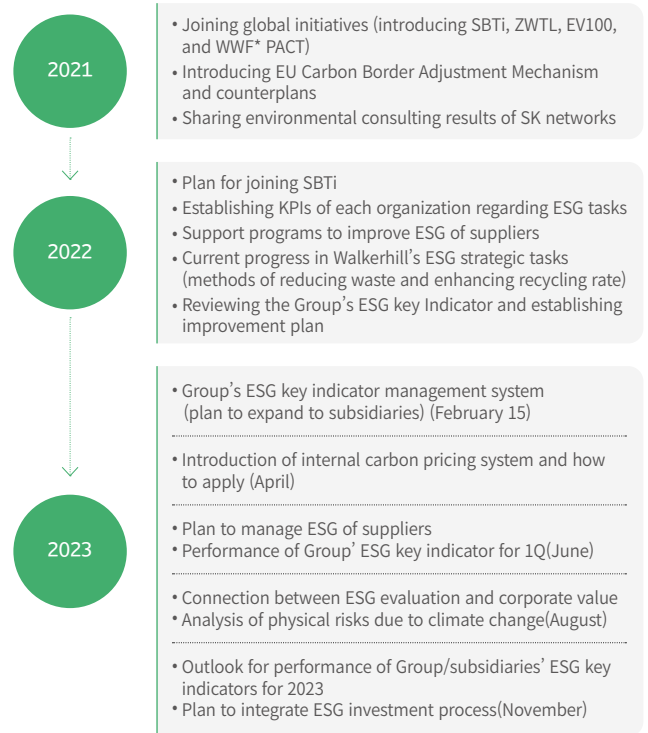
### Key Agenda Items of the ESG Management Committee

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
2023	6th Session (September 18)	<ul style="list-style-type: none"> <li>Report on publication of 2022 Sustainability Report</li> <li>• Performance of Group ESG Key indicators for 2Q 2023</li> </ul>	• Summary of performance of Group ESG Key indicators for 2Q and annual improvement plan/Net Zero implementation status (Reduction implementation performance)
	8th Session (December 11)	• Participation in capital increase by SK electlink, etc.	• Contributing to GHG reduction through expansion of EV charging infrastructures

## Company-wide ESG Implementation Committee

SK networks is establishing a climate change strategy and system by operating Company-wide ESG Implementation Committee, attended by its management and representatives of subsidiaries. The Company-wide ESG Implementation Committee, attended by eight key executives including the CEO of SK networks as well as representatives of three subsidiaries and the COO of Walkerhill, has been in operation since August 2021, and it discusses issues and trends related to climate change, risks and opportunities, and countermeasures. In 2023, the plan to expand the evaluation target of the Group's ESG key indicators to subsidiaries, as well as the internal carbon pricing system, ESG management of suppliers, and analysis of physical risks of climate change were submitted as major agenda items of the Company-wide ESG Implementation Committee, which shared the status of SK networks and its subsidiaries and discussed countermeasures.

### Key Agenda Items of the Company-wide ESG Implementation Committee

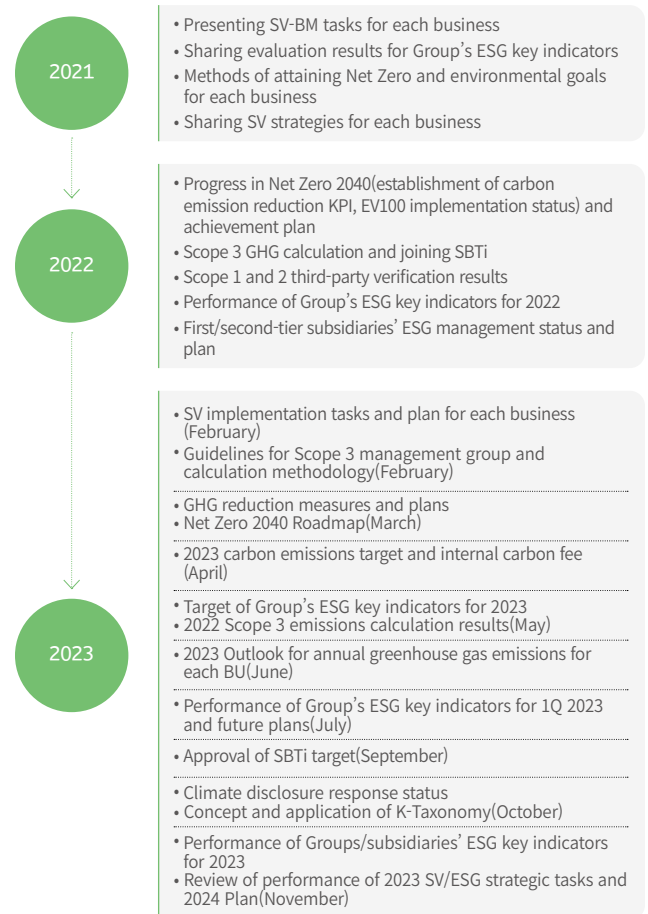


\*WWF : World Wide Fund for Nature

## SV Meetup and Environment CoE

SK networks has been operating SV Meetup, a company-wide council that deals with ESG issues, since 2020, and in 2022, it established an Environment CoE to accelerate greenhouse gas reduction activities in accordance with the Net Zero 2040 declaration, strengthen environmental management, and foster in-house environmental experts. Meeting of the Environment CoE is held every other month together with SV Meetup. In 2023, it discussed mainly on the Scope 3 calculation methodology and results, Net Zero 2040 roadmap, annual greenhouse gas emissions forecast by BU, and approval of SBTi targets, sharing current status of business-specific implementation tasks and progress.

### Agenda items of SV Meetup and Environment CoE



## Linking Executive Compensation to Climate Change Response

SK networks has been evaluating performance and making compensation by including SV/ESG indicators in CEO's KPI since 2019 to encourage the achievement of goals for climate change response. Starting in 2022, SK networks has reflected the performance of Group's ESG key indicators and greenhouse gas reduction target in its KPI. All executives of SK networks set greenhouse gas reduction target in their KPI and manage it according to the performance indicators. Accordingly, the greenhouse gas reduction performance is reflected in the financial compensation criteria for all employees, including the CEO.

### Management KPI regarding Response to Climate Change

Category	Target	Proportion
CEO	Net Zero (Greenhouse Gas Reduction) - Target emissions for 2023 (45,154 tons)	3%
	Group's ESG key indicator target achieved - Obtained 5 points in the target achievement evaluation (out of 5)	3%

**CEO's KPI**

ESG items accounted for 10% in total in 2023

- ① Reduction of carbon emissions
- ② Group's ESG key indicators
- ③ Establishment of a healthy and happy corporate culture
- ④ Ethical management  
(Ethical management item was newly added from 2023)

**KPI for all executives**

ESG items, including carbon emissions reduction, accounted for 10% in total in 2023

※ ESG tasks was additionally reflected as strategic tasks depending on the characteristics of the organization. There are organizations where the proportion of ESG items reflected is 10% or more. (e.g. organizations under the Sustainability Management Group, etc.)

# Strategy

## Risks and Opportunities Due to Climate Change

### Identification of Significant Financial or Strategic Impact

SK networks clearly recognizes and identifies significant financial and strategic impacts of climate change on SK networks. We consider indicators that affect economic indicators such as revenue, expenses, assets, and liabilities when determining financial impacts. Investments of 1.5% or more of equity capital, withdrawal from existing businesses, acquisition and disposal of fixed assets, etc., are considered as having significant financial impact according to the Board of Directors regulations. When such issues arise, SK networks classifies the issue as a significant issue that has a significant financial impact on the company and includes it in the agenda items for the Board of Directors. A representative case that considered financial impacts is the agenda item on the approval of investment in an electric vehicle charging business. Regarding the case, the Board of Directors made a decision after examining the financial impact of the investment.

Indicators that are used to determine significant strategic impact include greenhouse gas emissions, energy usage, renewable energy usage, water usage, and waste emissions. Furthermore, strategic impact is determined based on social value creation indicator and the Net Zero 2040 target. In order to quantify strategic impact using these indicators, SK networks manages the indicators through the IT management system, uploads them every month to manage them as KPIs. For strategic impact, we invested in building solar power generation facilities. We invested KRW 2.57 billion to build solar power facilities in two Distribution Centers of ICT Marketing Division, and although the financial impact of the investment is not large, it is judged that the investment will have a significant strategic impact, since it is an investment in greenhouse gas reduction and renewable energy facilities to respond to chronic physical risks(extreme temperatures) and transition risks.

### Analysis of Risks and Opportunities

SK networks recognizes risks and opportunities due to climate change, and identifies, evaluates, and responds to them by dividing the risks into short-term, mid-term, and long-term risks. 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 analyzes the financial/strategic impact of various changes caused by climate change issues, such as revenue changes, business place management, and business portfolio structure, and report t to the management and the Board of Directors according to our process.

### Key Climate Change Risks/Opportunities and Response

Category	Type	Large category	Detailed risks/opportunities	Time frame	Financial Impact	Response
Risk	Physical risks	Acute physical risk	Flooding due to heavy rain	Short term/ mid-term	Approximately USD 2.74 million~approximately USD 2.87million (Annually from 2020 to 2030)	<ul style="list-style-type: none"> <li>Including climate change risk management manual in safety and health management regulations</li> <li>Subscribing to disaster compensation liability insurance and comprehensive property insurance</li> </ul>
		Chronic physical risk	Extreme temperature	Long term	Approximately USD11.98 million~approximately USD 12.57 million (Annually from 2020 to 2030)	<ul style="list-style-type: none"> <li>Additional installation of solar power facilities in subsidiaries</li> <li>Operating cooling facilities in workplaces, distributing guidelines for work during hot summers, etc.</li> </ul>
	Transition risks	Policies and laws	Current regulation : Response to greenhouse gas target management system	Short term	Up to KRW 10 million(fine)	<ul style="list-style-type: none"> <li>Collection of greenhouse gas emissions/third-party verification and submission to government(Walkerhill)</li> </ul>
			New regulation : Expanded implementation of greenhouse gas emissions trading system	Short term/ mid-term	Approximately KRW 6.6 billion~approximately KRW 7.4 billion(2026)	<ul style="list-style-type: none"> <li>Calculating financial impact of climate change by 2030</li> <li>Greenhouse gas reduction activities such as Net Zero 2040 declaration</li> </ul>
		Reputation	Increased demand for ESG information disclosure	Short-term	Negative impact on corporate value (National Pension Service' shareholding ratio is 6.66% as of 2024)	<ul style="list-style-type: none"> <li>Transparent disclosure of information through voluntary participation in CDP</li> <li>Active implementation of Net Zero 2040</li> <li>Calculating Scope 3 of value chain/Completed SBTi verification</li> </ul>
			Increase in climate change-related lawsuits such as greenwashing	Short-term	Sales decline due to customer churn	<ul style="list-style-type: none"> <li>Overachieving the target for purchasing eco-friendly vehicles for 2 consecutive years</li> <li>Evaluating potential impact and possibility of climate-related legal issues</li> </ul>
		Technology	Increased need for eco-friendly technology development	Mid/long-term	Sales decline due to customer churn	<ul style="list-style-type: none"> <li>Launching air purifier that reduces annual energy usage costs by up to 61%(SK magic)</li> </ul>
Market	Expanding electric vehicle market	Mid/long-term	Sales decline due to customer churn	<ul style="list-style-type: none"> <li>Converting internal combustion engine vehicles to EV</li> </ul>		
Opportunities	Transition opportunities	Products and Services	Developing eco-friendly technology : development of new BM by MINTIT	Mid-term/ long-term	Increasing sales by providing new services(MINTIT)	<ul style="list-style-type: none"> <li>Launching and operating 'MINTIT', a brand for utilizing used mobile phones</li> </ul>
		Market	Increased demand for EVs	Mid-term/ long-term	KRW 153.1 billion to KRW 1.4053 trillion(2030)	<ul style="list-style-type: none"> <li>Setting a goal of converting to EV 100%(EV100)</li> <li>Establishing subsidiary SK electlink</li> </ul>
			SK rent-a-car's business for carbon credit	Mid-term/ long-term	Approximately KRW 12.4 billion to KRW 15.1 billion (2030)	<ul style="list-style-type: none"> <li>Developing 'EV Smartlink', a comprehensive electric vehicle management solution</li> </ul>

\*Time Horizon Classification - Short-term : Up to 1 year, Mid-term : 1 to 5 years, Long-term : Beyond 5 years



## Analysis of Financial Impact of Key Risks | Physical Risks

### Acute | Preparing for Pluvial Flooding Damage Due to Extreme Rainfall



**Current Status** SK networks conducted case study on physical risks/opportunities using new climate outlook for Korea based on East Asia climate change scenarios predicted based on Shared Socioeconomic Pathway(SSP) of the IPCC Sixth Assessment Report(AR6) by the National Institute of Meteorological Research of the Korea Meteorological Administration, and the SSP2-4.5 scenario and SSP5-8.5 scenario as key assumptions. According to the scenario, precipitation on the Korean Peninsula is expected to decrease in the first half of the 21st century(2021-2040), but extreme rainfall is expected to increase.

**Impact** SK networks identified and assessed the financial impact of physical risks through S&P Climonomics, which determines asset loss rate using global climate modeling and econometric models. The scenario analysis results show that the major tangible assets of SK networks and its subsidiaries will be most affected by extreme temperatures, a chronic physical risk among physical risks, from 2020 to 2030, especially by pluvial flooding due to extreme rainfall among acute physical risks. Due to pluvial flooding, approximately 0.25% to 0.26% of the major tangible assets of SK networks and its subsidiaries will be exposed to relative risk every year, and the expected loss in asset value therefrom will be approximately USD2.74 million to USD2.87 million\* every year.

\*SSP2-4.5 scenario - relative risk: 0.25% / expected loss compared to current asset value : USD2.74 million,  
 SSP5-8.5 scenario - relative risk: 0.26% / expected loss compared to current asset value : USD2.87 million

**Counter measure** Although the scenario analysis results showed that the possibility of physical damage to the major tangible assets of SK networks and its subsidiaries due to climate phenomena such as typhoons and floods was relatively very low, SHE organization of SK networks has added a manual for responding to climate change risks(such as floods, storms, heavy snow, earthquakes, and heat waves) to the safety and health management regulations, subscribed to disaster compensation liability insurance and comprehensive property insurance for major business sites(including Distribution Centers) nationwide to reduce the financial impact in the event of a risk.

### Chronic | Additional energy use due to extreme temperatures



**Current Status** SK networks conducted case study on physical risks/opportunities using the new climate outlook for Korea based on East Asia climate change scenarios predicted based on Shared Socioeconomic Pathway(SSP) of the IPCC Sixth Assessment Report(AR6) by the National Institute of Meteorological Research of the Korea Meteorological Administration, and the SSP2-4.5 scenario and SSP5-8.5 scenario as key assumptions. According to the scenario, the average temperature as well as the minimum and maximum temperature on the Korean Peninsula is expected to rise in the first half of the 21st century(2021-2040).

**Impact** SK networks identified and assessed the financial impact of physical risks through S&P Climonomics, which determines asset loss rate using global climate modeling and econometric models. The scenario analysis results show that the major tangible assets of SK networks and its subsidiaries will be most affected by extreme temperatures, a chronic physical risk among physical risks, from 2020 to 2030. Due to extreme temperature, approximately 1.09% to 1.14% of the major tangible assets of SK networks and its subsidiaries will be exposed to relative risk every year, and the expected loss in asset value therefrom will be approximately USD11.98 million to USD12.57 million\* every year.

\*SSP2-4.5 scenario - Relative risk: 1.09% / Expected loss compared to current asset value : USD11.98 million,  
 SSP5-8.5 scenario - Relative risk: 1.14% / Expected loss compared to current asset value : USD12.57 million

**Counter measure** SK networks recognizes that global warming may lead to reduced customer demand and additional energy usage due to extreme weather events such as heat waves, which may result in financial risks such as decreased sales and increased operating costs for SK networks. Accordingly, SK networks and its subsidiaries have invested a total of approximately KRW 4.3 billion in five major business sites to install additional solar power facilities for internal consumption and power generation business.  
 (Installation details : KRW 3 billion for internal consumption/KRW 1.3 billion for power generation business)

Analysis of Financial Impact by Key Risks | Transition Risks - Policies and Laws

Response to Greenhouse Gas Target Management System | Current Regulations



**Current Status** The Greenhouse Gas Target Management System is a regulation that sets and manages greenhouse gas reduction targets by designating companies and workplaces emitting greenhouse gas exceeding the designated standard (companies with 50,000 CO2eq or more, workplaces with 15,000 tCO2eq or more) as companies to be managed so that the national greenhouse gas reduction target (40% reduction by 2030 compared to 2018) under the Framework Act On Carbon Neutrality And Green Growth For Coping With Climate Crisis can be achieved. Currently, among SK networks and its subsidiaries, Walkerhill Hotel is subject to this regulation.

**Impact** According to the regulation, a company which fails to submit data for calculating greenhouse gas emissions or submits false data is imposed by a fine of up to KRW 10 million.

**Counter measure** In order to respond to the regulations, SK networks is collecting greenhouse gas emissions from Walkerhill, going through third-party verification, and submitting emission calculation data to the government. Walkerhill's greenhouse gas emissions in 2023 recorded 23,016 tCO2eq, and we are now identifying and evaluating current risks by including them in the risk assessment to ensure compliance with current regulations and prevent emissions from increasing.  
In addition, SK networks joined the Science Based Targets Initiative (SBTi) in September 2022 to reduce greenhouse gas emission, and received approval for its short-term targets and Net Zero targets from SBTi in September 2023.

Expanding Greenhouse Gas Emissions Trading System | New Regulations



**Current Status** Emission trading scheme is a system to reduce greenhouse gas as set out in Article 17 of the Kyoto Protocol. It applies to companies with an average annual greenhouse gas emission of 125,000 tons or more for three years starting from four years before the commencement date of planned period, or companies with at least one business site with an average annual greenhouse gas emission of 25,000 tons or more. SK networks and its subsidiaries are currently not subject to this regulation. However, Walkerhill, which is subject to the greenhouse gas target management system, manages its emissions by setting reduction targets and measuring emissions.

**Impact** During the 3rd trading phase from 2021 to 2025, the regulation will not affect SK networks and its subsidiaries. However, as a result of a simulation conducted in preparation for the case where the scope of application is expanded during the 4th trading phase, if SK networks becomes subject to the regulation in 2026, it is expected to have a financial impact of approximately KRW 6.6 billion to KRW 7.4 billion<sup>1)</sup>.

**Counter measure** SK networks calculates and responds to a financial impact of emission trading up to 2030. SK networks has declared Net Zero 2040 and is conducting greenhouse gas reduction activities on its own. Major reduction activities include replacing and improving facilities at SK networks and its subsidiaries, purchasing electric vehicles, and installing self-power generation facilities. SK networks is managing the expected costs and amount of reduced greenhouse gas caused by reduction activities from 2022 to 2030, and is collecting data from each business division and all subsidiaries to manage them. The total cost required for greenhouse gas reduction activities in 2026 is expected to be KRW 6.21 billion.

1) Minimum : (emissions from SK networks - free allocation)\* carbon price+reduction cost - profit improvement due to solar panel installation = KRW 6.616 billion  
Maximum : (emissions from SK networks - free allocation)\* carbon price+reduction cost - profit improvement due to solar panel installation = KRW 7.441 billion  
\*Carbon price : Minimum KRW 62,143 ~ Maximum KRW 104,335  
Minimum : Price refers to the price under IPCC 1.5 (World) scenario  
- The carbon price in 2026 is assumed based on a linear increase from the current emission price to the 30-year price projected by the IPCC.  
- Carbon price in 2023 KRW 11,250, carbon price in 2030 KRW 130,000 / exchange rate of KRW 1,300 applied  
Maximum : Price refers to the price under GCAM 5.3+NGFS (South Korea) Net Zero 2050 scenario.  
- KRW 104,335 in 2026 (USD 80.3 / exchange rate of KRW 1,300 applied)

## Analysis of Financial Impact by Key Risks | Transition Risk - Reputation

### Response to Climate Change-related Litigation



**Current Status** According to the 'Global trends in climate change litigation-2023' published by the London School of Economics(LSE)'s Grantham Research Institute on Climate Change and the Environment, the number of climate change litigations filed in each country has now exceeded 2,000 cases. According to the report, 2,341 climate change lawsuits are underway worldwide, and 190 of them were filed in the past 12 months. Korea is not an exception. Activists protesting corporate greenwashing are becoming more active.

**Impact** After the government declared '2050 Carbon Neutrality' in 2020, the 'Framework Act On Carbon Neutrality And Green Growth For Coping With Climate Crisis' containing specific procedures and policies for carbon neutrality has been enacted and implemented. According to legal experts, Korea has now no legal provision that can hold companies accountable for greenhouse gas emissions, but if a greenwashing issue arises in the sectors that produce/sell B2C products among SK networks and its subsidiaries, it can cause a significant decrease in sales due to customer loss.

**Counter measure** In order to avoid greenwashing controversy, SK networks and its subsidiaries are faithfully complying with climate and environment-related laws and regulations. SK networks is collecting greenhouse gas emissions from Walkerhill and submitting data on emissions verified through third-party to the government to faithfully comply with the greenhouse gas target management system. On top of that, SK networks over-achieved its target of the eco-friendly vehicle purchase for two consecutive years in 2022 and 2023. In 2023, SK networks' eco-friendly vehicle purchase ratio reached 114%, exceeding the target of 22% set by the relevant regulation by more than five times. In addition, we have established a legal process in preparation for lawsuits which might be filed due to other regulations. Key executives, including the CEO of SK networks are discussing various climate-related risks through the Company-wide ESG Implementation Committee, and are also evaluating the potential impact and possibility of climate-related legal issues. The Sustainability Management Officer, who attends the Company-wide ESG Implementation Committee, is an expert on all kinds of corporate legal risks and climate change-related legal matters.

### Increasing demands for disclosure of climate change-related non-financial information



**Current Status** SK networks is actively innovating its business model through investments and acquisitions according to Net Zero 2040 we declared. The international community has recently strengthened the level of information disclosure requirements on climate change, and the International Sustainability Standards Board (ISSB) has finalized its disclosure standards, which are international standards for disclosure of non-financial (ESG) information that disclose information related to climate change response. Going forward, companies must disclose sustainability-related risks and opportunities that investors can consider when making investment decisions. This is because responding to stakeholder demands is a key factor affecting corporate sales and stock prices.

**Impact** In 2021, a German asset management company "D" experienced loss of 1.1 billion Euro of their market capital as their stock price plunged 15% in one day due to a greenwashing issue. SK networks recognizes that its failure to respond to the disclosure of non-financial information such as climate change information may have a negative impact on the corporate value evaluation, which may lead to a risk of investment withdrawal and stock price decline (Foreign investors may sell more stocks which may lead to stock price decline. And withdrawal of investment by major stakeholders such as the National Pension Service may lead to stock price decline). In particular, since the National Pension Service, which has recently expanded responsible investment, is a major shareholder of SK networks, SK networks must comply with the requirements of global customers and stakeholders.

**Counter measure** SK networks discloses climate change information through its Sustainability Report and website, and has been transparently disclosing climate change information by voluntarily participating in CDP since 2020. SK networks is also striving to be prepared internally to respond to new disclosure standards such as ISSB. We are actively reflecting the demands of global credit rating agencies and investors such as the National Pension Service in our corporate management activities and faithfully complying with government regulations. SK networks is also actively implementing Net Zero 2040, and is expanding the calculation scope to include greenhouse gases and other indirect emissions (Scope 3) generated throughout the value chain, including upstream and downstream. SK networks has set up its reduction targets based on the measured results and completed SBTi verification.

## Analysis of Financial Impact by Key Risks | Transition Risk - Technology

### Developing (R&D) Clean Technologies



**Current Status** With the Net Zero declarations by major countries including Korea, the need to reduce greenhouse gas emissions and customers' preference for eco-friendly products increase which has led SK networks and its subsidiaries to need to develop clean technologies for eco-friendly products and services.

**Impact** According to the 2023 ESG Brand Survey by the Korea Economic Daily, consumer awareness of ESG is 76.2%, increasing every year. In addition, 72.8% of all consumers preferred to use products or services from companies that are good at ESG management. If any subsidiaries of SK networks that produce/sell B2C products fail to develop clean technologies which are required to keep up with these changes in consumers and customers' preference, they are expected to see a significant decline in sales due to high customer churn out rate caused by changes in customer preferences.

**Counter measure** SK networks, Kore's largest mobile device distributor, discovered opportunities to create new products and services in discarded mobile phones and launched 'MINTIT', an AI-based used mobile phone recycling business brand, in 2019 through technology development. In addition, SK magic, a representative subsidiary of SK networks engaging in B2C business, is investing in the development of clean technologies in line with these customer changes, and as a result, it has acquired a total of 10 new patents in 2023. The All-Clean Air Purifier Green Series(Virus Fit, 242, 267, 285) of SK magic can reduce power consumption and annual energy usage by up to 61% compared to equivalent models within the company. 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 addition, 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.

## Analysis of Financial Impact by Key Risks | Transition Risk - Market

### Increasing Demands for Electric Vehicle Due to Expanding Electric Vehicle Market



**Current Status** Demands for electric vehicles (EV) are increasing due to the Net Zero declarations of major countries including Korea and the strengthened regulations on internal combustion engine (ICE) vehicles. In 2023, global sales of EVs reached approximately 14 million units, a 35% increase from the previous year. In addition, according to a recent report by Boston Consulting Group and McKinsey, global sales of EVs are expected to reach approximately 40 million units in 2030, and demand for eco-friendly vehicles such as EVs continues to increase worldwide.

**Impact** According to the 2023 annual automobile industry trends published by the Ministry of Trade, Industry and Energy, domestic sales of eco-friendly vehicles increased by 24.3% year-on-year to 558,112 units, accounting for 31.9% of total sales, recording the all-time high. If we fail to adapt to the changes in the Korean market where eco-friendly vehicles account for more than 30% of new car sales, product and service revenues of SK rent-a-car, a subsidiary of SK networks whose main business is mobility, may decrease significantly.

**Counter measure** SK rent-a-car is converting ICE vehicles to eco-friendly vehicles with lower carbon emissions. As of 2023, SK rent-a-car operates a total of 15,913 eco-friendly vehicles. In order to lead the future mobility market, we aim to convert 200,000 vehicles to 100% EVs by 2030. In addition, starting in 2021, we have joined the Ministry of Environment's "Korean Zero-Emission Vehicle Conversion 100 (K-EV100)" and The Climate Group's "EV100", presenting a mid- to long-term roadmap for the EV conversion and disclosing the implementation performance.

## Analysis of Financial Impact by Key Opportunities | Products and Services

### Developing a New Business Model 'MINTIT'



SK networks discovered opportunities to create new products and services in discarded mobile phones and launched 'MINTIT', a recycling business brand, in 2019. MINTIT is an AI-based used mobile phone recycling business. MINTIT promotes a virtuous cycle of resources through recycling and donation of used phones, and creates new social value by saving resources by recycling rare materials. Through the reuse of used phones, MINTIT reduces new resources, reduces carbon emissions and disposal costs, and prevents environmental pollution with recycling technology, creating environmental value. 'MINTIT ATM' is leading creation of clean ecosystem by providing customers with a convenient and fast transaction environment without personal information leakage. MINTIT collected approximately 810,000 used phones in 2023, and continues to grow steadily by inducing customer interest and participation in used phone recycling through various events.

#### Details of Strategy and Cost Estimation for Realizing Key Opportunities

Since MINTIT collects used phones through ATMs, it is important to install enough ATMs in places where customers can easily access. MINTIT has invested a total of KRW 25 billion to install 6,222 ATMs (as of the end of 2023), and plans to replace old ATMs with low-power ATMs starting in 2025. We allowed customers to sell used phones at transparent prices without worrying about infringement of privacy through data deletion and status judgment technology, which is one of our core values. MINTIT is constantly investing in R&D to meet customer needs.

We currently have 30 patents applied for in Korea, of which 14 have been registered as patent, including 'Exterior photography analysis system for used phone value assessment' and 'Mobile phone data deletion method'. MINTIT invested KRW 1.3 billion in 2022 and KRW 2.3 billion in 2023 in R&D, and KRW 3 billion in 2022 and KRW 1.9 billion in 2023 in advertising and promotion. Our total management cost is approximately KRW 35.5 billion, including the ATM purchase price, technology development cost, and advertising and promotion cost.

## Analysis of Financial Impact by Key Opportunities | Market

### Increasing Demands for EVs and SK rent-a-car's GHG offset system (carbon credit).



Korea has implemented the target purchase system of eco-friendly vehicles for corporate groups with total assets of KRW 5 trillion or more since January 2022. Demand for eco-friendly vehicles is expected to increase due to eco-friendly vehicle regulations and policies in countries, including the EU and the US, and the transition to eco-friendly vehicles can bring a new opportunity for SK networks. In this changing environment, SK rent-a-car, a subsidiary of SK networks, has set the 100% conversion to EVs as one of its key management goals and joined the 'Korean Zero-Emission Vehicle Conversion 100 (K-EV100)' and the global initiative 'EV100' in 2021.

#### Financial impact

As of the end of December 2023, SK rent-a-car has 15,913 eco-friendly vehicles, and out of its sales of KRW 1.4038 trillion, sales from eco-friendly vehicles account for KRW 153.1 billion, or approximately 11% of total sales. In the current situation where we generate most of our sales through ICE vehicles, if we fail to respond to the new regulations, most of our sales will be affected. Accordingly, 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. Going forward, SK rent-a-car aims to acquire carbon credit along with the conversion of its vehicles to EVs, while recognizing the market change caused by the new regulations as an opportunity, joining EV100 and converting all of its vehicles to eco-friendly vehicles. The financial impact therefrom is expected to be a minimum of approximately KRW 12.4 billion and a maximum of KRW 15.1 billion\* in additional revenue other than rental fees in 2030.

\*Financial impact : Approximately 200,000 EV Smartlink-equipped vehicles scheduled to be in operation in 2030 X Average greenhouse gas emissions reduction per electric vehicle X Expected carbon emissions trading price per ton in 2030 = KRW 12.4 billion to a maximum of KRW 15.1 billion

#### Details of Strategy and Cost Estimation for Realizing Key Opportunities

Based on the 230,000 units scheduled to be in operation in 2030, and if applying the current average price of KRW 50 million per electric vehicle, SK rent-a-car will invest approximately KRW 11.5 trillion in purchasing electric vehicles by 2030. For transition to eco-friendly vehicles, SK rent-a-car issued its first green bond worth KRW 98 billion in February 2021, and raised KRW 24 billion by submitting "Plan to Reduce Vehicle Fossil Fuel and Greenhouse Gas Emission" and obtaining certification from the Ministry of Environment in November 2022. The funds were fully used to purchase 2,251 eco-friendly electric vehicles in 2021 and 647 in 2022. The greenhouse gas emission reduction effect through the purchase in 2022 was certified as 1,279 tons per year. In addition, SK rent-a-car was selected as the "Company with Excellent Zero-Emission Vehicle Conversion Performance in 2022" in the passenger vehicle sector at the "EV Trend Korea 2023" on March 16, 2023, and received the Minister of Environment Award.

SK networks also invested KRW 70 billion in the largest private company producing quick charger in Korea and established a new subsidiary, SK electlink.

## Climate Change Scenario Analysis

### Conditions for Analyzing Climate Change Scenario

In response to changing environmental circumstances, SK networks selected and analyzed the IEA NZE 2050<sup>1)</sup> and IEA B2DS<sup>2)</sup> scenarios, which are similar to the GHG emissions reduction path of our company, and region-wise climate change scenarios and physical scenarios of the Korea Meteorological Administration (SSP<sup>3)</sup> 2-4.5<sup>4)</sup>, SSP5-8.5<sup>5)</sup>. SK networks established a Net Zero plan and implemented both qualitative and quantitative analyses with transition scenarios and physical scenarios to change business direction. We plan to gradually upgrade our scenario analysis.

For the transition scenario analysis, SK networks set up reduction plans and calculated reduction costs for Scope 1, 2, and 3 of SK networks head office and subsidiaries for each period by obtaining approval from the Board of Directors based on the strong will of the CEO, who is the highest decision maker, to achieve carbon neutrality. The time range used for the analysis is from 2021 to 2040, and for the analysis, we utilized data on our greenhouse gas emissions, the cost of converting vehicles of SK rent-a-car (core business division) to electric vehicles, the cost of building an EV Park in Jeju Island, and the plan to achieve the transition to renewable energy.

For the physical scenario analysis, SK networks utilized S&P Climonomics, which evaluates loss of asset value using global climate modeling and econometric models. SK networks identified and evaluated the financial impact of physical risks on 67 major domestic tangible assets of SK networks and its subsidiaries every 10 years from 2020 to 2100. In this process, SK networks selected and analyzed scenarios with relatively large impacts, excluding low-carbon scenarios with small financial impacts. SK networks identified and evaluated the financial impacts by considering the intermediate scenario SSP2-4.5 and the high-carbon scenario SSP5-8.5 as the main scenarios.

Transition Scenario
<ul style="list-style-type: none"> <li>• <b>Climate change-related scenarios</b> IEA NZE 2050<sup>1)</sup>, IEA B2DS<sup>2)</sup>, NDC<sup>3)</sup></li> <li>• <b>Scope of scenario analysis</b> Across the company</li> <li>• <b>Temperature change applied by scenario</b> 1.5degrees, 1.6-2 degrees</li> <li>• <b>Parameters</b> Macroeconomics, greenhouse gas reduction target, energy usage, electric vehicle conversion rate, etc.</li> <li>• <b>Assumptions</b> <ol style="list-style-type: none"> <li>(1) Obligation to reduce Korea's greenhouse gas emissions by 40% compared to 2018 by 2030</li> <li>(2) Electric vehicles account for 60% of global passenger car sales from 2030, and Korea will completely ban domestic sales of internal combustion engine vehicles between 2030 and 2035.</li> </ol> </li> </ul>

1) IEA NZE 2050 : IEA's scenario for carbon neutrality by 2050  
 2) EA B2DS : IEA's scenario for limiting the global average temperature increase to 1.752°C by 2100  
 3) NDC(Nationally Determined Contribution) : National greenhouse gas reduction target  
 4) SSP(Shared Socioeconomic Pathway) : It is composed of five groups including quantitative changes in future socioeconomic indicators such as population, economy, land use, and energy use depending on climate change adaptation and greenhouse gas reduction.  
 5) SSP2-4.5 : When assuming climate change mitigation and socioeconomic development are to be moderate.  
 6) SSP5-8.5 : When focusing on rapid development of industrial technology, and assuming fossil fuel use is high, and indiscriminate development centered on cities is expanding.

Physical scenario
<ul style="list-style-type: none"> <li>• <b>Climate change-related scenarios</b> SSP<sup>4)</sup> 2-4.5<sup>5)</sup>, SSP5-8.5<sup>6)</sup></li> <li>• <b>Scope of scenario analysis</b> Across the company</li> <li>• <b>Temperature change applied by scenario</b> 2.0~4.4°C &lt;Reference-AR6 WG1 Earth temperature increase forecast&gt; SSP2-4.5 : 2.0~2.7°C (2.1~3.5°C compared to pre-industrialization) SSP5-8.5 : 2.4~4.4°C (3.3~5.7°C compared to pre-industrialization)</li> <li>• <b>Parameters</b> Highest temperature, number of heat wave days, precipitation, etc.</li> <li>• <b>Assumptions</b> <ol style="list-style-type: none"> <li>(1) SSP5-8.5 : High-carbon scenario. When focusing on rapid development of industrial technology, and assuming fossil fuel use is high, and indiscriminate development centered on cities is expanding.</li> <li>(2) SSP2-4.5 : When assuming climate change mitigation and socioeconomic development are to be moderate. Scenario that assumes a future in which technological, economic, and social development continues without fundamental changes, and economic and population growth are moderate.</li> <li>(3) In all scenarios, extreme precipitation is expected to increase despite a decrease in precipitation on the Korean Peninsula in the first half of the 21st century.</li> <li>(4) Scenario that assumes extreme events related to high temperatures, such as the number of days with heat waves, tropical nights, and summer days, are expected to increase according to the outlook for global warming on the Korean Peninsula, while events related to low temperatures, such as the number of days with cold waves, freezing days, and frost days, are expected to decrease.</li> </ol> </li> </ul>

### SK networks Physical Scenario Analysis Results

SK networks analyzed that its 67 tangible assets are not experiencing significant asset losses over the next 20 years in all scenarios.

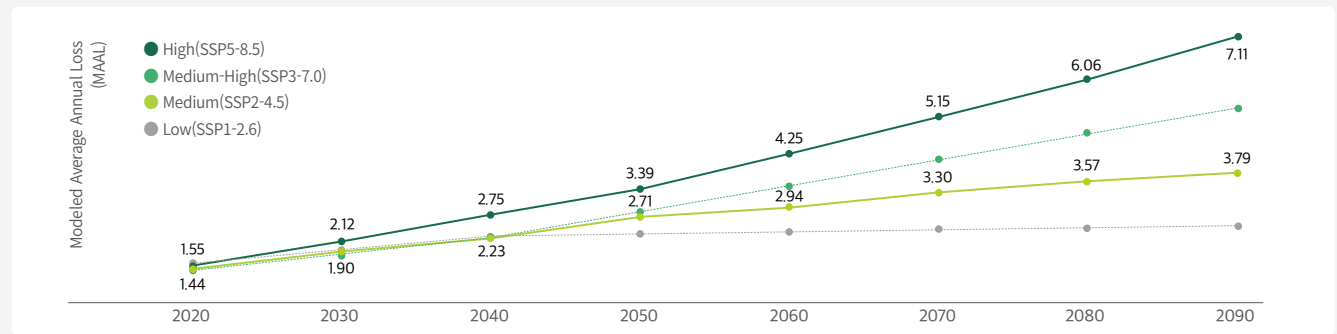
The probability of loss by physical risks for the 67 assets over the next 10 years is analyzed to be less than 2%, and the expected annual asset loss by physical risk type is analyzed to be less than 0.75% of SK networks' equity capital. SK networks plans to manage physical risks through continuous monitoring.

Type	Physical Scenario	Type	Scenario Analysis Results*							
			2020s			2030s				
			Scenario	High	Mid	Low	Scenario	High	Mid	Low
SK networks identified and assessed the financial impact of eight major physical risks on major tangible assets of SK networks and its subsidiaries through S&P Climanomics, which uses global climate modeling and econometric models to assess asset value loss.										
Temperature Extremes	Changes in the frequency of extreme temperature events 212.42866 mm, Omms. Temperature extremes are generally defined as a temperature variable above (or below) a threshold near the upper (or lower) end of the observed value range of the variable.	Chronic	SSP5-8.5				SSP5-8.5			
			SSP2-4.5				SSP2-4.5			
Coastal Flooding	Changes in the frequency of coastal flooding of varying magnitudes. Extreme coastal sea level varies with mean sea level, tides, and local weather systems. Extreme coastal sea level events are generally defined based on the higher percentile (e.g., 90th to 99.9th) of the distribution of observed sea level values at a given station over a given reference period.	Chronic	SSP5-8.5				SSP5-8.5			
			SSP2-4.5				SSP2-4.5			
Drought	A change in the frequency of drought conditions that result in unusually dry weather for a long period of time enough to cause a serious hydrological imbalance.	Acute	SSP5-8.5				SSP5-8.5			
			SSP2-4.5				SSP2-4.5			
Wildfire	90th percentile compared to the baseline period (1980-2000) for asset location. Climanomics® calculates widely used wildfire indices based on regionalized climate model data to estimate annual probability of wildfire conditions.	Acute	SSP5-8.5				SSP5-8.5			
			SSP2-4.5				SSP2-4.5			
Tropical Cyclone	The change in the location and intensity of tropical cyclones, such as typhoons, hurricanes, and cyclones, and the general term for them (magnitude, disturbance). It is a physical hazard originating in the tropical oceans. (This is currently used for the Eastern Atlantic Basin.)	Acute	SSP5-8.5				SSP5-8.5			
			SSP2-4.5				SSP2-4.5			
Water Stress	As WRI, it shows changes in the water stress index from present values to future values in the 2040s.	Acute	SSP5-8.5				SSP5-8.5			
			SSP2-4.5				SSP2-4.5			
Fluvial Flooding	The annual probability of river flooding over a 100-year period, based on a historical baseline from 1950 to 1999. This metric uses three climate variables and four topographic variables.	Acute	SSP5-8.5				SSP5-8.5			
			SSP2-4.5				SSP2-4.5			
Pluvial Flooding	Historical reference for sewer hazard indicators for annual frequency of 100-year flood depths Annual frequency of 100-year precipitation rate.	Acute	SSP5-8.5				SSP5-8.5			
			SSP2-4.5				SSP2-4.5			

\*Evaluation scale : Certain percentage of 2022 equity capital  
 Low : ~0.75% (~KRW 18.38 billion), Mid : 0.75%-1.5% (KRW 18.38 billion~KRW 36.76 billion), High : 1.5%~ (KRW 36.76 billion~)

SK networks Physical Risk Analysis Results for 2020~2090s (by Scenario)\*

(Unit : %)



\*This graph shows a result of analysis of the expected loss scale and occurrence probability of 67 assets that underwent scenario analysis. The expected loss scale and occurrence probability of each asset are relatively low, and it is analyzed that no significant level of asset loss will occur.

# Risk Management

## Climate Change Risk Management Process

SK networks recognizes the crises caused by climate change and identifies, assesses and responds to risks by dividing them into short-term, mid-term, and long-term risks. The SV Implementation Team and dedicated department of each business group monitor identified risks through regular monitoring and conduct monthly evaluation and set up countermeasures. The Company-wide ESG Implementation Committee and ESG Management Committee monitor the status of risk assessment and response on a quarterly basis and confirm the response results on an annual basis.

Risks related to climate crisis response are identified using economic and environmental indicators. The identified risks are assessed for their materiality according to financial and business impacts using tools such as S&P Climanomics, which evaluates asset value loss using materiality assessment and global climate modeling and econometric models. The evaluation results are managed so that they can be reflected when establishing company-wide business strategies through sufficient discussion and consultation of the ESG Implementation Committee with management participation and the ESG Management Committee under the Board of Directors. In addition, we obtained the Environmental Management System(ISO 14001) certification in 2022 and we have been renewing it every year. Through this, SK networks has supplemented the process of identifying, preventing, and evaluating environmental risks in advance, and is verifying the suitability and effectiveness of risk assessment through internal and external audits every year.

	Identification of Climate Change Risk	Assessment of Climate Change Risk	Response to Climate Change Risk
<b>Details</b>	<ul style="list-style-type: none"> <li>Identifying risks by reflecting new internal/external environmental changes (regulations, market trends, physical environmental changes, etc.) such as short-term/mid-term/long-term climate change issues and stakeholders' needs</li> </ul>	<ul style="list-style-type: none"> <li>Considering financial and strategic aspects of identified climate change risks and opportunities</li> <li>Evaluating the probability and impact of identified risks for each department</li> <li>Classifying and setting up response plan according to risk level</li> </ul>	<ul style="list-style-type: none"> <li>Having sufficient discussion and consultation through the ESG Management Committee under the Board of Directors and the Company-wide ESG Implementation Committee with management participation</li> <li>Reflecting them in establishing corporate business strategies for management</li> </ul>
<b>Cases</b>	<ul style="list-style-type: none"> <li>SK networks identifies risks by type, such as management, environment, disaster, and climate change response that hinder the achievement of management goals.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>SK networks declared Net Zero 2040 and obtained approval for investment in electric vehicle charging business.</li> </ul>

\*Temperature Extremes, Drought, Wildfire, Water Stress, Coastal Flooding, River Flooding, Typhoon, and Heavy Rain

# Metrics and Targets

## Management of Environmental Metrics

Our Sustainability Management Office monitors environmental indicators(greenhouse gas emissions, energy usage, water usage and recycling, waste discharge and recycling, etc.) among the Group's ESG key indicators every month to understand the company-wide environmental management status and reports on key issues identified through materiality assessments to the Company-wide ESG Implementation Committee, ESG Management Committee, etc.

## Management of Target and Performance

SK networks has quantified reduced greenhouse gas emissions and the Group ESG key indicators to manage climate change-related risks and opportunities and reflected them in the KPIs of the CEO and management. On top of that, in order to achieve Net Zero 2040, we have joined SBTi and are managing short-term and long-term greenhouse gas reduction goals approved. We have also established and are managing an EV conversion roadmap for all business vehicles of first/second-tier subsidiaries including SK networks and all SK rent-a-car's rental vehicles to achieve the EV100 goal by 2030. We are sharing the roadmap at the Company-wide ESG Implementation Committee and Environmental CoE, where we review the implementation status and reflect it in business-related decision-making.

## Greenhouse Gas Emission Status

In 2023, we reduced approximately 2,170 tons of greenhouse gases by converting business vehicles to electric vehicles, replacing old facilities, and improving energy efficiency, and reduced approximately 3,526 tons of greenhouse gases(1,319 tons from self-generation, 79 tons from REC, etc.) through RE100.

We have reduced the market-based greenhouse gases emissions by approximately 92% (97% from regional base) compared to the 2023 target. In order to achieve Net Zero 2040, we are improving our ability to reduce GHG by measuring greenhouse gas emissions and reviewing reduction plans every month, and sharing the results with management through the Company-wide ESG Implementation Committee and Environmental CoE as well as SV Meetup.

## Renewable Energy Usage

We are continuously installing solar panel to expand the use of renewable energy. SK magic Hwaseong Factory installed 70kW of solar panels in June 2021, the ICT Marketing Division installed approximately 2MWh of panels in 2022, and SK rent-a-car installed 60kWh of panels at the Jeju BilliCar branch. Walkerhill installed approximately 30kWh of solar panels in the parking tower, including the existing solar panels. SK networks replaced 2,870MWh of electricity with renewable energy in 2023, reducing greenhouse gases by 1,319 tCO<sub>2</sub>eq.



## Roadmap to Carbon Neutrality

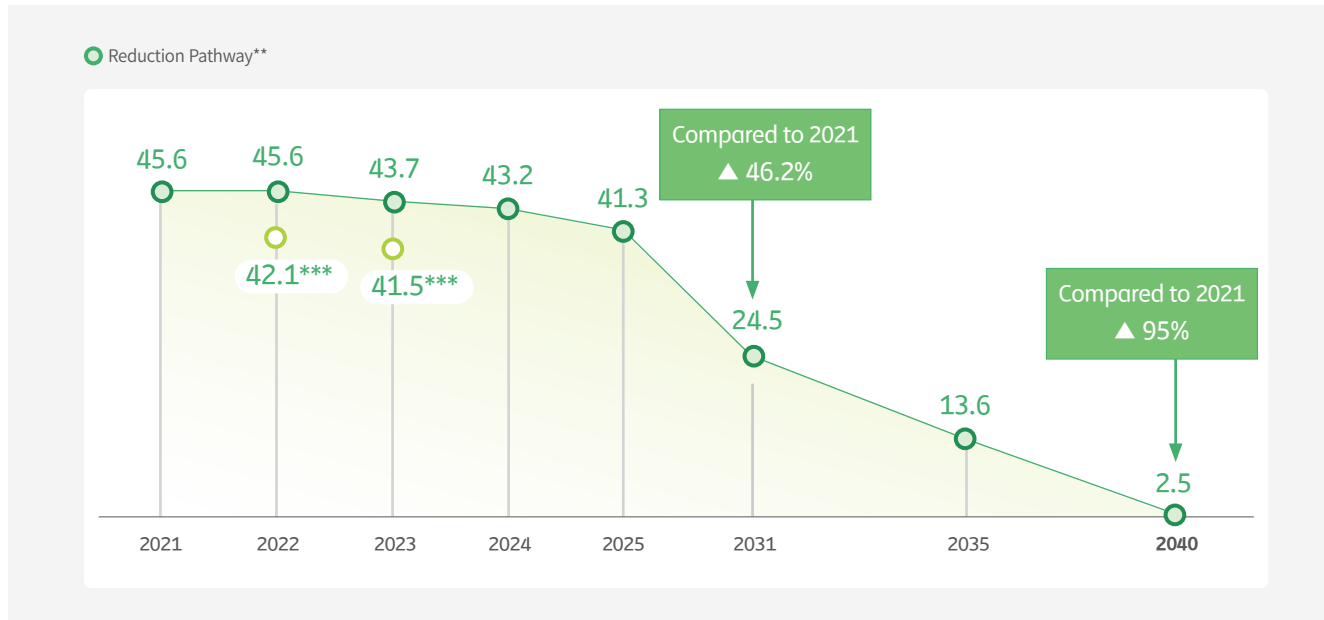
SK networks declared Net Zero 2040 in June 2021 to adapt to the changing environment and prepare for the low-carbon era. In order to faithfully respond to the climate change based on the Paris Agreement which limits the global warming to 1.5°C, we joined the Science-Based Targets Initiative(SBTi) in September 2022 and submitted our goals, and we received approval for our short-term goals and Net Zero goals through verification in September 2023.

As of 2021, we are targeting to reduce direct emissions(Scope 1) and indirect emissions(Scope 2) by 46.2% by 2031 and 95% by 2040, respectively. In addition, we are working with our suppliers to reduce other indirect emissions(Scope 3) by 27.5% by 2031 and 90% by 2050, thereby achieving Net Zero greenhouse gas emissions across the entire value chain.

SK networks aims to reduce greenhouse gases by preferentially replacing direct greenhouse gas-emitting energy sources to electricity to convert direct GHG emission to indirect GHG emissions and achieve RE100. To this end, we are promoting fuel conversion, attaining EV100 for our vehicles, improving energy efficiency, and expanding the use of renewable energy.

### Greenhouse Gas Emissions\* and Net Zero 2040 Scenario

(Unit : 1,000 tCO<sub>2</sub>eq)



\*Based on a total of 8 companies including SK networks and subsidiaries/grandson companies

\*\*Scope 1, 2 emissions (excluding Scope 3), Performance\*\*\* in 2021/2022/2023 are market-based emissions.

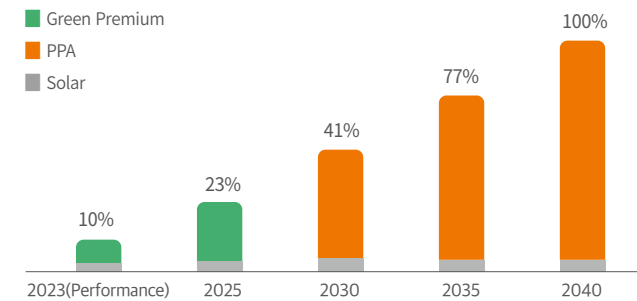
### 2040 RE100 - Plan for Transition to Renewable Energy

With the goal of achieving 100% renewable energy transition by 2040 along with carbon neutrality, we set up a mid- to long-term roadmap based on green premium\* purchases, PPAs\*\*, and solar energy use. As of 2023, SK networks is implementing the plan for transition to renewable energy through activities such as use of self-generating energy using solar power facilities installed in major business sites, green premium purchases, and SK rent-a-car's REC offset.

\*A system in which a company pays additional costs to purchase electricity produced from renewable energy

\*\* PPA (Power Purchase Agreement) : A contract in which a company signs a long-term contract with a renewable energy power plant to purchase a certain amount of electricity

### 2040 RE100 Roadmap



Material Issue 2

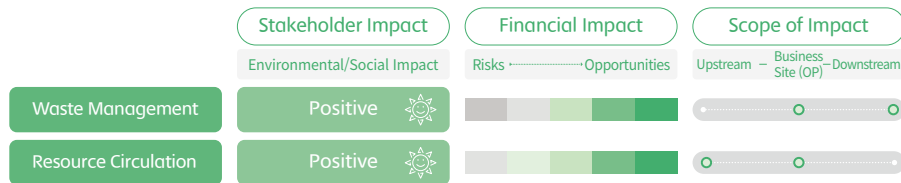
# Waste Management and Resource Circulation

## 1 Governance

SK networks manages sustainability issues, including environmental management and resource circulation, centered on the 'ESG Management Committee' under the Board of Directors. The Committee deliberates key decisions related to business operations in advance, and in particular, it integrates environmental management and resource circulation strategies into the main decision-making process. In addition, the 'Company-wide ESG Implementation Committee', in which the CEO, representatives of each subsidiary, and C-level executives participate, operates a process to manage and supervise environmental risks and opportunities, to responds to environmental issues throughout the organization. The SV Implementation Team systematically monitors environmental management and resource circulation of entire organization, and the SV Meetup, in which working level staff in charge of ESG from each business division participates, reviews the progress in resource circulation and waste management and discusses new ESG trends. As such, SK networks systematically manages environmental management and resource circulation by integrating them with business operations across the company.

## 2 Strategy

### 2-1. Identification of Impacts/Risks and Opportunities



#### Social/Environmental Impact

Category	Attribute	Impact	Probability	Severity
Resource Circulation	Renewable Resources	Positive Resource Conservation and GHG Emissions Reduction	High	High
	Waste Recovery and Conversion	Positive Creating infrastructure for resource circulation(circular economy)	High	High
Waste Management	Waste Recovery and Conversion	Positive Reducing environmental impacts by increasing waste recycling rates	Mid	High

#### Financial Impact

Category	Attribute	Risks and Opportunities	Time of occurrence*	Severity
Resource Circulation	Non-renewable Resources	Risk Resource price volatility and supply chain instability	Short-term	High
Waste Management	Waste Recovery and Conversion	Opportunity Generating revenue through increased customer preference for waste minimization and recycled products	Short-term	Mid
	Waste Recovery and Conversion	Risk Costs incurred from waste recovery and recycling	Short-term	Mid

\*Short-term : Up to 1 year, Mid-term : 1 to 5 years, Long-term : Beyond 5 years

## 2-2. Strategy and Response Status

SK networks is working on innovating business model through a strategic approach to resource circulation, and implementing resource circulation through recycling of discarded mobile phones and waste home appliances and distribution of eco-friendly automobile parts. In addition, in order to minimize waste generated in the process of producing products and providing services, we are reflecting the goal of zero waste and zero plastic use by 2030 in our goal setting process and achievement strategy. From the manufacturing process to packaging materials, we are using eco-friendly packaging solutions and recyclable resources, considering resource circulation throughout the entire product life cycle, and are strengthening sustainable operations in all business sectors.

**Response Status**

- ICT Marketing & MINTIT - Collecting used mobile phones and activating circular economy for IT device
- SK networks service - Producing and selling high-quality plastic flakes by recycling waste home appliances
- Speedmate - Improving resource efficiency in the automobile industry through ECO distribution of accident vehicle parts
- Walkerhill and SK magic - Minimizing plastic use(PACT) and implementing zero waste to landfill(ZWTL) strategies

## 3 Risk Management

SK networks recognizes environmental impacts and waste generation that may arise in the process of manufacturing products and providing services related to waste discharge and resource circulation as risks. Based on the recognition, we implement strategies to minimize these risks by improving product design, expanding use of recyclable materials, and enhancing efficiency of waste disposal processes. We conduct regular environmental audits to evaluate waste management and resource circulation efficiency, and prepare and disclose a sustainability report based on this data. SK networks effectively manages environmental risks and pursues sustainable development through such important stage-wise approach.

Identification of Climate Change-related Risks	Control and Mitigation of Climate Change-related Risks	Monitoring of and Reporting on Climate Change-related Risks
<ul style="list-style-type: none"> <li>• Assessment of environmental impact throughout the product life cycle</li> <li>• Waste recovery and recycling costs</li> <li>• Reputational risks due to decrease in waste recycling rate</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation of business model - Recycling/Resource Circulation Business</li> <li>• Declaration/Practice of PACT(Plastic ACTion)</li> <li>• Declaration/Practice ZWTL(Zero Waste to Landfill)</li> </ul>	<ul style="list-style-type: none"> <li>• Company-wide management of environmental data</li> <li>• Reporting on annual Sustainability Report</li> </ul>

## 4 Metrics and targets

- SK magic - Obtaining ZWTL Platinum Grade by 2040, target to achieve 70% PCR recycled plastic usage rate
- Walkerhill - Targeting to recycle 70,000 tons of water by 2024, and to 100% replace plastic products in guest rooms with eco-friendly products by 2030
- Reflecting Group's ESG key indicators in the representative's KPIs of each business division
  - Water recycling rate indicator(managed by Walkerhill), number of used phones purchased(MINTIT), etc.

## Resource Circulation System and Targets

### Waste Management and Resource Circulation Management System

Our ‘ESG Management Committee’ under the Board of Directors deliberates on major business operation issues before making any decision focusing on overall sustainability issues such as the environment and social values. In addition, the ‘Company-wide ESG Implementation Committee’ attended by the CEO, representatives of each subsidiary, and C-level executives operates procedures to manage and supervise risks and opportunities related to company-wide environmental issues. The SV Implementation Team manages and monitors the company’s environmental management work, and the SV Meetup, comprised of persons in charge of ESG in each business division, shares ESG priority tasks and progress status, ESG trends, and discusses countermeasures. SK networks systematically implements and manages waste management and resource circulation targets and performance through company-wide ESG management and implementation organization.

### Waste Discharge and Reduction Targets

SK networks strives to reduce waste discharge and ensure that waste generated is recycled rather than thrown away in order to implement ESG management and minimize negative environmental impacts. We are also classifying recyclable waste and additionally discovering suppliers with efficient recycling processes to increase the actual waste recycling rate. On top of that, through the environmental management system(ISO 14001), managers of each business division are monitoring and supervising each other through internal audits to check whether waste from the head office building is being legally processed and whether there are additional measures to process waste more efficiently.

In addition to this, Walkerhill and SK magic Hwaseong Factory have obtained the Zero Waste To Landfill (ZWTL)\* certification and Gold Grade(95~99% waste recycling rate) from UL Solutions, an international safety and environment certification agency, and are continuously striving to maintain and improve their grade. Reducing waste emissions and increasing recycling rates are included in the CEO KPI as evaluation targets for the Group’s ESG key indicators, whose performance is checked and considered every year when determining and paying compensation based on the evaluation results.

\*An initiative that assigns grade based on the rate at which waste generated at the business site is reused as a resource

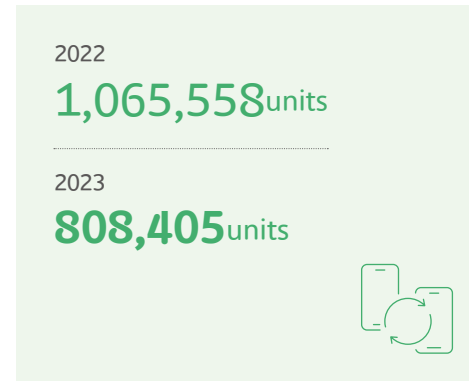
## Establishment of Recycling Ecosystem

### ICT Marketing & MINTIT 『Used Mobile Phone Recycling』

SK networks operates a resource circulation system that delays disposal of waste by recycling waste as products, parts, and raw materials after use, and is expanding its business into a sustainable ICT resource circulation area. As the largest mobile phone device distributor in Korea, SK networks fulfills its obligation to collect sold products by providing transparent sales data and paying a contribution to Korea Environment Corporation of the Ministry of Environment in accordance with the Act on Resource Circulation of Electrical·Electronic Equipment and Vehicles, and is actively joining the efforts to promote the circular economy by supporting the establishment and operation of a product recycling system. We are committed to minimizing the amount of waste generated when processing hazardous substances and preventing environmental pollution through resource recycling.

Starting in 2023, MINTIT has contributed to spreading the carbon neutrality culture across the country by ‘participating in the Ministry of Environment’s Waste Mobile Phone Collection Campaign’, which provides carbon neutral points when returning discarded mobile phones. In particular, as of the end of 2023, we collected 7.5 tons of discarded mobile phones, achieving 100% of the mandatory amount set for cooperatives by the Ministry of Environment, and contributing to the creation and activation of the ICT device recycling ecosystem by purchasing discarded mobile phones through 6,222 ATMs installed nationwide. Going forward, we plan to expand the scope of the eco-friendly resource recycling business to include not only used mobile phones but also IT devices such as laptops and tablet PCs through the ITAD business, thereby spreading the circular economy.

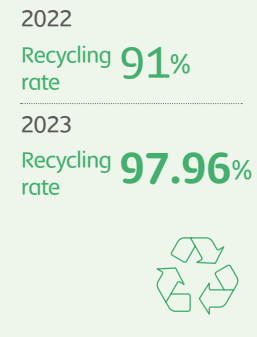
#### Number of used mobile phones purchased by MINTIT



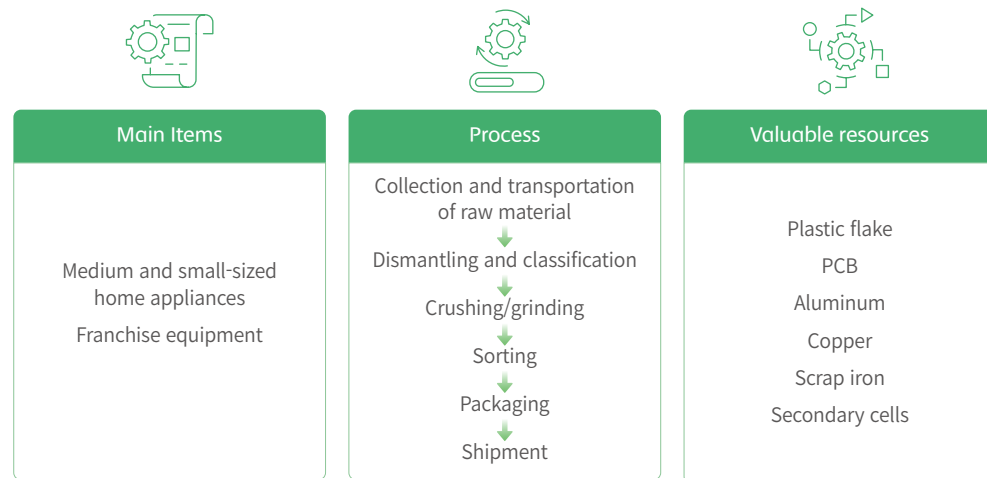
### SK networks service 『Recycling of Waste Home Appliances』

SK networks service has contributed to the resource circulation through recycling and reuse of waste by operating a recycling process for various waste home appliances and waste resources. We dismantle/classify small/medium-sized home appliances to produce and sell high-quality plastic flakes, and 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. In particular, for high-quality plastic flakes, we are extracting and selling products with a purity of 99% or higher that do not mix various properties(ABS, POM, PC, PP, mixed) by advancing the dismantling/classification process and quality control. In 2023, we conducted a project for disposal of closed franchise convenience store(GS25) facilities, collected and recycled 819 tons of iron, 80 tons of copper, and 30 tons of aluminum, achieving a recycling rate of 97.96% and creating social value worth KRW 450 million.

Based on total recovery volume



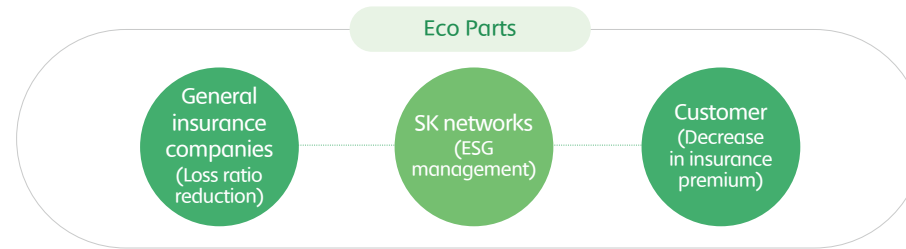
### SK networks service' Recycling Process



### SpeedMate 『ECO Parts Distribution for Imported Cars』

SpeedMate conducts an ECO parts distribution business for imported cars to build a resource circulation ecosystem in the automotive parts market. We not only contribute to resource recycling and saving of raw materials and waste through reuse of undamaged parts of accident vehicles, but also reduce the loss ratio of general insurance companies and offer economic benefits to customers. We established commercialization plant infrastructures and started the production of eco parts for imported cars, and signed business agreement on the 'supply of eco parts for imported cars' with major general insurance companies in South Korea, leading the creation of eco-friendly resource circulation infrastructures for auto parts. In 2022, we released the 53 eco parts lineup for different imported car models, and we will gradually expand the lineup of eco 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.

### Business Model of Eco Parts for Imported Cars



### Imported car Eco parts sales performance and plan

(Unit : number)

Category	Performance		Plan		
	2022	2023	2025	2027	2030
Front fender	1	4	26	35	41
Headlamp	0	0	52	71	82
Front bumper cover	2	12	33	44	51
Rear bumper cover	1	0	33	44	51
Bonnet	0	4	8	11	12
Trunk panel	0	0	4	5	6
Rear door	0	0	26	35	41
Front door	0	4	26	35	41

# Walkerhill Zero Plastic and Minimized Packaging

## Eco-Friendly Hotel Strategy

Since proclaiming its commitment to “transitioning into an environment-friendly hotel” in 2021, Walkerhill has built environment-friendly operating systems and infrastructures throughout the hotel, introduced environment-friendly services and products, and conducted various activities. For sustainable eco-friendly management, Walkerhill is implementing three major tasks: zero carbon emissions, zero waste, and energy reduction. In addition, we strive to enhance the environment-friendliness of packaging materials by replacing disposables with reusable, 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 usage of plastics and protects the environment.

## Plastic Zero | PACT Reduction Roadmap

Walkerhill joined the PACT(Plastic ACTION), an initiative operated by the World Wildlife Fund(WWF) to efficiently reduce the usage of plastics, in 2021. Accordingly, each business site submitted a reduction plan and is committed to reducing plastic usage. Based on the reduction plan, each business site is eliminating the use of disposable plastics that are unnecessary for maintaining its products and services, and making transition into using sustainable substitutes and recycled plastics. We are actively supporting R&D activities related to environment-friendly materials.

In order to achieve the PACT(Plastic ACTION) target, we purchased a total of 2,250 tons of eco-friendly products, by changing the materials of cups, toothbrushes, combs, etc. provided to hotel guests to bamboo and corn starch materials in 2023, and reduced the use of Virgin Plastic products by purchasing a total of 542 tons of vinyl with biodegradable materials. In addition, we are continuing our efforts to reduce plastic usage by purchasing a total of 364 tons of paper cushioning materials which replace air caps and box tapes used for packaging items in the hotel. As a result, we have achieved approximately 70% replacement rate of the goal of switching to 100% eco-friendly materials by 2030.

## Zero Waste | ZWTL Certification

Walkerhill has obtained ZWTL(Zero Waste to Landfill) certification from UL and is continuously carrying out eco-friendly activities such as minimizing the use of disposable and plastic products in guest rooms and restaurants and introducing the first vegan concept room in Korea. We strive to enhance the environment-friendliness of packaging materials by replacing disposables with reusable, 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. In particular, by installing a food waste disposer, we are efficiently managing the waste recycling rate. In 2023, we reduced food waste by about 330 tons(21% reduction) compared to the previous year, contributing to obtaining ZWTL certification.

In addition, Walkerhill is making utmost efforts to recycle resources by producing and selling eco-friendly umbrellas, contributing to the reuse of waste plastic and reduction of greenhouse gas emissions. In collaboration with the eco-friendly brand ‘I’m eco’, we are collecting waste PET bottles from guest rooms and the club lounge & bar, upcycling them, and producing and selling eco-friendly umbrellas. Each umbrella is made of 13 waste PET bottles, which has the effect of reducing carbon emissions by 300g compared to existing umbrellas. In 2023, we sold a total of 175 umbrellas, recycling 2,275 plastic PET bottles and reducing greenhouse gas emissions by approximately 0.05 tons. As of the end of April 2024, we sell a total of 360 eco-friendly umbrellas, and we plan to actively contribute to resource circulation by increasing sales.



Net Zero 2040

- Reducing greenhouse gas emissions by 42% by 2031
- Achieving Net Zero by 2040
- Achieving EV100 by 2030



Zero Waste

- The first domestic hotel to receive global certification from UL, a ‘Zero Waste to Landfill (ZWTL)’
- Achieved 94% waste recycling rate
- Converted general waste to solid fuel
- Used waste cooking oil as biodiesel
- Introduced microbial food waste disposal method
- Recycled waste PET bottles, umbrellas, etc. through resource circulation



Energy Saving

- Installed water reclamation and reusing system and saved 73,000 tons of water per year
- Used renewable energy
- SAVE WATER | Earth Hour Campaign
- Waged water & energy conservation campaign for customers and employees (green card, replacement of water-saving equipment, water conservation posters, etc.)

## Minimizing Packaging and Reducing Waste

SK networks is focusing on reducing plastic use and switching to eco-friendly products with the goal of sustainable operation. Walkerhill aims to replace all plastic products in guest rooms with 100% eco-friendly products by 2030, and we achieved a 70% replacement rate in 2023. At the same time, we have replaced amenities such as toothbrushes and combs with 100% biodegradable corn starch materials, and purchased shampoo and lotion with large 300ml and 500ml containers to reduce the use of disposable products. As such, we are implementing the transition to an eco-friendly hotel and contributing to improving customers' environmental awareness.

Category	Type	Example	Savings Plan	Purchase Quantity(Ton)			Replacement Rate (Savings Rate)		
				2021	2022	2023	2023	2027	2030
Packaging	Film/Vinyl	Customer shopping bag	Replacing vinyl → Biodegradable material	120	114	92	100%	100%	100%
		Bread wrapping paper		338	455	450	0%	52%	100%
		Air cap	Vinyl size 50cmX50cm	5rolls	18rolls	9rolls	57%	75%	100%
		Box tape (for packaging)	Transparent box tape → Biodegradable paper tape	1	1	1	0%	65%	100%
Products	Other Plastics	Take-out Cup	HOT → Bamboo ICE → PLA*	121	384	313	100%	100%	100%
		Cap		60	210	51	100%	100%	100%
		Toothbrush (10g per piece)	Replaced with cornstarch material, and stone paper for packaging material	1,375	1,260	1,750	100%	100%	100%
		Comb(10g per piece)	Replaced with cornstarch material	320	550	500	100%	100%	100%

\*PLA : Polylactide, a biodegradable resin made mainly from plants such as corn and sugarcane.

## Water Saving and Recycling

Water shortage caused by climate change is becoming increasingly serious, causing various risks related to water resources. Walkerhill is striving to raise water resource efficiency by reusing water consumed during business operations. In order to increase water recycling, we reuse wastewater generated from swimming pools, spas, etc. through water reclamation and reuse to cover some of waters consumed by employees. In 2023, we reused approximately 65,000 tons of water. We set the recycling target for 2024 at 70,000 tons, and we plan to continuously expand the use of reused water to achieve the target. We will continue to improve the water recycling rate by continuously reducing water usage and expanding use of reused water.

# Walkerhill ESG JOURNEY

1

**Eco-friendly journey through digital transformation**

We are minimizing paper usage by introducing digitalization across the service.

- Mobile check-in/out, e-registration cards
- Mobile text message with reservation information

2

**Zero Plastic, Eco Stay**

We are minimizing the use of plastics in guest rooms and increasing the use of biodegradable products.

- Eco-friendly amenities and guest room supplies
- Large-capacity dispensers
- Label-free biodegradable bottled water
- Hotel linen recycled handkerchiefs

3

**Eco-friendly vehicle**

After joining EV100, we replace all shuttles in the hotel with electric vehicles and install EV charging infra.

- Realizing EV100
- Using electric vehicles in the hotel
- Installing electric vehicle chargers

4

**Eco Dining that considers environment and society**

We are using biodegradable containers and eco-friendly packaging materials in restaurants, etc. We are working to use vegan menus, local food, etc.

- Eco-friendly food
- Vegan food
- Eco-friendly containers
- Silicone-based reusable coasters

5

**Go Green Activity and Program**

We are introducing various ESG activity Eco Programs in collaboration with partners.

- Healing Forest
- Forest Experience with Story
- Coffee Ground Upcycling Class
- Flea Market

6

**ESG Products and Gift Sets**

Walkerhill Stores, etc. are providing plastic recycling and eco-friendly products, Blue Food\* gift sets, etc.

- 'Go Green' eco-friendly products
- ESG gift sets
- Green Gallery
- Eco-friendly Giveaway
- Biodegradable plastic bags and shopping bags
- Eco-friendly coolers using paper and plant gel

\*Healthy seafood that contributes to the preservation of sustainable marine ecosystems



# SK magic Plastics Reduction and Resource Recycling

## Reducing Plastic Usage

SK magic seeks sustainable manufacturing methods and focuses on reducing plastic usage. Since 2021, we have strived to reduce the use of existing Virgin Plastics and contribute to the circular economy by expanding the usage of recycled plastics and minimizing the volume of products. Going forward, SK magic will focus on developing more eco-friendly products through continued resource recycling activities.

### Performance in plastic usage

(Unit : ton)

Category	2021	2022	2023
Total	6,084.30	5,929.60	4,522.8
ABS <sup>1)</sup>	3,887.10	3,361.20	2,930.60
General	3,543.10	2,760.00	2,636.40
PCR <sup>2)</sup>	344	601.2	294.2
PP <sup>3)</sup>	1,049.20	707.7	695.9
General	851.3	583.7	561.3
PCR	198	124.1	134.6
Other	1,147.90	1,860.70	896.3
PCR material usage	542	725.2	428.8
<b>Proportion of PCR</b>	<b>9%</b>	<b>12%</b>	<b>10%</b>

1) ABS : High-functional plastic with excellent heat resistance and impact resistance  
 2) PCR(Post-Consumer Recycled) : Post-recycled plastic using waste plastic as raw material  
 3) PP : also known as polypropene, is a thermoplastic polymer that is difficult to recycle

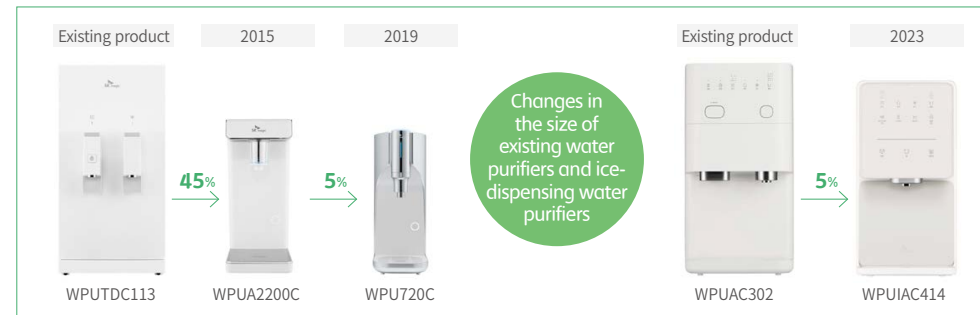
### Annual Sales ratio of products made of PCR

(Unit : Unit)

Product	Category	2021	2022	2023
Water purifier	Total sales	399,543	334,448	326,500
	PCR product sales	-	10,798	14,769
	<b>PCR product sales ratio</b>	<b>0%</b>	<b>3%</b>	<b>5%</b>
Air purifier	Total sales	94,858	83,402	79,000
	PCR product sales	15,163	55,537	41,859
	<b>PCR product sales ratio</b>	<b>16%</b>	<b>67%</b>	<b>53%</b>
Bidet	Total sales	94,858	83,402	79,000
	PCR product sales	-	18,555	43,256
	<b>PCR product sales ratio</b>	<b>0%</b>	<b>22%</b>	<b>55%</b>

**Launch of products made of recycled materials** SK magic expands sustainable consumption by producing products using recycled materials. In 2021, we became the first in the home appliance industry to contribute to the resource circulation, with the launch of All Clean Air Purifier Green 242 made of environment-friendly plastic (PCR\*) materials (ratio of PCR 99.5%). In 2022, we expanded and sold the use of PCR plastics to two air purifiers, one water purifier, and three bidet models.

**Reducing Product Volume and Improving Structure** SK magic is continuously reducing the usage of plastic while increasing space utilization by reducing the size of the product through structural improvement of the product. In 2015, SK magic developed the industry's first direct water purifier without a water tank, reducing the volume of existing products by 45%, and in 2023, we launched One-cock ice-dispensing water purifier, reducing the volume by 5% compared to existing water purifiers dispensing ice.



## Implementing PACT | Expanding Recycled Plastics Usage

Since joining PACT in 2022, SK networks has shared the WWF's vision of 'No Plastic in Nature', pledging to replace more than 21% of total plastics with sustainable plastics such as PCR and plant-based materials by 2030. In 2023, SK magic's PCR plastic usage accounted for 10% of its total plastic usage, complying with the target declared through PACT. Going forward, SK magic will reduce plastic usage and replace existing plastics with sustainable plastics through R&D in product structure and materials.

### PACT - PCR Plastic Usage Target

Item	Unit	2023	2030	2040	
PCR plastic usage ratio*	Target	%	10%	21%	70%
	Performance	%	10%	-	-

\*Compared to total plastic usage

## Optimizing Product Packaging and Reducing Raw Material Usage

SK magic is striving to reduce resource consumption such as raw materials in the product packaging process. From 2022 to 2023, we operated a packaging improvement task force (TF) aiming at improving the packaging structure and eliminating unnecessary resource waste. We thoroughly analyzed the packaging structure of all products produced at the Hwaseong Factory and identified/implemented improvement ideas and tasks. As a result, we created effect of reducing costs as well as use of raw materials such as EPS\*, a petrochemical synthetic resin used as a packaging material. \*EPS : Expanded Polystyrene

Product line-up	Model applied	Details on improvement	Weight reduction(kg)			Saved Amount (KRW)
			EPS	Paper	Vinyl	
Water purifier (WPU)	WPUJAC403 (One-cock ice-dispensing water purifier)	Packaging pads 3 → 2 (location for 1 pad deleted)	10,589			78,647,548
	WPUJAC103/JCC103 (Self + direct water purifier)	Packaging pads 3 → 2 (location for 1 pad deleted)	7,884			46,260,000
	WPUA1100/ A1000 (Self-direct water purifier)	Packaging pads 3 → 2 (location for 1 pad deleted)	1,526			8,952,595
	WPUJAC302 (All-in-one ice water purifier)	Packaging pads 3 → 2 (location for 1 pad deleted)	471			1,838,368
Dishwasher (DWA)	10 models including DWA90C0D00GR	Changing paper packaging specifications (improving excessive paper pad package on the front and sides of the product)	2,332	51,651	210	33,271,920
	4 models including DWA19C0P10WH	Reducing paper packaging pad volume (6 → 2)		7,201		6,751,200
	6 models including DWA90C5B00GR	Removing inner packaging material (upper part) for Dishwasher 14-person built-in model EPS	1,450			12,998,304
Gas range (GRA)	76 models including GRA-B220K, etc.	Changing GRA_PAD magnification (change from 50x to 60x)				40,858,244
Products for Safe OK (Magic OK) Service	Water purifier/air purifier	Improving packaging rate (20%) for a total of 28 products by changing the zipper bag of parts (downsizing)				7,687,741
<b>Total</b>			<b>19,588</b>	<b>58,853</b>	<b>210</b>	<b>237,265,920</b>

## Product Collection Program

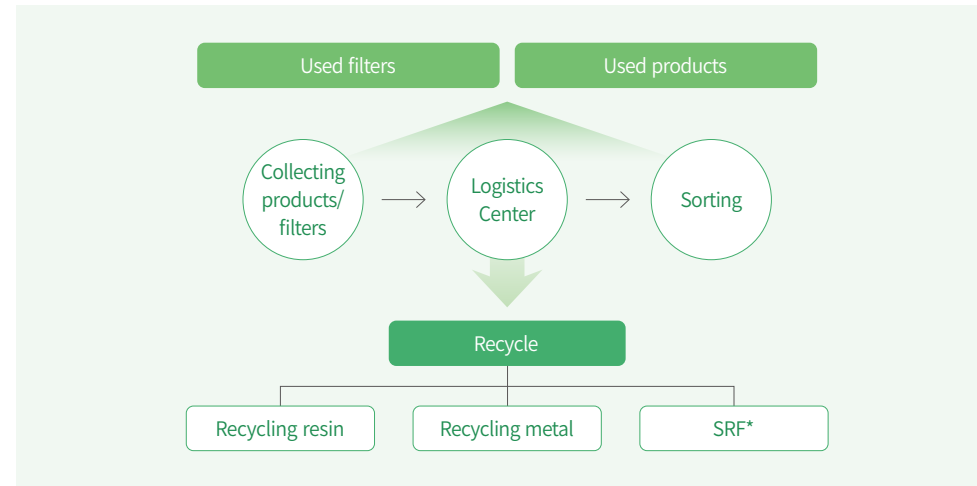
SK magic collects used products free of charge to recycle them into resources for resource circulation. The recycling program, designed considering the entire life cycle of a product, includes the process of disassembling, crushing, and washing products collected from consumers at the Hwaseong Factory to extract valuable matters. Through this process, we secured recyclable resources such as plastics and metals and reused them in various industries, including our products. Going forward, SK magic plans to expand its product recovery and recycling program and strengthen research on resource circulation.

### Collecting/Recycling Performance of Products and Filters

Item	Unit	2021	2022	2023	
Volume collected	Products collected	EA	384,495	345,499	284,993
	Filter*	Ton	2,166	2,941	3,743
Production volume of recycled plastic raw material (R-feed**)	Plastic	Ton	2,242	2,521	1,276
	Metal	Ton	2,169	2,065	1,928

\*Weight including foreign matter and moisture \*\*Abbreviation for Recycled Feedstocks

## Product Collection Process



\*SRF : Solid Refuse Fuel

## Obtaining ZWTL (Zero Waste to Landfill) Gold Grade

SK magic is continuously striving to minimize waste generated during the production process and increase the recycling rate of discharged waste. With the goal of maintaining a 95% actual recycling rate recommended by UL, a safety and environment certification agency, we are improving environmental facilities and strengthening the waste classification system every year to increase recyclability of waste while thoroughly managing and monitoring hazardous substances. Being recognized for its efforts, SK magic acquired the 'Zero Waste to Landfill (ZWTL)' Gold Grade from UL Solutions for 2 consecutive years from 2022 to 2023. Since then, we have been going through regular inspection for waste management status for UL's ZWTL and are striving to further improve waste reduction and recycling rate by strengthening the waste classification system, management, and education. SK magic will continue to strategically approach and increase recycling rate with the goal of attaining Waste Zero and obtaining ZWTL Platinum Grade by 2040.

\*Zero Waste Landfill Certification: Evaluating a company's resource recycling efforts and assigning a 4-level grade based on the rate at which waste generated at the business site is recycled. Platinum Grade 100% recycled, Gold Grade 95-99% recycled, Silver Grade 90-94% recycled. Verifying 80% or higher (decimal points are rounded up, 99.5% is rounded up to and recognized as 100%)

### Waste Recycling

Item	Unit	2021	2022	2023
Waste generated	Ton	4,514	3,582	3,495
Actual recycling volume <sup>1)</sup>	Ton	4,323	3,465	3,367
<b>Recycling rate</b>	<b>%</b>	<b>96%</b>	<b>97%</b>	<b>96%</b>
ZWTL certification	-	-	Gold	Gold

1) Actual recycling rate : Rate that recycling companies actually recycle the waste/Nominal recycling rate: Rate that waste is initially sorted at a sorting facility





## Water Recycling through Water Reclamation and Reuse Facilities

SK magic is committed to increasing circulation of water resources and reducing water pollution. In 2022, SK magic established the water reclamation and reuse facilities at the Hwaseong Factory to effectively manage and recycle waste water generated during product production and R&D processes. The system collects relatively clean wastewater generated during the water purifier filter tests and water discharge tests and purifies the wastewater collected through an RO\* system that includes a dissolved air flotation filter, carbon filter, microfilter, and membrane filter. The purified water is converted into recycled water close to pure water and used for product test, toilet use, and cleaning. As of 2023, we reuse approximately 1,040 tons, or 40% of the approximately 2,600 tons of wastewater generated at the Hwaseong Factory, significantly reducing water usage. SK magic plans to reduce the environmental burden caused by water stress through effective recycling of wastewater.

\*RO : Reverse Osmosis

## Expansion of Waterless ICT\* Inspection Facility and Reduction of Water Usage

SK magic introduced Waterless ICT inspection facility at the Hwaseong Factory from 2022 to 2023 to reduce water usage during the water purifier production process. This facility is applied to two of the three production lines, in order to prevent potential accidents related to drinking water and reduce water usage. With the introduction of ICT inspection facility, we are reducing water usage by approximately 600 tons per year. Going forward, SK magic will maximize efficiency in using water at the factory and minimize its impact on the environment.

\*Information & Communications Technology

### Water Usage and Recycling

Item	Unit	2021	2022	2023
Total water withdrawal	Ton	38,030	35,122	35,573
Municipal water	Ton	10,557	7,973	10,530
Groundwater	Ton	27,473	27,149	25,043
Water recycling	Ton	1,173	811	999
Recycling rate	%	3%	2%	3%

### Investment in water resource reduction facilities

Category	2022	2023
Cost of introducing water reclamation and reuse facility	KRW 325 million	-
Waterless ICT	KRW 330 million (1 line)	KRW 403 million (1 line)

## SK rent-a-car Minimizing Waste

### Reduction of Waste Motor Oil

SK rent-a-car is converting its ICE vehicles to EVs to expand its eco-friendly vehicle rental business. This has made us reduce waste oil and disposal costs that occur during vehicle maintenance and contribute to improving water quality and soil pollution. Waste oil is generated in the process of changing engine oil and transmission oil during maintenance of ICE vehicles, but since EVs do not generate waste oil except for that generated when changing gear speed reducer oil, we can reduce the volume of waste oil. SK rent-a-car measured environmental pollution reduction performance by calculating the eco-cost of incinerated waste oil compared to that of ICE vehicles for approximately 15,700 electric vehicles operated in 2023, and found out that we created a total of KRW 22 million of social value.

### Promoting Customers' Sustainable Consumption

SK rent-a-car is contributing to improving customer convenience and saving resources by launching the 'SK rent-a-car Direct' service which allows customers to sign online, and 'Smart Care', the mobile customer service app through which we issued 97,140 contract-related documents online in 2023. In addition, starting with participation in 'ha:bit eco alliance'(Eco Jeju Project) in 2021, we participated in the 'Disposable Cup Deposit System' organized by the Ministry of Environment and the Container Deposit System Management Organization in 2022, installing and operating a disposable cup collection machine at the Jeju branch. We are participating in resource circulation efforts by allowing customers to easily return disposable cups before leaving for the airport after returning their rental cars, and in 2023, we collected approximately 10,000 disposable cups in just one year.



Disposable cup collection machine installed at Jeju branch

Material Issue 3

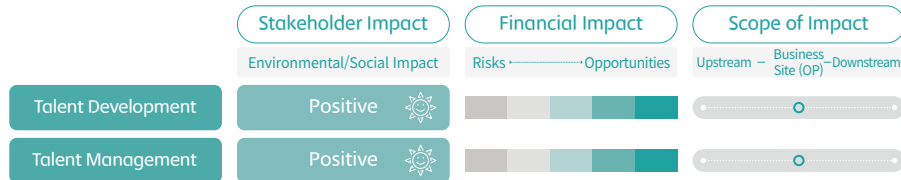
# Talent Development and Management

## 1 Governance

SK networks considers talent as the core resource of the company and talent development and management as the key elements for the company's sustainable growth and development. The Board of Directors deliberates on strategic agenda items related to talent recruitment and development. The ESG Management Committee examines key policies and activities, including the human rights of employee, and the Labor-Management Committee represents the labor union to guarantee the freedom of association of union members in accordance with the Labor Relations Act and seeks agreements with the company. In this process, Chief Operation Officer (COO) takes responsibility for systematic talent management and development, and strengthens the role of the management by reporting talent development strategies and key issues to the management, including the CEO, every year. Based on this, the management is clearly aware of its responsibility for talent development and is able to take action accordingly.

## 2 Strategy

### 2-1. Identification of Impacts/Risks and Opportunities



#### Social/Environmental Impact

Category	Attribute	Impact	Probability	Severity
Talent Development	Positive	Securing national competitiveness through professional talent development	High	High
Talent Management	Positive	Creating a Corporate Culture for Work-life Balance	High	High
Talent Management	Positive	Reducing the possibility of labor disputes and strikes through collective agreements	High	High

#### Financial Impact

Classification	Attribute	Risks and Opportunities	Time of Occurrence*	Severity
Talent Development	Opportunity	Reducing the cost of providing products and services by securing excellent talent	Short-term	High
	Opportunity	Reducing the costs of developing internal talent compared to talent recruiting costs through an efficient talent development program	Short-term	High
Talent Management	Opportunity	Expanding employment retention through appropriate management of working hours	Short-term	High
	Opportunity	Strengthening flexibility within the organization and speeding up decision-making by respecting employees' opinions	Short-term	High

\*Short-term : Up to 1 year, Mid-term : 1 to 5 years, Long-term : Beyond 5 years

## 2-2. Strategy and Response Status

SK networks has established and is operating a talent development program centered on strengthening leadership, fostering AI competence, and innovating work culture as a strategy to strengthen the capabilities of its employees in order to become an leading AI company. In particular, we are operating an AI competence development system and a job (career)-specific curriculum to support our employees to practice SK Values and develop high-level capabilities.

**Response Status**

- **Strengthening leadership** – we are enhancing execution capability of each organization by strengthening capabilities of leaders.
- **Fostering and internalizing AI competence** – we are changing working methods by internalizing AI competence for all employees.
- **Developing organizational capabilities based on SKMS** – we are spreading a VWBE\* working culture and promoting bottom-up changes within a team.

\*VWBE-Voluntarily and Willingly work through Brain Engagement

## 3 Risk Management

SK networks identifies, evaluates, prioritizes, and monitors risks and opportunities related to sustainability based on the analysis of environmental/social impacts, risks and opportunities, financial impacts of material issue 'Talent Development and Management'. We have identified material risks such as technological change, talent turnover, and employee satisfaction, and analyzed their impacts and probability of occurrence. In order to minimize these risks, we are developing a talent development direction linked to corporate strategy and promoting various development programs. We are periodically reporting talent-related status to the CEO and the ESG Management Committee, and continuously monitoring satisfaction and program effectiveness through regular employee surveys.

Identification of Risks	Control and Mitigation of Risks	Monitoring and Reporting on Risks
<ul style="list-style-type: none"> <li>• Decrease in competitiveness resulting from insufficient response to chronological changes</li> <li>• Increased social demand for work-life balance</li> <li>• Negative reputation which might occur in the absence of communication with society</li> <li>• Inefficient investment in the case of talent turnover</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing a direction for capability development that can be quickly transformed/used in alignment with the changing financial story</li> <li>• Protecting human rights of employees and maintaining work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>• Report on talent development strategy to CEO/management</li> <li>• Examining human rights status by ESG Management Committee</li> <li>• Conducting employee culture survey</li> </ul>

## 4 Metrics and targets

- Advancement of core competencies(AI, Global, etc.) – Developing experts in each field (AI competency of employees in 2024 - Lv. 1 50% of all employees, Lv. 2 15% of all employees)
- Establishment of an employee-led culture of work-life balance – Building employee communication/feedback platform, improvement of refresh system, maintenance of family-friendly certification for company
- Reflection of Group ESG key indicators in the CEO's KPI - Including indicator of 'building a healthy and happy corporate culture'

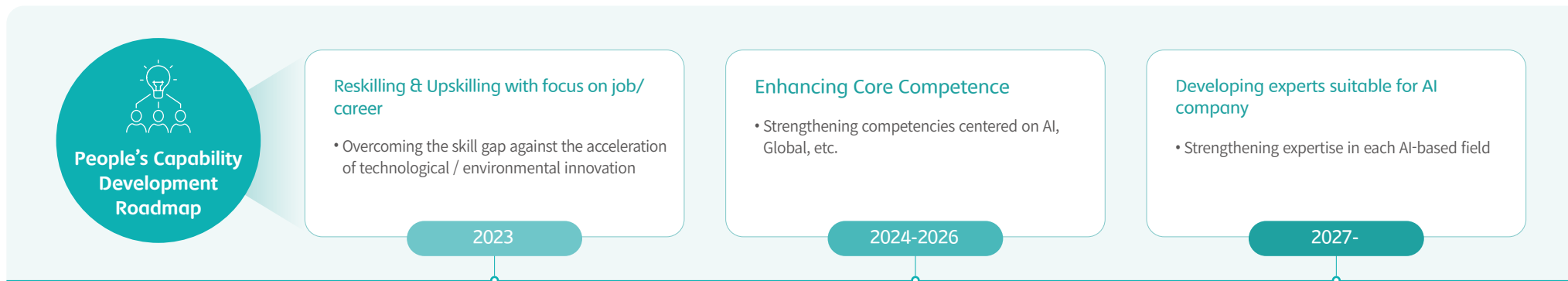
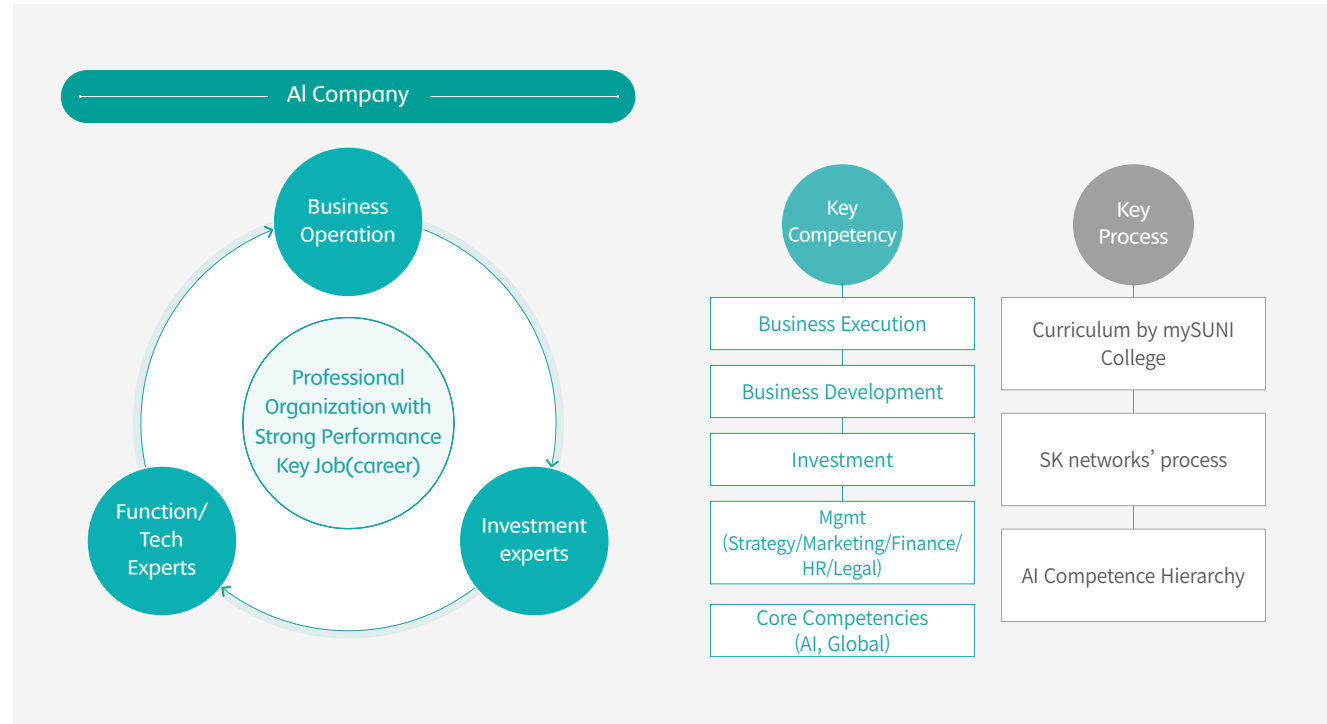
# Direction for Talent Development

## Development of Value Creation Experts

SK networks has declared its vision to become an AI company by 2024 and is expanding investments and research related to this. In order to make successful transition to an AI company, it is especially important to strengthen the capabilities of our employees. Accordingly, in 2024, we established a direction for capability development ‘that can be quickly transformed/used in alignment with the changing financial story,’ and have designed and are operating a strategic talent development program to strengthen leadership, foster and internalize AI competence, innovate work culture, and strengthen organizational capabilities.

SK networks is operating an AI competence development system and various job/business-specific courses(Curriculum by mySUNI College and SK networks’ process) and actively develops the main capabilities of its employees, such as abilities to execute and develop business, make investment, perform functions (strategy, marketing, finance, HR, legal affairs, etc.) in each business domain, as well as core capabilities, such as AI and global capabilities. We also organize virtuous cycle of businesses/operation – function/tech experts- investment experts.

SK networks periodically reports its talent development strategy and key issues to the CEO and management every year so that the management can clearly recognize their responsibility for talent development and take action accordingly.

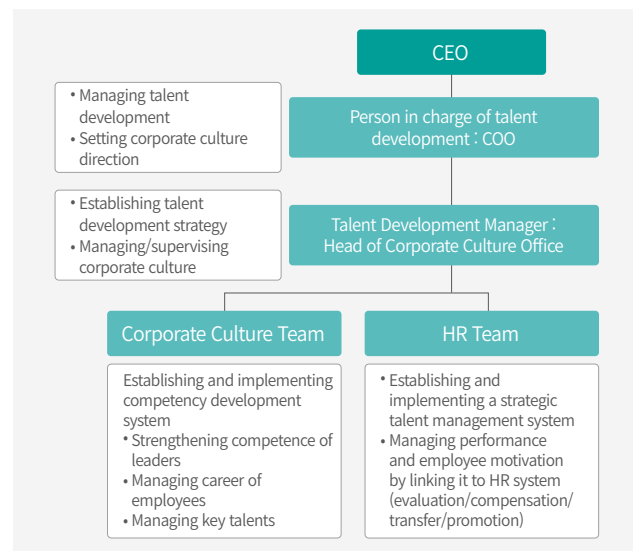


# Competency Development Training Program

## Organizations Implementing Talent Development and Management

SK networks considers talent as an important strategic resource for the company, an important cornerstone for the company's continuation and growth, and a creator of corporate value. The Board of Directors is reported and deliberates on agenda items related to talent recruitment and development strategies. The ESG Management Committee deliberates on major policies and activities related to human rights management, including matters related to violations of employees' human rights. The Labor-Management Committee, consisting of labor union members, strives to reach an amicable agreement with the company on behalf of members to guarantee freedom of association of members based on the Labor Relations Act. Organizations which implements Development and management of human resources manage and develop talents under the management and responsibility of the COO, and report talent development strategies and related key issues to the CEO and other management on a regular basis every year, thereby strengthening the responsibility of the management.

### Organization of Talent Development and Management



## Enhancement of Leadership and Development of Leadership Pool

SK networks focuses on strengthening leadership and leaders' capabilities to strongly drive working culture innovation and performance creation. For executives, we provide various supports for strengthening SKMS/leadership/decision-making capabilities, and for team leaders, we provide group leader courses, new team leader coaching, etc. to strengthen their leadership. From 2024, we plan to open and operate new programs to strengthen leaders' job capabilities and raise their motivation. The programs will focus on speech skills to strengthen communication skills, coaching methods for performance management, and improving language (English) skills which allow them to adapt to the global work environment. Through these various programs, we are systematically strengthening leaders' leadership, organizational management and job capabilities.

### Leadership Development System

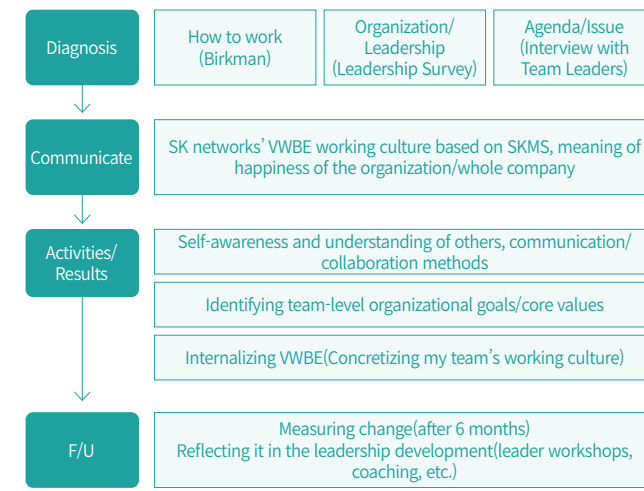
Executives	Management Readiness (SKMS/Leadership/ Decision-making)	Executives	Executive Coaching
		Executive Candidates	Group HiPo Leader Course
Team Leaders	Leadership, Organizational Management, Work Competency	Team Leaders	Leader Competency Course: Team Leader Workshop Team Building
		2 <sup>nd</sup> year Team Leader	2 <sup>nd</sup> year Coaching (One on One)
		New Team Leader	New Team Leader OT. Group Coaching Group's New Leader Course

## Development of Organizational Competency based on SKMS(SK Management System)

SK networks operates a team building program based on SKMS to enhance implementation ability of each organization and create further performance through collaboration. Through the team building program, we identify the working methods and characteristics of each organization through interviews and surveys, discuss the goals and happiness pursued by each team based on SKMS, and discuss activities and matters to be implemented to strengthen teamwork as a way to put them into practice.

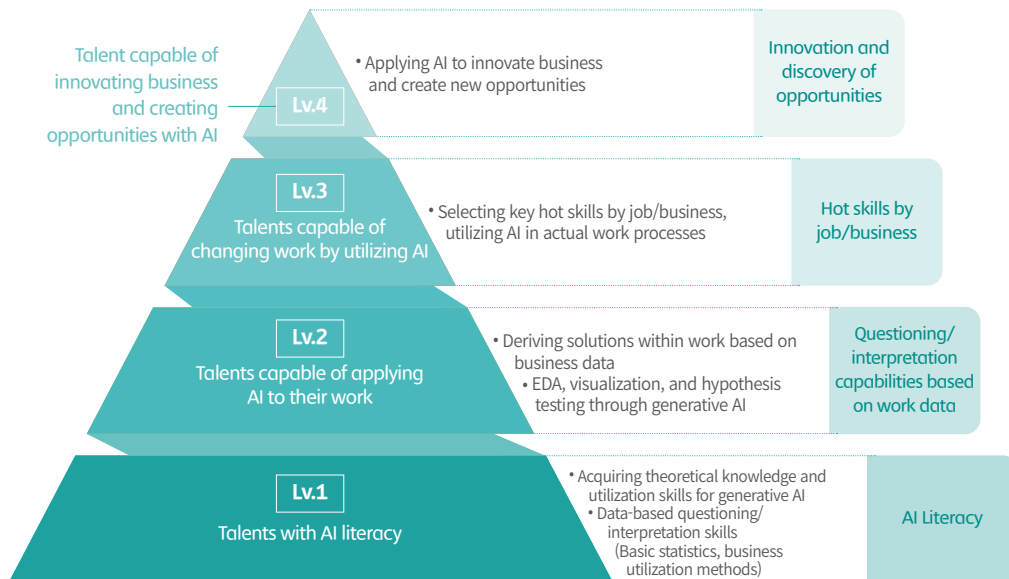
With the program, we are improving communication and collaboration methods and improving the working culture of each organization. We aim to continuously develop it through linkage with various programs such as post-monitoring, leader workshops, and leader coaching.

### Team Building Program Process



## AI Competency System

SK networks is developing AI competencies in four levels to foster talents who can innovate businesses and create opportunities based on AI. At Lv. 1, we are operating an online program centered on basic statistics and generative AI utilization so that all employees can be equipped with AI Literacy(Lv. 1) centered on data-based questioning/interpretation capabilities. In the next level, we are operating a process that allows employees to apply AI to their work by utilizing generative AI to make judgments and interpretations on work data. Finally, we are supporting employees to acquire the ability to derive solutions from their own work based on hot skills necessary for their job/business so that they can change their work through AI beyond the application of AI to work. Through this systematic training program, we ultimately aim to foster excellent talents who can apply AI to their business, innovate on businesses and create new opportunities, thereby securing competitiveness.



### AI Competence Roadmap

~ 2023 (Data utilization capability hierarchy)	2024	2025 ~
Lv.1 414 persons, Lv.2 162 persons	Lv.1 50% of all people, Lv.2 15% of all people	Lv.1 50% all people, Lv.2 30% of all people

## Comprehensive Employees Competency Development

(as of the first half of 2024)

Tasks	Category	Main Details(draft)
Strengthening Leadership and Securing a Leadership Pool	Leadership	<ul style="list-style-type: none"> <li>Workshop for position holders(executives/team leaders, first/second half of the year) : Promoting changes in work culture(aligned with team building)</li> <li>Leadership coaching(executives/team leaders) : Focusing on maximizing employees capabilities and creating performance(aligned with leadership diagnosis)</li> </ul>
	Job competency	<ul style="list-style-type: none"> <li>Strengthening leaders' capabilities : Operating essential courses(Coaching/Speech/Globality)</li> </ul>
	Key talent	<ul style="list-style-type: none"> <li>Future perspective, supporting for development/growth(Future leadership Pipeline Young Talent)</li> </ul>
Strengthening Core Competencies	AI	<ul style="list-style-type: none"> <li>Securing DX mind-set for all employees and expanding AI utilization in actually performing works</li> <li>Strengthening AI utilization expertise based on hot skills by job/business</li> </ul>
	Globality	<ul style="list-style-type: none"> <li>Globality : Focused on leaders/key talents</li> </ul>
SKMS Practice/Organizational Capacity	Team Building	<ul style="list-style-type: none"> <li>Designing SKMS-based Team Building/implementing for entire organization</li> <li>Defining and specifying SK networks' VWBE work style and spreading/disseminating it through team building</li> <li>Strengthening organizational capacity to create happiness/performance of the entire organization with organized power</li> <li>*In alignment with direction of spreading/disseminating corporate culture</li> </ul>
Common Competencies	Better worker (Competencies to perform works better than others)	<ul style="list-style-type: none"> <li>Planning/ Designing report, SV/ESG &amp; Trends, etc.</li> </ul>

### Self-design CoP\* system

SK networks supports a certain amount of educational activities expenses for all employees\*\* every year so that they can strengthen their capabilities necessary for the company's new growth engine and professional work competencies linked to existing businesses. Employees can decide on their own work areas that conform to the company's growth direction and strengthen their lifelong competitiveness through increased work efficiency and career development by obtaining qualifications/degrees, attending academy classes, and conducting research/investigation in specific fields. After completing learning activities, employees submit the outcomes of the learning activities, and the company manages the effectiveness of each activity, such as changes in members' work productivity and changes in the rate of qualification acquisition.

\*Community of Practice \*\*All employees (Full-time workers/workers on contract/part-time workers included)

### Details on implementation of the self-design CoP system

Category	Participants	Number of Participating case	Supported Costs	Number of Qualifications Acquired
2021	164 people	245 cases	KRW 160 million	45 cases
2022	103 people	120 cases	KRW 70 million	20 cases
2023	49 people	54 cases	KRW 50 million	10 cases

# Talent Management

## Talent Recruitment Strategy

People of SK networks seek to become experts who can create customer value with Pae-gi : the spirit that challenges and overcomes hurdles in one's work. by implementing SKMS/SUPEX, the Group's essential values. In order to recruit talents who conform to our corporate culture and the right people for SK networks with job expertise and potential, we focus on securing recruitment capabilities based on data. New hire recruitment is categorized into on-demand recruitment or internship programs linked with job opportunities. Career employee recruitment is arranged on demand when a position becomes available. SK networks contributed to job creation by hiring 21 people in 2023. In addition, we will seek to improve the quality of the entire recruitment process by improving the recruitment process and enhancing the expertise of recruiters.

## Support for Retirement/Job Change

SK networks operates a job change support program for employees who are due to retire, upon request of the prospective retirees, so that they can systematically plan their new life after retirement. The job change support program, funded by the company, is conducted in partnership with specialized educational institutions in related fields. The program provides one on one customized consulting such as self-diagnosis, career planning, financial planning, and life counseling, as well as courses on reemployment/startup, arrangement of reemployment/entrepreneurship, and post-retirement career management to help them successfully change jobs by suggesting specific implementation plans. In addition, we are operating a system to shorten working hours before retirement so that they can prepare for a new career with time to spare.

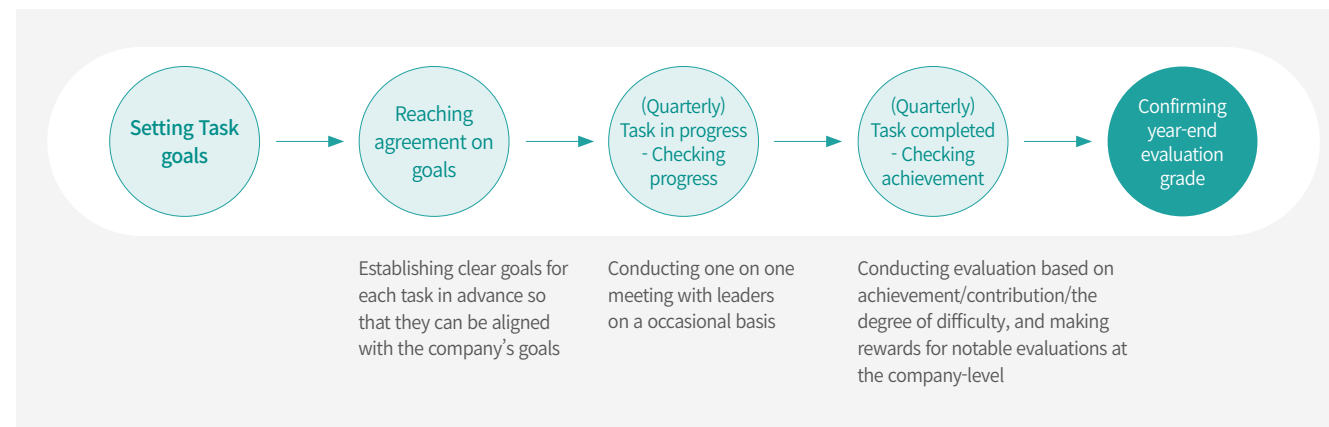
## Performance-based Fair Remuneration System

SK networks is implementing 'evaluation based on task-based continuous feedback'. We manage the evaluation system to improve task-centered work methods and performance, strengthen flexible collaboration, and complete tasks and grow employees through mutual feedback. The company and employees reach clear agreement on individual annual target tasks and performance levels in advance through the NetPro system(Networks Professional), and conduct mutual reflection at the end of each quarter to discuss the progress and achievement of target tasks. The final grade is evaluated by measuring performance based on the average of the annual task-specific achievement, contribution and the degree of difficulty. SK networks is continuously strengthening conversation to give one on one feedback so that leaders and members can create performance together through the NetPro system. We are now looking into and creating a performance management system that can measure completed tasks more specifically and clearly.

Remuneration System	Details
Annual Salary	Based on individual annual salary, fixed rate is adjusted by reflecting position and evaluation results.
IB (Incentive Bonus)	<ul style="list-style-type: none"> <li>• Payment and amount are determined based on company-wide management performance at the beginning of the following year</li> <li>• It consists of TI(Target Incentive) + PS(Profit Sharing), and is determined based on company-wide financial performance and KPI scores.</li> <li>• Payment may be differentially made based on position and individual performance(evaluation results).</li> </ul> ※ Full-time workers/workers on contract/part-time workers included
Quarterly reward	We evaluate tasks performed during the quarter, and immediately recognize/approve cases that achieve visible results at the company-wide or executive organization level. ※ Full-time workers/workers on contract/part-time workers included

※ All remuneration system is paid in cash and covers all non-officer/sales staff

## Employee Evaluation System



# Work-Life Balance

## Improvement of Employee Satisfaction

SK networks conducts a culture survey every year to evaluate its corporate culture and seek ways to improve the happiness of its employees thereon. In 2023, we conducted a culture survey and our own happiness survey targeting executives, position holders, and general employees (excluding workers on contract/part-time workers). The response rate increased by 3.3% year-on-year to 93%, with a total of 375 people responding. The average score of the 2023 culture survey was 69.8 points, which was 6.5 points lower than the SK Group average, but the score for VWBE culture items increased by 2.3 points. In addition, 81% of respondents agreed with the direction set out in the New Year's message, and 43% agreed on the factors that hindered employee happiness, but over 90% of respondents gave positive responses in areas such as sustainable community and horizontal corporate culture. Based on the survey results, SK networks intends to develop specific plans to solve problems and improve them, thereby increasing the happiness and engagement of its employees. Through this, we will create a positive atmosphere and improve corporate culture, contributing to the better performance and growth of SK networks.

## Labor-Management Relations

SK networks actively guarantees the freedom of association and the three labor rights of its employees in accordance with ILO (International Labor Organization) Conventions No. C087 and No. C098, as well as the Constitution of the Republic of Korea and the Labor Relations Act. Employees are guaranteed the legitimate rights to establish and operate labor unions, collective bargaining, and collective agreements, and as of the end of 2023, 70.2% of employees are the union members. In order to ensure smooth communication between labor and management, we operate collective bargaining between labor and management as well as labor-management councils, and we faithfully operate a consultative body related to improving employee working conditions and resolving their grievances. Labor and management are cooperating regarding management changes such as mergers and split-up through sufficient prior consultation in accordance with the employment stability agreement and collective agreement concluded between labor and management.

SK networks and the labor union conducted negotiations in 2023 based on the spirit of mutual respect and cooperation, and reached an agreement on raising wage by 5%, improving the wage peak system and operating summer/winter vacation centers to enhance the benefits and welfare of our employees. Going forward, SK networks will prepare flexible response measures in consideration of the changing environment and social needs, and will lead sustainable development based on mutual respect and cooperation.

## A Great Working Environment

SK networks strives to improve its work environment for employees, to innovate how work is performed and enhance the quality of employees' lives. Teamwork building was implemented through self-design by each organization according to their respective 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. As part of these efforts, we operated the "Happiness Day" program under which we allow employees to freely work four hours and spend the rest of the time doing what makes them happy on the third Friday of each month. Through this, SK networks is creating a culture that is good for working.

### Employees Welfare Benefit Systems

Category	System	Details
Support for Health	Supporting health examinations, vaccination, medical expenses, group accident and dental insurance premiums <sup>1)</sup> , operating in-house nurse's office and fitness centers and health keepers <sup>2)</sup> , and supporting the Net Morning <sup>3)</sup>	1) We subscribe to group insurance in preparation for employees' injuries and to support dental treatment. 2) We operate massage facilities within the company. 3) We support breakfast in the in-house cafeteria for healthy diet management of employees.
Refresh	Operating resorts/condominiums, supporting summer resorts, supporting in-house clubs and travel to encourage long service tenures, operating "For the next 10 years Program" <sup>1)</sup> , The Happiness Day, and recharge leaves <sup>2)</sup>	1) Supporting travel expenses(KRW 2 million) for employees with 10 years of service tenures, and 10 days of paid leaves for employees with 20 years of service tenures 2) Providing additional 5 days leaves per year in addition to legal annual leave for employees to refresh
Family	Providing housing funds and livelihood loans Providing moving funds, supporting schooling expenses <sup>1)</sup> and admission allowances for children Supporting financial planning <sup>2)</sup> , operating in-house counseling center and childcare facility Operating flexitime <sup>3)</sup> -shortened working hours-telework <sup>4)</sup> Providing childcare leave <sup>5)</sup> , infertility and treatment costs for the four major serious diseases <sup>6)</sup>	1) Support for work-family balance of employees by reducing financial burden of children's education 2) Supporting financial planning such as insurance planning and retirement pension and solutions to financial issues 3) Operating optional working hour system for employees who want to study, or for childcare, family care, etc. 4) Operating non-face-to-face remote work system such as telework 5) For male/female employees with infants and toddlers under the age of 8 - Paid childcare leave for primary guardians, non-primary guardians - 1 year 6) Full support for treatment costs for infertility and the four major serious diseases
Other	Retirement Pension System <sup>1)</sup> , Providing allowances and consumables for special family occasions, optional welfare benefits, communication expenses, Mobile Groupware, and in-house cafeteria/lunch	1) Deposit in external financial institution, lump sum or pension payment

\*Scope of application : All employees(Full-time workers/workers on contract/part-time workers included)



Material Issue 4

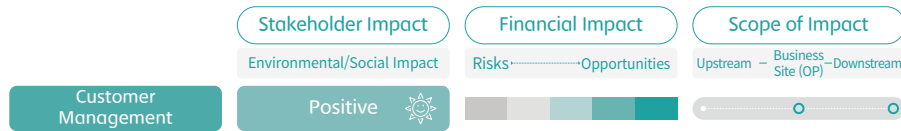
# Customer-centered Management

## 1 Governance

In order to further strengthen Customer-centered Management in 2023, SK networks introduced a new approach and established and operated CV councils supervised by the C-Level executives of each business division based on professional competencies. The council held regular meetings for a total of 4 to 9 times for each business division during 2023, particularly focusing on the direction of strengthening the safety and quality of products and services. Various customer issues identified through the meetings were discussed in depth and developed into specific improvement tasks. In this process, we focused on systematically resolving customer pain points and creating customer value. Through this approach, SK networks is promoting innovation of business model and strengthening sustainable performance and competitiveness.

## 2 Strategy

### 2-1. Identification of Impacts/Risks and Opportunities



#### Social/Environmental Impact

Category	Attribute	Impact	Probability	Severity	
Customer Management	Reflecting Customer Needs	Positive	Expanding Active Communication with Customers	High	High
	Privacy	Positive	Increasing Social Trust through the Protection of Customer Information	High	High

#### Financial Impact

Category	Attribute	Risks and Opportunities	Time of Occurrence*	Severity	
Customer Management	Responsible Marketing and Reflection of Customer Needs	Risk	Decrease in sales due to incorrect analysis of customer demand, occurrence of long-term inventory	Short-term	High
	Information Accessibility	Opportunity	Decrease in consumer search costs and increase in sales through platform-based service operation to improve customers' information accessibility	Short-term	Mid
	Privacy	Risk	There is a risk of B2C companies losing customers and weakening competitiveness due to loss of B2C customer trust caused by personal information leaks.	Mid-term	High

\*Short-term : Up to 1 year, Mid-term : 1 to 5 years, Long-term : Beyond 5 years

### 2-2. Strategy and Response Status

SK networks is striving to create customer-centered value through the "Customer Value Explorer" strategy, and aims to improve customer satisfaction and sustainable growth in accordance with changes in the business model. Each division has established and is implementing safety and risk management regulations to strengthen the safety and quality management of products and services. Going forward, we plan to further enhance customer experience through customer management and product diversification, and establish and implement a plan for maintaining and managing safety and service certification. In particular, we plan to explore new market opportunities such as AI technology, introduce innovative technologies to proactively respond to changing customer needs, increase service efficiency, and maximize customer satisfaction.

Response Status	<ul style="list-style-type: none"> <li>• SK rent-a-car – Weather Management System for Customer Safety, Online Service Platform(SK rent-a-car Direct, Tago Pay, etc.)</li> <li>• SK magic – 'Integrated CS Management System', CEO-led 'CS Lab', Operating SHE/PL/CS Prevention and Response Process</li> <li>• MINTIT – Industry's first immediate payment of sales amount, acquired international certification for personal information complete deletion solution(ADISA), etc.</li> <li>• Walkerhill – Preventing food safety and customer safety accident, expanding customers' digital experience(NFT membership 'W.XYZ, etc.)</li> </ul>
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## 3 Risk Management

SK networks identifies environmental/social impacts as well as financial impacts that may occur in each industry sector as major risks. We have established and are operating safety/risk management regulations for each business division to prevent safety accidents and manage the quality of products and services provided to customers. SK magic complies with product safety and environmental standards while MINTIT protects personal information and is certified for data deletion. Walkerhill manages food safety. As such, our subsidiaries are managing each risk. We regularly monitor and report risks by obtaining/maintaining external certification through evaluation and examination by a verified institution every year.

Identification of Risks	Controlling and Mitigation of Risks	Monitoring and Reporting on Risks
<ul style="list-style-type: none"> <li>• Poor service quality due to insufficient reflection of customer needs</li> <li>• Decrease in sales due to incorrect analysis of customer demand</li> <li>• Loss of B2C customer trust due to personal information leaks</li> <li>• Unfaithful marketing(greenwashing, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing/operating safety/risk regulations by business division</li> <li>• MINTIT – Acquiring international certification for data deletion technology</li> <li>• SK magic – Complying with RoHS, integrated CS management system</li> <li>• Walkerhill – Food safety management system, expanding customers' digital experience</li> </ul>	<ul style="list-style-type: none"> <li>• Obtaining and maintaining international certifications related to product safety and quality</li> <li>• Disclosing external performance to stakeholders through the Sustainability Report</li> </ul>

## 4 Metrics and targets

- SK rent-a-car – 96% customer satisfaction rate in the 2023 customer satisfaction survey. 100% customer complaint resolution rate
- SK magic – 'CS Key Indicator Integrated View' monitors indicators such as safe OK handling rate, faithful installation rate, and rate of delaying AS in real time
- SK magic executive KPI – Obtained ISMS-P certification and achieved 'Excellent' level or higher in Group security standards, achieved all 7 safety and health management system-related items & Zero Major Accidents



## Customer-centered Management Implementation System

SK networks focuses on customer-centered problem solving and value creation, and continuously innovate its business model that strengthens responsibility for the safety and quality of products and services. SK networks started the CV Board(Customer Value Board) activity in 2020, and expanded it into a company-wide consultative body by integrating its operation for subsidiaries and business divisions in 2021. In 2022, we enhanced the execution power of each business division by making each subsidiary and business division operate its own CV Board meeting supervised by the representatives of each subsidiary and business division every month. In 2023, we reflected the results of the survey of participating employees to operate a separate 'CV consultative body' based on professional capabilities under the leadership of the C-Level executives for each business division, and through this, we discussed customer issues and improvement tasks based on VOC(Voice of Customer) over 4 to 9 occasions. Such activities allow us to focus on customer-centered problem solving and value creation, and strengthen responsibility for the safety and quality of products and services. A systematic approach to customer-centered management supports SK networks' business model innovation and contributes to sustainable performance and competitiveness.

## Customer Value Innovation·Safety Strategy and Roadmap

SK networks aims to innovate on its corporate value and create new customer-centered value through its future growth strategy, "Customer Value Explorer." We implement the strategy by setting clear goals to increase customer value, actively communicate to achieve them, and continuously innovate on the business. In addition, SK networks has established and is implementing safety and risk management regulations for each business division to strengthen the safety and quality management of products and services. We are guaranteeing the quality and safety of products and services by obtaining or maintaining various external certifications through evaluations and examination by internationally recognized organizations every year. Going forward, SK networks plans to continuously discover tasks to innovate on customer value according to changes in business models (BM) and external environments to improve customer satisfaction, and to consider necessity of securing additional certifications to improve the safety of products and services.

### Roadmap for Improving Customer Satisfaction and Product/Service Safety\*

	~2023	~2025	~2026
Improvement of Customer Satisfaction	<ul style="list-style-type: none"> <li>Identifying/implementing improvement tasks through analysis of customer satisfaction survey results</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing customer experience through customer management and product diversification</li> </ul>	<ul style="list-style-type: none"> <li>Continuously discovering tasks for customer value innovation according to BM and external environment changes</li> </ul>
Product/Service Safety	<ul style="list-style-type: none"> <li>Enhancing product safety management process</li> </ul>	<ul style="list-style-type: none"> <li>Establishing and implementing a plan to maintain certification</li> </ul>	<ul style="list-style-type: none"> <li>Examining necessity of securing additional certification for safety and service improvement</li> </ul>

\*Targeting B2C Biz(Walkerhill, SK magic, SK rent-a-car, etc.)

## SK rent-a-car

### Customer notification service including weather information

SK rent-a-car has established a management system by weather information called 'Weather Aria' using the Korea Meteorological Administration's API, prioritizing customer safety. This system quickly provides important notifications related to weather changes, allowing people to prepare for extreme weather conditions such as typhoons, heavy rain, and heavy snow. In 2023, we have expanded the scope of response made by internal members, including those in charge of the company's emergency channel, to proactively prepare for disasters that may occur in bad weather situations, and we are working to improve safety by reflecting actual cases of damage occurred due to weather disaster in notification. In addition, SK rent-a-car is continuously striving to secure customer safety and reduce asset loss due to weather disasters based on this information. Thanks to such efforts, we became the only company certified as 'Excellent Weather Management' in October 2023. Going forward, we plan to strengthen risk management due to climate change and actively utilize weather information in management activities to create added value.

### Rapid Accident Response and Prevention

SK rent-a-car prioritizes customer safety and supports rapid report and response in the event of an accident. We minimize customer inconvenience by providing ERS(Emergency Roadside Service), courtesy car service, etc. through the 24-hour accident report service center. SK rent-a-car actively pursues a preventive approach to prevent accidents and implements periodic recall notices. In addition, in order to encourage safe driving for long-term rental customers, we analyze the driver's usual safe driving level and provide guidance on driving habits to prevent accidents by monitoring vehicle status and driving information in real time using IoT terminals installed in vehicles through the 'Smart Care' app.

### Expansion of Online Service Platform

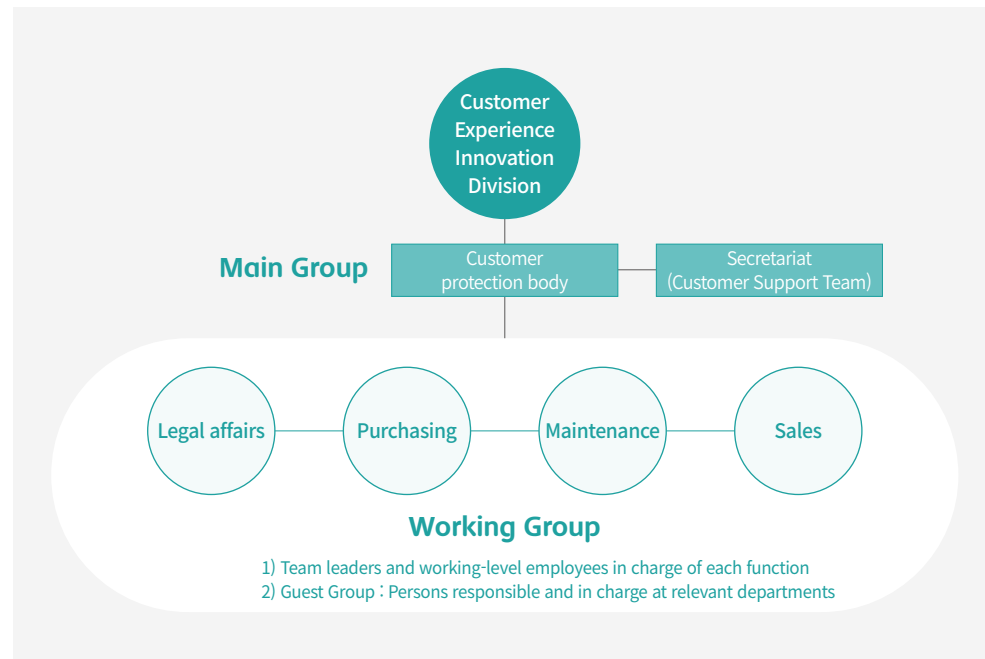
In 2021, SK rent-a-car officially launched 'SK rent-a-car Direct', which provides various services applying innovative digital solutions, including self-quotes, non-face-to-face contracts, and same-day delivery. SK rent-a-car Direct is an online sales channel for long-term rental cars where customers can conveniently purchase through quick identity verification and simple quotations, and it provides 'Same-day delivery (Delivery today)' service. In addition, we are continuously expanding online-only platform products and services, such as 'Tago Pay', which introduced a new pricing system for paying the fee based on driving distance, 'Tago Buy', which allows customers to purchase second hand cars securely by providing high-quality vehicles, and 'EV Link' that customers can receive various benefits, including charging, parking, carwash, and maintenance services for EVs. Going forward, we will provide various customized services considering customers' lifestyles and develop into a platform that leads the mobility market.

## 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 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.

### Customer Protection Body

(As of the end of December 2023)



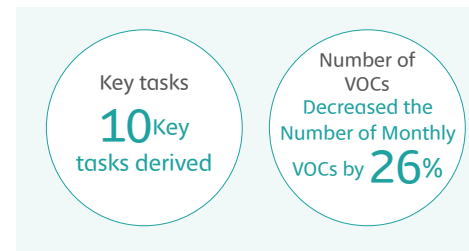
## Improving Customer-Oriented Service Capabilities

SK rent-a-car proactively responds to various customer needs and provides new solutions based on effective communication and consideration to improve service quality. In 2022, we selected 13 improvement tasks reflecting the voice of customers(VOC), and 33 employees from various units participated in and carried out the improvement tasks. They improved their understanding of work through on-site visits and training programs, and carried out the improvement tasks by strengthening customer service(CS) capabilities. In 2023, we focused on identifying the basic causes of customer inconvenience and deriving improvement tasks based on a total of 10 key tasks, and thereby improving the convenience in using the service. In 2024, we plan to continue our efforts to proactively identify and improve customer needs and promote customer-oriented thinking based on these activities.

## Managing Customer Satisfaction

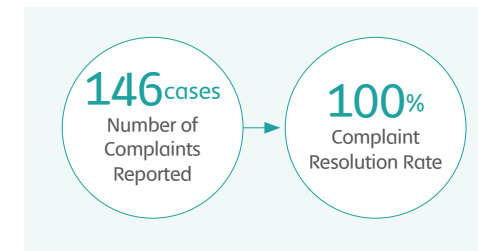
SK rent-a-car analyzes customer satisfaction and reflects it in quantitative and qualitative improvements of all products and services. Customers participate in satisfaction surveys after using SK rent-a-car's products and services, and the satisfaction surveys are designed to analyze items related to major contact points with customers, such as contract managers, general maintenance, roadside service, and regular inspections. The quantitative results of the satisfaction surveys are used as KPIs and improvement indicators for each organization in charge, and customers' qualitative opinions are divided into short-term and long-term improvement tasks for improvement activities. As such, by continuously analyzing customer opinion and implementing organization-specific improvement tasks, we decrease the number of VOCs by 11% per month in 2022, and by 26% per month in 2023.

### Performance of Improvement Tasks for Customer



### Customer Complaints Response Performance

(As of the end of December 2023)



### Customer Satisfaction Goals

Category	2023 Status	2024 Goal	2025 Goal	2026 Goal
Customer satisfaction rate by Customer Satisfaction Survey Results	94.8%	95%	95.5%	96%
Customer Complaint Resolution Rate	100%	100%	100%	100%

# SK magic

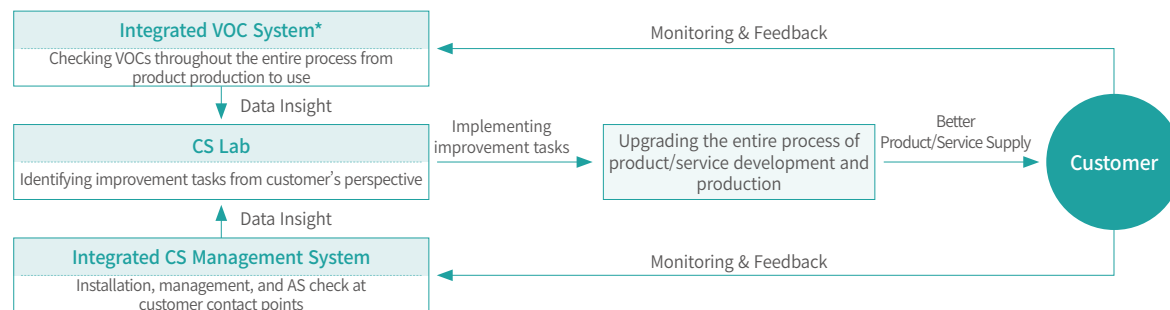
## Integrated VOC System

SK magic has established and is operating an integrated VOC system to strengthen customer-centered management and customer satisfaction. Customer opinions collected through 14 different VOC channels are classified in real time through the integrated VOC system, converted into and stored as quantitative data. All employees can have insights on the VOC status through the dashboard and quickly identify problems faced by customers. The employees can analyze data as needed and directly reflect them to improve service process such as product installation, AS, and visiting care management. In 2023, we established the CS Lab, a company-wide consultative body led by SK magic, to derive and implement improvement tasks to eliminate the basic cause of customer inconvenience based on customer data accumulated in the integrated VOC system. On top of that, we are striving to provide better quality and service that customers want by quickly reflecting customer opinions throughout the entire product and service development process. Going forward, SK magic plans to improve the quality of customer service through continuous upgrades of the integrated VOC system and strengthened employee education, and through in-depth analysis of customer feedback.

## Integrated CS(Customer Satisfaction) Management System

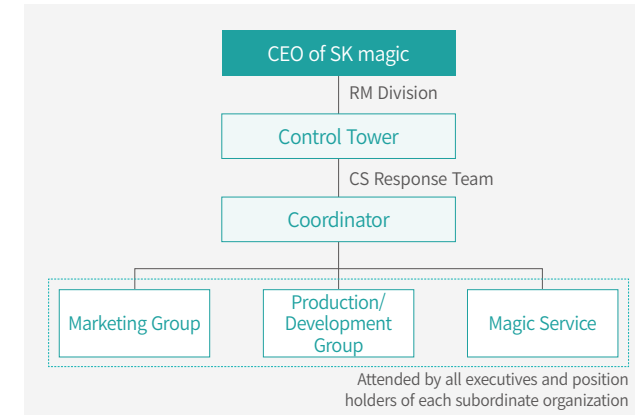
SK magic defines 9 key management indicators(key CS indicators) in 4 CS areas and sets goals every year, and systematically manages major CS-related issues through the integrated CS management system. In 2023, we developed the 'CS Key Indicator Integrated View' system that can monitor major CS status in real time. All employees of SK magic check the CS Key Indicator achievement status at any time through the 'CS Key Indicator Integrated View', and the CS-related organization at the head office regularly checks CS issues occurring to customers and seeks to quickly improve service quality through organic collaboration with customer contact points and service organizations. We are identifying and improving abnormal signs and problems in the service using this system. Furthermore, CS Lab, a CS council operated under the leadership of the CEO, constantly checks the inspection normality rate and regional deviations, derives improvement tasks for discovered problems, and inspects implementation status. Such customer-centered management system has enabled SK magic to continuously improve customer service quality.

### VOC and CS Management Process



\*VOC inflow channels number a total of 14 channel including 'Other' channel

### Organization of CS Lab



### 9 key management indicators in 4 CS areas

Category	Name of Indicators	2023 Targets	2023 Performance
Safe OK Service	Safe OK Processing Rate	93.0%	87.7%
	Disrecommendation Rate*	4.5%	3.7%
Logistics	Promised Installation Rate	86.5%	90.2%
	Disrecommendation Rate	5.0%	5.5%
A/S	AS Processing Delay Rate	33.3%	38.2%
	AS Standard Deviation (Across Regions)	0.51	0.39
	Disrecommendation Rate	3.5%	3.6%
Consultation	Inspection Normal Rate	10.5%	8.6%
	VOC Transfer Rate	2.9%	4.2%

\*Management criteria for non-recommendation rate: Average value of monthly total (Excluding people who have not recommended for 2 consecutive months)

### Preventing Safety Accidents in Products and Services

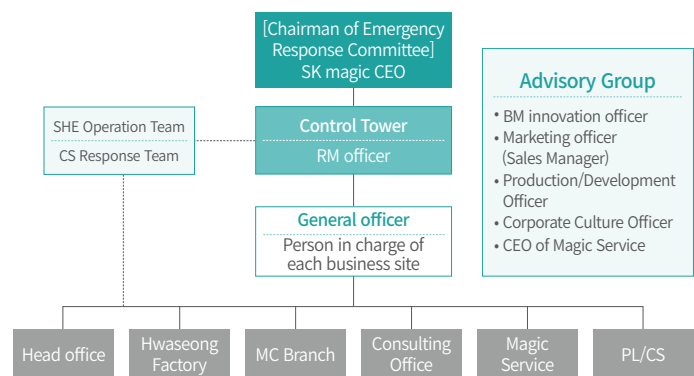
SK magic is implementing systematic safety management and preventive measures prioritizing quality and safety of products and services. We have established a department dedicated for quality and service response at the Hwaseong Factory and head office, and are strictly complying with hazardous substance management regulations and quality safety regulations, making efforts to thoroughly eliminate the basic causes of safety accidents that may occur during product installation and use. In addition, we have established emergency response organization chaired by the CEO of SK magic at the company level, and set up SHE(Safety, Health and Environment), PL(Product Liability), and CS(Customer Service) damage management and response processes. We are also taking measures to prevent damage to the human body and property of consumers that may occur during product use. SK magic will continue to pursue innovation and improvement in the quality and safety management of products and services, and will collect and analyze VOCs more effectively and implement quality improvement measures to provide safer and more reliable products and services.

### Strengthening Management of Hazardous Substances in Products

SK magic has developed a standard company regulation on hazardous substance management, and restricts the delivery of raw materials and parts containing six chemical substances(cadmium, lead, mercury, hexavalent chromium, PBDE and PBB) and four phthalates (DEHP, BBP,DBP, DIBP) that are regulated by the EU RoHS (Restriction of Hazardous Substances) Directive. All RoHS-related data is registered and tracked in QMS (Quality Management System). SK magic is subject to ISO 14001 assessment every two years, and one of the assessment criteria includes product hazard assessment through an environmental impact assessment. Each year, the RoHS hazardous substance analysis list of all components that constitute the products is verified by an external organization and approved by SK Magic’s QC department and QC department also frequently collects parts samples to have them tested for hazardous substances. Going forward, SK magic plans to continuously improve and strengthen these procedures to ensure the safety of all products and focus on developing sustainable products in compliance with environmental regulations.

\*It is a type of chromium used for industrial purposes and is a carcinogen that can cause serious diseases in the human body when inhaled.

#### Organization of ESG Emergency Response



#### SK Magic Product and Service Safety International Certification

2023	
<b>ISO 14001</b> International Standard for Environmental Management Systems	Maintaining Certification
<b>ISO 9001</b> International Standard for Quality Management Systems	Maintaining Certification
<b>RoHS</b> Restriction of the use Of certain Hazardous Substances in electrical and electronic equipment	Maintaining Certification

## Walkerhill

### Advancing Customer-centered Management System

Walkerhill has established a systematic CS management system to strengthen customer-centered management and increase customer value. VOCs collected through the system are classified and delivered to relevant divisions and the management for product and service improvement. Since 2021, executives and team leaders have held CV Board supervised by the COO of Walkerhill to share tasks for enhancing customer value. In 2023, we further advanced customer-centered management based on the CS management system and improved service through field employee training. Going forward, Walkerhill plans to develop into a company centered on customer experience utilizing customer data by establishing an AI-based customer-centered management system.

### Preventing Food Safety and Customer Safety Accidents

Walkerhill operates a systematic food safety management program to ensure customer safety. The Food Safety Committee (consisting of 17 members) conducts sanitary inspections quarterly or periodically to establish a safe food management system, thereby strengthening the consistent quality management. In addition, we prevent food safety accidents in advance in compliance with the standards of the International Food Safety Management System (ISO 22000). We have established response measures for each type of accident to prevent safety accidents, and provide training on a response manual so that employees can respond immediately when a safety accident occurs. These measures are based on close cooperation and collaboration with competent authorities, which plays an important role in providing services that prioritize customer safety of Walkerhill. We will strengthen customer trust by further reinforcing food safety standards and expanding customer safety education programs.

### Expanding the Digital Experience of Customers

Walkerhill is leading the innovation of customer experience by accelerating the digital transformation of hotel services. Walkerhill built a mobile platform that offers a digital experience to customers, from mobile reservation and mobile check-out, using kiosks and personal mobile devices. The system 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 to extend its hotel experience from offline to the online environment. In July 2023, Walkerhill launched ‘W.XYZ’, an innovative NFT membership service that incorporate Web 3 technology into the lifestyle of the younger generation. This service integrates the Web3 environment, which allows individuals to directly create, operate, and own decentralized systems based on blockchain technology, into hotel services, and it is adopted as a part of customer service innovation using digital technology. Walkerhill plans to continuously improve customer experience through such digital innovation and actively introduce new technologies to strengthen its competitiveness in the hotel industry. Going forward, Walkerhill will enhance customer satisfaction and pursue sustainable business growth through technological innovation.



Community-type NFT membership 'W.XYZ'

# MINTIT Company Overview of MINTIT

## Implementing Customer Value Strategy

MINTIT has established a new vision for 2028, which has been concretized under the slogan, ‘We continue our innovation for easier and more convenient ICT resource circulation.’ The vision shows our goals of creating an environment in which anyone can easily participate by standardizing the value of ICT resources and spreading the culture of resource circulation. We aim to build differentiated competitiveness and provide consistent customer service across the company, thereby increasing understanding and consensus for the company’s management direction internally and externally. In this process, we set up a mission, ‘We guarantee happiness of tomorrow by creating a culture of resource circulation that anyone can experience’, while strengthening the customer-centered culture through meaningful participation of our employees. These efforts will simplify the complicated ICT resource circulation process and make the world more pleasant through newly created experiences.

**Mission** We guarantee happiness of tomorrow by creating a culture of resource circulation that anyone can experience.

**Vision Slogan** We continue our innovation for easier and more convenient ICT resource circulation

## Strengthening Brand Awareness

MINTIT set up a management plan to “empower customers to know and experience MINTIT,” and has focused on increasing brand presence of MINTIT, implementing various call-to-action strategies for customers. In addition, MINTIT has 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 also built and managed an integrated customer journey map for online and offline settings, based on periodic customer surveys.



Customers can check the expected market price of their mobile phone through the MINTIT app without visiting an ATM.

## Improving Customer Convenience

MINTIT analyzed the VOC (Voice of Customer) data reported through the customer center and user reviews to identify inconveniences in using the system. Based on this, MINTIT improved the user experience (UX) and user interface (UI) of the ATM to increase user convenience and optimize the user experience. In addition, we strengthened the brand identity through the renewal of our web and app, and allowed users to easily access the information they want to know before and after purchasing a used phone, enhancing convenience in using MINTIT service.



## Certification of Complete Personal Information Removal

MINTIT is leading domestic ICT recycling based on cooperation with manufacturers and three telecommunication service providers with the highest level of technology related to personal information. In 2021, MINTIT obtained international standard software quality certification (SQA, ISO/IEC 25051:2014 based) for the personal information and data deletion program (App) from the headquarters of TUV SUD in Germany, a quality certification agency. In February 2024, we acquired technical certification for our data disposal and deletion program(MINTIT Safe App) from ADISA(Asset Disposal and Information Security Alliance), a global information security organization. MINTIT passed the test for ‘Attack Using Forensic Tools and Technologies’ organized by ADISA, proving its safety technology related to personal information security, which is the biggest concern for customers when trading used phones. Going forward, MINTIT will continue to expand the size of the ICT recycling market based on its experience and technology that has led the virtuous cycle of the used phone market, in terms of national used phone network, personal information safety, and the convenience of non-face-to-face transactions.

### Status of Domestic/Foreign Patents held by MINTIT (As of November 2023)

Domestic	Technologies applied for patent	30 cases
	Technologies registered	14 cases
International patents	Applied international patent for PCT	17 cases
	Applied for patent in individual country	24 cases
	Patent registered in individual country	cases

### MINTIT’s Patent Technologies

Mobile phone recognition and function analysis technology
Technology that analyzes the appearance of a mobile phone using AI
Technology that deletes personal information from electronic devices (international certification, first in Korea)
Unmanned purchase system and operation technology for used electronic devices (only in Korea)
Technology that shorten the purchasing time to 5 minute and payment time to 30 minutes

## SpeedMate

### Maximizing Customer Value through Online to Offline(O2O) Service

SpeedMate widened the scope of customer contact to encompass the online environment and strengthened customer value by utilizing its strong offline maintenance bases. SpeedMate provides an Online to Offline(O2O) engine oil change, tire change, and battery change service, which is the service product most frequently required for car management. The O2O(Online to Offline) engine oil change service is structured so that customers pay for purchase and change services on the official SpeedMate website and have their engine oil, tire or battery 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. On top of that, SpeedMate operates a vehicle management membership, ‘CLUB SM’, so that drivers with Korean and imported cars who have signed up for the membership can enjoy maintenance benefits and services at an affordable price across the entire vehicle management spectrum, including products and services.

Material Issue 5

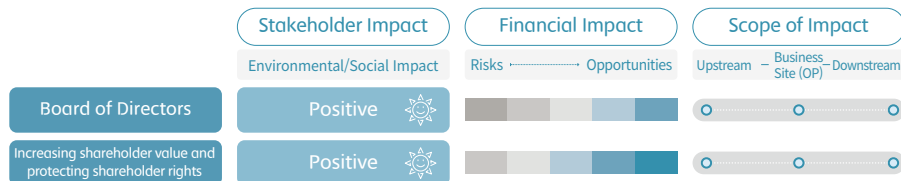
# Strengthening Transparency of Governance

## 1 Governance

SK networks is practicing responsible management centered on the BOD and shareholder-friendly management for transparency in governance, thereby realizing sustainable growth and development of the company. To this end, we are working for good operation of the Board by strengthening the independence, expertise, and diversity of Board of Directors and activating subcommittee activities. As of March 2024, four out of seven directors (57.1% of the total number of directors) are independent (outside) directors, among which chairman of the Board of Directors is appointed to prevent the CEO from becoming the chairman of the Board. In addition, the Board establishes the ESG Management Committee, Personnel Committee and Audit Committee and appoints chairman of each committee among independent directors to ensure management transparency for customers and investors. As part of the efforts for shareholder-friendly management, we are strengthening communication with shareholders and protecting shareholder rights in various ways. Through this, SK networks is enhancing shareholder value, building long-term trust relationships, and pursuing sustainable growth.

## 2 Strategy

### 2-1. Identification of Impacts/Risks and Opportunities



#### Social/Environmental Impact

Category	Attribute	Impact	Probability	Severity
Board of Directors	Positive	Expanding sound governance culture based on expertise/independence of the Board	High	High
Enhancing shareholder value and protecting shareholder rights	Positive	Improving profit distribution and economic infrastructure including investor protection	High	High

#### Financial Impact

Category	Attribute	Risks and Opportunities	Time of Occurrence*	Severity
Board of Directors	Risk	Non-compliance with relevant laws and regulations and violation of governance-related ethics regulations	Short-term	High
	Opportunity	Strengthening diversity, expertise, and independence of Board members	Mid-term	High
Enhancing shareholder value and protecting shareholder rights	Risk	Weakening of value chain foundation such as decline in shareholder trust and capital outflow	Short-term	High
	Opportunity	Attracting investment and improving reputation in capital markets	Mid-term	High

\*Short-term : Up to 1 year, Mid-term : 1 to 5 years, Long-term : Beyond 5 years

### 2-2. Strategy and Response Status

SK networks considers the establishment of a sound governance structure as its top priority so that economic development and social value can be created through management activities. Considering the implementation of the Governance Story due to the establishment of a 'board-centered management system' and the increasing social demand for ESG management, we revised the Corporate Governance Charter in March 2022. The revised Governance Charter states that the ultimate mission of SK networks lies in seeking the happiness of employees and stakeholders and includes the role and responsibility of the Board of Directors, and 'communication with shareholders and stakeholders' in the management purpose. In addition, in order to increase the sustainability of the company and society, we further strengthened responsible management by improving the qualitative and quantitative level of ESG discussions within the Board of Directors and expanding the scope of agenda items for discussion, while conducting training to enhance the capabilities and expertise of independent directors.

Response Status	Details
Response Status	<ul style="list-style-type: none"> <li>Stipulating the responsibilities and roles of the Board of Directors through revision of the Corporate Governance Charter</li> <li>Strengthening the Board of Directors' prior deliberation and examination functions through the ESG Management Committee</li> <li>Ensuring expertise of the Board of Directors through implementation of BSM(Board Skill Matrix)</li> <li>Expanding shareholder-friendly management activities to enhance shareholder trust</li> </ul>

## 3 Risk Management

SK networks analyzes environmental and social impacts as well as financial risks and opportunities for the material issue of 'Transparency in Governance' to identify, evaluate, prioritize and monitor risks and opportunities related to sustainability. Through this, we are establishing a Board-centered management system, strengthening the independence and expertise of independent directors, and actively implementing shareholder-friendly management. In addition, we are expanding transparent communication with stakeholders including shareholders.

Identification of Risks	Control and Mitigation of Risks	Monitoring and Reporting on Risks
<ul style="list-style-type: none"> <li>Identifying social/environmental impacts and risk and opportunity factors related to Transparency in Governance</li> <li>Analyzing materiality for each impact and factor</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a Board-centered management system</li> <li>Strengthening the independence and expertise of independent directors</li> <li>Expanding shareholder return policies and communication with shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening transparency through disclosure of governance report</li> <li>Making timely and fair disclosure of corporate information, holding non-deal roadshow(NDR), annual general meeting of shareholders(AGM), etc.</li> </ul>

## 4 Metrics and targets

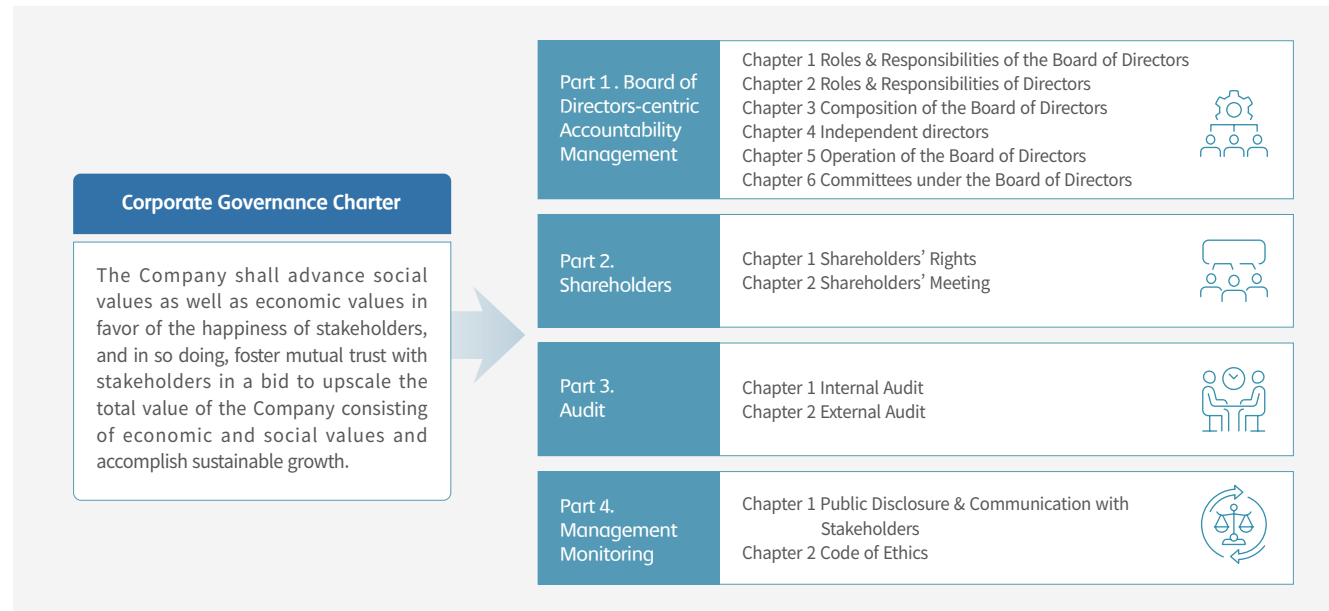
<ul style="list-style-type: none"> <li>Managing Board Skill Matrix(BSM)                             <ul style="list-style-type: none"> <li>Director's expertise(in the fields of ESG, financial accounting, law, industry experience, investment, global, etc.)</li> <li>Diversity : ratio of female director(s), average age, etc.</li> </ul> </li> <li>Reflecting ESG-based performance in the KPI at least 10% for evaluation and compensation of management including subsidiaries by 2026</li> </ul>
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# Board-Centric Management

## Principles for Governance

In March 2022, SK networks revised its Corporate Governance Charter considering the implementation of the Governance Story due to the establishment of a 'board-centered management system' and the increasing social demand for ESG management after the first enactment of the Corporate Governance Charter in December 2020. First of all, in the preamble which explains the 'management philosophy', the revised Governance Charter states that the ultimate mission of SK networks lies in seeking the happiness of employees and stakeholders, and that the company fosters mutual trust with stakeholders in a bid to upscale social values and accomplish sustainable growth. In addition, in closing, it expresses the company's obligation to improve governance in the Corporate Governance Charter. And by referencing the 3rd revision of Best Practices for Corporate Governance of the Korea Institute of Corporate Governance and Sustainability(KCGS), our Governance Charter added 'Roles and Responsibilities of the Board of Directors' to clarify the goals, responsibilities, authorities, functions, and roles of the Board of Directors, also added 'Committees within the Board of Directors' to specify the roles of each committee. In the revision, we added provisions on 'Shareholders' Meeting' to specify obligations to notify the shareholders and separate election of audit committee members, and finally added 'Communication with Shareholders and Stakeholders' to expand the scope of communication and clarify reporting obligations.

## Corporate Governance Charter



※ Part of Preamble, Revised in March 2022

## Composition and Operation Status of Board of Directors

SK networks is implementing transparent management centered on the Board of Directors, and has already established an advanced governance system by establishing and operating a Secretariat to support the performance of the Board of Directors' duties. The Board of Directors establishes and evaluates the company's mid- to long-term strategies and annual management plans, and is responsible for major decision-making to enhance corporate value, including deliberation on important individual agenda items. In addition, the Board deliberates and approves issues with conflicts of interest such as the company's investment plans, internal transactions, and compensation, while making decisions on overall risk management. Furthermore, the Board independently examines the positive and negative impacts that the company's decisions may have on stakeholders in order to protect long-term corporate value. SK networks will strengthen the responsible management of the Board of Directors and create a healthier future value through transparent management for customers and investors.



## Characteristics of Board of Directors

### Independence

As of March 2024, four out of seven directors(57.1% of the total number of directors) are independent (outside) directors, among which chairman of the Board of Directors is appointed. To ensure autonomy, we have separately appointed the CEO and the chairman of the BOD. In addition, the Board establishes the ESG Management Committee, Personnel Committee and Audit Committee and appoints chairman of each committee among independent directors and makes them more thoroughly examine and check the major management activities of the company to ensure management transparency for customers and investors and to create future values. In addition, SK networks verifies whether any independent directors have special relationships with SK networks and its affiliates to ensure independence of the Board of Directors, and prohibits independent directors from transacting with SK networks at his/her own or a third party's account without prior approval from the Board of Directors.

### Efficiency

Prior to the Board meeting, we hold an ESG Management Committee meeting where the executives in charge of each agenda item can directly explain the main contents of the agenda to the directors and have a Q&A session regarding the agenda items so that the director can make decision during the Board meeting. In this way, directors discuss and deliberate on major issues from an ESG perspective, and reflect their opinions presented at the ESG Committee Meeting in the Board of Directors meeting for further discussion, thereby enabling more efficient and in-depth decision-making by the Board.

### Expertise

SK networks selects independent director candidates who satisfy the qualifications under Commercial Act and Monopoly Regulation and Fair Trade Act of Korea, and who can faithfully perform their duties based on their expertise in each field, and appoints them as independent directors at the general shareholders' meeting through the recommendation of the Personnel Committee. SK networks appoints directors having professional credentials for legal affairs, finance/accounting, marketing, etc. to secure the expertise of the Board of Directors. In particular, the Audit Committee is composed of independent directors with abundant experience and high expertise in the fields of finance, accounting, or financial affairs, and is strengthening the supervisory function of the management and the evaluation function of the internal accounting management system.

### Diversity

Independent directors are also selected considering their nationality, gender and age to ensure greater diversity in board representation. Independent directors with even wider diversity and professional competences required for developing/executing mid to long-term strategy of the company will continue to be identified way forward.

### Status of Training for Independent Directors

(as of the end of December 2023)

Training Date	Attended by	Details of Training
April 07, 2023 and April 14, 2023	Chai Sooil	Workshop-Orientation for New Independent Directors
May 20 ~ June 23, 2023	Ha Yungwon, Jeong Seokwoo, Lee Moonyoung, Chai Sooil	Ethical Management
June 23, 2023	Ha Yungwon, Jeong Seokwoo, Lee Moonyoung, Chai Sooil	Direction of SK networks Financial Story
August 21, 2023	Ha Yungwon, Chai Sooil	Icheon Forum 2023
October 31, 2023	Ha Yungwon	2023 Directors' Summit

### Roadmap to the goals for greater professional insight/diversity in BoD

	~2023	2024 ~ 2026	2027
Diversity	1 person*	More than 1 person	More than 2 persons
Expertise**	2 person	Same as the left	More than 2 persons

\*Appointment of a female outside director(March, 2021)

\*\*Environment/Social/Governance, Investment, Industry/Tech, etc.





## ESG Management Committee Activity Plan

SK networks plans to strengthen ESG Insight of the Board of Directors, and gradually expand report and discussion on agenda items related to enhancing sustainable corporate value based on ESG, thereby enhancing qualitative and quantitative levels.

	2023	2024~2025	2026
Agenda items	Report on annual performance of Group's ESG key indicators, etc.	Report on and discussion for each ESG area	Report on and in-depth discussion for ESG area
Cycle	Three times a year	More than twice a year	More than twice a year

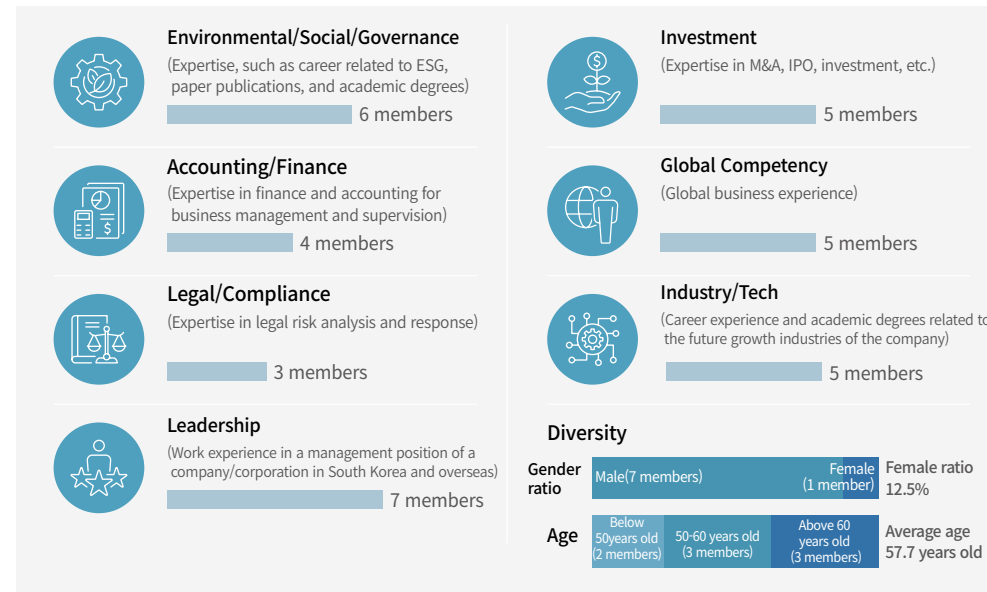
## Securing Independence of Independent Directors

Requirements for Independence (Autonomy) of Independent Directors		Requirements sufficiency
1	Independent director has not employed as an executive officer of SK networks within the past year.	●
2	No family member has received more than \$60,000 in financial benefits from the company or its parent company or subsidiary during the current fiscal year.	●
3	No family member is employed as an executive officer by the parent company or subsidiary.	●
4	Independent director is not an advisor or consultant to the company or a senior executive officer of the company.	●
5	Independent director is not associated with a significant customer or supplier of the company.	●
6	Independent director has not concluded an individual service contract with the company or its senior executive officer.	●
7	Independent director is not affiliated with a non-profit organization that receives significant donations from the company.	●
8	Independent director is not an employee or partner firm that has been an external audit firm within the past year.	●
9	Independent director has no conflict of interest that the Board of Directors deems to be a loss of independence.	●

## Operating the Board Skills Matrix(BSM)

Since its adoption of the Board Skills Matrix (BSM) at the end of 2022, the Board of Directors of SK networks has disclosed it through the Business Report, etc. to actively respond to the demands of shareholders, investors, and the markets regarding the capabilities of the Board of Directors as the company's highest decision-making body. SK networks has gained the trust of various stakeholders with the BSM, and at the same time, we continue to enhance the expertise of the BOD by identifying professional capabilities required for the BOD and considering them in the process of selecting new independent directors. Through this, we will continuously improve the expertise and diversity of the Board of Directors for optimal composition of the BOD for enhancing corporate value.

(As of the end of December 2023)



## Conducting Board of Directors Evaluation

SK networks has been conducting a Board of Directors evaluation since 2022 to enhance the expertise and accountability of Board of Directors as the highest decision-making body and to continuously improve the 'responsible management centered on the BOD' system. The BOD evaluation is carried out for annual activities of BOD, as an internal evaluation of three areas (roles/composition/operation of the BOD) with 35 items in an anonymous self-evaluation format with the participation of all Board members. In addition, from 2023, the evaluation target was expanded from Board of Directors to committees under the BOD, thereby advancing BOD evaluation system. The evaluation results derived through this are used to strengthen the Board's capabilities and improve its operation, and to improve transparency in operating BOD by disclosing them externally through Business Reports and Corporate Governance Reports.

(As of the end of March 2024)

## Board of Directors Composition

### Date of Appointment

2023.03 ~ 2026.03 (Initial appointment)

### Career

(Former) Head of Strategic Planning Office, SK networks  
 (Former) Head of Investment Center 2, SK networks  
 (Former) COO and Head of New Growth Promotion Group, SK networks  
 (Current) CEO, SK networks

### Expertise

Extensive knowledge and experience related to SK networks and SK Group

### Committee Activities

Member of the ESG Management Committee



**Lee Hojeong**  
CEO/President

### Date of Appointment

2023.03 ~ 2025.03 (initial appointment)

### Career

(Former) Head of SK Global Business Development Office  
 (Former) Head of SK networks Strategic Planning Office and Executive of SK BM Innovation Office  
 (Former) Head of SK networks Planning Office and Head of SK Happiness Design Center Group  
 (Current) COO of SK networks Business

### Expertise

Strengthening business portfolio, driving new growth businesses

### Committee Activities

Member of the ESG Management Committee



**Choi Sunghwan**  
Executive Director

### Date of Appointment

2023.03 ~ 2026.03 (Initial appointment)

### Career

(Former) Head of SK Telecom Financial Management Office  
 (Former) Head of SK Financial Division  
 (Current) CFO of SK Inc.

### Expertise

Business Management Capability, Financial Expertise

### Committee Activities

Member of the ESG Management Committee  
 Member of the Personnel Committee



**Lee Sunghyeong**  
Non-executive Director

### Date of Appointment

2023.03 ~ 2026.03 (Initial appointment)

### Career

(Former) Co-representative, Boston Consulting Group, Seoul Office  
 (Former) Financial institution representative, Boston Consulting Group in Asia Pacific

### Expertise

Management consulting expert, handling management and Audit Committee issues

### Committee Activities

Chairman of the Board, Chairman of the ESG Management Committee



**Chai Sooil**  
Independent Director

### Date of Appointment

2022.03 ~ 2025.03 (Initial appointment 2019.03)

### Career

(Former) Non-Standing Commissioner, Securities and Futures Committee of Financial Services Commission  
 (Former) Non-Standing Commissioner, Korea Accounting Standards Board  
 (Former) President, Korea Accounting Association  
 (Current) Professor, school of Business Administration Korea University

### Expertise

Accounting expert, handling management and Audit Committee issues

### Committee Activities

Chairman of the Audit Committee, chairman of the Personnel Committee, member of the ESG Management Committee



**Jeong Seokwoo**  
Independent Director

### Date of Appointment

2024.03 ~ 2027.03 (Initial appointment 2021.03)

### Career

(Former) Appointed by Samsung SDS Co., Ltd.  
 (Former) Supervisory Commissioner, Financial Services Commission  
 (Current) Associate Professor of Accounting, Duksung Women's University

### Expertise

Accounting Expert

### Committee Activities

Member of the ESG Management Committee and the Audit Committee



**Lee Moonyoung**  
Independent Director

### Date of Appointment

2024.03 ~ (Initial appointment)

### Career

(Former) President, Google Cloud Korea  
 (Former) Chief strategy officer, Microsoft Asia Pacific  
 (Former) CEO / President, IBM Korea  
 (Current) President, Confluent Korea

### Expertise

Tech.-based management expert

### Committee Activities

Member of the ESG Management Committee, Personnel Committee, Audit Committee



**Chang Hwajin**  
Independent Director

※ Director Ha Yungwon and Director Im Ho retired due to expiration of their terms, and Director Lee Moonyoung was reappointed at the 71st general shareholders' meeting (Mar. 27, 2024). In addition, Chang, Hwajin, expert in a tech-based management field was newly appointed as independent director at the above general shareholders' meeting.

## Strengthening the Expertise of the Committee

SK networks is striving for exemplary board operation by strengthening the independence, expertise, and diversity of the Board of Directors and activating committee activities. To this end, 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. The ESG Management Committee within the BOD performs roles such as prior deliberation on mid- to long-term growth strategies and management plans from an ESG perspective while the Personnel Committee deliberates on the evaluation and the rewards of the CEO, and recommends candidates for independent director, and the Audit Committee conducts independent and professional audits for SK networks, including subsidiaries. In order to strengthen the functions of the three major committees, we have designated dedicated organizations for each committee and are conducting Board evaluations and education periodically.

### Status of Committee Activities within the Board of Directors

(As of the end of December 2023)

Name of Committee	ESG Management Committee(Regulations)	Personnel Committee(Regulations)	Audit Committee(Regulations)
Composition	<ul style="list-style-type: none"> <li>• 2 executive directors</li> <li>• 1 non-executive director</li> <li>• 5 independent directors</li> </ul>	<ul style="list-style-type: none"> <li>• 1 non-executive director</li> <li>• 3 independent directors</li> </ul>	<ul style="list-style-type: none"> <li>• 3 independent directors</li> </ul>
Composition Status	<ul style="list-style-type: none"> <li>• Executive directors : Lee Hojeong, Choi Sunghwan</li> <li>• Non-executive directors : Lee Sunghyeong</li> <li>• Independent directors : Ha Yungwon(chairman), Im Ho, Jeong Seokwoo, Lee Moonyoung, Chai Sooil</li> </ul>	<ul style="list-style-type: none"> <li>• Non-executive directors : Lee Sunghyeong</li> <li>• Independent directors : Im Ho(Chairman), Ha Yungwon, Chai Sooil</li> </ul>	<ul style="list-style-type: none"> <li>• Independent director : Jeong Seokwoo(Chairman), Lee Moonyoung, Chai Sooil</li> </ul>
Main Functions	<ul style="list-style-type: none"> <li>• The company’s mid- to long-term strategy and management plan</li> <li>• Investment and planning management, accounting and financial management, internal transactions, etc.</li> <li>• Discussion of matters related to the company and its first and second tier subsidiaries’ major management strategies</li> <li>• Discussion of matters related to ESG strategy and policy, implementation and performance, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of KPIs for the CEO, evaluation and remuneration, proposal for reappointment, dismissal or appointment</li> <li>• Management of candidates for the CEO and recommendation of candidates</li> <li>• Annual remuneration ceiling of directors</li> <li>• Granting and cancellation of stock options for directors</li> <li>• Recommendation of candidates for independent directors (including resolution)</li> </ul>	<ul style="list-style-type: none"> <li>• Performance of directors’ duties and audit on company’s accounting</li> <li>• Resolution on appointment of external auditors, etc.</li> <li>• Supervision of business and accounting audits</li> <li>• Request for business reports from subsidiaries, investigation of business and property status</li> </ul>
2023 Main Activities	<ul style="list-style-type: none"> <li>• Approval of the 2023 management plan</li> <li>• Matters related to the retire of treasury shares and conclusion of trust contract for treasury stock acquisition</li> <li>• Approval of the plan related to safety and health</li> <li>• Report on the publication of the ‘2022 Sustainability Management Repor’</li> <li>• Group’s ESG key indicators 2023 2Q performance</li> <li>• Enhancement of diversity for the sake of increasing sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Deliberation on the 2023 director remuneration ceiling</li> <li>• Establishment of KPIs for CEO for 2023</li> <li>• Deliberation on improvement plan for CEO rewards</li> <li>• Granting long-term performance bonuses for the CEO in 2023</li> <li>• Report on 2023 CEO evaluation tasks</li> <li>• Review of candidates for 2024 independent directors, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Report on SK networks’ quarterly business performance in 2023</li> <li>• Report on the results of the quarterly external auditor review in 2023</li> <li>• Report on the plan to inspect the operation status of the internal accounting management system in 2023</li> <li>• Report on the review of the independence of external auditors’ non-audit work</li> <li>• Interim evaluation of the operation status of the internal accounting management system in 2023</li> <li>• Report on the results of the member company’s ethics management measurement system in 2023, and the results from leaders’ exemplary action</li> </ul>
Average Attendance Rate	93.8%	96%	100%
Supporting Division	Planning Division	HR Division	Audit Division

## Status of Board of Directors Activities

The BOD of SK networks is convened once a month, in principle, but it is allowed to be held more frequently if necessary. Resolutions are made with the attendance of a majority of the directors in office and the approval of a majority of presenting directors. In 2023, a total of 10 BOD meetings were held, with 42 cases deliberated and resolved and 16 cases reported. The minimum target attendance rate for the BOD is 87.5%, and the average attendance rate in 2023 is 97.5%. The attendance rate and the approval or disapproval of individual directors on the disclosed agenda items are disclosed in the Business Report.

### Operation of the Board of Directors

Name of Indicators	Unit	2021	2022	2023
<b>Number of Meetings Held</b>	<b>Cases</b>	<b>11</b>	<b>9</b>	<b>10</b>
Regular	Cases	11	9	10
Temporary	Cases	0	0	0
<b>Number of agenda items discussed (reports + resolutions)</b>	<b>Cases</b>	<b>46</b>	<b>50</b>	<b>58</b>
Resolutions	Cases	33	36	42
Approval	Cases	31	36	42
Rejection/Amendment	Cases	2	0	0
Reports	Cases	13	14	16
<b>Average attendance rate of Board meetings*</b>	<b>%</b>	<b>87.9</b>	<b>94.4</b>	<b>97.5</b>
Executive directors	%	74.1	94.4	100.0
Non-executive directors and independent directors	%	93.8	94.4	96.7
<b>Average term of office of directors**</b>	<b>Months</b>	<b>40.5</b>	<b>42.0</b>	<b>34.5</b>

\*The BOD attendance rate of all directors(including newly appointed directors, mid-term resignations, and those whose term expired) who are in office in the relevant year from 2023 is recorded, and there are some differences from the previous year's disclosure.

\*\*The average term of office of registered executives listed in the Business Report at the end of the relevant year

## Activities of Independent Directors and Governance Innovation

SK networks separately holds one or two BOD workshops each year to provide a venue for Board members to frankly discuss matters that are difficult to address at regular BOD meetings due to time and space limits(one in 2022 and two times in 2023). At these workshops, we enhance our understanding of the company's business portfolio, pending issues, and directions and share various information and opinions, working together to grow the company and increase corporate value.

Additionally, the BOD deliberated and established the criteria(KPIs) for measuring and evaluating performance of the CEO to determine the evaluation and remuneration levels based on the criteria and to strengthen 'responsible management centered on the BOD'. In addition, the BOD shared the deliberation results on whether to reappoint the CEO and on the recommendation of candidates for the CEO deliberated by the Personnel Committee within the BOD to enhance sustainability of the company and stability in governance system.

In 2022, we introduced the Board Skills Matrix(BSM) for evaluating the all members of the Board, seeking to enhance the expertise and efficiency of the Board of Directors while strengthening communication and transparency with stakeholders through public disclosures, etc. On top of that, we are continuously supporting the strengthening of the capabilities of independent directors through special lectures by internal and external experts, education provided through the SK Group education platform(mySUNI), and opportunities to participate in internal and external conferences.

## Future Directions for the BOD

SK networks plans to put ESG management at the center of its management strategy and to enhance the sustainability of the company and society by improving the quality and quantity of ESG discussions within the Board of Directors and expanding the scope of agenda items for discussion. In addition, we plan to expand independent directors' participation in subcommittees and continuously operate a soft-landing program for new directors so that newly appointed independent directors can quickly adapt and demonstrate their professional capabilities.

In order to enable quick and effective decision-making by the BOD in a rapidly changing internal and external environment, we will continuously discuss and share the status of major issues and strategic directions through Board of Directors workshops, etc. In addition, in order to continuously secure and foster the capabilities and expertise required by the Board of Directors, we plan to strengthen the existing education system and devise various measures to secure the necessary capabilities earlier.

## Fair Evaluation and Remuneration

### Remuneration of Registered Directors

The remuneration of SK networks' executives(excluding independent directors and members of the Audit Committee) is determined by comprehensively considering their duties, expertise, and contribution to the company within the ceiling amount of 2023 remuneration for directors. We also comprehensively consider quantitative evaluation results such as the company's sales and operating profit as well as qualitative evaluation results such as strategic goal achievement and leadership for performance-based compensation.

SK networks has been evaluating ESG items which have been included in the KPI of the CEO since 2019. Since 2021, the evaluation and remuneration of the CEO have been determined through deliberation by Personnel Committee under the Board of Directors and approval by the Board of Directors. The 2023 CEO KPI included ESG items such as carbon emissions reduction, Group's ESG key indicators, establishment of a healthy and happy corporate culture, and ethical management with the approval of the Board of Directors.

SK networks has reflected the ESG item 'carbon emission reduction' in the KPI of all executives and representatives of subsidiaries since 2022, and the weight of the ESG items including carbon emission reduction accounted for 10% in the executives' KPI\* evaluation in 2023. Through this, we reflected ESG items in the evaluation of all executive units and determined compensation according to the results, so that ESG items can be indirectly reflected in the evaluation of all employees. Furthermore, we aim to reflect ESG items at least 10% in the KPI of all executives, including executives of subsidiaries, by 2025.

\*SK electlink reflects ESG items through other strategic tasks, considering that the electric vehicle charging business has the effect of reducing carbon emissions due to the nature of the business.

### Goals roadmap for ESG-based Management Performance Evaluation and Compensation

	2023	2024~2025	2026
Scope of Application	All Executives (Including representatives of subsidiaries)	All Executives (Expanded to all executives of subsidiaries*)	Same as left
Weight	10%	More than 10%	More than 10%

\*Scheduled to apply from 2024

### Remuneration of Independent Directors and Audit Committee Members

The remuneration of independent directors and Audit Committee members is determined and paid within the ceiling amount of directors' remuneration set in 2023, comprehensively reflecting their duties, expertise, and the company's management environment. In addition, a portion of the remuneration is granted with stocks to enhance the company's corporate value, strengthen the linkage between performance and compensation, and strengthen the responsible management centered on the BOD.

## Amount of Directors' Remuneration Paid

(Unit : KRW million)

Category	Number of Directors	Total Amount of Remuneration	Average Remuneration per Person
Registered Director* (Excluding independent directors and Audit Committee members)	3	1,929	643
Independent Directors (Excluding Audit Committee members)	2	207	104
Audit Committee Members	3	311	104

\*The total amount of remuneration for registered directors includes the amount paid to executives who retired in the current year (approximately KRW 178 million).

Note 1) The above number of directors is the cumulative average number of directors as of the end of December 2023

Note 2) Average payment per person: Total payment divided by the cumulative average number of directors in 2023



## Remuneration Payment Status for Individual Director (As of the end of December 2023, Unit : KRW million)

Name	Type of Compensation	Total Amount	Calculation Criteria and Method
Lee Hojeong	Earned income	Salary	850 Basic salary According to the director's remuneration payment standards, position, leadership, expertise, contribution to company, etc. are comprehensively reflected within the ceiling amount of directors' remuneration set for 2023.
		Bonus	260 Paid in February 2023 as a performance-based bonus for 2022 management performance  Bonus(performance-based bonus) is paid within 0% to 200% of annual salary, which is not exceeding the ceiling amount of directors' remuneration, comprehensively considering quantitative indicators such as sales and operating profit, etc., and non-quantitative indicators such as leadership, expertise, ethical management, and other contributions to the company, according to the executives' performance-based bonus standard.  Last year, as COO and the head of the New Growth Promotion Group, his bonus was calculated and paid comprehensively considering the contribution to optimizing the financial and management structure through strengthening the sustainability of the main business, entering the electric vehicle charging business and identifying new growth engine by reviewing promising areas such as the EV sector, preemptive investment in future growth engines, adjustment of the existing business portfolio, and BM innovation.  However, he was paid the bonus amount as an unregistered executive before being appointed as an executive director(on March 29, 2023).
	Other earned income	17 Paid schooling expenses, medical expenses, welfare points according to optional welfare benefits, etc. according to the company welfare regulations	
Choi Sunghwan	Earned Income	Salary	750 Basic Salary According to the director's remuneration payment standards, position, leadership, expertise, contribution to company, etc. are comprehensively reflected within the ceiling amount of directors' remuneration set for 2023.
		Bonus	326 Paid in February 2023 as a performance-based bonus for 2022 management performance  Bonus(performance-based bonus) is paid within 0% to 200% of annual salary, which is not exceeding the ceiling amount of directors' remuneration, comprehensively considering quantitative indicators such as sales and operating profit, etc., and non-quantitative indicators such as leadership, expertise, ethical management, and other contributions to the company, according to the executives' performance-based bonus standard.  Last year, as COO of SK networks Business, his bonus was calculated and paid comprehensively considering efforts to strengthen sustainability in the main business area, take the lead in the rental car EV market, lead BM innovation such as strengthening SK magic's eco-friendly home appliance business and product competitiveness, establish a GIG investment system, establish policies and decision-making processes for seeding investment, launch new blockchain-based businesses and promote value-up of existing business through the incorporation of blockchain, contribute to investment centered on future growth businesses and discover new growth engines.
	Other earned income	14 Paid schooling expenses, medical expenses, welfare points according to optional welfare benefits, etc. according to the company welfare regulations	

## Operation Status of Stock-based Compensation System

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 so that the BOD can contribute to continuous and long-term growth and enhance the corporate value of the company.

### PSU(Performance Shared Unit)\*

In order to enhance corporate value, Performance Shared Units(PSU) has been granted to executives above the CEO level as stock-based compensation since 2023.

### Stock Grant\*\*

In order to enhance corporate value through alignment of interests between management and shareholders, SK networks granted stock options to SK networks executives and independent directors starting in 2022 with the Board resolution. During the disclosure period, stocks were granted to a total of 426 people(416 people excluding duplicates). Total of 405,765 common shares were granted with treasury stocks held by SK networks.

### SARs(Stock Appreciation Rights)\*\*\*

Since 2021, SK networks has been granting Stock Appreciation Rights(SARs) as stock-based compensation to executives in office as of the general meeting of shareholders date of the year granting SARs. The number of granted shares(estimate) and the exercise price(weighted arithmetic average stock price as of the general meeting of shareholders date) are determined in the same manner as stock options, and the difference between the weighted arithmetic average stock price as of the general meeting of shareholders date and the exercise price three years later is multiplied by the number of granted shares(estimate) and paid in cash. The number of granted shares(estimate) is determined to the extent of not exceeding 100% of the grantee's annual salary, which is set to be exercised after at least two years in office as of January 1 of the year granting SARs.

\*Stock-based compensation system granted based on achievement of performance goals

\*\*A system that grants stocks free of charge as a reward for performance or service

\*\*\*The right to be paid in cash or with stocks for the increase in the value of the company's stocks over a certain period of time

## Status of Stock Option Granted

(Unit : KRW million)

Category	Number of Persons Granted	Total Fair Value of Stock Option
Registered director* (excluding independent directors and Audit Committee members)	2	2,437
Independent directors(excluding members of Audit Committee members)	-	-
Audit Committee Members	-	-

\*SK networks granted stock options to two of the registered directors at the time (Park Sanggyu and Lee Hojeong) by the resolution at the 68th general meeting of shareholders (March 29, 2021).  
Park Sanggyu retired as of March 29, 2023.

\*\*The total fair value of the above stock options is the amount recorded as capital in relation to the stock options in the financial statements at the end of the current period.

# Shareholder-friendly Management

## Shareholder Return Policy

SK networks pays dividends in cash and stocks based on the Articles of Incorporation. According to the dividend policy, SK networks has strived to maintain a stable cash dividend level in the long term by considering the consistency and sustainability of dividends payments etc., and to this end, SK has consistently returned part of its profits to shareholders by paying the same dividend of KRW 120 per 1 common stock and KRW 145 per 1 preferred stock despite the separate net loss for some fiscal years since 2017. However, in line with recent performance and stock price increases, we have expanded shareholder return by paying KRW 200 per 1 common stock and KRW 225 per 1 preferred stock as dividends for the fiscal year 2023. At the 71st general shareholders' meeting held on March 27, 2024, we resolved to amend the Articles of Incorporation to introduce interim dividends to maximize shareholder value. Accordingly, going forward, we plan to implement interim dividends as well as regular dividends depending on the company's performance. Meanwhile, the Board of Directors of SK networks approves the financial statements and retained earnings disposition statement after the end of each fiscal year, and announces the resolution on dividends (dividend amount, expected payment date, etc.) through the electronic disclosure system on the same day.

SK networks has also purchased and retired treasury stocks to strengthen shareholder returns. At the BOD meeting held in March 2023, we resolved to retire treasury stocks. We retired 12,409,382 treasury stocks in April 2023, which accounted for 5% of the total shares issued. Furthermore, in the first half of 2023, we granted 320,671 treasury stocks to our CEO, independent directors, and employees (including independent contractors and part-time workers) as bonuses. We have been purchasing 19,962,158 treasury stocks through corporate trust from March to September 2023. Furthermore, at the BOD held in February 2024, we resolved to retire additional treasury stocks, and thus retired 14,500,363 treasury stocks in March 2023. SK networks will continue to consider and implement various measures to increase shareholder value, including dividends.

## Exercise of Voting Rights at General Shareholders' Meeting

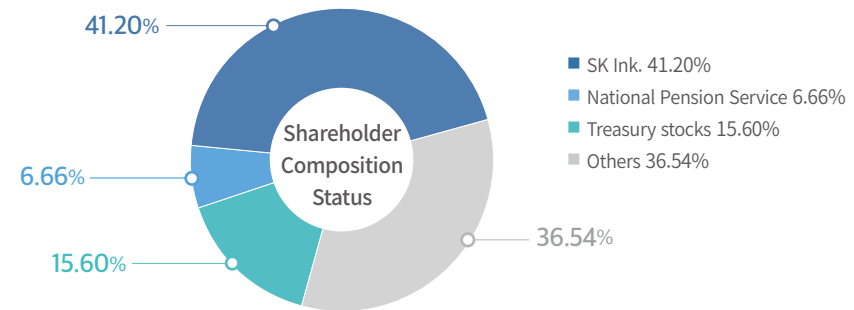
SK networks adopted an electronic voting system for shareholder-friendly management. The system enables shareholders to exercise their voting rights online without the need for in-person visits when we register the list of shareholders and agenda items for general shareholders' meetings on the online 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.

## Communication with Shareholders

SK networks is carrying out various IR activities under the policy of communicating accurately and transparently with shareholders about the company. We regularly disclose our performance through fair disclosure of provisional performance after the end of each quarter and Business Reports as well as quarterly and semi-annual reports to provide corporate information in a timely, sufficient, and fair manner. We regularly conduct NDR (Non-Deal Roadshow) targeting domestic and overseas institutional investors, and since 2023, we have shared information related to the company's performance and management direction at the annual AGM (Annual General Meeting). We are faithfully fulfilling our statutory obligation to make disclosures and have not been designated as an unfaithful disclosure corporation.

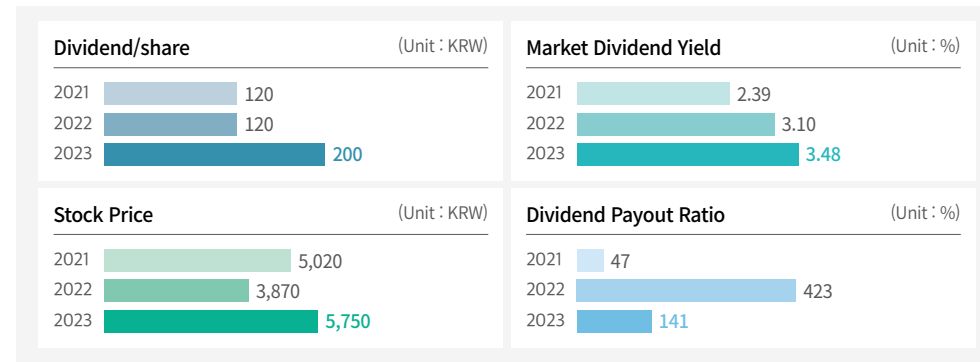
### Shareholder Composition Status

(As of the end of December 2023)



### Dividend Trend

(1 common stock, as of the end of 2023)



※ KRW 225 per 1 preferred stock

# ESG Factbook





## Environmental Management

SK networks is implementing systematic environmental management based on the ISO 14001, environmental management system. In order to raise environmental awareness of our employees, we are operating regular education programs and encouraging voluntary participation. We continuously carry out activities to restore local forests and remove exotic plants to preserve biodiversity by widely spreading the importance of biodiversity preservation.



### Environmental Management System

SK networks establishes and continuously updates environmental management policies and guidelines to minimize negative environmental impacts caused by its corporate activities. In addition, we have established a governance system to implement environmental management while striving to identify and manage major environmental issues related to SK networks through periodic communication with stakeholders.

#### Environmental Management Implementation System

SV Implementation Team of the Sustainable Management Division monitors the environmental management work across the company, and we share key environmental tasks and progress status of each business division through SV Meetup, discussing response measures. In addition, at the Company-wide ESG Implementation Committee attended by the CEO, representatives of subsidiaries, and C-level executives, we report and discuss major issues related to the environment. We operate a procedure to manage/supervise risks and opportunities related to environmental issues of the company by establishing a system in which important matters can be reported at regular Board meetings. In particular, the ESG Management Committee, which discusses and deliberates on sustainable management related to the ESG strategy under the Board of Directors, held a total of eight meetings in 2023, while establishing the management plan, discussing specific implementation plans for achieving Net Zero 2040 and sharing information on SBTi membership and target approval in March 2023. On top of that, in September 2023, we shared implementation status of Net Zero linked to the management KPI and the performance of the Group's ESG key Indicators discussing future implementation plans.

#### Environmental Management Policy and Targets

SK networks has established an environmental policy to continuously improve environmental performance through eco-friendly management and actively respond to climate change aiming at realizing 'Net Zero 2040'. We are actively encouraging our employees, including internal and external stakeholders, to carry out eco-friendly activities. Furthermore, we have established a Net Zero 2040 achievement targets for a total of 8 companies including major subsidiaries, and are including it in the KPI for the CEO and major organizations every year and managing the achievement of the targets by linking it with a performance-based compensation system.

#### Environmental Policy

SK networks, Co., Ltd. addresses social challenges together with customers on the basis of ESG management and seeks to create sustainable values. In particular, we actively engage in addressing environmental challenges resulting from climate challenges and pursue eco-friendly business practices to fulfill our social responsibilities by:

1. Complying with international environmental instruments and domestic laws/regulations governing business practices and delivering on agreements with interested parties to fulfill corporate responsibilities imposed by society at large.
2. Fostering eco-friendly business practices and culture and rolling out an environmental management system conforming to KS ISO 14001, with active commitment to fulfilling environmental responsibilities with continual delivery and improvement.
3. Developing Net Zero 2040 as CO2 emissions reduction target and implementing strategies to meet the target in a bid to actively respond to environmental issues including climate change.
4. Encouraging all SK networks people to hold themselves accountable to eco-friendly management practices and internalize environmental policies in their business conduct anchored on commitment.
5. Releasing accurate environmental data to external stakeholders with transparency and actively participating in eco-friendly campaigns in partnership with local communities.

CEO & President of SK networks, Co., Ltd.

**Lee Hojeong**

### Purpose & Scope

To effectively cope with environmental regulations addressing climate change and efficiently control environmental impacts, SK networks has implemented and managed an environmental management system covering the entire business processes of its head office based on ISO14001:2015 certification scheme. SK networks engages its people in preventing environmental disasters and delivering systematic response, develops environmental management strategies aligned with environmental laws/regulations, and identifies requirements from various interested parties in and out of the company to proactively inform and upgrade environmental management practices.

### Operating process

SK networks is operating a process to identify, prevent, and evaluate environmental risks in advance by obtaining the Environmental Management System (ISO 14001) certification in November 2022, and verifies the suitability and effectiveness of risk assessment through internal/external audits every year. In particular, environmental management system operation processes based on PDCA (Plan/Do/Check/Action) in ISO14001:2015 requirements have been rolled out and environmental policies have been established as informed by understanding of environmental aspects and impacts, issues and risks, and compliance with environmental laws/regulations, with environmental objectives and action plans developed accordingly. Environmental performance is also monitored regularly and conformity to ISO14001:2015 requirements is assessed each year by Internal Audit and certification renewal assessment by a third party verification agency, which triggers continual improvement based on nonconformity findings or recommendations. In addition, through the annual educational support for improving the ability to implement the environmental management system and strengthen the capacity of certification managers, we ensure the smooth implementation of the environmental management system. On September 8, 2023, the Korea Management Register(KMR) hosted ISO/IATF certification training(5 hours) for a total of 7 certification managers, who fully completed the course. SK networks strives to provide continuous training opportunities so that there are no gaps in the environmental management system even when the person in charge of the environmental management system changes.



### Law/Regulatory Management System and Response Strategy

Environmental law/regulatory management system has been established and operated based on the PDCA cycle as set forth in ISO 14001. We prepare an environmental law compliance evaluation table and monitor it at least once a year to evaluate the compliance status and establish response strategies to come up with corrective actions when nonconformance is identified. We conducted a compliance evaluation for a total of 7 environmental law provisions for the major management activities in 2023, and no nonconformance has been found out. We plan to conduct an environmental law compliance evaluation every year and continuously manage and respond by ensuring the validity of the results and corrective actions.

### 2023 Environmental Compliance Evaluation Table

Legal Provisions and Items	Details of Evaluation	Compliance Evaluation
Article 15 (Cooperation of Household Waste Dischargers in Treatment)	A household waste discharger shall install a storage facility necessary to separate shall separately keep such wastes by type, nature, and condition	Complied
Article 15-2 (Obligations of Persons Discharging Food Wastes)	A person discharging food wastes shall report on his or her plan to restrain the generation of food wastes and properly treat	Complied
Article 15-2 (Obligations of Persons Discharging Food Wastes)	A person discharging food wastes shall report a contract for consignment processing when consigning processing	Complied
Act On The Promotion Of Saving And Recycling Of Resources Article 12 (Waste Charges)	Calculation and imposition of waste charge imposed on manufacturers (manufacturers of products containing plastic (synthetic resin), OEM manufacturers, and importers)	Complied
Act On The Promotion Of Saving And Recycling Of Resources Article 16 (Obligations of Manufacturers to Recycle)	A producer with recycling obligations (For tires, imported car parts, and PB parts synthetic composite films)	Complied
Act On Resource Circulation Of Electrical And Electronic Equipment And Vehicles Article 16-4 (Duty of Distributors of Electrical and Electronic Equipment to Collect and Transfer)	A person may provide a portion of the collected charges for recycling to the entrusted institution after joining E-Cycle Governance (2022.12.23~) (For information and communication device distribution sellers)	Complied
Environmental Technology And Industry Support Act Article 16-8	Preparation and Disclosure of Environmental Information (June 30 every year)	Complied

## Biodiversity Preservation

### Planting Seedlings and Removing Exotic Plants

SK networks is carrying out various activities to preserve biodiversity in areas near its business sites. We are conducting cleanup activities, planting tree, and removing exotic plants that threaten the ecosystem at the Namsan Park, which has been designated as a national ecological/landscape conservation area, and Yeoui Saetgang Ecological Park, the first ecological park in Korea, contributing to the restoration of forests and preserving biodiversity in the areas. In April 2023, 60 employees of SK networks participated in cleanup activities such as removing harmful plants at Namsan Park together with the Seoul Central Park Management Center, and in April 2024, we also supported planting activities by donating 200 Rose of Sharon trees with the participation of 25 employees.

In 2023, 113 employees of SK networks, in collaboration with social cooperative ‘Hangang’, created a Biotope and installed stakes for young trees that needed supports, at Yeoui Saetgang Ecological Park. In 2024, 36 members of MINTIT\* planted young trees, planting a total of 4,000 trees\*\* cumulatively, and cleaned up the surrounding environment to remove risk factors for various plants and animals and improve their habitats. The area is home to otters, which are designated as a precious natural product, as well as various birds, reptiles, and insects. Every year, activities are carried out to remove risk factors for various plants and animals and improve their habitats to preserve biodiversity. SK networks will continue to strive to preserve biodiversity.

\*As of April 2024

\*\*Cumulative from 2021 to April 2024

### Status of Plant Seeding

200  
Rose of Sharon trees

4,000  
young trees



### Coastal Cleanup Activities at Companion Beach

SK rent-a-car has participated in the beach protection project supervised by the Ministry of Maritime Affairs and Fisheries since July 2021 to support a cleaner Jeju. SK rent-a-car adopted Hyeopjae Beach in Jeju as its companion beach and has conducted continuous coastal cleanup activities. From 2021 to 2023, a total of 169 employees participated in the coastal cleanup activities collecting approximately 300kg of waste over a total of 8 occasions.

In particular, in September 2023, in-house scuba diving club and local female divers/marine environment volunteer groups collected approximately 113kg of underwater waste, thereby protecting the marine ecosystem and reducing biodiversity risks caused by plastic waste. Going forward, SK rent-a-car plans to continue its coastal cleanup activities to preserve a clean natural environment.

#### Coastal Cleanup Activities



- Conducting activities more than 3 times a year
- 169 members participated in eight activities cumulatively from 2021 to 2023
- 497 hours of activities, approximately 300kg of trash collected

#### “Upgrading from Coastal Cleanup Activities to Underwater Cleanup Activities”

#### Underwater Cleanup Activities



- Collected approximately 113kg of wastes in 2 dives
- 10 members from in-house scuba diving club  
20 members from the local community, etc.  
Total 30 participants (As of April 2024)

## Environmental Eco-friendly Technology

SK networks is focusing on developing and investing in eco-friendly technologies for a sustainable future. Through this, we are contributing to increasing resource recycling and energy efficiency and reducing greenhouse gas emissions. In addition, we are expanding our eco-friendly business model through various partnerships and innovative solutions. We will continue to create social value and realize sustainable development through eco-friendly technologies.



### Roadmap for ESG New Business/Investment

		2023	2025	2030	2040
SK rent-a-car to conversion to zero-emission	Conversion Rate* to EV/Hydrogen Vehicle	7.9%	25%	100%	-
	Expected Cumulative Investment Amount	KRW 0.79 trillion	About KRW 2.9 trillion	About KRW 11.5 trillion	-
SK magic to use eco-friendly recycled plastic (PCR)	PCR Usage Rate**	10%	13%	21%	70%

\*Technical criteria for K-EV100

\*\*Technical criteria for PACT (Plastic ACTION, a corporate-level initiative led by WWF (World Wildlife Fund) to reduce disposable plastic products)

### Eco-friendly Technology and Investment

#### Disclosure of Target to Expand Investment in Clean Technology

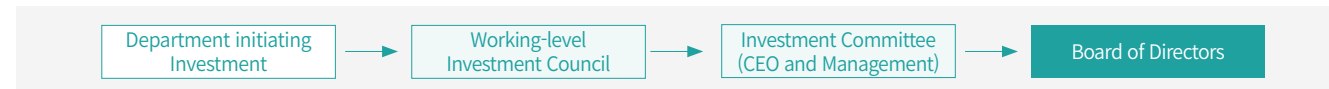
SK networks has selected the development of and investment in eco-friendly technology as one of its major engines for future growth to secure sustainability, and is operating it by including it in its business and investment strategies. In particular, we are seeking to develop and introduce the eco-friendly technologies and investment through clean technology innovation in its business model, and are determining the investment suitability of eco-friendly technology through the introduction of internal carbon prices in investment projects and FLTM evaluation of the ESG risk checklist.

Conversion to EVs, one of the eco-friendly technologies and investments in its main business, is planned to be continuously expanded with the goal of converting to 100% EVs by 2030 through joining the EV100 initiative in 2021. We introduce PCR, a reusable material, in the production of home appliances and provide eco-friendly services such as reusable containers in the hotel guestroom to reduce the use of disposable plastics. We have also joined the PACT initiative operated by WWF since 2021 and are striving to faithfully implement eco-friendly technologies and investments by establishing and operating a reduction roadmap with the goal of achieving zero disposable product usage by 2030.

#### Eco-friendly and New Technology Implementation System

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. In particular, investments related to clean technologies are reviewed through close cooperation between the business or investment organization and the Sustainable Management Organization. In 2023, we further strengthened our monitoring of ESG factors in the process of conducting pre-emptive and follow-up reviews of our investment targets through the evaluation of internal carbon pricing system and risk assessment checklist.

#### Investment Review System



### 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 will be the core of the environment-friendly mobility market centered around EVs. We will expand our environment-friendly mobility business and reduce carbon emissions by securing a competitive edge in the EV infrastructure area, and proactively responding to the climate crisis and changes in the automotive industry.

Additionally, New Growth Implementation Group makes investments to discover growth engines associated with sustainable future technologies and expand partnerships. We are taking initiative in investing in global companies with new environment-friendly technologies to reduce the environmental pollution and resource usage caused by existing industries. Examples include global eco-friendly new technology companies such as company that manufactures environment-friendly leather made of mushroom mycelium and a company that offers unmanned, automated tractor solutions. In 2023, we invested in an AI-based smart farm company in the Netherlands, which is expected to enhance the sustainability of eco-friendly agriculture going forward.

### Status of Investment in Eco-friendly and New Technologies

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

### Investing in Environment-friendly Facilities

SK networks invests in environment-friendly facilities 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.

### Status of Investment in Environment-friendly Facilities

(Unit : KRW)

Investment Target	2022	2023
SK magic	* Installed water reclamation and reuse facilities (KRW 325 million), waterless ICT inspection equipment(KRW 330 million)	* Waterless ICT inspection facilities (403 billion)
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 (reduce nitrogen oxide emissions from boilers and within boilers) * replaced boilers and the burners (KRW 79 million), installed solar power facilities (KRW 86 million) * Installed water reclamation and reuse facilities (KRW 810 million, construction completed in January 2023)	* Fuel conversion (steam → electric facilities) At 1 villa and water treatment plant (KRW 300 million) * Replacement of old facilities 2 air conditioners and 1 refrigerator (KRW 500 million)
SpeedMate	* Replaced LED lighting (for energy efficiency) (KRW 150 million)	* Replaced LED lighting (for energy efficiency) (KRW 195 million)
ICT	* Installed solar power facilities in the metropolitan area 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)	* Constructed an EV-exclusive rental complex SK rent-a-car EV Park in Jeju (KRW 550million)

### R&D expenses

(Based on the 2023 Business Report, Unit : KRW million)

Items	2022	2023	2024
Total R&D expenses	28,597	24,215	40,216
R&D Cost / Sales Ratio [Total Research and Development Expenses ÷ Current Sales × 100]	0.313%	0.251%	0.365%

\*No government subsidy

### Number of patents held

2023  
**262**cases



## Energy and Water Sector

### Expanding Renewable Energy\_Solar Power

SK rent-a-car Jeju branch entered a solar power generation market in 2016 by installing 185kW solar panels to transition to renewable energy. In October 2021, SK rent-a-car installed an additional 62kW solar panel for in-house generation at its Busan Distribution Center followed by installation of in-house solar power generation facility with 60kW capacity at the Jeju Billycar Branch in January 2022, increasing the proportion of renewable energy. Through this, the Jeju and Busan branches produced a total of 128MWh of electricity through in-house generation, and diversified the use of renewable energy such as REC conversion (172REC) and purchasing green premiums (100MWh) through solar power generation facilities, thereby reducing Scope 2 greenhouse gas emissions by a total of 41 tCO<sub>2</sub>eq in 2023 compared to 2022. In 2024, SK rent-a-car continues its efforts to expand its use of renewable energy by integrating its Jeju branches and installing new solar power facilities.

SK networks service is looking into various business plans to expand into eco-friendly businesses. Starting with the installation of a 1MW solar power plant through an investment of KRW 1.25 billion in the SK networks Capital Region Distribution Center in 2022, SK networks service is engaging in a renewable energy power plant installation business, and is installing an additional 740KW power plant in Gangseo-gu, Busan through an investment of KRW 1.18 billion aiming at completing it by July 2024. Based on a goal of investing a total of KRW 3 billion in solar power plants in 2024, we are currently managing our progress to achieve the goal and planning to expand the investment amount every year.

SK magic Hwaseong Factory installed 70kW solar panels in June 2021 to expand the use of renewable energy, while ICT installed approximately 2MWh of panels at its logistics center in 2022. Walkerhill installed approximately 30kWh of solar panels on the parking tower in addition to the solar panels that were previously installed. Through this, SK networks replaced 2,870MWh of electricity with renewable energy in 2023, reducing greenhouse gases by 1,319tCO<sub>2</sub>-eq.

### Status of Solar Power Generation Installations

(As of December 2023)



### Water Treatment Technology and Investment

Water usage at the major business sites of SK networks are regularly measured and monitored for saving water resource. In the process, data is continuously collected and analyzed to establish efficient water management measures. Major business sites have been improving various technologies and operations to improve the efficiency of water usage, and these efforts are indispensable in improving the sustainable use of water resources.

In particular, Walkerhill has established a specific plan to increase the water resource recycling rate and is expanding the construction of water reclamation and reuse facilities to successfully implement the plan. In November 2022, we began reinforcing the water reclamation and reuse facilities within the business site to dramatically enhance water recycling capacity. Through the reinforcement efforts, we are now able to recycle up to 90 tons/day of water. In addition, we expect that we will be able to recycle up to 200 tons of water per day once the construction is completed. Furthermore, Walkerhill plans to increase the water recycling capacity to 260 tons per day after 2025 by constructing additional water reclamation and reuse facilities. To this end, Walkerhill has been introducing cutting-edge water treatment technology and continuously improving the operational efficiency of the facilities. We expect that this will enable us to improve the quality of recycled water and ensure stable operation. Going forward, SK networks will continue to expand its investment in water resource management, introduce innovative technologies, and actively practice water resource conservation while striving to have a positive impact on the local community.



## Resource Circulation and Sustainable Products

### Recycling Used Mobile Phone

MINTIT is an ICT recycling brand that was launched to improve the opaque transaction structure of the used phone distribution market and to expand the value of recycled resources.

‘MINTIT ATM’ is an unmanned machine that purchases used phones mounted with an AI evaluation system and a technology for deleting personal information. This ATM offers an environment in which customers can trade 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 through the ITAD (IT Asset Disposition) business. MINTIT plans to expand its business model by installing ‘MINTIT ATM’ in global markets to collect and sell items directly and immediately in the local markets. In 2023, 740,000 reusable mobile phones were collected, and 89,000 waste mobile phones collected were handed over to E-Circulation Governance, which recycled a total of 7,456kg of raw materials such as gold and palladium.

### Investment in Sustainable Future Technologies

The New Growth Implementation Group is making active investment to discover growth engines related to sustainable future technologies and expand partnerships.

#### Investment in AI-based Eco-friendly Agricultural Technology Development

‘Source.ag’, in which we invested in 2023, is a greenhouse automation solution company that applies AI technology, and is leading an agricultural innovation by recently concluding partnership with a global indoor agricultural technology company. The New Growth Implementation Group invested USD 2million in Source.ag, judging that it has the potential to enhance sustainability in the agricultural sector along with the high growth potential of smart farms.

#### Investment in alternative leather Production Company

In 2022, we invested approximately USD 20million in ‘Mycoworks’, a company manufacturing environment-friendly leather made of mushroom mycelium, and we agreed to cooperate with MycoWorks in expanding production facilities, establishing a sales network, and developing new materials other than leather. Alternative leather made of mushroom mycelium is getting into the spotlight as a promising eco-friendly alternative material technology that can reduce environmental pollution caused by animal breeding for leather production and reduce carbon emissions and water usage by more than 90%.

### SK magic - Research and Development of Sustainable Products

SK magic has been continuing its research and development to reduce the environmental impact of its products based on the latest research facilities and excellent research personnel. SK magic is working to reduce the size of products by improving product structure, and to improve product performance and customer usability. Down-sized products not only increase space utilization, but also have the effect of minimizing resource consumption. The development of high-efficiency parts to improve performance leads to reduced energy use.

Water purifiers, one of our flagship products in wellness brand, are consuming a lot of energy due to their cooling and heating functions. In 2015, SK magic developed technology for instantaneous cooling and heating, and applied the technology to water purifiers for the first time in the industry, launching a water purifier with energy consumption efficiency grade 1 that drastically reduced standby power. Since then, we have continued to release energy-efficient grade 1 water purifier products through continuous R&D activity, while continuously releasing products with small in size but high-performance and high-efficiency functions by developing parts that are more efficient and smaller in size. In 2023, the sales ratio of our energy consumption efficiency grade 1 products accounted for more than half of total sales, with 64% of water purifiers and 51% of air purifiers. Going forward, we will strive to increase the sales ratio of eco-friendly products. SK magic holds clean technology patents that improve structure and efficiency designed and developed during the product development process. We acquired a total of 10 new patents in 2023.

Established in 2019, SK magic’s Environmental Analysis Center is designated as a ‘Certified drinking water quality inspection agency’ by the Han River Basin Environmental Office of the Ministry of Environment, and it inspects water quality of drinking water, tap water, groundwater, and water supply source. In addition, we are continuously analyzing water quality and hazardous substances and developing various technologies and products related to hygiene with the goal of providing total care solutions to our customers.

In 2023, SK magic’s Environmental Analysis Center was selected as Laboratory of Excellence in the International Proficiency Evaluation on Drinking Water hosted by the Environmental Resources Associates (ERA) of the United States. The International Proficiency Evaluation on Drinking Water is an internationally accredited testing program provided annually by ERA, and our Environmental Analysis Center received the highest grade of ‘Satisfactory’ in all 17 tests, including 5 for heavy metals, 4 for anions, 5 for organic compounds, and 3 for general items. SK magic goes through ERA test every year and has received the highest rating for five consecutive years since the establishment of the Environmental Analysis Center in 2019.

Going forward, SK magic will utilize AI technology to advance its current research and development areas and strive to release various eco-friendly and wellness products for customers.



One-cock ice-dispensing water purifier

New Patents Related to Clean Technologies Acquired by SK magic

Product Group	Summary of Technology	Date of Registration	ESG-theme	Product Group	Summary of Technology
Air purifiers	<ul style="list-style-type: none"> <li>Sliding combination of cover panel</li> <li>Structure for easy cleaning(separation of discharge unit)</li> <li>Rotatable hinge</li> <li>- Designing separable structures to enable the replacement of parts</li> </ul>	2023	Separable structures	Air Purifier(ACL)	Fastened with Housing Slide
			Saving resource	Other(ETC)	Selectively driving multiple heaters based on target temperature and flow rate
			Separable structure	Water Purifier(WPU)	Pad assembly detachable from lever assembly
			Improving efficiency	Water Purifier(WPU)	Cooling condenser Using ice water
Water purifiers	<ul style="list-style-type: none"> <li>Detachable connection tubes attached to intake tubes</li> <li>- Designing separable structures to enable the replacement of parts</li> <li>Rotation of the paddle or tray using one motor</li> <li>- Conserving resources by reducing the number of parts and shortening processes</li> </ul>		Separable structure	Electric Range(ERA)	Mounting Knob without drilling
			Cleaning efficiency	Air Purifier(ACL)	Adjusting air volume and direction according to air contamination level
			Cleaning efficiency	Air Purifier(ACL)	Rolling in the corresponding direction when the motion sensor detects movement
			Improving efficiency	Water Purifier(WPU)	Second propeller smaller than the first propeller
Gas stoves	<ul style="list-style-type: none"> <li>Gas shutoff when water boils in the container</li> <li>- Increasing energy efficiency</li> </ul>		Improving efficiency	Gas Range(GRA)	Determining whether water is boiling or maintaining the temperature of the water
			Cleaning efficiency	Air purifier(ACL)	Rapidly purifying air through mutual cooperation between one or more air purifiers

Sales Ratio of Products with Energy Consumption Efficiency Grade 1 by year (Unit : Sales Volume)

Product Group	Category	2021	2022	2023
Water purifier	Total sales	399,543	334,448	326,500
	Sales of Products with Energy Consumption Efficiency Grade 1	261,908	206,571	209,985
	<b>Sales Ratio of Products with Energy Consumption Efficiency Grade 1</b>	<b>66%</b>	<b>62%</b>	<b>64%</b>
Air purifier	Total sales	94,858	83,402	79,000
	Sales of Products with Energy Consumption Efficiency Grade 1	13,606	52,284	40,076
	<b>Sales Ratio of Products with Energy Consumption Efficiency Grade 1</b>	<b>14%</b>	<b>63%</b>	<b>51%</b>





## Electric Vehicle Transition Sector

### Conversion to Zero-emission Vehicles

Since 2021, SK rent-a-car has joined the '100% Conversion to Eco-friendly Vehicles' led by the Ministry of Environment and 'EV100' led by the Climate Group to present a mid- to long-term roadmap for the EV conversion and disclose its implementation performance. In March 2023, we were selected as the 'Excellent Company in 2022 Zero-emission Vehicle Conversion' in the passenger vehicle category at 'EV Trend Korea 2023' and received the Minister of Environment Award.

SK rent-a-car sets high-level KPIs every year along with a mid- to long-term roadmap to accelerate the conversion to eco-friendly EVs. In particular, we are striving to lead the culture of using eco-friendly vehicles in various ways, such as installing a 7,200kW charging facility that can charge 3,000 vehicles in Jeju island, in cooperation with Korea Electric Power Corporation.

### Two-Way DR\*

SK rent-a-car is engaging in the 'Two-Way DR' project utilizing eco-friendly EVs for the first time in Korea to contribute to the stabilization of electricity supply and demand in Jeju Island. We are adjusting EV charging capacity according to the local power supply and demand situation, thereby securing electricity usage fluidity and helping to stabilize the local power grid by utilizing a total of 7,350 kW of charging infrastructure for approximately 1,200 EVs and EV shuttles in operation in the Jeju area. SK rent-a-car is, in collaboration with Gridwiz, a DR operator in Jeju and the Korea Electric Power Corporation, developing a business model that allows participation in Plus DR not only within the Jeju branch but also outside the branch, thereby joining forces in verifying a new EV utilization business model based on distributed energy. On top of this, we aim to contribute in creating carbon-free Jeju CFI 2030 by realizing P2M(Power to Mobility) resource utilization in the transportation sector that stores renewable energy in EV batteries.

\*DR(Demand Response) : It is a power demand management system that solves the problem of imbalance between supply and demand through the expansion of renewable energy, reducing or increasing power usage. It is a business model that shares the profits from the wholesale power price (SMP) with business participants.



### Expanding EV Charging Infrastructure

SK electlink has been progressing further since being incorporated as a subsidiary of SK networks in 2023. In 2023, the quick charging network was expanded by 1,863 stations to a total of 3,522 quick charging stations in operation, and approximately 40% of EVs distributed in Korea are using SK electlink's charging service. In particular, 219 ultra-fast chargers of 200kW or more have been installed in 61 highway rest areas and private rest areas nationwide, providing convenient charging environment where customers need it most. In recognition of these efforts, we won the Prime Minister's Award in the 'Development and Distribution of Energy Efficiency Enhancement Technology' sector at the Korea Energy Awards in November 2023. Going forward, we will improve the convenience of EV users and strive to promote the distribution of EVs and create a sustainable future.

SK networks service provides maintenance service for EV chargers as part of its eco-friendly business. We started to provide EV chargers maintenance service for everon in 2022 and to install and maintain chargers with SK electlink in 2023, operating a test drive agency business for SK signet chargers in December 2023. In 2024, we are operating an EV charging facility on-site inspection and maintenance consignment business for Shinsegae I&C with the goal of achieving a total of KRW 2.6 billion in sales, contributing to the expansion of EV charging infrastructure by growing the business every year.

### Securing EV GHG Data, 'EV Smart Link'

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. Through 'EV Smartlink', we have secured reliable data such as greenhouse gas emissions and charging/discharging amount under each driving situation based on EV operation information, and calculated the amount of greenhouse gas reduction compared to internal combustion engine vehicles in similar segment. To this end, we have signed a business agreement with SK telecom and have continued to cooperate by conducting a pilot project to reduce GHG emission from EVs in operation at the Jeju billycar branch.

Following the pilot project, we obtained approval for the 'GHG offset credit project' of the Ministry of Land, Infrastructure and Transport using about 280,000 EVs to be purchased and operated in accordance with our 'K-EV 100 Roadmap' in September 2023. The project period will be continued for 10 years from the date of approval until 2033, during which we are expecting to reduce GHG by 392,104 tons, which is equivalent to planting approximately 2.8 million 30-year-old pine trees.

SK rent-a-car will monitor each year's greenhouse gases reduction and secure Korea Offset Credit (KOC) from 2025 through third-party verification and deliberation by the Emissions Certification Committee. In addition, we are considering various ways to return benefits to customers who use our EVs relating to the sales revenue from offset credit. Going forwards, as a leading company in the eco-friendly mobility market, SK rent-a-car will strive to create social value centered on the EV business.

# Social Safety and Health

SK networks has been establishing and implementing systematic management policies to ensure the safety and health of its employees. We are striving to prevent industrial accidents by implementing a safety and health management system, and are reflecting safety and health management performance in the KPIs of the CEO and the company, linking it with the compensation system for continued improvement.

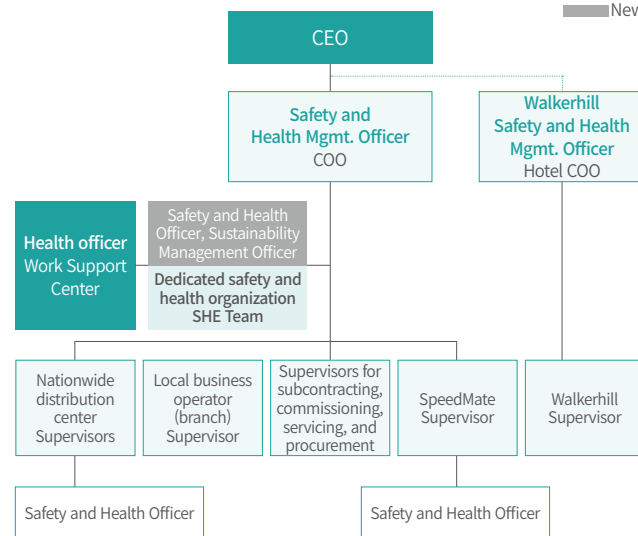


## Strengthening Safety and Health Leadership

### Safety and Health Promotion System

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 reporting to and receiving approvals from the BOD each year. 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. In addition, safety and health issues are included in the KPIs of the company and the CEO and linked to remunerations. In 2023, in order to upgrade the safety and health management system and support efficient safety and health management of suppliers, we appoint Safety and Health Officer to all business sites, including SpeedMate, etc. in addition to the existing logistics center, and additionally appoint supervisors to strengthen procedures related to qualified suppliers.

### Company-wide Safety and Health Governance (As of January 2024)



### Safety Management Policy

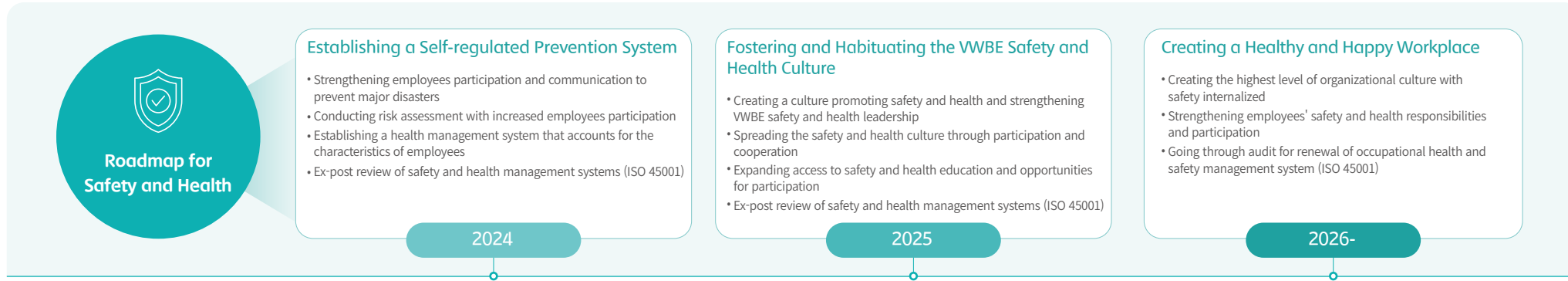
SK networks regards the safety and health of various stakeholders, including customers, citizens, and workers (including all regular employees, non-regular employees (independent contractors), short term workers, special workers, and workers of suppliers (subcontractors)), as the core value of corporate management. 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 maintain and promote healthy lives. In particular, 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.

### Certification of Safety and Health Management System

In 2023, SK networks obtained ISO 45001 certification, an international occupational safety and health management system. With ISO 45001, we established an occupational safety and health management system at business site that can ensure the safety of employees, and declared that we are a safe workplace to internal and external stakeholders. In addition, we have secured stakeholders trust through the compliance with global laws and regulations and improved response capabilities while improving responsiveness to ESG performance indicators. SK networks, as well as its subsidiaries SK rent-a-car (2022) and SK networks service (2022) also obtained ISO 45001 certification.

### Occupational Safety and Health Management System





### Mid/Long Term Strategy for Safety and Health

Through continuous advancement, 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 VWBE\* safety and health leadership for all employees by cultivating and habituating a culture prioritizing safety and health, creating a working place where every employee and stakeholder are happy, healthy and safe.

\*VWBE : Abbreviation for Voluntarily and Willingly Brain Engagement

### Conducting Risk Assessments

#### Identification and Improvement of Hazardous Risk Factors

SK networks conducts risk assessments to identify hazardous risk factors in the workplace, establish and implement improvement measures, and verify their effectiveness to prevent serious disaster risks in advance and continuously strive to create a safe and healthy business environment. 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. Risk assessments have been conducted twice a year since 2022, and all 93 hazardous risk factors (risk\* level of 6 or higher) identified have been improved, reducing the risk factors in 2023. In addition, we are actively taking action and improving hazardous risk factors identified through the opinions of workers such as the Safety and Health Council. Walkerhill has established an enterprise-wide risk management (ERM) system and is operating a risk assessment system that is suitable for the characteristics of the business site.

(\*Risk = Probability of accident occurrence X Severity of accident (Calculated by combining the probability/severity scales of 1 to 3)

#### Key Performance of Risk Assessment in 2023

Category	Identifying risk factors	Improvement measures taken	Achievement of measures taken
Distribution Center	• Risk of falling accidents due to insufficient safety measures for openings part for transporting mezzanine goods	• Secured safety by installing sliding railings at opening part	100% of inspection compliance rate (0 accidents reported after measures taken)
	• Risk of electric shock or arc fault due to access to transformers in substations	• Installed lock at the substations and secured access limits, installed high-voltage no-entry belts, and drew the mark of no-entry lines on the floor	
	• Risk of collision accidents due to insufficient safety measures for intersections between forklifts and pedestrians	• Prevented collisions by installing bollards at the boundary of pedestrian passages	
Office building	• Risk of electric shock to workers when power is cut off and restored due to power consumption exceeding the allowable capacity in the parking lot of the annex of Samil Building	• Recalculated the allowable capacity and deployed measures to ensure that power consumption does not exceed the allowable capacity	

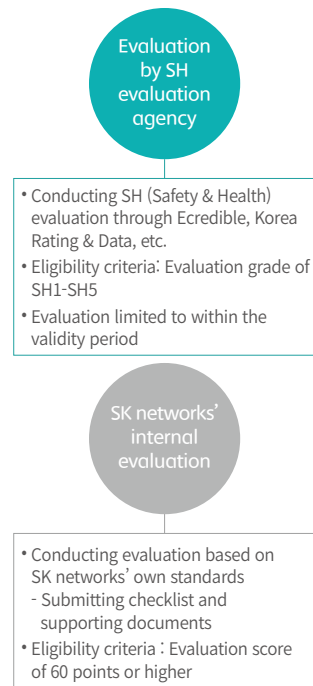


## Expanding Safety and Health Management

### Evaluation of Qualified Contractors and Safety and Health Inspections at Construction Sites

Considering the increasing recent social trend of prioritizing safety and health, SK networks is strengthening and supporting the industrial accident prevention activities of its suppliers to secure the safety and health of its employees as well as suppliers' employees. Starting in April 2023, we are evaluating the safety and health management level of our suppliers when signing service contracts for major construction. SK networks evaluates the safety and health management level based on its own checklist and on SH(Safety & Health) evaluation through an external professional evaluation agency. Items subject for evaluation entail the safety and health management system, operation management, and execution level, and additional points are given depending on whether or not the company has a safety and health-related system or certification. In particular, we plan to increase the proportion of external evaluations compared to our own internal evaluations from 2024 to increase the reliability of the evaluation and to spread the safety and health evaluations within the supply chain. Separately, in the case of construction projects with high difficulty, we are striving to prevent accidents in advance by conducting on-site safety and health inspections and guidance through a professional safety and health diagnosis agency.

#### Evaluation Method for qualified Contractors



#### Evaluation Criteria for Qualified Contractors

Category	Item
Management System (30 points)	• Establishment of safety and health management policies and goals
	• Preparation of safety and health management plan
	• Deployment of safety and health manager, etc.
Operation Management (60 points)	• Subscription to industrial accident compensation insurance
	• Periodic implementation of risk assessment, etc.
	• Implementation of statutory safety and health education
	• Preparation and training of emergency response manual
Execution Level (10 points)	• Preparation and operation of safety work procedure
	• Industrial accident rate level for the past 2 years
Additional and deductible points (+30 points/ -10 points)	• Possession of safety and health-related certification
	• Certification as an excellent risk assessment workplace
	• Possession and implementation of safety and health evaluation criteria and procedures
	• Occurrence of serious accidents for the past 3 years

\*Evaluation items and scoring criteria may change.

### Listening to the Opinions of Workers on Occupational Safety

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 of workers regarding safety and health. We conduct joint inspections every quarter to check the safety status of our business sites and strive to prevent safety accidents that may occur during work. Additionally, we collect and reflect opinions on safety and health hazards from workers and suppliers through risk assessment surveys to make continuous improvements. As of 2023, 121 cases are reported, among which 109 are handled and 12 are in progress/consultation, and the rate of handled cases is 90%. In addition, in September 2023, a SHE bulletin board was created on the company's intranet system to enable employees to suggest safety and health-related opinions. In addition, Walkerhill is continuously identifying and improving safety and health risks, such as by improving road facilities for pedestrian safety.

### Mechanism for Handling Industrial Safety Complaint

SK networks aims to effectively manage safety and health complaints raised by its suppliers through the mechanism for handling industrial safety complaint and to continuously improve safety and health management of its suppliers. Complaints are received through the integrated purchasing system notice, and separate management measures are implemented for high-risk suppliers, including safety diagnosis services for suppliers and risk assessments of Distribution Centers. Furthermore, we are strengthening safety capabilities of suppliers through the evaluation of qualified contractors and supporting a portion of the external SH(Safety & Healthy) evaluation costs, continuously striving to alleviate the complaints of our suppliers.

### 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 and Health Administrator through specialized external institutions.

#### Details of Safety and Health Education\*

Category	Details of Education	Number of Participants* / Average Education Hours per Person
Office workers	<ul style="list-style-type: none"> <li>Establishing and improving corporate safety culture</li> <li>Work environment and health management for office workers</li> <li>Safety and health education pursuant to legal regulations</li> <li>Preventing health disorders due to job stress, etc.</li> </ul>	346 people / 6 hours
Distribution Center	<ul style="list-style-type: none"> <li>Securing work safety for forklifts</li> <li>Musculoskeletal disease prevention and management program</li> <li>Understanding and utilizing material safety data</li> <li>Safety protection equipment under the Industrial Safety and Health Act, etc.</li> </ul>	18 people / 12 hours
Job training	<ul style="list-style-type: none"> <li>Courses offered by the Korea Industrial Safety Psychological Counseling Association, the Korea Industrial Safety Association, the Korean Industrial Health Association, etc.</li> </ul>	1 person / 34 hours

\*As of Q4 2023 (September to December)

### Establishing and Training the Emergency Response System

SK networks is raising safety and health awareness by inspecting its disaster response procedures and conducting practical safety and health activities. The Distribution Center and Walkerhill have established their own emergency response system and regularly conduct fire response training every year. In 2023, the emergency response system and manual were reviewed and updated regarding the disasters such as fires and natural disasters, and emergency evacuation training was conducted in the head office building to secure a practical response system for employee safety. On top of this, in order to respond to emergency situations that may occur in daily life, AEDs and fire masks were installed in the business sites, and training such as CPR and airway obstruction treatment are conducted periodically.

Walkerhill is conducting hands-on training on disaster at the Safety Experience Center for its employees to improve their ability to respond to various emergency situations, and has been conducting regular systematic and professional first aid training with the approval for general CPR training institution by the Korean Cardiopulmonary Resuscitation Association.

## Supporting Employees Healthcare

### Health Promotion Targets and Roadmap

SK networks considers health to be an essential factor for the happiness of employees and builds healthcare support systems to maintain and promote healthy lives, and focuses on mental health of employees in particular to contribute to their healthy lives. In addition, we establish and manage a plan to build a safe work environment considering promotion of employees' health as a key task. Furthermore, considering the characteristics of jobs that is mostly office jobs, we reports issues and efforts to prevent adult diseases to the CEO and other management, thereby strengthening the responsibility of the management.

### Medical Check-ups and Post-Management

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, and support in-depth diagnostic testing expenses.

For those with positive results from medical checkups, we provide one on one health consultations with nurses and select high-risk individuals who require intensive care and provide periodic management.

\*For employees subject to statutory medical checkups (office workers are required to undergo this once every two years, based on year of birth), except for the deceased, retired, pregnant women, and those who undergo individual checkups during leave of absence

### Health Promotion Targets and Activities

Adult Disease Prevention Program	Mental Health Promotion Program
<ul style="list-style-type: none"> <li>Smoking rate : Target to reduce to 10% by 2025</li> <li>Obesity rate : to minimize obesity rate                             <ul style="list-style-type: none"> <li>- BMI* value evaluation, diet and exercise coaching, etc.</li> </ul> </li> <li>Exercise performance rate : Target to increase by 50% by 2025                             <ul style="list-style-type: none"> <li>- Creating a health-friendly environment such as operating exercise programs, fitness centers, Happy Wings Training Center, and Hangarae App</li> </ul> </li> <li>Minimizing hypertensive patients and workers diagnosed as diabetes                             <ul style="list-style-type: none"> <li>- Intensively managing hypertensive patients and workers diagnosed as diabetes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Educating to raise awareness of mental health                             <ul style="list-style-type: none"> <li>- Providing various educations for easy access to mental health (misconceptions about psychological counseling, etc.)</li> </ul> </li> <li>Operating accessibility enhancement program                             <ul style="list-style-type: none"> <li>- Establishing and continuously operating and improving healing program (Personality test and interpretation lecture for each organization, etc.)</li> <li>- Operation of meditation program of Happy Wings Training Center (2023)</li> </ul> </li> </ul>

\*BMI : Body Mass Index

### SOKSOK Counseling Center : Promoting Mental Health

SK networks has set mental health care for office workers as a vulnerable 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. In addition to face-to-face consultations, we also provide non-face-to-face consultation on the phone and video to increase accessibility. All consultation contents are strictly confidential in accordance with the relevant laws (Article 83 of the Framework Act on Labor Welfare). We are also improving our counseling services with the goal of achieving a satisfaction score of 4.5 points (on a 5-point scale) by reflecting feedback from the employees.

### Health Enhancement Programs

Since 2022, SK networks has been administering health enhancement programs for all employees, including independent contractors. ‘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. As of the end of December 2023, the number of times employees participated in the Workout in Daily Life Program is 3,599, increasing by 96% compared to 1,833 times in 2022. 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.

### Health-friendly Workplace

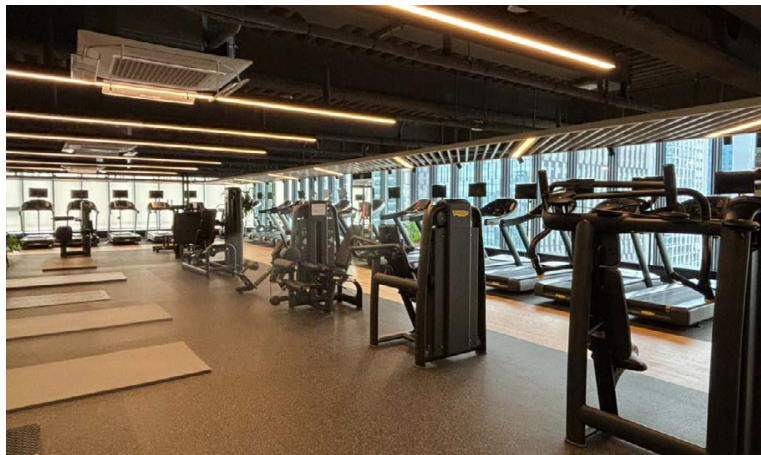
SK networks helps employees manage their health by creating a health-friendly workplace. In-house nurses are employed at the head office to provide medicines and medical treatment. Our cafeteria offers nutritionally balanced meals prepared by a nutritionist. Additionally, we have a fitness center with a floor area of 500m<sup>2</sup> and much fitness equipment to contribute to the management of employees’ physical fitness. In-house health keepers (professional masseur) and massage chairs are available to prevent musculoskeletal diseases caused by long working hours. We support employees to practice health habit in daily life by providing rewards through the Haenggarae app when they use the health stairs. In addition to employee medical checkups and infectious disease prevention, 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.

### Supporting Medical Expense

SK networks alleviates the burden of medical expenses for its employees through its in-house medical expense support system. We support KRW 5 million per year to regular employees, their spouses, and children, and subscribe to group accident insurance for major diseases such as cancer and stroke for our employees. In 2021, we subscribed to an additional group dental insurance to reduce the burden of dental treatment.

### Managing Infectious Disease

SK networks protects its employees from infectious diseases such as the flu. We support annual flu vaccinations for our employees and provide quarantine disinfection and quarantine supplies to employees. In case of respiratory symptoms, we provide COVID-19 diagnostic kits, hand sanitizers, and masks, and conduct quarantine every month at restaurants with a high risk of infectious diseases.



SK networks Samil Building Fitness Center



Nurse's Office



Body Composition Analyzer

## Focus | Safety and Health Management of SK magic

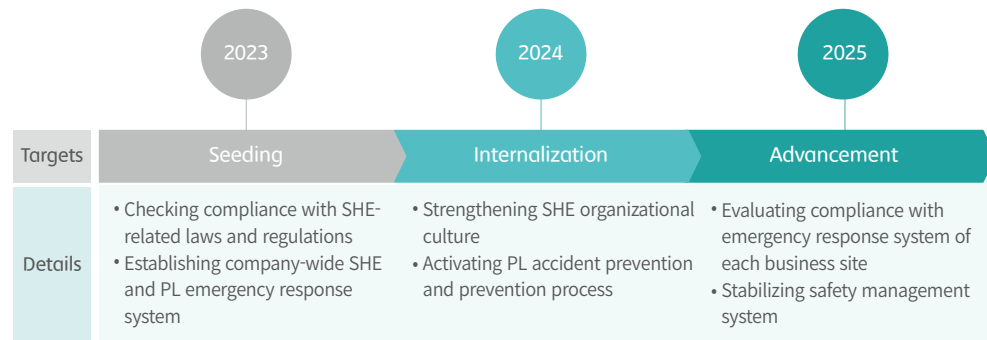
### SHE Management Organization and Roadmap

SK magic is carrying out activities to prevent and improve serious accident led by the Risk Management (RM) Office, an organization directly under the CEO. The SHE Operation Team under the RM Division continuously monitors the company’s work environment and production process, identifies potential industrial accident factors, and implements improvement activities. In addition, SHE Council was formed in collaboration with suppliers located in the Hwaseong Factory to continuously discuss ways to improve working conditions and resolve safety accident risks, and strengthen the SHE joint management system. The CS Response Team under the RM Division strives to prevent customer safety accidents caused by product and service quality. With the goal of zero product and service safety accidents, we are operating a management system that can eliminate product liability (PL) accident risks that may occur throughout the entire installation and service process, as well as products. Activities and suggestions of the RM Office are periodically shared with the C-Level executives and related departments to reflect them in management activities through quick decision-making.

### Conducting Risk Assessment and Improving Performance

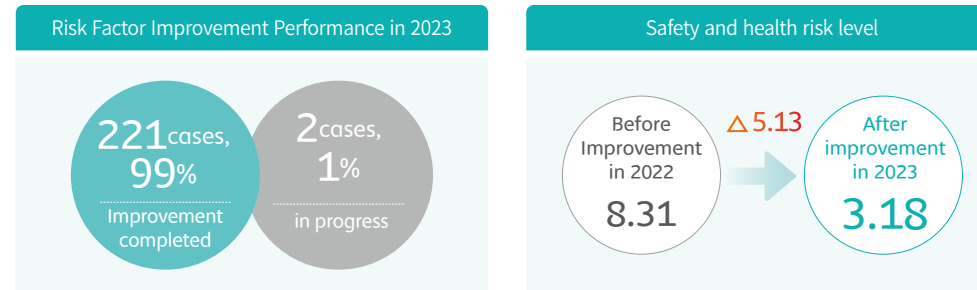
SK magic conducts risk assessments of the Hwaseong Factory once a year through external experts, and conducts periodic risk assessments of new risk factors when changes occur, such as the introduction of new facilities or changes in processes. We also receive guidance on inspections and improvements related to electrical safety and efficiency from external experts every five years. Issues identified during the process are continuously supplemented and improved through improvement plan. Out of 223 risk factors identified through the risk assessment in 2023, 221 risk factors, or 99%, were completely improved. Through improvement measures, the safety and health risk level was reduced from 8.31 before improvement to 3.18 after improvement.

### SK magic Roasmap for SHE



### Evaluating and Managing SHE Performance

SK magic has established a company-wide safety and health system and is reflecting the management of industrial accidents and serious accidents in the KPIs of all organizations for evaluations, with the goal of achieving zero safety accidents and regulatory risks. In addition, the company-wide safety management activity plans and performance are regularly shared and discussed through the Board of Directors.



Targets	Key Indicators	Detailed SHE activities
Establishment of the company-wide emergency response system	Establishment of a SHE/PL/CS emergency response system	<ul style="list-style-type: none"> <li>• Clarifying risks and deriving improvement tasks through SHE consulting                             <ul style="list-style-type: none"> <li>- Auditing legal potential risks for each site</li> </ul> </li> <li>• Establishing a company-wide emergency response system and operating it by business site</li> <li>• Strengthening accident response capabilities in the early stages of development through supplementation of the PL Safety process                             <ul style="list-style-type: none"> <li>- Strengthening SHE Voice in the comprehensive process (Establishing an accident prevention and recurrence prevention process)</li> </ul> </li> </ul>
Pursuing Zero Safety Accidents	Zero safety accidents by each organization	<ul style="list-style-type: none"> <li>• Identifying SHE risks by site and promoting effectiveness of improvement                             <ul style="list-style-type: none"> <li>- Activities to reduce integrated industrial accident rate by major organization in the previous year</li> </ul> </li> </ul>
Improvement of Organizational SHE Culture	SHE education/training  Organizational SHE culture campaign with participation of all employees	<ul style="list-style-type: none"> <li>- Conducting regular safety and health education for 100% of employees every quarter</li> <li>- Emergency response system education for each site</li> <li>- Strengthening education for firefighting assistant manager/self-firefighting training for small businesses</li> <li>- Providing special education for environmental facility managers</li> <li>- ‘SHE joint inspection system’ (monthly SHE) activities centered on management supervisors</li> <li>- Quarterly SHE prevention campaign activities for SGR violators</li> <li>- Award for excellent SHE practicing employees every quarter</li> </ul>

# Social Human Rights Management

SK networks actively supports and complies with international human rights and labor standards and guidelines, such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization’s core conventions. We fulfill our social responsibility through human rights management in all aspects of our business, and strive to protect the human rights of stakeholders such as people related to our businesses and customers as well as our employees. In addition, we disclose human rights risk assessments results and human rights management implementation status to protect and promote the human rights of our employees and stakeholders.



## Expanding Human Rights Management

### 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. 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 (UNGPs) 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.

### Human Rights Commitment Declaration

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 of SK networks Co., Ltd.  
**Lee Hojeong**

### Governance for Human Rights Management

SK networks has organized SHE Team (teams dedicated to safety rule management), HR Team (labor condition management), SV Implementation Team (communication with specialized external agencies related to human rights), and Information Security Team (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 establish a system to be reported important matters by law and the system 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.

### Key Activities for Human Rights Management







## Human Rights Management Strategy and Operation

SK networks defines the ultimate goal of its management activities as ‘happiness of employees’, and its employees, as the main actors of management activities, are pursuing the continuous happiness of various stakeholders. In particular, in 2021, we established nine ‘SK networks Human Rights Policies’ based on the principles required by international organizations related to human rights and labor, such as the UN, and is reflecting them in all policies related to human rights and labor. Additionally, 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, such as necessity of human rights management, report on the results of human rights due diligence, and human rights roadmap. Furthermore, we are operating a ‘Human Rights Management Roadmap’ to establish a human rights management system to protect the human rights of our employees.

### 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 has been maintained over 3.1%, which has been raised to 3.68%\* in 2023. Going forward, we plan to expand the scope of management to our subsidiaries, with the goal of exceeding the legally required employment rate (3.1% or higher).

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

### Education to Prevent Human Rights Violation

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. In 2023, all employees took compulsory education through mySUNI, and from 2024, we plan to provide the education in foreign language for foreign employees to take the compulsory education. As such, we plan to strengthen the convenience of education so that employees can more easily participate in the human rights management.

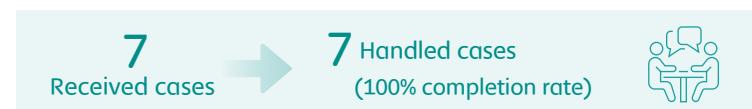
### Operating Channels for Handling Human Rights Grievances

SK networks receives reports on ethical management issues and provides consultation through the intranet and operates in-house grievance counseling programs to handle the grievances of employees relating to human rights\*. Our employees have access to grievance counseling programs, and their grievances are handled in four stages; ①investigation of details and cause of grievances, ②action planning, ③feedback on the solution, and ④final notification of results.

SK networks is transparently and fairly handling grievances received from dedicated organizations in each channel, and considers the anonymity and protection of employees to be the most important part of the grievance-handling process to protect whistleblowers from any disadvantages due to their legitimate reporting activities. We also transparently disclose the number of grievances received and handled(7 received and 7 handled in 2023, 100% completion rate), and conduct relevant education for employees to prevent recurrence.

\*Workplace bullying, assault, verbal abuse, sexual harassment, etc.

Status of Human Rights Grievances in 2023



## Human Rights Impact Assessment

### Conducting Human Rights Impact Assessment

In 2022, we conducted the first human rights impact assessment to understand the human rights awareness of employees and derive improvement tasks, and then conducted a survey on human rights conditions of our employees in 2023. According to the survey, 81% of employees recognized the company’s human rights protection level as excellent, and the negative response rate decreased to 3% compared to the previous year (5%). In addition, 93% of the employees gave answer that human rights are considered in the process of performing work, which was a very high level, and 82% of the employees recognized the level of human rights protection within the organization as excellent, which was a 3% increase from the previous year. SK networks will continue to conduct human rights impact assessments on a regular basis to check human rights risks and upgrade its human rights management system through continuous improvement activities for each issue. Furthermore, we will reexamine the indicators of the human rights impact assessment checklist and conduct internal assessment to see whether the indicators are being implemented by aligning the indicators with international norms and domestic laws while securing internal and external reliability.

### Identification and Mitigation of 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.

SK networks plans to expand the scope of human rights risk assessment to stakeholders including external suppliers as well as internal employees in accordance with the human rights management roadmap, and to continue its efforts to inspect and improve blind spots in managing human rights risks.

### Advancement of Human Rights Impact Assessment

We have established a roadmap to enhance human rights management execution ability and are making gradual improvement by analyzing issues derived from the human rights impact assessment results. As a result, our employees are participating in human rights management based on a high level of awareness of human rights management as the main players in management activities. We are actively participating in Business and Human Rights Accelerator (BHRA) Workshop organized by the UNGC, and through this, we are reestablishing the human rights impact assessment process and advancing the checklist. Our human rights impact assessment process is largely defined as 5 stages : 1) planning, 2) identification of human rights impact, 3) human rights impact assessment, 4) countermeasures, and 5) advancement of the human rights due diligence system. We are advancing improvement monitoring activities by establishing a roadmap based on mitigation and preventive measures for the assessment results.

### Human Rights Impact Assessment Process



### Checklist for Human Rights Impact Assessment

The Checklist for Human Rights Impact Assessment is disclosed on the SK networks website, and we plan to continuously improve it by updating relevance of each evaluation indicator based on domestic and international laws.

Human Rights	Category	Details of Indicator	International Law	Korean Law
Example Work-Life Balance	Korean and International Laws	No company shall order a female employee in pregnancy to engage in overtime work.	ILO R095 – (Maternity Protection Recommendation) Article 5(1)	Article 74 (5) of the Labor Standards Act
	International Law	An employer shall, in addition to the ordinary wages, pay employees for extended work, when a worker works for extended hours in accordance with relevant laws (e.g. Labor Standards Act) or international standards (e.g. ILO Convention No. 30, Article 7(4)). (e.g. 1.5 times or more under the Labor Standards Act, 1.25 times or more under ILO Convention)	ILO R030- (Hours of Work (Commerce and Offices) Convention) Article 7 (4)	
	Korean Law	An employer shall, in addition to the ordinary wages, pay employees at least 50/100 thereof for extended work pursuant to the Labor Standards Act.		Article 56 (1) of the Labor Standards Act

# Social Supply Chain Management

SK networks is supporting ESG of its suppliers and implementing shared growth to strengthen its relationships with suppliers and build a sustainable supply chain. We regularly evaluate our suppliers' ESG risks and enhance their sustainability, including environmental, social, and governance factors. Suppliers with high-risk are provided with customized improvement consultation to improve ESG performance and enhance overall competitiveness. In addition, we are applying fair trade practices to ensure transparency in the contract process and we seek shared growth through financial support for our suppliers.



## Sustainable Supply Chain

### Supply Chain Management Policy and Governance

Our supply chain management strategy focuses on two areas: 'Shared Growth Strategy', which provides fair opportunities and strengthens procedural transparency in selecting suppliers, strengthens the win-win cooperation system, and enhances the competitiveness of suppliers, and 'Suppliers' ESG Improvement', which manages ESG risks and supports ESG management of suppliers. Based on this, we are evaluating and managing ESG risks which occurred in the supply chain to build a sustainable supply chain, and providing education, evaluation response, and improvement consulting support for risk prevention activities. Specifically, we operate an ESG evaluation process for suppliers to diagnose and resolve ethical, environmental, labor/human rights, and safety and health-related risks that may arise in the process of purchasing and procurement. Suppliers with high-risk are required to take active improvement measures or establish improvement plans, and provided with improvement consulting support. Additionally, we actively support the strengthening of suppliers' ESG capabilities to secure sustainable competitiveness.

### Fair Opportunity and Procedural Transparency

We report our performance in managing supply chain to the ESG Management Committee under the Board of Directors to its deliberation on major issues. In addition, the Procurement Review Committee is operated to deliberate on the appropriateness of supplier selection and to

continue fair and transparent purchasing activities with the participation of key executives. The Procurement Review Committee consists of four members, including Head of the Planning and Finance Division, Head of the Accounting Division, Head of Sustainable Management Division and Head of Internal Audit Division chaired by the Head of Corporate Culture Division, and it deliberates on private contracts of KRW 500 million or more and competitive purchases of KRW 1 billion or more.

### Supplier Code of Conduct and Supply Chain ESG Guidelines

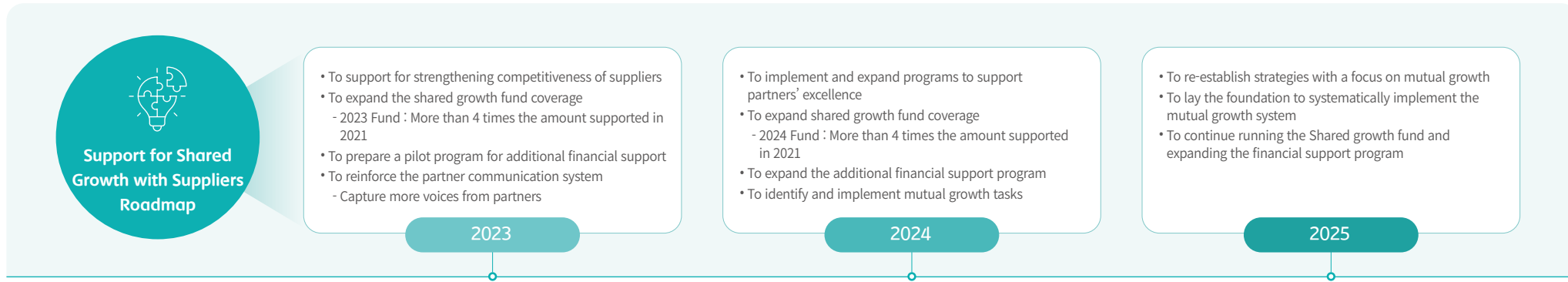
SK networks has established the 'Supplier Code of Conduct' regarding corporate ethics, respect for human rights, safety and health, and environmental protection obligations as the standards for social responsibility implementation that all suppliers must comply with, and has attached it to the contract as an incidental document in the electronic purchasing system, thereby clearly stating the compliance with the code of conduct when concluding the contract. We have also established the 'Supply Chain ESG Guidelines' for the purpose of ensuring that our all suppliers fulfill their corporate social responsibility and secure business sustainability. All suppliers which have transaction relations with SK networks are recommended to comply with the detailed guidelines on human rights, safety and health, environment, ethics and fair trade, and management systems presented in the guidelines. In 2024, we plan to establish a management policy for supply chain sustainability to support the suppliers to secure sustainability and growth.

### Three Key Strategies for the Shared Growth of SK networks

Three Key Strategies for the Shared Growth of SK networks		
<b>Providing fair opportunities and maintaining a transparent process</b> <ul style="list-style-type: none"> <li>• Declaration on ethical procurement</li> <li>• Continuously discovering suppliers and offering fair trade opportunities</li> <li>• Maintaining transparency in fair trade at every stage, from selection of suppliers and contracting to payment</li> </ul>	<b>Enhancing the win-win cooperation system</b> <ul style="list-style-type: none"> <li>• Creating communication channels for key suppliers and listening to VOCs</li> <li>• Identifying win-win tasks</li> <li>• Selecting good suppliers through ESG/SRM* evaluations and strengthening partnerships</li> <li>*Supplier Relationship Management</li> </ul>	<b>Reinforcing the competitive strengths of suppliers</b> <ul style="list-style-type: none"> <li>• Establishing the Win-Win Fund</li> <li>• Preparing support programs for suppliers</li> </ul>

Supply Chain ESG Guidelines

The Supplier Code of Conduct



## Share Growth

### Financial Support

**Shared Growth Fund** SK networks is actively participating in SK Group's shared growth fund and mutual growth programs (CEO seminars, MBAs, etc.). Established in an agreement with IBK, the SKN Shared Growth Fund grants low or no-interest loans to suppliers experiencing economic difficulties due to COVID-19 and the economic downturn, a program that provides funds to partners and reduces loan interest. Particularly, we have expanded the scope to the suppliers of subsidiaries since 2021. We supported Fund of KRW 830 million in 2021, KRW 2.19 billion in 2022, and the maximum level of KRW 4.15 billion in 2023, increasing by more than four times compared to 2021. We plan to continue to maintain the current level in 2024.

**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 assisting 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

Status of the Shared Growth Fund (As of the End of December 2023)

	Number of Suppliers	Performance
2021	3	KRW 830 million
2022	9	KRW 2.19 billion
2023	15	KRW 4.15 billion

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.

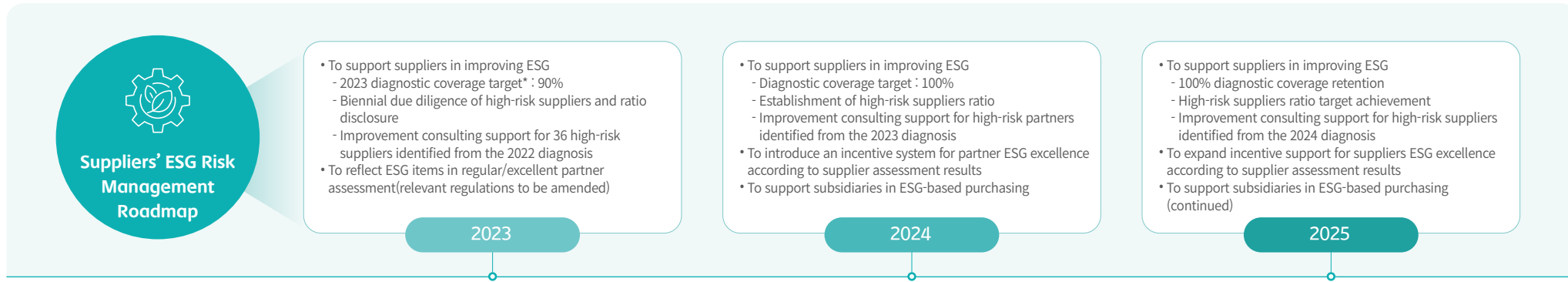
### Strengthening the Competitiveness of Suppliers

**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** In 2023, SK networks has provided ESG online training and education expenses to suppliers' employees to encourage proactive participation of the suppliers. In addition to human rights/business ethics covered in the 2022 training program, training contents have been expanded to include environment, anti-corruption and top four statutory training obligations to relieve burden of suppliers' employees and support them to engage in ESG management initiatives. In 2023, 225 employees of 19 suppliers voluntarily joined the training program and took 685 courses in total. (Training completion ratio of 100% vs. 96.6% of 2022) Going forward, SK networks will develop diverse and effective training programs and provide them to suppliers to deliver on the value of shared growth.

**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. We visited the sites of 46 key suppliers in 2022 and 48 key suppliers in 2023. In 2024, we plan to visit 44 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, a total of 42 cases were received, and 37 of them were handled (88.1% completion rate) while a total of 271 cases were received and 262 cases were handled (96.7% completion rate) in 2023. Going forward, we will actively incorporate the opinions and requests of our suppliers to enact improvements.

**Protection of Our Suppliers' Information** Use of information and copyrighted works during the process of supplier selection/transaction complies with legal rights and procedures to maintain fair trade and transparency. SK networks respects the intellectual property rights and trade secrets of its suppliers and does not force them to pass over technical data or use intellectual property rights when selecting or transacting. We do not provide them to a third party or use it unfairly without permission.



## Suppliers' ESG Risk Management

### ESG-based Supplier Selection and Evaluation

SK networks seeks to establish sustainable, ethical procurement in terms of ESG (Environment, Society, Governance) as a hedge against possible ESG risks with suppliers and increase corporate value. We have prepared a Supplier Code of Conduct that contains regulations regarding corporate ethics, respect for human rights, safety & health, environment protection, making suppliers' compliance mandatory (attached to the contract signed). We also provide the Guideline for Sustainable Supply Chains and reflect the aspect of social responsibility in the supplier selection and appraisal process. In addition, we plan to establish a management policy for supply chain sustainability management in 2024 to grow further.

### Supply Chain ESG Management Process

SK networks is diagnosing platform-based supply chain ESG risks. Under the management of SK networks, suppliers conduct self-diagnosis by submitting supporting materials for qualitative/quantitative, industry common/specialized indicators, and ESG diagnosis items that reflect weights. Based on the submitted answers, the evaluator verifies and confirms the data, writes an opinion, and derives the results. Additional education support and improvement coaching are provided for any matters at-risk.

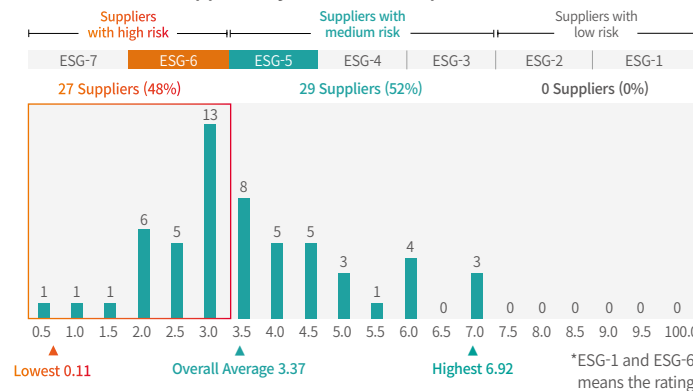
### Supplier ESG Risk Assessment Criteria

 <p><b>Environmental(E)</b></p> <p>Environmental Strategy, Environmental Management, Environmental Performance</p>	 <p><b>Social(S)</b></p> <p>Job Security, Terms of Employment, Employment Equality, Social Contribution, Ethical Management, Safe Investment, Supply Chain Management, Education</p>	 <p><b>Economics &amp; Management(G)</b></p> <p>Business Stability, Accounting Transparency, Management System</p>
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### Supplier ESG Risk Assessment Results

SK networks annually conducts preliminary ESG evaluations by adding environmental and social domains to the regular evaluation items of suppliers to strengthen their ESG 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. Based on the ESG risk diagnosis results of our suppliers, we conducted improvement consulting for 36 high-risk suppliers and improved ESG performance through pre-diagnosis for 24 suppliers in 2022. In 2023, we conducted an ESG risk assessment for 48 key suppliers (33 suppliers in 2022), improving the ratio of high-risk suppliers to 48%(75% in 2022). 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.

Distribution of Suppliers by ESG Risk Group (As of the end of December 2023)



Changes in ESG score and rating



## Social Information Security and Privacy Protection

SK networks is strengthening its information protection management system, meeting legal requirements, and continuously improving the effectiveness of the overall information protection process. To safely protect customers' privacy, we have established a company-wide security organization, including the Information Protection Committee. We have acquired and maintained ISMS-P certification and are establishing plan to identify information asset and manage risks on a regular basis.



### Information Security Management System

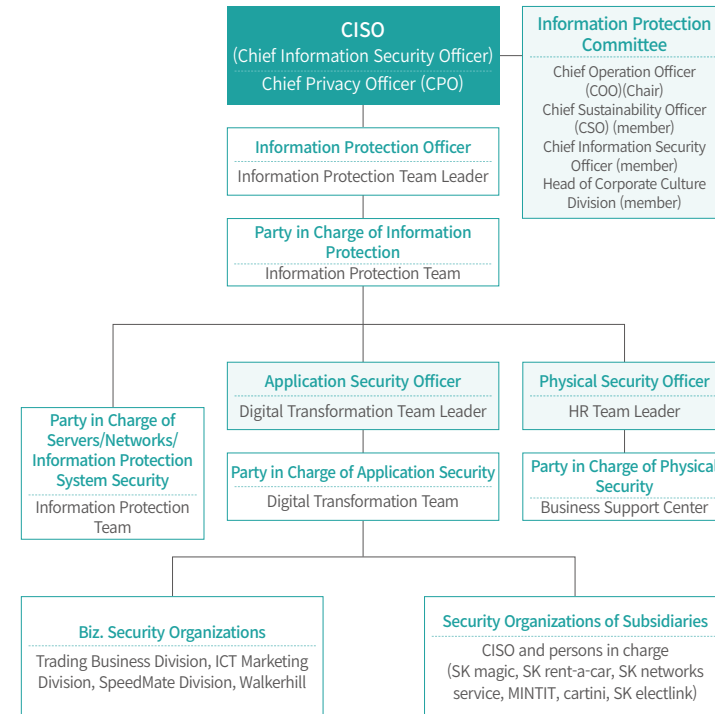
SK networks appointed the Head of the Information Protection Division as the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) to manage, direct, and supervise the information protection and personal information protection duties of the company. A dedicated organization for information 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. 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 discussion 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.

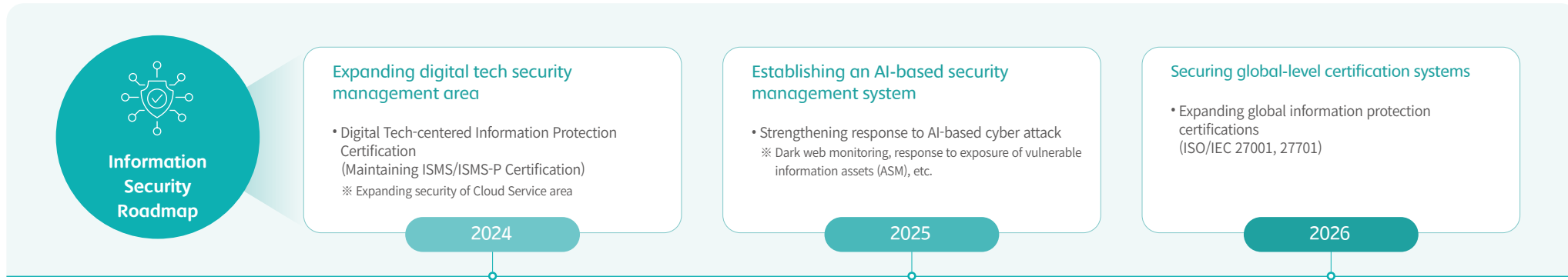
### ISMS-P Certification and Information Protection Disclosure

SK networks initially acquired the information security management system (ISMS) certification and personal information management system (PIMS) certification in 2015, and has maintained the revised ISMS-P\* certification since its acquisition in 2021. ISMS-P inspects the overall level of information security and personal information systems with 101 control items, including 16 items on establishing and operating management systems, 64 items on security requirements, and 21 items on requirements in each step of personal information processing. In addition, since 2022, we have disclosed our information protection outcomes to satisfy request from the external organization with public trust and to engage in transparent management of investments and activities related to information protection.

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

### Company-wide Security Organization





### 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. SK Group annually inspects the implementation of the security guidelines by group members and subsidiaries, and recommends tasks for improvement. SK networks establishes a plan for implementing SK Group’s recommendations, reports the plan to the top management, and continuously improves its security level by executing the tasks. We are also introducing cloud security posture management (CSPM) and new security solutions to prevent security incidents while establishing a systematic response system in case of a breach.

### 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, and it provides updates on major changes in laws and internal policies through regular information security campaigns. 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 built a system for managing the security level of each individual and have continued to improve the security level of individuals and organizations.

### Prior Response and Monitoring of 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 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. We are also strengthening our internal and external security threat management through security competency assessment when selecting a contractor. On top of that, 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 Shieldus, a specialized security company, to detect and agilely respond to security threats that arise at night and on weekends.

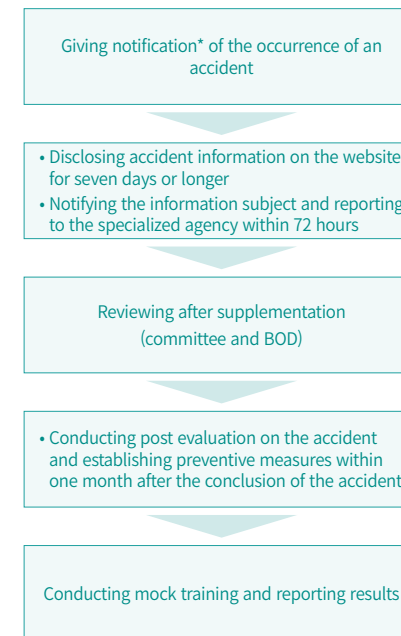
### Status of Investment in Information Security

(As of the end of December 2023) (Unit : KRW million)

Disclosure Item	2022	2023
Amount of investment in information technologies (A)	43,057	45,791
Amount of investment in information protection (B)	3,733	3,745
Key investment items	Maintenance of the personal information processor management system Security service fees, SSL certificates, HotSOS device security program license, etc.	Maintenance of the personal information processor management system Security service fees, SSL certificates, HotSOS device security program license, etc.
B/A	8.7%	8.2%

※ The data on our information protection investment status was disclosed in 2023 on the information protection disclosure portal pursuant to the Act on the Promotion of Information Security Industry.

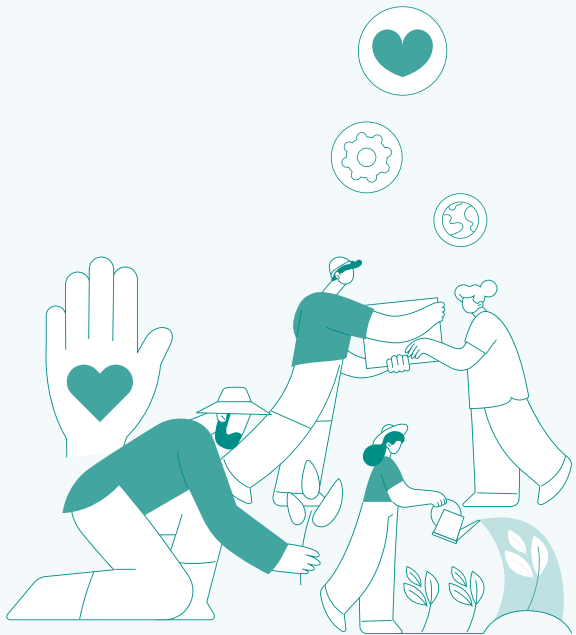
### Procedure for Responding to Personal Information Accidents



\*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

# Social Community Engagement

Based on its three key principles of “Happy Participation, Happy Coexistence, and Happy Changes,” SK networks has carried out activities for local community engagement and social contribution. We aim to encourage voluntary participation from employees, have a positive impact on the local community through cooperation with various stakeholders, and achieve sustainable development throughout society. In addition, we are operating specialized Pro bono programs to support the social enterprise ecosystem, and striving to pursue coexistence with the local community and enhance social value.



## Social Contribution Policy

Based on its three principles of ‘Happy Participation, Happy Coexistence, and Happy Changes,’ SK networks conducts various social contribution activities and strives to contribute to the better changes and sustainable growth of the local community. We pursue social contribution activities in which employees can voluntarily participate through effective support based on core competencies and businesses of employees by making it aligned with our BM. We are expanding the scope of our social contribution to all stakeholders who can be affected by our business activities throughout the supply chain, not just the local community near the business site.

## Social Contribution Target

SK networks aims to expand its positive influence by contributing to the sustainable growth and change of the local community in the long term through the establishment of a social contribution implementation system and the practice of social contribution thereby. To this end, with the goal of achieving 20 hours of social contribution activities per employee, we are encouraging all employees to voluntarily and enthusiastically participate in volunteer activities. We are also planning to expand the scope of professional volunteer activities by 2025 and to support local communities with a program linked to our business model. We are also striving to reflect the opinions of our employees through annual activity plans and performance sharing among employees, and we are monetizing and measuring the social performance created through social contribution activities every year, and disclosing the results aiming at improving them compared to the previous year.

## Social Contribution System

	Happy Participation	Happy Coexistence	Happy Changes
Meaning	All SK networks employees voluntarily and enthusiastically participate in volunteer work.	We achieve a high level of social contribution activities by sharing each other’s competencies and techniques as well as maintaining close partnerships with the local community, NGO, government, etc.	We pursue fundamental social changes with systematic, independent support for problems in the vulnerable class instead of support at temporary and charitable levels.
Activity	<ul style="list-style-type: none"> <li>• ‘Happiness+’ Employee Social Contribution Activities</li> <li>• Employee Blood Donation Campaign</li> </ul>	<ul style="list-style-type: none"> <li>• SE support activities</li> <li>• Support for local small business owners</li> <li>• Support for local community through a program linked to BM</li> </ul>	<ul style="list-style-type: none"> <li>• Support for the underprivileged and vulnerable</li> <li>• Support for children/youth</li> <li>• Support for student education</li> </ul>
Performance	‘Happiness+’ Social Contribution Activities 1. Plugging : Clearing the natural environment in neighborhood areas 2. Contactless activities : Manufacturing and supporting aid kits for the underprivileged/less advantaged children, etc. 3. Offline activities : Food distribution service, park clean-up activities, etc. 4. Blood donation : All employees working at Samil Building participate (4 times a year)	<ul style="list-style-type: none"> <li>• Support for SE advice through Pro bono</li> <li>• In-kind donation to Gwangjin Food Market</li> <li>• Cleanup activities near SpeedMate stores</li> <li>• SK rent-a-car Jeju branch, companion beach cleanup activities</li> </ul>	<ul style="list-style-type: none"> <li>• Support for briquettes and kimchi sharing and donations for shantytowns</li> <li>• Education instrument donation for the Children’s Museum</li> <li>• Donations for support for educational programs for college students preparing to get a job</li> </ul>
UN SDGs			



### Decision-making Process for Social Contribution Activities and Criteria

SK networks operates programs classified into ‘donation execution’ and ‘volunteer programs(including Pro bono work)’ to strengthen its corporate social responsibility and practice social contribution activities that contain its unique identity. In particular, we establish an implementation criteria based on our social contribution system (Happy Participation/Coexistence/Changes), and evaluate the suitability, and execute it through final discussion and deliberation by the Company-wide ESG Implementation Committee and the Board of Directors according to the donation scale.

The social contribution implementation program is operated centered on specialized activities linked to the business model for each business group with the employees’ voluntary participation in social contribution activities, in principle. In addition, we are expanding the scope through partnerships with various stakeholders such as local communities, NGOs, and the government, thereby supporting sustainable growth of local communities and expanding positive influence.

### Decision-making Process for Social Contribution Activities

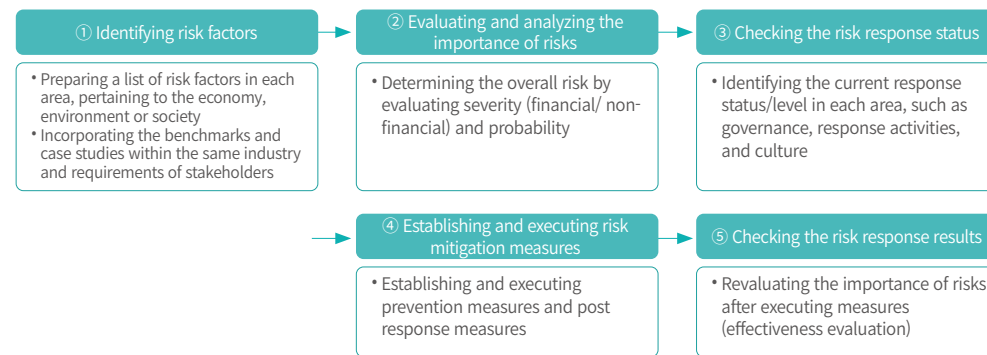


	Implementation Criteria	Composition of Activities
Social Responsibilities of Large Companies	<ul style="list-style-type: none"> <li>Is it aligned with SK Group’s direction for social contribution?</li> <li>Is it necessary for securing a safety net? (including emergency disasters)</li> <li>Does it help support the SE ecosystem? (linkage of ESG key indicators)</li> </ul>	Donations
Social Contribution Identity of SK networks	<ul style="list-style-type: none"> <li>Is it linked to Business Model or local communities related to our business sites?</li> <li>Is it for members of vulnerable groups(e.g. elderly people, children, persons with disabilities)?</li> <li>Is the activity worth inheriting as a tradition? (Is there a reason why SK networks has to do it?)</li> </ul>	
Risk Management	<ul style="list-style-type: none"> <li>Is it a reliable organization? (public corporation status (designated donation organization))</li> </ul>	Volunteer activities (including Pro bono work)

### Local Community Risk Management

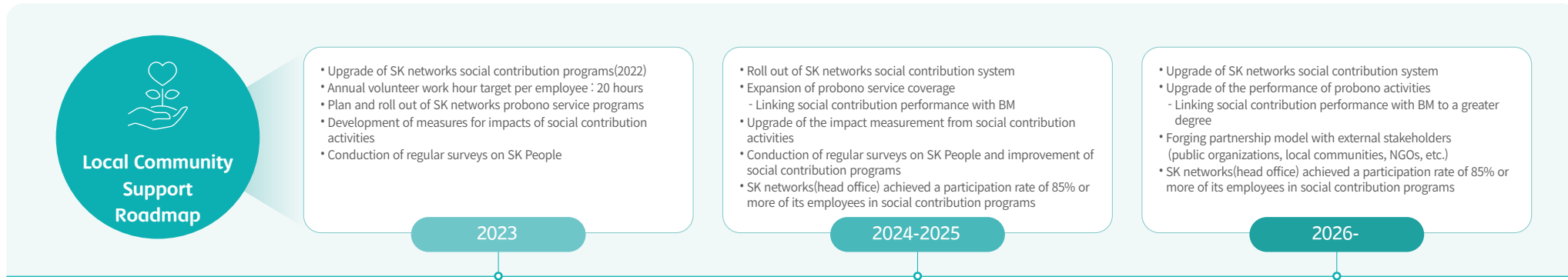
SK networks is identifying any negative impact on the local community due to its business operations, if any. We conduct risk assessments once a year to specifically identify and preemptively manage risk factors that may occur near major business sites. Risk factors are prioritized by level, and measures to identify response status and to mitigate risks are taken to prevent risks that affect the sustainability of the company. We also conduct internal evaluation of the effectiveness of risk management activities to determine how much negative impacts have been reduced. These risk management processes are prepared in written document and shared with relevant parties for monitoring risk factors.

### Risk Management



### Risk management results for major business sites (2022-2023)

Category	Risk factor	Details of mitigation measures
Hotel Business	Noise pollution caused by loud voices or music due to the lack of proper management	<ul style="list-style-type: none"> <li>Measuring noise before events and maintaining noise at or below the standard level</li> <li>Issuing advance notices in areas where damage is expected, such as local governments and apartment management offices</li> </ul>
	Traffic congestion caused by increased traffic volume nearby business sites	<ul style="list-style-type: none"> <li>Removing traffic congestion in cooperation with police stations within the areas</li> <li>Sending security workers to remove traffic jams inside and outside business sites during high-traffic periods</li> <li>Advising customers to take public transportation and operating more free shuttles</li> </ul>
	Local residents’ concerns about the safety of students going to and from school within the shuttle bus route	<ul style="list-style-type: none"> <li>Making partial adjustment of shuttle bus route and operation time to consider student safety</li> <li>Implementing driver safety education such as compliance with speed limits</li> </ul>
Distribution Center Business	Occurrence of accidents due to increased traffic volume near business sites	<ul style="list-style-type: none"> <li>Conducting safe driving education for drivers, on matters such as compliance with speed limits</li> <li>Consulting nearby companies on issues to prevent traffic accidents caused by illegal parking and stopping nearby business sites</li> </ul>



## Supporting Local Community

### Social Contribution Implementation System

SK networks installed a Company-wide ESG Implementation Committee to internalize ESG management activities and review, deliberate, and decide on the company’s ESG strategies by aligning business strategies. Chief Operating Officer (COO) was appointed as the chair of this committee, and members include the CEO, and COO, the head of Planning and Finance Division, Head of Accounting Division, Head of Corporate Culture Division, and Head of Internal Audit Division. The Sustainable Management Division serves as the secretary of the committee. In principle, the Company-wide ESG Implementation Committee holds bi-monthly 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.



Planting Activities at Namsan Park by SK networks Employees

### Activities and Performance for the Local Community

SK networks strives to become a company that contributes to the growth of the local community and coexists with it by providing continuous support to various vulnerable groups in the local community linked to its main business sites. We are engaging in the local community through employees’ participation activities such as food service at Myeongdong Bapjib (restaurants), cleaning up of Namsan Park and Yeoui Saetgang Park, and plugging. One hundred one employees participated in the food service activities at Myeongdong Bapjib, started in 2022, over 14 occasions, donating KRW 15 million for meals of more than 2,000 people in 2023, and they are continuing their supports in 2024. These activities have contributed to an increase in the average number of vulnerable groups visiting Myeongdong Bapjib each time by more than 100 people in 2024 compared to 2023.

We are participating in various support programs for vulnerable groups in the local community, such as briquette and kimchi sharing, shantytown support, education instrument support for the Children's Museum, and support for Gwangjin-gu Food Market, donating more than KRW 100 million every year for the past three years. In particular, in the activity to support the Gwangjin-gu Food Market, Walkerhill provided 3,717 items for free to 747 people through cash and in-kind donations of approximately KRW 19.5 million, including Walkerhill’s HMR\* in 2023, increasing the number of supported by 33 people compared to 714 people in 2022. Through this, we contributed to supporting a total of 6,438 people (increase by 1,280 people compared to 5,158 people in 2022) in the Gwangjin Food Market in 2023. We plan to continue to support stable operation of sharing activities for low-income groups in the local community through consistent sponsorship activities in 2024.

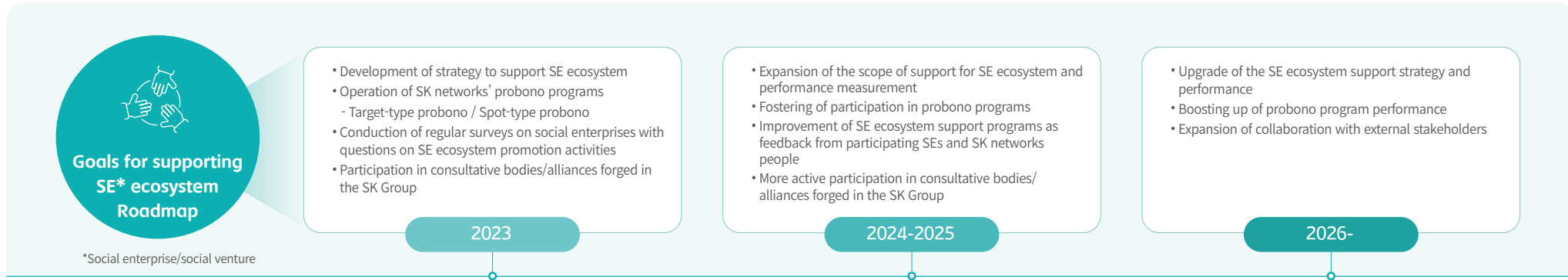
\*HMR : Home Meal Replacement

### Expanding Activities Linked to Business Model

SK networks pursues efficient and sustainable social contribution activities based on the core competencies of its employees by linking its social contribution activities to BM. SK rent-a-car has participated in the beach protection and cleanup activities since 2021 by selecting and adopting Hyeopjae Beach in Jeju as its companion beach. From 2021 to 2023, approximately 300kg of waste on the beach were collected. In 2023, we expanded our activities to underwater cleanup activities, and a total of 30 people, including SK rent-a car employees and local community members (10 from SK rent-a-car and 20 from local community), collected approximately 113kg of marine waste over two occasions, presenting the meaning of coexistence through collaboration between SK rent-a-car’s main business model and the Jeju local community.

### Future Plans

SK networks will grow together with the local community with the goal of maximizing the happiness of the entire society. We will maintain a close partnership and seek win-win growth through continuous support for the local community based on the voluntary participation of employees by expanding linkage with business model.



## Support SE ecosystem

### Operating SK networks probono

SK networks is operating target-type, spot-type probono programs and usability test voluntarily engaged by its people to benefit society at large with its people's professional competence and bolster up the growth of social enterprises and ventures. The target-type probono program selects social enterprises/ventures relevant to the business models of SK networks (including subsidiaries) and provides a full-package advisory service to them for about a year. The spot-type probono matches social enterprises with needs for advisory services with SK networks' people having relevant capabilities, which cover management planning, marketing, legal counsel, finance/accounting, business planning, interpretation/translation, R&D, etc. Usability test program supports pre-launch testing of products/services provided by social enterprises, and provides consulting support in areas such as marketing and product planning.

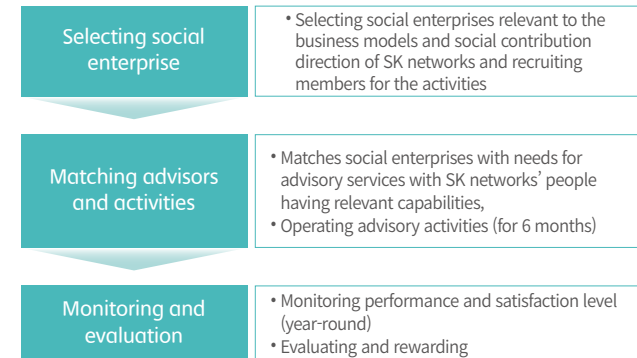
### Performance in 2023

In 2022, 182 people from SK networks, SK magic and SK rent-a-car worked on target-type (28 persons), spot-type (11 persons) probono activities and usability test (143 persons) for a total of 420 hours, creating about KRW 48 million in social value. In particular, the target-type probono activities targeting four social enterprises/ventures involved eight advisory service projects in areas required for the growth of social enterprises/ventures such as new marketing strategy, business model development and product development. In particular, in recognition of these accomplishments, we received the 'Pro bono of the Year Award', 'Excellent Award' and 'Super Rookie Award' from Happynarae. As such,

we have contributed to the growth of various social enterprise and SE ecosystem, utilizing our employees' competencies.

### Target-type Probono Program

Target-type Probono, started in 2021, is a program in which several probono participants with professional capabilities gather together as a group to match the needs of social enterprises and provide continuous comprehensive consulting service. The probono group selects social enterprises that conform to their business model and social contribution direction, and match advisory members to the social enterprises selected for 6 months to provide consulting service. In 2023, we provided external cooperation support and app and service support for 'luthada (Neighboring)', which provides matching services such as hospital companion and care services, in connection with the Seoul Station Side Village Counseling Center, to secure new customers and establish mid- to long-term marketing strategy directions. We also created opportunities to attract new customers through cross-banner advertising on the 'Tire Pick' app and the 'luthada' app. We developed a carbon-reducing coffee menu in the SK networks in-house cafe through consulting service provided to 'Equaltable', which sells low carbon coffee, on the opening up of new sales channels, and provided consulting service on the development of a new business model related to EV charging for 'Zoomansa (People who making parking lots)', a company that provides idle space as parking lots. Through this, we have contributed to the independent and systematic growth of social enterprises rather than one time development.



### Future Plans

In 2024, SK networks plans to select AI-based social enterprises, which are matched with its future business direction pursued to provide comprehensive consulting services. SK networks plans to contribute to the SE ecosystem and gradually expand it by utilizing its business model-based specialized core capabilities.

## Governance Ethics/Compliance Management

SK networks practices ethical management through an internal audit and compliance system that strengthens independence and expertise, and continues education and monitoring activities to respond to regulatory changes. In addition, we strive to grow into a trustworthy company through transparent and fair transactions while meeting the needs of all stakeholders.

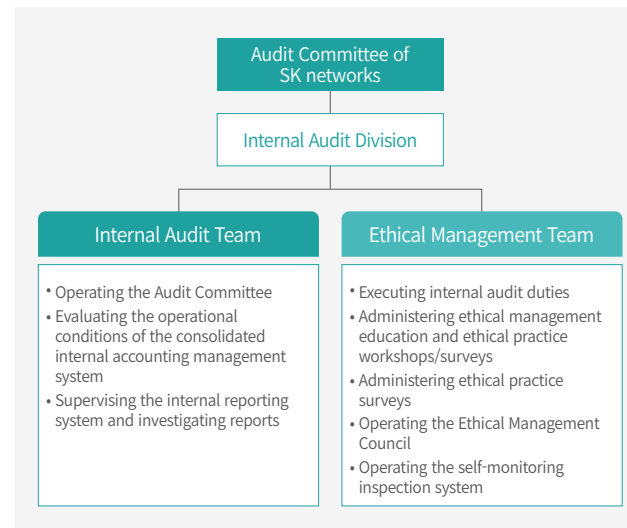


### Ethical Management Implementation System

#### Strengthening the Independence and Expertise of the Decision-making Bodies

In 2022, SK networks increased the independence of the Internal Audit Team directly under the CEO by reorganizing it into an Audit Committee 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.

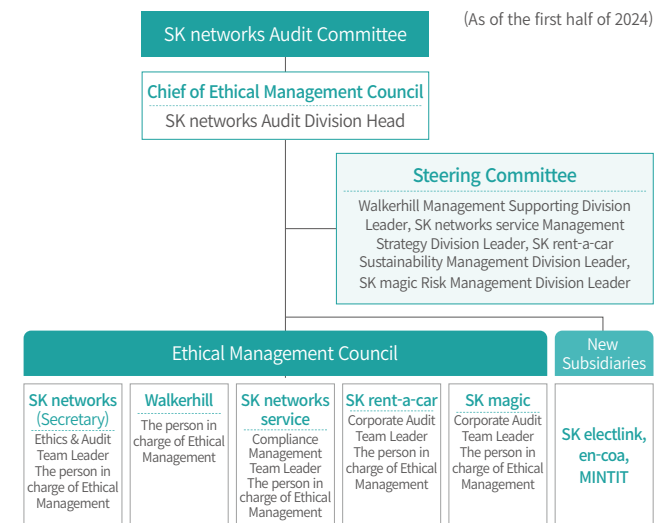
#### Ethical Management Structure and Roles

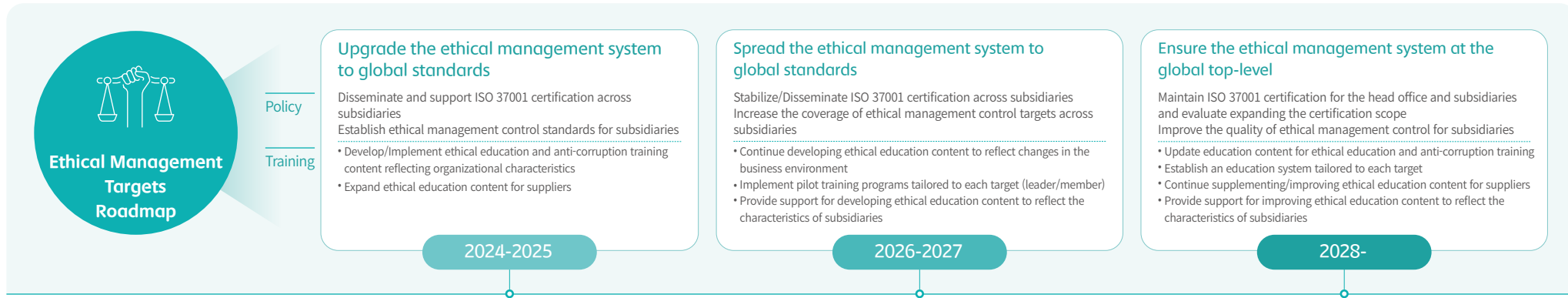


#### Operating the Ethical Management Council

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. Starting in 2024, the Ethical Management Council has been reorganized into the SK networks Audit Committee to follow the Board-centered management policy and enhance execution ability. In addition, the head of the Internal Audit Division became the head of the Ethical Management Council, and the organization has been reorganized with ethical management team leaders of each company and persons in charge of ethical management. The Ethical Management Council plans and implements education on ethical management and workshops on ethical practice through quarterly operations, and carries out various activities such as establishing ethics regulations for each company, performing audits, supporting investigations of matters reported, and strengthening the capabilities of persons in charge of ethical management. We classify subsidiaries incorporated within 5 years as new subsidiaries and support basic education and establishment/revision of regulations twice a year so that they can secure an ethical management foundation early. As such, we are managing ethics in a two-track manner with the Ethical Management Council. SK networks will continue to enhance the independent ethics management functions of each subsidiary through the activities of the Ethical Management Council.

#### Organization of the Ethical Management Council





### 3C Ethical Management System

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.

**Code of Ethics** 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, and 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 report on violation as well as informant and whistleblower protection. We disclose the guidelines on our website.

**Compliance** The Audit Division, under the umbrella of the Audit Committee, takes charge of ethical management operations. Specifically, Internal Audit 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.

**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 first and second-tier 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 cultivated and disseminated a fair and transparent corporate culture by providing ethical management practice guidelines for SK leaders to all executives.

## Implementation of Ethical Management

### Detailed Ethical Management Activities

#### Establishing and Executing Ethical Management Practice Goals

As a direct organization under the Audit Committee, the Internal Audit Division of SK networks 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 SK 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. Through this, the results of ethical management activities are reflected in the CEO’s annual performance evaluation (KPIs).

#### Executing Regular Internal Audits and Preventive Activities

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. The Internal 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.

#### Operating the Self-Inspection System

To promote the voluntary practice of ethical management, SK networks introduced a self-inspection system that complies with legal and ethical standards and controls corruption and irregularities, and prepared a checklist of ethical risks by area, and we conduct self-inspections for head office and subsidiaries 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. In particular, high-risk items in the self-inspection are directly inspected by the Internal Audit Division. We are confirming the adequacy of the self-inspection results performed by all business and support organizations and supporting documents.

#### 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



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

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**To submit questions on product quality and services**

#### Ethics Education

SK networks provides ethics education annually to its people including contractors and part-timers, aiming to ensure that all of them (100%) attend and finish the ethics education programs. A separate ethics education program has been available for management leaders and board members since September 2021, with another ethics education program intended for business partners rolled out from 2022 to boost awareness of ethical management practices. The ethics education programs cover major ethical management issues in SK networks, including anti-corruption, office bullying, and work ethics. We also survey the ethics education program takers on the effectiveness, difficulty and logistics of the education programs to inform our efforts to improve the programs and contents of feedback from employees. SK networks also plan to upgrade the ethics education programs for management leaders, board members and business partners annually in quantitative/qualitative terms in line with the rapidly changing business landscape both at home and abroad.

#### Ethics Practice Survey and Ethics Practice Workshop

SK networks conducts an Ethics Practice Survey for employees at the head office and its subsidiaries to assess compliance with the Code of Ethics and the level of ethical practice culture. Ethical management for employees is supported by handling critical implications from survey results, including mutual ethics among employees, inspection of SV-degrading elements, and continuous improvement of the ethical management practice system. Additionally, each year, SK networks holds an Ethics Practice Workshop for all employees to elevate the level of their ethical management. During the Ethics Practice Workshop, participants watch videos or have discussions after reviewing pre-distributed materials related to ethical issues such as ‘workplace bullying’, and ‘conflict of interest at work’, followed by sharing areas of improvement for practicing ethical management. In addition, organizations are selected and awarded the Ethics Management Workshop Excellence to internalize the ethical practice culture in each company, including subsidiaries

#### Anti-bribery Management System(ISO 37001)\*

In 2022, SK networks and SK rent-a-car acquired the anti-bribery management system certification (ISO 37001) and have renewed and maintained it since 2023. 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

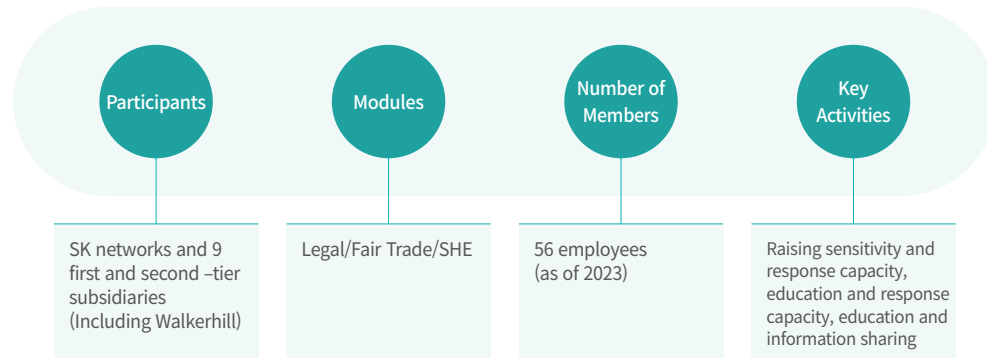
## Compliance Management

### Fair Trade Compliance Program

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.

**‘CP’ Organization** The BOD of SK networks appoints the compliance officer and operates the dedicated compliance organization. We determine major compliance issues through the CP organization to inspect the current compliance status of fair trade laws, promote fair economy, enhance transparency in transaction and share essential policies with relevant divisions to lay a foundation for compliance.

### SK networks Compliance Council



**Operating Compliance Council** The SK networks operates a Compliance Council composed of SK networks and nine first and second-tier subsidiaries (including Walkerhill) to fulfill its social responsibilities regarding compliance management and fair economy, and to enhance the overall compliance level. The Council is operated in three modules: legal, fair trade, and SHE(safety, health and environment), where the participating companies strengthen their capacities to prevent and respond to issues by interactively sharing information about the laws and regulations, lessons learned, and related training.

### Compliance Programs and Activities

SK networks 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.

### Compliance Reporting System



### Compliance Education and Publicity

SK networks educates its employees on unfair support under the Fair Trade Act, incorporation of new subsidiaries, and legal precautions according to the incorporation of new subsidiaries or changes in affiliates. We have created an environment that suppresses compliance risks by sharing compliance information in various areas. The ‘SK networks Compliance Council’ held meetings 6 times in 2023 to share current compliance issues faced by the head office and first/second-tier subsidiaries, and conducted training 3 times using external experts for each company’s managers.

In addition, we are strengthening differentiated compliance expertise by job and improving practical risk management capabilities that can immediately respond to the rapidly changing business environment through online and offline training for all employees and employees in charge of specific duties.

#### Details of Compliance/Fair Trade Related Education

(As of the end of December 2023)

Details of Training	Participants	Training Target
• Response to investigation and Fair Trade Commission’s on-site investigation in accordance with the execution of search and seizure warrants by investigative agencies	25 employees	Compliance Council members (Head office and first/second-tier subsidiaries)
• Utilization of AI services such as Chat GPT	40 employees	
• Cases punished under the Serious Disaster Punishment Act and corporate response measures	23 employees	
• Unfair support and profiteering	373 employees	All employees
• Unfair cartel	16 employees	Members of Trading Division
• Subcontracting Act	27 employees	Business Support Center, ICT Division Distribution Center, HR Team value purchasing part members

### Compliance Monitoring Management Plan

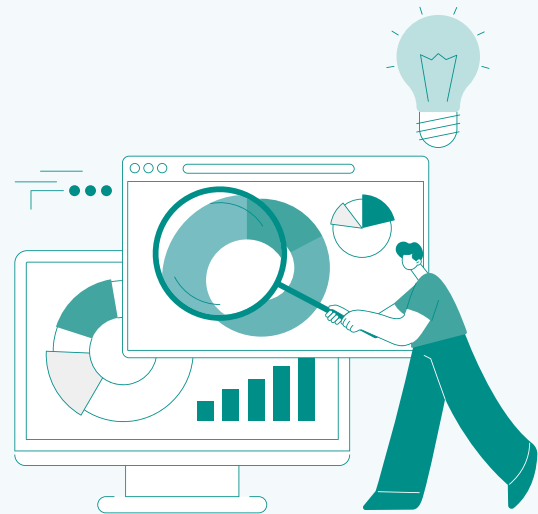
In 2024, SK networks will not spare its support for compliance so that employees can fulfill their responsibilities and roles for voluntary compliance with fair trade and enhancement of social value by conducting compliance diagnosis for major first and second-tier subsidiaries, inspecting relevant laws and regulations compliance status of each business division, improving transaction transparency, conducting compliance education activities for employees(1 company-wide education by mySUNI, and 2 or more education for business divisions), establishing a ‘Council for Fair Trade Commission Disclosure’ and holding meetings(twice), holding ‘SK networks Compliance Council’ meetings(four times), and providing expert education(twice) to respond to changes in the regulatory environment.

In addition, SK networks will strive to become a trustworthy company by responding to the needs of all stakeholders, including employees, shareholders, customers, suppliers, and society, and actively responding to the expanded mission of the times of the company.



# Governance Risk Management

SK networks is implementing a systematic ESG risk management strategy to enhance sustainable management and global competitiveness. We classify our first tier subsidiaries and second tier subsidiaries into three groups and sets ESG goals for each group considering listing status, equity holding ratio, and growth stage. Through this, we are striving to ensure that all related companies can reach the top-tier level in the global industry by 2026. In addition, SK networks is strengthening its risk management system by monitoring the company-wide risks identified/inspected by each functional council through the company-wide management council.



## Integrated Risk Management

### Risk Management Process

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

### 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.

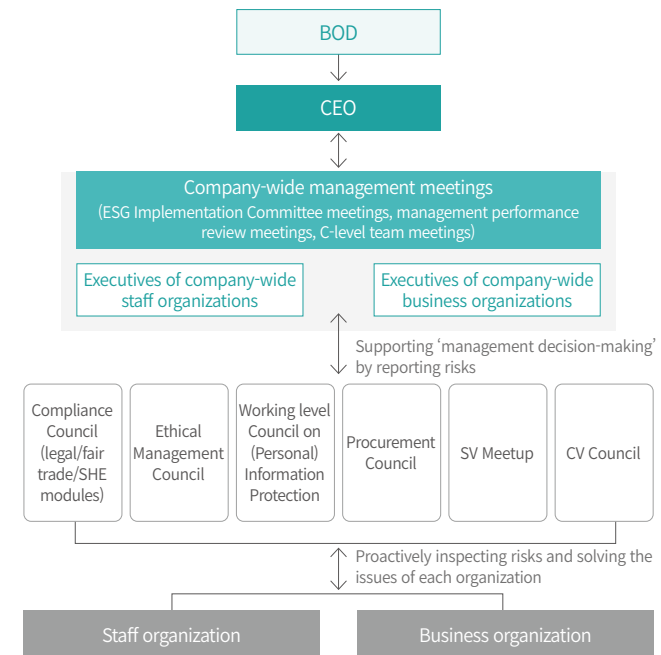
### Key Risk Areas

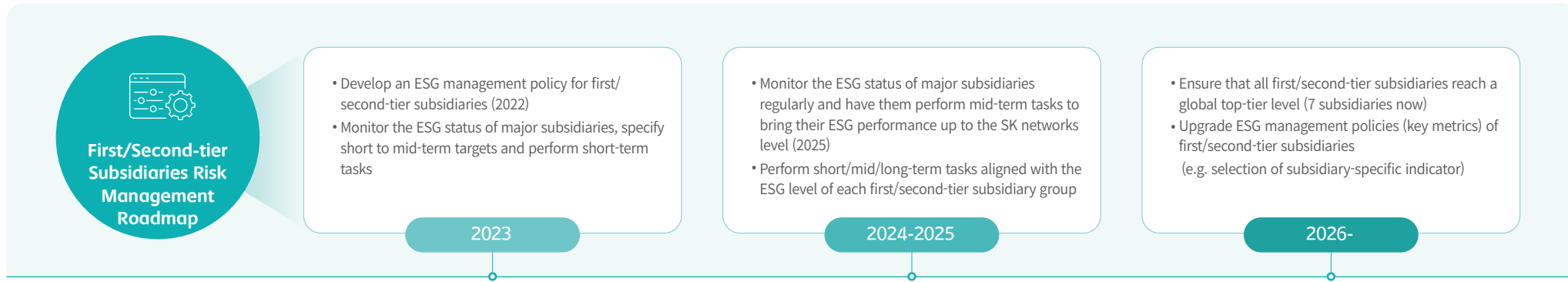
Market risks	• Occurrence of financial difficulties, bad debts, and changes in the interest rates of customers and suppliers
Contract and legal violation risks	• Disputes related to MOUs, agreements, and contracts and compliance with compensation laws, etc.
Fair trade risks	• Unfair trading(collusion, 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.

### 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 (As of December 2023)





## Expanding ESG Risk Management

### First/Second-tier Subsidiaries ESG Management Standards and Direction

SK networks has classified five first-tier subsidiaries and two second-tier subsidiaries into three groups taking into consideration their listing status, equity holding ratio, and growth stage and specified ESG management visions and targets per subsidiary group. Each subsidiary will improve their ESG management standards phase-wise by defining and achieving short to mid-term targets per ESG metric. In particular, SK networks will check the status of listed and non-listed subsidiaries (80% or more of equity & growth stage) and encourage them to achieve short to mid-term targets and publish sustainability reports to live up to a higher ESG standard, ultimately ensuring that all first/second-tier subsidiaries reach a global top-tier level in their respective industries by 2026. To empower them to go forward, SK networks makes it a policy for executives/team leaders/working-level staff members of all business units (including first/second-tier subsidiaries) to attend the monthly SV Meetup to report and discuss ESG performance status per business unit and share lessons learned.

Category	ESG Management Direction
Listed/non-listed	<ul style="list-style-type: none"> <li>For listed subsidiaries, select extensive management metrics similar to those adopted by the parent company and improve performance on a variety of ESG metrics</li> </ul>
Equity holding ratio (80% or higher)	<ul style="list-style-type: none"> <li>For non-listed subsidiaries in which the parent company holds 80% or more of equity, select their ESG performance to a standard similar to that of listed subsidiaries</li> </ul>
Growth stage (in terms of time elapsed from spin-off)	<ul style="list-style-type: none"> <li>For new subsidiaries (two years or less from spin-off), select and manage a minimum set of essential ESG metrics and then expand the scope of ESG management step by step considering their industrial characteristics/growth level</li> </ul>
First/second-tier subsidiaries	<ul style="list-style-type: none"> <li>Empower first-tier subsidiaries to manage and align the ESG performance of second-tier subsidiaries to their ESG vision and targets</li> </ul>

### ESG Management Performance/Achievement

- Convened SV board meetings engaging all BUs(including subsidiaries) since 2020 to monitor and manage the ESG performance of first/second-tier subsidiaries
- SK networks and eight first/second-tier subsidiaries announced Net Zero 2040(2021), entered EV100 (2021), joined SBTi (Sep., 2022) and obtained approval for targets(Aug. 2023)
- SK networks and SK rent-a-car publish sustainability reports
  - SK networks discloses major performance by SK magic, SK rent-a-car and SK networks service in its sustainability report
  - SK rent-a-car disclosed its own sustainability report to disclose ESG performance(First edition in 2022)
- Major subsidiaries review and disclose 2022 performance
  - SK magic, SK rent-a-car, and SK networks service disclose ESG priority management indicator policies/goals (roadmap)/performance on each company’s homepage (Priority management indicators: Human rights declaration and policy, employee safety, corporate data and information protection, anti-corruption policy, employee anti-corruption education policy)

\*SK rent-a-car/SK networks service: disclose 5 priority management indicators, SK magic: disclose 4 priority management indicators

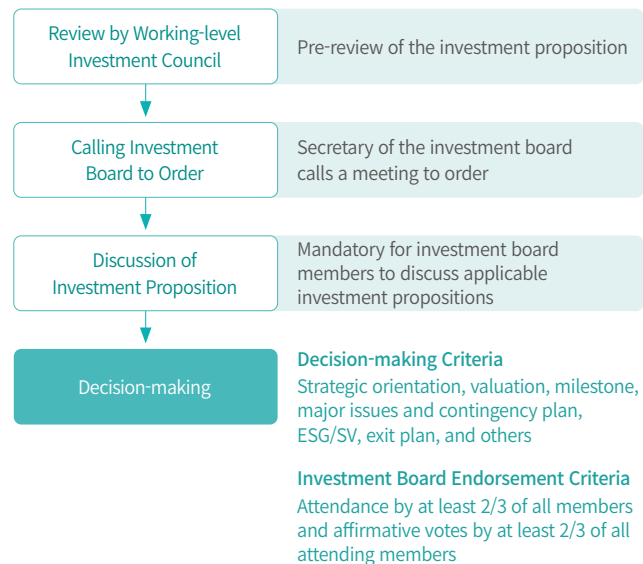


## Investment Risk Management

**Role and Composition of the Investment Board** The Investment Board reviews, deliberates, and decides on the strategic suitability of new investments and sales, major changes in governance structure, the purposefulness and appropriateness of execution, investment feasibility, risks, etc. The Working-level Investment Council moderates risk-focused pre-reviews of management environment, finance, legal and ESG issues before forwarding them to the Investment Board.

Investment Board	Working-level Investment Council
<ul style="list-style-type: none"> <li>Members: CEO, General Business Managing Director, Head of the New Growth Implementation Division, Chief Operating Officer, Head of Planning and Finance Division, Head of Sustainable Business Office</li> <li>*However, Head of the New Growth Implementation Division is excluded from the investment proposal initiated by the New Growth Implementation Division.</li> <li>Secretary: Head of the Global Investment Group</li> </ul>	<ul style="list-style-type: none"> <li>Members: Head of the Global Investment Group, Manager of the Strategy Team, Manager of the Finance Team, Manager of the Tax Affairs Team, Manager of the Legal Affairs Team, Manager of SV Implementation Team 1</li> <li>*including the manager of the purchase team if the investment involves purchasing</li> </ul>

### Investment Board Operation Process (As of December 2023)



## Tax and Accounting Risk Management

### 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. SK networks 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.

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.

- 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

# Appendix

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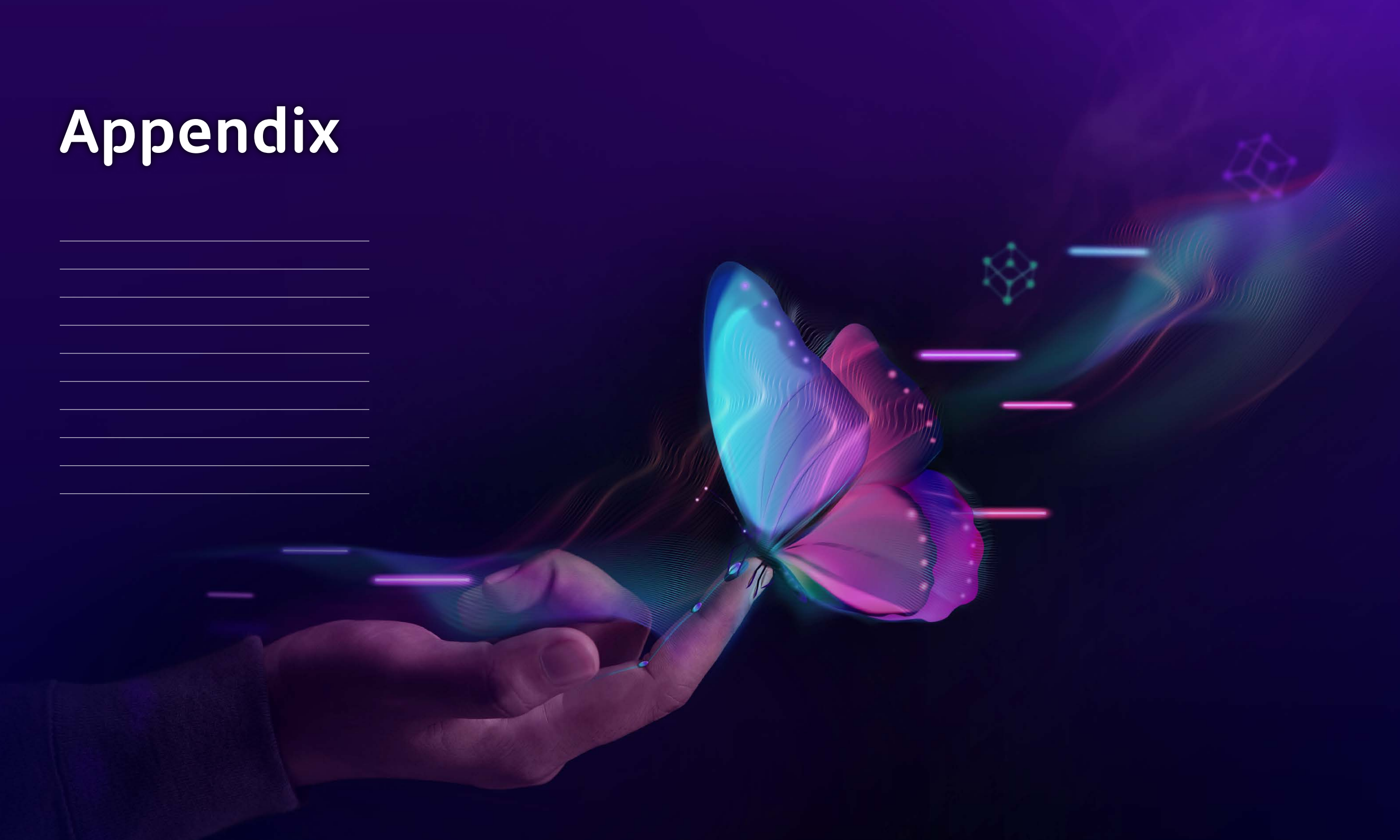
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# Performance Data

## Finance

Name of Items	Unit	2021	2022	2023
<b>Summary of Consolidated Financial Statement</b>				
Current Assets	KRW 100 million	30,472	27,032	23,715
Non-current Assets	KRW 100 million	63,638	67,961	67,389
Total Assets	KRW 100 million	94,109	94,993	91,104
Current Liabilities	KRW 100 million	38,976	35,678	39,084
Non-current Liabilities	KRW 100 million	31,244	34,807	30,461
Total Liabilities	KRW 100 million	70,219	70,485	69,545
Total Equity	KRW 100 million	23,890	24,507	21,558
<b>Summary of Consolidated Income Statement and Key Ratios*</b>				
Sales	KRW 100 million	107,459	94,262	91,339
Gross Profit	KRW 100 million	10,558	11,459	12,322
Operating Income	KRW 100 million	1,304	1,776	2,373
Income Before Income Taxes	KRW 100 million	1,148	1,051	707
Net Income (Loss)	KRW 100 million	1,035	908	55
EBITDA	KRW 100 million	9,769	10,240	10,470
Sales Growth Rate	%		-12.3	-3.1
Operating Income Growth Rate	%	Unable to describe	36.2	33.6
EBITDA Growth Rate	%		4.8	2.2
Operating Profit Margin	%	1.2	1.9	2.6
EBITDA Margin	%	9.1	10.9	11.5
Net Profit Margin	%	1.0	1.0	0.1
Debt to Equity Ratio	%	293.9	287.6	322.6

\*Data from the last three years were applied retroactively to reflect the effects of the discontinued business (SK magic home appliance business) that occurred in 2023, and therefore the growth rate indicator for 2021 cannot be compared.

## Tax Report\*

Name of Items	Unit	2021	2022	2023
Corporate Tax Rate**	%	28.2	17.3	0.0
Effective Tax Rate***	%	37.1	N/A	N/A
Profit Before Tax	KRW 100 million	888	-5	252
Amount of Tax to be Paid****	KRW 100 million	136	34	-

\*Based on SK networks (separate) \*\*2022 data change

\*\*\*2022 and 2023 data are indicated as 'N/A' with pre-tax profit or corporate tax expense as (-) figures \*\*\*\*2022 data changed

## R&D Investment

Name of Items	Unit	2021	2022	2023
Investment Amount	KRW million	40,216	24,215	28,597
Ratio of R&D Investment to Sales	%	0.4	0.3	0.3

## Shareholders

Name of Items	Unit	2021	2022	2023
No. of Shares Issued	Shares	248,187,647	248,187,647	235,778,265
No. of Outstanding Shares	Shares	218,554,682	218,642,154	199,000,667
Shareholders with 5% Share Ratio or Higher	Shares	SK Inc., National Pension Service	SK Inc., National Pension Service	SK Inc., National Pension Service
No. of Shares Owned	Shares	113,619,888	110,248,942	112,844,055
Share Ratio	%	45.8	44.4	47.9
Existence of Dividend Policy	Y/N	Y	Y	Y
Implementation of Dividend Policy	Y/N	Y	Y	Y
Dividend	KRW million	26,237	26,250	40,506
Cash Dividend Payout Ratio*	%	26.6	30.4	-
Cash Dividend per Share	KRW	120	120	200

\*The 2023 cash dividend payout ratio is not calculated separately as the consolidated net income per share is negative.

## Policy-related Expenditures\*

Name of Items	Unit	2021	2022	2023
Lobbying and Other Political Funds**	KRW million	N/A	N/A	N/A
Total Expenditure for Membership Fees to Relevant Organizations	KRW million	385	331	292
Key Organization(1)	Qualitative	Seoul Car Rental Association	Seoul Car Rental Association	Seoul Car Rental Association
Key Expenditure(1)	KRW million	215	132	65
Key Organization(2)	Qualitative	TEMOT INTERNATIONAL AU	TEMOT INTERNATIONAL AU	TEMOT INTERNATIONAL AU
Key Expenditure(2)	KRW million	31	36	33
Key Organization(3)	Qualitative	Energy & Mineral Resources Development Association of Korea	Korea Professional Golf Tour	Korea Professional Golf Tour
Key Expenditure(3)	KRW million	30	30	30
Key Organization(4)	Qualitative	Korea Hotel Association	Korea Enterprises Federation	Korea Hotel Association
Key Expenditure(4)	KRW million	30	25	28
Key Organization(5)	Qualitative	Korea Tire Manufacturers Association	Korea Hotel Association	Korea Enterprises Federation
Key Expenditure(5)	KRW million	30	24	25
Government and Public Institutions	KRW million	70,707	31,422	29,403
Creditors	KRW million	90,256	92,908	170,812
Fringe Benefits	KRW million	58,954	62,443	69,809
Ratio of Fringe Benefits to Sales	%	0.55	0.66	0.76
Employees	KRW million	59,418	32,949	32,664
Ratio of Retirement Benefit Plan Assets	%	91.2	126.7	116.0
Others	KRW million	10,615,541	9,248,608	8,896,584

\*The indicators related to association fees and retirement benefits of relevant organizations are applied based on SK networks' separate standards, and other indicators are applied based on the consolidated standard. Data from the last three years were applied retroactively to reflect the effects of the discontinued business (SK magic home appliance business) that occurred in 2023.

\*\*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.

# ESG Data - Environment

- Scope of environmental data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting environmental data : December 31 of the respective year

## GHG Emissions

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total GHG Emissions (Scope 1+2)	tCO <sub>2</sub> eq	41,225.0	40,488.3	38,698.4	29,729.8	2,155.3	6,026.0	787.2
Scope 1(Direct Emissions)	tCO <sub>2</sub> eq	10,212.3	10,330.2	9,287.4	7,963.8	459.9	246.4	617.4
Scope 2(Indirect Emissions, Regional)	tCO <sub>2</sub> eq	31,012.7	30,158.0	29,410.9	21,766.1	1,695.5	5,779.6	169.8
Scope 2(Indirect Emissions, Market-based)	tCO <sub>2</sub> eq	31,012.7	26,689.5	27,203.3	19,996.0	1,570.3	5,549.9	87.1
Scope 3(All Other Indirect Emissions)*	tCO <sub>2</sub> eq	4,582,682.7	3,085,084.5	3,566,675.5	669,608.2	1,832,707.5	984,358.9	80,001.0
Upstream (Major Emission Sources 1-8)	tCO <sub>2</sub> eq							
Purchased Goods and Services	tCO <sub>2</sub> eq	879,481.8	730,651.3	635,773.1	338,164.5	180,567.6	37,400.8	79,640.2
Capital Goods	tCO <sub>2</sub> eq	90,815.7	33,794.0	41,441.4	15,583.3	17,215.4	8,642.7	-
Fuel-and-energy-related-activities (not included in Scope 1 or 2)	tCO <sub>2</sub> eq	3,158.0	4,411.8	3,110.7	2,457.6	160.3	465.4	27.4
Upstream transportation and distribution	tCO <sub>2</sub> eq	709,119.9	15,002.3	18,377.1	6,780.1	10,180.3	1,322.0	94.7
Waste generated in operations	tCO <sub>2</sub> eq	711.3	426.0	508.4	424.1	-	84.3	-
Business travel	tCO <sub>2</sub> eq	144.9	500.6	469.0	308.7	49.8	60.9	49.6
Employee commuting	tCO <sub>2</sub> eq	1,528.4	2,145.2	1,715.7	611.1	423.6	539.6	141.4
Upstream leased assets	tCO <sub>2</sub> eq	-	-	-	-	-	-	-
Downstream (Major Emission Sources 9-15)	tCO <sub>2</sub> eq							
Downstream transportation and distribution	tCO <sub>2</sub> eq	194,316.5	51,646.8	67,240.1	52,681.1	908.3	13,603.1	47.6
Processing of sold products	tCO <sub>2</sub> eq	-	0.2	-	-	-	-	-
Use of sold products	tCO <sub>2</sub> eq	2,697,141.8	1,911,862.8	1,896,034.5	34,768.2	1,213,512.1	647,754.2	-
End of life treatment of sold products	tCO <sub>2</sub> eq	1,643.2	13.9	6,297.2	1,387.1	777.4	4,132.7	-
Downstream leased assets	tCO <sub>2</sub> eq	-	794.4	679,718.2	824.2	408,540.8	270,353.2	-
Franchises	tCO <sub>2</sub> eq	4,621.3	4,648.4	3,989.5	3,617.6	371.9	-	-
Investments	tCO <sub>2</sub> eq	-	329,187.0	212,000.5	212,000.5	-	-	-
Total GHG Intensity (Per sales, Scope 1+2)**	tCO <sub>2</sub> eq/KRW billion	3.74	4.19	4.24	5.07	1.28	7.19	1.66
Scope 1(Direct Emissions)	tCO <sub>2</sub> eq/KRW billion	0.93	1.07	1.02	1.36	0.27	0.29	1.30
Scope 2(Indirect Emissions, Market-based)	tCO <sub>2</sub> eq/KRW billion	2.81	3.12	3.22	3.71	1.01	6.90	0.36
Scope 3(All Other Indirect Emissions)	tCO <sub>2</sub> eq/KRW billion	415.92	319.16	390.49	114.16	1,090.65	1,175.17	168.21
Total GHG Reduction Rate Compared to Previous Year (Scope 1+2)	tCO <sub>2</sub> eq	6,971.6	-159.8	1,789.9	1,386.7	164.0	114.8	124.4
Scope 1(Direct Emissions)	tCO <sub>2</sub> eq	3,648.8	-865.0	1,042.8	680.3	161.4	32.3	168.9
Scope 2(Indirect Emissions, Market-based)	tCO <sub>2</sub> eq	3,322.8	705.2	747.1	706.4	2.7	82.6	-44.5
Scope 3(All Other Indirect Emissions)	tCO <sub>2</sub> eq	N/A	1,496,078.4	-481,591.0	-33,736.6	-939,838.1	458,826.2	33,157.5
Total GHG Reduction Rate Compared to Previous Year (Scope 1+2)	%	14.42	1.79	4.42	4.46	7.07	1.87	13.64
Total GHG Target Emission (Scope 1+2)	tCO <sub>2</sub> eq		41,816.2	40,084.8	30,615.2	2,534.5	6,116.7	818.3
Scope 1(Direct Emissions)	tCO <sub>2</sub> eq		10,714.5	10,285.6	8,648.7	833.6	102.7	700.6
Scope 2(Indirect Emissions, Market-based)	tCO <sub>2</sub> eq		31,101.7	29,799.2	21,966.5	1,701.0	6,014.0	117.7
Scope 3(All Other Indirect Emissions)	tCO <sub>2</sub> eq		N/A	N/A	N/A	N/A	N/A	N/A
Total GHG Reduction Rate Compared to Target (Scope 1+2)***	%		3.18	3.46	2.89	14.96	1.48	3.80

\*The 2023 data reflects and calculates the supplementary items in the verification process of the SBTi short-term/long-term goals, and the 2022 data will be recalculated and announced later by applying the relevant criteria.

\*\*The total sales per unit for each year were based on the consolidated sales of SK networks, and the sales per unit for each company were based on the sales of each company.

\*\*\*Based on regional emissions standards

# ESG Data - Environment

- Scope of environmental data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting environmental data : December 31 of the respective year

## Energy

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Energy Consumption*	GJ	836,188.7	835,577.6	816,908.0	634,483.0	43,933.7	126,032.5	12,458.7
Direct Energy	GJ	33,211.4	31,357.5	24,003.0	7,377.5	6,011.1	1,705.6	8,908.7
LPG	GJ	2,162.2	3,067.6	1,321.4	259.2	1,062.2	-	-
Diesel	GJ	14,767.0	14,919.2	11,925.9	5,051.6	683.4	-	6,190.9
Kerosene	GJ	418.5	208.7	193.1	137.9	55.2	-	-
Gasoline	GJ	15,863.6	13,162.0	10,562.6	1,928.8	4,210.3	1,705.6	2,717.9
Indirect Energy	GJ	802,332.2	798,713.2	765,364.4	601,788.4	36,655.5	123,370.6	3,549.9
Electric Power	GJ	645,087.3	635,265.2	613,923.4	454,173.2	35,428.7	120,772.9	3,548.5
Gas	GJ	156,692.2	162,912.7	150,709.5	146,883.6	1,226.8	2,597.7	1.4
Steam	GJ	552.7	535.4	731.5	731.5	-	-	-
Renewable Energy**	MWh	67.2	573.6	2,868.8	2,637.2	132.0	99.6	-
Photovoltaic	MWh	67.2	573.6	2,868.8	2,637.2	132.0	99.6	-
Wind power	MWh	-	-	-	-	-	-	-
Geothermal	MWh	-	-	-	-	-	-	-
Hydroelectric Power	MWh	-	-	-	-	-	-	-
Others	MWh	-	-	-	-	-	-	-
Ratio of Renewable Energy Use***	%	0.08	9.33	9.02	9.82	8.84	4.57	13.87
Renewable Energy procurement	MWh	67.2	8,123.6	7,674.2	6,490.2	404.4	599.6	180.0
Green Pricing System	MWh	-	7,550.0	4,633.0	3,853.0	100.0	500.0	180.0
Certificate (REC) purchase	MWh	-	-	172.4	-	172.4	-	-
Self-generation	MWh	67.2	573.6	2,868.8	2,637.2	132.0	99.6	-
Total Energy Intensity (per Sales)****	GJ/KRW billion	75.89	86.44	89.44	108.17	26.15	150.46	26.20
Total Energy Consumption Target***	GJ	Initially reported date in 2022	605,642.19	Report by each company	599,212.47	N/A	N/A	N/A
Performance to Target	%		-6.16	0.00	-5.89	0.00	0.00	0.00
Reduction Performance*****	%	8.81	-13.90	-3.47	-9.32	33.67	-25.15	10.61
Total Renewable Energy Generation	MWh	222.3	763.3	4,155.2	2,637.2	133.2	99.6	1,285.1
Total Energy Sales	MWh	162.3	189.7	1,286.4	-	1.2	-	1,285.1
Electric Power	MWh	162.3	189.7	1,286.4	-	1.2	-	1,285.1

\*Data calculation criteria have been revised from 2023, so the data for 2021-2022 are different from the previous year (total energy usage = direct + indirect + renewable energy usage).

\*\*Renewable energy usage unit converted (GJ/MWh) is calculated by referring to the total calorific value (9.6) of electricity (consumption standard) in the [National Calorific Value and Emission Factor by Fuel] of the [Guidelines on Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading System].

\*\*\*Data for 2021-2022 have been changed due to change in calculation criteria for total energy usage data in 2023.

\*\*\*\*The total unit price for each year applies the consolidated sales price of SK networks.

\*\*\*\*\*Calculation of reduction performance based on intensity. The 2021 total data calculation error was corrected, so it is different from the previous year's report.

# ESG Data - Environment

- Scope of environmental data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting environmental data : December 31 of the respective year

## Water Usage

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Water Withdrawal	ton	1,073,468.7	1,348,981.2	1,756,579.8	1,713,954.9	36,521.8	4,603.1	1,500.0
Municipal Water Supplies	ton	605,961.7	605,741.2	467,764.8	425,139.9	36,521.8	4,603.1	1,500.0
Fresh Ground Water	ton	28,397.0	36,750.0	7,735.0	7,735.0	-	-	-
Fresh Surface Water	ton	439,110.0	706,490.0	1,281,080.0	1,281,080.0	-	-	-
Others	ton	-	-	-	-	-	-	-
Water Stress Areas	ton	-	-	-	-	-	-	-
Total Water Withdrawal Intensity(per Sales)*	ton/KRW billion	97.43	139.55	192.32	292.22	21.73	5.50	3.15
Total Water Use**	ton	1,099,435.7	1,377,885.7	1,822,504.6	1,778,871.9	36,521.8	5,610.9	1,500.0
Amount of Recycled Water	ton	25,967.0	28,904.5	65,924.9	64,917.0	-	1,007.9	-
Ratio of Recycled Water	%	2.36	2.10	3.62	3.65	0.00	17.96	0.00
Water Withdrawal of Water Stress Areas	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\*The total unit for each year applies the sales based on consolidated sales of SK networks, and the unit for each company applies the sales for each company.

\*\*Total usage = water withdrawal discharge + recycling volume

## Waste Disposal

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Emissions	ton	10,323.4	8,100.8	7,964.3	4,015.9	373.0	3,538.3	37.0
General Waste*	ton	10,322.4	8,057.7	7,928.3	4,015.9	337.0	3,538.3	37.0
Recycled/Reused	ton	6,930.1	6,424.0	5,948.7	2,582.0	-	3,366.7	-
Incineration with energy recovery	ton	-	-	-	-	-	-	-
Incineration without energy recovery	ton	-	209.2	229.3	100.8	-	128.5	-
Landfilled	ton	-	250.6	473.7	331.2	99.4	43.1	-
Others	ton	3,392.3	1,174.0	1,276.6	1,002.0	237.6	-	37.0
Designated Waste	ton	1.0	43.0	36.0	-	36.0	-	-
Recycled/Reused	ton	-	-	-	-	-	-	-
Incinerated	ton	-	0.9	36.0	-	36.0	-	-
Landfilled	ton	-	-	-	-	-	-	-
Others	ton	1.0	42.1	-	-	-	-	-
Waste Intensity(per Sales)**	ton/KRW billion	0.94	0.84	0.87	0.68	0.22	4.22	0.08
Total Waste Emissions Target***	ton	Initially reported data in 2022	4,052.2	Report by each company	3,988.2	N/A	N/A	N/A
Performance to Target	%		-0.19	0.00	-0.69	N/A	0.00	0.00
Amount of Recycled/Reused Waste	ton	6,930.1	6,424.0	5,948.7	2,582.0	-	3,366.7	-
Ratio of Recycled/Reused Waste	%	67.13	79.30	74.69	64.29	N/A	95.15	N/A
Reduction Performance****	%	78.51	10.56	-4.05	-9.59	27.14	-25.42	-9.98

\*Waste for landfill/incineration was classified according to SK rent-a-car's upgraded waste management from 2023.

\*\*The total unit for each year applies the sales based on consolidated sales of SK networks, and the unit for each company applies the sales for each company.

\*\*\*The data for total in 2022 is based on SK networks.

\*\*\*\*Calculation of reduction performance based on intensity.



# ESG Data - Environment

- Scope of environmental data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting environmental data : December 31 of the respective year

## Air Pollutants Emissions

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total Emissions	ton	0.1	0.6	0.5	-	-	0.5	-
Nitrogen Oxides(NOx)	ton	0.1	0.2	-	-	-	-	-
Sulfur Oxides(SOx)	ton	-	-	-	-	-	-	-
Volatile Organic Compounds(VOCs)	ton	-	-	-	-	-	-	-
Dust	ton	0.02400	0.35700	0.53844	-	-	0.53844	-
Air Pollutant Intensity (per Sales)*	ton/KRW billion	0.00001	0.00006	0.00006	-	-	0.00064	-

\*The total unit for each year applies the sales based on SK networks' consolidated standards, and the unit for each company applies the sales for each company.

## Environment-friendly Investments

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Purchase of Environment-friendly Products and Services*	KRW million	306,222.26	506,206.56	338,993.25	1,255.51	337,737.74	-	-
Sales of Environment-friendly Products and Services**	%	14.24	21.47	16.93	0.71	27.04	0.00	0.00
Environment-friendly Sales Compared to Total Sales***	KRW million	127,989.00	339,035.34	805,559.51	227,720.83	153,141.77	420,892.71	3,804.20
Environment-friendly Sales Compared to Total Sales	%	1.20	3.51	9.36	3.88	10.91	49.31	0.78
Environmental Investment Expense****	KRW million	4,989.10	11,167.77	7,874.95	995.30	5,504.72	1,374.93	-
No. of Environment-friendly Vehicles in Possession	EA	6,674	13,703	16,039	34	15,913	7	85
Electric Vehicles	EA	6,429	13,473	15,862	33	15,737	7	85
Hydrogen Vehicles	EA	106	111	117	-	117	-	-
PHEV	EA	139	119	60	1	59	-	-
No. of Environment-friendly Certifications*****	Case	3	3	5	5	-	-	-
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.)

\*\*2021(%) data was corrected due to the errors in notation.

\*\*\*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)

SpeedMate (ECO parts business)

SK rent-a-car (Sales of eco-friendly products/services)

SK magic (Sales of eco-friendly product groups (Green Collection) after the opening of the new system (after July 2022) (sales of previous individual items cannot be managed and calculated; sales of energy efficiency grade 1 products will be included from 2023)

SK networks service (Resource Circulation Center, solar power business, EV charging business sales)

\*\*\*\*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.)

# ESG Data - Social

- Scope of social data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting social data : December 31 of the respective year

## Employee Status

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Total No. of Employees*	Person	4,249	4,306	4,115	1,668	653	1,094	700
By Gender								
Male	Person(%)	2,780(65.4)	2,763(64.2)	2,638(64.1)	1,043(62.5)	498(76.3)	447(40.9)	650(92.9)
Female	Person(%)	1,469(34.6)	1,543(35.8)	1,477(35.9)	625(37.5)	155(23.7)	647(59.1)	50(7.1)
By Age								
Under 30 Years of Age	Person(%)	381(9)	428(9.9)	504(12.2)	398(23.9)	29(4.4)	47(4.3)	30(4.3)
30-50 Years of Age	Person(%)	3,224(75.9)	3,116(72.4)	2,974(72.3)	1,041(62.4)	576(88.2)	802(73.3)	555(79.3)
Over 50 Years of Age	Person(%)	644(15.1)	762(17.7)	637(15.5)	229(13.7)	48(7.4)	245(22.4)	115(16.4)
By Contract Type								
Regular	Person(%)	3,671(86.4)	3,601(83.6)	3,409(82.9)	1,249(74.9)	606(92.8)	871(79.6)	683(97.6)
Non-regular	Person(%)	578(13.6)	705(16.4)	706(17.1)	419(25.1)	47(7.2)	223(20.4)	17(2.4)
Part-time Workers	Person	7	6	114	109	5	-	-
Contract (independent) workers	Person	571	699	592	310	42	223	17
Total No. of Management Positions**	Person(%)	418(9.8)	423(9.8)	353(8.6)	149(8.9)	84(12.9)	66(6)	54(7.7)
Male in Management Positions	Person(%)	371(88.8)	373(88.2)	306(86.7)	126(84.6)	79(94)	47(71.2)	54(100)
Male in Top Management Positions	Person(%)	46(90.2)	49(90.7)	37(86)	14(77.8)	13(92.9)	7(87.5)	3(100)
Male in Middle Management Positions	Person(%)	248(94.7)	247(93.6)	211(93.8)	55(90.2)	66(94.3)	39(90.7)	51(100)
Male in Junior Management Positions	Person(%)	77(73.3)	77(73.3)	58(68.2)	57(81.4)	0(0)	1(6.7)	0(0)
Female in Management Positions	Person(%)	47(11.2)	50(11.8)	47(13.3)	23(15.4)	5(6)	19(28.8)	0(0)
Female in Top Management Positions	Person(%)	5(9.8)	5(9.3)	6(14)	4(22.2)	1(7.1)	1(12.5)	0(0)
Female in Middle Management Positions	Person(%)	14(5.3)	17(6.4)	14(6.2)	6(9.8)	4(5.7)	4(9.3)	0(0)
Female in Junior Management Positions	Person(%)	28(26.7)	28(26.7)	27(31.8)	13(18.6)	0(0)	14(93.3)	0(0)
Total No. of Non-management Positions	Person(%)	3,831(90.2)	3,883(90.2)	3,762(91.4)	1,519(91.1)	569(87.1)	1028(94)	646(92.3)
Male in Non-management Positions***	Person(%)	2,409(62.9)	2,390(61.6)	2,332(62)	917(60.4)	419(73.6)	400(38.9)	596(92.3)
Female in Non-management Positions***	Person(%)	1,422(37.1)	1,493(38.4)	1,430(38)	602(39.6)	150(26.4)	628(61.1)	50(7.7)
Total number of C-Level executives****	Person(%)	15(0.4)	16(0.4)	16(0.4)	4(0.2)	5(0.8)	4(0.4)	3(0.4)
Male	Person(%)	13(93.3)	15(93.8)	15(93.8)	3(75)	5(100)	4(100)	3(100)
Female	Person(%)	1(6.7)	1(6.3)	1(6.3)	1(25)	0(0)	0(0)	0(0)
Total No. of Employees in Sales-generating Departments	Person(%)	3,033(71.4)	3,016(70)	2,972(72.2)	1,270(76.1)	421(64.5)	644(58.9)	637(91)
Male	Person(%)	1,980(65.3)	1,923(63.8)	1,902(64)	784(61.7)	344(81.7)	170(26.4)	604(94.8)
Female	Person(%)	1,053(34.7)	1,093(36.2)	1,070(36)	486(38.3)	77(18.3)	474(73.6)	33(5.2)
Total No. of Management Positions in Sales-generating Departments	Person(%)	222(5.2)	230(5.3)	204(5)	93(5.6)	47(7.2)	24(2.2)	40(5.7)
Male	Person(%)	191(86)	198(86.1)	174(85.3)	78(83.9)	46(97.9)	10(41.7)	40(100)
Female	Person(%)	31(14)	32(13.9)	30(14.7)	15(16.1)	1(2.1)	14(58.3)	0(0)
No. of Employees in STEM*****	Person(%)	1,035(24.4)	1,022(23.7)	955(23.2)	207(12.4)	48(7.4)	114(10.4)	586(83.7)
Male	Person(%)	879(84.9)	861(84.2)	807(84.5)	123(59.4)	31(64.6)	90(78.9)	563(96.1)
Female	Person(%)	156(15.1)	161(15.8)	148(15.5)	84(40.6)	17(35.4)	24(21.1)	23(3.9)

\*Data disclosed in the 2022 annual report (not including registered executives and employees dispatched to overseas corporations, but including non-regular workers (part-time, contract, etc.).

\*\*Due to the changes in the criteria for classifying management positions, the data is partially different from report data of the previous year.

Person in management position - Top : Executive level (including its executives, excluding management (C-Level (CEO, COO, CFO, etc.) and independent/other non-executive directors, auditors, etc.) - Middle : Position holders (team leader, PL, etc.)

- Junior : Associate position holders (part leaders, center leaders, hotel manager, etc.)

\*\*\*2022(%) data was corrected due to the errors in notation.

\*\*\*\*Disclosure items were changed from BOD members to management from 2023

\*\*\*\*\*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.)

# ESG Data - Social

- Scope of Social data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting social data : December 31 of the respective year

## Employee Status

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Minority Employees	Person(%)	169(4)	178(4.1)	183(4.4)	82(4.9)	26(4)	43(3.9)	32(4.6)
Disabled*	Person(%)	117(2.8)	128(3)	135(3.4)	57(3.7)	19(3)	34(3.1)	25(3.6)
Male	Person	69	78	80	33	9	21	17
Female	Person	48	50	55	24	10	13	8
Patriots and Veterans	Person(%)	43(1)	42(1)	38(0.9)	15(0.9)	7(1.1)	9(0.8)	7(1)
Male	Person	38	37	35	14	6	8	7
Female	Person	5	5	3	1	1	1	-
Foreigners	Person(%)	8(0.2)	8(0.2)	10(0.2)	10(0.6)	0(0)	0(0)	0(0)
China	Person	4	5	5	5	-	-	-
Japan	Person	2	2	2	2	-	-	-
Canada	Person	2	-	1	1	-	-	-
Australia	Person	-	1	1	1	-	-	-
Russia	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	2	2	-	-	-
Other in Management Positions	Person	-	-	-	-	-	-	-
No. of Employees at Overseas Business Places	Person	664	748	611	397	-	214	-
Employees Dispatched Overseas	Person	20	13	11	9	-	2	-
Recruitment of Local Employees	Person	644	735	600	388	-	212	-
No. of Local Managers***	Person(%)	12(1.9)	14(1.9)	13(2.2)	0(0)	0(0)	13(6.1)	0(0)
No. of Employees in Major Countries								
China	Person	383	370	384	384	-	-	-
Middle East	Person	-	-	-	-	-	-	-
Malaysia	Person	253	356	212	-	-	212	-
Vietnam	Person	2	-	-	-	-	-	-
Indonesia	Person	3	1	-	-	-	-	-
Australia	Person	3	3	3	3	-	-	-
Germany	Person	4	1	-	-	-	-	-
Taiwan	Person	4	4	-	-	-	-	-
Brazil	Person	-	-	-	-	-	-	-
U.S.	Person	4	5	4	4	-	-	-
Japan	Person	3	3	4	4	-	-	-
Hong Kong	Person	5	5	2	2	-	-	-

\*Data submitted to the Korea Employment Agency for Persons with Disabilities (double the severely disabled persons and based on the number of full-time workers) at the end of every year

2021 (%) data was corrected due to the errors in notation.

\*\*Foreign nationals

\*\*\*2021~2022 (%) data were corrected due to the errors in notation.

## ESG Data - Social

- Scope of Social data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting social data : December 31 of the respective year

### Employee Recruitment\*

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Newly Recruited Employees	Person(%)	426(10)	553(12.8)	858(20.9)	626(37.5)	38(5.8)	176(16.1)	18(2.6)
By Gender	Male	200(46.9)	270(48.8)	410(47.8)	303(48.4)	27(71.1)	65(36.9)	15(83.3)
	Female	226(53.1)	283(51.2)	448(52.2)	323(51.6)	11(28.9)	111(63.1)	3(16.7)
By Age	Under 30 Years of Age	85(20)	239(43.2)	502(58.5)	478(76.4)	3(7.9)	14(8)	7(38.9)
	30-50 Years of Age	261(61.3)	269(48.6)	279(32.5)	104(16.6)	33(86.8)	136(77.3)	6(33.3)
	Over 50 Years of Age	80(18.8)	45(8.1)	77(9)	44(7)	2(5.3)	26(14.8)	5(27.8)
By Type	New	294(69)	439(79.4)	734(85.5)	592(94.6)	3(7.9)	137(77.8)	2(11.1)
	Experienced	132(31)	102(18.4)	124(14.5)	34(5.4)	35(92.1)	39(22.2)	16(88.9)
	No. of Young Interns	0(0)	12(2.2)	0(0)	0(0)	0(0)	0(0)	0(0)
	Transition of Young Interns to Regular Employees	0(0)	6(50)	0(0)	0(0)	0(0)	0(0)	0(0)
By Contract Type	Regular	247(58)	156(28.2)	39(4.5)	9(1.4)	2(5.3)	21(11.9)	7(38.9)
	Non-regular	179(42)	397(71.8)	819(95.5)	617(98.6)	36(94.7)	155(88.1)	11(61.1)
Open Positions filled by Internal Candidates								
	No. of Persons Moved to Internal Departments	819(65.8)	1,120(66.9)	349(28.9)	144(18.7)	41(51.9)	70(28.5)	94(83.9)
	Total No. of Open Positions	1,245	1,673	1,207	770	79	246	112

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

### Employee Turnover and Retirement

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Turnover and Retired Employees*	Person(%)	581(13.7)	533(12.4)	1,013(24.6)	581(34.8)	33(5.1)	375(34.3)	24(2.7)
By Gender	Male	317(54.6)	295(55.3)	516(50.9)	292(50.3)	23(69.7)	178(47.5)	23(100)
	Female	264(45.4)	238(44.7)	497(49.1)	289(49.7)	10(30.3)	197(52.5)	1(0)
By Age	Under 30 Years of Age	190(32.7)	145(27.2)	358(35.3)	333(57.3)	4(12.1)	16(4.3)	5(15.8)
	30-50 Years of Age	265(45.6)	299(56.1)	443(43.7)	159(27.4)	27(81.8)	242(64.5)	15(68.4)
	Over 50 Years of Age	126(21.7)	89(16.7)	212(20.9)	89(15.3)	2(6.1)	117(31.2)	4(15.8)
By Position	Management Position	29(5)	20(3.8)	34(3.4)	17(2.9)	0(0)	16(4.3)	1(5.3)
	Non-management Position	552(95)	513(96.2)	979(96.6)	564(97.1)	33(100)	359(95.7)	23(94.7)
Voluntary Turnover and Retirement**	Person(%)	466(11)	465(10.8)	884(21.5)	499(29.9)	21(3.2)	342(31.3)	22(3.1)
By Gender	Male	246(52.8)	252(54.2)	446(50.5)	245(49.1)	13(61.9)	167(48.8)	21(95.5)
	Female	220(47.2)	213(45.8)	438(49.5)	254(50.9)	8(38.1)	175(51.2)	1(4.5)
By Age	Under 30 Years of Age	175(37.6)	139(29.9)	351(39.7)	332(66.5)	4(19)	10(2.9)	5(22.7)
	30-50 Years of Age	204(43.8)	259(55.7)	374(42.3)	120(24)	16(76.2)	223(65.2)	15(68.2)
	Over 50 Years of Age	87(18.7)	67(14.4)	159(18)	47(9.4)	1(4.8)	109(31.9)	2(9.1)
Average Retention Period	Year	9.7	9.7	10.2	12.1	10.0	6.3	12.0
	Male	10.9	11.3	11.7	13.5	10.5	8.3	12.2
	Female	7.2	7.0	7.5	9.9	8.4	4.9	9.9

\*Including the No. of employees whose contracts expired due to seasonal hiring of temporary workers due to the nature of Walkerhill Hotel industry included.

\*\*No. of turnover and retired employees, excluding regular retirement, recommended resignation, and death from industrial accidents 2022 (%) data were corrected due to the errors in notation.

## Employee Remuneration

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
<b>Gender Pay Gap for Executives Positions (C-level)*</b>								
Fixed Pay	%	75.6	70.8	57.5	48.6	-	-	-
Fixed Pay+Variable Pay	%	92.1	74.7	64.7	55.5	-	-	-
<b>Gender Pay Gap for Management Positions**</b>								
Fixed Pay	%	74.7	79.6	102.1	94.5	96.5	102.8	-
Fixed Pay+Variable Pay	%	72.7	78.8	88.7	91.2	87.9	90.4	-
<b>Gender Pay Gap for Non-management Positions***</b>								
Fixed Pay	%	69.6	72.1	67.1	73.3	85.3	51.6	82.8
Fixed Pay+Variable Pay	%	69.9	69.9	66.2	73.1	80.5	52.2	84.7
<b>Average Hourly Wages</b>	KRW	18,412	20,401	19,298	21,473	19,150	16,837	18,098

\*Ratio of remuneration for females to remuneration for males in Executives position(C-Level (CEO, COO, CFO, etc.), excluding independent/other non-executive directors)

\*\*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

## Performance Evaluation

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
<b>No. of Employees Subject to Performance Evaluation*</b>	Person(%)	4,100(96.5)	3,925(91.2)	3,645(88.6)	1,313(78.7)	631(96.6)	1,011(92.4)	690(98.6)

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

## Employee Education

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
<b>Total No. of Participating Employees</b>	Person(%)	4,249(100)	4,306(100)	4,002(98.3)	1,555(93.2)	653(100)	1,094(100)	700(100)
<b>Total Hours of Education*</b>	Hour	260,950	102,688	157,751	28,368	53,568	24,660	51,155
By Gender	Male			115,445	17,977	40,853	12,872	43,743
	Female			36,846	8,794	12,715	11,768	3,569
By Position	Top Management Positions			1,742	389	1,230	111	12
	Middle Management Positions			13,008	3,131	5,742	2,942	1,193
	Junior Management Positions			1,370	1,318	-	52	-
	Non-management Positions			137,768	23,530	46,596	21,535	46,107
<b>Hours of Education per Person</b>	Hour	61.4	23.8	39.4	18.2	82.0	22.5	73.1
<b>Total Educational Expense*</b>	KRW million	6,892	5,854	5,160	3,842	772	444	103
By Gender	Male			3,376	2,585	598	184	8
	Female			1,685	1,252	174	259	-
By Position	Top Management Positions			262	231	26	4	0
	Middle Management Positions			561	416	119	19	7
	Junior Management Positions			122	111	-	11	-
	Non-management Positions			4,117	3,080	627	410	-
<b>Total Educational Expense per Person</b>	KRW	1,621,973	1,359,593	1,289,439	2,470,846	1,182,037	405,576	146,571

\*Performance including persons retired during the year (differences occur when combining data by gender/position as retiree information cannot be distinguished in the entire system), details that cannot be distinguished in detail are distributed according to the gender ratio of training participants

## ESG Data - Social

- Scope of social data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting social data : December 31 of the respective year

### Collective Agreement

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Labor Union Members*	Person(%)	2,353(72.7)	2,316(73.8)	1,959(64.9)	707(70.2)	194(38)	700(76.7)	358(60.8)

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

### Employee Satisfaction/Engagement

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Employee Satisfaction/Engagement*	Points	5.3	5.2	Report by each company	70.5	73.4	N/A	59.9
By Gender								
Male	Points	N/A	5.2	Report by each company	70.8	73.7	N/A	60.2
Female	Points	N/A	5.1	Report by each company	69.7	71.9	N/A	55.2
By Age								
In their 20s	Points	N/A	5.1	Report by each company	64.0	64.7	N/A	58.3
In their 30s	Points	N/A	5.0	Report by each company	67.3	72.9	N/A	54.9
In their 40s	Points	N/A	5.2	Report by each company	70.9	73.1	N/A	60.0
In their 50s	Points	N/A	5.3	Report by each company	76.5	87.9	N/A	62.8

\*Criteria for data collection changed from 2023 (due to the discontinuation of the Happiness Survey, the satisfaction/engagement-related items in the Culture Survey questionnaire was calculated based on a 100-point scale)

Data in the total column for 2021-2022 is based on the SK networks (head office) Happiness Survey scores on a 7-point scale

### Work-Life Balance

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Number of employees participating in the flexible working hours system	Person(%)	3,084(72.6)	2,663(61.8)	2,711(67)	1,411(84.6)	206(31.5)	1,094(100)	0(0)

## ESG Data - Social

- Scope of Social data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting social data : December 31 of the respective year

### Parental Leave

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Employees Using Parental Leave	Person	76	94	93	54	17	22	-
Male	Person(%)	34(44.7)	37(39.4)	46(49.5)	26(48.1)	14(82.4)	6(27.3)	0(0)
Female	Person(%)	42(55.3)	57(60.6)	47(50.5)	28(51.9)	3(17.6)	16(72.7)	0(0)
No. of Employees Who Worked for 12 Months or Longer After Returning from Parental Leave*	Person(%)	71(95.9)	61(87.1)	45(55.6)	15(31.3)	5(100)	15(83.3)	10(100)
Male	Person(%)	26(96.3)	24(85.7)	22(57.9)	7(31.8)	3(100)	3(75)	9(100)
Female	Person(%)	45(95.7)	37(88.1)	23(53.5)	8(30.8)	2(100)	12(85.7)	1(100)

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

### Supply Chain Management

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
No. of Supply Chains	EA	2,226	2,196	2,313	559	1,369	288	97
No. of Tier-1 Suppliers	EA(%)	1,381(62)	1,277(58.2)	1,234(53.4)	559(100)	290(21.2)	288(100)	97(100)
No. of Significant Suppliers in Tier-1*	EA(%)	346(15.5)	299(13.6)	296(12.8)	174(31.1)	74(5.4)	43(14.9)	5(5.2)
Total Purchase Costs	KRW million	2,150,877	2,357,272	2,002,376	176,448	1,249,232	232,831	343,864
Percentage of Total Spend on Significant Suppliers in Tier-1	%	90.6	90.4	91.0	95.0	97.3	70.2	80.0
No. of Suppliers Evaluating ESG Risk Assessments**	EA	50	49	76	57	19	N/A	N/A
Number of Suppliers with High ESG Risk	EA(%)	Initially reported data in 2023		41(53.9)	28(49.1)	13(68.4)	0(0)	0(0)
Number of Suppliers Supported for Risk Improvement	EA	N/A	20	60	60	-	-	-
Number of Suppliers Implementing Improvement Measures	EA	N/A	12	24	24	-	-	-
Number of Suppliers whose Contracts were Terminated due to High ESG Risk	EA	Initially reported data in 2023		-	-	-	-	-
Number of Suppliers Supported with Strengthening Competency Programs	EA	Initially reported data in 2023		39	32	7	-	-
Number of Major Suppliers	EA(%)	Initially reported data in 2023		13(0.6)	9(1.6)	4(0.3)	0(0)	0(0)
Number of Suppliers participating in ESG-related Training***	EA(%)	225(10.1)	920(41.9)	218(9.4)	15(2.7)	5(0.4)	198(68.8)	0(0)
Number of Suppliers participating in Ethics/Anti-corruption Training	EA(%)	0(0)	Partially	14	10	4	-	-
Operation of Complaint Reporting Channel for Suppliers	Operation (Y/N/Some)	Partially	Partially	Report by each Company	Y	Y	Y	N
Number of Complaints Received	Case	-	2	273	271	2	-	-
Number of Complaints Processed	Case(%)	0(0)	2(100)	264(96.7)	262(96.7)	2(100)	0(0)	0(0)

\*Classified as significant suppliers in Tier-1 based on the internal criteria of each company (certain purchase amount or above, etc.)

Changes in data ratio calculation criteria from 2023 led to changes in 2021-2022 data (%)

\*\*Seven overlapping suppliers of SK networks and SK rent-a-car included

\*\*\*Selection criteria for suppliers participating in SK rent-a-car training changed from 2023

## ESG Data - Social

- Scope of social data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting social data : December 31 of the respective year

### Social Contribution\*

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
Social Contribution Donation	KRW million	1,347.0	501.8	1,166.3	514.3	275.0	348.1	29.0
Donation in Cash	KRW million	1,259.7	429.5	1,090.6	442.9	274.1	344.6	29.0
Donation in Kind	KRW million	86.9	71.3	75.0	70.7	0.9	3.5	-
Business Expense	KRW million	0.4	1.0	0.6	0.6	-	-	-
Social Contribution Donation Category	-	-	-	-	-	-	-	-
Amount of Charitable Donation	KRW million	1,133.6	488.1	1,163.9	513.6	275.0	346.3	29.0
Amount of Social Investment	KRW million	210.7	9.4	-	-	-	-	-
Amount of Commercial Investment	KRW million	2.4	3.2	1.7	-	-	1.7	-
Hours of Volunteer Activities by Employees	Hour	7,329	7,222	6,697	6,010	687	N/A	N/A
Hours of Volunteer Activities per Person	Hour	14.6	16.3	10.8	18.1	2.3	N/A	N/A
Target Hours of Volunteer Activities per Person	Hour	20	20	Report by each Company	20	N/A	N/A	N/A
Number of Participating Employees	Person(%)	445(88.6)	404(91.2)	620(15.1)	324(83.3)	296(45.3)	0(0)	0(0)

\*The data in the total column for 2021-2022 is based on SK networks (head office), and the total of SK networks (head office) + major subsidiaries were disclosed from 2023.

### Customer Satisfaction

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks*	SK rent-a-car	SK magic	SK networks service
Customer Satisfaction	Qualitative	SM(in-house) : 91.7/100 WH(in-house) : 4.3/5	SM(in-house) : 91.7/100 WH(in-house) : 4.3/5	Report by each Company	SM(in-house) : 91.7/100 WH(in-house) : 4.3/5	in-house : 94.8/100	NCSI : 2nd(77.8/100) KCSI : 4th(86.2/100) KNPS : 3rd(72.3/100) KS-SQI : 3rd(76.9/100)	In-house : 100.3/103.3
No. of Customer Complaints Received	Case	376	369		230	146	91,202	N/A
Ratio of Complaints Handled	%	100.0	100.0		100.0	100.0	97.4	-
Ratio of Customers Using Online Services and Products	%	7.7	5.2		15.5	89.0	6.0	2.2
Ratio of Sales from Selling Online Services and Products	%	0.9	1.1		10.0	9.0	20.7	0.2

\*Based on B2C (car maintenance of SpeedMate(SM), hotel business \*Walkerhill (WH)) of SK networks



## ESG Data - Social

- Scope of Social data collected : Separate standards for SK networks, SK rent-a-car, SK magic, SK networks service, and all business sites in Korea
- Reference date of collecting social data : December 31 of the respective year

### Occupational Health and Safety

Name of Items	Unit	2021	2022	2023				
		Total	Total	Total	SK networks	SK rent-a-car	SK magic	SK networks service
<b>Total Working Hours</b>								
Employees	Hour	8,837,920	8,956,480	8,559,200	3,469,440	1,358,240	2,275,520	1,456,000
Employees of Suppliers(Contractors and Subcontractors)	Hour	2,774,720	3,569,280	3,427,840	1,466,400	1,052,480	908,960	-
<b>No. of Victims</b>								
Employees	Person	1	1	1	1	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Person	4	2	10	8	-	2	-
<b>Lost Time Injury(LTI)*</b>								
Employees	Case	1	1	-	-	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case	4	2	6	5	-	1	-
<b>Lost Time Injury Rate(LTIR)</b>								
Employees	Case/0.2 million hours	0.0226	0.0223	-	-	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	0.2883	0.1121	0.3501	0.6819	-	0.2200	-
<b>Lost Time Injury Frequency Rate(LTIFR)</b>								
Employees	Case/1 million hours	0.1131	0.1117	-	-	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case/1 million hours	1.4416	0.5603	1.7504	3.4097	-	1.1002	-
<b>Industrial Accident Rate**</b>								
Employees	%	0.0235	0.0232	0.0243	0.0600	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	%	0.2999	0.1166	0.6068	1.1348	-	0.4577	-
<b>No. of Occupational Illnesses</b>								
Employees	Case	-	-	1	1	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case	-	1	4	3	-	1	-
<b>Occupational Illness Frequency Rate(OFIR)</b>								
Employees	Case/0.2 million hours	-	-	0.0234	0.0576	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	-	0.0560	0.2334	0.4092	-	0.2200	-
<b>Total Recorded Incident Rate(TRIR)***</b>								
Employees	Case/0.2 million hours	0.0226	0.0223	0.0234	0.0576	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	0.2883	0.1681	0.5835	1.0911	-	0.4401	-
<b>No. of Occupational Fatalities</b>								
Employees	Person	-	-	-	-	-	-	-
Employees of Suppliers(Contractors and Subcontractors)	Person	-	-	-	-	-	-	-
<b>Fatality Rate</b>								
Employees	%	0	0	0	0	0	0	0
Employees of Suppliers(Contractors and Subcontractors)	%	0	0	0	0	0	0	0
<b>No. of Evaluating Risk Assessments</b>	Time	2	15	121	19	2	1	99
<b>Safety Preventive Management of Suppliers</b>	Implementation (Y/N/Partially)	Partially	Y	Report by each Company	Y	Y	Y	Y

\*Number of industrial accidents reported to the Korea Workers' Compensation and Welfare Service in accordance with the Industrial Safety and Health Act

\*\*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

# 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

Name of Items	Unit	2021	2022	2023
Total No. of Directors	Person	8	8	8
No. of Executive Directors	Person(%)	2(25)	2(25)	2(25)
No. of Independent Directors	Person(%)	5(62.5)	5(62.5)	5(62.5)
No. of Non-executive Directors	Person(%)	1(12.5)	1(12.5)	1(12.5)
Limit on Other Mandates of Independent Directors*	Y/N	Y	Y	Y
No. of Female Directors	Person(%)	1(12.5)	1(12.5)	1(12.5)
Directors with Industry Experiences**	Person(%)	1(12.5)	3(37.5)	3(37.5)
Risk Experts***	Person(%)	1(12.5)	1(12.5)	1(12.5)
Accounting/Financial Experts****	Person(%)	2(25)	2(25)	2(25)
ESG Experts*****	Person(%)	1(12.5)	5(62.5)	6(75)

\*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\*

Name of Items	Unit	2021	2022	2023
CEO Remuneration	KRW million	1,647	1,130	850
CEO-to-Employee Pay Ratio	%	3,332.6	2,316.3	1,629.3
Ratio of Shares to CEO Remuneration	%	663.6	56.3	14.0
Ratio of Shares to Remuneration for Directors Excluding CEO	%	13.8	850.2	993.9
Ratio of National Pension Shares	%	6.6	5.3	6.7

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

## Audit Committee

Name of Items	Unit	2021	2022	2023
No. of Independent Directors	Person(%)	3(100)	3(100)	3(100)
Directors with Industry Experiences	Person(%)	0(0)	0(0)	0(0)
Accounting/Financial Expertise of Chairman	Y/N	N	N	Y
No. of Directors with Accounting/Financial Expertise	Person(%)	2(67)	2(67)	2(67)
No. of Committee Meetings Held	Case	17	18	20
Participation Rate of Independent Directors	%	100.0	100.0	100.0

## Personnel Committee\*

Name of Items	Unit	2021	2022	2023
No. of Independent Directors	Person(%)	3(60)	3(60)	3(75)
Participation of CEO**	Y/N	Y	Y	N
No. of Committee Meetings Held	Case	1	4	8
Participation Rate of Independent Directors	%	100.0	100.0	96.0

\*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

Name of Items	Unit	2021	2022	2023
No. of Independent Directors	Person(%)	5(83.3)	5(62.5)	6(75)
ESG Experts*	Person(%)	1(12.5)	5(62.5)	6(75)
No. of Committee Meetings Held	Case	6	6	8
Participation Rate of Independent Directors	%	94.0	97.0	93.8

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

# ESG Data - Governance

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

## Ethical Management

Name of Items	Unit	2021	2022	2023
<b>No. of Ethical Management Report and Counseling Cases*</b>	Case	68	86	110
Employees	Case	24	22	58
Business Partners	Case	9	21	7
Customers	Case	27	32	33
Others	Case	8	11	12
<b>No. of Disciplinary Actions Against Ethical Management Violations</b>	Case	68	10	12
Corruption or Bribery	Case	7	4	5
Discrimination or Harassment	Case	12	5	4
Violations of Customer Data Protection	Case	4	1	0
Conflict of Interest	Case	0	0	3
Money Laundering or Insider Trading	Case	45	0	0
<b>No. of Cases Handled</b>	Case	68	86	110
Investigations and Audits	Case	56	55	62
Transfer to Relevant Departments	Case	0	24	31
Others	Case	12	7	17
<b>No. of Code of Conduct Violations</b>	Case	5	10	12
Dismissal from Office	Case	2	1	0
Suspension of Work	Case	1	3	1
Pay Cut	Case	0	3	1
Reprimand	Case	0	1	9
Others	Case	2	2	1

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

## Laws/Regulations

Name of Items	Unit	2021	2022	2023
<b>Violation of Anti-corruption/Fair Trade Laws</b>				
No. of Violations of Anti-corruption Regulations	Case	0	0	0
No. of Antitrust and Anti-competition Activities*	Case	0	0	1
Fine and Settlement Money for Antitrust and Anti competition Activities	KRW 100 million	0	0	3
No. of Violations of Subcontract-related Laws	Case	0	0	0
<b>Violation of Laws Related to Information Protection</b>				
No. of Information Leakage Cases	Case	0	0	0
No. of Corporate Data and Information Leakage Cases	Case	0	0	0
No. of Customer Information Leakage Cases**	Case	1	0	0
No. of Complaints Related to Information Protection	Case	0	0	0
Amount of Fines for Violating Laws Related to Information Leakage	KRW million	0	0	0
<b>Violation of Other Laws***</b>				
No. of Violations of Laws Related to Labor Law Violation	Case	0	0	0
Fine and Penalty	KRW million	0	0	0
No. of Violations of Environment-related Laws	Case	0	0	0
Fine and Penalty	KRW million	0	0	0
No. of Violations of Laws Related to Product and Service Safety	Case	0	0	0
Fine and Penalty	KRW million	0	0	0

\*SK networks 1 case

\*\*SK magic 1 case

\*\*\*Based on SK networks

# GRI Standards 2021

GRI Standards	Disclosure	Indicators	Page
<b>General disclosures</b>			
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	2-2	Entities included in the organization's sustainability reporting	2, 6
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	2
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	2-6	Activities, value chain and other business relationships	9-13
	2-7	Employees	114-115
	2-8	Workers who are not employees	114
GRI 2 : General Disclosures 2021	2-9	Governance structure and composition	63-67
	2-10	Nomination and selection of the highest governance body	63-65, 67
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	2-12	Role of the highest governance body in overseeing the management of impacts	30, 67-68
	2-13	Delegation of responsibility for managing impacts	29-31, 52, 57, 67
	2-14	Role of the highest governance body in sustainability reporting	67
	2-15	Conflicts of interest	Governance Report, 63-65

GRI Standards	Disclosure	Indicators	Page
<b>General disclosures</b>			
	2-16	Communication of critical concerns	20-21, 30-31, 67
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	2-18	Evaluation of the performance of the highest decision-making body	69-70
	2-19	Remuneration policies	69-70
	2-20	Process to determine remuneration	69-70
	2-21	Annual total compensation ratio	69-70, 122
	2-22	Statement on sustainable development strategy	5
GRI : General Disclosures 2021	2-23	Policy commitments	73, 82, 88, 91, 101
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	2-25	Processes to remediate negative impacts	84, 89, 102
	2-26	Mechanisms for seeking responsible business implementation	66, 105-107, 122
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	2-29	Approach to stakeholder engagement and communication	20-21
	2-30	Collective bargaining agreements	88

# GRI Standards 2021

GRI Standards	Disclosure	Indicators	Page
<b>Material Topics</b>			
GRI 3 : Material Topics 2021	3-1	Process to Determine Material Issues	22-24
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<b>Material Issue 1 - Response to Climate Change</b>			
GRI 3 : Material Topics 2021	3-3	Management of Material Issues	27, 28
	302-1	Energy consumption within the organization	111
Energy GRI 302 : Energy 2016	302-2	Energy consumption outside the organization	111
	302-3	Energy intensity	111
Emissions GRI 305 : Emissions 2016	302-4	Reduction of energy consumption	40
	305-1	Direct (Scope 1) GHG emissions	110
	305-2	Energy indirect (Scope 2) GHG emissions	110
	305-3	Other indirect (Scope 3) GHG emissions	110
	305-4	GHG emissions intensity	110
	305-5	Reduction of GHG emissions	40
	305-6	Ozone-depleting substances (ODS)* emissions	N/A
Emissions GRI 305 : Emissions 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	113
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	113
<b>Material Issue 2 - Waste Management and Resource Circulation</b>			
Waste GRI 306 : Waste 2020	306-1	Waste generation and significant waste related impacts	25, 27, 42
	306-2	Management of significant waste-related impacts	42-49
	306-3	Waste generated	112
	306-4	Waste diverted from disposal	112
	306-5	Waste directed to disposal	43-48, 112

\*Due to the nature of the industry, no ozone-depleting emissions or environmental impacts occurred.

GRI Standards	Disclosure	Indicators	Page
<b>Material Topics</b>			
<b>Material Issue 3 - Cultivation and Management of Human Resources</b>			
GRI 3 : Material Topics 2021	3-3	Management of Material Issues	27, 50
	401-1	New employee hires and employee turnover	116
GRI 416 : Customer Health and Safety 2016	401-2	Welfare benefits provided only to regular employees, not to temporary or part-time workers	55
	401-3	Parental leave	119
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	85, 117
	404-2	Programs for upgrading employee skills and transition assistance programs	51-53
	404-3	Percentage of employees receiving regular performance and career development reviews	117
<b>Material Issue 4 - Customer-centered Management</b>			
GRI 3 : Material Topics 2021	3-3	Management of Material Issues	27, 56
GRI 416 : Customer Health and Safety 2016	416-1	Health and safety impact assessment of product and service groups	57-59
	416-2	Cases of noncompliance with laws and regulations on health and safety impacts of products and services	123
GRI 417 : Marketing and Labeling 2016	417-2	Cases of noncompliance with laws and regulations on information and labeling of products and services	123
	417-3	Cases of noncompliance with laws and regulations on marketing communications	123
<b>Material Issue 5 - Transparency in Governance</b>			
GRI 3 : Material Topics 2021	3-3	Management of Material Issues	27, 62
NON-GRI		No related topic standards	

# GRI Standards 2021

GRI Standards	Disclosure	Indicators	Page
<b>GRI 200(Economic)</b>			
<b>Economic Performance</b>			
GRI 201 : Economic performance 2016	201-1	Direct economic value generated and distributed	109
	201-2	Financial implications and other risks and opportunities due to climate change	28, 32-37
<b>Participating in market</b>			
GRI 20 : Market Presence 2016	202-2	Percentage of senior executives employed in the local community compared to a percentage of total employed	115
<b>Indirect economic impacts</b>			
GRI 203 : Indirect Economic Impacts 2016	203-1	Infrastructure investments and activities supporting service	16-18, 96-99
	203-2	Significant indirect economic ripple effect and impacts	16-18
<b>Anti-corruption</b>			
GRI 205 : Anti-corruption 2016	205-1	Risk assessment of corporate corruption	102
	205-2	Communication and training about anti-corruption policies and procedures	102, 104
	205-3	Confirmed incidents of corruption and actions taken	123
<b>Anti-competitive practice</b>			
GRI 206 : Anti competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	Business Report, 123
<b>Tax</b>			
GRI 207 : Tax 2019	207-1	Approach to tax	107
	207-2	Tax governance, control, and risk management	

GRI Standards	Disclosure	Indicators	Page
<b>GRI 300(Environmental)</b>			
<b>Water and Effluents</b>			
GRI 303 : Water and Effluents 2018	303-3	Water withdrawal	112
	303-5	Water consumption	
<b>Biodiversity</b>			
GRI 304 : Biodiversity 2016*	304-1	Business sites owned, leased, or managed in protected areas/surrounding areas	75
	304-2	Significant impacts of business activities, products, and services on biodiversity	
	304-3	Habitats protected or restored	N/A
	304-4	Number of IUCN threatened species and nationally conserved species (by level of extinction risk) whose habitats are in areas affected by the business site	
<b>Supplier Environmental Assessment</b>			
GRI 308 : Supplier Environmental assessment 2016	308-1	New suppliers who have passed environmental screening	119
	308-2	Negative environmental impacts in the supply chain and actions taken	119

\*There is no significant impact on the ecosystem of the protected area due to business operations

# GRI Standards 2021

GRI Standards	Disclosure	Indicators	Page
<b>GRI 400(Social)</b>			
<b>Labor relations</b>			
GRI 402 : LaborManagement Relations 2016	402-1	Minimum notice period for changes in management	55, 88
<b>Occupational health and safety</b>			
	403-1	Occupational health and safety management system	82
	403-2	Hazard identification, risk assessment, and incident investigation	83
	403-3	Occupational health services	85-86
	403-4	Worker participation, consultation and communication on occupational safety and health	84
GRI 403 : Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	85
	403-6	Promotion of worker health	85-86
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	82
	403-8	Workers subject to the industrial safety and health management system	121
	403-9	Work-related injuries	121
	403-10	Work-related ill health	121
<b>Diversity and Equal Opportunity</b>			
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	66, 114
	405-2	Ratio of basic salary and remuneration of women to men	117
<b>Non-discrimination</b>			
GRI 406 : Non- discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	123

GRI Standards	Disclosure	Indicators	Page
<b>GRI 400(Social)</b>			
<b>Freedom of Association and Collective Bargaining</b>			
GRI 407 : Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	118
<b>Child Labor</b>			
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at high risk for child labor	88
<b>Forced Labor</b>			
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at high risk for forced labor	88
<b>Rights of Indigenous</b>			
GRI 411 : Rights of Indigenous Peoples 2016	411-1	Incidents involving violations of rights of indigenous	97
<b>Local Communities</b>			
GRI 413 : Local Communities 2016	413-1	Programs for local community engagement, impact assessment and development	96-98
	413-2	Operations with significant actual and potential negative impacts on local communities	97
<b>Supply Chain Social Assessment</b>			
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers screened through social impact assessments	93, 119
	414-2	Significant negative social impacts in the supply chain and actions taken to address them	93, 119

# Group 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 first/second-tier subsidiaries to support stepwise improvement efforts.

Environmental			Social			Governance		
Indicators (12)*	Essential Disclosure Items(49)		Indicators (14)*	Essential Disclosure Items(34)		Indicators (9)*	Essential Disclosure Items(20)	
	Disclosure Management (31)	Evaluation Management(18)		Disclosure Management(20)	Evaluation Management (14)		Disclosure Management(9)	Evaluation Management(11)
<b>General Energy Consumption</b>	<ul style="list-style-type: none"> <li>Total energy consumption</li> <li>Consumption by direct energy source</li> <li>Consumption by indirect energy source</li> </ul>	<ul style="list-style-type: none"> <li>Total energy consumption(intensity)</li> </ul>	<b>Employee Status</b>	<ul style="list-style-type: none"> <li>Total no. of employees</li> <li>Employee ratios - Gender, age, regular/non-regular</li> <li>No. of newly recruited employees</li> <li>No. of disabled employees</li> <li>Ratio of female executives</li> <li>No. of female executives</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of disabled employees</li> </ul>	<b>Management Evaluation and Remuneration</b>	<ul style="list-style-type: none"> <li>Installation and operation of the Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>Management performance evaluation based on ESG and policies/goals/performances related to remuneration system</li> </ul>
<b>Renewable Energy Consumption</b>	<ul style="list-style-type: none"> <li>Total electric power consumption</li> <li>Total renewable energy consumption</li> <li>Consumption by renewable energy source</li> <li>RE consumption by procurement method</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of renewable energy</li> </ul>	<b>Employee Safety</b>	<ul style="list-style-type: none"> <li>LTIR by employee type                             <ul style="list-style-type: none"> <li>Internal employees and employees of suppliers (contractors and subcontractors)</li> </ul> </li> <li>Lost Time Injury (LTI)                             <ul style="list-style-type: none"> <li>Internal employees and employees of suppliers (contractors and subcontractors)</li> </ul> </li> <li>Fatality rate of employees</li> <li>No. of employee fatalities</li> </ul>	<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> <li>Lost Time Injury Rate (LTIR)</li> </ul>	<b>Identification of ESG Needs of Stakeholders</b>		<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>
<b>GHG Emissions</b>	<ul style="list-style-type: none"> <li>GHG target emissions</li> <li>GHG reduction performance</li> <li>Total GHG emissions</li> <li>Scope 1/2/3 emissions</li> </ul>	<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> <li>Total GHG emissions(intensity)</li> <li>GHG reduction target achieved(%)</li> </ul>	<b>Employee Health</b>	<ul style="list-style-type: none"> <li>Occupational Illness Frequency Rate (OIFR)</li> <li>No. of occupational illnesses in employees</li> </ul>	<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>	<b>ESG-based Business Portfolio Strategy and Process</b>		<ul style="list-style-type: none"> <li>New business/investment policies/goals/performances applying ESG standards</li> </ul>
<b>Climate Change Response (TCFD Disclosure)</b>		<ul style="list-style-type: none"> <li>Related policies/strategies/performance</li> </ul>	<b>Employee Human Rights</b>		<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>	<b>BOD Composition and Operation</b>	<ul style="list-style-type: none"> <li>Current status of BOD operation</li> <li>BOD remuneration policies</li> <li>Current status of BOD evaluation</li> <li>Installation and operation of the Independent Director Recommendation Committee</li> </ul>	<ul style="list-style-type: none"> <li>BOD diversity/expertise/independence policies/goals/performances</li> <li>Ratio of female directors</li> <li>ESG-related policies/goals/performances within BOD</li> </ul>
<b>Air Pollutant Emissions</b>	<ul style="list-style-type: none"> <li>NOx emissions</li> <li>SOx emissions</li> <li>Dust emissions</li> <li>VOC emissions</li> </ul>	<ul style="list-style-type: none"> <li>NOx intensity</li> <li>SOx intensity</li> <li>Dust intensity</li> <li>VOC intensity</li> </ul>	<b>Employee Competency Development</b>	<ul style="list-style-type: none"> <li>Hours of education (HRD)</li> </ul>	<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>	<b>Operation of Audit Committee</b>	<ul style="list-style-type: none"> <li>Installation and operation of the Audit Committee</li> </ul>	
<b>Waste Generated</b>	<ul style="list-style-type: none"> <li>Total waste generated</li> <li>Generation by waste type</li> </ul>	<ul style="list-style-type: none"> <li>Total waste generated(intensity)</li> </ul>	<b>Work-Life Balance</b>		<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>	<b>Enhancement of Shareholder Value</b>	<ul style="list-style-type: none"> <li>Policies to protect shareholder rights</li> <li>Policies to return to shareholders</li> </ul>	
<b>Waste Recycled</b>	<ul style="list-style-type: none"> <li>Total waste recycled</li> </ul>	<ul style="list-style-type: none"> <li>Waste recycling rate</li> </ul>	<b>Product/Service SV</b>		<ul style="list-style-type: none"> <li>Amount of product/service SV created</li> </ul>	<b>Anti-corruption Management</b>	<ul style="list-style-type: none"> <li>No. of violations of anti-corruption regulations</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption policies/goals/performances</li> <li>Anti-corruption education policies/goals/performances for employees</li> </ul>
<b>Water Consumption</b>	<ul style="list-style-type: none"> <li>Total water intake</li> <li>Water intake by intake source</li> <li>Water intake in water resource sensitive areas</li> </ul>	<ul style="list-style-type: none"> <li>Total water intake(intensity)</li> </ul>	<b>Product/Service Safety and Quality</b>	<ul style="list-style-type: none"> <li>No. of violations of laws related to product/service safety</li> </ul>	<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>	<b>Disclosure of ESG Information</b>		<ul style="list-style-type: none"> <li>Ratio of key indicator disclosures</li> <li>ESG management for first/second-tier subsidiaries</li> </ul>
<b>Water Recycled</b>	<ul style="list-style-type: none"> <li>Total water usage</li> <li>Total water recycled</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of water recycled</li> </ul>	<b>Corporate Data and Customer Information Protection</b>	<ul style="list-style-type: none"> <li>No. of corporate data and customer information leakage cases</li> </ul>	<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>	<b>Participation in Global Partnership</b>		<ul style="list-style-type: none"> <li>ESG global partnership policies/goals/performances</li> </ul>
<b>Water Pollutant Emissions</b>	<ul style="list-style-type: none"> <li>COD emissions</li> <li>BOD emissions</li> <li>T-N emissions</li> </ul>	<ul style="list-style-type: none"> <li>COD intensity</li> <li>BOD intensity</li> <li>T-N intensity</li> </ul>	<b>Support for Shared Growth of Suppliers</b>	<ul style="list-style-type: none"> <li>No. of suppliers conducting ESG risk assessments</li> <li>Ratio of suppliers implementing improvement measures</li> </ul>	<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>			
<b>Environmental Pollution Prevention</b>	<ul style="list-style-type: none"> <li>Environmental pollution management facilities</li> <li>Current status of monitoring systems</li> <li>Current status of environmental technologies and educational support</li> <li>Current status of violations of Korean and foreign environmental laws</li> <li>Current status of violations of environmental laws</li> </ul>		<b>Management of ESG Risks of Suppliers</b>		<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>			
<b>Clean Technology</b>		<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>	<b>Support for Local Communities</b>	<ul style="list-style-type: none"> <li>Ratio of employees participating in volunteer activities</li> </ul>	<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>			
			<b>Support for SE Ecosystem</b>		<ul style="list-style-type: none"> <li>Related policies/goals/performances</li> </ul>			
			<b>Fair Evaluation and Remuneration</b>	<ul style="list-style-type: none"> <li>Policies related to employee evaluation and remuneration</li> <li>Current status of performance evaluation and feedback processes</li> </ul>				

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.



# UN SDGs

SK networks supports the United Nations Sustainable Development Goals (UN SDGs) and is actively striving to contribute to the achievement of SDGs. In particular, we are implementing the SDGs goals through social value implementation activities, and through this, we aim to achieve sustainable development.

UN SDGs	Description	SK networks activities
 1.5	Support the resilience of vulnerable groups	• Implement donations and employee volunteer works
 5.5	Strengthen women's capabilities and fostering female leaders	• Operate a fair and reasonable personnel system
 7.2	Increase the proportion of new and renewable energy in the global energy mix	• Promote 2040 RE100/EV100
	7.3	Improve energy efficiency
 8.3	Create quality jobs and support growth of SMEs	• Support the growth of social enterprises and social ventures
 12.5	Implement efforts to reduce waste through recycling and reuse	• Implement ZWTL zero landfill • Implement PACT plastic zero
	12.6	Internalize corporate sustainability activities
 13.3	Raise awareness of climate change and secure capabilities to respond to it	• Seek the achievement of Net Zero 2040
 15.1	Ensure the sustainability of the inland ecosystem	• Expand social contribution for environmental protection such as companion beaches
	15.2	Promote sustainable forest management
 16.5	Reduce all forms of corruption	• Have a code of conduct and operate a compliance program

# SASB

SK networks is strictly complying with the industry-specific sustainability accounting standards of the U.S. Sustainability Accounting Standards Board (SASB) Index to strengthen sustainable management. Among the various business divisions, ICT Division of SK networks plays a particularly important role. Accordingly, SK networks specifically makes transparent and reliable reports according to the standards of the “Multiline and Specialty Retailers & Distributors” industry, where our ICT business applies.

## Multiline and Specialty Retailers & Distributors

Topic	Code	Accounting Metric	Page
Energy Management in Retail and Distribution	CG-MR-130a.1	(1) Total energy consumed (2) Percentage of grid electricity (3) Percentage of renewable energy	111
	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	61, 94-95, 123
Data Security	CG-MR-230a.2	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected	123
	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage (by region)	117
Labor Practices	CG-MR-310a.2	Voluntary and involuntary turnover rate for in-store employees	116
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations*	123
Workforce Diversity and Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for management and all other employees**	114-115
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	123
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	113
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	48, 60, 79
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	45-46, 48

\*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.B11	117,351m <sup>2</sup>

## TCFD

SK networks transparently reports climate change-related information in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). TCFD is an international consultative body established by the Financial Stability Board (FSB) in 2015 to support voluntary climate-related disclosures that can support more informed investment, credit, and insurance underwriting decisions, and it established recommendations on climate-related financial disclosure in June 2017. The TCFD recommendations are a framework that enables carbon-related information to be linked to financial disclosure materials as a foundation for establishing an advanced information disclosure system. SK networks transparently discloses environmental information that reflects the FCFD recommendations to participate in the global community's efforts to limit the rise in the average global temperature and to provide stakeholders with useful information for decision-making.

	TCFD Recommendations	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	28-31
	b) Describe management's role in assessing and managing climate-related risks and opportunities	28-31
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	32
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	33-37
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	38-39
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	40
	b) Describe the organization's processes for managing climate-related risks	40
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	40
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	40-41
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	40-41
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	40-41

# Awards & Certifications

## 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 Millennial to Work in Korea	GPTW Korea
SK networks-SpeedMate	Star Brand	Maekyung Media Group
	Consumer's Choice	Joongang Ilbo Media Group
SK networks-Walkerhill	Korea Brand Power Index (K-BPI), 1st Place *22 consecutive years	Korea Management Association Consulting
	National Customer Satisfaction Index (NCSI), 1st Place	Korea Productivity Center
SK rent-a-car	National Brand Awards (2023) *8 consecutive years	New York Festival Korea-National Brand Awards The Korea Steering Committee
	Korea Brand Hall of Fame (2023) *3 consecutive years	The Institute for Industrial Policy Studies
	Korean Standard Well-Being & Environment Index, 1st Place *13 consecutive years	Korean Standards Association
	Grand Prize for Rent-a-Car at National Service Awards *5 consecutive years	The Institute for Industrial Policy Studies
	Korean Standard Quality Excellence Index (KS-QEI), 1st Place *Awarded 8 times	Korean Standards Association
SK magic	National Customer Satisfaction Index (NCSI), 1st Place in rent-a-car sector	Korea Productivity Center
	Korea Brand Power Index (K-BPI), 1st Place	Korea Management Association Consulting
	INNOSTAR	Korea Management Registrar
	Green Star Certification	Korea Management Registrar
	26th Energy Winner of the Year Award	Consumers Korea
	Korean Standard Premium Brand Index, 1st Place	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 *4 consecutive years	The Institute for Industrial Policy Studies
	National Industry Award, 1st Place	The Institute for Industrial Policy Studies (IPS)
MINTIT	ITQI 3Star, 2Star Award	International Taste Institute (ITQI)
	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
cartini	Minister of Trade, Industry and Energy Award for Contribution to Electronics and IT Industries *2 consecutive years	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
en-core	Environment and Economy Awards, Green Service Awards (President of Korea Environmental Industry & Technology Institute Award)	Greenpost Korea
	Bronze Award for Search Performance at Korea Digital Advertising Awards	Korea Digital Advertising Association
en-core	Selected as Data Modeling Tool DA# Hit Product	The Digital Times
	Data Award _Data Business Sector	Korea Data Industry Association
	En-core PlayData Job Ability Development Training selected as Excellent Training Institution	Ministry of Employment and Labor

## 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 14001	Korea Management Registrar	Nov. 15, 2022
	ISO 37001	BSI	Dec. 16, 2022
	Certified Trading Company	Korea Trade Association	July 01, 2021
SK Networks-SpeedMate	ISO 45001	Korea Management Registrar	Nov. 17, 2023
	ISO 9001	Korea Foundation for Quality	Nov. 01, 2013
SK Networks-Walkerhill	ISO 22000	Bureau Veritas Certification	Aug. 11, 2017
	HACCP	Korea Agency of HACCP Accreditation & Service	June 17, 2008
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
SK magic	ISO 45001	BSI	Nov. 22, 2022
	Web Accessibility (WA) Certification	WebWatch	May. 31, 2021
	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
SK networks service	Certified drinking water quality inspection agency	Han River Basin Environmental Office	Jan. 17, 2019
	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
MINTIT	Korea Service Quality Certification	Korea Association for Service	Dec. 29, 2023
	ISO 27001	German Certification Major, TUV SUD	Aug. 25, 2022
	ADISA Certification (data deletion APP)	ADISA, UK-GDPR approved certification body	Jan. 12, 2024
	ADISA Certification (PC data deletion)	ADISA, UK-GDPR approved certification body	Feb. 15, 2024
en-core	DATAWARE™ META# TTA GS Certification	Telecommunication Technology Association	Jan. 24, 2022
	DATAWARE™ AP# TTA GS Certification	Telecommunication Technology Association	Jan. 24, 2022
	DATAWARE™ DQ# TTA GS Certification	Telecommunication Technology Association	Jan. 24, 2022

# Memberships

Association	
1	CDP (Carbon Disclosure Project Initiative)
2	SBTi (Science Based Targets initiative)
3	TEMOT International
4	The Climate Group (EV100 Initiative)
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	Korea Industrial Safety Association
15	Korea Chamber of Commerce and Industry
16	Korea Specialty Contractors Association
17	Korea Tire Manufacturers Association
18	Busan Marine Industry Association
19	Seoul Chamber of Commerce and Industry
20	Seoul HACCP Council

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

Association	
41	Korea Fire Facility Association
42	Korea Fire Safety Institute
43	Korea Fire Safety Association
44	Korea Automobile Importers & Distributors Association
45	Korea Outdoor Advertising Association
46	Korea Food Service Industry Association
47	Korea Food Service Industry Association
48	Korea Electric Engineers Association
49	E-Cycle Governance
50	CONsortium of CERT
51	Les Clefs d'Or Korea
52	Korea Professional Golf Tour
53	Energy & Mineral Resources Development Association of Korea
54	Korea Council of Chief Information Security Officers
55	Korea Data Industry Association
56	Korea Intelligence Industry Association
57	Korea Software Industry Association
58	Korea Industrial Technology Association
59	KCTW

# Third-Party Assurance Statements

## Assurance Statement on The Sustainability Report for SK networks Co., Ltd.

### Dear Stakeholders of SK networks

Korean Foundation for Quality (further 'KFQ') has been requested by SK networks to conduct an independent verification on the 「2023 Sustainability Report for SK networks」 (further 'the Report'). KFQ has responsibility to provide an independent assurance opinion against the criteria and scope of assurance as specified below. SK networks has sole responsibility for the preparation of the Report.

### Assurance Criteria and Scope

- Assurance Criteria : AA1000AS (v3), AA1000AP (2018)
- Assurance Type : Type 2 [Verification of 4 Reporting Principles (Inclusivity, Materiality, Responsiveness and Impact) and Reliability of Data Collection Method]
- Assurance Level : Moderate [Assurance based on limited evidence collected]
- Assurance boundary : Boundary specified in the report (SK networks and major subsidiaries)
- Assurance Scope : Compliance with Four 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	<ul style="list-style-type: none"> <li>• GRI 302 : Energy</li> <li>• GRI 305 : Emissions</li> <li>• GRI 306 : Waste</li> <li>• GRI 401 : Employment</li> <li>• GRI 404 : Training and Education</li> <li>• GRI 416 : Customer Health and Safety</li> <li>• GRI 417 : Marketing and Labeling</li> </ul>

### 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 :

Data provided by SK networks, disclosed Business Reports, and information obtained from media and/or the internet, etc.

#### • Financial information :

Data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage of SK networks were used, but these contents are not included in the scope of assurance.

The assessment was performed by document Assurance and interviews person in charge including on-site assessment. 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.

# Third-Party Assurance Statements

## 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 4 reporting principles of AA1000AP(2018) and AA1000AS(V3) Type 2 assurance level. We also found no significant errors or inadequacies in the report regarding compliance with reporting principles.

## • Inclusivity

SK networks defines all entities that directly or indirectly influence management activities as stakeholders, which are classified into customers, employees, suppliers, government, shareholders/investors, and local communities. All are the key stakeholders. And SK networks collects their opinions through the operation of communication channels. 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 identified the ESG issue pool through analysis of past reporting issues, material issues in the same industry, international ESG standards, etc., and conducted a double materiality assessment through analysis of environmental, social, and financial impacts to derive the final five material issues. The assessment team confirmed that the five selected material issues were subject to an IRO (impact, risk, and opportunity) assessment and that the details of each issue were systematically reported and managed.

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 through the continued efforts to generate, collect, and manage ESG data. We hope future reports will deliver ESG performance to the stakeholders more meaningfully through attempts and efforts to interpret and analyze internal management data in various ways.
- Especially, we hope that SK networks will manage various ESG performances efficiently by establishing a more complete and systematic internal process.

June 2024

Seoul, Korea

**Ji Young Song**, CEO

Korean Foundation for Quality (KFQ)



*Ji Young Song*

# GHG Assurance Statements

## Scope 1 & 2 GHG Emissions

SK networks Co., Ltd and 7 subsidiary companies

### Introduction

Korean Foundation for Quality (KFQ) has conducted Scope 1 and 2 GHG emissions assurance ('GHG Emission') of SK networks (the "Company") in 2023.

### Verification Scope

Verification was carried out for all greenhouse gas emission facilities in all business sites under the operational control of SK networks and 7 other subsidiaries.

\*Subsidiaries : SK networks service, SK magic, SK magic service, SK-rent-a-car, Car life service, MINTIT, cartini

1) SK rent-a-car service changed its name to 'Car Life Service' (May 2024).

### Verification Criteria

To conduct verification activities, verification team applied Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme 2, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and ISO 14064-1.

2) No. 2023-221 provided by Ministry of Environment, Republic of Korea.

### Level of Assurance

Verification was planned and carried out in accordance with the procedures specified in ISO 14064-3, and the assurance level of the verification was performed to satisfy the limited assurance level. In addition, the assessment team confirmed that the procedures for the entire assurance process were effectively performed through internal review.

### Limits of Assurance

Assurance may be affected by limited factors that may arise during the process of applying criteria and methods.

### Assurance Opinion

Korean Foundation for Quality's assurance opinion on the result of carrying out verification on the GHG Emission contained in the GHG Emission report is as follows.

- 1) The greenhouse gas emissions of the Company were properly calculated according to the verification criteria.
- 2) The data and information used to calculate the greenhouse gas emissions were appropriate and reasonable, and no material misstatement during the verification process for emissions was found. The results of the materiality assessment for the greenhouse gas emissions satisfied the agreed 5% standard or less.
- 3) Therefore, KFQ issues an "Unmodified" opinion on the GHG Emissions in 2023.

(Unit : tCO<sub>2</sub>e)

Scope 1	Scope 2	Total
11,617.69	32,076.61	43,694.29

\*According to Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme 2, total emissions are cut-off decimal point at the business site let, so the sum of Scope 1 and 2 emissions and the total emissions may differ slightly.



May 23, 2024

*Ji Young Song*

CEO Ji-Young Song  
Korean Foundation for Quality

Third-Party Assurance Statements

# GHG Assurance Statements

## Scope 3 GHG Emissions

### SK networks Co., Ltd and 7 subsidiary companies

#### Introduction

Korean Foundation for Quality (KFQ) has conducted Scope 3 GHG emissions verification (“GHG Emission) of SK networks and its seven subsidiaries (the “Company”) in 2023.

\*Subsidiaries: SK networks service, SK magic, SK magic service, SK-rent-a-car, Car life service, MINTIT, cartini

1) SK rent-a-car service changed its name to 'Car Life Service' (May 2024).

#### Assurance Scope

Verification on GHG inventories was carried out for greenhouse gas emission generated from Jan. 1, 2023 to Dec. 31, 2023 for the category that the Company arbitrarily selected.

#### Verification Criteria

Verification on GHG inventories was carried out for greenhouse gas emission generated from Jan. 1, 2023 to Dec. 31, 2023 for the category that the Company arbitrarily selected.

- Criteria
  - WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard
  - ISO 14064-1:2018, ISO 14064-3:2019
  - GHG Protocol Corporate Standard
  - Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme<sup>2)</sup>

2) No. 2023-221 provided by Ministry of Environment, Republic of Korea.

- Emission Factors
  - Environmental Product Declaration evaluation coefficient(2021)
  - Manufacturer LCA Emission Factors(2023)

#### Level of Assurance

Verification was planned and carried out in accordance with the procedures specified in ISO 14064-3, and the assurance level of the verification was performed to satisfy the limited assurance level.

#### Limits of Verification

Assurance may be affected by limited factors that may arise due to the nature of the organization’s data, calculations and estimates, sampling methods, and the level of limited assurance. In addition, this verification does not include any responsibility for the accuracy of the original data provided by the company.

#### Assurance Opinion

Korean Foundation for Quality’s assurance opinion on the GHG Emission verified through verification procedures such as ISO 14064-3 is as follows

- 1) The Company’s greenhouse gas emissions in 2023 were appropriately calculated according to the verification criteria.
- 2) No significant errors or omissions were found in the greenhouse gas emissions, except for the emission information that was not considered within the selected Category.
- 3) The criteria and the corresponding processes that were set or estimated/assumed internally when calculating the emissions were transparently reflected in the internal calculation procedures.

#### Scope 3 emissions

(unit : tCO<sub>2</sub>eq)

Category		Scope 3 Emissions
1	Purchased products and services	643,512
2	Capital goods	41,570
3	Fuel and energy activities which are not included in Scope 1 & 2	3,377
4	Upstream transportation & logistics	19,178
5	Waste disposal generated during operation	616
6	Business trip	521
7	Employees’ commuting	2,175
9	Downstream transportation & logistics	67,352
11	Use of product sold	1,898,947
12	Disposal of product sold	6,606
13	Downstream assets leased	679,718
14	Franchises	3,990
15	Investments	212,000
<b>Total</b>		<b>3,579,562</b>



June 18, 2024

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