



# Beyond The Limits

2022 SK Gas SUSTAINABILITY REPORT





# Beyond The Limits

2022 SK Gas SUSTAINABILITY REPORT

## Cover Story

Suncheonman Bay, registered as a UNESCO World Natural Heritage Site, is a coastal wetland region developed on the southern coast of Korea that forms one of the country's most representative scenic area with beautiful views of the coastal ecology, featuring reed fields and S-shaped waterways on the tidal flat. It represents the commitment of SK Gas to preserving our natural heritage for future generations.

# About This Report

## Report Overview

SK Gas has published sustainability reports since 2019 to communicate with its diverse stakeholders. This is the fourth sustainability report published by SK Gas, and it transparently discloses the company's sustainability management efforts and major achievements. SK Gas will continue to actively collect the opinions of stakeholders through the Sustainability Report and incorporate their viewpoints in its management.

## Reporting Principles

This report has been prepared in accordance with the requirements of the Global Reporting Initiative (GRI) 2021 Standards, the internationally recognized standards for sustainability reporting. In addition, it complies with the disclosure recommendations of Task Force on Climate-related Financial Disclosures (TCFD) and the standards of the Sustainability Accounting Standards Board (SASB) to reflect major issues reflecting the particular characteristics of the industry. It also reflects the Ten Principles of the UN Global Compact (UNGC) and the UN Sustainable Development Goals (SDGs), which are global initiatives for sustainable management. The financial information contained in this report complies with Korean International Financial Reporting Standards (K-IFRS).

## Reporting Period

The report describes activities from January to December 2022 and includes data covering three years, from 2020 to 2022, to facilitate comparisons. In the case of material information that may have an impact on stakeholders, data from before 2022 and from the first half of 2023 have also been included.

## Reporting Scope

In regard to the Republic of Korea, the report covers the headquarters and all business sites (Pyeongtaek Terminals, Ulsan Terminals, G.Hub, Central Sales Office, Western Sales Office, Eastern Sales Office, Jeju Sales Office). The economic data encompasses all consolidated companies. In certain cases where the social and environmental data have a different reporting scope, this is indicated separately.

## Report Verification

To enhance the reliability and quality of the report, third-party verification was conducted by an external organization, and the results are recorded on page 118-119.

## More Information

To increase information accessibility for the stakeholders, this report is also available for viewing on the SK Gas website (<https://eng.skgas.co.kr/>).

Published in: June 2023

Published by: SK Gas ESG Management

Address: ECO Hub, 332, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea

Contact: Tel. +82-2-6200-8114    E-mail. [skgas\\_esg@sk.com](mailto:skgas_esg@sk.com)

# Contents

<b>Overview</b>	04	CEO Message
	06	Company Profile
	08	History
<b>Financial Story</b>	12	Business Shift 1.0
	14	Business Shift 2.0
	18	Low Carbon Solution
	20	Zero Carbon Solution
<b>Materiality</b>	24	ESG Master Plan
	26	ESG Key Performance Indicators
	27	Creating Social Value (SV)
	28	Materiality Assessment
	31	Stakeholder Communication
	32	Interviews with Stakeholders
	36	Focus One. Net Zero
	46	Focus Two. Health & Safety
<b>For the Planet</b>	62	Waste
	63	Water
	64	Biodiversity & Land Use
	65	Air
<b>With Stakeholders</b>	68	Employees Happiness
	72	Human Rights
	76	Supply Chain Management
	79	Social Enterprise Support
	80	Community Relations
<b>Through Transparency</b>	86	Board Leadership
	91	Ethics and Integrity
	94	Compliance
<b>Appendix</b>	96	Financial Performance
	98	ESG Data
	106	GRI
	108	SASB
	110	TCFD
	112	UN SDGs
	114	UNGC
	115	Independent Auditors' Report
	118	Third-party Assurance
	120	Greenhouse Gas Verification
	122	Major Honors, Evaluations, and Business Associations

## Interactive PDF



This report is published in a web PDF format with interactive features to enhance information accessibility. It includes hyperlinks that enable you to move to related pages within the report and shortcuts to related web pages.

## How to use



Cover page



Contents page



Previous page



Next page

# CEO Message



We aspire to fulfill  
 our vision of serving as the  
 “Net Zero Solution Provider”  
 and becoming a leader in  
 green energy in the global market.

## Dear stakeholders,

Though we are now emerging from the long tunnel of the pandemic, we continue to experience rapidly changing conditions in the global business environment. In this period of new challenges, SK Gas would like to share our past management performance and our plans for the future through our fourth sustainability report. 2022 has been a meaningful year for our business performance despite the challenges in the business environment, and this year the company will progress to exercise true global leadership as it prepares business transitions for the upcoming new era.

### Looking Back on 2022

In 2022, SK Gas upgraded its business structure. It transformed its business portfolio and thereby achieved stable management performance, recording KRW 8 trillion in consolidated sales and KRW 300 billion in pre-tax profits. We take pride in these achievements amid the adverse business conditions created by the pandemic, economic recession, and war. Our LPG businesses excelled in performance, thanks to industrial fuel conversion and strong trading. Furthermore, our emerging businesses, including our LNG and power plants, have surpassed initial expectations and elevated our anticipation for the successful initiation of new enterprises in 2024. Our ESG management has made incremental progress and began to yield notable results. We achieved a rating of AA from Morgan Stanley Capital International (MSCI), a global ESG evaluation agency, and reached the top status of an A rating in domestic KCGS. We are also implementing the ESG Masterplan, a mid to long term improvement plan. Our ESG Committee and Executive Personnel Committee were fully dedicated to board-centered ESG management and established a management system for independent and responsible ESG management, generating interim dividends for shareholder-friendly stakeholder management for the first time.

### Key Plans for 2023

In 2023, SK Gas has been making great strides toward the new vision of becoming a “Net Zero Solution Provider.” By supplying low-carbon and zero-carbon energy in the region of Ulsan, South Korea’s largest industrial city, SK Gas is evolving into a primer mover in the Net Zero era, and our dream of future business growth begins with the successful operation of GPS/KET. We are committed to fulfilling the potential of our differentiated business model demonstrated in 2022.

This year is an important period for expanding the model of our existing LPG business. We are implementing the successful launching of LPG 1-ton trucks to revive our traditional core business in the transportation market. We are also making various preparations with the determination to build on our achievements of 2020 in the transportation market. For the regional expansion of TSP, we are also expanding into new business areas such as fuel cells through connections with various stakeholders.

We must continue to move toward our vision of Net Zero Solution Provider. Establishing hydrogen and ammonia business models, which are low-carbon/zero-carbon energy sources, must be continued. First of all, hydrogen business that we are starting in Ulsan must be successfully launched. Then, we will specify a blueprint for the renewable energy business to lead the era of Zero Carbon. Considering the current limitations of renewable energy business in Korea, the key is developing renewable energy business in oversea market.

Having taken our beginning steps in ESG, we will now focus on adopting a substantial and authentic approach. First, we will implement improvements to tackle the challenges we have identified in the mid-to long-term one by one. The remaining long-term improvement tasks need to be managed and will require the cooperation not only within SK Gas but also with all stakeholders. The tasks of responding to climate change, achieving net zero, and ensuring human rights, which are issues that have grown in critical importance, cannot be achieved by the company alone. We will communicate with stakeholders and implement our goals with greater sincerity. In addition, we will focus on strengthening management centered on the board of directors and will further reinforce the operations of the ESG Committee and the Executive Personnel Committee. In the past year, we sought to enhance and revise the committee regulations and we will review aspects of ESG during the investment review phase and prepare risk management measures step by step.

Although the most challenging period of the pandemic has passed, many stakeholders are struggling not only due to ramifications of war and the economic downturn. SK Gas will not settle for the status quo despite these unfavorable conditions and will steadily move forward to innovate and transform its business structure for future generations. This will be carried out with the aim of fostering sustainable growth and the well-being of all stakeholders, not just the creation of financial gain. I appreciate SK Gas employees for their efforts to promote ESG management, and I promise to communicate transparently and sincerely through our sustainability report.

Yoon Byung-suk, CEO of SK Gas



# Company Profile



## Company Overview

(As of December 31, 2022)

Since its foundation in 1985, SK Gas has played a pivotal and responsible role in South Korea's domestic energy industry and achieve growth alongside stakeholders, emerging as the leading LPG player in Korea. We are now seeking to become a leader in eco-friendly energy by realizing our vision of serving as a "Net Zero Solution Provider" and a leader in LPG products in the global market beyond the limits of the domestic market.

Company Name	SK Gas Co., Ltd
Type of Business	Wholesale distribution of gas fuel and related products
Headquarters	ECO Hub, 332, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
Date of Establishment	December 20, 1985
No. of Employees	588 persons
Sales	KRW 8.0662 trillion
Net Income	KRW 257.1 billion
Total Assets	KRW 5.8318 trillion

## Business Sectors



### Domestic LPG Marketing

Based on LPG import terminals located in Ulsan and Pyeongtaek and our nationwide sales and distribution networks, SK Gas supplies LPG to a variety of customers for household and commercial uses, transportation, industrial uses, and petrochemical uses. We possess various risk management capabilities and operational know-how from thirty years of business activities in the domestic LPG market, including world-class stockpiling base operations.



### Global LPG Trading

We are leading the global LPG trading market with our accumulated experience and network in domestic LPG imports and overseas trading. In addition to generating profits from trading, SK Gas has diversified its profit source by reducing import costs through program optimization, as well as by optimizing product and freight with other companies.



### LPG Terminals

SK Gas has a total of 470,000 tons of large-scale LPG stockpiling bases in Ulsan and Pyeongtaek. Ulsan Terminals form the world's largest underground rock stockpiling bases, and they can store a total of 270,000 tons of LPG, including 140,000 tons of propane and 130,000 tons of butane. Pyeongtaek Terminal can store a total of 200,000 tons of LPG, including 140,000 tons of propane and 60,000 tons of butane. Since their launch in 2012, these stockpiling bases in Ulsan and Pyeongtaek have demonstrated the highest level of professionalism and efficiency in South Korea through their accident-free operations.



### LPG feedstock chemical

For our PDH business, which produces propylene by removing hydrogen from propane, SK Advanced, a joint venture between Saudi Arabia's Advanced Global Investment Company (AGIC) and Kuwait's Petrochemical Industries Company (PIC), is operating a propane dehydrogenation (PDH) plant with a capacity of 600,000 tons. In addition, SK Advanced established a joint venture with PolyMirae to construct a polypropylene (PP) plant with a capacity of 400,000 tons in 2021, and this plant is currently in operation.



### LNG/Power Generation

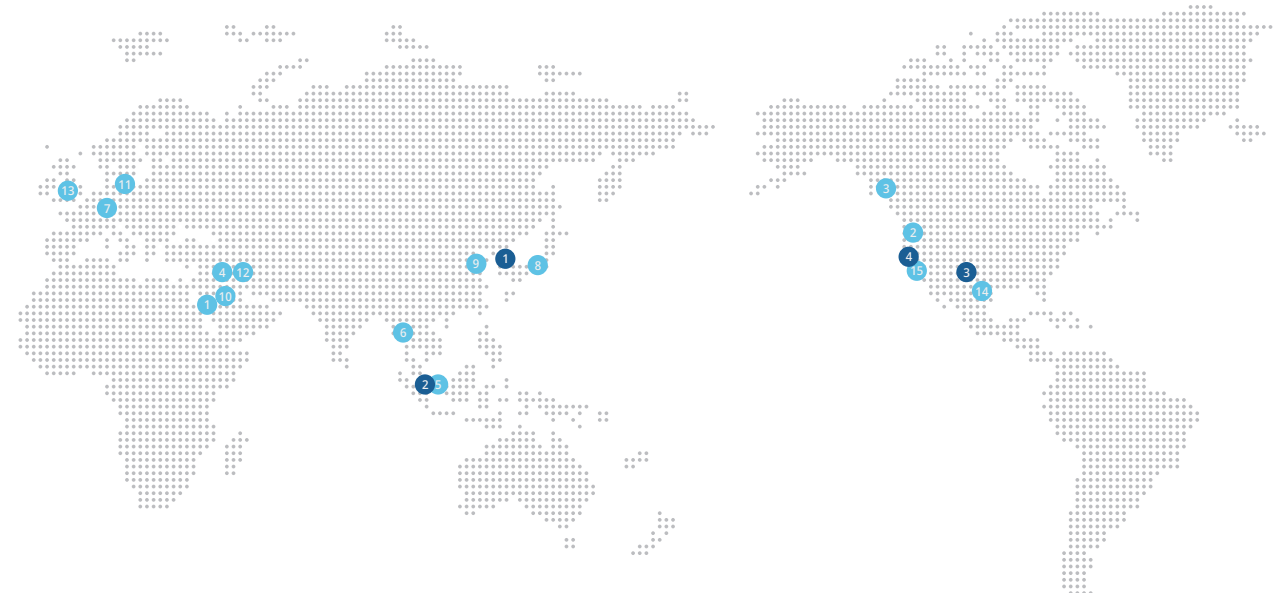
SK Gas is building Ulsan GPS, the world's first GW-class LNG/LPG Combined Cycle Power Plant with a total power generation capacity of 1.2GW, and will start its commercial operation in 2024. To strengthen the profitability of GPS and provide stable fuel supplies, the company has signed a long-term fuel supply contract. We have devised a comprehensive plan to build and operate an LNG import terminal, ensuring its timely readiness to coincide with the commercial operation of GPS. By orchestrating the seamless provision of competitive fuel pricing and terminal storage space to domestic LNG users through Ulsan LNG terminal business, we will continue to generate stable profits.



### Hydrogen Energy

SK Gas is developing a hydrogen business model using the LNG/LPG infrastructure in Ulsan Industrial Complex, as well as the domestic distribution network. In Ulsan, we are developing hydrogen fuel cell power plant using by-product hydrogen produced by our subsidiary company, and planning to build a large-scale hydrogen complex. We are also seeking to develop hydrogen refueling stations across the country. Afterwards, we plan to source clean hydrogen/ammonia from overseas and supply it to LNG power plants and coal-fired power plant.

## Global Network



Domestic Network		Overseas Partners		Overseas Partners	
① Republic of Korea	Headquarters	LPG Trading Business		Petrochemical Companies	
	Ulsan Terminals	Oil Producing Countries	① Aramco, Saudi Arabia	⑩ AGIC, Saudi Arabia	
	Pyeongtaek Terminals		② Enterprise, Phillips 66 Chevron, and Petrogas, U.S.A.	⑪ LyondellBasell, Netherlands	
	G.Hub (Tank Terminals)		③ Pembina, Canada	⑫ PIC, Kuwait	
	Central Sales Office		④ KPC, Kuwait	⑬ INEOS, UK	
	Eastern Sales Office		⑤ Trafigura, Singapore	LNG	
	Western Sales Office	⑥ PTT, Thailand	⑭ Energy Transfer LNG Export, LLC, U.S.A.		
Jeju Sales Office	Trading Companies	⑦ Glencore, Vitol, Switzerland	Hydrogen		
Overseas Network		⑧ Astomos, Japan	⑮ C-Zero, U.S.A.		
② Subsidiary in Singapore					
③ Subsidiary in Houston, U.S.A.					
④ Silicon Valley Outpost Subsidiary, U.S.A.					



# History

2000

**Dec. 1985**

- SK Gas was founded and launched the construction of Ulsan terminal

**Jan. 1988**

- Launched the LPG supply business

**Apr. 1991**

- Began supplying LPG for the petrochemical industry

**Aug. 1993**

- Opened the Middle East office in Saudi Arabia (relocated to Dubai, U.A.E. in Aug. 2008)

**Aug. 1997**

- Executed initial public offering

**Oct. 1999**

- Completed construction of Pyeongtaek Terminal

**Dec. 2000**

- Received a presidential citation at the 7th Gas Safety Promotion Conference

**Mar. 2001**

- Won the top award in the Safety Category at the Korean Gas Industry Awards

**Jul. 2002**

- Received the Bronze Tower Order of Industrial Service Merit at the 9th Gas Safety Promotion Conference

**Sep. 2003**

- SK Gas and E1 founded the Korea LPG Industry Environmental Association

**Jul. 2004**

- Began the operations of the SK Gas Volunteer Group

**Mar. 2007**

- Founded a joint venture with China Gas Holdings and acquired shares

**Jun. 2007**

- Expanded the butane refrigerating tank in Pyeongtaek, Republic of Korea

**Aug. 2007**

- Established SK Gas International, a Singapore subsidiary corporation

**Feb. 2008**

- Opened an overseas office in Houston, U.S.A.

2010

**Feb. 2012**

- Agreed to donate the LPG Hope Recharging Fund for low-income households (KRW 10 billion in donations)

**Oct. 2012**

- Held a groundbreaking ceremony for the SK Gas Pangyo Corporate Building

**Jan. 2013**

- Announced entry into the PDH market

**Apr. 2013**

- Established G.Hub, a tank terminal service provider

**Mar. 2014**

- Agreed to donate to the LPG Hope Recharging Fund for low-income households (KRW 5 billion in donations)

**Apr. 2014**

- Entered into coal-fired power plant business through joint venture investment in Gosung Green Power (GGP)

**Sep. 2014**

- Established SK Advanced

**Oct. 2014**

- Acquired Dongbu Power Dangjin Corp. and renamed the company Dangjin Eco Power

**May 2016**

- Completed construction of the PDH plant in Ulsan of SK Advanced

**Jan. 2018**

- Approved to change the power generation permit and business structure of Dangjin Eco Power

**Nov. 2018**

- Established joint venture company of SK Advanced and Ulsan PP

**Jan. 2019**

- Obtained approval for the business transition of Dangjin Eco-power

**Nov. 2019**

- Acquired ownership of Korea Energy Terminal, and decided to participate in an energy hub project

**Mar. 2020**

- Established the company's Sustainability Management Committee and Corporate Governance Charter

**Apr. 2020**

- Obtained the ISO37001 certification (anti-corruption management system)

**Jun. 2020**

- Published the 2019 SK Gas Sustainability Report

**Jul. 2020**

- Began construction of the Ulsan LNG terminal of Korea Energy Terminal

**Aug. 2020**

- Signed an agreement with the National Institute of Ecology (NIE) for ecosystem conservation

**Nov. 2020**

- Obtained the ISO14001 certification (Environmental Management System)

**Dec. 2020**

- Opened the Wego system, a platform dedicated to propane

**May 2021**

- Signed an MOU with Lotte Chemical to establish a by-product hydrogen JV

**Jun. 2021**

- Established the ESG Committee and the Executive Personnel Committee

**Dec. 2021**

- Launched the propane safety management platform Wego Safety and the propane management service Wego ERP
- Signed an investment contract with C-Zero, an eco-friendly turquoise hydrogen producer
- Announced the ESG Master Plan

**Jan. 2022**

- Signed a hydrogen and ammonia JSA with KNOC and ADNOC (UAE state oil company)

**Jun. 2022**

- Signed a JVA with SK Gas and Lotte Chemical and Air Liquide as signatories
- Received an upgraded MSCI ESG rating of AA

**Sep. 2022**

- Established a joint venture named "Lotte SK Eneroot" with SK Gas, Lotte Chemical and Air Liquide Korea to jointly develop the hydrogen business
- Signed an MoU with Korea Zinc, Hanwha Impact, and Ark Energy to develop Australia's green ammonia supply chain



An aerial photograph of a rugged coastline. A large, irregularly shaped sea cave is carved into the dark, layered rock face. The water inside the cave is a vibrant turquoise color, contrasting sharply with the dark rocks. The surrounding cliffs are covered in patches of green moss and small plants. The overall scene is dramatic and scenic.

# FINANCIAL STORY

Business Shift 1.0	12
Business Shift 2.0	14
Low Carbon Solution	18
Zero Carbon Solution	20



# Business Shift 1.0

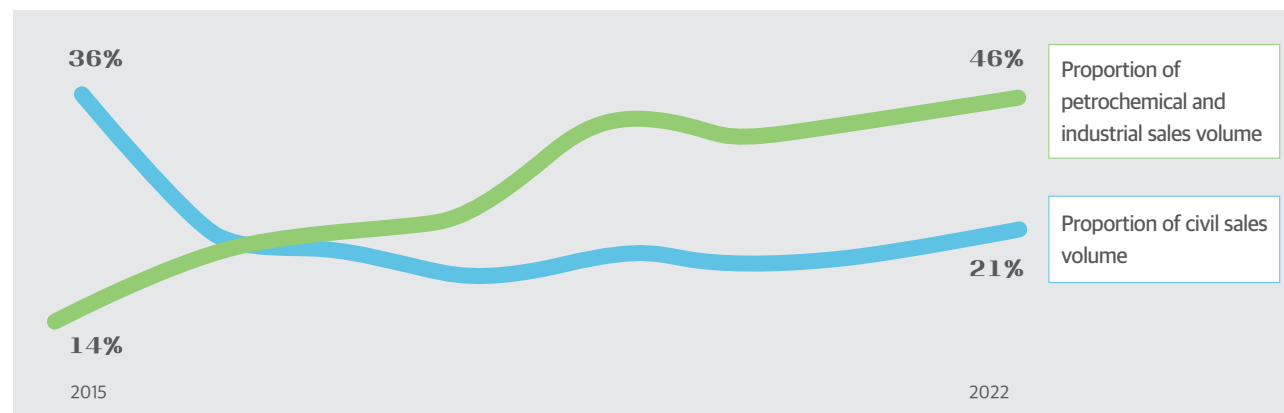
## No.1 LPG Player

SK Gas first began its progress as an LPG operator when it received a permit to establish a specialized LPG importing company in 1985 and began construction of the Ulsan Terminals. SK Gas fully launched its business from 1988 and opened domestic and foreign sales offices. In 1999, the company built terminals in Pyeongtaek to lay the cornerstones for growth into the leading LPG player in South Korea.

## Expansion of the LPG Business

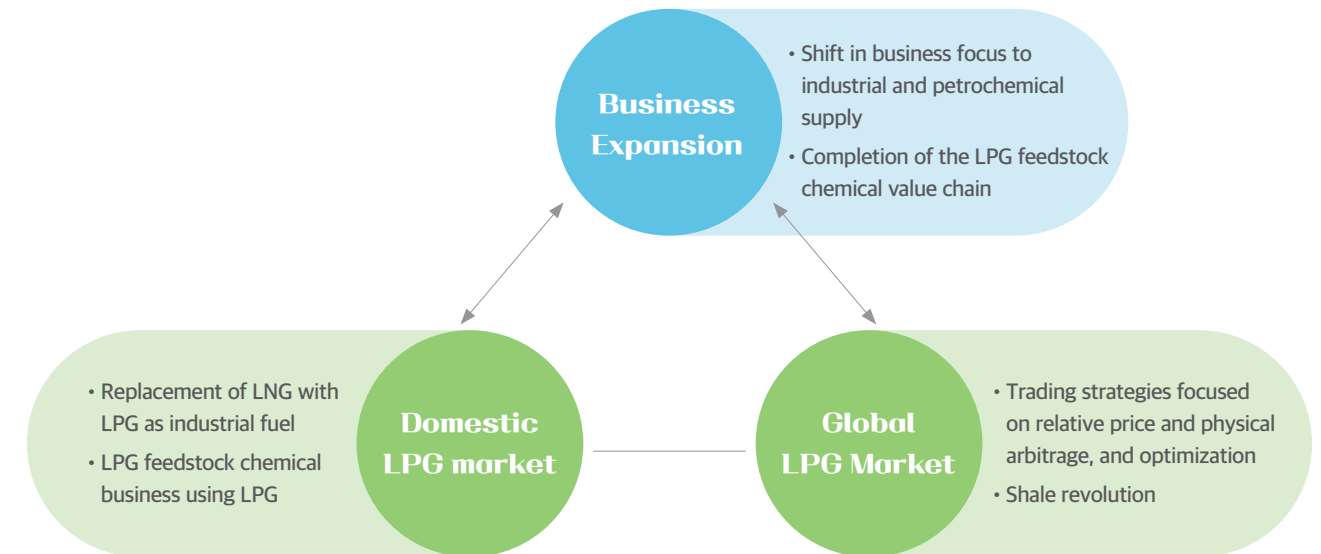
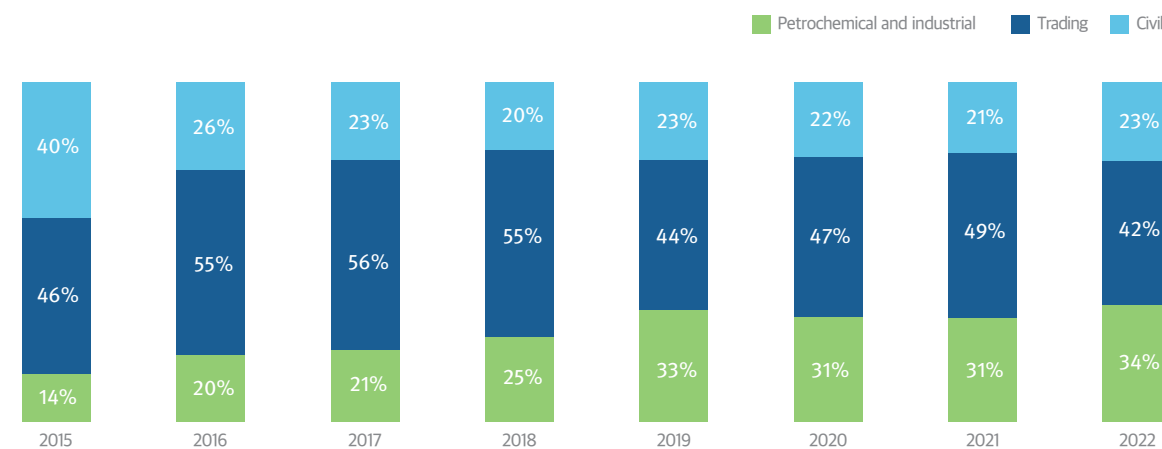
As South Korea's domestic LPG market reached maturity in the first decade of the new millennium, SK Gas expanded its global trading. In the 2010s, the company is actively diversifying from the civil demand (for household, commercial, and transportation purposes) to the petrochemical and industrial demand.

Sales Trend by volume



In 2022, the ratio of LPG civil sales volume continued to decline. On the other hand, the ratio of petrochemical and industrial sales volumes increased significantly to 46% in 2022. In terms of the ratio of sales, civil sales fell from 40% in 2015 to 23% in 2022, while petrochemical and industrial sales rose from 14% to 34%, more than five times higher than in 2015. LPG contributed to energy security through the stabilization of LNG supply and demand in 2022, at a time when international LNG prices soared and supply and demand difficulties became exacerbated amid unstable international situations.

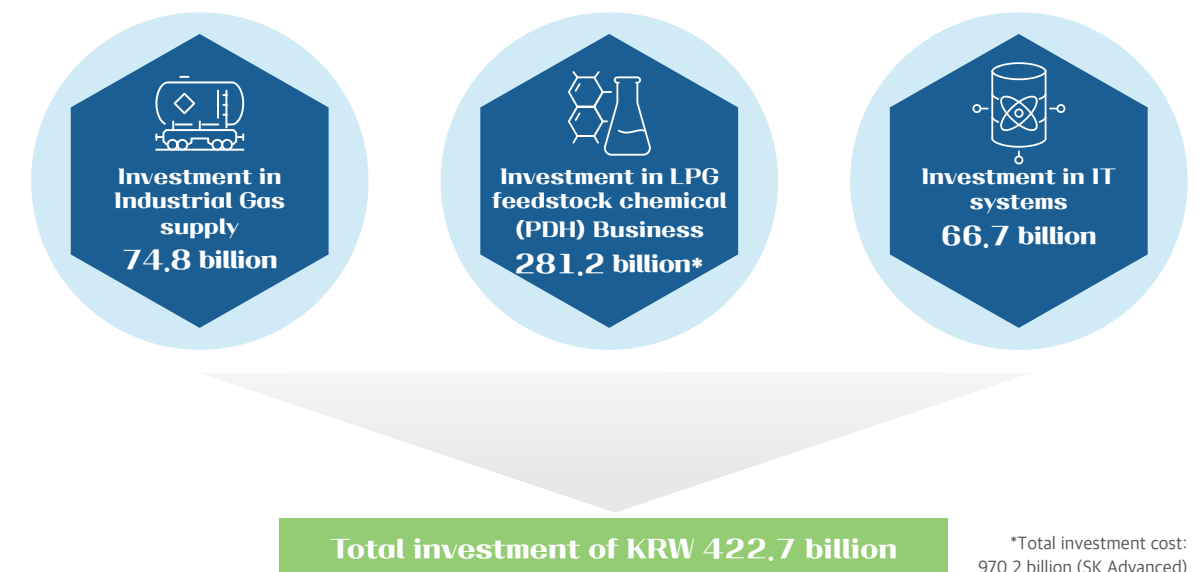
Sales Trend by revenue



SK Gas achieved fuel conversion from large-scale industries by developing pricing and importing method to set optimal supply conditions, investing in facility optimization for fuel conversion, and establishing a system for consumer safety management. SK Gas has created an efficient and mutually cooperative trading environment with a trading strategy centered on relative price, arbitrage and optimization.

In addition, we entered the PDH business by comprehensively reviewing changes in the related industrial environment due to the rapid increase in shale gas production in North America, storage facilities of SK Gas, and LPG sourcing capabilities. Furthermore, the LPG feedstock chemical value chain was completed by expanding the PP(Polypropylene) business, which is the downstream area.

SK Gas has grown into a firm with a 39% domestic LPG market share and sales revenue of KRW 8.1 trillion in 2022 as a result of successfully restructuring its LPG business portfolio.





# Business Shift 2.0

## Net Zero Solution Provider

The earth is heating up due to the increase in greenhouse gases, and there continue to be breaking news of disasters such as floods, heatwaves, droughts, storms, and forest fires. Humanity needs to take substantive action to respond to climate disasters, and the global community has set a common goal of reducing carbon emissions to zero by 2050. In our collective response to the climate crisis, the role of energy companies is more important than ever. Producing clean and new energy is a critical issue in establishing a new era of carbon neutrality. Customers, even those who may have previously only considered the economic value of energy, have transitioned to recognizing the need for energy that not only offers economic efficiency but also reduces carbon emissions. Renewable energy that meets these new needs should be convenient to store and transport and should not emit carbon during energy conversion. The company faces the challenging task of securing technology for energy conversion and realizing economic feasibility for facility investment and operation.

SK Gas is seeking to transform its business portfolio with the aim of serving as a "Net Zero Solution Provider" to participate in responding to the climate crisis and become a leader in eco-friendly energy in the global market beyond the limits of the domestic market and the LPG business sector. Our main strategies as a "Net Zero Solution Provider" include focusing on "Low Carbon Solutions," which expands our business area from high-carbon to low-carbon energy (LNG), and "Zero Carbon Solutions," which significantly shifts our portfolio to non-carbon energy hydrogen and ammonia.



## The Role of ECO Bridge in the Era of Net Zero

### Low Carbon Solution

At present, there are practical constraints to the full-scale commercialization of hydrogen and ammonia. The market for hydrogen and ammonia still has uncertainties about its future, and the key technologies and related infrastructure in production, supply, and distribution of hydrogen also need to be developed. Therefore, a certain amount of time is required until the opening of clean hydrogen market. To end this, SK Gas is paying attention to what will serve as the industry's "Eco-Bridge." These will be low-carbon fuels, possibly LPG and LNG, that can be used as primers for non-carbon fuels. By converting coal-fired and heavy oil generators to LPG/LNG gas generators, as well as converting coal-fired or bunker C oil boilers to LPG/LNG gas boilers, we seek to contribute to the progress from high-carbon to low-carbon solutions.



## Achieving Net Zero with Zero Carbon Energy (Hydrogen and Ammonia)

### Zero Carbon Solution

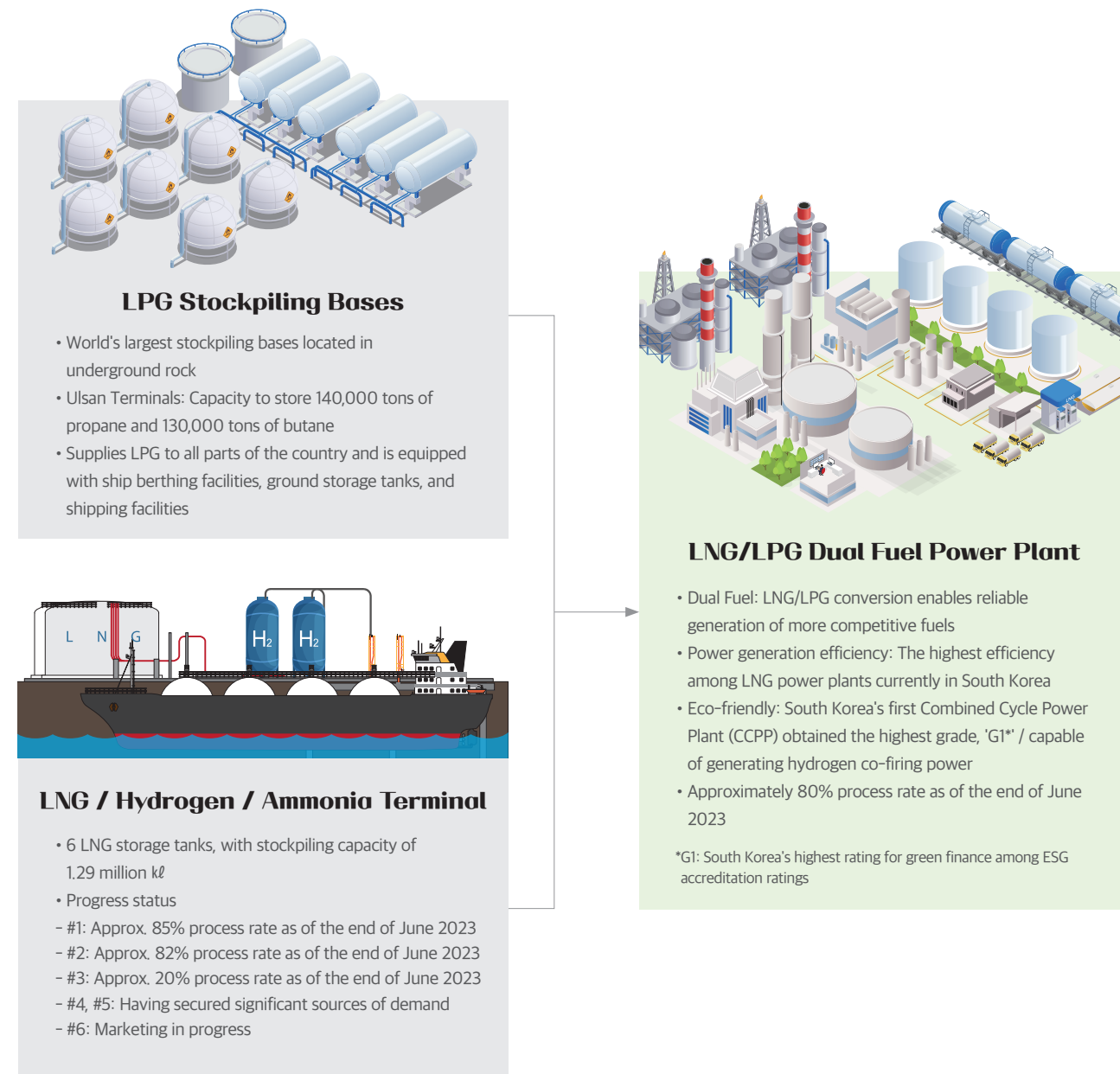
SK Gas is taking a phased approach to enter the hydrogen business, a clean energy source with zero carbon emissions. As the first step, we are preparing the Fuel Cell power plant with by-product hydrogen. Furthermore, SK Gas also plans to develop a co-firing business for hydrogen and ammonia in LPG/LNG combined cycle power plant GPS(Gas Power Solution) and coal-fired power plant GGP(Goseong Green Power) to secure competitive in the entire clean hydrogen value chain. SK Gas is also considering a business importing blue and green hydrogen/ammonia from overseas to establish a hydrogen/ammonia distribution value chain.



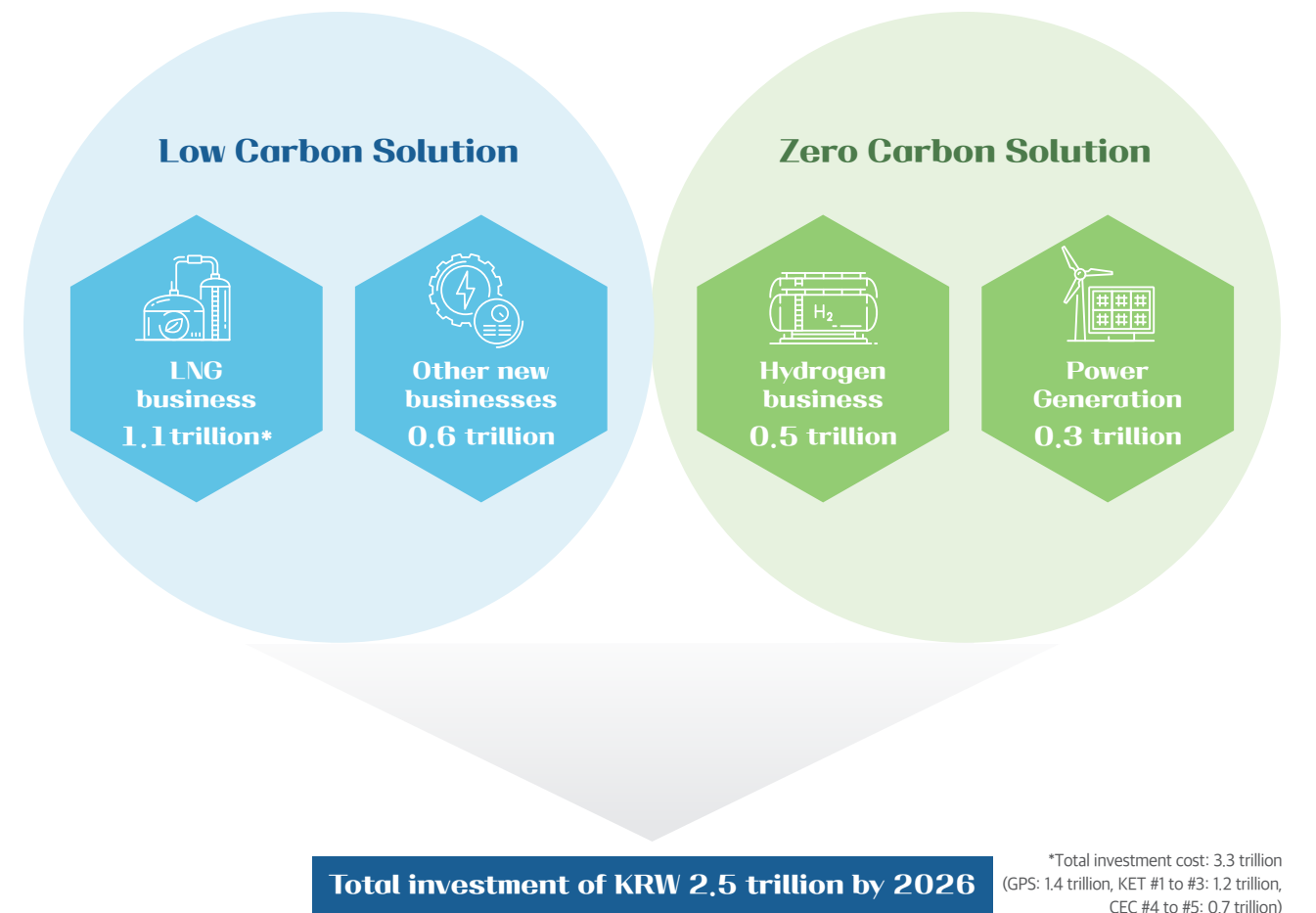
# Business Shift 2.0

## Key Infrastructure for Becoming a Net Zero Solution Provider

SK Gas is not satisfied only with complacent in the LPG business and is making concrete preparations and initiatives to achieve a business shift to LNG and hydrogen. Based on KET and CEC, which are LNG/hydrogen/ammonia terminals, and GPS, which is a LPG/LNG combined cycle power plant, we will ensure our growth as a Net Zero Solution Provider implementing low carbon solutions and zero carbon solutions based on the value chain. To this end, SK Gas has the key assets such as KET and GPS and LPG stockpiling bases in Ulsan.



Leveraging these strategic assets, we can optimize profitability by offering cost-effective fuel to GPS precisely when it is most advantageous, based on the comparative prices of LPG at Ulsan Terminals and LNG at KET. Of all the assets, KET stands as the largest private LNG terminal in South Korea, poised to significantly contribute to the reduction of LNG costs by achieving economies of scale through scale-up. In addition, we will generate additional profits through the LNG/LPG Optionality, a specialized profit model exclusive to SK Gas leveraging LNG spot price volatility and the relative price disparity between LNG/LPG.





# Low Carbon Solution

## From High-Carbon To Low-Carbon

### Import/Trading

#### LPG Trading

The global LPG market is steadily growing thanks to the continuous increase in shale gas production in North America. SK Gas participated in the LPG trading industry to import LPG for domestic supply, and gained entry into various areas of LPG trading, including intermediary trade, swap transactions for products and freight, and futures trading.

### Stockpiling

#### LPG Stockpiling Facilities

SK Gas has a total of 470,000 tons of large-scale LPG stockpiling bases in Ulsan and Pyeongtaek and is smoothly supplying LPG to South Korea through LPG experts with experience and know-how. Ulsan Terminals is the center of the Korean LPG industry that supplies LPG to all parts of the country, and Pyeongtaek Terminals is in charge of ensuring smooth LPG supply in the Seoul metropolitan area and the central region.

#### LNG Terminals, KET, CEC

The demand for LNG terminals is experiencing continuous expansion, driven by the reinforcement of eco-friendly management practices and the facilitation of direct LNG imports. Korea Energy Terminal (KET) Co., Ltd., was established by SK Gas in partnership with Korea National Oil Corporation (KNOC). Presently, they are actively engaged in the construction of the first energy complex terminal in South Korea at Ulsan port, which will be capable of handling both LNG and oil. KET has successfully secured a contract for the #1 tank with Ulsan GPS (Gas Power Solution), South Korea's pioneering LNG/LPG Combined Cycle Power Plant. The commercial operation of this groundbreaking facility is set to commence in 2024. The commercial operation of KET #2 tank is scheduled for 2024, followed by KET #3 tank, which is expected to be operational in 2026. As part of the establishment of a CEC (Clean Energy Complex), construction of additional LNG tanks is underway in the adjacent port background complex. Commercial operation of the CEC #1 tank is planned to commence in 2027. SK Gas has ambitious plans to construct a total of six tanks, consisting of four KET tanks and two CEC tanks. To ensure optimal stability and efficiency of LNG terminal operations, they will also establish and operate an e-LNG system.

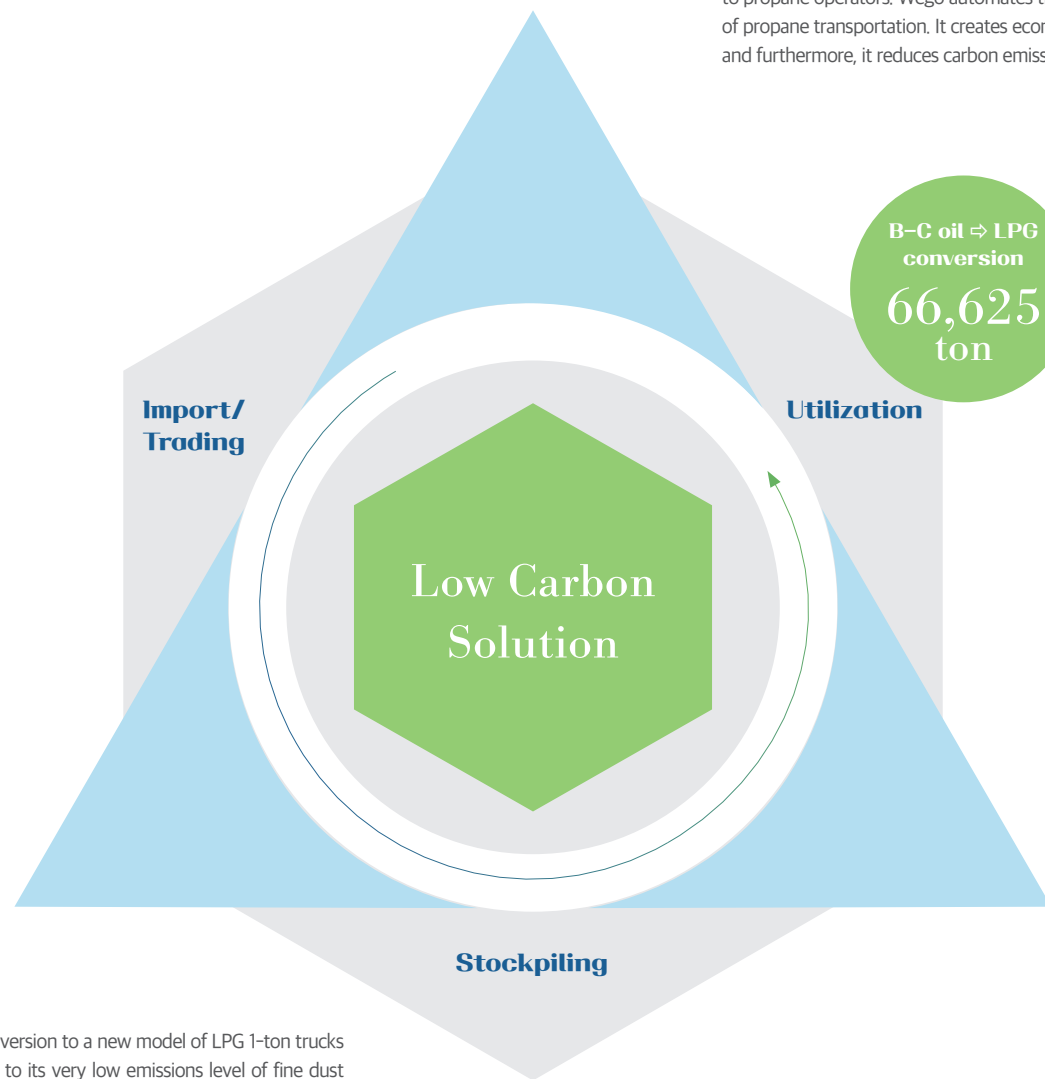
#### LPG Marketing and Services

##### LPG fueled Cargo Truck: One-ton Truck

In order to solve the problem of environmental pollution caused by diesel vehicles, SK Gas is actively implementing conversion to a new model of LPG 1-ton trucks scheduled to be released at the end of 2023. The new LPG 1-ton truck will not only be environmentally friendly due to its very low emissions level of fine dust and Nitrogen oxides(NOx) but will also deliver economic efficiency through low fuel costs and performance equal to that of diesel vehicles. In addition, to help small business owners who work in various environments, we are preparing customized membership services and various promotion programs for one-ton truck customers. Through these measures, we will support small business owners who use SK Gas fueling stations to secure differentiated competitiveness.

##### Happiness Filling Membership™ and Muffin™ Alliance

SK Gas operates the Happy Filling Membership, an LPG customer integration program involving 800 filling stations that transact with SK Gas and SK Energy. SK Gas has also partnered with various companies such as Hyundai Motor Company, Kia Motors, Renault Korea Motors, RENT-A-CAR companies, and credit card companies to provide differentiated services to customers. As of 2022, it has attracted a cumulative total of 640,000 subscribers and operates customer-oriented services by providing greater accumulation benefits for loyal customers, filling rights for target customers, and point-deductible product exchange benefits. In addition, through the app Muffin, a mobile LPG filling reservation app launched in 2021, we will provide new and more convenient filling experiences to Happy Filling customers and upgrade features through continuous service improvement.



#### Lifestyle Station

SK Gas launched Lifestyle Station, which combines mobility and retail services, to provide new experiences and values in filling station spaces. At Lifestyle Station, customers can experience mobility contents such as LPG filling, electric vehicle charging, and indoor garage self-washing services, as well as retail and social value contents such as Circle Café, Fresh Able, Superbin (collection of PET containers and cans using a resource circulation robot), and children's painting exhibitions. In addition, through an MOU signed with Shinhan Bank, SK Gas is planning ESG specialized products using financial/non-financial data and expanding programs for LPG customers in the financial service area.

#### wego

SK Gas established the first AI-based propane distribution management platform in Korea called Wego to provide transportation, safety, and management services to propane operators. Wego automates the distribution planning, operation management, and delivery process for bulk lorries, which account for a large proportion of propane transportation. It creates economic benefits such as reducing transportation costs by optimizing transportation routes and transportation arrangements and furthermore, it reduces carbon emissions.

### Utilization

#### LPG Petrochemical/Industrial Supply and LNG/LPG Dual Fuel Cell Generation

SK Gas is developing its TSP (Total Solution Provider) business through supplying competitive LPG fuel and raw materials. LPG for fuel and raw materials is stably supplied to South Korea's leading oil refineries and major industrial entities in petrochemicals, steel, paper, and ceramics, and it contributes to enhancing industrial competitiveness by providing cost-cutting solutions based on price competitiveness. It also contributes to the creation of social value by helping industries that used bunker C oil (hereafter "B-C oil") due to various limits to reduce air pollutant emissions, by means of facilitating the conversion to eco-friendly LPG. A total of 66,625 tons of B-C oil were converted to LPG in 2022. SK Gas will also develop and apply the world's first LPG-LNG dual-type fuel cells to produce eco-friendly energy over the next 30 years and supply 100 GWh of power every year to 26 governmental agencies, which can be used by approximately 820 households in the vicinity and Gwangju Metropolitan City Hall.

#### GPS, the LPG/LNG Combined Cycle Power Plant

SK Gas established Ulsan GPS, the world's first gas combined power plant for LNG and LPG, and it is building a power plant in Ulsan. As of the end of June 2023, Ulsan GPS's process rate is approximately 80%, and it aims to begin operation in August 2024. Ulsan GPS has a total capacity of 1,227 MW and consists of two gas turbines and one steam turbine. As the world's first LNG/LPG Combined Cycle Power Plant it can be replaced by LPG when the LNG supply and demand become unstable. In addition, it has contributed to reducing greenhouse gas emissions through the latest high-efficiency facilities and issued green bonds rated G1, the highest ESG rating, for the first time in a gas power generation this year. SK Gas is opening a future generation business that meets both the expectations of environmental contribution and energy supply stability and profitability.

#### LNG/LPG Optionality

SK Gas has developed and applied its own profit model, referred to as LNG/LPG Optionality. This is a profit model that selectively supplies and sells LNG and LPG energy sources in consideration of economic feasibility and customer needs, generating profits through LNG spot price volatility and relative price differences between LNG/LPG.

#### LNG Bunkering

The International Maritime Organization (IMO) is tightening regulations on marine fuel emissions such as nitrogen, sulfur oxides, and greenhouse gases. In order to meet these regulations, orders for LNG propulsion vessels around the world have soared, and demand for LNG fuel injection has also increased steeply. Based on LNG bunkering ports in KET, SK Gas is seeking to establish and launch an LNG bunkering joint venture to provide LNG bunkering ports to major domestic ports such as Ulsan and Busan and large ships in the southeast region.

\*Ship-to-ship (STS) method: LNG is supplied ship-to-ship via LNG bunkering vessels. This method offers fewer location restrictions and high-capacity LNG supplies.

# Zero Carbon Solution

## From Low-Carbon to Zero-Carbon

### Import/Production

#### Clean Energy Sourcing

By-product hydrogen is expected to play a key role in the early stages of the hydrogen ecosystem. SK Gas established Lotte SK Eneroot, a third party hydrogen joint venture with Lotte Chemical and Air Liquide Korea, and secured by-product hydrogen produced by subsidiaries of Lotte Chemical and SK Gas to secure a stable supply of hydrogen.

SK Gas is considering importing competitive clean hydrogen and ammonia produced overseas from overseas in cooperation with global energy companies in the United States, the Middle East, Australia, and South America. SK Gas also made an investment in C-Zero, a U.S. energy that has a proprietary technology for producing turquoise hydrogens(H<sub>2</sub>). SK Gas expects C-Zero's turquoise hydrogen to be the best alternative to domestic clean hydrogen production.



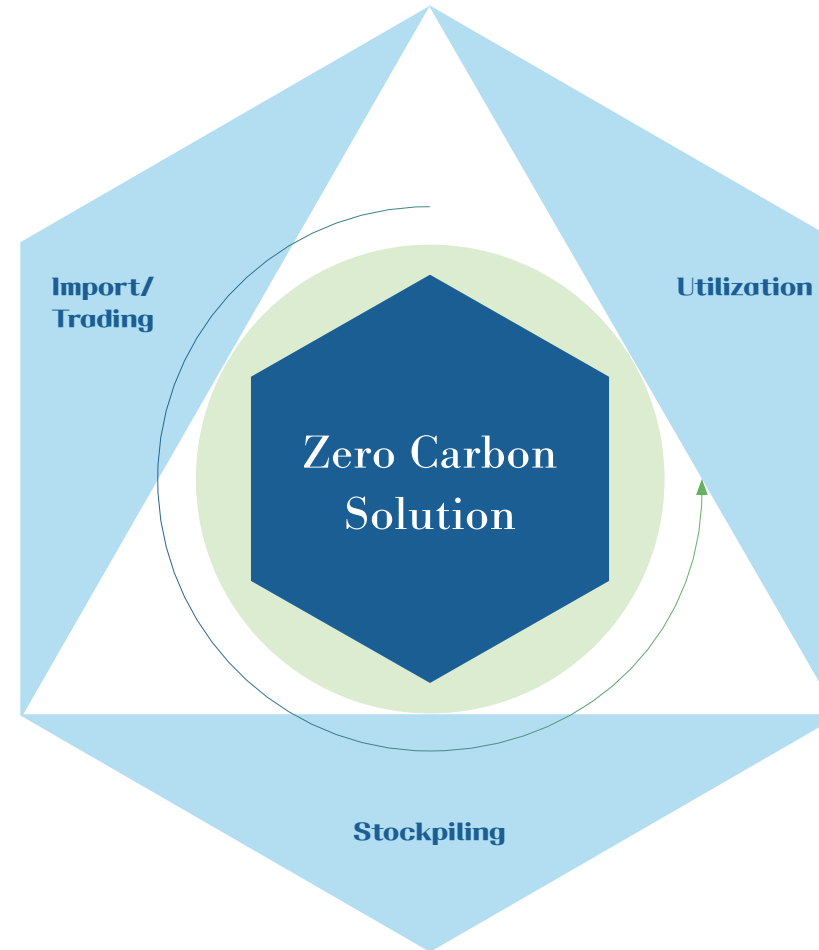
### Storage

#### Liquefied Hydrogen

SK Gas is considering producing liquefied hydrogen using LNG cold energy (-163°C) at Ulsan KET and supplying it to hydrogen stations. The use of LNG cold energy at KET is expected to further reduce the liquefaction cost of hydrogen, which will also help stabilize hydrogen prices.

#### Ammonia Storage

SK Gas is considering building infrastructure to import and supply overseas clean ammonia. We expect to be able to operate ammonia storage stably based on our experience in operating LPG and LNG infrastructure. SK Gas's know-how from operating LPG/LNG infrastructure is expected to be a great asset for the reliable and safe operation of ammonia infrastructure. In addition, ammonia has similar chemical properties with LPG, so the LPG infrastructure of SK Gas can be used for ammonia in the future.



### Utilization

#### Hydrogen Fuel Cell Power Generation

Hydrogen fuel cells are one of the eco-friendly power generation methods that generate electricity through a chemical reaction between hydrogen and oxygen without burning any fuel. SK Gas is planning to build hydrogen fuel cell power plant that would be 100% carbon-free through the joint venture named 'Lotte SK Eneroot' in Ulsan. This fuel cell power plant is targeting its commercial operation in 2025, and it will generate 500,000 MWh of electricity annually for approximately 120,000 households for 20 years.

#### Hydrogen and Ammonia Co-firing Power Generation

Co-firing power generation technology is to generate electricity by co-firing hydrogen with LNG or ammonia with coal in existing LNG or coal-fired power plants. This technology can help to reduce greenhouse gas emissions from power plants. SK Gas is considering applying hydrogen co-firing technology in GPS(Gas Power Solution), the LPG/LNG combined cycle power plant currently under construction, and preparing to convert GGP (Goseong Green Power), one of the last coal-fired power plants in South Korea, into an ammonia co-firing power plant. In addition, hydrogen and ammonia supply business is being pursued for major customers such as Korea National GENCOs.

#### Hydrogen Fueling Stations

Currently, the nationwide LPG fueling station network of SK Gas is considered the best candidate for the construction of hydrogen fueling stations in the future. By leveraging these LPG fueling station assets, SK Gas plans to build hydrogen fueling stations coping with the growth of the hydrogen fuel cell vehicle market.





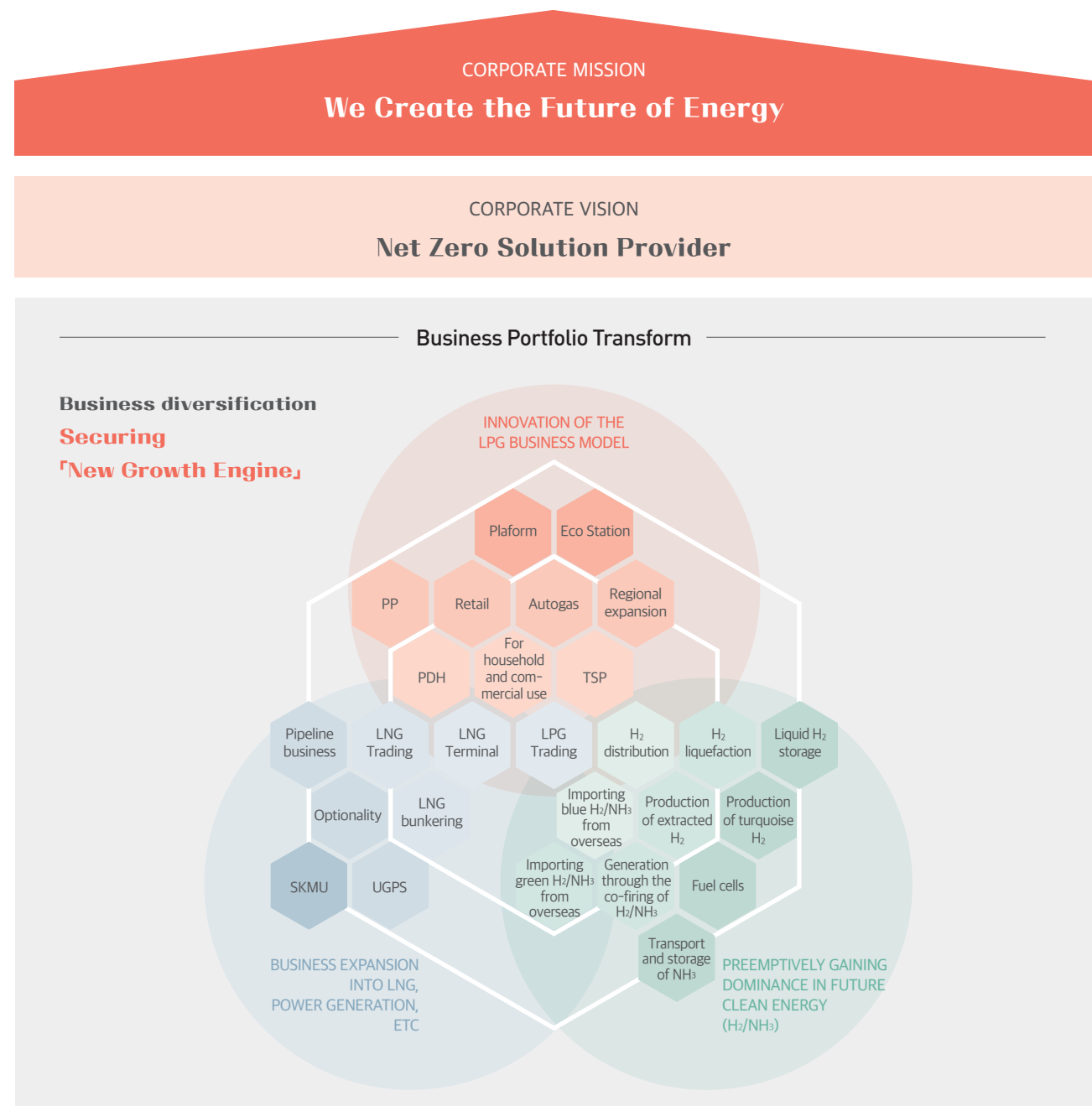
# MATERIALITY

ESG Master Plan	24
ESG Key Performance Indicators	26
Creating Social Value (SV)	27
Materiality Assessment	28
Stakeholder Communication	31
Interviews with Stakeholders	32
Focus One. Net Zero	36
Focus Two. Health & Safety	46

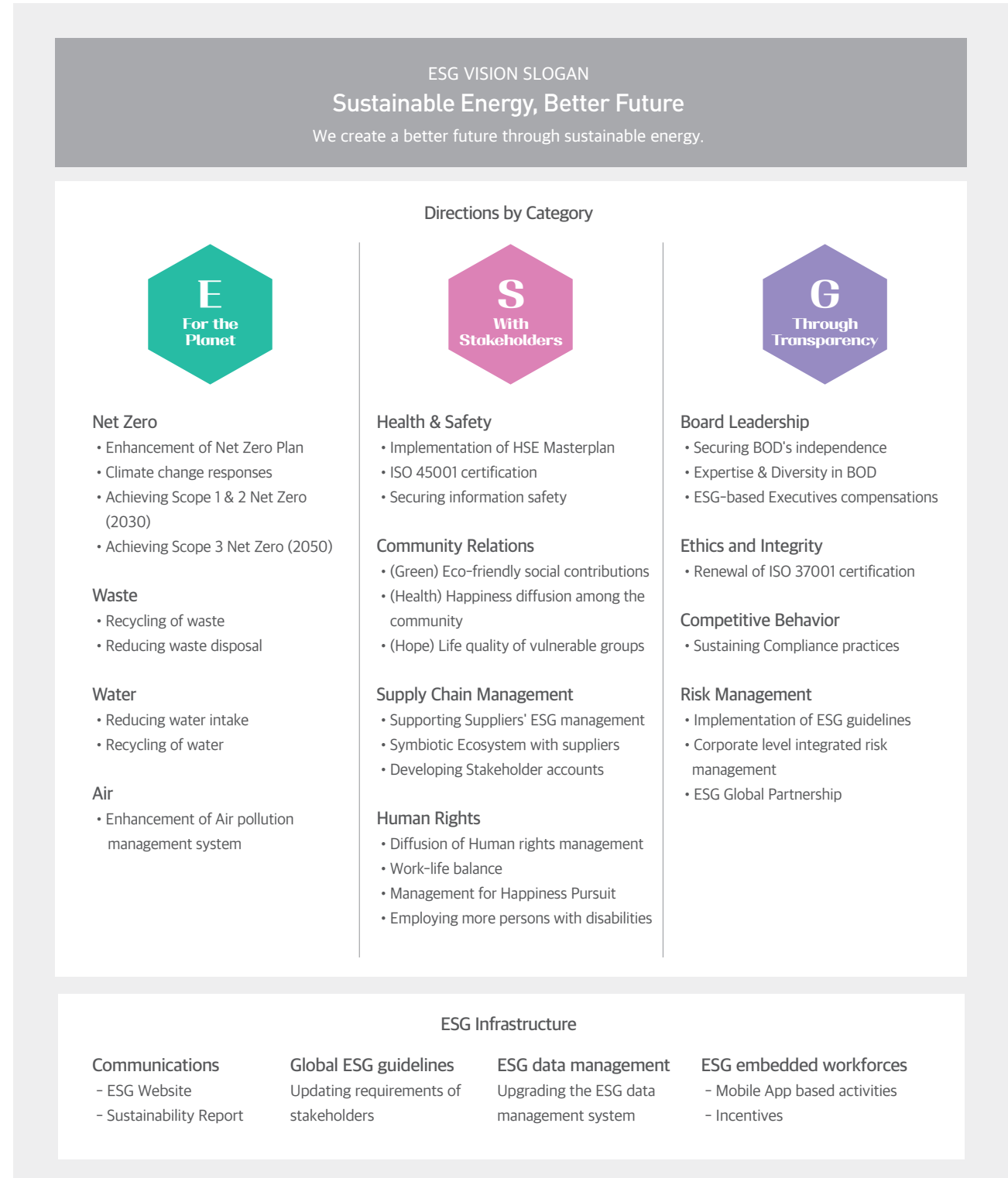


# ESG Master Plan

As fundamental changes were necessary heading toward sustainable growth and responding to diverse social needs, SK Gas established 'ESG Master Plan' in December, 2021. SK Gas's ESG Master plan broadly deals with 'business portfolio innovation plans becoming Net Zero Solution Provider' and 'Implementation plans in ESG sectors'. SK Gas will conduct ESG management activities based on our ESG Master Plan and thereby secure social and business sustainability.



## Global Leading ESG Management





# ESG Key Performance Indicators

Based on various global ESG guidelines, SK Group selects and manages key ESG indicators that reflect consideration of the industries of its affiliates. SK Gas established globally top-tier objectives for each indicator and is in the process of achieving these goals. We select organizations to be responsible for each indicator and implement improvement plans, and our performance outcomes are disclosed every year.

## Qualitative ESG Indicators

(As of the end of 2022)

Category	Policy	Goal	Execution, Performance
Carbon emissions reduction	●	●	●
Response to climate change	●	●	●
Employees' safety	●	●	●
Employees' health support	●	●	●
Employees' Human Rights	●	●	●
Employees' competency development	◐	●	●
Employees' work-life balance	●	●	●
Products/Services Safety & Quality	●	●	●
Protection of corporate data and customer privacy	●	●	◐
Symbiotic ecosystem with Suppliers	●	●	●
Suppliers' ESG risk management	●	●	◐
Supporting Local communities	●	●	●
Social Enterprises' ecosystem support	●	●	●
ESG-based Executives compensations	●	◐	●
Identification of the ESG needs of stakeholders	●	◐	●
New businesses/investments applying ESG standards	●	●	○
BOD's diversity, expertise & independence	◐	○	◐
ESG discussion in BOD	●	◐	●
Anti-corruption management	●	●	●
Anti-corruption training for employees	●	●	●
ESG management of subsidiary and sub-subsidiary companies	●	●	◐
Participation in ESG-related global partnerships	●	●	●

● Top ◐ Mid ○ Low

## Quantitative ESG Indicators

Category	Unit	Goal for 2022	Performance in 2022	Goal for 2023	Goal for 2024	Goal for 2025	Global Top Peer
Total energy consumption(intensity)*	GJ/KRW billion	114.49	97.54	97.54	97.54	97.54	887.41
Ratio of renewable energy	%	14.04	19.31	24	24	24	Above 23.54
Total GHG emissions(Scope 1+2; intensity)	tCO <sub>2</sub> eq/KRW billion	6.65	5.05	5.05	5.05	5.05	324.18
NOx emissions(intensity)	Ton/KRW billion	0.003	0.003	0.003	0.003	0.003	0.401
SOx emissions(intensity)	Ton/KRW billion	0	0	0	0	0	0.144
Dust emissions(intensity)	Ton/KRW billion	0	0	0	0	0	0.017
VOCs emissions(intensity)	Ton/KRW billion	0	0	0	0	0	0.189
Total amount of waste disposal (intensity)	Ton/KRW billion	0.022	0.15	0.15	0.15	0.15	14.78
Total water intake(intensity)	Ton/KRW billion	5.83	4.55	4.55	4.55	4.55	996.82
Water recycling rate	%	9	8.5	9	10	12	81.03
Percentage of persons with disabilities**	%	3.5	3.55	>3.50	>3.50	>3.50	3.00****
Lost-Time Injuries Rate(LTIR)***	Cases/200,000 hrs	0.10	0.00	0.10	0.10	0.10	0.08
Percentage of female directors	%	14	14	14	14	14	30
Waste recycling rate	%	98.02	98.02	98.02	98.02	98.02	76.64
SV performance for products/services	KRW 100 million	163	163	179	196	215	-

\*Average use in the sales over 3 years (based on consolidated financial statements)

\*\*Ratio of employed persons with disabilities for the calculation of government contributions: This is the standard for reporting tax withholdings, and the calculation of the ratio varies with the period of employment and the disability level.

\*\*\*Lost-Time Injuries Rate (LTIR): The number of work-loss accidents X 200,000 hours/total hours worked

\*\*\*\*National legal standards

# Creating Social Value (SV)

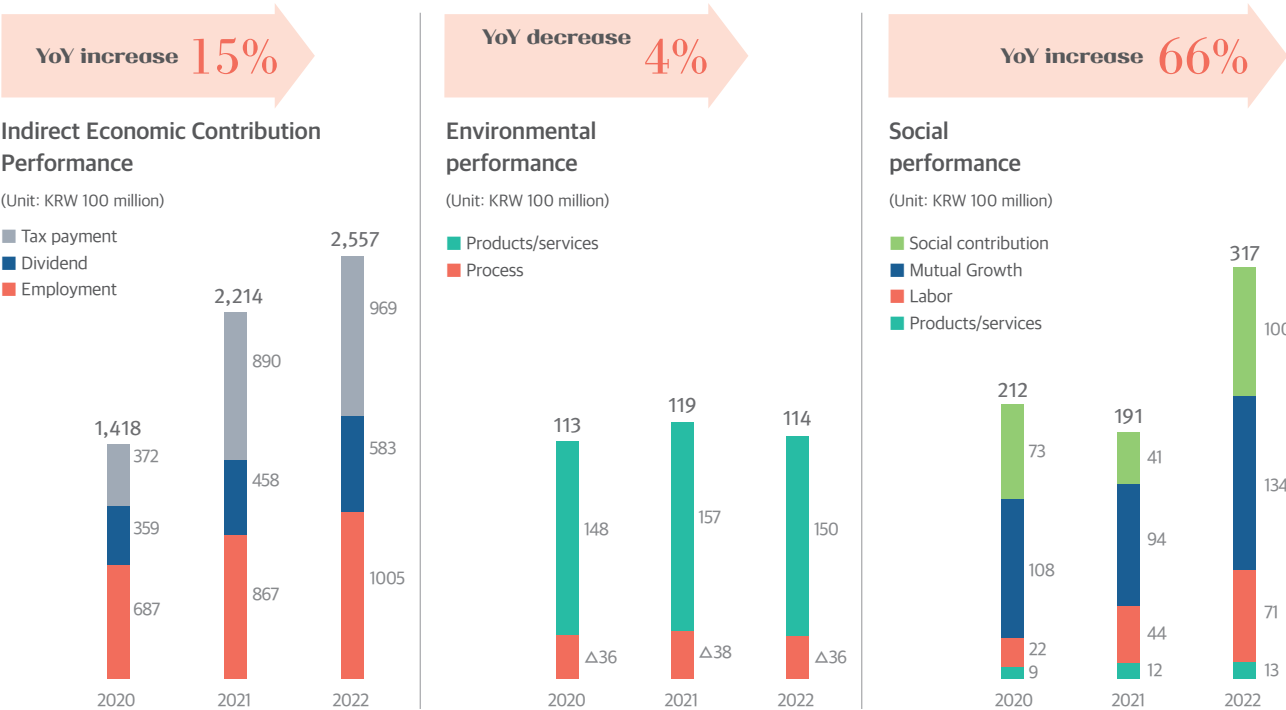
In 2022, SK Gas has generated a social value amounting to KRW 298.8 billion, represents an 18% increase compared to last year. This achievement is the highest performance since we first measured social value in 2018. The social value is composed of KRW 255.7 billion in Indirect economic contributions, KRW 11.4 billion in Environmental performance, and KRW 31.7 billion in Social performance.

In particular, the "Indirect economic contribution performance" played a crucial role in driving the overall generation of social value. As part of our Business portfolio innovation as a Net Zero Solution Provider, we have been actively pursuing new businesses in the LNG and hydrogen, leading to an increase in new job opportunities. As a result, our Employment performance rose by 16% compared to the previous year, reaching a total of KRW 100.5 billion. Furthermore, we implemented changes in our dividend policy to enhance shareholder value, resulting in a significant 27% increase in the dividend per share, which now stands at KRW 6,500 per share, compared to the previous year.

SK Gas places significant emphasis on creating social value through its products and services. Our primary focus is on reducing air pollution emissions by promoting the use of LPG vehicles as a cleaner fuel source. LPG has fewer air emission pollutants (NOx, SOx, PM) compared to other fuels, making it highly effective in improving air quality. We have actively expanded the supply of LPG vehicles and fuel, with a particular focus on trucks and vans with high mileage.

Despite challenges posed by the COVID-19 pandemic, there was a decline in the demand for LPG fuel in transportation, resulting in a slight reduction in social value compared to the previous year. However, we have achieved significant progress in converting industrial boiler fuel from Bunker-C oil to LPG. This initiative has been widely adopted by small and medium-sized companies, leading to a social value increase of KRW 4.6 billion, a 7% rise from the previous year. Each ton of LPG supplied to industries in place of Bunker-C oil contributes to a reduction of 0.7 tons of greenhouse gas emissions. Additionally, our dedication to social contributions, mutual growth, labor, and product/service performance has led to a remarkable 66% year-on-year increase in social performance, reaching KRW 31.7 billion.

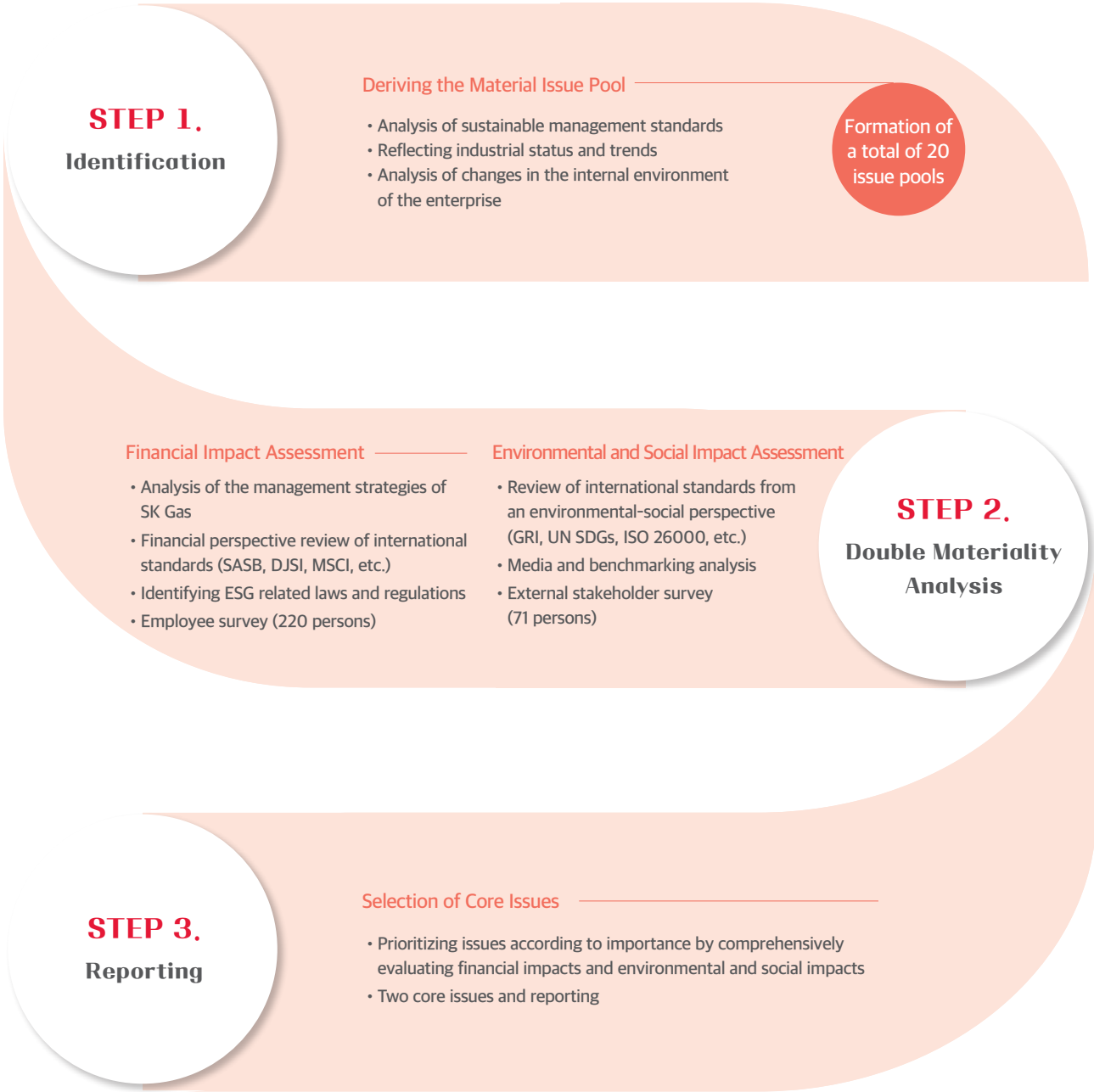
SK Gas, a rapidly emerging Net Zero Solution Provider, is steadily gaining prominence in new energy like LNG and hydrogen, spearheading the transition to the Net Zero era. The company anticipates generating even greater social value, particularly in the environmental sector.



# Materiality Assessment

SK Gas conducted its materiality assessment by applying the double materiality concept, which means considering both the financial impact on the company from an internal perspective and the impact of the company on the environment and society from an external perspective.

## Materiality Assessment Process



## Materiality Assessment Results

As a result of the assessment, the following ten issues were selected based on their high financial impact and environmental and social impact. Among them, SK Gas selected “climate change response” and “efforts to reduce greenhouse gas emissions” and “occupational safety and health” as core issues.

Category	Impact		Global Disclosure Framework and Initiatives			Reporting Page
	Environmental and Social	Financial	GRI	SASB	UN SDGs	
Climate change responses and efforts to reduce greenhouse gas emissions	●●●	●●●	305 (Emissions)	EM-RM-110a.1, EM-RM-110a.2	11, 13	36-45
Occupational safety and health	●●●	●●●	403 (Occupational Health and Safety)	EM-RM-320a.1, EM-RM-320a.2, EM-RM-540a.1, EM-RM-540a.2, EM-RM-540a.3	3	46-59
Enhancing the low-carbon (LPG/LNG) business model	●●●	●●●	305 (Emissions)		11, 13	14-19
Establishing the zero carbon (hydrogen/ammonia) business model	●●	●●●	305 (Emissions)		7, 13	14-17, 20-21
Energy efficiency in business sites and the expansion of renewable energy use	●●●	●●●	302 (Energy)		7	42-43
Human rights, anti-discrimination and equal opportunity	●●	●●●	406 (Non-discrimination)		5, 10	72-75
Integrated financial/non-financial risk management	●	●●●				44
Working environment and human resources development	●●●	●	404 (Training and Education)		3	68-71
Protecting customer information and establishing digital platforms	●●●	●	418 (Customer Privacy)		16	58-59
Supply chain management	●●●	●●	308 (Supplier Environmental Assessment), 414 (Supplier Social Assessment)			76-78



# Materiality Assessment

## Activities to Address Material Issues

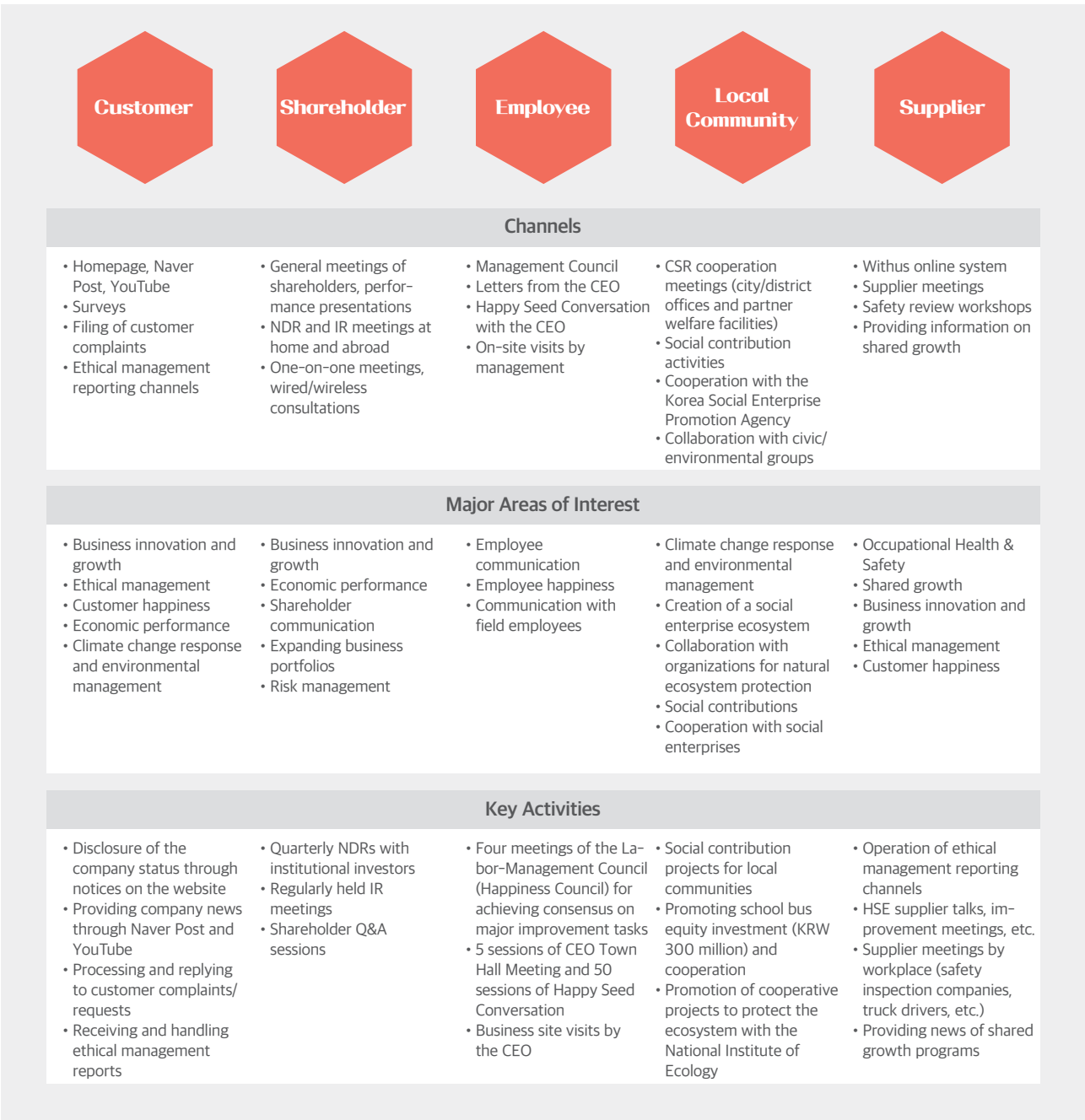
SK Gas establishes countermeasures and goals for core issues to proactively manage risks, and the results of materiality assessments are reflected in ESG management missions and implementation strategies after reporting to the management and board of directors.

Material Issue	Materiality of Issues	Countermeasures	Goals
Climate Change Responses and Efforts to Reduce Greenhouse Gas Emissions	Climate change is an important challenge collectively faced by the global community. Efforts to reduce greenhouse gas emissions at the corporate level have become an essential element of conducting business. In response to the growing emphasis on tackling the climate change crisis, the gas industry must strengthen its sustainable business portfolio to achieve a transition from fossil fuels to new and renewable energy and establish eco-friendly strategies in the process of gas storage and trading. Such changes will minimize corporate financial risks arising from the energy crisis and the diversification of supply and minimize social and environmental risks to the community from climate disasters.	To cope with climate change, SK Gas is pursuing a portfolio shift across its business, focusing on fulfilling its role as a Net Zero Solution Provider. SK Gas is expanding its scope of business by using LNG, a low-carbon energy, as an Eco Bridge to achieve net zero. Furthermore, it is pursuing a drastic transition to hydrogen and ammonia, which are carbon-free sources of energy. In addition, we are striving to respond to climate change and reduce greenhouse gases by establishing a climate change system centered on the CEO to respond to major risks.	2024 <ul style="list-style-type: none"><li>Seawater heat exchanger</li><li>PPA primary procurement</li></ul> 2030 <ul style="list-style-type: none"><li>Introduction of electric heaters</li><li>PPA secondary procurement</li><li>Achievement of Net Zero</li></ul>
Occupational Safety and Health	With the recent implementation of the Serious Accident Punishment Act, the government's occupational Health & Safety regulations have been strengthened, and accordingly, the importance of corporate occupational Health & Safety has increased. In the case of gas businesses dealing with high-pressure and high-temperature facilities and chemicals, there is a high risk of safety accidents during processing and distribution. This has many significant impacts on a company, including the financial impact of direct and indirect costs caused by disasters, social and environmental impacts from labor-management relations, atmosphere in business sites, and awareness regarding the company. As a result, companies must improve their sustainability by creating secure workplaces and systematically conducting management and supervision.	Focusing on the Health & Safety environment (HSE) management policy, SK Gas formed the HSE Committee, an organization responsible for company-wide Health & Safety decisions, and the HSE Implementation Team, an organization dedicated to establishing Health & Safety strategies and inspecting on-site implementation. Through HSE-level diagnosis and risk assessment, we thoroughly manage workplace Health & Safety risks in accordance with the strengthened Health & Safety laws and further expand these efforts to establish a customer safety management system.	<ul style="list-style-type: none"><li>Zero major accidents in business site and demand sites</li><li>Lost-Time Injuries Rate (LTIR) of 0.1</li><li>A rating in HSE level diagnostics (4.0)</li><li>Implementation of the HSE master plan</li></ul>

# Stakeholder Communication

SK Gas has subdivided major stakeholders into customers, shareholders, employees, suppliers, and community based on our business value chain. By operating specialized communication channels for different groups, the company collects opinions and identifies needs that may differ by stakeholder. SK Gas operates an efficient management system so that the needs and interests of stakeholders collected through various communication channels can be practically reflected in its business activities.

## Channels and Core Issues by Stakeholder



## Interviews with Stakeholders

### Q&A



Kim Yeon-geun,  
Chairman of the Board of  
Directors

**Q. How do you feel as the new chairman of the board?**

**A.** For the past three years, I have served on the board of directors and Audit Committee of SK Gas and presented opinions from an expert perspective on various issues in the company's important decision-making process. I have high expectations and I feel a heavy responsibility for my expanded role as chairman of the board of directors from 2023, while also preparing for the company's future growth. Based on my long experience and expertise as an accounting, tax, and finance professional, I would like to fulfill my role in the important direction of pursuing sustainable growth with all stakeholders around the company and the global business environment.

**Q. How would you evaluate the environment in which the board of SK Gas conducted its activities?**

**A.** SK Gas achieved KRW 8 trillion in consolidated sales and KRW 300 billion in pre-tax profits in 2022. In this process, the board made key decisions on power generation, LNG and hydrogen projects 15 times a year. The board was also briefed on ESG management's response to climate change and approved the company's improvement and management plans for occupational safety and health. I believe that the board of directors of SK Gas operates in an environment in which outside directors can conduct key reviews and risk inspections, and fully understand and express opinions on major decision-making considerations other than the director's expertise.

**Q. What are the key points of future board activities?**

**A.** As a Chairman, I intend to focus on two aspects. First, we will ensure that the board is an independent and professional decision-making body. Based on our experience and expertise, we will provide clear opinions on how to check and manage major risks related to accounting, tax, and finance, and we will do our best to ensure that all professional board members freely exchange opinions and make correct decisions. Secondly, we will become a future-oriented, sustainable management-oriented decision-making body to meet the level required by the Global Financial Society. We will try to make SK Gas a global leading company as a Net Zero Solution Provider for the new era.

### Q&A



Na Jong-ho,  
Director of HSE  
Promotion Team

**Q. Please introduce the implementation strategy of SK Gas in regard to safety and health.**

**A.** Since 2021, SK Gas has established and executed detailed tasks in four areas: (1) establishing an autonomous safety culture, (2) strengthening employees' safety capabilities, (3) internalizing the safety system, and (4) preemptively responding to changes in laws and regulations. We continue to invest actively in improving facilities and training manpower in the field of Health & Safety environment for accident prevention and environmental protection (HSE), and also support the establishment of Health & Safety systems for suppliers and customers to create a safe and healthy energy supply ecosystem.

**Q. What were your key achievements in 2022?**

**A.** In order to establish a safe working environment, on-site safety management standards are clarified, potential risks such as aging facilities and violation of safety rules are identified in advance, and improvement plans are established and action is taken to prevent accidents. In particular, to thoroughly implement improvements and receive active feedback from field employees, a safety observation system (SKeeper) is established to register, review, and establish improvement plans and then report improvement results online. In addition, we selected items essential for on-site safety management, such as scaffolding installation and employment costs for work monitors. Based on on-site inspections, we found companies with excellent local safety management capabilities and selected such construction companies in order to create an environment that can meet our strengthened safety management standards. We established our own diagnostic system to confirm the implementation of HSE management procedures in business sites and identify vulnerabilities. A total of 19 items are evaluated in four areas, namely the safety leadership of management, the adequacy of procedures, the HSE capabilities of employees, and compliance. The quantitative evaluation results are reflected in the performance evaluations of the business sites.

**Q. What are your key plans or focus points for 2023?**

**A.** One of the company's key Health & Safety initiatives in 2023 is the creation of a safe LPG supply ecosystem in South Korea. Through our regular safety inspection service system for LPG facilities, we will distribute safety management manuals and provide coaching on-site so that clients such as filling stations and industries can operate the facilities safely at all times. For small business partners, we plan a safety win-win program to prevent accidents and comply with laws by supporting them to establish a Health & Safety management system through consulting.

**Q. What are some of the key points emphasized in regard to Health & Safety (commitment to practice HSE)?**

**A.** All employees of SK Gas have promised to implement the following principles, keeping in mind that safety, health, and the environment are the top values we should keep and the foundation for everyone's happiness. ① We thoroughly implement HSE-related laws and internal regulations and voluntarily and enthusiastically participate in accident and environmental pollution prevention activities. ② We constantly strive to ensure that HSE practices are internalized and established as a culture for all of us. ③ With HSE as the standard for all actions, we fulfill our social responsibility of respecting humans and preserving the environment. The management, including the CEO, will take the initiative and do their best to achieve the world's highest level of Health & Safety management by practicing field-oriented safety leadership following the above principles.



# Interviews with Stakeholders

## Q&A

**Q. Hello, please give us an introduction to the company.**

**A.** Global Technical Solution (GTS) is a company that operates a mechanical equipment manufacturing business in Ulsan, which was established in 2009. It is a leading construction company located in Ulsan, South Korea's leading industrial city. It has been in business relations with SK Gas for 15 years as a shared growth partner and carried out a total of 11 construction projects (about KRW 800 million) in 2022.

**Q. Please briefly explain how SK Gas selects excellent partners.**

**A.** We acquired the international standard ISO 9001 and 45001 certifications with "customer satisfaction", "safety and quality compliance" and "cost reduction" as the most important management policies. At the end of last year, SK Gas held regular meetings with business partners and selected us as an excellent partner. I am very pleased that we were recognized for running the company at a high ESG management level, which is appropriate for the Global Leader level.

**Q. What are some improvements you wish to see in regard to ESG management or in relation to SK Gas?**

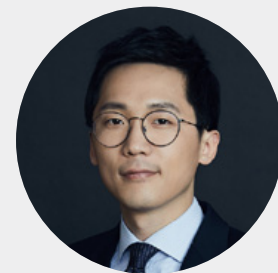
**A.** Due to the nature of the construction industry, the perspectives of the company and those of outside entities may vary regarding the management of construction. In the end, this is a costly aspect in terms of management. Internally, there is a lack of skilled workers due to the age of construction workers, and a lack of understanding and awareness of ESG requirements at the global level. I hope there will be more opportunities to communicate and cooperate in pursuit of co-prosperity between companies, as there are areas in which we need greater understanding of deficiencies and advisement and cooperation with each other.



Son Mu-hyung,  
CEO of GTS Co., Ltd

**Q. From a lawyer's point of view, why is human rights management necessary for companies?**

**A.** Human rights management is necessary to comply with domestic and international regulations. Basic human rights issues such as workplace harassment, sexual harassment, serious accidents, and personal information protection are regulated by domestic laws. In addition, laws requiring human rights due diligence are being introduced in Europe, and domestic exporters are subject to direct or indirect application of the Human Rights Due Diligence Act, so preparations are needed. However, human rights management means more than just compliance with the law. Human rights management consists of efforts to respect the human rights of everyone that a company encounters in the process of running a business and to act responsibly so as not to negatively affect their human rights. Companies need to think about the direction of their management activities to meet society's demands and expectations.



Min Chang-wook,  
Lawyer at the law firm Jipyeong

**Q. In what areas is SK Gas performing well?**

**A.** SK Gas made a declaration of human rights management in April 2020, and conducted a human rights impact assessment over the past three years. It is also meaningful that the company conducts an annual human rights impact assessment according to the guidelines of the National Human Rights Commission of the Republic of Korea. Furthermore, SK Gas conducted an in-depth human rights impact assessment with Jipyeong for six months from January this year. We met and interviewed more than 10% of the employees, investigated the grievances of all resident suppliers at the headquarters and terminals, visited filling stations to examine the sites, and went to Ulsan Industrial Complex to listen to representatives of residents and NGOs. It is meaningful that we have started sincere dialogue with various stakeholders on the subject of human rights.

**Q. What directions should SK Gas take in the future?**

**A.** First of all, it is important to explain the results of this human rights impact assessment and the company's actions to stakeholders and resolve major human rights issues one by one. Some issues can be difficult for field practitioners to respond to immediately. It is necessary to improve the company's human rights policy and governance from a long-term perspective and to improve the grievance process to increase overall human rights management capabilities. We hope that SK Gas will be able to continue the dialogue on human rights by meeting more stakeholders steadily.

**Q. Please introduce us to Anna's House.**

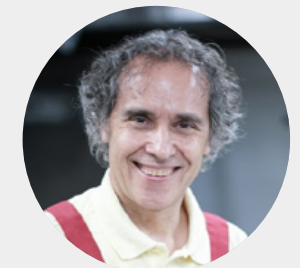
**A.** Anna's House, which celebrated its 25th anniversary this year, is a social welfare corporation that supports children, teenagers and homeless people and serves meals to approximately 550 homeless people every day. In addition to the homeless, we operate group homes (community homes), medium and short-term shelters for youth, and hideouts, which we describe as trucks to protect teens and children. Hideouts is a program that aims to support the minds of teenagers who have run away from home and improve the quality of their lives through counseling, education, and food provision.

**Q. How did your relationship with SK Gas begin?**

**A.** Due to the suspension of many free food service centers due to the COVID-19 pandemic in early 2021, the food insecurity of elderly people living alone and homeless people in welfare blind spots emerged as a social problem. In response, SK member companies based in Seongnam City started donating meals and clothes to Anna's House. With the aim of establishing a safety net to prevent food insecurity in the community, SK Gas began to support Anna's House in earnest from 2022, and approximately 70 employees (including redundant number) participated in the community service project during 2023.

**Q. What are the effects of companies participating in social contribution?**

**A.** Companies are acting as a bridge between individuals and countries by practicing their social responsibilities. In reality, governmental support is very insufficient, and it takes a lot of time and procedures to determine the receipt of public support. For visitors to Anna's House, however, each day is directly linked to survival, and businesses play an important role in filling the shortages in public assistance. It is also important to empathize and identify with other people through eye contact, welcoming gestures, and loving attitudes. An individual's sincere attitude is what is most needed, along with the active participation of volunteers. We look forward to expanding the interest and participation of companies and individuals.



Kim Ha-jong,  
Priest at Anna's House



## Focus One. Net Zero

SK Group takes climate change issues very seriously. In 2021, all its subsidiaries, including SK Gas, jointly declared a commitment to achieving net zero. SK Gas established a roadmap for reaching net zero, with “Net Zero Operation” and “Net Zero Solution Provider” as its strategies. The scope of these strategies cover greenhouse gases emitted throughout the entire value chain, beyond the primary goal of achieving net zero at the workplace. In addition, the workplace goal of achieving net zero by 2035 (declared in June 2021) was initially established based on the existing BAU standards, but the target deadline has been shortened to 2030 in accordance with the Science-Based Targets Initiative (SBTi).



\*As the SBTi Oil & Gas Industry Guide has not yet been released, we will perform self-verifications according to the General Guide.



## Governance

## Role of the Board of Directors

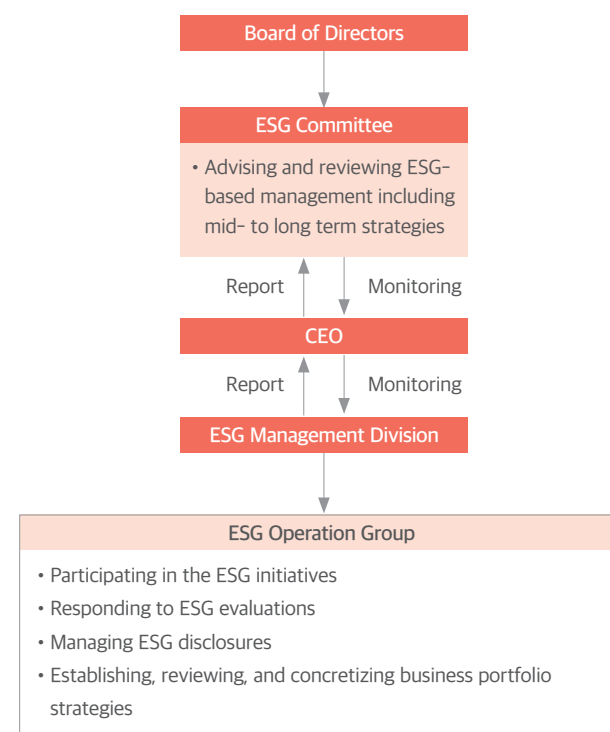
The ESG Committee of SK Gas is responsible for assuring sustainable growth by developing the company's mid- to long-term climate change management strategies and conducting consultation and reviews for ESG management. The committee also oversees climate-related response activities within the organization. SK Gas conducts regular and ad hoc monitoring of climate change responses and management plans, reviews implementation results to formulate plans, and reports the results to the Board of Directors. The company is also taking action to manage, evaluate, and mitigate its climate change-related risks.

## Role of Management

To respond to major company-wide risks including climate change, SK Gas operates a company-wide C-level Council led by the CEO. The C-level Council is the company-wide control tower for risk management. The head of each business unit, the head of the Business Support Division, the head of the Strategy Center, and the ESG Team participate as members of this council, and the CEO is responsible for making important decisions throughout the company as the chief decision-maker. In the biweekly C-level Council meetings, the ESG Team reviews current risks and opportunities in climate change-related operations and strategies, reports the results, and prepares CEO-centered discussions and countermeasures. In this manner, the C-level Council, a company-wide consultative body, identifies, manages, and actively handles major climate change risks and opportunity issues that may occur throughout the entire value chain. Major agenda items are reported to the BOD and ESG Committee through the CEO. Agenda items discussed in the council are reported to the BOD and the ESG Committee through the CEO. In addition, we strive to become a global ESG leader by establishing a climate change response system to reduce company-wide greenhouse gas emissions, setting Net Zero goals, and reflecting the operational performance of the annual ESG management infrastructure plan in the CEO KPI.

In 2021, the ESG Committee approved “Net Zero Solution Provider” as the new identity for SK Gas. With this new mission-driven identity, SK Gas is laying the company-wide groundwork for responding to climate change and transitioning to a low-carbon, zero-carbon business. The BOD will play a central role in continuously monitoring the implementation of realistic carbon reduction goals and provide phased energy transition solutions.

[Climate Governance]

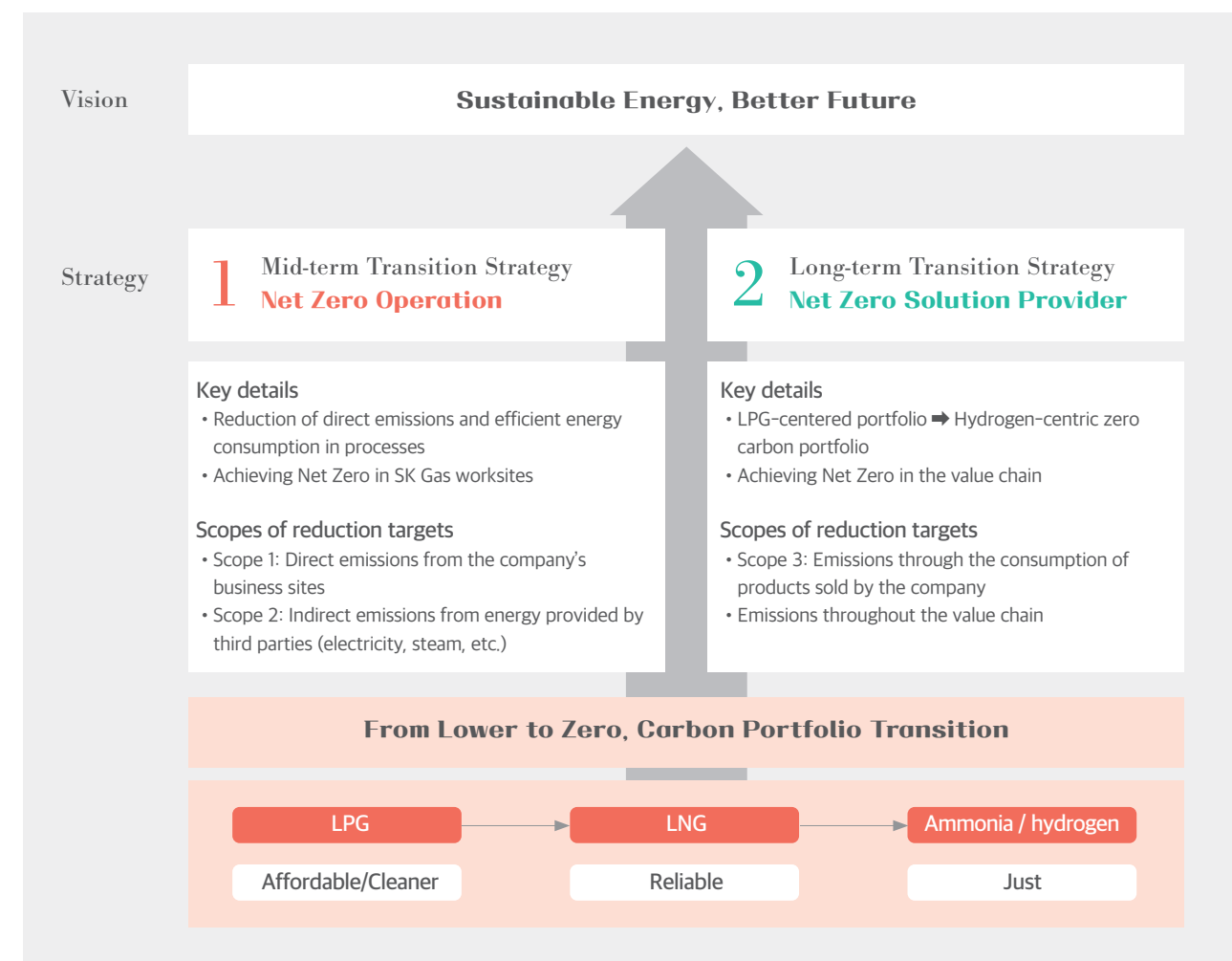


## Strategy

## Climate Change Response System

SK Gas is striving to realize its vision of “Sustainable Energy, Better Future” through a long-term strategy as the company grows to become a net zero solution provider, while also implementing its short-term strategies for net zero operations. The characteristics of the LPG business are economic feasibility and supply stability. Due to these characteristics and lower carbon emissions compared to other fossil fuels, LPG has come under the spotlight as an energy source for achieving carbon neutrality and effective climate responses. Securing a stable energy source that serves as the core infrastructure for society is one of the major challenges facing every nation.

SK Gas will contribute to solving social problems through the stable supply of economical, low-carbon, and eco-friendly energy. To this end, the company will establish climate change governance and strengthen its own carbon-neutral capabilities, while boosting its resilience for responding to climate change. SK Gas plans to first establish its own net zero roadmap and then achieve net zero operations. The company will balance its twin objectives of business growth and environmental impact reduction by expanding its eco-friendly hydrogen and ammonia businesses and creating a better future through sustainable energy, in keeping with our vision statement, “Sustainable Energy, Better Future.”

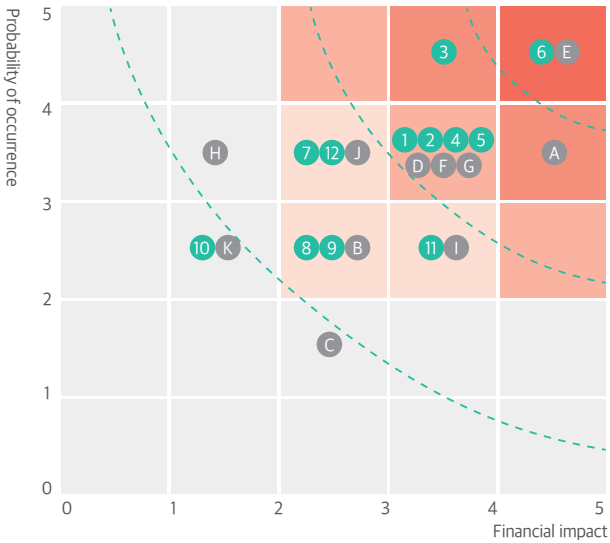


# Focus One. Net Zero

## Climate Change Scenario Analysis

SK Gas defined climate change factors expected to impact the company in terms of policy, market, technology, reputation, and climate, based on the environment surrounding its domestic and overseas energy businesses. It also reviewed response methods from short-term, medium-term, and long-term perspectives. The short, medium and long-term perspectives were set based on the year in

[SK Gas Climate Change Risk and Opportunity Materiality Assessment]



Category	Risks
Policy	1. Increased carbon tax burden for LPG business
	2. Increasing adoption of eco-friendly electric vehicles and hydrogen vehicles
	3. Reinforcement of energy GHG target management systems
	4. Increased carbon tax rate and tightened eligibility for emission trading systems
	5. Introduction of renewable energy and expansion of RPS
Market	6. Decreased demand for LPG and lowered profitability due to the net zero policy
	7. Price hike due to intensifying competition for LNG procurement
	8. Slowing down of market growth due to green hydrogen
Reputation	9. Reputational risk from unmet carbon-neutrality goals
	10. Decrease in the value of investments in the fossil fuel business
Physical risks	11. Increase in capital investment costs and insurance premiums
	12. Increased costs of facility management and prevention

which the business transformation and climate change goals are to be achieved. Recognizing that the energy industry is expected to have a significant impact on climate change, SK Gas evaluated its energy business based on the scenarios set by the IEA. The company compared and analyzed the 1.5℃ scenario (NZE2050) and the 2.6℃ scenario (STEPS) to assess the achievement of net zero by 2050. According to the global milestones in the 1.5℃ scenario (NZE2050), LPG and LNG will grow in importance and value as economical, stable, and clean energy sources for achieving carbon neutrality. However, as carbon emission regulations applicable to business sites will be strengthened through the phase-out of all coal-fired and oil power plants by 2040, risk factors still remain. It is also possible that the demand for low-carbon energy, including hydrogen, will increase in the mid-to-long term. SK Gas is aware of the opportunities and risk factors of the 1.5℃ scenario (NZE2050), and the company wishes to reflect these factors in the management of its “Net Zero Operation” and “Net Zero Solution Provider” business strategies.

SK Gas generated a pool of climate change risks and opportunities by conducting industry analysis and literature research and performed materiality assessments based on financial impacts and the probability of occurrence. The top four climate change factors with high financial impact and likelihood, as determined by our analysis, are related to national energy policies and markets.

Category	Opportunity factors
Policy	A. Growing demand for LPG and LNG products and short-term market expansion
	B. Transition to renewable energy & a green hydrogen-centered power supply syste
	C. Increased government support for low-carbon energy and reduced technology development costs
Market	D. LNG business expansion in South Korea and abroad
	E. Increase in market demand for LPG and LNG and increase in sales
	F. Increased portion of eco-friendly fuel source
Technology	G Increasing demand for low-carbon energy sources such as hydrogen and LNG
	H. Expansion of renewable energy generation
Physical risks	I. Expansion of CCUS technologies
	J. Sales increase through low-carbon energy sources
	K. Sustainable growth of the eco-friendly and low-carbon energy market in response to the intensification of natural disasters

In the context of the national policy of net-zero, there may be risks arising from the strengthening of energy GHG target management systems, decreasing LPG demand, and declining profitability. However, it is also possible that sales may rise due to short term and mid to long term increases in demand for LPG and LNG. SK

Gas plans to manage climate change risks and opportunities based on materiality assessments. SK Gas will update its assumptions as necessary to reflect the latest conditions, in consideration of the scenarios set by the IEA, and continue to deepen its scenario analysis.

## Climate Change Risk Factors

Category		Risk Factors	Scenario	Financial impact	
Conversion risks	National energy policy	Reinforcement of the net zero policy and taxes / regulations on carbon emissions	1.5°C (NZE2050)	Short-term and Mid-term	<ul style="list-style-type: none"><li>• Introduction of renewable energy and the expansion of RPS</li><li>• Introduction of more eco-friendly electric vehicles and hydrogen vehicles</li></ul>
				Long-term	<ul style="list-style-type: none"><li>• Increased carbon tax rates and tighter eligibility criteria for emission trading systems</li><li>• Increasing number of countries adopting emission trading systems</li><li>• Increased carbon tax burden for the LPG business</li><li>• Global expansion of shipping and air emission trading systems</li></ul>
			2.6°C (STEPS)	Short-term and Mid-term	<ul style="list-style-type: none"><li>• Reinforcement of energy GHG emissions target management system</li></ul>
	Market	Changes in energy demand (natural gas)	2.6°C (STEPS)	Short-term and Mid-term	<ul style="list-style-type: none"><li>• Price hikes due to intensifying competition for LNG procurement</li></ul>
				Long-term	<ul style="list-style-type: none"><li>• Deceleration of market growth due to green hydrogen</li></ul>
		Changes in energy demand (non-fossil fuels)	1.5°C (NZE2050)	Short-term and Mid-term	<ul style="list-style-type: none"><li>• Decrease in mid-term LPG demand due to the net zero policy</li></ul>
				Long-term	<ul style="list-style-type: none"><li>• Decline in LPG profitability due to the net zero policy</li><li>• Increased risks and uncertainties related to market transition</li></ul>
	Reputation	Changes in investment standards with a preference for low carbon / decarbonization businesses	1.5°C (NZE2050)	Short-term and Mid-term	<ul style="list-style-type: none"><li>• Decreased value of investment in the fossil fuel business</li></ul>
				Long-term	<ul style="list-style-type: none"><li>• Reputational risk from unmet carbon neutrality goals</li></ul>
	Physical risks		Measures to raise awareness of meteorological disasters and provide support	2.6°C (STEPS)	Short-term and Mid-term
Long-term					<ul style="list-style-type: none"><li>• Intensification of weather disasters and supply chain delays</li></ul>

## Climate Change Opportunity Factors

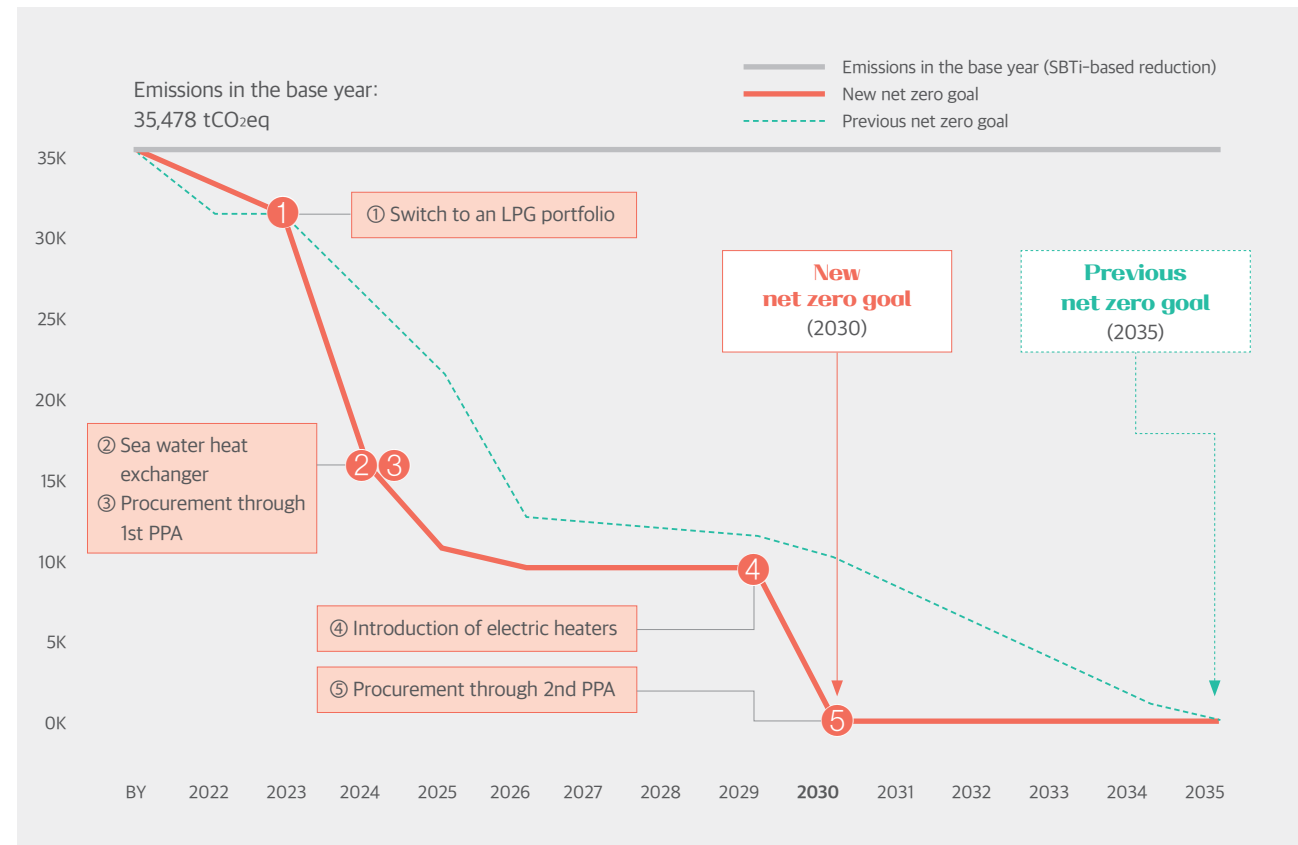
Category	Opportunity factors	Scenario	Financial impact	
National energy policy	Implementation of national policies for the large-scale introduction of renewable energy sources	1.5℃ (NZE2050) 2.6℃ (STEPS)	Short-term and Mid-term	• Growing demand for LPG and LNG products and short-term market expansion • Power supply system conversion focusing on renewable energy & green hydrogen
			Long-term	• Expanding government support for low carbon energy and reducing technology development costs
Market	Changes in energy demand (natural gas)	2.6℃ (STEPS)	Short-term and Mid-term	• LNG business expansion at home and abroad • Increase in demand and increase in sales in the LPG and LNG market • Increasing market share of eco-friendly fuel sources
			Long-term	• Growing demand for low-carbon energy sources such as LNG
		1.5℃ (NZE2050)	Short-term and Mid-term	• Growing demand for hydrogen net-zero energy solutions
			Long-term	• Expansion of CCUS technologies
Technology	Advances in renewable energy and CCUS technology	1.5℃ (NZE2050)	Short-term and Mid-term	• Expansion of renewable energy generation
			Long-term	• Expansion of CCUS technologies



# Focus One. Net Zero

## SK Gas Climate Change Response Strategy

### SK Gas Net Zero Roadmap



In order to actively reduce greenhouse gas emissions, SK Gas revised its net zero target for 2035 (declared in June 2021), which had been previously established based on BAU. The new target deadline was pushed up to 2030 in accordance with the Science Based Targets initiative (SBTi) standards.

The newly established Net Zero Roadmap is part of the directional efforts of SK Gas to become a Net Zero Solution Provider, which is its mid- to long-term strategic goal. We seek to achieve this by converting the LPG business portfolio, introducing seawater heat exchangers, reducing Scope 1 through the introduction of electric heaters, converting electric vehicles, and reducing Scope 2 through the procurement of PPA.

In addition, SK Gas is actively participating in net zero efforts by voluntarily joining various global initiatives. It participated in the CDP Climate Change sector for the first time in 2021 and earned a leadership rating of A- in 2022. (The oil & retail industry average was C, and the global average was C.)

In addition, we sought to meet global expectations for our environmental management system by obtaining the ISO 14001 certification and disclosing the TCFD's recommendations. SK Gas established a new net zero goal, further cementing its commitment to achieving this aim. We will solidify our new identity as a "Net Zero Solution Provider" and become an eco-friendly energy company that provides energy conversion solutions to diverse customers and stakeholders who are struggling to respond to climate change.

### Introduction of Seawater Heat Exchangers

When propane arrives, propane at a temperature of approximately -40°C is heated to approximately 3°C using an LPG heater and stored in a cavern, and the greenhouse gas emitted during this process comprises 65% of the company's total emissions. SK Gas plans to reduce greenhouse gas emissions by approximately 50% by 2024 by adopting a seawater heat exchanger designed to vaporize liquid LPG into sea water heat, as an alternative to LPG heaters.

### Adoption of Electric Heaters

SK Gas plans to adopt electric heaters in 2030 to reduce the remaining 50% of greenhouse gas emissions. After the adoption of seawater heat exchangers and electric heaters, greenhouse gas emissions from LPG use will be zero, but greenhouse gas emissions (Scope 2) will increase as electricity consumption occurs due to the use of electric heaters. The increase is planned to be offset through means such as PPA through RE100 implementation in our renewable energy strategies, to ultimately achieve net zero.

### Implementation of RE100

SK Gas plans to reach completely eliminate greenhouse gas emissions from mobile combustion by 2030 by means of gradually converting its diesel, gasoline and LPG cars into electric vehicles. Additional power demand from the introduction of electric vehicles and electric heaters will be offset by the first PPA in 2024 and the second PPA in 2030.

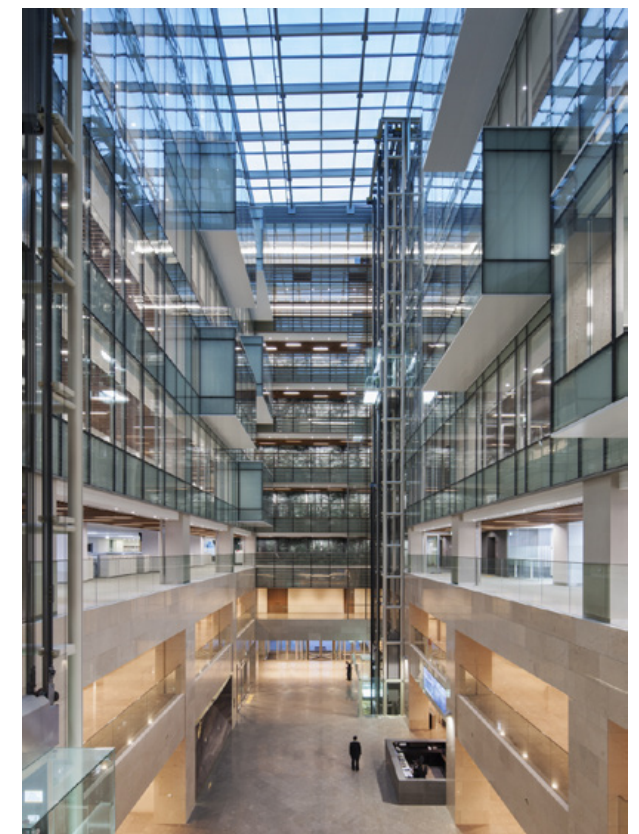
### Expanding Employee Participation in GHG Reduction Activities: Haenggarae

SK Gas is happily reducing greenhouse gas emissions in daily life together with all its employees. Greenhouse gas reduction activities in daily routines are practiced through the mobile app called Haenggarae. Employees engage in using the stairs rather than the elevator, walking short distances, cutting down on food leftovers, and using tumblers rather than disposable cups.

### Expansion of Solar Power Generation Facilities in Business Sites

SK Gas uses electricity generated through renewable energy facilities (solar power generation) in its business sites and strives to reduce greenhouse gases by acquiring renewable energy through REC purchases. In 2022, KRW 400 million was invested in purchasing a Renewable Energy Supply Certificate (REC) to achieve our objective of reducing greenhouse gas emissions by approximately 2,500 tCO<sub>2</sub>eq. We also reduced greenhouse gas emissions by 493 kg by means of installing solar power facilities at business sites (Ulsan, Pyeongtaek, and G.Hub) in addition to the solar facilities in operation at the headquarters.

In addition, by participating in the Demand Resource Trading Market Project (Demand Response Project), we achieved more than 153% of the reduction target in the terms of the contract, with an additional reduction of 174 kg (42 pine trees born from 2015 to 2020), and thereby saved approximately KRW 1.97 million in costs.



SK Gas ECOHub

# Focus One. Net Zero

## Risk Management

SK Gas aims to identify climate-related risks in advance and prevent their occurrence throughout the entire course of its management activities. To this end, we integrated non-financial risks such as environmental and social issues into our regular corporate risk management system.

Transition risks and physical risks will have direct and indirect effects on the financial and non-financial performance of SK Gas. The company's climate-related risks vary depending on geographic locations and industrial characteristics associated with its LPG business such as specific operations, supply chains, customers, and other factors.

We conduct ESG materiality assessments of climate-related risks based on the probability of occurrence (short-term, medium-term, long-term) and the degree of financial impact (capital raising and profit-loss changes due to specific projects and investments) and the report the findings to management.

The management reviews responses by considering the actual and potential impact of climate-related risks and opportunities on management activities and profit. We also periodically review international agreements, government climate goals, and the company's net zero initiative goals and activities. In 2022, we set a new net zero goal in line with the Science-Based Target Initiative (SBTi) standards.

### Identification of climate-related risks

- When investing in a new business or conducting a project with high climate-related risks, the ESG department and the working departments, such as the divisions on strategy, business implementation, and operations, apply global sustainability standards to identify significant risks to SK Gas.

### Climate-related risk assessments

- The ESG department evaluates investments and business risks by taking into account climate-related risk criteria (risk scale, operational activities and capabilities, commitment to risk mitigation, etc.)
- The evaluation range can be adjusted according to the characteristics of the sectors of SK Gas and the characteristics and size of operations and transactions, and metrics are set according to the evaluation results.

### Management

- For investments and business projects with high climate-related risks, we enact improvements through management methods in partnership with the project manager with the approval of the CEO, based on reviews conducted by regular internal staff and the advice of external experts and explore the possibility of switching to sustainable business projects.
- We reduce the manageable risk exposure of climate-related metrics and determine targets for feasible improvements.

### Reporting results

- The ESG department reports the level of exposure to climate related risks, the level of implementation according to established metrics and targets, and the results of monitoring.
- Policies for climate-related risk management are implemented by business sector, and we collect and analyze data such as greenhouse gas emissions.
- The accuracy, clarity, comparability, timeliness, etc. of public information such as the identification, assessment, and management of climate related risks are subject to external audits.

## Metrics and Targets

SK Gas has committed to achieving net zero by 2030 and established indicators to manage its goals, opportunities and risk factors. In the case of Scope 1 and 2, we plan to achieve our objectives through facility improvement and PPA. For Scope 3, we plan to achieve Net Zero by 2050, and are reviewing the specific methods of implementation.

### GHG Emissions

Category	Unit	2020	2021	2022	Target by 2023
Scope 1	tCO <sub>2</sub> eq	23,992	23,481	23,817	20,955
Scope 2	tCO <sub>2</sub> eq	10,100	11,997	8,566	10,792
Scope 3	tCO <sub>2</sub> eq	-	11,601,210*	12,632,784**	-
GHG intensity	tCO <sub>2</sub> eq/sales (KRW billion)	7.73	5.46	5.05	5.05

\*Range of calculation: All categories from 1 to 15

\*\*Range of calculation: Category 1, 10, and 11 (Accounting for 97.9% of total emissions as of 2021)

### Energy Consumption

Category	Unit	2020	2021	2022
Fuel	ton	8,077	7,853	2,079
Electricity	MWh	21,435	25,170	23,487
Steam	Gcal	-	2,883	7,888
Energy intensity	TJ/KRW billion	0.14	0.11	0.10

### Greenhouse Gas Reduction Efforts and Net Zero Achievement Roadmap

Indicator	Content	Unit	2020	2021	2022	2023	2024	2025
Emissions	Goal	t/co <sub>2</sub>	Base year	33,146	32,409	31,747	27,622	21,295
	Total emissions	t/co <sub>2</sub>	34,092	35,478*	32,382	-	-	-
Energy consumption reduction	Seawater heat exchangers (for ships)	t/co <sub>2</sub>	360	376	381	390	500	500
	Seawater heat exchangers (large capacity)	t/co <sub>2</sub>	-	-	-	-	4,651	8,801
	Adoption of eco-friendly vehicles	t/co <sub>2</sub>	-	-	-	-	-	25
Expanding the use of renewable Energy	Solar power	t/co <sub>2</sub>	14	13	27	35	40	40
	REC purchases	t/co <sub>2</sub>	-	-	2,537	4,708	5,089	-
	Green premiums	t/co <sub>2</sub>	-	1,149	-	-	-	-
	PPA	t/co <sub>2</sub>	-	-	-	-	-	11,400
Greenhouse gas reduction in products/services	Reduction through conversion from BC oil to LPG fuel	1000t/co <sub>2</sub>	38	44	49	54	59	65
	Reduction by shortening the delivery distance of Wego transit vehicles	t/co <sub>2</sub>	-	187	212	-	-	-
Reduction of greenhouse gases through the participation of employees (use of stairs through the Haenggarae app, use of mugs/tumblers, eliminating leftover food)		t/co <sub>2</sub>	-	8	12	12	12	15
Clean technology development	Areas and contents of technology development		Turquoise hydrogen technology investment	Turquoise hydrogen technology development	Turquoise hydrogen technology development	Review of ammonia cracking technology	Review of ammonia cracking technology	Turquoise hydrogen technology development

\*Despite efforts to reduce emissions in 2021, approximately 1,400 tCO<sub>2</sub>eq increased compared to 2020. Even though the 2021 emissions were verified by third parties (Scope 1,2,3) to ensure objectivity, some missing items (Headquarters electricity, steam, etc.) were found during the verification process and we added missing emissions (Approximately 1,700 tCO<sub>2</sub>eq). Excluding the missing emission effect, the emission of more than 300tCO<sub>2</sub>eq was actually reduced through efforts such as sea water heat exchangers and solar power generation



# Focus Two. Health & Safety

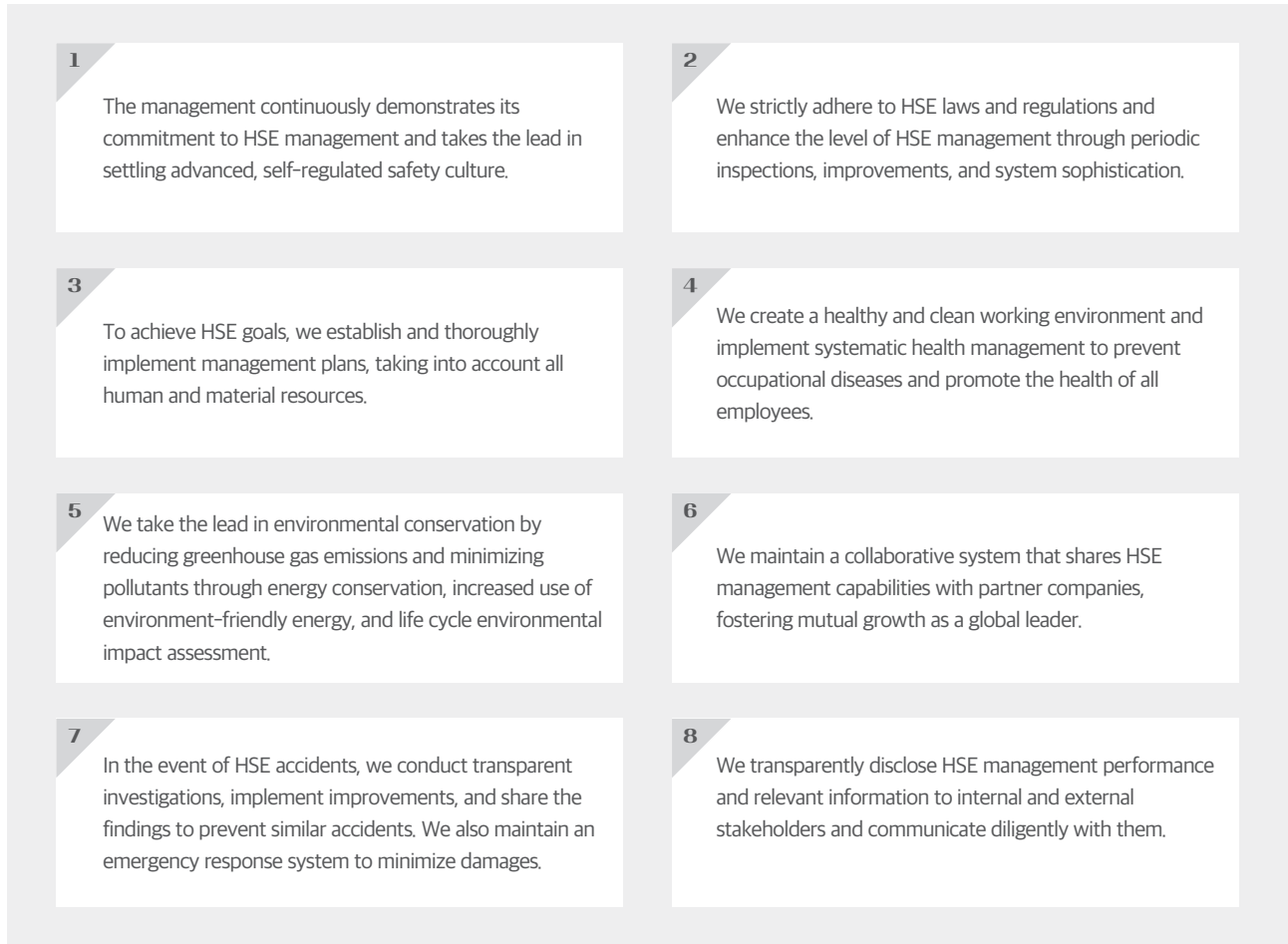
## Health & Safety Management System

### H&S | Policy

SK Gas has determined Health, Safety, and Environment (HSE) as its core management value for the happiness of all stakeholders and declared HSE its top priority policy.

The Health & Safety policy applies to all business operations of SK Gas, and its scope includes all employees (regular and contract workers, subcontractors, service providers, commissioned and special workers, etc.). Additionally, SK Gas regards partner companies, local communities, and consumers as key stakeholders to be included in the scope of the Health & Safety policy.

#### [HSE Management Policy]



### H&S | Management System

After adopting the company-wide HSE policy and HSE management system in 2016, SK Gas established a virtuous cycle of HSE (Plan-Do-Check-Action) throughout all business operations. We are dedicated to ensuring the health and safety of our employees, the workers in our partner companies, the members of local communities, and our consumers.

### H&S Management System

With the goal of completing the world's top HSE management system, SK Gas established the HSE Masterplan in 2021 and followed its roadmap to improve Health & Safety management.

The company-wide H&S management system is operated in accordance with 65 regulations and procedure documents, including the following: HSE Management Regulations, Industrial Safety Management Regulations, Industrial H&S Regulations, Chemicals Management Regulations, Accident Management Regulations, Emergency Management Regulations, Partner HSE Management Regulations, HSE Education and Training Management Regulations, and HSE Audit Management Regulations.

To track H&S hazards and risk factors, we conduct two in-house diagnoses each year, as well as diagnoses conducted by an external institution. We apply the findings of these diagnoses on hazards and risk factors to our improvement tasks. We are in the process of obtaining ISO 45001 (H&S management systems) certification to ensure that our H&S management systems accord with global business standards, and we expect to obtain the certification in the 3rd quarter of 2023.

### Performance Management

To measure the performance of our H&S systems, we selected leading and lagging indicators, which are incorporated into the annual targets of the entire company and business operations. The indicators are linked to reward programs for our employees. Each year, we utilize the Lost Time Injury Rate (LTIR) and external H&S assessments as quantitative performance indicators, which are integrated into the KPIs of key executives and business site managers. H&S management performance is considered when determining rewards and promotions.

Furthermore, leading indicators directly related to accident prevention, such as training participation rates, number of risk factors identified, number of safety rules violated, and attainment of H&S licenses, are measured when assessing the individual H&S performance of employees. Outstanding participants are recognized and rewarded monthly and annually, with rewards such as opportunities for overseas training that motivate our employees to participate in accident prevention and environmental improvement activities.

### H&S | Governance

#### Leadership of Board of Directors and Management

Key issues related to H&S are documented as regulations of the ESG Committee under the Board of Directors to be deliberated and reviewed by the ESG Committee. Each year, the CEO reports the annual H&S performance, plans for the following year, management policy, composition and roles of the managing organization, budget, and facility status to the ESG Committee. Agendas deliberated by the ESG Committee are submitted to the BOD meeting for approval.

For the CEO and management responsible for industrial H&S, the H&S KPIs are assessed and used to determine remunerations. Remunerations of the management for H&S performance are included in the Remunerations for Executives section of the semiannual and annual business reports.

#### Exclusive Health & Safety Organization

The CEO was appointed to serve as the Chief Safety Officer, and is thereby responsible for making company-wide decisions on health and safety. The HSE Committee is an executive committee composed of key executives and deliberates on company-wide decisions related to industrial H&S, and environmental management.

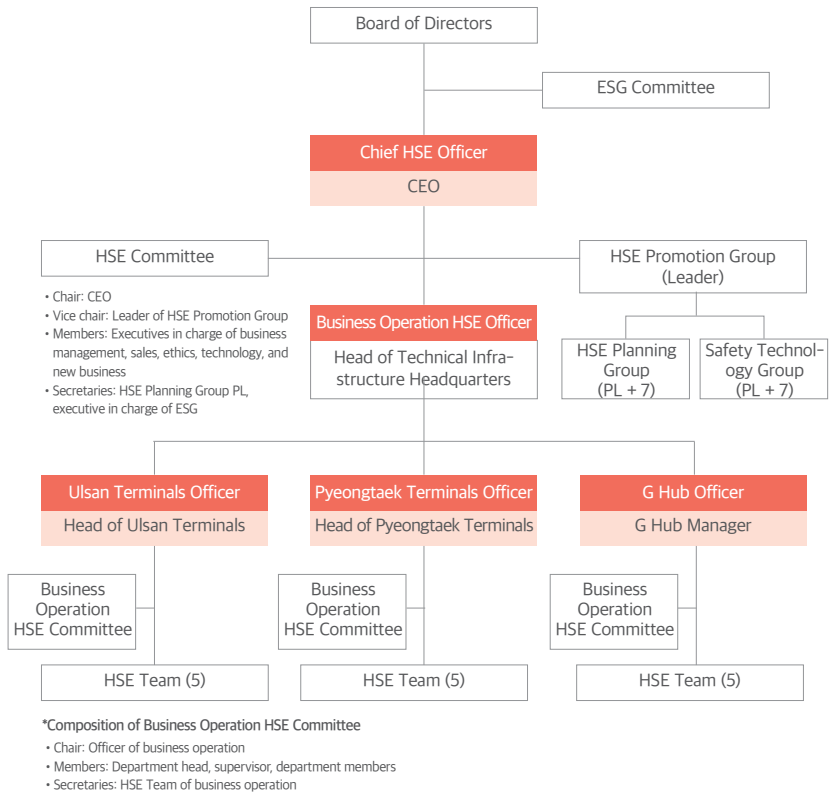
The HSE Promotion Group is a working-level organization responsible for industrial H&S and operates directly under the CEO for increased autonomy and authority. This group establishes the company's HSE management strategies and supports the execution of HSE strategies in each business operation unit.

Each business operation has an HSE Committee, which is a decision-making body comprising key position holders. The HSE Team in charge of hands-on duties executes and supervises industrial H&S policies. Within our business operations, we assign five workers as required by relevant laws (industrial safety, gas, firefighting, chemicals, environment) to manage H&S.



# Focus Two. Health & Safety

[SK Gas HSE Organization]



[HSE Organization Status (Persons)\*]

(Unit: person)

HSE Org	Executive	PL	Member	Total
HSE Group	1	2	14	17
HSE Team at operations	-	3	12	15

\*2023.1.1 기준

- [Roles]**
- **HSE Planning Group**
    - Establishing company-wide policies and regulations, creating a culture for accident prevention, training employees, conducting audits, and managing Health & Safety of the Head Office
  - **Safety Technology Group**
    - ① **Safety support**: Inspecting facility safety, reinspecting specific equipment, safety coaching for leaseholders, supporting accident handling
    - ② **Facility maintenance**: Facility maintenance, emergency dispatch and initial response
- 1) CEO  
- Chief H&S officer of the Head Office and the company
- 2) HSE Promotion Group  
- Exclusive organization for the Serious Accidents Punishment Act
- 3) Office of business operation  
- Chief H&S officer of business operation
- 4) HSE Team of business operation  
- Safety manager, health manager, etc.

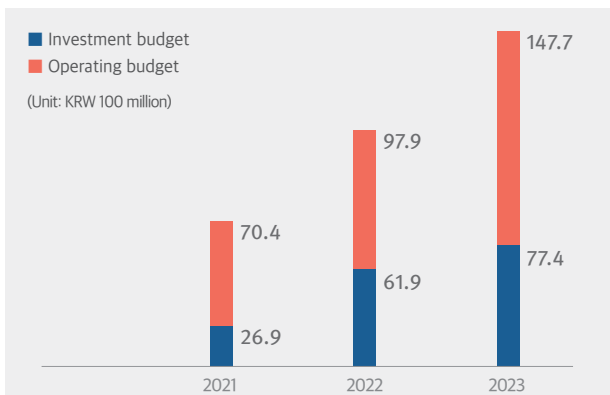
## Health & Safety Budget and Execution

SK Gas formulates and executes H&S budgets necessary to maintain H&S workers, facilities, and equipment, improve hazards and risk factors, and build a safety management system. Each year, the CEO summarizes the outcomes of executing the annual budget, establishes the budget for the following year, and reports to the Board of Directors. The budget is divided into (1) the operating budget, which includes the expenses of administering human resources and providing education and training and (2) the investment budget, which includes the costs of forming and operating systems and renovating facilities and equipment.

[2022 Major Investments]

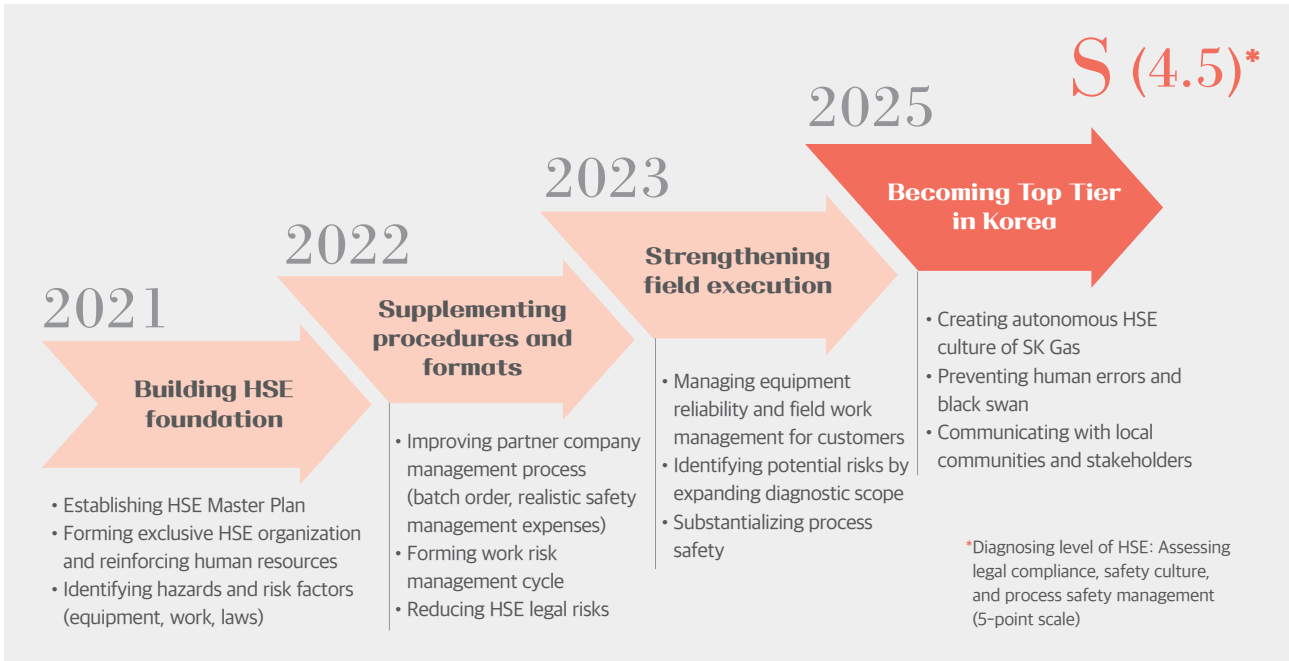
(Unit: KRW 100 million)

Category	Major Investment	Investment Amount
Prevention of industrial accidents such as falls	Improvement of vertical ladder of safety railings	7.3
Facility improvement	DCS update, old pipe replacement	13.0
Fire and emergency response	Emergency generator expansion, fire fighting facility update	16.0
Prevention of natural disaster damage	Prevention of slope collapse, construction of anti-freezing facilities at the plant	19.8
Others	Emergency room enhancements, HSE IT system improvement	5.8
Total amount		61.9



## Health & Safety Objective and Roadmap

To assure a healthy and safe working environment, SK Gas set the target of recording zero serious accidents at business operations and customer sites and achieving an LTIR of 0.1 and a HSE diagnosis grade of A (4.0 points). By executing the HSE Masterplan, SK Gas will upgrade its H&S management to the global top-tier level by 2025.



[External Assessment of HSE Management Level]

		2021	2022	2023	2024	2025
Assessment of HSE management level (5-point scale)	Assessment goal	3.0	3.8	4.0	4.25	4.5
	Assessment result	3.0	3.6	-	-	-
Autonomous safety culture	Building in-house diagnosis system	Building → Diagnosis →				
	Developing indicators and linking performance management	Developing → Linkage →				
	Establishing R&R for each lass and operating a communication committee	Establishing → Operation of communication channel →				
HSE empowerment	Enhancing effectiveness of education	Establishing system → Training Matrix / Operation of practical education →				
	Operating field safety observation system	Building system → Operation →				
	Securing competency of safety workers	Forming organization → Fostering HSE specialists →				
Sophisticated HSE system	Reorganizing safety procedures	→				
	Building PSM-based execution management system	Optimized for each stage →				
	Building HSE smart system	Sophistication of HSE IT system →				
Response to legal changes	ISO 45001 certification	Certification → Implementing →				
	Building safety ecosystem	Safety support for high-risk facilities → Building → Implementing →				
	Inspecting field safety management	Sophistication of inspection system → Inspection of high-risk work / each theme →				



# Focus Two. Health & Safety

## Health & Safety Management Activities

### Health & Safety Risk Diagnosis

#### H&S Management Diagnosis

To assure that the H&S management level of our business operations are verified from a professional and objective standpoint, we commission a specialized external institution (Korea Science Institute of Safety & Environment) and the experts of group companies to conduct HSE management diagnoses. Based on the diagnosis results, we determine directions for improving HSE management at our business operations and inspect the status of H&S law fulfillment and facility management.

The degree of understanding of the HSE management system by employees and the execution of the system at worksites are assessed. Scores are granted to about 500 assessment items, including regulations, procedures, and on-site confirmations. The assessment results are classified into six grades based on a quantitative assessment of the number of legal violations, minor non-conformities, and recommendations.



As a result of conducting HSE diagnosis at each business operation in 2022, we identified 80 non-conformities and established an improvement plan for all of them for continuous improvement. We are monitoring the improvement plans periodically.

In 2023, we aim to strengthen our fulfillment of the Industrial Health & Safety laws, which are a mandatory part of H&S management, to find additional legal risks by inspecting compliance with subordinate regulations, such as the Rules on Occupational H&S Standards.

\*Applies only Major Nonconformity

Category	Risk Level Result (Case)			Improvement Rate [%]
	Major Non-conformity	Minor Non-conformity	Recommendation	
Ulsan Terminals	16	9	151	88
Pyeongtaek Terminals	39	13	233	94
G Hub	25	35	159	98

### Identifying and Improving Hazards and Risk Factors

#### Building Hazard and Risk Factor Management Cycle

SK Gas has created a cycle for managing on-site risk factors, which ① clarifies the management standards for dangerous tasks, ② finds on-site risk factors and implements improvements, and ③ analyzes data using an IT system.

We have identified 570 risk factors through process risk assessments and monthly themed inspections and found 993 risk factors through annual work risk assessments. Additionally, we have built an integrated safety observation system to monitor the inspection results and improvement measures in real-time using a mobile app, analyzing data to be reflected in our policies.

#### [Hazards and Risk Factors Identified and Improved in 2022]

Category	First and Second Half of 2022 Combined			Improvement Rate
	Identified	Improved	Remaining	
Head Office (ECO Hub)	72	65	7	90%
Ulsan Terminals	227	208	19	92%
Pyeongtaek Terminals	180	160	20	89%
G Hub	91	81	10	89%
Total	570	514	56	90%

### Emergency Response Procedure and Training

#### Building Emergency Response System and Implementing Emergency Training

We have implemented an emergency response system to prevent major accidents and effectively respond to emergencies. We operate a 24-hour monitoring system at the site level to respond promptly to emergencies and disseminate information.

When an accident occurs, each site follows the procedures based on the emergency response level through the emergency contact network, involving the relevant departments, the situation room, and the HSE department. Additionally, we report internally and externally to local public agencies, fire departments, and emergency response organizations to minimize any impact on the surrounding area.

We have established and implemented emergency response procedures and organizational structures for different accident scenarios. Measures to prevent the recurrence of accidents have been developed and incorporated into our procedures. Regular emergency response training is conducted at each site using the predefined accident scenario, ensuring emergency preparedness.

Category	Cycle	Participating Organization
Firefighting training	Semiannual	Business operations
	Annual	Local fire stations, nearby companies
Fire evacuation training	Semiannual	Business operations
Emergency call training	Monthly	Business operations
Chemical hazard response training	Annual	Business operations
Marine pollution prevention training	Semiannual	Korea Marine Environment Management Corporation
Confined space rescue training	Semiannual	Business operations

To strengthen the capabilities of the company's in-house firefighters and instill awareness of the importance of fire accident prevention, SK Gas actively participates in the fire training and capacity enhancement programs led by the National Fire Agency. Through these training programs, our members engage in practical exercises that involve wearing protective gear when responding to fires, securing the safety of firefighters, learning firefighting techniques specific to different types of fires, team-based firefighting tactics, first aid measures, and patient transportation methods. By experiencing these scenarios, we strive to become capable of responding immediately and effectively in real-life situations.



#### Company-wide Integrated Control System

We implemented a company-wide integrated control system to detect and prevent HSE risks. This system allows us to monitor the field in real time, manage facilities in an integrated manner, and control hazardous situations. It provides comprehensive information

on safety and the environment through videos, digital twins, and indicator screens. The HSE Situation Room makes timely decisions in response to the issues identified from an integrated perspective.

#### [Current HSE Situation Room System]



\*DIP: Digital Intelligence Platform



### Health of Employees

#### Health

To ensure the well-being and health of our employees, we operate occupational disease prevention activities and health promotion welfare systems that support all employees, including non-regular workers.

To prevent occupational diseases, we analyze health examination results, measure working environments at each business operation, and investigate musculoskeletal hazards. We operate an in-depth management system for employees of the high-risk group and continuously diagnose and improve our health management system. We run various welfare systems and health programs for the well-being of our employees. We have established a new counseling program for the mental health of our employees. Every year, we listen to the opinions of our employees and strive to improve our health support welfare systems.



# Focus Two. Health & Safety

## Managing Health of Employees

Occupational Disease Prevention Activities	Operating Health Promotion Welfare Systems
<p>Conducting health examinations and identifying and monitoring occupational risks (2021-)</p> <ul style="list-style-type: none"><li>• Sorting high-risk groups and individuals with multiple diseases by analyzing health examination results</li><li>• Identifying and monitoring worksite hazards (measuring working environment, musculoskeletal hazards, job stress surveys)</li></ul> <p>Securing and operating health managers (2021-)</p> <ul style="list-style-type: none"><li>• Securing professional capabilities of individuals in charge of health</li><li>• Responding to diseases of persons with abnormal examination findings and individuals suspected of cardiovascular diseases</li></ul>	<p>Supporting medical expenses</p> <ul style="list-style-type: none"><li>• System to cover medical expenses for treating families of employees</li><li>• Paid annual leaves and leaves of absence</li><li>• Operating a paid leave system for personal diseases that require long-term care, including cancer</li></ul> <p>Protecting mental health</p> <ul style="list-style-type: none"><li>• Providing mental counseling programs to manage job stress and improve mental health (operating 'Mind Fitness' program snice 2020)</li></ul> <p>Operating a fitness center</p> <ul style="list-style-type: none"><li>• Supporting various health promotion activities by utilizing the flexible working hours system, such as company facilities, group exercises, yoga, etc.</li></ul> <p>Operating health promotion programs</p> <ul style="list-style-type: none"><li>• Forming healthy life habits through health promotion programs for individuals with underlying diseases and individuals who need observation and providing health counseling through an AI chatbot operated 24/7</li></ul>

## Goals and Execution Plans

1. Rate of occupational diseases: Zero
2. Operating health management and diagnosis program: Once a year
3. Reducing high-risk groups, such as individuals with underlying diseases: 5% or more

1. Finding health risks	2. Conducting follow-up risk management	3. Transitioning to smart mgmt. system
<p>Comprehensively analyzing health examination data</p> <ul style="list-style-type: none"><li>• Confirming vulnerable diseases by gender, age, and business operation</li><li>• Selecting high-risk groups</li></ul> <p>Finding health hazards</p> <ul style="list-style-type: none"><li>• Confirming vulnerable diseases by gender, age, and business operation</li><li>• Selecting high-risk groups</li></ul>	<p>Managing high-risk groups in depth</p> <ul style="list-style-type: none"><li>• Strengthening health counseling and follow-up examinations for high-risk groups</li></ul> <p>Enhancing health awareness and conducting health promotion activities</p> <ul style="list-style-type: none"><li>• Forming healthy life habits through health management platform and providing AI counseling 24/7</li></ul>	<p>Increasing competency of persons in charge of health</p> <ul style="list-style-type: none"><li>• Designating health-related workers</li><li>• Strengthening competency of persons in charge of health</li></ul> <p>Diagnosing health management at business operations</p> <ul style="list-style-type: none"><li>• Assessing health management levels and deriving supplementations</li><li>• Identifying and managing risks, observing laws and regulations, conducting health promotion activities</li></ul>

## Milestone



## Employee Engagement

(Unit: %)

Category	2020	2021	2022
Employee engagement*	81.0	86.7	83.2

\*Ratio of employees who used health and welfare systems (health examinations)

## Support for Health Examinations and Status

(Unit: Person)

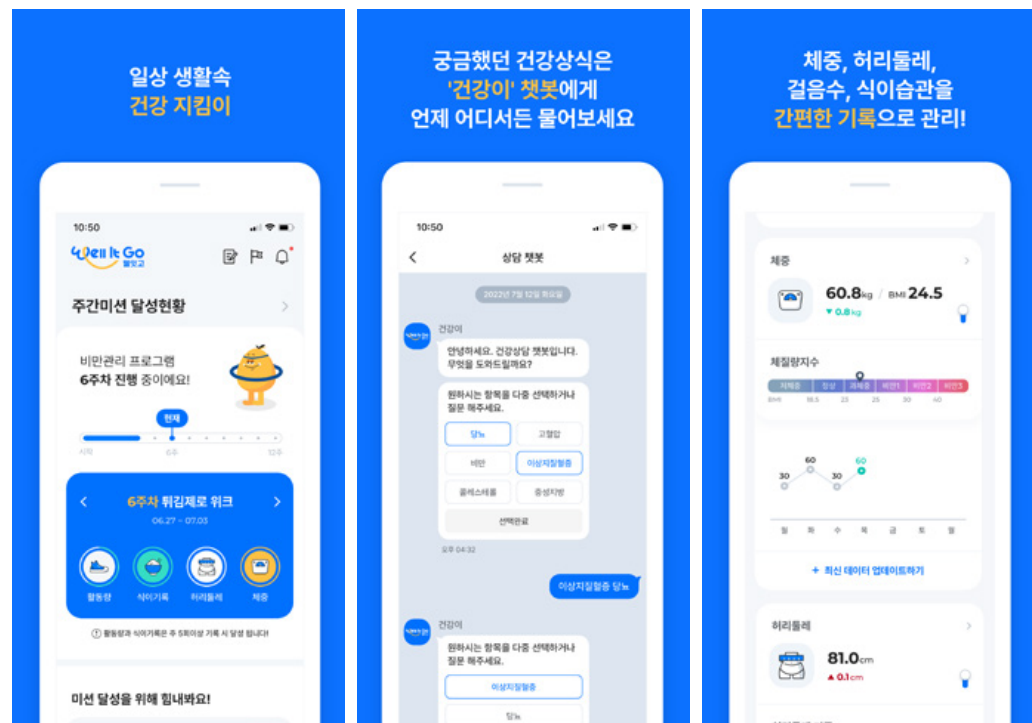
Category	2020		2021		2022	
	Target	Done	Target	Done	Target	Done
Comprehensive examination	457	370	557	483	600	499
Special examination	60	60	33	33	87	87

## Focus Health Care Program

SK Gas is committed to enhancing health and welfare through the Health Care Program, which focuses on its employees and workers from partner companies with health issues. By analyzing past health examination data, we identify individual diseases and provide health care messages, contact-free health counseling AI chatbots, personalized exercise methods, and offline dietary programs to individuals with identified issues to help them form healthy habits.

Furthermore, we will develop and operate new offline programs each year to meet the needs of our employees. In particular, we will select specific diseases to be managed each year and plan related improvement programs for our employees.

### [Health Counseling AI Chatbot: Well it go Screen]



## Propane Safety Management Platform 'wego Safety'

In 2021, SK Gas launched wego Safety, which is the industry's first digital safety management service using IoT sensors. Through wego Safety, charging stations and bulk business operators can perform safety measures for small storage tanks to preempt accidents.

In addition, we collaborate with the Korea Gas Safety Corporation to digitalize regular inspections, expand daily inspections using mobile devices, and provide expert inspection services to prevent safety accidents in bulk lorries. These innovations help safety managers focus on on-site safety inspections.

Recently, we linked the end-user position information (GPS) of wego to the public data offered by the Ministry of Public Administration

and Security to operate disaster response services, expanding activities to prevent safety accidents in cases of forest fires, heavy rains, and landslides.

## Zero Toxic Substances

Methanol should be regarded as a hazardous chemical that has a dangerous effect on the human body, according to the chemical substance risk classification standard of the Chemical Substances Control Act. SK Gas replaced methanol, which was previously used as an anti-freeze agent, with ethanol, a non-drug, to reduce the risk of harm to its employees and prevent environmental pollution from toxic substances.



# Focus Two. Health & Safety

## Activities to Increase Health and Safety Competency

### Strengthening H&S Competency

We conduct HSE education and training to raise the safety awareness of all employees and establish safety rules.

According to safety-related laws and regulations such as the Occupational Health & Safety Act, employees of SK Gas receive mandatory regular H&S education. Safety-related personnel, including H&S officers, undergo periodic job training. The company has also developed a training matrix in addition to the legally compulsory training. This matrix provides essential and optional training sessions according to the job position and seniority of employees. The annual training plan is developed to implement training and evaluate the degree of understanding. With the goal of fostering key personnel, SK Gas selects HSE personnel and provides continuous training, including HSE Specialist courses, to develop them as core employees who can perform diagnostic and support roles in business operations. In 2022, 25 individuals completed 27 courses. Furthermore, SK Gas has developed practical training programs to enhance emergency response capabilities and prevent serious accidents. Through collaboration with the National Fire Agency, technical institutes, and specialized training organizations, safety rules and preventive measures related to electric shock, confined space suffocation, falls, and fire accidents are actively practiced, strengthening the accident prevention capabilities of employees.

## Strengthening HSE Rewards and Disciplinary Actions


### Strengthening HSE Rewards and Disciplinary Actions

We evaluate and reward the efforts and outstanding performance of organizations and employees. Individuals who violate the HSE management system or cause HSE accidents are imposed with liabilities. Our goal is to create a culture that motivates compliance with HSE standards and procedures and prevent HSE accidents.


To motivate employees with HSE activities and ensure fair disciplinary actions for violations, we have enhanced the individual reward system for HSE excellence, clarified the criteria for disciplinary actions, and improved the procedures for operating the HSE Reward and Disciplinary Action Committee, allowing direct participation of field workers. In particular, we have established the Safety Golden Rules (SGRs) that employees and partner companies must follow. Zero tolerance principles are applied when taking follow-up procedures on any violators.

In addition, among on-site partner companies, those contributing to achieving zero accidents at business operations are rewarded with a prize of KRW 50 million and a CEO commendation. Outstanding participants in HSE activities are also rewarded with a prize of KRW 5 million KRW annually. These rewards aim to encourage active participation in HSE activities by our partner companies.


### Safety Golden Rules




1. All tasks are carried out after obtaining a work permit according to the established procedures.




2. Fall prevention measures must be implemented during elevated work.




3. When working in confined spaces, measure hazardous gases and oxygen concentrations at given intervals.



4. When operating heavy equipment, safety zones must be established to restrict access by passersby.



5. When working with fire, work must be carried out after taking fire prevention measures.



6. When performing maintenance work on processes and electrical equipment, the equipment must be locked and attached with a tag.



7. When performing excavation work, make sure to check the presence of buried objects.



8. Smoking is strictly prohibited within the workplace except in the designated smoking area.



9. Safety accidents must be reported immediately without any attempt to conceal them.

## Health & Safety of Stakeholders

### Health and Safety | Gathering Opinions from Employees

SK Gas has stipulated the procedure for gathering opinions from its own employees and the workers of partner companies in its regulations (HSE Committee Operation Procedure, Partner Company HSE Management Procedure). The purpose is to assure safety and prevent industrial accidents within the workplace. Regular meetings are conducted to gather feedback and incorporate suggestions into policies and decisions.

Through the Industrial H&S Committee, Business Operation HSE Committee, and Business Operation HSE Communication Meetings that are conducted regularly, we monitor the H&S improvement-related opinions presented by our employees monthly. We take active measures for improvement based on the gathered opinions to create a safe environment for employees.

#### [Channels for Gathering Opinions from Employees and Operation Status]

(As of 2022)

Business Operation	Communication Channel	HSE Committee			
		No. of Times Held	No. of Agendas	No. Improved	Completion Rate
Eco Hub (Head Office)	· Industrial H&S Committee (once a quarter) · Composition: 8 labor and management representatives, including CEO · Topics: Sharing risk factor identification and improvement outcomes	4	5	5	100
Ulsan Terminals	· HSE Committee (once a quarter) · Composition: Officers, team leaders, and group leaders at business operations · Topics: Deliberation and resolution of HSE issues · HSE Communication Meeting (once a month) · Composition: Officers and all employees at business operations · Topics: Safety suggestions and debates	4	38	33	87
Pyeongtaek Terminals		5	20	17	90
G Hub		4	8	8	100

### Health and Safety | Gathering Opinions from Workers of Partner Companies

The scope of industrial H&S policies of SK Gas includes its employees and workers from partner companies (subcontractors, special laborers, service workers, etc.). We stipulate the procedure for gathering opinions of workers from partner companies in our regulations (Partner Company HSE Management Procedure). Through regular meetings of the Partner Company Council and meetings with the representatives of partner companies, we monitor the H&S improvement-related opinions of workers from partner companies monthly. We actively work towards improving the gathered opinions to create a safe environment for workers from partner companies.

Business Operation	Communication Channel	Composition and Topics
Eco Hub (Head Office)	Partner company council (once a month)	· Composition: H&S managers, site managers, etc. · Topics: On-site H&S measures
Ulsan Terminals Pyeongtaek Terminals G Hub	Partner company council (once a month)	· Composition: Officers and related team leaders and managers at business operations · Topics: Health & Safety measures
Eco Hub (Head Office)	Meeting with representatives of partner companies (once a year)	· Composition: Officers at business operations and representatives of partner companies · Topics: Sharing and awarding annual HSE performance

#### Grievance Counseling Channel for Workers of Partner Companies

Aside from operating councils for partner companies, we have channels for ethical management counseling and reporting to listen to and address the grievances of workers from partner companies. We also conduct surveys on human rights management and Focus Group Interviews (FGIs).

Ethical management counseling

Human rights management

#### External Diagnosis on Procedure of Gathering Employees' Opinions and Improvement Plan

We plan to build a document management system that can record various opinions received from employees and workers of partner companies and improvement status in connection with the smart terminal HSE IT system.

#### [Results of Operating H&S Councils for Partner Companies]

(As of 2022)

Business Operation	No. of Times Held	No. of Agendas	No. Improved	Completion Rate
Eco Hub (Head Office)	12	33	33	100
Ulsan Terminals	12	29	29	100
Pyeongtaek Terminals	12	19	17	90
G Hub	12	20	20	100

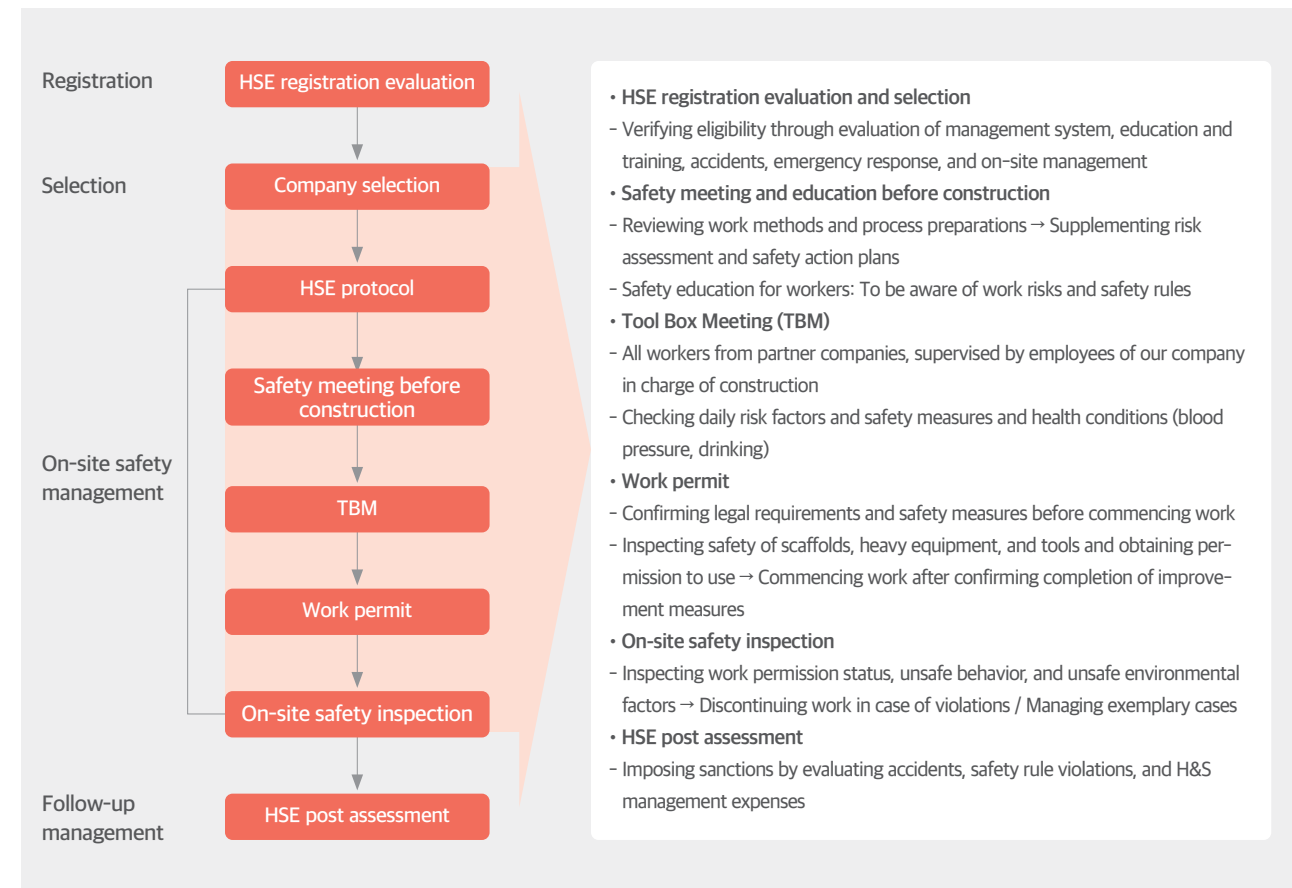


## Focus Two. Health & Safety

### Managing Health and Safety of Partner Companies

#### Partner Company Management Process

SK Gas verifies the eligibility of partner companies by evaluating HSE and strengthens the quality and safety management systems at worksites. On-site safety is managed to ensure that our employees and workers from partner companies can work in a safe environment.



#### Improving the Supplier Selection Process

SK Gas aims to select suppliers that are prepared with their own H&S management capabilities and that are committed to preventing serious accidents. For this purpose, SK Gas applies 22 qualifying criteria in 7 areas when evaluating suppliers. These criteria include H&S management systems and accident prevention activities. Suppliers with proven H&S management capabilities are eligible to participate from the bidding stage.

In addition, through on-site visits to local suppliers and evaluations of qualified recipients, suppliers with excellent H&S management capabilities are identified and these suppliers participate in facility maintenance work. By cooperating with these suppliers, we are also contributing to revitalizing the local economy through job creation.

We made improvements to ensure that the appropriate safety management expenses are reflected in bids, including essential expenses such as scaffolds and wages for on-site supervisors. By introducing a training certification system for high-risk work management, we raised the level of on-site safety management and contributed to preventing accidents among partner companies. In addition, by transitioning the order procurement method into a batch order method for similar construction projects, we were able to offer fair profits to partner companies and resolve structural issues in managing our partner companies.

#### H&S Support Systems for Suppliers

SK Gas operates a support program to strengthen the H&S capabilities of local small businesses and companies that do not currently meet the evaluation criteria of qualified suppliers.

We derive and improve practical safety measures for suppliers by listening to VOCs from all levels, including representative directors, field managers, and the employees of suppliers.

In addition to the H&S management expenses prescribed by the law, scaffolding installation and labor costs for on-site supervisors were selected as essential safety expenses, and an appropriate amount was calculated and paid in advance to ensure that the safety budget was not reduced at the bidding stage. For small construction companies with less than KRW 100 million, we made efforts to create an environment where suppliers can secure appropriate profits and invest in safety through collective orders.

### Building Safety Ecosystem in LPG Supply Chain

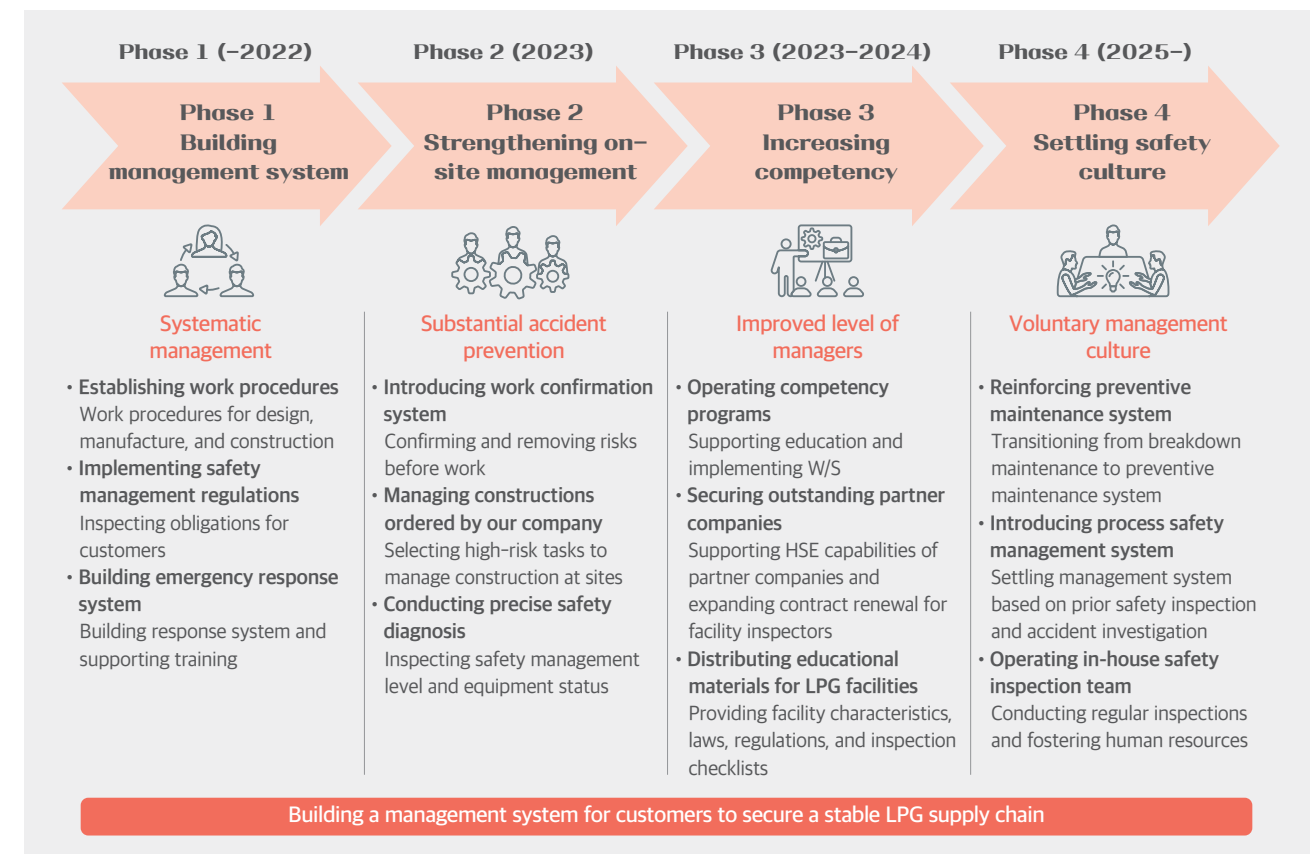
#### Safety Ecosystem Programs in the LPG Supply Chain

We secure a safe and stable supply of LPG by implementing programs to build a safe ecosystem.

We support legal inspections (1,295 places) and safety inspections (3,096 places) to ensure the soundness of LPG facilities of customers. We also conduct activities to enhance the HSE capability of managers of customers and identify risk factors.

In 2022 and 2023, we collaborated with the Korea Gas Safety Corporation to conduct safety inspections of facilities. By means of interviewing the managers of customers, we determined their operational issues and analyzed risk factors. We used these findings to establish a roadmap divided into four phases, from building a safety management system to consolidating a culture that values safety.

#### Roadmap for Programs to Build Safety Ecosystem in LPG Supply Chain





# Focus Two. Health & Safety

## Programs to Prevent Accidents in Tank Lorry Vehicles

We are strengthening our safety management practices specifically to prevent accidents involving tank lorry vehicles that transport LPG. Based on the risk assessment results and the opinions of tank lorry vehicle drivers, we establish various accident prevention programs such as ① vehicle inspection, ② education, and ③ infrastructure improvement.

We conduct safety inspections of approximately 350 tank lorry vehicles of partner companies that enter and leave our terminals. Experts of the Korea Gas Safety Corporation are invited to conduct safety education for drivers and take suggestions. We are conducting continuous tasks to improve facility infrastructures within our business operations, such as removing obstacles to prevent vehicle accidents in the terminals, painting guiding lines, installing speed bumps, and constructing heat wires on the ground to avoid freezing.

## Product / Service Safety Policy & Goals

Details of our policies to support the safety management of customers can be found in the “Product and Service” menu below.



## Reinforcing Information Security

### Policy

SK Gas has established an information protection system based on information protection policies and processes to prevent leakage of corporate data and customer personal information. In addition, in the event of a suspected information infringement accident, an established response process is implemented to prevent the occurrence of information-related risks in the course of business operation.

### Governance

To manage security more effectively and reliably, SK Gas has established an information security organization, with the head of the IT Strategy Support Office appointed as its security management executive. The appointed security management executive is a person with expertise in information protection and personal information protection pursuant to Article 45-3 of the Act on Promotion of Information and Communications Network Utilization and Information Protection. To discuss common issues and challenges among enterprise organizations engaged in information protection and improve the level of security management system, a security working group composed of security officers meet twice a year and an Information Protection Committee composed of executives meets once a year.



## Strategy & Implementation

### Conducting Simulated Trainings and Inspections

SK Gas conducts simulation training to prevent harm from malicious/phishing emails and raise security awareness and prevents infringement accidents through simulated hackings and inspections of company-wide system vulnerabilities. In addition, on-site inspections and written inspections are conducted to prevent the leakage of the personal information of trustees and improve the security levels of suppliers. We monitor abnormal information leakages and retirement information leakages through quarterly inspections applying scenarios and detection conditions. In addition, we subscribed to personal information protection liability insurance in accordance with Article 39-9 of the Personal Information Protection Act.

### Information Security Education

SK Gas provides information security education to all employees. In 2022, all employees completed online training on personal information security, industrial security, and information protection, and 100% of employees in departments that directly deal with personal information completed separate training designed for their tasks.

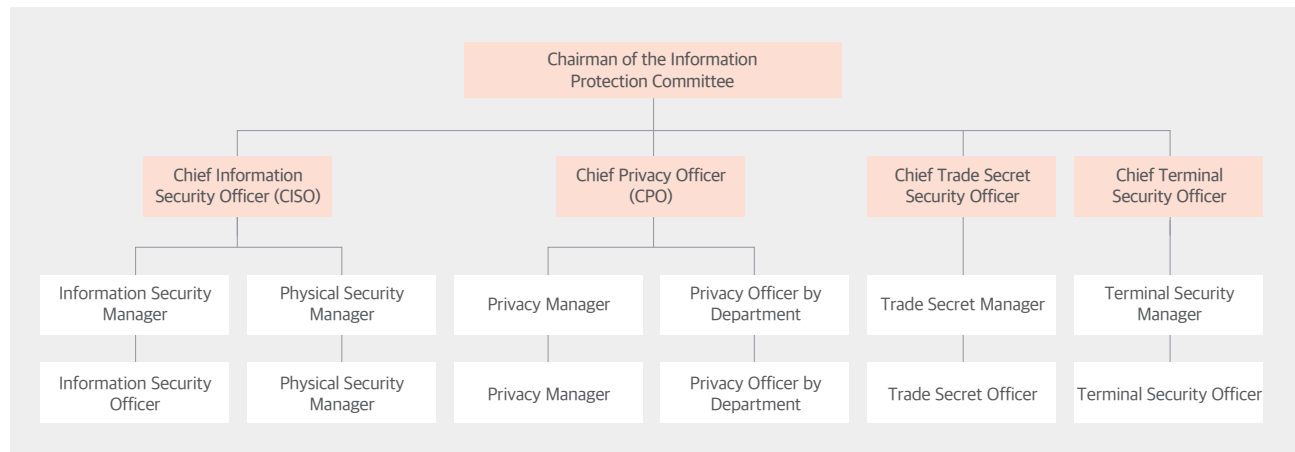
### Target

To systematically protect and manage customer information, SK Gas established a mid- to long-term master plan for information security and an implementation plan. In 2023, we plan to promote the acquisition of the information protection and personal information protection management system (ISMS-P) certification for our Happy Filling Membership Service. There has only been one case of information leakage from SK Gas in the past three years and we plan to further strengthen information protection according to our annual activity plan.

### [Information Security Master Plan]

Category	Measurement method	Unit	2023	2024	2025	2026
ISMS-P certification	Certification acquisition/maintenance	-	Acquired	Maintenance	Maintenance	Renewal
Establishment and operation of the management system	Execution rate	%	100	100	100	100
Raising security awareness among employees	Education participation rate	%	100	100	100	100
Implementation of information protection disclosures	Implementation rate of disclosures	%	100	100	100	100

### [Information Security Organization and Responsibilities]





An aerial photograph showing a dense green forest along a coastline. A road with white lane markings curves through the forest, bordering a large body of water. The water reflects the sky and the surrounding greenery. In the background, more forested islands and a larger body of water are visible under a clear sky.

# FOR THE PLANET

Waste	62
Water	63
Biodiversity & Land Use	64
Air	65



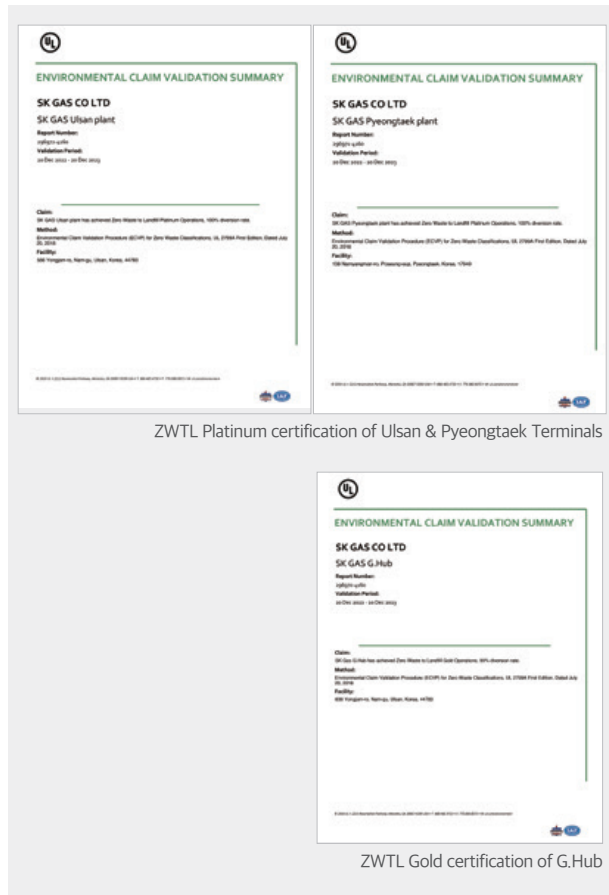
# Waste

## Policy

Despite reaching into the level of the global top peer in the total amount of waste (per unit by revenue), SK Gas continues to make further efforts to recycle waste to minimize environmental pollution caused by leachate and air pollutant emissions during waste reclamation or incineration. In addition, we set our own goals for waste reduction and recycling, establish and implement measures to promote recycling, such as adopting new technologies and finding recycling companies. Furthermore, we track our current recycling rate through the international certification of waste recycling rates.

## Strategy & Implementation

In order to efficiently implement waste reduction and recycling, SK Gas tracks the emission status of the headquarters and each business site and manages the degree of environmental risk that may occur during operations according to an established classification system. In 2022, the waste recycling rate of SK Gas increased by about 30.3% year-on-year to 98.5%. Ulsan Terminals and Pyeongtaek Terminals reached waste recycling rates of 100% and G.Hub achieved a 99% waste recycling rate. As a result, Ulsan and Pyeongtaek Terminals obtained the ZWTL Platinum certification and G.Hub obtained the ZWTL Gold certification in the “Zero Waste to Landfill” international certification provided by UL Solutions, a global safety science company.



ZWTL Platinum certification of Ulsan & Pyeongtaek Terminals

ZWTL Gold certification of G.Hub



## Target

SK Gas has established and implemented a mid- to long-term recycling plan to achieve 100% waste recycling. It achieved a rate of 98.5% in 2022, which is at the world's highest level, and we are working to achieve a rate of 100% by 2030.

In 2023, with the aim of improving the waste recycling rate compared to the previous year, we will seek out household waste recycling companies at the headquarters and G.Hub to raise the recycling rate to 100%. To this end, we will also develop recycling methods such as selecting and recycling non-combustible materials, pulverizing combustible materials, and using the waste materials as solid fuels.

# Water

## Policy

SK Gas recognizes the severity of the global issue of water shortage, especially as water is essential for the operation of business sites, and continues to discover and apply measures to reuse and recycle water resources. Although we do not consume a large amount of water in our processes, some of the water discarded after use is reused through the wastewater reclamation and reusing system to reduce water usage and wastewater generation. In addition, the used water is treated and discharged through a public sewage treatment facility to ensure that it does not affect the water system.

## Strategy & Implementation

For the efficient use of water resources, SK Gas has established its own water management system to monitor water usage during its business operations. In addition, SK Gas conducts various activities to manage water pollutants. All of the water taken in is discharged through public sewage treatment facilities, and all discharged water meets the legally required water quality standards. Furthermore, we plan to establish measures to reduce our impact by monitoring monthly wastewater emissions. In 2023, we plan to install an additional wastewater meter to accurately identify the sources of wastewater generation. Through these initiatives, we will closely monitor the water levels at their origin and establish and manage emission targets based on the findings.

## Target

SK Gas will set its target water recycling rate at the global top peer level, reduce intake by strengthening recycling through the establishment of a water management system and implementation of a wastewater reclamation and reusing system and identify leak points to make improvements. The detailed implementation goals to improve water recycling rate at SK Gas in 2023 are as follows.

### Installation of the Wastewater Reclamation and Reusing System

Pyeongtaek Terminals of SK Gas completed the installation of its wastewater reclamation and reusing system in May 2023 to reuse household sewage generated from the main building and SK Gas also plans to install a wastewater reclamation and reusing system in Ulsan Terminals by the end of 2023.

### Water Recycling for LPG Storage

SK Gas raises groundwater piled up to the underground LPG storage on the ground and subjects it to water treatment to maintain it at a level below the legal emission allowance standard. Next, we store this water in a fire water tank and reuse it for firefighting. Our water recycling rate was 8.5% in 2022, and the goal is to improve year-on-year in 2023.





# Biodiversity & Land Use

## Policy

SK Gas imports low-carbon energy (LPG, LNG) from overseas or stores and supplies the energy resources at storage terminals in Ulsan and Pyeongtaek. The company is pursuing the vision to contribute to a sustainable global environment by switching to a business portfolio that supplies zero-carbon energy products such as hydrogen and ammonia. As an LPG and LNG importer and distributor, SK Gas recognizes the importance of the sustainable management of natural resources and raw materials, maintaining natural ecosystems, and preserving biodiversity. We will prevent and minimize the factors that threaten biodiversity, and we restore or replace any damages if necessary.

Currently, the Ulsan and Pyeongtaek Terminals, where SK Gas storage terminals are located, are not within environmental protection zones defined by international treaties and domestic laws. We will also avoid locating any new business sites in environmental protection zones.

## Strategy & Implementation

When SK Gas builds a new business site, we conduct preliminary environmental impact assessments in accordance with relevant laws and regulations to identify and prevent land pollution and threats to biodiversity, and actively communicate with local residents and address their concerns through local public hearings.

 Report on the Results of the Ulsan GPS Environmental Impact Assessment

Areas where our business sites are located, such as Pyeongtaek and Ulsan, are located within the industrial complex, and the possibility of land pollution is very limited due to the nature of our projects, which mainly focus on LPG/LNG import and distribution.



Pyeongtaek Urban Forest Project

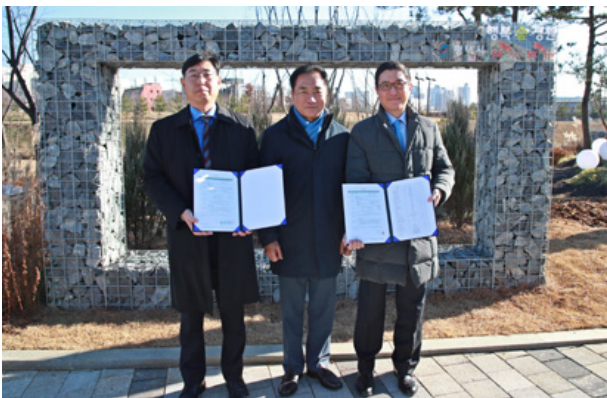
To prevent land and marine pollution caused by oil leaks, Ulsan G.Hub, which operates the oil tank storage business, minimizes risks by conducting regular preventive training, installing preemptive detectors, and establishing an emergency response process. Recognizing the importance of biodiversity protection, SK Gas has joined the Biz n Biodiversity Platform (BNBP), a South Korean branch of the Convention on Biological Diversity (CBD), an international initiative related to biodiversity protection.

In order to preserve biodiversity and minimize negative impact, we are actively carrying out ecological protection activities in partnership with local environmental groups and the National Institute of Ecology in Seongnam, Ulsan, and Pyeongtaek, where our operation sites are located. Since 2021, SK Gas has been publishing ecological books based on ecological surveys of major rivers in the community and distributing these books to local residents. We have also participated in a project called Happy Forest Garden to develop land in cities in partnership with local governments and sponsored tree-planting social enterprises.

In addition, as we operate an LPG import pier, we continue to participate in the “One company, one coast” caring project to conduct marine pollution prevention activities.

### Pyeongtaek Urban Forest Project

SK Gas recognizes the importance of balancing natural ecosystems and preserving biodiversity. Accordingly, in 2022, we were alert to the increase in air pollution, which interferes with plant photosynthesis and therefore has a broad impact on the ecosystem. Pyeongtaek, where SK Gas’s business site is located, is physically and environmentally vulnerable to fine dust due to a lack of hilly areas and the presence of large-scale industrial complexes. From January to October 2022, fine dust concentrations in Pyeongtaek ranked



# Air

## Policy

SK Gas does not emit air pollutants on a large scale in its processes and currently maintains emissions at the global top peer level. We will continue to contribute to the preservation of the environment of the local community by maintaining our global top level through continuous facility investment and management.

## Strategy & Implementation

TMS\* (TeleMonitoring System) will be installed at Ulsan Terminals and Pyeongtaek Terminals in February and December 2023, respectively, to constantly monitor the emission status of NOx, which can cause fine dust. We are expecting to lay the foundation for NOx reduction by monitoring the concentration data and submitting the data to the Korea Environment Corporation in real time.

\*Collectively referred as chimney automatic measuring equipment, transmission system, and control center

## Target

SK Gas plans to maintain its air pollutant emission levels for elements such as Nox, Sox, dust, and VOC at the global top level.

second among 172 cities nationwide. Awareing this problem, SK Gas made an urban forest of about 150 py (495.87m<sup>2</sup>) in November 2022 and donated it to Pyeongtaek City. A total of 1,400 trees were planted in the urban forest, named the Happy Forest Garden, including about 700 trees, crape myrtles, winged spindles, and ash tree sorghum flower bridges, which have excellent fine dust reduction effects. In addition, the CODE.G system, a garden management system for efficiently growing plants throughout the four seasons, automatically supplies the required amount of water according to the temperature and humidity of the soil. A second garden was completed in June 2023, and we will continue to implement this project from 2025 to 2030 to contribute to the improvement of air quality in Pyeongtaek.

### Employee Participation Activities

SK Gas is actively carrying out the “One company, one coast” caring project, which is a campaign for sea purification in which local organizations and companies voluntarily practice coastal marine environment conservation activities in areas such as piers, ports, beaches, and river estuaries to foster a clean marine environment. All SK Gas employees at Ulsan Terminals and Pyeongtaek Terminals collect discarded general waste from the pier to nearby coastal areas on a quarterly basis, demonstrating the commitment of SK Gas to protecting the coastal ecosystem.

## Target

SK Gas will actively contribute to the protection of the ecosystem by establishing mid- to long-term goals related to biodiversity.

### [Performance Outcomes and Goals]

Category		2020	2021	2022	Mid-term Plans for 2023-2025
Biodiversity conservation project	Local ecological survey and publication/distribution of ecological books	Ulsan	Pyeongtaek	Seongnam, Seocheon	Implemented in 1 to 2 regions per year
	Number of participants in ecological protection program activities of cooperative local NGOs	60	75	240	Implemented with a focus on the Pyeongtaek/Ulsan area
	Afforestation and urban park projects	-	744 trees	870 trees	1,000 trees per year, including SK Happy Forest and Eco-tree projects
Marine ecosystem conservation project	“One company, one coast” caring project	Ulsan / Pyeongtaek	Ulsan / Pyeongtaek	Ulsan / Pyeongtaek	Implemented every year





# WITH STAKEHOLDERS

Employees Happiness	68
Human Rights	72
Supply Chain Management	76
Social Enterprise Support	79
Community Relations	80



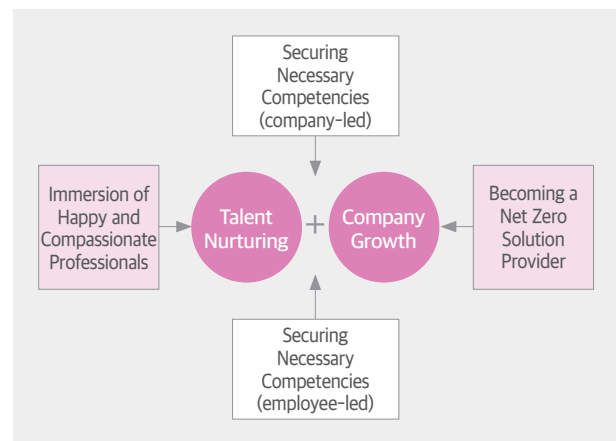
# Employees Happiness

## Recruiting and Fostering Human Resources

### Policy

SK Gas aspires to create “an organization where happy and compassionate professionals accomplish outstanding results and achieve individual growth through enjoyable immersion.” To this end, we begin by hiring individuals in a fair and reasonable manner through a systematic HR and recruitment process. We make HR management decisions such as recruitment, evaluation, and deployment based on the principles of anti-discrimination and diversity. We also strive to strengthen the capabilities of our employees through various systems and programs. Especially, human capital development strategy was established aligning with the changes towards Net Zero Solution Provider and programs are in progress focusing on ① Strengthening business expertise, ② Developing self-directed competency, and ③ Nurturing core talent.

#### [Talent Nurturing System]



### Governance

SK Gas’s CEO actively engages in concrete and practical discussions for human resource development and takes on a responsible role. The CEO organizes the Talent Development Session (TDS) every year to secure the business capabilities needed for the future, defines the capabilities required through the TDS, conducts objective and fair evaluations and feedback, and discusses and manages specific points for growth.

### Strategy & Implementation

In order to achieve the vision of serving as a Net Zero Solution Provider in the global market, SK Gas continues to expand its eco-friendly energy businesses and create high quality jobs. Over the past three years (2019-2022), the size of our workforce has grown at an annual average of 9.5% (CAGR), and over the next four years, the size of the workforce is expected to grow additionally at an annual average rate of about 5%, which will contribute to job creation.

SK Gas has a task unit evaluation system that is based on actual work performance and the focus of our competency evaluations is on nurturing talent. we design an optimal career path for each employee and review the employee’s performance, and establish the workforce operation plan for the following year through personnel committees at the level of each division and the company as a whole. Furthermore, through the operation of various performance reward systems such as salary/ incentives and CEO/ division director recognition etc., we provide differentiated compensation based on performance.

SK gas aims to enhance both competencies required for job roles and for employees’ personal growth by expanding self-directed learning to ‘mySuni’, SK group’s common education platform. We are providing continuous support through diverse programs and systems with the goal of 1 individual 1 competency development.



#### [Major Competency Development Programs]

Category	Program
Enhancing business expertise	Job training support / CDS training / Recruited employee onboarding / New leader course / Certificate acquisition support
Self-directed competency upgrade	mySUNI / Support language training
Key talents training programs	Key talents training programs (by target and duty) / Support for the acquisition of academic degrees in South Korea or abroad

In addition to administering education programs, SK Gas operates a virtual cooperative organization (CoE, Center of Excellence) for networking and collaboration among technical personnel. Approximately 130 employees are voluntarily assigned to a specific CoE division as desired, such as machinery, electricity, and HSE. Furthermore, the company measures employee satisfaction with competency development through a culture survey targeting all employees and a satisfaction survey for participants in major competency development programs. Based on the opinions gathered, our system will be continuously enhanced to support effective competency development among our employees.

### Target

SK Gas submits current data on the number and wage status of male and female workers by occupation/position according to the active employment improvement measures system organized by the Ministry of Employment and Labor. In addition, in alignment with the government’s policy to expand women’s employment to respond to the low birth rate and the aging of the population, our employment ratio of female workers was 20.3% and the ratio of ratio of female managers was 11.1% in 2022, higher than the average of companies in the same industry. In the future, SK Gas plans to maintain the proportion of female workers and female managers at an appropriate level.

In addition, we plan to expand various fostering programs based on employees’ needs to improve their capabilities and maximize their potential.

#### [Culture Survey]

(Unit: point, %)

Category	Related Item	2020	2021	2022	Compared to the Previous Year
Total	Average score for competency development and growth-related questions	73.9	74.1	70.5	-3.6
Specific questions	[Efforts to Develop Competency] Our company’s employees take self-directed actions to develop the competencies necessary for their work.	72.7	74.6	73.2	-1.4
	[Talent Nurturing] Our company’s employees perceive that their careers are developing and that they are achieving growth while performing their duties.	69.0	69.6	67.8	-1.8

#### [Main goal]

1) Expanded support for self-directed learning using mySUNI

(Unit: hours)

Category	Measurement Method	2020	2021	2022	2023	2025
Expansion of self-directed learning	mySUNI learning time per person	39.1	63.5	70	75	80

2) Establish and execute one competency development plan per employee (key plans for competency development programs)

Specific Plan	2022	2023	2024	2025
Support for degree courses in South Korea				
Support for degree courses in other countries				
Leadership program implementation				
Support for employee competency development (language acquisition, certification, etc.)				



# Employees Happiness

## Work-Life Balance

### Policy

SK Gas aims to be a happy high-performance organization and believes that the “happiness of employees will lead to their immersion and ultimately lead to better performance.” In addition, we recognize that work-life balance is an important basis for achieving happiness and therefore we support our employees in many ways to achieve this balance.

### Strategy & Implementation

SK Gas strives to improve the satisfaction of internal employees by promoting the family support system and flexible working hours in the work-life balance.

#### [Support System]

Category	Content
Family Support System	<ul style="list-style-type: none"><li>• Maternity leaves, parental leaves, and reduced working hours during childcare</li><li>• Support for the consignment of workplace daycare centers</li><li>• Providing tuition for children</li><li>• Operating a family health support program</li></ul>
Management of flexible working hours system	<ul style="list-style-type: none"><li>• Operating staggered work hours and flexible work schedules</li><li>• Distributed work outside the company</li><li>• Operating mobile offices</li></ul>



Every year, SK Gas quantitatively measures satisfaction with work-life balance through the Culture Survey. Based on the survey results in 2022, we plan to identify the cause of the slight decrease in work-life balance satisfaction and adopt improvements.

#### [Culture Survey]

Category	Related Items	2020	2021	2022	Comparison to the Previous Year
Achieving Work-Life Balance	Satisfaction score improvement for the work-life balance question in the Culture Survey	72.2	71.6	70.0	-1.6
Details	[Company] I am generally happy with my work life.	71.5	70.1	68.4	-1.7
	[Life] I think my life is generally happy.	75.4	75.0	74.4	-0.6
	[Balance] My company's employees have a harmony between their work and daily life.	69.7	68.7	67.4	-1.3
	[High expectations] I think we can be happier in the future.	72.2	72.4	70.0	-2.4

SK Gas produces a maternal protection manual and operates a life cycle support system to ease the burden of childbirth and childcare for employees.

#### [Maternal Protection Manual]

Category	Content
Pregnant Employees	<ul style="list-style-type: none"><li>• Protecting pregnant women</li><li>• Fetal examination leave</li><li>• Reduced working hours during pregnancy</li></ul>
Benefits for Employees Before and After Childbirth	<ul style="list-style-type: none"><li>• Leaves before and after childbirth</li><li>• Spouse maternity leave</li><li>• Miscarriage/stillbirth leave</li></ul>
Childcare Benefits for Employees	<ul style="list-style-type: none"><li>• Childcare leaves</li><li>• Reduced working hours during childcare</li></ul>
Other	<ul style="list-style-type: none"><li>• Leave for infertility treatment</li><li>• Family care leave and leave of absence</li><li>• Workplace daycare center</li></ul>

## Target

SK Gas will strive to create a virtuous cycle in which employees can enjoy a happy life with their families and enjoy a sense of stability which in turn empowers them to immerse in their work more effectively. Our goal is to increase participation in the flexible work system up to 100% by 2025.

#### [Rate of Participation in the Flexible Work System\*]

(Unit: %)

Category	2020	2021	2022	2023	2024	2025
Rate of participation in the flexible work system**	-	-	87	90	95	100

\*Selective working hours, flexible working hours

\*\*Excluding those who are assigned to essential on-site duties

## Improvement of Organizational Culture through Communication

### Strategy & Implementation

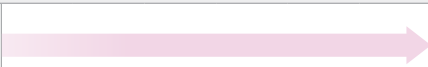





#### Happy Seed Conversation

Since 2020, SK Gas has been implementing a Happy Seed Conversation program in which CEO and employees meet and communicate freely. The phrase “Happy Seed” expresses the ideal of sowing seeds for employees' happiness to grow and evokes a happy sense of family affinity and fosters the idea of a happy CEO engaged in conversations with employees. A total of 1,175 employees participated in 200 sessions by 2022, and the contents of proposals made through the program were actively reviewed and adopted through the Happy Seed Project. As a result, suggestions such as the introduction of psychological counseling programs, operation of daycare centers, and language support systems were implemented. In 2022, we conducted diagnoses of employees' happiness and on-site visit programs.

#### Labor-Management Council (Happiness Council)

SK Gas operates a Labor-Management Council (Happiness Council) to strengthen communication between labor and management. The Happiness Council is a representative organization of workers that plays a pivotal role in the formation of an employee-centered organizational culture. The council consists of an equal ratio of representatives of management and employees. At regular meetings, agenda items for the pursuit of happiness by employees were discussed, and in 2022, council sessions were held quarterly to discuss improvements to the welfare system and the childbirth/childcare system.

#### [Work-life Balance Implementation Plan]

계획	~2020	2021	2022	2023	2024	2025
Improvement of Systems and Regulations Related to Working Hours						
Introduction of the flexible work system (2018-)						
Introduction of the OT pre-approval system (2023-)						
Building systems and infrastructure						
Introduction and reorganization of the flexible work system (2021-)						
Operating mobile offices (2020-)						
Changes in work methods						
Working hours compliance campaign (2021-)						
Review of measures to increase the use of annual leaves (2024-)						

#### [Discussions of the Happiness Council and Happy Seed Conversation Program in 2022]

Category	Discussed Items	Reviewed and Implemented Items
1Q	Request for personal pension support to prepare for retirement	Review of measures for replacement with an improved severance pay system - Introduction of a DC type payment system for management performance (in progress)
2Q	Request to improve the time granted for fetal examinations	Adoption of a new fetal examination leave program for male employees (accompaniment to a spouse's examination)
3Q	Raising the housing loan limit	Adoption and implementation of the decision to raise the loan limit (as of January 1, 2023)
	Increasing housing support for local newcomers	Adoption and implementation of the decision to increase the housing cost limit
	Increased cost of commuting transportation at Pyeongtaek Terminals	Adoption and implementation of the decision to increase transportation payments
	Improvement of the position/treatment of field managers	Adoption and implementation of improvements in the treatment of personnel in charge
4Q	Increase in congratulatory gift funds for childbirth	Adoption and implementation of an increase in congratulatory and condolence funds
	Improved family anniversary leaves	Marriage anniversary leaves for married employees → Revision and expansion into an anniversary leave benefit for married and unmarried employees



# Human Rights

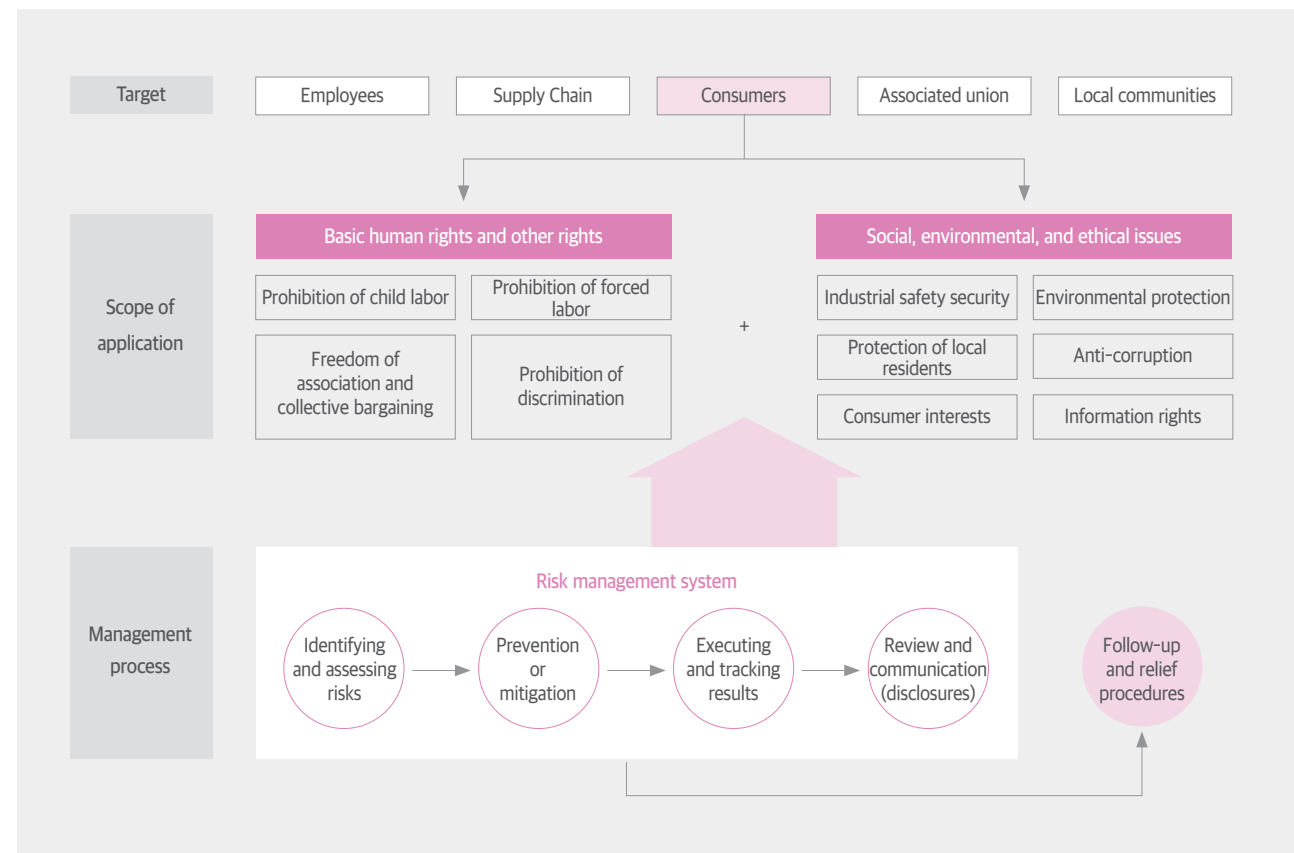
## Policy

SK Gas has adopted a "Double Bottom Line" management philosophy of pursuing both economic and social values, and in keeping with this philosophy, the company respects the human rights of all stakeholders, including employees, shareholders, investors, business partners, customers, local communities, and the environment. Accordingly, we enacted the Human Rights Declaration and Human Rights Regulations based on international standards and established a systematic human rights management system and risk management system to guarantee the human rights of all stakeholders. We have a special interest in the human rights of non-regular workers, persons with disabilities, women, and employees of suppliers who may be relatively vulnerable.

## Governance

For sustainable human rights management, the CEO enacted the Human Rights Management Declaration and the Human Rights Management Regulations and revised them to reflect changes in the management environment. In accordance with the Human Rights Management Regulations, a human rights impact assessment is conducted annually, and a prevention/mitigation plan for identified issues related to human rights is established and reported to the ESG Committee of the Board of Directors. The Human Rights Management Committee chaired by the CEO is composed of the CEO and key executives, and deliberates on company-wide human rights management policies. The ESG Management Division, which serves as the Committee's secretariat, is responsible for company-wide human rights policies and human rights impact assessments, and the division designated as a stakeholder unit is in charge of the detailed implementation of human rights management.

[Target, Scope, and Process of Human Rights Management]

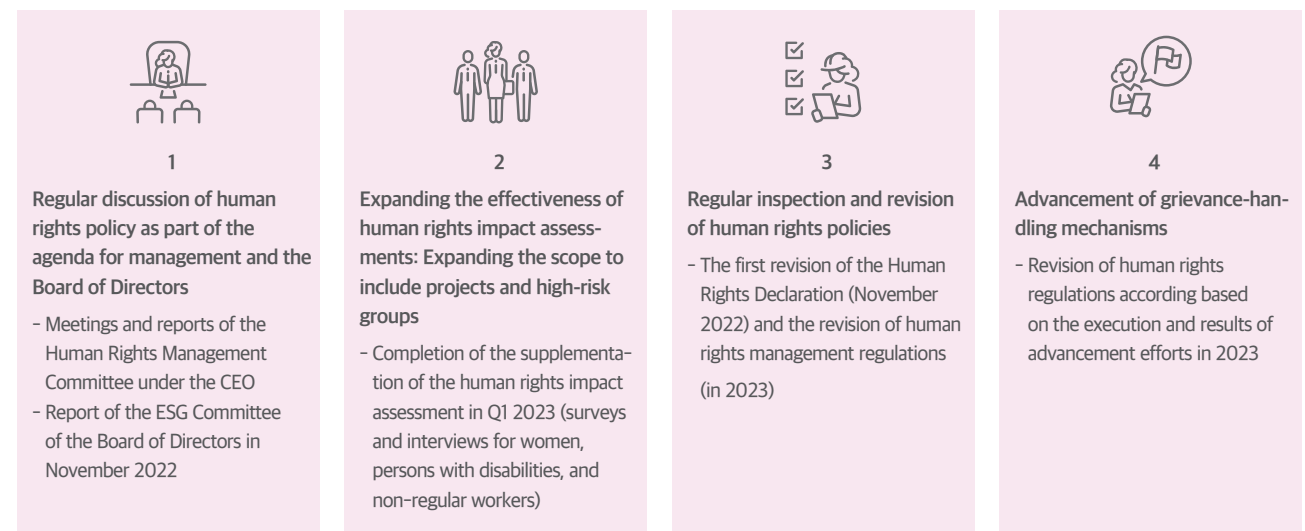


## Strategy & Implementation

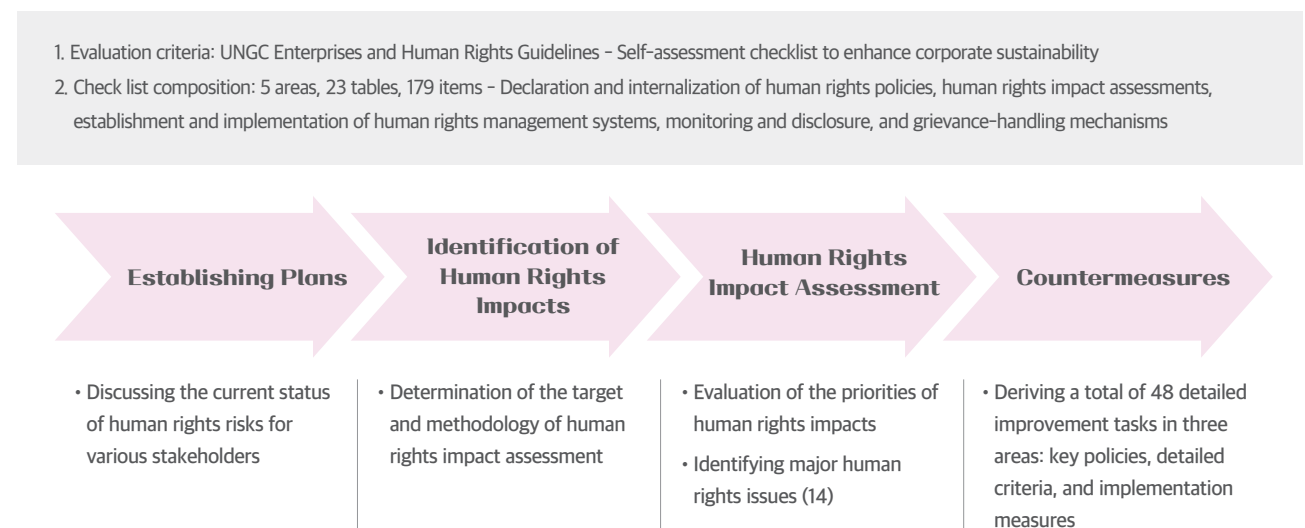
### Operating Human Rights Impact Assessments

Since 2020, SK Gas has been operating a human rights impact assessment system and has conducted assessments with the help of outsourced consulting experts to ensure transparency regarding our impact on human rights. Based on the findings of the 2022 Human Rights Impact Assessment, we recognized the overall need for improvements in the human rights impact assessment process. Subsequently, after reporting to the ESG Committee, we initiated the Human Rights Impact Assessment Advancement Project in January 2023.

[Key Achievements and Plans for Human Rights Impact Assessment]



[Process of Human Rights Impact Assessment]

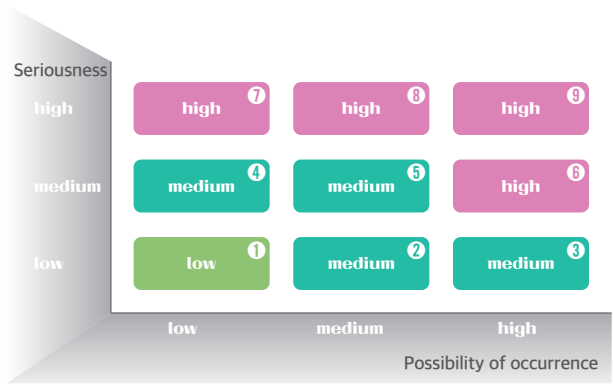




# Human Rights

## Major Human Rights Issues

Checklists, self-assessment questionnaires, surveys, focus group interviews (FGI), and field surveys were used to diagnose human rights risks, and the risk rating was evaluated in nine stages based on seriousness and the possibility of occurrence of the identified human rights issues. A total of 14 salient issues (major human rights issues) were selected by grouping human rights risks and given priority when establishing mitigation/prevention measures. Risks in tier of 6 or higher was classified as “high level,” those in tiers 2 to 5 were “mid-level,” and those in tier 1 was “low level.” In the high- and mid-levels, those in tiers 4 to 5 were grouped together.



## Human Rights Risk Prevention Management

SK Gas continues to supplement its human rights management system through human rights impact assessments, while managing potential human rights risks in three main aspects: ① preventing sexual harassment, ② preventing bullying in the workplace, and ③ respecting human rights for people with disabilities. To this end, groups vulnerable to each risk were selected and continuous human rights education was provided in parallel with system improvement. In addition, regular human rights violation prevention programs and human rights education are conducted to spread awareness about human rights among employees of the organization.

Only one high level issue was identified in the supply chain area, and it was a safety issue for supply chain workers. This is currently in the implementation step after consultation with the Supplier Management Division. 35 short and medium term implementation tasks were established for issues in 4 to 5 tiers of the mid-level, and the implementation process will be periodically monitored through the Human Rights Management Committee.

Human rights issues	Risk level			
	High	Mid	Low	Total
Employees	0	43	14	57
Supply chain	1	15	11	27
Consumers and citizens	0	1	3	4
Local communities	0	3	3	6
Total	1	62	31	94

## [Promotion Plan by Human Rights Risk Item]

Category	Group	Action Plan
Prevention of Sexual Harassment	All employees	<ul style="list-style-type: none"><li>• Providing case-based sexual harassment prevention education and ethical management education (every year)</li><li>• Regulations for protecting victims and handling reports and grievances and operating reporting channels → Operating separate report reception channels for each gender, with respectively with male and female managers (2021-)</li></ul>
Prevention of Workplace Harassment	All employees	<ul style="list-style-type: none"><li>• Providing case-based education to prevent workplace harassment → Organizing and expanding a separate curriculum (2021-)</li><li>• Regulations and channels for victim protection and reporting and grievance-handling</li></ul>
Preventing Discrimination and Protecting the Human Rights of Persons with Disabilities	Employees with disabilities	<ul style="list-style-type: none"><li>• Providing education to improve awareness of persons with disabilities (every year)</li><li>• Expanded recruitment of persons with disabilities: 2.6% (12 employees) in 2020 → 3.7% (18 employees) in 2022</li></ul>

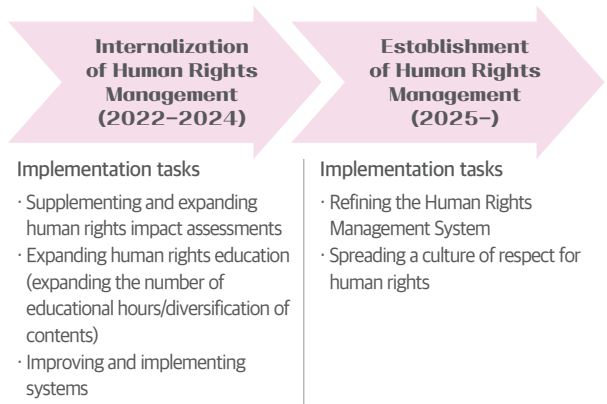
## Counseling Channels for Human Rights Grievances

SK Gas operates various channels to provide consultation to employees and stakeholders who have human rights-related grievances. Employees can use the Ethics Management Counseling Center, the human rights management channel, and the Integrated Workplace Harassment and Sexual Harassment Reporting Center. Suppliers, customers, consumers, and community officials can use the Ethics Management Counseling Center, contact us through the 1:1 inquiry channel, or apply for the Happy Filling Membership.

## Target

SK Gas established a mid- to long-term roadmap for human rights impact assessment and human rights management, and it is pursuing tasks with the aim of internalizing human rights management by 2024 and achieving strong human rights management by 2025.

Stakeholders	Register	Completed	Rejected	Processing
Employees	4	4	0	0
Suppliers	101	97	0	4
Consumers	8513	8288	225	0



## [Human Rights Education Performance Outcomes and Goals]

Category	Measurement method	Unit	FY 2020	FY 2021	FY 2022	FY 2023	FY2024	FY 2025
Expansion of human rights education	Human rights education hours per person	Hours	1.3	3.0	3.5	3.7	4.0	4.3

## [Roadmap to Expand Human Rights Impact Assessment]

Scope of human rights impact assessments		Roadmap				
		2023	2024	2025	2026~	
Business site	Headquarters	Headquarters				
	Area	Terminals/branch	Overseas	Subsidiary company		
LPG business	Value Chain	Production			Overseas producers	
		Trading			Overseas trading companies	
		Ocean transport		Domestic transport companies	Overseas transport companies	
		Storage	Service providers	Purchasing companies		
		Distribution	Distribution companies			
		Sales	Filling stations (pilot)	Car filling stations	Propane filling stations	
	Local communities		Ulsan	Pyeongtaek		
	Consumers		-	LPG vehicle customers	Home and business customers	
	New businesses	LNG, etc.			LNG	New businesses



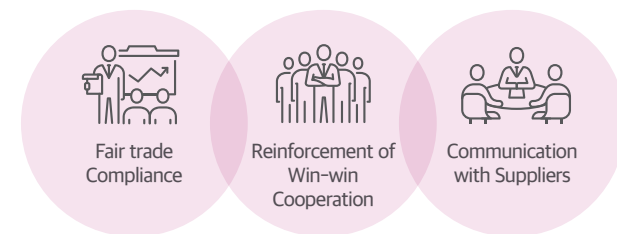
# Supply Chain Management

## Policy

SK Gas is implementing systematic ESG supply chain management according to stakeholders' demands for sustainable management and changes in domestic and foreign regulations. We sought to grow together with all our partners by establishing the Supplier Code of Conduct and guidelines and conducting ESG evaluations centered on partners under priority management for continual monitoring. All partners contracting with SK Gas are required to comply with the Supplier Code of Conduct, and the conditions for compliance with the Code of Conduct are specified in the contract. In addition, we are creating a purchasing environment from a social point of view by regulating green purchase policies.

In addition, SK Gas administers various financial and non-financial shared growth programs to promote sustainable growth with its suppliers based on the three core values of shared growth.

### [Three Core Values]



## Governance

SK Gas organized an Internal Review Committee to review whether supplier selections are appropriate and conduct fair and transparent purchasing activities. The chairman is an executive in charge of purchasing, and the departments reviewing the purchasing cases are in purchasing, technology, fair trade, and legal divisions. Deliberation targets include sole-source contracts worth KRW 500 million or more and competitive purchases worth KRW one billion or more. In 2022, a total of 23 items were reviewed.



## Strategy & Implementation

### Supplier ESG Evaluation

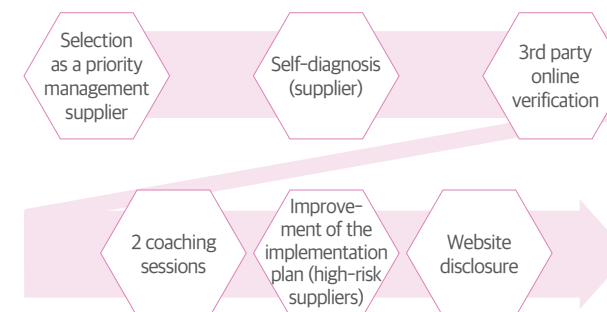
SK Gas inspects its suppliers for compliance with the Supplier Code of Conduct and identifies risks in the four areas of environment, health and safety, labor and human rights, and ethics. In the case of companies with high risks, we provide support and monitor their improvement through inspections. In addition, we select qualified subcontractors by monitoring financial risk factors in real time and conducting HSE evaluations based on data from credit rating agencies.

### [Process of Supplier ESG Assessment]



In addition, SK Gas conducts ESG management diagnoses for suppliers to evaluate their ESG risk management and implementation outcomes and provides incentives such as interest support programs to improve ESG performance. In 2022, we conducted self-diagnoses and verifications, established improvement plans, and conducted ESG coaching for a total of 24 priority management suppliers and suppliers who voluntarily attended.

### [Process of ESG Management Diagnosis]



### Financial Support for Suppliers

Special interest rate reduction is provided to supplier SMEs in accordance with the 'Shared Growth Cooperation Agreement for Joint Support of SK Group Suppliers' between SK Group and Industrial Bank of Korea (IBK). Payment to Suppliers SK Gas pays 100% in cash and aims to pay within ten days from the issuance of the tax invoice.

### [Support Process]



### Programs for Shared Growth with Suppliers

SK Gas holds the "CEO Seminar for Shared Growth" seven to eight times a year to assist the CEOs of suppliers with management insight into business, economics, the humanities, society, etc.

Safety training and human rights education for suppliers allow the participation of not only Tier 1 suppliers but also Tier 2 and 3 suppliers. Furthermore, we provide the employees of suppliers with access to mySUNI, SK's online learning platform. In addition, we are conducting consulting projects with the Korea Chamber of Commerce and Industry to derive improvement tasks to enhance ESG execution among suppliers identified as high-risk partners.





# Supply Chain Management

## [Achievements and Goals of Major Win-Win Growth Programs]

Program	Overview	Performance	2023-2024 Target	2025 Target
CEO Seminars and MBA Integrated Courses	Broadening management insight into economics, humanities, society, etc. for the CEOs and employees of Tier 1 suppliers'	CEO Seminar 2022_(8 sessions) 2021_(8 sessions) 2020_(5 sessions) 2019_(8 sessions) 2018_(8 sessions) 2017_(7 sessions)  MBA Program for Shared Growth 2019_(2 sessions) 2018_(2 sessions) 2017_(1 session)	8 sessions per year	8 sessions per year
Job Fairs	Hosting recruitment fairs to solve youth unemployment and manpower shortages in SMEs through job matching	2018_ (1 session)		
Talks with Suppliers	Regular meetings are held to seek mutual growth with suppliers, and to listen and address grievances	2022_(1session) 2021_(1session) 2020_(1session)	Once a year	Twice a year
Safety Training for Suppliers	Education on the amended Occupational Health & Safety Act and safety issues for not only Tier 1 suppliers but also Tier 2 and 3 suppliers	2022_(1 session) 2021_(2 sessions) 2020_(1 session)	Twice a year	4 times a year
Human Rights Education for Suppliers	Online human rights education for not only Tier 1 suppliers but also Tier 2 & 3 suppliers	2022_(1 session) 2021_(1 session)	Once a year	Twice a year
Shared Growth Fund for Suppliers	An interest rate reduction support program is administered in accordance with the Shared Growth Cooperation Agreement for Joint Support of SK Group Suppliers between SK Group and IBK. Based on the results of regular evaluations, priority is given to companies selected as excellent suppliers by SK Gas	2022_(KRW 0.2 billion) 2021_(KRW 0.2 billion)	30% of the quota	50% of the quota
Payment to Suppliers	According to the Fair Transactions in Subcontracting Act, payments must be made within 60 days after the issuance of a tax invoice. However, SK Gas completes payments in cash within 30 days to alleviate the financial burden of suppliers.	2022_(7.58 days) 2021_(9.77 days) 2020_(8 days)	Within 10 days	Within 10 days

## Target

SK Gas has been conducting annual ESG management diagnoses for suppliers since 2020 to support the sustainable growth of suppliers and practice win-win management. SK Gas plans to expand the target of management diagnoses to include all business groups from 2023. After conducting management diagnoses, we will further advance support such as coaching and consulting for high-risk suppliers to systematically manage ESG risks by improving suppliers' ESG management awareness and strengthening their capabilities.

# Social Enterprise Support

## Policy

SK Gas supports social enterprises related to eco-friendly projects. We place the highest priority on discovering social enterprises that are linked to the low-carbon and decarbonization business, which is our main business portfolio, and that have business models designed to solve environmental problems,. We are continually expanding our collaboration and support in relation to such promising social enterprises.

## [Social Enterprise Cooperation Plan]

Application for Support		Method of Support	
Targets	How to apply	Direct investment	Cooperative business projects
-Social enterprises with business models that solve environment-related social problems such as greenhouse gas or fine dust reduction and resource recycling	-Discovery of social enterprises through market research and suitability evaluations conducted a dedicated in-house organization  -Recommendation of social enterprises by field departments during normal business activities  -Selection of social enterprises that meet the policies of SK Gas using the public offering platform	-Establishing a partnership with SK Gas through equity investment in social enterprises and jointly responding to social problems	-Executing cooperative projects such as providing SK Gas infrastructure and applying the social enterprise's business model to selected infrastructure  -Supporting the expansion of the social enterprise business model by linking our resources with the local community needs

## Strategy & Implementation

SK Gas has been participating in the Social Bridge Program of the Korea Social Enterprise Promotion Agency to efficiently solve various social problems. The Social Bridge Program is a platform for equity investment and the conduct of cooperative projects through the discovery of promising social enterprises and ventures. Through this program, SK Gas is promoting the revitalization of the social enterprise ecosystem by supporting the self-reliance and growth of social companies.

## [Supporting and Fostering the Social Enterprise Ecosystem]

SK Gas	+	Social Enterprises (SE)
Inadequate internal capabilities and experience in SV-BM innovation		Experts in SV · Possession of experience and competency · Securing social problem solutions
Commitment to social responsibility		
Holding resources needed to solve problems		Insufficient human resources · Focused on job-creating, subsidy-dependent business models · Difficulty in creating self-sustaining EV · Difficulty of compensation for SV creation
*SV: Social Value, EV: Economic Value, BM: Business Model		

In order to support and revitalize the social enterprise ecosystem, SK Gas has established a performance management system that includes SV impact measurements in addition to investment costs and the company is continuously monitoring the self-reliant growth of social enterprises and resolving social problems.

## [Performance Management]

(Unit: KRW 1,000)

Company	Expected effects		2020	2021	2022
School Bus Co., Ltd.	Business investment	Equity investment	300,000	-	-
	SV Impact	Greenhouse gas emissions reduction (KRW 209,000/unit)	1,045	1,359	2,125
		Reduction of child traffic accidents (KRW 545,000/unit)	2,725	3,543	5,405
	Total		303,770	4,901	7,529

## Target

SK Gas is taking the lead in resolving social problems by supporting social enterprise independence, by means of linking direct investment and cooperative projects, utilizing public offering platforms, accelerating existing investment social enterprises, and managing pools.

## [Performance and Future Plans]

Action plan	2022	2023	~2025
Direct investment or collaborative goals	3 or above	3 or above	5 or above
Utilization of public offering platforms and social enterprise cooperation in the local community	Participated in the Social Bridge project Collaborative SE discovery and support  -Establishment of a plan for the Jigwanseoga project and opening of one location (Ulsan) - Improving the local community environment through cooperation with social enterprises located in our business sites	Continuing Social Bridge, a public offering platform business Social enterprise cooperation through the Jigwanseoga project - 2 regions (Ulsan/ Pyeongtaek)	Expansion of social enterprise support and investment to improve the environment of local communities



# Community Relations

## Policy

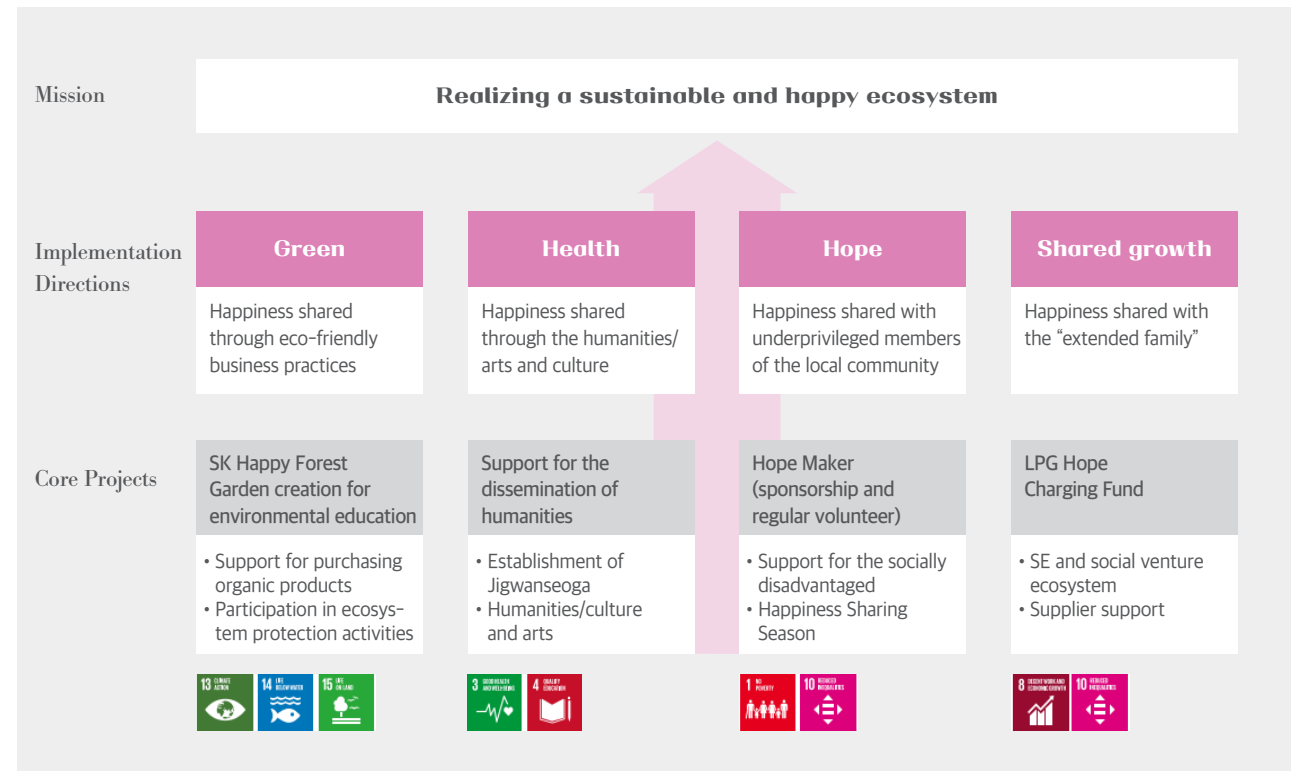
The business philosophy of SKMS (SK Management System) is that we should enhance the happiness of our stakeholders by seeking a harmonious balance between their present and future needs in order to ensure longevity, while empowering the local community to grow together. We are committed to making various contributions in areas such as environmental protection, job creation, improvement in the quality of life, and the support of local communities.

The social contribution projects of SK Gas for local communities are conducted in accordance with the four axes of green, health, hope, and mutual growth, in connection with the UN SDGs (Sustainable Development Goals), and in order to develop practical support projects for local residents, the company is developing projects for each worksite according to the characteristics of the specific business and community.

## Governance

All projects are conducted under the supervision of the ESG Manager, an organization dedicated to social contributions. We are implementing social contribution projects with major decisions deliberated and made by the ESG Committee under the BOD.

### [Social Contribution Organization Chart]



## Strategy & Implementation

There have been no issues in the local community related to installation of the Ulsan and Pyongtaek plants where the storage terminals of SK Gas are currently located, since these plants are located inside industrial complexes constructed by the government. Our projects will be carried out based on environmental impact assessments, with ongoing communication with residents. The Ulsan and Pyongtaek plants of SK Gas do not generate industrial wastewater as they are storage facilities, and their energy consumption, air pollutant emissions, and greenhouse gas emissions are low enough to be ranked at the global top level. Consequently, our environmental impact within the local community is negligible. We will evolve into an eco-friendlier workplace by achieving RE 100 by 2030.

Starting with the LPG business, we have been continuously creating jobs through the process of transforming into an ultimate carbon-free energy supplier and we continue to use part of our profits for social contribution projects. We offered social safety net support for vulnerable residents in the region, support for local social enterprises, and donations to vulnerable people and local governments during the COVID-19 health and economic crisis.

In 2022, in consultation with local governments and other representatives of local communities, we undertook a new donation project for installing a local book cafés called Jigwanseoga. The purpose of this project is to promote healthy minds and the happiness of local residents and strengthen the infrastructure for the humanities and cultural activities. This project will support social enterprises, youth entrepreneurs, and neighborhood bookstores, as well as create jobs for the underprivileged. In order to support continuity and efficient operation even after donation acceptance, Jigwanseoga will periodically hold an operation council, a communication channel between local governments and consignment operators. In addition, ecological protection projects for environmental protection practices involving local residents' participation will also be carried out through cooperation and regular communication with local environmental protection organizations.

Since the declaration of human rights management in 2020, the scope of human rights impact assessment has been expanded to include the supply chain and local communities. Opinions from representatives of local residents and environmental groups have been heard and respected. We are expanding the scope of ethical management to include resident partner companies such as security service companies, which are one of the points of contact with the local community.

### Spreading Happiness in the Community (Health)

#### The Jigwanseoga Project

SK Gas conducted the Jigwanseoga project to strengthen the local ecosystem and contribute to improving the quality of life of local residents by establishing a base for the spread of the humanities and

culture. Jigwanseoga is a book cafe created in the local community, contributing to the psychological health and happiness of local citizens as well as encouraging wisdom and reflection through book curation, book clubs, and humanities programs.

In addition, we provide opportunities to improve life satisfaction and stability through job creation in cooperation with local public institutions and social welfare facilities, and we furthermore create social values by strengthening local cultural infrastructures.

In selecting the location for the Jigwanseoga, we conducted a research study to increase our understanding of the region and identify the interests and needs of various stakeholders in the region through a concept acceptance survey. In 2022, the Jigwanseoga Pyongtaek Research project was conducted to identify the spatial and social characteristics of Pyongtaek and the humanities and social needs of local residents and reflect these findings in the selection of spatial concepts and themes and the planning of specialized humanities content.

#### The Academia Platonica Foundation for Humanities Education

SK Gas sponsors the Academia Platonica Foundation to deepen and disseminate "humanities for reflective learning" that strengthen the inner values of humanity. Academia Platonica is the first pure humanities research support foundation in South Korea and is administered as a social contribution project of SK Gas that correctly establishes the values of happiness and conducts education and supports projects to promote these values throughout society. The Academia Platonica Foundation is divided into the humanities deepening project and the humanities expansion project. The Humanities Advanced Program supports world-class advanced humanities research and lays the foundation for making the humanities accessible to people in the mid- to long-term. Intensive projects include support for advanced scholars and support for domestic and foreign universities and research institutes.



The Jigwanseoga Project



# Community Relations

## Increasing Eco-friendly Social Contributions (Green)

### Operation of the Happy Green School

SK Gas employees serve as daily teachers in the Happy Green School program, which provides environmental education to elementary school students near SK Gas business sites, and they also communicate with the broader local community on environmental issues. Executives and employees who are qualified as eco-friendly teachers through an in-house teacher training course visit elementary schools in person to educate students on the value and practice of environmental protection and eco-friendly technologies. This educational program, started in 2012, aims to teach children to be environmentally conscious and classes are conducted using teaching materials and teaching aids developed to heighten student engagement, tailored to the student's eye level, such as self-developed board games.

### SK Happy Forest Garden & Ecological Protection Project

Other eco-friendly social contribution activities can be found in the link above

## Improving the Quality of Life for Vulnerable Groups (Hope)

### Active Operation of the Hope Maker Program

SK Gas conducts various programs in pursuit of growth shared with local communities. The company administers employee volunteering projects, donation campaigns, product sponsorships, and scholarship programs to support children and youth, elderly people living alone, and homeless people who are in the blind spot of the welfare systems of the local communities where our business sites are located. We actively operate the Hope Maker program, an exclusive program of SK Gas to support children and youth. It is a representative project and an activity to support children and adolescents from low-income families in the areas where the business sites of SK Gas are located. In addition to financial support such as regular monthly donations and occasional product sponsorships, the company also provides emotional support by running a program called the Hope Maker School, which supports after-school study as well as career and academic mentoring. This project, started in 2012 with five social welfare organizations across the country, has produced forty-one graduates and supports sixty children and adolescents every year. “



SK Happy Forest Garden Creation



## Performance & Targets

Ecosystem protection activities conducted in Ulsan will be expanded to seven areas by 2025, and active efforts will be made to protect endangered species and improve or protect the ecosystem. Donations to the Hope Maker project to support underprivileged children in the local communities where our business sites are located, will increase to KWR 2 billion by 2030, increasing the targeted number of people from 60 to 100. We will expand our support to more children by reaching beyond the 3 regions where our bases are located (Seongnam, Ulsan,

and Pyeongtaek) to further include 7 regions, including the region where our branch office is located.

The LPG Hope Charging Fund, a project to support the socially underprivileged, aims to complete approximately 6,000 LPG supply facility improvements by 2025. In addition, the number of students receiving financial aid will expand to about 3,500 by 2025. In 2021, three Jigwanseoga locations are to be installed and operated, starting with a location in SK Advanced, a subsidiary of SK Gas. Since 2022, SK Gas has been carrying out a plan to install and operate a total of 30 locations in Ulsan and Pyeongtaek by 2032.

	2021	2022	2023	2025	2030
Green	<ul style="list-style-type: none"><li>• Eco-friendly education<ul style="list-style-type: none"><li>- Online teaching tool development (2021)</li></ul></li><li>• Ecological protection business<ul style="list-style-type: none"><li>- MOU with the National Institute of Ecology (2020)</li><li>- Publication and distribution of ecological books<ul style="list-style-type: none"><li>1) Ulsan area (2020)</li><li>2) Pyeongtaek area (2021)</li></ul></li></ul></li></ul>	<ul style="list-style-type: none"><li>• Eco-friendly education<ul style="list-style-type: none"><li>- On/offline progress in 2 regions (Seongnam and Ulsan)</li></ul></li><li>• Ecosystem protection business<ul style="list-style-type: none"><li>- The "Cultivating Neighborhood Birds" project in Ulsan (for citizens)</li><li>- Publication and distribution of a book on the ecology of endangered species protection in 2 regions (Seongnam and Seochon, 20,000 copies)</li><li>• Afforestation project (city forest formation)</li><li>- Creation of the first SK Happy Forest Garden in the city center (Pyeongtaek City, completed in November)</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Eco-friendly education<ul style="list-style-type: none"><li>- On/offline progress in 3 regions (Seongnam, Ulsan, and Pyeongtaek)</li><li>- Education participation of women who experienced career interruptions</li></ul></li><li>• Ecosystem protection business<ul style="list-style-type: none"><li>- Publication and distribution of a book on the ecology of endangered species protection in 2 regions</li><li>- Production and distribution of AR books</li><li>- Acquisition of the Endangered Species Conservation Certification</li><li>• SK Happy Forest Garden</li><li>- Creation of Park No. 2</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Continuous implementation of eco-friendly education</li><li>• Ecological protection business<ul style="list-style-type: none"><li>- Continuation of the endangered species protection project</li></ul></li><li>• SK Happy Forest Garden<ul style="list-style-type: none"><li>- Creation of the 4th park in the Pyeongtaek</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Expansion of expertise in eco-friendly education</li><li>• Expansion of the ecological protection business area</li><li>• Creation of the SK Happy Forest Garden</li><li>- Creation of 10 locations in Pyeongtaek</li></ul>
Health	<ul style="list-style-type: none"><li>• Support for the foundation<ul style="list-style-type: none"><li>- Humanities (Platonica)</li><li>- Spreading Happiness (Seoul National University)</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Continuation of projects supporting the foundation</li><li>• Establishment and implementation of the Jigwanseoga plan<ul style="list-style-type: none"><li>- Goal to establish 30 Jigwanseoga locations by 2030</li><li>- Location: Ulsan and Pyeongtaek (communities where the plant is located)</li></ul></li><li>- Establishment of the UNIST branch</li></ul>	<ul style="list-style-type: none"><li>• Continuation of projects supporting the foundation</li><li>• Establishment and operation of Jigwanseoga locations<ul style="list-style-type: none"><li>- Established 4 locations in the region: Ulsan (2), Pyeongtaek (1), and Yeosu (1)</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Continuation of projects supporting the foundation</li><li>• Establishment and operation of Jigwanseoga<ul style="list-style-type: none"><li>- Cumulative total of 12 establishments: Ulsan (8), Pyeongtaek (3), and Yeosu (1)</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Continuation of projects supporting the foundation</li><li>• Establishment and operation of Jigwanseoga<ul style="list-style-type: none"><li>- Cumulative total of 30 establishments: Ulsan (20), Pyeongtaek (9), and Yeosu (1)</li></ul></li></ul>
Hope	<ul style="list-style-type: none"><li>• Hope Maker program<ul style="list-style-type: none"><li>- Maintains 60 sponsorships every year (Seongnam, Ulsan, and Pyeongtaek).</li></ul></li><li>• Happiness Alliance<ul style="list-style-type: none"><li>- Participation in 2019</li><li>- Donation to one region every year.</li></ul></li><li>• Target organization sponsorship project<ul style="list-style-type: none"><li>- Support for the projects of six organizations</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Hope Maker<ul style="list-style-type: none"><li>- Increased the number of participants by 5% every year (connecting 63 people).</li></ul></li><li>• Happiness Alliance<ul style="list-style-type: none"><li>- Expanded to 2 regions (Busan and Jeju)</li></ul></li><li>• Target organization sponsorship project<ul style="list-style-type: none"><li>- Support for the projects of six organizations</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Support for individuals who are energy underprivileged<ul style="list-style-type: none"><li>- Increased the number of beneficiaries by 5% every year (connecting 66 people).</li></ul></li><li>• Happiness Alliance<ul style="list-style-type: none"><li>- Continuously sustained in two regions</li></ul></li><li>• Target organization sponsorship project<ul style="list-style-type: none"><li>- Support for the projects of six organizations</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Hope Maker<ul style="list-style-type: none"><li>- Increased the number of beneficiaries by 5% every year (connecting 72 people).</li></ul></li><li>• Happiness Alliance<ul style="list-style-type: none"><li>- Expansion of support to six regions (branches and bases)</li></ul></li><li>• Target organization sponsorship project<ul style="list-style-type: none"><li>- Expansion of target organization support</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Hope Maker<ul style="list-style-type: none"><li>- Support for 100 people in six regions</li></ul></li><li>• Happiness Alliance<ul style="list-style-type: none"><li>- Continuous support in six regions</li></ul></li><li>• Target organization sponsorship project</li></ul>

\*Changed the name to SK Happy Forest Garden in 2023

### [Execution/Performance Management (Hope Maker Admission/Enrollment Rate)]

Category	2019	2020	2021	2022	2025	2030
Improving career and learning skills	80%	65%	66%	74%	100%	100%
College entrance rate	82%	100%	86%	75%	-	-
Employment rate	18%	0%	14%	25%	-	-





# THROUGH TRANSPARENCY

Board leadership	86
Ethics and Integrity	91
Compliance	94



## Board leadership

## The Composition of the Board of Directors

As of March 2023, the Board of Directors of SK Gas consisted of a total of seven members, including two inside directors, four outside directors, and one non-executive director. In order to enhance the independence and transparency of the Board of Directors and solidify management centered on the Board of Directors, more than half (57%) of the Board of Directors is composed of outside directors, and the chairperson of the Board of Directors is separated from the CEO and is appointed from among outside directors. Within the BOB, there are four committees: the Audit Committee, the Outside Director Candidate Recommendation Committee, the ESG Committee, and the Executive Personnel Committee.

## Independence of the Board of Directors

To ensure the independence of the Board of Directors, SK Gas has a majority of the directors as outside directors, and in April 2022, it established the Independence Guidelines for Outside Directors. In addition, the chairperson of the Board of Directors and the chairperson of the four specialized committees under the board are all outside directors, and when appointing outside directors, the Outside Director Candidate Recommendation Committee confirms that candidates do not have contractual or business relationships with the company above a certain level and conducts the recommendation process. In addition, outside directors are allowed to hold only one concurrent position at another company, and their term of office is limited to one-time renewal (a total tenure of approximately six years).

## Professionalism and Diversity of the Board of Directors

In April 2022, SK Gas enacted the Board Expertise and Diversity Guidelines. In order to enhance the expertise of the board of directors, we prioritize recommending and appointing outside directors with expertise in international relations, law, IT, accounting, and finance. In addition, we seek diversity in race, gender, age, nationality, education, religion, disability, political orientation, etc. when we organize the board of directors to reflect the demands of various stakeholders in management. In 2022, one female outside director, a legal expert, was appointed to promote professionalism and gender diversity. SK Gas will continue to make efforts to ensure that the qualifications and competencies of directors contribute to the long-term performance and development of the company.

## Director Appointment Process

SK Gas has established a clear process to bring fairness and objectivity into the appointment of inside and outside directors. The directors' qualifications, appointment background, and independence requirements are all disclosed. The Board of Directors recommends candidates for inside directors to the General Meeting of Shareholders after determining their qualifications. Outside director candidates are recommended by the Outside Director Candidate Recommendation Committee, which judges their qualifications, and are individually

elected on an annual basis. Candidate evaluation is comprehensive, in that it takes into account not only the company's own standards such as independence, professionalism, fidelity, management mindset, and social recognition, but also the diversity of the composition of the Board of Directors and the business environment.

[Independence, Professionalism, and Diversity of the Board of Directors]

Category		Unit	2020	2021	2022
Independence	Ratio of outside directors on the Board of Directors	%	57.1	57.1	57.1
	CEO and the chairperson of the Board of Directors	Separation status	Separated	Separated	Separated
	Number of other mandates allowed	Other mandates	1	1	1
Professionalism	Director with industrial experience	%	42.85	42.85	42.85
	Finance expert	Person	2	2	2
Diversity	Board diversity policy	Establishment status	Established	Established	Established
	Female directors	%	0	14.3	14.3
Efficiency	Average tenure	Year	4.3	5.3	6.3
	Attendance rate	%	95.6	97.8	96.8

## The Operation of the Board of Directors

The Board of Directors reviews and makes decisions on agendas covering various areas such as the society, environment, and economy and deliberates on investment risks. The BOD also actively collects the opinions of shareholders and stakeholders and reflect them in management decisions. SK Gas holds regular BOD meetings more than 10 times a year to approve financial statements, convene a regular General Meeting of Shareholders, and report quarterly business results. Approximately two or three ad hoc board meetings are also held annually to deliberate on investment risks, etc. In 2022, a total of fifteen BOD meetings were held, and twenty report items and thirty-five resolution items were proposed. The secretary of the Board of Directors gives notice of the convening of the Board of Directors seven days before the meeting according to the instructions of the chairperson or a director nominated by the chairperson, and, except as otherwise stipulated by the relevant laws and regulations, the agenda is resolved with the attendance of a majority of directors and the approval of a majority of the attending directors.

[Current Status of the Board of Directors]

Category		Unit	2020	2021	2022
Meetings Held	Number of meetings	Meeting	13	13	15
Reporting and Resolution	Number of reports	Case	21	23	20
	Number of resolutions	Case	33	31	35
Opinions on Agenda Items	Approved	Case(%)	33(100)	31(100)	34(97.1)
	Disapproved	Case(%)	0(0)	0(0)	0(0)
	Revision	Case(%)	0(0)	0(0)	0(0)
	Abstention	Case(%)	0(0)	0(0)	0(0)
	Hold	Case(%)	0(0)	0(0)	1(2.9)

### [Composition of the BOD]

(As of March 23, 2023)

Category	Name	Date of Appointment	Tenure	Attendance Rate	Bio Summary	Specialty
Outside Directors	Kim Yeon-geun	March 24, 2022	3 years	100%	<ul style="list-style-type: none"> <li>Ph.D. ABD (tax law) at Korea University</li> <li>Certified public accountant</li> <li>Currently, an advisor at Kim &amp; Chang</li> </ul>	Formerly, Commissioner of the Seoul Regional Tax Office Accounting & finance
	Lee Sang-goo	March 30, 2021	3 years	100%	<ul style="list-style-type: none"> <li>Department of Computational Statistics, Seoul National University</li> <li>Ph.D. in Computer Science, Northwestern University</li> <li>Currently, Professor of Department of Computer Science and Engineering, Seoul National University</li> </ul>	Formerly, Chairman of Judging Committee, Samsung Science & Technology Foundation Formerly, Vice President of the Big Data Research Center at Seoul National University IT
	Jeon Hyun-jeong	June 17, 2021	3 years	100%	<ul style="list-style-type: none"> <li>Department of Private Law, Seoul National University</li> <li>Seoul National University Graduate School Ph.D. ABD (Commercial Law)</li> <li>Currently, Counselor to the KCL Law Firm</li> </ul>	Formerly, Chief Judge of the Seoul Central District Court Law
	Park Ju-kyeong	March 23, 2023	3 years	-	<ul style="list-style-type: none"> <li>M.A., Korea National Defense University</li> <li>Ph.D. in Anthropology, Yale University (expertise on China).</li> <li>Currently, Professor of the Open Cyber University of Korea</li> </ul>	Formerly, vice chief of staff of the Army Formerly, Director of the Vaccine Transportation Support Headquarters of the Korea Disease Control and Prevention Agency Formerly, evaluator of the Center for Defense Resource Management of the Korea Institute for Defense Analyses Safety and security
Inside Director	Chey Chang-won	March 23, 2023	3 years	100%	<ul style="list-style-type: none"> <li>Department of Psychology, Seoul National University</li> <li>Currently, Vice Chairman and CEO of SK Discovery</li> </ul>	Currently, Vice Chairman of the SK Research Institute Corporate management
	Yoon Byung-suk	March 24, 2022	3 years	100%	<ul style="list-style-type: none"> <li>Department of Chemical Engineering, Seoul National University</li> <li>Master of Chemical Engineering, Seoul National University</li> <li>MBA, University of Michigan</li> </ul>	Currently, CEO and President of SK Gas Formerly, Head of the SK Gas Solution & Trading Division Formerly, Partner of the Seoul Office of the Boston Consulting Group Corporate management
Other Non-Executive Director	Jeon Kwang-hyun	March 23, 2023	3 years	-	<ul style="list-style-type: none"> <li>Department of Business Administration, Korea University</li> <li>Currently, CEO of SK Discovery and non-executive director of SK Chemicals</li> </ul>	Formerly, CEO of SK Chemicals Formerly, CEO in charge of global business, SK Construction and Engineering Corporate management

## [SK Gas Board Skill Matrix]

(As of June 20, 2023)

Competency Category		Chey Chang-won	Yoon Byung-suk	Jeon Kwang-hyun	Kim Yeon-geun	Lee Sang-goo	Jeon Hyun-jeong	Park Ju-kyung	Ratio	
Leadership		●	●	●	●	●	●	●	100%	
Business development and strategy		●	●	●		●			57%	
Finance, accounting, and risks			●	●	●			●	57%	
Laws and regulations					●		●		29%	
ESG		●	●	●	●	●	●	●	100%	
Core industries (energy, chemistry, and power)		●	●	●					43%	
Global		●	●			●	●	●	71%	
M&A and capital markets		●	●	●	●		●		71%	
Supply chain and security (including IT)				●		●		●	43%	
Activities	Term	’23~’26	’22~’25	’23~’26	’22~’25	’21~’24	’21~’24	’23~’26	-	
	Affiliated Committees	-	ESG	Executive Personnel	Chairman, Executive Personnel, Audit, Outside Director Candidate Recommendation	Executive Personnel, Outside Director Candidate Recommendation	Audit, Outside Director Candidate Recommendation, ESG	Audit, ESG	-	
Independence & Diversity	Independence		-	-	-	○	○	○	○	57%
	Diversity	Age	58years old	57years old	58years old	63years old	61years old	58years old	59years old	Average age 59
		Gender	Male	Male	Male	Male	Male	Female	Male	Female 14%



# Board leadership

## Board leadership

### Executive Personnel Committee

As of the end of 2022, the Executive Personnel Committee was composed of two outside directors and one non-executive director. It serves the role of recommending a candidate by screening the candidates for the position of CEO before presentation to the Board of Directors and the General Shareholders' Meeting. In addition, in order to ensure objectivity and transparency in the process of determining the remuneration to be given to directors, the Committee reviews the key personnel matters pertaining to executives, such as the evaluation\* of inside directors and key executives and the amount of remuneration for individual directors.

\*The performance of key executives is evaluated based on KPIs including ESG strategic tasks (net zero, occupational safety and health, etc.), and details of compensation for key executives are disclosed in the business report.

#### [Operation Status of the Executive Personnel Committee]

Category	Unit	2020	2021	2022
Number of members	Persons	-	3	3
Ratio of outside directors	%	-	66.7	66.7
Number of meetings	Times	-	3	5
Attendance rate	%	-	89	80
Number of resolutions	Cases	-	1	0
Number of reports	Cases	-	4	4

### ESG Committee

On June 28, 2021, SK Gas established the ESG Committee to strategically respond to management changes related to the environment, social, and governance. The ESG Committee of SK Gas consists of one inside director and two outside directors and it reviews and deliberates on overall ESG activities, including the company's business strategies, major investments, and ESG execution plans. In 2022, the committee reported on the performance of major ESG tasks in 2022, the results of climate change response projects, the disclosures of the TCFD report, and human rights management improvement plans.

#### [Operation Status of the ESG Committee]

Category	Unit	2020	2021	2022
Number of members	Persons	3	3	3
Ratio of outside directors	%	66.7	66.7	66.7
Number of meetings	Times	3	3	4
Attendance rate	%	100	100	100
Number of resolutions	Cases	1	1	1
Number of reports	Cases	7	3	10

### Outside Director Candidate Recommendation Committee

The Outside Director Candidate Recommendation Committee is composed entirely of outside directors and recommends independent and professional candidates to ensure that outside directors are appointed in a transparent and fair manner.

#### [Operation Status of the Outside Director Candidate Recommendation Committee]

Category	Unit	2020	2021	2022
Number of members	Persons	3	3	3
Ratio of outside directors	%	100	100	100
CEO participation	Participation status	Not participation	Not participation	Not participation
Number of meetings	Times	1	2	2
Attendance rate	%	100	100	100
Number of resolutions	Cases	2	4	1
Number of reports	Cases	0	0	1

### Audit Committee

The Audit Committee conducts accounting audits, selects external auditors, and evaluates the operation status of the internal accounting control system. The chairperson of the Audit Committee is an outside director who is an accounting or financial expert, and all members are outside directors. In order to enhance the independence and transparency of audits, all members are appointed from among outside directors (3 members), which is a stricter policy than the requirements of commercial law, which stipulates that outside directors account for more than two-thirds of the total membership.

• There is no Risk Committee, but major investment risks are reviewed by the Audit Committee (in the case of transactions with affiliates) and the Board of Directors.

#### [Operation Status of the Audit Committee]

Category	Unit	2020	2021	2022
Number of members	Persons	3	3	3
Ratio of outside directors	%	100	100	100
Chairman's financial expertise	Availability status	-	Available	Available
Number of financial experts	Persons	1	1	1
Number of meetings	Times	10	11	11
Attendance rate	%	100	100	100
Number of resolutions	Cases	13	19	17
Number of reports	Cases	4	6	8
Number of objections or revisions	Cases	0	0	0

## Board Training

SK Gas provides training on major issues and mid- to long-term plans of corporate business, and major ESG issues such as climate change response to enhance the role efficiency and professionalism of directors. In accordance with the Board of Directors Regulations, outside directors may seek the help of other external experts when necessary.

#### [Current Status of Outside Director Training]

Training Date	Outside Directors Present	Key Details of the Training Program
January 24, 2022	All	Board workshops (mid and long term business portfolios, etc.)
February 16, 2022	Jeon Hyun-jeong	A Look Ahead with BlackRock Investment Stewardship
May 12, 2022	All	New Discoveries about Human Nature
May 13, 2022	All	Board workshops (Financial Story / HSE / DT)
October 31, 2022	Lee Sang-goo, Jeon Hyun-jeong	The Future of AI
October 31, 2022	Jeong Jong-ho	Global environmental change and investment
November 25, 2022	All	SK Gas LNG Fuel Supply Business I
December 15, 2022	All	SK Gas LNG Fuel Supply Business II

#### [Reduction in the Responsibilities of Outside Directors]

Category	Unit	2020	2021	2022
Liability insurance	Insurance status	Insured	Insured	Insured
Leadership-related problems	Cases	0	0	0

## Board Evaluation and Remuneration

As a key body responsible for important decision-making and management oversight, since 2020 the Board of Directors of SK Gas has used self-assessments as an opportunity to reaffirm the roles and responsibilities of the Board of Directors and promote effective board composition and operation. In 2022, a self-evaluation was conducted on the BOD's activities in 2021, and all four outside directors participated in the evaluation anonymously.

The evaluation consisted of a total of twenty-five items in five categories, including the composition, roles, responsibilities, and operation of the BOD and its committees. The results of the evaluation on the operation of the Board of Directors are used to improve the operation of the board and are disclosed in the company's business report and corporate governance report. In addition, the ESG performance of the CEO and all executives are reflected in their key performance indicators as well as in the compensation system, to ensure that SK Gas can become a global ESG leader.

#### [Board Activity Self-Evaluation Results]

Overall score (out of 5)	4.96
Composition of the Board of Directors	4.92
Role of the BOD	4.90
Responsibilities of the BOD	5.00
Operation of the BOD	5.00
Composition, role and operation of the cs	5.00

Remunerations for directors are determined with transparency and fairness through resolutions at the General Shareholders' Meeting. Remuneration for inside directors is calculated based on consideration of company management performance such as sales, finance, and securement of future growth engines, as well as executive management regulations and limits on director remuneration. Remuneration for outside directors is paid within the limits of remuneration by considering the level of remuneration at other companies, responsibilities for job performance, and the independence of outside directors.

#### [BOD Remuneration Payment Status]

	Category	Unit	2020	2021	2022
Remune-ration	ESG included in CEO performance indicators	Inclusion status	Included	Included	Included
	Individual Remuneration Calculation Standards and Remuneration Amounts	Disclosure status	-	Disclosed	Disclosed
Stock	National pension equity ratio	%	3.94	5.36	6.80
	Shareholding ratio of controlling shareholders	%	67.35	72.35	72.20



# Board leadership

## Shareholder-Friendly Management

### Transparency and Disclosure

SK Gas regularly holds General Meetings of Shareholders, and a General Meeting of Shareholders is notified and publicly announced with information on the venue and agenda in accordance with Article 542-4 of the Commercial Act. The 38th General Shareholders’ Meeting held in 2023 was announced three weeks in advance. Matters confirmed through the resolutions of the General Meeting of Shareholders are immediately disclosed and communicated to stakeholders including shareholders. Major issues pertaining to management that are closely related to investor interests are disclosed through the electronic disclosure system (DART: Data Analysis, Retrieval, and Transfer System), the Korea Exchange, and the SK Gas website.

### Establishment and Disclosure of the Mid-term Dividend Policy

SK Gas has established a dividend policy to enhance shareholder value and intends to increase the stability and predictability of dividends by sharing information with shareholders through disclosures, website postings, and IR data. The following states the dividend policy adopted by SK Gas for the next three years (fiscal years 2021-2023).

#### [Dividend Policy]

Determination of the Total Dividend within 20-40% of the Annual Separate Net Income
A dividend policy direction that is based on performance but is upward progressive
Interim Dividends to be Implemented from 2022
Strengthening shareholder-friendly management by implementing interim dividends in addition to end-of-year dividends
Dividend Policy to be Reviewed Regularly Every Three Years
The above dividend policy is the dividend policy for 2021-2023, and SK Gas plans to continuously improve shareholder value by reviewing and announcing updated dividend policies every three years.

### Implementation of the Electronic Voting System

SK Gas is using an electronic voting system as part of a shareholder-friendly policy that improves shareholder rights and interests by enhancing convenience, such as saving time and money for shareholders, and encouraging more active exercise of shareholder rights. Electronic voting is a system that guarantees that shareholders can exercise their voting rights online without needing to visit in person if a company registers the shareholder list and agenda for the General Shareholders’ Meeting in the electronic voting system. SK Gas confirmed the adoption of the electronic voting system at the Board of Directors on March 3, 2020, and first implemented the electronic voting system and the electronic proxy system at the 35th regular General Meeting of Shareholders on March 27, 2020.

#### [Reinforcing Shareholder Rights]

	Category	Unit	2020	2021	2022
Activation of Voting Rights	Adoption of the electronic voting system	Adoption status	Adopted	Adopted	Adopted
	Recommendation of the exercise of voting rights by proxy to all shareholders	Implemented status	Implemented	Implemented	Implemented
Shareholder Rights Protection	Dividend policy disclosure	Disclosure status	-	Disclosed	Disclosed
	The date of the General Meeting of Shareholders		2021. 3.30	2022. 3.24	2023. 3.23
	The date when the General Meeting of Shareholders is announced		2021. 3.15	2022. 3.2	2023. 2.28

### Revision of the Corporate Governance Charter

In March 2020, SK Gas enacted the Corporate Governance Charter, which establishes its principles of corporate governance. It was revised in April 2022 with the approval of the Board of Directors to reflect amendments to the KCGS’s Model Standards for Corporate Governance (3rd revision in August 2021) and SKMS (SK Management System) for SK Group. Major revisions included clarifications of the roles and responsibilities of the BOD and its committees, the appointment of auditors at the General Shareholders’ Meeting, expansion of communication with shareholders and stakeholders, and continued pursuit of responsible management through transparent governance and active communication with stakeholders.

# Ethics and Integrity

## Policy

SK Gas has established the Code of Ethics and the Anti-Corruption Management System Regulations, which are used as the criteria for decision-making and action in all management activities. These regulations are applied to all executives and employees, including the management, contract workers, and dispatched workers at all business sites in South Korea and abroad, as well as BPs (Business Partners) such as domestic and overseas subsidiaries and subcontractors.

The Code of Ethics consists of the basic ethical rules for employees, compliance with laws and management policies, etc., and the annexed regulations and guidelines such as the consultation and reporting system, budget and expense usage standards, FAQ for leaders, and ethics pledge are in operation. The Anti-Corruption Management System Regulations set the authority and procedures for bribery and anti-corruption policy operations and in addition, the procurement management regulations and attached procedures suggest ethical standards and evaluation standards and procedures related to procurement partners (BPs).

## Governance

After the CEO establishes an action plan for anti-corruption and ethics management at the beginning of each year, the plan is submitted to the Audit Committee under the Board of Directors for review along with the previous year’s major performance results. In addition, SK Gas manages all risks in ethics and compliance under the company-wide risk management system consisting of a process of “prevention, detection and response” and reports the status of risk management to the BOD twice a year. The Audit Group, the department in charge of anti-corruption and ethics management, is an organization under the Legal Office directly controlled by the CEO. The tasks performed by the group include carrying out internal audits, anti-corruption and compliance inspections including the implementation of anti-corruption self-cleaning systems, administering ethical management training for all members including the employees of subsidiaries, conducting an ethical management survey for internal members and BPs, and providing ethical management and internal accounting, etc. In addition, the Audit Group enhances the company’s ethical management by ensuring that objective evaluations are conducted by external organizations to enable SK Gas to obtain and maintain its ISO 37001 anti-corruption certification, conducting ESG evaluations, and assessing the ethical management operating system at the group-level.

## Strategy & Implementation

### Anti-corruption Management System

In April 2020, SK Gas acquired the ISO 37001 (2016) certification for anti-corruption management system, an international standard, for all its domestic worksites, for “import, storage, and supply of LPG.” We maintain certification through annual maintenance audits. Regarding certification, systematic company-wide corruption risk discovery, assessment, inspection, and improvement activities are conducted through the maintenance and compliance of relevant regulatory systems, anti-corruption and ethical management trainings, surveys, consultations and reporting systems and an anti-corruption self-cleaning system. These ISO plans, results, and follow-up measures related to ISO 37001 are periodically reported to the CEO and the Audit Committee for review and approval. Notably, we operate an anti-corruption self-cleaning system applicable across the entire company, including domestic and overseas subsidiaries, to continuously improve the company through new risk discovery, risk assessment, and inspections each year. In 2022, by adding imprest management and BP collusion management, a total of 34 major areas of work and 117 items were inspected. Accordingly, improvement plans were established and are being implemented, and implementation checks on the improvement plans of the previous year were also completed. In addition, for more effective and accurate inspection, inspection manuals for each inspection item or organization were established and applied, and an IT system is being developed for efficient inspection.

### Internal Audits (Regular/Ad Hoc)

Annually, an internal audit task pool is established reflecting the risk assessment and inspection results of the anti-corruption self-cleaning system, the ethics survey results, the measurement and diagnosis results of the group and external organizations, etc. By applying the criteria of priority and importance, internal audit tasks for three years are then selected and executed. In addition, compliance audits are conducted at least biennially (annually for expenses) for company-wide or high-risk areas such as costs, purchases, and bonds. In 2022, HR work audits, report audits, and cost compliance audits were conducted to establish improvement plans, and personnel measures such as disciplinary actions against ethics violators were completed.



# Ethics and Integrity

## Ethics Training

In order to spread an anti-corruption/ethical management culture, SK Gas continually provides training on ethical management, anti-corruption, sexual harassment prevention, workplace harassment prevention, ethical management counseling, and information reporting to all members, including contract workers and dispatched workers, as well as all subsidiaries in South Korea and abroad. In 2022, 772 people (100%), including members of subsidiaries, completed the 1-hour online education program, and all completed pledges of ethics. The main contents of the curriculum are as follows:

Subject	Detailed Contents
BP-related Unethical Behavior	Prohibition of the receipt of hospitality and entertainment and collusion; prohibition of contract-related solicitation
Unethical Behavior by Employees	Harassment in the workplace, false reporting, security breaches, expedient use of money
Counseling/Reporting System	Whistleblowing channel, whistleblower protection

Additionally, in 2022, a total of 716 people (96%), including domestic and foreign subsidiaries, took part in the ethical practice workshop administered by each office or group, divided into 57 divisions. For more than an hour, participants discussed the common theme of “Harassment in the Workplace: Respect for the Personality of Members” and the topics specifically selected for each organization (transparent work handling, reestablishment of BP relationships, ethical practice of overseas branch employees, etc.), reflecting the results of the 2021 ethical management survey. In addition, members made suggestions for mutual consideration and opinions on “119 dinner culture” was received.

### [Current Status of Anticorruption/Ethical Management Training]

Category	Unit	2020	2021	2022
Training hours per employee	Hours	1.5	2	2
Ratio of employees who participated in training	%	100	100	100
Sexual harassment prevention and workplace harassment prevention training	Implemen- tation status	○	○	○

## Ethical Management Survey

SK Gas conducts an ethical management survey targeting all members, including subsidiaries, to identify weaknesses, derive improvement plans, and assess the level of ethical management awareness and practice among its employees. In 2022, 99% of SK Gas employees (537 out of a total of 545) participated in the survey, and the results confirmed that the ethical management practice level at SK Gas (total average of 3.96) was overall better than that of the group (total average of 3.93). Regarding the areas of weakness identified through the survey results, such as impartial personnel, respect for personality, protection of whistleblowers, and guidance on follow-up measures for reports, we plan to make improvements by listening to the voices of vulnerable organizations, asking leaders to take the lead, and expanding company-wide PR and education for ethical management activities.

In addition, we conduct an anonymous survey at the end of each year to check the ethical management compliance of our executives and employees for approximately 300 construction and service purchasing subcontractors (BP), and the results of the survey are shared with relevant departments to raise awareness of ethical management. These BP surveys are also conducted at the same time by subsidiaries, and the contents are checked and reflected in self-regulation system reviews and internal audits for subsidiaries.

## BP Ethical Management Support

In order to practice ethical management of purchasing partner companies (BPs), a written pledge for ethical practice and a Supplier Code of Conduct (ESG/ethics/human rights management) must be attached when making a purchase contract. Through the purchase-only IT system (Withus), a separate ethical practice pledge is requested every year and provides detailed guidelines related to fair trade and ethical management, as well as guidelines for practicing ethical management during the Lunar New Year's Day and Chuseok holidays.

In the 2022 BP Ethics Survey, we strengthened support for suppliers' ethical management by actively taking advantage of possible opportunities. Cases of inappropriate bidding participation and the Supplier Code of Conduct were provided in addition to the existing guidance on holiday gift-related company ethical management guidelines and information for persons seeking counseling and whistleblower protection and consultation/reporting channels.

## Ethics Counseling and Reporting System

SK Gas operates an ethics counseling and reporting system to receive, investigate, and follow-up on consultations and reports related to ethical management, anti-corruption, and internal accounting management systems. Anyone can report violations of the Code of Ethics, such as unfair demands from executives and employees and their receipt of money, valuables, entertainment, and other special treatments. Individuals can receive consultation and submit reports through various channels (online, phone, mail, e-mail), anonymously or otherwise. We assign dedicated personnel within the organization in charge of internal audit and ethical management to operate the counseling and reporting center, and procedures to thoroughly protect persons seeking counseling and whistleblowers in the detailed operating rules for counseling and reporting. In addition, the above system is operated under the SK Group's integrated reporting IT system, and the entire process is handled under the management of the Group's Autonomous Responsible Management Support Group to ensure fairness and transparency. In 2022, a total of 7 reports were received, the facts about 1 of these cases were confirmed, and measures such as disciplinary actions were completed. In 2023, we plan to enhance the reliability of the reporting channel through various notices and training and regularize audits on reporting.

### [Report Received and Handed Status]

(Unit: Cases)

Category		2020	2021	2022
Reports Received on Ethical Management (by whistleblower)	Employee	3	4	0
	Supplier	4	0	2
	Customer	2	0	4
	Other	1	1	1
Handling Results	Investigations (audits)	1	1	1
	Transfers to relevant department	8	1	1
	Other (rejections, etc.)	1	3	5

## Target

SK Gas aspires to build a fair and transparent society free from corruption and sets a goal of recording zero cases of corruption and bribery (based on criminal punishment) through ethical management and anti-corruption efforts. To this end, we not only maintain our ISO 37001 (Anti-Corruption Management System) certification but also continuously supplement related systems and activities to meet the highest standards required by the group's ethical management measurement system.

In addition, our long-term goals to achieve by 2025 include a record of zero punishment for violations of ethical management and 3 hours of ethics training per employee. To achieve these goals, we will do our best to continuously improve regulations, strengthen Audit Committee reporting, develop educational contents, expand training targets such as purchasing partners (BP) and customers, identify risks, and strengthen management activities through the anti-corruption self-cleaning system.



# Compliance

## Policy

To conclude fair contracts with other transacting parties, SK Gas established four guidelines for contract signing, supplier selection and operation, the establishment and operation of the Internal Review Committee, and the issuance and preservation of documents related to subcontracting. Relevant details, such as the Monopoly Regulation and Fair Trade Act and the Fair Transactions in Subcontracting Act, are reflected in contracts. In addition, through the Fair Trade Compliance Program, we provide precautions as well as behavioral guidelines and standards for employees to ensure compliance with the Fair Trade Act.

## Governance

SK Gas appoints a compliance officer in accordance with the Commercial Act (Article 542-13) to prevent and comprehensively manage legal risks throughout all corporate activities. The compliance officer appointed by the Board of Directors oversees compliance control standards and conducts compliance training.

## Strategy & Implementation

### Fair Trade Compliance Activities

In order to prevent unfair trade throughout the business, SK Gas conducts a preliminary review process at the Internal Review Committee and evaluates the overall risk of violation of fair trade-related laws and regulations. In 2022, as part of our fair trade self-compliance activities, we conducted inspections in two areas: sore sourcing and unfair common practices.

As for the inspection of sole sourcing, since 2017, we have conducted a full investigation of whether the proper procedure has been carried out, focusing on sole sourcing with a relatively large transaction volume, and supplemented the internal procedures. In addition, departments at the risk of unfair common practices were selected, in-depth interviews were conducted with key practitioners, and risks were prevented through preemptive system inspections.

[Measures of Anti-corruption and Anti-competitive Behavior and Violation Status]

Category	Unit	2020	2021	2022
Anti-competitive acts and unfair trade practices such as monopolies	Cases	0	0	0
Number of monetary sanctions for violations of laws and regulations	Cases	0	0	0
Number of lawsuits regarding violations of laws and regulations	Cases	0	0	0
Antitrust and anticompetition related fines and settlements	KRW 100 million	0	0	0
Litigation costs and fines due to price fixing	KRW 100 million	0	0	0
Violation of laws and regulations related to product/service information and labeling	Cases	0	0	0
Number of violations of insider trading laws	Cases	0	0	0
Number of violations of subcontracting-related laws	Cases	0	0	0

### Employee Fair Trade Training

SK Gas is conducting fair trade training to apply a leading compliance culture within the organization. In 2022, 156 employees received training on fair trade. In addition, we publish a compliance newsletter to all employees every other month to raise awareness and interest in compliance with fair trade laws.

## Target

SK Gas sets goals based on the CP rating evaluation index by the Korea Fair Trade Mediation Agency and draws short-term and long-term tasks for each indicator to promote goal achievement. In addition, we are striving to achieve zero violations of fair trade laws and have recorded zero violations of fair trade laws for four consecutive years. In 2023, we plan to conduct on-site compliance inspections and check for risks of unfair support among subsidiaries.

# APPENDIX

Financial Performance	96
ESG Data	98
GRI	106
SASB	108
TCFD	110
UN SDGs	112
UNGC	114
Independent Auditors' Report	115
Third-party Assurance	118
Greenhouse Gas Verification	120
Major Honors, Evaluations, and Business Associations	122



Financial Performance

Consolidated Statement of Financial Position

38<sup>th</sup> Period, Dec. 31. 2022  
37<sup>th</sup> Period, Dec. 31. 2021  
36<sup>th</sup> Period, Dec. 31. 2020

(Unit: KRW)

Category	38 <sup>th</sup> Period	37 <sup>th</sup> Period	36 <sup>th</sup> Period
Assets			
Total current assets	2,581,339,370,870	2,405,831,848,923	2,040,498,453,181
Cash and cash equivalents	404,791,629,643	162,690,548,829	122,057,242,290
Short-term financial assets	317,068,803,992	667,145,548,895	666,511,809,975
Current trade and other receivables, net	969,701,432,756	927,968,163,751	720,271,726,416
Current derivative assets	49,115,757,816	81,739,168,550	156,394,279,027
Inventories	461,655,016,545	464,153,075,729	324,014,964,088
Other current financial assets	168,341,050,077	38,258,697,222	1,469,319,008
Other current assets	51,380,473,964	63,876,645,947	49,779,112,377
Non-current assets due for sale	159,285,206,077	0	0
Total non-current assets	3,250,437,520,701	2,715,703,622,910	2,458,421,970,737
Long-term financial assets	147,583,901,725	140,927,010,655	119,750,313,499
Non-current trade and other receivables, net	2,444,389,971	2,147,733,327	1,820,331,268
Non-current derivative assets	106,409,476,736	52,824,512,285	18,709,000,000
Investments in associates and joint venture	735,981,472,944	850,024,867,889	735,133,955,241
Property, plant and equipment, net	1,620,792,551,107	1,059,232,600,785	939,707,049,943
Intangible assets, net	115,721,369,373	119,591,618,434	111,933,003,300
Right-of-use assets, net	433,221,742,722	425,703,014,870	464,387,632,897
Net defined benefit asset	9,729,305,819	0	0
Other non-current financial assets	33,371,406,586	34,639,764,665	34,043,184,589
Other non-current assets	44,581,226,463	30,612,500,000	32,937,500,000
Deferred tax assets	600,677,255	0	0
Total assets	5,831,776,891,571	5,121,535,471,833	4,498,920,423,918
Liabilities			
Total current liabilities	1,742,517,071,826	1,441,957,908,268	1,271,573,292,835
Trade and other payables	342,816,925,674	286,939,585,720	424,184,568,336
Short-term borrowings	899,681,398,242	796,493,517,728	631,739,647,031
Current portion of long-term borrowings	149,920,649,456	199,953,852,474	0
Current derivative liabilities	204,040,928,350	33,041,826,530	111,408,898,048
Income tax payables	67,795,611,024	55,461,904,287	34,044,374,756
Current portion of lease liabilities	63,466,702,564	60,535,330,612	55,187,988,930
Other current financial liabilities	260,081,394	0	0
Other current liabilities	14,534,775,122	9,531,890,917	15,007,815,734
Total non-current liabilities	1,748,364,673,498	1,562,214,171,676	1,328,631,621,770
Trade and other payables	31,422,268,626	0	0
Bonds payable	1,216,661,474,646	1,066,657,697,161	817,562,172,131
Long-term borrowings	46,547,634,881	0	188,070,670
Non-current derivative liabilities	113,606,696	0	926,400,143
Defined benefit liabilities	0	2,237,654,709	2,449,633,822
Deferred tax liabilities	67,196,623,519	119,642,303,818	111,215,536,473
Non-current lease liabilities	349,353,765,869	338,523,680,236	363,525,998,645
Other non-current financial liabilities	35,539,778,232	34,377,458,899	32,656,790,133
Other non-current liabilities	1,529,521,029	775,376,853	107,019,753
Total liabilities	3,490,881,745,324	3,004,172,079,944	2,600,204,914,605
Equity			
Equity attributable to owners of the parent	2,340,895,146,247	2,117,363,391,889	1,898,715,509,313
Issued capital	46,151,220,000	46,151,220,000	46,151,220,000
Capital surplus	195,492,192,871	195,492,192,871	195,492,192,871
Other components of equity	(21,810,258,103)	(22,021,646,908)	(21,500,950,406)
Accumulated other comprehensive loss	10,908,201,585	(3,390,785,029)	(12,336,557,781)
Retained earnings	2,110,153,789,894	1,901,132,410,955	1,690,909,604,629
Non-controlling interests	0	0	0
Total equity	2,340,895,146,247	2,117,363,391,889	1,898,715,509,313
Total liabilities and equity	5,831,776,891,571	5,121,535,471,833	4,498,920,423,918

Consolidated Statement of Comprehensive Income

38<sup>th</sup> Period, Jan. 1 to Dec. 31. 2022  
37<sup>th</sup> Period, Jan. 1 to Dec. 31. 2021  
36<sup>th</sup> Period, Jan. 1 to Dec. 31. 2020

(Unit: KRW)

Category	38 <sup>th</sup> Period	37 <sup>th</sup> Period	36 <sup>th</sup> Period
Sales	8,066,169,118,262	6,494,513,185,952	4,412,318,983,220
Cost of sales	7,388,052,567,355	6,125,370,606,275	3,963,468,465,865
Gross profit	678,116,550,907	369,142,579,677	448,850,517,355
Selling and administrative expenses	287,645,560,525	263,680,215,159	258,663,661,620
Operating income	390,470,990,382	105,462,364,518	190,186,855,735
Financial income	716,410,582,741	448,766,401,101	685,790,700,331
Financial costs	758,498,304,503	342,900,338,096	516,431,045,098
Other non-operating income	19,478,611,230	62,714,449,214	17,681,140,339
Other non-operating expenses	14,301,617,520	13,469,760,972	19,339,490,777
Share of profit or loss in an associate or joint venture	(48,816,285,296)	69,034,562,958	49,869,477,417
Profit before income tax	304,743,977,034	329,607,678,723	407,757,637,947
Income tax expense	47,666,229,062	80,341,793,803	142,407,563,029
Net profit for the year (loss)	257,077,747,972	249,265,884,920	265,350,074,918
Other comprehensive income (loss)	20,990,398,181	5,802,878,158	(5,693,009,385)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods (net of tax)			
Equity adjustments in equity method	18,329,281,246	15,078,398,335	(15,669,448,755)
Net gain (loss) on valuation of derivatives	(15,246,949,209)	(22,559,636,380)	17,942,511,470
Net gain (loss) from translation of foreign operations	16,824,775,605	12,338,794,553	(10,602,407,896)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax)			
Retained earnings in equity method	7,032,303,330	(2,115,596,710)	(3,778,479,263)
Equity adjustments in equity method	0	1,018,864	(373,533,890)
Net gain on valuation of financial assets at fair value through other comprehensive income	(5,608,121,028)	4,087,197,380	8,135,485,951
Re-measurement loss on defined benefit plans	(340,891,763)	(1,027,297,884)	(1,347,137,002)
Total comprehensive income for the year, net of tax	278,068,146,153	255,068,763,078	259,657,065,533
Net profit for the year			
Attributable to:			
Owners of the parent	257,077,747,972	249,265,884,920	265,350,074,918
Non-controlling interests	0	0	0
Total comprehensive income for the year, net of tax			
Attributable to:			
Owners of the parent	278,068,146,153	255,068,763,078	259,657,065,533
Non-controlling interests	0	0	0
Earnings per share			
Basic earnings per share (loss) (Unit: KRW)	28,644	27,773	29,674
Diluted earnings per share (loss) (Unit: KRW)	28,559	27,692	29,674

※ The above financial statements are prepared in accordance with IFRS preparation standards.



# ESG Data

## Environment

### Greenhouse Gas

Category		Unit	2020	2021	2022
GHG	Emission target	tCO <sub>2</sub> eq	Base year	33,146	32,409
	Total emissions (Scope 1 & 2)	tCO <sub>2</sub> eq	34,092	35,478	32,382
	Direct emissions (Scope 1) Indirect emissions (Scope 2) Other indirect emissions (Scope 3)	tCO <sub>2</sub> eq	23,992	23,481	23,817
		tCO <sub>2</sub> eq	10,100	11,997	8,566
		tCO <sub>2</sub> eq	-	11,601,210	12,632,784
	GHG intensity	tCO <sub>2</sub> eq/KRW billion	7.73	5.46	5.05
	Reduction performance (average improvement in intensity)	%	-6.84	29.37	7.51
	Reduction rate (achievement to target)	%	2.11	2.11	1.5

### Energy

Category		Unit	2020	2021	2022
Regular energy	Total consumption	TJ	617	654	625
	Fuel	ton	8,077	7,853	7,888
		MWh	21,435	25,170	23,487
		Gcal	N/A	2,883	2,079
	Energy intensity	TJ/KRW billion	0.14	0.11	0.10
	Savings (average improvement in intensity)	%	-11.9	28.6	2.5
	Total consumption	MWh	31.5	2,529	5,581
Renewable Energy	Solar power	MWh	31.5	29	57.9
		MWh	-	2,500	5,523
	Ratio	%	0.15	10	24

### Water

Category		Unit	2020	2021	2022
Water supply	Total water intake	ton	34,769	31,097	29,178
	Water supply	ton	34,769	31,097	29,178
		ton	-	-	-
		ton	-	-	-
	Intensity	ton/KRW billion	7.88	4.79	4.55
	Total water consumption	ton	36,407	33,478	31,891
	Reused amount	ton	1,638	2,381	2,713
	Ratio of reuse	%	4.5	7.1	8.5

### Eco-investing

Category	Unit	2020	2021	2022
Ulsan	KRW million	217	1,366	789
Pyeongtaek	KRW million	514	700	123
G,Hub	KRW million	-	70	184
Total	KRW million	731	2,136	1,096

### Environmental Participation

Category			Unit	2020	2021	2022
Environmental Education	Manager	Number of trainees	Person	46	17	45
		Training hours	Hour	736	272	720
		Training hours per employee	Hour	16	16	16
		Ratio of employees participated in training	%	100	100	100
	Employee	Number of trainees	Person	84	81	50
		Training hours	Hour	168	162	100
		Training hours per employee	Hour	2	2	2
		Ratio of employees participated in training	%	100	100	100
		Environmental accident response training	Implemented or not	-	실시	실시
		Percentage of ISO 14001 certified workplaces	%	100	100	100
Environmental Certification	Percentage of ISO 14001 certified workplaces		%	100	100	100
Breach of Environmental Regulations	Breach of regulations		Case	-	-	-
	Fines for environmental regulation breaches		KRW million	-	-	-



# ESG Data

## Environment

### Reduction of Resource Use and Pollution

Category			Unit	2020	2021	2022
Air Pollutants	Nitrogen oxides (NOx)	Emission	ton	18.37	17.28	17.43
		Intensity	ton/KRW billion	0.0042	0.0027	0.0026
		Emission concentration (Ulsan Terminals; legal standard)	ppm	150	150	150
		Emission concentration (Pyeongtaek Terminals; legal standard)	ppm	150	150	150
		Emission concentration (G.Hub)	ppm	-	-	-
	Sulfur oxides (SOx)	Emission	ton	0.08	0.07	0.06
		Intensity	ton/KRW billion	0.00002	0.00001	0.00001
		Emission concentration (Ulsan Terminals; legal standard)	ppm	200	200	200
		Emission concentration (Pyeongtaek Terminals; legal standard)	ppm	200	200	200
		Emission concentration (G.Hub)	ppm	-	-	-
	Volatile organic chemicals (VOCs)	Emission	ton	-	-	-
		Intensity	ton/KRW billion	-	-	-
	Hydrocarbons (HC)	Emission	ton	-	-	-
	Methane (CH <sub>4</sub> )	Emission	ton	-	-	-
	Nitrous oxide (N <sub>2</sub> O)	Emission	ton	-	-	-
	Hazardous air pollutants (HAPs)	Emission	ton	-	-	-
	Hydrogen fluorocarbons (HFCs)	Emission	ton	-	-	-
	Perfluorocarbons (PFCs)	Emission	ton	-	-	-
	Sulfur Hexafluoride (SC <sub>6</sub> )	Emission	ton	-	-	-
	Hydrogen sulfide (H <sub>2</sub> S)	Emission	ton	-	-	-
	Dust (PM10)	Emission	ton	0.56	0.53	0.5
		Unit: KRW	ton/KRW billion	0.0001	0.0001	0.0001
		Emission concentration (legal standard)	mg/m <sup>3</sup>	30	30	30
Water Pollutants	COD	Emission	ton	-	-	-
		Intensity	ton/KRW billion	-	-	-
	BOD	Emission	ton	-	-	-
		Intensity	ton/KRW billion	-	-	-
	SS	Emission	ton	-	-	-
		Intensity	ton/KRW billion	-	-	-
	T-N	Emission	ton	-	-	-
		Intensity	ton/KRW billion	-	-	-
	Wastewater	Treated amount	ton	-	-	-
Wastes	Wastes Total waste emission		ton	788.6	750.7	973.1
		Regular wastes	ton	137.6	101.9	438.8
		Designated wastes	ton	651	648.9	534.3
	Intensity		ton/KRW billion	0.1788	0.1155	0.1518
	Reduction performance (average improvement in intensity)		%	-36.3	35.4	-31.4
	Total treated amount		ton	788.6	750.7	973.1
		Recycling	ton	762.9	714.6	953.8
		Incineration	ton	25.7	36.1	19.3
	Recycling rate		%	96.8	97.7	98.8
Hazardous Wastes	Emission		ton	651	648.9	534.3
	Reduction performance (average improvement in intensity)		%	-37.8	32.4	16.5
	Recycling rate		%	99.9	97	98.6

## Social

### Employee Composition

Category			Unit	2020	2021	2022
Workforce	Workforce		Person	474	539	588
	Manager	Under 30 years old	Person	57	71	74
		30 or older and under 50	Person	270	310	346
		50 or older	Person	64	81	90
	PL	Under 30 years old	Person	-	-	-
		30 or older and under 50	Person	32	28	36
		50 or older	Person	23	19	13
	Executive	Under 30 years old	Person	-	-	-
		30 or older and under 50	Person	9	10	7
		50 or older	Person	19	20	22
	Manager	Female	Person	92	104	123
		Male	Person	299	358	387
	PL	Female	Person	8	6	7
		Male	Person	47	41	42
	Executive	Female	Person	1	1	1
		Male	Person	27	29	28
	By employment type	Regular worker	Person (%)	439	495	539
		Non-regular worker	Person (%)	35	44	49
Workforce Diversity	Women	Female executives	Person	1	1	1
		Female managers	Person	9	10	9
	Disabled people	Total number of people	Person (%)	13(2.5)	18(3.1)	15(2.4)
		For calculation of government contributions	%	2.64	4.03	3.42
	Persons of national merit	Total number of people	Person (%)	14(2.7)	13(2.2)	11(1.8)
	Foreigner	Total foreigners	Person (%)	2(0.39)	2(0.34)	2(0.33)
		America	Person (%)	1(0.19)	1(0.17)	1(0.16)
		Canada	Person (%)	1(0.19)	1(0.17)	1(0.16)
Hiring	All new hires		Person	90	122	131
	By age	Under 30 years old	Person (%)	26(29)	39(32)	38(29)
		30 or older and under 50	Person (%)	54(60)	65(53)	73(56)
		50 or older	Person (%)	10(11)	18(15)	20(15)
	By employment type	Regular worker	Person (%)	73(81)	93(76)	98(75)
		Non-regular worker	Person (%)	17(19)	29(24)	33(25)
	Gender	Female	Person (%)	25(28)	32(26)	39(30)
		Male	Person (%)	65(72)	90(74)	92(70)
Employee Departure & Continuous Employment	Employee departure	Departing employees	Person	35	65	57
		Voluntary departures	Person	35	65	37
		Voluntary departure rate	%	6.8	11.2	6.0
	Continuous employment (regular worker)	Average years of continuous employment	Year	8.7	8.0	7.9
		Male	Year	9.2	8.4	8.3
		Female	Year	6.4	6.2	6.2
	Continuous employment (non-regular worker)	Average years of continuous employment	Year	1.8	1.6	2.0
		Male	Year	2.4	2.2	2.8
		Female	Year	1.3	1.0	1.1



# ESG Data

## Social

### Evaluation and Compensation

Category			Unit	2020	2021	2022
Performance Evaluation	Ratio of those subject to the competency development-oriented evaluation system		%	100	100	100
	Long-term incentives	Stock Options	%	0.39	0.34	0.16
		Shares assigned free of charge for employee ownership	%	92	75	74
Compensation	Salary	Average employee salary	KRW 1,000	93,000	96,046	112,523
		Male	KRW 1,000	101,000	103,394	123,636
			KRW 1,000	60,000	65,212	71,145

### Employees Training

Category			Unit	2020	2021	2022
Training	Training hours per employee		Hour	51.1	77.7	66.3
	Training cost per employee		KRW million	6.1	6.2	8
	Ratio of employees participated in training		%	100	100	100
Number of Employees Participated in Key Training Programs	mySUNI	Number of employees participated in training	Person	368	523	562
	Language training support	Average number of participants per month	Person	-	63	51
	New leader course	Total number of trained employees	Person	-	3	19
Culture Survey	Total	Average score for the competency development and growth-related questions	Score	73.9	74.1	70.5
	Specific question	Efforts to Develop Competency	Score	72.7	74.6	73.2
		Talent Nurturing	Score	69	69.6	67.8

### Employees Benefits

Category			Unit	2020	2021	2022
Spending for employee benefits			KRW million	24,186	17,966	15,946
Work-Life Balance	Participation in flexible working system		%	-	-	87%
Parental Leave	No. of employees on parental leave	Male	Person	1	-	3
		Female	Person	5	4	5
	No. of employees returned from parental leave	Male	Person (%)	1(50)	-	1(100)
		Female	Person(%)	9(89)	3(100)	2(100)
	No. of employees who serve for 12 months or longer after returning from parental leave	Male	Person (%)	1(50)	-	-
		Female	Person (%)	9(89)	3(100)	3(100)

## Health & Safety

Category			Unit	2020	2021	2022
Occurrence of Workplace Accidents	Employee	Total work time	Hour	910,772	1,033,078	1,100,244
		Total number of employees	Person	515	582	614
		No. of deaths	Case	0	0	0
		Death rate	%	0	0	0
		Number of Lost Time Injury (LTI)	Case	1	0	0
		Lost Time Incident Rate (LTIR)	Case/200,000 working hours	0.22	0	0
		TRIR	Case/200,000 working hours	0.44	0	0.18
		Number of occupational illness Frequency	Case	0	0	0
		Occupational Illness Frequency Rate (OIFR)	Case/200,000 working hours	0	0	0
		Workplace accident rate	%	0.2	0	0
		Injury severity rate	%	0.17	0	0
		Absenteeism	%	0.14	0	0
		Number of employees managed as risk groups	Person(%)	0(0)	0(0)	0(0)
		Number of near misses by full-time employees	Number	0	37	74
		Percentage of full-time employees who experience near misses	%	0	8	14
		Number of near misses by contract employees	Number	0	0	0
		Percentage of contract workers who experience near misses	%	0	0	0
	Supplier's employee	No. of deaths	Case	0	0	0
		Death rate	%	0	0	0
		Number of Lost Time Injury (LTI)	Case	1	2	1
		Lost Time Incident Rate (LTIR)	Case/200,000 working hours	0.34	0.65	0.32
	(Total) employee + supplier's employee	TRIR	Case/200,000 working hours	0.34	0.65	0.32
		No. of death	Case	0	0	0
		Death rate	%	0	0	0
		Number of Lost Time Injury	Case	2	2	1
		Lost Time Incident Rate (LTIR)	Case/200,000 working hours	0.27	0.24	0.11
		TRIR	Case/200,000 working hours	0.40	0.24	0.23
Occupational Safety Management	Safety management	Risk assessment	Number of times per year	Once	Once	Once
		Supplier safety prevention management	Implemented or not	Implemented	Implemented	Implemented
	Health support	Physical health care support	Implemented or not	Implemented	Implemented	Implemented
		Support for mental health management	Implemented or not	Implemented	Implemented	Implemented
Health & Safety Training	Employees	Training hours per employee	Hour	15	18	16
		Training cost per employee	KRW	20,892	20,045	80,000
		Ratio of employees participated in training	%	100	100	100
Violation of Laws	Supplier's employee	Health and safety training for employees of resident suppliers	Implemented or not	Implemented	Implemented	Implemented
	Safety-threatening accident	Number of serious accidents	Case	0	0	0
		Number of process safety-threatening accidents	Case/200,000 working hours	1.1	0	0
	Violation of the law	Number of violations	Case	0	0	0
		Administrative fine	KRW 1,000	0	0	0
		Criminal fine	KRW 1,000	0	0	0
Budget for Occupational Health & Safety	Headquarters		KRW million	504	70	518
	Ulsan		KRW million	748	2,400	3,949
	Pyeongtaek		KRW million	1,081	105	501
	G.Hub		KRW million	360	4,235	1,227
	Total		KRW million	2,693	6,810	6,195



# ESG Data

## Social

### Human Rights

Category		Unit	2020	2021	2022
Handling Reports	Number of human rights-related reports	Case	-	-	4
	Number of reports handled	Case	-	-	4
Violation of Laws	No. of violations	Case	-	-	-
	Administrative fine	KRW 1,000	-	-	-
	Criminal fine	KRW 1,000	-	-	-
Human Rights Impact Assessment	Implementation of human rights impact assessment	Implemented or not	Implemented	Implemented	Implemented
	Percentage of workplaces that received human rights impact assessment	%	100	100	100
Human Rights Education	Number of human rights education hours per employee	Hour	1.3	3	3.5
	Ratio of employees participated in education	%	100	100	100

### Supply Chain Management

Category			Unit	2020	2021	2022
Supplier Management	Total number of suppliers		Supplier	277	264	288
	Number of newly registered suppliers		Supplier	64	88	93
	Supply chain ESG management	ESG included in supplier selection criteria	Implemented or not	Implemented	Implemented	Implemented
		Number of suppliers subject to regular supplier ESG evaluation	Supplier	-	6	24
	Percentage of high-risk suppliers		%	-	67	100
Purchasing	Total purchase		KRW 100 million	599	609	740*
	Win-win purchasing	Value of purchased eco-friendly products and services	KRW 100 million	7.4	7	12.3
		Ratio of green products in purchases	%	1.2	1.1	1.7
Support	Support for workers' human rights and ethical management		Implemented or not	Implemented	Implemented	Implemented
	Support for employee job competency development training		Implemented or not	Implemented	Implemented	Implemented

\*Excluded KRW 420.9 billion in CEC construction of the new port hinterland in Ulsan

### Social Contribution

Category			Unit	2020	2021	2022
CSR Spending	Green		KRW 100 million	0.2	1.3	2
	Health		KRW 100 million	30	28	59
	Hope		KRW 100 million	14.3	4.1	11
	Others (including mutual growth)		KRW 100 million	23.6	18.5	16
CSR Programs	Hope Maker	Sponsorship amount	KRW million	1,300	1,276	1,363
		Nurturing graduates	Person	39	50	54
		Target area	Area	3	3	3
	Ecosystem Protection Activities	Ecosystem protection activities (region)	Activity	2	2	2
		Publication of ecology protection booklet	Copy	10,000	20,000	20,000
	Hope Charging Fund	LPG pipe network installation support	Cumulative number of households	3,599	6,000	-
		Taxi driver's child scholarship	Cumulative number of persons	2,330	2,596	2,858
Volunteer Work	Volunteer hours per employee		Hour	5.9	2.4	4
	Ratio of employees participated in volunteer work		%	50	33.3	47

### Information Security and Private Data Leaks

Category			Unit	2020	2021	2022
Data Leakage	Total number of information leaks		Case	0	1*	0
	Number of leaks related to customer information		Case	0	0	0
	Amount of fines for violating laws related to information leakage		KRW 1,000	0	0	0
Training	Privacy education		Implemented or not	Implemented	Implemented	Implemented
	Information security training	Training hours per employee	Hour	1	1	1
		Ratio of employees participated in training	%	98.5	100	100

\*Changed the number of leaks in 2021 in the previous year's report from zero to one (As of June 28, 2023, the Personal Information Protection Committee is deliberating and resolving one leak case)



# GRI

Category	Indicator		Page	Remarks
General Disclosure	2-1	Organization Details	6-7	
	2-2	Organizations included in the sustainability reporting	2	
	2-3	Reporting period, frequency, and contact point	2	
	2-4	Restatements of information	105	
	2-5	External assurance	118-121	
	2-6	Activities, value chain and other business relationships	6-7, 12-21	
	2-7	Employees	101	
	2-8	Workers who are not employees	101	
	2-9	Governance structure and composition	86-87	
	2-10	Nomination and selection of the highest governance body	86-87	
	2-11	Chair of the highest governance body	86-87	
	2-12	Role of the highest governance body in overseeing the management of impacts	88	
	2-13	Delegation of responsibility for managing impacts	88	
	2-14	Role of highest governance body in setting purpose, values, and strategy	88	
	2-15	Conflicts of interest	87	
	2-16	Communicating critical concerns	88	
	2-17	Collective knowledge of the highest governance body	86	
	2-18	Evaluating the highest governance body's performance	89	
	2-19	Remuneration policies	89	
	2-20	Process of determining remuneration	89	
	2-21	Annual total compensation ratio	89	
	2-22	Statement on sustainable development strategy	4-5	
	2-23	Policy commitments	46, 72, 76, 90	
	2-24	Embedding policy commitment		
	2-25	Processes to remediate negative impacts	55, 73	
	2-26	Mechanisms for seeking advice and raising concerns	55, 75	
	2-27	Compliance with laws and regulations	94	
	2-28	Membership associations	122	
	2-29	Stakeholder engagement	31-35	
	2-30	Collective bargaining agreements	71	
Material Topic	3-1	Process to determine material topics	28	
	3-2	List of material topics	29	
	3-3	Management of material topics	30	
Economic Performance (GRI200)				
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	40-41	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	79-83	
	203-2	Significant indirect economic impacts	27	
Anti-corruption Behavior	205-1	Operations assessed for risks related to corruption	91	
	205-2	Communication and training about anti-corruption policies and procedures	92	
	205-3	Confirmed incidents of corruption and actions taken	93	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	94	
Environmental Performance (GRI 300)				
Energy	302-1	Energy consumption within the organization	45, 98	
	302-3	Energy Intensity	98	
	302-4	Reduction of energy consumption	98	
Water and Effluents	303-1	Interactions with water as a shared resource	63	
	303-2	Management of water discharge-related impacts	63	
	303-3	Water withdrawal	98	
	303-5	Water consumption	98	

OVERVIEW	FINANCIAL STOR	MATERIALITY	FOR THE PLANET	WITH STAKEHOLDERS	THROUGH TRANSPARENCY	APPENDIX



SASB

Category	Code	Sub-indicator	Unit	2020	2021	2022	Remarks
GHG emissions	EM-RM-110a.1	Scope 1 Emission	tCO2eq	24,992	24,481	23,817	
		Percentage covered under emissions-limiting regulations	%	71	66		It is only applicable to the Ulsan Terminals, and a target has been assigned from 2020.
	EM-RM-110a.2	Discussions of long-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, analysis of performance against those targets	SK Gas measures and manages the greenhouse gas emissions from all its domestic worksites. The company has enhanced the accuracy and completeness of our emissions data through third-party verification. As a result, our total greenhouse gas emission in 2022 was 32,382 tCO2eq, of which Scope 1 emission was 23,817 tCO2eq and Scope 2 emission was 8,566 tCO2eq. In the long term, we formulated a phase-out scenario based on our Net Zero target in 2030 and are implementing detailed initiatives.				
Air quality	EM-RM-120a.1	Nox emissions (excluding N2O)	Metric tons(t)	18.37	17.28	17.43	
		Sox emissions	Metric tons(t)	0.08	0.07	0.06	
		Fine dust (PM10) emissions	Metric tons(t)	0.56	0.53	0.50	
		Hydrogen sulfide (H2S) emissions	Metric tons(t)	0	0	0	
		Volatile organic compounds (VOCs) emissions	Metric tons(t)	0	0	0	
	EM-RM-120a.2	Number of refineries in or near areas of dense population	Plan	2	2	2	Number of refiners in Ulsan Plant
Water management	EM-RM-140a.1	Total fresh water withdrawn	m³	34,769	31,097	29,178	
		Percentage recycled	%	4.5	7.1	8.5	
		Percentage in regions with High or Extremely High Baseline Water Stress	%	N/A	N/A	N/A	As our daily consumption is extremely small, it is not subject to the classification under the Water Environment Conservation Act
	EM-RM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Number	0	0	0	
Hazardous materials management	EM-RM-150a.1	Generated amount of hazardous waste	Metric tons(t)	651	648.9	534.3	
		Percentage recycled of hazardous waste	%	99.9	97	98.6	
	EM-RM-150a.2	Number of underground storage tanks (USTs)	Number	0	0	0	We do not have any underground oil tanks in accordance with the law regarding the control of hazardous substances.
		Number of UST releases requiring cleanup	Number	0	0	0	Not Applicable
		Percentage in states with UST financial assurance funds	%	0	0	0	Not Applicable
Workforce Health & Safety	EM-RM-320a.1	Total recordable incident rate of full-time employees (TRIR)	Ratio	0.21	0	0	Per 200,000 hours
		Total recordable incident rate of contract employees (TRIR)	Ratio	0	0	0	
		Fatality rate of full-time employees	Ratio	0	0	0	
		Fatality rate of contract employees	Ratio	0	0	0	
		Near miss frequency rate of full-time employees	Ratio	0	8	14	
		Near miss frequency rate of contract employees	Ratio	0	0	0	

OVERVIEW	FINANCIAL STOR	MATERIALITY	FOR THE PLANET	WITH STAKEHOLDERS	THROUGH TRANSPARENCY	APPENDIX	
Category	Code	Sub-indicator	Unit	2020	2021	2022	Remarks
Workforce Health & Safety	EM-RM-320a.2	Discussion of management systems used to integrate a culture of safety	With the goal of completing the world’s top HSE management system, SK Gas established the HSE Master Plan in 2021 and followed its roadmap to improve Health & Safety management. Regarding Health & Safety hazards and risk factors, we conduct two in-house diagnoses each year, as well as diagnoses conducted by an external institution. We apply the findings of these diagnoses on hazards and risk factors to our improvement tasks. We are in the process of obtaining the ISO 45001 (Health & Safety management systems) certification to ensure that our Health & Safety management systems accord with global business standards, and we expect to obtain the certification in the 3rd quarter of 2023.				
Product Specifications & Clean Fuel Blends	EM-RM-410a.1	Percentage of Renewable Volume Obligation (RVO) met through: 1) Production of renewable fuels	%	N/A	N/A	N/A	Not Applicable
		2) Purchase of separated renewable identification numbers (RIN)	%	N/A	N/A	N/A	Not Applicable
	EM-RM-410a.2	Market for advanced biofuels and associated infrastructure: 1) Total addressable market	KRW	N/A	N/A	N/A	Not Applicable
	EM-RM-140a.2	2) Total addressable share	%	N/A	N/A	N/A	Not Applicable
Pricing Integrity & Transparency	EM-RM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with price fixing or price manipulation	KRW	0	0	0	
Management of the Legal & Regulatory Environment	EM-RM-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	To respond to rapidly changing environmental policies and issues and minimize corporate environmental management risks in accordance with increasingly stringent laws and regulations, SK Gas monitors and applies changes in the laws and regulations enacted/ revised once a month to its worksites. Through regular training and coaching in environmental practices, the company further supports the improvement of the practical ability of the environmental managers of its worksites. By establishing an environmental management system (ISO 14001), we not only respond to government regulations, but also identify, evaluate, manage, and improve comprehensive environmental risks, thereby implementing energy saving, greenhouse gas emission reduction, and pollutant emission reduction activities.				
Critical Incident Risk Management	EM-RM-540a.1	Process Safety Event (PSE) rates	Ratio	0	0	0	
		1) Greater consequence (Tier 1)	Ratio	0.22	0	0	
	EM-RM-540a.2	2) Lesser consequence (Tier 2)	Ratio	0	0	0	
	EM-RM-540a.3	Discussion of measurement of Operating Discipline and Management System Performance through Tier 4 Indicators	To measure our HSE management performance, SK Gas selects lagging and leading indicators reflects them in the company-wide and worksite-specific annual HSE goals, and operates them in connection with employee reward programs. Every year, the company uses the Labor Loss Injury Rate (LTIR) and external agency’s HSE level diagnosis evaluation results as quantitative HSE performance indicators. In addition, HSE performance is reflected in personnel evaluation by linking with KPIs of key executives and worksite managers. Furthermore, leading indicators directly related to accident prevention, such as participation in training, the number of risk factors identified, the number of violations of safety rules, and the acquisition of HSE licenses, are measured by the HSE activity performance of employees. Through this, the company motivates employees to actively participate in accident prevention activities by providing excellent participating employees with various rewards, such as overseas training, every month and every year.				
Activity Metrics							
EM-RM-000.A	Refining throughput of crude oil and other feedstock		Barrel of oil equivalent	N/A	N/A	N/A	
EM-RM-000.B	Refining operating capacity		Million barrels per calendar day (MBPD)	N/A	N/A	N/A	



# TCFD

To disclose climate change-related financial information, the Task Force on Climate Change-related Financial Disclosures (TCFD) was organized in December 2015 under the mandate of the finance ministers and central bank heads of G20 countries. In 2017, the TCFD published disclosure recommendations on the four key elements of climate change-related financial disclosure: governance, strategy, risk management, and metrics and objectives. SK Gas has established its own climate change response plan according to the recommendations and demonstrates transparency in disclosing it after reporting it through the BOD. Looking forward, we'll continue to share our news about our participation efforts as well as our plan for Net Zero and its progress.




Index		SK Gas Disclosures	Page
Governance	A) Describe the board's oversight of climate- related risks and opportunities.	The ESG Committee of SK Gas is responsible for developing the company's mid- to long-term climate change management strategies, consulting and reviewing ESG-based management for sustainable growth. The committee also oversees climate-related response activities within the organization. We conduct regular and ad hoc monitoring of climate change responses and management plans, review implementation to discuss future plans, and report results to the BOD. At the same time, we are making decisions to manage, evaluate, and mitigate climate change-related risks faced by SK Gas.	38
	B) Describe management's role in assessing and managing climate- related risks and opportunities.	SK Gas is operating a company-wide C-level Council led by the CEO to respond to major company-wide risks including climate change. The C-level Council is the company-wide control tower for risk management. The head of each business unit, the head of the Business Support Division, the head of the Strategy Center, and the ESG Team participate as members of this council, and the CEO is responsible for making important decisions throughout the company as the chief decision-maker. In the biweekly C-level Council meetings, the ESG Team reviews current risks and opportunities in climate change-related operations and strategies, reports the results, and prepares CEO-centered discussions and countermeasures. In this way, major climate change risks and opportunity issues that may occur throughout the entire value chain are identified, managed, and actively handled by the C-level Council, a company-wide consultative body. Major agenda items are reported to the BOD and ESG Committee through the CEO. Agenda items discussed in the council are reported to the BOD and the ESG Committee through the CEO.	38
Strategy	A) Describe the climate- related risks and opportunities the organization has identified over the short, medium, and long term.	SK Gas is striving to realize its vision of "Sustainable Energy, Better Future" through a long-term strategy as the company grows to become a net zero solution provider, while also implementing its short-term strategies for net zero operations. SK Gas plans to first establish its own net zero roadmap and then achieve net zero operations. The company will devote itself to balancing business growth and environmental impact reduction by expanding its eco-friendly hydrogen and ammonia businesses and creating a better future through sustainable energy, in keeping with our vision statement, "Sustainable Energy, Better Future."	40
	B) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	According to the national net-zero policy, there may be risks arising from the strengthening of energy GHG target management systems, decreasing LPG demand, and declining profitability. However, there is also a possibility that short-term and mid- to long-term demands for LPG / LNG market will increase, causing a rise in sales.	41
	C) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	SK Gas defined climate change factors expected to impact the company in terms of policy, market, technology, reputation, and climate, based on the NZE2050 and STEPS scenario. It also reviewed response methods from short-term, medium-term, and long-term perspectives. SK Gas revised the net zero target for 2035 (declared in June 2021) previously established based on BAU, shortening the deadline to 2030 in accordance with the Science Based Targets initiative (SBTi) standards.	39-43









Index		SK Gas Disclosures	Page
Risk management	A) Describe the organization's processes for identifying and assessing climate-related risks.	When investing in a new business or conducting a project with high climate-related risks, the ESG department and the working departments, such as the divisions on strategy, business implementation, and operations, apply global sustainability standards to identify significant risks to SK Gas.	45
	B) Describe the organization's processes for managing climate-related risks.	For investments and business projects with high climate-related risks, we enact improvements through management methods in partnership with the project manager with the approval of the CEO, based on reviews conducted by regular internal staff and the advice of external experts and explore the possibility of switching to sustainable business projects.	45
	C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	SK Gas integrated non-financial risks such as environmental and social issues into its regularly operated corporate risk management system to identify climate-related risks in advance and prevent their occurrence throughout the entire course of its management activities.	45
Metrics and targets	A) Disclose themetrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	SK Gas declared the fuel transition and RE100 goals to achieve Net Zero and established indicators to manage its goals, opportunities and risk factors.	45
	B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	SK Gas manages, measures, and discloses GHG emission every year. GHG emission for 2022 is as follows. ·Scope 1: 23,817 tCO <sub>2</sub> eq ·Scope 2: 8,566 tCO <sub>2</sub> eq ·Scope 3: 12,632,784 tCO <sub>2</sub> eq	45
	C) Describe thetargets used by the organization to manage climate-related risks and opportunities and performance against targets	For Scope 1 & 2, we plan to achieve Net Zero by 2030 through facility improvement and PPA. For Scope 3, we plan to achieve Net Zero by 2050, and are reviewing the specific methods of implementation.	45



# UN SDGs

The SDGs (Sustainable Development Goals) are the goals of the international community that the UN presented in 2016-2030 as what all members of the world must implement in order to achieve the world’s sustainable development. Achieving the goals requires social effort and cooperation. Among them, the role of a company is to create growth engines and innovations for economic development and job creation. By aligning the SDGs, a common global goal, with the business direction of the company, companies can create new business models and become sustainable businesses. SK Gas is developing strategies necessary for the company’s mid- to long-term growth by identifying global trends through SDGs. From the 17 SDGs, the company engages in activities to focus on contributing to a total of 13 goals, SDG 1, 3, 4, 6, 7, 8, 10, 11, 12, 13, 14, 15, and 16, and 27 sub-goals.

Key SDGs		Targets	Report Page
	End poverty in all its forms everywhere	1.2 Reduce by at least half the proportion of men, women, and children of all ages.	80-83
		1.3 Implement nationally appropriate social protection systems and measures for all and achieve substantial coverage of the poor and the vulnerable.	80-83
		1.5 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.	40-41
	Ensure healthy lives and promote well-being for all at all ages	3.6 Halve (50% less) the number of global deaths and injuries from road traffic accidents.	79
		3.7 Ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programs.	51
	Ensure inclusive and equitable	4.1 Ensure that all girls and boys complete free, equitable, and quality primary and secondary education leading to a relevant and effective learning outcome.	80-83
		4.2 Ensure that all girls and boys have access to quality early childhood development, care, and pre primary education so that they are ready for primary education.	80-83
		4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.	68-69
		4.5 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.	68-69
	Ensure availability and sustainable management of water and sanitation for all	6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally.	63
		6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	63
	Ensure access to affordable, reliable, sustainable, and modern energy for all	7.1 Ensure universal access to affordable, reliable, and modern energy services.	12-21
		7.2 Increase substantially the share of renewable energy in the global energy mix.	12-21
		7.3.a 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.	12-21

Key SDGs		Targets	Report Page
	Promote sustained, inclusive, and sustainable economic growth, full	8.5 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.	72-75, 102
		8.6 Substantially reduce the proportion of youth not in employment, education, or training	68, 101
	Reduce inequality within and among countries	10.2 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.	80-83
	Make cities and human settlements inclusive, safe, resilient, and sustainable	11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	62, 65
	Ensure sustainable consumption and production patterns	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment.	65
		12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse.	62
	Take urgent action to combat climate change and its impacts	13.1 Strengthen resilience and adaptive capacity to climate- related hazards and natural disasters in all countries.	40-41
		13.2 Integrate climate change measures into national policies, strategies, and planning	42-43
		13.3 Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	38-39
	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	14.2 Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and taking action for their restoration in order to achieve healthy and productive oceans.	64
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and	15.4 Ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.	64
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.	72-75
		16.5 Substantially reduce corruption and bribery in all their forms.	91-93

# UNGC

SK Gas strongly supports the idea of the UNGC and actively participates in UNGC activities. The company faithfully complies with each of the ten principles throughout its policies and activities.

Index			Page
Human Rights	Principle 1	Support and respect the protection of internationally proclaimed human rights	72-75
	Principle 2	Make sure that they are not complicit in human rights abuses	72-75
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	72
	Principle 4	The elimination of all forms of forced and compulsory labor	72
	Principle 5	The effective abolition of child labor	72
	Principle 6	The elimination of discrimination in respect of employment and occupation	68, 72-75
Environment	Principle 7	Support a precautionary approach to environmental challenges	38-45, 62-65
	Principle 8	Undertake initiatives to promote greater environmental responsibility	38-45, 62-65
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies	12-21, 79
Anti-Corruption	Principle 10	Work against corruption in all its forms, including extortion and bribery.	91-94

# Independent Auditors’ Report

Based on a report originally issued in Korean



To the Shareholders and Board of Directors of  
SK Gas Co., Ltd.

March 15, 2023

### Opinion

We have audited the consolidated financial statements of SK Gas Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information.

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We considered the following as key audit matters to be communicated in the audit report.

(1) Occurrence and cut-off of domestic LPG sales

Reason why it is determined to be a key audit matter

The Group’s domestic LPG sales mainly arise from LPG gas stations and petrochemical companies. Domestic LPG sales recognized during the year ended December 31, 2022, account for 57% of total sales. Therefore, the Group identifies performance obligations in the contract with respect to revenue recognition for domestic LPG transactions; allocates the transaction price to each performance obligation; and recognizes revenue when such performance obligation is satisfied. The timing of revenue recognition requires the management’s judgment. As a result, there are inherent risks related to sales cut-off due to errors in the management’s significant judgment, and as the amount of domestic LPG sales recognized in the consolidated financial statements is significant, the occurrence and cut-off of sales thereof is identified as a key audit matter.

How the key audit matter was addressed in our audit

The primary procedures we performed to address the key audit matter are as follows:

- Obtained an understanding of the key process related to domestic LPG transaction and tested the relevant internal controls.
- Reviewed and inspected documents of key transaction terms.
- Assessed the revenue recognition standards for domestic LPG transactions.
- Inquired of and inspected documents with regards to negative sales for domestic LPG transactions.
- Inspected supporting documents for samples of domestic LPG transactions occurred during the reporting period.
- Inspected the supporting documents of domestic LPG transactions that occurred before and after the reporting period end and compared the timing of revenue recognition.



# Independent Auditors’ Report

(2) Impairment testing on industrial property right not yet available for use and goodwill in Ulsan GPS Co., Ltd.

Reason why it is determined to be a key audit matter

As discussed in Note 2.3.17 to the consolidated financial statements, the Group performs impairment tests on industrial property rights not yet available for use and goodwill as part of cash-generating units (CGU) on December 31 every year and when there is an indication of possible impairment.

The Group performs an annual impairment testing and assesses the recoverable amounts of the industrial property rights not yet available for use of W74,213 million and goodwill of W5,085 million which were allocated to Ulsan GPS Co., Ltd., the surviving entity of the spin-off from Dangjin Eco Power Co., Ltd. after the Group acquired equity interests in Dangjin Eco Power Co., Ltd. in 2014 from which industrial property rights not yet available for use and goodwill has incurred.

To evaluate industrial property rights and goodwill, the Group identifies CGUs which included the industrial property rights and goodwill and estimates the recoverable amount of those cash-generating units. Recoverable amounts are determined based on value-in-use, and discounted future cash flows from the continuous use of the assets are used to assess the value-in-use. Key assumptions, such as future sales volume, selling price, fuel costs, and discount rates, have a material impact on the estimation of value-in-use, which involve management’s significant judgment. The carrying amounts of the related assets are material to the consolidated financial statements. Also, estimating discounted cash flows is complex, and there are uncertainties and risk of possible bias in management’s judgments as significant judgment is involved in determining various inputs. Therefore, we identified the impairment testing on industrial property rights not yet available for use and goodwill in Ulsan GPS Co., Ltd., as a key audit matter.

How the key audit matter was addressed in our audit

The primary procedures we performed to address the key audit matter are as follows:

- Independently assessed the identification of CGUs of the Group.
- Assessed whether management bias is involved in key inputs such as future forecast sales volume, selling price, and purchase cost of fuel used to estimate value-in-use by referring to the Group’s business plan and external data.
- Involved our internal valuation specialists to independently recalculate the discount rate based on market data and the inherent information of the Group and assess whether there is a significant difference compared with the discount rate applied by management.
- Obtained management’s sensitivity analysis on the discount rates applied to the discounted cash flow forecasts and assessed for indication of management’s bias and the effect of changes in key assumptions on management’s conclusion.

## Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on March 11, 2022.

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

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

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

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

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

## Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partner on the audit resulting in this independent auditors’ report is Cho, Seung Hee.

KPMG Samjong Accounting Corp.

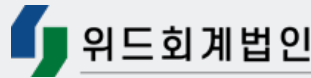
Seoul, Korea

March 15, 2023

This report is effective as of March 15, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# Third-party Assurance

## Independent Assurance Report on the Identified Sustainability Information in SK Gas’ Sustainability Report



### To the Management of SK Gas

We have undertaken a limited assurance engagement in respect of the selected sustainability information (the ‘Identified Sustainability Information’) in the SK Gas’ Sustainability Report for the year ended 31 December 2022 (‘the Sustainability Report’) listed below.

#### Identified Sustainability Information

The Identified Sustainability Information included in the SK Gas’ Sustainability Report for the year ended 31 December 2022 is summarized below:

- ‘ESG DATA’ on pages 98 ~ 105
- GRI (Global Reporting Initiative) Standards 2021 Index on pages 106 ~ 107
- SASB (Sustainability Accounting Standards Board) Index on pages 108 ~ 109

Our assurance was with respect to the year ended 31 December 2022 and the first half of 2023 and before partially 2022 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report and, therefore, do not express any conclusion thereon.

### Criteria

The criteria used by SK Gas to prepare the Identified Sustainability Information on ‘GRI Standards 2021’ and ‘Sustainability Accounting Standard Board (SASB)’ and ‘TCFD (Force on Climate-related Financial Disclosures)’ and ‘UNGC (UN Global Compact) 10 principles’ (the ‘Criteria’)

### SK Gas’ Responsibility for the Identified Sustainability Information

SK Gas is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability.

### Our Independence and Quality Control

We have complied with the ethical requirements of the Republic of Korea, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. And the Assurance was carried out in the form of international assurance standards such as AA1000AS v3, Type 1 method, and Moderate level warranty.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of SK Gas’ use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interview with the personnel responsible for internal reporting and data collection regarding SK Gas’ Identified Sustainability Information to understand their approaches to managing material issues
- Understand the systems and processes in place for managing and reporting the Identified Sustainability Information of SK Gas’ Pan gyo Eco hub office
- Assessment the adequacy of the design and operation of processes and control activities for managing and reporting sustainability information during the reporting period
- Perform inquiries and analytical reviews on the Identified Sustainability Information

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether SK Gas’ identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that SK Gas’ Identified Sustainability Information the year ended 31 December 2022 and the first half of 2023 is not prepared, in all material respects, in accordance with the Criteria. We have not found any inadequacies in respect of the principles presented by AA1000AS (2018)

### Restricted Use

This Report is prepared solely for the management of SK Gas to assist in obtaining understanding of SK Gas’ sustainable management performance and activities. Accordingly, we accept no liability or responsibility to any third party, other than SK Gas and its management, who gains access to this report.

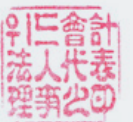
28 June 2023



WITH Accounting Corporation

Seoul, Korea

YoungSuk Lee, Chief Executive Officer



This assurance report is valid as of the assurance report date (28 June 2023). This may result in events or situations that may have a significant impact on the company's report between the date of the assurance report and the time it is viewed, which may result in modification of the assurance report.



# Greenhouse Gas Verification

## Verification Statement on 2022 Greenhouse Gas Emission Report



### Verification Target

Korean Foundation for Quality (hereinafter “ has conducted the verification of 2022 Report on Quantity of emitted Greenhouse gas Consumption (hereinafter ‘Inventory Report”) for four Businesses of SK Gas co., Ltd. (hereinafter “SK Gas co Ltd”)

※ Four Businesses: Pangyo Headquarters, Ulsan Terminals, Pyeongtaek Terminals, G Hub

### Verification Scope

KFQ’s verification was focused on all the facilities which emitted the greenhouse gas during the year of 2022 under SK Gas co., Ltd.’s operational control and organizational boundary.

### Verification Criteria

The verification process was based on ‘Rule for emission reporting and certification of greenhouse gas emission trading Scheme (Notification No. 2021-112 of Ministry of Environment)’, ‘Rules for verification of operating the greenhouse gas emission trading scheme (Notification No. 2021-278 of Ministry of Environment)’ and ‘ISO14064-3’ for every applicable part.

### Level of Assurance

The Verification has been planned and conducted as the ‘Rules for verification of operating the greenhouse gas emission trading scheme’, and the level of assurance for verification shall be satisfied as reasonable level of assurance. And it confirmed through the internal review whether the process before the verification conducted effectively.

### Verification Limitation

The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

### Verification Opinions

Regarding to the data of the Greenhouse Gas Emission Consumption from the report through the verification, KFQ provides our verification opinions as below;

- 1) The Inventory Report has been stated in accordance with ‘Rule for emission reporting and certification of greenhouse gas emission trading Scheme’
- 2) The result of Material discrepancy satisfied the criteria for an organization that emits less than 500,000 tCO<sub>2</sub>-e shall not exceed 5% from total emission as per ‘Rules for verification of operating the greenhouse gas emission trading scheme’
- 3) Thus, KFQ conclude that the Greenhouse Gas Emissions of SK Gas co., Ltd. in 2022 is correctly calculated and stated in accordance with ‘Rule for emission reporting and certification of greenhouse gas emission trading Scheme’.

March 26<sup>th</sup>, 2023

Ji Young Song

CEO Ji Young Song  
Korean Foundation for Quality

## Appendix A. Summary of GHG Emission Results

### Organization

SK Gas co Ltd

### Emission calculation period

The emission data collection period is from January 1 to December 31, 2022.

### Emission calculation results

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

Corporate	Business	Scope1	Scope2	Total Emissions (Scope1+2)	Total Emissions (Including offset)	REC purchase (MWh)	Carbon offset from REC purchase <sup>1)</sup> (tCO <sub>2</sub> eq)
SK Gas	Pangyo Headquarters	231	2,014	2,245	1,785	1,002	460
	Ulsan Terminals	16,665	4,466	21,130	20,110	2,221	1,021
	Pyeongtaek Terminals	6,899	2,697	9,595	8,979	1,341	616
	G.Hub	21	1,927	1,948	1,508	959	440
Total		23,816	11,103	34,919	32,382	105,523	2,537 <sup>2)</sup>

Note 1) **REC purchase offset** refers to the amount of reduction activities that electricity consumers directly purchase renewable energy supply certificates (RECs) and use as a means of implementing K-RE 100

Note 2) When calculating the REC purchase offset (tCO<sub>2</sub>eq), **the power emission coefficient of 0.45941 tCO<sub>2</sub>eq/MWh** is applied  
(※ REC Renewable Energy Certificates)



## GHG Emission Verification Statement

### 1. Verification Goal

The goals of greenhouse gas(GHG) emission verification (hereinafter referred to as ‘verification’) conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's GHG emissions or removals estimates

### 2. Verification Scope

Korea Standards Association conducted verification of Scope 3 for Greenhouse Gas Declaration of SK Gas Co., Ltd.

- Boundary: Scope3  
Category 1 Purchased Goods and Services  
Category 10 Processing of Sold Products  
Category 11 Use of Sold Products
- Year: 2022

### 3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to international standards and the standards and guidelines of the National Institute of Environmental Research.

- ISO 14064-1,3: 2006
- Guidelines for reporting and certification of emissions from the GHG Emissions Trading System (Notification of the Ministry of Environment: No. 2022-279)
- 2006 IPCC Guidelines for National GHG Inventories
- WRI(World Resources Institute) Greenhouse Gas Protocol
- The Corporate Value Chain (Scope3) Accounting and Reporting Standard

### 4. Level of assurance verification and Responsibility

Korea Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

### 5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

### 6. Verification Conclusion

No errors or false facts were found in SK Gas Co., Ltd.'s GHG emissions verified through the ISO SK Chemicals Co., Ltd.

May 30, 2023

Myung So Kang

## Appendix. GHG emission in 2022

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

Category	GHG Emissions
cat. 1 Purchased goods and service	3,275,410
cat. 10. Processing of Sold Products	2,093,757
cat. 11. Use of Sold Products	6,417,037
Total	11,786,204

※ Note: There is a difference between the total amount of emissions for each business site and total amount of emissions by types because when GHG emission is calculated, decimal point is round down.

# Major Honors, Evaluations, and Business Associations

## Awards

Date	Awards
Jan. 2023	2022 CDP Carbon Management Sector Honors (Energy & Utilities)
May. 2022	Germany-based Statista: South Korea's top 100 ESG leaders
Jan. 2022	Fortune Korea ESG 100: top in the "Extractives & Minerals Processing" sector
Aug. 2021	UK-based CRRRA taps SK Gas's Sustainability Report as "1st Runner up" in the category of "1st Time Report"
Feb. 2021	The US-based LACP Vision Award Annual Report Competition: Gold Award, Top 100 Report(52nd), Technical Achievement Award
Dec. 2020	Selected as an excellent company as a local community sponsor (Seongnam Mayor's Commendation)

## ESG Ratings from External Evaluations

Classification		2020	2021	2022
KCGS	Integrated	A	A	A
	E	B+	A	A
	S	A+	A+	A+
	G	A	A	A
MSCI		BB	BBB	AA

## Business Associations

Classification		Unit	2020	2021	2022
Major organizations sponsored (Top 5; associations that SK Gas participates in and contributes to)	Korea LPG Industry Association	KRW million	33	43	53
	Korea LP Gas Sales Association	KRW million	25	25	20
	H2KOREA (Hydrogen Convergence Alliance)	KRW million	25	25	25
	KBCSD	KRW million	10	10	17
	Association of Energy Future Forum	KRW million	10	10	10