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We square E.S.G

SK square

About this Report

SK square published this Sustainability Report in 2023 for the first time to transparently disclose information about its and major achievements and to more actively communicate with stakeholders. We will realize sustainable development by sharing our sustainability activities corporate philosophy and principles and actively implementing the valuable opinions of stakeholders.

Reporting Principle
We prepared this report according to the Global Reporting Initiative Standards(Core Option), a global reporting guideline, and the principles of the UNCG Communication on Progress(CoP). Other standards we followed include TCFD(Task Force on Climate-related Financial Disclosures) based recommendations on climate change-related disclosures and the industry-specific Sustainability Accounting Standards Board(SASB). The summary of our reporting standards is available on pages 88 through 90.

Reporting Period
This report covers the financial and non-financial achievements of SK square's major sustainability activities from January 1 to December 31, 2022, as well as achievements in the first half of 2023 for some data.

Reporting Scope
The financial data in this report comply with the consolidation requirements by the K-IFRS(Korean International Financial Reporting Standards). Sustainability achievements by SK square and its major subsidiaries — SK hynix, SK shieldus, 11STREET, TMAP Mobility, and ONE store — are included in the non-financial data.

Independent Assurance
To secure the reliability of the information included in this report, we confirmed the accuracy of the data in the report through an independent auditor. The non-financial data included in the environmental and social categories were confirmed by an independent assurer, BSI Group Korea. The assurance report is available on pages 96 to 97 of this report.

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We square E.S.G

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Overview

SK square has created future innovations by investing in companies with high growth potential in the semiconductor and ICT industries. We have accumulated experience in the semiconductor and ICT platform business and a proven track record in investment, including SK hynix and SK shieldus. As a sister company of no. 1 telecommunication company SK Telecom and the parent company of global top-tier semiconductor company SK hynix, we hold a unique position in the industry and have specialized insights in semiconductor and ICT investments.

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CEO Message · Company Overview · Key Subsidiaries and Performance · SK square ESG Vision & Strategy · SK square ESG Management Activities

CEO Message

SK square is an investment company that invests in and expands future tech businesses centered by semi-conductor and realizes shareholder value. We drive the growth in portfolio companies as well as implementing active and flexible portfolio in & out activities based on differentiated value enhancement capabilities in semiconductor and ICT areas. We seek for mutual growth with our stakeholders by sharing our investment performance with shareholders and briskly reinvesting our resources

The year 2022 was the first year that laid foundation of SK square's ESG management system which set the direction of SK square's own ESG business strategy. SK square formulated its ESG vision, "Achieving Sustainable Growth through Future-oriented Value Investment." and is currently pursuing specific ESG strategies to accomplish the vision. Furthermore, SK square actively considering ESG in the investment decision-making process and strive to fulfill our role as an economic entity to achieve a sustainable future society. To further strengthen responsible ESG management and our implementation, we have formed an ESG Committee within the Board of Directors and transparently disclosed ESG-related information to external stakeholders. Reflecting such performances and future plans of SK square's sustainable management, we have published our first Sustainability report this year. In particular, this year's report includes the efforts of SK square and its affiliates to achieve ESG performance by identifying 10 material issues including 'Diversifying Investment Portfolio & Maximize Corporate Value', 'Responding to Climate Change' associated with SK square's direction of 3 major ESG strategy, as well as setting the core ESG performance indicators.
In addition to this report, we will strive to establish various communication channels to enhance transparency and actively engage with our stakeholders. Moving forward, we will seek sustainable growth by incorporating valuable opinion from stakeholders into our investment activities and endeavor to spread ESG values, ultimately creating greater happiness.

We appreciate your support and encouragement on SK square's journey to accomplish sustainable growth going forward.

Thank you.

SK square CEO **Sung Ha Park**

Park Sung Ha

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Company Overview

Company Profile

SK square consists of the investment business, security business (unmanned and manned security, system software development, etc.), commerce business(online shopping mall), platform business, and other business divisions, with each division being an independent legal entity. Each division is independently operated to provide optimized services and products to customers. We also have SK square Americas, an overseas corporation in the United States, to discover and invest in business opportunities in future technologies and ICT sectors, which are growing around the world, including the Americas

Company Overview

Company name	SK square Co., Ltd.
Date of foundation	November 2021
CEO	Sung Ha Park
Location	SK T-Tower 65, Eulji-ro, Jung-gu, Seoul
Key businesses	Investment business
Number of employees	87(as of the end of December 2022)

Key Financial Results

Unit : KRW 1 million

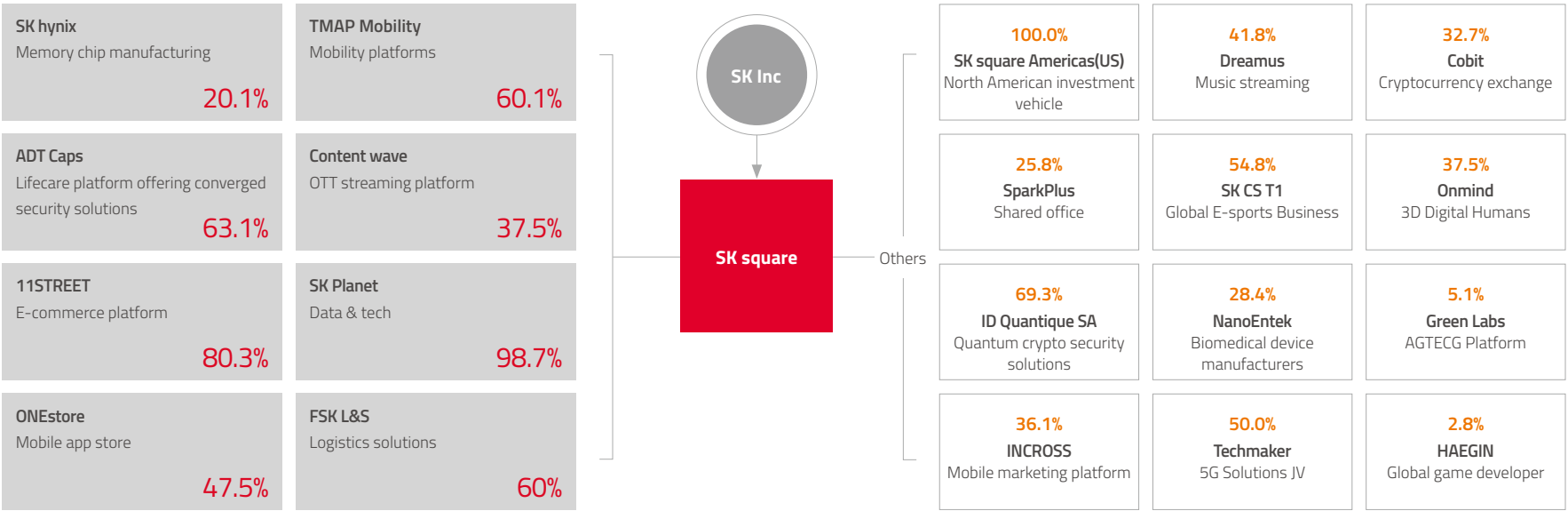| Category	2021	2022
Total assets	22,639,140	22,160,584
Total equity	16,855,294	17,163,199
Sales	704,034	4,510,691
Operating profit	419,791	162,763

SK square Business

Identity

SK square is an investment company that implements active portfolio management by leveraging proven investment competency to maximize the future corporate value of portfolio companies. We have portfolio assets and investment competencies in areas with high growth potential such as semiconductor, platforms, and future ICT. As a listed company, we offer opportunities for anyone to participate in SK square's investment activities. SK square has accumulated abundant experience in the semiconductor and ICT platform businesses with a proven track record of investment such as SK hynix and SK shieldus. As a sister company of SK Telecom, the leading telecommunications provider, and the parent company of SK hynix, a global top-tier semiconductor company, SK square holds a unique position in the industry and has specialized investment insights in the semiconductor and ICT sectors.

Investment Portfolio

SK square has an efficient portfolio and a governance structure centered on the semiconductor and ICT sectors, including major controlled companies(e.g., SK shieldus and 11STREET) and major subsidiaries(e.g., SK hynix).

Company Structure

SK hynix Memory chip manufacturing 20.1%	**TMAP Mobility** Mobility platforms 60.1%
ADT Caps Lifecare platform offering converged security solutions 63.1%	**Content wave** OTT streaming platform 37.5%
11STREET E-commerce platform 80.3%	**SK Planet** Data & tech 98.7%
ONEstore Mobile app store 47.5%	**FSK L&S** Logistics solutions 60%

SK Inc → SK square — Others

100.0% SK square Americas(US) North American investment vehicle	**41.8%** Dreamus Music streaming	**32.7%** Cobit Cryptocurrency exchange
25.8% SparkPlus Shared office	**54.8%** SK CS T1 Global E-sports Business	**37.5%** Onmind 3D Digital Humans
69.3% ID Quantique SA Quantum crypto security solutions	**28.4%** NanoEntek Biomedical device manufacturers	**5.1%** Green Labs AGTECG Platform
36.1% INCROSS Mobile marketing platform	**50.0%** Techmaker 5G Solutions JV	**2.8%** HAEGIN Global game developer

Direction of Portfolio Growth

As an investment company, SK square has a clear business model. We aim to enhance the value of our portfolio companies and increase shareholder value by completing the full cycle of "Invest – Value enhancement – Harvest." SK square's portfolio companies are creating success stories by taking these steps. SK square will strengthen its rapid and professional decision-making system tailored to each business division and focus its capabilities on specialized businesses of each division to enhance corporate competitiveness and increase shareholder value.

Investment → Value enhancement → Harvest

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CEO Message · Company Overview · **Key Subsidiaries and Performance** · SK square ESG Vision & Strategy · SK square ESG Management Activities

Key Subsidiaries and Performance

SK hynix

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Global Top Tier Semiconductor Company

SK hynix is a memory semiconductor manufacturer mainly focusing on DRAM and NAND. Semiconductor products are categorized into memory semiconductors which can store and memorize data and non-memory semiconductors. Memory semiconductors are again categorized into "volatile" memory, which deletes data during power loss, and "non-volatile" memory, which retains the data it holds even in the absence of power. SK hynix mainly produces DRAM, which is a volatile memory, and NAND Flash, which is a non-volatile memory. With this, we have maintained a leading position in the global market by leveraging our top-class technological capabilities and productivity as well as meeting a wide range of demands across the globe.

Company Overview

Company name	SK hynix Corporation
CEO	Jung Ho Park, Noh Jung Kwak
Location	2091, Gyeongchung-daero, Bubal-eup, Icheon-si, Gyeonggi-do
Key businesses	DRAM, NAND memory, CMOS image sensor(CIS), etc.
Number of employees	40,153(as of the end of December 2022)

Growth Strategy

· Lead memory hierarchy innovation in response to changes in market environments such as data centers

Solidify position in the DRAM market

NAND business value enhancement

· Drive business expansion by combining NAND memory with compatible S/W solutions

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Key Subsidiaries and Performance

SK shieldus

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Only Life Care Platform Company in Korea

SK shieldus has broadened its business horizon mainly from physical security and cybersecurity to convergence security and safety & care and is leading the market as a "life care platform" provider that ensures secure daily lives and safety in society. SK shieldus' revenue comes mainly from four segments: cybersecurity, convergence security, physical security, and safety & care. The cybersecurity business protects systems and communication networks from threats such as unauthorized access or various cyber attacks. The convergence security business provides a multi-directional control over complicate and diversified security threats and takes immediate actions depending on the situation, safeguarding the physical assets and intellectual properties and the lives of customers. The physical security business manages the safety of tangible and intangible assets owned by countries, companies, and individuals, and protects from and prevents various safety and security threats. Lastly, Safety & Care is not only the core area for the innovation of our Business Model to transition to a Life Care Platform, but also an area that is witnessing the highest growth rate. Currently, the Safety & Care business is growing with a focus on smart home safety, unmanned parking, and disinfection, but our newly-launched unmanned stores and senior care are also expected to see high growth.

Company Overview

Company name	SK shieldus Co., Ltd.
CEO	Jin Hyo Park
Location	23, Pangyo-ro 227beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do
Key businesses	Physical security, information security, convergence security, safety & care services
Number of employees	6,829(as of the end of December 2022)

Growth Strategy

• Expand new businesses in physical security, information security, convergence security, and safety & care

Accelerate new business growth

Technological transformation

Expand global footprint

• Reinforce technological competency based on partnerships with global tech companies and investments in startups

• Collaborate with global tech companies to expand business in China, Southeast Asia, North America, and Europe

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Key Subsidiaries and Performance

11⤳

Leading E-commerce Platform in Korea

11STREET is a reliable open marketplace not only for individuals and small sellers but also for companies in various industries such as branded manufacturers, department stores, and hypermarkets. Together with the world's largest e-commerce company Amazon, 11STREET launched the Amazon Global Store to provide customers with a differentiated shopping experience. By offering such diverse services, 11STREET has strengthened customer satisfaction, solidifying its position as an enjoyable and convenient platform.

Company Overview

Company name	11STREET Co., Ltd.
CEO	Hyung Il Ha, Jung Eun Ahn
Location	416, Hangang-daero, Jung-gu, Seoul
Key businesses	E-commerce open marketplaces, giftcards, and more
Number of employees	1,258(as of the end of December 2022)

Growth Strategy

- Strengthen partnership with global top-tier companies

Expand cross-border shopping

Strengthen commerce platform competitiveness, including shipping capabilities

Secure vertical business competitiveness

- Establish an overnight shipping system, etc., by partnering with logistics companies

- Fresh products, premium brands, refurbished products, etc.

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Key Subsidiaries and Performance

1 ONE store

Leading App Market Platform Company in Korea

ONE store is a mobile service provider that distributes and sells content on its platforms ONE store and ONE story. After opening the mobile app marketplace T Store, which marked the beginning of its business, the company launched ONE store in partnership with three domestic mobile carriers(SKT, KT, LGU+) and Naver Store in March 2016 to achieve mutual growth in the app market where foreign players have secured a competitive edge. The ONE store app is preloaded on Android devices sold in Korea, so the app is installed on approx. 38 mil. mobile devices. Based on this, ONE store offers a variety of story content encompassing about 220,000 games/apps and more than 1.05 mil. e-books, cartoons, webtoons, web novels, and audiobooks.

ONE store features various curation functions, including magazines, with the intention of evolving into a platform that can be enjoyed for various purposes beyond a simple platform to download games and apps. In order to overcome its limitation that it can only be installed on Android devices, ONE store established a PC-based cross-platform, maximizing user convenience and experience. Moreover, the company is preparing to advance into the global market. As such, ONE store will grow into a global multi-OS platform company and maximize its corporate value.

Company Overview

Company name	ONE store Co., Ltd.
CEO	Dong Jin Jung
Location	20, Pangyoyeok-ro 146beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do
Key businesses	App store operations and other Internet-based services
Number of employees	222(as of the end of December 2022)

Growth Strategy

• Launch a global ONEstore with international payment and marketing partners

• Attract top-tier games as a catalyst to change the market landscape
• Expand the business to new sectors, such as cross-platform and iOS

Launch a global ONE store

Attract top-tier games and expand the business to multi-OS business

Actively develop story content and new business

• Story content: Grow into an IP ower house by securing original IP and through OSMU
• Advertising: Build an advertising business by leveraging data owned by ONE store Run in-app advertising business in earnest and create value from a virtual cycle with the app market, including casual game line-ups

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Key Subsidiaries and Performance

TMAP MOBILITY

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The Largest Mobility Company in Korea

TMAP Mobility is Korea's mobility platform leader, with approximately 20 million users, including 14 million monthly active users(MAUs). TMAP provides navigation services based on extensive real-time traffic information and big data. Moreover, TMAP Mobility strives to create a better daily life for its customers by driving changes in the mobility of people and things.

In particular, TMAP Mobility offers TMAP public transportation, TMAP parking, UT taxi service, etc., based on TMAP API, and has recently led more extensive innovations in mobility, covering chauffeur service, middle mile logistics, and electric vehicle charging services. In the future, TMAP Mobility will offer a new mobility paradigm by thinking about a better future with various global partners, including Uber and Grab.

Growth Strategy

• Drive evolution and enhance the efficiency of the logistics markets, such as cargo delivery, based on TMAP Mobility's technological capability

Lead digital transformation in logistics

Expand MaaS(Mobility as a Service) business

• Integrate transportation means, such as public transportation and scooters, and offer customized subscription services

Evolve into a specialized car-care platform for car owners

• Provide car-care services throughout the overall lifecycle of vehicle

Company Overview

Company name	TMAP Mobility Co., Ltd.
CEO	Jong Ho Lee
Location	12F, 343, Samil-daero, Jung-gu, Seoul
Key businesses	TMAP Life Map Data, UBI, etc., Mobility on-demand, TMAP Auto, etc.
Number of employees	375(as of the end of December 2022)

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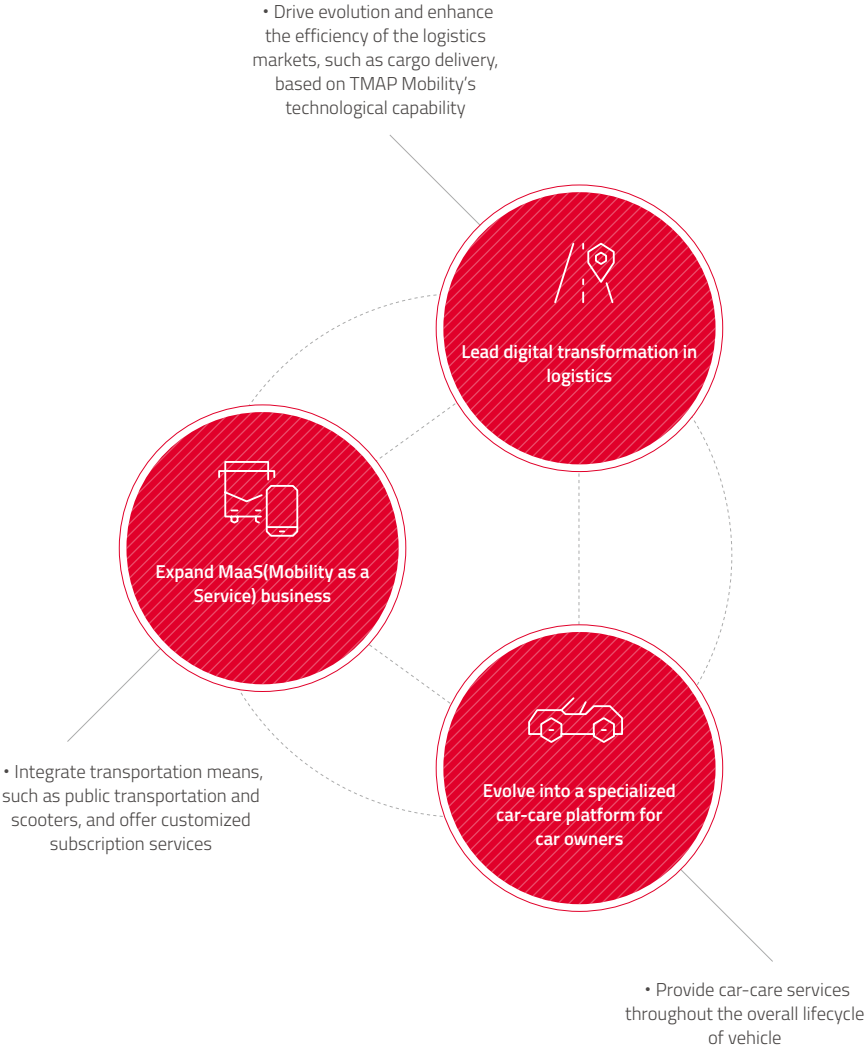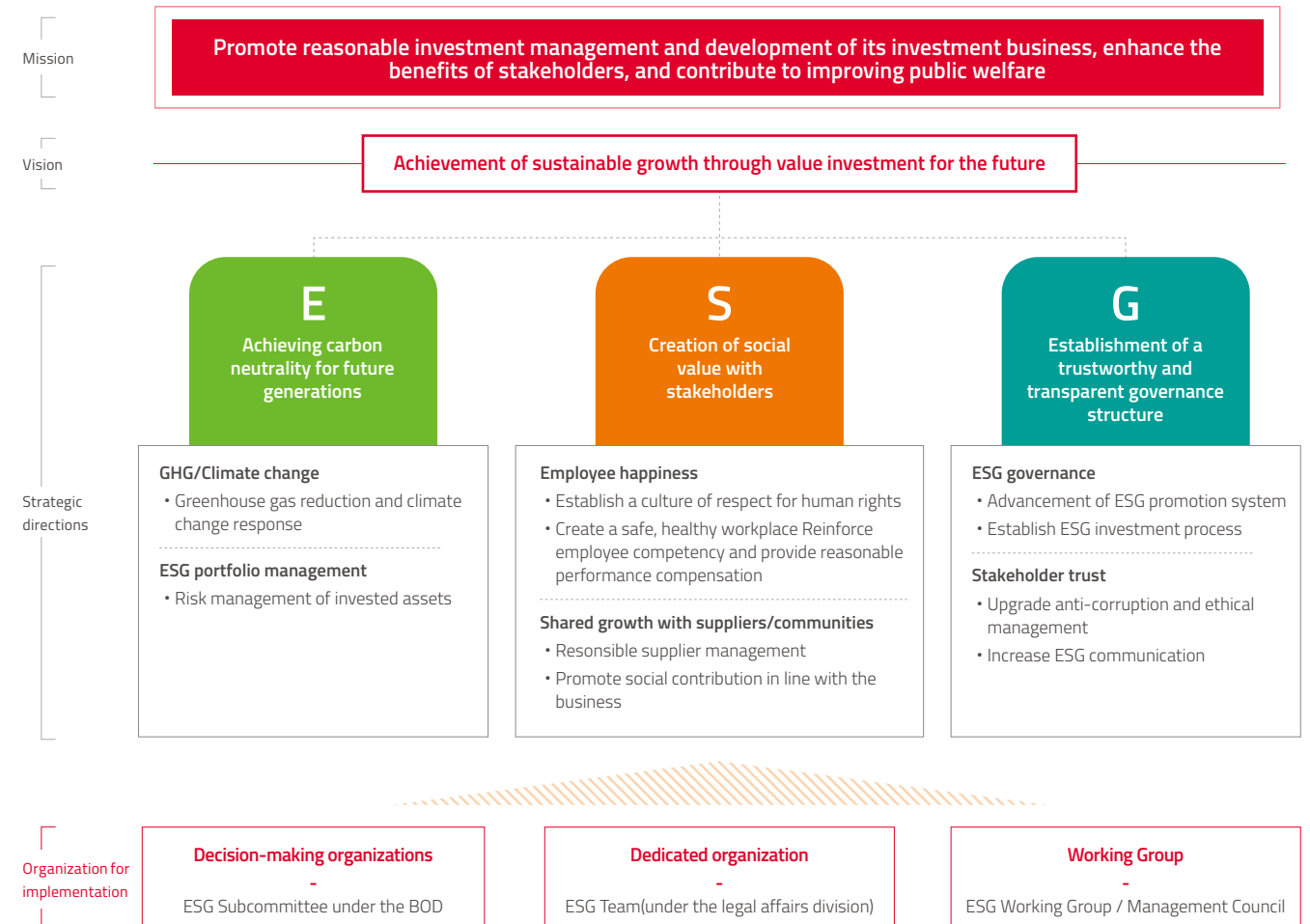
SK square ESG Vision & Strategy

DBL Management Philosophy

Today, companies can secure the trust and support of various stakeholders surrounding them by pursuing not only economic value(EV) but also social value(SV) in their business activities, which enables sustainable survival and growth. In this regard, SK square strives to achieve sustainable stability and growth and to maximize the happiness of its stakeholders through the "Double Bottom Line(DBL)" that pursues both economic value(EV) and social value(SV) at the same time.

DBL
(Double Bottom Line)

Social Value

Economic Value

- Social outcomes created, such as social benefits from the company's economic activities.
- Benefits/losses to society

- Financial performance generated by a company's economic activities
- Sales, operating profit, etc.
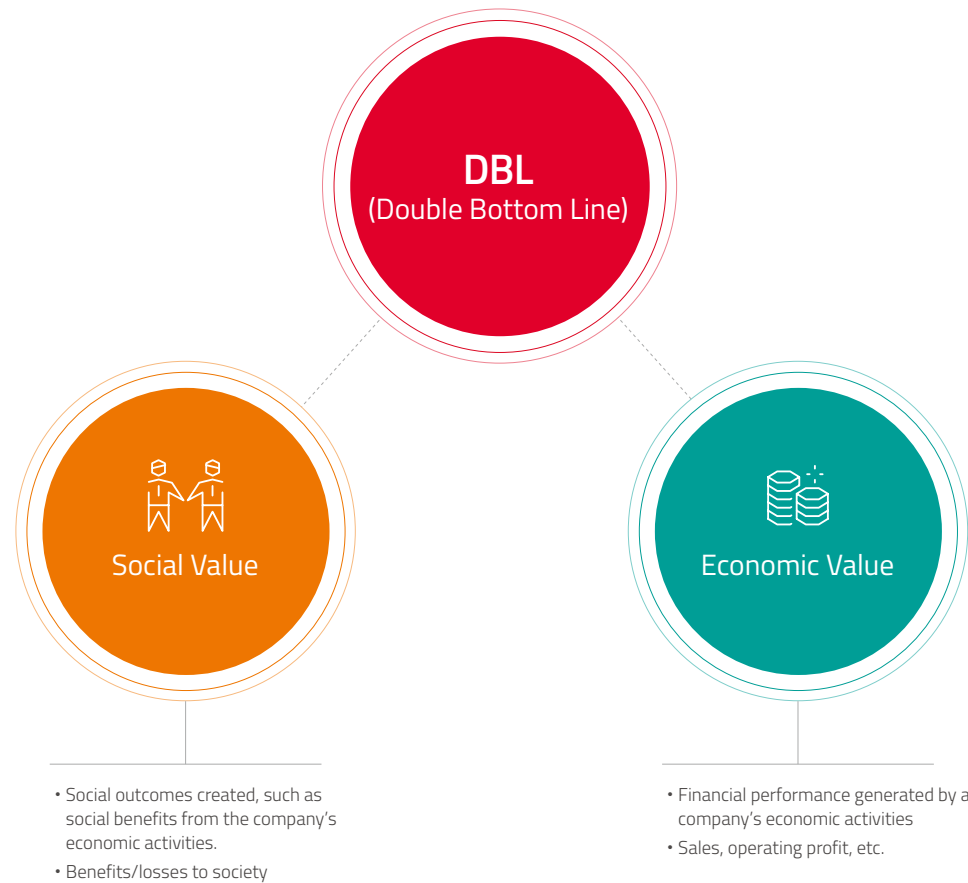
SK square's ESG Management Vision

In 2022, SK square established three strategic directions(achieving carbon neutrality for future generations, creating social value with stakeholders, and establishing a trustworthy and transparent governance structure) and six strategic tasks(GHG/climate change, ESG portfolio management, employee happiness, shared growth with suppliers/communities, ESG governance, and stakeholder trust) based on the vision of 'achievement of sustainable growth through value investment that considers the future' to disclose the implementation progress and strengthen the momentum of ESG strategy. We will continue our efforts to realize sustainable growth through responsible ESG management.

Mission

Promote reasonable investment management and development of its investment business, enhance the benefits of stakeholders, and contribute to improving public welfare

Vision

Achievement of sustainable growth through value investment for the future

Strategic directions

E
Achieving carbon neutrality for future generations

S
Creation of social value with stakeholders

G
Establishment of a trustworthy and transparent governance structure

GHG/Climate change
- Greenhouse gas reduction and climate change response

ESG portfolio management
- Risk management of invested assets

Employee happiness
- Establish a culture of respect for human rights
- Create a safe, healthy workplace Reinforce employee competency and provide reasonable performance compensation

Shared growth with suppliers/communities
- Resonsible supplier management
- Promote social contribution in line with the business

ESG governance
- Advancement of ESG promotion system
- Establish ESG investment process

Stakeholder trust
- Upgrade anti-corruption and ethical management
- Increase ESG communication

Organization for implementation

Decision-making organizations
-
ESG Subcommittee under the BOD

Dedicated organization
-
ESG Team(under the legal affairs division)

Working Group
-
ESG Working Group / Management Council

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SK square ESG Vision & Strategy

SK square's ESG KPIs

SK square has derived ESG KPIs by aligning its 3 strategic directions with material issues in ESG. We are enhancing our implementation by setting a management target of 10 material issues and monitoring progress. Going forward, SK square will transparently disclose ESG management performance centered on ESG KPIs

Category	3 Strategic directions	Material issues		KPI	Unit	Performance in 2022	Goals for 2025	Report Page
Environmental	Achieving carbon neutrality for future generations	Climate change response		Total carbon emissions (Scope 1+2)	tCO$_2$e	594.6	433.0	29-30
		Saving energy		Total energy consumption	GJ	11,696.9	7,705.7	33
				Total renewable energy consumption	GJ	–	785.4	
				Percentage of renewable energy consumption	%	–	10.2	
Social	Creation of social value with stakeholders	Recruitment/employee competency enhancement		Percentage of employees participating in training	%	98.9	100.0	37
				Training hours per employee	Hour	23.1	30.7	
		Fair performance evaluation and compensation		Percentage of employees subject to MBO	%	100.0	100.0	38
		Sustainability (ESG) management of suppliers		Rate of pre-assessed suppliers among newly registered suppliers	%	100.0	100.0	46 - 48
		Strategy development and performance management for social contribution		Percentage of employees participating in volunteer activities	%	11.2	15.0	49
				Total purchases from social enterprise	KRW 1 mil.	21,959.0	29,227.4	
		Protection of customer information		Data leaks and breaches	Count	0	0	51 - 55
Governance	Establishment of a trustworthy and transparent governance structure	Diversifying investment portfolio and maximizing enterprise value		Percentage of investments based on ESG checklist	%	0.0	100.0	59
		Expansion of investment considering environmental and social impact		Violations of domestic and international environmental laws	Count	0	0	32
		Strengthening ethical management/fair trade		Violations of anti-corruption regulations	Count	0	0	64 - 65
				Percentage of participation in ethics and anti-corruption education	%	97.0	100.0	

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SK square ESG Management Activities

Expanding environmental management
· Establish environmental management goals and strategies to proactively respond to environmental issues
· Establish environmental management policies to apply them to management activities
· There were no violations of environmental laws and regulations as of 2022

Establishing SK square Net-Zero 2040
· Set 2040 as the target year to achieve carbon neutrality based on the Representative Concentration Pathway(RCP) scenario and the Intergovernmental Panel on Climate Change(IPCC) Special Report on Global Warming of 1.5℃
· Has achieved direct reductions through the transition to electric vehicles and indirect reductions through renewable energy purchases since 2023 (reduce 180.8 tCO_2eq as of 2023)

↓ 180.8 tCO_2eq

Increasing activities to enhance employee capabilities
· Establish a human resources development system and run capability development programs to nurture talented professionals that match our ideals
· Percentage of employees participating in training was 86% as of 2022

Supporting global environmental initiatives
· Joined TCFD Supporters to announce support for a global climate crisis response
· Prepare for Carbon Disclosure Project(CDP) to actively monitor climate change response in 2023.

Enhancing diversity and inclusion
· Establish diversity and inclusion policies in line with global guidelines
· The percentage of female employees was 22% as of 2022

22%

Creating a safe workplace
· Establish a safety management system and operate health and safety programs to realize a safe and healthy workplace
· As of 2022, there were no employee fatalities, and the participation rate in health and safety programs was 100%

Upgrading the anti-corruption and ethical management system
· Increase activities to upgrade ethical management system and internalize ethical management for zero anti-corruption and ethical issues
· As of 2022, there were no violations of anti-corruption regulations, and the participation rate in ethics and anti-corruption education was 97%

Creating social value
· Carry out activities that create social value in line with subsidiary business areas
· **SK hynix:** Provide ICT services for the underprivileged
SK shieldus: Provide IoT solutions for the underprivileged
11STREET: Operate an exclusive section for social enterprises
TMAP Mobility: Black ice alert through navigation
ONE store: Join the Big-Star Resolution Platform led by the Ministry of SMEs and Startups for vulnerable groups

Zero information security risk
· Establish an information security policy and a management system to protect the company's information as well as that of customers.
· 93% participated in information protection training in 2022
· Zero data leaks or breaches in 2022

Promoting ESG management of suppliers
· Establish management policies and a risk management system to encourage and support the expansion of ESG management among suppliers
· 100% of suppliers pre-assessed on ESG by 2022

Promoting a culture of respect for human rights
· Promote mandatory human rights education and implement human rights education to raise employees' awareness of human rights
· Check and mitigate human rights risks in line with human rights management guidelines
· As of 2022, the employee participation rate in human rights education was 86%; and the rate of taking improvement measures to address human rights risk was 100%

Establishing a shareholder return policy
· Announce a mid-term shareholder return policy in March 2023, effective from fiscal year 2022.
· From 2023 to 2025, at least 30% of recurring dividend income and a certain portion of investment result will be utilized for share buyback & cancellation or cash dividend

Establishing a responsible investment policy in ESG
· Adopt an ESG investment process and investment checklist to develop investment porfolio for sustainable future
· Maintain the percentage of ESG Checklist-based Investments at 100% starting in 2023

Enhancing BOD's diversity, expertise, and independence
· Carry out activities to enhance the diversity, expertise, and independence of BOD to establish an advanced BOD-centered governance
· As of 2022, the ratio of independent directors in BOD was 57.1%; ratio of female directors was 14.3%; and the rate of implementing ESG-related BOD agenda items was 100%

57.1%

Square 2

Our ESG Approach

SK square is enhancing ESG management activities believing that both financial performance, such as growth, profitability, and soundness, and non-financial performance for sustainable management are equally crucial for survival in competition. We are exerting efforts to gain trust from stakeholders through ESG management.

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Materiality Assessment · Creating Social Value · Stakeholder Engagement · ESG Highlights 1. Sustainable Business · ESG Highlight 2. Firmwide Sustainability

Materiality Assessment

Materiality Assessment Process

SK square carried out a materiality assessment in accordance with the materiality assessment process recommended by GRI Standards 2021 to identify issues with financial or social/environmental impact. The material issues identified from the materiality assessment are reflected in the Sustainability Report and disclosed transparently.

Step 1.
Issue pool identification
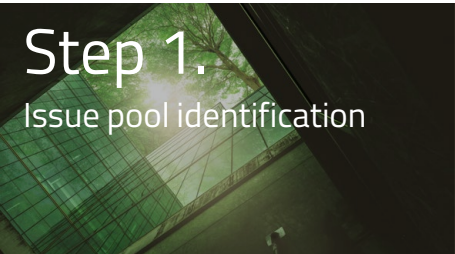
We analyzed the sustainability environment, including international standards and evaluation indicators, to identify issues related to SK square that are important from the economic, environmental, and people perspectives and can affect stakeholders. We also identified 30 issue pools through media analysis and analysis of ESG issues of peers in the industry to identify ESG issues that are specific to our company.

Step 2.
Analysis of issue characteristics
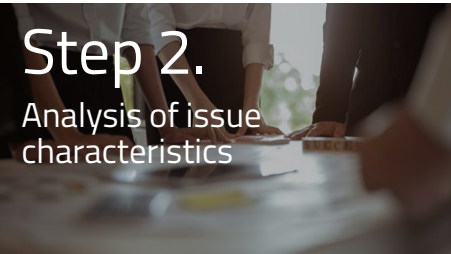
For the 30 issues identified in step 1, we engaged our stakeholders in the process of analyzing the characteristics of issues to categorize them into actual and potential issues and positive and negative issues.

Actual/potential issue identification
· Identify actual and potential impacts on people, including impacts on the economy, environment, and human rights, across the organization's activities and business relationships

Positive/negative issue identification
· Identify whether issues are positive or negative considering their severity, scale, scope and likelihood of their impact.

Step 3.
Materiality assessment
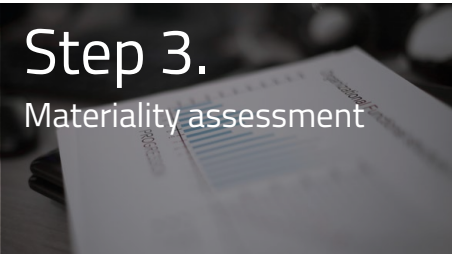
Regarding the impact of each issue from social/environmental and financial perspective, we determined their materiality by considering their size, scope and the possibility of recovery and restoration.

Social/environmental materiality assessment
· International standard analysis: Analyze international standards, such as GRI Standards, UN SDGs, etc., from environmental and social materiality perspectives.
· Stakeholder survey: External stakeholders(suppliers, customers, media, government agencies) and ESG experts
· Media analysis: Analyze issues that were exposed to the media during corporate activities

Financial materiality assessment
· Analyze ESG indicators: Analyze indicators from rating agencies such as MSCI, DJSI, etc.
· International standard analysis: Analyze financial materiality indicators such as SASB, TCFD, etc.
· Stakeholder surveys: Employees, shareholders/investors

Step 4.
Prioritization

After prioritizing all 30 issues in the issue pools considering the materiality of impact, we selected key reporting issues, basd on top 10 issues

· Engage internal and external stakeholders in selecting issues to consider the impact from both perspectives
· Categorize the top 10 issues into environmental/social/governance(economic) categories
· Disclose SK square's activities on material issues through this report

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Reinforce External Stakeholders' Participation

Step 1 Operate regular communication channels with external stakeholders such as suppliers, customers, investors, and shareholders, and manage key issues

Step 2 Survey external stakeholders in and outside of Korea and reflect materiality assessment

Step 3 Reflect key ESG assessment factors such as DJSI and MSCI indices

Step 4 Collect opinions through media analysis and reflect media coverage in the materiality assessment

Materiality assessment by engaging external stakeholders in the process

Material issues : Select 10 issues, including diversifying investment portfolios, maximizing corporate value, climate change response, and strengthening ethical management/fair trade

Unit : Count

🌍 2   👥 5   🏢 3
Environmental   Social   Governance

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Materiality Assessment · Creating Social Value · Stakeholder Engagement · ESG Highlights 1. Sustainable Business · ESG Highlight 2. Firmwide Sustainability

Materiality Assessment

Materiality Assessment Results

SK square selected 10 material issues by prioritizing their impacts according to double materiality and disclosed the related activities in 2022 in detail through ESG Highlights. When assessing the impacts of the issues, internal stakeholders directly participated in identifying ESG issues that are crucial to SK square's business performance, whereas external stakeholders directly participated in identifying material ESG issues from their perspectives. In addition, ESG impacts from a macro perspective were reviewed along with ESG experts. The selected material issues were then reviewed and approved by the BOD and finalized. SK square manages material ESG issues as key items of enterprise risk management and continuously monitors the impact of sustainability-related risks and opportunities. We will implement materiality assessment annually to manage key topics of ESG management activities and will actively communicate with stakeholders through transparent disclosures.

Double Materiality Matrix

● Top ◐ Middle ○ Bottom

			Double materiality			
Ranking	Issues	Area	Financial Impact	Environmental & Social Impact	Key stakeholders	Report page
1	Investment portfolio diversification and corporate value maximization	G	●	●	Investors	59 – 60
2	Climate change response	E	●	●	Investors, customers	29 – 30
3	Ethical management/ fair trade enhancement	G	●	◐	Government agencies, suppliers	64 – 65
4	Supplier sustainability (ESG) management	S	●	◐	Suppliers	46 – 48
5	Talent acquisition and employee competency reinforcement	S	●	◐	Employees	37
6	Fair performance evaluation and compensation	S	●	◐	Employees	38
7	Social contribution strategy development and performance management	S	◐	●	Community, customers	49
8	Investment increase considering environmental and social impact	G	◐	●	Investors, customers	32
9	Energy saving	E	◐	◐	Investors, customers	33
10	Customer information security enhancement	S	◐	◐	Customers	51 – 55

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Materiality Assessment

Material Issues

We identified whether a material issue has an actual impact at the moment, or whether it is an issue that has not occurred yet but is likely to have an impact in the future and should be prepared for in advance. We also analyzed whether it has a positive or negative impact on SK square and external stakeholders and checked risks in detail for each issue.

● Top ◐ Middle ○ Bottom

Ranking	Issues	Area	Actual vs. Potential		Positive vs. Negative	
			Actual impact	Potential impact	Negative impact	Positive impact
1	Investment portfolio diversification and corporate value maximization	G	●	◐	◐	●
2	Climate change response	E	◐	●	◐	●
3	Ethical management/fair trade enhancement	G	●	◐	○	●
4	Supplier sustainability (ESG) management	S	◐	●	○	●
5	Talent acquisition and employee competency reinforcement	S	●	◐	◐	●
6	Fair performance evaluation and compensation	S	●	◐	○	●
7	Social contribution strategy development and performance management	S	◐	●	○	●
8	Investment increase considering environmental and social impact	G	◐	●	○	●
9	Energy saving	E	◐	●	◐	●
10	Customer information security enhancement	S	●	◐	○	●

Analysis of Impact on External Stakeholders

We analyze the impact of SK square's key activities on the business and stakeholders to establish an ESG strategy that reflects our activities and influence.

● Top ◐ Middle ○ Bottom

Ranking	Issues	Area	SK square's main activities (including subsidiary activities) that affect environmental and social impact			Key financial impact on SK square			
			Operations	Products /services	Supply chain	Business model /strategy	Revenue	Cost	Risk
1	Investment portfolio diversification and corporate value maximization	G	●	◐	○	●	◐	○	○
2	Climate change response	E	●	○	◐	◐	○	◐	●
3	Ethical management/fair trade enhancement	G	●	◐	◐	○	○	○	●
4	Supplier sustainability (ESG) management	S	◐	○	●	◐	○	○	●
5	Talent acquisition and employee competency reinforcement	S	●	○	○	◐	◐	◐	○
6	Fair performance evaluation and compensation	S	●	○	○	◐	◐	◐	◐
7	Social contribution strategy development and performance management	S	●	○	○	◐	○	◐	●
8	Investment increase considering environmental and social impact	G	●	○	○	◐	◐	◐	◐
9	Energy saving	E	●	◐	◐	○	○	●	◐
10	Customer information security enhancement	S	●	◐	◐	○	○	○	●

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Materiality Assessment

Analysis of Impact on External Stakeholders

We analyzed the impact of SK square's management activities on external stakeholders, the top issues were diversifying the investment portfolio and maximizing corporate value, establishing social contribution strategies and managing performance, and responding to climate change. We manage the positive and negative impacts of these material issues on external stakeholders.

	Diversify investment portfolio and maximize enterprise value	Create a CSR strategy and manage performance	Respond to climate change
Relevance and materiality	• Key issues in value investment considering the future sustainability	• Key issues related to creating social value that external stakeholders can perceive its impact and systematically improving social issues	• Growing demand for various efforts by companies to respond to climate change
Output indicator	• Ratio of investment based on ESG checklist	• Percentage of employees participating in volunteer activities • Total purchases from social enterprises	• GHG emissions
Impact assessment	• Increase/decrease in environmental value • Social costs incurred/avoided	• Social costs incurred/avoided	• Environmental value increase/decrease • Social costs incurred/avoided
Physical risk and opportunity	• Sustainability of investment portfolio secured	• Negative company image due to passive response to social issues and fulfillment of responsibilities	• Corporate value/profit increase due to enhanced customer trust through climate change response
Business cases	• Growing demand for responsible investment activities considering ESG factors	• Growing demand for directly/indirectly creating social value by fulfilling social responsibilities in connection to business	• Growing demand for direct/indirect reduction of GHG emissions, including those of portfolio companies
Business impact	• Limits rapid investment because an additional review is required in investment target selection and decision making	• Creating an internal atmosphere of concern about cost increases resulting from social contribution activities	• Need investment and business decision-making process that considers minimum climate impact
Business strategy	• Re-establish the investment process considering decision-making on ESG investment	• Establish a strategy to create social value considering the fundamental roles of SK square and its portfolio companies	• GHG reduction target and reduction activities
Target/Indicator	• Percentage of ESG checklist-based investment: 100%(2025: 50%, 2030: 70%, 2040: 100%)	• Social value(SV) created	• Achieve Net-Zero GHG emissions(by 2040)
Activities	• Establish ESG investment process(p.59) • Apply ESG investment checklist(p.59)	• Manage performance in terms of social value created(p.18) • Establish social contribution strategies(p.49) • Policies to support social enterprises(p.49)	• Plan for SK square Net-Zero(p.28) • GHG reduction activities(p.29)
Compensation for executives	• Indirect connection to CEO/executive KPIs(reflecting SK square stock price)	• Direct connection to CEO/executive KPIs(reflecting social value created)	• Indirect connection to CEO/executive KPIs (reflecting Scope 3 emissions)

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Creating Social Value

Creating Social Value

SK square strives to create happiness for its stakeholders by pursuing both economic and social value based on the DBL management philosophy. In particular, SK square measures and manages not only economic value but also the performance of creating social value in currency and converts them into monetary value. We measure the social value created across our corporate activities, including investment activities, services, and cooperation with business partners, and apply objective and conservative criteria to measure monetary value, gaining trust from various stakeholders.

Social Value Performance

In 2023, SK square announced its SV performance for the first time since its foundation. SK square created a total of KRW 149.8 billion in social value in 2022 and will continue to create social value in various areas such as carbon reduction, labor environment improvement, and shared growth activities through net-zero implementation.

SV Measurement Area

The value of indirect contributions to the economy through business activities
- Employment: salaries, benefits, etc.
- Taxes: national and local taxes

Indirect contribution to the economy

Social performance

Environmental Performance

Social value
- Value of activities to improve labor environment and to promote shared growth

Social contribution:
- Value created by CSR activities for a community

Environmental value:
- The value of environmental impacts (e.g.,resource savings, pollutant emissions, etc.) created through various activities such as developing, producing, and selling green products and services.

SV Created in 2022

Effect of indirect contribution to the economy
KRW 25.2 billion.

Environmental Performance
KRW –79 million

Social Performance
KRW 124.66 billion

Unit : KRW 100 million

Employment	Dividends	Taxes	Environmental value	Social products/services	Social value	Social contribution
249	0	3	–7.9	1,228	9	9

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Materiality Assessment · Creating Social Value · **Stakeholder Engagement** · ESG Highlights 1. Sustainable Business · ESG Highlight 2. Firmwide Sustainability

Stakeholder Engagement

Stakeholder Engagement

SK square actively communicates with various stakeholders, including customers, employees, shareholders and investors, and central/local governments, and operates various communication channels for each stakeholder group at all times.
In addition, SK square strives to maintain sustainable communication with stakeholders by identifying their needs and expectations and actively reflecting them in our management activities and sustainability decision-making.

(R) Regular **(A)**Annual **(O)**Ongoing **(W)**When necessary

Employees

Communication channels
- Management Council**(R)**
- Employee happiness survey**(A)**
- Internal portal**(O)**
- Grievance reporting channel**(O)**

Issues of interest
- Enhancing employees' capabilities
- Establish an ideal corporate culture
- Fairly evaluate and reward performance

SK square support
- Operate the Management Council with employees
- Establish a human resources development system
- Operate competency development programs for talented individuals
- Operate work-life balance and family-friendly systems
- Conduct organizational engagement monitoring

Investors

Communication channels
- AGM**(A)**
- Regular business reports**(A)**
- Corporate presentations**(A)**
- Analyst meetings**(W)**

Issues of interest
- Diversify investment portfolio and maximize enterprise value
- Enhance responsible investment in ESG
- Respond to climate change
- Expand green business and investment

SK square support
- Develop an ESG investment portfolio
- Establish an ESG investment process
- Introduce and apply the ESG investment checklist
- Establish SK square Net-Zero 2040
- Develop eco-friendly products and technologies for subsidiaries

Customers(subsidiaries)

Communication channels
- Corporate website**(O)**
- Customer satisfaction survey**(A)**
- Customer service center**(O)**
- Official social media channels**(O)**

Issues of interest
- Waste reduction and recycling efforts
- Energy savings
- Enhance customer information protection

SK square support
- Join global environmental initiatives
- Establish and operate an environmental performance monitoring system
- Establish SK square's social contribution strategy
- Promote policies to support social enterprises
- Establish an information security policy and information security management system
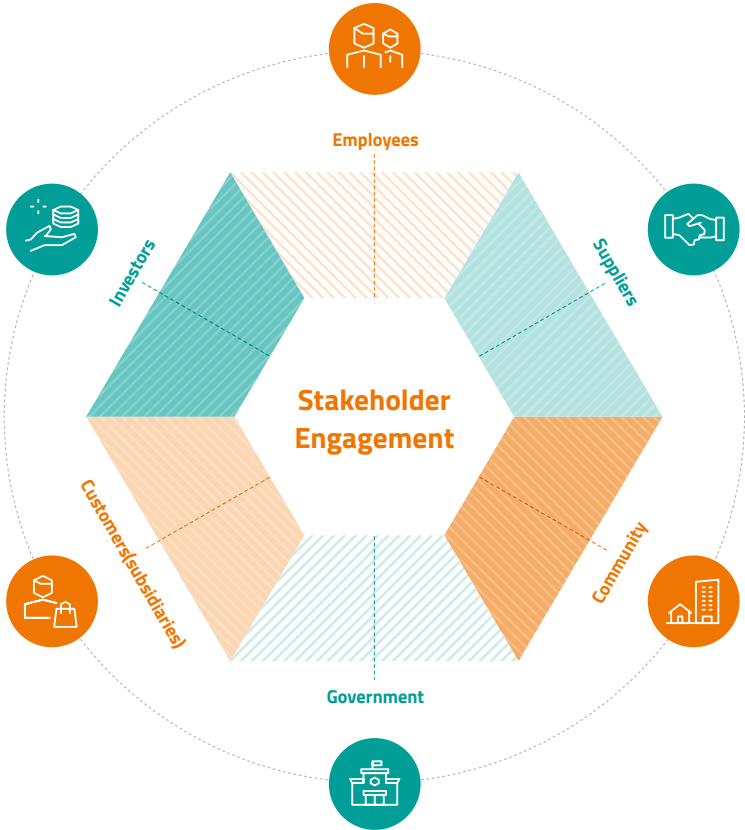
Suppliers

Communication channels
- Supplier meeting**(W)**
- Win-win cooperation program**(O)**
- Ethical management reporting channel**(O)**
- Online purchase system**(O)**

Issues of interest
- Integrated management of financial and non-financial risks
- Sustainable sourcing of raw materials
- Shared growth with suppliers
- Increase activities for customer satisfaction

SK square support
- Establish an integrated risk management system
- Establish an ESG risk management system for suppliers
- Establish a responsible minerals management system for business subsidiaries
- Establish a VOC management and response system for business subsidiaries

Community

Communication channels
- Corporate website**(O)**
- Programs that support social enterprises' ecosystem**(O)**
- Social contribution program**(O)**
- Various disclosures**(R)**

Issues of interest
- Establish a social contribution strategy and manage performance
- Corporate social responsibility

SK square support
- Develop SK square's social contribution strategies
- Promote policies to support social enterprises
- Create social value through business subsidiaries

Government

Communication channels
- Corporate website**(O)**
- Public service supporting activities**(W)**
- ESG report**(R)**
- Various disclosure materials**(R)**

Issues of interest
- Advance the environmental management system
- Waste reduction and recycling efforts
- Sustainable raw material sourcing

SK square support
- Establish an environmental management strategy and environmental management policy
- Operate an environmental performance monitoring system including waste
- Establish an ESG risk management system for suppliers

Stakeholder Engagement

(center diagram) Employees · Suppliers · Community · Government · Customers(subsidiaries) · Investors

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ESG Highlights 1. Sustainable Business

Sustainable Business

As a sustainable investment firm based on ESG management, SK square expands its perspective from financial performance to sustainability to increase total value by adding ESG throughout the investment process.

ESG Investment Guidelines

SK square is working on introducing guidelines needed to reflect ESG factors in investment target selection and decision-making processes as part of efforts to enhance sustainable corporate value and innovate investment portfolios. We will apply the principle of negative screening when selecting investment companies to exclude industries with negative social and environmental impacts from investment, and use the ESG investment checklist during the investment deliberation process to make final investment decisions. SK square will continue to upgrade its ESG guidelines and increase the percentage of applying the guidelines to vitalize future innovative investments while ensuring sustainability.

Responsible ESG investment process →

ESG Investment Portfolio Management

SK square prioritizes sustainability-based investment principles and strives to provide high value to stakeholders and a positive impact on future society. SK square has a differentiated portfolio centered on semiconductors and ICT, which will play a key role in the future society. With this, we have played a major role in creating a future-oriented and sustainable society. In addition, in 2023, SK square will participate in an SK Group project to nurture social venture companies that can solve social issues to actively promote investment activities that create social value

ESG investment portfolio →

Environment-friendly investment portfolio →

ESG Management for Portfolio Companies

SK square strives to minimize risks to its investment portfolio by expanding ESG management to portfolio companies and regularly monitoring them, in addition to ESG-based investment. To expand ESG management to its subsidiaries, SK square supports the establishment of ESG management systems, such as ESG management principles and management plans, and regularly carries out ESG assessments and diagnoses to identify and mitigate potential ESG issues and risks. We also established and operate the ESG Council to discuss various ESG issues with our subsidiaries.

ESG management for portfolio companies →

ESG Investment Decision-making Process

Negative Screening	Checklist-based ESG Investment Decision-making

Negative Screening

- Does the company run businesses related to arms, small firearms, and ammunition, drugs, or non-valuable goods such as tobacco?
  ✓ ✕

- Does the company offer unethical services such as gambling or entertainment infringing on sexual ethics?
  ✓ ✕

- Is the company likely to violate ESG-related laws and regulations, such as environmental, human rights, and ethics?
  ✓ ✕

Checklist-based ESG Investment Decision-making

Identify investment targets

↓

Review investment suitability

↓

ESG investment deliberation
(if ESG investment deliberation is required)

↓

Final investment decision

ESG Investment Checklist

- Resource consumption levels in production/distribution/sales
- Level of environmental pollutant emissions
- Practices that violate equality
- Key executives' misconduct
- Level of consumer protection
- Issues from employees' perspectives
- Community-related issues
- Compliance with accounting transparency principles
- Level of BOD's independence
- Violation of the rule of law, etc.

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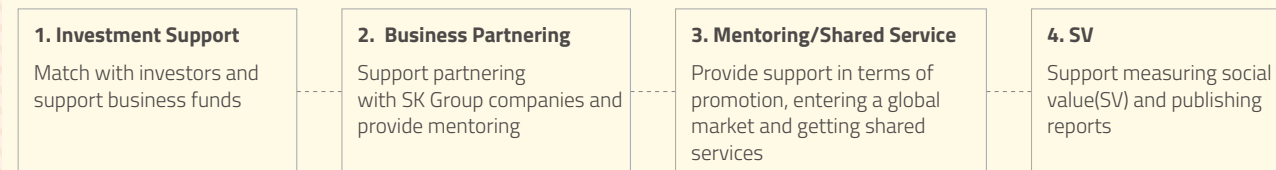
ESG Highlights 1. Sustainable Business

Case.
Identifying and Nurturing Impact Unicorns

Background and Objective
By joining the Impact Unicorn project led by the SK Group, SK square and its subsidiaries will identify promising social economy enterprises that create social value and will provide support with investment. In addition, we will try to match them to our subsidiaries for partnership and develop a collaboration model, creating a sustainable shared growth economy.

Support for Nurturing Impact Unicorns

1. Investment Support	2. Business Partnering	3. Mentoring/Shared Service	4. SV
Match with investors and support business funds	Support partnering with SK Group companies and provide mentoring	Provide support in terms of promotion, entering a global market and getting shared services	Support measuring social value(SV) and publishing reports

Process

1. Candidate Identification
Receive candidate recommendations

Identify candidates through internal investigation

2. Candidate Validation
Validate the eligibility of candidates

Review investment and possibility for business association

3. Final selection
Make a final selection based on SK Group companies and investors' review results(Select companies with potential for investment and business partnership)

4. Nurturing & Support
Invest in selected companies

Support business opportunities with SK member companies

Major Support Outcomes in 2022(11STREET)

DoBrain
Offers services that help cognitive learning therapy for children with developmental disabilities

eatmapl.
Offers healthcare services to patients having difficulties due to physical limitations

Joined SOVAC Market(specialized mall for social enterprises) and 11Street Festival Day

Built a foundation for self-reliance in online commerce business

Case.
Joining in ESG Korea

Background and Objective
SK square has joined the ESG Alliance, which comprises SK Group companies, government agencies, research institutes, media and venture capitals, to support startups in the ESG areas to venture, grow and invigorate the ecosystem. Additionally, SK is jointly running ESG Korea, a startup support program focusing on ESG.

Key Support Programs
SK square is running support programs(e.g., training, workshop and partnership) to support ESG-focused startups by leveraging the competency and resources of partner institutes and companies. Moreover, we use our cooperation channels to provide business partnership and collaboration opportunities, contributing to the growth of the ESG startup ecosystem.

Concept of ESG Korea

· Help startups to grow through company build-up, mentoring and training

· Create win-win outcomes by investing in startups with high growth potentials

Accelerating

Fund

Collabo project

· Enhance startup business competitiveness through cooperation with relevant departments of SKT and other SK affiliates

Programs

Curriculum that integrates the Alliance's R&C Expert mentoring, seminars and workshops specialized for startups

Alliance &Alumni N/W
Support various collaboration channels including business partnership/collaboration

Connect to partner programs, direct investment, marketing & promotion, consulting, office space rent, overseas exhibitions, demo-day, etc.

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ESG Highlights 2. Firmwide Sustainability

Firmwide Sustainability

SK square systematically conducts improvement and response activities for ESG issues that may affect corporate management and actively strives to spread ESG management to its subsidiaries.

Climate Change Response

SK square is fully aware of the need to respond to climate change. We have set 2040 as the target year for achieving carbon neutrality and have developed and implemented the 'SK square Net-Zero 2040 Plan' to reduce carbon emissions systematically. We have established and operated a governance system for climate change response to identify climate change risks and opportunity factors and to develop measures to deal with them. We developed key performance indicators related to climate change response to enhance implementation through target management as part of our continued efforts. In 2022, SK square joined the TCFD Supporters to raise awareness of climate change response at the enterprise level and is currently trying to expand the scope of environmental information disclosure. Recognizing the severity of climate change's impact on ecosystems and human society, SK hynix is committed to contributing to problem-solving efforts. To demonstrate these efforts and plans, SK hynix has been publishing TCFD reports since 2022. In 2020, SK hynix joined RE100 and pledged to procure 100% of the total electricity consumption at all business sites from renewable energy sources by 2050. In 2022, SK hynix sourced 29.6% of its total electricity consumption from renewable energy sources. In response to climate change, SK shieldus has announced it would achieve net zero by 2040 and plans to convert 65% of its internal combustion engine vehicles to electric vehicles by 2030. For this, 20 after-sales service and patrol vehicles and 15 motorcycles have been converted to electric vehicles since 2021. In 2022, 100% of its vehicles, except emergency response vehicles, were converted to electric vehicles.

Climate change response →

Energy Consumption Reduction

SK square does not have separate manufacturing or production facilities. Accordingly, we continuously monitor the energy consumption in the office in SKT Tower and implement reduction activities. We turn off lights outside of business hours, use power-saving electrical outlets, and limit the use of personal heaters/air conditioners. Furthermore, we have recently purchased green premiums to increase the use of renewable energy. As SK hynix is in the semiconductor industry, which is known for its high energy consumption levels. In this regard, SK hynix has set up an "Energy Saving TF" to implement firmwide energy management and reduction activities and monitor the progress of exploring and implementing energy-saving ideas. SK hynix also continues to increase new investments to improve energy efficiency and has established and continuously managed an energy management system(ISO 50001 certified) that meets global standards. Recently, SK hynix has started to procure renewable energy by using renewable energy purchase policies and systems such as green premiums* to increase the use of renewable energy. SK hynix also started to operate renewable energy generating facilities such as solar and small hydropower generators at business sites, contributing to reducing energy consumption and GHG emissions.

* The green premium system allows electricity consumers to pay an additional premium to the existing electricity costs to KEPCO in order to purchase electrical power produced from renewable energy.

Environmental impact minimization →

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ESG Highlights 2. Firmwide Sustainability

Strengthening Ethical Management/Fair Trade

Based on the idea that ethical management leads to stronger competitiveness, SK square has established a code of ethics for its employees, subsidiaries, and business partners, which is used as the basis for all decision-making and actions. In addition, we have established and is promoting a company-wide ethical management system to ensure systematic ethical management. To identify and respond to ethical risks in advance, we regularly conduct audits to identify ethical management risks, and also audit subsidiaries where we exercise substantial management rights. As of 2022, we audited three subsidiaries to identify ethical management risks and will audit more subsidiaries in the future. Furthermore, our consultation and reporting channels guarantee ongoing communication and monitoring; and efforts are being made to raise employees' ethical awareness and internalize ethical management through ethics and anti-corruption related education.

Ethical management   ⟶

Strengthening Customer Information Protection

SK square established an information security management system to protect its internal information and customers' information; and obtained ISO 27001 certification, an international standard for information security management systems(ISMS). Furthermore, SK square created an information security organization and the Information Security Committee to regularly examine and address information security issues.

Information Security Policy and Information Security Organization   ⟶

ESG Management for Supply Chain

SK square selects and manages suppliers to realize a sustainable supply chain. Every year, we conduct an ESG risk assessment based on the 'Code of Conduct for Suppliers' for all suppliers(new and existing). A supplier management policy was established to lay an institutional foundation for supplier ESG management.

SK hynix regularly manages the ESG risks of its suppliers to proactively identify and respond to various issues in advance that may arise in the process of procuring raw materials for semiconductor manufacturing. In 2021, SK hynix developed its own supply chain ESG evaluation indicators in labor, human rights, safety and health, environment, ethics, and management system to reflect the characteristics of its supply chain and manage risks. In order to procure all necessary minerals in a responsible manner, SK hynix has received certification for all 3TGs(Tantalum, Tin, Tungsten) and gold through the Responsible Minerals Assurance Program(RMAP) strives to maintains the certification.

Responsible supply chain management   ⟶

Recruitment and Employee Empowerment

SK square excludes discriminatory factors unrelated to job in recruitment; recruits diverse talented professionals with expertise and potential based on job competency. In order to secure diversity in recruitment and prevent discrimination, we clearly state this in recruitment, HR, and ethics regulations. We set a goal of nurturing "talented individuals who practice the will to compete and win based on the faithfulness in management philosophy" and has established and systematically supports the talent development system. As of 2022, a total of 86 employees participated in the employee competency reinforcement training program, and each participant completed 23.1 hours of training.

Recruitment Principles   ⟶
Major Competency Development Programs   ⟶

Fair Performance Evaluation and Compensation

SK square sets measurable objectives to evaluate individual performance and conducts evaluations at least once a year through transparent and reasonable procedures. To prevent factors that hinder transparency, such as unreasonable discrimination in the performance evaluation process, we specified relevant matters in the Code of Ethics Implementation Guide and has a process for raising objections and feedback channels to ensure reasonable performance evaluation. As of 2022, we applied the performance evaluation system to all employees, and we encourage sharing and collaboration while avoiding internal competition through absolute evaluation.

Fair Evaluation and Compensation   ⟶

Strategy Development and Performance Management for Social Contribution

SK square has established and implemented a social contribution strategy aimed at contributing to solving various social issues and creating tangible social value. Based on this, we support fostering social enterprises that aim to solve social issues. In particular, we support social value creation activities by leveraging the competency of SK square and its subsidiaries. SK square provides investment and consulting services to social economy enterprises based on our knowledge and information in the fields of investment and management. Networking activities are conducted to promote cooperation between social economy enterprises and our subsidiaries. Based on its ICT capabilities, SK hynix provides elderly care services using AI speakers to help relieve the loneliness of the elderly living alone and support health care services. "Happy GPS" project to prevent the disappearance of dementia patients and people with developmental disabilities. As of 2022, a total of 477 missing persons safely returned to their families. SK shieldus contributes to establishing a social safety net by leveraging its IoT technology competency. Since 2021, SK shieldus has been participating in the 'Emergency Safety and Relief Service' organized by the Ministry of Health and Welfare to quickly recognize and respond to emergency situations of the elderly and disabled who are exposed to risks such as lonely death and fire. 11STREET opened the 'SOVAC Market' on its online platform to help social economy enterprises establish a foundation to become self-reliant through online commerce and promote sales. As of 2022, a total of 270,000 customers participated in value-based consumption through 'SOVAC Market,' recording KRW 12 billion in Gross Merchandise Volume.

TMAP Mobility provides "Information on Potential Black Ice" on its GPS service to inform drivers of accident risks in advance and help them drive safely considering the weather conditions such as ice and fog by incorporating the weather information from the Korea Meteorological Administration. This contributes to reducing the social costs of traffic accidents, creating a virtuous cycle of social value.

Social contribution strategy   ⟶
Social enterprise support policy   ⟶
ICT-based social value creation   ⟶

Square 3

ESG Policy & Performance

SK square is committed to practicing sustainable management in the areas of environment(E), society(S), and governance(G). First, we are promoting systematic environmental management by setting and implementing detailed reduction targets such as SK square Net Zero 2040 and minimizing environmental impacts in order to actively respond to global climate change crisis. Second, we are promoting the health and well-being of our employees by developing policies for employee happiness and human rights management and creating a safe and comfortable working environment. Lastly, we have established a transparent governance structure to become a company trusted by all stakeholders and further enhanced our ethical management system based on the Group's internal control standards.

Environmental

Recognizing that the environment is our future, SK square has set the environmental management goal of realizing sustainable growth through future-oriented value investment. Based on this, we will strive to offer eco-friendly value to our customers and stakeholders and lead a sustainable future.

Environmental Management

+

SK square has established an environmental management system to actively respond to social and environmental responsibilities, such as responding to climate change and reducing greenhouse gas emissions, and is implementing various environmental management activities.

Highlight

55.1 Hour
Hours spent on the environmental management education program

0 Count
Violations of environmental laws and regulations

Environmental Management Goal and Strategy

SK square has established an environmental management vision and strategy system through the ESG Committee to fulfill its social and environmental responsibilities, such as climate change response and GHG reduction. For systematic implementation, SK square carries out various environmental management activities based on specific implementation tasks.

Goal

Achievement of sustainable growth through value investment that considers the future

Implementation strategy (strategic goals for 2025)

Actively pursuing net-zero

Establishing an environmental management promotion system

Internalizing and enforcing environmental management

Implementation tasks

Establishment and implementation of net zero and RE100 plans

Establishment of environmental management support system for the companies invested

Establishment of environmental management governance system

Organization and operation of environmental management entities

Establishment and expansion of environmental management guidelines

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Expansion of education and campaign to improve employees' awareness

Environmental Management Policy

In order to comply with environmental laws and regulations and actively practice environmental management, SK square has established and implemented environmental management policies so that environmental impact can be identified in all business activities, such as environmental management systems, business activities, environmental information disclosure, etc. Implementing environmental management policies and performance management are reviewed and approved by the ESG Committee under the BOD, and we established business systems for each responsible organization. In addition, we continuously monitor improvements in performance management to achieve the carbon neutrality target. At the same time, we also exert efforts to improve awareness among stakeholders in and outside the company by providing employees with training and disclosing environmental data.

Environmental management system	SK square systematically establishes and manages the entire process from setting to planning, implementing, and improving environmental management goals in order to minimize the environmental impact of business and investment activities.
Business activities	SK square strives to minimize the negative environmental impact of climate change by setting greenhouse gas reduction goals and faithfully implementing them in business activities.
Due diligence, mergers and acquisitions	SK square conducts due diligence during mergers and acquisitions to identify potential risks involved in not meeting environmental regulations or environmental management system standards. In addition, we have established and implemented a decision-making system based on own checklist.
Environmental information disclosure	SK square discloses environmental management policies and performance to customers, employees, and other stakeholders in accordance with global standards.

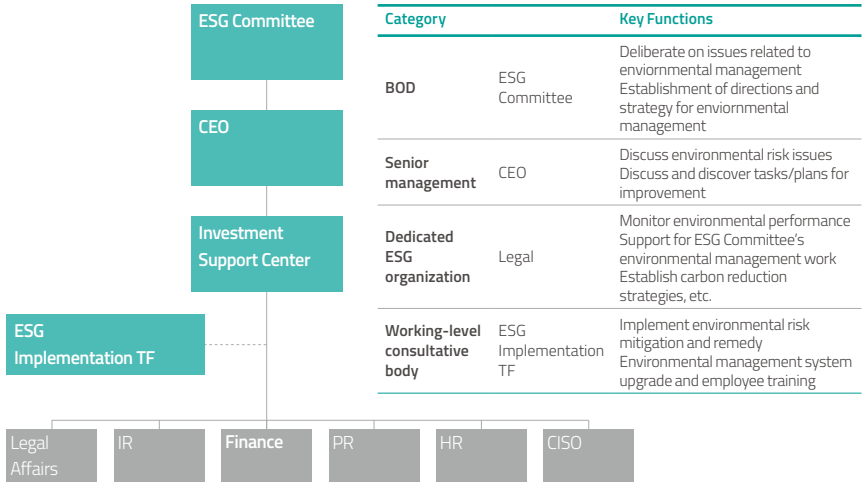### Compliance with Environmental Laws and Regulations

Category	Unit	2022
Environmental incidents	Person	0
Violations of environmental laws and regulations	Count	0

⌂ ☰ Overview / Our ESG Approach / ESG Policy & Performance / Facts & Figures / Appendix **SK square ESG Report 2022** **28**

Environmental · Social · Governance

Environmental Management

Environmental Management System

To promote environmental management more systematically, SK square has an ESG Committee under the Board of Directors, which is responsible for discussing and making decisions on environmental issues. In addition, the dedicated ESG organization is in charge of managing environmental data such as greenhouse gases and supporting environmental management practices, while the working-level consultative council monitors major risks.

Activities by Major Environmental Management Organizations

Category		Key Functions
BOD	ESG Committee	Deliberate on issues related to enviornmental management Establishment of directions and strategy for enviornmental management
Senior management	CEO	Discuss environmental risk issues Discuss and discover tasks/plans for improvement
Dedicated ESG organization	Legal	Monitor environmental performance Support for ESG Committee's environmental management work Establish carbon reduction strategies, etc.
Working-level consultative body	ESG Implementation TF	Implement environmental risk mitigation and remedy Environmental management system upgrade and employee training

Organization chart:
- ESG Committee
- CEO
- Investment Support Center
- ESG Implementation TF
- Legal Affairs / IR / Finance / PR / HR / CISO

Employee Awareness Improvement Activities

In response to growing importance of environmental mana gement, SK square has been operating an employee awareness improvement program to improve employees' awareness of environmental management and encourage voluntary participation, which will be continuously expanded.

Employee Awareness Programs

Category	2022
Number of participants in environmental management education program (Person)	87
Hours spent on the environmental management education program(Hour)	55.1
Number of environmental management promotions and campaigns(Count)	3

CASE

"Save the Community, Save the Environment" Campaign

SK Group is leading the 'Save the Community, Save the Environment' campaign with the Korea Chamber of Commerce and Industry to practice environmental protection. SK square also joined the campaign as a member of the SK Group and is making various efforts to internalize environmental management, such as running environmental protection campaigns at vacation spots in July 2022 and Zero Waste Day events in September to raise employees' awareness of environmental protection.

'Haenggarae' Data Plogging Activities

SK square regularly holds plogging events to strengthen employees' eco-consciousness and foster new entrepreneurship at SK Group. People can join in plogging by installing the app called 'Haenggarae,' which automatically counts steps and certifies eco-friendly activities practiced in daily life, such as using public transportation and using a tumbler.

Climate Change Response

+

SK square's Board of Directors and management lead the discussion on climate change response strategies. We identify risks and opportunities and establish a response process to manage impact on overall management.

Highlight

149.2 tCO₂e
Direct emission(Scope 1 emission)

445.4 tCO₂e
Indirect emission(Scope 2 emission)

SK square Net-Zero 2040

Recognizing the climate change crisis and the need for response plans, SK square has set 2040, as the target year for achieving carbon neutrality, based on the RCP Scenario[1] and the IPCC Special Report on Global Warming 1.5℃[2]. This target is 10 years earlier than the national target(NDC) of 2050 for green house gas reduction. The RCP scenario considered RCP 4.5(moderate scenario) and RCP 8.5(unmitigated greenhouse gas emission growth). In order to limit the global average temperature rise by 1.5℃, we engage in direct reduction activities by shifting to electric vehicles and indirect reduction activities by purchasing renewable energy. We Plan to continue to implement active climate change response activities by joining RE100 in the future.

1) Representative Concentration Pathways(RCP): Climate change scenarios by greenhouse gas concentrations
2) An analysis report on greenhouse gas emission pathways to limit the global average temperature rise to 1.5℃ compared to pre-industrial levels by 2100

2023 GHG Reduction Method and Target
GHG Reduction Goal

Category	Unit	2022	2023
Scope 1 reduction through transition to electric vehicles	tCO₂e	–	0.5
Scope 2 reduction through use of Renewable energy		–	180.3
Total		–	180.8

Category		Unit	2023	2025	2030	2035	2040
Estimated emissions (BAU 2021)	Scope 1	tCO₂e	98.2	102.1	117.0	133.6	149.9
	Scope 2		506.0	574.0	741.0	876.8	1001.6
	Total		604.2	676.1	858.0	1010.4	1151.5
Reduction target	Scope 1		0.5	5.5	14.5	18.0	19.0
	Scope 2		180.3	237.6	534.8	838.0	1132.6
	Total		180.8	243.1	549.3	856.0	1151.6

Achieve Net Zero 2040
(11,600 tons less than BAU in 2021)

1. Carbon emission reduction through "transition to electric vehicles"

2. Carbon emission reduction through "purchasing renewable energy"

Residual carbon emissions

2022   2030   2040   2050

2% Direct Reduction
Transportation transition through electric vehicles, etc. 500 tons(2%)

98% Indirect Reduction
Purchase of renewable energy 24,500 tons(98%)

Climate Change Response

Climate Change Governance

Recognizing climate change as a critical risk and strategic opportunity, SK square holds ESG Committee meetings under the BOD at least once a year to review and approve major agenda items related to climate change, such as reviewing company-wide climate change response plans and strategic direction. We regularly monitor risks and opportunities related to climate change through the ESG Working-level Consultative Body and working-level organizations. We added climate change to performance evaluation categories to encourage active responses among executives.

Climate Change Governance Framework

Building governance system to respond to climate change

ESG Committee

• Discussions and decision making on 2040 Net Zero plan

• Decision-making on climate change risks and opportunities

• Environmental performance monitoring and development of improvement measures, etc.

ESG Working-level Consultative Body

• Support for deliberations on climate change issues

• Development of strategies to respond to climate change risks and opportunities

Dedicated ESG Organization

• Monitoring of climate change risks and opportunities

• Identification of climate change risks and opportunities

• Environmental performance monitoring, etc.

Climate Change Strategy(Climate Change Risks/Opportunities and Business Impacts)

SK square's ESG Committee and Working-level consultative body identify risks and opportunities related to climate change. Based on the findings, we analyze the expected financial impact in the short, mid, and long term and set business strategies accordingly. We have also established a process for climate change risk management and systematically follow the process.

Climate Change Risks and Opportunities

Category		Short-term(-2024)	Mid-to-long term(2025-2040)
Risks	Physical Risks	• Increased costs from damage to worksites due to extreme weather conditions such as heat waves, fires, floods, water shortages and rise of sea levels	
	Transition Risks	• Increased additional costs due to the purchase of electric vehicles and renewable energy • When there is negative feedback from various stakeholders on the response to climate change, the corporate value(stock price) declines, and the response cost increases	• Continuous cost increase due to the transition to renewable energy purchases • Tightening of domestic and foreign eco-friendly regulations • Increased cost of support and upgrading the environmental management of investment portfolio
Opportunities		• Gain customer trust following participation in global initiatives, which increases the corporate value and profits • Secure green business portfolio and increase return on investment thanks to increased value	
Financial impact analysis and business strategies		• Annual cost is expected to be more than approx. KRW 4 million a year due to purchasing renewable energy(via Green Premium) • Need to set a strategy to adopt REC and other reductionary measures, if the cost of purchase increases due to severe competition in bids	

* The green premium system allows electricity consumers to pay an additional premium to the existing electricity costs to KEPCO in order to purchase electrical power produced from renewable energy.

Process for Climate Change Risk Management

Identify and assess climate change risks and opportunities

Analyze climate change scenarios

Identify climate change risk and opportunity factors

Analyze short-, mid-, and long-term impacts

Make decisions on climate change risks and opportunities

Identify climate change risks and opportunities, and generate outcome of the assessment

Review climate change issues

Make decisions on key climate change issues

Respond to climate change risks and opportunities

Develop strategie to respond to climate change risks and opportunities

Develop and implement climate change repsonse measures

Monitor risk factors

Climate Change Indicators and Targets

SK square has set GHG emissions(Scope 1+2) as a key performance indicator for climate change response. We will conduct various activities to reduce GHG emissions, such as expanding the use of renewable energy and switching transportation means. Other environmental performance can be found in the 'Environmental Performance' section.

Key Performance Indicator

Category	Unit	2022
Total GHG emissions		594.6
Direct(Scope 1)	tCO₂e	149.2
Indirect(Scope 2)		445.4

GHG Reduction Activities

Although SK square does not have a manufacturing or production facility, in order to join the global efforts to respond to global climate crisis, we participated in the Forest Carbon Offset Scheme to contribute to reducing greenhouse gas emissions by enhancing forest carbon sinks. SK square enhances forest carbon sinks by purchasing ESG products from its affiliate SK forest. With this, SK square is expected to be recognized by the Korea Forest Service for 51 tons of forest carbon sink as of 2022.

Integrate the climate change risk into firmwide risk management process

SK square organized a top decision-making body and supporting organizations in risk management to identify financial and non-financial risks in advance and respond to them proactively. The ESG Committee under the BOD deliberate upon major agenda items and monitors risks on a regular basis. Climate change, as a non-financial risk in the environmental sector, is considered a part of the enterprise risk management process. The Head of the Legal Affairs Group under the Head of the Investment Support Center, who is in charge of overseeing risk management consultative body, shares key climate change risk issues, develops response plans and manages them. In addition, along with other risk factors, climate change risk is reflected in the materiality assessment process conducted every year to be under intensive management after prioritization.

Climate Change Response

Subsidiaries' ESG Story. Joining the Fight Against Climate Change

SK hynix

Expanding the Use of Renewable Energy to Achieve Net Zero

SK hynix has recognized the severity of climate change impact on the global environment and humanity and has consistently made efforts to contribute to solving the problem. In 2022, SK hynix analyzed the impact of climate change risks on businesses based on various scenarios and published the TCFD Report, outlining efforts and plans to respond to the risks. In addition, SK hynix joined RE100 in 2020 and set an interim target to procure 33% of the total electricity consumption at all business sites from renewable energy sources by 2030, aiming to achieve RE100 by 2050. In 2022, SK hynix sourced 29.6% of its global business sites' electricity consumption from renewable energy sources.

SK shieldus

Minimizing GHG Emmissions

In line with the global response to climate change, SK shieldus declared Net Zero 2040 in April 2022 under the philosophy of "Shield-earth," and established mid- and long-term emission target and reduction plans in accordance with the guidelines provided by the SBTi(Science-Based Target initiative).
Based on the SBTi guidelines, SK shieldus has set an emissions reduction target at 9,032 tons by 2030, a 42% reduction from the base year(2020) emissions, using the absolute reduction method, and aims to achieve Net Zero by 2040. For this, SK shieldus ran 62 electric vehicles in 2022 and plan to convert 65% of its vehicles to electric vehicles by 2030. In addition, SK shieldus purchased 3,544 MW of renewable energy through the Green Premium and supplied it to its offices, reducing 1,627 tons of GHG.

TMAP MOBILITY

Creating a Green Mobility Ecosystem

TMAP Mobility is exerting direct and indirect efforts to address various climate change issues. In particular, it has set a goal of creating an eco-friendly mobility ecosystem in 2022 and is stepping up efforts to develop various ICT technologies. TMAP Mobility has made outstanding achievements in the environmental field by providing the 'TMAP Driving Life' service, which enables drivers to check how much they contributed to carbon reduction, saving 1.92 million tons of CO_2 per year. In addition, we are preparing an eco-route service that guides drivers to the path with the lowest carbon emissions through an advanced driver assistance system(ADAS) map that the company is internally developing.

ONEstore

Promoting Efficient Energy Consumption and Data Traffic

ONE store detected a factor that can generate unnecessary traffic regarding the global app market and requested Google Play to stop the practice, increasing the efficiency of the battery and data traffic of Android users worldwide. Google Play, a global app market, had been causing unnecessary battery and data traffic for Android users worldwide through its policy of updating apps that were not installed from Google Play again, even if they are the same version of the same app. ONE store changed Google Play's policy by reporting to the CR and sending a letter to Google(September 30, 2022). As a result, data traffic resulting from the unnecessary update has disappeared, resolving the inconvenience that affected more than 3 billion Android users worldwide for over 3 years.

Green Investment

+

SK square has built an eco-friendly investment portfolio and conducts investment activities to support developing green products and services for companies.

Highlight

Performance in 2022

Eco-friendly products and services through investment companies

Eco-friendly Products & Technologies Development

SK square does not directly develop or manufacture products, but encourages its subsidiaries to set and promote eco-friendly products and technologies, including the establishment of low-carbon manufacturing systems and the development of low-power, high-efficiency products, so that they can minimize their environmental impact in various business segments. Based on this we have improved sustainability to discover future growth engines for our investment portfolio.

Enviornmental Impact of Products

Major issues regarding products' environmental impact	Unit	SK square's activities
Percentage of products that are recyclable or reusable(by ton)	%	No products directly produced by SK square
Percentage of products containing substances listed in the IEC 62474(by sales)		No products directly produced by SK square
Integrated(hardware+software) energy efficiency process management and energy efficiency performance measured by product category(servers, desktops, and laptops)	Count	No products directly produced by SK square
Eco-design	Count	No products directly produced by SK square
Third-party certification and Type II certified products		No products directly produced by SK square

Subsidiaries' ESG Story. Green Investment Activities

SK hynix

Building a Low-carbon Manufacturing System

SK hynix has continuously focused on developing alternative gas to directly reduce carbon emissions, which account for Scope 1 within the semiconductor process. We have formed a collaborative network involving various stakeholders such as material suppliers and equipment vendors to replace high global warming potential(GWP) process gases, which include the six major greenhouse gases in semiconductor processes: carbon dioxide(CO_2), methane(CH_4), nitrous oxide(N_2O), hydrofluorocarbons(HFCs), sulfur hexafluoride(SF_6), and

perfluorocarbons(PFCs), as well as nitrogen trifluoride(NF_3). This network enables joint efforts for the development of alternative gases.

Enhancing Product Energy Efficiency

In October 2021, SK hynix developed HBM3, the fastest and highest capacity DRAM to date, and began its mass production in the first half of 2022, just seven months after the development, and released the product in the market. The energy efficiency of HBM3 is 1.28 times higher than the previous model HBM2. The HBM series is the face of SK hynix's energy-efficiency product and has been designed to consume less power than its previous version. By 2030, SK hynix will continue its efforts for HBM products to double the energy efficiency of 2020.

SK shieldus

Providing Energy-saving Services

SK shieldus launched smart cooling and heating services in November 22 as a new eco-friendly solution that converged the Internet of Things(IoT) and AI-based HVAC technology to create an optimal indoor environment while preventing unnecessary energy consumption. As an AI-based HVAC solution, the 'smart cooling and heating' system utilizes state-of-the-art sensors to collect temperature and humidity data, and AI automatically optimizes the indoor climate without manual operation. Unlike conventional air conditioners/heaters that users had to set temperatures, AI automatically adjusts to maintain the optimal environment to reduce unnecessary energy consumption.

Developing Products that Reduce Plastic Use

In April 2022, SK shieldus launched an environmentally friendly product made with recycled parts from uninstalled products for the main device that transmits signals from various sensors to the control center in the physical security business. About 60% of the parts came from uninstalled products to save resources. In addition, we developed a technology that enables old plastic-card readers to read mobile cards. As a result, SK shieldus reduced the generation of waste by recycling of old card readers and contributed to reducing the number of newly issued plastic cards through continuous technological development.

Minimizing Environmental Impact

+

SK square has set a strategy to achieve carbon neutrality by 2040 and is actively participating in social efforts to respond to the climate change crisis.

Highlight

♲ **11,696.9** GJ
Total energy consumed

♲ **49.4** %
Percentage of waste recycled

Support for Global Initiatives

SK square analyzes environmental data, such as GHG emissions, energy consumption, and waste discharge, to set reduction targets and implements various methods to achieve the targets. In addition, we set our clear direction to join an eco-friendly international initiative to achieve our Net-Zero target and to join the efforts to fight against global environmental issues, including climate change. In 2022, we joined the TCFD Supporters to declare our support for the global response to the climate crisis, responding more actively to the climate crisis. In 2023, we plan to check our climate change response status in response to the CDP(Carbon Disclosure Project). For this, we are collecting and managing our carbon emissions data.

Establishing an Environmental Performance Monitoring System

SK square strives to realize sustainable green growth by continuously promoting eco-friendly investments and new businesses to minimize the environmental impact of our business activities. We will continue sustainable growth by establishing a system to systematically monitor, evaluate, and manage environmental performance in consideration of the business characteristics of our subsidiaries.

Energy and Renewable Energy Management

SK square's headquarters calculates its energy consumption based on the area used in the SKT Tower and measures its energy consumption based on the energy bills provided by the energy supplier. As of 2022, our energy consumption was 11.70 TJ, and we manage our energy consumption to meet the national environmental disclosure standards every year and disclose it through the Environmental Information Disclosure System. SK square promotes the use of renewable energy through Green Premium to achieve net zero and join RE100.

* The green premium system allows electricity consumers to pay an additional premium to the existing electricity costs to KEPCO in order to purchase electrical power produced from renewable energy.

Subsidiaries' ESG Story.

SK hynix

Efficient energy use and management

SK hynix has an Energy Conservation Task Force(TF) under the leadership of the Facility Infrastructure personnel to achieve efficient energy use and management. Since establishing the Energy Conservation TF in 2012, SK hynix obtained the ISO 50001 certification, a global standard for energy management systems, in 2014. The company has been adhering to international standards and promoting energy-saving activities since then. Since 2021, amidst challenges such as the COVID-19 pandemic, logistics disruptions, and the Russia-Ukraine conflict leading to energy crises, energy prices have soared. Recognizing the increased importance of efficient energy use, the Energy Conservation TF has actively pursued various initiatives. In 2022, the company set firmwide energy conservation goals and conducted monthly meetings to identify energy-saving items and manage performance. As a result, SK hynix achieved a total energy savings of 207 GWh through 290 energy-saving items, surpassing the conservation target set at the beginning of the year by over 134%.

TMAP MOBILITY

Energy Management and Monitoring

TMap Mobility calculates energy consumption using meters installaed on each floor of the Daeshin Finance Center(located at 343 Samil-daero, Jung-gu). According to actual measurement of energy consumption of the 12th to 14th floor areas currently used by TMAP Mobility, the energy consumption in 2022 was 266,310 kWh. Although the number of people working in the office is gradually increasing, TMap Mobility plans to minimize energy consumption in the future by actively encouraging working from home. Meanwhile, at the Daeshin Finance Center building, lights are turned off at 19:00, except for areas where employees are working, positively affecting energy saving and efficiency improvement.

Waste Management

SK square's waste discharge is measured based on the area it uses within SKT Tower. The company was established in November 2021, so the period for calculating waste discharge in 2021 was two months(November and December), and the total volume of waste discharged was 1.4 tons. As of 2022, SK square's waste discharge was 16.6 tons, and we will continuously monitor our volume of waste discharged, identify factors that increase or decrease the volume, and make continuous efforts to reduce waste.

Hazardous Material Discharge and Raw Material Consumption

Category		Unit	SK square's response
Hazardous Materials discharged	Soil, noise, vibration and odor management status	Count	We do not have any production facilities such as factories, and we do not generate any hazardous waste other than general waste.
	Strategies to reduce the footprint of hazardous materials in our supply chain	-	We require all our suppliers to fulfill their responsibilities for the environemnt through our Supplier ESG Code of Conduct
	Regular audits on environmental impact(for all business sites)	Count	We do not have any production facilities such as factories, and we do not generate any hazardous waste other than general waste.
	Regular audits on environmental impact(annual)	Count	We do not have any production facilities such as factories, and we do not generate any hazardous waste other than general waste.
Raw material consumption	Raw material consumption volume and conversion in KRW	Ton	We do not directly use or procure raw materials.
	Raw material consumption(in KRW)	Tons/ KRW 1 billion	We do not directly use or procure raw materials.

SK hynix

ZWTL(Zero Waste to Landfill) Certification

SK hynix has an Energy Conservation Task Force(TF) under the leadership of the Facility Infrastructure personnel to achieve efficient energy use and management. Since establishing the Energy Conservation TF in 2012, SK hynix obtained the ISO 50001 certification, a global standard for energy management systems, in 2014. The company has been adhering to international standards and promoting energy-saving activities since then. Since 2021, amidst challenges such as the COVID-19 pandemic, logistics disruptions, and the Russia-Ukraine conflict leading to energy crises, energy prices have soared. Recognizing the increased importance of efficient energy use, the Energy Conservation TF has actively pursued various initiatives. In 2022, the company set firmwide energy conservation goals and conducted monthly meetings to identify energy-saving items and manage performance. As a result, SK hynix achieved a total energy savings of 207 GWh through 290 energy-saving items, surpassing the conservation target set at the beginning of the year by over 134%.

SK shieldus

Equipment Reuse and Recycling Efficiency Improvement

SK shieldus has introduced and operated the 3R(Recall, Reuse, Recycle) management approach to maximize resource circulation by setting the goal for the environment to improve efficiency in reusing and recycling waste products and equipment. We recall 93% of the security equipment installed for services, 54% is converted to reconstruction products and reused, and the remaining 46% goes through recycling facilities to recover plastics and valuable metals. In 2022, 106 tons of plastics were recovered from 363 tons of waste generated, and 84 tons of high-quality renewable pellets were produced.

TMAP MOBILITY

Waste Monitoring and Inducing Employees' Participation

TMAP Mobility's waste is discharged from the Daeshin Finance Center(343 Samil-daero, Jung-gu) and measured based on the contract area. As of 2022, among the total waste discharged from the building, 70 tons were recyclable waste, and 109 tons were for incineration. The volume of waste discharged by TMAP Mobility was calculated to be about 8 tons of recyclable waste and 13 tons for incineration based on the contract area ratio of 11.8%. Although the number of employees commuting to the office is gradually increasing in the post-COVID-19 era, the majority of employees still work from home to minimize waste generated. The company strives to contribute to the environment by continuously reducing waste generated through campaigns such as encouraging the use of personal tumblers, going paperless, and avoiding in-house food consumption.

Water Management

SK Square's water consumption is calculated based on the area used in SKT Tower. We monitor the increase and decrease of water consumption based on water bills and establish management plans by identifying the reasons for changes. In 2022, the volume of water consumed was 5,474.9 tons. To reduce the amount of water consumed in semiconductor manufacturing, SK hynix has developed and expanded the use of 'water-free scrubbers' since 2018 while optimizing the operating conditions of existing scrubbers to minimize water consumption. SK hynix has set and consistently managed the goal of achieving 600 million tons of cumulative water savings by 2030 while reducing water withdrawal intensity by 35% by 2026. In addition, the company is actively striving to reduce water consumption and expand water reuse. In 2022, approximately 36.08 million tons of water were reused in domestic business sites, and 11.8 million tons of water were reused in overseas business sites.

Biodiversity

Establishment of Biodiversity Protection Policy

SK square does not own manufacturing or production facilities therefore has no biodiversity issues. However, we manage the biodiversity of our subsidiaries as part of efforts to actively join biodiversity protection. Among our subsidiaries, SK hynix recognizes that environmental damage can occur directly or indirectly in production processes. Hence, it has established a biodiversity protection policy to contribute to solving social problems and create social value by minimizing or eliminating factors that negatively affect the environment. It carries out activities to improve the ecosystem near its business sites.
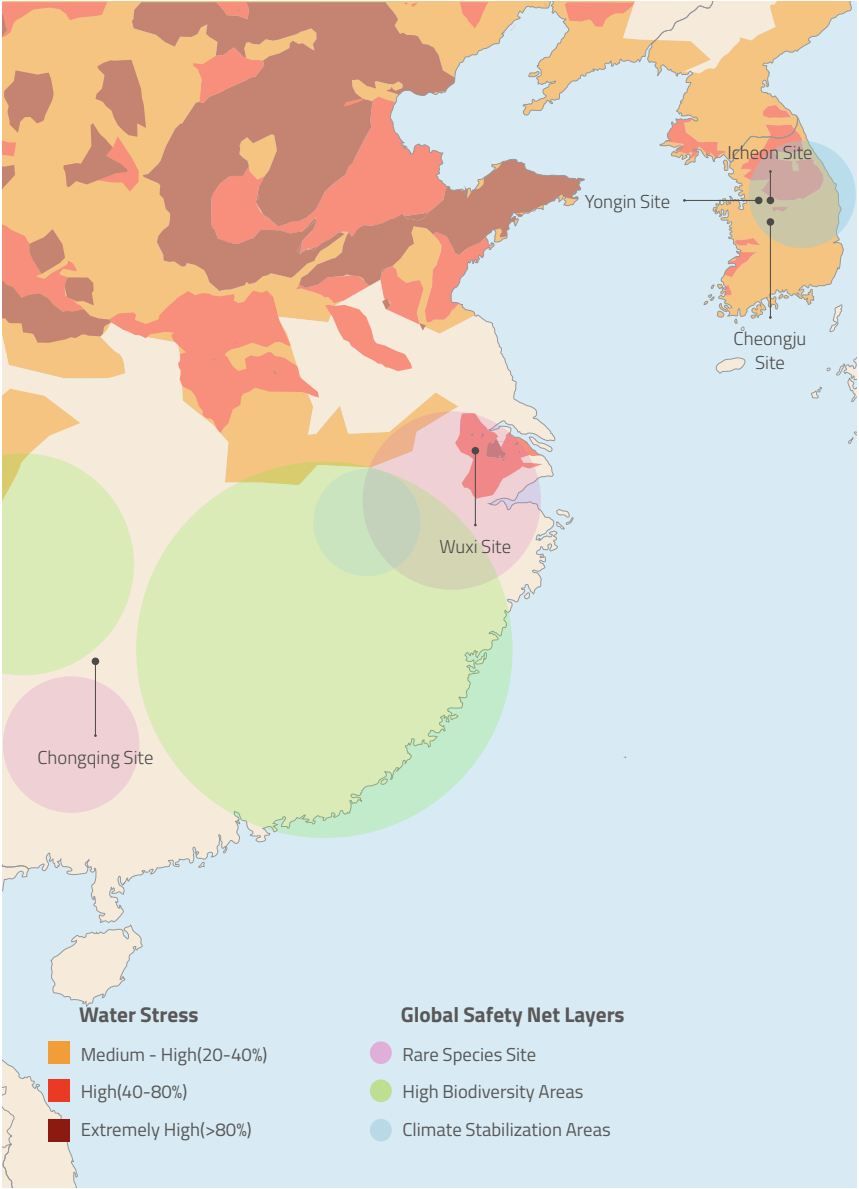
SK hynix Biodiversity Declaration and Policy ⊙→

Business sites located in water-stressed areas

Subsidiaries' ESG Story. Water stress management and biodiversity conservation

SKhynix

Water Stress Management

SK hynix assesses the water stress levels in the regions where each production site is located based on the Water Risk Atlas by the World Resources Institute(WRI), and establish goals and manage water resources accordingly. Among SK hynix's production sites, Icheon in Korea and Wuxi in China fall into the "High" water stress region, while Cheongju in Korea falls into the "Medium-high" region. The Icheon site has a wastewater reuse system with an industry-leading recycling rate to manage water intake, and as of 2022, established a recycling system with a capacity of 94,400 tons per day. Furthermore, the Icheon site has a dual supply system(Namhan River and the metropolitan water supply) to ensure a stable water supply. For the Cheongju site, although water stress is currently not high, the site started receiving external recycled wastewater supply from 2023 to proactively manage risks. The site will continuously increase the supply volume. Also, the site has ensured stable water supply with the dual supply system to prepare for any environmental incidents. For the Wuxi site, approximately 20% of the total water intake as of 2022 is supplied from external recycled wastewater sources to gradually reducing fresh water intake. To appropriately manage storm water within the site, 16 storm sewer systems were improved in 2022. Moving forward, the site will further increase the recycling capacity in the

manufacturing processes. Yongin, which has plans for new production facilities, is categorized as a "High" water stress area. To proactively address water resource risks, SK hynix is considering methods to incorporate technologies to reduce water use and recycle water that are currently applied at existing sites.

Efforts for Biodiversity Preservation

SK hynix has an in-depth understanding of the impact of biodiversity on the overall ecosystem and endeavors to preserve biodiversity. In particular, given the characteristics of the semiconductor industry, which uses a large amount of water, the company focuses on preserving the ecosystem of the rivers near its fabs. SK hynix signed an MOU with Microsoft on AI for Biodiversity and is working with various stakeholders, including Korea Safety Health Environment Foundation and local communities, to implement the Anseongcheon Stream Biodiversity Project. The project, which aims to preserve biodiversity, will be implemented for more than six years to closely observes changes in the ecosystem before and after the development of the Yongin semiconductor cluster and transparently accumulate data. To objectively collect ecosystem data before and after fab construction, SK hynix implements various mid- and long-term tasks in different areas, including observing ecosystem changes through science-related activities with citizens and experts and fostering talented individuals fit for the digital era specializing in biodiversity research and the environment.

Water Stress
- 🟧 Medium - High(20-40%)
- 🟥 High(40-80%)
- 🟥 Extremely High(>80%)

Global Safety Net Layers
- 🟣 Rare Species Site
- 🟢 High Biodiversity Areas
- 🔵 Climate Stabilization Areas

Social

SK square strives to create a safe and comfortable work environment by leading an organizational culture of trust and harmony through fair recruitment, embracing diversity, and achieving work-life balance. SK square is also committed to community development and social value creation by conducting public service activities and caring for our neighbors.

Employee Happiness

We believe our employees are the biggest asset and competitive edge needed for the growth and development of SK square, Therefore, we provide unwavering support for all employees so that they can demonstrate their competencies and grow.

Highlight

23.1 Hour
Education hours per person

83.9 %
Percentage of
highly engaged employees

Recruitment Principles

SK square recruits diverse, talented professionals with expertise and potential based on job competency. In order to secure diversity in recruitment and prevent discrimination, we clearly state this in recruitment, HR, and ethics regulations. In particular, Article 5.1 of the Employment Regulations stipulates that we shall recruit and select talented individuals based on essential qualities and professional job competency. According to the Code of Ethics, we do not allow unfair discrimination against employees.

Category		Unit	2022
Total new hire			4.0
By age group	Under 30		1.0
	30s		2.0
	40s		1.0
	50s and above	person	0.0
By gender	Men		3.0
	Women		1.0
By region (location of work place)	Domestic		4.0
	Overseas		0.0

Human Resource Development

SK square has set the goal of nurturing "talented individuals who practice the will to compete and win based on the faithfulness in management philosophy" and has established a human resource development system to develop talented professionals in line with this goal. Our evaluation and compensation system aims to encourage our employes to develop their capabilities, we strive to create a collaboration-oriented organizational culture.

Operational Roadmap for the Employee Capability Support System

2022-2024 Introduction and establishment	2025- Expanding operations
• Hosting Insight Seminars • IDP / Qualification Support / Global Degree Support	• Expanding provision of Insight Seminars • Promoting a culture of voluntary, self-directed learning

Human Resource Development System

Human Resource Development Goals

Foster talent who can challenge and overcome hurdles in one's work based on confidence in our management philosophy

Internalize core values	Strengthen leadership competency	Strengthen job expertise
• Strengthen SKMS understanding and internalization • Disseminate and rollout social value philosophy	• Personalized diagnostics and feedback based on leadership models • Active support for development through leadership training workshops	• Run training curriculum based on the organization-specific job, career levels, and competencies

Major Competency Development Programs

SK square runs various education programs for employees, including contract workers, to help them secure sustainable competitiveness in line with changing business trends. We try to maximize educational engagement and effectiveness by setting the direction of education as understanding management philosophy and the essence of the business and strengthening expertise. In the post-COVID-19 era, we also run online euducation courses to improve convenience and learning effectiveness.

2023 Education Programs to Strengthen Employees Competency

Program	Description
mySUNI	• A self-directed learning platform with over 2,600 hours of content across 900+ courses spanning 11 topics. This includes both in-house content and content from a diverse range of external organizations such as Coursera, LinkedIn Learning, Google, IDEQ, and Fast Campus • Provides expert courses to foster future-oriented capabilities, including AI, Digital Transformation(DT), and semiconductors, as well as ESG management principles such as happiness, social value, and eco-friendliness • Lectures are given by industry experts and professors from domestic and foreign universities, including Harvard Business School, Stanford University, and Seoul National University • As of 2022, the mySUNI platform had a 98.9% employee participation rate
IDP	• To improve individual job competencies, individual training expenses can be used on 'self-design' learning(43% of employees participated in 2022)
Certifications	• Supports the cost of obtaining investment-related certifications to enhance employees' expertise(8% of employees participated in CFA programs in 2022)
Leadership Training	• Enhances employees' leadership capabilities and fosters future leaders through the Executive Leadership Program(ELP), Future Leadership Program(FLP), and High-Potential Leadership Program(HLP) • Training for new employees to accelerate their development as successful leaders within the organization
Insight Seminar	• Seminars with external experts to facilitate networking and the fostering of investment capabilities(Topics: Global Economic and Financial Market Outlook, Semiconductors – Opportunities in Newness and Scarcity, Intelligent Robots and the Unmanned Revolution, etc.)

Employee Happiness

Employee Engagement

SK Square strives to nurture a culture of high employee engagement where all employees are encouraged to take ownership of their performance, career and professional growth, all under the overarching philosophy of SK Happiness.Our employee engagement survey, developed by the SK Group for use by affiliated companies, is conducted at least annually. The survey measures whether our approach to drive high level of employee engagement(including performance, growth and career development) is successful and how we can improve it to achieve SK Happiness.

Since the incorporation of our company in November 1, 2021, our first and most recent employee engagement survey was conducted in 2022. 100% of our regular employees were invited to participate in the survey and as a result, the response rate was 82%. The average employee engagement score was 83.9(on the scale of 1 to 100). This score was the highest among all of the SK group companies that performed the survey. The respondents responded with the following responses in the 2022 survey:

- 86.9 for belonging at work
- 82.9 for pursuit of happiness of self through work
- 90.6 for pursuit of happiness of stakeholders through our work(including business partners, customers and investors)

After the survey was completed, we have engaged in regular discussions with the Joint Management Council(comprised of the representatives of the employees) to analyze the 2022 employee engagement survey results and identify potential areas for improvement and implementation.

Diversity and Inclusion

SK square considers the happiness of its employees as its core value. To realize this, we strictly comply with global guidelines on diversity and inclusion, including the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and ISO 26000. We do not discriminate on the basis of gender, race, nationality, ethnicity, or religion, and strive to create an organizational culture that recognizes and embraces diversity among employees. As of 2022, the number and percentage of female employees have increased from 2021, and we will continue to improve employee diversity by continuously managing the percentage of female executives, disabled employees, and international employees.

Employee Diversity

Category	Unit	2022
Number of female employees	Person	19
Percentage of female employees	%	22
Number of female executives	Person	2
Percentage of female executives	%	17
Number of disabled employees	Person	-
Percentage of disabled employees	%	-
Number of international employees	Person	2
Percentage of international employees	%	2

Non-discrimination

SK square recognizes the diversity and inclusion of its employees as a new opportunity for sustainable growth. To this end, we have established and implemented principles to eliminate discrimination in all areas. We also strive to establish an institutional foundation for realizing diversity and inclusion and embed it within the organization. Furthermore, to promote a culture of gender equality, we have established a clause prohibiting sexual harassment as an obligation of employees in its employment regulations and apply a zero-tolerance policy in case of violation.

SK square Diversity & Inclusion Principles
SK square will not discriminate on the basis of gender, race, nationality, ethnicity, or religion.

Recruitment & HR
Provide equal opportunities and evaluate fairly and transparently.

Governance
Establish and implement goals to increase diversity in the composition of the BOD and executives.

Organizational culture
Foster an inclusive organizational culture that respects each person and makes them feel included.

Socially disadvantaged people
Provide active support to embrace socially disadvantaged people and share their hopes.

Fair Evaluation and Compensation

SK square establishes measurable performance evaluation items to evaluate the performance of employees and conducts performance evaluations at least once a year through a transparent and reasonable process. Relevant matters are specified in the Guidelines for Ethical Management Practices to prohibit acts that hinder transparency, such as unfair discrimination in the evaluation process. We also operate an appeal procedure and feedback channels for performance evaluation results for more reasonable evaluation process and results. SK square determines the compensation(including performance bonuses) and promotions of all employees, excluding registered executives, based on the performance evaluation results. These decisions are finalized through discussions in the HR Committee. In 2022, 100% of the employees underwent performance evaluations with the performance evaluation system.
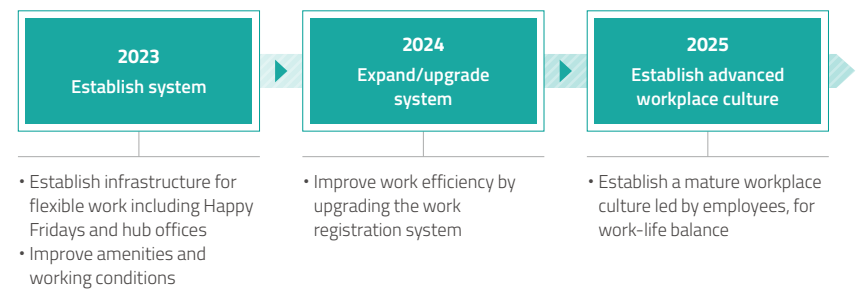
Category	Unit	2022
Employees subject to performance evaluation		87.0
Female employees subject to performance evaluation		19.0
Male employees subject to performance evaluation		68.0
Employees that received performance evaluation	Person	87.0
Female employees that received performance evaluation		19.0
Male employees that received performance evaluation		68.0
Percentage of employees that received performance evaluation		100.0
Percentage of female employees that received performance evaluation	%	100.0
Percentage of male employees that received performance evaluation		100.0

Employee Happiness

Work-life Balance

SK square respects the individual lives of its employees and operates various support schemes to help all employees maintain work-life balance. To create a flexible work environment, we offer selective working hours and work-from-home options, and we designate every other Friday as "Happy Friday" to enable our employees to take a break so they can recharge and have time for their families. We also actively protect parenthood by operating a support system that covers pregnancy, childbirth, and childcare.

Roadmap for Employee Work-life Balance system

2023 Establish system	→	2024 Expand/upgrade system	→	2025 Establish advanced workplace culture

- Establish infrastructure for flexible work including Happy Fridays and hub offices
- Improve amenities and working conditions

- Improve work efficiency by upgrading the work registration system

- Establish a mature workplace culture led by employees, for work-life balance

Status of Work-life Balance and Family-friendly System

Category	Overview	Particip ants (Person)	Participation rate (no. of people take the leave/ total no. of employees entitled to take the leave)(%)
Selective working hours	Working hours selection system that allows the start and end times of work to be decided by of the employee	75*	100%
Work-from-home	Employees can work from home instead of commuting to the office.	75*	100%
Shorter working time during pregnancy	Working hours reduction during childcare or pregnancy, for family care, etc.	-	-
Maternity leave	A leave for pre- and post-natal care for employees and their spouses, and fetal examination	1	100%
Childcare leave	A leave for pregnant female employees to protect maternity or a leave for a parent to raise children under the age of 8(or 2nd grade in elementary school)	-	-
Family care leave	A leave for employees to take care of their grandparents, parents, spouse, spouse's parents, children, or grandchildren due to illness, accident, or old age	-	-
Leave to take care of first-year school children	Leave of absence to care for a child who begins elementary school.	-	-
Happy Friday	A system that allowed employees to take every other Friday off if they worked 160 hours in a 4-week period.	87	100%

* Excluded executives from the no. of people participating in selective working hours and work-from-home
** no. of people take the leave/total no. of employees entitled to take the leave

Health and Wellbeing

SK square provides a range of support tools and programs to its employees aimed at enhancing their quality of life and satisfaction at the workplace as a top priority. Among other things, we strive to provide healthy in-office environments with spatial design, ergonomic furniture, resting areas, and controlled temperature, humidity and brightness. We also strive to support our employees' families, including the education of children, health and medical costs of immediate families and parents, sufficient rest and safety. New endeavors were made in 2022 with the "Happy Friday" program. Availability of Happy Fridays, which was every third Friday of the month, has now been expanded to a bi-weekly program, and this helped us to transition our lifestyle to a 4-day work week every two weeks. We see pursuit of innovation through the happiness of our employees as a key to our success, and are keen to support this endeavor with various programs and tools for work-life-balance, including the followings:

Program	Description
Health Support	Various services are available in-house to ensure our employees can utilize top-grade health support, including: • walk-in access to full-time resident nurses; • full scale fitness gym equipped with basketball court, cardio and weight equipment, group exercises and access to full-time resident trainers; • masseuse and nail care technician service provided by Happy Hanool, a social enterprise; and • access to "Mind Forest," personal psychological and stress management counseling service provide by external experts Monetary support is provided for medical expenses, including: • annual health exams for early detection and prevention of occupational disease and accidents; • flu and other vaccination costs; and • benefits under the company casualty insurance.
Work Environment	Comfortable and healthy work environment is provided, including: • air quality control, including air purifiers and green plants in work areas • LED light management for work areas • high grade office furniture, including standing desks and ergonomic chairs
Personal Events	Allowances, special holidays and other supports are provided for personal congratulatory and condolatory events, including: • marriage, childbirth; • illness or death of family member; and • other events provided in internal policy.
Nutrition	We support balanced eating habits and nutrition, including: • access to "The Table", an in-house cafeteria with dedicated cooks and nutrition experts, for breakfast, lunch and dinner; and • provision of healthy breakfast, drinks and snacks on each floor.
Personal Development	Allowances are provided for personal development of the employees and their family members: • all regular employees receive annual "points" that can be used for individual professional growth, including participation in educational programs, training services, books and other activities of each employee's choosing. • kindergarten, primary and secondary education tuition of children
Holidays and Sabbatical Leaves	Various holidays and sabbatical(refresh) leaves are available to ensure sufficient rest and work-life balance, including: • 10 to 33 days of sabbatical leaves(refresh holiday) are granted provided to regular employees who have completed 5, 10 and 15 years of work. • In addition to the statutory holidays, 5 days of paid holidays are available annually to all regular and contract employees; and Spending allowance is provided to all regular employees in accordance with internal policy to enhance their holiday experience.
IT Equipment	We support efficiency by providing high performance work devices and tools, including: • personal notebooks of each employee's choosing and office equipment; and • allowance to regular employees for purchase of IT equipment to enhance work concentration and engagement.

Management Council

SK square operates the Management Council to establish fair labor-management relations based on communication with employees and promote the common interests of labor and management. In 2022, the Management Council was held four times(introducing an optional working hour, establishing an in-house labor welfare fund, and supporting the purchase of business IT devices to build a digital working environment). The Management Council regularly collects opinions to enhance employees' value, including education and training, welfare, and grievance handling.

Management Council Structure

- Council Chair
  - Employer Representative — Secretary
  - Employee Representative — Secretary

Key Matters Discussed

Recruitment, placement, and education and trainig of employees	Handling employees grievances	Promoting employees health and welfare	Improvement of personnel and labor management system	Productivity improvement, performance distribution, etc.

Employees Subject to Labor-management Council

Category	Unit	2022
Employees who are eligible for coverage by the Labor-management Council's agreements	persons	85*
Employees who were actually covered by the Labor-management Council's agreements		85
Percentage of employees who are eligible for coverage by the Labor-management Council's agreements(if labor-union exists, percentage of employees covered by the collective bargaining agreement)	%	100%

* The number of employees, excluding the two Employer Representatives

Human Rights

SK square respects the freedom and human rights that everyone, including employees, is entitled to. We support the Universal Declaration of Human Rights, have enacted related policies and principles, and comply with them throughout our management.

Highlight

0 Count
Reported human rights violations

100 %
Percentage of employee participation

Human Rights Risk Management Process

SK square has established an internal management system to eliminate the risk of direct or indirect human rights violations that may occur during business activities. With this, human rights of employees and related stakeholders are being continuously improved. In 2022, we checked human rights risks(human rights impact assessment, anonymous surveys) to identify major human rights risks. In recognition of the need to make improvements in guaranteeing the rights to rest, we improved employee lounge area and ensured that employees take resting hours. Moreover, SK square mandated human rights education to improve employees' human rights awareness and conducted sexual harassment prevention education and disability awareness education.

Human Rights Risk Management System

Human rights policy enactment and declaratio → Compliance with human rights management → Human rights risk inspection → Support for human rights mitigation and remediation → Disclosure of human rights risk management status
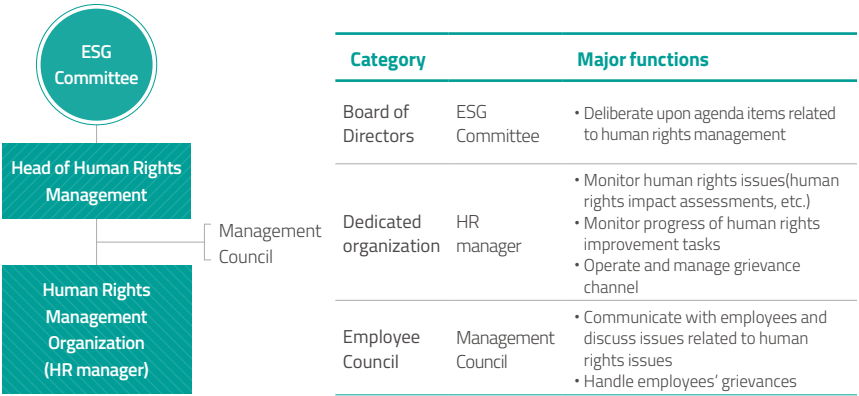
Human Rights Management Policy

SK square understands that respect for human beings is the top priority in business. We support the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, and based on their details, enacted a human rights policy to prevent human rights violations. We share this with all our stakeholders, and we intend to strictly observe human rights protection in business activities.

Respect for human rights	Prohibition of forced labor	Prohibition of child labor	Young labor

Working hours	Non-discrimination	Freedom of association	Safe working environment

Human Rights Management Organizations

SK square has established and operates dedicated organizations to minimize human rights risks and systematically implement human rights management, including identifying and improving human rights risks. In particular, critical human rights issues are reported to the ESG Committee, and related agenda items are deliberated and discussed regularly.

ESG Committee → Head of Human Rights Management → Human Rights Management Organization (HR manager) — Management Council

Category		Major functions
Board of Directors	ESG Committee	• Deliberate upon agenda items related to human rights management
Dedicated organization	HR manager	• Monitor human rights issues(human rights impact assessments, etc.) • Monitor progress of human rights improvement tasks • Operate and manage grievance channel
Employee Council	Management Council	• Communicate with employees and discuss issues related to human rights issues • Handle employees' grievances

Roadmap to Enhance Human Rights Management

Stabilize human rights management

2022-2024 Internalize human rights management	2025- Enhance human rights management
• Introduce and build policies for human rights management • Conduct Human Rights Impact Assessment(employees)	• Improve the Human Rights Impact Assessment checklist

Human Rights

Human Rights Grievance Settlement

SK Square operates formally designated helpline channels through which both the employees and external parties(including individuals, groups and organizations) who wish to make a claim of human rights violations or have knowledge of such violations can make a formal claim. To prevent potential risks of victim-blaming and any adverse subsequent effects, the grievance reporting and escalation procedure are operated under strict confidence, and we provide the option of anonymity throughout the procedure.

File a grievance	**Identify and review grievances**	**Share review results**	**Grievance settlement**
Using a grievance email or reporting site(ethics.sk.co.kr)	Confirmation of details and facts and protective measures for whilstleblowers	Deliver the results of the review and listen to the opinion of the perpetrators	Conduct personnel measures such as disciplinary action and education to prevent recurrence of select cases

Human Right grievance handling channels

Channels	Description
Online ①	By clicking "SK Ethics Management and Grievance Reporting" menu toward the bottom of the main page of our homepage(www.sksquare.com)
Online ②	By clicking "Sustainability – Governance – Ethical Management" menu in our homepage(www.sksquare.com), then clicking "Shortcut to Request Consultation or Make a Claim to SK Management Ethical Management"(ethics.sk.co.kr).
Online ③	By clicking "Make a Claim" menu in SK Group's homepage for ethical management (ethics.sk.co.kr)
E-mail	By sending an email to(square.ethics@sk.com). This email address can be found under "Make a Claim via Telephone/Facsimile/Email" menu of SK Group's homepage for ethical management(ethics.sk.co.kr).
Channels dedicated to employees	Details of grievance claim channels(online, email and in-person at the option of the employee) that are dedicated to the employees is available in Qnet, the company's own internal portal.
Mail	By posting a mail to the address of SK Square(To the attention of: Head of Ethical Management of SK Square, 65 Euljiro, Jung-gu, Seoul 04539, Korea)

SK Square Principles on Protecting Claimants of Grievance:

1. We do not tolerate retaliation against any individuals for reporting a good-faith concern or claim.
2. If the claimant believes there was retaliation in relation to the claim, the claimant can request for remediation and protection to the Ethics Management Team, and the Ethics Management Team will take all actions necessary to minimize such adverse impact.
3. We place our utmost priority on protecting the identity of the reporting persons and the confidentiality of the subject matter of the report, so that no disclosure is made against the will of the claimant.
4. We do not tolerate retaliation against any individuals who have participated and cooperated in the investigation of the claims.
5. We may consider the total circumstances if an individual voluntarily self-reports that person's role in an unethical or unlawful behavior.

Human Rights Grievances Reported and Handled

Category	Unit	2022
Reported human rights violations	Count	-
Actions taken on human rights violations		-

Human Rights Education and Promoting a Culture of Respect for Human Rights

To enhance awareness of human rights among employees and prevent human rights violations, SK square has made human rights education mandatory to all employees. Every year, our performance of programs to promote diversity and inclusivity among employees, such as the workplace gender equality training and disability awareness programs, is reviewed with ESG Committee reports.

Human Rights Education

Category	Unit	2022
Human rights education hours	Hour	203
Percentage of employee participation	%	100.0

Human Rights Risk Inspection and Improvement

SK square follows the human rights management guidelines distributed by the National Human Rights Commission of Korea to understand situations regarding human rights risks and examine and mitigate potential human rights risks. Based on the results of the human rights risk examination conducted in 2022, we had discussions with the Management Council and actively identified and conducted activities such as improving rest areas and stronger guarantee of break times to respect and enhance human rights. As a result, we implemented 100% of the measures to mitigate potential human rights risks.

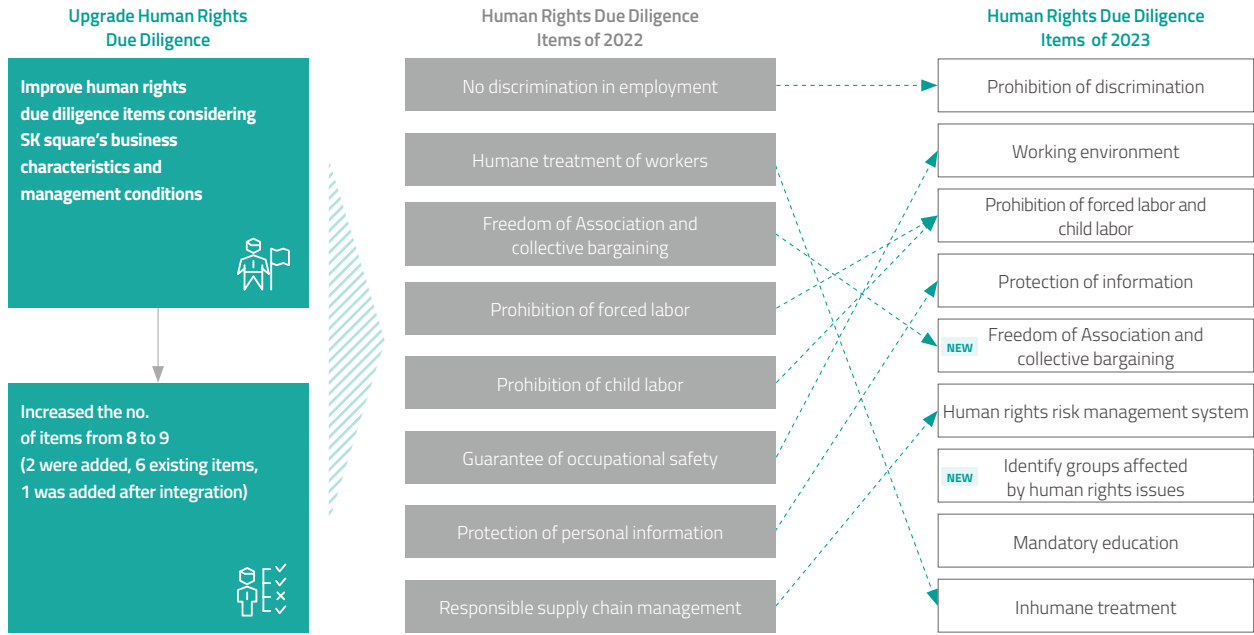| Major areas of interest among employees		Activities to respect/enhance human rights	
Humane treatment of workers	Providing break time or guaranteeing the right to quality breaks (e.g., prohibition of any work instructions, including through social media after work, on holidays, etc.) in accordance with labor standards	**Strictly guarantee quality breaks**	• Improve employee lounges • Guarantee break time more strictly • Check risks through regular human rights impact assessments
Freedom of association and collective bargaining	Prohibiting unfair treatment of workers because of their activities related to Labor-management Council	**Establish human rights management principles and specify freedom of association**	• Create a human rights policy • State guarantee of freedom of association and collective bargaining rights in the policy • Prohibit disadvantageous treatment because of their activities related to Labor-management Council
Prohibition of forced labor against the free will of workers	Prohibiting forced and unwanted overtime work	**Specify compliance with legally required working hours and labor according to workers' free will in the human rights policy**	• Create a Human Rights Policy • Specify compliance with legal working hours in your human rights policy • Prohibit forced or compulsory labor against an employee's free will
Personal Information Security	Protecting workers' personal information or company's information	**Operate a response system to handle information security incidents**	• Establishing an Information Security Incident Response System • Information security monitoring • Provide employee information security training

Human Rights

Advancing Human Rights Due Diligence

In 2023, SK square continued to conduct human rights due diligence by upgrading the assessment items to identify negative impacts on human rights in advance and make effective improvements. Based on the human rights due diligence results in 2023, SK square is establishing an improvement plan by collecting employee opinions, including the Management Council. In particular, for issues related to the working environment, which is closely related to employee engagement and safety and health, we rapidly took actions to improve the issues, including improving the office space. SK square will enhance human rights due diligence and improvement activities to minimize human rights risks and spread a culture of respecting human rights.

Upgrade Human Rights Due Diligence

Improve human rights due diligence items considering SK square's business characteristics and management conditions

↓

Increased the no. of items from 8 to 9 (2 were added, 6 existing items, 1 was added after integration)

Human Rights Due Diligence Items of 2022

- No discrimination in employment
- Humane treatment of workers
- Freedom of Association and collective bargaining
- Prohibition of forced labor
- Prohibition of child labor
- Guarantee of occupational safety
- Protection of personal information
- Responsible supply chain management

Human Rights Due Diligence Items of 2023

- Prohibition of discrimination
- Working environment
- Prohibition of forced labor and child labor
- Protection of information
- NEW Freedom of Association and collective bargaining
- Human rights risk management system
- NEW Identify groups affected by human rights issues
- Mandatory education
- Inhumane treatment

Activities to Mitigate Potential Human Rights Risks

Potential Human Rights Risk

Working environment
- Need to create a working environment to improve employee engagement
- Need to identify and improve factors that can negatively affect employees' health

Activities to Mitigate Potential Risk

Repairing damaged floor and firefighting facilities	Replacing old office desks
Replacing contaminated/old carpets	Replacing office lights

Subsidiaries' ESG Story. Human Rights Due Diligence

SK hynix

SK hynix recognizes the importance of human rights due diligence in the value chain, including the supply chain, and has established a human rights and labor inspection process to regularly diagnose human rights risks and make improvements. In particular, SK hynix conducts human rights impact assessments for domestic and global business sites to identify potential human rights risks by business site, analyzes the results to derive improvement tasks, and implements them. In addition, SK hynix minimizes human rights issues in the supply chain by doing business with smelters certified by the RMAP(Responsible Minerals Assurance Process) when procuring minerals needed in semiconductor manufacturing. As of 2021, the company's 3TG RMAP certification rate for responsible minerals is 100%, and it will continue to maintain this level.

SK hynix Human Rights Management Report →   SK hynix Human Rights and Labor Policy →

Human Rights Impact Assessment Scope and Results

Business sites subject to human rights impact assessment(5 locations)	Human rights impact assessment results	Implementation of Improvement Tasks
Domestic • Incheon Site • Cheongju Site International • Wuxi, China • Chongqing, China Joint venture • Hitech	Above average Non-discrimination, humane treatment, freedom of association, prohibition of forced labor, prohibition of child labor, safety and health Below average Responsible supply chain management, human rights governance, human rights protection in the community, and information security	Short-term(6 months or less) 40 short-term tasks 100% completed Medium to long term (medium term : Within 2 years/ Long-term: more than 2 years) 79 mid- to long-term tasks to be completed in the first half of 2024

Safety and Health

As part of its ongoing commitment to safety and health management, SK square has established the SHE Management Policy for the life and safety of its employees and business partners.

Highlight

0 Count
LTIR(Employee)

100%
Program participation rate

Establishment of Safety Management System

We established the safety and health management system in accordance with SK Group SHE Strategic Directions that were announced in 2019. The system aims to create a safe and healthy environment for SK square's employees, contractors, service providers, and outsourced workers. In addition, as we recognize safety and health as crucial values for sustainable management, we are striving to realize a safe and healthy workplace by establishing safety and health management regulations containing safety and health goals and policies.

Achieving the goal of Zero serious accidents

Promotion organization	Safety culture	Safety management
• Establishment of the role of the safety and health organization • Operation of a supplier safety and health council	• Operation of safety and health bulletin board • Operation of employee health management program	• Promotion of activities to address harmful risk factors • Operation of communication channels for workers who are vulnerable in terms of safety, such as suppliers

Roadmap to Record Zero Serious Accidents

Record zero serious accidents

2023 Enhance the safety and health management system	2024 Improve expert safety and health management capabilities	2025- Internalize autonomous safety management
• Spread safety culture and increase awareness of employees • Conduct risk assessments of business sites(headquarters)	• Enhance professional skills for on-site safety response • Build an emergency response system and organize risk response drills	• Enhance risk assessment and strengthen employees' responsibility to comply to safety management

Safety and Health Organization

We appoint the Chief Serious-accident Prevention Officer(CSPO) who oversees tasks related to health and safety. The CSPO is evaluated based on the tasks defined in relevant laws including the Occupational Safety and Health Act. In addition, we operate the Safety & Health Organization to regularly monitor the progress of implementing safety and health policies. We also actively collect employees' opinions on safety and health through the Management Council.

Safety & Health Management Officer
• Performing the role of the CSPO for safety and health management

Safety & Health Organization
• Performance obligations under the Serious Accidents Punishment Act and reporting of results
• Checking the supervisor's task performance

Supervisor | Supervisor | Supervisor
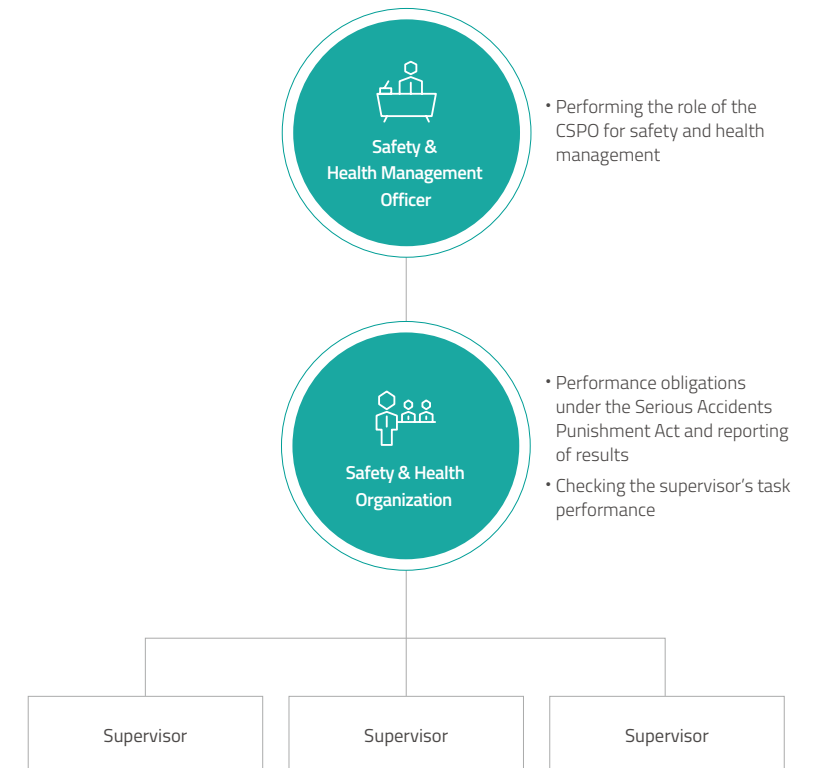
Safety and Health

Safety and Health Risk Management

SK square regularly conducts safety inspections on office facilities, building structures, firefighting equipment, and HVAC facilities to maintain the safety of facilities, and carries out risk assessments to identify and mitigate risks in accordance with the Occupational Safety and Health Act to create a safe and happy workplace and contribute to reducing occupational accidents. In addition, in case of a major industrial accident, we have established procedures for responding to major accidents and conduct response drills at least once every six months to improve employees' understanding and awareness levels. In 2022, there was a comprehensive assessment of building hazards, including a thorough inspection of fire facilities. 16 identified deficiencies, such as the lack of interconnected fire detectors and inadequate distance for sprinklers, were all addressed and improved by the first half of 2023.

Performance of Safety and Health Management

Category	Unit	2022
LTIR(Employee)		0
LTIR(Supplier)	Count	0
Employee Fatality		0
Rate of absenteeism	%	0.0069

Creating a Safety Culture

SK square provides safety training every year to raise the safety awareness of employees and suppliers and prevent safety accidents and contributes to spreading safety culture by making it mandatory for employees to complete safety training. We also provide training materials and venues to suppliers upon request to build collaborative relationships that prioritize safety.

Health and Safety Culture Promotion Program

Category		Description
Specialized training for dedicated safety and health personnel		Job training for Safety and Health Management Officer and safety/health manager(s).
Channel for gathering opinions on safety and health from employees	Safety and health bulletin board	The bulletin board on Intranet is operated to gather various opinions from employees
	Management Council	The Management Council regularly collects opinions on matters related to enhancing value of employees, including safety and health issues.

Safety and Health Program

To guarantee physical and emotional health of our employees, SK square offers welfare programs that can prevent occupational diseases and promote health. Especially, in consideration of our industry, we have identified potential risks for office workers, and to prevent such risks, we offer health checkups and vaccines for employees, make improvements to working environments in business sites, have a Fitness Center within the company, and provide mental health care programs.

Safety and Health Programs

Category		Programs and activities
Occupational diseases prevention	Health examination	Identification and monitoring of occupational disease risk through health examination/result analysis
	Mental health care	Support for professional emotional management and stress counseling through an external counseling agency
	Prevention of musculoskeletal disorders	Improvement of the working environment by providing Herman Miller chairs, etc.
Health promotion benefits	Covering medical expenses	Covering medical expenses for employees and their families
	Fitness Center operation	Support for various individual health promotion activities such as group exercise

* including contract workers

Program Results

Category	Unit	2022
Program participation rate	%	100% (excluding registered irectors)
Number of occupational disease cases	Count	0

3-year target for zero occupational diseases

0% 2023 ▶ 0% 2024 ▶ 0% 2025
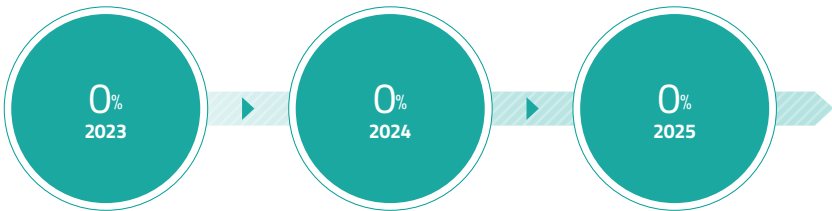
Safety and Health

Subsidiaries' ESG Story. Commitment to Safe Working Environment

SK hynix

Establishing and Operating Safety and Health System

SK hynix launched the Serious Accidents Prevention TF' to remove major risk factors across all business sites and proactively prevent accidents. With this, the company regularly identifies and implements improvement tasks, analyzes internal and external accident cases, and establishes measures to prevent recurrence. The company also operates the 'Safety Management System Improvement TF' to ensure the proper functioning of the enterprise's safety and health management system and enhance the safety management process. At the same time, the company contributes to preventing major accidents by expanding safety inspections for new materials, processes, and equipment, as well as strengthening the PTW(permit to safety work) system.

11

Operating a Safety and Health Program that Includes Business Partners

11STREET is committed to enhancing the convenience of its wellness center and logistics members as well as headquarters employees while securing its employees' safety and health through various safety and health activities. There are various health promotion programs designed to create a pleasant working environment and prevent employees' physical and mental health disorders. In particular, the company has planned and operated diverse physical and mental healthcare programs to identify and prevent potential risks to its employees, considering the industry characteristics.

SK shieldus

Establishing a Site-centered Safety and Health System

SK shieldus has expanded and reorganized its safety and health-related organization into a safety and health organization(safety management planning team/support, health center management team) and an implementation organization, to establish a site-centered safety and health management system. The company mitigates and eliminates hazards and risk factors with a focus on sites through risk assessments that reflect the opinions of field staff, and tries to achieve zero safety and health risks on site.

TMAP MOBILITY

Operating a Safety and Health Opinion Bulletin Board

In 2023, TMAP Mobility developed a plan to establish a safety and health management system. In the first quarter of 2023, the company established a safety management policy and safety and health management regulations. It also operates a safety and health bulletin board to collect employee opinions and tries to analyze employee needs and improve the working condition continuously.

ONE store

Operating Physical and Mental Health Promotion Programs for Employees

ONE store is running various welfare programs to manage its employees' physical and emotional health, prevent occupational diseases and promote health. In particular, the company also offers an in-house gym and resident trainers to prevent musculoskeletal diseases, as well as height-adjustable desks to relieve fatigue caused by long working hours to ensure the safety of its employees.

Responsible Supply Chain Management

+

SK square strives to enhance ESG capabilities in the value chain based on organic collaborative relationships with suppliers throughout its business operations and has policies and procedures to realize sustainable win-win management.

Highlight

Preparing the foundation for supplier ESG management

100 %
Percentage of pre-screening of newly registered suppliers

Supplier Management Policies

SK square has established a supplier management policy for sustainability in terms of ESG and has established and shared the Supplier Code of Conduct to expand ESG management to suppliers and strengthen implementation. In particular, we actively expressed our commitment to ESG management, such as requiring suppliers to implement and comply with the Supplier ESG Code of Conduct, including social responsibilities and ethical codes, to realize a sustainable supply chain.

SK square Supplier Management Policy

Category	Description
Bidding policy	Supplier selection principles, bidding process, detailed guidelines, etc.
General principles for purchasing	Compliance with corporate social responsibilities such as shared growth and labor, human rights, anti-corruption, and the environment
Supplier ESG code of conduct	Guidelines for business partners' social responsibility and ethical business management

Supplier ESG Risk Management

SK square strives to realize an ESG-based sustainable supply chain by establishing fair and transparent standards in supplier selection and management. In particular, we operate an ESG risk management process to systematically manage and promote the sustainability of suppliers, and annually conduct ESG risk assessments based on the 'Supplier ESG Code of Conduct' for all suppliers(new and existing). In addition, we improve the suppliers' awareness of ESG risk management based on the bid assessment guidelines. We also apply qualitative disadvantages to suppliers such as placing them on low priority if they do not comply with requirements of ESG code of conduct.

Supplier ESG Risk Management Process

Register new suppliers	Supplier ESG inspection	Follow-up management
Registration → ESG screening ↑ ↓ Supplier selection ← Result review	Regularly inspect the ESG Code of Conduct (annual, quarterly)	Intensively manage high-risk suppliers(inspection on improvement planning and implementation)

Supplier ESG Risk Management Status

Category	Unit	2022
Total number of newly registered suppliers	Count	61
Number of pre-screenings		61
Percentage of pre-screening completed	%	100

Subsidiaries' ESG Story. Supplier ESG Assessment

SK hynix

Supplier ESG Risk Management

SK hynix's supply chain ESG assessment process is conducted every two years. It conducts on-site assessments until 2023 for high-risk suppliers identified through online self-assessment in 2021 and key suppliers selected considering their transaction ratio, etc.(mainly high-risk suppliers in 2022 and key suppliers in 2023). Before the field assessments, SK hynix held an online presentation considering the COVID-19 situation. The company shared the results of the online self-assessment and field assessment plans, introduced ESG to participants, and provided them with training on related trends. The on-site assessment is jointly done by SK hynix's internal experts and an external professional consulting organization and starts with a kick-off meeting and confirming the self-test results and supporting data. In 2022, SK hynix conducted on-site assessments, mainly focusing on high-risk suppliers. The high-risk suppliers are mostly small and medium-sized enterprises, and several tasks were identified, such as establishing and improving policies for each ESG area. Ethics was the weakest area among the areas, but high-risk areas were mainly in labor/human rights. The selected suppliers have established improvement plans(100%) for the identified tasks, and SK hynix regularly monitors the status of improvement.

Responsible Supply Chain Management

Subsidiaries' ESG Story. Responsible Minerals Management
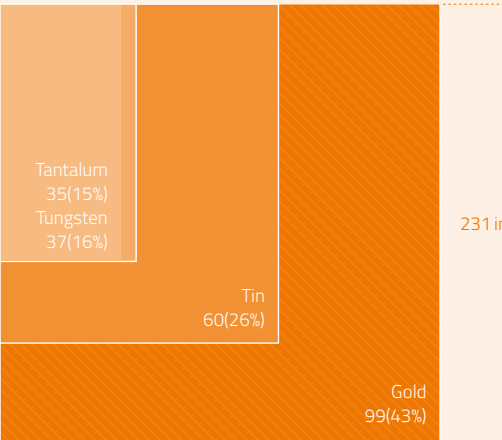
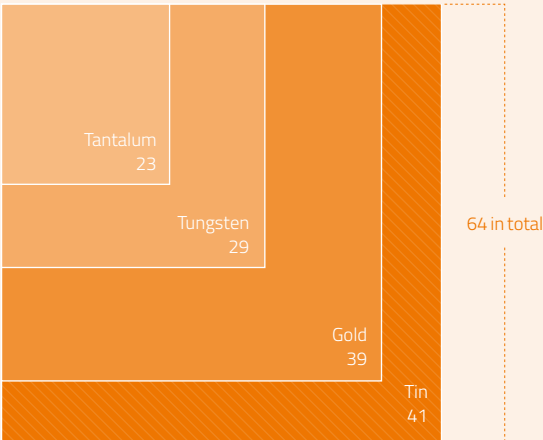## SK hynix

Responsible Mineral Sourcing

Manufacturing semiconductor uses various minerals as raw materials. SK hynix responsibly procures minerals necessary for semiconductor manufacturing by using minerals produced by refineries that have obtained RMAP(Responsible Minerals Assurance Process) certification for the 3TG minerals, namely Tantalum, Tin, Tungsten, and Gold. SK hynix signs a "Pledge to Use Responsible Minerals" with its raw material procurement partners, ensuring that they will not purchase minerals from conflict and high-risk areas. Accordingly, SK hynix regularly gathers information on the mineral supply chain, and to efficiently manage the mineral use of suppliers, established an "Internal Mineral Management System" in 2021. This system is used to sign the pledge and conduct status surveys. If a supplier provides false information or fails to take corrective actions for identified risks, SK hynix considers it non-compliant with the pledge and discontinues business. Additionally, the company provides consulting and educational programs to enhance the awareness and compliance rate of its partners regarding responsible minerals. SK hynix will continue to monitor the mineral supply chain to ensure responsible use of raw materials to revise relevant policies, improve and operate supplier support programs, and expand the scope of responsible mineral management. The ultimate goal is to contribute to resolving human rights and environmental issues in conflict and high-risk areas.

Raw Material Suppliers

· Number of smelters
(unit: ea, %)

Tantalum 35(15%)
Tungsten 37(16%)
Tin 60(26%)
Gold 99(43%)

231 in total

· Number of suppliers using conflict minerals
(unit: count)

Tantalum 23
Tungsten 29
Gold 39
Tin 41

64 in total

Establishing responsible sourcing policy	Collecting information and Monitoring the supply chain	Establishing risk mitigation strategy	Conducting due diligence with 3rd party agencies	Improving management and making a public disclosure
· Request suppliers to sign the "Pledge to Use Responsible Minerals" · Establish SK hynix's responsible minerals policy and offer awareness training for suppliers	· Collect information on disputes and minerals in high-risk areas twice a year with the mineral management system · Monitor the status of RMAP certification for mineral procurement smelting facilities within the supply chain	· Request suppliers without RMAP smelting facilities to be removed and build a schedule to remove them	· Send checklists based on RBA CoC for responsible mineral sourcing · Conduct supplier audits with third-party organizations(inspect checklists, review management policies, conduct management-level interviews, etc.)	· Impose transaction sanctions and improvement measures for suppliers without RMAP certification · IRequest corrective action plans for major non-compliance issues

Responsible Supply Chain Management

Shared Growth Principles

SK square strives to grow together with its suppliers based on fair trade and trust. In particular, to build a virtuous cycle of win-win cooperation with our suppliers, we implement three principle of shared growth, including building a fair-trade culture and expanding collaboration and support, to strengthen the competitiveness of our suppliers.

Shared Growth principles

Complying with the Fair Trade Commission(KFTC)'s recommendations to establish a fair trade culture with suppliers: usage of the OPEN4U, SK square's purchasing portal	Promoting a win-win culture by expanding programs and systems related to shared growth	Enhancing suppliers' competitive edge via mutual collaboration and systematic support

Shared Growth Support Program

To realize sustainable shared growth based on close cooperation with suppliers, SK square runs shared growth programs that leverage its capabilities to provide practical help to suppliers. In addition, we actively listen to suppliers' grievances through supplier communication channels, provide management and investment-related advice, and operate a system to make early payments to ease the financial burden on suppliers.

Category	Program overview
Supplier communication channels and regular off-line meetings	Seeking shared growth by opening regular meetings and communication channels
Run an anonymous supplier bulletin board	Run an anonymous bulletin board on the procurement platform to listen to suppliers' pain points
Early payment	Payment within 30 days to alleviate the burden on suppliers' cash liquidity

Operation of Share Growth Fund

Establishing an ESG Fund for suppliers

SK hynix has created an "ESG Fund" worth KRW 100 billion to expand ESG management among its suppliers, and is operating "Shared Growth Fund" worth KRW 300 billion for win-win growth with tier 1 to tier 3 suppliers who need facility investment or working capital. Going forward, SK hynix will stay committed to reinforcing the semiconductor ecosystem by continuously monitoring the fund use, identifying areas of improvement and making improvements.

Financial Support Program for Suppliers

Shared Growth Fund	Facilities investment	• Productivity improvement • Investment in nformatization • R&D
	Working capital	• Material purchase • Market development/ marketing • Technology introduction and commercialization • Management improvement and technological innovation
ESG Funds	Environmental investment	• Investing in energy-saving facilities • Establishment of eco-friendly logistics • Investing in pollutant treatment facilities • Carbon credit purchase/ consulting
	Social investment	• Improving safety, health-related circumstances • Improving working conditions for workers • Employment of vulnerable populations • Education support

Community

SK square promotes social contribution activities for society, environment, and people through investment projects that have a positive impact on society. We will actively support social enterprises and practice social contribution to communities by leveraging our capabilities.

Highlight

11.2 %
Percentage of employees participating in volunteer work

21,959 KRW 1 million
Performance related to employees' volunteer services

Social Contribution Strategy

SK square strives to address various issues across the community and create social value. For this, we support social enterprises that aim to solve social issues and promote various social value-creation activities by leveraging our competency. SK square will contribute to realizing a society where communities and citizens can be happy by creating the same social value as the economic value it makes.

> **Creating tangible social value with local communities and civil society**

SK square adds happiness

- Social enterprise support activities
- Place purchasing priority on social enterprises

SK square shares happiness

- Employee social contribution program
- Create social value based on ICT

Social Enterprise Support Policy

SK square prioritizes purchasing goods from companies selected based on certain criteria in order to address the social issues of deepening marginalization of vulnerable groups and strengthen the competitiveness of social enterprises that ① provide jobs and social services to vulnerable groups and ② contribute to improving the quality of life of local residents. Through the social enterprise support program, we will create a social enterprise ecosystem and continuously exercise positive influence by incorporating SK square's business activities, such as identifying Impact Unicorns and matching social enterprises to our subsidiaries.

Category	Overview
Preferential purchsases from social enterprises	Purchasing goods from social enterprises through Open4U
Social enterprise support program	Investment and consulting for companies selected based on certain criteria, arranging cooperation with subsidiaries, etc.

Preferential Purchases from Social Enterprises

To practice ESG management, SK square is increasing purchases from social enterprises to resolve social issues. We have set a target for the purchase amount and constantly manages it.

Status of Purchases from Social Enterprises

Category	Unit	2022
Social enterprise		562.4
Businesses hiring persons with disabilities		27.6
Businesses hring women	KRW 1 million	0.0
SMEs		21,369.0
Green products		0.0

Community Services by Employees

SK square employees contribute to building a social safety net by participating in SK Group's relay blood donation event, "Life Sharing OnTact." SK sqaure also utilize our expertise in legal, IT, and other fields to perform voluntary service for the public actively.

Community service and outreach track record

Category	Unit	2022
Total amount of support to local communities	KRW 1 million	940
Performance related to employees' volunteer services		2.2
Percentage of employees participating in volunteer work	%	11.2

Community

Subsidiaries' ESG Story. Efforts to Create Social Value

SK hynix

Providing ICT Services to the Vulnerable Population

Since 2018, SK hynix has supported the elderly living alone to relieve loneliness and manage their health through the 'Silver Friend' project, an ICT-based care service using AI speakers to respond to emergencies in conjunction with the National Fire Agency's 119 Safety Call service. In 2022, the company handed out 1,200 new AI speakers, and 5,100 older people living alone are leading safe and healthy lives with Silver Friend. SK hynix is also promoting the 'Happy GPS' project, which provides wandering detectors and supports telecommunication expenses to prevent people with dementia and developmental disabilities from going missing. Through this program, a total of 1544 missing persons returned to their families as of 2022, and the average time to find a missing person decreased from 12.2 hours to 40.8 minutes.

SK shieldus

Providing IoT Solutions for the Vulnerable Population

Since 2021, SK shieldus has participated in the Emergency Safety Care Service project led by the Ministry of Health and Welfare to help older people living alone and people with disabilities, who are exposed to various risks, respond quickly to emergencies by providing them with IoT terminal-based services. We upgraded the functions by adding SKT NUGU platform-based care call and voice recognition services and will provide emergency safety care services to 200,000 households across Korea by 2023. Furthermore, the company provided training on equipment and services to emergency staff members at 220 regional centers, who play a key role on-site, to help them provide effective services

Supporting a Safe Living Environment

Since 2021, SK shieldus has supported the installation of 'Caps Home' for 3,000 single-person households over the age of 18 living in Seoul through the Seoul Metropolitan Government's Safe Door Keeper Program. In 2022, the company broadened the scope and target regions. It signed an MOU with the Seoul Metropolitan Government to prevent crime, create a safe living environment for single female households and crime victims, and provide 'Caps Home' services as follow-up support.

TMAP MOBILITY

Providing Black Ice Alerts Through Navigation

In recognition of the risk that thin ice or fog on the road that suddenly appears while driving might cause accident risks to drivers, TMAP Mobility has been providing real-time weather information for drivers in partnership with the Korea Meteorological Administration since February 2023. The service provides real-time black ice alerts through the voice or screen of the TMAP navigation. Currently, it is in a pilot service mode covering only Jungbunaeryuk Expressway, and the scope will be expanded later to cover 26 major expressways. TMAP Mobility has created social value by significantly contributing to reducing social costs resulting from traffic accidents by using the alert services.

11🢒

Operating a Regular Shopping Section for Social Enterprises

11STREET opened the SOVAC Market in July 2021, a regular shopping section for social economy enterprises, to help them establish a foundation for self-reliance in online commerce and expand sales. We introduced various products of social economy enterprises on the marketplace, and a total of 270,000 customers purchased their products, recording KRW 12 billion in Gross Merchandise Volume as of 2022. Currently, more than 640 social enterprises are in the SOVAC Market, and the number has tripled(178%) since its opening.

1 ONE store

Providing Support for Vulnerable Groups

ONE store joined the Big Star Solution Platform project organized by the Ministry of SMEs and Startups in the social category in ESG to provide digital services for vulnerable groups who lack sufficient access to apps. ONE store has laid the foundation for providing services to vulnerable groups in terms of app/digital services, such as people with disabilities and older people. On October 1, 2022, ONE store selected three companies to prepare to launch an app to support the vulnerable group. In 2023, ONE store will expand its business scope to participate in the 'public-private open innovation' in cooperation with the Ministry of SMEs and Startups and the Korea Institute of Startup & Entrepreneurship Development.

Information Security

To protect internal company information and customer information, SK square establishes and disseminates information protection principles, operates an information protection organization, and implements effective information protection training for employees.

Highlight

0 Count
Data leaks and breaches

93 %
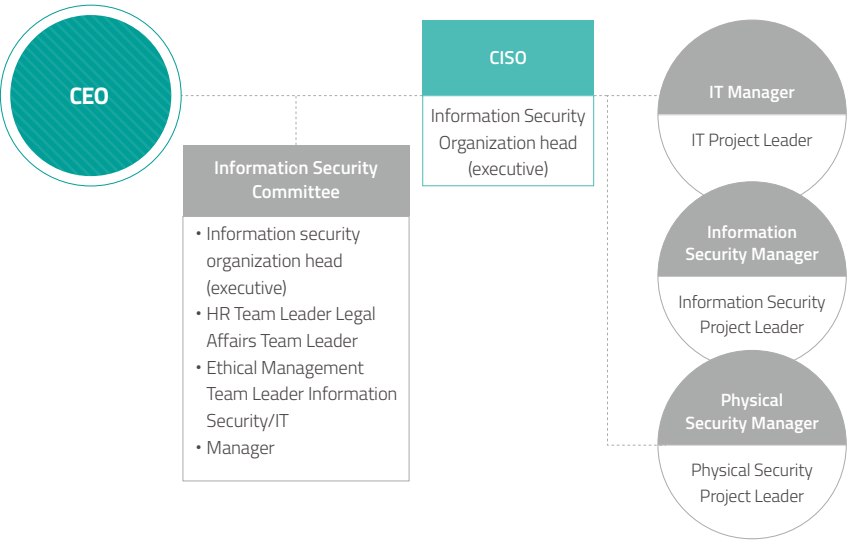Information security training participation rate

Information Security Policy

SK square has established and complies with the Information Security Regulations to protect the business and customer information collected during the business process. The Information Security Regulations, which apply to all employees, include the principles for internal information management and cyber security compliance, and stipulate information security management system operating standards for systematic management of information assets.

Information Security Organization

SK square has appointed an executive-level Chief Information Security Officer(CISO), who oversees and manages duties related to the company's information security, including the establishment of information security policy, organization and operation of the Information Security Committee, analysis and management of risks, and response to security incidents and recovery. We have designated the IT Manager, information security personnel, and Physical Security Manager to conduct regular monitoring and carry out working-level activities for risk management.

Information Security Organization

CEO

CISO
Information Security Organization head (executive)

Information Security Committee
• Information security organization head (executive)
• HR Team Leader Legal Affairs Team Leader
• Ethical Management Team Leader Information Security/IT
• Manager

IT Manager
IT Project Leader

Information Security Manager
Information Security Project Leader

Physical Security Manager
Physical Security Project Leader

Key Roles

Category	Overview
Information Security Committee	Oversee information security tasks such as risk analysis and management, response to and recovery from security incidents, etc.
Chief Information Security	Establish an information security policy, detailed implementation plan, etc.
Managers(IT, information security, physical security)	Regular information security monitoring and risk management, information security training, improvement management, etc.

Operation of the Information Security Committee

SK square runs the Information Security Committee to discuss issues and policies related to information security. The committee is composed of the Information Security Personnel, IT Manager, and Legal Affairs Team Leader, Ethical Management Team Leader, and HR Team Leader. The committee meets twice a year, and at the meetings in the second half of 2022 and the first half of 2023, the committee discussed strengthening internal information leakage control, physical security policies, and plans for the diagnosis of portfolio companies. In the future, SK square will continuously monitor such issues and develop measures to upgrade its information security management system.

Establishment of Information Security Management System

SK square strives to enhance corporate credibility by protecting not only information in its business areas, but also the information of various stakeholders, including customers. SK square has obtained ISO 270001 certification, the most prestigious international standard for information security certification for information security management systems(ISMS). We continuously monitor and improve our security management level by conducting post-audits(every year) and renewal audits(every three years) based on 144 detailed items in 14 areas of information security management, including information security policy, communication and operation, access control, and information security-related incidents.
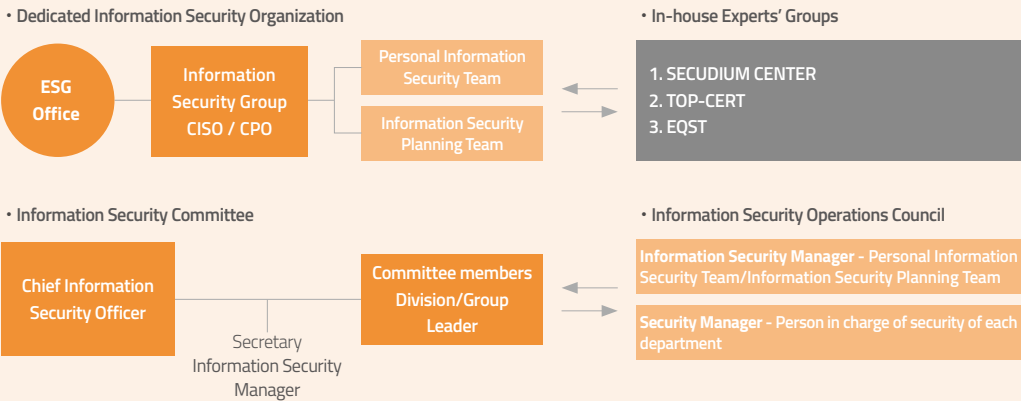
ISO/IEC 27001 Certification

Information Security

Subsidiaries' ESG Story. Efforts to Establish an Information Security Management System

SK shieldus

Information Security Strategy and Management System

SK shieldus is actively engaged in information security activities such as revising internal policies, introducing new security solutions, and expanding information security training to strengthen customer information security. As a security company that provides customer security services and establishes security diagnosis and security strategies for corporate customers, SK shieldus strictly complies with the security requirements of relevant laws and authorities to fulfill its social responsibilities. It has enhanced its management system to protect customer information by proactively prepare for for the second revision of the Personal Information Protection Act and preparing an around-the-clock response system for global cyber threats. For this, SK shieldus created the information security organization within the ESG Office, recognizing that information security is an important part of ESG activities. The Information Security Group, consisting of the Personal Information Security Team and the Information Security Planning Team, is led by the CSIO and CPO, who are responsible for organizational security and customer information security. In addition, the company operates a dedicated team for service hacking simulation in close cooperation with related departments and has established a security response system to take measures without delay.

· Dedicated Information Security Organization

· In-house Experts' Groups

ESG Office → **Information Security Group CISO / CPO** → **Personal Information Security Team** / **Information Security Planning Team** ←

1. SECUDIUM CENTER
2. TOP-CERT
3. EQST

· Information Security Committee

· Information Security Operations Council

Chief Information Security Officer — Secretary Information Security Manager → **Committee members Division/Group Leader** ←

Information Security Manager - Personal Information Security Team/Information Security Planning Team

Security Manager - Person in charge of security of each department

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Establishment and Operation of Information Security Promotion System

11STREET operates specialized organizations in each area to promote safe and improved information security. For this, we have designated a Chief Information Security Officer(CISO) and a Chief Privacy Officer(CPO) and have established a Customer Information Security Team and an Information Security Team in each Information Security Group to carry out organizational and personal information security tasks.
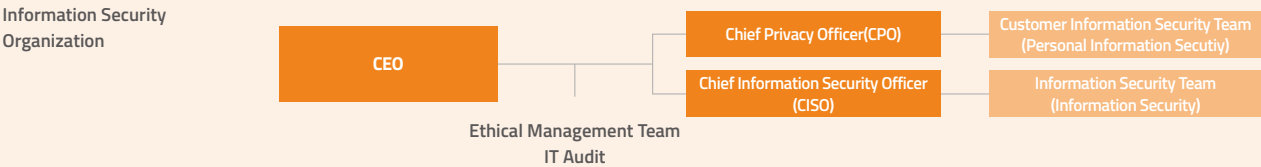
ONE store

Specifying Information Security R&R

ONE store has appointed a CISO and a CPO to oversee and manage the company's information security and personal information security work and regularly holds committee meetings under the CISO and CPO to discuss and make decisions on major issues related to information security and personal information security. In addition, the company has designated an information security manager, a personal information security manager, and a human resources/physical security manager to carry out activities for regular monitoring and risk management.

Category	IT Security (department in charge of information security)	Personal Information Security (department in charge of personal information security)	HR/Physical Security (department in charge of HR/ physical security)	Security management by organization(team leader of each organization)
Key Roles	• Establish an IT security policy • Operate an information security management system • Respond to information security incidents	• Establish a personal information security policy • Operate a personal information security management system • Respond to personal information-related incidents	• Establish a policy for protecting HR information and premises • Manage employee security in daily lives • Establish disciplinary standards for offenders	• Oversee information security management within the organization • Join information security activities

TMAP MOBILITY

Specifying and Upgrading the Role of the Information Security Organizations

TMAP Mobility has appointed an executive-level Chief Information Security Officer to oversee and manage the company's information security, including the establishment of information security policies, establishing and operating the Information Security Committee, risk analysis and management, and response to and recovery from security incidents. The company also has designated the IT Manager, Information Security Manager, and the Physical Security Manager who conduct working-level activities for regular monitoring and risk management.

Category	Information Security Committee	CISO(the executive member who leads the information security organizations)	Working-level Manager (DevOps, information security, personnel security)
Key roles	• Oversee information security tasks such as risk analysis and management, security incident response and recovery, etc.	• Establish and operate an information security plans • Establish and operate an information security regulation system • Establish and operate an information security management system • Prevent and respond to data breaches	• Conduct regular information security monitoring and risky management, information security training, improvement management, etc.

Information Security Organization

CEO — **Chief Privacy Officer(CPO)** — **Customer Information Security Team (Personal Information Secutiy)**

Chief Information Security Officer (CISO) — **Information Security Team (Information Security)**

Ethical Management Team
IT Audit

Information Security

Information Security Incident Response System

SK square operates the Information Security Incident Response System to specify procedures and responsibilities for responding to information security incidents and customer information breaches, take prompt measures and minimize risks to the company.

Information Security Incident Response Process

Incident recognition	• The information security department immediately reports to the relevant department upon recognizing the incident • The Information Security Department should immediately notify and report to CISO and then CEO
Incident response	• Immediately restrict the service and exposure route, resume service, and eliminate the cause. • CISO to form a comprehensive information security control room depending on the impact and severity • The information security department reports to the CISO on the impact, response status, and recovery plan • The Information Security Department should analyze the cause of the breach and implement measures • The CISO should operate an company-wide security incident response organization and report progress to the CEO • Designate and operate a dedicated communication department when external cooperation with the government is required
Follow-up management	• The Information Security Department shares the result report with related organizations and employees and reports the plan to prevent recurrence of similar incidents to the CISO • If necessary, prepare guidelines for prevention of recurrence and distribute and share them with our affiliates and portfolio companies

Information Security Monitoring

SK square carries out information security monitoring activities, such as security diagnosis and audit of the information protection management system, mock drills and inspections for employees, etc. to check compliance with the information security policy and processes and whether information security activities are implemented.

Information Security Monitoring Activities

Category	Activities	Frequency
Diagnosis and audits	Diagnosing security policy and process implementation	Once a year
	Security diagnosis for information system	Once a year
	Audits of information security policies and systems by the group audit organization once a year(SUPEX Council).	Once a year
Drills and inspection	Breach response training, such as DDOS simulation training	Once a year
	Detection of events such as malicious mail and malicious code inflow	Ongoing
	Mail security, file import/export, printout security inspection	Once a month
	PC security inspection	Often

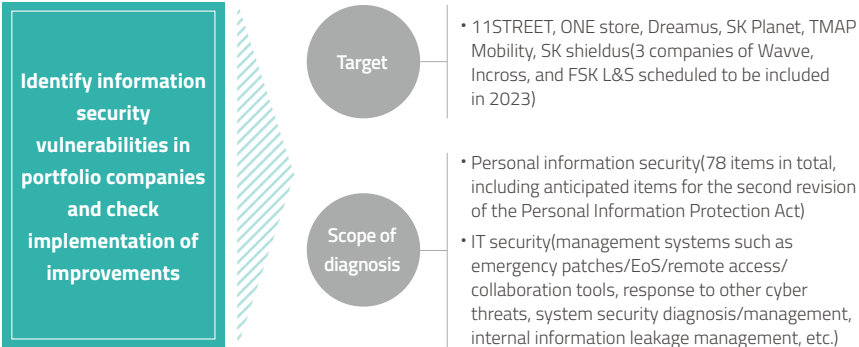## Raising Employees' Information Security Awareness

SK square operates theoretical and case-based training programs focusing on sharing personal information security and information breach cases to improve employees' information security awareness and information security practices and offers both online and offline training courses for the convenience of employees.

Information Security Training Records

93%
Percentage of employees participating in information security training

1Hour
Information security training hours per person

Security Diagnosis for Subsidiaries

SK square annually diagnoses the security level in the areas of personal information security and IT security in order to improve the security level of portfolio companies and manage the risk of security incidents. With this, we identify vulnerabilities related to information security, recommend improvements and check implementation. In 2022, we conducted security diagnostics for six portfolio companies: 11STREET, ONE store, Dreamus, SK planet, TMAP Mobility, and SK shieldus. From 2023, we will diagnose the security levels of nine portfolio companies, including Wavve, Incross, and FSK L&S.

Identify information security vulnerabilities in portfolio companies and check implementation of improvements

Target
• 11STREET, ONE store, Dreamus, SK Planet, TMAP Mobility, SK shieldus(3 companies of Wavve, Incross, and FSK L&S scheduled to be included in 2023)

Scope of diagnosis
• Personal information security(78 items in total, including anticipated items for the second revision of the Personal Information Protection Act)
• IT security(management systems such as emergency patches/EoS/remote access/collaboration tools, response to other cyber threats, system security diagnosis/management, internal information leakage management, etc.)

Information Security

Subsidiaries' ESG Story. Efforts to Manage Information Security Risks

SK shieldus

Establishment and Operation of Information Security Monitoring System

SK shieldus has operated and improved preliminary control and post-audit and monitoring system to more strictly manage and prevent the leakage of customer and internal information. To achieve this, the company conducts analyses on employees scheduled to retire, employees working remotely in response to rapidly changing working environments, and employees' pattern of using information, in response to potential threats such as the dark web and deep web. Also, SK shieldus monitors at all times the leakage of customer and internal information contained in the text and attached files of emails and has upgraded the system to strengthen post-audit and secure evidence. In addition, the company has upgraded related systems to respond to the rapidly evolving ransomware. SK shieldus continues to reinforce prevention and monitoring using in-house security solutions. In the event of an incident, it prioritizes preventing further spread of(ransomware, etc.) and restoring the system to a previous state in partnership with related organizations such as Top-Cert in accordance with breach response process. In addition, as an information security company, SK shields is preparing a real-time response system for information sharing and cooperation through the KARA Council*. *KARA Council: Information sharing system including National Intelligence Service, Korean National Police Cyber Bureau, Korea Internet & Security Agency(KISA), Financial Security Institute, etc.

· Breach Incidence Response Process

TMAP MOBILITY

Information Security Incident Prevention

TMAP Mobility has established and shared information security regulations to protect business information and customer data collected during its operations. These regulations apply to all employees and encompass the principles of internal information management and cybersecurity compliance. They establish standards for operating the information security management system, ensuring the systematic management of information assets. In addition, TMAP Mobility monitors information security to verify compliance with the information security policy and process and the implementation of information security activities. Based on this, security diagnosis and audit, mock drills, and inspections follow.
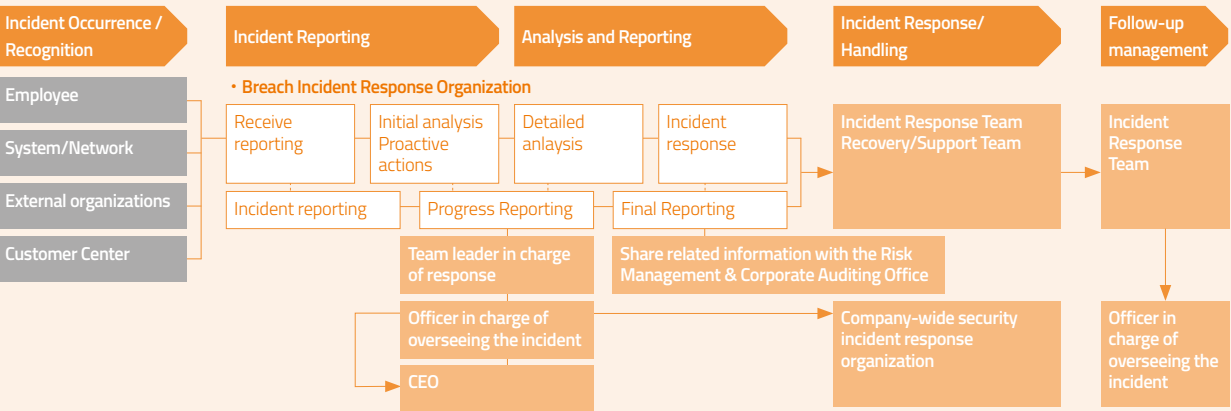
· Security Breach Incident Response Process

Incident recognition	• Report the incident to the Information Security Manager immediately. • Information Security Manager reports the breach to the CISO
Incident response	• Resume services and eliminate the cause • Create an integrated control room depending on the impact and severity • Analyze the cause of the incident and take actions • Activate the company-wide security incident response organization and report to the CEO • Designate and operate a dedicated communications department when cooperating with government agencies, if necessary
Incident handling	• Share result reports with employees and report plans to prevent a recurrence • Share the details and provide training to prevent the problem from recurring

· Information Security Monitoring

Category	Activities	Frequency
Diagnosis and testing	Revise information security regulations, guidelines, and manuals through legal interpretation	Once a year
	Check vulnerability of IT infrastructure assets	Once a year
	Perform IT infrastructure anomaly analysis and monitoring	When necessary
Training and checking	Provide employee(personal) Information security training	Once a year
	Run a mock drill to respond to malicious mail	Once a quarter
	Check mail security, file import/export, and printout security	Once a year
	Execute security management and inspection of personal information processors	Once a year

① ONE store

Prevention of Information Security Incidents

ONE store has established and implemented an incident response policy and process to systematically address information security incidents. The policy and process outline the standards, procedures, and methods for preventing, detecting, and responding to information security incidents. These guidelines are shared on the groupware platform, and regular notices are issued to ensure that all employees are aware of them. Furthermore, ONE store conducts information security monitoring to proactively manage various security threats and maintain a stable information security management system. Information security monitoring activities include security diagnosis, audits, mock drills, and inspection processes.

· Security Breach Response Process

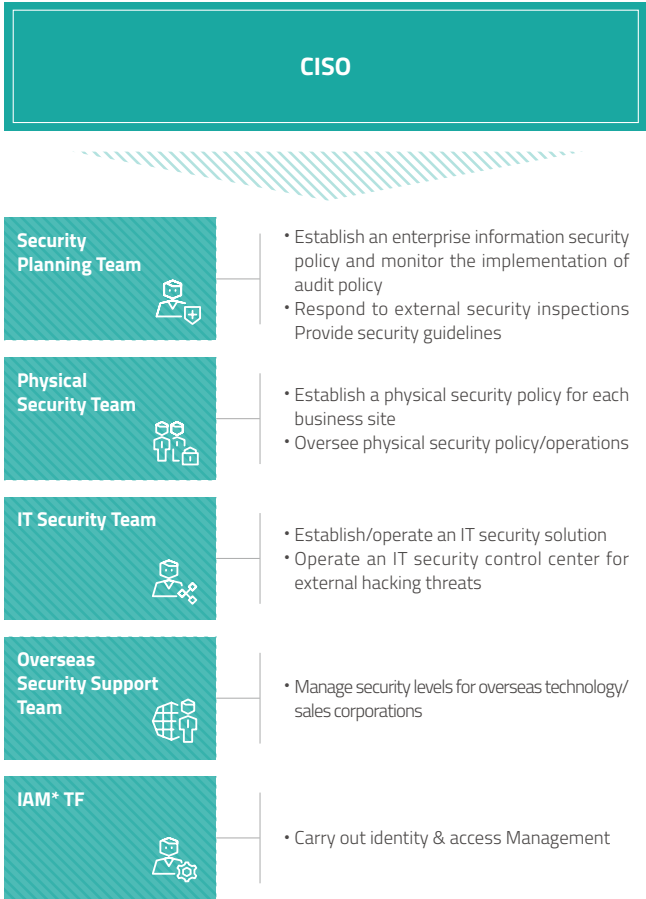|	
Incident recognition	• Report the incident to the Information Security Department as soon as one becomes aware of it • Immediately report to the reporting party according to the security crisis level
Incident response	• Carry out emergency response activities • Reporting incident situations to the CISO and the company-wide security incident response organization • Report incident cause/impact and recovery plan to the CISO • System operation departments and employees in charge conduct emergency recovery • Designate and operate a dedicated communication department when cooperating with government agencies
Incident handling	• Information security department shares the result reports with relevant organizations and employees; and reports to the CISO on plans to prevent a recurrence • Improve the incident response system and educate employees if needed

· Information Security Monitoring

Category	Activities	Frequency
Diagnosis and testing	Diagnose the information security policy and management system	Once per year
	Diagnose the information processing system and service vulnerabilitie	When necessary
	Audit the information security policy/system led by the group's audit organization(Autonomous & Responsible Management Support Group)	Once per year
Training and checking	Incident response drills, including malicious mail mock training	Once a month
	Detect and respond to breach events such as malicious mail and intrusion attempts	When necessary
	Detect and respond to information leakage events such as personal information exfiltration	When necessary
	Check security in daily lives	Once every quarter

Information Security

Industrial Security Management

SK hynix strictly manages its industrial security system by building a seamless security infrastructure and raising employee security awareness. SK hynix operates an industrial security organization in charge of industrial security and has established and operated an overseas security support(OSS) organization to strengthen the security level of technology and sales subsidiaries overseas and respond immediately to security incidents.

CISO

Security Planning Team
- Establish an enterprise information security policy and monitor the implementation of audit policy
- Respond to external security inspections Provide security guidelines

Physical Security Team
- Establish a physical security policy for each business site
- Oversee physical security policy/operations

IT Security Team
- Establish/operate an IT security solution
- Operate an IT security control center for external hacking threats

Overseas Security Support Team
- Manage security levels for overseas technology/ sales corporations

IAM* TF
- Carry out identity & access Management

* IAM : Identity & Access Management

Intellectual Property Management

SK hynix has established an internal patent registration system to optimize the patent application process, enabling engineers to focus solely on technology development. In addition, the company has established a dedicated patent organization to enhance its competitiveness in intellectual property rights. In 2020, one of SK hynix's executive members responsible for patents was appointed as the chairman of the Korea Intellectual Property Association. This appointment aims to bolster competitiveness and facilitate information sharing pertaining to patent disputes, elevating SK hynix's standing within the industry. Moreover, SK hynix actively participates in exchanges with government organizations.

ONE store operates the IP Protection Center, with the aim of addressing and resolving IP rights infringement issues within mobile carriers' app stores, with the objective of safeguarding the rights of intellectual property owners. The IP Protection Center receives reports of IP rights violations related to products or content. Upon receiving a report, ONE store promptly investigates the case, notifies the seller about the violation, and promptly restricts the sale of the relevant products or content. This proactive approach allows ONE store to swiftly respond to intellectual property infringement incidents and effectively protect the rights of intellectual property owners

Nurturing Information Security Professionals

SK shieldus has established EQST(Experts, Qualified Security Team), a specialized cybersecurity group consisting of security experts to establish a secure cyber environment and enhance competency in researching threat information. To achieve this, SK shieldus provides comprehensive theoretical and case-based training to the security experts within EQST. This training aids them in systematically acquiring practical knowledge, developing professional skills, and effectively fulfilling their roles in information security at various sites.

EQST Group's Security Experts Development

Year	Training project	Number of completions (Person)
2017	KITRI* information security professional development program	60
2018	KITRI* information security professional development program	25
2020	The Ministry of Employment and Labor's(MOEL) Fourth Industrial Revolution leader development program	42
2021	MOEL's K-digital Training Program(2nd) (cloud-based convergence security/data security)	52
2021	MOEL's K-digital Training Program(3rd) (cloud-based convergence security/data security)	31
2021	MOEL's K-digital Training Program(4th) (cloud-based convergence security/data security)	41
2022	MOEL's K-digital Training Program(5th) (cloud-based convergence security/data security)	42
2022	MOEL's K-digital Training Program(6th) (cloud-based convergence security/data security)	42

* Korea Information Technology Research Institute

Customer Satisfaction

SK square recognizes the importance of its customers and practices customer-centered management to provide services that satisfy our customers. In this regard, SK square is committed to improving service quality and customer satisfaction by proactively identifying and eliminating potential problems with subsidiaries' products and services

Highlight

Establish a quality management system for subsidiaries' services

Analyze the customer needs for subsidiaries and build a response system

Customer Experience Management

SK shieldus is committed to winning customer trust and contributing to the creation of a sustainable society through customer-centric management practices. To achieve this, the company has established a customer experience management(CEM) framework, based on an implementation enhancement process for "customer experience management". Through VOC and pain point analysis, SK shieldus has identified four core values and 34 CE innovation tasks. These tasks are regularly addressed through the monthly "Bar-raise Consultative Body" meetings, hosted by the CEO, to ensure their effective implementation. Furthermore, SK shieldus has implemented the CE Index(Customer Experience Index) to monitor the value of customer experience at each stage of the service journey. This index enables continuous monitoring of improvements and facilitates the voluntary generation of ideas and implementation tasks within the organization, creating a virtuous cycle of customer experience innovation.

Core Values of Customer Experience and Innovation Tasks

Convenience	Innovation
Establish 24-hour remote operation infrastructure, control access using mobile access cards, and introduce customer center chat support	Strengthen proactive customer care activities using AI-DT

Trust	Empathy
Conduct regular Inspection / enhanced patrols	Strengthen empathetic communication with customers

Manage Service Quality and Reliability

SK hynix reviews all chemicals provided by suppliers to ensure compliance with Material Safety Data Sheets(MSDS) and guidelines on internally regulated substances through the Chemical Inventory Management System. This process is led by a dedicated chemical assessment department, and any chemicals that do not meet the established standards are rejected and not utilized. The company proactively monitors for any changes and collaborates with suppliers regularly to make necessary revisions, even for substances that already comply with its internal standards. Based on this, SK hynix is exerts efforts to guarantee employees' right to accurate information about chemicals.

SK shieldus utilizes AI solutions to deliver services that meet the needs of both customers and counselors. The introduction of AI technology has significantly enhanced efficiency, enabling swift and convenient after-sales service reception, precise consultations, and improved work processing through knowledge management solutions. The company improved customer convenience by reducing consultation waiting time and expanding customer "self-channels" using an app. Thanks to these activities to improve customer-perceived value, SK shieldus won first place in the unmanned security guard service category of the Korean Standard-Service Quality Index(KS-SQI) by the Korea Standards Association for two consecutive years(2021 and 2022).

11STREET prioritizes customer satisfaction as its primary consideration in all decision-making processes, aiming to retain customers and continuously enhance their experience. This is why the company collects and analyzes Voice of Customers(VOCs) through various channels such as phone, chat, and email, allowing 11STREET to continuously improve with customer feedback. It also tries to become the best commerce platform trusted by customers through the 110% lowest price compensation system, 110% counterfeit compensation system, and compensation service even for customers' mistakes. In recognition of its commitment to customer satisfaction, 11STREET has won the 'Consumer Centered Management(CCM)' certification awarded by the Korea Fair Trade Commission and operated by the Korea Consumer Agency, and ranked No. 1 in the e-commerce category of the KS-SQI(Korean Standard-Service Quality Index) for 15 consecutive years, No. 1 in the open market category of the KCSI(Korean Customer Satisfaction Index) for 14 consecutive years, No. 1 in the open market category as Korea's most admired company for 7 consecutive years, and No. 1 in the e-commerce category of the NCSI(National Customer Satisfaction Index).

To improve customer service satisfaction and maintain No. 1 service quality in Korea, TMAP Mobility regularly conducts field tests and comparative tests with major domestic and overseas competitor services to monitor service quality and improve customer experience(CX). In addition, the company tries to enhance customer satisfaction and value through various channels(email/wired) and one-on-one inquiries within the service to strengthen communication with customers.
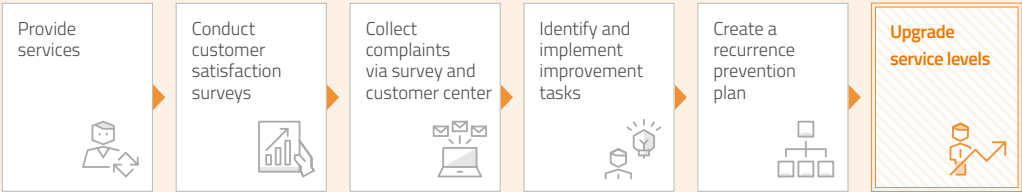
Customer Satisfaction

Management and Response to VOCs

SK shieldus

Management and Response to VOCs

SK shieldus considers customer voice(VoC) and evaluations to be crucial assets and has established a step-by-step 'service satisfaction survey system' to collect customer opinions, diagnose root causes, and derive improvement tasks to maximize customer satisfaction. For repeated complaints, SK shieldus establishes recurrence prevention plans to make service improvements that customers can perceive effects.

· Customer-centric Touchpoint Services and VOC Management Processes
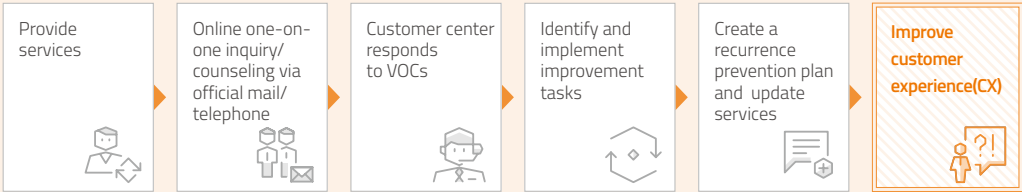
Provide services	Conduct customer satisfaction surveys	Collect complaints via survey and customer center	Identify and implement improvement tasks	Create a recurrence prevention plan	Upgrade service levels

11STREET

Customer Complaint Handling and VOC Management Processes

11STREET analyzes customer needs for service improvement through VOC improvement activities and is trying to strengthen customer experience improvement activities by diversifying needs analysis methods, enhancing communication with customers on service improvement, and adding processes such as service diagnosis to improve service levels fundamentally. The company continues resolving fundamental issues in improvement activities instead of simply diagnosing the phenomenon. After diagnosing the root cause by constantly raising questions, 11STREET is committed to improving the service to satisfy customers by finding solutions and redesigning the customer experience.

· Customer Complaint Handling and VOC Management Processes

Categorize customer journey	Analyze experience	Categorize customer types	Diagnose problems	Improve experience	Improve services

TMAP MOBILITY

Customer Complaint Handling and VOC Management Processes

TMAP Mobility collects VOCs through various channels, such as one-on-one inquiries within the app, official email, and telephone consultations(in some cases). Following the initial response from the customer center, the company develops customer experience(CX) innovation tasks for improvement activities and reflects them in the service to enhance customers' positive experience. In addition, the company conducts a data-based VOC-type analysis to strengthen customer self-service and reflect them in FAQs, realizing customer satisfaction.

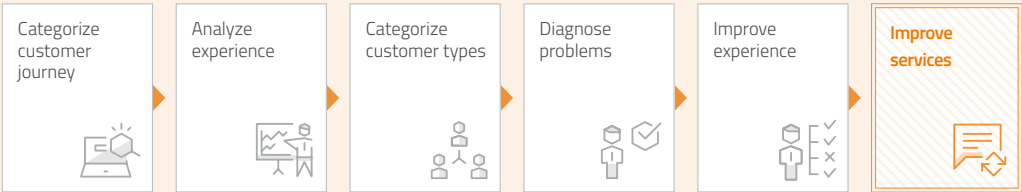· Customer Complaint Handling and VOC Management Processes

Provide services	Online one-on-one inquiry/counseling via official mail/telephone	Customer center responds to VOCs	Identify and implement improvement tasks	Create a recurrence prevention plan and update services	Improve customer experience(CX)

ONE store

Customer Complaint Handling and VOC Management Processes

ONE store offers a wide range of VOC channels to enhance user convenience. It strives to improve customer experience by identifying improvement tasks after analyzing the causes of VOCs received. ONE store continuously upgrades service levels by setting and implementing plans to prevent repeated complaints.

· Customer Complaint Handling and VOC Management Processes

Provide services	Receive VOCs	Analyze VOCs	Identify and implement improvements	Create a recurrence prevention plan	Upgrade service levels
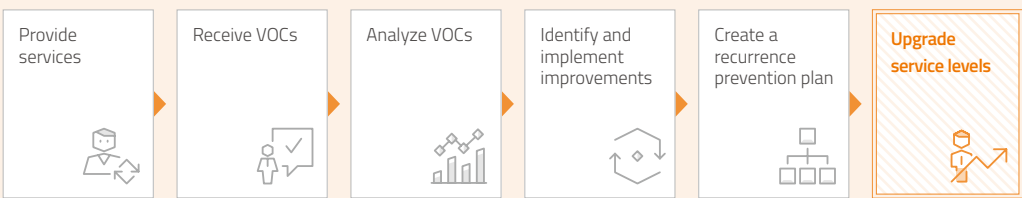
Governance

SK square's sound and transparent governance serves as the cornerstone for achieving sustainable growth along with its stakeholders. Built on an advanced corporate governance framework that emphasizes checks and balances, SK square consistently communicates with various stakeholders, including shareholders, employees, suppliers, and local communities, to establish an ideal relationship and spread the positive impact of SK square. We will remain steadfast in our commitment to becoming a trusted and reliable organization.

Responsible Investment in ESG

SK square expands its positive impact on society and the environment through investments for a sustainable future where we can grow together with our stakeholders.
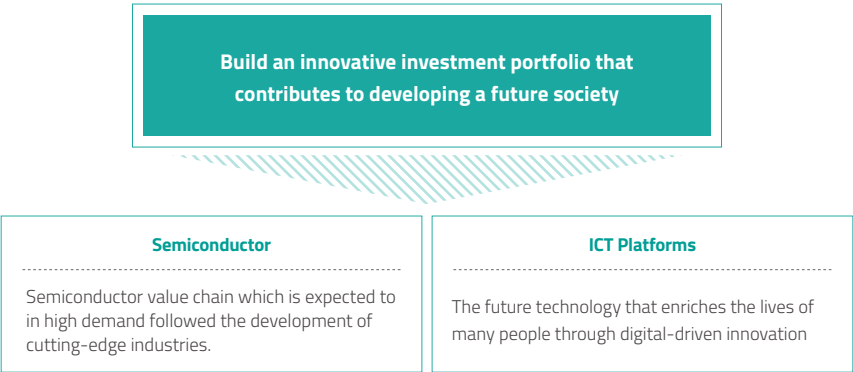
Highlight

Build an ESG-based responsible investment process

Establish an ESG management system for investment companies

ESG Investment Portfolio

SK square is committed to achieving sustainable growth by making ESG-based value investments for the future and providing significant value to its stakeholders. SK square's unique portfolio focuses on sectors that will play a key role in the future society – semiconductors and ICT platforms.

Build an innovative investment portfolio that contributes to developing a future society

Semiconductor

Semiconductor value chain which is expected to in high demand followed the development of cutting-edge industries.

ICT Platforms

The future technology that enriches the lives of many people through digital-driven innovation

ESG Investment Process

SK square prioritizes sustainability along with future value when making investment decisions. The valuation of investment targets is planned to be conducted by integrating economic, ESG and social values, and incorporating them into the decision-making process, led by the Investment Deliberation Committee. SK square's ESG Committee is a deliberation body to incorporate ESG factors. According to SK square's systematic and well-organized investment governance system, final investment decision is made after deliberation by the BOD before the actual investment.

ESG Investment Process

Investment Committee	ESG Committee	Board of Directors
Discover investment targets → Investment suitability review	ESG investment deliberation	Final investment decision
A comprehensive review of investment suitability, including ESG values	Deliberation by the committee if ESG review is required	Final investment decision considering the ESG Committee's agenda items and various factors

ESG Investment Checklist

SK square considers all ESG issues covering environment, social and governance issues when making investment decisions. We plan to list up specific assessment items to make an ESG investment checklist. In addition, we actively communicate with portfolio companies to spread ESG management and leverage shareholder rights to recommend ESG management activities.
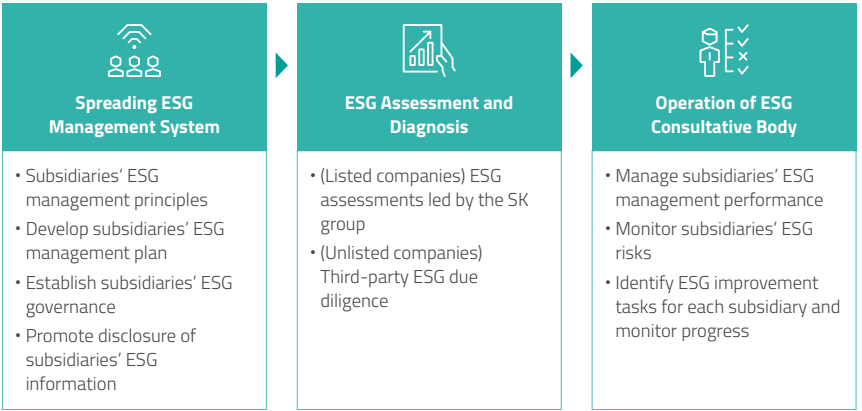
ESG Investment Checklist

Category	Sub-category
Environmental	• Identify and manage negative environmental impacts of the business
Social	• Establish an industrial accident prevention system and own employee human rights protection regulations
Governance	• Disclose environmental, social, and governance information to stakeholders

ESG Management of Portfolio Companies

Re Amid the increasing significance of ESG management, there is a rising demand for the disclosure of ESG information. Furthermore, the scope of ESG risk management is expanding to encompass both subsidiaries and parent companies. Recognizing the critical impact of subsidiary ESG management on the overall ESG performance and reputation of the parent company, SK square is promoting ESG management for its subsidiaries to effectively manage risks and expand ESG management to its subsidiaries.

Direction of ESG Management for Portfolio Companies

Spreading ESG Management System	ESG Assessment and Diagnosis	Operation of ESG Consultative Body
• Subsidiaries' ESG management principles • Develop subsidiaries' ESG management plan • Establish subsidiaries' ESG governance • Promote disclosure of subsidiaries' ESG information	• (Listed companies) ESG assessments led by the SK group • (Unlisted companies) Third-party ESG due diligence	• Manage subsidiaries' ESG management performance • Monitor subsidiaries' ESG risks • Identify ESG improvement tasks for each subsidiary and monitor progress

BOD Diversity/ Expertise/ Independence

+

SK square operates the Board of Directors(BOD) as the top decision-making body to build a stronger governance structure as the foundation of its business. We have announced the "BOD-centered responsible management" to enhance corporate value through sound and stable business activities.

Highlight

100%
Average attendance rate of the BOD meetings

57.1%
Percentage of independent directors

BOD-centered Management

Based on the principles of independence, expertise, and diversity, SK square's BOD appoints executive and independent directors with expertise and experience across various fields. We remain steadfast in our commitment to enhancing shareholder and corporate value, striving to achieve sustainable growth through a BOD-centered management.

BOD-centered Responsible Management

Operate committees under the BOD	Strengthen BOD's independence and transparency	Increase BOD's diversity and expertise
Establish and run committees under the BOD for quick and efficient decision-making	Appoint and evaluate independent directors with proven independence through a transparent process.	Appoint independent directors among experts with expertise and industry experience in various areas

BOD Members and Operations

The BOD appoints executive and independent directors with expertise and experience in various sectors based on the principles of independence, expertise, and diversity. As of the end of 2022, the board consisted of seven members, including two executive and four independent directors, with an average tenure of approx. 11 months. Independent Director Ho In Kang was appointed as the chair of the BOD to ensure separation in the role of the BOD chair and the CEO. Nine board meetings were held in 2022 to vote on major management issues and reflect them in decision-making. The average attendance of the BOD was 100% and the average attendance rate by the independent directors was 100%.

BOD Activities

Category	Unit	2022
BOD meetings held	Count	9
Average attendance rate	%	100.0

BOD Diversity and Transparency

Category	Unit	2022
Percentage of independent directors	%	57.1
Women on Board	Person	1
Percentage of woman directors on the BOD	%	14.3
Acts of illegality by the management or BOD	Count	0

BOD Composition

	Name	Gender	Job Title	Specialties	Career highlights	Tenure	Period
Executive Director	Sung Ha Park	M	CEO	Business management	• President & CEO, SK square (2023-Present) • President & CEO, SK C&C(2020-2022) • Head of Strategy Support Team, SK Suprex Council(2017-2019) • Head of Portfolio Management Division, SK Corporation(2013-2016)	Until 2026 general shareholders' meeting	2 months
Executive Director	Jung Ho Park	M	Director	Business management	• CEO, Vice Chairman of SK hynix (2021-Present) • CEO, SK square(2021-2022) • President & CEO of SK telecom (2017-2021) • CEO, SK broadband(2019) • President & CEO of SK C&C(2015-2016)	Until 2024 general shareholders' meeting	1 year 2 months
Other Non-Executive Director	Sung Hyung Lee	M	Director	Finance, accounting	• President, CFO, SK corporation (2023-Present) • Vice President, Head of Finance Division, SK corporation(2020-2022) • Executive Vice President, Head of Finance Division, SK telecom(2018-2019) • Head of Financial Management Office, SK telecom(2016-2017)	Until 2026 general shareholders' meeting	2 months
Independent Director	Ho In Kang	M	Chairman of the BOD, Independent Director	Government policy/ administration, legal, finance and accounting	• Advisor, Yulchon Law Firm(2020-present) • Independent Director, GS E&C (2022-present) • Co-President, Citizens' Coalition for Safety(2021-present) • Minister of Land, Infrastructure, and Transport(2015-2017) • Head of Public Procurement Service (2012-2013)	Until 2024 general shareholders' meeting	1 year 2 months
Independent Director	Eun Sun Ki	F	Independent Director	Economy, finance and accounting (Professor)	• Professor, Division of Business Administration and Accounting, Kangwon National University(2015-Present) • Independent Director, DAOL Investment & Securities(2022-present) • Currently, KOSDAQ Market Committee, Korea Exchange • Corporate Audit Committee member (2020-present)	Until 2024 general shareholders' meeting	1 year 2 months
Independent Director	Seung Gu Park	M	Independent Director	Economy, finance, accounting	• Country Executive, BoA Merrill Lynch Korea(2013-2021) • Head of Seoul Branch, Credit Suisse (1997-2013	Until 2024 general shareholders' meeting	1 year 2 months
Independent Director	Seong Woo Lee	M	Independent Director	Economy, finance, law, finance and accounting (Professor)	• Professor, Dong-A University Law School (2007-Present) • Independent Director, Shinhan Bank (2016-2021) • Independent Director, IBK Investment & Securities(2014-2015)	Until 2024 general shareholders' meeting	1 year 2 months

⌂ ☰   Overview   /   Our ESG Approach   /   ESG Policy & Performance   /   Facts & Figures   /   Appendix   **SK square ESG Report 2022**   **61**

Environmental · Social · **Governance**

Committees Under the BOD

SK square has five committees to enhance the expertise and efficiency of its Board of Directors(BOD): the Independent Director Nominating Committee, Audit Committee, ESG Committee, Governance Committee, and Compensation Committee. To ensure efficient performance of their duties, each committee has defined its organization, operation, and authority in the Committee Regulations. These committees provide reports to the BOD regarding their meetings held, agenda deliberations, and approvals. In an effort to maintain independence and transparency in decision-making, all committee chairpersons are appointed from among the independent directors, and the majority of committee members are independent directors.

BOD
Two executive directors
One non-executive director
Four independent directors

Independent Director Nominating Committee	Audit Committee	ESG Committee	Governance Committee	Compensation Committee
One executive director Three independent directors	No executive directors Four independent directors	No executive directors Three independent directors	One executive director Four independent directors	No executive directors One non-executive director Three independent directors

R&R of Committees

Committees	Roles
Independent Director Nominating Committee	• Deliberate and decide on matters necessary for the nomination of independent director candidates
Audit Committee	• Review the company's financial, tax, and audit-related risks • Conduct audits on the effectiveness of internal controls and evaluation of internal control structures
ESG Committee	• Review the direction and performance of major areas related to the environment, social value, and corporate governance • Review risks of agenda items from ESG perspectives
Governance Committee	• Deliberate on corporate governance and governance-related regulations • Discuss company-wide key performance indicators and the company's mid- to long-term future strategies
Compensation Committee	• Manage and recommend candidates for the CEO • Appoint and reappoint the CEO; review the appropriateness of remuneration for the CEO and executive directors.

Committee Composition

Category	Name	Board committees				
		Independent Director Nominating Committee	Audit Committee	ESG Committee	Governance Committees	Compensation Committee
Executive Directors	Sung Ha Park				●	
	Jung Ho Park					
Non-Executive Directors	Sung Hyung Lee	●			●	●
Independent Directors	Ho In Kang	Chairperson	●	Chairperson	●	
	Eun Sun Ki		Chairperson	●	●	●
	Seung Gu Park	●	●		Chairperson	●
	Seong Woo Lee	●	●	●	●	Chairperson

Competency Metrics of Board Members

Category	Sung Ha Park	Jung Ho Park	Sung Hyung Lee	Ho In Kang	Eun Sun Ki	Seung Gu Park	Seong Woo Lee	Ratio
Leadership	●	●	●	●		●		71%
- CEO experience	●	●		●		●		57%
- CFO experience			●			●		28%
Management/ Accounting	●	●	●	●	●	●	●	100%
Policy/ Administratio				●	●		●	43%
Research & Development					●			28%
Legal				●	●		●	43%
Year of appointment	Mar. 30, 2023	Nov. 2, 2021	Mar. 30, 2023	Nov. 2, 2021	Nov. 2, 2021	Nov. 2, 2021	Nov. 2, 2021	-
Independence				●	●	●	●	57%
Age	57	60	57	65	45	54	61	Average : 57
Gender	M	M	M	M	F	M	M	14.3% female

BOD's ESG Activities

In order to enhance the BOD's implementation to drive ESG management, the ESG Committee under the BOD has expanded discussions regarding our ESG risks and performance further and continuously monitors the performance. In addition, the ESG Committee identifies and manages critical ESG issues for SK square, and is in charge of reporting major issues to the BOD as well as approving them.

Key Activities of the ESG Committee

Review the ESG strategy direction and manage and supervise (monitor) the implementation of major tasks	Final inspection of performance against annual goals and finding improvement points	Publication of reports to improve accessibility to ESG information	Invite major ESG-related stakeholders and have discussions	Communication through participation in external ESG forums and events

Ho In Kang (ESG Committee Chairperson)	Seong Woo Lee (ESG Committee member)	Eun Sun Ki (ESG Committee member)
Co-President of Citizens' Coalition for Safety(2021-), expert on social and safety issues	Professor of Dong-A University Law School(since 2007), expert on corporate governance structure	Professor of Division of Business Administration and Accounting, Kangwon National University (since 2015), expert on management, accounting and finance

ESG Committee's Activities

Item	Unit	2022
Implementation rate of the BOD's ESG-related agenda	%	100
Number of cases of receiving ESG opinions and communication with stakeholders	Count	4
Major discussion in 2022		Strategies for 2040 Net Zero

Restrictions on Concurrent Positions of SK square's independent directors

According to Item 4, Paragraph 3, Article 8 of the Enforcement Decree of the Act on Corporate Governance of Financial Companies, independent directors of SK square cannot serve as independent directors, non-executive directors, or non-executive auditors of other companies. They cannot serve as directors, executive officers or auditors of two or more companies, excluding SK square. All independent directors(4 members) of SK square are in compliance with this Act.

BOD Diversity/Expertise/Independence

Enhancement of the BOD's Independence, Diversity, and Expertise

SK square appoints independent directors who meet the requirements for independence to make decisions independently of the management and controlling shareholders. To bolster its independence, the BOD chair is an independent director. Also, the BOD is composed of investment, finance, economics, legal affairs, and accounting experts to secure balanced expertise in various fields.

BOD Independence, Diversity, and Expertise Policy

The BOD chair is separate from the CEO. With an independent director as the BOD chair, it is possible to bolster the independence of the governance structure. In addition, independent directors account for more than half of the BOD.	The standards for determining the independence of independent directors and conflicts of interest are specified in the Articles of Association in accordance with the Commercial Act, the Fair Transactions in Franchise Business Act, and other laws in South Korea.
Diversity is ensured by appointing directors without discrimination based on gender, race, nationality, region, or religion.	Experts in each field, such as management, economy, accounting, law, or investment, are appointed to strengthen the BOD's expertise.

Support for the Enhanced Expertise of Independent Directors

SK square provides education to independent directors on the company's strategic direction, risk management, and key management updates to enhance their understanding of the company. We also offer investment-related insights and encourage them to participate in independent director reporting meetings, education programs, and seminars to continuously enhance the expertise of the BOD.

Training of Independent Directors

Category	Unit	2022
Training sessions on developing independent directors' expertise	Count	5
Hours of training on developing independent directors' expertise	Hour	3

Support for Information and Resources for Independent Directors

SK square provides agenda materials to independent directors in advance before the BOD and committee meetings so that they can fully review the agenda and freely express their opinions. Also, we operate the BOD Secretariat, a dedicated support organization to ensure that independent directors can perform their duties smoothly and professionally in the BOD and its committees
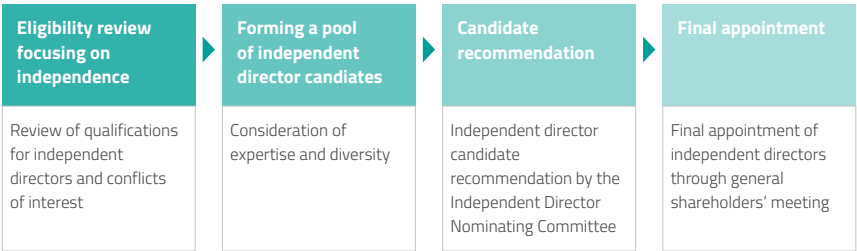
Pre-board Meeting Status

Category	Unit	2022
BOD pre-reporting sessions held	Count	9
Attendance rate at the BOD pre-reporting sessions	%	100.0

Director Appointment Procedure

All directors are appointed individually as separate agenda items at the General Shareholders' Meeting in accordance with Article 382 of the Commercial Act and Article 35 of the Articles of Association, and independent directors are appointed from among candidates recommended by the Independent Director Nominating Committee in accordance with Article 582-8 of the Commercial Act and Article 36(2) of the Articles of Association. In particular, when recommending candidates for independent directors, the Independent Director Nominating Committee, which has a majority of independent directors, recommends candidates considering expertise, independence, and conflicts of interest through a fair and transparent process. Candidates for independent directors recommended through such rigorous screening and candidates for executive directors recommended after discussion with the BOD are finally appointed at the general shareholders' meeting.

Independent Director Appointment Process

Eligibility review focusing on independence	Forming a pool of independent director candiates	Candidate recommendation	Final appointment
Review of qualifications for independent directors and conflicts of interest	Consideration of expertise and diversity	Independent director candidate recommendation by the Independent Director Nominating Committee	Final appointment of independent directors through general shareholders' meeting

Performance Evaluation and Compensation for the BOD and Executives

SK square annually evaluates its directors based on their expertise, BOD activities, and ESG performance and pays them remuneration within the limits approved at general shareholders' meetings. We enhance implementation for ESG management by adding factors covering all ESG areas(e.g., GHG reduction, employee safety and health, and anti-corruption practices) to KPIs in the performance evaluation. In addition, the ESG performance will be reflected in compensation for all management members, and the Compensation Committee under the BOD is in charge of management evaluation and compensation. To determine the remuneration of the CEO, we use performance evaluation metrics that include the growth of corporate value, growth in AUM with activities as an investment company to enhance corporate value, and shareholder returns. Details regarding remuneration and calculation methods are transparently disclosed in accordance with relevant laws and regulations in financial reports.

CEO Remuneration Ratio

Category	Unit	2022
Total CEO remuneration	KRW 1 million	2,636
Salary	KRW 1 million	2,357
Bonuses and benefits from exercising stock options	KRW 1 million	279
Multiple of CEO's stock ownership relative to their salary.	Multiple	0.6
Median employee remuneration	KRW 1 million	214
Remuneration compared to the median employee remuneration	Multiple	12.3

Ratio of Renumeration of Executives(other than CEO)

Category	Unit	2022
Total executive renumeration(average)	KRW 1 million	1,389
Multiple of executive stock ownership relative to salary	Multiple	0.2

* As of 2022, the total remuneration of executive director Poong Young Yoon was KRW 1,389 million.

Ethical Management

+

Based on the belief that ethical management constitutes the company's competitive edge, SK square conducts business honestly and fairly to earn the trust of all stakeholders, including employees, and contributes to building a better society

Highlight

0 Case
Violations of anti-corruption regulations

97.0 %
Percentage of employees who completed training on ethical management

Code of Ethics

SK square is committed to the sustainable happiness of all stakeholders, including its employees, as it recognizes that ethical management strengthens the company's competitiveness. SK square has established its own 'Code of Ethics' and 'Ethical Management Practice Guidelines' as decision-making and behavioral standards in all management activities to promote ethical management actively.

Scope of Code of Ethics overage

SK square employees	All employees(including non-regular employees) as subjects of management activities.
Subsidiaries	Any subsidiary over which SK square has substantial control
Business Partners	Business partners consulting firms, investment partners, etc.

* Including a clause in the Ethical Code of Conduct to maintain political neutrality

Percentage of signing the ethical management pledge

Category	Unit	2022
Percentage of employees who signed the pledge	%	98

** Including provisions prohibiting money laundering, bribery, and acceptance of illicit gifts.

Ethical Management System

SK square is committed to building trusted relationships with stakeholders and creating a desirable corporate culture. For this, we have developed an ethical management system to 'practice corporate ethical management that all stakeholders can trust.' We systematically implement ethical management and internalize transparent, ethical awareness within the company. Major ethical management plans and the results of the plans are managed by the Ethical Management Officer under the Audit Committee, and the Audit Committee under the BOD is in charge of the final review and approval.

Practicing Ethical Management that All Stakeholders Can Trust

| Enhance implementation to practice Code of Ethics	Create a system for ethical management	Spread and internalize ethical management culture
Clarify SKMS-based stakeholders' R&R	Operate an independent audit committee under the BOD	Hold online ethical management education sessions and workshops
Operate regulations to support ethical management practices	Operate an ethical management organization directly under the Audit Committee	Employees sign the ethical management pledge
Implement ethical practice pledges for business partners	Operate the anti-corruption management system and obtain ISO37001	The SK Group operates an integrated reporting channel and ethical management portal

Ethical Risk Management

SK square regularly conducts internal management diagnosis(audits) for the company and all subsidiaries where it exercises substantial management rights to prevent risks related to unethical behaviors and practice prevention-centered ethical management. In addition, SK square continuously improves the internal audit level for the company's major functions through self-checking systems.

Ethical Risk Management Status

Ethics Audit Results ⊕

Category	Description
Key checklists	• Support decision-making on the direction of business strategies • Check compliance with company rules and regulations during business operations • Check any business or activities that are against the customer value • Improve the efficiency and effectiveness of business processes and corporate resources • Check whether the company has internal control functions and continuously upgrade their level • Check the validity of accounting records, financial statements, and reports and their compliance with corporate accounting standards • Check for violations of ethical standards and anti-corruption policies
Frequency	• In general, at least once every three years for each target
Internal monitoring system	• Check once a year in six areas, including HR, purchasing, and expenses (including checking subsidiaries and managing their implementation)

Risk Check

Category	Unit	2022
Corruption issues raised	Count	0
Management diagnoses(audits) conducted	Count	2(2 subsidiaries)
Areas for internal monitoring system	Count	6

* No cases of corruption/bribery, discrimination/harassment, conflicts of interest, money laundering, or insider trading violations found.

Management Diagnosis Roadmap for Advanced Ethical Management

2023 Overseas corporations and 2 subsidiaries	2024 3 subsidiaries	2025 SK square and 3 subsidiaries
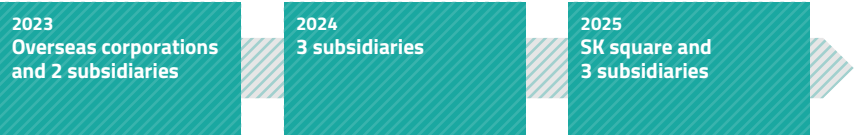
Ethical Management

Anti-corruption Management System and Policy

SK square obtained ISO 37001 certification in 2022 to upgrade its anti-corruption management system and secure international trust. ISO 37001 is an anti-bribery management system standard created by the International Organization for Standardization(ISO), which presents a global standard for creating, implementing, maintaining, and improving anti-corruption systems within an organization. In addition, we have prepared and announced the Anti-corruption Guidelines to express our commitment to complying with domestic and overseas anti-corruption laws and regulations and to doing our business ethically and fairly.
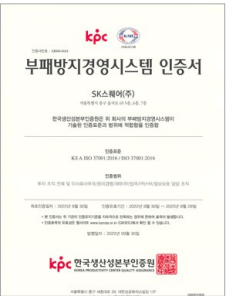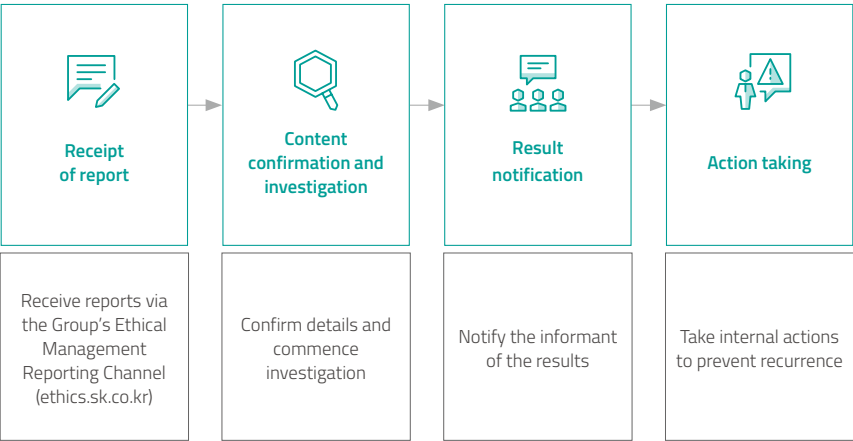
Information About Obtaining ISO 370001 Certification

	Article	Description
	Article 1 (Prohibition of Corruption)	All members of SK square are prohibited from engaging in any corruption-related behavior.
	Article 2 (Compliance with Laws and Regulations)	All members of SK square shall comply with corruption-related domestic and international laws and the company's regulations, guidelines, and operating procedures applicable to their business activities.
	Article 3 (Anti-corruption Management System)	SK square shall create an anti-corruption management system that meets global standards and continuously improve the level of anti-corruption management through implementation and monitoring by all members.
	Article 4 (Reporting System)	SK square shall vitalize the reporting system and protect bona fide informants so members can freely participate in anti-corruption activities.
	Article 5 (Consequences of Non-compliance)	SK square will strictly respond to members who do not comply with the Corruption Policy by relevant regulations and disclose the results to members.
	Article 6 (Authority and Independence)	SK square guarantees the authority and independence of the organization and members in charge of preventing corruption.
	Article 7 (Willingness to Act)	SK square's management will provide the utmost support for efficiently implementing the anti-corruption management system.

Operating Consultation and Reporting Channels

To establish trust-based ethical management, SK square runs multiple channels for stakeholders to freely consult and report on matters related to ethical management. Reports received through the ethical management consultation and reporting system are promptly and fairly handled, and we protect informants in strict adherance to relevant guidelines.

Ethical Management Reporting Process

Receipt of report	Content confirmation and investigation	Result notification	Action taking
Receive reports via the Group's Ethical Management Reporting Channel (ethics.sk.co.kr)	Confirm details and commence investigation	Notify the informant of the results	Take internal actions to prevent recurrence

Status of Reporting and Handling of Corruptions

Category	Unit	2022
Violations of anti-corruption regulations	Count	0
Ethical management issues reported	Count	7
Percentage of valid reports(investigated cases)	%	0
Disciplinary actions due to unethical bahavior	Count	0

* Three were false claims and four were general complaints, so the internal audit organization did not investigate the cases judging that they are not valid reports.

Ethical and Anti-corruption Education for Employees

SK square regularly provides ethics and anti-corruption education to internalize ethical management and spread an ethical culture. Moreover, all employees including the management (including contracted workers and other temporary employees) take our own ethical management online education aside from the legally required education such as prevention of sexual harassment. We also operate an internal advanced education course, called Ethical Management Practice Workshop, to inspire determination for ethical management. The workshop consists of discussions led by leaders over dilemma related to unethical situations. As of 2022, 96.7% of employees took ethics education.

Ethics Education

Ethics Education Results ⊕

Online education (basic education)	Education for new employees and new experienced employees	Ethical Management Practice Workshop (intensive)
The educational content focuses on what employees must be familiar with in the Code of Ethics and Code of Ethics Implementation Guide	The educational content focuses on what new employees shsould be familiar with in performing their duties, such as legal processe and conflicts of interest	The educational content customized to respond to ethical issues and prevent incidents in ethically vulnerable areas

Status of Ethics and Anti-corruption Education

Category		Unit	2022
Percentage of employees who completed training on ethical management		%	96.7
High-ranking officials (executives)	People subject to ethical management education	Person	13.0
	Percentage of participation in ethical management education	%	100.0
Suppliers	Suppliers subject to signing a pledge of ethical management practice*	Count	54.0
	Suppliers signing on the pledge of ethical management practice	Count	54.0
	Percentage of participating in signing the pledge of ethical management practice	%	100.0

* The SK Group provides ethical management as a required course for executives
** Each year, new suppliers are asked to sign on the pledge of ethical management

Compliance

+

SK square upgrades the compliance management system to minimize legal risks that may arise in the business activities and operations. We continued to expand supporting activities to internalize compliance-based management among employees.

Highlight

Improve the compliance management system

Expand and internalize compliance management

Compliance Policy

SK square continues to upgrade compliance and support compliance to achieve compliance-based management. We are preparing internal regulations and other necessary foundations related to compliance for the systematic implementation of these activities. We will continue upgrading compliance-related policies to enhance compliance-based management levels.
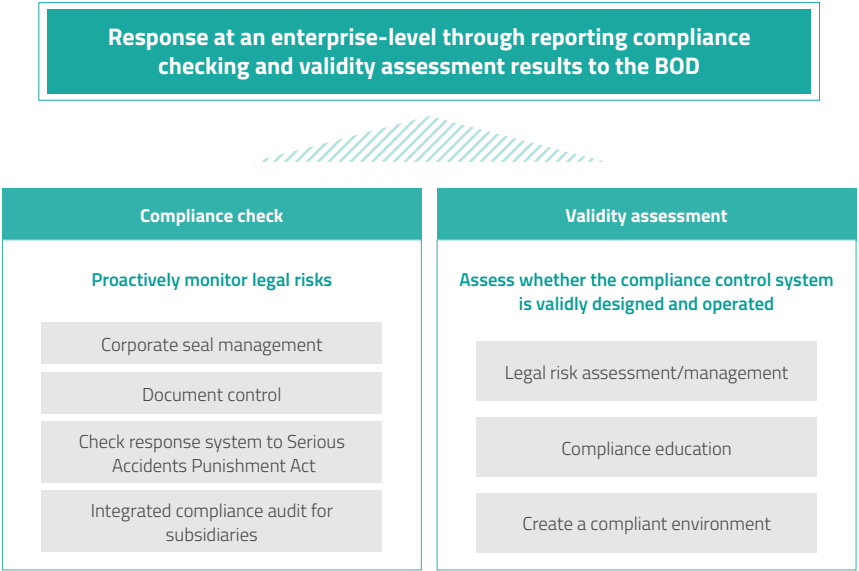
Upgraded Compliance-related Policies

Compliance management	• Establish compliance control standards and legal management regulations to provide guidelines for compliance management • Establish BOD regulations and Corporate Governance Charter to declare the goal of creating a sound and transparent corporate governance • Develop a human rights policy to promote a culture of respect for human rights
Business and operation	• Prepare compliance checklist for investment personnel/target companies in investment • Present guidelines for implementing the Serious Accidents Punishment Act / distribute general conditions for safety and health contracts. • Announce through the safety and health management regulations that the life and safety of citizens and employees are the fundamental principles of action • Set document control principles to clarify standards for document control and security management

Compliance Risk Management

SK square has established and operated a compliance risk management system to proactively identify risks in areas where legal consequences might occur and operations and to the risks. SK square checks compliance and conducts validity assessments for compliance risk management. Based on this, we comprehensively manage the validity of compliance risks that might be caused in the course of business and corporate operations and compliance management system. Compliance checking and validity assessment results are reported to the BOD to discuss issues and respond to them at an enterprise level

Compliance Risk Management System

Response at an enterprise-level through reporting compliance checking and validity assessment results to the BOD

Compliance check	Validity assessment
Proactively monitor legal risks	**Assess whether the compliance control system is validly designed and operated**
Corporate seal management	Legal risk assessment/management
Document control	Compliance education
Check response system to Serious Accidents Punishment Act	Create a compliant environment
Integrated compliance audit for subsidiaries	

Spread Compliance Management Culture

SK square provides regular training and on-demand training to prevent legal risks that may arise in the course of conducting our businesses, and spread compliance management culture. In addition, we strive to spread compliance management culture to our subsidiaries by providing training to subsidiaries.

Compliance Education

Category	Description
Regular education	• Training on the Improper Solicitation and Graft Act, M&A contract, legal obligations
On-demand education	• Training on document control guides
On-board education	• Compliance control standards and legal management regulation training, training on how to handle issues that require legal review once such issues are identified
Regular education for legal managers of subsidiaries	• Training on workplace harassment/ sanctions on Russia / fair trade issues / M&A contracts

Risk Management

SK square operates a risk management system that thoroughly examines potential risks associated with the group's business activities. It provides regular reports on monitoring outcomes and implements appropriate countermeasures for critical issues to the Board of Directors(BOD).
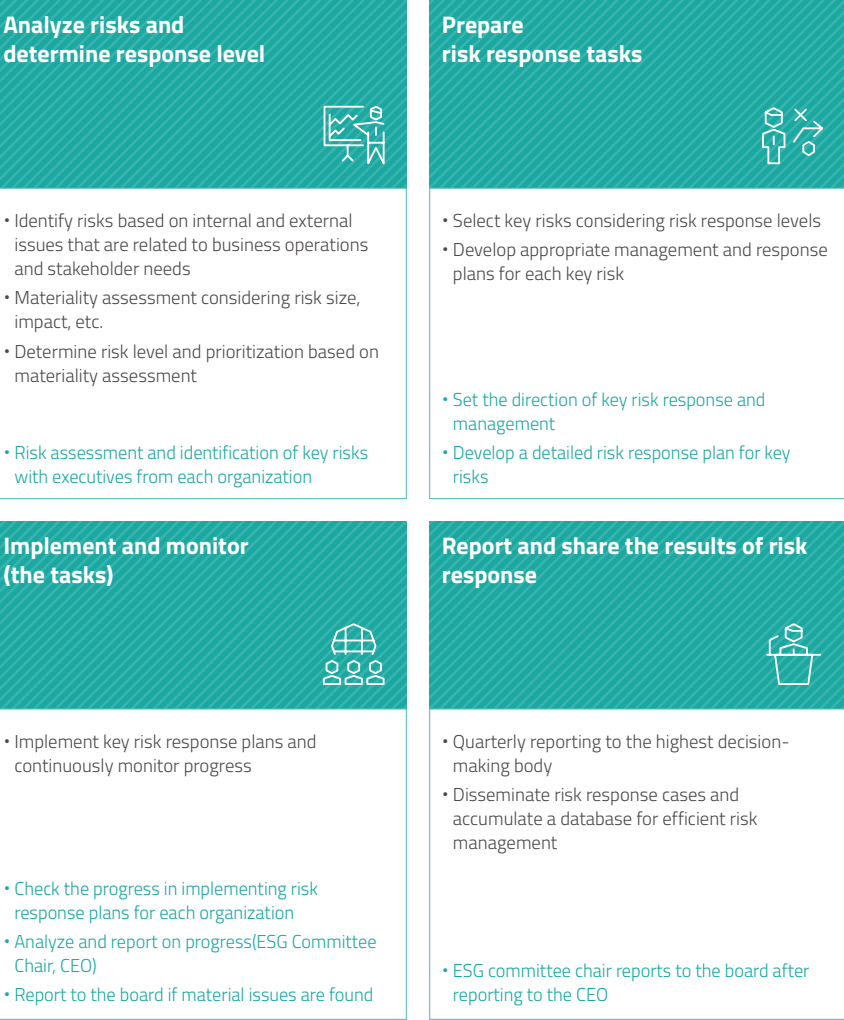
Highlight

Establishment of risk management system

Establishment of risk management governance
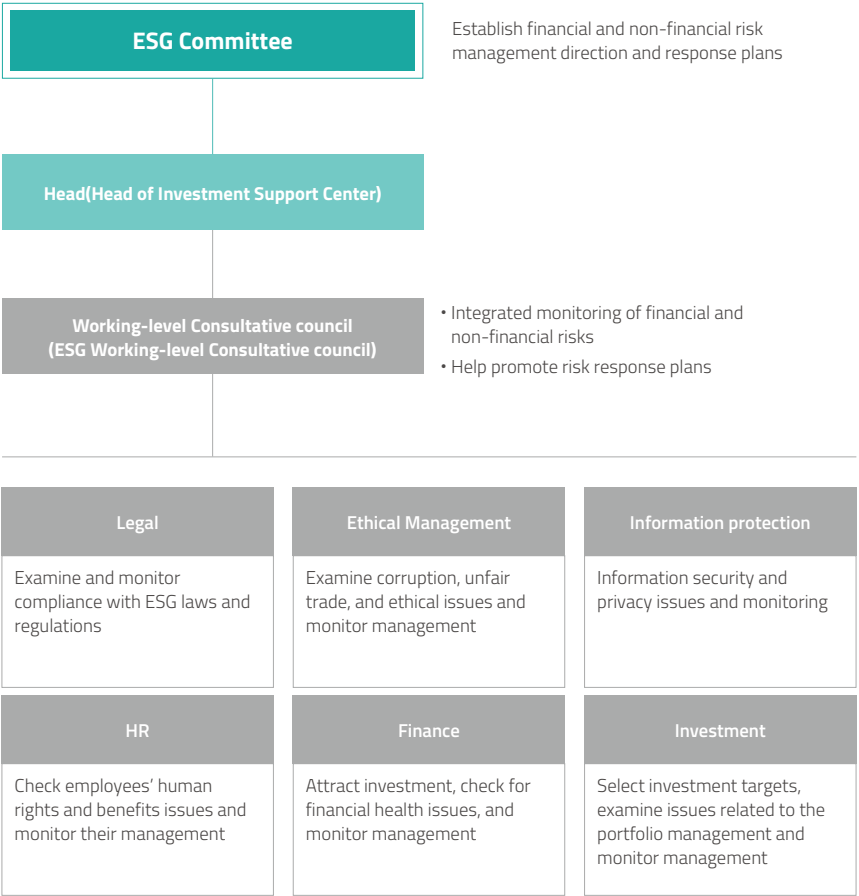
Risk Management System

SK square has established a top decision-making body and supporting organizations for risk management in order to proactively identify and address both financial and non-financial risks in a dynamic business environment. We operate a risk management process to identify risks and establish and implement response measures.

Analyze risks and determine response level

- Identify risks based on internal and external issues that are related to business operations and stakeholder needs
- Materiality assessment considering risk size, impact, etc.
- Determine risk level and prioritization based on materiality assessment

- Risk assessment and identification of key risks with executives from each organization

Prepare risk response tasks

- Select key risks considering risk response levels
- Develop appropriate management and response plans for each key risk

- Set the direction of key risk response and management
- Develop a detailed risk response plan for key risks

Implement and monitor (the tasks)

- Implement key risk response plans and continuously monitor progress

- Check the progress in implementing risk response plans for each organization
- Analyze and report on progress(ESG Committee Chair, CEO)
- Report to the board if material issues are found

Report and share the results of risk response

- Quarterly reporting to the highest decision-making body
- Disseminate risk response cases and accumulate a database for efficient risk management

- ESG committee chair reports to the board after reporting to the CEO

Risk Management Governance

SK square manages financial and non-financial risk issues through the ESG Committee under the BOD, which regularly reports the progress of major risk monitoring and management to the BOD. The head of the Investment Support Center is designated as the head of the risk management consultative body to share risk issues and establish countermeasures. The ESG Committee, the top decision-making body for financial and non-financial risk management, consists of three independent directors and holds meetings at least three times a year.
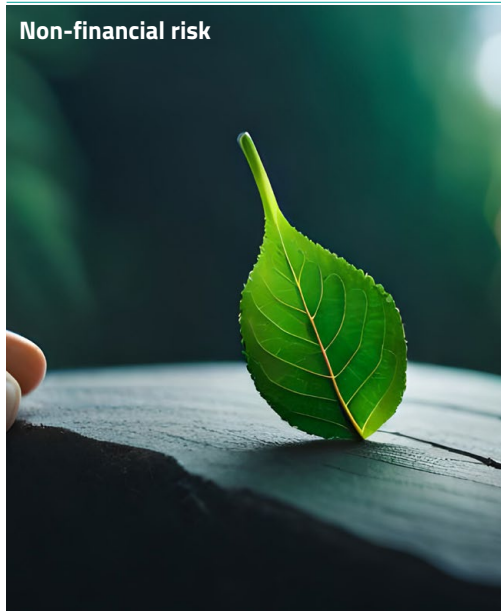
Risk Management Organization

ESG Committee

Establish financial and non-financial risk management direction and response plans

Head(Head of Investment Support Center)

Working-level Consultative council (ESG Working-level Consultative council)

- Integrated monitoring of financial and non-financial risks
- Help promote risk response plans

Legal	Ethical Management	Information protection
Examine and monitor compliance with ESG laws and regulations	Examine corruption, unfair trade, and ethical issues and monitor management	Information security and privacy issues and monitoring
HR	**Finance**	**Investment**
Check employees' human rights and benefits issues and monitor their management	Attract investment, check for financial health issues, and monitor management	Select investment targets, examine issues related to the portfolio management and monitor management

Risk Management

Risk Management Strategies

SK square has established and implemented a robust risk management system to proactively identify and address potential risks that may impact our business activities. Also, we classified risks into financial and non-financial risks to define risk types in detail, and conducted sensitivity analysis and stress tests for each risk. To prevent risks in advance, we monitor risk management at all times throughout the year.

Category	Risk type	Description	Responsible organization	Internal rules	Response strategies
Financial risk	Economic and financial risk	• Risks related to losses caused by changes in financial markets(e.g., interest rate and exchange rate fluctuations due to changes in the internal and external economic environment), oil price changes, and trade disputes	Finance	Financial Management Rules	• Continuous monitoring and stricter risk management of domestic/overseas financial markets
	Liquidity risk	• Lack of operating funds and losses during financing	Finance	Financial Management Rules	• Developing short- and long-term financial balance plans and report regularly • Regular monitoring and reporting of cash flow and liquidity situations
	Tax risk	• Tax risks in overall business activities	Finance	Internal Accounting Control Rules	• Fulfilling tax obligations according to the laws and regulations of Korea and other countries where the business is operated • Identifying major changes in the company's internal and external environment(e.g., tax law amendments or tax interpretation changes by tax authorities) and responding proactively to prevent errors in tax filings, etc.
Non-financial risk	Environmental risk	• Non-compliance issues may lead to legal actions and damage corporate image as eco-friendly policies and related laws and regulations become stricter.	Legal	ESG Committee Rules Environmental Management Policy	• Establishing and implementing environmental management goals and strategies to systematically respond to environmental risks such as climate change response and GHG reduction • Establishing SK square's environmental management policies to practice environmental management • Ongoing monitoring of compliance with environmental laws and regulations and public disclosure of related matters
	Water risk	• Water scarcity, availability, and quality risks	Legal	-	• Regular monitoring and disclosure of water consumption at SKT Tower, an office space • Monitoring and disclosure of environmental performance, including water consumption by SK hynix, a major semiconductor subsidiary(including water stress management)
	Human rights risk	• Human rights issues(e.g., abuse of power, workplace harrassment, discrimination), and gender discrimination issues may result in legal issues and damage the company's image.	HR	Human Rights Policy Rules of Employment	• Operating human resources grievance reporting channels and grievance handling procedures • Regular human rights due diligence(human rights impact assessment) • Checking human rights risks and taking improvement measures • Mandatory and regular human rights education for employees to improve their human rights awareness
	Ethical and compliance risk	• Losses from inadequate internal processes, workforce, or systems	Ethical Management	Ethical Management Practice Guidelines, Rules for Operating Anti-corruption Management System	• Strengthening the code of ethics related to business information security and insider trading as an investment company • Business diagnosis and improvement activities every three years regarding high-risk areas of SK square and its subsidiaries • Ongoing activities to encourage the reporting culture and spread the ethical management culture

Risk Management

Identifying and Responding to Potential Risks

SK square regularly analyzes risks depending on changes in the management environment and ESG areas. We set strategies and plans to respond to and systematically manage mid/long-term risk factors that can affect the business and operations.

Potential Risk Analysis and Response

| Category	Description	Impact on business	Response
Liquidity fluctuations	Lack of liquidity and worsening financial conditions due to global economic changes and changes in capital market, etc.	Lost investment opportunities, decreased business stability, lowered investor confidence, and possibility of financial crisis	• Secure multiple funding sources • Enhance liquidity management
Macroeconomic crisis	Fluctuations in global financial markets and economic uncertainty due to global economic crisis, geopolitical risks, currency fluctuations, etc.	Reduced return on investment, fewer investment opportunities, reduced investor confidence, and potential for capital loss.	• Advance into diverse markets and industries • Diversify investment portfolio • Develop investment strategies in preparation for macroeconomic fluctuations • Secure financial risk management experts • Leverage hedging strategies, etc.
Catastrophes/ Disasters	Losses due to natural disasters(e.g., earthquakes, floods, typhoons, etc.), environmental disasters (e.g., chemical leakage, factory explosions, etc.), of portfolio companies	Facility damage, suspended production, workforce loss, reduced revenue, increased recovery costs, and lowered investor confidence	• Develop plans to prepare for catastrophes/disasters • Buy insurance • Establish a disaster response system, etc.

Subsidiary/Sub-subsidiary ESG Management

SK square discusses and improves major issues in ESG areas to expand its ESG management system to its subsidiaries and sub-subsidiaries. We organized a consultative body with subsidiaries to establish an all-time monitoring system for regular communication. We are actively implementing policies to enhance ESG management by supporting our subsidiaries to improve their ESG management performance.

ESG Management Policy and Activities by Subsidiaries and Sub-subsidiaries

- • Share code of ethics/ethical management practice guidelines
- • Implement ethics pledge/online training/ethics practice workshops/ethics practice survey and manage the outcomes(annually)
- • Monitor the status and results of investigations on reports through the group's integrated reporting system
- • Support subsidiaries to carry out management assessments and investigate reports made(if necessary)
- • Support reinforcing internal audit through a self-check system(check the result based on the Group's self-check checklist)
- • Promote mutual competence development for both the parent company and subsidiaries by sharing know-how related to grievance investigation/management diagnosis
- • Support them achieve net zero and share strategies for climate change response

ESG Target Achievement Roadmap(Net Zero Target Achievement Rate) of Subsidiaries/Sub-subsidiaries

25% 2023   **37.5%** 2024   **50%** 2025
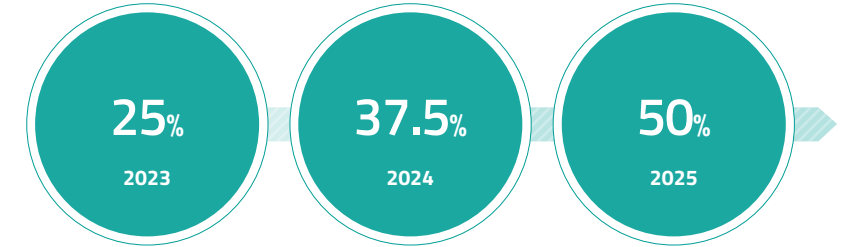
ESG Management of Subsidiaries/Sub-subsidiaries

- • SK square plans to designate an ESG organization within its major subsidiaries and strengthen ESG data collection and performance management systems.
- • By 2025, SK square will disclose and manage detailed ESG information of major subsidiaries to a level acceptable according to global standards

Category	Unit	2022
Meetings held by the consultative body	Count	-
ESG training	Count	-
* Percentage of net zero implementation plan developed	%	12.5

* The above is for nine major subsidiaries – SK hynix, SK shieldus, 11STREET, ONE store, SK planet, TMAP mobility, Dreamus Company, Incross, FSK L&S. As of 2022, SK hynix completed setting the net zero plan

Shareholder-friendly Management

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SK square is committed to shareholder-friendly management and strives to protect shareholder rights and enhance shareholder value.

Highlight

Create a foundation for shareholder-friendly management

Build shareholder return policies

Protecting Shareholder Rights

SK square announces the date, place, and agenda of an shareholder meeting at least four weeks in advance so that shareholders can sufficiently review the agenda and exercise their voting rights. To protect shareholders' rights, enhance the convenience of exercising voting rights, and encourage shareholders' participation, SK square provides detailed information on exercising voting rights using an electronic voting system and offers a cumulative voting system. For shareholder-friendly management, we post invitations to shareholder meetings and the CEO's letter to shareholders on the company website for shareholders and institutional investors, elaborating on management performance and business vision. At the shareholder meeting, the CEO and representatives of portfolio companies directly present the business performance and vision to the shareholders and answer their questions.

Shareholder Communications

SK square actively communicates with shareholders through multiple channels such as domestic and overseas NDRs, conferences, conference calls, and in-person meetings. We leverage various methods to help shareholders easily access key information like earnings on our website every quarter for equity in information disclosure. We continuously review shareholder-friendly methods of information disclosure to disclose information to all shareholders fairly. Key IR information is also available on the website in English for foreign investors and shareholders. The English website has an IR-related inquiry channel for the convenience of foreign investors and shareholders.

Shareholder Proposal Right

Based on the Corporate Governance Charter, SK square informs shareholders of "Shareholders' Rights" through the Financial Supervisory Service's DART, an electronic disclosure system. The IR Personnel's phone number and e-mail address are available on the website so shareholders can submit suggestions online or in writing. We increase shareholders' participation in the shareholder meeting and communication with them by enabling them to watch the meeting online in real time via PC or mobile.

Prevention of Internal Transaction and Self-dealing

SK square has established internal audit norms to prevent internal transactions and self-dealing that violate the principle of shareholder equity. Pursuant to Article 49 of the Articles of Association, the Paragraph 1-12 and Paragraph 1-17 of Article 8 of the Board of Directors Regulations, and Paragraph 1-8 to Paragraph 1-12 of Article 6 of the Audit Committee Regulations, directors may

not transact with the Company without prior approval of the Board of Directors. Significant related party transactions between affiliated companies and transactions with stakeholders, including major shareholders, require the approval of the board or the Audit Committee. The Governance Committee was created to protect shareholder value and rights and reinforce governance transparency. The committee reviews internal transactions required by the Monopoly Regulation and Fair Trade Act, the Commercial Act, and other matters that can significantly impact shareholder value.

Shareholder Return Policy

To enhance shareholder value, SK square can distribute interim dividends once a fiscal year if approved by the Board in accordance with the Articles of Association, and annual dividends are paid once a fiscal year after obtaining approval from the general meeting of the shareholders. In March 2023, SK square announced a mid-term shareholder return policy, effective from fiscal year 2022. Accordingly, at least 30% of its recurring dividend income and investment results will be utilized for shareholder return from fiscal years 2023 to 2025 for share buyback and cancellation, or cash dividend. We will continue to enhance shareholder value by strengthening our shareholder return policy in the mid- to long-term.

Stock Ownership Status

SK square has no dual-class voting system granting multiple voting rights to certain shares. We follow the "one vote per share" principle, where each share is entitled to only one vote. The founder and founding family ownership is 5.26%. The Chairman of SK Inc., Mr. Tae-won Chey holds a 17.50% stake in SK Inc. which is the largest shareholder of SK square. SK Inc. holds a 30.03% stake in SK square.

Category	No. of Stocks	Shareholding(%)
SK Corporation	42,485,663	30.03*
National Pension Service	8,059,689	5.70
Minority shareholders	53,061,376	37.51

* Largest shareholder and related parties are included.
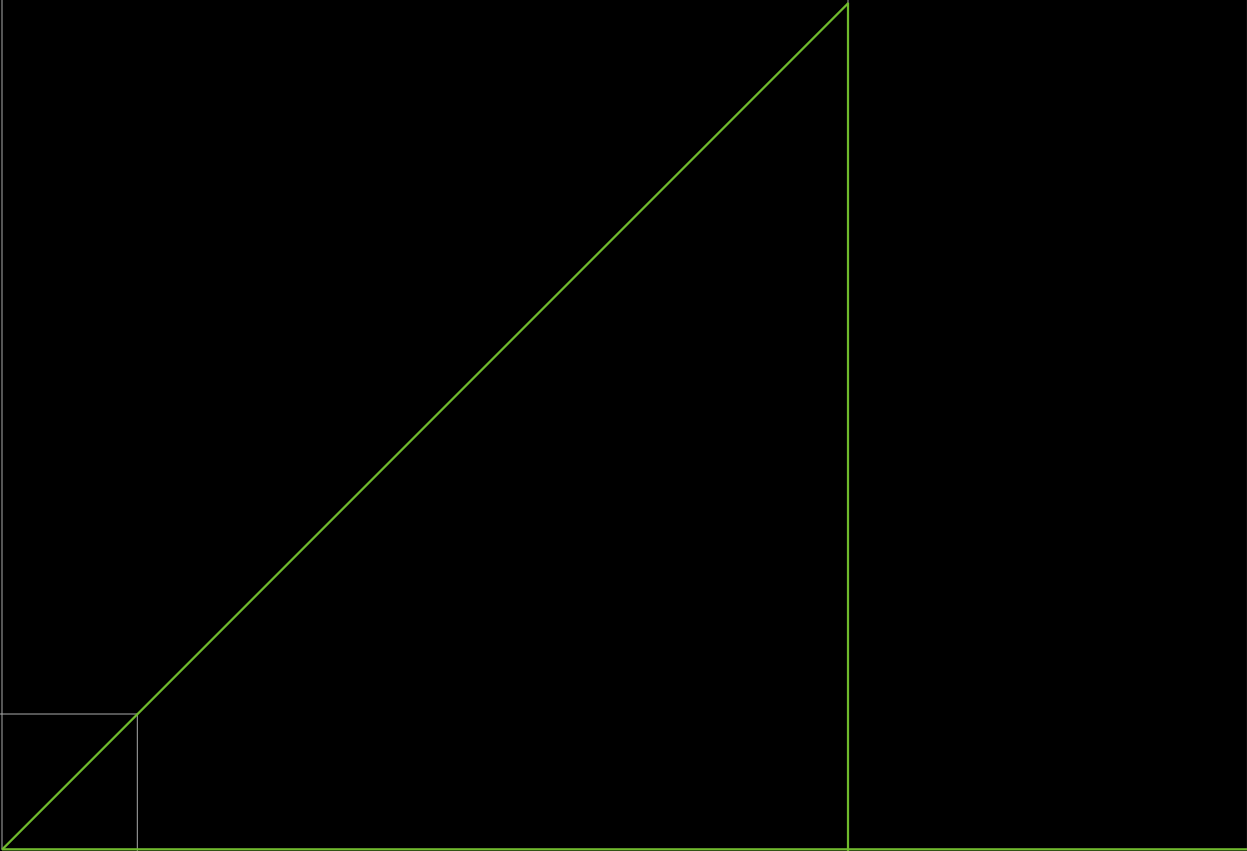
Square 4

Facts & Figures

SK square has a systematic ESG management process and makes efforts to generate tangible ESG management outcomes. We transparently disclose both financial and non-financial performance and regularly monitor key achievements related to ESG management. Our aim is to continuously improve performance by monitoring and enhancing ESG-related outcomes. SK square is committed to expanding the scope of transparent disclosure of financial and non-financial performance, in order to enhance constructive communication with stakeholders.

Condensed Consolidated Statements of Financial Position

Category	Unit	2022
I. Current assets	KRW 1 million	2,864,776
Cash and cash equivalents	KRW 1 million	1,001,603
Accounts receivable – trade, net	KRW 1 million	457,718
Accounts receivable – other, net	KRW 1 million	622,643
Other current assets	KRW 1 million	782,812
II. Non-current assets	KRW 1 million	19,295,807
Long-term investment securities	KRW 1 million	463,009
Investments in associates and joint ventures	KRW 1 million	15,105,185
Property and equipment, net	KRW 1 million	887,167
Intangible assets	KRW 1 million	1,163,487
Goodwill	KRW 1 million	1,462,259
Other non-current assets	KRW 1 million	214,700
Total assets	KRW 1 million	22,160,583
I. Current liabilities	KRW 1 million	1,819,530
II. Non-current liabilities	KRW 1 million	3,177,853
Total liabilities	KRW 1 million	4,997,383
I. Equity attributable to owners of the Parent Company	KRW 1 million	16,819,552
Share capital	KRW 1 million	14,147
Capital surplus and others	KRW 1 million	15,934,664
Retained earnings	KRW 1 million	758,809
Reserves	KRW 1 million	111,932
II. Non-controlling interests	KRW 1 million	343,648
Total shareholders' equity	KRW 1 million	17,163,200
Total liabilities and shareholders' equity	KRW 1 million	22,160,583

Condensed Consolidated Statement of Income

Category	Unit	2022
I. Operating revenue	KRW 1 million	4,510,691
II. Operating profit	KRW 1 million	162,763
III. Profit from continuing operations before income taxes	KRW 1 million	101,325
II. Operating profit(loss)	KRW 1 million	516,332
III. Profit(loss) before income taxes	KRW 1 million	430,739
IV. Profit(loss) for the year	KRW 1 million	433,138
V. Earnings(loss) per share:	KRW 1 million	
Basic earnings(loss) per share	KRW	3,064
Diluted earnings(loss) per share	KRW	3,063

Income Tax Payment

Category		Unit	2022
Profit before tax	Total amount	KRW 1 million	101,325
	South Korea	KRW 1 million	101,325
	United States	KRW 1 million	0
	China	KRW 1 million	0
	Others	KRW 1 million	0
Income tax expense	Total amount	KRW 1 million	4,170
	South Korea	KRW 1 million	4,170
	United States	KRW 1 million	0
	China	KRW 1 million	0
	Others	KRW 1 million	0
Income tax paid	Total amount	KRW 1 million	-215
	South Korea	KRW 1 million	-215
	United States	KRW 1 million	0
	China	KRW 1 million	0
	Others	KRW 1 million	0

⌂ ☰ Overview / Our ESG Approach / ESG Policy & Performance / **Facts & Figures** / Appendix   **SK square ESG Report 2022**   72

Financial Performance · **Nonfinancial Performance**

Environment

SK square

General Energy Consumption

Category			Unit	2022
Energy intensity			GJ/KRW 1 billion	19.8
Total energy consumption			GJ	11,696.9
	Total direct energy consumption		GJ	2,390.2
	Consumption by direct energy source	LPG	GJ	0
		LNG	GJ	0
		Natural gas*	GJ	1,259.0
		Gasoline	GJ	1,128.8
		Diesel*	GJ	2.4
		Others	GJ	
	Total indirect energy consumption			9,306.7
	Consumption by indirect energy source	Electricity*	GJ	9,306.7
		Steam	GJ	0
		City Gas	GJ	0

* SK square calculated its direct(natural gas, diesel) and indirect(electricity) GHG emissions based on SK square's floor area(6.75%) out of the total floor area of T Tower, where its headquarters is located.

Renewable Energy Consumption

Category	Unit	2022
Renewable energy consumption ratio	%	0
Total renewable energy consumption	MWh	0

Water Consumption

Category			Unit	2022
Total water consumption			Ton	5,475
Water withdrawals(intensity)			Ton/KRW 1 billion	9.3
Total water withdrawals			Ton	5,475
	Water withdrawals by intake source	Municipal water	Ton	5,475
		Underground water	Ton	0
		Others	Ton	0
	Water stress	Water withdrawal in water-stressed areas	Ton	-
		Water consumption in water-stressed areas	Ton	-
Total water discharge			Ton	-
	Water recycled	Water recycling rate	%	-
		Total water recycled	Ton	-
Ultrapure water consumption			Ton	-

Air Pollutant Emission*

Category	Unit	2022
NOx(nitrogen oxides) emissions intensity	Ton/KRW 1 billion	-
NOx emissions	Ton	-
SOx(sulfur oxides) emissions intensity	Ton/KRW 1 billion	-
SOx emissions	Ton	-
Dust emissions intensity	Ton/KRW 1 billion	-
Dust emissions	Ton	-
VOC(volatile organic compound) emissions intensity	Ton/KRW 1 billion	-
VOC emissions	Ton	-
NH3 emissions intensity	Ton/KRW 1 billion	-
NH3 emissions	Ton	-
HF emissions intensity	Ton/KRW 1 billion	-
HF emissions	Ton	-
HCl emissions intensity	Ton/KRW 1 billion	-
HCl emissions	Ton	-

Waste Generated

Category			Unit	2022
Waste generated(intensity)			Ton/KRW 1 billion	0.028
Total waste generated			Ton	16.5
Waste generated by type		Non-hazardous waste	Ton	16.2
		Hazardous waste	Ton	0.3
Recycling rate of waste			%	49.7
Total waste recycling			Ton	8.2
Recycled volume by waste type		Non-hazardous waste	Ton	8.2
		Hazardous waste	Ton	0
Total waste treated			Ton	8.5
Waste treatment volume by waste type	Non-hazardous waste treatment		Ton	8.2
		Landfilled	Ton	1.5
		Incinerated	Ton	6.7
		Others	Ton	0
	Hazardous waste treatment		Ton	0.3
		Landfilled	Ton	0
		Incinerated	Ton	0
		Others	Ton	0.3

Hazardous Chemical Discharged*

Category	Unit	2022
Hazardous chemical consumption	Ton	-
Chemical emissions	Ton	-

* SK square does not have any product manufacturing facilities, so it has no hazardous chemical discharged.

GHG Emissions*

Category		Unit	2022
Total Greenhouse gas(GHG) emission intensity(Scope 1+2)		tCO$_2$e/ KRW 1 billion	1
Total GHG emissions(Scope 1+2)*		tCO$_2$e	594.6
	Direct emissions(Scope 1)	tCO$_2$e	149.2
	Indirect emissions(Scope 2)	tCO$_2$e	445.4
Life cycle GHG emissions(Scope 1+Scope 2+Scope 3)		tCO$_2$e	1,632,748.0
	Other indirect emissions(Scope 3)	tCO$_2$e	1,632,153.4

* In the case of GHG emissions, only SK square's information is available due to a lack of information of some subsidiaries. SK hynix and SK shieldus separately disclosed information through their own sustainability reports.
** SK square calculated its direct(natural gas, diesel) and indirect(electricity) GHG emissions based on SK square's floor area(6.75%) out of the total floor area of T Tower, where its headquarters is located.

Water Pollutants Discharged*

Category	Unit	2022
Chemical oxygen demand(COD) emissions intensity	Ton/KRW 1 billion	-
COD emissions	Ton	-
Biological oxygen demand(BOD) discharge intensity	Ton/KRW 1 billion	-
BOD emissions	Ton	-
Total Nitrogen(T-N) emissions intensity	Ton/KRW 1 billion	-
T-N emissions	Ton	-
Suspended solid(SS) emissions intensity	Ton/KRW 1 billion	-
SS emissions	Ton	-

* SK square does not have any product manufacturing facilities, so it has no water pollutant discharged.

Environmental Management

Category		Unit	2022
Compliance	Domestic and overseas environmental regulatory violations	Count	0
	Amount of fines for domestic and overseas environmental regulatory violations	KRW 1 million	0
Environmental education	Education hours per person	Hour	0.6
	Participants	Person	87
	Total education hours(including environmental skills training)	Hour	55.1
Environmental management certificate for business sites	Environmental management system certification status	Yes/No	No
	Percentage of sites certified to environmental management systems	%	0

Social

SK square

Employee Composition

Category		Unit	2022
Total employees		Person	87
By gender	Men	Person	68
	Women	Person	19
By age	Under 30	Person	3
	30s	Person	36
	40s	Person	45
	50s and above	Person	3
By region (based on work location)	Domestic	Person	86
	International	Person	1
Percentage female managers	Women in executive positions	Person	2
	Percentage of women in executive positions	%	17
	Women in middle manager positions	Person	3
	Percentage of women in middle manager positions	%	15
	Female employees	Person	19
	Percentage of female employees	%	22
Equal pay ratio between men and women	Average gender pay gap	%	1
	Median gender pay gap	%	0.9
Job equity*	STEM-related employees	Person	-
	Percentage of women in STEM	%	-
	Women in revenue-generating departments	Person	-
	Percentage of women in revenue-generating departments	%	-
Diversity	Percentage of employees with disabilities	%	0
	Employees with disabilities	Person	0
	Percentage of veterans and patriots	%	0
	Veterans and patriots	Person	0
	Percentage of foreign nationals	%	2.3
	Foreign nationals	Person	2
Rate by employment type	Regular employees	Person	84
	Male	Person	68
	Female	Person	16
	Non-regular employees	Person	3
	Male	Person	0
	Female	Person	3.0
	Regular employment rate	%	96.6

* As a holding company, SK square is composed of only business administration and supporting departments, so there are no STEM departments and profit-making departments.

Recruiting

Category		Unit	2022
Total new hires		Person	4
New hires by age	Under 30	Person	1
	30s	Person	2
	40s	Person	1
	50s and above	Person	0
New hires by gender	Men	Person	3
	Women	Person	1
Internal hires	Total internal hires	Person	0
	Internal hiring rate	%	0

Turnover

Category		Unit	2022
Total Turnover		%	2.3
Voluntary turnover		%	2.3
Voluntary turnover by age	Under 30	%	0
	30 to 49	%	2.3
	50 and above	%	0
Voluntary turnover by gender	Men	%	2.3
	Women	%	0
Voluntary turnover by management position	Executives(senior managers)	%	1.1
	Managers(middle managers)	%	0
Voluntary turnover by region(by workplace)	Domestic	%	0
	Overseas	%	0
Involuntary turnover		%	0
Involuntary turnover by age	Under 30	%	0
	30 to 49	%	0
	50 and above	%	0
Involuntary turnover by gender	Men	%	0
	Women	%	0
Involuntary turnover by management position	Executives(senior managers)	%	0
	Managers(middle managers)	%	0
Involuntary turnover by region(by workplace)	Domestic	%	0
	Overseas	%	0

Labor-Management Relations

Category	Unit	2022
Labor-management meetings held	Count	4
Agenda items for labor-management meeting	Count	11
Percentage of employees covered by Labor-Management Council agreements(percentage of employees covered by collective bargaining agreements if labor union is available)	%	100

Maternity/Parental Leave

Category		Unit	2022
Maternity leave users		Person	0
Total employees entitled to parental leave	Total	Person	30
	Male	Person	28
	Female	Person	2
Employees who took parental leave	Total	Person	0
	Male	Person	0
	Female	Person	0
Employees who returned after taking parental leave	Total	Person	0
	Male	Person	0
	Female	Person	0
Employees who have worked for 12 months or more after returning from parental leave	Total	Person	0
	Male	Person	0
	Female	Person	0

* Employees subject to paternity leave are employees who have children under the age of 8(or 2nd grade in elementary school).

Employees' Human Rights

Category	Unit	2022
Total education hours	Hour	203
Participating employees	Person	87
Participation rate	%	100
Education hours per person	Hour	2.3

Safety and Health

Category		Unit	2022
Lost-time injuries rate(LTIR)(employees)		Per 200,000 hours worked	0
Lost-time injuries(LTI)(employees)		Count	0
Safety incidents	Employee fatality rate	%	0
	Occupational fatalities	Count	0
Occupational diseases	Occupational illness frequency rate(OIFR) of employees	Per 200,000 hours worked	0
	Employee occupational illnesses	Count	0
Safety training	Training hours	Hour	0
	Training participants	Person	0
	Dedicated staff training hours	Hour	0
Safety and Health management system certification status		Yes/No	No

Social

Organizational Engagement*

Category		Unit	2022
Percentage of highly engaged employees(based on total number of employees)		%	83.9
Percentage of highly engaged employees by gender	Men	%	84.1
	Women	%	83.2
Percentage of highly engaged employees by position	Executives	%	87.8
	Middle managers	%	87.3
	Other employees	%	CL2 : 79.3 CL3 : 80.4 CL4 : 85.9

* The engagement level of members by age group is not disclosed because it is considered personally identifiable information.

Performance Evaluation

Category	Unit	2022
Employees subject to performance evaluation	Person	87
Percentage of employees who received performance evaluation and career development reviews	%	100
Percentage of employees who systematically utilize measurable objectives as negotiated with their direct supervisors(MBO)	%	100
Percentage of employees ranked based on comparative analysis among employees in the same position	%	100
Percentage of employees who received multi-faceted performance evaluation (360-degree feedback)	%	0

Education Performance

Category		Unit	2022
Employees educated		Person	86
Percentage of employees educated		%	98.9
Total education hours		Hour	2,008
Education hours per person		Hour	23.1
Education hours per person by age	Under 30	Hour	16.2
	30 to 49	Hour	24.5
	50 and above	Hour	6.3
Education hours per person by gender	Men	Hour	24.7
	Women	Hour	18.7
Education hours per person by position level	Executives	Hour	6.4
	Middle managers	Hour	-
Education hours per person by region (based on location)	Employees in Korea	Hour	23.1
Total education costs		KRW 10,000	18,076.1
Education cost per person		KRW 10,000	207.8
Education cost per person by region (based on location)	Employees in Korea	KRW 10,000	207.8

Corporate Data/Customers' Personal Information Protection

Category		Unit	2022
Information security incidents	Corporate data and personal information leakage	Count	0
	Customers and employees affected by corporate data and personal information leakage	Person	0
	Total monetary losses, such as fines or penalties paid as a result of the leakage	KRW 1 million	0
Training and monitoring	Internal drills on information security	Count	1
	Monitoring checks(number of detected events)	Count	752
	Monitoring checks(number of issues where actions were taken)	Count	7
Information security training	Information security training participation rate	%	93
	Information security training hours per person	Hour	1
Information security management system certification	Information security management system(ISMS) certification	Yes/No	Yes
	Percentage of ISMS-certified business sites	%	100

Supply Chain*

Category		Unit	2022
Tier 1 suppliers	Total tier 1 suppliers	Count	127
	Domestic suppliers	Count	127
	Oversease suppliers	Count	0
	Key tier 1 suppliers	Count	25
Purchase amount	Total purchases from tier 1 suppliers	KRW 1 million	21,931.4
	Domestic	KRW 1 million	21,931.4
	Overseas	KRW 1 million	0
	Purchases from key tier 1 suppliers*	KRW 1 million	19,758.1
	Percentage of purchases from key tier 1 suppliers	%	90.1

* SK square defines key suppliers as suppliers with a contract amount of KRW 500 million or more.

Supplier ESG Risk Management

Category		Unit	2022
ESG risk assessment	Suppliers subject to ESG risk assessment	Count	54
	Suppliers that completed ESG risk assessments	Count	54
	Percentage of suppliers that completed ESG risk assessments	%	100
	Percentage of suppliers that implemented improvement measures among suppliers that completed ESG risk assessment	%	-
Conflict minerals	Percentage of revenue from conflict minerals	%	-
	Percentage of revenue from proven conflict-free suppliers	%	-
Lost time injuries rate(LTIR)(suppliers)		Per 200,000 hours worked	0
Lost time incident(LTI)(suppliers)		Count	0

Social Contribution

Category		Unit	2022
Social contribution by type	Total cash donations	KRW 1 million	940
	Total in-kind donations	KRW 1 million	0
	Employees' voluntary services during working hours(excluding weekends)	Hour	13
	Percentage of employees who provided voluntary services	%	11.2
Purchasing from social enterprises	Total purchases from social enterprises	KRW 1 million	21,959
	Social enterprise	KRW 1 million	562.4
	Disability-owned businesses	KRW 1 million	27.6
	Women-owned businesses	KRW 1 million	0
	Small business	KRW 1 million	21,369
	Green products	KRW 1 million	0

Governance

Ethical Education Performance

Category	Unit	2022
Percentage of employees signing on the ethical management pledge	%	98
Ethical and anti-corruption education hours per person	Hour	1:37
Participants in ethical and anti-corruption education	Person	81
Total ethical and anti-corruption education hours	Hour	131

Reporting and Handling of Ethical Management Issues

Category	Unit	2022
Violations of anti-corruption regulations	Count	0
Ethical management issues reported	Count	7
Valid reports(investigated cases)	Count	0
Sexual harassment and discrimination	Count	-
Inappropriate work instruction	Count	-
Violation of norms	Count	-
Others*	Count	-
Disciplinary actions due to unethical behavior	Count	0
Demotion	Count	-
Suspension(including dismissal)	Count	-
Wage cut	Count	-
Reprimand	Count	-
Warning*	Count	-

Environment

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General Energy Consumption

Category		Unit	2022
Energy intensity		GJ/ KRW 1 billion	2,446.16
Total energy consumption		GJ	109,152,451
Total direct energy consumption		GJ	2,389,747
Consumption by direct energy source	LPG	GJ	-
	LNG	GJ	2,351,127
	Natural gas	GJ	-
	Gasoline	GJ	-
	Diesel	GJ	-
	Others	GJ	38,620
Total indirect energy consumption			106,762,704
Consumption by indirect energy source	Electricity	GJ	100,581,698
	Steam	GJ	6,181,006
	City Gas	GJ	-

Air Pollutant Emission

Category	Unit	2022
NOx emissions	Ton	318.1
SOx emissions	Ton	32.4
Dust emissions	Ton	27.5
VOC emissions	Ton	0.31
NH3 emissions	Ton	29.9
HF emissions	Ton	6.4
HCl emissions	Ton	32.8

Waste Generated

Category		Unit	2022
Waste generated(intensity)		Ton/ KRW 1 billion	13
Total waste generated		Ton	590,478
Waste generated by type	Non-hazardous waste	Ton	185,694
	Hazardous waste	Ton	404,784
Total waste recycling		Ton	565,206
Recycled volume by waste type	Non-hazardous waste	Ton	177,140
	Hazardous waste	Ton	388,066
Total waste treated		Ton	25,271
Waste treatment volume by waste type	Non-hazardous waste treatment	Ton	8,552
	Landfilled	Ton	7,720
	Incinerated	Ton	832
	Others*	Ton	16,719
	Hazardous waste treatment	Ton	4,520
	Landfilled	Ton	12,199

* Others waste treatment consist of self-reuse, solids, landfill, neutralization, and incineration without energy recovery.

ZWTL(Zero Waste to Landfill) Certification

Category		Unit	2022
Domestic sites	Icheon	Grade, %	Platinum(100%)
	Cheongju	Grade, %	Platinum(100%)
Overseas sites	Wuxi	Grade, %	Gold(98%)
	Chongqing	Grade, %	Silver(94%)

Water Consumption

Category		Unit	2022
Total water consumption		1,000 m²	20,851
Total water withdrawals		1,000 m²	111,639
Water withdrawals by intake source	Municipal water	1,000 m²	69,642
	Underground water	1,000 m²	34,697
	Others	1,000 m²	7,300
Water stress	Water withdrawal in water-stressed areas	1,000 m²	73,037
	Water consumption in water-stressed areas	1,000 m²	14,238
Total water discharge		1,000 m²	90,789
Ultrapure water consumption		1,000 m²	39,515

Water Pollutants Discharged

Category	Unit	2022
TOC emissions	Ton	194.5
COD emissions	Ton	453.1
BOD emissions	Ton	110.7
T-P emissions	Ton	2
SS emissions	Ton	96.9
F emissions	Ton	36.5
NH3-N emissions	Ton	137

Environmental Management

Category		Unit	2022
SHE investment performance	Capital investment	KRW 1 million	62,227
Violations of environmental laws	Violations	Count	0

Social

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Employee Composition*

Category		Unit	2022
Total employees		Person	40,153
By gender	Men	Person	25,616
	Women	Person	14,537
By age	Under 30	Person	11,889
	30~49	Person	25,713
	50s and above	Person	2,551
By region (based on work location)	Domestic	Person	31,944
	International	Person	8,209
Percentage female managers	Percentage of women in executive positions	%	2
	Percentage of women in middle manager positions	%	29.6
	Percentage of female employees	%	33.9
Equal pay ratio between men and women	Executive positions*	%	100
	Manager positions**	%	99
	Not-manager positions	%	100
Job equity***	Percentage of female managers in revenue-generating departments	%	29.6
	Percentage of female not-managers in revenue-generating departments	%	35.5
Diversity	Employees with disabilities*** (Own company)	Person	188
	Employees with disabilities**** (Subsidiary Standard workplaces)	Person	889
	Veterans and patriots	Person	328
Rate by employment type	Regular employees	Person	35,437
	Non-regular employees	Person	4,716
	Regular employment rate	%	88.3

* Executives are registered and unregistered executives, excluding outside directors.
** Team leaders(middle managers) include Team Leader/PL, Independent Part Leader, Field Manager, and Line Leader.
*** Sampling was conducted to analyze based on equivalent positions to calculate the equal pay ratio between men and women.
**** For the number of employees with disabilities, it was calculated based on Article 22, Paragraph 3 of the Employment Promotion and Vocational Rehabilitation Act.

Recruiting

Category		Unit	2022
Total new hires		Person	3,901
New hires by age	Under 30	Person	2,927
	30~49	Person	932
	50s and above	Person	42
New hires by gender	Men	Person	2,892
	Women	Person	1,009

Turnover

Category		Unit	2022
Total Turnover		%	2.4
Voluntary turnover		%	2.1
Voluntary turnover by age	Under 30	%	3.1
	30 to 49	%	1.6
	50 and above	%	2.1
Voluntary turnover by gender	Men	%	2.4
	Women	%	1.5
Involuntary turnover		%	0.4
Involuntary turnover by age	Under 30	Involuntary turnover by age	%	0.1
	30 to 49		%	0.3
	50 and above		%	2.9
Involuntary turnover by gender	Men	Involuntary turnover by gender	%	0.5
	Women		%	0.2

Maternity/Parental Leave

Category		Unit	2022
Maternity leave users		Person	431
Total employees entitled to parental leave*	Total	Person	11,742
	Male	Person	7,691
	Female	Person	4,051
Employees who took parental leave	Total	Person	920
	Male	Person	145
	Female	Person	775
Employees who returned after taking parental leave	Total	Person	907
	Male	Person	130
	Female	Person	777
Employees who have worked for 12 months or more after returning from parental leave	Total	Person(%)	841(94.9)
	Male	Person(%)	98(91.6)
	Female	Person(%)	743(95.4)

* Employees subject to paternity leave are employees who have children under the age of 8(or 2nd grade in elementary school).

Labor-Management Relations

Category		Unit	2022
Union membership rate*	Icheon	%	95
	Cheongju	%	99

* SK hynix applies the contents of labor-management negotiated collective bargaining agreements equally to all of our employees(100%).

Safety and Health

Category		Unit	2022
Incident rate		%	0.078
Lost-time injuries rate(LTIR)		Per 200,000 hours worked	0.124
Safety incidents	Occupational fatalities	Count	1
Safety and Health management system certification status*		Yes/No	Yes

* Among the workplaces, a total of four have been certified for safety and health management systems: Icheon, Cheongju, Wuxi, and Chongqing.

Organizational Engagement

Category		Unit	2022
Percentage of highly engaged employees(based on total number of employees)		%	80
Percentage of highly engaged employees by gender	Men	%	82
	Women	%	72
Percentage of highly engaged employees by position	Executives	%	96
	Middle managers	%	95
	Other employees	%	79

Social

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Education Performance

Category	Unit	2022
Total education hours	Hour	1,798,881
Education hours per person	Hour	112
Total education costs	KRW 10,000	6,067,333
Education cost per person	KRW 10,000	376

Product/Service Safety and Satisfaction

Category		Unit	2022
Total score		score	4.31
By Application	Computing DRAM	score	4.20
	Mobile DRAM	score	4.47
	Mobile Solution	score	4.55
	Storage Solution	score	4.00

Supply Chain

Category		Unit	2022
Tier 1 suppliers	Total tier 1 suppliers	Count	1,822
	Key tier 1 suppliers	Count	59
	high-risk suppliers	Count	45
Purchase amount	Total purchases from tier 1 suppliers	KRW 1 million	273,308

Supplier ESG Risk Management

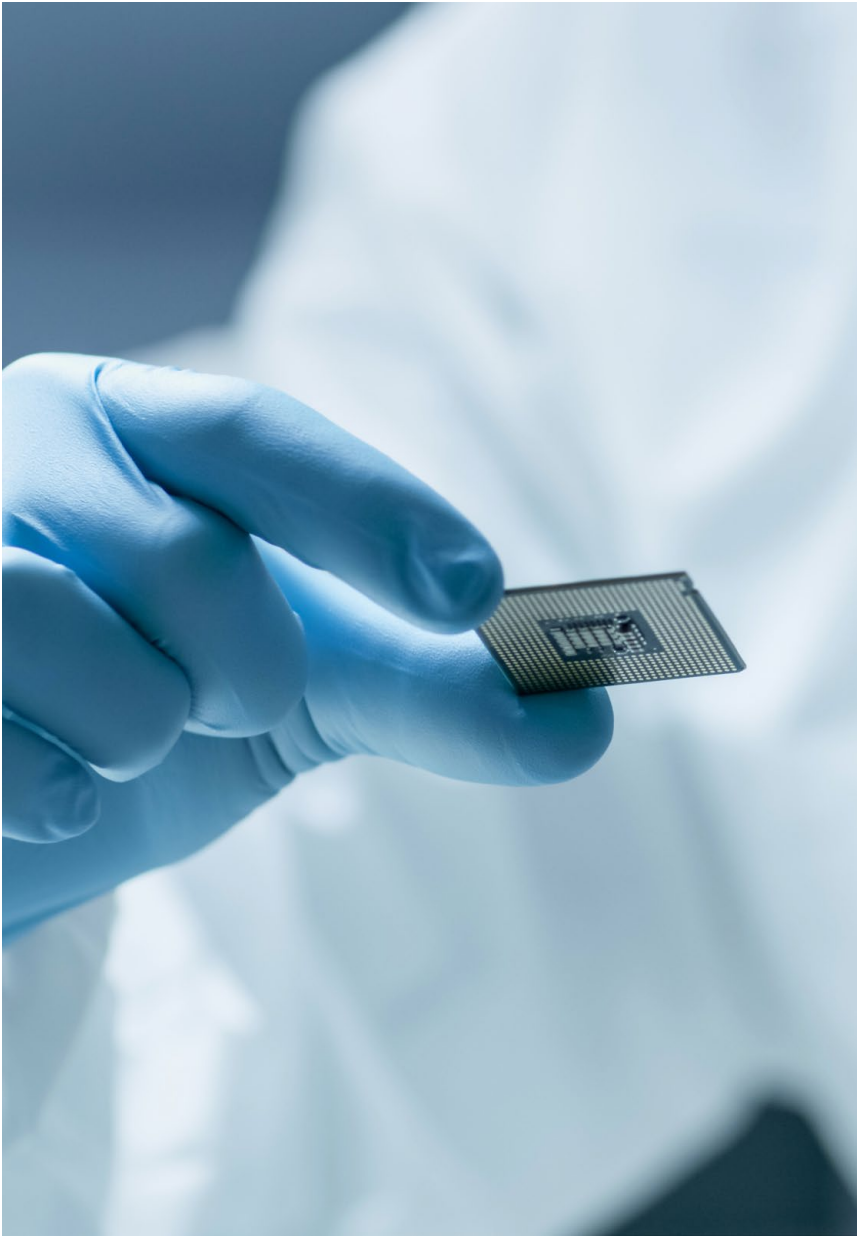| Category		Unit	2022
ESG risk assessment	Suppliers ESG assessment	Count	1,131
	Key suppliers ESG assessment	Count	10
High-risk suppliers	Number of suppliers that planed improvement measures among suppliers that completed ESG risk assessment	Count	45
	Percentage of suppliers that implemented improvement measures among suppliers that completed ESG risk assessment	%	100
RMAP certification rate		%	100

Social Contribution

Category		Unit	2022
Social contribution by type	Total cash donations	KRW 1 million	576
	Total in-kind donations	KRW 1 million	2
	Employees' voluntary services during working hours(excluding weekends)	Hour	12,129
	Percentage of employees who provided voluntary services	%	10.2

Governance

Ethical Education Performance

Category	Unit	2022
Ethical Education Completion rate	%	100

Environment

SK shieldus Sustainability Report ⊖→ **SK shieldus**

General Energy Consumption

Category				Unit	2022
Energy intensity				GJ/ KRW 1 billion	1.4
Total energy consumption				GJ	216,836
	Total direct energy consumption			GJ	189,806
	Consumption by direct energy source	LPG		GJ	135,103
		LNG		GJ	0
		Natural gas		GJ	2,854
		Gasoline		GJ	36,674
		Diesel		GJ	15,175
		Others		GJ	0
	Total indirect energy consumption				27,030
	Consumption by indirect energy source	Electricity		GJ	27,030
		Steam		GJ	0
		City Gas		GJ	0

Renewable Energy Consumption

Category	Unit	2022
Renewable energy consumption ratio	%	13
Total renewable energy consumption	MWh	3,544

GHG Emissions

Category		Unit	2022
Total Greenhouse gas(GHG) emission intensity(Scope 1+2)		tCO_2e/ KRW 1 billion	0.09
Total GHG emissions(Scope 1+2)		tCO_2e	13,592
	Direct emissions(Scope 1)	tCO_2e	11,771
	Indirect emissions(Scope 2)	tCO_2e	1,821
Life cycle GHG emissions(Scope 1+Scope 2+Scope 3		tCO_2e	–
	Other indirect emissions(Scope 3)	tCO_2e	–

Waste Generated

Category		Unit	2022
Waste generated(intensity)		Ton/ KRW 1 billion	0.002
Total waste generated		Ton	363
Waste generated by type	Non-hazardous waste	Ton	363
	Hazardous waste	Ton	0
Recycling rate of waste		%	95
Total waste recycling		Ton	345
Recycled volume by waste type	Non-hazardous waste	Ton	345
	Hazardous waste	Ton	0
Total waste treated		Ton	18
Waste treatment volume by waste type	Non-hazardous waste treatment	Ton	18
	Landfilled	Ton	0
	Incinerated	Ton	0
	Others	Ton	18
	Hazardous waste treatment	Ton	0
	Landfilled	Ton	0
	Incinerated	Ton	0
	Others	Ton	0

Environmental Management

Category		Unit	2022
Environmental management certificate for business sites	Environmental management system certification status	Yes/No	Yes

Social

Employee Composition

Category		Unit	2022
Total employees		Person	6,829
By gender	Men	Person	6,112
	Women	Person	717
By age	Under 30	Person	1,650
	30s	Person	2,913
	40s	Person	1,681
	50s and above	Person	585
By region (based on work location)	Domestic	Person	–
	International	Person	–
Percentage female managers	Women in executive positions	Person	2
	Percentage of women in executive positions	%	4.3
	Women in middle manager positions	Person	25
	Percentage of women in middle manager positions	%	6.3
	Female employees	Person	717
	Percentage of female employees	%	10.5
Equal pay ratio between men and women	Average gender pay gap	%	10.5
	Median gender pay gap	%	–
Job equity	STEM-related employees	Person	–
	Percentage of women in STEM	%	–
	Women in revenue-generating departments	Person	–
	Percentage of women in revenue-generating departments	%	–
Diversity	Percentage of employees with disabilities	%	1.9
	Employees with disabilities	Person	128
	Percentage of veterans and patriots	%	0.4
	Veterans and patriots	Person	24
	Percentage of foreign nationals	%	–
	Foreign nationals	Person	–
Rate by employment type	Regular employees	Person	6,032
	Male	Person	5,392
	Female	Person	640
	Non-regular employees	Person	797
	Male	Person	720
	Female	Person	77
	Regular employment rate	%	88.3

Social

SK shieldus Sustainability Report ⊖→ **SK shieldus**

Recruiting

Category		Unit	2022
Total new hires		Person	1,413
New hires by age	Under 30	Person	729
	30s	Person	484
	40s	Person	173
	50s and above	Person	27
New hires by gender	Men	Person	1,152
	Women	Person	261
Internal hires	Total internal hires	Person	-
	Internal hiring rate	%	-

Turnover

Category	Unit	2022
Total turnover	%	16.7

Maternity/Parental Leave

Category		Unit	2022
Maternity leave users		Person	113
Total employees entitled to parental leave	Total	Person	1,217
	Male	Person	1,190
	Female	Person	27
Employees who took parental leave	Total	Person	85
	Male	Person	72
	Female	Person	13
Employees who returned after taking parental leave	Total	Person	70
	Male	Person	46
	Female	Person	24
Employees who have worked for 12 months or more after returning from parental leave	Total	Person	43
	Male	Person	30
	Female	Person	13

* Employees subject to paternity leave are employees who have children under the age of 8(or 2nd grade in elementary school).

Labor-Management Relations

Category	Unit	2022
Labor-management meetings held	Count	4
Agenda items for labor-management meeting	Count	-
Percentage of employees covered by Labor-Management Council agreements (percentage of employees covered by collective bargaining agreements if labor union is available)*	%	83.7

* For SK shieldus, the percentage was calculated for not only the SK shieldus employees(2,403.5) but also employees who have signed a collective agreement, such as employees of SK shieldus Happiness(220.5).

Employees' Human Rights

Category	Unit	2022
Total education hours	Hour	19,059
Participating employees	Person	7,393
Participation rate	%	110
Education hours per person	Hour	2.6

Safety and Health

Category		Unit	2022
Lost-time injuries rate(LTIR)(employees)		Per 200,000 hours worked	0.4
Lost-time injuries(LTI)(employees)		Count	29
Safety incidents	Employee fatality rate	%	0
	Occupational fatalities	Count	0
Occupational diseases	Occupational illness frequency rate(OIFR) of employees	Per 200,000 hours worked	0
	Employee occupational illnesses	Count	0
Safety training	Training hours	Hour	40,848
	Training participants	Person	6,808
	Dedicated staff training hours	Hour	4,312
Safety and Health management system certification status		Yes/No	Yes

Performance Evaluation

Category	Unit	2022
Employees subject to performance evaluation	Person	5,871
Percentage of employees who received performance evaluation and career development reviews	%	100
Percentage of employees who systematically utilize measurable objectives as negotiated with their direct supervisors(MBO)	%	100
Percentage of employees ranked based on comparative analysis among employees in the same position	%	100
Percentage of employees who received multi-faceted performance evaluation (360-degree feedback)	%	100

Education Performance

Category		Unit	2022
Employees educated		Person	6,866
Percentage of employees educated		%	100
Total education hours		Hour	1,984,274
Education hours per person		Hour	289
Education hours per person by gender	Men	Hour	295.1
	Women	Hour	249.1
Education hours per person by region (based on location)	Employees in Korea	Hour	289
Total education costs		KRW 10,000	196,516
Education cost per person		KRW 10,000	29

Product/Service Safety and Satisfaction

Category	Unit	2022
Number of violations regarding product/service safety	Count	0
Percentage of satisfied customers*	%, Points	53.7

* SK shieldus: Calculated based on the Net Promotor Score(NPS) for the products and services

Social

SK shieldus Sustainability Report   **SK shieldus**

Corporate Data/Customers' Personal Information Protection

Category		Unit	2022
Information security incidents	Corporate data and personal information leakage	Count	0
	Customers and employees affected by corporate data and personal information leakage	Person	0
	Total monetary losses, such as fines or penalties paid as a result of the leakage	KRW 1 million	0
Training and monitoring	Internal drills on information security	Count	5
	Monitoring checks(number of detected events)	Count	26,280
	Monitoring checks(number of issues where actions were taken)	Count	110
Information security training	Information security training participation rate	%	100
	Information security training hours per person	Hour	1
Information security management system certification	Information security management system(ISMS) certification	Yes/No	Yes
	Percentage of ISMS-certified business sites	%	100

* SK shielders had to take action for 110 issues after a monitoring check: 52 were for IP blocks, 16 were for URL blocks, and 42 were for Hash blocks.

Supply Chain*

Category		Unit	2022
Tier 1 suppliers	Total tier 1 suppliers	Count	1,163
	Domestic suppliers	Count	1,163
	Oversease suppliers	Count	0
	Key tier 1 suppliers	Count	-
Purchase amount	Total purchases from tier 1 suppliers	KRW 1 million	579,669.5
	Domestic	KRW 1 million	579,669.5
	Overseas	KRW 1 million	0
	Purchases from key tier 1 suppliers*	KRW 1 million	-
	Percentage of purchases from key tier 1 suppliers	%	-

* For SK shieldus, suppliers and purchase amount are not disclosed as they are sensitive issues related to confidential information.

Social Contribution

Category		Unit	2022
Social contribution by type	Total cash donations	KRW 1 million	869.8
	Total in-kind donations	KRW 1 million	0
	Employees' voluntary services during working hours(excluding weekends)	Hour	1,073
	Percentage of employees who provided voluntary services	%	5.4

Governance

Ethical Education Performance

Category	Unit	2022
Percentage of employees signing on the ethical management pledge	%	100
Ethical and anti-corruption education hours per person	Hour	0:52
Participants in ethical and anti-corruption education	Person	6,505
Total ethical and anti-corruption education hours	Hour	5638

Reporting and Handling of Ethical Management Issues

Category	Unit	2022
Violations of anti-corruption regulations	Count	0
Ethical management issues reported	Count	172
Valid reports(investigated cases)	Count	36
Sexual harassment and discrimination	Count	22
Inappropriate work instruction	Count	10
Violation of norms	Count	1
Others	Count	3
Disciplinary actions due to unethical behavior	Count	35
Demotion	Count	1
Suspension(including dismissal)	Count	9
Wage cut	Count	13
Reprimand	Count	4
Warning	Count	8

Social

Employee Composition

Category		Unit	2022
Total employees		Person	1,258
By gender	Men	Person	692
	Women	Person	566
By age	Under 30	Person	170
	30s	Person	578
	40s	Person	443
	50s and above	Person	67
By region (based on work location)	Domestic	Person	1,258
	International	Person	0
Percentage female managers	Women in executive positions	Person	7
	Percentage of women in executive positions	%	0.6
	Women in middle manager positions	Person	25
	Percentage of women in middle manager positions	%	2
	Female employees	Person	566
	Percentage of female employees	%	45
Equal pay ratio between men and women	Average gender pay gap	%	76.6
	Median gender pay gap	%	80
Job equity	STEM-related employees	Person	399
	Percentage of women in STEM	%	25.8
	Women in revenue-generating departments	Person	358
	Percentage of women in revenue-generating departments	%	55.2
Diversity	Percentage of employees with disabilities	%	1.7
	Employees with disabilities	Person	22
	Percentage of veterans and patriots	%	1.2
	Veterans and patriots	Person	15
	Percentage of foreign nationals	%	0.2
	Foreign nationals	Person	3
Rate by employment type	Regular employees	Person	1,229
	Male	Person	684
	Female	Person	545
	Non-regular employees	Person	29
	Male	Person	8
	Female	Person	21
	Regular employment rate	%	97.7

Recruiting

Category		Unit	2022
Total new hires		Person	258
New hires by age	Under 30	Person	99
	30s	Person	132
	40s	Person	27
	50s and above	Person	0
New hires by gender	Men	Person	152
	Women	Person	106
Internal hires	Total internal hires	Person	15
	Internal hiring rate	%	5.8

Turnover

Category		Unit	2022
Total Turnover		%	20.3
Voluntary turnover		%	20.5
Voluntary turnover by age	Under 30	%	7
	30 to 49	%	13.2
	50 and above	%	0.3
Voluntary turnover by gender	Men	%	13.4
	Women	%	7.5
Voluntary turnover by management position	Executives(senior managers)	%	19
	Managers(middle managers)	%	1
Voluntary turnover by region(by workplace)	Domestic	%	20.5
	Overseas	%	0
Involuntary turnover		%	0.2
Involuntary turnover by age	Under 30	%	0
	30 to 49	%	2
	50 and above	%	1
Involuntary turnover by gender	Men	%	0.3
	Women	%	0
Involuntary turnover by management position	Executives(senior managers)	%	12
	Managers(middle managers)	%	0.1
Involuntary turnover by region(by workplace)	Domestic	%	0.2
	Overseas	%	0

Maternity/Parental Leave

Category		Unit	2022
Maternity leave users		Person	25
Total employees entitled to parental leave	Total	Person	391
	Male	Person	227
	Female	Person	164
Employees who took parental leave	Total	Person	73
	Male	Person	19
	Female	Person	54
Employees who returned after taking parental leave	Total	Person	46
	Male	Person	14
	Female	Person	32
Employees who have worked for 12 months or more after returning from parental leave	Total	Person	30
	Male	Person	5
	Female	Person	25

* Employees subject to paternity leave are employees who have children under the age of 8(or 2nd grade in elementary school).

Labor-Management Relations

Category	Unit	2022
Labor-management meetings held	Count	4
Agenda items for labor-management meeting	Count	11
Percentage of employees covered by Labor-Management Council agreements (percentage of employees covered by collective bargaining agreements if labor union is available)	%	79.1

Safety and Health

Category		Unit	2022
Lost-time injuries rate(LTIR)(employees)		Per 200,000 hours worked	0
Lost-time injuries(LTI)(employees)		Count	0
Safety incidents	Employee fatality rate	%	0
	Occupational fatalities	Count	0
Occupational diseases	Occupational illness frequency rate(OIFR) of employees	Per 200,000 hours worked	0
	Employee occupational illnesses	Count	0
Safety training	Training hours	Hour	37,014
	Training participants	Person	2,695
	Dedicated staff training hours	Hour	48
Safety and Health management system certification status		Yes/No	No

Social

Organizational Engagement

Category		Unit	2022
Percentage of highly engaged employees(based on total number of employees)		%	74
Percentage of highly engaged employees by age	Under 30	%	82
	30s	%	75
	40s	%	72
	50s	%	78
	60s and above	%	-
Percentage of highly engaged employees by gender	Men	%	76
	Women	%	71
Percentage of highly engaged employees by position	Executives	%	100
	Middle managers	%	72
	Other employees	%	74

Performance Evaluation

Category	Unit	2022
Employees subject to performance evaluation	Person	1,050
Percentage of employees who received performance evaluation and career development reviews	%	88
Percentage of employees who systematically utilize measurable objectives as negotiated with their direct supervisors(MBO)	%	100
Percentage of employees ranked based on comparative analysis among employees in the same position	%	0
Percentage of employees who received multi-faceted performance evaluation (360-degree feedback)	%	100

Product/Service Safety and Satisfaction

Category	Unit	2022
Number of violations regarding product/service safety	Count	0
Percentage of satisfied customers*	%, Points	83.4

* 11st: Calculated based on survey results; percentage of those who have responded 6 and 7 from a 7-point scale

Supply Chain

Category		Unit	2022
Tier 1 suppliers	Total tier 1 suppliers	Count	261
	Domestic suppliers	Count	261
	Oversease suppliers	Count	0
	Key tier 1 suppliers	Count	261
Purchase amount	Total purchases from tier 1 suppliers	KRW 1 million	189,746.3
	Domestic	KRW 1 million	189,746.3
	Overseas	KRW 1 million	0

Education Performance

Category		Unit	2022
Employees educated		Person	1,003
Percentage of employees educated		%	72.9
Total education hours		Hour	35,830
Education hours per person		Hour	26.1
Education hours per person by age	Under 30	Hour	60.2
	30 to 49	Hour	20.5
	50 and above	Hour	9.1
Education hours per person by gender	Men	Hour	29.7
	Women	Hour	21.6
Education hours per person by position level	Executives	Hour	21
	Middle managers	Hour	27.2
Education hours per person by region(based on location)	Employees in Korea	Hour	26.1
Total education costs		KRW 10,000	32,710
Education cost per person		KRW 10,000	23
Education cost per person by age	Under 30	KRW 10,000	65
	30 to 49	KRW 10,000	16
	50 and above	KRW 10,000	7
Education cost per person by gender	Men	KRW 10,000	25
	Women	KRW 10,000	22
Education cost per person by position level	Executives	KRW 10,000	11
	Middle managers	KRW 10,000	41
Education cost per person by region(based on location)	Employees in Korea	KRW 10,000	23

Corporate Data/Customers' Personal Information Protection

Category		Unit	2022
Information security incidents	Corporate data and personal information leakage	Count	0
	Customers and employees affected by corporate data and personal information leakage	Person	0
	Total monetary losses, such as fines or penalties paid as a result of the leakage	KRW 1 million	0
Training and monitoring	Internal drills on information security	Count	6
	Monitoring checks(number of detected events)	Count	77,901
	Monitoring checks(number of issues where actions were taken)	Count	0
Information security training	Information security training participation rate	%	1
	Information security training hours per person	Hour	1
Information security management system certification	Information security management system(ISMS) certification	Yes/No	Yes
	Percentage of ISMS-certified business sites	%	100

Social Contribution

Category		Unit	2022
Social contribution by type	Total cash donations	KRW 1 million	36
	Total in-kind donations	KRW 1 million	0
	Employees' voluntary services during working hours(excluding weekends)	Hour	127
	Percentage of employees who provided voluntary services	%	3.3
Purchasing from social enterprises	Total purchases from social enterprises	KRW 1 million	1,465.8
	Social enterprise	KRW 1 million	1,431.1
	Disability-owned businesses	KRW 1 million	34.7
	Women-owned businesses	KRW 1 million	0
	Small business	KRW 1 million	0
	Green products	KRW 1 million	0

Governance

Ethical Education Performance

Category	Unit	2022
Percentage of employees signing on the ethical management pledge	%	100
Ethical and anti-corruption education hours per person	Hour	0:49
Participants in ethical and anti-corruption education	Person	1,328
Total ethical and anti-corruption education hours	Hour	1,102

Reporting and Handling of Ethical Management Issues

Category	Unit	2022
Violations of anti-corruption regulations	Count	0
Ethical management issues reported	Count	29
Valid reports(investigated cases)	Count	4
Sexual harassment and discrimination	Count	4
Inappropriate work instruction	Count	-
Violation of norms	Count	-
Others	Count	-
Disciplinary actions due to unethical behavior	Count	2
Demotion	Count	-
Suspension(including dismissal)	Count	2
Wage cut	Count	-
Reprimand	Count	-
Warning	Count	-

Environment

TMAP MOBILITY

General Energy Consumption

Category				Unit	2022
Energy intensity				GJ/KRW 1 billion	1,488.3
Total energy consumption				GJ	303,618
	Total direct energy consumption			GJ	-
	Consumption by direct energy source	LPG		GJ	-
		LNG		GJ	-
		Natural gas		GJ	-
		Gasoline		GJ	-
		Diesel		GJ	-
		Others		GJ	0
	Total indirect energy consumption				303,618
	Consumption by indirect energy source	Electricity		GJ	266,310
		Steam		GJ	0
		City Gas		GJ	37,308

Renewable Energy Consumption

Category	Unit	2022
Renewable energy consumption ratio	%	0
Total renewable energy consumption	MWh	0

Waste Generated

Category			Unit	2022
Total waste generated			Ton	21
Waste generated by type	Non-hazardous waste		Ton	21
	Hazardous waste		Ton	-
Recycling rate of waste			%	38
Total waste recycling			Ton	8
Recycled volume by waste type	Non-hazardous waste		Ton	8
	Hazardous waste		Ton	-
Total waste treated			Ton	13
Waste treatment volume by waste type	Non-hazardous waste treatment		Ton	13
		Landfilled	Ton	-
		Incinerated	Ton	13
		Others	Ton	-
	Hazardous waste treatment		Ton	-
		Landfilled	Ton	-
		Incinerated	Ton	-
		Others	Ton	-

Social

Employee Composition

Category		Unit	2022
Total employees		Person	375
By gender	Men	Person	240
	Women	Person	135
By age	Under 30	Person	45
	30s	Person	209
	40s	Person	111
	50s and above	Person	10
By region (based on work location)	Domestic	Person	375
	International	Person	0
Percentage female managers	Women in executive positions	Person	1
	Percentage of women in executive positions	%	10
	Women in middle manager positions	Person	11
	Percentage of women in middle manager positions	%	27
	Female employees	Person	135
	Percentage of female employees	%	36
Equal pay ratio between men and women	Average gender pay gap	%	77
	Median gender pay gap	%	78
Job equity	STEM-related employees	Person	157
	Percentage of women in STEM	%	25
	Women in revenue-generating departments	Person	36
	Percentage of women in revenue-generating departments	%	31
Diversity	Percentage of employees with disabilities	%	0.8
	Employees with disabilities	Person	3
	Percentage of veterans and patriots	%	0
	Veterans and patriots	Person	0
	Percentage of foreign nationals	%	0.8
	Foreign nationals	Person	3
Rate by employment type	Regular employees	Person	348
	Male	Person	229
	Female	Person	119
	Non-regular employees	Person	27
	Male	Person	11
	Female	Person	16
	Regular employment rate	%	93

Recruiting

Category		Unit	2022
Total new hires		Person	102
New hires by age	Under 30	Person	24
	30s	Person	57
	40s	Person	20
	50s and above	Person	1
New hires by gender	Men	Person	55
	Women	Person	47
Internal hires	Total internal hires	Person	0
	Internal hiring rate	%	0

Turnover

Category		Unit	2022
Total Turnover		%	12
Voluntary turnover		%	12
Voluntary turnover by age	Under 30	%	0.6
	30 to 49	%	11.5
	50 and above	%	0.3
Voluntary turnover by gender	Men	%	8
	Women	%	4
Voluntary turnover by management position	Executives(senior managers)	%	0
	Managers(middle managers)	%	1.1
Voluntary turnover by region(by workplace)	Domestic	%	100
	Overseas	%	0
Involuntary turnover		%	0
Involuntary turnover by age	Under 30	%	0
	30 to 49	%	0
	50 and above	%	0
Involuntary turnover by gender	Men	%	0
	Women	%	0
Involuntary turnover by management position	Executives(senior managers)	%	0
	Managers(middle managers)	%	0
Involuntary turnover by region(by workplace)	Domestic	%	0
	Overseas	%	0

Social

TMAP MOBILITY

Maternity/Parental Leave

Category		Unit	2022
Maternity leave users		Person	5
Total employees entitled to parental leave	Total	Person	5
	Male	Person	1
	Female	Person	4
Employees who took parental leave	Total	Person	4
	Male	Person	0
	Female	Person	4
Employees who returned after taking parental leave	Total	Person	1
	Male	Person	0
	Female	Person	1

Labor-Management Relations

Category	Unit	2022
Labor-management meetings held	Count	5
Agenda items for labor-management meeting	Count	79
Percentage of employees covered by Labor-Management Council agreements (percentage of employees covered by collective bargaining agreements if labor union is available)	%	100

Employees' Human Rights

Category	Unit	2022
Total education hours	Hour	734
Participating employees	Person	367
Participation rate	%	98
Participation rate	Hour	2

Safety and Health

Category		Unit	2022
Lost-time injuries rate(LTIR)(employees)		Per 200,000 hours worked	0
Lost-time injuries(LTI)(employees)		Count	0
Safety incidents	Employee fatality rate	%	0
	Occupational fatalities	Count	0
Occupational diseases	Occupational illness frequency rate(OIFR) of employees	Per 200,000 hours worked	0
	Employee occupational illnesses	Count	0
Safety training	Training hours	Hour	0
	Training participants	Person	0
	Dedicated staff training hours	Hour	0
Safety and Health management system certification status		Yes/No	No

Performance Evaluation

Category	Unit	2022
Employees subject to performance evaluation	Person	348
Percentage of employees who received performance evaluation and career development reviews	%	96
Percentage of employees who systematically utilize measurable objectives as negotiated with their direct supervisors(MBO)	%	100
Percentage of employees ranked based on comparative analysis among employees in the same position	%	100
Percentage of employees who received multi-faceted performance evaluation (360-degree feedback)	%	-

Education Performance

Category		Unit	2022
Employees educated		Person	369
Percentage of employees educated		%	99
Total education hours		Hour	738
Education hours per person		Hour	2
Education hours per person by age	Under 30	Hour	2
	30 to 49	Hour	2
	50 and above	Hour	2
Education hours per person by gender	Men	Hour	2
	Women	Hour	2
Education hours per person by position level	Executives	Hour	2
	Middle managers	Hour	2
Education hours per person by region (based on location)	Employees in Korea	Hour	2
Total education costs		KRW 10,000	258.3
Education cost per person		KRW 10,000	0.7
Education cost per person by age	Under 30	KRW 10,000	0.7
	30 to 49	KRW 10,000	0.7
	50 and above	KRW 10,000	0.7
Education cost per person by gender	Men	KRW 10,000	0.7
	Women	KRW 10,000	0.7
Education cost per person by position level	Executives	KRW 10,000	0.7
	Middle managers	KRW 10,000	0.7
Education cost per person by region (based on location)	Employees in Korea	KRW 10,000	0.7

Product/Service Safety and Satisfaction

Category	Unit	2022
Number of violations regarding product/service safety	Count	0
Percentage of satisfied customers	%, Points	-

Social

Corporate Data/Customers' Personal Information Protection

Category		Unit	2022
Information security incidents	Corporate data and personal information leakage	Count	0
	Customers and employees affected by corporate data and personal information leakage	Person	0
	Total monetary losses, such as fines or penalties paid as a result of the leakage	KRW 1 million	0
Training and monitoring	Internal drills on information security	Count	4
	Monitoring checks(number of detected events)	Count	12
	Monitoring checks(number of issues where actions were taken)	Count	12
Information security training	Information security training participation rate	%	73
	Information security training hours per person	Hour	2.8
Information security management system certification	Information security management system(ISMS) certification	Yes/No	Yes
	Percentage of ISMS-certified business sites	%	100

Supply Chain

Category		Unit	2022
Tier 1 suppliers	Total tier 1 suppliers	Count	143
	Domestic suppliers	Count	143
	Oversease suppliers	Count	0
	Key tier 1 suppliers	Count	143
Purchase amount	Total purchases from tier 1 suppliers	KRW 1 million	56,595
	Domestic	KRW 1 million	56,595
	Overseas	KRW 1 million	0

Governance

Product/Service Safety and Satisfaction

Category	Unit	2022
Percentage of employees signing on the ethical management pledge	%	100
Ethical and anti-corruption education hours per person	Hour	1:48
Participants in ethical and anti-corruption education	Person	366
Total ethical and anti-corruption education hours	Hour	1.81

Corporate Data/Customers' Personal Information Protection

Category	Unit	2022
Violations of anti-corruption regulations	Count	0
Ethical management issues reported	Count	17
Valid reports(investigated cases)	Count	3
Sexual harassment and discrimination	Count	1
Inappropriate work instruction	Count	1
Violation of norms	Count	1
Others	Count	-
Disciplinary actions due to unethical behavior	Count	1
Demotion	Count	-
Suspension(including dismissal)	Count	1
Wage cut	Count	-
Reprimand	Count	-
Warning	Count	-

TMAP MOBILITY

Social

ONEstore

Employee Composition

Category		Unit	2022
Total employees		Person	222
By gender	Men	Person	141
	Women	Person	81
By age	Under 30	Person	17
	30s	Person	102
	40s	Person	78
	50s and above	Person	25
By region (based on work location)	Domestic	Person	222
	International	Person	0
Percentage female managers	Women in executive positions	Person	1
	Percentage of women in executive positions	%	14
	Women in middle manager positions	Person	5
	Percentage of women in middle manager positions	%	19
	Female employees	Person	81
	Percentage of female employees	%	36
Equal pay ratio between men and women	Average gender pay gap	%	73
	Median gender pay gap	%	76
Job equity	STEM-related employees	Person	85
	Percentage of women in STEM	%	18
	Women in revenue-generating departments	Person	69
	Percentage of women in revenue-generating departments	%	36
Diversity	Percentage of employees with disabilities	%	3
	Employees with disabilities	Person	3
	Percentage of veterans and patriots	%	0.5
	Veterans and patriots	Person	1
	Percentage of foreign nationals	%	0.9
	Foreign nationals	Person	2
Rate by employment type	Regular employees	Person	212
	Male	Person	138
	Female	Person	74
	Non-regular employees	Person	10
	Male	Person	3
	Female	Person	7
	Regular employment rate	%	95

Recruiting

Category		Unit	2022
Total new hires		Person	69
New hires by age	Under 30	Person	20
	30s	Person	38
	40s	Person	10
	50s and above	Person	1
New hires by gender	Men	Person	39
	Women	Person	30
Internal hires	Total internal hires	Person	0
	Internal hiring rate		0

Turnover

Category		Unit	2022
Total Turnover		%	18.8
Voluntary turnover		%	0.9
Voluntary turnover by age	Under 30	%	3.3
	30 to 49	%	13.6
	50 and above	%	0.9
Voluntary turnover by gender	Men	%	12.2
	Women	%	6.6
Voluntary turnover by management position	Executives(senior managers)	%	0.5
	Managers(middle managers)	%	0.9
Voluntary turnover by region(by workplace)	Domestic	%	18.8
	Overseas	%	0
Involuntary turnover		%	0.9
Involuntary turnover by age	Under 30	%	0.9
	30 to 49	%	0
	50 and above	%	0
Involuntary turnover by gender	Men	%	0.5
	Women	%	0.5
Involuntary turnover by management position	Executives(senior managers)	%	0
	Managers(middle managers)	%	0
Involuntary turnover by region(by workplace)	Domestic	%	0
	Overseas	%	0

Maternity/Parental Leave

Category		Unit	2022
Maternity leave users		Person	2
Total employees entitled to parental leave	Total	Person	31
	Male	Person	29
	Female	Person	2
Employees who took parental leave	Total	Person	5
	Male	Person	2
	Female	Person	3
Employees who returned after taking parental leave	Total	Person	2
	Male	Person	1
	Female	Person	1

Labor-Management Relations

Category	Unit	2022
Labor-management meetings held	Count	4
Agenda items for labor-management meeting	Count	10
Percentage of employees covered by Labor-Management Council agreements (percentage of employees covered by collective bargaining agreements if labor union is available)	%	100

Employees' Human Rights

Category	Unit	2022
Total education hours	Hour	220
Participating employees	Person	220
Participation rate	%	100
Education hours per person	Hour	1

Safety and Health

Category		Unit	2022
Lost-time injuries rate(LTIR)(employees)		Per 200,000 hours worked	0
Lost-time injuries(LTI)(employees)		Count	0
Safety incidents	Employee fatality rate	%	0
	Occupational fatalities	Count	0
Occupational diseases	Occupational illness frequency rate(OIFR) of employees	Per 200,000 hours worked	0
	Employee occupational illnesses	Count	0
Safety training	Training hours	Hour	0
	Training participants	Person	0
	Dedicated staff training hours	Hour	0
Safety and Health management system certification status		Yes/No	No

Social

Performance Evaluation

Category	Unit	2022
Employees subject to performance evaluation	Person	181
Percentage of employees who received performance evaluation and career development reviews	%	100
Percentage of employees who systematically utilize measurable objectives as negotiated with their direct supervisors(MBO)	%	100
Percentage of employees ranked based on comparative analysis among employees in the same position	%	100
Percentage of employees who received multi-faceted performance evaluation (360-degree feedback)	%	100

Education Performance

Category		Unit	2022
Employees educated		Person	222
Percentage of employees educated		%	100
Total education hours		Hour	2,318
Education hours per person		Hour	10.4
Education hours per person by age	Under 30	Hour	11
	30 to 49	Hour	11
	50 and above	Hour	11
Education hours per person by gender	Men	Hour	11
	Women	Hour	11
Education hours per person by position level	Executives	Hour	11
	Middle managers	Hour	11
Education hours per person by region(based on location)	Employees in Korea	Hour	11
Total education costs			7,989.8
Education cost per person		KRW 10,000	36
Education cost per person by age	Under 30	KRW 10,000	36
	30 to 49	KRW 10,000	36
	50 and above	KRW 10,000	36
Education cost per person by gender	Men	KRW 10,000	36
	Women	KRW 10,000	36
Education cost per person by position level	Executives	KRW 10,000	296
	Middle managers	KRW 10,000	160
Education cost per person by region(based on location)	Employees in Korea	KRW 10,000	36

Product/Service Safety and Satisfaction

Category	Unit	2022
Number of violations regarding product/service safety	Count	0
Percentage of satisfied customers*	%, Points	73.7

* One store: Calculated based on internal & external survey results from a total of 2,000 respondents; average values on a scale of 100 points

Corporate Data/Customers' Personal Information Protection

Category		Unit	2022
Information security incidents	Corporate data and personal information leakage	Count	0
	Customers and employees affected by corporate data and personal information leakage	Person	0
	Total monetary losses, such as fines or penalties paid as a result of the leakage	KRW 1 million	0
Training and monitoring	Internal drills on information security	Count	16
	Monitoring checks(number of detected events)	Count	5,518
	Monitoring checks(number of issues where actions were taken)	Count	0
Information security training	Information security training participation rate	%	100
	Information security training hours per person	Hour	2
Information security management system certification	Information security management system(ISMS) certification	Yes/No	Yes
	Percentage of ISMS-certified business sites	%	100

Supply Chain*

Category		Unit	2022
Tier 1 suppliers	Total tier 1 suppliers	Count	60
	Domestic suppliers	Count	60
	Oversease suppliers	Count	0
	Key tier 1 suppliers	Count	52
Purchase amount	Total purchases from tier 1 suppliers	KRW 1 million	54,345
	Domestic	KRW 1 million	54,345
	Overseas	KRW 1 million	0
	Purchases from key tier 1 suppliers*	KRW 1 million	53,989
	Percentage of purchases from key tier 1 suppliers	%	99

* One store defines key suppliers as suppliers with at least one transaction a year.

Social Contribution

Category		Unit	2022
Social contribution by type	Total cash donations	KRW 1 million	11
	Total in-kind donations	KRW 1 million	0
	Employees' voluntary services during working hours(excluding weekends)	Hour	0
	Percentage of employees who provided voluntary services	%	0

Governance

Ethical Education Performance

Category	Unit	2022
Percentage of employees signing on the ethical management pledge	%	100
Ethical and anti-corruption education hours per person	Hour	2:00
Participants in ethical and anti-corruption education	Person	212
Total ethical and anti-corruption education hours	Hour	424

Reporting and Handling of Ethical Management Issues

Category	Unit	2022
Violations of anti-corruption regulations	Count	0
Ethical management issues reported	Count	3
Valid reports(investigated cases)	Count	1
Sexual harassment and discrimination	Count	-
Inappropriate work instruction	Count	-
Violation of norms	Count	-
Others*	Count	1
Disciplinary actions due to unethical behavior	Count	1
Demotion	Count	-
Suspension(including dismissal)	Count	-
Wage cut	Count	-
Reprimand	Count	-
Warning*	Count	1

* This is the number of reports and addressed issues from outsourced customer service center of One store.

Square 5

Appendix

To actively promote and institutionalize ESG management, SK square actively participates in various ESG initiatives and diligently adhere to the required standard guidelines. SK square will continue to commit to ESG management by expanding participation in initiatives and organizations closely related to our business sectors and actively practice ESG management.

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GRI Standards Index

GRI Standards Index

GRI Standards	Disclosure	Page	Note
General disclosures			
GRI 2 General Disclosures 2021	**2-1** Organizational details	5	
	2-2 Entities included in the organization's sustainability reporting	2	Report scope set to focus on major subsidiaries that can provide complete disclosure of nonfinancial data Business report ⟶
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	–	There are no changes to disclose as this is the first report
	2-5 External assurance	2, 95-96	
	2-6 Activities, value chain and other business relationships	5	
	2-7 Employees	73	
	2-8 Workers who are not employees	–	3 temporary employees, directly contracted(1 for HR administrative support, 1 for finance administrative support, 1 designer)
	2-9 Governance structure and composition	60	
	2-10 Nomination and selection of the highest governance body	62	
	2-11 Chair of the highest governance body	60	
	2-12 Role of the highest governance body in overseeing the management of impacts	61	
	2-13 Delegation of responsibility for managing impacts	61	
	2-14 Role of the highest governance body in sustainability reporting	60-61	
	2-15 Conflicts of interest	62	
	2-16 Communication of critical concerns	41, 64	
	2-17 Collective knowledge of the highest governance body	62	
	2-18 Evaluation of the performance of the highest governance body	61-62	
	2-19 Remuneration policies	62	
	2-20 Process to determine remuneration	62	
	2-21 Annual total compensation ratio	62	
	2-22 Statement on sustainable development strategy	4, 11	
	2-23 Policy commitments	40	

GRI Standards	Disclosure	Page	Note
GRI 2 General Disclosures 2021	**2-24** Embedding policy commitments	21, 27, 38, 43, 46, 51, 63, 69	We disclose ESG investment guidelines, environmental management guidelines, principles to prevent discrimination among employees, building safety management systems, ESG activity guidelines for business partners, information protection policies, policies to strengthen the independence/diversity/expertise of the BOD, code of ethics, shareholder return policies, and other operational guidelines.
	2-25 Processes to remediate negative impacts	41, 63	
	2-26 Mechanisms for seeking advice and raising concerns	64	
	2-27 Compliance with laws and regulations	72, 74	No violations of environmental/information protection regulations
	2-28 Membership associations	99	
	2-29 Approach to stakeholder engagement	20	
	2-30 Collective bargaining agreements	39, 73	
Material Topics			
GRI 3 Material Topics 2021	**3-1** Process to determine material topics	15	
	3-2 List of material topics	16	
	3-3 Management of material topics		
	Material Topic 1. Diversifying the investment portfolio and maximizing corporate value	21, 59	No matching GRI
	Material Topic 2. Responding to climate changes	23, 29-31	GRI 201-2, 305-1~7
	Material Topic 3. Strengthening ethical management/fair trade	24, 63-64	GRI 205-1~3
	Material Topic 4. Managing sustainability(ESG) for business partners	24, 46-48	GRI 308-1~2
	Material Topic 5. Recruiting talents and strengthening the employees' capabilities	24, 37	GRI 404-1~3
	Material Topic 6. Fair evaluation of performances and compensation	24, 37	GRI 405-2
	Material Topic 7. Build and achieve social contribution strategies	24, 49-50	GRI 413-1
	Material Topic 8. Expanding investment that considers environmental and social impact	21, 32	No matching GRI
	Material Topic 9. Reducing energy	23, 33	GRI 302-1~4
	Material Topic 10. Strengthening customer information protection	24, 51-55	GRI 418-1

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GRI Standards	Disclosure	Page	Note
Topic Standards			
GRI 201 Economic Performance	**201-1** Direct economic value generated and distributed	71	
	201-2 Financial implications and other risks and opportunities due to climate change	30	Material Topic 2. Responding to climate changes
	203-2	19	
GRI 205 Anti-corruption	**205-1** Operations assessed for risks related to corruption	63	Material Topic 3. Strengthening ethical management/fair trade
	205-2 Communication and training about anti-corruption policies and procedures	64	Material Topic 3. Strengthening ethical management/fair trade
	205-3 Confirmed incidents of corruption and actions taken	64	Material Topic 3. Strengthening ethical management/fair trade
GRI 302 Energy	**302-1** Energy consumption within the organization	72	Material Topic 9. Reducing energy
	302-3 Energy intensity	72	Material Topic 9. Reducing energy
GRI 303 Water and Effluents	**303-3** Water withdrawal	72	
GRI 304 Biodiversity	**304-1** Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	35	
GRI 305 Emissions	**305-1** Direct(Scope 1) GHG emissions	72	Material Topic 2. Responding to climate changes
	305-2 Energy indirect(Scope 2) GHG emissions	72	Material Topic 2. Responding to climate changes
	305-3 Other indirect(Scope 3) GHG emissions	72	Material Topic 2. Responding to climate changes
	305-4 GHG emissions intensity	72	Material Topic 2. Responding to climate changes
GRI 306 Waste	**306-3** Waste generated	72	
	306-4 Waste diverted from disposal	72	
	306-5 Waste directed to disposal	72	
GRI 308 Supplier Environmental Assessment	**308-1** New suppliers that were screened using environmental criteria	46	Material Topic 4. Managing sustainability(ESG) for business partners
GRI 401 Employment	**401-1** New employee hires and employee turnover	37	Material Topic 5. Recruiting talents and strengthening the employees' capabilities
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	39	Material Topic 5. Recruiting talents and strengthening the employees' capabilities
	401-3 Employees returned after parental leave and still employed by gender	73	Material Topic 5. Recruiting talents and strengthening the employees' capabilities

GRI Standards	Disclosure	Page	Note
GRI 403 Occupational Health and Safety	**403-3** Occupational health services	44	
	403-4 Worker participation, consultation, and communication on occupational health and safety	39	
	403-6 Promotion of worker health	44	
	403-9 Work-related injuries	73	
	403-10 Work-related ill health	44, 73	
GRI 404 Training and Education	**404-1** Average hours of training per year per employee	74	Material Topic 5. Recruiting talents and strengthening the employees' capabilities
	404-2 Programs for upgrading employee skills and transition assistance programs	37	Material Topic 5. Recruiting talents and strengthening the employees' capabilities
	404-3 Percentage of employees receiving regular performance and career development reviews	38	Material Topic 5. Recruiting talents and strengthening the employees' capabilities
GRI 405 Diversity and Equal Opportunity	**405-1** Diversity of governance bodies and employees	60, 73	
	405-2 Ratio of basic salary and remuneration of women to men	73	Material Topic 6. Fair evaluation of performances and compensation
GRI 406 Non-discrimination	**406-1** Incidents of discrimination and corrective actions taken	41	No improvements following discrimination incidents
GRI 411. Rights of Indigenous Peoples	**411-1** Incidents of violations involving rights of indigenous peoples	41	No incidents of violations involving rights of indigenous peoples
GRI 413 Local Communities	**413-1** Operations with local community engagement, impact assessments, and development programs	49	Material Topic 7. Build and achieve social contribution strategies
GRI 414 Supplier Social Assessment	**414-1** New suppliers that were screened using social criteria	46	Material Topic 4. Managing sustainability(ESG) for business partners
GRI 416 Customer Health and Safety	**416-2** Incidents of non-compliance concerning the health and safety impacts of products and services	74	No incidents of non-compliance concerning the health and safety impacts of products and services
GRI 418 Customer Privacy	**418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data	74	Material Topic 10. Strengthening customer information protection, no complaints concerning breaches of customer privacy and losses of customer data

SASB Index

Topic	Code	Accounting Metrics	Unit	Report page	SK square's Activities
Sustainability Disclosure Topics & Accounting Metrics					
GHG Emissions	TC-SC-110a.1	(1) Gross global Scope 1 emissions, (2) amount of total emissions from perfluorinated compounds	tCO_2eq	72	• Total Scope 1 emissions: 109.6 tCO_2eq • Total emissions from PFCs: No direct perfluorocarbon emissions by SK square
	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	–	29-30	• SK square established and implemented strategies to reduce Scope 1 & 2 GHG to implement the Net Zero 2040 roadmap. We will achieve direct reductions by switching to electric vehicles and indirect reductions by purchasing renewable energy starting in 2023.
Energy Management	TC-SC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	GJ, %	72	• Total energy consumed: 105,70.2 GJ • Percentage grid electricity: SK square uses commercial electricity and does not use grid electricity. • Percentage renewable: 0%
Water Management	TC-SC-140a.1	(1) Total water withdrawn, (2) Total water consumed, percentage of each in regions with High or Extremely High baseline water stress	1,000 m^3, %	72	• Total water withdrawn: 5,475,000 m^3 • Total water consumed: 5,475,000 m^3 • Percentage of each in regions with high or extremely high baseline water stress: SK square does not have a production site in regions with water risks.
Waste Management	TC-SC-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	ton, %	N/A	• No directly manufactured products by SK square
Employee Health & Safety	TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	–	43-44	• SK square established a safety management system to create a safe and healthy environment for employees and suppliers. We regularly conduct safety inspections to identify and improve risk factors as per the Occupational Safety and Health Act. Various safety and health programs are operated as well for the physical and mental health care of employees.
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee safety and health violations	–	N/A	• No health and safety regulatory violations by employees
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	%	73	• Percentage of employees that are foreign nationals: 2.29% • Percentage of employees located offshore: 0.0%
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474-declarable substances	–	N/A	• No directly manufactured products by SK square
	TC-SC-410a.2	Processor energy efficiency at a system level for: (1) servers, (2) desktops, and (3) laptops	–	N/A	• No directly manufactured products by SK square
Materials Sourcing	TC-SC-440a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	–	47	• No critical minerals procured by SK square. However, we disclose the responsible mineral management process and a list of materials suppliers for our subsidiary SK hynix. We also transparently track and manage the entire supply chain in line with OECD guidelines for responsible mineral sourcing.
Intellectual Property Protection and Competitive Behavior	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	–	N/A	• No violations of anti-competitive behavior regulations
Activity Metrics					
TC-SC-000.A		Total Production	–	N/A	• No directly manufactured products by SK square
TC-SC-000.B		Percentage of production from owned facilities	%	N/A	• No directly manufactured products by SK square

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TCFD Index

TCFD recommendations		Report page	SK square's activities
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	28	• SK square considers climate change as both a major risk and a strategic opportunity and its ESG Committee under the BOD approves major agenda items related to climate change, such as reviewing companywide climate change response plans and strategic directions. In 2022, the ESG Committee established the 2040 carbon neutrality plan, presenting mid- to long-term directions of climate change response. We will continuously monitor and manage the implementation of goals and strategies through the ESG Committee.
	b. Describe management's role in assessing and managing climate-related risks and opportunities.		
Strategies	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	29-30	• Even though SK square's business has a relatively small environmental impact, we periodically identify climate change-related risks and opportunities through the ESG Committee and the working-level consultative body to analyze short, mid, and long-term impacts on the company, to join the efforts for climate change response. Physical risks include heat waves, fires, floods, and water shortages, which will increase the cost of responding to risks, such as damage to subsidiaries' business sites. Transition risks include declined corporate value and increased costs for response. Opportunities will be increased corporate value and profits due to strengthened customer trust following our participation in global initiatives.
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.		
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		
Risk management	a. Describe the organization's processes for identifying and assessing climate-related risks.	30	• SK square is establishing a process to identify and assess risks related to climate change. The working-level consltatie body for ESG and the dedicated ESG organization monitor risks and opportunity factors and report them to the ESG Committee. In addition, the ESG Committee assesses the level of the risks and opportunity factors, develops response strategies, and systematically implements them.
	b. Describe the organization's processes for managing climate-related risks.		
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		
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.	29-30	• SK square has set GHG emissions(Scope 1+2) as a key performance indicator for climate change response and will achieve direct reduction by switching to electric vehicles and indirect reduction by purchasing renewable energy starting in 2023. SK square has declared Net Zero 2040 and will systematically implement its emission reduction strategies to achieve carbon neutrality and regularly disclose them through its sustainability report and website.
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas(GHG) emissions, and the related risks.		
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.		

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UN SDGs Communication on Progress

SDGs		Goals		Report page	Activities
1. No poverty		1.3	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable	49	• Promote policies to support social enterprises • Operate a preferential purchasing system for social enterprises • Encourage volunteer activities for employees
5. Gender Equality		5.4	Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate	39	• Implement work-life balance and family-friendly policies
		5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	37, 38	• Establish talent recruitment principles including diversity and anti-discrimination • Establish diversity and inclusion principles in line with global guidelines
6. Clean Water and Sanitation		6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	35	• Monitor water consumption • Conduct water management and water stress management for subsidiaries
7. Affordable and Clean Energy		7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	33	• Monitor energy consumption • Increase renewable energy consumption through green premium
		7.3	By 2030, double the global rate of improvement in energy efficiency	32	• Promote eco-friendly investment, such as establishing low-carbon manufacturing systems for subsidiaries
8. Decent Work and Economic Growth		8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	38	• Establish diversity and inclusion principles in line with global guidelines
		8.7	Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms	46	• Establish and implement a supplier management policy, including a supplier ESG code of conduct • Manage suppliers' ESG risks
9. Industry, Innovation, and Infrastructure		9.1	Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	50	• Participate in activities to create social value related to the business
10. Reduced Inequalities		10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	38, 41	• Establish non-discrimination principles for employees • Review and mitigate human rights risks
12. Responsible Consumption and Production		12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	34	• Reduce waste • Promote waste recycling measures for subsidiaries
		12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	–	• Release SK square 2022 Sustainability Report
13. Climate Action		13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	27, 29-30, 33	• Set and implement the SK square 2040 Net-Zero Roadmap • Establish and implement environmental management policies • Establish environmental management goals and strategies • Build an environmental performance monitoring system
16. Peace, Justice, and Strong Institutions		16.4	By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime	59	• Make investment decisions based on the ESG investment checklist
		16.5	Substantially reduce corruption and bribery in all their forms	63-64	• Establish a code of ethics and an ethical management system • Obtain an anti-corruption management system certification • Establish an ethical risk management system • Provide employees with education on internalizing ethical management
17. Partnerships for the Goals		17.17	Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	33	• Announce support for global initiatives, including the TCFD • Participate in volunteer activities that leverage our area of expertise

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UNGC Communication on Progress

Anti-corruption

Principle 10(p.64 - 65)
Businesses should work against corruption in all its forms, including extortion and bribery.

Key Activities
- Establish and implement a code of ethics
- Establish an ethical management system
- Obtain certifications from anti-corruption management systems

Human Rights

Principle 1(p.40)
Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2(p.41 - 42)
make sure that they are not complicit in human rights abuses.

Key Activities
- Establish a human rights management promotion system
- Operate human rights grievance handling channels
- Check and mitigate human rights risks
- Promote due diligence on human rights

Environment

Principle 7(p.26)
Businesses should support a precautionary approach to environmental challenges;

Principle 8(p.27-30)
undertake initiatives to promote greater environmental responsibility; and

Principle 9(p.32)
encourage the development and diffusion of environmentally friendly technologies.

Key Activities
- Set environmental management goals and strategies
- Establish and implement environmental management policies
- Implement SK square Net-Zero 2040 Roadmap
- Promote developing eco-friendly products and technologies for subsidiaries

Labor

Principle 3(p.39)
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4(p.40)
the elimination of all forms of forced and compulsory labor;

Principle 5(p.40)
the effective abolition of child labor; and

Principle 6(p.38)
the elimination of discrimination in respect of employment and occupation.

Key Activities
- Establish human rights management policies
- Operate a management council
- Establish diversity and inclusion principles

UN GLOBAL COMPACT

10 1 9 2 8 3 7 4 6 5

Anti-corruption · Human Rights · Environment · Labor

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Independent Assurance Statement

To:

The Stakeholders of SK square CO., Ltd.

Introduction and objectives of work

BSI Group Korea(hereinafter "the Assurer") was asked to verify 2022 SK square Sustainability Report(hereinafter "the Report"). This assurance statement applies only to the relevant information contained in the scope of the assurance. SK square is solely responsible for all information and assertion contained in the report. The responsibility of the assurance is to provide independent assurance statement with expert opinions to SK square by applying the verification methodology and to provide this information to all stakeholders of SK square.

Assurance Standards and Levels

This assurance was based on the AA1000ASV3(2020) Assurance Standard and confirmed that the report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports.
The assurance level was based on the Type1, moderate level that confirmed compliance with the four principles of AA1000 AP(2018) in accordance with the AA1000 AS and verified the quality and reliability of the information disclosed in the report.

Scope of Assurance

The scope of assurance applied to this report is as follows;
- Based on the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assertion included in the report, such as sustainability management policies and strategies, goals, projects, and performance, and the report contents related to material issues determined as a result of materiality assessment.
- Conformity, appropriateness and consistency of internal processes and systems for information, data collection, analysis and review.

The following contents were not included in the scope of assurance.
- Financial information presented in the report.
- Disclosures in the international standards and initiatives index excluding GRI presented in the report.
- Other related additional information such as the website, business annual report.

Methodology

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and verification of the result to determine verification priorities,
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

Limitation

The assurer performed limited verification over a limited period based on the data provided by the reporting organization. This means that no significant errors are found during the verification process, and that there are limitations associated with the inevitable risks that may exist. The assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that
- The information and data included in the report areaccurate and reliable and the assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report is prepared in accordance with the GRI Standards.(Reporting in accordance with the GRI standards)
- The assurance opinion on the four principles presented by the AA1000 AP(2018) is as follows.

Employees, shareholders and investors, customers and partners

AA1000 AP(2018)

Inclusivity: Stakeholder Engagement and Opinion
SK square defined employees, shareholders/investors, customer and government as key stakeholder's groups, and operates communication channels for each group for stakeholder engagement. SK square reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the report.

Materiality: Identification and reporting of material sustainability topics
SK square established a strategy related to sustainable management and established a process to derive reporting issues and evaluate business and stakeholder impact across major ESG issues pools to determine the importance of the issue select 10critical issues, and publish the process in the report.

Responsiveness: Responding to material sustainability topics and related impacts
SK square established the management process for key reporting issues determined by the materiality assessment. In order to respond appropriately to the expectations of stakeholders, SK square disclosed the process including policy, indicator, activity and response performance on key reporting issues in the report.

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Independent Assurance Statement

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

SK square established the process to identify and evaluate the impact on organizations and stakeholders related to key reporting issues. SK square used impacts, risk and opportunity factor analysis results for key reporting issues to make decisions to develop response strategies for each issue, and disclosed the process in the report.

Key areas for ongoing development

To the extent that the results of the verification are not affected, the following comments were made.

- SK Square has established an ESG committee under the board of directors to develop response strategies for important ESG issues and manage performance. It will report on medium- to long-term ESG goals and achievements, and establish a more efficient ESG performance management system by continuously improving areas with poor performance.

- SK Square identifies important issues from the perspectives of economy, environment, and people, and analyzes the impact on external stakeholders, effectively reporting on the impact and responsiveness. It is recommended to provide additional reporting on the performance of ESG strategy regarding material topics.

- SK Square is making efforts to establish and implement strategies for climate change response, and these efforts are also being extended to its subsidiaries. In addition, the company is systematically monitoring its long-term goals and achievements in carbon management. We recommend pursuing more proactive climate change response strategies and operating performance management systems to achieve carbon neutrality.

Statement of independence and competence

The assurer is an independent professional institution that specializes in quality, environment, safety and health, energy and anti-bribery, compliance related ESG management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with SK square. The assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as AA1000AS assurer, have a lot of assurance experience, and understand the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The assurer confirmed that this report is prepared in accordance with the GRI Standards, and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by SK square, the sector standard was not applied.

[Universal Standards]

2-1 to 2-5(The organization and its reporting practices), 2-6 to 2-21(Governance), 2-22 to 2-28(Strategy), 2-29 to 2-30(Stakeholder engagement), 3-1 to 3-3(Material Topics Disclosures)

[Topic Standards]

201-1&2, 203-2, 205-1~3, 302-1&3, 303-3, 304-1, 305-1~4, 306-3~5, 401-1~3, 403-3, 4, 6, 9&10, 405-1&2, 406-1, 411-1, 413-1, 414-1, 416-2, 418-1

June 12, 2023

S. H. Lim / BSI Group Korea, Managing Director

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Independent Auditors' Report

**To the Board of Directors and Shareholders of
SK Square Co., Ltd.:**

Based on a report originally issued in Korean

Opinion

We have audited the accompanying consolidated financial statements of SK Square Co., Ltd. and its subsidiaries(the "Group") which comprise the consolidated statements of financial position as of December 31, 2022 and 2021 and the consolidated statements of income, comprehensive income(loss), changes in equity and cash flows for the year ended December 31, 2022 and the period from November 1, 2021 to December 31, 2021 and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2022 and period from November 1, 2021 to December 31, 2021 in accordance with Korean International Financial Reporting Standards("K-IFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter communicated below is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Evaluation of impairment analysis for goodwill in the security services cash generating unit

As described in notes 3(11) and 15 of the consolidated financial statements, the Group performs impairment test for goodwill at least annually or when there is an indication of possible impairment by comparing the recoverable amount and the carrying amount of a cash generating unit("CGU") to which goodwill is allocated. In the Group's impairment test as of December 31, 2022, the Group does not expect the total carrying amount of the CGU will exceed the value in use("VIU") due to reasonably possible changes in certain assumptions. The amount of goodwill that is allocated to the security services CGU is W1,176,274 million as of December 31, 2022.

In carrying out the impairment assessment of goodwill, management determined the recoverable amount based on VIU. Determining the VIU of the security services CGU involves significant judgments in estimating the expected future cash flows including the estimates of future operating revenue, labor cost, perpetual growth rate and discount rate. We have identified the evaluation of goodwill impairment in the security services CGU as a key audit matter due to the uncertainty of and the significance of the impact of assumptions applied in determining the recoverable amount.

The primary procedures we performed to address this key audit matter included:
- Involving our internal valuation professionals to assist us in evaluating estimated future operating revenue, labor costs and perpetual growth rate by comparison with industry reports as well as historical performance and evaluating the discount rate by comparing with the discount rate that was independently developed using publicly available market data for comparable entities.
- Performing sensitivity analysis for both the discount rate and the perpetual growth rate applied to the discounted cash flow forecasts to assess the impact of changes in these key assumptions on the conclusion reached in management's impairment assessment.
- Evaluating the expected future cash flows by comparison with the financial budgets approved by the Group management.

Other Matter

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Independent Auditors' Report

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
· Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
· Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
· Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
· Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is In Hye Kang.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 13, 2023

This report is effective as of March 13, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

⌂ ☰   Overview   /   Our ESG Approach   /   ESG Policy & Performance   /   Facts & Figures   /   **Appendix**   SK square ESG Report 2022   99

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Key Participating Associations and Organizations

To ensure sustainable competitiveness in a rapidly changing business environment, SK square engages in active networking with associations and organizations in the economic and legal sectors, as well as enhances communication and collaboration with stakeholders with expertise in these areas. We will continue to expand our participation in various initiatives to enhance ESG management implementation and expertise.

Participating Associations and Organizations

Strengthen responses to changing industry trends by forming networks with associations and organizations

ESG Initiative Participation

SK Square has shown its commitment to ESG management to its internal and external stakeholders through participation in global ESG initiatives and disclosure of its major activity performance.

Korea Listed Companies Association

Seoul Bar Association

Korea Bar Association

Goals in Initiative Participation

SK Square is committed to implementing ESG management by participating in initiatives and organizations closely related to the business categories promoted by the company and its subsidiaries, such as low-carbon and responsible investment.

2024 or later

EV 100
(Electric Vehicle 100%)

RE 100
(Renewable Energy 100%)

2023

(UN Global Compact)

Performance in Initiative Participation and Implementation

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SK square joined the TCFD Supporters to raise awareness of climate change response at the enterprise level and is currently trying to expand the scope of environmental information disclosure.

SK square