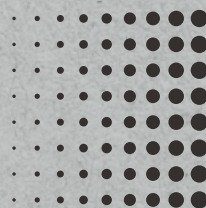


**D&D** + **∞** = **D·D**  
 COMPANY SK DND    INFINITE SUSTAINABILITY    MOTIVE VISION SIMB

The cover represents SK D&D's business philosophy, which focuses on sustainable and everlasting value creation through ESG management. It encompasses the geometric motif, symbolizing perpetual circulation, as a visual representation of our commitment.



The 2022 SK D&D Sustainability Report was printed on FSC® (Forest Stewardship Council®)-certified paper in soy oil ink.



2022 SK D&D Sustainability Report

BUILDING A GREEN WORLD

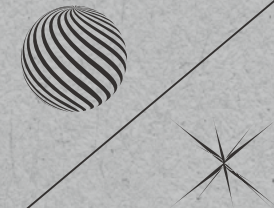
BUILDING



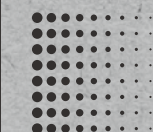
A GREEN WORLD



2022



SK D&D Sustainability Report



# About this report

## Report Outline

SK D&D publishes its sustainability report to transparently disclose its non-financial performance and communicate its sustainability management activities and performances, and future directions. This report is the 2nd sustainability report published by SK D&D, and the report has been improved to ensure systematic management of the material topics decided through double materiality assessment. ESG stories on the environment, society, and governance are reported in detail through four chapters. We plan to continue publishing sustainability reports on an annual basis in the future.

## Reporting Principles

This report was prepared in accordance with the reporting guidelines of the Global Reporting Initiative (GRI) Standards and reflected the indexes of UN Sustainable Development Goals (UN SDGs), Task Force on Climate-related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB).

## Scope

The scope of this report is for the business operations in Korea where SK D&D (on a separate basis) conducts business. Data on energy consumption, GHG emissions, waste, water resources cover our headquarters, operations outside of the headquarters, and our subsidiaries (on a consolidated basis).

## Reporting Period

The reporting period of this report is from January 2022 to December 2022, and includes content from the first half of 2023 for certain activities.

## Reporting Cycle

The most recent report was published in 2021, and we plan to disclose our sustainability report on an annual basis.

## Assurance

This report received third-party verification by BSI, an independent third-party assurance provider to ensure the reliability, fairness, and completeness of the data and preparation process.

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## CEO Statement



**I would like to thank our respected stakeholders for their unwavering interest and support for SK D&D.**

SK D&D has continued its steady growth since its foundation in 2004, cementing its position as the most outstanding real estate and energy company in Korea. In 2022, the global economy suffered from a sharper growth slowdown and turmoil than expected. In the midst of such crisis and external uncertainties, we prioritized the transformation and expansion of our business model for sustainable growth by forming relationships with various business partners in order to become a future-oriented solution and platform company. Furthermore, we are continuing our efforts to strengthen and internalize the ESG management system. We would like to share our activities and achievements in creating economic, environmental, and social values with our stakeholders through the 2022 SK D&D Sustainability Report.



SK D&amp;D ESG

As the world faces climate change and environmental pollution, the world is firmly committed to responding to climate change. The Korean government also declared carbon neutrality in 2020, expressing its determination to respond to climate change to the international community, becoming the 14th country to legislate the vision for 2050 Carbon Neutrality. SK D&D is also responding promptly and keenly to climate change trends in space development and eco-friendly energy. We have established mid- to long-term strategies and implementation roadmap to Net Zero carbon emission, and are practicing systematic environmental management by acquiring environmental management system certification. In the future, we will continue to spare no effort in taking a leap forward as a leading company in the eco-friendly market by striving for transition to clean energy through green remodeling and digital transition, and new and renewable energy development and solutions.

Based on SK's management philosophy, SK D&D is focused on simultaneous pursuit of economic and social values across all business activities, away from the existing form of only pursuing economic profit. To this end, we are pursuing fair transaction and win-win management with business partners for the happiness of stakeholders. In addition, we are advancing our health and safety management system by acquiring safety and health management system certification in 2022. Furthermore, our employees are pursuing common values with pride as well as growing together by promoting mutual development under the slogan 'warm-hearted professionals'. We will continue to care for and grow with local communities rather than simply pursuing short-term profits of the company based on competent members and a healthy organizational culture.

SK D&D practices management centered on its board of directors by securing independence, expertise, and transparency of the board, striving to fulfill its legal and ethical responsibilities in all corporate management activities. Furthermore, we are systematically managing financial and non-financial risks affecting corporate management activities to promote stable growth.

2023 is expected to be the most difficult year for the global economy. Multiple factors such as the exacerbating international political situation and cutting-edge technology issues regarding semiconductors and supply chains are threatening the global economy. Although the world is experiencing stagnant times, opportunities to look forward to the future will begin for SK D&D, which has achieved rapid growth based on a high-performance organization. We will continue to pay keen attention to create social values and sustainability as well as economic values, and will sincerely pursue the happiness for the company, the society, our customers and shareholders and employees. We ask for continued interest and encouragement from our stakeholders.

July 2023  
CEO, SK D&D, **Do-hyun Kim**

## Executive Message

**We will achieve carbon neutrality and social values through developing sustainable spaces and green remodeling.**

• Real Estate New Frontier Division  
**General Director Sun-pyo Hwang**



SK D&D is developing spaces prioritizing customers and users to go beyond stereotypical space and focus on the qualitative factor of environment used by building users, launching 'Saeng-gag Gongjang', a premium knowledge industry center brand and 'Episode', a single-person rental housing brand for urban dwellers. As ESG management is no longer an option but a fundamental factor in corporate management, it is now difficult to receive market recognition from only generating profit as in previous business models. In 2022, when ESG was inseparable from business, we spent a year of not only outstanding financial performance but creation of social value in various business-related areas of green building development, improvement of energy efficiency through remodeling, and social contribution.

In the future, the Real Estate New Frontier Division at SK D&D will take one step further from the existing green building developments to strive for corporate and social sustainability considering lifecycles of buildings. Furthermore, we will expand activities contributing to the environment and local communities as a space provider by preserving ecosystems and providing social space for local communities, responding promptly to ESG to take the lead in the industry.

**We will create sustainable impact by innovating spaces and customer experience through Digital Transformation.**

• Meta-Space Division  
**General Director Jun-no Lee**



SK D&D recognizes the importance of Digital Transformation (DT) in becoming a space development partner creating a sustainable city, and is promoting business with digital transformation at the very center of corporate strategy. Relationships with various stakeholders are formed during the operation stage of the lifecycle of a space, and most of the environmental and social impacts occur at this stage as well. The Meta-Space Division pursues value creation to transform into a sustainable space operator by providing optimized space solutions to solve potential problems at the operation stage. We will connect the fragmented and segmented value chain of the space industry and build an integrated ecosystem through Digital Transformation to sympathize with and solve environmental and social problems in space. TO this

end, we are carrying out activities to create social value with customers of Episode, and are promoting transition to an ESG Ecosystem by establishing a joint venture with Connectfy Cloud to provide IT and DT solutions. SK D&D will contribute to urban development and realization of vision for sustainable future through digital transformation based on our experience.

## Executive Message

**We will actively participate in overcoming global climate crisis as a Green Energy Solution Provider.**

•  
Energy Solution Division  
**General Director Hae-Zoong Kim**



Sustainability management is not simply a strategy for the survival and success of a company, but a fundamental factor in fulfilling our responsibilities for our society, environment, and future generations. As an eco-friendly energy generation business, we realize that our business model is at the center of sustainable management. SK D&D will strive to fulfill our responsibilities for the environment by creating a sustainable supply chain and responding to climate change as a green energy solution provider. We established a joint venture with Glennmont Partners, a British clean energy investment company, to provide a variety solutions for purchase of solar power generation resources, power generation forecasting, digital O&M, and RE100. As a leading onshore wind power operator in Korea, we are making full-fledged advances into offshore wind power as well based on our long experience and capabilities.

We are also striving to expand the supply of fuel cell power plants, a distributed power source, through partnership with Bloom Energy with the world's most outstanding solutions. We will take the lead in building a sustainable future by providing solutions for GHG management and reduction and implementation of RE100 through technological innovation and sustainable business models to solve the global climate change problem.

**We will ensure that SK D&D is a sustainable company where its employees are happy through ESG practice based on high-performance organizational culture.**

•  
Management Support Division  
**General Director Young-lea Oh**



As ESG has become a new management paradigm, not a temporary movement, SK D&D also recognizes ESG management as an essential factor for corporate sustainability, continuing efforts to reflect ESG in corporate management. We are elevating the level of ESG management every year, establishing 2030 Net Zero roadmap to respond to global climate change and raising the level of our environment, safety and health systems through ISO 14001 and ISO 45001 certifications. In addition, we are reflecting various external ESG-related demands in management, such as objective verification of data through SBTi and publication of TCFD reports. As a result of such ESG improvement efforts, SK D&D was able to receive a higher rating than 2021 from ESG evaluation agencies home and abroad.

SK D&D plans to strive for all employees to embody ESG management for ESG activities to become daily management activities based on the ESG management system with solid foundation. In addition, we will continue efforts to become a sustainable company by establishing a high-performing organizational culture through digital transformation of work and improvement of our HR system, spreading happy management to realize a company where employees and all stakeholders are happy.

# Business Overview

## Company Outline (SK D&D)

SK D&D has achieved significant growth while establishing an ever-broader presence in development, operation and asset management in the property and eco-friendly energy sectors. Our property portfolio has expanded from office buildings to commercial properties such as hotels, knowledge industry centers and logistics centers, along with corporate residential facilities. Likewise, our eco-friendly energy business covers solar and wind power, ESS<sup>1)</sup>, fuel cells and even offshore wind farms. Our goal is to become a sustainable company responding to the rapidly-shifting business landscape characterized by the stellar growth of the high-tech industry, digital transformation and the emerging ESG paradigm. On the back of our digital solutions, we will create an ecosystem for customers and business partners and leverage big data generated through AI-aided services and solutions to explore greater business opportunities. In the eco-friendly energy sector, we will build power brokerage solutions enabled by AI and digital transformation to advance into the VPP<sup>2)</sup> market in the years ahead.

1) ESS (Energy Storage System): system storing surplus power separately and supplying power when needed  
 2) VPP (Virtual Power Plant): A method of managing electricity generated by renewable energy by storage in ESSs at multiple households and businesses and connecting them by the Internet for management as a single power plant.

**“Space development partner building sustainable cities, a living solution partner creating better urban life”**

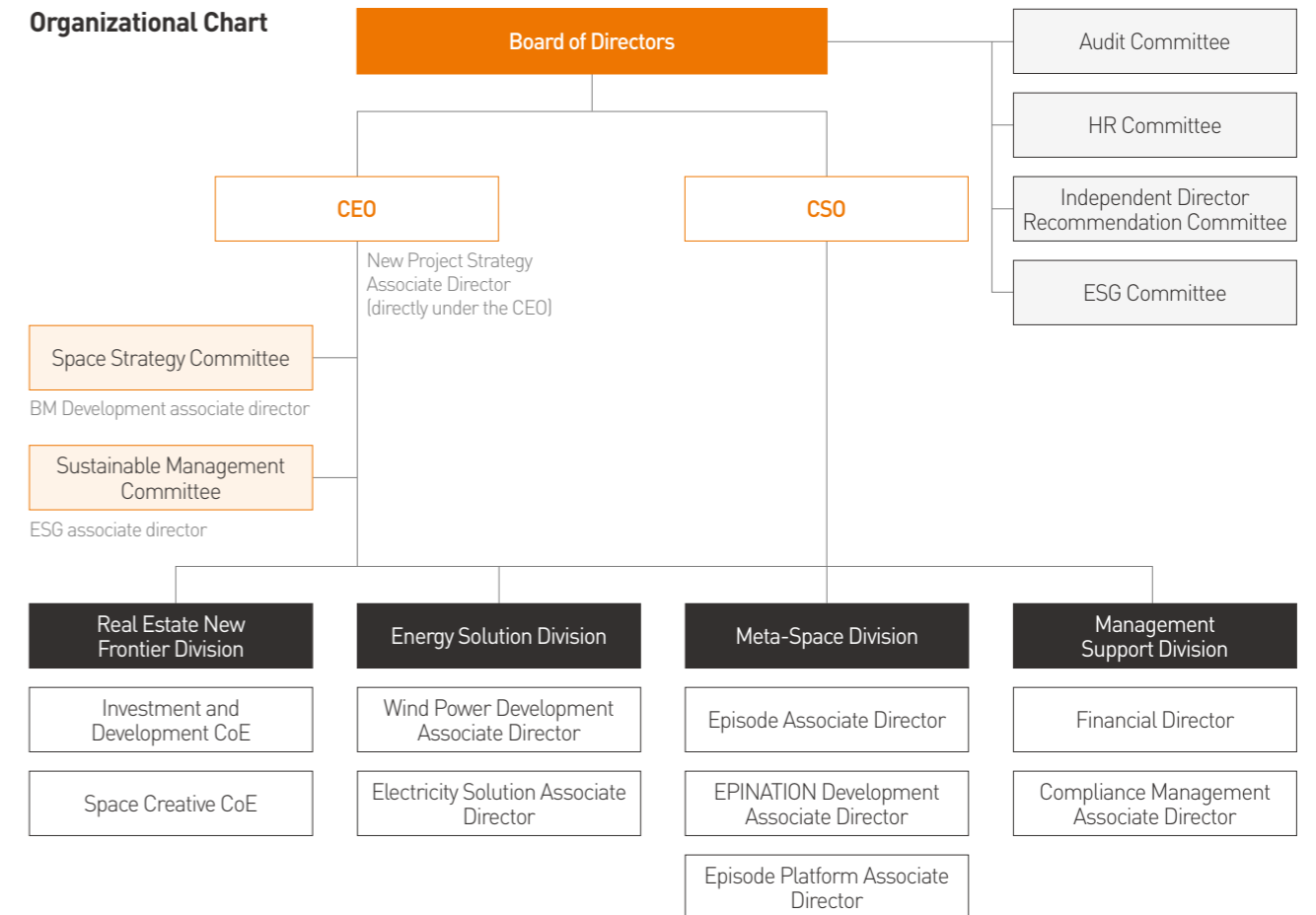
Pursuing happiness of stakeholders, partners, employees, and urban residents

 <b>New Urban Space Developer</b>	 <b>Leading Beyond Space Solution</b>	 <b>ESG Ecosystem</b>
Space developer for cities	A leading solution operator	Establishment of sustainable ecosystem
<ul style="list-style-type: none"> <li>Space development, investment, and operation considering social change and sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Providing Space-as-a-Service based on customer values, data, and AI</li> <li>Connecting reality with virtual space and overcoming constraints of time and space through digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of social connection and integration and business model through healthy urban regeneration and revitalization</li> </ul>

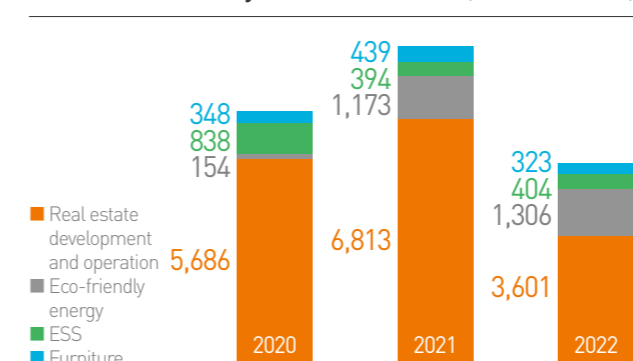
### About SK D&D

<b>Name of company</b>	SK D&D Co., Ltd.	<b>Listing date</b>	Stock market listing on June 23 <sup>rd</sup> , 2015 (KOSPI: 210980)
<b>CEO</b>	Do-hyun Kim	<b>Date of establishment</b>	Apr. 27 <sup>th</sup> , 2004
<b>Business domain</b>	Real estate, new and renewable energy development and operation	<b>Employees</b>	259 persons (as of December 2022)
<b>Capital</b>	KRW 24.19 billion	<b>Headquarters</b>	332, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea

### Organizational Chart



### Sales Breakdown by Business Domain (Unit: KRW 100 million)



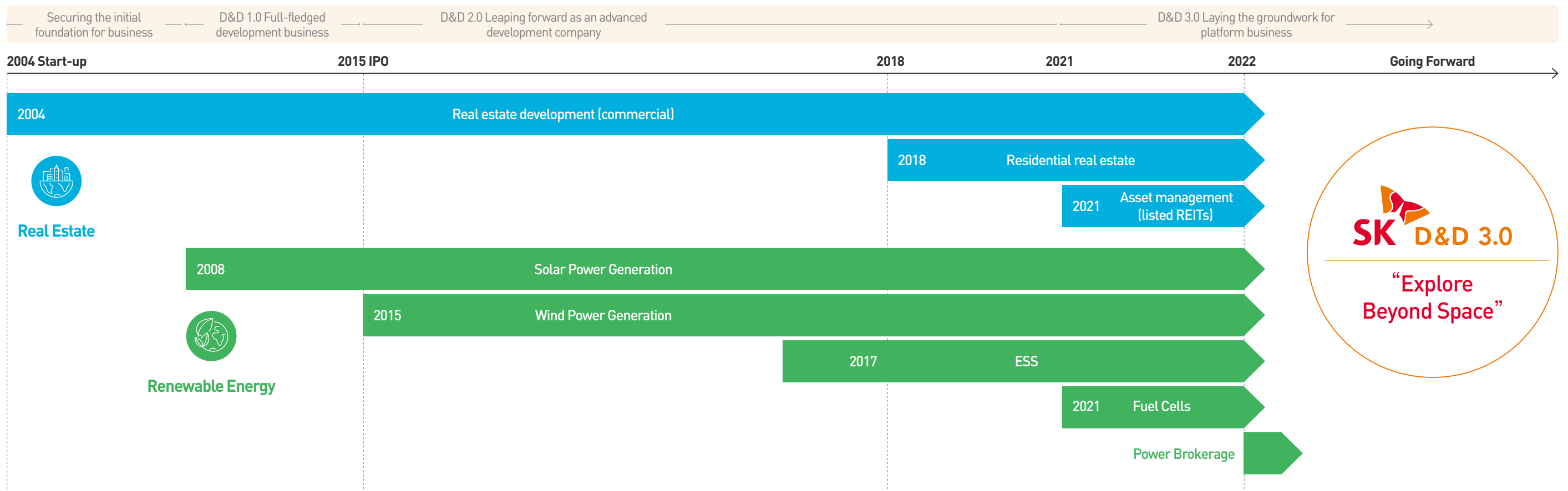
### Financial Performance (Unit: KRW 100 million)

Category	2020	2021	2022
Operating revenue	7,026	8,818	5,634
Operating profit	1,112	2,099	643
Net income	661	1,336	762
Income before taxes	932	1,816	1,137

Historical Events

SK D&D is becoming a space development partner who builds

sustainable cities and living solution partner for a better life.



**2004.04. Founded Aperon**  
 2007.06. Renamed as SK D&D  
 2007.10. Started construction of Pharos Tower (first commercial office development)  
**2008.09. Completion of solar power plants at Namwon and Shinheung (first commercial operation of solar power plant)**  
 2011.09. Completion of Dangsan SK V1 (first development of knowledge industrial center)

**2015.02. Completion of Wind Power Plant at Gasiri, Jeju (first commercial operation of wind power plant)**  
 2015.04. Relocated to Eco Hub in Pangyo  
 2015.06. Listed in the KOSPI market  
 2016.08. Attracted overseas investors and launched property development business in partnership (Myeongdong, Pangyo, Jeju)  
**2017.07. ESS establishment at SK Chemical in Cheongju (first commercial operation of ESS)**

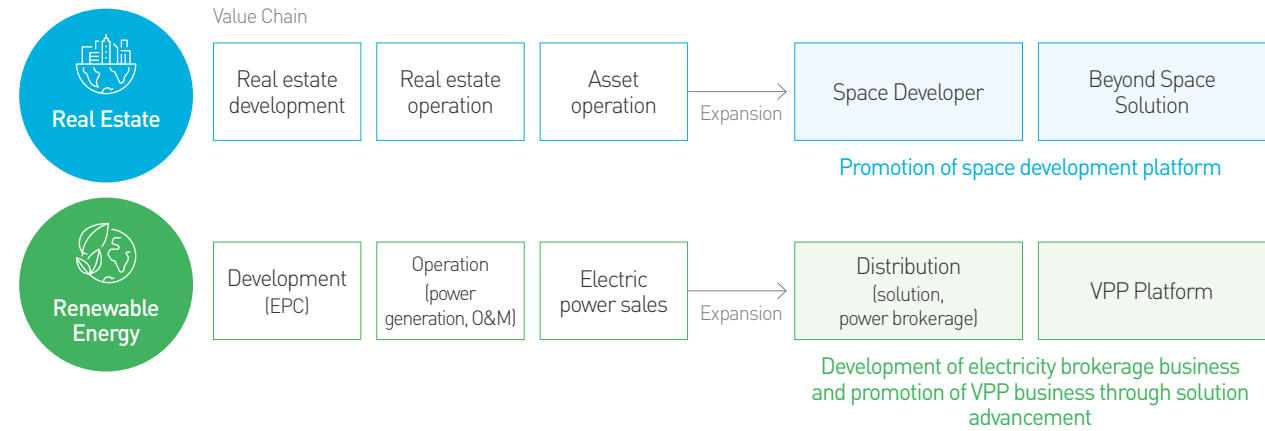
2018.01. Founded D&D Investment (DDI), a subsidiary specializing in asset management  
 2018.09. Equity investment by Hahn & Company  
**2018.12. Attracted the first investment from sovereign wealth funds in our residential product**  
 2020.01. Opening of Episode Seongsu 101 (first launch of Episode, a Co-living brand)  
 2020.07. Founded D&D Property Management (DDP) as a property management subsidiary  
**2021.10. Completed Cheongju Eco Park (first commercial operation of fuel cell power plant)**  
 Listed D&D Platform as a REITs AMC

2022.01. Split off of real estate division, Establishment of D&D Living Solution (DDLS)  
 2022.02. Domestic pension funds participation and joint investment in the blind-type REITs developed by D&D  
 2022.07. Publication of sustainable report  
 2022.09. Merger of DDLS and DDP, renamed as D&D Property Solution (DDPS)  
 2022.10. Acquired of international standard Certification (ISO 45001) (wind powerplant at Gasiri, Jeju, health and safety management system)  
**2022.11. Signed a shareholder agreement with Glenmont (full-fledged promotion of electric power brokerage)**  
 2022.12. Publication of TCFD report

# Business Model

## Business Portfolio

SK D&D is expanding its value chain in the real estate and renewable energy sectors, encompassing development, operation, and solutions, and experiencing continuous growth.

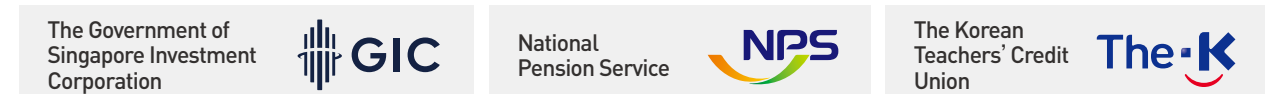


## Value Chain



## Securing Various Financial Partners Based on High-Quality Investors

- One of top 10 sovereign wealth's first investment in Korean residential real estate
- Attracted blind-type REITs into real estate from National Pension Service and Korea Teachers' Credit Union



## Real Estate New Frontier - Business Developing Sustainable Spaces

For the past 18 years since our foundation in 2004, we have developed offices, hotels, multi-use facilities, knowledge industry centers, and logistics centers. The main targets for our property development business are real estate development projects in key locations of Seoul, along with new towns in Gyeonggi-do and Busan. Our profits are realized through the disposals and sales made in various modes. Furthermore, we are promoting urban redevelopment projects to revitalize the aging city center and improve the quality of residential life, and a green remodeling project to take part in the implementation of carbon neutrality in national buildings.

### SK D&D's Brand

'Saeng-gag Gongjang' is SK D&D's prime office-class knowledge industry center brand aiming for a more advanced office under the slogan 'a factory where thoughts make a difference in the world'.



### SK D&D Development Performance

Residential facility	16 cases	414,284m <sup>2</sup>
Knowledge industry centers	10 cases	1,079,846m <sup>2</sup>
Logistics centers	5 cases	381,716m <sup>2</sup>
Hotels	9 cases	206,337m <sup>2</sup>

## Major Performance

### Remodeling of Myeongdong N Building

Completed remodeling of 'Sunkyung Textiles Co., Ltd,' the origin of SK Networks's company building, into a modern prime office to be harmonized with the surrounding environment in addition to the functional improvement of the building.

Building Name	Myeongdong N Building [Former SK Networks Building]
Scale	B3-19F
Total area	4,143 pyeong

### Completed Construction of Gangnam Station Office

Completed development of prime offices in the Gangnam Station area with the concepts of 'Forest on the City' and 'Floating Garden', aiming to create a space for people to communicate with nature in urban city.

Building Name	Gangnam Station Office [Scale Tower]
Scale	B6-19F
Total area	14,950 pyeong

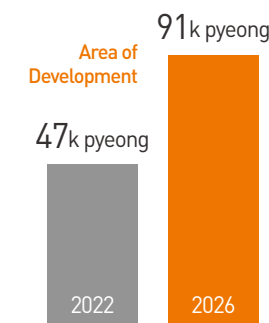
## Future Plans

- Development of buildings and spaces reflecting social change and sustainability
- Promotion of complex development project, urban regeneration, and green remodeling

Office	Chungmuro, Namsan, Seoul Station Office, etc.
Residential and commercial facilities	Yongdu, Yongsan, Sinchon 2 Episode, etc.
Knowledge industry center	Saeng-gag Gongjang Guro, Yeongdeungpo, Gunpo Complex Development, etc.
Logistics center	Logistics centers at Icheon, Shingal, Baeksa, etc.

\* Projects under development

### 'Irreplaceable' Position as Property Developer



\* As of March 2022

## Meta-Space - Business Solving Housing Problems Through Living Solutions

SK D&D engages in rental property development and management under its management-focused business model based on asset development. Today's urban residential arrangements are evolving quickly to embrace the uniqueness of individuals and sensitivity to new phenomena with millennials and single-person households leading the way. To keep pace with such trends, SK D&D evolves beyond the conventional norms of 'housing' to provide 'residential' spaces that reflect increased diversity in the housing culture and consumer needs and focuses more on life experience and style. In so doing, we ensure that we provide a best-in-class experience that caters to the individuality and taste of tenants.

### SK D&D's Brand

'EPISODE' is a housing brand providing housing solutions for improved urban lifestyle, providing content-driven spaces and services to strive for creation of sustainable housing culture.



## Major Performance

### Opening of 3 new Episode sites

Additional opening of Episode Gangnam 262, Sinchon 369, and Suyu 838 to respond to the number of single-person households and solve the problems of quality of life in cities, providing various experiences for improved urban lifestyle.

Episode Gangnam 262	250 households
Episode Sinchon 369	352 households
Episode Suyu 838	818 households

### Establishment of Connectfy Cloud Joint Venture

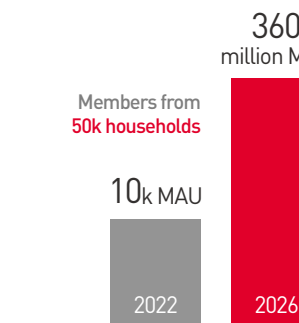
Establishment of Connectfy Cloud joint venture to solve various ESG issues occurring in spaces, connecting the value chain of the fragmented and segmented space industry, building an ecosystem utilizing digital technology.



## Future Plans

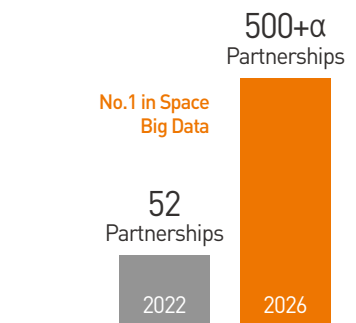
- Development of products and operation solutions reflecting the needs of space users
- Additional expansion of urban housing alternatives
- Creation of ESG impact by accelerating the digital transformation of residential and commercial spaces

### 'Leading' Solution Provider



\* Secured 50,000 resident members through linking an operation SaaS solution

### 'Game Changer as a space Developer'



## Energy Solution - Business to Solve Climate Change Problems Through Green Energy

SK D&D's eco-friendly energy business consists of solar power, wind power, fuel cells, and ESS. Our solar and wind power business generates a wide array of values across the entire renewable energy value chain including development, EPC\*, and O&M\*\*, and our fuel cell business will scale up its generation capacity in line with the distributed power and hydrogen economy roadmap. In ESS business, we boost our competitiveness in connecting C&I [Commercial & Industrial] customers' power demand management with renewable energy to continuously develop value-up capabilities and improve our energy management efficiency based on proven safety.

\* EPC: A type of contract whereby a business winning large-scale construction or infrastructure projects performs a full-spectrum of design, parts/materials procurement, and construction work  
\*\* O&M(Operation & Maintenance): Operation and maintenance of eco-friendly energy power plants

## Major Performance

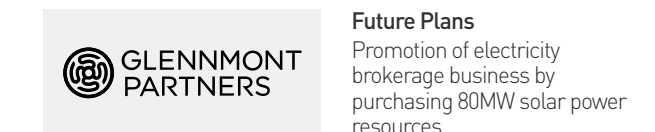
### Start of Commercial Operations at Eumseong Fuel Cell

In 2019, SK D&D signed a contract with Bloom Energy Company to supply domestic cycle fuel cells for power generation, and in 2022, Eumseong Eco Park began commercial operation of a total of 40 MW fuel cell power plants.

Fuel Cell Power Generation Operation Status	Future Plans
Cheongju Eco Park 20MW	Secure 200MW pipeline at Chilgok and Paju, promotion of business
Eumseong Eco Park 20MW	

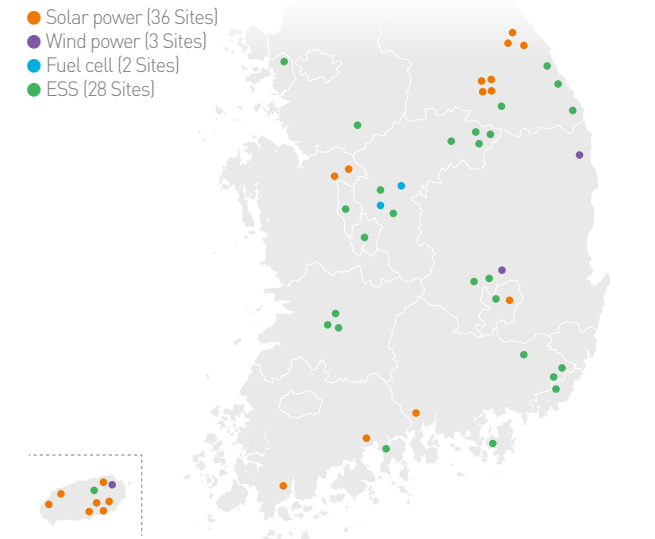
### Establishment of Joint Venture with Glennmont Partners

It established a financial platform by establishing a joint venture with Glennmont Partners, a British renewable energy investment company, to promote power brokerage business, and secured the basis for purchasing solar power generation resources.



Future Plans  
Promotion of electricity brokerage business by purchasing 80MW solar power resources

## Operation and Development



<p><b>Solar power</b> 54 MW 31MW developed (9MW in total under operation) 23MW in total purchased</p>	<p><b>Wind power</b> 158 MW 83MW in total under commercial operation 75MW in total under</p>
<p><b>Fuel cell</b> 40 MW 40MW in total under commercial operation</p>	<p><b>ESS</b> 795 MWh Korea's No.1 Peak Cut ESS business</p>



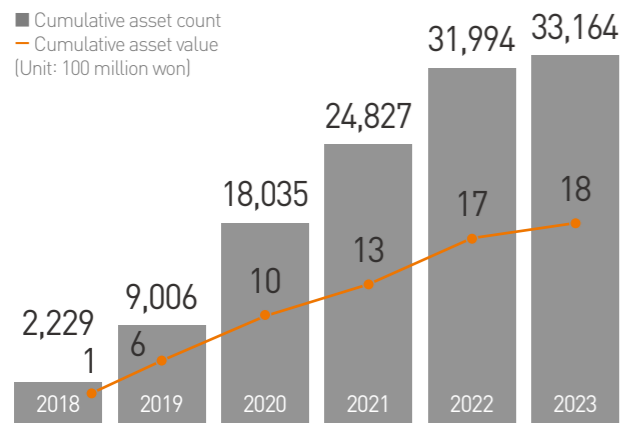
## D&D INVESTMENT

D&D Investment is a developer-type REITs AMC (asset management company), and mainly invests in offices within major urban districts and business areas, retail, and multi-household properties. The total amount of asset under management is KRW 2.6 trillion (as of October 2021) since our establishment in 2018, and our aim is to expand all property-related areas in strategic partnership with SK D&D.



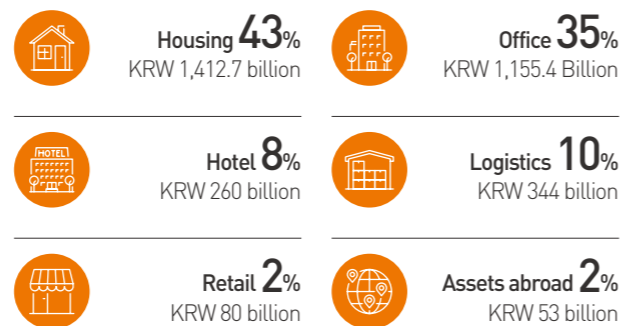
### Assets Under Management by Year

Ensuring investment stability and high return rate through products based on stable operation and appropriate portfolio, developing value-added products.



\* As of May 31<sup>st</sup>, 2023

### Types of Managed Assets

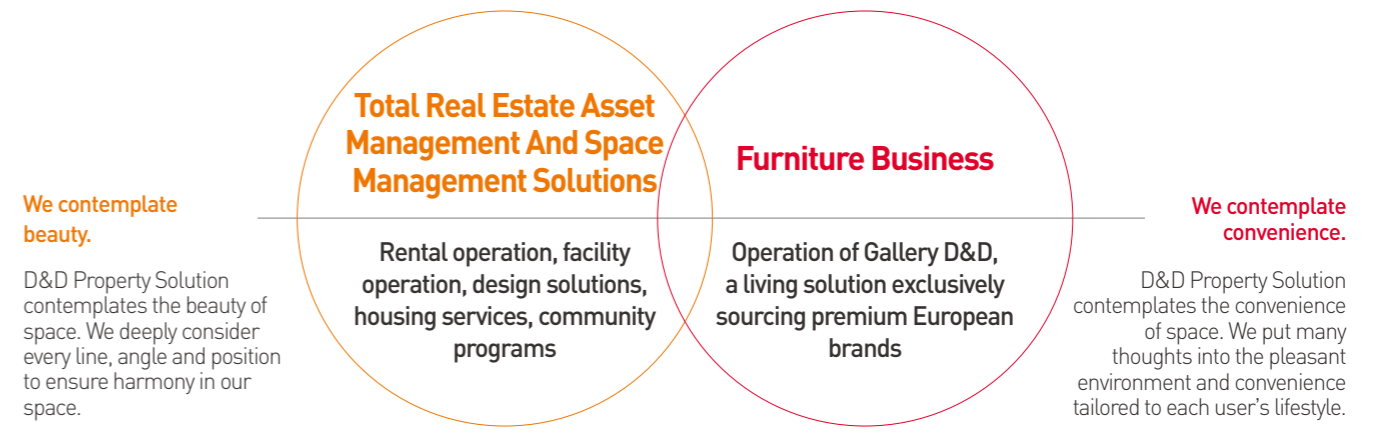


<b>Residences</b>	Episode Gangnam, Seocho, Sinchon, Suyu, Yongsan, Guui Welltz, Onsu Youth Housing		
<b>Office</b>	Seoul Station Office, Semicolon Mullae	<b>logis-tics</b>	South Cheongna Logistics Center, Baekam Fassto, Fassto Center 2
<b>Hotel</b>	Grand Jusun Jeju Hotel	<b>Retail</b>	Seongsu Naknak

## Business Model

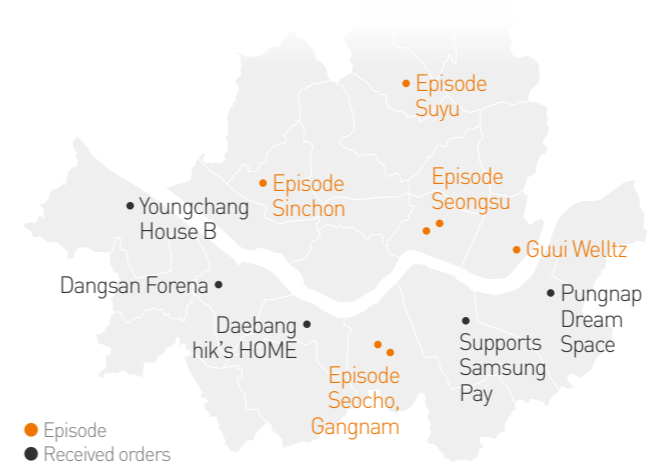
## D&D PROPERTY SOLUTION

D&D Property Solution is SK D&D's property operation and management company providing comprehensive property management services including officetels, urban residences, offices, high-end residential complexes, commercial facilities, and knowledge industry centers and also DDPS provide lifestyle ideas and solutions for customers. We are striving to increase real estate value through management operation, regular maintenance, and differentiated community management.



### Space Operation

Real estate management of approximately 3,000 households in the metropolitan area, practical real estate operation through property management, housing services reflecting the entire customer lifecycle.



### Lifestyle Solutions

We provide lifestyle solutions tailored to each customer through supplying premium European brands, nobilia, LEICHT, COR, and interlücke.



# ESG Strategy

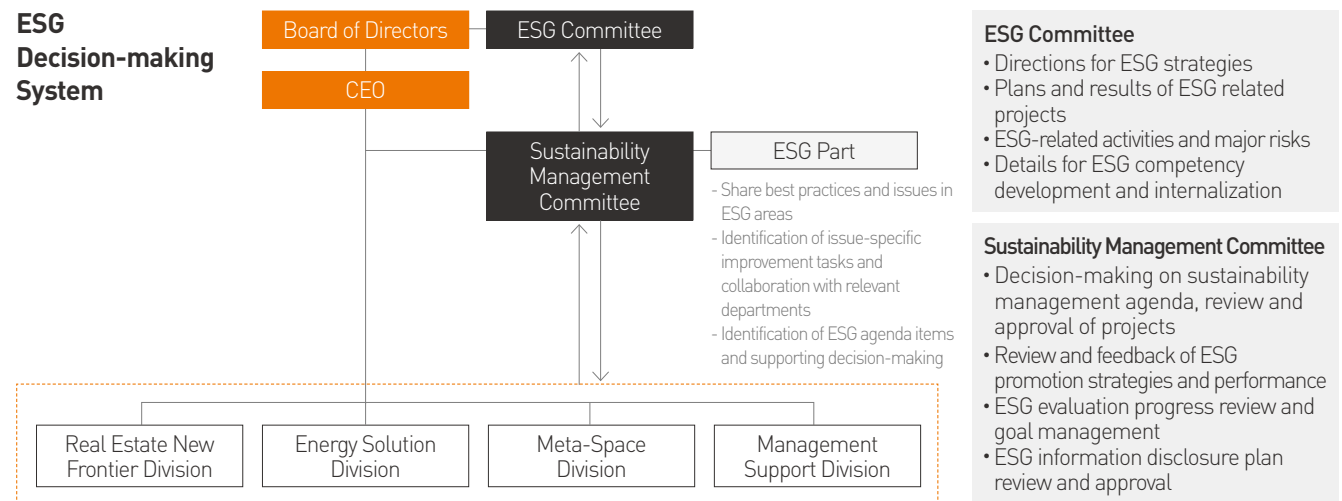
22	ESG Governance
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# ESG Governance

In order to promote ESG management in earnest, SK D&D has established and operated the ESG Committee under the board of directors since 2021, carrying out ESG management activities through various committees. We ensure that SK Double Bottom Line, which pursues economic values (EV) and social values (SV) at the same time, is incorporated into all processes of ESG strategy establishment and promotion, doing our best for responsible and sincere board-centered ESG management.

## ESG Governance System

SK D&D has established and is operating the ESG Committee, a committee under the board of directors. Furthermore, we are promoting fundamental ESG management activities through the Sustainability Management Committee, an organization directly under the CEO. To strengthen ESG risk management centered on the board, the ESG Committee and the Board of Directors carry out review of ESG risks and opportunities and report and approval procedures for major issues. Also, we are carrying out review of ESG performance and discovery and execution of improvement projects through the Sustainability Management Committee. To reinforce the roles and responsibilities for ESG management, the regulations for the detailed roles of the ESG Committee have been revised, a corporate governance charter has been established, and the introduction of the Board Skills Matrix has been completed.



## Double Bottom Line

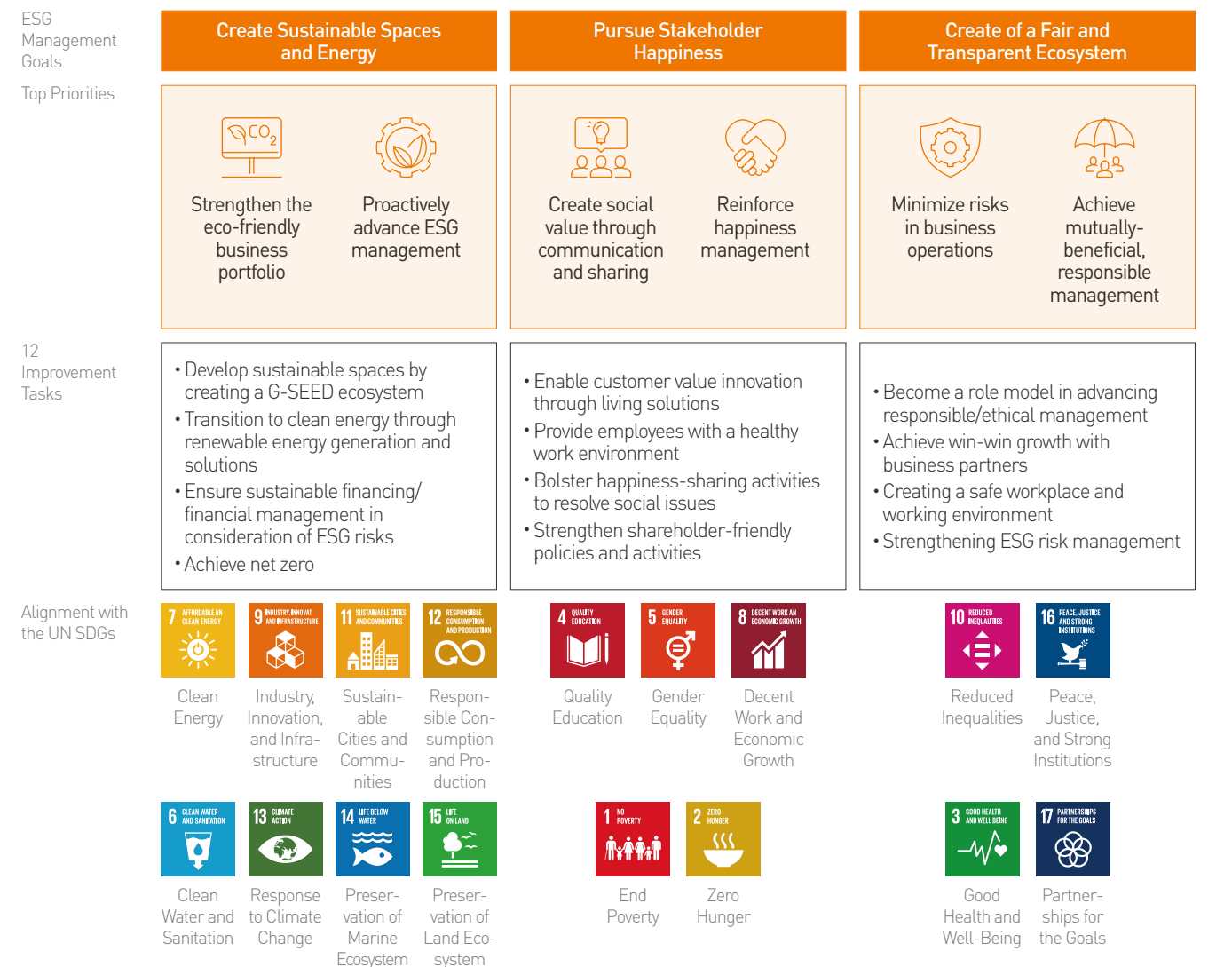
SK's DBL (Double Bottom Line) embodies its commitment to pursue economic value and social value equally throughout the entirety of its business operations. In this context, social value refers to the value we create as a company for the happiness of our stakeholders, and we intend to bring the greatest-possible happiness to every member of society by creating social values through business, social contribution, and indirect contribution to the economy.



# ESG Strategy

SK D&D aims to carry out sustainable management with ESG goals for the happiness of stakeholders and the promotion of SK Group's DBL management, which simultaneously pursues EV and SV in overall management activities. We set and implement 12 improvement tasks aligned with the UN SDGs to do our part in resolving the global challenges that require the concerted efforts of the international community.

## ESG Strategy

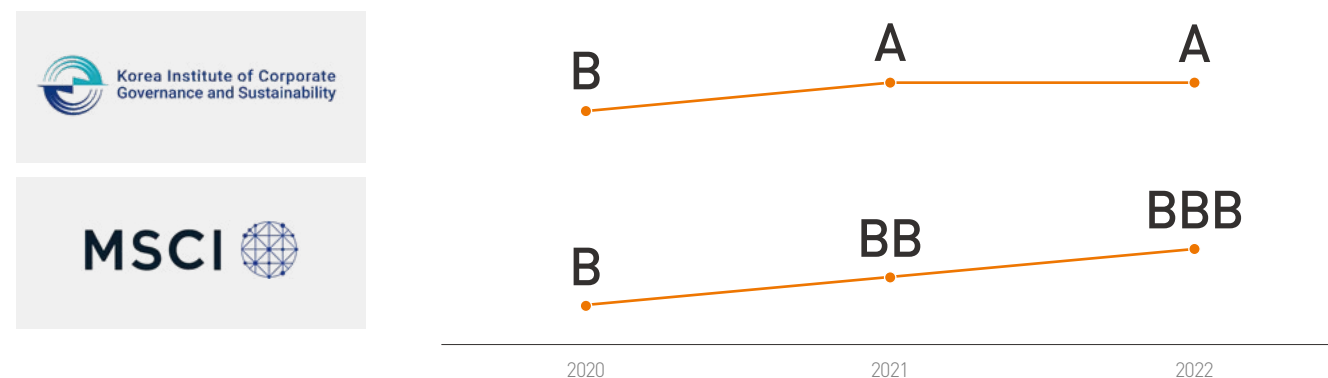


# ESG Highlights

 <b>TCFD Report Disclosure</b>	 <b>Net Zero Roadmap Establishment</b>	 <b>ISO 14001 Acquisition</b>	 <b>Acquisition of 3 Green Building Certifications<sup>1)</sup></b>	 <b>154GWh of New and Renewable Energy Generated<sup>2)</sup></b>
 <b>ESG Bond Issuance</b>	 <b>Establishment of Human Rights Management System</b>	 <b>ISO 45001 Acquisition</b>	 <b>CSO Appointment</b>	 <b>Execution of Programs Creating Social Value Participated by Episode Residents</b>
 <b>Strengthened Independence of the Board of Directors</b>	 <b>Building A Management System Centered On The Board Of Directors</b>	 <b>Establishment of a Governance Charter</b>	 <b>BSM Disclosure</b>	

1) Obtained green building certifications follow actual certification criteria, excluding pre-certification.  
2) In case of eco-friendly energy plants in which SK D&D has invested, the investment ratio is applied to the total amount of power generation and reduction effect

## Improved ESG Evaluation Ratings



## 2030 Net Zero Roadmap

SK D&D established 2030 Net Zero Roadmap in line with the global response to the climate change crisis. We set a mid- to long-term strategy for Scope 1 and 2 Net Zero and a long-term strategy for Scope 3 Net Zero, will actively make efforts to achieve our goals.

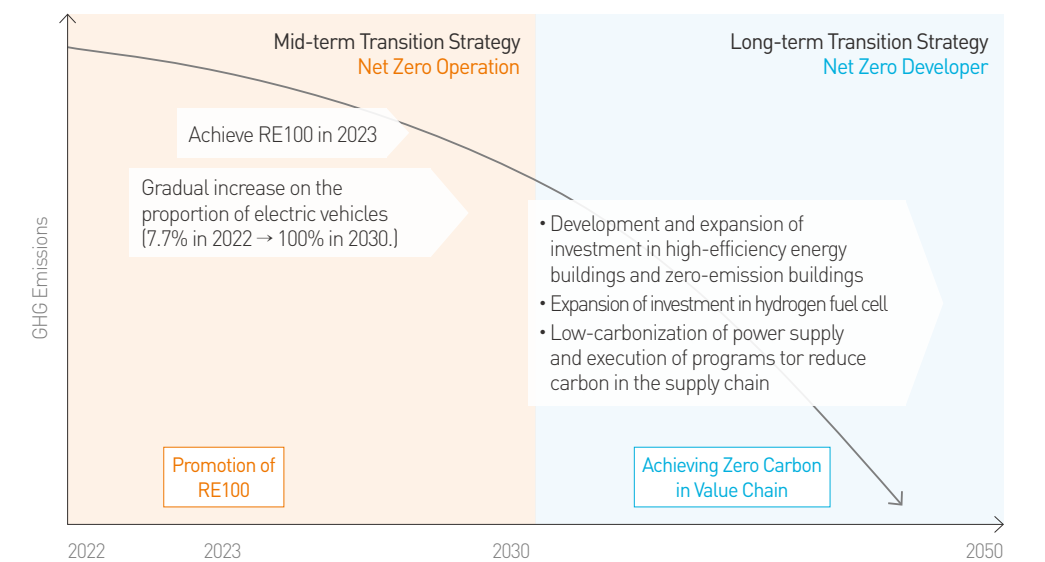
### Mid-term Transition Strategy Net Zero Operation

### Short-term Strategy for Workplace Net Zero

In 2022, SK D&D established Scope 1 and 2 net zero greenhouse gas emission targets for real estate and energy business in 2030 based on SBTi<sup>1)</sup>. We plan to identify greenhouse gas emissions and major sources of emissions from our business sites, promoting complete transition to renewable energy in 2023 (RE100). Other remaining remissions will be reduced through reducing mobile combustion emissions and other offsetting projects. Also, we analyzed the economic feasibility of net zero-related expenses, strengthening our ability to execute strategies according to net zero goals.

1) SBTi (The Science Based Targets initiative): a climate and environment initiative presenting guidelines and methodologies for setting science-based greenhouse gas emission reduction targets

### SK D&D Net Zero Approach



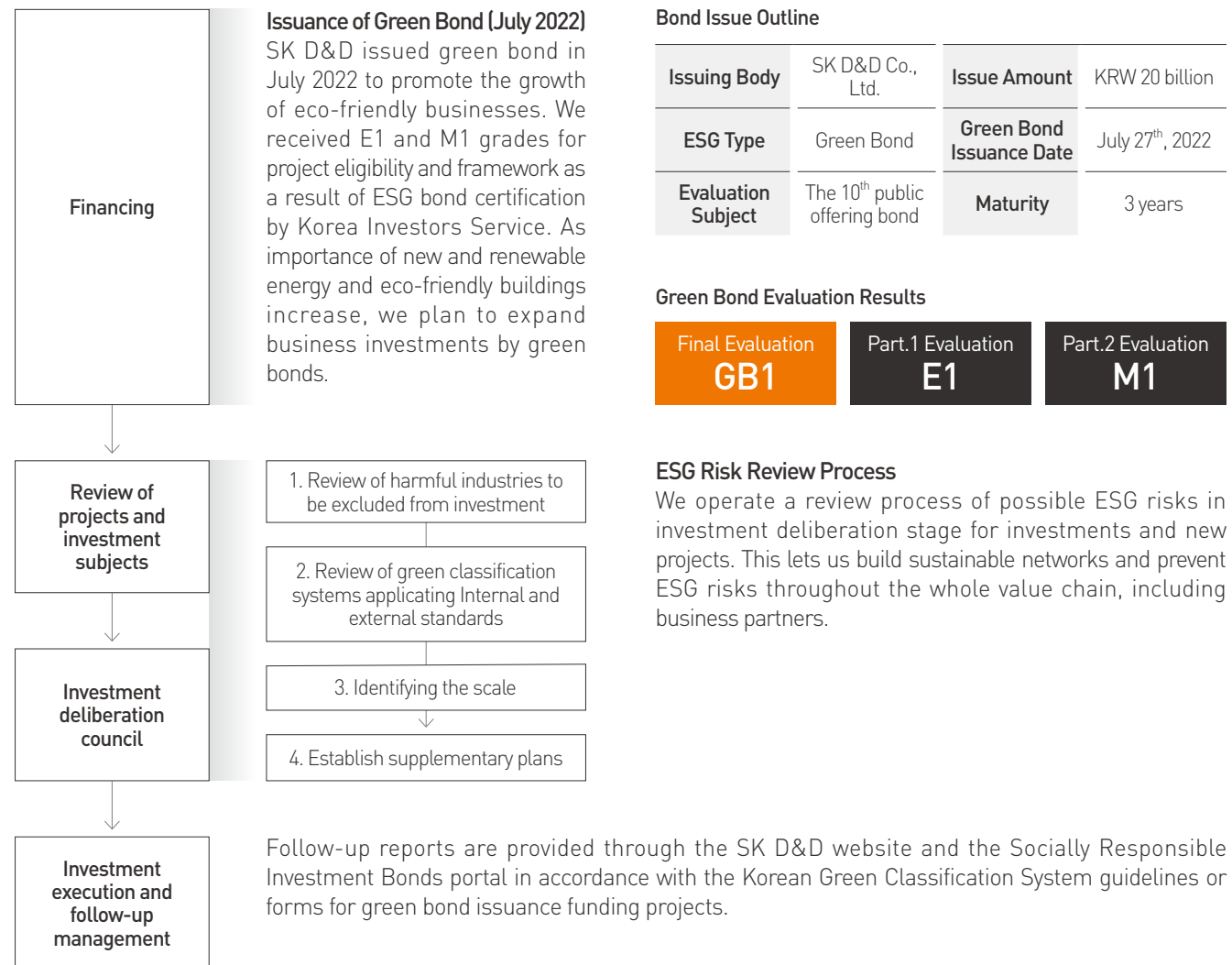
### Long-term Transition Strategy Net Zero Developer

### Long-term Strategies to Respond to Climate Change

SK D&D also aims to contribute to carbon reduction in the value chain. SK D&D's long-term tasks include focusing on eco-friendly, energy-efficient real estate development considering the future, such as building energy efficiency and the economic feasibility of zero-emission buildings. Conditions for achieving net zero in the value chain will be improved gradually, and emission reductions due to the low-carbonization of supplied electricity will be a favorable condition to achieving SK D&D's Scope 3 Net Zero. Furthermore, joint reduction efforts with our business partners will be materialized through the supply chain carbon reduction program.

## Securing Sustainable Investment Process

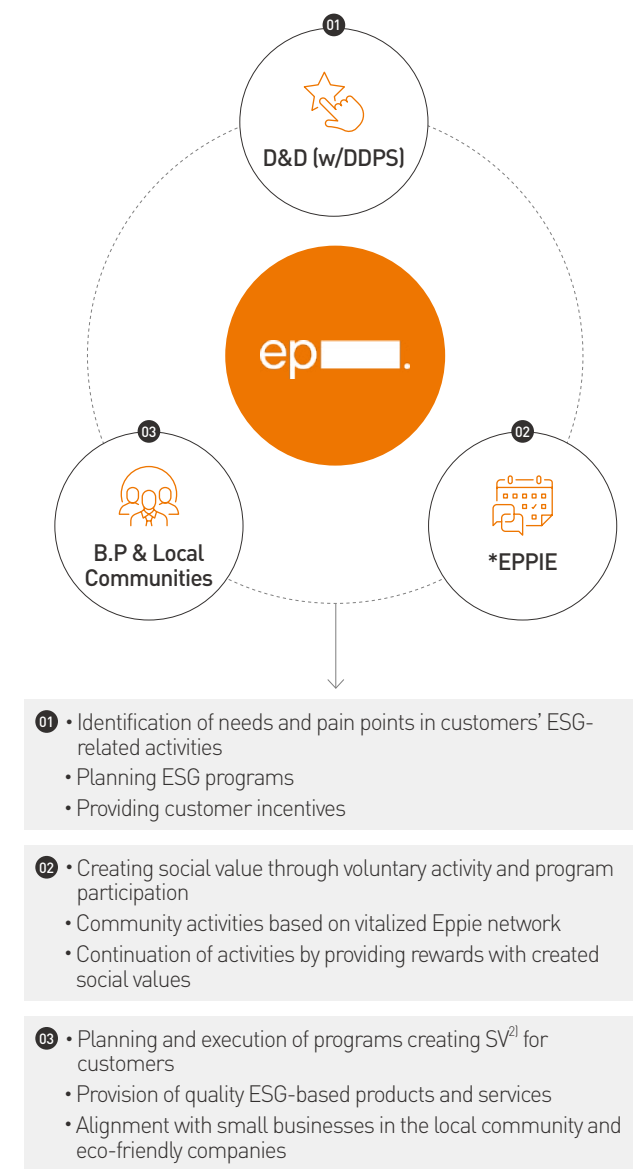
SK D&D operates a process for sustainable investment. We review the feasibility of investments, projects and ESG risks to establish a sustainable supply chain and minimize the possibility of ESG risks in four stages from financing to investment execution and follow-up management.



## Social Values Shared with Customers

We create economic value as well as social value with our customers. Episode creates a culture of better living for sustainable urban life together with Eppie<sup>1)</sup> and furthermore, business partners and local communities.

1) EPPIE: Residents of Episode



2) SV: Social Value

### Episode - Better Night(December 2022)

We held "Better Night" for sustainable lifestyle with Eppies living in Episode. We will continue to try to resolve the issues of consumption, disposal, and food in residential spaces. We share issues occurring in single-person households, searching for possible solutions to ensure that living at Episode leads to sustainable lifestyle.



# Materiality Assessment

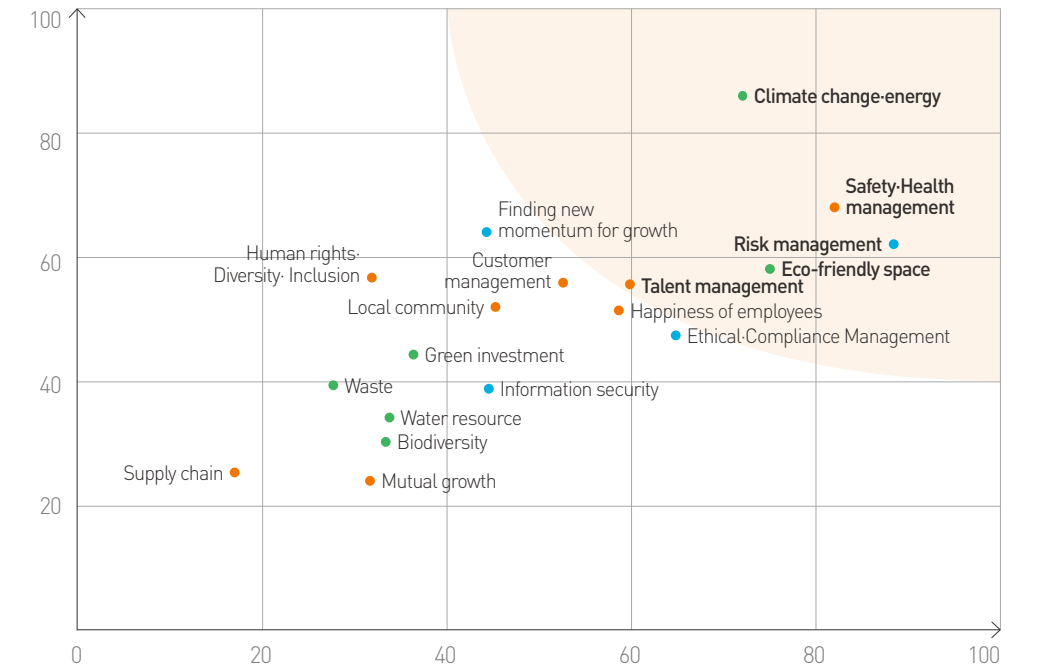
SK D&D evaluates the impacts of its corporate activities on the environment, society, and business/economy across its overall value chain. In particular, in 2022, we conducted Double Materiality Assessment, a new materiality issue derivation method, along with the materiality guidelines of Global Reporting Initiative (GRI) Standards. Double materiality is a topic derivation process considering not only the environmental and social impacts of corporate business activities, but the potential impact on corporate value and financial areas from an external perspective. We plan to clearly identify interests and requirements of stakeholders and actively reflect them in establishment of ESG strategies by applying social, environmental and financial analysis to derivation of material issues.

## ESG Topic Pool



<b>STEP 1</b>	We formed SK D&D's unique topic pool through analysis of international standards, industry peers and globally leading companies, press releases, corporate ESG strategies, and impact on overall value chain to include 18 issues.
<b>STEP 2</b>	We identified the potential social and environmental impacts of corporate activities on the environment from a social, environmental perspective through surveys of internal and external stakeholders, press release analysis, and benchmarking analysis of the industry. The financial impacts of ESG issues on SK D&D were identified through surveying internal and external stakeholders, corporate ESG strategy, and ESG evaluation standards and indicator analysis.
<b>STEP 3</b>	Social/environmental and financial impacts of each issue have been quantified, and a comprehensive evaluation was conducted to derive the final 5 material topics.
<b>STEP 4</b>	Perceived impact and level of internal response were reviewed through interviews with working-level staff and management, deciding on material issues.

## Materiality Assessment Matrix










## ESG Material Topics

Five material topics have been identified through evaluations. According to double materiality assessment in 2022, 'climate change-energy', 'safety and health management', 'risk management', 'eco-friendly space', and 'talent management' have been selected as SK D&D's material topics. 'Eco-friendly space' is a newly decided material issue, and 'supply chain' became less prioritized, and was excluded from material topics.

## List of material topics

ESG issue	Issue details	Report page
Climate change-energy	Greenhouse gas emission management, energy efficiency management, and renewable energy consumption to respond to climate.	p.48
Safety and health management	Preventive safety management, physical and mental health management, and creation of a safe working environment for all workers, including employees of business partners.	p.64
Risk management	Viability/investment plan management of real estate projects, procedural risk management such as licensing, and response to policy and economic changes.	p.101
Eco-friendly space	Increase in demand for eco-friendly buildings, expansion of green building certification.	p.36
Talent management	Employees' immersion in work, member training and competency development, prevention of talent leakage.	p.54

# Material Topic Approach Method (Management Approach)

Issue	Impact & Governance	
<b>Climate Change-Energy</b>  	Financial Materiality: 72.35 Environmental & Social Materiality: 85.57	<b>Risks</b> <ul style="list-style-type: none"> <li>Environmental impact of GHG emissions in real estate development and operation</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Provision of safe products and services through preemptive response to disasters related to climate change</li> <li>Reduction of GHG through eco-friendly energy business</li> </ul>
<b>Safety and Health Management</b> 	Financial Materiality: 82.32 Environmental & Social Materiality: 67.67	<b>Risks</b> <ul style="list-style-type: none"> <li>Reinforcing laws related to safety and health, such as enforcement of the Serious Accident Punishment Act</li> <li>Reinforced building safety standards and consumers' change of perception</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Securing customer trust by strengthening safety and health management</li> </ul>
<b>Risk Management</b> 	Financial Materiality: 88.76 Environmental & Social Materiality: 61.48	<b>Risks</b> <ul style="list-style-type: none"> <li>Increased uncertainty such as market conditions and policy changes</li> <li>Difficulties in financing caused by economic instability</li> <li>Declined property value due to market volatility</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Enhanced investor trust through responsible management</li> </ul>
<b>Eco-Friendly Space</b>  	Financial Materiality: 75.21 Environmental & Social Materiality: 57.72	<b>Risks</b> <ul style="list-style-type: none"> <li>Potential regulatory changes for eco-friendly buildings</li> <li>Financial burden of creating eco-friendly space</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Increased consumer demand for green buildings and changes in awareness</li> <li>Increased real estate product value through development of eco-friendly, zero-energy buildings</li> <li>Reinforcement of laws supporting green building construction</li> </ul>
<b>Talent Management</b> 	Financial Materiality: 60.13 Environmental & Social Materiality: 54.95	<b>Risks</b> <ul style="list-style-type: none"> <li>Intensifying competition to secure excellent talent</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Securing competitiveness by retaining core talent</li> <li>Motivation of employees through welfare benefits and reasonable compensation</li> <li>Increased sense of belonging for employees through differentiated organizational culture</li> </ul>

## Strategies & Targets

Response/Action	2022 Performance	Target
<ul style="list-style-type: none"> <li>Investment, development, and operation of greenhouse gas reduction services</li> <li>Preemptive calculation and management of Scope 1, 2, and 3 GHG emissions</li> <li>Establishment of Net Zero strategies based on SBTi</li> <li>Expansion of the renewable energy supply</li> <li>Declaration and achievement of Net Zero</li> </ul>	<ul style="list-style-type: none"> <li>Reduced 55,951tCO<sub>2</sub>eq. of GHG through eco-friendly energy generation</li> <li>Acquisition of environmental management system (ISO 14001) certification</li> <li>Support for TCFD, publication of report in 2022</li> </ul>	<ul style="list-style-type: none"> <li>Achieve of RE100 in 2023</li> <li>Expansion of renewable energy sources by 3.0GW (2026)</li> </ul>
<ul style="list-style-type: none"> <li>Promotion of health and safety management as the top priority and health and safety performance when selecting a construction company as business partner</li> <li>Support for construction companies' safety and health as the ordering body</li> <li>Establishment of safety and fire prevention design standards prioritizing safety in designing real estate to develop differentiated products</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of safety and health management system (ISO 45001) certification</li> <li>759 hours of safety and health training</li> <li>Strengthening of supply chain safety management supervision as the first company in the industry to pre-arrange safety supervision at worksites</li> </ul>	<ul style="list-style-type: none"> <li>Advancement of safety and health inspection system</li> <li>Safety and health performance management for suppliers</li> </ul>
<ul style="list-style-type: none"> <li>Pursuit of safety and growth simultaneously through minimization of risk</li> <li>Portfolio distribution (rebalancing) to minimize risk at each sector of business</li> </ul>	<ul style="list-style-type: none"> <li>Operation of ESG risk management system for investment targets</li> <li>Establishment of a collaboration system with business partners to expand and strengthen portfolios</li> <li>Securing ESG risk review system for human rights and business partners</li> </ul>	<ul style="list-style-type: none"> <li>Expansion into platform and solution business</li> <li>Advancement of ERM system</li> <li>Securing the preventative systems for ESG risks in the value chain</li> </ul>
<ul style="list-style-type: none"> <li>Operation of residential and work spaces reflecting customer-oriented eco-friendly elements</li> <li>Consider the overall lifecycle in developing and acquisition of green building certifications for all residential and commercial buildings</li> </ul>	<ul style="list-style-type: none"> <li>3 types of green building certifications Acquired</li> <li>2 green building certifications, 1 energy efficiency certifications</li> </ul>	<ul style="list-style-type: none"> <li>Real estate development considering overall lifecycle, acquisition of green building</li> <li>Development of sustainable spaces through green remodeling of old spaces</li> </ul>
<ul style="list-style-type: none"> <li>Pursuing a culture of a high-performing organization capable of creating high performance through employee immersion</li> <li>Improvement of company infrastructure, policies, and structures based on the Smart Work System aimed at task immersion</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of ABCD program aimed at improving organizational culture</li> <li>11,508 hours of employee competency development training</li> </ul>	<ul style="list-style-type: none"> <li>Reinforced motivation of employees through reorganizing the compensation system</li> <li>Continuous improvement activities by strengthening communication among employees and gathering efforts through the Management Development Council and Happisode</li> </ul>



# ESG Story

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# Sustainable Living and Green Action

According to Copernicus climate change service (C3S), a climate change monitoring organization under the European Commission (EU), the average global temperature increased in 2022 by 1.2°C, recording the 5th hottest year in history. We have only 0.3°C remaining before the 1.5°C threshold agreed upon by 169 countries through the 2015 Paris Agreement. Action for climate change is now a must, not an option. The world is continuing its efforts to prevent climate change, and Korea has also declared carbon neutrality by 2050, transitioning into a low-carbon economy. Accordingly, SK D&D is preparing to adapt to the rapidly changing climate and respond to the climate crisis more actively than ever through expansion of eco-friendly business, declaration of support for TCFD, publication of the first TCFD report, and acquisition of an environmental management system (ISO 14001).

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Management

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Our Response to  
Climate Change

# Green Business

## Sustainable Real-Estate Development

### Directions for Real-Estate Development

In order to minimize impact on the environment during overall lifecycle of real-estate development of green buildings, we consider land use and convenience, ecology and indoor environment, energy and environmental pollution, ease of maintenance, use of raw materials and resources, and water resource management. We promote real estate development projects with the objective of obtaining green building certification for all commercial and residential buildings. We strive to acquire third-party certifications such as G-SEED certification and Building Energy Efficiency certification.



Goal

Acquisition of green building certification for all residential and commercial buildings by reflecting eco-friendly elements in development projects  
Green remodeling by improvement of energy efficiency of deteriorated buildings

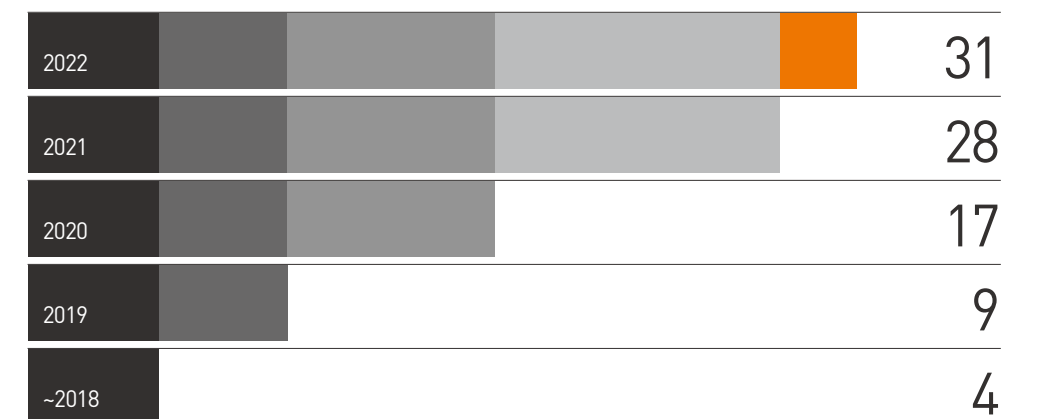
Major Activities



### Green Building Development

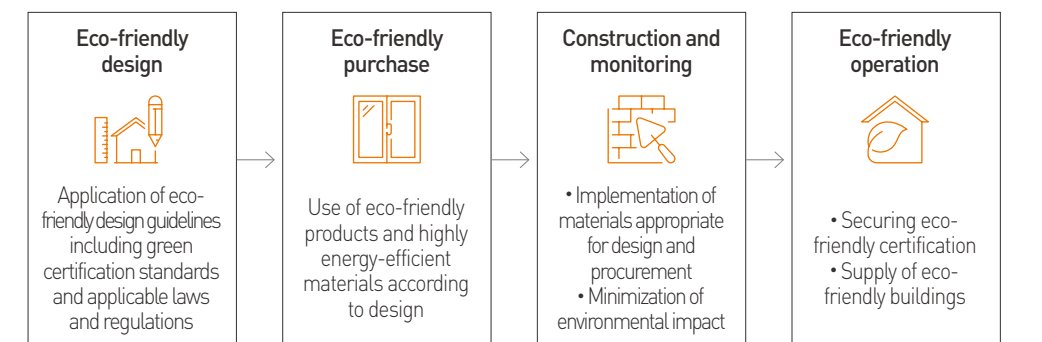
To respond to the growing consumer demand for green buildings and achieve sustainable development and advancement, we take an eco-friendly design approach to developing work and residential spaces. We consider the design with an environmental point of view and use green-certified materials when constructing our buildings as well as implementing a range of technologies to manage water circulation, conserve energy and resources, reduce the discharge of pollutants, and mitigate energy consumption and GHG emission from buildings. Also, we have included various eco-friendly factors in spaces operated by SK D&D as environmental management becomes a key factor in products and services used by customers. We will continue to promote our projects to enable third-party assurance for SK D&D's development businesses and residential spaces. In addition, we will continue to mitigate environmental impact in operation stage to provide services enabling green GHG reduction activities led by our customers.

Green Building Certifications Awarded (cumulative) ■ ~2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 [Unit: No. of Cases]



Category	~2018	2019	2020	2021	2022
G-SEED	2	2	4	4	2
Building Energy Efficiency	2	2	4	7	1
LEED	-	1	-	-	-

### Process of Green Building Development



### G-SEED assessment categories

- Materials and resources
- Land use and transportation
- Energy and environmental pollution
- Indoor environment
- Maintenance
- Ecological environment
- Water circulation management

### Benefits of G-SEED-certified buildings

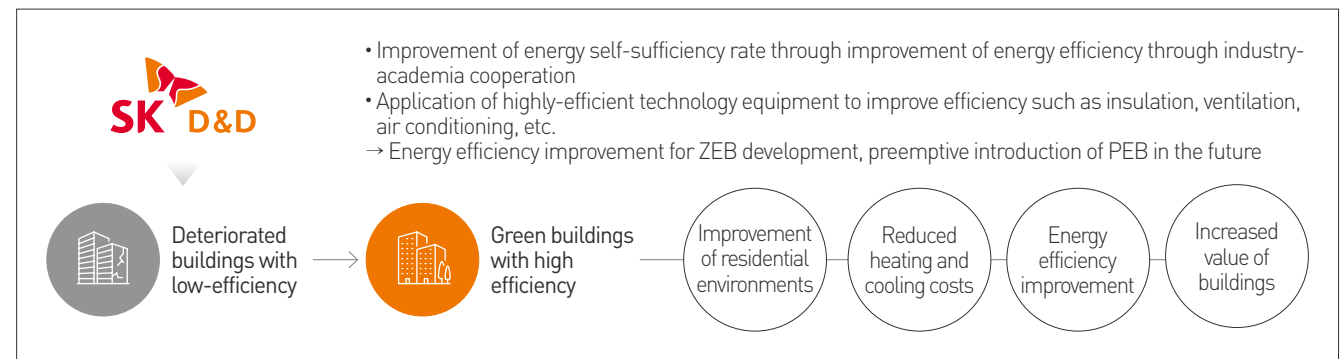
- Efficient energy consumption and GHG emission reduction
- Efficient use of water resources
- Reduction of waste
- Development of local economy
- Improved value of buildings
- Reduction of building maintenance costs
- Reduction of environmental loads along the outskirts of building sites
- Increased lifespan of buildings

Green Business

**Green Remodeling**

We are realizing environmental values by revitalizing cities through remodeling projects. We provide pleasant and healthy living environments by improving energy efficiency through enhancing insulation and facilities as well as the interior and exterior of deteriorated buildings. We plan to put more efforts into green remodeling project in line with major policies for implementation of national carbon neutrality.

**SK D&D Green Remodeling Promotion Plans and Expected Effects**



**Remodeling of Myeongdong N Building**

SK D&D remodeled the old Myeongdong N Building of Sunkyung Textile Co., Ltd., the former body of SK Networks. The building was successfully remodeled into a prime office building in harmony with the surrounding environment through functional improvements as well as a designing maintaining the sense of proportion of the existing building.

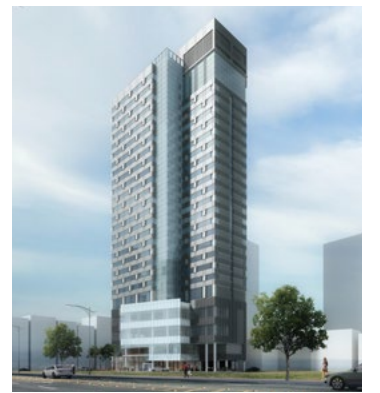
<b>Building Name</b>	Myeongdong N Building (former SK Networks Building)
<b>Location</b>	Myeongdong, Jung-gu, Seoul
<b>Scope</b>	B3-19F
<b>Land Area</b>	4,143 py
<b>Construction completion</b>	December 2022

**Remodeling Performance**

Category	Completion	Area	Details
Susong Square	February, 2017	15,235 py	Remodeling tailored to the customer through horizontal expansion and modernization
Myeongdong Cheonghui Building	June, 2019	1,782 py	Development of hotel through remodeling complex building in the central commercial district of Myeongdong
31 Building	October, 2020	12,353 py	Remodeling through preserving the historic value of and modernizing the existing building
Myeongdong N Building	December, 2022	4,143 py	Development of landmark in CBD area by remodeling the SK Networks building
Chungmuro Office	(under development)	6,546 py	Office development through layer remodeling and change of use at core CBD area

**Urban Redevelopment Project**

We carry out urban renewal projects to restore the urban functions in areas with poor maintenance infrastructure and high concentration of outdated buildings. We have developed a business hotel in the underdeveloped parts of Myeongdong area and a prime-class office near City-Hall Station according to the Basic Plan for Urban and Residential Environment, carrying out environmental improvements in the local community near Seoul Station. We are improving the quality of residential spaces and its environment for customer's lifestyle in underdeveloped areas through various urban redevelopment projects.



**Urban Redevelopment Project Performance**

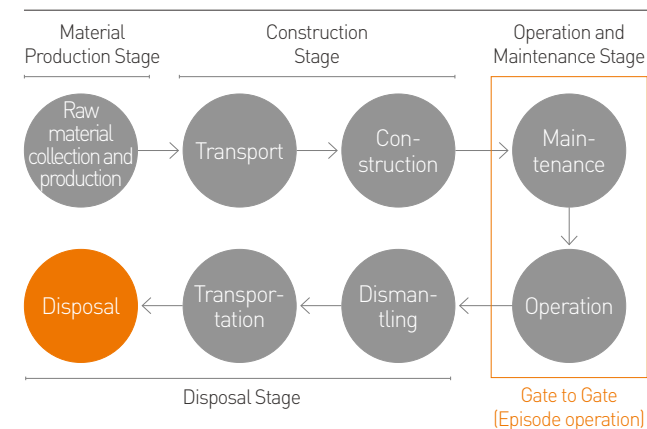
Category	Completion	Area	Outline
Seosomun Office	June, 2019	11,527 py	Prime-class office development as part of urban redevelopment project in underdeveloped areas near City Hall Station
Jeodong Business Hotel	August, 2020	6,552 py	Business hotel development as part of urban redevelopment project in underdeveloped areas of Myeongdong
Seoul Station Office	(under development)	-	Office development for community redevelopment underway according to 2030 Seoul Urban and Residential Redevelopment Project

**Lifecycle Assessment of Episode**

We have applied lifecycle evaluation to episode development and have proceeded with eco-friendly design considering all processes. Life Cycle Assessment (LCA) refers to the method of evaluating the environmental impact of inputs and outputs in the entire development process. We are deriving and managing the results of characterization values such as global warming (GWP) for the impact of buildings of buildings on the environment from raw material collection to disposal.

**Building Life Cycle**

\* Cradle to Grave (From raw material collection stage to product disposal stage)



(Unit: tCO<sub>2</sub>eq.)

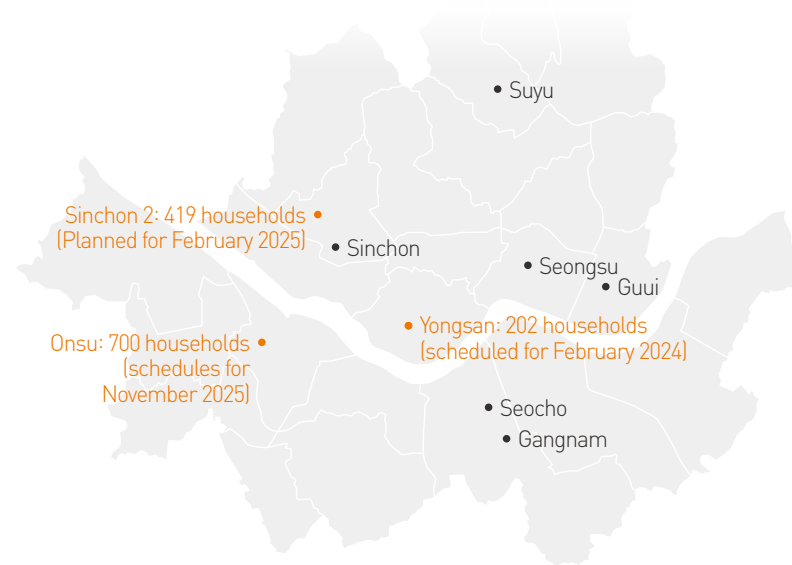
Category	Total	Material Production Stage	Construction Stage	Operation Stage	Disposal Stage
Episode Sinchon 369	1.67E+03	6.16E+02	2.67E+01	1.01E+03	8.38E+00
Episode Suyu 838	2.33E+03	4.29E+02	5.62E+00	1.61E+03	2.82E+02
Episode Seocho 393	1.93E+03	4.32E+02	5.66E+00	1.43E+03	6.49E+01
Episode Gangnam 262	1.85E+03	3.93E+02	5.67E+00	1.27E+03	1.81E+02

\* Building lifetime is set at 50 years

## Operation of Eco-Friendly Residential Space

### Eco-Friendly Operation of Episode

The accelerating shift in consumer perceptions concerning the environment amid the global climate crisis underscores the importance of environmental performance of products and services. SK D&D manages residential and work spaces built with diverse eco-friendly considerations to respond to shifting customer needs and deliver further improved work/living space experience. Going forward, we will deliver services conducive to eco-friendliness and GHG emissions reduction on the part of our customers to mitigate our environmental impact in the building management and use phases.



Episode	Certification
Episode Sinchon 369	G-SEED (Excellent) Building Energy Efficiency Rating (1+)
Episode Suyu 838	G-SEED (Excellent) Building Energy Efficiency Rating (1+)
Episode Seocho 393	G-SEED (Excellent) Building Energy Efficiency Rating (1++)
Episode Gangnam 262	G-SEED (Excellent) Building Energy Efficiency Rating (1+)
Episode Seongsu 101	G-SEED (Excellent) Building Energy Efficiency Rating (1++)

### Environmental Performance Management for Episode

We operate residential and work spaces reflecting eco-friendly factors in order to respond to changes in customer needs and provide a higher level of spatial experience. Furthermore, we develop improvement plans by collecting and managing environmental performance in accordance with waste, water resources, and GHG emissions generated by Episode buildings, establishing and promoting plans to reduce environmental impact tailored to the current situation of each Episode site. This enables us to actively promote environmental management at not only SK D&D's business sites, but also across investment.

Category	Unit	Episode Seongsu 101	Episode Seongsu 121	Episode Sinchon 369	Episode Suyu 838	Episode Seocho 393	Episode Gangnam 262	Guui Welltz
Energy consumption	MJ	4,019	4,639	2,547	8,442	4,935	4,061	9,782
Renewable energy generation	MWh	-	-	45	92	68	113	177
Water resource use	ton	5,007	7,578	23,566	42,353	23,297	13,615	44,044

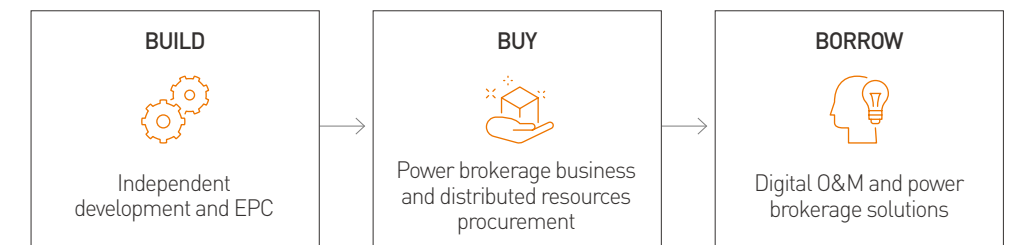
\* Water resources and energy consumption used by residents can be measured for individual household

## Green Energy Development and Generation

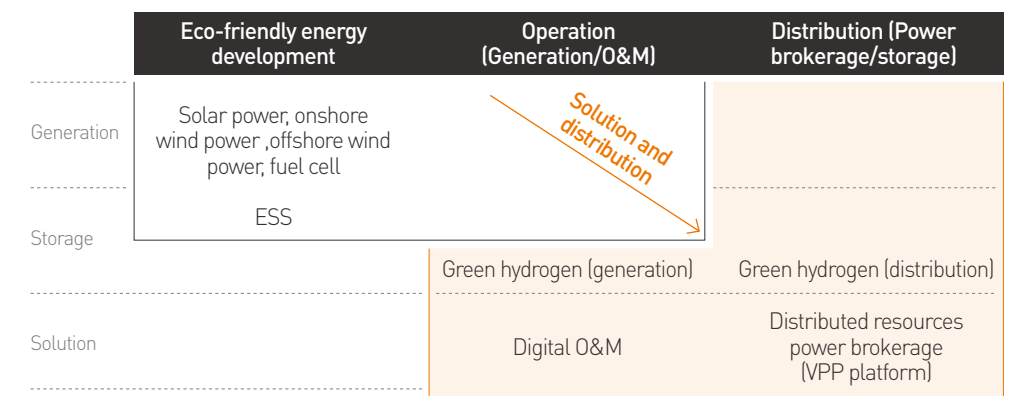
### Our Approach to Eco-friendly Energy Development

SK D&D aims to expedite transition to cleaner energy and contribute to mitigating GHG emissions through the expansion of eco-friendly energy generation. In line with the accelerating energy transition, market restructuring towards clean energy, and the mounting importance of supply chain issues and energy security in the nation's journey to achieve carbon neutrality by 2050, we will expand our business operations from conventional generation and management to power generation scale-up, solutions, and distribution markets to diversify our business structure.

### Diversification of Business Structure

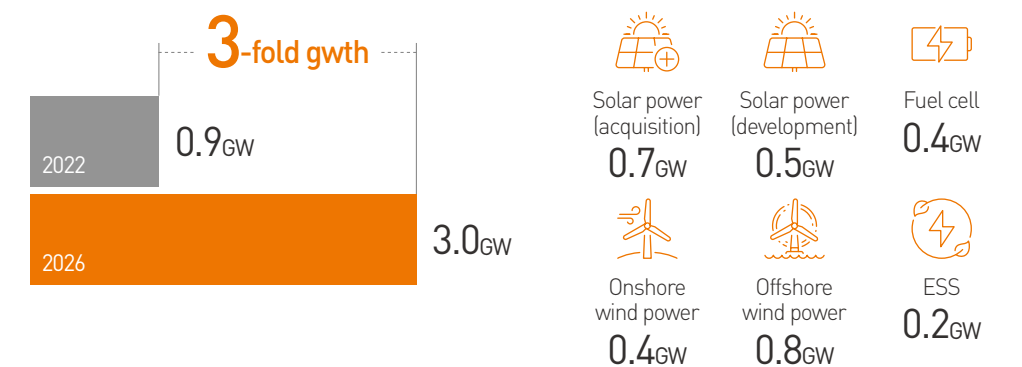


### Our Approach to Business Expansion



### Renewable Energy Generation/Operation Target

[Unit: GW]



Green Business

**Solar Power Generation**

Competitiveness of solar power generation business is increasing with more companies demanding for renewable energy generation sources due to reasons such as more companies joining RE100 and expansion of compulsory supply for RPS<sup>1)</sup>. Accordingly, SK D&D will expand into power brokerage business including prediction of power generation and VPP business including not only energy generation but purchase and investment. We established a joint venture with Glenmont Partners, a clean energy infrastructure fund, in 2022, and are currently acquiring a capacity of 80MW solar plant located in Korea. We plan to enter various power application markets in line with government policies by adding IT solutions to our expertise in eco-friendly energy generation and operation.

1) RPS: Renewable energy Portfolio Standard



**Wind Power Generation**

SK D&D is leading the development of both onshore and offshore wind power. As for onshore wind power, a total of 158MW is being developed and is operating, including the Gunwi Poongbaek Wind Power (75MW), which started construction in July 2022. If the Uiseong Hwanghak Mountain Wind Power (99MW) to start construction in 2023 is included, we will become Korea's largest onshore wind power generation business. Also, we are promoting development of offshore wind power business, which is our major future renewable energy resource, in Incheon and Shinan. We are building strategic partnerships with leading companies both in Korea and abroad for successful expansion of the offshore wind power business which requires a long development period and large-scale capital.



**Fuel Cell**

SK D&D entered the fuel cell market with Cheongju Eco Park (20MW) with efficient eco-friendly development method in 2021, receiving great attention in the market. We have secured scheduled business rights for fuel cell power plant business rights with a capacity of roughly 200MW, including the industrial operation of Eumseong Eco Park (20MW) in the second half of 2022. We plan to strengthen our business competitiveness by establishing various business scales, such as small-scale fuel cells for win-win relationship with local communities, and we are also preparing new business models such as hydrogen fuel cells and fuel cells utilizing heat.



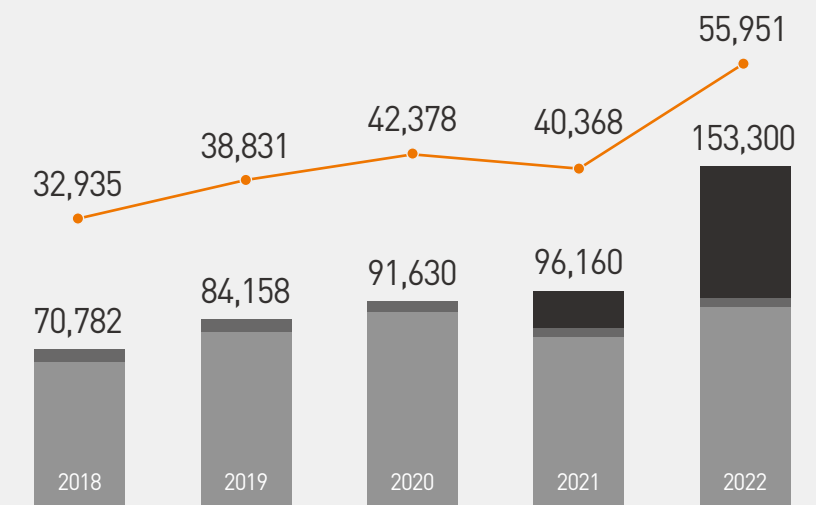
**ESS**

We carry out ESS business to create synergies with eco-friendly energy businesses such as solar power, wind power, and fuel cells and to stabilize the power system. We operate an ESS facility a capacity of approximately 800MWh, secure stability with differentiated design structures, high-performance facilities, and high-end firefighting systems, and increase profitability by applying value-up solutions based on real-time data analysis technology.

**Green Energy Generated**

— Total GHG reduction effect ■ Fuel cell ■ Solar power ■ Wind power (Unit: MWh, tCO<sub>2</sub>eq.)

We are expanding the supply of eco-friendly energy through solar power, wind power, and fuel cell power generation with lower greenhouse gas emissions in order to achieve national carbon neutrality and solve global climate change issues.



Category	Unit	2018	2019	2020	2021	2022
Wind power	MWh	64,942	78,442	87,439	76,320	89,470
Solar power		5,840	5,717	4,191	4,144	4,338
Fuel cell		-	-	-	15,695	59,492
Total energy generation		70,782	84,158	91,630	96,160	153,300
Total greenhouse gas reduction effect	tCO <sub>2</sub> eq.	32,935	38,831	42,378	40,368	55,951

\* In case of eco-friendly energy plants invested by SK D&D, the investment ratio is applied to the total amount of power generation and reduction effect

# Environmental Management

SK D&D is responding promptly to eco-friendly trends in real estate and green energy. We are striving for fundamental responses and changes to reduce not only GHG but waste, water resource and energy consumption. We are enhancing our execution of environmental management by identifying environmental impacts occurring within and outside of our business sites and linking environmental performance in each areas of business with our key performance index(KPI). We are practicing environmental management in systematic and active manner by declaring Net Zero in 2022, publishing the first TCFD report and acquiring environmental management system (ISO 14001) certification.

## Environmental Management Promotion System

### Environmental Management Policy

We promote environmental management by establishing environmental policies in line with our business direction in order to create a sustainable future where people, society, and the environment coexist. We are actively implementing environmental management under the responsibility of the CEO through our determination to protect the Earth and the environment, minimizing environmental impact through out the entire business operation process, managing environmental performance across all business sites, complying with environmental laws and responding to climate change.

- SK D&D establishes and internalizes management infrastructure to minimize environmental risks while elevating environmental management performance to systematically manage environmental management activities, and strives to expand eco-friendly business.
- ① SK D&D proactively moves forward to tackle the climate crisis.
  - ② SK D&D officially endorses and proactively applies international environmental declarations, standards and norms.
  - ③ SK D&D pursues continuous innovation across its entire business operations to provide eco-friendly products and services.
  - ④ SK D&D transparently discloses environmental management information to stakeholders in conformity with global standards.
  - ⑤ SK D&D strives to minimize any adverse environmental impacts that may stem from its business operations.
  - ⑥ SK D&D continuously advances its environmental management strategy and implementation system.
  - ⑦ SK D&D endeavors to abide by environmental laws and regulations and establish a culture of environmental management.

### Environmental Management Governance



- Roles**
- 01 • Decision-making on the directions of environmental management
    - Review and approval of environmental management goals
    - Management and supervision of environmental management promotion
  - 02 • Establishment of mid-to-long-term environmental business promotion strategies
    - Performance review and feedback
    - Identification of major issues and risk management
  - 03 • Discovery of improvement tasks and support for decision-making
    - Implementation of improvement tasks and collaboration with related departments
    - Environmental management training and awareness improvement

The ESG Committee is one of the committees under the board of directors, and are reviewing SK D&D's environmental management plans, promotion strategies, implementation, and performance on a regular basis. The ESG part, a working-level promotion organization, establishes environment-related strategies and goals based on environmental information at each business area to promote systematic environmental management, reporting them to the board of directors through the Sustainability Management Committee, an internal promotion organization. Furthermore, we are striving to reduce our environmental impact through considering eco-friendly factors from the project promotion stage based on our company-wide Environmental Management policy.

### Environmental Management System (ISO 14001)

We have acquired environmental management system (ISO 14001) certification in order to ensure reliability for company-wide environmental management. We have established environmental management goals as well as continuously improving them. We carry out company-wide environmental management activities through evaluating appropriateness and performance of environmental goals.

### Environmental Management Performance Management

We systematically manage performance by attributing KPIs related to environmental performance improvement to the manager in charge of each business, operating them in linkage with rewards and incentives. We discover tasks to improve environmental performance, such as acquiring and maintaining eco-friendly certification in the real estate development sector and reducing global greenhouse gas emissions through generating and supplying new and renewable energy and reflect them in performance evaluation to effectively carry out this task.

#### Environmental KPIs and achievement rate

Category	Achievement Rate	Unit	2022	
			Target	Performance
Renewable energy generation	115%	GWh	330	381
G-SEED certification	150%	No. of cases	2	3

### Waste Management

Waste generated at the head office is managed according to the internal waste management system. We are also reducing the use of disposable products through operating a paperless workplace and making it compulsory for members to use personal mugs and tumblers as well as internalizing environmental management through waste reduction campaigns. The waste generated at the business site is thoroughly managed by an external O&M management company, and we plan to establish and carry out campaigns to reduce waste generated by residents to improve sustainability of Episode, our rental housing.



#### Waste

Category	Unit	2020	2021	2022
		SK D&D	General waste	226.7
	Designated waste	3.9	2.1	1.6
DDI	General waste	1.4	0.8	18.0
DDPS	General waste	0.7	0.7	7.6
<b>Total waste</b>		<b>232.7</b>	<b>270.3</b>	<b>313.4</b>

\* Changes in consumption from previous year due to changes in organizational boundaries and addition of facilities based on IFRS S2

## Environmental Management

### Water Resource Management

We operate a water consumption reduction and management system at our Headquarters to improve water resource efficiency. We collect rainwater and groundwater from the rooftop and ground of our headquarters building (Eco-hub) and reuse it as non-potable water or for landscaping purposes. Eco-certified hygiene devices are deployed to reduce water consumption. Furthermore, we undertake property development projects in a way that opts for water-saving devices and ensures that water consumption meets monitoring standards.



#### Water resource

	Category	Unit	2020	2021	2022
SK D&D	Water consumption		7,808.0	11,005.9	12,195.3
	Water reduction		797.9	549.4	572.1
DDI	Water consumption	ton	214.0	259.0	1,436.0
DDPS	Water consumption		400.0	410.0	382.7
<b>Total water intake</b>			<b>9,219.9</b>	<b>12,224.4</b>	<b>14,586.1</b>

\* Change in Organizational Boundaries and Addition of Facilities Resulting in Variations in Previous Year's Usage, as per IFRS S2 Standards

\*\* The total water intake includes both water usage and water reduction (e.g., reuse or recycling) amounts

### Environmental Training

We provide environmental training to all our employees as a way to elevate our environmental management execution. The mySUNI training platform is utilized to operate environmental training programs that touch on the topics of Net Zero, hydrogen, circular economy, and renewable energy generation.

Performance of environmental training in 2022

**750** in total

**2.9** ours/person

#### mySUNI Environmental Training Curriculum

Literacy	Enabler	Domain	Advanced
<p>Shifting perceptions on the environment, knowledge required to fundamentally understand the relationship between the environment and Deep Change</p>	<p>Knowledge required to understand the change factors of environmental topics</p>	<p>Knowledge required to bolster environmental capabilities in each domain to pursue Deep Change</p>	<p>Acquisition of latest information and professional knowledge related to Green Biz &amp; Tech, Cultivation of problem-solving skills</p>

### Biodiversity Protection

We perform environmental impact assessments to minimize our impact on the ecosystem. We aim to minimize ecosystem disturbance by identifying environmental impact assessment factors and establishing plans to mitigate negative impact. In addition, we promote creation of green belts and installation of ecological corridors to protect the ecosystem near our business sites. We continue the same efforts to protect the ecosystem even after construction completion.

#### Responses to Protected Species in the Ecosystem

##### Saeng-gag Gongjang in Guro

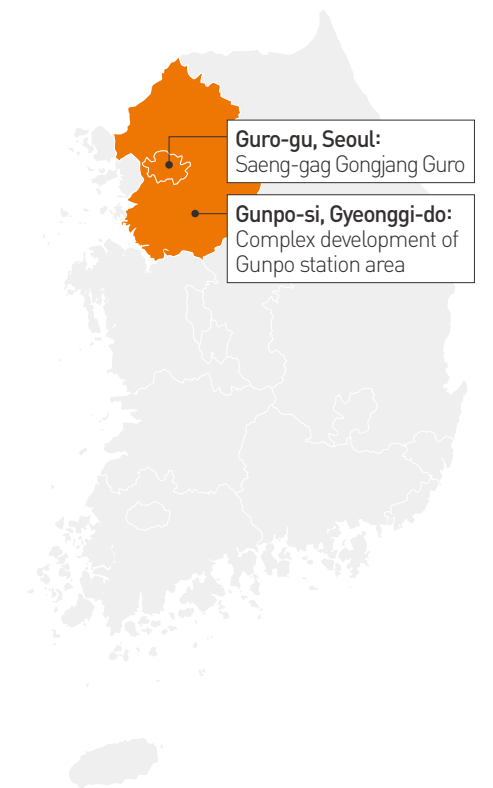
- **Legally protected species:** Giant goose, kestrel, white-throated plover, sparrow hawk, mandarin duck, white-tailed eagle
- **Wildlife species protected by Seoul Metropolitan Government:** White backed woodpecker, Japanese pygmy woodpecker, great spotted woodpecker, gray-headed woodpecker, reed warbler, kingfisher, titmouse, nightingale

- Incorporating tree species that serve as food sources for birds when landscaping plan
- Securing green spaces for ecological connection with rivers and parks in the vicinity
- Promotion of biodiversity through creation of terrestrial and buffer terrestrial biotopes
- Securing additional green area and creation of public green area

##### Gunpo Station area complex

- **Legally protected species:** Bean goose, mandarin duck, birds of prey, wildcat, Suweon tree frog
- **Wildlife protected by Gyeonggi-do:** Byeonsan wind aconite shrew, salamander, Korean brown frog

- Protection of food sources for protected wild animals, use of low-vibration, low-noise equipment
- Securing additional resource circulation function area through additional rooftop greening
- Elimination of organisms disturbing the ecosystem that may occur temporarily during construction



# Our Response to Climate Change

## Strategies for Climate Change

We are responding speedily to climate change trends in the real estate and renewable and new energy sectors. We are establishing plans to convert our portfolio to eco-friendly, low-carbon business beyond reducing carbon emissions, striving for more fundamental changes. Not only that, we have set and implemented SBTi-based greenhouse gas reduction targets according to TCFD recommendations in order to respond to the NZE2050 global milestone.

### Responses against climate change

TCFD Recommendation Definition	SK D&D Response Directions
<b>Governance:</b> Disclosure of climate risk and governance	<ul style="list-style-type: none"> <li>Establish processes for regular major issue reporting and approval to ESG committee board</li> <li>Discover, Identify and response to climate change risk and opportunity factors at the Sustainability Management Committee</li> </ul>
<b>Strategy:</b> Disclosure of climate change and major opportunity projects, strategies, and finance	<ul style="list-style-type: none"> <li>Identify climate change risks and opportunities</li> <li>Financial impact analysis according to climate change response based on STEPS and SDS scenarios</li> <li>Set net zero goals and specification of strategies to achieve goals</li> </ul>
<b>Risk Management:</b> Disclosure of climate risk identification, evaluation, and management method	<ul style="list-style-type: none"> <li>Identify climate change risks and opportunities and prepare management plans</li> <li>Analyze and manage business impact through materiality assessment by risk and opportunity factors</li> <li>Establish of process for climate change risk and opportunity management process</li> </ul>
<b>Metrics &amp; Targets:</b> Disclosure of climate risk, opportunity evaluation, management index and targets	<ul style="list-style-type: none"> <li>Indicators of measurable factors such as fuel conversion, renewable energy consumption and total GHG emissions</li> <li>Manage climate change-related indicators to set and achieve net zero targets</li> </ul>

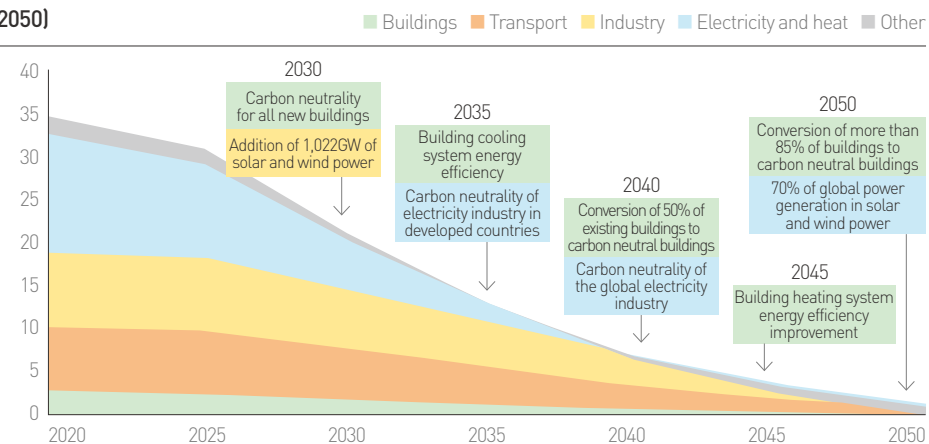
## Scenario Analysis and Risk Management

We examine mid to long term business strategies by analyzing the global milestones for the IEA's 1.5°C scenario (NZE2050). In case of real-estate development business, land use and convenience, use of raw materials, indoor environment, energy efficiency, greenhouse gas emissions, and ease of maintenance are considered in order to minimize the impact on the environment throughout the life-cycle. Based on this considerations, we will secure eco-friendly certifications for all development projects.

### Global milestones for 1.5°C scenario (NZE2050)

**Outlines for IEA 1.5°C Scenario**  
 • IEA NZE2050 scenario (Net-Zero Emissions by 2050 Scenario) refers to prediction of the path to achieve the 2050 carbon neutral goal

**Major assumptions**  
 • Assumes the 1.5°C temperature limit and air pollutant reduction by the Paris Agreement  
 • Assumes achievement of all carbon neutrality targets announced by individual countries as well as rapid expansion of new and renewable energy-related investments

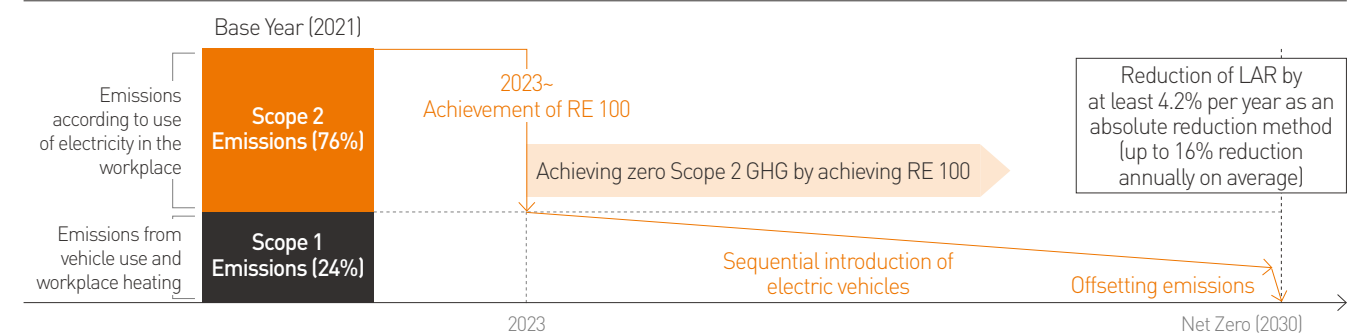


## Net zero Roadmap

### 2030 Net Zero

SK D&D's management goal in responding to climate change is to 'create sustainable space and energy'. We have established mid-to long-term plans for Scope 1, 2 Net Zero and long-term plans for Scope 3 Net Zero. We hope to develop sustainable space through strengthening of eco-friendly portfolio and active ESG management, realizing Net Zero. We will also continue our efforts to respond to climate change while communicating progress for 2030 Net Zero with external stakeholders.

### 2030 Net Zero Roadmap



### Net Zero Implementation Method

#### Reduction of direct and indirect emissions (RE100 & EV100)

We plan to implement strategies to reduce Scope 1 and 2 GHG emissions from real estate development and operation and renewable energy business as a mid-term strategy for net zero business sites. We plan to continue our GHG reduction strategies by reestablishing Net Zero targets and announcing RE 100 (100% conversion to renewable energy) implementation.

#### Reduction of other indirect emissions (ZEB & eco-friendly building development)

Reduction of Scope 3 GHG emissions is a key part of our long-term strategy for net zero GHG emissions throughout the entire value chain. SK D&D aims to minimize impact on the environment throughout the real estate development process. We plan to reduce GHG emissions along our value chain by obtaining green building certification, supplying clean energy, and strengthening GHG emission management across the entire investment and operation portfolio.

	Real Estate Development-Operation	New and Renewable Energy	Investment, Supply Chain
Mid-term Transition Strategy	<ul style="list-style-type: none"> <li>Establishment of RE100 and Net Zero targets for head quarters buildings and subsidiaries</li> <li>Establishment of internal ESG standards for real estate product design</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of RE100 and Net Zero targets for power plants</li> <li>Supply of renewable energy and communication</li> </ul>	<ul style="list-style-type: none"> <li>Identification and systematization of investment assets, supply chain emission and energy consumption status</li> </ul>
Long-term Transition Strategy	<ul style="list-style-type: none"> <li>Expansion of eco-friendly building certification, GHG emissions management of investment assets</li> <li>Establishment of Net Zero goals for the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of eco-friendly portfolio and expansion of value chain GHG reduction</li> <li>Product efficiency improvement loss rate reduction and GHG reduction effect</li> </ul>	<ul style="list-style-type: none"> <li>Selective investment in green assets</li> <li>Efforts to minimize waste, energy consumption, and GHG emissions</li> </ul>

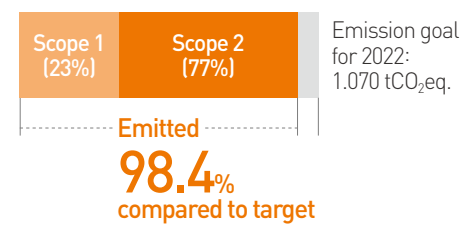


## Green House Gas Emissions

### Managing GHG Emissions

We are managing and responding to company-wide GHG emissions and energy consumption in order to understand the seriousness of the climate crisis. Although SK D&D is not included in the domestic GHG-related system, we are preemptively building and operating a company-wide GHG and energy management system in accordance with domestic GHG emission calculation and certification guidelines. In addition to GHG emissions management at business sites (Scope 1 and 2), we also manage emissions outside of business sites (Scope 3), completing third-party assurance to ensure accuracy and reliability.

#### Scope 1 & 2 GHG Emissions

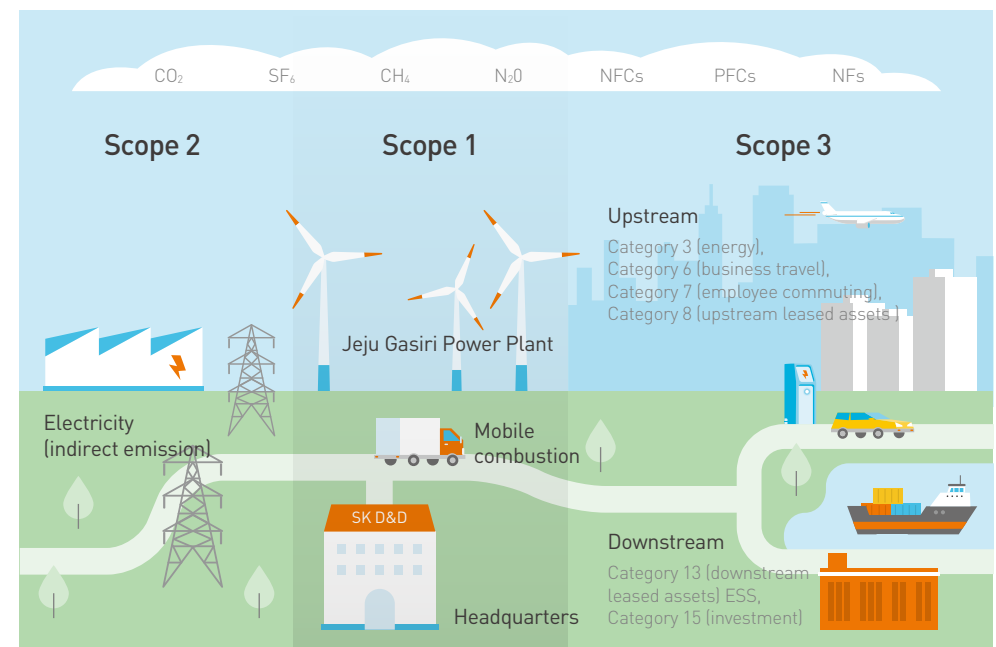


Category	Total emissions	Scope 1	Scope 2
2022	1,053.14	242.65	810.49

#### Scope 3 GHG Emissions (Unit: tCO<sub>2</sub>eq.)

Category	GHG Emissions
Category 3 Energy	80
Category 6 Business travel	52
Category 7 Employee commuting	277
Category 8 Upstream leased assets	195
Category 13 Downstream leased assets	8,378
Category 15 Investment	16,427
<b>Total emission</b>	<b>25,409</b>

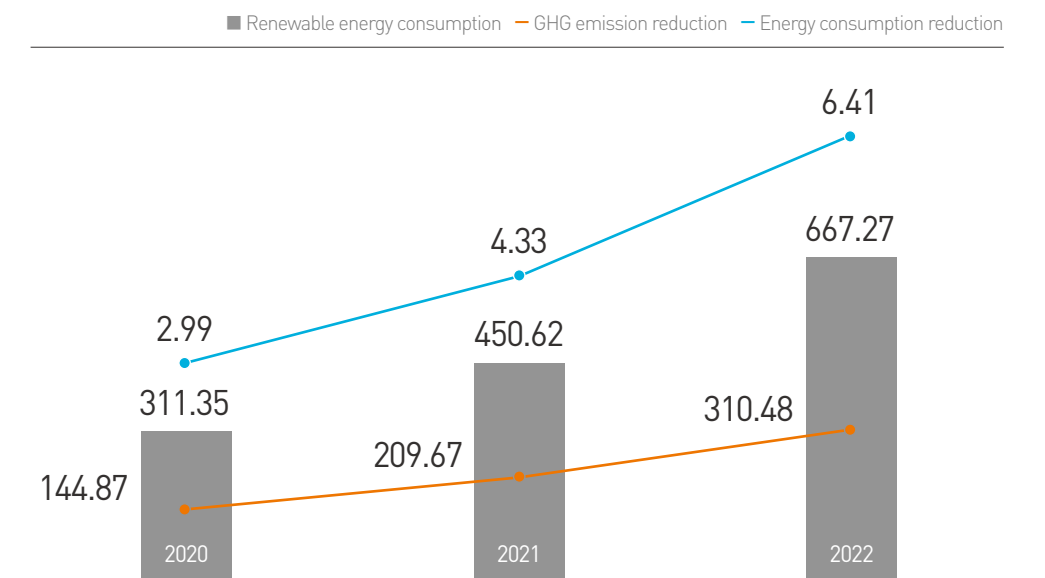
#### Scope of GHG management



## Our Response to Climate Change

### GHG Emissions Mitigation

Eco Hub, where our company headquarters is located, is equipped with a geothermal system, a solar power system, and Smart Glass and other energy consumption reduction systems in order to mitigate environmental impacts and conserve energy in the operation and maintenance phases. Furthermore, our subsidiaries and rental houses we construct also use renewable energy and are equipped with high efficiency energy facilities to mitigate GHG emissions.



Category	Unit	2020	2021	2022
Renewable energy consumption	MWh	311.35	450.62	667.27
GHG emission reduction	tCO <sub>2</sub> eq.	144.87	209.67	310.48
Energy consumption reduction	TJ	2.99	4.33	6.41

# Safe and Inclusive Workplace

As the population declines and as the MZ generation (generation including Millennials and Gen Z) is taking up a large portion of the active population, companies are focusing on not only recruiting excellent talent but reducing the turnover rate as well. Also, as digitalization is accelerated due to the COVID-19 pandemic, and the world enters endemic after prolonged autonomous work, changes are being required the existing organizational culture. To enhance corporate competitiveness, it is important to understand social trends and operate an unique employee management system. The importance of corporate safety management is becoming more prominent with the enforcement of the Act on the Punishment of Severe Accidents in 2022. In line with these changes, SK D&D has established a health and safety management system to promote health and safety for members and workplaces, pursuing happiness for members and stakeholders, and actively take the lead in organizational management.

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Employees

64

Safety and Health Management

# Employees

SK D&D is striving to create a happier workplace where warm-hearted professionals are able to work happily in immersion based on the management philosophy SKMS and management strategy DBL, aspiring the sustainable happiness of SK Group employees. To this end, we systematically manage and continuously improve various factors for a happier workplace, such as recruitment, talent development, welfare and human rights management, pursuing happiness for our members and stakeholders.

## Warm-hearted Professionals

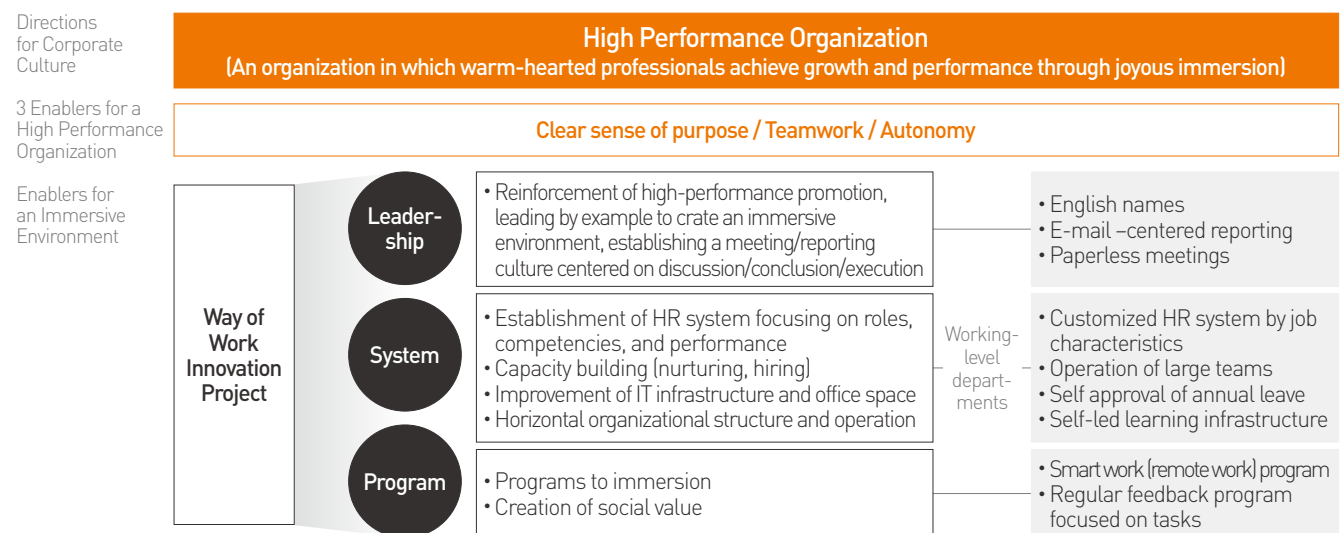
We remain committed to foster an organizational culture where warm-hearted professionals could achieve growth bring high performance through joyous immersion with the aim of pursuing happiness of its members and stakeholders.



## High Performance Organization

We secure a clear sense of purpose, teamwork, and autonomy among our members through innovating our way of work, building a high-performing organization creating immersive member growth and company performance based on this.

### High Performance Organization Framework



## Creating a work environment for employee immersion

We are implementing a variety of work programs to create an immersive environment for our employees by innovating the way they work, promoting growth and performance for our employees. We operate Smart Work Centers in major locations in Seoul to provide the convenient remote work option in addition to the Flexible working hour system and autonomous seating system. These programs contribute to nurturing an autonomous and flexible organizational culture as well as an environment where our employees are able to immerse themselves in work by enjoying work in diverse locations and flexible working hours.

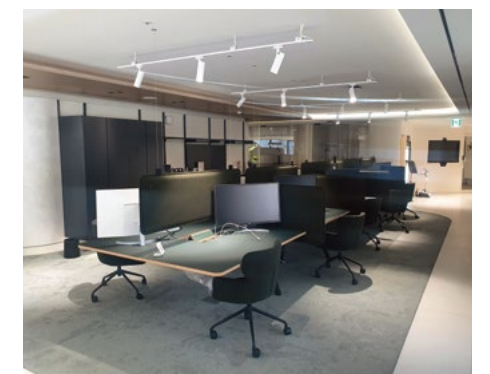
### Immersive environment creation programs

Main Program	Operational Status
(Self designed) Flexible working hours Self-designing of one's own work schedule Overcoming limitations of working time and space, improving employees' work performance and competency	Implemented for all members
Autonomous seating system Creating a horizontal work atmosphere and improving efficiency through a system in which employees are able to flexible reserve their seats in the office	
Smart Work Center Promoting creative working environment by providing Focus Rooms	Operation of a total of 3 Smart Work Centers (Daehakro, Gwanhun, Seongsu)

Achievement of employees' growth and corporate growth through immersion

### Smart Work Center

Improve work-life balance by promoting efficiency and teamwork for work engagement and providing secure workspaces



Smart Work Center Gwanhun

Employees

### Organizational Culture

#### Happiness Management Program

We are carrying out various activities to promote fellowship among our employees as well as create a happier organizational culture. We are striving to enhance the happiness level of our employees by conducting surveys and deriving improvements. In addition, we encourage organizational communication activities such as 'Happisode (Happy+Episode)' for seamless communication between the CEO and members, networking day, and in-company clubs, enhancing a sense of belonging and happiness of members.

#### Happiness Management Program

Major Programs		Operatio
ABCD Project	Project supporting communication, training, and work innovation to build a unique organizational culture	Frequently on company-level
Happiness Survey	Survey deriving directions for improvement of organizational culture through employee awareness surveys	Annually
Happisode	A place for communication to share opinions on various topics related to company life based on employees' horizontal atmosphere	Regularly(by the CEO)
Networking Day	Networking event for all members to improve communication among members and to active hobby club activities	Annually
Club Activities	Communication program to reinforce sense of empathy within the organization and share hobbies among members	7 certified clubs

Improvement of members' sense of belonging and promotion of happiness through communication-based organizational culture improvement

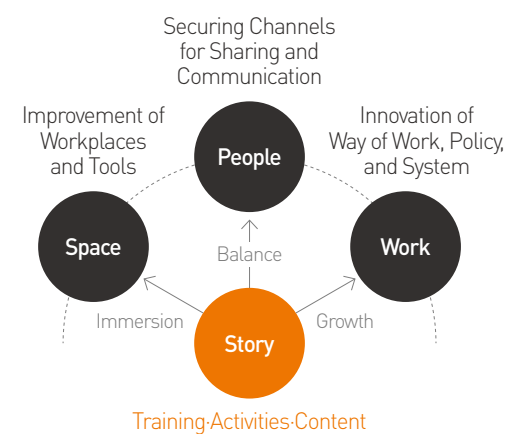
#### Improvement of Organizational Culture by Communication

SK D&D operates communication channels to promote a healthy organizational culture. We listen to the grievances and opinions of our employees and improve them through hosting the All-Hands Meeting. Maintenance and improvement of working conditions and other management issues are discussed at quarterly Management Development Council meetings between Management division director and employee representatives. Also, the All-Hands Meeting serves as an opportunity to share our organizational culture, business vision and strategy, grievances and requests for improvement with all members. We will continue to operate various programs to promote an organizational culture with smooth communication.

"The ABCD project is the cornerstone of the D&D culture for sustainable growth and pursuit of happiness in the city and society, extending beyond the members and the company."

#### ABCD (A better company D&D) Project

The ABCD project seeks to ultimately create SK D&D's unique culture with the expectation of creating synergy between the employees and the company. The project consists of a variety of programs, such as innovation in workplaces and working methods, enhanced communication among employees, development of employees' competencies, work-related training, and sharing of insights. As a result, we were able to create a unique organizational culture in terms of space, people, and work to create a 'better me, better us, and better D&D' together. In 2023, we plan to put together various trainings, activities, and contents together to promote immersion, balance, and growth of our employees.

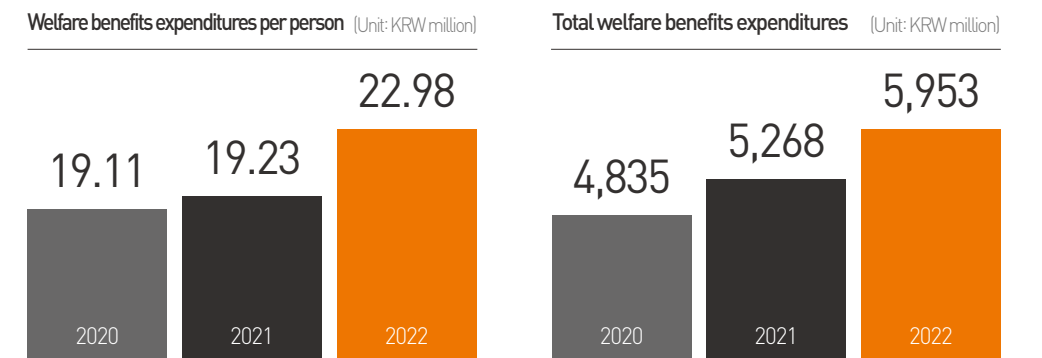


### Work-Life Balance

#### Employee Welfare Benefits

We provide welfare programs to improve the quality of life and work-life balance for our employees. Our welfare programs include integrated welfare benefits, support for family events, tuition support, and rewards for long-term employees. Our Management Development Council serves to continuously manage and improve our welfare benefits programs in line with employee needs.

<b>Integrated welfare benefits</b>  Grant points through the partner Benepia	<b>Scholarship support</b>  Provide tuition support for middle/high school and university	<b>In-house dental clinic</b>  Cover dental treatment expenses for employees and their families	<b>Support for educational expenses</b>  Support employees with job-related external education	<b>Sabbatical leave</b>  Provide a 2-week sabbatical leave for every five years of continuous service
<b>Support for family events</b>  Provide leave and financial support for family events	<b>Hobby clubs</b>  Operate in-house hobby clubs and support their volunteer activity expenses	<b>Family health checkup</b>  Employee and family health checkup support	<b>Rewards for long-term employees</b>  Grant incentives for long-term service	<b>Company cafeteria</b>  Provide breakfast and lunch



#### Employee Health Promotion Program

We provide a variety of health management programs such as regular health check-ups for employees and their families, and operation and support of in-house dental clinic. Also, we are striving to create an atmosphere where employees can enjoy safety and good health through a job stress prevention program and musculoskeletal disorder (VDT) prevention training focused on office-oriented work.

## Employees

### Maternity Protection System

We operate a maternity protection system to create a flexible and family-friendly working environment and to protect pregnant employees and their unborn babies. Prenatal and postnatal leaves are provided to mothers to prepare for childbirth and recover after childbirth, working hours during pregnancy time are reduced, commuting time is adjusted, and prenatal checkup leaves are provided. We prioritize the health of our employees and their unborn children through the operation of the maternity protection system, helping our employees maintain a balance between work and family life.

#### Maternity Protection Program

	Major Programs	Standard
Prenatal · Postnatal Leave	Prenatal and postnatal leaves for the protection and health of pregnant employees	90 days before and after childbirth
Reduction of work hours	Implementation of reduced work hours to protect employees during pregnancy	Reduction of 2 hours per day
Adjustment of commute hours	Application of flexible commute hours for the convenience of pregnant employees	Adjustment of commute hours within working hours
Prenatal checkup leave	Paid leave for the checkup of pregnant women and the fetuses	Differential application according to weeks of pregnancy
Parental bereavement leave	Leave to protect the mental and physical health of employees	-
Leave for infertility treatment	Leave for infertility treatment such as artificial insemination and in vitro fertilization	All members (male/female)

Encouragement of childbirth through protection of maternity such as pregnancy and childbirth, avoidance of career breaks

## Employee Competency Development

### Talent Development System

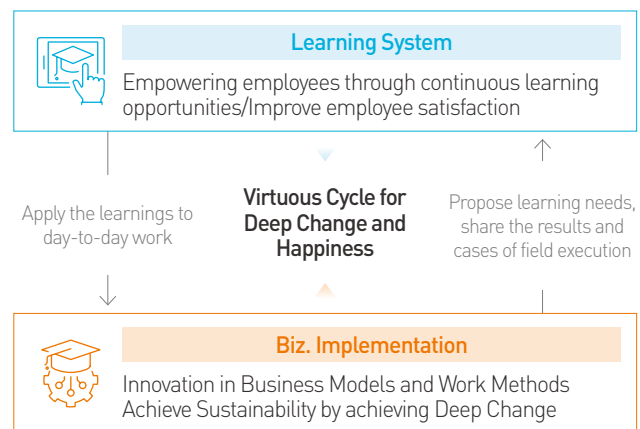
We are striving to create a high-performing organization and support members to become warm-hearted professionals. We have established a direction for employee development named 'a virtuous cycle for Deep Change and happiness', operating various training channels. We aim to strengthen the competencies of our members as well as prepare for the rapidly changing business environment based on the systematic talent development system.

#### Direction for Nurturing Employees



Nurturing Through Work
Translate knowledge and work skills into expertise
Nurturing Through Education
Gain knowledge and skills through systems

#### Talent development performance in 2022

Total education and training expenses	KRW 663 million
Education and training expenses per person	KRW 2.6 million
Total training hours	11,508 hours
Training hours per person	44 hours



### Competency Strengthening Training Program

 <b>SK Academy</b> Job-level specific training courses and corporate culture courses	 <b>mySUNI</b> Training platform dedicated to SK Group's training	 <b>External education</b> External training from outside experts, hunet, etc.
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#### SK Academy

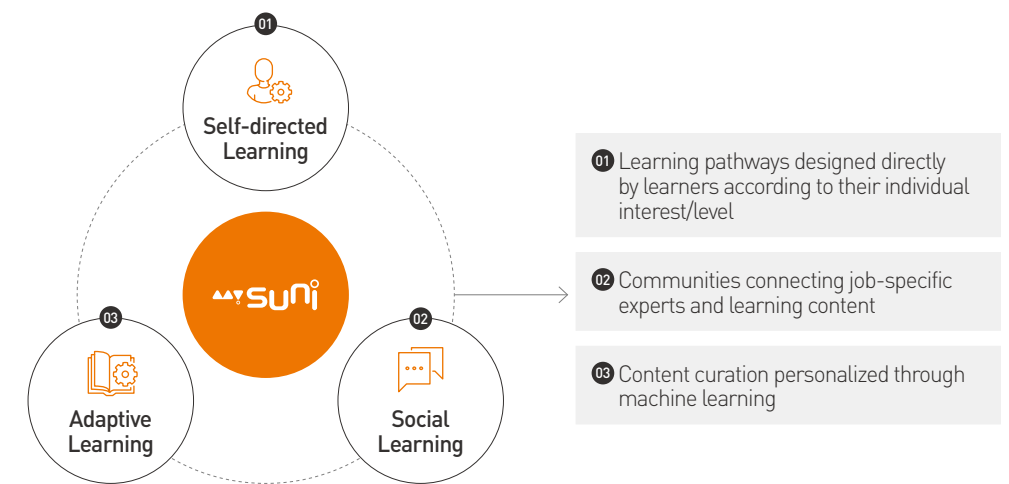
The SK disseminates the SKMS (SK Management System) and SK Values to new hires or those without previous work experience, new team leaders and executives to bolder happiness management as SK's distinctive corporate culture while building a systematic development pipeline for each job level to nurture future CEOs and business experts.

**“Axis of SK’s talent nurturing program, developing talent through steadfast commitment to manifesting the potential of each employee”**  
 The SK Academy bolsters the foundation for SK's corporate culture through the dissemination of the SK Management System and Values, and nurtures SK's future CEOs and business expert in line with its systemic development pipeline.

#### mySUNI

We leverage SK Group's training platform mySUNI to help our employees develop and manage their professional capabilities. mySUNI provides a range of educational courses and programs to enable each employee design a curriculum tailored to their needs, enabling self-directed learning that can be pursued during work hours. We are continuously developing training courses for employees to apply learning contents to practice and improve work performance.

#### mySUNI Programs



#### External Education

We operate an expanded training system that allows employees to voluntarily apply for training necessary for strengthening job competencies, including foreign languages, business, and finance.

Employees

## Recruitment and Compensation

### Recruitment Policy

We recruit talent by focusing on competency based on fair and equal opportunities. SKCT<sup>1)</sup> is utilized in recruitment to objectively verify the comprehensive competencies the employees of SK must have in recruitment. Internal regulations have been stipulated to prohibit discrimination based on gender, age, social status, region of origin, school, marriage, pregnancy, and medical history in order to provide fair opportunities in the recruitment process. Furthermore, we strive for fair and transparent recruitment by giving preferential treatment to the socially vulnerable, such as the disabled and the low-income class, and aim to raise recruitment efficiency through self-evaluation.

1) SKCT(SK Competency Test): A test measuring critical thinking, situational judgment, and work personality.

**88** persons

New hires

**95%**

Ratio of full-time employees

**27%**

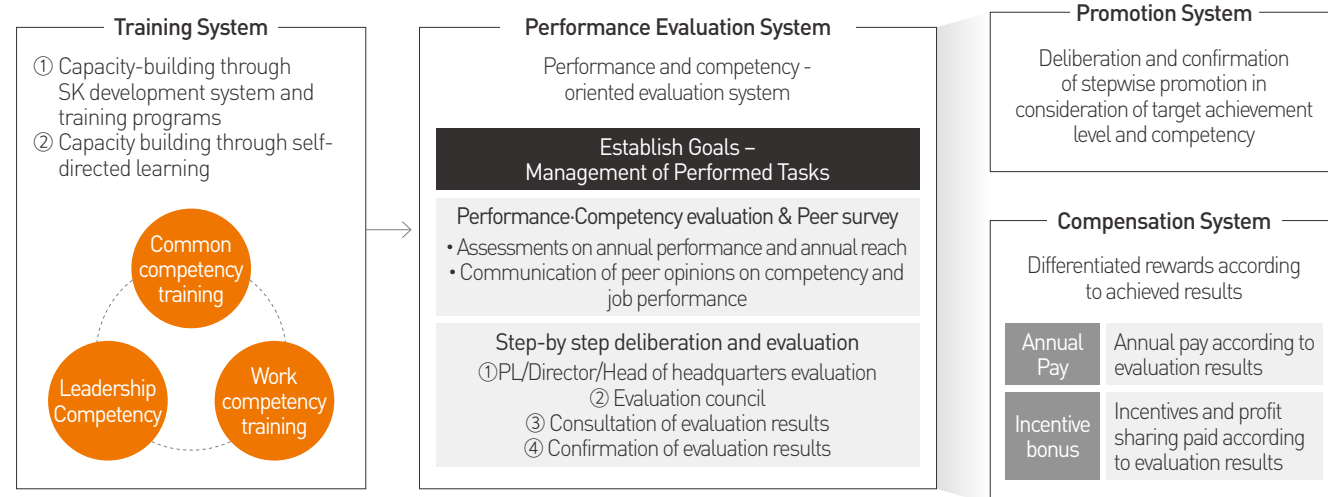
Ratio of female employees

### Securing Talent and Supporting New Hires

We are promoting the recruitment of excellent talent and improvement of organizational performance by operating an in-house recommendation system to expand the external talent pool. Furthermore, we operate a buddy program providing close 1:1 support between new hires and employees for the new hires to adapt to the new work environment. The buddy system helps new members in adapting to the organizational culture and work.

### Performance Assessment

We evaluate performance based on objective standards and induce growth by suggesting a direction for competency development in order to build a culture based on competency and centered on performance. In particular, a competency evaluation improving the HR 2.0 Infrastructure was established for self-diagnosis of the areas of recruitment strategy, recruitment process, and work adaptation measurement (pivoting). Appropriate compensation for performance, promotion, and annual salary are provided to members based on a reasonable performance appraisal process. In this process, we plan to motivate employees even further by adding non-monetary compensation systems in addition to monetary compensations in the future.



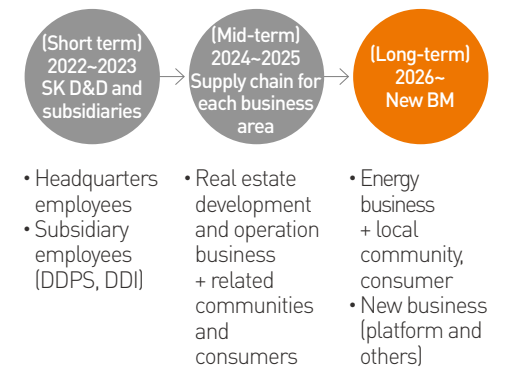
## Human Rights of Our Members

### Human Rights Risk Management

We have established a human rights due diligence system in accordance with the OECD Due Diligence Guidelines for Responsible Business Conduct in order to respect and protect the human rights of employees and stakeholders, identifying human rights risks to understand the level of our human rights management. We classify vulnerable groups such as the disabled, the elderly, non-regular workers, and women in evaluating human rights risks. In addition, mid- to long-term improvement directions for human rights protection have been set, and overall human rights status is reviewed by the board of directors. We plan to take the lead in human rights management by preventing human rights violations in business operations and reducing related risks.

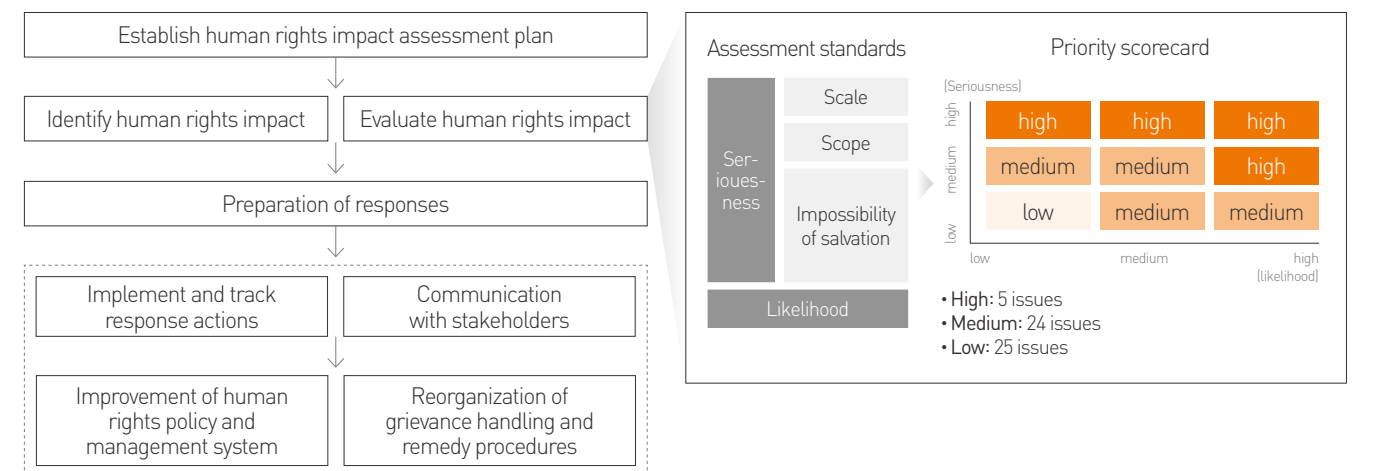
### Roadmap for Human Rights Impact Assessment

Implementation of human rights risk management across the entire value chain, prioritizing business areas of high importance and high human risks, expanding mid- to long-term targets



### Process to Advance Human Rights Management System

We are improving the human rights management system by identifying and preventing human rights risks of employees at the head office and subsidiaries by reviewing existing company-wide human rights-related systems, identifying 54 human rights issues according to 8 major categories and establishing countermeasures.










### Results of Human Rights Impact Assessment

Assessment Subject	Identification of Human Rights Impact	Establishment of Responses
Employees at the headquarters, employees at subsidiaries	Identification of 54 human rights issues from 8 categories	Establishment of 56 preventative measures on 24 human rights issues

Employees

**SK D&D's Human Rights Policy Declaration**

SK D&D publicly endorses the human rights principles presented by the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Right, Framework of the UN Human Rights Commission, and conventions of the International Labor Organization, and vows to abide by these principles. We will also ensure that we comply with these international agreements on human rights and labor for all stakeholders along our entire value chain, including our employees, business partners, local communities, and customers. Our human rights policy declarations and full declaration are published on our website.

 <p><b>Respect for human rights</b> We respect the dignity of all our employees and ensure no inhumane conduct occurs, physically, psychologically or otherwise.</p>	 <p><b>Anti-discrimination</b> We respect the diversity of all our employees, and do not discriminate in terms of labor conditions including recruitment, wages, promotions, and/or training on the grounds of gender, race, disability, religion, political orientation or town of origin.</p>	 <p><b>Ban on compulsory labor</b> We never endorse forced labor through the means of psychological and/or physical constraint, and rigorously comply with labor standard laws regarding employment contracts.</p>	 <p><b>Ban on child labor</b> We abide by the minimum age of employment stipulated by national or local laws, and continue to verify that appropriate, lawful procedures are implemented and observed.</p>
 <p><b>Compliance with work hour/work condition regulations</b> We comply with work hour regulations stipulated by national and local laws, and provide legally-appropriate compensation as stipulated by labor relation laws and regulations.</p>	 <p><b>Workplace safety and health</b> We abide by the environmental laws and regulations set forth by respective nations as well as safety and health standards, and work to protect the environment while preventing environmental disasters and safety incidents.</p>	 <p><b>Community engagement</b> We identify the potential impact of our business operations on local communities and protect them from any infringement of their human rights.</p>	

**Human Rights Training Program**

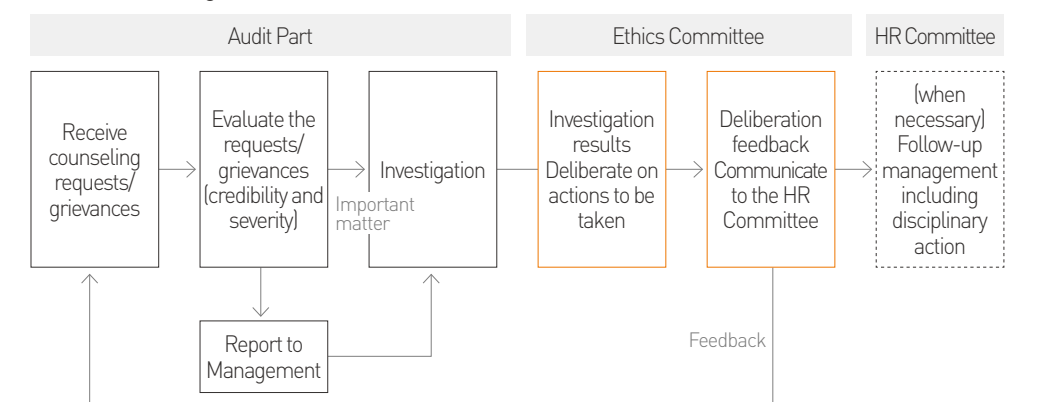
We conduct human rights training to internalize the human rights management culture and prevent human rights risks. We increased the effectiveness of training through various media such as human rights campaigns and company-wide messages, and raised employee awareness through legally compulsory workplace harassment prevention training, sexual harassment prevention training, and disability awareness improvement training in 2022. Furthermore, we operate programs related to human rights management in order to create a culture of human rights respect for all stakeholders.

<b>Non-legally mandatory training hours</b>	11,028 hours	<b>Persons receiving legally mandatory training</b>	240 persons
<b>Completed hours of legally mandatory training</b>	480 hours	<b>Completion rate of legally mandatory training</b>	93%

**Grievance Handling**

We operate procedures to protect those affected by human rights violations and provide remedies to prevent human rights violations. The Grievance Committee, upon receiving grievances, initiates investigations under the principles of confidentiality and protection of the victim. Third-party experts are appointed when deemed necessary to ensure fairness in handling such grievances and to help identify factual grounds. Investigation results are managed by responsible executives. In the event that deliberations are required to determine disciplinary action, disciplinary management procedures are implemented through the HR Committee, and consultations are made to protect the victims while additional measures are taken to prevent reoccurrence of issues. Risks related to human rights are specified in the ESG Committee regulations and reviewed by the committee, and records of grievance handling are shared by the Management Development Council every quarter.

**Grievance Handling Process**



\* Audit part: Notification of receipt and processing results at least annually

# Safety and Health Management

SK D&D recognizes people and the environment as its top value and fully supports safety, health and environmental (SHE) management under the goal of reducing fatal injuries to zero. We disclose safety and health management policies and goals on our website, establish action principles for each position to achieve missions and goals to encourage participation of all members. In 2022, a safety and health management system was established to advance safety and health management.

## Safety and Health Management Promotion System

We have established safety and health management policies, action principles for each position, and mid- to long-term safety and health goals and annual goals in order to establish a safety and health environment. We are strengthening our role by linking the CSO's KPI safety and health management goals, and preventing potential risks and creating a safe working environment through risk identification and mitigation measures. Furthermore, we are striving to enhance expertise by establishing a dedicated organization under the board of directors.

### SHE Management Implementation System

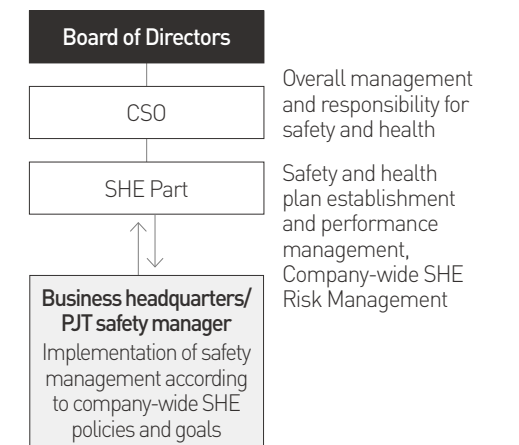
SHE* Mission	<b>Put people and the environment before all else and achieve zero in fatal injuries.</b> We actively protect and practice safety, health, and the environment through SHE management, and realize sustainable management by meeting the needs of various stakeholders.		
Target	Achieve zero fatal injuries	Thoroughly abide by SHE laws and regulations and advance SHE management above and beyond the legal standards	Advance SHE management to lead business partners

### Long-term SHE Roadmap

	Phase I-II (2021-2022)	Phase III (2023-2024)	Phase IV (2025)
Key goals	Establishment and operation of SHE management system ▲ As-is Establishment of organization dedicated to CSO, System and Manual Implementation/Execution	Advancement of SHE management system Raising awareness of members Improvement of established systems/manuals	Emerging to the level of SHE top tier within the industry An advanced company leading business partners
Goal standards	B+	A	S
SHE inspection	Implementation/Execution	Improvement	Advancement
SHE training	Implementation/Execution	Improvement	Advancement
System/annual	Implementation/Execution	Improvement	Continuation
Organization	Operation	Continuation	Continuation

### Safety and Health Organization and Decision-Making System

SK D&D operates a safety and health management system centered on business managers. We have strengthened execution of safety and health management by appointing a Chief Safety Officer (CSO) and establishing a company-wide safety and health organization (SHE Part). Safety and health plans and performance are reported to the board every year. In addition, we regularly hold regular SHE meetings of the headquarters and subsidiaries. We analyze the results of on-site inspections and share improvement cases to prevent industrial accidents at the headquarters and subsidiaries.



### SHE Roles and Behavioral Principles by Position

Position	Leaders	PL	Employees
Roles	<b>Leading SHE Management</b> <ul style="list-style-type: none"> <li>Proposal of SHE goals</li> <li>SHE Leadership</li> <li>Creating environment for SHE management activities</li> </ul>	<b>Leading/Serving as Example for SHE Change</b> <ul style="list-style-type: none"> <li>Establishment of SHE management system</li> <li>L/H/C for change</li> <li>Serving as an example &amp; including action</li> </ul>	<b>Practicing voluntary behavior for SHE</b> <ul style="list-style-type: none"> <li>Compliance with basics and principles for SHE</li> <li>Securing ownership for site safety</li> <li>Implementation and internalization of continuous SHE</li> </ul>

### Linkage of Safety and Health Management KPIs

KPIs and compensation systems are utilized to achieve goals and create a safety-oriented culture. We have included safety and health management goals such as prevention of major accidents, advancement of safety and health management system, and safety management of PJT workplaces to the KPIs of the CSO in order to strengthen the role of safety and health management. We align the achievement of performance with the compensation and incentives of the CSO in order to effectively implement safety and health management.

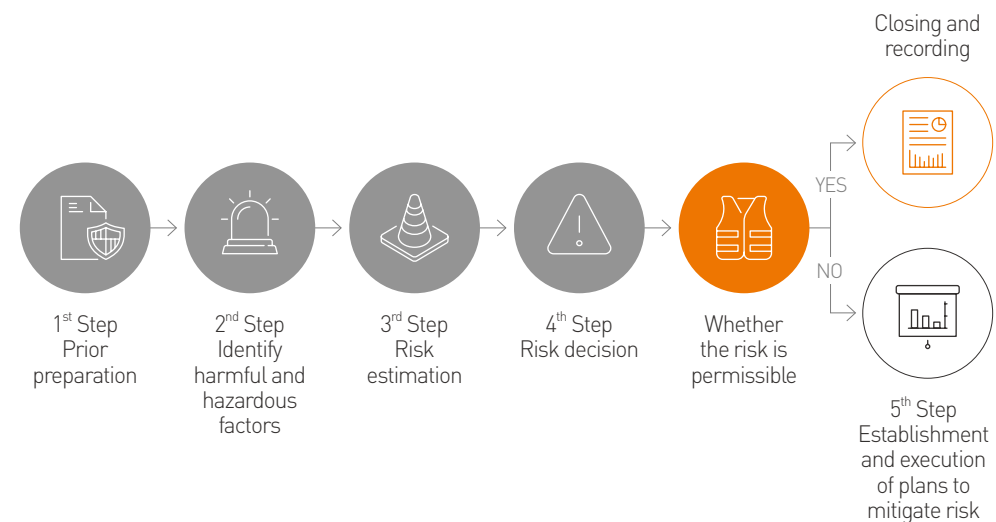
	Key programs	Operation period	Performance in 2022
Board of Directors	Report & approval of annual safety and health promotion plans	Annually	Once
Safety and health management meetings	Promotion and status quo review of company-wide safety and health goals	Once every half-year	Twice
Regular SHE meetings	Analysis of site inspection results and sharing of improvement cases	Twice a month	23 times
Regular meetings for SHE subsidiaries	Analysis of on-site inspection results of subsidiaries and sharing of improvement cases	Once a month	5 times



Safety and Health Management

**Safety and Health Risk Management**

SK D&D assesses safety risk factors for rental housing and energy operation sites. We manage potential risks that may occur at our business sites by regularly inspecting firefighting and safety facilities. In addition, we identify potential risks and establish improvement plans according to risk levels by considering various internal and external factors such as legal standards, manuals, and organizational culture. The manager directly checks, prepares improvement procedures, and confirms implementation for material hazard risk factors. Furthermore, we check the effectiveness of the evaluation as well as carrying out risk assessment of the business sites in order to manage potential risks. Based on this, we advance safety inspection activities and spare no efforts to ensure the safe and comfortable living of our residents.

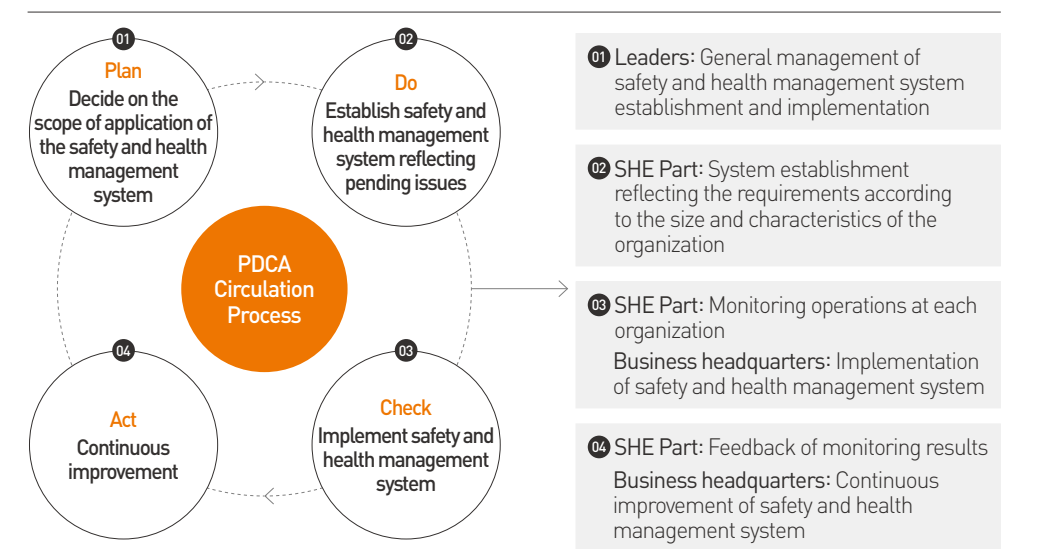


**Workplace Safety and Health Activities**

**Safety and Health Management System**

SK D&D acquired the ISO 45001, an international standard safety and health management system in September 2022 as a business developing and selling eco-friendly energy in order to systematically fulfill responsibility for the safety and health of workers. Furthermore, we prepared safety and health management manuals, emergency response guidelines, and project management guidelines at the headquarters and business sites in order to protect the lives and bodies of employees and create a pleasant working environment. We will continue to improve the safety and health management system through efforts such as system implementation inspection according to the safety and health management manual and applying the virtuous cycle system of Plan-Do-Check-Act (PDCA).

**Virtuous Cycle System of Plan-Do-Check-Act**



**Operation of the Safety Board**

We operate the Safety Board website in order to share safety and health improvement goals and related performance to our employees for them to contribute to the internalization of safety and health. We provide the information to our employees in card news format to increase accessibility to the safety and health manuals and information related to the Serious Accident Punishment Act.

**Response to Emergencies**

We have established action guidelines to prepare for potential accidents at the workplace. We aim to prevent disasters through immediate responses in case of emergency by establishing emergency plans for each situation, and aim to minimize direct and indirect losses to sites and the company through protection of human life and prevention of pollution. Also, we conduct training and education once every half-year in order to sufficiently understand and prepare for emergencies in addition to establishing emergency response training plans at business sites. Furthermore, we are checking implementation of relevant activities every half-year through Leading groups.

## Safety and Health Management

### Safety and Health Training

We establish and implement various training plans every year in order to internalize safety and health management. We provide differentiated content for each training target to form a consensus on safety management and improve the safety awareness level of employees and conduct safety and health training to manage employees' job stress and diseases. A total of 759 hours of safety and health training was conducted in 2022 to raise employees' awareness of safety and health management.

**759** hours

Safety and Health Training

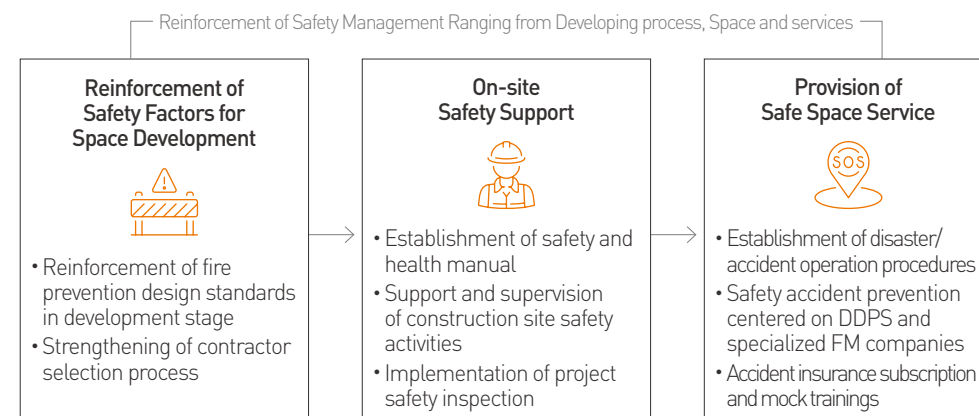
Category	Training Name	Frequency	Time
All employees	SHE Mind Cultivation Training	Once every half-year	4H
Leaders	SHE trend analysis and response to Serious Accident Punishment Act	Once every half-year	4H
Those in SHE-related positions	Understanding the roles of SHE-leaders and the safety management system	Once every half-year	4H
CSO	Safety and health management system	Once every quarter	6H

### Supply Chain Safety and Health Activities

#### Enhancement of Supply Chain Safety

A total of 7 on-going project safety supervisors were placed for the first time in the industry from January 2022 in order to create a safe workplace environment and prevent major accidents, strengthening management supervision. Also, we improved the project contract process, applying criteria for selecting qualified project contractors and providing technical guidance for disaster prevention. We conduct quarterly safety competency assessments to dissolve risk factors and identify the level of safety management at each site to evaluate suppliers' safety competency. In case of deficient sites, corrective actions are shared with the business site, and the results of major safety inspections including safety and health management policies, goal setting, and risk assessment are reflected in future.

#### Establishment of Supply Chain Safety Management System



### Making safer spaces and strengthening management level

#### Contractor Selection Process

We have established and applied project management guidelines in order to fulfill the duties and responsibilities of the ordering body. In addition, we apply evaluation criteria by size at the bidding stage in order to evaluate the ability to implement major disaster prevention and execute safety and health activities. We prevent industrial accidents at our on-going sites site and mitigate safety and health risks during construction in advance by selecting a company satisfying the preliminary processes.

#### Evaluation Criteria by Size

General Construction	Professional Construction	Small-Scale Construction
<ul style="list-style-type: none"> <li>Level of management by Ministry of Land, Infrastructure, and Transport</li> <li>Safety and health management system certification</li> <li>Whether a dedicated safety organization is operated</li> <li>Whether serious disaster occurs</li> </ul>	<ul style="list-style-type: none"> <li>Designation of safety manager placement</li> <li>Whether there is safety management regulation</li> <li>Hazardous/harmful job risk assessment</li> <li>Whether serious disaster occurs</li> </ul>	<ul style="list-style-type: none"> <li>Hazardous/harmful job risk assessment, etc.</li> </ul>

#### Regular Evaluation of Safety Competency

Quarterly safety inspections of subcontractors is conducted by the department in charge of safety and health as an ordering body to remove harmful risk factors and identifying the level of safety management by site. Corrective measures are shared with insufficient business sites, and major safety inspection results are reflected in future inspection plans, such as safety and health management policy/goal establishment and risk assessment throughout this process.

#### Regular Evaluation Results for 2022

Real Estate Development-Operation	New and Renewable Energy	Investment, Supply Chain
<ul style="list-style-type: none"> <li>8 ongoing projects</li> </ul>	<ul style="list-style-type: none"> <li>6 adequate grade sites and 2 inadequate sites as a result of evaluation</li> <li>83 possible improvements found</li> </ul>	<ul style="list-style-type: none"> <li>Complete improvement made for the 83 possible improvements</li> </ul>

#### SHE Award System

SK D&D has established and is operating guidelines for SHE award and disciplinary management to reward organizations and employees for excellent performance, assign clear responsibilities for fulfilling SHE standards, and establish a culture complying with SHE standards and procedures. We aim to motivate our employees to achieve safety and health performance and establish a culture complying with SHE standards and procedures.

<b>No-accident Reward</b>	Achievement of zero accident from start to completion of construction	Group award
<b>Project manager safety reward</b>	No major accidents occurring at the business site from start to completion of construction, excellent safety and health activities performed	Individual award
<b>Excellent SHE activity participation award</b>	Exemplary SHE practices, prevention of SHE accidents and implementation of appropriate measures, suggestions for SHE level improvement, etc.	Group award

**On-site Safety Support**

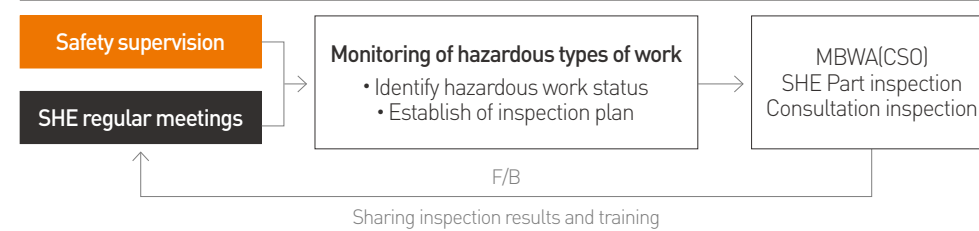
**Establishment of Safety and Health Management Manual**

Standards and procedures for safety and health management have been stipulated, establishing a manual to prevent industrial accidents in the workplace by reflecting the Act on the Punishment of Serious Accidents and the Industrial Safety and Health Act. The manual consists of safety and health policy, safety and health management system, risk assessment, safety and health competency of contractors, and eligibility evaluation indicators. We are striving to prevent industrial accidents and ensure the safety of workers based on the safety and health management manual by identifying the laws and standards applicable to the headquarters and workplaces, seamlessly operating the safety and health management system based on principles and procedures.

**Major Contents of Safety and Health Management Manual**

<b>Safety and Health Policy</b>	Expression of leadership and determination by management
<b>Organizational Roles</b>	Responsibilities assigned to each business division, smooth agreement and implementation
<b>Risk Assessment</b>	Removal of hazards and risks and risk assessment
<b>Worker Participation and Agreement</b>	Reflection of field personnel's opinion
<b>Competency/Appropriateness</b>	SHE level assessment index including contractors

**Hazardous work types/pre-monitoring system for work**



**Regular Assessment Results for 2022**

Inspection Name	Purpose	Inspector	Times (per year)
MBWA	Management safety inspection, on-site grievance handling	CSO	60
SHE Part support inspection	Safety supervision training supporting risk prevention	Employees related to SHE Part	107
Regular inspections by specialized organizations	Regular consulting	Inspection consulting agency (external)	25
Regular inspections by project managers	Frequent inspection of hazardous constructions	Supervision company in charge of projects	Frequently
<b>Total</b>			<b>192</b>

**Safety and Health Management**

**Operation of Grievance Handling Channel for Supply Chain Safety and Health**

Safety supervisors are assigned to each site voluntarily by SK D&D to inspect site safety and improve/supervise nonconformities. A communication channel is operated through safety supervision at each site frequently in order to collect opinions from the field, and quarterly safety supervision meetings are held to handle grievances, collect opinions, and share best practices with each site and business partners.

**Grievance handling channel – Safety Supervision Meeting**



\* Held quarterly from the second half of 2022

**Provision of Safe Space Service**

**Safety Risk Management at Operating business sites**

We carry out various activities to improve the safety and health of residents of our rental housing (Episode). Regular inspections of rental housing facilities, electrical equipment, firefighting facilities, and mechanical devices are carried out in collaboration with specialized FM companies, and damage from unexpected accidents are minimized by establishing standard accident procedures. Furthermore, we are sparing no effort in minimizing safety and health risks for customers by subscribing to insurance against natural disasters and conducting mock drills to prepare for unexpected accidents.

# Shared Value Creation

Stakeholder management was declared in 2019 at the Business Round Table (BRT), a meeting of CEOs from major US companies. Stakeholder management refers to not only the creation of value for shareholders, but taking stakeholders such as customers, suppliers, and local communities into consideration. In other words, sustainability management focuses on creating shared values for various stakeholders such as corporate members, shareholders, supply chains, and local communities, with such values being emphasized even more. Accordingly, SK D&D pursues customer value innovation by actively providing residential and office spaces and living solutions reflecting customer needs. In addition, we are promoting an innovative business model for social contribution promoting both social and economic values. Furthermore, we have newly established the SCM Part to establish a transparent fair transaction system and shared growth with suppliers.

74

Customer  
Satisfaction

78

Win-Win  
Growth

82

Social  
Contribution

# Customer Satisfaction

SK D&D pursues innovation of customer value by providing residential space, office space, and living solutions reflecting customer needs. Furthermore, we are striving to create environmental and social values and to create and spread ESG ecosystem. We are also enhancing the quality of life for customers by providing AI and data-based space services (space-as-a-service) in line with the rapidly digitalized society. We are also improving customer satisfaction by operating VOC channels to resolve customer inconvenience and identify their needs.

## Customer Satisfaction Management Promotion System

SK D&D is taking the lead in innovating customer value with the goal of 'creating customer value through differentiated space experience and living solutions.' We categorize four types of customer satisfaction management of product, price, process, and customer value aligned with business, setting promotion directions for each topic. We will improve customer value through differentiated services from the perspective customers, sparing no efforts for customer satisfaction.

### Customer Satisfaction Management Implementation System

Goal	Create customer value through differentiated spaces and living solutions			
Promotion Directions	<b>Product Value</b> Promote diversity in space functions and residential & community services	<b>Price Value</b> Establish affordable pricing for spaces and services	<b>Process Value</b> Integrate customer life-cycle management and communication	<b>Customer Value</b> Improve brand reputation and maximize customer satisfaction

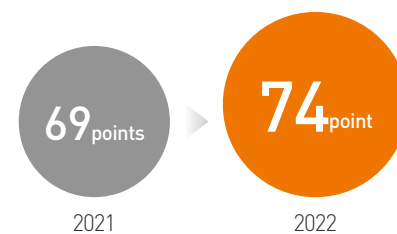
## Customer Value Innovation Activities

### Voice of Customers (VOC)

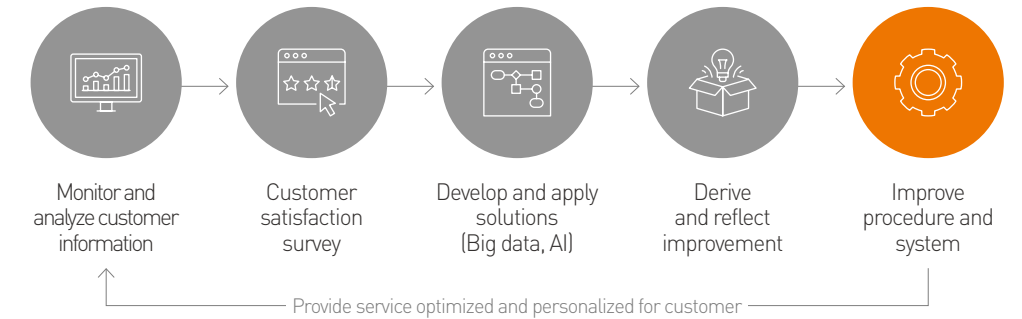
We are operating a channel to communicate with customers (VOC, Voice of Customers). Managers respond in real time to take immediate measures for complaints filed by residents on the Episode app. Also, received opinions and complaints are reflected in future activity plans to provide optimized customer services.

### Customer Satisfaction Evaluation

We evaluate customer satisfaction every year to improve customer satisfaction. We conduct satisfaction surveys to derive fundamental solutions to possible improvements. This enables us to identify customer needs to improve service quality and develop/apply operation programs to improve customer satisfaction.



### Customer Satisfaction Improvement Process



### Episode Community Programs

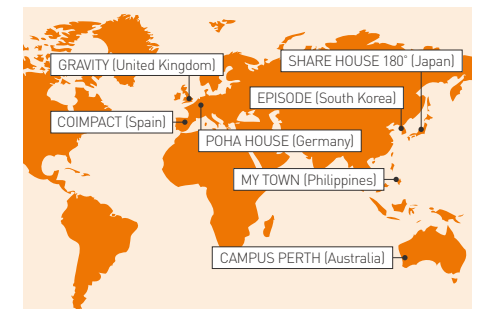
Episode provides not only the basic values that a space must provide, but also services and programs that will bring peace and harmony with neighbors in daily life. We hope to provide a variety of living and cultural spaces for city-dwellers beyond just a house to stay, providing a variety of environments and solving housing problems.



<b>Environment &amp; Health Improvement Programs</b>	<ul style="list-style-type: none"> <li>Programs that take care of both the health of residents and the environment: Plogging, vegan cooking, plant gardening program and local food market</li> </ul>
<b>Programs Creating Social Value</b>	<ul style="list-style-type: none"> <li>Flea markets linked to local small businesses (MUJI &amp; 16 local shops X Episode)</li> <li>Home furnishing pop-up exhibition (IKEA and Episode)</li> <li>One-day classes linked to local flower shops or affiliated programs</li> <li>Providing creative workspace for artists and holding exhibitions (Artist in Episode, Jo Hyun-Seo x Episode)</li> </ul>
<b>Living Programs</b>	<ul style="list-style-type: none"> <li>Aesthetic value provision program for residents</li> <li>TEDx programs</li> </ul>

### Establishment of WCM Global Network

Worldwide Coliving Membership(WCM) is an international private organization organized by SK D&D Episode to develop housing culture based on exchanges between co-living brands and companies around the world. Seven companies from the UK, Spain, Japan, the Philippines, and Australia have joined as members, and the network is making various efforts to provide tenants with cross-border exchanges and special mutual benefits through joint community programs.



## Expansion of Future-Oriented Housing Culture

### Live Better Program at Episode

We aim to expand the ESG ecosystem for the local community and residents to create environmental and social values beyond mere living space. We are operating programs aimed at improving the environment and health of residents, collaboration programs with small businesses, and diversified cultural programs. In particular, in 2022, we hosted Eppie Night to form a special bond with residents, which was our first footstep in forming an ecosystem. We hope to build and operate a system for win-win relationship with local community and other stakeholders around Episode.



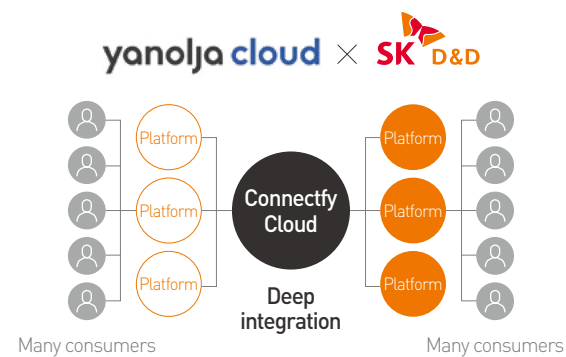
### DT Living Solution

We provide differentiated experience by building a mobile-based housing service platform for tenants. We also provide a variety of housing services such as space reservation, room cleaning service, IoT service<sup>1)</sup>, housing complaint handling, security management and participation in community programs through our self-developed Episode 2.0 mobile app. We will be affiliating with small businesses from the local community to expand our services from residents to non-residents, securing diversity and differentiation of services.

1) IoT (Internet of Things) service: A service in which a cell phone app could be used to control various home appliances

### Connectfy Cloud, a joint venture formed by SK D&D and Yanolja Cloud provides future-oriented housing solutions.

SK D&D established Connectfy Cloud, a joint venture with Yanolja Cloud, a global SaaS company based on AI. By connecting residential and living services with various spaces by cloud, anyone can easily use the service. Customer-oriented solutions are provided with various living services needed in residential and business spaces, and O2O (Online to Offline) services build environments in which suppliers and users are directly connected, contributing to fundamental reduction of environmental impact.



## Customer Satisfaction

### Sustainable Design

We consider environmental and social values from spatial design to construction in order to provide sustainable spaces and services. We utilize eco-friendly certified materials in the building development stage and apply eco-friendly technologies to minimize environmental impact. We are further strengthening our environmental competitiveness by securing reliability through external certifications and awards. Furthermore, we have created shared spaces such as kitchens, living rooms and lounges and have installed eco-friendly furniture and fixtures to provide an environmentally and socially friendly residential experience.



3<sup>ton</sup>

Total amount of waste fiber consumed

997<sup>kg CO<sub>2</sub>eq.</sup>

GHG emissions effect

<b>Recycled furniture</b>	<ul style="list-style-type: none"> <li>• Sofa made of recycled plastic PET bottle fabric (Collaboration with Pleats Mama)</li> <li>• Stools made from recycled construction waste (Collaboration with Kaya)</li> <li>• Fabrication of Plusnel panel cabinets and benches made from waste clothing fabric</li> <li>• Home furnishing subscription services renting home appliances and furniture</li> </ul>
<b>Shared spaces for the local community</b>	<ul style="list-style-type: none"> <li>• Encourage local communities to autonomously use pet lounge (café, spa, etc.)</li> <li>• Provide common lounge space for Episode café users</li> <li>• Hold grow market in common space (participated by building residents and local residents)</li> <li>• Hold Exhibitions in shared space (Artist in Episode)</li> </ul>

### Design & Experience Awards

Episode, SK D&D's rental housing brand, realizes the residential philosophy of 'living space, valuing individual life, a small society, and connecting value'. Episode provides a variety of residential environments from the users' perspectives, striving to spread the ESG ecosystem. Furthermore, we are leading a unique residential culture reflecting the population, region, and social culture by utilizing the distinctive characteristics of each community space. As a result, Episode won numerous awards in recognition of its design and experiences in 2022.

#### Awards

Red Dot Award: Spatial Communication Interior Design Award

German Design Award – Special Mention in Brand Identity category

iF Awards – Corporate Identity Branding in Communication Design category

A' Design Award and Competition Bronze Award in the Graphic Communication category

Coliving Awards Best Operator of the Year Category

Serviced Apartment Awards 2021 - Best Coliving Development

# Win-Win Growth

SK D&D advances sustainable management to establish transparent and fair transactions and pursue shared growth with business partners. In selecting business partners, we assess them on factors that are non-financial as well as technical performance assessments to contribute to disseminating an ESG-driven culture and preemptively respond to non-financial risks. We have also presented four guidelines to follow for engaging in fair transactions to establish robust win-win growth with business partners.

## Win-Win Growth System

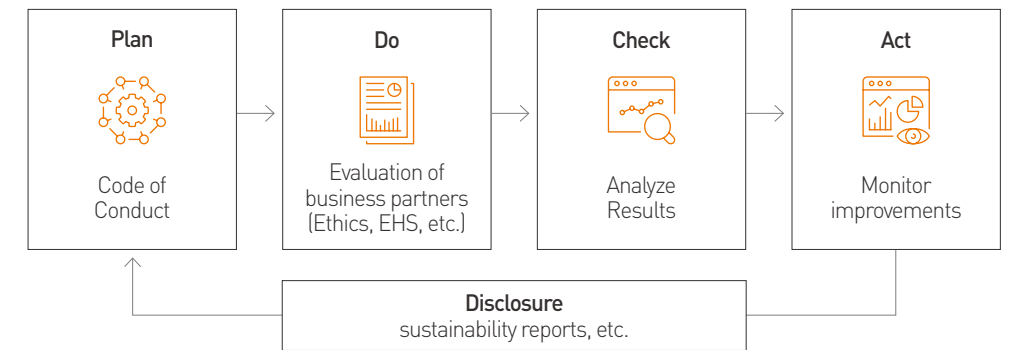
SCM Part has been organized to bolster shared growth and win-win cooperation with business partners and minimize relevant risks. We are enhancing the product competitiveness of excellent suppliers while implementing programs focused on ESG improvement and support for our suppliers by strengthening partnerships. In the future, we aim to establish a win-win ecosystem through development of win-win programs.

Mission	Maximize Product Value				
Strategic Priority	Fair	Variety	Balance		
	Separate and bolster the demand/procurement process to establish fair transactions	Develop business partner policies, procurement strategies and shared growth policies customized for SK D&D	Develop product-specific procurement policies		
Managing Organization	SCM Part				
	Improve product power by reinforcing procurement competitiveness through transparent procurement and outsourcing	Protect the company and its employees from compliance issues	Improve the vendor selection process, perform procurement management function, and pursue mutually beneficial shared growth with business partners	Create a pool of suppliers, and establish and implement systems to strengthen ethical standards and assessment management	Establish a companywide training and reoccurrence prevention system on compliance management and ESG management principles

### Code of Conduct

We enacted Code of Conduct for business partners to maintain sustainability in supply chain management and create a successful win-win ecosystem. We have established compliance requirements regarding environment, safety and health, business ethics, human rights and labor, and management system to internalize and implement ESG management while complying with the laws and regulations applicable to business management activities of business partners. SK D&D with its business partners is aiming to keep a fair and transparent relationship, fulfill its social responsibilities, and grow into a more respected company based on mutual trust by complying with a code of conduct.

### Code of Conduct Process



## Supply Chain Management

### Business Partner Selecting Process

We are strengthening our 'business partner management procedures' by including ESG related factors (whether there has been unethical behavior, violations related to occupational safety and health act)

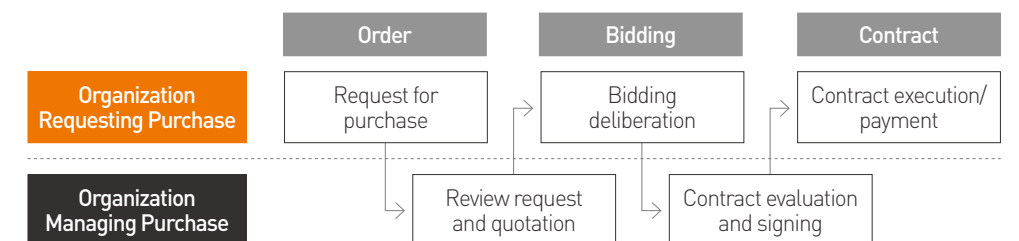
(Unit: units, KRW 100 million)

Category	2020	2021	2022
Partners	104	184	127
Purchase Scope	2,983	2,254	2,983

### Advancements of Purchase and Private Contract Process

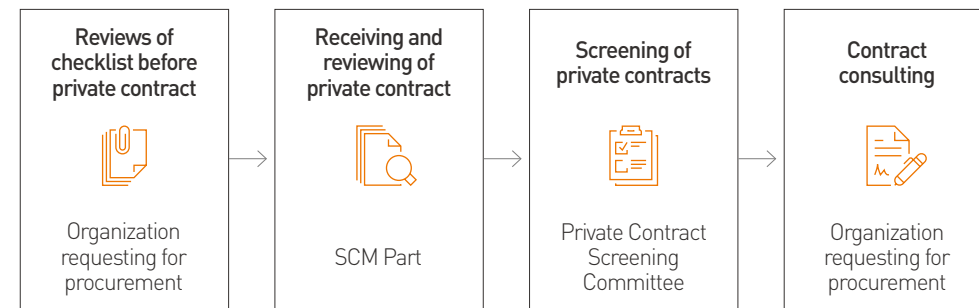
We operate a purchase and private contract process to conclude fair and transparent contracts. The organization which manages purchasing is in charge of bidding and contracting process of purchasing process, resolving any compliance issues. Private contracting process is carried out through deliberation of Internal Screening committee for fairness and transparency. The Internal Screening committee evaluates appropriateness of supplier and validity of price, reflecting the results in purchase contract. We will continue to stipulate clear standards and procedures to establish fair trade order, building a system of win-win cooperation with our business partners.

### Purchase Process



Win-Win Growth

Private Contract Process



Private Contract Screening Committee

Roles	Presenting opinions on appropriation after screening the proposals for private contracts
Com-position	The chairperson, standing members and non-standing members designated by Chief Procurement Officer(CPO)

Communication Channels for Business Partners

We operate various communication channels to secure the framework for win-win management with our business partners. Reports are received with real names or anonymously by phone, fax, e-mail, and online to increase channel accessibility. Received reports are sent to related organization according to seriousness and level of impact for prompt handling. In case of reports on unethical incidents, organization handling ethical management reviews the matter to protect the informant, and the identity and the details of the report can be protected according to informant protection regulations. In particular, safety supervisors have been placed at construction sites in 2022 to collect and actively communicate on-site.

Product/service/sales complaints		Corruption report of employees/partners	
Product/service complaints	Inadequate response/ lack of guidance	Acceptance of money/ entertainment	Information leakage
Delay in handling/ Unfriendly staff	Unethical business (identity theft, etc.)	Unfair transaction	Asset embezzlement/ diversion
		Harassment/sexual harassment	Other wrongful acts

Fair Transaction

Four Guidelines for Fair Transaction

We are promoting a fair and transparent trading environment and enhancing mutual cooperation through the four major guidelines of fair trade. These guidelines concern contract signing, business partner selection and operation, the establishment of the internal screening committee, and document retention and issuance, and will drive our efforts to build a win-win growth model on the back of trust-based shared growth.

Guidelines for the establishment and operation of the internal screening committee	Contribute to establishing fair transaction principles and create a mutual cooperation system based on trust with business partners
Guidelines for sound contract practices	Minimize non-compliance with subcontract regulations, legal mandates and other applicable laws, develop reasonable and fair transaction practices
Guidelines for issuance and retention of documents	Improve awareness on issues related to document issuance legally required under subcontract regulations, establish fair and reasonable subcontract practices
Guidelines for vendor selection and management	Establish autonomy, transparency, and fairness in selecting vendors and operating a pool of vendors

Fair Trade Compliance

Compliance with fair trade-related compliance control standards were inspected in order to prevent violations of the Fair Trade Act and establishment of an internal compliance system. 7 tasks were identified through internal interviews, inspection of contracts by type, and legal review. We plan to reflect these tasks in a timely manner to relevant organization in 2023. After reviewing the private contract deliberation process and subcontracting transaction status, it was confirmed that there were no issues in 2022. We are thoroughly managing related compliance issues through pre-inspection of contract amount increase issues and legal support related to new businesses. Also, as corporate ESG management demands intensify, we plan to review relevant laws and risk factors, revise relevant internal operating regulations and training systems from 2023, and design an internal monitoring system for pilot operations in 2024.

Fair Trade Training

We provide fair trade training to all our employees to ensure employees' voluntary compliance with fair trade, prevention of violations, and prevention of recurrence. In 2022, we conducted a total of 58 hours of training to raise employees' awareness of fair trade, and we are striving to elevate our training every year.

Fair trade training provided in 2022

Total of **58** hours  
Understanding of fair trade laws and policy trends






# Social Contribution

SK D&D promotes a social contribution business model innovation of growing both social and economic values aligning with SK's sustainable growth methodology Double Bottom Line (DBL). In order to fulfill our corporate social responsibility, social issues that are closely related to our business are identified, and we strive for effective social contribution activities in cooperation with internal and external stakeholders. With the ESG Committee's approval of the results and plans of social contribution activities every year, we are expanding our determination and practice of social contribution by carrying out sincere activities, increasing the amount of social contribution and encouraging employee participation.

## Social Contribution System

SK D&D is carrying out systematic activities by establishing a social contribution roadmap under the vision of 'sharing happiness to resolve social issues'. Under the themes of 'helping the underprivileged', 'health', and 'green, we are carrying out specialized social contribution activities. We continuously contemplate and develop operations regarding our visions, social environment, and local needs through regular monitoring. As a result, we are contributing to sustainable development goals of the global community through specialized contribution activities of SK D&D.

### Social Contribution Promotion System

"Design Happiness With D&D" Share happiness to resolve social issues			
3 CSR Themes	Underprivileged	Health	Green
	 <p><b>Economically/environmentally underprivileged groups</b> Support vulnerable groups in local communities to become a respected company</p>	 <p><b>Physical and mental health</b> Strengthen the social safety net and promote positive values to disseminate a wholesome social culture</p>	 <p><b>Response to climate change &amp; resource circulation</b> Endeavor to resolve the major global challenges of climate change and resource issues</p>
Goals	Provide educational/cultural opportunities and build a foundation for social self-reliance	Strengthen the social safety net and disseminate the value of liberal arts and community involvement	Resolve the issue of climate change, natural disasters, restore forests damaged
	<ul style="list-style-type: none"> <li>• Hope Maker 2.0</li> <li>• Relief goods to Ukraine</li> <li>• Support for flood victims</li> <li>• Support for forest fire victims</li> </ul>	<ul style="list-style-type: none"> <li>• Blood donation campaign</li> <li>• Sponsor Platon Academy</li> <li>• Jigwanseoga</li> <li>• Artist in Episode</li> </ul>	<ul style="list-style-type: none"> <li>• Green remodeling</li> <li>• Lighting Children</li> <li>• Plogging</li> <li>• Cleaning activities for the local community</li> </ul>

Social Contribution Donations (Unit: KRW 1 million)			Number of participated employees (Unit: persons)		
2020	2021	2022	2020	2021	2022
131	641.9	685.9	30	177	215

## SCR & Local Community Participation Roadmap

(Short-term) 2022~2023	(Mid-term) 2024~2025	(Long-term) 2025~
<ul style="list-style-type: none"> <li>• Opening of 1st Jigwanseoga (Uljin)</li> <li>• Continue to support local community with employees (seongnam)</li> <li>• Create social value In Episode</li> </ul>	<ul style="list-style-type: none"> <li>• Spread Jigwanseoga in alignment with local communities</li> <li>• Operate flagship CSR program in alignment with business model</li> <li>• Talent donation to local community</li> </ul>	<ul style="list-style-type: none"> <li>• Qualitative and quantitative expansion of social contribution (3% of profits before taxes)</li> <li>• Expanding Jigwanseoga</li> <li>• Advancements in flagship program</li> </ul>

## Green (Environment)

### Green Remodeling

On May 1st, 2022, a business agreement was signed with Habitat, a non-profit organization in Korea specializing in housing welfare to improve the residential environment for the vulnerable. From 2021, we found group homes\* for children and teenagers in Seongnam-si, with Habitat, remodeling them into eco-friendly residential facilities using BIM (Building Information Modeling) and building energy efficiency rating programs. We plan to continue the project in the future by considering the impact and performance. We will establish ourselves as a company fulfilling our social responsibilities to our employees, partners, and local communities through sustainable value creation.



\* Home-style childcare facilities protecting children and teens from abuse, neglect, and family breakup



### Lighting Children

In commemoration of 'Earth Day', we conducted Lighting Children campaign in cooperation with Miral Welfare Foundation. This campaign is an eco-friendly energy sharing campaign providing solar-powered lanterns to resolve issues in countries suffering from energy poverty. We delivered portable solar-powered lanterns to countries suffering from energy poverty, hoping to make changes through energy and give hope to children. We will continue the campaign to raise awareness of energy issues, laying the foundation for sustainable development.

### D&D Plogging Challenge

We conducted a plogging challenge to collect garbage on the streets while taking a walk or jogging (Plogging Challenge) in order to internalize ESG by promoting communication among members and raising their awareness of the environment. SK D&D's plogging challenge is a part of ABCD Project to pursue happiness and sustainable growth of our employees and the company, and even the city and the society. Plogging kits were provided to individuals and groups (Divisions, parts and clubs), and all employees shared reviews of the experience. The plogging kits were made with upcycled materials, such as leftover pieces of cloth for outdoor clothing, and included a biodegradable bag, demonstrating our determination and meaning for eco-friendliness.



Social Contribution

Health of the Body and Mind

The Platon Academy

The Platon Academy aims to raise civic awareness through providing humanities lectures to the public. We donate to Platon Academy, a humanities support foundation, to enhance the values in humanities and promote and spread research in humanities. The donations are used to support universities' research activities in areas of humanities, online scholarship projects, and cultural support projects.

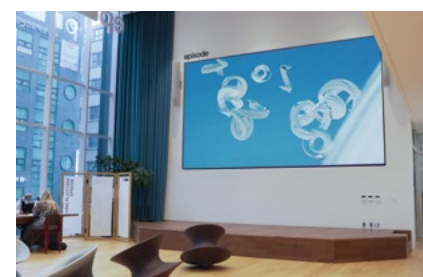


Blood Donation Campaign

We conducted a blood donation campaign to resolve the blood shortage caused by the prolonged COVID-19 pandemic. We conducted SK Relay Blood Donation Campaign with Bloodnet, an organization dedicated to national blood projects, donating money to vulnerable children and teenagers suffering from blood cancer by accumulating donations and donating in the name of participating employees. Furthermore, an agreement ceremony was held with Bloodnet to make positive impact through continuous participation.

Jigwanseoga

We established a business plan for Jigwanseoga, which is a humanities book cafe, in 2022 to repay major local communities near the areas of our real estate and renewable energy business. Jigwanseoga, collaboration piece with local government, is a book cafe built in idle spaces and culturally marginalized areas. The cafe aims to bring happiness and healthier lifestyle to local citizens through humanities programs and communities. Starting with the construction in Uljin in 2023, we plan to expand our unique spaces around our business sites.



Artist in Episode

Artist in Episode was launched in 2022 to realize the potential of emerging artists and support social circulation of art and exchange with local communities. We provided Episode Sinchon 369 to enable artists to focus on their artistic work and showcased their artworks through online and offline exhibitions. Episode will continue to serve as a cultural platform to help the growth of artists and revitalize local culture.

Helping Underprivileged

Hope Makers 2.0

As our flagship CSR program, Hope Makers 2.0 aims to assist less-privileged children and teens to help them grow as members of the society. We are collaborating with Hansol Social Welfare Center to provide regular donations and mentoring programs. We contributed to their career development and helped their learning through mentoring. The satisfaction level of participating teenagers was high with a score of 4.75 points out of 5. We are contributing to social inclusion and resolving polarization of economically, socially, and physically marginalized children and teens by providing learning and emotional support as well as career development activities.

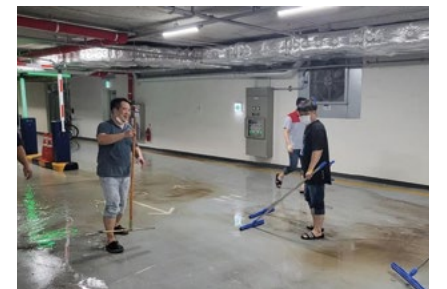


Support for Forest Fire Victims

SK D&D donated KRW 100 million through the Gyeongbuk Social Welfare Community Chest in March 2022 to help recover damage from a large-scale forest fire in Uljin, Gyeongsangbuk-do. To fulfill our responsibility as a member of the local community with our Uljin Hyeonjong Mountain Wind Power Plant (53.4MW) located at Giseong-myeon and Maehwa-myeon areas of Uljin-gun, donating to help suffering residents in the area. The donation was used for daily necessities and medicines for forest fire recovery in Uljin. In addition, we provided towels and other items to the National Sports Center at Uljin.

Support for Tenants Experiencing Flood Damage

We provided support and recovery for tenants at Seocho 393 impacted by flood in Gangnam and Seocho areas in August 2022. We identified the damage of the flood and affected tenants and provided products purchased from Episode's commercial facilities. We also provided assistance to both general households and households with pets. We comforted residents suffering from disasters and practiced social contribution to the local community at the same time, becoming a standard for crisis management measures for residential business brands.



Humanitarian Aid for Ukraine

A donation of roughly KRW 50 million was delivered as humanitarian aid to the nation and people of Ukraine through the Ukraine Embassy in Korea for purchase of medicines. We provided humanitarian aid to the nation and people of Ukraine through the Ukrainian Embassy in Korea. We provided fundamental support for Ukrainians to dream of hope even in devastating times. We will continue to create social values through social contributions across the globe as a member of the international community.

# Transparent and Responsible Oversight

With strengthened ESG management, the importance of transparent and responsible supervision of corporate governance is growing. Governance is a key factor in evaluation of a company's value in the capital market, determining the Sustainability of a company. According to CG Watch 2020 report published by the Asian Corporate Governance Association (ACGA), Korea scored 52.9% in overall corporate governance, ranking 9th out of 12 Asian countries. Although this marks an improvement from the 2018 score of 46.2%, Korea is still ranking low due to obligations to report ESG-related business and limitations on minority shareholder protection. Despite the low evaluation of South Korea's corporate governance structure, SK D&D is strengthening management centered on its board of directors in line with global standards as well as striving for shareholder-friendly management. Furthermore, we practice ethics and compliance management Guided by a sense of social responsibility, and implement systematic measures to manage both financial and non-financial risks. In particular, information protection regulations and guidelines have been enacted and revised to prevent corporate and individual information security accidents. In addition, company-wide security system analysis and risk assessment have been conducted, and the information protection system has been strengthened.

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Ethics Management & Compliance

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Risk Management

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Information Protection

# Governance

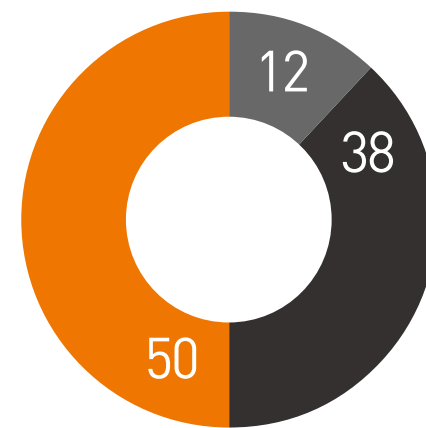
SK D&D continues its efforts for shareholder-friendly management as well as management centered on the board to strengthen the role and authority of the board of directors. The Audit Committee, HR Committee, Independent Director Recommendation Committee have been established and operated within the board of directors to expand the role of the board of directors and increase its efficiency. In addition, related regulations are disclosed to shareholders and all stakeholders through the website. We have strengthened the management foundation centered on the board of directors by establishing a corporate governance charter, publishing a corporate governance report, and identifying key areas for improvement through self-assessment conducted by the board of directors, newly establishing and supplementing regulations related to the board of directors. In addition, we have introduced Board Skill Matrix for the board of directors in order to enhance trust in the board of directors.

## Board-driven Management

■ Outside director ■ Non-executive director ■ Inside director (Unit: %)

### Composition of the Board

The Board of Directors is the highest decision-making body of the company, consisting of a total of 8 members, responsible for making decisions and supervising management issues regarding overall management of the company. In order to secure independence and objectiveness in decision making process, the CEO and the chairman of the board of directors are separated. This ensures mutual checks and balances between the board of directors and the management, as well as transparency in corporate management. In addition, the company organizes the board of directors with experts from each field, positioning more than 50% of the committee members as outside directors, to support the board's decision-making by operating an internal support organization. This aims to maintain practical expertise, independence, and efficiency of the board.



(As of Mar. 2023)

Category	Name	Expertise	Position	Appointment Date	Term in Office	Career
Inside Director	Do-hyun Kim	Professional management	• CEO • ESG Committee	2022.03.	2025.03.	[Current] CEO, SK D&D [Former] General Manager, SK D&D
Non-executive Director	Ki-joong Nam	Professional management	• HR Committee	2022.03.	2025.03.	[Current] Head of Management, Support Office, SK Discovery [Current] Inside director, SK Discovery
	Jae-min Kim	Finance/Market analysis	• HR Committee • ESG Committee	2018.11.	2024.03.	[Current] VP, Hahn & Company [Former] Director, H&Q Asia Pacific Korea
	Dong-chun Lee	Finance/Market analysis		2018.11.	2024.03.	[Current] VP, Hahn & Company [Former] VP, Sony Korea
Outside director	Jun-cheol Kim (Board Chair)	Accounting and finance (certified public accountant)	• Audit Committee (chair) • ESG Committee • Independent Director Recommendation Committee	2021.03.	2024.03.	[Current] CPA, Dasan Accounting Corporation [Current] Outside director, Yuhan Corporation [Former] Vice President, Deloitte Anjin LLC

Category	Name	Expertise	Position	Appointment Date	Term in Office	Career
Outside directors	Kyung-min Kim	Environment/Data	• HR Committee (Chair) • Audit Committee	2022.03.	2025.03.	[Current] Professor, Graduate School of Environmental Studies, Seoul National University [Former] Senior Researcher at Property & Portfolio Research, Inc
	Je-hyeoung Park	Professional management (lawyer)	• Independent Director Recommendation Committee (Chair) • Audit Committee • HR Committee	2021.03.	2024.03.	[Current] Attorney (partner), Barun Law [Former] Outside (specialized) director, Korea Federation of Savings Banks
	Kil-ho Lee	Accounting/Audit (certified public accountant)	• ESG Committee (Chair) • Independent Director Recommendation Committee	2021.12.	2024.11.	[Current] Auditor, K Car Capital [Former] Head of Risk Advisory Business Headquarters (Vice President) and Advisor, Deloitte Anjin LLC

### Introduction of Board Skill Matrix

The Board of Directors introduced the Board Skill Matrix (BSM) in order to reinforce trust in the logic of company's director candidate recommendation and process by providing stakeholders with relevant information including competencies of directors required by the company. We strive to enhance corporate value by optimally composing the board of directors and actively communicating with investors by disclosing the BSM.

### Director Appointment Process

Expertise, sense of responsibility, and diversity are key factors in forming the board of directors. We ensure that the board of directors is not biased towards a specific background or an occupational group, and that there are no restrictions on age or gender in appointing directors. Furthermore, we ensure that the board consists of talented persons with an array of diverse knowledge, experience, expertise, and responsibility to contribute to important decision-making in management. The qualifications required to perform the duties of the board of directors are evaluated in finding and appointing director candidates. Candidates for the CEO position are proposed by the HR Committee, and the appointment of the CEO is confirmed through a resolution at the general shareholder's meeting. As for outside directors, the Independent Director Recommendation Committee examines candidates for disqualifications set forth in relevant regulations such as the Commercial Act and the Enforcement Decree of the Commercial Act, as well as verifying their expertise.

Expertise	Independence	Transparency
<ul style="list-style-type: none"> <li>Verify expertise through the HR Committee and the Independent Director Recommendation Committee in the director appointment process</li> <li>Provide specialized training to outside directors (total of 5 times in 2022)</li> <li>Provide outside directors with support provided by employees or external experts as well as information required to perform their work when necessary</li> </ul>	<ul style="list-style-type: none"> <li>Separate the CEO and the Board Chair role</li> <li>Reach 50% in the ratio of outside directors</li> <li>Exclude the influence of controlling shareholders or management through the Independent Director Recommendation Committee, and populate the Committee solely with outside directors to ensure fairness in appointing outside directors</li> <li>Restrict voting for directors with special interests in specific Board agenda items</li> </ul>	<ul style="list-style-type: none"> <li>Populate the Audit Committee solely with outside directors (including financial experts)</li> <li>Perform self-directed performance assessments on the Board and disclose assessment items and results in business reports</li> <li>Disclose corporate information that may affect corporate value on the website, in addition to regular disclosures</li> </ul>

Governance

**Committees under the Board\***

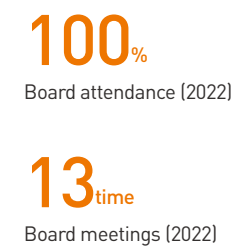
The Board of Directors at SK D&D operates the Audit Committee, the ESG Committee, the HR Committee, and the Independent Director Recommendation Committee under the Board of Directors in order to enhance efficiency of management decision-making system. The authority of the Board is delegated to each committee, and the ratio of outside director appointment is specified in the regulations of each committee to ensure independence.

Audit Committee	HR Committee	ESG Committee	Independent Director Recommendation Committee
<ul style="list-style-type: none"> <li>Report directors' non-compliance with laws/regulations and the Articles of Incorporation</li> <li>Report on the assessment of operational status of the internal accounting control system</li> <li>Preparation of assessment standards and procedures for deciding on external auditor</li> <li>Other matters stipulated in the law, Articles of Incorporation, or BoD regulations</li> </ul> <p><b>Chairperson Jun-cheol Kim</b></p> <ul style="list-style-type: none"> <li>Outside director Je-hyeoung Park</li> <li>Outside director Kyung-min Kim</li> </ul>	<ul style="list-style-type: none"> <li>Assess the CEO and determine whether the CEO will remain in office</li> <li>Propose the dismissal and/or appointment of the CEO</li> <li>Nominate CEO candidates</li> <li>Appropriateness of remuneration for each inside director</li> </ul> <p><b>Chairperson Kyung-min Kim</b></p> <ul style="list-style-type: none"> <li>Outside director Je-hyeoung Park</li> <li>Other non-executive director Ki-joong Nam</li> </ul>	<ul style="list-style-type: none"> <li>Develop and revise annual business plans</li> <li>Develop and revise mid/long-term plans</li> <li>Other ESG implementation plans and activities critical for management</li> <li>Important strategic decision-making</li> </ul> <p><b>Chairperson Kil-ho Lee</b></p> <ul style="list-style-type: none"> <li>Inside director Do-hyun Kim</li> <li>Other non-executive director Jae-min Kim</li> </ul>	<ul style="list-style-type: none"> <li>Right to nominate outside director candidates to the general meeting of shareholders</li> <li>Review other issues required to nominate outside director candidates</li> </ul> <p><b>Chairperson Je-hyeoung Park</b></p> <ul style="list-style-type: none"> <li>Outside director Jun-cheol Kim</li> <li>Outside director Kyung-min Kim</li> <li>Outside director Kil-ho Lee</li> </ul>



**Board Activities**

The Board of Directors holds regular monthly meetings as a principle in accordance with the Articles of Incorporation and the board of directors regulations. Also, ad-hoc meetings are held when necessary. The Board of Directors is responsible for independently reviewing the possible impacts of the board's decisions on its stakeholders, and is carrying out reviews and decision-making in overall company risk management, including deliberation and approval of issues with conflicts of interest. The ESG Committee manages ESG issues, and has stipulated the contents in the Board of Directors regulations in order to address environmental and social issues At the board level. A total of 13 board meetings were held in 2022, with a 100% attendance rate.



[Unit: times, cases, %]

Category	2020	2021	2022
Meetings held	19	17	13
Agenda items proposed	51	52	31
Agenda items approved	51	52	31
Reported agenda	7	13	22
Attendance rate	99	99	100

Governance

**Strengthening the Board's ESG Management System**

We operate the ESG Committee to ensure efficiency of board operation. The ESG Committee reviews ESG management strategies as well as managing ESG risks. In addition to ESG risk management, the ESG Committee reviews ESG management strategies and periodically monitors related performance to review agendas for them to be reflected in decision-making by the board of directors. In particular, agendas regarding environmental management such as Net Zero implementation, management of risks such as responding to climate change, establishment of directions for eco-friendly business, and management of GHG emissions are being managed at the board level. In addition, within the ESG Committee regulations, the functions of reviewing possible ESG risk factors in the entire value chain and establishing countermeasures are specified and managed.

4times

ESG Committee meeting (2022)

**Major Resolutions and Reporting Status of the ESG Committee in 2022**

Session	Date	Report Items
1	01.24	• 2022 business plan
2	03.02	• 2021 ESG review and 2022 annual action plan • 2021 performance and 2022 plans • ESG materiality-based mid to long-term plan
3	07.20	• Appointment of ESG committee chairperson • Sustainability report publication progress • Real estate platform business progress
4	12.08	• 2022 ESG review and 2023 annual action plan • ESG material issues and information disclosure • Environmental performance and climate change response system

**ESG Committee Regulations – Article 9. Considerations**

- Key ESG performance, initiatives and activities
- Strategic directions for ESG and major strategic decisions
- Review of environmental risk factors such as climate change response and implementation of carbon neutrality countermeasures
- Review of social risk factors such as human rights, supply chain, and local communities and response plans
- Review of other ESG-related risk factors and countermeasures
- Development of ESG competencies and support requirements for internalization

**Trainings for Board of Directors**

Specialized training is provided for outside directors in order to strengthen their expertise. In 2022, All outside directors received ESG trainings on various topics including major business-related issues and plans, and board-centered management plans, actively utilizing programs provided by external professional organizations such as the Audit Committee and accounting firms to provide training necessary for the board's activities.

16times

Audit Committee member training (2022)

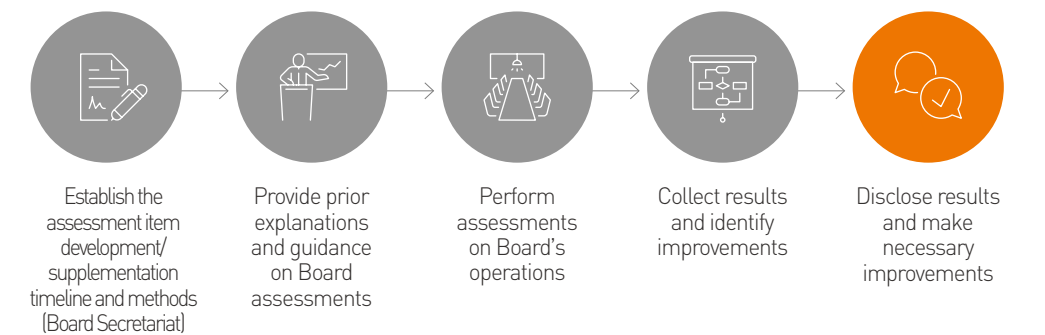
6times

Outside director training (2022)

**Board Assessment and Remuneration**

We conduct assessments of the Board and its committees to enhance the transparency of our governance. Anonymous surveys are conducted Annually for outside directors, covering five areas: Board composition, roles, responsibilities, operation, and committees under the board. Assessment results are actively used in establishment and enhancement of board regulations to improve and innovate our board operations.

**Board Assessment Process**



**Board assessment items**

<b>Board composition</b>	Appropriateness of size, expertise/experience of directors, independence
<b>Board's responsibilities</b>	Establishment of corporate vision and strategies, appropriateness of the scope of its mandate, management advisory, corporate value improvement, risk management
<b>Board's roles</b>	Oversight of management performance, confidentiality obligation, corporate governance, corporate social responsibility
<b>Board operation</b>	Appropriate number of meetings held, timeliness of agenda, usefulness of management materials, directors' attendance, adequacy of discussions, provision of training, information collection
<b>Committees</b>	Committees and their membership, division of roles and responsibilities, number of meetings held, timely provision of information and materials, sufficient engagement in discussions

**Assessment Results**

[Unit: full score of 5]

category	2020	2021	2022
Board composition	5.00	4.83	4.92
Board's roles	4.90	4.56	4.88
Board's responsibilities	4.88	4.81	4.80
Board operation	4.81	4.62	4.80
Committees*	-	4.68	5.00
Overall score	4.9	4.7	4.89

\* Committee evaluation not carried out in 2020

Governance

**Board Remuneration**

The base pay of our directors is decided by comprehensively considering their position (role), expertise, and contribution to the company within the remuneration limit approved at the general meeting of shareholders. Performance pay is decided by both quantitative factors such as sales and operating profit and qualitative factors such as attainment of strategic goals and leadership skills. As for inside directors, non-financial performance is included as part of KPIs to help determine final remuneration.

(As of 2022 / Unit: KRW 1 million)

Category	Registered director	Outside director*	Audit Committee member
Total Remuneration	1,535	77	262
Average Remuneration per Person	1,535	77	87

\*Outside director: Excluding members of the Audit Committee

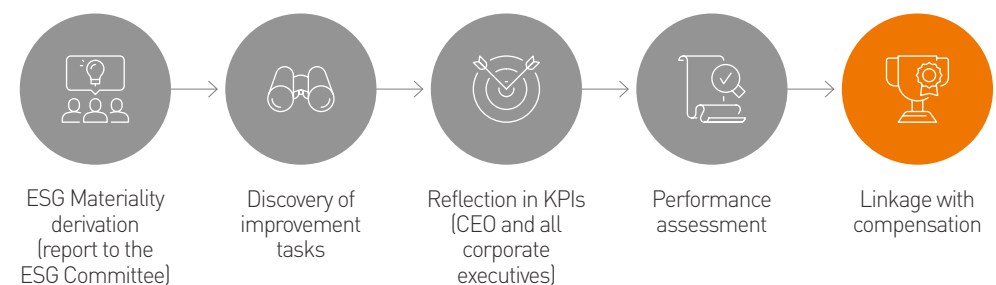
**Reflection of ESG Performance in KPIs for the CEO and Management**

In addition to the financial, strategic and operational indicators included in KPIs for all executives, including the CEO, improvement tasks are derived based on the ESG materiality reviewed through the ESG committee to reflect ESG management items. In 2022, non-financial indicators such as structuring ESG infrastructure, improving organizational culture, and advancement of safety and health management system were used for assessment, and assessment results are managed in connection with compensation. We promote a sense of responsibility for creating social values through these efforts.

**Composition of KPIs for CEOs and Management in 2022**

Category	ESG	Strategy/Operation	Finance
Indicator	<ul style="list-style-type: none"> <li>Securing infrastructure for environment, society, and governance</li> <li>Communication of external non-financial information</li> </ul>	<ul style="list-style-type: none"> <li>Advancement of business strategy</li> <li>Risk management</li> <li>Development of new BM</li> <li>Improvement of organizational culture</li> <li>IT/DT improvement</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of profit and corporate value</li> </ul>

**Process of assessing and compensating CEO and executives' KPIs**



**Stakeholder-friendly Management**

**Protection of Shareholder Rights**

We strive to ensure shareholder participation and expression of opinion in the general shareholders' meeting. The details for the general meeting of shareholders – date, venue and agenda among others – is disclosed on the electronic disclosure system (DART), on the Financial Supervisory Service and on our corporate website. Notice is given two weeks prior to the meeting, and we ensure that the date of such meetings is equally distributed among the company and other group affiliates to encourage the attendance of ordinary shareholders. We have adopted the electronic voting system from the 17<sup>th</sup> regular shareholders' meeting in 2021 in order to improve proxy voting rights, and the Articles of Incorporation allows voting rights to be exercised by proxy. The electronic voting system also includes notices and announcements on convocation of general shareholders' meeting, which is sent to all shareholders.

**Expanding Disclosures and Ensuring Their Accessibility**

We provide information to our stakeholders in a diverse and transparent manner through our website\*. We disclose financial data, disclosures available on DART, the electronic disclosure system, the general meeting of shareholders, and the appointment of external auditors on our website all shareholders have equal access to corporate information that may impact corporate value, in addition to regular notices. We strive to ensure completeness, fairness, and timeliness of disclosure information by enacting disclosure information management regulations including disclosure control activities and operations, assessment and management of disclosure risks, and monitoring.

[www.sknd.com/invest/irsearch.do](http://www.sknd.com/invest/irsearch.do)

**Dividend Policy**

To return our profits to shareholders and distribute such profits through monetary means and shares among others, we have stipulated relevant matters in our Articles of Incorporation and expanded our dividend policy. Matters concerning our dividend policy and dividend payments are transparently disclosed through our regular reports (business reports, quarterly reports) and the final decision are made at the general meeting of shareholders. Dividend payments are then made in one month following the final decision. In particular, dividends are paid out twice a year from 2022 through the implementation of interim dividends, further strengthening the policy striving for shareholder-friendly management.

<b>Improve the stability of dividends</b>	Pursue gradual increases in the dividend policy while determining dividends based on performance
<b>Introduce and pay interim dividends</b>	Bolster shareholder-friendly management by making interim dividend payments from 2022 onwards along with year-end dividends
<b>Perform regular policy reviews</b>	Review the dividend policy every three years and announce the policy as such to improve shareholder value

**Enactment of Corporate Governance Charter**

The Corporate Governance Charter was announced in 2022 to enhance shareholder rights and reinforce the responsibilities of the board and oversight bodies in order to establish sound corporate governance and expand the provision of governance information. We will emphasize the roles of the board and expand the scope of communication between shareholders and stakeholders to overall ESG management by enacting the Corporate Governance Charter.

# Ethical Management & Compliance

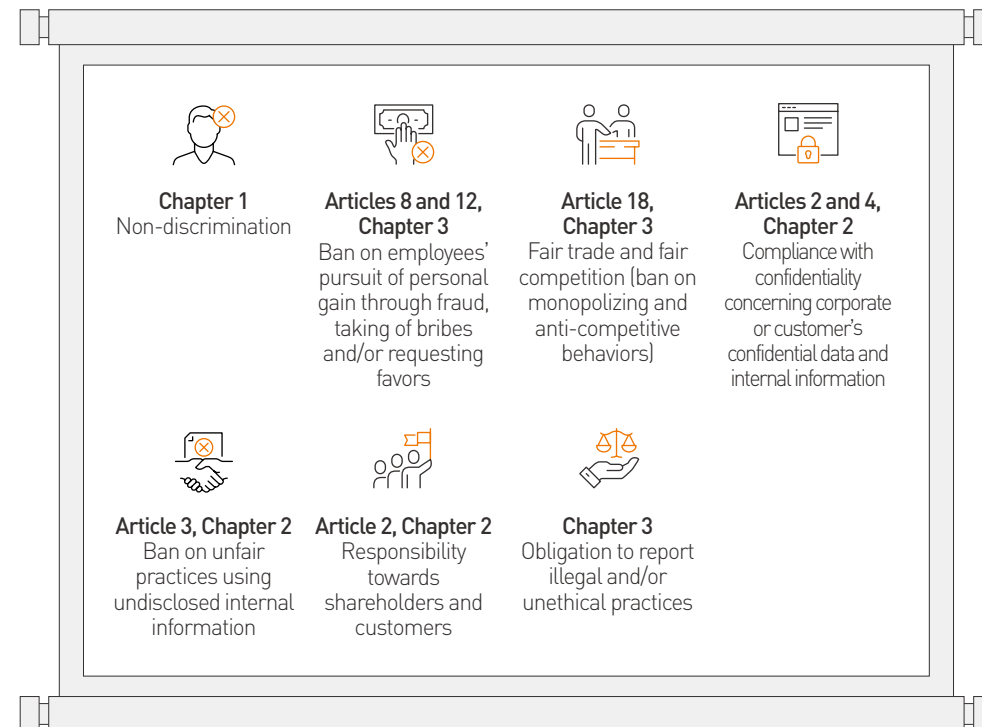
SK D&D carries out ethical management by establishing ethical regulations in order to fulfill its economic, legal, ethical, and philanthropic responsibilities, guided by a sense of social responsibility. Every year, we conduct investigations to diagnose and enhance the level of ethical management, and we continuously enhance the level of ethical management according to the results. We strive to become a company trusted by all stakeholders by operating ethical reporting channels, conducting ethical management training, and ethical practice workshops to raise employees' awareness of ethics and compliance, and spreading a culture of eradicating unethical behavior and unfair transactions.

## Ethical Management

### Ethical Management Implementation System

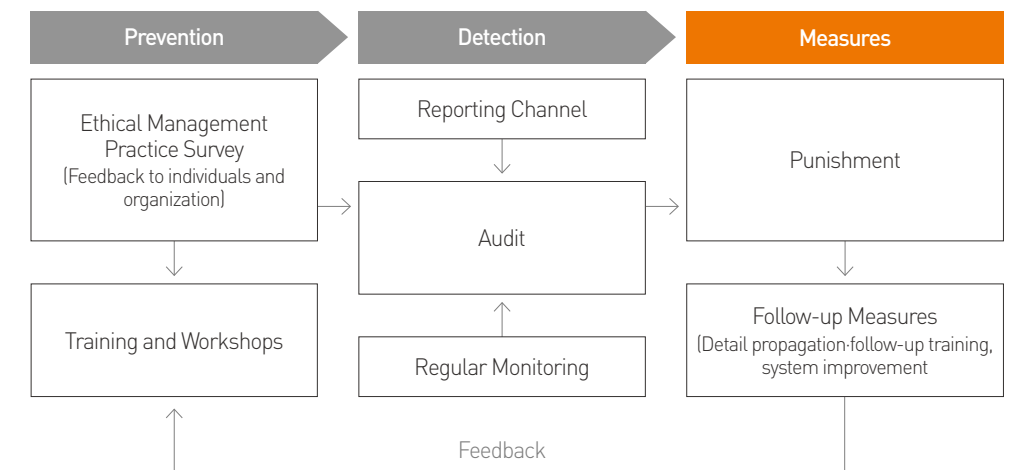
We have enacted and disclosed the code of ethics in order to fulfill the company's social responsibilities which serves as a guiding principle for decision-making and behavioral judgement across all management activities. We provide support for employees to practice integrity and fair business practices, presenting specific criteria for judgment and behavior. Furthermore, all members of the company signed the Ethical Management Practice Pledge, and the company is practicing ethical management by establishing the basis for internal audit and compliance through the Audit Part, an ethical management promotion organization.

#### Key Details of Code of Conduct



**100%**  
All members have signed the Ethical Management Practice Pledge

### Process at Ethical Management Promotion Organization



### Internationalization of Ethical Management

#### Ethical Practice Workshops-Mailing

We operate ethical management practice workshops every year in order to raise ethical awareness and improve ethical competency of all employees. At the ethical management practice workshop, a hierarchical and organizational discussion among members is conducted on the topic of decision making regarding ethical conflicts. In 2022, a total of 21 separate workshop sessions were held for employees and executives, with 96.2% of the target employees participating in the workshops. In addition, mails regarding ethical practices are distributed frequently, and we are also promoting awareness-raising activities such as banning receiving gifts from business partners.

#### Ethical Management Training

We strive to establish an ethical corporate culture by providing ethics and anti-corruption training programs for all employees. In addition to statutory training to improve awareness of the disabled, workplace bullying prevention training, and sexual harassment prevention training, the curriculum includes how the SK Ethics Management Reporting System is used, cases regarding the corruption and wrong-doing in the company are introduced. We are striving to internalize ethical management among employees. Ethical management training was provided online in 2022, with a total of 233 employee completing the training.



## Ethics Management & Compliance

### Ethical Risk Monitoring

#### Risk Inspection

We are inspecting the self-regulation system and carrying out annual risk checks in advance through the risk detection system in major business areas including HR, Finance & accounting, Purchasing, and Investment. In 2022, inspections were completed on 71 detailed items from a total of 6 areas, preventing and removing potential risks in advance and reformed the ethical risk management system.

#### Ethical Survey

We conduct ethical surveys to assess and improve our ethical management performance. The survey is being conducted every year to all employees and business partners since its first introduction in 2015, assessing degree of ethical management, ethical culture and system, and types of unethical behavior. 98.4% of employees participated in the 2022 employee ethical management practice survey. Based on the survey results, we are carrying out activities to supplement and improve the ethical management system. In addition, the 'Supplier Ethical Management Survey' was conducted for 150 suppliers. Through this survey, whether or not employees in the procurement department violated ethical management during transaction was identified.

#### Ethical Management Survey

98.4%

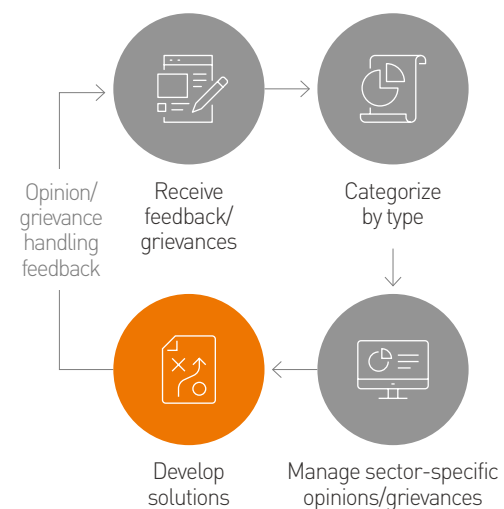
Response Rate for Survey (2023)  
\* Out of 254 individuals,  
249 responded

### Whistleblowing Channel and Handling Process

We receive whistleblowing reports for ethical issues through the channel operated at the SK Group level, handling reports based on detailed rules for handling ethical consultation and whistleblowing. This channel serves to receive reports on unethical or unfair trade practices on the part of our employees. We keep the identity of whistleblowers and their reports strictly confidential to protect them from being disadvantaged in any form. This channel is made more accessible by allowing anonymous reporting, and we allow such reports to be made on the website and/or over the phone.

[ethics.sk.co.kr](http://ethics.sk.co.kr)

#### Whistleblowing channel operation process



#### Whistleblowing reports

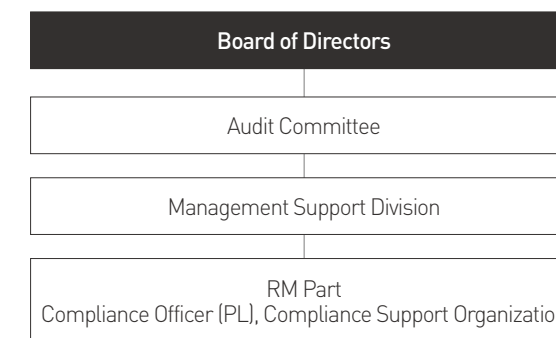
Category	2020	2021	2022
Whistle-blowing Reports	4	6	8
Handling Rate	100%	100%	100%

## Compliance

### Organization and System

We systematically manage various legal risks that may occur in business activities and operations by appointing compliance officers and organizing compliance (RM Part) in order to implement corporate ethics by complying with the law and carrying out business in transparent manner. Compliance officers meeting legal qualifications are appointed in order to check compliance with the compliance control standards and ensure that the management and employees comply with the prescribed laws and regulations to monitor proper performance of corporate management, also reporting to the board of directors.

### Compliance Organization



#### RM(Risk Management) Part

- Compliance support through inspection of internal processes
- Improvements of governance
- Risk management on businesses and investments
- Review transactions among affiliates

### Audit Committee

The Audit Committee consists of members qualified according to relevant laws and Articles of Incorporation. All members are outside directors who have no disqualifications under the Commercial Code and are guaranteed independence, and the Chairperson of the Audit Committee is an appointed expert in accounting and finance. We hold regular forums for the Audit Committee as well as providing relevant programs such as training on the internal accounting control systems in order to strengthen expertise. In addition, we operate an audit committee support organization managing auditing in the internal accounting management part, conducting inspection and training on compliance with the External Audit Act and the internal accounting management system. We maintain ongoing communication with external auditors regarding the planned scope and timing of the audits, as well as the findings from these audits.

10 times

Audit Committee Meetings

#### Composition of the Audit Committee

Position	Composition		Legally certified accounting or finance expert
	Category	Name	
Chairperson	Outside director	Jun-cheol Kim	CPA
Member	Outside director	Je-hyeoung Park	-
Member	Outside director	Kyung-min Kim	-

**Internal Accounting Control System**

We have established an internal accounting control system. The Audit Committee’s chair assesses the operational status of the system and reports the results to the board. The CEO is responsible for reviewing the effectiveness of the internal control system and managing and operating the system while reporting the results to the general meeting of shareholders, the board and the Audit Committee. Detailed regulations and operational results are disclosed on the electronic disclosure system (DART) through our business reports and internal accounting control system reports.

**Number of Reports**

Category	Number of assessed items	Discoveries	Measures taken
Transaction level controls	211	5	3
Entity Level Controls	42	-	-
Information Technology General Control	63	-	-

\* In case of two cases excluded from the number of measures taken, they are the two deficiencies discovered at the end of term in 2022. Corrective actions were taken accurately on the financial statement, and measures are being taken after establishing improvement plans in 2023.

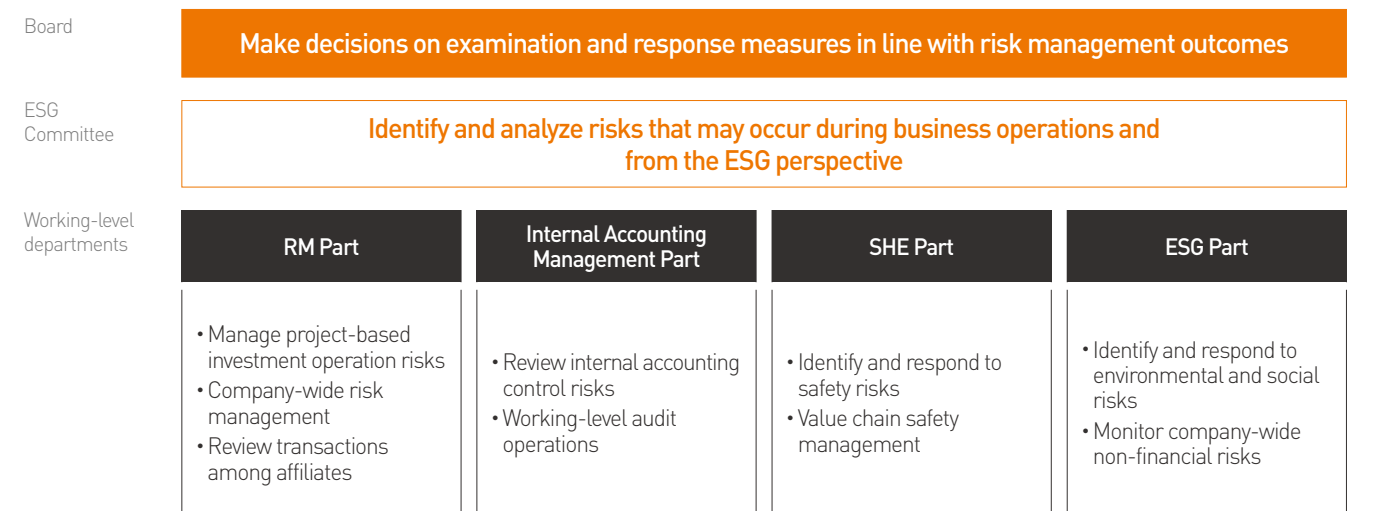
# Risk Management

SK D&D has established departments in charge of each area and a decision-making system to continuously monitor in order to systematically manage potential financial and non-financial risks in the entire process of corporate management activities for stable growth. Risks are identified in consideration of business areas, market environment, and stakeholder characteristics through the company-wide risk management system (ERM), setting risk limits and managing risks on a company-wide level. In addition, we systematically manage business-specific ESG risks by establishing emergency response guidelines to respond to situations such as natural disasters and preparing for disasters and major accidents.

## Risk Management Implementation System

Decision-making on investigations and responses according to risk management results is carried out on board level, identifying and analyzing risks that may occur in corporate business activities and from the perspective of ESG through the ESG Committee under the board of directors. In order to flexibly respond to fluctuating risks, each department in various fields is responding to risks in consideration of business, market environment, and stakeholder characteristics in complex manner.

**Risk Management System**

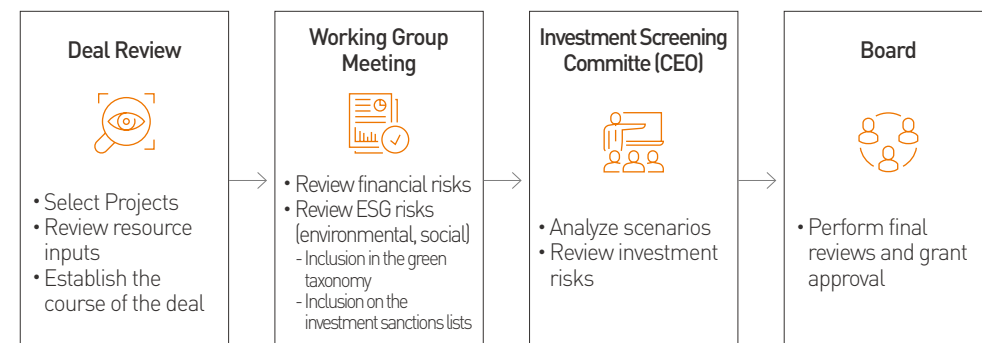


Risk Management

Risk Management Activities

Investment Risk Management

We have implemented a ESG risk reviewing process during Investment Deliberation to establish a sustainable supply chain and prevent ESG risks. Additional risks are reviewed by the ESG Part, proceeding with investment after recognizing ESG risks through supplementation and reduction plans. If the board of directors needs to make a decision, decisions are made after final review and approval by the board of directors.



Response to Crisis and Major Incidents

Emergency response guidelines have been established to effectively respond to unexpected events and emergencies such as natural disasters. Unexpected events were identified according to the crisis situation, and a disaster response organization composition, role division, and overall response process manual were established for each major building operated by D&D Property Solution (DDPS). Disaster management process is operating and preparations are made to minimize risks in case of an emergency situation related to natural disasters. We will spare no efforts for safe residence of our stakeholders to minimize damage to assets in a situation where sudden extreme weather changes occur frequently due to climate change by operating a pre-monitoring and response system.

Key Details of Emergency Response Guidelines

Stage	Unexpected events	Work standards	Responses
Caution	• Prediction of possibility of disaster by entering the direct influence area of natural disaster	• Work as usual	• Weather situation monitoring by SHE part / headquarters support part
Warning	• Occurrence of injuries threatening life in the workplace • Issuance of national alert by direct entry into the sphere of influence	• Operate hot channel at Emergency Situation Room • Confirmation of cooperation system with related institutions	• Preparation of damage recovery equipment and securing necessary materials • Suspension of construction in areas expected to suffer damage
Severe	• Occurrence of serious crisis • Direct loss of more than KRW 10 million at business sites due to fire, collapse, and other causes	• Operation of Emergency Situation Room • Formation of emergency work team and implementation of emergency work • Operation of collaboration system of related institutions	• Declare emergency situation and operate emergency response procedures • Crisis response and disaster prevention activities • Identification of damage status and establishment of damage restoration measures

ESG Risk Management by Business

We review non-financial risks as well as financial risks for sustainable corporate growth. ESG risks are derived through industry analysis and literature review, carrying out materiality assessment based on financial impact and likelihood of occurrence to identify risk and opportunity factors for each business, systematically responding to and managing risks. Also, the ESG Committee establishes countermeasures to practically manage potential risks at the board level.

Assessment Of Real Estate Development And Operation Risks And Opportunities

Category	Impact on business	Risks	Oppor-tunities	Response Directions
Policies and Laws	• Response to climate change, strengthening of ESG best practices and information disclosure standards • Need to meet the requirements according to the green classification system judgment standard	○		• Publication of climate change response status information annually through the Sustainability Report • Development, investment, and operation of buildings and spaces reflecting social change and sustainability
Market	• Increased development costs due to new materials and facilities in line with the spread of eco-friendly buildings • Increased brand value of real-estate products by meeting market requirements	○	○	• Application of environmentally and economically sustainable technologies through continued research on eco-friendly buildings • Securing status as an irreplaceable developer by actively fulfilling certification obligations such as green building certification
Reputation	• Decline in corporate reputation due to non-compliance with disclosure of eco-friendliness information and climate change response activities	○		• Participating in global initiatives such as SBTi and TCFD to actively respond to climate change
Products and Services	• Increased real estate product value through the development of eco-friendly, zero-energy buildings • Providing safe products and services as a preemptive response to climate change-related disasters		○	• Raising internal real estate development standards through application of various eco-friendly technologies and design • Preemptive response to climate change risks, such as conducting environmental impact assessments and strengthening safety to prevent damage from natural disasters

Assessment Of Eco-friendly Energy Development And Development Risk And Opportunity Factors

Category	Impact on business	Risks	Oppor-tunities	Response Directions
Policies and Laws	• Response to climate change, strengthening of ESG best practices and information disclosure standards • Need to meet the requirements according to the green classification system judgment standard	○		• Publication of climate change response status information annually through the Sustainability Report • Assessment of the suitability of SK D&D activities by analyzing green classification system guidelines
Market	• Volatility and uncertainty of the eco-friendly energy market • Increased ease of securing investment funds through expansion of green investment	○	○	• Preparation for volatility through expansion and supply of power generation portfolio and diversification of business structure • Participation in new markets with climate-related financing, including grants to improve access to renewable energy and partnerships with regional development banks
Reputation	• Civil complaints raised by the local community due to the development of eco-friendly energy	○		• Minimization of negative impact through assessment of environmental impact on local residents • Improvement of corporate image through customized social contribution activities in the vicinity of the business site
Products and Services	• Increased demand for eco-friendly energy following declarations such as RE100 and carbon neutrality		○	• Respond to growing demand for eco-friendly energy by expanding business portfolios such as fuel cells and offshore wind power
Energy Resource	• Attainment of SK D&D and national carbon neutrality according to the expansion of eco-friendly energy demand		○	• Achievement of SK D&D and national carbon neutrality by diversifying business structure from self-development to purchasing power generation resources through strategic partnership

# Information Protection

SK D&D established the goal of ‘establishing data governance to establish IT infrastructure solution to leap forward as a leader in the platform business’, promoting various information protection activities to realize the goal. In 2022, information protection regulations and guidelines were enacted and revised to systematize information protection, conducting status quo analysis and risk assessment for the company-wide security system as well. Management according to personal information processing policy, information protection regulations and related guidelines is carried out in order to protect customer information and corporate information assets, with all members making efforts to comply with company regulations for information protection.

## Information Protection Promotion System

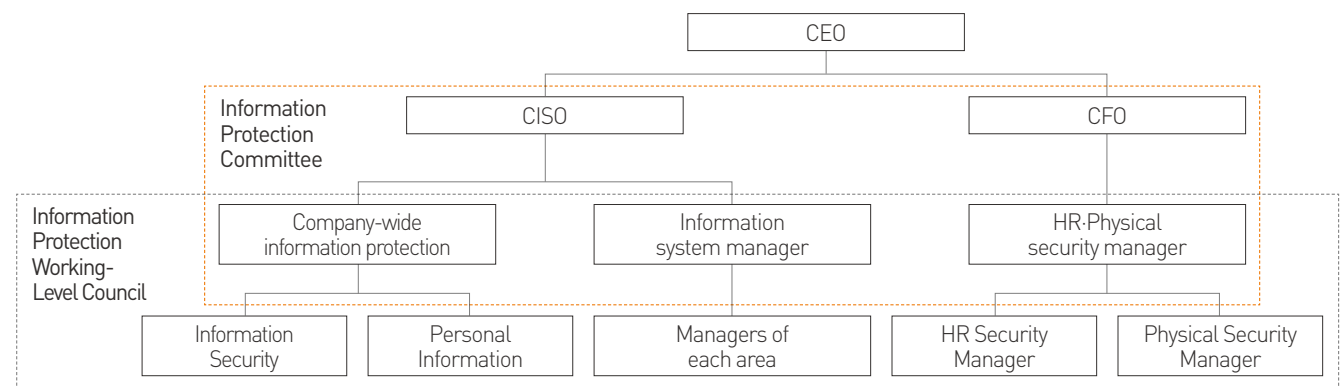
### Organization Dedicated to Information Protection

In accordance with the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc., the head of Meta-Space Headquarters with 25 years of experience in IT was appointed as the Chief Information Security Officer (CISO) and was entrusted with tasks related to information protection. We are strengthening the company-wide information security system through operation of the Information Protection Committee, the highest decision-making body dedicated to establishment of information protection policies and control procedures and operations, and the Information Protection Working-Level Council entrusted with information protection practices.

### Information Protection Implementation System



### Information Protection Organization



## Establishment of Information Protection System

**0 Case**  
Customer personal information incident(2022)

Information protection regulations and guidelines have been established and revised in 2022 to systematize information protection. Revisions have been made on requirements on operation management of working-level consultative body managing the Information Security Management System (ISMS\*). In addition, cloud management guidelines were enacted according to the company-wide conversion to cloud operating environment. Information protection policy has been posted on the groupware company regulation bulletin board for all members to recognize and an annual consent form on personal information processing is signed by members for personnel and company-related tasks to ensure personal information security, establishing and operating a comprehensive information protection system to ensure both technical security and personal information security.

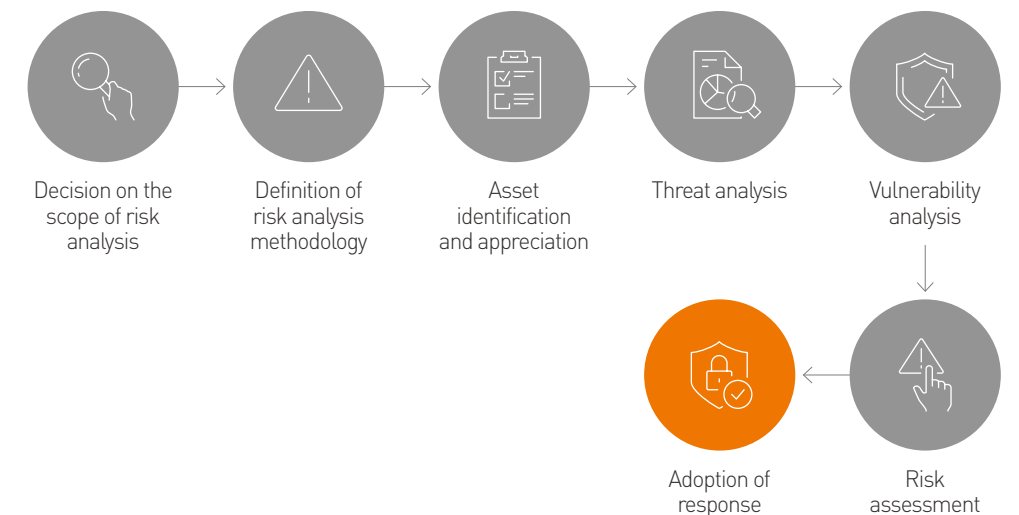
\* ISMS(Personal Information & Information Security Management System): A system in which the Korea Internet & Security Agency or a certification body certifies that a series of measures and activities for information protection and personal information protection meet the certification criteria

### Information Protection Risk Analysis and Evaluation

In 2022, current status analysis and risk assessment of the company-wide security system were carried out, and action plans were established for each sector. Based on the vulnerabilities identified through the risk analysis, we completed a risk assessment of the handling of personal information. Based on the evaluation results, action plans were established for each response period, such as immediate, short-term, mid-term, and long-term.

Category	Inspection Items	Action plans
ISMS	80	Immediate (3) Short-term (34) Mid-term (28) Long-term (4)
Personal Information	22	Short-term (7) Mid-term (5) Long-term (3)
Mock Hacking	44	Immediate(46) Short-term (2)
IT Infrastructure	332	Short-term (130) Mid-term (1695)
Total	478	Immediate(49) Short-term (173) Mid-term (1728) Long-term (7)

### Risk Analysis Process



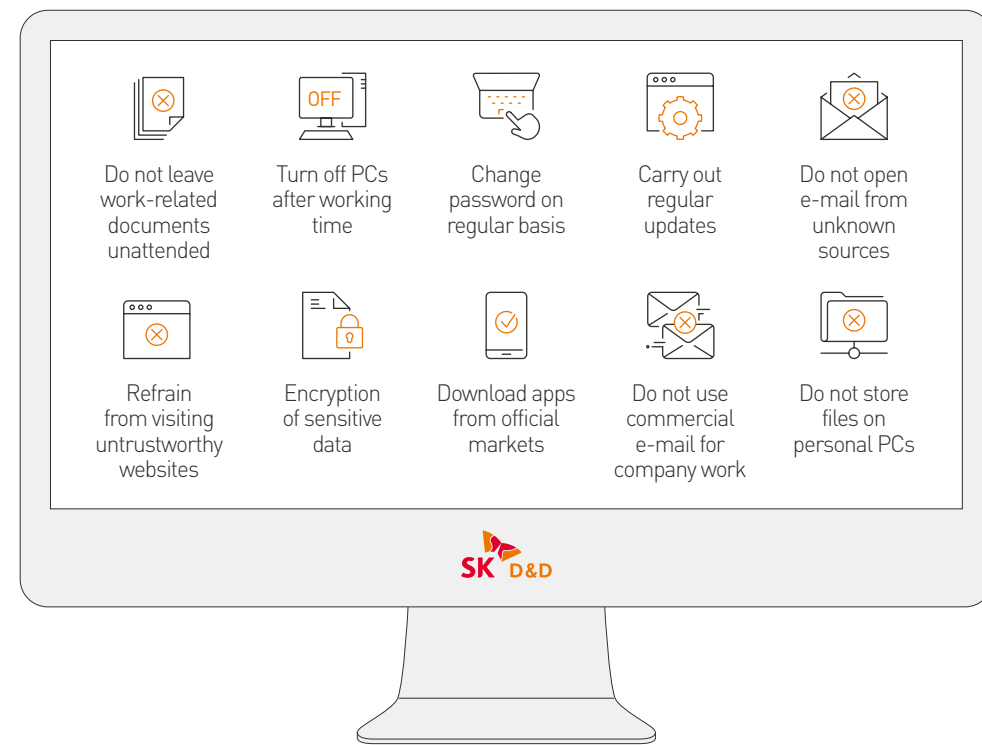
Information Protection

## Security Incident Prevention and Response

### Spreading the Culture of Information Protection

Information is checked on daily basis, and vulnerabilities and infringement incidents are notified in case of occurrence in order to prevent accidents related to information protection by strengthening employees' security awareness. We are building a culture of information protection by distributing quarterly daily security and information protection practices and sharing the results of everyday security inspections on the company's work environment with members. In addition, we are promptly notifying employees in case of spam e-mails or office-related vulnerabilities, enabling them to understand the situations and take corrective action, strengthening the level of employee security.

#### 10 rules for information protection



### Mock Training

As part of our efforts to prevent security accidents and strengthen information protection, we conduct security accident prevention training such as spam mail simulation training and mock hacking training. Spam mail mock training is conducted for all employees to prevent accidents such as leakage of company data or business interruption due to ransomware, and to also enhance employee security awareness. Furthermore, mock hacking was conducted for company-wide systems, applications, and business-related IT infrastructure used by members. As result of the mock hacking training in 2022, performance was enhanced compared to the previous year, and action plans were prepared based on training results, taking measures for relevant items.

### Information Protection Training

We provide information security training to all our employees each year to improve their information security awareness and capabilities. In 2022, online information protection training was provided to all members, with a total of 228 training hours. Furthermore, all of our employees have signed the information security pledge to recognize the importance of information security and to internalize their sense of responsibility.

### Personal Data Protection

We strictly comply with relevant laws and regulations by establishing a <Personal Information Handling Policy>, disclosing them on our website for all stakeholders to review. We are also striving to improve customer information protection awareness by conducting compulsory personal information training in order to protect personal information and prevent information leakage accidents. Furthermore, the SK Group conducts regular system inspections based on the security guidelines to take measures against discovered vulnerabilities and invest in personal information masking and encryption to prevent leakage of personal information. Also, we have purchased personal information protection liability insurance in preparation for leakage of customer information in Episode rental housing business.

# Appendix

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133	ISO 14001, 45001 Certificates
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## ESG Data

### Economic Performance

#### Financial Performance

Category	Unit	2020	2021	2022
Total assets		1,712,428	1,983,431	2,191,576
Capital		24,190	24,190	24,190
Liabilities		1,180,956	1,344,175	1,494,510
Operating revenue	KRW million	702,647	881,837	563,437
Operating profit		111,168	209,866	64,346
Income before taxes		93,209	181,595	113,723
Net income		66,111	133,635	76,213
Income taxes		27,099	47,960	37,510

\* Based on SK D&D's fixed business sites (SK D&D Headquarters (Eco-hub, Jeju Gasiri Wind Power Plant)

\*\* Gross profit cannot be calculated as the existing "sales - cost of sales - sales management expenses=operating profit" item has been changed to "operating revenue-operating expenses=operating profit".

\*\*\* Refer to the business report: SK D&D /Business Report/2023.03.17 (fss.or.kr) for detailed financial information

### Environment

#### Environmental Goals

Category	Unit	2022 target	2022 performance	Emissions-consumption compared to target
GHG emissions	tCO <sub>2</sub> eq.	1,070	1,053.14	98.4%
Energy consumption	TJ	22	21.47	97.6%

#### SK D&D Emissions and Energy Intensity

Category	Unit	2020	2021	2022	
Scope 1 emissions		169.06	236.97	242.65	
Scope 1	Fixed combustion	11.17	93.09	115.27	
	Mobile combustion	157.89	143.88	127.38	
Scope 2 emissions	tCO <sub>2</sub> eq.	557.45	758.00	810.49	
Scope 2		Electricity	509.80	705.69	747.59
		Heat	47.65	52.31	62.90
Total GHG emissions		726.51	994.97	1,053.14	
GHG emissions intensity	tCO <sub>2</sub> eq./KRW 10 billion	10.340	11.283	18.691	

\* GHG emissions data reflected SK D&D's entire business sites and emission facilities, and third-party verification has been performed for SK D&D and each subsidiary for Scopes 1, 2, and 3.  
\* Intensity is calculated based on sales from the current year.

## ESG Data

## SK D&amp;D Energy Consumption and Intensity

Category	Unit	2020	2021	2022
Electricity		10.50	14.75	15.62
Heat	TJ	1.37	1.45	1.70
Fossil fuels		2.59	3.96	4.15
Total energy consumption		14.45	20.16	21.47
Energy intensity	TJ/ KRW 10 billion	0.206	0.229	0.381

\* GHG emissions and energy consumption data reflect all of SK D&D's business sites and emission facilities. (100%)

- Headquarters, Gasiri Wind Power Plant, Suncheon Solar Power Plant, Smart Work Centers, Episode Seongsu 121

\* The intensity is calculated based on the operating revenue from last year

## Scope 3 GHG Emissions

Category	Unit	2020	2021	2022
Category 3 Energy		54.19	75.64	80.50
Category 6 Business trips		-	26.23	51.88
Category 7 Commuting		-	194.79	276.74
Category 8 Upstream leased assets	tCO <sub>2</sub> eq.	-	194.72	194.65
Category 13 Downstream leased assets		7,933.35	8,373.50	8,378.02
Category 15 Investment		41.49	4,257.57	16,426.76
<b>Total</b>		<b>8,029.03</b>	<b>13,122.47</b>	<b>25,408.55</b>

\* Calculated from 2021 for Categories 6 and 7

## Subsidiary (DDI, DDPS) GHG Emissions

Category	Unit	2020	2021	2022
DDPS	tCO <sub>2</sub> eq.	3.93	3.35	115.98
DDI		34.96	29.78	42.12

\* Established DDPS through the merger of DDLS, which was physically separated from SK D&D, and DDPM, an existing subsidiary. (Sep. 2022)

## Subsidiary (DDI, DDPS) Energy Consumption

Category	Unit	2020	2021	2022
DDPS	TJ	0.08	0.07	2.31
DDI		0.72	0.62	0.84

\* Established DDPS through the merger of DDLS, which was physically separated from SK D&D, and DDPM, an existing subsidiary (Sep. 2022)

## Subsidiary (DDI, DDPS) Scope 3 Emissions

Category	Unit	DDPS	DDI
Category 3 Energy		8.10	2.93
Category 6 Business trip	tCO <sub>2</sub> eq.	26.39	5.94
Category 15 Investment		33.49	18.36
<b>Total</b>		<b>67.97</b>	<b>27.24</b>

## GHG Emissions and Energy Consumption Reduction

Category	Unit	2020	2021	2022
Self-consumption of new and renewable energy	MWh	311.35	450.62	667.27
GHG reduction	tCO <sub>2</sub> eq.	144.87	209.67	310.48
Energy consumption reduction	TJ	2.99	4.33	6.41

\* In case of new and renewable energy generated and used by the headquarters (Eco-hub), the amount of GHG reduction is reflected in consideration of the area used by SK D&D

## Sales of Eco-Friendly Products and Services

Category	Unit	2020	2021	2022
Percentage of sales of eco-friendly products and services compared to the previous year	%	3	13	23
Sales of eco-friendly products and services	KRW million	18,323	117,304	130,646

\* Sales from new and renewable energy businesses have been reflected.

## ESG Data

## Eco-friendly Energy consumption – Power Generation and GHG Reduction Effect

Category	Unit	2020	2021	2022
Wind power	MWh	87,439	76,320	89,470
Solar power		4,191	4,144	4,338
Fuel cell		-	15,695	59,492
Total power generation		91,630	96,160	153,300
Total GHG reduction effect	tCO <sub>2</sub> eq.	42,378	40,368	55,951

\* GHG reduction effect has been calculated considering SK D&D investment share ratio

## Real Estate Development – Eco-Friendly Certification

Category	Unit	~2018	2019	2020	2021	2022
Green Building Certification	Case	2	2	4	4	2
Energy Efficiency Certification		2	2	4	7	1
LEED		-	1	-	-	-
Accumulated		4	9	17	28	31

## Water resources

Category	Unit	2020	2021	2022
SK D&D	Water consumption	7,808.0	11,005.9	12,195.3
	Reduction in water consumption	797.9	549.4	572.1
DDI	Water consumption	214.0	259.0	1,436.0
DDPS	Water consumption	400.0	410.0	382.7
Total water withdrawal		9,219.9	12,224.4	14,586.1

\* Changes in consumption from previous year due to changes in organizational boundaries and addition of facilities based on IFRS S2

\*\* Total water withdrawal includes water consumption and water reduction (rainwater, etc.)

\*\*\* Water resources data reflects all of SK D&D's business sites and discharge facilities

- Headquarters, Gasiri Wind Power Plant, Suncheon Solar Power Plant, Smart Work Centers, Episode Seongsu 121

## Waste

Category	Unit	2020	2021	2022
SK D&D	General waste	226.7	266.7	286.2
	Designated waste	3.9	2.1	1.6
DDPS	General waste	1.4	0.8	18.0
Total waste	General waste	0.7	0.7	7.6
Total waste		232.7	270.3	313.4

\* Changes in consumption from previous year due to changes in organizational boundaries and addition of facilities based on IFRS S2

\*\* Applied the value of business sites where waste emission is managed

- Headquarters, Gasiri Wind Power Plant

## Non-Compliance with Environmental Regulations

Category	Unit	2020	2021	2022
Number of violations of environmental laws and regulations	Case	-	-	-
Penalties imposed due to environmental regulatory non-compliance	KRW million	-	-	-

\* No instance of regulatory non-compliance has occurred

## Possession of Eco-Friendly Vehicles

Category	Unit	2020	2021	2022
Proportion of eco-friendly vehicles	%	-	-	7.41%

\*Percentage of eco-friendly vehicles at SK D&D, DDI, and DDPS



## Social Performance

### Employee Data

Category		Unit	2020 <sup>1)</sup>	2021	2022
Total employees			252	274	259
By gender	Male		192	201	188
	Female		60	73	71
By employment-type	Full-time	Male	185	193	183
		Female	51	61	62
	Part-time <sup>2)</sup>	Male	7	8	5
		Female	9	12	9
Diversity by position	Unregistered executives	Male	8	7	10
		Female	1	1	-
	G3	Male	39	41	41
		Female	1	-	-
	G2	Male	104	106	103
		Female	29	38	42
G1	Male	41	47	34	
	Female	29	34	29	
Female managers			-	-	-
Diversity and inclusion	Percentage of disabled workers	%	2.0%	1.8%	1.9%
	Percentage of female workers		24%	27%	27%
Others	Socially vulnerable group <sup>3)</sup>	Persons	12	11	9

1) Correction due to incorrect entry of the total number of employees in 2020 (March 17, 2023)

2) Part time employees: includes fixed-term, daily, and service dispatch workers

3) Socially vulnerable group: Including people with disabilities and those of national merit

\* Since there is no labor union within SK D&D, collective agreements do not apply, and the Management Development Council is in operation for consultations between labor and management

### Recruitment and Turnover

Category		Unit	2020	2021	2022
Recruitment	Male	Persons	59	62	54
	Female		19	25	34
Turnover	Turnover rate		22.7	30.3	29
	Voluntary turnover	%	14.1	16.8	24.7

\* Scope of involuntary turnover workers: transfer to related companies, expiration of contract, etc.

### Employee Performance Evaluation

Category		Unit	2020	2021	2022
Proportion of employees receiving regular performance evaluation (By position)	Executive		75	77.8	91.7
	PL		100	100	93.8
	Manager	%	86.8	85.3	90.7
Proportion of employees receiving regular performance evaluation (By gender)	Male		89.6	91	93.6
	Female		81.7	75.3	84.5
	Total		87.7	86.9	91.1

### Wage and Benefits

Category		Unit	2020	2021	2022
Average wage	Male	KRW million	108	92	119
	Female	KRW million	65	59	67
Benefits	Rate of employee benefit use	%	100%	100%	100%
	Amount of expenditure	KRW million	4,835	5,268	5,953

### Parental Leave

Category		Unit	2020	2021	2022
Employees who took parental leave (female)			-	1	1
Employees who returned from parental leave (female)		Persons	1	-	-
Employees who returned from parental leave and worked for at least 12 months afterwards (female)			1	1	-

### Social Contribution

Category		Unit	2020	2021	2022
Total CSR investment		KRW million	131	1,111	793.6
Total amount of donation		KRW million	131	641.9	685.9
Number of persons participating in CSR activities		Persons	30	177	215
Percentage of workplaces that engage in community engagement activities		%	100%	100%	100%

## ESG Data

## Talent Development

Category	Unit	2020	2021	2022
Total training expenses	KRW million	496	703	663
Training expenses per person	KRW million/person	2.0	2.6	2.6
Total training hours	Hours	20,888	21,166	11,508
Training hours by program	Job competency	17,756	15,658	7,711
	Compliance, ethics, human rights, anti-corruption	1,542	2,013	2,002
	Environment	1,067	1,486	750
	Health and safety	251	1,121	759
	Fair trade	20	339	58
	Information security	252	548	228
Training hours per person	Hours/person	82.9	77.2	44.4

## Business Partners

Category	Unit	2020	2021	2022
No. of business partners	No.	104	184	127
Purchase amount	KRW 100 million	2,983	2,254	2,983

\* Performance of contracts in which SK D&D is the ordering body

## Occupational injury

Category	Unit	2020	2021	2022
Lost time incidents for employees	No.	-	-	-
Fatalities for employees	No.	-	-	-
Lost Time Incident Rate (LTIR) for employees	%	-	-	-
Employee fatality rate	%	-	-	-

\* No employee accidents or deaths

## Infringement of Indigenous Rights

Category	Unit	2020	2021	2022
Infringement of Indigenous Rights	%	-	-	-

\* No infringement of indigenous rights has occurred.

## Complaint Handling and Communication Channels

Category	Unit	2020		2021		2022	
		Received	Handled	Received	Handled	Received	Handled
Wrongful acts against subcontractors		-	-	-	-	1	1
Others (non-management reports such as complaints)	No.	4	4	6	6	7	7
Processing rate	%	100%		100%		100%	

## Non-Compliance of Internal Regulations and Follow-up Measures

Category	Unit	2020	2021	2022
No. of discriminations and harassments	No.	-	1	-

\* In 2019, disciplinary measures were taken through the HR Committee for 1 case of violation

## Personal Information Protection

Category	Unit	2020	2021	2022
No. of complaints filed regarding breaches of customer privacy and loss of customer data	No.	-	-	-
No. of proven customer data breaches, theft, or loss		-	-	-

\* No complaints received to personal information protection, leakage, theft, or loss

## Expenditures for Personal Information Protection

Category	Unit	2021	2022
Expenditures in information technology	KRW million	6,620	13,120
Expenditures in information protection		655	1,101
Proportion of expenditures in information protection	%	9.9%	8.4%

## Governance

### Composition of Board of Directors

Category	Unit	2020	2021	2022
No. of inside directors	Persons	1	1	1
No. of non-executive director		3	3	3
No. and percentage of outside directors	Persons (%)	2 (33%)	4 (50%)	4 (50%)
Target ratio of outside directors (independent directors) within the board of directors	%	50%	50%	50%

### Diversity of Board of Directors

Category	Unit	2020	2021	2022
Directors under the age of 50	Persons	1	1	-
Directors over the age of 50		6	7	8
No. and percentage of female directors		0(0%)	0(0%)	0(0%)

### Board of Directors Operation

Category	Unit	2020	2021	2022
Total Board meetings held		19	17	13
Agenda items discussed	Agenda proposed	51	52	53
	Agenda approved	51	52	53
Director attendance	Outside directors	98%	98%	100%
Participation rate	Total attendance	99%	99%	100%

### Board of Directors Operation

Category	Unit	2020	2021	2022
HR Committee	Meetings held	-	4	5
	Participation rate	-	92%	100%
Audit Committee	Meetings held	-	9	10
	Participation rate	-	100%	100%
Independent Director Recommendation Committee	Meetings held	-	2	1
	Participation rate	-	100%	100%
ESG Committee	Meetings held	-	1	4
	Participation rate	-	100%	100%

\* In 2021, the HR Committee (June), the Audit Committee (March), the Independent Director Recommendation Committee (June), and the ESG Committee (June) were newly established.

### Inside Directors and Employee Remuneration

Category	Unit	2020	2021	2022	
Internal directors	Total annual remuneration	KRW million	1,420	1,852	1,502
Employees	Average remuneration		98	105	105

\* As reported in business report

### Dividend Policy

Category	Unit	2020	2021	2022	
Common shares	No.	1,000 shares	18,990	22,190	22,190
	Dividend per share	KRW	600	800	800
	Cash dividend yield	%	1.4	2.5	1.9
Preferred shares	No.	1,000 shares	5,200	2,000	2,000
	Dividend per share	KRW	1,022	1,022	1,022
Cash dividend payout ratio (consolidated basis)		%	25.4	14.9	25.9
Total dividends		KRW million	16,708	19,796	19,796

### Voluntary Disclosures and IR Events

Category	Unit	2020	2021	2022
Voluntary disclosures	No. of cases	3	-	5
IR events		1	3	4

\* IR events are held at least twice a month for analysis and institutional investors IR events are held at least twice a month for analysis and domestic and foreign institutional investors in addition to disclosures.

### Anti-Competitive Behavior

Category	Unit	2020	2021	2022
Legal action for anti-competitive behavior or violation of monopoly regulation laws	No.	-	-	-

### ESG Ratings (KCGS)

Category	2020	2021	2022
Overall Rating	B	A	A
Environment	C	A	A
Social	B	A+	A
Governance	B+	A	A

# Stakeholder Participation

## SKMS (SK Management System)

SKMS, SK Group's management system, was first established in 1979 and has since served as the foundation for all SK employees to stand united and aim higher based on the shared understanding of the essence of business management. To 'bring sustainable happiness to employees' which is the ultimate goal of SK management, SK D&D will follow VWBE\* as its unique philosophy and methodology to pursue SUPEX\*\*. Each and every SK member, with their backing of SK's management philosophy and commitment to living by its precepts, helps inch us toward becoming a community where we continue to create happiness for members and stakeholders, growing hand-in-hand through the self-reinforcing cycle of employee happiness – VWBE culture – SUPEX Company.

\* VWBE: Voluntary and Willing Brain Engagement

\*\* SUPEX: Super Excellent Level, highest human level possible



## Stakeholder Communication

SK D&D categorizes its major stakeholder groups into employees, customers, business partners, shareholders & investors, and local communities to identify key issues and reflect them in its business operations. To this end, we operate a range of communication channels to integrate their varying interests into our management decision-making and will bolster our disclosures to reach to wider stakeholders. In respecting the human rights of our stakeholders, we abide by the norms and laws governing our conduct as a business to fulfill our social responsibility. To this end, we identify key stakeholders surrounding SK D&D and set major tasks for each stakeholder group to take specific approaches.

## Stakeholder Identification

Employees	Business Partners	Customers	Local Communities	Shareholders & Investors
<ul style="list-style-type: none"> <li>Increased diversity</li> <li>Health &amp; safety</li> <li>Individual growth</li> <li>Happiness</li> <li>Subsidiary transaction review</li> </ul>	<ul style="list-style-type: none"> <li>Fair transactions</li> <li>Mutual partnerships</li> <li>Ethical management</li> </ul>	<ul style="list-style-type: none"> <li>Increased customer satisfaction</li> <li>Information security, privacy</li> <li>Product/service safety</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement/development</li> <li>Social contribution</li> <li>Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder-friendly policies</li> <li>ESG information</li> </ul>

## Human Rights

## Communication Channels for Stakeholders

Stakeholder	Communication channel	Frequency
Employees	CEO-employee communication events (Happisode)	Regular/year-round
	Company-wide communications (All Hands Meeting)	Quarterly
	Counseling/whistleblowing channels for ethical management and human rights issues	Year-round
Business Partners	Customer inquiry channel on the website	Year-round
	Counseling/whistleblowing channels for ethical management and human rights issues	Year-round
Customers	Customer satisfaction surveys	Annually
	Customer center (skcenter@sk.com)	Year-round
	Counseling/whistleblowing channels for ethical management and human rights issues	Year-round
Local communities	Local governments (economy, social, welfare, education, etc.)	Year-round
	Counseling/whistleblowing channels for ethical management and human rights issues	Year-round
Shareholders & Investors	Shareholder meetings	Regular
	IR events	Year-round
	Disclosures on the website	Year-round

# Environmental/Safety Policy

## Environmental Management Policy

SK D&D aims to expedite the transition to cleaner energy and contribute to mitigating GHG emissions by expanding eco-friendly energy generation. In line with the accelerating energy transition for national 2050 carbon neutrality, market reorganization towards clean energy, supply chain issues and the importance of energy security, we will move beyond the existing business structure focused on development and management to scale up our generation capacity and tap into the new business territories of solutions and distribution, diversifying our business structure in the process.

SK D&D systematically manages environmental management activities by establishment and internalization of management infrastructure to minimize environmental risks and raise the level of environmental management while striving to expand eco-friendly businesses.

- ① SK D&D proactively moves forward to tackle the climate crisis.
- ② SK D&D officially endorses and proactively applies international environmental declarations, standards and norms.
- ③ SK D&D pursues continuous innovation across its entire business operations to provide eco-friendly products and services.
- ④ SK D&D transparently discloses environmental management information to stakeholders in conformity with global standards.
- ⑤ SK D&D strives to minimize any adverse environmental impacts that may stem from its business operations.
- ⑥ SK D&D continuously advances its environmental management strategy and implementation system.
- ⑦ SK D&D endeavors to abide by environmental laws and regulations and establish a culture of environmental management.

CEO, SK D&D, Do-hyun Kim



## SHE Management Implementation System

### SHE Mission

Put people and the environment before all else and achieve zero in fatal injuries. We actively protect and practice safety, health, and the environment through SHE management, and realize sustainable management by meeting the needs of various stakeholders.

### Target

- ① Achieve zero fatal injuries
- ② Thoroughly abide by SHE laws and regulations and advance SHE management above and beyond the legal standards
- ③ Advance SHE management to lead business partners.

# Human Rights Policy

## Human Rights Policy Declaration

SK D&D publicly endorses the human rights principles presented by the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Right; Ruggie Framework of the UN Human Rights Commission, and conventions of the International Labor Organization, and vows to abide by these principles. We will also ensure that we comply with these international agreements on human rights and labor for all stakeholders along our entire value chain, including our employees, business partners, local communities, and customers. To this end, we announce our human rights policy as follows.

### Respect for human rights

We respect the dignity of all our employees and ensure no inhumane conduct occurs, physically, psychologically or otherwise.

### Anti-discrimination

We respect the diversity of all our employees, and do not discriminate in terms of labor conditions including recruitment, wages, promotions, and/or training on the grounds of gender, race, disability, religion, political orientation or town of origin.

### Ban on compulsory labor

We never endorse forced labor through the means of psychological and/or physical constraint, and rigorously comply with labor standard laws regarding employment contracts.

### Ban on child labor

We abide by the minimum age of employment stipulated by national or local laws, and continue to verify that appropriate, lawful procedures are implemented and observed.

### Compliance with work hour / work condition regulation

We comply with work hour regulations stipulated by national and local laws, and provide legally-appropriate compensation as stipulated by labor relation laws and regulations.

### Workplace health and safety

We abide by the environmental laws and regulations set forth by respective nations as well as health and safety standards, and work to protect the environment while preventing environmental disasters and safety incidents.

### Community engagement

We identify the potential impact of our business operations on local communities and protect them from any infringement of their human rights.

CEO, SK D&D, Do-hyun Kim



# GRI Index

Statement of Use	GRI 1 used	Applicable GRI Sector Standards
GRI standards have been applied in reporting sustainable management for the period from January 1, 2022 to December 31, 2022.	GRI 1: Foundation 2021	As of June 2023, the reporting date, the GRI Sector Standard for the real estate development industry has not been announced and therefore cannot be used

Reporting Topic	GRI Standards	Disclosure	Page	Note
GRI 2: Organizational Profile and Reporting Principles	GRI 2-1	Organizational details	10-11	
	GRI 2-2	Entities included in the organization's sustainability reporting	2	
	GRI 2-3	Reporting period, frequency, and contact point	2	
	GRI 2-4	Restatements of information	Changed data added separately in comments	
	GRI 2-5	External assurance	130-131	
GRI 2: Activities and Workers	GRI 2-6	Activities, value chain and other business relationships	10-19	
	GRI 2-7	Employees	114	
	GRI 2-8	Workers who are not employees	Refer to 396p of business report	
GRI 2: Governance	GRI 2-9	Governance structure and composition	88-90	
	GRI 2-10	Nomination and selection of the highest governance body	88-89	
	GRI 2-11	Chair of the highest governance body	88	
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	22-23, 88-92	
	GRI 2-13	Delegation of responsibility for managing impacts	22-23, 88-92	
	GRI 2-14	Role of the highest governance body in sustainability reporting	22-23	
	GRI 2-15	Conflicts of interest	89-90	

Reporting Topic	GRI Standards	Disclosure	Page	Note
GRI 2: Governance	GRI 2-16	Communication of critical concerns	22-23, 101-103	
	GRI 2-17	Collective knowledge of the highest governance body	92	
	GRI 2-18	Evaluation of the performance of the highest governance body	93-94	
	GRI 2-19	Remuneration policies	93-94	
	GRI 2-20	Process to determine remuneration	93-94	
	GRI 2-21	Annual total compensation ratio	119	
	GRI 2-22	Statement on sustainable development strategy	4-9	
	GRI 2-23	Policy commitments	61-63	
	GRI 2-24	Embedding policy commitments	61-63	
	GRI 2: Strategy, policies and practices	GRI 2-25	Processes to remediate negative impacts	101-103
GRI 2-26		Mechanisms for seeking advice and raising concerns	63, 80, 98	
GRI 2-27		Compliance with laws and regulations	113, 119, Refer to page 449 of our business report	
GRI 2: Stakeholder Engagement	GRI 2-28	Membership associations	136	
	GRI 2-29	Approach to stakeholder engagement	120-121	
GRI 3: Material Topics 2021	GRI 2-30	Collective bargaining agreements	114	
	GRI 3-1	Process to determine material topics	28-31	
	GRI 3-2	Management of material topics	28-31	
	GRI 3-3	Management of material topics	28-31	

GRI Index

Reporting Topic	GRI Standards	Disclosure	Page	Note
<b>Material Topic #1: Climate Change - Energy</b>				
GRI 3: Material Topics 2021	GRI 3-3	Material topic management	30-31	
GRI 302: Energy 2016	GRI 302-1	Energy consumption within the organization	30-31	
	GRI 302-3	Energy intensity	110	
	GRI 302-4	Reduction of energy consumption	111	
	GRI 302-5	Reductions in energy requirements of products and services	41-43, 111	
GRI 305: Emissions 2016	GRI 305-1	Direct (Scope 1) GHG emissions	109	
	GRI 305-2	Indirect (Scope 2) GHG emissions	109	
	GRI 305-3	Other indirect (Scope 3) GHG emissions	110-111	
	GRI 305-4	GHG emissions intensity	109	
	GRI 305-5	Reduction of GHG emissions	43, 111	
<b>Material Topic #2: Health and Safety Management</b>				
GRI 3: Material Topics 2021	GRI 3-3	Material topic management	30-31	
GRI 403: Occupational Health and Safety 2018	GRI 403-1	Occupational health and safety management system	64	
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	66	
	GRI 403-3	Occupational health services	66	
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	67	
	GRI 403-5	Worker training on occupational health and safety	68	
	GRI 403-6	Promotion of worker health	57	
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	68-69	
	GRI 403-9	Work-related injuries	116	

Reporting Topic	GRI Standards	Disclosure	Page	Note
<b>Material Topic #3: Risk Management</b>				
GRI 3: Material Topics 2021	GRI 3-3	Material topic management method	30-31	
Company specific metrics	-	Advancement of risk management system*	101-103	
<b>Material Topic #4: Eco-friendly Space</b>				
GRI 3: Material Topics 2021	GRI 3-3	Material topic management method	30-31	
Company specific metrics	-	LEED and other eco-friendly building certifications*	36, 37, 135	
<b>Material Topic #5: Securing Talent and Employee Growth</b>				
GRI 3: Material Topics 2021	GRI 3-3	Material topic management method	30-31	
GRI 401: Employment 2016	GRI 401-1	New employee hires and employee Turnover	114	
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	57	
	GRI 401-3	Parental leave	58, 115	
GRI 404: Training and Education 2018	GRI 404-1	Average hours of training per year per employee	116	
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	58-59	
<b>Non-Material Topics</b>				
GRI 205: Anti-Corruption 2016	GRI 205-2	Communication and training about anti-corruption policies and procedures	116	
	GRI 205-3	Confirmed incidents of corruption and actions taken	117	
GRI 418: Customer Privacy 2016	GRI 418-1	Identified cases of customer information leakage	117	
GRI 303: Water and Effluents 2018	GRI 303-3	Water withdrawal	112	
	GRI 303-5	Water consumption	112	
GRI 306: Waste 2020	GRI 306-3	Waste generated	113	

\* No applicable GRI standards

# TCFD Index

TCFD Recommendations		Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	44
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	48-49, 101-103
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks including a 2°C or lower scenario.	101-103
	b) Describe the organization's processes for managing climate-related risks.	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	48-51, 101-103
	b) Disclose Scope 1, Scope 2, and, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

# SASB Index

## Sustainability Disclosure Topics & Accounting Metrics

\* Real Estate

Category	Metric Code	Metric	SK D&D Status
Energy consumption management	IF0402-01	Energy consumption data coverage as a percentage of floor area	Applied to all rental housing (100%) (0.257 TJ/m <sup>2</sup> ) - Annual total energy consumption: 38TJ, Total area: 150,000m <sup>2</sup>
	IF0402-02	Total energy consumed by portfolio area with data coverage, percentage grid electricity, and percentage renewable	12% (applied to all rental housing (100%)) - New and renewable energy: 494MWh, Total energy consumption: 38TJ
	IF0402-03	Change in energy consumption of portfolio area with data coverage compared to previous year	187% (applied to all rental housing (100%)) - Increase from opening of new rental housing in 2022
	IF0402-04	Percentage of eligible portfolio that has obtained an energy rating	71%
	IF0402-05	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	In accordance with the establishment of the 2050 Net Zero strategy including Scope 3, eco-friendly building method is considered when investing and operating. Programs for reduction of emissions are being promoted
Water resources management	IF0402-06	Water withdrawal data coverage as a percentage of total floor area and percentage in regions with High or Extremely High Baseline Water Stress	100% - All rental housing is located at Seoul with high water resource stress index
	IF0402-07	Total water withdrawn by portfolio area with data coverage and percentage in regions with High or Extremely High Baseline Water Stress	
	IF0402-08	Like-for-like change in water withdrawn for portfolio area with data coverage	230% (applied to all rental housing(100%)) - Increase from opening of new rental housing in 2022
Management of Tenant Sustainability Impacts	IF0402-09	Discussion of water management risks and description of strategies and practices to mitigate those risks	All of the water supply is provided by the Korea Water Resources Corporation
	IF0402-10	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and associated leased floor area	Not applicable
	IF0402-11	Percentage of tenants that are separately metered or submetered for grid electricity consumption	100% (individually measured for all households)
	IF0402-11	Percentage of tenants that are separately metered or submetered for grid electricity consumption for water withdrawals	100% (individually measured for all households)
Climate Change Adaptation	IF0402-12	Description of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Programs to solve housing and environmental problems for residents are being planned, and incentives are also being planned
	IF0402-13	Area of properties located in FEMA Special	Not applicable
	IF0402-14	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	We are identifying potential risk factors in advance and preemptively responding to climate change risks through eco-friendly design. We have also established and are operating a response system for possible risks through establishment of emergency response processes

\* Covers rental housing owned and invested by SK D&D (Episode and others) – Episode Seongsu 101, Seongsu 121, Sinchon 369, Gangnam 262, Seocho 393, Suyu 838, and Guui Welltz

Activity Metric	Metric Code	SK D&D Status
No. of assets (by real estate sector)	IF0402-A	7 rental housing
Rentable space (floor) area by building subclass	IF0402-B	Total gross area: 150,000m <sup>2</sup>



# Independent Assurance Statement



## To: The Stakeholders of SK D&D

### Introduction and Objectives of Work

BSI Group Korea (hereinafter “the Assurer”) was requested to verify 2022 SK D&D Sustainability Report (hereinafter “the Report”). This assurance statement applies only to the relevant information included in the scope of the assurance. SK D&D is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide SK D&D Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of SK D&D.

### Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018 and Type 2 was limitedly verified against the GRI topic standards below, based on the data and information provided by the reporting organization.

GRI Topic Standards: 302-1, 302-3~5, 305-1~5, 401-1~3, 403-1~7, 403-9, 404-1~2

### Scope

- The scope of assurance applied to the Report is as follows;
- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023.
  - Major assesstion included in the report, such as sustainability management policies and strategies, goals, projects, key performance indicators and performance, and the report contents related to material issues determined as a result of materiality assessment.
  - Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

- Financial information in Appendix
- Index items related to other international standards and initiatives other than the GRI and SASB
- Other related additional information such as the website, business annual report.

### Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

### Limitation

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

### Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

### AA1000 AP (2018)

#### Inclusivity: Stakeholder Engagement and Opinion

SK D&D defined Employees, Customers, Business Partners, Local Communities and Shareholders/investors as key stakeholders groups, and operated communication channels for each stakeholder group for engagement. SK D&D reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.

#### Materiality: Identification and reporting of material sustainability topics

SK D&D established the strategy related to sustainability management and established the process to derive reporting issues. SK D&D identified financial and social/environmental impacts and derived 5 material issues based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

#### Responsiveness: Responding to material sustainability topics and related impacts

SK D&D established the management process for material issues determined by the materiality assessment, implemented a response plan for each issue to appropriately respond to the derived material issues that reflects the expectations of stakeholders. SK D&D disclosed the process including policy, indicator, activity and response performance on material issues in the Report.

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

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

#### Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with SK D&D. The Assurer has conducted this verification

independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group’s assurance standard methodology.

### Evaluation against GRI ‘In Accordance’ Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by SK D&D, the sector standard was not applied.

### [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]

205-2~3, 302-1, 302-3~5, 303-3, 303-5, 305-1~5, 306-3, 401-1~3, 403-1~7, 403-9, 404-1~2, 418-1

27<sup>th</sup> June 2023

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

# GHG Verification Statement



SK D&D Co., Ltd.

Place of business in Korea : Pangyo Eco hub, Wind Power Generation in Gasiri,Jeju, Smart Work Center 3 sites, Episode Seongsu 121

The Korea Management Registrar Inc. (hereinafter "KMR") has conducted the verification on the greenhouse gas (hereinafter "GHG") emission (Scope 1,2&3) of SK D&D Co., Ltd. (hereinafter "the Company") in 2022.

**SCOPE**

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

**STANDARDS**

- ISO 14064-1:2006, ISO 14064-3:2006
- WRI/WBCSD GHG Protocol
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme

**LIMITATIONS**

The verification has inherent limitations that may arise in the process of applying standards and methods.

**RESULTS**

- GHG verification has been performed to meet the limited assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an "qualified" opinion.

GHGs Emission	Scope1 Direct emissions	Scope2 Indirect emissions	Scope3 Cat 3/6/7/8/13/15	Total (tCO <sub>2</sub> -eq)
2022	242.648	810.494	25,408.548	26,459

Energy Consumption	Scope1 Fuel	Scope2 Electricity	Scope2 Steam	Total (TJ)
2022	4.152	15.645	1.700	21

May 16th, 2023



Authorized By   
CEO Eun Ju Hwang

# ISO 14001 Certificate

Certificate No : REM2974



Certificate of Registration

## ENVIRONMENTAL MANAGEMENT SYSTEM

This is to certify that  
the environmental management system of

**SK D&D CO.,LTD.**

at

Head Quarter: 3F, #332, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi, Korea  
SK D&D CO.,LTD. Jeju Gasiri Wind Farms: #421-58, Noksan-ro, Pyoseon-myeon, Seogwipo-si, Jeju-do, 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:**

1. Development and Sales of Real Estate(Knowledge Industry Center, Office, Hotel, Residential Commercial Facilities, Logistics Center)
2. Development and Sales of Eco-Friendly Energy(Solar, Wind, Fuel CELL, ESS)

Issue Date : Jul. 12. 2022

Certification Date : Jul. 12. 2022

Valid Date : Jul. 11. 2025



Authorized By   
CEO Eun Ju Hwang

# ISO 45001 Certificate

Certificate No : ROH1626



Certificate of Registration

## OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

This is to certify that  
the occupational health and safety management system of

### SK D&D CO.,LTD.

at  
Gasiri Wind Power Plant: #421-58, Noksan-ro, Pyoseon-myeon, Seogwipo-si, Jeju-do, Korea

**Has been found to conform to the Occupational Health and Safety Management System Standards:  
KS Q ISO 45001:2018/ISO 45001:2018**

**This Certificate is valid for the following product or service ranges:**  
Development and Sales of Eco-Friendly Energy  
(Solar, Wind, Fuel CELL, ESS)

Issue Date : Sep. 26. 2022

Certification Date : Sep. 26. 2022

Valid Date : Sep. 25. 2025

Authorized By   
CEO Eun Ju Hwang





# Green Building Certification

Building	Certification	Date of Certification	Certification Body
Gangnam Station Office	G-SEED (Excellent)	Mar. 2023	Korea Green Building Council
	Building Energy Efficiency Rating (1+)	Mar. 2023	Korea Institute of Building Energy Technology
Saeng-gag Gongjang in Dangsan	G-SEED (Excellent)	Nov. 2022	Korea Green Building Council
	Building Energy Efficiency Rating (1+)	Nov. 2022	Korea Research Institute of Eco-Environmental Architecture
Episode Suyu 838	G-SEED (Excellent)	Mar. 2022	Korea Productivity Center Quality Assurance
	Building Energy Efficiency Rating (1+) - Residential	Nov. 2021	Korea Institute of Building Energy Technology
	Building Energy Efficiency Rating (1+) - Non-residential	Nov. 2021	Korea Institute of Building Energy Technology
Episode Gangnam 262	G-SEED (Excellent)	Nov. 2021	Korea Green Building Council
	Building Energy Efficiency Rating (1+) - Residential	Nov. 2021	Korea Institute of Building Energy Technology
	Building Energy Efficiency Rating (1+) - Non-residential	Nov. 2021	Korea Institute of Building Energy Technology
Episode Sinchon 369	G-SEED (Excellent)	Nov. 2021	Korea Productivity Center Quality Assurance
	Building Energy Efficiency Rating (1+)	Nov. 2021	Korea Productivity Center Quality Assurance
Episode Seocho 393	G-SEED (Excellent)	Jul. 2021	Korea Green Building Council
	Building Energy Efficiency Rating (1++)	Jul. 2021	Korea Institute of Building Energy Technology
Business Hotel in Pangyo	G-SEED (Good)	Jul. 2021	Korea Environmental Industry & Technology Institute
	Building Energy Efficiency Rating (1+)	Jul. 2021	Korea Institute of Building Energy Technology
Business Hotel in Jeo-dong	G-SEED (Excellent)	Nov. 2020	Korea Environmental Industry & Technology Institute
	Building Energy Efficiency Rating (1+)	Sep. 2020	Korea Institute of Building Energy Technology
Seongsu SK V1 Center ( I )	G-SEED (Excellent)	May. 2020	Korea Productivity Center Quality Assurance
	Building Energy Efficiency Rating (1+)	May. 2020	Korea Productivity Center Quality Assurance
Seongsu SK V1 center ( II )	G-SEED (Excellent)	May. 2020	Korea Productivity Center Quality Assurance
	Building Energy Efficiency Rating (1+)	May. 2020	Korea Productivity Center Quality Assurance
Seongsu Desian Plex (W)	G-SEED (Excellent)	Apr. 2020	Korea Productivity Center Quality Assurance
	Building Energy Efficiency Rating (1+)	Mar. 2020	Korea Productivity Center Quality Assurance
Office development in Seosomun	G-SEED (Excellent)	Sep. 2019	CreBizQM
	Building Energy Efficiency Rating (1)	Aug. 2019	Korea Appraisal Board
Mullae SK V1 center	LEED Platinum	Dec. 2019	US Green Building Council
	G-SEED (Good)	Aug. 2019	Korea Green Building Council
Gangnam Station BIEL 106	Building Energy Efficiency Rating (1+)	Aug. 2019	Korea Research Institute of Eco-Environmental Architecture
	G-SEED (Good)	Apr. 2018	Korea Green Building Council
Office building development in Mullae	Building Energy Efficiency Rating	Apr. 2018	Korea Institute of Building Energy Technology
	G-SEED (Excellent)	Dec. 2017	Korea Environmental Industry & Technology Institute
	Building Energy Efficiency Rating (1)	Nov. 2017	Korea Institute of Building Energy Technology

## Major Awards and Memberships in Associations

### Association

Korea Data Center Association

Korea ESS Industry Development Association

ESS Ecosystem Promotion Council

Korea Wind Energy Industry Association

Fuel Cell Industry Development Council

Korea Fire Safety Association

Korea Power Exchange

Korea Proptech Forum

### Awards

Red Dot Award: Spatial Communication Interior Design Award

German Design Award – Special Mention in Brand Identity category

iF Awards – Corporate Identity Branding in Communication Design category

A' Design Award and Competition Bronze Award in the Graphic Communication category

Coliving Awards Best Operator of the Year Category

Serviced Apartment Awards 2021 - Best Coliving Development

### Initiatives

K-RE100

Declaration of implementation of RE100 in 2023

TCFD

Declaration of support TCFD, TCFD report publication (12. 2022)