SK D&D ESG Report

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Our ESG Approach

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CEO Message

CEO Message

GRI 2-22

“SK D&D is a space development partner that creates sustainable cities and a living solution partner for better urban living, pursuing the happiness of shareholders, partners, members and citizens.”

Beyond traditional concepts of 'development' and 'supply', SK D&D aspires to evolve into a leading space developer and platform company, creating value for new cities through content-centric operations and sustainable building solutions.

CEO, SK D&D, Do-hyun Kim

SK D&D was founded in 2004 and celebrates its 20th anniversary this year. Throughout these years, despite facing various challenges in the corporate environment, we pride ourselves on consistently anticipating and capitalizing on these changes, thereby achieving stable growth.

SK D&D has achieved significant growth in just 20 short years, starting from real estate agency services to secure initial operating costs, expanding into furniture business, office development, and other real estate ventures, establishing ourselves as a pioneering developer. Leveraging our core competency in development expertise, we diversified into sectors such as solar, wind, and fuel cell power generation, and energy storage systems (ESS), enabling us to independently operate in the renewable energy sector. Building on these achievements, in the second half of 2023, we decided to spin off our real estate and energy businesses to accelerate shareholder value enhancement and foster independent growth of diversified ventures. Completing the spin-off in March 2024, the newly established entity, SK Eternix, embarked on a promising new journey, recognized for its growth potential and strong corporation valuation in the market.

Following the spin-off, SK D&D, the surviving company, plans to strengthen its foundation as a real estate developer with a lighter structure. We aim to diversify our revenue streams and enhance its stability by expanding revenue from development-centric businesses into investment management, operations, and IT platforms and extending the holding and operational periods of our assets. Investment management will be expanded through our subsidiary, D&D Investment (DDI), to increase assets under management (AUM) in REITs, thereby enhancing acquisition, operation, and disposition fees, while simultaneously expanding operational earnings through our other subsidiary, D&D Property Solution (DDPS), via entrusted leasing, master leases, and consulting services.

Furthermore, as our operational activities expand, the need for IT solutions to enhance operational efficiency is increasing. Therefore, we aim to internalize IT solution development to elevate our operational efficiency and generate solution revenue through sales to external operators. Additionally, we established Connectfy Cloud with a leading domestic platform company, 'Yanolja', in 2023 and are preparing to launch our first service this year to create a residential platform business as another opportunity for value creation, connecting convenience service providers to residents living in operational asset.

If our traditional real estate development sector and ongoing business models align successfully, we are confident that not only will the stability of our earnings increase significantly, but we will also achieve a sustainable foundation for growth.

SK D&D is also advancing continuous improvement in ESG aspects while evolving its business models for sustainability.

SK D&D declared a Net Zero commitment and roadmap to minimize greenhouse gas emissions in 2022 and implemented RE100 for both the headquarters and subsidiaries in 2023. Moreover, with increasing demand for environmental and social excellence among consumers in the space industry, we strive to develop and supply products enhanced with ESG factors, thereby creating economic and social value and addressing environmental and social issues throughout the space development lifecycle.

Since 2023, SK D&D has implemented a human rights management system to ensure that all members are respected and can experience fulfillment and growth through their work. We also are advancing ABCD (A Better Company D&D) activities to enhance corporate culture through communication with our members. Besides, we support subcontractors in various ways to ensure safety at SK D&D project sites that we commission and engage actively in social contribution initiatives for community cooperation.

To strengthen transparent governance, SK D&D continuously optimizes and operates a board-centered management system, earning recognition as the best governance company by the Korea Institute of Corporate Governance and Sustainability (KCGS) in 2023 for our commitment to responsible corporate practices.

In the future, real estate will emphasize its sharing and experience-oriented use values. Among these, a narrative of integrating diverse human and social values and cultures into the space will be crucial. Despite challenging business environments, SK D&D will courageously create the values of a new city where happiness and prosperity coexist, and sincerely pursue the happiness of the company, society, customers, shareholders, and employees. We earnestly ask for your continued interest and support in SK D&D's meaningful journey.

Company Overview

GRI 2-1

ESG Strategy

Organization Information

Category	Language	Content
Company name	Korean	에스케이디앤디주식회사
	English	SK D&D Co., Ltd
Core Business		Since its foundation in 2004, SK D&D has grown to become the only comprehensive space developer in Korea that operates across the entire real estate value chain, from development to asset management and operation. SK D&D develops and operates user-centered spaces through IT-based solutions and platforms, and has a diverse portfolio of work spaces such as offices, knowledge industry centers, and logistics centers, as well as residential spaces focused on rental housing.
Headquarters		332 (Sampyeong-dong), Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
Business Region		South Korea

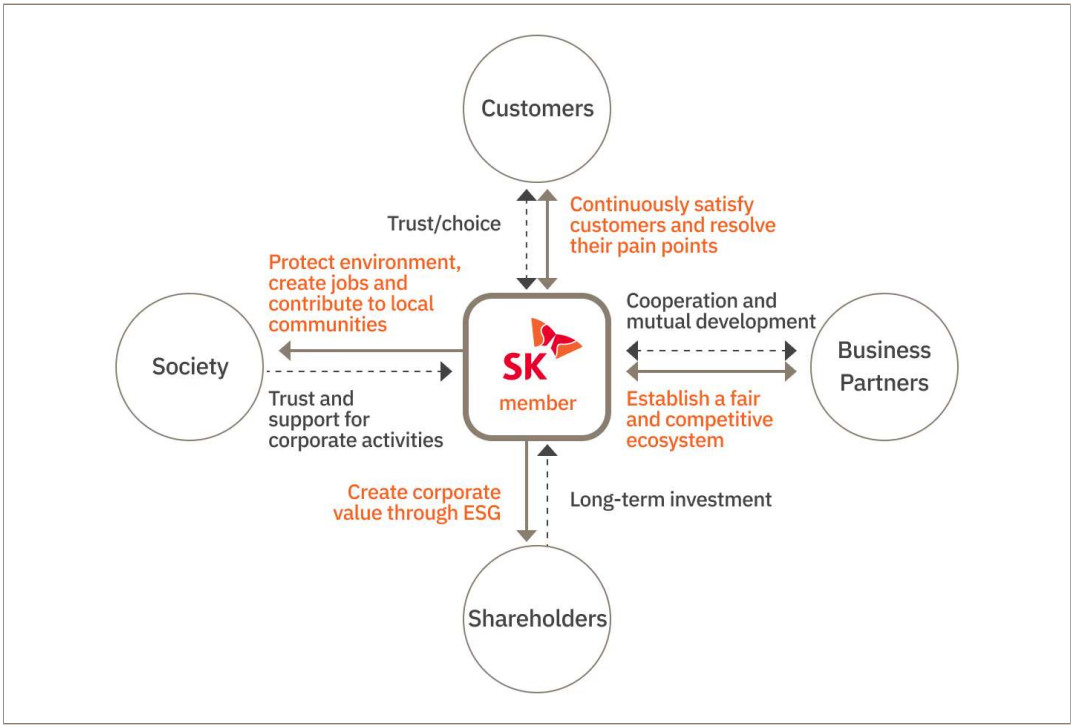
SK D&D Company Overview SK D&D Core Business

ESG Management System

SKMS (SK Management System)

The SK Management System (SKMS), the management philosophy of the SK Group, was first established in 1979. Since then, it has served as a foundation for unifying the efforts of all SK members and enhancing management standards, based on a common understanding of the essence of corporate management. SK D&D aims to pursue the happiness of all stakeholders surrounding the company, in line with SK's management goal of 'sustainable happiness for members'. SK D&D strives to achieve harmony and balance in the happiness of both internal and external stakeholders and will continue to create both social and economic value for all stakeholders in the long term, thereby developing and strengthening trust relationships with them.

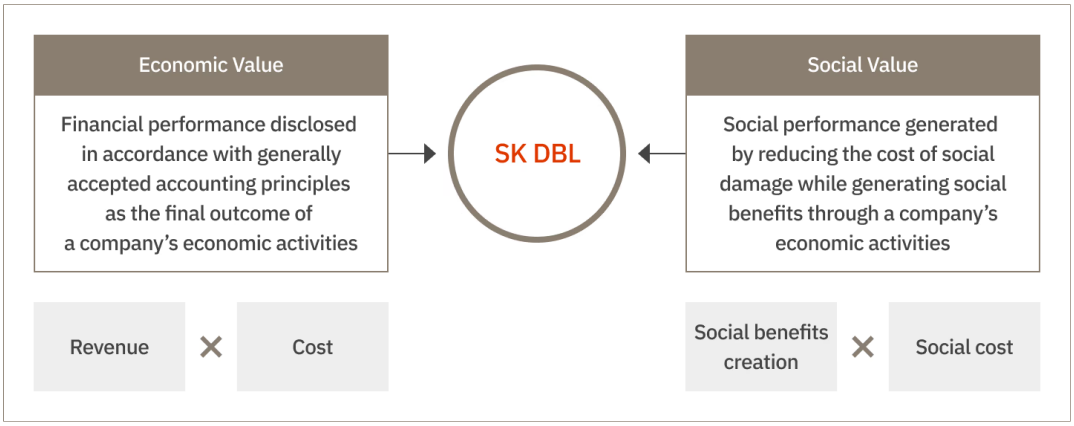
Relationships and Roles between SK and Stakeholders



SK DBL

SK DBL (Double Bottom Line) represents the starting point of business model innovation and enhancement of corporate value, embodying SK's strategic management approach to growing alongside society. It signifies the pursuit of both Economic Value (EV) and Social Value (SV) throughout its business operations. Through initiatives in business, social contribution, and economic indirect contributions, SK DBL aims to create social value, thereby maximizing happiness among all society members based on stakeholder trust.

DBL(Double Bottom Line)



Social Value Creation

GRI 203-2

In 2023, SK D&D measured the economic and social values provided by the lifestyle offered through its co-living brand, Episode, targeting customers (residents) who ultimately consume its final value. To

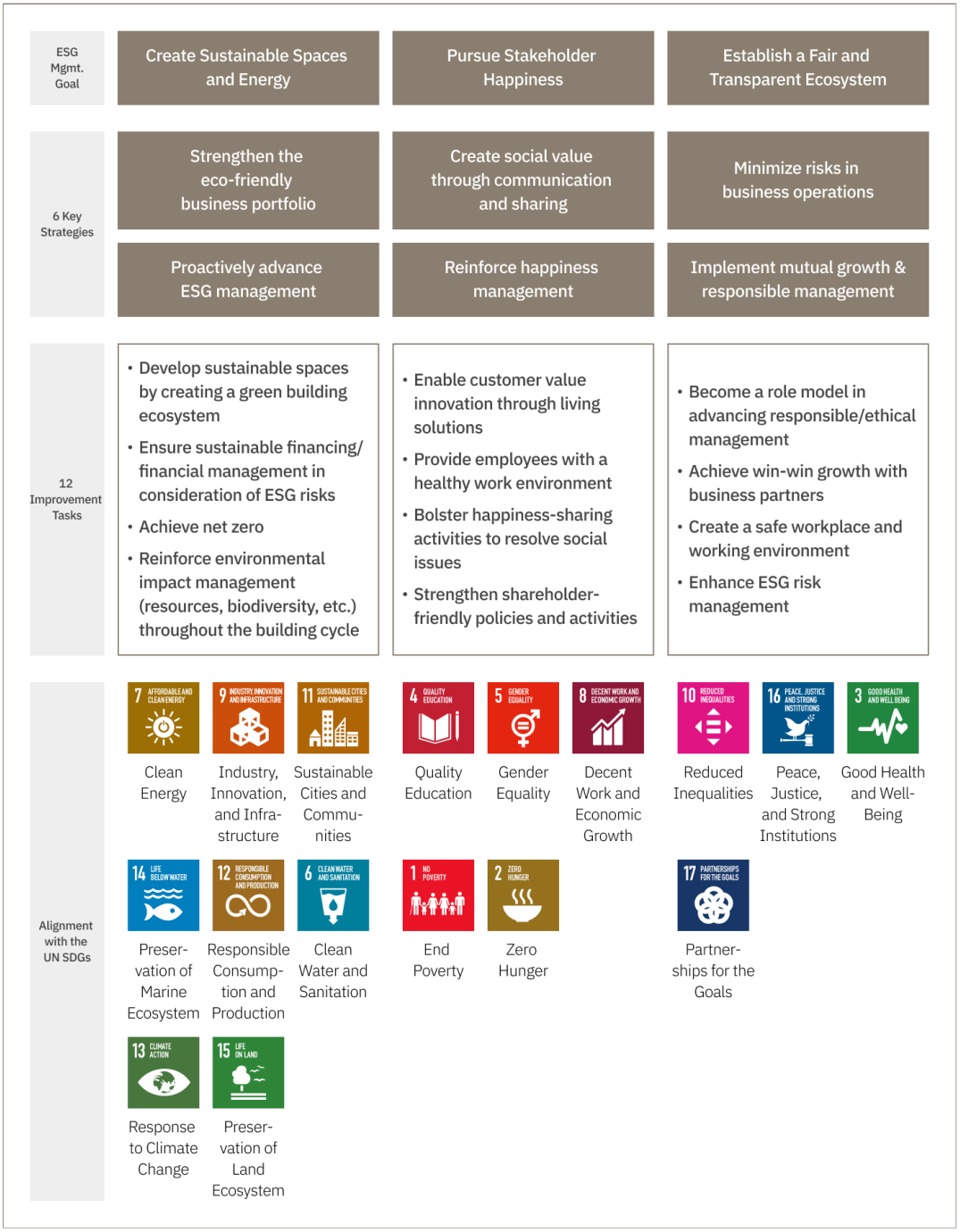
understand the needs of customers related to residential living from move-in to move-out, we conducted Focus Group Interviews (FGI), In-Depth Interviews (IDI), and surveys with 930 residents (52% of all households as of 2023). Based on their responses, we identified 33 representative needs across five areas— space, residential environment, additional services, operations management, and self-realization and interaction— and quantified the value we provided.

Focusing on optimizing services from a user perspective through Episode operations, we confirmed the creation of 26.8 billion KRW in economic and social value in 2023. Looking forward, our goals include developing new products, fostering mutual growth with local communities, and extending operational services through Episode to enhance resident satisfaction and further expand Economic Value (EV) and Social Value (SV) creation.

SK D&D ESG Strategy

SK D&D strives to pursue SK Group's management philosophy and DBL management strategy, while also establishing ESG management goals aimed at the happiness of stakeholders and promoting sustainable management. Based on six key strategies, we have set 12 improvement tasks and are actively implementing them to engage in addressing global challenges that require international cooperation and further contribute to the United Nations Sustainable Development Goals (UN SDGs).

ESG Management Implementation System



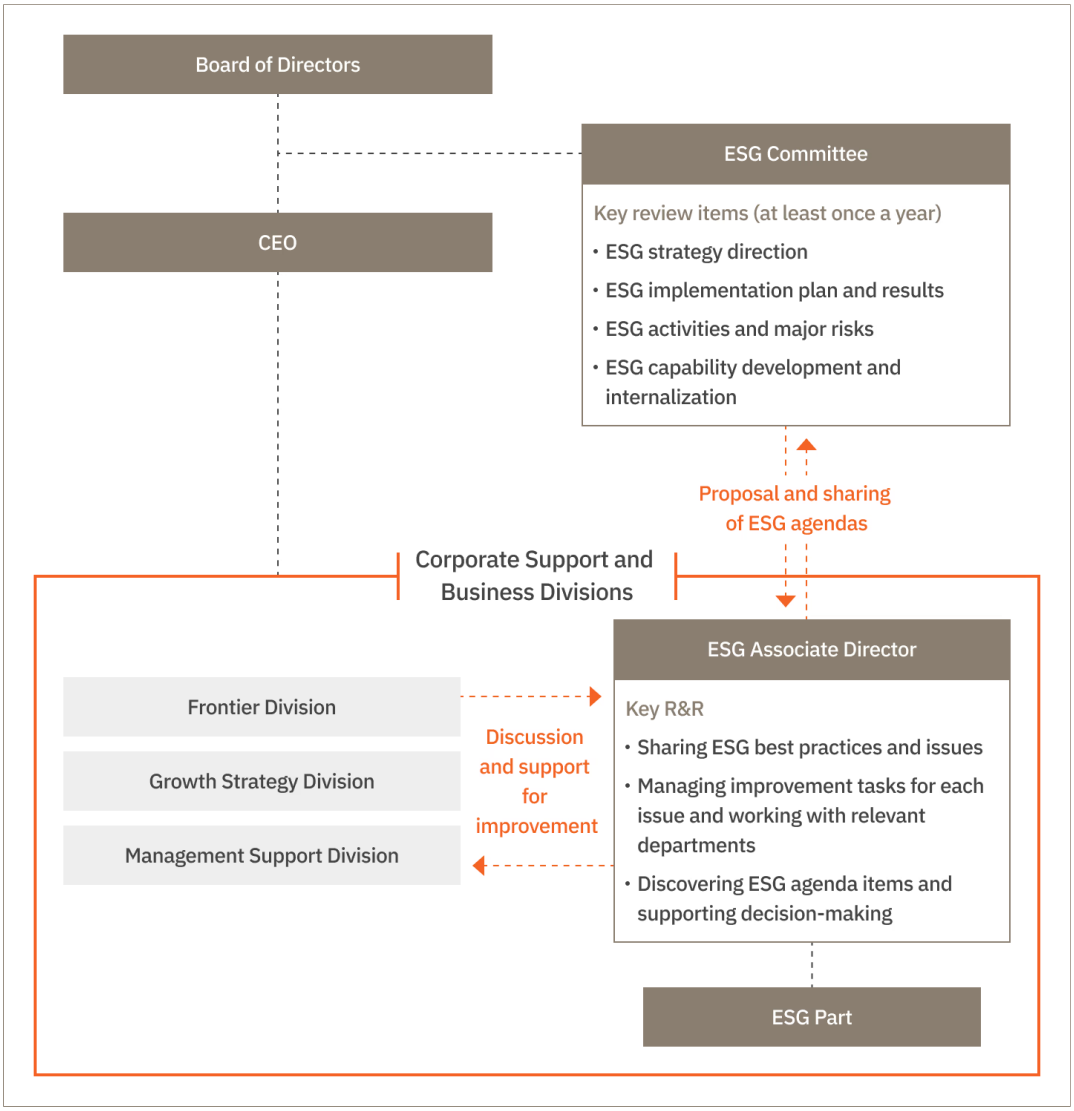
ESG Governance

GRI 2-12 GRI 2-13 GRI 2-14 GRI 2-16

SK D&D has established and operates an ESG Committee under its board of directors. The ESG Committee regularly reviews and oversees plans, activities, and progress in key ESG management issues such as climate change, carbon neutrality, human rights, supply chain, community engagement, and information protection. In addition, the committee identifies and reviews on potential ESG risks and opportunities in business operations, following reporting and approval procedures for material issues, to strengthen ESG risk management at the board level.

Furthermore, the ESG Associate Director and the ESG Part, empowered by the board with responsibility and authority for ESG management, measure, review, and identify initiatives to improve overall ESG performance. They conduct double materiality assessments to support board-level reviews and decisions on material topics, reporting ESG materiality to the ESG Committee. Moreover, the Space Strategy Committee under the CEO applies the ESG risk review process during major business and investment activities to advance risk management and supports the SHE management activities led by the Chief Safety Officer (CSO) to enhance ESG standards in business operations.

ESG Committee Activities



Materiality Assessments

Double Materiality Assessment

SK D&D performs annual materiality assessment to identify material topics among our sustainability matters and establish ESG strategies that reflect the needs of our internal and external stakeholders. In 2024, we conducted a double materiality assessment in accordance with the European Financial Reporting Advisory Group's (EFRAG) Materiality Assessment Implementation Guidance.

The double materiality assessment is a process for identifying a company's actual and potential impacts, risks, and opportunities related to sustainability matters, in order to determine material topics. It was

conducted through impact materiality assessment which analyzes the impacts of a company's business activities on economy, environment and people, and financial materiality assessment that examines the potential financial risks and opportunities arising from sustainability matters, respectively.

Double Materiality Assessment Process

GRI 3-1

Step 1. Understanding the organization's context

To understand the company's sustainability context, SK D&D considered business activities across the value chain and both internal and external stakeholders, and reviewed and redefined existing sustainability reporting matters. Additionally, we analyzed the media, peer companies, and global ESG disclosure and rating standards to identify sustainability matters that reflecting industry characteristics. Through this process, a total of 22 sustainability matters were determined.

Step 2. Identifying Impacts, Risks, and Opportunity

SK D&D reviewed the actual and potential impacts on the economy, environment, and people across all stages of the value chain, and identified the positive and negative aspects of each impact based on various internal and external resources used to derive our sustainability matters. We also analyzed financial risks and opportunities related to sustainability matters from short, medium, and long-term perspectives.

Identifying Impacts for Sustainability Matters

Impact Analysis	Impact type	Details
Global ESG initiatives and standards	Potential	• Analysis of standards including ISO 26000, UN SDGs, UN Guiding Principles on Business and Human Rights (UNGPs), and others • Review of ESG disclosure standards such as Global Reporting Initiative (GRI) Standards

Media exposure	Actual	• Analysis of 239 press releases from 157 domestic media portals
		  • Period: January 1, 2023 - February 29, 2024
		  • Keyword-centered analysis of company's non-financial impacts related to environmental, social, and governance factors

Sustainability matters of peer company group	Actual	• Analysis of disclosure documents from 7 leading companies in the domestic and international real estate construction/development/management/operation industries • Reference: Sustainability Reports, Integrated Reports, Annual Reports, etc.
SK D&D's internal/external stakeholder engagement	Potential, Actual	• Review of sustainability matters and material topics from last year's materiality assessment • Mapping of business area value chains by sustainability matters • Analysis of ESG department ('ESG Part') survey results • Incorporation of third-party expert advisory opinions

Identifying Financial Risks and Opportunities for Sustainability Matters

Risk and Opportunity Analysis	Details

Global ESG disclosure and rating standards	• Analysis of domestic and international ESG disclosure and rating metrics requirements
	  • Morgan Stanley Capital International (MSCI) ESG Ratings
	  • Korea ESG Standards Institute (KCGS) ESG Rating
	  • Sustainability Accounting Standards Board (SASB) Standards

Media exposure	• Analysis of 239 press releases from 157 domestic media portals
	  • Period: January 1, 2023 - February 29, 2024
	  • Keyword-centered analysis of financial impacts of the company's business

SK D&D's internal/external stakeholder engagement	• Evaluation of SK D&D's ESG strategy, business portfolio, types and flows of capital, and other factors • Analysis of Finance/Strategy Department survey results • Review of internal KPIs aligned with sustainability matters

Step 3. Assessing Impact Materiality and Financial Materiality

A total of 22 sustainability matters were analyzed for their impact, risk, and opportunity factors to assess impact materiality and financial materiality.

Impact Materiality Assessment

We assessed impact materiality by considering the severity and likelihood of impacts related to sustainability matters. Specifically, for negative impacts, we prioritized them by analyzing the severity of each issue in terms of scale, scope, and irremediable character.

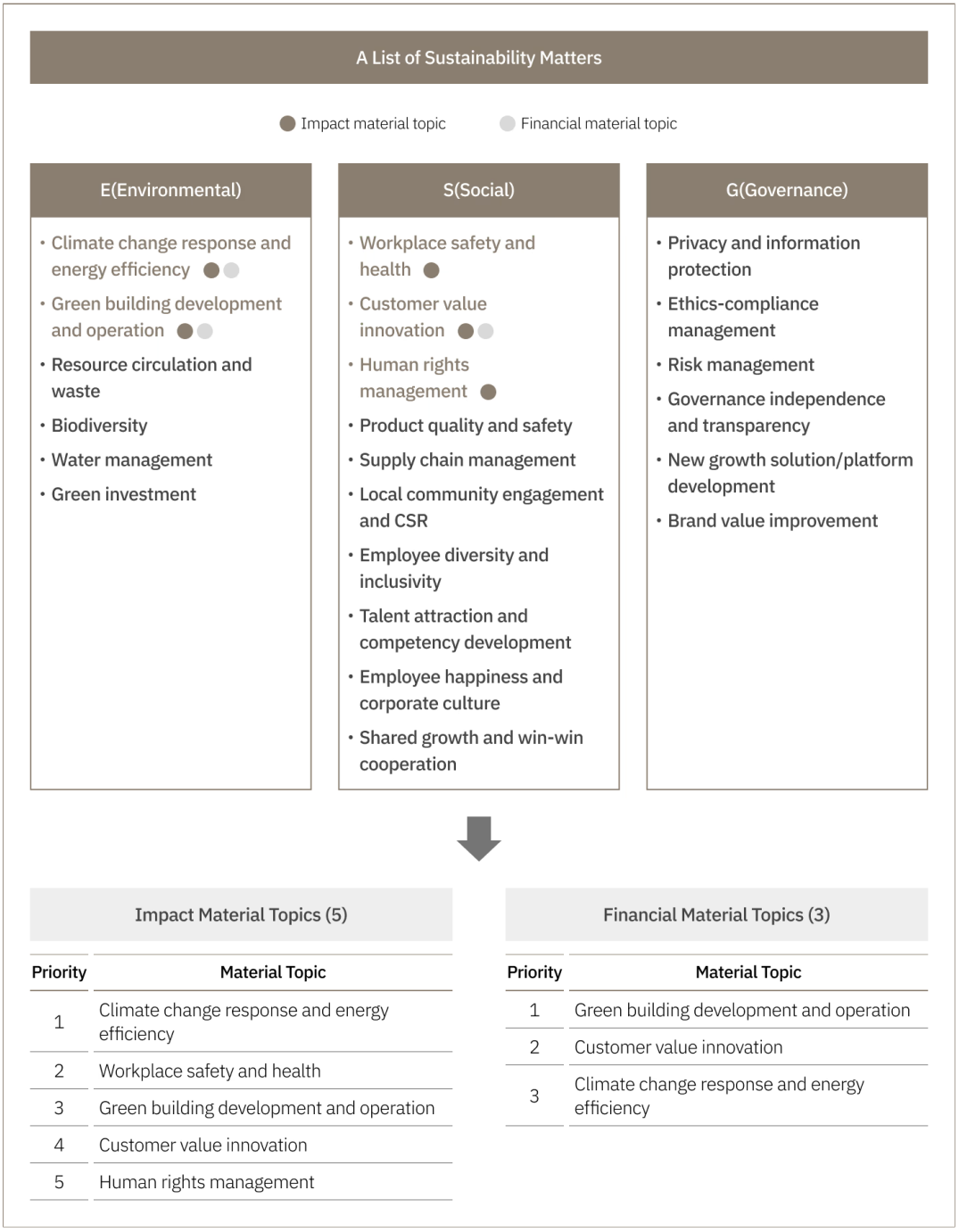
Financial Materiality Assessment

Based on the impact materiality of the identified sustainability matters, we derived financial risks and opportunities by considering each matter's potential impact on the company development, financial performance, cash flow, and financial condition from short, medium, and long-term perspectives, along with the likelihood of the issue occurring. Subsequently, we assessed the financial materiality of each issue by analyzing internal stakeholder surveys, organizational key performance indicators (KPIs), and requirements from domestic and international ESG disclosure and rating standards.

Step 4. Consolidating the Double Materiality Assessment Results

A total of 22 sustainability matters were prioritized through the double materiality assessment, resulting in 5 impact material topics and 3 financial material topics. The five impact material topics are: 1) climate change response and energy efficiency, 2) workplace safety and health, 3) green building development and operation, 4) customer value innovation, and 5) human rights management. The three financial material topics are: 1) green building development and operation, 2) customer value innovation, and 3) climate change response and energy efficiency; these were also selected as impact material topics.

Double Materiality Assessment Results



Impact Material Topics (5)

Priority	Material Topic
1	Climate change response and energy efficiency
2	Workplace safety and health
3	Green building development and operation
4	Customer value innovation
5	Human rights management

Financial Material Topics (3)

Priority	Material Topic
1	Green building development and operation
2	Customer value innovation
3	Climate change response and energy efficiency

* In the previous year, the material topics were 1) climate change · energy, 2) safety and health management, 3) risk management, 4) eco-friendly space, and 5) talent management, in this order, totaling five topics. For this year, 'customer value innovation' and 'human rights management' have been newly selected as material topics, while 'risk management' and 'talent management' have been excluded. In addition, 'eco-friendly space' has been redefined as 'green building development and operation.'

SK D&D provides detailed disclosure on all sustainability matters, including materiality topics, throughout this sustainability report. We solidified our material topics through review and approval from the board of directors and are managing the impacts, risks, and opportunities associated with each topic in alignment with our corporate management and ESG strategies.

SK D&D Material Topics

GRI 3-2

Impact Material Topics (5)

● High◐ Medium○ Low

Impact Materiality	Topic					Reporting Table of Contents
	Priority	Scope of Impact within Value Chain	Affected Stakeholders	Impact*		
				Posi-tive	Nega-tive	
Climate Change Response and Energy Efficiency	1	Product/service, business sites, supply chain	Shareholders·investors, customers, local community	◐	●	Climate Change Response
Workplace Safety and Health	2	Business sites, supply chain	Business partners, local community	○	●	Safety and Health Management
Green Building Development and Operation	3	Product/service, supply chain	Shareholders·investors, Business partners, customer	●	◐	Green Building and Real Estate Development
Customer Value Innovation	4	Product/service	Shareholders·investors, customer	●	○	Customer Satisfaction Management
Human Rights Management	5	Business sites, supply chain	Employees, business partners, local community	●	◐	Human Rights Management

* Assessing each topic's positive and negative impacts on the economy, environment and people

Financial Material Topics (3)

● High◐ Medium○ Low

Topic	Financial Materiality							Reporting Table of Contents
	Priority	Financial Impact Areas	Impact Period			Impact Aspect*		
			Short-term	Mid-term	Long-term	Risk	Opportunities	
Green Building Development and Operation	1	• Cost • Revenue • Risk	●	●	●	◐	●	Green Building and Real Estate Development
Customer Value Innovation	2	• Cost • Revenue • Risk	◐	●	●	◐	●	Customer Satisfaction Management
Climate Change Response and Energy Efficiency	3	• Cost • Risk	○	●	●	●	◐	Climate Change Response

* Assessing each topic's impacts on the company's financial performance, categorized into risks and opportunities

Impacts, Risks and Opportunities

Impact Materiality Topics

GRI 3-3

SK D&D has assessed the actual and potential impacts of sustainability matters on the economy, environment, and people across the value chain, and determined five material topics to identify impacts. Based on the business context related to each topic, we have identified actual and potential impacts and established mid- to long-term impact management strategies, which are being publicly disclosed along with our 2023 performance.

Material Topic ① Climate Change Response and Energy Efficiency

Business Context	SK D&D, as a leading domestic developer, clearly understands its responsibility in addressing the global climate crisis. Recognizing the environmental impact of energy consumption throughout the real estate value chain, we are committed to efforts to reduce greenhouse gas emissions. To comply with climate-related regulations and requirements, we have established our '2030 Net Zero Roadmap,' and greenhouse gas reduction targets based on SBTi, and disclose our implementation progress in accordance with TCFD recommendations.
Actual/ Potential Impacts	During real estate development construction, activities like resource consumption, energy use, and waste disposal would increase greenhouse gas emissions. Besides, land use changes resulting from real estate development and operations can harm local ecosystems and biodiversity, exacerbating climate change.
Impact Management Strategy	Mid- to long- term target: Achieve Net Zero at workplace by 2030 Achieve Net Zero across the entire value chain by 2050 • Implement RE100 for achieving Net Zero at workplaces and expand transition to electric vehicles (EV100) for corporate fleets • Assess energy consumption in investment assets and supply chains, and strengthen GHG emission management • Reduce GHG emissions across the value chain through eco-friendly asset investments
Business Cases and 2023 Performance	• Achieved RE100 implementation in 2023 • Completed calculation and third-party verification of GHG emissions (Scope 1, 2, and 3) for 2023 • Identified climate change risks and opportunities and disclosed response strategies • Earned an A in the KCGS ESG rating for "Environment" for a third consecutive year

Climate Change Response

Material Topic ② Workplace Safety and Health

Business Context	SK D&D is committed to complying with workplace safety and health obligations under enhanced regulations like the Serious Accidents Punishment Act and the EU Supply Chain Due Diligence Act. To proactively manage safety and health issues, we have developed the 'SHE Mid- to Long-term Roadmap' with the mission of 'achieving zero serious accidents'. We aim to protect stakeholders' safety, ensuring thorough safety and health management across all business sites, including headquarters, workplaces, construction sites and leased assets.
Actual/ Potential Impacts	Safety accidents can result in manpower losses, reduced productivity, project delays, or additional costs. Serious incidents like chemical leaks can also have devastating effects on workers and local communities. Poor safety and health management adversely affects the well-being of our employees and contractors in the short term and may impair the long-term health and living conditions of tenants (customers).
Impact Management Strategy	**Mid- to long- term target** Advance safety and health management for SK D&D and its subsidiaries by 2024 Expand safety and health management system across supply chain by 2025 • Integrate serious accident prevention into CSO KPIs linked with compensation • Assign management executives an accountability for monitoring and addressing major hazardous risk factors • Implement safety competency assessments for business partners and strengthen selection criteria for contractors
Business Cases and 2023 Performance	• Provided differentiated safety trainings by position/target (Executives: 1 time / responsible departments: 3 times / project managers: 4 times / group-wide: 1 time / on- site: 7 times) • Conducted a total of 229 regular on-site safety inspections in 2023 • Completed 100% of corrective actions for 377 identified improvements from 2023 safety competency assessments for business partners • Achieved zero industrial accidents over the past three years • Enhanced SK D&D's safety management and expanded its scope (SK D&D -> subsidiaries -> supply chain)

Safety and Health Management

Material Topic ③ Green Building Development and Operation

Business Context	SK D&D is expanding the development of green buildings by applying standards that exceed those required by the current laws and regimes to realize carbon neutrality by 2050, in compliance with the government's 'Framework Act on Carbon Neutrality and Green Growth For Coping With Climate Crisis' and the 'Green Buildings Construction Support Act.' Specifically, targeting the acquisition of 100% green building certification for residential and commercial buildings annually, we are increasing the eco-friendly certification ratio in our portfolio each year. Furthermore, we strive to continuously reduce the environmental impact of our buildings by not only focusing on architectural design and construction phases but also by providing services that encourage customers' eco-friendly activities.
Actual/ Potential Impacts	Greenhouse gas emissions throughout the entire value chain from construction to operation and disposal of buildings account for approximately 38% of global greenhouse gas emissions. Scaling up green building can reduce negative environmental impacts by increasing energy efficiency and reducing greenhouse gas emissions. In addition, using eco-friendly building materials can positively contribute to society by promoting resource circulation, environmental protection, and human health.
Impact Management Strategy	**Mid- to long- term target:** Achieve 100% green building certifications for residential and commercial buildings Create social value and achieve value-up of products by applying ESG building solutions • Expand green building development and investment through the application of ESG building solutions (energy efficiency, Zero Energy Building, etc.) throughout the entire process • Integrate ESG-based real estate development goals into the KPIs of the Chief Real Estate Officer and align them with compensation • Manage the environmental impact performance of our investment/operating portfolio (GHG, water, energy, etc.)
Business Cases and 2023 Performance	• Obtained 5 environment-related certifications for buildings from 2023 to the half of 2024 (Green Building Certification, Building Energy Efficiency Rating, etc.) • Achieved cumulative total of 36 green building certifications • Measured environmental impact through life cycle assessment of Episode Yongsan 241 • Acquired the Ministry of Environment prize at the 2023 Korea Green Award for 'Saeng-gag Gongjang Dangsan', a knowledge industry center

Green Building and Real Estate Development

Material Topic ④ Customer Value Innovation

Business Context	SK D&D aims to grow as an IT solution-based space platform company that contributes to solving social issues related to urban life and housing. With these objectives in mind, we seek to meet customer needs and maximize customer value by providing differentiated space experiences and living solutions. Beyond mere residential spaces, we are strengthening the sustainability of our spaces and services to enable customers and communities to create social value together.
Actual/ Potential Impacts	Various services that optimize customers' experience of using space and improve their quality of life can have a positive impact on community members. Particularly with the rise of social issues such as increasing single-person households and urban housing prices, co-living culture is gaining attention as an alternative solution. Through shared experiences and community activities, we aim to foster a culture of inclusivity, restore communal spirit, and activate the sharing economy to reduce resource waste and environmental pollution.
Impact Management Strategy	**Mid- to long- term target** Create customer value through differentiated space experiences and living solutions Achieve customer experience innovation with data and ICT across space development, transaction, and operations • ‘New Urban Space Developer': Develop, invest in, and operate building spaces that reflect social change and sustainability • 'Leading Beyond Space Solution': Deliver ‘Space as a Service’ based on customer value, data, and AI, connecting reality and virtual space with DT and overcoming time and place constraints • 'ESG Ecosystem': Build social connections, integration, and business models through healthy urban regeneration and revitalization
Business Cases and 2023 Performance	• Completed construction of 'Episode Yongsan' in November 2023 • Developed metrics to secure customer empathy and trust among Episode customers, and measured social value using those metrics • Achieved an award in the ‘Impact & Sustainability’ category at the 3rd Co-living Awards for ‘Episode Seocho 393’ • Signed an MOU with global co-living company 'Habyt' to strengthen residential solution capabilities

Customer Satisfaction Management

Material Topic ⑤ Human Rights Management

Business Context	SK D&D endeavors to practice human rights management with the goal of protecting and promoting the rights of all stakeholders affected by our real estate business. We have established our human rights impact assessment system to identify human rights risks and implement improvement measures in advance. Additionally, we have developed a roadmap to comprehensively expanding the targets of human rights impact assessment, extending from our headquarters and subsidiaries to local communities, customers and business partners.
Actual/ Potential Impacts	Inadequate levels of human rights management could lead to deteriorating partnerships with labor relations or business partners, potentially delaying project schedules. In the long-term, this could result in operational difficulties due to a lack of skilled professionals. Furthermore, legal issues such as lawsuits and fines resulting from human rights violations could significantly impact the company's values and reputation, leading to decreased customer trust and subsequent financial burdens.
Impact Management Strategy	Mid- to long- term target: Expand the scope of human rights impact assessments gradually • (2023-2024) Initiate the first human rights impact assessments targeting SK D&D and its subsidiaries • (2024-2025) Extend the implementation of human rights impact assessments to include Biz. Partners • Enhance CEO's oversight and approval role in human rights management policies • Conduct regular reporting to the Board of Directors/Committees on key issues and achievements in human rights management • Implement biennial human rights impact assessments for headquarters and subsidiary employees to achieve improvements and mitigate risks
Business Cases and 2023 Performance	• Revised and obtained CEO approval of the Human Rights Management Declaration in 2024 to advance human rights management • Achieved 100% implementation of corrective actions for 13 short-term human rights issues in 2023 • Introduced 'Sotong Hotline,' a third-party reporting channel, to strengthen responses to human rights violations such as sexual harassment and workplace bullying

Human Rights Management

Financial Material Topic

GRI 3-3

SK D&D analyzed the impact of sustainability matters on value creation, cash flow, and access to capital, and identified three financial material topics in terms of risks and opportunities. Referring to the International Sustainability Standards Board (ISSB)'s IFRS Sustainability Disclosure Standards S1 (General Requirements) and S2 (Climate-related Disclosures) and the Korea Sustainability Standards Board (KSSB)'s Sustainability Disclosure Standards Draft, SK D&D provides reliable information on sustainability-related risks and opportunities for each financial material topic, and discloses detailed information in each table of contents in this web-based sustainability report.

Material Topic ① Green Building Development and Operation

Risks	Under the government's 'Roadmap for Mandatory Zero Energy Building (ZEBs)', legal requirements for green buildings are set to expand from existing public buildings to private buildings by 2025, and to all buildings in 2050. Depending on preemptive preparedness, this could heighten legal and reputational risks. Moreover, traditional buildings that fail to adapt to market shifts, such as increasing consumer demand for eco-friendly buildings, may struggle to attract tenants and investors. Inefficiently designed buildings also incur higher operational costs and could lead to reduced competitiveness and decreased property values.
Opportunities	Green buildings can reduce operating costs through optimized resource consumption and energy use, and lower development costs by leveraging government support and incentives. Additionally, the development of green buildings can open up partnership opportunities with global companies that have adopted sustainable real estate practices. This can enhance the business capabilities and credibility and help the company to explore new business models to strengthen financial returns and long-term growth prospects.
Response Strategies	Mid- to long- term target: Achieve 100% green building certifications for residential and commercial buildings Achieve Value-up by applying ESG building solutions KPI alignment: (2023) 'ESG solution development' is linked to 4% of the total KPIs for the General Director of Frontier Division SK D&D develops real estate considering the entire life cycle, and continuously promotes green building certification for new buildings. We also support the development of buildings that are both sustainable and eco-friendly through the ESG building solutions and green remodeling projects. For more detailed strategies and achievements in 2023, please refer to the 'Green Building and Real Estate Development' section in our sustainability report.

Green Building and Real Estate Development

Material Topic ② Customer Value Innovation

Risks	In the rental housing business, customers are the most important stakeholders. Spaces that are distant from customer needs may experience reduced demand and increase the potential risk of customer attrition. This could lead to higher vacancy rates and difficulties in attracting new customers, ultimately damaging brand reputation and profitability in the long term. In addition, neglecting customer satisfaction management can increase the risk of violating customer-related regulations, resulting in legal and financial burdens such as lawsuits and fines.
Opportunities	Customer satisfaction management plays a crucial role in securing a competitive advantage in the marketplace through customer-centric service offerings. Establishing strong trust relationships with customers and fulfilling their demands and expectations can increase tenant retention rates and brand loyalty, which contributes to sustainable revenue generation. It also enhances our brand reputation, helping attract potential customers and secure diverse investment opportunities.
Response Strategies	**Mid- to long- term target** • Increase enterprise value by integrating business value from development, investment, operations, and customer areas • Achieve Episode's customer experience innovation with ICT **KPI alignment** (2023) 'Customer value enhancement' is linked to 20% of the total KPIs of Meta Space Division's CoE (Center of Excellence) SK D&D aims to explore various solution business opportunities in work and residential spaces to contribute to creating a user-centered better urban life. By establishing an integrated platform covering the entire lifecycle of spaces—from real estate transactions to operational management, services, and content—we will develop and provide customer-centric innovative solutions. For more detailed strategies and achievements in 2023, please refer to the 'Customer Satisfaction Management' section in our sustainability report.

Customer Satisfaction Management

Material Topic ③ Climate Change Response and Energy Efficiency

Risks	Climate change poses physical risks that can cause physical damage to real estate assets. In particular, the metropolitan area where major projects are conducted is vulnerable to natural disasters such as floods and heatwaves, which can lead to increasing the likelihood of related risks such as reduced customer demand, increased disaster recovery costs, and decreased asset values. Additionally, failing to comply with policies and regulations aligned with the government's 2050 carbon neutrality roadmap could heighten transition risks, leading to diminished business opportunities, weakened competitiveness, and increased financial sanctions in the mid-to-long term.
Opportunities	Proactively addressing climate change can enhance the company's reputation and brand awareness by demonstrating its commitment to sustainable management to various stakeholders. Developing business models or solutions that contribute to resolving environmental issues to fulfill corporate sustainability and social responsibility can increase business sustainability and expand business profits in the mid- to long- term.
Response Strategies	Mid- to long- term target: • Mid-term (by 2030): Achieve EV100 and Net Zero (Scope 1 & 2) • Long-term (by 2050): Expand investment and development of green buildings, achieve Net Zero under Korea's 2050 Carbon Neutrality Roadmap (expand to Scope 3) KPI alignment: (2023) 'RE100 Implementation' is linked to 5% of the total KPIs of CEO SK D&D established its '2030 Net Zero Roadmap' based on the SBTi in 2022, and re-established it as a net zero roadmap for the real estate business after the spinoff in 2024. For more detailed strategies and achievements in 2023, please refer to the 'Climate Change Response' section in our sustainability report.

Climate Change Response

Stakeholder Engagement

GRI 2-29

Stakeholder-Centric Management

SK D&D defines stakeholders as individuals and groups who are either affected by our corporate activities, or who have the potential to influence them. We categorize our key stakeholders into employees, business partners, customers, communities, shareholders, and investors.

SK D&D pursues stakeholder-centered management to create value not only for shareholders, but for all stakeholders, fostering sustainable growth and development for the company and its stakeholders. We respect our stakeholders as partners in our commitment to social and environmental responsibility, actively incorporating their needs into our management activities to strengthen cooperation and trust.

In particular, when developing ESG management strategies and directions, SK D&D actively incorporates stakeholders' perspectives through double materiality assessments and transparently discloses sustainable management performance on the company’s website to meet stakeholders' expectations. Furthermore, by establishing and implementing a mid- to long-term roadmap to broaden stakeholder participation in our human rights impact assessment process, we aim to uphold the human rights of key stakeholders across our value chain, comply with the laws and codes of conduct, and fulfill our corporate social responsibility.

Stakeholder Communication

SK D&D continuously engages with its stakeholders using a range of communication channels to best hear the voices of each stakeholder group. We actively incorporate stakeholders' feedback gathered regularly and ad-hoc into our strategic decision-making processes, aiming to drive cooperation programs and projects that meet their needs. Information on key issues that stakeholders are concerned about is disclosed through our Sustainability Report and company website. We consistently update our communication and disclosure channels to enhance stakeholder accessibility to the disclosed information.

Communication Channels and Key Issues for Stakeholders

Stakeholder	Communication Channel	Frequency	Key Issues
Employees	ABCD (A Better Company D&D)*	Monthly	• Business goals • Employee performance appraisal and remuneration • Key project news and other issues • New Year's message from the CEO
	Company-wide communications (All Hands Meeting)	Quarterly	• Diversity expansion • Safety and health • Employee growth and happiness • Affiliate transactions review • Human rights and internal grievances
	Counseling/whistleblowing channels for ethical management and human rights issues	Year-round	
	Internal grievance handling channel (Sotong hotline)	Year-round	
Business Partners	Customer inquiry channel on the website	Year-round	• Fair transaction • Win-win cooperation • Ethical management • Supplier safety and health
	Safety supervision meetings	Quarterly	
	Counseling/whistleblowing channels for ethical management and human rights issues	Year-round	
Customers	Customer satisfaction surveys	Annually	• Customer satisfaction enhancement • Information security, privacy • Product/service safety
	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	• Community engagement/development • Social contribution • Social value and impact monitoring
	Counseling/whistleblowing channels for ethical management and human rights issues	Year-round	
Shareholders & Investors	Shareholder meetings	Regularly	• Shareholder-friendly management • ESG information disclosure
	IR events	Year-round	
	Disclosures of Sustainability Reports on the website	Year-round	

* ABCD (A Better Company D&D) is a monthly company-wide forum for the communication between management and employees to discuss and share various important issues related to the company's business strategy and performance, employee working environment, compensation system, and more.

Risk Management

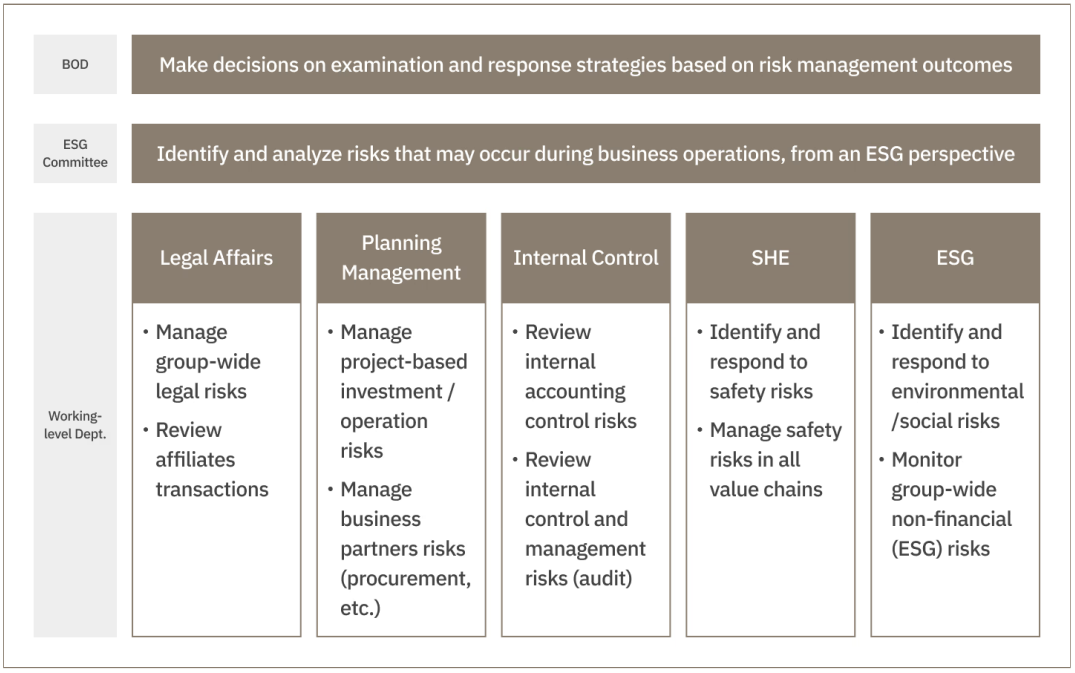
Risk Management Framework

GRI 2-12 GRI 2-13 GRI 2-14

Risk Management System

SK D&D systematically manages both financial and non-financial risks that may arise throughout its corporate operations to achieve sustainable growth. We have established departmental oversight and decision-making structures to continuously monitor these risks. Notably, non-financial risks related to ESG management, such as environmental and social issues, are reviewed through the ESG Committee. We are actively striving to strategically manage and respond to risks stemming from changes in our internal and external environments, including business sectors, market conditions, and stakeholders.

Risk Management System



Risk Management Organization

The Board of Directors makes decisions on investigations and response strategies based on risk management outcomes and through the ESG Committee under the Board, identifies and analyzes risks arising from corporate operations. Each operational department identifies and mitigates actual and potential risks linked to their functions for strategic risk management and response planning, regularly reporting to the Board and the relevant Committees.

The Legal Affairs Part, serving as the compliance oversight and support organization, manages legal risks associated with corporate projects in investment, development, and execution, reporting major group-wide risks and response strategies to the Board as the Board's secretariat.

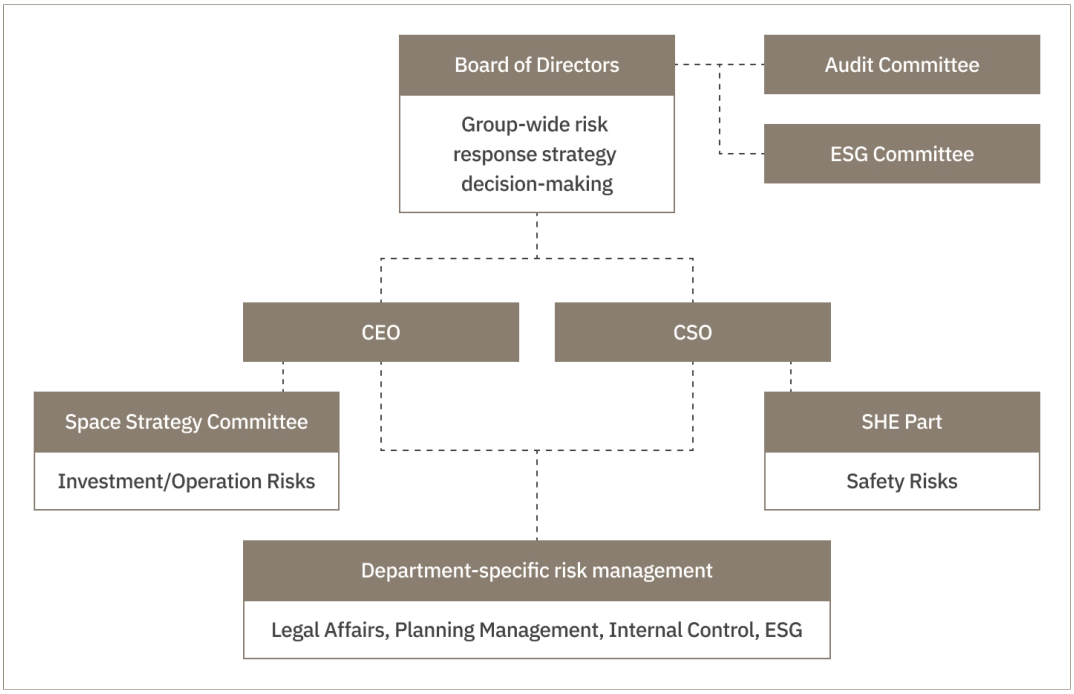
The Planning Management Part, responsible for corporate management strategy planning and implementation, has established an Enterprise Risk Management (ERM) system to manage risks in each project and business execution process based on collaborative workflows with project departments. Additionally, it conducts annual surveys on fair transaction practices with business partners including subcontracting, to manage practical and potential risks for mutual growth.

The Internal Control Part manages financial and non-financial risks within the internal accounting system based on consolidated standards, while also addressing corporate ethics and corruption-related risks through various initiatives to raise employee awareness. As a support organization for the Audit Committee, it performs practical audit tasks, and periodically reports the annual audit plans and results to the Committee.

The Safety, Health, and Environment (SHE) Part, operating under the Chief Safety Officer (CSO), manages related risks according to project management and emergency response guidelines. The SHE Part prepares annual safety and health plans, and reports outcomes such as site inspection results and progress on implementing improvements initiatives to the Board.

The ESG Part annually identifies ESG risks and best practices, collaborating with relevant departments to implement improvement tasks for each risk. In addition, it regularly reports the performance of ESG improvement plans, including the progress and results for the respective year, to the ESG Committee.

Risk Management Reporting Structure



Risk Management Activities

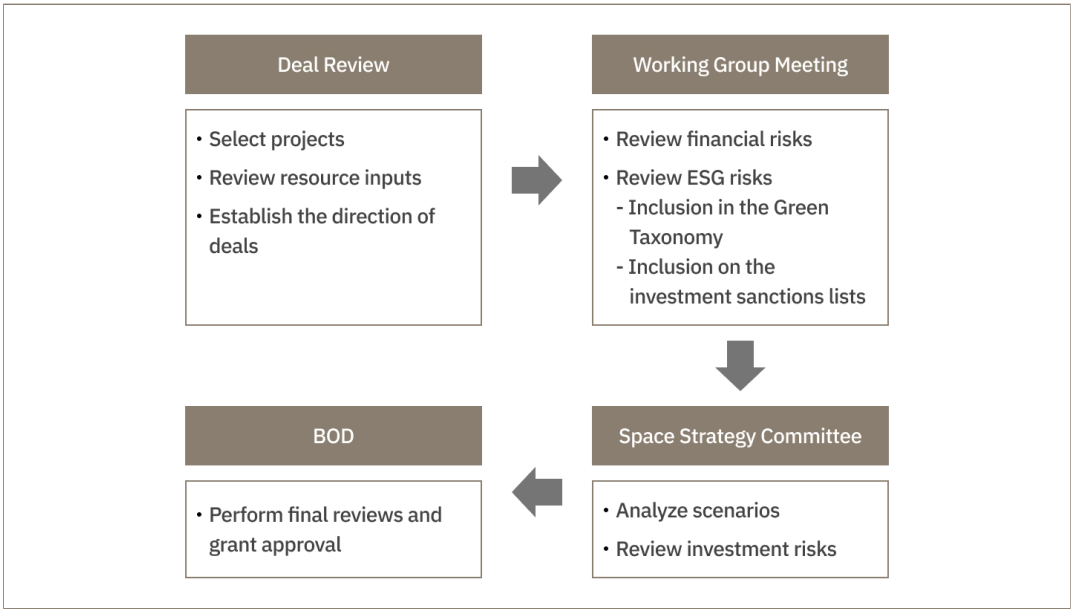
Sector-specific Risk Management

Investment Risk Management

SK D&D has adopted a process to comprehensively review ESG risks and opportunities when making investments, aiming to minimize potential ESG risks across the entire value chain and establish a sustainable supply network. To mitigate anticipated ESG risks during business operations and reduce negative external impacts, we follow an 'ESG Risk Review Process' when identifying investment targets or new projects. This involves assessing potential ESG risks in advance and formulating mitigation plans. Subsequently, at the working-level organization, Working Group Meeting evaluates the severity and impact of financial risks (costs, procurement, etc.), legal risks, and ESG risks associated with actual investments, discussing necessary actions and improvement strategies.

For investment decisions, the Space Strategy Committee, attended by the CEO, convenes to share and analyze outcomes of investment reviews in working-level. The Committee considers anticipated profitability and long-term sustainability, and comprehensively reviews plans to mitigate and address potential ESG risks associated with investment targets. Depending on the scale and scope of projects, final decisions are subject to the Board of Directors' review and approval as necessary.

Investment Risk Management Process



Risk Management in Real Estate

SK D&D analyzes the results of its annual double materiality assessment to identify sustainability issues for the company. We assess the impacts, risks, and opportunities of business activities based on various risk types including policies/legal, market, reputation, and products/services. SK D&D formulates and implements response directions and strategies to minimize the scale and impact of potential risks during operations while maximizing opportunities. Additionally, the ESG Committee under the Board of Directors actively participates in identifying ESG issues and reviewing response directions for each issue to effectively manage potential and actual risks.

Impacts, Risks and Opportunities (R&O) of Real Estate Development and Operation

Category	Impact on business	R	O	Response Directions
Policies and legal	• Strengthening the response to climate change, ESG best practices and disclosure standards • Need to meet the requirements according to the green classification system standard	○		• Annual disclosure of climate change response status through the publication of a 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 requiements	○	○	• 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

Response to Disasters and Serious Incidents

SK D&D operates an emergency response system to effectively manage disasters and emergencies, such as serious incidents and natural disasters. For major buildings managed by D&D Property Solutions (DDPS), a subsidiary of SK D&D, we have established and implemented a comprehensive response manual covering the composition of our disaster response organization and division of roles, which is reviewed and improved annually. As extreme weather events and natural disasters become more frequent due to climate change, we operate a proactive monitoring and response system to systematically minimize damage to our assets. In emergencies, we apply response methods based on crisis-specific risk levels to prevent further damage and promote rapid recovery.

Key Contents of Emergency Response Guidelines

Stage	Unexpected events	Work standards	Responses
Caution	• Prediction of possibility of disaster by entering an indirect impact area of natural disaster	• Work as usual	• Weather situation monitoring by SHE part / HQ support part
Warning	• Occurrence of injuries threatening life in the workplace • Issuance of national alert by entering a sphere of direct influence	• Operation of 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 cooperation system with related institutions	• Declaration of emergency and operation of emergency response procedures • Crisis response and disaster prevention activities • Identification of damage status and establishment of damage restoration measures

Governance

- Board-Centric Management
- Shareholder-Friendly Management
- Ethical Management
- Compliance
- Information Security

Board-Centric Management

SK D&D implements 'board-centric management' to enhance stakeholder interest and happiness, and innovate its governance structure. To strengthen the oversight role of the Board of Directors (BOD) as the highest decision-making body, the majority of the BOD comprises independent directors. The BOD operates several committees — including the HR Committee, the Independent Director Recommendation Committee, the ESG Committee, and the Audit Committee — to enhance the expertise and efficiency of its operations. To ensure the effective authority of the BOD, regulations for the BOD and its subcommittees are newly established and enhanced, with these regulations disclosed on the website. Additionally, SK D&D has formulated and published the Corporate Governance Charter to achieve transparent and accountable management and establish a robust corporate governance framework. Through these efforts, we aim to expand the responsibilities of the BOD and oversight bodies, enhance shareholder communication through governance disclosures, and achieve long-term stability and growth.

Corporate Governance Charter

Board of Directors' Composition and Responsibilities

Composition of the Board

GRI 2-9 GRI 2-11

SK D&D's Board of Directors (BOD) serves as the highest decision-making and supervisory body for management issues affecting the entire company. As of April 2024, it comprises five members (one executive director, three independent directors, and one non-executive director). To enhance objectivity and independent decision-making, the BOD operates with separate roles for the CEO and Chairperson of the Board. Moreover, the Board comprises more than 50% independent directors and appoints experts in various fields such as finance and management as independent directors to reflect diverse perspectives and expertise in board decision-making. Furthermore, we support the BOD in maintaining its practical expertise, independence, and efficiency through the operation of its committees and internal support organizations.

Members of the Board*

Category	Name	Expertise	Position	Date Appointed	End of Term	Board Attendance in 2023
Executive director	Do-hyun Kim	Professional management	CEO, ESG Committee	2022.03.23	2025.03.23	100%
Independent director	Jun-cheol Kim	Accounting/Audit (Certified Public Accountant)	Chair of the Board, ESG Committee, HR Committee, Independent Director Recommendation Committee, Audit Committee (chair)	2021.03.30	2027.03.30	100%
	Kyung-min Kim	Environment/Data	HR Committee (chair), Independent Director Recommendation Committee, Audit Committee	2022.03.23	2025.03.23	100%
	Mo-doom Kim**	Professional management (Lawyer)	ESG Committee, HR Committee, Independent Director Recommendation Committee, Audit Committee	2024.03.26	2027.03.26	-
Non-executive director	Jae-min Kim	Finance/Market analysis	ESG Committee, HR Committee	2018.11.15	2027.03.30	100%

* As of Apr. 2024

** He was appointed as a new director in March 2024, so there is no attendance record for 2023

Career/Appointment Background of Each Director

Name	Appointment Background	Career
Do-hyun Kim	Based on his experience of proactively entering asset management by establishing D&D Investment (DDI), a REIT AMC, to develop SK D&D into a comprehensive real estate company and successfully launching the new urban residential product 'Episode,' we expect him to contribute to the development of new businesses and the generation of stable revenue in the future.	Chemical Engineering, Sogang University [Current] CEO, SK D&D [Concurrent] Non-Executive Director of PROPTIER Inc. [Former] Head of Management Support Division / RESI Solution Operation & Development Division, SK D&D [Former] Head of Planning & Operations, SK ecoplant (formerly SK E&C)
Jun-cheol Kim	As a financial expert who has successfully managed the company's financial and accounting risks while serving as the chairperson of SK D&D's audit committee, we expect him to contribute to the company's development and the protection of shareholders' rights by enhancing the independence of the company's audit committee and board of directors, and improving transparency.	Business Administration, Seoul National University (SNU) / Master of Business Administration, SNU [Current] Accountant at Dasan Accounting Corporation [Current] Adjunct Professor at Deoksung Women's University [Current] Independent director of YUHAN Corporation [Former] Deputy Director, Deloitte Anjin LLC
Kyung-min Kim	We expect him to contribute to providing a business strategy direction and reviewing the feasibility of business development based on his specialized knowledge and extensive experience in real estate development, our main business area.	[Current] Professor, Graduate School of Environmental Studies, Seoul National University [Former] Senior Researcher at Property & Portfolio Research, Inc
Mo-doom Kim	With extensive experience in M&A, corporate criminal matters, environmental regulation, and labor issues, we expect him to contribute to enhancing our ESG-focused management and governance story. Additionally, his specialized knowledge and rich experience in real estate development, our primary business area, is anticipated to aid in business risk review and decision-making.	[Current] Independent director of Didim E&F Inc [Current] Lawyer at DONGJIN Law Firm [Former] Lawyer at DAEHO Law Firm
Jae-min Kim	With analytical experience in various markets, he is expected to guide the company's growth direction and contribute to streamlining our operations, which includes strengthening investment asset management, advancing our financial strategy, and responding to the uncertain economic environment.	Chemical Engineering, Yonsei University [Current] VP, Hahn & Company [Former] Director of H&Q Asia Pacific Korea

Board Responsibilities and Roles*

Board Responsibilities
• Establish and review the company's goals and business strategies to achieve the happiness of employees and stakeholders and ensure sustainable growth • Consider ESG management policies in decision-making, such as management resources and capital allocation • Examine and review the company's purpose, values, and strategies to ensure alignment with a sustainable corporate culture

Board Roles/Functions
• Set business goals and strategies • Conduct reviews on accounting transparency and sustainability • Appoint the CEO and oversee management • Evaluate management performance and review compensation levels • Determine the direction of ESG policies • Make other decisions that significantly impact the company or involve external trust relationships

* SK D&D Board responsibilities and roles are set out in the Corporate Governance Charter

Board Committees

GRI 2-9

The BOD of SK D&D has established the Audit Committee, the ESG Committee, the HR Committee, and the Independent Director Recommendation Committee to enhance the efficiency of the management decision-making system. The authority of the BOD is delegated to each committee, and the proportion of independent directors is specified in each committee's regulations to ensure their independence. The Independent Director Recommendation Committee and the Audit Committee are composed entirely of independent directors, while the HR Committee and the ESG Committee include at least 50% independent directors.

Compositions of Board Committees*

Committee	Key Features	Member	Supporting Organization
Audit Committee	• Report directors' non-compliance with laws/regulations and the Articles of Incorporation • Report on the assessment of the operational status of the Internal Accounting Control System • Prepare assessment standards and procedures for selecting an external auditor • Other matters stipulated in the law, Articles of Incorporation, or BOD regulations	Jun-cheol Kim (chair**/ID) Kyung-min Kim (ID) Mo-doom Kim (ID)	Internal Control Part
HR Committee	• Assess the CEO and determine whether the CEO will remain in office • Propose the dismissal and appointment of the CEO • Nominate CEO candidates • Determine appropriateness of remuneration for each executive director	Kyung-min Kim (chair /ID) Jae-min Kim (NED) Jun-cheol Kim (ID) Mo-doom Kim (ID)	People & Culture Part
ESG Committee***	• Develop and revise annual business plans • Review mid/long-term plans and major improvement tasks • Review ESG-related policies, plans, activities and performances (Detailed agenda: climate change, environment management, human rights management, etc.)	Do-hyun Kim (ED) Jae-min Kim (NED) Jun-cheol Kim (ID) Mo-doom Kim (ID)	Planning Management Part, ESG Part
Independent Director Recommendation Committee****	• Nominate independent director candidates to the general meeting of shareholders • Review other issues required to nominate independent director candidates	Jun-cheol Kim (ID) Kyung-min Kim (ID) Mo-doom Kim (ID)	Board Secretariat

* As of Apr. 1, 2024 / ID: Independent Director, ED: Executive Director, NED: Non-executive Director

** Jun-cheol Kim, the chair of the Audit Committee, qualifies as an expert in corporate disclosure form preparation under Type 1 (accountant), meeting the basic qualifications and required employment period stipulated by the Enforcement Decree of the Commercial Act

*** As of April 2024, the Chairperson of the ESG Committee has resigned prematurely due to personal reasons (such as assuming office in a newly established corporation by a spin-off), and future appointments are planned

**** As of April 2024, the Chairperson of the Independent Director Nomination Committee has retired upon the expiration of their term, and future appointments are planned

Board Expertise

GRI 2-10 GRI 2-15 GRI 2-17

Board Skill Matrix (BSM)

SK D&D publishes the Board Skill Matrix (BSM), a multi-faceted assessment tool that evaluates the skills and competencies of its board members in a matrix format. The BSM of SK D&D is categorized into eight areas: Leadership, Business Development & Strategy, Finance/Accounting & Risk, Legal & Regulatory, ESG, Core Industries (Real Estate, Living Solutions, Energy), Global, and M&A/Capital Markets. It indicates the proportion of board members with expertise and competencies in each category. By leveraging the BSM, we plan to review the composition of the Board of Directors and establish a board comprising members who can create synergies and drive decision-making based on their expertise.

Board Skill Matrix (BSM)*

Category	Do-hyun Kim	Jun-cheol Kim	Kyung-min Kim	Mo-doom Kim	Jae-min Kim	Proportion
Leadership	●	●	●	●	●	100%
Business Development & Strategy	●	-	-	-	●	40%
Finance/Accounting & Risk	-	●	-	-	●	40%
Legal & Regulatory	-	-	●	●	-	40%
ESG	●	-	-	●	-	40%
Core Industries**	●	-	●	-	-	40%
Global	●	●	●	-	●	80%
M&A/Capital Markets	●	●	-	●	●	80%

* As of Apr. 1, 2024

** Real Estate, Living Solutions, Energy

Providing Training for Directors

SK D&D regularly conducts training sessions for independent directors to strengthen their expertise. In 2023, all independent directors and audit committee members received focused training on risk management and internal control enhancements due to changes in the business environment, such as spin-off. Additionally, we provide necessary training for audit committee members through programs offered by external professional organizations, such as the Audit Committee Forum and accounting firms.

2023 Independent Director Training Performance

Date	Training Organization	Key Training Details	Attendance
2023.06.21	Samil PwC	Strengthening internal controls as the business environment changes and risks increase	100%

2023 Audit Committee Member Training Performance

Date	Training Organization	Key Training Details	Attendance
2023.04.18	(Corp.) Audit Committee Forum	2023 1st regular forum for auditors and audit committees	1/3
2023.04.30	Samil Audit committee school	Corporate Director School (5 Courses)	1/3
2023.05.31	Samil Audit committee school	Audit Committee School Advanced Course (10 Courses)	1/3
2023.06.21	Samil PwC	Strengthening internal controls as the business environment changes and risks increase	3/3
2023.07.13	(Corp.) Audit Committee Forum	2023 2nd regular forum for auditors and audit committees	1/3
2023.09.21	(Corp.) Audit Committee Forum	2023 3rd regular forum for auditors and audit committees	1/3
2023.11.09	Deloitte Korea	2024 Webinar - Center for Corporate Governance	1/3
2023.11.21	(Corp.) Audit Committee Forum	2023 4th regular forum for auditors and audit committees	1/3

Ensuring and Supporting Director Activities

SK D&D purchases Directors & Officers Liability Insurance at company expense annually to appoint competent directors and protect their work and decision-making activities. Additionally, independent directors may receive support or advice from employees or external experts as needed, with expenses covered by the company, and they may request necessary information from the company's business manager to fulfill their duties. These provisions are specified in our Corporate Governance Charter, and SK D&D actively supports independent directors in discharging their responsibilities.

Board Independence and Transparency

GRI 2-10 GRI 2-15 GRI 2-17

Director Appointment Process

Since the establishment of the Independent Director Recommendation Committee in June 2021, SK D&D has been protecting shareholders' rights to appoint independent directors by recommending candidates for appointment at the AGM through the committee. We transparently disclose candidate backgrounds, reasons for the recommendation, and any affiliations with the company in the AGM notices. The Independent Director Recommendation Committee, composed entirely of independent directors, guarantees the fairness of the appointment process by excluding influence from controlling shareholders or management.

When identifying and recommending candidates for independent directors, the committee examines whether the candidates are disqualified by relevant regulations such as the Commercial Act and its Enforcement Decree and verifies their experience and expertise. When appointing directors, we deliberate on their expertise, diversity, and independence to ensure a balanced composition of the board, avoiding bias towards specific backgrounds or professions, with each director's term of office set at three years.

Additionally CEO is nominated and proposed for appointment by the HR Committee and appointed by the shareholders' meeting.

Director Independence and Transparency

SK D&D ensures the independence of its BOD by specifying in its Corporate Governance Charter and committee regulations that each committee within the BOD must consist of a majority of independent directors. In addition, to maintain the fairness and independence of BOD decision-making, SK D&D restricts the voting rights of directors with specific interests in resolutions such as remuneration decisions and director candidate recommendations. Furthermore, SK D&D maintains transparency by reporting the appointment, dismissal, or resignation of independent directors to the Financial Services Commission and the Korea Exchange.

Board of Directors' Operation and Activities

Board Activities

GRI 2-16

The SK D&D Board holds regular monthly meetings as a principle, in accordance with the Articles of Incorporation and the Board of Directors Regulations, and convenes additional ad-hoc meetings as needed. The Board is responsible for reviewing the company's goals and management strategies to achieve happiness and sustainable growth for members and stakeholders. It systematically manages both non-financial and financial risks, including ESG risks, and bears the responsibility to execute decisions accordingly. Furthermore, SK D&D manages and controls internal transactions and self-dealings by designating 'transactions between directors and the company' and 'internal transactions between affiliated companies and transactions with related parties' as matters requiring Board approval.

In 2023, a total of 14 board meetings were held with a 100% attendance rate.

Articles of Incorporation Regulations of the Board of Directors

Board Activities

Category	Unit	2021	2022	2023
Meetings held	Times	17	13	14
Agenda items proposed	Cases	52	31	36
Agenda items approved	Cases	52	31	36
Reported agenda	Cases	13	22	18
Attendance rate	%	99	100	100

Key ESG Agenda Discussions at the Board*

Session	Date	Agenda	Resolution Type
23-1	2023.01.18	2023 Health·Safety Plan	Voted
		Reporting the compliance activities	Reported
23-2	2023.02.26	Remuneration for each executive director	Voted
		Establishment of CEO KPIs	Reported
23-3	2023.03.07	Reporting the operation of the Internal Accounting Control System in 2022	Reported
		Reporting the evaluation of the operation of the Internal Accounting Control System in 2022	Reported
		Reporting on the 2022 Board activity assessment	Reported
23-4	2023.04.12	Enactment of the Corporate Governance Charter	Voted
		Amendments to the ESG Committee Regulations	Voted
23-6	2023.06.21	Renewal of Directors & Officers Liability Insurance	Voted
23-8	2023.08.23	Reporting CEO KPIs interim review	Reported
		Reviewing the first half performance of SHE and planning for the second half	Reported
23-12	2023.10.26	Improvement of CEO remuneration system	Reported
24-1	2024.01.05	Appointment of Compliance Officer (Nominee: Il-hong Jang)	Reported
24-2	2024.01.24	Remuneration for each executive director	Voted
		Establishment of CEO KPIs	Reported
		2024 Health·Safety Plan	Reported
		Reporting the compliance activities	Reported
24-5	2024.03.11	Large internal transactions with SK eternix Co., Ltd.	Voted
		Reporting the operation of the Internal Accounting Control System	Reported
		Reporting the evaluation of the operation of the Internal Accounting Control System	Reported

* As of Apr. 1, 2024

Board Committees Activities

GRI 2-16

The Board committees are regularly convened in accordance with their respective regulations, and their major activities are disclosed in detail in our business reports and on our website.

Board Committee Activities*

Category		Unit	2021	2022	2023
ESG Committee	Meetings held	Times	1	4	5
	Attendance rate	%	100	100	100
HR Committee	Meetings held	Times	4	5	5
	Attendance rate	%	92	100	100
Audit Committee	Meetings held	Times	9	10	10
	Attendance rate	%	100	100	100
Independent Director Recommendation Committee	Meetings held	Times	2	1	0**
	Attendance rate	%	100	100	-

* Audit Committee: Established in March 2021 / Other three committees: Established in June 2021

** The Independent Director Recommendation Committee was not held because there was no independent director whose term ends in 2023

ESG Committee

The ESG Committee strengthens the ESG management system at the BOD level by reviewing the company's ESG management strategy and direction, regularly checking performance, and making improvement plans. In setting business management strategies and goals for ESG-related activities, the committee considers environmental management and CSR management policies, and reviews and implements detailed action plans. Notably, it deliberates and provides advice on issues such as implementing Net Zero, managing climate change response risks, establishing eco-friendly business directions, and managing greenhouse gas emissions to actively review the performance of environmental management activities at the BOD level. The committee also identifies ESG risks and opportunities throughout the business's value chain of the business, and establishes and executes frameworks to respond to them.

The Planning Management Part and ESG Part, which are operational departments for ESG management, conduct materiality assessments to identify the company's sustainability issues, impacts, risks, and opportunities, and report best practices and improvement plans to the ESG Committee. They also collaborate with relevant departments in the environment, social, and governance areas to establish and implement improvement initiatives for each issue and share the results with the ESG Committee.

Regulations of the ESG Committee

ESG Committee Activities*

Session	Date	Agenda	Resolution Type
23-1	2023.01.16	Reporting on the business plan for 2023	Reported
23-2	2023.03.22	ESG management operation direction and key improvement tasks for 2023	
23-3	2023.07.12	Measures to enhance corporate value	
23-4	2023.08.07	Follow-up measures to enhance corporate value	
23-5	2023.08.31	Reporting on ESG materiality and information disclosure	
		Reporting on the establishment of a human rights management system	
		Reporting on environmental management and climate change response	
24-1	2024.01.19	Reporting on the business plan for 2024	
		Review of ESG management in 2023 and plan for 2024	

* As of Apr. 1, 2024

HR Committee

The HR Committee, also known as the Nomination and Compensation Committee, reviews the evaluation and retention of the CEO, assesses the appropriateness of executive directors' remuneration, and receives reports on the evaluation and remuneration of key executives, integrating the functions of the Remuneration Committee. The HR Committee also evaluates the CEO's management activities and performance, and checks the implementation of KPIs by the CEO and key executives to support management in carrying out its responsibilities in ESG management.

Regulations of the Nomination and Compensation Committee

HR Committee Activities*

Session	Date	Agenda	Resolution Type
23-1	2023.02.02	Reporting on remuneration of executive directors	Reported
		Reporting on the establishment of CEO KPIs (draft)	
23-2	2023.08.18	Mid-term review of CEO KPIs	
		Mid-term review of key executives' KPIs	
23-3	2023.10.23	Improvement of CEO remuneration system	
23-4	2023.11.22	Reporting on assessment results of key executives	
		CEO assessment (draft)	
23-5	2023.11.23	Decision on CEO retention	
24-1	2024.01.23	Reporting on remuneration of executive directors	
		Reporting on the establishment of CEO KPIs (draft)	
		Reporting on remuneration of key executives	

* As of Apr. 1, 2024

Audit Committee

The Audit Committee oversees all aspects of auditing, including auditing financial statements, appointing external auditors and evaluating the operational status of internal accounting management, as well as performing management oversight functions for ethical and anti-corruption management. To maintain independence, the committee comprises three independent directors, each meeting the qualifications stipulated in the Commercial Act, with the chairperson appointed from experts in accounting and finance. Moreover, the committee conducts training sessions on laws related to external audits and the Internal Accounting Control System at least once a month to enhance its audit expertise. The Internal Control Part supports the operational activities of the Audit Committee and maintains regular communication with external auditors to ensure effective operations.

Regulations of the Audit Committee

Audit Committee Activities*

Session	Date	Agenda	Resolution Type
23-1	2023.02.23	• Reporting on the results of the 2022 fiscal year audit by external auditors • Reporting on the internal audit results for 2022 and plans for 2023 • Reporting on the operation status of the Internal Accounting Control System for 2022	Reported
23-2	2023.02.28	• Confirmation of opinions on the agendas and document reviews for the 19th AGM • Pre-determination of the order for acting as chair of the Audit Committee at the AGM • Confirmation of the evaluation report on the operation status of the Internal Accounting Control System for 2022 • Confirmation of the Audit Committee's audit report	Voted
23-3	2023.04.26	• Reporting on audit quality assessment by the external auditor for the previous year • Reflecting on performance evaluation regarding deficiencies in the Internal Accounting Control System for 2022 • Reporting on the inspection plan for the operation status of the Internal Accounting Control System for 2023 • Reporting on the work plan of the Audit Committee for 2023 • Reporting on the eligibility of the newly appointed internal accounting manager • Reporting on the consecutive appointment of the chair of the Audit Committee	Reported
23-4	2023.05.04	• Reporting on the review results of the external auditor for the first quarter of the 2023 fiscal year	Reported
23-5	2023.06.21	• Reporting on the completeness of financial statement preparation and improvements in the accounting closing process • Follow-up report on reflecting performance evaluation regarding deficiencies in the Internal Accounting Control System for 2022 • Reporting on the details of services provided by the accounting firm (including non-audit services provided by the external auditor)	Reported
23-6	2023.08.18	• Reporting on the review results by the external auditor for the first half of the 2023 fiscal year • Reporting on the results of change management and design evaluation of the Internal Accounting Control System for the 2023 Fiscal Year	Reported
23-7	2023.09.25	• Reporting on the results of the semi-annual internal audit and ethical management activities • Reporting on the profit and loss management process • Reporting on non-audit services by the external auditor	Reported
23-8	2023.10.26	• Reporting on the evaluation progress of the first operation of the Internal Accounting Control System • Self-evaluation of the Audit Committee	Reported
23-9	2023.11.20	• Reporting on the review results by the external auditor for the third quarter of the 2023 fiscal year	Reported
		• Reflecting on the performance evaluation of the Internal Accounting Control System • Request for approval of contracting with an accounting firm and conditional amendment (upon spin-off) of appointing external auditors for 2024	Voted
23-10	2023.12.19	• Reporting on the fund management process • Reporting on the results of the self-inspection of the self-regulation system • Reporting on the review of non-audit tasks	Reported

Session	Date	Agenda	Resolution Type
24-1	2024.01.16	• Confirmation of opinions on the agendas and documents for the 1st special general meeting of shareholders in 2024 • Pre-determination of the order for acting as chair of the Audit Committee at the 1st special general meeting in 2024	Voted
24-2	2024.02.26	• Reporting on the audit results for the 2023 fiscal year by external auditors • Reporting on the operation status of the Internal Accounting Control System for 2023 • Reporting on the internal audit results for 2023 and plans for 2024	Reported
24-3	2024.02.28	• Confirmation of opinions on the agendas and documents for the 20th AGM • Pre-determination of the order for acting as chair of the Audit Committee at AGM • Confirmation of the evaluation report on the operation status of the Internal Accounting Control System for 2023 • Confirmation of the Audit Committee's audit report	Voted

* As of Apr. 1, 2024

Independent Director Recommendation Committee

The Independent Director Recommendation Committee operates with all members being independent directors, in accordance with relevant commercial laws and the company's Independent Director Recommendation Committee Regulations, to ensure fairness and independence in the appointment of independent directors and the committee's operations. The committee holds the authority to recommend candidates for independent directors to be appointed at the shareholders' meeting. It conducts prior deliberation and verification of candidates' disqualifications and expertise for selecting independent director candidates, ensuring they have no significant conflicts of interest with the company (including affiliated companies).

Regulations of the Independent Director Recommendation Committee

Independent Director Recommendation Committee Activities*

Session	Date	Agenda	Resolution Type
24-1	2024.02.28	Proposal to nominate an independent director (Nominee: Mo-doom Kim)	Voted
		Proposal to nominate an independent director to serve as an Audit Committee member (Nominee: Jun-cheol Kim)	Voted (Jun-cheol Kim is restricted from voting due to being a candidate)

* As of Apr. 1, 2024

Board Assessment and Remuneration

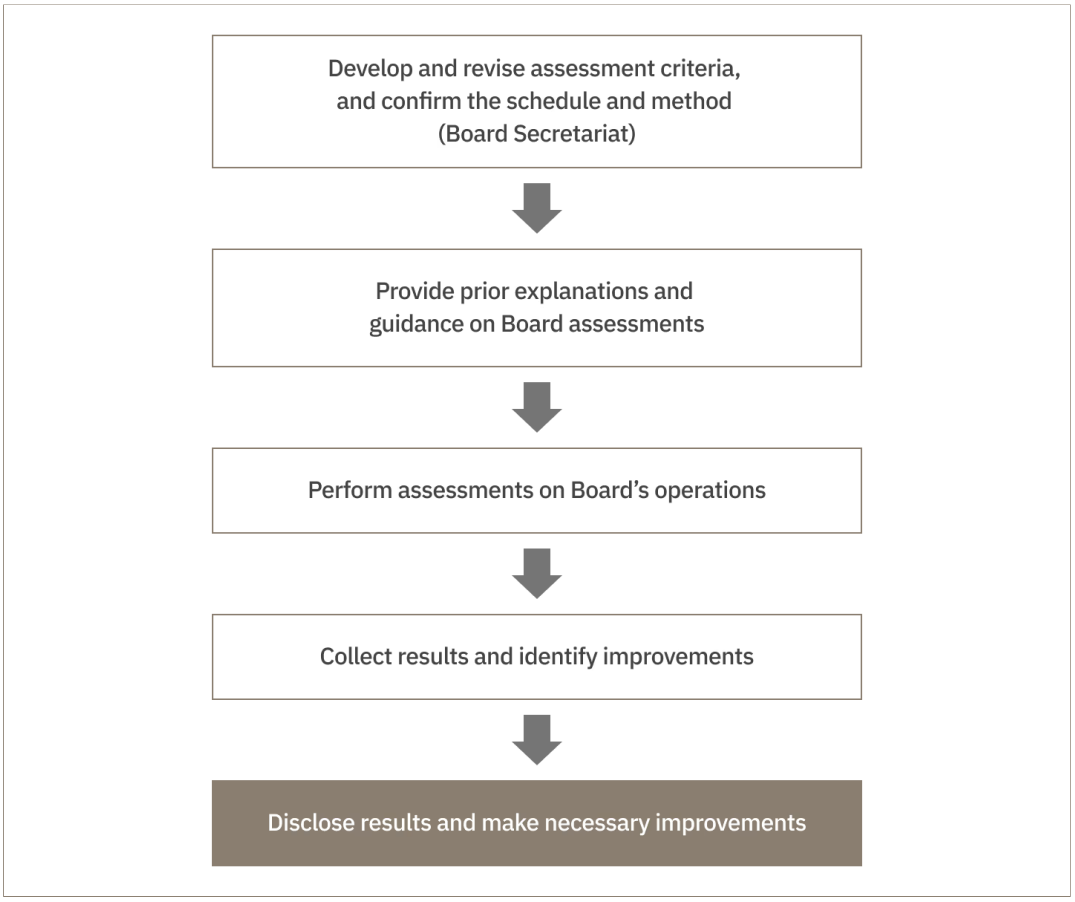
Board Assessment

GRI 2-18

SK D&D conducts annual assessments of the Board of Directors and its committees through the Board Secretariat to enhance governance transparency. The assessment of the Board is carried out using a self-assessment method limited to independent directors, covering five areas: Board composition, operations, responsibilities, roles, and committees. Assessment results are reported to the Board annually, guiding the identification of improvement areas for the following year based on the Board's performance. These results are also disclosed to external stakeholders through the business and sustainability reports.

In 2023, assessments were conducted on three individual independent directors, revealing improved scores compared to the previous year in the areas of "Board Composition", "Board Operations", "Board Responsibilities", and "Board Roles" with an overall average score rising to 4.94 out of 5. Based on these findings, we aim to implement activities such as establishing and refining Board-related regulations and aligning them with compensation.

Board Assessment Process



Board Assessment Items

Category		Assessment Items
Board Composition		Appropriateness of size, expertise/experience of directors, independence
Board Operations		Appropriate number of meetings held, timeliness of agenda, usefulness of management materials, directors' attendance, adequacy of discussions, provision of training, information collection
Board Performance	Responsibilities	Establishment of corporate vision and strategies, appropriateness of the scope of its mandate, management advisory, corporate value improvement, risk management
	Roles	Oversight of management performance, obligation of confidentiality, corporate governance, corporate social responsibility
Committee Activities		Committees and their membership, division of roles and responsibilities, number of meetings held, timely provision of information and materials, sufficient engagement in discussions

Board Assessment Results

Category		Unit	2021	2022	2023
Board Composition		Points	4.83	4.92	5.00
Board Operations		Points	4.62	4.80	4.94
Board Performance	Responsibilities	Points	4.81	4.80	4.94
	Roles	Points	4.56	4.88	4.90
Committee Activities		Points	4.68	5.00	4.94
Overall average*		Points	4.70	4.89	4.94

* Based on a 5-point scale

Board Remuneration

GRI 2-19 GRI 2-20 GRI 2-21

Directors' remuneration is determined by comprehensively reflecting their positions (roles), expertise, and contributions to the company within the director remuneration limits approved by the General Meeting of Shareholders. Performance bonuses are paid based both on quantitative metrics, such as sales and operating profit, and on qualitative metrics, such as the achievement of strategic goals and leadership. For executive directors, non-financial performance is included within the KPIs to determine the final amount of remuneration.

Remuneration for Directors in 2023

Category	Unit	Executive Director	Independent Director*	Audit Committee Member
Total number of personnel	Persons	1	1	3
Total remuneration	KRW 1 million	1,267	89	294
Average remuneration per person	KRW 1 million	1,267	89	98

* Independent director: excluding members of the Audit Committee

CEO-to-Employee Remuneration Ratio

Category		Unit	2021	2022	2023
CEO	Total annual remuneration	KRW 1 million	1,852	1,502	1,267
Employee*	Average remuneration	KRW 1 million	105	105	110
CEO-to-Employee remuneration ratio		Times	17.6	14.3	11.5

* Excluding executive director (CEO)

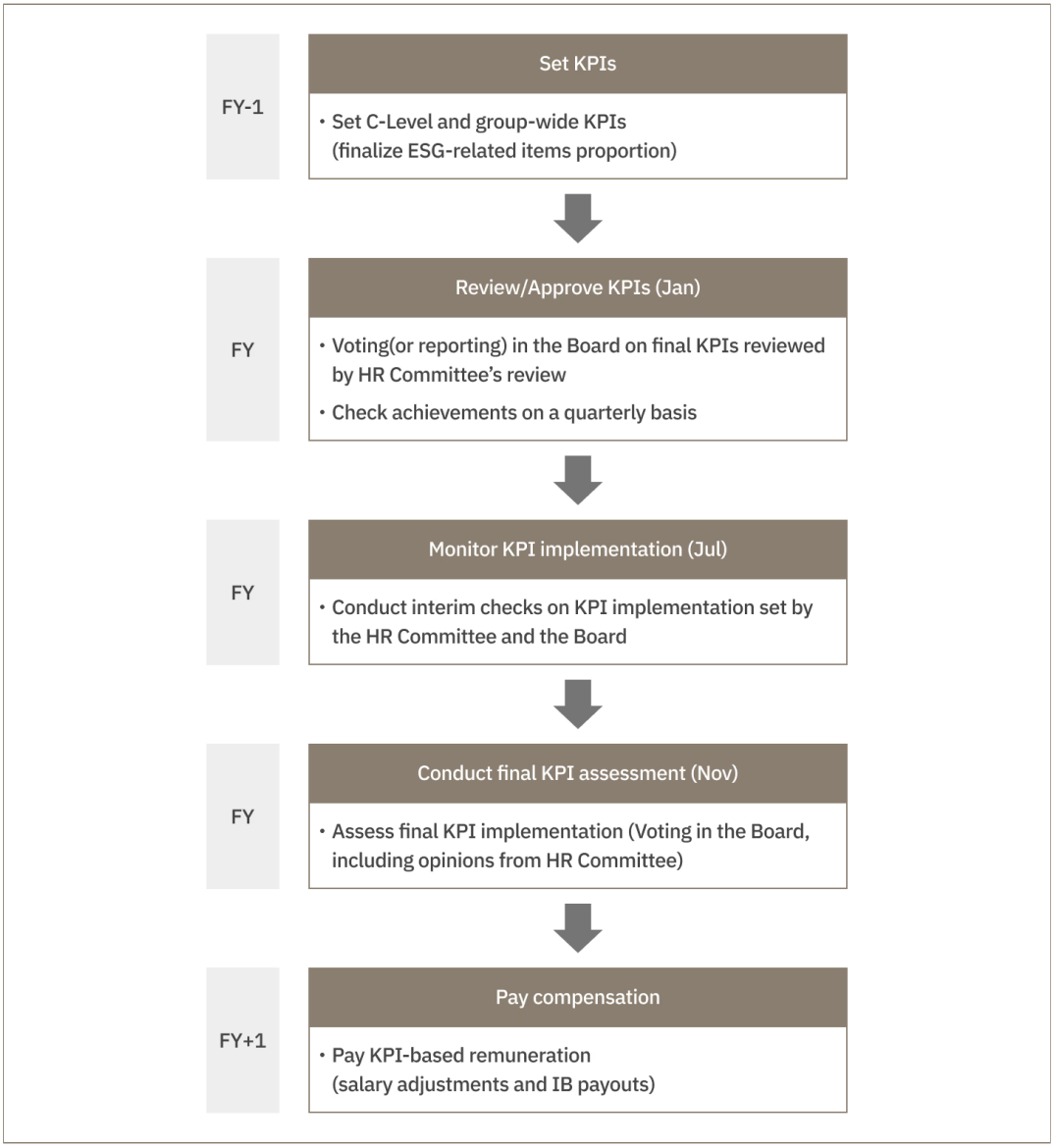
KPI Assessment for the CEO and Management

GRI 2-18 GRI 2-20

SK D&D incorporates ESG management items established based on ESG materiality reviewed by the ESG Committee into the KPIs for all executives, including the CEO, alongside financial, strategic, and operational indicators. C-Level KPIs are established annually, incorporating ESG performance from the previous year, and are finalized in January of the subsequent year, following review by the HR Committee and approval by the Board of Directors. To drive KPI achievement, quarterly and interim performance checks are conducted, and compensation for the following year is linked to KPI performance after final assessment.

In 2023, SK D&D set CEO KPIs including tasks such as implementing the ESG Master Plan, innovating organizational culture, enhancing workplace safety management, and achieving zero significant accidents across all workplaces. For executive KPIs, goals were set to promote ESG internalization and ecosystem expansion in alignment with each executive's overall operational business. Based on these goals, we assess CEO and executive KPI achievement levels and incorporate these results into compensation decisions to strengthen management's sense of responsibility for creating social value.

CEO & Executives KPI Assessment·Remuneration Decision Process



2023 CEO KPIs

Category	Tasks
ESG	**1. Implement ESG master plan** • Environment: Implement RE100 group-wide • Social: Operate a win-win model align with SK D&D business • Governance: Advance board-driven ESG performance management **2. Advance business utilizing DT/IT and improve work environment** **3. Achieve innovations in the organizational culture** **4. Enhance workplace safety management and achieve zero serious accidents at all workplaces**
Strategy/Operation	Enhance PJT management level, strengthen business model competitiveness, establish sustainable business structure, plan new business, and secure investment resources
Financial affairs	Group-wide P&L, profit margin, enterprise value

General Meeting of Shareholders

Shareholder-Friendly Management

Convocation and Operation of a General Meeting

SK D&D schedules its shareholder meetings for itself and its major affiliates in a staggered manner to promote shareholder participation, ensuring that the meeting dates do not overlap. In addition, to allow voting rights to be exercised in various ways, SK D&D has adopted an electronic voting system since the 17th Annual General Meeting (AGM) of Shareholders in 2021, and allows proxy voting as stipulated in the Articles of Incorporation.

The AGM is announced on the website two weeks prior to the meeting, and detailed information related to the agenda of the meeting is disclosed so that shareholders can review the agenda in advance. For important agenda items such as the appointment of executives and changes to the Articles of Incorporation, we separate the agenda for each executive or article and disclose the details of each agenda item beforehand. Notably, when the agenda includes the appointment of executives such as independent directors and audit committee members, we strive to ensure the decision-making rights of shareholders and secure transparency in the appointment of directors by disclosing the candidates' major experiences and the reasons for recommendation in detail.

Results of a General Meeting

GRI 2-10 GRI 2-20

The attendance at the 20th Annual General Meeting of Shareholders held on March 26, 2024, was 15,167,050 shares (68.4%) including self-attendance, electronic voting, and proxy voting. Excluding largest shareholders and related parties, the attendance was 2,031,769 shares, which represents 9.2% of the total voting shares issued by the company. All 9 agenda items of the 20th Annual General Meeting met the resolution requirements and were adopted as originally proposed. The detailed voting results for each agenda item are as follows.

Results of the 20th Annual General Meeting

Agenda No.	Resolution	Agenda details	Result	Total number of voting shares issued (①)	Number of voting shares exercised out of ① (A)**	Approved (B) (Ratio, %)*** / Opposed/ Abstained (C) (Ratio, %)****
1	Ordinary	Approval of separate and consolidated financial statements for the 20th period (Jan 1, 2023 - Dec 31, 2023), including statements of appropriation of retained earnings	Adopted	22,190,164	15,167,050	15,037,550 (99.1%) / 129,500 (0.9%)
2-1	Ordinary	Appointment of non-executive director (Candidate: Jae-min Kim)	Adopted	22,190,164	15,167,050	14,927,884 (98.4%) / 239,166 (1.6%)
2-2	Ordinary	Appointment of non-executive director (Candidate: Dong-chun Lee)	Adopted	22,190,164	15,167,050	15,126,193 (99.7%) / 40,857 (0.3%)
2-3	Ordinary	Appointment of independent director (Candidate: Mo-doom Kim)	Adopted	22,190,164	15,167,050	15,119,004 (99.7%) / 48,046 (0.3%)
3*	Ordinary	Appointment of independent director as an audit committee member (Candidate: Jun-cheol Kim)	Adopted	22,190,164	3,111,940	2,799,317 (90.0%) / 312,623 (10.0%)
4*	Ordinary	Appointment of audit committee member (Candidate: Mo-doom Kim)	Adopted	22,190,164	3,111,940	3,063,909 (98.5%) / 48,031 (1.5%)
5	Ordinary	Approval of directors' remuneration limits	Adopted	22,190,164	15,167,050	15,142,917 (99.8%) / 24,133 (0.2%)
6	Ordinary	Amendment to executive severance pay regulations	Adopted	22,190,164	15,167,050	15,121,260 (99.7%) / 45,790 (0.3%)
7	Ordinary	Partial amendment to the Articles of Incorporation	Adopted	22,190,164	15,167,050	15,146,737 (99.9%) / 20,313 (0.1%)

* The agenda items for the appointment of audit committee members specify the number of shares excluding restricted voting shares.

** Number of shares (A) = Number of shares (B) + Number of shares (C)

*** Percentage of shares approved in voting (%) = (B/A) x 100

**** Percentage of shares opposed or abstained in voting (%) = (C/A) x 100

Shareholders' Rights Protection

Shareholder Communication and Disclosures

Disclosure and Accessibility Enhancement

To ensure the accuracy, completeness, fairness, and timeliness of the disclosure of information that may affect stakeholders, SK D&D has established the Disclosure Information Management Regulations and designated the Disclosure Officer to assess and monitor disclosure risks. We also provide training to the disclosure officer and relevant departments to comply with disclosure-related laws and obligations and to strengthen the professionalism and efficiency of disclosure.

SK D&D discloses mandatory information on its website, including financial information, disclosures on the Korean electronic disclosure system for corporate filings (DART), and announcements regarding shareholders' meetings or the appointment of external auditors. In addition to regular disclosures, we disclose matters that may have a significant impact on corporate value, such as financial statements and stock mergers due to spin-off. Moreover, since 2022, we have been annually publishing our Sustainability Report to clearly communicate our ESG management performance to various stakeholders and has established a web-based sustainability report to expand access to related information.

SK D&D Disclosure Status

Category	Unit	2021	2022	2023
Voluntary disclosure	Cases	0	5	1
IR events*	Cases	3	4	5

* At IR events, we disclose the number of briefings held for analysts and domestic and foreign institutional investors. In addition, we conduct sessions targeting various other stakeholders at least twice a month

Shareholder Return

Dividend Policy and Results

SK D&D aims to return profits to shareholders by explicitly stating matters related to monetary and stock dividends in its Articles of Incorporation. We review and announce our dividend policy every three years to continually enhance shareholder value. Details regarding dividend policy and payments are transparently disclosed through regular reports (annual/quarterly) and the company's website, following resolutions from the general meeting of shareholders and the Board of Directors. Dividends are disbursed to shareholders within one month of the final decision made at the general meeting. Particularly since 2022, we have strengthened its shareholder-friendly management by introducing and implementing interim dividends.

SK D&D Dividend Policy (2021-2023)

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

SK D&D Dividend Results

Category		Unit	2019	2020	2021	2022	2023
Common shares	No. of dividend shares	1,000 shares	18,990	18,990	22,190	22,190	22,190
	Dividend per share	KRW	600	600	800	800	800
	Cash dividend yield	%	2.06	1.41	2.56	3.51	3.12
Preferred shares	No. of dividend shares	1,000 shares	-	5,200	2,000	2,000	2,000
	Dividend per share	KRW	-	1,022	1,022	1,022	1,022
Cash dividend payout ratio		%	25.37	25.35	14.85	25.83	19.20
Total dividends amount		KRW 1 million	11,394	16,708	19,769	19,769	19,769

Ethical Management

Ethical Management Framework

Ethical Management Implementation System

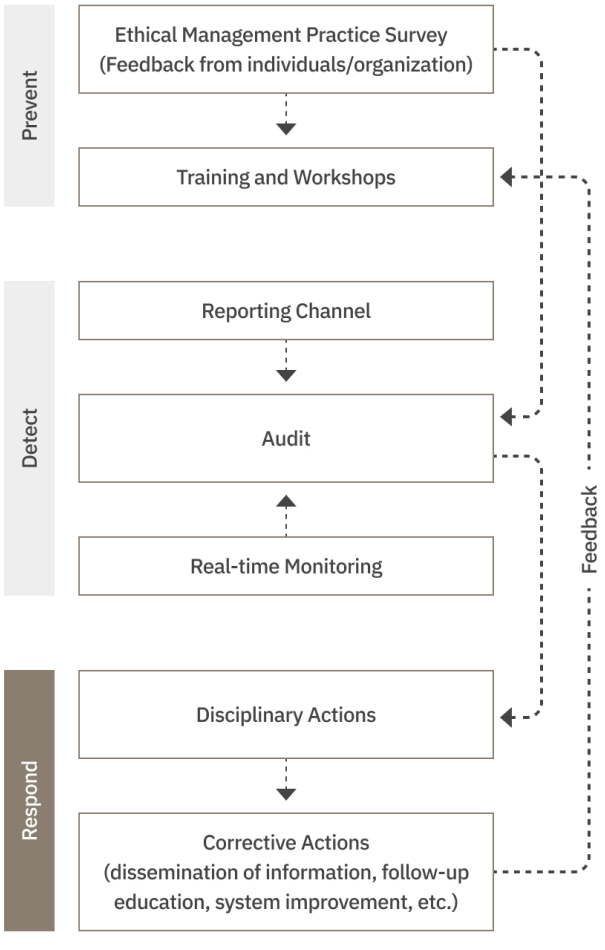
SK D&D has established a Code of Ethics to fulfill our corporate social responsibility with a strong sense of ethical and philanthropic duty, in addition to our economic and legal obligations. This code serves as a standard for decision-making and behavior in all management activities. Our Code of Ethics undergoes regular reviews by the Internal Control Part and is revised following discussions with relevant management support departments, ultimately receiving approval from the CEO. All employees at the domestic headquarters and subsidiaries participate in the 'Ethical Management Practice Pledge,' as outlined in Chapter 4, Article 22 of the Code of Ethics, conducting business honestly, fairly and transparently with key stakeholders such as customers, employees, and suppliers. SK D&D manages all ethical management risks through a 'Prevent-Detect-Respond' process, aiming to proactively prevent ethical risks, continuously monitor them, and promptly respond as necessary.

Code of Ethics

Key Concepts of Code of Ethics

Ch. 1	Ch. 2 - Art. 2, 4	Ch. 2 - Art. 3	Ch. 3 – Art. 8, 12
Code of Ethics	Responsibilities and obligations to customers and the company	Fair transaction with suppliers	Prohibition of employee bribery, solicitation, and self-serving behavior
Ch.3 – Art. 18	**Ch. 4 – Art. 20, 21**	**Ch. 4 - Art. 22**	**Ch. 4 - Art. 23**
Compliance with laws related to fair trade	Procedures for reporting and addressing illegal/ unethical behavior	Requirement for all employees to sign Ethical Management Practice Pledge	Disciplinary procedures and standards of conduct for ethics violations

Ethical Management Process

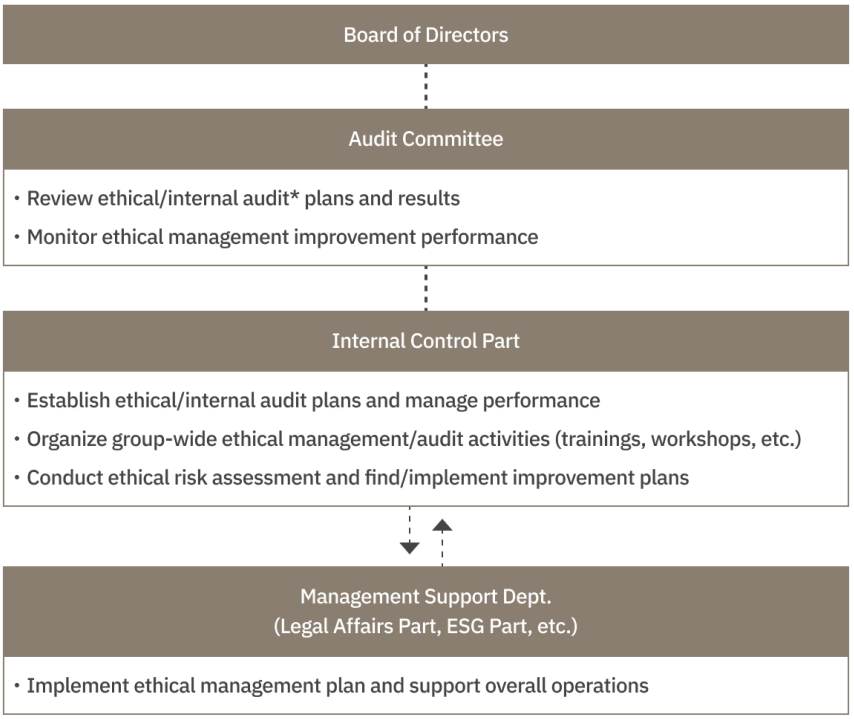


Ethical Management Organization

SK D&D endeavors to cultivate ethical awareness of our employees through the Internal Control Part, which annually conducts ethical practice training, workshops, and solicits pledges for ethical management practices. Additionally, as the lead department under the Audit Committee, the Internal Control Part

oversees external audits, internal accounting management systems, internal audits, and related risk assessments. It formulates an annual plan for internal audits and ethics/anti-corruption audits, and reports these to the Board of Directors' Audit Committee. The Audit Committee reviews these plans and outcomes related to ethical management, ensuring the implementation of improvement measures, thereby contributing to establishing and advancing a transparent and responsible culture of ethical management.

Ethical Management Organization



* The audits include internal audits and ethics/anti-corruption audits

Internalization of Ethical Management

Ethical Management Training

GRI 205-2

SK D&D is dedicated to promoting a robust ethical culture across all employees, including contract workers, through our ethics and anti-corruption training programs. These initiatives cover mandatory annual training on disability awareness, sexual harassment prevention, and workplace bullying prevention. Additionally, SK D&D offers various other training modules, including guidance on using the SK Ethical Management Reporting System and case studies on workplace bullying incidents. Achieving a 100% participation rate annually, executives and employees alike internalize ethical management practices through these sessions.

Furthermore, SK D&D hosts an annual Ethical Management Practice Workshop to reinforce ethical awareness among employees of all levels. This workshop encourages cross-hierarchical and cross-organizational discussions on effective decision-making in ethical dilemmas. In 2023, workshops tailored by position and department were held for a total of 265 employees and executives, representing

approximately 91% of eligible attendees. Moreover, SK D&D actively promotes awareness through its quarterly distribution of ethical management letter via email, and prohibits holiday gift exchanges with business partners, promoting ethical practices and fostering a consensus on their importance.

2023 Ethical Management Trainings Performance

Category	Frequency	Details	Participation
Ethical management letter	Quarterly	Deliver updates on ethical management activities plan and performance on a quarterly basis via email	100%
Ethical management practice pledge	Annually	Pledge to abide by the Code of Ethics and Ethical Conduct Guidelines	100%
Online training	Annually	Provide workplace bullying cases and guidance of using reporting channel ('Sotong Hotline')	100%
Legally mandatory training	More than once a year	Conduct trainings on improving disability awareness, workplace sexual harassment and bullying prevention, and personal data protection, etc.	100%
Ethical management practice workshop	Annually	Empower employees at all levels to make ethical decisions and voice their opinions on internal policies and issues	91%*
Ethical compliance guide for holidays	Biannually	Encourage employees and partners to adhere to ethical management practices during holidays and report gift acceptance (including training on the revised Improper Solicitation and Graft Act)	100%

* The participation rate in 2023 includes employees from 'SK eternix Co., Ltd.' which was spun off in March 2024

Ethical Risk Monitoring and Audit

Ethical Risk Monitoring

GRI 205-1

Ethical Risk Detection System

SK D&D operates a self-regulation system at its headquarters and subsidiaries to prevent corruption and unethical behaviors in its business activities. Workinig-level departments in key business areas voluntarily monitor and detect ethical risk levels annually. In 2023, we conducted 76 detailed checks across six areas (HR, Cost, Procurement/BP, Sales/Bond, Investment, and Extraordinary risk management) to prevent and eliminate potential ethical and corruption risks, restructuring our ethical risk management system.

Ethical/Anti-Corruption Audit

SK D&D conducts annual regular audits on ethics and anti-corruption risks across all operational sites, including headquarters and subsidiaries. In 2024, we performed audits aimed at enhancing ethical and corruption risks prevention and management system within our subsidiaries, including reviews of regulations, roles and responsibilities (R&R), and processes. Audit plans and execution details were reported to the Audit Committee, and corrective actions were implemented. Upon identifying ethical and anti-corruption risks through internal audits, the Internal Control Part implements corrective actions or collaborates with relevant departments to mitigate risks.

Ethical Management Practice Survey

To diagnose and improve the ethical management practices of its employees, SK D&D conducts an 'Ethical Management Practice Survey' annually among all employees and business partners since its introduction in 2015. The survey evaluates practices, culture, systems, and types of unethical behavior. Based on survey results, priority improvement areas* are identified to strengthen and enhance the group-wide ethical management system. In addition, we carry out a regular 'Supplier Ethical Management Survey' for our suppliers. In 2023, we assessed 49 key suppliers for ethical management violations related to purchase contracts, with no reported unethical behavior issues.

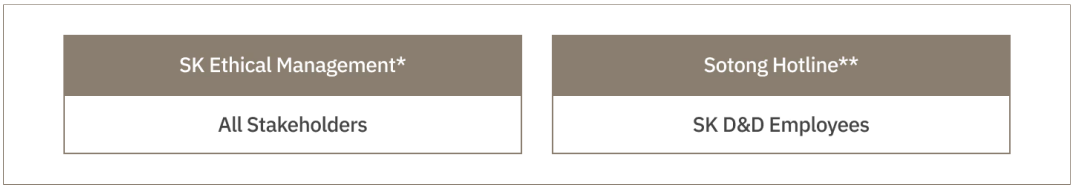
* Priority improvement areas for 2023: Transparent disclosure of corrective actions, including investigations and disciplinary actions, and strengthening the reliability of reporting channels.

Ehical Management Whistleblowing Channel

GRI 2-26 GRI 205-3

SK D&D operates 'SK Ethical Management,' the SK Group-wide ethical management reporting channel for all stakeholders and its ‘Sotong Hotline' to investigate unethical behavior, such as disrespect toward internal employees. Through these channels, we receive anonymous reports on unethical behavior and unfair transaction practices by employees. We strictly protect the identity and confidentiality of whistleblowers to prevent any disadvantages to them and operate a whistleblower protection system to ensure whistleblowers do not suffer any disadvantages or discrimination for making legitimate reports. The Sotong Hotline is operated by an independent third-party organization to minimize contact among employee, ensuring objective and transparent investigations.

SK D&D Whistleblowing Channel



* SK Ethical Management: SK D&D Internal Control Part / skdnd.ethics@sk.com

** Sotong Hotline: SK D&D People & Culture Part

SK Ethical Management Sotong Hotline

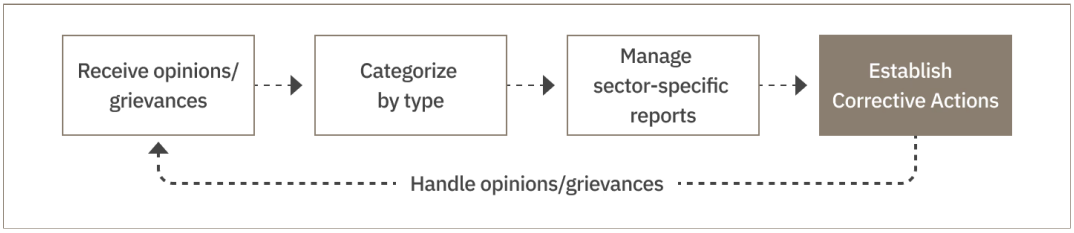
Types of Whistleblowing

Misconduct and bullying of business partners	Acceptance of money/entertainment, personal requests, equity investment, unfair instructions, verbal/physical abuse, etc.
Lack of respect for colleague(s)	Verbal/physical abuse, sexual harassment, outcasting, unfair exclusion from business responsibilities, demand for personal errands, etc.
Conflicts of interests in business relationships	Side job, excessive care of personal needs on the job, monetary transactions between colleagues, investment using inside information, transaction with related parties, etc.
Improper business conduct	False reporting, alteration of performance data, unlawful marketing practice, illegal use of company fund, asset, unauthorized disclosure of corporate information, etc.
Damage to social values	Non-compliance with environment/safety/health/quality regulations, human rights violations, disregard of socially disadvantaged group, unauthorized disclosure of customer data, disclosure of false information to customer

Whistleblower Protection Program

- The informant(s) will not be subject to unfavorable status or discrimination due to filing a report.
- If the informant(s) suffer unfavorable disposition due to their report, the informant(s) may request ethical management team for rectification and protection and the ethical management team will take all measures in its power to minimize his/her disadvantages.
- The informant's identity and reporting details will be kept completely confidential to prevent disclosure against his/her will.
- Individuals who cooperated with investigation by making statements or providing evidence to help with fact-finding steps will be entitled to equal protection.
- If an individual volunteers to report his/her engagement in unethical or unlawful conduct, applicable disciplinary actions may be waived accordingly.

Whistleblowing Procedure



Reports and Actions Taken

In 2023, a total of 9 ethical management reports were received through SK Ethical Management, involving one case of misconduct and bullying of business partners, four cases of improper business conduct, and four other non-administrative complaints. These reports underwent internal investigation and were successfully closed with implementation of corrective actions.

Whistleblowing Reported and Resolved Status

Category	Reporting Type	Unit	2021	2022	2023
Reporting	Misconduct and bullying of business partners	Cases	0	1	1
	Lack of respect for colleagues	Cases	0	0	0
	Conflicts of interests in business relationships	Cases	0	0	0
	Improper business conduct	Cases	0	0	4
	Damage to social values	Cases	0	0	0
	Violation of company ethics rules*	Cases	1	0	0
	Other (non-administrative reports, such as complaints)	Cases	6	7	4
Actions taken	Suspension	Cases	0	0	0
	Reprimand & Warning	Cases	1	1	5
	Other	Cases	6	7	4
Resolution rate		%	100	100	100

* In cases of workplace bullying in 2021, disciplinary resolutions were taken by the HR committee

Compliance

Compliance Framework

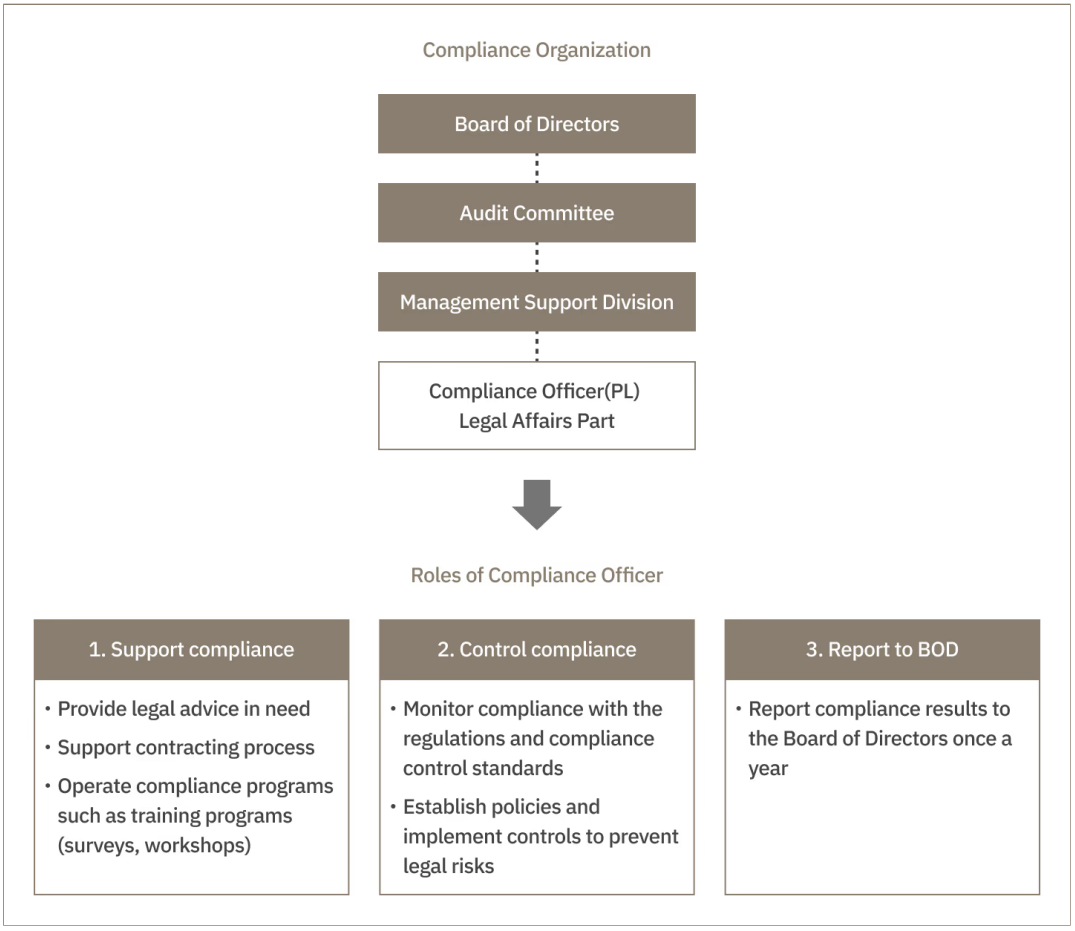
Compliance Organization

Under the oversight of the Board of Directors, SK D&D operates the Audit Committee, Compliance Officer, and compliance support organization (Legal Affairs Part), to ensure strict adherence to laws and regulations, thereby realizing corporate ethics and securing transparency and fairness in all business conduct.

The Audit Committee supports regulatory responses under commercial law as well as the company's accounting and financial audits, to strengthen the legality and validity of duties performed by directors and

management. The Compliance Officer regularly checks the overall legal risks that may arise from management activities and business operations, and reports to the Board of Directors regarding compliance with control standards. The Legal Affairs Part, the supporting organization for the Compliance Officer, facilitates overall compliance work through internal process checks, and plays a role in managing business/investment-related risks, reviewing transactions between affiliates, and enhancing corporate governance.

Compliance Organization and Role of Compliance Officer



2023 Compliance Inspection of Regulatory Control Standards

Inspection Items	Details
Compliance Risk Management	Compliance inspections across the company's business activities - New/on-going PJT, Fair transaction, anti-graft, etc.
Compliance (Fair Transaction)	Regular compliance survey for business partners (BP) - Conduct regular compliance surveys for purchasing-related BP employees to check for ethical management violations BP risk monitoring* - Evaluate unethical behavior and contract performance levels during contract fulfillment assessments Deliberation of partners' obligations and legal violations by the Internal Review Committee - Determine and implement sanctions where any sanctionable behavior is found
Compliance (Ethical Management)	Ethical management practices monitoring - Conduct an ethical management practice survey and incorporate the survey results into the 2024 activity plan Internal audit - Inspect safety and health implementation status, check subsidiary management systems, and handle reports of ethical violations Financial management review - Self-assess the fund management process and the self-regulation system

* The BP risk monitoring system was newly introduced in 2023

Internal Accounting Control System

SK D&D has established Internal Accounting Control Regulations and operates an Internal Accounting Control System to bolster the reliability of its financial statements by ensuring compliance with the laws related to financial information disclosure. We have appointed a full-time executive with expertise in accounting or internal control as our Internal Accounting Manager, who is responsible for designing and operating the internal accounting control system, checking its effectiveness, and reporting on it to the Board of Directors and the Audit Committee. The Audit Committee evaluates the operation of the internal accounting control system and reports its findings to the BOD, while the CEO oversees the system's management and operation, reporting the results to the General Meeting, the BOD, and the Audit Committee. Detailed regulations and operating outcomes are disclosed through our annual reports and internal accounting control system reports via DART (Data Analysis, Retrieval and Transfer System)—Korea's electronic disclosure system for corporate filings—and the company website.

2023 Assessment Results of Internal Accounting Control System's Operation*

Category	No. of Assessed Items	Discoveries	Measures Taken
Transaction Level Controls	218	0	0
Entity Level Controls	42	0	0
Information Technology General Control	63	0	0

* As of Nov. 21, 2023

Fair Transaction

Four Guidelines for Fair Transaction

SK D&D has adopted and implements the Four Guidelines for Fair Transaction recommended by the Korea Fair Trade Commission to establish reasonable and fair transaction practices with its suppliers. The Four Guidelines for Fair Transaction include establishing and operating an internal screening committee, signing sound contracts, issuing and retaining documents, and selecting and operating a pool of business partners. Through the Legal Affairs Part, we strive to select and contract with business partners fairly in compliance with the four guidelines, and to prevent unfair transaction with business partners by voluntarily monitoring our own compliance with laws and regulations related to fair transaction.

Guidelines for the Establishment and Operation of the Internal Screening Committee
Guidelines for Sound Contract Practices
Guidelines for Issuance and Retention of Documents
Guidelines for Vendor Selection and Management

Four Guidelines for Fair Transaction

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

Fair Transaction Enhancement Activities

GRI 206-1

Fair Transaction Compliance Management

To prevent unfair transaction practices and establish an internal compliance system, SK D&D conducts annual checks on compliance with fair transaction control standards. Improvement tasks derived through interviews with personnel in charge, inspection of contracts by type, and legal reviews are implemented and improved in cooperation with relevant departments. In addition, we continuously manage fair transaction compliance by conducting preliminary checks on issues related to contract amount increases in business support fields and providing legal support for new businesses. As a result of these proactive efforts for fair transaction risk management, SK D&D has not incurred any violations of fair transaction laws or financial sanctions in the past three years.

With rising social demand for ESG management, SK D&D plans to design an internal monitoring program for future pilot operation by reviewing relevant laws and regulations, analyzing risk factors, and updating related internal operating codes and training systems, with the goal of introducing a compliance program(CP) for fair transaction.

Fair Transaction Violations

Category	Unit	2021	2022	2023
No. of violations due to unfair transaction practices (anti-competitive conduct, monopolization, etc.)	Cases	0	0	0
Fines for unfair transaction practices	KRW 1 million	0	0	0
No. of monetary sanctions for violations of laws and regulations	Cases	0	0	0

Fair Transaction Training

SK D&D is taking the lead in establishing a culture of fair transaction compliance within the organization by providing fair transaction training every year to all employees, not just those in procurement. In 2023, training for all employees was held on supply chain ESG management, fair transaction, and legal compliance to raise employee awareness of fair transactions.

Fair Transaction Training Performance

Target	Details	No. of Participants	Total Training Hours
All employees	Supply chain ESG management (anti-corruption, fair transaction, compliance, etc.)	258.75	1.0

Information Security

Information Protection Framework

Information Protection Policy

SK D&D is establishing data governance with the goal of building the IT infrastructure solutions to leap forward as a leading player in the platform business. To this end, we have formulated and implemented information protection policies and systems. We aim to mitigate cybersecurity risks by complying with international information security standards and codes of ethics, and to manage risks by improving the level of trust with external stakeholders in information security.

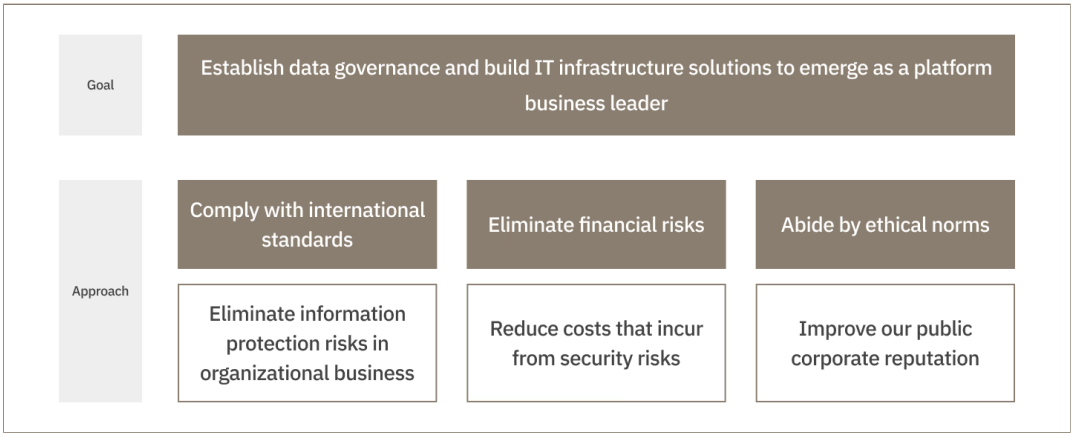
In 2023, we revised our Information Security Regulations to systematize information protection, and according to Article 4 of the Information Security Regulations, we have obtained approval from the Chief Information Security Officer (CISO) and disclosed it publicly. The main revisions include the application of mandatory requirements for administrative and technical control items as per the Information Security Management System (ISMS)* and changes to the operation and management of the information protection working-level group. Additionally, a cloud management guideline was established in accordance with the transition of the company's business systems to the Amazon Web Services (AWS) cloud. Our information protection policy and related regulations are posted on the groupware policy bulletin board for all employees to access and read.

In November 2023, SK D&D obtained ISMS certification for the corporate website and the ‘Episode’ website to strengthen the level of information security, while upgrading internal policies and systems. By voluntarily obtaining this certification, we have created a more secure customer service environment, and will continue to strive to improve information security and trust.

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

Information Protection Policy

Information Protection Implementation Framework

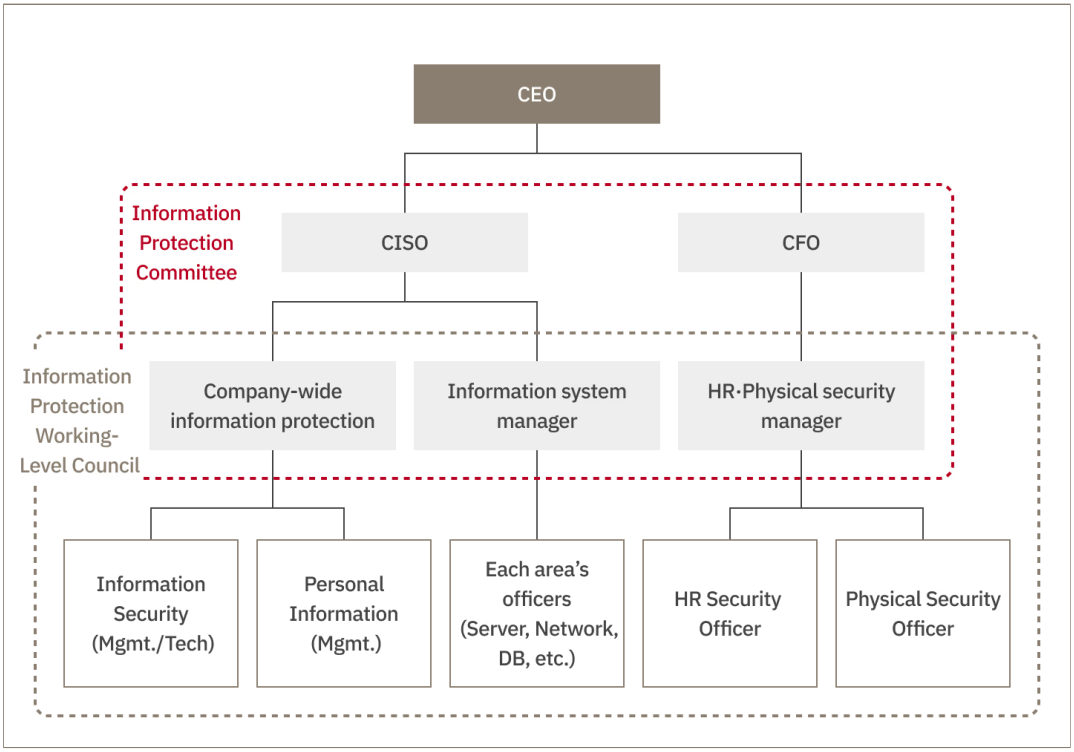


Information Protection Management Organization

SK D&D operates an Information Protection Committee as the top decision-making body for ensuring systematic implementation of information security management activities. The committee convenes at least annually to review and make decisions on key issues related to establishing company information security policies and control procedures and operating corporate secrets security tasks. The committee consists of IT/security experts and the Chief Information Security Officer (CISO) is appointed as the chair of the committee. The CISO, as a C-level executive delegated authority by the CEO for policy review and approval, is responsible for formulating information security strategies, ensuring swift responses, and reporting deliberations and decisions of the Committee to the CEO.

To facilitate the effective information security operations of the Information Security Committee, we conduct quarterly Information Protection Working-Level Council meetings, chaired by the Information Security Manager. These meetings involve participation from practitioners responsible for information security, personal information protection, and HR/physical security, aiming to strengthen the overall information security system across the organization. The Platform Infra Part, an information security department, executes annual information security action plans, conducts inspections for preventing security incidents, and manages post-incident responses. Additionally, it collaborates with relevant departments such as Legal Affairs and Business, as needed, to advance internal information security activities.

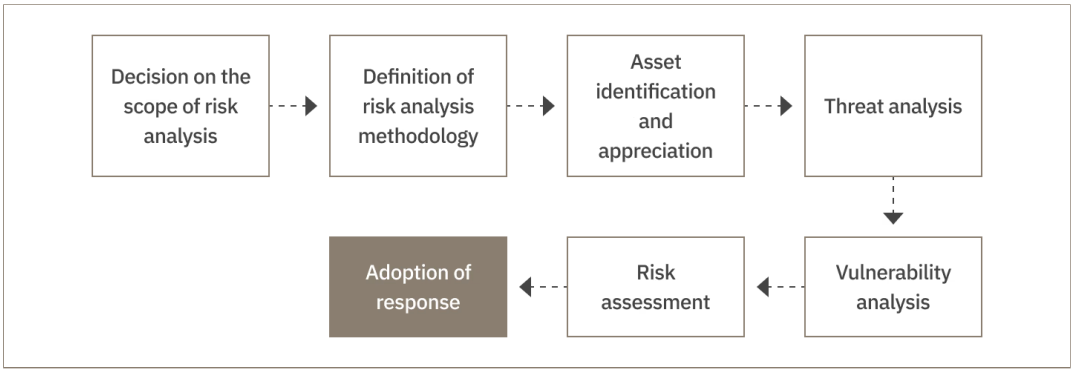
Information Protection Organization



Information Protection Risk Analysis and Evaluation

SK D&D conducts regular information security audits to maintain the level of information security required by information protection policies and to prevent security breaches in advance. In 2023, in accordance with ISMS certification standards, we analyzed the information security risks and vulnerabilities across the entire security system and assessed the risk levels. The evaluation identified deficiencies in 12 areas and 82 items in total, and mitigation measures for the deficiencies in each area have been completely implemented. Moreover, the effectiveness evaluation of the operational status of information protection system resulted in a score of 86.4 (Information Security Level: Excellent), showing improvement compared to the previous year.

Risk Analysis Process



2023 Information Protection Risk Analysis Results

Key Issues of Information Protection System

- Inadequate risk assessment of End of Service assets: 13 items addressed
- Deficiencies in vulnerability assessment and remediation: Risk mitigation measures completed for information security and personal data
- Inadequate protection measures for personal information processing systems: Protective measures established for SK D&D services (Episode, Canvas, etc.)

Category	Total	Actions completed	Remaining	Improvement rate
ISMS non-conformities	82 cases	82 cases	0 cases	100%

2023 Information Protection Improvement Outcomes

Category	2022	2023	Note
Level of information protection	53.8 points (Inadequate)	86.4 points (Excellent)	32.6 points up from the previous year

Information Security Compliance

Category	Unit	2021	2022	2023
No. of information security breaches/incidents*	Cases	0	0	0
Total amount of information security-related fines or penalties	KRW 1 million	0	0	0

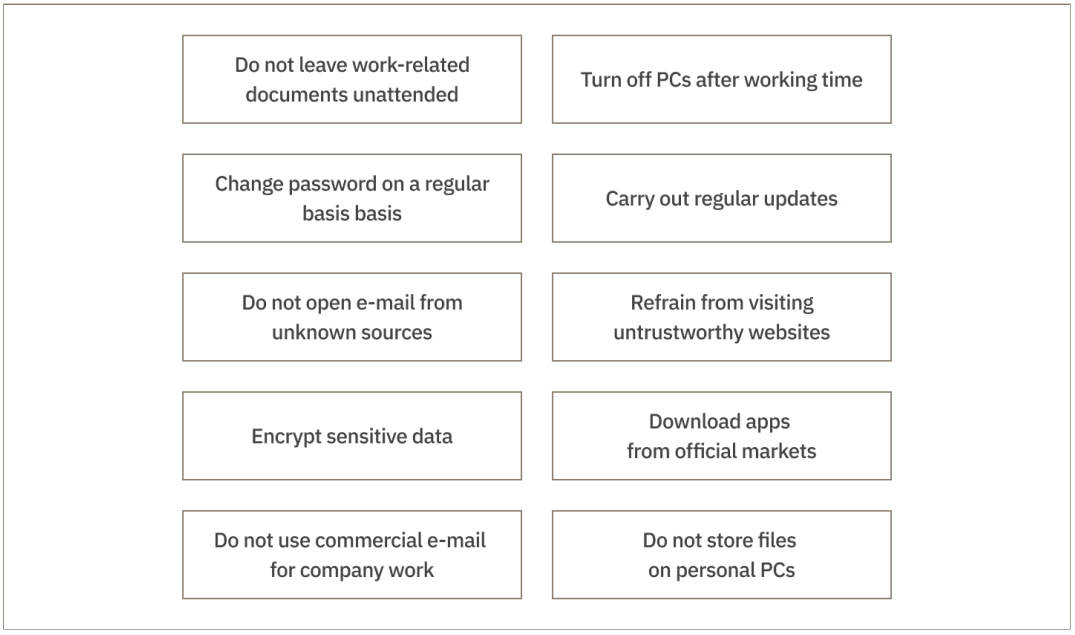
* Excluding personal information protection-related breaches/incidents

Internalization of Information Protection

Information Protection Practices

SK D&D conducts regular security checks on daily operations to raise the security awareness of employees and notifies them of any vulnerabilities and breaches that occur. We build a culture of information protection by distributing guidelines on daily security and information protection practices through a quarterly newsletter, and share the results of our everyday security inspections of the company's work environment with employees. In addition, in the event of spam emails or Office-related vulnerabilities, we promptly inform employees of the situation to enable appropriate responses and prevent major information security incidents.

10 Rules for Information Protection



Information Protection Investments and Training

SK D&D annually implements investments in information protection to enhance company-wide information security systems, while also expanding investments in the information technology as we pursue IT/data-based solutions and platforms businesses. In 2023, the ratio of information protection investments to total information technology investments at SK D&D reached 4.7%. We are committed to continually investing in information protection to ensure the security of our customers' and company's information.

Additionally, SK D&D conducts annual information security training to help employees understand the importance of information security, foster a sense of responsibility, and enhance their security capabilities. In 2023, we provided a total of 231 hours of online information security training to all employees. Moreover, in compliance with information protection regulations, all employees are required to sign an annual information protection pledge, reaffirming their commitment to adhering to relevant laws and internal regulations and their dedication to practicing information security.

Information Protection Investments

Category	Unit	2021	2022	2023
Investments in information technology (A)	KRW 1 million	6,620	13,120	14,108
Investments in information protection (B)	KRW 1 million	655	1,101	667
Information security investment ratio (Ratio of B to A)	%	9.9	8.4	4.7

Security Incident Prevention and Response

As part of our efforts to prevent security incidents and strengthen information protection, we conduct annual security incident prevention training such as spam email simulation training and mock hacking exercises. Spam email simulation training is given to all employees to prevent incidents such as company's

data leaks or business interruption caused by spam email or ransomware, aiming to enhance employee security awareness. Mock hacking exercises are conducted to prevent damage from security incidents and improve security perception for company-wide systems, applications, and business-related IT infrastructure used by employees.

In addition, we operate an IT helpdesk channel to promptly receive and address IT/security issues raised by employees, and maintain business continuity planning and response procedures to prevent and quickly respond to information security incidents. In addition, we regularly check the effectiveness of our security issue response procedures by conducting IT business continuity mock training and crisis response training at least once a year.

2023 Spam Email Simulation Training Outcomes

Target	Outcomes	Action Plan
264 persons (all employees)	Spam email open rate: 28% (74 persons)	Separate information protection training provided to 74 employees to address individual security vulnerabilities

Personal Information Protection

GRI 418-1

Personal Information Protection Activities

SK D&D has established and disclosed a Privacy Policy in accordance with Article 30 of the Personal Information Protection Act. This policy outlines the rights and obligations of the information subjects and provides detailed information about our Chief Privacy Officer (CPO) and personal information security officers. We continuously review and revise our Privacy Policy to reflect changes in laws, regulations or security technology, and keep all updated versions of the Privacy Policy accessible in archive format on the company's webpage and the 'Episode' webpage. This allows information subjects to check when the revised policy is implemented and what has changed.

SK D&D Webpage Episode Webpage

SK D&D conducts mandatory personal information training to protect personal information and prevent information leakage through Platform Infra Part, the personal information protection department. We also strive to protect the personal information of employees by collecting personal information processing agreements from employees every year. Additionally, we perform regular system checks based on the SK Group Security Guidelines to resolve vulnerabilities and invest in personal information masking and encryption to prevent data breaches. Furthermore, we have subscribed to and renew annually a personal information protection liability insurance to prepare for potential customer information leaks related to our rental housing business('Episode').

Personal Information Protection Compliance*

Category	Unit	2021	2022	2023
No. of privacy-related information security breaches/incidents	Cases	0	0	0
Total amount of privacy-related fines or penalties	KRW 1 million	0	0	0
No. of complaints filed regarding breaches of customer privacy and loss of customer data	Cases	0	0	0
No. of proven customer data breaches, thefts, or losses	Cases	0	0	0
Customers impacted by the data breaches	Persons	0	0	0

* There have been no complaints received related to personal information protection, leakage, theft, or loss

Environmental

- Environmental Management and Performance
- Climate Change Response
- Green Building and Real Estate Development

Environmental Management and Performance

Environmental Management Framework

Environmental Management Policy

SK D&D is establishing an environmental management system (EMS) aimed at reducing potential negative environmental impacts arising from its business activities, with a focus on expanding sustainable real estate and green buildings. We have established and disclosed an environmental management policy that aligns with our commitment and business direction to create a sustainable future where people, society, and the environment coexist harmoniously. Our environmental management policy applies to all business sites, including the headquarters and subsidiaries, and is reviewed and approved by the CEO, the highest authority in environmental management, during its formulation and revision.

SK D&D has developed and implements an environmental management system (EMS) manual and has completed achieving environmental management system certification (ISO 14001) for all operating sites that comprise headquarter and energy-related operations. Moving forward, we will continue to internally monitor environmental compliance and performance based on ISO 14001 standard requirements and environmental regulations. Through post-management audits conducted by certification bodies, we aim to ensure the appropriateness of our environmental management system operations and promote systematic environmental management.

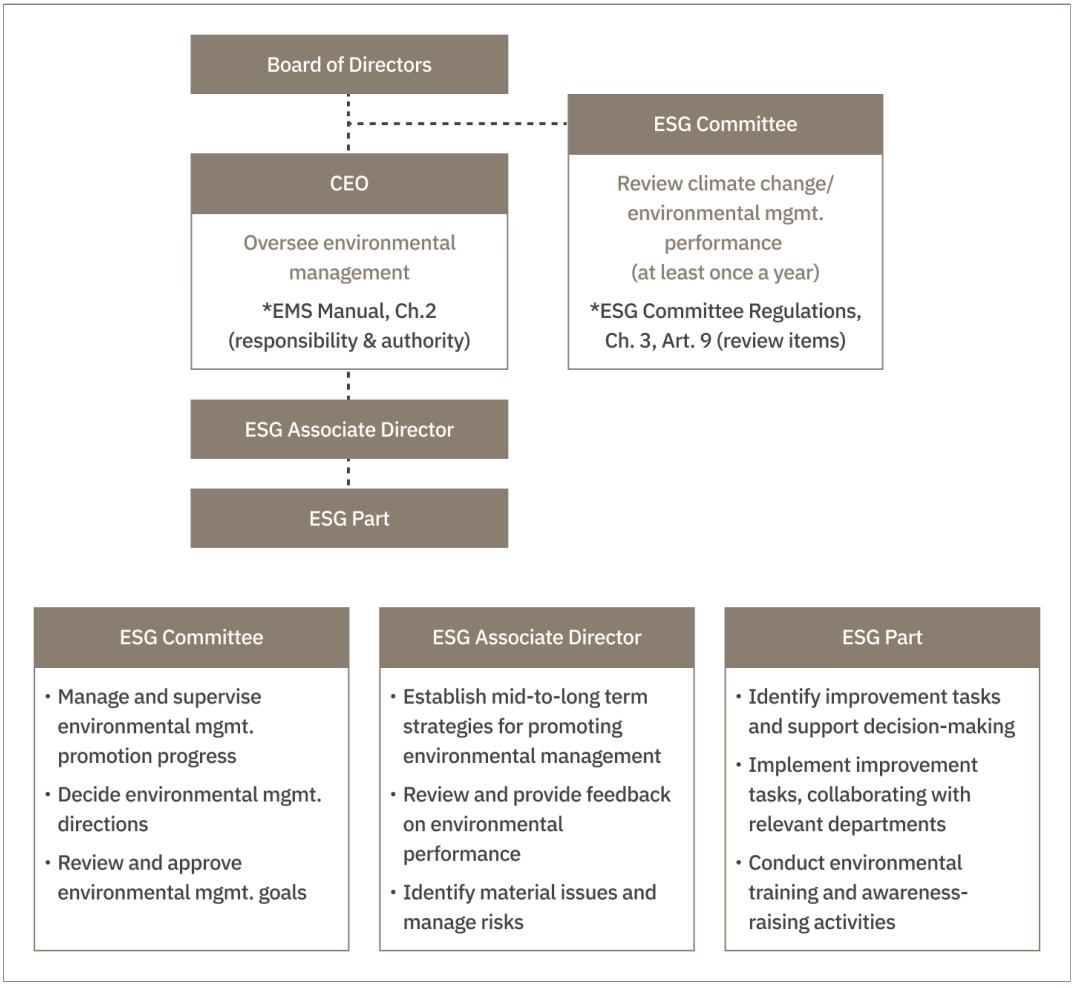
Environmental Management System Certificate(ISO 14001) Environmental Management Policy

Environmental Management Organization

SK D&D has created an environmental management organization based on the active participation of the CEO and the Board of Directors to effectively implement group-wide environmental management. As the senior environmental management executive, the CEO is responsible for expressing commitment to environmental management, approving revisions to environmental policy, and overseeing environmental management performance, thereby supporting and supervising the company's environmental management system. The Board of Directors, through the ESG Committee, annually reviews our environmental management plans, strategies, and implementation performance, and monitors the effectiveness of corrective actions to mitigate environmental risks.

The ESG Part, the dedicated environmental management department, regularly conducts environmental regulation monitoring and environmental impact assessments to revise environmental management policies and strategies. Additionally, it sets environmental strategies and targets based on the environmental information of each business site, establishes implementation plans and improvement tasks to achieve these targets, and executes them in collaboration with related departments. Furthermore, to internalize environmental management, the ESG Part promotes trainings to raise environmental management awareness among employees, aiming to minimize the occurrence of environmental risks. Key environmental management issues, risks, and performance derived from these activities are regularly reported to the ESG Committee, supporting the decision-making of the BOD.

Environmental Management Organization



ESG Committee Activities

Environmental Management Performance

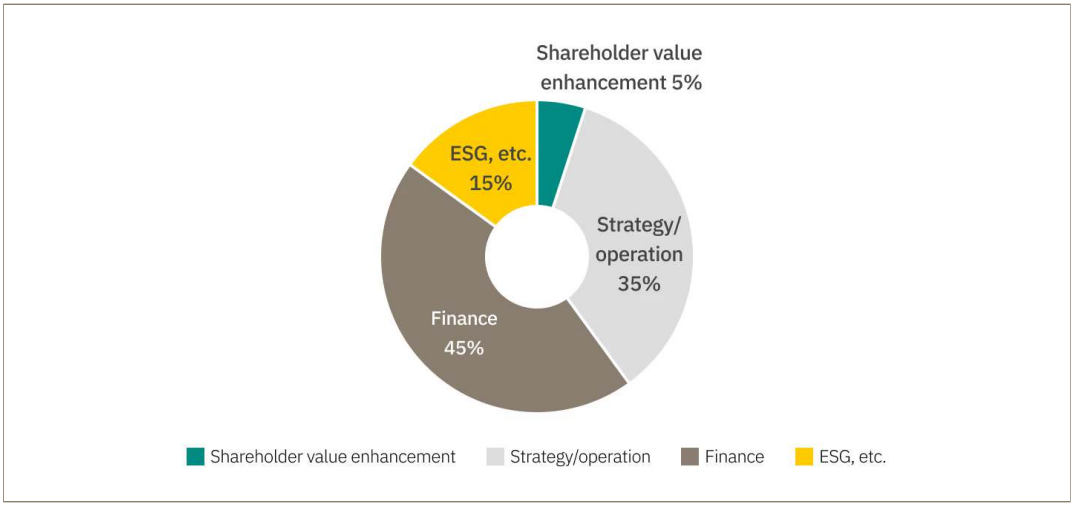
Environmental Management Performance Management

GRI 2-18

SK D&D assigns environmental performance-related KPIs to the CEO, executives, and each business unit manager to internalize environmental management, linking performance levels of these KPIs with compensation and incentives to improve their environmental management performance. Additionally, annual environmental management KPIs are established and implemented in alignment with group-wide goals and activities. In 2023, environmental management KPIs were set to achieve goals such as ‘implementing RE100’, ‘developing ESG building solutions’, and ‘enhancing eco-friendly power generation’, all of which were successfully achieved.

To advance our environmental management, we identify and implement initiatives across all business areas to improve environmental performance. This includes obtaining eco-friendly certifications, installing energy-efficient facilities in real estate development or conducting environmental activities in the real estate operation phase. As of April 2024, SK D&D holds a total of 36 third-party eco-friendly certifications, and aims to obtain green building certifications for all residential and commercial buildings annually.

CEO/Executives KPIs – Environmental Management Performance



The CEO's ESG KPIs related to the environment include the task of implementing RE100 to achieve net zero emissions. The KPIs of the Head of Frontier division, who oversees real estate development, include the task of developing ESG building solutions (Green story) that incorporate eco-friendly elements into real estate development.

2023 Environmental Management KPIs Achievement (Target/Achievement)

Category	Achievement Rate (%)	2023		
		Target	Achievement	Note
RE100 Implementation	100	HQs and subsidiaries transitioning to RE100	Achieved RE100 in HQs and subsidiaries	RE100 implementation through utilizing REC
Establishment of ESG Building Solution	100	Developing specialized ESG solution	Completed Phase 1 development	Continuously implementing qualitative evaluations in 2024
Strengthening Eco-friendly Power Generation Business	108	260MW	280MW	Energy solution division (current: SK eternix)

Third-Party Eco-Friendly Certifications

Category	Unit	2023(Accumulated)*
Green Building Certification (G-SEED)	Cases	16
Building Energy Efficiency Rating Certification	Cases	19
LEED	Cases	1
Total	Cases	36

* Including certifications obtained in the first half of 2024

Waste Management

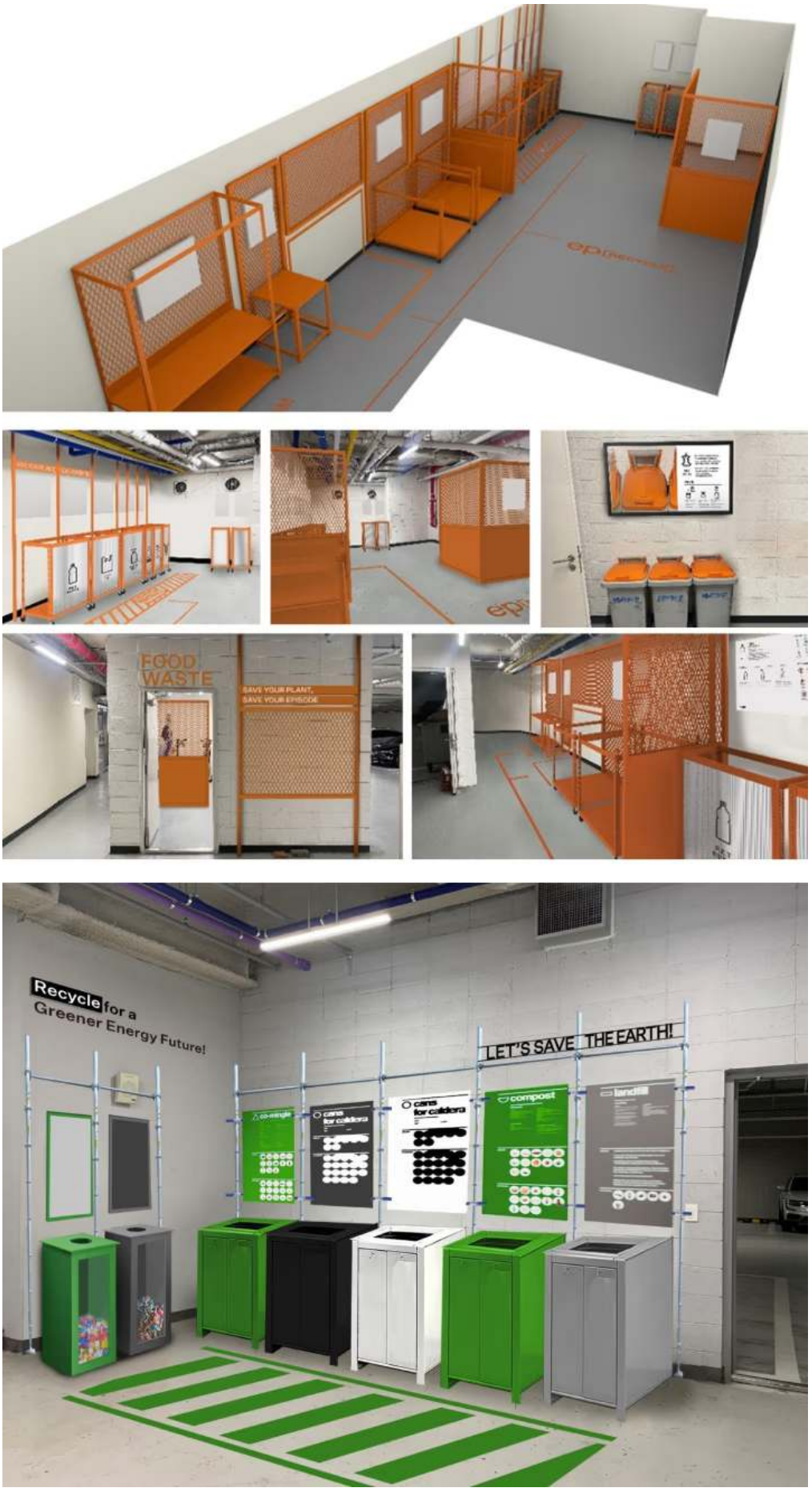
GRI 306-1 GRI 306-2 GRI 306-3

SK D&D rigorously manage wastes generation not only at its headquarters but also throughout all stages from space development to operations, aiming to prevent resource waste and environmental pollution associated with real estate activities.

Waste generated at the headquarters is managed according to an internal waste management system, while operational site waste is lawfully disposed of and processed through external O&M contractors. Additionally, to encourage employee participation in waste reduction, we operate a paperless office, mandate the use of personal mugs and tumblers to reduce disposable items, and implement waste reduction campaigns.

At construction sites, we make efforts to minimize waste generation and promote strict separation and disposal of construction waste through collaboration with business partners. Furthermore, to improve waste disposal facilities at Episode building, we have analyzed the issues with existing recycling and food waste disposal areas. Based on this analysis, we are currently conducting internal renewal activities for the waste disposal areas, including improving signage readability, providing recycling guidelines, separating disposal zones, and installing new hardware. We plan to progressively expand these environmental improvement initiatives for Episode waste disposal facilities across all sites and implement waste reduction campaigns to support proper waste management and recycling by residents.

Renewal Activities for Waste Disposal Areas in Episode


FOOD WASTE
SAVE YOUR PLANT,
SAVE YOUR EPISODE
Recycle for a
Greener Energy Future!
LET'S SAVE THE EARTH!
compost
landfill

SK D&D Waste Generation*

Category		Unit	2021**	2022**	2023
Waste generated	General waste	ton	6.3	6.7	8.6
	Designated waste	ton	2.1	1.6	3.3
	Total waste generation***	ton	8.3	8.3	11.9
	Waste intensity****	ton/KRW 10 billion	0.10	0.17	0.29
Waste recycled	Recycled amount	ton	3.5	4.2	5.2
	Recycling rate*****	%	42.2	50.4	43.5

* Waste generation data management sites: Headquarters, Gasiri Wind Power Plant

** Due to changes in the scope of waste discharge data management since 2023, the past two years (2021/2022) have been recalculated, resulting in numerical fluctuations (Until 2022, waste data generated from Episode facilities was included in the calculation)

*** Total waste generation data may differ from the sum of general waste and designated waste due to rounding for significant figures

**** Waste intensity: Total waste generation ÷ Annual revenue (separate) for the respective year

***** Recycling rate: (Recycled amount ÷ Total waste generation) x 100, Trivial errors may occur due to rounding

Subsidiaries (DDI, DDPS) Waste Generation*

Category		Unit	2021		2022		2023	
			DDI	DDPS	DDI	DDPS	DDI	DDPS
Waste generated	General waste	ton	0.8	0.7	18.0	7.6	18.0	7.7
	Designated waste**	ton	-	-	-	-	-	-
	Total waste generation	ton	0.8	0.7	18.0	7.6	18.0	7.7
Waste recycled	Recycled amount	ton	0	0	10.3	0	10.3	0
	Recycling rate***	%	0	0	57.1	0	57.1	0

* Waste generation data management sites: DDI – headquarters / DDPS – headquarters & D&D gallery

** DDI and DDPS do not generate or discharge any designated waste

*** Recycling rate: (Recycled amount ÷ Total waste generation) x 100, Trivial errors may occur due to rounding

Water Management

GRI 303-3 GRI 303-5

SK D&D has established and operates a water consumption reduction and management system at its headquarters to enhance water resource efficiency. The Eco-hub building, our headquarter, collects rainwater and groundwater from rooftops and ground for reusing it as reclaimed or landscaping water. We also reduce potable water consumption by using water-saving sanitary appliances certified with eco-label certification. Furthermore, when advancing real estate development projects, we strive to meet water consumption standards by introducing rainwater management systems to utilize rainwater and runoff groundwater, and using water-saving devices.

SK D&D Water Withdrawal/Consumption*

Category		Unit	2021	2022	2023
Water withdrawal**	Potable water	ton	11,674.9	12,195.3	12,394.7
	Rainwater	ton	549.4	572.1	619.2
	Total water withdrawal***	ton	12,224.4	12,767.4	13,013.9
Water consumption		ton	12,224.4	12,767.4	13,013.9
Water intensity****		ton/KRW 10 billion	154.10	254.21	321.54
Water reduction/reuse rate*****		%	4.49	4.48	4.76

* SK D&D manages water withdrawal and consumption at its headquarters and business sites

** SK D&D does not withdraw water from sources other than potable water and rainwater, and total water withdrawal and water consumption are same

*** Total water withdrawal data may differ from the sum of potable water and rainwater withdrawal due to rounding for significant figures

**** Water intensity: Total water consumption ÷ Annual revenue (separate) for the respective year

***** Water reduction/reuse rate: (Rainwater consumption ÷ Total water withdrawal) x 100

Subsidiaries (DDI, DDPS) Water Withdrawal/Consumption*

Category		Unit	2021		2022		2023	
			DDI	DDPS	DDI	DDPS	DDI	DDPS
Water withdrawal	Potable water	ton	259.0	410.0	1,436.0	382.7	1,436.0	522.0
	Total water withdrawal **	ton	259.0	410.0	1,436.0	382.7	1,436.0	522.0
Water consumption		ton	259.0	410.0	1,436.0	382.7	1,436.0	522.0

* DDI and DDPS manage water withdrawal and consumption at each headquarters and business sites

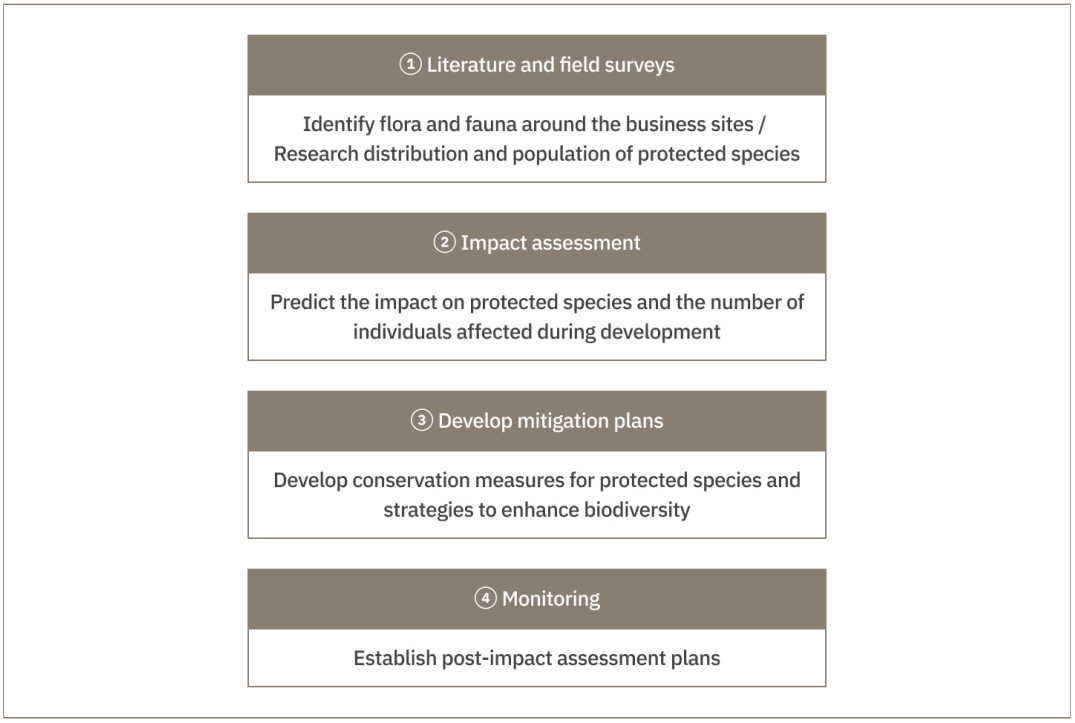
** DDI and DDPS do not withdraw water from sources other than potable water

Biodiversity Conservation

GRI 304-1 GRI 304-4

SK D&D conducts pre-construction environmental impact assessments when carrying out real estate development projects to proactively identify environmental impacts caused by development activities, and implements measures that exceed legal requirements to protect local community ecosystems. By identifying environmental impact factors and implementing mitigation measures to minimize adverse effects, we aim to reduce ecosystem disruption and safeguard nationally protected species and local wildlife. Furthermore, based on the results of environmental impact assessments, we promote initiatives such as creating green belts and ecological corridors near project sites to conserve ecosystems. Even after completion of construction, we are committed to implementing mid- to long-term improvement projects and monitoring post-construction impacts even after construction completed.

Process to Establish Biodiversity Protection Plan



Responses to Protected Species in the Ecosystem – Real Estate Business

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 and 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

* Responses to protected species in the ecosystem based on the results of the environmental impact assessment of the energy business are currently being carried out by “SK eternix”

Responses to Protected Species in the Ecosystem – Energy Business*

Environmental Management Activities

Monitoring Compliance with Environmental Laws

GRI 2-27

SK D&D has prioritized environmental management as one of its corporate challenges and selected key initiatives to practice, aiming to respond to the global climate change crisis and provide sustainable spaces to customers. We are enhancing our environmental management system without any violations of laws, by integrating compliance with environmental laws and regulations, and regularly monitoring environmental compliance levels to minimize environmental impacts throughout the building development process

SK D&D identifies and manages the legal and regulatory requirements applicable to environmental management tasks under the Environmental Management System (ISO 14001). These identified legal and compliance obligations are periodically reviewed, at least annually, and internally communicated through appropriate methods such as training to ensure understanding and compliance among relevant employees.

Compliance with Environmental Laws/Regulations

Category	Unit	2021	2022	2023
No. of violations of environmental laws/regulations	Cases	0	0	0
Penalties imposed due to violations of environmental laws/regulations	KRW 1 million	0	0	0

Environmental Investments and Trainings

SK D&D is directly and indirectly reducing greenhouse gas emissions and energy consumption through environmental investments aimed at achieving net-zero and enhancing the ESG (Environmental, Social, Governance) ecosystem of Episode. Additionally, we conduct regular environmental training for all employees to reinforce the environmental management capabilities and drive force by improving employees' environmental knowledge and skills. Through the mySUNI training platform, we offer environmental education with various contents such as net-zero, hydrogen, circular economy, and renewable energy generation. In 2023, our employees participated in a total of 72 environmental education programs, enhancing understanding of climate change and environmental issues and raising awareness of environmental conservation as responsible members of society.

2023 Environmental Investment

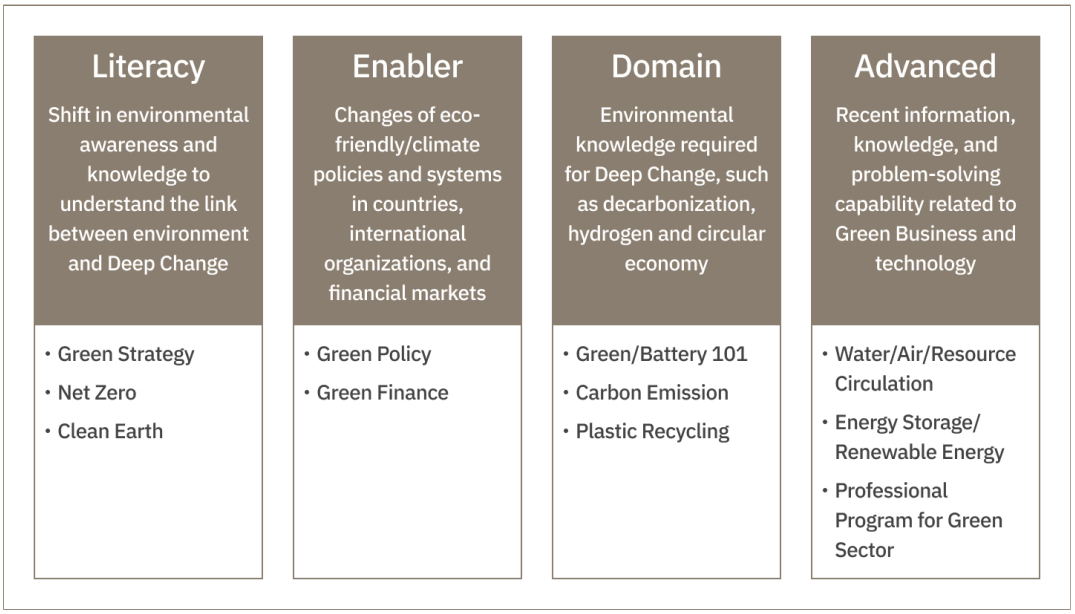
Category	Unit	2023
RE100 Implementation	KRW 1 million	178
Environmental improvements (enhancing recycling environment of each Episode site, etc.)	KRW 1 million	33
Total	KRW 1 million	211

2023 Environmental Training Performance*

Category	Unit	2023
Total training hours	Hours	242
Training hours per person	Hours/Persons	0.9

* Total training Hours include those of the mySUNI training course

Environmental Training Curriculum



Climate Change Response

GRI 3-3

Climate Change Response Framework

Climate Change Governance

SK D&D has established a climate change governance framework involving the board of directors, management, and operational levels to systematically address climate change issues.

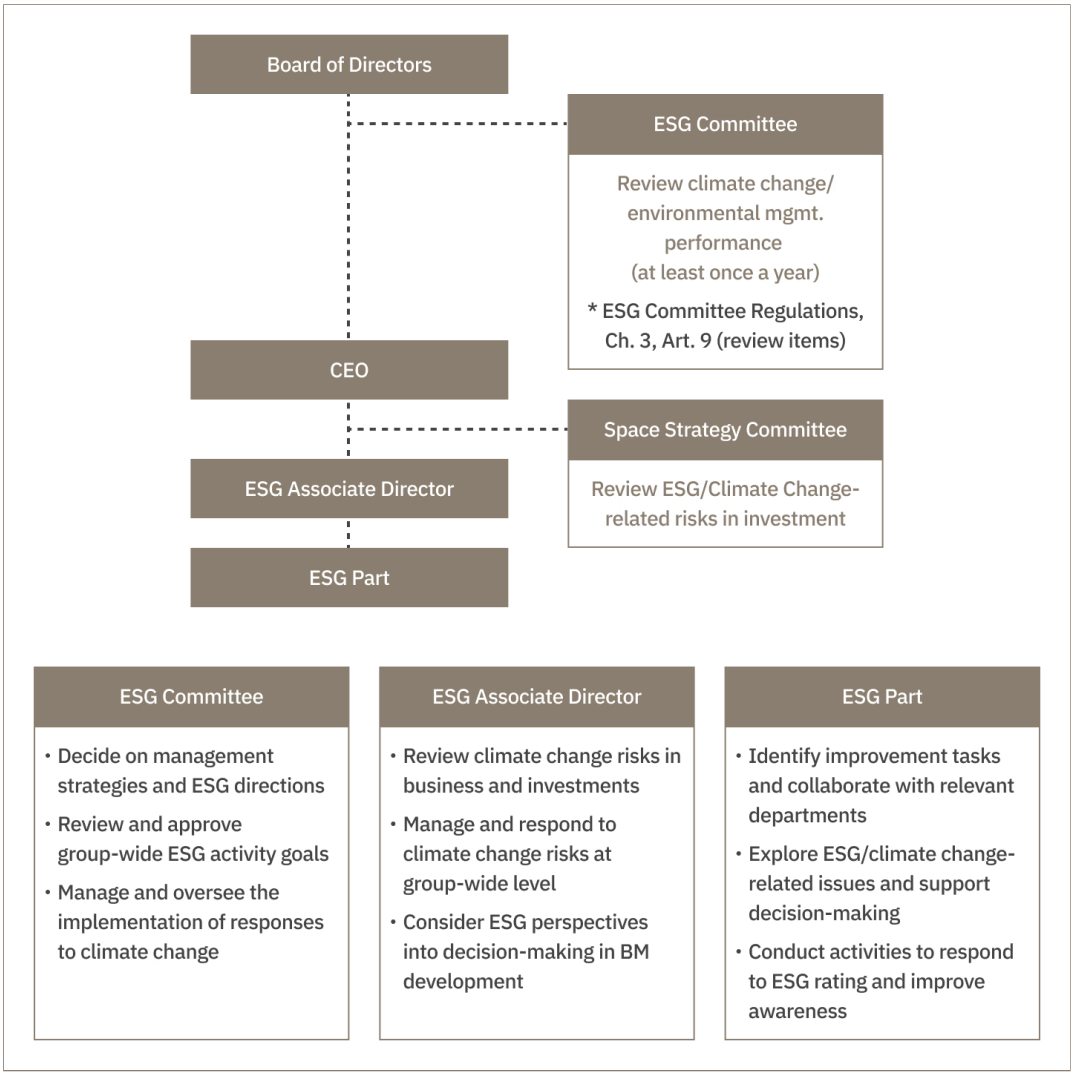
Under the oversight of the Board of Directors, the highest decision-making body, the ESG committee oversees and supervises ESG management matters, including climate change adaptation and achieving net zero, and integrates ESG values into business strategies and directions. Additionally, the Space Strategy Committee, directly under the CEO, analyzes climate change-related risks and opportunities in business and investment activities, formulates response strategies, and integrates them into decision-making processes.

The ESG Part, dedicated to ESG matters, collaborates with relevant departments to assess improvement tasks in each area and supports departments needing practical assistance in climate change adaptation. Moreover, the ESG Part identifies and presents major ESG decision-making issues by business division to support board decisions, actively responds to external ESG evaluations and disclosure requirements, and organizes courses and campaigns to enhance employees' awareness of climate change and environmental issues.

Climate change-related issues are regularly reported to the board of directors and management at least annually to manage and review key issues and initiative plans. We monitor and manage the outcomes of these efforts, and promote the internalization of climate change response aligned with KPI goals for C-level executives (CEO, CSO) and heads of business divisions.

ESG Committee Activities

Climate Change Governance and Role



Climate Change Risk Management

GRI 201-2

SK D&D implements integrative management of climate-related risks within its business operations and investment processes, alongside financial risks. We manage climate change-related risks by identifying a pool of climate-related risk and opportunity factors, comprehensively assessing the likelihood and severity of each risk and opportunity, and analyzing the financial impact based on selected key factors to develop and implement detailed response strategies.

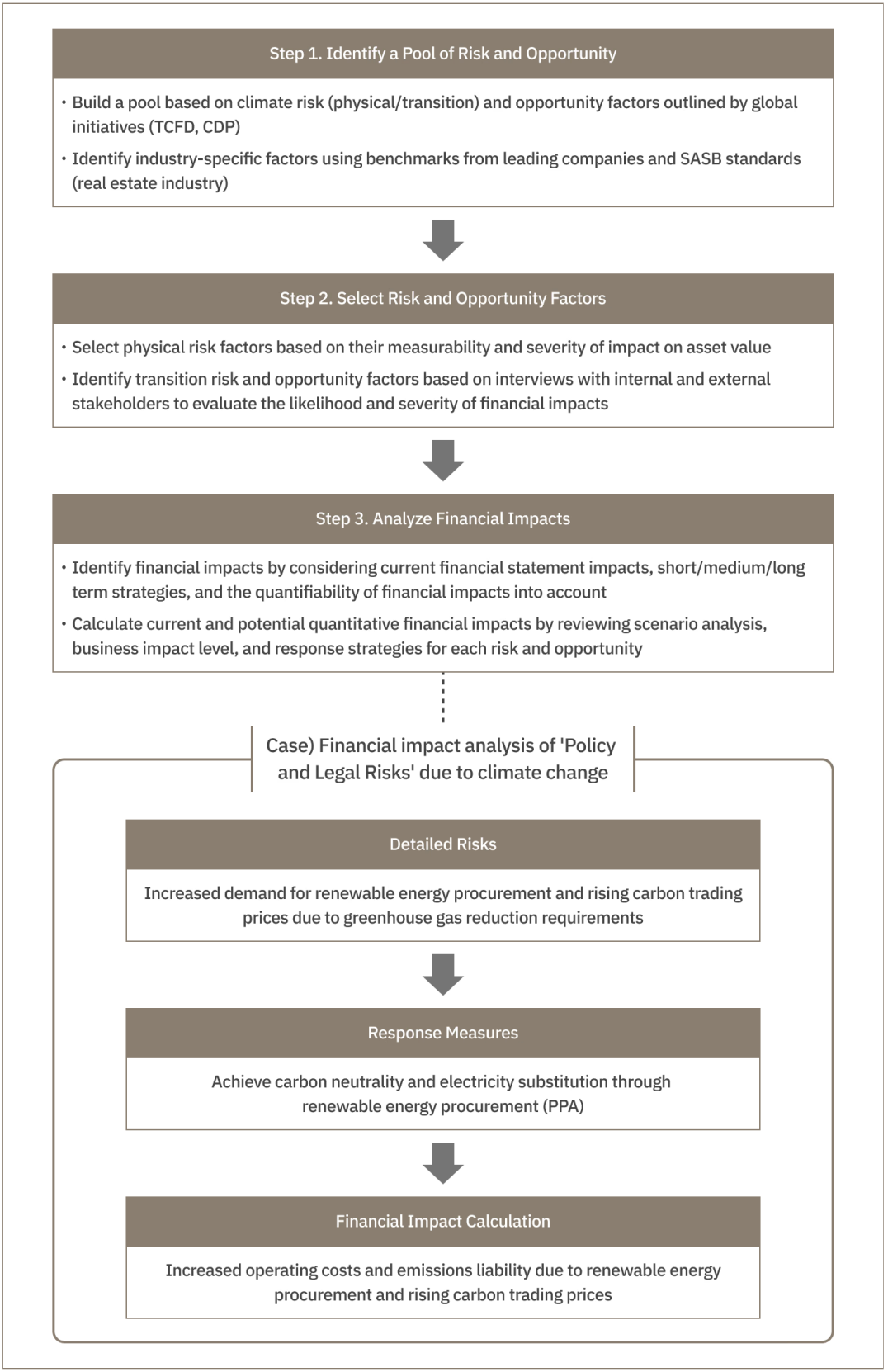
2024 Climate-related Risks and Opportunities Analysis

In 2024, we identified new climate-related risk and opportunity factors considering business model and value chain of real estate enterprises, to enhance our expertise in real estate business after the equity spin-off. The climate-related risk and opportunity pool was derived as a long list based on concepts presented by global initiatives such as TCFD (Task Force on Climate-related Financial Disclosures) and CDP (Carbon Disclosure Project). Additionally, we conducted peer group benchmarking and analysis of SASB (Sustainability Accounting Standards Board) Standards, confirming specialized risks and opportunities tailored to SK D&D and our subsidiaries, D&D Investment (DDI) and D&D Property Solutions (DDPS).

In the risk and opportunity factors pool, physical risks were recognized based on measurability through risk analysis tools and severity of financial impact as a criterion. Transition risks and opportunities were derived by evaluating the likelihood and severity of financial impacts through interviews with internal and external stakeholders. We have reviewed our response strategies for the identified key climate risks and opportunities, and aim to complete quantitative financial impact assessments for each factor based on scenario analysis by the end of the year.

Based on the results of ongoing financial impact assessment, we will formulate and implement enhanced strategies across short, medium, and long-term perspectives and conduct regular performance monitoring and reporting to strengthen the group-wide climate change response efforts.

Climate-related Risks and Opportunities Analysis Process



2024 Climate-related Risks and Opportunities

SK D&D (including DDI, DDPS) Climate-related Risks & Opportunities in Real Estate Business			
Category	Type	Impact Factors	Details
Risk*	Policies/Legal	Introduction of mandates and regulations for existing products and services	Reinforcement of regulations such as environmental impact criteria and standards for the relevant industry or products (ZEB, green building certification, etc.)
	Technology	Transition to low-carbon technologies	Changes in production procedures and operational processes required to transition to low-carbon technologies
	Market	Changes in consumer behavior	Loss of market share due to increased consumer demand for low-carbon products
		Rising raw material costs	Increased raw material costs due to purchases of low-carbon materials, along with soaring product prices driven by rising demand for eco-friendly raw materials (Greenflation)
	Reputation	Increased stakeholders' concerns or negative views	Increased negative views from stakeholders, including a lack of credibility around the company's climate targets and actions
		(Financial) Negative media coverage of projects and activities that cause negative climate change impacts	Reputational damage to financial firms for lending and investing in projects and activities related to high-carbon sectors
Opportunity**	Products and Services	Development and expansion of low-carbon products and services	Development and expansion of low-carbon products and services to meet market demand
		Changes in consumer preference	Increased consumer preference for low-carbon products and services
	Market	(Finance) Reduction of the risk of stranded assets in investment decision-making	Reduction of the risk of stranded assets by considering climate-related factors in investment decision-making

* Risk impact review factors: Strengthening environmental regulations for buildings, such as ZEB and green building certification / increasing consumer demand for green buildings and corporate social value creation / deepening potential risks for domestic and foreign investors

** Opportunity impact review factors: Potential increases in sales, asset value, etc., in connection with SK D&D's ESG activities, such as implementing ESG building solution projects and operating ESG (climate change) risk review processes for development and investment

Climate Change Strategies and Targets

In line with the NZE2050 global milestone, SK D&D is striving to pursue more active and fundamental responses to climate change by disclosing information in accordance with TCFD recommendations, setting and implementing greenhouse gas reduction targets based on SBTi, and planning to transition its portfolio to eco-friendly low-carbon businesses beyond carbon emission reduction.

We are implementing greenhouse gas reduction strategies across our space development and operation, investment management, and living solutions businesses, aligning with the ESG goal of 'Creating Sustainable Space' to achieve net zero emissions in the short, medium, and long term. Strengthening our

eco-friendly business portfolio and actively practicing ESG management, we aim to achieve the climate change response outcomes expected of real estate companies.

SK D&D Climate Change Response Strategy

TCFD Recommendation

Governance

Disclose organization's governance around climate-related risks and opportunities

Strategy

Disclose impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities

SK D&D Response Strategy

Governance

- Establish processes for ESG committee(Board)'s regular review and approval of key issues
- Discover, identify and respond to climate change risk and opportunity factors at the Space Strategy Committee

Strategy

- Identify climate change risks and opportunities
- Analyze financial impacts according to climate change response based on STEPS and SDS scenarios
- Set net zero targets and specify strategies to achieve the goals

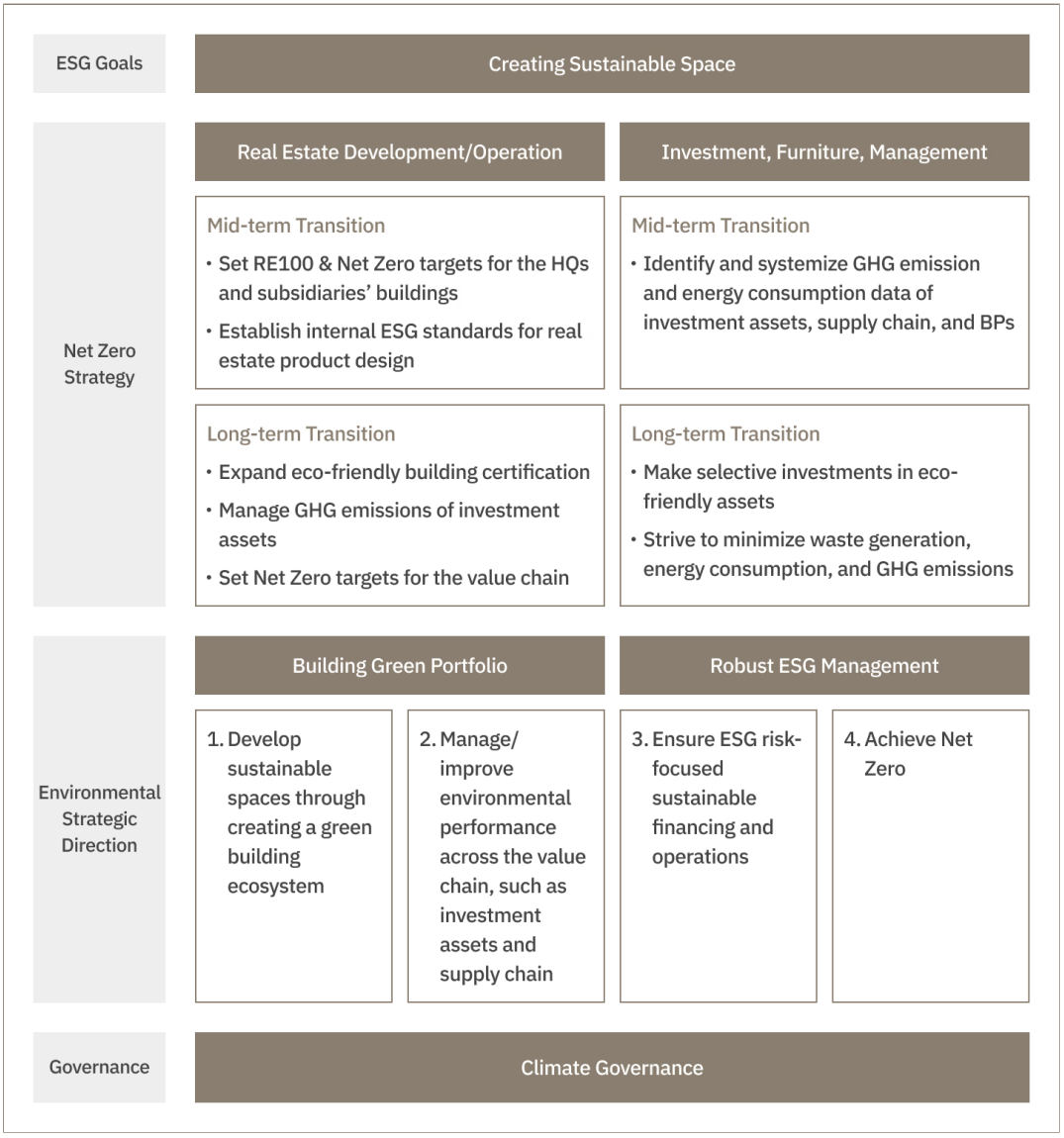
Risk Management

- Identify climate change risks and opportunities and prepare management plans
- Analyze and manage business impact through materiality assessment by risk and opportunity factors
- Establish climate change risk and opportunity mgmt. process

Metrics & Targets

- Quantify measurable factors such as fuel conversion, renewable energy consumption and total GHG emissions into indicators
- Manage climate change-related indicators to set and achieve net zero targets

SK D&D Climate Change Response Approach

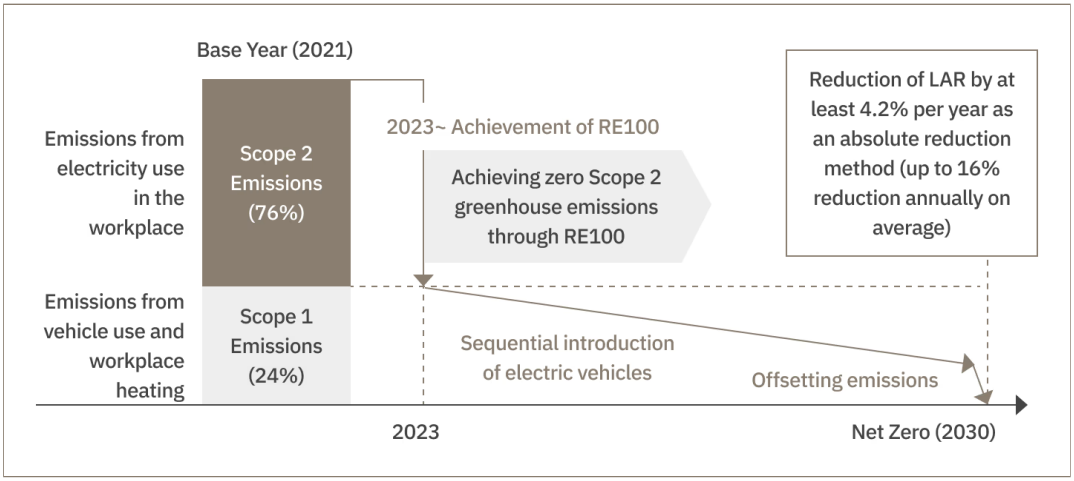


SK D&D Net Zero Targets

SK D&D has identified risks and opportunities through an analysis of the IEA's 1.5°C scenario (NZE2050) global milestones, and has formulated a mid- to long-term business strategy in response. In the real estate development business, we aim to minimize environmental impact across the entire life cycle by considering factors such as land use and convenience, raw material usage, indoor environment, energy efficiency, greenhouse gas emissions, and maintenance ease. Based on these considerations, we seek to obtain eco-friendly certifications for all development projects. In the real estate operations business, we strive to reduce environmental impact during the usage phase by providing services that encourage customers to participate in eco-friendly and greenhouse gas reduction activities.

Furthermore, SK D&D has established the '2030 Net Zero Roadmap' to actively participate in the response to the global climate change crisis. We plan to achieve net-zero by reducing Scope 1 and 2 emissions through implementing RE100 (Renewable Electricity 100%) and EV100 (Electric Vehicle 100%) by 2030, and by reducing Scope 3 emissions through managing GHG emissions throughout the entire process of real estate development and operation by 2050.

2030 Net Zero Roadmap – Scopes 1 & 2



Scope 1 & 2 Reduction - RE100 & EV100

SK D&D aims to reduce Scope 1 and 2 emissions from its real estate development and operation sectors as part of its mid- and long-term strategy to achieve Net Zero at its business sites. In 2023, we implemented RE100, which entails sourcing 100% of our electricity consumption from renewable energy. By 2030, we plan to convert 100% of our corporate vehicles to electric vehicles under the EV100 initiative, further achieving additional emission reductions. Any remaining emissions are planned to be reduced through carbon offset projects, based on the government's hydrogen supply roadmaps and policies.

Scope 3 Reduction – Zero Energy Building (ZEB) & Green Building Development

In the long term, SK D&D is committed to achieving not only Net Zero within our organizational boundaries for Scope 1 and 2 but also long-term carbon reduction across the entire value chain. To this end, we are expanding development and investment in high-efficiency energy buildings and zero-emission buildings (ZEBs). We are also working towards obtaining 100% green building certification for commercial and residential spaces and providing sustainable space solutions. Additionally, we are strengthening the management of greenhouse gas emissions across the entire supply chain, including our investment and operating portfolio and suppliers, and implementing joint reduction efforts with our business partners.

Greenhouse Gas Management

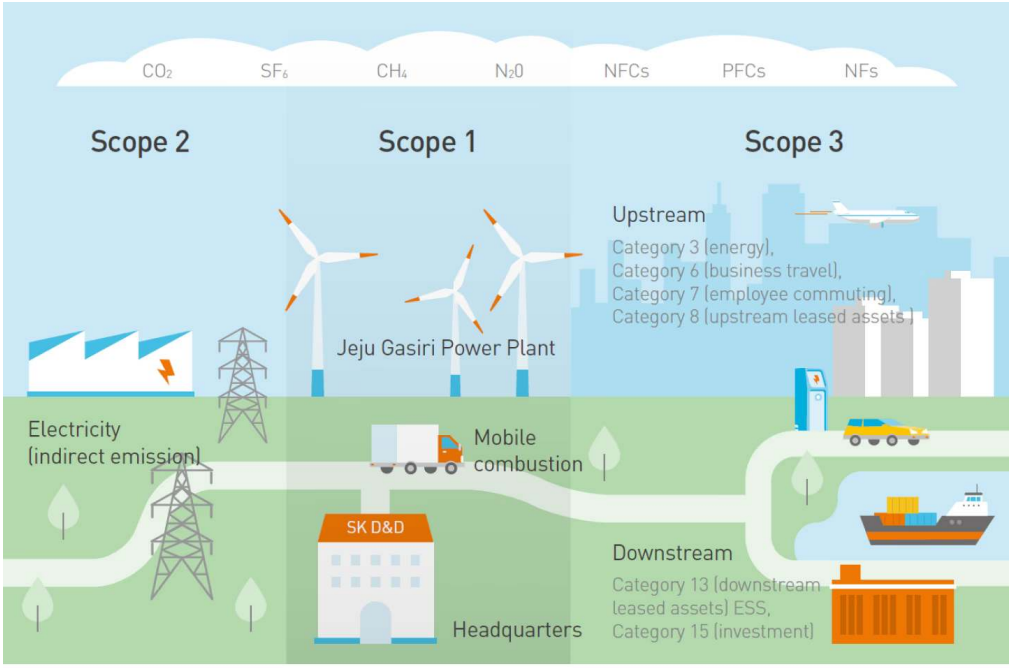
Greenhouse Gas Inventory

GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4

Although SK D&D is not subject to domestic greenhouse gas regulations*, we voluntarily establish and operate a greenhouse gas and energy management system in accordance with domestic guidelines for calculating and certifying greenhouse gas emissions. By proactively calculating emissions not only from business site operations (Scope 1 and 2) but also from leased assets and real estate investments (Scope 3), we manage greenhouse gas emissions and energy consumption across the entire value chain. We are committed to setting detailed annual targets and concretizing implementation roadmaps to achieve Net Zero, continuously striving to address the severity of the climate crisis.

* Greenhouse Gas Energy Target Management System, Korea Emissions Trading Scheme (K-ETS)

SK D&D GHG Management Scope



* Due to the nature of its business, SK D&D does not emit hazardous chemicals, ozone depleting substances, or air pollutants.

GHG Emission and Energy Consumption Status

Our greenhouse gas emissions and energy consumption data reflect all our business sites and emission facilities (100%)* and third-party verification has been conducted for Scope 1, 2, and 3 emissions for SK D&D and our subsidiaries (DDI, DDPS).

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

2023 Environmental Targets and Achievements

Category	Unit	2023 Target	2023 Achievement*	Achievement Rate**
GHG emissions (Scope 1+2)	tCO2eq	310	297.63	104.16%
Energy consumption	TJ	23	22.28	103.21%

* Reflecting Scope 2 reduction through RE100 implementation

** Achievement rate: {1 - (achievement - target) ÷ |target|} x 100

SK D&D GHG Emissions (Scope 1+2+3)*

Category		Unit	2021	2022	2023
Scope 1	Stationary combustion	tCO2eq	93.090	115.270	113.709
	Mobile combustion	tCO2eq	143.880	127.380	125.096
Scope 1 total emissions**		tCO2eq	236.970	242.650	238.805
Scope 2	Emissions - electricity	tCO2eq	705.690	747.590	792.714
	Reduction- REC purchases	tCO2eq	-	-	-792.714
	Emissions - steam	tCO2eq	52.310	62.900	58.824
Scope 2 total emissions**		tCO2eq	758.000	810.490	58.824
Scope 1+2 total emissions		tCO2eq	994.970	1,053.140	297.629
GHG intensity***		tCO2eq/KRW 10 billion	12.54	20.97	7.35
Scope 3	Category 3 (energy)	tCO2eq	77.066	82.167	86.717
	Category 6 (business travel)	tCO2eq	26.233	51.882	34.388
	Category 7 (employee commuting)	tCO2eq	194.793	276.742	240.789
	Category 8 (upstream leased assets)	tCO2eq	194.724	194.647	202.789
	Category 13 (downstream leased assets)	tCO2eq	8,373.504	8,378.021	8,052.772
	Category 15 (investments)	tCO2eq	4,257.547	16,426.759	28,790.915
Scope 3 total emissions**		tCO2eq	13,123.894	25,410.217	37,408.364
Scope 1+2+3 total emissions		tCO2eq	14,118.864	26,463.357	37,705.993

* SK D&D has only domestic operations, and the above data covers 100% of its domestic operations
- Headquarters, Gasiri Wind Power Plant, Suncheon Solar Power Plant, Smart Work Center, Episode Seongsu 121

** Due to rounding for significant figures, discrepancies may occur in the total GHG emissions between the GHG verification statement and the table above

*** The GHG intensity for Scope 1 & 2 emissions is calculated based on the annual revenue (separate) for the respective year

Subsidiary GHG Emissions (Scope 1+2+3)* - DDI & DDPS

Category		Unit	2021		2022****		2023	
			DDI	DDPS	DDI	DDPS	DDI	DDPS
Scope 1 total emissions**		tCO2eq	-	-	6.741	18.226	2.416	20.012
Scope 2	Emissions - electricity	tCO2eq	29.784	3.347	35.376	97.749	43.563	110.433
	Reduction- REC purchases	tCO2eq	-	-	-	-	-43.563	-110.433
Scope 2 total emissions**		tCO2eq	29.784	3.347	35.376	97.749	-	-
Scope 1+2 total emissions		tCO2eq	29.784	3.347	42.117	115.975	2.416	20.012
Scope 3***	Category 3 (energy)	tCO2eq	-	-	2.934	7.483	3.451	9.130
	Category 6 (business travel)	tCO2eq	-	-	5.944	26.390	6.895	20.516
	Category 7 (employee commuting)	tCO2eq	-	-	18.358	33.488	25.915	31.012
Scope 3 total emissions**		tCO2eq	-	-	27.235	67.361	36.261	60.658
Scope 1+2+3 total emissions		tCO2eq	29.784	3.347	69.352	183.336	38.677	80.670

* DDI and DDPS have only domestic operations, and the above data covers 100% of each domestic operation

** Due to rounding for significant figures, discrepancies may occur in the total GHG emissions between the GHG verification statement and the table above

*** The subsidiary's Scope 3 emissions have been calculated since 2022

**** DDPS's GHG emissions for Scope 3 Category 3 (energy) in 2022 were corrected from the previous year's reported data due to errors in activity data

SK D&D Energy Consumption*

Category			Unit	2021	2022	2023
Non-renewable energy	Direct energy	LNG	TJ	1.833	2.269	2.239
		Propane	TJ	0.201	0.163	0.090
		Gasoline	TJ	1.060	0.987	1.222
		Diesel	TJ	0.864	0.733	0.537
		Total	TJ	3.958	4.152	4.088
	Indirect energy	Electricity	TJ	14.746	15.623	-
		Steam	TJ	1.454	1.700	1.633
		Total	TJ	16.200	17.323	1.633
	Total consumption**		TJ	20.158	21.475	5.721
Renewable energy	Total consumption		TJ	0.024	0.022	16.580
	Consumption rate		%	0.119	0.102	74.347
Total energy consumption (Non-renewable + Renewable)**			TJ	20.182	21.497	22.301
Energy intensity***			TJ/KRW 10 billion	0.254	0.428	0.551

* SK D&D has only domestic operations, and the above data covers 100% of its domestic operations
- Headquarters, Gasiri Wind Power Plant, Suncheon Solar Power Plant, Smart Work Center, Episode Seongsu 121

** Due to rounding for significant figures, discrepancies may occur in the total GHG emissions between the GHG verification statement and the table above

*** The energy intensity for total energy consumption is calculated based on the annual revenue (separate) for the respective year

Subsidiary Energy Consumption* - DDI & DDPS

Category			Unit	2021		2022		2023	
				DDI	DDPS	DDI	DDPS	DDI	DDPS
Non-renewable energy	Direct energy	Total	TJ	-	-	0.100	0.271	0.036	0.298
	Indirect energy	Total	TJ	0.622	0.070	0.739	1.879	-	-
	Total consumption**		TJ	0.622	0.070	0.839	2.150	0.036	0.298
Renewable energy	Total consumption		TJ	-	-	-	-	0.910	2.307
	Consumption rate		%	-	-	-	-	96.200	88.560
Total energy consumption (Non-renewable + Renewable)**			TJ	0.622	0.070	0.839	2.150	0.946	2.605

* DDI and DDPS have only domestic operations, and the above data covers 100% of each domestic operation

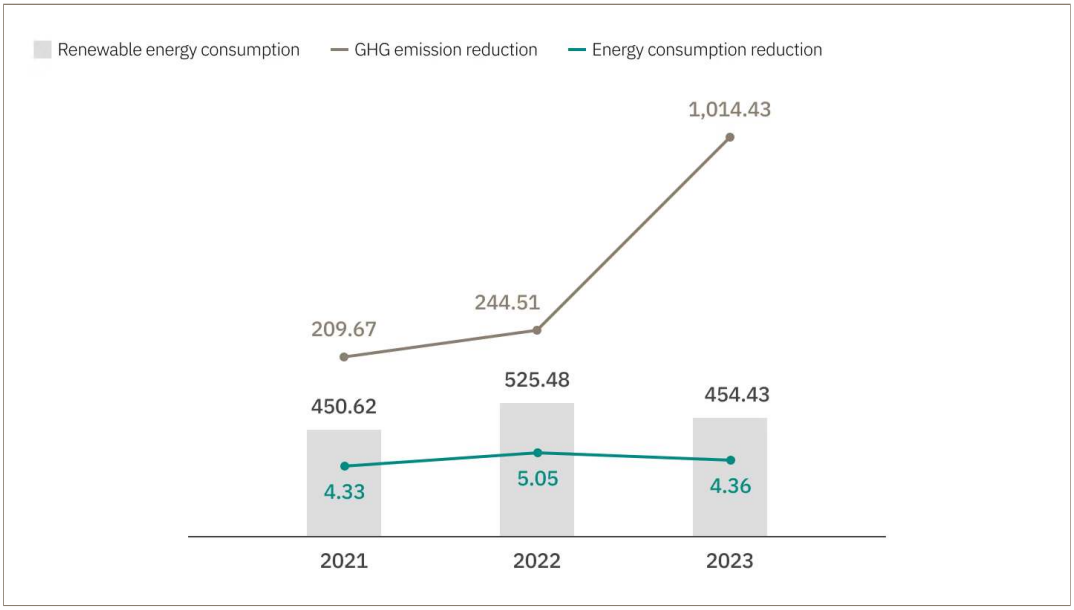
** Due to rounding for significant figures, discrepancies may occur in the total GHG emissions between the GHG verification statement and the table above

GHG Emissions Reduction Performance

GRI 302-4 GRI 305-5

SK D&D is striving to reduce its environmental impact and energy consumption by installing energy-saving facilities such as geothermal systems, solar power generation systems, and smart glass during the operation and maintenance phase of the Eco-hub building, its headquarters. Additionally, we are taking steps to lower greenhouse gas emissions at a group-wide level by using renewable energy and applying high-efficiency energy equipment in our subsidiaries and rental housing.

GHG & Energy Reduction Chart



GHG & Energy Reduction

Category	Unit	2021	2022***	2023
Self-consumption of renewable energy*	MWh	450.62	525.48	454.43
Energy consumption reduction	TJ	4.33	5.05	4.36
GHG emissions reduction**	tCO2eq	209.67	244.51	1,014.43

* It refers to self-consumption of renewable energy produced at SK D&D headquarters (Eco-hub) and the Jeju Gasiri Wind Power Plant (currently operated by SK eternix)

** It denotes the emissions reduced through self-consumption of renewable energy and REC purchases for RE100 implementation
- For renewable energy generated and used at the headquarters (Eco-hub), greenhouse gas reductions are calculated considering SK D&D's floor area

*** The data for the three categories in 2022 was revised due to a calculation error in the renewable energy usage at the Jeju Gasiri Wind Power Plant (previously 661MWh → revised to 519MWh)

Green Energy Development and Generation & Power Generation Business

Since SK D&D has completed the spin-off of its renewable energy division on March 4, 2024, SK eternix Co., Ltd., the new entity, is now operating in the green energy development and power generation business. Detailed activities and achievements related to these businesses are disclosed on the SK eternix's website.

SK Eternix Webpage

GRI 3-3

Green Building and Real Estate Development

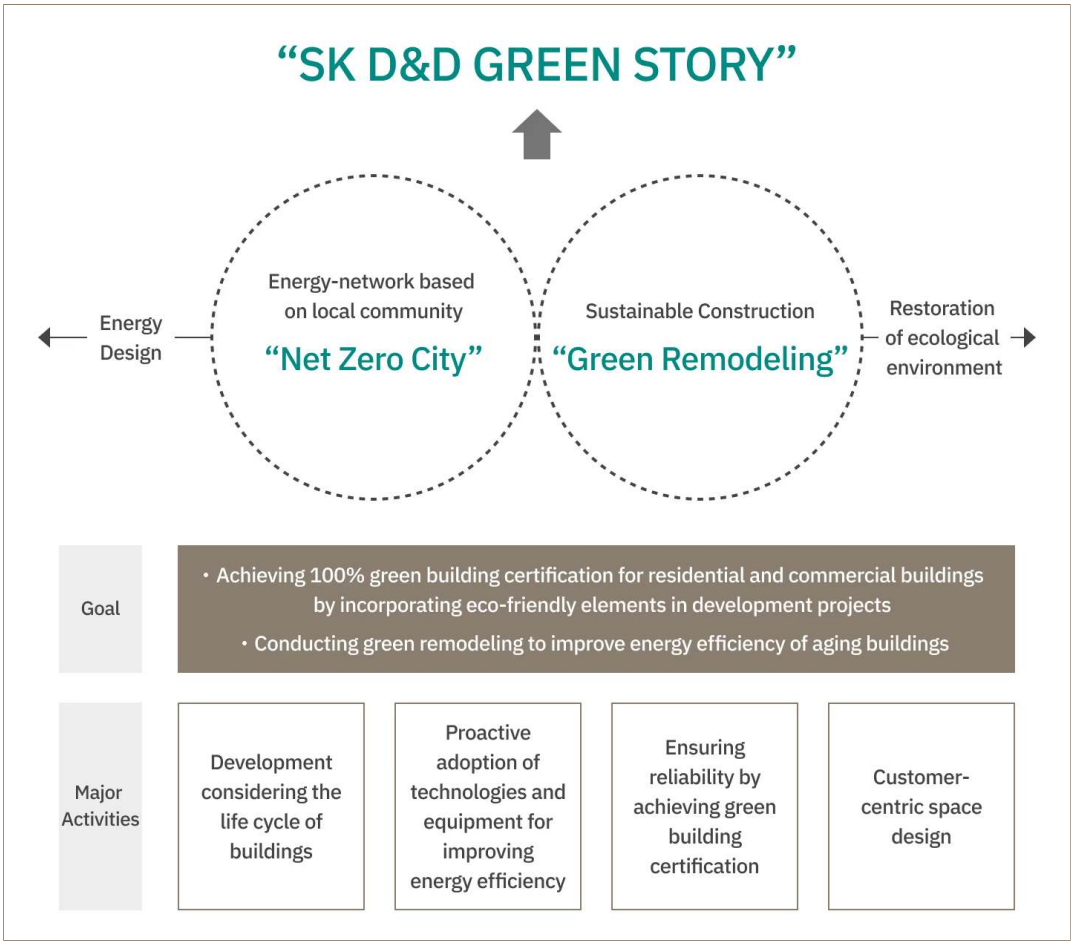
Sustainable Real Estate

GRI 2-6

Real Estate Development Strategy

To minimize environmental impacts throughout the life cycle of real estate development, SK D&D promotes projects that consider land use and convenience, ecology and indoor environment, energy and environmental pollution, ease of maintenance, use of raw materials and resources, and water management. We also aim to achieve 100% green building certification for residential and commercial buildings, securing third-party certifications such as 'Green Building Certification' and 'Building Energy Efficiency Rating Certification' to add transparency and credibility to our efforts to reduce the environmental impact of our buildings. Furthermore, we aim to contribute to the restoration of the ecological environment and the reduction of greenhouse gases in local communities through green remodeling projects to improve energy efficiency of aging buildings.

Sustainable Real Estate Development Strategy

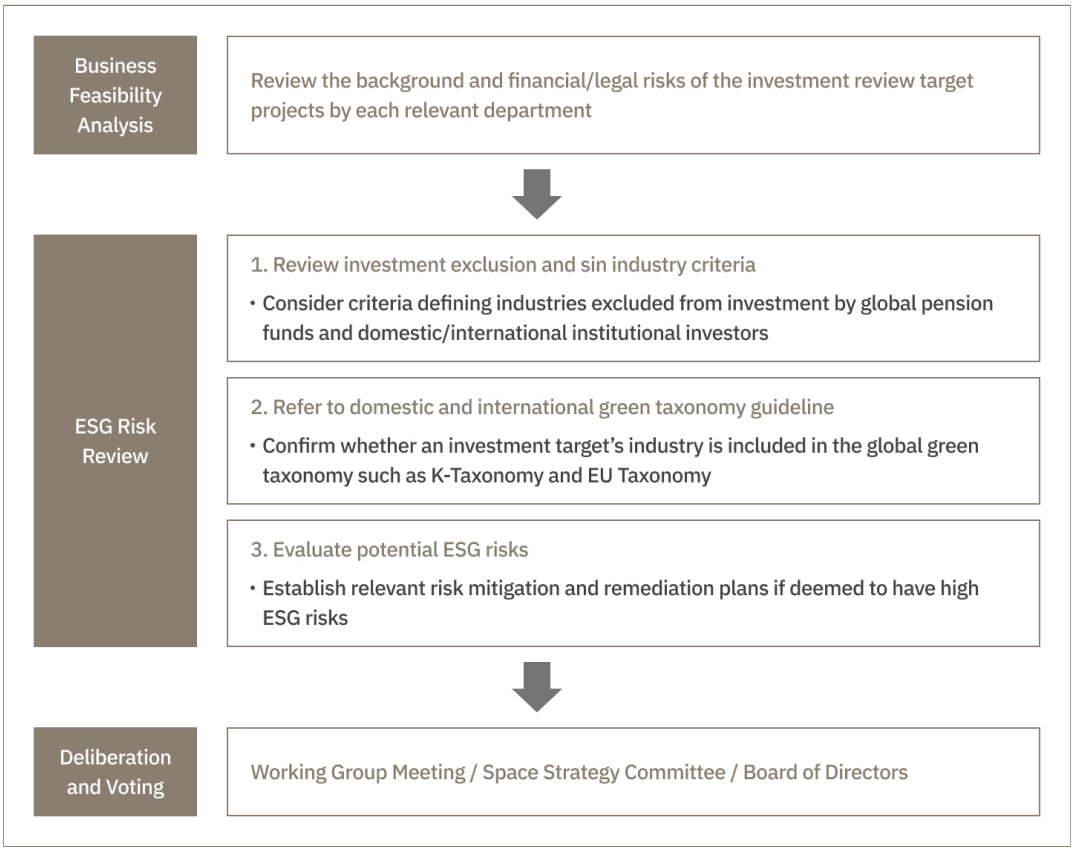


Sustainable Investment

SK D&D applies an ESG risk review process when evaluating projects and investment targets to build sustainable supply chains and minimize potential ESG risks throughout our business's value chain. First, we assess whether the project falls under investment exclusion or sin industries as defined by global investment institutions. Then, we review whether it is included in domestic and international green taxonomies and analyze the potential for risks in ESG areas. For projects with low ESG risks or with risk

mitigation plans in place (in case of high ESG risks), the ESG risk review report is submitted to the Working Group Meeting for investment decision-making. By proactively reviewing and managing the ESG risks, as well as financial and legal risks, in our investment projects, we aim to strengthen the sustainability of our investments.

ESG Risk Review Process



Green Building Development

GRI 2-6

Green Building Design and Operation

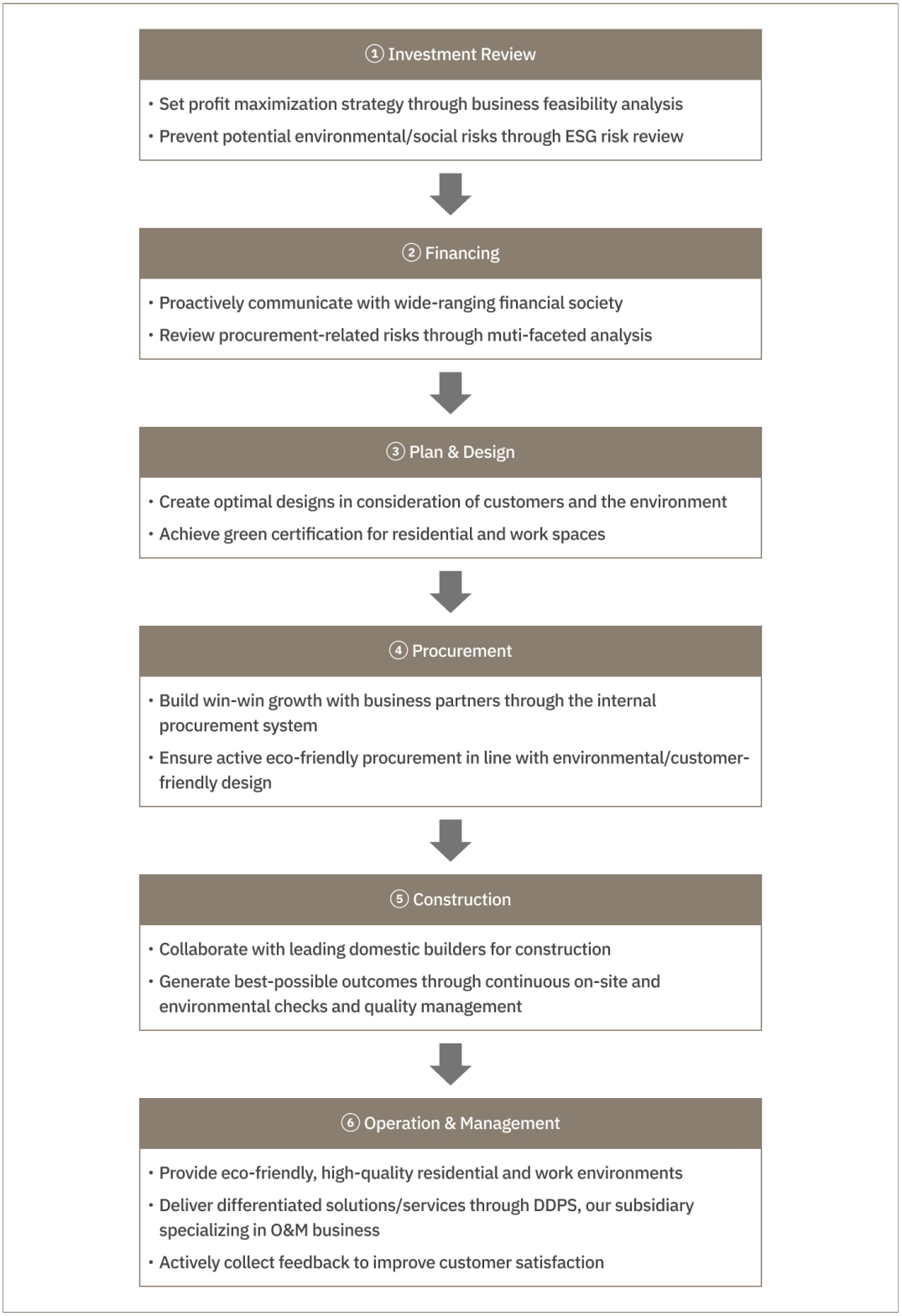
SK D&D aims to enhance environmentally friendly factors throughout the entire process from building design to operation, responding to the increasing consumer demand for green buildings and achieving sustainable development. Starting from the initial stages of design, we adhere to domestic and international green building certification standards and design criteria with the goal of obtaining third-party certifications. We also apply eco-friendly technologies to maximize building energy efficiency and resource utilization. Furthermore, we make efforts to minimize the negative environmental impact of buildings by purchasing and using environmentally certified materials. During building operation, we strive to continuously improve the environmental impact of our buildings and residential life by offering services, furniture and spaces that meet customer needs, and develop community programs related to the environment to encourage participation from various stakeholders.

Case. Episode Yongsan 241

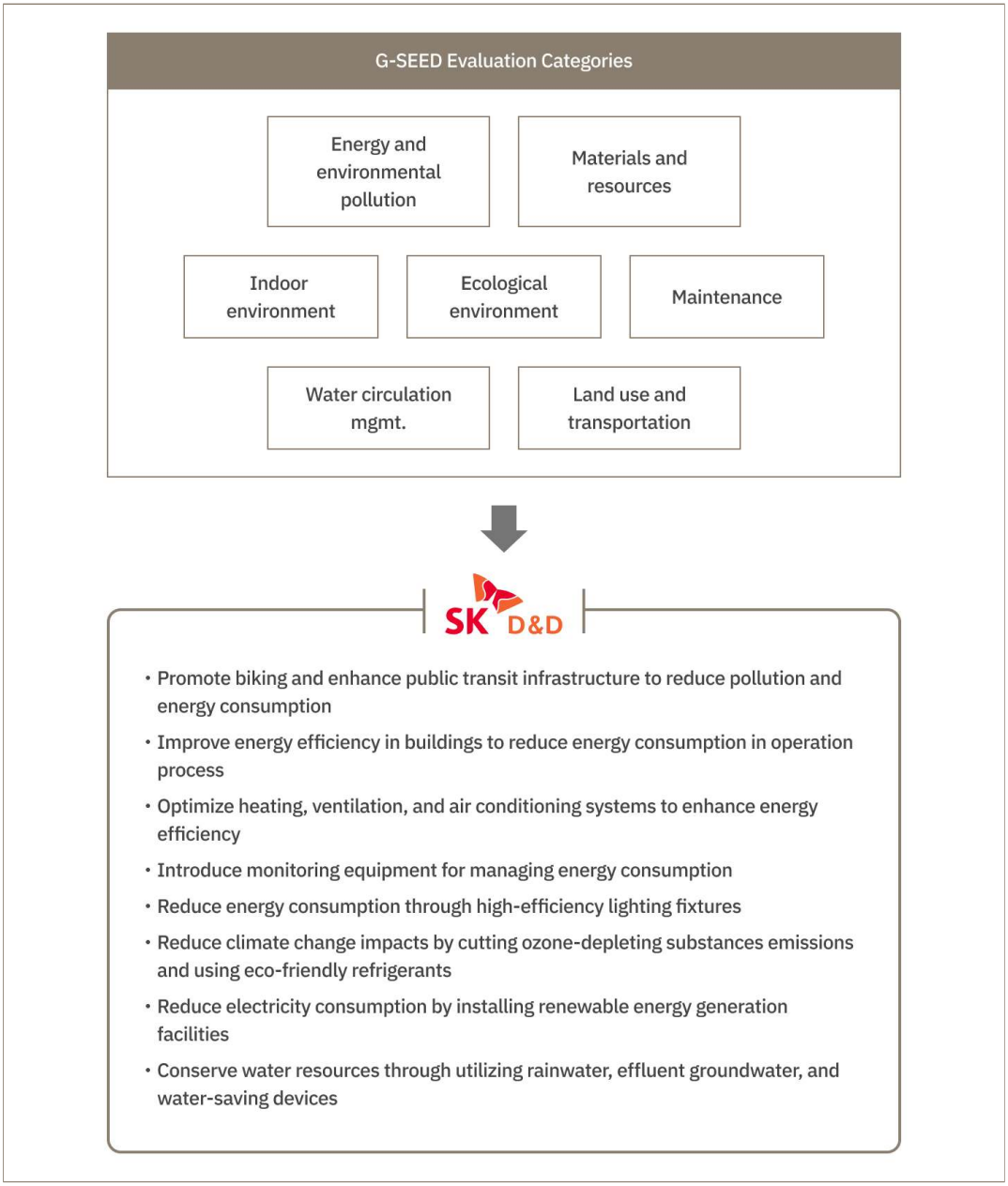
'Episode Yongsan 241,' which officially opened in May 2024, used eco-friendly materials and equipments from the design stage to obtain green building certifications such as Green Building Certification and Building Energy Efficiency Rating. To strengthen eco-friendliness during the operation stage, the following measures were implemented

- Performing a life cycle assessment
- Installing energy monitoring devices for all resident units
- Installing green insulation and boilers
- Utilizing EPD, low-carbon, and resource-circulating building materials such as ready-mixed concrete, gypsum, gypsum board, wallpaper and rigid polyurethane
- Installing water-saving appliances and facilities for rainwater and runoff groundwater utilization
- Using low-emitting indoor air pollutant products

Green Building Development Process



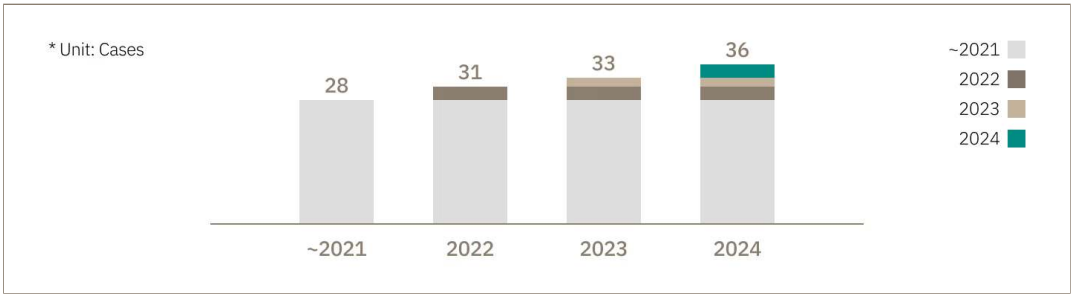
Environmental Reduction Efforts in Green Building Operation Phase



Green Building Certification

SK D&D sets and achieves annual green building certification targets to achieve our goal of acquiring 100% green building certification for residential and commercial buildings. As of the first half of 2024, a total of 36 green building certifications have been obtained. We will continue to reduce the environmental impact of buildings by actively reflecting ESG factors in the development process of future projects.

Status of Green Building Certification Acquisition



Number of Green Building Certifications Acquired

Category	Unit	~2021	2022	2023	2024
Green Building Certification (G-SEED)	Cases	12	2	1	1
Building Energy Efficiency Rating Certification	Cases	15	1	1	2
LEED*	Cases	1	0	0	0
Total	Cases	28	3	2	3
Cumulative total	Cases	28	31	33	36

* LEED (Leadership in Energy and Environmental Design): A green building certification program organized by the U.S. Green Building Council

Green Building Certifications

Building Name	Certification Name	Certification Date	Certification Body
Episode Yongsan 241	Green Building Certification (General)	Mar. 2024	KEITI (Korea Environmental Industry & Technology Institute)
	Building Energy Efficiency Rating (1+) - Residential	Mar. 2024	KBeT (Korea Institute of Building Energy Technology)
	Building Energy Efficiency Rating (2) - Non-residential	Mar. 2024	KBeT
Gangnam Station Office	Green Building Certification (Excellent)	Mar. 2023	KGBC (Korea Green Building Council)
	Building Energy Efficiency Rating (1+)	Mar. 2023	KBeT
Saeng-gag Gongjang in Dangsan	Green Building Certification (Excellent)	Nov. 2022	KGBC
	Building Energy Efficiency Rating (1+)	Nov. 2022	KRIEA (Korea Research Institute of Eco-Environmental Architecture)
Episode Suyu 838	Green Building Certification (Excellent)	Mar. 2022	KPCQA (Korea Productivity Center Quality Assurance)
	Building Energy Efficiency Rating (1+) - Residential	Nov. 2021	KBeT
	Building Energy Efficiency Rating (1+) - Non-residential	Nov. 2021	KBeT
Episode Gangnam 262	Green Building Certification (Excellent)	Nov. 2021	KGBC
	Building Energy Efficiency Rating (1+) - Residential	Nov. 2021	KBeT
	Building Energy Efficiency Rating (1+) - Non-residential	Nov. 2021	KBeT
Episode Sinchon 369	Green Building Certification (Excellent)	Nov. 2021	KPCQA
	Building Energy Efficiency Rating (1+)	Nov. 2021	KPCQA
Episode Seocho 393	Green Building Certification (Excellent)	Jul. 2021	KGBC
	Building Energy Efficiency Rating (1++)	Jul. 2021	KBeT
Business Hotel in Pangyo	Green Building Certification (Good)	Jul. 2021	KEITI
	Building Energy Efficiency Rating (1+)	Jul. 2021	KBeT
Business Hotel in Jeo-dong	Green Building Certification (Excellent)	Nov. 2020	KEITI
	Building Energy Efficiency Rating (1)	Sep. 2020	KBeT
Seongsu SK V1 center (I)	Green Building Certification (Excellent)	May 2020	KPCQA
	Building Energy Efficiency Rating (1+)	May 2020	KPCQA
Seongsu SK V1 center (II)	Green Building Certification (Excellent)	May 2020	KPCQA
	Building Energy Efficiency Rating (1+)	May 2020	KPCQA
Seongsu Desian Plex (W)	Green Building Certification (Excellent)	Apr. 2020	KPCQA
	Building Energy Efficiency Rating (1+)	Mar. 2020	KPCQA
Seosomun Office	LEED Platinum	Dec. 2019	US Green Building Council
	Green Building Certification (Excellent)	Sep. 2019	CreBizQM

Building Name	Certification Name	Certification Date	Certification Body
Mullae SK V1 center	Building Energy Efficiency Rating (1)	Aug. 2019	Korea Appraisal Board
	Green Building Certification (Good)	Aug. 2019	KGBC
	Building Energy Efficiency Rating (1+)	Aug. 2019	KRIEA
Gangnam Station BIEL 106	Green Building Certification (Good)	Apr. 2018	KGBC
	Building Energy Efficiency Rating	Apr. 2018	KBeT
Mullae Office	Green Building Certification (Excellent)	Dec. 2017	KEITI
	Building Energy Efficiency Rating (1)	Nov. 2017	KBeT

Eco-friendly Space Solutions

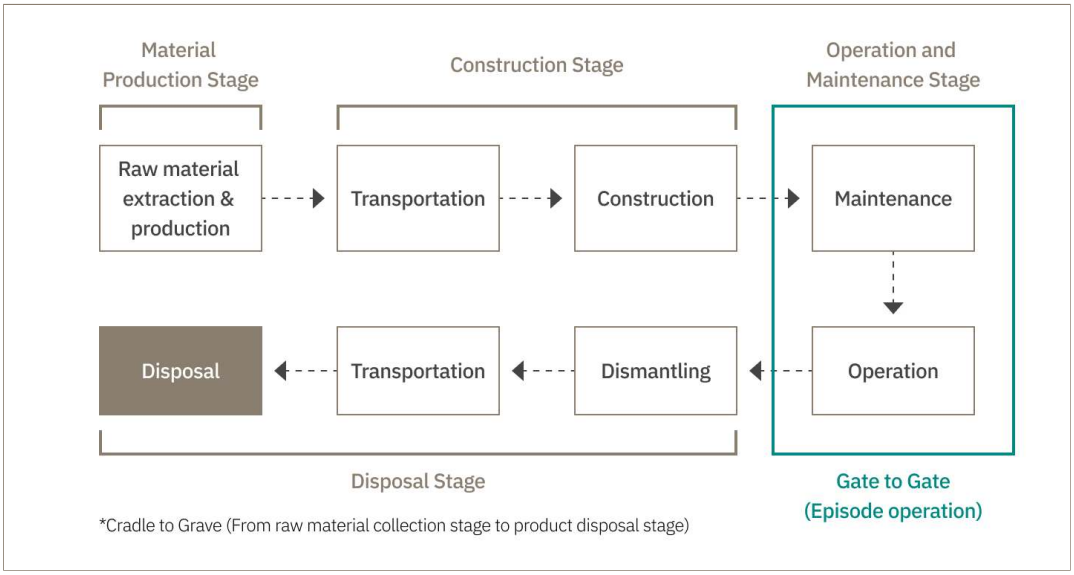
Building Environmental Impact Management

GRI 302-5

Life-Cycle Environmental Impact

SK D&D applies Life Cycle Assessment (LCA) throughout the development of our rental housing brand, Episode, to measure the environmental impact of a building's entire life cycle, from material production to disposal. To minimize the environmental impact of buildings, we have established and implement a phased environmental impact management plan. This plan includes using eco-friendly materials and installing high- efficiency energy equipment during design and construction, as well as providing services to establish an ESG ecosystem for residents during operation.

Building Life Cycle



Episode Life Cycle Environmental Impact Assessment Results

Category	Unit	Production	Construction	Operation	Disposal	Total
Episode Yongsan 241	tCO2eq/m2	6.97E+02	2.70E+01	2.58E+03	7.84E+01	3.38E+03
Episode Suyu 838	tCO2eq/m2	4.29E+02	5.62E+00	1.61E+03	2.82E+02	2.33E+03
Episode Sinchon 369	tCO2eq/m2	6.16E+02	2.67E+01	1.01E+03	8.38E+00	1.67E+03
Episode Seocho 393	tCO2eq/m2	4.32E+02	5.66E+00	1.43E+03	6.49E+01	1.93E+03
Episode Gangnam 262	tCO2eq/m2	3.93E+02	5.67E+00	1.27E+03	1.81E+02	1.85E+03

* Building lifetime is set at 50 years according to the relevant regulations

Case. Episode Seocho 393

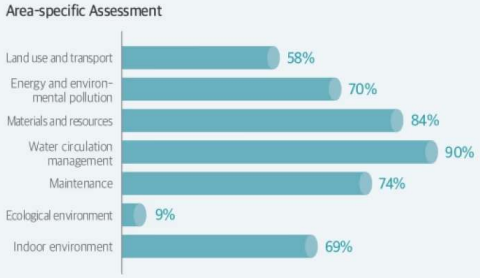
Case study

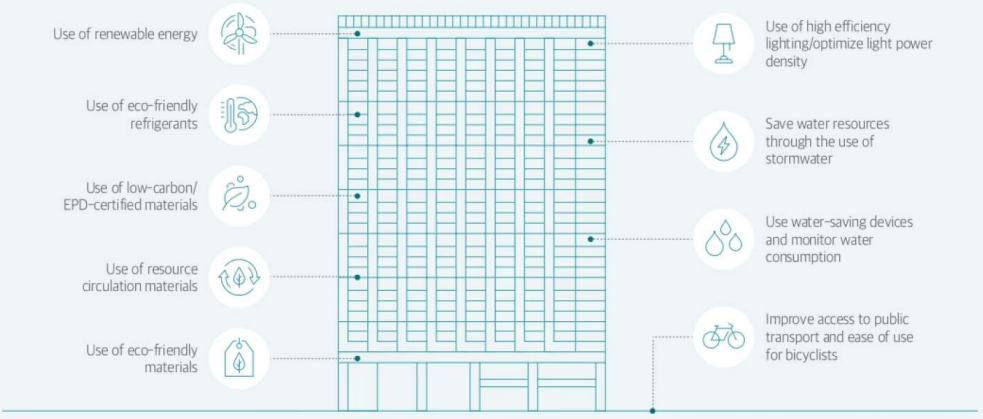
Episode Seocho 393

Project Overview

- Name of building: Episode Seocho 393
- Completion: July 2021
- Location: 1338-5, Seocho-dong, Seocho-gu, Seoul, Korea
- Gross floor area: 33,774.62㎡
- Building plan: 7 underground floors, 16 above ground
- Main use: Business, multi-unit housing

* Episode Seocho 393's energy efficiency surpasses the standards required by Seoul City by 30% or more (Seocho 393's energy consumption: 114.9kWh/㎡)





Results of Life Cycle Assessments (LCA)

We identified environmental loads across the life cycle of Episode Seocho 393 from raw material extraction to disposal (global warming, acidification, eutrophication)

Category	Unit	Total Emissions	Raw Material Extraction and Material Production	Construction	O&M	Deconstruction and disposal
Global Warming	$kgCO_2$ eq.	4.31E+07	9.15E+06	1.32E+05	2.96E+07	4.20E+06
Acidification	$kgSO_2$ eq.	8.61E+04	1.91E+04	2.25E+02	5.01E+04	1.66E+04
Eutrophication	$kgPO_4^{3-}$ eq.	1.47E+04	3.28E+03	4.07E+01	9.34E+03	2.06E+03

Green Certifications and Operations

SK D&D aims to provide a higher-level spatial experience in residential and work spaces by considering various eco-friendly elements in the spaces to proactively respond to increasing demand form customers for environmental considerations such as global climate change. In this end, we strive to obtain third-party eco-friendly certifications for all buildings we develop to minimize environmental impacts and help residents pursue environmentally friendly lifestyles. Additionally, we operate various services to improve environmental awareness and expand social participation to help customers practice sustainable living.

In 2023, Saeng-gag Gongjang Dangsan, a knowledge industry center developed by SK D&D, was recognized for its environmental excellence, winning awards such as the Excellence Award at the 41st Seoul Architectural Work Award and the Ministry of Environment Prize at the Korea Green Building Award. The 'Saeng-gag Gongjang Dangsan' holds eco-friendly certifications such as Building Energy Efficiency Rating (1+) and Green Building Certification (Excellent), achieving energy savings through energy management systems, renewable energy generation systems and effective sunshade design in its architecture.

Furthermore, Episode operates a mobile application-based flea market, offers refurbished product sales, and provides home furnishing subscription services to encourage residents to reuse, recycle, reduce waste, and pursue sustainable consumption and living.

Operation Status of Episode

Eco-friendly Operation Activities of Episode

Green Certification Achievements of Episode

Episode	Certification Name		Certification Date
Episode Yongsan 241	Green Building Certification (General)		Mar. 2024
	Non-residential	Building Energy Efficiency Rating (1+)	Mar. 2024
	Residential	Building Energy Efficiency Rating (2)	Mar. 2024
Episode Suyu 838	Green Building Certification (Excellent)		Mar. 2022
	Non-residential	Building Energy Efficiency Rating (1+)	Nov. 2021
	Residential	Building Energy Efficiency Rating (2)	Nov. 2021
Episode Sinchon 369	Green Building Certification (Excellent)		Nov. 2021
	Building Energy Efficiency Rating (1+)		Nov. 2021
Episode Gangnam 262	Green Building Certification (Excellent)		Nov. 2021
	Non-residential	Building Energy Efficiency Rating (1+)	Nov. 2021
	Residential	Building Energy Efficiency Rating (1+)	Nov. 2021
Episode Seocho 393	Green Building Certification (Excellent)		Jul. 2021
	Building Energy Efficiency Rating (1++)		Jul. 2021

Environmental Performance Management

SK D&D collects and manages environmental performance metrics such as energy consumption (including renewable energy) and water resources from Episode, to actively practice environmental management not only at our own facilities but also at our investment and operational sites. Utilizing quantitative environmental performance data, we identify improvement plans, establish environmental impact reduction measures tailored to each Episode site's current situation and implement ESG ecosystem expansion projects customized for each Episode.

2023 Environmental Performance of Episode

Category	Unit	Seongsu 101	Seongsu 121**	Sinchon 369	Suyu 838	Seocho 393	Gangnam 262	Guui Welltz
Total energy consumption	TJ	3.75	4.26	18.00	34.83	21.47	20.27	20.79
Renewable energy consumption*	TJ	0	2.69	0.01	0.33	0.23	0.39	0.16
Renewable energy consumption rate	%	0	63.09	0.04	0.94	1.06	1.90	0.77
GHG emissions reduction	tCO2eq	0	128.5	1.0	41.9	29.0	49.3	20.6
Water consumption	ton	5,218	7,357	26,304	68,779	25,453	17,243	42,495

* Renewable energy consumption: Self-consumption from fuel cells and solar power generation within Episode buildings

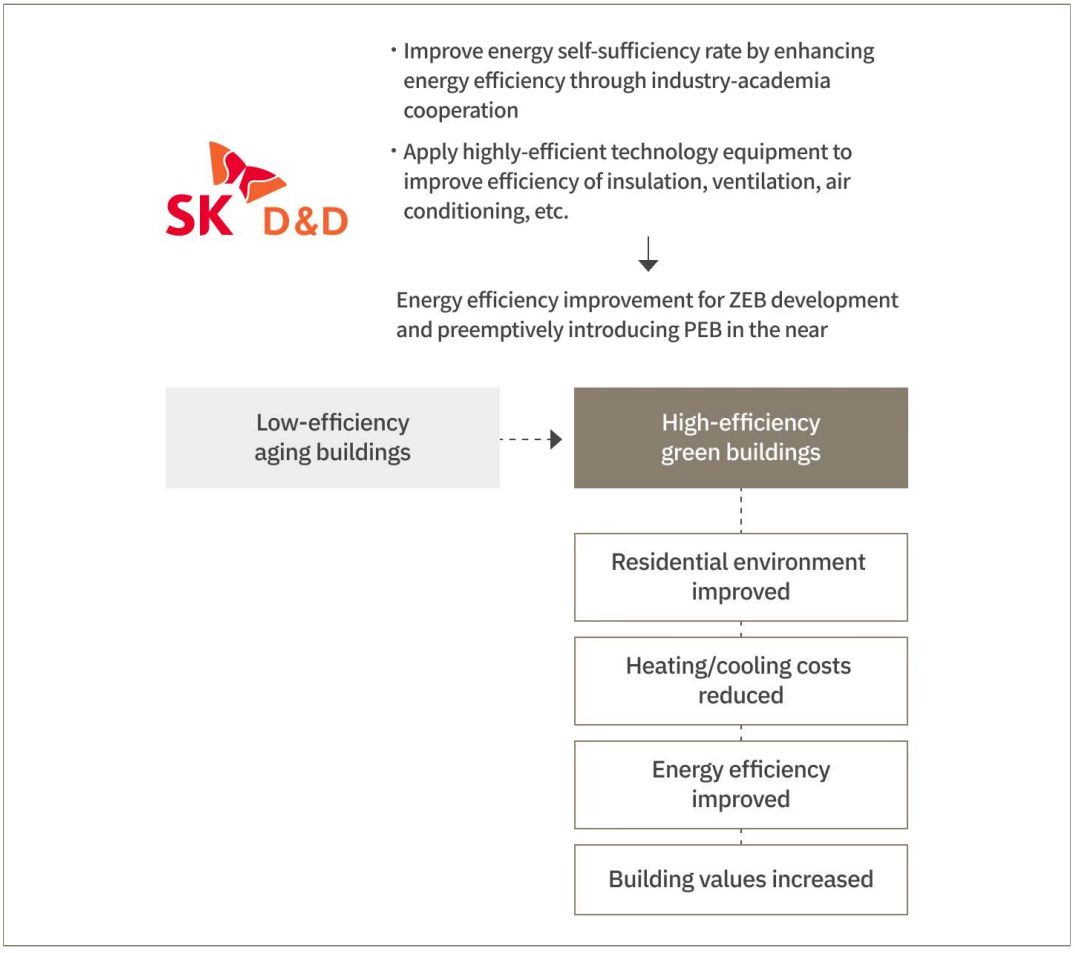
** As an RE100 implementation building, Episode Seongsu 121 achieved greenhouse gas reductions through REC purchases

Urban Regeneration Business

Green Remodeling

SK D&D conducts green remodeling projects to transform low-efficiency aging buildings into high-efficiency green buildings. By applying and enhancing high-efficiency facilities such as insulation and air conditioning, as well as through interior and exterior design, we aim to improve the residential environment, reduce heating and cooling costs and increase energy efficiency, ultimately contributing to growth in the value of our buildings in the medium to long term. Furthermore, in alignment with the government's 'Roadmap for Mandatory Zero Energy Building (ZEB) we will advance the expansion of ZEBs and proactively implementing Plus Energy Buildings (PEB) to achieve building energy self-sufficiency and realize environmental value.

Green Remodeling Promotion Plans and Expected Effects



Green Remodeling Performance

Category	Completion	Area	Details
Susong Square	Feb. 2017	15,235 py	Remodeling tailored to the customer through horizontal expansion and modernization
Myeongdong Cheonghui Building	Jun. 2019	1,782 py	Development of hotel through remodeling complex building in the central commercial district of Myeongdong
31 Building	Oct. 2020	12,353 py	Remodeling through preserving the historic value of and modernizing the existing building
Myeongdong N Building	Dec. 2022	4,143 py	Development of a landmark in the CBD area by remodeling the SK Networks building
Chungmuro Office	Jun. 2024	6,546 py	Office development through layer remodeling and change of use at core CBD area

Urban Redevelopment Project

Through various urban renewal projects, SK D&D is endeavoring to enhance poor maintenance infrastructure and restore urban functionality in areas with a high concentration of aging and deteriorated buildings. In accordance with Seoul's Urban and Residential Environment Improvement Basic Plan, we have developed prime-level offices in underdeveloped areas near Seoul City Hall Station and business hotels in the Myeongdong area. In 2023, we launched a new urban renewal project to develop areas near Seoul Station. Moving forward, we will undertake a variety of urban redevelopment projects to restore urban functionality in underdeveloped areas of the city through environmental improvements and enhance the quality of residential life.

Urban Redevelopment Project Performance

Category	Completion	Area	Details
Seosomun Office	Jun. 2019	11,527 py	Prime-class office development as part of urban redevelopment project in underdeveloped areas near City Hall Station
Jeodong Business Hotel	Aug. 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 as part of the 2030 Seoul Urban and Residential Redevelopment Project

Social

- Human Rights Management
- Talent Management
- Safety and Health Management
- Win-Win Growth
- Customer Satisfaction Management
- Social Contribution

Human Rights Management

GRI 3-3

Human Rights Management Framework

GRI 2-23 GRI 2-24

Human Rights Policy

SK D&D supports and adheres to domestic and international standards and principles related to human rights, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the conventions of the International Labor Organization.

To actively promote and protect the human rights of all stakeholders, including employees, customers, local communities/environment, and shareholders, SK D&D revised its Human Rights Policy in 2024 and made it publicly available throughout the organization and to the public. The Policy applies to our employees, domestic and overseas affiliates, and our business partners are also encouraged to understand and put into practice our principles of respect for human rights. In addition, we regularly monitor global human rights standards and conduct human rights impact assessments to incorporate key issues identified into the revision process. The recently updated version of SK D&D's Human Rights Policy is disclosed externally after consultation with the relevant departments, reporting to management, and approval by the CEO.

Human Rights Policy

Human Rights Management Organization

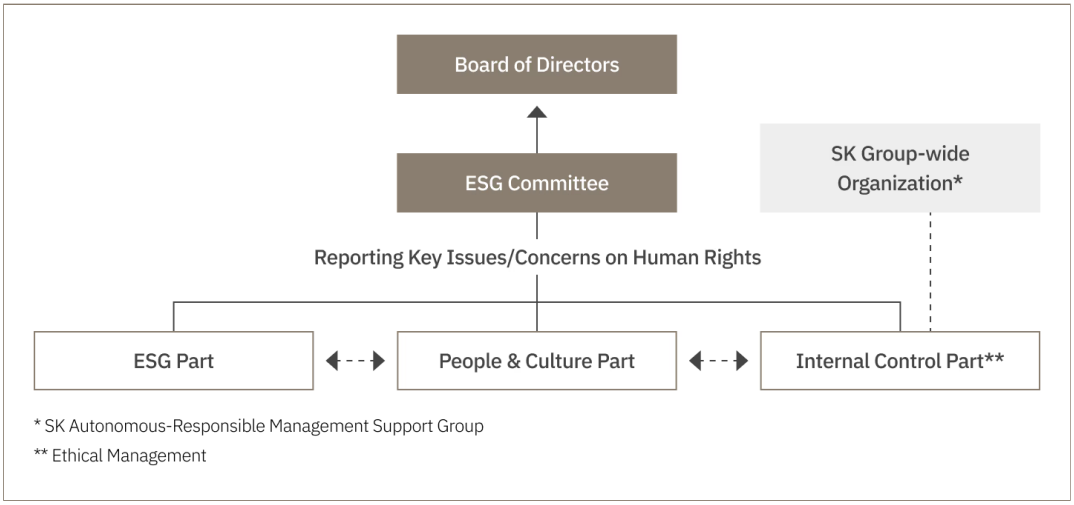
To systematically implement human rights management, SK D&D has established and operates a human rights management governance framework based on a reporting system to the Board of Directors. The human rights working-level departments consist of the ESG Part and the P&C Part (People & Culture Part), which collaborate with the Internal Control Part as needed.

The ESG Part develops a comprehensive group-wide human rights management system, regularly reviews and revises SK D&D's Human Rights Policy, and conducts human rights impact assessments across the company's value chain to identify human rights risks and corresponding improvement initiatives.

The P&C Part executes improvement initiatives identified through human rights impact assessments, provides feedback on Policy revisions, and conducts employee training on human rights (including topics such as prevention of sexual harassment and workplace bullying). It also collaborates with the Internal Control Part under the SK Autonomous-Responsible Management Support Group for ethical management, ensuring the implementation of procedures to protect and remedy reporters in handling human rights grievances.

The plans and outcomes of human rights management activities are ultimately reported by each working-level department to the ESG Committee, which monitors group-wide human rights management performance, including major human rights risks and improvement tasks.

Human Rights Management Organization



Human Rights Risk Management

GRI 2-24

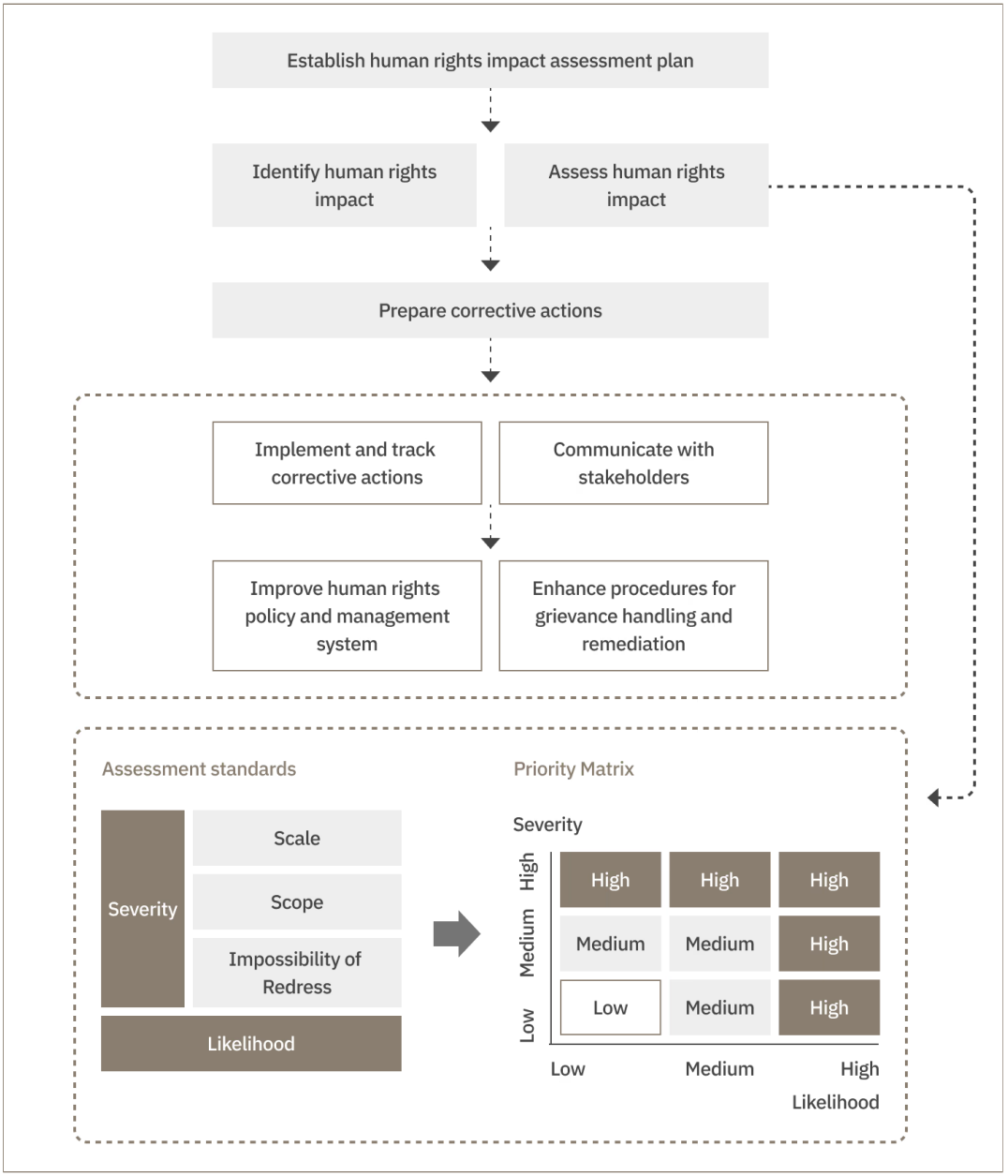
Human Rights Impact Assessment

Overview

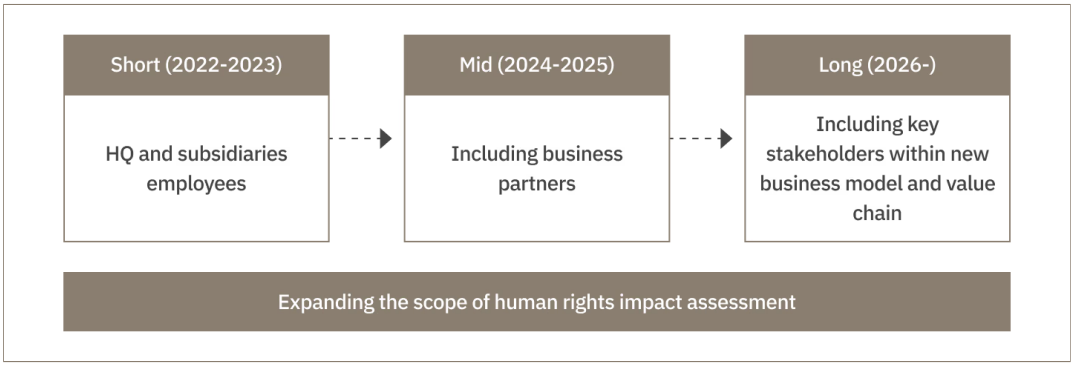
To prevent and mitigate human rights risks, SK D&D has established a human rights due diligence system based on global standards such as the UNGP, OECD Due Diligence Guidelines, and GRI Standards, and regularly conducts human rights impact assessments. When establishing human rights impact assessment plans, we consider group-wide human rights issues, focusing particularly on vulnerable groups such as people with disabilities, non-regular workers, women, and the elderly. Human rights impact assessment involves reviewing existing human rights management policies and systems and utilizing methods such as surveys, checklist-based self-assessments, and focus group interviews (FGIs). For each human rights risk identified through the impact assessment, we establish mitigation and prevention plans, implementing policy revisions and awareness-raising initiatives when necessary.

SK D&D has established a mid- to long-term roadmap to progressively expand assessments to all business partners within the value chain (2024-2025), as well as key stakeholders within new business model and the value chain (2026 and beyond), and will continue to actively work towards enhancing the management of potential human rights risks.

Human Rights Impact Assessment Process



Human Rights Management Implementation Roadmap



Results and Corrective Actions

In 2023, we conducted a human rights impact assessment for employees at our headquarters and subsidiaries, identifying issues within eight human rights categories, including working conditions, labor relations, work-life balance, and grievances handling. For each issue identified, we established and implemented corrective actions, effectively mitigating all significant human rights risks within the organization.

2023 Human Rights Impact Assessment Results

Key Issues	Corrective Actions
Temporary employment	• Provide detailed guidance on regulations and standards for temporary employees
Working hours management	• Provide training on the working hour management for all employees • Create a work immersive environment based on DX
Labor relations	• Disclose the Management Development Council's operational regulations • Provide guidelines for employee feedback collection and consideration
Work-life balance	• Provide guidance on childcare policies, expanding the scope of support • Implement labor-management agreement procedures when designating collective annual leaves • Conduct awareness activities to establish a culture of respect for privacy
Assistance for vulnerable groups	• Provide guidance on assistance programs for vulnerable groups and expand the range of recipients • Secure communications channels for vulnerable groups' members
Communication with subsidiaries	• Expand personnel exchange programs with subsidiaries
Workplace bullying/sexual harassment	• Strengthen disciplinary measures through internal policy revisions
Grievances handling	• Utilize third-party professional institutions for complaint reception and investigation

Human Rights Training Program

SK D&D conducts annual human rights training for all employees to internalize a culture of human rights management and minimize human rights risks. In 2023, we enhanced the effectiveness of these efforts through diverse media channels such as human rights campaigns and group-wide messaging. We provided legally mandated training including anti-sexual harassment, workplace bullying prevention, and disability awareness improvement. In addition to legal requirements, we conducted offline human rights training sessions on corporate human rights management twice a year in 2023 to promote awareness of human rights respect among employees.

Human Rights Training Performance

Category		Unit	2021	2022	2023
Legally mandated training	No. of participants	Persons	224	205	191
	Completion rate	%	100	100	100
	Total hours	Hours	224	170	560
Additional training*	Total hours	Hours	1,789	1,831	158

* Two training sessions were conducted during ESG trainings for employees. (① 'Business and Human Rights', what to do? ② What are Human Rights for Business?)

Grievance Channel for Human Rights

GRI 2-25 GRI 2-26

SK D&D operates various grievance channels to prevent and address human rights-related issues for internal and external stakeholders. We utilize the Management Development Council, an internal reporting channel, and a communication hotline to strengthen human rights protection for our internal employees. Additionally, through the SK group-wide online reporting channel 'SK Ethical Management,' we aim to identify and resolve human rights issues of all stakeholders, including employees, business partners, and local communities.

Reports may include issues such as verbal abuse, assault, sexual harassment, work exclusion, and inappropriate work directives as well as human rights violations like bullying of suppliers and disregard for the socially disadvantaged. Reports can be submitted anonymously or with identification, with strict confidentiality maintained for both the reporter's identity and the content. Moreover, we have established procedures to protect reporters from retaliation or discrimination, and we ensure that the handling procedures for their reports are transparently disclosed.

Disciplinary measures and corrective actions for reported issues are deliberated on and decided by the HR Committee. In 2024, we strengthened the disciplinary standards for addressing human rights violations. Following decisions by the HR Committee, the Grievance Committee discloses the results of report handling to all employees at least once a year, aiming to minimize secondary harm, and conducts monitoring and additional measures to prevent recurrence.

In 2024, we introduced the 'Sotong Hotline', an online internal reporting system, that minimizes direct contact with employees and allows them to report through an external third-party agency (Jipyong LLC). This initiative aims to enhance the transparency and objectivity of our procedures for addressing human rights issues that victims may find difficult to report on their own, such as sexual harassment or workplace bullying. Incidents reported through the Sotong Hotline undergo objective investigation by a third-party organization and are forwarded to the relevant personnel. Serious incidents may involve an external investigative agency.

SK D&D Grievance Channel for Human Rights

SK Ethical Management	Sotong Hotline	Relevant Departments	Email
https://ethics.sk.co.kr/	https://sotonghotline.com/web/	(SK Ethical Management) Internal Control Part, (Sotong Hotline) P&C Part	skdnd.ethics@sk.com

Human Rights Grievance Reported and Resolved Status

Category	Units	2021		2022		2023	
		Reported	Resolved	Reported	Resolved	Reported	Resolved
Lack of respect for colleagues	Cases	0	0	0	0	0	0
Sexual harassment	Cases	0	0	0	0	0	0
Workplace bullying	Cases	1	1*	0	0	0	0
Other (non-administrative reports, such as complaints)	Cases	6	6	7	7	4	4
Resolution rate	%		100		100		100

* In cases of workplace bullying in 2021, investigations were conducted directly through a labor attorney, and disciplinary resolutions were taken by the HR committee

Talent Management

Employee Happiness Culture

Happiness Management Program

SK D&D operates various happiness management programs to foster close relationships among employees and cultivate a positive organizational culture. To develop our unique organizational culture, we are implementing the ABCD (A Better Company D&D) project, which supports communication, training, and work innovation across all employees. We conduct an annual 'Happiness Survey' among all employees to evaluate the effectiveness of our happiness management programs. Feedback gathered from the survey is actively incorporated into our organizational culture direction and activity planning. In addition, we encourage organizational communication activities such as ABCD Open Talk, Networking Day, and internal social club activities to facilitate smooth communication between the CEO and employees, thereby enhancing employees' sense of belonging and happiness within the organization.

2023 Happiness Management Program

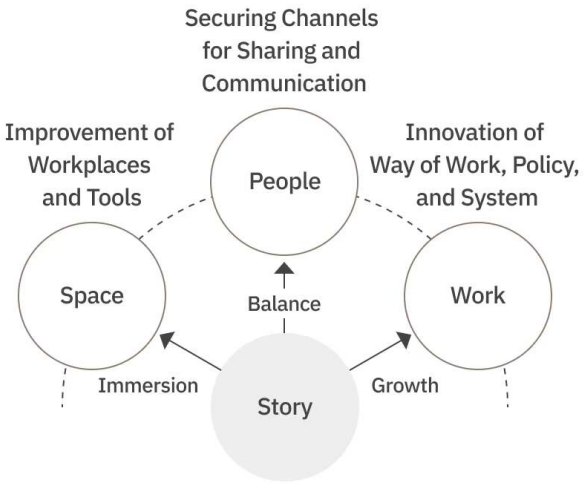
Program	Details	Target	Frequency	Note
ABCD Project	Project supporting communication, training, and work innovation to build a unique organizational culture	All employees	Year-round	-
Happiness Survey	Employee awareness survey to derive directions for improving the organizational culture	All employees	Annually	-
ABCD Open Talk	A place for communication to share opinions on various topics related to company life based on employees' horizontal atmosphere	All employees	Monthly	Implemented initially in Jan 2024
Networking Day	Networking event for all members to improve communication, and activate hobby club activities	All employees	Annually	-
Club Activities	Communication program to reinforce empathy within the organization and share hobbies among members	All employees	Year-round	7 clubs in operation

ABCD Project

"ABCD project aims to create 'a better me, a better us, and a better D&D' together."

ABCD(A Better Company D&D) Project

ABCD is a project designed to pursue happiness among employees, the company, and extending to the city and society, promoting sustainable growth and ultimately shaping SK D&D's unique organizational culture. To achieve this, we provide various programs in the areas of Space, People, and Work to support employee engagement, balance, and growth. SK D&D is committed to establishing a foundation where employees can immerse themselves in their work and grow, while fostering an environment where they feel respected and self-motivated within the company. Building upon this foundation and environment, we aim to cultivate a culture of communication at SK D&D.



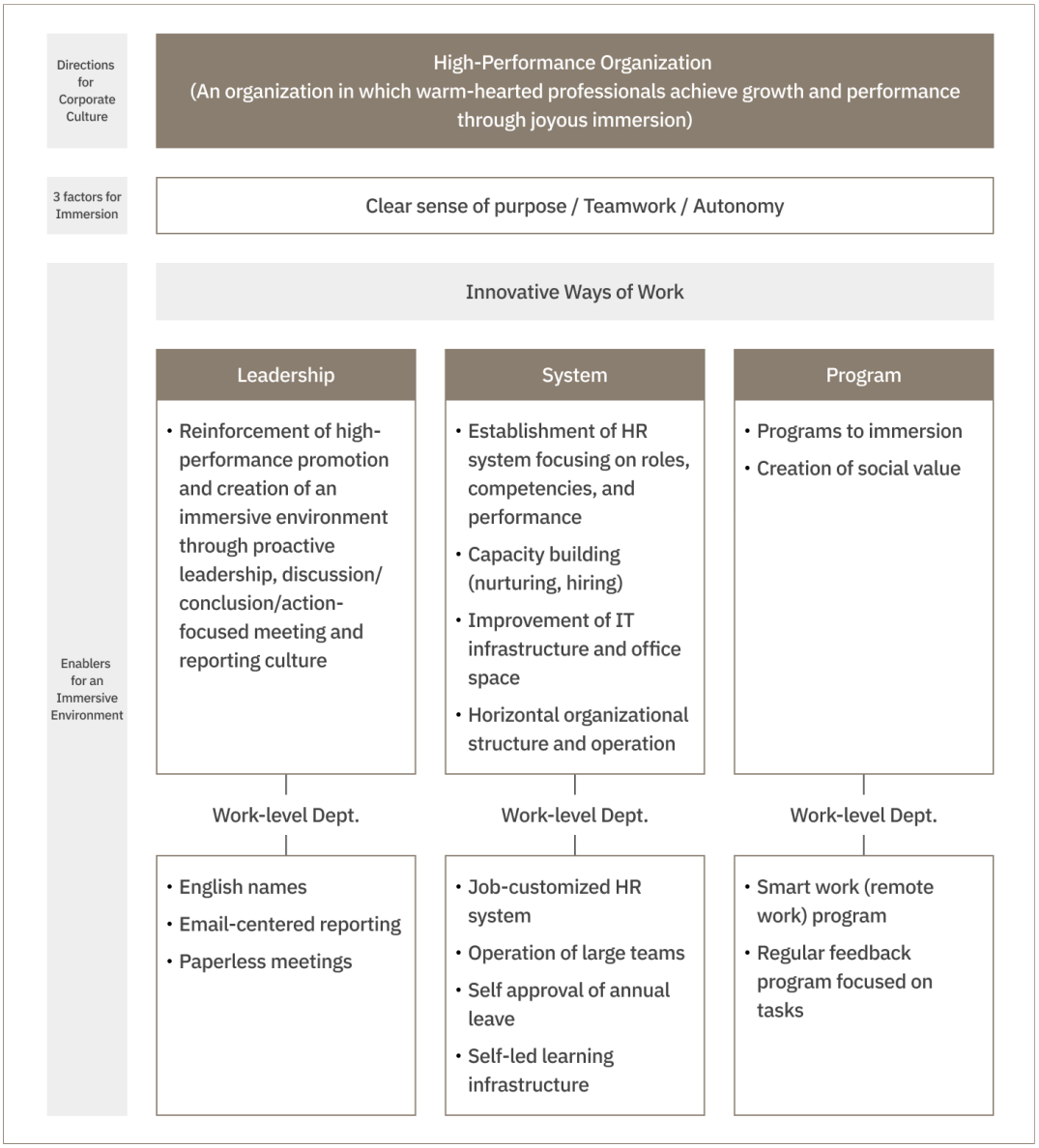
ABCD Story

High-Performance Organizational Culture

High-Performance Organization

SK D&D is developing a 'high-performance organization' culture that enables employees to grow and perform through enjoyable immersion. By innovatively improving our way of working in three areas—Leadership, System, and Program—and creating an immersive environment that fosters a clear sense of purpose, teamwork, and autonomy, we support simultaneous growth for both the company and individuals.

High-Performance Organization Framework



Developing an Immersive Environment

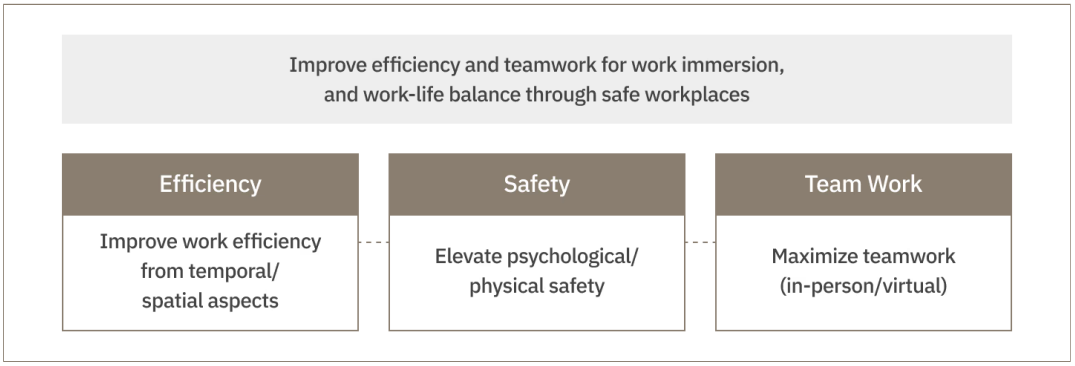
SK D&D is running various smart work programs to create an environment in which employees can be fully immersed in work. In addition to the flexible work system and autonomous seating system, we operate the Smart Work system to improve work efficiency and provide diverse workplaces. The Smart Work system allows employees to work anytime, from anywhere using IT systems, and provides the convenience of remote work from home or Smart Work Centers. By operating Smart Work Centers in high-accessibility

areas such as Jongno and Seongsu, we provide an environment conducive to autonomous and flexible work culture where employees can fully immerse themselves in their work.

Immersive Environment Development Program

Programs		Operational Status
Flexible work system	Enhancing employee work performance and competency through flexible work scheduling, overcoming time and space constraints	Implemented for all employees
Autonomous seating system	Creating a horizontal work atmosphere and improving efficiency through an open seating reservation system in the office	
Smart Work system	Fostering a creative work environment for immersion through spaces such as Focus Room	Total 3 Smart Work Centers in operation (Daehak-ro, Gwanhun, Seongsu)

Smart Work Center



Employee Communication Channel

GRI 2-30

To actively improve the organizational culture, SK D&D convenes the Management Development Council, a consultative body composed of both company executives and employees, as well as All-Hands Meeting where the grievances and opinions of all employees are heard. The Management Development Council comprises three executives and three employee representatives and meets quarterly to discuss the maintenance and improvement of working conditions and other management issues. Decisions and collective agreements reached through the Council are universally applied to all employees. Additionally, the All-Hands Meeting functions as a platform for sharing mid- and long-term corporate strategies and performance, organizational culture, grievances, and improvement suggestions with all employees. Going forward, we will continue to foster an organizational culture of communication and empathy through diverse programs.

2023 Employee Communication Channel Operational Status*

Category	Management Development Council	All-Hands Meeting
Target	Executives/employee representatives (3 each)	All employees
No. of meetings held	4 times a year	Once a year
Frequency	Quarterly	Annually
Major agenda	• Share an overview of business plan and performance • Negotiate on employment, working conditions, benefits, etc. • Resolve grievances	• Share key business performance and status (including mid- to long-term corporate strategy) • Company culture (working environment improvement, employee happiness status, etc.)

* Due to the absence of a labor union within SK D&D, we operate the Management Development Council for labor-management consultations

Employee Grievance Handling Results

Category	Case 1	Case 2
Grievance type	Compensation system improvement	Work environment improvement
Handling approach	Discussing transparently the performance appraisal and compensation system between management and employee representatives, sharing employee opinions on other reward systems, and reviewing their acceptance	Discussing office environment improvement, reviewing improvement directions for ongoing discussions, establishing/sharing policies for family-friendly work environment
Implementation status	Completed	Completed

Scope of Collective Agreement Application

Category	Unit	2021	2022	2023
Application rate	%	100	100	100

Work-Life Balance

GRI 401-2 GRI 403-6

Employee Welfare Benefits

SK D&D supports various welfare programs that promote work-life balance to enhance employee happiness. The key welfare programs include integrated welfare benefits, bereavement/scholarship support, rewards for long-term employees, and coverage for medical check-ups for employees and their families. We aim to expand customized welfare programs by identifying employee needs through a number of different communication channels, including the Management Development Council.

Key Welfare Benefits

Integrated welfare benefits	Scholarship support	In-house dental clinic	Support for educational expenses	Sabbatical leave
Grant points through the partner Benepia	Provide tuition support for middle/high school and university	Cover dental treatment expenses for employees and their families	Support employees with job-related external education	Provide a 2-week sabbatical leave for every five years of continuous service

Support for family events	Hobby clubs	Family health checkup	Rewards for long-term employees	Company cafeteria
Provide leave and financial support for family events	Operate in-house hobby clubs and support their volunteer activity expenses	Employee and family health checkup support	Grant incentives for long-term service	Provide breakfast and lunch

Employee Benefits Support Status

Category	Unit	2021	2022	2023
Total benefits budget	KRW 1 million	5,268	5,953	5,107
Total amount of expenditure	KRW 1 million	5,268	5,953	5,107
Total expenditure rate*	%	100	100	100
Benefits expenditure per person	KRW 1 million /Persons	19.2	23.0	19.1

* Total expenditure rate: (Total amount of expenditure ÷ Total benefits budget) x 100

Maternity Protection System

GRI 401-3

SK D&D operates a maternity protection program to foster a family-friendly and positive corporate culture that supports a healthy work-life balance. Our maternity protection program provides shortened working hours, adjusted commuting hours, and paid leave for medical check-ups, treatment, and rest throughout the pregnancy, childbirth, and parenting periods. We will continue to strive to reduce the burden of pregnancy, childbirth, and childcare on our employees, and provide them with the necessary support to maintain and develop their careers.

Maternity Protection Program

Programs		Standard
Prenatal · Postnatal Leave	Prenatal and postnatal leave to protect the health of pregnant employees	90 days before/after childbirth
Reduction of work hours	Reduced work hours to protect the health of employees during pregnancy	Reduction of 2 hours per day
Adjustment of commute hours	Flexible commute hours for the convenience of pregnant employees	Adjustment of commute hours within working hours
Prenatal checkup leave	Paid leave for expectant mother/fetal health checkups	Different application according to stage 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 or in vitro fertilization	All employees (male/female)

Employee Parental Leave Use Status

Category	Target	Unit	2021	2022	2023
Employees who took parental leave	Male	Persons	0	0	3
	Female	Persons	1	1	3
Employees who returned to work after parental leave*	Male	Persons	0	0	0
	Female	Persons	0	0	0
Employees who returned from parental leave and worked for at least 12 months afterwards**	Male	Persons	0	0	0
	Female	Persons	1	0	0

* There has been no employee subject to return to work after parental leave in the past three years

** As of 2021, the retention rate of employees who returned to work for over 12 months is 100%, with no employees subject to return thereafter

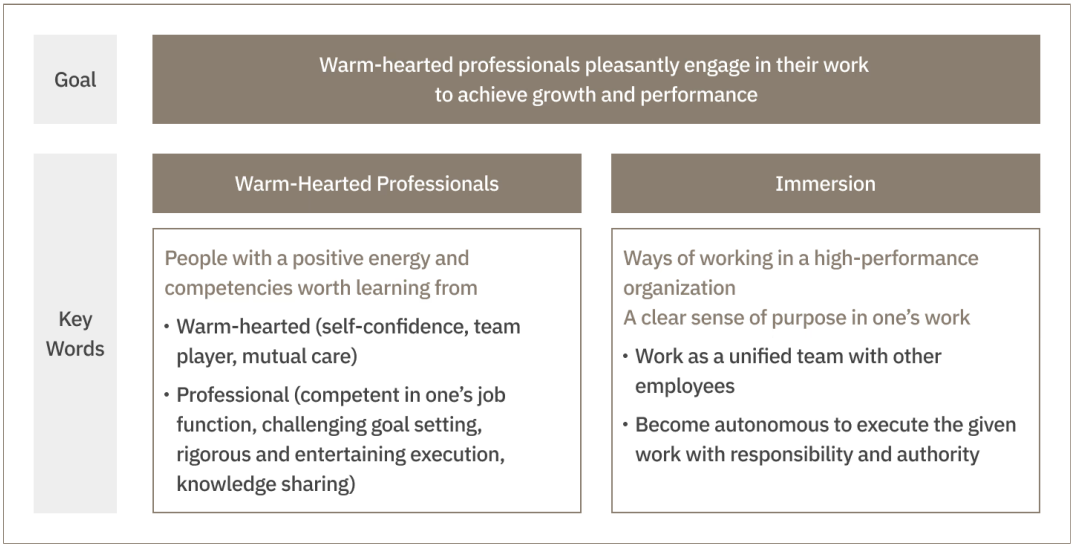
Talent Attraction and Competency Development

Talent Development System

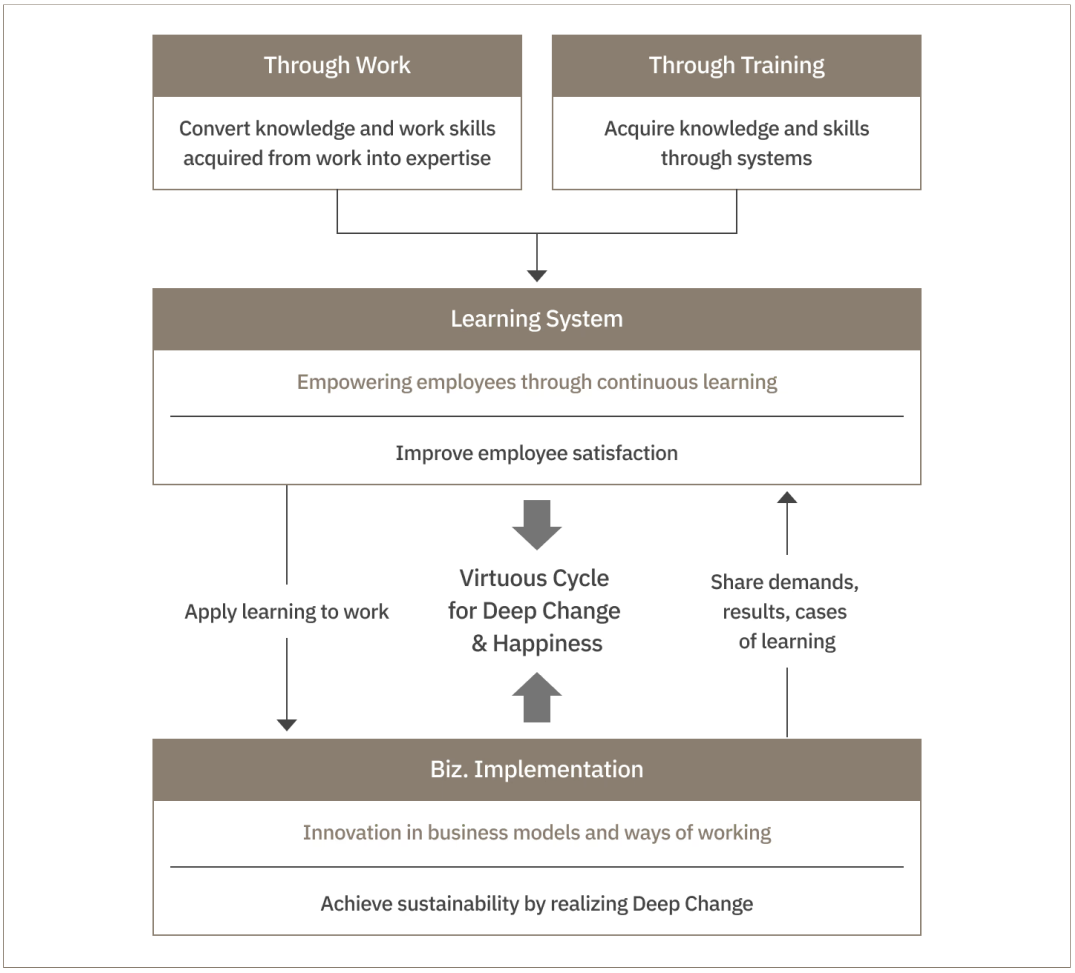
SK D&D supports employees to develop into 'warm professionals' who can create growth and performance by immersing themselves joyfully with passionate colleagues, based on the direction of nurturing employees through 'Virtuous Cycle for Deep Change and Happiness.' Through a systematic talent development system that provides various work and educational support programs, we seek to nurture individuals who are both 'warm-hearted'—caring for each other with a sense of pride and community—and 'professional'—enjoying the implementation of clear, challenging goals and sharing their experiences.

SK D&D Talent Vision

Warm-Hearted Professionals Framework



Direction and System for Nurturing Employees



Competency Development Training Program

GRI 404-1 GRI 404-2

SK Academy

Through SK Academy, SK D&D strives to strengthen the foundation of SK's corporate culture and Happiness Management by disseminating the SKMS (SK Management System) and SK Values to new and experienced hires, new team leaders and executives. In addition, we endeavor to nurture future managers and business professionals by establishing a systematic development pipeline that is tailored to each position.

SK Academy Curriculum

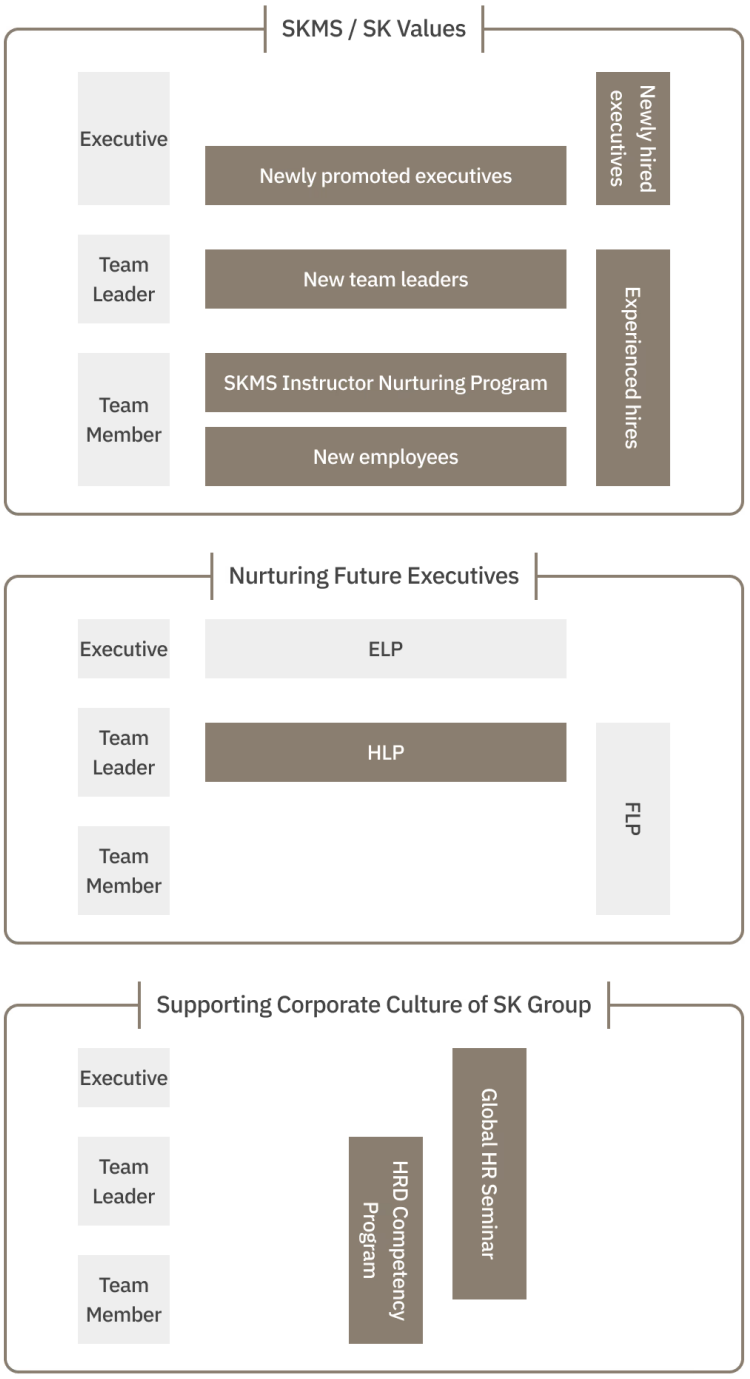
SK academy

"SK Talent Development Hub, Nurturing Talent Like Growing Trees"

SK Academy strengthens the foundation of SK's corporate culture by promoting SKMS/Values and develops future leaders and business experts through a systematic development pipeline.

New/Experienced Employees # New Team Leader # Newly Promoted/Hired Executives
HLP # Women Leaders # Competency School # HR Conference # Global HR Seminar

The Entire Curriculum



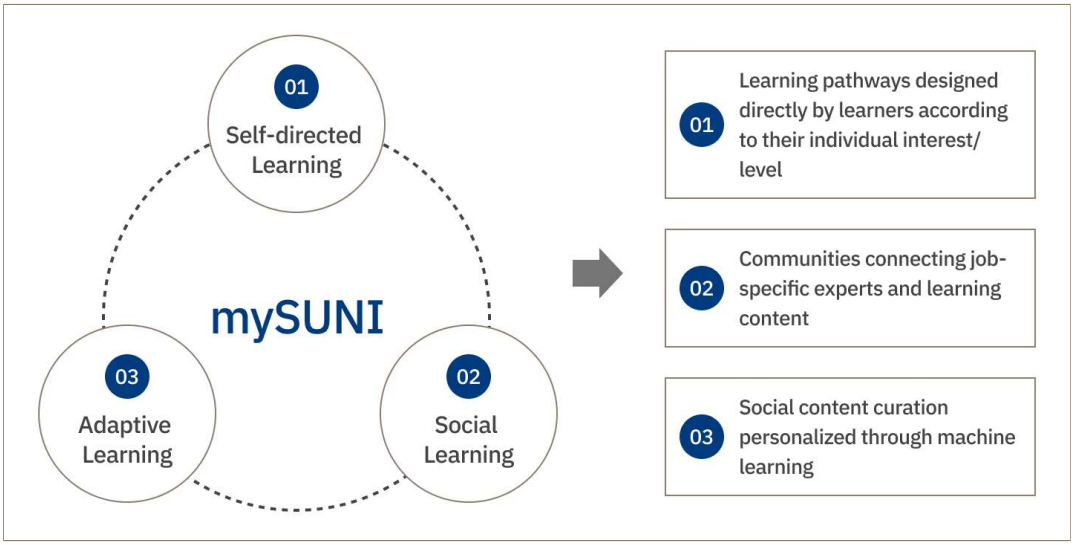
SK Academy Curriculum Content

Curriculum	Goals and Content
SKMS / SK Values	- Spread SKMS and SK core values to new/experienced employees - Define roles of new team leaders to implement happiness management - Support for SKMS instructor nurturing program
Nurturing future executives	- Nurture future executives through a systematic process linked with the SK Leadership Pipeline and Assessment - Provide customized leadership programs by position • Executives: ELP(Executive Leadership Program) • Team leaders: HLP(HIPO Team Leader Program) • Team leaders/members: FLP(Future Leadership Program)
Supporting corporate culture of SK member companies	- Support talent nurturing of member companies - Support organization development and change management based on assessment - Operate global HR seminars, HRD Competency programs, etc.

mySUNI

SK D&D utilizes mySUNI, the SK Group's education platform, to enhance employees' personal competencies. mySUNI offers a variety of courses and programs, allowing employees to freely choose their curriculum and enhancing learning accessibility through an always-on learning environment such as web and mobile platforms. mySUNI also supports employees' work-life balance by allocating time for learning during working hours, promoting a self-directed learning culture within the organization. In addition, we support employees' growth not only by providing content that is directly related to work, such as management, leadership, and innovation, but also by covering various fields like social value and green/eco-friendly topics.

mySUNI Programs



External Training

In addition to the common training required to strengthen work competencies, SK D&D has established and operates an external training curriculum that reflects the diverse training needs of employees. Due to the high demand for specialized fields that require in-depth learning, such as foreign languages and finance, we provide relevant training and regularly assess employees' learning needs to expand the scope of our educational support.

Major Competency Development Training Program

Category	SK Academy	mySUNI	External Training
Frequency	At least once a year	ongoing	at least once a year (as needed)
Target	Mandatory training attendees (leaders, new/experienced hires, etc.)	All employees (voluntary)	All employees (voluntary)
Methods	On/Offline	Offline	Offline
Key content	Dissemination of SK Group's management policies and values, and comprehensive support for leaders and employees' competencies	Operation of over 1,900 curriculum covering management philosophy, basic competencies, future business, and more	Provision of customized educational content for employees (e.g., foreign languages, finance)

Employee Competency Enhancement Training Performance

Category		Unit	2021	2022	2023
Total training expenses		KRW 1 million	703	663	826
Training expenses per person		KRW 1 million /Persons	2.6	2.6	3.1
Total training hours		Hours	21,165	11,508	10,380
Training hours per person		Hours/Persons	77.2	44.4	38.7
Training hours by program*	Job competency	Hours	15,658	7,711	8,412
	Compliance, ethics, human rights, and anti-corruption	Hours	2,013	2,002	718
	Environment	Hours	1,486	750	242
	Health and safety	Hours	1,121	759	518
	Fair transaction	Hours	339	58	259
	Information security	Hours	548	228	231

* Based on training hours completed through mySUNI

Talent Recruitment and Retention

GRI 2-7 GRI 2-8 GRI 401-1 GRI 405-1

SK D&D carries out competency-driven recruitment grounded in fair and equal opportunities. Through the SKCT (SK Competency Test)*, we objectively verify the comprehensive competencies that SK employees should possess. To ensure fair opportunities during the recruitment process, we formalize internal regulations prohibiting discrimination based on gender, age, social status, region of origin, school, marital status, pregnancy, and medical history. In addition, we strive to implement fair and transparent recruitment policies, by prioritizing socially vulnerable groups, including individuals with disabilities and low-income backgrounds when screening recruitment documents, and utilizing internal assessments to improve our recruitment efficiency.

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

Furthermore, SK D&D operates an internal referral system to expand the pool of external talent, aiming to recruit top talent and improve organizational performance. We also operate a buddy program that provides one-on-one support to new employees, helping them adapt to the new work environment. This program supports new employees in assimilating smoothly into SK D&D's organizational culture and work environment through interactions with their buddies.

New Recruitment Status

	Category	Unit	2021	2022	2023
By gender	Male	Persons	62	54	43
	Female	Persons	25	34	23
By age	Under 30	Persons	32	17	10
	30-under 50	Persons	52	68	52
	Above 50	Persons	3	3	4
Total		Persons	87	88	66

Turnover Status

	Category	Unit	2021	2022	2023
By gender	Male	Persons	57	51	47
	Female	Persons	21	24	17
By age	Under 30	Persons	11	8	7
	30-under 50	Persons	60	61	52
	Above 50	Persons	7	6	5
No. of voluntary turnover*		Persons	42	64	37
Turnover rate**		%	15.3	24.7	13.8
Total		Persons	78	75	64

* Voluntary turnover: Total turnover excluding involuntary turnover (Scope of involuntary turnover workers: transfer to SK affiliates, expiration of contract, etc.)

** Turnover rate: (No. of voluntary turnover ÷ all employees) x 100

SK D&D Employees Status

Category			Unit	2021	2022	2023
Total employees			Persons	274	259	268
By gender	Male		Persons	201	188	188
			%	73.36	72.59	70.15
	Female		Persons	73	71	80
			%	26.64	27.41	29.85
By age*	Under 30		Persons	-	-	28
	30-under 50		Persons	-	-	224
	Above 50		Persons	-	-	16
By employment type	Full-time	Male	Persons	193	183	180
		Female	Persons	61	62	69
	Part-time**	Male	Persons	8	5	8
		Female	Persons	12	9	11
By position***	Unregistered executives	Male	Persons	7	10	7
		Female	Persons	1	0	0
	G3	Male	Persons	41	41	39
		Female	Persons	0	0	2
	G2	Male	Persons	106	103	105
		Female	Persons	38	42	47
	G1	Male	Persons	47	34	37
		Female	Persons	34	29	31
Diversity and inclusion	Percentage of female workers		%	0.4	-	0.7
	Workers with disabilities		Persons	7	5	6
	Percentage of workers with disabilities		%	2.6	1.9	2.2
	Employment target for people with disabilities		%	3.1	3.1	3.1
	Socially vulnerable group****		Persons	11	9	7

* Employee status by age is being managed from 2023 onwards

** Part-time employees include contract, daily, and dispatched workers

*** Non-executive members are listed according to the SK D&D rank hierarchy in descending order of seniority (G3 > G2 > G1) / Managers include executives and G3

**** Socially vulnerable groups include people with disabilities and persons of national merit

2023 SK D&D's Subsidiaries Employee Status

Category			Unit	2023	
				DDI	DDPS
Total employees			Persons	46	109
By gender	Male		Persons	28	45
			%	60.87	41.28
	Female		Persons	18	64
			%	39.13	58.72
By employment type	Full-time	Male	Persons	28	39
		Female	Persons	17	47
	Part-time	Male	Persons	0	6
		Female	Persons	1	17

Employee Diversity Target*

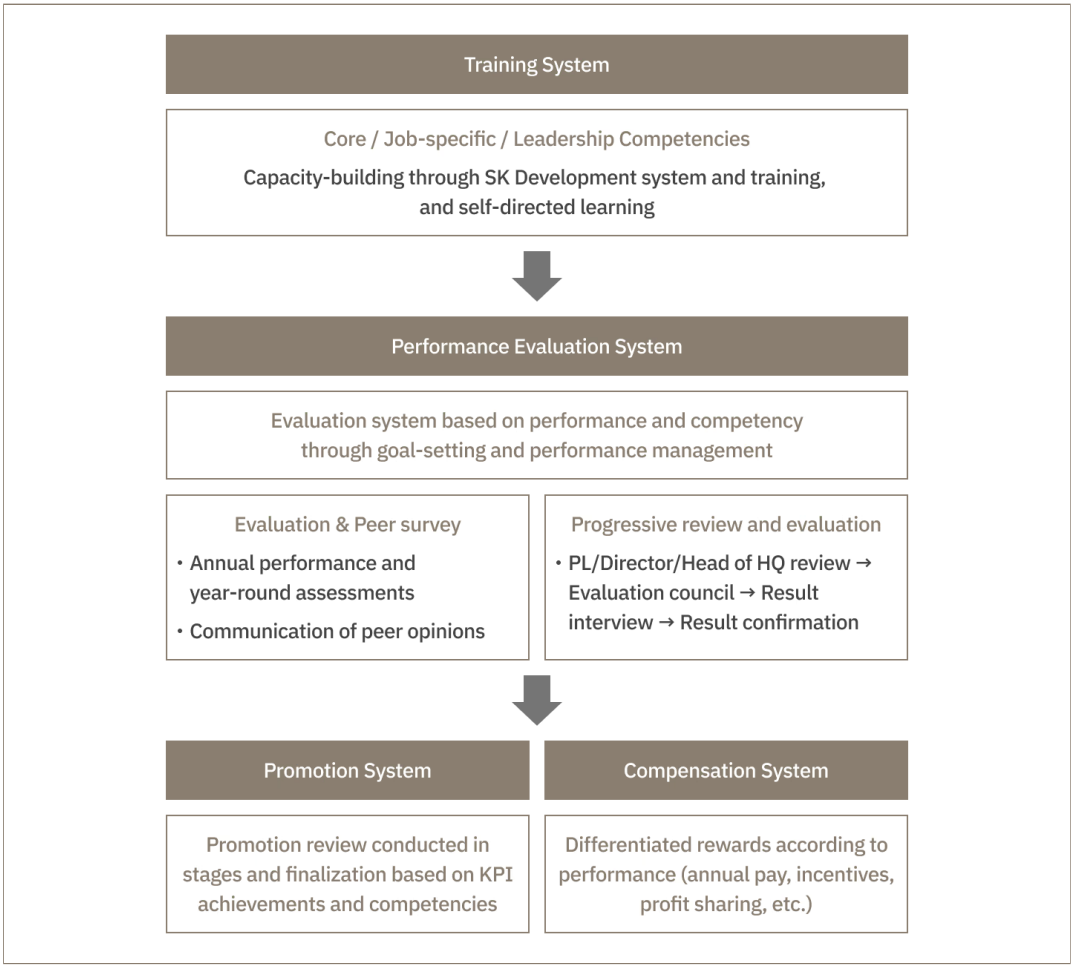
Category	Unit	2023			2024
		Achievement Rate	Target	Achievement	Target
Total	Persons	75%	8	6	6

* The 2023 target and achievement include both the surviving and new entities after the spin-off, while the 2024 target is set by the surviving entity (SK D&D)

Performance Appraisal and Compensation

SK D&D operates an objective performance evaluation system to encourage the development and growth of employees' competencies and to build a competency-based, performance-driven culture. We set annual performance goals for employees and actively support their goal achievement through year-round competency assessments, staged reviews and interviews as part of our performance management process. Based on a fair performance evaluation process, we provide compensation and promotion opportunities aligned with employees' performance. Looking ahead, we plan to further expand not only monetary rewards but also various non-monetary incentives to enhance motivation and job satisfaction among our employees.

Employee Performance Management Process



Employee Performance Evaluation Status

Category		Unit	2021	2022	2023
By position	Executive	%	77.8	91.7	100
	PL	%	100	93.8	84
	Manager	%	85.3	90.7	85.2
By gender	Male	%	91	93.6	91.7
	Female	%	75.3	84.5	75.4
	Total	%	86.9	91.1	85.8

Employee Wage by gender

Category		Unit	2021	2022	2023
Average wage by gender	Male	KRW 1 million	92	119	124
	Female	KRW 1 million	59	67	75
Female to male wage ratio*		%	64.1	56.3	60.5

* Female to male wage ratio = (Average monthly salary of women ÷ average monthly salary of men) x 100

Safety and Health Management

GRI 3-3

Safety and Health Management Framework

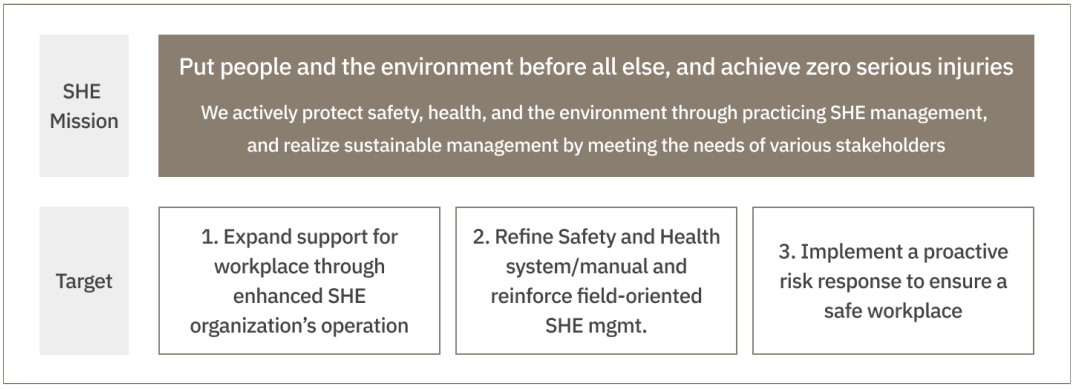
Safety and Health Management Policy

GRI 403-1 GRI 403-8

SK D&D prioritizes people and the environment as its top values and operates a safety and health management system to achieve zero serious accidents. We have obtained ISO 45001 certification at our eco-friendly energy development and sales facilities, covering 50% of all our sites which include headquarters and energy-related operations. Additionally, we have established a group-wide Safety and Health Management Policy, a Safety and Health Management Manual, and emergency response guidelines to be implemented and practiced. Through these measures, we aim to create a safe and healthy environment for all stakeholders, including headquarters, workplaces, subsidiaries, and those involved in real estate development and operations. Our safety and health management policies apply not only to our employees but also to all types of workers involved in our operations, including contractors and subcontractors.

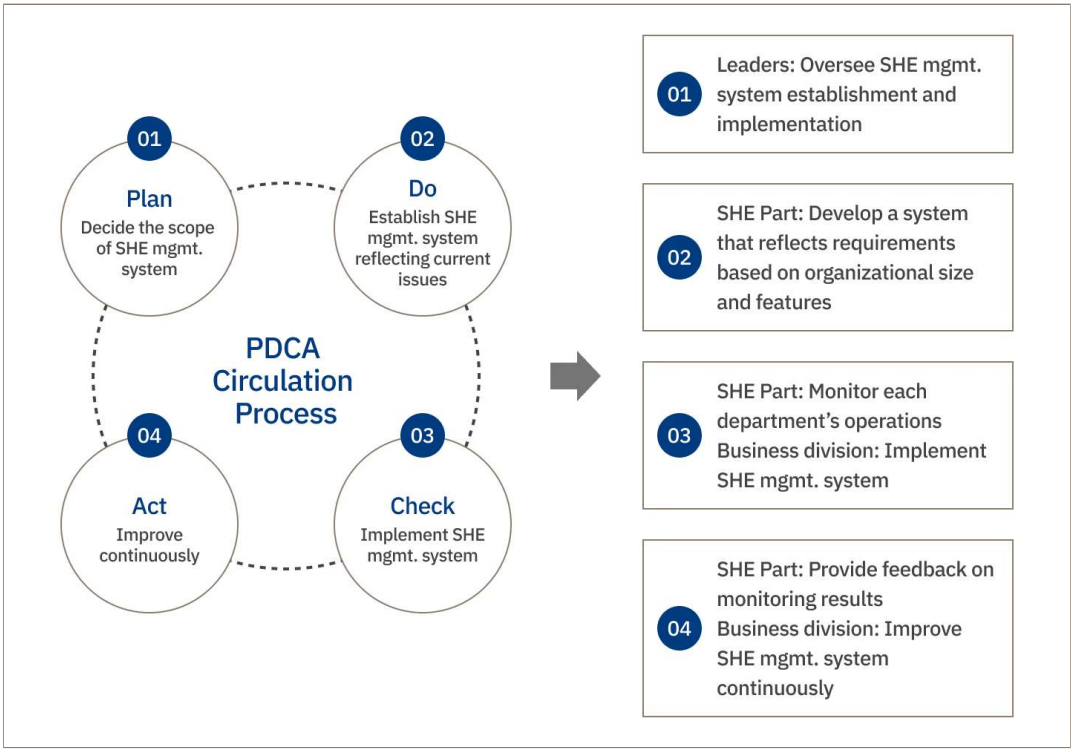
Safety and Health Management Policy Safety and Health Management System Certificate(ISO 45001)

Safety and Health Management Policy



SK D&D has adopted the virtuous cycle system of "Plan-Do-Check-Act (PDCA)" to effectively implement the safety and health management system, and is continuously monitoring and improving its performance. Furthermore, if revisions to the safety and health management policy are needed to address changes in occupational safety and health regulations or to implement improvements, such revisions undergo review and approval by the Chief Safety Officer (CSO).

Virtuous Cycle System of Plan-Do-Check-Act



Occupational Safety and Health Management Manual

SK D&D has developed a Safety and Health Management Manual to prevent workplace industrial accidents by defining standards and procedures for safety and health management, in accordance with the Serious Accidents Punishment Act and the Industrial Safety and Health Act. This manual includes safety and health policies, management systems, risk assessments, and evaluation criteria of safety and health competence and qualifications for contractors. It applies to all business headquarters and workplaces, including business partners and stakeholders with access to the premises. We strive to prevent industrial accidents and ensure worker safety by understanding applicable laws and standards at our headquarters and business sites and operating their safety and health management system smoothly according to established principles and procedures.

Safety and Health Management Manual

Key Concepts of Safety and Health Management Manual

Safety and Health Policy	Organizational Rules	Risk Assessment	Worker Participation and Agreement	Competency/ Eligibility
Declaration of leadership and commitment by management	Discussion and implementation of responsibilities and authorities by each business division	Risk assessment and elimination of hazardous risks	Incorporation of field workers' opinions	Assessment indicators for contractors' SHE levels

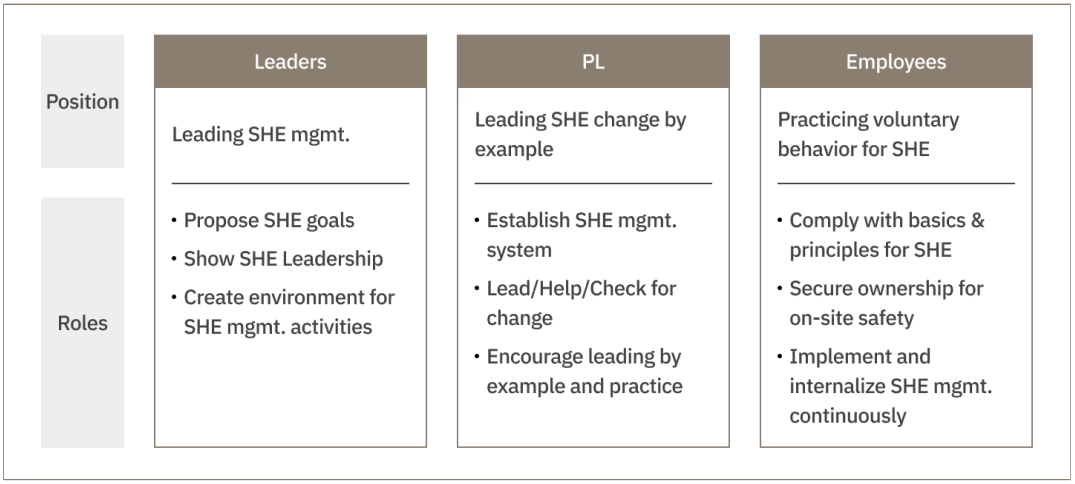
Safety and Health Management Targets

SK D&D has established an annual safety and health target roadmap to achieve zero serious accidents while advancing to a leading level in safety and health management within the industry. We conduct various programs and activities to achieve these specific targets. Additionally, to foster engagement in safety and health management among all employees, we have formulated behavioral principles tailored to each position, which are mandatory for practice. In 2023, we expanded on-site safety inspections and training to enhance safety and health management for employees and contractors, and supported our subsidiaries in developing SHE management systems. Moving forward, we remain committed to establishing a top-tier safety culture and enhancing our SHE management capabilities.

Yearly Roadmap for SHE Management

	Phase I~II(2021~2022) Establishing/Operating SHE mgmt. system	Phase III(2023~2024) Advancing SHE mgmt. system	Phase IV(2025~2027) Leaping to Top Tier level of SHE mgmt. in the industry
Target	Secure safety management foundation	Strengthen field-oriented SHE mgmt. system and activities	Establish a leading safety culture and reinforce safety & health plan's details
Strategy	• Establish CSO organization and SHE system • Identify risks related to projects and the Serious Accidents Punishment Act • Establish SHE mgmt. foundation by project (safety supervision)	• Enhance project's safety mgmt. (safety supervision/outsourced inspections/all day inspections) • Reinforce subsidiaries' SHE mgmt. • Restructure SHE system rapidly following spin-off	• Strengthen details tailored to organizational changes • Enhance internal/external safety and health communication • Lead advanced safety mgmt. in partners
Specific Tasks	• Manage safety metrics for sustainable mgmt. (accident rate, etc.) • Secure occupational SHE mgmt. system (ISO 45001) • Organize and manage R&R for Serious Accidents Punishment Act compliance across all sites (CSO organization)	• Enhance employee safety training - Expand for all (12 hours per person) • Enhance expertise and capability for safety supervision - Specialized training for supervision targets (monthly) / Meetings (quarterly) • Strengthen safety inspections at subsidiaries - Intensify risk assessments (quarterly) - Reinforce safety in blind spots	• Establish supply chain safety capacity assessment metrics • Train and support Episode facility mgmt. partners on-site (all sites) • Secure safety performance external communication system

SHE Behavioral Principles by Position

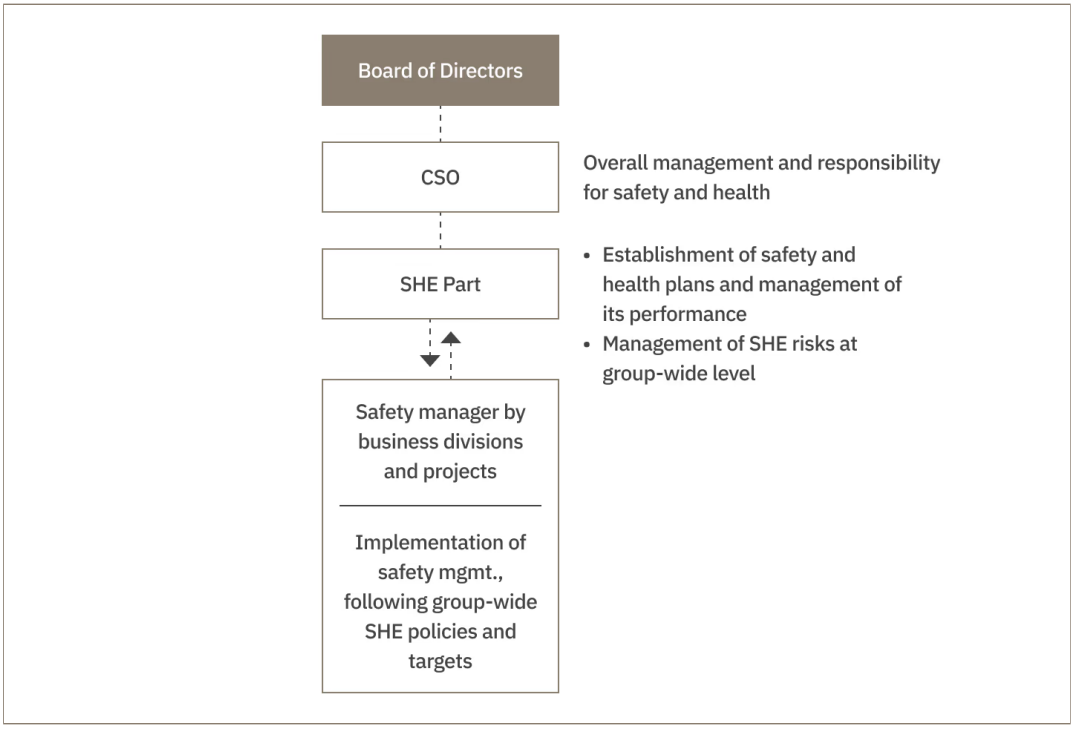


Safety and Health Organization

SK D&D operates a safety and health management system focused on executive accountability. We have appointed a Chief Safety Officer (CSO) entrusted by the Board of Directors with the responsibility and authority to establish safety and health strategies and targets, and oversee their performance management. In addition, we have established a group-wide organization dedicated to safety and health (SHE Part) to implement enhanced safety and health management practices. The SHE Part annually reports safety and health plans and performance to the BOD and holds monthly SHE meetings at the headquarters and subsidiaries to manage safety and health risks. In cooperation with the SHE Part, business divisions and project safety management personnel contribute to the prevention and mitigation of workplace safety and health risks by implementing safety and health activities, inspections, and training in alignment with group-wide SHE policies and targets.

SK D&D utilizes KPIs and a reward system to manage its safety and health performance. To strengthen CSO’s role in safety and health management, we have included the following safety and health management goals in the CSO’s KPIs: achieving zero serious accidents, enhancing the role of safety supervision, establishing a workplace status monitoring system, and supporting the development of safety and health systems at subsidiaries. By linking CSOs' compensation and incentives to the achievement of these goals, we strive to effectively implement safety and health management, prevent risks and accidents, and create a safe working environment.

SHE Management Organization and Decision-Making Structure



Safety and Health Management Meetings

Category	Details/Results	Frequency	Meetings held (2023)
Board of Directors	Review and approval of annual safety and health performance and promotion plans	Annually	2
SHE regular meetings	Analysis of site inspection results and sharing of improvement cases	Monthly	12
Subsidiary SHE regular meetings	Analysis of subsidiary on-site inspection results and sharing of improvement cases	Monthly	12
SHE business divisions meetings	SHE meetings by business division (Sharing review of business status and establishment of safety measures)	Monthly	12
Safety supervision video conferences	Discussing/sharing of safety performance and critical risk mitigation initiatives at contractor sites	Monthly	12

Safety and Health Risk Management

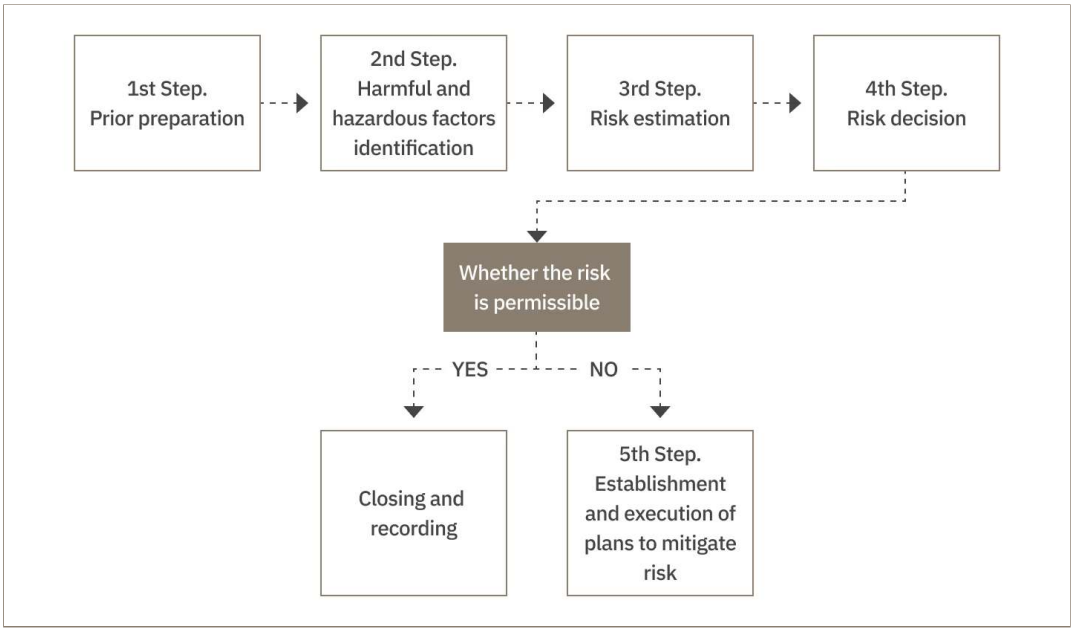
GRI 403-2 GRI 403-7 GRI 416-1

Safety and Health Risks Assessment and Improvement

SK D&D manages potential safety risks at all rental housing sites it develops and operates as a project owner. We conduct regular inspections focusing on fire safety and facilities to assess risks that may occur at the workplace, comprehensively identifying risk potential by integrating various internal and external factors including legal standards, manuals, and organizational culture. Additionally, we establish improvement measures based on risk severity, with management executives directly verifying significant harmful and hazardous factors to devise and implement improvement procedures. Furthermore, to manage potential risks, we conduct monthly or more frequent risk assessments for sites under the project

owner's status, establishing risk mitigation measures to eliminate harmful and hazardous factors and implementing the measures aligned with CSO KPIs. Through these efforts, we are committed to enhancing safety inspection activities to maintain accident-free construction sites to the best of our ability.

Safety and Health Risk Management Process



Emergency Response

SK D&D has established various action guidelines to prevent potential accidents at our workplaces. We aim to minimize direct and indirect losses to sites and the company by responding promptly to emergencies, addressing disasters, and preventing human casualties and environmental pollution. Additionally, we have established a workplace emergency response training plan, and conduct training and education at least twice a year to ensure sufficient understanding and preparation for emergencies. The implementation of these activities is reviewed annually by the management executives.

Product and Service Safety - Episode

To minimize health and safety risks for residents of our rental housing (Episode), we collaborate with a professional facilities management (FM) company to conduct regular inspections and manage safety and risks in facilities, electrical installations, fire safety systems, and mechanical equipment. We also have established response procedures for accidents and conduct mock drills to prepare for unforeseen situations and accidents, aiming to minimize damage. Furthermore, we are committed to minimizing customers' safety and health risks by subscribing to natural disaster insurance.

Occupational Safety and Health Activities

GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7

Safety and Health Capacity Building

SK D&D conducts safety and health training to promote and enhance awareness of safety and health management among its employees and business partners. We establish and implement diverse annual training plans aimed at fostering safety consciousness among employees and creating a consensus on safety management. This includes tailored safety and health training for different target groups, as well as health training addressing job stress and disease management.

We operate the Safety Board website to share safety and health improvement goals and related information with employees, contributing to the internalization of safety and health practices. Moreover, we distribute information on safety and health, such as the Safety and Health Manual and the Serious Accidents Punishment Act, to employees in the form of card news to improve accessibility.

2023 Safety and Health Training Performance

Target	Training	Frequency	Participants (Persons)	Training Time by Persons
All employees	Prevention of musculoskeletal disorders and job stress	Annually (2 hours)	All employees (260)	2 Hours
Leaders	Safety responses for legal and policy changes	Biannually (2 hours)	(10)	4 Hours
SHE associate director	Incident prevention management techniques	Quarterly (2 hours)	SHE + SE Part (8)	8 Hours
Project site safety supervision	Training on accident cases and revised laws related safety and health	Quarterly (2 hours)	Safety supervisors of project site (8)	8 Hours
Project contractor	Training on site hazards and safety measures	Quarterly (2 hours)	Contractors (Participants by contractors)	8 Hours
Construction project	Site safety management training for equipment, risk assessments, cranes, etc.	Monthly (2 hours)	Gunwi project personnel and partner companies	24 Hours

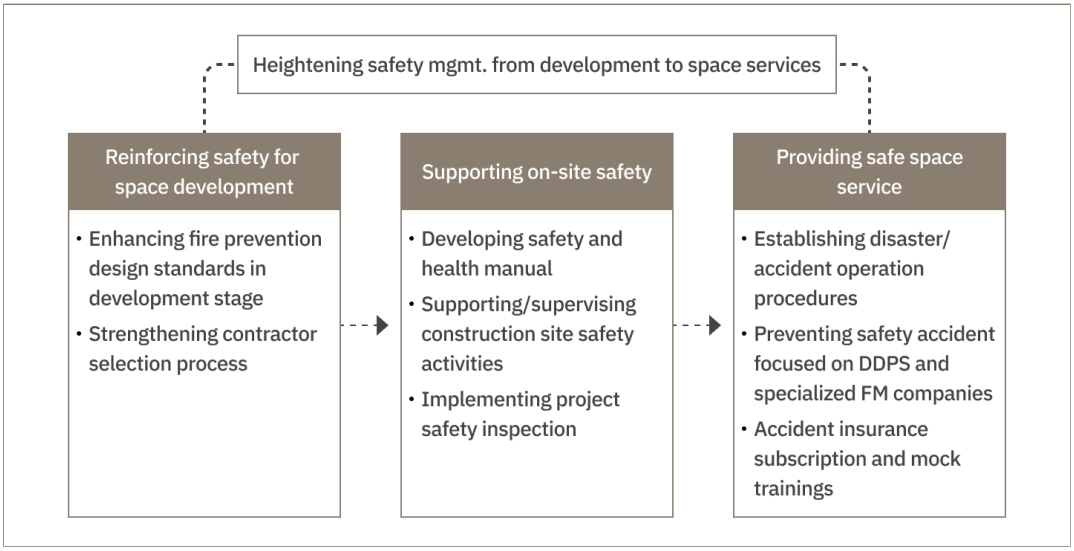
Supply Chain Safety and Health Management

Supply Chain Safety Management System

SK D&D became the first in its industry to introduce a safety supervision system, deploying a total of 8 safety supervisors in 2023. Additionally, we have improved the project contract process to apply criteria for selecting qualified contractors and implement disaster prevention technical guidance, thereby proactively managing safety and health throughout the entire project lifecycle of 'planning-design-construction.' Furthermore, we conduct quarterly evaluations of contractors' safety capabilities to identify hazardous risk factors. For sites with inadequate safety management levels, corrective actions are promptly shared with the workplace for immediate improvement. Key safety inspection results are actively incorporated into future inspection plans to ensure the development of safe spaces and service provision, thus strengthening the safety management system of our supply chain. In 2023, safety assessments identified 457 areas requiring improvement across the ongoing projects with 8 contractors, all of which have been addressed and completed.

* As of December 2023, safety assessments were conducted for 8 ongoing projects under development

Supply Chain Safety Management System



Contractor Evaluation Process

As an advanced developer, SK D&D establishes and applies project management guidelines to clarify the duties and responsibilities of the project developer. At the bidding stage, we apply evaluation criteria based on project scale, assess the ability to prevent serious accidents and implement safety and health activities, and select only contractors that meet the criteria. Accordingly, we are preparing to prevent safety and health risks that may arise during project execution, such as the construction process, and to preemptively prevent industrial accidents on-site.

Contractor Evaluation Criteria by Size

General Construction	• Above 'average' in safety management assessment by MOLIT* • Possess certification in safety and health management system • Achieve three-year mortality rate below the construction industry average • Employ at least three dedicated safety and health personnel at HQs • No serious accidents in recent SK D&D construction records
Professional Construction	• Maintain designated safety managers/officer appointment documents • Possess safety operation procedures (safety mgmt. regulations) • Conduct risk assessments for hazardous/harmful operations • No serious accidents in recent SK D&D construction records
Small-Scale Construction	• Conduct risk assessments for hazardous/harmful operations

* Ministry of Land, Infrastructure, and Transport

On-site Safety Inspection and Support

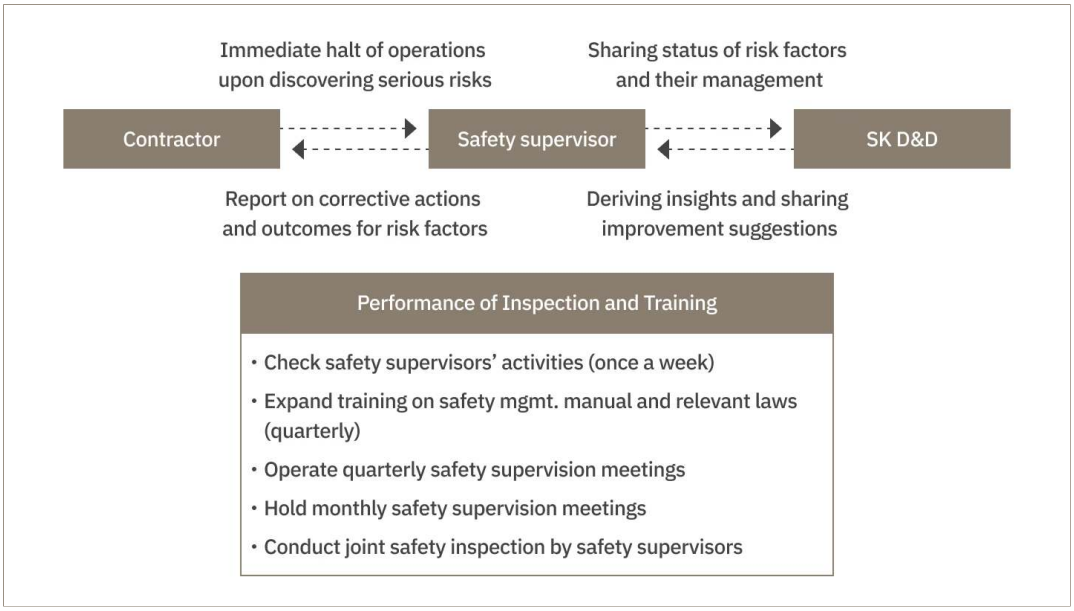
SK D&D conducts regular and ad-hoc inspections of on-site safety management levels to enhance its supervisory role in creating a safe workplace environment and preventing serious accidents as a project owner. The SHE Part, responsible organization for safety and health, along with the Chief Safety Officer (CSO), fulfill the project owner's safety obligations by conducting site visits for safety inspections and

supervision training. Additionally, they designate third-party experts to provide regular on-site safety consulting to ensure practical safety and health measures.

The safety supervisors deployed at the site conducts regular and ad-hoc safety inspections, including targeted inspections during vulnerable periods, as well as compliance checks according to the Construction Safety and Health Management Regulations. They also perform risk assessments and establish improvement measures of hazardous risk factors. For high-risk tasks, they implement work stoppages and relevant improvement measures systemically to eliminate risks. Besides, they take a proactive role in establishing a safe workplace by directly soliciting the opinions of workers through safety and health consultation bodies, including those for labor-management discussions.

All identified safety risks through site inspections are promptly reviewed at bi-monthly SHE regular meetings to establish and implement improvement plans.

On-site Safety Management Process and Activities

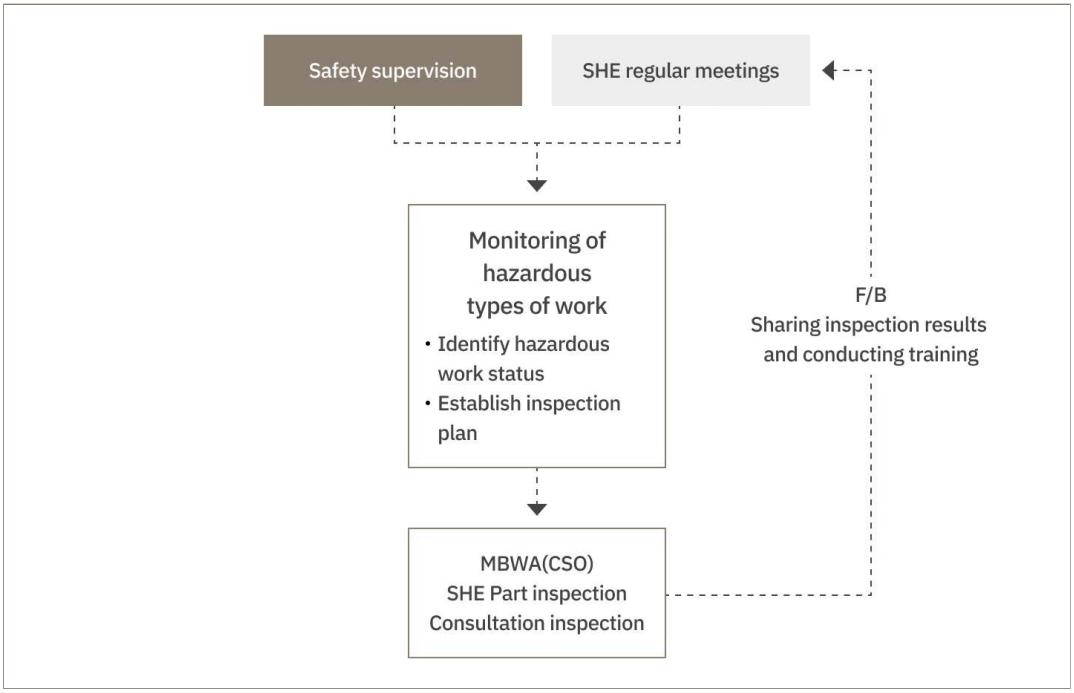


2023 On-Site Inspection Performance

Inspection Name	Purpose	Inspector	Times (2023)
MBWA*	Safety inspection by management	CSO	89
Regular inspections by specialized organizations	Regular consulting	External inspection consulting agency	24
All-day inspection	Frequent inspection of hazardous constructions	SHE + SE Part	116
Safety supervision integrated inspection	Safety supervision capability improvement	Safety supervisors + SK D&D+ contractors	4
Special inspection for vulnerable periods	Disaster prevention during vulnerable periods (Thaw, winter, heat wave, monsoon)	SHE Part	4

* MBWA refers to management by walking around, in which executives visit and communicate on-site

Pre-monitoring System for Hazardous Construction Works/Tasks



SHE Award System

SK D&D has established and is implementing SHE reward and disciplinary management guidelines to reward excellence in organizational and individual performance, assign clear responsibilities for SHE standard compliance, and establish a culture of adherence to SHE standards and procedures. This initiative aims to motivate employees and business partners to achieve safety and health performance and establish a culture that complies with SHE standards and procedures.

SHE Award System

No-Accident Award	Project Manager Safety Award	Excellent SHE Activity Performer Award
Achievement of zero accident from beginning to end of construction	No serious accidents occurring at the business site from beginning to end of construction, excellent safety and health activities performed	Exemplary SHE practices, prevention of SHE accidents and appropriate measures taken, suggestions for SHE level improvement, etc.
Organization award	Individual award	Organization award

2023 SHE Award Performance

Category	Date	Recipient	Rationale
Safety Excellence Award	Apr. 2023	VPP Solution Part	Establish a monitoring safety management system within the workplace and contribute to achieving zero accidents and establishing an SHE culture by adhering to SHE standards and procedures
Excellent Safety Supervision Award	Jul. 2023	Company H	Contribute to the prevention of serious accidents through proactive safety supervision during the development of the Chungmuro Office
Excellent Safety Supervision Award	Dec. 2023	Company J	Contribute to the prevention of serious accidents through proactive safety supervision during the development of Sinchon Episode 2

Grievance Channels for Supply Chain Safety and Health

SK D&D voluntarily deploys safety supervisors at each site to conduct site safety inspections, oversees improvements for non-conformities, and gathers on-site feedback through safety supervision. Additionally, we operate communication channels to collect field opinions and conduct quarterly safety supervision meetings to address grievances, gather feedback, and share best practices for improvement from each site and partner companies.

Safety and Health Performance

GRI 403-9

SK D&D manages and publicly discloses the safety and health performance of all employees, including those of SK D&D and its subsidiaries, and has maintained a record of zero occupational accidents for the past three years. Moving beyond consistent metric management, we are committed to further enhancing safety management across all sites and facilities.

Occupational Safety and Health Incidents

Category		Unit	2021	2022	2023
Employees	Lost Time Incidents (LTI)	Cases	0	0	0
	Lost Time Incident Rate (LTIR)*	Cases/200,000 hours	0	0	0
	Fatalities	Cases	0	0	0
	Fatality rate	%	0	0	0
	Total Recordable Injuries (TRI)	Cases	0	0	0
	Total Recordable Injury Rate (TRIR)**	Cases/200,000 hours	0	0	0

* LTIR(Lost Time Incident Rate): (LTI cases x 200,000) / Total hours worked

** TRIR(Total Recordable Injury Rate): (TRI cases x 200,000) / Total hours worked

Win-Win Growth Management Framework

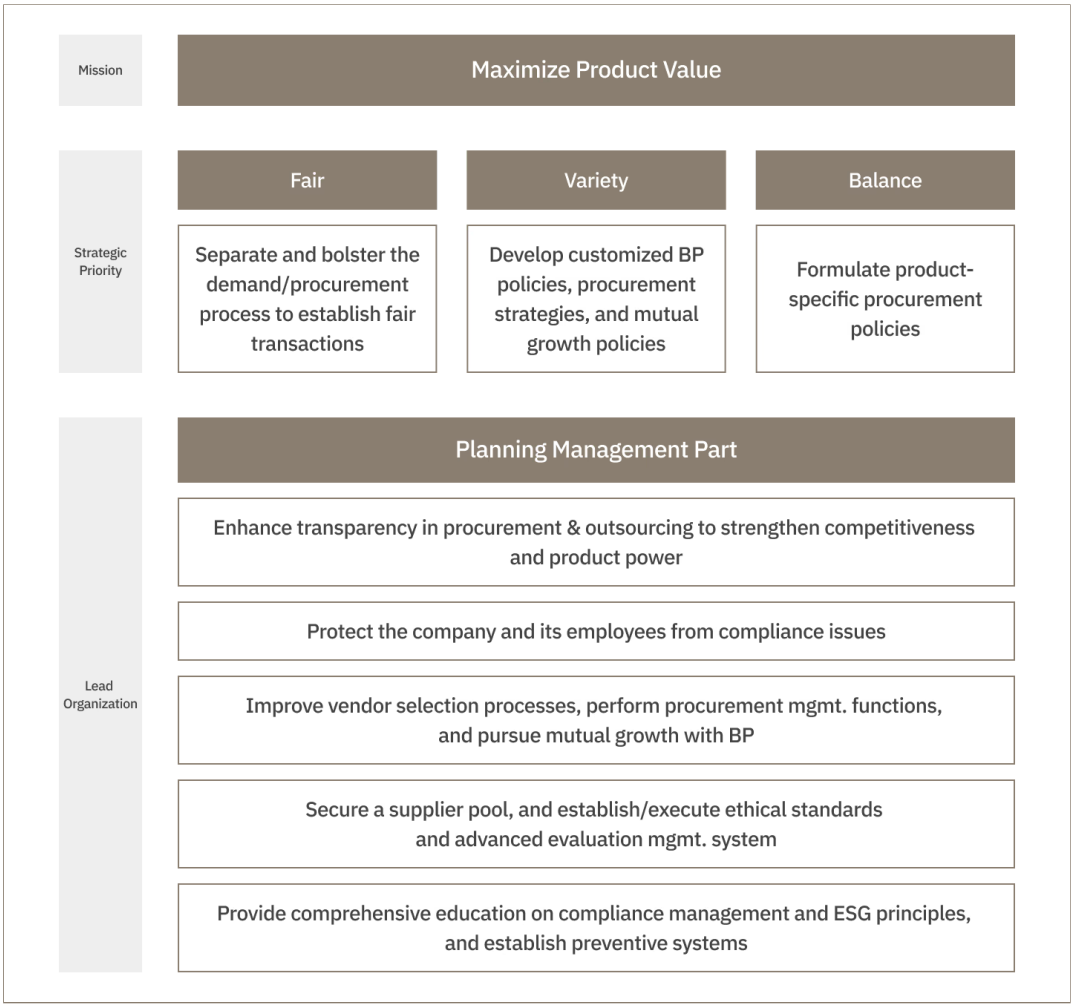
Win-Win Growth

GRI 414-1

Win-Win Growth Management Strategy

SK D&D has established and operates a win-win growth management system to strengthen mutual growth and win-win cooperation with its business partners. The Planning Management Part, as the lead organization, oversees and manages the entire supply chain encompassing the business value chain, striving to build a sustainable supply chain through collaboration with operational and specialized departments based on procurement types. We also strengthen partnerships with our business partners through a transparent and fair transaction system, and operates programs that are focused on improving and supporting ESG management among partners to enhance the global competitiveness of excellent business partners. Moving forward, we aim to expand our business partners support programs to seek long-term win-win partnerships and create synergies for sustainable future growth.

SK D&D Win-Win Growth Management Framework



SK D&D Procurement Management System

Procurement Type & Dept.	Business Procurement	Specialized Procurement	General Procurement
	Planning Management Part	Operational/Specialized Support Dept.	People & Culture Part
Main Items	• Purchases across company, HQ, and project units directly or indirectly related to business operations • Business development, design and approval, advertising, operational outsourcing, ICT, health and safety, etc.	• Specialized services of supporting departments • Legal affairs, accounting/ tax, appraisal, business feasibility assessment, education, etc.	• Purchases for employees, events, and promotional items • Supplies/equipment, office environment improvement services, supplies for company anniversary events, etc.

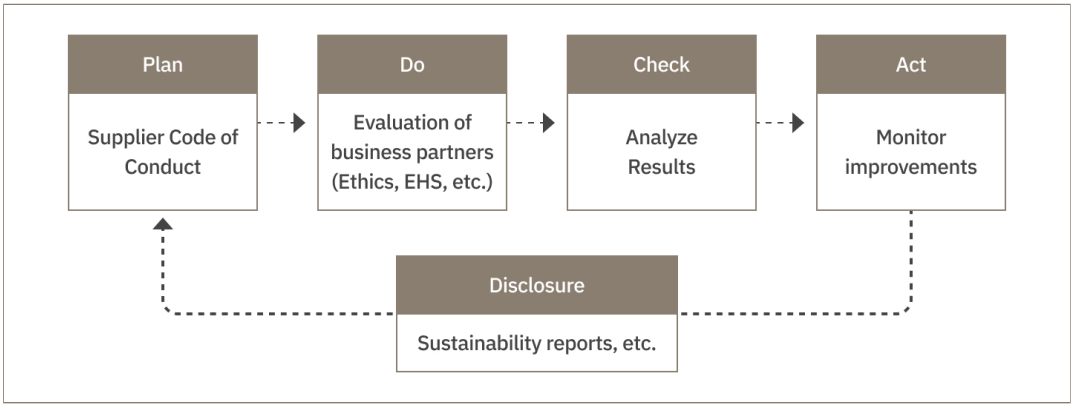
Supplier Code of Conduct

SK D&D has established and publicly disclosed its 'Supplier (Business Partner) Code of Conduct' to manage a sustainable supply chain and build an ecosystem that fosters win-win cooperation. The Code includes compliance guidelines for various categories such as environmental, safety and health, business ethics, human rights, labor, and management systems, enabling business partners to internalize and implement ESG management while adhering to laws and regulations applicable to their business activities.

SK D&D requires all new and existing business partners to affirm that they will comply with the Supplier Code of Conduct upon contract signing. We assess their compliance status item by item to pursue win-win growth, encouraging them to develop alongside SK D&D as socially responsible companies. Furthermore, to strengthen ongoing partnerships with outstanding suppliers and foster healthy relationships while identifying unqualified suppliers, we evaluate partners not only on their compliance with contractual obligations but also on their ethical conduct.

Supplier Code of Conduct

Supplier Code of Conduct Monitoring



Business Partner Support Program

Business Partner Communication Channel

SK D&D operates various communication channels to secure its win-win management framework with business partners. We enhance accessibility through channels such as phone, fax, email, and online reporting, enabling us to receive grievances and complaints anonymously or under real names. Upon receipt, cases are promptly forwarded to specialized departments based on their severity and impact for swift resolution. In addition, we actively seek the input of on-site business partners through safety supervisors stationed at construction sites. When unethical acts are reported, the Ethical Management Department reviews and handles the reports to protect the identity of reporters.

2023 BP Communication Channel Performance

Category	Unit	2023
Case reported	Cases	1
Case resolved	Cases	1
Resolution rate	%	100

Reporting Concerns for BP

Product/service/sales complaints	Corruption reports about employees/partners
• Product/service complaints • Delay in handling/unfriendly staff • Inadequate response/lack of guidance • Unethical business practices (identity theft, etc.)	• Acceptance of money/entertainment • Unfair transaction • Bullying and Sexual harassment • Information leakage • Asset embezzlement/diversion • Other wrongful acts

Sustainable Procurement

GRI 414-1

Business Partner Selection Process

SK D&D evaluates the social responsibility performance of its business partners, incorporating ESG-related factors (such as ethical behavior and violations related to industrial safety and health), as part of its criteria for selecting and managing partners. Accordingly, all new and existing business partners contracting with SK D&D are required to meet our social impact assessment standards, thereby striving together to establish a cooperative framework for sustainable management and mutual development.

SK D&D's Business Partners

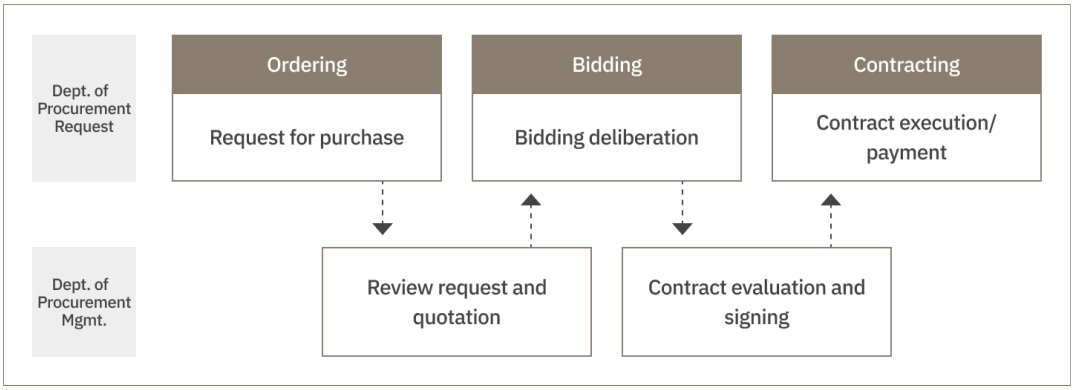
Category	Unit	2021	2022	2023
No. of business partners	unit	184	127	115
Purchase scale	KRW 100 million	2,254	2,983	2,396

Fair Procurement and Contracting Process

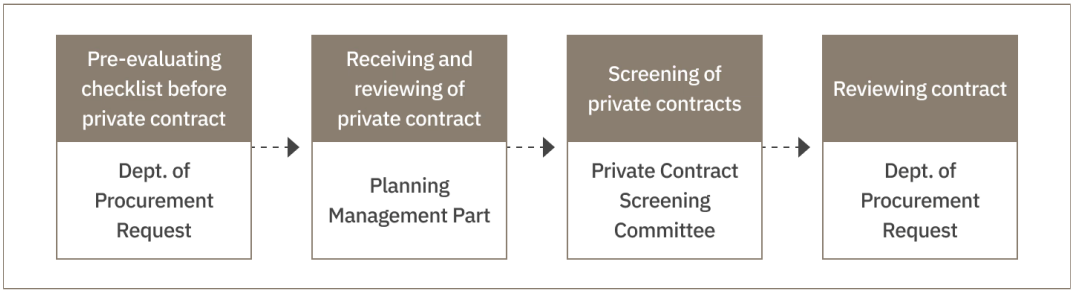
SK D&D separates and operates the procurement and private contracting processes to ensure fair and transparent contracting. In the procurement process, roles are strictly distinct between the procurement request department, which handles ordering, bidding, and contracting stages, and the procurement management department, which reviews actual quotations and finalizes contracts. This ensures fairness in procurement decision-making and rigorous compliance management.

To address vulnerabilities in transaction processes, the Planning Management Part reviews the private contract screening documents. These documents are subsequently assessed and finalized by the Internal Screening Committee, which consists of the chairperson, standing members and non-standing members, all designated by the Chief Procurement Officer (CPO). The committee evaluates appropriateness of contractor selection and pricing, reflecting these outcomes in procurement contracts. Moving forward, we will continue to establish a fair transaction order by defining clear criteria and procedures, aiming to build a cooperative system of mutual growth with our business partners.

Procurement Process



Private Contract Process



GRI 3-3

Customer Satisfaction Management

Customer Satisfaction Management Framework

Customer Satisfaction Management Strategy

SK D&D is promoting customer satisfaction management with the goal of 'Creating customer value through differentiated spaces and living solutions.' We pursue customer satisfaction management across four key pillars: product, price, process, and customer value. Setting specific directions for each pillar, we aim to pioneer customer value innovation by offering residential and office spaces, along with living solutions tailored to customer needs. In addition, we will develop spaces that reflect social change and sustainability, contributing to sustainable urban development. We also aim to enhance our customers' quality of residential life by providing space services that utilize data and AI-based SaaS software, centered around customer value.

Customer Satisfaction Management Framework

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

Episode's Brand Philosophy

SK D&D aims to embody our residential philosophy—'living space, valuing individual life, a microcosm of society, and connecting value'—through our rental housing brand, Episode. Episode aims to offer diverse residential experiences from the user's perspective, establishing an ESG ecosystem within residential spaces, and leading a distinctive residential culture that reflects community values and social culture through dedicated community spaces at each site. Notably, it creates social value through its furniture subscription service and community programs. Recognizing these efforts, Episode was awarded the 'Impact & Sustainability' category at the 2023 Co-living Awards hosted by Coliving Venture, the pioneering coliving venture builder.

SK D&D Awards

Episode's Key Award Achievements

Award Achievements
• Red Dot Design Award - Interior Design 'Winner'
• Golden Scale Best Design Award- Gangnam 262 & Seocho 393 'Client Winner'
• Korea Design Award - ''Creative Value Company'
• FRAME Awards - 'Co-living Complex of the Year'
• INNOVATION BY DESIGN Awards - Space and Places 'Winner'

Customer Satisfaction Improvement Activities

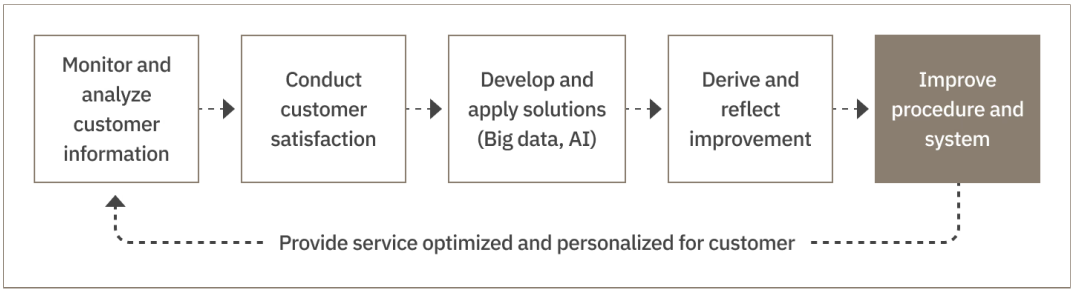
Customer Satisfaction Management

SK D&D operates a VOC (Voice of Customers) channel constantly to facilitate communication with customers. Episode residents can conveniently use a mobile application to report any inconveniences related to their entire residency process, from move-in to move-out, with prompt real-time responses from us.

Additionally, we conduct an annual customer satisfaction assessment, actively integrating their feedback into our service improvement strategies and the development of new solutions. Improvement tasks derived from the assessment are categorized as short-term or medium-to-long-term projects, systematically progressed in stages to enhance service quality and improve customer satisfaction.

In 2024, aiming to comprehensively manage our rental housing brand 'Episode' from a customer-centric perspective, we measured the economic and social value targeting 930 residents, accounting for 52% of all households as of 2023. Through resident interviews, surveys, and various methods, we identified economic and social values created through initiatives such as community co-development, promotion of co-living culture, and eco-friendly residential facilities, totaling approximately KRW 13.7 billion. Looking forward, we intend to expand diverse customized products and services that closely align with customer needs and preferences regarding self-realization, interaction, and residential environments, thereby creating value for both customer and society.

Customer Satisfaction Improvement Process



2023 Customer Satisfaction Innovation – Episode SH(Stakeholder) Account Project

SH(Stakeholder) Account Establishment Project

Background & Objective
Conducting comprehensive analysis of customers to gain trust and empathy, establishing a management system through metrics

Process
Deriving customer desires and improvement directions through survey and comprehensive analysis of coliving customer types

Result
Identifying of 33 desires and developing communication strategies and directions across 1) Space, 2) Additional Services, 3) Operational Management, 4) Self-realization and Interaction, 5) Residential Environment

SH Account Establishment Process

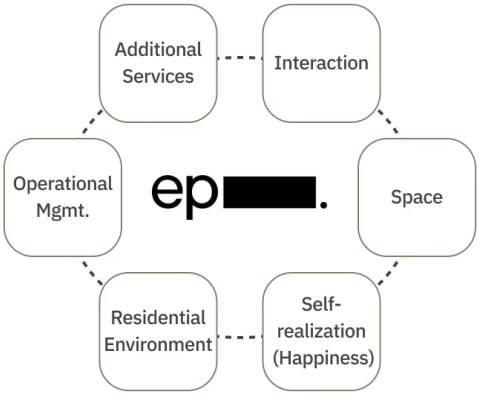
① Identification → ② Measurement → ③ Management

① Identifying Key Desires	• Selecting top priority target customer segment for Episode • Identifying desires and context based on qualitative research
② Measuring Value Contribution	• Quantifying desire in measurable metrics and constructing formulas for monetary value measurement • Measurement of Episode's contribution value by indicator
③ Establishment/Operation Considerations	• Considerations for Data Lake establishment and operation • Considerations for stakeholder expansion beyond customers

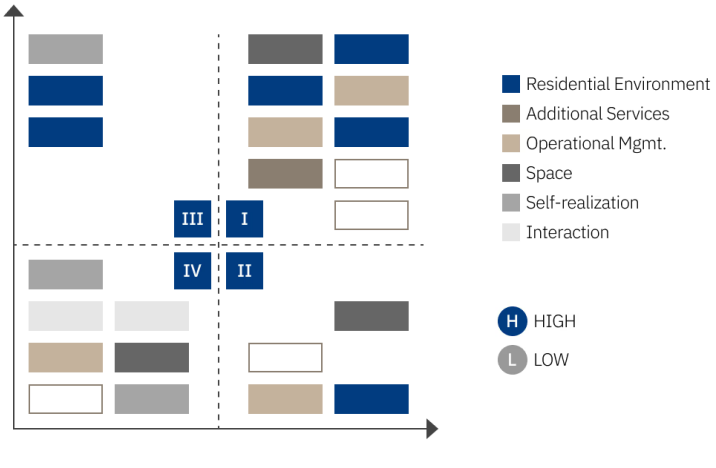
What Episode residents want at Episode - 6 types, 33 desires

Desires based on Episode residents' VOC

Desires currently provided but not explicitly mentioned



Implications by area based on importance, contribution value, and satisfaction



I	Expansion of communication targets for Episode's contribution value		
	Importance H	contribution value H	satisfaction H
II	Increase in contribution value through expanded usage via additional service development		
	Importance H	contribution value L	satisfaction L ~ H
III	Selective communication regarding desires aligned with Episode's pursuit values		
	Importance L	contribution value H	satisfaction H
IV	Wait & See (Regular monitoring and response to positive changes)		
	Importance L	contribution value L	satisfaction L ~ H

Sustainable Residential Service

GRI 413-1

Episode Community Programs

SK D&D, as a space developer, aims to contribute to healthy urban regeneration and activation not only by providing residential spaces, but also by offering a variety of experiences that integrate urban life and culture. To achieve this, through Episode, we operate various community programs to foster better urban living, enhance connections among neighbors, and enrich daily life by researching the value of customers and spaces.

SK D&D provides environmental and health improvement programs, social value creation programs, and living programs to enable local communities and residents to contribute to environmental and social value creation and lead sustainable lives. Furthermore, we organize offline events such as ‘Episode - Better

Night' to share the principles of SK D&D's corporate social responsibility, listen to residents' stories, and actively build an ESG ecosystem that promotes collaborative efforts with our customers.

Environment & Health Improvement Programs	• Planning and sponsoring the Episode '2023 Positive Energy Race' (Good Runner Company & Episode) • Plogging, vegan cooking, plant gardening program and local food market, etc.
Social Value Creation Programs	• Flea markets linked to local small businesses • Providing sustainability programs and workshops, and holding flea market with local community (IKEA & Episode) • One-day classes linked to local flower shops or affiliated programs • Providing creative workspaces for artists and holding exhibitions (Artist in Episode, Jo Hyun-Seo & Episode)
Living Programs	• Hosting Episode's urban culture campaign 'Home Radio' • Operating aesthetic value program for residents • Providing TEDx talk programs on lifestyle content

IT-based Living Solution Development

SK D&D pursues to provide a variety of IT solution-based services in our customers' workplaces and residential spaces, contributing to creating a better, resident-centered urban life. For Episode's residents, we have built a mobile-based residential service platform to offer a differentiated experience. Through our own Episode 2.0 mobile app, we offer various residential conveniences such as space reservation, room cleaning, IoT services*, resident grievance resolution, security management, and participation in community programs.

* IoT (Internet of Things) service: A service that allows control of various home appliances through a mobile app based on the IoT

SK D&D Living Solutions

In April 2023, SK D&D established a joint venture, 'Connectfy Cloud,' with Yanolja Cloud, a global AI-based SaaS company. The joint venture aims to provide cloud-based housing and living services that are easily accessible to everyone and to enhance the utilization and convenience of services provided to customers through O2O (Online to Offline) services. Through this joint venture, SK D&D seeks to build an innovative and sustainable Prop-Tech ecosystem, enhancing not only customer value but also fostering cooperation and mutual growth with small businesses and startups.

Home Radio Campaign

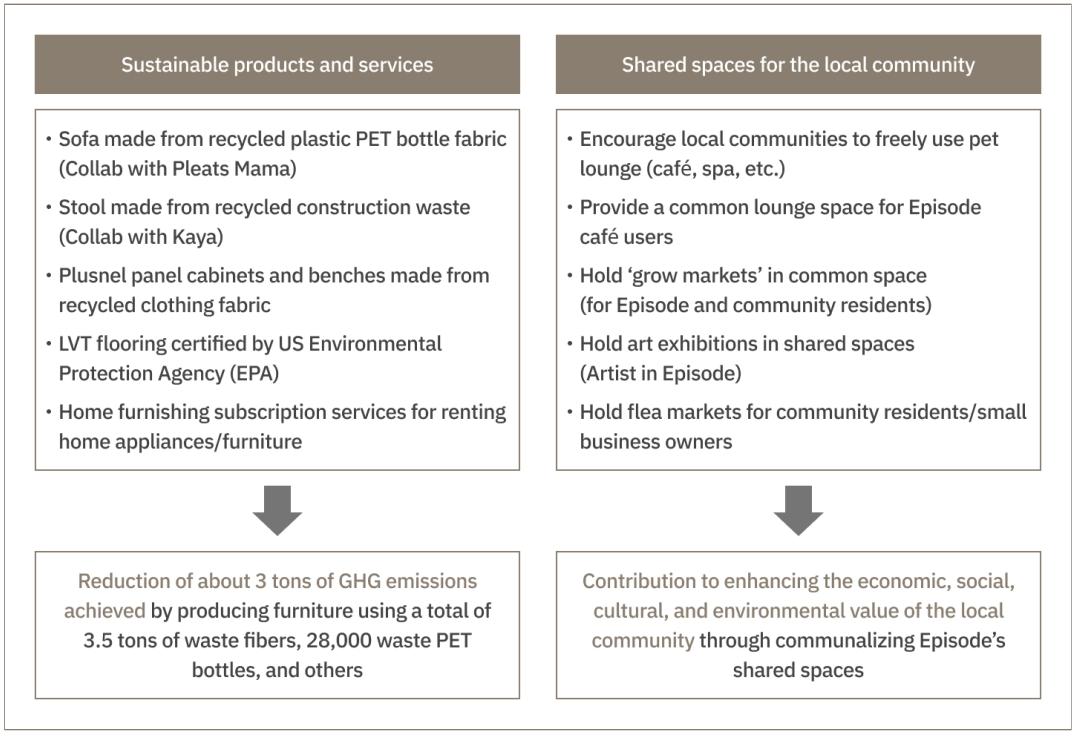
In February 2024, SK D&D launched a new urban culture campaign, 'Home Radio,' based on its brand philosophy of 'better urban living.' Over 1,500 artists, architects, entrepreneurs, and other community members participated in the campaign, sharing diverse insights on urban life, community, and more. SK D&D will continue to host various communication and cultural exchange campaigns in the future, creating opportunities for residents to accumulate sustainable living experiences, beyond merely providing residential spaces.

Sustainable Design

SK D&D prioritizes environmental and social values throughout the entire lifecycle of our spaces, from design and construction to operation and management. To provide sustainable spaces and services, we utilize eco-friendly certified materials during the building development stage and apply green technologies to minimize environmental impact. Additionally, we create shared spaces such as kitchens, living rooms, and lounges, and furnish them with eco-friendly materials to offer an environmentally and socially friendly living experience.

In particular, 'Episode Suyu 838' was designed in collaboration with a design partner to offer a sustainable lifestyle. Approximately 80% of the furniture and accessories placed in Episode Suyu 838 are made from recycled or upcycled materials, such as waste fibers and PET bottles, resulting in a carbon reduction of around 3 tons. Furthermore, we have considered resource circulation throughout the interior design by using LVT flooring certified by the US EPA (Environmental Protection Agency), minimizing secondary processing, and using finishes that are naturally biodegradable or recyclable. All furniture and fixtures in the shared space were designed to be repurposed, repaired, reused, and recycled, and a home furnishings subscription service for renting appliances and furniture was provided to the residents to enhance the sustainability of the space.

Sustainable Design and Performance



Co-living Network Building

SK D&D's Episode has established the Worldwide Co-living Membership (WCM), an international private organization aimed at advancing the co-living culture in collaboration with global co-living brands. Seven companies from the UK, Spain, Germany, Japan, the Philippines, and Australia are members, providing residents with cross-border exchange opportunities and special benefits through shared community programs.

In 2023, WCM initiated a joint survey project and published the inaugural 'Life in Co-living Space' report involving five member countries. The report offers insights into perceptions of co-living, resident satisfaction, and sustainable practices, facilitating the exchange of experiences and insights among co-living residents.

'Life in Co-living Space' Report

Moreover, in April 2024, we signed an MOU (Memorandum of Understanding) with 'Habyt,' the leading company in the global co-living market, to enhance our residential solutions business capabilities. We will expand the global network of our residential brand 'Episode' and provide various partnerships and discount services, thereby sharing the brand's value with urban residents worldwide.

Social Contribution

Social Contribution Framework

Social Contribution Policy

SK D&D is committed to contributing to the achievement of the United Nations' Sustainable Development Goals (SDGs) through its social contribution vision, 'Sharing Happiness to Resolve Social Issues.' Under this vision, we have established and is implementing a social contribution framework and a mid-to-long-term roadmap. Focusing on the three major themes of Hope, Health, and Green, we have set theme-specific goals and developed detailed program activities that consider the characteristics of its real estate business and the needs of local communities. Furthermore, the ESG Committee annually reviews and approves the results and plans of social contribution activities, encouraging employee participation in these activities to expand the company's commitment to social contribution on an organizational level. Starting in 2024, we aim to implement and expand social contribution programs that involve not only our employees but also local community stakeholders, thereby contributing to community development and the creation of social value.

Social Contribution Framework

Vision	'Design Happiness With D&D' - Sharing happiness to resolve social issues		
3 Themes	Hope Environmentally/Culturally Underprivileged Groups Supporting local communities and vulnerable groups, building a respected corporate culture	Health Physical and Mental Health Enhancing the social safety net and promoting positive values for a healthier social culture	Green Response to climate change & resource circulation Striving to resolve the major global challenges of climate change and resource issues
Goals	Offering educational/ cultural opportunities, establishing social self-reliance	Reinforcing social safety nets, spreading humanities/social values	Response to climate change, resource circulation, environment protection
Key Activities	• Hope Maker • DIY furniture crafting and donation • Creating recreational spaces • Making care kits for solitary seniors	• Positive Energy Race • Episode flea market • Jigwanseoga • Blood donation campaign	• Plogging • Guerrilla gardening • Furniture donation to housing facilities for vulnerable communities • Lighting Children

Roadmap of Social Contribution and Local Communities Engagement

(Short-term) 2022~2023	(Mid-term) 2024~2025	(Long-term) 2026~
• Open a Jigwanseoga (Uljin Geumgang Pine Trail branch) • Continue to operate employee-engaged community contribution programs • Create social value through Episode	• Advance the operation of the Uljin Jigwanseoga • Operate flagship social contribution programs aligned with business activities • Promote stakeholder-engaged community volunteer activities	• Expand qualitative & quantitative social contribution (3% of profits before taxes) • Continue to operate stakeholder-engaged volunteer activities • Advance the operation of flagship social contribution programs

Social Contribution Activities and Performance

GRI 203-1 GRI 413-1

Green

Plogging

SK D&D conducted the 'D&D Plogging Challenge' to encourage employees to participate in environmentally friendly social contribution activities, contributing to the creation of environmental and social value by picking up roadside trash while walking or jogging. This challenge is one of the ABCD initiatives aimed at pursuing happiness for employees, the company, and ultimately, the city and society, while promoting sustainable growth. The ESG team independently produced 300 plogging kits made from upcycled and biodegradable materials, and approximately 150 employees actively engaged in environmental conservation activities near the workplace area.

D&D Plogging Challenge poster

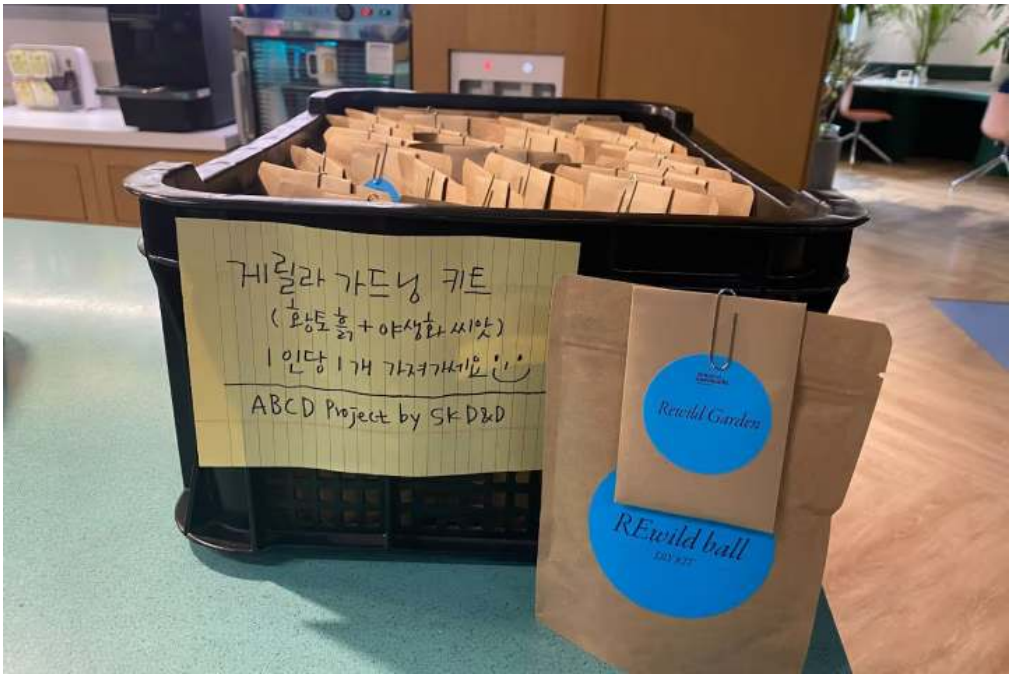
Plogging Kits made by ESG Part

Guerrilla Gardening

SK D&D conducted a guerrilla gardening workshop to enable employees to actively participate in restoring the urban ecosystem of the local community. Guerrilla gardening involves planting vegetation in unused urban spaces or vacant lots to enhance the city's environment and aesthetics. Over 50 employees participated in the workshop, learning about the history of guerrilla gardening and its impact on the local environment. They used seedballs made from soil and wildflower seeds to cultivate the park surrounding the company premises, indirectly contributing to local environmental conservation and urban regeneration efforts.

Guerrilla Gardening Workshop

Guerrilla Gardening Kits



Furniture Donation to Housing Facilities for Vulnerable Communities

As part of its social contribution to promote resource recycling, SK D&D donated shared furniture and items from Episode Seongsu 101 and 121 to Globalshare, a non-profit NGO focused on international humanitarian development. This donation was utilized by Globalshare to support single mothers' households, providing them with stability and independence in their shelters. In 2023, we donated approximately KRW 7 million worth of appliances and furniture, aiming to enhance the quality of life for single mothers and strengthen the social support system through year-round sponsorship efforts.

Furniture & item donation from Episode Seongsu to housing facilities for single mothers

Lighting Children

In commemoration of Earth Day (April 22th), SK D&D held the Lighting Children campaign in collaboration with MIRAL Welfare Foundation, a non-profit international humanitarian organization. This eco-friendly energy sharing campaign provides portable solar-powered lanterns to children in energy-poor countries where reliable electricity supply is scarce. These solar lanterns, which can be used without separate batteries by charging via solar panels, help improve children's nighttime studying, pedestrian safety, and overall quality of life. As part of this initiative, our 30 employees participated in making 400 solar lantern kits, which were then distributed to Southeast Asia.

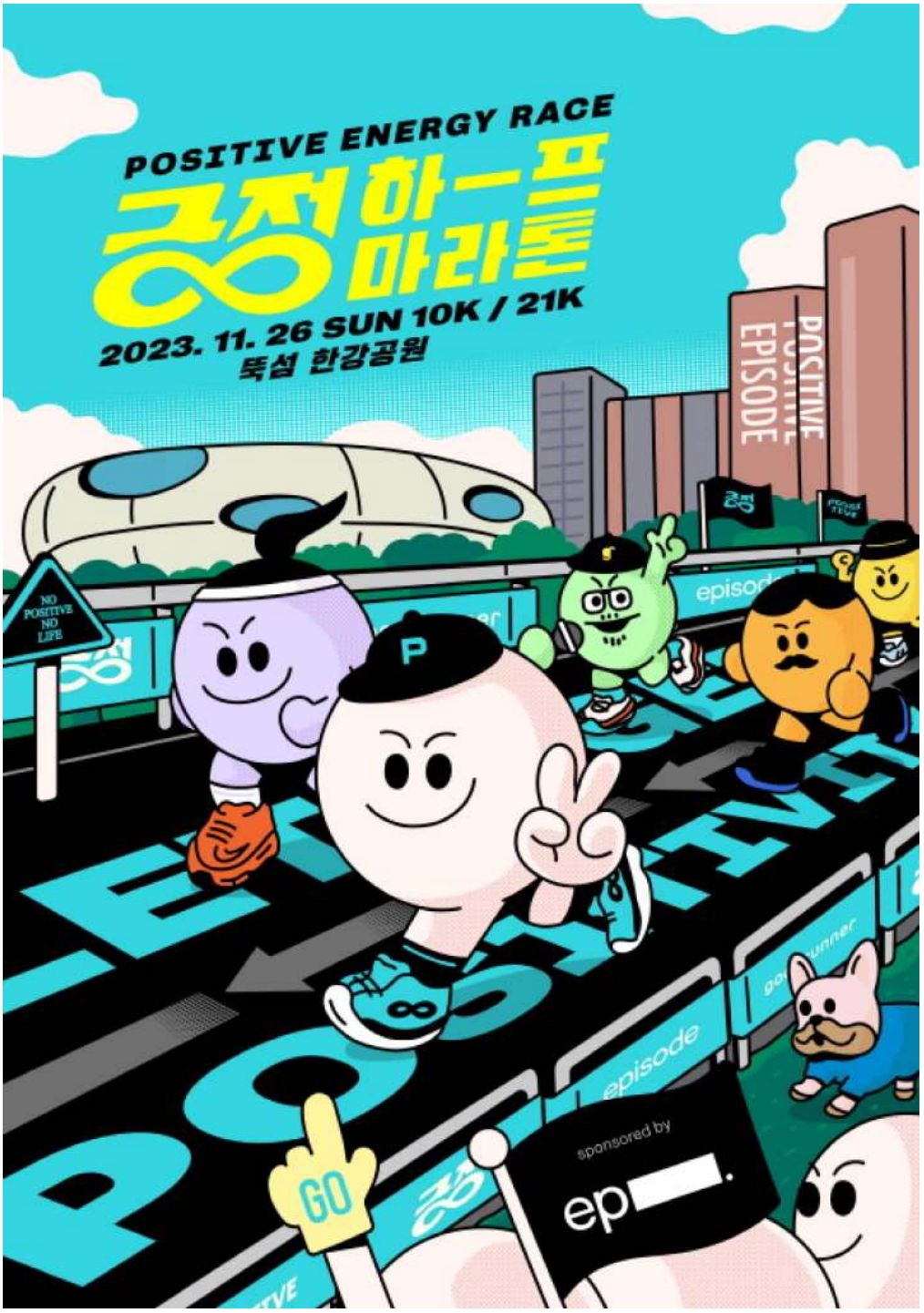
Lighting Children Campaign donates 400 solar lanterns to the MIRAL Welfare Foundation

Health

Positive Energy Race

SK D&D planned and sponsored the '2023 Positive Energy Race', an event open to residents of our residential brand ‘Episode’ as well as various local community members. The event was organized by Good Runner Company, which offers diverse running competitions and programs, and took place in November 2023 at Ttukseom Han River Park in Seoul, with a total of 1,500 participants. SK D&D also offered pre-event programs such as ‘Positive Running’ and half-marathon training at four Episode locations (Seongsu, Sinchon, Gangnam, and Suyu). On the day of the event, SK D&D conducted a variety of activities, including lucky draws and giveaways of prizes and merchandise.

2023 Positive Energy Race



Episode Flea Market

SK D&D, in partnership with IKEA Korea, which provided the communal space solution for Episode Suyu as a home furnishing retailer, organized the 'Episode Flea Market' event at Episode Suyu 838 in May 2023 to foster community collaboration. This event featured local small businesses, Episode residents, and emerging artists selling various items. It also included activities promoting sustainable living and resource circulation, such as offering gift cards through the purchase of used IKEA furniture. Over the two-day event,

more than 4,000 visitors participated, experiencing sustainable urban living and reinforcing their commitment to environmental protection.

Sustainability-themed Episode Flea Market

Jigwanseoga

SK D&D's Jigwanseoga is a book café renovated from former unused government office buildings in culturally marginalized areas through collaboration with the local government and communities. It aims to enhance the health and happiness of local citizens through humanities programs and community activities. In 2023, construction began on the Uljin Jigwanseoga (Geumgang Pine Trail Branch), and is expected to be completed in the second half of 2024. It will offer various humanities-focused programs tailored for tourists visiting Uljin and local community members. We aim to gradually expand Jigwanseoga as a humanities hub to contribute to the well-being and happiness of the community.

Jigwanseoga

Blood Donation Campaign

SK D&D actively addresses the exacerbated blood shortage crisis post-COVID-19 and promotes a culture of blood donation among its headquarters and all business locations' employees. In this effort, we conduct blood donation campaigns targeting its members three times a year in collaboration with SK Discovery members. On World Hemophilia Day (April 17th) and World Blood Donor Day (June 14th), employees participate directly in blood donation or donate blood donation certificates.

Blood Donation Campaign of Love

Hope

Hope Maker

'Hope Maker' program, supported by SK Discovery and its affiliates including SK D&D, aims to assist low-income children and youth in the areas surrounding our business sites. Since 2012, the program has involved partnerships with five national social welfare organizations. SK D&D collaborates with Hansol Comprehensive Social Welfare Center in Seongnam, with whom an MOU (Memorandum of Understanding) was made in 2021, to provide monthly financial support, academic and career education, and mentoring to children and youth from low-income backgrounds. In 2023, we supported 25 children and youth in Seongnam through the ‘Hope Maker’ program, providing them with education valued at KRW 60 million annually and conducting support activities during key periods such as holidays and year-end. In addition, we, along with SK Discovery affiliates, hosted the 'SK Hope Maker Year-end Night' event, featuring children's magic performances, scholarship gifts, and more for 250 Hope Maker children, their families, local welfare center officials, and others in the Seongnam area.

SK D&D Hope Maker

DIY Furniture Crafting and Donation

SK D&D engages in volunteer activities to enable its employees to practice social responsibility and contribute to creating sustainable cities and spaces. In 2023, aiming to provide better opportunities for vulnerable children and youth towards a brighter future, we collaborated with the MIRAL Welfare Foundation to organize a volunteer activity focused on DIY furniture making. We crafted sit-down desks and mini bookshelves to improve the living and educational environments of vulnerable children and to bring them happiness and joy through decorating their own spaces. The handmade wooden furniture, made by our 20 employees, was delivered to the residential spaces of children at the Seongnam Local Children's Center.

Supporting Local Children’s Center with DIY Furniture Crafting Activities

Creating Recreational Spaces for Vulnerable Communities

SK D&D aims to create social value by delivering unique experiences and values of 'space' to vulnerable individuals in the local community. In November 2023, we visited Bethany Garden, a living facility for people with intellectual disabilities located in Gwangju, Gyeonggi-do, and transformed the unused space behind the facility into an outdoor sports area. By painting murals on the aging walls within the facility area, we aim to create a pleasant environment and provide visual enjoyment, thereby contributing to the emotional and physical health promotion of the residents with intellectual disabilities living in the facility.

Creating Recreational Spaces and Painting Murals for Vulnerable Communities

Care Kit for Solitary Seniors

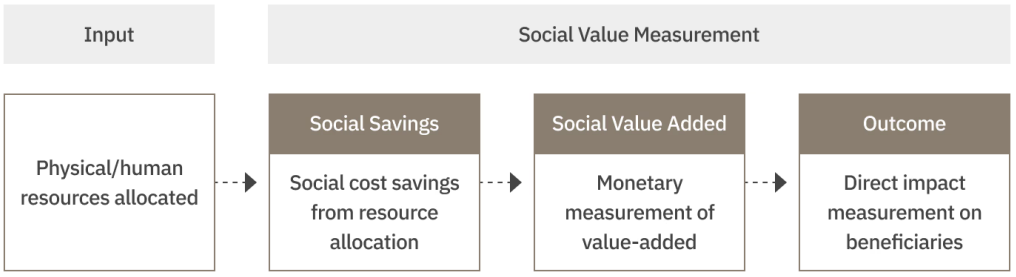
To support vulnerable elderly people living alone in underserved areas of the local community, SK D&D made ‘Care kits' and visited their homes. These kits, made by our 42 employees, consisted of indoor exercise equipment suitable for elderly individuals with limited mobility, as well as essential items such as winter necessities, vitamins, and foods. We visited 65 homes of solitary seniors to deliver the care kits and spent warm moments of communication with them.

Making Care Kits for Solitary Seniors

Social Contribution Performance

Measuring Social Value Resulting from Community Collaboration and Social Contribution

To prioritize beneficiary-focused social contribution, SK D&D measures the social value of its activities such as cash/in-kind donation and employee volunteering, analyzing effectiveness to derive improvements



Social Contribution Performance

Category	Unit	2021	2022	2023
Social contribution investments	KRW 1 million	1,111	793.6	843.7
Total amount of donations	KRW 1 million	641.9	685.9	576.5
No. of employees engaging in social contribution	Persons	177	215	329
Percentage of business sites with community engagement activities	%	100	100	100
Total volunteer hours*	Hours	-	128	655
No. of beneficiaries from social contribution/ community collaboration*	Persons	-		702
Social value created**	KRW 1 million	-	-	11,026

* Volunteer hours have been tracked since 2022, with beneficiary management starting in 2023

** Monetary value of benefits to beneficiaries from social contribution and community collaboration activities (Social value)

Data & Policies

- Reporting Standard Index
- GRI
- SASB
- TCFD
- UN SDGs
- Policy and Statement
- ESG Data
- Report Overview and Assurance
- Report Archive
- Awards and Initiatives

GRI

GRI Content Index

Category	Details
Statement of Use	SK D&D has prepared the reported information in accordance with the GRI Standards, for the period from January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	There are currently no applicable GRI Sector Standards for SK D&D.

UNIVERSAL STANDARDS

GRI 2 - General Disclosures

1. The organization and its reporting practice
2. Activities and workers
3. Governance
4. Strategy, policies and practices
5. Stakeholder Engagement

GRI 3 - Material Topics

3: Material Topics

TOPIC STANDARDS

GRI 200 - Economic

201: Economic Performance
203: Indirect Economic Impacts
205: Anti-Corruption
206: Anti-competitive Behavior

GRI 300 - Environmental

302: Energy
303: Water and Effluents
304: Biodiversity
305: Emissions
306: Waste

GRI 400 - Social

401: Employment
403: Occupational Health and Safety
404: Training and Education
405: Diversity and Equal Opportunity
413: Local Communities
414: Supplier Social Assessment
416: Customer Health and Safety
418: Customer Privacy

UNIVERSAL STANDARDS

- GRI 2 - General Disclosures

1. The organization and its reporting practice

2-1 Organizational details

ESG Strategy/.../Company Overview

2-2 Entities included in the organization's sustainability reporting

Report Overview and Assurance/.../About This Reportt

2-3 Reporting period, frequency, and contact point

Report Overview and Assurance/.../About This Reportt

2-4 Restatements of information

Due to changes in the scope and criteria for data calculation, some quantitative data have been restated
- Indicators affected: GRI 302, GRI 303, GRI 305, GRI 306

2-5 External assurance

Report Overview and Assurance/.../Third-Party Assurance
Report Overview and Assurance/.../GHG Verification

2. Activities and workers

2-6 Activities, value chain and other business relationships

Green Building and Real Estate Development/.../Sustainable Real Estate
Green Building and Real Estate Development/.../Green Building Development

2-7 Employees

Talent Management/.../Talent Recruitment and Retention

2-8 Workers who are not employees

Talent Management/.../Talent Recruitment and Retention

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3. Governance

2-9 Governance structure and composition

Board-Centric Management/.../Composition of the Board
Board-Centric Management/.../Board Committees

2-10 Nomination and selection of the highest governance body

- Board-Centric Management/.../Board Expertise
- Board-Centric Management/.../Board Independence and Transparency
- Shareholder-Friendly Management/.../Results of a General Meeting

2-11 Chair of the highest governance body

- Board-Centric Management/.../Composition of the Board

2-12 Role of the highest governance body in overseeing the management of impacts

- ESG Strategy/.../ESG Governance
- Risk Management/.../Risk Management Framework

2-13 Delegation of responsibility for managing impacts

- ESG Strategy/.../ESG Governance
- Risk Management/.../Risk Management Framework

2-14 Role of the highest governance body in sustainability reporting

- ESG Strategy/.../ESG Governance
- Risk Management/.../Risk Management Framework

2-15 Conflicts of interest

- Board-Centric Management/.../Board Expertise
- Board-Centric Management/.../Board Independence and Transparency

2-16 Communication of critical concerns

- ESG Strategy/.../ESG Governance
- Board-Centric Management/.../Board Activities
- Board-Centric Management/.../Board Committees Activities

2-17 Collective knowledge of the highest governance body

- Board-Centric Management/.../Board Expertise
- Board-Centric Management/.../Board Independence and Transparency

2-18 Evaluation of the performance of the highest governance body

- Board-Centric Management/.../Board Assessment
- Board-Centric Management/.../KPI Assessment for the CEO and Management
- Environmental Management and Performance/.../Environmental Management Performance Management

2-19 Remuneration policies

- Board-Centric Management/.../Board Remuneration

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2-20 Process to determine remuneration

- Board-Centric Management/.../Board Remuneration
- Board-Centric Management/.../KPI Assessment for the CEO and Management
- Shareholder-Friendly Management/.../Results of a General Meeting

2-21 Annual total compensation ratio

- Board-Centric Management/.../Board Remuneration

4. Strategy, policies and practices

2-22 Statement on sustainable development strategy

- CEO Message/.../CEO Message

2-23 Policy commitments

- Human Rights Management/.../Human Rights Management Framework
- Policy and Statement/.../Policy and Statement

2-24 Embedding policy commitments

- Human Rights Management/.../Human Rights Management Framework
- Human Rights Management/.../Human Rights Risk Management

2-25 Processes to remediate negative impacts

- Human Rights Management/.../Grievance Channel for Human Rights

2-26 Mechanisms for seeking advice and raising concerns

- Ethical Management/.../Ehical Management Whistleblowing Channel
- Human Rights Management/.../Grievance Channel for Human Rights

2-27 Compliance with laws and regulations

- Environmental Management and Performance/.../Monitoring Compliance with Environmental Laws
- ESG Data/.../ESG Data

2-28 Membership associations

- Awards and Initiatives/.../Participation Initiatives and Associations

5. Stakeholder Engagement

2-29 Approach to stakeholder engagement

- Materiality Assessments/.../Stakeholder Engagement

2-30 Collective bargaining agreements

- Talent Management/.../Employee Communication Channel

UNIVERSAL STANDARDS

- GRI 3 - Material Topics

3: Material Topics

3-1 Process to determine material topics

Materiality Assessments/.../Double Materiality Assessment Process

3-2 List of material topics

Materiality Assessments/.../SK D&D Material Topics

3-3 Management of material topics

1. Climate change response and energy efficiency (GRI 302, GRI 305)
2. Workplace safety and health (GRI 403)
3. Green building development and operation (GRI 302-5)
4. Customer value innovation (GRI 203-2, GRI 413-1)
5. Human rights management (GRI 2-25)

Materiality Assessments/.../Impact Materiality Topics
Materiality Assessments/.../Financial Material Topic
Climate Change Response/.../Climate Change Response
Green Building and Real Estate Development/.../Green Building and Real Estate Development
Human Rights Management/.../Human Rights Management
Safety and Health Management/.../Safety and Health Management
Customer Satisfaction Management/.../Customer Satisfaction Management

TOPIC STANDARDS

- GRI 200 - Economic

201: Economic Performance

201-1 Direct economic value generated and distributed

ESG Data/.../ESG Data

SK D&D Website

201-2 Financial implications and other risks and opportunities due to climate change

Climate Change Response/.../Climate Change Risk Management

203: Indirect Economic Impacts

203-1 Infrastructure investments and services supported

Social Contribution/.../Social Contribution Activities and Performance

203-2 Significant indirect economic impacts

ESG Strategy/.../Social Value Creation

205: Anti-Corruption

205-1 Operations assessed for risks related to corruption

Ethical Management/.../Ethical Risk Monitoring

205-2 Communication and training about anti-corruption policies and procedures)

Ethical Management/.../Ethical Management Training

205-3 Confirmed incidents of corruption and actions taken

Ethical Management/.../Ehical Management Whistleblowing Channel

206: Anti-competitive Behavior

206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Compliance/.../Fair Transaction Enhancement Activities

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TOPIC STANDARDS

- GRI 300 - Environmental

302: Energy

302-1 Energy consumption within the organization

Climate Change Response/.../Greenhouse Gas Inventory

302-3 Energy intensity

Climate Change Response/.../Greenhouse Gas Inventory

302-4 Reduction of energy consumption

Climate Change Response/.../GHG Emissions Reduction Performance

302-5 Reductions in energy requirements of products and services

Green Building and Real Estate Development/.../Building Environmental Impact Management

303: Water and Effluents

303-3 Water withdrawal

Environmental Management and Performance/.../Water Management

303-5 Water consumption

Environmental Management and Performance/.../Water Management

304: Biodiversity

304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Environmental Management and Performance/.../Biodiversity Conservation

304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations

Environmental Management and Performance/.../Biodiversity Conservation

305: Emissions

305-1 Direct (Scope 1) GHG emissions

Climate Change Response/.../Greenhouse Gas Inventory

305-2 Energy indirect (Scope 2) GHG emissions

Climate Change Response/.../Greenhouse Gas Inventory

305-3 Other indirect (Scope 3) GHG emissions

Climate Change Response/.../Greenhouse Gas Inventory

305-4 GHG emissions intensity

Climate Change Response/.../Greenhouse Gas Inventory

305-5 Reduction of GHG emissions

Climate Change Response/.../GHG Emissions Reduction Performance

306: Waste

306-1 Waste generation and significant waste-related impacts

Environmental Management and Performance/.../Waste Management

306-2 Management of significant waste-related impacts

Environmental Management and Performance/.../Waste Management

306-3 Waste generated

Environmental Management and Performance/.../Waste Management

TOPIC STANDARDS

- GRI 400 - Social

401: Employment

401-1 New employee hires and employee turnover

Talent Management/.../Talent Recruitment and Retention

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Talent Management/.../Work-Life Balance

401-3 Parental leave

Talent Management/.../Maternity Protection System

403: Occupational Health and Safety

403-1 Occupational health and safety management system

Safety and Health Management/.../Safety and Health Management Policy

403-2 Hazard identification, risk assessment, and incident investigation

Safety and Health Management/.../Safety and Health Risk Management

403-3 Occupational health services

Safety and Health Management/.../Occupational Safety and Health Activities

403-4 Worker participation, consultation, and communication on occupational health and safety

Safety and Health Management/.../Occupational Safety and Health Activities

403-5 Worker training on occupational health and safety

Safety and Health Management/.../Occupational Safety and Health Activities

403-6 Promotion of worker health

Talent Management/.../Work-Life Balance

Safety and Health Management/.../Occupational Safety and Health Activities

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

- Safety and Health Management/.../Safety and Health Risk Management
- Safety and Health Management/.../Occupational Safety and Health Activities

403-8 Workers covered by an occupational health and safety management system

- Safety and Health Management/.../Safety and Health Management Policy

403-9 Work-related injuries

- Safety and Health Management/.../Safety and Health Performance

404: Training and Education

404-1 Average hours of training per year per employee

- Talent Management/.../Competency Development Training Program

404-2 Programs for upgrading employee skills and transition assistance programs

- Talent Management/.../Competency Development Training Program

405: Diversity and Equal Opportunity

405-1 Diversity of governance bodies and employees

- Talent Management/.../Talent Recruitment and Retention

413: Local Communities

413-1 Operations with local community engagement, impact assessments, and development programs

- Customer Satisfaction Management/.../Sustainable Residential Service
- Social Contribution/.../Social Contribution Activities and Performance

414: Supplier Social Assessment

414-1 New suppliers that were screened using social criteria

- Win-Win Growth/.../Win-Win Growth Management Framework
- Win-Win Growth/.../Sustainable Procurement

416: Customer Health and Safety

416-1 Assessment of the health and safety impacts of product and service categories

Safety and Health Management/.../Safety and Health Risk Management

418: Customer Privacy

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Information Security/.../Personal Information Protection

SASB

REAL ESTATE

- Sustainability Disclosure Topics & Metrics

Energy Management

IF-RE-130a.1

Energy consumption data coverage as a percentage of total floor area, by property sector

Applied to all rental housings (100%) (0.728 TJ/1,000)

IF-RE-130a.2

(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity and (3) percentage renewable, by property sector

Rental housing sector (Episode)
(1) Total energy consumption: 123 TJ
(2) Percentage of grid electricity: 97%
(3) Percentage of renewable energy: 3%

IF-RE-130a.3

Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property sector

97%

IF-RE-130a.4

Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property sector

75%
- Including 'Episode Youngsan 241', which opened in 2024

IF-RE-130a.5

Description of how building energy management considerations are integrated into property investment analysis and operational strategy

As SK D&D establishes its 2050 Net Zero strategy, including Scope 3, we are considering green buildings in our investments and operations, and implementing programs to reduce emissions from our operations.

Water Management

IF-RE-140a.1

Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property sector

Water withdrawal data coverage: 100%
(1) Total area : 169,000
(2) All Episodes are located at Seoul with high water stress

IF-RE-140a.2

(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property sector

Rental housing Sector (Episode)
(1) 159,000 tons
(2) 100 %

IF-RE-140a.3

Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property sector

83%

IF-RE-140a.4

Description of water management risks and discussion of strategies and practices to mitigate those risks

SK D&D uses only potable water supplied by the Korea Water Resources Corporation and implements initiatives such as adopting water-saving equipment to mitigate water resource risks during the development of Episode.

Management of Tenant Sustainability Impacts

IF-RE-410a.1

(1) Percentage of new leases that contain a cost recovery clause for resource efficiencyrelated capital improvements and (2) associated leased floor area, by property sector

(Not applicable) Rental housing sector (Episode)
(1) 0%
(2) 0

IF-RE-410a.2

Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property sector

Rental housing sector (Episode)
(1) Grid electricity consumption: 120 TJ
(2) 100% (individually measured for all households)

IF-RE-410a.3

Discussion of approach to measuring, incentivising and improving sustainability impacts of tenants

SK D&D operates programs targeting residents to address housing and environmental issues, with plans to offer incentives in the future.

Climate Change Adaptation

IF-RE-450a.1

Area of properties located in 100-year flood zones, by property sector

Approximately 7,300
- Episodic Seongsu 101, 121: Located in the risk area due to river flooding (Han River and Jungrangcheon)

IF-RE-450a.2

Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks

The ESG department and business-related departments conduct analysis of domestic and international climate-related regulations and disclosure standards (such as CDP, TCFD, SASB), and benchmark against leading companies to build a pool of climate risk factors. Physical risks are assessed using external analysis tools (S&P Climanomics®), while transition risks are identified by measuring probability and severity through interviews with internal and external stakeholders. Through this process, we identify and manage key climate-related risk factors.

REAL ESTATE

- Activity Metric

IF-RE-000.A

Number of assets, by property sector

8 rental housing (Episode)

IF-RE-000.B

Leasable floor area, by property sector

6,900

IF-RE-000.C

Percentage of indirectly managed assets, by property sector

96% (based on area)
- Episode Seongsu 101 and 121 are recognized as SK D&D assets, and Episode Gangnam 262, Seocho 393, Sinchon 369, Suyu 838, Yongsan 241, and Guui Welts are equity investments, which are being managed separately.

IF-RE-000.D

Average occupancy rate, by property sector

-

* The data above is based on SK D&D's rental housing brand, Episode. It includes SK D&D-owned assets such as Episode Seongsu 101, Seongsu 121, as well as equity investments in Episode Gangnam 262, Seocho 393, Sinchon 369, Suyu 838, Yongsan 241, and Guui Welltzt

TCFD

Governance

a

The board’s oversight of climate-related risks and opportunities

Activities

SK D&D has established and operates the 'ESG Committee' under its highest decision-making body, the Board of Directors. The ESG Committee regularly conducts reporting and approval procedures at least once a year regarding major issues and activity plans related to climate change, response plans and performance for each risk and opportunity factor, thereby managing and overseeing the company's climate change response performance on a group-wide level.

b

Management’s role in assessing and managing climate-related risks and opportunities

Activities

SK D&D analyzes climate change-related risks and opportunities in its business and investment activities through the 'Space Strategy Committee', an organization directly under the CEO, and establishes response strategies to incorporate into decision-making. Additionally, as the final responsible party of environmental management, the CEO contributes to establishing and implementing a robust climate change response system by overseeing and supporting the company's environmental management system. This includes expressing commitment to environmental management, approving environmental policies, and supervising environmental management performance. Furthermore, we incorporate climate

change response performance as a key performance indicator (KPIs) for the CEO and general directors of each business division, linking these to compensation to encourage the management to actively achieve their goals.

Strategy

a

The climate-related risks and opportunities the organization has identified over the short, medium, and long term

Activities

SK D&D has identified a pool of climate change-related risks and opportunities through industry analysis and literature review, and assessed their materiality based on financial impact and likelihood over short, medium, and long-term timeframes to identify key risks and opportunities.

▶ Short-term: The application of eco-friendly raw materials and high-efficiency equipment for the development of green buildings may increase costs. Additionally, if climate change performance management and information disclosure fail to meet stakeholder expectations, it could negatively impact brand reputation and corporate competitiveness. On the other hand, green buildings designed to address climate change can contribute to expanding new business opportunities and creating innovative space services.

▶ Medium-term: As climate-related policies and regulations for buildings and real estate become stricter, and consumer and investor demand for green buildings increases, the transition risks associated with climate change may rise. At the same time, the operation of energy-efficient and eco-friendly buildings can lead to cost savings during the usage phase and enhance asset value due to increased consumer and market preference.

▶ Long-term: The increased frequency of extreme weather events due to the climate crisis could result in physical damage to assets, leading to a decline in the value of the portfolio's assets and investments. Conversely, developing and operating green buildings can reduce environmental impact throughout the building's lifecycle and help meet market demands, thereby enhancing brand value and solidifying SK D&D's position as a leading developer in the real estate industry.

b

The impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning

Activities

As external regulations related to climate change for real estate products become more stringent and market demands increase, SK D&D aims to achieve 100% green building certification for residential and work spaces. To this end, we are strengthening our eco-friendly portfolio through efforts such as applying environmentally friendly designs and technologies, using renewable energy, and providing ESG ecosystem solutions to residents. Additionally, to minimize the risk of stranded assets in our portfolio due to climate change, we review the inclusion of the relevant industry in the EU and Korean green taxonomy when selecting investment projects, and promote green investments by evaluating climate change risks in our decision-making process.

Moreover, in line with the national goal of achieving carbon neutrality by 2050, SK D&D is actively responding to climate change by establishing short- and medium-term strategies for achieving Net Zero emissions in Scope 1 and 2, as well as a long-term strategy towards Scope 3 Net Zero. We implemented RE100 in 2023 and plans to achieve Net Zero at our business sites by introducing electric vehicles to reduce emissions from mobile combustion and expanding carbon offset projects. Furthermore, we will strengthen greenhouse gas emission management across the entire value chain, including investor assets and supply chains, and implement activities to reduce environmental impact, thereby reducing Scope 3 emissions.

c

The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Activities

SK D&D is analyzing the IEA's 1.5°C scenario (NZE2050) global milestone to review its mid- to long-term business strategy. According to the 1.5°C scenario (NZE2050), carbon emission regulations related to buildings are expected to be strengthened. In response, we aim to promote the acquisition of green building certifications and improvement in the energy self-sufficiency rate of buildings. Additionally, we strive to reduce environmental impacts during the use stage by developing and expanding services that help customers reduce greenhouse gas emissions when operating spaces. Through these initiatives, we will to effectively comply with government policies and regulations on buildings, thereby minimizing mid- to long-term business risks and achieving substantial reductions in greenhouse gas emissions.

Risk Management

a

The organization's processes for identifying and assessing climate-related risks

Activities

SK D&D identifies climate-related risk factors that may arise in new investment or development projects and its value chain. For this purpose, the ESG department and business-related departments analyze domestic and international climate change-related regulations and disclosure standards (CDP, TCFD, SASB, etc.) and benchmark excellent companies to build a pool of climate risk factors. To select and manage key climate-related risk factors, we assess physical risks based on the results from external analysis tools like S&P Climanomics®, and transition risks for likelihood and severity through interviews with internal and external stakeholders.

b

The organization's processes for managing climate-related risks

Activities

SK D&D operates an ESG risk review process at the investment deliberation stage for investments or new projects to manage key climate-related risks. We evaluate whether the projects under review align with environmentally sustainable economic activities defined by domestic and international green taxonomies. If deemed to pose high climate-related risks, mitigation and improvement plans should be developed and incorporated into decision-making. Furthermore, to minimize climate change risks during real estate operations and post-management phases, the ESG department regularly monitors environmental performance of buildings, formulates mid- to long-term response strategies, and reports to the Board of Directors. Through the ESG Committee, the Board assesses the overall exposure to climate-related risks across the organization, reviews progress against metrics and targets, and makes decisions to establish and implement improvement initiatives.

c

How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

Activities

SK D&D systematically manages organizational financial and non-financial risks by establishing departmental oversight and decision-making structures for each area, ensuring continuous monitoring. Specifically, climate change-related risks are managed by working-level departments responsible for corporate strategy, compliance, and ESG risk management. The results of identifying climate-related risks and proposed mitigation measures from each department are integrated at the group-wide level through regular reports to the Board of Directors (BOD). The BOD reviews these risk management outcomes and makes decisions on how to respond to them. The ESG Committee under the BOD identifies and analyzes

risks that may arise from corporate management activities and ESG perspectives, overseeing the performance of climate change response initiatives.

Metrics and Targets

a

The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

Activities

SK D&D manages greenhouse gas emissions (Scope 1, 2, and 3), energy consumption, water consumption, and waste emissions to measure and evaluate climate change-related risks and opportunities. Additionally, recognizing the importance of climate change response, achievements in reaching Net Zero and implementing RE100 are integrated into CEO KPIs, linked to compensation, thereby establishing and operating a systematic performance management system.

b

Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Activities

To understand the impact of our real estate business on climate change and to participate in global efforts to reduce GHG emissions, we are managing GHG emissions and energy usage on a group-wide level. Although we are not subject to domestic GHG-related regulations (GHG energy target management system, Korea emissions trading scheme, etc.), we are proactively establishing and operating a group-wide GHG and energy management system in accordance with domestic GHG emission calculation and certification guidelines. Total GHG emissions by category (including our subsidiaries) in 2023 were as follows:

Scope 1: 261.233 tCO2eq.

Scope 2: 58.824 tCO2eq.

Scope 3: 37,505.283 tCO2eq.

c

The targets used by the organization to manage climate-related risks and opportunities and performance against targets

Activities

SK D&D has developed a mid- to long-term roadmap aiming to achieve Net Zero for Scope 1 and 2 emissions by 2030. To achieve this goal, we have established targets including RE100 by 2023, expanding electric vehicle adoption by 2030, and advancing carbon offset projects. In 2023, we implemented RE100 completely by issuing renewable energy certificates for 100% of our electricity consumption at the headquarters and subsidiaries. Moving forward, we are committed to fulfilling our targets for carbon reduction and Net Zero. Additionally, in the long term, we aim to contribute to carbon reduction across the entire value chain by expanding Zero Energy Building (ZEB) development and investment, building an ESG ecosystem, and promoting sustainable space solutions, ultimately striving for 100% green building certification for residential and work spaces.

1 No Poverty

1.5

UN SDGs

By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.

Activities

- Regular employee volunteer support for children from vulnerable families.

3 Good Health and Well-being

3.9

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

Activities

- Supporting the operation of healthcare facilities and medical expenses, such as in-house dental clinics to promote the health of employees and their families.

4 Quality Education

4.4

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Activities

- Supporting education to improve employee job skills.
- Providing education for employee safety and health.
- Providing educations for employee information protection and security.

4.5

By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

Activities

- Sponsoring academic foundations to support the humanities.

5 Gender Equality

5.1

End all forms of discrimination against all women and girls everywhere.

Activities

- Stipulating non-discrimination based on gender by developing the Code of Ethics.

5.2

Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.

Activities

- Declaring a Human Rights Policy, including protection for women and children and the elimination of violence.

6 Clean Water and Sanitation

6.4

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

Activities

- Using technology to improve water efficiency during the development phase.
- Managing and reducing water usage at the business sites.

7 Affordable and Clean Energy

7.1

By 2030, ensure universal access to affordable, reliable and modern energy services.

Activities

- Expanding access to green energy by expanding electricity broker businesses.

7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

Activities

- Expanding our green energy development portfolio (wind, solar, fuel cells, etc.).
- Expanding the scale and amount of green power generation development.

7.a

By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

Activities

- Working on R&D into clean energy, such as improving power generation efficiency through green energy R&D.

8 Decent Work and Economic Growth

8.5

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Activities

- Preparing regulations that prohibit discrimination in recruitment and compensation based on gender, social status, region of origin, etc.
- Providing recruiting advantages to socially vulnerable groups, such as the disabled and low-income candidates.

8.6

By 2020, substantially reduce the proportion of youth not in employment, education or training.

Activities

- Sponsoring talent development programs on data convergence.

9 Industry, Innovation and Infrastructure

9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Activities

- Developing customer-oriented work and residential spaces in response to trends of workplace transformations and rising single-person households.
- Building and donating educational assistance facilities for community residents and the disabled.

10 Reduced Inequalities

10.2

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Activities

- Stipulating non-discrimination based on gender, age, social status, region of origin, school of origin, marriage or pregnancy by preparing the Code of Ethics.
- Preventing inequality and protecting victims by operating an ethical reporting channel and providing relief measures.

11 Sustainable Cities and Commynities

11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Activities

- Developing customer-centric residential spaces and operating rental businesses.
- Improving customer lives by providing quality living solutions.

11.3

By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Activities

- Developing and supplying eco-friendly buildings to expand a sustainable real estate ecosystem.
- Managing and reducing Scope 3 emissions from rental and investment spaces.

12 Responsible Consumption and Production

12.3

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Activities

- Providing waste reduction services while promoting a culture of sharing with customers.

12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Activities

- Reducing waste by managing, reusing and recycling resources in workplaces.
- Reducing waste by upcycling products.

13 Climate Action

13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Activities

- Operating a companywide committee and dedicated office for environmental management.
- Establishing and implementing climate change response measures to achieve net zero.

- Building a climate change risk management system by disclosing companywide ESG information and assessing environmental impact.

13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Activities

- Providing ESG and environmental education for employees.

15 Life on Land

15.5

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Activities

- Establishing measures to manage biodiversity and protect endangered species through environmental impact assessments.
- Creating economic value by restoring damaged soil and developing devastated areas.

16 Peace, Justice and Strong Institutions

16.2

End abuse, exploitation, trafficking and all forms of violence against and torture of children.

Activities

- Declaring a Human Rights Policy, including child protections such as prohibiting child labor and eliminating violence.

16.5

Substantially reduce corruption and bribery in all their forms.

Activities

- Establishing a dedicated ethics department (audit function) to investigate and prevent bribery activities.

16.7

Ensure responsive, inclusive, participatory and representative decision-making at all levels.

Activities

- Establishing and operating the ESG Committee within the Board of Directors to manage and make decisions on companywide ESG issues.
- Establishing a climate change risk management system to disclose ESG information and review ESG risks at investment stages.

17 Partnerships for the Goals

17.14

Enhance policy coherence for sustainable development.

Activities

- Establishing and operating the Sustainability Management Committee to build sustainability management policy and its systematic implementation.

Policy and Statement

GRI 2-23

ESG Policy and Statement

Environmental

Environmental Management Policy	
Environmental Management System Certificate(ISO 14001)	

Social

Human Rights Policy	
Safety and Health Management Policy	
Safety and Health Management Manual	
Safety and Health Management System Certificate(ISO 45001)	
Supplier Code of Conduct	

Governance

Articles of Incorporation	
Corporate Governance Charter	
Regulations of the Board of Directors	
Regulations of the Audit Committee	
Regulations of the ESG Committee	
Regulations of the Independent Director Recommendation Committee	
Regulations of the Nomination and Compensation Committee	
Separate Financial Statement (2023)	
Consolidated Financial Statement (2023)	
Code of Ethics	
Internal Audit Regulations	
Guidelines for Sound Contract Practices	
Guidelines for Vendor Selection and Management	

Guidelines for the Establishment and Operation of the Internal Screening Committee

Guidelines for Issuance and Retention of Documents

Information Protection Policy

ESG Data

GRI 2-27 GRI 201-1

Financial Performance

Economic Value Generated and Distributed

Category	Criteria	Unit	2021	2022	2023
Customer	Sales (operating revenue)	KRW 1 million	881,837	563,437	479,676
Employee	Salary and benefits	KRW 1 million	41,924	41,792	45,342
Shareholder and investor	Total dividends	KRW 1 million	19,796	19,796	19,796
	Interest expenses	KRW 1 million	31,953	26,913	42,635
Government	Tax expenses	KRW 1 million	47,960	37,510	31,182
Business partner	Procurement costs	KRW 1 million	2,254	2,983	2,396
Local community	Social contribution	KRW 1 million	1,111	794	844
Total		KRW 1 million	982,657	648,450	574,133

SK D&D Financial Performance (Consolidated)

Category	Unit	2021	2022	2023
Total assets	KRW 1 million	1,983,431	2,191,576	2,423,076
Capital	KRW 1 million	24,190	24,190	24,190
Liabilities	KRW 1 million	1,344,175	1,494,510	1,661,198
Operating revenue	KRW 1 million	881,836	563,437	479,676
Operating profit	KRW 1 million	209,866	64,346	190,380
Pre-tax profit	KRW 1 million	181,595	113,723	134,261
Tax expenses	KRW 1 million	47,960	37,510	31,182
Net income	KRW 1 million	133,635	76,213	103,078

SK D&D Financial Performance (Separate)

Category	Unit	2021	2022	2023
Total assets	KRW 1 million	1,740,377	1,940,323	2,144,579
Capital	KRW 1 million	24,190	24,190	24,190
Liabilities	KRW 1 million	1,097,019	1,245,398	1,374,342
Operating revenue	KRW 1 million	793,284	502,234	404,735
Operating profit	KRW 1 million	195,109	38,648	186,936
Pre-tax profit	KRW 1 million	169,030	98,552	141,500
Tax expenses	KRW 1 million	41,455	44,967	18,564
Net income	KRW 1 million	123,399	73,936	106,741

Environmental

2023 Environmental Targets and Achievements

Category	Unit	2023 Target	2023 Achievement*	Achievement Rate**
GHG emissions (Scope 1+2)	tCO2eq	310	297.63	104.16%
Energy consumption	TJ	23	22.28	103.21%

* Reflecting Scope 2 reduction through RE100 implementation

** Achievement rate: {1 - (achievement - target) ÷ |target|} x 100

SK D&D GHG Emissions (Scope 1+2+3)*

Category		Unit	2021	2022	2023
Scope 1	Stationary combustion	tCO2eq	93.090	115.270	113.709
	Mobile combustion	tCO2eq	143.880	127.380	125.096
Scope 1 total emissions**		tCO2eq	236.970	242.650	238.805
Scope 2	Emissions - electricity	tCO2eq	705.690	747.590	792.714
	Reduction- REC purchases	tCO2eq	-	-	-792.714
	Emissions - steam	tCO2eq	52.310	62.900	58.824
Scope 2 total emissions**		tCO2eq	758.000	810.490	58.824
Scope 1+2 total emissions		tCO2eq	994.970	1,053.140	297.629
GHG intensity***		tCO2eq/KRW 10 billion	12.54	20.97	7.35
Scope 3	Category 3 (energy)	tCO2eq	77.066	82.167	86.717
	Category 6 (business travel)	tCO2eq	26.233	51.882	34.388
	Category 7 (employee commuting)	tCO2eq	194.793	276.742	240.789
	Category 8 (upstream leased assets)	tCO2eq	194.724	194.647	202.789
	Category 13 (downstream leased assets)	tCO2eq	8,373.504	8,378.021	8,052.772
	Category 15 (investments)	tCO2eq	4,257.547	16,426.759	28,790.915
Scope 3 total emissions**		tCO2eq	13,123.894	25,410.217	37,408.364
Scope 1+2+3 total emissions		tCO2eq	14,118.864	26,463.357	37,705.993

* SK D&D has only domestic operations, and the above data covers 100% of its domestic operations
- Headquarters, Gasiri Wind Power Plant, Suncheon Solar Power Plant, Smart Work Center, Episode Seongsu 121

** Due to rounding for significant figures, discrepancies may occur in the total GHG emissions between the GHG verification statement and the table above

*** The GHG intensity for Scope 1 & 2 emissions is calculated based on the annual revenue (separate) for the respective year

Subsidiary GHG Emissions (Scope 1+2+3)* - DDI & DDPS

Category		Unit	2021		2022****		2023	
			DDI	DDPS	DDI	DDPS	DDI	DDPS
Scope 1 total emissions**		tCO2eq	-	-	6.741	18.226	2.416	20.012
Scope 2	Emissions - electricity	tCO2eq	29.784	3.347	35.376	97.749	43.563	110.433
	Reduction- REC purchases	tCO2eq	-	-	-	-	-43.563	-110.433
Scope 2 total emissions**		tCO2eq	29.784	3.347	35.376	97.749	-	-
Scope 1+2 total emissions		tCO2eq	29.784	3.347	42.117	115.975	2.416	20.012
Scope 3***	Category 3 (energy)	tCO2eq	-	-	2.934	7.483	3.451	9.130
	Category 6 (business travel)	tCO2eq	-	-	5.944	26.390	6.895	20.516
	Category 7 (employee commuting)	tCO2eq	-	-	18.358	33.488	25.915	31.012
Scope 3 total emissions**		tCO2eq	-	-	27.235	67.361	36.261	60.658
Scope 1+2+3 total emissions		tCO2eq	29.784	3.347	69.352	183.336	38.677	80.670

* DDI and DDPS have only domestic operations, and the above data covers 100% of each domestic operation

** Due to rounding for significant figures, discrepancies may occur in the total GHG emissions between the GHG verification statement and the table above

*** The subsidiary's Scope 3 emissions have been calculated since 2022

**** DDPS's GHG emissions for Scope 3 Category 3 (energy) in 2022 were corrected from the previous year's reported data due to errors in activity data

SK D&D Energy Consumption*

Category			Unit	2021	2022	2023
Non-renewable energy	Direct energy	LNG	TJ	1.833	2.269	2.239
		Propane	TJ	0.201	0.163	0.090
		Gasoline	TJ	1.060	0.987	1.222
		Diesel	TJ	0.864	0.733	0.537
		Total	TJ	3.958	4.152	4.088
	Indirect energy	Electricity	TJ	14.746	15.623	-
		Steam	TJ	1.454	1.700	1.633
		Total	TJ	16.200	17.323	1.633
	Total consumption**		TJ	20.158	21.475	5.721
Renewable energy	Total consumption		TJ	0.024	0.022	16.580
	Consumption rate		%	0.119	0.102	74.347
Total energy consumption (Non-renewable + Renewable)**			TJ	20.182	21.497	22.301
Energy intensity***			TJ/KRW 10 billion	0.254	0.428	0.551

* SK D&D has only domestic operations, and the above data covers 100% of its domestic operations
- Headquarters, Gasiri Wind Power Plant, Suncheon Solar Power Plant, Smart Work Center, Episode Seongsu 121

** Due to rounding for significant figures, discrepancies may occur in the total GHG emissions between the GHG verification statement and the table above

*** The energy intensity for total energy consumption is calculated based on the annual revenue (separate) for the respective year

Subsidiary Energy Consumption* - DDI & DDPS

Category			Unit	2021		2022		2023	
				DDI	DDPS	DDI	DDPS	DDI	DDPS
Non-renewable energy	Direct energy	Total	TJ	-	-	0.100	0.271	0.036	0.298
	Indirect energy	Total	TJ	0.622	0.070	0.739	1.879	-	-
	Total consumption**		TJ	0.622	0.070	0.839	2.150	0.036	0.298
Renewable energy	Total consumption		TJ	-	-	-	-	0.910	2.307
	Consumption rate		%	-	-	-	-	96.200	88.560
Total energy consumption (Non-renewable + Renewable)**			TJ	0.622	0.070	0.839	2.150	0.946	2.605

* DDI and DDPS have only domestic operations, and the above data covers 100% of each domestic operation

** Due to rounding for significant figures, discrepancies may occur in the total GHG emissions between the GHG verification statement and the table above

GHG & Energy Reduction

Category	Unit	2021	2022***	2023
Self-consumption of renewable energy*	MWh	450.62	525.48	454.43
Energy consumption reduction	TJ	4.33	5.05	4.36
GHG emissions reduction**	tCO2eq	209.67	244.51	1,014.43

* It refers to self-consumption of renewable energy produced at SK D&D headquarters (Eco-hub) and the Jeju Gasiri Wind Power Plant (currently operated by SK eternix)

** It denotes the emissions reduced through self-consumption of renewable energy and REC purchases for RE100 implementation
- For renewable energy generated and used at the headquarters (Eco-hub), greenhouse gas reductions are calculated considering SK D&D's floor area

*** The data for the three categories in 2022 was revised due to a calculation error in the renewable energy usage at the Jeju Gasiri Wind Power Plant (previously 661MWh → revised to 519MWh)

SK D&D Waste Generation*

Category		Unit	2021**	2022**	2023
Waste generated	General waste	ton	6.3	6.7	8.6
	Designated waste	ton	2.1	1.6	3.3
	Total waste generation***	ton	8.3	8.3	11.9
	Waste intensity****	ton/KRW 10 billion	0.10	0.17	0.29
Waste recycled	Recycled amount	ton	3.5	4.2	5.2
	Recycling rate*****	%	42.2	50.4	43.5

* Waste generation data management sites: Headquarters, Gasiri Wind Power Plant

** Due to changes in the scope of waste discharge data management since 2023, the past two years (2021/2022) have been recalculated, resulting in numerical fluctuations (Until 2022, waste data generated from Episode facilities was included in the calculation)

*** Total waste generation data may differ from the sum of general waste and designated waste due to rounding for significant figures

**** Waste intensity: Total waste generation ÷ Annual revenue (separate) for the respective year

***** Recycling rate: (Recycled amount ÷ Total waste generation) x 100, Trivial errors may occur due to rounding

Subsidiary Waste Generation* – DDI & DDPS

Category		Unit	2021		2022		2023	
			DDI	DDPS	DDI	DDPS	DDI	DDPS
Waste generated	General waste	ton	0.8	0.7	18.0	7.6	18.0	7.7
	Designated waste**	ton	-	-	-	-	-	-
	Total waste generation	ton	0.8	0.7	18.0	7.6	18.0	7.7
Waste recycled	Recycled amount	ton	0	0	10.3	0	10.3	0
	Recycling rate***	%	0	0	57.1	0	57.1	0

* Waste generation data management sites: DDI – headquarters / DDPS – headquarters & D&D gallery

** DDI and DDPS do not generate or discharge any designated waste

*** Recycling rate: (Recycled amount ÷ Total waste generation) x 100, Trivial errors may occur due to rounding

SK D&D Water Withdrawal/Consumption*

Category		Unit	2021	2022	2023
Water withdrawal**	Potable water	ton	11,674.9	12,195.3	12,394.7
	Rainwater	ton	549.4	572.1	619.2
	Total water withdrawal***	ton	12,224.4	12,767.4	13,013.9
Water consumption		ton	12,224.4	12,767.4	13,013.9
Water intensity****		ton/KRW 10 billion	154.10	254.21	321.54
Water reduction/reuse rate*****		%	4.49	4.48	4.76

* SK D&D manages water withdrawal and consumption at its headquarters and business sites

** SK D&D does not withdraw water from sources other than potable water and rainwater, and total water withdrawal and water consumption are same

*** Total water withdrawal data may differ from the sum of potable water and rainwater withdrawal due to rounding for significant figures

**** Water intensity: Total water consumption ÷ Annual revenue (separate) for the respective year

***** Water reduction/reuse rate: (Rainwater consumption ÷ Total water withdrawal) x 100

Subsidiary Water Withdrawal/Consumption* - DDI & DDPS

Category		Unit	2021		2022		2023	
			DDI	DDPS	DDI	DDPS	DDI	DDPS
Water withdrawal	Potable water	ton	259.0	410.0	1,436.0	382.7	1,436.0	522.0
	Total water withdrawal **	ton	259.0	410.0	1,436.0	382.7	1,436.0	522.0
Water consumption		ton	259.0	410.0	1,436.0	382.7	1,436.0	522.0

* DDI and DDPS manage water withdrawal and consumption at each headquarters and business sites

** DDI and DDPS do not withdraw water from sources other than potable water

Number of Green Building Certifications Acquired

Category	Unit	~2021	2022	2023	2024
Green Building Certification (G-SEED)	Cases	12	2	1	1
Building Energy Efficiency Rating Certification	Cases	15	1	1	2
LEED*	Cases	1	0	0	0
Total	Cases	28	3	2	3
Cumulative total	Cases	28	31	33	36

* LEED (Leadership in Energy and Environmental Design): A green building certification program organized by the U.S. Green Building Council

Percentage of Certified Green Buildings

Category	Unit	2023
Total portfolio (no. of buildings)	Number	40
No. of certified Green Buildings in portfolio	Number	16
Percentage of certified Green Buildings in the total portfolio	%	40

Green Building Certifications

Building Name	Certification Name	Certification Date	Certification Body
Episode Yongsan 241	Green Building Certification (General)	Mar. 2024	KEITI (Korea Environmental Industry & Technology Institute)
	Building Energy Efficiency Rating (1+) - Residential	Mar. 2024	KBeT (Korea Institute of Building Energy Technology)
	Building Energy Efficiency Rating (2) - Non-residential	Mar. 2024	KBeT
Gangnam Station Office	Green Building Certification (Excellent)	Mar. 2023	KGBC (Korea Green Building Council)
	Building Energy Efficiency Rating (1+)	Mar. 2023	KBeT
Saeng-gag Gongjang in Dangsan	Green Building Certification (Excellent)	Nov. 2022	KGBC
	Building Energy Efficiency Rating (1+)	Nov. 2022	KRIEA (Korea Research Institute of Eco-Environmental Architecture)
Episode Suyu 838	Green Building Certification (Excellent)	Mar. 2022	KPCQA (Korea Productivity Center Quality Assurance)
	Building Energy Efficiency Rating (1+) - Residential	Nov. 2021	KBeT
	Building Energy Efficiency Rating (1+) - Non-residential	Nov. 2021	KBeT
Episode Gangnam 262	Green Building Certification (Excellent)	Nov. 2021	KGBC
	Building Energy Efficiency Rating (1+) - Residential	Nov. 2021	KBeT
	Building Energy Efficiency Rating (1+) - Non-residential	Nov. 2021	KBeT
Episode Sinchon 369	Green Building Certification (Excellent)	Nov. 2021	KPCQA
	Building Energy Efficiency Rating (1+)	Nov. 2021	KPCQA
Episode Seocho 393	Green Building Certification (Excellent)	Jul. 2021	KGBC
	Building Energy Efficiency Rating (1++)	Jul. 2021	KBeT
Business Hotel in Pangyo	Green Building Certification (Good)	Jul. 2021	KEITI
	Building Energy Efficiency Rating (1+)	Jul. 2021	KBeT
Business Hotel in Jeo-dong	Green Building Certification (Excellent)	Nov. 2020	KEITI
	Building Energy Efficiency Rating (1)	Sep. 2020	KBeT
Seongsu SK V1 center (I)	Green Building Certification (Excellent)	May 2020	KPCQA
	Building Energy Efficiency Rating (1+)	May 2020	KPCQA
Seongsu SK V1 center (II)	Green Building Certification (Excellent)	May 2020	KPCQA
	Building Energy Efficiency Rating (1+)	May 2020	KPCQA
Seongsu Desian Plex (W)	Green Building Certification (Excellent)	Apr. 2020	KPCQA
	Building Energy Efficiency Rating (1+)	Mar. 2020	KPCQA
Seosomun Office	LEED Platinum	Dec. 2019	US Green Building Council
	Green Building Certification (Excellent)	Sep. 2019	CreBizQM

Building Name	Certification Name	Certification Date	Certification Body
Mullae SK V1 center	Building Energy Efficiency Rating (1)	Aug. 2019	Korea Appraisal Board
	Green Building Certification (Good)	Aug. 2019	KGBC
	Building Energy Efficiency Rating (1+)	Aug. 2019	KRIEA
Gangnam Station BIEL 106	Green Building Certification (Good)	Apr. 2018	KGBC
	Building Energy Efficiency Rating	Apr. 2018	KBeT
Mullae Office	Green Building Certification (Excellent)	Dec. 2017	KEITI
	Building Energy Efficiency Rating (1)	Nov. 2017	KBeT

2023 Environmental Performance of Episode

Category	Unit	Seongsu 101	Seongsu 121**	Sinchon 369	Suyu 838	Seocho 393	Gangnam 262	Guui Welltz
Total energy consumption	TJ	3.75	4.26	18.00	34.83	21.47	20.27	20.79
Renewable energy consumption*	TJ	0	2.69	0.01	0.33	0.23	0.39	0.16
Renewable energy consumption rate	%	0	63.09	0.04	0.94	1.06	1.90	0.77
GHG emissions reduction	tCO2eq	0	128.5	1.0	41.9	29.0	49.3	20.6
Water consumption	ton	5,218	7,357	26,304	68,779	25,453	17,243	42,495

* Renewable energy consumption: Self-consumption from fuel cells and solar power generation within Episode buildings

** As an RE100 implementation building, Episode Seongsu 121 achieved greenhouse gas reductions through REC purchases

Compliance with Environmental Laws/Regulations

Category	Unit	2021	2022	2023
No. of violations of environmental laws/regulations	Cases	0	0	0
Penalties imposed due to violations of environmental laws/regulations	KRW 1 million	0	0	0

2023 Environmental Investment

Category	Unit	2023
RE100 Implementation	KRW 1 million	178
Environmental improvements (enhancing recycling environment of each Episode site, etc.)	KRW 1 million	33
Total	KRW 1 million	211

2023 Environmental Training Performance*

Category	Unit	2023
Total training hours	Hours	242
Training hours per person	Hours/Persons	0.9

* Total training Hours include those of the mySUNI training course

Social

SK D&D Employees Status

Category			Unit	2021	2022	2023
Total employees			Persons	274	259	268
By gender	Male		Persons	201	188	188
			%	73.36	72.59	70.15
	Female		Persons	73	71	80
			%	26.64	27.41	29.85
By age*	Under 30		Persons	-	-	28
	30-under 50		Persons	-	-	224
	Above 50		Persons	-	-	16
By employment type	Full-time	Male	Persons	193	183	180
		Female	Persons	61	62	69
	Part-time**	Male	Persons	8	5	8
		Female	Persons	12	9	11
By position***	Unregistered executives	Male	Persons	7	10	7
		Female	Persons	1	0	0
	G3	Male	Persons	41	41	39
		Female	Persons	0	0	2
	G2	Male	Persons	106	103	105
		Female	Persons	38	42	47
	G1	Male	Persons	47	34	37
		Female	Persons	34	29	31
Diversity and inclusion	Percentage of female workers		%	0.4	-	0.7
	Workers with disabilities		Persons	7	5	6
	Percentage of workers with disabilities		%	2.6	1.9	2.2
	Employment target for people with disabilities		%	3.1	3.1	3.1
	Socially vulnerable group****		Persons	11	9	7

* Employee status by age is being managed from 2023 onwards

** Part-time employees include contract, daily, and dispatched workers

*** Non-executive members are listed according to the SK D&D rank hierarchy in descending order of seniority (G3 > G2 > G1) / Managers include executives and G3

**** Socially vulnerable groups include people with disabilities and persons of national merit

2023 SK D&D's Subsidiaries Employee Status

Category			Unit	2023	
				DDI	DDPS
Total employees			Persons	46	109
By gender	Male		Persons	28	45
			%	60.87	41.28
	Female		Persons	18	64
			%	39.13	58.72
By employment type	Full-time	Male	Persons	28	39
		Female	Persons	17	47
	Part-time	Male	Persons	0	6
		Female	Persons	1	17

New Recruitment Status

Category		Unit	2021	2022	2023
By gender	Male	Persons	62	54	43
	Female	Persons	25	34	23
By age	Under 30	Persons	32	17	10
	30-under 50	Persons	52	68	52
	Above 50	Persons	3	3	4
Total		Persons	87	88	66

Turnover Status

Category		Unit	2021	2022	2023
By gender	Male	Persons	57	51	47
	Female	Persons	21	24	17
By age	Under 30	Persons	11	8	7
	30-under 50	Persons	60	61	52
	Above 50	Persons	7	6	5
No. of voluntary turnover*		Persons	42	64	37
Turnover rate**		%	15.3	24.7	13.8
Total		Persons	78	75	64

* Voluntary turnover: Total turnover excluding involuntary turnover (Scope of involuntary turnover workers: transfer to SK affiliates, expiration of contract, etc.)

** Turnover rate: (No. of voluntary turnover ÷ all employees) x 100

Employee Performance Evaluation Status

Category		Unit	2021	2022	2023
By position	Executive	%	77.8	91.7	100
	PL	%	100	93.8	84
	Manager	%	85.3	90.7	85.2
By gender	Male	%	91	93.6	91.7
	Female	%	75.3	84.5	75.4
	Total	%	86.9	91.1	85.8

Employee Wage by gender

Category		Unit	2021	2022	2023
Average wage by gender	Male	KRW 1 million	92	119	124
	Female	KRW 1 million	59	67	75
Female to male wage ratio*		%	64.1	56.3	60.5

* Female to male wage ratio = (Average monthly salary of women ÷ average monthly salary of men) x 100

Employee Parental Leave Use Status

Category	Target	Unit	2021	2022	2023
Employees who took parental leave	Male	Persons	0	0	3
	Female	Persons	1	1	3
Employees who returned to work after parental leave*	Male	Persons	0	0	0
	Female	Persons	0	0	0
Employees who returned from parental leave and worked for at least 12 months afterwards**	Male	Persons	0	0	0
	Female	Persons	1	0	0

* There has been no employee subject to return to work after parental leave in the past three years

** As of 2021, the retention rate of employees who returned to work for over 12 months is 100%, with no employees subject to return thereafter

Employee Benefits Support Status

Category	Unit	2021	2022	2023
Total benefits budget	KRW 1 million	5,268	5,953	5,107
Total amount of expenditure	KRW 1 million	5,268	5,953	5,107
Total expenditure rate*	%	100	100	100
Benefits expenditure per person	KRW 1 million /Persons	19.2	23.0	19.1

* Total expenditure rate: (Total amount of expenditure ÷ Total benefits budget) x 100

Employee Competency Enhancement Training Performance

Category		Unit	2021	2022	2023
Total training expenses		KRW 1 million	703	663	826
Training expenses per person		KRW 1 million /Persons	2.6	2.6	3.1
Total training hours		Hours	21,165	11,508	10,380
Training hours per person		Hours/Persons	77.2	44.4	38.7
Training hours by program*	Job competency	Hours	15,658	7,711	8,412
	Compliance, ethics, human rights, and anti-corruption	Hours	2,013	2,002	718
	Environment	Hours	1,486	750	242
	Health and safety	Hours	1,121	759	518
	Fair transaction	Hours	339	58	259
	Information security	Hours	548	228	231

* Based on training hours completed through mySUNI

Scope of Collective Agreement Application

Category	Unit	2021	2022	2023
Application rate	%	100	100	100

Human Rights Grievance Reported and Resolved Status

Category	Units	2021		2022		2023	
		Reported	Resolved	Reported	Resolved	Reported	Resolved
Lack of respect for colleagues	Cases	0	0	0	0	0	0
Sexual harassment	Cases	0	0	0	0	0	0
Workplace bullying	Cases	1	1*	0	0	0	0
Other (non-administrative reports, such as complaints)	Cases	6	6	7	7	4	4
Resolution rate	%		100		100		100

* In cases of workplace bullying in 2021, investigations were conducted directly through a labor attorney, and disciplinary resolutions were taken by the HR committee

Human Rights Training Performance

Category		Unit	2021	2022	2023
Legally mandated training	No. of participants	Persons	224	205	191
	Completion rate	%	100	100	100
	Total hours	Hours	224	170	560
Additional training*	Total hours	Hours	1,789	1,831	158

* Two training sessions were conducted during ESG trainings for employees. (① 'Business and Human Rights', what to do? ② What are Human Rights for Business?)

Occupational Safety and Health Incidents

Category		Unit	2021	2022	2023
Employees	Lost Time Incidents (LTI)	Cases	0	0	0
	Lost Time Incident Rate (LTIR)*	Cases/200,000 hours	0	0	0
	Fatalities	Cases	0	0	0
	Fatality rate	%	0	0	0
	Total Recordable Injuries (TRI)	Cases	0	0	0
	Total Recordable Injury Rate (TRIR)**	Cases/200,000 hours	0	0	0

* LTIR(Lost Time Incident Rate): (LTI cases x 200,000) / Total hours worked

** TRIR(Total Recordable Injury Rate): (TRI cases x 200,000) / Total hours worked

SK D&D's Business Partners

Category	Unit	2021	2022	2023
No. of business partners	unit	184	127	115
Purchase scale	KRW 100 million	2,254	2,983	2,396

2023 BP Communication Channel Performance

Category	Unit	2023
Case reported	Cases	1
Case resolved	Cases	1
Resolution rate	%	100

Social Contribution Performance

Category	Unit	2021	2022	2023
Social contribution investments	KRW 1 million	1,111	793.6	843.7
Total amount of donations	KRW 1 million	641.9	685.9	576.5
No. of employees engaging in social contribution	Persons	177	215	329
Percentage of business sites with community engagement activities	%	100	100	100
Total volunteer hours*	Hours	-	128	655
No. of beneficiaries from social contribution/ community collaboration*	Persons	-		702
Social value created**	KRW 1 million	-	-	11,026

* Volunteer hours have been tracked since 2022, with beneficiary management starting in 2023

** Monetary value of benefits to beneficiaries from social contribution and community collaboration activities (Social value)

Governance

Composition of Board of Directors

Category	Unit	2021	2022	2023
No. of executive directors	Persons	1	1	1
No. of non-executive directors	Persons	3	3	3
No. of independent directors	Persons	4	4	4
Percentage of independent directors	%	50%	50%	50%
Target percentage of independent directors on the Board	%	50%	50%	50%

Diversity of Board of Directors

Category	Unit	2021	2022	2023
No. of directors under the age of 50	Persons	1	0	0
No. of directors aged 50 and above	Persons	7	8	8
No. of female directors	Persons	0	0	0
No. of financial/accounting experts on the audit committee	Persons	1	1	1

Board Activities

Category	Unit	2021	2022	2023
Meetings held	Times	17	13	14
Agenda items proposed	Cases	52	31	36
Agenda items approved	Cases	52	31	36
Reported agenda	Cases	13	22	18
Attendance rate	%	99	100	100

Board Committee Activities*

Category		Unit	2021	2022	2023
ESG Committee	Meetings held	Times	1	4	5
	Attendance rate	%	100	100	100
HR Committee	Meetings held	Times	4	5	5
	Attendance rate	%	92	100	100
Audit Committee	Meetings held	Times	9	10	10
	Attendance rate	%	100	100	100
Independent Director Recommendation Committee	Meetings held	Times	2	1	0**
	Attendance rate	%	100	100	-

* Audit Committee: Established in March 2021 / Other three committees: Established in June 2021

** The Independent Director Recommendation Committee was not held because there was no independent director whose term ends in 2023

Board Assessment Results

Category		Unit	2021	2022	2023
Board Composition		Points	4.83	4.92	5.00
Board Operations		Points	4.62	4.80	4.94
Board Performance	Responsibilities	Points	4.81	4.80	4.94
	Roles	Points	4.56	4.88	4.90
Committee Activities		Points	4.68	5.00	4.94
Overall average*		Points	4.70	4.89	4.94

* Based on a 5-point scale

CEO-to-Employee Remuneration Ratio

Category		Unit	2021	2022	2023
CEO	Total annual remuneration	KRW 1 million	1,852	1,502	1,267
Employee*	Average remuneration	KRW 1 million	105	105	110
CEO-to-Employee remuneration ratio		Times	17.6	14.3	11.5

* Excluding executive director (CEO)

Remuneration for Directors in 2023

Category	Unit	Executive Director	Independent Director*	Audit Committee Member
Total number of personnel	Persons	1	1	3
Total remuneration	KRW 1 million	1,267	89	294
Average remuneration per person	KRW 1 million	1,267	89	98

* Independent director: excluding members of the Audit Committee

2023 Assessment Results of Internal Accounting Control System's Operation*

Category	No. of Assessed Items	Discoveries	Measures Taken
Transaction Level Controls	218	0	0
Entity Level Controls	42	0	0
Information Technology General Control	63	0	0

* As of Nov. 21, 2023

Fair Transaction Training Performance

Target	Details	No. of Participants	Total Training Hours
All employees	Supply chain ESG management (anti-corruption, fair transaction, compliance, etc.)	258.75	1.0

SK D&D Fair Transaction Violations

Category	Unit	2021	2022	2023
No. of violations due to unfair transaction practices (anti-competitive conduct, monopolization, etc.)	Cases	0	0	0
Fines for unfair transaction practices	KRW 1 million	0	0	0
No. of monetary sanctions for violations of laws and regulations	Cases	0	0	0

Subsidiary Fair Transaction Violations – DDI & DDPS

Category	Unit	2021		2022		2023	
		DDI	DDPS	DDI	DDPS	DDI	DDPS
No. of violations due to unfair transaction practices (anti-competitive conduct, monopolization, etc.)	Cases	0	0	0	0	0	0
Fines for unfair transaction practices	KRW 1 million	0	0	0	0	0	0
No. of monetary sanctions for violations of laws and regulations	Cases	0	0	0	0	0	0

2023 Ethical Management Trainings Performance

Category		Unit	2023
Ethical management letter	Occurrences	Times	4
	Participation rate	%	100
Ethical management practice pledge	Occurrences	Times	1
	Participation rate	%	100
Online training	Occurrences	Times	1
	Participation rate	%	100
Legally mandatory training	Occurrences	Times	5*
	Participation rate	%	100
Ethical management practice workshop**	Occurrences	Times	1
	Participation rate	%	91
Ethical compliance guide for holidays	Occurrences	Times	2
	Participation rate	%	100

* All five mandatory legal training sessions in Korea are currently being conducted

** The participation rate in 2023 includes employees from 'SK eternix Co., Ltd.' which was spun off in March 2024

Whistleblowing Reported and Resolved Status

Category	Reporting Type	Unit	2021	2022	2023
Reporting	Misconduct and bullying of business partners	Cases	0	1	1
	Lack of respect for colleagues	Cases	0	0	0
	Conflicts of interests in business relationships	Cases	0	0	0
	Improper business conduct	Cases	0	0	4
	Damage to social values	Cases	0	0	0
	Violation of company ethics rules*	Cases	1	0	0
	Other (non-administrative reports, such as complaints)	Cases	6	7	4
Actions taken	Suspension	Cases	0	0	0
	Reprimand & Warning	Cases	1	1	5
	Other	Cases	6	7	4
Resolution rate		%	100	100	100

* In cases of workplace bullying in 2021, disciplinary resolutions were taken by the HR committee

Information Protection Investments

Category	Unit	2021	2022	2023
Investments in information technology (A)	KRW 1 million	6,620	13,120	14,108
Investments in information protection (B)	KRW 1 million	655	1,101	667
Information security investment ratio (Ratio of B to A)	%	9.9	8.4	4.7

Information Security Compliance

Category	Unit	2021	2022	2023
No. of information security breaches/incidents*	Cases	0	0	0
Total amount of information security-related fines or penalties	KRW 1 million	0	0	0

* Excluding personal information protection-related breaches/incidents

Subsidiary Information Security Compliance – DDI & DDPS

Category	Unit	2021		2022		2023	
		DDI	DDPS	DDI	DDPS	DDI	DDPS
No. of information security breaches/incidents	Cases	0	0	0	0	0	0
Total amount of information security-related fines or penalties	KRW 1 million	0	0	0	0	0	0

Personal Information Protection Compliance*

Category	Unit	2021	2022	2023
No. of privacy-related information security breaches/incidents	Cases	0	0	0
Total amount of privacy-related fines or penalties	KRW 1 million	0	0	0
No. of complaints filed regarding breaches of customer privacy and loss of customer data	Cases	0	0	0
No. of proven customer data breaches, thefts, or losses	Cases	0	0	0
Customers impacted by the data breaches	Persons	0	0	0

* There have been no complaints received related to personal information protection, leakage, theft, or loss

SK D&D Disclosure Status

Category	Unit	2021	2022	2023
Voluntary disclosure	Cases	0	5	1
IR events*	Cases	3	4	5

* At IR events, we disclose the number of briefings held for analysts and domestic and foreign institutional investors. In addition, we conduct sessions targeting various other stakeholders at least twice a month

SK D&D Dividend Results

Category		Unit	2019	2020	2021	2022	2023
Common shares	No. of dividend shares	1,000 shares	18,990	18,990	22,190	22,190	22,190
	Dividend per share	KRW	600	600	800	800	800
	Cash dividend yield	%	2.06	1.41	2.56	3.51	3.12
Preferred shares	No. of dividend shares	1,000 shares	-	5,200	2,000	2,000	2,000
	Dividend per share	KRW	-	1,022	1,022	1,022	1,022
Cash dividend payout ratio		%	25.37	25.35	14.85	25.83	19.20
Total dividends amount		KRW 1 million	11,394	16,708	19,769	19,769	19,769

ESG Rating(KCGS)

Category	2021	2022	2023
Overall (ESG)	A	A	A
Environmental	A	A	A
Social	A+	A	A+
Governance	A	A	A

ESG Rating(MSCI)

Category	2021	2022	2023
Overall (ESG)	BB	BBB	A

Report Overview and Assurance

About This Reportt

GRI 2-2 GRI 2-3

Overview

SK D&D publishes its sustainability report to transparently disclose corporate non-financial performance. The '2023 SK D&D Sustainability Report,' the third of its kind, covers our sustainable management activities, achievements, and future strategies. We have enhanced our reporting to systematically manage and communicate with stakeholders about material topics identified through double materiality assessment. The report provides detailed performance across environmental, social, and governance sectors, and we plan to continue issuing our sustainability reports annually to report on ESG practices.

Reporting Standards

This report adheres to the GRI (Global Reporting Initiative) standards for sustainability reporting and incorporates indicators from global sustainability standards and initiatives such as the UN SDGs (Sustainable Development Goals), TCFD (Task Force on Climate-related Financial Disclosures), and SASB (Sustainability Accounting Standards Board). Additionally, we applied the concept of double materiality from the GRI Standards and European Sustainability Reporting Standards (ESRS) to conduct the materiality assessment and select reporting topics.

Reporting Scope

The scope of this report covers the performance of activities conducted by SK D&D (standalone basis) at its operations in South Korea. However, certain environmental data such as energy and greenhouse gases, waste, and water resources, encompass activities at the headquarters, other domestic sites, and subsidiaries.

Reporting Period

The reporting period is from January 2023 to December 2023. Some contents include performance from activities in the first half of 2024.

Reporting Frequency

The most recent report was published in 2022, and we publish reports regularly on an annual basis.

Reporting Assurance

To ensure the reliability, fairness, and completeness of the reporting contents and processes, our sustainability report underwent a third-party assurance by the Korea Productivity Center, an independent external verification agency. The assurance process was conducted according to the AA1000AS (Assurance Standard) v3, a globally recognized standard for sustainability-related assurance.

Contact Point

Contact department : SK D&D ESG Part
Phone : 02-398-4700
E-mail : skdnd@sk.com
Website : www.skdnd.com
Publication date : June 28, 2024

Third-Party Assurance

GRI 2-5

Independent Assurance Statement

Stakeholders of SK D&D,

The Korea Productivity Center (hereinafter referred to as the "Assurer") has been requested by SK D&D Co., Ltd. (hereinafter referred to as "SK D&D") to provide third-party assurance on the 2023 SK D&D Sustainability Report (hereinafter referred to as the "Report"). Accordingly, we hereby submit our assurance opinion as follows.

Responsibility and Independence

SK D&D is responsible for the information and opinions presented in this Report. The Assurer takes responsibility for the assurance opinion on the Report and, as an independent assurance organization, did not participate in the preparation of this Report and has no relationships that could impair its independence.

Assurance Standards

The Assurer applied the AccountAbility AA1000AS v3 standard for the assurance. The level of assurance was conducted at a Moderate Level as defined by AA1000AS, confirming the appropriateness of the principles of Inclusivity, Materiality, Responsiveness, and Impact according to the AA1000AP (2018) assurance principles. This included Type 1 assurance for these principles and Type 2 assurance to confirm the quality and reliability of the information disclosed in the Report. Additionally, the Assurer verified the appropriateness of the impacts that could arise from the organization's activities and performance according to the assurance principles. The Type 2 assurance was based on the materials and information provided by SK D&D, covering specific Topic Standards including Energy, Emissions, Employment, Occupational Health and Safety, and Training and Education. This indicates a comprehensive review of the effectiveness and reliability of the reporting criteria during this assurance process.

- 302-1, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5, 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 404-1, 404-2

Limitations

The Assurer verified the reliability of the performance data recorded in the Report according to the aforementioned scope and level of assurance as follows. The field verification was conducted at the headquarters (Seongnam, Gyeonggi-do). The financial data were verified through financial statements audited by an accounting firm and through disclosed materials. The environmental and social performance data were verified through process validation, which included data assurance and interviews. This assurance statement has been issued for the management of SK D&D as per the engagement terms. The Assurer declares that it holds no liability or joint liability for any decisions made by individuals or organizations based on this assurance statement.

Assurance Methodology

The Assurer conducted the assurance of the Report through the following methods:

- Confirmed that the Report was prepared in accordance with the GRI Standards (Reporting in accordance with the GRI Standards).
- Verified compliance with the principles of content and quality of reporting based on the GRI Standards.
- International standards, media research, and benchmarking analysis, along with expert opinion, were used to confirm the selection of material issues covered in this report and the appropriateness of the content.
- Checked the appropriateness and factual accuracy of the contents described in the Report by comparing them with other sources.
- Conducted on-site assurance at SK D&D's headquarters to check the evidence of key data and information and to confirm the internal processes and systems.

Assurance Results

The Assurer determined that SK D&D's Report was prepared in accordance with the GRI Standards (Reporting in accordance with the GRI Standards) and adheres to the four principles outlined in AA1000 AP (2018).

Inclusivity: Stakeholder Engagement

The Assurer confirmed that SK D&D adheres to the principle of inclusivity by defining stakeholders as individuals and groups, categorized as employees, business partners, customers, local communities, shareholders, and investors. SK D&D has established engagement channels for each stakeholder group and promotes communication activities, ensuring that stakeholders' opinions are reflected in management. The expectations identified through stakeholder engagement are incorporated into the company's strategic planning and decision-making processes.

Materiality: Selection and Reporting of Material Topics

The Assurer confirmed that SK D&D selects material topics through a materiality assessment process. This process includes external environmental analysis such as the review of international standards, benchmarking within the industry, and media research. Additionally, internal environmental analysis is conducted through ESG strategy evaluation, business portfolio analysis, capital type and flow analysis, and surveys from the finance/strategy department. Based on these analyses, SK D&D identifies the topics that need to be prioritized for ESG activities. The activities and performance related to each topic are reported in the Report by specific action areas.

Responsiveness: Organizational Response to Material Topics

The Assurer confirmed that SK D&D identifies material topics affecting stakeholders' performance and undertakes sustainability management activities in response. SK D&D communicates how it addresses stakeholders' major expectations through the Sustainability report and the company's website. The Assurer verified that SK D&D sets clear goals for the topics raised by stakeholders and transparently discloses the performance related to these goals.

Impact: Consideration of the Organization's Social Impact

SK D&D identifies the social and environmental impacts of material topics and business activities raised by stakeholders and undertakes efforts to improve them. The impact of material issues is analyzed in terms of revenue, cost, and risk, and the results are used in management decisions to establish ESG response strategies and are disclosed through the Sustainability Report.

Review of GRI Standards Application Level

The Assurer confirmed that this Report faithfully and fairly reflects SK D&D's sustainability management activities and performance. Through this assurance process, the Assurer determined that SK D&D's Report was prepared in accordance with the GRI Standards (Reporting in accordance with the GRI Standards) and achieved a reasonable level of assurance as suggested by both Type 1 and Type 2 assurance levels. The Assurer verified that there were no errors in the claim that the contents related to the Universal Standards complied with the relevant requirements. Additionally, the Assurer reviewed the Disclosures for the Material Topics derived through the reporting item determination process according to the Topic Standards.

Universal Standards

GRI Standard	Disclosure	GRI Standard	Disclosure
The organization and its reporting practices	2-1~2-5	Strategy, policies and practices	2-22~2-28
Activities and workers	2-6~2-8	Stakeholder engagement	2-29~2-30
Governance	2-9~2-21	Material Topics Disclosures	3-1~3-3

Topic Standards

GRI Standard	Disclosure	GRI Standard	Disclosure
Economic Performance	201-1~2	Employment	401-1~3
Indirect Economic Impacts	203-1~2	Occupational Health and Safety	403-1~9
Anti-corruption	205-1~3	Training and Education	404-1~2
Anti-competitive Behavior	206-1	Diversity and Equal Opportunity	405-1
Energy	302-1, 302-3~5	Local Communities	413-1
Water and Effluents	303-3, 303-5	Supplier Social Assessment	414-1
Biodiversity	304-1, 304-4	Customer Health and Safety	416-1
Emissions	305-1~5	Customer Privacy	418-1
Waste	306-1~3		

Recommendations

The Assurer, within the scope that does not affect the assurance results, provides the following recommendations:

- The Assurer recommends that SK D&D explore and implement measures to enhance the involvement of external stakeholders in the selection of Material Topics.
- SK D&D discloses plans and activities related to key sustainability issues. The Assurer recommends that SK D&D disclose annual targets and achievements related to key sustainability issues to further enhance its sustainability management system.

June 2024

Ahn Wan Gi, Chairman of the Korea Productivity Center (KPC)

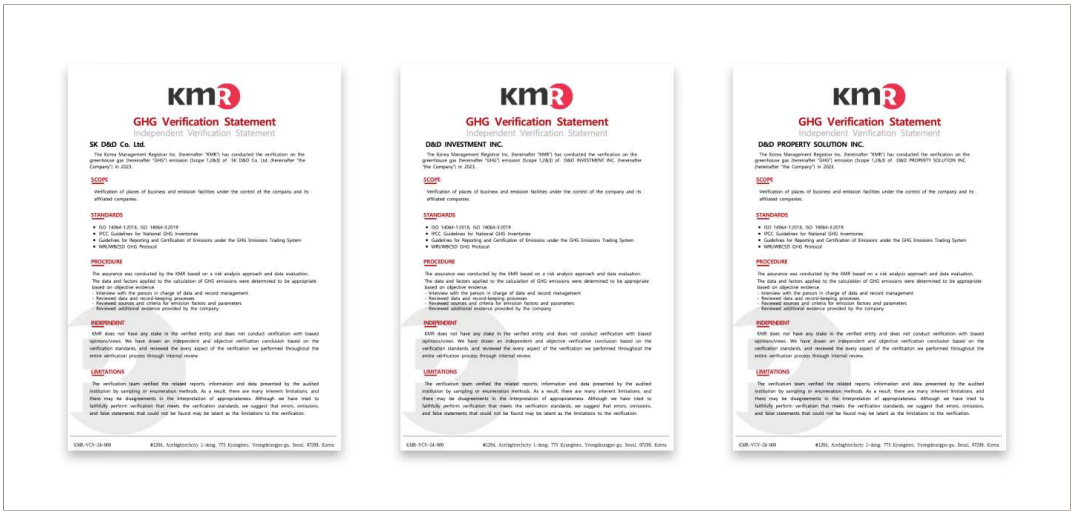
kpc KOREA PRODUCTIVITY CENTER

AA1000 Licensed Report 000-81/V3-JR3QW

GHG Verification

GRI 2-5

GHG Verification Statement



SK D&D DDI (D&D Investment) DDPS (D&D Property Solution)

Report Archive

SK D&D 2023 Sustainability Report

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SK D&D 2022 Sustainability Report

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SK D&D 2021 Sustainability Report

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2022 SK D&D TCFD Report

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ESG Ratings and Awards

Awards and Initiatives

KCGS (Korea Institute of Corporate Governance and Sustainability)

Korea Institute of Corporate Governance and Sustainability

The Korea Institute of Corporate Governance and Sustainability (KCGS) has been conducting corporate governance ratings since 2003 based on high transparency and professionalism. Since 2011, it has also been evaluating the sustainability management levels of domestic listed companies annually through ESG ratings. The KCGS's ESG evaluation framework aligns with international standards such as the OECD Corporate Governance Principles and ISO 26000, while faithfully reflecting domestic laws and business environments in Korea.

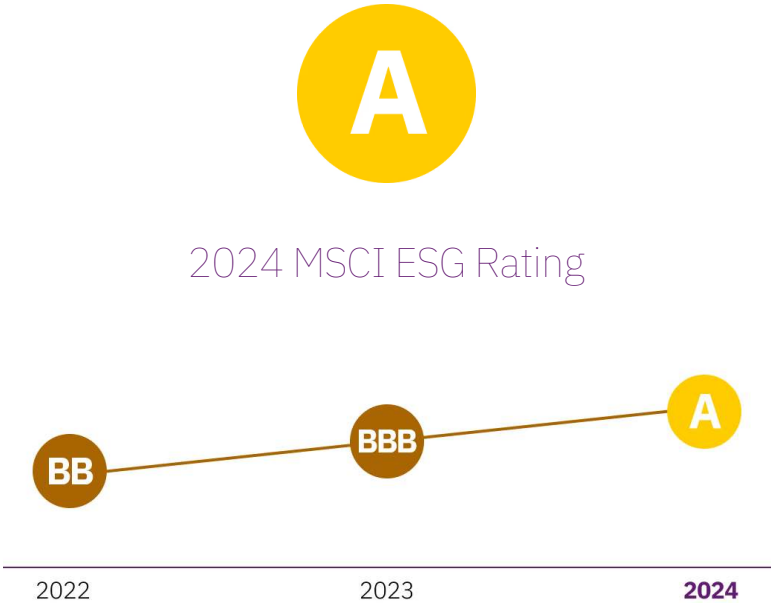
SK D&D ESG Rating Result

MSCI (Morgan Stanley Capital International)

MSCI

The Morgan Stanley Capital International (MSCI) has been providing ESG ratings since 1999. It evaluates 10 themes and 35 key issues within the ESG pillars, assigning rating results from AAA to CCC across seven grades. Governance receives weighted consideration in the evaluation, and in addition to overall ratings, individual scores and rankings are given for each ESG pillar.

SK D&D ESG Rating Result



Awards & Achievements

SK D&D Awards & Achievements

ESG Management Achievements
2023 KCGS ESG Ratings – Best Performers 2023 Best Governance Company Award
LACP 2023 Inspire Awards Platinum Award

Awards for Spaces
2021 Co-living Award Grand prize in Best Co-living Operator category
2021 Global Design Awards Special Mention in Brand Identity category
2021 A 'Design Awards & Competition' Bronze Medal in Graphic Communication category
2021 Serviced Apartment Awards Best Co-living Development
2021/2022 Mercury Awards Honors in the Design Culture/Lifestyle category
German Design Award Special 2021 Special Mention in the Brand Identity category
2022 Red Dot Design Award Spatial Communication - Interior Design (Winner)
2022 MarCom Awards Platinum Award in Integrated Marketing and Collaboration category
Golden Scale Design Awards Client Award for Gangnam 262 & Seocho 393
Korea Design Awards Corporate Value Innovation Award
FRAME Design Awards 2022 Co-living Complex of the Year Award
INNOVATION BY DESIGN Awards Honors in the Space and Places category
2023 iF Design Awards Prize Winner in the Residential Interior - Interior Architecture category
2023 Co-living Award Winner in the Impact & Sustainability category
2023 MarCom Awards Honors in the 'Research/Study' and 'Corporate Social Responsibility' categories
2023 Seoul Architectural Work Award(41st) Excellence Award for Saeng-gag Gongjang Dangsan
2023 Korea Green Building Award Ministry of Environment Prize for Saeng-gag Gongjang Dangsan

Awards for Episode

Through its co-living housing brand, Episode, SK D&D aims to embody its residential philosophy of 'living space, valuing individual life, a microcosm of society, and connecting value'. The Episode is one of the largest shared housing brands domestically and offers diverse residential experiences from a user perspective, departing from provider-centric spatial design.

Episode distinguishes itself by customizing community spaces at each location to reflect their unique characteristics. In Episode Gangnam, situated in a densely populated office area, we create spaces that enhance the quality of work-life balance. Meanwhile, Episode Seongsu, celebrated for its distinctive personality and sense of style, offers trendy community lounges. These initiatives spearhead a dynamic

residential culture that incorporates demographics, local geography, and socio-cultural factor. As a result, Episode has received various awards including the 2023 iF Design Award Grand Prize.

Participation Initiatives and Associations

GRI 2-28

Participation Initiatives

TCFD

TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) issued its recommendations in 2017 to encourage companies and financial institutions to transparently disclose climate-related financial risks to investors, shareholders, and the public. In 2022, SK D&D declared its support for the TCFD recommendations and published TCFD reports. Annually, through our sustainability report, we disclose climate-related financial information aligned with the TCFD recommendations.

RE100

K-RE100

SK D&D has established the target to achieve RE100 by 2023 as part of its 2030 Net Zero roadmap. In 2023, we implemented RE100 (100% renewable energy transition) by purchasing Renewable Energy Certificates (RECs) equivalent to our total electricity consumption of 16.58 TJ. We are considering expanding our means of achieving RE100 by exploring future options such as Power Purchase Agreements (PPAs) and long-term REC purchase contracts. These efforts aim to contribute to achieving clean energy transition for national carbon neutrality by 2050.

Participation Associations

Membership Status

Associations
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

SK D&D ESG Report

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