SK networks

SK Networks
SUSTAINABILITY REPORT 2024

ABOUT THIS REPORT

SK Networks has been publishing the Sustainability Report annually since 2018 to report and communicate its sustainable management and financial performance with stakeholders.
The 2024 Sustainability Report outlines SK Networks' ESG management strategy and highlights key performance and issues in the environmental, social, and governance areas. It aims to actively communicate with stakeholders and create social value.

INTERACTIVE GUIDE

The 2024 SK Networks Sustainability Report has been published as an interactive PDF with links to move between relevant pages within the report.

- Cover page
- Contents
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Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative(GRI) Standards 2021, the international reporting standards for sustainable management. Three material issues identified through the double materiality assessment process have been aligned with the 'IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information' and 'IFRS S2 Climate-related Disclosures', published by the International Sustainability Standards Board(ISSB). ESG-related information has been developed with reference to the Sustainability Accounting Standards Board(SASB) and the recommendations of the Task Force on Climate-related Financial Disclosures(TCFD). All financial data are based on consolidated statements and have been prepared in accordance with the Korean International Financial Reporting Standards(K-IFRS).

Reporting Period and Boundary

This report covers both qualitative and quantitative data for the one-year period from January 1 to December 31, 2024. For significant performance, the range of this report extends to the first half of 2025 and it is published on June 27, 2025. Quantitative performance data is provided for the past three years(2022/2023/2024) to show year-over-year trends, and explanatory notes are provided where necessary. The reporting scope includes SK Networks and its key subsidiaries(SK Networks Service, SK Magic, MINTIT, En-core, SK SpeedMate, and Glowide), and if the reporting period and boundaries are different, they are clarified with separate notes.

Reporting Assurance

With the aim of enhancing the fairness and reliability of this report, the data in this report has gone through third-party verification from the Korea Foundation for Quality. Verification standards are applied with AA1000AS Type II, and the results are available on pages 135-136.

Additional Information

To increase the accessibility of information for stakeholders, this report is also available on our official website(www.sknetworks.co.kr). For further inquiries, please contact SK Networks' Office of Strategy Planning Team.

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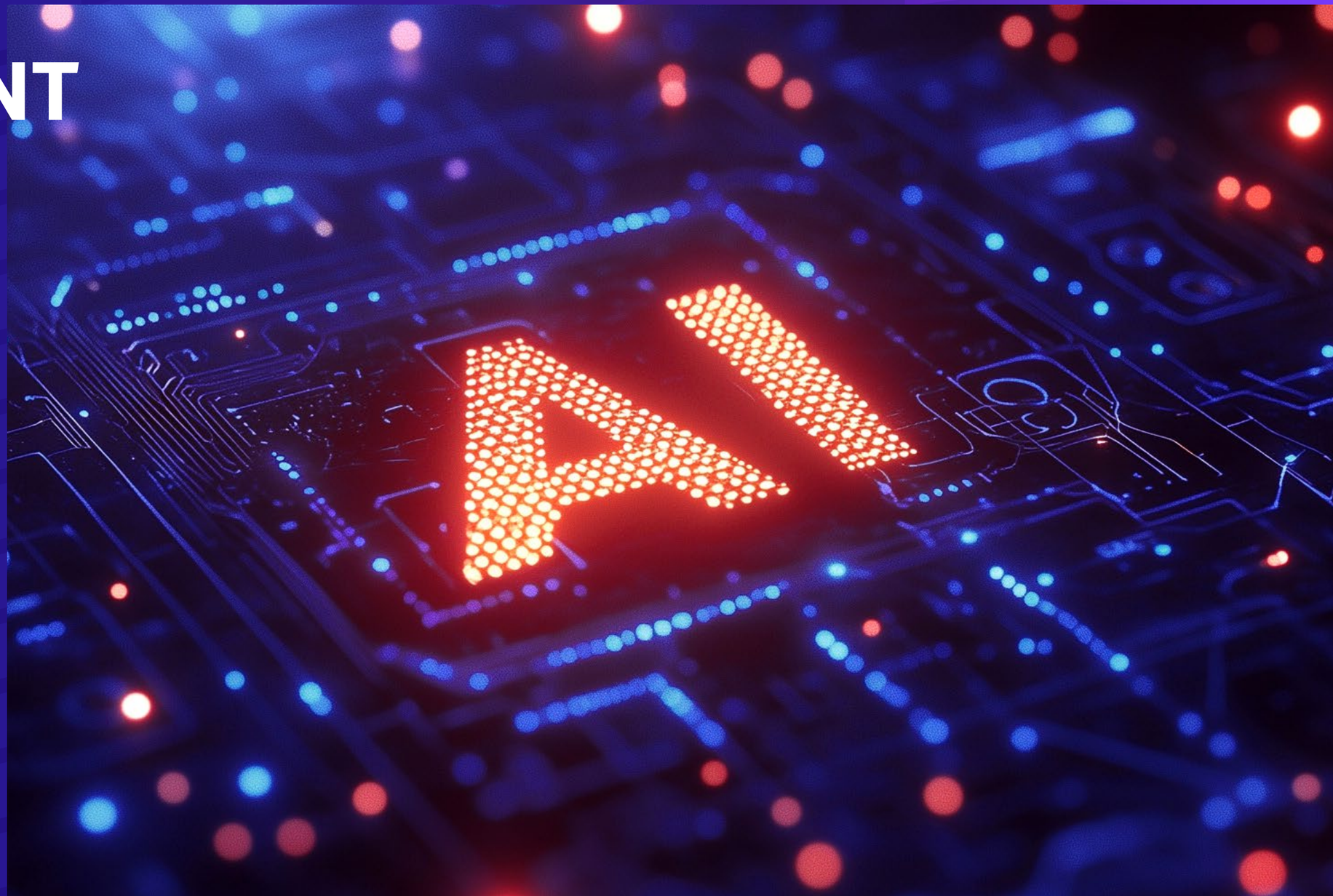
COMMITMENT



CEO MESSAGE 05
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CEO MESSAGE

We will strengthen our fundamental competitiveness while driving innovation through AI to create tomorrow's opportunities and a sustainable future.

CEO & President of SK Networks

Lee Hojeong

The year 2024 has been marked by unprecedented changes due to the rapid advancement of AI technologies and prolonged geopolitical tensions. Amid continued global economic uncertainty, companies must simultaneously strengthen the profitability of their existing businesses and seek out new engines for future growth in order to survive.

In response to these changes and to seize new opportunities, SK Networks declared its transformation into an AI Company in 2024. The AI Company envisioned by SK Networks goes beyond simply integrating AI technologies into existing businesses or creating new business opportunities using AI. It aims to empower individuals and enterprises to solve problems through AI and to expand both economic value and universal human values. Accordingly, SK Networks is actively shaping AI-driven sustainable growth engines for the future, while creating opportunities for broad stakeholder participation and shared growth throughout this journey.

PhnyX Lab, a startup launched as an independent affiliate under SK Networks, introduced Korea's first modular RAG[1]-based medical and pharmaceutical solution, "Cheiron," in December 2024, and has since established collaborative models with various domestic pharmaceutical companies. SK Magic, which has declared its transformation into a wellness robotics company, is leading AI innovation by unveiling the first product of its wellness robotics brand, NAMUH[X], in April 2025, built on a domestic and global AI collaboration ecosystem. Meanwhile, ENCORE, a data business specialist, is pursuing the discovery of new business models by expanding into AI-linked and integrated services through partnerships with various companies, leveraging its existing data asset capabilities.

SK Networks is also fostering talent aligned with its AI company vision while pursuing the well-being of its stakeholders. To cultivate talent capable of driving AI-based business innovation and opportunity creation, the company operates various job and business-specific training programs. In addition, it has acquired ISO 45001 certification for its occupational health and safety management system to ensure a safe working environment, and continues to expand cooperation with stakeholders through support for partner training, co-prosperity programs, and community contributions.

In 2024, SK Networks took the lead in responding to climate change through concrete and practical actions. To implement its Net Zero 2040 roadmap approved by the SBTi, the company reduced greenhouse gas emissions by promoting self-generation through solar panels and replacing outdated facilities. Furthermore, it expanded the scope of greenhouse gas emissions reporting to include major subsidiaries, thoroughly preparing for the upcoming mandatory sustainability disclosures.

SK Networks is also striving to establish a sustainable governance structure based on expertise and transparency. By obtaining ISO 37001 certification for its anti-bribery management system, the company has fostered an ethical management environment and strengthened a compliance-based work culture through fair trade compliance activities. Additionally, the ESG Committee within the Board of Directors has been reorganized into the Strategy and ESG Committee, laying the foundation for aligning ESG goals with the company's long-term strategy. SK Networks also continues to implement shareholder-friendly practices such as dividend policies and treasury stock cancellations to enhance shareholder value.

In 2024, SK Networks decided to physically spin off SpeedMate and the Trading Business to enhance governance transparency and improve management efficiency. As a result, SK SpeedMate and Glowide were newly established. SK Networks plans to continuously support the two subsidiaries so that they can firmly establish themselves as independent corporations, and to enhance stakeholder value including that of employees and shareholders through stability and growth.

Walkerhill is striving to provide integrated services that combine technology, culture, and the environment. It has collaborated with AI healthcare companies and conducted community-linked activities utilizing blockchain technology. Additionally, it offers customers diverse cultural content through exhibitions of renowned artworks. Walkerhill also renewed its Environmental Label Certification from the Korea Environmental Industry & Technology Institute under the Ministry of Environment, reaffirming its achievements in eco-friendly management. Furthermore, it is actively working to reduce carbon emissions by operating solar power facilities within the hotel and introducing digital-based services.

SK Magic is introducing AI-powered products and services across various fields such as pet care, senior care, and healthcare by establishing domestic and international AI collaboration ecosystems. It is also strengthening its commitment to eco-friendly management by setting and implementing key environmental goals, including the execution of the Plastic ACTion(PACT) roadmap led by the World Wide Fund for Nature(WWF). In addition, SK Magic has enhanced its security framework by acquiring Information Security Management System certification(ISO 27001), and it is actively pursuing social value creation by signing an MOU with the Korea Employment Agency for the Disabled to establish a subsidiary-type workplace for people with disabilities.

SK Networks Service operates solar power maintenance, repair, and generation businesses, as well as a resource circulation center. Since 2024, the company has been actively expanding its eco-friendly initiatives, including the full-scale development of electric vehicle charging infrastructure. MINTIT has demonstrated its brand competitiveness by leading the creation of a healthy used-phone trading culture and an ICT resource circulation ecosystem. As a result, it was recognized for its commitment to sustainable innovation, winning the Minister of Trade, Industry and Energy Award at the 26th Korea Brand Awards and being selected as the Best App for Positive Social Impact on Google Play's Best of the Year.

Going forward, SK Networks aims to realize its vision of becoming an "AI Company" that integrates technology and sustainability to simultaneously generate both economic and social value. Grounded in trust with its stakeholders, the company will continue to fulfill its social responsibilities and expand its positive impact. We sincerely thank all stakeholders for their unwavering support and encouragement of SK Networks' sustainability efforts over the past year.

We kindly ask for your continued interest and support as we move forward on our journey toward a sustainable future.

Thank you and sincerely,

1) Retrieval Augmented Generation(RAG); Search-Augmented Generation

BUSINESS PORTFOLIO

Company Overview

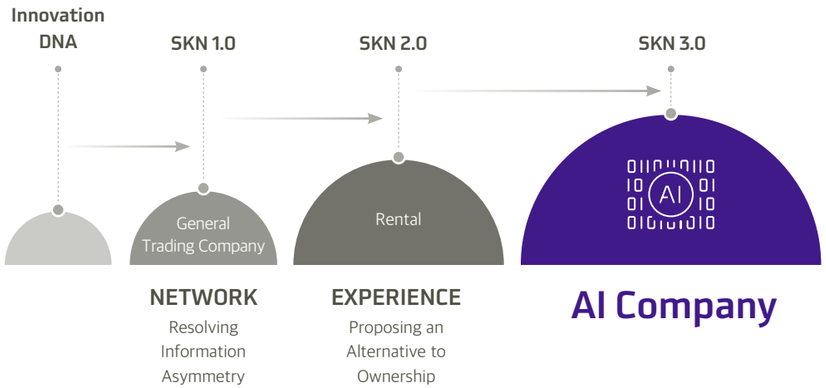
Since its establishment in 1953 as Sunkyong Textiles—the origin of the SK Group—SK Networks has grown by continuously evolving its business in response to changes in the domestic industrial landscape. In the 2000s, we shifted its focus from trade and distribution to consumer goods rental. Today, SK Networks operates across diverse sectors, including ICT device distribution, telecommunications infrastructure management, global trading, automotive care services, wellness appliance rental, and hotel & resort operations.

To enhance long-term corporate value, SK Networks strategically invests in promising global companies by leveraging its future technology-driven professional networks and systematic portfolio management capabilities. At the same time, we are integrating artificial intelligence(AI) into its existing business models and expanding new ventures based on data solutions and AI technologies, thereby accelerating its transition into an AI-powered company.

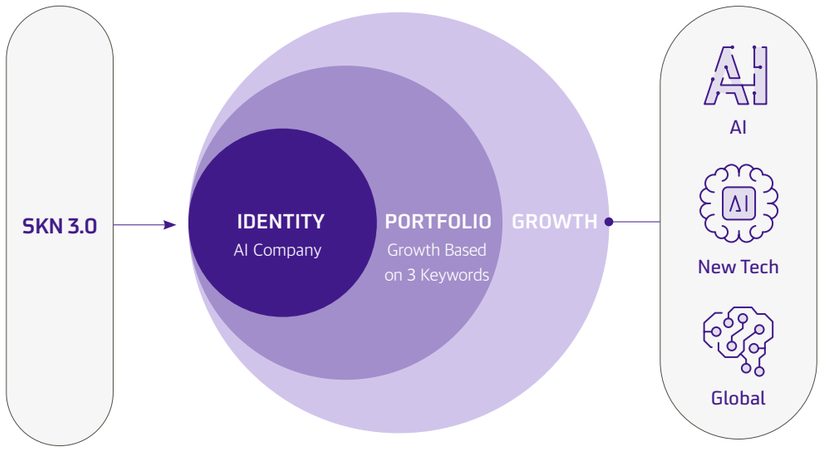
Corporate Profile

Company Name	SK Networks
CEO	Lee Hojeong
Date of Establishment	April 8, 1953
Credit Rating	AA-
Date of Listing	June 30, 1977
Listed Market	KOSPI
Key Subsidiaries	SK Networks Service, SK Magic, SK SpeedMate, etc.
Head Office Address	Samil Bldg., 85, Cheonggyecheon-ro, Jongno-gu, Seoul, Republic of Korea
Website	https://www.sknetworks.co.kr

SK Networks to accelerate innovation



SKN 3.0



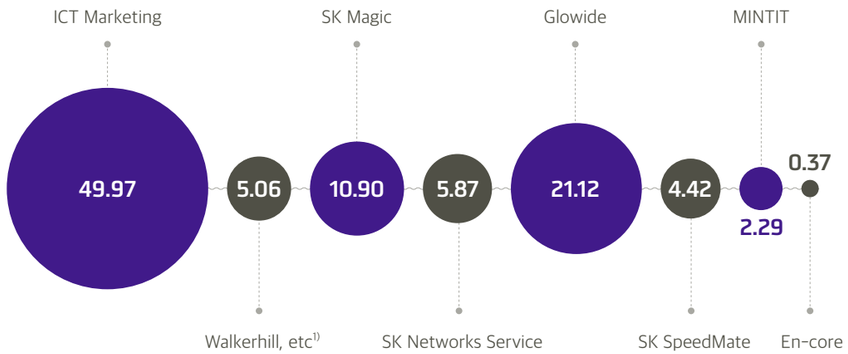
Economic Value Creation

Key Financial Performance Over the past 3 years(SK Networks Consolidated Basis)

(Unit: KRW 100 million)

Ratio of product/service revenue for each business division

(FY2024 Revenue Share, Unit: %)



1) Included other expenses excluding the ICT Marketing Division

Our Journey to Date

2020~Present

Evolving into an AI-Centered Business Holding Company

2020
Established Hico Capital in the U.S. (now operating as SK Networks Americas)

2021
Spun off MINTIT

2023
Acquired En-core

2024
Founded PhnyX Lab,
Spun off SK SpeedMate
Spun off Glowide

2003~2019

Global Marketing Company 'SK Networks'

2003
Renamed to SK Networks

2009
Walkerhill merged

2011
Exceeded 100 million in accumulated sales volume of mobile phones

2016
Acquired Dongyang Magic (renamed to SK Magic)

1974~2002

Inauguration of Sunkyong Co., Ltd.: Ushering in a New Era for General Trading Companies

1976
Received the $100 Million Export Tower Award, Sunkyong designated as a general trading company

1980
Acquired Korea Petroleum Corporation

1998
Renamed to SK trading

2000
Launched SK global (merging SK Distribution and SK Energy Sales)

1953~1973

Creating Value from Scratch!
The Birth of Sunkyong

1953
Founded Sunkyong Textiles

1962
Became the first South Korean company to export rayon fabric

1963
Awarded the Gold Tower Order of Industrial Service Merit, the first since the founding of the nation

SK Networks Key Business Areas and Subsidiaries

SK Networks Key Business Areas

ICT Marketing

The ICT Marketing Division of SK Networks is the leading distributor in Korea's mobile telecommunications market, handling approximately 4 million mobile devices annually.
In addition, the division diversifies its distribution channels by supplying a wide range of ICT devices—including wearable devices, laptops, and tablet PCs—to various industries such as education platforms and food tech solutions, as well as to general consumers.
Along with this, we are providing integrated logistics services by establishing optimized logistics infrastructure and operating systems in major regions nationwide, and enhancing customer satisfaction through stable supply chain operations. In particular, we are continuously strengthening distribution competitiveness based on customer-centric distribution solutions and digital capabilities.

Performance Highlights

FY2024 Revenue
KRW 3.82 trillion
Excluded revenue of SK Networks Service

Device sold in FY 2024
3.89 Million Units

Domestic Distribution Centers
6

Hotel & Leisure(Walkerhill Hotel & Resort)

Walkerhill Hotels & Resorts("Walkerhill") is a leader in the South Korean hotel industry that delivers premium experiences for customers who wish to enjoy a relaxing time of rest in nature. Walkerhill encompasses a wide range of lifestyle services, such as leisure, culture, and food. Diverse concept brands that deliver differentiated emotional experience, such as Grand Walkerhill Seoul, Vista Walkerhill Seoul, Douglas House, and Darakhyu satisfy the diverse tastes and needs of our customers.
Since declaring our vision of transitioning into an "eco-friendly hotel" in 2021, we have been presenting a new business model for practicing ESG management through change and innovation, In 2024, we operated a "personalized wellness pilot program" for guests in collaboration with an AI healthcare company, and also carried out the "Village Hotel Project," a regional coexistence project based on blockchain technology. More recently, we introduced the "Walkerhill AI Guide," the first AI-based conversational guide service in the domestic hotel industry, providing customers with a differentiated service experience.
Going forward, Walkerhill will continue its efforts to create sustainable value together with customers, aiming to expand its positive impact on the environment and society.

Performance Highlights

FY2024 Revenue
KRW 300.6 billion

2024 NCSI[1] Hotel & Resort category
Ranked No.1
as of September 2024

2024 NationalBrand Awards
Ranked No.1 for Eight Consecutive Years
as of the end of April 2024

Future Strategic Direction

CULTURE
Providing unusual experiences through Cultural Savvy[2] contents

WALKERHILL
SOFTWARE Strategy

TECHNOLOGY
Accelerating Web 3.0 Projects & Transforming into AI-based Hotel

Global Investment

SK Networks is pursuing strategic investments worldwide in areas with high future growth potential, based on its global network and systematic portfolio management capabilities. Through this, we are not only securing future growth engines but also advancing our existing business models. The key sectors of investment include Artificial Intelligence(AI), Web 3, and Sustainability. SK Networks plans to continuously enhance its corporate value through proactive investments in these promising future industries.

Investment Domains

AI	AI technology enhances convenience and enriches our lives. We are proactively investing in AI to ensure that everyone can benefit from these advancements.
Web3	Web3 is characterized by security, decentralization, and transparency and can be applied in various industries. We invest in Web3/blockchain-related sectors in preparation for the future.
Sustainability	We pursue sustainable growth to create future value for all generations.

Global Investment Portfolio

(As of the first half of 2025)

A total of 37 investments = Direct investments 15 investments + Fund investment 22 investments

1) National Customer Satisfaction Index; National Customer Satisfaction Index hosted by Korea Productivity Center
2) Communication with customers & provide opportunities for unusual experience through ability to understand and appropriately deal with diverse cultural backgrounds

SK Networks Key Business Areas and Subsidiaries

SK Networks Key Business Areas

SK networks service

SK Networks Service carries out network infrastructure operation and management as well as global IT hardware and software distribution businesses, based on ICT capabilities built over decades. Its major businesses include the infrastructure business, which involves construction, operation, and maintenance of telecommunications network equipment for clients such as SK Telecom, SK Broadband, public institutions, and enterprises; and the IT solutions business, which distributes a wide range of IT equipment and software including network devices, servers, and storage systems. Recently, as part of its strategy for a sustainable future, we have expanded into eco-friendly areas such as solar power generation and EPC business, as well as the construction and maintenance of electric vehicle charging infrastructure, focusing on creating environmentally friendly value.

Business Model

Infrastructure Business Group	Solution Business Group	New Biz
• Total Network Service	• IT Infrastructure/ Solution Distribution Business	• Construction/Maintenance of EV Charging Infrastructure
• Public Infrastructure Safety Business	• IT Consulting & Technical Support	• Solar Power Generation Business
• ICT Solution Business	• Retail Tech Maintenance	• E-um 5G Specialized Networks
• Security Business		• New Business/ Development

FY2024 Revenue
KRW 459.4 billion

ICT Centers
Integrated Surveillance 24
Operational Bases 54

SK magic

Since its establishment in 1985, SK Magic has been at the forefront of in the domestic home appliance market based on differentiated technology and customer-oriented services. In 2008, SK Magic expanded into the appliance rental market, including water and air purifiers, and through continuous research and development, we have secured world-class technological competitiveness and is leading the market paradigm.

Going forward, SK Magic will lead a new category called 'Wellness Robotics' by providing differentiated products and services through NAMUH^{X}, a wellness robotics brand launched based on SK Magic's resources and technology under SK Networks' AI strategic direction, amid the growth of the global wellness market driven by extended life expectancy and the expansion of aging populations.

In addition, to respond to the rapidly changing market environment, SK Magic is committed to enhancing its business competitiveness by building domestic and global AI collaboration ecosystems and continuously innovating the technology of existing product portfolio .

FY2024 Revenue
KRW 844.3 billion

Cumulative Number of Domestic and Global Rental Accounts
Domestic 239 million
Global 23 million

Grand Slam of the global top 3 design awards

Future Strategic Direction

Releasing New AI Items
Expanding Coverage in Wellness Sector Through New Products/ Services

Innovating Customer Experience Through Integrated Solution
Expanding Connectivity Between Product/Services

SK Networks Key Business Areas and Subsidiaries

SK Networks Key Business Areas

MINTIT

MINTIT operates 'MINTIT ATM,' the first unmanned kiosk in Korea for used mobile phone trading, leveraging artificial intelligence(AI) technology, creating an environment where anyone can easily and conveniently trade used phones. MINTIT ATM is equipped with a data deletion technology certified by international quality standards, relieving consumers' concerns about personal information leakage and enhancing trust in used phone transactions. Beyond used phone trading services, MINTIT is also at the forefront of in promoting resource circulation as part of daily ESG practices. We support easy mobile phone recycling for everyone to contribute to environmental protection and continues to run various ESG programs, including the "Plant Three Red Trees" campaign in collaboration with Save the Children and its own campaigns.

Cumulative Units Sold
Approximately 4.1 million units
As of January 2025

Cumulative Units Donated
Approximately 62,000 units
As of January 2025

Cost for Realizing 'Social Value'
Approximately KRW 87.6 billion
As of January 2025

'ATM Mini' and 'Large ATM' of MINTIT

en·core

For the past 28 years, En-core has developed its proprietary methodologies based on a deep expertise into data and IT, and has been providing data consulting services and the integrated data management solution 'DATAWARE' to support systematic data governance and utilization for enterprises and institutions. En-core's services and products are used across a wide range of industries including manufacturing, services, finance, telecommunications, public sector, distribution, healthcare, and education. In 2023, following its incorporation into the SK Networks group, we established an R&D ecosystem encompassing AI infrastructure, additional potential clients, and new technologies. In 2025, we plan to expand our business portfolio by introducing new products and services based on data and artificial intelligence in response to the rapidly changing IT environment and the exponential advancement of technology.

FY2024 Revenue
KRW 31.3 billion

Projects
Over 1,200

Customers
Over 700 companies

SK Networks Key Business Areas and Subsidiaries

SK Networks Key Business Areas

SK SpeedMate is a leading company in the domestic automobile aftermarket sector, providing comprehensive automotive services ranging from light maintenance and emergency roadside assistance to imported car repairs, parts distribution, tire distribution, and export. In particular, we have been successfully operating our membership program, 'CLUB SM,' to reduce customers' financial burden by offering reasonably priced maintenance services. In 2024, we are promoting the development of a new service by introducing an AI-based vehicle estimation system aimed at addressing the information asymmetry between repair service providers and customers.

SK SpeedMate is also actively promoting ESG activities that consider environmental and social factors. Through the 'ECO Parts Business,' which utilizes recycled parts from damaged vehicles, and the 'Good Maintenance Sharing Project' in cooperation with the Seoul Council on Social Welfare, we are contributing to the realization of social value and spreading a culture of sustainable vehicle maintenance. Going forward, SK SpeedMate plans to strengthen data-based personalized marketing and secure professional talent and technology to respond to the era of future mobility, establishing itself as a leader in the automobile aftermarket industry.

FY2024 Revenue
KRW 343.9 billion

K-BPI[1]
No. 1 for 23 consecutive years
As of 2025

No. of Speedmate Stores
Approximately 580

1) Korea Brand Power Index

Glowide specializes in trading petrochemical products, delivering value to its business partners. Handling a wide range of items such as polyester raw materials including PTA[1] and MEG[2], as well as MeOH[3], solvents, and PU raw materials[4]. Based on long-term contracts with major domestic and international petrochemical companies, we have earned recognition as a key partner through years of building trust in export, import, and domestic sales businesses. We are pursuing portfolio diversification by appropriately balancing the scale of export and import/domestic sales, while focusing on establishing a more stable trading environment. In addition, we are promoting continuous growth and portfolio advancement of the chemical and materials business by exploring new business opportunities in future promising industries.

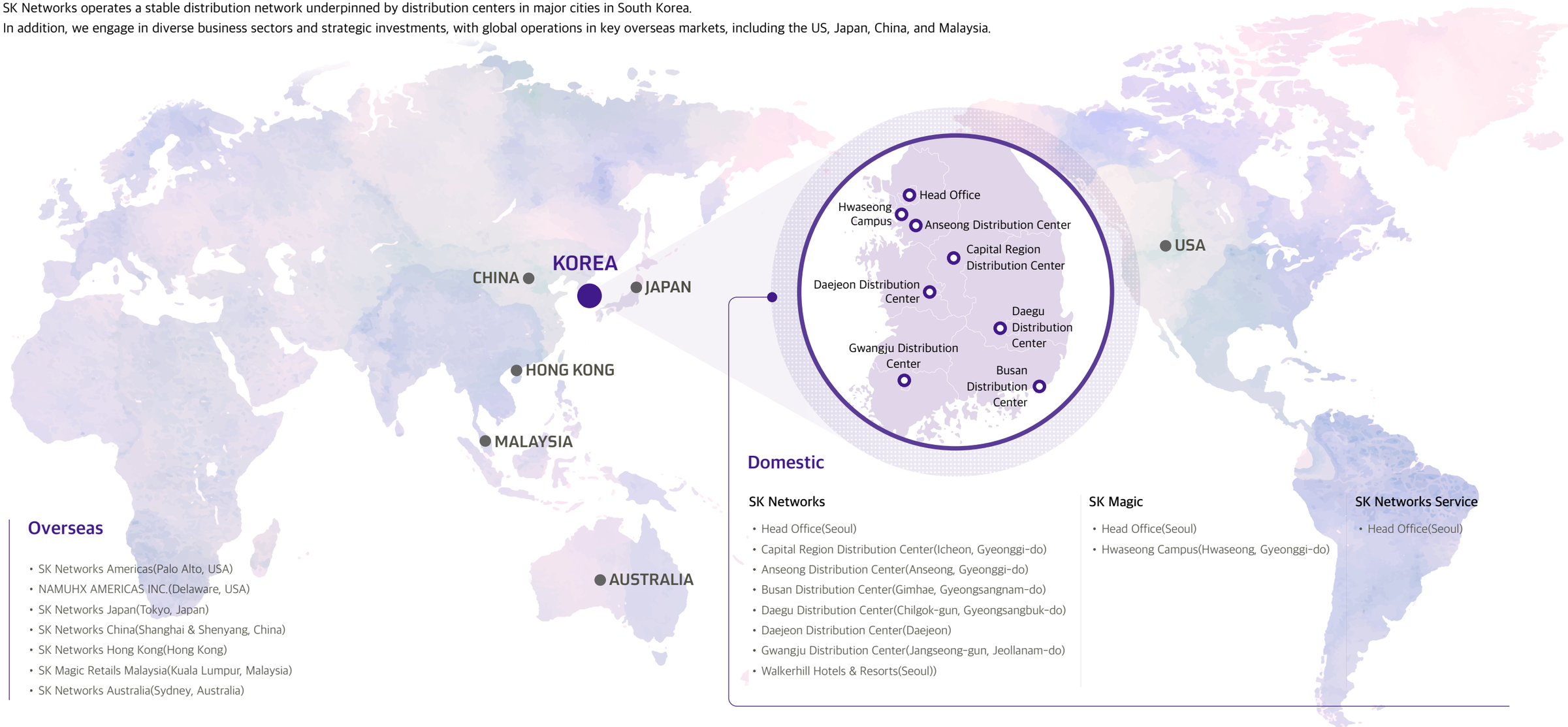
FY2024 Revenue
KRW 1.6172 trillion

No. of long-term business partners in chemical business
35 Partners

1) Purified Terephthalic Acid
2) Monoethylene Glycol
3) Methanol
4) Polyurethane Raw Material

Domestic Business Sites and Global Network

SK Networks operates a stable distribution network underpinned by distribution centers in major cities in South Korea.
In addition, we engage in diverse business sectors and strategic investments, with global operations in key overseas markets, including the US, Japan, China, and Malaysia.



Overseas

- SK Networks Americas(Palo Alto, USA)
- NAMUHX AMERICAS INC.(Delaware, USA)
- SK Networks Japan(Tokyo, Japan)
- SK Networks China(Shanghai & Shenyang, China)
- SK Networks Hong Kong(Hong Kong)
- SK Magic Retails Malaysia(Kuala Lumpur, Malaysia)
- SK Networks Australia(Sydney, Australia)

Domestic

SK Networks

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

SK Magic

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

SK Networks Service

- Head Office(Seoul)

Transition into an AI Company

SK Networks is promoting its transition into an AI company by incorporating artificial intelligence(AI) into its existing business models and expanding new businesses based on data solutions and AI.

Walkerhill Hotel & Resort

Walkerhill has been incorporating AI services throughout the entire hotel experience to provide enriched customer experiences. By utilizing AI technology at various touchpoints, such as the introduction of SK Telecom's NUGU speaker for remote control of in-room environments, the hotel is enhancing customer convenience and satisfaction. Furthermore, in 2024, Walkerhill strengthened its vision as an 'AI Hotel' by offering an AI healthcare pilot program. We collaborated with AI healthcare companies such as WAYCEN and ALGOCARE to provide a pilot program that offers respiratory health assessments via app and personalized supplements based on AI technology. In 2025, we became the first in the hotel industry to offer an AI Guide service using ChatGPT-4o, which provides real-time chat-based support ranging from hotel operation information to activity recommendations. Going forward, we plan to continue integrating AI business into customer services to innovate the overall customer experience.

MINTIT

MINTIT introduced AI-based damage detection for used mobile phones in response to the need for automation in the transaction process to establish a contactless used phone trading environment. Through this service, customers no longer have to wait for manual inspection to confirm phone damage; instead, the automated system quickly diagnoses the external condition and determines the price. In addition, by clearly explaining the AI-assessed price and its basis to customers, the service has significantly improved both the reliability and convenience of transactions.

SK Magic

SK Magic is evolving into a 'wellness robotics company' that transforms the customer wellness experience through AI-integrated home appliances. To provide services that are more closely embedded in customers' daily lives, we are developing a hybrid LLM(Large Language Model) system in which personal information is securely processed using on-device LLMs, while other data is supplemented via cloud-based LLMs. This approach enables personalized services while further enhancing data protection and security.

SK SpeedMate

SK SpeedMate partnered with German automotive data specialist DAT to introduce an AI-based vehicle management system into its imported car integration platform, "Huckleberry Pro". The AI solution identifies vehicle damage and automatically calculates the required parts and repair estimates, aiming to enhance transparency in parts distribution and labor cost calculation. We plan to expand the application of this system to include major repair services such as accident-related repairs, with the goal of becoming a leading company in the automotive aftermarket.

En-core

En-core is focusing on data orchestration[1] solutions, concentrating on AI-based data standardization and infrastructure development. In addition to features such as internal data modeling and quality assessment, in 2024, we began offering tools that automate data standardization using generative AI, allowing users to focus more on the fundamental design of data modeling. Going forward, En-core plans to continue supporting companies in building their own AI infrastructure through innovative products and services that combine data and artificial intelligence, while expanding a data-driven business ecosystem.

1) A strategic approach to effectively integrating and managing various data sources, tools, and processes within an organization.

PhnyX Lab

In December 2024, PhnyX Lab launched "Cheiron," a generative AI solution specialized in medical and pharmaceutical sectors, using Modular RAG[2]. Cheiron can understand keywords from the Medical Subject Headings(MeSH) classification system, enabling the processing of professional medical information. The searchable data includes not only external academic journals but also platforms such as PubMed and Semantic Scholar, as well as internal company data and in-use solutions, allowing users to access a wide range of specialized information through a single Cheiron platform. Cheiron also provides source references when delivering information, enabling users to improve their workflows by applying the information directly to their tasks. PhnyX Lab aims to drive innovation across the pharmaceutical and healthcare industries by addressing the numerous complexities and inefficiencies within the sector.

2) Retrieval Augmented Generation technology that integrates various functional modules including search capabilities.

PhnyX Lab Launch Event

OUR GOAL & PROGRESS - SK Networks Sustainability Goals

Enhancing ESG performance

Securing market trust by improving ESG ratings to a Global Top level

SK Networks analyzes external ESG evaluation results and implements improvement plans with the goal of achieving higher ratings than the previous year or securing A-grade or above in domestic and global ESG assessments. Accordingly, in 2024, we achieved MSCI[1] BBB, KCGS[2] Overall A+, and CDP[3] Leadership A ratings.

1) MSCI : Morgan Stanley Capital International
2) KCGS : Korea Institute of Corporate Governance and Sustainability
3) CDP : Carbon Disclosure Project

Building of ESG Management System for First/second-tier subsidiaries

Since 2022, SK Networks has established and operated an ESG management system for subsidiaries based on their listing status and growth stage. By selecting ESG indicators tailored to industry of each subsidiary, inspecting the current status of each ESG indicator, defining tasks, and supporting execution, we aim to elevate ESG management in all subsidiaries until they achieve the goal of joining the global top-tier by 2026.

Enhancing execution capabilities to achieve Net Zero by 2040

Achieving Net Zero by 2040

SK Networks has established greenhouse gas(GHG) emissions reduction strategies tailored to each business to reinforce its execution capabilities for achieving 'Net Zero.' SK Networks and its seven first/second-tier subsidiaries[4] joined EV100 and have made efforts to switch all business vehicles, including customer vehicles, to EVs by 2030. As of 2024, a total of 162 vehicles had been replaced with Evs, accounting for 23% of the total fleet. In addition, we obtained approval for short and long-term goals according to the SBTi[5] in 2023, and went through the third-party verification on emission under Scope 3. As such, we are making a systematic approach to mitigating GHG emissions. Furthermore, we declared our support for the TCFD[6], while accurately measuring the impact of climate change on our company and disclosing all financial and non-financial impacts to manage it.

4) SK Networks, SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT, En-core, SK Magic Service
5) Science Based Targets Initiative
6) Task Force on Climate-Related Financial Disclosures

Supporting business model innovation based Social Value

Supporting Business Model Innovation Tasks Based on SV/ESG

Since 2021, SK Networks has been operating the 'SV Meetup,' a forum that brings together C-level executives, business division leaders, team managers, and working-level employees. At the meeting, we identify key tasks to create social value for each business area, share the outcome of executing the tasks, and innovate on business models through mutual learning of related trends and issues. In addition, we regularly operate a Company-wide ESG Implementation Committee with the participation of C-Level and key executives, representatives of subsidiaries, etc. to discuss and decide on ESG management.

Embedding SV/ESG into the practices of our employees

Strengthening Support for the SE[7] Ecosystem and Fostering a Culture of Daily ESG Practice Among Employees

Since 2022, SK Networks has been operating a Target-type and Spot-type pro bono programs that provides customized advisory support to social enterprises and social ventures related to SK Networks' business, leveraging it's professional expertise. In 2024, a total of 35 employees, including those from subsidiaries, participated in pro bono activities and generated remarkable achievements, including the creation of various collaborative cases with participating organizations. As a result, SK Networks received the "Pro Bono of the Year Award," "Super Rookie Award," and "Excellence Award" from Happy Narae in 2024. Even after the advisory periods ended, we continued to provide long-term support to participating organizations, such as through interest support programs. In addition, through the "Hangarae" app, SK Networks achieved social value creation worth KRW 32.5 million and reduced carbon emissions by 18,874 kg in 2024. Going forward, SK Networks plans to continue expanding ESG practices that enable everyday actions to have a positive impact on society as a whole.

7) SE : Social Enterprise

CREATION OF SOCIAL VALUE - Social Value(SV) Measurement

The Significance of Social Value Measurement

Since 2018, SK Networks has been measuring and managing not only Economic Value(EV) but also Social Value(SV) in accordance with the SK Group's Double Bottom Line(DBL) management philosophy[1]. The social value created across various business areas, including major subsidiaries, is measured based on an objective and conservative methodology verified by the SK Group's Center for Social Value Enhancement Studies(CSES). By transparently disclosing the measurement formulas and results, we enhance stakeholders' understanding and trust. In addition, SK Networks continues to expand the scope and coverage of measurement each year to maximize performance, strengthen ESG management, and promote DBL-based decision-making and sustainable growth.

1) A management approach that creates not only Economic Value(EV) but also Social Value(SV) throughout all business activities.

Social Value Measurement(Monetary/Non-Monetary Measurement)

Monetary measurement			Non-monetary measurement
Economic indirect contribution performance	**Environmental(E) performance**	**Social(S) performance**	**Governance(G) performance**
• Employment • Dividends • Taxes	• Environment – Production process – Sales of eco-friendly products/ services	• Society – Sales of products/services that improve the quality of life – Improvement of labor environment and shared growth • Social contribution – Social contribution activities – Donation – Volunteer activities	• Improving corporate stability and implementing sustainable management through the establishment of sound governance system • Non-monetary indicators(such as Group ESG Key indicators) and information disclosed on Exchange

Social Value(SV) Measurement

SV Measurement Factors

The monetized measurement of social value is categorized into three areas: indirect economic contribution, environmental performance(E), and social performance(S). Indirect economic contribution refers to the value that corporate activities indirectly contribute to the national economy. Environmental performance includes the environmental value generated through the development, production, and sale of products, as well as their environmental impact. Social performance refers to the social value created through the sale of products that enhance quality of life, and through contributions provided to employees and business partners. It is measured across three dimensions: social justice, social contribution, and products/services. These social values are evaluated based on three principles—external acceptability, objectivity, and conservativeness—and assessed using three criteria: baseline, proxy, and level of contribution.

Measurement formula = (Social value created(Outcome) - Baseline[1)]) × Monetarization unit(Proxy[2)]) × Sales volume(Volume provided) × Contribution[3)]

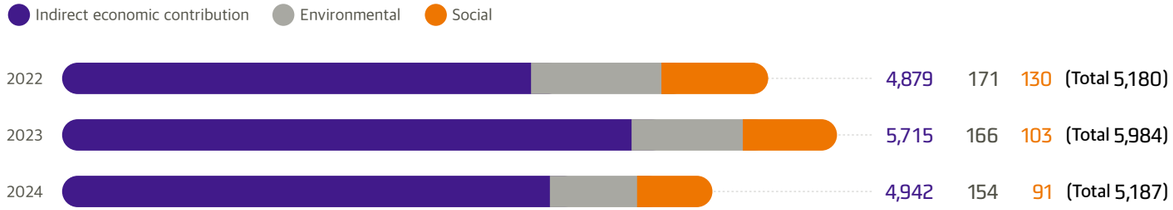
1) It is measured as a(+) value only when the company's product exceeds the market average for the same or similar products/ services.
2) Data derived from internal measurement is not recognized due to objectivity.
3) Existing benchmarking ratios(e.g. cost ratio, investment ratio, etc.) are used, but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

Key Performance in 2024

In 2024, SK Networks measured its social value performance across six entities: SK Networks, SK Magic, SK Networks Service, MINTIT, SK SpeedMate, and Glowide, achieving a total of KRW 518.7 billion in social value. Going forward, SK Networks plans to further strengthen its Double Bottom Line(DBL) management framework by continuously enhancing and developing performance indicators that reflect the social value generated through each business model.

Results of Monetizing SV Measurements[4)]

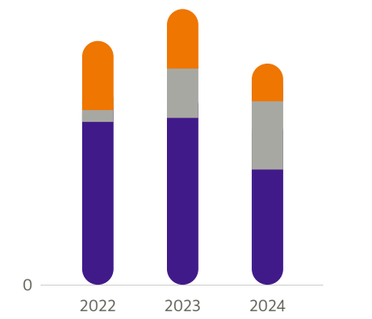
(Unit: KRW 100 million)



4) Due to changes in the 2024 tax and dividend standards, the revised standards were retroactively applied to 2022 and 2023,
2024 subjects: SK Networks, SK Magic, SK Networks Service, MINTIT, SK SpeedMate, and Glowide(SK Rent-a-Car included in 2022-2023, excluded in 2024)

Indirect economic contributions performance

(Unit: KRW 100 million)

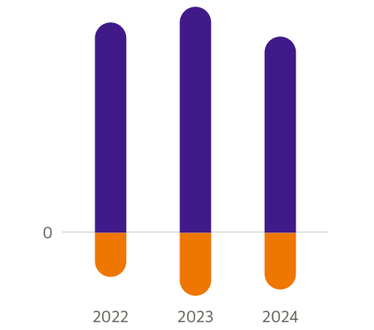


2024: **KRW 494.2 billion**

	2022	2023	2024
Employment	344.5	345.6	**273.7**
Dividends	26.3	128.9	**186.7**
Tax Payments	117.1	97.0	**33.8**

Environmental performance

(Unit: KRW 100 million)

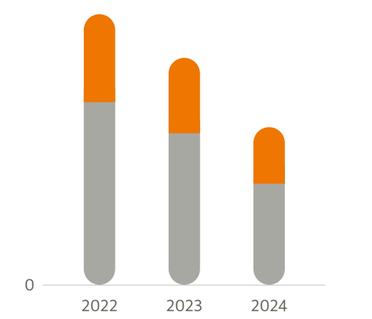


2024: **KRW 15.4 billion**

	2022	2023	2024
Products/Services	21.2	22.1	**20.6**
Process	-4.1	-5.5	**-5.2**

Social Performance

(Unit: KRW 100 million)



2024: **KRW 9.1 billion**

	2022	2023	2024
Products/Services	-	-	**-**
Process	10.4	8.7	**7.9**
Social Contribution	2.6	1.6	**1.2**

Case on Measuring Social Value Performance related to Resource Circulation

CASE 1 MINTIT

ICT Device Recycling Ecosystem

MINTIT is creating an ecosystem where anyone can easily and conveniently recycle and donate used mobile phones through the 'MINTIT ATM,' an unmanned mobile device purchasing machine. In addition, we are expanding our business into eco-friendly resource circulation by developing an ITAD[1] business that safely processes and recycles IT devices such as tablet PCs and laptops.

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

2024 performance: **KRW 19.5 billion**

- Measurement formula: (Market average resource consumption per ICT device - resource consumption per used ICT device) X resource consumption proxy X volume provided for reuse[2] X contribution
- Measurement formula: (Market average GHG emissions per ICT device - GHG emissions per used ICT device) X carbon emission proxy X volume provided for reuse[2] X contribution
- Measurement formula: (Market average disposal weight per ICT device - disposal weight per used ICT device) X resource consumption proxy X volume provided for reuse[2] X contribution

1) IT Asset Disposition
2) Volume provided for reuse: Distribution volume X service life ratio

CASE 2 SK SpeedMate

ECO Parts Distribution

SK SpeedMate is promoting the 'ECO Parts' business by incorporating eco-friendly concepts into the automotive aftermarket sector, aiming to contribute to environmental performance across its products and services. ECO parts are high-reliability recycled components, selected from usable parts recovered from scrapped and damaged vehicles, and reprocessed through rigorous inspection and re-commercialization procedures. This initiative seeks to minimize waste generation and reduce greenhouse gas emissions and air pollutants produced during the manufacturing of new parts, thereby delivering tangible outcomes in resource circulation and environmental protection. In 2025, SK SpeedMate is working to expand ECO parts distribution by signing an MOU with Hyundai Hi-Car Loss Adjusters Co., Ltd. for the expansion of eco-friendly parts and the integration of a repair cost estimation platform for imported vehicles.

Reduction in GHG emissions through the use of ECO parts

- Measurement formula: (CO_2 reduction from ECO parts - market average CO_2 reduction from parts) X carbon emissions proxy X number of ECO parts sold X contribution

CASE 3 SK Magic

Environmental Performance through Compact Direct Water Purifiers

In 2024, SK Magic launched a compact direct water purifier equipped with a stainless steel vacuum-insulated cooling module. This eco-friendly technology, featuring high-performance vacuum insulation, significantly reduces the use of plastic, Expanded Polystyrene(EPS) insulation, and cooling water. In addition, the product size has been reduced by approximately 60% compared to conventional direct water purifiers, leading to resource savings and improved energy efficiency from the production stage.

Reduction in GHG emissions/Energy Consumption/Volume Optimization Achievements through Compact Direct Water Purifiers

2024 performance: **KRW 900 million**

- Measurement formula: (Eco-cost of conventional cooling module production - Eco-cost of stainless steel vacuum cooling module production) × Number of purifiers produced and sold × Contribution
- Measurement formula: (Monthly power consumption per average direct water purifier - Monthly power consumption per in-house purifier) × Social Cost of Carbon(SCC) × Monthly cumulative sales volume × Contribution
- Measurement formula: (Monthly power consumption per average direct water purifier - Monthly power consumption per in-house purifier) × Power consumption per hour × Monthly cumulative sales volume × Contribution
- Measurement formula: (Eco-cost of plastic used in average direct water purifiers - Eco-cost of plastic used in in-house purifiers) × Number of compact purifiers sold × Contribution

CASE 4 SK Magic

Production of Eco-Friendly Plastic-Based Products

SK Magic has been strengthening its efforts to promote resource circulation of waste plastics by focusing on the use of PCR[3] materials. In particular, we are continuously conducting R&D to increase the proportion of PCR plastics used in the internal and external components during the product manufacturing process. In 2021, SK Magic succeeded in developing PCR-based ABS[4], a material widely used for home appliance exteriors, in collaboration with a chemical materials company. In October of the same year, we launched the "All Clean Air Purifier," the first in the industry to apply 99.5% PCR plastic. In 2022, it released the "Eco Mini," a non-electric water purifier made with 64.4% PCR plastic, presenting a compelling case for the commercialization of eco-friendly products using recycled materials and advancing circular economy practices in the home appliance sector.

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

2024 performance: **KRW 9 million**

- Measurement Formula: (CO_2 emissions from conventional materials - CO_2 emissions from PCR materials) × carbon emission proxy × number of PCR-applied products sold × contribution

3) Post-Consumer Recycled
4) Acrylonitrile Butadiene Styrene

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STAKEHOLDER ENGAGEMENT

Definition and Engagement of Stakeholders

SK Networks defines its stakeholders as all those who directly or indirectly influence or are influenced by the company's business activities, broadly categorized as customers, employees, suppliers, governments, shareholders and investors, and local communities. We operate a variety of communication channels to facilitate effective communication with different stakeholder groups. These include customer satisfaction surveys, internal employee surveys, regular meetings with suppliers, public hearings, shareholder meetings and community forums. The feedback received through these communication channels serves as valuable input for our decision-making in various areas, including product and service quality improvement, management strategies, policy implementation and social responsibility. SK Networks is committed to enhancing transparency and accountability in its management system to better meet the expectations of its stakeholders and build long-term relationships based on trust.

In addition, regular stakeholder surveys enable us to gather diverse opinions that guide us in the pursuit of sustainability throughout our operations. Through these efforts, SK Networks creates both economic and social value and further strengthens mutual trust with its stakeholders.

Pursuing Stakeholders' Happiness

SK Networks' overarching principle for stakeholder engagement is clearly stated in its Corporate Governance Charter: "The Company shall exist and develop perpetually on a track of stability and growth as a cradle and foundation on which the People and stakeholders seek happiness continuously." We aim to create both economic and social value, provide diverse value to our customers, and build a fair ecosystem with our business partners. We drive value for shareholders, fulfill our social responsibilities for environmental protection and job creation, and grow with society. We seek harmony and happiness for all stakeholders and strive for long-term sustainability. In pursuit of these goals, SK Networks is committed to board-centered responsible management and transparent corporate governance.

Stakeholders Channels, Issues and Response Roadmap

Stakeholders	Engagement Channels	Key Issues	Short-term Plan(2024)	Mid-term Plan(2025 ~ 2027)	Long-term Plan(2028)
Customers	• VOC channels • Customer contact at agencies/branches • Questionnaires and customer satisfaction surveys • Website, SNS	• Customer satisfaction • Customized solutions for customers • Personal information protection	• Increasing customer satisfaction • Developing new products/services • Improving customer contact service • Analyzing and improving brands (adding/modifying ESG assessment items)	• Ultimately resolving pain points which undermines customer satisfaction and enhancing customer value through BM innovation/creation of new BM • Creating social value through products/services • Analyzing customer's ESG assessment trends for each brand	• Improving customer's ESG assessment items for each brand(including a review of measures to diversify survey targets)
Employees	• Conversation with management	• A consultative body between the CEO and employees that identifies and proposes solutions to foster a better workplace culture	• Operating in a way that enables employees to engage in and propose short-term projects that promote commitment and growth	• Providing a channel for direct communication between CEO and employees(Regular communication)	• Expanding the channel for direct communication between CEO and employees(expanding regular communication)
Suppliers	• Extension of financial support to suppliers • Enhancement of communication with suppliers • Support for ESG improvement of suppliers • Support for training programs of suppliers	• Continuous improvement of business conditions for suppliers • Ongoing monitoring of suppliers' VOC and integration into corporate policies • Identification and implementation of shared growth initiatives • Improvement and internalization of ESG practices in suppliers • Enhancement of suppliers' employee capabilities	• Expanding the shared growth fund • Designing/introducing programs for visiting suppliers and listening to their VOC • Establishing online communication channels • Promoting the awareness of the needs for and criticality of ESG management • Conducting pilot online training programs for suppliers' employees	• Extending other financial support in addition to the shared growth fund(financial support for ESG-excellent suppliers, etc.) • Visiting and listening to VOC - major suppliers(once/year) • Reflect VOC on purchase policies • Providing consulting for ESG evaluation and improvement by suppliers • Expanding online training program content for suppliers' employees and establish it as a regular practice	• Continuing to upscale such support and expand its scope • Increasing the number of suppliers covered by the VOC program as well as the frequency of the VOC visit • Introducing an incentive program for ESG-excellent suppliers and expand support • Expanding offline training for suppliers' employees concurrently
Shareholders/ Investors	• General shareholders' meeting • Meetings with corporate and private investors • Website, phone, and email	• Strengthening two-way communication between the company and shareholders • Expansion of the scope and frequency of exposure to SK Networks' Financial Story • Establishment of awareness as an ESG-leading company and securing ESG investment demand	• Creating an environment for shareholders to ask questions and securing sufficient time • Communicating with investors frequently and supporting for the publication of analyst reports • Executing IR in South Korea and overseas for potential investors	• Diversifying communication channels using online platforms such as conversations with shareholders and live broadcasting of general shareholders' meetings • Conducting online and offline IR events tailored to the needs of investors	
Local Community	• Local governments • Community social security council • Persons in charge at district welfare centers and community centers	• Activation of programs for vulnerable groups(securing safety nets, providing access to cultural programs for the underprivileged, etc.) • Management of local community risks • Realization of contributions to the local community and the creation of sustainable, eco-friendly cities	• Updating social contribution system • Identifying community-related risks and deriving pools, and establishing risk management system • Securing community consultation channels - Signing of business agreement(MOU) for community contribution (Walkerhill-Gwangjin-gu Office) • Developing and operating community contribution content	• Operating social contribution system • Upgrading community-related risk management system • Activating content channels for revitalizing culture/ tourism(Walkerhill) • Developing and implementing win-win program for local community	• Upgrading social contribution system • Activating win-win program for local community, measuring and managing performance

DOUBLE MATERIALITY ASSESSMENT

Double Materiality Assessment Process

Double Materiality Assessment Overview

A Double Materiality Assessment aims to identify material issues, taking into account ESG issues that affect a company's financial performance and the environmental and social impacts of the company's operations.

The EU CSRD[1] recommends that companies comprehensively identify the various ESG issues they may face. SK Networks has defined these as a "long list" and conducted a double materiality assessment by evaluating the potential impacts, risks and opportunities of each issue, reflecting the characteristics of the entire value chain and organization.

Many other ESG disclosure initiatives, such as GRI[2], ESRS[3] and ISO[4], also highlight stakeholder engagement as an important element of materiality assessment. However, these standards do not prescribe specific methods for engagement, leaving it up to companies to decide.

On this basis, SK Networks conducted a double materiality assessment through the process of long listing, internal and external environmental analysis, short listing, stakeholder opinions and financial impact analysis. This allowed us to identify material issues for sustainable management, taking into account both financial and environmental and social impacts.

Long Listing

SK Networks has thoroughly researched major ESG disclosure standards such as GRI, SASB, and TCFD, as well as leading ESG rating indicators from DJSI[5], MSCI, Sustainalytics[6], and KCGS, and relevant disclosure laws. Based on the results, we developed a long list of 19 ESG issues in global and domestic markets.

Long List Validation

SK Networks validated the long list through internal and external environmental analysis. External views of the company were confirmed through media research covering articles from the past year and expert assessments based on the opinions of ESG consultants. For internal research, we benchmarked the ESG disclosure of peer leaders and analyzed past ESG reports.

Short Listing

Validation of the 19 issues included in the long list through media research, ESG expert evaluation, benchmarking, and analysis of past reports led to the development of an ESG short list for SK Networks. The list consists of 10 issues, including two environmental issues, four social issues and four governance issues.

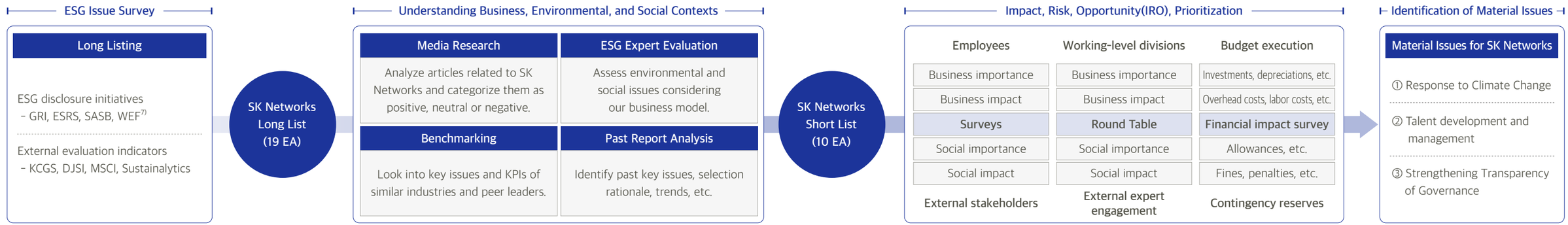
Survey Items for Long Listing

ESG disclosure initiatives	Examine principles, standards, and guidelines for strengthening ESG disclosure practices in Korea and abroad.
External ESG evaluation metrics	Analyze requirements and evaluation criteria of domestic and international ESG risk and performance evaluation agencies.
ESG regulations	Review statutory requirements and reporting standards for ESG disclosure applicable to domestic and global businesses.

Survey Items For Long List Validation

Media research	Analyze 622 articles related to SK Networks in 2024.
ESG expert evaluation	Conduct a free-response survey of nine ESG consultants.
Benchmarking	Analyze key issues at 14 peer leaders in similar industries.
Past report analysis	Analyze material issues identified in SK Networks' last three years of ESG reports

Double Materiality Assessment Approach



1) Corporate Susatainability Reporting Directive 2) Global Reporting Initiative 3) European Sustainability Reporting Standards 4) International Organization for Standardization
5) Dow Jones Sustainability Indices 6) Sustainalytics; Global ESG research and rating agencies 7) World Economic Forum

Internal and External Environment Analysis

To ensure the reliability and validity of the double materiality assessment, SK Networks conducted internal and external environmental analyses to examine ESG issues from different perspectives. This was an important precursor to effectively respond to the rapidly changing ESG environment and industry trends and comprehensively address key issues that may be overlooked in stakeholder requirements and financial impact analysis.

The first step was to conduct a comprehensive review of local and international ESG disclosure standards and metrics, as well as relevant laws and regulations. We analyzed major global disclosure frameworks such as GRI, SASB, and TCFD to identify disclosure topics required by these international initiatives, and reviewed indicators from leading ESG rating agencies such as MSCI, KCGS, Sustainalytics, and DJSI to identify key issues from the perspective of external evaluators. We also analyzed the EU CSRD and local environmental, social and governance laws and regulations to identify topics to be included.

This was accompanied by media research, ESG expert evaluations, benchmarking of material issues in peer companies' sustainability reports, and a review of material issues in SK Networks' past reports and internal strategy materials to identify society's concerns and current industry responses.

These internal and external environmental analyses allowed SK Networks to bolster the ESG process by integrating external trends that may be overlooked in quantitative assessments such as stakeholder surveys, expert Round Table, and financial impact analyses. Through this approach, we were able to lay the foundation for an actionable double materiality assessment that weaves together corporate sustainability and mid- to long-term strategies, rather than focusing solely on the short-term demand.

The most important ESG issue identified for SK Networks was response to climate change, followed by talent development and management, and Strengthening transparency of governance.

1) International Sustainability Standards Board

Stakeholder Surveys

We conducted online surveys to incorporate stakeholder views into the selection of material issues.

For internal stakeholders, we conducted an employee survey to understand the impact of the changing external and social environment on our business operations and our preparedness for it. The survey results showed that attracting outstanding talent and strengthening internal controls amid uncertainty are key factors for business sustainability.

The external stakeholder survey targeted customers, business partners, shareholders and investors, media and academia to understand the impact of environmental and social issues and SK Networks' preparedness. The survey results showed that external expectations of corporate social responsibility and sustainability have expanded to include environmental issues, and that human resources are recognized as the foundation for responsible business growth.

Stakeholder Survey Overview

Time	February 4 - 13, 2025(2 weeks)
Method	Online survey
Respondents	Internal: SK Networks employees(104)
	External: External stakeholders such as customers, suppliers, shareholders and investors, media, and academia(75)

Stakeholder Survey Results

	Internal stakeholder survey		External stakeholder survey
1	Talent development and management	1	Talent development and management
2	Strengthening transparency of governance	2	Response to climate change
3	Strengthening risk management	3	Waste management and resource circulation

Expert Round Table(RT)

Expert RTs were used to address the shortcomings of the stakeholder surveys and bring in additional expertise. Expert RTs included employees with a deep understanding of the company's business and internal operations, as well as external stakeholders with expertise in ESG issues.

Internal stakeholders were asked about the proportion(magnitude) of capital and operating expenditures, likelihood and magnitude, preparedness, and time required to respond to each issue on the short list. External stakeholders were asked about the impact of the issues, business opportunities and losses, preparedness, and time required to respond.

The internal expert RT results indicated their strong interest in risks that may be faced in actual day-to-day business operations and operational stability. The external expert RT results showed that they had high expectations for the company's environmental responsibility and sustainable supply chain management.

Expert RT Overview

Time	February 18 and 21, 2025
Interviewees	Internal: Management, safety, human resources, and legal affairs, etc.(28)
	External: Investors, scholars, etc.(3)

Expert RT Results

	Internal expert RT		External expert RT
1	Safety and health management	1	Response to climate change
2	Information security and privacy	2	Waste management and resource circulation
3	Strengthening transparency of governance	3	Supply chain management

Financial Impact Assessment

SK Networks assessed the financial impact based on global disclosure standards such as ISSB[1)] and ESRS. We defined a short list and evaluated actual implementation costs to prioritize issues with higher financial impact. The procedures and results were reviewed by an independent accountant to ensure objectivity and reliability.

The outside-in financial impact analysis revealed that external factors such as environmental regulations, resource circulation requirements, and shareholder policies impose financial burdens. Changes in waste policies may result in additional costs, and dividends and treasury stock repurchases require strategic management as ongoing financial expenditures. In addition, there are costs for preemptive risk management, such as consulting fees and technical service fees.

The inside-out financial impact analysis showed that legal advisory fees accounted for the largest share, followed by fines and litigation costs from civil and criminal proceedings, and medical costs from safety incidents.

Financial Impact Assessment Concept

Outside-In	Understand corporate response to changes in the external ESG environment through budget planning and execution.
Inside-Out	Identify the impact of the company's ESG issues on external stakeholders through contingent liabilities, penalties, etc.

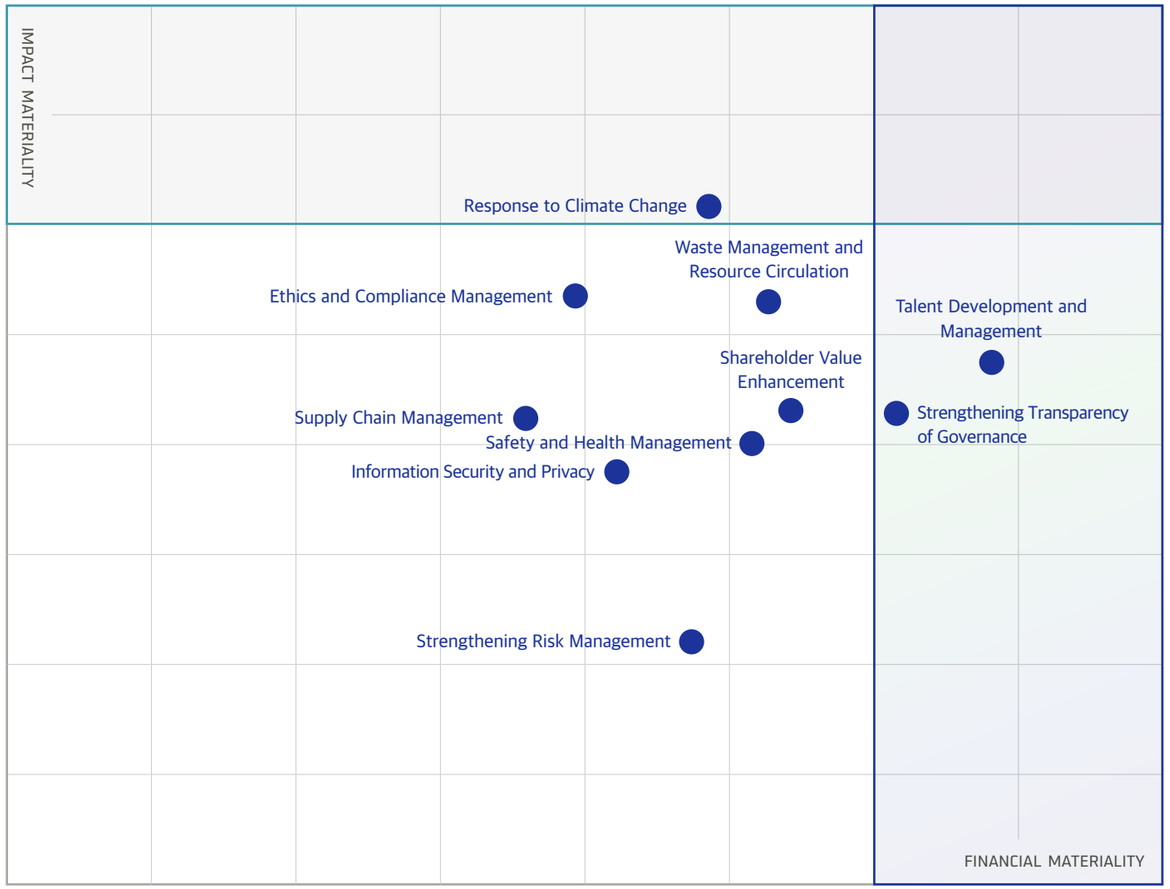
Financial Impact Assessment Results

	Outside-in		Inside-out
1	Waste management and resource circulation	1	Ethics and compliance management
2	Shareholder value enhancement	2	Safety and health management
3	Strengthening risk management	3	Information security and privacy

Material Issue Identification

SK Networks conducted a double materiality assessment to comprehensively analyze the business impact and environmental and social significance of the shortlisted issues, which resulted in the identification of three material issues. These issues were reported to the Board of Directors and the Strategy·ESG Committee as the highest decision-making body in May 2025, followed by the committee's review and final approval. The final selected issues are reflected as key elements in the company-wide risk management strategy, and their implementation status is reviewed regularly on an annual basis. This approval and review framework enables SK Networks to ensure the effectiveness of its ESG management and improve its ability to address material issues.

Double Materiality Assessment Results



Material Issues Identified in 2024

No.	Financial materiality	Material Issues selected in 2023	Impact materiality	Material Issues selected in 2023
1	Talent Development and Management	●	Response to Climate Change	●
2	Strengthening Transparency of Governance	●	Ethics and Compliance Management	
3	Shareholder Value Enhancement		Waste Management and Resource Circulation	●
4	Safety and Health Management		Talent Development and Management	●
5	Waste Management and Resource Circulation	●	Supply Chain Management	
6	Response to Climate Change	●	Shareholder Value Enhancement	
7	Strengthening Risk Management		Strengthening Transparency of Governance	●
8	Information Security and Privacy		Safety and Health Management	
9	Ethics and Compliance Management		Information Security and Privacy	
10	Supply Chain Management		Strengthening Risk Management	

	Category	Issue	Rationale
IMPACT MATERIALITY	Environmental	Response to Climate Change	There are various initiatives underway around the world, such as the Paris Agreement, to address the global crisis and climate change. Businesses must participate in international efforts to address the climate crisis by developing climate change response systems and assessing climate change risks in the pursuit of sustainable growth.
FINANCIAL MATERIALITY	Social	Talent Development and Management	Maintaining competitiveness requires strategic human resource management to build employee capacity and satisfaction. Efforts should be made to cultivate a professional workforce by providing employees with a range of training opportunities through well-structured training programs.
FINANCIAL MATERIALITY	Governance	Strengthening Transparency of Governance	Transparent corporate governance strengthens stakeholder confidence and mitigates regulatory risks, thereby contributing to a company's reputation. It also helps ensure objectivity in internal decision making to support efficient and fair management.

Material Issue Management

Material Issue	Financial Materiality and Impact				Environmental and Social Materiality and Impact			
	Value Chain Relevance(%)	Judgment of Impact	Opportunity	Risk	Affected Stakeholders(%)	Judgment of Impact	Positive Impact	Negative Impact
Response to Climate Change (E)	Subsidiaries 25.8 Operations 24.2 Downstream 19.4	Likelihood 3.6 Magnitude 3.7 Response capability[1] 2.6	• Prevent risks such as natural disasters and supply chain disruptions caused by climate change. • Reduce energy costs and strengthen competitiveness by promoting the adoption of renewable energy.	• Fines and surcharges for failure to comply with climate change regulations. • Physical asset loss due to climate risks.	Environment 21.6 Customers/ clients 20.7 Communities (residents) 18.1	Likelihood 3.7 Magnitude 3.5 Response capability[1] 3.1	• Contribute to regional climate stabilization by reducing greenhouse gas emissions. • Reduce the likelihood of natural disasters such as floods and droughts caused by climate change and mitigate social damage.	• Exacerbation of climate change damage to vulnerable populations. • Frequent natural disasters such as heat waves and floods leading to the collapse of local communities.
Talent Development and Management (S)	Operations 36.7 Subsidiaries 34.2 Downstream 19.4	Likelihood 4.1 Magnitude 4.1 Response capability[1] 3.2	• Enhance organizational stability by providing balanced recruitment and promotion opportunities. • Encourage employee immersion by building a flexible organizational culture and enhancing welfare and capacity building.	• Employee dissatisfaction and turnover leading to increases in recruitment and training costs. • Decline in productivity due to low employee happiness and engagement.	Suppliers 30.1 Customers/ clients 24.3 Shareholders/ investors 17.5	Likelihood 3.5 Magnitude 3.5 Response capability[1] 2.8	• Encourage collaboration and creativity by ensuring respect for employees from diverse backgrounds. • Contribute to the elimination of social inequality by diversifying talent recruitment and promotion channels.	• Increased conflict within the organization and potential social unrest. • Marginalization of certain groups in economic opportunities due to unreasonable personnel management.
Strengthening Transparency of Governance (G)	Operations 46.0 Subsidiaries 25.7 Upstream 12.2	Likelihood 4.2 Magnitude 4.3 Response capability[1] 3.5	• Earn customer and shareholder trust and increase sales by improving governance. • Prevent legal and regulatory risks and reduce relevant costs through independent board operations.	• Deteriorating competitiveness due to declining ESG ratings and corporate governance. • Operational inefficiency and additional management costs due to a closed decision-making structure.	Shareholders/ investors 32.8 Customers/ clients 29.5 Suppliers 24.6	Likelihood 4.0 Magnitude 3.8 Response capability[1] 2.9	• Enhance corporate accountability and transparency through independent and fair decision-making. • Guarantee the rights and interests of various stakeholders based on independence.	• Social backlash for poor decisions due to lack of independence. • Community conflicts caused by representing the interests of particular groups.

1) The weaker the response capability, the greater the materiality.

Other Issue Management

Issue	Financial Materiality and Impact				Environmental and Social Materiality and Impact			
	Value Chain Relevance(%)	Judgment of Impact	Opportunity	Risk	Affected Stakeholders(%)	Judgment of Impact	Positive Impact	Negative Impact
Waste Management and Resource Circulation (E)	Subsidiaries 31.5 Upstream 22.8 Operations 17.5	Likelihood 3.5 Magnitude 3.5 Response capability[1] 2.9	• Reduce environmental compliance costs. • Reduce costs by reducing resource input in the production process.	• Fines and surcharges for failure to comply with waste regulations. • Loss of customer trust and market share due to poor management.	Suppliers 21.6 Central/local governments 20.7 Communities (residents) 18.1	Likelihood 3.7 Magnitude 3.5 Response capability[1] 3.1	• Reduce landfill by reducing waste. • Promote resource circulation and keep the local environment clean.	• Poor waste management and illegal waste disposal resulting in soil and water pollution. • Large amounts of waste leading to increased burden on landfills and incineration facilities.
Safety and Health Management (S)	Subsidiaries 24.5 Upstream 22.9 Operations 22.9	Likelihood 4.2 Magnitude 4.2 Response capability[1] 2.7	• Reduce penalties and litigation costs through accident prevention and compliance. • Improve process efficiency and productivity by creating a safe working environment.	• Increase in administrative costs for compensation, restoration, and legal expenses. • Limited market access due to inadequate safety management to meet global safety certification requirements.	Customers/ clients 30.1 Suppliers 24.3 Shareholders/ investors 17.5	Likelihood 3.5 Magnitude 3.5 Response capability[1] 2.8	• Prevent occupational accidents and promote workers' health. • Contribute to the quality of local residents' lives by ensuring safety in the factories' surrounding environment.	• nadequate management of worker safety, leading to protests and conflicts among workers and local communities. • Increased rates of workplace accidents and threats to workers' health.
Supply Chain Management (S)	Upstream 29.0 Subsidiaries 25.4 Downstream 18.8	Likelihood 3.8 Magnitude 3.7 Response capability[1] 2.8	• Reduce production and sourcing cost volatility by building a sustainable supplier network. • Optimize transaction and operating costs through supplier evaluation and management.	• Inability to enter markets that require supply chain disclosures(EU, etc.). • Product quality deterioration, customer churn, and sales decline due to inadequate supply chain management.	Customers/ clients 32.8 Suppliers 29.5 Shareholders/ investors 24.6	Likelihood 4.0 Magnitude 3.8 Response capability[1] 2.9	• Vitalize local economies through strengthening the capabilities of local suppliers. • Improve resource efficiency and mitigate environmental impact across the supply chain.	• Waste and pollution issues within the supply chain. • Suppliers' persistent unethical practices.
Information Security and Privacy (S)	Operations 25.0 Subsidiaries 25.0 Downstream 22.2	Likelihood 3.9 Magnitude 4.0 Response capability[1] 2.4	• Enhance brand image and reputation through rigorous management of customers' personal information. • Build customer trust in the use of IoT and AI.	• Costs resulting from information security incidents, such as compensation and litigation costs, fines, etc. • Increased operational risks due to information leaks.	Customers/ clients 21.6 Suppliers 20.7 Central/local governments 18.1	Likelihood 3.7 Magnitude 3.5 Response capability[1] 3.1	• Ensure thorough management so users can use the service with confidence. • Prevent personal damage from information leakage.	• Social discontent and conflict caused by information leakage. • Social anxiety due to distrust in the use of service.
Shareholder Value Enhancement (G)	Operations 54.9 Subsidiaries 27.4 Downstream 7.8	Likelihood 4.1 Magnitude 4.2 Response capability[1] 3.2	• Increase customer(shareholder) confidence and encourage long-term investment by establishing a decision-making system that guarantees shareholder rights. • Reduce the cost of raising capital by building trustworthy corporate governance.	• Loss of customer confidence and reputational risk due to conflicts with shareholders. • Limited opportunities for business growth due to challenges in raising capital as investors withdraw.	Customers/ clients 30.1 Suppliers 24.3 Shareholders/ investors 17.5	Likelihood 3.5 Magnitude 3.5 Response capability[1] 2.8	• Strengthen corporate accountability by reflecting shareholders' voices. • Contribute to addressing economic inequality by strengthening the rights of minority shareholders.	• Conflict between shareholders that spreads to the outside, leading to a decline in community trust. • Social opposition and conflict resulting from decision making that represents only specific shareholders' interest.
Ethics and Compliance Management (G)	Operations 29.4 Subsidiaries 23.0 Downstream 19.3	Likelihood 3.8 Magnitude 0.2 Response capability[1] 2.5	• Ensure compliance to reduce operational risk and build customer and investor confidence. • Take preventative measures to avoid the costs of regulatory violations through internal controls.	• Operational burdens due to fines, litigation and regulatory response costs. • Loss of new business and investment opportunities due to loss of investor confidence.	Customers/ clients 32.8 Suppliers 29.5 Shareholders/ investors 24.6	Likelihood 4.0 Magnitude 3.8 Response capability[1] 2.9	• Strengthen relationships with various stakeholders, including local communities, customers, and suppliers. • Create an environment for sustainable growth by fulfilling corporate social responsibility.	• Potential for unethical management practices being exposed, leading to large-scale protests in local communities or social discontent. • Unfair trade practices due to insufficient ethical standards.
Strengthening Risk Management (G)	Operations 28.7 Subsidiaries 27.7 Up·Downstream[2] 17.5	Likelihood 3.0 Magnitude 0.2 Response capability[1] 2.5	• Ensure stable business growth through risk prevention. • Ensure customer and investor confidence through systematic response.	• Increased operating costs due to failure to identify and respond to risks. • Constraints on market entry due to inadequate understanding of regulations and trends.	Customers/ clients 32.8 Suppliers 29.5 Shareholders/ investors 24.6	Likelihood 4.0 Magnitude 3.8 Response capability[1] 2.9	• Vitalize the local economy by ensuring stable business operations. • Reduce social conflict by building trust with the local community.	• Deterioration of community trust due to inadequate response to environmental and social risks. • Economic damage to the local community due to unstable business operations.

1) The weaker the response capability, the greater the materiality. 2) Upstream and downstream tied for third place.

MATERIAL ISSUE 1 RESPONSE TO CLIMATE CHANGE - Governance

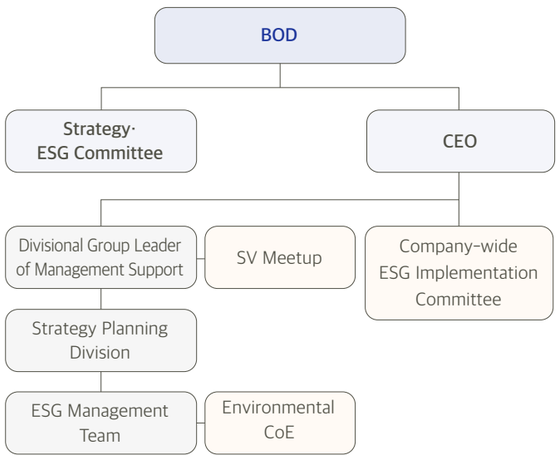
Governance Roles and Responsibilities

Role of the Board of Directors

At SK Networks, the Board of Directors is the highest decision-making body responsible for reviewing and deciding on key management issues, including climate change, and overseeing the execution of management tasks. The Strategy·ESG Committee, as a committee consisting of all board members, considers and integrates environmental risks and opportunities into the company's strategy.

The committee consists of seven members: two executive directors (the CEO and the COO), four independent directors(including the Board Chairperson) and one non-executive director. The committee provides independent and objective consideration of material climate change issues and conducts regular reviews of the company's key climate policies, including greenhouse gas reduction targets and response strategies.

Climate Change Governance (As of January 2025)



Roles of the Strategy·ESG Committee

The Strategy·ESG Committee met 13 times in 2024, receiving regular reports on ESG issues and monitoring the progress of initiatives to address the climate crisis. The Board of Directors actively considers climate issues in its decision-making, as evidenced by its decision to sell the retail petroleum product business in 2020 and approve investments in the electric vehicle charging business in 2022. This demonstrates the company's commitment to transitioning to a greener business portfolio and laying the foundations for carbon neutrality.

Roles of Management

SK Networks' management plays a key role in defining and implementing strategies to address climate change. This includes reviewing key issues such as carbon neutrality, greenhouse gas reduction, energy efficiency improvement, and climate risk response, and overseeing relevant activities. Climate change agenda items are reviewed by management and presented to the Board of Directors, which discusses and approves key policies and guidelines. This ensures responsible decision-making and transparent disclosure to stakeholders. In addition to considering climate risks, SK Networks' management is also committed to exploring growth opportunities, such as renewable energy and electric vehicles, and incorporating these insights into strategic investment decisions.

Climate Change Response Agenda Discussed by the Board of Directors in 2024

Meeting	Agenda	Details
2nd(Jan 25)	2023 CEO evaluation CEO compensation	Incorporation of greenhouse gas emissions and Group ESG key indicators
3rd(Feb 13)	Establishment of CEO KPIs for 2024	
13th(Oct 16)	2024 CEO evaluation checklist	
16th(Dec 18)	Approval of 2025 business plans Establishment of CEO KPIs for 2025	

Climate Change Response Agenda Discussed by the Strategy·ESG Committee in 2024

Meeting	Agenda	Details
4th(Apr 12)	FY2023 Sustainability Report publication plan	Materiality assessment results (selection of material issues related to climate change response), etc.

Governance Structure and Roles for Climate Change Response

Category	Name of Organization	Composition[1]	Roles	2024 meeting status
BoD Committee	Strategy·ESG Committee	BoD members - 2 executive directors, 1 non-executive director, 4 independent directors	• Pre-deliberation of major BoD decisions through the review and analysis of strategies and key matters related to the environment, social value, and corporate governance	13 meetings
Company-wide Management Meeting	Company-wide ESG Implementation Committee	CEO, Chief Operation Officer(COO), Divisional Group Leader of Management Support(Chair), Strategy Planning Division Leader, RM Division Leader, Corporate Culture Division Leader, Audit Division Leader, Sustainability Management Division Leader, CEO and BU leader of subsidiaries	• Reinforcement of ESG strategy execution • Alignment of BM strategy(incl. subsidiaries) with ESG goals • Review and discussions on ESG management activities	6 meetings
Working Group	SV Meetup	Divisional Group Leader of Management Support, Strategy Planning Division Leader, executives/team leaders/working level employees in charge of SV/ESG for each business (including subsidiaries), Members of Strategy Planning Team, ESG Management Team	• Sharing of key SV focused areas and progress by business • Discussion of SV/ESG trends and response strategies • Sharing of updates on stakeholder engagement	6 meetings
	Environmental CoE[2]	Working-level employees in charge of SV/ESG for each business(including subsidiaries), ESG Management Team	• Leading Net Zero 2040 initiatives(developing reduction measures) and data measurement/analysis • Internalization of environmental management system and securing expertise for each business unit	8 meetings
	Climate Disclosure Working Group	ESG Management Team, Strategy Planning Team, Business Analysis Team, Strategic IR Team, Finance Team, Accounting Team, AI Value-up Group, HR Team, Board of Directors Support Team, Audit Team	• Review of potential new business models based on environmental issues discussed at the SV Meetup and the Environmental CoE, along with interdepartmental progress sharing	8 meetings
	ESG Management Team	-	• A working-level organization for the promotion of Net Zero 2040 • Participation and operation of domestic and international initiatives • Environmental data measurement and analysis	-

1) As of the 2025 Organizational Structure 2) Committee of Experts

Governance

Company-wide ESG Implementation Committee

SK Networks has established a Company-wide ESG Implementation Committee with the aim of defining strategies to respond to climate change and ensuring effective implementation at management level. The committee was formed in August 2021 as a consultative body of the company's senior management, including the CEO, representatives from three SK Networks subsidiaries, and the Walkerhill business unit head. The committee is responsible for sharing information on local and international issues and policy trends related to climate change, and discussing relevant risks, business opportunities and response strategies.

In 2024, SK Networks established detailed Net Zero action plans, updated scenarios, and established a group-wide implementation support system. We also organized a consultative council, developed RE100 and carbon credit management plans, and established a group management system to strengthen the foundation for implementation. At the end of the year, SK Networks conducted a comprehensive review of its activities in 2024 with the aim of further improving its implementation framework by establishing guidelines for the use of carbon credits.

Company-wide ESG Implementation Committee's Key Agenda in 2024

- Detailed Net Zero action plans for 2024(February)
- Net Zero scenario updates(April)
- Group Net Zero implementation support council agenda(August)
  - Council operation plans,
    W/G(direct reduction, RE100, carbon credits) operation plans
- Group Net Zero implementation support council agenda(October)
  - Establishing a group Net Zero management system, etc.
- Group Net Zero implementation support council agenda(December)
  - 2024 W/G review and upcoming plans, guidelines for using group offsets, etc.

SV Meetup and Environmental CoE

For corporate-wide ESG implementation, SK Networks has established an internal consultative framework to facilitate cross-departmental collaboration. Launched in 2020, the Social Value(SV) Meetup serves as a corporate-wide forum for ESG discussions, sharing insights on ESG issues and creating synergies between departments.

In 2022, we established the Environmental Committee of Experts(CoE) to develop internal environmental experts to facilitate carbon reduction and strengthen environmental management in line with our Net Zero 2040 declaration. These two consultative bodies meet every other month.

SK Networks' efforts to achieve Net Zero in 2024 were highlighted by the establishment of a greenhouse gas management and reduction strategy, the strengthening of group-wide consultative body activities, the expansion of Scope 3 management, and the establishment of detailed guidelines. Well-orchestrated collaboration between working-level organizations enables SK Networks to ensure actionable climate change strategies and further strengthen company-wide capabilities.

2024 SV Meetup and Environmental CoE Key Agenda

• Scope 1, 2, 3 estimation and management briefing (En-core, SK Electlink)	2 meetings
• Scope 3 emissions estimation briefing (business divisions and subsidiaries)	1 meeting
• Group direct reduction W/G	5 meetings

Climate Disclosure Working Group(W/G)

At SK Networks, the Climate Disclosure Working Group proactively responds to climate change disclosure requirements and integrates identified risks and opportunities into business strategies. The working group elaborates on the environmental issues, risks and opportunities discussed at the SV Meetup and the Environmental CoE, explores the potential for developing new business models, communicates progress across departments and leads strategic discussions in this regard.

Led by working-level personnel from relevant departments, the Climate Disclosure Working Group has established a company-wide system to ensure accurate and appropriate responses to climate disclosure requests from local and international institutions.

In 2024, the working group held monthly meetings to discuss in depth the key risks and opportunities arising from climate change and the potential financial impact. These working group activities enable SK Networks to effectively respond to increasingly stringent climate disclosure regulations and systematically strengthen its climate crisis response capabilities.

2024 Climate Disclosure Working GroupKey Agenda

Advanced ESG strategy	1st	Key issues in global ESG disclosure
	2nd	Identifying key ESG risks/opportunities
	3rd	Establishing ESG risk/ opportunity response strategies
	4th	Financial impact analysis of risks, opportunities and response strategies
Establishment of metrics and targets for ESG strategy implementation and management	5th	Establishing indicators and targets for key ESG strategy management areas
Redefining governance and risk management processes for continued ESG strategy implementation	6th	Elaborating ESG risk/ opportunity management governance
	7th	Establishing ESG risk/opportunity management processes
	8th	ESG-related internal control systems and feasibility of introducing a group-wide system

Climate Change Response KPIs

SK Networks has established a performance-driven ESG management system to ensure an effective response to climate change. From 2019, social value(SV) and ESG aspects are included in the CEO's key performance indicators(KPIs), which are taken into account in performance evaluation and compensation. From 2022, we manage group ESG key indicators and GHG reduction targets directly linked to KPIs.

In particular, GHG reduction targets are included in the KPIs for all executives to ensure company-wide accountability and actionability, and the achievement of these targets serves as a performance indicator linked to financial compensation. Through these efforts, SK Networks strives to embed ESG into its culture, ensuring that climate change response is not a mere statement, but is translated into concrete actions by all employees.

Climate Change Response KPIs for Management

Position	Target	Weight
CEO	Net Zero(GHG reduction) - 2024 emissions target(39,965 tons)	1%
	Achievement of key ESG targets (expanding GHG reporting scope) - Target achievement rating of 4.71(out of 5)	1%

CEO KPIs	ESG accounts for 10% in 2024 ① Net Zero, ② ESG key indicators, ③ Happiness (building a healthy and happy corporate culture), ④ Ethical management, ⑤ Overhaul of investment management systems
All executives KPIs	ESG, including GHG reduction, accounts for 10% in 2024 ※ ESG initiatives also incorporated as strategic tasks in consideration of organizational characteristics At some organizations, ESG metrics account for more than 10% of performance evaluation (e.g. organizations under Management Support)

Strategy

Directions for Achieving Net Zero

Net Zero Roadmap

In June 2021, SK Networks declared its commitment to achieving Net Zero by 2040 to responsibly respond to climate change and transition to a low-carbon society. This goal aligns with the international effort outlined in the Paris Agreement to limit the global average temperature increase to below 1.5℃. In September 2022, SK Networks joined the Science Based Targets initiative(SBTi) to develop a structured, science-based reduction plan. In September 2023, the SBTi officially recognized the company's short-term greenhouse gas reduction targets and long-term Net Zero goal.

SK Networks has set targets to reduce direct(Scope 1) and indirect (Scope 2) greenhouse gas emissions by 46.2% by 2031 and 95.0% by 2040, with 2021 as the base year. It also aims to reduce Scope 3 emissions from the entire value chain, including suppliers, by 27.5% by 2031 and 90% by 2050. To ensure that such goals are not just declarations, we are developing and implementing actionable plans to achieve these goals across our operations.

SK Networks is pursuing several initiatives. These include the electrification of direct emission energy sources, the transition to alternative fuels, the replacement of its vehicle fleet with electric vehicles, investments in energy efficiency and facility investments, the expansion of renewable energy use to achieve RE100, and the development of new technologies.

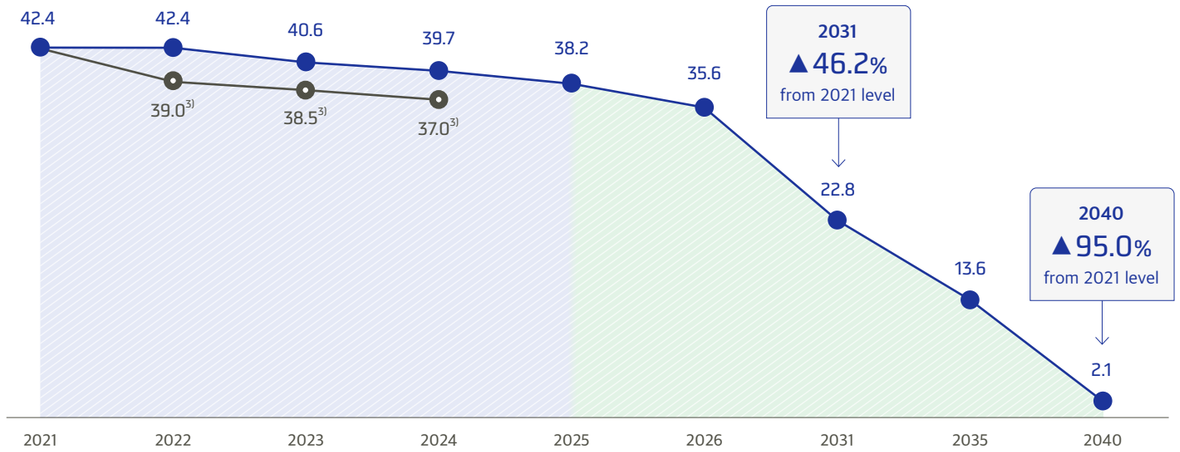
2040 RE100 - Renewable Energy Transition Plan

Dedicated to carbon neutrality, SK Networks aims to complete the transition of 100% of the electricity used in its operations to renewable energy sources(RE100) by 2040 and has established a medium to long-term roadmap to achieve this goal. To this end, a number of instruments, including green premiums,[4] PPAs[5] and photovoltaic energy, are used to gradually increase the use of renewable energy.

The measures taken to achieve the transition to renewable energy include self-generation through solar panels installed at key workplaces and the purchase of certified renewable energy through the Green Premium scheme. These efforts represent SK Networks' commitment to achieving energy transition and greenhouse gas reduction and contributing to carbon neutrality.

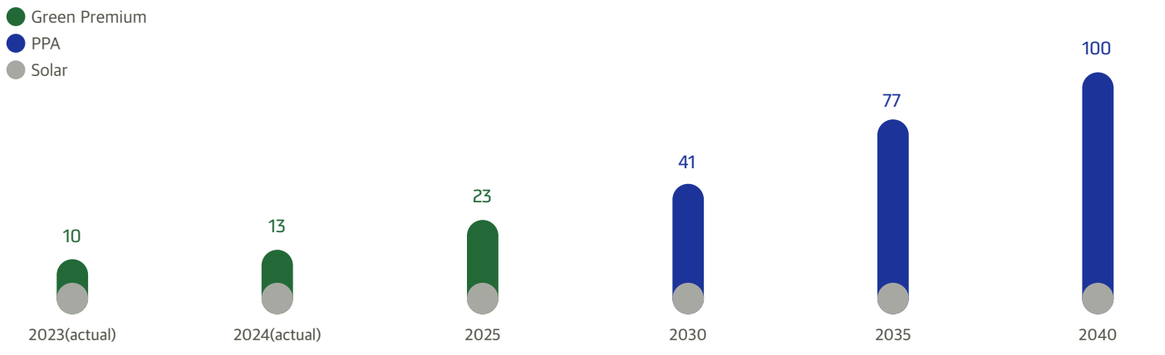
Greenhouse Gas Emissions[1] and Net Zero 2040 Scenario[2]

(Unit: 1,000 CO_2eq)



2040 RE100 Roadmap

(Unit: %)



1) Based on a total of nine entities, including SK Networks and its subsidiaries/affiliates
(SK Networks, SK Networks Service, SK Magic, MINTIT, Cartini, En-core, SK SpeedMate, Glowide, and SK Magic Service).
* Data may differ from the previous year's report due to the impact of subsidiary divestments.
2) Actual emissions for 2022, 2023, and 2024.
3) Market-based emissions
4) An arrangement whereby companies pay premiums to purchase electricity generated from renewable energy sources.
5) Power Purchase Agreements: A long-term contract in which a company purchases a specified amount of electricity from a renewable energy generator.

Strategy

Greenhouse Gas Management Strategy

Greenhouse Gas Emissions Management System

As a foundation for achieving the Net Zero 2040 goal, SK Networks has established a structured Scope 1 and Scope 2 greenhouse gas emissions management system that is regularly reviewed and updated. The integrated emissions management system covers not only the head office, but also all operations, including its subsidiaries such as SK Magic and Walkerhill, as well as logistics centers, data centers, and overseas offices, which monitor emissions and review progress toward reduction targets.

In particular, SK Networks has categorized operation-specific energy consumption and emissions in detail, based on which it has established a quantitative data collection system and a reduction target management process. This enables us to accurately determine emissions at the operational level, prioritize reduction activities and manage them accordingly.

Value Chain Greenhouse Gas Management

SK Networks recognizes that a significant portion of its carbon footprint comes from indirect emissions(Scope 3) that result from the use of products and services by customers and throughout the supply chain. This highlights the importance of pursuing a reduction strategy throughout the value chain.

SK Networks views all its suppliers as partners in sustainable management and strives to drive tangible change by working together to address climate change and environmental protection. To this end, SK Networks, guided by its Net Zero 2040 declaration, has established systems to quantify and manage greenhouse gas emissions by building a greenhouse gas inventory. This includes a comprehensive assessment of Scope 3 emissions from upstream(raw materials and supply chains) and downstream(product use and disposal).

The reduction targets set based on the measurement results were validated by the SBTi in 2023 for consistency and feasibility. Going forward, SK Networks plans to further expand its GHG reduction activities across the value chain and work with the supply chain to achieve Net Zero.

BUSINESS CASE

Voluntary Carbon Credit Program

SK Electlink plans to leverage its nationwide network of 4,800 fast charging stations to drive its business in the global voluntary carbon market. We aim to issue voluntary carbon credits from the replacement of internal combustion engine vehicles with electric vehicles, with a target of securing 3.2 million tons of carbon credits by 2033.

Proceeds from the carbon credits will be reinvested in charging infrastructure and service quality improvements, promoting green mobility and effective ESG management.

Directions for Greenhouse Gas Reduction

Energy Transition

SK Networks focuses on converting existing fossil fuel-based energy sources into cleaner energy sources. The electrification of energy sources to reduce the use of fuels that cause direct emissions is a priority for SK Networks. Efforts are also being made to bring about a shift in the carbon emission framework, for example by pursuing fuel conversion and replacing the vehicle fleet with electric vehicles.

Energy Efficiency Improvement

The main goal is to reduce energy consumption itself and improve the efficiency of equipment and operating systems. SK Networks organizes various activities to improve energy efficiency in its main operations and invests in eco-friendly facilities to support these efforts. These initiatives make it possible to increase productivity and savings in relation to energy input, while reducing greenhouse gas emissions.

Renewable Energy and Innovation

Creating a foundation for long-term carbon neutrality is a priority for SK Networks. To achieve RE100, we are using various arrangements such as Green Premiums, PPAs and solar self-generation to increase the share of renewable energy in the energy mix. In addition, we are committed to developing and implementing new technologies to diversify and innovate in carbon reduction, play our part in responding to climate change, and help lay the foundation for new growth.

Greenhouse Gas Reduction Strategy

Energy transition	Energy efficiency improvement	Renewable energy and innovation
Transition from fossil fuel-based energy sources to cleaner power sources	Strategies to reduce energy consumption and improve system efficiency	Expansion of renewable energy and technology-driven long-term response
• Electrification of direct emission sources • Fuel conversion • Conversion of fleet vehicles to electric vehicles	• Improving energy efficiency • Facility investments	• Expanding renewables • Developing new technologies

Risk Management

Climate Change Risk Management Process

Climate Change Risk Management Process

SK Networks recognizes climate change and various ESG issues as significant business risks. To address these risks, we have implemented a structured risk management system. We have established processes for ① dual materiality assessments, ② environmental dependency and impact assessments, ③ physical, transition risk and opportunity assessments, and ④ supplier ESG assessments to identify environmental dependencies, impacts, risks and opportunities from multiple perspectives. Identified risks and opportunities are managed through a company-wide three-step process: (1) identification, (2) assessment, and (3) response. In the identification phase, each department considers the impact of environmental dependencies and influences on its operations and identifies new risks and opportunities from a short-, medium-, and long-term perspective. We use global climate models and quantitative simulation tools such as S&P Climanomics to analyze quantitatively and qualitatively the financial and non-financial impacts, including loss of asset value and business interruption. We also incorporate SK group ESG key indicators into our system to monitor key environmental performance metrics such as greenhouse gas emissions, energy consumption and waste recycling.

In the assessment phase, the ESG team evaluates the likelihood and impact of the identified risks and opportunities and performs a double materiality assessment, taking into account input from internal and external stakeholders. At SK Networks, the suitability and effectiveness of the risk assessment is validated by the ISO 14001 environmental management system certification, and annual external audits further strengthen the reliability of this system. The results of the assessment in relation to the ESG KPIs are periodically reported to the Strategy·ESG Committee under the Board of Directors. In the response phase, the Company-wide ESG Implementation Committee and the Strategy·ESG Committee under the Board of Directors discuss and review the risks and opportunities and integrate them into key business strategies. In particular, having recognized climate change as a material issue, we have set the Net Zero 2040 target and had it validated by the SBTi. We are striving to achieve this goal at the corporate level. These activities are coupled with efforts to find new business models and opportunities from these risks.

Climate Change Risk Management Process

	Climate change risk identification	Climate change risk assessment	Climate change risk response
Action	• Identify risks considering new internal and external environmental changes(such as regulations, market trends, and physical environmental changes) such as short, medium, and long-term climate change issues and stakeholder needs.	• Consider the financial and strategic aspects of identified climate change risks and opportunities. • Assess the likelihood and impact of department-specific risks. • Categorize risks based on severity and develop response plans.	• Facilitate discussions and consultation through the Strategy·ESG Committee under the Board of Directors and the Company-wide ESG Implementation Committee that involves management. • Incorporate these aspects in corporate-wide strategies.
Example	• We identified risks affecting management performance, such as administrative, environmental, disaster, and climate change response risks.	• We are working to estimate the asset loss rate of SK Networks and its subsidiaries caused by eight major physical risks[1] associated with climate change in 10-year increments from 2020 to 2100.	• We declared Net Zero 2040 and approved investments in electric vehicle charging business.

1) Temperature extremes, Coastal flooding, Drought, Wildfire, Tropical cyclone, Water stress, Fluvial flooding, Pluvial flooding

Climate Change Risks and Opportunities

Definition of Material Financial and Strategic Impact

SK Networks fully recognizes that climate change has a material impact on the company's financial performance and management strategies. Accordingly, we systematically identify and manage these impacts, categorizing them into financial and strategic impacts. Financial impacts are assessed based on changes in key economic metrics such as revenues, expenses, assets and liabilities. According to the Board of Directors' regulations, investments exceeding 1.5% of equity, withdrawals from existing businesses, or the acquisition or disposal of fixed assets are considered to have "significant financial impacts" that are to be reported to the Board of Directors. Strategic impacts are identified based on their relevance to our sustainability goals, such as greenhouse gas reduction and resource efficiency. We use an IT system to manage relevant metrics in real time, which are updated on a monthly basis and linked to KPIs to periodically review the progress of strategy implementation. At SK Networks, our decision-making structure ensures that not only short-term financial performance, but also long-term strategic value and the need to respond to climate change are taken into account.

Risk and Opportunity Analysis

SK Networks recognizes the impact of climate change on its overall business as both a risk and an opportunity. We systematically identify, assess and respond to these impacts from short, medium and long-term perspectives. Material short-term risks include flooding of facilities and assets due to extreme weather events such as heavy rainfall. In the medium to long term, we have identified increasingly stringent climate laws and regulations, changes in consumer preferences leading to a decline in demand, and increases in energy and raw material prices as key risks that could affect our business. In addition to these risks, the growing demand for climate change response technologies and low-carbon products, as well as the potential for expanding renewable energy-based businesses, are also considered to be business opportunities in the medium to long term. SK Networks analyzes changes in profitability, facility operations and potential restructuring of its business portfolio from a financial and strategic perspective in relation to climate change. The results of these assessments are reported to management and the Board of Directors for the formulation of business strategies.

Criteria and Metrics for Material Financial and Strategic Impact

Impact	Criteria	Quantitative metrics used
Financial	Level of impact on economic metrics such as revenue, expenses, assets, and liabilities.	Economic indicators such as revenue, expenses, assets, and liabilities.
Strategic	Business disruption, reputation, legal risks, investments in portfolio transition, achieving Net Zero 2040, etc.	Social value creation metrics and Net Zero 2040 metrics such as greenhouse gas emissions, energy consumption, renewable energy consumption, water consumption, and waste disposal.

Risk Management

Climate Change Scenario Analysis

Scenario Analysis Conditions

SK Networks conducts climate change scenario analysis based on local and international scenarios referenced in establishing the carbon reduction roadmap with the aim of ensuring strategic response to the changing climate environment. Specifically, we use qualitative and quantitative analyses that consider both transition and physical scenarios to set strategic direction for greenhouse gas reduction. We plan to continue to develop more sophisticated analyses.

For the transition scenario analysis, we used the International Energy Agency(IEA) NZE 2050(Net Zero Emissions 2050) and B2DS(Beyond 2℃ Scenario) scenarios, as well as the Korea Meteorological Administration's local climate change scenarios. The analysis was initiated by the CEO and approved by the Board of Directors. We identified reduction measures and costs by period for Scope 1, 2, and 3 emissions, with the analysis period from 2021 to 2040. Key analysis items included SK Networks' greenhouse gas emissions and renewable energy transition plans.

The physical scenario analysis aimed to understand the long-term impact of physical risks caused by climate change on asset value. To this end, the S&P Climanomics platform was used to conduct analysis based on global climate models and quantitative economic models to assess the financial impact on the company's 51 major asset types in Korea from 2020 to 2100 in 10-year increments. The intermediate(SSP2-4.5) and high(SSP5-8.5) carbon emission scenarios were applied, and we focused on scenarios with significant financial impacts to identify risks and develop response strategies.

Analysis Conditions by Scenario

Category	Transition scenario	Physical scenario
Climate change scenario	IEA NZE 2050[1], IEA B2DS[2], NDC[3]	SSP[4] 2-4.5, SSP5-8.5
Scope of scenario analysis	Company-wide	Company-wide
Temperature increases in scenarios	1.5℃, 1.6-2℃	2.0~4.4℃ 〈Per AR6 WG1 global warming projections〉 SSP2-4.5: 2.0~2.7℃(2.1-3.5℃ above pre-industrial levels) SSP5-8.5: 2.4~4.4℃(3.3-5.7℃ above pre-industrial levels)
Parameters	Macroeconomics, greenhouse gas reduction targets, energy consumption, electric vehicle conversion rate, etc.	Highest temperatures, extreme heat days, precipitation, etc.
Assumptions	(1) Korea's national commitment to reduce greenhouse gas emissions by 40% from 2018 levels by 2030 (2) Carbon price: Minimum KRW 74,760 - Maximum KRW 340,072 (as per NGFS 1.5 ℃ Below(Korea)). - Price through to 2030: Assuming linear increments from the 2023 KAU23 average credit price to the NGFS-projected price for 2030. - 2030-2040 prices: Assuming linear increments based on NGFS-projected carbon prices for 2035 and 2040. (3) Credit allocation and auctioning data for the fourth phase of the carbon credit trading scheme(2026-2030) based on the 33% auctioning scenario in the 2030 NDC review plan of the 2050 Presidential Commission on Carbon Neutrality and Green Growth. (4) Assuming no free credit allocation during the fifth phase for the analysis of maximum financial impact.	(1) SSP5-8.5: A high carbon scenario that assumes rapid development of industrial technology with high fossil fuel use and uncontrolled urban development. (2) SSP2-4.5: An intermediate climate change mitigation and socioeconomic development scenario that assumes a future in which technological, economic, and social development continues without fundamental changes with moderate economic and population growth. (3) A decrease in total precipitation and an increase in extreme precipitation events on the Korean Peninsula in all scenarios. (4) Prospects for warming on the Korean Peninsula indicating increases in extreme weather events such as extreme heat, tropical nights, and summer days and decreases in low-temperature events such as cold waves, freezing, and frost.

1) IEA NZE 2050: IEA's 2050 carbon neutrality scenario.
2) IEA B2DS: IEA's technology-based mitigation scenario to limit global average temperature rise to below 1.75℃ by 2100.
3) Nationally Determined Contribution.
4) Shared Socioeconomic Pathway; consisted of five groups that include quantitative changes in future socioeconomic indicators such as population, economy, land use, and energy consumption depending on climate change adaptation and greenhouse gas reduction.

Risk Management

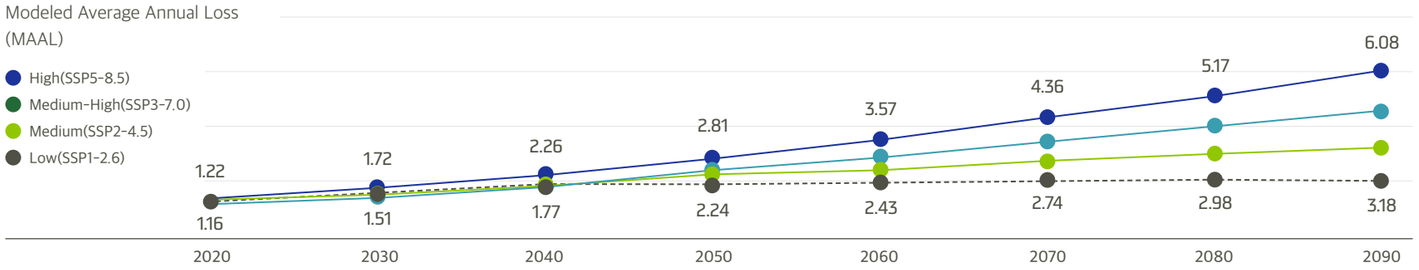
Physical Scenario Analysis Results

The results of the climate change scenario analysis indicated that SK Networks is unlikely to experience significant losses for any of its 51 asset types in Korea over the next 20 years under any scenario. In particular, the probability of losses due to physical risks(extreme temperatures, heavy rainfall, etc.) over the next 10 years was found to be 2% or less. The estimated annual asset losses by risk type were less than 0.75% of SK Networks' equity.

These results indicate that SK Networks is exposed to a relatively low level of physical risk based on current conditions. However, SK Networks plans to proactively address these physical risks through continuous monitoring and data-driven management, taking into account the uncertainty and long-term impact of climate change risks.

SK Networks 2020-2090 Physical Risk Analysis(by scenario)[1]

(Unit: %)



1) This graph shows the results of the analysis of the expected loss and probability of occurrence of risks for 51 asset types included in the scenario analysis. Relatively low levels of expected loss and probability for each asset type indicate that significant asset losses are not expected to occur.

SK Networks Physical Scenario Analysis Results

Category	Physical Scenario	Type	Scenario Analysis Results[2]								
SK Networks identified and assessed the financial impact of eight major physical risks on major tangible assets of SK Networks and its subsidiaries through S&P Climanomics, which uses global climate modeling and econometric models to assess asset value loss.			2020s				2030s				
			Scenario	High	Mid	Low	Scenario	High	Mid	Low	
Temperature Extremes	Extended periods of abnormally high or low temperatures—such as heatwaves or cold spells—that significantly deviate from long-term seasonal norms.	Chronic	SSP5-8.5				SSP5-8.5				
			SSP2-4.5				SSP2-4.5				
Coastal Flooding	Coastal flooding caused by sea level rise or storm surges.	Chronic	SSP5-8.5				SSP5-8.5				
			SSP2-4.5				SSP2-4.5				
Drought	A prolonged shortage of precipitation that significantly reduces water resource availability.	Acute	SSP5-8.5				SSP5-8.5				
			SSP2-4.5				SSP2-4.5				
Wildfire	Large-scale wildfires occurring naturally or spreading due to high temperatures, dry conditions, and strong winds.	Acute	SSP5-8.5				SSP5-8.5				
			SSP2-4.5				SSP2-4.5				
Tropical Cyclone	A powerful low-pressure system originating over the ocean, such as a typhoon, hurricane, or cyclone, that brings strong winds and heavy rain upon landfall.	Acute	SSP5-8.5				SSP5-8.5				
			SSP2-4.5				SSP2-4.5				
Water Stress	A condition where the available water supply is severely inadequate relative to demand, or where access to safe and quality water is limited.	Acute	SSP5-8.5				SSP5-8.5				
			SSP2-4.5				SSP2-4.5				
Fluvial Flooding	River flooding caused by prolonged rainfall or heavy precipitation in upstream regions, leading to a rise in water levels and overflow.	Acute	SSP5-8.5				SSP5-8.5				
			SSP2-4.5				SSP2-4.5				
Pluvial Flooding	Flooding that occurs independently of river overflow, caused by short-term, localized heavy rainfall that exceeds drainage capacity.	Acute	SSP5-8.5				SSP5-8.5				
			SSP2-4.5				SSP2-4.5				

2) Evaluation Scale: A certain percentage of FY2024 equity capital - Low: Up to 0.75%(up to KRW 15.4 billion), Mid: 0.75% to 1.5%(KRW 15.4 billion to KRW 30.8 billion), High: Over 1.5%(above KRW 30.8 billion)

Risk Management

Financial Impact Analysis of Material Risks and Opportunities

Material Climate Change Risks and Opportunities and Their Financial Impact

The results of the risk and opportunity analysis showed a very low probability of physical and transition risks occurring over the next 10 years. The probability of asset losses due to physical risks was shown to be 2% or less, with the estimated annual asset losses per risk type being less than 0.75% of SK Networks' equity. The financial impact of risks and opportunities represents the aggregate effect on the 51 types of tangible assets held by SK Networks and its subsidiaries for the medium term(5 years from 2026 to 2030) and long term(10 years from 2031 to 2040).
Nevertheless, SK Networks conducts scenario-based quantitative analyses and discloses the results, taking into account the long-term uncertainties and potential financial impacts associated with climate change, with the aim of strengthening proactive response to climate risks and providing transparent information to stakeholders.

Material Climate Change Risks and Opportunities and Their Financial Impact

Category	Type	Classification	Specific risk/ opportunity	Period[1]	Financial impact								
					Risk/opportunity						Response		
					Impact on balance sheet(B/S)	Impact on profit and loss statement(P/L)	Reporting year (2024)	Short term (2025)	Medium term (2026-2030)	Long term (2031 and onwards)	Impact on balance sheet(B/S)	Impact on profit and loss statement(P/L)	Response cost in 2024
Risk	Physical	Acute physical risk	Pluvial flooding	Short/medium/ long term	Tangible assets, inventories	Other expenses (asset impairment losses)	KRW 0	Asset value loss up to ~KRW 3.3 billion	Asset value loss up to ~KRW 17.8 billion	Asset value loss up to ~KRW 47.6 billion	Prepaid expenses (insurance premium)	Employee salary (responsible department) Fees(risk analysis) Insurance premium	~KRW 5 billion
		Chronic physical risk	Extreme temperature	Short/medium/ long term	Tangible assets, inventories	SG&A, other expenses (asset impairment losses)	KRW 0	Asset value loss up to ~KRW 11.1 billion	Asset value loss up to ~KRW 60.5 billion	Asset value loss up to ~KRW 161.1 billion	Cumulative depreciation (new asset acquisition) prepaid expenses	Employee salary (responsible department) Fees(risk analysis) Insurance premium	~KRW 5.9 billion
	Transition	Policy and law	Emissions trading system	Medium/long term	Carbon credit liabilities, carbon credit assets	Other expenses (credit purchase costs)	KRW 0	KRW 0	Carbon credits (liabilities) up to ~KRW 8.7 billion	Carbon credits(liabilities) up to ~KRW 29.9 billion	Cumulative depreciation	Employee salary (responsible department) Fees Gain/loss on disposition of tangible assets	~KRW 2.7 billion
			GHG management system	Short/medium/ long term	Provisions for penalties	Non-operating expenses/ other expenses (penalty expenses)	KRW 0	Administrative fine up to ~KRW 10 million	Administrative fine up to ~KRW 50 million	Administrative fine up to ~KRW 100 million	-	Employee salary (responsible department) Fees	~KRW 2.1 billion
Opportunity	Transition	Products and services	Green technology development (MINTIT and SK Magic PCR products)	Short/medium/ long term	Intangible assets (patent rights and R&D outcomes)	Sales	Green product/ service sales ~KRW 239.8 billion	Green product/ service sales up to ~KRW 281.5 billion	Green product/ service sales up to ~KRW 1,721.3 billion	Green product/service sales up to ~KRW 7,345.1 billion	Cumulative depreciation	Employee salary (responsible department) R&D expenses	~KRW 2 billion

1) Time frame - Short term: within one year; medium term: 1-5 years; long term: 5 years or longer.

Risk Management

Financial Impact of Material Risks | Physical Risks

Acute | Preparedness for Pluvial Flooding Damage Caused by Heavy Rainfall

Current status:

SK Networks is aware that extreme weather events and heavy rainfall caused by global warming could result in financial risks such as loss of value for its major tangible assets. In this regard, we conducted a physical risk and opportunity case study using the climate projections for Korea based on the latest climate change scenario for East Asia by the Korea Meteorological Administration's Institute of Meteorological Sciences as per the IPCC Sixth Assessment Report(AR6) Shared Socioeconomic Pathway(SSP) with the assumptions of the SSP2-4.5 and SSP5-8.5 scenarios. According to these scenarios, despite a decrease in precipitation across the Korean Peninsula in the first half of the 21st century(2021-2040), extreme precipitation events are projected to increase.

Impact:

This risk did not materialize in 2024 and therefore did not affect SK Networks' financial position, results or cash flows for the year.

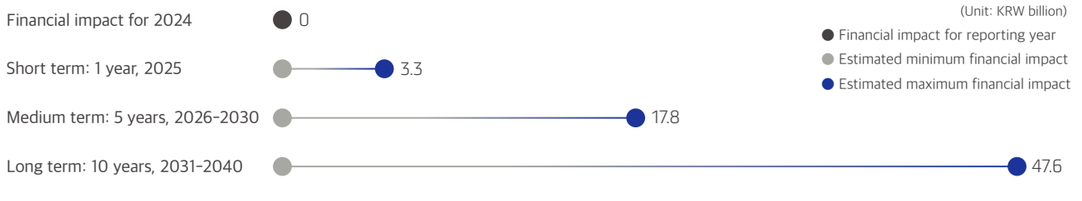
Financial impact: SK Networks identified and assessed the financial impact of physical risks using S&P Climanomics to measure potential asset value losses using global climate models and quantitative economic models. The scenario assessment showed that among acute physical risks, pluvial flooding caused by extreme rainfall is expected to have the most significant impact.

Response:

SK Networks identifies risks and defines response strategies using the S&P Climanomics. We have developed a manual for responding to climate change risks(such as floods, storms, heavy snowfall, earthquakes, and heat waves) as part of our safety and health management regulations, and the SHE Center and ESG Management Team are responsible for its implementation. To mitigate the potential impact of such risks, we have purchased disaster liability insurance and comprehensive insurance coverage for our major operations nationwide.

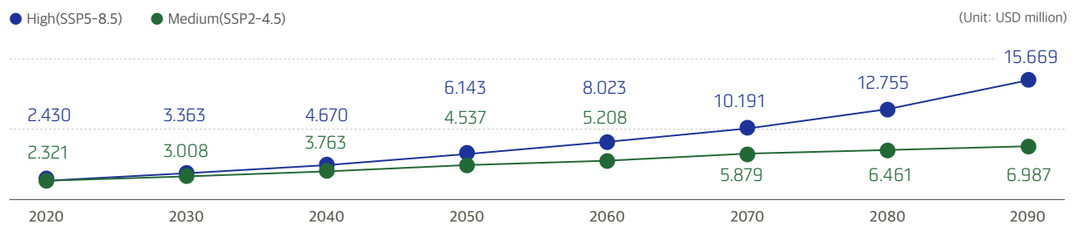
The management of these risks costs us approximately KRW 5 billion annually in disaster liability insurance, comprehensive insurance, and salaries for employees in the relevant departments.

Estimated Financial Impact



2020-2090 Physical Risk(Pluvial Flooding) Analysis for SK Networks(by Scenario)

Period	SSP2-4.5			SSP5-8.5		
	Relative risk (%)	Estimated annual loss (KRW million)	Estimated annual loss (USD million)	Relative risk (%)	Estimated annual loss (KRW million)	Estimated annual loss (USD million)
2020-2029	0.25	3,166	2.32	0.26	3,315	2.43
2030-2039	0.32	4,103	3.01	0.36	4,587	3.36
2040-2049	0.40	5,133	3.76	0.49	6,370	4.67



Risk Management

Financial Impact of Material Risks | Physical Risks

Chronic | Additional Energy Use Due to Extreme Temperature

Current status:

SK Networks is aware that extreme weather events such as heat waves caused by global warming could lead to a decrease in customer demand and an increase in energy consumption, ultimately resulting in financial risks such as a decrease in revenue and an increase in operating costs. In this regard, we conducted a physical risk and opportunity case study using the climate projections for Korea based on the latest climate change scenario for East Asia from the Korea Meteorological Administration's Institute of Meteorological Sciences as per the IPCC Sixth Assessment Report(AR6) Shared Socioeconomic Pathway(SSP) with the assumptions of the SSP2-4.5 and SSP5-8.5 scenarios. According to these scenarios, the average, minimum and maximum temperatures of the Korean Peninsula will increase in the first half of the 21st century(2021-2040).

Impact:

This risk did not materialize in 2024 and therefore did not affect SK Networks' financial position, results or cash flows for the year.

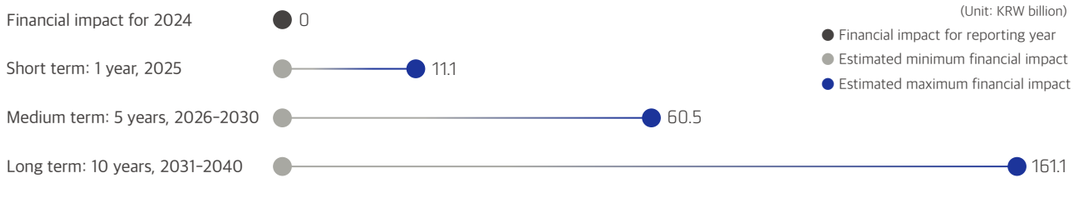
Financial impact: SK Networks identified and assessed the financial impact of physical risks using S&P Climanomics to measure potential asset value losses using global climate models and quantitative economic models. The scenario assessment showed that among physical risks, extreme temperatures as a chronic physical risk are expected to have the most significant impact on the tangible assets of SK Networks and its subsidiaries from 2020 to 2040.

Response:

SK Networks recognizes that extreme weather events such as heat waves caused by global warming could lead to a decrease in customer demand and an increase in energy consumption, ultimately resulting in financial risks such as a decrease in revenue and an increase in operating costs. In response, SK Networks and its subsidiaries have invested KRW 4.3 billion(KRW 3 billion for internal power needs and KRW 1.3 billion for the power generation business) to install additional solar panels at five locations. This is a strategic move to mitigate financial risks from climate change, reduce energy costs, and solidify green management. It also helps lay the foundation for SK Networks' sustainable growth by facilitating the green energy transition and creating new business opportunities.

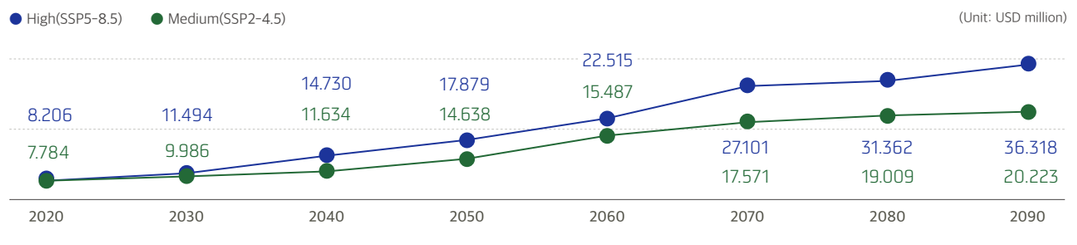
The management of these risks costs us approximately KRW 5.9 billion annually in disaster liability insurance, comprehensive insurance, salaries for employees in the relevant departments, and investments in mitigation activities.

Estimated Financial Impact



2020-2090 Physical Risk(Extreme Temperature) Analysis for SK Networks(by Scenario)

Period	SSP2-4.5			SSP5-8.5		
	Relative risk (%)	Estimated annual loss (KRW million)	Estimated annual loss (USD million)	Relative risk (%)	Estimated annual loss (KRW million)	Estimated annual loss (USD million)
2020-2029	0.82	10,617	7.78	0.87	11,193	8.21
2030-2039	1.05	13,621	9.99	1.21	15,678	11.49
2040-2049	1.20	15,500	11.36	1.56	20,092	14.73



Risk Management

Financial Impact of Material Risks | Transition Risks - Policy and Law

Emissions Trading System

Current status:

The emission trading scheme is a mechanism whereby the government allocates annual emission allowances to emission generating facilities, enabling them to operate within their allocated limits and allowing them to measure their actual emissions and trade excess or deficient allowances with other companies. Although neither SK Networks nor its subsidiaries are currently subject to this scheme, SK Networks has estimated the financial impact of this scheme in anticipation of a possible expansion of the scheme's scope.

Impact:

This risk did not materialize in 2024 and therefore did not affect SK Networks' financial position, results or cash flows for the year.

The regulations applicable during the third planning period(2021-2025) do not affect SK Networks or its subsidiaries, nor are they expected to have any impact during the fourth planning period(2026-2030). However, we have performed simulations in anticipation of a possible expansion of the scope of the regulation in the fourth planning period. If SK Networks becomes subject to this regulation, carbon credit assets or liabilities may arise in relation to the allowances allocated to the company and are therefore reported as a financial risk.

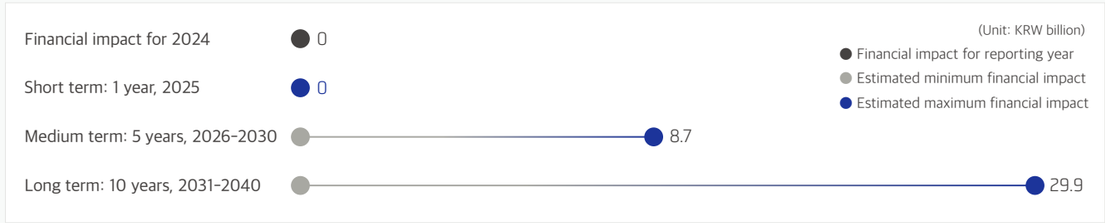
Financial impact: With the aim of achieving Net Zero by 2040, SK Networks has analyzed the potential impact until 2040. The assumptions used to estimate the potential financial impact are listed on the right.

Response:

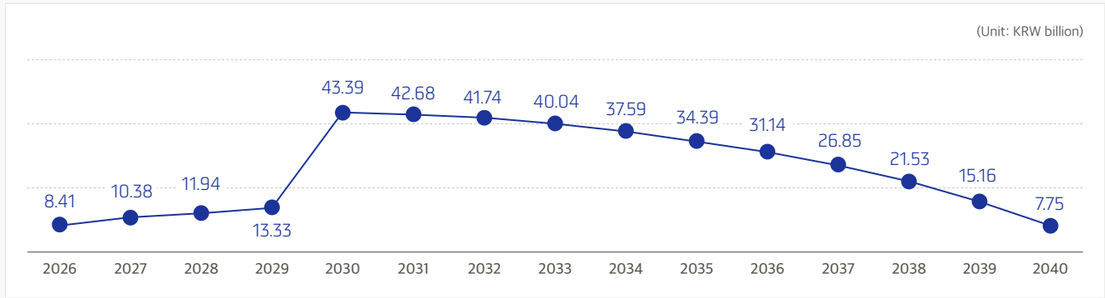
SK Networks has estimated the potential financial impact of the emissions trading scheme through 2040 and is developing response strategies. In addition, we are pursuing a number of voluntary emission reduction initiatives as part of its Net Zero 2040 vision. These include equipment replacement and efficiency improvements at SK Networks and its subsidiaries, the use of electric vehicles, and the construction of self-generation facilities.

The management of these risks costs us approximately KRW 2.7 billion annually in salaries for employees in the relevant departments, third party assurance, and ISO certification audits.

Estimated Financial Impact



Estimated Financial Impact of the Emissions Trading Scheme



1) Estimated financial impact(SK Networks' emissions - free allocation) x example carbon price)
SK Networks' emissions: Estimated emissions under the Net Zero 2040 roadmap established in accordance with SBTi recommendations.
- Offset reductions excluded for maximum financial impact analysis.
Carbon price: Minimum KRW 74,760 - Maximum KRW 340,072 (as per NGFS 1.5 ℃ Below(Korea)).
- Price through to 2030: Assuming linear increments from the 2023 KAU23 average credit price to the NGFS-projected price for 2030.
- 2030-2040 prices: Assuming linear increments based on NGFS-projected carbon prices for 2035 and 2040.
- Free allocation: Allocation - auctioning
- Credit allocation and auctioning data for the fourth phase of the carbon credit trading scheme(2026-2030) based on the 33% auctioning scenario in the 2030 NDC review plan of the 2050 Presidential Commission on Carbon Neutrality and Green Growth.
- Assuming no free credit allocation during the fifth phase for the analysis of maximum financial impact.

Risk Management

Financial Impact of Material Risks | Transition Risks - Policy and Law

Greenhouse Gas Target Control System

Current status:

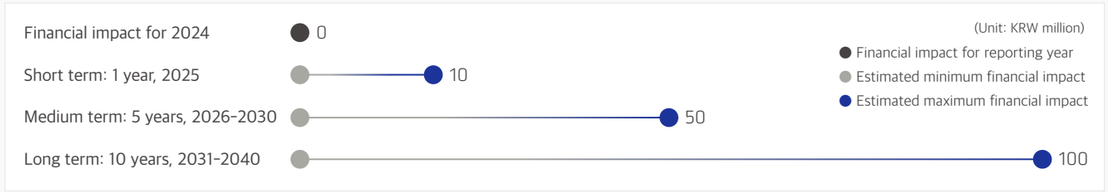
The Greenhouse Gas Target Control System is a regulatory framework under the Framework Act on Carbon Neutrality and Green Growth for Coping with the Climate Crisis, under which companies and operations with emissions above certain thresholds(50,000 tCO_2eq or more for companies and 15,000 tCO_2eq or more for operations) are subject to control measures to set and manage greenhouse gas reduction targets to achieve the national reduction target(40% reduction by 2030 from 2018 levels). Among the SK Networks companies, Walkerhill Hotel & Resort is the only company subject to this regulation.

Impact:

No penalties were imposed on SK Networks in 2024 as a result of this regulation, which therefore had no impact on SK Networks' financial position, results or cash flows for the year.

Financial impact: Failure to submit greenhouse gas emissions calculation data or false submissions are subject to administrative fines of up to KRW 10 million. This means that annual penalties of up to KRW 10 million could affect SK Networks' cash flow. As part of its efforts to achieve the Net Zero 2040 goal, SK Networks analyzes the financial impact of risks and opportunities through 2040.

Estimated Financial Impact



Response:

In response to the greenhouse gas target control system, SK Networks regularly measures emissions from the Walkerhill Hotel & Resort, which are verified by a third party before submission to the government. The ESG Management Team and a responsible department at Walkerhill are working together to prevent and manage regulatory risks by reducing emissions. In 2024, Walkerhill's greenhouse gas emissions amounted to 23,447 tCO_2eq. To prevent emissions from increasing, the regulatory framework is considered as part of the risk identification and assessment process.

The management of these risks costs us approximately KRW 2.1 billion annually in salaries for employees in the relevant departments, third party assurance, and more.

Financial Impact of Material Risks | Products and Services

Green Technology Development

Current status:

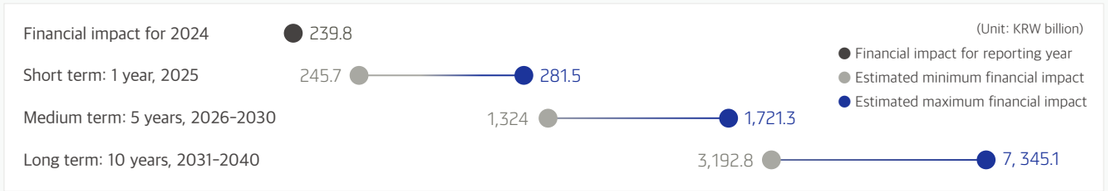
MINTIT is an AI-powered pre-owned mobile phone recycling business. The reuse of used mobile phones helps reduce the use of new resources, emissions, and disposal costs, and recycling technologies contribute to the prevention of environmental pollution and the creation of environmental value. In pursuit of sustainable manufacturing, SK Magic is striving to increase the use of recycled plastics by 2021. We are committed to the circular economy by minimizing the physical volume of products to reduce the use of plastics.

Impact:

PCR products from MINTIT and SK Magic have an impact on SK Networks' sales.

Financial impact: The minimum financial impact is estimated as the sum of the conservative estimates of the future sales of MINTIT and SK Magic with a 2.5% inflation rate projected by the OECD for Korea. The maximum impact is the sum of MINTIT's sales considering the inflation rate and SK Magic's sales target presented with PACT membership in 2022.

Estimated Financial Impact



Response:

MINTIT collects and sells pre-owned mobile phones through automatic vending machines. Therefore, it is critical to ensure that customers have easy access to these machines. MINTIT holds patents on data erasing and mobile phone condition checking and continues to invest in research and development for better services. SK Magic aims to replace more than 70% of its plastic consumption with sustainable plastic by 2040.

The management of these risks costs us approximately KRW 2 billion annually in salaries for employees in the relevant departments, R&D, and more.

Risk Management

Internal Carbon Pricing

Internal Carbon Pricing Operations

SK Networks has implemented a internal carbon pricing system to address the financial risks of climate change and strengthen its ability to achieve the Net Zero 2040 goal. Internal carbon pricing is an internal benchmark price set to clearly reflect the cost of carbon in business decisions, thereby raising employee awareness of climate change and facilitating the low-carbon transition.

Purpose of Internal carbon pricing and Mechanism

With the internal carbon pricing system, SK Networks aims to promote investment in low-carbon businesses and prepare for future climate policy and regulatory risks. The shadow price is set on the basis of theoretical prices and is incorporated into strategic decisions without actual financial costs. In particular, the internal fee is set higher than the internal fee levels so that the economic value of carbon costs is more clearly reflected in decision making.

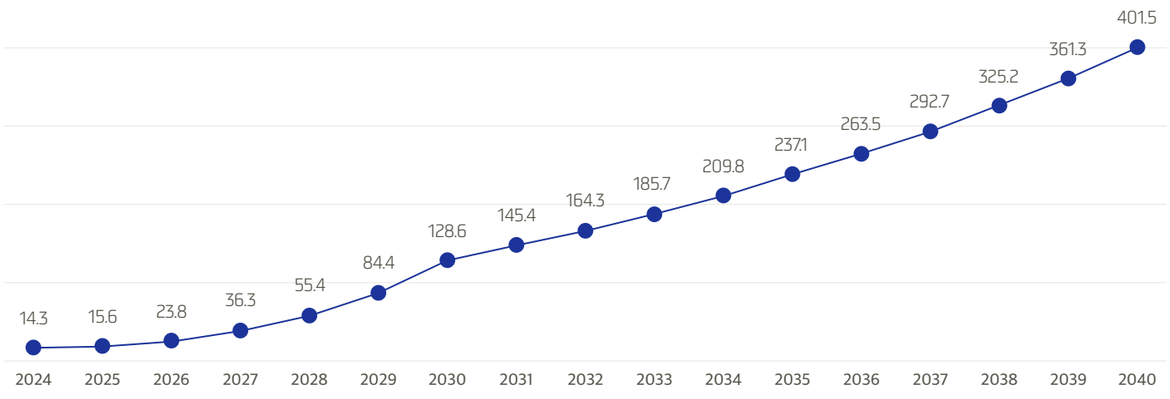
Scope and Application of Internal Carbon Prices

Internal carbon pricing is applied to all Scope 1 or Scope 2 investment projects and is used to inform key strategic and operational decisions such as CAPEX, R&D and procurement. Specifically, this involves economic feasibility studies that incorporate carbon cost risks through asset stress testing and project prioritization to further facilitate the transition to a low-carbon business.

Internal carbon pricing Standard

Carbon prices are set annually in line with the 1.5℃ scenario presented by the NGFS 2050 Net Zero and other global models. Applying carbon pricing at a global level ensures that future carbon prices are factored into our investment decisions.

Shadow Carbon Price (Unit: USD)



Metrics and Targets

Greenhouse Gas Emissions Management

Greenhouse Gas(Scope 1+2) Reduction Activities and Plans

SK Networks' commitment to achieving Net Zero 2040 continued in 2024 with ongoing efforts to reduce Scope 1 and 2 greenhouse gas emissions. This included improving energy efficiency across its operations and upgrading to greener equipment to reduce fossil fuel consumption. Walkerhill Hotel & Resort completed the transition to energy-efficient equipment, including replacing old refrigerators and air conditioners and installing individually controlled boilers. The ICT Marketing Division's logistics center installed additional solar panels to lay the groundwork for reducing indirect emissions. SK Magic Hwaseong Campus expanded its solar power facilities to provide its own electricity. These efforts have enabled us to achieve emissions reductions that exceeded its 2024 target of 39,965 tons of Scope 1 and 2 emissions. We also use greenhouse gas inventory-based quantitative management to closely control annual reduction rates.

Going forward, we plan to continuously increase our Scope 1 and 2 reduction targets and achieve them by expanding the use of high-efficiency equipment and renewable energy.

Greenhouse Gas(Scope 1+2) Emissions and Targets (Unit: tCO_2eq)

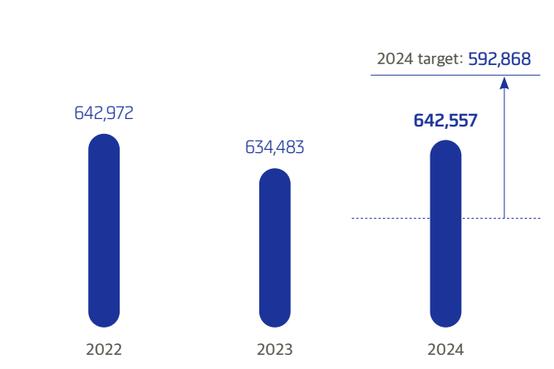
Energy Consumption Management

Energy Reduction Activities and Plans

One of the key strategies at SK Networks in 2024 was to upgrade facilities and use renewable energy for energy conservation. High-efficiency equipment and automated lighting systems were installed at the ICT Marketing Division's logistics center, and Walkerhill Hotel & Resort completed the replacement of heating and cooling systems with energy-efficient models. Efforts are also being made to promote solar power generation to reduce dependence on external grid suppliers, and measure and monitor operation-specific energy consumption to identify inefficiencies and make improvements accordingly. To reduce energy consumption, SK Magic has improved product designs and introduced high-efficiency equipment in production processes, resulting in lower energy intensity. SK SpeedMate is working with its franchisees to reduce power consumption in stores through power-saving campaigns and the use of outlet timers.

Going forward, we plan to further facilitate energy conservation by continuously upgrading equipment and promoting the use of renewable energy.

SK Networks Total Energy Consumption and Targets (Unit: GJ)



MATERIAL ISSUE 2 TALENT DEVELOPMENT AND MANAGEMENT - Governance / Strategy

Governance Roles and Responsibilities

Roles of the Board of Directors

To promote board-centered management, SK Networks renamed the Independent Director Nomination Committee as the Personnel Committee and the ESG Management Committee as the Strategy·ESG Committee. The Board of Directors recognizes talent as a key strategic asset and competitive advantage of the company. To this end, it establishes and reviews strategic directions for talent development and recruitment. Talent development and management is discussed as an agenda item for the company's future growth. The Strategy·ESG Committee under the Board of Directors is responsible for reviewing human rights protection and management policies, as well as overseeing the implementation of inclusive talent strategies.

Roles of Management

At SK Networks, management is responsible for strategic talent development and management. The Divisional Group Leader of Management Support reports relevant strategies and key issues to the CEO and other executives to ensure execution. The Division Leader of Corporate Culture creates a supportive work environment by promoting work-life balance, innovating work practices, and improving competency development programs.

Labor-Management Council

The Labor-Management Council provides a channel through which labor representatives negotiates with the company, ensuring freedom of association under labor laws. By fostering trust-based communication between labor and management, the council helps protect the rights and interests of employees and create a stable working environment.

Role of the Dedicated Organization

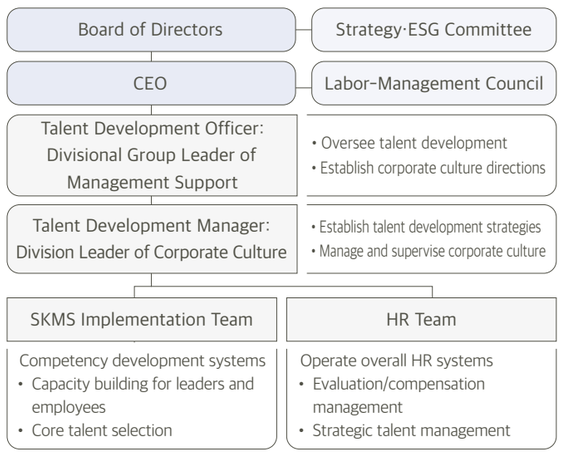
At SK Networks, the SKMS Implementation Team and the HR Team play a central role in talent development. The SKMS Implementation Team operates a competency-based development system that focuses on strengthening leadership, identifying core competencies, and discovering talent. The HR Team manages talent based on performance and motivation with respect to HR systems such as evaluations, compensation, transfers, and promotions.

Talent Development and Management KPIs

Talent Development and Management KPIs for Management

Position	2024 target	Achievement
CEO	Internalizing employees' AI competency (Level 1 50%+, Level 2 15%)	●

Talent Development and Management Structure



Capacity Building and Growth Support

AI Competency Framework

SK Networks has developed a four-level model to promote AI-based thinking and execution. Tailored training programs are available for each level. Level 1 training focuses on data literacy and using generative AI to develop AI literacy. Level 2 training aims to develop judgment and interpretation skills by applying AI to business data. Starting at Level 3, trainees are asked to incorporate the use of AI into their work processes to develop solutions. By the time they reach Level 4, they have become leaders who take the initiative in business innovation. AI at SK Networks contributes to redefining the business paradigm, fostering innovative talent, and building a foundation for sustainable growth.

4-Level AI Competency Framework(-2024)

Talent capable of driving business innovation and creating opportunities

Lv.4 — Innovation and opportunity development
- Apply AI to bring innovation to business and create new opportunities

Talent capable of changing the way they work using AI

Lv.3 — Job/business-specific hot skills
- Select job/business-specific hot skills and use AI as part of everyday work practices

Talent capable of applying AI to their work

Lv.2 — Inquiry/interpretation based on work data
- Identify solutions within the work database
- Conduct EDA, visualization, and hypothesis testing using generative AI

Talent with AI literacy

Lv.1 — AI literacy
- Acquire generative AI theories and skills
- Develop data inquiry/interpretation skills (basic statistics, business cases)

Strategy

Capacity Building and Growth Support

Leadership Development and Leadership Pool

SK Networks strives to innovate its work culture and achieve sustainable performance by building leadership capacity. We provide leadership development programs tailored to each position's characteristics, from executives to team leaders. Executives receive training focused on improving strategic decision-making skills based on SKMS and strategic leadership. Candidates for executive positions receive intensive training designed to maximize their potential. Team leaders are offered group-wide leadership programs and individual coaching to strengthen their organizational management capabilities. Starting in 2024, we introduced mandatory courses for leaders to develop practical skills. These courses focus on effective communication, performance-oriented coaching, and foreign language proficiency, which are essential for global business environments.

Leadership Development System

Executives	Management readiness (SKMS/leadership/ decision making)	Executives	Executive coaching
		Executive candidates	Group HiPo leader course
Team leaders	Leadership, organizational management, work skills	Team leaders	Leadership development: team leader workshop team building
		Second-year team leaders	Second-year leader coaching(1:1)
		Newly appointed team leaders	New team leader orientation group Coaching group New leader course

Comprehensive Employee Capacity Building

Task	Category	Details
Leadership development and leadership pool	Leadership	• Workshops for position holders(executives and team leaders, first/second half): Changes in workplace culture(in alignment with Team Building • Leadership coaching(executives and team leaders): Maximizing employee capabilities and performance(in alignment with Leadership Diagnosis)
	Job competency	• Leadership development: Essential courses(coaching, speech, globality)
	Core talent	• Future perspective, development and growth support(future leadership pipeline young talent)
Core competency building	AI	• DX mindset for all employees and work-ready AI skills • AI utilization programs based on investment and financial hot skills
	Globality	• Globality: Focus on leaders/core talent
SKSM implementation/ organizational skills	Team building	• SKMS-based team building design/organization-wide implementation – Definition and materialization of SK Networks' VWBE work practices and dissemination through Team Building[1] – Capabilities to create happiness for all and drive performance through organized competencies
Common competency	Work-ready skills	• Planning/report design, SV/ESG & trends, etc.

1) In alignment with directions for corporate culture dissemination/propagation

Organizational Capacity Building Based on SKMS

Guided by the SKMS philosophy, SK Networks runs team-building programs designed to foster innovation within organizational culture. Employee interviews and in-depth surveys are used to understand division-specific work patterns and organizational characteristics. Based on these insights, we define a shared vision and elements of happiness within the SKMS value system, and then establish specific collaboration plans and implementation strategies. This helps break down communication barriers within organizations and provides employees with opportunities to gain a deeper understanding of the organization. After completion, we objectively measure changes in organizational dynamics and incorporate the findings into leadership development workshops and coaching programs. This integrated approach enables SK Networks to continuously strengthen organizational execution skills and build a solid foundation for sustainable performance.

Team Building Program Process

Diagnosis	Work Practices (Birkman)	Organization/ Leadership (Leadership Survey)	Agenda/Issue (Team Leader Interview)
Delivery	SK Networks' VWBE workplace culture based on SKMS, meaning of happiness for organization/all		
Action/ Results	Self-awareness and understanding of others, communication and collaboration		
	Team-level goals/core values		
	VWBE internalization(concretizing how we work)		
F/U	Measurement of changes(in 6 months), reflection on leadership development (leader workshops, coaching, etc.)		

Self-design CoP[1]

At SK Networks, we believe that strengthening each employee's expertise and encouraging continuous self-development are the most important drivers of corporate competitiveness and long-term growth.

To encourage employees to learn about areas of their personal interest that are linked to the company's growth, we provide all employees[2] with an annual allowance for learning activities.

This gives them the freedom to pursue self-development in the ways they choose, whether that be obtaining qualifications, completing degree programs, or acquiring specialized skills. This helps raise their level of expertise.

We monitor the effectiveness of each employee activity based on its results, such as changes in productivity. This talent development policy enables SK Networks to strengthen its foundation for sustainable growth.

1) Community of Practice(learning community)
2) All employees(including contract and part-time workers)

Self-design CoP Track Record

Year	Participants	Programs	Funding	Qualifications obtained
2022	103	120	KRW 70 million	20
2023	49	54	KRW 50 million	10
2024	43	52	KRW 50 million	3

Strategy

Performance Evaluation and Compensation

Task-based Evaluation

SK Networks operates a task-based performance evaluation system to effectively manage employee goal achievement and drive organizational performance improvement.Employees set annual performance targets tailored to their job characteristics. They have autonomy in performance management and regularly review their progress. Regular feedback and ongoing communication facilitate employee engagement and enhance the transparency and acceptance of evaluations. This approach fosters a performance-driven organizational culture that promotes individual development and the achievement of organizational goals.

Performance-based Fair Compensation

SK Networks has a well-organized performance management and compensation system designed to promote individual growth and efficiency in the workplace. To this end, we use NetPro(Networks Professional), an ongoing feedback system, to set targets and performance levels aligned with the company's goals. Progress on these targets is reviewed through frequent one-on-one feedback sessions with leaders. Upon completing a task, an employee's performance is evaluated based on the average of task achievement, contribution, and difficulty. These evaluation results are linked to various compensation systems, including salary adjustments, incentives, and quarterly awards. Employee salaries are determined by the results of annual performance evaluations, and incentives are paid based on company-wide performance. Quarterly rewards are provided for tasks that achieve tangible results. SK Networks plans to continuously improve its evaluation and compensation systems by adopting a task-oriented work approach, enhancing performance, and fostering collaboration.

360-degree Evaluation

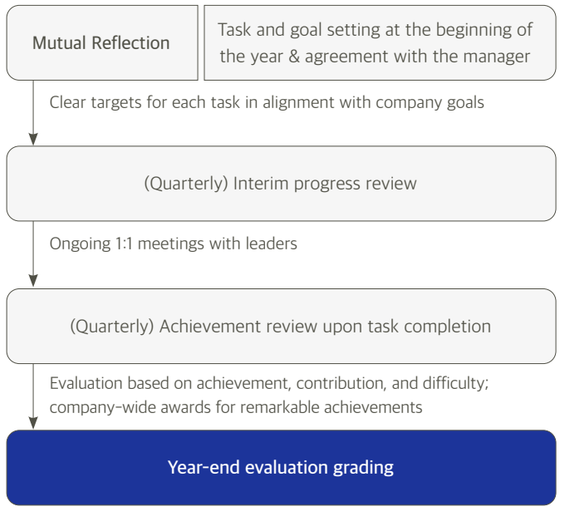
At SK Networks, a 360-degree evaluation is used to objectively assess employees' collaboration and leadership capabilities. Employees are evaluated based on feedback from various assessors, including supervisors, peers, and subordinates, to assess their capabilities, communication skills, and collaboration. This process helps identify employees' strengths and areas for improvement, providing insights for individual skill development and growth support.

At the beginning of each year, SK Networks conducts one-on-one meetings between employees and their supervisors to clearly set individual work goals aligned with the company and organizational objectives. These goals are designed to be challenging, focusing on continuous improvement compared to prior performance, and form the foundation for the employee's work throughout the year.

To enhance the fairness and effectiveness of evaluations, we regularly update the evaluation criteria for each job and position.

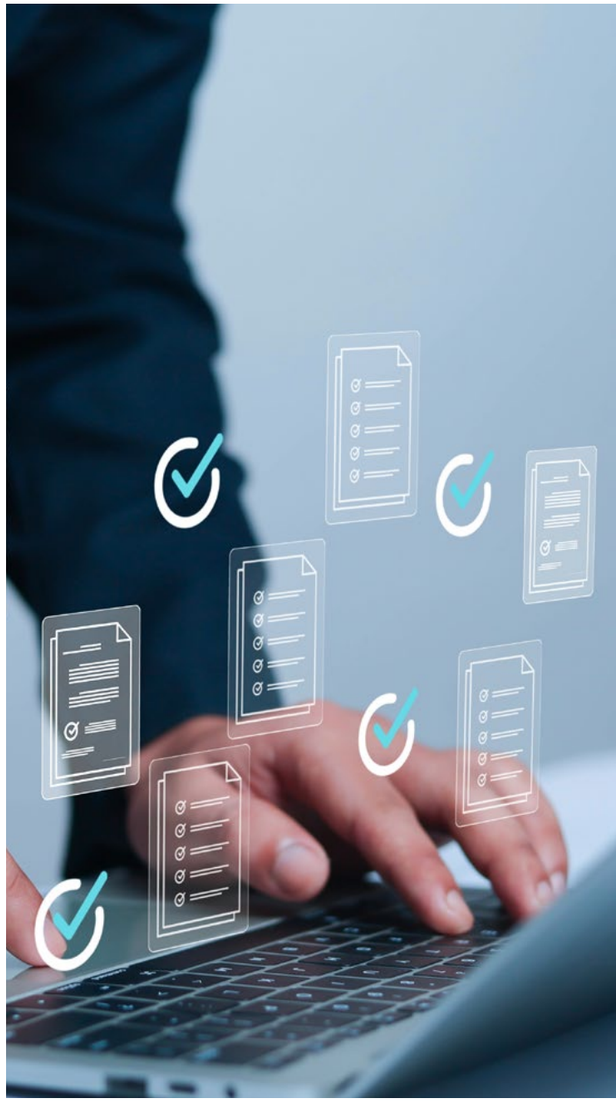
We organize quarterly meetings with managers to discuss employees' progress and achievements, and semi-annual meetings to provide opportunities for managers to discuss their employees' competencies.

Employee Evaluation System



Compensation System

System	Details
Salary	Fixed rate adjustment based on individual employees' annual salary, position, and evaluation results
Incentives	• Amount is determined at the beginning of the following year based on the company-wide business performance • TI(Target Incentive) + PS(Profit Sharing) determined based on company-wide financial results and KPI scores • Differential payment depending on position and individual performance(evaluation results) ※ For full-time, contract, and part-time workers
Quarterly rewards	Quarterly task reviews and immediate recognition/approval for tangible achievements at the company or executive level ※ For full-time, contract, and part-time workers



Strategy

Welfare and Benefits

A Great Place to Work

SK Networks offers flexible work arrangements designed to boost efficiency and employee satisfaction. In 2024, we sought to maximize the use of idle space in our office building. We surveyed employees to understand their needs and create a productive work environment.

Work-Family Balance - SK Networks has various leave and flexible work hour systems in place to help employees balance work and family life. Employees are entitled to shorter work hours and regular health checkups during pregnancy. They can also take pre- and post-natal leave, which helps build a stable working environment throughout their entire pregnancy and childbirth journey. After childbirth, employees can take parental leave and choose to work shorter hours to focus on parenting. In addition, a range of welfare systems cover the entire employee lifecycle, including family care leave, fertility leave, and health leave. These systems demonstrate our commitment to improving the quality of our employees' lives and fostering a sustainable corporate culture.

Innovation in the Workplace - Employees' work-life balance is ensured through flexible work arrangements, such as choosing their own working hours or working from home via the telework system. On the third Friday of each month, employees celebrate "SKMS Day," on which they work four hours and have the freedom to use the remaining hours for self-development or to treat themselves. This improves employees' satisfaction at work and organizational commitment.

External Certification: Best Family Friendly Management - SK Networks is committed to creating a workplace culture where women can build sustainable careers, through initiatives ranging from recruitment, evaluation, and promotion processes to work-life balance programs such as parental leave and in-house childcare facilities. In 2019, we received the Best Family Friendly Management Certification from the Ministry of Gender Equality and Family. This certification recognizes the company's family-friendly policies, including childbirth and childcare support, flexible work arrangements, and a family-friendly corporate culture.

Employee Welfare Programs[1)]

Learn more about SK Networks' employee welfare programs

Category	Program	Details
Health support	Health checkups, vaccinations, medical expense coverage, group accident/dental insurance support[❶], dispensaries, fitness centers, health keepers[❷], Net Morning[❸]	❶ Group insurance for employee injuries and dental treatment coverage ❷ Massage facilities at work ❸ Breakfast at work to promote healthy eating
Refresh	Resorts/condominiums, summer resorts, in-house club support, long-service awards, For the Next 10 Years Program[❶], SKMS Day, refresher vacation[❷]	❶ Travel allowance(KRW 2 million) for employees with 10 years of service; 10 days of paid leave for employees with 20 years of service ❷ Five days of additional refresher leave per year in addition to legal annual leave entitlements
Family	Housing and living stability subsidies, relocation allowances, children's tuition support[❶], admission celebration gifts, financial planning support[❷], in-house counselling and childcare facilities, Flextime[❸], reduction of working hours, telework[❹], childcare leave[❺], and subsidies for fertility and treatment of four major diseases[❻]	❶ Support for work-life balance by reducing financial burdens related to parenting ❷ Assistance with financial planning, such as insurance planning, retirement pensions, and financial solutions ❸ Flexible work arrangements for studies, childcare, family care, etc. ❹ Remote working arrangements, including working from home ❺ Male and female employees with a child aged 8 or younger - Paid parental leave period for primary caregivers and non-primary caregivers ❻ Full coverage of medical expenses for fertility treatment and four major diseases
Others	Retirement pension[❶], family event support, flexible welfare benefits, and communication expense support, mobile groupware, cafeteria/meal allowance	❶ Deposited with external financial institutions and paid either as a lump sum or in the form of an annuity

1) Scope of application: All employees(including executives, full-time and contract employees)

Work-Life Balance Roadmap

2024	2025	2027
Expand and refine support for work-life balance	Establish a culture for work-life balance led by employees	A leader in work-life balance
• Regular employee surveys on work-life balance • Self-design CoPs for personal and business growth • Flexible work arrangements and immersive work environments	• Employee-driven self-design for innovation in the workplace • Platformization of employee communication and feedback • Improvement of refresh systems for employees	• Advanced platforms for employee communication and feedback • C-level standing committee for work-life balance

Risk Management

Corporate Culture

Culture Survey

SK Networks conducts annual Culture Surveys to measure employee happiness and satisfaction. The 2024 Culture Survey was administered to employees, excluding independent directors and contract or part-time workers, and received a 88.3% response rate. Despite some deviations from the group average in certain aspects, the results of SK Networks' 2024 Culture Survey confirmed positive perceptions of employees in key areas, including happiness, VWBE, and social value.

SK Networks scored 66.1 points overall in the 2024 Culture Survey. Solid results were observed in employee happiness(64.4 points) and social value(66.0 points). There were positive perceptions in areas such as understanding and acceptance of management philosophy (78.9 points), voluntary engagement at work(69.2 points), and efforts to develop work skills(73.0 points). Respondents gave an average score of 67.3 for ESG management and social value creation.

Based on the results of this survey, SK Networks plans to build on its strengths and develop concrete improvement plans. These efforts will make employees happier and more focused at work, thereby developing a healthy and sustainable organizational culture.

Employee Communication

SK Networks offers various communication programs to promote mutual understanding among employees, strengthen trust within the organization, and foster a positive corporate culture. We place a particular focus on cultivating a VWBE(Voluntarily, Willingly, Brain Engagement) environment based on a virtuous cycle of "communication, empathy, engagement, and execution."

Every third Friday of the month, we celebrate SKMS Day to encourage open-hearted conversation and idea sharing, thereby strengthening the bonds within our organization. Our quarterly Junior Board program brings together junior, middle, and senior executives to incorporate the perspectives of different generations into management. Other efforts to hear from the field include organization-specific executive luncheons and exchange programs with subsidiary leadership. Satisfaction surveys follow these events to actively incorporate feedback into management improvements.

Interaction Round - At SK Networks, the "Interaction Round" promotes open communication with employees, ensuring company-wide strategies and management plans are integrated into their daily work. The Interaction Round goes beyond unilateral communication to realize communication centered on employee participation and execution. This enables us to create synergies and take a step closer to achieving its sustainable management goals.

During semi-annual management briefings, we share the company's management plans and strategic issues with all employees. Organization-specific sharing sessions aim to detail organizational KPIs and management plans and discuss company-wide and organizational strategies. These sessions ensure that organizational visions align with the company-wide vision and that mid- to long-term strategies are executed.

This is followed by team CAN meetings to discuss key team initiatives and Mutual Reflections(MRs) to ensure that individual tasks are organically interlinked with organizational and team strategies. This helps employees clearly define and pursue their roles. MRs are an actionable program designed to integrate section-specific business goals and ensure that the work of individual employees substantially contributes to organizational performance.

SKN Interaction Round(system for all employees' participation and communication)		
Sharing/ Communication	Management briefing	• Corporate vision, management plans, key directions
	Leader workshop	• Organization-specific missions and key tasks • Definition of roles as an AI company
	Executive sharing session	• Annual organizational vision/goal sharing based on company-wide management plans
Participation	Team CAN meetings	• Annual team goal setting based on company-wide management plans • Identification of key tasks
	MR	• Personal tasks aligned with the company vision

+

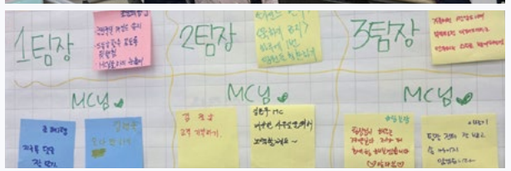
Regular Communication
All employees (SKMS Day)
By class (Change Agent)

BUSINESS CASE

SK Magic

Enhancing Communication and Organizational Cohesion through the "Team Power Program"

Since 2024, SK Magic has been widely implementing the "Team Power Program," an organizational development workshop for its nationwide sales teams, including the headquarters and the Hwaseong Campus. We newly designed and operates a tailored program that reflects the characteristics of sales organizations, while also introducing individual coaching programs to strengthen capabilities in organization, talent, and performance management. These efforts are aimed at fostering a strong organizational culture and enhancing professional competencies through systematic support. The Team Power Program encourages active and voluntary participation, creating opportunities for mutual communication and collaboration, thereby strengthening teamwork and fostering close cooperation among members. Going forward, SK Magic plans to gradually expand the program to its 181 sales branches nationwide. We will continue to monitor organizational changes and improve the program by reflecting employees' feedback, striving to build a healthier and stronger organizational culture.



Risk Management

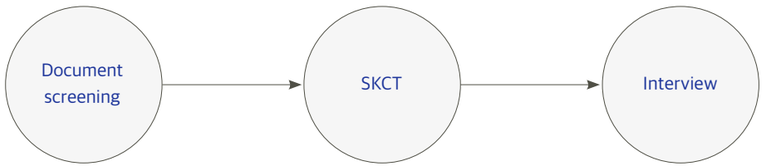
Metrics and Targets

Talent Management

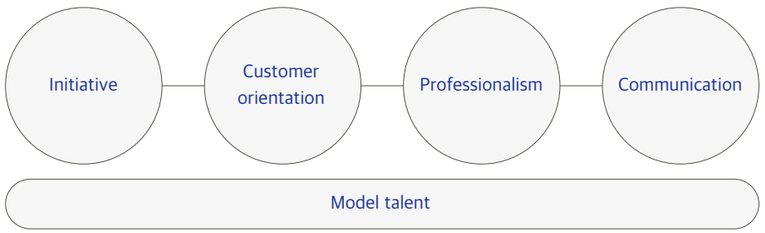
Recruitment Strategy

In pursuit of a SUPEX Company guided by the group-wide philosophy of SKMS, SK Networks is committed to attracting professionals who will create customer-centered values through a challenging spirit and collaboration. To hire talented individuals who embody the company's core values, we have established a data-driven, objective recruitment system that identifies individuals with expertise and growth potential. In keeping pace with evolving times, we emphasize initiative, customer orientation, professionalism, and communication—qualities expected of talent that will grow with the organization. Experienced professionals are recruited in a timely manner according to organizational needs, and new hires are selected through internship programs and ongoing hiring initiatives. Going forward, we will continue our efforts to attract top talent by diversifying hiring opportunities, refining selection standards, and improving our competency evaluation system.

Hiring Process



Model Talent



Labor Relations

Labor-Management Communication

SK Networks is committed to fostering a labor-management relationship that is mutually beneficial and cooperative for sustainable growth. In accordance with the principles set forth in International Labor Organization(ILO) Conventions No. 87 and 98, as well as the Constitution of the Republic of Korea and relevant labor laws, we fully guarantee the rights to union membership and activities, collective bargaining, and collective agreements. According to the employment stability and collective agreements between employees and management, adequate pre-discussions are essential for major management changes such as corporate mergers or spin-offs. We organize regular collective bargaining meetings and Labor-Management Council meetings to facilitate communication and cooperation between labor and management.

Labor Union Delegate System - Walkerhill has established a labor union delegate system to facilitate communication between union members and management, as well as to protect the rights and interests of union members. Union delegates gather opinions on behalf of members and participate in deliberations and decisions regarding major labor conditions and benefits. They actively engage in labor union activities and contribute to revising union regulations and negotiating with management. Thus, they play a crucial role in fostering a healthy labor-management culture. The delegate system at Walkerhill will continue to be a pivotal channel through which the voices of union members are heard and sustainable labor-management cooperation is facilitated.

Employee Capacity Building Metrics and Goals

2025 Tasks

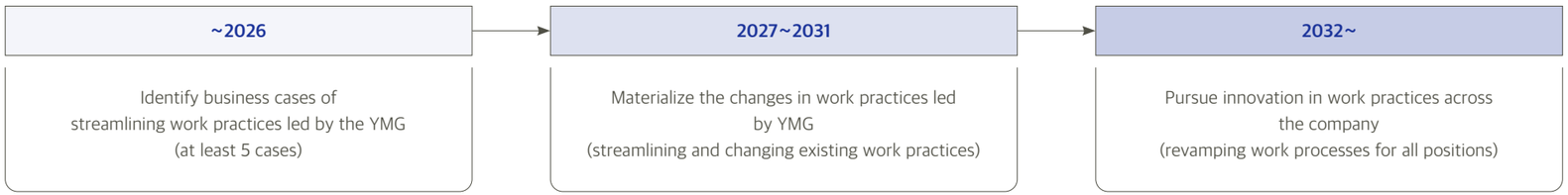
In 2025, SK Networks plans to fully transform to an AI-based work model, improving work efficiency and productivity. To this end, we are identifying readily applicable AI business cases that improve efficiency and exploring the viability of these initiatives in experimental settings. This goes beyond simply adopting a digital tool. It aims to bring fundamental innovation to the way we work. Our ultimate goal is to eliminate repetitive tasks and unnecessary steps so employees can focus on creative, value-adding activities. We plan to engage employees in piloting identified cases and disseminating proven ones.

Mid/Long-term Goals

As a mid- to long-term strategy, SK Networks is committed to AI-driven innovation in the way we work. In the medium term(through 2031), we will focus on identifying and sharing business cases, such as streamlining and transforming existing work processes with the YMG (Young Management Group)[1]. This will allow us to substantially change the way we work and progressively change our organizational culture. In the long term(after 2032), we plan to reorganize work processes company-wide and establish a smart work framework to enhance efficiency and flexibility.

1) Small group for AI innovation

Employee Capacity Building Roadmap



MATERIAL ISSUE 3 STRENGTHENING TRANSPARENCY OF GOVERNANCE - Governance

Governance

Governance

SK Networks has established a board-centered corporate governance that revolves around transparency and responsible management. The Board of Directors meets monthly and holds extraordinary meetings as needed to discuss important matters. Decisions require a majority of directors present and a majority vote, except in cases specified by relevant laws and regulations.

As the key decision-making body, the Board of Directors is responsible for setting long-term strategies, reviewing annual business plans, making significant investment decisions, and overseeing internal transactions. The board also oversees ethical management, compliance management, and corporate-wide risk management, comprehensively evaluating the impact of company decisions on various stakeholders.

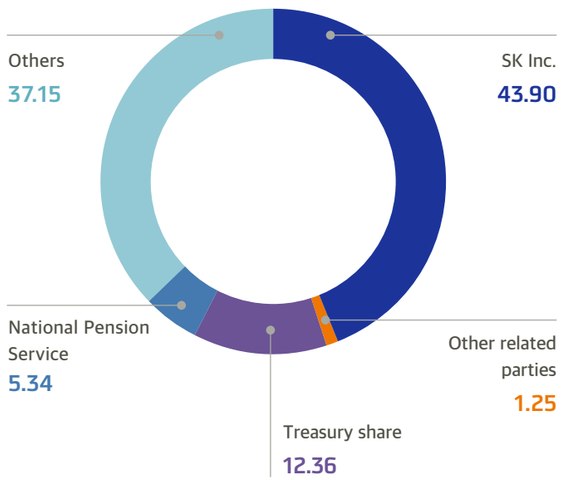
Decision-making Process

Shareholders

In full compliance with the Commercial Act and other relevant laws and regulations, SK Networks protects the fundamental rights of shareholders, as specified in the company's internal regulations, including the Corporate Governance Charter. To this end, we are committed to promoting fair information disclosure, facilitating the exercise of voting rights, and ensuring shareholders' rights to dividends. This allows us to enhance shareholder value in the long run.

As of December 31, 2024, the number of outstanding common shares(excluding treasury shares) is 193,932,795. SK Inc., the largest shareholder, has a 43.90% stake, while other related parties hold 1.25%. The National Pension Service owns 5.34%, qualifying it as a shareholder with over 5% ownership. The aggregate ownership of minority shareholders is 37.15%.

Shareholders As of the of December 31, 2024, Unit: %)



Board Composition

To ensure sound governance, SK Networks appoints directors who meet the qualifications set forth in the Commercial Act and the company's Articles of Incorporation, ensuring the independence and transparency of the Board of Directors. As of March 2025, the Board of Directors consists of seven members, including two executive directors, one non-executive director, and four independent directors. To ensure the independence and transparency of the board, it is chaired by an independent director.

In accordance with Article 542-8, Paragraph 1 of the Commercial Act, we have a majority of independent directors to ensure the objective monitoring and oversight of management. The Board Secretariat provides structured support for board activities.

Board Members (As of the end of April 2025)

Category	Name	Gender	Tenure	Career highlights	Committee(s)	Expertise
Executive Director	Hojeong Lee	Male	2023. 3~ 2026. 3	Present) CEO/President, SK Networks Former) President, SK Networks Former) Head of Management Support and New Growth, SK Networks Former) Director of Investment Center 2, SK Inc.	Strategy· ESG Committee	Extensive knowledge and experience in SK Networks and SK Group
Executive Director	Sunghwan Choi	Male	2022. 3~ 2028. 3	Present) President, SK Networks Former) Head of Business, SK Networks Former) Head of Planning and Head of Happiness Design Center, SK Networks Former) Head of SK Networks Strategic Planning, Executive, SK Inc. BM Innovation	Strategy· ESG Committee	Business portfolio, New growth initiatives
Non-executive Director	Keedong Kim	Male	2025. 3~ 2028. 3	Present) Head of Finance, SK Inc. Former) Head of Management Support and Finance, SK Chemicals Former) Head of Finance Support, SK Chemicals	Personnel Committee Strategy· ESG Committee	Business management, Finance
Independent Director	Sooil Chai	Male	2023. 3~ 2026. 3	Former) General Manager, Boston Consulting Group Asia-Pacific Financial Operations Former) Co-managing Director, Boston Consulting Group Seoul	Board Chairperson Strategy· ESG Committee (Chair)	Management consulting
Independent Director	Moonyoung Lee	Female	2021. 3 ~ 2027. 3	Present) Associate Professor, Duksung Women's University Department of Accounting Former) Supervisory Board Member, Financial Services Commission Former) Senior Manager, Samsung SDS	Strategy· ESG Committee Audit Committee(Chair)	Accounting
Independent Director	Hwajin Chang	Male	2024. 3~ 2027. 3	Former) CEO, Confluent Former) CEO, Google Cloud Korea Former) President, Microsoft Asia-Pacific Strategy Group Former) President/CEO, IBM Korea	Personnel Committee (Chair) Strategy·ESG CommitteeAudit Committee	Tech-driven management
Independent Director	Geunbae Jang	Male	2025. 3~ 2028. 3	Present) Professor, Handong Global University Department of Business and Economics Former) CFO/Strategic Programs/Advisory, Doosan Bobcat Former) CFO, Doosan Infracore Construction Equipment Division Former) eBay Asia Pacific Financial Controller	Personnel Committee Strategy·ESG Committee Audit Committee	Accounting

Governance

Board of Directors

Board Committees

True to its guiding principle of board-centered responsible management, SK Networks ensures transparency in decision-making through systematic committee operations. The Personnel, Audit, and Strategy·ESG Committees contribute to the soundness of the corporate governance structure.

The Strategy·ESG Committee reviews the company's mid- to long-term growth strategies and management plans from a sustainability perspective. The Personnel Committee is responsible for significant personnel matters, such as objective evaluations and compensation for the CEO, as well as nominating candidates for independent directors. The Audit Committee performs independent and professional auditing functions for SK Networks and its subsidiaries.

We operate dedicated organizations for each committee to reinforce their functions and provide regular board evaluations and training programs to maintain the board's expertise and efficiency.

KPIs for Strengthening Governance Transparency

Management KPIs for Strengthening Governance Transparency

Position	2024 target	Achievement
CEO	Achieve 3 tasks ① Expand Board of Directors W/S (3 times) ② Strengthen stakeholder communication (employees/shareholders) (3 times) ③ Expand board evaluation (introducing committee and individual evaluations)	●

Activities of Board Committees

(As of the end of April 2025)

Committee	Strategy·ESG Committee(Regulations)	Personnel Committee(Regulations)	Audit Committee(Regulations)
Composition	• 2 executive directors • 1 non-executive director • 4 independent directors	• 1 non-executive director • 2 independent directors	• 3 independent directors
Members	• Executive directors: Hojeong Lee, Sunghwan Choi • Non-executive director: Keedong Kim • Independent directors: Sooil Chai(Chair), Moonyoung Lee, Hwajin Chang, Geunbae Jang	• Non-executive director: Keedong Kim • Independent directors: Hwajin Chang(Chair), Geunbae Jang	• Independent directors: Moonyoung Lee(Chair), Hwajin Chang, Geunbae Jang
Key roles	• Medium- and long-term strategies and management plans • Investment and planning management, accounting and financial management, internal transactions, etc. • Discussions on the company's and its subsidiaries' management strategies • Discussions on ESG strategies and policies, implementation, and performance	• CEO KPIs, evaluation, compensation, decisions on reappointment or appointment • CEO candidate pool management, candidate nomination • Annual director compensation limit • Granting and revoking stock options to directors • Independent director candidate nomination and resolution	• Auditing director activities and company accounting • Resolution on the appointment of external auditors • Supervision of accounting practices and audits • Requests for business reports from subsidiaries and operations and financial status reviews
2024 activities	• Appointment of the ESG Committee Chair • Change of the name of the ESG Committee and amendment to the committee regulations • Report on the FY2023 Sustainability Report publication plan • Approval of the 2024 safety and health plans • Approval of the 2025 business plan • Repurchase of treasury shares • Approval of transactions, etc.	• 2023 CEO evaluation • CEO compensation • Independent director candidate nomination • 2024 director compensation limit deliberation • 2024 CEO long-term incentive plan • 2025 independent director candidate review • 2025 CEO KPI setting	• 2023 Audit Committee activity evaluation • 2023 Q4 Audit Division performance report • 2024 Audit Division management plan approval • 2023 internal accounting operation report and evaluation • 2024 SK Networks' quarterly performance report • 2024 Quarterly external auditor review results • 2024 internal accounting operation inspection plan
Average attendance rate (2024)	97.9%	100%	100%
Supporting organization	Strategy Planning Division	Corporate Culture Division	Internal Audit Division

Strategy

Governance Principles

Governance Principles

In December 2020, SK Networks established the Corporate Governance Charter to enhance transparency in corporate governance and board-centered management. The charter was amended in March 2022 to reflect the company's commitment to ESG management and stakeholder expectations. The amended charter defines the pursuit of employee and stakeholder happiness as the company's management purpose. It also clarifies the principle of striving for sustainable development by building trust with stakeholders. The charter also specifies the roles and responsibilities of the Board of Directors and the functions of each board committee. Provisions on shareholder meetings were revised to include notification obligations and regulations on the separate appointment of audit committee members.

The Board of Directors exercises its authority granted by relevant laws and regulations, to protect the legitimate interests of shareholders, investors, and other stakeholders and ensures the company's long-term growth and sustainable development. The board facilitates in-depth discussions of management strategies, business plans, and major management issues, oversees the execution of management duties, defines the board's independence and operating principles based on the Corporate Governance Charter. This enable the board to effectively monitor management and strengthen governance's role in the company's decision-making process.

In addition, SK Networks publishes quarterly business reports and annual governance reports to promote transparency and build trust with stakeholders by providing them with sufficient information.

Corporate Governance Charter

Corporate Governance Charter

The Company shall advance social values as well as economic values in favor of the happiness of stakeholders, and in so doing, foster mutual trust with stakeholders in a bid to upscale the total value of the Company consisting of economic and social values and accomplish sustainable growth.

Part 1. Board of Directors-centric Accountability Management	Part 3. Audit
Chapter 1 Roles & Responsibilities of the Board of Directors Chapter 2 Roles & Responsibilities of Directors Chapter 3 Composition of the Board of Directors Chapter 4 Independent Directors Chapter 5 Operation of the Board of Directors Chapter 6 Committees under the Board of Directors	Chapter 1 Internal Audit Chapter 2 External Audit
Part 2. Shareholders	**Part 4. Management Monitoring**
Chapter 1 Shareholders' Rights Chapter 2 Shareholders' Meeting	Chapter 1 Public Disclosure & Communication with Stakeholders Chapter 2 Code of Ethics

Board Operations

Board Operations

In 2024, the Board of Directors held 16 meetings to make 50 resolutions and receive 22 reports. The average attendance rate for the 2024 board meetings was 97.4%. The business report discloses details of individual directors' attendance and their votes on agenda items.

Tenure and Appointment of Directors

SK Networks fully complies with all relevant laws and regulations, including the Commercial Act and the Monopoly Regulation and Fair Trade Act. The company's independent directors are experts in their respective fields and are nominated by the Personnel Committee and appointed by the General Meeting of Shareholders. The appointment of each director is proposed individually. A director's term ends at the conclusion of the General Meeting of Shareholders for the fiscal year ending within three years of their appointment.

The Board of Directors decides on the appointment and reappointment of the CEO. This process strengthens the company's sustainability and the stability of its governance structure.

2024 Board Meetings

Number of meetings	Resolutions made	Reports	Average tenure of directors[1]
16	50	22	2 years 7 months

2024 Board Meeting Attendance

Average attendance rate[2]	Executive director attendance rate	Non-executive director attendance rate	Independent director attendance rate
97.4%	100%	93.8%	97.1%

1) Average of registered officers listed in the business report at the end of the year.
2) The attendance rate of all directors(including newly appointed, resigned, and term-expired directors) at meetings held during the year.

Strategy

Independence of the Board of Directors

SK Networks promotes management transparency and ensures the independence of the Board of Directors by strictly adhering to relevant laws and regulations. The Corporate Governance Charter clearly stipulates the independence of independent directors. Articles 13(Appropriate Number of Independent Directors) and 18(Independence of Independent Directors) clearly state that independent directors should perform their duties independently from management and major shareholders, and that they should comprise a majority of the board, with a minimum of three. Guided by these principles, SK Networks has four independent directors among its seven board members, maintaining a ratio of 57.1%.

Article 20(Prohibition of Excessive Simultaneous Assumption of Other Offices or Competing Business) prohibits directors from holding excessive concurrent roles to ensure the diligent performance of their duties. Prior board approval is required if holding concurrent roles is necessary.

The Board of Directors is chaired by an independent director, which prevents the CEO from controlling the board. In addition, all board committees—the Strategy·ESG, Personnel, and Audit Committees—are chaired by independent directors to strengthen the objective review and oversight of major management issues.

To maintain independence, independent directors must confirm they have no special relationships with SK Networks or its subsidiaries. They are also restricted from engaging in transactions with SK Networks in their personal capacity or on behalf of third parties without prior approval from the board.

Expertise of the Board of Directors

SK Networks seeks to strengthen the expertise of its Board of Directors by appointing individuals with extensive experience and knowledge in various fields, such as finance, accounting, and management consulting as independent directors. This ensures that independent directors are able to contribute substantially to management activities. In particular, the Audit Committee comprises independent directors who are highly skilled and experienced in finance and accounting. This helps strengthen oversight of management and enhance the reliability of internal accounting management.

In addition, we have introduced a Board Skills Matrix(BSM) and disclosed its results to address shareholders' and investors' expectations regarding the Board of Directors' capabilities.

Diversity of the Board of Directors

SK Networks promotes diversity in the appointment of directors, taking into account factors such as nationality, gender, and age. This commitment is explicitly stated in the Corporate Governance Charter to ensure diversity on the Board of Directors. As of March 2025, SK Networks has one female independent director(Moonyoung Lee) on its Board of Directors.

Requirements for Independence of Independent Directors

	Requirements for Independence of Independent Directors	Compliance
1	No employment history as an executive at SK Networks within the 12 months.	●
2	No family member has received more than $60,000 in monetary gain from the company, its parent company, or any of its subsidiaries during the current fiscal year.	●
3	No family members are employed as an executive at the parent company or any of the subsidiaries.	●
4	Not an advisor to the company or a consultant or senior executive of the company.	●
5	Not affiliated with any key customers or suppliers of the company.	●
6	No personal service agreement with the company or its senior management.	●
7	Not affiliated with a nonprofit organization that receives significant donations from the company.	●
8	Not a partner or an employee thereof who has performed an internal audit within the past 12 months.	●

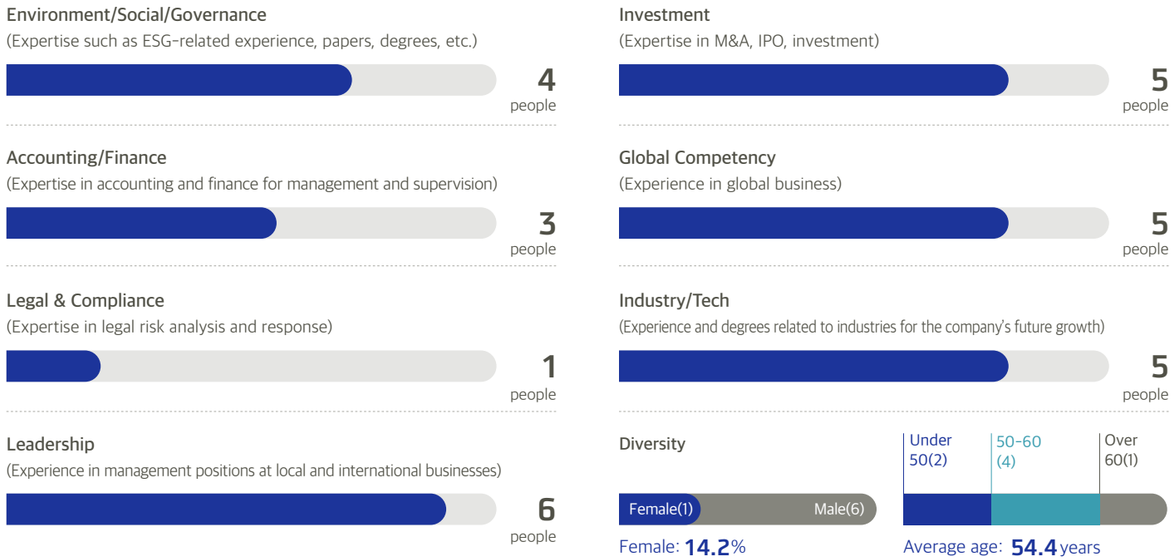
Independent Directors Holding Concurrent Positions

Name	Tenure	Concurrent position held
Sooil Chai	2023. 3~ 2026. 3	Independent Director, LX International
Geunbae Jang	2025. 2~ 2027. 2	Independent Non-Executive Director, Cerecin Inc.

(As of the end of March 2025)

Board Skills Matrix(BSM)

(As of the end of March 2025)



Strategy

Corporate Value Enhancement

Portfolio Development Driven by Profitability and Efficiency

SK Networks has restructured its business portfolio through a selective focus strategy, including phased withdrawal from the resources and steel trading and home appliance businesses of SK Magic, as well as the divestment of SK Rent-a-Car. By integrating its accumulated operational expertise with data-driven AI technologies, we are enhancing the profitability of its core businesses.

In addition, each subsidiary strengthens its independence and accountable management, while the holding company, SK Networks, oversees the strategic direction and inter-business synergies through integrated management.

Through this structure, SK Networks maximizes business efficiency in a rapidly changing market environment and pursues long-term growth in corporate value.

ROE-focused Financial Soundness Goal Setting

At SK Networks, return on equity(ROE) serves as a key indicator of corporate value enhancement. Our mid- to long-term goal is to achieve an ROE of 3.5%+α by 2026. This goal reflects our recent business restructuring efforts to improve the profitability of our existing businesses and stabilize our financial structure.

AI-driven Business Model Transition

SK Networks is seeking to transform its business model by leveraging its multifaceted operational capabilities and data-driven digital assets with AI. To this end, we have invested in data centers(2020, IPI), made upstage investments in sLLM technology developers (2024), and acquired En-core, a data management consulting and solutions specialist(2023). We plan to further expand this business model by internalizing core technologies within the AI value chain and collaborating with business partners.

Regarding our existing business, we are integrating AI technology to increase profitability and create synergies with our subsidiaries to improve the group's overall bottom line.

Sustainable Dividend Policy

SK Networks increased its regular dividend to KRW 200 per share for 2023. In 2024, we introduced an interim dividend scheme and paid KRW 100 per share for the first time. Going forward, we plan to maintain the regular dividend at KRW 200 per share, based on profits from the parent company and its subsidiaries. There may be additional interim dividend payouts based on results from the first half of the year. If we achieve a higher return on investment, we will reinvest the surplus to enhance long-term corporate value.

Strengthening Shareholder Communication

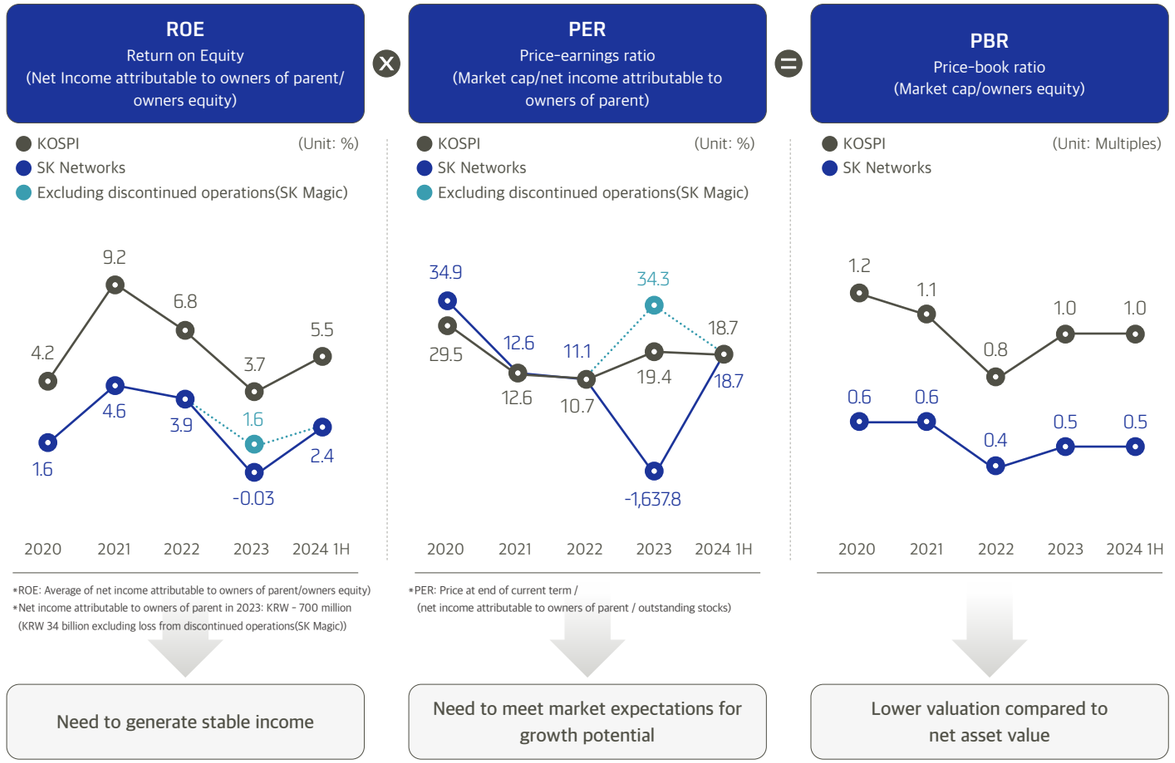
At SK Networks, the annual disclosure of our corporate value enhancement plans gives us an opportunity to assess our progress and strengthen trust with investors. We organize quarterly and ad hoc investor relations(IR) sessions to announce business results and address major issues. In addition, we host events such as the “Investor Day” to enhance engagement with local and international investors.

In 2024, we introduced a “Dialogue with Shareholders” session at the general shareholders meeting for both individual and institutional investors. This represents our commitment to facilitating communication with small shareholders.

Board-centered Transparent Governance

SK Networks makes responsible decisions to ensure sustainability and enhance long-term corporate value, guided by its board-centered management. Its ongoing efforts to ensure transparent and independent governance include appointing a majority of independent directors and disclosing board evaluation results. The Board of Directors plays a pivotal role in executing the company’s ESG strategies and managing relevant risks.

SK Networks’ Current Standing[1)]



1) Source: SK Networks, “Corporate Value Enhancement Plan,” p.8(Announced in October 2024)

Risk Management

Board Performance Evaluation

Board Evaluation

Since 2022, SK Networks has operated a board evaluation system. This system aligns with our commitment to strengthening the expertise and accountability of the Board of Directors, who serve as the highest decision-making body, as well as to developing board-centered management. The Board of Directors is evaluated on their activities from the previous year. Directors participate in an anonymous self-evaluation by answering 35 questions related to three aspects: board function, composition, and operation.

In 2023, as part of our efforts to further enhance the evaluation system, we expanded the scope of the evaluation to include the board committees. We use the evaluation results to strengthen the capabilities of board members and improve board operations. The results are disclosed externally through business and governance reports to promote transparency within the Board of Directors.

Roadmap for ESG-based Management Performance Evaluation and Compensation

Indicator	2023	2024-2025	2026~
Scope	All executives (including subsidiaries' CEOs)	All executives (including all executives of subsidiaries)	Same as left
Weight	10%	More than 10%	More than 30%

Compensation of Registered Directors

At SK Networks, management compensation(excluding independent directors and Audit Committee members) is determined within the 2024 director compensation limit. In doing so, consideration is given to the directors' roles, expertise, and contributions. Performance-based pay is awarded based on quantitative results, such as sales and operating profit, as well as qualitative results, such as achieving strategic goals and demonstrating leadership.

ESG aspects are included as part of the CEO's KPIs. The CEO's evaluation and compensation are considered by the Personnel Committee and determined by the Board of Directors. The 2024 CEO KPIs include various ESG aspects, such as reducing carbon emissions, aligning key ESG metrics with the group's common metrics and SK Networks' own ESG strategy, managing employee happiness, and ethical management.

SK Networks has incorporated carbon emissions reduction into the KPIs of all executives in the head office and subsidiary CEOs. In 2024, ESG metrics accounted for 10% of executive KPI[1] evaluations. This ensures that ESG performance is reflected in the evaluation of all C-level organizations and that their compensation is determined accordingly. Thus, ESG performance is indirectly incorporated into the overall evaluation of all employees. Our goal is to incorporate ESG metrics into the KPIs of all executives, including those of subsidiaries, at a rate of 10% or higher by 2025.

Compensation of Independent Directors and Audit Committee Members

The compensation of SK Networks' independent directors and Audit Committee members is determined within the director compensation limit established for 2024, taking into consideration their roles, expertise, and the company's business environment, among others. To enhance corporate value, strengthen performance-based compensation and board-centered management, a portion of the compensation is paid in the form of stock-based compensation(stock grants).

Compensation Paid to Directors[2,3] (Unit: KRW million)

Category	Number of people	Total compensation	Compensation per person
Registered directors (excluding independent directors and Audit Committee members)	3	2,628	876
Independent directors (excluding Audit Committee members)	1	121	121
Audit Committee members	3	281	94

Stock Option Grants[4,5] (Unit: KRW million)

Category	Number of people	Total fair value of stock options
Registered directors (excluding independent directors and Audit Committee members)	2	1,906
Independent directors (excluding Audit Committee members)	-	-
Audit Committee members	-	-

Stock-Based Compensation Plans

SK Networks has established a stock-based compensation system designed to promote sustainable corporate growth by strengthening long-term board engagement and accountability. The system focuses on aligning the interests of management and shareholders. Subject to a resolution by the General Meeting of Shareholders, the CEO may be entitled to stock options, which can only be exercised after a minimum of three years and a maximum of seven years. Independent directors may receive a portion of their annual compensation in the form of stock grants, thereby motivating them to contribute to the company's long-term growth and enhancement of corporate value.

PSU(Performance Stock Unit)[6]

Starting from 2023, PSUs are provided to C-level executives, including the CEO, as stock-based compensation to enhance corporate value.

Stock Grant[7]

To enhance corporate value by aligning the interests of management and shareholders, SK Networks has been granting company shares to its executives and independent directors since 2022 following resolutions by the board of directors. During the reporting period, a total of four individuals(the CEO and independent directors) received stock grants. The total number of shares granted was 27,650 common shares, all of which were treasury shares held by SK Networks.

SARs(Stock Appreciation Rights)[8]

Since 2021, SK Networks has granted SARs as stock-based compensation to executives in office as of the Annual General Meeting of Shareholders. SARs are granted in the same manner as stock options, where with the number of(virtual) shares and the price(weighted arithmetic average stock price as at the date of the shareholders' meeting) determined, and the amount calculated by multiplying the difference between the weighted arithmetic average stock price as at the date of the shareholders' meeting three years later and the exercise price by the number of(virtual) shares granted is paid in cash. The number of shares is determined within 100% of the recipient's annual salary. To be eligible, the recipient must have been in office for at least two years as of January 1 of the grant year.

1) At SK Electlink, ESG aspects are reflected in other strategic tasks, given that its electric vehicle charging business inherently reduces carbon emissions.
2) As of December 31, 2024.
3) The total compensation and average compensation per person are based on the cumulative amount paid from January 1 to December 31, 2024.(The total compensation paid to independent directors includes compensation paid to two independent directors who resigned during the fiscal year; however, the average compensation per person was calculated by dividing the total compensation by the number of current independent directors.)
4) Two of the registered directors, Sang-kyu Park and Hojeong Lee, were granted stock options at the 65th and 68th General Meetings of Shareholders, on March 30, 2018, and March 29, 2021, respectively. Sang-kyu Park retired on March 29, 2023.
5) The total fair value of the stock options is the cumulative amount accrued as expenses on the income statement for the relevant fiscal year relating to the stock options, exclusive of the amount withdrawn upon expiration of the exercise period.
6) Stock-based compensation awarded based on the achievement of performance targets.
7) Shares granted free of charge as compensation for performance or length of service.
8) The right to compensation in cash or stock for the increase in the value of company stock over a specific period of time.

Risk Management

Board Training and Workshops

Training for Independent Directors

SK Networks offers a variety of training programs to help independent directors enhance their expertise and deepen their understanding of ESG. These programs include special lectures delivered by internal and external experts, as well as access to the SK Group's training platform, mySUNI. To help newly appointed independent directors quickly adapt and effectively apply their expertise to the company, we are creating more opportunities for them to participate in board committees and soft-landing programs.
In this regard, a particular focus is on training programs that strengthen expertise in ESG and climate change to effectively support sustainability-driven decision-making. In addition, we are working to raise board members' awareness of environmental issues and ensure their expertise is reflected in the decision-making process.

Board Workshops

To support in-depth discussions within the Board of Directors and enhance their understanding of management strategies, SK Networks organizes board workshops one to two times a year(two workshops held in 2023 and three in 2024). These workshops provide a forum to discuss issues that often go unconsidered at general board meetings due to time or space constraints. In-depth discussions about the company's business portfolio, key issues, and strategic directions facilitate business growth and enhance corporate value. Through this process, board members share information and opinions, ensuring swift and effective decision-making. Going forward, we plan to update these training programs to ensure that board members maintain the necessary capabilities and expertise and to explore various measures to secure the required capabilities at an early stage.

Training for Independent Directors (As of the end of December 2024)

Date	Independent directors attended	Key topics
2024.1.29	Young-won Ha, Seok-Woo Jung, Moonyoung Lee, Sooil Chai	Company management status and directions, shareholder return policy
2024.3.11	Young-won Ha	Roundtable with retiring independent directors
2024.3.18	Young-won Ha, Seok-Woo Jung, Moonyoung Lee, Sooil Chai	2024 AGM(company briefing), discussions on company vision, identity, management strategy
2024.4.4	Hwajin Chang	Newly appointed independent director orientation - Sharing key insights on governance, ESG, global management issues, etc.
2024.4.11	Hwajin Chang	Newly appointed independent director workshop - Including progress toward Net Zero and upcoming tasks
2024.6.12~2024.6.25	Sooil Chai, Seok-Woo Jung, Moonyoung Lee, Hwajin Chang	Ethical Management(Online)
2024.8.9	Sooil Chai, Seok-Woo Jung, Moonyoung Lee, Hwajin Chang	Ways to solidify the company's identity and strengthen the competitiveness of its existing businesses
2024.8.19	Sooil Chai, Moonyoung Lee	Icheon Forum 2024
2024.11.7	Sooil Chai, Moonyoung Lee, Hwajin Chang	2024 SK Directors' Summit

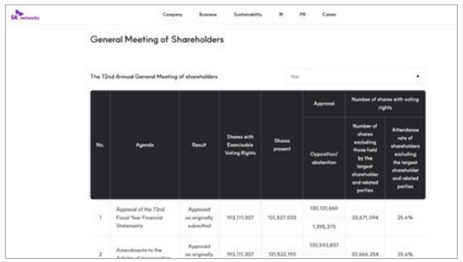
Exercise of Shareholder Rights

Convening and Announcement of General Meetings of Shareholders

At SK Networks, a General Meeting of Shareholders is convened by a resolution of the Board of Directors. Regular meetings are held within three months of the end of each fiscal year, and extraordinary meetings are held as needed to address major management issues promptly. In accordance with statutory requirements, the date, venue, and agenda of shareholders' meetings are disclosed at least two weeks in advance. Unless unavoidable, we avoid holding regular shareholders' meetings during peak periods. If a meeting is held during such a period, the reasons for doing so are specified. In addition, to support the understanding and participation of foreign shareholders, notices of convocation and results of the general shareholders' meeting are also provided in English on the company's website.

Exercise of Voting Rights

SK Networks is committed to providing shareholder-friendly information and strengthening shareholder rights. To protect shareholder rights and encourage participation, we have introduced an electronic voting system. The electronic voting system enables shareholders to exercise their voting rights online without attending the shareholders' meeting in person, thereby enhancing shareholder accessibility and the efficiency in the exercise of their voting rights. Shareholders can also vote through proxies by submitting proxy statements. Shareholders holding a certain threshold of shares(100,000 common shares or more) may be included in the company's proxy solicitation efforts pursuant to applicable regulations.



English disclosure page for general shareholders' meeting results on the company website

On-site scene of the 72nd Annual General Shareholders' Meeting

Risk Management

Protecting Shareholder Interests

Shareholder Return Policy

The articles of incorporation of SK Networks stipulate that profits shall be distributed in the form of cash or shares. We place significant emphasis on long-term consistency and sustainability in its dividend policy. Despite incurring net losses on a non-consolidated basis in certain fiscal years since 2017, we have consistently paid cash dividends of KRW 120 per common share and KRW 145 per preferred share, which demonstrates our commitment to shareholder returns.

In line with recent improvements in results, we are pursuing changes to the dividend policy. For the 2023 fiscal year, the dividend increased to KRW 200 per common share and KRW 225 per preferred share. In addition, at the 71st General Meeting of Shareholders in March 2024, the articles of incorporation were amended to introduce an interim dividend scheme. Under this scheme, an interim dividend of KRW 100 per common share and KRW 125 per preferred share was paid in October. Starting from the 2024 regular dividend, online dividend inquiry system is implemented to enhance shareholders' access to and convenience in retrieving dividend-related information.

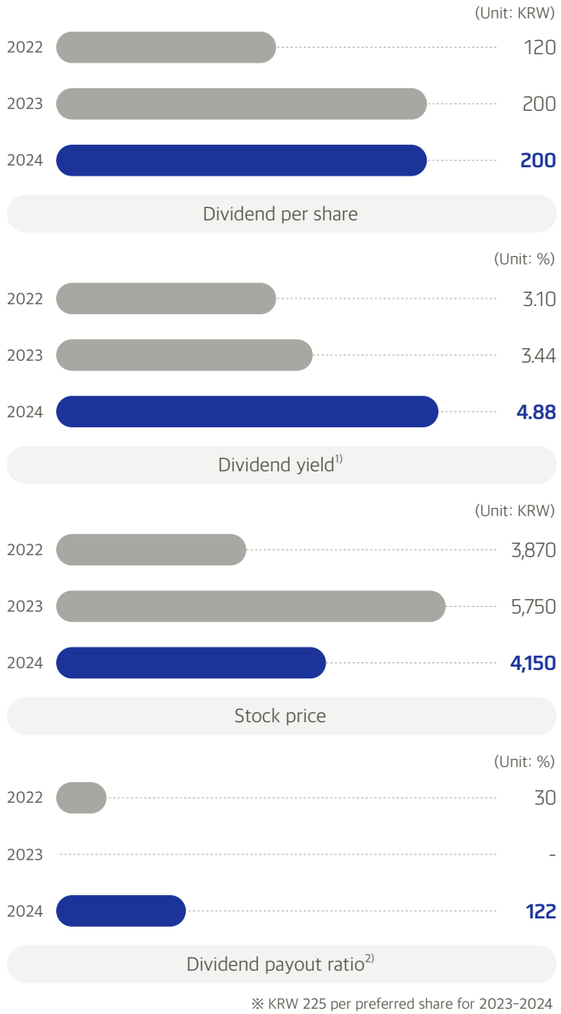
At SK Networks, the General Meeting of Shareholders reviews and approves the financial and profit appropriation statements at the end of each fiscal year. The amounts and payment schedules for dividends are disclosed transparently through the electronic disclosure system.

As part of the shareholder return policy, SK Networks repurchased and canceled 14,500,363 common shares on March 5, 2024, following the cancellation of treasury shares in 2023.

Looking ahead, SK Networks intends to increase shareholder value through various means, including dividends and treasury shares. We will remain vigilant in reviewing and implementing strategies to achieve this goal.

1) Based on the regular dividend for FY2024(applying the stock price on the dividend record date).
2) Consolidated net income attributable to owners of the parent; the dividend payout ratio for 2023 is not calculated separately as the consolidated earnings per share(EPS) was negative.

Dividend Payout (per common share, as of the end of December 2024)



※ KRW 225 per preferred share for 2023-2024

Shareholder Communication

SK Networks prioritizes building trust with shareholders and providing transparent, fair information. To this end, we engage in various investor relations(IR) activities. Key business information and results are regularly disclosed through quarterly earnings reports, business reports, and semi-annual reports. Non-deal roadshows (NDRs) are organized for domestic and international institutional investors on an ongoing basis. Annual General Meetings(AGMs) and analyst briefings are held to share our mid-to long-term strategies, achievements, and facilitate communication with the capital markets. In addition, we fulfill our disclosure obligations diligently and in accordance with applicable laws and regulations. Our clean history of penalties for inadequate disclosure demonstrates our commitment to responsible information disclosure.

Respect for Shareholder Rights

SK Networks is committed to respecting and protecting shareholder rights by complying with relevant laws and continuously enhancing a transparent governance framework.

We faithfully uphold shareholders' fundamental rights under the Commercial Act, including the right to participate in profit distribution, attend general shareholders' meetings, exercise voting rights, and access timely corporate information.

In addition, SK Networks actively communicates with shareholders through various channels such as investor relations(IR) activities, general shareholders' meetings, and public disclosures, ensuring that the voices of a diverse range of shareholders, including minority shareholders, are heard and reflected. Going forward, we will further strengthen its shareholder-centric and sound governance structure through transparent and rational decision-making processes.

Insider Trading and Self-Dealing Control

SK Networks has established a rigorous internal control system to prevent management and major shareholders from engaging in insider trading or self-dealing for personal gain. To this end, we require prior review and approval of relevant transactions through its Board of Directors regulations and internal control guidelines. Transactions with or on behalf of a specially related person under Article 26 of the Monopoly Regulation and Fair Trade Act, as well as relevant stock, corporate bond, and other securities dealings, are subject to Board of Directors approval to ensure transparency.

To prevent conflicts of interest, matters falling under Article 397-2(Prohibition of Appropriation of Company's Opportunities and Assets) and Article 398(Transactions between Directors, etc., and Company) of the Commercial Act require a two-thirds vote of the board. These controls help ensure that the company's assets and opportunities are not diverted improperly.

Metrics and Targets

Metrics and Targets for Enhancing the Role of the Board of Directors

Tasks for 2025

In 2025, SK Networks plans to pursue the following initiatives to further strengthen the strategic functions and supervisory capabilities of the Board of Directors.

First, three workshops will be held annually to discuss mid- to long-term strategic directions, review the alignment between strategies and KPIs, and conduct performance reviews and strategy updates. Second, the Board of Directors will conduct quarterly investment reviews to strengthen its monitoring function. Third, a CEO succession plan will be established to ensure management stability and continuity. Fourth, the Board Skills Matrix(BSM) criteria will be developed and each board member's skills and capabilities will be disclosed to enhance the Board of Directors' transparency and expertise.

These initiatives will enable SK Networks to strengthen the strategic functions of the Board of Directors and increase the transparency of its governance structure.

Mid/Long-Term Targets

SK Networks is committed to transparent corporate governance and board expertise. To this end, we have established mid- to long-term goals and are implementing them in phases. In the short term, our goal is to reinforce the fundamental functions of the Board of Directors. To this end, we will align our ESG strategy with the company's mid- to long-term strategy, ensure a Board of Directors is competent and capable based on the BSM, and pursue continuous improvements based on internal and external evaluations. In the medium term, we plan to build a stable governance structure and corporate value chain. To accomplish this, we will incorporate ESG expertise into board composition, consider ESG in evaluating and compensating committees, and appoint ESG experts. In the long term, we aspire to establish top-tier ESG governance in Korea and continuously improve it. Securing a majority of ESG experts on the board, incorporating core ESG issues into management goals, and systematically managing governance scenarios linked to company-wide strategies will help drive execution and transparency in this endeavor.

Strategy·ESG Committee Action Plan and Goals

Before a board meeting, the Strategy·ESG Committee holds preliminary discussions about the agenda. The executive responsible for each agenda item presents the key points and answers questions from board members to clarify any issues. This process ensures that key issues are considered from an ESG perspective and that board members further elaborate on their opinions at the meeting. Ultimately, this facilitates more in-depth discussions and efficient decision-making.

Recognizing the importance of sustainable management, SK Networks is focusing on strengthening ESG insight at the board level. Going forward, there will be ongoing efforts to gradually expand ESG-related reporting and discussions to enhance corporate value. This will improve the board's ESG governance capabilities in qualitative and quantitative terms.

Roadmap for Enhancing the Role of the Board of Directors

Short-term ~2026	Medium-term ~2031	Long-term 2032 and onwards
Strengthen the essential functions of the Board of Directors (Board of Directors 2.0 - in alignment with Group-wide tasks)	Complete the value chain for the sustainable implementation of the corporate governance structure	Establish and continuously improve a top-tier ESG governance management system in Korea

Strategy·ESG Committee Action Plan Roadmap

	2023	2024~2025	2026
Agenda	Annual performance reporting on group ESG key indicators, etc.	ESG topic-specific reports and discussions	Enhanced ESG topic-specific reports and discussions
Cycle	3 times annually	At least twice annually	At least twice annually

ESG FACTBOOK

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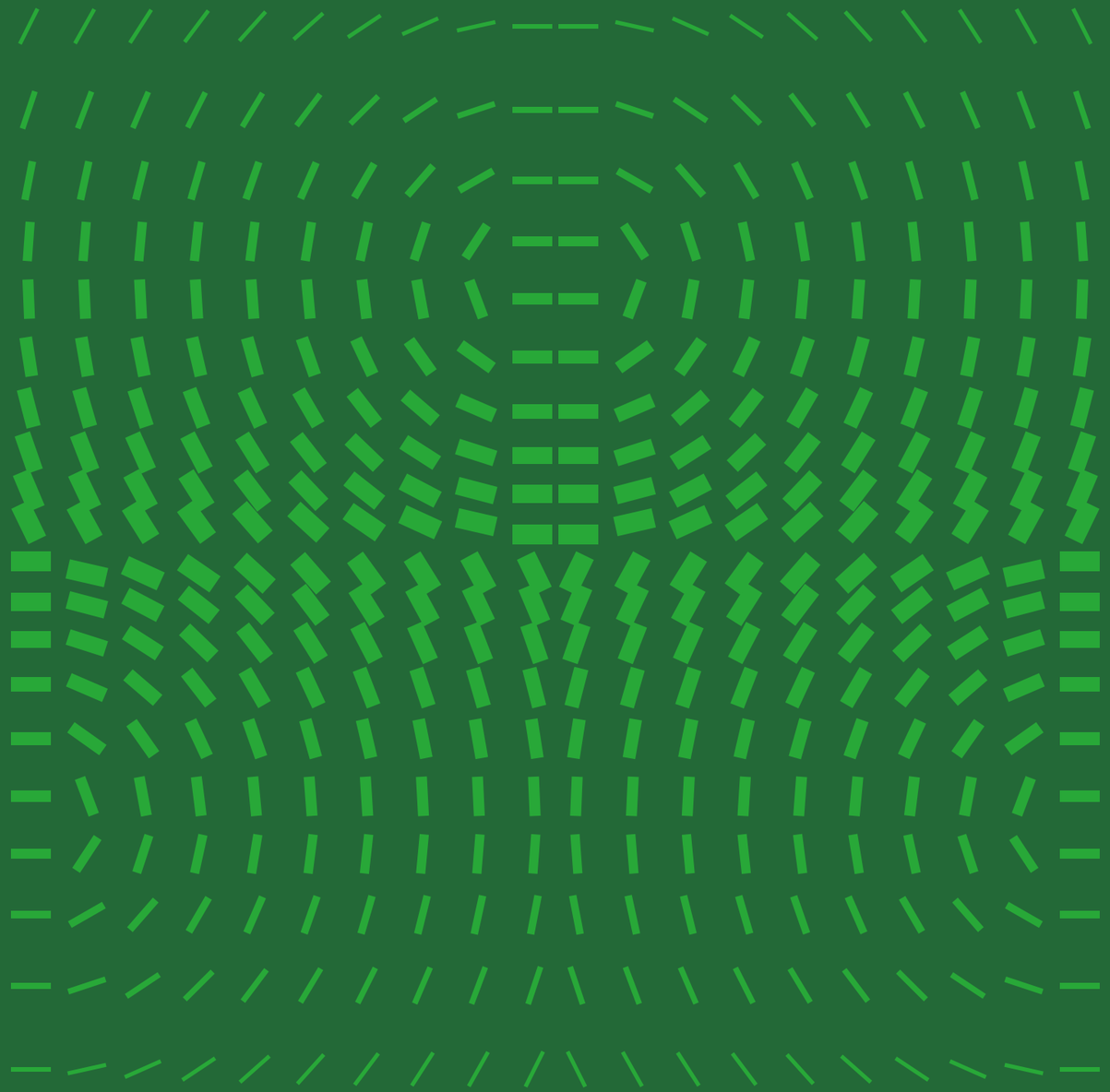

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ENVIRONMENTAL MANAGEMENT - Governance / Strategy

Governance Roles and Responsibilities

Role of the Board of Directors

As the highest decision-making body, the SK Networks Board of Directors defines the company's mid- to long-term environmental strategies and oversees progress on key environmental goals. The board regularly reviews risks and progress related to major environmental issues, such as reducing greenhouse gases, promoting resource circulation, and reducing pollution. The board is also responsible for making key decisions to ensure sustainable operations. In addition, the board deliberates on environmental issues that may significantly impact business strategies and ensures that environmental management is implemented across the organization.

Role of Management

SK Networks has formed the Company-wide ESG Implementation Committee, comprising the CEO, heads of subsidiaries, and other executives, to strengthen the execution of environmental management strategies and to review and discuss related activities. In 2024, the committee convened five times to establish detailed implementation plans for achieving Net Zero and to review key topics raised by the Group's Net Zero Taskforce. In addition, SK Networks has established and operates a system for reporting material environmental issues to the Board of Directors, enabling effective oversight and management of related risks and opportunities.

Roles of Dedicated Organizations

The ESG Management Team formulates environmental management plans and operates as an execution body to effectively implement these plans. It systematically monitors environmental management activities, manages and explains environmental management KPIs, and establishes a framework for responding to environmental risks. Additionally, the team responds to changes in environmental regulations, conducts internal training and awareness-raising activities, and lays the foundation for practicing sustainable environmental management.

In particular, SK Networks, centered on its company-wide ESG management organization, establishes targets for waste management and resource circulation, as well as strategies and goals for water resource management, and systematically manages their implementation status and performance. Through these efforts, the company strives to achieve tangible results such as reducing waste, increasing recycling rates, and reusing water, while working to build a sustainable resource circulation system.

Environmental Management KPIs

SK Networks and its subsidiaries have introduced KPIs in line with the company-wide ESG KPI system to mitigate environmental impact and expand their green business portfolio. To this end, executives and managers in relevant departments are evaluated based on environmental management KPIs.

Notably, the KPIs for executives and managers consider the progress of the Net Zero initiative. Working-level staff in each department set department-specific roles and climate change response metrics guided by the company-wide ESG KPIs. These metrics serve as standards for their evaluations.

Environmental Management KPIs

Subject	KPIs	Use of evaluation results
SK Networks	• Net zero • Expanding the scope of greenhouse gas management	Used for performance evaluation and compensation
Walkerhill	• Greenhouse gas emissions • Water reuse rate	
SK Magic	• Net Zero 2040	
SK Networks Service	• Net Zero (greenhouse gas reduction)	

Building Foundations for Environmental Management

Environmental Management Policy and Goals

To strengthen environmental management and enhance its capabilities to address climate change, SK Networks has established the Net Zero 2040 goal and an environmental policy. All employees and stakeholders are encouraged to participate in environmental management activities.

SK Magic has established an environmental management policy aimed at achieving sustainable growth and fulfilling its social responsibilities. This policy applies to all SK Magic operations and subsidiaries and is structured around the six environmental objectives defined in the Korean Green Taxonomy: greenhouse gas reduction, climate change adaptation, water resource conservation, resource circulation, pollution prevention, and biodiversity conservation. The policy provides guiding principles for clean technology development, compliance with environmental regulations, supply chain management, information disclosure, and improving employee awareness. It also includes a reduction roadmap and specific action plans to achieve Net Zero 2040.

Employee Environmental Training

Streamlined environmental management operations are ensured by providing training programs designed to strengthen the capabilities of the personnel responsible for environmental management system operations. At SK Networks, these programs help prevent gaps when there are changes in staff responsible for environmental management system operations. Ongoing efforts are made to maintain the effectiveness and stability of the environmental management system.

SK Networks Environmental Policy

Training on Environmental Management

Date	Training	Target	Venue	Objectives	Topics
2024. 9.11~27	ISO 14001 Internal Auditor Training	Five internal auditors for each organization	Online	Improve environmental management system performance and adequacy	ISO 14001 planning, operation, performance, and requirements
2024. 10.28~31	ESG Disclosure and Verification Training by the Korea Environmental Industry & Technology Institute	One ESG information disclosure manager	Offline (Centropolis)	Train ESG professionals in response to mandatory global ESG disclosure	ESG report preparation and verification methodologies, global disclosure requirements, etc.
2024. 12.02~04	Taskforce on Nature-related Financial Disclosure(TNFD) Training by the IUCN Korea National Committee	Two ESG information disclosure managers	Offline (FKI Tower)	Improve the understanding of the TNFD and build relevant capabilities.	Understanding the TNFD methodology and practical approaches, etc.

Risk Management

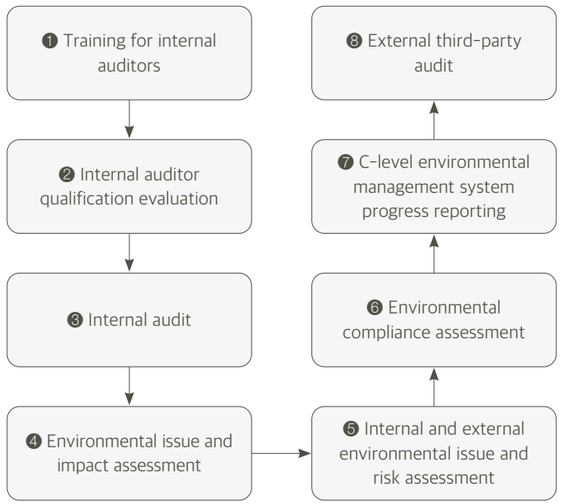
Environmental Management Risk Management System

Environmental Management System

SK Networks maintains ISO 14001(Environmental Management System) certification, covering all business operations at its headquarters, to establish an environmental management framework aligned with international standards. We have implemented a management system that identifies environmental laws and regulations, formulates strategies to comply with them, and prevents environmental incidents by incorporating stakeholder requirements. We also encourage employee participation and pursue continuous improvement to strengthen company-wide environmental management.

We have a process in place to proactively identify, prevent, and evaluate environmental risks. We verify the validity and effectiveness of risk assessments through annual internal and external audits. Relevant practices have been established based on the Plan-Do-Check-Act(PDCA) process, in accordance with ISO 14001:2015 requirements for continuous improvement of the environmental management system. Through this process, we establish environmental policies, evaluate environmental aspects and impacts, analyze key environmental issues and risks, and systematically create environmental objectives and action plans. The progress towards these objectives is continuously monitored, and compliance with ISO 14001:2015 standards is evaluated through annual internal audits and external certification body audits. Any areas requiring improvement are addressed promptly through corrective actions.

Environmental Risk Identification Process



Certificate of Registration
ENVIRONMENTAL MANAGEMENT SYSTEM
This is to certify that the environmental management system of
SK Networks Co., Ltd.
at
#85, Cheonggyecheon-no, Jongno-gu, Seoul, Korea
Has been found to conform to the Environmental Management System Standards:
KS I ISO 14001:2015/ISO 14001:2015
This Certificate is valid for the following product or service ranges:
Management of ICT Marketing(Sales and Distribution), Global Trading Business
Issue Date : Nov. 18. 2024
Certification Date : Nov. 15. 2022
Valid Date : Nov. 14. 2025
Authorized by

CERTIFICATE OF APPROVAL
SK magic co., ltd.
EMS-0501
KS I ISO 14001:2015/ISO 14001:2015
17 November 2024
16 November 2027
KOREAN STANDARDS ASSOCIATION

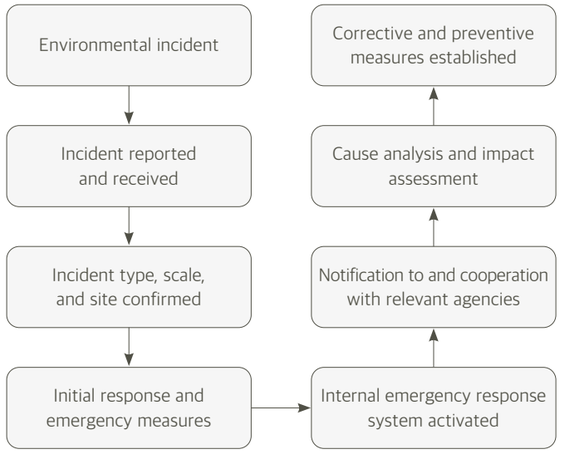
Environmental Management System Certificate

Environmental Incident Response System

SK Networks has established a system that enables the company to respond promptly and effectively to environmental incidents, such as air and water pollution and chemical and waste spills. To this end, the head office and each site have emergency response organizations and communication systems. Emergency response manuals have been developed and made available to all employees.

Department-specific drills are regularly conducted to ensure immediate action in the event of an environmental incident. In addition, each facility analyzes potential environmental incidents and develops actionable response strategies. Through these efforts, SK Networks remains vigilant in preventing environmental incidents and strengthening its management system to ensure a swift response.

Environmental Incident Response Process



Investment Business Environment Risk

SK Networks takes a comprehensive approach to analyzing environmental risks and opportunities when considering new investment projects with a focus on ensuring economic value and environmental sustainability. The investment review committee thoroughly reviews investment feasibility using a checklist that covers strategic suitability, profitability, legal compliance, and environmental factors.

New facility investments, in particular, require environmental impact assessments to analyze anticipated environmental effects, evaluate the need to replace outdated facilities, and avoid duplicate investments. This helps maximize resource efficiency. Rigorous efforts are made to ensure compliance with relevant environmental laws and regulations, as well as to establish plans for reducing and mitigating environmental pollution, thereby minimizing environmental risks throughout the investment process.

This well-structured investment review process enables SK Networks to strengthen its sustainable investment decision-making process and develop a responsible approach that considers environmental impacts.

Risk Management

Environmental Management Risk Management System

Assessment of Internal and External Issues, Risks, and Opportunities Related to Environmental Management

SK Networks conducts systematic identification and assessment of internal and external risks and opportunities across the company to effectively operate its environmental management system and proactively respond to environmental risks.

Taking into consideration major international and social environmental issues such as Net Zero and mandatory ESG disclosure, we identified 36 environmental issues across five categories. This was followed by a comprehensive evaluation based on each issue's significance and its potential impact on SK Networks. We also identified six key demands from external stakeholders, including the government, investors, ESG evaluation agencies, communities, and employees. We regularly assess compliance with the legal obligations set forth in the seven applicable environmental laws.

We strive to identify risks and opportunities related to key internal and external issues and stakeholder requirements. We review current management measures and, if significant or residual risks are identified, develop additional measures. The progress of these measures is continuously monitored to ensure improvement.

The identification and assessment of the 13 internal and external risks and opportunities revealed no material risks. Evaluating the risks and opportunities related to the six stakeholder requirements showed a low likelihood and impact; therefore, there was no need to develop additional measures.

Environmental Impact Assessment

SK Networks regularly conducts environmental impact assessments to systematically identify and mitigate the environmental impact of its headquarters operations. In 2024, four departments were assessed. Prior to the assessments, the qualifications of the auditors were reviewed in accordance with internal standards, and all personnel were deemed qualified.

This assessment identified seven environmental aspects. Of these, energy and natural resource depletion, as well as exhaust gas emissions from electricity consumption and wastewater discharge caused by the use of detergents, were identified as having a significant environmental impact. The results of this assessment guide us in establishing improvement tasks and goals to minimize environmental impact. Each department is encouraged to produce tangible environmental outcomes.

In addition to efforts to prevent environmental impact, we monitor the implementation process, conduct internal audits, and strengthen post-implementation management. This approach ensures that environmental risks are prevented from recurring and that continuous improvement is achieved, thereby operating an effective environmental management system.

Key Internal and External Issues

Category	Issue
Environmental policy	• Introduction of mandatory disclosure requirements for environmental information and performance • Strengthening of environmental regulations
Environmental strategy	• Environmental management system certification (ISO 14001) • Greenhouse gas emission reduction target management_Net Zero 2040 • Strengthening ESG management through response to external ESG evaluations • Publishing sustainability reports to enhance external credibility
Energy saving	• Reducing electricity and other energy consumption • Expanding the use of renewable energy
Others	• Expectations for participation in global initiatives such as CDP and SBTi • Extreme temperatures caused by climate change • Growing social demand for carbon neutrality • Growing demand for corporate social responsibilities • Increases in raw material sourcing costs

Key Demands of Internal and External Stakeholders

Category	Stakeholder	Demand
Internal stakeholders	Company and employees	• Energy efficiency
External stakeholders	Government (policy and law)	• Compliance with environmental laws and regulations • Participation in the environmental information disclosure system
	Investors	• ESG disclosure requirements
	Investors and ESG evaluation agencies	• ESG evaluation response and disclosure
	Communities	• Fulfillment of corporate social responsibility through environmentally friendly business operations

Directions for Improving Environmental Aspects and Environmental Impact Assessment Results

No.	Key environmental aspects	Directions for improvement
1	**(Significant environmental aspect) Energy/natural resource depletion and exhaust gas emissions from electricity consumption**	• Measure water consumption (proportional to discharge) and establish reduction measures • Practice daily management such as using eco-friendly detergents • Establish plans to conserve energy and improve power efficiency • Establish a renewable energy transition plan
2	Resource depletion and sewage generated by water use	
3	Waste generated by the use of disposables	
4	Waste generated by the use of office supplies	
5	Resource depletion and exhaust gas emissions caused by the use of company vehicles	
6	**(Significant environmental aspect) Wastewater discharge caused by the use of detergents**	
7	Waste/used oil discharge from vehicle maintenance	

Risk Management

Environmental Management Risk Management System

Environmental Management Communication

SK Networks is committed to identifying and managing key environmental issues through regular communication with stakeholders. To better understand the expectations and concerns of each group, SK Networks establishes communication strategies tailored to its business and environmental issues. For instance, we hold regular meetings with local communities near our business sites to explain environmental impacts and gather residents' feedback. We then reflect these opinions in our business operations and environmental improvement plans.

Through NDRs and ESG briefings, we share key environmental performance indicators, such as climate change response strategies, energy conservation efforts, and resource recycling achievements, with investors. These metrics form the basis for enhancing transparency and trust in external scrutiny and sustainability assessments.

Legal/Regulatory Management System and Response Strategy

SK Networks systematically manages compliance with environmental laws and regulations in accordance with the ISO 14001 Environmental Management System. Annual monitoring and internal evaluations are conducted using the Plan-Do-Check-Act process. Any non-conformities found during these assessments initiate corrective measures and response strategies. In 2024, we reviewed the compliance of key management activities with 22 environmental regulations and achieved full compliance. Although there were no violations of environmental regulations in 2024, we remain vigilant to ensure any future violations are corrected in accordance with relevant laws and regulations.

SK Networks is committed to thorough management of legal risk by evaluating compliance with environmental regulations and verifying that corrective actions are appropriately implemented.

Waste Control

SK Networks recognizes the proper disposal and reduction of waste as important tasks for environmental protection and resource circulation. We practice systematic waste management in accordance with relevant laws and regulations. Waste generated at our facilities is categorized as either general or designated waste. Depending on its characteristics and hazard level, each type of waste is handled by licensed contractors. Special controls are used throughout the storage, transport, and treatment of designated waste to minimize its impact on people and the environment. All records are registered with the Ministry of Environment's All-Baro waste management system to ensure transparency and traceability.

In addition, we regularly monitor waste generation, analyze its causes, and implement reduction measures. In our offices, we educate employees and conduct campaigns on waste separation to conserve resources. Some of our sites also sort recyclable materials separately to promote resource circulation. Going forward, we plan to continue implementing policies that minimize environmental impact, including reducing waste, recycling, and preventing illegal disposal.

2024 Environmental Compliance Evaluation

Provisions considered in the 2024 environmental compliance evaluation	Checklist	Result
Article 15 of the Wastes Control Act (Cooperation, etc. of Household Waste Dischargers in Treatment)	Install facilities for storing domestic waste; separate domestic waste from industrial waste by type and characteristics.	Compliant
Article 15-2(Obligations, etc. of Persons Discharging Food Wastes)	Report plans to reduce and ensure proper disposal of food waste in accordance with local ordinances.	Compliant
	Report consignment processing contracts for using external waste processing services.	Compliant
Article 12 of the Act on the Promotion of Saving and Recycling of Resources(Waste Charges)	Calculate and pay waste disposal fees for manufacturers (manufacturers of products containing plastics (synthetic resins), private label manufacturers, and importers)	Compliant
Article 16 of the Act on the Promotion of Saving and Recycling of Resources(Obligation of Manufacturers to Recycle)	Mandatory remanufacturers(tires, imported car parts, and PB parts with synthetic composite films)	Compliant
Article 16-4 of the Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles(Duty of Distributors of Electrical and Electronic Equipment to Collect, Transfer, etc.)	Join the e-circulation governance(December 23, 2022); collect on consignment(information and communication equipment distributors and retailers)	Compliant
Article 16-8 of the Environmental Technology and Industry Support Act	Prepare and disclose environmental information (June 30 each year)	Compliant

BUSINESS CASE

ICT & MINTIT

Recycling Used Mobile Phones

SK Networks is transforming into a sustainable resource circulation business. We promote the reuse of ICT resources and is developing a system for a circular economy. SK Networks has established a system that delays the disposal of post-consumer products by reusing them as products, parts, or raw materials, promoting the efficient use of resources.

As the largest distributor of mobile communication devices in Korea, we provide the Ministry of Environment and the Korea Environment Corporation with transparent sales data in accordance with the Act on Circulation of Electrical and Electronic Equipment and Vehicles. We also pay the relevant charges as part of our obligation to collect post-consumer products. We are also committed to developing and operating recycling systems that facilitate a circular economy. Our efforts focus on minimizing waste generation from handling hazardous substances and preventing pollution through resource circulation.

Since 2023, MINTIT has been participating the Ministry of Environment's Used Mobile Phone Campaign, which awards Net Zero Practice Points when used mobile phones are returned. This initiative encourages the public to play a role in achieving carbon neutrality. Through this initiative, MINTIT collected 25.35 tons of used mobile phones by the end of 2024, which significantly contributed to activating the ICT device recycling ecosystem.

Looking ahead, MINTIT plans to expand its green resource cycling business to include various IT devices, such as laptops and tablets, by offering ITAD(IT asset disposal) services. This will help drive the adoption of a sustainable circular economy.

BUSINESS CASE

SK Networks Service

Recycling Used Home Appliances

SK Networks Service promotes resource circulation by systematically recycling and recovering waste materials.
We recycle various used home appliances and discarded resources by dismantling and sorting small and medium-sized appliances to produce and sell high-quality plastic flakes. In addition, equipment and devices that have reached the end of their service life are collected, classified into scrap metal and non-ferrous metals, and sold, thereby preventing illegal disposal and ensuring proper recycling in advance.
Notably, its advanced processes and rigorous quality control ensure high-quality plastic flakes with over 99% purity, including various types such as ABS, POM, PC, and PP, thereby maximizing resource recovery efficiency.
In 2024, we collected waste assets from SK Shieldus and KD Navien, recovering 473 tons of iron, 65 tons of copper, and 4 tons of aluminum. These efforts resulted in a 99.14% recycling rate and generated KRW 120 million in social value.

SK Networks Service Recycling Process

Process	❶ Raw material collection/transportation ❷ Disassembly/sorting ❸ Peeling/crushing ❹ Classification ❺ Packaging ❻ Shipping
Products handled	• Small/medium-sized home appliances • ICT devices • Franchise equipment
Valuables	• Plastic flakes • PCB • Aluminum • Copper • Scrap metal • Secondary batteries

Recycling Rate Based on Collection Volume

2022	2023	2024
91%	97.96%	**99.14%**

Resource Circulation Center(outside)

Resource Circulation Center(inside)

SK SpeedMate

Distributing ECO Parts for Imported Cars

As part of its efforts to create a resource circulation ecosystem in the automotive parts market, SK SpeedMate has launched an ECO parts distribution business for imported cars.
Selecting and reusing undamaged parts from wrecked vehicles promotes resource recycling, reduces the consumption of raw materials, and minimizes waste. This initiative offers substantial value to various stakeholders. For example, indemnity insurance companies benefit from improved loss ratios, and customers benefit from financial savings.
SK SpeedMate has established the infrastructure necessary to commercialize imported vehicle ECO parts and signed memorandums of understanding with major insurance companies in Korea regarding the supply of imported car ECO parts, taking the lead in establishing an eco-friendly parts recycling system. In 2022, SK SpeedMate secured 53 types of ECO parts for various imported car models and plans to continuously expand its product lineup.

Imported Car ECO Parts Business Model

ECO parts

- Indemnity insurance companies (loss ratio check)
- SK Networks (ESG management)
- Customers (Reduced premiums)

Sales Performance and Plans for Imported Car ECO Parts

(Unit: number of parts)

Part	Result		Plan		
	2023	2024	2025	2027	2030
Front fender	4	54	65	78	94
Headlamp	0	144	173	208	250
Front bumper cover	12	67	80	96	115
Rear bumper cover	0	45	54	65	78
Bonnet	4	23	28	34	41
Trunk panel	0	2	2	2	2
Rear door	0	8	10	12	14
Front door	4	10	12	14	17

Walkerhill

Zero Plastics and Minimal Packaging | PACT Reduction Roadmap

In 2021, the Walkerhill Hotel & Resort joined PACT(Plastic ACTion), a global initiative led by the World Wide Fund for Nature(WWF) that aims to efficiently reduce plastic use. To this end, Walkerhill has established a plastic reduction declaration and action plans.

Walkerhill has committed to replacing all plastic products used in its hotel rooms with eco-friendly alternatives by 2030. As of 2024, we have achieved an 80% conversion rate. Guest amenities such as cups, toothbrushes, and combs have been replaced with biodegradable bamboo and cornstarch materials. To reduce single-use plastic consumption, shampoo and lotion are now provided in larger 300 ml and 500 ml containers. In addition, the hotel is making green purchases across its operations to achieve substantial reductions. In 2024, for example, Walkerhill purchased 13.36 tons of eco-friendly materials, such as bamboo and corn starch, for guest amenities and complimentary items. The hotel also purchased 4.57 tons of biodegradable packaging films, significantly reducing the use of virgin plastic.

Zero Waste | ZWTL Certification

Walkerhill has been steadily implementing eco-friendly initiatives centered on waste reduction and resource circulation to support sustainable hotel operations. As part of these efforts, the hotel obtained the "Zero Waste to Landfill(ZWTL)" certification from UL. Across all business areas, including guest rooms and restaurants, Walkerhill minimizes the use of single-use items and plastics. In addition, it has introduced unique eco-friendly services, such as operating Korea's first vegan concept room. The GO GREEN campaign aims to replace single-use items with reusable alternatives and reduce the environmental impact of packaging materials by making them lighter, standardizing them, and expanding their use in product and food and beverage packaging. To promote waste recycling, the hotel has installed food waste processors. These processors have reduced food waste by 12.6 tons in 2024, 1.01% less than the previous year. This reduction has contributed significantly to the achievement of ZWTL certification. As part of its commitment to resource circulation, Walkerhill has partnered with the sustainable brand "I'm eco" to produce and sell eco-friendly umbrellas made from recycled plastic. Used PET bottles collected from guest rooms and the club lounge and bar undergo an upcycling process to be turned into umbrellas. Each umbrella is made from approximately 13 PET bottles, equivalent to reducing carbon emissions by 300 grams compared to conventional umbrellas. In 2024, 174 umbrellas were sold, translating to the recycling of 2,262 PET bottles and the reduction of greenhouse gas emissions by 0.052 tons. Sales in 2025 rose to 187 by the end of March, demonstrating the hotel's commitment to resource circulation through expanding eco-friendly product distribution.

Green Hotel Strategy

Net Zero 2040	Zero Waste	Energy Saving
• Reduce greenhouse gas emissions by 42% by 2031 • Achieve Net Zero by 2040 • Achieve EV100 by 2030	• The first hotel in Korea to obtain UL's Zero Waste to Landfill(ZWTL) certification – Achieve 94% waste recycling rate • General waste → Solid fuel • Used cooking oil → Bio diesel • Food waste → Microbial treatment • Used PET bottles → Recycled into PET bottles, umbrellas, etc.	• Reduce water consumption by 73,000 tons with graywater facilities • Use renewable energy • Save water | Earth Hour Campaign • Promote water and energy conservation campaigns for customers and employees(green cards, water-saving equipment, water conservation posters, etc.)

Waste Reduction[1]

Category	Type	Examples	Reduction method	Purchased(tons)			Replaced/reduced(%)		
				2022	2023	2024	2023	2027	2030
Packaging	Films/ plastics	Small bags for customers	Bags replaced with biodegradable material	0.14	0.09	0.05	100	100	100
		Bread wrapper		4.55	4.50	4.52	0	52	100
		Air caps	Film size 50cmX50cm	18 rolls	9 rolls	37 rolls	0	50	100
Product	Other plastics	Take-out cups	HOT → Bamboo Iced → PLA[2]	3.84	3.13	3.07	100	100	100
		Lids		2.10	0.51	1.39	100	100	100
		Toothbrushes(10g each)	Replaced with corn starch material and replaced with stone paper for packaging	1.26	1.75	0.45	100	100	100
		Combs(10g each)	Replaced with corn starch material	0.55	0.50	4.40	100	100	100

Walkerhill's ESG Journey

1. Eco-friendly travel powered by digital technology	2. Zero plastic, eco stay	3. Eco-friendly vehicles
Walkerhill uses digital technologies throughout its operations to minimize paper use.	To discourage the use of plastic items in guest rooms, Walkerhill provides eco-friendly and biodegradable products.	Since joining EV100 in October 2021, the hotel has replaced all hotel shuttles with electric vehicles and installed electric vehicle chargers.
4. Dining for the environment and society	**5. Eco-friendly activities and programs**	**6. ESG products and gift sets**
Glass cups, silicone coasters, biodegradable containers, and eco-friendly packaging materials are used in restaurants and other facilities. Efforts are made to offer eco-friendly food options such as vegan menus and local foods, and to promote shared growth with the local community.	Get involved in ESG activities for the environment and the planet with the Walkees. Walkerhill is introducing eco-friendly programs in collaboration with ESG partners.	Bring back memories of your trip with Walkerhill's Go Green items. Visit Walkerhill Store and Le Passage to find a range of products for your eco-life, from items made from recycled plastics and eco-friendly products to Blue Food[3] gift sets.

1) 2022~2023년 data corrected due to a labeling error
2) Polylactide, a biodegradable resin made primarily from plants such as corn and sugarcane
3) Healthy seafood that contributes to the conservation of sustainable marine ecosystems

SK Magic

Reducing Plastic Use

SK Magic is part of Plastic ACTion(PACT), a global initiative launched by the World Wide Fund for Nature(WWF) in 2022 to reduce plastic waste. In line with PACT's vision of "No Plastic in Nature," SK Magic aims to convert 70% of total plastic consumption to sustainable materials, including post-consumer recycled(PCR) plastics and plant-based products, by 2040. As of 2024, we have converted 4% of its total plastic consumption to PCR plastics. SK Magic is committed to reducing its use of virgin plastic further by promoting sustainable plastic use through research and development.

PACT - PCR Plastic Targets

(Unit: %)

Item		2024	2030	2040
PCR Plastic Usage Rate[1]	Target	11	21	70
	Actual	4	-	-

Plastic Consumption

(Unit: Tons)

Category		2022	2023	2024
Total		5,930	4,522	3,847
ABS[2]		3,361	2,930	2,670
	General	2,760	2,636	2,571
	PCR[3]	601	294	99
PP[4]		708	696	383
	General	584	561	343
	PCR	124	135	40
Other		1,861	896	794

Efforts to Use Recycled Materials

Launched by SK Magic in 2021-2022, the Green Collection is an eco-friendly product line made from recycled plastic. Green Collection products use PCR resin for both the interior and exterior. Products in the Green Collection, such as the All Clean Air Purifier and the Eco Mini Water Purifier, are available in various colors. The All Clean Air Purifier is made from 99.5% PCR resin, while the Eco Mini Water Purifier is made from 64.4%.

The Green Collection represents SK Magic's groundbreaking innovation that promotes resource circulation and facilitates eco-friendly consumption in electrical and electronic markets by exploring the use of recycled materials. SK Magic is committed to researching and developing sustainable materials to promote green product sales and consumption and contribute to resource circulation.

Sales Share of PCR Products by Year

(Unit: Products)

Product	Category	2022	2023	2024
Water purifiers	Total sales	334,448	326,500	368,099
	PCR product sales	10,798	14,769	10,400
	PCR product sales share	3%	5%	3%
Air purifiers	Total sales	83,402	79,000	51,843
	PCR product sales	55,537	41,859	16,822
	PCR product sales share	67%	53%	32%
Bidets	Total sales	83,402	79,000	84,751
	PCR product sales	18,555	43,256	56,792
	PCR product sales share	22%	55%	67%

Product Downsizing and Reduction in Plastic Use

SK Magic prioritizes user convenience and resource conservation in its product design. We have focused on developing compact water purifiers that use fewer raw materials while improving performance and space efficiency. In 2015, SK Magic became the first to introduce a tankless water purifier, reducing the volume by 41% compared to existing products. Since then, continuous research and development has led to further improvements in performance and product downsizing. In 2024, SK Magic launched the smallest water purifier with a high-temperature water extraction function on the market. Despite its small size, this ultra-compact tankless water purifier excels in performance, hygiene, and energy efficiency, as evidenced by its enormous popularity among customers.

SK Magic will continue to improve resource efficiency through structural innovation in its products.

Changes in Water Purifier Size

(Unit: %)

1) Based on the total plastic usage
2) Acrylonitrile Butadiene Styrene: A high-performance plastic with excellent heat and impact resistance
3) Post-Consumer Recycled: Plastic recycled from consumer-used waste and reused as raw material
4) Polypropylene: A crystalline polyolefin plastic that is difficult to recycle

SK Magic

Product Collection Program

SK Magic has established a resource circulation system that encompasses the entire product lifecycle. Through this system, we collect and recycles post-consumer products free of charge.

Our certified refurbished product program aims to extend the lifespan of products used for less than 48 months and those returned due to buyer's remorse, offering customers the same level of performance as new products. These products undergo a process that replaces key internal and external components with brand new parts, as well as rigorous hygiene and performance tests. All refurbished products come with the same quality warranty and service as new products.

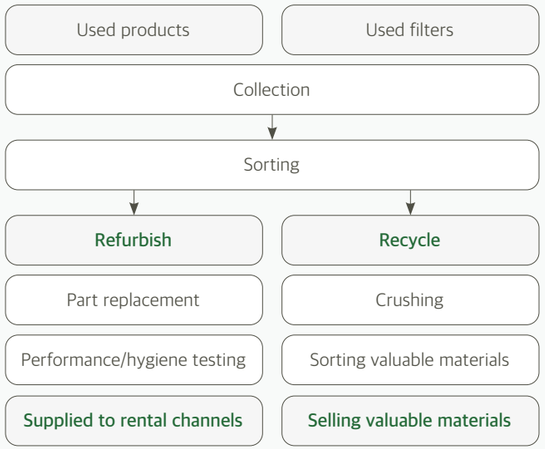
Products not eligible for refurbishment are recycled. At SK Magic Hwaseong Recycling Center, these products are dissembled, crushed, and cleaned to recover and extract recyclable and valuable materials such as plastics and metals. These resources are then used as raw materials in various industries, including SK Magic's own products.

Waste Management and Recycling

SK Magic disposes of waste in accordance with the Wastes Control Act. We make thorough efforts to prevent the discharge of hazardous substances and improve recycling rates. The Hwaseong Campus, where SK Magic products are manufactured, is particularly committed to upgrading its environmental facilities to reduce waste discharge and facilitate recycling through effective sorting. The campus has maintained a waste recycling rate above 96% for the past three years and received UL Solutions' Zero Waste to Landfill(ZWTL) Gold rating in both 2022 and 2023.

SK Magic aims to achieve a 100% recycling rate by 2040. To this end, SK Magic plans to reduce waste generation further and upgrade its management systems to increase the recycling rate.

Product Collection Process



Product and Filter Collection and Recycling

Category		Unit	2022	2023	2024
Items collected	Products	EA	345,499	284,993	319,259
	Filters[1]	Tons	2,941	3,743	3,629
Refurbished	Water purifiers	Tons	-	-	3,608
R-feed[2] production	Plastics	Tons	2,521	1,276	2,197
	Metals	Tons	2,065	1,928	2,375

All-Baro System Waste Disposal

Item	Unit	2022	2023	2024
Waste generation	Tons	3,582	3,495	2,816
Effective Recycling[3]	%	97	96	100

1) Weight including debris and moisture.
2) Recycled feedstock.
3) Based on the final recycling performance, not on the reported amount of separated waste discharge, and includes performance related to solid refuse fuel(SRF).

Risk Management

Environmental Management Risk Control System

Water Resources Risk Assessment

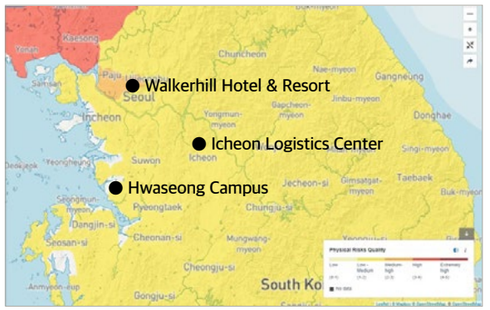
SK Networks used the WWF Risk Filter and the World Resources Institute(WRI) Water Risk Analysis tools to identify water-related risks at its major operations and strengthen its management capabilities. SK Magic Hwaseong Campus, the Icheon Logistic Center, and the Walkerhill Hotel & Resort were selected for analyis based on asset size and risk level.

The results showed that the Hwaseong Campus faces High or Medium-High levels of water stress in terms of quantity and quality. This indicates the need for risk management in its water use and discharge. Medium-High water-related risks were also observed at the Icheon Logistics Center and Walkerhill, which are particularly vulnerable to long-term drought and competition for water resources.

Based on these results, SK Networks plans to implement effective response measures, including water conservation activities and water reuse at major facilities.

Physical Risks - Quantity

Physical Risks - Quality



Regulatory and Reputational Risk

(Source: WRI Water Risk Atlas)

Comprehensive Water Risk Assessment

Category	Site		
	Hwaseong Campus (High Risk)	Icheon logistics Center	Walkerhill Hotel & Resort
Physical Risks Quantity	High	Medium-High	Medium-High
Water Stress	Medium-High	Medium-High	Medium-High
Water Depletion	Low-Medium	Low-Medium	Low-Medium
Interannual Variability	Low	Low-Medium	Low-Medium
Seasonal Variability	Low	Low-Medium	Low-Medium
Groundwater Table Decline	Insignificant Trend	Insignificant Trend	Insignificant Trend
Riverine Flood Risk	Low-Medium	Low	Low
Coastal Flood Risk	Medium-High	Low	Low
Drought Risk	Medium	Low-Medium	Low-Medium
Physical Risks Quality	Low-Medium	Low-Medium	Low-Medium
Untreated Connected Wastewater	Low-Medium	Low-Medium	Low-Medium
Coastal Eutrophication Potential	Extremely High	Extremely High	Extremely High
Regulatory and Reputational Risk	Low	Low	Low
Unimproved/No Drinking Water	Low	Low	Low
Unimproved/No Sanitation Peak	Low	Low	Low
RepRisk Country ESG Risk Index	Low-Medium	Low-Medium	Low-Medium
Overall Water Risk	Low-Medium	Low-Medium	Low-Medium

Water Basin Risk Assessment

Category	Site															
	Hwaseong Campus(High Risk)					Icheon logistics Center					Walkerhill Hotel & Resort					
Basin Physical Risk			36					32					33			
Water Availability			32			1.6					16					
Drought				45					40					40		
Flooding		25							40					40		
Water Quality			39					33					34			
Ecosystem Services Status		27						30					30			
Basin Regulatory Risk	16					16					16					
Enabling Environment		20					20					20				
Institutions and Governance	15					15					15					
Management Instruments	16					16					16					
WASH Infrastructure	10					10					10					
Basic Reputational Risk		28					24					27				
Environmental Factors			36				28						34			
Socioeconomic Factors	17					17					17					
Additional Reputational Factors		26					26						38			
Overall		28					24					27				

Water Operation Risk Assessment

Category	Site				
	Walkerhill Hotel & Resort				
Operational Physical Risk			33		
Water Scarcity			36		
Water Quality		28			
Operational Regulatory and Governance Risk	15				
Enabling Environment	16				
Institutions and Governance	10				
Operational Reputational Risk		27			
Media monitoring	10				
Disputes			37		

Environmental Management Risk Management System

Water Resources Management

SK Networks has developed a structured water resources management strategy to promote the responsible use and efficient management of water resources. We regularly measure and analyze our water consumption to prevent excessive use. In our major operations, we use water-saving equipment, such as water-saving devices and sensor-activated faucets, to reduce water consumption. We focus particularly on regularly checking for leaks and maintaining facilities to minimize unnecessary losses, as well as analyzing water usage patterns to inform equipment improvements and replacements for long-term water savings.

Wastewater treatment practices strictly adhere to the water quality standards set forth in relevant laws and regulations. Wastewater undergoes proper pretreatment before being treated safely through contracted services. Some of our facilities have systems that collect and reuse less polluted wastewater for cleaning and toilets. Looking ahead, we plan to explore other options, such as using rainwater and introducing graywater reuse systems.

SK Networks strives to preserve water resources and ensure their efficient use. To this end, we enhance our water resource management standards and proactively respond to drought and other water risks caused by climate change. We do so by establishing water conservation targets, conducting water resource risk assessments, and launching water-saving campaigns for employees.

Air/Water Pollutant Control

Due to the nature of its primary business sectors, SK Networks releases minimal amounts of air and water pollutants that are fully within legal regulatory standards. Nevertheless, we regularly monitor emission levels and maintain a monitoring system to proactively respond to changes in the external environment, such as future increases in emissions or stricter legal standards.

SK Networks recognizes its responsibility for environmental management and will introduce relevant controls if air or water pollutant emissions become significant due to business expansion or changes in operational environments.

BUSINESS CASE

SK Magic

Waterless ICT Testing Facilities and Water Use Reduction

SK Magic is committed to eco-friendly manufacturing. To this end, we have introduced cutting-edge equipment to reduce water consumption in the production process. Since 2022, SK Magic has been gradually introducing Waterless ICT inspection equipment to its water purifier production lines at the Hwaseong Campus, and has completed implementation on 2 out of 3 total production lines. Through the use of this Waterless ICT equipment, approximately 600 tons of water are saved annually. Going forward, SK Magic plans to continue reducing water consumption in the production process by expanding the use of Waterless ICT systems.

Investments in Water Conservation Equipment

(Unit: KRW million)

Category	2022	2023	2024
Graywater facilities	3.25	0.03	0.02
Waterless ICT	3.30(1 line)	4.03	-

Graywater Facilities for Water Reuse

SK Magic is committed to the sustainable use of water resources by reusing wastewater and improving water quality. At its Hwaseong Campus, graywater facilities reuse wastewater from research, development, and manufacturing processes. Relatively less-polluted wastewater from processes such as water purifier filtration and water discharge testing is collected by this system and undergoes purification through an RO[2)] system consisting of a dissolved air flotator, carbon filters, microfilters, and membrane filters. The purified water is converted into high-purity recycled water for various non-potable uses, including product testing, flushing toilets, and cleaning. In 2024, approximately 56% of the 2,298 tons of wastewater generated at the Hwaseong Campus, or 1,291 tons, was recycled, significantly reducing total water consumption.

1) Reverse Osmosis

Air/Water Pollutant Control

SK Magic maintains internal air and water pollutant control standards that are more stringent than the legal requirements to ensure its emissions remain below the permitted levels and to guarantee compliance throughout its production operations. These standards are 10% lower than the limits specified in the Water Environment Conservation Act and the Clean Air Conservation Act and are strictly enforced. Thorough maintenance and facility management practices prevent excessive air and water pollutant emissions from equipment malfunctions.

Air Pollutant Emissions

(Unit: Tons)

Category	2022	2023	2024
Annual Dust Emissions	0.33	0.54	0.11
Annual BOD Emissions	0.01	0.56	0.50

SK Magic Water Consumption and Reuse

Category	Unit	2022	2023	2024
Total intake	Tons	52,429	55,237	45,888
Waterworks	Tons	25,280	55,237	45,888
Groundwater	Tons	27,149	0	0
Water reuse	Tons	811	1,008	1,291
Reuse rate	%	1.52	1.79	2.74

※ Data for 2022 and 2023 have been corrected due to reporting errors

Walkerhill Hotel & Resort

Water Conservation and Reuse

The Walkerhill Hotel and Resort promotes efficient water use throughout its operations by reducing consumption and encouraging reuse. At Walkerhill, wastewater from the pool and spa is fed into a graywater system for reuse, helping reduce overall water consumption. In 2024, the graywater system contributed to a 73,000-ton annual reduction in water consumption. The hotel aims to further expand the use of graywater in 2025 and achieve an annual water-saving target of 80,000 tons. Other highlights of its water resources management include water-saving devices and posters, as well as water and energy conservation campaigns for customers and employees.

NEW ECO-FRIENDLY TECHNOLOGY - Governance

Role and Responsibilities of New Eco-friendly Technology Investment Governance

Role of the Board of Directors

The Board of Directors sets strategic directions for investments in new green technologies and makes final decisions on large-scale investment proposals. The Board of Directors also works with the Investment Committee to ensure structured decision-making driven by ESG value.

Investment Committee

The Investment Committee at SK Networks deliberates on the appropriateness, feasibility, economic viability, and risks of new investment, divestiture, and other major corporate governance changes. For investments requiring board approval, the board approval process follows.

When evaluating potential investees, the committee employs internal carbon pricing and an ESG risk checklist to enhance the monitoring of ESG aspects.

Working-Level Investment Council

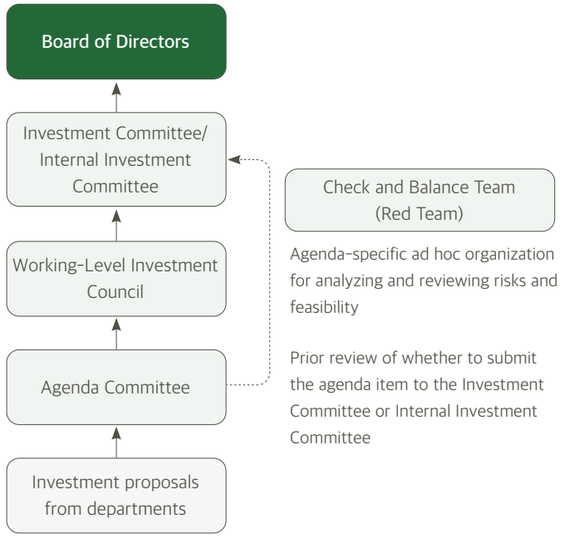
Before the Investment Committee makes a final decision, the Working-Level Investment Council reviews risks and opportunities in terms of the business environment, finance, legal issues, and ESG and informs the Investment Committee of its findings. For investments in green technologies in particular, business and investment organizations collaborate with the Sustainability Management Division to conduct due diligence before making an investment.

Internal Investment Committee

The Internal Investment Committee reviews and approves new strategic investments of up to KRW 3 billion proposed by the AI Portfolio Innovation Division. The committee also considers additional investments in existing projects based on their total investment amount. The committee consists of the AI Divisional Group Leader, the AI Portfolio Innovation Divisional Group Leader, the Global Investment Group Leader, and two reviewers who were not involved in previous reviews. This ensures the committee can make an informed judgment about the appropriateness of investments using its independence and expertise.

The Internal Investment Committee has established a structure for swift yet responsible decision making. Requiring a two-thirds quorum and a two-thirds majority of members present ensures that investment proposals are considered for their feasibility and validity from various perspectives. This structure enables SK Networks to remain agile in capturing promising, technology-driven investment opportunities and enhancing the innovation and competitiveness of its business portfolio.

Investment Decision-Making Process

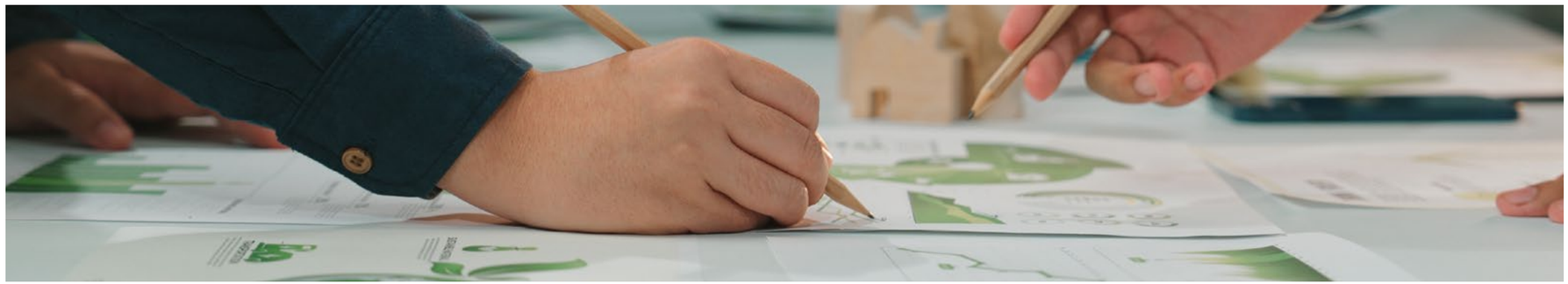


Role and Responsibilities of New Eco-friendly Technology R&D Governance

Dedicated R&D Organization

SK Magic operates a dedicated research and development organization to strengthen product technology competitiveness and improve quality. At the Hwaseong Campus R&D Office, we drive sustainable technology research and innovative product development by exploring alternative materials, optimizing structural designs, and enhancing energy efficiency. In addition, its certified testing facility, the Environmental Analysis Center, conducts water quality analysis and filter research to secure optimal water purification technology and ensure clean and healthy water for customers.

At MINTIT, the system division is led by a dedicated R&D organization engaged in Vision AI development projects to strengthen AI-based technological capabilities. These efforts demonstrate our commitment to advancing automation technologies, such as device recognition and status diagnosis.



Strategy

New Eco-friendly Technology Investment and R&D

Investments in New Eco-friendly Tech-Companies

SK Networks makes strategic investments in green technology companies to respond to future environmental changes and achieve sustainable growth. We invest in businesses that provide solutions to various issues, such as AI, data, and the energy transition, focusing primarily on technological capabilities that address environmental issues. This enables us to create environmental value and explore new business opportunities. These investments align with SK Networks' ESG management strategy and contribute to the long-term development of our sustainable portfolio.

Investing in Green Facilities

SK Networks analyzes the evolving industrial landscape, which is shaped by climate change, to identify opportunities and risks and assess their potential impact on the company. We invest in green equipment for our existing businesses to pursue sustainable management. To innovate our business model, we invest in and develop cutting-edge technologies, such as environmental solutions, AI, and Web3, which are essential tools for global greenhouse gas mitigation and Net Zero.

Investments in New Green Technology

Region	Year	Target	Profile	Amount
Korea	2024	Upstage	• A tailored solution provider powered by generative AI	Approx. KRW 25 billion
	2022	Everon	• One of the Top 3 Domestic EV Slow Charger Operators	Approx. KRW 10 billion
	2022	STraffic	• The largest private rapid charger operator in Korea	Approx. KRW 70 billion
Overseas	2025	Sabanto	• A solution developer for unmanned tractor automation	US 0.7M
	2024	MycoWorks	• A producer of eco-friendly alternative leather using mushroom mycelium	US 4M
	2024	SBVA	• A global VC investing in companies leading future industries such as AI and robotics	Approx. KRW 120 billion
	2024	HF0 Fund V	• An accelerator that discovers and nurtures promising AI companies	US 1M
	2023	Source.ag	• An AI smart farm solution company	US 2M
	2022	MycoWorks	• A producer of eco-friendly alternative leather using mushroom mycelium	US 20M
	2022	Sabanto	• A solution developer for unmanned tractor automation	US 4M

Investment in Green Facilities

Company	2023	2024
SK Magic	• Waterless ICT inspection equipment(KRW 403 million) • Graywater facility maintenance(KRW 3 million)	• Graywater facility maintenance(KRW 2 million)
SK Networks Service	-	• A 740kW solar power plant(KRW 820 million)
Walkerhill	• Fuel conversion(steam to electric equipment)/ One villa and water purification plant(KRW 300 million) • Replacement of outdated equipment/ Two air conditioners and one freezer(KRW 500 million)	• Transition to electric EHP/Individual heating for the water purification plant and chiller installation for the Matthew building • Replacement of outdated equipment/ Three air conditioner inverters
SK SpeedMate	• LED lighting replacement(energy efficiency)	• LED lighting replacement(energy efficiency)

Research and Development

In 2024, SK Magic invested 2% of its total sales in research and development. The company plans to expand its R&D personnel and invest in health and sustainable technologies.

R&D Expenses (Unit: KRW million)

	Account	2022	2023	2024
SK Magic[1]	Total R&D expenses[2]	16,065	14,623	16,923
	R&D expense/ sales ratio[3]	1.90%	1.70%	2.00%
MINTIT	R&D expenses	1,304	4,200	1,016

1) As reported in the 2024 Business Report.
2) The sum of the current development expenses in the SG&A account on the consolidated income statement and the research and development expenses in the manufacturing statement; including labor costs for research and development personnel(based on continuing operations, excluding discontinued operations).
3) R&D expenses / Current sales × 100

Intellectual Property Rights (As of December 2024, Unit: cases)

	Type	2024
SK Magic	Patents	208
	Designs	72
	Trademarks	300
MINTIT	Patents	23
	Trademarks	18

Strategy

New Eco-friendly Technology Investment and R&D

Renewable Energy and Water

Expansion of Renewable Power Plant Facilities - SK Networks Service is taking a multifaceted approach to green business expansion. In 2022, we invested KRW 1.25 billion to install a 996 kW solar power plant in the SK Networks Capital Region Logistics Center(Habit Solar Power 1), which was subsequently sold off at the end of 2024. In August 2024, we invested KRW 820 million in the IDEUNTECH site in Busan to build a 740 kW solar power plant.
SK Magic Hwaseong Campus installed 70 kW solar panels in 2021, and the ICT Marketing Division's logistics center installed 2 MW solar panels in 2022, further expanding the use of renewable energy. At Walkerhill Hotel & Resort, solar panels with a capacity of 30 kW are in operation, including existing solar panels installed in the parking tower. Through these efforts, SK Networks produced 2,696 MWh of renewable energy and reduced greenhouse gas emissions by 1,239 tCO_2eq. in 2024.

Solar Panel Installations (As of December 2024)

SK Networks Service	ICT Marketing Division
1.74 MW	2 MW

Water Resources Monitoring and Investment in Recycling Facilities
SK Networks regularly measures and monitors water consumption at its major operations to conserve water resources. This allows for continuous data collection and analysis to devise optimal water management plans. In addition, efforts are made to improve technology and operations to maximize water use efficiency.
Walkerhill has developed a detailed plan to build a graywater system to promote water recycling. To achieve this, they will introduce cutting-edge graywater treatment technologies and improve the efficiency of facility operations. These efforts will enable the supply of high-quality recycled water and maintain operational stability. Currently, the graywater system has a capacity of 200 tons per day. Plans are in place to expand the system and increase its capacity to 260 tons per day by 2025.

Busan Solar Power Plant

EV Transition

Expansion of the EV Ecosystem - As part of its strategy to accelerate the transition to electric vehicles, SK Networks is taking the initiative in eco-friendly mobility infrastructure through its EV charging solution specialist, SK Electlink. SK Electlink aims to enhance accessibility to electric vehicle charging infrastructure in urban areas and communities by providing integrated solutions, including charging station installation and operation, as well as user-friendly charging platform services. Through these efforts, SK Networks is contributing to the transition toward a carbon-neutral society, pursuing sustainable growth, and improving customer convenience while laying the foundation for future mobility.

Expansion of EV Charging Infrastructure - SK Networks Service provides maintenance services for electric vehicle chargers, improving the infrastructure for eco-friendly electric vehicles. Founded in 2022 with charging infrastructure maintenance services by everon, we are further advancing and expanding its business. In 2024, SK Networks Service partnered with SK Electlink to install and maintain chargers. In December of that year, we conducted a pilot charger operation project for SK Signet. We have expanded its electric vehicle charger inspection and maintenance services to include Shinsegae I&C, Klin Elex, ModernTec, and D'live, achieving total sales of KRW 1.6 billion. SK Networks Service aims to continue expanding this business to improve electric vehicle charging infrastructure and contribute to the widespread adoption of eco-friendly mobility.

Strategic Investment to Expand EV Charging Infrastructure - In 2022, SK Networks invested KRW 10 billion in everon, a leading slow-charging station operator in Korea, to expand its electric vehicle charging infrastructure. As of February 2025, everon operates a network of 45,000 public chargers nationwide. This investment was a strategic decision by SK Networks to strengthen its mobility business and advance its ESG management. The investment is expected to create synergies with SK Networks Service and SK SpeedMate, contributing to the development of an eco-friendly mobility ecosystem.

Electric Vehicle Charging

Strategy

New Eco-friendly Technology Investment and R&D

AI Technology and System Development

Indirect Investment in AI-Powered Green Tech-Companies

SK Networks is exploring strategic partnership opportunities through indirect investments in promising AI companies to accelerate eco-friendly business innovation powered by AI technology.

First, the SBVA AI Fund serves as the groundwork for collaboration with startups that develop sustainable solutions using AI technology. In the long term, we aim to establish a strategic partnership system for SK Networks' transition into an AI company.

In addition, we plan to invest in HF0 Fund V, a global seed fund, to secure opportunities to co-invest in promising startups and introduce HF0's residency model to Korea's startup ecosystem.

Investment in AI-Powered Eco-Friendly Agricultural Technology

In 2023, SK Networks invested $2 million in Source.ag, a developer of AI-based greenhouse automation solutions. Source.ag is a leader in agricultural innovation and works in partnership with a global indoor agriculture technology company. The AI Division made the investment in recognition of the smart farming market's strong growth potential and Source.ag's proven capability to advance sustainability in the agricultural sector.

Investment in Autonomous Driving Technology for Agriculture

SK Networks is paying close attention to changes and technological innovations in the agricultural machinery market, which is expected to reach approximately $200 billion. In this regard, we invested in Sabanto, a tractor automation technology company based in Illinois, in 2022. This was followed by a second-round investment and a separate agreement in April 2025. Sabanto is expanding its market presence rapidly by launching autonomous tractor kits and establishing partnerships with various industrial players. SK Networks plans to enter into another agreement with Sabanto to pursue AI- and data-driven collaboration, secure priority negotiation rights for market entry in Korea, and support its U.S. operations.

Investment in AI Solution Development - SK Networks is a supporter of Upstage, a company dedicated to AI-powered workplace innovation and mid- to long-term carbon reduction. Upstage uses AI-based optical character recognition(OCR) technology to create paperless digital transformation(DX) initiatives. Upstage also develops company-specific private LLMs[1)] to minimize unnecessary resource waste and provide optimized, tailored solutions. Developing lightweight AI models capable of high performance with minimal computational resources reduces energy consumption associated with AI use and creates an eco-friendly IT environment. In the era of digital transformation, SK Networks is shaping a sustainable future through AI efficiency.

1) Large language models that can only be used within the corporate intranet.

Resource Circulation and Sustainable Products

Recycling Used Mobile Phones - MINTIT, an ICT recycling specialist from SK Networks, is working to promote the recycling of used mobile phones. Its unmanned kiosk system, MINTIT ATM, allows users to trade in their phones quickly and easily without having to speak with a store representative, thereby shaping a new culture of phone trading. Equipped with personal information destruction technology and AI-based valuation technology, the system enables MINTIT to expand its business scope beyond used mobile phones to IT asset disposition(ITAD) and eco-friendly resource recycling.

SK Networks plans to expand its eco-friendly resource circulation business model by installing "MINTIT ATMs" in global markets. In 2024, we handed over collected mobile phones to the E-Circulation Governance program, resulting in the resource recovery of a total of 25,346 kilograms of raw materials such as gold and palladium.

MINTIT ATM

Investment in an Alternative Leather Producer - In 2022, SK Networks invested $20 million in MycoWorks, a producer of eco-friendly alternative leather made from mushroom mycelium. The company followed up with an additional investment of $4 million in 2024. The company plans to collaborate with MycoWorks to expand production facilities, establish sales networks, and develop new non-leather materials. Mushroom mycelium leather is gaining attention as an eco-friendly alternative because it reduces environmental pollution caused by animal farming for leather production and cuts carbon emissions and water consumption by more than 90%.

Strategy

New Eco-friendly Technology Investment and R&D

Resource Circulation and Sustainable Products

Sustainable Product R&D - SK Magic is continuously conducting research and development to minimize the environmental impact of its products, leveraging advanced research facilities and highly skilled personnel. By precisely optimizing product structures, we reduce size while enhancing performance, focusing on delivering the best user experience to customers. Compact products not only maximize space efficiency but also reduce resource consumption. In addition, the development of high-efficiency components helps minimize energy usage, enabling the realization of more sustainable solutions. SK Magic is dedicated to improving the energy efficiency of its flagship product, water purifiers. In 2015, we introduced Korea's first tankless direct water purifier, which significantly improved size, hygiene, and energy efficiency by applying an instant cooling and heating module. Since then, SK Magic has continued launching innovative designs and technologies. In 2024, we developed a new vacuum-insulated cooling module using stainless steel, which is smaller and more efficient than previous instant cooling modules. The newly launched "Ultra-Compact Direct Water Purifier," equipped with this module, achieved a 40% reduction in size, 25% less plastic use, and a 96% decrease in EPS(Expanded Polystyrene), a common insulation material. At the same time, it improved energy efficiency by 8.8% compared to the previous model(WPUA1100C).

In 2024, energy efficiency Grade 1 products accounted for 52% of SK Magic's total product sales. The company continues to invest in the development of eco-friendly technologies and the launch of innovative products. Through these efforts, SK Magic aims to contribute to environmental sustainability while providing consumers with more efficient and sustainable solutions.

The SK Magic Environmental Analysis Center, officially designated in 2019 by the Han River Basin Environmental Office under the Ministry of Environment as a "Certified Drinking Water Quality Testing Institution," conducts various water quality tests on drinking water, mineral water, groundwater, and raw water sources. In addition, the center continuously promotes hygiene-related technology and product development by analyzing water quality and hazardous substances, with the aim of providing total care solutions to customers.

In 2024, the SK Magic Environmental Analysis Center was recognized as the top-performing laboratory in the physicochemical category in the international proficiency testing program for drinking water, conducted annually by the Environmental Resource Associates(ERA), a leading U.S.-based environmental organization. The center received the highest rating of "Satisfactory" in all 17 evaluation items—including five heavy metals, four anions, five organic compounds, and three general parameters—demonstrating its world-class analytical capabilities. Since its establishment, the center has maintained the highest rating for six consecutive years and continues to build a quality management system aligned with international standards.

In South Korea, SK Magic participates in the proficiency testing program organized by the National Institute of Environmental Research. The SK Magic Environmental Analysis Center has demonstrated its expertise in microbiology by earning "compliant" ratings for six consecutive years through the accurate identification of harmful bacteria such as Salmonella, Shigella, and fecal streptococci during sample tests.

Looking ahead, SK Magic plans to further strengthen its R&D capabilities by incorporating AI technology, expanding its lineup of eco-friendly and wellness products to offer customers more advanced solutions.

SK Magic's New Patents for Clean Technology

Year	Product	ESG topic	Technology
2024	Water purifiers (WPU)	Resource saving	• Selectively operate the heaters to reach the target temperature • Reduce heater operating time by heating water in the hot water tank with high-temperature, high-pressure refrigerant • Reducing ice-making time by using heat exchange between ice-making residual water and ice-making supply water to lower the temperature of the supply water.
		Improved efficiency	• Ensure effective agitation of heat transfer medium in limited space using impeller consisting of dual propellers • Prevent overheating by adjusting flow rate and heater output in case of low water pressure • Control ice-making and de-icing time based on external air temperature
		Reduction of components	• Create a clicking sound and haptic sensation to the user by simply using the protrusions on the dial knob and the corresponding recesses
	Air purifiers (ACL)	Cleaning efficiency	• Control air flow and direction using pop-up modules according to air pollution levels • Use an UV-C LED bar to enhance the sterilization effect inside and outside the filter and sterilize the air passing through the filter and the airflow channel
		Detachable structure	• Make the side enclosures of the upper and lower cases of the two-level air purifier detachable to allow cleaning of the internal airflow channel

Proportion of Grade 1 Energy Efficiency(EER) Product Sales by Year (Unit: number of products)

Product	Category	2022	2023	2024
Water purifier, Air purifier, Bidet	Total sales volume	501,252	484,500	504,693
	EER Class 1 product sales	206,571	209,985	263,528
	EER Class 1 product sales share	41%	43%	52%

BIODIVERSITY CONSERVATION - Governance / Strategy

Roles and Responsibilities

Role of the Board of Directors

At SK Networks, the Strategy·ESG Committee of the Board of Directors considers key factors that influence decisions related to biodiversity conservation and environmental management. Specifically, the committee reviews and deliberates on environmental compliance, alternatives to existing plans, and additional capital investment requirements for large-scale investments, such as building and expanding operations, pursuing business projects, and carrying out local development through external cooperation.

Role of Management

SK Networks' management recognizes the importance of biodiversity to its sustainable growth and takes responsibility for the associated risks. When pursuing large-scale projects, such as establishing or expanding operations and regional development projects, they receive reports from relevant departments on the results of environmental impact assessments, including biodiversity aspects, mitigation measures, and compliance. They also play a supervisory role to ensure that planned measures are implemented appropriately during project execution. In addition, they receive regular reports on the progress of site-specific activities aimed at minimizing ecosystem damage and conserving biodiversity.

Role of the Dedicated Organization

The ESG Management Team drives substantial biodiversity conservation measures at SK Networks. The team reviews environmental impact assessment results to minimize its operational environmental impact and develops legal and technical measures as necessary. SK Networks is also involved in various offset measures, including programs that encourage employee participation in biodiversity conservation, ecosystem protection, and community cooperation initiatives. These programs help the company fulfill its environmental responsibility.

Directions and Principles for Biodiversity Conservation

Biodiversity Conservation Framework

SK Networks recognizes that biodiversity is a key factor in the quality of human life and is committed to conserving biodiversity across all aspects of its business. In doing so, we consider the impact on overall living environments, including food, health, safety, water resources, and air quality. Throughout the development, expansion, operation, and closure of a facility, we survey the local ecosystem, identify key species and their population densities, and establish and implement measures to minimize environmental impacts.

We also carry out various activities to support natural ecosystems, such as restoring habitats, creating alternative habitats, and protecting endangered species around our facilities and in adjacent communities. Through these efforts, we aim to prevent biodiversity loss and enhance resilience.

SK Inc. Biodiversity Policy

Commitment to Group Biodiversity Policy

SK Networks adheres to the Biodiversity Policy established by SK Inc., implementing measures for sustainable growth in accordance with its basic principles and action plans. Specifically, we are exploring ways to prevent and minimize biodiversity loss, as well as activities to restore ecosystems, with a focus on high-value ecological areas.

To this end, SK Networks is improving its internal governance and processes to ensure that biodiversity issues are considered long-term risks and opportunities for the company. Moving forward, we plan to establish institutional frameworks that incorporate these elements into future decision-making processes and strategic planning.

Biodiversity Conservation Declaration

SK Networks recognizes the importance of biodiversity and forests. Throughout our operations, we strive to minimize loss and maximize positive impacts on ecosystems. In particular, we aim for No Net Loss of biodiversity and forests, and in the long term, we seek to operate our business in a way that ensures a Net Positive Impact on natural ecosystems. To this end, we collaborate with local communities and encourage our employees to participate in ecological conservation campaigns. Through these campaigns, we identify and implement practical measures that contribute to ecosystem protection.

SK Magic has incorporated biodiversity conservation and management standards into its environmental management policy. The company does not engage in commercial development in areas that need to be preserved, such as biosphere reserves. SK Magic also refrains from activities that could harm the ecosystem, such as pollution and illegal dumping. In addition, SK Magic never develops new production facilities or factories in protected areas and takes precautionary measures to prevent disruptions to the ecosystem during the manufacturing process.

SK Networks' Approach to Biodiversity Conservation(based on the Post-2020 Global Biodiversity Framework)

Avoid	• Conduct preliminary surveys and consider potential impacts of new operations, expansion, and closure on various environmental factors such as the natural ecosystem, the atmosphere, water quality, soil, and living environments. • If negative impacts on animal and plant habitats or natural environments are identified, develop and implement mitigation measures such as reforestation and revegetation. • If located in an area of high conservation value or adjacent to a World Heritage Site, postpone the facility development or expansion plan or limit the scale of the project
Minimize	• Reduce greenhouse gas emissions in areas heavily impacted by natural capital due to the nature of the business model (installing solar panels, high-efficiency heating and cooling equipment and boilers, waterless ICT testing equipment to reduce energy and water consumption, etc.). • Develop technology-driven services to minimize environmental impact(AI-powered logistics optimization to improve vehicle loading rates and reduce unnecessary travel, power consumption analysis and prediction for energy use optimization, etc.).
Offset	• Terrestrial ecosystem: Implement activities to restore the urban ecosystem such as removing invasive species and planting seedlings; participate in activities to cultivate and plant native tree species including state-protected species; organize tree adoption programs and afforestation campaigns for employees, etc.

Strategy

Biodiversity Conservation Activities

Planting Seedlings and Removing Invasive Species

SK Networks is involved in various activities to conserve biodiversity and restore ecosystems in areas surrounding its facilities. Notable activities include regular cleanups and afforestation programs in and around Namsan Park, a national ecological and landscape conservation area, as well as Yeoui-saetgang Ecological Park, Korea's first ecological park.

In Namsan Park, SK Networks collaborates with the Seoul Metropolitan Government's Central Park and Recreation Center to remove invasive plants and improve forest environments. On April 5, 2024, 25 SK Networks employees participated in an invasive plant removal activity and donated 200 rose of Sharon trees to be planted in the park.

At Yeoui-saetgang Ecological Park, we collaborate with Han river, a social cooperative, to carry out ecological restoration activities, including creating biotopes and installing support stakes for young trees. In 2024, 113 employees participated in foundation-building work to improve wildlife habitats, while 36 MINTIT employees took part in planting seedlings and cleaning up the environment. To date, we have planted 4,000 trees. This area is renowned for its ecological significance and serves as a habitat for various birds, reptiles, and insects, including the otter, which is designated as a Natural Monument. SK Networks takes pride in making substantial contributions to preserving their habitats.

Forest for Labor-Management Happiness

SK Networks is collaborating with SK Forest on the Forest for Labor-Management Happiness Project in Mt. Indeung. As part of this group-wide initiative, each SK Group company is responsible for a Net Zero Zone, demonstrating their commitment to carbon absorption and labor-management harmony. In April 2025, Walkerhill planted 500 larch trees, which grow exuberantly and absorb carbon efficiently. Each group company is allocated approximately 0.2 hectares of the total 1.4-hectare project site to create their respective forests.

Once the forest has established, we plan to pursue structured forest management activities to help the trees proliferate and maximize carbon absorption, including grass cutting, seedlings care, and mature tree care. Looking ahead, we will also explore opportunities to earn carbon credits based on the established forest and work toward establishing a sustainable forest resource circulation model. The Forest for Labor-Management Happiness Forest by Walkerhill signifies our commitment to biodiversity conservation, climate change mitigation, and communication and harmony within the organization.

Forest for Labor-Management Happiness by Walkerhill

Guided Forest Experience

As part of the Walkee Program, Walkerhill organizes guided forest tours every weekend morning. This hands-on educational program allows participants to walk through the natural ecological space near the hotel with a forest guide who helps them closely observe and understand the ecological characteristics of various plants and animals.

This gives participants opportunities that go beyond a mere walk. Through encounters with forest creatures, participants can learn about the importance of nature and the impact of ecosystem balance on our lives. The expert guide provides detailed commentary about species rarely seen in urban areas, such as wildflowers, native trees, insects, and birds. These commentaries are specifically designed to help children and families understand the importance of biodiversity conservation.

Furthermore, Walkerhill is expanding the Walkee Program to serve as an environmental education forum for future generations. The program emphasizes raising awareness of biodiversity and aims to help children and teenagers gain a deeper understanding of the importance of environmental protection. Through experiences in the forest, the program empowers participants to grow into members of a sustainable society.

In 2024, 238 people participated in the Walkee Program. Going forward, SK Networks plans to further expand the program's scope and refine the content to uphold the value of living in harmony with nature.

Walking with Gwangjin for Earth

In April 2025, Walkerhill collaborated with the Gwangjin District of Seoul to organize a campaign celebrating Earth Day with plogging and ecological conservation activities. The plogging activity, which took place in Gwangjin Forest Park, attracted 150 people, including Walkerhill employees, Gwangjin District officials, welfare organization representatives, and local residents. The campaign also featured a booth promoting carbon neutrality and hands-on activities to raise environmental awareness.

Walking with Gwangjin for Earth

Risk Management

Biodiversity Risk Management

Biodiversity Risk Assessment Methodology

SK Networks takes a structured approach to assessing the impact of and dependency on biodiversity and natural capital. To this end, we embrace the TNFD LEAP approach and SBTN requirements to develop relevant strategies. These strategies aim to proactively identify risks related to biodiversity conservation and strengthen our natural capital management capabilities to promote sustainable growth.

Accordingly, SK Networks conducted a four-step process for its 51 sites, including directly owned and leased operations with inventories, and the head office: scope selection and risk area assessment, dependency and impact assessment, risk and opportunity assessment, and impact mitigation planning.

These assessments involved the use of various global standard tools, including ENCORE for industry-specific dependency and impact analysis, IBAT for biodiversity risk area analysis, and WWF RFS for biodiversity and water resource risk assessment. These tools analyze biodiversity risks and opportunities from different perspectives, enabling SK Networks to quantitatively and qualitatively assess industry- and site-specific dependencies and impacts.

This structured approach is a critical criterion for SK Networks' decision-making in planning environmentally impactful developments or facility operations. It also establishes a foundation for collaborating with local communities and external experts to incorporate ecosystem protection and restoration measures as needed.

TNFD LEAP Approach

Locate	Evaluate	Assess	Prepare
• Identify business model and scope • Screen dependencies and impacts • Touchpoints with nature • Touchpoints with sensitive areas	• Identify environmental assets, ecosystem services, and impact drivers • Identify dependencies and impacts • Measure dependencies and impacts • Assess the significance of impacts	• Identify risks and opportunities • Mitigate existing risks and manage risks and opportunities • Measure and prioritize risks and opportunities • Assess the significance of risks and opportunities	• Strategy and resource allocation planning • Goal setting and performance management • Reporting • Disclosure

SK Networks Natural Capital Risk Management Process

Locate	Evaluate	Assess	Prepare
Scope selection and risk area assessment	Dependency and impact assessment	Risk and opportunity assessment	Impact mitigation measures
S&P Climanomics, IBAT	ENCORE, SBTN	WWF, IBAT	

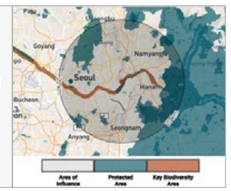
Locate

Identifying Areas with High Natural Risks

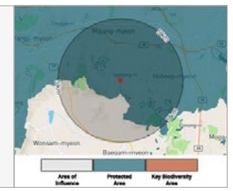
To implement structured natural risk management, SK Networks identified and assessed areas of nature-related risk. Using the Integrated Biodiversity Assessment Tool(IBAT), we calculated Species Threat Abatement and Restoration(STAR) scores, which indicate overall biodiversity (BDS), protected areas(PAs), key biodiversity areas(KBAs), and the future extinction risk for endangered species. The results showed that seven of our operations are exposed to high levels of natural risk. Based on a comprehensive assessment of asset value and controllability, Walkerhill Hotel & Resort, SK Magic Hwaseong Campus, and the Icheon Logistics Center were selected as priority management targets.

The analysis indicated that these three sites were located in areas with high natural risk. They were rated as "High" BDS areas with asset values of $5 million or more. Specifically, the Walkerhill Hotel is near the Han River migratory bird habitat and ecological landscape conservation area; the Hwaseong Campus is near the Namyang Bay and Lake Sihwa migratory bird habitats and natural monument protection zone; and the Icheon Logistics Center is in the Paldae Lake Special Water Quality Conservation Area. This highlights the need for risk mitigation measures to preserve natural ecosystems.

Walkerhill Hotel & Resort



SK Magic Hwaseong Campus



Icheon Logistics Center

(Source: IBAT)

Biodiversity Risk Assessment for SK Networks' Key Operations

Category / Site	Asset value ($M)	BDS: Overall	BDS: PAs	BDS: STAR	Key PAs/KBAs	Critically endangered species (CR)
Walkerhill Hotel & Resort	488.2	High	High	High	Migratory bird habitat(Han River), ecological landscape conservation area (Han River Bamseom Island), etc.	Sand tiger shark(sea), Hawksbill sea turtle(sea/land), Brown guitarfish(sea), Japanese angleshark(sea), Chinese puffer fish(sea)
Hwaseong Campus	85.1	High	High	High	Migratory bird habitats(Namyang Bay, Lake Sihwa), plum trees at Hwaseong Yongneung(Natural Monument), etc.	
Icheon Logistics Center	314.5	High	High	High	Lake Paldang Special Water Quality Conservation Area, Class 1/2 Water Zones, etc.	Sand tiger shark(sea), Hawksbill sea turtle(sea/land), Chinese puffer fish(sea)

Risk Management

Biodiversity Risk Management

Natural Capital Dependency and Impact Assessment

SK Networks used the Exploring Natural Capital Opportunities, Risks, and Exposure(ENCORE) tool to quantify its business's dependence on natural capital and its impact on ecosystems. A quantitative evaluation of natural capital utilization and ecological impacts across industries—hotels, electronics manufacturing, and logistics/transportation—revealed significant differences depending on industrial characteristics.

The hotel industry demonstrated a high level of dependence on cultural ecosystem services, such as recreation, visual amenity, and artistic and aesthetic value. This indicates that the natural environment is directly linked to the quality of hotel services.

On the other hand, the electronics manufacturing industry had relatively high environmental impacts, including toxic pollutants, solid waste, and greenhouse gases. The logistics/transportation industry showed moderate impacts related to air and water pollution.

Overall, SK Networks' operations depend moderately to highly on natural capital, such as water, air, flora, fauna, and soil, and have medium or high impacts, depending on the type of industrial activity. This highlights the need to integrate consideration of environmental risks and opportunities into facility operations. Accordingly, SK Networks plans to strengthen its biodiversity strategies and mitigation measures.

Natural Capital Dependency and Impact Assessment Results

Category	Dependencies			Impacts		
Measurement	Hotels	Electronics manufacturing	Logistics/ transportation	Hotels	Electronics manufacturing	Logistics/ transportation
Atmosphere	Very High	Medium	-	Medium	High	Medium
Structural and biological integrity	Very High	Medium	Medium	Medium	High	Medium
Topography	Very High	Medium	Medium	Medium	High	Medium
Minerals	Very High	-	-	Medium	High	Medium
Marine topography	Very High	Medium	Medium	Medium	High	Medium
Soil sediments	Very High	-	Medium	Medium	High	Medium
Species(animals, plants, etc.)	Very High	Medium	-	Medium	High	Medium
Water	Very High	Medium	-	Medium	High	Medium

Natural Capital Dependencies

Category		Dependencies		
Ecosystem Services	Measurements	Hotels	Electronics manufacturing	Logistics/ transportation
Culture	Recreation	Very High	-	-
	Visual amenity	Very High	-	-
	Education, science, research	Very High	-	-
	Spiritual, artistic, symbolic	Very High	-	-
Supply	Biomass supply	-	-	-
	Water supply	Low	Medium	Very Low
Regulation and maintenance	Global climate regulation	Very Low	Very Low	Very Low
	Rainfall pattern regulation	Very Low	Very Low	Very Low
	Local climate regulation	Low	Low	Low
	Air filtration	Very Low	Very Low	Very Low
	Soil erosion prevention	Low	Low	Medium
	Solid waste purification	Medium	Low	-
	Water purification	Very High	Medium	-
	Water flow control	Low	Medium	Very Low
	Coastal protection	Very Low	Medium	Very Low
	Storm mitigation	Low	Medium	Low
	Noise reduction	Medium	Very Low	-
	Pest control	Very Low	-	Very Low
	Atmospheric and ecological dilution	-	Low	-
	Noise and sensory regulation	Medium	Very Low	-

Evaluate

Natural Capital Impacts

Category		Impacts		
Ecosystem pressure	Measurements	Hotels	Electronics manufacturing	Logistics/ transportation
Biodiversity	Ecosystem disruption	Low	Medium	Very Low
	Invasive species	Medium	-	Very Low
	Land use area	Low	Low	Low
Waste/ pollutants	Solid waste generation/ disposal	Medium	Low	Low
	Greenhouse gas emissions	Low	Medium	Medium
	Air pollutant emissions	-	Medium	Low
	Toxic pollutant emissions	Low	High	Very High
Water resources	Freshwater use area	Low	-	-
	Water use activities	Low	Medium	Low

Risk Management

Biodiversity Risk Management

Assessing Natural Risks and Opportunities

Assess

SK Networks used the WWF Risk Filter to assess the physical and reputational risks related to the natural environment for its major operations, including the Walkerhill Hotel & Resort, SK Magic Hwaseong Campus, and the Icheon Logistics Center. The assessment included 50 indicators directly linked to natural capital, such as water resource availability, climate risk, biodiversity sensitivity, pollution levels, and ecosystem soundness. Based on these indicators, key risks and necessary responses were identified for each facility. Water resource risk management is addressed separately in the environmental management section.

With an overall risk score of 3.4, Walkerhill Hotel & Resort recorded the highest score, with particularly high risks identified in the areas of air and water quality, extreme heat, tropical depression, and media monitoring. The Icheon Logistics Center showed a medium level of risk, with an average score of 3.1. Issues were identified in terms of water resource dependency, waterborne organisms, and local biodiversity. SK Magic Hwaseong Campus scored an average of 2.7, indicating a relatively low level of risk. However, proactive measures are recommended to address issues such as water availability, air quality, and extreme climate.

Biodiversity Scope Risk Assessment

Category	Site														
	Walkerhill Hotel & Resort (High Risk)					Hwaseong Campus					Icheon Logistics Center				
Scope physical hazard(SPH)			3.5				2.3						3.5		
Supply services			3.3			1.8						2.4			
Regulation/support services - Execution				4.0			2.3						3.5		
Regulation/support services - Mitigation			3.3					3.4					3.9		
Cultural services			3.5			0.0					1.5				
Biodiversity pressures			3.2				2.3						3.3		
Scope Reputational Risk(SRP)			3.4					3.1				2.7			
Environmental factors		2.0					2.5					2.8			
Socioeconomic factors		2.8					2.6					2.6			
Additional reputation factors				4.0				3.6				2.5			
Overall score			3.4				2.7						3.1		

Impact Mitigation Measures

Prepare

SK Networks proactively identifies potential environmental impacts of site development and operations and minimizes these impacts through a structured approach. To reduce negative impacts on natural capital and biodiversity, we consider mitigation measures based on the ecological characteristics and environmental risks of the project area. We also establish a response framework that considers legal requirements and social expectations.

Based on our technical and operational capabilities, we develop mitigation plans and work with external stakeholders, including local public institutions, private organizations, and environmental experts, to develop joint action plans. For transient or unavoidable environmental impacts, we implement long-term management plans to mitigate such impacts, monitor their effects, and make improvements accordingly.

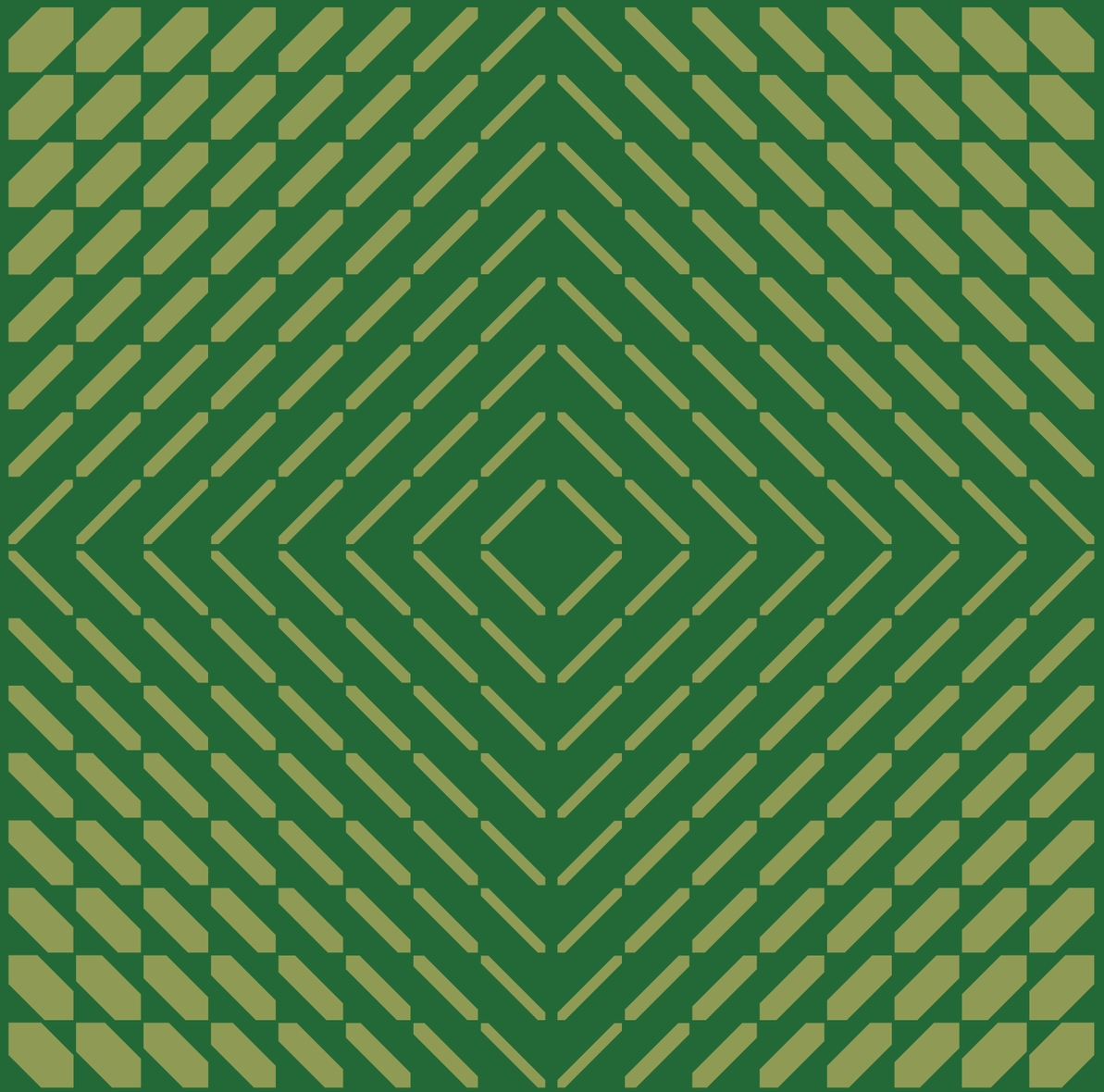
Looking ahead, SK Networks is committed to fulfilling its role as a responsible corporate citizen by incorporating biodiversity conservation and natural capital management as key considerations in its development.

Follow-up and Monitoring

SK Networks operates a follow-up and monitoring system that continuously assesses and manages the environmental impact of post-development operations. The system helps ensure that the environmental impact mitigation measures established at the beginning of the project are properly implemented and identify any unforeseen environmental impacts that arise during project execution.

If the facility is located in an industrial complex, public development zone, or other area with specific development plans, we indirectly verify its environmental impact based on post-development surveys conducted by relevant agencies. Where necessary, we establish internal response measures. SK Networks monitors changes in environmental factors such as flora, fauna, water quality, soil, and air quality for a period after development. If any abnormalities are identified, we collaborate with the relevant authorities to implement corrective measures.

Looking ahead, SK Networks will not be satisfied with merely complying with the law. We will continue to monitor and improve our business activities to proactively identify and minimize their impact on the local ecosystem.



SOCIAL

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CUSTOMER-CENTRIC MANAGEMENT - Governance / Strategy

Governance Roles and Responsibilities

CV Panel

SK Networks is committed to improving the customer experience by addressing issues from the customer's perspective, as well as managing the safety and quality of its products and services. Originally established as the CV Board in 2020, the CV Panel operates as a company-wide consultative body that prioritizes listening to customers and practicing customer-centric management. In 2023, the CV Panel was further expanded by organizing business unit-specific CV panels. These panels discussed customer feedback received through four to nine rounds of submissions to identify areas for improvement and develop solutions. The CV Panel continues to be pivotal in SK Networks' efforts to continuously improve the customer experience and drive innovation.

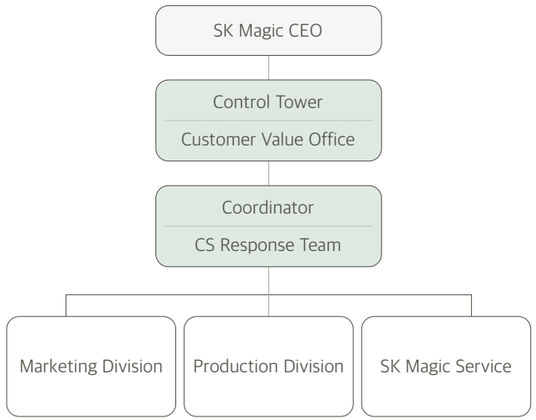
Walkerhill CS System

Walkerhill Hotel & Resort prioritizes customer satisfaction and strives to achieve it through structured governance. In particular, the weekly Voice of the Customer(VOC) meetings, led by the hotel's general manager and the CS Academy director, provide a channel through which to carefully listen to customer feedback and pursue company-wide improvements based on it.
This customer-centric governance framework helps meet customer expectations, improve service quality, and ensure customer satisfaction.

SK Magic CS Lab

At SK Magic, the CS Lab, led by the CEO, aims to enhance customer satisfaction. The CS Lab listens to customer feedback about products and services, detects anomalies in service quality based on predetermined quality control indicators, and swiftly addresses issues through organized cooperation. The lab is also responsible for taking action for improvement and monitoring the progress.

CS Lab



MINTIT Customer Value Innovation Team

The Customer Value Innovation Team at MINTIT is dedicated to improving its services based on customer feedback. The team closely monitors the overall customer experience and shares Voice of Customers(VOC) collected through various channels with relevant departments.
The team also takes a structured approach to customer reviews and feedback in order to identify its service strengths and areas for improvement. Based on this analysis, the team derives and implements actionable plans to better satisfy customers. Furthermore, the team conducts regular customer satisfaction surveys to establish objective evaluation metrics and enhance services based on the results of the analyses.

SK SpeedMate

At SK SpeedMate, the CEO regularly convenes the Customer Value Board(CV Board) to enhance customer satisfaction and service quality. These meetings facilitate sharing Voice of Customers(VOC) received during service delivery, identifying areas for improvement, and pursuing inter-organizational cooperation. Based on these insights, SK SpeedMate conducts training activities to prevent recurrence of customer complaints at the store and strengthens on-site customer service mindsets, aiming to build a standardized service system and establish itself as a trusted brand.

Customer-centric Management Strategy

Customer Value Innovation and Safety Strategy and Roadmap

SK Networks has established systematic management regulations within each department and rigorously implements them to ensure the quality and safety of all products and services. To enhance customer satisfaction, we conduct regular evaluations to identify areas for improvement and plans to continuously discover and promote customer experience innovation initiatives in response to rapidly changing business models and management environments. Furthermore, to ensure the safety of the customer experience, SK Networks obtains certifications aligned with international standards and maintains them through annual renewal audits, thereby reinforcing customer trust.

Customer Satisfaction Improvement and Product/Service Safety Roadmap[1)]

	~2023	~2025	~2026
Customer Satisfaction Enhancement	Analyze customer satisfaction survey results to identify and pursue improvement tasks	Further enhance customer experience through customer management and product diversification	Discover tasks for customer value innovation in response to changes in business management and external environments
Product/ service safety	Upgrade product safety management processes	Establish and implement certification retention plans	Consider the need for additional certifications for safety and service improvement

1) B2C business(Walkerhill, SK Magic, etc.)

SK Magic

Integrated VOC System

SK Magic has implemented an integrated VOC(Voice of Customer) system to practice customer-centric management through systematic customer care. Feedback received through 14 VOC channels is categorized by topic and stored as quantifiable data within the system. This data is then analyzed to identify customer dissatisfaction factors, which are immediately reflected in product and service quality improvements. Additionally, a system and framework have been established to allow all employees to monitor VOC data via dashboards and propose improvement initiatives. SK Magic plans to further advance its integrated VOC system to perform more sophisticated quantitative analysis of customer feedback and enhance service operation efficiency, thereby providing products and services that improve customer satisfaction.

Customer Satisfaction(CS) and Quality & Safety Management Response System

SK Magic has taken a proactive approach to eliminating risks and preventing safety accidents related to its products and services. The head office and the Hwaseong Campus have quality and service divisions that ensure compliance with quality and safety regulations, as well as hazardous materials control guidelines.

Under the leadership of the CEO, the emergency response organization proactively detects and eliminates issues in the areas of SHE(safety, health, and environment), PL(product liability), and CS (customer service). Issue-specific manuals have been developed to ensure a prompt response in the event of an incident, thereby preventing harm to customers' health or property.

Policy to Provide Innovative Customer Experience

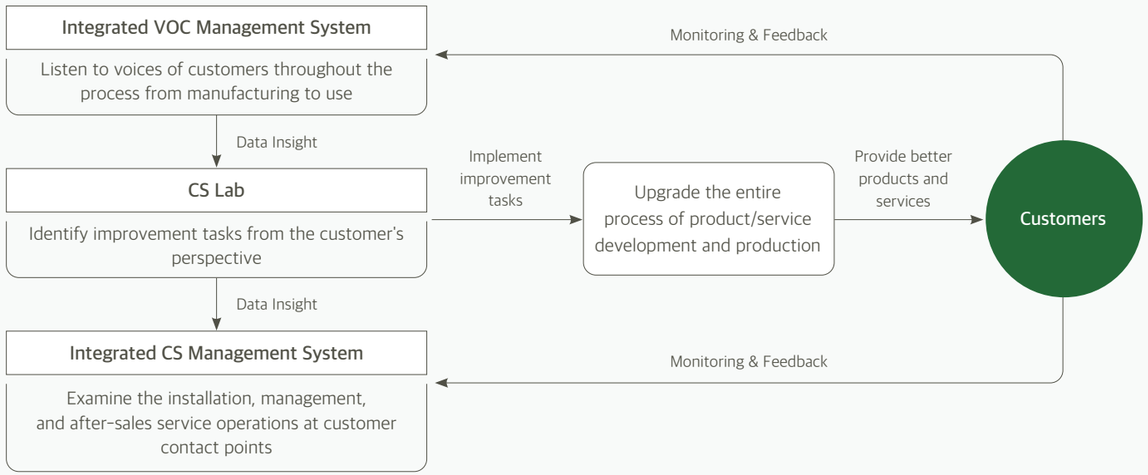
The "No. 1 Company Loved by Customers" initiative at SK Magic clearly demonstrates its aspiration to become an industry leader that provides a satisfactory, trustworthy, and innovative customer experience. In 2024, SK Magic introduced the Early Care Campaign and the Time Save Compensation Program, which provide customers with exceptional product quality and service. Through the Early Care Campaign, customers can have their products inspected proactively and upgraded at no additional cost as needed. The Time Save Compensation Program rebates rental fees for periods when products were unusable due to malfunction, in the form of bonus points. SK Magic is committed to providing customers with the best possible quality and service after purchasing a product. The company strives to become a trusted brand that customers can rely on.

SK Magic's Commitment to Customer Quality and Service Innovation

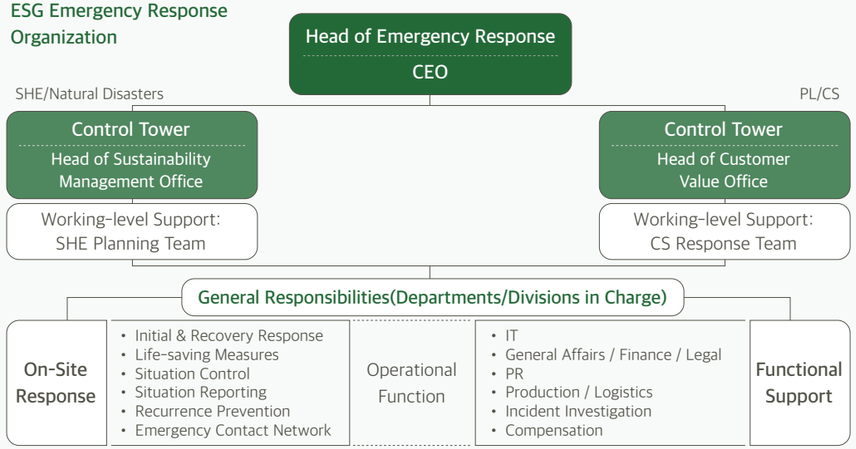
Stricter Control over Hazardous Substances in Products

SK Magic has implemented a rigorous digital management system to strengthen control over hazardous substances in its products. These standards adhere to the EU RoHS Directive, which strictly prohibits the use of materials and components containing any of the six major hazardous substances(cadmium, lead, mercury, hexavalent chromium[1], polybrominated biphenyls(PBB), and polybrominated diphenyl ethers(PBDE)) or the four major phthalates(di(2-ethylhexyl) phthalate(DEHP), butyl benzyl phthalate(BBP), diisobutyl phthalate(DIBP), and di-n-pentyl phthalate(DNP)). All raw materials and components are validated by a third-party specialist using a RoHS hazardous substance analysis sheet. Approval from the quality department is required before they can be used in production. During production, random samples are tested for hazardous substances to ensure product safety. All data is registered in the QMS(Quality Management System) and monitored in real time.

VOC and CS Management Process



ESG Emergency Response Organization



2024 SK Magic Product and Service Safety International Certification

ISO 14001
International standard for environmental management systems
Certification retained

ISO 9001
International standard for quality management systems
Certification retained

RoHS
Restrictions on the use of hazardous substances in electrical and electronic products
Certification retained

1) A form of chromium used in industrial applications; a carcinogen that can cause serious illness when inhaled.

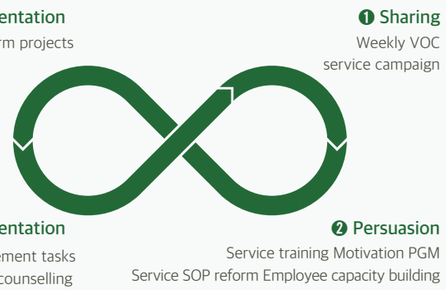
BUSINESS CASE

Walkerhill Hotel & Resort

Strengthening Customer-Centric Management

Walkerhill puts customers first in everything it does to practice customer-centric management. To this end, we have introduced a customer satisfaction management system that collects and analyzes customer feedback and delivers these findings to management and relevant departments, facilitating substantial improvements. In addition, Walkerhill holds regular meetings attended by the president, executives, and team leaders to discuss initiatives that drive customer value. There is a particular focus on continuously collecting the Voice of Customers(VOC) at various touchpoints, including guest rooms, food and beverage services, and airport clubhouses, as well as through customer surveys, website feedback, portals, and social media. This data is then used for activities such as weekly VOC analysis, service campaigns, service training, improving service processes, and building employee capacity. After collecting VOC, improvement projects are developed, completing the four-step cycle of Sharing, Persuasion, Implementation 1, and Implementation 2. Walkerhill's efforts have been rewarded with a first-place ranking in the hotel services category of the 2024 National Customer Satisfaction Index(NCSI), recognizing its service quality and customer satisfaction.

Walkerhill Möbius Program



Expanding Customer Digital Experience

Through digital transformation, Walkerhill is innovating hotel services and redefining the customer experience. The booking, check-in, and check-out procedures have migrated to mobile and kiosk platforms, eliminating the need for guests to wait in line. In 2022, the hotel introduced a mobile in-room ordering system, enabling guests to request services contactlessly from their rooms. The hotel also opened its own online store, Walkerhill Store, which offers high-quality lifestyle products, home meal replacements, and premium meal kits. This provides guests with the opportunity to enjoy the hotel's signature experiences in their daily lives. In 2023, we launched W.XYZ, a blockchain-based community membership service, to build an innovative platform that allows customers to plan their own service structure. Notable projects in 2024 included the Harrington Car Project and The Reflection Lounge, which were designed to open up new possibilities for digital and customer-centric management by delivering unparalleled customer experience.

NFT membership community "W.XYZ"

Food Safety and Customer Safety Accident Prevention

At Walkerhill, the safety and health of its customers is the top priority. To this end, we operate a rigorous food safety and accident response system. The Food Safety Committee that consists of 17 members runs structured management programs and conducts quarterly and ad hoc hygiene inspections as needed. The company's commitment to food quality and safety is demonstrated by its certification in the international standard for food safety management systems(ISO 22000). To prevent accidents and ensure a prompt response, Walkerhill regularly conducts safety response manual training. In 2018, we established a CPR training and certification center to reinforce the emergency response capabilities of all employees.

SK SpeedMate

Maximizing Customer Value with On/Offline Integration

SK SpeedMate is leveraging its offline infrastructure strengths to expand customer touchpoints to online platforms. Through the Online-to-Offline(O2O) platform, customers can purchase standard services, such as engine oil, battery, and tire replacements, online. Then, they can visit a SpeedMate workshop on their designated date to receive the services. This program improves customer access to information by clarifying prices before payment and providing notifications for the next replacement date. In addition, SK SpeedMate operates the Club SM membership program for owners of domestic and imported cars, offering members reliable, cost-effective maintenance services and various benefits.

SK SpeedMate

No. 1 Automotive Service Provide in K-BPI for 23 Years

SK SpeedMate reaffirmed its position as Korea's leading automotive service brand by winning first place in the automotive management category of the Korea Brand Power Index(K-BPI) for the 23rd consecutive year. With 580 stores nationwide, SK SpeedMate offers comprehensive vehicle services, including maintenance, emergency roadside assistance, tire services, and distribution of imported vehicle parts. Recently, SK SpeedMate was spun off from SK Networks to accelerate business innovation as an independent entity.

Starlight Maintenance Service

To better serve its customers, SK SpeedMate is expanding its Starlight Maintenance Service nationwide. Starlight Maintenance offers vehicle maintenance services until 10 p.m. every Tuesday. As of April 2025, the service is available at 93 stores nationwide. Pilot operations in select workshops in the capital region were successfully expanded across the country with extended service hours to meet the growing demand from working professionals who prefer to have their vehicles serviced after work.

This allows customers to have their vehicles serviced on weekday evenings without taking time off work or using up their weekends. SK SpeedMate is committed to providing services that accommodate the diverse lifestyles of its customers by offering more convenient maintenance services.

BUSINESS CASE

MINTIT

Customer Value Strategy

MINTIT is developing a roadmap through 2028, guided by the slogan "We innovate to make ICT resource circulation easier and more accessible." MINTIT aims to lead the resource circulation market by standardizing ICT resource valuation and making resource circulation a daily lifestyle. To ensure understanding and alignment with this vision both internally and externally, we strive to provide consistent customer service across its operations. True to its mission statement of "We create a resource circulation culture for all to protect tomorrow's happiness," MINTIT is transforming ICT resource circulation to be easier and more accessible.

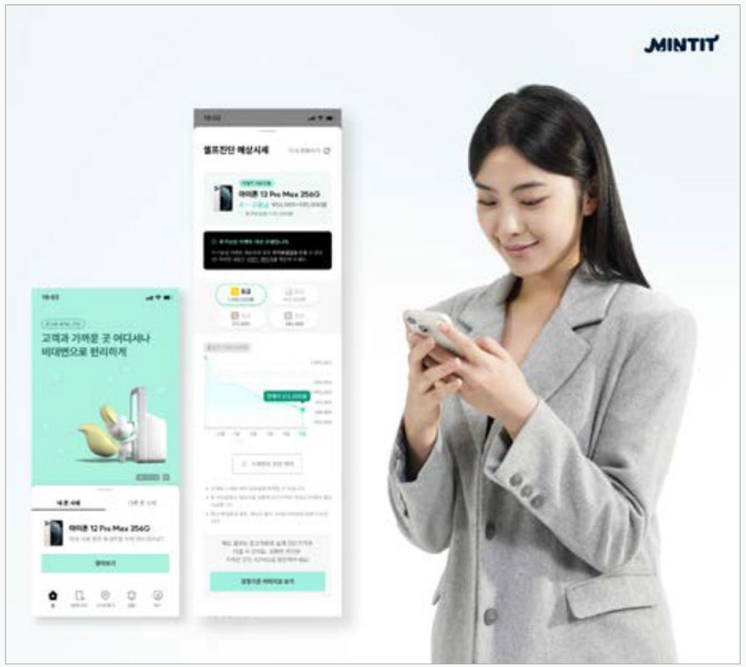
Strengthening Brand Awareness

In line with its motto, "Make customers aware and do MINTIT," MINTIT is committed to raising brand awareness. To make its services more accessible, we have introduced a chat-based customer service center and developed self-service content to help customers find answers to their questions independently. In addition, regular customer surveys are conducted to better understand the experience customers have with the company's online and offline services. Insights from these surveys are used for behavioral nudging to guide customers.

Improving Customer Convenience

MINTIT is committed to continuously improving its customer-centric services. VOCs from the customer service center and user reviews are used to identify pain points and improve the user experience(UX) and user interface(UI).
In 2024, the website and mobile app were completely redesigned to ensure customers could easily access the information they needed, such as MINTIT ATM locations, used phone price quotes, and instructions for deleting personal information. In 2025, we plan to completely overhaul the ATM UX/UI to further improve the sales experience. MINTIT strives to improve customer satisfaction and sharpen its competitiveness as a used phone trading platform by listening to customer feedback to provide better services.

Mission	We create a resource circulation culture for all to protect tomorrow's happiness.
Vision Slogan	We innovate to make ICT resource circulation easier and more accessible.



Customers can view the estimated market value of their mobile phones through the MINTIT app without visiting an ATM.

Certification of Complete Destruction of Personal Information

MINTIT leads the ICT recycling market in Korea with its cutting-edge personal information protection technology. In February 2024, we obtained additional technical certification from the ADISA(Asset Disposal and Information Security Alliance), a global information security specialist, as proof that MINTIT's services are safe from forensic and technological attacks, one of the most serious concerns associated with trading used mobile phones. This certification also demonstrates MINTIT's commitment to protecting its customers' personal information. Backed by reliable technology, MINTIT strives to create a safe environment for used phone trading and promote the growth of the ICT recycling market. Looking ahead, MINTIT is committed to providing innovative services that prioritize privacy protection and data security.

MINTIT's Domestic/International Patents

Domestic	17 registered patents	International	6 registered patents

MINTIT's Patented Technologies

(As of December 2024)

- Unmanned purchase system and operation technology for used electronic devices
- AI analysis of mobile phone exterior conditions
- Mobile phone recognition and functional analysis
- Destruction of personal information from electronic devices

SAFETY & HEALTH - Governance

Governance Roles and Responsibilities

Role of the Board of Directors

SK Networks reports its major safety and health policies, activities, and plans to the Board of Directors annually for approval. According to the board regulations, key safety and health issues set forth in laws and regulations may be reported at regular board meetings. This establishes procedures for monitoring safety and health risks. In doing so, board members consider important aspects, including the severity of the risk, the action plans, and improvements. They also play a proactive role by requesting follow-up measures as necessary.

Role of Management

The CEO, heads of subsidiaries, and C-level executives attend the Company-wide ESG Implementation Committee meetings to discuss key safety and health issues and develop countermeasures. Top management plays a pivotal role in establishing and integrating a safety and health management system into the corporate culture. Furthermore, we have appointed safety and health officers in all operational areas, including logistics centers, to establish a comprehensive oversight framework that includes the safety and health management of suppliers. These measures aim to proactively address safety and health risks, enhance safety standards across the supply chain, and ensure that management accountability and engagement translate into tangible workplace improvements.

Role of the Dedicated Organization

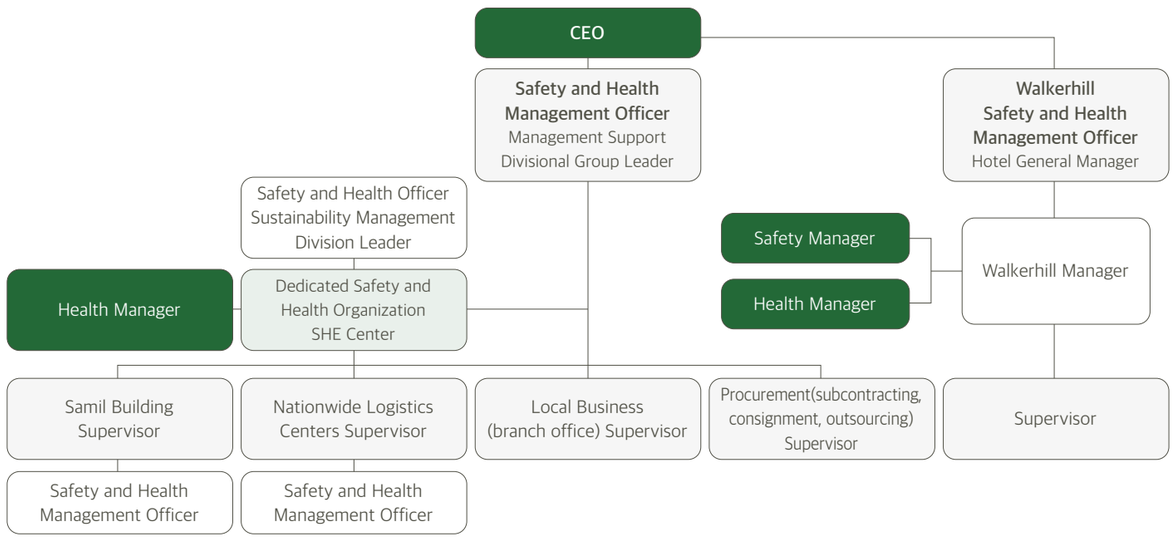
SK Networks has established a dedicated safety and health organization to develop a management system and promote ongoing improvements. This organization creates a management system that aligns with internal standards and statutory requirements. It also oversees safety and health activities, such as site-specific risk assessments, training, and accident response protocols. It also provides customized inspection and supplier support programs and conducts safety and health data analysis to ensure structured control of risk factors. In addition, the organization collaborates with relevant internal departments and external specialists to promote the internalization of safety and health standards and drive sustainable improvement.

Safety and Health Council

The Safety and Health Council is a consultative body established to ensure compliance with legal obligations related to subcontracting practices under the Occupational Health and Safety Act, as well as to promote a safer and more organized work environment. The council regularly meets to discuss and coordinate important safety and health issues, such as working hours, communication, evacuation procedures, and risk assessments. Monthly meetings and quarterly joint inspections contribute to effective accident prevention. In addition, the council conducts walk-around inspections and issues stop-work orders as needed to proactively identify and address potential hazards.

Safety and Health Management Structure

(As of January 2025)



SK Networks Compliance Council[1)] SHE Module

SK Networks collaborates with its subsidiaries to run a Compliance Council SHE Module. The module's key activities include regular seminars, benchmarking of exemplary workplaces, and other initiatives that improve safety and health standards across all subsidiaries. This collaborative framework contributes to establishing a safety culture and minimizing risk across the group. SK Networks plans to establish and operate an SHE Audit Task Force in 2025.

1) SK Networks(including Walkerhill), SK Networks Service, SK Magic, SK Magic Service, MINTIT, En-core, SK SpeedMate, Glowide

Safety and Health Management KPIs

At SK Networks, safety and health aspects are included in company-wide and CEO KPIs, which are factored into management's compensation. This demonstrates that management is held accountable and that commitment to safety and health, as well as a safety culture, are integral to the organization's management. It also shows that ongoing efforts are made to improve its overall safety and health standards and safety culture.

Safety and Health Management KPIs

Subject	KPIs
CEO	Master plan implementation, lost time injury rate(LTIR), etc.
Corporate Healthy and Safety Organization	Zero serious accident, achievement of safety and health goals, etc.

- 2025 goal: Zero occupational accident & Zero serious accident + Strengthening on-site inspection + Encouraging employee engagement.
- 2026 goal: Zero occupational accident & Zero serious accident + Strengthening on-site inspection + Encouraging employee engagement + Two subsidiaries included in the management framework.

Strategy

Building a Foundation for Safety and Health

Mid/Long-Term Safety and Health Strategy

SK Networks maintains a safety and health management system that adapts to changing business environments and the characteristics of each facility. With the overarching goals of maintaining zero serious accidents and achieving world-leading workplace safety and health, we aim to keep the industrial accident rate at 30% or below compared to the industry benchmark and achieve a 100% improvement rate for identified hazards. Since 2023, SK Networks has acquired and maintained certification for the safety and health management system(ISO 45001) and we are making efforts to achieve a 100% completion rate for safety and health training and employee health checkups. We also conduct risk assessments to identify hazards and risks in our workplaces, followed by processes to establish and implement improvement measures and verify their effectiveness to prevent serious accidents.

Safety and Health Management Policy

At SK Networks, we prioritize the health and safety of all stakeholders, including those involved in our operations[1)], recognizing that health is an essential element of happiness. We strive to create a safe work environment by providing health support programs tailored to employees' duties and work conditions, including preventive health programs. For office workers, who are particularly prone to health risks such as lifestyle diseases, obesity, and stress, we offer various preventive health management programs. To ensure the safety and health of our employees, customers, and all citizens, we revised the safety and health management policy in 2022. Under this policy, the SHE Center monitors and manages safety and health practices.

1) Including full-time, contract, part-time workers, workers in special employment, and workers from suppliers.

Safety and Health Roadmap

2025~2026	~2028	~2030
• Promote employee engagement and communication to prevent serious accidents • Optimize safety and health management at each workplace and expand SHE risk management assessments • Expand employee health programs • Maintain safety and health management system certification(ISO 45001): follow-up audit(2025), renewal audit(2026) • Expand the scope of safety and health management at two investees	• Establish a safety and health culture and strengthen VWBE safety and health leadership • Disseminate safety and health culture through participation and cooperation • Conduct the follow-up audit of the safety and health management system (ISO 45001) • Expand the scope of safety and health management at five investees	• Build a best-in-class organizational culture with intrinsic safety • Maintain safety and health management system certification(ISO 45001): Renewal audit(2029), follow-up audit(2030)

Promoting Safety and Health Culture

Employee Safety and Health Training

To promote company-wide safety and health, SK Networks offers structured training programs that enhance employees' awareness of safety and health issues and encourage them to adopt best practices in their daily work. The training content is tailored to the characteristics of the work environment, such as offices and logistics centers. In addition, job training programs offered by external institutions help employees develop their safety and health capabilities and expertise. In 2024, 269 employees participated in these programs.

Expansion of SHE Reviews for Investees' Safety and Health

SK Networks organizes activities designed to improve the overall safety and health management of its investee companies. To this end, we monitor our investees' field safety practices, inspect relevant documentation, and provide guidelines to eliminate blind spots in safety and health management, promoting a more systematic approach.

Safety and Health Training

Type	Topics	Number of participants / average training hours per person
Office workers	• Work stress management • Secrets of sleep management • Understanding musculoskeletal disorders • Understanding fire safety, etc.	228 / 12 hours
Logistics centers	• How to use protective gear • Case studies of logistics work accidents and prevention • Serious forklift accidents and best practices • Ergonomic hazard control(workforce transportation), etc.	18 / 24 hours
Job training	• Courses offered by the Korea Industrial Safety Association, the Korea Industrial Health Association, etc.	1 / 6 hours

Strategy

Promoting a Safety and Health Culture

Employee Health Support

SK Networks recognizes that health is an essential element of happiness for its employees. To this end, we offer multifaceted support to help employees stay healthy and live better lives. With a particular focus on mental health, we create a safe working environment and provides physical health promotion programs tailored to office-based jobs. Key health issues are regularly reported to the CEO and management to ensure corporate-level accountability.

Health Checkups and Follow-up Care - As a fundamental aspect of health management, SK Networks encourages all employees[1] to receive the health checkups they are entitled to within the specified timeframe each year. We cover the costs of detailed health examinations to help employees gain a comprehensive understanding of their health conditions. We also offer one-on-one health consultations with professional nurses to employees with health concerns. We conduct regular monitoring and implement systematic post-checkup management for identified high-risk individuals requiring special care to prevent health risks.

1) Based on the statutory eligibility criteria(once every two years for office workers and once a year for non-office workers; age based on year of birth); exceptions applicable to those on leave, deceased, resigned, pregnant, or under medical attention.

Intensive management areas considering job characteristics

Lifestyle Disease Prevention Program	Mental Health Program
1. Smoking rate: 24%(2024) > 15%(~2028) - Programs in collaboration with Jongno-gu Public Health Center(2022~)	1. Raising mental health awareness program - Various educational programs to improve accessibility to mental health care(2022~) Ex) <Misunderstanding of psychological counseling >, <Interpretation of MBTI>, etc. - Running a visiting counseling service(starting in 2025)
2. Minimizing obesity rate - Evaluating BMI and waist circumference - Diet and exercise coaching - Health-friendly environment including cafeteria	2. Accessibility enhancement programs - Introduction and development of 'healing program(2021~) Ex) Personality test and interpretation by organization - SK Networks people stress measurement program(2022~) Ex) Job stress level and resilience check, special lecture on stress management - Meditation programs available in 'Wings of Happiness' Training Institute(2023~) Ex) 10-minute medication challenge, deep sleep medication
3. Physical exercise ratio: 33%(2024) > 45%(~2028) - Fitness programs available(2022~) - Health-friendly environment consisting of fitness center, healthy stairways, air-tossing app, etc. - Various fitness programs available in 'Wings of Happiness' Training Institute app	
4. Minimize individuals with abnormal findings and manage individuals with medical conditions - Providing intensive management of individuals with abnormal findings such as hypertension, diabetes, dyslipidemia, and obesity	

SOKSOK Counseling: Promoting Mental Health - SK Networks provides its employees with mental wellness support through "SOKSOK Counseling." This program helps employees and their family members address various life issues, including work-related stress, emotional problems, family issues, and legal matters. Employees can access the service through various channels, including in-person, phone, video call, and mobile counseling services. The company distributes quarterly handouts and organizes promotional campaigns to encourage employees to take advantage of the service. Strict confidentiality is guaranteed under Article 83 of the Framework Act on Workers Welfare, and ongoing efforts are made to improve service quality with the goal of achieving a satisfaction rating of 4.5 out of 5.

Infectious Disease Control - At SK Networks, regular disinfection is conducted to prevent the spread of infectious diseases. Professional disinfection services visit our cafeteria at least once a month to eliminate the risk of a collective infection. To prevent seasonal respiratory illnesses, annual influenza vaccinations are provided to all employees. Hand sanitizers are available throughout the workplace, and masks are provided as needed for preventive measures. We have also established an infectious disease response manual to ensure preparedness and establish a structured prevention system to protect the health of all employees.

Medical Expense Assistance - SK Networks offers various support programs to help its employees alleviate the burden of medical expenses. The company provides up to KRW 5 million in annual medical expense coverage for employees and their spouses and children. We have a collective accident insurance policy that covers serious illnesses, such as cancer and stroke, for our employees. In 2021, we added dental care to the insurance coverage.

Health Promotion Programs - In 2022, SK Networks introduced the Fitness Certification Program and the Stress Diagnosis Program to promote the physical and mental health of all employees. The Fitness Certification Program rewards employees for engaging in at least 30 minutes of exercise daily and for working out 15 or more times monthly. These incentives are designed to encourage employees to develop healthy habits and prevent chronic diseases. To support mental health, we conduct stress checks twice a year and offer personalized care plans tailored to employees' needs. We also analyze organization-specific stress factors and implement improvement programs across various aspects, such as job responsibilities, interpersonal relationships, and organizational culture.

Health-Friendly Environment - SK Networks is committed to creating a well-rounded environment that promotes the well-being of its employees. At the head office, a registered nurse is on staff to dispense medicine and provide first aid. Our in-house cafeteria is overseen by a professional nutritionist who ensures a balanced diet. We also operate a 450-square-meter state-of-the-art fitness center to promote physical fitness. Health Keepers, professional massage therapists, help prevent musculoskeletal disorders. To encourage employees to practice healthy habits in their daily lives, we reward those who use the stairs through the Hangarae app. We collect and analyze various metrics, including health checkup results and fitness center and cafeteria usage rates, and we conduct regular satisfaction surveys to gather employee feedback. Based on these findings, we continuously improve our health support programs and facilities.

Risk Management

Risk Management System

Safety and Health Management System Development

SK Networks and SK Networks Service have obtained the ISO 45001 safety and health management system certification, in recognition of their continuous endeavor for workplace safety and health. This international certification demonstrates our commitment to complying with global safety and health standards, as well as its response to ESG evaluations. It strengthens our position as trusted partners for their employees, suppliers, customers, and other stakeholders.

Safety and Health Management System Certification

Safety and Health Compliance

SK Networks and its subsidiaries strictly comply with the Occupational Health and Safety Act and other relevant laws and regulations, striving to prevent workplace accidents and create a healthy working environment. All operations conduct regular statutory training and risk assessments, subject to internal standards that exceed statutory requirements. In addition, a rigorous system is in place to monitor and respond to changes in safety and health regulations, ensuring continued compliance and risk prevention.

Risk Management Activities

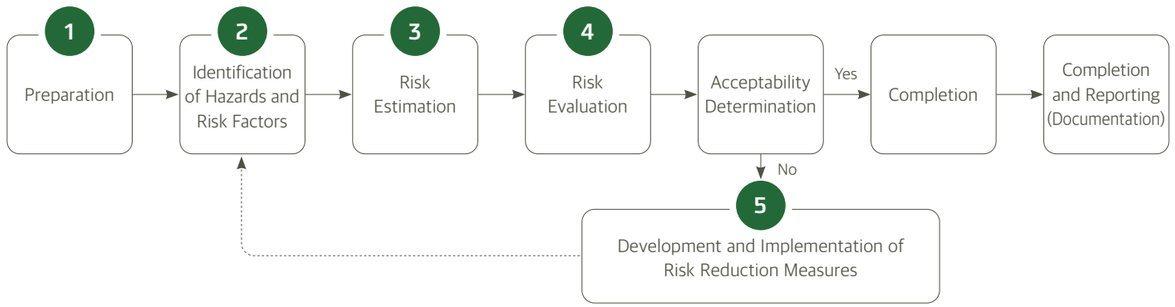
Risk Assessment

SK Networks conducts biannual risk assessments across all operations to identify and address workplace hazards. These assessments enable us to identify and mitigate new hazards and risks. The company also considers the opinions of workers collected through the Safety and Health Council and other channels. Identified risk factors are classified by severity level to assess their acceptability. For issues requiring improvement, risk mitigation measures are established and implemented. Once corrective actions are completed, their effectiveness is evaluated, and the improvement outcomes are quantitatively measured. Urgent issues are handled by the Safety and Health Management Officer, who reports to the officer in charge via real-time communication channels. Also, Walkerhill has established an Enterprise Risk Management(ERM) system to conduct risk assessments tailored to its business's characteristics. The 2024 risk assessment revealed 85 risks(with a level[1]) of 6 or higher) that require improvement. Action was taken to address all of these risks, effectively mitigating them and resulting in zero workplace accidents.

Key Achievements in the 2024 Risk Assessment

Category	Identification of risks	Improvements	Achievements
Logistics centers	Risk of electric shock due to exposed charging parts inside the distribution box	Terminal protection	100% compliance rate: no accidents reported after taking action
	Fall hazard from mezzanine goods transfer openings	Replaced with sliding railings to prevent falls	
	Outdoor wall power outlets posing risk of electric shock during rain	Outlets removed	
Office	Risk of collision at intersections with forklifts and pedestrians	Bollards installed	

Risk Assessment Process



1) Risk = Probability of accident × Severity of consequence(calculated on a scale of 1 to 3 for probability and severity)

Emergency Response Systems and Training

SK Networks has established emergency response systems and conducts regular training across its nationwide operations to ensure effective safety and health management. These emergency response systems and manuals are regularly reviewed and updated to prepare for various types of disasters, such as fires and natural disasters. All SK Networks facilities, including the head office, logistics centers, and Walkerhill, conduct emergency evacuation and fire response drills twice a year to strengthen their capabilities in real-life situations and ensure the safety of all employees and stakeholders. To promote a swift response to emergencies that may occur during daily operations, all facilities are equipped with automated external defibrillators (AEDs) and fire masks. Regular training on cardiopulmonary resuscitation(CPR) and airway obstruction treatment is also provided.

Accident Response and Investigation Procedures

1. Accident reporting	Accident reported immediately by phone, text message, email, etc.; notice to the company-wide SHE management department • Initial reporting within 24 hours • Final reporting within 30 days; approval by authority based on accident classification
2. Accident investigation	Accident investigation department established; direct and root cause analysis; measures to prevent recurrence
3. Preventive measures and control	Recurrent prevention measures managed and followed up by the responsible department
4. Accident outcome verification	Separate teams involved for cause analysis and countermeasure validation; re-investigation as needed
5. Accident report sharing and training	Final report and lessons learned shared; training for all employees as needed
6. Comprehensive reporting	Comprehensive accident analysis; reporting to top management; future strategy development

Risk Management

Internalizing Risk Prevention Culture

Supplier Eligibility Screening and Construction Site Safety and Health Inspection

SK Networks is making multifaceted efforts to ensure the safety and health of its employees and suppliers in response to the growing social demand for safety and health. The company focuses particularly on preventing serious accidents during high-risk operations by suppliers. To this end, professional safety and health assessment services conduct on-site inspections and provide consulting services. Starting from 2023, we evaluate suppliers' safety standards as part of the bidding process and include safety and health assessments as a mandatory element of contract negotiations.

The safety and health competency assessment consists of an internal assessment based on our own checklist and an external screening conducted by specialized institutions. The internal assessment considers the establishment, operations, and implementation of a safety and health management system, as well as relevant external certifications. In 2024, we added an external screening to enhance the objectivity and reliability of the assessment further. This allows us to improve safety and health standards across the supply chain and strengthen activities that prevent serious accidents for suppliers' employees.

Supplier Eligibility Screening Process

Screening by SH rating services	• Safety and health(SH) rating by e-Credible, KODATA, etc. • Eligibility: SH1-SH5 rating • Ratings acceptable within valid periods
SK Networks' internal screening	• Screening based on SK Networks' own standards - Checklist and documentary proof • Eligibility: 60 points or higher

Supplier Eligibility Criteria[1)]

Area	Item
Management system (30 points)	• Establishment of safety and health management policies and objectives • Preparation of safety and health management plans • Designation of safety and health management personnel
Operational management (60 points)	• Industrial accident compensation insurance • Periodic risk assessments, etc. • Statutory safety and health training • Preparation of emergency response manuals and drills • Preparation and implementation of safe work procedures
Implementation (10 points)	• Industrial accidents in the past two years
Bonuses and penalties (+30 points/ -10 points)	• Safety and health-related certifications • Risk assessment certification • Possession and implementation of safety and health assessment standards and procedures • Serious accidents in the past three years

1) Assessment items, point allocation, and other criteria are subject to change.

Listening to Workers' Opinions on Occupational Safety

SK Networks solicits health and safety-related opinions from workers to identify risks at each site. Quarterly joint inspections are coupled with safety checks and risk assessment surveys. Starting in 2023, an additional channel has been established for submitting safety and health-related opinions and suggestions through the intranet SHE bulletin board. Walkerhill Hotel & Resort is committed to improving safety in the field, including maintaining road facilities to ensure pedestrian safety.

In addition, we have appointed a safety and health officer for each operation and hold monthly meetings with suppliers to monitor safety and health issues.

Of the 164 hazardous factors reported in 2024, 155 were resolved. Discussions and measures are ongoing for the remaining nine, resulting in a resolution rate of 95%.

Channel for listening to workers' opinions on occupational safety

Occupational Safety Grievance Handling Mechanism

SK Networks conducts various activities to help its suppliers strengthen their safety and health capabilities. Suppliers stationed at our facilities are invited to participate in safety and health risk assessments. Control and improvement measures are implemented for identified risks and high-risk suppliers. In addition, we partially cover external safety and health assessment fees to encourage the development of safety and health management systems.

We have an open email channel to receive feedback from suppliers on occupational safety concerns, which facilitates close collaboration to strengthen workplace safety. Through these efforts, SK Networks helps create a safe working environment for its suppliers.

Channel for Suppliers' Grievance on Occupational Safety

E-mail	buyone@sk.com
Post mail	Company name, affiliation/name/phone number, details of grievances and complaints, etc.
Expected Response Time	Within 10 days after receipt ※ May be delayed depending on circumstances; any delays notified as needed

FOCUS

SK Magic

SHE Management Organization and Roadmap

At SK Magic, a dedicated SHE organization assists the CEO in promoting SHE management in an organized manner. The dedicated SHE organization serves as the control tower for company-wide SHE operations and is responsible for safety and health systems, inspecting the fulfillment of safety and health obligations at each site and supporting accident prevention activities. SK Magic has also established an SHE emergency response system and a hotline for reporting accidents to ensure its preparedness for potential safety accidents. The Sales Division at the head office and the Production Division at the Hwaseong Campus appointed their respective group heads as safety and health management officers. They also established SHE management organizations to ensure the safety of all employees. These organizations monitor hazards and risks, and promote improvement activities. They also organize campaigns and training programs to promote a culture of safety and health among employees and suppliers.

Risk Assessments and Improvements

SK Magic proactively manages safety by identifying and eliminating potential hazards and risks through systematic risk assessments. An external specialist conducts an annual risk assessment of the Hwaseong Campus, as well as a comprehensive electrical efficiency and safety inspection every five years.

SHE Organization and Roles

Specific improvement plans are developed and implemented for any risk factors identified. Any operational changes, such as process modifications or the introduction of new equipment, are immediately followed by a risk assessment to minimize safety risks. Through these efforts, 142 risk factors were identified in 2024, all of which were addressed, achieving a 100% improvement rate.

Safety and Health Performance Evaluation and Management

SK Magic has established a company-wide occupational health and safety system, setting a goal of zero serious accidents, safety incidents, and regulatory risks. These goals are linked to all employees' KPIs, ensuring company-wide accountability for safety and health management. The Board of Directors regularly receives reports on these safety and health management plans and results, encouraging substantial board engagement in safety and health management and supporting relevant decision making.

2024 Risk Mitigation Measures and Risk Level

2024 Risk mitigation measures		Safety and health risk level	
Complete 142 cases 100%	In progress 0 cases 0%	2024 Before 8.74	2024 After 3.26

SK Magic SHE Roadmap

	2023	2024	2025~
Goal	Seeding	Internalization	Advancement
Details	• Check compliance with SHE laws and regulations • Establish a company-wide system for SHE and PL emergency response	• Strengthening SHE organizational culture • Implement PL accident prevention and mitigation processes	• Assess site-specific emergency response system compliance • Stabilize the safety management system

SHE Activities and Achievements in 2024

Strategic goal	Key metrics	2024 results	Details
Zero SHE accident	Hwaseong Campus LTIR[1]	0.160	• Safety inspections and improvements conducted by external specialists • Improvements to old and noise-generating facilities • Education and training on accident cases • Creation and dissemination(sharing) of hazardous facility work guidelines • Site-specific risk analysis and improvement • Site visits to inspect the use and management of leased assets from external business partners • Strengthening emergency and disaster preparedness(climate disasters, etc.)
Zero violation	Violations of laws and regulations	0	• Biannual legal registers(documentation) • Legal compliance report at least twice every six months • Biannual SHE licensing reports • Establishing and reviewing supplier eligibility screening processes • Establishing and revising company regulations
	BOD[2]	0.25 mg/L	• Main building, water purifier building wastewater quality self-measurements (at least once annually) • Main building wastewater recycling equipment consumables replacement (at least once annually) • Carbon block dust collector bag filter replacement(annually)
	Dust emission concentration	First half 0.65 mg/㎥ Second half 1.2 mg/㎥	
Net Zero 2040	Dust emission concentration	3,493 tCO_2eq (9.8% reduction from 2023)	• Standby power cut-off for appliances • Equipment improvements for idle time operations • Appropriate temperatures for heating and cooling • Constant energy monitoring to prevent waste
Strengthening SHE governance	SHE education/ training	5,169 hours	• Statutory training 100% completed • Emergency response education and training • Fire assistant training/fire drills for small businesses • CPR training
	SHE small group activities	12 cases	• SHE activity campaigns (energy, fire, safety accidents, internal speed limits, blood donation) • Reestablishment of subcontracting processes and training • Labor-management safety and health council meetings • SHE consultation body of SVCs • Biannual SHE awards for outstanding employees

1) Lost Time Incident Rate 2) Biological Oxygen Demand

HUMAN RIGHTS MANAGEMENT - Governance / Strategy

Governance Roles and Responsibilities

Role of the Board of Directors

The Strategy·ESG Committee serves as the highest decision-making body for all aspects of sustainable management, including human rights management. The committee establishes policies and directions for human rights management, reviews and deliberates on key issues, and facilitates organized responses to human rights concerns.

Role of Management

At SK Networks, management plays a pivotal role in promoting human rights and fulfilling responsibilities. The Company-wide ESG Implementation Committee, comprised of the CEO, heads of subsidiaries, and C-level executives, regularly meets to discuss human rights issues, including human rights due diligence results, management roadmaps, and progress. These discussions inform goal setting and action planning. The committee also monitors key human rights matters and reports to the Board of Directors.

Role of the Dedicated Organization

To create an environment for the practical implementation of human rights management, the SKMS Implementation Team serves as the control tower, overseeing education and the establishment of a human rights management environment. Responsibility and roles for human rights risk management are divided among departments according to their specific functions. The SHE Center manages workplace safety guidelines to ensure physical safety. The HR Team reviews human rights issues related to employees' working conditions. The Ethical Management Team strengthens remedial procedures by following the Ethical Management Guidelines. And the Information Security Team protects personal information to prevent human rights violations.

Laying the Foundation for Human Rights Management

Human Rights Policy

SK Networks recognizes human rights as a central element of sustainable management and is committed to human rights management to protect and respect the rights of all stakeholders. The Human Rights Management Policy, established in October 2021, institutionalizes this practice. The policy includes core principles for protecting human rights, such as non-discrimination, prohibiting child and forced labor, ensuring freedom of association and collective bargaining, promoting occupational safety, and preventing workplace bullying. SK Networks runs an effective system based on this policy to prevent human rights violations and promote a culture of respect for human rights.

SK Networks Human Rights Policy

1. SK Networks respects the human rights of its employees.

The company recognizes basic human rights inherent to all employees and strives to guarantee their human rights. If the company becomes aware of any disrespectful action, including but not limited to assault, violent language, sexual harassment, and workplace bullying, measures will be taken according to company regulations.

2. SK Networks does not discriminate.

The company shall neither apply different working conditions such as recruitment, wage, and promotion nor take any other action against its employees based on gender, age, nationality, race, religion, marriage, pregnancy, childbirth, etc., without any reasonable ground.

3. SK Networks pays wages above the legal minimum in a timely manner.

The company pays wages above the legal minimum according to labor relationship laws enforced in each country and provides wage slips accordingly. In addition, allowances are paid as required in case of any overtime labor including extended, nights and holidays.

4. SK Networks prohibits forced labor.

The company does not allow forced labor of its employees by means of violence, blackmailing, confinement, or other measures that restrain both their physical and mental freedom in an unjust manner. Also, the company prohibits holding one's original copy of identification recognized internationally so as to prevent any forced labor, and the freedom of retirement is guaranteed as well.

5. SK Networks complies with relevant regulations regarding working hours and paid leaves.

The company complies with regulations regarding working hours, extended/nights/holidays, work breaks, and paid leaves stipulated in labor relations laws. Regular assessments are conducted to check the compliance status. In addition, measures are in place to grant off-time leaves if employees have worked overtime in excess of their working hours.

6. SK Networks does not hire underage workers.

The company complies with the minimum employment age regulations specified by each country and operates a recruitment process to prevent hiring underage workers. In addition, we conduct regular inspections to check whether underage workers are hired or not. If such cases are identified, employees are taken off duties not only directly related to production but also involving moral or health-related hazards/risks, suspended from nighttime work, holiday work, and overtime work. Upon operating internship or apprentice programs, continuous verifications are performed to check if relevant laws and regulations in each country where the company operates are followed.

7. SK Networks guarantees freedom of association.

The company guarantees rights of organization, collective bargaining, and collective action stipulated in labor relations laws and does not treat workers unfairly because of their labor union membership or activities. This is the freedom of association that guarantees both the freedom to participate or not in peaceful assemblies.

8. SK Networks operates on/off-line grievance settlement procedures.

The company listens continuously to difficulties experienced by employees through ethical management reporting and in-house grievance counseling programs. If any grievance is found to be true, adequate measures are taken according to in-house policies, and a whistleblower protection policy is carried out, as necessary.

9. SK Networks conducts annual inspections on its performance in terms of human rights protection.

The company conducts self-inspections every year to check if policies are operated properly following the UNGC(UN Global Compact) guidelines. Immediate measures are taken if any deficiency is identified.

Strategy

Laying the Foundation for Human Rights Management

Human Rights Management Declaration

True to the SKMS management philosophy, SK Networks strives to promote the happiness of its employees and the surrounding stakeholders. We encourage voluntary and willing brain engagement(VWBE), believing that pursuing SUPEX leads to sustainable happiness for employees and stakeholders. Our inclusive human rights policy encompasses customers, society, shareholders, and business partners, demonstrating our commitment to creating sustainable social value. Furthermore, SK Networks actively endorses and strives to comply with international human rights standards, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights(UNGP), and the International Labour Organization Charters(ILO).

Human Rights Commitment Declaration

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

Human Rights Management Roadmap

2025 Create an enabling environment for human rights management

- Conduct a human rights respect campaign for all employees
- Structure and diversify human rights education
  - Mandatory human rights education for new employees (new hires/career positions)
  - At least 3 human rights education sessions for all employees annually(including statutory education)

2027 Strengthen human rights management implementation

- Conduct human rights impact assessments and identify and implement improvement tasks
  - At least 3 core tasks identified and implemented
- Promote stakeholder's understanding of human rights protection
  - Advice on human rights education for SK Networks subsidiaries and business partners and awareness building

2030 Advance human rights management

- Expand the scope of human rights risk management (domestic → overseas operations)
- Advance and develop the human rights policy to a global BP level

Internalizing Human Rights Management

Human Rights Education for Employees

SK Networks operates human rights education programs for all employees to foster a corporate culture that respects human rights. The eight mandatory education programs at SK Networks—occupational health and safety, disability awareness, sexual harassment prevention, ethical management, fair trade, privacy, and internal accounting management—focus on the core elements of human rights management. Multilingual content is developed for international employees, and all employees participate in human rights management practices by completing the eight mandatory courses on the company's online education platform, mySUNI.

Human Rights Education in 2024

Category	Hours	Participants
Workplace sexual harassment prevention	370	370
Workplace disability awareness building	371	371

Promoting Employee Diversity

At SK Networks, we respect the diversity of our employees and strive to create an inclusive work environment where all employees, regardless of gender, age, nationality, disability, political orientation, or other factors, have fair opportunities. In particular, we are working to solidify institutional foundations for diversity and inclusion. This encompasses prohibiting discrimination in all aspects of human resources management, such as recruitment, evaluation, promotion, and benefits; closing gender gaps; and expanding employment opportunities for people with disabilities.

We have established a support system that enables our employees, including women, working parents, and individuals with disabilities, to exert their full capabilities without discrimination. These efforts contribute to fostering a balanced organizational culture and creating a workplace where everyone is respected.

Fair Recruitment - SK Networks is committed to workforce diversity and practices fair, non-discriminatory employment. Since 2021, we have monitored the proportion of employees with disabilities to ensure it remains above the statutory rate of 3.1%. These ongoing efforts to expand employment opportunities for people with disabilities resulted in a 3.3%[1] employment rate in 2024. To foster an inclusive employment culture, SK Networks plans to expand the scope of its diversity management initiatives to include its subsidiaries and continue monitoring progress. In addition, SK Networks aims to integrate the values of diversity, equity, and inclusion into its organizational culture by promoting DEI strategies and providing DEI education programs for all employees.

1) SK Networks, as reported to the Korea Employment Agency for Persons with Disabilities.

Risk Management

Human Rights Impact Assessment

Conducting Human Rights Impact Assessments

In 2022, SK Networks introduced the human rights impact assessment to identify areas for improvement related to human rights management and develop improvement plans. The assessment follows a five-step process: ① assessment planning, ② identifying human rights impacts, ③ human rights impact assessment ④ countermeasures, and ⑤ advancing human rights due diligence. For the assessment, we conduct employee surveys, self-assessments using a checklist, and risk evaluations by a third-party specialist. We developed the self-assessment checklist by linking the UN Human Rights Council's Guiding Principles on Business and Human Rights (UNGP) with our business areas. The 156-item checklist covers five areas, and a third-party institution has verified the reliability and effectiveness of the checklist to ensure objectivity. The results are transparently disclosed on our website.

Advancing Human Rights Impact Assessments

SK Networks is actively engaging its employees in advancing its human rights impact assessment framework. To learn how to integrate the results of human rights impact assessments into various processes, take appropriate follow-up measures, and communicate effectively with relevant stakeholders, we participated in the UN Global Compact's Business and Human Rights Accelerator Workshop. These efforts have helped us refine the human rights impact assessment process and enhance the self-assessment checklist. Going forward, we aim to enhance our framework further to proactively manage human rights risks and protect the rights of all stakeholders.

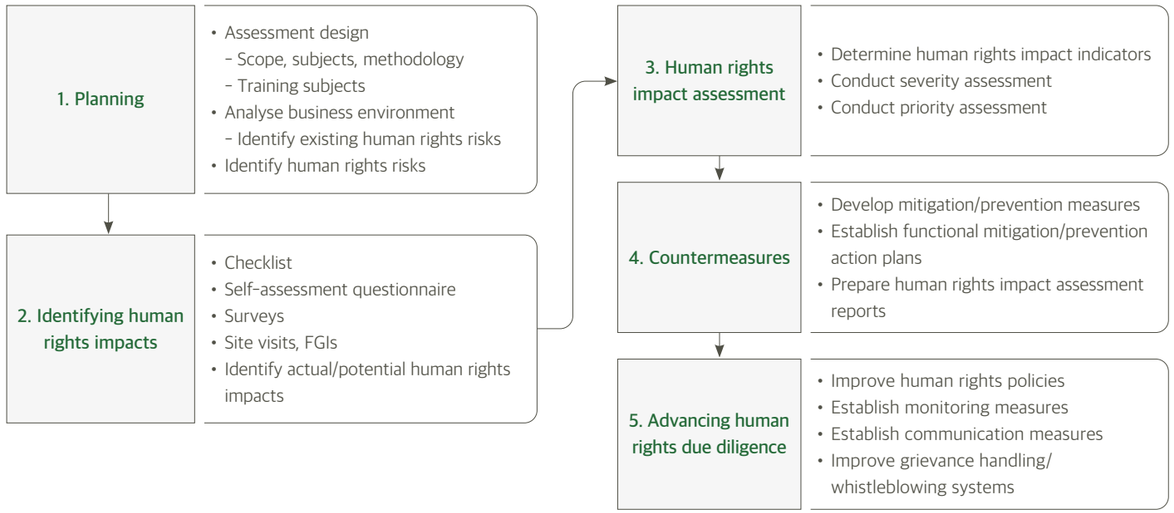
Identifying and Improving Human Rights Risks

A survey of employees on human rights management, conducted in the second half of 2023, revealed a need to "enhance understanding of human rights management through education"(45%) and "expand human rights violation investigation, redress, and improvement activities"(41%). In response, SK Networks is collaborating with relevant departments to develop and implement structured improvement initiatives in these areas. The company plans to conduct regular human rights impact assessments to proactively identify potential risks and continuously improve its management systems and policies. This will help establish a culture that prioritizes human rights.

Operating Human Rights Grievance Channels

SK Networks provides various channels through which employees and internal and external stakeholders can voice human rights-related grievances. Employees can access these channels via the intranet to report concerns such as workplace bullying, verbal abuse, assault, and sexual harassment. Internal and external stakeholders can submit complaints via online reporting channels, phone, fax, or email. Once a complaint is received, the responsible department examines the facts and investigates the causes. If the facts are confirmed, a corrective action plan is established and feedback on the resolution is provided. Follow-up measures include disciplinary actions and institutional improvements. In 2024, all five complaints received were resolved using this process.

Human Rights Impact Assessment Process



Human Rights Impact Assessment Checklist

Right	Scope	Indicator	International norm	Local law
Example: Work-life balance	Domestic and overseas	The company shall not require pregnant employees to work overtime.	Article 5(1) of the ILO Maternity Protection Recommendation(R95)	Article 74(5) of the Labor Standards Act
	Overseas	The company shall pay overtime wages in accordance with relevant laws and regulations(e.g., the Labor Standards Act) or international norms(e.g., Article 7(4) of ILO Convention No. 30) (e.g., at least 1.5 times the regular wage under the Labor Standards Act, or at least 1.25 times the regular wage under ILO Convention No. 30)	Article 7(4) of Hours of Work (Commerce and Offices) Convention(No. 30)	
	Domestic	In accordance with the Labor Standards Act, the company shall pay workers overtime wages at a rate of no less than 50% of their regular wages.		Article 56(1) of the Labor Standards Act

SUPPLY CHAIN MANAGEMENT - Governance / Strategy

Supplier Code of Conduct | Supply Chain ESG Guidelines | Supply Chain Sustainability Management Policy

Governance Roles and Responsibilities

Role of the Board of Directors

The Board of Directors at SK Networks regularly receives reports on compliance with the Fair Trade Act and other regulations in transactions with suppliers. The Board also proposes improvements to major compliance issues. The Strategy·ESG Committee reviews major supply chain achievements and key issues to support decision-making and ensure the soundness and transparency of the entire supply chain.

Role of Management

Management is responsible for developing a sustainable supply chain by creating a model of shared growth with suppliers and proactively identifying and managing potential financial and non-financial risks. Other roles include monitoring the challenges suppliers face and planning and implementing strategies and programs for shared growth, including those related to management stability, growth foundations, and cooperation networks. Management also helps suppliers improve their competitive edges in quality and technical capabilities.

Role of the Dedicated Organization

SK Networks has a dedicated organization responsible for the structured management of supplier registration, selection, and evaluation. Unit prices in trading with suppliers are determined by fair standards, and all agreements and contracts are prepared in writing to ensure transparency. In addition, supply chain reviews and due diligence are conducted to identify potential ESG risks, and ESG consulting is provided to suppliers as needed.

Purchasing Review Committee

SK Networks' Purchasing Review Committee involves key executives to ensure a fair and transparent purchasing process. Chaired by the RM Division Leader, the committee consists of five members including the Audit Division Leader, the Planning and Finance Division Leader, the Corporate Culture Division Leader, and the Sustainable Management Division Leader. The committee reviews the appropriateness and fairness of negotiated contracts worth KRW 500 million and bidding contracts worth KRW 1 billion to ensure the objectivity of purchasing decisions.

Supply Chain Management KPIs

Target	Indicator
CEO	Supply chain ESG evaluation results - high-risk and near-high-risk groups

- 2025 target: Supply chain ESG evaluation results - high-risk group: 4% or less; near-high-risk group: 64% or less
- 2026 target: Supply chain ESG evaluation results - high-risk group: 4% or less; near-high-risk group: 60% or less

Supply Chain Management Structure

Laying the Foundation for Sustainable Supply Chain Management

Supply Chain Management Strategy

SK Networks' supply chain management strategy is shared around two pillars: shared growth and supplier ESG management.

The shared growth strategy aims to ensure fair opportunities for suppliers and strengthen a cooperative system based on procedural transparency. This allows us to help suppliers sharpen their technological and managerial competitiveness and lay the foundation for long-term partnerships.

The supplier ESG management strategy focuses on proactively identifying and responding to ESG risks, such as ethics, environment, labor and human rights, safety and health, and other issues that may arise throughout the supply chain. A supplier ESG evaluation process is in place to measure the severity of the risks and require high-risk suppliers to establish and implement improvement plans while providing tailored support.

Furthermore, we have various programs designed to facilitate suppliers' ESG capacity building, including training, evaluation response, and improvement consulting, thereby strengthening the sustainability and resilience of the supply chain.

Supplier Code of Conduct and Supply Chain ESG Guidelines

SK Networks has established the Supplier Code of Conduct that provides a set of social responsibility standards for all suppliers. The code specifies principles for fulfilling responsibilities in key areas, including corporate ethics, human rights, safety and health, and environmental conservation. The code of conduct is attached to all contracts concluded on the company's electronic procurement platform, and it is clearly communicated at the time of signing a contract. We have established the Supply Chain ESG Guidelines to encourage sustainable management among suppliers and provide guidance on specific standards that all suppliers are expected to follow in areas such as human rights, the environment, safety and health, ethics and fair trade, and management systems. The guidelines are designed to help partners manage their risks, maintain long-term partnerships, and improve ESG standards throughout the supply chain. In 2024, the Supply Chain Sustainability Management Policy was established to supplement existing guidelines and systems. The policy helps suppliers develop ESG capabilities and establishes a foundation for substantial growth. The ultimate goal of this policy is to systematically identify and manage ESG risks at every stage of transactions with suppliers, as well as clarify the criteria for addressing key ESG issues such as environmental conservation, respect for human rights, and ethical responsibility.

SK Networks' 3 Key Strategies for Shared Growth

Provide fair opportunities and maintain procedural transparency	Strengthen shared growth structure	Strengthening supplier competitiveness
• Ethical purchasing declaration • Supplier discovery and fair trading opportunities • Fairness and transparency in supplier selection, contract, and settlement	• Communication and VOC channels with key suppliers • Shared growth initiatives • Preferential cooperation with outperformers in the ESG/SRM[1] evaluation	• Shared growth fund • Supplier support programs

1) Supplier Relationship Management

Strategy

Shared Growth Activities

Financial Support

Shared Growth Fund - As part of its efforts to support the sustainable growth of its suppliers, SK Networks provides financial support to suppliers. Under this program, we provide funding to partners and covers part of their loan interest through the Shared Growth Fund, which was established in partnership with IBK Bank. This fund provides liquidity to suppliers experiencing operational difficulties due to economic downturns and other circumstances. Since 2021, the scope of support has expanded to include suppliers of SK Networks' subsidiaries. Funding support increased from KRW 830 million in 2021 to KRW 2.19 billion in 2022. After reaching a peak of KRW 4.15 billion in 2023, the funding amount remained four to five times higher than in 2021: KRW 3.77 billion in 2024.

Shared Growth Fund (As of the end of December 2024)

Year	Number of suppliers	Value
2022	9	KRW 2.19 billion
2023	15	KRW 4.15 billion
2024	15	KRW 3.77 billion

Shared Growth Training Programs - Through the SK Group's Shared Growth Subcommittee, SK Networks provides various shared growth programs for its suppliers.
Notable programs include the CEO Seminar on Shared Growth, the Shared Growth Leadership School, and the Online Platform for External stakeholders. These programs offer customized training to management, team leaders, and staff members of major suppliers. In 2024, five CEOs and three team leaders from six suppliers participated. In 2025, these numbers increased to six CEOs, four team leaders, and 25 employees from eight suppliers, demonstrating our commitment to expanding the scope of our training support.

Shared Growth Fund for Excellent ESG Suppliers - In 2023, SK Networks and Shinhan Bank partnered to create the Shared Growth Fund for Excellent ESG Suppliers, which provides financial support to suppliers demonstrating exceptional ESG management standards or a robust dedication to ESG practices.
Under this program, suppliers can benefit from reduced loan interest rates of up to 2% per year, depending on their ESG ratings. Shinhan Bank and SK Networks equally contribute to this interest support program to alleviate the financial burden on suppliers.

Supplier Grievance Handling

SK Networks runs the Supplier VOC Program to gain an in-depth understanding of its suppliers' ESG levels and develop a sustainable supply chain. Findings from this initiative inform programs that aim to help suppliers improve their ESG practices and serve as a foundation for benchmarking industry best practices and developing shared growth programs. In addition, the program incorporates pain points and requests arising during transactions into procurement policies, thereby facilitating tangible change and improvement.
In 2024, we conducted in-depth interviews with 47 suppliers selected based on criteria such as transaction history and business impact. During the interviews, we reviewed their management performance over the past three years, their awareness of ESG issues, and their management systems. We also administered a survey on human rights and anti-corruption management. Efforts were also made to collect their feedback on practical challenges encountered in the transaction process, such as contract and payment terms, and inconveniences in using the Buyone platform. We used these findings to identify areas for improvement and update our procurement process, thereby strengthening trust and pursuing shared growth with suppliers.

Roadmap for Shared Growth with Suppliers

2025
- Manage the Shared Growth Fund using the Win-Win Cooperation Fund
- Identify and implement shared growth initiatives
- Organize shared growth programs for suppliers
  - CEO seminars/team leadership school/ Online platform for external S/H

2026
- Support the implementation of investees' shared growth programs
- Establish a systematic foundation for the shared growth system
- Expand shared growth fund operations
- Expand support for shared growth programs for suppliers

2027
- Redefine key strategies for promoting shared growth
- Finalize the systemization of shared growth initiatives
- Develop new financial support programs in addition to the Shared Growth Fund

Strategy

Shared Growth Activities

Strengthening Supplier Competitiveness

Learning Support Platform for Supplier Employees - SK Networks helps its suppliers develop sustainable competitiveness by supporting the capacity building, leadership development, and trend updates of their employees. The Learningmate platform offers training content tailored to the diverse learning needs of suppliers. In 2024, SK Networks expanded the learning scope to include employees of partner companies through SK Group's integrated education platform, mySUNI, providing more advanced educational content and a professional learning environment.

Training Support for Supplier Employees - SK Networks offers online training programs to help supplier employees develop ESG competency. The company also provides funding support to encourage suppliers to organize and deliver relevant training. In 2024, environmental, anti-corruption, and four statutory training topics were added to existing programs focusing on human rights and ethics. This expansion alleviated the burden on suppliers and encouraged their engagement in ESG management. In 2024, 132 employees from 21 suppliers voluntarily took 411 courses, achieving a 100% completion rate(compared to 96.6% in 2022).

Shared Growth Seminar

Partner VOC Listening Program

Strengthening the Shared Growth Framework - SK Networks deeply understands the difficulties its suppliers face amid the rapidly changing business environment. We strive to provide practical support and listen to their concerns. To this end, we visit suppliers annually to hear their concerns and help them identify and address potential risks. With this field-oriented communication approach, in 2023, we visited 48 suppliers, and in 2024, we visited 47. In 2025, we plan to expand this initiative to include 50 suppliers.

Our procurement system(www.skbuyone.com) has a communication channel that provides updates on important matters and shares information with suppliers, facilitating real-time communication. Suppliers can also use various channels to voice their suggestions and concerns. In 2023, we received 271 inquiries, 262 of which, or 96.7%, were answered. In 2024, 170 out of 174 reports, or 97.7%, were fully addressed.

In 2024, we introduced an array of precautions to prevent delays in contract and pre-contract shipments. This ensures that no contract is ever delayed or omitted. In 2025, we will implement regular monitoring(online surveys) of the organization and suppliers.

Protecting Supplier Information - SK Networks strictly adheres to the principles of fair trade and transparency when doing business with its suppliers. The company ensures that any use of suppliers' information and intellectual property for selection and subsequent transactions aligns with due process and rights. Out of respect for suppliers' intellectual property rights and trade secrets, SK Networks never requests technical documents or permission to use intellectual property without valid reasons. Stringent controls are used to prevent the unauthorized use or sharing of any information provided by suppliers.

Supplier Safety and Health - SK Networks evaluates the eligibility of its suppliers according to the Occupational Health and Safety Act and the Serious Accident Punishment Act when establishing purchase agreements. In particular, in 2024, SK Networks conducted occupational health and safety assessments for 22 key suppliers through an external professional evaluation agency, resulting in 16 suppliers meeting SK Networks' transaction condition standards. Furthermore, SK Networks provided feedback on the assessment results to suppliers and supported improvement activities by offering free training through the safety and health assessment agency(eCredible) and operating a self-checklist for qualified supplier evaluations. Through these efforts, we strengthened the credibility of its safety and health assessments and achieved outcomes such as enhancing the stability of its supply chain.

Risk Management

Supply Chain ESG Risk Assessment

Supply Chain ESG Management Process

To build a sustainable supply chain, SK Networks implements environmental, social, and governance(ESG) management processes for its suppliers. To ensure organized ESG risk management among suppliers, we conduct annual ESG evaluations with the help of an external specialist. Evaluations are conducted on suppliers selected based on various factors, such as transaction volume, frequency, and business impact.

Based on the evaluation results, we encourage underperforming suppliers to set ESG improvement goals and provide them with support to help them achieve tangible improvements in the following year. We then monitor their progress regularly and reevaluate them periodically to ensure ongoing ESG risk management across the supply chain. These steps help us strengthen sustainable partnerships with our suppliers.

Supplier ESG Management Process

ESG self-evaluation training	• Explanation of indicators and supporting data • Instructions for using the platform
ESG self-evaluation	• Evaluation indicator review and implementation • Supporting document submission
Third-party verification	• Data verification and confirmation • Review report preparation
ESG self-evaluation result analysis	• Supply chain ESG risk identification • Identification of tasks and priorities
Evaluation result reporting	• Strength and weaknesses analysis • ESG rating improvement strategy

ESG-Based Supply Chain Selection and Evaluation

To ensure sustainability across the supply chain, SK Networks engages in ethical procurement practices that consider ESG aspects from the initial stages of supplier selection and evaluation. We have established procedures to proactively identify suppliers' environmental, social, and governance risks and consider ESG standards from the initial stages of doing business with them. We value and prioritize fairness and transparency in all transactions with our suppliers.

We use the Korea Standard Industrial Classification(KSIC) system to evaluate suppliers based on detailed ESG indicators. The results are weighted based on industry-specific importance to derive a final rating. The ESG evaluation indicators include size-specific indicators, exclusions for specific operations, industry-specific indicators, and controversial indicators.

Supplier ESG Evaluation Criteria

Environment (E)	• Environmental management • Eco-friendly products • Energy consumption • Greenhouse gas emissions • Raw materials • Waste management • Organic chemicals • Air pollutants • Biodiversity • Water resources
Society (S)	• Human rights • Employment • Health and safety • Information security • Conflict minerals • Diversity/equal opportunity • Work environment • Social contribution
Governance (G)	• Disclosure • Management system • Audits • Ethical management • Fair trade

Supplier ESG Management Roadmap

2025	2026	2027
• Support suppliers' ESG improvement – Maintain 100% evaluation coverage[1)] – Achieve a high-risk supplier ratio of 4% or less – Achieve a near-high-risk supplier ratio of 64% or less – Provide consulting services to suppliers found to be exposed to near-high risks in the previous year's evaluation • Consider increasing incentives for outstanding suppliers in ESG evaluation • Support subsidiaries in developing an ESG-based procurement management system	• Support suppliers' ESG improvement – Maintain 100% evaluation coverage – Achieve a high-risk supplier ratio of 4% or less – Achieve a near-high-risk supplier ratio of 60% or less – Provide consulting services to suppliers found to be exposed to near-high risks in the previous year's evaluation • Consider penalties on suppliers exposed to near-high ESG risk • Support subsidiaries in implementing the ESG-based procurement management system	• Support suppliers' ESG improvement – Maintain 100% evaluation coverage – Achieve zero high-risk supplier ratio – Achieve a near-high-risk supplier ratio of 56% or less – Provide consulting services to suppliers found to be exposed to near-high risks in the previous year's evaluation • Impose penalties on suppliers exposed to near-high ESG risk • Continue supporting subsidiaries in implementing the ESG-based procurement management system

1) Percentage of key suppliers that have undergone ESG evaluation within the last two years

Risk Management

Supply Chain ESG Risk Assessment

Supplier ESG Evaluation Results

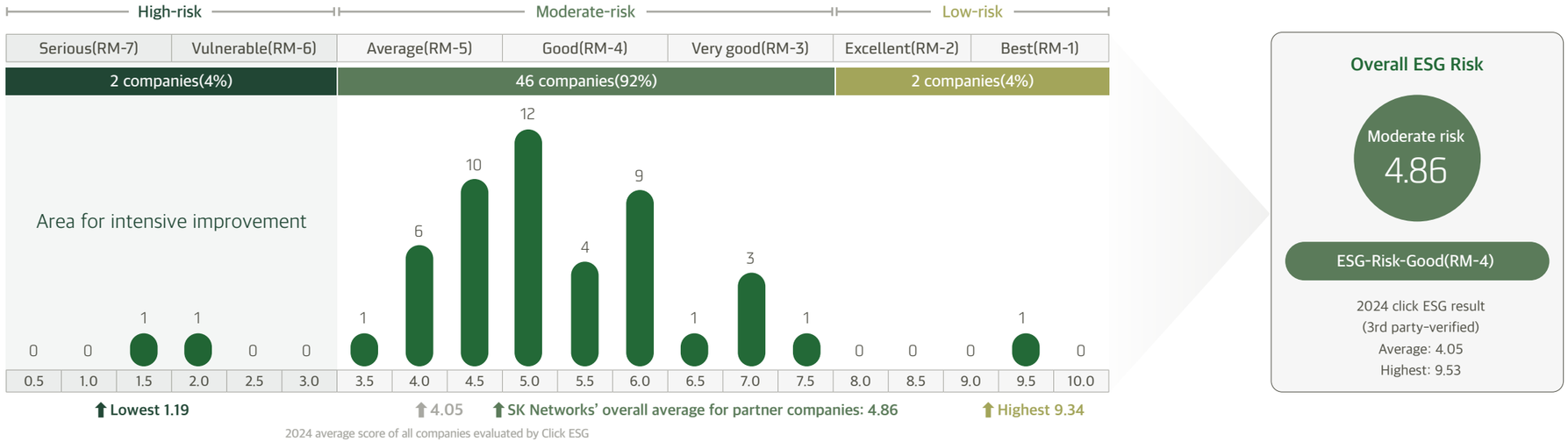
SK Networks uses the results of the supplier ESG evaluation to provide tailored consulting and follow-up support, helping them pursue substantial improvements. In 2024, SK Networks conducted ESG risk assessments on 50 key partner companies, including 12 newly engaged partners. As a result, the proportion of high-risk partners was 4%, a significant decrease from 48% in 2023. Following the evaluations, we provided guidance on a structured response, for example encouraging them to establish a safety and health management policy and develop an environmental management system to gradually improve their ESG performance.

Notably, we partnered with KB Financial Group and Shinhan Financial Group to consult with 29 companies exposed to high risk in last year's evaluation, helping them prepare for the 2024 ESG evaluation. Another highlight of 2024 was the VOC Program, in which our procurement managers visited 46 companies subject to the ESG evaluation to provide tailored support for ESG improvement and evaluation preparedness, as well as encouragement for more stringent supply chain ESG management.

These efforts yielded tangible results in 2024, with the percentage of high-risk suppliers dropped significantly to 4%. Key factors contributing to this improvement included improved environmental management systems and action-oriented initiatives, such as energy conservation campaigns.

Compared to 2023, the overall ESG score increased by 1.49 points, improving the rating from Grade 5 to Grade 4. Improvements in scores were evident in all environmental, social, and governance areas compared to 2023.

Distribution of Suppliers by ESG Risk Group



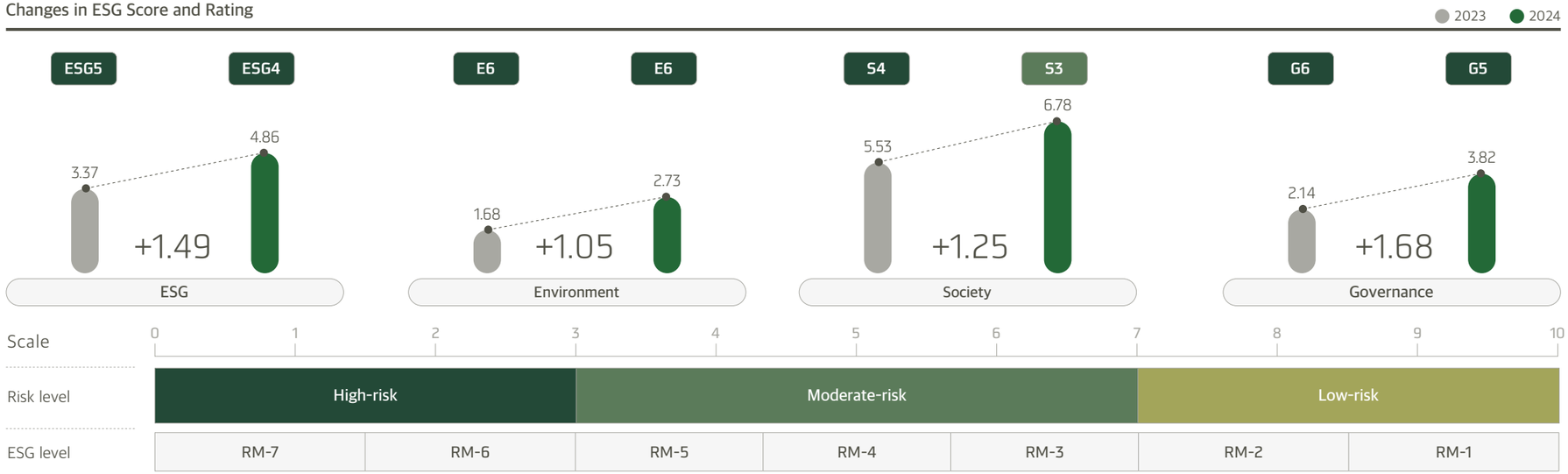
Overall ESG Risk

Moderate risk
4.86

ESG-Risk-Good(RM-4)

2024 click ESG result
(3rd party-verified)
Average: 4.05
Highest: 9.53

Changes in ESG Score and Rating



INFORMATION SECURITY & PRIVACY PROTECTION - Governance

Governance Roles and Responsibilities

Role of the Board of Directors

SK Networks recognizes the importance of information security and privacy protection. The company has established an information security policy that complies with relevant laws and SK Group guidelines. The Board of Directors monitors key information and cybersecurity risks and considers information security issues that may significantly impact the company's management strategies from an independent and objective perspective to facilitate decision-making.

Chief Information Security Officer(CISO)/ Chief Privacy Officer(CPO)

SK Networks has appointed the Leader of the Information Security Division as the Chief Information Security Officer(CISO) and the Chief Privacy Officer(CPO) to oversee all information security and privacy operations. The roles of the CISO and CPO include establishing mid- to long-term information security strategies, conducting internal audits and risk management, providing information security training and mock drills, planning privacy management plans, addressing complaints and providing remedies.

Role of the Dedicated Organization

As the dedicated information security organization, the Information Security Team prevents the leakage of personal information and information assets and responses to security compliance issues. The CISO meets the qualifications provided in the Information and Communication Network Act for independent information security operations. The team also has a task force to strengthen information security activities and promote cooperation.

Information Security Committee

The Information Security Committee consists of key executives and team leaders from relevant organizations. It reviews and decides on information security policies and major issues, deliberates on disciplinary actions for internal security incidents and approves follow-up plans for internal and external security audits. The committee reports its decisions to top management, contributing to company-wide information security.

Information Security and Privacy KPIs

SK Networks' management compensation system is linked to relevant KPIs to strengthen its capabilities in information security and privacy. The CEO KPIs include information security and privacy protection, clarifying management's accountability and enhancing the company's overall security risk controls. Prioritizing information security and privacy, not as a mere compliance issue, helps further improve the company's overall security standards.

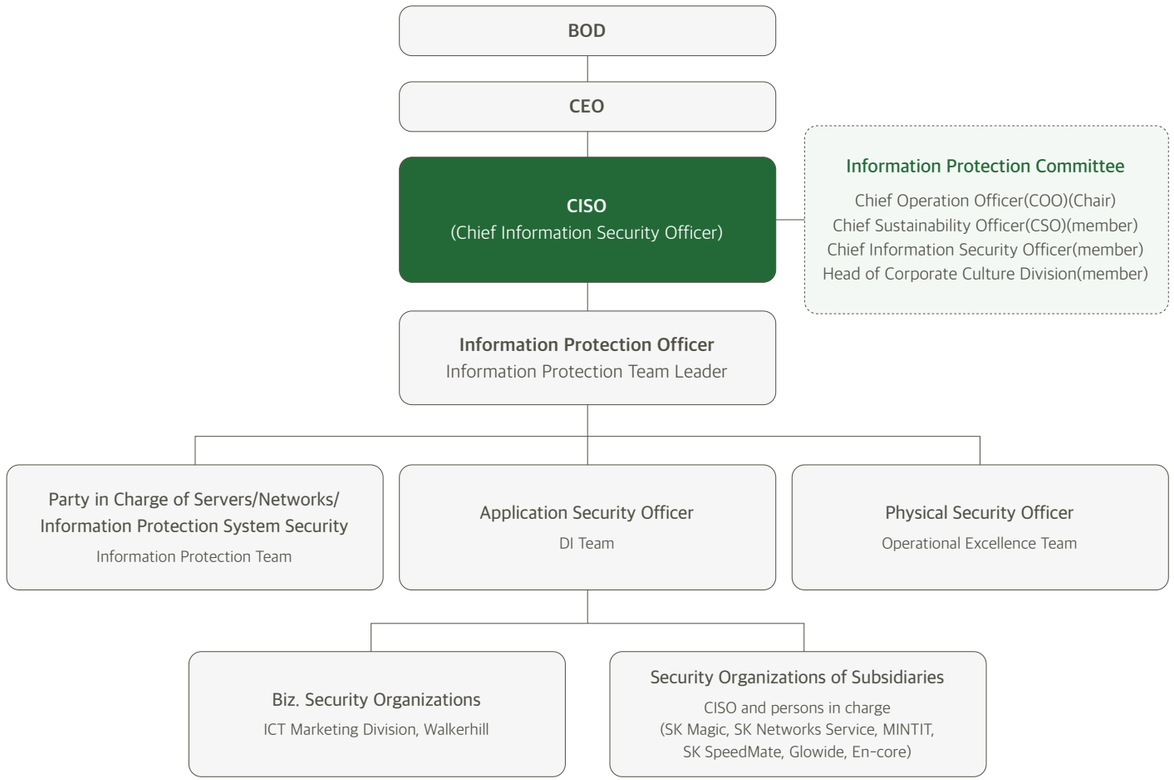
Information Security and Privacy KPIs

Subject	Indicator
CEO	Number of personal information leaks and hacking incidents at parent/subsidiaries

- 2025 target: Zero personal information leaks or hacking incidents at the parent and 5 subsidiaries
- 2026 target: Zero personal information leaks or hacking incidents at the parent and all subsidiaries

Company-wide Security Governance

(As of the end of May 2025)



Strategy

Internalization of Information Security and Privacy

Information Security Policy and Guidelines

In response to recent amendments to three data protection laws, SK Networks has reinforced its privacy and information security regulations. In particular, we have tightened the criteria for disciplinary action against the inappropriate use of personal computers by employees to ensure effective information security controls. These updated regulations outline the standards for processing and protecting personal information for all stakeholders, including employees, suppliers, and visitors. Any personal information we collect from these stakeholders is managed in accordance with these regulations.

We ensure that all employees strictly comply with information security regulations by communicating new and revised regulations. We also organize regular information security campaigns to keep employees updated on changes to key laws and policies.

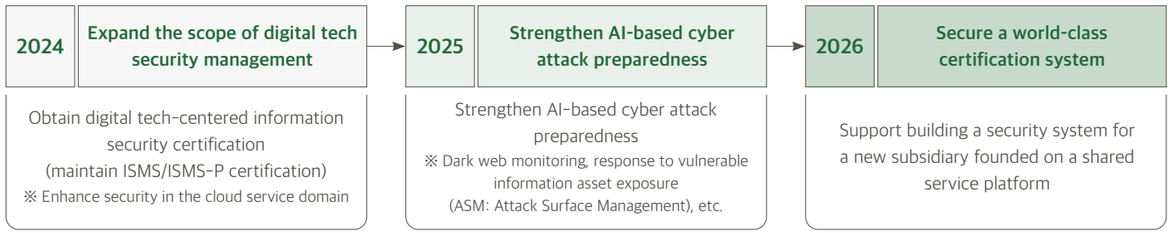
As a safeguard of corporate assets, SK Networks has IT service and security control regulations and guidelines to prevent the damage, forgery, alteration, theft, or leakage of information assets. These security guidelines apply to all information systems for the collection, processing, transmission, storage, and management of information and clearly define the roles and responsibilities of all departments, employees, and business partners.

Compliance with Group Security Guidelines

SK Networks adheres to SK Group's security guidelines and operates a management system aligned with the group's security strategy. SK Group conducts annual audits of its companies and subsidiaries to verify compliance with the security guidelines, recommending improvement tasks as needed. SK Networks then establishes implementation plans, reports them to top management, and implements key tasks to enhance the company's overall security.

To strengthen security in cloud environments, we have introduced Cloud Security Posture Management(CSPM) solutions, as well as ASM and dark web security solutions to respond to external threats. They enable us to prevent security incidents, enhance our preparedness for potential breaches, and improve our security response framework.

Information Security Roadmap



Information Security and Privacy Training

SK Networks organizes training programs and activities to help all employees recognize their role in information security and take responsibility. Employees are required to sign an information security pledge and complete mandatory online training at least annually to enhance their awareness and compliance.

We provide regular updates to keep employees informed of security incidents, best practices, and the latest trends. Real-life examples related to their daily work help strengthen their security awareness. Employees who directly handle personal information undergo advanced annual training to develop a deeper understanding of relevant laws and internal standards.

Information Security Training in 2024 (Unit: people)

Category	Training	Number of participants
Statutory training	Advanced training for employees	48
	General training for employees	1,476
Others	Security training for supplier employees	256
	Security training for new employees (new hires/career positions)	8

Investment in Information Security

SK Networks fulfills its statutory disclosure obligations by transparently disclosing information about its security personnel, relevant investments, and certifications. This helps enhance both external trust and internal security capabilities.

In 2024, we invested KRW 37.7 billion in information security, accounting for 9.5% of the total IT budget. SK Networks will continue to invest in information security and strengthen its cybersecurity system.

Investment in Information Security[1)]

Disclosure	2022	2023	2024
Investment in information technology(A)	43,057	45,791	37,716
Investment in information security(B)	3,733	3,745	3,572
- Key investments	Personal information processor management system maintenance	Personal information processor management system maintenance	Personal information processor management system maintenance
	Security service fees, etc.	Security service fees, etc.	Security service fees, etc.
B/A	8.70%	8.20%	9.50%

(As of the end of December 2024; Unit: KRW million)

1) Based on information disclosed on the Information Security Disclosure Portal under the Act on the Promotion of the Information Security Industry

Risk Management

Information Security Risk Management

ISMS-P[1] Certification

SK Networks has obtained ISMS-P certification, attesting to its reliability and systematic management of information security and privacy operations.

ISMS-P certification consists of 101 controls, including 16 management system operation items, 64 protection measure items, and 21 personal information processing procedure items. This certification demonstrates a company's overall standard for information security and privacy protection. SK Networks is committed to maintaining and continuously improving its robust security system to enhance information security reliability.

1) Personal Information & Information Security Management System.

Intrusion Response Drills

To improve its response to cyber threats, SK Networks regularly conducts intrusion response drills, document security management controls, and on-site inspections.

These drills include training on how to respond to malicious emails and simulations of distributed denial of service(DDoS) attacks. These simulations are designed to familiarize employees with emergency response procedures based on real-life scenarios. In 2024, all DDoS attack attempts were detected and blocked.

We conduct quarterly malicious email training and one to two DDoS drills per year. Each training is followed by an analysis to assess response levels, and improvements are incorporated into our overall security strategy.

Information Security Vulnerability Assessment

SK Networks systematically reviews information security risks throughout the system lifecycle. When developing a new system, we provide advance guidance on security protocols to prevent vulnerabilities. Before the system goes live, it undergoes compliance testing to ensure it is free of security issues.

We conduct regular vulnerability assessments of existing systems and web services to identify security vulnerabilities, followed by action on high-risk items to minimize the possibility of external intrusion. We couple these efforts with security settings and authority management checks to strengthen the overall defense level of our systems.

Systems connected to external contractors undergo preliminary security reviews and eligibility assessments to effectively manage potential security vulnerabilities at internal and external connection points.

Incident Response and Integrated Security Management

SK Networks has a multi-layered, integrated security management system designed to prevent intrusion and information leakage. We update our security solutions annually by applying the latest developments in anomaly detection, access control, and document security. These security solutions are particularly notable for their interconnection with a big data-based anomaly analysis system that examines user behaviors and system logs to detect abnormalities early on.

In partnership with security specialist Shieldus, we operate a 24/7 security monitoring service to respond quickly to potential security threats during non-business hours, such as at night or on holidays. This allows us to strengthen our response to security breaches by immediately detecting them and taking action.

These efforts are supplemented by routine security activities, such as on-site inspections, document security policies, and security pledges. As a measure to manage the security levels of individual employees, in 2023, we introduced a program to assess employees' compliance with security standards and encourage improvements. This system raises employees' security awareness and improves the level of information security across the organization.

BUSINESS CASE

SK Magic, MINTIT, En-core

ISO 27001 Certification

SK Magic, MINTIT, and En-core have obtained ISO 27001 certification, an international standard for information security management systems. This official recognition of their information security capabilities demonstrates their preparedness to protect customer data and information assets, as well as their ability to proactively prevent cybersecurity risks.

Privacy Protection

Privacy Policy

SK Networks strictly complies with the Personal Information Protection Act and all other applicable laws and regulations. We have established a privacy policy to protect customers' personal information. The policy is publicly available on our website and clearly outlines the standards and procedures for processing personal information, including the types of information collected, the purposes of use, the retention period, and the disposal procedures. Revisions to the policy are promptly posted on the website to allow users to access the latest information.

Privacy Policy

Security of Personal Information

SK Networks recognizes the importance of customer privacy and uses structured management and preventive measures to ensure its protection. All business processes involving the processing of personal information, including those of subsidiaries, adhere to relevant laws, regulations, and the internal privacy policy. When collecting and/or using personal information, we clearly specify the purposes and reasons to prevent unnecessary processing and misuse.

Furthermore, we implement multifaceted technical and administrative safeguards to ensure the secure handling of personal information. We minimize security risks with a robust information security management system that includes access control to internal systems, prevention of tampering or alteration of access logs, and encrypted storage of personal information. Access to personal information processing systems is strictly limited to authorized personnel. We also use contracted security service providers to ensure thorough preparedness for external threats that may arise during the processing of personal information.

Rights of Data Subjects

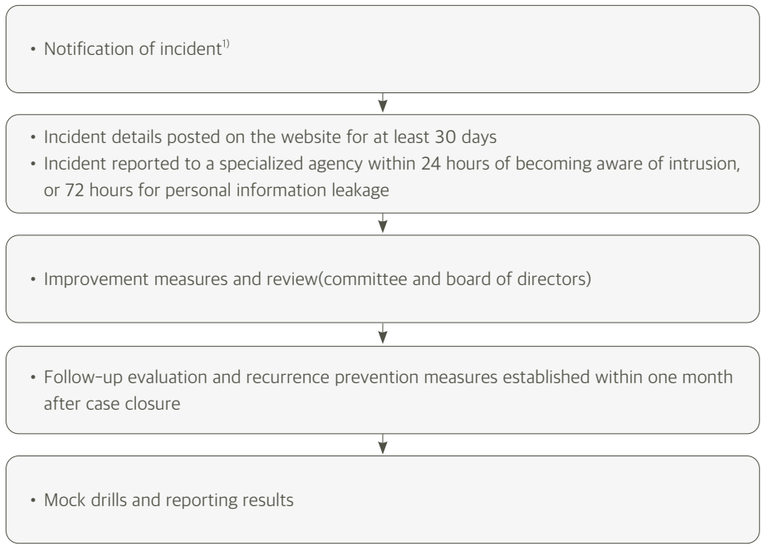
SK Networks guarantees users' rights as data subjects to access, correct, delete, and suspend the processing of their personal information. Users may exercise these rights at any time, and we must promptly comply. To facilitate this process, we have appointed a privacy officer and other responsible personnel who can be contacted via our website.

Information collection	• Only collect the minimum amount of information necessary for service provision.
Information retention	• Set retention periods depending on the purpose of collecting and storing personal information.
Information use	• Only use collected personal information for designated purposes, and obtain prior consent before using it for other purposes.
Provision of information to third parties	• As a general rule, users' personal information cannot be provided to third parties or used beyond the scope of the original purpose without prior consent.
Information collection methods	• Opt-in consent required.
Access to information	• Users have the right to access personal information possessed by the company in accordance with Article 35 of the Personal Information Protection Act.
Transmission of information	• Information may be transmitted to third parties(external services) with prior consent to the provision and disclosure of information.
Correction, deletion, and processing of information	• Users have the right to request the correction and/or deletion of their personal information possessed by the company in accordance with Article 36 of the Personal Information Protection Act.

Privacy Breach Response Process

SK Networks has established internal processes to ensure a swift and systematic response to incidents such as personal information leaks. Once an incident is identified, it is immediately reported to the relevant departments through our internal reporting system. Data subjects are notified, and a report is submitted to the relevant authorities within 24 hours of an intrusion or 72 hours of a personal information leak, in accordance with applicable laws and regulations. Details of the incident are posted on our website for at least 30 days to inform data subjects of their rights. After the measures have been taken, the committee or the Board of Directors reviews their appropriateness and identifies areas for improvement. Within one month, they conduct a follow-up evaluation, root analysis, and improvement measure development to prevent recurrence. Finally, mock drills are conducted to prevent similar incidents from recurring, and the results are reported to strengthen response capabilities and raise security awareness throughout the company.

Privacy Breach Response Process



1) Line of reporting: Incident reporter → Senior team leader and chief privacy officer → Corporate privacy team leader and risk management officer → CPO and relevant department team leaders and executives → CEO and holding company executives

COMMUNITY ENGAGEMENT - Governance / Strategy

Governance Roles and Responsibilities

Community Engagement Organization

At SK Networks, the Company-wide ESG Implementation Committee is responsible for structured community contribution activities. The committee reviews and deliberates on ESG strategies through regular meetings held every two months and ad hoc meetings convened as needed. The committee is chaired by the Management Supporting Divisional Group Leader, and the Sustainability Management Division serves as secretary. Members include key executives such as the CEO, COO, and Leaders of the Planning and Strategy, Accounting, Corporate Culture, and Audit Divisions. Key topics discussed by the committee include donation plans, resource allocation, and stakeholder communication.

Community Engagement Decision-Making Process

Plan submitted	• Department suggesting community contribution activity
↓	
Plan considered	• Working-level staff and members
↓	
Resolution and approval	• Company-wide ESG Implementation Committee and Board of Directors
↓	
Post-approval execution	• Management department within the relevant group/division
↓	
Review and evaluation	• Responsible department: ESG Management Team
↓	
Committee reporting	• Responsible department: ESG Management Team

Community Engagement Decision-Making Process and Criteria

SK Networks organizes various community contribution programs, including donations, advice, and employee volunteer activities, which are driven by three principles: happy engagement, shared growth, and change. Programs undergo a preliminary review and feasibility testing before being approved by the Company-wide ESG Implementation Committee and Board of Directors and executed depending on the scale of the donation. After completion, the ESG Management Team conducts a performance review to measure effectiveness and reports the results to management. We are fully committed to creating social value by expanding our collaborative partnerships with NGOs and government agencies.

Community Engagement Criteria

Criteria		Activity
Social responsibility of large enterprises	• Is it aligned with the group's community contribution strategy? • Is it necessary for the social safety net (including emergency disaster relief)? • Will it aid in supporting the social enterprise ecosystem? (relevance with the group ESG key indicators)	Contributions
SK Networks community contribution identity	• Is it tied to the local community or our business model? • Does it serve vulnerable groups (elderly, children, people with disabilities)? • Is it an activity worth preserving as a tradition?(Is there a reason it should be done by SK Networks?)	
Risk management	• Is it a reliable organization? (charitable corporation (designated donation recipient))	Volunteer activities (including pro bono)

Building Foundations for Community Engagement

Community Engagement Policy

SK Networks establishes and implements community contribution policies based on the company's three core values. To encourage voluntary employee engagement, we organize programs that align with their business capabilities. We strive to expand the scope of our community contribution activities beyond our workplaces to include all stakeholders, and we are committed to creating social value for sustainable growth and positive change.

Community Engagement Goals

SK Networks conducts community contribution activities with the aim of achieving shared growth with the local community. Our goal is for each employee to volunteer 20 hours per year, and in 2024, our employees volunteered 2,433 hours. Now we aim for more than 85% of our head office employees to participate by 2025. The program's effectiveness is reviewed through regular surveys. We quantify the social value created through these activities in monetary terms for structured management and further expansion. This is how SK Networks builds a virtuous cycle of growth with the local community.

Social Engagement System

	Happy Participation	Happy Coexistence	Happy Changes
Meaning	All SK Networks employees voluntarily and enthusiastically participate in volunteer work.	We achieve a high level of social contribution activities by sharing each other's competencies and techniques as well as maintaining close partnerships with the local community, NGO, government, etc.	We pursue fundamental social changes with systematic, independent support for problems in the vulnerable class instead of support at temporary and charitable levels.
Activity	• 'Happiness+' Employee Community Contribution Activities • Employee Blood Donation Campaign	• SE support activities • Support for local small business owners • Support for local community through a program linked to BM	• Support for the underprivileged and vulnerable • Support for children/youth • Support for student education
Performance	'Happiness+' Community Contribution Activities • Plugging: Clearing the natural environment in neighborhood areas • Contactless activities : Manufacturing and supporting aid kits for the underprivileged/less advantaged children, etc. • Offline activities: Food distribution service, park clean-up activities, etc. • Blood donation: All employees working at Samil Building participate(4 times a year)	• Support for SE advice through Pro bono • In-kind donation to Gwangjin Food Market • Cleanup activities near SK SpeedMate stores	• Support for briquettes and kimchi sharing and donations for shantytowns • Donation to the development fund of Severance Children's Hospital • Donation to support cultural and educational programs for low-income households
UN SDGs			

Strategy

BUSINESS CASE

Community Engagement Activities

Community Support

Community Support Activities and Achievements - The Happiness+ community contribution program at SK Networks encourages employees to voluntarily engage in community growth and support vulnerable groups. The program organizes and promotes various activities, such as meal services in Myeongdong, cleanups at Namsan Park and Yeoui Saetgang Park, support for workplaces for people with disabilities, and contactless service kit production. In 2024, our employees dedicated 2,433 hours to these activities.

In addition, SK Networks has donated more than KRW 100 million per year for the past four years, fulfilling its social responsibility. These funds support activities that improve the lives of vulnerable community members, such as delivering coal briquettes and kimchi, providing daily necessities to shantytowns, and sponsoring the Gwangjin Food Market.

One notable example is the Gwangjin Food Market Support Program, which was initiated by Walkerhill in 2021. In 2024, cash and in-kind donations totaling KRW 18.5 million were made, enabling the distribution of 3,250 packages to 714 local residents. Walkerhill's generous support plays a substantial role in expanding the scale of the food market initiative.

Future Plans - SK Networks will continue to build a mutually beneficial ecosystem for shared growth through close partnerships with local communities. By organically linking our core business capabilities with the needs of the community, we aim to create sustainable social value and contribute to maximizing the well-being of all stakeholders.

SK Magic

Establishment of a Subsidiary-Type Standard Workplace for People with Disabilities[1)]

In December 2024, SK Magic signed an agreement with the Korea Employment Agency for Persons with Disabilities to establish a subsidiary-type standard workplace for people with disabilities, named Haengboknamu("Happy Tree"), within its main production base at the Hwaseong Campus. The project aims for completion by December 2025, and we plan to relocate the DPC(Digital Packing Center) and RSP(Rental Service Packing) processes from existing production lines to this new facility. Through "Happy Tree," SK Magic plans to support stable and inclusive employment for persons with disabilities and create a disability-friendly work environment. We will continue to identify customized roles for persons with disabilities to gradually expand employment and will also focus on nurturing highly skilled employees with disabilities by developing job competencies. SK Magic's efforts to fulfill its corporate social responsibility are expected to lead to positive changes, including the expansion of employment opportunities for persons with disabilities.

Agreement Ceremony for Establishing a Subsidiary-Type Standard Workplace for Persons with Disabilities

Practicing Community Coexistence through the "Happy Two Meals" Project

In 2024, SK Magic participated in the Happy Two Meals project in collaboration with the Happy Alliance to help address the issue of food insecurity among children in local communities. This project supports children at risk of missing meals who fall outside the scope of public welfare programs, by providing lunchboxes during the gap period before local government meal support systems and budgets are put in place. Throughout 2024, SK Magic took part in the project across four regions—Buan, Gochang, Namyangju, and Nam-gu in Daegu—by donating funds and volunteering in the preparation and delivery of lunchboxes.

Going forward, SK Magic will continue to engage in social contribution activities to help address challenges faced by local communities and will actively promote a culture of mutual growth through dedicated interest and effort.

Donation Ceremony and Lunchbox Packing Volunteer Activity for the "Happy Two Meals" Project

Walkerhill

Forest Experience for Adolescents with Developmental Disabilities

Walkerhill offers an educational program designed to support the emotional development and creative expression of adolescents with developmental disabilities by providing forest experiences and photography opportunities. These activities promote emotional stability and the development of social skills in this population. Walkerhill plans to expand its ESG practices further through ongoing collaboration with local welfare centers.

Village Hotel Project

For the Village Hotel Project, Walkerhill is partnering with 20 food and beverage outlets in the Gwangjin District. This project is designed to promote the local economy using Web3 technology and is recognized as a best practice of ESG management and a future-oriented business model in the hotel industry.

Forest Experience for Adolescents with Developmental Disabilities

Village Hotel Project

1) A subsidiary-type standard workplace : a facility equipped with appropriate production, convenience, and support infrastructure tailored to the needs of persons with disabilities. Also, employs a certain proportion of people with disabilities, including those with severe disabilities.

Strategy

SE[1] Ecosystem Support

Pro Bono Programs - SK Networks organizes pro bono programs that encourage its employees to leverage their expertise for society and support the growth of SEs and social ventures. Participating in these programs gives employees a sense of pride in addressing social issues and supporting SEs in creating sustainable social value.

These pro bono activities are categorized into four types based on the duration and content of the services provided. Targeted pro bono activities provide SEs and social ventures in areas relevant to SK Networks' business with intensive consulting and advice for a one-year period. Spot pro bono activities aim to troubleshoot specific issues related to business planning, marketing, legal matters, finance and accounting, business strategy, translation and interpretation, and R&D. Usability testing aims to improve the user-friendliness of products and services by providing customer feedback. Finally, we offer online training to many SEs four times a year.

Targeted Pro Bono Activities - In 2021, we initiated targeted pro bono activities as a standing advisory program that leverages our employees' expertise to address the challenges faced by SEs. To date, three SEs and social ventures have benefited from these activities, which focus on promotional strategy and business model planning and development. Participation in addressing social issues has fostered a sense of pride among employees and has laid the foundation for the sustainable growth of social enterprises.

1) Social Enterprise.

2024 Results - In 2024, 35 pro bono volunteers, including employees from subsidiaries, provided consulting services to seven social enterprises(SEs).
They dedicated 353 hours, creating social value amounting to KRW 77,377,153. Our employees' contributions to the growth of SEs and the broader SE ecosystem were recognized with the "Excellence Award" and "Super Rookie Award."

Future Plans - In 2025, SK Networks will continue to share its experience and expertise with society, support the growth of SEs and social ventures, and ultimately contribute to the creation of sustainable social value.

Pro Bono Operation Process

Selecting social enterprise	• Selecting social enterprises relevant to the business models and social contribution direction of SK Networks • Selecting social enterprises and recruiting members for the activities
Matching advisors and activities	• Matching Social Enterprise Needs with Advisory Team Members • Operating advisory activities(for 6 months)
Monitoring and evaluation	• Monitoring performance and satisfaction level(year-round) • Evaluating and rewarding

Community/SE Ecosystem Support Roadmap

2025	2026~2027	2028 ~
• Enhance SK Networks' community contribution system and improve relevant programs • Improve pro bono programs based on feedback from participating SEs and employees • Achieve an employee participation rate of 85% or higher in community contribution programs at SK Networks (head office) • Achieve 50 hours of employees' pro bono activities	• Enhance SK Networks' community contribution system • Develop collaborative models with external stakeholders (public agencies, communities, NGOs, etc.) • Achieve an employee participation rate of 85% or higher in community contribution programs at SK Networks (head office) • Achieve 50 hours of employees' pro bono activities	• Advance pro bono activities • Promote BM-linked achievements • Advance collaborative models with external stakeholders (public agencies, communities, NGOs, etc.) • Achieve an employee participation rate of 85% or higher in community contribution programs at SK Networks (head office) • Achieve 50 hours of employees' pro bono activities

BUSINESS CASE

Walkerhill

SK Pro Bono Culinary Consulting

Walkerhill's pro bono initiative leverages the company's expertise: culinary professionals provide tailored advice to help SEs stand out. In 2025, the program shifted from tasting products developed by SEs to a new approach. Now, professional chefs from Walkerhill prepare meal kits and test them with advisory committee members and SE representatives to enable more realistic and accurate feedback. This will help SEs strengthen their capabilities and lay the foundation for sustainable growth.

SK Pro Bono Culinary Consulting

Risk Management

Community Risk Management

Community Risk Management Overview

SK Networks has a risk assessment system that proactively identifies potential negative impacts of its business activities on the local community and manages them systematically. This system analyzes financial, environmental, and social risk factors on and around the premises and specifically identify risks in light of relevant laws, stakeholder requirements, and industry trends. Identified risk factors are quantitatively assessed based on their impact and likelihood to determine their urgency and priority.

Customized mitigation measures are developed and implemented for each risk factor, followed by reassessments to objectively verify their effectiveness. In high-risk areas, we scrutinize the relevant departments' responses, reporting systems, and monitoring cycles to encourage continuous improvement. This integrated risk management process is essential to ensuring the sustainability of our business operations and establishing a foundation for shared growth with the local community.

Community Risk Assessment Results

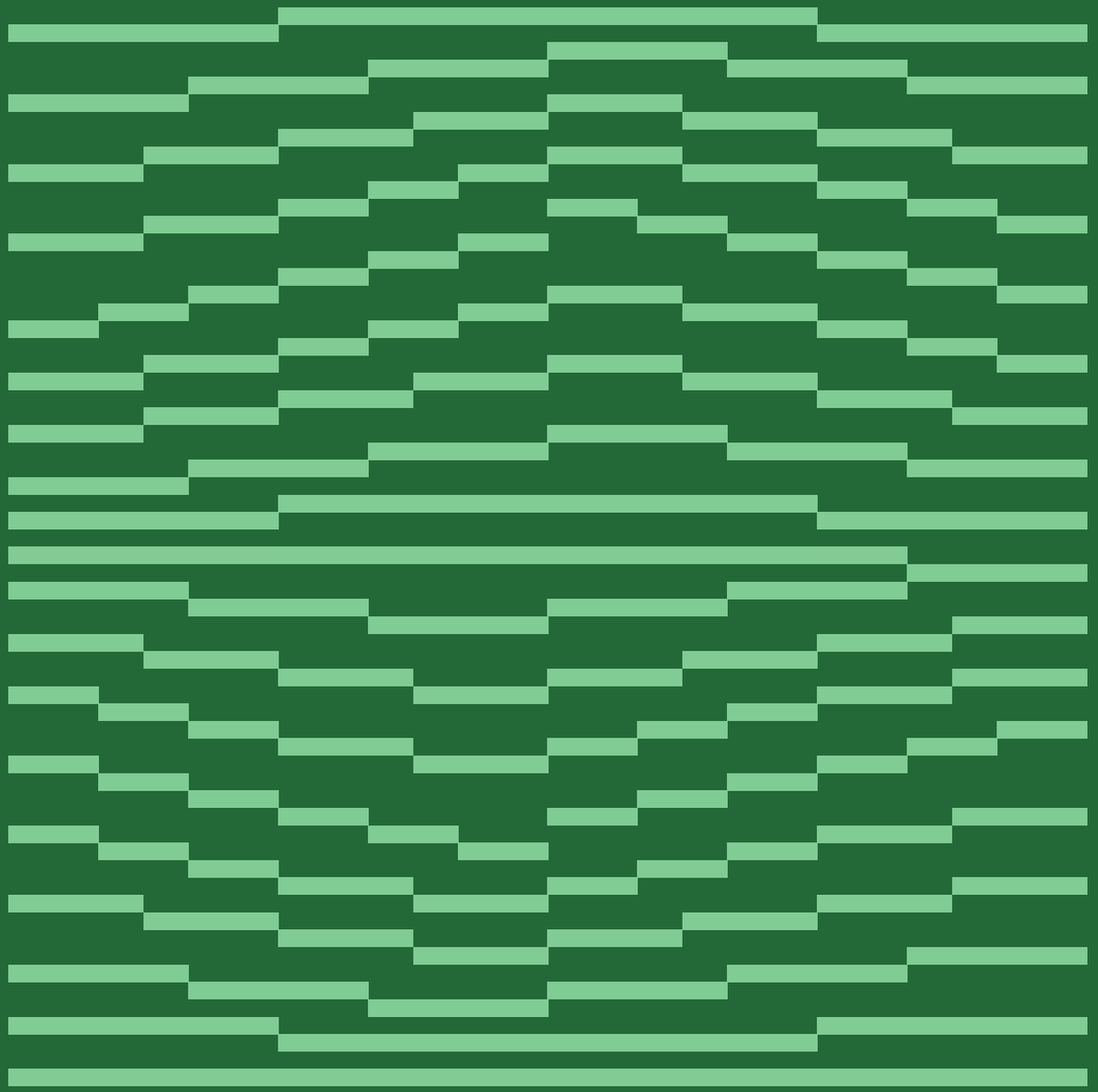
SK Networks proactively identifies and systematically manages the potential negative impacts of its operations on the local community. A particular focus is on pinpointing potential conflicts with the community in and around its hotels and logistics centers, and it establishes customized response strategies accordingly. For our hotel operations, noise, traffic congestion, and school safety concerns have been identified as three major social risks. We closely monitor these risks for their likelihood and impact and have implemented preventive measures such as noise control, traffic operations monitoring, and shuttle service re-routing. The absence of incidents or complaints proves the effectiveness of these measures. For the logistics center, traffic accidents were identified as a major risk. However, these risks were not deemed severe, and preventive measures were implemented to manage traffic volume. As a result, no accidents have been reported. Through community risk assessments and effectiveness reviews, SK Networks minimizes the impact of its business activities on residents' safety and living environment. These efforts strengthen the foundation for sustainable business operations and help maintain trust with the local community.

Community Risk Management Process

Identify risks	• Create a list of economic, environmental, and social risks • Incorporate industry benchmarks and cases, stakeholder requirements, etc.
↓	
Assess and analyze risk severity	• Assess severity(financial and non-financial) and likelihood to determine overall risk levels
↓	
Check risk preparedness	• Identify current preparedness in areas of governance, response, and culture
↓	
Establish and implement risk mitigation measures	• Establish and implement preventive measures and follow-up measures
↓	
Check risk response results	• Reassess risk severity after implementing measures (effectiveness assessment)

Risk Management Results for Key Operations(2022-2024)

Category	Risk	Mitigation measures taken	
		Preventive measures	Follow-up measures
Hotel	Noise and loud music resulting from poor management	• Measure pre-event noise levels and keep them below the prescribed limits • Notify local governments and apartment management offices in areas expected to be affected in advance	• Measure noise levels regularly and keep them below the prescribed limits • Immediately respond to and report any complaints
	Traffic congestion due to increased traffic near the facility	• Eliminate traffic obstructions in cooperation with the local police • Deploy security personnel to eliminate traffic obstructions inside and outside the facility in busy seasons	• Request for additional support from the local police • Increase deployment of security personnel to eliminate traffic obstructions inside and outside the facility in busy seasons • Encourage guests to use public transportation and increase free shuttle services
	Local residents' concerns about school safety on the school bus route.	• Identify potential negative impacts and explore solutions • Negotiate route changes(30 days for scheduled changes) • Conduct safety training for drivers, including compliance with speed limits	• Adjust shuttle routes and schedules for school safety
Logistics center	Accidents caused by increased traffic near the facility	• Conduct safety training for drivers, including compliance with speed limits • Consult the local government and police to prevent traffic accidents caused by illegal parking by other companies near the facility	• Monitor vehicles entering and exiting the premises for their compliance with speed limits and impose penalties • Consult local governments to propose road facility improvements • Provide traffic safety education to the local community and discuss mutually beneficial measures



GOVERNANCE

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RISK MANAGEMENT 108

ETHICS/COMPLIANCE MANAGEMENT - Governance

Governance Roles and Responsibilities

SK Networks Ethical Management Structure

SK Networks Ethical Management - SK Networks has an Audit Division that reports to the Audit Committee of the Board of Directors[1]. The division operates an independent audit and ethics management system consisting of the Internal Audit Team and the Ethics & Audit Team. The Audit Committee has the authority to approve the appointment and removal of the Ethics Division's leadership, evaluate their performance, and approve the division's budget and organizational structure. This ensures the independence and objectivity of the division's operations.
In 2022, we adopted the SK Group's ethical management measurement system to objectively evaluate the company's ethical management practices, ensuring full compliance with the SK Group's Ethical Management Guidelines. Ethical management performance is considered in the CEO's annual performance(KPI) evaluation.

Roles of the Audit Division - The Audit Division presents its annual internal audit plans and ethical management activities to the Audit Committee. The division also provides the Audit Committee with quarterly performance reports to ensure operational transparency. Internal audits independently review the adequacy and effectiveness of risk management and internal control systems. The results and recommendations are reported to the Audit Committee on a quarterly basis. The Audit Division monitors the company's overall operations and communicates with each department to review their operations. Other roles include conducting ethics surveys to gather employee feedback and make timely improvements, incorporating them into management strategies as needed.

Ethical Management Structure and Roles

1) Three committees under the Board of Directors(Personnel Committee, Strategy·ESG Committee, Audit Committee)

Ethical Management Council of SK Networks and Subsidiaries

At SK Networks, the Ethical Management Council ensures effective ethical management at the parent company and its subsidiaries. Efforts are made to empower each subsidiary to develop its own ethical management practices. The Ethical Management Council is chaired by the Audit Division Leader of SK Networks and attended by the ethical management team leader and working-level manager of each company. The council communicates company-wide ethics management directions, derives implementation tasks, and reviews performance.
In addition, the Ethical Management Council plans and operates quarterly ethics management training sessions and workshops on ethics practices. The council also assists in establishing ethics regulations, conducts audits and investigations, and supports ethics officers' capacity building. Subsidiaries incorporated within the past five years are classified as new subsidiaries and receive more focused guidance. To help these subsidiaries develop an ethical management foundation, the council provides annual training for ethical management personnel, assists in establishing and revising regulations, and offers content aimed at preventing ethical management issues.

Ethical Management Council Structure (As of the first half of 2025)

Strategy

Building a Foundation for Ethical Management

Ethical Management Goals and Roadmap

	2024 ~ 2025	2026 ~ 2027	2028 ~
	Develop a world-class ethical management system	Expand the global level ethical management system	Establish a world-leading ethical management system
Policy	• Promote and support ISO 37001 certification for subsidiaries • Establish subsidiaries' ethical management standards	• Establish/expand subsidiaries' ISO 37001 certification • Expand the scope of ethical management for subsidiaries	• Maintain ISO 37001 certification for the head office and subsidiaries; consider scope expansion • Improve the quality of subsidiaries' ethical management
Training	• Develop and implement ethics and anti-corruption training content tailored to the company's characteristics • Expand ethics training content for suppliers	• Continue developing ethics training content in line with changes in the business environment • Implement pilot customized training programs for target groups(leaders/employees) • Support the development of ethics training content tailored to the characteristics of subsidiaries	• Update ethics and anti-corruption training content • Establish a targeted training system • Enhance and improve ethics training content for suppliers • Support improvements of ethics training content tailored to the characteristics of subsidiaries

3C System for Ethical Management

To fulfill their ethical responsibilities, enhance stakeholder trust, and foster a fair and transparent corporate culture, SK Networks and its subsidiaries have established a 3C(Code, Compliance, Consensus) system for ethical management.

Code - SSK Networks established its Code of Ethics in 2007 based on the SK Management System(SKMS) and reviews and revises it annually. In 2024, the Code of Ethics Practice Guidelines were updated to strengthen whistleblower protections.
The Code sets clear standards of conduct toward customers, employees, shareholders, business partners, and society. For practical application, SK Networks enforces detailed guidelines covering anti-corruption, mutual respect, information protection, conflicts of interest, fair trade, and responsibilities for safety, environment, and health, along with procedures for reporting violations and protecting whistleblowers. In particular, it includes provisions to prevent violations of anti-corruption laws such as the Improper Solicitation and Graft Act. The Code and its guidelines are shared not only with employees but also with partner companies, who receive training and ethical support and are required to sign a compliance pledge.

Compliance - The Audit Division, under the SK Networks Audit Committee, is responsible for organized ethical management. The division implements systems and programs to promote an ethical management culture and monitors the company's ethical management practices.

Consensus - In accordance with the SK Group Voluntary and Responsible Management Support Team, SK Networks provides its employees with a range of training programs and initiatives to further strengthen its ethical management. All SK Networks employees and those of its subsidiaries are required to attend annual ethics training and workshops. An ethics survey is also conducted to assess the level of ethical practices. The scope of ethics training has expanded to include contract workers and supplier employees of SK Networks and its subsidiaries. To affirm the company's commitment to ethical management and anti-corruption, the CEO of SK Networks has announced the Human Rights Management Declaration and signed the Anti-Corruption Policy, publicly available on the company's website.

3C System for Ethical Management

Code	• Code of Ethics • Code of Ethics Implementation Guidelines • Code of Ethics Implementation Guidelines FAQs
Compliance	• Dedicated Organization for Ethical Management (Audit Division) • Self-regulating system • Reporting channels and whistleblower protection
Consensus	• Ethics Training • Ethical practice workshop • Ethical practice survey • Ethical practice pledge

SK Networks Code of Ethics | SK Networks Code of Ethics Implementation Guidelines | SK Networks Supplier Ethics Pledge | SK Networks Anti-Corruption Policy

Strategy

Risk Management

Internalizing Ethical Management

Ethics Training

Detailed Ethical Management Activities

SK Networks conducts annual ethics training for all employees, including contract and part-time workers, to raise ethical awareness. All of the employees are expected to participate and complete the training. Targeted ethics training programs for management and the Board of Directors were introduced in September 2021, and ethics training for suppliers became available in 2022. These programs are designed help build a consensus on ethical management practices.

The training covers key ethical management issues at SK Networks, such as anti-corruption, abuse of power, and work ethics. A survey follows the training to understand the trainees' satisfaction with the program's effectiveness, difficulty, and learning environment. The results inform the further development of the training system and content. The ethics training programs for management, the Board of Directors, and suppliers are updated regularly, taking into account the rapidly changing internal and external business environment.

Ethical Practice Surveys and Workshops

At SK Networks, employees at the head office and the subsidiaries are surveyed annually to assess their adherence to ethical standards and their actual practices. The survey allows the company to gather employee feedback, which is used to address key issues such as ethical awareness, factors that undermine ethical practices, and the improvement of ethical management systems. This approach supports more effective ethical management.

In addition, annual company-wide ethics workshops strengthen employees' ethical awareness. The workshops address key ethical issues, such as workplace bullying and conflicts of interest, and facilitate discussions using well-structured learning materials and video content. They provide a forum to identify areas for improvement in ethical management practices. To promote an ethical culture throughout all organizations, including subsidiaries, those that perform well in the ethics workshop are recognized and rewarded to encourage ethical management.

Results in 2024

Ethics training		Ethical Practice Survey	Ethical Practice Workshop
SK Networks and subsidiaries[1]	Suppliers	SK Networks and subsidiaries[1]	SK Networks and subsidiaries[1]
Number of employees who completed training[2](percentage)	Number of suppliers that completed training[3]	Number of employees who responded(percentage)	Number of organizations that attended workshop[2](percentage)
3,361(99.5%)	13	2,883(85.9%)	414(100%)

1) Five companies: SK Networks(including Walkerhill), SK Networks Service, SK Magic, MINTIT, and SK Electlink.
2) Including independent directors and non-regular employees.
3) Since 2022, the program is open to suppliers dealing with the SK Networks head office that wish to participate.

Ethical Risk Prevention and Control

Internal Audit and Prevention

SK Networks conducts internal audits comprising regular audits (including follow-up checks), self-inspection systems, and investigations into ethics reports. Over the past three years, audits have been carried out at least once across all domestic and overseas business sites and subsidiaries. Through these audits, risks such as inadequate information security(document control), improper task handling/procedural violations, and personal use of company assets have been identified and resolved. The outcomes of these corrective measures are reported quarterly to the Audit Committee and are also shared company-wide through announcements, ethics training, and ethics practice workshops to prevent recurrence of similar incidents.

Regular Audits - At the end of each year, SK Networks establishes an annual audit plan based on risk assessments covering all domestic and international businesses and support organizations, including subsidiaries. The plan prioritizes high-risk units and is implemented following approval from the Audit Committee. Audit results are regularly reported to the committee, and the implementation of audit recommendations is continuously monitored through the internal system. We aim to audit all domestic and international operations, including subsidiaries, at least once every three years.

Self-Inspection System Review - Each year, all business units and subsidiaries conduct a self-assessment of ethical and anti-corruption risks through their operational departments. High-risk items are directly reviewed by the Audit Office and internal audit departments of subsidiaries to verify the appropriateness of the inspection results and supporting documentation.

Ethics Reporting Investigation - SK Networks and its subsidiaries offer various online and offline ethics reporting channels, including websites, in-person consultations, and mail. All reports and inquiries received through these channels are handled transparently and fairly. Customer service complaints are referred to the relevant department for resolution. All reports, including those concerning unethical conduct, are investigated directly by the Audit Division and the internal audit departments of our subsidiaries.

If any violations are identified, we implement corrective measures immediately. Matters requiring improvement are reflected in business practices and strategies, and comprehensive response measures are developed in cooperation with the relevant departments as appropriate.

Ethics Reporting Channels

Website	http://ethics.sk.co.kr
Post Mail	SK Networks Internal Audit Team 85 Cheonggyecheon-ro, Jongro-gu, Seoul
Product quality and service inquiries	

Anti-Bribery Management System(ISO 37001)[4]

SK Networks obtained ISO 37001 Anti-Bribery Management System certification in 2022, passing renewal audits in both 2023 and 2024. Implementing a management system that complies with international standards enables us to effectively identify organizational risks, establish management frameworks, minimize tangible and intangible losses, and reinforce internal controls. This also helps us further enhance the trust and confidence of external stakeholders.

4) Anti-bribery management system standard by the International Organization for Standardization(ISO).

Governance

Governance Roles and Responsibilities

SK Networks Compliance Management Structure

SK Networks Fair Trade Compliance Organization - The Board of Directors of SK Networks appointed a compliance officer to operate a dedicated compliance organization, of which operations are reported to the Board of Directors annually. This allows the company to identify key compliance issues, understand compliance with fair trade regulations across all divisions, and promote fair trade and transparent transactions. Key fair trade policies are communicated to relevant departments to strengthen self-compliance.

SK Networks has clarified that the compliance officer is authorized and responsible for overseeing the operation of the compliance program. The compliance officer supervises and audits compliance, and requests corrective measures for any violations of competition laws. Other roles include employee training and development, revision of compliance manuals, and monitoring operations, all of which are geared toward establishing a compliance culture. Furthermore, SK Networks is committed to enhancing the effectiveness of fair trade compliance by ensuring the independence of the compliance officer and related organizations when performing their duties, as well as by prohibiting any adverse personnel actions.

Compliance Council of SK Networks and Subsidiaries

The SK Networks Compliance Council consists of the head office (including Walkerhill) and 7 subsidiaries. All participating entities are dedicated to fulfilling their social responsibilities regarding compliance management, fair trade, and enhancing compliance standards. The council is structured into three modules: Legal, Fair Trade, and Safety, Health, and Environment(SHE). Based on these modules, the council shares information on relevant laws and institutions, provides training, and communicates case studies(lessons learned). The council also fosters interactions among participating companies to strengthen preventive measures and enhance preparedness for potential issues.

1) SK Networks Service, SK Magic, SK Magic Service, MINTIT, SK Electlink, En-core, SK SpeedMate, Glowide

Working-Level Council of SK Networks and Subsidiaries for Fair Trade Disclosures

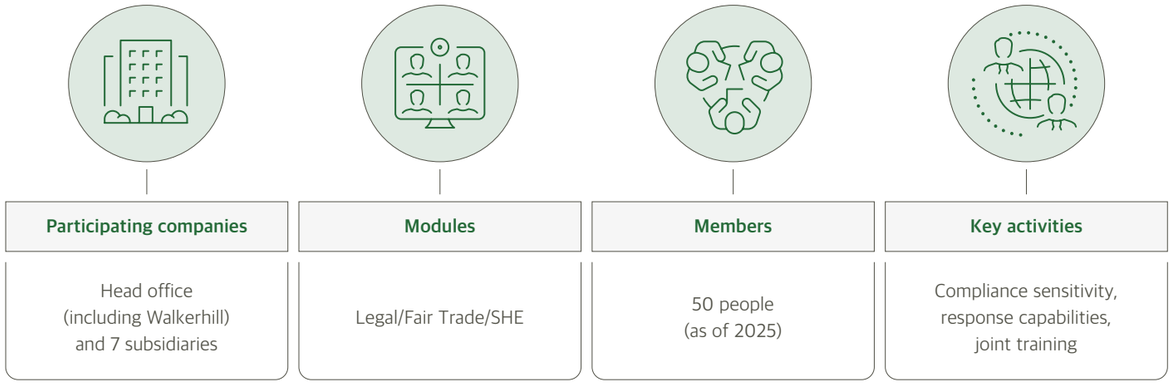
Disclosure and reporting to the Fair Trade Commission are essential to ensuring transparency and reliability in corporate governance. Failure to do so may result in criminal penalties, fines, negative media coverage, which could damage a company's reputation and public relations. In response, SK Networks established a working-level council comprising personnel from the head office and its subsidiaries. This council ensures the accuracy and timeliness of disclosures and reports to the Fair Trade Commission.

SK Networks, as the intermediate management company, chairs this council, which holds regular in-person meetings at least twice a year. The council also provides training on annual disclosures and reports and holds discussions on current issues to enhance employees' practical understanding. Another important role of the council is to enhance reliability and efficiency by implementing a real-time monitoring system to prevent disclosure omissions.

Compliance Reporting Process

Compliance Council

(As of May 2025)



Strategy

Internalizing Compliance Management

Compliance Training and Promotion

To prevent potential compliance risks, SK Networks keeps its employees updated on matters such as unfair support under the Fair Trade Act, the incorporation of new subsidiaries, and legal considerations related to changes in affiliation.

To enhance compliance awareness, SK Networks conducted company-wide(1 session) and department-specific(4 sessions) training on the mySUNI platform. Additionally, the company held two meetings of the "Fair Trade Commission Disclosure Working Group" and four meetings of the "SK Networks Compliance Council" to discuss key compliance issues faced by the head office and its subsidiaries. Three special lectures were delivered by external experts for working-level staff at each company. In addition, SK Networks offers tailored company-wide and role-specific training through online and offline channels to help employees develop the competencies and skills necessary to respond swiftly to rapidly changing business environments.

Lecture on the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises by an external expert

Compliance/Fair Trade Training (As of the end of December 2024)

Training	Participants	Audience
AI and intellectual property rights	45	SKN Compliance Council members
Amendments to the Fair Transactions in Franchise Business Act and practical considerations	45	SK SpeedMate employees, etc.
Overview of the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises	56	Value Procurement Part employees, etc.
Fairness in consignment/commission transactions-Payables linkage system	10	Value Procurement Part employees, etc.
Fair Transactions in Subcontracting Act and Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises	41	ICT Marketing Division employees, etc.
Global AI regulation trends	29	SKN Compliance Council members
Deterrence of overconcentration of economic power	148	All employees
Trends in the Serious Accident Punishment Act and Q&A on the Occupational Health and Safety Act	20	SKN Compliance Council SHE module members

Risk Management

Compliance Risk Prevention and Control

Fair Trade Compliance Program

SK Networks operates a Compliance Program(CP) as an internal compliance system to ensure adherence to fair trade laws and regulations. The program provides employees with clear and specific guidelines for fair trade practices and enables proactive prevention by monitoring key legislative developments and potential fair trade issues. These efforts help minimize the risk of legal violations in business operations and strengthen fair and transparent corporate governance.

CP Programs and Activities

SK Networks monitors changes in the regulatory compliance landscape and operates a disclosure and preliminary review system for large-scale internal transactions. This system proactively identifies and mitigates potential risks during such operations. SK Networks identifies key compliance issues and implements improvements to effectively respond to evolving regulatory environments. Other efforts demonstrating the company's commitment to fair and transparent business operations include company-wide announcements of significant events, such as strengthening transaction transparency and incorporating new subsidiaries.

Compliance Monitoring System

In response to changes in the regulatory environment in 2025, SK Networks is conducting compliance audits of major subsidiaries and reviewing compliance across business divisions to strengthen transaction transparency. In this regard, we have a fair trade compliance monitoring program that evaluates the adequacy and effectiveness of compliance programs and promotes sustainable improvements. The Compliance Officer oversees the entire process, from establishing monitoring plans to implementing, reporting, and following-up. The Compliance Officer has the authority to inspect employees' compliance and request corrective measures as needed. SK Networks is strengthening compliance management and fostering an ethical corporate culture by ensuring the independence of the compliance organization and taking structured follow-up actions on any identified legal violations or unfair trade practices.

RISK MANAGEMENT - Governance

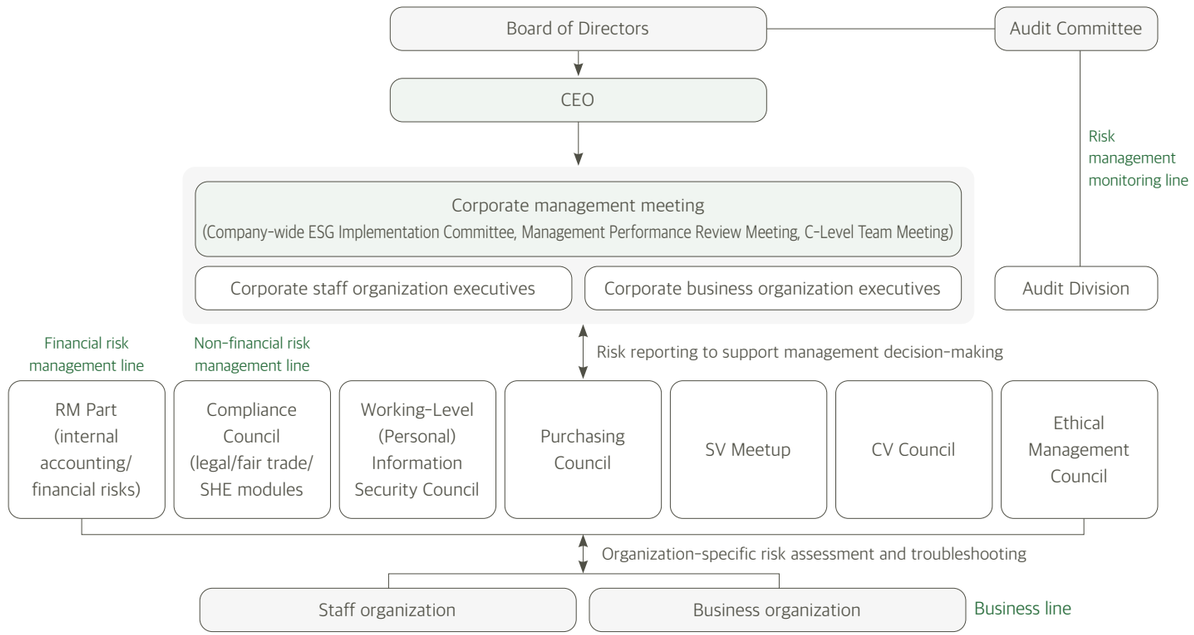
Governance Roles and Responsibilities

Corporate Risk Management

SK Networks has dedicated personnel and departments with clearly defined roles and responsibilities for managing various risks that may arise from business operations. Corporate-level staff and divisional organizations closely monitor financial and non-financial risks, identifying and assessing current and potential risks and responding to them strategically.

Individual consultative bodies communicate risk information and develop preventive and response measures. Major risks are reported to company-wide risk management bodies, such as the Company-wide ESG Implementation Committee, the Management Performance Review Meeting, and the C-Level Team Meeting. Depending on their severity, these risks may be brought before the Board of Directors for stricter management.

Risk Management Reporting Structure



Audit Committee

The SK Networks Audit Committee is a high-level decision-making body that monitors the company's risk management system and oversees the adequacy and effectiveness of its internal controls. As an independent body under the Board of Directors, it reviews management's risk response policies and implementation, requesting corrective and improvement measures as needed to ensure transparency and soundness in corporate governance.

Specifically, it oversees the operations of the financial and other risk management and risk monitoring lines(Audit Division) to ensure the corporate risk reporting structure is functioning properly. Since 2022, SK Networks has separated the external audit reporting process into pre-review and result reporting, expanding communication opportunities with external auditors to twice per quarter to enhance audit quality and the reliability of financial information. Additionally, based on the results of internal and management audits, the company plays a key role in assessing the adequacy of responses to major risk factors and in proposing improvement measures to strengthen company-wide risk response capabilities.

Financial Risk Management

SK Networks is establishing a company-wide risk management control tower, led by the Risk Management(RM) Office, to enhance professionalism and efficiency in managing financial risks.

The Risk Management Office utilizes the internal control system as a core tool for managing financial risks, enhancing risk response capabilities through a comprehensive process of risk identification, control activity management, and evaluation.

In addition, the Risk Management Office carries out various risk management activities, including reviewing the adequacy of new transaction structures and business models, monitoring collateral and credit limits, and checking and reporting receivables and inventory status by business. It also operates a dedicated "Red Team" for strategic investments above a certain scale, enabling a more multi-dimensional analysis of potential risks related to investments.

In addition, SK Networks is expanding the scope of risk response to its subsidiaries. The design and evaluation of internal accounting management systems for subsidiaries have been integrated from the perspective of the parent company on a consolidated basis. We have also strengthened its real-time monitoring system through close coordination with the boards of directors of its subsidiaries, thereby establishing a framework that enables immediate response in the event of a risk occurrence.

In this way, the RM Office serves as a key organization for securing the financial soundness of both SK Networks and its subsidiaries, thereby reinforcing a stable and sustainable management foundation for the company.

Strategy

Key Risk Management Activities

Key Risk Management Areas

SK Networks identifies and defines market volatility, fair trade compliance, information security threats, climate change, and other risks and develops response strategies accordingly. It is essential for sustainable management to identify potential risks that may arise from business operations and manage them.

In light of the changing environment and regulatory requirements, SK Networks is developing risk-specific management systems and strengthening its risk preparedness. In addition, we are fostering interdepartmental collaboration to integrate risk management and perform regular monitoring and inspections of key risks for company-wide risk management.

Key Risk Areas

Market risk	• Customers/suppliers experiencing financial difficulties, bad debts, interest rate fluctuations, etc.
Contract/compliance risk	• Disputes over MOUs, agreements, contracts, and liability compliance, etc.
Fair trade risk	• Unfair trade practices(collusion, etc.), improper internal transactions • Failure to comply with subcontracting obligations/prohibitions
Safety and health risk	• Employee and supplier safety and health issues
Ethics/anti-corruption risk	• Fraud, embezzlement, and corruption
Information security risk	• Corporate/customer information leakage
Procurement risk	• Supplier selection and management, supply chain risks
Climate/environmental change risk	• Proactive risk response through regulatory and legal analysis
Customer/reputation risk	• Damage to brand value, customer issues
Tax/accounting risk	• Taxation risks, adequacy of financial statements and internal accounting

Investment Risk Management

Role and Composition of the Investment Committee

The Investment Committee reviews and makes decisions regarding new investments, divestitures, and changes in corporate governance, considering strategic appropriateness, viability, feasibility, and risks. In doing so, the Working-Level Investment Council reviews the business environment, finance, legal, and ESG issues and submits its findings to the Investment Committee for further consideration.

The Red Team

The Red Team at SK Networks aims to ensure objective and strategic decision-making and risk preparedness. The team considers investment plans from an independent and critical perspective, free from organizational inertia or bias. During the investment review and decision-making stages, the team thoroughly analyzes risks and pinpoints potential threats underlying the proposing department's optimistic outlook to facilitate more prudent and balanced decisions. The Red Team operates as a virtual task force under the CFO. Depending on the nature and scale of the investment proposal, experts from the legal, strategy, and accounting teams are involved. Led by the RM Division Leader, the team reports to the Investment Committee and the Board of Directors. The Red Team reviews investment proposals exceeding 1.5% of company equity, as well as items designated by management or the Agenda Review Committee. The analysis process involves worst-case projections to examine issues conservatively and derive response strategies.

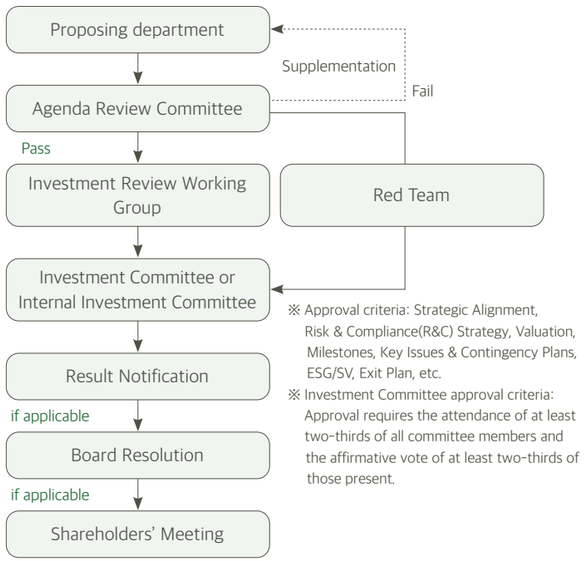
The Red Team operations contribute to improving the quality of strategic decisions and solidifying risk identification and management.

Investment Board and Investment Review Working Group

(As of January 2025)

Investment Board	• Members: CEO, Business General Unit Leader, AI Divisional Group Leader, Management Support Divisional Group Leader, Planning and Finance Division Leader, RM Division Leader, Sustainability Division Leader • Secretary: AI Portfolio Innovation Division Leader
Investment Review Working Group	• Members: Global Investment Group Team leader, Strategy Planning Team Leader, Finance Team Leader, Accounting Team Leader, Tax Team Leader, Legal Team Leader, ESG Management Team Leader, RM Part Leader *Procurement Team Leader for procurement-type investments

Investment Process[1)]



1) For investments subject to Board approval, a preliminary review shall be conducted by the Strategic ESG Committee, followed by final review and resolution by the Board of Directors.

Strategy

Tax and Accounting Risk Management

Tax Compliance

SK Networks has established a process to identify and address tax risks, ensuring compliance with tax laws and regulations. We conduct a thorough review of the impact of any amendments to tax laws on our business and develop necessary responses to manage tax risks that may arise from business operations. We also faithfully fulfill our tax reporting and payment obligations, using robust internal data systems and tax agents to minimize potential errors. For follow-up management, we monitor key changes in laws and court decisions. When necessary, we file amended tax returns and make tax adjustments.

Transparent Tax Accounting

SK Networks maintains transparent and fair relationships with stakeholders and makes diligent tax disclosures to ensure transparency in tax accounting. We build trusting relationships with the tax authority and fully comply with relevant laws. In all transactions with related parties, we strictly abide by tax laws and OECD transfer pricing guidelines to promote fair trade. In addition, we fulfill country-specific Base Erosion and Profit Shifting(BEPS) reporting obligations, avoid practices that exploit loopholes in tax treaties or laws, and fulfill our tax obligations diligently.

Internal Accounting Management System

SK Networks applies the Internal Accounting Management System in accordance with the Act on External Audit of Stock Companies and operates the system based on the size and characteristics of its headquarters and consolidated subsidiaries.

We have established and operates the internal accounting management system in accordance with the “Framework for Designing and Operating Internal Accounting Management System” announced by the Operation Committee, and conducts inspections and evaluations based on the “Evaluation and Reporting Standards for Internal Accounting Management System” under Article 3-2 of the Enforcement Decree of the Act on External Audit and Accounting.

In addition, SK Networks is undertaking various initiatives to meet the high standards of the SK Group Control Framework, which defines the level of internal controls required as a member of the SK Group.

In accordance with the above reference standards, SK Networks ensures the reliability of its separate and consolidated financial statements. Each year, the management, external auditor, and Audit Committee independently assess, report, and disclose the adequacy of the internal accounting management system.

SK Networks is also systematically upgrading the internal accounting control standards of its subsidiaries across the entire organization. To this end, we have established a comprehensive control framework that is continuously being refined. SK Networks takes the lead in managing the internal accounting design and assessment systems of each subsidiary, and to enhance objectivity and reliability of the evaluation results, it has adopted a “Corporate Model” that involves third-party evaluators. This approach enables a higher level of control standardization compared to the traditional subsidiary-led “Local Model.”

Internal Accounting Management System Monitoring

Year	Internal accounting management system	Consolidated internal accounting management system	Audit Committee
2022	Unqualified: Effectively designed and operated from a materiality perspective.	-	Effectively designed and operated from a materiality perspective.
2023	Unqualified: Effectively designed and operated from a materiality perspective.	Unqualified	Effectively designed and operated from a materiality perspective.
2024	Unqualified: Effectively designed and operated from a materiality perspective.	Unqualified	Effectively designed and operated from a materiality perspective.

- Management regularly conducts annual self-evaluations to improve the internal accounting management system and reports the results to the Audit Committee, the Board of Directors, and the General Shareholders’ Meeting.
- External auditors conduct independent audits of the company’s internal accounting and report the results to the Audit Committee.
- The Audit Committee independently evaluates the company’s internal accounting and reports the results to the Board of Directors.
- SK Networks has an independent supporting organization that assists with Audit Committee operations.

Strategy

Risk Management

Expanding ESG Risk Management

Subsidiary ESG Management Standards and Directions

To achieve sustainable management and strengthen global competitiveness, SK Networks implements a rigorous ESG risk management strategy. Considering the growth stages and industrial characteristics of our seven subsidiaries and one sub-subsidiary, we have established ESG management indicators and conduct performance reviews to provide support for continued improvements in their ESG management standards. In 2024, we evaluated the ESG practices of SK Magic, SK Networks Service, and MINTIT, prompting them to disclose the results on their websites. In 2025, we included SK SpeedMate, Glowide, and En-core in the evaluation scope.
Subsidiaries' ESG performance is regularly reported to management through the Company-wide ESG Implementation Committee. In addition, the SV Meetup, which involves executives, team leaders, and working-level staff from ESG organizations across all business units(including subsidiaries), communicates the progress of ESG projects, discusses improvement measures, and identifies and monitors company-specific ESG risks. To further strengthen subsidiaries' ESG management, plans are in place to expand the scope of ESG disclosures in the Sustainability Report and to develop an integrated ESG management system aligned with Korea Sustainability Standards Board(KSSB) standards.

Directions for ESG Management

Category	Directions for ESG management
Listed/non-listed companies	Select indicators for listed companies that are as broad as those for the parent company to improve performance in various ESG aspects.
Percentage of ownership (80% or more)	Apply the same level of control to non-listed companies with 80%+ ownership as to listed companies.
Growth stage (linked to spin-off period)	For newly established subsidiaries spun off within the past two years, select and apply the minimum essential priority ESG areas and gradually expand the scope in consideration of industry characteristics and growth levels.
Subsidiaries	Subsidiaries manage their own subsidiaries ESG performance in alignment with their ESG directions and targets.

ESG Management and Performance

- Since 2020, SK Networks has conducted SV Meetups involving all business divisions and subsidiaries to monitor and manage the ESG status of its subsidiaries and affiliates
- A total of eight entities, including SK Networks and its subsidiaries/affiliates, declared Net Zero 2040(2021), joined EV100(2021), and became members of SBTi(September 2022), with targets officially approved(August 2023)
- SK Networks has expanded the disclosure scope of major ESG performance of subsidiaries in its sustainability report.
- Subsidiary ESG performance is reviewed and disclosed step by step(since 2022).

Subsidiary ESG Management Roadmap

2022~2023

- Establish ESG management policies for subsidiaries and sub-subsidiaries(2022)
  - Disclose management standards and directions
- Assess the ESG status of key subsidiaries* and set mid- to long-term action plans, with short-term actions implemented
  * In 2022: SK Magic, SK Networks Service, SK Rent-a-Car

2024~2025

- Achieve ESG management performance at a level equivalent to SK Networks by 2025 through regular ESG status assessments and implementation of mid-term initiatives at key subsidiaries
- Establish mid- and short-term action plans based on the ESG maturity level of subsidiaries and sub-subsidiaries
  - Gradually expand the scope of target subsidiaries and management indicators
  - Build ESG management systems for newly designated subsidiaries

2026~

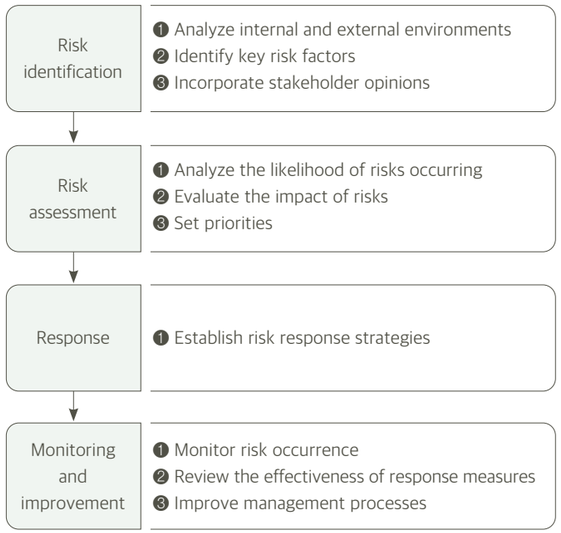
- Establish an integrated ESG management system for all subsidiaries and sub-subsidiaries aligned with the disclosure compliance framework
- Implement mid- to long-term action plans based on the ESG maturity level of subsidiaries and sub-subsidiaries

Risk Management Process

Company-Wide Risk Management Process

In a rapidly changing business environment, SK Networks is committed to identifying economic, social, and environmental risks that may affect its business and responding to them. We have developed an integrated risk management system driven by the "risk prevention, identification, and mitigation" strategy. This system proactively identifies and addresses threats to achieving corporate goals while minimizing value fluctuations caused by uncertainty.

Company-Wide Risk Management Process



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PERFORMANCE DATA

Finance

Name of Items	Unit	2022	2023	2024
Summary of Consolidated Financial Statement				
Current Assets	KRW 100 million	27,032	23,715	20,067
Non-current Assets	KRW 100 million	67,961	67,389	31,505
Total Assets	KRW 100 million	94,993	91,104	51,571
Current Liabilities	KRW 100 million	35,678	39,084	19,645
Non-current Liabilities	KRW 100 million	34,807	30,461	11,393
Total Liabilities	KRW 100 million	70,485	69,545	31,038
Total Equity	KRW 100 million	24,507	21,558	20,533
Summary of Consolidated Income Statement and Key Ratios[1)]				
Sales	KRW 100 million	78,109	74,535	76,573
Gross Profit	KRW 100 million	7,897	8,555	8,599
Operating Income	KRW 100 million	377	805	1,139
Income Before Income Taxes	KRW 100 million	356	67	292
Net Income(Loss)	KRW 100 million	908	55	463
EBITDA	KRW 100 million	2,681	2,883	2,966
Sales Growth Rate	%	-27.3	-4.6	2.7
Operating Income Growth Rate	%	-71.1	113.6	41.4
EBITDA Growth Rate	%	-72.6	7.6	2.9
Operating Profit Margin	%	0.5	1.1	1.5
EBITDA Margin	%	3.4	3.9	3.9
Net Profit Margin	%	1.2	0.1	0.6
Debt to Equity Ratio	%	287.6	322.6	151.2

Tax Report[2)]

Name of Items	Unit	2022	2023	2024
Corporate Tax Rate	%	17.3	-	13.6
Effective Tax Rate[3)]	%	N/A	N/A	N/A
Profit Before Tax	KRW 100 million	-5	252	213
Amount of Tax to be Paid	KRW 100 million	34	-	32

R&D Investment

Name of Items	Unit	2022	2023	2024
Investment Amount	KRW million	24,215	28,597	24,288
Ratio of R&D Investment to Sales	%	0.3	0.3	0.3

Shareholders

(Based on common shares)

Name of Items	Unit	2022	2023	2024
No. of Shares Issued	Shares	248,187,647	235,778,265	221,277,902
No. of Outstanding Shares	Shares	218,642,154	199,000,667	193,932,795
Shareholders with 5% Share Ratio or Higher	-	SK Inc., National Pension Service	SK Inc., National Pension Service	SK Inc., National Pension Service
No. of Shares Owned	Shares	110,248,942	112,844,055	108,966,811
Share Ratio	%	44.4	47.9	49.2
Existence of Dividend Policy	Y/N	Y	Y	Y
Implementation of Dividend Policy	Y/N	Y	Y	Y
Dividend[4)]	KRW million	26,250	40,506	58,207
Cash Dividend Payout Ratio	%	30.4	-[5)]	121.7
Cash Dividend per Share	KRW	120	200	300

1) The impact of the discontinued operation(SK Rent-a-Car) in 2024 has been retroactively applied to the data from the past three years
2) Based on SK Networks(separate)
3) 2022, 2023 and 2024 data are indicated as 'N/A' with pre-tax profit or corporate tax expense as(-) figures
4) Based on the total of common and preferred shares
5) The 2023 cash dividend payout ratio is not calculated separately as the consolidated net income per share is negative

ESG DATA - Environment

GHG Emissions[1)]

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total GHG Emissions(Scope 1+2)	tCO_2eq	40,488.3	38,698.4	37,948.9	28,622.7	5,546.4	588.9	1,233.4	1.0	1,687.7	268.7
Scope 1(Direct Emissions)	tCO_2eq	10,330.2	9,287.4	8,726.3	8,080.5	240.9	339.8	4.2	0.2	4.1	56.5
Scope 2(Indirect Emissions, Location-based)	tCO_2eq	30,158.0	29,410.9	29,222.5	20,542.2	5,305.4	249.1	1,229.2	0.8	1,683.7	212.2
Scope 2(Indirect Emissions, Market-based)	tCO_2eq	26,689.5	27,203.3	26,474.4	17,794.0	5,305.4	249.1	1,229.2	0.8	1,683.7	212.2
Scope 3(All Other Indirect Emissions)	tCO_2eq	3,085,084.5	3,566,675.5	556,215.9	315,131.9	193,328.5	22,976.1	12,414.2	3,282.1	9,083.1	N/A
Upstream(Major Emission Sources 1-8)	tCO_2eq	786,931.1	701,39.5	297,543.1	246,301.7	11,506.5	N/A	11,345.5	966.6	4,446.6	N/A
Purchased Goods and Services	tCO_2eq	730,651.3	635,773.1	243,970.2	203,207.1	7,631.1	47.1	6,286.4	0.1	4,146.4	N/A
Capital Goods	tCO_2eq	33,794.0	41,441.4	2,238.3	845.7	1,300.8	54.9	91.8	N/A	N/A	N/A
Fuel-and-energy-related-activities(not included in Scope 1 or 2)	tCO_2eq	4,411.8	3,110.7	5,542.4	4,209.6	835.0	N/A	190.2	0.1	260.3	N/A
Upstream transportation and distribution	tCO_2eq	15,002.3	18,377.1	43,481.0	36,841.2	975.3	57.6	4,643.2	966.3	N/A	N/A
Waste generated in operations	tCO_2eq	426.0	508.4	347.2	191.4	56.8	117.4	98.9	N/A	N/A	N/A
Business travel	tCO_2eq	500.6	469.0	382.3	228.1	64.8	N/A	17.6	N/A	14.2	N/A
Employee commuting	tCO_2eq	2,145.2	1,715.7	1,581.8	778.6	642.6	N/A	17.4	-	25.8	N/A
Downstream(Major Emission Sources 9-15)	tCO_2eq	2,298,153.5	2,865,280.0	258,672.8	68,830.2	181,822.0	N/A	1,068.7	2,315.5	4,636.4	N/A
Downstream transportation and distribution	tCO_2eq	51,646.8	67,240.1	15,749.6	13,329.5	92.8	N/A	5.2	2,315.5	6.5	N/A
Processing of sold products	tCO_2eq	0.2	-	52,789.9	38,219.4	10,342.1	N/A	N/A	N/A	4,228.5	N/A
Use of sold products	tCO_2eq	1,911,862.8	1,896,034.5	4,246.0	1,191.5	2,653.1	N/A	N/A	N/A	401.4	N/A
Downstream leased assets	tCO_2eq	13.9	6,297.2	170,747.3	2,013.4	168,733.9	N/A	N/A	N/A	N/A	N/A
Franchises	tCO_2eq	794.4	679,718.2	3,190.4	2,127.0	N/A	N/A	1,063.5	N/A	N/A	N/A
Investments	tCO_2eq	329,187.0	212,000.5	11,949.5	11,949.5	N/A	N/A	N/A	N/A	N/A	N/A
Total GHG Intensity(Per sales, Scope 1+2)[2)]	tCO_2eq/KRW billion	4.19	4.24	4.96	6.80	6.64	1.31	3.64	0.00	9.64	9.38
Scope 1(Direct Emissions)	tCO_2eq/KRW billion	1.07	1.02	1.14	1.92	0.29	0.76	0.01	0.00	0.02	1.97
Scope 2(Indirect Emissions, Market-based)	tCO_2eq/KRW billion	3.12	3.22	3.82	4.88	6.36	0.55	3.63	0.00	9.61	7.41
Scope 3(All Other Indirect Emissions)	tCO_2eq/KRW billion	319.16	390.49	72.64	74.88	231.62	51.11	36.65	2.03	51.87	N/A
Total GHG Reduction Rate Compared to Previous Year(Scope 1+2)	tCO_2eq	-159.8	1,789.9	1,785.1	1,107.2	479.6	198.3	N/A	N/A	N/A	N/A
Scope 1(Direct Emissions)	tCO_2eq	-865.0	1,042.8	166.3	-116.8	5.5	277.6	N/A	N/A	N/A	N/A
Scope 2(Indirect Emissions, Market-based)	tCO_2eq	705.2	747.1	1,618.8	1,223.9	474.2	-79.3	N/A	N/A	N/A	N/A
Scope 3(All Other Indirect Emissions)	tCO_2eq	1,496,078.4	-481,591.0	1,733,968.1	669,608.2	984,358.9	80,001.0	N/A	N/A	N/A	N/A
Total GHG Reduction Rate Compared to Previous Year(Scope 1+2)	%	1.79	4.42	1.94	3.72	7.96	25.19	94.87	100.00	71.99	87.53
Total GHG Target Emission(Scope 1+2)	tCO_2eq	41,816.2	40,084.8	38,124.8	24,260.0	5,817.7	780.7	5,059.4	N/A	2,207.0	N/A
Scope 1(Direct Emissions)	tCO_2eq	10,714.5	10,285.6	9,054.0	8,293.4	90.8	669.3	-	N/A	0.5	N/A
Scope 2(Indirect Emissions, Market-based)	tCO_2eq	31,101.7	29,799.2	29,070.8	15,966.5	5,726.9	111.4	5,059.4	N/A	2,206.5	N/A
Scope 3(All Other Indirect Emissions)	tCO_2eq	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total GHG Reduction Rate Compared to Target(Scope 1+2)[3)]	%	3.18	3.46	5.04	-17.79	27.20	24.57	75.62	N/A	23.53	N/A

1) The verification boundary for GHG emissions differs by scope. For Scope 1 and 2, the boundary includes SK Networks, SK Networks Service, SK Magic, SK Magic Service, MINTIT, Cartini, En-core, SK SpeedMate, and Glowide. For Scope 3, it includes SK Networks, SK Networks Service, SK Magic, SK Magic Service, MINTIT, SK SpeedMate, and Glowide. As the entities covered vary between scopes, discrepancies may exist in the total emissions figures
2) The total intensity was calculated based on SK Networks' consolidated revenue, while intensity for each company was calculated using each company's respective revenue recorded in the system
3) Based on location-based emissions standards.

Energy

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total Energy Consumption	GJ	835,577.6	816,908.0	835,127.7	642,557.4	116,002.6	10,190.2	25,761.2	21.2	35,244.0	5,351.1
Direct Energy	GJ	31,357.5	24,003.0	15,436.0	7,943.0	1,822.8	4,984.7	24.6	0.9	60.7	599.2
LPG	GJ	3,067.6	1,321.4	204.4	204.4	-	-	-	-	-	-
Diesel	GJ	14,919.2	11,925.9	6,712.1	5,096.7	-	1,583.0	-	-	-	32.5
Kerosene	GJ	208.7	193.1	165.5	165.5	-	-	-	-	-	-
Gasoline	GJ	13,162.0	10,562.6	8,353.9	2,476.3	1,822.8	3,401.8	24.6	0.9	60.7	566.8
Indirect Energy	GJ	798,713.2	765,364.4	793,805.9	609,709.5	113,198.9	5,205.5	25,736.6	20.3	35,183.3	4,751.8
Electric Power	GJ	635,265.2	613,923.4	632,108.3	450,720.1	110,864.0	5,205.5	25,685.9	17.3	35,182.1	4,433.4
Gas	GJ	162,912.7	150,709.5	151,130.8	148,423.8	2,334.8	-	50.7	3.1	-	318.4
Steam	GJ	535.4	731.5	10,566.8	10,565.6	-	-	-	-	1.2	-
Renewable Energy[1]	MWh	573.6	2,868.8	2,696.4	2,594.3	102.2	-	-	-	-	-
Photovoltaic	MWh	573.6	2,868.8	2,696.4	2,594.3	102.2	-	-	-	-	-
Wind power	MWh	-	-	-	-	-	-	-	-	-	-
Geothermal	MWh	-	-	-	-	-	-	-	-	-	-
Hydroelectric Power	MWh	-	-	-	-	-	-	-	-	-	-
Others	MWh	-	-	-	-	-	-	-	-	-	-
Ratio of Renewable Energy Use	%	9.33	9.02	9.86	12.81	-	-	-	-	-	-
Renewable Energy procurement	MWh	8,123.6	7,674.2	8,576.3	8,576.3	-	-	-	-	-	-
Green Pricing System	MWh	7,550.0	4,633.0	5,982.0	5,982.0	-	-	-	-	-	-
Certificate(REC) purchase	MWh	-	172.4	-	-	-	-	-	-	-	-
Self-generation	MWh	573.6	2,868.8	2,594.3	2,594.3	-	-	-	-	-	-
Total Energy Intensity[2]	GJ/KRW billion	86.44	89.44	109.14	152.69	138.98	22.67	76.05	0.01	201.27	186.77
Total Energy Consumption Target[3]	GJ	605,642.19	599,212.47	Report by each company	592,867.6	N/A	N/A	N/A	N/A	N/A	N/A
Performance to Target[3]	%	-6.16	-5.89	Report by each company	-8.38	N/A	N/A	N/A	N/A	N/A	N/A
Reduction Performance[4]	%	-0.14	-0.03	-0.22	-0.41	0.08	0.13	N/A	N/A	N/A	N/A
Total Renewable Energy Generation	MWh	763.3	4,155.2	3,971.6	2,594.3	102.2	1,275.2	-	-	-	-
Total Energy Sales	MWh	189.7	1,286.4	1,275.2	-	-	1,275.2	-	-	-	-
Electric Power	MWh	189.7	1,286.4	1,275.2	-	-	1,275.2	-	-	-	-

1) Renewable energy usage unit converted(GJ/MWh) is calculated by referring to the total calorific value(9.6) of electricity(consumption standard) in the [National Calorific Value and Emission Factor by Fuel] of the [Guidelines on Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading System]
2) The total intensity was calculated based on SK Networks' consolidated revenue, while intensity for each company was calculated using each company's respective revenue recorded in the system
3) The data for 2022 and 2023 are based on SK Networks
4) Reduction performance was calculated based on intensity metrics. The 2022, 2023 data for SK Magic was corrected due to the errors in notation

Water Usage

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Name of Items	Unit	2022	2023[1]	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total Water Withdrawal	ton	1,348,981.2	1,807,213.7	1,889,817.2	1,830,585.8	45,888.3	1,749.5	6,970.0	14.4	839.6	3,769.6
Municipal Water Supplies	ton	605,741.2	518,398.7	591,462.2	532,230.8	45,888.3	1,749.5	6,970.0	14.4	839.6	3,769.6
Fresh Ground Water	ton	36,750.0	7,735.0	6,323.0	6,323.0	-	-	-	-	-	-
Fresh Surface Water	ton	706,490.0	1,281,080.0	1,292,032.0	1,292,032.0	-	-	-	-	-	-
Others	ton	-	-	-	-	-	-	-	-	-	-
Water Stress Areas	ton	-	-	-	-	-	-	-	-	-	-
Total Water Withdrawal Intensity(per Sales)[2]	ton/KRW billion	139.55	197.86	246.97	435.00	54.98	3.89	20.58	0.01	4.79	131.57
Total Water Use[3]	ton	1,377,885.7	1,822,504.6	1,964,266.5	1,903,743.8	47,179.7	1,749.5	6,970.0	14.4	839.6	3,769.6
Amount of Recycled Water	ton	28,904.5	65,924.9	74,449.4	73,158.0	1,291.4	N/A	N/A	N/A	N/A	N/A
Ratio of Recycled Water	%	2.10	3.62	3.79	3.84	2.74	N/A	N/A	N/A	N/A	N/A
Water Withdrawal of Water Stress Areas	%	-	-	-	-	-	-	-	-	-	-

Waste Disposal

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total Emissions	ton	8,100.8	7,964.3	6,771.2	3,788.6	2,869.1	33.0	1.0	0.1	3.1	76.3
General Waste[4]	ton	8,057.7	7,928.3	6,766.1	3,788.6	2,864.0	33.0	1.0	0.1	3.1	76.3
Recycled/Reused	ton	6,424.0	5,948.7	5,908.1	3,081.3	2,826.9	-	-	-	-	-
Incineration with energy recovery	ton	-	-	-	-	-	-	-	-	-	-
Incineration without energy recovery	ton	209.2	229.3	-	-	-	-	-	-	-	-
Landfilled	ton	250.6	473.7	1.2	-	1.2	-	-	-	-	-
Others	ton	1,174.0	1,276.6	856.8	707.3	35.9	33.0	1.0	0.1	3.1	76.3
Designated Waste	ton	43.0	36.0	5.1	-	5.1	-	-	-	-	-
Recycled/Reused	ton	-	-	5.1	-	5.1	-	-	-	-	-
Incineration with energy recovery	ton	0.9	36.0	-	-	-	-	-	-	-	-
Incineration without energy recovery	ton	Initially reported data in 2024		-	-	-	-	-	-	-	-
Landfilled	ton	-	-	-	-	-	-	-	-	-	-
Others	ton	42.1	-	-	-	-	-	-	-	-	-
Waste Intensity(per Sales)[2]	ton/KRW billion	0.84	0.87	0.88	0.90	3.44	0.07	-	-	0.02	2.66
Total Waste Emissions Target[4]	ton	4,052.2	3,988.2	Report by each company	3,924.2	N/A	N/A	N/A	N/A	N/A	N/A
Performance to Target[4]	%	-0.19	-0.69	Report by each company	3.46	N/A	N/A	N/A	N/A	N/A	N/A
Amount of Recycled/Reused Waste	Ton(%)	6,424.0(79.3)	5,948.7(74.69)	5,913.2(87.33)	3,081.3(81.33)	2,832.0(98.71)	-	-	-	-	-
Reduction Performance[5]	%	10.56	-4.05	-1.42	-31.49	18.63	5.57	N/A	N/A	N/A	N/A

1) The 2023 data for SK Magic was corrected due to the errors in notation
2) The total intensity was calculated based on SK Networks' consolidated revenue, while intensity for each company was calculated using each company's respective revenue recorded in the system
3) Total usage = water withdrawal discharge + recycling volume
4) The data for 2022 and 2023 are based on SK Networks
5) Reduction performance was calculated based on intensity metrics

Air Pollutants Emissions

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total Emissions	ton	0.6	0.5	0.1	N/A	0.1	N/A	N/A	N/A	N/A	N/A
Nitrogen Oxides(NOx)	ton	0.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sulfur Oxides(SOx)	ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Volatile Organic Compounds(VOCs)	ton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dust	ton	0.4	0.5	0.1	N/A	0.1	N/A	N/A	N/A	N/A	N/A
Air Pollutant Intensity(per Sales)[1]	ton/KRW billion	0.00006	0.00006	0.00001	N/A	0.0001	N/A	N/A	N/A	N/A	N/A

Environment-friendly Investments

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Purchase of Environment-friendly Products and Services[2]	KRW million	506,206.56	338,993.25	1,859.9	1,639.9	-	-	-	220.0	-	-
Proportion of Environment-friendly purchases to total purchase amount	%	21.47	16.93	0.23	1.25	-	-	-	0.18	-	-
Sales performance of Environmentally friendly Products and Services[3]	KRW million	339,035.34	805,559.51	923,061.19	207,441.01	538,678.56	3,454.68	255.60	235.00	172,996.30	-
Proportion of Environment-friendly Sales to total sales amount	%	3.51	9.36	12.06	4.93	64.54	0.77	0.08	0.01	98.79	-
Environmental Investment Expense[4]	KRW million	11,167.77	7,874.95	1,037.95	772.80	227.15	-	38.00	-	-	-
Total Vehicles in Possession	EA	Initially reported data in 2024		317	81	32	182	2	1	9	10
No. of Environment-friendly Vehicles in Possession	EA	13,703	16,039	131	31	7	86	1	-	6	-
Electric Vehicles	EA	13,473	15,862	131	31	7	86	1	-	6	-
Hydrogen Vehicles	EA	111	117	-	-	-	-	-	-	-	-
PHEV	EA	119	60	-	-	-	-	-	-	-	-
Percentage of electric vehicles in Possession	%	Initially reported data in 2024		41.32	38.27	21.88	47.25	50.00	-	66.67	-
No. of Environment-friendly Certifications[5]	Case	3	5	21	9	4	3	1	-	3	1
No. of ESG Bonds Issued	Case	1	-	-	-	-	-	-	-	-	-

1) The total intensity was calculated based on SK Networks' consolidated revenue, while intensity for each company was calculated using each company's respective revenue recorded in the system
2) Purchases of products that meet the ESG standards defined in the SK Networks ESG Procurement Guidelines(e.g., products certified by third-party environmental organizations, products that reduce environmental hazardous substances throughout the entire product life cycle—manufacturing, distribution, usage, disposal—and certified green products such as those with greenhouse gas reduction and excellent recyclability certifications)
3) Sales of products and services that are either certified by third-party certification bodies or deemed to have equivalent eco-friendliness, including:
SK Networks: Sales from Walkerhill properties with LEED-certified areas(Incheon Airport T2 Transit Hotel, Darakhyu) and areas certified with the Korean Environmental Label(main hotel operations)
SK Magic: Sales of eco-friendly product lines(Green Collection) launched after the new system opened in July 2022.(Sales of individual eco-friendly items prior to this date were not tracked separately; from 2023, sales include energy efficiency grade 1 products.)
SK Networks Service: Sales from the Resource Circulation Center, solar power installations, and electric vehicle charging infrastructure maintenance services
SK SpeedMate: Sales from the ECO auto parts business
Glowide: Sales of green methanol products certified under ISCC+
MINTIT: Sales from re-certified used mobile phones(resource circulation through mobile phone reuse) and scrap mobile phones(disassembled for metal separation and reuse, in collaboration with E-Circulation Governance)
4) Costs associated with environmental improvements related to all facility and equipment investments, including: investments in eco-friendly and new technologies, greenhouse gas reduction, energy savings, energy efficiency enhancement, reduction of hazardous chemicals, and adoption of renewable energy technologies
5) Cases where products and services have been certified by third-party organizations that evaluate their environmental and social impact(e.g., LEED, Green Building, Carbon Footprint, Environmental Label, Low-Carbon GR [Good Recycled], etc.)

ESG DATA - Social

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Employee Status

Name of Items		Unit	2022	2023	2024						
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total No. of Employees[1]		Person	4,306	4,115	3,706	1,554	1,118	674	104	26	63	167
By Gender	Male	Person(%)	2,763(64.2)	2,638(64.1)	2,291(61.8)	946(60.9)	478(42.8)	623(92.4)	80(76.9)	13(50.0)	42(66.7)	109(65.3)
	Female	Person(%)	1,543(35.8)	1,477(35.9)	1,415(38.2)	608(39.1)	640(57.3)	51(7.6)	24(23.1)	13(50.0)	21(33.3)	58(34.7)
By Age	Under 30 Years of Age	Person(%)	428(9.9)	504(12.2)	533(14.4)	445(28.6)	41(3.7)	13(1.9)	1(1.0)	1(3.8)	12(19.0)	20(12.0)
	30-50 Years of Age	Person(%)	3,116(72.4)	2,974(72.3)	2,401(64.8)	879(56.6)	746(66.7)	517(76.7)	91(87.5)	21(80.8)	45(71.4)	102(61.1)
	Over 50 Years of Age	Person(%)	762(17.7)	637(15.5)	772(20.8)	230(14.8)	331(29.6)	144(21.4)	12(11.5)	4(15.4)	6(9.5)	45(26.9)
By Contract Type	Regular[2]	Person(%)	3,601(83.6)	3,409(82.8)	3,020(81.5)	1,105(71.1)	915(81.8)	663(98.4)	104(100.0)	23(88.5)	51(81.0)	159(95.2)
	Non-regular[2]	Person(%)	705(16.4)	706(17.2)	686(18.5)	449(28.9)	203(18.2)	11(1.6)	-	3(11.5)	12(19.0)	8(4.8)
	Part-time Workers	Person	6	114	90	87	-	-	-	-	-	3
	Contract(independent) workers	Person	699	592	596	362	203	11	-	3	12	5
Total No. of Management Positions[3]		Person(%)	423(9.8)	353(8.6)	478(12.9)	131(8.4)	242(21.6)	53(7.9)	15(14.4)	5(19.2)	9(14.3)	23(13.8)
Male in Management Positions		Person(%)	373(88.2)	306(86.7)	282(59.0)	110(84.0)	75(31.0)	53(100.0)	14(93.3)	4(80.0)	7(77.8)	19(82.6)
Male in Top Management Positions		Person(%)	49(90.7)	37(86.0)	35(92.1)	14(87.5)	10(90.9)	4(100.0)	-	1(100.0)	2(100.0)	4(100.0)
Male in Middle Management Positions		Person(%)	247(93.6)	211(93.8)	155(90.6)	36(83.7)	43(89.6)	48(100.0)	8(100.0)	3(100.0)	2(100.0)	15(78.9)
Male in Junior Management Positions		Person(%)	77(73.3)	58(68.2)	92(34.2)	60(83.3)	22(12.0)	1(100.0)	6(85.7)	0(0.0)	3(60.0)	-
Female in Management Positions		Person(%)	50(11.8)	47(13.3)	196(41.0)	21(16.0)	167(69.0)	-	1(6.7)	1(20.0)	2(22.2)	4(17.4)
Female in Top Management Positions		Person(%)	5(9.3)	6(14.0)	3(7.9)	2((12.5)	1(9.1)	-	-	-	-	-
Female in Middle Management Positions		Person(%)	17(6.4)	14(6.2)	16(9.4)	7(16.3)	5(10.4)	-	-	-	-	4(21.1)
Female in Junior Management Positions		Person(%)	28(26.7)	27(31.8)	177(65.8)	12(16.7)	161(88.0)	-	1(14.3)	1(100.0)	2(40.0)	-
Total number of C-Level executives		Person(%)	3,883(90.2)	3,762(91.4)	3,228(87.1)	1,423(91.6)	876(78.4)	621(92.1)	89(85.6)	21(80.8)	54(85.7)	144(86.2)
Male		Person(%)	2,390(61.6)	2,332(62.0)	2,009(62.2)	836(58.7)	403(46.0)	570(91.8)	66(74.2)	9(42.9)	35(64.8)	90(62.5)
Female		Person(%)	1,493(38.4)	1,430(38.0)	1,219(37.8)	587(41.3)	473(54.0)	51(8.2)	23(25.8)	12(57.1)	19(35.2)	54(37.5)
Total No. of Employees in Sales-generating Departments		Person(%)	3,016(70.0)	2,972(72.2)	2,757(74.4)	1,186(76.3)	677(60.6)	610(90.5)	88(84.6)	15(57.7)	40(63.5)	141(84.4)
Male		Person(%)	1,923(63.8)	1,902(64.0)	1,671(60.6)	709(59.8)	188(27.8)	579(94.9)	68(77.3)	7(46.7)	28(70.0)	92(65.2)
Female		Person(%)	1,093(36.2)	1,070(36.0)	1,086(39.4)	477(40.2)	489(72.2)	31(5.1)	20(22.7)	8(53.3)	12(30.0)	49(34.8)
Total No. of Management Positions in Sales-generating Departments		Person(%)	230(5.3)	204(5.0)	196(5.3)	82(5.3)	36(3.2)	42(6.2)	11(10.6)	2(7.7)	6(9.5)	17(10.2)
Male		Person(%)	198(86.1)	174(85.3)	154(78.6)	69(84.1)	12(33.3)	42(100.0)	10(90.9)	2(100.0)	5(83.3)	14(82.4)
Female		Person(%)	32(13.9)	30(14.7)	42(21.4)	13(15.9)	24(66.7)	-	1(9.1)	-	1(16.7)	3(17.6)
No. of Employees in STEM[4]		Person(%)	1,022(23.7)	955(23.2)	749(20.2)	56(3.6)	123(11.0)	533(79.1)	3(2.9)	2(7.7)	18(28.6)	14(8.4)
Male		Person(%)	861(84.1)	807(84.5)	664(88.7)	28(50.0)	96(78.0)	516(96.8)	3(100.0)	-	10(55.6)	11(78.6)
Female		Person(%)	161(15.8)	148(15.5)	85(11.4)	28(50.0)	27(22.0)	17(3.2)	-	2(100.0)	8(44.4)	3(21.4)

1) Based on the business report disclosure standards(excluding registered executives and personnel dispatched to overseas subsidiaries; includes non-regular workers such as part-time and contract employees)
2) The 2023(%) data was corrected due to the errors in notation
3) Classification by managerial level: Senior: Executive level(including in-house executives; excludes top management such as C-level executives [CEO, COO, CFO, etc.], independent/non-executive directors, and auditors) - Middle: Managerial level(e.g., Team Leaders, Project Leaders) - Junior: Deputy managerial level(e.g., Part Leaders, Center Heads, General Managers)
4) Departments related to STEM fields—Science(e.g., researchers, company nurses), Technology(e.g., IT, information security, developers), Engineering(e.g., electrical/civil engineers, technicians), and Mathematics(e.g., accounting, finance)

Employee Status

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Name of Items		Unit	2022	2023	2024						
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
No. of Minority Employees		Person(%)	178(4.1)	183(4.4)	146(3.9)	67(4.3)	44(3.9)	27(4.0)	3(2.9)	-	-	5(3.0)
Disabled[1]		Person(%)	128(3.0)	135(3.4)	109(3.2)	49(3.3)	34(3.1)	21(3.1)	-	-	-	5(3.1)
Male		Person	78	80	67	30	24	11	-	-	-	2
Female		Person	50	55	42	19	10	10	-	-	-	3
National veterans		Person(%)	42(1.0)	38(0.9)	30(0.8)	11(0.7)	10(0.9)	6(0.9)	3(2.9)	-	-	-
Male		Person	37	35	27	10	8	6	3	-	-	-
Female		Person	5	3	3	1	2	-	-	-	-	-
Foreigners		Person(%)	8(0.2)	10(0.2)	7(0.2)	7(0.5)	-	-	-	-	-	-
China		Person	5	5	4	4	-	-	-	-	-	-
Japan		Person	2	2	2	2	-	-	-	-	-	-
U.S.		Person	-	-	1	1	-	-	-	-	-	-
Canada		Person	-	1	-	-	-	-	-	-	-	-
Australia		Person	1	1	-	-	-	-	-	-	-	-
Russia		Person	-	1	-	-	-	-	-	-	-	-
By Race/Ethnic Group[2]	Asian in Management Positions	Person	-	-	-	-	-	-	-	-	-	-
	Black/African-American in Management Positions	Person	-	-	-	-	-	-	-	-	-	-
	Hispanic/Latino in Management Positions	Person	-	-	-	-	-	-	-	-	-	-
	White in Management Positions	Person	1	2	-	-	-	-	-	-	-	-
	Other in Management Positions	Person	-	-	-	-	-	-	-	-	-	-
No. of Employees at Overseas Business Places		Person	748	611	310	156	136	-	-	9	9	-
Employees Dispatched Overseas		Person	13	11	8	4	2	-	-	1	1	-
Recruitment of Local Employees		Person	735	600	302	152	134	-	-	8	8	-
No. of Local Managers		Person(%)	14(1.9)	13(2.1)	13(4.2)	-	13(9.6)	-	-	-	-	-
No. of Employees in Major Countries	China	Person	370	384	157	149	-	-	-	8	-	-
	Middle East	Person	-	-	-	-	-	-	-	-	-	-
	Malaysia	Person	356	212	134	-	134	-	-	-	-	-
	Vietnam	Person	-	-	8	-	-	-	-	-	8	-
	Indonesia	Person	1	-	-	-	-	-	-	-	-	-
	Australia	Person	3	3	1	1	-	-	-	-	-	-
	Germany	Person	1	-	-	-	-	-	-	-	-	-
	Taiwan	Person	4	-	-	-	-	-	-	-	-	-
	U.S.	Person	5	4	1	1	-	-	-	-	-	-
	Japan	Person	3	4	3	3	-	-	-	-	-	-
	Hong Kong	Person	5	2	2	2	-	-	-	-	-	-

1) Based on the annual submission criteria to the Korea Employment Agency for Persons with Disabilities(KEAD), reflecting double-counting for persons with severe disabilities and using the number of full-time employees
2) Foreign nationals

Employee Recruitment[1)]

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Name of Items		Unit	2022	2023	2024							
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
No. of Newly Recruited Employees		Person(%)	553(12.8)	858(20.9)	813(21.9)	550(35.4)	197(17.6)	8(1.2)	5(4.8)	3(11.5)	21(33.3)	29(17.4)
By Gender	Male	Person(%)	270(48.8)	410(47.8)	415(51.0)	283(51.5)	97(49.2)	2(25.0)	5(100.0)	-	13(61.9)	15(51.7)
	Female	Person(%)	283(51.2)	448(52.2)	398(49.0)	267(48.5)	100(50.8)	6(75.0)	-	3(100.0)	8(38.1)	14(48.3)
By Age	Under 30 Years of Age	Person(%)	239(43.2)	502(58.5)	498(61.3)	442(80.4)	21(10.7)	3(37.5)	-	1(33.3)	8(38.1)	23(79.3)
	30-50 Years of Age	Person(%)	269(48.6)	279(32.5)	259(31.9)	79(14.4)	151(76.6)	4(50.0)	5(100.0)	2(66.7)	12(57.1)	6(20.7)
	Over 50 Years of Age	Person(%)	45(8.1)	77(9.0)	56(6.9)	29(5.3)	25(12.7)	1(12.5)	-	-	1(4.8)	-
By Type	New	Person(%)	439(79.4)	734(85.5)	651(80.1)	523(95.1)	113(57.4)	4(50.0)	-	1(33.3)	7(33.3)	3(10.3)
	Experienced	Person(%)	102(18.4)	124(14.5)	158(19.4)	26(4.7)	81(41.1)	4(50.0)	5(100.0)	2(66.7)	14(66.7)	26(89.7)
	No. of Young Interns	Person(%)	12(2.2)	-	4(0.5)	1(0.2)	3(1.5)	-	-	-	-	-
	Transition of Young Interns to Regular Employees	Person(%)	6(50.0)	-	1(25.0)	-	1(33.3)	-	-	-	-	-
By Contract Type	Regular	Person(%)	156(28.2)	39(4.5)	127(15.6)	9(1.6)	77(39.1)	1(12.5)	5(100.0)	-	15(71.4)	20(69.0)
	Non-regular	Person(%)	397(71.8)	819(95.5)	686(84.4)	541(98.4)	120(60.9)	7(87.5)	-	3(100.0)	6(28.6)	9(31.0)
Open Positions filled by Internal Candidates		%	66.9	28.9	48.6	14.9	74.5	92.2	16.7	-	8.7	-
No. of Persons Moved to Internal Departments		Person	1,120	349	769	96	575	95	1	-	2	-
Total No. of Open Positions		Person	1,673	1,207	1,582	646	772	103	6	3	23	29
Average Recruitment Cost		KRW million	Initially reported data in 2024		0.79	0.23	2.54	1.72	0.16	-	-	0.17
Total Recruitment Cost		KRW million			644	124	500	14	1	-	-	5

Employee Turnover and Retirement

Name of Items		Unit	2022	2023	2024							
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
No. of Turnover and Retired Employees[2)]		Person(%)	533(12.4)	1,013(24.6)	940(25.4)	653(42.0)	188(16.8)	38(5.6)	6(5.8)	-	34(54.0)	21(12.6)
By Gender	Male	Person(%)	295(55.3)	516(50.9)	516(54.9)	369(56.5)	72(38.3)	31(81.6)	2(33.3)	-	25(73.5)	17(81.0)
	Female	Person(%)	238(44.7)	497(49.1)	424(45.1)	284(43.5)	116(61.7)	7(18.4)	4(66.7)	-	9(26.5)	4(19.0)
By Age	Under 30 Years of Age	Person(%)	145(27.2)	358(35.3)	384(40.9)	370(56.7)	-	8(21.1)	-	-	6(17.6)	-
	30-50 Years of Age	Person(%)	299(56.1)	443(43.7)	425(45.2)	220(33.7)	147(78.2)	22(57.9)	5(83.3)	-	25(73.5)	6(28.6)
	Over 50 Years of Age	Person(%)	89(16.7)	212(20.9)	131(13.9)	63(9.6)	41(21.8)	8(21.1)	1(16.7)	-	3(8.8)	15(71.4)
By Position	Management Position	Person(%)	20(3.8)	34(3.4)	49(5.2)	27(4.1)	17(9.0)	-	-	-	5(14.7)	-
	Non-management Position	Person(%)	513(96.2)	979(96.6)	891(94.8)	626(95.9)	171(91.0)	38(100.0)	6(100.0)	-	29(85.3)	21(100.0)
Voluntary Turnover and Retirement[3)]		Person(%)	465(10.8)	884(21.5)	886(23.9)	641(41.2)	187(16.7)	23(3.4)	6(5.8)	-	11(17.5)	18(10.8)
By Gender	Male	Person(%)	252(54.2)	446(50.5)	473(53.4)	358(55.9)	72(38.5)	19(82.6)	2(33.3)	-	8(72.7)	14(77.8)
	Female	Person(%)	213(45.8)	438(49.5)	413(46.6)	283(44.1)	115(61.5)	4(17.4)	4(66.7)	-	3(27.3)	4(22.2)
By Age	Under 30 Years of Age	Person(%)	139(29.9)	351(39.7)	375(42.3)	368(57.4)	-	5(21.7)	-	-	2(18.2)	-
	30-50 Years of Age	Person(%)	259(55.7)	374(42.3)	401(45.3)	219(34.2)	146(78.1)	16(69.6)	5(83.3)	-	9(81.8)	6(33.3)
	Over 50 Years of Age	Person(%)	67(14.4)	159(18.0)	110(12.4)	54(8.4)	41(21.9)	2(8.7)	1(16.7)	-	-	12(66.7)
Average Retention Period		Year	9.7	10.2	8.0	6.8	6.3	12.7	15.7	16.0	5.3	6.8
Male		Year	11.3	11.7	9.3	7.3	7.9	13.0	15.0	16.8	6.1	8.0
Female		Year	7.0	7.5	5.9	6.1	5.0	9.9	18.0	15.2	3.7	4.0

1) Excludes appointments of registered executives(Executive Directors, Independent Directors, and Non-Executive Directors)
2) Includes contract terminations of fixed-term employees due to seasonal hiring characteristics of the Walkerhill Hotel industry under SK Networks
3) Refers to the number of resignations and employee departures, excluding retirements due to reaching retirement age, voluntary resignations, and deaths caused by industrial accidents

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

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Employee Remuneration

Name of Items		Unit	2022	2023	2024							
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Gender Pay Gap for Executives Positions(C-level)[1]	Fixed Pay	%	70.8	57.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Fixed Pay+Variable Pay	%	74.7	64.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gender Pay Gap for Management Positions[2]	Fixed Pay	%	79.6	102.1	82.0	88.2	82.4	-	98.7	-	81.6	83.1
	Fixed Pay+Variable Pay	%	78.8	88.7	83.1	90.2	83.8	-	99.3	-	85.0	85.4
Gender Pay Gap for Non-management Positions[3]	Fixed Pay	%	72.1	67.1	68.2	75.9	55.9	79.2	74.3	72.9	67.7	96.5
	Fixed Pay+Variable Pay	%	69.9	66.2	71.8	76.1	59.4	79.1	74.2	72.2	64.3	95.2
Average Hourly Wages		KRW	20,401	19,298	20,789	21,684	17,499	20,630	32,851	27,045	27,047	24,274
Minimum wage by region		KRW	Initially reported data in 2024		9,860	9,860	9,860	9,860	9,860	9,860	9,860	9,860
No. of employees receiving minimum wage by region		Person(%)			42(1.0)	42(3.0)	N/A	N/A	N/A	N/A	N/A	N/A

Performance Evaluation

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
No. of Employees Subject to Performance Evaluation[4]	Person(%)	3,925(91.2)	3,645(88.6)	3,381(91.2)	1,307(84.1)	1,089(97.4)	664(98.5)	94(90.4)	27(103.8)	63(100.0)	137(82.0)

Employee Education

Name of Items		Unit	2022	2023	2024							
			Total	Total	Total	SK Networks[5]	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total No. of Participating Employees		Person(%)	4,306(100.0)	4,002(98.3)	3,532(95.3)	1,580(101.7)	1,118(100.0)	674(100.0)	99(95.2)	-	61(96.8)	N/A
Total Hours of Education		Hour	102,688	157,751	89,768	24,913	41,280	19,709	2,709	-	1,157	N/A
By Gender	Male	Hour	Initially reported data in 2023		115,445	62,399	15,280	25,933	18,196	2,213	-	777	N/A
	Female	Hour			36,846	27,369	9,633	15,347	1,513	496	-	380	N/A
By Position	Top Management Positions	Hour			1,742	1,466	613	788	20	11	-	34	N/A
	Middle Management Positions	Hour			13,008	8,293	1,667	5,136	1,260	180	-	50	N/A
	Junior Management Positions	Hour			1,370	4,445	1,373	2,755	5	210	-	102	N/A
	Non-management Positions	Hour			137,768	75,565	21,260	32,601	18,424	2,309	-	971	N/A
Hours of Education per Person		Hour	23.8	39.4	25.4	15.8	36.9	29.2	27.4	-	19.0	N/A
Total Educational Expense[6]		KRW million	5,854	5,160	3,862.3	3,339.4	348.0	132.1	38.8	-	4.0	N/A
By Gender	Male	KRW million	Initially reported data in 2023		3,376	2,408.8	2,103.2	151.1	121.7	29.8	-	3.0	N/A
	Female	KRW million			1,685	1,453.5	1,236.2	196.9	10.4	9.0	-	1.0	N/A
By Position	Top Management Positions	KRW million			262	171.1	166.2	3.9	0.4	0.4	-	0.2	N/A
	Middle Management Positions	KRW million			561	452.2	366.8	77.1	5.2	2.6	-	0.4	N/A
	Junior Management Positions	KRW million			122	298.1	181.2	113.8	-	2.6	-	0.5	N/A
	Non-management Positions	KRW million			4,117	2,941.0	2,625.2	153.2	126.5	33.2	-	2.9	N/A
Educational Expense per Person		KRW	1,359,593	1,289,439	1,093,516	2,113,544	311,270	195,994	391,919	-	65,574	N/A

1) Ratio of remuneration for females to remuneration for males in Executives position(C-Level(CEO, COO, CFO, etc.), excluding independent/other non-executive directors)
2) Ratio of remuneration for females to remuneration for males in management positions(executives, team leaders, and sub-leaders)
3) Ratio of remuneration for females to remuneration for males in non-management positions
4) MBO(target management), KPI, multifaceted evaluation, etc.
5) Performance including employee training hours of Glowide, which was spun off in December 2024
6) Performance including persons retired during the year(differences occur when combining data by gender/position as retiree information cannot be distinguished in the entire system), details that cannot be distinguished in detail are distributed according to the gender ratio of training participants

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
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Collective Agreement

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
No. of Labor Union Members[1),2)]	Person(%)	2,316(73.8)	2,028(67.2)	2,017(81.3)	715(81.2)	896(87.2)	406(70.9)	N/A	N/A	N/A	N/A
Ratio Covered by Collective Agreements[3)]	%	100.0	100.0	100.0	100.0	100.0	100.0	N/A	N/A	N/A	N/A

Employee Satisfaction/Engagement

Name of Items		Unit	2022	2023	2024						
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Employee Satisfaction/Engagement[4)]		Points	5.2	70.5	Report by each company	63.9	N/A	58.7	N/A	N/A	N/A	N/A
By Gender	Male	Points	5.2	70.8		66.4	N/A	59.1	N/A	N/A	N/A	N/A
	Female	Points	5.1	69.7		59.5	N/A	52.1	N/A	N/A	N/A	N/A
By Age	In their 20s	Points	5.1	64.0		61.6	N/A	49.4	N/A	N/A	N/A	N/A
	In their 30s	Points	5.0	67.3		57.6	N/A	55.4	N/A	N/A	N/A	N/A
	In their 40s	Points	5.2	70.9		66.9	N/A	58.1	N/A	N/A	N/A	N/A
	In their 50s	Points	5.3	76.5		67.5	N/A	65.9	N/A	N/A	N/A	N/A

Work-Life Balance[5)]

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Number of employees participating in the flexible working hours system[6)]	Person(%)	2,663(61.8)	2,711(65.9)	1,679(45.3)	437(28.1)	1,118(100.0)	N/A	104(100.0)	10(38.5)	10(15.9)	N/A

1) Based on the number of employees subject to joining the labor union
2) 2023 SK Networks Service data corrected due to a labeling error
3) Collective agreements apply equally to all employees, not only union members
4) SK Networks(Head Office) 2022 employee happiness survey score(based on a 7-point scale);
From 2023 onward, scores are from the Culture Survey, using items related to satisfaction and engagement(based on a 100-point scale) * SK Networks(Head Office) 2023 score
5) From 2024, the data calculation standard has changed(based on Business Report)
6) The 2023(%) data was corrected due to the errors in notation

Parental Leave[1)]

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

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Name of Items		Unit	2022	2023	2024							
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
No. of Employees Using Parental Leave[2)]		Person	94	93	74	42	25	5	1	-	1	N/A
By Gender	Male	Person	37	46	27	16	9	2	-	-	-	N/A
	Female	Person	57	47	47	26	16	3	1	-	1	N/A
Parental Leave Utilization Rate[3)]		%	Initially reported data in 2024		Report by each company	61.0	38.5	9.1	33.3	-	33.3	N/A
By Gender	Male	%				25.0	-	4.8	-	-	-	N/A
	Female	%				100.0	71.4	100.0	100.0	-	50.0	N/A
No. of Employees Who Worked for 12 Months or Longer After Returning from Parental Leave[4)]		Person	61	45	23	-	20	3	-	-	-	N/A
By Gender	Male	Person	24	22	6	-	4	2	-	-	-	N/A
	Female	Person	37	23	17	-	16	1	-	-	-	N/A

Supply Chain Management

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
No. of Supply Chains	EA	2,196	2,313	1,722	559	275	73	785	30	N/A	N/A
No. of Tier-1 Suppliers	EA(%)	1,277(58.2)	1,234(53.4)	984(57.1)	559(100.0)	275(100.0)	73(100.0)	61(7.8)	16(53.3)	N/A	N/A
No. of Suppliers in Tier-1[5)]	EA(%)	299(13.6)	296(12.8)	229(13.3)	101(18.1)	46(16.7)	5(6.8)	61(7.8)	16(53.3)	N/A	N/A
Total Purchase Costs	KRW million	2,357,272	2,002,376	809,631	131,315	238,152	256,876	58,573	124,716	N/A	N/A
Percentage of Total Spend on Suppliers in Tier-1(Proportion)	%	90.4	91.0	84.4	88.0	64.0	93.8	93.6	95.7	N/A	N/A
No. of Suppliers Evaluating ESG Risk Assessments	EA	49	76	50	50	N/A	N/A	N/A	N/A	N/A	N/A
No. of Evaluated Suppliers	EA(%)	33(11.0)	67(19.1)	46(19.0)	46(45.5)	N/A	N/A	N/A	N/A	N/A	N/A
No. of Suppliers with High ESG Risk	EA(%)	Initially reported data in 2023	41(53.9)	2(4.0)	2(4.0)	N/A	N/A	N/A	N/A	N/A	N/A
No. of High ESG Risk Suppliers with Established Risk Mitigation Plans	EA	Initially reported data in 2024		2	2	N/A	N/A	N/A	N/A	N/A	N/A
No. of Suppliers Supported for Risk Improvement[6)]	EA(%)	20	60	2(100.0)	2(100.0)	N/A	N/A	N/A	N/A	N/A	N/A
No. of Suppliers Implementing Improvement Measures	EA(%)	12(60.0)	24(40.0)	2(100.0)	2(100.0)	N/A	N/A	N/A	N/A	N/A	N/A
No. of Suppliers whose Contracts were Terminated due to High ESG Risk	EA	Initially reported data in 2023	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Target number of Suppliers for ESG Risk Evaluation	EA		65	50	50	N/A	N/A	N/A	N/A	N/A	N/A
No. of Suppliers Supported with Strengthening Competency Programs	EA		39	21	21	N/A	N/A	N/A	N/A	N/A	N/A
No. of Major Suppliers	EA(%)		13(0.6)	18(1.0)	18(3.2)	N/A	N/A	N/A	N/A	N/A	N/A
No. of Suppliers participating in ESG-related Training	EA(%)	920(41.9)	218(9.4)	20(1.2)	20(3.6)	N/A	N/A	N/A	N/A	N/A	N/A
No. of Suppliers participating in Ethics/Anti-corruption Training	EA(%)	Partially	14(0.6)	13(0.8)	13(2.3)	N/A	N/A	N/A	N/A	N/A	N/A
Operation of Complaint Reporting Channel for Suppliers	Operation(Y/N/Partially)	Partially	Partially	Report by each company	Y	Y	N	N/A	N/A	N/A	N/A
No. of Complaints Received	Case	2	273	174	174	N/A	N/A	N/A	N/A	N/A	N/A
No. of Complaints Processed	Case(%)	2(100.0)	264(96.7)	170(97.7)	170(97.7)	N/A	N/A	N/A	N/A	N/A	N/A

1) Data calculation criteria have been changed from 2024 based on the business report; the data for 2022 and 2023 were calculated using the previous method
2) The number of parental leave users is based on the start date of the leave
3) Employees who took childcare leave within a year after the birth of their child / Employees who have children within a year of birth
4) Based on the number of returnees in each year; if another type of leave was taken consecutively after parental leave, the period of the second leave is counted as continuous service.
5) Primary tier-1 suppliers are classified based on internal standards of each subsidiary(e.g., exceeding a certain purchase amount)
6) Ratio of suppliers supported for risk improvement : 2024 new indicator

Social Contribution[1)]

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Name of Items		Unit	2022	2023	2024							
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Social Contribution Donation		KRW million	501.8	1,166.3	986.8	608.7	338.8	34.3	-	-	4.96	-
Donation type (Cash / In-kind)	Donation in Cash	KRW million	429.5	1,090.6	907.2	534.1	338.8	34.3	N/A	N/A	-	N/A
	Donation in Kind[2)]	KRW million	71.3	75.0	79.6	74.6	-	-	N/A	N/A	4.96	N/A
	Business Expense	KRW million	1.0	0.6	-	-	-	-	N/A	N/A	-	N/A
Investment Type (Charitable / Social / Commercial)	Amount of Charitable Donation	KRW million	488.1	1,163.9	947.5	608.7	338.8	-	N/A	N/A	-	N/A
	Amount of Social Investment Amount of Social Investment	KRW million	9.4	-	-	-	-	-	N/A	N/A	-	N/A
	Amount of Commercial Investment[2)]	KRW million	3.2	1.8	-	-	-	-	N/A	N/A	-	N/A
Hours of Volunteer Activities by Employees		Hour	7,222	6,697	2,493	2,433	60	-	N/A	N/A	-	N/A
Hours of Volunteer Activities per Person		Hour	16.3	10.8	15.1	18.0	2.0	-	N/A	N/A	-	N/A
Number of Participating Employees		Person(%)	404(91.2)	620(15.1)	165(4.5)	135(57.0)	30(3.0)	-	N/A	N/A	-	N/A

Customer Satisfaction[3)]

Name of Items	Unit	2022	2023	2024						
		Total	Total	Total	SK Networks[4)]	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Customer Satisfaction	Qualitative	SM(in-house) : 91.7/100 WH(in-house) : 4.3/5	SM(in-house) : 91.7/100 WH(in-house) : 4.3/5	Report by each Company	(WH)NCSI: 1st(80/100) NPS(in-house): 66	NCSI: 2nd(78.0/100) KCSI: 3rd(84.8/100) KNPS: 3rd(70.3/100) KS-SQI: 5th(76.3/100)	N/A	In-house: 93	N/A	In-house: 85.1	N/A
Target Customer Satisfaction	Qualitative	-	WH(in-house):4.3/5		(WH)NCSI: 1st(80/100) NPS(in-house): 68	Water purifier: 80/100	N/A	95	N/A	N/A	N/A
No. of Customer Complaints Received	Case	369	230		146	81,482	N/A	190	N/A	77	N/A
Ratio of Complaints Handled	%	100.0	100.0		100.0	99.0	N/A	100.0	N/A	100.0	N/A
Ratio of Customers Using Online Services and Products	%	5.2	15.5		24.6	3.9	14.1	6.7	N/A	N/A	N/A
Ratio of Sales from Selling Online Services and Products	KRW million	1.1	10.0		17.2	27.6	0.2	0.6	N/A	N/A	N/A

Information Security and Personal Data Protection

Name of Items	Unit	2022	2023	2024							
		Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total Number of Customer Data Collected	Case	Initially reported data in 2024		7,159,309	795,454	4,710,384	129	732,570	59	920,000	713
No. of cases of user information usages for secondary purposes	Case(%)			-	-	-	-	-	-	-	-
No. of Customer Information Leakage Cases	Case(%)			539(0.01)	-	539(0.01)	-	-	-	-	-
No. of Customers Affected by leakage of User Information	Person			539	-	539	-	-	-	-	-

1) The 2022 total data is based on SK Networks(Head Office) Starting from 2023, the data has been disclosed as the total value of SK Networks(Head Office) and its key subsidiaries
2) The 2023 data was corrected due to the errors in notation
3) Data in the total column for 2022 and 2023 is based on SK Networks(Head Office)
4) The 2024 data for SK Networks is based on the B2C service business, Walkerhill Hotel

Occupational Health and Safety

- Scope of data collected: Separate standards for SK Networks(including Walkerhill), SK Magic, SK Networks Service, SK SpeedMate, Glowide, MINTIT and En-core, All business sites in Korea
- Reference date of collecting data: December 31 of the respective year

※ All figures are rounded to the second decimal place, which may result in discrepancies between the sum of items and the total.

Name of Items		Unit	2022	2023	2024							
			Total	Total	Total	SK Networks	SK Magic	SK Networks Service	SK SpeedMate	Glowide	MINTIT	En-core
Total Working Hours	Employees	Hour	8,956,480	8,559,200	7,708,480	3,232,320	2,325,440	1,401,920	216,320	54,080	131,040	347,360
	Employees of Suppliers(Contractors and Subcontractors)	Hour	3,569,280	3,427,840	2,298,400	1,416,480	794,560	10,400	-	N/A	76,960	N/A
No. of Victims	Employees	Person	1	1	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	Person	2	10	3	2	1	-	-	N/A	-	N/A
Lost Time Injury(LTI)[1]	Employees	Case	1	-	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	Case	2	6	3	2	1	-	-	N/A	-	N/A
	Target Number of Lost Time Injury(LTI)[2]	Case	-	-	Report by each Company	-	-	-	N/A	N/A	-	N/A
Lost Time Injury Rate(LTIR)	Employees	Case/0.2 million hours	0.0223	-	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	0.1121	0.3501	0.2611	0.2824	0.2517	-	-	N/A	-	N/A
Lost Time Injury Frequency Rate(LTIFR)	Employees	Case/1 million hours	0.1117	-	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	Case/1 million hours	0.5603	1.7504	1.3053	1.4120	1.2586	-	-	N/A	-	N/A
Industrial Accident Rate[3]	Employees	%	0.0232	0.0243	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	%	0.1166	0.6068	0.2715	0.2937	0.2618	-	-	N/A	-	N/A
No. of Occupational Illnesses	Employees	Case	-	1	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	Case	1	4	-	-	-	-	-	N/A	-	N/A
Occupational Illness Frequency Rate(OFIR)	Employees	Case/0.2 million hours	-	0.0234	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	0.0560	0.2334	-	-	-	-	-	N/A	-	N/A
Total Recorded Incident Rate(TRIR)[4]	Employees	Case/0.2 million hours	0.0223	0.0234	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	Case/0.2 million hours	0.1681	0.5835	0.2611	0.2824	0.2517	-	-	N/A	-	N/A
No. of Fatalities	Employees	Person	-	-	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	Person	-	-	-	-	-	-	-	N/A	-	N/A
Fatality Rate	Employees	%	-	-	-	-	-	-	-	N/A	-	N/A
	Employees of Suppliers(Contractors and Subcontractors)	%	-	-	-	-	-	-	-	N/A	-	N/A
No. of Risk Assessments Conducted		Time	15	121	88	4	1	82	N/A	N/A	1	N/A
Target Number of Evaluating Risk Assessments		Time	13	119	89	4	1	82	N/A	N/A	2	N/A
Safety Preventive Management of Suppliers		Implementation (Y/N/Partially)	Y	Partially	Report by each Company	Y	Y	Y	N/A	N/A	N/A	N/A

1) Number of industrial accidents reported to the Korea Workers' Compensation and Welfare Service in accordance with the Industrial Safety and Health Act
2) For 2022-2023 totals and 2024 SK Networks data, figures are based on SK Networks(Head Office) and exclude Walkerhill
3) Figures may differ from those submitted to the Korea Occupational Safety and Health Agency(KOSHA), as KOSHA uses the number of employees covered by industrial accident insurance, whereas this data is based on total number of employees
4) Based on the number of lost time injuries plus the number of occupational illnesses

ESG DATA - Governance

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

BOD Composition

Name of Items		Unit	2022	2023	2024
Total No. of Directors		Person	8	8	7
Independence	No. of Executive Directors	Person(%)	2(25.0)	2(25.0)	2(28.6)
	No. of Independent Directors	Person(%)	5(62.5)	5(62.5)	4(57.1)
	No. of Non-executive Directors	Person(%)	1(12.5)	1(12.5)	1(14.3)
	Limit on Other Mandates of Independent Directors[1]	Y/N	Y	Y	Y
Diversity	No. of Female Directors	Person(%)	1(12.5)	1(12.5)	1(14.3)
Expertise	Directors with Industry Experiences[2]	Person(%)	3(37.5)	3(37.5)	3(42.9)
	Risk Experts[3]	Person(%)	1(12.5)	1(12.5)	1(14.3)
	Accounting/Financial Experts[4]	Person(%)	2(25.0)	2(25.0)	2(28.6)
	ESG Experts[5]	Person(%)	5(62.5)	6(75.0)	4(57.1)

Operation of the Board of Directors

Name of Items	Unit	2022	2023	2024
No. of Meetings Held	Case	9	10	16
Regular	Case	9	10	16
Temporary	Case	-	-	-
No. of agenda items discussed(reports+resolutions)[6]	Case	50	57	72
Resolutions[6]	Case	36	41	50
Approval[6]	Case	36	41	50
Rejection/Amendment	Case	-	-	-
Reports	Case	14	16	22
Average attendance rate of Board meetings	%	94.4	97.5	97.4
Executive directors	%	94.4	100.0	100.0
Non-executive directors and independent directors	%	94.4	96.7	96.4
Minimum attendance rate required for the board of directors	%	-	85.0	85.0
Average term of office of directors[7]	Months	42.0	34.5	31.3

Director Remuneration[8]

Name of Items	Unit	2022	2023	2024
CEO Remuneration	KRW million	1,130	850	850
CEO-to-Employee Pay Ratio	%	2,316.3	1,629.3	1,666.2
Ratio of Shares to CEO Remuneration	%	56.3	14.0	28.7
Ratio of Shares to Remuneration for Directors Excluding CEO	%	850.2	993.9	141.9
Ratio of National Pension Shares	%	5.3	6.7	5.3

Audit Committee

Name of Items	Unit	2022	2023	2024
No. of Independent Directors	Person(%)	3(100.0)	3(100.0)	3(100.0)
Directors with Industry Experiences	Person(%)	-	-	-
Accounting/Financial Expertise of Chairman	Y/N	N	Y	Y
No. of Directors with Accounting/Financial Expertise	Person(%)	2(66.7)	2(66.7)	2(66.7)
No. of Committee Meetings Held	Case	18	20	15
Participation Rate of Independent Directors	%	100.0	100.0	100.0

Personnel Committee[9]

Name of Items	Unit	2022	2023	2024
No. of Independent Directors	Person(%)	3(60.0)	3(75.0)	2(66.6)
Participation of CEO[10]	Y/N	Y	N	N
No. of Committee Meetings Held	Case	4	8	8
Participation Rate of Independent Directors	%	100.0	96.0	100.0

Strategy and ESG Committee[11]

Name of Items	Unit	2022	2023	2024
No. of Independent Directors	Person(%)	5(62.5)	5(62.5)[13]	4(57.1)
ESG Experts[12]	Person(%)	5(62.5)	6(75.0)	4(57.1)
No. of Committee Meetings Held	Case	6	8	13
Participation Rate of Independent Directors	%	96.7[13]	92.5[13]	98.2

1) Limited to directors of other companies engaged in the same line of business
2) Number of directors with experience in industries classified under "Industrials" according to the GICS(Global Industry Classification Standard), excluding those who have served on boards of companies in the same sector
3) Individuals with professional experience in risk management, such as those who have carried out risk management or financial risk assessment tasks, held executive roles with specific responsibilities in risk control, worked as consultants in risk-related firms or roles, or are academics in relevant risk management fields(serving only on a risk-related board does not qualify)
4) Individuals with experience as executives at audit firms, CFOs, or financial directors; holders of professional certifications such as CFA or CPA; and in markets with stringent financial expertise standards, those recognized as financial experts by the company(serving only on a finance-related board does not qualify)
5) Applied based on the ESG expertise evaluation from SK Networks' Board Skills Matrix(BSM) since 2022
6) The 2023 data was corrected due to the errors in notation
7) Average tenure of registered executive directors listed in the annual business report as of year-end
8) Based on base salary and year-end share price for each respective year
9) Established in March 2021, the committee integrates the functions of the former Independent Director Nomination Committee and additionally reviews CEO evaluations, reappointment, and compensation scale
10) The CEO does not participate in discussions or resolutions related to CEO compensation(non-participation due to the nature of the agenda)
11) In July 2024, the ESG Management Committee was renamed to the Strategy and ESG Committee
12) ESG expertise evaluation results from SK Networks Board Skills Matrix(BSM) applied starting from 2022
13) Data was corrected due to the errors in notation

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

Ethical Management

Name of Items	Unit	2022	2023	2024
No. of Ethical Management Report and Counseling Cases[1]	Case	86	110	112
Employees	Case	22	58	67
Business Partners	Case	21	7	7
Customers	Case	32	33	30
Others	Case	11	12	8
No. of Disciplinary Actions Against Ethical Management Violations	Case	10	12	22
Corruption or Bribery	Case	4	5	1
Discrimination or Harassment	Case	5	4	11
Violations of Customer Data Protection	Case	1	-	-
Conflict of Interest	Case	-	3	10
Money Laundering or Insider Trading	Case	-	-	-
No. of Cases Handled	Case	86	110	112
Investigations and Audits	Case	55	62	58
Transfer to Relevant Departments	Case	24	31	34
Others	Case	7	17	20
No. of Code of Conduct Violations	Case	10	12	23
Dismissal from Office	Case	1	-	1
Suspension of Work	Case	3	1	3
Pay Cut	Case	3	1	7
Reprimand	Case	1	9	3
Others	Case	2	1	9

Employees

Name of Items	Unit	2022	2023	2024
Fringe Benefits	KRW million	62,443	69,809	55,004
Ratio of Fringe Benefits to Sales	%	0.66	0.76	0.72
Human Capital ROI	%	Initially reported data in 2024		2,559.49
Total Operating Costs	KRW million			746,003
Total Employee-Related Costs	KRW million			281,004
Estimated Retirement Benefit(On-going Basis Amount)[2]	KRW million	32,949	32,664	23,304
Ratio of Retirement Benefit Plan Assets	%	126.7	116.0	107.5

1) Including reports, investigations, and other complaints of employees, business partners, and customers(excluding redundant reports)
2) Based on the Financial Verification Result Report of SK Networks. Amount calculated using the estimated accumulation method that accords with the international accounting standards to pay retirement benefits pursuant to Article 16(1) 1 of the Act on the Guarantee of Employees' Retirement Benefits and Article 5(1) of the Enforcement Rules of the same Act
3) SK Networks 1 case
4) Based on SK Networks
5) No violations related to environmental regulations from 2022 to 2024

Laws/Regulations

Name of Items		Unit	2022	2023	2024
Violation of Anti-corruption/ Fair Trade Laws	No. of Violations of Anti-corruption Regulations	Case	-	-	-
	No. of Antitrust and Anti-competition Activities[3]	Case	-	1	-
	Fine and Settlement Money for Antitrust and Anti-competition Activities	KRW 100 million	-	3	-
	No. of Violations of Subcontract-related Laws	Case	-	-	1
Violation of Laws Related to Information Protection	No. of Information Leakage Cases	Case	-	-	-
	No. of Corporate Data and Information Leakage Cases	Case	-	-	-
	No. of Customer Information Leakage Cases	Case	-	-	-
	No. of Complaints Related to Information Protection	Case	-	-	4
	Amount of Fines for Violating Laws Related to Information Leakage	KRW 100 million	-	-	-
Violation of Other Laws[4]	No. of Violations of Laws Related to Labor Law Violation	Case	-	-	-
	Fine and Penalty	KRW 100 million	-	-	-
	No. of Violations of Environment-related Laws[5]	Case	-	-	-
	Fine and Penalty	KRW 100 million	-	-	-
	No. of Violations of Laws Related to Product and Service Safety	Case	-	-	-
	Fine and Penalty	KRW 100 million	-	-	-

Policy-related Expenditures[6] and others

Name of Items		Unit	2022	2023	2024
Lobbying and Other Political Funds[7]		KRW million	N/A	N/A	N/A
Total Expenditure for Membership Fees to Relevant Organizations		KRW million	331	292	197
Detailed Expenditure for Membership Fees	Key Organization(1)	Qualitative	Seoul Car Rental Association	Seoul Car Rental Association	Seoul Car Rental Association
	Key Expenditure(1)	KRW million	132	65	33
	Key Organization(2)	Qualitative	TEMOT INTERNATIONAL AU	TEMOT INTERNATIONAL AU	TEMOT INTERNATIONAL AU
	Key Expenditure(2)	KRW million	36	33	45
	Key Organization(3)	Qualitative	Korea Professional Golf Tour	Korea Professional Golf Tour	Korea Professional Golf Tour
	Key Expenditure(3)	KRW million	30	30	-
	Key Organization(4)	Qualitative	Korea Enterprises Federation	Korea Hotel Association	Korea Hotel Association
	Key Expenditure(4)	KRW million	25	28	30
	Key Organization(5)	Qualitative	Korea Hotel Association	Korea Enterprises Federation	Korea Enterprises Federation
	Key Expenditure(5)	KRW million	24	25	26
Government and Public Institutions	Corporate Income Tax and Public Utilities Charge	KRW million	31,422	29,403	15,306
Creditors	Net Interest Expense	KRW million	92,908	170,812	79,216
Others	Operating Costs[8]	KRW million	7,773,240	7,372,938	7,543,366

6) Membership fees for related associations and retirement benefit indicators are based on SK Networks' separate financial statements, while all other indicators follow the consolidated basis Data for the past three years have been retrospectively adjusted to reflect the impact of discontinued operations(SK Rent-a-Car) in 2024
7) SK Networks complies with domestic political funding laws and prohibits any form of political or electoral contributions, as well as lobbying funds to specific parties or political organizations, to prevent political funding-related misconduct
8) Due to discontinued operations in the rent-a-car business, data for 2022 and 2023 have been corrected accordingly

GRI STANDARDS 2021

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GRI 206: Anti competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Report 406, 127
GRI 207: Tax	207-1	Approach to tax	110
	207-2	Tax governance, control, and risk management	110
GRI 300(Environmental)			
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	63-64
	303-3	Water withdrawal	116
	303-5	Water consumption	116
GRI 304: Biodiversity[1)]	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	72
	304-2	Significant impacts of activities, products and services on biodiversity	73-74
	304-3	Habitats protected or restored	71
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	72

1) There is no significant impact on the ecosystem of protected areas resulting from business operations

GRI Standards	Disclosure	Indicators	Page
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	58-62
	306-2	Management of significant waste-related impacts	58-62
	306-3	Waste generated	116
	306-4	Waste diverted from disposal	116
	306-5	Waste directed to disposal	116
GRI 308: Supplier Environmental assessment	308-1	New suppliers that were screened using environmental criteria	93, 123
	308-2	Negative environmental impacts in the supply chain and actions taken	93, 123
GRI 400(Social)			
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	83
	403-2	Hazard identification, risk assessment, and incident investigation	83
	403-3	Occupational health services	81-82
	403-4	Worker participation, consultation, and communication on occupational health and safety	82
	403-5	Worker training on occupational health and safety	81
	403-6	Promotion of worker health	82
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	82-85
	403-8	Workers covered by an occupational health and safety management system	83
	403-9	Work-related injuries	125
	403-10	Work-related ill health	125
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	44, 87, 118-119
	405-2	Ratio of basic salary and remuneration of women to men	121
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	88
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	98-100
	413-2	Operations with significant actual and potential negative impacts on local communities	101
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	92-93, 123
	414-2	Negative social impacts in the supply chain and actions taken	93, 123
GRI 415: Public Policy	415-1	Political contributions	127
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	77
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	127
GRI 417: Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	127
	417-3	Incidents of non-compliance concerning marketing communications	127
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer Data	124

GROUP ESG KEY INDICATORS

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

Environmental

Indicators(12)[1]	Essential Disclosure Items(47)	
	Disclosure Management(29)	Evaluation Management(18)
General Energy Consumption	• Total energy consumption • Consumption by direct energy source • Consumption by indirect energy source	• Total Energy Intensity
Renewable Energy Consumption	• Total electric power consumption • Total renewable energy consumption • Consumption by renewable energy source • RE consumption by procurement method	• Ratio of renewable energy
GHG Emissions	• GHG target emissions • GHG reduction performance • Total GHG emissions • Scope 1/2/3 emissions	• Related policies/goals/ performances • Total GHG Intensity • GHG reduction target achieved(%)
Climate Change Response (TCFD Disclosure)		• Related policies/strategies/ • performance
Air Pollutant Emissions	• NOx emissions • SOx emissions • Dust emissions • VOC emissions	• NOx intensity • SOx intensity • Dust intensity • VOC intensity
Waste Generated	• Total waste generated • Generation by waste type	• • Total Waste Intensity
Waste Recycled	• Total waste recycled	• • Waste recycling rate
Water Consumption	• Total Water Withdrawal • water withdrawal by source • Water Withdrawal of Water Stress Areas	• Total Water Withdrawal Intensity
Water Recycled	• Total water usage • Total water recycled	• Ratio of water recycled
Water Pollutant Emissions	• COD emissions • BOD emissions • T-N emissions	• COD intensity • BOD intensity • T-N intensity
Environmental Pollution Prevention	• Environmental pollution management facilities and Current status of monitoring systems • Current status of environmental • technologies and educational support • Current status of violations of Korean and foreign environmental laws	
Clean Technology		• Related policies/goals/ performances

Social

Indicators(14)[1]	Essential Disclosure Items(34)	
	Disclosure Management(20)	Evaluation Management(14)
Employee Status	• Total no. of employees • Employee ratios - Gender, age, regular/ non-regular • No. of newly recruited employees • No. of disabled employees • Ratio of female executives • No. of female executives	• Ratio of disabled employees
Employee Safety	• LTIR by employee type(internal/ suppliers) • Lost Time Injury(LTI) (internal/ suppliers) • Fatality rate of employees • No. of employee fatalities	• Related policies/goals/ performances • Lost Time Injury Rate(LTIR)
Employee Health	• Occupational Illness Frequency Rate(OIFR) • No. of occupational illnesses in employees	• Related policies/goals/ performances
Employee Human Rights		• Related policies/goals/ performances
Employee Competency Development	• Hours of education(HRD)	• Related policies/goals/ performances
Work-Life Balance		• Related policies/goals/ performances
Product/Service SV		• Amount of product/service SV created
Product/Service Safety and Quality	• No. of violations of laws related to product/ service safety	• Related policies/goals/ performances
Corporate Data and Customer Information Protection	• No. of corporate data and customer information leakage cases	• Related policies/goals/ performances
Support for Shared Growth of Suppliers		• Related policies/goals/ performances
Management of ESG Risks of Suppliers	• No. of suppliers conducting ESG risk assessments • Ratio of suppliers implementing improvement measures	• Related policies/goals/ performances
Support for Local Communities	• Ratio of employees participating in volunteer activities	• Related policies/goals/ performances
Support for SE Ecosystem		• Related policies/goals/ performances
Fair Evaluation and Remuneration	• Policies related to employee evaluation and remuneration • Current status of performance evaluation and feedback processes	

Governance

Indicators(9)[1]	Essential Disclosure Items(20)	
	Disclosure Management(9)	Evaluation Management(11)
Management Evaluation and Remuneration	• Installation and operation of the Remuneration Committee	• Management performance evaluation based on ESG and policies/goals/ performances related to remuneration system
Identification of ESG Needs of Stakeholders		• Related policies/goals/ performances
ESG-based Business Portfolio Strategy and Process		• New business/investment policies/goals/performances applying ESG Standards
BOD Composition and Operation	• Current status of BOD operation • BOD remuneration policies • Current status of BOD evaluation • Installation and operation of the Independent Director Recommendation Committee	• BOD diversity/expertise/ independence policies/goals /performances • Ratio of female directors • ESG-related policies/goals/ performances within BOD
Operation of Audit Committee	• Installation and operation of the Audit Committee	
Enhancement of Shareholder Value	• Policies to protect shareholder rights • Policies to return to shareholders	
Anti-corruption Management	• No. of violations of anti-corruption regulations	• Anti-corruption policies/goals/ performances • Anti-corruption education policies/goals/performances for employees
Disclosure of ESG Information		• Ratio of group ESG key indicators disclosures • ESG management for first/ second-tier subsidiaries
Participation in Global Partnership		• ESG global partnership policies/ goals/performances

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

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

UN SDGs

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

UN SDGs		Description	SK networks activities
1 NO POVERTY	1.5	Support the resilience of vulnerable groups	Implement donations and employee volunteer works
5 GENDER EQUALITY	5.5	Strengthen women's capabilities and fostering	Operate a fair and reasonable personnel system
7 AFFORDABLE AND CLEAN ENERGY	7.2	Increase the proportion of new and renewable energy in the global energy mix	Promote 2040 RE100/EV100
	7.3	Improve energy efficiency	Continue efforts to improve energy efficiency in business sites
8 DECENT WORK AND ECONOMIC GROWTH	8.3	Create quality jobs and support growth of SMEs	Support the growth of social enterprises and social ventures
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5	Implement efforts to reduce waste through recycling and reuse	Implement ZWTL zero landfill
			Implement PACT plastic zero
	12.6	Internalize corporate sustainability activities	Establish and systematically implement ESG governance
			Disclose related activities through the publication of a sustainability report
13 CLIMATE ACTION	13.3	Ensure the sustainability of the inland ecosystem	Seek the achievement of Net Zero 2040, support for environmental education
15 LIFE ON LAND	15.1	Ensure the sustainability of the inland ecosystem	Expand social contribution for environmental protection such as companion beaches
	15.2	Promote sustainable forest management	Creation of the "MINTIT Forest" in Yeouiseo-gang Ecological Park, removal of invasive plant species from Namsan Park, forest environment improvement activities
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5	Reduce all forms of corruption	Distribute a code of conduct and code of conduct implementation guidelines

SASB

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

Multiline and Specialty Retailers & Distributors

Topic	Code	Accounting Metric	Disclosures
Energy Management in Retail and Distribution	CG-MR-130a.1	(1) Total energy consumed (2) Percentage of grid electricity (3) Percentage of renewable energy	115
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	96-97
	CG-MR-230a.2	(1) Number of data breaches (2) percentage involving personally identifiable information(PII) (3) number of customers affected	127
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage(by region)	121
	CG-MR-310a.2	Voluntary and involuntary turnover rate for in-store employees	120
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations[1]	127
Workforce Diversity and Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for management and all other employees	118-119
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	127
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	117
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	77
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	60

- Activity Metrics

Topic	Code	Accounting Metric
Number of Distribution Centers	CG-MR-000.A	7 distribution centers(Seoul, Icheon, Anseong, Busan, Daejeon, Daegu, Gwangju)
Total Area of Retail Space and Distribution Centers	CG-MR-000.B11	100,372m^2

1) Describing the nature, context, and any corrective actions taken as a result of the monetary losses
2) Describing its policies and programs for fostering equitable employee representation across its global operations

TCFD

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

TCFD Recommendations		Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	25
	b) Describe management's role in assessing and managing climate-related risks and opportunities	25
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	29-36
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	29-36
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	30-36
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	29
	b) Describe the organization's processes for managing climate-related risk	29
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	29
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	29
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas(GHG) emissions and the related risks	32
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	37

MEMBERSHIPS

	Association
1	CDP(Carbon Disclosure Project Initiative)
2	SBTi(Science Based Targets initiative)
3	TEMOT International
4	Korea Online Privacy Association
5	Gwangjang-dong Saemaeul Council
6	Gwangjin-gu Chamber of Commerce and Industry
7	Gwangjin-gu Scholarship Committee
8	Gwangjin-gu Sports Committee
9	Gwangjin-gu United Defense Council
10	Gwangjin Cultural Center
11	Daegu Chamber of Commerce and Industry
12	Korea Mech. Const. Contractors Association
13	Korea Industrial Safety Association
14	Korea Chamber of Commerce and Industry
15	Korea Specialty Contractors Association
16	Korea Tire Manufacturers Association
17	Busan Marine Industry Association
18	Seoul Chamber of Commerce and Industry
19	Seoul HACCP Council
20	Seoul Bar Association
21	Fire Prevention Measures Council
22	Korea Software Industry Association
23	Korea Engineering & Consulting Association
24	Korea Automobile & Mobility Association
25	Korea Electrical Contractors Association
26	Korea Information & Communication Contractors Association
27	Jeju Special Self-Governing Provincial Tourism Association
28	KOREA Investor Relations Service

	Association
29	Korean Association of Professional Convention Organizers
30	Korea Exchange
31	Korea Enterprises Federation
32	Korea Air Cleaning Association
33	Korea Fair Competition Federation
34	Korea Hotel Association
35	Korea International Trade Association
36	Korea Listed Companies Association
37	Korea Fire Facility Association
38	Korea Fire Safety Institute
39	Korea Fire Safety Association
40	Korea Automobile Importers & Distributors Association
41	Korea Outdoor Advertising Association
42	Korea Foodservice Industry Association
43	Korea Restaurant Industry Association
44	Korea Electric Engineers Association
45	E-Cycle Governance
46	CONsortium of CERT
47	Les Clefs d'Or Korea
48	Korea Professional Golf Tour
49	Energy & Mineral Resources Development Association of Korea
50	Korea Council of Chief Information Security Officers
51	Korea Data Industry Association
52	Korea Intelligence Industry Association
53	Korea Software Industry Association
54	Korea Industrial Technology Association
55	KCTW

AWARDS & CERTIFICATIONS

Awards

Company	Award	Organization
SK Networks-Walkerhill	National Customer Satisfaction Index(NCSI), 1st Place	Korea Productivity Center
	National Brand Awards(2023) *8 consecutive years	New York Festival Korea-National Brand Awards The Korea Steering Committee
SK Magic	CES Innovation Award	CES Innovation Awards (International Consumer Electronics Show)
	Selected as Top Analytical Institution in Drinking Water Proficiency Test	Environmental Resource Associates(ERA)
MINTIT	Reddot Award(Brand Communication/Apps)	Design Center Nordrhein Westfalen, Germany
	Google Play “Best App for Social Impact of the Year” Grand Prize	Google Play
	26th Korea Brand Awards - Minister of Trade, Industry and Energy Award	Ministry of Trade, Industry and Energy / Industrial Policy Studies(IPS)
	iF Design Award 2025 - Winner in Apps & Software(Mobile Application)	iF International Forum Design GmbH
En-core	Data Award_Data Business Sector	Korea Data Industry Association
	En-core PlayData Job Ability Development Training selected as Excellent Training Institution	Ministry of Employment and Labor
SK SpeedMate	Korea Brand Power Index(K-BPI), 1st Place *23 consecutive years	Korea Management Association Consulting

Certifications

Company	Certification Type	Organization	Date of First Certification
SK Networks	ISMS	Korea Internet & Security Agency	2021.12.15
	ISMS-P	Korea Internet & Security Agency	2021.12.15
	Best Family Friendly Management	Ministry of Gender Equality and Family	2019.12.01
	ISO 14001	Korea Management Registrar	2022.11.15
	ISO 37001	BSI	2022.12.16
	Certified Trading Company	Korea Trade Association	2021.07.01
	ISO 45001	Korea Management Registrar	2021.07.01
SK Networks-Walkerhill	ISO 22000	Bureau Veritas Certification	2017.08.11
	HACCP	Korea Agency of HACCP Accreditation & Service	2008.06.17
SK Networks Service	Korea Service Quality Certification	Korea Management Technology Consultant Association	2020.12.23
	ISO 9001	ICR	2010.10.08
	ISO 45001	Korea Management Registrar	2022.10.28
	Korea Service Quality Certification	Korea Association for Service	2023.12.29
SK Magic	ISMS-P	Korea Internet & Security Agency	2021.03.17
	ISO 14001	Korean Standards Association	2007.06.27
	ISO 9001	Korean Standards Association	1994.11.17
	Certified drinking water quality inspection agency	Han River Basin Environmental Office	2019.01.17
MINTIT	ISO 27001	Korea Association for Service	2022.08.25
	ADISA Certification(data deletion APP)	ADISA, UK-GDPR approved certification body	2024.01.12
	ADISA Certification(PC data deletion)	ADISA, UK-GDPR approved certification body	2024.02.15
En-core	DATAWARE™ META# TTA GS Certification	Telecommunication Technology Association	2022.01.24
	DATAWARE™ AP# TTA GS Certification	Telecommunication Technology Association	2022.01.24
	DATAWARE™ DQ# TTA GS Certification	Telecommunication Technology Association	2022.01.24
SK SpeedMate	ISO 9001	Korea Foundation for Quality	2013.11.01

THIRD-PARTY ASSURANCE STATEMENTS

Sustainability Report Verification SK Networks Co. Ltd

Dear Stakeholders

Korean Foundation for Quality(hereinafter 'KFQ') has been engaged to independently verify the 2024 Sustainability Report(hereinafter 'the Report')[2] of SK Networks Co. Ltd[1](hereinafter 'the Company'). KFQ is responsible for providing an independent third-party verification opinion on the report based on the verification criteria and scope specified below. The responsibility for the preparation of this report lies with the Company's management.

1) Organization Address(based on headquarters): 85, Cheonggyecheon-ro, Jongno-gu, Seoul, Republic of Korea
2) Data Collection Period: January 1st, 2024 ~ December 31st, 2024

Verification Purpose

The purpose of this verification is to ensure the reliability of the data and information stated in the Company's report.

Verification Scope

1. Verification Boundary: SK Networks and its major subsidiaries(SK Networks Service, SK Magic, MINTIT, En-core, SK SpeedMate, Glowide).
   In cases the reporting scope and boundaries are different, they are specified as separate footnotes.
2. Verification Items(Based on the GRI Standards 2021)

Category	GRI Standards	
Universal Standards	• 2-1 to 2-5(The organization and its reporting practices) • 2-6 to 2-8(Activities and workers) • 2-9 to 2-21(Governance)	• 2-22 to 2-28(Strategy, policies, and practices) • 2-29 to 2-30(Stakeholder engagement) • 3-1 to 3-3(Material Topics Disclosures)
Topic Standards	• GRI 302(Energy) • GRI 305(Emissions)	• GRI 401(Employment) • GRI 404(Training and Education)

* Topic Standards: Provisions Criteria for Material Issues

3. Excluded Items from Verification: The following items are not included within the scope of verification
   1) Performance and reporting practices of affiliates, partners, and third parties
   2) Items related to other sustainability initiatives not based on the GRI Standards 2021 presented in the report
   3) Other related information such as periodic disclosure reports and financial statements

Verification Criteria

This verification has been conducted based on [AA1000AS (v3)], [AA1000AP (2018)], and [Type 2 - Moderate]

Verification Method

The audit team reviewed relevant procedures, systems, and control mechanisms, along with available performance data, to verify the reliability of the report's content based on the afore mentioned criteria. The documents reviewed during the verification process are as follows:

- Non-financial Information: Data provided by the company, disclosed Business Reports, and information obtained from media and/or the internet.
- Financial Information: Data disclosed in the electronic disclosure system(dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage.

The verification was conducted through document review, on-site visits, and interviews with the responsible personnel. The validity of the materiality assessment procedure in the Report, the selection of material issues considering stakeholders, the data collection, management, and report preparation procedures, as well as the accuracy of the descriptions, were evaluated through interviews with the responsible personnel. However, interviews with external stakeholders were not conducted. Subsequently, it was confirmed that any errors, inappropriate information, or unclear expressions identified in the above steps were appropriately corrected before the publication of the Report.

Verification Limitations

This verification inherently contains limitations that may arise in the process of applying the criteria and methodology.

Competency and Independence

The audit team for this verification was duly composed in accordance with KFQ's internal regulations. KFQ has no conflicts of interest that could compromise the independence and impartiality of the verification, apart from providing third-party verification services.

THIRD-PARTY ASSURANCE STATEMENTS

Verification Opinion

As a result of the verification, it is the opinion of KFQ that:

1. It has been confirmed that the Report was prepared in compliance with the four principles of AA1000AP(2018)

- Inclusivity
  The company has appropriately defined stakeholder groups and communicates with them through tailored communication channels that consider the characteristics of each group. The audit team did not identify any missing key stakeholders in this process and confirmed that the company is making efforts to incorporate stakeholder feedback into its management strategy.

- Materiality
  The company has identified material issues through an appropriate process and has thoroughly reviewed the relevant impacts to enhance the validity of its materiality assessment. The audit team confirmed that the identified material issues were given due emphasis in this report and that all material issues recognized during the materiality assessment process were reported without omission.

- Responsiveness
  The company strives to respond promptly to stakeholders' requirements and key concerns. The audit team did not find any evidence indicating that the organization's response activities and performance regarding material issues were inappropriately reported.

- Impact
  The company identifies and monitors the impact of stakeholder-related material issues across its business activities and reports the findings to the extent possible. The audit team did not find any evidence indicating that the impact of material issues was inappropriately measured or reported.

2. The report has been appropriately prepared in accordance with the applicable reporting standards, such as(GRI Standards(2021) – Accordance)
3. The data and information used for verification were limited to the provided materials and were found to be appropriate, with no significant errors or omissions that could affect the verification opinion.
4. Therefore, an “Unmodified Opinion” is provided for the company's 2024 Sustainability Report.

kfq Korean Foundation for Quality

AA1000 Licensed Report 000-80/V3-8WJDJ

June 25th, 2025

Ji Young Song, CEO

Korean Foundation for Quality(KFQ)

Ji Young Song

GHG ASSURANCE STATEMENTS

Scope 1 & 2 GHG Emissions

SK Networks Co., Ltd and 8 subsidiary companies

Verification Target

Korean Foundation for Quality(hereinafter 'KFQ') has conducted a verification of Scope 1, 2 Greenhouse Gas Emissions(hereinafter 'GHG emissions') of SK Networks Co., Ltd. and 8 subsidiaries[1](hereinafter 'Company') for 2024. KFQ is responsible for providing an assurance statement on the GHG emissions based on the verification scope and criteria described below, while the responsibility for the claims made regarding the GHG emissions rests with the company.

1) Subsidiaries: SK Networks Service, SK Magic, SK Magic Service, MINTIT, Cartini, En-core, SK SpeedMate, Glowide

Verification Purpose

The purpose is to provide an independent verification opinion on the company's voluntary GHG emissions inventories.

Verification Scope

KFQ's verification scope covered on all facilities and emission sources under the operational control and organizational boundary of SK Networks Co., Ltd. and 8 subsidiaries during 2024.

Verification Criteria

The verification was carried out at the request of the company using:

- ISO 14064-1:2018, ISO 14064-3:2019
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- Rule for emission reporting and certification of greenhouse gas emission trading Scheme (Notification No. 2025-64 of Ministry of Environment)

Verification Approach

The verification has been conducted in accordance with the verification principles and standards of the 'ISO 14064-3:2019' under the limited verification level. The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

Conclusion

Based on the criteria and guidelines stated above, KFQ's verification opinion is as follows.

1. GHG emissions Company were properly calculated according to the verification standards.
2. The data and information used in calculating the GHG emissions were appropriate, reasonable, and no significant errors or omissions could affect verification statement were not found. The materiality assessment result of GHG emissions has met the agreed-upon criterion of less than 5%.
3. Accordingly, KFQ provides a verification opinion that is "Unmodified".

(Unit: tCO_2eq)

Scope 1	Scope 2	Total
10,134.11	29,567.858	39,701.968

kfq Korean Foundation for Quality

IAF MEMBER OF MULTILATERAL RECOGNITION ARRANGEMENT

National Institute of Environmental Research

June 10, 2025

Ji Young Song

CEO Ji-Young Song
Korean Foundation for Quality

GHG ASSURANCE STATEMENTS

Scope 3 GHG Emissions

SK Networks Co., Ltd and 6 subsidiary companies

Verification Target

Korean Foundation for Quality(hereinafter 'KFQ') has conducted a verification of Scope 3 Greenhouse Gas Emissions(hereinafter 'GHG emissions') of SK Networks Co., Ltd. and 6 subsidiaries[1](hereinafter 'Company') for 2024. KFQ is responsible for providing an assurance statement on the GHG emissions based on the verification scope and criteria described below, while the responsibility for the claims made regarding the GHG emissions rests with the company.

1) Subsidiaries: SK Networks Service, SK Magic, SK Magic Service, MINTIT, SK SpeedMate, Glowide

Verification Purpose

The purpose is to provide an independent verification opinion on the company's Scope 3 emissions.

Verification Scope

The verification covered thirteen emission categories[2] selected by the company during 2024

2) Category 1, 2, 3, 4, 5, 6, 7, 9, 11, 12, 13, 14, 15

Verification Criteria

The following criteria and coefficients used by the company were applied.

- Criteria
  - WBCSD/WRI, Corporate Value Chain(Scope 3) Accounting and Reporting Standard
  - ISO 14064-1:2018, ISO 14064-3:2019
  - GHG Protocol Corporate Standard
  - Rule for emission reporting and certification of greenhouse gas emission trading Scheme
- Coefficient
  - Environmental Product Declaration evaluation coefficient(2021)
  - Based on the most recent manufacturer-specific LCA emission factor available as of the reporting date

Level of Assurance

The verification has been conducted in accordance with the verification principles and standards of the 'ISO 14064-3:2019' under the limited verification level.

Verification Limitation

GHG emissions verification involves inherent limitations that may arise depending on the organization's data characteristics, calculations and estimates, sampling method, and limited assurance level. Additionally, this verification does not include responsibility for the accuracy of the original data provided by the company.

Conclusion

Based on the criteria and guidelines stated above, KFQ's verification opinion is as follows.

1. GHG emissions of the company for 2024 were properly calculated based on the materials provided, and no material errors or omissions that could affect the verification opinion were identified.
2. The criteria and process established by the company for calculating GHG emissions were transparently documented in the internal calculation process to prevent potential misunderstandings.
3. Accordingly, KFQ provides a verification opinion that is "Unmodified".

Scope 3 Emissions Verification Results

(Unit: tCO_2eq)

	Category[1]	Total emissions
1	Purchased goods & services	243,970
2	Capital goods	2,255
3	Fuel and Energy-related activities not included in Scope 1+2	5,632
4	Upstream transportation and distribution	43,481
5	Waste generated in operations	347
6	Business travel	382
7	Employee commuting	1,763
8	Upstream leased assets	-
9	Downstream transportation and distribution	15,750
10	Processing of sold products	-
11	Use of sold products	52,790
12	End of life treatment of sold products	4,246
13	Downstream leased assets	170,747
14	Franchises	3,190
15	Investments	11,950
	Total[2]	556,504

1) Scope 3 categories not disclosed in the report, such as Categories 8, 10, and 11, are excluded from the scope of this verification
2) Each category-specific emission and the total emissions are rounded to the nearest whole number, which may result in a discrepancy of less than ±1 tCO_2e compared to the actual values

kfq Korean Foundation for Quality

IAF MEMBER OF MULTILATERAL RECOGNITION ARRANGEMENT

National Institute of Environmental Research

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