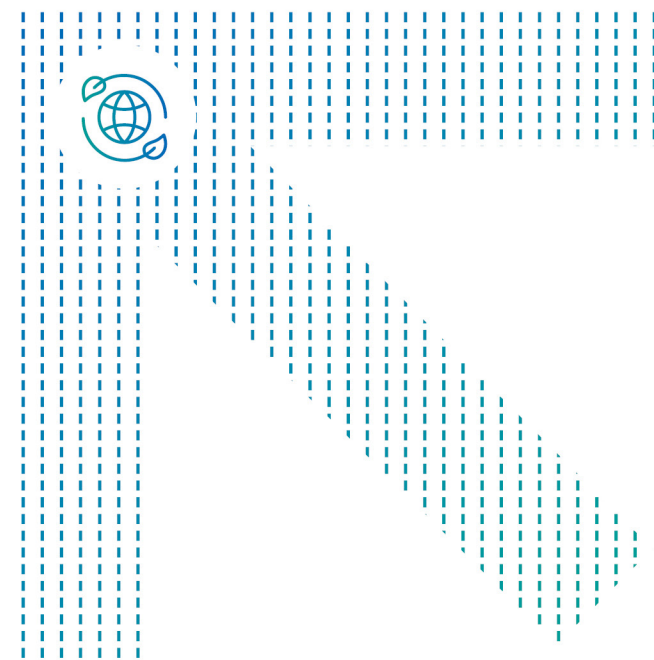




Sustainability Report 2024



ESG Solution Provider for
the Next Generation



About This Report

SKC publishes its fifth Sustainability Report this year, following the first report in 2020. In 2023, we transitioned from the existing booklet format to an online-exclusive report format to enhance information accessibility. The new format features various interactive functions that enhance information expandability. We publish the reports in both Korean and English on our website.

Going forward, we will continue to disclose our ESG management efforts and major achievements in a transparent manner in line with the purpose of the sustainability report, that is, ‘the assessment and disclosure of organizational performance for sustainable development, along with the commitment to appropriate accountability to both internal and external stakeholders.’ We will actively incorporate the opinions of stakeholders into our management activities.

Reporting Frameworks and Standards

This report is prepared in accordance with the requirements of the Global Reporting Initiative (GRI) Standards 2021, the international guidelines for sustainable management. Additionally, we comply with the standards of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) to address issues pertinent to our industry. We are also aligned with the global sustainability management initiatives of the United Nations Global Compact (UNGC) and the 10 Principles of the United Nations Sustainable Development Goals (UN SDGs). The financial information included in this report adheres to the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period

This report covers activities from January 1 to December 31, 2023. We have also included significant achievements outside this period, including activities prior to 2023 and up to the first half of 2024. In order to enhance comparability, this report provides data from 2021 to 2023.

Reporting Boundaries

The scope of the report includes SKC domestic business sites (Seoul, Suwon, Jeongeup, Ulsan, Cheonan, Anseong) and major subsidiaries (SK nexilis, SK picglobal, SK enpulse) as well as data on other subsidiaries and overseas business sites. Any deviations in the reporting scope are noted separately in the footnotes.

Report Assurance

Third-party verification was conducted by the Korea Management Certification with the aim to raise the report’s reliability. Detailed verification opinions can be found on page 125 of this report.



Cover Story

The cover design encapsulates SKC’s ascending journey with its ESG vision by uniting three main business areas; EV batteries, semiconductors, and eco-friendly¹⁾ materials.

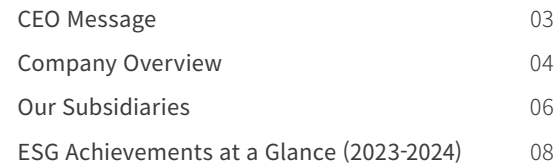
¹⁾ Eco-friendly materials, a key pillar of our growth strategy, refers to biodegradable substances which naturally decompose after consumption. These include PBAT with domestic or international recognition for biodegradability, including Eco-Label, as well as LIMEX products that applied this sustainable material.

Interactive Guide

[Go to the Table of Contents](#)[Go to Homepage](#)[Go to the Relevant Page](#)[YouTube](#)[Go to the Relevant Video](#)



Introduction



Our Focus on High Value-added Semiconductor Materials	11
Shaping the Future of Next-generation EV Batteries	13
Opening up a New Path of Plastic Consumption	15

ESG Vision & Strategy	18
E. We take action to combat climate change	21
S. We create a future together with everyone	25
G. We strive for trustworthy governance	27
ESG Management Approach	30

Climate Action	33
Resource Use and Pollutant Reduction	39
Expansion of Environmental Management	47

Human Resource Management	51
Work and Life Balance	60
Enhancement of Occupational Safety and Health	63
Product Safety and Quality Management	70
Chemicals Safety Management	72
Advancement of Human Rights Management	75
Supply Chain Management	79
Contribution to Local Communities	84
Enhancement of Information Security	87

Enhancement of Board-oriented Management	90
Advancement of Ethical Management and Compliance	100

Financial Data	108
Social Value Creation	110
Risk Management	112
GRI Index	115
TCFD Index	118
SASB Index	119
UN SDGs	123
Independent Assurance Statement	125
GHG Emissions Verification Statement	127
Membership Status	132

CEO Message



Dear esteemed stakeholders,

We extend our sincere gratitude for your generous support to our journey towards a 'global ESG material solutions company,' conducting management activities aligned with ESG principles.

We will become a reliable company practicing sustainable growth.

In 2023, SKC encountered significant challenges due to intensified uncertainty in the business environment and market recession. Nevertheless, we utilized this period to prepare for a new phase to leap forward, concentrating on securing future growth engines.

In the EV battery materials business, we are exploring new opportunities by leveraging the 'chasm' period in the electric vehicle market to diversify our customer base. In the semiconductor business, we have focused on a paradigm shift towards high-end materials by acquiring ISC, global top test socket manufacturer while preparing for mass production of the world's first semiconductor glass substrate. The construction of our production base for environment-conscious biodegradable materials, which we have been planning for an extended period, has commenced, moving forward to market leadership.

We express our deepest gratitude to all stakeholders who have shown interest and support in our journey towards becoming a sustainable SKC. We will continuously endeavor to reinforce our profit structure and thoroughly manage risks on the foundation of the future growth engines we have established thus far.

We will advance without wavering, guided by ESG principles.

Aiming to achieve another leap forward, SKC is undertaking daring portfolio changes focused on EV batteries, semiconductors, and eco-friendly materials. Throughout this process, we firmly adhere to the principle of conducting all our management activities aligned with

ESG principles. To this end, we have established and implemented a system to meticulously reflect ESG factors in the entire management process. We review ESG management items at each investment stage and incorporate ESG factors into investment priority decisions, thereby continuously sharpening our sustainability management capabilities.

SKC will also contribute to establishing a foundation for a sustainable life for humanity, on the basis of our ESG practices principle. To this end, we will set a mid- to long-term goal of achieving '2040 Net Zero' and take concrete actions to realize this objective. On top of that, we will continue to step up the independence and diversity of our governance structure while striving to ensure the well-being of our diverse stakeholders, including local communities where our business sites are located, suppliers, and shareholders.

We will communicate with stakeholders in a transparent manner.

Currently, ESG has already become a 'necessity' rather than a 'choice,' with rising demands from numerous stakeholders. Accordingly, expectations for companies to disclose ESG information are also growing. In line with this trend, we are reinforcing our ESG execution capabilities and achieving global-level ESG performance, transparently sharing our ESG management outcomes through various channels.

We kindly request your continued interest and support as we steadfastly embark on our journey to be a 'global ESG material solutions company' amidst a rapidly evolving internal and external environment.

Thank you very much.

Park Won-cheol, CEO of SKC

Company Overview

For 48 years since its inception in 1976, SKC has recorded a history of challenge and innovation, achieving numerous industry firsts in the fields of film and chemical materials, including Korea’s first commercialization of propylene oxide (PO) and the world’s first commercialization of the HPPO method. We do not rest on these achievements but further pursue our transformation into a ‘global ESG material solutions company’ by pushing forward bold business model innovations within the high-value materials high-tech industry, focusing on EV batteries, semiconductors and eco-friendly materials. We are also demonstrating unparalleled technological prowess in manufacturing copper foil, a core material for electric vehicles and leading the local production of high-end blank mask products, which is essential for semiconductors.

In 2023, we acquired ISC, thereby strengthening our portfolio in semiconductor back-end process materials and components. Following the commencement of construction on a glass substrate plant in the U.S., a game changer in semiconductor packaging, SKC is expanding our global growth by initiating the construction of a PBAT production plant in Vietnam, the world’s largest single-factory for this area. We will deliver sustainable value to our global clients through cutting-edge technology and continuous business model innovation, contributing to the advancement of Korea’s advanced materials industry.

History

2021

- 01 SK nexilis started construction of its first overseas copper foil factory in Malaysia
- 07 Published the second sustainability report
- 09 Announced SKC Financial Story
 - Established SK TBMGEOSTONE, a joint venture with TBM of Japan
- 10 Decided to invest in glass substrates for high-performance semiconductor packaging
- 11 Decided to invest in the silicon anode materials business
 - SK nexilis decided to build a copper foil production plant in Poland
 - Decided to establish a joint venture for manufacturing high-strength PBAT
 - Signed a KRW 1.5 trillion mid- to long-term financial cooperation agreement with Korea Development Bank
- 12 SK nexilis received an award from the Minister of Employment and Labor for its contribution to job creation

2022

- 01 Honored with the Special Prize for Carbon Management of the CDP Korea Awards
- 03 President Park Won-cheol took office as CEO
- 04 Released ‘My Green Place,’ Korea’s first gamified plastic recycling information platform
- 07 SK nexilis began the construction of Europe’s largest copper foil plant in Poland
- 08 SK nexilis developed the technology to produce ultra-high-strength U battery foils for the first time in the industry
 - SK nexilis and SK enpulse selected as the Korea’s Best Employers at the same time
- 11 SK nexilis developed the world’s first high-elongation ‘V copper foil’ for next-generation cylindrical EV batteries
 - SK picglobal commercialized the ‘DPG only process’ for the first time in the world

2023

- 03 Earned the ISO 37001 certification for anti-corruption management system
- 05 Signed an agreement with POSCO Group to strengthen competitiveness in the EV battery materials business
- 06 Signed a comprehensive business agreement for high-tech materials in Hai Phong, Vietnam
- 07 Decided to acquire ISC
 - Signed an agreement with Toyota Tsusho Corp to establish a joint venture for copper foil production.
- 08 Obtained A rating in MSCI ESG evaluation
- 09 Invested in Chipletz
 - SK enpulse decided to sell its semiconductor basic materials business
 - Obtained ISO 27001, an Information security management certification
- 10 SK leaveo decided to invest in facilities in Vietnam
 - Decided to sell SK pucore
 - Acquired overall A+ rating in the ESG management evaluation from the Korea Institute of Corporate Governance and Sustainability (KCGS)
 - SK enpulse decided to transfer fine ceramics business

2024

- 01 SK TBMGEOSTONE signed a business contract with Samhwa Paints Industrial and P&B to develop biodegradable paint containers
- 05 SK leaveo commenced construction of a biodegradable materials production facility in Vietnam
 - SK nexilis completed the construction of Malaysia’s second factory
- 06 Absolics was selected to receive a \$75 million grant under the US CHIPS Act

General Overview

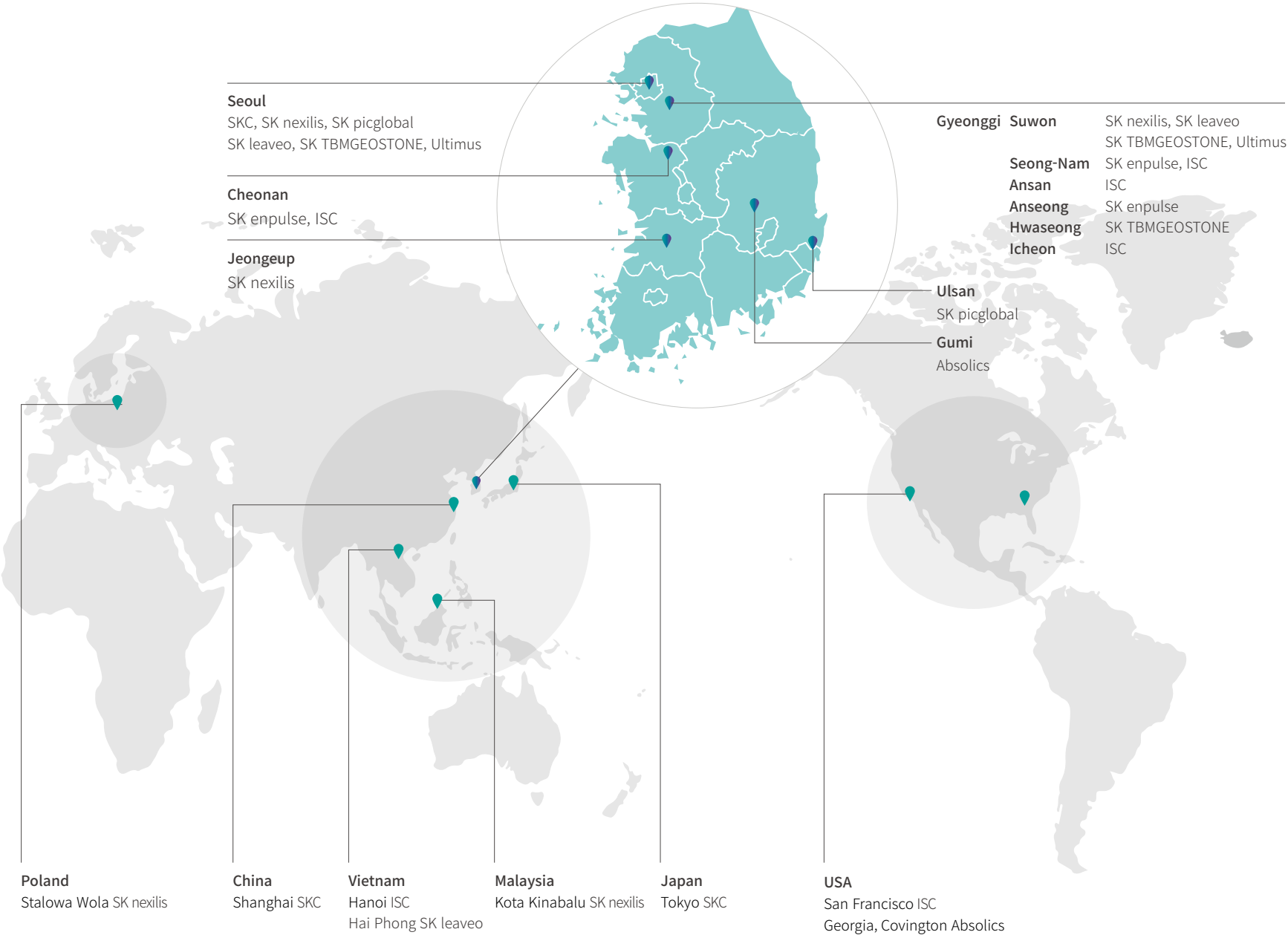
(as of the year 2023)

Company Name	SKC Inc.
Business Areas	High value-added materials in EV batteries, semiconductors and eco-friendly sectors
CEO	Park Won-cheol
Revenue	KRW 1.5708 trillion
Operating Profit	KRW -216.3 billion
Date of Foundation	October 16, 1976
Headquarters	Building B, The K Twin Tower, 50 Jongno 1-gil, Jongno-gu, Seoul
Countries in Operation	7 countries including Korea, the United States and Malaysia

Company Overview

Global Network

In 1996, SKC built the SK Group’s first overseas production facility in Covington, Georgia, USA. Since then, we have expanded our global network by establishing production facilities and sales subsidiaries for major businesses across the United States, Europe and Southeast Asia. SK nexilis, a manufacturer of copper foil for EV batteries, has production facilities in Kota Kinabalu, Malaysia, ensuring excellent cost competitiveness and in Stalowa Wola, Poland to have superior accessibility to our major clients. ISC, a semiconductor test solutions company, operates a key production facility in Hanoi, Vietnam, and a sales subsidiary in San Francisco, strategically located nearby Silicon Valley where most of our global big tech customers are located. Absolics has the world’s first semiconductor glass substrate factory in Covington, Georgia, USA, a region with a long-standing relationship with SKC. SK leaveo is currently building a biodegradable PBAT material manufacturing plant in Hai Phong, Vietnam’s largest port city. We are further reinforcing our competitive edge through the global expansion of our major businesses, broadening Korea’s industrial territory.



Our Subsidiaries

Click the arrow to lead to our subsidiaries page

SK nexilis



CEO Lyou Kwang-min

Vision

Green Technology with Trust

SK nexilis produces copper foil, a crucial anode material for EV batteries, and FCCL (Flexible Copper Clad Laminate), a flexible printed circuit board material. Through continuous research and development, the company has achieved overwhelming global No.1 technology by producing the 'longest, widest, and thinnest' copper foil with high strength and elongation. Building on its domestic production base in Jeongeup, Jeollabuk-do, SK nexilis has expanded its global production system to Malaysia and Poland. Moving forward, the company will provide tailored, top-quality copper foil to key clients in various regions.

Main Business: Copper foil, FCCL



SK picglobal



CEO Choi Doo-hwan

Vision

Global Eco-Life Solution Provider

As a joint venture between SKC and PIC, a Kuwait's state-owned petrochemical company, SK picglobal has achieved numerous 'firsts' in the Korean chemical industry. It was the first Korean company to secure mass production technology for PO, a key raw material for industrial products and the first in the world to commercialize the HPPO method and the DPG (Dipropylene Glycol) standalone process. SK picglobal will continue to produce high-value specialty petrochemical products that contribute to improving the quality of human life while sharpening competitiveness through continued innovation.

Main Business: PO, PG, SM



SK empulse



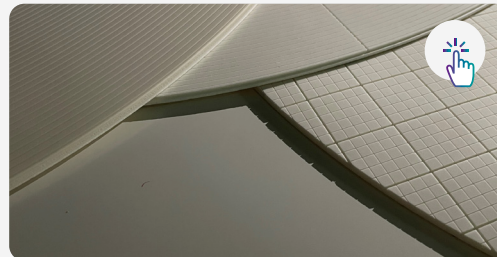
CEO Kim Jong-woo

Vision

Global No.1 Semiconductor ESG Solutions Company

SK empulse is leading the localization of high-value materials for the semiconductor front-end process, including the production of CMP pads, for polishing semiconductor wafers, and blank masks, which are raw materials for photo masks. Leveraging its accumulated technology and production process expertise, SK empulse is rapidly increasing its market share in a sector previously dominated by foreign companies. SK empulse aims to become a global No.1 semiconductor ESG solutions company, encompassing components, materials, and equipment with its state-of-the-art technologies and optimal solutions that meet the needs of future semiconductor industry.

Main Business: CMP materials, blank masks



ISC



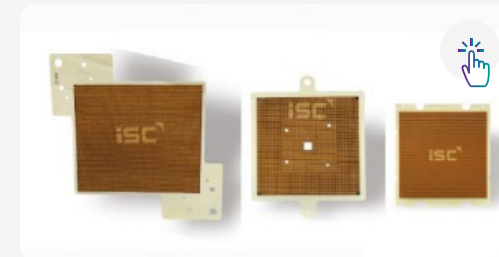
Incumbent CEO
Kim Jeong-ryeol,
Kim Jong-woo

Vision

Total Test Solution Provider

ISC, a semiconductor test solutions company, is at the forefront of the semiconductor back-end process industry, driven by innovative technologies, such as the world's first commercialization of silicone rubber test sockets. ISC boasts a strong client lineup, including global big tech firms, a robust patent network, and extensive production know-how accumulated over many years. In line with the exponential growth of the high-performance semiconductor market fueled by the spread of AI, ISC will swiftly develop products optimized for various semiconductor packaging and deliver them to its customers.

Main Business: Semiconductor test sockets



Our Subsidiaries

Click the arrow to lead to our subsidiaries page

Absolics

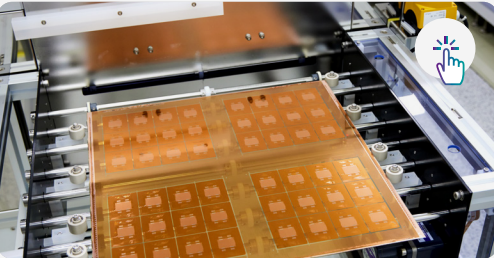


CEO Oh Jun-rok

Vision
Global No.1 Advanced Packaging Foundry Service Provider

Absolics is pushing forward the world's first commercialization of semiconductor glass substrates for high-performance computing. These semiconductor glass substrates are recognized as a 'game changer' for overcoming the shortcomings of existing plastic and silicon interposer substrates and enhancing the fine processing capabilities of chipsets. The company is fully prepared to present these glass substrates to the semiconductor market from its mass production plant in Covington, Georgia, USA. Moving forward, Absolics aims to lead innovation in the semiconductor back-end process market.

Main Business: Glass substrates



SK leaveo



CEO Yang Ho-jin

Vision
For a green sustainable planet, we leave zero plastic by using innovative technology

SK leaveo produces biodegradable materials known as 'degradable plastics.' It specifically manufactures high-strength PBAT (Polybutylene Adipate Terephthalate), which stands out for its versatile applications. Through continuous technological development, SK leaveo has expanded the use of PBAT beyond conventional disposable products to include agricultural mulching films, hygiene items, and fertilizer coatings. The company is currently constructing a PBAT production plant in Hai Phong, Vietnam, with an annual capacity of 70,000 tons, which is the world's largest single-factory. By expanding the PBAT market, the company aims to take the lead in resolving environmental issues caused by plastic waste.

Main Business: high-strength PBAT



SK TBMGEOSTONE



CEO Yang Jee-hyun

Vision
Eco-Friendly Innovation for the Future

SK TBMGEOSTONE has developed and promoted the commercialization of biodegradable LIMEX by combining existing LIMEX technology, which reduces plastic content using natural limestone, together with SKC's biodegradable material technology to enhance its eco-friendliness. SK TBMGEOSTONE's biodegradable LIMEX has already proven its outstanding technology through its supply to the market in various products, such as household goods refill containers. The company will secure large-scale production facilities and further expand its market to contribute to reducing plastic waste.

Main Business: biodegradable LIMEX



Ultimus

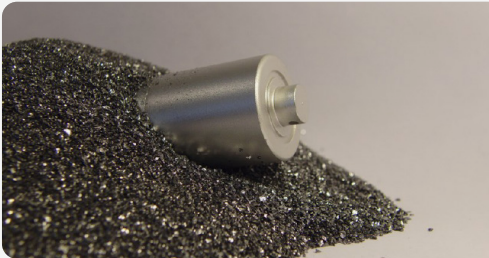


CEO Jang Jae-hyeok

Vision
The Ultimate Anode Material Company

Ultimus has pursued the commercialization of silicon anode materials, a key component for EV batteries. Depending on its content, silicon anode material can reduce electric vehicle (EV) charging times to the level of internal combustion engine vehicles and highly improve capacity and performance, making it the next-generation material that can transform the EV market. Ultimus has the technological foundation to manufacture both low- and high-content silicon anode materials and is currently undergoing evaluations with major clients. Ultimus will push for successful mass production through continuous R&D efforts and process improvements.

Main Business: Coated Si-C anode material



ESG Achievements at a Glance (2023-2024)

● Environment
 ● Social
 ● Governance
 ● External Evaluation

SK leaveo and SK TBMGEOSTONE
 acquired multiple domestic and
 international biodegradable
 authentications for rf-PBAT
 and biodegradable LIMEX
 H100 products



SK picglobal obtained EXCiPACT GMP
 certification

- Global certification standards for pharmaceutical excipients



Ansung site of SK enpulse acquired
 recognition of being an ‘excellent
 workplace in terms of risk assessment’

- The Korea Occupational Safety and Health Agency acknowledged safety management excellence of the entire business sites¹⁾ of SK enpulse



1) Cheonan site acquired recognition in 2022

SK picglobal received the ‘SK Group
SHE Innovation Award’

- First half of year: Development of an incinerator refractory inspection robot (Grand Prize)
- Second half of year: Development of an automation robot that eliminates laboratory safety accident risks (Participation Award)



SK picglobal obtained a family-
friendly company certification



SKC’s ‘My Green School’ was
 designated as an excellent
 environmental education program by
 the Ministry of Environment



SKC achieved a female director ratio
of 50% or higher among independent
directors



SKC produced its first
Activity Report

- A report on evaluation and compensation for the Board of Directors and CEO



Obtained the ISO certification on
anti-corruption management

- ISO 37001 certification on anti-corruption management standards



MSCI ESG rating was raised to
A from BBB



KCGS ESG management
evaluation rating was upgraded
to A+ from A



SKC was selected as the ‘ESG
Company of the Year in Korea’ from
the Korea Green Foundation

- Grand Prize in material category





SUSTAINABILITY STORY BOOK

Leap towards Sustainable Business

Our Focus on High Value-added Semiconductor Materials	11
Shaping the Future of Next-generation EV Battery	13
Opening up a New Path of Plastic Consumption	15

Our ESG Path Towards a Better World

ESG Vision & Strategy	18
E. We take action to combat climate change	21
S. We create a future together with everyone	25
G. We strive for trustworthy governance	27
ESG Management Approach	30

Leap towards Sustainable Business

SKC provides optimal products and solutions through global expansion and unrivaled technology in the fields of EV batteries, semiconductors, and eco-friendly materials. We will push forward to sustainable growth through continuous research and development, technological innovation, and strategic portfolio diversification.

Our Focus on High Value-added Semiconductor Materials



Shaping the Future of Next-generation EV Batteries

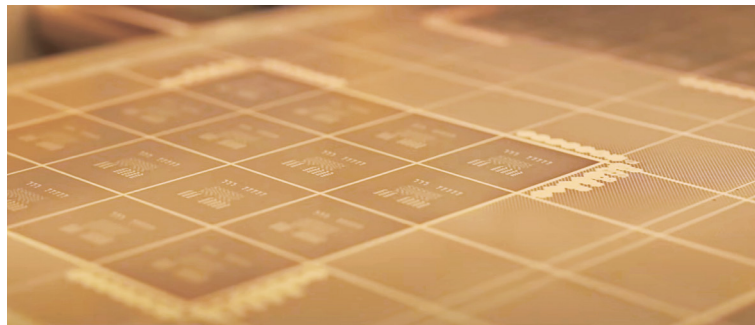
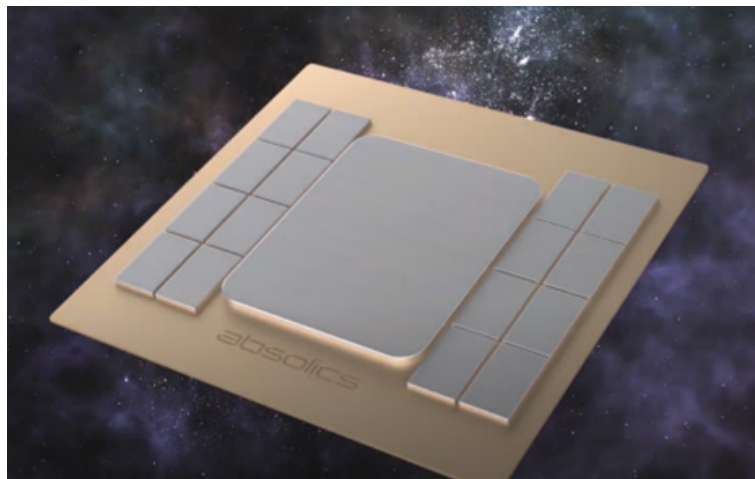


Opening up a New Path of Plastic Consumption



Our Focus on High Value-added Semiconductor Materials

3D image of Absolics' semiconductor glass substrates



World's First Commercialization of Semiconductor Glass Substrates

The development and proliferation of AI technology, which requires the processing of vast amounts of data, is making a significant impact on the semiconductor industry. As advancements in semiconductor fine processing technology approached their limits, back-end processes, particularly in the packaging industry that optimizes performance by efficiently connecting multiple semiconductors, is gaining increased attention. Against this backdrop, Absolics, a subsidiary of SKC, is on the brink of realizing the world's first commercialization of glass substrates for high-performance computing, which is recognized as a game changer in the semiconductor packaging industry.

Typically, semiconductors such as CPUs, GPUs, and memory are packaged as a single component on a substrate, along with various devices like multilayer ceramic capacitors (MLCC). Plastic substrates, which are currently widely used, have a non-smooth surface due to the material's nature, making them unsuitable for high-performance semiconductor packaging that requires continuous miniaturization. Consequently, silicon has been introduced as an intermediate substrate (interposer). However, the addition of an intermediate board increases thickness, which leads to more power loss. Furthermore, the circular shape of silicon wafers makes it challenging to economically produce large square shape substrates.

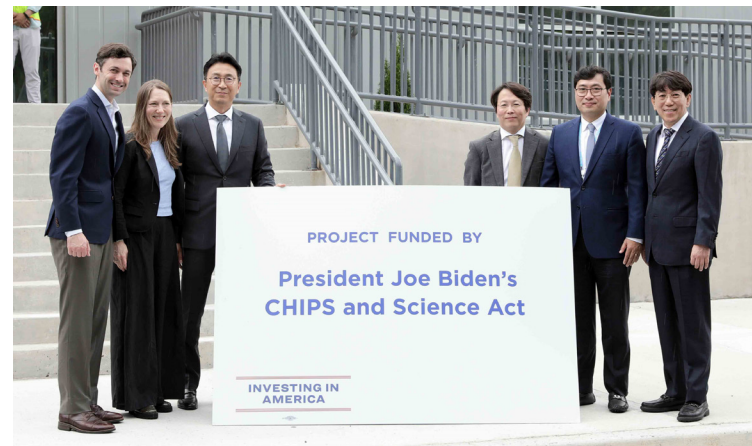
On the other hand, glass substrates can be manufactured into large square panels with completely smooth surfaces, making them suitable for both miniaturization and enlargement trends. Additionally, glass substrates are thin and highly power-efficient as they do not have an intermediate board. By embedding the MLCC within the board, more space is available on the surface for larger CPUs, GPUs, or additional memory. These characteristics make glass substrates suitable for AI data centers, where large amounts of high-performance semiconductor packages are used, significantly reducing surface and power usage. Industry estimates suggest that applying glass substrates can increase speed by 40% compared to existing packaging, while reducing power consumption, package thickness, and production time by more than half.

SKC recognized the potential of glass substrates early on and has been pursuing commercialization through R&D since 2018. Our first mass production plant (SVM) in Covington, Georgia, USA, is scheduled to be completed and operational in 2024. We are also considering the construction of a second mass

production plant (HVM) with an operational capacity of up to 72,000 m², which is six times the annual capacity of SVM at 12,000 m². All of Absolics' production facilities are organized as 'smart factories,' ensuring stability in terms of quality and yield.

On top of that, SKC is accelerating its efforts to build a 'glass substrate ecosystem.' Chipletz, an American semiconductor packaging technology company in which we invested last year, started its business as an in-house venture of AMD, a global semiconductor company. It possesses advanced semiconductor substrate technology and architecture design capabilities. We are also dedicated to nurturing exceptional technical personnel who will lead the glass substrates business in the future. As part of the effort, we signed a 'semiconductor talent development' agreement with Georgia Piedmont Technical College, which is located in Georgia, USA where the Absolics' plant will be built. We also promoted joint operations of the semiconductor packaging course with globally renowned school, Georgia Institute of Technology. As a result of these commitment, Absolics was selected as the first company in the semiconductor materials, components, and equipment field to receive a USD 75 million subsidy under the CHIPS Act in May 2024.

CHIPS Act subsidy agreement signing ceremony held at the Absolics production plant in Covington, Georgia, USA in May 2024



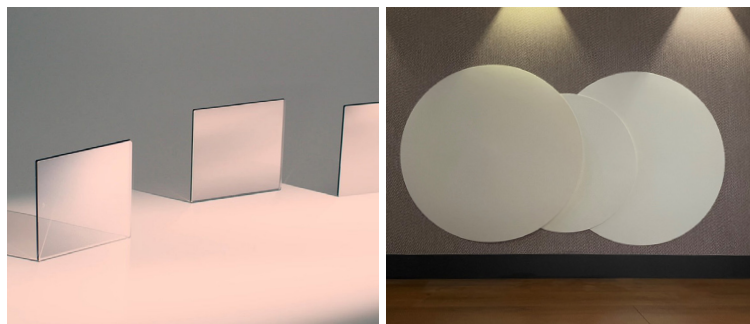
Leading Local Production of Semiconductor Materials

SKC is also expanding its high value-added component business for the front-end semiconductor process, including CMP pads and blank masks, through its subsidiary, SK enpulse. In a market that used to be dominated by foreign companies, we are taking the lead in local production leveraging our technological prowess developed through consistent research and development, thereby fostering Korea's ecosystem of semiconductor materials, components, and equipment.

CMP pads have chemical and mechanical polishing functions using slurry, evenly flattening the surface of semiconductor wafers. The domestic CMP pad market was previously dominated by foreign companies, with a few dominant companies accounted for most of the market share. Against this backdrop, SK enpulse disrupted this oligopoly by successfully producing CMP pads domestically. SK enpulse is not stopping here and will focus on developing pads in sizes suitable for advanced semiconductor processes, such as 7nm, 3nm, and 2nm, while pushing forward the development of environmentally conscious CMP pads.

A blank mask is a cutting-edge material that serves as a canvas for lithography processes, enabling the engraving of nanometer-scale ultra-precision circuits during semiconductor manufacturing. In the second half of last year, SK enpulse successfully produced high-end blank masks, a market previously dominated by Japanese companies, which account for over 90% of market share. This achievement has garnered considerable attention in the semiconductor industry. Going forward, it plans to continue leading the local production of various high value-added semiconductor materials.

SK enpulse's blank mask (Left) and CMP pad (Right)



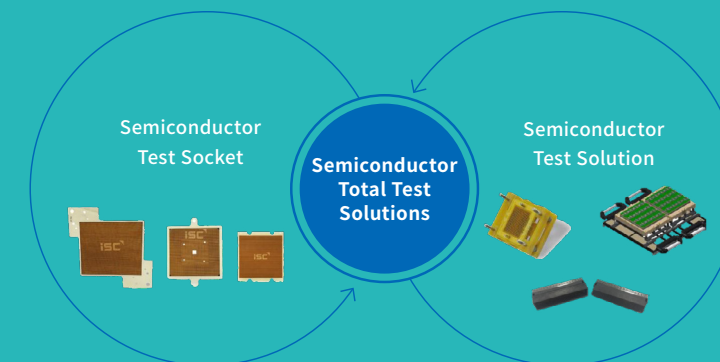
SKC Special: Acquisition of ISC

SKC completed the acquisition of ISC, a semiconductor test solutions company, in October 2023, remarkably strengthening its materials and components business in the semiconductor back-end process field. Established in 2001, ISC's main product, test sockets, are used for electrical properties testing of packaged semiconductor chipsets and are considered essential consumables in the semiconductor back-end process. As major semiconductor manufacturers strive to advance packaging technologies to upgrade chipset performance, the demand for testing is rapidly increasing, making the growth potential more promising.

ISC was the first in the world to commercialize a test socket using silicone rubber in 2003. Currently, it still holds a dominant position in this market with a market share exceeding 50%. The company serves over 400 clients, including major global tech firms, and has exceptional technology, holding more than 500 patents, the industry's largest number. For memory semiconductor test sockets, silicone rubber sockets have a market share of over 80%, and the share in the non-memory market is also expected to expand rapidly. Accordingly, it is anticipated that the company value will also rise in the semiconductor back-end market. In addition to its main product, silicone rubber sockets, ISC offers a variety of test solutions, including existing electrical properties test socket products, such as copper alloy pogo sockets, burn-in test sockets, and interface boards.

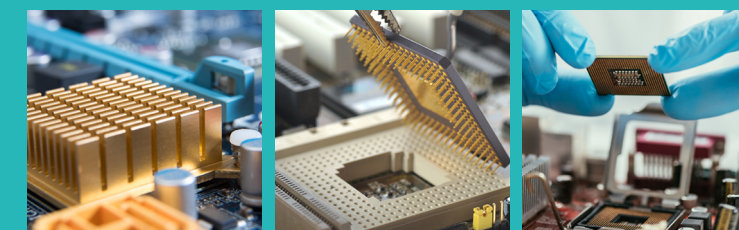
With the acquisition of ISC, SKC has transitioned its semiconductor materials business portfolio from basic materials to high value-added products and solutions. We plan to further enhance ISC's exceptional technology through bold investments and support. Additionally, we aim to provide 'total packaging and test solutions' to our clients by creating synergy with the glass substrate business.

High-precision Semiconductor Test Component Business



ISC's semiconductor test socket:

It is considered one of the key consumables in the back-end process that verifies the electrical performance of semiconductors.



Video link to the introduction of ISC semiconductor test solutions

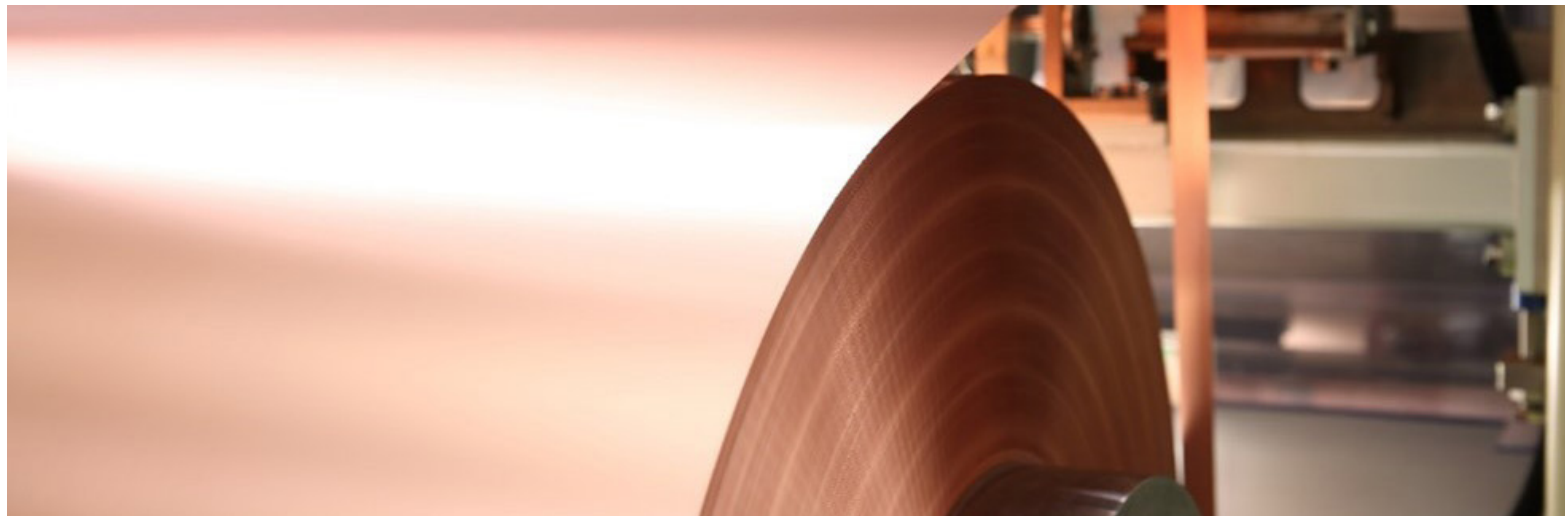
Shaping the Future of Next-generation EV Batteries

Global No.1 Copper Foil Technology for EV Batteries

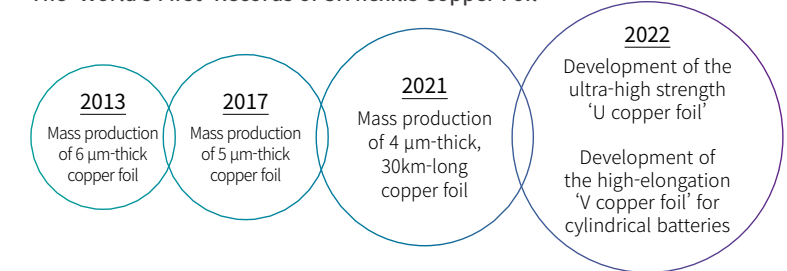
Battery copper foil is an essential material that serves as the negative electrode current collector for lithium-ion batteries used in EVs and other applications. This ultra-thin copper material has a thickness of approximately 10 μm (micrometers, where 1 μm is one millionth of a meter). SKC has been expanding its business with its global leading technology since acquiring the copper foil manufacturer KCFT in 2020 and launching a new company, SK nexilis the following year.

The thinner the copper foil, the more energy efficiency can be improved by reducing the battery's weight and allowing for more anode materials. Additionally, longer copper foils enhance battery productivity. Therefore, in order to improve battery products and processes, it is essential to make the foil thinner, longer, and wider, which requires a high level of precision. On the basis of its accumulated technological capabilities, SK nexilis began mass production of 6 μm thick copper foil in 2013, making the first such production in the world. The company then succeeded in mass-producing 5 μm copper foil in 2017 and ultra-thin 4 μm copper foil in 2019. It is also capable of producing copper foil with a width of 1,400 mm and a length of 77 km, officially the longest in the world. For copper foil, not only its shape, such as thinness, length, and width but

SK nexilis' copper foil products for EV batteries



The 'World's First' Records of SK nexilis Copper Foil



also its physical properties such as strength and elongation, are critical to be an optimal material for various batteries. SK nexilis has proactively developed high-strength, high-elongation copper foil suitable for next-generation batteries, such as the 4680 cylindrical battery and Lithium iron phosphate (LFP) battery, on top of the widely used pouch and prismatic batteries.

SK nexilis' copper foil product lineup is summarized as B.E.S.T. Taken from B copper foil, named after the first letter B of 'batteries,' the lineup includes high-elongation E copper foil, S copper foil with improved tensile strength, and ultra-thin T copper foil of 5 μm or less. The company has also continuously expanded its product lineup to include V copper foil with high-elongation and U copper foil with ultra-high strength, establishing a mass-production system to meet the diverse requirements of its clients. These demonstrate that SK nexilis has secured a product lineup capable of responding to all battery form factors. It will continue to expand its premium lineup with high-strength, high-elongation, high-heat-resistance, and ultra-thin products to meet the needs of battery producers.

SK nexilis Copper Foil Product Lineup

B (Battery) Copper Foil Standard product used for various products	E (Elongation) Copper Foil Copper foil with significantly increased elongation rate, the rate of stretching without breaking
S (Strength) Copper Foil Copper foil with enhanced tensile strength	T (Thin) Copper Foil Ultra-thin copper foil of 5 μm or less
U (Ultra Strength) Copper Foil Industry's first ultra-high-strength copper foil	V (Value) Copper Foil Copper foil with 30% more elongation compared to existing products

Promotion of Silicon Anode Material Business, a ‘Key’ for EV Proliferation

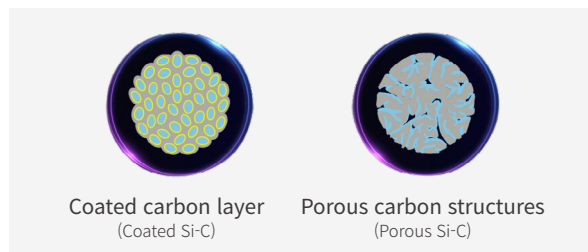
As the electric vehicle (EV) market expands, the competition to enhance battery performance is intensifying. In particular, ‘silicon anode materials’ have gained attention due to the imperative need for advancements in battery energy density and charging speed. Silicon anode material is a next-generation material that incorporates silicon into the existing graphite anode material. It can increase energy density by up to 10 times compared to graphite anode material, significantly extending driving mileage. Furthermore, charging time is greatly reduced to approximately 5 minutes, which is comparable to the refueling duration of an internal combustion engine (ICE) vehicle, thereby addressing a critical concern for EV consumers. Thanks to these advantages, the silicon anode material market is expected to grow at an average annual rate of more than 30% by 2030, expanding the market size to KRW 7.2 trillion per year¹⁾.

SKC started its anode material business in full swing in 2021. By investing USD 80 million, we secured a technology license from Nexeon, a U.K. silicon anode material company, and established a subsidiary, Ultimus, in 2023 to solidify our business in a concrete manner. Currently, as an initial step, we are producing samples for client certification at our newly built pilot production facility.

In particular, we are simultaneously pursuing both low-content silicon anode materials (less than 15%) and high-content silicon anode materials (more than 15%). Our goal is to lead the silicon anode material market by commercializing both types: low-content silicon anode materials for swift application in entry-level EVs and high-content silicon anode materials for premium EVs. Aiming to achieve this, we are securing optimal technologies for both low and high content materials. We have applied a coated carbon layer to low-content coated Si-C and a porous carbon structure to high-content porous Si-C to maximize the performance of silicon anode materials.

¹⁾ Source: Market research institution, SNE

Structure Types of Silicon Anode Materials



SKC Special: Completion of Building SK nexilis’ Plant in Malaysia

In response to the growing EV market, SK nexilis expanded its fifth factory (completed in 2021) and sixth factory (completed in 2022) within its Jeongeup business site in Korea. Recently, the company has been accelerating the establishment of a global production system. SK nexilis completed its first plant in Malaysia in October 2023, followed by the second plant in May 2024, reaping the initial completion of its global expansion. The Malaysian plant is the world’s largest single copper foil plant, with the two plants having a combined production capacity of 57,000 tons.

The factories in Malaysia are equipped with innovative copper foil manufacturing technology, offering exceptional cost competitiveness and productivity, built on state-of-the-art equipment and design. To realize it, SK nexilis considerably cut down on power costs, which constituted a major portion of copper foil manufacturing expenditures. Electricity costs at the Malaysian plant are less than half of previous costs and on a 70% level of those in other Southeast Asian countries. Besides, to further enhance productivity, it introduced a large electrolytic copper foil machine equipped with a large drum with 3 meters in diameter while improving efficiency through facility automation.

Following Malaysia, SK nexilis plans to complete its first copper foil production plant in Stalowa Wola, Poland this year. SK nexilis, which is currently signing mid- to long-term contracts with multiple global battery customers, plans to expand its global production scale and supply the best products to meet the needs of its customers without disruption.

The local government is also actively providing policy support. From the early stages of construction, the Sabah state government in Malaysia formed a one-stop task force (TF) to provide solutions for establishing the plant, such as land, water, and electricity supply, as well as permits and licenses. In addition, it granted 100% exemption of corporate taxes for a certain period for the Malaysian subsidiary of SK nexilis.



Inspecting copper foil produced at SK nexilis’ first factory in Malaysia

Overview of SK nexilis’ first factory in Malaysia, completed in October 2023



Opening up a New Path of Plastic Consumption

Growing Market of Biodegradable Materials, Known as Decomposable Plastics

The volume of plastic waste generated globally is increasing annually, yet the recycling rate is still at around 10%. The majority of this waste remains in the natural environment for centuries without decomposing. Even at this moment, plastic waste persists, threatening our planet. Against this backdrop, as a company advancing as a ‘global ESG material solutions company,’ SKC endeavors to contribute to the sustainability of the planet by developing biodegradable materials that decompose easily in nature, leveraging our accumulated technological capabilities. The material that we have chosen is PBAT. Our biodegradable materials subsidiary, SK leaveo, has



developed high-strength PBAT using its proprietary technology. PBAT is a leading biodegradable material that can replace conventional plastics and decomposes within six months through natural reactions with oxygen, light, and enzymes. Notably, we have resolved the durability weaknesses of existing PBAT by utilizing nanocellulose reinforcement extracted from trees, thereby upgrading usability while being environmentally conscious. As a result, in May 2023, our rf-PBAT products received Eco-Label certification (EL724) in recognition of their standards for mitigating local environmental pollution and hazardous substances. Additionally, we have obtained certifications from numerous global organizations. We are continuously conducting research and development to expand the utilization of biodegradable materials. Our market expansion includes not only everyday disposable items but sanitary products such as wet tissues and diapers, agricultural mulching films, and controlled release fertilizer (CRF) coating materials. Additionally, we are taking the lead in creating a biodegradable ecosystem by reinforcing partnerships with major consumer goods and fertilizer production companies, such as KleanNara and Nousbo.

Domestic and International Biodegradability Certification Status for rf-PBAT and Biodegradable LIMEX H100 Products (All products acquired certifications in 2023)

Country	Certification Body	Acquisition Status	
 Europe	TUV Austria	 OK Compost Industrial (rf-PBAT, H100)	 OK Compost Home (rf-PBAT)
 Australia	ABA	 Compostable (rf-PBAT)	
 USA	BPI	 Compostable Product (rf-PBAT)	
 Korea	KEITI	 Eco-Label (EL724) (rf-PBAT, H100)	
		Standard	High Level

Biodegradable LIMEX, Another New Environmentally Conscious Material

Besides PBAT, another biodegradable material we have focused on is LIMEX. LIMEX is a material made by combining plastic and limestone, which can replace conventional plastics. We have been actively conducting the research, development, and commercialization of biodegradable LIMEX, beginning with the establishment of SK TBMGEOSTONE in 2021 through a joint venture with Japan's TBM, which owned LIMEX technology. SKC's biodegradable LIMEX is an innovative material that integrates existing PBAT with limestone, a natural ingredient, and fully biodegrades under specific conditions without leaving any plastic residue. In November 2023, LIMEX's H100 product received biodegradability certifications from TUV Australia and KEITI in Korea. SK TBMGEOSTONE is currently planning to establish a biodegradable LIMEX production facility with an annual capacity of 36,000 tons in the Hai Phong Economic Zone in Vietnam, alongside the SK leaveo PBAT plant. In January 2024, the company entered the paint container market by signing a business agreement with Samhwa Paints Industrial, a leading domestic paint manufacturer, to develop biodegradable paint containers. Starting from March 2024, SK TBMGEOSTONE launched a ‘Detergent Refill Station’ in collaboration with E-MART 24 and supplied refill containers made of biodegradable LIMEX material. Going forward, it will carry out diverse projects applying biodegradable LIMEX with the aim of enabling consumers to become environmentally conscious.

(Left) Samhwa Paints Industrial's paint container made of SK TBMGEOSTONE's biodegradable LIMEX material (Right) ‘Detergent Refill Station’ set up in collaboration with E-Mart 24



Innovating Chemical Business with High Value-added ‘Care Material’

SKC established a joint venture, SK picglobal in 2020, centering on the production of not only PO, a raw material for plastics, but also propylene glycol (PG), a material derived from it. PG is a high value-added material widely used in pharmaceutical, food, and cosmetic manufacturing due to its non-toxic nature and outstanding moisturizing and antibacterial properties. In line with the anticipated global rising demand for PG, SK picglobal has expanded its high-value downstream business accordingly. In addition to R&D and process advancements to produce high-quality products, it aims to expand its global logistics network and establish itself as a reliable supplier in high value-added markets such as North America and Europe. SK picglobal put environmentally friendly values first throughout its production process. For the production of PO, a raw material for PG, the company has adopted the innovative ‘hydrogen peroxide propylene oxide (HPPO)’ method, which was first commercialized at its Ulsan plant, showcasing an innovative possibility. It has set a new global standard by producing only water as a by-product of PO, unlike conventional methods. On top of that, the company is capitalizing on advanced wastewater resource technology in the PG production process while minimizing its environmental impact across all stages, with the ambitious goal of achieving the industry’s lowest level of carbon emissions.

Carbon footprint label acquired for
SK picglobal’s PG, PO, and SM
(Jul. 13, 2022-Jul. 12, 2024)



SK picglobal’s PG Product Lineup

Material name	Main application
PGUSP/PGF 	Raw material for pharmaceutical, cosmetic, food additives, personal care, etc.
PGI 	Paint and coating solvent, plasticizer solvent, refrigerant solvent, etc.
DPG FG 	Cosmetics, personal care, pastilles and fragrances
DPG I 	Unsaturated polyester resin reactive agent, UV acrylate monomer reactive agent, etc.
TPG 	UV hardener, cosmetics, EV battery solvent, lubricants, polyol initiator, etc.



SKC Special: Launch of SK leaveo



‘We Leave Zero,’ a slogan of SK leaveo, a new company name for Ecovance

The groundbreaking ceremony of SK leaveo’s biodegradable material production plant held in Hai Phong, Vietnam in May 2024



In April 2024, Ecovance, a subsidiary of SKC promoting biodegradable materials business, was officially launched with a new name, SK leaveo. SK leaveo’s mission, ‘We leave zero after decomposition in nature,’ encapsulates the core values of its biodegradable material business model. Besides the rebranding, the new slogan ‘We Leave Zero’ was also disclosed, reinforcing the company’s commitment to sustainability.

In 2024, we commenced construction of a PBAT production plant with an annual capacity of 70,000 tons in Hai Phong, Vietnam, which will become the world’s largest PBAT single plant. Hai Phong, one of Vietnam’s three largest cities alongside Hanoi and Ho Chi Minh City, is recognized as the country’s primary port city and a key industrial hub. Notably, the Hai Phong Special Economic Zone, where SKC’s biodegradable material production facility will be located, is known as a place optimized with port and logistics infrastructure, making it an ideal location for operations.

SK leaveo’s plant in Hai Phong aims for mass production from the third quarter of 2025, and it has proactively secured land for future expansion. This facility will produce PBAT through raw material mixing and polymerization processes. By streamlining the production process with SKC’s world-class expertise accumulated for over more than 40 years, particularly including nanocellulose reinforcement technology, it significantly reduced investment costs and raised productivity. On top of that, with full support from the local government, the facility will utilize 100% renewable energy for its electricity needs, aligning with its commitment to implement ‘RE100’ (Renewable Electricity 100%).

SK leaveo decided to collaborate with Vietnam’s largest plastic company to create a local biodegradable industry ecosystem. As part of this partnership, the company has entered into a long-term PBAT purchase agreement and made an equity investment, with plans to export biodegradable plastic products to major global markets. Looking ahead, SK leaveo will further expand SKC’s biodegradable material business through the mass production of high value-added biodegradable products for various applications, including plastic products, non-woven fabrics, and textile products containing plastic resin.

Our ESG Path Towards a Better World



SKC has proclaimed its vision, as an ‘ESG Solution Provider for the Next Generation.’ In line with this vision, we have developed a management system and strategies, which are now in full operation. With a firm commitment to promoting the sustainability of our planet, our home, and to bringing greater happiness to a wide range of stakeholders, we will incorporate ESG practices into all our business operations, supported by our robust governance.

ESG Vision & Strategy



E. We take action to combat climate change.



S. We create a future together with everyone.



G. We strive for trustworthy governance.



ESG Management Approach



ESG Vision & Strategy

ESG Solution Provider for the Next Generation

In 2022, SKC unveiled its vision as a ‘Global ESG Material Solutions Company,’ and further solidified this in 2023 with the declaration of its ESG vision as an ‘ESG Solution Provider for the Next Generation.’ This vision represents our dream of a world where future generations can lead plentiful and secure lives. In alignment with this vision, we are vigorously transitioning our portfolio towards business of environmentally friendly materials, EV batteries, and semiconductors. We aim to align our ESG management activities with KPIs for effective management. We are setting pertinent targets related to GHG emissions reduction, waste reduction and the adoption of clean technologies and are fully committed to achieving these goals. In particular, we plan to scale up our investments in clean technologies, which will enable us to continually develop and manage materials for EV batteries and products¹⁾ that incorporate clean technologies. Through these collective efforts, SKC will realize ESG management in its unique way, leading the way in addressing environmental issues and simultaneously delivering ESG value to our stakeholders.

¹⁾ This refers to materials used in EV batteries, which include ‘copper foil,’ a key component of these batteries, among the clean technologies as defined by MSCI.

Threefold ESG Goals and Execution Strategies

With the goal of defining our approach and strategies towards the ESG vision, we conducted a survey among stakeholders. Based on the results, we identified three keywords: ‘unique products,’ ‘sustainable environment,’ and ‘pursuit of stakeholder happiness.’

We have incorporated these into our company vision and the ‘ESG solution,’ which is a core part of our ESG vision. This has led us to define our three objectives: ‘ESG Solution for Specialty,’ ‘ESG Solution for Sustainable Environment,’ and ‘ESG Solution for Stakeholders.’ We have formulated strategies to achieve these objectives and identified key tasks that align with them.

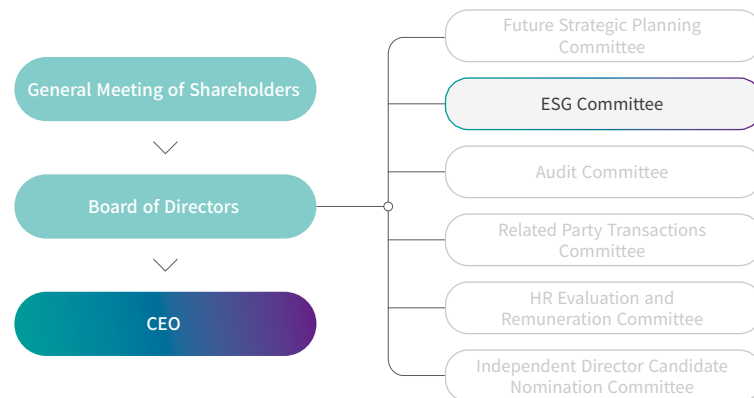
ESG Vision	ESG Solution Provider for the Next Generation					
Policy	Environmental		Social		Governance	
Three Objectives	ESG Solution for Specialty - Boldly innovating to transition into three key business areas: EV batteries, semiconductors and green materials - Investing strategically to fuel future growth and broaden our global expansion		ESG Solution for Sustainable Environment - Contributing to rectifying climate change, waste and biodiversity issues - Minimizing our environmental footprint across all business operations, with a focus on achieving ‘Net Zero’ GHG emissions		ESG Solution for Stakeholders - Placing the happiness of all stakeholders including employees, local communities, shareholders, suppliers and consumers at the heart of our business operations - Providing various solutions with a firm belief that stakeholder happiness is an ultimate driver of our sustainable growth	
Execution Strategies	Future Technology Innovation & Growth		Environmental Management Environmental Performance		Social Responsibility Happiness Management	
Key Activities	- Strengthen business portfolio and carve out new markets - Ramp up R&D efforts - Innovative our business model based on digital transformation		- Establish a resource circulation ecosystem - Minimize environmental impacts of our business operations - Respond to climate change - Manage pollutants and hazardous substances		- Pursue stakeholder happiness - Put happiness management into action - Support suppliers and supply chains - Contribute to the growth of local communities	
UN SDGs						

ESG Vision & Strategy

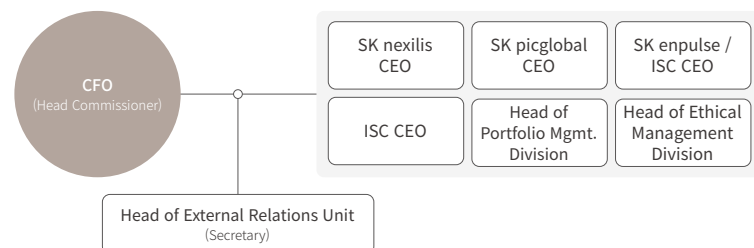
ESG Governance

We have established an ESG Committee under the Board of Directors, our top decision-making body, with the aim of implementing sustainable management in a well-structured manner. Separately, the Sustainability Management Committee, which is comprised of the heads of SKC divisions and representatives of subsidiaries, along with the ESG Working Group, which includes executives responsible for strategies and business planning of SKC and its subsidiaries, meet on a quarterly basis to identify tasks and share progress. Through these measures, we have elevated our ESG management to new heights.

ESG Committee Under the Board of Directors



Sustainability Management Committee Composition



ESG Committee



With the objective to drive sustainable growth, SKC has established an ESG Committee under the guidance of the Board of Directors. This committee is tasked with managing mid- to long-term strategies across environmental, social and governance sectors. Specifically, it reviews the approach to strategies over the mid- to long-term and conducts risk management with ESG perspectives incorporated. It also expands discussions on matters that are considered for pre-deliberation from the ESG perspectives among agenda items to be presented at board meetings.

Member: Independent Director Park Si-won (Head Commissioner), Independent Director Kim Jung-in (member) and Executive Director Yoo Ji-han (member)

Sustainability Management Committee



The Sustainability Management Committee convenes on a quarterly basis, with the primary purpose of laying the foundation for company-wide sustainability management. It is responsible for assisting subsidiaries in ESG management, enhancing their management levels and actively responding to customer demands. By doing so, the committee has contributed to setting the ESG stage, which in turn leads to improved business competitiveness. In addition, it is in charge of analyzing the impact of changing policies and discussing countermeasures against them.

Member: CFO, SK nexilis CEO, SK picglobal CEO, SK enpulse / ISC CEO, ISC CEO, Head of Ethical Management Division, Head of Portfolio Mgmt. Division and Head of External Relations Unit (Secretary)

ESG Working Group



The ESG Working Group, composed of executives responsible for strategies and business planning at SKC and subsidiaries, operates under the Sustainability Management Committee. This group assumes the role of identifying ESG issues and associated tasks. Before the convening of the Sustainability Management Committee, significant agenda items related to sustainable management are discussed.

Member: Director of BM Innovation Group, Director of SHE Group, Director of Global Strategy Group at SK nexilis, Director of Strategic Planning Group at SK picglobal, Director of Strategic Planning Group at ISC, Director of Business Support at SK leaveo, Head of External Relations Unit (Working Group Head Commissioner), and ESG Management Team Leader (Secretary)

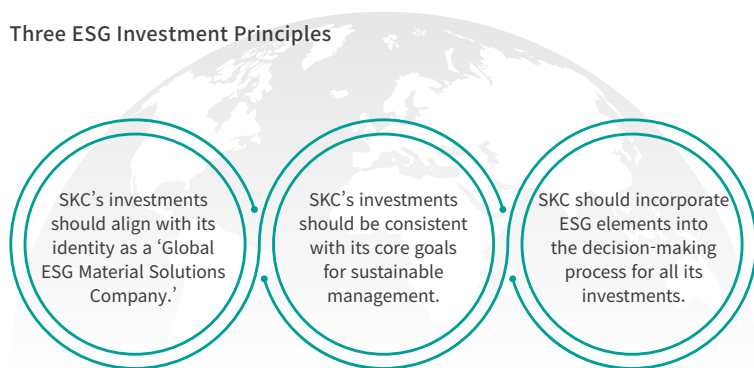
ESG Vision & Strategy

ESG-based Investment Process

ESG has actively incorporated ESG factors into all investment decision-making processes. In striving to live up to our identity as a ‘Global ESG Material Solutions Company’ and to progress towards our mid- to long-term goal of achieving ‘2040 GHG Net Zero,’ we have improved our investment process based on ESG. To integrate this into business operations, we have hosted presentations for employees of the responsible departments to share these key changes with them.

In response to the growing importance of ESG-conscious investments, we have expanded the ESG checklist used by the Investment Review Committee from 14 to 92 items, thereby enhancing our review indicators. Furthermore, we have ensured its incorporation into all investment proposals. We have added the review process of the department in charge of ESG affairs and preliminary reviews through the ESG Committee, thereby identifying and managing ESG-related risks and opportunities. In 2023 alone, a total of three agenda items in the ESG area were examined for their impact among the agendas presented to the ESG Committee. The results were reflected in the outcome of the ESG Committee’s deliberation. In addition, we have introduced an Internal Carbon Price (ICP), which is designed to estimate carbon emissions from business operations and incorporate it into the deliberation on investment matters.

Three ESG Investment Principles



ESG Management Infused in Every Aspect of the Company

Since 2023, SKC has been managing its ESG performance, including that of its key consolidated subsidiaries. Leveraging the ESG core indicators of the SK Group and external evaluations, we assess our ESG performance. We disclose non-financial information, including that of our subsidiaries, through the release of sustainability reports. Based on these reports, we are working to elevate the evaluation and disclosure levels of our subsidiaries to new heights.

Policy

In response to the requirements from investors and external evaluators, SKC established a performance management system for its own ESG management and that of its subsidiaries in 2023. We have identified ten key focus areas that require intensive attention, such as achieving Net Zero GHG emissions and improving water and waste recycling, in each ESG area. Concrete targets, specific to the circumstances and business nature of each subsidiary, have been established and are inspected on a quarterly basis. Furthermore, we have conducted comparative assessments of ESG responses and performance with global peer groups in related industries for each subsidiary to help our subsidiaries reach the top-tier levels within the industry. Additionally, the Sustainability Management Committee operates to garner opinions from key management, including the CEO and subsidiary representatives, and to review the subsidiaries’ ESG goals and progress. Through these combined efforts, we strive for improved ESG management.



Goals

In 2023, we established a management system to address and improve key focus areas of our consolidated subsidiaries. In 2024, we plan to broaden the scope to include more common items and add specific items for each subsidiary to enhance management. Furthermore, we have separated quantitative data by subsidiary for individual disclosure to enhance the levels of ESG disclosure and assessments. In the coming years, we will expand the management scope to include overseas business sites, ensuring that our ESG management system covers all our subsidiaries. Aiming for the establishment of more robust ESG management systems of all subsidiaries by 2025, we are making concerted efforts to elevate our ESG management to a higher level.



Execution

SKC discloses key ESG data of its major consolidated subsidiaries, including their progress on the ESG journey, in its annual sustainability reports. Moreover, since 2023, the Sustainability Management Committee has been examining performance on a quarterly basis, based on each subsidiary’s ESG targets. Additionally, the Best Practices (BPs) of each subsidiary are shared to enhance performance management and invigorate ESG management.



E. We take action to combat climate change.

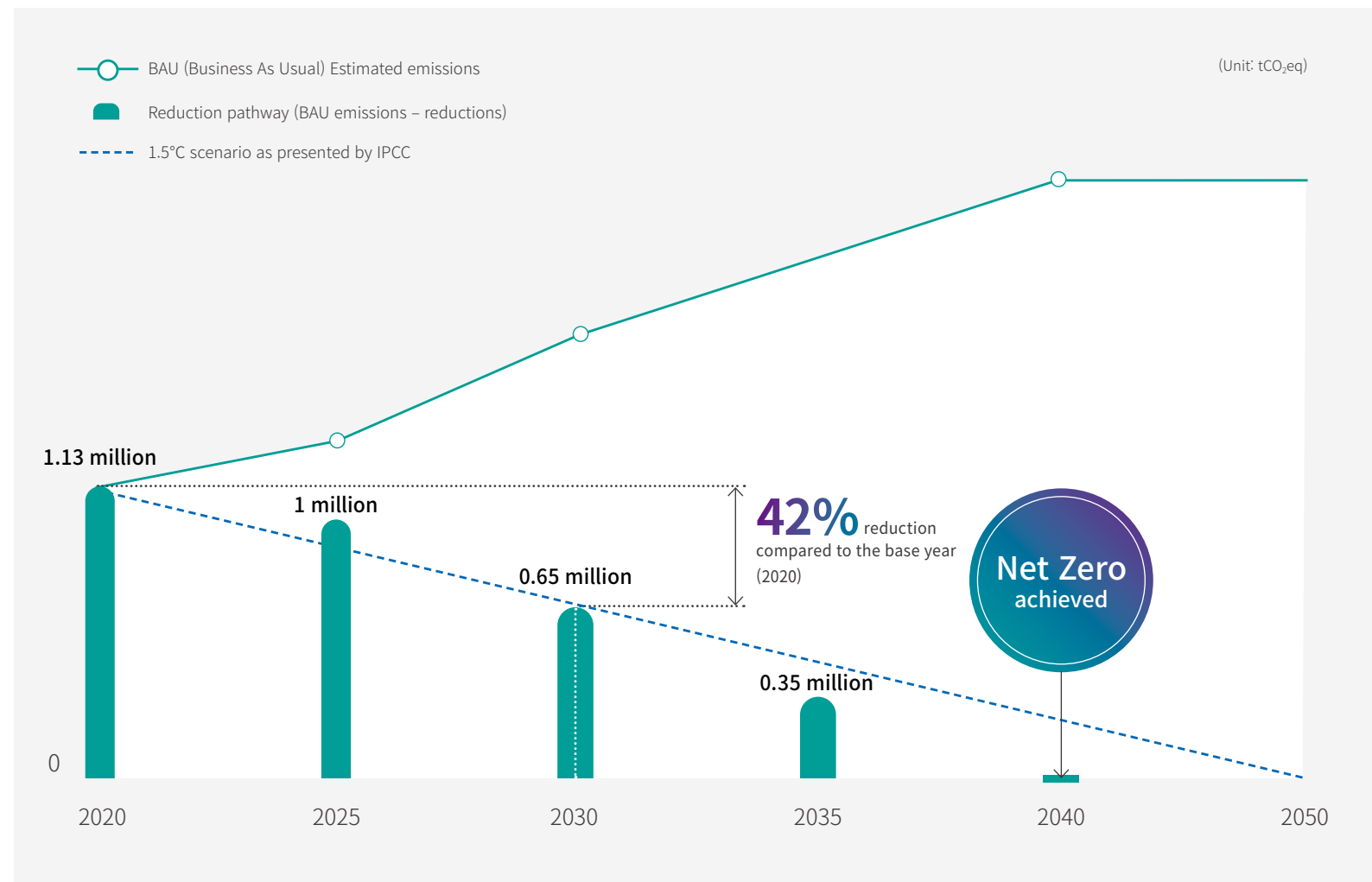
2040 Net Zero

SKC joined the Greenhouse Gas Management System in 2012 and was subsequently selected as a company subject to the Emissions Trading Scheme in 2015. This served as a catalyst for us to recognize the importance of GHG mitigation. In addition to complying with relevant laws and regulations, we proclaimed our commitment to '2040 GHG Net Zero' in 2020, following the government's declaration of the '2050 Net Zero' vision. This commitment, which is ten years ahead of the government's Net Zero target, marked the full-scale start of our efforts to combat climate change.

Our goal of '2040 GHG Net Zero' has been formulated with the 1.5°C scenario presented by the IPCC¹⁾ and the criteria set by the SBTi²⁾ incorporated, and it applies to both domestic and overseas business sites. As part of this goal, our mid-term target is to reduce GHG emissions by 42% compared to the levels of 2020 (base year) by 2030.

To achieve this goal, we formed an ESG Committee under the Board of Directors in 2021. This committee is aimed at managing primary ESG strategies, including Net Zero, and fostering sustainable growth. In addition, an internal organization dedicated to ESG affairs has been established to create a robust management system. Net GHG emissions are tied to company-wide KPIs and have also been selected as common indicators for ESG performance management for subsidiaries to ensure intensive management and oversight. In 2023, we refined our ESG investment process with the formulation of three ESG investment principles, which emphasize aligning investments with our sustainability management goal of '2040 GHG Net Zero.' Additionally, we have adopted the Internal Carbon Price (ICP) to incorporate the estimated costs of carbon emissions from the companies (businesses) we will invest in.

2040 Net Zero Roadmap



1) IPCC: Intergovernmental Panel on Climate Change

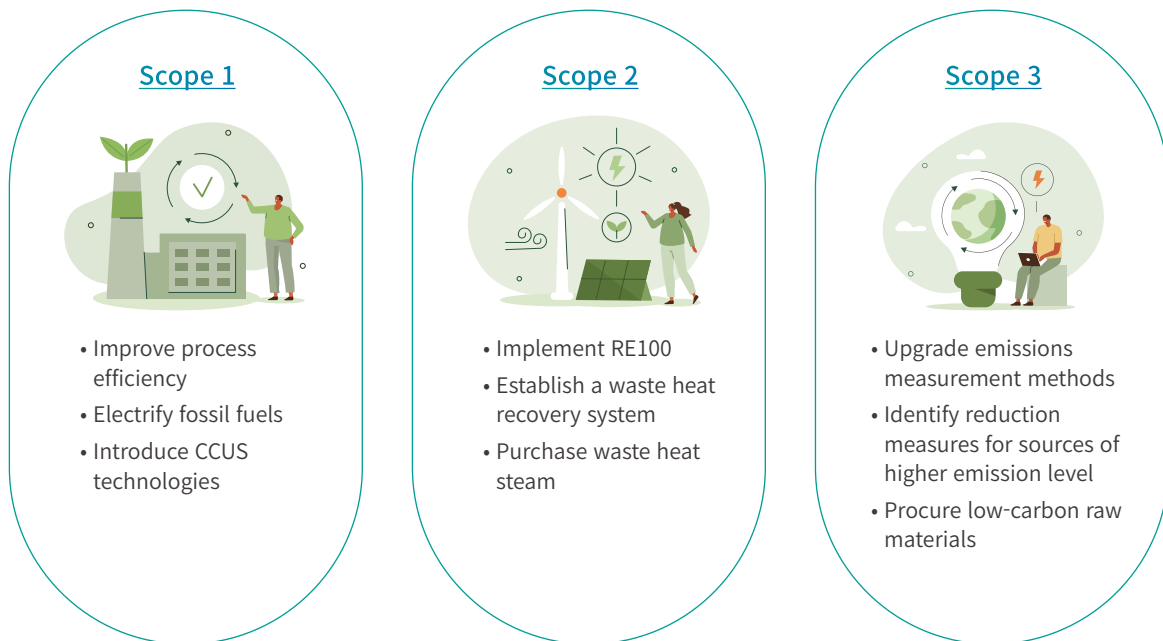
2) SBTi: Science Based Targets initiative

E. We take action to combat climate change.

Steps Towards Net Zero

In aiming for Scope 1 emissions reduction, we will improve the energy efficiency of process equipment to lower absolute energy consumption in the short term, while transitioning from fossil fuel to electrification to mitigate direct emissions in the long term. For energy sources that are difficult to electrify, we will adopt direct technologies essential for achieving carbon neutrality, such as CCUS¹⁾, considering the maturity of the technologies. When it comes to Scope 2 emissions, RE100 is an integral part of the reduction strategy. Accordingly, we are driving the commercialization and full implementation of RE100 at newly constructed or expanded overseas business sites. In terms of steam sourced from outside, a waste heat recovery system has been built, and the purchasing amount of waste heat steam has been expanded. Scope 3 emissions present the most daunting challenge for us to mitigate with our own efforts alone. To this end, we will cooperate with key stakeholders, including the supply chain and clients, through multifaceted efforts across emissions measurement advancement, selection of focus areas for intensive management, and the identification of reduction measures for emission sources emitting higher levels of emissions.

1) CCUS: It stands for Carbon Capture, Utilization & Storage which is a technology that separates and captures CO₂ from exhaust gases emitted from business sites for either storage or utilization.



Efforts in Full Swing to Achieve RE100 Goals

As part of our indispensable strategy for achieving '2040 Net Zero,' SKC has actively engaged in the RE100²⁾ initiative. Since becoming a member of this initiative in 2020, we have conducted a range of activities to transition to 100% renewable energy by 2040. In particular, approximately 85% of GHGs are projected to be emitted from power consumption in 2030, making RE100 a crucial element in achieving Net Zero emissions. The business site of SK nexilis in Malaysia is propelling RE100 through the procurement of Renewable Energy Certificates (REC³⁾) while the site in Poland plans to deliver RE100 through the purchase of Power Purchase Agreements (PPA⁴⁾) from the very start of its factory operations in 2026. Domestic business sites are utilizing the Green Premium in the short-term with the plan to transition to Power Purchase Agreements (PPA) and Renewable Energy Certificates (REC) over the mid- to long-term. In 2023, a total of 9,407MWh of renewable energy was consumed through the purchase of the Green Premium. In search of feasible measures to implement the RE100 in Korea, SK Group initiated the public procurement of PPAs in 2023. These efforts culminated in SK picglobal signing a PPA for the stable supply of solar energy sources over the next 20 years, starting from 2026, in March of this year.



2) RE100: It refers to Renewable Electricity 100%, an initiative that encourages companies to voluntarily switch to 100% renewable energy sources, such as solar or wind power, for their energy consumption.
3) REC: It stands for Renewable Energy Certificate, which that verifies the supply of energy has been generated through new and renewable energy facilities.
4) PPA: It stands for Power Purchase Agreement, which is a system that allows electricity users to procure renewable energy directly from power generators.

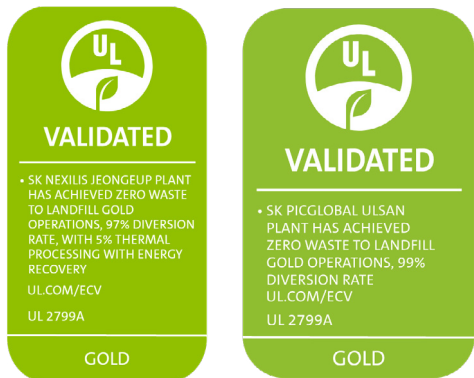
E. We take action to combat climate change.

Business Sites Embracing Eco-Friendly Practices for Minimal Environmental Impact

Waste and pollutants generated from business operations can have a significant impact on human daily life, as well as on our nature such as water and soil. In response to this, we refined our Safety, Health, and Environment (SHE) policy in 2022, aiming to create an environment conducive to resource circulation by reducing the use of water and raw materials. Additionally, we are safeguarding the environment of local communities through systematic management of chemicals.

Waste Management

In an effort to minimize waste generation, SKC has consistently recycled waste. SK nexilis is a model case, with a recycling rate of 96% for scrap metal, waste paper, and plastic waste at its business site in Jeongeup. This practice has accelerated the realization of zero waste landfills. This endeavor earned SK nexilis the Zero Waste to Landfill (ZWTL) Gold validation from Underwriters Laboratories (UL), a global safety verification company, in both 2021 and 2022.



SK picglobal also obtained the Zero Waste to Landfill (ZWTL) Gold validation for its annual waste recycling rate of 96% at its business site in Ulsan. At this site, byproducts generated during the effluent treatment process are recycled as fertilizer while carbonate of soda emitted from the process is used for refining processes at other companies. Both SK nexilis and SK picglobal are in the process of upholding their gold validation in 2023.

SK enpulse business sites in Cheonan and Anseong have made multifaceted efforts, including switching to general waste and recycling general waste, and discovering new recycling companies to expand the recycling of incineration and landfill waste, aiming for a recycling rate of 92%.

Pollution Management

SKC continuously monitors leakage status to ensure the management of air and water contaminants, with various systems adopted and operational.

As for air pollutants, SK nexilis' business site in Jeongeup has equipped with NOx burner facilities, enabling the site to reach 80% of the legally allowable emissions. Meanwhile, SK picglobal's Ulsan site has equipped itself with boiler incinerators, nitrogen removal facilities, and fine dust removal facilities, and has adopted clean fuels, which is a clear demonstration of its commitment to improve air pollution prevention facilities.

When it comes to water contaminants, the Jeongeup site has established a system to autonomously supply heavy metal removers, while replacing obsolete facilities in its waste treatment plant and conducting regular inspections to minimize the risks of contaminant emission. In addition, the Ulsan site has equipped itself with an oil detector at its external stormwater discharge point to ensure 24/7 monitoring of any oil pollutant leaks, while operating a monitoring system for the immediate detection of groundwater pollutants and sources of pollution.

Chemical Substance Management

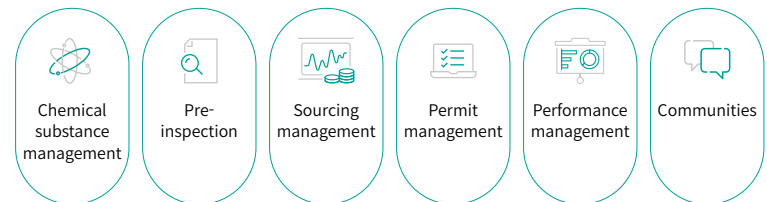
With the establishment of its chemical substance management system, SkyCHEMS, SKC regularly keeps itself up-to-date with changing chemical-related laws and regulations. Based on these, all chemicals are managed across every stage, including manufacturing, sourcing, storage, and distribution.

By staying abreast of the trends in external and internal chemical regulations, we ensure our strict compliance with pertinent laws and minimize risks. Moreover, we ensure that all chemical substances are managed in accordance with the criteria and procedures for chemical handling, which involve pre-checks and risk assessments before the adoption of chemicals. Each year, environmental impact assessments of chemical use are conducted with the safety work permit process in operations for toxic chemicals and hazardous materials.

Efforts are being made to replace harmful chemicals as much as possible across all production stages, ranging from product development to the manufacturing process. SK picglobal is in the process of switching to products containing alternative chemicals to discontinue the use of insulation materials for pipes, which contain refractory ceramic fibers, a hazardous chemical, in its chemical manufacturing process.

All these initiatives are a testament to our commitment to adhere to the registration and management of chemicals, and the reduction and substitution of toxic chemical substances.

'SkyCHEMS,' SKC's Proprietary System for Effective Chemical Management





SKC Special: Taking Climate Action Solutions to Next Level

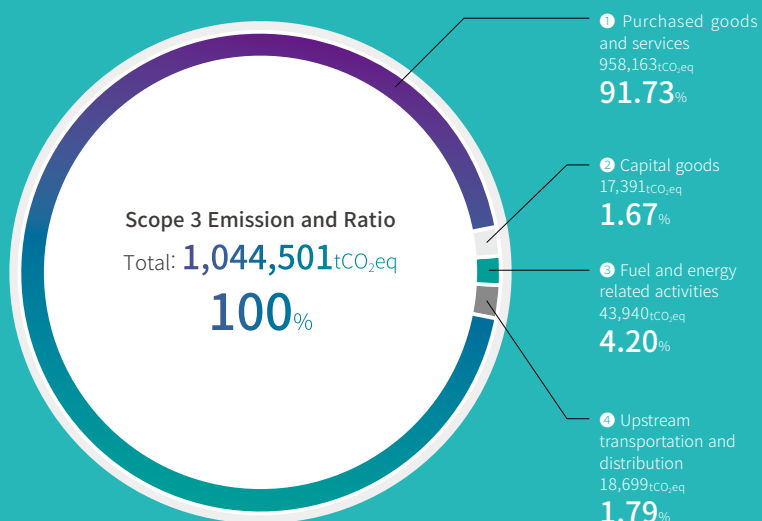
Scope 3 Emissions Management

We have been persistent in managing Scope 1, 2, and 3 emissions. In particular, we disclosed our Scope 3 emissions in 2023, which was a first for us. These emissions were verified by a third-party verifier. Among the 15 categories set by global measurement reporting criteria¹⁾, we selected and measured areas where we could secure data, and disclosed eight²⁾ of these categories. In the years ahead, we will remain committed to managing Scope 3 emissions and will formulate step-by-step mitigation strategies in collaboration with key stakeholders.

1) WRI & WBCSD, Corporate Value Chain (Scope 3) Accounting and Reporting Standard

2) C1,2,3,4,5,6,7,9

Scope 3 Emission and Ratio



5 Waste generated in operations 1,707tCO ₂ eq 0.16%	6 Business travel 1,539tCO ₂ eq 0.15%	7 Employee commuting 1,123tCO ₂ eq 0.11%	8 Downstream transportation and distribution 1,942tCO ₂ eq 0.19%
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Solutions for Climate-Related Risks

Transition Risks

Transition risks are unavoidable challenges posed by the rapidly evolving social and economic landscapes on the path towards Net Zero emissions. In response, SKC proactively analyzes and responds to risks arising from regulations concerning GHG emissions. Guided by the climate scenario³⁾, we assess the financial impact of fluctuations in carbon credits when using the Emissions Trading System. As for the Phase 4 (2026 ~ 2030), whose details have not yet been unveiled, we conducted an analysis based on the NDC⁴⁾ and NGFS⁵⁾ carbon price scenarios. Outcome of the analysis reveals that, under the assumption that there are no mitigation efforts, GHG emissions could incur approximately KRW 148 billion by 2030. To minimize the risk impact, we have adopted the Internal Carbon Price System, which is in full operation. Additionally, recognizing the mid- to long-term risks stemming from the EU's CBAM⁶⁾ and the recently adopted plastic tax, thorough reviews are underway of targets subject to the regulation and trends. Based on these, appropriate countermeasures are being developed.

Physical Risks

Utilizing the Climonomics[®] hazard modeling set by S&P Global, SKC conducted an analysis of the IPCC SSP- RCP⁷⁾ scenario, which allowed us to quantitatively understand the financial risks of physical elements derived from each business site and proactively formulate countermeasures. Based on the assets of the analysis targets, we unpacked global climate risks and socio-economic data through the framework of a quantitative economic model. We then estimated the rate of loss incurred by the eight climate-driven risk⁸⁾ impacts compared to current asset values. SKC will remain committed to analyzing physical risks over the short-, mid-, and long-term, and will formulate countermeasures and a management system.

3) IPCC 1.5 °C (World), NGFS 1.5 °C Below (Korea), NGFS 2.0 °C Below (Korea) 4) NDC: Nationally Determined Contribution 5) NGFS: Network for Greening the Financial System 6) CBAM: Carbon Border Adjustment Mechanism 7) SSP: Shared Socioeconomic Pathway, RCP: Representative Concentration Pathway 8) Abnormal temperatures, droughts, wildfires, water scarcity, coastal floodings, river floodings, typhoons, and heavy rains 9) MAAL: Modeled Average Annual Loss

Results of Physical Risk Analysis (~2050)

Risk Severity	Financial Impact
High	- Analysis reveals that the largest asset loss rate could come from extreme temperatures. By 2050, an estimated asset loss rate of approximately 1.51% for the entire company is projected, which is subject to change due to the expansion of our business portfolio. - SK nexilis' business sites in Poland and Malaysia had loss rates of 1.71% and 0.93% respectively. Domestic business sites had a relatively lower loss rate at 0.19%.
Mid	- River floods and heavy rains could incur the loss rate by 0.2%. Although this impact is lower than that of extreme temperatures in terms of severity, it ranks as the second and third elements. - For the entire company, the loss rate derived from river damage stood at 0.25%. SK nexilis' business site in Poland had a relatively higher rate of 0.16%, but other business sites had a relatively lower rate of under 0.1%. - Heavy rains are projected to cause a 0.27% loss rate for the entire company, with the site in Malaysia having the highest rate at 0.24%. The SK nexilis site in Poland had a slightly higher rate at 0.16% while domestic business sites were under 0.1%. - Water scarcity could lead to a 0.16% loss rate for the entire company. SK nexilis' site in Poland is estimated at 2%, which is higher than the entire company while the domestic and Malaysian business sites were at 0%.
Low	- Loss rates stemming from droughts, wildfires, and typhoons were each estimated to be under 0.1%, representing a lower level of risk. The loss rate arising from coastal flooding is projected to stand at 0% by 2050. - Business site with lower levels of physical risks derived from climate change are those of SK nexilis in Malaysia. The site is projected to have a combined loss rate of 1.25% for the eight disasters.

S. We create a future together with everyone.

Corporate growth goes hand in hand with that of stakeholders. SKC has classified its key stakeholders into customers, employees, shareholders, local communities, and suppliers. We have put in place a range of channels specific to each stakeholder for communication. Based on this, we incorporate their feedback and opinions into our business operations. The subsequent outcomes are transparently disclosed in our sustainability report and on our website.



Key Activities by Stakeholder

Stakeholder	Key Communication Channel	Activity
Customers 	• YouTube • Website • Mobile Platform	• Uploaded videos showcasing our key initiatives and news • Posted a notice on the 'reporting channel' within the ethical management section of SKC's website • Launched the 'My Green Place' application and provided information on waste separation
Employees 	• Happiness Connect (Labor-Management Meeting) • Diversity Table, CEO-Employee Dialogue • Common Ground • Happiness Newsletter • Educational programs	• Comprised of employee members, held a briefing on its operation, and surveyed employees for improvements in benefit packages • Hosted the 1st, 2nd, and 3rd Diversity Table led by the CEO, serving as a platform for communication with the CEO and collected and incorporated employees' opinions • Gathered employees with common interests to stimulate idea exchange and transformation • Conducted activities related to corporate culture and HR issues, and provided relevant news • Revamped the in-house learning course 'Diligent Learn' and invited external instructors to give special lectures
Shareholders 	• General Meeting of Shareholders • Performance presentations, NDR, etc. • Meetings, events, etc. • Website • Hot-line	• Held General Meeting of Shareholders and implemented an electronic voting system • Announced quarterly performance and conducted NDRs both domestically and abroad • Held conferences and meetings attended by local and overseas securities firms and analysts, and hosted IR events, such as Investor Day, Tech Day, and Line Tour • Launched a website dedicated to Investor Relations (IR) to provide relevant information and operated a Q&A section • Operated an IR hotline to respond to investors via phone calls
Local Communities 	• Local networks • Contribution to local communities	• Operated 'My Green School,' an environmental educational program mainly for elementary schoolers in the vicinity of our business sites • Carried out a campaign for National Cemetery cleaning and a sharing kimchi event with love
Suppliers 	• Training for suppliers • Consulting • Shared Growth Fund • Website and procurement portal	• Held seminars for subsidiaries' CEOs and employees and provided educational assistance • Assessed suppliers on their ESG management and offered ESG management consulting services • Expanded the coverage of the Shared Growth Fund to include investors and suppliers • Operated communication channels through the reporting channel or procurement portal within the website



SKC Special: Our Journey from ‘My Green Place’ to ‘My Green School’

In April 2022, SKC unveiled ‘My Green Place,’ a game-based recycling information platform for the first time in Korea, which was followed by the launch of the environmental education program, ‘GO! Green Hero,’ in September of the same year utilizing ‘My Green Place.’ This program aimed at raising awareness of environmental protection and waste separation for disposal among elementary school students, our future societal leaders, in the vicinity of our business sites. Furthermore, various activities using ‘My Green Place’ were carried out, including ‘My Green Life,’ a waste pet bottle collection campaign for members, and ‘My Green Campus,’ which is intended to induce the practice of separate emissions on university campuses. To prevent this environmental initiative from ending as a one-off event, we officially launched ‘My Green School’ in September 2023. With the greatly upgraded ‘GO! Green Hero,’ we have formed an alliance with a specialized agency to run the program, thereby ensuring professionalism.

‘My Green School’ is an educational program aligned with regular educational courses for elementary school students. It is one step advanced from its pilot program, ‘GO! Green Hero.’ This program is designed to be linked to our ESG vision, ‘ESG Solution Provider for the Next

Generation,’ to provide future generations, including elementary school students and university students, with opportunities to directly experience the importance of the environment. In the first session, they learn about the need for resource circulation and how to separate waste using diverse content. They then proceed to the second session where they are given opportunities to separate waste for disposal using the ‘My Green Place’ application and card teaching materials. ‘My Green Teachers,’ who run this educational course, are selected through a competitive process with an 8 to 1 ratio. SKC Family members and students are chosen as teachers at a ratio of 1 to 1, forming one team. These selected ‘My Green Teachers’ visit elementary schools near SKC and its subsidiaries’ business sites to conduct ‘My Green School.’ Last year, a total of 1,053 elementary school students from 46 classes participated in this program. They learned the correct methods for waste separation and disposal, and incorporated these practices into their daily lives.

Launching ceremony for ‘My Green School’ held at SKC headquarters in May 2024.



Self-created ‘My Green School’ educational content



These activities culminated in ‘My Green Place’ securing more than 100,000 users in December 2023. Subsequently, it was designated as a new ‘excellent environmental education program¹⁾’ by the Ministry of Environment in May 2024. In the coming years, a wide range of activities under the ‘My Green School’ will be conducted to contribute to narrowing the disparity in education among regions and promoting environmental protection.

1) Excellent environmental education program certification is issued by the Ministry of Environment to programs selected for their excellence. This selection is made after assessing multiple aspects of the programs, such as their characteristics, composition, and educational activities.



Link to ‘My Green Place’ introduction

G. We strive for trustworthy governance.

Board Composition

(As of May 2024)

SKC, with its foundation in board-driven management, is committed to the happiness of all stakeholders. We take a comprehensive approach, considering the happiness of employees and stakeholders alike in our decision-making. We believe that creating social value will lead to greater economic value from our stakeholders, and we have fostered cooperative and trust-based relationships with them. We have made it a rule that the creation and review of company goals and management strategies are responsibilities of the board. We also incorporate ESG management policies into decisions regarding the allocation of management resources and capital. Furthermore, we ensure alignment between the company's goals, values, strategies, policies, and practices with our sustainability-oriented corporate culture through systematic reviews.




Park Young-seok
Chairman of the board of directors / Independent director

Expertise
Financial/Accounting
Term 2022.03. ~ 2025.03.

Experience and Roles

- Current) Professor at Sogang University, Department of Business Administration
- Current) Hanjin KAL Independent Director




Park Si-won
Independent director

Expertise
ESG, Law
Term 2024.03. ~ 2027.03.

Experience and Roles

- Director of Environmental Law Center at Kangwon National University, Institute of Comparative Legal Studies
- Current) Professor at Kangwon National University, Law School




Chae Eun-mi
Independent director

Expertise
Global business
Term 2023.03. ~ 2026.03.

Experience and Roles

- CEO of the Korean branch of FedEx
- Vice President of the Transportation Committee at the Korea Chamber of Commerce and Industry




Park Won-cheol
CEO

Expertise
General Corporate Management
Term 2022.03. ~ 2025.03.

Experience and Roles

- Head of New Business Team at SK SUPEX Council (Vice President)
- Current) CEO of SKC




Kim Jung-in
Independent director

Expertise
General Corporate Management
Term 2023.03. ~ 2026.03.

Experience and Roles

- Vice President of business generalization at Hyundai Card Co., Ltd.
- Current) CEO of Hyperlounge Co., Ltd.




Shin Chang-ho
Non-executive director

Expertise
General Corporate Management
Term 2024.03. ~ 2027.03.

Experience and Roles

- Chief of Autonomous Responsible Management Support Group, SUPEX Council
- Current) Chief of Portfolio Management Division at SK Inc.




Yoo Ji-han
Executive director

Expertise
General Corporate Management
Term 2024.03. ~ 2027.03.

Experience and Roles

- Chief of Investment 2 Team, SUPEX Council
- Current) CFO of SKC

G. We strive for trustworthy governance.

Board Independence

SKC appoints independent directors with the objective to ensure that the Board of Directors functions independently from management and controlling shareholders. We mandate that there be three or more independent directors to practically uphold the independence of the board, and they constitute the majority of all directors. Furthermore, we have put in place the Independent Director Candidate Nomination Committee aimed at ensuring fairness in recommending candidates for independent director positions. The independent directors make up the majority of the committee to ensure its fairness and independence in the recommendation process for independent directors.

Board Diversity

SKC strives for a balance among expertise, experience, capacity, and gender in its board composition to ensure that its Board of Directors effectively fulfills their roles and responsibilities. This diversity brings varied perspectives to the board, enabling efficient discussions and objective decision-making. To enhance diversity, we appointed an additional female director in March 2023. As of December 2023, female directors constitute half of the independent directors.

Board Expertise

The Board of Directors is comprised of individuals equipped with the experience, knowledge, and expertise required for the company, enabling the board to make practical contributions to management. Currently, our directors' expertise spans various sectors including business management, accounting / finance, global business, risk management, and ESG management.

Giving Vitality to Board Communication

External Communication Director

(Shareholder Communication Director)

SKC appoints a shareholder communication director as an external communication director. The shareholder communication director is tasked with interacting with external stakeholders, such as shareholders and ESG evaluation agencies. The director attended a meeting with institutional investors held in November 2023, including Investor Day, and discussed the ESG value pursued by the board. Going forward, with the external communication director playing a central role, we will intensify our efforts to invigorate communication with external stakeholders through activities such as hosting NDRs both domestically and internationally, and attending ESG forums hosted by securities firms.

Internal Communication Director

(Employee Communication Director)

SKC appoints an internal communication director in charge of communication with employees. The director actively engages in communication activities with employees to share company policies and approaches. In particular, the internal communication director shares the results of the board's reviews, decisions, and the discussions made by the Happiness Promotion Committee with employees, which has laid the foundation for a refined corporate culture. Additionally, we take advantage of the experience and capabilities of independent directors to give lectures to employees. In June 2023, Independent Director Chae Eun-mi gave a lecture on 'diversity and inclusivity conveyed by global companies' CEOs' to 100 employees of SKC and its subsidiaries, while Independent Director Kim Jung-in provided a lecture covering employee career development.





SKC Special: Publishing Our Inaugural Activity Report

With the aim of sharing the board's activities, evaluation methods, and remuneration system for the Board of Directors, SKC published its inaugural Activity Report in 2023. We have solidified the independence, expertise, diversity, and remuneration system grounded in objective grounds for the board while publishing our first leading Activity Report to ensure transparent disclosure of data in regard to the board activities. Through all these combined efforts, we will make our governance more sound, thereby enhancing ESG management.



Board Evaluation

The adoption of the Board Skills Matrix enables us to give concrete shape to the capabilities and professionalism required for board operations. We compile a list of evaluation items covering seven areas: organizational operations, finance & accounting for management and supervision, company's investment activities such as M&A, international relations, regional risks, global business, and risks related to the environment, society, and governance, legal risk analysis and responses or laws, and public policies. Using these items, we assess the board's capabilities and expertise, and select independent director candidates who can contribute to the achievement of goals in our mid- to long-term business plans (financial story).

Furthermore, we individually assess the board's activities and each director, thereby refining the board's capabilities and enhancing governance. In 2023, we conducted a more rigorous assessment of the board based on the outcome of the assessment held in 2022, and then reported the results to the board in May 2023. These results are incorporated into the status diagnosis aimed at identifying areas of improvement in terms of board and committee composition, decisions for the composition of the next board, and reappointment of directors.

CEO Evaluation

SKC ensures performance evaluation based on corporate values and principles. When it comes to performance evaluation, we take into consideration SKMS¹⁾, financial story, and the business environment. In pursuit of the continuous happiness of employees and stakeholders, SKMS emphasizes corporate value elevation and transparent communication. We infuse such SKMS into performance evaluation so that the value for stakeholders, including employees, can be elevated to the next level. Along with this, SKC has made strides towards becoming a global ESG material solutions company. Accordingly, the growth of the company is tied to the performance evaluation for the CEO, which accelerates the momentum for growth. The elements assessing the degree of growth include the pursuit of sustainable growth through a bold transition to a new portfolio, market competitiveness secured backed by greater customer value, and ESG-focused business operations. In addition, business landscape including a paradigm shift in CEO performance assessment, improved board-driven management, and a switch to a corporate value-based management system are comprehensively taken into account.

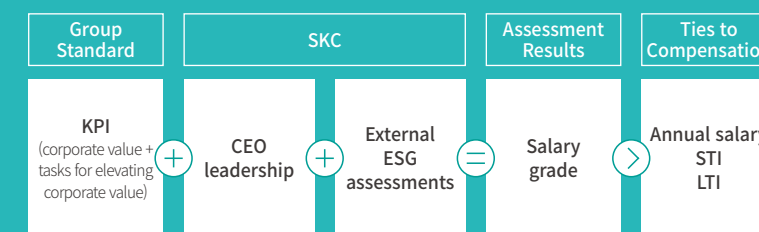
1) SK Management System: It refers to SK Group's management philosophy, which outlines the fundamental approach to management. This philosophy includes methodologies that allow us to incorporate this management philosophy into practical management.

Driving Sustainable Growth through Corporate Value-based Performance Evaluation



Evaluation Indicators

In terms of evaluation, SKC pursues both separate and collective approaches simultaneously. We have utilized the evaluation methods of the Group, with the addition of our industry-specific elements to ensure board-driven fair evaluations. On top of that, CEO leadership and external ESG evaluation results are used as evaluation indicators.



Compensation System Tied to Assessment

SKC has established a transparent compensation system tied to performance (corporate value), guided by the Group standards. Our compensation system for the CEO is comprised of an annual salary, STI, and LTI. For the annual salary, the Group guide serves as a basic reference, and we have considered our own compensation criteria. In addition, the HR Evaluation and Remuneration Committee and Board of Directors deliberate and make decisions on the procedures and results of the compensation, thereby enhancing transparency and earning trust from stakeholders.

Annual salary	We have an annual salary tied to performance, however, we refrain from a mechanical linkage to KPIs. Taking into consideration various aspects encompassing the promotion of the CEO, role expansion, business climate, and qualitative performance, the board decides on MI ⁴⁾ according to the evaluation grade.
STI	STI is composed of TI ⁵⁾ , which is based on the achievement of business goals, and VI ⁶⁾ , which takes into consideration the tasks for corporate value improvement.
LTI	LTI is provided in the form of PSU ⁷⁾ , reflecting corporate value and changes in the market.

2) Long Term Incentive
3) Short Term Incentive

4) Merit Increase
5) Target Incentive

6) Value Incentive
7) Performance Stock Unit

ESG Management Approach

Double Materiality Assessment

SKC conducts a double materiality assessment each year with the aim of identifying ESG topics that could impact our sustainability and prioritizing them, thereby minimizing ESG risks. To this end, we have adopted the framework of the GRI (Global Reporting Initiative) Standards, global criteria for sustainability reporting, as well as the concept of double materiality presented by the CSRD (Corporate Sustainability Reporting Directive) set by the European Commission. This approach enables us to understand both the impact of ESG issues on the external environment and society, and our finances. The identified material issues are incorporated into our business operations in alignment with our ESG vision and strategies. The related performance is transparently reported in our sustainability report every year.

Double Materiality Assessment Process

Step 1.	Step 2.	Step 3.	Step 4.
Topic selection	Topic impact identification	Impact assessment	Prioritization
- Study GRI, MSCI, SASB topics - Conduct a benchmark analysis (key peer groups) - Analyze internal and external business management materials - Review material topics of the previous year	- Examine domestic / global regulations and guidelines - Investigate controversies within the industry over the past three years - Review the awareness of investor groups regarding related risks and opportunities. - Identify the scope of impact and period of occurrence	Environmental & Social Impact Materiality - Questions for assessment (impact assessment on a scale of one to five) ① Occurrence probability ② Impact severity (scale, scope, resilience) Financial Materiality - Questions for assessment (impact assessment on a scale of one to five) ① Direct and measurable financial impacts or risks ② Topic-related regulations or government's policies ③ Impact of high expectations for sustainability management and demand for performance on finance ④ Impact of stakeholder awareness and societal trends on our performance ⑤ Impact of opportunities for innovation through the provision of a new competitive edge on our financial performance	- Conduct an integrated analysis of impact assessment results - Make results verified by a third-party verifier - Obtain management approval

Results of Double Materiality Assessment

Topic	Impact		Page
	Impact Materiality	Financial Materiality	
① Chemical safety management	●	●	72~74
② Climate action	●	●	33~38
③ Reduction of waste and pollutants	●	●	39~46
④ Occupational safety and health enhancement	●	●	63~69
⑤ Expansion of eco-friendly technologies and businesses	●	●	13~16, 48~50
⑥ Product safety and quality management	●	●	70~71
⑦ Supply chain management	⦿	●	79~83
⑧ Water and wastewater management	●	⦿	39~45
⑨ Human resources management	⦿	⦿	51~59
⑩ Supervision of the board's ESG and risk management	⦿	⦿	94~95
⑪ Human rights management enhancement	⦿	⦿	75~78
⑫ Advancement in ethics and compliance	⦿	⦿	100~106
⑬ Contribution to local communities	⦿	⦿	84~86
⑭ Biodiversity preservation	⦿	⦿	39



ESG Management Approach

Breakdown of Double Materiality Assessment

Key Material Topic	Chemical Safety Management	Climate Action	Reduction of Waste and Pollutants
Risks and opportunities	- Costs incurred due to breaches of relevant laws during the production, export, use, and distribution of chemicals - Non-compliance risks posed by changing overseas regulations, such as the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), when exporting - Costs incurred or human casualties occurred due to chemical leakage or contact accidents - Establishment of a portfolio free from toxic chemicals, leading to business expansion and elevation of corporate value	- Increases in costs and product costs are expected due to climate-related regulations, such as restrictions on carbon emissions and fossil fuels - Sales increases in EV materials owing to rising demand for EVs because of the global regulations restricting the sales of internal combustion engine vehicles - Sales increases arising from growing awareness of and demand for eco-friendly products among customers - Sales decreases derived from declining demand for products due to the failure to meet the GHG reduction demand from stakeholders	- Costs incurred by violations against legally allowable emissions of air and water pollutants, and additional costs for waste recycling during the manufacturing process - Reduced energy costs through waste recycling - Direct and indirect environmental impacts on local communities near business sites due to waste generation and pollutant emissions - Rising demand for and sales increases in recycled products stemming from growing customer awareness of resource circulation
Business strategies	- Advance the chemical management system (SkyCHEMS) for risk management across the entire procedures from chemical sourcing to use - Introduce unmanned robots and facilities to minimize chemical accidents - Conduct chemical environmental impact assessments and risk assessments to identify their potential risks and minimize them	- Adopt an Internal Carbon Price System and consider carbon emissions when investing in a new business - Link GHG reduction to C-Level KPIs to engage subsidiaries in efforts to reach Net Zero - Scale up investments in EV materials in line with growing demand for EVs (copper foil, and silicon anode) - Transition to low-carbon fuels and renewable energy sources for power generation	- Reinforce BMs for high-strength PBAT, biodegradable LIMEX, and step up R&D efforts - Recycle effluent and sludge to use as materials for cement production, increasing the recycling rate - Conduct environmental impact assessments of business sites to minimize their environmental footprints on local communities - Enhance our prompt responsiveness to any leaks of contaminants through the autonomous monitoring system for air and water quality
Goals	- Register seven kinds of raw materials and byproducts, in addition to two kinds of products (MP, TPM) by 2024 - Discontinue the use of insulation materials for pipes containing refractory ceramic fibers and replace them with alternative chemical-embedded products by 2024 - Complete the registration of 4th batch of raw materials and seven byproducts by 2027, and 5th batch of raw materials and two kinds of byproducts by 2030	- Reduce Scope 1 and 2 emissions to achieve Net Zero emissions by 2040 - Improve energy efficiency and conclude long-term PPAs to secure renewable energy sources to accomplish RE100 goal - Expand the scope of Environmental Management System (ISO 14001) to include more business sites	- All business sites obtain the ZWTL (Zero Waste To Landfill) validation by 2030 - Boost effluent and waste recycling by business site



ESG FACTBOOK

Environmental

Climate Action	33
Resource Use and Pollutant Reduction	39
Expansion of Environmental Management	47

Social

Human Resource Management	51
Work and Life Balance	60
Enhancement of Occupational Safety and Health	63
Product Safety and Quality Management	70
Chemicals Safety Management	72
Advancement of Human Rights Management	75
Supply Chain Management	79
Contribution to Local Communities	84
Enhancement of Information Security	87

Governance

Enhancement of Board-oriented Management	90
Advancement of Ethical Management and Compliance	100



Climate Action

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Governance

SKC recognizes the significance of stakeholder demands, including those from shareholders, customers, and the government, to respond to climate change. The ESG Committee and the internal Sustainability Management Committee discuss climate change response strategies and risks while creating organizations for execution to carry out practical work and management.

CEO and Management

The CEO holds decision-making authority over environmental management, including climate change response, based on a profound understanding of the potential business impacts stemming from climate change. Additionally, we incorporate GHG reduction achievements into the key performance indicators (KPIs) of C-Level personnel in SKC and its subsidiaries¹⁾ applying them to our compensation system to encourage active participation from investors in achieving Net Zero goals.

1) SK nexilis, SK picglobal, SK enpulse

ESG Committee

In May 2021, we established the ESG Committee under the Board of Directors to expand ESG-related decision-making and promote the sustainable growth of the company. The ESG Committee discusses the mid- to long-term strategic direction and risk management measures for overall ESG, including major environmental issues related to climate change.

[Major Agenda Items of ESG Committee]

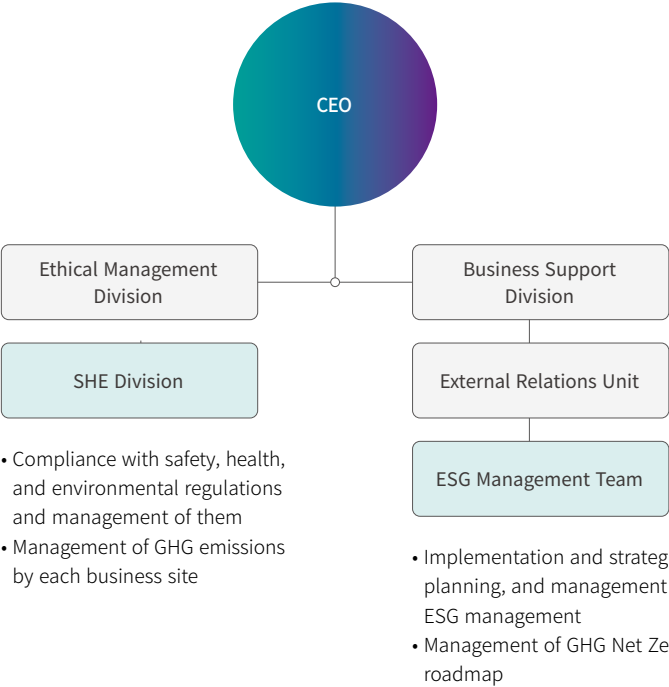
No.	Date of meeting	Agenda	Details
4 th	May 16, 2023	Discussion	Report on the results and implementation strategy of the Net Zero roadmap
5 th	June 12, 2023	Review	Review of the introduction of an internal carbon pricing system
9 th	September 13, 2023	Review	Review of Scope 3 GHG measurement results
10 th	November 21, 2023	Review	Report on the progress of the promotion of joint PPA purchases

In 2023, the committee, composed of the CEO and two independent directors, held a total of 10 meetings to discuss and review climate change issues, such as the establishment and implementation of the Net Zero roadmap. On top of that, the committee annually reports SHE goals and performances as well as SHE risk management matters.

Execution Organizations for Environmental Management

SKC oversees environmental management tasks, including response to climate change, management of environmental performances and emissions, and business site management, led by the SHE Division, which is in charge of environmental laws and regulations, and the ESG Management Team, which is dedicated to executing ESG management.

[Organizations Dedicated to Environmental Management]





Climate Action

Environmental

Climate Action [↗](#)
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Strategy

In recognition of our corporate responsibility for resource use and pollution resulting from our business operations and management activities, we strive to contribute to a sustainable future for our next generation. To this end, we have established the SHE Policy, reflecting our commitment to environmental protection, climate change response, and sustainable resource use. By setting a company-wide Code of Conduct and strategy for managing GHGs, energy, environmental pollutants, water, and the circulation of raw materials, we have strengthened our environmental management. We also strictly comply with environmental laws and manage improvement areas to mitigate corporate risks associated with climate change in advance. We are actively participating in GHG reduction initiatives and are committed to achieving Net Zero and RE100 goals. As part of our endeavors, we control GHG and energy usage across all our business workplaces, including overseas sites.

[Climate Change Risks and Opportunities]

Risk / Opportunity type				Impact period		Financial impact	Responses
				Short-term	Mid- to long-term		
Transition	Policy and legal	Strengthened policies and regulations related to carbon emissions	Risk	○	○	• Rising costs for purchasing carbon credits • Rising costs for carbon credit liabilities	• Promoting GHG emission reductions with the goal of Net Zero 2040 • Improving energy efficiency through the replacement of outdated equipment and the applying new technologies • Pushing forward RE100
		Rising electricity prices due to fossil fuel regulations	Risk	○	○	• Increasing product costs due to rising electricity expenses	• Making long-term fixed contracts for renewable energy PPAs
		Global regulations on internal combustion engine vehicle sales	Opportunity		○	• Growing sales of EV materials due to rising demand for EVs	• Expanding investments in materials for EVs (copper foil, silicon anode materials) to meet the increasing EV demand
	Market	Increasing demand for GHG reduction	Risk	○	○	• Decreased sales due to unmet customer requirements	• Promoting energy efficiency and RE100
		Growing customer demand related to eco-friendliness	Opportunity	○	○	• Growing sales through the development and expansion of eco-friendly products	• Expanding investments and development of products with eco-friendly certifications (biodegradable plastics) and products that reduce customers' power consumption (glass substrates)
Physical	Chronic	Rising average temperature	Risk		○	• Rising operating costs due to higher heating and cooling usage • Rising labor costs due to decreased worker productivity	• Reducing power costs through improved heating and cooling efficiency • Enabling process automation

Risk Management

As a materials manufacturing company, SKC is fully aware of the potential climate change risks, including disasters caused by climate change, delays in raw material supply and demand, and business interruption losses. In order to address these challenges, we are identifying both transition and physical risks, forecasting the financial impacts based on the type of risk, developing response strategies accordingly. We conducted transition risk and physical risk assessments targeting SK nexilis, SK picglobal, SK enpulse¹⁾.

1) Cheonan and Anseong sites



Climate Action

Environmental

- Climate Action 
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Metrics & Target

2040 Net Zero

With an objective of realizing Net Zero by 2040, SKC has formulated concrete implementation plans in accordance with the Net Zero roadmap established in 2022. This roadmap aligns with the IPCC’s 1.5°C scenario and SBTi’s guidelines, encompassing all our global business sites on top of the domestic sites. Our goal is to achieve Net Zero GHG emissions by 2040. To demonstrate our firm commitment and capability, we have set an intermediate target to reduce GHG emissions by 42% from the baseline year (2020) emissions of 1.13 million tCO₂eq by 2030. To reach the target, we plan to invest in high-efficiency power and energy-efficient facilities, and expand the use of waste heat steam. Furthermore, starting in 2023, we will manage ESG performance on a quarterly basis, overseeing GHG data for all domestic and overseas business sites to reinforce our Net Zero implementation system.

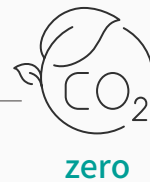
Net Zero

GHG reduction

42% reduction by 2030

(compared with the 2020 level)

Achieving Net Zero by 2040



Implementation of RE100

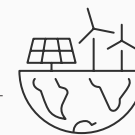
Implementing RE100 is a crucial strategy for achieving our Net Zero goals. Accordingly, we will actively pursue RE100 and accelerate our efforts towards carbon neutrality by gradually increasing the proportion of renewable electricity used to 42% by 2025 and 79% by 2030. By joining RE100 in 2020, we declared our commitment to achieve full RE100 across all business sites by 2040. Currently, the Malaysian business site of SK nexilis is pursuing RE100 through REC purchases while the site in Poland plans to purchase PPA from the initiation of plan operation from 2026 to achieve RE100.

RE100

Ratio of renewable energy use

Achieving 79% by 2030

Achieving RE100 by 2040



RE100



Climate Action

Environmental

Climate Action 
Resource Use and Pollutant Reduction
Expansion of Environmental
Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety
and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights
Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented
Management
Advancement of Ethical Management
and Compliance

Performance

GHG Emission Management

We manage GHG emissions and carbon credits in strict compliance with domestic laws and regulations regarding GHG, following the GHG Management Regulation enacted in 2018. Utilizing the Operation Information System (OIS) and the Manufacturing Execution System (MES), we monitor and analyze GHG and energy use data, including power, fuel, and process gas, across the company on a daily basis. With an aim to guarantee the accuracy and reliability of our emissions measurements, we perform third-party verifications at each business site. We actively use the calculated GHG emissions data to implement the Emissions Trading System in Korea, thereby stepping up our GHG mitigation efforts.

Scope 1 and 2 Management

We are implementing GHG reduction activities at both corporate and site levels, such as transitioning to low-carbon fuels and introducing waste heat steam, aiming to achieve Net Zero by 2040. For Scope 1 emissions, we are transitioning from fossil fuels to electric energy, considering process efficiency during the transition. For direct emission sources where immediate power conversion is challenging, we are considering mid- to long-term alternatives based on technological maturity. Besides, we are striving to cut down on Scope 2 emissions, which result from the energy purchased and used externally, by minimizing electricity consumption.

As a result, we achieved our reduction goals in 2023 for Scope 1 and 2 net emissions based on the Net Zero Roadmap.

Scope 3 Management

In 2023, we expanded our management scope, disclosing our Scope 3 emissions, which went through the third-party verification for the first time. We selected key management areas from Scope 3’s 15 categories and disclosed a total of 8 categories. We plan to establish continuous management and gradual reduction strategies in collaboration with major stakeholders in both upstream and downstream sectors.

Energy Management

Capitalizing on the Operation Information System (OIS) and the Manufacturing Execution

System (MES), we systematically manage daily energy consumption data by each business site. On top of that, we strive to lessen our energy consumption by introducing and replacing production equipment and systems. For instance, SK nexilis replaced the drying blowers in the stripping process at Jeongeup Plant from ring blowers to turbo blowers, resulting in an annual electricity savings of about 1,252,217 kWh¹⁾.

1) The annual power calculation result from real-time measurements at the time of equipment replacement



Climate Action

Environmental

Climate Action [↗](#)
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

GHG

					2023				
		Unit	2021	2022	Total	SKC	SK nexilis	SK picglobal	SK enpulse
GHG emissions ⁷⁾	Total GHG emissions (Scope 1, 2) ¹⁾	tCO ₂ eq	1,110,081	931,479	607,693 ²⁾	1,911	190,594	407,788 ³⁾	7,400
	- Direct output (Scope 1)	tCO ₂ eq	607,191	518,972	343,870	416	19,226	324,228	0.06
	- Indirect output (Scope 2) ⁴⁾	tCO ₂ eq	502,890	412,507	263,823	1,495	171,368	83,560	7,400
	Intensity (Scope 1, 2) ⁵⁾	tCO ₂ eq	490	297	387	-	-	-	-
	Other indirect GHG emissions (Scope 3) ⁶⁾	tCO ₂ eq	-	2,499,790	1,044,501	389	42,795	996,249	5,068
	C1. Purchased goods and services	tCO ₂ eq	-	2,338,019	958,163	-	14,189	940,155	3,818
	C2. Capital goods	tCO ₂ eq	-	49,890	17,391	-	6,157	10,914	320
	C3. Fuel and energy-related activities	tCO ₂ eq	-	46,042	43,940	48	15,203	28,179	509
	C4. Upstream transportation and logistics	tCO ₂ eq	-	50,405	18,699	-	4,495	14,199	5
	C5. Waste generated in operations	tCO ₂ eq	-	2,837	1,707	-	752	780	176
	C6. Business travel	tCO ₂ eq	-	1,291	1,539	252	981	261	45
	C7. Employee commuting	tCO ₂ eq	-	2,731	1,123	89	651	200	183
	C9. Downstream Transportation and Logistics	tCO ₂ eq	-	8,574	1,942	-	368	1,562	12
GHG reduction	Intensity (Scope 3)	tCO ₂ eq/KRW 1 billion	-	796	665	-	-	-	-
	Total reductions (Scope 1, 2)	tCO ₂ eq	(131,509)	152,144	285,117	-	-	-	-
	- Direct reductions (Scope 1)	tCO ₂ eq	(49,744)	61,761	136,433	-	-	-	-
	- Indirect reductions (Scope 2)	tCO ₂ eq	(81,765)	90,383	148,684	-	-	-	-

1) Net GHG emissions target for 2023: Less than 1.02 million tons
2) Data for SKC, nexilis, and SK picglobal is calculated based on the guidance for reporting and verification of GHG emissions trading scheme (No. 2023-221 provided by Ministry of Environment, Republic of Korea), while data for SK enpulse is self-calculated as the company not subject to the Emissions Trading System
3) SK picglobal's GHG emissions figures may change in the future as adjustments are made during the implementation of Emissions Trading System regulations.
4) Location-based method for emissions
5) Sales for calculating intensity are based on consolidated sales in the Business Report
6) The total emissions by each subsidiary are rounded to the nearest whole number, and the company-wide total emissions are the sum of these rounded values
7) All three-year emissions for Scope 1 and 2 include flare stack, and the emissions values for 2021 and 2022 have been revised to include flare stack



Climate Action

Environmental

Climate Action

Resource Use and Pollutant Reduction
Expansion of Environmental
Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety
and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights
Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented
Management
Advancement of Ethical Management
and Compliance

Performance Data

Energy

		Unit	2021	2022	2023					
					Total	SKC	SK nexilis	SK picglobal	SK enpulse	
Domestic business site	Total	Total energy consumption	GJ	19,551,405	16,691,760	10,958,495	38	3,959,572	6,852,374	146,511
		Direct energy consumption	GJ	4,656,492	4,823,624	3,339,600	3	2,299	3,337,297	1
		- Gasoline	GJ	7,513	7,350	1,934	3	1,751	180	-
		- Diesel	GJ	6,778	4,551	3,555	-	546	3,008	1
		- Kerosene	GJ	4,436	4,387	7,016	-	-	7,016	-
		- LPG	GJ	2,469,858	2,402,663	2,153,928	-	2	2,153,926	-
		- Others (including by-product oil, by-product gas, etc.)	GJ	2,167,943	2,404,672	1,173,168	-	-	1,173,168	-
		Indirect energy consumption	GJ	14,894,897	11,868,136	7,618,895	35	3,957,273	3,515,077	146,510
		- Electricity ¹⁾	GJ	10,411,711	8,436,055	5,464,109	31	3,580,983	1,746,115	136,980
		- Steam	GJ	1,877,027	2,047,996	1,323,795	-	-	1,314,265	9,530
		- Others (including gas (LNG))	GJ	2,606,161	1,384,085	830,991	4	376,290	454,697	-
		Intensity ²⁾	GJ/KRW 1 billion	5,757	5,319	6,977	-	-	-	-
		Total power consumption	MWh	1,084,552	877,907	570,809	3,254	371,580	181,705	14,269
		Total renewable energy consumption	MWh	14,645	14,834	9,407	-	-	9,243	164
		Renewable energy consumption	%	1.4	1.7	1.65	-	-	5.09	1.15
		Renewable energy usage ratio per supply method	MWh	14,645	14,834	9,407	-	-	9,243	164
		- Green premium	MWh	14,645	14,834	9,407	-	-	9,243	164

1) A figure converting total electricity consumption (MWh) to energy consumption (GJ) under the Guidelines on Public Sector GHG Target Management Operation, etc. [enforced on February 1, 2024]

2) 2023 energy consumption intensity target: 5876.59 ~ 3949.13

Resource Use and Pollutant Reduction

Environmental

Climate Action

Resource Use and Pollutant Reduction [➔](#)

Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management

Chemicals Safety Management

Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Strategy

SKC strives to strengthen our environmental management by reflecting our firm will for environmental protection, climate change response, and sustainable resource use into our SHE management policy and establishing regulations and procedures for controlling environmental pollutants, such as air, water quality, waste, noise, and odor. We have put in place an immediate response system to address abnormalities utilizing a real-time monitoring system for air, water quality, and noise, minimizing the risk of civil complaints and legal violations in areas nearby our business sites. In addition, we measure emissions for each pollutant on a regular basis to identify areas for improvement and take corrective actions, aiming to minimize the environmental impact on the local community through continuous evaluation and enhancement of our monitoring system.

Risk Management

Environmental Compliance

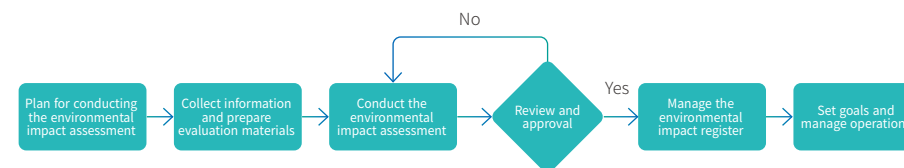
Based on our SHE management policy, we mandate that all our business sites comply with the requirements of environmental laws and regulations for pollutant discharge and prevention facilities. Each business site is required to obtain and manage the necessary permits to enhance environmental management across all workplaces. We also recognize the potential financial risks of fines and penalties resulting from exceeding pollutant discharge standards and inadequate control of prevention facilities. In order not to violate any environmental laws and regulations, we have established and managed internal standards for pollutant discharges at each business site. We defined installation and operational management standards for environmental facilities, conducting regular inspections. The results detected from these inspections, including achievements and areas requiring improvement, are reflected in our environmental goals or performance indicators. Furthermore, for business sites that have obtained ISO 14001 certification, including overseas business sites, we conduct internal audits and regular, ad-hoc, and special inspections and diagnosis in accordance with audit regulations. These audits verify compliance with environmental regulations and laws based on the specified targets and frequencies. Business sites where risks are identified through the audit should devise and carry out action plans, and the outcomes of these actions are also thoroughly reviewed.

Environmental Impact Assessment

Environmental Impact Assessment Process

In order to systematically identify the environmental impact of our business sites and proactively address and mitigate detected risks, we conducted environmental impact assessments at all business sites in 2021, 2022, and 2023, achieving a 100% implementation rate. We require the establishment of environmental goals and improvement plans based on evaluation results while documenting and managing regulations and procedures to ensure a systematic environmental impact assessment process. After defining each evaluation target and frequency (regular or irregular), we identify potential environmental impacts that may arise from management activities and business site operations, including product production, facility operation, and the provision of products and services. We then quantify the impact of these activities on the surrounding environment by assessing corresponding environmental pollutants in air, water, and waste. Evaluation results are derived according to established standards. During this process, we review items, such as pollutant discharge by source and compliance with acceptance level and management standards using a checklist. The evaluation results are scored, and an improvement plan is established and implemented based on whether the scores meet or fall short of the standard.

[Environmental Impact Assessment Process]



Environmental Impact Assessment of New or Expanded Sites

We established new SHE regulations for new or expansion projects at both domestic and overseas business sites in October 2023. To safeguard the ecosystem and prevent indiscriminate development, we have stipulated to conduct environmental impact assessments for all new or expanded business sites and establish and implement improvement plans for significant environmental impacts. Accordingly, before commencing any project, we evaluate the environmental impacts on the surrounding area, including the destruction of wetlands and ecosystems, disruption of flora and fauna habitats, deforestation, soil erosion, river pollution, noise, and vibrations. For any identified risks, we set up and carry out implement improvement plans. Construction begins only after completing the necessary corrective actions for any identified environmental risks. Subsequently, we conduct regular monitoring and inspections of environmental impacts throughout the duration of the project until its completion.

Resource Use and Pollutant Reduction

Environmental	
Climate Action	
Resource Use and Pollutant Reduction	➔
Expansion of Environmental Management	
Social	
Human Resource Management	
Work and Life Balance	
Enhancement of Occupational Safety and Health	
Product Safety and Quality Management	
Chemicals Safety Management	
Advancement of Human Rights Management	
Supply Chain Management	
Contribution to Local Communities	
Enhancement of Information Security	
Governance	
Enhancement of Board-oriented Management	
Advancement of Ethical Management and Compliance	

Metrics & Target

SKC has set a goal to achieve a 55% water recycling rate by 2025 to reduce water consumption in our production process, with plans to reach a global top-tier level by 2030. To meet these objectives, we have established a water recycling system within our business sites, allowing us to recycle wastewater generated during processes back into process water. We strive to expand and implement this system across all our business sites. Meanwhile, SK picglobal Ulsan and SK nexilis Jeongeup received Zero Waste To Landfill (ZWTL) Gold validation in 2022, preparing for ZWTL certification in 2023. Moving forward, we aim to extend the scope of certification to encompass all business sites, which will enable us to not only make advances in material development but also effectively manage waste generated during business our operations.

		2024	2025	2030
Water recycling rate		41% ¹⁾	55% ¹⁾	Elevated to the global top-tier level ²⁾
ZWTL	Number of business sites acquiring the certification	2	2	All business sites
	Rating	Maintaining Gold validation	Maintaining Gold validation	Maintaining Gold validation

1) Goals may change based on the expansion or new establishment of business sites and the incorporation of subsidiaries
2) The global top-tier level refers to the highest goal level set within the SK Group

Performance

Air Pollutant Management

SKC is equipped with a chimney Tele-Monitoring System (TMS) that can continuously monitor air pollutants, utilizing IoT systems, such as the leak detection and repair (LDAR)³⁾, a real-time system to control fugitive emission sources. By implementing an immediate response system for any abnormalities, we are minimizing civil complaints and public institution risks. Additionally, we strive to mitigating the environmental impact of our business sites on the local community by conducting regular system inspections and improvement activities. At SK nexilis Jeongeup, we adopted a nitrogen oxide burner facility to reduce nitrogen oxide and dust emissions, managing these emissions at levels between 40 to 60 ppm, which is 80% of the legal emission standard. Meanwhile, at SK picglobal Ulsan, we have introduced denitrification facilities for boilers and incinerators, dust removal facilities (Electrostatic Precipitator), and clean fuel for heaters since 2019, with an aim to ensure strict compliance with air pollutant emission standards. As such, we have been investing in improving air pollution control facilities every year. In 2023, we invested KRW 460 million in establishing a backup operating system for air pollution preventive facilities, thereby eliminating the risk of pollutant emissions in the event of emergencies, such as facility shutdowns. Besides, by connecting the piping networks between pollutant prevention facilities, we maximized operational efficiency and reduced annual nitrogen oxide emissions by 1.3 tons.

3) A system that controls the leaks of Volatile Organic Compounds (VOCs) from process facilities, such as valves, pumps, compressors, safety valves, and pipe connections

Water Pollutant Management

We internally analyze water pollutants generated from wastewater, conduct regular inspections, and perform continuous monitoring to prevent any leakage of water pollutants. In particular, SK nexilis has implemented an automatic supply system for heavy metal removers at its Jeongeup Plant to reduce water pollutant emissions and enhance biodiversity conservation. We have established rigorous self-management standards to ensure that pollutants in raw materials, such as heavy metals, remain within the limits prescribed by environmental regulations. To maintain continuous compliance with emission standards, we employ an automated system for managing pollutant emissions. Furthermore, in accordance with facility management standards and environmental impact assessment results, we have identified and replaced outdated wastewater treatment plants requiring renovation and repair. We also conduct regular inspections and implement continuous improvement activities to minimize the risk of pollutant emissions due to facility failures. SK picglobal Ulsan has installed oil detectors at external rainwater discharge outlets to continuously monitor for any potential oil pollutant leaks through the rainwater drainage system. In addition, with an aim to swiftly detect pollutants in the groundwater or polluted origins, we have adopted and operated a groundwater monitoring system.



Resource Use and Pollutant Reduction

Environmental

- Climate Action
- Resource Use and Pollutant Reduction 
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Performance

Water

To reduce water consumption and increase recycling rates at each business site, SKC has implemented strategic systems for managing data related to water use and resource circulation. SK picglobal Ulsan has relocated pipes for drinking water above ground and altered the paths of pipes for industrial water to minimize the loss of drinking water caused by water leakage. They have also collected stormwater that permeates the ground within the business site to use as firefighting water, resulting in a reduction of water use by 30 tons per hour, which is an exemplary practice for water conservation. Moreover, the company has reused process water and boiler condensate as industrial water, leading to a recycling rate of 17% out of total water consumption, equivalent to approximately 860,000 tons of water reused. SK enpulse Cheonan conducted a project for effluent minimization from 2022 through 2023. The establishment of a system for recycling process concentrated wastewater contributed to the reduction of 2,900 tons of wastewater per year. It ensures that its pollutant emissions are under 50% of the legally allowable level. In addition, the review of the legitimacy of permit exemption also contributed to the mitigation of 2,900 tons of wastewater generation per year. Reusing effluent as process water led to the reuse of approximately 2,000 tons of wastewater, accounting for 19% of the total water use at business sites in Cheonan and Anseong. SK nexilis Jeongeup has reused concentrated wastewater as process water, culminating in about 350,000 tons of water reuse, which is equivalent to 23% of the total.

Waste Waste Management

SKC has established a resource recovery process and conducted a variety of initiatives for resource circulation, aiming to reduce waste generation and boost recycling at each business site. SK picglobal Ulsan regularly inspects information regarding waste toxicity and improves waste separation methods for disposal. It also identifies and utilizes recycling companies for each type of waste as part of the efforts to transition from incineration and landfill to recycling. Furthermore, it examines the legality of the recycling process and relevant permits to ultimately transition to recycled waste. In 2023, four types of waste, which used to go into landfills or be incinerated, were converted to recycling. This led to a total of 1,302 tons of waste being recycled, and a savings of KRW 180 million per year in waste disposal costs. Waste oil was also upcycled into fuel for boilers, resulting in up to 50,000 tons of it being used to power

boilers per year. As for wastewater sludge, it has been reused as raw materials for manufacturing procedures at cement companies in an effort to promote wastewater recycling. Starting from 2023, SK enpulse Cheonan and Anseong have strived to transition to general waste and have identified new recycling companies to maximize the recycling of waste that goes into landfills or incineration, with the goal of reaching a 92% recycling rate.

Certifications and Initiatives for Waste Reduction

The acquisition of the Zero Waste to Landfill (ZWTL) validation from the Underwriters Laboratories (UL) each year recognizes our efforts in reducing waste sent to landfills. The Ulsan site of SK picglobal has facilitated recycling instead of landfill, which culminated in a 96% recycling rate in 2022. SK nexilis Jeongeup achieved a recycling rate of over 96% in both 2021 and 2022, leading to the attainment of Gold validation. Both of these business sites are putting in efforts to maintain the Gold validation.

Empowering Resource Circulation Business

SKC’s expansion of its biodegradable plastic business, such as compostable plastic PBAT and biodegradable LIMEX, along with its advanced technologies regarding biodegradable materials provide customers across the globe with innovative waste solutions. These efforts also contribute to waste mitigation in every corner of the business. Additionally, we have concluded an agreement with the Korea Chamber of Commerce and Industry, Climate Change Center, and social venture Montenum on ‘resolving plastic issues and disseminating an eco-friendly culture.’ We have joined efforts in the development of a game-based platform for waste separation, ‘My Green Place.’ Likewise, we have been at the forefront of permeating an environmentally-conscious plastic consumption culture.

Resource Use and Pollutant Reduction

Environmental

Climate Action

Resource Use and Pollutant Reduction 

Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management

Chemicals Safety Management

Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Performance Data

Air Pollutant

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
NOx	Emission ¹⁾	ton	236	187	123	-	15	108	-
	Intensity	ton/KRW 1 billion	0.07	0.06	0.08	-	-	-	-
SOx	Emission ¹⁾	ton	287	93	3.5	-	1.2	2.3	-
	Intensity	ton/KRW 1 billion	0.08	0.03	0.002	-	-	-	-
VOCs	Emission ¹⁾	ton	21	26	9	-	-	9	-
	Intensity	ton/KRW 1 billion	0.01	0.01	0.01	-	-	-	-
HAPs	Emission ¹⁾	ton	117	10	1.72	-	-	1.72	-
	Intensity	ton/KRW 1 billion	0.03	0.003	0.001	-	-	-	-
PM10	Emission ¹⁾	ton	22	19	17	-	11	5	1
	Intensity	ton/KRW 1 billion	0.01	0.01	0.01	-	-	-	-

1) Target for air pollutant emissions in 2023: Managed to 75% of legal standards



Resource Use and Pollutant Reduction

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Performance Data

Water Pollutants¹⁾

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
BOD	Emission	ton	42	38	16	-	16	-	-
	Intensity	ton/KRW 1 billion	0.01	0.01	0.01	-	-	-	-
T-N	Emission	ton	29	30	24	-	7	17	-
	Intensity	ton/KRW 1 billion	0.01	0.01	0.02	-	-	-	-
TOC	Emission	ton	60	70	72	-	50	22	-
	Intensity	ton/KRW 1 billion	0.02	0.02	0.05	-	-	-	-
SS	Emission	ton	17	15	19	-	3	16	-
	Intensity	ton/KRW 1 billion	0.01	0.005	0.01	-	-	-	-

1) In last year's report, COD and BOD were disclosed according to SK internal management standards, but TOC indicators were disclosed this year in accordance with the revision of the Water Environment Conservation Act 2022

Hazardous Chemical Substances

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Management	Number of substances	numbers	53	53	29	-	5	13	11
	Hazardous chemical consumption	ton	1,141,148	1,059,740	414,121	-	3,823	410,221	77
Leakage	Key hazardous chemical leaks	cases	0	0	0	-	0	0	0



Resource Use and Pollutant Reduction

Environmental

Climate Action

Resource Use and Pollutant Reduction [➔](#)

Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management

Chemicals Safety Management

Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Performance Data

Water

					2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Withdrawal	Total water withdrawal	ton	9,177,997	7,913,149	5,655,355	50,522	1,198,892	4,397,487	8,454
	- Third-party service water	ton	6,703,705	7,040,679	5,107,527	-	1,159,448	3,948,079	-
	- Municipal Water	ton	1,304,275	361,372	98,420	50,522	39,444	-	8,454
	- Ground water	ton	1,170,018	489,491	-	-	-	-	-
	- Surface water	ton	-	21,606	449,408	-	-	449,408	-
	Intensity	ton/KRW 1 billion	2,702	2,485	3,600	-	-	-	-
	Research Center	ton	-	-	50,522	50,522	-	-	-
	- Municipal Water	ton	-	-	50,522	50,522	-	-	-
	Jeongeup Plant	ton	-	-	1,198,892	-	1,198,892	-	-
	- Third-party service water	ton	-	-	1,159,448	-	1,159,448	-	-
	- Municipal Water	ton	-	-	39,444	-	39,444	-	-
	Ulsan Plant	ton	-	-	4,397,487	-	-	4,397,487	-
	- Third-party service water	ton	-	-	3,948,079	-	-	3,948,079	-
	- Municipal Water	ton	-	-	449,408	-	-	449,408	-
	Cheonan Plant	ton	-	-	7,691	-	-	-	7,691
	- Municipal Water	ton	-	-	7,691	-	-	-	7,691
	Anseong Plant	ton	-	-	763	-	-	-	763
	- Municipal Water	ton	-	-	763	-	-	-	763



Resource Use and Pollutant Reduction

Environmental

Climate Action

Resource Use and Pollutant Reduction [➔](#)

Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management

Chemicals Safety Management

Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Performance Data

Water

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Consumption	Water consumption	ton	9,541,262	9,991,553	6,878,294	50,522	1,552,863	5,264,468	10,441
	- Research Center	ton	-	-	50,522	50,522	-	-	-
	- Jeongeup Plant	ton	-	-	1,552,863	-	1,552,863	-	-
	- Ulsan Plant	ton	-	-	5,264,468	-	-	5,264,468	-
	- Cheonan Plant	ton	-	-	9,678	-	-	-	9,678
	- Anseong Plant	ton	-	-	763	-	-	-	763
	Intensity	ton/KRW 1 billion	2,702	3,138	4,379	-	-	-	-
	Reduction rate	%	12.7	-13.9	-28.3	-	-	-	-
Discharge	Total effluent discharge	ton	2,608,191	2,617,019	1,810,909	-	834,787	975,767	355
	- Third-party service water	ton	2,608,191	2,617,019	1,810,909	-	834,787	975,767	355
	Violations of discharge exceeding the allowable level	cases	0	1	0	0	0	0	0
Recycling	Amount of water recycled	ton	363,265	2,078,404	1,222,939	-	353,971	866,981	1,987
	Rate of water recycled	%	4.0	20.9	17.8	-	22.8	16.5	19.0



Resource Use and Pollutant Reduction

Environmental

Climate Action

Resource Use and Pollutant Reduction [➔](#)

Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management

Chemicals Safety Management

Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Performance Data

Waste¹⁾

					2023				
		Unit	2021	2022	Total	SKC	SK nexilis	SK picglobal	SK enpulse
Generation	Total waste generation	ton	32,990	22,415	15,600	114	6,255	8,657	574
	- General waste	ton	24,667	13,211	11,193	110	5,352	5,375	356
	- Designated waste (toxic waste)	ton	7,582	8,411	3,683	4	903	2,558	218
	- Construction waste	ton	741	794	724	-	-	724	-
	Generation intensity	ton/KRW 1 billion	10.8	7.0	9.9 ²⁾	-	-	-	-
Disposal ³⁾	Total waste disposal	ton	32,990	81,129	41,812	114	6,688	34,436	574
	General waste	ton	24,667	73,023	38,138	110	5,784	31,888	356
	- Reuse	ton	-	14	83	-	67	-	16
	- Recycling	ton	-	71,566	36,254	110	5,280	30,858	6
	- (General) Incineration	ton	-	404	-	-	-	-	-
	- (Heat recovery) Incineration	ton	-	168	767	-	432	-	335
	- Landfill	ton	-	871	1,035	-	5	1,030	-
	Designated waste	ton	7,582	8,106	3,673	4	903	2,548	218
	- Reuse	ton	-	355	56	-	-	-	56
	- Recycling	ton	-	6,439	2,624	-	498	2,126	-
	- (General) Incineration	ton	-	325	491	4	393	-	94
	- (Heat recovery) Incineration	ton	-	120	424	-	-	356	68
	- Landfill	ton	-	867	79	-	12	67	-
Recycling	Amount of waste recycled	ton	26,920	78,661 ⁴⁾	40,207	110	6,278	33,339	480
	Rate of waste recycled	%	83.5	97.0 ⁴⁾	96.2	96.6	93.9	96.8	83.7

1) Waste generation: based on data reported to the national Allbaro system Waste disposal and recycling: based on the data that received the Zero Waste To Landfill (ZWTL) validation.

2) Target for waste generation intensity in 2023: under 15.6.

3) The total amount by subsidiary refers to emissions after decimal point truncation. The total emissions for the entire company refer to the combined total emissions of each subsidiary.

4) 2022 data was recalculated with heat recovery incineration included, which causes a disparity from the previous report.



Expansion of Environmental Management

Environmental

[Climate Action](#)[Resource Use and Pollutant Reduction](#)[Expansion of Environmental Management](#)

Social

[Human Resource Management](#)[Work and Life Balance](#)[Enhancement of Occupational Safety and Health](#)[Product Safety and Quality Management](#)[Chemicals Safety Management](#)[Advancement of Human Rights Management](#)[Supply Chain Management](#)[Contribution to Local Communities](#)[Enhancement of Information Security](#)

Governance

[Enhancement of Board-oriented Management](#)[Advancement of Ethical Management and Compliance](#)

Strategy

In accordance with our education and training regulations, we have drawn up annual plans and schedules for education for our employees as well as our suppliers' employees. The scope of education covers statutory environmental training, trends in local and overseas laws and regulations restricting pollutants, and how to respond to chemical accidents. We also provide training based on emergency response scenarios, thereby helping them sharpen SHE capabilities. The performance regarding the education and training is reported to the CEO more than once every six months.

Risk Management

SKC has established its regulatory management system with the aim of minimizing non-compliance risks. This system allows us to monitor newly enacted or revised SHE-related regulations, totaling 30 in number, and share them with those in charge of SHE affairs at each business site. In accordance with the regulations and procedures of regulatory management, we have put in place a regulatory register and assess our compliance following the process of managing our duty for legal adherence more than once every half-year. The results are reported to the CEO. Another focus of ours is on the prevention of recurrence when a violation of the law occurs. To this end, we conduct re-inspections on internal facilities and systems related to the breach. Based on the results of these inspections, mitigation and improvement tasks are conducted with countermeasures taken. Additionally, we have formulated an educational curriculum for the Safety Academy, which is in full operation with the objective to minimize the risks of violating environmental safety regulations due to the failure to recognize or misinterpret enacted or revised regulations. This helps personnel responsible for SHE affairs in polishing their skills. We provide professional education on recent trends in regulations and newly enacted and amended laws while also providing information regarding external specialized education agencies offering pertinent education. Voluntary technical exchange meetings are also held, aiming to elevate employees' capabilities.

Metrics & Target

Expanding the Number of Certified Sites for Environmental Management Systems

In an effort to intensify environmental management for all business sites, SKC has expanded the scope of business sites obtaining the ISO 14001 certification.

[Targets for Obtaining ISO 14001 Certification^{1) 2)}]

		2024	2025	2026
Certified business sites	Total	7	8	9
	- Domestic	5	5	5
	- Overseas	2	3	4

1) Divested business sites excluded

2) Targets for certification acquisition are subject to change due to the establishment of new business sites or the incorporation of subsidiaries

Clean Technologies

In 2022, SK nexilis Jeongeup installed production facilities with a yearly capacity of 52,000 tons and completed the construction of its first global plant in Kota Kinabalu, Malaysia. This increased its production capacity to 110,000 tons in 2023. Taking advantage of its cost competitiveness and productivity, the construction of a manufacturing system, mainly in the plant in Malaysia, is underway. The company also adjusted the timeline for the extension of the Poland Plant with the goal of reaching a capacity of 140,000 tons by 2027. This will provide flexibility to respond to changing demands in Europe and other global markets. A plan to transition to 100% renewable energy to power global plants is in the pipeline to achieve the RE100 goals. Additionally, the adoption of innovative raw material technologies is being applied to reduce the carbon footprint of manufacturing processes and increase stability.

[Copper Foil Production Capacity]

	2024	2025	2027
Capacity of manufacturing system ³⁾	110,000 tons	110,000 tons	140,000 tons

3) Based on design capacity, it is subject to change due to fluctuating demand in the EV battery market and changes in the company's business circumstances.



Expansion of Environmental Management

Environmental

Climate Action
Resource Use and Pollutant Reduction

Expansion of Environmental Management 

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance

Environmental Management Certification

SKC has acquired the environmental management system ISO 14001 for its key domestic and overseas business sites. SK picglobal Ulsan achieved a recycling rate of 96% in 2022 while SK nexilis Jeongeup reached a recycling rate of 96% for consecutive years in 2021 and 2022. These achievements culminated in them being validated as Gold. Both business sites are making every effort to maintain their Gold validation in 2023. As for SK leaveo and SK TBMGEOSTONE, they obtained the Eco-Label (EL724) for their rf-PBAT and biodegradable LIMEX H100 in 2023.

[ISO 14001-certified Business Sites¹⁾]

Category	No. of certified business sites	Certified business sites
Domestic	5	SK picglobal Ulsan, SK nexilis Jeongeup, SK enpulse Cheonan, SK enpulse Anseong, SK enpulse Suwon
Overseas	1	SK nexilis Malaysia

1) Divested business sites excluded

Environmental Education

SKC has operated a variety of programs with the aim of sharing environmental knowledge and raising awareness of resource circulation. We have established a working-level council called ‘SHE together.’ The purpose of the council is to support employees in enhancing their skills required for environmental affairs and raise their awareness of environmental responsibilities. Its roles include providing specialized education, inspecting environmental facilities, conducting internal assessments in accordance with ISO 14001, and cross-checking among business sites. In 2023, a total of 12 SHE-related educational courses were offered, including a leadership course for leaders and practitioners, education on environmental regulations, and also on GHGs and chemicals. In 2024, we designed our curriculum to be comprised of beginner, intermediate, and advanced courses to provide SHE-related knowledge in a well-structured manner. In addition to our regular operations, we conduct technical exchange meetings. These meetings are attended by the responsible personnel from each business site, where they discuss key environmental issues and share their work-related knowhow and experiences. We provide ample opportunities for cross-checks among business sites to support them in building the required capacity. Moreover, in April 2023, we invited the Secretary General of the Climate Change Center to deliver an environmental-themed lecture attended by about 50 employees from our company and our subsidiaries. The event was successful in attracting attention by offering environmental knowledge.

Clean Technologies and Eco-friendly Certified Products

Embodying our ethos of a ‘Global ESG Material Solutions Company,’ SKC has been in the vanguard of developing and manufacturing clean technologies and eco-friendly certified products. These innovations directly contribute to mitigating carbon emissions and plastic production, such as copper foil, a raw material for EV batteries, and biodegradable materials.

2) rf-PBAT and biodegradable LIMEX H100 have received certifications for their biodegradability, such as the Eco-Label.

Copper Foil

SK nexilis boasts overwhelming technological prowess, enabling it to mass-produce the world’s thinnest copper foil at 4μm and 1.4m in width, which is also the longest at 30km. Leveraging this technology, it has developed a diverse product lineup with varying properties tailored to customers’ needs. Furthermore, SK nexilis has been relentless in its R&D efforts to develop copper foil required for next-generation batteries, thereby broadening the scope of its product portfolio.

PBAT

SK leaveo has independently developed technologies for high-strength PBAT, which is equipped with outstanding strength and processability by utilizing nanocellulose, extracted from trees, as a stiffener. This has addressed the weakness of the existing PBAT, which had lower durability. The advanced strength of the high-strength PBAT allows it to be used for various applications such as agricultural mulching films, packaging materials & containers, and textiles & non-woven fabrics. In 2024, it commenced the construction of a PBAT plant with a capacity of 70,000 tons per year in Hai Phong, Vietnam. This marks the beginning of its journey to achieve its goal of leading the global biodegradable materials market.

Biodegradable LIMEX

SK TBMGEOSTONE has developed biodegradable LIMEX, which is a combination of the existing PBAT and limestone, a natural substance. The commercialization of this product is currently underway. The biodegradable LIMEX is being marketed as a refill container for household goods. Production facilities, with an annual capacity of 36,000 tons, are planned to be established in Hai Phong, Vietnam. Building on this, we aim to expand the market reach of biodegradable LIMEX and undertake various business applications.

Expansion of Environmental Management

Environmental

Climate Action

Resource Use and Pollutant Reduction

Expansion of Environmental Management



Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management

Chemicals Safety Management

Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Performance

Resource Circulation Program

My Green School

With the goal of instilling the importance of resource circulation into leading future generations, SKC has operated an environmental program for elementary school students called 'My Green School.' This program is linked with 'My Green Place,' a plastic recycling information platform. 'My Green Place' is a game-based platform that provides information on separation and disposal in the form of a smartphone application. It was launched in 2022 in cooperation with the Korea Chamber of Commerce and Industry and the social venture Montenum. This was followed by the launch of 'My Green School' in 2023, an educational program that utilizes the 'My Green Place' application to provide environmental education in an easy and fun manner to elementary school students. Through this application, students can learn about the types of plastic used in products and how to separate them for disposal. This learning process is made enjoyable with activities such as group board games and card teaching materials. A total of 1,053 students from 46 classes have benefited from this education. Surveys of student and teacher satisfaction reveal that the student satisfaction score is 4.59 points and the teacher satisfaction level is 4.79 points out of five, which means the average satisfaction score stands at 4.69 points. Particularly in the first half of 2024, it obtained a certification for an excellent environmental education program¹⁾ from the Ministry of Environment, which is a testament to the reliability and public interest of this educational content.

1) Certification for Excellent Environmental Education Program: The Ministry of Environment grants certifications for excellent environmental education programs after assessing diverse aspects of the programs, including their characteristics, composition, and educational activities.



My Green Campus

In 2023, we initiated a campaign called 'Campus Green Hero,' targeting generation MZ. The campaign included various events, such as a mini 'Hole-in-One' board game using separated and released beverage lids, and hands-on experience of discovering discarded transport PET bottles and putting them into a shredder for resource circulation. The campaign contributed to building consensus among university students on the need for waste separation for disposal and improvement in infrastructure.

Resource Circulation Alliance Establishment

SKC is committed to promoting resource circulation through collaborations. This is exemplified by an MOU signed on 'embedding practices for resource circulation into every corner,' with the Ministry of Environment, Seoul Metropolitan City, Korea Environmental Preservation Association, Korea Climate & Environment Network, Container Deposit System Management Organization, Climate Change Center, LG Electronics, Binggrae, Haitaicecream, and Ricoh Korea. The conclusion of this MOU solidified our steadfast commitment to facilitating resource circulation within university campuses. In addition, we signed another MOU with the Korea Environmental Industry & Technology Institute (KEITI) to permeate our lives with resource circulation and eco-friendly practices. Based on this, diverse content has been developed, designed to encourage people to switch to product consumption labeled with Eco-Label²⁾. This information is provided through our a plastic recycling information platform, 'My Green Place.'

2) Eco-Label Policy: Refers to a system that grants an eco-friendly mark to products and services capable of minimizing the consumption of energy and resources, as well as pollutant emissions, during the course of manufacturing and consumption.

Expansion of Environmental Management

Environmental	
Climate Action	
Resource Use and Pollutant Reduction	
Expansion of Environmental Management	➔
Social	
Human Resource Management	
Work and Life Balance	
Enhancement of Occupational Safety and Health	
Product Safety and Quality Management	
Chemicals Safety Management	
Advancement of Human Rights Management	
Supply Chain Management	
Contribution to Local Communities	
Enhancement of Information Security	
Governance	
Enhancement of Board-oriented Management	
Advancement of Ethical Management and Compliance	

Performance Data

Environmental Management

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Environmental education	Number of employees subject to education ¹⁾	persons	1,337	1,617	928	2	607	270	49
	Educational hours	hours	5,198	9,692	4,880	6	1,338	3,296	240
	Educational hours per capita	hours	3.9	6.0	5.3	3.0	2.2	12.2	4.9
	Participation rate ²⁾	%	72	83	68	1	84	81	53
Environmental investment	Environmental investments	KRW 100 million	56	106	3.82	0	2.85	0.86	0.11
Clean technology sales ³⁾	Sales from clean technologies	KRW 100 million	6,632	8,100	6,242	-	6,242	-	-
Environmental certification	Rate of ISO14001-certified business sites ⁴⁾	%	82	88	83.3	-	-	-	-
Environmental assessment	Business sites that underwent environmental impact assessment	%	100	100	100	100	100	100	100
Environmental law violation	Violations of environmental laws and regulations	case	5	2	0	0	0	0 ⁵⁾	0
	Fines and penalties	KRW 1 million	1.6	1.6	0	0	0	0	0
	Environmental liability insurance	V	V	V	V	- ⁶⁾	V	V	V

1) Employees working at the headquarters(business site for office workers) are not subject to statutory education.

2) Rate of employees receiving statutory education.

3) Standards: based on the MSCI clean technology index (sales from EV battery materials, including copper foil. These materials are a core component for batteries among the clean technologies defined by the MSCI).

4) Only manufacturing sites are certified, with the headquarters (site for office workers) excluded from the calculation.

5) There is a potential breach of occupational safety and fire regulations due to the outbreak of a fire. However, it was determined not to fall under the violation of environmental laws.

6) SKC’s headquarters are not subject to environmental liability insurance, and accordingly, they are excluded from it.

Human Resource Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Governance

The ultimate destination of our business management is the constant happiness of our employees. On the journey towards this goal, we have formed and operated a Happiness Promotion Committee. This committee assumes the role of regularly sharing our approach to overall talent management and relevant activities, which are a manifestation of our emphasis on the responsibility of management for employee happiness and talent cultivation. The Happiness Promotion Committee consists of our CEO, each subsidiary's representative, and responsible executives. They take on roles of shaping a more concrete Total Design of relevant agendas, such as evaluation and compensation, transfer, career management, capacity building, and welfare systems for efficient review. To ensure more efficient happiness management, we have put in place working-level organizations, including the Business Culture Team and HR Team. The Business Culture Team is in full charge of handling corporate culture, talent development, and executive personnel management affairs, as well as steering the directions of corporate culture and talent cultivation. Meanwhile, the HR Team is responsible for promoting the rational operation of personnel systems from recruitment, retention, and performance management, and assisting employees in multifaceted ways such as work environment and welfare benefits to help employees strike a balance between life and work in pursuit of employee happiness.

Strategy

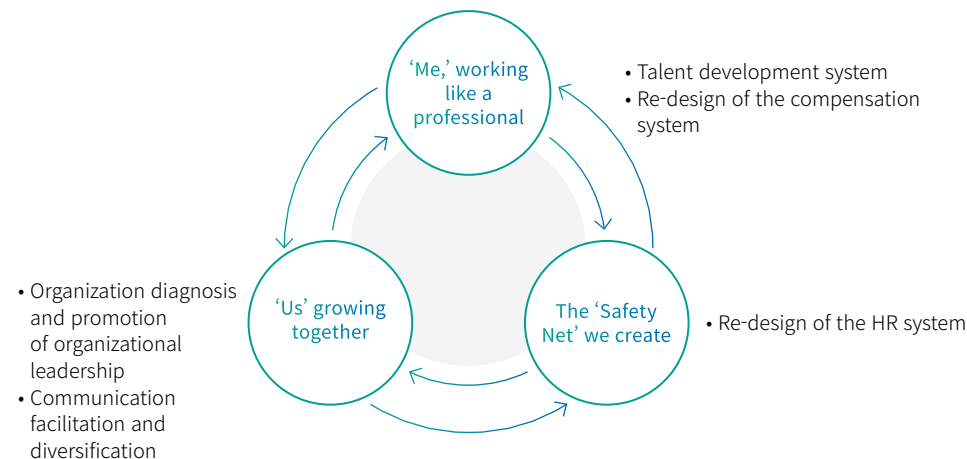
Talent Development Program

In line with the business strategies designed to navigate through uncertain external and internal business landscapes, we focus on three aspects in terms of talent cultivation: 'choice and focus,' 'quality management,' and 'fundamental consolidation.' When it comes to 'choice and focus,' we design educational courses considering significance and urgency. We upgrade the existing development programs by package and improve operational efficiency to ensure an enhancement in the quality of education. We have streamlined cultivation systems and programs that were scattered, which is part of our commitment to solidifying the 'fundamentals' of education.

Support for Employee Happiness

Aiming to create a pleasant work environment and boost employees morale, we have identified multiple tasks and implemented them. With 'Me, working like a professional,' 'Us growing together,' and 'The safety net we create,' as our keywords, we have delivered diverse policies aimed at enhancing employees' work satisfaction and helping them polish their work skills. Our efforts extend to various aspects, which encompass creating a reassuring work environment, assisting employees in sharpening their capabilities, building a performance- and capacity-focused personnel and recruitment process, and implementing a fair evaluation system. These combined efforts have laid the foundation for the creation of a culture where employees are supported in enhancing their capacity, and compensation is guaranteed based on their capabilities and performance. In 2023, we garnered and incorporated the opinions and feedback from employees to derive tasks to accomplish happiness, and revamped our HR system overall. In the years ahead, we will be committed to enhancing employees' work satisfaction and advancing relevant systems by constantly communicating with them.

[Three Companywide Happiness Goals and Five Tasks in 2023]





Human Resource Management

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Metrics & Target

SKC has placed a variety of educational programs aimed at helping its employees in self-directed learning. In 2023, educational hours per employee stood at 43 hours, surpassing our target of 35 hours at SKC and its subsidiaries. This achievement is equivalent to reaching the 2025 target earlier. Efforts will be made to uphold these results by 2026. Meanwhile, SKC plans to design educational programs and workshops to instill the corporate culture of VWBE¹⁾ which is part of SK Group’s management philosophy, and reinforce leaders’ responsibilities for performance management.

1) It refers to ‘Voluntarily and Willingly Brain Engagement.’

Performance

Labor-Management Relations

In accordance with the Act Concerning the Promotion of Worker Participation and Cooperation, SKC has established a labor-management council called Happiness Connect. It convenes a meeting on a quarterly basis to serve as a channel for communication between labor and management, disclosing its operational status, meeting results, and the performance for the previous quarter on the in-house bulletin board. The agenda items for the meeting are selected through the collection of members’ opinions in advance, thereby promoting communication with employees. In 2024, an online channel is planned to be opened to provide unlimited opportunities for opinion suggestions. In 2023, there were four meetings between labor and management, and all agenda items were addressed.

Evaluation and Remuneration

Advancing our Evaluation and Remuneration Systems

SKC ensures equal base pay regardless of gender and conducts capacity development-oriented evaluations, such as regular evaluations and 360-degree assessment. Results are reflected in performance and remuneration, advancing our fair evaluations focused on capabilities and remuneration systems. In 2024, we complemented our evaluation system to operate in a way that employees’ job performance for the past year is recorded at all times and feedback is provided to them, and the connectivity is reinforced with the achievement of strategic tasks operated by the upper business unit, thereby ensuring data-based objectivity and fairness in evaluation. In an effort to embed a performance-based, rational evaluation and remuneration system into the company, we strive to enhance the connectivity between performance and compensation. To this end, we host

workshops for leaders regarding performance management, sharpening evaluation skills, and cultivating a culture where coaching and feedback are facilitated. Meanwhile, we have added ESG-related items into the performance indicators of all executives to invigorate ESG management and ensure that ESG performance is incorporated into remuneration calculation.

[KPI Management System by Position]

Team leaders	• The annual KPI evaluation accounts for 90% and the implementation rate of giving feedback on team members’ IDP accounts for 10% of the performance evaluation. • In consideration of individual and organizational capabilities, the capabilities evaluation is conducted by supervisors, colleagues, and subordinates. • In consideration of the KPIs established at the beginning of the year as well as coaching and feedback conducted on a quarterly basis, final scores are calculated with the performance evaluation accounting for 70% and capabilities evaluation accounting for 30%. • Ratings are granted through a three-round evaluation process: the first round by department heads and directors, the second by division heads, and the third round by the CEO.
Team members	• Regular tasks account for 90% and the IDP implementation rate accounts for 10% of the performance evaluation. • Individual capabilities are evaluated reflecting the supervisor and colleagues’ evaluations reflected. • Upon the completion of the tasks, final scores are calculated with the performance evaluation accounting for 70% and capabilities evaluation accounting for 30%. • To grant ratings, the first round of evaluation is conducted by team leaders and directors, the second round of evaluation is conducted by department heads and directors, and the third round is conducted by division heads.



Human Resource Management

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management 
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Performance

Corporate Culture and Communication

A variety of programs are in full swing to refine our corporate culture and boost communication. An exemplary program is the ‘Diversity Table,’ designed to address the company’s tasks with the CEO. We listen to employees’ anonymous voices and hold meetings as part of the efforts to create opportunities for employees to communicate with the CEO. Along with this, our Common Ground program serves as a communication space where employees with common interests can create innovation and express their opinions freely, thereby invigorating the corporate culture where employees are encouraged to participate. On top of that, we issue a ‘GREEN’ bi-monthly newsletter to share corporate culture and HR issues and engage employees’ interest and participation in making our corporate culture more robust. In 2024, we plan to open a company-wide online bulletin board ‘Raise Your Voice,’ accessible by all employees to let them express their opinions anytime they want and instill flexibility into our corporate culture.

Education

Educational Program

In 2023, SKC brought overall changes to the educational system, infrastructure, and courses. We offer an array of educational programs, including not only rank-based education (for new hires, recruited employees, and team leaders, etc.), but also courses for financial experts, ER experts, and BM Design courses. Moreover, utilizing ‘mySUNI,’ the common education platform of the SK Group, we assist employees in voluntarily building their capacity. We have derived action plans in four HR categories: ‘Value,’ ‘Leadership,’ ‘Expert,’ ‘Global,’ to refine programs for employee capability development. Especially, we provide language courses aimed at enhancing employees’ globality and core talent programs aimed at nurturing future leaders. We have expanded educational opportunities by position and target, such as organization development courses, to spread a culture of SKMS-based VWBE way of work. In addition, a branding course for team leaders and insight lectures were offered as part of the education for SKC and its subsidiaries under the One Company spirit.

[Capacity Building Programs by Category]

Category	Key Programs
Value	• Three-week onboarding program for new hires • Companywide SKMS workshop
Leadership	• Program to select and nurture in-house core talent • Leadership skills for team leaders
Expert	• Programs to cultivate AI and DT experts companywide in line with global trends • Support for voluntary upskilling education for departments
Global	• Support for language courses

Education Satisfaction Survey

Upon the completion of talent development programs, SKC conducted a satisfaction survey to measure their effectiveness. The results are used to complement the content and develop educational courses. In 2023, the outcome of the Culture Survey revealed that the ‘adoption of the talent development system and relevant program operations’ and ‘talent development for the creation of a VWBE culture’ increased by five points, a big jump. Additionally, the average satisfaction score of the annual SKC Family education program was 4.6 points.

[Satisfaction Level by Educational Program]

Program	Satisfaction level ¹⁾	Program	Satisfaction level
New hire training (January 2023)	4.9 points	SKC FAMILY LEAP	4.0 points
Recruited employee training (March 2023)	4.7 points	SKC FAMILY 4G course for team leaders	4.7 points
Organizational activation workshop	4.5 points	In-house language course: Diligent Learn	4.4 points
Organization development workshop (Finance Division)	4.6 points	InsiderLEARN special lecture in June: Global leadership and diversity	4.8 points
Organization development workshop (BM Innovation Group)	4.5 points	InsiderLEARN special lecture in September: Speech	4.7 points

1) Out of five points

4.6 points on average



Human Resource Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management [↗](#)
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Labor-Management Relations

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Labor-management council	No. of members	persons	2,592	1,970	1,131	212	568	173	178
	Rate of members	%	100	100	86.9	100	100	50.3	100

Employee Composition

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Total no. of employees		persons	2,592	1,970	1,302	212	568	344	178
By gender	Male	persons(%)	2,307(89.0)	1,685(85.5)	1,089(83.6)	140	494	301	154
	Female	persons(%)	285(11.0)	285(14.5)	213(16.4)	72	74	43	24
By age	Under 30	persons(%)	436(16.8)	432(21.9)	225(17.3)	22	143	35	25
	30 to 49	persons(%)	1,588(61.3)	1,203(61.1)	794(61.0)	157	353	158	126
	50 or above	persons(%)	568(21.9)	335(17.0)	283(21.7)	33	72	151	27
By contract type	Full-time employees	persons(%)	2,525(97.4)	1,828(92.8)	1,186(91.1)	183	516	327	160
	- Male	persons	2,273	1,594	1,015	115	471	290	139
	- Female	persons	252	234	171	68	45	37	21
	Temporary employees	persons(%)	67(2.6)	142(7.2)	116(8.9)	29	52	17	18
	- Male	persons	34	91	74	25	23	11	15
	- Female	persons	33	51	42	4	29	6	3



Human Resource Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management [7](#)
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Employee Diversity

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Male	Male management	persons	-	56	58	22	22	7	7
	Total sales job group	persons	-	828	375	0	22	276	77
	- Senior management	persons	-	30	25	0	6	14	5
	- Middle management	persons	-	109	108	0	9	67	32
	- Low management	persons	-	119	35	0	7	16	12
	- Others	persons	-	570	207	0	0	179	28
	Other job group	persons	-	733	585	107	419	18	41
	- Senior management	persons	-	82	58	26	21	5	6
	- Middle management	persons	-	241	163	46	94	10	13
	- Low management	persons	-	159	80	24	50	2	4
	- Others	persons	-	251	284	11	254	1	18
	STEM job group	persons	-	68	71	11	31	0	29
Female	Female management	persons	-	2	5	3	1	0	1
	Total sales job group	persons	-	77	44	0	7	25	12
	- Senior management	persons	-	0	1	0	0	1	0
	- Middle management	persons	-	4	7	0	1	5	1
	- Low management	persons	-	27	8	0	2	4	2
	- Others	persons	-	46	28	0	4	15	9
	Other job group	persons	-	175	150	68	57	18	7
	- Senior management	persons	-	0	3	3	0	-	0
	- Middle management	persons	-	49	33	23	7	-	3
	- Low management	persons	-	58	46	24	14	8	0
	- Others	persons	-	68	68	18	36	10	4
	STEM job group	persons	-	31	14	1	9	0	4



Human Resource Management

Environmental

Climate Action

Resource Use and Pollutant Reduction

Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management

Chemicals Safety Management

Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Performance Data

Employee Diversity

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
The disabled	Total no. employees	persons(%)	92(3.6)	45(2.3)	32(2.5)	6	13	8	5
National veterans	Total no. employees	persons(%)	33(1.3)	20(1.0)	22(1.7)	2	6	14	0
Foreign employees	Total no. of foreign employees	persons	12	20	20	3	14	3	0
	- USA	persons	1	3	4	1	2	1	0
	- China	persons	1	5	4	1	1	2	0
	- Malaysia	persons	-	12	11	0	11	0	0
	- Poland	persons	10	-	1	1	0	0	0

Recruitment and Continuous Service

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Total no. of new hires		persons	337	290	159	22	100	17	20
By gender	Male	persons(%)	262(77.7)	198(68.3)	113(71.1)	13	76	8	16
	Female	persons(%)	75(22.3)	92(31.2)	46(28.9)	9	24	9	4
By age	Under 30	persons(%)	220(65.3)	152(51.5)	77(48.4)	5	56	8	8
	30 to 50	persons(%)	97(28.8)	125(43.1)	75(47.2)	14	41	8	12
	51 or above	persons(%)	20(5.9)	13(4.5)	7(4.4)	3	3	1	0
Continuous service	Average years of service	years	12.9	11.1	11.1	9.4	9.3	18.9	3.9
	Male	years	13.4	12	12.2	10.6	10.3	20.2	4.1
	Female	years	8.4	6.8	5.6	7.0	3.0	9.3	2.3



Human Resource Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management [↗](#)
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Turnover

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Total turnover	Total	persons	257	178	138	12	65	31	30
Gender	Male	persons	213	138	97	7	43	22	25
	Female	persons	44	40	41	5	22	9	5
By age	Under 30	persons	69	91	61	2	36	9	14
	30 to 50	persons	139	62	46	10	23	5	8
	51 or above	persons	49	25	31	0	6	17	8
By position	Executive	persons	-	6	4	0	0	0	4
	Senior management	persons	-	8	8	1	3	2	2
	Middle management	persons	-	18	28	6	10	9	3
	Non-management	persons	-	146	82	5	53	3	21
By type	Layoff	persons	-	2	1	0	0	1	0
	Regular retirement	persons	-	4	12	0	0	12	0
	Voluntary number of turnover	persons	255	130	95	12	42	11	30
	Voluntary turnover rate	%	6.8	6.6	7.3	5.7	7.4	3.2	16.9



Human Resource Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management [7](#)
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Assessment

		Unit	2021	2022	Total	SKC	2023	SK nexilis	SK picglobal	SK enpulse
Employees subject to competency development assessment		%	41.0	61.6	72.5	82.1	93.1	37.9	62.4	
Total	Subject	persons	2,148	1,681	1,217	192	524	333	168	
	Execution rate	%	97.6	96.8	99.6	100	100	98.5	100	
By gender	Male employee subject	persons	1,945	1,484	1,049	127	480	296	146	
	Male employee execution rate	%	98.2	98.2	99.6	100	100	98.6	100	
	Female employee subject	persons	203	197	168	65	44	37	22	
	Female employee execution rate	%	90.5	89.2	99.4	100	100	97.3	100	
By rank	Executive subject	persons	56	56	51	18	18	7	8	
	Executive execution rate	%	100	100	100	100	100	100	100	
	Managerial position subject	persons	933	791	643	150	251	131	111	
	Managerial position execution rate	%	98.1	97.6	98.6	100	100	93.1	100	
	Non-managerial position subject	persons	1,159	834	523	24	255	195	49	
	Non-managerial position execution rate	%	97.5	96.8	99.8	100	100	99.5	100	
By performance evaluation method	360 degree assessment execution rate	%	39.5	49.2	61.4	82.1	53.5	38.1	100	
	Target management execution rate	%	31.9	36.2	73.5	79.2	91.1	41.1	66.1	

Wage

		Unit	2021	2022	Total	SKC	2023	SK nexilis	SK picglobal	SK enpulse
Equal pay	Ratio of female to male base pay ¹⁾	%	100	100	100	100	100	100	100	100
Compensation ratio	Annual total compensation for the highest-paid individual to the median for all employees	times	11.8	8.9	5.8	12.2	9.4	6.7	6.9	

1) Based on the entry level employees' initial pay

Human Resource Management

Environmental
Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management
Social
Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security
Governance
Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Education					2023				
		Unit	2021	2022	Total	SKC	SK nexilis	SK picglobal	SK enpulse
Education hours ¹⁾	Total Education hours	hours	-	64,756	46,677	13,464	13,158	9,689	10,366
	Educational hours per employee	hours	37	32.9	35.9	63.5	23.2	28.2	58.2
	By gender	- Male	hours	-	33	33.9	60.2	22.8	26.4
		- Female	hours	-	32.2	46.0	70.0	25.9	40.2
	By age	- Under 30	hours		24	30.2	75.3	22.9	28.2
		- 30 to 50	hours		63	42.4	71.0	25.8	31.4
		- 51 or above	hours		12	22.1	19.9	10.5	24.8
	By position	- Executive	hours	-	18.9	18.0	16.5	12.3	15.7
		- Management position	hours	-	63.4	64.8	76.7	53.7	58.8
		- Non-management positon	hours	-	7	10.1	32.3	5.2	8.8
Educational expense	Total education expenses	KRW 1 thousand	-	4,612,848	4,935,761	1,475,000	2,567,166	715,342	178,253
	Educational expense per employee	KRW 1 thousand	2,150	2,348	3,791	6,958	4,520	2,079	1,001
Performance connected career development review	Male	%	80	91.7	92.1	100	-	84.2	-
	Female	%	78	93.5	92.4	98.0	-	86.7	-

1) Since 2022, educational hours per capita has been expanded to detailed indicators

Work and Life Balance

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance 
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Strategy

SKC and its subsidiaries strive to support the work-life balance and happiness of employees based on three goals and five tasks. In 2023, we improved our salary and welfare systems for ‘a healthy life,’ ‘work-life balance,’ and ‘a life with rest’ through an HR redesign that reflects employee feedback. Additionally, SK picglobal received the family-friendly company certification for the first time, which is awarded to companies that exemplarily operate family-friendly policies¹⁾. Moving forward, we will continue to listen to our employees and foster a flexible organizational culture and a family-friendly work environment.

1) Support for childbirth and childrearing, flexible working hours, family-friendly organization culture, and others

Metrics & Target

SKC will continue to actively communicate with employees to gather data on their needs. Based on this data, we will upgrade our goals for happiness, creating a work environment that promotes the happiness of both employees and the organization. By providing an environment and programs that facilitate active communication, we will continuously listen to employee feedback and transparently share the results, building a collaborative work and life balance culture. In 2024, we will focus on improving work methods based on employees’ VWBE and offering various programs to enhance work-life balance. Additionally, we will strive to refine our organizational culture and HR systems, create a family-friendly work environment, and elevate employee satisfaction.

Performance

Flexible Working Hours

SKC operates a flexible and staggered working hours systems, allowing employees to choose their work location and hours every two weeks. Flexible working hours are in place, enabling each team to Self-Design their working methods based on their specific needs. Additionally, to promote work-life balance, we have established Recommended Vacation System for employees to take time off together and the Self Vacation Approval System to use vacation by themselves. Various leave policies, such as annual leave, summer vacation, and long-service leave, support employees in taking full breaks.

Welfare Benefits

SKC has introduced various welfare and organizational culture programs to support continuous happiness and work-life balance of employees. We have adopted a ‘Happiness Card,’ which can be used for personal development, health management, and hobbies in the interest of improved employee satisfaction with our welfare benefits. Additionally, we operate the ‘Happiness Camp’ vacation program, which encourages employees to take a ‘Big Break.’ Winners selected for the program receive full cost coverage for both domestic and overseas accommodations in partnership with the company. To support work-life balance, we offer three months of paid parental leave, and to enhance support for employees’ families, we operate a child education fund system. Furthermore, our health and family guardian programs provide medical expenses, comprehensive medical check-ups, and psychological counseling for all employees. In response to the diversity of family structures, we have expanded the eligibility for comprehensive medical check-ups from just spouses to include another related person.

Measurement of Employee Satisfaction

SKC utilizes the ‘Culture Survey’ system to measure employee satisfaction and engagement regarding company policies and organizational culture, and incorporates their feedback to enhance the policies and programs. In 2023, SKC and its subsidiaries achieved an overall average score of 74, similar to the previous year, reflecting improvements in working methods and VWBE-related aspects due to increased organizational culture activities and development programs.

2) Weighted mean of SKC, SK nexilis, SK picglobal, SK enpulse, SK TBMGEOSTONE, and SK leaveo



Work and Life Balance

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Flexible Working System

	Unit	2021	2022	2023				
				Total	SKC	SK nexilis	SK picglobal	SK enpulse
Participation rate	%	85	100	100	100	-	-	-

Parental Leave

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Target employee	Male	persons	687	406	242	29	154	58	1
	Female	persons	69	35	34	15	6	11	2
Employee on childcare leave	Male	persons	6	8	11	2	5	4	0
	Female	persons	21	22	16	2	1	11	2
Employee returned from childcare leave	Male	persons	3	5	7	2	3	2	0
	Female	persons	13	11	13	1	1	11	0
	Returning rate	%	89	70	87.5	100	100	100	50
Working for more than 12 months after returning	Male	persons	2	1	5	2	1	2	0
	Female	persons	13	7	10	0	0	10	0
	Returning retention rate	%	100	100	75.0	66.7	25.0	92.3	0

Work and Life Balance

Environmental
Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management
Social
Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security
Governance
Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Satisfaction of Employees

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Employee Satisfaction ¹⁾	All Employees	points	77.2	79.1	75.0	81.4	72.4	77.8	68.5
	- Male	points	78.7	81.5	76.3	83.3	73.3	78.8	69.7
	- Female	points	66.9	72.3	67.3	75.4	64.9	70.7	58.1
	Response ratio	%	-	-	83.9	91.4	81.8	91.1	68.9
Employee Engagement	All Employees	points	72.9	75.4	72.6	78.9	70.6	76.3	64.7
	- Male	points	74.5	77.8	74.0	80.8	71.7	77.2	66.1
	- Female	points	61.4	68.8	64.5	72.5	61.7	70.3	53.4
	Response ratio	%	-	-	83.9	91.4	81.8	91.1	68.9

1) Culture Survey overall score

Enhancement of Occupational Safety and Health

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health ➔
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Governance

SKC and its subsidiaries operate SHE organizations internally to secure safe working environment. In response to the Serious Accidents Punishment Act, we designated the CEO as the Chief Safety Management Officer and promote SHE management by establishing a separate organization dedicated to safety and health management. We conduct regular inspections on the implementation of the safety and health management system and semi-annually report the results to the CEO. We set specific safety and health goals every year and report safety and health-related performance and plans to the Board of Directors at least once a year. In line with safety and health goals and plans, we outline and evaluate key SHE topics in the performance indicators of key executives including the CEO and reflect the results in the compensation.

Strategy

SHE Policy

SKC prioritizes management activities for people and the environment, aiming to create a safe working environment, promote employee health, and minimize environmental impact. With this commitment, in 2022, we established and announced the Safety, Health, and Environment (SHE) policy, which was approved by CEO. We have established a SHE management system to ensure compliance with and execution of the SHE policy, striving for continuous improvement and system enhancement. The SHE management system aims to advance the company's sustainability and earn more trust and support from stakeholders. In this regard, we are committed to creating a safe and healthy working environment for all employees.

SHE Policy

SKC seeks zero hazards, the improved health of its employees, and eco-friendly management with values centered on people and environment as its top priorities. To this end, SKC fulfills its responsibilities and obligations regarding related laws and SHE regulations and by operating an SHE management system at the highest level and continuously evaluating and improving the system. SKC seeks to become a sustainable company that wins the trust and support of local communities.

Safety and Health Policies

1. Reduce the safety health risks with the aim of creating a safe and healthy work environment. Eliminate risk factors and create the best work environment.
2. Continuously elevate the safety/health levels through improved safety and public health competencies and system advancements and realize the goal of zero hazards with periodic education and training.
3. For this purpose, encourage all members, including suppliers, to participate in safety and public health and-through continuous dialogue- foster a culture of self-regulated safety and health.

Environment Policy

1. Minimize the impact on the environment through the development of eco-friendly products and design of eco-friendly manufacturing processes. Protect workplaces as well as the environment of local communities through the systematic management of chemical substances.
2. Minimize greenhouse gas emissions to cope with the different risks brought about by climate change and join in the efforts to preserve the earth's environment by, for example, participating in global initiatives.
3. Contribute to the creation of a sustainable environment through resource recycling – for instance, reducing the use of water and raw materials.

Pledge to Practice SHE

As members of the SKC, we shall bear in mind that Safety, Health, and Environment (SHE) are the core task that we must protect, and we shall comply with the following principles by internalizing them:

First, I will prevent accidents and environmental pollution by strictly complying with SHE laws as well as the company's internal regulations.

Second, I will bear in mind that SHE is of utmost importance, and I will voluntarily and enthusiastically participate in SHE activities.

Third, I will relentlessly improve unsafe conditions and behaviors.

Fourth, I will bear in mind that SHE is the foundation of happiness, and I will fulfill my social responsibility of respecting fellow human beings and preserving the environment.

March 2022 CEO of SKC Corp.

Woncheol



Enhancement of Occupational Safety and Health

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health ➔
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Strategy

Establishment of SHE Management System

SKC has revised the SHE management manual for SHE management, establishing and incorporating SHE regulations and procedures to implement them. Furthermore, we have enhanced the SHE system to elevate safety and health standards, mitigate risks, and create a safe working environment for employees. Particularly, we strive to achieve the goal of accident prevention and zero accident target by establishing and utilizing the PDCA cycle¹⁾ in safety inspections. Additionally, we encourage all members, including our suppliers, to participate in the safety and health system and expand a voluntary safety and health culture through continuous feedback. Our regulatory management system allows us to regularly monitor newly enacted or revised SHE-related regulations, totaling 30 in number. We also evaluate and manage compliance levels of our business sites through the regulatory register and compliance assessments. For our suppliers, we have revamped a selection and evaluation system to strengthen the selection of appropriate suppliers. We also support the enhancement of capabilities by operating SHE win-win cooperation program to promote safety management SHE standard for suppliers.

1) Plan, Do, Check, Act Cycle: an accident prevention process that includes safety and health goal establishment, accident response and prevention, risk elimination, and safety inspection based on the ISO45001 certification

[SKC SHE Regulations and Procedures]

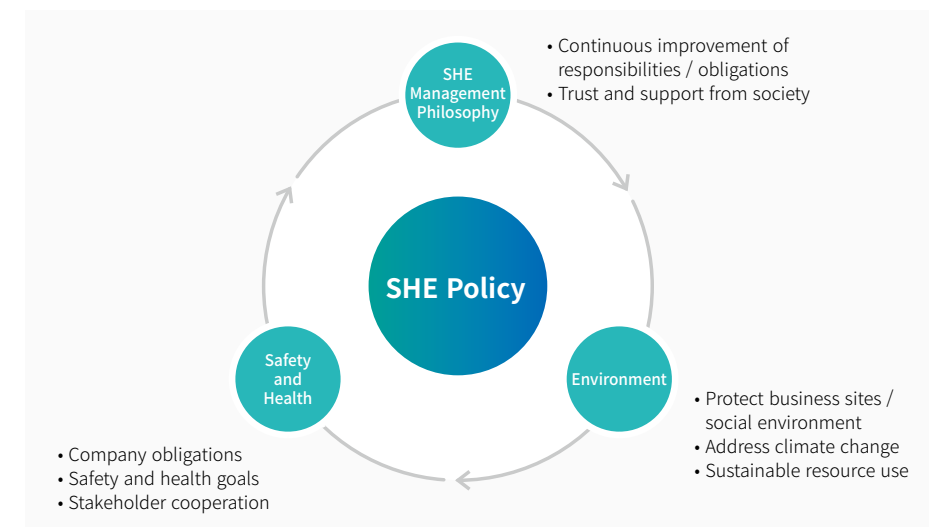
Regulations	Procedures
Occupational safety and health management	General / essential safety rules, work risk assessment management, hazardous materials safety management
Environmental impact assessment	Environmental impact assessment
Process facility safety	Risk assessment, facility inspection, and repair and maintenance
Environment operation management	Air, water, waste, and noise and vibration management
Chemical substance management	Chemicals registration, and assessment and management
SHE laws and regulations	SHE laws and regulations management
SHE education and training	SHE education and training
SHE accident management	Accident management
Emergency response	Emergency response
SHE communication	SHE information sharing
GHG Emissions Trading System management	GHG Emissions Trading System management

Risk Management

Inspections of Safety and Health Management System Implementation

SKC conducts inspections of safety and health management systems, compliance with pertinent regulations, and implementation status among small-scale business sites such as its subsidiaries and research institutes. According to SHE audit regulations, we confirm compliance with SHE management system and conduct regular and ad-hoc SHE assessments to minimize associated risks. Additionally, to establish a safety-first culture and prevent accidents and incidents, all business sites have implemented Safety Golden Rules (SGRs) and settled and applied protocols for addressing safety rule violations. Each site upholds regular inspection system goals and has organized site-specific voluntary safety inspections to encourage participation from all their employees. Furthermore, we carry out intensive inspections on specific equipment, dangerous areas, and hazardous substances, and have in place a monitoring system utilizing AI / DT. According to process facility safety regulations, we operate pre-review and change management process. We also conduct PSM (Process Safety Management) self-audits to prepare and review process safety reports, and minimize process risks that could arise through constant monitoring and management of the areas that need improvement identified through the audits.

[SHE Risk Management Plan]



Enhancement of Occupational Safety and Health

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health ➔
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Risk Management

Operation of Regular Inspection System

SKC operates a regular inspection system to prevent industrial accidents at business sites. SK picglobal has declared its commitment to serve as a safety keeper, ensuring regular patrols and conducting various initiatives, such as Life Saving Report (LSR), near-miss incidents, and SHE proposals, to improve workers' unsafe behaviors and unsafe conditions on site. Results of these initiatives are reviewed and shared with suppliers and employees. SK nexilis conducts joint inspections with the General Safety and Health Manager and suppliers to monitor on-site hazardous elements regularly, and also carries out daily safety patrol to ensure workplace safety. Additionally, an upgraded external access system mandates compulsory SHE training for all visitors to enhance safety awareness. SK enpulse has consistently conducted relevant campaigns to get SHE feedback from all employees, including suppliers. With an online suggestion system put in place, it promptly addresses the requests for equipment maintenance and handles factors contributing to near-misses. As a result, the number of reported cases increased by 200% in 2023 compared to 2022, achieving a 90% resolution rate for submitted issues. Along with this, monthly updates on major incidents, both domestic and international, are shared, and office safety activities are conducted to raise safety and health awareness among all its employees, including its suppliers. The company meticulously categorizes and records all incidents, from regulatory violations to environmental accidents, according to accident management regulations. It operates a centralized simultaneous notification system to enable unified company-wide response in the event of accidents or incidents. It also thoroughly analyzes the causes of all incidents, regardless of their severity, develops measures to prevent their recurrence, and systematically manages and monitors the implementation of these preventive measures.

Ensuring Safety and Health Compliance

SKC conducts checks on its compliance with SHE regulations, and safety and health management systems pursuant to SHE audit regulations. We implement not only mitigation plans and activities for the areas that need improvement, but also compliance checks and follow-up management. We have established a monitoring system for SHE-related laws to swiftly stay abreast of the current status of laws and regulations and also strive to quickly respond to safety and health regulatory risks by employing a computerized system to measure the impact of regulations. Additionally, with the aim to nurture a site-focused SHE culture, we have formed SHE Together driven by on-site members, including suppliers, which serves as a platform allowing us to exchange, SHE-related works and build capacity. Our SHE win-win cooperation programs help suppliers strengthen their SHE management systems and sharpen their capabilities.

Training for Safety Accident Prevention

SKC develops contingency plans for potential accidents outlined in emergency response regulations, conducting annual emergency response drills at all business sites in accordance with Occupational Safety and Health Act. Additionally, regular safety training and campaigns are conducted based on education and training regulations to raise awareness of workplace accidents.

Safety and Health Risk Assessment

SKC classifies evaluation targets under risk assessment regulations and conducts process and risk assessments, and musculoskeletal hazard investigations according to implementation cycles. We conduct initial, regular, and ad-hoc risk assessments based on safety and health legal requirements. Results will be shared with employees and incorporated into training for new hires to promote safety awareness. For technical risk identification and improvement, we run process hazard assessments. For hazards related to unsafe behaviors or conditions, we conduct work risk assessments and musculoskeletal hazard investigations, taking measures for identification and mitigation of risk factors. We also review effectiveness through qualitative assessments (intensity / frequency) on current or improved status of harmful factors identified through the risk assessments, and report the status of risk factor improvement and the results of effectiveness reviews to management at least once a year.

Safety and Health Assessment for Suppliers

For suppliers, we have initiated and are operating a site-focused regular inspection system, striving for ongoing improvements in the SHE management system. Starting in 2024, all sites will set goals for SHE activity index, such as regulatory management, employee participation status, and Self-Audits, and conducting quantitative measurements to systematically check compliance with SHE-related regulations and laws. These results are reflected in performance indicators. Additionally, we operate an incentive system based on evaluation results to encourage voluntary SHE management by suppliers, and support risk reduction activities and follow-up management to proactively address safety and health risks.



Enhancement of Occupational Safety and Health

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance

Enhancement of Occupational Safety and Health

- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Metrics & Target

According to SKC’s SHE policy, we have set goals of zero human injuries and serious accidents by 2025. To this end, we will upgrade accident prevention activities through the improvement of safety and health management system. Additionally, by 2025, we will expand the number of ISO 45001-certified domestic and international sites to a total of eight, and will strengthen our safety and health management system for long-term certification maintenance. We prioritize the safety and health of our employees and are committed to establishing a health management and support system for them. In 2024, we plan to expand and activate programs to support health improvement for employees with six major diseases¹⁾ related to brain and cardiovascular health as well as to enhance mental health care programs. In 2025, we aim to establish cancer prevention and treatment policies to broaden the scope of health support. In 2026, we will develop a mental health crisis detection tool and initiate response and follow-up management systems, creating a systematic mental health support program for employees.

1) Diabetes, hypertension, obesity, triglycerides, metabolic syndrome, and cholesterol.

[Targets for Increasing ISO 45001-certified Business Sites^{2) 3)}]

		2024	2025	2026
Certified business sites	Total	7	8	9
	- Domestic	5	5	5
	- Overseas	2	3	4

2) Divested business sites excluded.

3) Targets for expansion are subject to change due to the establishment of new business sites or the incorporation of subsidiaries.

Performance

ISO 45001(Safety and Health Management System) Certification

SKC conducts SHE assessments and improvement activities across all domestic and overseas sites. To ensure the effectiveness of safety and health systems, we perform external audits based on the ISO 45001 (Safety and Health Management System) and maintain its certification. For suppliers, we operate the SHE win-win cooperation program to support the enhancement of their SHE management capabilities. As a result, in 2023, we obtained ISO 45001 certification for five domestic sites and one overseas site.

[ISO 45001 certified Business Sites⁴⁾]

	No. of certified business sites	Certified business sites
Domestics	5	SK picglobal Ulsan SK nexilis Jeongeup SK enpulse Cheonan SK enpulse Anseong SK enpulse Suwon research center
Overseas	1	SK nexilis Malaysian

4) Divested business sites excluded.



Enhancement of Occupational Safety and Health

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
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- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Performance

Elimination of Hazardous Risk Factors

SKC eliminates hazardous risk factors at its business sites through risk assessments, SHE proposals, and sharing of incident cases. Notably, SK picglobal successfully developed a refractory inspection robot for incinerators. In the first half of 2023, it was selected as the top case among 80 best practices by SHE management evaluation, winning the SK Group Innovation Award (Grand Prize). The development of the robot, which began in 2019 to ensure worker safety during incinerator maintenance, achieved an 100% automation with the introduction of a refractory inspection robot in 2022. Additionally, to mitigate the risk of accidents due to chemical exposure during laboratory reagent manufacturing, the company developed an automated reagent manufacturing robot, receiving the SK Group Innovation Award (Excellence Prize) in the second half of 2023, among 132 outstanding cases. Other achievements include establishing an unmanned heat exchanger cleaning system and a real-time monitoring system for confined spaces. Meanwhile, SK nexilis introduced automatic edge winder for slitting process, eliminating the risks of musculoskeletal injuries and pinch point hazards that could arise from heavy object falls. It also installed automated equipment for measuring product weight, removing musculoskeletal risks and finger pinch point hazards associated with specimen handling and manufacturing, and ensuring reliability in specimen uniformity. SK enpulse has addressed cutting hazards by conducting field checks and gathering employee feedback on knife usage, distributed and educated cutting hazard work rules with risk assessments, and provided appropriate protective gear. The company also implemented the STOP¹⁾ system to promote corrective actions and behavioral changes.

1) STOP (Safety Training Observation Program): monitoring program for unstable condition / behavior

Welfare Support for Employees

SKC conducts annual medical check-ups, including special examinations, for all employees, including contract workers, at each business site. To support employee health, we have physical fitness rooms and rest areas. At the headquarters, we operate a health keeper room managed by visually impaired massage professionals and an in-house gym to promote physical health among employees. In addition to physical health, we offer a mental health program. This program provides psychological counseling on various topics to help employees maintain a healthy mindset and is also extended to include employees' immediate family members. Annual comprehensive medical examinations for employees of all ages are expanded to include one additional related person every other year. We provide group accident insurance to cover illnesses and injuries and support medical expenses within specified limitations as part of our welfare initiatives. Moreover, we support health checkups at each business site to detect occupational diseases early, and provide prompt treatment and follow-up care to restore health, including workplace changes, transfers, health counseling, follow-up tests, and treatment support. Also, we report health checkups and health promotion activities to the CEO once a half year to strengthen management's responsibility for supporting the health of employees and encourage them to establish and implement plans to improve the working environment.



Enhancement of Occupational Safety and Health

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health [↗](#)
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Occupational Safety

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Safety Management	Risk assessment	V	V	V	V	V	V	V	V
	Supplier safety prevention management	V	V	V	V	V	V	V	V
Health Support	Physical health care	V	V	V	V	V	V	V	V
	Mental health care	V	V	V	V	V	V	V	V

Industrial Accident

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Total working hours ¹⁾	Employees	hours	6,792,500	4,586,780	3,251,380	523,820	1,412,620	928,400	386,540
	Suppliers	hours	2,865,874	1,548,140	1,564,530	22,550	712,800	680,900	148,280
Death toll	Employees	persons	0	0	0	0	0	0	0
	Suppliers	persons	0	0	0	0	0	0	0
Cases of Occupational Illness Frequency (OIF)		cases	0	0	0	0	0	0	0
Occupational Illness Frequency Rate (OIFR)		200,000 working hours	0	0	0	0	0	0	0
Cases of Lost Time Incident (LTI)	Total	cases	16	18	11	0	7	4	0
	Employees	cases	10	15	7	0	5	2	0
	Suppliers	cases	6	3	4	0	2	2	0
Lost Time Incident Rate (LTIR) ²⁾	Total	1 million working hour	1.66	2.93	2.28	0	3.29	2.49	0
	Employees	1 million working hour	1.47	3.27	2.15	0	3.54	2.15	0
	Suppliers	1 million working hour	2.09	1.94	2.56	0	2.81	2.94	0

1) Calculation formular: number of business site employees X 10 hours / days X 22 days / month X 12 months

2) Calculation formular: total number of lost-time incidents / total working hours X 1,000,000



Enhancement of Occupational Safety and Health

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Certification

		Unit	2021	2022
Ratio of business sites obtaining international certifications	ISO 45001 (Safety and Health Management System) ¹⁾	%	83.0	80.0

1) Only manufacturing sites certified, headquarters (sites for officer workers) are excluded from the scope

Education Participation²⁾

	Unit	2021	2022
No. of subjects	persons	1,313	1,330
No. of participants	persons	1,313	1,330
Completion rate	%	100	100

2) The completion rate is calculated based on the mandatory regular safety and health education under the Occupational Safety and Health Act. Employees at the headquarters(workplaces engaged in office workers), are excluded from the mandatory education

SHE Feedback

	Unit	2021	2022
No. of feedback	cases	-	-
No. of resolved cases	cases	-	-
Rate of resolved cases	%	-	-

Violations of Law

	Unit	2021	2022
No. of violation cases	cases	2	4
Fines	KRW 1,000	160	4,560

	2023			
Total	SKC	SK nexilis	SK picglobal	SK enpulse
83.3	-	-	-	-

	2023			
Total	SKC	SK nexilis	SK picglobal	SK enpulse
799	25	383	224	167
799	25	383	224	167
100	100	100	100	100

	2023			
Total	SKC	SK nexilis	SK picglobal	SK enpulse
394	12	110	149	123
375	12	109	137	117
95.2	100	99.1	91.9	95.1

	2023			
Total	SKC	SK nexilis	SK picglobal	SK enpulse
4	1	2	1	0
0	0	0	0	0



Product Safety and Quality Management

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health

Product Safety and Quality Management ➔

- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Governance

SKC has formed dedicated teams for each subsidiary to run quality management under CEO approval. SK nexilis holds internal quality-related meetings once a month while SK picglobal independently organizes a quality-related council that convenes annually.

Strategy

SKC establishes quality management policies for each subsidiary, setting and achieving quality goals accordingly. SK enpulse has set customer satisfaction through understanding customer requirements as its quality management policy. To realize this, the company meets customer, system, and legal requirements and continuously evaluates and improves the effectiveness of its quality management system. Quality manuals are revised with final approval from the CEO. Additionally, it has established management review reporting standards in compliance with the ISO 9001 international standard, ensuring a systematic and globally recognized quality management system. SK nexilis has established a new quality policy that aims to enhance customer satisfaction through competitive products with effective risk management. By including quality goals that adhere to quality standards and principles, it has strengthened its quality framework. Furthermore, it has introduced a Global QMS (Quality Management System) and MES (Manufacturing Execution System) to ensure domestic and overseas quality control system. Regular Q-Meetings encourage organization-wide participation in quality management and promote improvement in the quality culture, reflecting its commitment to enhancing customer satisfaction. SK picglobal has also established a quality management system policy under the approval of the CEO. It operates a quality-related council annually to share and address quality issues and improvements. Additionally, they conduct real-time quality inspections within the continuous production process, ensuring data accuracy and verifying the process capability index. This enables the company to perform regular quality evaluations and maintain quality management.

Risk Management

Management of Quality Risk

SKC conducts risk assessments related to product quality, focusing on identifying and managing potential risks. SK nexilis annually performs evaluations and improvements on process risks and supply continuity risks separately. Process risk management involves analyzing the causes of potential risks, establishing improvement measures, and verifying their effectiveness to minimize risks. Supply continuity risk management aims to anticipate, prevent and responds to scenarios where production and supply may be disrupted by accidents or natural disasters. This includes creating emergency response scenarios and conducting annual simulation training. SK picglobal performs regular quality risk assessments every four years. Considering the severity, frequency, and management level of each target, it assigns risk grades and develops corresponding risk response plans. It enforces stringent quality control for PG products used as additives in food, feed, and as excipients in pharmaceuticals. The company conducts regular reviews of USP (United States Pharmacopeia), EP (European Pharmacopeia), and JP (Japanese Pharmacopeia), and the results are incorporate into its quality standard. Additionally, to promote a safety and quality culture, it operates councils to raise awareness among all employees involved in production, storage, and shipment processes, and also provides maturity surveys, safety and quality improvement suggestions, and guideline training. SK enpulse annually reviews risks considering internal and external issues from policy and regulatory perspectives related to environment, safety, and quality. It also operates management reviews on the results once a year.

Quality Compliance

SKC conducts regular monitoring of relevant laws and regulations to ensure stable quality management. As of 2023, there have been zero violation cases related to product and service regulations. We will continue to strive to minimize compliance risks related to quality regulations in the years to come.



Product Safety and Quality Management

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health

Product Safety and Quality Management

- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Metrics & Target

SKC is dedicated to strengthening quality management system and quality risk management framework to achieve and maintain zero incidents of serious civil accidents related to product quality. Furthermore, we aim to enhance our overall quality management system by expanding the number of ISO certificated-business sites across the company. SK nexilis has completed ISO 9001 and IATF 16949 certifications for both its Jeongeup and Malaysian plants. Additionally, preparations are underway at its Poland plant to receive ISO 9001 and IATF 16949 certifications by 2025. With the aim of achieving ISO 17025 (KOLAS) certification, SK picglobal has completed manual development, securing experimental equipment, and validating personnel for the establishment of systems. Currently, it is preparing for on-site evaluations to get certification.

[Targets for Expanding ISO 9001-certified Business Sites^{1) 2)}]

		Unit	2024	2025	2026
Certified business sites ¹⁾	Total	numbers	6	7	7
	- Domestics	numbers	5	5	5
	- Overseas	numbers	1	2	2

1) Divested business sites excluded
2) Targets for certification are subject to change due to the establishment of new business sites or the incorporation of subsidiaries

Performance

SKC has acquired and renewed quality-related certifications such as ISO 9001, IATF 16949, and EXCiPACT GMP across each subsidiary to advance and manage quality management framework. This effort aims to strengthen quality management framework. Meanwhile, SK enpulse Cheonan has introduced a smart factory system and enhanced product quality by automating product manufacturing processes and quality measurements. Furthermore, SK nexilis undergoes internal audits through QMS audits (Quality Management System inspection) and standard audits (compliance and conformity checks) in addition to external certification audits, aiming to strengthen quality management activities. SK picglobal Ulsan has prepared systems for requirements including manufacturing management, manufacturing hygiene management, and quality management through quality management consulting, achieving certifications through overseas audits by global certification bodies.

[Quality Management-certified Business Sites³⁾]

Category	Number of certified business sites	Certified business sites
ISO 9001	6	SK enpulse Anseong SK enpulse Cheonan SK enpulse Suwon Research Center SK nexilis Jeongeup SK nexilis Malaysia SK picglobal Ulsan
IATF 16949	2	SK nexilis Jeongeup SK nexilis Malaysia
EXCiPACT GMP	1	SK picglobal Ulsan

3) Divested business sites excluded

Chemicals Safety Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management 
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

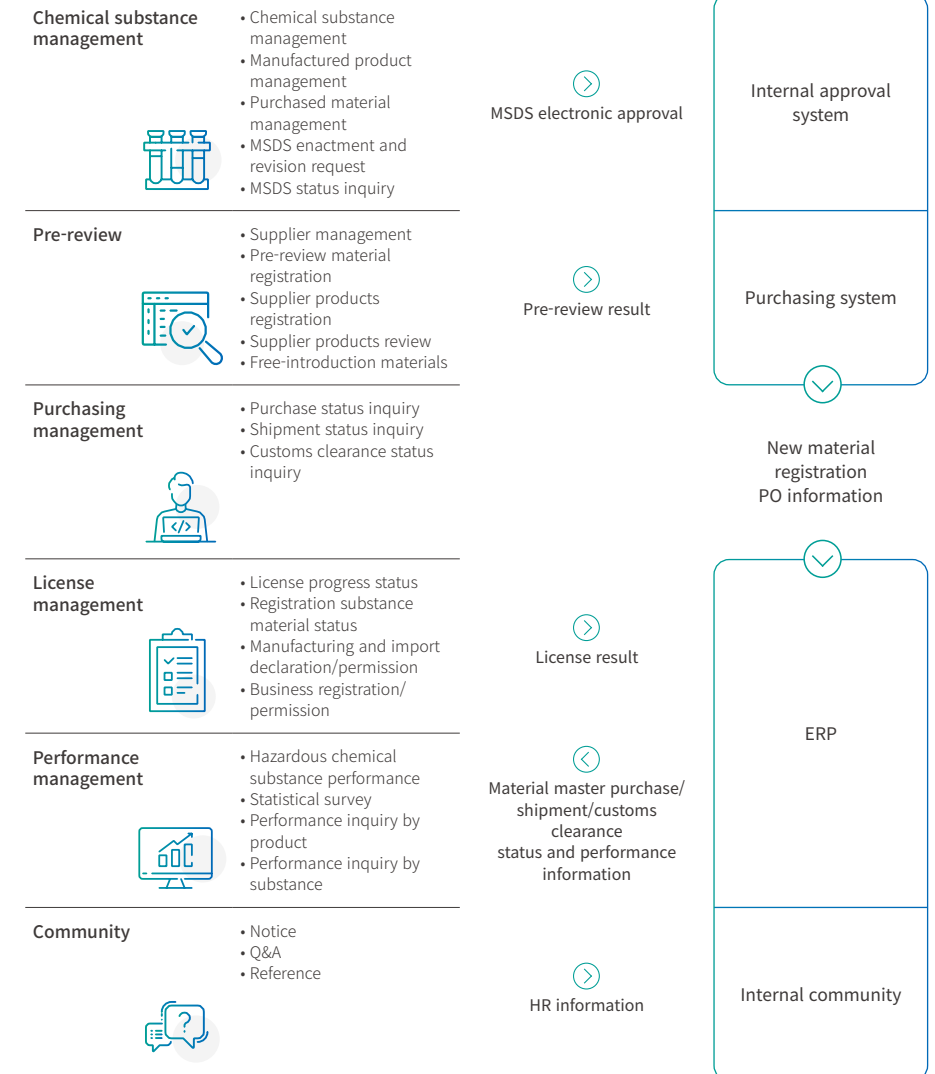
Governance

SKC undergoes semi-annual business site chemical safety management inspections to reinforce its chemical management system. The results are reported to the CEO, ensuring regular monitoring of chemical safety management. During safety inspections, audits are conducted based on the Serious Accident Punishment Act to ensure overall compliance with safety, health, and environmental regulations. With this effort, we minimize damages from serious accidents and manage risks associated with regulatory violations.

Strategy

SKC, as a global ESG material solutions company, recognizes our responsibility and obligations regarding chemical use in the production process and put its efforts to ameliorate the chemical safety management system. Pre-reviews for legality and safety are conducted upon introducing chemicals, and hazards and risks throughout handling to disposal are identified. Regulations, procedures, and standards for chemical management are established and applied in operations. Specifically, utilizing and introducing the SkyCHEMS, our own chemical management system, we update databases for 11 chemical-related regulations periodically and rigorously manage all inventories of chemicals involved in manufacturing, purchasing, storing, and distributing. Under the Act on Registration and Evaluation of Chemical Substances, we pursue the third round of substance registration (postponed until 2024), ensure compliance with domestic and international chemical-related regulations through comprehensive inventory checks with the SkyCHEMS, and thoroughly comply with the obligations for registration and management of imported and manufactured chemicals. Moving forward, we aim to establish and execute strategies for reducing and replacing hazardous chemicals along with rigorous chemical management through the SkyCHEMS.

[SKC's Chemical Substance Management System (SkyCHEMS)]





Chemicals Safety Management

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Risk Management

Chemical Substance Compliance

SKC identifies the domestic and international regulatory status and adheres to laws for all chemicals handled. To minimize legal risks, we regularly monitor the hazard of chemicals and incorporate this information into the chemical database. Additionally, we recognize the financial risks such as fines, halts in product distribution due to the distribution of unregistered chemicals. To manage and mitigate these risks, we are committed to developing compliance measures. For all chemicals handled, we have established processes for pre-evaluation before introducing chemicals, responding to incidents such as chemical leaks or contact, managing safety data sheets, conducting chemical risk assessments, managing personal protective equipment for chemicals, and ensuring compliance with chemical regulations through permits and notifications. These standards and processes are incorporated into SKC’s chemical management regulations and procedures. We will minimize chemical risks through thorough chemical management, reduce the use of hazardous chemicals, thereby contributing to environmental protection in the workplace and local communities, and ensuring the safety of our employees.

[Chemical Substance Compliance Management Plan]

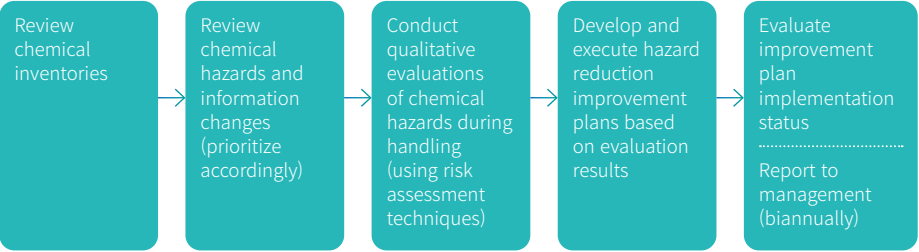
Manufactured and imported chemicals	• Use chemicals only after verifying registration and exemption approval with the Ministry of Environment under the ‘Act on Registration and Evaluation of Chemical Substances.’ • For unregistered chemicals, report usage plans and proceed with legal procedures.
Domestically purchased chemicals	• Confirm registration status and report plans from the supplier before approving orders. • Check for potential sudden supply interruptions due to non-compliance with regulations of suppliers
Exported chemicals	• Update on overseas regulations, such as the European REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) on a adhoc-basis. • Supply products in accordance with identified regulatory procedures.

Risk Assessment of Chemical Substance

According to chemical management regulations and policies, SKC annually conducts environmental impact assessments on the use of chemicals. With this, we identify regulatory violations and environmental pollution risks from misuse of chemicals, establishing and executing improvement plans accordingly. Additionally, for risk assessments, we adhere to regulations by conducting initial, regular, and ad-hoc¹⁾ assessments on handling operation of both new and existing chemicals. We also follow safety permit procedures for handling hazardous chemicals and dangerous materials. SK picglobal manufactures and uses reagents internally for quality analysis of products and raw materials. Annually, it conducts analysis and risk assessments of hazardous and risky factors, aiming to identify potential accidents and risks that may arise during the process of diluting and blending high-purity reagents. It also formulates measures to mitigate these risks effectively.

1) Initial: first introduction of chemicals
Regular: report to management on the implementation of evaluation and improvement plans (bi-annual)
Ad-hoc: During the introduction or manufacturing of new chemicals, occurrence of chemical information changes, and in case of chemical accidents

[Risk Assessment Process for Chemicals]





Chemicals Safety Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management 
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Metrics & Target

SKC registers and manages raw materials and by-products used in accordance with government guidelines to ensure safe and seamless chemical management, and has established and is operating a plan for this through 2030.

[Chemical Registration Status and Plans]

Classification	Government Guidelines	SKC's Performance and Plans	Notes
1st	Designated 510 types of chemicals to be nationally registered	Completed registering 5 types of raw materials and by-products in addition to 2 types of products (PO, SM)	-
2nd	Registration of imported and manufactured chemicals of 1,000 tons or more	Completed registering 13 types of raw materials and by-products in addition to 7 types of products (PG, DPG, TPG, PPG, PM, DPM, and Copper)	-
3rd (~2024)	Registration of imported and manufactured chemicals of 100~ 1,000 tons	Ongoing registration of 7 types of raw materials and by-products in addition to 2 types of products (MP, TPM)	5 chemicals preemptive registration completed (2022)
4~5th (2025~2030)	Registration of imported and manufactured chemicals under 100 tons	Plan to register fourth round, 7 types of raw materials and by-products (~2027) Plan to register fifth round, 2 types of raw materials and by-products (~2030)	

Performance

Elimination of Chemical Accident Risk Factors

SKC strives to ensure worker safety and eliminate risk factors that increase accident rates by introducing and utilizing unmanned robots and facilities during chemical handling. SK nexilis specifically has invested in facilities to enhance the accuracy and reliability of level measurements by eliminating the risk of chemical exposure during the maintenance or level measurement of chemical storage tanks. The previous mechanical (pressure) level sensors posed risks of arsenic acid inhalation during additional visual checks or sensor replacement by workers. However, by applying laser sensors, potential hazards during operations have been completely removed. At SK picglobal, unmanned robots have been introduced for reagent manufacturing to reduce employees' chemical handling frequency. This has lowered errors in reagent production, ensuring consistent quality and reliable analysis. As of 2023, robots manufacture 24% of all handled reagents, with plans to gradually increase this proportion.

Substitution of Hazardous Chemical Substances

By strengthening chemical management, SKC is dedicated to replacing hazardous chemicals with general chemicals across all areas, including product development and production processes. In 2022, SK PIC Global reduced the risk of environmental pollution from methanol leaks and spills by replacing high-concentration methanol with low-concentration methanol. By 2024, the company will no longer use insulation materials containing refractory ceramic fibers, a hazardous chemical used in the chemical manufacturing process. During insulation maintenance and replacement, it also aims to remove the existing insulation materials.

[Chemical Substitution Status and Plans]

	Responses	Expected Effects
2024	Cease the use of pipe insulation products containing hazardous chemicals (refractory ceramic fibers) Shift to substitutional chemical contained products	Reduced hazardous chemical handling and management risks Reduced employee harmfulness
2023	Replace the DMF (68-12-2, hazardous chemical), a reagent required for product and raw material quality analysis, with an alternative chemical	Reduced employee harmfulness (respiratory, carcinogenic, reproductive, and acute toxicity) Excluded work environment evaluation and special medical examinations for employees
2022	Adjusted the amount of high-concentration methanol (hazardous chemical) in processing raw materials and changed it to low-concentration methanol (non-hazardous chemical)	Reduced employee harmfulness and handling and managing risks of hazardous chemicals
2021	Changed the production process of chilled water corrosion inhibitor (N-2000) containing the hazardous disodium tetraborate (1330-43-4, containing 1~10%) to a non-hazardous chemical product (TARC115)	Changed the license for hazardous chemicals (deleted items) and reduced harmfulness
2019	Replaced hazardous chemicals (NaOH) for wastewater neutralization with general chemicals	Reduced hazardous chemical handling and management risks and worker risks
2013	Developed and applied dioxane-free coating formulation	Addressed domestic and international water pollutant regulations
2012	Developed and applied PFOS ¹⁾ -free coating formulation	Addressed domestic and international hazardous chemical regulations

1) Perfluorooctanesulfonic acid



Advancement of Human Rights Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Governance

SKC carries out human rights management activities through channels for handling grievances and conducting human rights education, aiming to prevent actual human rights violations and take appropriate measures. Furthermore, through the ESG committee, we review plans to promote human rights management, enhance policies related to human rights, and manage risks, fostering a culture of human rights management.

Strategy

Based on SKMS's human rights philosophy, we prioritize the well-being of our employees as a core management objective and strive to enhance the happiness of customers, suppliers, shareholders, and local communities. In line with international standards and guidelines on human rights and labor, including the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights (UNGP), and UN Global Compact (UNGC), we have issued a human rights declaration endorsed by our CEO. This declaration underpins eight fundamental human rights principles for human rights management across the company. Furthermore, by adhering to robust human rights management policies and complying with both domestic and international labor regulations, we proactively mitigate potential human rights risks to ensure our operations uphold human rights without compromise.

[Human Rights Policy]

Declaration of Human Rights

SKC bases its business operations on the SKMS which manifests SK Group's management philosophy and corporate culture, defines the happiness of its people as its business purpose, and endeavors to fulfill its critical role in creating happiness of key stakeholders including customers, suppliers, shareholders, and society at large. We are evolving phase by phase into an ESG-conscious material solution provider in order to promptly respond to customers' needs and ensure their success and, by extension, mankind's growth, promoting a corporate culture built around respect for human rights based on the belief that people are the most important resource of a business organization.

To uphold human rights in its business, SKC will comply with global human rights / labor standards and guidelines including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGP), and the UN Global Compact (UNGC) to name a few.

With human rights policies informed by such international human rights standards, SKC will do its best to ensure that not only its people but also investees / suppliers respect human rights, to prevent risks to human rights from arising out of business activities, and remove / mitigate potential risks to human rights attributable to the characteristics of relevant stakeholders and manufacturing industry.

Sep. 2022, CEO of SKC Corp.

Woncheol

[Basic Human Rights Principles]

Ensure Occupational Safety 	Protect human rights of local resident 	Non-discrimination 	Comply with work hours 
Prohibit sexual harassment and bullying at work 	Prohibit forced labor 	Prohibit child labor 	Guarantee freedom of assembly and right to collective bargaining 





Advancement of Human Rights Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management 
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

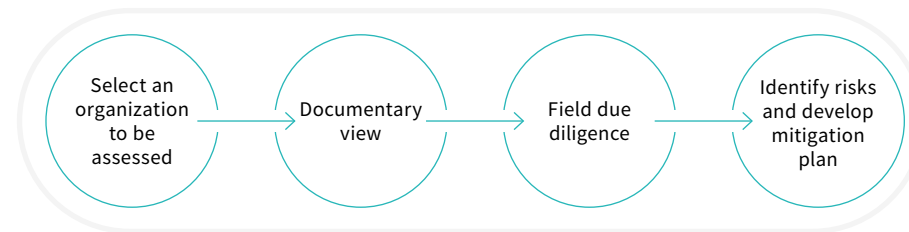
Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Risk Management

Human Rights Risk Assessment

Based on SKC's human rights management policies, SKC has developed a human rights risk assessment index that aligns with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. Risk assessments are conducted according to this index.

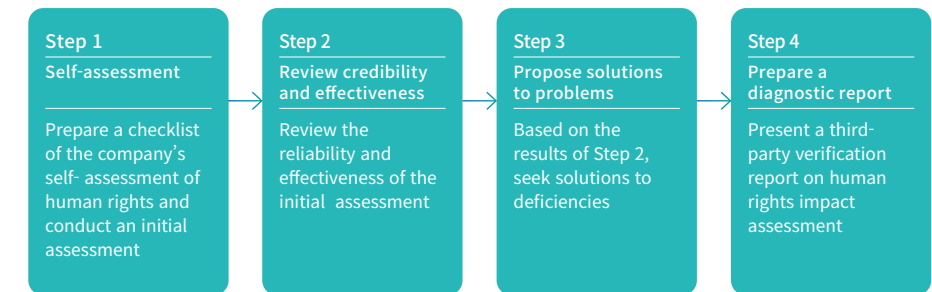
[Risk Assessment Process]



Human Rights Impact Assessment

SKC conducted a human rights impact assessment in 2022 to minimize human rights-related risks and integrate human rights management within the organization. Using a checklist based on UN Human Rights Guidelines, we conducted internal assessments and underwent a credibility and effectiveness review of self-assessments by third-party organizations. As of 2023, 50 improvement tasks were identified, from which we prioritized and derived medium- to long-term tasks for improvement plans.

[Human Rights Impact Assessment Process]



[Result of Human Rights Impact Assessment]

(Conducted in 2022)

	Declaration and internalization of human rights policy	Human rights impact assessment	Establishment and implementation of human rights management system	Monitoring and disclosure	Grievance handling mechanism	Total
Evaluation items	15	13	127	20	9	184
Supplementary items	4	9	23	12	2	50(27%)
Short-term improvement tasks	1	-	2	-	-	3(2%)
Long-term improvement tasks	3	9	21	12	2	47(25%)



Advancement of Human Rights Management

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Metrics & Target

In order to create a corporate culture that upholds human rights, SKC enhances human rights management by establishing human rights targets and strategies. We manage human rights-related indicators, such as hours of human rights training, the number of legal violations, and the number of reports, and processes for reviewing and improving our human rights management status. Additionally, we are implementing a feedback mechanism to involve all stakeholders and our employees in our human rights management efforts, and we will disclose our processes and outcomes on our website. To enhance awareness among all employees, we conduct mandatory training programs every year. As of 2023, the average training hours per employee reached 3.5 hours, surpassing our initial 2024 target ahead of schedule. Moving forward, we remain committed to expanding and maintaining training hours to further improve human rights awareness.

	Unit	2024	2025	2026
Expanding human rights training hours	hours	3.5	4	4

Performance

Human Rights Education

SKC runs statutory human rights training such as disability awareness and sexual harassment prevention education to foster a culture of human rights management within the company. Additionally, to enhance a transparent and fair recruitment culture, we provide anti-discrimination training on human rights for interviewers. In the case of SK enpulse, it has conducted workplace bullying prevention training in addition to the statutory education programs.

Prevention and Reporting of Human Rights Violation

SKC has established and operates an internal grievance process to ensure prompt action and prevent recurrence in the event of human rights violations. We receive reports both offline and online, and initiate fact-finding consultations within three business days of receipt. If human rights violations such as workplace bullying, sexual harassment, or discrimination are confirmed, we proceed with disciplinary actions through the HR Committee. Depending on the case, we convene the HR / Disciplinary Committee to deliberate on disciplinary actions within 30 days. Following these actions, we monitor any recurrences to prevent it from happening again. Reports and consultations made through the SKC’s reporting channels are kept confidential, thoroughly protecting the confidentiality and privacy of the reporters.

[Internal Grievance Handling Process]

Counseling Procedure		Disciplinary Procedure	
Step 1	Step 2	Step 1	Step 2
Filing a grievance	Consulting and investigating disciplinary reasons	Disciplinary deliberation and enforcement	Results notification and recurrence prevention
Counseling support personnel • HR Team leader • Head of HR Department at each business site Methods • Telephone, email, in writing, in person, etc.	Consultation and investigation • Conduct consultations with the applicant within 3 days • If human rights violations such as workplace harassment, sexual harassment, and discrimination are confirmed, the HR Committee will be held (disciplinary actions) ※ Contents of grievance and consultations are kept confidential and private	• The HR Committee decides whether to discipline (within 30 days from receiving the request for disciplinary review) • Send a notice of appearance to the persons subject to disciplinary review and allow them to make a statement (orally or in writing) • Enforce the results of the disciplinary decision (HR Department) ※ Discipline ranges from reprimand to dismissal as per SKC's reward and penalty regulations, depending on the degree and persistence of the human rights violation	• Notify the affected employees of the disciplinary outcome and measures to protect their privacy in advance and listen to their opinions to adjust the measures • Notify the affected / offending employees of the disciplinary outcome and monitor the recurrence prevention



Advancement of Human Rights Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management [↗](#)
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Reporting and Processing

	Unit	2021	2022
Human rights reporting	cases	1	0
Human rights processing	cases	1	0
Incidents of discrimination	cases	0	0

	2023			
Total	SKC	SK nexilis	SK picglobal	SK enpulse
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

Violations

	Unit	2021	2022
Violations	cases	0	0
Penalty	KRW 1 thousand	0	0
Fines	KRW 1 thousand	0	0

	2023			
Total	SKC	SK nexilis	SK picglobal	SK enpulse
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

Human Rights Training

		Unit	2021	2022
Total	Training hours per employee	hours	2	2.1
	Employee completion rate	%	100	100
Sexual harassment prevention training	Training hours per employee	hours	1	1.0
	Employee completion rate	%	100	100
Disability awareness training	Training hours per employee	hours	1	1.0
	Employee completion rate	%	100	100

	2023			
Total	SKC	SK nexilis	SK picglobal	SK enpulse
3.5	3.0	2.9	5.0	3.0
100	100	100	100	100
1.5	1.5	1.5	1.5	1.5
100	100	100	100	100
1.5	1.5	1.4	1.5	1.5
100	100	100	100	100

Supply Chain Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities
Enhancement of Information Security

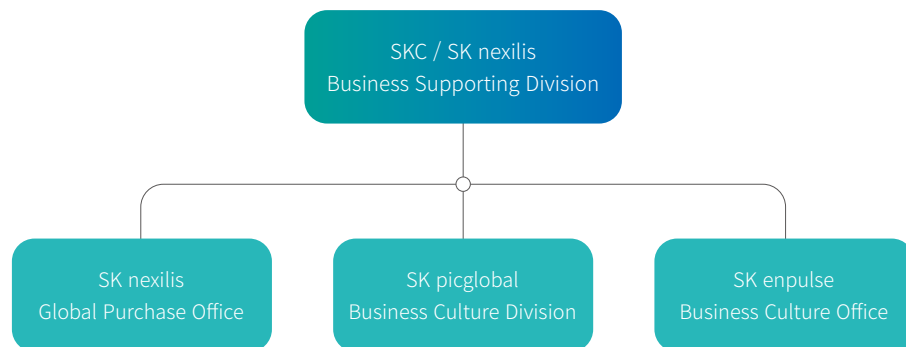
Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Governance

With the aim of ensuring smooth supply chain management, SKC has established and operates an integrated purchase organization among its subsidiaries. Our integrated purchase organization manages company-wide ESG tasks related to purchasing and strives to build a sustainable supply chain and ensure stable procurement by implementing policy support throughout the integrated purchase process, including logistics, IT, and shared growth.

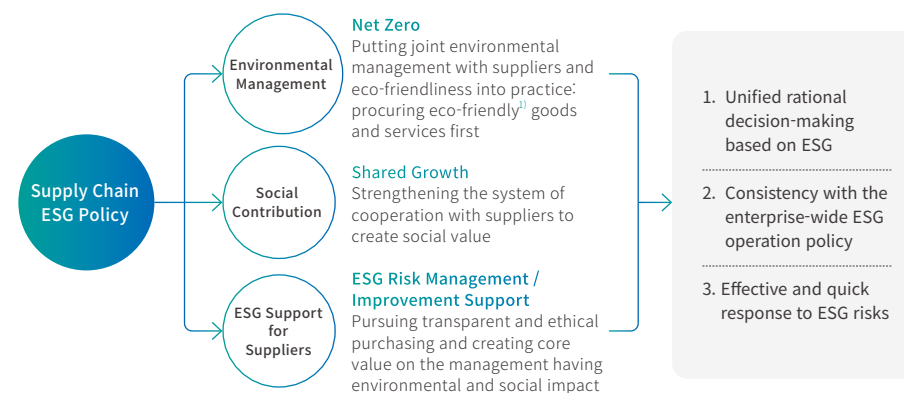
[Supply Chain ESG Strategy]



Strategy

SKC recognizes our suppliers as key players in ESG management and fosters responsible supply chains and sustainable growth by establishing responsible purchase policies, supplier ESG risk management policies, and adopting a shared growth agenda. Additionally, SKC has established the code of conduct outlining the duties and responsibilities of suppliers in key areas such as human rights, labor, environment, and ethics / anti-corruption, which applies to all suppliers. When selecting suppliers, we assess production management and ESG capabilities in advance by evaluating social value activities including environmental safety QCD (Quality, Cost, Delivery). For new supplier contracts, SKC has introduced a policy that requires first-tier suppliers to agree to the 'ESG Compliance Pledge (Supplier Code of Conduct)' as a mandatory condition for transactions within the internal purchasing system 'WITHUS.' Compliance with the ESG Compliance Pledge by suppliers is annually monitored by selecting key suppliers for focused ESG assessments. For suppliers who did not adhere to or inadequately implemented ESG practices, we provide ESG consulting at our own expense and require them to establish an ESG improvement plan. SKC re-evaluates the implementation of the improvement plans to review compliance with the suppliers' ESG improvement plans. If a supplier fails to make efforts to improve their ESG risks for more than three years, we discuss terminating the business relationship, thereby strengthening the adherence to ESG management among our suppliers. All suppliers' ESG policies and processes are reinforced execution capability through reporting to C-level executives and decision-making, thereby assigning responsibility and obligation within the company. By disclosing these policies on our website, we aim to foster understanding among stakeholders as well as encourage suppliers' participation.

[Supply Chain ESG Strategy]



¹⁾ Goods / services minimizing input of energy / resources and GHG emission and pollutants

Supply Chain Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

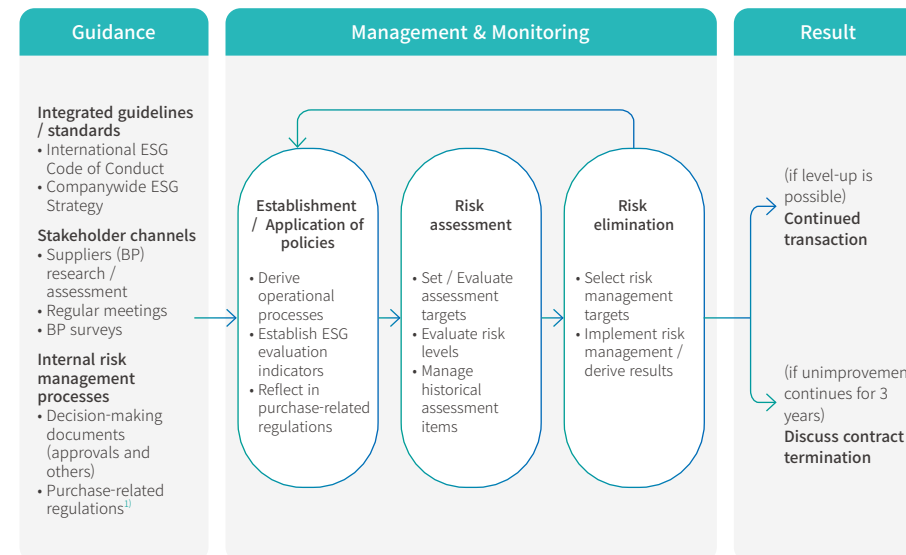
Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Risk Management

SKC has an ESG risk management process for all primary suppliers, aiming to minimize supply chain risks by maintaining continuous trade relationships with suppliers who have completed ESG risk assessments. We annually review the ESG risk assessment procedures for its suppliers and enhance evaluation criteria, thereby undertaking continuous improvement efforts to establish consistent processes for managing supplier ESG risks. In 2022, we standardized a total of 23 categories (10 environmental, 9 social, 4 governance) encompassing 66 ESG indicators and assessed ESG of our suppliers. Identifying low, medium, and high-risk suppliers, we have initiated and undertaken improvement support policies focused on high-risk suppliers. Additionally, we have established policy guidelines to discuss the possibility of terminating relationships with suppliers if their unresolved ESG issues persist for more than three years.

[Supplier ESG Risk Management and Improvement Process]



1) Purchasing management policy, purchasing management rules, affiliate management policy

In 2023, we upgraded the scale of supplier assessments to better suit the industry types and sizes of our suppliers. We conducted assessments using 60 revised essential criteria and a controversy index of 6 violation cases. Additionally, we conducted foundational evaluations based on transaction size and strategic relationships to select key management suppliers. These selected suppliers undergo evaluations of their ESG management systems and are supported by vulnerability improvements aimed at mitigating ESG risks within the supply chain to ensure its stability. In particular, through collaboration with Shinhan Bank, we operate an ESG risk improvement incentive system that supports²⁾ loan interest rates based on the ESG assessment grades of suppliers. We plan to operate supplier ESG assessments by aggregating suppliers' opinions and grievances and enhancing evaluation indicators in the process of utilizing supplier ESG assessment metrics.

2) In 2023, no suppliers applied for ESG risk improvement incentive support program.

[Supplier ESG Indicator]

Area	ESG Assessment Indicators	
Environment	- Environmental management policies, activities, and performance - GHG emissions management performance and reduction activities - Waste management performance - Air pollutant reduction activities and performance - Raw and subsidiary material reduction activities and performance	- Eco-friendly product / services R&D activities and performance - Energy consumption reduction activities and performance - Hazardous substance management activities and performance - Ecological pollution reduction performance - Water resource protection activities and performance
Social	- Setting goals and policies for social issues - Human rights policies, activities, and performance - Labor policies, activities, and performance - Supplier management policies and activities - Social contribution policies and activities	- Information protection policies, activities, and performance - Safety and health activities and performance - Conflict minerals usage policies and prohibition performance - Fair trade policies and performance
Governance	- Information disclosure performance and activities - Audit activities	- Management system policies, activities, and performance - Ethical management policies and activities



Supply Chain Management

Environmental

Climate Action

Resource Use and Pollutant Reduction

Expansion of Environmental Management

Social

Human Resource Management

Work and Life Balance

Enhancement of Occupational Safety and Health

Product Safety and Quality Management

Chemicals Safety Management

Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Metrics & Target

SKC obtained ESG compliance agreements from all suppliers as of 2023, achieving a 100% compliance rate goal ahead of schedule. We aim to maintain this rate until 2026 to foster ESG participation among all suppliers. Additionally, for supplier ESG assessments, we have set a goal to to complete 100% of these assessments for key supplier companies¹⁾ by 2024. Furthermore, we have established a roadmap aiming to reduce the proportion of high-risk suppliers among key management suppliers to below 30% by 2024 and below 20% by 2025. We will continue to conduct ESG assessments for suppliers to support the enhancement of their ESG management. We aim to increase and maintain improvement support rate from 50% to 100% by 2023. To this end, we plan to gradually expand support activities such as education, consulting, and financial assistance.

1) Suppliers selected based on transaction size, frequency, company size, and strategic relationships

[Target for Supplier Support²⁾]

	2024	2025	2026
ESG compliance agreement rate	100%	100%	100%
Improvement support rate	100%	100%	100%
High-risk group ratio	30%	20%	15%

2) For domestic suppliers

Performance

Management and Support for Suppliers

SKC is developing and expanding a supplier win-win collaboration program to advance sustainable management systems among suppliers. Based on regular supplier evaluations, we operate an award program to recognize outstanding cases, such as providing a KRW 11 million incentive to SK enpulse. Additionally, we run workshops, technical seminars, and supports activities related to SHE. In 2023, through ESG assessments, we provided ESG management consulting support to 10 suppliers identified as high-risk to enhance their ESG management level. The proportion of suppliers classified as high-risk stood at 53%³⁾ in 2023. We plan to reduce the proportion of high-risk suppliers by continuously expanding consulting support to suppliers. In 2023, as a joint program with SK Group, we expanded the Shared Growth Fund, operated with Industrial Bank of Korea (IBK), to include the suppliers of SKC subsidiaries. This initiative provided about KRW 1.1 billion in monthly average loans and interest reductions to about three companies. Additionally, we supported suppliers’ social responsibility efforts and enhanced interest and participation in ESG management by offering various seminars in management, economics, ESG, and semiconductor-related topics. The ‘Shared Growth CEO Seminar’ and ‘Semiconductor Co-prosperity CEO Seminar’ held in 2023 were joined by 31 and 5 CEOs and employees of suppliers, respectively. We manage satisfaction levels after the seminar to ensure high-quality programs.

3) Due to the partial divestment of certain businesses, there has been an increase in the proportion of high-risk suppliers

Enhancement of Communication with Suppliers

We operate ethical management reporting websites and communication channels through procurement portals to address concerns from suppliers. Additionally, we hold annual supplier conferences to share company policies and operational details with them. By deploying supplier ESG support programs, we aim to increase participation in ESG management among suppliers and proactively prevent negative social impacts to strengthen our sustainable management system.



Supply Chain Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Supplier Management

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Total suppliers ¹⁾		numbers	687	1,526	933	103	319	325	186
Newly registered suppliers		numbers	85	187	212	17	84	45	66
Supplier ESG compliance pledge	Signature rate	%	-	-	100	100	100	100	100
	Compliance rate	%	-	-	100	100	100	100	100
ESG assessment	Number of suppliers assessed for ESG risks	numbers	77	70	56	0	10	45	1
	Ratio of suppliers assessed for ESG risks that implemented improvement measures	%	0	13	0	-	0	0	-
Environmental impact assessment	High-risk suppliers	numbers	-	26	32	-	10	22	-
	suppliers that implemented improvement measures	numbers	-	9	0	-	0	0	-
Social impact assessment	High-risk suppliers	numbers	-	6	13	-	7	6	-
	suppliers that implemented improvement measures	numbers	-	9	0	-	0	0	-

1) Based on domestic suppliers

Support for suppliers

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Incentives	Amount of incentives	KRW 100 million	-	-	0.11	0	0	0	0.11



Supply Chain Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management

Supply Chain Management

Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Handling Suppliers' Grievances

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Handling Suppliers' Grievances	No. of reported cases	cases	-	-	0	0	0	0	0
	No. of resolved cases	cases	-	-	0	0	0	0	0
	Rate of resolved cases	%	-	-	0	0	0	0	0

Suppliers Purchase

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Suppliers Purchase	Purchased amount of eco-friendly products and services ¹⁾	KRW 100 million	3,950 ²⁾	4,536 ²⁾	2,563	0	2,563	-	0
	Purchase rate from domestic suppliers	%	86.3	93.1	87.9	100	79.3	91.3	99.4

¹⁾ Based on K-taxonomy (Article 1 Green Sector – 4. Circular Economy – A. Resource Circularity – (3) purchase amount of recycled copper (scrap wire copper)
²⁾ The amount of purchases excluding recycled copper is re-evaluated to exclude some of the values, which may differ from last year's report data.



Contribution to Local Communities

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities 
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Strategy

SKC has applied SK Group's DBL (Double Bottom Line) management, which pursues mutual growth with society by enhancing social values alongside creating economic value in every operation. As part of DBL management, we consider social value a core pillar of our management strategy, aiming for a co-prosperous society and the happiness of our stakeholders. Aiming to foster sustainable relationships with local communities, we run various local-specific social programs. Under the policy 'direct participation of employees,' we require employees to engage in volunteer activities near their workplaces.

[Social Contribution Policy]

Direction

Create Social Value and Local Community Relationship
Based on Participation of Employees

Values

Mutual Growth with
Local Community

+

Foster Future
Generation

+

Climate Change
Response and Ecosystem
Protection

Core Areas

Local community

Education and
Funding

Resource recycling
& Environmental
protection

Major Activities

- Cleanup campaign at Hyeonchungwon
- Sharing Kimchi
- Donation of essential supplies to vulnerable groups near local business sites
- Support newspaper learning materials for ChildFund Korea
- Donation to Village of Peace Pentecost, Taeyoun School
- Donation of Blood donation certificate of employees

- Environmental education program 'My Green School' for elementary students
- Green Umbrella Children's Foundation Matching Fund

- Launch a plastic recycling information platform 'My Green Place'

Metrics & Target

The environmental education program 'My Green School,' involving employees, university students, and elementary school students, started at local children's centers. Since then, by the second half of 2023, it expanded to an official environmental education course during regular school hours in elementary schools. We have set annual goals to continuously expand the number of education beneficiaries.

[Expansion Goal of Education Beneficiaries]

2024	2025	2026
1,500	2,000	2,500

Contribution to Local Communities

Environmental
Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management
Social
Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security
Governance
Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance

Cookstove Support Project in Myanmar

As a member of SK Group, SKC is running the Cookstove Support Project with the Climate Change Center and the Myanmar government. This project aims to distribute high-efficiency cookstoves to vulnerable people in Myanmar who lack access to electricity and gas. As of 2023, the project has created social value worth KRW 5.19 billion, including KRW 72 million in job creation for low-income households, KRW 974 million in fuel savings, and KRW 4.145 billion in increased available time due to reduced cooking times.

My Green School

My Green School is SKC’s flagship CSR program that provides environmental and resource recycling education to elementary students. Using the My Green Place application, the program educates students on proper waste separation and disposal based on different types of trash and offers practical activities to enhance their recycling practices. From September to December 2023, 1,053 elementary students have joined the program across three regions: Seoul, Jeongeup, and Busan.

[My Green School Achievements]

School	Category	Seoul	Jeongeup	Busan	Total
	No. of classes	33	10	3	46
	No. of participants	761	217	75	1,053

Region	No. of classes	No. of Participants	Satisfaction of Students ¹⁾	Satisfaction of Teachers ¹⁾
Seoul	33	761	4.54	4.81
Jeongeup	10	217	4.46	4.95
Busan	3	75	4.77	4.63
Total	46	1,053	4.59	4.79

1) Based on a 5-point scale satisfaction survey

Social Contribution

In addition to the Cookstove Support Project and My Green School, we continuously plan and operate various social contribution activities across our subsidiaries. We will continue to listen to the needs of local communities and engage in diverse activities to grow together with them.

[Activities of SKC and subsidiaries]

Company-wide	My Green School	10 university students and 10 SKC and subsidiary members educated a total of 1,053 students at elementary schools near SKC’s facilities on waste separation.
SKC	Cleanup campaign at Hyeonchungwon	A total of 35 employees participated in wreath-laying and cemetery cleanup activities.
SK picglobal	Sharing Kimchi Event	Collaborated with the Ulsan Regional Office of Patriots and Veterans Affair to conduct a sharing event for low-income veterans’ families, enhancing national pride among veterans and improving community relations (110 boxes of kimchi were delivered to 110 households of veterans)
	Donation of essential supplies to vulnerable groups near local business sites	Coordinated year-end support activities with a local community center to donate essential goods to disadvantaged groups near its facilities
	Support newspaper learning materials for Green Umbrella Children’s Foundation	Partnered with Green Umbrella Children’s Foundation and Gyeongsang Ilbo to support newspaper literacy education for underprivileged children in Ulsan
	Donation to Village of Peace Pentecost, Taeyoun School	Donation activities supporting local community welfare facilities through payroll deductions
SK enpulse	Blood donation certificate	Participated by 63 employees



Contribution to Local Communities

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management

Contribution to Local Communities

Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance Data

Local Community Relations

		Unit	2021	2022	Total	SKC	SK nexilis	SK picglobal	SK enpulse
Investment	Total social investments	KRW 100 million	18	22.8	13.3	13.3	0	0	0
	Investment in communities	KRW 100 million	12.3	16.5	5.3	5.1	0	0.2	0
	Policy contributions	KRW 100 million	5.7	6.3	8.2	8.2	0	0	0
Volunteer activity	Total volunteer hours	hours	-	-	403	76	24	39	264
	Volunteer hours per employee	hours	0.2	0.4	0.3	0.4	0.04	0.1	1.5
	Total no. of participants	persons	-	-	237	36	4	132	65
	Ratio of participating employees	%	5.5	17.3	18.2	17.0	0.7	38.4	36.5
Evaluation	Social contribution program performance evaluation	V	V	V	V	V	V	V	V
	Ratio of business sites operating community-need-based development programs	%	100	100	100	100	100	100	100
	Ratio of work sites operating community VoC programs	%	100	100	100	100	100	100	100

Enhancement of Information Security

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security ➔

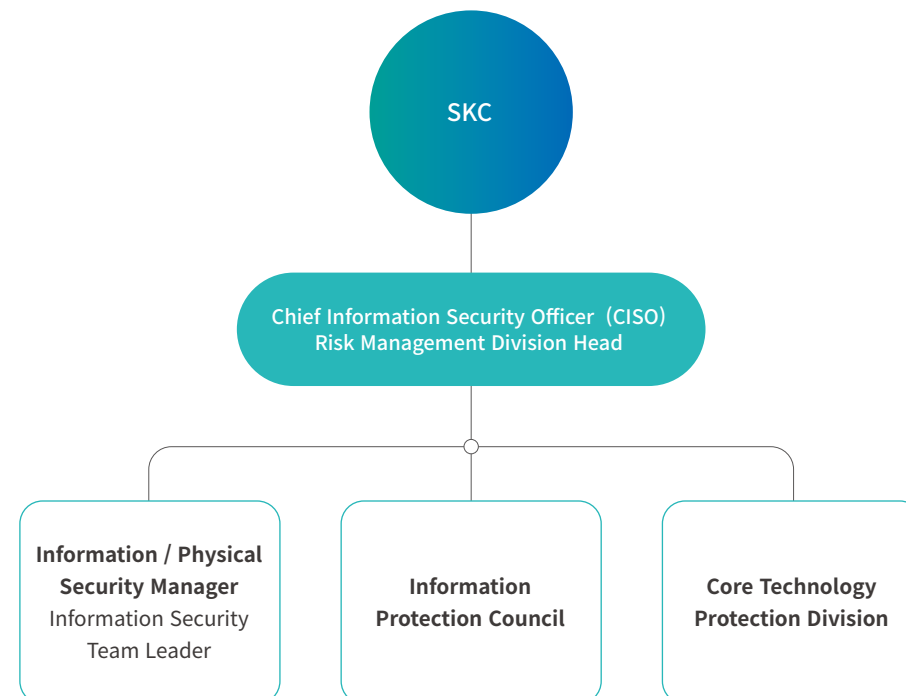
Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Governance

SKC, including subsidiaries, appoints an executive as the Chief Information Security Officer (CISO) and reports it to the Ministry of Science and ICT to ensure systematic implementation of information security. This assigns responsibility for overseeing internal information security activities and monitoring incidents of information leakage. In addition, we have organized an Information Protection Council, including relevant organizations, to establish new information security policies and review effectiveness and performance of existing policies every quarter. We have also established a committee to protect core technologies, collaborating with relevant departments. With this effort, we develop our technology protection framework and minimize the risk of asset leakage caused by information breaches.

[Data Security Governance Structure]



Strategy

SKC strengthens its information security system to prevent the leakage of critical information such as customer personal data, company confidential information, and intellectual property. To elevate the security levels of SKC and our subsidiaries, we have integrated information security policies by referencing relevant laws (Act on Promotion of Information and Communications Network Utilization and Information Protection, Personal Information Protection Act, and Act on Prevention of Divulgence and Protection of Industrial Technology) and group security guidelines. We have revised and established our information security system to a total of 11 security management regulations and guidelines that incorporate consistent control standards.

[Security Management Guidelines and Regulations]

Security Management Guidelines	• Employee security • Information system security • Physical Security • IT disaster recovery • Outsider security • Security audit • Security accident response Security • OT (Operation Technology) Security • Information security organization operation
Security Management Regulations	Information Security

Risk Management

Compliance with SK Group Security System

Following SK Group's security management system guidelines, SKC reviews data security level and conducts security activities in five main areas: security governance, cyber risk management, system security, internal information leakage control, and physical security. In 2023, we have identified the areas that need improvements from 520 items across seven areas. In response, we have formulated and deployed security plans, aiming to proactively address companywide information security issues.

Data Security Risk Assessment

To respond to data security risk, SKC examines risks annually, identifies, and updates information assets. Based on these results, we have established a set of criteria to evaluate the importance of these assets. We analyze the importance, threat levels, and vulnerability of key data assets to assess risks, and also set Degree of Assurance (DoA). For risks exceeding the DoA level, we have established and implemented data protection response to minimize data security issues. And we operate SK Group's internal security management assessment every year, receiving 3.51 points (Good) in 2023, compared to 3.42 (Moderate) in 2022.



Enhancement of Information Security

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities

Enhancement of Information Security [↗](#)

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Metrics & Target

SKC is committed to achieving zero incidents of corporate data and customer personal information leakage or breaches, as well as making continuous improvement in SK Group’s security management system. To achieve this, we have set a goal of receiving a rating of 3.6 points (Good) in SK Group’s internal security management system evaluation, and established and deployed specific plans. Furthermore, we aim to assess the data security status and levels of subsidiaries and overseas operations, expanding and maintaining International Standard Information Protection Certification (ISO 27001) for SKC, SK nexilis, and Absolics. This goal is set to secure an information security system across the company, including stakeholders, and strengthen companywide information security activities through step-by-step plans.

Target	2024	2025	2026
Maintain zero violations of corporate data and customer information leakage	0 cases	0 cases	0 cases
Improvement in SK Group’s security management system (score / grade)	3.6 points / Good	Good	Good
ISO 27001 Certified Business site ^{1) 2)}	2	3	3

1) Divested business sites excluded
2) Certification targets are subject to change due to the establishment of new sites and incorporation of new investment companies

Performance

Data Security Activities

To minimize the risks of customer personal data and corporate confidential information leakage, SKC rigorously conducts information security activities. We have established various security systems including media control, anomaly detection monitoring systems, and external email sending control systems. Furthermore, we conduct regular inspections and continuous monitoring of data assets such as infrastructure and web applications, striving to swiftly identify vulnerabilities and take necessary actions. In addition, we have various activities aimed at enhancing awareness of data security among employees. These include data security training, mock training for handling malicious emails, and document security checks. These efforts aim to raise awareness and promote a culture of information protection throughout the company. These efforts enabled us to support all employees to actively address information security issues and foster a proactive approach to information protection.

Data Security Education

SKC conducts annual information security training to enhance awareness among employees. In 2023, we provided education on data privacy and data security for SKC and subsidiary employees.

Data Security Investment

SKC is investing in data security to strengthen its companywide data protection system. In 2023, the operational budget for information security accounted for 11% of the total IT operating budget and was effectively managed. For 2024, we have allocated 10.4% of the total IT budget specifically for information security investments, continuously enhancing information protection investment.

Data Security Certification

In 2023, SKC and SK nexilis obtained the Information Security Management System (ISO 27001), enhancing the stability of information security systems.

Enhancement of Information Security

Environmental	
Climate Action	
Resource Use and Pollutant Reduction	
Expansion of Environmental Management	
Social	
Human Resource Management	
Work and Life Balance	
Enhancement of Occupational Safety and Health	
Product Safety and Quality Management	
Chemicals Safety Management	
Advancement of Human Rights Management	
Supply Chain Management	
Contribution to Local Communities	
Enhancement of Information Security ↗	
Governance	
Enhancement of Board-oriented Management	
Advancement of Ethical Management and Compliance	

Performance Data

Data Security and Personal Data Leakage

		Unit	2021	2022	2023				
					Total	SKC	SK nexilis	SK picglobal	SK enpulse
Leakage	Total information leakage	cases	1	0	0	0	0	0	0
	Information leakage related to corporate data and customer information	cases	1	0	0	0	0	0	0
	Fines for violating information leakage laws and regulations	KRW 1 thousand	0	0	0	0	0	0	0
Education	Information security training	V	V	V	V	V	V	V	V



Enhancement of Board-oriented Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Governance

SKC has been continuously strengthening the authority and role of the Board of Directors to ensure sustainable management. In the interest of all stakeholders, including the company and shareholders, the board reviews core management targets and strategies, acting as a watchdog and manager for transparent governance. The board operates with a focus on independence, diversity, and expertise, with a majority of its members being independent directors whose independence is verified.

Strategy

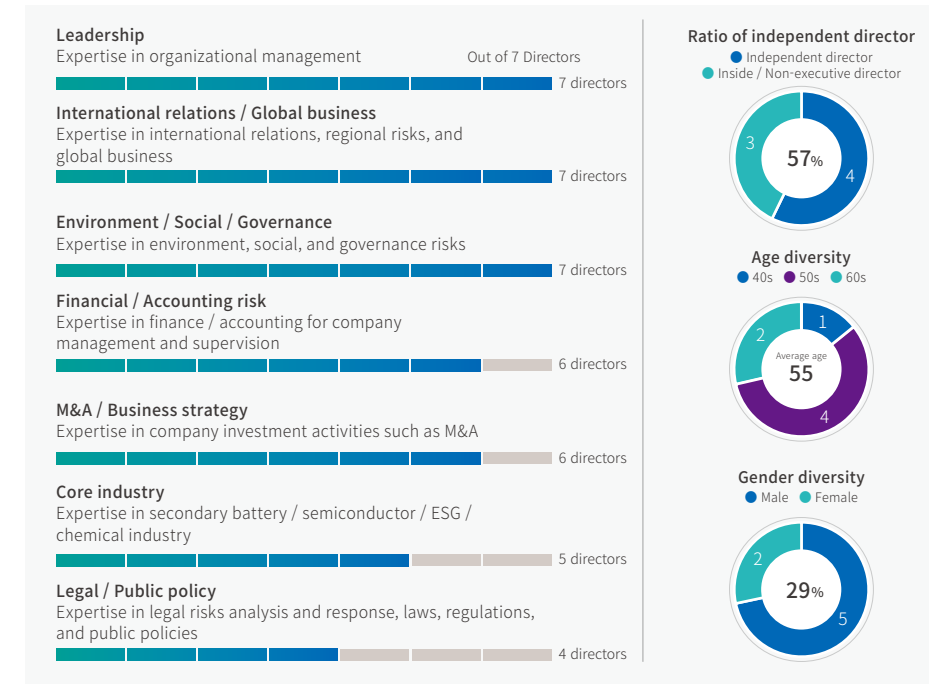
SKC has established authority, responsibility, and operational procedures within the board regulations to ensure transparent operation and reasonable decision-making on management agendas. This aims to promote sustainable growth for the company and the well-being of its stakeholders. Additionally, based on SKC's Governance Charter, the board is composed from the perspectives of independence, diversity, and expertise. We are dedicated to elevating stakeholder interests and company value through transparent and fair decision-making.

Risk Management

Board Skills Matrix

To enhance the necessary capabilities and expertise of the Board of Directors, SKC introduced the Board Skills Matrix (BSM) in 2022 during the selection process for independent directors. This matrix is now utilized in the overall composition of the board. The BSM evaluation criteria consist of seven areas, including 'Leadership' and 'International Relations and Global Business,' to assess expertise in these domains. Based on this evaluation, we diagnose the specialized skills required by the board and select candidates for independent directors who can contribute to achieving SKC's mid to long-term business plans (Financial Story).

[Board of Directors Skills¹⁾]



Skills & Expertise	Park Won-cheol	Park Young-seok	Park Si-won	Chae Eun-mi	Kim Jung-in	Shin Chang-ho	Yoo Ji-han	Note
Leadership	○	○	○	○	○	○	○	7 of 7
International relations / Global business	○	○	○	○	○	○	○	7 of 7
Environment / Society / Governance	○	○	○	○	○	○	○	7 of 7
Financial / Accounting risk	○	○		○	○	○	○	6 of 7
M&A / Business strategy	○	○		○	○	○	○	6 of 7
Key industry	○		○		○	○	○	5 of 7
Legal / Public policy		○	○	○		○		4 of 7

1) as of March 2024



Enhancement of Board-oriented Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Risk Management

Since 2022, SKC has been conducting annual self-assessments of the Board of Directors, committees under the board, and individual member of the board through board activity evaluations. This initiative aims to enhance board capabilities and improve governance structure while also reviewing the appropriateness of board and committee operations and compositions. The 2024 Board of Directors evaluation was conducted in a more upgraded format based on the 2023 evaluation results, and the findings were reported to the board in February. The evaluation results serve as diagnostic indicators to derive improvements in the composition and operations of the board and its committees. They are crucial criteria used to recommend future independent director candidates and decide on reappointments.

Self-Evaluation of Activities Driven by the Board and Its Committees

SKC independent directors and non-executive directors conducted a self-evaluation of the board activities with 28 questions related to the role, composition, and operation of the board on a 5-point scale.

Category	Details
Role of the BOD	Discussing strategic approaches, managing risks communicating with stakeholders
Composition of the BOD	Diversity and expertise, and committees
Operation of the BOD	Plans and improvements, resource input levels, culture, support systems

Regarding the board committees, SKC's independent directors and non-executive directors conducted evaluations on the composition, operations, and expertise for each committee. The evaluations consisted of an average of 12 items rated on a 5-point scale.

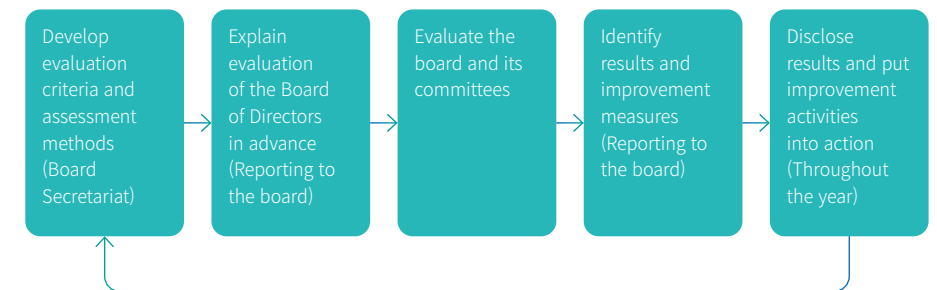
Category	Details
Committee composition	Committee composition, size, role
Committee operation	No. of meetings held, data accessibility
Committee expertise	Each committee operation in the field of its specialty

Individual Board Member Evaluation

For independent directors, SKC operated self-assessments based on peer evaluations, which included individual interviews, independence, diligence, understanding, and contribution. The evaluations consisted of a total of 15 items with multiple-choice and open-ended questions. Multiple-choice responses were rated on a 5-point scale. We have provided feedback on individual directors based on these results.

Category	Details
Independence	Practicing ethical decision-making without seeking private interests
Faithfulness	Commitment of time and effort to the board operations, attendance at workshops, etc.
Understanding	Understanding of the company financial story and industry trends
Contribution	Contribution to the decision-making

Evaluation of Board of Directors Activities Process





Enhancement of Board-oriented Management

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management [↗](#)
- Advancement of Ethical Management and Compliance

Metrics & Target

SKC currently has made its Board of Directors comprised of four independent directors, meeting the legal minimum requirements. However, aiming to enhance the board’s independence, we have set a goal to expand the proportion of independent directors to two-thirds by 2025. Additionally, aiming to secure global-level diversity, we plan to expand the proportion of female and global directors to more than 30% by 2030.

	2025	2030
Securing independence and diversity of the BOD	Ratio of independent directors 67%	Ratio of female and global directors 30%

Performance

Board of Directors Composition

As of March 2024, the Board of Directors, our top decision-making body, consists of 7 directors: two executive directors, four independent directors, and one non-executive director. To ensure independence from management and controlling shareholders, an independent director is appointed as the Chairman of the board. More than half of the board (4 out of 7 members, 57.4%) are independent directors. When appointing independent directors, to ensure objectivity and fairness, we go through deliberations by the Independent director Candidate Nomination Committee and election by shareholders at the general meetings. Additionally, in 2023, we appointed one female director, achieving over 50% rate of female directors among our independent directors. To ensure expertise in decision-making, we appoint independent directors with experience and knowledge in essential areas such as investment, finance and accounting, ESG, and law. Following the Article 13 of the board regulations, independent directors may seek external professional support as needed to enhance their expertise.

[Board Composition]

Category	Name	Gender	Experience and Roles	Expertise	Tenure
Executive Director	Park Won-cheol	Male	Head of New Business Team at SK SUPEX Council (Vice President) Current) CEO of SKC	General corporate management	Mar. 2022 ~ Mar. 2025
	Yoo Ji-han	Male	Chief of Investment 2 Team, SUPEX Council Current) CFO of SKC	General corporate management	Mar. 2024 ~ Mar. 2027
Independent Directors	Park Young-seok (Chairman)	Male	Current) Professor at Sogang University, Department of Business Administration Current) Hanjin KAL Independent Director	Financial/ Accounting	Mar. 2022 ~ Mar. 2025
	Park Si-won	Female	Director of Environmental Law Center at Kangwon National University, Institute of Comparative Legal Studies Current) Professor at Kangwon National University, Law School	ESG, law	Mar. 2024 ~ Mar. 2027
	Chae Eun-mi	Female	CEO of the Korean branch of FedEx Vice President of the Transportation Committee at the Korea Chamber of Commerce and Industry	Global business	Mar. 2023 ~ Mar. 2026
	Kim Jung-in	Male	Vice President of business generalization at Hyundai Card Co., Ltd. Current) CEO of Hyperlounge Co., Ltd.	General corporate management	Mar. 2023 ~ Mar. 2026
Non-executive Directors	Shin Chang-ho	Male	Chief of Autonomous Responsible Management Support Group, SUPEX Council Current) Chief of Portfolio Management Division at SK Inc.	General corporate management	Mar. 2024 ~ Mar. 2027

Enhancement of Board-oriented Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

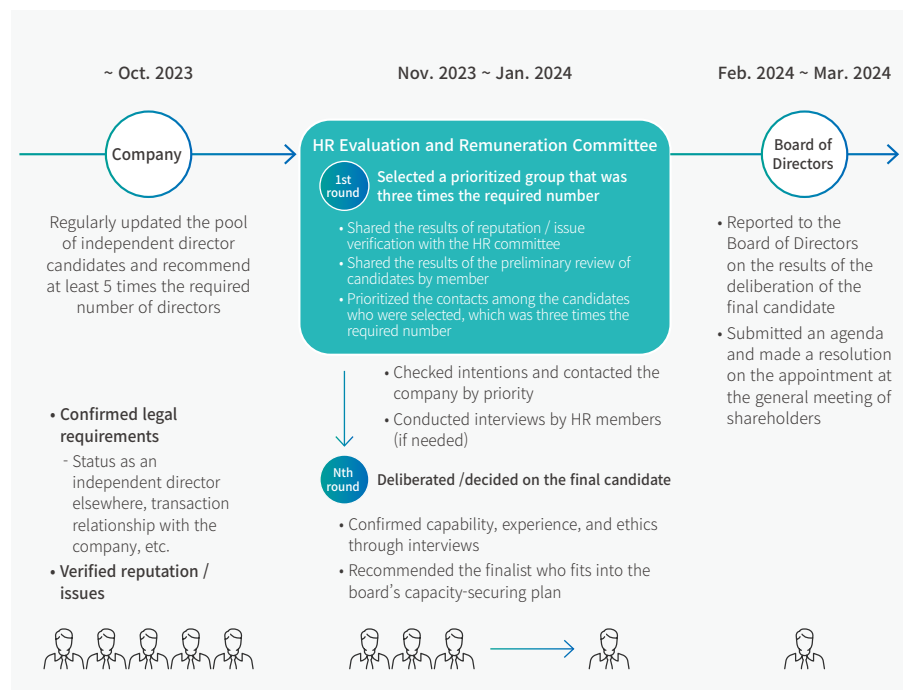
Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance

Independent director Appointment

The Independent director Candidate Nomination Committee under the Board of Directors manages the pool of independent director candidates, and recommends and verifies them. To prevent conflicts of interest and ensure the independence and fairness of independent directors, the committee reviews transaction records between the company and its subsidiaries to identify any significant conflicts of interest. If a candidate has such a conflict, they are excluded from independent director candidates. Candidate reviews are conducted by third-party verification to enhance objectivity based on a pre-established checklist. After reviewing candidate documents and conducting reputation checks, an initial list of independent director candidates is selected. Subsequent steps involve interviewing candidates to assess their capabilities, experience, and ethical standards, before recommending final candidates. If recommended as a candidate for independent director, we request a confirmation of eligibility from the candidate themselves to determine their suitability for the position.

[Independent director Nomination Process]



Operation and Responsibility

The Board of Directors holds regular meetings monthly in principle, and according to its regulations, notifies board members at least 7 days in advance of the meeting date. Additionally, to ensure thorough review by directors before the board and committees, relevant materials are provided at least 3 business days prior to the meeting date. Since 2022, SKC has launched a board information system to provide management data, agenda histories, and requested materials from directors, allowing directors to review relevant documents at all times. Additionally, board committees preview agenda items for board deliberation, facilitating in-depth discussions from specialized perspectives in each committee's respective field. In 2023, the average attendance rate of directors at board meetings was 95%. All directors are diligently fulfilling their roles in overseeing management execution and approving critical operational matters to sustain SKC's continuous growth. The board reviews not only financial risks but also non-financial risks such as Net Zero implementation, RE100, safety and health management, and employment practices, aiming to foster a stable corporate governance environment.

Committees under the BOD

SKC has a total of six committees under the Board of Directors in accordance with the Commercial Act and the Board of Directors regulations. To ensure independence, each committee is chaired by an independent director, who comprises the majority of its members.

Independent Director Candidate Nomination Committee

The Independent director Candidate Nomination Committee is responsible for building a pool of independent director candidates and recommending independent directors. As of the end of December 2023, it consists of three independent directors and one non-executive director. The majority of the committee members are composed of independent directors to ensure the independence of candidate selection. In particular, under the independent director candidate recommendation process established in 2022, it adheres to a fair system for recommending independent director candidates. In the three committee meetings held in 2023, a total of one resolution item and three reporting items were deliberated. Currently, among the directors on the board, there are no independent directors disqualified due to past convictions such as embezzlement, breach of trust, or unfair trade practices.



Enhancement of Board-oriented Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Performance

Audit Committee

The Audit Committee utilizes an internal control system to assess the company's operational status and review non-financial risks. All three members of the committee are independent directors, with one member appointed as an accounting and finance expert to ensure professional expertise in audit tasks. Audit Committee members review the internal audit department's audit plans and pre-approve non-audit service contracts with external auditors. Additionally, committee members participate in audit-related training through professional institutions to enhance their audit capabilities. According to Article 7, Paragraph 2, 10 of the Audit Committee regulations, they have granted consent rights to the executive in charge of audits for the appointment and dismissal of heads of internal audit departments. In 2023, the Audit Committee held a total of 10 meetings, deliberating on 5 resolution items and 18 reporting items.

[Audit Training]

Date	Training Organizer	Audit Member	Reason for Absence	Content
Jun. 30, 2023	Samil PwC	Park Young-seok, Chae Eun-mi	Personal reason	Audit Committee School (online course)
Jul. 18, 2023	SKC	Park Si-won, Park Young-seok, Chae Eun-mi	-	Change in accounting system
Nov. 21, 2023	SKC	Park Si-won, Park Young-seok, Chae Eun-mi	-	Understanding the audit of internal control over financial reporting for consolidation purposes

Related Party Transactions Committee

Related Party Transactions Committee reviews transactions and investments involving related parties. It is composed entirely of three independent directors to ensure sufficient independence. In 2023, the committee held a total of eight meetings, deliberating on one resolution item and 17 reporting items.

ESG Committee

As the responsibility and role of corporations in ESG management become increasingly important, and stakeholder demands grow, SKC launched the ESG Committee in May 2021. In 2023, the committee was composed of the CEO and two independent directors and convened a total of 10 meetings. The committee reviewed the long-term strategic direction and risk management plans from an ESG management perspective. Additionally, it discussed matters requiring preliminary review from an ESG standpoint before being presented to the Board of Directors. In 2024, the ESG Committee was restructured to include one executive director and one independent director. However, to ensure the committee's independence, an independent director was appointed as the head commissioner. To foster qualitative growth of the ESG Committee, we will select key ESG topics requiring discussion and have educational sessions. The committee reviews major decision-making matters to enhance the levels of environmental, social, and governance areas, aiming for the company's sustainable growth through ESG strategies.

[2023 ESG Committee Key Agenda Items]

Meeting	Date	Agenda	Details	Attendance rate
1st	Feb. 14, 2023	Report	2023 ESG Committee operation plan	83.3%
		Discussion	2023 KPI establishment	
		Discussion	ESG based investment process improvement	
2nd	Mar. 21, 2023	Report	2023 IR plan	100%
		Pre-review	2023 Business Plan and KPI establishment	
3rd	Apr. 11, 2023	Approved	Appointment of Head Commissioner	100%
		Pre-deliberation	Disposal of treasury stock	
4th	May. 16, 2023	Discussion	Net Zero Roadmap establishment and implementation strategy	60%
		Discussion	2023 corporate governance report	

Enhancement of Board-oriented Management

Environmental
Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management
Social
Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security
Governance
Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance

[2023 ESG Committee Key Agenda Items]

Meeting	Date	Agenda	Details	Attendance rate
5th	Jun. 12, 2023	Approved	Appointment of Head Commissioner	100%
		Report	2023 Annual Business plan	
		Review	Adoption of internal carbon prizing	
		Review	Publication of sustainable management report	
		Pre-deliberation	Amendment of the Governance Charter	
		Pre-deliberation	Capital increase and business transfer for the establishment of a silicon anode material subsidiary	
6th	Jul. 6, 2023	Pre-deliberation	Acquisition of shares in ISC (Project T)	66.7%
7th	Jul. 18, 2023	Review	Result of 2022 Social value measurement	100%
		Review	2023 SHE risk management	
8th	Aug. 29, 2023	Pre-deliberation	Investment in smart window of company H	100%
9th	Sep. 13, 2023	Review	Human rights management plan	100%
		Review	Result of Scope3 GHG measurement	
10th	Nov. 21, 2023	Review	Result of 2023 ESG external evaluation response	100%
		Review	Current status of PPA joint procurement	

Future Strategic Planning Committee

In May 2023, SKC separated the business strategy review function of the ESG Committee to establish the Future Strategic Committee, which reviews the financial story, key performance indicators, annual business plans, and major investments. To ensure independence, the committee consists of three independent directors, including the CEO, and one non-executive director, making the majority of the committee independent directors. In 2023, the committee convened a total of seven meetings, reviewing one resolution item and ten report items.

HR Evaluation and Remuneration Committee

In May 2023, the HR Evaluation and Remuneration Committee was established separately from the Independent director Candidate Nomination Committee. It consists of three independent directors and one non-executive director, ensuring a majority of independent directors for independence. Based on Article 12 of the HR Evaluation and Remuneration Committee Regulations, it approves evaluations and compensations for internal directors, recommends CEO candidates, and it also introduced and oversees the review of CEO candidates and processes related to CEO succession. In 2023, the committee held a total of five meetings, deliberating on one resolution item and six report items.

Evaluation and Remuneration

SKC executes the remuneration for the Board of Directors within the approved limit set by the shareholders’ meeting and discloses the approved remuneration limit and payment status in annual reports. To ensure independence, evaluations and compensations of independent directors are separated. The evaluation results of independent directors serve as a key basis for decisions on reappointment. Regarding remuneration, we evaluate and disburse payments based on the company’s performance evaluation and compensation criteria. We comprehensively assess qualitative indicators and activities aimed at enhancing corporate value, such as leadership, expertise, and ethical management standards, before evaluation and disbursement. For internal directors, performance share units (PSUs) are granted in connection with medium to long-term performance outcomes. In 2023, director remuneration was structured and disbursed within the limits approved by the shareholders’ general meeting. It consisted of a base salary, which comprehensively reflects responsibilities, expertise, and the company’s operational environment, as well as stock-based compensation linked to enhancing corporate value and rewards.

Enhancement of Board-oriented Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance



Performance

Strengthening Shareholder Rights

Enhancing Shareholder Rights and Participation

To ensure shareholder rights and values, SKC enhances related mechanisms and formalizes provisions regarding shareholder rights and general meetings in its corporate Governance Charter. The company encourages shareholders to exercise their voting rights by providing notification regarding the date, time, location, and agenda of general meeting of shareholders four weeks in advance, allowing shareholders to have sufficient time to review proposals. For instance, for the shareholder meeting held on March 26, 2024, we notified shareholders of relevant information on February 26, 2024. Additionally, we strive to mitigate information asymmetry for foreign shareholders by disclosing meeting notices in English alongside Korean disclosures. When setting the date and time for shareholder meetings, we participate annually in the Korea Listed Companies Association's program, self-compliance program of dispersed scheduling of general meetings, aimed at promoting convenient shareholder participation. This helps to avoid periods when general meetings are expected to be concentrated. Since 2023, we have also been livestreaming the meeting for shareholders who find it difficult to attend in person on the scheduled day. Since 2019, we have introduced an electronic voting system to facilitate shareholders' exercise of voting rights. In addition, the company offers various methods to realize their voting rights such as encouraging proxy voting in decision-making. The enhancement of systems and infrastructure to strengthen shareholder rights and expand shareholder participation, we achieved a shareholder participation rate of 62.6% at the March 2024 general meeting of shareholders.

Upgrading Shareholder Dividend System

In 2022, SKC became the first in the SK Group to launch an online dividend inquiry site, enhancing shareholder convenience by allowing them to check dividend details online. Furthermore, through an amendment to its articles at the 50th annual general meeting on March 28, 2023, we adjusted the dividend record date. This change improved predictability regarding dividends, allowing shareholders to make investment decisions after confirming dividend eligibility and amount.

Diversification of IR Communication

SKC regularly communicates information about its management status to the market by hosting quarterly earnings conferences. We also engage in various IR activities such as domestic and international NDRs, corporate briefings, and tech seminars for subsidiaries. To facilitate effective communication with stakeholders and share these IR activities, we started an IR-dedicated website in February 2024 and diversified subsidiary communication channels by setting up a subsidiary's hotline. Moving forward, we are committed to expanding communication with stakeholders and enhancing shareholder value.



Enhancement of Board-oriented Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management [↗](#)
Advancement of Ethical Management and Compliance

Performance Data

Composition

		Unit	2021	2022	2023
Independence	Ratio of independent directors	%	57.1	57.1	57.1
	Restriction on other positions	numbers	2	2	2
Diversity	Male	persons(%)	6(86)	5(71)	5(71)
	Female	persons(%)	1(14)	2(29)	2(29)
	Under 30	%	0	0	0
	30 to 49	%	14	29	29
	50 and above	%	86	71	71
Expertise	Director with industry experience	persons(%)	2(28.6)	3(43)	3(43)
	Risk experts	persons(%)	1(14.3)	1(14)	1(14)
	Financial experts	persons(%)	3(42.9)	2(29)	2(29)
	ESG experts	persons(%)	1(14.3)	1(14)	1(14)
Efficiency	Average tenure	years	3.3	2.6	2.0
	Attendance rate	%	97.8	97.1	94.8

Operation

		Unit	2021	2022	2023
Meetings		times	13	15	15
Reporting and Resolution	Reporting agenda	cases	16	19	31
	Resolutions agenda	cases	35	52	34
Opinions by Agenda	Agree	cases	34	50	34
	Disagree	cases	1	0	0
	Amend	cases	0	2	0
	Abstain	cases	0	0	0

Responsibility

		Unit	2021	2022	2023
Liability	Obtaining liability insurance	V	V	V	V
	Leadership-related issue	cases	1	0	0
Director Training	Participating in internal training	V	V	V	V
	Use external experts when requested	V	-	V	V



Enhancement of Board-oriented Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance

Performance Data

Committees

		Unit	2021	2022	2023
Independent Director Candidate Nomination Committee	Personnel	persons	3	3	4
	Independent director ratio	%	66.7	66.7	75.0
	CEO participation (excluding if 100% executive directors)	V	-	-	-
	Meeting	times	3	4	3
	Attendance rate	%	100	100	88.9
	Resolution agenda	cases	5	2	1
	Report agenda	cases	1	5	3
Future Strategic Planning Committee	Personnel	persons			5
	Independent director ratio	%			60
	Meetings	times			7
	Attendance rate	%			91.4
	Resolution agenda	cases			1
HR Evaluation and Remuneration Committee	Report agenda	cases			10
	Personnel	persons			4
	Independent director ratio	%			75
	Meetings	times			5
	Attendance rate	%			100
	Resolution agenda	cases			1
	Report agenda	cases			6

		Unit	2021	2022	2023
Audit Committee	Personnel	persons	3	3	3
	Independent director ratio	%	100	100	100
	Chairman's financial expertise	V	V	V	-
	Financial expert	persons	2	1	1
	Meetings	cases	6	9	10
	Attendance rate	%	100	100	100
	Resolution agenda	cases	6	5	5
	Report agenda	cases	8	13	18
Related Party Transactions Committee	Propose opposition or revised opinion	cases	0	0	0
	Personnel	persons	3	2	3
	Independent director ratio	%	100	100	100
	Meetings	cases	7	9	8
	Attendance rate	%	100	100	100
ESG Committee	Resolution agenda	cases	1	1	1
	Report agenda	cases	6	21	17
	Personnel	persons	6	5	3
	Independent director ratio	%	66.7	60.0	66.7
	ESG expert	persons	1	1	1
	Meetings	times	7	8	10
	Attendance rate	%	100	100	86.4
	Resolution agenda	cases	1	1	2
	Report agenda	cases	10	7	7
	Pre-deliberation agenda	cases	7	5	5
	Pre-review agenda	cases	2	2	9



Enhancement of Board-oriented Management

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management [↗](#)
Advancement of Ethical Management and Compliance

Performance Data

Evaluation and Remuneration

		Unit	2021	2022	2023
Board of Directors evaluation	Conduct self-assessment	V	V	V	V
	CEO variable compensation guidelines	V	V	V	V
Remuneration	Include ESG in CEO performance indicators	V	V	V	V
	Non-executive director compensation system	V	V	V	V
	Disclose individual compensation calculation criteria and amounts	V	V	V	V
	Ratio of Directors and CEO holding shares	%	0.04	0.01	0.01
Shares	Ratio of National Pension Service shares	%	9.0	7.9	5.7

Strengthening Shareholder Right

		Unit	2021	2022	2023
Activate voting rights	Introduce electronic voting system	V	V	V	V
	Offer proxy voting for all shareholders	V	V	V	V
Protect shareholder's right	Notify agenda before shareholders' meeting	V	V	V	V
	Disclose audit reports before notice of meeting	V	V	V	V

Advancement of Ethical Management and Compliance

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Governance

SKC has established an Audit Committee within the Board of Directors and independently perform fair audit duties, separated from the board and executive management, as well as other departments. To ensure effective ethical management, we have formed a specialized organization that conducts ‘Prevent-Monitor-Detect-Respond’ activities. We regularly report to the CEO and the Audit Committee from planning stages regarding management diagnostics, reporting, compliance (anti-corruption, compliance monitoring and others), and overall ethical management activities to results and improvement status. Furthermore, for the transparent Fair Trade Compliance Program, we operate an internal audit organization under the supervision of the legal team. We also designate responsible individuals within relevant departments and monitor all stages of business operations to ensure fair competition and transactions.



Activities of the Audit Committee

[Organization Chart of Audit Committee and Audit Department]



Strategy

Since introducing ethical management in 2006, SKC has made continuous efforts to enhance ethical management to create value and promote happiness among all stakeholders including customers, shareholders, employees, and society. With this goal in mind, we have established ethical norms and practical guidelines that serve as the basis for all employees’ behaviors and value judgments. Building upon this principle, we operate an ethical management 3C system: the Code of Conduct and Practice Guidelines (Code of Conduct), Compliance Audit Systems (Compliance), and consensus among employees and suppliers (Consensus). In addition to fulfilling the responsibilities of creating economic value and complying with legal obligations, we incorporate ethical standards as norms for decision-making and corporate activities and manage both domestic and international operations to adhere to SKC’s anti-corruption laws. Moreover, we disclose The Code of Ethics and Practice Guidelines, Anti-corruption Practice Guidelines, and the Code of Conduct on our website. This will ensure that key stakeholders, including employees, the Board of Directors, and suppliers, understand the company’s ethical principles in business operation and set them as standards for decision-making and behavioral norm. SKC’s Code of Ethics and Anti-corruption Guidelines are regularly reviewed for revisions to reflect amendment in relevant laws, social issues, and trends. In 2023, we revised the Code of Conduct under the approval of the CEO.



The Code of Ethics and Practice Guidelines



Anti-corruption Guidelines and Practice Guidelines

[Ethical Management Framework (3C)]

Code of Conduct	Specific, codified, top-level regulations for employees’ ethical and compliance management practices
Compliance System	- Organizational and operational system to achieve ethics/compliance management - Implement report/consultation system and regular compliance audits through a dedicated ethical management organization
Consensus	- Ethics training for employees, CEO messages, promotions, etc., to create consensus on ethical management practices and corporate culture - Operate ethical management system sharing programs for suppliers and spread fair trade culture

Advancement of Ethical Management and Compliance

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
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Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Risk Management

To constantly enhance the level of ethical management, SKC operates ethical management activities through a three-step process: ‘Prevent-Monitor-Respond.’ This process allows us to manage ethics, compliance, and anti-corruption risks, and report the risk management status to the Audit Committee every year. Additionally, to objectively evaluate and improve the ethical management levels of member companies within the SK Group, an ethical management measurement system was established in 2022. Based on this system, we comprehensively evaluate the capabilities and effectiveness of our ethical management operations. We are committed to continuously improving operational capabilities and risk management levels, using the results of the SK Group’s ethical management assessments.

Step 1 Prevent	Ethical Management Practice Survey	SKC conducts an annual ethical management practice survey for all employees of SKC and subsidiaries. This survey assesses the level of ethics management practiced by the company, leaders, and employees, and identifies areas for improvement in the ethical practices system. Based on the results of the 2022 survey, the need to enhance trust in reporting channels and to promote face-to-face ethical management training was identified. Consequently, in 2023, we launched a campaign to promote reporting channels, strengthened the content of ethical management training, and conducted additional surveys by organization. In 2024, we plan to continuously improve our ethical management program based on the issues and current status identified in the previous year’s survey.
	Ethical Management Training	SKC provides annual online ethics management training for all employees, including the CEO, executives, and employees from overseas business sites. The training materials are translated into English and Chinese, in addition to Korean, to encourage participation from our global team employees. The topics for the ethics management training are updated each year to enhance its effectiveness. These topics are based on ethical issues identified through reporting, ethical practice surveys, and audits. Along with the basic online training, we also offer advanced workshop sessions where employees discuss challenging ethical dilemmas. These workshops serve as a platform for discussing improvements in practicing ethical management and fostering a consensus on the importance of organizational culture improvement. In addition, since November 2021, we have been conducting online anti-corruption training for all employees, including those in subsidiaries, aiming to internalize best practices and establishing anti-corruption culture.
	Expansion of Ethical Management Culture	Each year, through a CEO message, SKC reaffirms the management’s commitment and responsibility to actively practice ethical management and promote a healthy corporate culture based on ethical decision-making. All employees of the company annually sign an ethical management pledge to enhance their ethical awareness, and in 2023, 100% of the employees completed this pledge. Additionally, we continuously revise and distribute the ethical management practice FAQ, which provides ethical guidelines for leaders and employees in their work, with the aim of fostering a voluntary ethical management practices culture. We also run various campaigns using internal communication channels, such as the Ethical Management Letter (Compliance Counseling Center), guidelines on accepting holiday gifts, and promotional screensavers/posters for reporting channels. These initiatives are designed to enhance ethical awareness, and outcomes of our ethical management system are reported to the CEO and the Audit Committee.





Advancement of Ethical Management and Compliance

Environmental

- Climate Action
- Resource Use and Pollutant Reduction
- Expansion of Environmental Management

Social

- Human Resource Management
- Work and Life Balance
- Enhancement of Occupational Safety and Health
- Product Safety and Quality Management
- Chemicals Safety Management
- Advancement of Human Rights Management
- Supply Chain Management
- Contribution to Local Communities
- Enhancement of Information Security

Governance

- Enhancement of Board-oriented Management
- Advancement of Ethical Management and Compliance

Risk Management

Step 2 Detect	Internal Audit, Business Diagnosis	SKC aims to conduct inspections at least once every three years across the company, domestic and international business sites, and subsidiaries, including headquarters, subsidiaries, and ongoing projects. Through this, we check compliance with various regulations and work procedures, adherence to relevant laws, and compliance (including anti-corruption and unethical conduct). Additionally, we evaluate and analyze key risk factors that could impede achieving our management goals, to form the basis for our annual internal audit plan. Any violations identified during internal audits and management reviews are regularly reported to the CEO and the Audit Committee by the internal audit team.
	Ethical Management Self-Improvement System	SKC annually self-assesses management risks by preparing checklists in key functional areas such as procurement, HR, expenses, and investment management. Each year, the internal audit team verifies the effectiveness of these checklists. Then, either independently or in collaboration with the ethical management department, operational departments conduct self-assessments and determine the adequacy of their practices based on checklists prepared by the internal audit team.
	Ethical Management Counseling and Reporting	SKC provides various reporting channels such as email, mail, and phone to enable stakeholders including employees, suppliers, and customers to freely report unethical behaviors related to all SKC’s management activities, such as unfair transactions, undue demands, bribery, and other violations of regulations. Reports received through the whistleblower protection program are handled with strict confidentiality to ensure the protection of the whistleblower’s identity and prevent any retaliation. These procedures are formalized and operated in accordance with the ethical management practice guidelines. Additionally, all employees have access to legal consultation regarding ethical management and anti-corruption concerns during their work. They can also report unethical behaviors to the anti-corruption or holiday gift reception reporting center.
Step 3 Respond	SKC addresses unethical behaviors identified through monitoring activities such as reporting, counseling investigations, management assessments, and self-improvement system checks. For these unethical behaviors, immediate corrective actions, including disciplinary measures, are taken in accordance with internal disciplinary regulations and procedures. We also derive improvement tasks with relevant departments and regularly check compliance progress to prevent recurrence. Starting from 2023, we rigorously address severe unethical behaviors such as significant false reporting, bribery, and harassment with a zero-tolerance policy, irrespective of position. We have also completed revisions to our disciplinary regulations. Additionally, we inform all employees about outcomes of unethical and disciplinary actions to prevent similar occurrences in the future.	



Advancement of Ethical Management and Compliance

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance [➔](#)

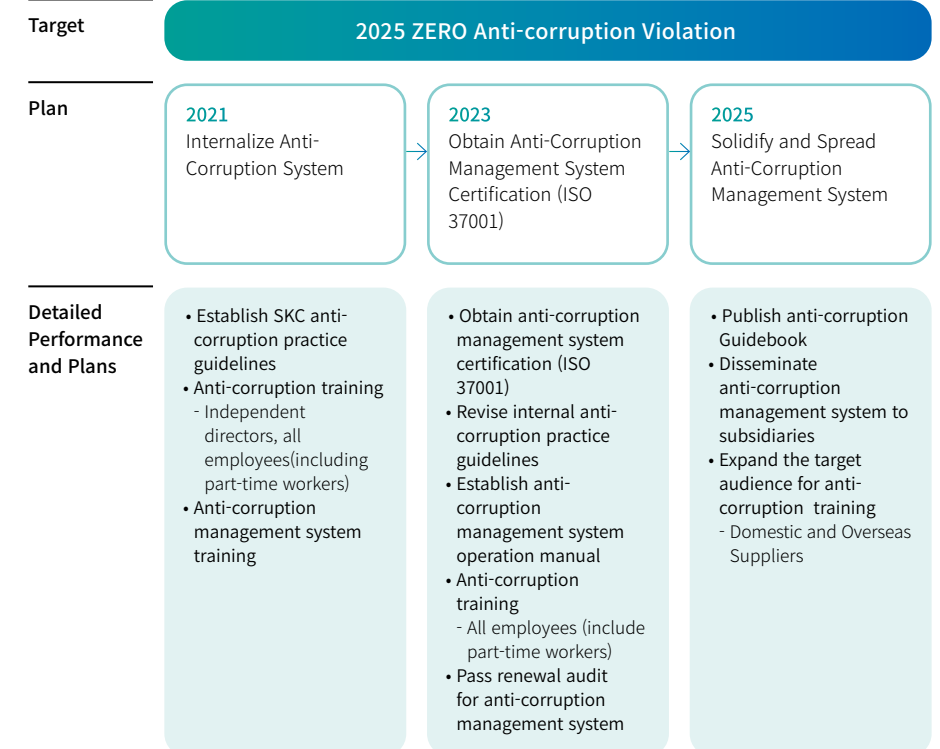
Risk Management

To prevent significant losses such as fines due to non-compliance with regulations and policies, or damage to corporate reputation, SKC monitors external conditions, the latest domestic and international regulatory and government policy trends. We adhere to all relevant anti-corruption laws and manage compliance risks. To manage risks of unfair trade practices such as monopoly and collusion, we operate a Fair Trade Voluntary Compliance Program. Annually, we report to the board of directors on the planning and performance of this program. Additionally, we enhance transparency in management by operating and strengthening an internal transactions committee for managing internal transaction risks, such as transactions and investment deliberations with related parties.

Target

SKC has set a goal of 'zero anti-corruption violations' and has established a medium to long-term plan for anti-corruption system operation from 2021 to 2025. This aims to promote and internalize ethical management across the company. To effectively operate the anti-corruption system, we revised the anti-corruption practice guidelines in 2023 and established an operational manual for the anti-corruption management system. Additionally, we have validated our anti-corruption system by achieving anti-corruption management system (ISO 37001) in 2023 and successfully passing the 2024 renewal assessment. To solidify and expand the anti-corruption management system, we plan to enhance and upgrade activities such as promoting to subsidiaries and publishing a guidebook. With the goal of fostering a voluntary ethical management practices culture, we are dedicated to expanding ethical education content and strengthen training on ethics and cases of anti-corruption violations.

[Medium to Long-term Plan of Anti-Corruption System Operation]





Advancement of Ethical Management and Compliance

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management

Advancement of Ethical Management and Compliance [➔](#)

Performance

Ethical Management and Compliance Education

To establish a fair trade culture, SKC has been supporting the adoption of ethical management systems among our suppliers since 2018. The number of participating suppliers has been increasing annually, reaching 27 companies as of 2023. These suppliers have engaged in online ethical management education¹⁾, which includes anti-corruption and workplace harassment prevention, alongside mandatory legal training. With the effort of continuously updating the ethical management education curriculum, we enhance the effectiveness of training efforts. Internally, we have conducted campaigns to expand in-person training. In-person ethical management education sessions have been specifically organized for 20 or more participants, including new hires, incoming employees, and newly appointed leaders. Additionally, we have conducted in-depth workshops for all employees, including subsidiaries. Executives, team leaders, and team members had discussions on key issues such as data security, false reporting, conflicts of interest, and personal defamation among employees. Since 2021, we educated on anti-corruption and in 2023, we conducted anti-corruption training for all SKC employees, focusing on understanding the Improper Solicitation and Graft Act.

1) Sexual harassment prevention training, workplace harassment prevention training and disability awareness training

[Ethical Training Content]

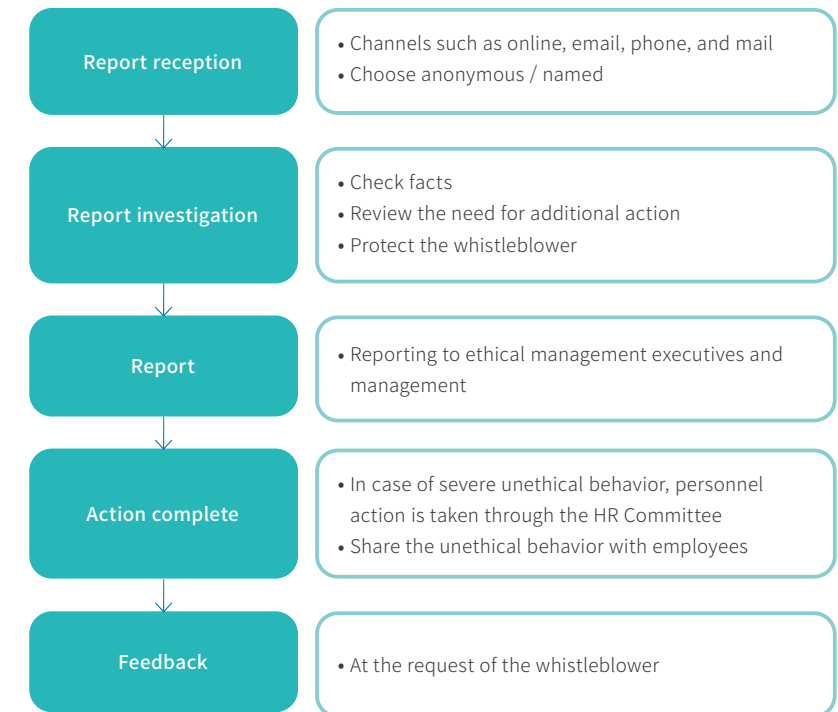
Date	Agenda	Content
June - July	Ethical management training for employees (online)	100% (part-time, full-time, contract, dispatched), subsidiaries ²⁾
August	Ethical management training for suppliers (online)	27 SKC and subsidiaries' suppliers
August - September	Team-led ethics practice workshop	All departments and subsidiaries ²⁾
September	Anti-corruption training (Online)	All SKC employees (part-time, full-time, contract, dispatched)
Frequently	Operating internal education program	When conducting education / workshops targeting 20 or more people, the internal audit team oversees the ethical management training.

2) Include SK nexilis, SK picglobal, SK enpulse, Absolics, SK TBMGEOSTONE, SK leaveo and divested business sites

Ethical Management Consultation and Report

As of 2023, among SKC's 6 confirmed reports, all 6 cases involved violations of the code of conduct. In accordance with disciplinary regulations, strict follow-up measures such as personnel actions were taken against the involved employees, intensifying awareness and vigilance regarding unethical behavior among employees.

[Report Handling Process]





Advancement of Ethical Management and Compliance

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance

Performance

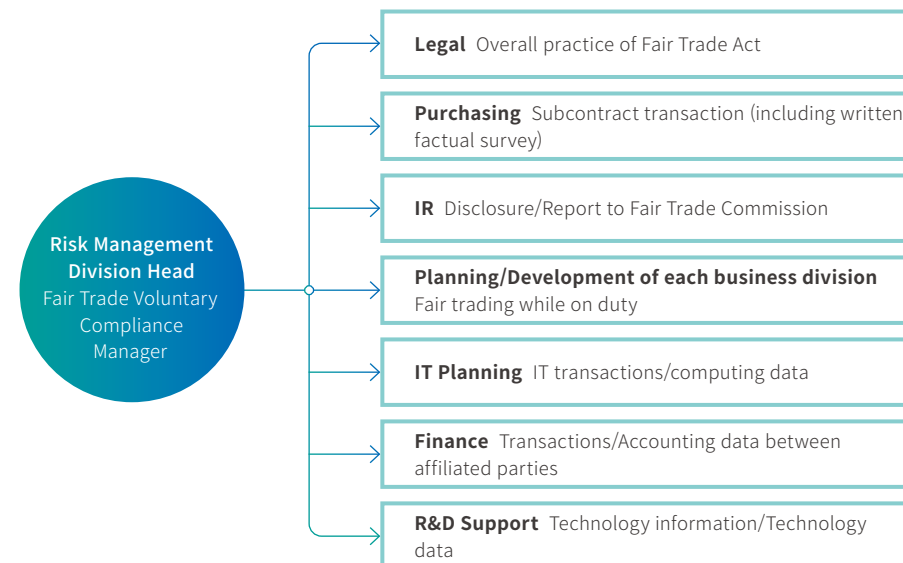
Fair Trade Voluntary Compliance Program

SKC operates a ‘Fair Trade Voluntary Compliance Program’ to ensure fair competition and transactions throughout business operation. The Legal Department, which manages the program, designates appropriate personnel for each department such as purchasing, IR, and IT planning, and also organizes internal monitoring organization to ensure fair competition and transactions are upheld in all operational processes. In addition, in 2023, we offered specialized education sessions for relevant departments such as Purchasing, Legal, and Patent Strategy teams to proactively manage risks and lead internal ethical culture. These sessions focused on new requirements essential for organizations involved in fair trade policy trend and amendments of subcontracting laws. With fair trade education program, we aimed to enhance understanding of legal and policy aspects, fostering a sense of responsibility in establishing fair trade relationships.

[Fair Trade Voluntary Compliance Program Status]

	Unit	2021	2022	2023
Fair Trade Voluntary Compliance Program	V	V	V	V

[Fair Trade Voluntary Compliance Organization Chart]





Advancement of Ethical Management and Compliance

Environmental

Climate Action
Resource Use and Pollutant Reduction
Expansion of Environmental Management

Social

Human Resource Management
Work and Life Balance
Enhancement of Occupational Safety and Health
Product Safety and Quality Management
Chemicals Safety Management
Advancement of Human Rights Management
Supply Chain Management
Contribution to Local Communities
Enhancement of Information Security

Governance

Enhancement of Board-oriented Management
Advancement of Ethical Management and Compliance [➔](#)

Performance Data

Ethical Management Efforts

		Unit	2021	2022	2023
Ethical training	Training hours per employee	hours	0.5	1.5	1
	Completion rate	%	99	100	100
	Supplier ethical training	V	V	V	V
Anti-corruption training	Anti-corruption training	Employees	V	V	V
		Suppliers	V	V	V
Ratio of online practice pledges		%	100	100	100

Fair Trade Efforts

		Unit	2021	2022	2023
Compliance Program	Internal supervisory system	V	V	V	V

Ethical Management Report and Follow-up Actions

		Unit	2021	2022	2023
Ethical management report and follow-up actions	Total reports	cases	12	9	6
	- Employees	cases	7	7	4
	- Suppliers	cases	0	1	0
	- Customers	cases	0	0	0
	- Others	cases	5	1	2
Code of Conduct violations	All	cases	12	9	6
	- Sexual harassment / workplace harassment	cases	0	3	1
	- Graft	cases	2	1	0
	- Non-compliance with ethical standards	cases	4	1	1
	- Violation of safety, health, and environmental regulations	cases	2	1	0
	- Negligence	cases	0	0	1
	- Other	cases	4	3	3
Measures	Investigation (inspection)	cases	7	8	3
	Transfer to relevant department	cases	4	1	3
	Other (dismissal, etc.)	cases	1	0	0
Legal violations	Violations in anti-corruption regulations	cases	0	0	0
	Non-monetary sanctions against anti-corruption	cases	0	0	0
	Fines and settlements for antitrust and anti-competition	KRW 100 million	0	0	0
	Monetary sanctions against antitrust and anti-competition	cases	0	0	0
	Violation of laws and regulations	cases	0	0	0
	Litigation costs and fines for price-fixing violations	KRW 100 million	0	0	0
	Violations of product / service information and labeling	cases	0	0	0
	Violations of internal transactions regulations	cases	0	0	0
	Violations of subcontracting regulations	cases	0	0	0



APPENDIX

Financial Data	108
Social Value Creation	110
Risk Management	112
GRI Index	115
TCFD Index	118
SASB Index	119
UN SDGs	123
Independent Assurance Statement	125
GHG Emissions Verification Statement	127
Membership Status	132



Financial Data

Financial Data	➔
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Consolidated Financial Information Summary (Unit: KRW)

Category	2023 (51st)	2022 (50th)	2021 (49th)
[Non-current Assets]	4,951,062,237,944	3,866,947,514,202	4,360,101,909,469
Tangible assets	2,738,905,434,990	1,978,765,342,581	2,486,379,440,429
Intangible assets	1,670,875,478,446	1,523,593,341,383	1,282,181,669,645
Investment properties	68,484,446,725	747,025,637	30,095,256,232
Long-term financial instruments	27,500,000	248,816,366	29,500,000
Investments in associates and joint ventures	248,587,966,734	241,604,420,420	490,228,447,210
Long-term investment securities	46,255,573,779	12,638,407,037	3,270,637,873
Long-term other receivables	15,588,585,038	7,979,608,985	6,875,842,938
Derivative financial assets	12,141,742,309	5,874,301,081	1,426,193,797
Deferred tax assets	90,026,092,372	41,117,058,698	43,725,035,595
Other non-current assets	60,169,417,551	54,379,192,014	15,889,885,750
[Current Assets]	2,081,259,893,738	2,526,145,050,706	1,820,030,594,141
Trade receivable	162,451,481,898	388,081,444,299	471,114,667,683
Other receivables	21,759,523,353	29,236,584,746	18,640,136,111
Derivative products	6,036,282,704	3,474,168,439	45,305,070
Other current assets	89,597,754,411	85,203,280,831	81,306,529,804
Inventories	332,902,731,126	553,271,367,576	515,479,241,989
Short-term financial instruments	29,447,000,000	366,000,000,000	6,949,050,000
Cash and cash equivalents	531,046,016,471	1,098,442,056,091	722,154,796,935
Current tax assets	4,171,340,349	2,436,148,724	1,024,641,358
Assets held for sale	903,847,763,426	-	3,316,225,191
Total Assets	7,032,322,131,682	6,393,092,564,908	6,180,132,503,610
[Equity Attributable to Owners of the Parent]	1,410,660,511,084	1,725,496,452,384	2,001,237,977,175
· Capital stock	189,341,490,000	189,341,490,000	189,341,490,000
· Additional paid-in capital	1,350,786,348	79,708,566,928	260,987,340,777
· Accumulated other comprehensive income	84,452,613,154	5,488,542,648	7,085,963,008
· Retained earnings	1,135,515,621,582	1,450,957,852,808	1,543,823,183,390
[Non-controlling Interests]	1,113,763,737,856	516,354,308,824	281,122,714,727
Total Equity	2,524,424,248,940	2,241,850,761,208	2,282,360,691,902

(Unit: KRW)

Category	2023 (51st)	2022 (50th)	2021 (49th)
[Non-current Liabilities]	2,662,321,928,790	2,280,356,237,847	2,177,726,399,198
[Current Liabilities]	1,845,575,953,952	1,870,885,565,853	1,720,045,412,510
Total Liabilities	4,507,897,882,742	4,151,241,803,700	3,897,771,811,708
Revenue	1,570,751,580,937	2,386,650,004,087	2,007,548,892,933
Operating income	-216,300,854,733	186,194,207,153	393,532,680,002
Income before income taxes from continuing operations	-402,027,581,839	189,619,385,684	389,522,068,772
Net income from continuing operations	-282,789,877,466	199,453,188,460	251,680,780,538
Net income from discontinued operations (after tax)	-43,570,139,560	-224,090,015,401	90,659,541,579
Net income	-326,360,017,026	-24,636,826,941	342,340,322,117
Net income attributable to owners of the parent	-275,533,847,969	-68,357,745,409	220,852,601,002
Net income attributable to non-controlling interests	-50,826,169,057	43,720,918,468	121,487,721,115
Basic earnings per share (KRW)			
Income from continuing operations	-8,318	5,595	4,539
Income from discontinued operations	-1,282	-6,286	1,634
Diluted earnings per share			
Income from continuing operations	-8,318	5,587	4,522
Income from discontinued operations	-1,282	-6,277	1,628

* The above consolidated financial information summary has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).



Financial Data

Financial Data	➔
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Separate Financial Information Summary

(Unit: KRW)

Category	2023 (51st)	2022 (50th)	2021 (49th)
[Non-current Assets]	2,637,665,936,082	2,395,687,838,270	2,972,484,306,837
· Tangible assets	32,945,934,547	68,252,085,414	749,199,196,994
· Intangible assets	21,962,177,922	20,605,360,713	29,206,778,311
· Investment properties	47,187,734,769	16,581,731,637	90,798,723,848
· Long-term financial instruments	22,000,000	22,000,000	25,000,000
· Investments in associates and joint ventures	2,440,218,404,837	2,263,862,526,314	2,097,179,343,401
· Other comprehensive income - financial assets at fair value	78,737,417,451	4,436,135,302	3,246,130,518
· Long-term other receivables	8,695,075,929	9,659,120,757	1,454,062,615
· Other assets	7,897,190,627	12,268,878,133	1,375,071,150
[Current Assets]	393,538,419,180	862,564,370,037	245,261,015,015
· Trade receivable	2,369,875,639	3,951,479,515	87,982,704,320
· Other receivables	7,105,886,700	21,840,125,869	9,490,216,017
· Derivative financial assets	-	125,878,593	10,672,682
· Other current assets	10,125,471,949	13,543,053,042	19,665,878,363
· Inventories	-	2,039,949,209	99,770,952,453
· Short-term financial instruments	-	366,000,000,000	-
· Cash and cash equivalents	1,394,024,819	455,063,883,809	25,024,365,989
· Assets held for sale	372,543,160,073	-	3,316,225,191
Total Assets	3,031,204,355,262	3,258,252,208,307	3,217,745,321,852
· Capital stock	189,341,490,000	189,341,490,000	189,341,490,000
· Additional paid-in capital	-97,837,184,360	-100,192,489,235	96,927,622,677
· Accumulated other comprehensive income	-8,607,463,039	-8,646,991,346	-9,412,639,551
· Retained earnings	1,718,476,761,231	1,762,306,500,846	1,679,979,646,201
Total Equity	1,801,373,603,832	1,842,808,510,265	1,956,836,119,327

(Unit: KRW)

Category	2023 (51st)	2022 (50th)	2021 (49th)
[Non-current Liabilities]	574,214,481,934	612,244,528,411	688,117,877,234
[Current Liabilities]	655,616,269,496	803,199,169,631	572,791,325,291
Total Liabilities	1,229,830,751,430	1,415,443,698,042	1,260,909,202,525
Revenue	83,049,107,080	101,125,043,177	49,205,092,875
Operating income	22,124,681,946	74,572,991,259	30,382,045,660
Income before income taxes	-6,474,905,929	200,272,243,833	68,352,330,714
Net profit	-5,507,821,484	118,429,349,194	16,767,187,818
Basic earnings per share			
- Basic earnings per share from continuing operations	1,877	5,969	1,254
- Basic earnings per share from discontinued operations	-2,039	-2,647	-785
Diluted earnings per share			
- Diluted earnings per share from continuing operations	1,876	5,961	1,249
- Diluted earnings per share from discontinued operations	-2,038	-2,643	-782

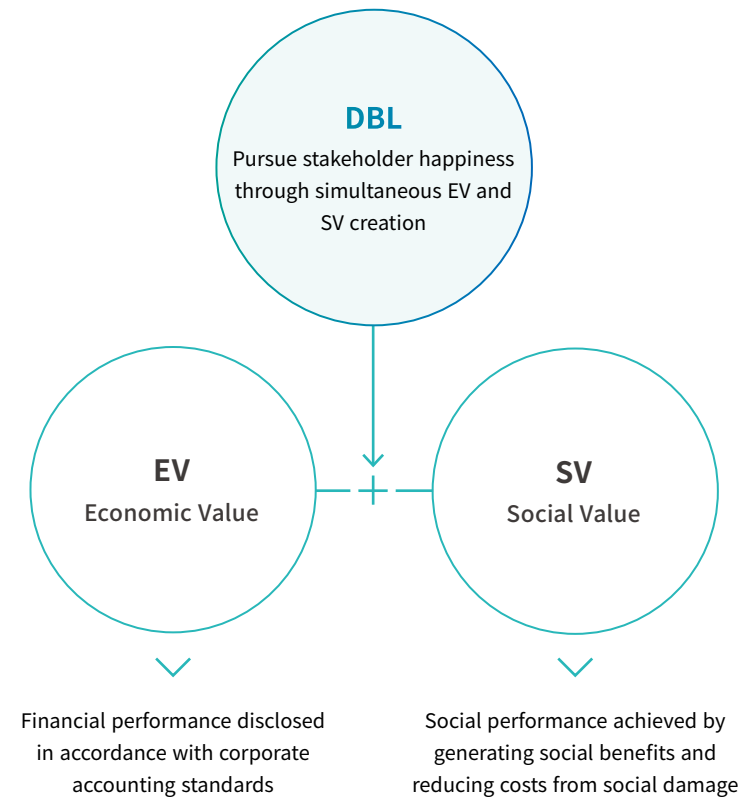
* The above separate financial information summary has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Social Value Creation

Financial Data
Social Value Creation 
Risk Management
GRI Index
TCFD Index
SASB Index
UN SDGs
Independent Assurance Statement
GHG Emissions Verification Statement
Membership Status

Double Bottom Line (DBL) Management Principle

SK Group is adopting DBL (Double Bottom Line) as its management principle, which pursues both Economic Value (EV) and Social Value (SV) in all management activities, moving away from the existing single bottom line pursuing economic value and profit. SKC also seeks to innovate and grow its business model based on DBL management and realize the pursuit of happiness for stakeholders together.



SV Measurement Principles and Items

SKC quantitatively measures the social value created annually using SK Group's social value measurement methodology developed in 2018. It measures the results of corporate management activities by converting them into social values and calculating them as monetary values by applying reliable indicators and reference values such as international organizations and governments. The measurement areas are divided into three categories: economic indirect contribution performance, environmental performance, and social performance, and social value creation performance is calculated and managed by these areas.

Indicator category	Details	
Indirect economic contribution	Employment	Wages paid to executives and employees
	Dividends	Total dividend amount
	Tax payment	Total corporate, national, and local taxes
Environmental performance	Products and services	Achievements in reducing resource consumption and environmental pollution at the final consumption stage of products and services
	Production process	Total environmental pollution emissions x Unit cost of environmental impact
Social performance	Labor	Job creation for vulnerable groups, employee welfare benefits, and improvement of working conditions
	Shared growth	Costs for fair trade, financial / technical / recruitment / management support for suppliers
	Social contribution	Social benefits gained by beneficiaries from social contribution activities
	Donation	Total donation amount
	Voluntary activities	Volunteer hours by employees x Hourly wage



Social Value Creation

Financial Data
Social Value Creation ↗
Risk Management
GRI Index
TCFD Index
SASB Index
UN SDGs
Independent Assurance Statement
GHG Emissions Verification Statement
Membership Status

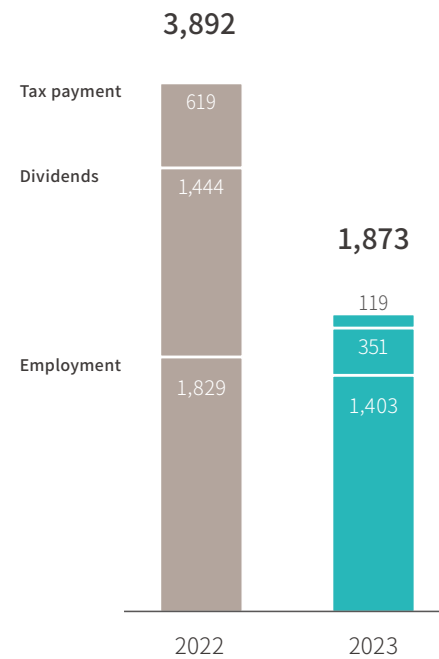
SV Measurement Results

SV performance in 2023

KRW **127.3** billion

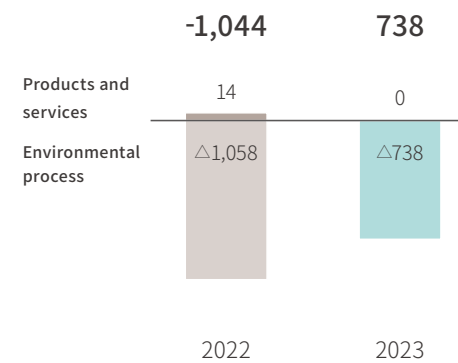
Indirect economic contribution

KRW **187.3** billion



Environmental performance

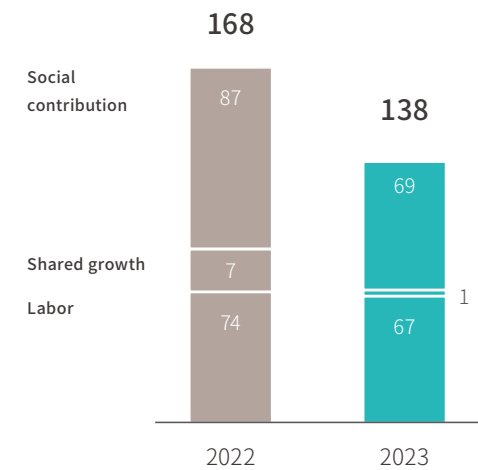
△ KRW **73.8** billion



Social performance

KRW **13.8** billion

(Unit: KRW 100 million)



* Measurement target: SKC, SK nexilis, SK picglobal, SK enpulse, SK pucore in 2022
SKC, SK nexilis, SK picglobal, SK enpulse in 2023



Risk Management

Financial Data
Social Value Creation
Risk Management 
GRI Index
TCFD Index
SASB Index
UN SDGs
Independent Assurance Statement
GHG Emissions Verification Statement
Membership Status

Integrated Risk Management

As the volatility and uncertainty of the business environment increase, SKC deeply recognizes the importance of managing and responding to unpredictable risks. With the goal of proactively identifying and addressing potential risk factors, we have established an integrated risk management system that encompasses both financial and non-financial risks.

Financial Risk Management

Internal Accounting Management System

SKC secures the reliability of accounting information management and disclosure processes by utilizing an internal accounting management system. Based on the ‘Internal Accounting Control System’ published in 2020, we evaluate the design and operation of the internal accounting management system. The evaluations follow the ‘Criteria for Internal Accounting Management System Evaluation and Reporting’ to promote systematic operation. Additionally, since 2023, we have expanded the scope of internal accounting audits from separate to consolidated financial statements, thereby strengthening and operating the internal accounting management systems of major subsidiaries at the audit level. The internal accounting manager is appointed as the head of the Finance Division, in accordance with laws related to external audits of corporations. We utilize the services of external accounting firms to secure expertise and objectivity. For non-audit services, to maintain the independence of the external auditor, only services that receive prior consent and consultation from the Audit Committee are allowed. During this pre-approval process, non-audit services are carried out only when there are no issues identified in services according to relevant laws, such as the duty limitations outlined in the Certified Public Accountant Act. The operation plan for the internal accounting management system is set annually and reported to the Audit Committee and the Board of Directors at the beginning of the year.

Financial Risks

SKC acknowledges the common financial risks in the highly volatile financial markets and has introduced financial management policies to minimize these risks. The primary financial risks we face are foreign exchange risk, credit risk, and liquidity risk. We analyze these risks based on the business environment and risk type, devising optimal control measures to ensure risks remain below critical thresholds. The Audit Committee oversees the management’s adherence to financial management policies and procedures, reviewing the adequacy of the related management systems. This process strengthens the management’s accountability and responsibility for the financial risk management system.

[Control Measures by Financial Risk]

Exchange risk	Exchange risk refers to the possibility for economic entities’ value to fluctuate due to unexpected changes in exchange rates. To mitigate the impact of exchange rate fluctuations on business performance, we have established the ‘Exchange Risk Management Rules and Regulations.’ Dedicated personnel have been assigned to develop and implement management policies tailored to sales, finance, and investment positions. Additionally, considering each subsidiary’s business operations and position exposures, we formulate risk management strategies and review performance for companywide risk management implementation.
Credit Risk	Credit risk refers to potential financial losses for the company arising from counterparties failing to meet contractual obligations due to the downgrade of credit of default. To swiftly respond to these risks, we integrate debt collection, bad debt disposal processes and other tasks. We require external clients to purchase credit insurance to safeguard transaction security. For loans exceeding the credit insurance limit, we assign evaluation grades based on internal metrics. Additionally, we secure supplementary collateral as a proactive measure to control credit risk.
Liquidity Risk	Liquidity risk refers to the potential losses that can impact the counterparties’ funding plans. This happens when counterparts fail to meet payment obligations at a specified time due to temporary funding shortages. We forecast cash flow and monitor financial markets to continually manage adequate liquidity levels. Based on this, we secure preemptive liquidity.



Risk Management

Financial Data	
Social Value Creation	
Risk Management	↗
GRI Index	
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Non-financial Risk Management

Climate Change Risk

To systematically manage climate change risks, SKC has set targets of achieving Net Zero GHG emissions by 2040 and RE100 as mid- to long-term goals and carried out various activities to reach these targets. We invest in facilities and equipment for direct GHG emissions mitigation and have established and operated a GHG management system to conduct company-wide monitoring of emissions. Forecasting GHG emissions and carbon credit prices allows us to minimize the financial impacts of climate change. We select key management areas based on the business characteristics of subsidiaries to manage carbon emissions within the supply chain. Additionally, we identify transition and physical risks associated with climate change, develop financial impact assessments and response strategies, and has established a systematic climate change risk management framework.

SHE Risk Environment

Based on SHE (Safety, Health, Environment) management policy, SKC confirms that all facilities related to waste and pollutants at its business sites comply with environmental regulations. To minimize the risk of non-compliance, we have established a regulatory management system. The system enables us to monitor newly-enacted and revised regulations and operate a regulatory register according to legal management procedures. We also evaluate compliance at least once every half year and report the results to management. All manufacturing sites have obtained ISO 14001 certification. These sites undergo internal audits, inspections, and diagnostics to make sure they uphold environmental regulations and laws, in accordance with audit standards. To address risks that may arise during the expansion and operation of sites, we conduct environmental impact assessments. Based on the results of these assessments, we establish and practice improvement measures.

Safety and Health

SKC runs an inspection system constantly to prevent occupational accidents at facilities. In line with SHE audit regulations, we check compliance with the SHE regulations and safety and health management systems. All manufacturing sites have completed ISO 45001 certification. We develop response scenarios for potential accidents under the emergency response management regulations and conduct emergency response drills annually at all sites where the Occupational Safety and Health Act are applied. We classify hazards under risk assessment regulations and conduct evaluations based on implementation cycles. Identified hazards go through qualitative assessments (intensity / frequency), and their effectiveness is also reviewed. The results are reported to management at least once a year. We also examine risks of product quality to identify major risks and manage preventive measures accordingly. To ensure stable quality management, we regularly monitor relevant laws and regulations. Additionally, for all chemicals handled, we stay informed about domestic and international regulatory requirements and adhere to these laws to minimize legal risks. We periodically monitor the hazards of chemicals and update our chemical database accordingly, thereby striving to mitigate risks associated with regulatory violations.

Human Rights Risk

In 2022, SKC proclaimed the Human Rights Declaration, established fundamental principles of human rights, and expressed its commitment to human rights management. To minimize and internalize human rights-related risks, we underwent human rights impact assessments. The UN Human Rights Guidelines helped us to perform self-assessments, followed by third-party verifications to ensure effectiveness and reliability. Utilizing the human rights impact assessment process, we identified 50 improvement tasks in 2023 and prioritized these tasks and developed improvement plans to address them.



Risk Management

Financial Data	
Social Value Creation	
Risk Management	➤
GRI Index	
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Non-financial Risk Management

Supply Chain Risk

SKC strives to promote sustainable growth with suppliers and establishes a responsible supply chain. We have introduced a supply chain policy encompassing practices of environmental management, social value creation, transparent and ethical procurement. The Code of Conduct has also been established, outlining suppliers’ duties and responsibilities. In the pursuit of minimizing supply chain risks, we apply ESG risk management and improvement processes to all suppliers. ESG assessments allow us to identify high-risk suppliers, and policies for support them in mitigating their risks are formulated. Through these measures, we will gradually reduce the proportion of high-risk suppliers.

Data Security Risk

SKC manages companywide activities to minimize data security risks by introducing and operating security management regulations and guidelines. Specifically, we raise awareness and internalize preventive measures among all employees through various programs. This program includes information security training, security agreements from all employees including external personnel, mock training for malicious email, and security campaigns. A security council quarterly reviews security policies and discusses their effectiveness to enhance the security management policies. To prevent corporate data and customer data breaches, we maintain and reinforce constant monitoring and security systems.

Compliance Risk

SKC focuses on preventing significant losses due to non-compliance with domestic and international regulations and policies. To this end, we strive to uncover potential risks by continuously monitoring the latest regulations and policy trends. According to relevant laws and policies, we have established and adhered to anti-corruption legislation. These efforts have enabled us to solidify a culture of compliance risk management. In particular, we have been conducting ethical management pledges and ethics education to foster a culture of ethical conduct and regulatory compliance in daily business operations. Furthermore, we support the upgrade of suppliers’ ethical management system by providing ethical management education to stakeholders. For corruption risks, we proactively identify and assess corruption risks across the company and regularly monitor activities through anti-corruption audits. In 2023, we received the Anti-Corruption Management System (ISO 37001), verifying our systematic approach to ethical management and corruption prevention. Additionally, we run a Relate Party Transactions Committee for managing unfair trading risks. This committee helps us to manage internal transaction risks such as transactions and investment deliberations with related parties. These efforts aim to ensure transparency and fairness in business management. We also operate a Fair Trade Voluntary Compliance Program and educate employees from the fair trade organization on the Fair Trade Act’s unfair trade practices. These initiatives are designed to manage risks such as anti-competitive behavior and collusion.



GRI Index

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	↗
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Universal Standards

Topic	No.	Disclosure	Page
GRI 2 : General Disclosures 2021			
The organization and its reporting practices	2-1	Organizational details	4~5
	2-2	Entities included in the organization’s sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	Additional comments
	2-5	External assurance	125
Activities and workers	2-6	Activities, value chain and other business relationships	5
	2-7	Employees	54~56
	2-8	Workers who are not employees	54
Governance	2-9	Governance structure and composition	19, 92~96
	2-10	Nomination and selection of the highest governance body	92~96
	2-11	Chair of the highest governance body	92~96
	2-12	Role of the highest governance body in overseeing the management of impacts	92~96
	2-13	Delegation of responsibility for managing impacts	92~96
	2-14	Role of the highest governance body in sustainability reporting	19, 92~96
	2-15	Conflicts of interest	19, 92~96
	2-16	Communication of critical concerns	92~96
	2-17	Collective knowledge of the highest governance body	92~96
	2-18	Evaluation of the performance of the highest governance body	92~96
	2-19	Remuneration policies	29, 92~96
	2-20	Process to determine remuneration	29, 92~96
	2-21	Annual total compensation ratio	58, 92~96

Topic	No.	Disclosure	Page
Strategy, policies and practices	2-22	Statement on sustainable development strategy	3
	2-23	Policy commitments	75~76, 100
	2-24	Embedding policy commitments	18~20
	2-25	Processes to remediate negative impacts	77~78, 104~106
	2-26	Mechanisms for seeking advice and raising concerns	100~106
	2-27	Compliance with laws and regulations	100~106
	2-28	Membership associations	127
Stakeholder engagement	2-29	Approach to stakeholder engagement	25~26
	2-30	Collective bargaining agreements	52, 54
GRI 3: Material Topics 2021			
Disclosures on material topics	3-1	Process to determine material topics	30
	3-2	List of material topics	30~31



GRI Index

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	↗
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Topic Standards

Topic	No.	Disclosure	Page
Chemical safety management	3-3	Management of material topics	31, 72~74
Non-GRI			-
Climate change response	3-3	Management of material topics	31, 33~38
GRI 201: Economic performance	201-2	Financial implications and other risks and opportunities due to climate change	31, 34
	305-1	Direct (Scope 1) GHG emissions	36~37
	305-2	Energy indirect (Scope 2) GHG emissions	36~37
GRI 305: Emissions	305-3	Other indirect (Scope 3) GHG emissions	36~37
	305-4	GHG emissions intensity	37
	305-5	Reduction of GHG emissions	37
GRI 302: Energy	302-1	Energy consumption within the organization	36, 38
	302-2	Energy consumption outside of the organization	36, 38
	302-3	Energy intensity	38
	302-4	Reduction of energy consumption	36
	302-5	Reduce energy requirements for products and services	36
Reduce waste and pollutants	3-3	Management of material topics	39~46
	306-1	Waste generation and significant waste-related impacts	31, 39~46
	306-2	Management of significant waste-related impacts	31, 39~46
GRI 306: Waste	306-3	Waste generated	46
	306-4	Waste diverted from disposal	46
	306-5	Waste directed to disposal	46
GRI 305: Emissions	305-6	Emissions of ozone-depleting substances (ODS)	Not applicable
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	42
Strengthening occupational safety and health	3-3	Management of material topics	63~69

Topic	No.	Disclosure	Page
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	63~65, 66
	403-2	Hazard identification, risk assessment, and incident investigation	64~65
	403-3	Occupational health services	67
	403-4	Worker participation, consultation, and communication on occupational health and safety	65, 69
	403-5	Worker training on occupational health and safety	65~69
	403-6	Promotion of worker health	67~68
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	63~69
	403-8	Workers covered by an occupational health and safety management system	63~69
	403-9	Work-related injuries	68
	403-10	Work-related ill health	68
Expansion of eco-friendly technology and business	3-3	Management of material topics	13~16, 48, 50
Non-GRI			
Product safety and quality management	3-3	Management of material topics	70~71
GRI 416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	70
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	69
GRI 417: Marketing and labeling	417-1	Requirements for product and service information and labeling	70~74
	417-2	Incidents of non-compliance concerning product and service information and labeling	0 case
	417-3	Incidents of non-compliance concerning marketing communications	0 case
Supply chain management	3-3	Management of material topics	79~83
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	82
	308-2	Negative environmental impacts in the supply chain and actions taken	79~82
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	82
	414-2	Negative social impacts in the supply chain and actions taken	79~82



GRI Index

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	↗
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Non-Material Topics

Topic	No.	Disclosure	Page
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	84~86
	203-2	Significant indirect economic impacts	110~111
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	79~80
	205-2	Communication and training about anti-corruption policies and procedures	100~105
	205-3	Confirmed incidents of corruption and actions taken	104, 106
GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	104, 106
GRI 303: Water and effluents	303-1	Interactions with water as a shared resource	39~41
	303-2	Management of water discharge-related impacts	39~41
	303-3	Water withdrawal	44
	303-4	Water discharge	45
	303-5	Water consumption	45
GRI 401: Employment	401-1	New employee hires and employee turnover	56~57
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	60~61
	401-3	Parental leave	60~61
GRI 402: Labor/management relations	402-1	Minimum notice periods regarding operational changes	96
	404-1	Average hours of training per year per employee	59
GRI 404: Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	53, 59
	404-3	Percentage of employees receiving regular performance and career development reviews	58
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	54~56, 90, 97
	405-2	Ratio of basic salary and remuneration of women to men	58
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	76~78

Topic	No.	Disclosure	Page
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	54
GRI 408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	No high-risk operations
GRI 409: Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No high-risk operations
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	85
	413-2	Operations with significant actual and potential negative impacts on local communities	110~111
GRI 415: Public policy	415-1	Political contributions	86
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	89

TCFD Index

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	↗
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

The Task Force on Climate-related Financial Disclosure (TCFD) is an initiative created by the Financial Stability Board, aiming to encourage companies to voluntarily disclose their data related to climate change in a consistent manner. SKC has joined forces in combating climate change and declared its endorsement of the TCFD for efficient disclosure of its climate action, disclosing the data in accordance with the recommendations of the TCFD.

Category	Recommendation	CDP Connection	Page
Governance	a) Describe the board’s oversight of climate-related risks and opportunities.	C1.1, C1.1a, C1.1b	33
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	C1.2	33
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	C2.4, C2.4a	34
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4	34
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	C3.2, C3.2a, C3.2b	34~35
Risk Management	a) Describe the organization’s processes for identifying and assessing climate-related risks.	C2.1, C2.1a, C2.2, C2.2a	34
	b) Describe the organization’s processes for managing climate-related risks.	C2.2	34
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	C2.2	34
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.	C4.2, C4.2a, C4.2b	34~38
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	C6.1, C6.3, C6.5, C6.5a, C9.1	34~38
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b	35~38

SASB Index

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	↗
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

The Sustainability Accounting Standards Board (SASB) is a non-profit organization dedicated to formulating a set of criteria for the disclosure of non-financial data concerning sustainability, which encompasses basic concepts and principles, definitions, and goals. In accordance with the criteria of the SASB Industry, SKC has managed and disclosed the indicators of the chemical business, constantly promoting communication with stakeholders for each category.

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Indicator	Unit	Page and Content
Greenhouse Gas Emissions	RT-CH-110a.1	(1) Gross global Scope 1 emissions	tCO ₂ eq	343,870
		percentage covered under emissions-limiting regulations	%	99.9 The calculation was made as the ratio of Scope 1 emissions from business sites subject to the regulations on emissions to the total Scope 1 emissions.
	RT-CH-110a.2	(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	N/A	p.33~36
Air Quality	RT-CH-120a.1	(1) Air emissions of NOx (excluding N2O)	ton	123
		(2) Air emissions of SOx	ton	3.5
		(3) Air emissions of volatile organic compounds (VOCs)	ton	9
		(4) Air emissions of hazardous air pollutants (HAPs)	ton	1.72
Energy Management	RT-CH-130a.1	(1) Total energy consumed	GJ	10,958,495
		(2) Percentage grid electricity	%	49.9 As for grid electricity, it was calculated as the ratio of the consumption of electricity purchased from KEPCO to the total energy consumption.
		(3) Percentage renewable energy	%	1.65
		(4) Total self-generated energy	GJ	0
Water Management	RT-CH-140a.1	(1) Total water withdrawn, percentage in regions with High or Extremely High Baseline Water Stress	m ³ , %	At present, our water withdrawal in water-stressed regions is quite low, and we aim to oversee the water-stressed regions where all our operations are based.
		(2) Total water consumed, percentage in regions with High or Extremely High Baseline Water Stress	m ³ , %	At present, our water withdrawal in water-stressed regions is quite low, and we aim to oversee the water-stressed regions where all our operations are based.
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	cases	0
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	p.24, 41 As South Korea is identified as a country facing water scarcity as per the Population Action International (PAI), SKC is committed to water conservation and recycling efforts.

SASB Index

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	↗
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Topic	Code	Indicator	Unit	Page and Content
Hazardous Waste Management	RT-CH-150a.1	(1) Amount of hazardous waste generated	ton	3,683
		(2) Percentage of hazardous waste recycled	%	71.4
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	N/A	SK picglobal Ulsan operates the Ulsan Yongyeon Yongjam Plant Managers' Council and the Ulsan Plant Managers' Council as part of its efforts to enhance communication with regional stakeholders and promote shared growth with the local community. SK nexilis Jeongeup also regularly communicates with Jeongeup City and conducts social contribution activities, laying the foundation for communication with local residents.
Workforce Health & Safety	RT-CH-320a.1	(a-1) Total recordable incident rate(TRIR) for direct employees	%	Employee Lost Time Incident Rate (LTIR): 2.15 Currently, SKC uses LTIR as an indicator for employee safety and health. The details regarding this can be found on Page 68.
		(a-2) Fatality rate for direct employees	%	0
		(b-1) Total recordable incident rate(TRIR) for contract employees	%	Supplier Lost Time Incident Rate (LTIR): 2.56 As of now, SKC uses LTIR as an indicator for supplier safety and health. The details regarding this can also be found on Page 68.
		(b-2) Fatality rate for contract employees	%	0
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term(chronic) health risks	N/A	SKC conducts health checkups for all its employees, including contract workers, every year. Workers involved in specific processes can benefit from special health checkups. This allows us to monitor job-derived / work-related illnesses, and if harmful factors are confirmed based on the health checkup results, we provide assistance for health consultation and treatment.
Product Design for Usephase Efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	KRW 100 million	6,242 It is sales from battery foil of SK nexilis, one of SKC's subsidiaries. Battery foil is a secondary battery material used for EVs, ESS, and other mid- and small-sized IT devices.

SASB Index

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	↗
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Topic	Code	Indicator	Unit	Page and Content
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	%	N/A At present, the ratio of sales from products containing GHS is not managed as an internal management indicator. However, we are reviewing the possibility of incorporating this as an indicator. Pursuant to the ‘Act on Registration and Evaluation of Chemical Substances,’ we ensure the assessment of toxicity and hazards of all imported and manufactured chemicals through registration with the Ministry of Environment or application for exemption.
		(2) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances that have undergone a hazard assessment	%	N/A Currently, the ratio of sales from products that underwent risk assessments among products containing GHS is not managed as an internal management indicator. SKC has established its chemical substance management system (SkyCHEMS) to carry out product risk assessments in accordance with recent chemical laws. This system enables us to analyze the hazardousness of chemicals included in products and register the data in the Material Safety Data Sheet (MSDS) to disclose them to both internal and external stakeholders.
	RT-CH-410b.2	(1) Discussion of strategy to manage chemicals of concern	N/A	p.72~74
		(2) Discussion of strategy to develop alternatives with reduced human or environmental impact	N/A	p.74
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	%	0
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	N/A	SKC monitors key domestic and overseas policies and regulations governing the environment and society to keep up with any changes. We conduct surveys on internal demand regarding regulations and gather policy suggestions. This approach enables us to identify elements that affect our business operations. We attend public hearings for the enactment or revision of related regulations and respond to surveys as part of our activities for suggestion. In addition, we are a member of industry associations to monitor trends in regulations such as safety, health, environmental regulations, and policy trends, as well as the status of the enactment or revision of laws. We submit or suggest our opinions on the regulations affecting our business operations through the associations to which we belong, thereby representing our stance.
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Process safety incidents count (PSIC)	cases	0
		Process safety total incident rate (PSTIR)	%	0
		Process safety incident severity rate (PSISR)	%	0
	RT-CH-540a.2	Number of transport incidents	cases	0

SASB Index

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	↗
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Activity Metrics

Topic	Code	Indicator	Unit	Page and Content
Activities	RT-CH-000.A	EV battery materials - Battery Foil	ton	27,937
		EV battery materials - FCCL	10,000m	1,185
		Chemical - POD	ton	290,912
		Chemical – SM	ton	217,482
		Semiconductor Materials - CMP PAD	pad	88,169

UN SDGs

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	

Sustainable Development Goals (SDGs): SKC is actively carrying out a variety of activities in line with the 9 goals out of 17 UN SDGs.

Major SDGs	Target	SKC's Contribution
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.4 Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	- Sharpened our employees' capabilities by using the Group's common training program, 'mySUNI' - Conducted 'My Green School,' a campaign linked to 'My Green Place,' which is Korea's first game-type plastic recycling information platform, aiming to provide consumers with accurate plastic separation ways - Conducted an environmental education program regarding resource circulation targeting elementary school students nationwide in collaboration with the 'Happy School Foundation,' SK corporate activity foundation.
	4.5 Ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations	
	4.7 Ensure all learners acquire knowledge and skills needed to promote sustainable development, including among others through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development	
 Achieve gender equality and empower all women and girls	5.1 End all forms of discrimination against all women and girls everywhere	- Achieved more than 50% of female ratio among independent directors of SKC by appointing one more female director, thereby securing diversity in the Board of Directors - Provided support for employees' childbirth and child-rearing, including a working hour reduction system during pregnancy and child-rearing period, childbirth leave for self and spouse, and parental leave system, and operating customized support systems according to children's life stage
	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	
 Ensure availability and sustainable management of water and sanitation for all	6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and increasing recycling and safe reuse	- SK picglobal Ulsan recycled 17% of its total water usage by reusing process water and boiler condensate water - SK nexilis Jeongeup recycled 23% of its total water usage - SK enpulse Anseong and Cheonan recycled 19% of its total water usage
	6.4 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	
 Ensure access to affordable, reliable, sustainable and modern energy	7.2 Increase substantially the share of renewable energy	- Utilized energy management systems and production information systems to manage daily energy usage in a systematic manner - Maintained the rate of renewable energy use in 2023 at the previous year's level at 1.7%
	7.3 Improvements in energy efficiency	
	7.a Enhance international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies	
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high-value added	- Operated high value-added businesses, such as the waste plastic recycling business, which pyrolyzes plastic waste and converts it back into raw materials, the biodegradable plastics business, including products like biodegradable plastic, PBAT and biodegradable LIMEX - Supported employee vacations through 'Happiness Camp,' 'Recommended Vacation' programs to improve the culture of using annual leaves - Conducted 'Diversity Table' where employees can directly address company-wide issues with the CEO
	8.8 Protect labour rights and promote safe and secure working environments of all workers	



UN SDGs

Major SDGs	Target	SKC's Contribution
 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.2 Promote inclusive and sustainable industrialization	- Commercialized DPG (dipropylene glycol), a high value-added material, for the first time in the world in 2022 - Significantly expanded ESG checklist indicators to be reflected in investment decisions and established a system to thoroughly review ESG opportunities and risks
	9.4 Retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies	
 Ensure sustainable consumption and production patterns	12.2 Achieve sustainable management and efficient use of natural resources	- Declared ‘achieving Net Zero by 2040’ - Obtained ZWTL Gold validation for two consecutive years in 2021 and 2022 for SK nexilis Jeongeup and first ZWTL Gold validation for SK picglobal Ulsan in 2022 - SK nexilis became the first company in the copper foil industry to obtain the ‘carbon footprint label’
	12.4 Achieve environmentally sound management of chemicals and all wastes throughout their life cycle and significantly reduce their release to air, water and soil	
	12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse	
 Take urgent action to combat climate change and its impacts	13.2 Integrate climate change measures into national policies, strategies, and planning	- Established SKC’s Net Zero goal based on the IPCC’s 1.5°C scenario that encompasses all global operations - Joined RE100 in 2020 - Reflected GHG reduction performance in the KPIs of major subsidiaries; SK nexilis, SK enpulse, and SK picglobal - Received Special Prize for Carbon Management at the 2022 CDP Korea Awards
	13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	
 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5 Substantially reduce corruption and bribery in all its forms	- Established the Code of Ethics and anti-corruption guidelines - Acquired the ISO 37001 certification for anti-corruption management system - Introduced SKC’s first live streaming of the general meeting of shareholders in March 2023 to increase convenience for shareholders to exercise their voting rights
	16.6 Develop effective, accountable and transparent institutions at all levels	
	16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	
UN SDGs	↗
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	



Independent Assurance Statement

Financial Data
Social Value Creation
Risk Management
GRI Index
TCFD Index
SASB Index
UN SDGs
Independent Assurance Statement ➔
GHG Emissions Verification Statement
Membership Status

To readers of SKC Sustainability Report 2024

Introduction

Korea Management Registrar (KMR) was commissioned by SKC to conduct an independent assurance of its Sustainability Report 2024 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of SKC. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with SKC and issue an assurance statement.

Scope and Standards

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

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- [GRI Sustainability Reporting Standards 2021](#)
- [Universal standards](#)
- [Topic specific standards](#)

- GRI 302: Energy
- GRI 305: Emissions
- GRI 306: Waste
- GRI 308: Supplier Environmental Assessment
- GRI 403: Occupational Health and Safety
- GRI 414: Supplier Social Assessment
- GRI 416: Customer Health and Safety
- GRI 417: Marketing and Labeling

As for the reporting boundary, the engagement excludes the data and information of SKC’s suppliers, suppliers and any third parties.

KMR’s Approach

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

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

Limitations and Recommendations

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

Conclusion and Opinion

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



Independent Assurance Statement

Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	➔
GHG Emissions Verification Statement	
Membership Status	

Inclusivity

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

Materiality

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

Responsiveness

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

Impact

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

Reliability of Specific Sustainability Performance Information

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

Competence and Independence

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

June 2024 Seoul, Korea
Authorized By CEO **Eun Ju Hwang**

E. J. Hwang





GHG Emissions Verification Statement

- Financial Data
- Social Value Creation
- Risk Management
- GRI Index
- TCFD Index
- SASB Index
- UN SDGs
- Independent Assurance Statement
- GHG Emissions Verification Statement**
- Membership Status

SKC Co., Ltd.

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by SKC Inc. which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2023-221 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)
- For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

SKC Inc.'s GHG emissions satisfies the under Reasonable Assurance(less than $\pm 5.0\%$ of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2023 Emissions(Scope1, Scope2)

(Unit: tCO₂eq)

Year	Scope 1	Scope 2	Total
2023	416.883	1,495.123	1,911

※ Decimal place is not considered when calculating the emission of each workplace.

June 10, 2024
KOREAN STANDARDS ASSOCIATION

Myoungso Kang





GHG Emissions Verification Statement

Financial Data
Social Value Creation
Risk Management
GRI Index
TCFD Index
SASB Index
UN SDGs
Independent Assurance Statement
GHG Emissions Verification Statement ➔
Membership Status

SK nexilis Co., Ltd

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 1, 2) of SK Nexilis Co., Ltd (hereinafter “the Company”) in 2023.

SCOPE

Verification of all places of business and emission facilities under the control of the company.

STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Operational Guidelines for Reporting and Certification of Emissions in the GHG Emission Trading Scheme
- Verification Guidelines for GHG Emissions Trading Scheme Operation
- Guidelines for GHG Target Management Scheme Operation

PROCEDURE

We conducted a risk analysis approach and on-site verification based on data evaluation, and we identified the appropriateness of the data and factors applied to GHG emission calculations based on objective evidence. The verification team verified the GHG emissions during the reporting period in a reasonable way based on the verification guidelines.

INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review

LIMITATIONS

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

OPINION

- GHG verification has been performed to meet the reasonable assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “unmodified” opinion.
- Criticality: meets the criterion, which is less than 5%
- GHGs Emission(All places)

GHGs Emission

(Unit: tCO₂eq)

Year	Direct emission (Scope1)	Indirect emission (Scope2)	Total (tCO ₂ -eq)
2023	19,226	171,368	190,594

Energy Consumption

(Unit: TJ)

Year	Fuel	Electricity	Steam	Total (TJ)
2023	378	3,580	0	3,959

※ Note : There is a difference in the total amount of emissions and emissions by greenhouse gas and by workplace. (Total emissions are cut to a decimal point for each workplace unit and emissions are summed up for each workplace unit.)

RESULTS

We confirm through verification that the emissions from major emission facilities have been calculated and reported without omission.

※ The abovementioned company is responsible for preparing verification data in accordance with the “Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)”, and KMR’s responsibility is limited to the party in the verification contract according to the agreed contract terms. and is not responsible for other decisions, including investment decisions based on this verification statement.

※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

June 12, 2024

Authorized By CEO Eun Ju Hwang

KMR Korea Management Registrar

E. J. Hwang



GHG Emissions Verification Statement

Financial Data
Social Value Creation
Risk Management
GRI Index
TCFD Index
SASB Index
UN SDGs
Independent Assurance Statement
GHG Emissions Verification Statement ➔
Membership Status

SK picglobal Co., Ltd.

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by SK picglobal Co., Ltd. which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- [Guidance for reporting and verification of GHG emissions trading scheme \(No. 2023-221 provided by Ministry of Environment, Republic of Korea\)](#)
- [Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System \(No. 2021-112 provided by Ministry of Environment, Republic of Korea\)](#)
- [For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019](#)

Level of Assurance

SK picglobal Co., Ltd.'s GHG emissions satisfies the under Reasonable Assurance(less than $\pm 5.0\%$ of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2023 Emissions(Scope1, Scope2)

(Unit: tCO₂eq)

Year	Scope 1	Scope 2	Total
2023	324,228.806	83,560.833	407,788

※ Decimal place is not considered when calculating the emission of each workplace.

June 17, 2024
KOREAN STANDARDS ASSOCIATION

KSA KOREAN
STANDARDS
ASSOCIATION



GHG Emissions Verification Statement

Financial Data
Social Value Creation
Risk Management
GRI Index
TCFD Index
SASB Index
UN SDGs
Independent Assurance Statement
GHG Emissions Verification Statement ➔
Membership Status

SKC Co., Ltd.

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 3) of SKC(hereinafter “the Companies”) in 2023.

SCOPE

Verification of places of business and emission facilities under the control of the company.

STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National GHG Inventories
- Guidelines for Reporting and Certification of Emissions under the GHG Emissions Trading System
- WRI/WBCSD GHG Protocol

PROCEDURE

The assurance was conducted by the KMR based on a risk analysis approach and data evaluation. The data and factors applied to the calculation of GHG emissions were determined to be appropriate based on objective evidence.

- Interview with the person in charge of data and record management
- Reviewed data and record-keeping processes
- Reviewed sources and criteria for emission factors and parameters
- Reviewed additional evidence provided by the company

INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

LIMITATIONS

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

OPINION

- The assurance opinion is based on our approach and the professional judgment of the assurance practitioner. Nothing has come to our attention that causes us to believe that we have not complied with all material aspects of the Assurance Standard.
- The assurance engagement was performed to satisfy a limited assurance level, and the assurance risk is higher than a reasonable assurance level.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated.
- Criticality: meets the criterion, which is less than 5%



GHG Emissions Verification Statement

Financial Data
Social Value Creation
Risk Management
GRI Index
TCFD Index
SASB Index
UN SDGs
Independent Assurance Statement
GHG Emissions Verification Statement ➔
Membership Status

SKC Co., Ltd.

Scope 3 emissions

(Unit: tCO₂-eq.)

Scope 3	Category	GHG emissions (tCO ₂ eq.)			
		SKC	SK picglobal	SK nexilis	SK enpulse
CAT 1	Purchased goods and services	-	940,154.916	14,189.388	3,818.416
CAT 2	Capital goods	-	10,913.999	6,157.133	319.710
CAT 3	Fuel- and energy-related activities	48.312	28,179.263	15,202.773	509.218
CAT 4	Upstream transportation and distribution	-	14,198.760	4,494.561	5.487
CAT 5	Waste generated in operations	-	780.141	751.564	175.729
CAT 6	Business Travel	252.061	260.772	980.921	45.258
CAT 7	Employee commuting	88.744	200.098	651.168	182.637
CAT 9	Downstream transportation and distribution	-	1,561.587	368.038	12.461
Total		389	996,249	42,795	5,068

- ※ 1. Categories 8, 10, 11, 12, 13, 14, and 15 were not included in the calculation.
- ※ 2. SKC is subject to calculation only in categories 3, 6, and 7.
- ※ 3. The total for each company is rounded off to decimal points and expressed as an integer. The total amount is the sum of the total for each company

RESULTS

Based on the above assurance criteria, we did not identify any inappropriate calculations or errors for the emissions of major emitting facilities.

- ※ The abovementioned company is responsible for preparing verification data in accordance with the “Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)”, and KMR’s responsibility is limited to the party in the verification contract according to the agreed contract terms. and is not responsible for other decisions, including investment decisions based on this verification statement.
- ※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

June 24, 2024
Authorized By CEO Eun Ju Hwang

E. J. Hwang



Membership Status

SKC’s Membership Status

• Korea Chamber of Commerce and Industry	• Korea International Trade Association	• Korea Enterprises Federation	• Korea Listed Companies Association
• Korea Intellectual Property Association	• Korea Exchange	• Korea Federation of Plastic Industry Cooperatives	• The Climate Group

Subsidiaries’ Membership Status

SK nexilis • Korea Battery Industry Association • Korea Display Industry Association • Korea Electronics Packaging and Circuits Association • Korea Industrial Technology Association	SK enpulse • Korea Semiconductor Industry Association • Korea Semiconductor Research Association • Korea Fire Safety Institute	SK picglobal • Korea Petrochemical Industry Association • Korea Specialty Chemical Industry Association • Korea Hydrogen Industry Association • Korea International Trade Association
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Financial Data	
Social Value Creation	
Risk Management	
GRI Index	
TCFD Index	
SASB Index	
UN SDGs	
Independent Assurance Statement	
GHG Emissions Verification Statement	
Membership Status	↗



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