

Sustainable Life Care Platform

Sustainable Smart Safety Net of Neighbors and Society!
SK shieldus is with You!



About This Report

SK shieldus published its first sustainability report in 2022 and is now publishing the second report on July 2023 to systematically manage and transparently disclose the ESG (Environmental, Social and Governance) management strategy and major tasks. We have laid out foundation for ESG management with the establishment of the ESG management strategy since 2021. This report introduces our ESG vision, strategic directions and key areas in 2022 based on SK’s management philosophy. As the importance of non-financial performance management grows, we also announce the current status and plan for environmental, social and governance performances through this report in accordance with global reporting standards from GRI (Global Reporting Initiative), TCFD (Task Force on Climate-related Financial Disclosures) and SASB (Sustainability Accounting Standards Board). We will continue to publish annual sustainability reports to transparently disclose our ESG activities and results and expand communications with stakeholders in the future.

Overview

SK shieldus collected opinions through materiality assessment surveys and interviews with internal and external stakeholders, and based thereon, selected key issues for sustainable management. This report focuses on the values and practices that we consider important in connection therewith.

Reporting Standards

This report was prepared in accordance with GRI (Global Reporting Initiative) Standards Core Option, the global reporting guidelines for sustainable management reports, and also includes the implementation status of SASB (Sustainability Accounting Standards Board) indicators. For financial information, reporting standards and definitions observe K-IFRS. We separately indicate major changes in the relevant parts.

Reporting Period

This report contains our sustainability management activities and performances from January 1 to December 31, 2022, and some information also covers the first half of 2023. As to quantitative data, we present 3-year data to allow easy understanding of trends.

Reporting Scope

This report covers performances of the headquarters (Pangyo, Samseong-dong, Customer Center and Recycle Center), local head offices (Eastern Seoul, Western Seoul, Gyeongin, Gyeongwon, Yeongnam, Gyeongbuk, Chungcheong and Honam), and branch offices across the country. The financial performance includes subsidiaries.

Assurance

The objectivity, fairness and credibility of contents were verified by LRQA Korea, a third party assurance agency. We ensured fairness and credibility of the preparation process, contents and disclosed data through this verification. Please see pages 89-90 for more information on verification standards and results.

Inquiries

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Cover Story






“Sustainable Smart Safety Net of Neighbors and Society! SK shieldus is with You!”

This ESG management slogan selected by employees of SK shieldus means that we build a smart safety net with various stakeholders by providing sustainable security services.



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CEO Message

SK shieldus is leading the market as an unrivaled “Life Care Platform” operator that ensures everyday safety and safe society, going beyond the business scope of Cybersecurity and Physical Security. We perform customer-centered management that puts priority on customer value and make efforts to keep solid customer trust that goes beyond customer satisfaction by further developing the customer experience management system and improving service quality based on advanced technologies.

In particular, as a part of our customer management policy, we take the lead in ensuring the social safety net and fulfilling ESG management by protecting the socially vulnerable class as well the environment. We have preemptively established the ESG Committee to systematically manage and transparently disclose ESG strategies and major tasks, newly established and operated an organization dedicated to ESG in the company and actively communicated our ESG visions and performance with stakeholders by publishing sustainability reports although SK shieldus is not a listed company.

SK shieldus is now publishing the 2023 sustainability report for the second time following last year, in order to secure the trust and support of internal and external stakeholders and solidify our commitment to and responsibility for ESG management.

In the environmental area, we promote resource and energy saving and efficient operation in overall business activities to respond to climate change. We are also implementing eco-friendly management to minimize greenhouse gas emissions and pollutants generation with the goal to achieve “Net Zero 2040.” To this end, SK shieldus plans to replace all business vehicles with electric and hydrogen vehicles by 2040 and practices a circular economy by recycling recovered devices and using eco-friendly packaging materials.

In the social area, we are very proud of our contribution to establishing a safety net that protects the society from crimes and industrial accidents and we deeply recognize our social responsibility.

Accordingly, we endeavor to provide high-level security products and services to ensure that customers are satisfied and confident. Services aimed at protecting the socially vulnerable class will also continue, including the CAPS Home Service jointly performed with Seoul City to address the growing insecurity amongst single-person households, the Emergency

Safety and Security Service jointly conducted with the Ministry of Health and Welfare. Furthermore, we are also actively engaged in building a cyber safety net to respond to escalating cyberattacks and ensure a safe business environment while taking the lead in sharing cyber security knowledge for public interest, such as publishing a security guidebook and training security personnel.

In terms of governance, we have established a transparent governance structure by operating board committees under the BOD and enhancing the professionalism, diversity, and independence of the BOD, thereby promoting the BOD-driven responsible management. Compliance risk is systematically prevented, monitored, and managed by advancing our ethical management and compliance system.

The company name, SK shieldus, is a combined word of “Shield” and “Us,” meaning that we will create an environment where customers, society, and all of us can feel safe. Our slogan “Technology for everyday safety” means a mission to make a good society where “everyday safety” leads to a “safe society” and a “safe society” extends to “sustainable tomorrow” through new ICT technologies. SK shieldus seeks to continuously grow and develop together with customers as well as suppliers, local communities, shareholders and employees, while pursuing various activities in the areas of environment, society and governance. Through this, SK shieldus will raise itself as a ESG leader, and will make every effort to create a sustainable future for all of us together with all stakeholders. We ask for your encouragement and advice, along with a lot of interest in our next move.

Thank you.

Dear stakeholders, I sincerely appreciate your trust in and encouragement to SK shieldus.

2023. 07.
CEO of SK shieldus Park Jin-Hyo



Company Profile

About SK shieldus

SK shieldus is a converged security provider with business capabilities in both cybersecurity and physical security based on Big Tech. Now we are rapidly evolving into a Life Care Platform operator by constantly expanding our business model in the area of Safety and Care. Based on differentiated services provided through the organic connection of converged security, home security, cloud, and mobile platforms and accumulated expertise in the security business, we provide optimal daily experience to customers through innovative products and services using Big Tech such as AI/DT, Cloud, and Quantum.







Company Overview

Name	SK shieldus Co., Ltd
CEO	Park Jin-hyo
Establishment	March 5, 2021 (integrated company) (formerly SK infosec, June 26, 2000; formerly ADT Caps; January 22, 1971)
Headquarters	23, Pangyo-ro 227-beongil, Bundang-gu, Seongnam-si, Gyeonggi-do (Sampyeong-dong)
Employees	6,829 (As at the end of 2022)

Business Areas	1.Cybersecurity Information security control and consulting, Solution building, Cloud Security, Mobile Care Solutions, etc.
	2.Converged Security SUMiTS that is based on an intelligent converged security platform; OT (Operational Technology) security that provides security for industrial and production facilities, etc.
	3.Physical Security Unmanned security and video control using AI-based CCTVs and sensors, access control, facility management service, etc.
	4.Safety & Care Smart home safety, Unmanned parking, Unmanned stores, Quarantine Business, Senior care, etc.
Subsidiaries	Capstec, Inc., infosec Information Technology(Wuxi)Co., Ltd., SK shieldus America, Inc., SK shieldus Hungary Kft.

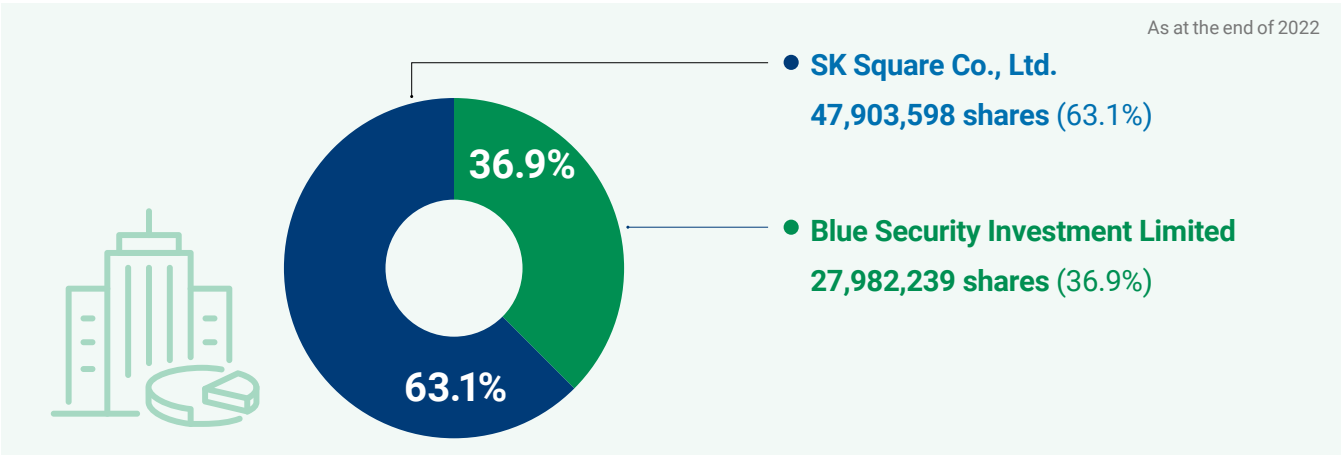
Financial Status

As at the end of 2022

 Sales KRW 1,792.8 billion	 Operating profit KRW 145.3 billion	 Net Profit KRW 57.5 billion	 Total assets KRW 3,362.5 billion	 Total equity KRW 459.4 billion	 Credit rating AO (Corporate Bond)
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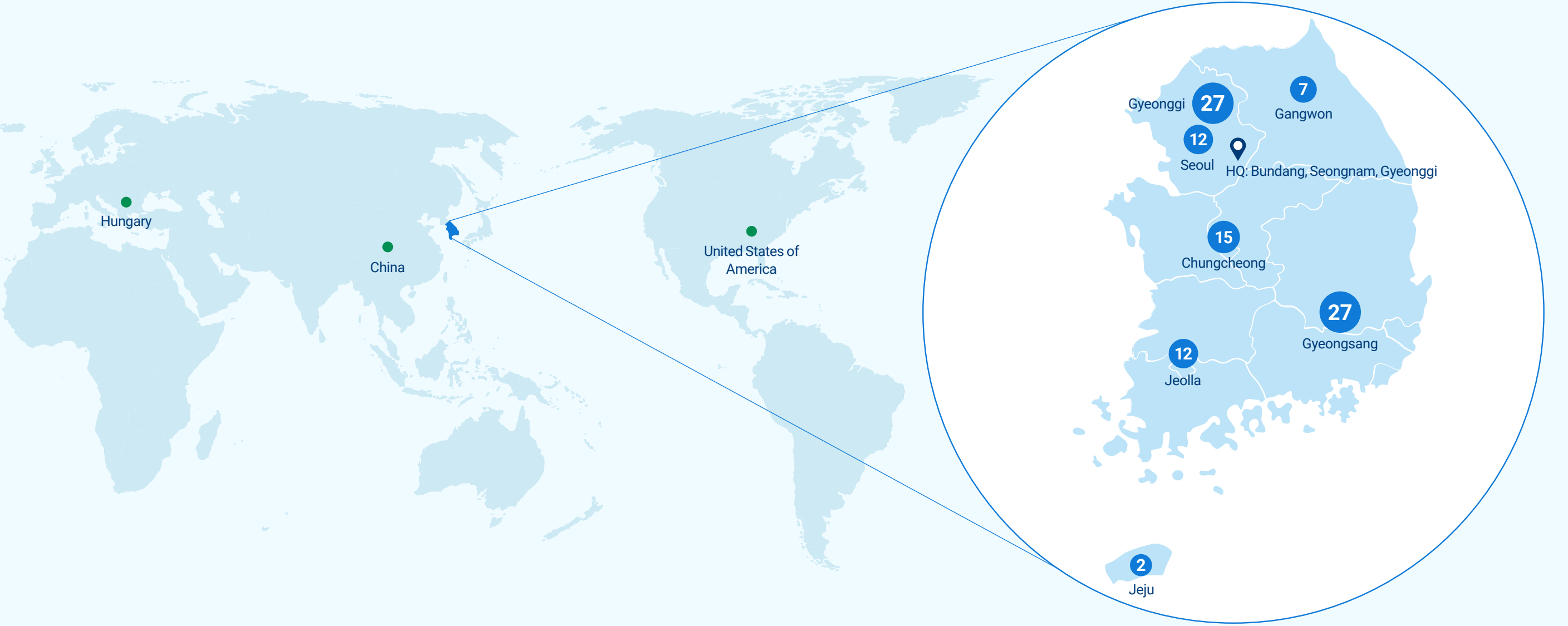
Shareholding and Capital Structure

SK Square Co., Ltd. is the largest shareholder of SK shieldus and Blue Security Investment Limited is the other major shareholder. Under the Articles of Incorporation, we have 300,000,000 authorized shares (par value KRW500), all issued and outstanding shares are common shares and each share has an equal voting right. As of the end of December 2022, the total number of issued and outstanding shares are 75,885,837 shares.



Company Profile

Operation sites



Headquarter Domestic branches Oversea corporations


102 Branches nationwide / 3 Oversea corporations

Company Profile

Our Vision


SK shieldus is a combined word of “shield” and “us,” meaning that we will create an environment where customers, society, and all of us feel safe. Our slogan “Technology for everyday safety” means our mission to make a good society where “everyday safety” leads to a “safe society” and a “safe society” extends to “sustainable tomorrow” through new ICT technologies. To this end, SK shieldus has established five core values of HAPPI to direct our actions and decision-making toward sustainable management. Through this, we will pursue a ceaseless development and the happiness of stakeholders.

Core Value of SK shieldus




H
Honesty

We do our business honestly and transparently and are proud of it.




A
Accountability

As a member of the society, we contribute to social development beyond organizational growth.




P
Professional

We provide best quality and best differentiated services through ceaseless efforts.



P
Partnership

We create greater synergy through communication and cooperation based on mutual respect.



I
Innovation

We lead new changes with forward-looking thoughts and technology.

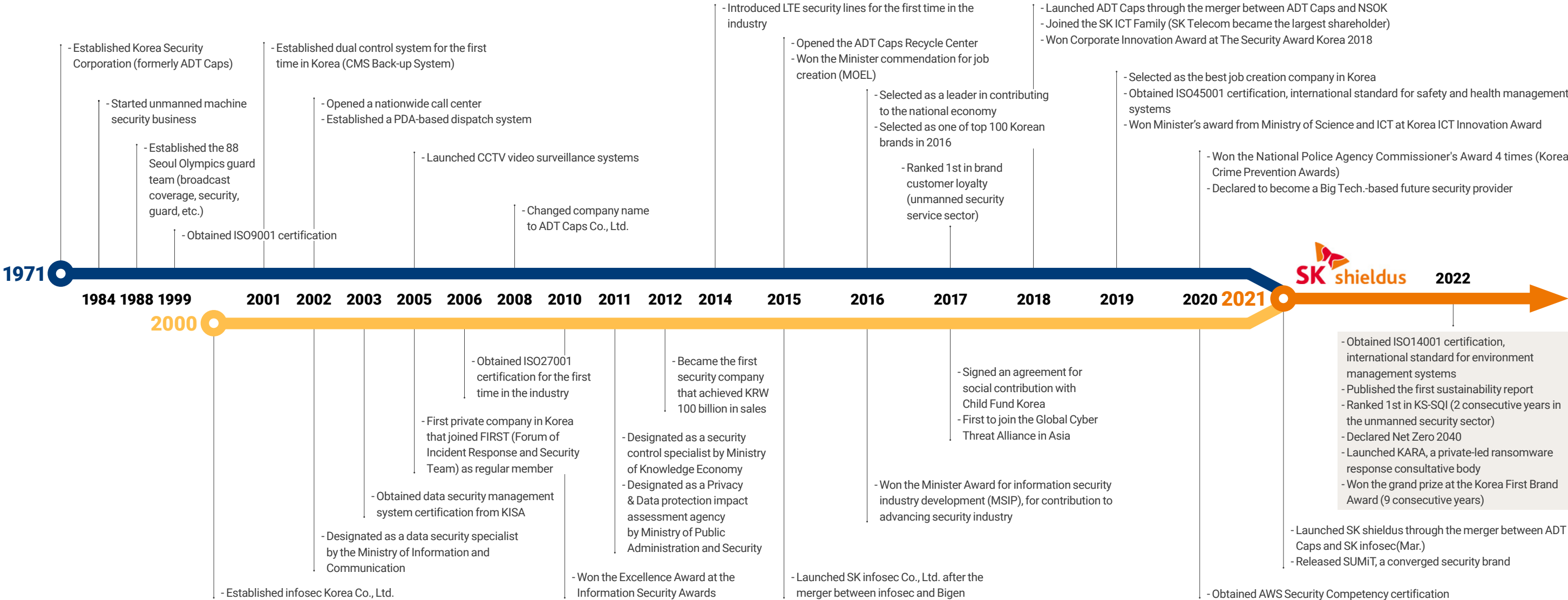
“Technology for everyday safety”



Company History

Company History

SK shieldus is a converged security provider with business capabilities in both cybersecurity and physical security based on Big Tech.
Now we are rapidly evolving into a Life Care Platform operator by constantly expanding our business model in the area of Safety and Care.





Our Business

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SK shieldus Land

SK shieldus will create a safe society where everyday safety leads to a safe society and a safe society extends to sustainable tomorrow through new ICT technologies.



Introduction to Business

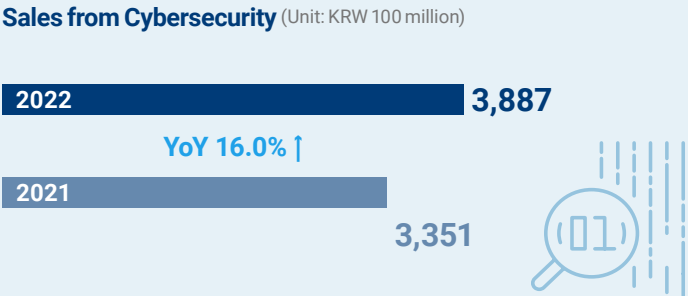
SK shieldus has expanded its Cybersecurity and Physical Security-centered business to Converged Security and Safety & Care, which has made us a market leader as a “Life Care Platform” operator that provides safety, security and convenience to the society. We generate sales from four sectors: Cybersecurity and Physical Security-centered business to Converged Security and Safety & Care.

1 Cybersecurity

Cybersecurity is a service to protect systems and communication networks against threats that may arise from unauthorized access and various cyberattacks. It is categorized into information security services providing a Full-Service Cycle including Consulting, Solution/SI, Security Control and ISAC, Cloud Security services and Mobile Care Solution services.

Biz. Type	Service		Description
Cyber-security	Information Security	Consulting	Service that builds an information protection system in consideration of the customer's security environment and provides information security measures
		Solution/SI *	Supplying, building, and maintaining information security solutions service for domestic and global companies
		Security Control	Professional suporting service for operation and management of the customer's security system
		ISAC **	IT technical support and failure response service
	Cloud Security		Integrated service, including Consulting, Solution building/operation and monitoring to protect data, Applications, and Infrastructure in a cloud environment
	Mobile Care Solution		Vaccine and care services such as detection of mobile smishing and malicious applications, and family location notification service

* SI: System Integration
** ISAC: Information Services Assistant Center



Special Activity

Launched “KARA(Korea Anti Ransomware Alliance)”, a Private-led Council to Respond to Ransomware



Ransomware is one of the world's most significant cyber threats. The scale of damage is increasing rapidly every year as attack targets, methods, and ransom demands are diversified, and there is a limit when we try to cope with ransomware with a single solution or service. In particular, as the number of attacks by 'RaaS', Ransomware as a Service, has increased recently, more professional and comprehensive responses are required. In response, SK shieldus, based on its capabilities as Korea’s No. 1 cybersecurity company, launched a private ransomware response organization called "KARA" to create a safe cyber environment and prepare a systematic response process against ransomware attacks. At KARA, companies specializing in each field regularly share information on the latest ransomware trends and damage status, and provide a one-stop process to receive accident reports, respond to accidents, conduct recovery and take countermeasures. SK shieldus, keeping in mind a mission to protect people as a national representative in cybersecurity, will seek practical ways to reduce the explosive growth of ransomware damage and upgrade the integrated ransomware response process.



Launch Year
2022



Participants
8 companies



Major Activities
Hosting open seminar, Publishing KARA Reports,
Response to Accidents

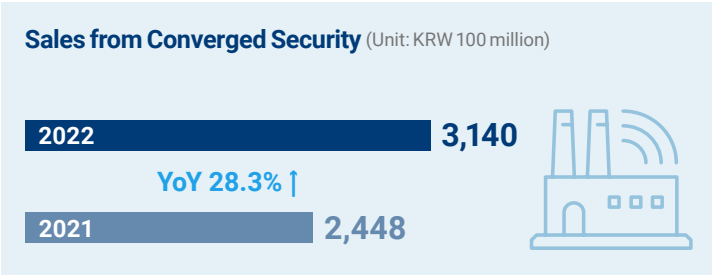
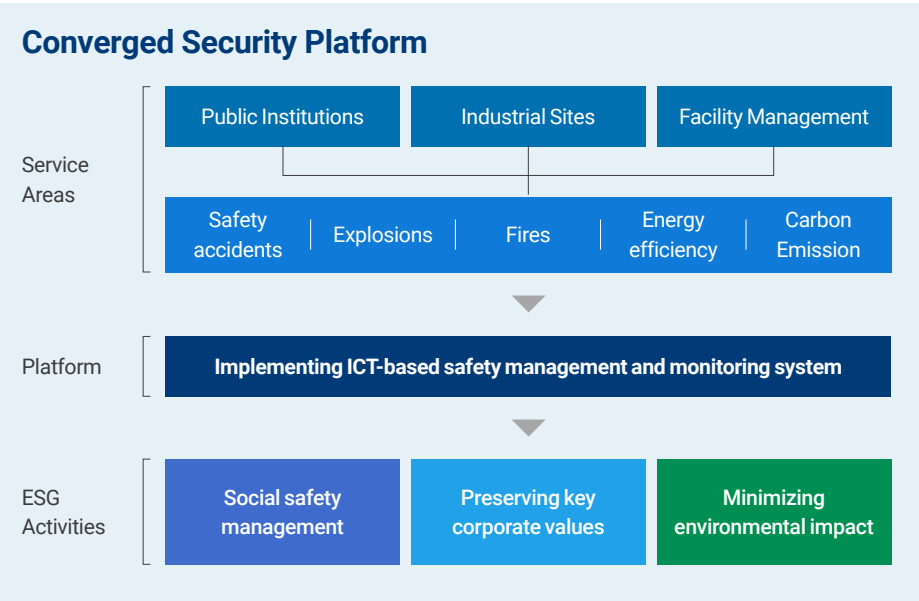
Introduction to Business

2 Converged Security

Converged Security is a service to protect customers' assets and safety with an omnidirectional control and a quick threat response system using an intelligence platform against diverse and complex security threats. The converged security service, which is provided through an intelligent Converged Security platform SUMITS that utilizes ICT technologies such as AI/Big Data/Machine Learning, is largely divided into Converged Security SI, SUMITS Industrial Safety, SUMITS OT and SUMITS FM.


Biz. Type	Service	Description
Converged Security	Converged Security SI *	Service that enhances the value of security services through integration of various solutions
	SUMITS Industrial Safety	Service that provides video analyses of industrial sites of high risk manufacturing and construction industries and monitors industrial accidents using IoT sensors for threat surveillance
	SUMITS OT **	Service that responds to cyber attack against industrial control network and control system
	SUMITS FM	Integrated management service that provides convenience and security by linking the facility operating system BAS *** and the security system

* SI: System Integration
** OT: Operational Technology
*** BAS: Building Automation System



Special Activity

Enhancing Safety of Industrial Sites through Intelligent Converged Security Platform



As the need for industrial safety service increases due to the strengthened requirements of the Occupational Safety and Health Act and the enforcement of the Serious Accident Punishment Act, SK shieldus offers “SUMITS Industrial Safety”, an integrated industrial safety solution that realizes an integrated monitoring service detecting complex potential risk factors of industrial sites in advance and a real-time response system. “SUMITS Industrial Safety” is applicable to the sites of all industries including construction, manufacturing, infrastructure and logistics as it provides customized solutions including various IoT devices, safety equipment, sensors, etc. for safety management of equipment and workers and environmental management of sites. In addition, SK shieldus launched “Wearable Airbag” that workers can easily wear in preparation for falling accidents that can happen during high place work in high-risk sites of construction, manufacturing and logistics, etc. As such, we will constantly develop smart converged security systems that can prevent and respond to industrial accidents, thereby creating safer industrial sites.

Introduction to Business

3 Physical Security

Physical Security is a service to prevent and defend against various safety and security threats and safely manage tangible and intangible assets owned by the State, businesses, and individuals. It is divided into the Central Monitoring Service (CMS), which provides monitoring and dispatch through remote surveillance equipment based on wired and wireless communication, and Facility Management (FM), which provides facility management services.

Biz. Type	Service	Description
Physical Security	CMS [Central Monitoring Service]	Security service that detects accident signals real time through sensors and imaging devices to dispatch support and make reports to the relevant authorities
	FM [Facility Management]	Building/factory energy and facility management and security service



Unmanned Security

Providing real-time monitoring of security areas and quick dispatch through 24/7 control and CCTV remote monitoring



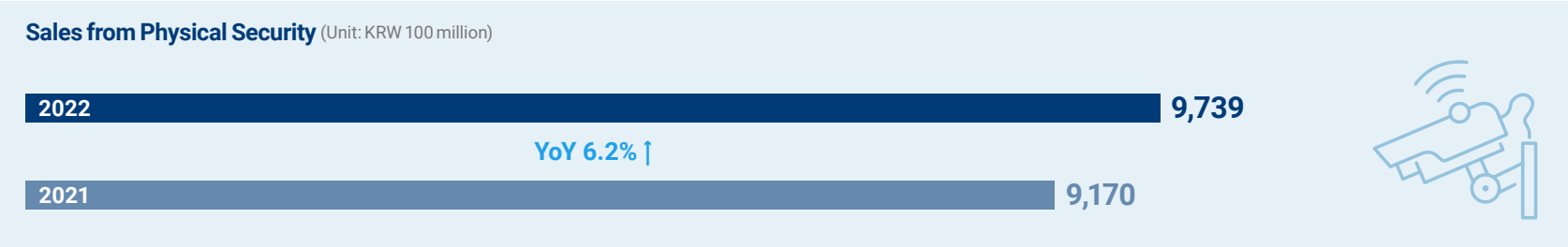
Video Surveillance

Monitoring security areas clearly and safely with high-definition CCTVs and AI intelligent video analysis technology



Access Control

Providing a total solution that offers fingerprint and facial recognition technologies, body temperature measurement, access security and attendance management



Special Activity

Serving as a Business Partner of Small Business Owners based on Multi-functional AI-based CCTVs



SK shieldus has launched a state-of-the-art security solution called “Caps Viewguard AI” that provides real-time monitoring and surveillance necessary for store management as well as abundant business insight by conducting fast and accurate video searches and using collected video data. It can provide information desired by customers quickly and accurately by using AI/DT technologies such as object (men, vehicles) based video analysis, designation of desired surveillance areas within the screen and provision of statistics through collected customer data. In particular, this service can conduct multi-angle analyses of types of store customers such as the number of visitors, day-over-day increase/decrease of customers and peak visiting hours, serving as a a business partner for smart store management and generation of additional sales. In addition, based on this service, SK shieldus entered into a partnership with Hana Finance Group and implemented the “Small Enterprise Digital Transformation Support Program” to support small business owners who have difficulties operating their businesses due to relatively insufficient access to digital technologies so that they can successfully respond to digital transformation and gain competitiveness. SK shieldus will continue to provide a sustainable win-win cooperation based on its business through customized projects to support and assist small business owners.

Introduction to Business

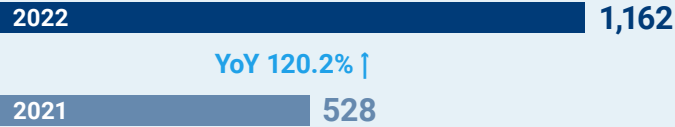
4 Safety & Care

Safety & Care is a crucial area of business model innovation as well as represents the highest growth rate. SK shieldus is growing unprecedently in the markets for smart home safety, unmanned parking, unmanned stores and senior care.

Biz. Type	Service	Description
Safety & Care	Smart home safety	Service that provides external views, visitor identification, access control through facial recognition, courier monitoring, and 24/7 dispatch of security personnel in emergency
	Unmanned parking	Service that builds and operates unmanned parking systems (entry/exit, unmanned payment, regular vehicle registration, etc.), and monitors and dispatches service of security personnel in emergency
	Unmanned stores	Platform-based integrated service for unmanned stores only that helps store owners to operate their stores remotely 24/7 without worries
	Senior care	Smart integrated care services based on preemptive responses and prevention to build infrastructure for elderly households to cope with disaster emergencies and maintain better lives and health
	Others	Innovative products and services to improve customer convenience such as smart orders, serving robots, guide/patrol robots, vehicle management, energy management and disinfection, etc.



Sales from Safety & Care (Unit: KRW 100 million)



Special Activity

ICT-based Social Safety Net Protecting Family Safety and Wellbeing



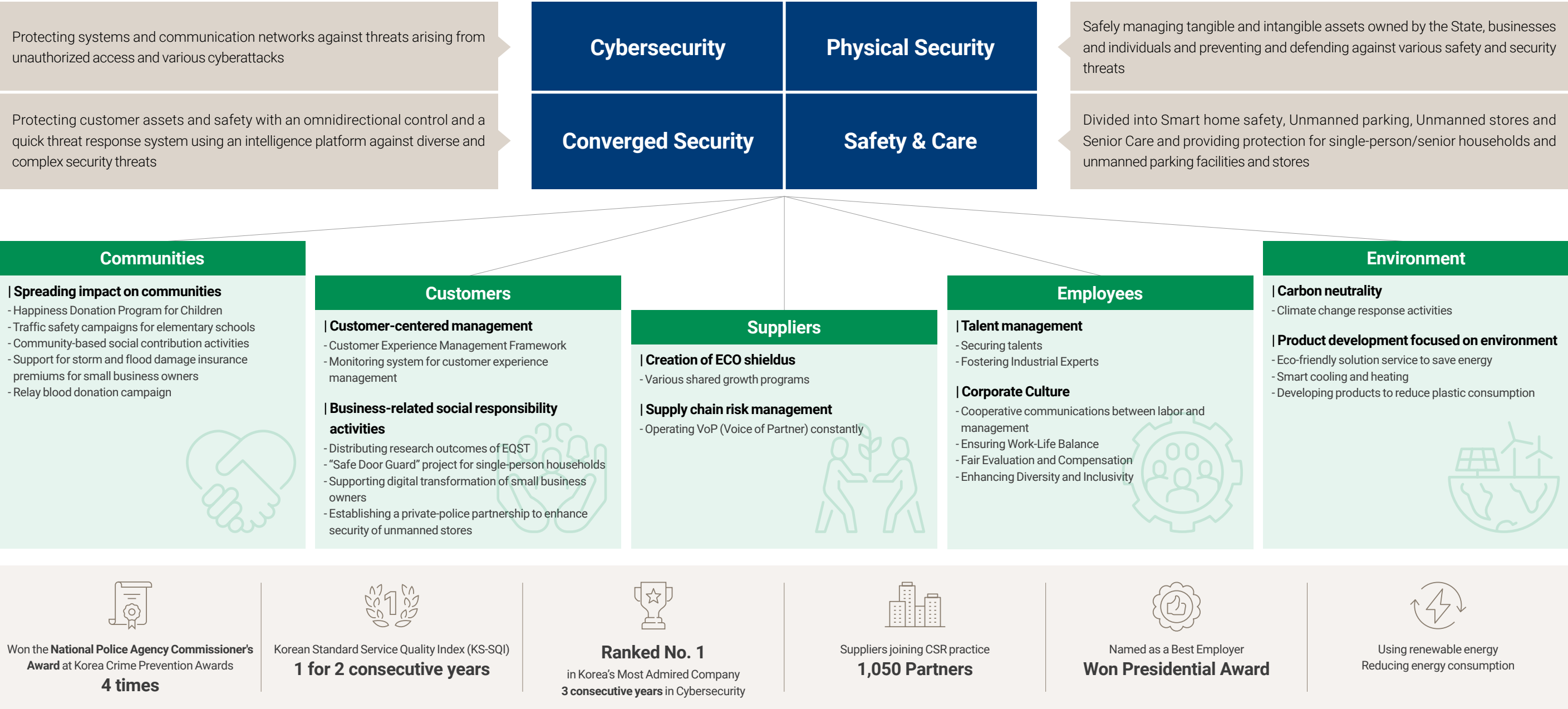
The family care solution combines real time positional tracking, security threat detection and activity monitoring all together giving top priority to the safety of seniors and children. It has various functions that can assure family safety.

The detection notification function detects malicious applications or messages in smartphones and protects such devices against hacking or viruses. In addition, the location notification function enables real time positional tracking and gives alerts when a family member enters a designated area to allow prompt response to emergency situations. The activity detection function monitors smartphone activities and gives alerts when there is no activity for a specified time. Using this function, we can quickly respond when a family member shows no activity for a considerable time, which may indicate a dangerous situation. In particular, SK shieldus newly added the “family exercise monitoring” function in the latest update, which records the number of steps taken by family members and shows them in a graph. This function assists systematic health management by checking daily exercise of family members.

From the social point of view, this service provides an ICT-based social safety net and has positive impact not only on family members but also on the entire society. Finally, from the perspective of governance, this service can minimize security concerns through safe management of personal data. The family care solution is a pioneering product that improves personal safety and enhances family wellbeing by solving potential risks and health-related issues of the socially vulnerable.

Business ESG Impact

SK shieldus has a White Hacker Group and other experts in each business area including Tech and R&D, etc., and the Life Care Platform service based thereon uses business to create various social values and fulfil social responsibilities in everyday life.



Business ESG Impact

Product Development Focused on Environment

SK shieldus is developing products to respond to domestic and global environmental issues including climate change, excessive energy consumption and increased plastic use. In 2022, it focused on developing environment-friendly products and launched 1 service to save energy and 2 products to conserve resources by reusing components of existing products.

Launched “Smart Cooling and Heating”, Environment-Friendly Energy Conservation Solution


In November 2022, SK shieldus launched a new environmental-friendly solution, Smart Cooling and Heating. Smart Cooling and Heating combines IoT and AI-based HVAC technologies. Contrary to existing air-conditioners and heaters that mechanically maintain the designated temperature, this service provides automatic control of temperature by AI and thereby promotes efficient energy consumption and creates pleasant indoor environment. We expect this service will be effective for buildings using centralized heating and air-conditioning systems with low energy efficiency or small and medium-sized buildings with obsolete equipment. Since September 2022, SK shieldus has conducted test operation of this solution in many places including large cafes and offices and enterprises that participated in the test operation saved power of approx. 18,000 kW year on year (from December to February). This means power saving of 13% and cost reduction of approx. KRW2.1 million compared to usual circumstances. The test operation proved that this service can improve environment as well as increase economic usefulness.

Developing Products with Less Plastic

SK shieldus has made continuous efforts for waste reduction and resource conservation and recycling by developing technologies that can reuse components of existing products. In April 2022, SK shieldus released a main device* that reuses components from disabled products. This device can save resources as it procures 60% components from such reuse. In addition, SK shieldus developed a technology that enables old card readers that can only read plastic cards to read mobile cards on smart phones so that old card readers can be reused. With this technology, we could contribute to resource conservation by reducing waste and issuance of plastic cards.

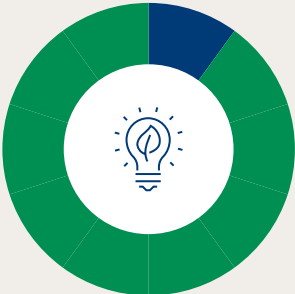
* Main device: a key device that transmits signals from various physical security sensors to control centers

Smart Cooling and Heating




energy saving

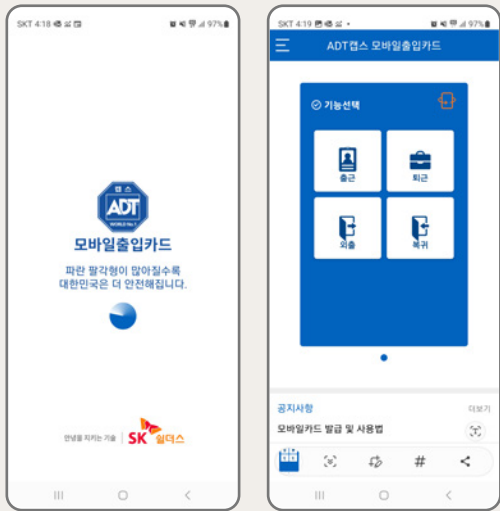
13%↓



Main Device 970

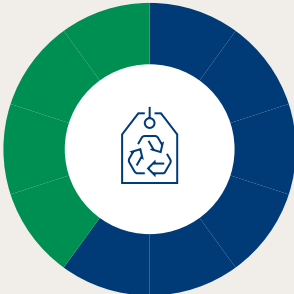


Mobile Access Card



resource conservation

60%↓



Business ESG Impact

Social Contribution through Business

Operating EQST, a White Hacker Group

SK shieldus has operated EQST (Experts, Qualified Security Team), a cybersecurity specialist group of 110 white hackers, to contribute to building a secure cyber environment and acquire threat intelligence research capabilities. EQST focuses on research activities related to security threats together with such projects as simulated hacking, and performs various activities based on accumulated intellectual assets. EQST Lab, which is responsible for research and development, conducts various researches on cybersecurity. It operates KARA (Korea Ransomware Alliance), a private organization to respond to ransomware, together with the RanCERT (Ransomware Computer Emergency Response Center) to respond to ransomware, and provides a one-stop process to receive accident reports, respond to accidents, make recovery and prepare countermeasures. In addition, EQST Lab releases publications such as Diagnostic Guide, EQST Insight and Annual Report, etc. through preceding researches of new technologies, researches of weaknesses of web and mobile and researches of various security-related areas.

Distributing EQST Research Outcomes

EQST publishes EQST Insight composed of three parts on a monthly basis. The three parts are “Headline” that teaches security trends in various areas, “Special Report” that discusses what EQST wants to say, and “Keep up with Ransomware” that discloses analyses of significant monthly ransomware activities. The “Annual Report” is published in the 4th quarter of each year and discusses major security issues of the year and forecast of and counter strategies against security threats as well as shares information to allow everybody to cope with security threats preemptively.



Distributing Security Diagnostic Guide by Field

Since the COVID-19 pandemic, many IoT devices and services have been introduced worldwide as demand for contactless technologies has increased, and cybersecurity threats to IoT devices and services have also increased accordingly. EQST published “IoT Diagnostic Guide 2.0” to enable preparation against security threats such as invasion of privacy and sensitive information leakage resulting from IoT hacking.

Researching and Receiving Reports on New Security Weaknesses

There are great concerns on serious damage due to the increasing zero day attacks* by cyber criminals. EQST conducts researches constantly and reports new security weaknesses. It takes the lead in prevention of hacking accidents by reporting approx. 20 hacking incidents in 2022.

* Zero day Attack : a cyberattack that takes place before developers release a patch that supplements security weaknesses of computer systems.

Providing Cybersecurity Consulting Service

As the digital world expands thank to the spread of digital transformation, the scope of attacks also expands and there are omnidirectional attacks on all objects from individual PCs and data to companies, governments, states and national infrastructure. EQST provides a customized simulated hacking service to prepare for ransomware, one of representative threats. SK shieldus has provided consulting in the fields of finance, public, corporate, healthcare and education, etc. for more than 20 years. Based on the accumulated understanding of corporate systems and knowhow, we conduct inspection optimized for each company. We prepare customized scenarios and provide optimal guides to solve problems, considering all threat factors to the customer’s business areas

including information security regulations, management system certification and inspection of weaknesses of websites, mobile, systems and infrastructure.

Regular Information Sharing through KARA

The ransomware attack trends are changing as contactless activities increases, and the damage are increasing exponentially as the targets, strategies and ransom demand methods varies year after year. Through KARA, the only private ransomware response alliance in Korea, SK shieldus provides a one-stop process to receive reports, respond to attacks and provide restoration and countermeasures. KARA is publishing its research results in the KARA Ransomware Trend Report, which describes key ransomware groups’ activities, statistics and breach indicators, etc. KARA will take the lead in creating a safe business environment that can respond to ever-developing ransomware threats in the future.



Business ESG Impact

Social Contribution through Business

Digital-Based Contribution to Safety and Care

According to the Seoul Metropolitan Police Agency, home-breaking cases have increased 1.8 times over the past five years since 2016. Due to the reduced social networks, for instance, social distancing measures in response to the COVID-19 pandemic, depression and loneliness of the underprivileged population emerged as a serious social problem, increasing the need to create a safe residential environment. SK shieldus provides various services to resolve such social issues.

Emergency Safety and Security Service

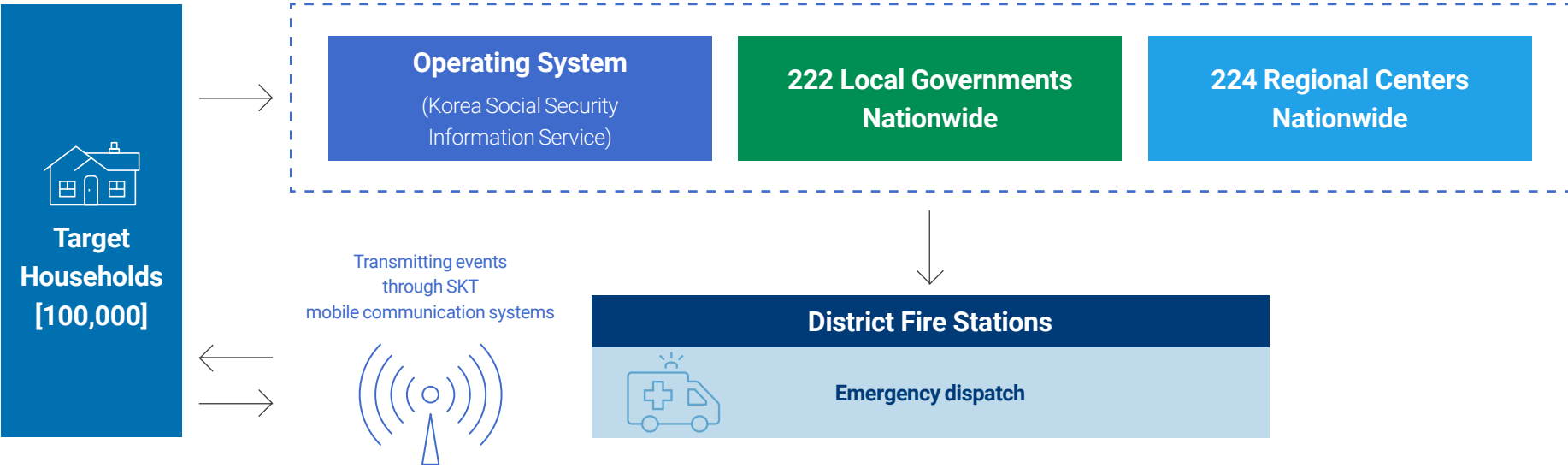
SK shieldus has participated in the “Emergency Safety and Security Service” project hosted by the Ministry of Health and Welfare to enable the elderly living alone and the disabled who are exposed to many dangers such as lonely death and fire to quickly respond to emergencies. Through this project, SK shieldus added care call, the audio recognition service to SKT’s NUGU platform and provides even more advanced functions to enable IoT equipment and OS management in the households of underprivileged population, support for user convenience including function development, and quick response to emergencies.

Furthermore, SK shieldus provided equipment and service training to emergency workers of 220 regional centers* to provide effective services. In addition, it manages service effectiveness by providing target monitoring through the digital care system and relay servers.

SK shieldus has obtained business knowhow to take care of the disadvantaged population through the Emergency Safety and Security Service project and will provide this service to 200,000 households nationwide together with the Ministry of Health and Welfare by 2023. In addition, SK shieldus intends to provide the next generation Emergency Safety and Security Service by developing a new social safety net service for single-person households.

* Regional centers: where Emergency Safety and Security Service is implemented, with emergency management personnel residing at major bases or local welfare centers

2022 Emergency Safety and Security Service for Elderly Living Alone and Disabled



Emergency Safety and Security Service for Elderly Living Alone and Disabled - Capacity Enhancement Training and Discussion Session for Regional Institutions in the Second Half of 2022



[Andong]



[Daejeon]

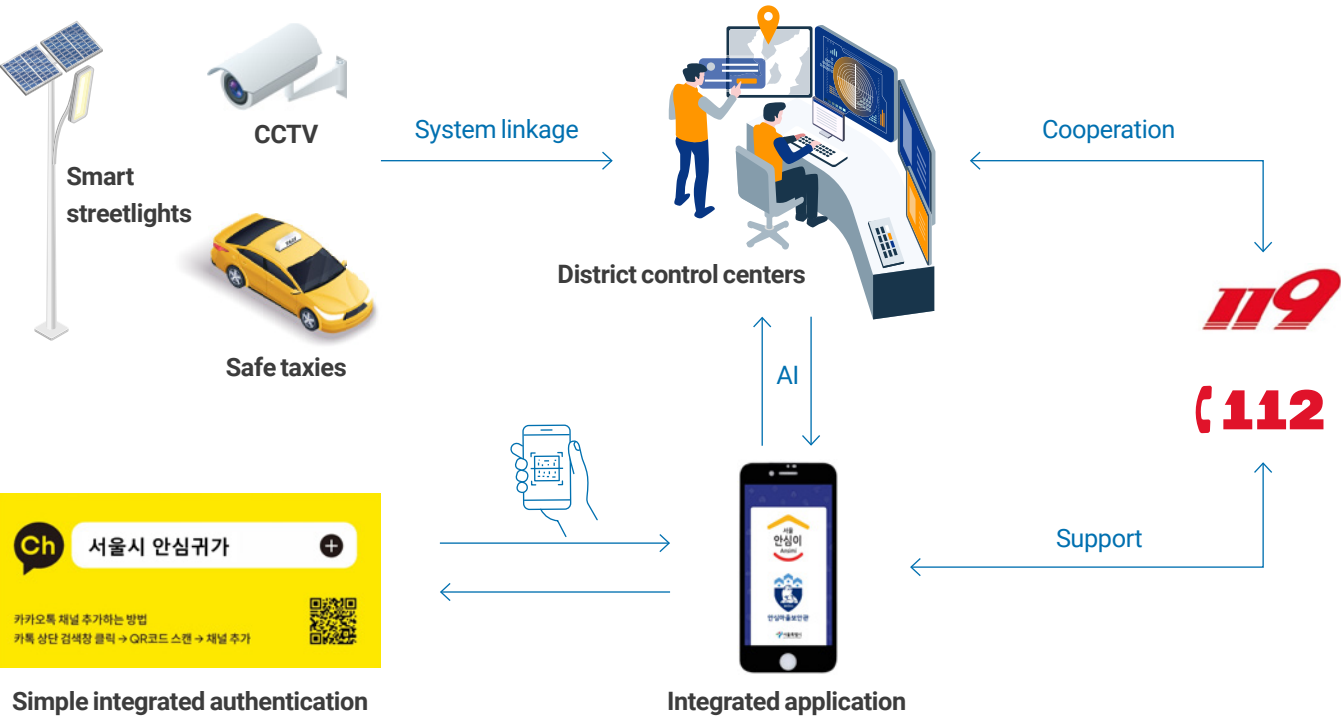
Business ESG Impact

Social Contribution through Business

“Safe Village Sheriff” Project to Build Social Safety Nets

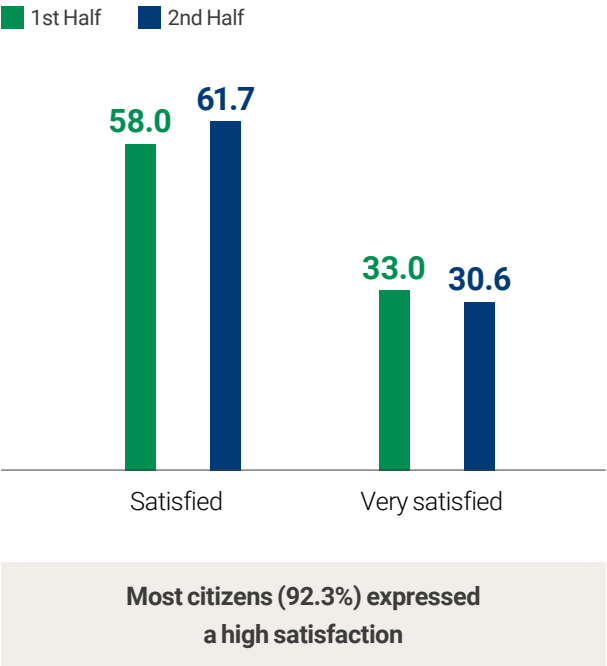
Seoul City’s Safe Village Sheriff program prevents crimes and inspects risk factors such as fire by patrolling residences and alleys in 15 vulnerable areas designated by Seoul City every night (21:00 to 02:30). SK shieldus was selected as the main provider of this project in 2022 based on its Cyber and Physical Security Infrastructure and Converged Security capabilities, and has performed this program in all aspects including planning and announcement of programs, recruiting and training of sheriffs, and program promotion, etc. The Safe Village Sheriff, composed of 63 sheriffs who are former policemen and martial art masters etc., successfully eliminated security blind spots by removing risk factors and preventing crimes in 2,500 or more incidents (1,700 or more reports on dangerous facilities and 800 or more cases of citizen protection and commuting support) in cooperation with local residents. The Safe Village Sheriff program became Seoul City’s representative citizen-friendly private crime prevention brand as a crime prevention project that links a security company’s expertise to a public project.

Advanced Operating System and Maximized Efficiency of Seoul City Safe Village Sheriff Program

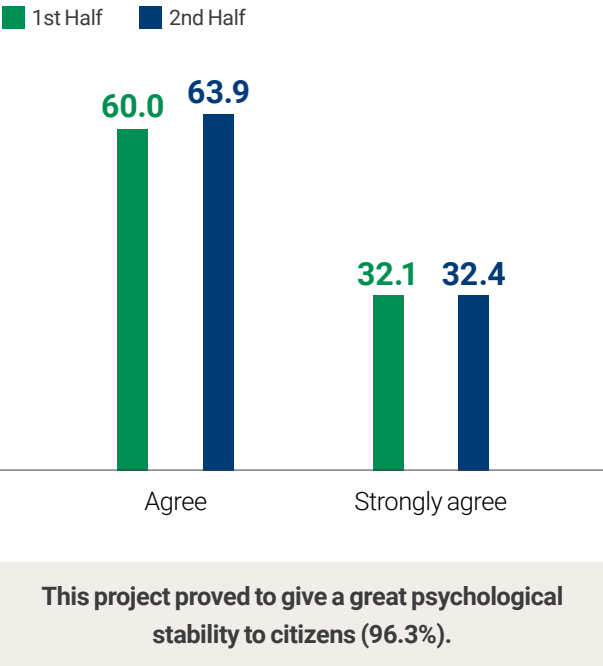


SK shieldus has recorded all situations real time such as patrols and reporting status and conducted monitoring and evaluation of activities through the ICT-based operation and management system and patrol control app. In addition, we have made efforts to improve service quality by evaluating sheriffs on a semi-annual basis. Those who were selected as good sheriffs received awards from the Commissioner of the Seoul Metropolitan Police Agency and the mayor of Seoul City. In the survey of 750 residents in 15 districts of Seoul, positive answers regarding “safety against crimes in the residential area” increased by 19.3% from 53.5% before the project to 72.8% after the project and the satisfaction regarding the project also rose by 1.3% from the first half year to 92.3%. In particular, the survey results proved that this project is a great help to safe nighttime commuting of residents as shown by the fact that 95.3% answered this project was helpful for crime prevention and 96.3% answered this project gave psychological stability. SK shieldus will expand its role as a proposer of Seoul City’s crime prevention infrastructure and policies and make efforts to expand crime prevention activities nationwide based on the experience from the Seoul Safe Village Sheriff project.

Satisfaction Level



Whether This Project Gave Psychological Stability



Business ESG Impact

Social Contribution through Business

Support for Safe Living Environment of Single-Person Households

SK shieldus has entered into MOUs with multiple local governments and provided the CAPS Home service to create a safe living environment for single-person households. Since 2021, we have provided support to 3,000 citizens of age 18 or older who lives alone in Seoul in the “Safe Door Guard” project performed with Seoul City. Since 2022, we have provided support to 800 or more people under the MOUs with local governments including Cheongju City, Daegu Western District Office and Gwangju Eastern District Office. In February 2023, we started the “Single-Person Household Smart Safety Home Care” project with Busan Jin District Office. We also entered into MOUs for the CAPS Home service with Jeonbuk local government, Gwangju Western District Office and Incheon Southeastern District Office, taking the lead in building a safety net for local communities.

“Female Single-Person Household Safety Guard” MOU between SK shieldus and Gwangju Western District Office



Support for Safe Living Environment of Stalking Victims and other Crime Victims

Housebreaking crimes increased by 59% from 11,631 cases in 2016 to 18,440 cases in 2021 while the number of arrests of date violence that could lead to stalking was 12,841 in 2022, up 21.7% from 2021. There has been a need for safety measures for victims of stalking crimes that have a high rate of recidivism and for follow-up measures for victims whose safety measures have expired. As a preemptive measure to prevent additional risks, SK shieldus entered into MOUs with the Daejeon Police Agency and the Daejeon Crime Victim Support Center in September 2022 to provide "follow-up support for safety measures for crime victims" and has provided "CAPS Home", which includes the front door CCTV and SOS emergency buttons, for victims of crimes closely related to daily lives.

Establishing a private-police partnership to strengthen the security of unmanned stores

The number of unmanned stores is steadily increasing in the era of contactless trends prevailing in the society and endemics. SK shieldus has launched the unmanned store safety solution “CAPS Unmanned Safety Zone” to provide integrated equipment and solutions for unmanned stores such as access authentication devices, payment kiosks and AI CCTVs, and entered into MOUs and established a private-police partnership with police stations in the areas where many unmanned stores are located such as Gangnam, Suseo, Mapo, and Bucheon Wonmi to respond more quickly to various accidents that store owners are concerned about. SK shieldus collects data necessary to prevent crimes in unmanned stores with an AI control platform and provides them to local police stations. This enables the police to take measures to prevent crimes targeting unmanned stores and quickly put police force into the field. In the future, we will continue to carry out various activities to remove blind spots of security and establish a safety net for local communities through active cooperation with related agencies.





Our Approach to ESG

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ESG Management System

ESG Committee

SK shieldus has established and operated the ESG Committee under the BOD in order to establish and report ESG strategies and provide relevant consulting to the BOD. The following is the major issues that the ESG Committee is considering:

- Environment: Response to climate change, GHG control/reduction, improvement of energy efficiency and implementation of environment-friendly policies, etc.
- Social: Industrial safety and health, social responsibility, protection of human rights, anti-corruption, ethical management, response to relations with suppliers, customers and stakeholders, and protection of company/customer privacy, etc.
- Governance: Shareholder relations and maintenance of fair and transparent governance, etc.
- Other issues related to the foregoing and issues that the ESG Committee deems necessary to manage as ESG issues

Composition

The ESG Committee is composed of 4 members, 2 independent directors specialized in ESG, the representative director and one non-executive director.

Name	Position	Professional Area	Period	Remark
Kang Hyun-jeong	Independent Director	Legal affairs / information protection	Dec. 2021 – Mar. 2024	Committee Chairperson
Yoon Hye-seon	Independent Director	Legal affairs / ESG	Dec. 2021 – Mar. 2024	
Park Jin-hyo	Inside Director	Corporate management / ICT technology	Dec. 2020 – Mar. 2024	Representative Director
Kim Yong-hwan	Non-executive director	Corporate investment	Dec. 2020 – Mar. 2024	

Roles and Authority

The ESG Committee has the authority to control overall ESG issues of the company and makes proposals and provides consulting as a consultant to the BOD for its decision-making. Members of the ESG Committee may request relevant data to the senior management and other employees of the company to perform their duties.

Major Activities

The ESG Committee held 3 meetings in 2022 reported and resolved 8 agendas on establishment of the ESG KPIs, a plan to implement Net Zero 2040, establishment and upgrading of the data protection and safety and health management system, etc.

No.	Date	Agenda	Adoption (consent/attendance/quorum)
1st	March 17, 2022	1. Establishment of ESG KPIs 2. Plan to publish a sustainability report 3. Plan to implement Net Zero 2040 4. Information protection management system 5. Establishment and upgrading of the safety and health management system	4/4/4
2nd	June 28, 2022	1. Status of and direction for implementation of Diversity and Inclusivity 2. Implementation of shared growth	4/4/4
3rd	July 19, 2022	1. Publication of the sustainability report	4/4/4

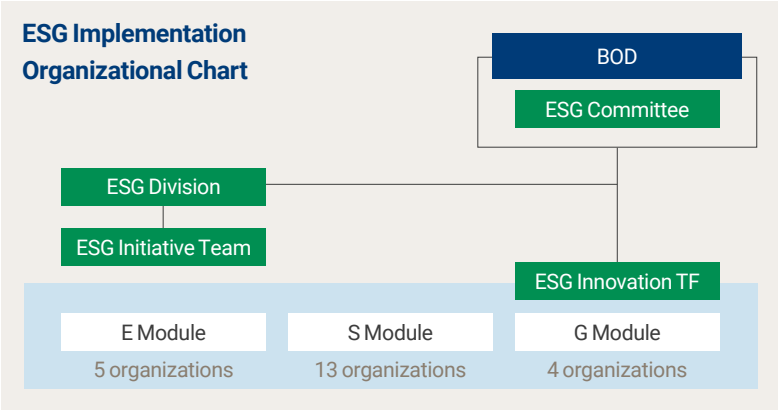
ESG Division

SK shieldus has established and operated the ESG Division, an organization dedicated to ESG, under the ESG Committee to effectively address ESG issues. The head of the ESG Division serves as a secretary of the ESG Committee and conducts the following tasks through the ESG Initiative Team.


- Supervising planning and implementation of the ESG management
- Operating the ESG Committee meetings and making reports to the ESG Committee
- Managing companywide ESG KPIs (providing guidance on determination of ESG KPIs and reviewing ESG performance)
- Publishing the sustainability report and making ESG disclosure
- Operating/managing the environmental management system

ESG Innovation TF

SK shieldus has classified organizations closely related to ESG into environment (E Module), social (S Module) and governance (G Module) based on their duties and operated a TF consisting of the heads and working-level employees of the relevant organizations. We internalize ESG management and enhance the ability to implement through the ESG Innovation TF.



ESG Implementation Strategies

 SK shieldus' Promise	Strategic Direction	Key Tasks	Major Activities in 2022	KPI	Future Plan
	E Eco-friendly management system	Establishing eco-friendly management system	Operated the environment management system centered on the ESG Committee	Conversion into EVs and electric MCs Establishment of Net Zero 2040 strategies and achievement of targets Achievement of zero waste through overseas sales and recycling of waste materials Development of solutions to reduce GHG emissions and products using useless materials	Internalizing and upgrading the environmental management system
			Obtained the environmental management system certification (ISO14001)		Converting 47% of vehicles into EVs by 2030
		Implementing Net Zero 2040	Converted vehicles with internal combustion engines into EVs		Adopting 20 GW renewable energy by 2030
			Introduced new and renewable energy		Reducing GHG emissions by 42 % compared to 2020
			2022 GHG emission target		Diversifying reconstructed products
		Practicing circular economy	Collected materials/equipment produced in the process of services and maximized/made efficient their recycling		Developing products that use recycled plastics
			Saved energy and raw materials in all stages (development, purchase, installation, operation and disposal) through technical improvement		
	S Creation of social impact	Improving social value by expanding social safety nets	Built social safety nets for the socially vulnerable in collaboration with government agencies and local governments	Job creation through education business-based new employment	Promoting projects to build continuous social safety nets for the socially vulnerable
			Trained information security experts		
		Diversity & Inclusion	Expanded the number of the disabled by 26.7% compared to last year	Increase in the mandatory employment rate of the disabled	Expanding employment of the disabled and female workers
			Expanded employment of female workers by 82.5% compared to last year		Performing a survey on awareness of human rights management and enhancing human rights management through a declaration of human rights management, etc.
		Creation of ECO shieldus	Established the Corporate Partnership Team and provided shared growth programs (provided the academy training, fund and center)	Upgrading of shared growth programs	Expanding shared growth programs for suppliers (supporting recruiting and providing welfare benefits)
			Had close communications with suppliers through Gong-gam Talk		Operating preferential programs by introducing regular evaluation of suppliers and selecting good suppliers
		Zero safety accidents through industrial safety management	Built a system to respond to serious accidents and enhanced safety and health activities (0 serious accident)	Achievement of safety of employees and suppliers by reducing the lost time incident rate	Building a system to prepare for serious accidents and enhancing implementation of requirements under the Occupational Safety and Health Act
			Expanded the scope of safety and health management system (ISO45001) certification and renewed the certification		
		Customer Experience Management	Prepared various channels that customers freely submit their opinions	Ratio of consulting through chatting Ratio of handling customer inquiries through the visible ARS channel	Enhancing the VoC internal sharing process
			Upgraded the customer satisfaction survey and actively used customer evaluators	Customer center consulting quality indicator (Counseling satisfaction) Customer center application satisfaction Ratio of dissatisfied VoCs	Surveying NPS according to the customer life cycle Enhancing the internal data sharing process
	G Responsible and ethical management	BOD-driven ESG responsible management	Composed BOD with independent directors in the center and enhanced independency and professionalism of the BOD through operation of committees under the BOD	Minimization of legal risks pertaining to governance (shareholders' meetings, BOD, committees)	Reorganizing governance/BOD/committee systems Organizing internal systems including bylaws in advance
		Reliable management through risk management	Established and operated the risk management system		Upgrading risk assessment and management systems
		Ethical management	Implemented ethics/compliance activities through the ethics/compliance system	Management ethical management index Number of reports of employees' unethical conducts Ethical management practice survey score	Materializing training contents on compliance/ethics
			Evaluated the effectiveness of compliance review and supporting activities		

Materiality Assessment

Materiality assessment is a process to identify and assess ESG topics important to SK shieldus’ management activities and reflect them on the establishment of business strategies and decision-making. SK shieldus identifies material topics through materiality assessment and publishes their management status and outcomes in the report every year. Through this process, we intend to take a step forward to provide sustainable businesses to all stakeholders who interact with us from customers and employees to suppliers and local communities.

Double Materiality Assessment

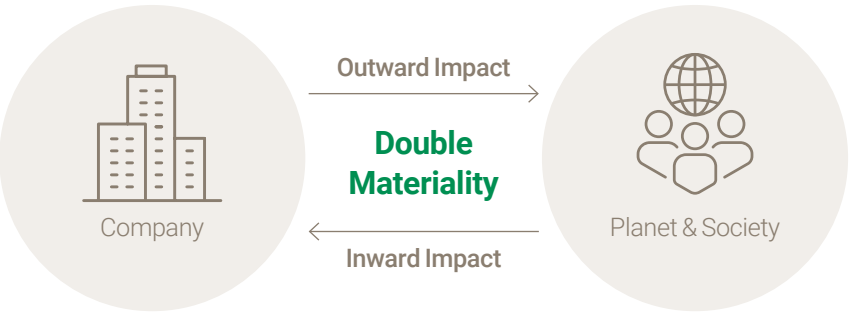
SK shieldus conducted double materiality assessment and identified material topics by reflecting global model cases and referring to GRI and EFRAG guidelines. Double materiality is a concept that consider both the materiality of the impact that corporate management activities have on the economy, environment and society from the external perspective and the materiality of the impact that external factors have on corporate value and finance from the internal perspective. SK shieldus will continue to improve the assessment methodology to identify material topics.

Outward Impact

Impact of corporate management activities on the economy, environment and people

Assessing Method

Assessing the gravity (scale, scope and irreparability) and probability of the negative impact and the size, scope and probability of the positive impact by topic



Inward Impact

Impact of external topics on corporate value and finance

Assessing Method

Assessing the degree of positive and negative impacts in terms of finance, policy, regulation and reputation

Identification and Assessment of Material Topics

We comprehensively analyzed the management status of SK shieldus and trends of the industry and sustainable management.

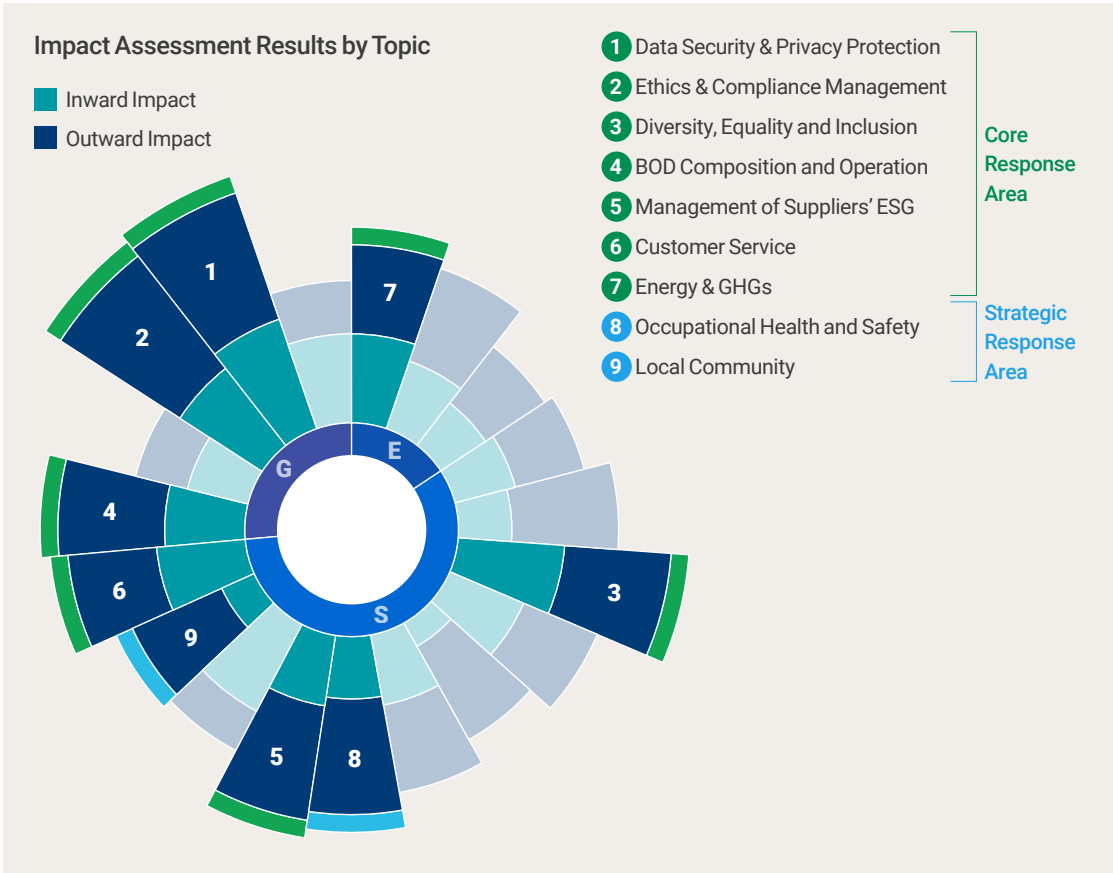
We have reviewed internal data such as business models and characteristics of relationships, BOD agendas and ESG Committee data to analyze the internal environment, and examined significant business researches and trend analysis reports, sustainable management trends of major companies in the same industry and major industrial initiatives, etc. to analyze industrial trends. In addition, we have comprehensively analyzed recent policy and regulation trends, news reports and global standards and frameworks related to sustainable management in order to analyze sustainable management trends.

We included key stakeholders of SK shieldus in the process of assessing impact by topic.

We have identified stakeholders who can affect and be affected by SK shieldus’ circumstances and activities. We have conducted a survey of employees, shareholders/ investors, customers, suppliers, communities/NGOs, and ESG experts identified as key stakeholders, and gathered their opinions to select influential topics from the ESG topic pool and assess impact by topic.


We have determined material topics through the validity review.

The results of materiality assessment were confirmed after internal review and approval of the ESG Division. The impact prioritizing method was adjusted through internal discussions of the ESG Division, and the interviews with relevant departments within the Management Strategy Group, Management Planning Group and Legal Affairs Group were reflected to increase the validity of the financial impact assessment results. We have identified 7 material topics in core response areas through the validity review process and added 2 topics (occupational safety and health, local communities) that SK shieldus puts strategic emphasis on.



Material ESG Topics

We have selected 7 material topics in the materiality assessment of this year and endeavored to transparently disclose their management status, activities and results in the sustainability report.

	Impact	Approach	Impact Management Activities
1  Data Security & Privacy Protection	Due to the nature of the business that produces a huge amount of data, SK shieldus is exposed to a high risk of data security and privacy and the resulting damage is also extensive. As the data security threats are ever more increasing, if a system failure or a leakage of customer data or confidential information occurs as a result of a security failure, it could lead to customer attrition and reputational damage as well as monetary losses due to law violation.	SK shieldus is clearly aware that data security & privacy protection is its core technology and service as well as a social responsibility as a security company. We have built a information protection and personal data management system and upgraded the security inspection areas and standards to keep up with rapidly developing IT technologies. We are strictly complying with applicable laws and requirements of competent authorities.	 44-45p
2  Ethics & Compliance Management	Ethics & compliance management is the most basic social responsibility required to corporations. If a company commits an unethical conduct or violates regulations, not only the company would suffer monetary losses due to litigation or fines and reputational damage but also it could affect the stability of industrial and economic ecosystems.	SK shieldus has established and complied with the “Compliance & Ethics Regulation” in all aspects of management. Under the lead of the Ethical Management Group, we are performing cyclical activities of advance prevention, identification and action in order to implement ethical management We intend to prepare training contents for ethics & compliance to internalize ethics & compliance for all employees.	 68-71p
3  Diversity, Equality and Inclusion	Employees are key contributors to the creation of SK shieldus’ values. To cooperate with diverse members is important to corporate innovation and helps understand demands of various customers. In addition, building an equal and inclusive environment increases the likelihood to attract future talents, contributing to improving corporate capabilities.	SK shieldus prohibits discrimination of employees based on their gender, nationality and disability, etc. and endeavors to create an inclusive and equal workplace. We plan to diagnose and improve the system to enhance human rights management including Diversity, Equality, and Inclusion issues.	 55p
4  BOD Composition and Operation	The Board of Director is the top decision-making body of a company and its expertise and independence are key elements for corporate management and risk management. The control over this topic can affect corporate confidence and reputation and may have impact on the sustainable growth and economic system in the long term.	The Board of Directors is SK shieldus’ top decision-making body and implements responsible management centered on board members with independence, expertise and diversity. We have established expert committees under the BOD that make actual decisions and conduct management and supervision regarding managerial issues such as ESG strategies, audit and insider trading. We intend to expand the authority and roles of these committees and enhance their professionalism.	 62-65p
5  Management of Suppliers’ ESG	SK shieldus has cooperative relationships with more than 1,000 suppliers, which have a potential for risk occurrence. Building a sustainable supply chain by strengthening suppliers’ ESG management has positive impact on stable business operation as well as environmental, social and economic systems.	We are well aware that our corporate responsibility is not limited to our own operations but also reaches management of environmental and social impacts. Hence, we apply the ESG management rules to all stages of supplier selection, evaluation and management in order to manage supply chain risks. We plan to introduce a system to evaluate suppliers’ environmental performance in order to enhance our control.	 39-40p
6  Customer Service	By managing customer satisfaction on products and services and collecting their opinions, SK shieldus can not only prevent customer damage but also understand adverse impact on products and services and improve their quality to enhance corporate competitiveness. If we fail to do so, it may cause damage to our corporate confidence and reputation and lead to adverse impact on corporate value.	To achieve customer-centered management, SK shieldus pursues four core values, “Convenience, Innovation, Trust and Empathy” and 34 customer experience innovation tasks. We make a virtuous cycle of customer experience through the Customer Experience Management (CEM) Framework, and promote efficient decision-making by operating a customer experience council hosted by the CEO.	 42-43p
7  Energy & GHGs	Policies and regulations focusing on climate change are increasing worldwide and opportunities to innovate energy efficiency are also increasing. As SK shieldus emits a large amount of GHGs through dispatch cars, its control over this topic may affect not only the local society and environment but also the long-term corporate finance.	SK shieldus declared “Net Zero 2040” and established the carbon emission targets and reduction plans according to the guide provided by SBTi (Scienced-Based Target initiative). In addition, we provide environment-friendly solutions for customers’ energy saving and plan to convert all dispatch cars to electric vehicles (EVs) and introduce renewable energy.	 30-34p



Stakeholder Engagement

SK shieldus defines stakeholders as all subjects who directly or indirectly affect and be affected by its corporate management activities. Employees, customers, shareholder/investors, suppliers, government agencies, communities/NGOs, and media are classified as key stakeholders. We have communication channels for each stakeholder to collect opinions, making every effort to reflect key opinions on management activities.

Classification						
	Employees	Customers	Shareholders/Investors	Suppliers	Government	Communities/NGOs
Communication Channel	<ul style="list-style-type: none">Stakeholder surveyEmployee satisfaction surveyLabor-management councils (including the management council, labor-management co-prosperity committee, regular discussion groups)	<ul style="list-style-type: none">Stakeholder surveyCustomer satisfaction surveyVoC on the website1:1 inquiry channel in the application	<ul style="list-style-type: none">Disclosure at the electronic disclosure system (DART) - Annual/audit/operations reportInformation disclosed on the website and publication of sustainability reportsEmail (skshieldus.ir@sk.com)Corporate Briefing and meetings (1:1 / group)Stakeholder survey	<ul style="list-style-type: none">Events targeting suppliers (Shared Growth Day, etc.)Gong-gam TalkIndividual visits to suppliersStakeholder survey	<ul style="list-style-type: none">Policy hearingsCooperation with private sector/ police/local governments	<ul style="list-style-type: none">Stakeholder surveyMeetings with social contribution partners
Expectation	<ul style="list-style-type: none">Spread of Great Work Place cultureEstablishment of mutual respect cultureDevelopment of employee capabilities and industrial expertsWorkplace safety and health managementCooperative labor-management relationship	<ul style="list-style-type: none">Enhanced product and service responsibilityImproved customer serviceEstablishment of the environmental management system	<ul style="list-style-type: none">Enhanced management of nonfinancial risksTransparent business information and establishment of governanceCommunications with stakeholders including shareholders and investors	<ul style="list-style-type: none">Enhanced product and service responsibilityEnhanced ethical management	<ul style="list-style-type: none">Enhanced supply chain managementEnergy savingReduction of waste discharge	<ul style="list-style-type: none">Enhanced impact on local communities

ESG Dimensions

- 29 Eco-friendly Management**
 - Advanced Environmental Management
 - Response to Climate Change
 - Circular Economy
- 36 Growing Together**
 - Social Responsibility Activities
 - Creation of ECO shieldus
- 41 Providing Responsible Service**
 - Customer-centered Management
 - Privacy Protection
- 47 Greater Happiness for Employees**
 - Occupational Safety and Health
 - Corporate Culture
 - Talent Management



Eco-friendly Management



Our Approach

The humankind is exposed to a grave risk due to environmental pollution caused by corporate activities and other human activities, and efforts are needed to prevent it. SK shieldus took “safety” as its main vision and expanded the scope of safety from Us (shieldus) to Earth (shield earth). We have established the environmental management system to fulfil our responsibility for environment in all aspects of operations, make efforts to achieve Net Zero 2040 for carbon neutrality and protect the earth by implementing the circular economy to protect environment.

In 2022, we put priority on activities related to energy conversion, renewable energy utilization, and resource circulation to address the global climate crisis and reckless plastic disposal issues. We will continue to protect the ecosystem and contribute to the sustainable development of the society through harmonious development of the economy and environment.

Major Achievements in 2022

 <p>Obtained ISO14001 certification (Operation and upgrading of environmental management systems)</p>	 <p>Introduced renewable energy (Green Premium 3,544MW)</p>
 <p>Enhanced development of eco-friendly products (Development of energy-saving services and materials-saving products)</p>	 <p>Strengthened resource saving and virtuous cycle (Enhanced management of product life cycles and reduced use of disposables)</p>

Risks & Opportunities

Risks

- Customers’ demand for carbon reduction related to climate change
- Unstable power supply and increase in electricity rates due to fossil fuel regulation

Opportunities

- Securing a competitive edge by reducing GHGs in the service process

UN SDGs

Advanced Environmental Management

Core Response Area7

Environmental Management Systems

Environmental Management Policies and Goals

SK shieldus has built and operated the environmental management system to minimize environmental impact on the business process, considering that environmental issues are a risk to sustainable management. We have stated our directions for environmental management in the environmental management policies and goals and updated them every year to reflect constantly changing environmental policies and issues. The 2022 environmental management policies and goals were decided with a focus on the priority issues derived from requirements of various initiatives and materiality assessment results. We also designated certain issues as management goals if deemed necessary even if they were not selected as priority issues, taking into account our participation in governmental policies and the need for social responsibility. We share our utmost corporate values and basic principles for future generations by making posters of such environmental management policies and goals and disclosing them to employees.

Responsible Departments

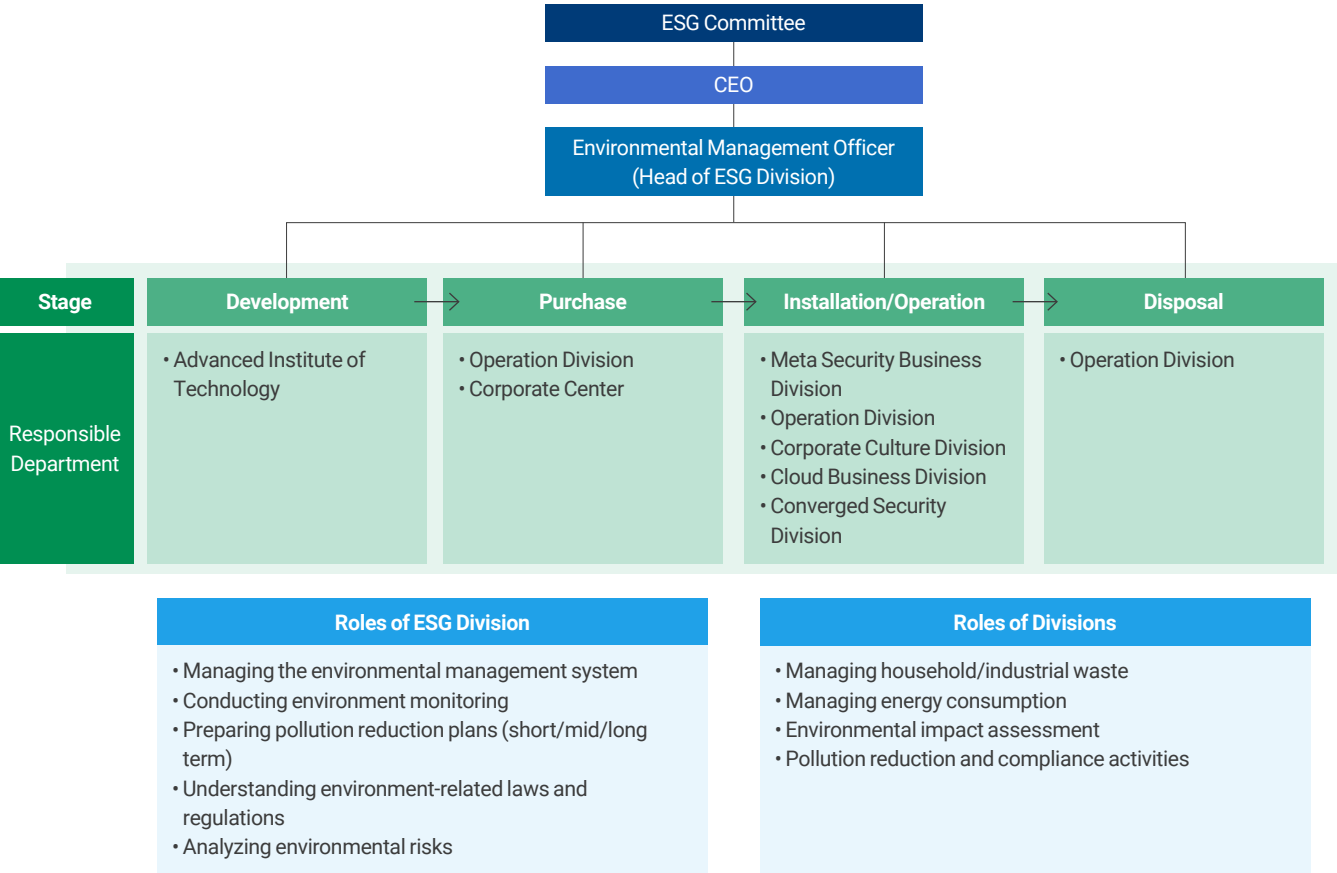
As the control tower for the environmental management system, the ESG Division builds and upgrades the environmental management system in all business processes from development and purchase to installation/operation and disposal, playing roles of identifying and monitoring environmental impacts. SK shieldus appointed the head of the ESG Division as the Environmental Management Officer to enable the organization to smoothly lead environmental management and quickly respond to internal and external environmental changes. However, we grant differentiated decision-making authorities based on the materiality of issues. General issues are reported to the Environmental Management Officer for decision-making, while material issues are reported to the CEO for decision-making. Among the material issues, key ESG management issues such as response to climate change is reported to the EGS Committee for decision-making.

Environmental Management Policies

- ① The Company shall operate and upgrade the environmental management system in conformity with international standards.
- ② The Company shall comply with the management standards determined by applicable environmental laws.
- ③ The Company shall transparently disclose environmental impacts and reduction effects on management activities to stakeholders.
- ④ The Company shall establish goals to respond to various environmental risks including climate change and make efforts to minimize environmental impact.
- ⑤ The Company shall endeavor to make environmental management take root as corporate culture through employee training and engagement.

Environmental Management Goals

- ① Achieving Net Zero 2040 through preemptive responses to global GHG reduction
- ② Reducing energy consumption and household wastewater in buildings and major facilities
- ③ Promoting efficient reuse/recycling of waste products and equipment



Advanced Environmental Management

Core Response Area

7

Environmental Management Systems

Operating ISO 14001-based Environmental Management Systems

SK shieldus has built an ISO14001-based environmental management system in all business places across the country for systemic environmental management. Through this, we have systematically identified, evaluated, managed and improved environmental aspects of all business processes, efficiently managing environmental risks. In December 2022, we obtained the ISO14001 certification for four main business places (headquarters, facilities with more than 100 regular employees, environment-related facilities and regional head office). We will also obtain this certification for other business places in the future.



Monitoring Environmental Management

The ESG Division regularly monitors energy consumption and conduct internal inspection and environmental impact assessment to verify the current status and properness of environmental management. To monitor energy consumption, we collect data from 195 offices operated or used by SK shieldus on a quarterly or yearly basis and use these data as grounds for purchasing renewable energy and calculating GHG emissions. From 2023, we intend to share the energy consumption status with regional head offices to encourage internal conservation efforts. The environmental impact assessment was conducted in 5 business places and produced 34 environmental impact tasks in 2022. However, we did not establish improvement and control measures because no high-level impact was found. In 2023, we plan to improve environmental impact assessment methods by expanding the assessment to all business processes and establishing at least one control measure even if no high-level impact is found.

Compliance with Environmental Laws

SK shieldus is subject to limited environmental laws due to its business structure and service characteristics. The ECO Plus Center that discharges industrial waste is required to comply with the Waste Control Act and the Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles. The Samseong Head Office Building that has boilers, equipment emitting air pollutant, is subject to the Atmospheric Environmental Conservation Act. The responsible employees of these sites monitor compliance items with checklists of applicable laws and check the compliance status at the annual internal inspection. Other business places make efforts to perform other daily obligations such as separate discharge of waste and use of standard garbage bags.

Increasing Employee Awareness of Environmental Management

SK shieldus is endeavoring to improve employees' awareness of environmental management through the ESG Management Letter published for all employees on a monthly basis. In 2022, the Letter explained the need for environmental management and plans, introduced methods of protecting environment through behavioral change, and shared the Company's yearly achievements. From 2023, we will include environmental training in the ESG training curriculum for new team leaders and new employees.

ESG Management Letter No. 3

Key contents

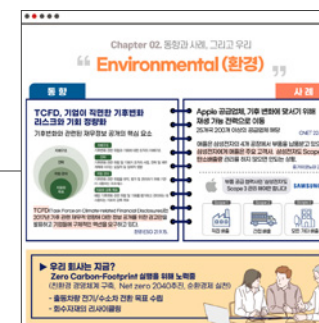
- What is Net Zero?
- Directions of Net Zero 2040



ESG Management Letter No. 5

Key contents

- Environmental management trends from the EGS perspective
- Key tasks for GHG reduction that companies are faced with



ESG Management Letter No. 9

Key contents

- How to reduce GHG in everyday life
- Effects of small conducts in everyday life



ESG Management Letter No. 11

Key contents

- Introduction of 2022 achievements in environmental management
- Current status of conversion to EVs and GHG emission



Response to Climate Change

Core Response Area7

Business Response against Climate Change

Climate Change Governance and Risk Management

SK shieldus manages and responds to climate change risks based on the environmental management system. The ESG Division, together with relevant departments, analyzes risks and opportunities that may arise from energy consumption, GHG emissions, renewable energy utilization and climate change, and establishes counter strategies in light of the financial impact on business. The Environmental Management Officer examines how we handle climate change risks and opportunities, such as GHG emissions and conversion to EVs, and derives strategies to respond to climate change risks and measures to improve problems arising from the implementation process. To cope with climate change, the ESG Committee resolved in March 2022 a mid- and long-term plan to convert to EVs and introduce renewable energy in order to achieve Net Zero 2040, and in 2023, it will report achievements in reduction and conduct a satisfaction survey on EV-using employees in order to derive a plan for investment and system improvement.

Financial Implications of Climate Change Risks and Opportunities

Climate change risks are divided into transition risks from the implementation of GHG reduction activities and the physical risks from climate change, and the impact of risks is divided into short-term mid-term and long-term. Transition risks will have a financial impact arising from the increase in electricity rates, rising costs from energy conversion and response to customers' demand for carbon reduction and the impact is expected to increase in the long term. Physical risks are expected to have a mid- and long-term impact due to increased frequency and intensity of natural disasters caused by climate change such as heat waves, cold waves and typhoons. SK shieldus plans to secure a competitive edge by enhancing its corporate image through climate change response activities.

Item	Shor-term	Mid-term	Long-term	Financial Implications	Mitigation Activities
Transition Risks					
Unstable power supply and increase of electricity rates due to fossil fuel regulation	○	○	○	• Temporary suspension of control centers due to unstable power supply • Increase in operating costs due to increase of electricity rates	• Developing means of energy saving in office • Diversifying power supply such as PPA*, renewable energy and inhouse power generation
Customers’ demand for carbon reduction related to climate change	○	○	○	• Increase in costs due to customers’ demand for Scope 3** reduction • Decrease in sales due to a failure to satisfy customer demands • Increase in electricity costs due to expanded use of renewable energy	• Conversion to EVs • Expanding adoption of renewable energy • Implementing ECO drive and enhancing monitoring
Energy conversion	○	○	○	• Increase in expenditure due to conversion to EVs	• Saving operating costs by improving mileage
Physical Risks					
Heat waves/cold waves		○	○	• Increase of dispatch due to malfunctioning and errors of security equipment • Increase in operating costs due to increased use of office air-conditioning • Increase in compensation costs due to fire damage	• Developing heat/cold resistant products • Introducing smart cooling and heating equipment and monitoring power consumption
Natural disasters such as typhoons, heavy rains and floods, etc.		○	○	• Loss of assets due to damage to vehicles or security equipment	• Preparing maps of the areas vulnerable to floods and enhancing training for disaster response
Opportunity					
Securing a competitive edge through GHG reduction in the service process	○	○	○	• Increase in sales through the competitive edge secured by customers’ Scope 3 reduction • Increase in sales through the image as an eco-friendly company	• Analyzing and obtaining external verification of GHG emissions in all service processes • Enhancing disclosure of GHG reduction activities and emission status

* PPA :Power Purchase Agreement
** Scope3: emissions generated throughout an organization's value chain, including employee commuting and business travel, franchises, production of purchased raw materials, and the use and disposal of sold products

Response to Climate Change

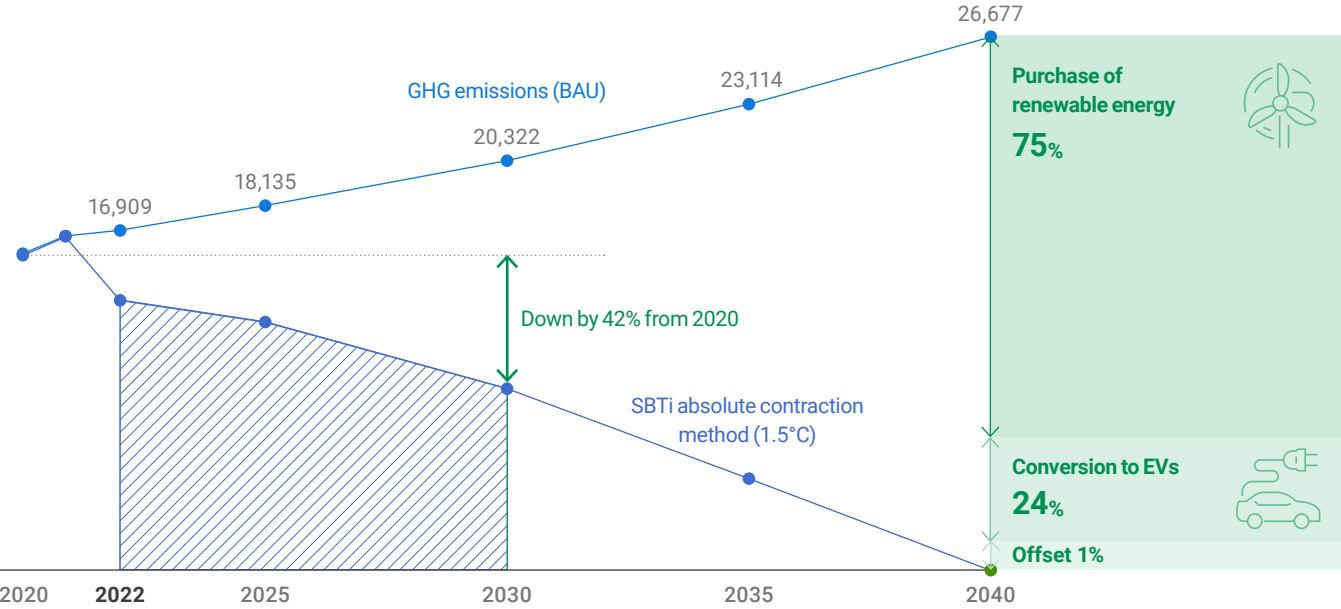
Core Response Area

7

Setting Climate Change Targets

As of the end of October 2021, 136 counties across the world declared New Zero to respond to the climate change crisis and Korea also announced “2050 Carbon Neutrality Plan” in October 2020. In line with these efforts, SK shieldus declared Net Zero 2040 in April 2022 to shield earth, and established mid- and long-term carbon emission targets and reduction plans in accordance with the guide provided by SBTi (Scienced-Based Target initiative). To set the Net Zero 2040 targets, we examined past GHG emissions to determine the reference year and determined 2020 as the reference year because we could obtain energy consumption data for 2020. We selected SBTi’s 1.5°C scenario as the GHG reduction route and determined 9,032 tons, down by 42% from the reference year 2020, as 2023’s net emission target and “0” net emission as 2040’s target. To this end, we plan to replace 59% of our vehicles with EVs and purchase renewable energy to charge EVs and supply power to offices in order to reduce GHGs. In addition, we plan to consider measures to achieve Net Zero by 2040 by supplying hydrogen vehicles and performing external GHG reduction projects.

Net Zero 2040 Target Graph



GHG Emission Monitoring

As SK shieldus’ GHG emissions are less than the emission permits allocated in accordance with the Act on the Allocation and Trading of Greenhouse Gas Emission Permits, we are not affected by the increase of emission permits purchase costs resulting from the contraction of emission permits allocation and expansion of auctioning. Nevertheless, SK shieldus are actively involved in environmental issues by voluntarily preparing a GHG reduction roadmap to respond to the global climate change crisis. We calculate GHG emissions in accordance with the Guidelines for Reporting and Certification of Emissions under the Emissions Trading System while we applied AR5 GWP to three substances (CO₂, CH₄, N₂O) in the conversion to CO₂-eq. We classified target offices and business places into direct emission (Scope 1) and indirect emission (Scope 2) based on the GHG emission types and report emission quantities to the Environmental Management Office on a quarterly basis. We also report annual emissions and target attainment ratios as well as GHG reduction outcomes to the EGS Committee.

Scope 1 Emissions Control

SK shieldus’ key Scope 1 emission sources are boilers for cooling and heating in the Samseong Head Office Building (stationary combustion) and vehicles for dispatch and after-sales service (mobile combustion). Mobile combustion accounts for more than stationary combustion in Scope 1 due to the dispatch and office lease structure. We reduced stationary combustion emissions by 21 tons from last year by replacing boilers of the Samseong Head Office Building with low NOx boilers and controlling indoor temperature to reduce NOx and improve energy efficiency, but mobile combustion emissions increased 2 tons from last year despite the conversion to EVs. However, the GHG emission intensity declined 0.23tCO₂-eq/KRW100M year over year.

(Unit: tCO₂eq)

Scope 1 Emission Sources	2022	2021	2020	Increase/decrease from 2021 (YoY)
Stationary combustion	169	190	169	-21
Mobile combustion	11,602	11,600	11,991	+2
Total	11,771	11,790	12,160	-19

Scope 2 Emissions Control

SK shieldus has participated in Green Premium tenders since 2022 and purchased 3,544MWh of renewable energy to supply renewable energy for electricity requirements of its business, and reduced 1,627 tons of GHG emissions. In addition, as electricity demands are likely to increase due to the increasing EV use, we plan to prepare measures to supply additional renewable energy.

(Unit: tCO₂eq)

Scope 2 Emission Sources	2022	2021	2020	Increase/decrease from 2021 (YoY)
Electricity	1,821*	3,498	3,412	-1,684

* Market-based emissions have been disclosed since 2022 and Location-based Scope 2 emissions are 3,448 tCO₂-eq.

Response to Climate Change

Core Response Area

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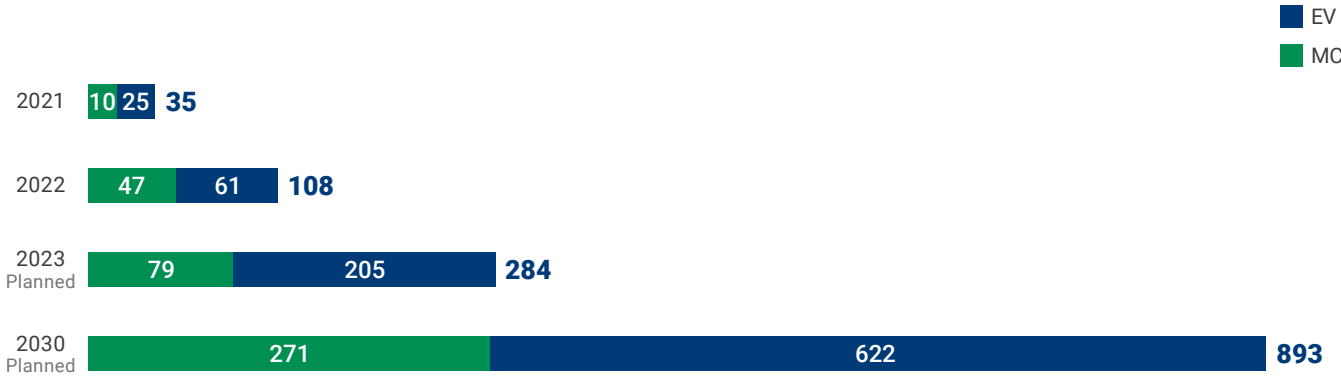
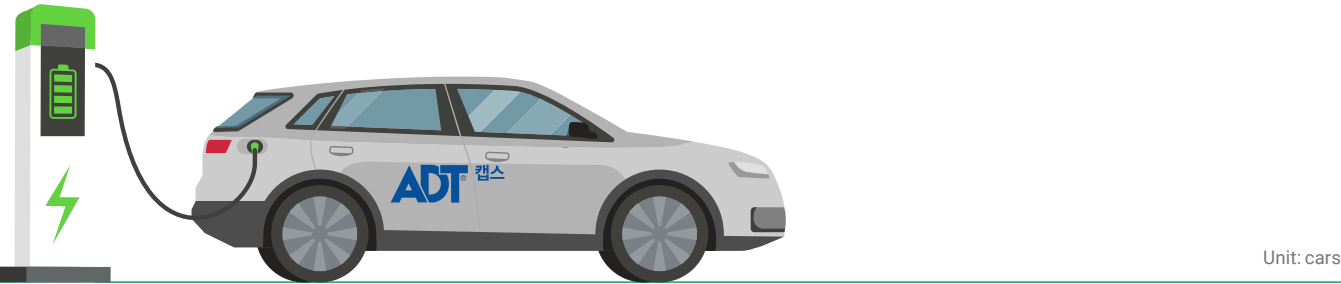
GHG Emission Reduction Activities

SK shieldus declared Net Zero 2040 in April 2022 and has monitored GHG emissions ever since to achieve “zero” GHG net emissions. We emitted 13,592 tons of GHGs in 2020, down by 672 tons from the target emissions of 14,264 tons. This is merely 13% of the emissions in the reference year 2020.

Conversion to EVs

SK shieldus established a plan to convert 59% of its vehicles to EVs by 2030 to reduce GHG emissions from dispatch vehicles (MCs* and automobiles). We started this conversion in 2021, allotting budgets necessary for yearly conversion targets. As of the end of 2022, we have converted 61 cars and 47 MCs to electric vehicles (EVs), and are currently operating them. We intend to prepare a plan to convert emergency dispatch cars to EVs taking into account EV charging infrastructure, charging time, and mileage after full charging, etc.

* MC: Motorcycle



Energy Saving and Introduction of Renewable Energy

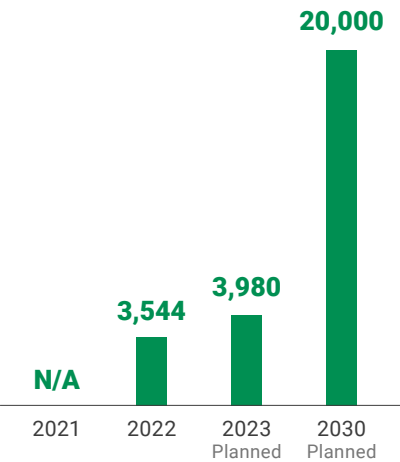
In order to realize Net Zero 2040, SK shieldus has actively pursued energy saving activities and introduction of renewable energy. In 2022, we consumed 7,495 MWh of electricity and saved 6.8% compared to last year through electricity saving campaigns such as lunchtime lights-out and PC turn-off when leaving offices, etc. In addition, in order to prevent indirect GHG emissions from electricity consumption, we purchased 3,544 MWh of Green Premium renewable energy including solar energy, which reduced 1,927 tons of GHG emissions. As electricity consumption is expected to surge due to EV charging resulting from conversion to EVs, we intend to introduce various types of renewable energy including PPA, etc. in addition to Green Premium.

Energy Management Service

SK shieldus provides the FM (Facility Management) service to enable customers to achieve high efficiency and low energy consumption. In addition to facility management, customers can maintain optimized energy consumption by monitoring energy, facilities, materials and numbers of room occupants through Digital Transformation. This service is currently used at 26 sites. In 2022, to optimize customers’ energy consumption, we upgraded HVAC (Heating, Ventilation & Air Conditioning) functions based on AI to enable monitoring of various types of information including indoor environment, peak electricity consumption management, real time life cycle management, facility operation data, etc. We will make efforts to contribute to government policies to reduce carbon emissions through constant technical improvement.

Renewable Energy Consumption Targets

(Unit: MWh)



SUMITS FM



Circular Economy

Directions of the Sustainable Recycling of Resources

SK shieldus has determined efficient reuse and recycling of waste products and equipment as an environmental objective and introduced the 3R (recall, reuse, recycle) approach to maximize resource recycling.

- Recall (efforts to recover products)

Preventing equipment from being left unattended or discarded by recovering them from customers and business places for which services expired
- Reuse (expanding reuse of recovered equipment)

Repairing recovered products and making reconstructed products
- Recycle (expanding recycling of waste products)

Building a virtuous cycle of resources by recovering recyclable materials from waste products

Equipment Recovery Efforts

SK shieldus has endeavored to recover security equipment provided to customers as much as possible whenever contract termination and equipment removal occurred in order to increase recycling of security equipment. In 2022, in particular, we recovered 93.3% security equipment by running a removal management campaign and appointing removal managers. Such equipment was delivered to the Recycle Center and reused & recycled.

Expanding Reuse of Recovered Equipment

SK shieldus has continuously endeavored to reduce environmental pollution arising from product disposal and reduced consumption of resources necessary to produce new products by refurbishing recovered equipment. Thanks to these efforts, the products reconstructed from recovered products accounted for 55% in 2022, up by 3% from 2021. In addition, we are selling recovered products that cannot be reused due to the technical development such as high-resolution and AI to foreign countries through global networks, expanding recycling of resources.

Expanding Recycling of Waste Products

SK shieldus has selected recycling companies that can recover plastics and valuable metals from discarded products to minimize burial or incineration. In 2022, we recovered 106 tons of plastics from waste products including main devices, power suppliers, card readers, sensors, etc. and produced 84 tons of recycled raw materials by pelletizing high-purity recycled materials. From 2023, we will use the recycled raw materials recovered from our waste products in manufacturing through technical development, building a virtuous cycle of resources.



Enhancing Household Waste Management

SK shieldus has reduced paper consumption by encouraging the use of tumblers and discouraged hardcopy printing since 2020. By these activities, we reduced 4,565kl of water and 4.9 tons of CO2 emissions. This is equal to conservation of 1,369 trees that are 30 years old.

Classification		2022	2021	2020
Paper Cups (Unit: Cups)	4oz	19,200	36,000	14,400
	6.5oz	1,095,000	1,362,500	1,667,400
	8oz	6,500	10,200	54,000
	10oz	37,350	77,400	55,000
	13oz	25,600	24,500	593,000
Photocopy Paper (Unit: Bundles)	A3	104	173	802
	A4	5,802	7,490	25,524

Growing Together



Our Approach

SK shieldus fulfils its social responsibility to actively resolve the issues faced by local communities and maintain sustainable development. Our employees have made donations for the promising future of children and youth in local communities who need help and run a safe traffic campaign for safe commuting to schools. In addition, based on the characteristics of our business, we are performing public interest activities for a safe and happy society and fulfilling various social responsibilities with a caring mind for neighbors.

Meanwhile, the need for ESG management in the supply chain is becoming more prominent as the importance of ESG management is emphasized. Recognizing that the management of a reliable and transparent supply chain is a key task for sustainable management, SK shieldus is pursuing prevention of ESG risks in the supply chain and shared growth simultaneously by creating a supply chain ecosystem called "ECO shieldus."

Major Achievements in 2022



Social Responsibility Activities



Creation of ECO shieldus

Risks & Opportunities

Risks

- Increased expectation and demand for social responsibility
- Restriction on business due to unstable product supply

Opportunities

- Corporate image improved by social contribution activities
- Enhancement of service quality through competency improvement of partner companies

UN SDGs



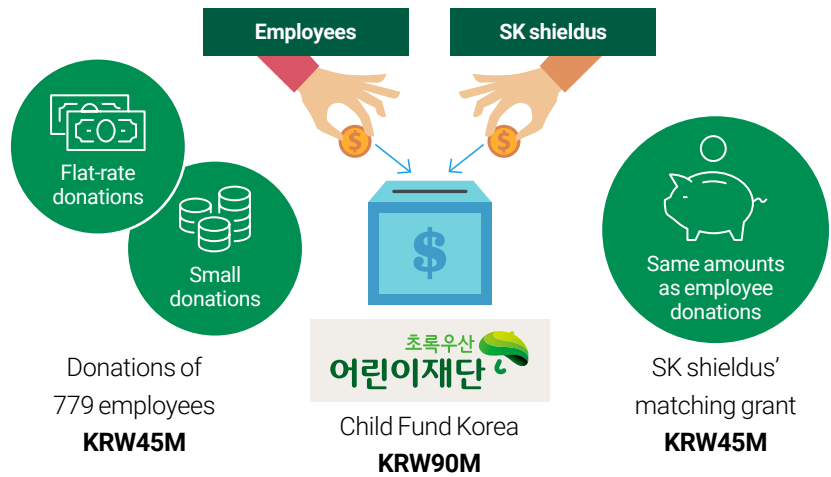
Social Responsibility Activities

Spreading Community Impact

SK shieldus is conducting various social contribution activities, ranging from community-linked volunteer activities, activities taking advantage of the characteristics and strengths of its business, and direct and indirect support programs for children who are creating the future. In addition, through the provision of various incentives, we encourage voluntary participation of employees and develop social contribution activities to grow with local communities.

Happiness Donation Program for Children

SK shieldus entered into an agreement with the Green Umbrella Children’s Foundation (Child Fund Korea) in 2017 and has operated the “Happiness Donation” program, providing direct support to 70 or more children with employees’ donations as of 2023. This program is operated based on our employees’ voluntary donations and donation amounts are disclosed on a monthly basis. In addition, we hold various events to encourage employees to join this program.



Social Contribution Activities for Local Communities

SK shieldus began voluntary distribution of meals and lunch boxes to the socially vulnerable at the Suseo Myeonghwa Social Welfare Center in Seoul in December 2022. Though it was a pilot program, our employees showed a great interest as 34 or more employees joined four sessions in one month. In 2023, we plan to increase the number of social contribution activities and improve our programs to encourage voluntary participation of more employees.

Elementary School Traffic Safety Campaign

The Elementary School Traffic Safety Campaign started in 2021 and became one of our main social contribution activities joined by 155 employees in 2022. In this campaign, we not only provide traffic guidance when children go to school but also perform other activities to approach children more friendly such as distributing traffic safety guide books and conducting events using mascot characters. It was acknowledged as a mutually meaningful activity as we received a letter of appreciation from Seongnam Hwarang Elementary School which made a business alliance with us.



Relay Blood Donation Campaign

SK Group has run a large-scale relay blood donation campaign since 2020. From SK shieldus, 136 employees participated in this program in 2022 and 250 or more employees participated by April 2023, which is 84% increase from last year. We plan to continue and expand the relay blood donation campaign as one of our social contribution activities in the future.

Supporting Small Business Owners for Storm and Flood Insurance

Although small business owners can be insured against typhoons, floods, strong winds, heavy snow and earthquakes, etc. by the national policy insurance and Seoul City’s storm and flood insurance; in reality, they are avoiding taking out such insurance due to the financial burden of insurance premiums, etc. SK shieldus entered into a business alliance with Seoul City in September 2022 and has supported the full amounts that small business owners in Seoul City must bear when taking out storm and flood insurance.



Support of Storm and Flood Insurance Premiums for Small Business Owners

Social Responsibility Activities

Strategic Response Area

9

Social Responsibility Activities Linked to Business

SK shieldus has performed and expanded various social responsibility activities linked to the characteristics of its business that provides social safety nets to protect people’s lives and tangible/intangible assets.

Giving Lectures on Self-Defense and CPR

Upon request by emergency workers who encounter many threats in their work, SK shieldus gave a lecture on crime prevention methods and self-defense to 70 or more emergency workers at Namyangju and Guri Fire Stations so that they can cope with unexpected situations during their work. In addition, in cooperation with the Seocho-gu Single-Person Household Support Center, we made and distributed a video targeting single-person households that teaches danger prevention methods and self-defense martial arts to respond to dangerous situations in real life. This video was also uploaded at Youtube and attracted a great attention from viewers. We intend to share many other helpful safety videos to promote safety of local residents. In addition, in 2023, as the main operator of the “Emergency Safety and Security Service” project hosted by the Ministry of Health and Welfare, SK shieldus gave education on cardiopulmonary resuscitation (CPR) and how to use automatic defibrillators to 100 or more emergency workers for two days. We also provided CPR education to members of various companies and plan to give more safety lectures for the safety of many people.

Security Guard Services for Crime Victims

SK shieldus entered into an MOU with the Goyang Paju Victim Support Center in December 2019 to protect victims of domestic violence and sexual violence, etc. and has provided security guards to protect victims and accompany them to courts. We provided guards in two victim protection cases in 2022 and received an award from the commissioner of the Goyang Branch Public Prosecutors’ Office under the Uijeongbu District Public Prosecutors’ Office at the 2nd Conference on Crime Victims’ Human Rights. We will continue to provide our service to safely protect crime victims in the future.



Mentoring Classes

For students of the Seoul National School for the Deaf who have fewer opportunities to receive career education than students with no disabilities, SK shieldus has provided career experience mentoring classes in cooperation with the Taekwondo Team of the Disabled and the Seom-Seom-Oksu nail artists. We provided Taekwondo and mentoring classes to 13 students 10 times and nail art experience and mentoring classes to 10 students 8 times in 2022. Based on the positive feedback from the students and teachers participating in the classes, we plan to provide mentoring classes in many other fields including white hacking, etc.



“SHIELDUSMILE”, which started in January 2023, is a social contribution campaign conducted by SK shieldus’ Professional Security Team under the theme of “Every Day Smile Leads to Every Day Safety and aims at “creating a safer and happier society.” We are preparing various activities to create a safer and happier society in addition to existing SV activities such as giving lectures on self-defense and CPR for companies and institutions, providing security guards to crime victims and providing transportation to students who take national college entrance exam.

Creation of ECO shieldus

Promoting Shared Growth

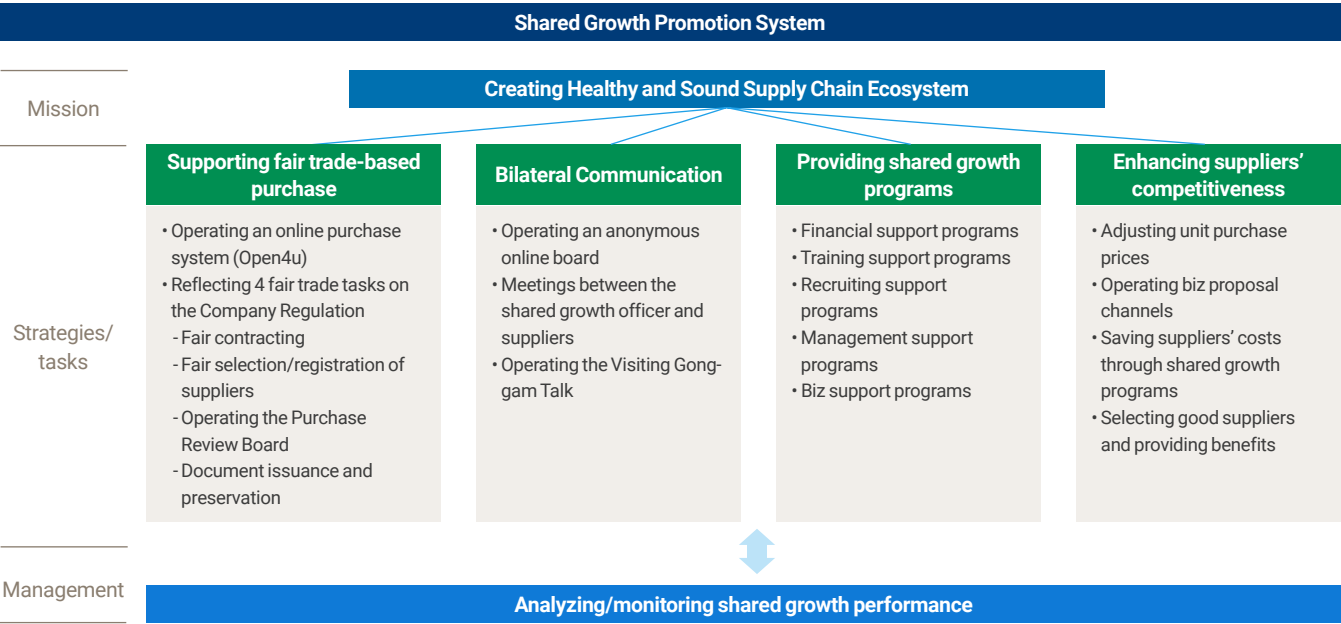
Recognizing that promoting shared growth with suppliers is an important and essential management activity for sustainable future, SK shieldus has set the “creation of a healthy and sound supply chain ecosystem” as a mission and strived to achieve this goal.

Suppliers in Supply Chain

- Suppliers in SK shieldus’ supply chain are classified as follows based on their roles.
- Physical Security Suppliers: Suppliers that develop and manufacture (OEM) products such as CCTVs, DVRs and access control devices, etc.
 - Installation Suppliers: Suppliers that provide installation of services and products related to physical security equipment
 - Cyber Security Suppliers: Suppliers that supply data security software and hardware for safe protection of the corporate business environment

Shared Growth Strategies and Promotion Systems

SK shieldus has built and implemented a share growth system so that the entire supply chain can grow together through practical shared growth programs SK shieldus provides to suppliers. Under the shared growth system, we have determined share growth strategies such as supporting fair trade-based purchase, bilateral communications, providing shared growth programs and enhancing suppliers’ competitiveness, and implemented tasks to accomplish such missions. Also, we analyze and monitor the outcomes of shared growth strategies and supplement them on the long-term basis.



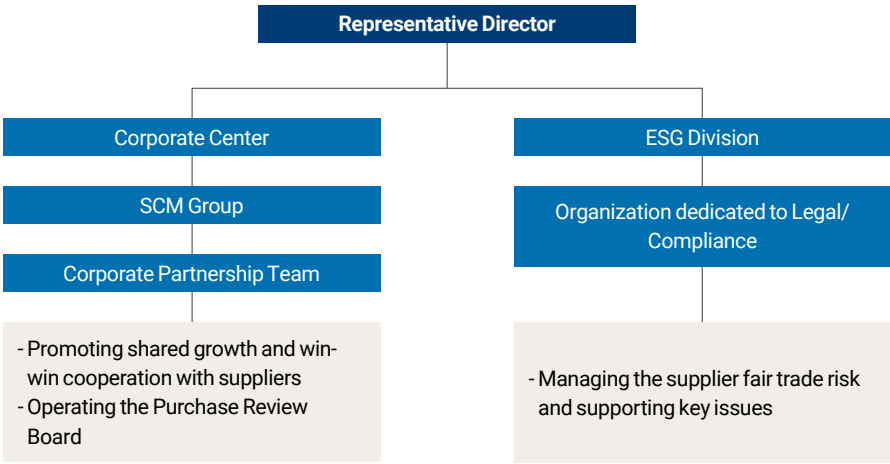
Holding Installation Meetings

We have held installation meetings as a communication channel with installation suppliers since 2019. We have held installation meetings with 38 CMS* suppliers that have yearly contracts. There have been 36 meetings: 11 meetings in March, 12 meetings in April and 13 meetings in November. The main agenda were sharing current issues and listening to proposals.

* CMS: Central Monitoring Service; a security service that detects accident signals real time through sensors and imaging devices, and sends emergency workers and makes reports to relevant authorities

Responsible Departments and Decision-Making Structure

As shared growth got more important, SK shieldus established a Corporate Partnership Team in August 2022, declaring its strong will for shared growth, and has implemented various activities for shared growth. In order to enhance the company's ability to implement shared growth, the Corporate Partnership Team is creating a virtuous cycle of a series of activities from preparing detailed plans and supporting fair trade-based purchase to collecting suppliers’ opinions and providing shared growth programs. The Corporate Partnership Team reports its action plans and outcomes directly to the representative director and collaborates with the ESG Division that supports ESG management and fair trade. In addition, key purchase policies and issues are examined and reviewed by the Purchase Review Board consisting of officers in charge of purchase, legal affairs and HR.



Creation of ECO shieldus

Core Response Area

5

Shared Growth Programs

SK shieldus has prepared and expanded various shared growth programs as one of strategic tasks for shared growth. In particular, we are planning and implementing training support, recruiting support, financial support, biz. support and management support programs and will develop and provide various other programs to promote shared growth in the future. In addition, we plan to introduce supply chain assessment and select and grant benefits to good suppliers.

Classification	Key Programs	Description and Results
Training Support	Shared Growth Academy	<ul style="list-style-type: none">• Providing customized education to enhance capabilities of suppliers’ employees free of charge• Providing approx. 120 online lectures on legal affairs, ICT, language, biz skills, etc.• 722 workers of 18 suppliers completed 3,924 classes in 6 training sessions
Recruiting Support	Supporting suppliers’ recruiting	<ul style="list-style-type: none">• Providing a recruiting portal and advertising free of charge to resolve suppliers’ labor shortage (from March 2023)
Financial Support	Shared Growth Fund	<ul style="list-style-type: none">• Extending loans at low interest rates up to KRW1 billion for suppliers’ stable management (exemption of interest)• Provided KRW2.79billion to 5 suppliers in total
	Improving payment conditions	<ul style="list-style-type: none">• Improving payment conditions to make better the liquidity of good small and medium suppliers (loans secured by receivables → cash payment)
Biz. Support	Supporting the Shared Growth Center	<ul style="list-style-type: none">• Providing conference rooms, lecture rooms and event places to excellent small and medium suppliers free of charge
Management Support	Supporting the Shared Growth Online Mall (with the 11st Street)	<ul style="list-style-type: none">• Providing welfare benefits for stable management of and win-win cooperation with small and medium suppliers (from May 2023)• Operating expendable MRO products, corporate (holiday) gifts, safety management products and customized special price goods

Supply Chain Risk Management

Suppliers’ Consent to CSR Practice and Ethical Conduct

SK shieldus is seeking to implement ethical management, fulfil its corporate social responsibility (CSR) and settle a transparent trading culture. All new suppliers that contracted with SK shieldus agreed to practice CSR. In addition, suppliers are actively cooperating with ethical management and CSR through the online purchase system, Open4U.

Classification	Description
Consent to CSR Practice	<ol style="list-style-type: none">1. All wrongful labor practices including forced labor and child labor are prohibited.2. Discrimination based on gender, race, religion, disability or pregnancy, etc. is prohibited.3. Respect political, religious and corporal liberty and citizenship.4. Be aware of the responsibility for environmental protection and promote development and spread of environment-friendly technologies.5. Participate in fair and transparent trading and spread of win-win management.6. Observe all labor rules recommended by ILO and ratified by the State.
Biz. Partner’s Pledge of Ethical Conduct	Agreeing and pledging to prevent unethical conducts including provision of monetary/non-monetary benefits, bid rigging, false contracts and criminal conducts

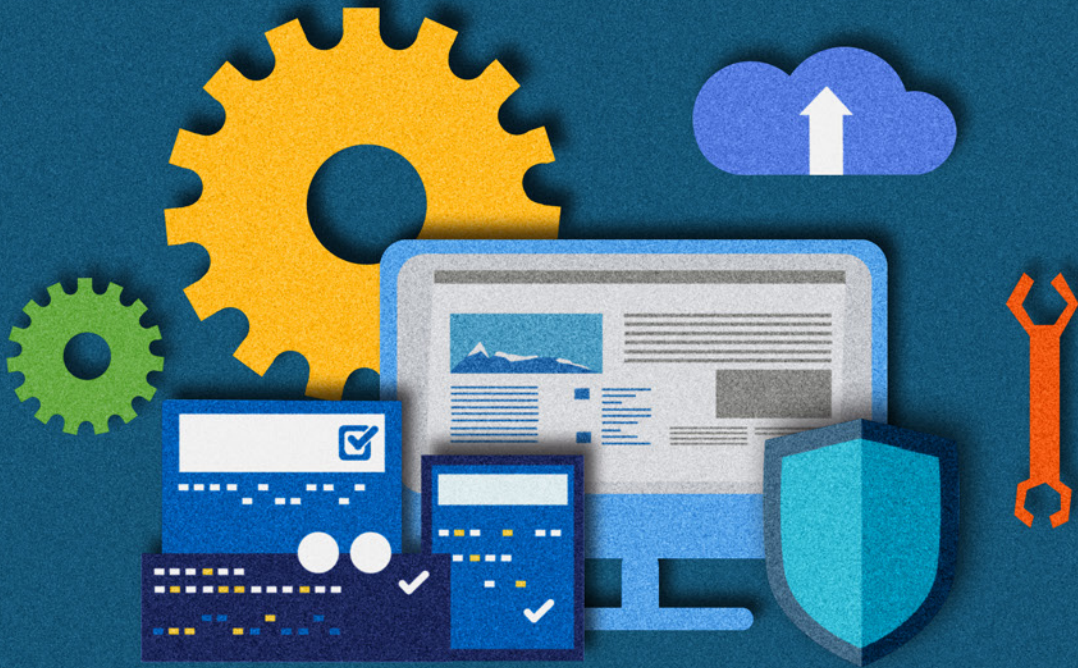
Regular Voice of Partners Management

For smooth communications with suppliers, we opened an anonymous bulletin board in our online purchase system Open4U on which suppliers can express their opinions and make business and improvement proposals freely. In addition, we hold meetings between the Shared Growth Officer and representatives of suppliers and listen to grievances from relevant employees by regularly operating the Gong-gam Talk program. We also have constant communications by email and telephone, making efforts to raise their sense of intimacy with SK shieldus.

Process to handle suppliers’ proposals and grievances



Providing Responsible Service



Our Approach

SK shieldus fulfils its responsibility as a player in the security industry that protects customers’ safety. We receive requests for improvement and reflect customers’ opinions to raise customer satisfaction on products and services. In addition, we respond to internal and external security threats through an organization dedicated to data protection. The adequacy of our information security management system and services have been verified by the ISO27001 international standard for information security certification and the ISMS certification. We have endeavored to secure the world-class verification of our information protection system and security by obtaining these certifications.

Major Achievements in 2022



Enhanced data protection response system
(Enhanced response to ransomware)



2022 Korean Standard
Service Quality Index No. 1



Korea First Brand Award
No. 1 for 9 consecutive years

Risks & Opportunities

Risks

- Customer attrition due to failures to meet customer needs
- Damage from personal data leakage

Opportunities

- Increase in sales due to secure customer loyalty

UN SDGs



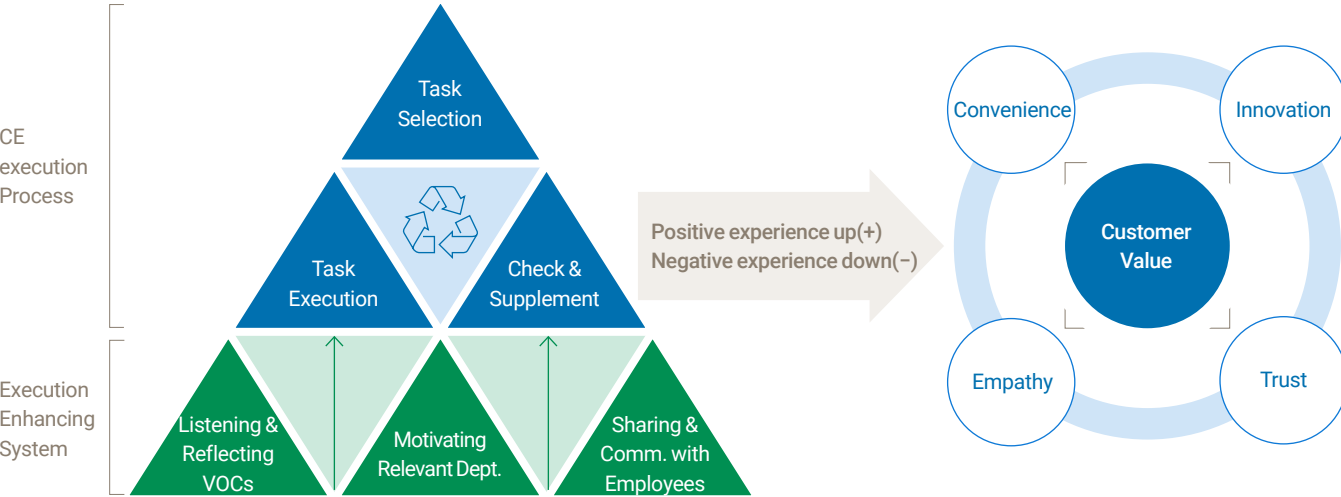
Customer-Centered Management

Customer-Centered Management System

Customer Experience Management Framework

Focusing on customer-centered management, SK shieldus endeavors to gain the trust of customers and advance into a sustainable society. To this end, we have established the “CEM Framework” consisting of the CE, Customer Experience, execution process and the execution enhancing process of listening to customer opinions, motivation, employees’ empathy, and communications. Through this framework, we create a virtuous cycle that employees voluntarily produce ideas and implementation tasks within the organization and such efforts lead to innovation customer experience.

CEM Framework



Operation of CE Innovation Council

SK shieldus has a culture of customer experience innovation called Bar-raise* for customer-oriented management. For all organizations to focus on bar-raise customer experience innovation, SK shieldus operates the ‘Bar-raise Promotion Council’, a customer experience innovation meeting directly led by the CEO and attended by key executives of the company. Through the Bar-Raise Promotion Council, we share the trends of customer experience indicators, customer survey results, and VoC**, and promote quick decision-making by discussing the resolution of the root cause for customer experience innovation.

* Bar-raise: Self-innovation that constantly raises our own bar concerning the level of customer experience provided
** VoC: Voice of Customer

4 Core Values and CE Innovation Tasks

To pursue customer-centered management, SK shieldus set ‘Convenience, Innovation, Trust, Empathy’ as 4 core values and selected and promoted 34 innovation tasks by diagnosing customer voices and pain points. The customer survey is divided into the regular survey (by the time of commencement, installation, dispatch, termination, etc.) conducted at each stage of the customer journey and irregular survey, and there are also surveys conducted by the company or external institutions. CE innovation tasks are derived from each organization and managed in a traffic light system. When problem occurs, the CE Innovation Problem Solving Task Force is convened to quickly address the problems. SK shieldus is making companywide efforts to improve customer experience through this process.

4 Core Values and Major Tasks in 2022

Convenience	Building infrastructure for 24/7 remote troubleshooting, access control, access with mobile access cards, and introducing consulting by chatting at customer centers
Innovation	Enhancing AI-DT based preemptive customer care activities
Trust	Regular inspection / Enhanced patrolling
Empathy	Strengthening empathic communications with customers

Customer-Centered Management

Core Response Area6

CE Value Monitoring System

Customer Experience Index

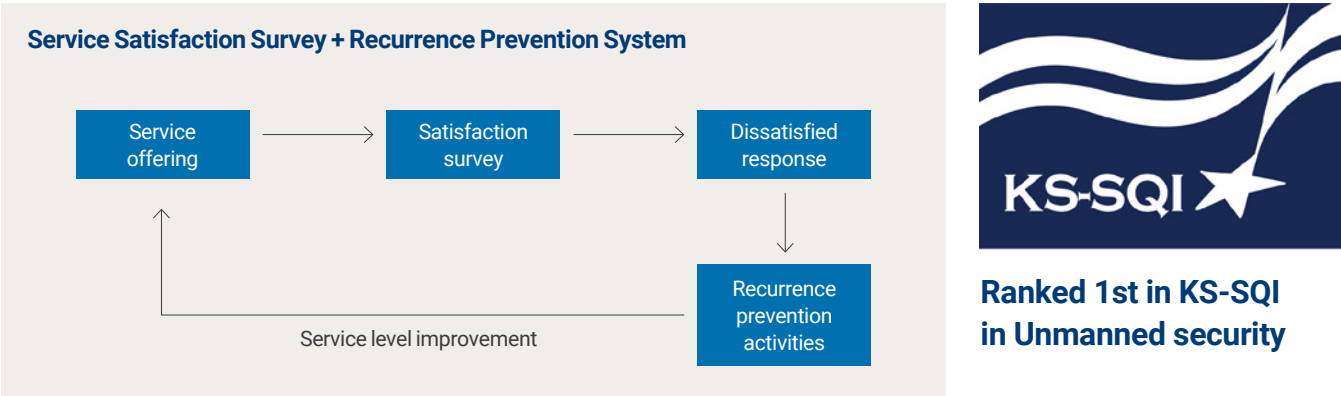
SK shieldus has set the customer experience index (CE index) with indicators that affect customer experience at each stage of the customer’s journey of service to improve customer satisfaction. Each indicator represents the customer satisfaction score or service level at each stage of installation, opening, after-sales service, dispatch and customer evaluation, and we monitor its trends on a monthly basis for 12 to 18 months. We manage the index aiming at raising positive indicators and lowering negative indicators. If improvement is too slow, we set a task and attempt to remove its root cause. We had 49 indicators as of the end of 2022, 17 of which were reflected on the KPI of the relevant departments and are proactively managed. In addition, we empirically monitor whether CE innovation tasks actually improve the customer experience value.

Customer-Oriented Contact Service Satisfaction Survey

SK shieldus regards the voice of the customer (VoC) and customer evaluation of our services as important assets. Hence, we have built a ‘service satisfaction survey system’ for each service phase to collect customer opinions. To listen to an accurate voice of the customer, we are conducting a customer satisfaction (CS) survey by sending a text message immediately after a contact or contactless service is completed. If we receive a dissatisfied response, we make a 'Happy call' through the customer center and promptly dispatch field workers to address the inconvenience. We are preventing the same or similar types of dissatisfaction through this process. We collect customer opinions through CS surveys and the VoCs of inconvenience received by the customer center, and these data plays a significant role to innovate customer experience. We make efforts to maximize customer satisfaction by diagnosing root causes and deriving tasks to improve and solve problems. In recognition of the constant efforts to improve customer experience, SK shieldus ranked the first for two years in a row from 2021 to 2022, in the unmanned security service sector of the Korean Standard Service Quality Index (KS-SQI) hosted by the Korean Standards Association.

VoC Management and Customer Satisfaction

Classification	Unit	2022	2021	2020
Ratio of VoC received	%	1.8	3.0	2.2
Customer satisfaction	Score	53.7	46.2	44.1
Frequency of participation by stakeholders (customers)	Number	4	5	3



Introduce AI Technology to Provide Service that Satisfies All

SK shieldus introduced an AI solution “Argos” in 2023 to improve the customer consulting efficiency and customer convenience. The AI Agent enables an easy and fast response to after-sales service requests and service charge inquiries, and thereby reduces the customer’s waiting time. In addition, it converts customer inquiries real time through the STT &TA* solution and recommends inquiry types to call center agents, which facilitates more accurate answers and troubleshooting. In addition, we make efforts to secure upward leveling of our responses by minimizing the differentiated consulting capabilities through the knowledge management solution. Also, we expand customer self-channels and allow customers to make direct after-sales service and dispatch requests in our customer center application to improve customer convenience. We expect to be able to provide improved consulting through these efforts.

* STT & TA : Speech To Text & Text Analysis

Privacy Protection

Core Response Area

1

Customer Privacy Protection

It is SK shieldus’ technology and service that provides reliable security services appreciated by customers and protect customer safety. Security services begin with safely protecting customer data. To this end, we have established a data protection management system and implemented the process of Plan, Do, Check and Act, keeping our promise with customers and fulfilling social responsibility.

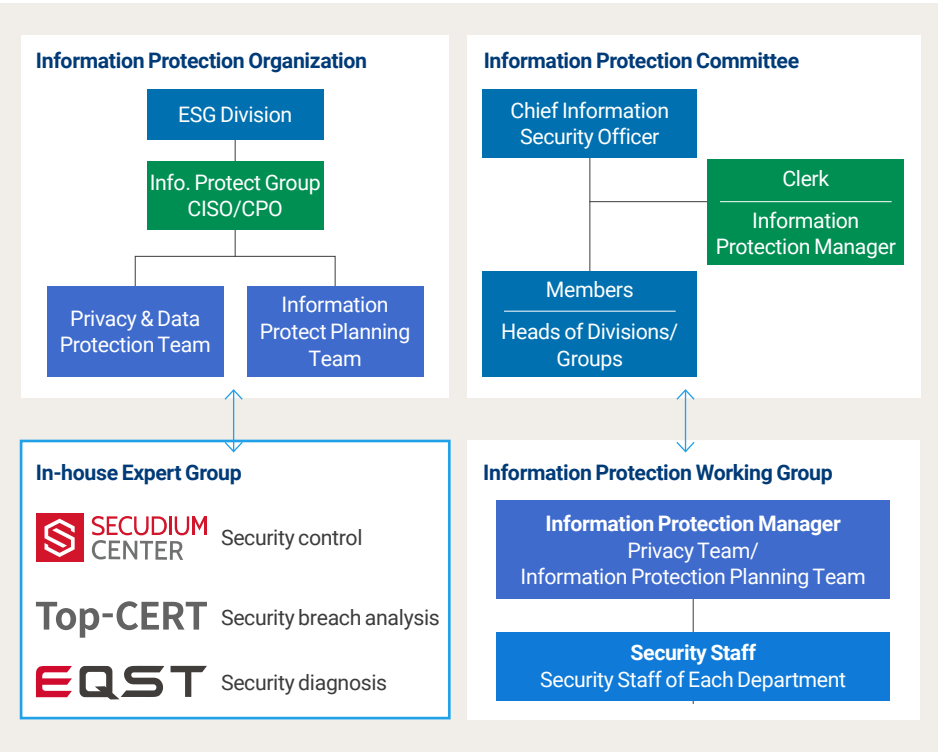
Information Protect Management System

SK shieldus are actively conducting Information Protect activities to enhance customer data protection, including organizing internal policies, introducing new security solutions and expanding information security education. We strictly comply with applicable laws and security requirements of relevant institutions in order to provide safe security services to customers and fulfil our social responsibility as a security company that conducts security diagnoses and establishes security strategies for corporate customers. We have made advance preparation to preemptively respond to the amendment of the Personal Information Protection Act and prepared a standing response system to enhance our capacity to respond to global cyber threats, and thereby enhance our management system to safely protect customer data. Furthermore, we have strictly observed applicable laws and security requirements of relevant institutions to fulfil our social responsibility. We have updated our regulations, guidelines and policies related to data protection and privacy in line with the enactment and amendment of applicable laws and regulations, and based on this, we have performed administrative and technical security activities based thereon and maintained a firm security level through regular inspection.

Information Protection Organization

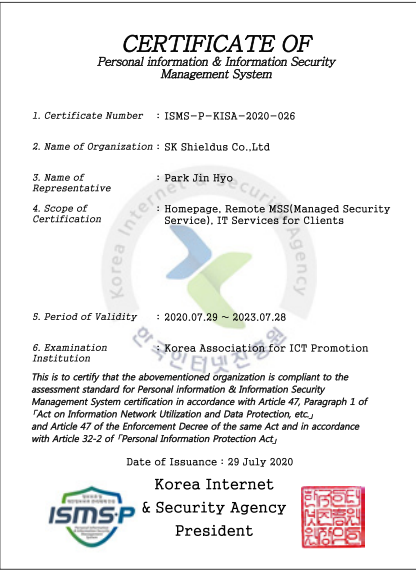
The Information Protect Group establishes our data protection policies, security activities and responds to internal and external security issues. Recognizing that information protection is an important part of ESG activities, SK shieldus put the Information Protection Organization in the ESG Division. The Information Protect Group consists of the Privacy & Data Protection Team and the Information Protect Planning Team, and the head of the Information Protect Group is appointed as CISO* and CPO** who are responsible for organizational security and customer data protection. The EQST Business Group (specialized in simulated hacking) conducts service diagnoses under the close cooperation with relevant departments, and the Secudium Center and Top-Cert are equipped with professional capacity to response to internal and external security breaches. The Information Protect Group examines whether key personnel and personal information handlers are appropriate and block and detect security breaches using security solutions for a safe security environment.

* CSIO: Chief Information Security Officer
** CPO: Chief Privacy Officer



Enhancing Security Verification Activities

We conduct regular security inspection in order to verify the administrative and technical security and maintain the security chain of not only existing services but also services to be launched. In addition, we are upgrading security examination areas and standards to keep pace with the rapidly evolving IT technologies, safely protecting our services and data against new security threats. The adequacy of our information security management system and services have been verified by third party institutions through SK Square’s investee diagnosis and ISMS and ISO27001 certifications.



Privacy Protection

Core Response Area1

Monitoring and Evaluation

SK shieldus is enhancing control over customer data and internal leakage and improving the advance control and ex post audit monitoring system to prevent internal data breaches. Under this system, we regularly conduct analysis of employees who are scheduled to leave the company, analysis of employees who work at home due to the rapidly changing work environment, analysis according to the pattern of employees’ use and inspect security breaches due to potential threats such as dark web and deep web. In addition, we regularly monitor customer data and internal data leakages through emails and email attachments, and upgrade our systems to enhance ex post audit and audit trail. At the same time, we are enhancing advance prevention and monitoring of ransomware incidents through in-house security solutions in order to respond to rapidly increasing and evolving ransomware, and do our best to prevent spread of ransomware and restoration of pre-infection conditions in accordance with the responding process in cooperation with related institutions including Top-Cert. In addition, as a security company, SK shieldus is preparing a real time response system by information sharing and cooperation with National Intelligence Service, Cyber Safety Bureau of the Police Agency, Korea Internet and Security Agency, and Financial Security Institute, and so on through KARA (Korea Anti Ransomware Alliance).

Preventive Information Protection Activities

In 2022, SK shieldus put emphasis on data security, strengthening its Information Protect management system and amending Information Protect regulations to improve their effectiveness. In addition, we diagnosed infrastructural weaknesses of and conducted simulated hacking against all services companywide. We could assure security by verifying the final measures through the inspection of the implementation status regarding their results. In relation to such activities, our security level is verified by repeated external diagnoses and institutional examination. We have made and distributed data protection posters to all offices and branches across the nation, and made efforts to increase employees’ security awareness by preparing PC screensavers and mobile phone wallpapers so that employees could easily understand security issues relevant to their duties. As cloud-based services are increasing, we are building a consistent security management system by providing a standard security solution guide to enhance cloud environment security. In addition, We are preparing to preemptively respond to the 2nd amendment of the Personal Information Protection Act by finding out the contents of the amendment and analyzing its process and service impact.

Information Security Training

SK shieldus provides employee with various types of training to improve their awareness of privacy and information protection. In particular, we provide Privacy data Protection training regarding various topics so that employees can select training stages from the basic class to the high class.

Training Course	Content	Method	Time
Basic training on Information Protection	<ul style="list-style-type: none">• Understanding of (privacy) data protection• In-house security policy and process• Security accident cases and responses	<ul style="list-style-type: none">• Online lecture	<ul style="list-style-type: none">• All employees (40 min.)• Stakeholders when occurring• 94 people at each class on a bimonthly basis (20 min. per class)
Training on Privacy & Data Protection	<ul style="list-style-type: none">• Personal data handler-specific training• VoC and security accident cases• New employee training	<ul style="list-style-type: none">• On-site training• Implementation after security check• Collective training	<ul style="list-style-type: none">• Given when necessary, 60 people (30 min. per class)• Given when necessary• On a bimonthly basis, a total of 242 people in 2022 (1 hr. per class)
Professional course for security	<ul style="list-style-type: none">• Development security training – secure coding, etc.• Training of information security experts (security personnel 40H)	<ul style="list-style-type: none">• Online lecture• Lecture by external experts	<ul style="list-style-type: none">• Given when necessary, 80 people (20 min. per class)• 40 hrs. per person
Training on workplace security	<ul style="list-style-type: none">• Security requirements for each project stage• Customers’ security regulations and processes (by PM or security staff)	<ul style="list-style-type: none">• On-site training before and during projects	<ul style="list-style-type: none">• Given when necessary, 50 people (30 min. per class)



PC Screensaver



Mobile Phone Wallpaper

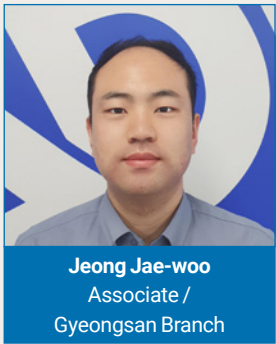


Information Protection Poster

Customer Compliments

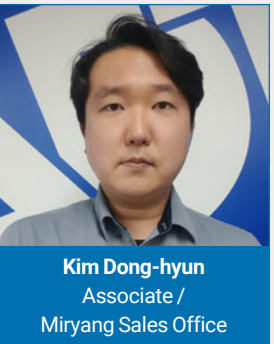
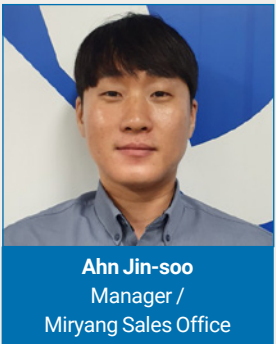
Jeong Jae-woo BP

I would like to praise Mr. Jeong Jae-woo of Cheogdo. I am a CAPS customer who lives in Cheongdo. A fire broke out at an annexed building of my house at dawn on January 20th this year. At dawn that day, as CAPS Sensor detected high temperature, Mr. Jeong Jae-woo came to my house and found out the fire broke out. He woke up our couple and reported the fire to the fire station. He also evacuated us and helped extinguish the fire with a fire extinguisher in the house. Thanks to his quick reporting, a fire truck came to my house and we could keep the fire from spreading to the main house. If it had not been for his quick visit and action that day, we would not have been able to keep the safety of our home as well as our couple. I learned the name of the member who helped extinguish the fire later, and would like to express my gratitude and praise him.



Ahn Jin-soo / Kim Dong-hyun BP

You've protected my fortune worth hundreds of millions won! Hello~ Our company is Gangnam ***, selling construction materials in Milyang, Gyeongnam. A few years ago, we switched our security company to CAPS, and have been very satisfied ever since. Then, the accident happened on April fifth. We put a forklift in the warehouse and left work, but a fire broke out due to overheating. We thought 119 came because a passerby reported it, but CAPS was the first one that saw it on the monitor and reported it. I couldn't say thank you yesterday because I was so busy, but I am writing this with a grateful heart as I found out this section for compliments at the website. If it had not been for the CAPS workers in charge of our company, we would have suffered property damage worth more than 100 million won. I would like to express my gratitude for your quick response and staying late with us.



Kang Dong-seok BP

I was really moved by the kindness of Mr. Kang Dong-seok on the weekend! On the weekend, the shower hose in the bathroom was damaged, causing water to fill the bathroom. We felt urgent and asked for remote dispatch to CAPS, and Mr. Kang Dong-seok came, and remotely disarmed the security system and opened the door. He first took out the water from the bathroom and cleaned up the water that came into the office. Although we only asked for the remote disengagement of the security system and the opening of the door, Mr. Kang Dong-seok helped us clean up as if it were his office. I was touched by his kindness as well as by CAPS' quick dispatch. Thanks to CAPS, I was able to keep the expensive equipment in the office safely. :) Thank you and I'm touched!



Kim Do-in BP

Thank you so much, Mr. Kim Do-in, who is in charge of **-dong, Suji-gu, Yongin! I run an unmanned ice cream store in **-dong, Suji-gu, Yongin. It was a rainy day, and rain drops fell along the wall of the freezer located outside of the store at dawn. As rain drops fell one by one to the power outlets under the freezer, the circuit breaker related to the outside ice cream freezer tripped. At around 1:10 a.m., Mr. Kim Do-in came to the store in person even though it was late, although I didn't answer a call from CAPS because I was asleep. He reset the circuit breaker, took follow-up measures and called me, and I heard about the situation. When I heard the situation, I was so surprised and taken aback, but the case was resolved safely because Mr. Kim Do-in calmly took care of the situation and responded quickly. If the circuit breaker had not been reset quickly, all the ice cream in the 2 outside freezers would have melted and I would have suffered damage worth several millions won. There were two outlets exposed to rain, and I was relieved as Mr. Kim Do-in made a cover using a PET bottle and took all measures to prevent rainwater from flowing into the outlet. In the past, when cash was stolen from our kiosk, he also made CCTV videos and took follow-up measures, and I am always grateful and would like to compliment him. I hope I can continue to do business safely, believing SK shieldus. Thank you very much, Mr. Kim Do-in.



Greater Happiness for Employees



Major Achievements in 2022



0 Serious Disasters



Recertified for ISO45001
(occupational Health & Safety
Management System)



Increase
in the number of
disabled employees by **26.7%**



Increase
in the number of new female
employees by **82.5%**



Fostering of industrial experts
(MOU with 6 universities)

Our Approach

SK shieldus has a stable corporate culture that promotes employees' happiness. Based on the employee-first culture, we operate a fair HR system and stable work environment, so that the employees can achieve work-life balance. Further, we strive to pursue a culture where Diversity, Equality, Inclusion is encouraged based on mutual trust and unity.

Risks & Opportunities

Risks

- Personal and material damages caused by safety accidents
- Reduction of business due to insufficient human resources

Opportunities

- Enhancing work efficiency through safe and health workplace culture
- Strengthening of corporate capacity through retention of human resources

UN SDGs



Occupational Safety and Health

Safety and Health Management System

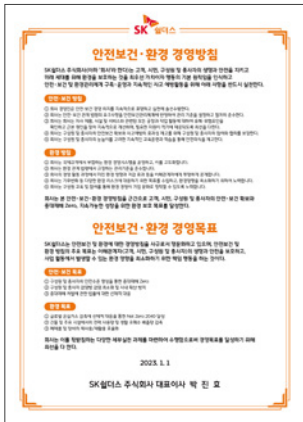
SK shieldus has enhanced the occupational health and safety management system in alignment with international safety and health management system (ISO45001). Along with the expansion of business scope, we were recertified for international safety and health management system (ISO45001) in 2022. Further, principle of health and safety management system prioritizes protection of lives and safety of customers, citizens, employees and other workers. Accordingly, SK shieldus has established a clear goal for the occupational health and safety management system by including accident prevention activities in its company-wide policies. A systematic process is in place to measure the performance in the area of occupational safety and health.

Safety and Health Management Policy

- ① The management constantly expresses its commitment to safety and health and leads by example.
- ② The Company establishes standards for management of safety and health by reflecting the requirements under the relevant laws in its safety and health management system, and strictly complies with such standards.
- ③ The Company identifies harmful or risk factors in all processes and activities related to its products, facilities and services, constantly identifies and improves the root causes, and makes efforts to provide necessary resources in a timely manner.
- ④ The Company guarantees participation of employees and workers to secure their safety and health and raise effectiveness of accident prevention activities.
- ⑤ The Company raises awareness of safety among employees and workers through continuous education and training tailored to their perspectives.

Safety and Health Objectives

- ① Zero serious accident through improvement of safety level of employees and workers
- ② Minimization of infectious diseases among employees and workers and prevention of spread within the company
- ③ Pre-emptive response to application of the Serious Accidents Punishment Act



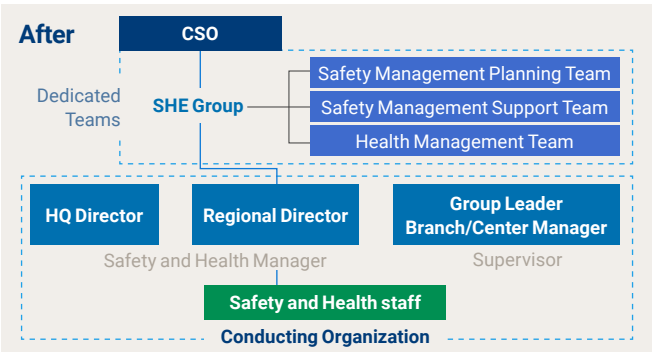
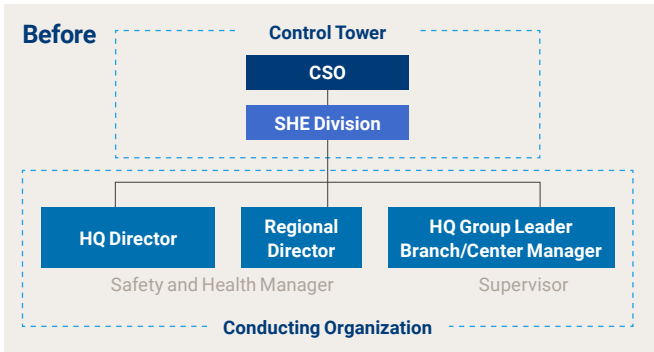
Safety and Health Management Policy and Objectives



ISO45001 Certification

Safety and Health Governance

In April 2023, SK shieldus reformed the safety and health organization for advancement of safety and health management. The existing control tower was divided into dedicated teams based on specific tasks, and in order to achieve the top priority of “on-site safety”, a safety manager has been designated for each business place and the organization has been re-arranged around each safety manager.



Enhanced Communication and Decision-Making Processes

For active communication regarding occupational safety and health, SK shieldus runs a safety and health council monthly to improve safety and health issues of supplies, and the occupational safety and health committee quarterly to address various agenda related to maintenance and enhancement of safety and health of employees. Six items, including the guidelines for responding to serious accidents and installation of rest facilities in workplaces, were approved. In addition, a monthly safety meeting has been launched since 2022 under the supervision of CSO, where directors of each business unit and group leaders discuss how to spread safety culture and relevant issues and fulfill their responsibilities.

Date	Agenda	Conclusion
Mar. 29, 2022 (Tue.)	• Enactment of guidelines for response to serious accidents	Resolved
June 23, 2022 (Thu.)	• Announcement of guidelines for qualified supplier and introduction of electronic approval system • Provision of safety supplies (antifogging agents and water repellent coating agent) for prevention of traffic accidents • Amendment of guidelines of “occupational safety and health committee”	Reported Resolved To be re-discussed in 3Q
Sep. 28, 2022 (Wed.)	• Compulsory installation of rest facilities in each business site - Installation completed for business places with more than 50 employees / to be completed by June of 2023 for the remaining business places • Amendment of guidelines of “occupational safety and health committee”	Resolved Resolved
Dec. 21, 2022 (Wed.)	• Implementation of cold prevention measures in winter season for MC employees on site • Provision of quarantine supplies to respond to re-spread of COVID-19	Resolved Resolved

* CSO: Chief Safety Officer

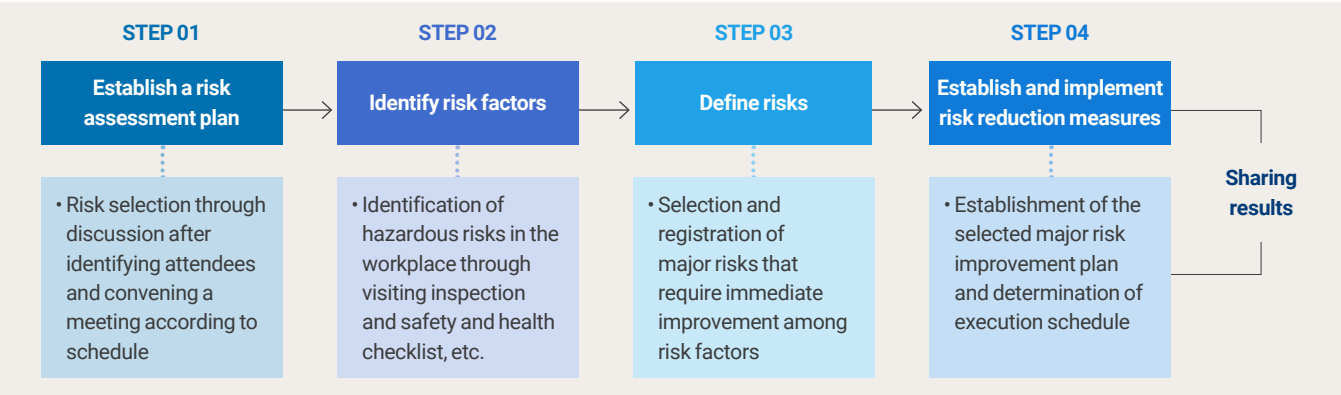
Occupational Safety and Health

Strategic Response Area8

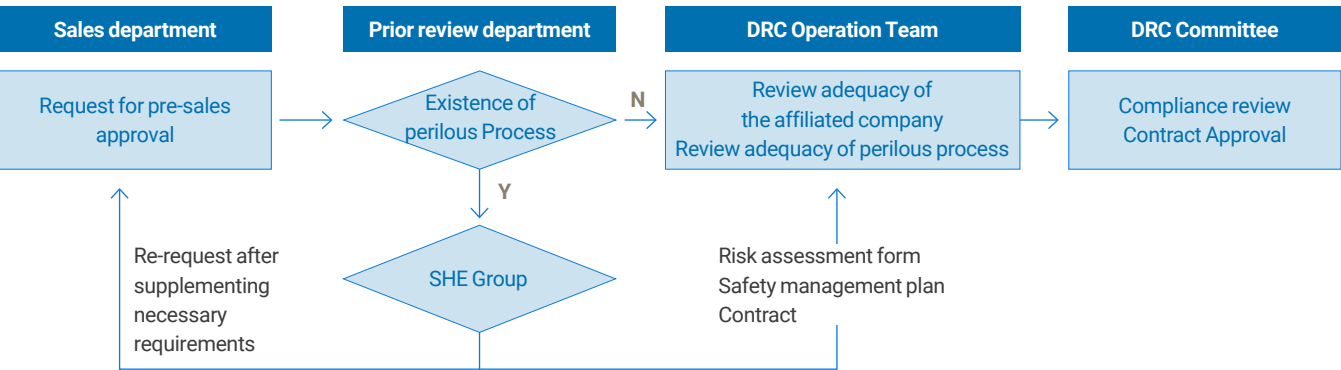
Safety and Health Management Program

To effectively manage safety and health risks, SK shieldus operates risk assessment and management programs and high-risk safety management programs. Regional safety managers conduct risk assessment for all business and workplaces on a regular basis through the risk assessment and management programs, while improving and removing harmful and risk factors of each region. Through the high-risk safety management programs, risk assessment is conducted before execution of contracts, removing safety risks by preliminarily reviewing and making stable preparation against the high risks of special processes of large-scale constructions. Further, SK shieldus identifies internal and external safety and health issues, makes risk action plans and verifies them every year in accordance with its risk management regulations of ISO45001. These safety management programs and compliance with the regulations help prevent and reduce accidents not only for employees but also for other workers concerned.

Risk Assessment Management Program



Safety Management System for High Risk Groups



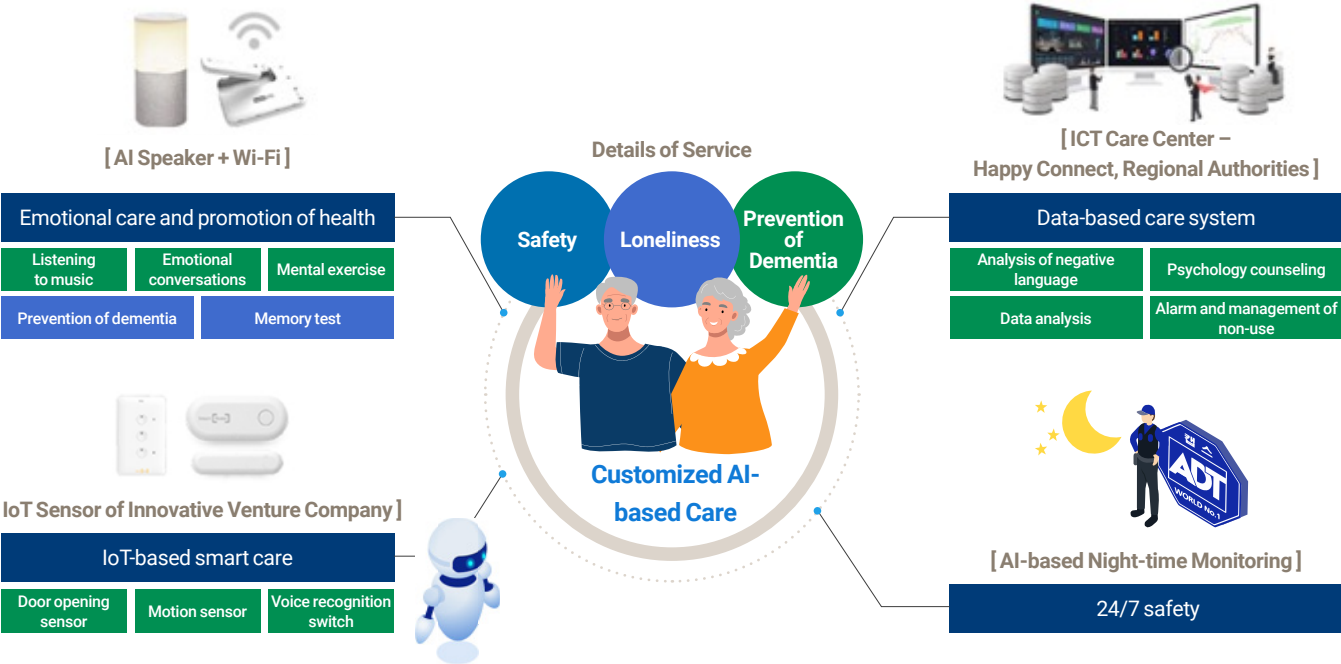
Safety and Health Check

SK shieldus conducts on-site inspections of all workplaces twice a year to ensure that the requirements of the Occupational Health and Safety Act and ISO45001:2018 are properly implemented in the field. As part of the company-wide accident prevention activities, SK shieldus conducted inspections on 93 workplaces including regional HQs, branch offices and technology centers under the MS business headquarters, etc., to monitor whether the safety and health management are properly implemented and actively responded to the social and legal issues identified from the inspections. In addition, the latest requirements the safety and health-related laws and international standard certifications are reflected in our safety and health policies and compliance with them is monitored biannually.

Monitoring of Safety Management

In order to make a workplace where healthy employees are working, SK shieldus runs a health management program for the employees diagnosed with certain conditions at health check-ups. The employees diagnosed with two or more of high blood pressure, diabetes or dyslipidemia at health check-ups are designated as high-risk groups, who are subject to AI care services upon their consent. The AI care service provides AI speakers for emergencies and installs IoT-based smart sensors that detect abnormalities in heart rates and respiration, etc. This program has contributed to reduction of the number of employees with high-blood pressures and diabetes by around 44%, and the program will be expected to be gradually expanded.

Management Programs for Diagnosed Employees



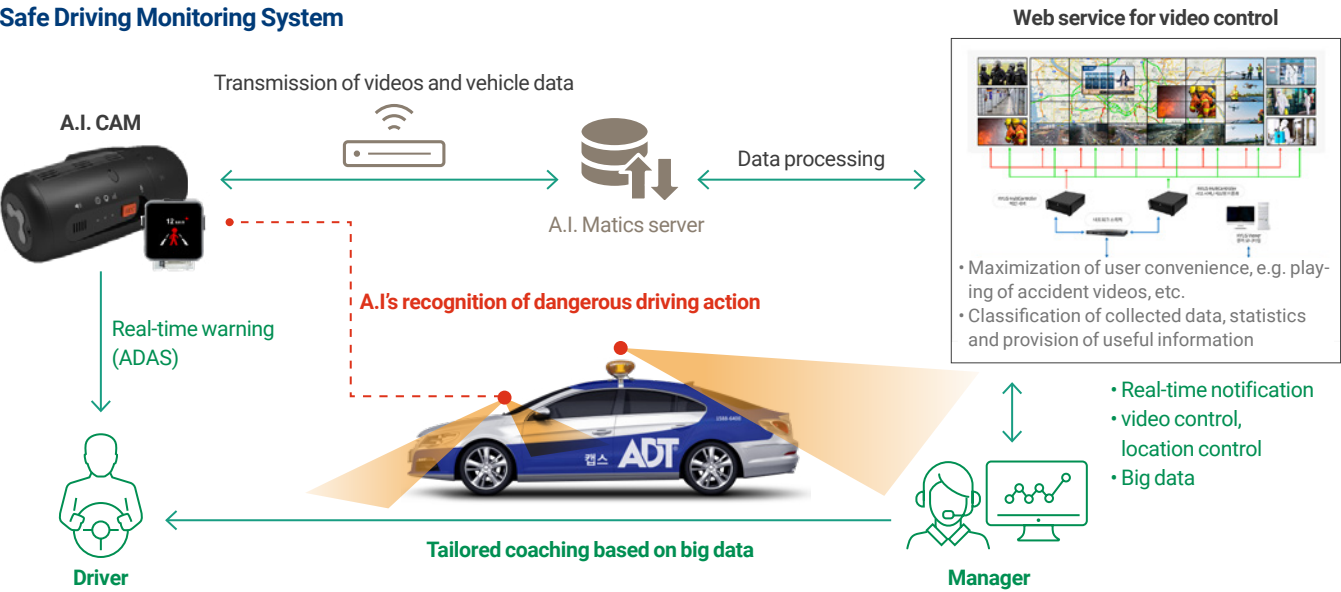
Occupational Safety and Health

Safe Driving Monitoring System and Establishment of Drowsy Driving Prevention System

SK shieldus runs a safe driving monitoring system, under which it installs black box and SD memory cards in all of its vehicles to monitor the drivers' driving patterns and subsequently provide relevant training. In 2022, a drowsy driving prevention system was introduced to vehicles used for patrol of suburban areas and prevented accidents by drowsy driving. In the second half of 2023, we are conducting POC** to adopt AI black boxes to which eight safe driving algorithms are applied. The AI black box issues a prior warning to the driver when a dangerous driving is detected, and transmits the data to the manager, which ultimately contributes to improvement of driving habits and reduction of traffic accidents, increased efficiency in fuel consumption and lowered carbon emissions. In short, it contributes to SHE's management activities, which are the foundation of ESG.

* Additional AI features: Speeding, long-term speeding, abrupt stop, abrupt acceleration, abrupt deceleration, abrupt departure, illegal u-turn, failure to keep safety distance, violation of traffic light, violation of centerline, frequent lane change, violation of children protection zones
** POC: Proof of Concept

Safe Driving Monitoring System



Integrated Safety and Health Platform

SK shieldus plans to establish a safety and health platform for purposes of responding proactively to application of the Serious Accidents Punishment Act and the Occupational Safety and Health Act, and preventing possible accidents on site. The platform consists of management of subcontractors, preparation for emergency response, management of education, employees' participation for safety measures, establishment of database for accident management, control of harmful and risk factors, management of laws and regulations and control of safety and health, etc., and it will be developed in a manner that allows online monitoring through apps or websites, etc. The platform is expected to encourage participation of employees, enhance productivity in safety management and reduce safety-related accidents, etc.

Operation of Educational Programs for Prevention of Safety Accidents

Safety Training Course

The purpose of the safety training course is prevention of traffic accidents and improvement of driving habits, and consists of a wide range of programs including case analysis of traffic accidents and their causes, and discussions of how to prevent traffic accidents, etc. The course encourages attendees to become aware of the importance of safe driving and reduce traffic accidents. Since the course involves face-to-face discussions regarding causes of accidents, etc., it had been suspended due to COVID-19, but was resumed in 2022, and 95 employees attended. In addition, a safety training for motorcycles is provided by an outside motorcycle safety school for motorcycle drivers who are likely to be severely injured in the event of an accident and exposed to higher risks than other means of transportation. With such sessions, we will do our best to prevent accidents.

Safety Education to Improve Awareness of Safety

SK shieldus develops safety and health education contents to raise awareness among employees and provides annual on-line education for all employees.

Training Course	Target	Training Hours	Form
Regular course	Employees (regional headquarters)	2 hours or more per month	Offline
	Employees (headquarters)	6 hours or more per quarter	Online
	Supervisors	16 hours or more per year	Online / offline
At the time of hiring	New Employees	8 hours or more	Offline
Other education	Material safety education (MSDS), risk assessment education, other safety and health related education	Different by subject	Online / offline
Job competencies education	Safety and health manager, safety manager, health manager	Different by subject	Online / offline

Corporate Culture

Horizontal Corporate Culture

SK shieldus pursues a horizontal corporate culture where employees respect each other and the management and labor communicate in an equal and cooperative atmosphere. In order to establish a corporate culture where employees respect and care each other, SK shieldus conducts various awareness programs by utilizing mutual-respect catchphrases suggested by employees themselves. In particular, from 2023, the 11th day of each month is designated as “Day of Mutual Respect”, i.e. a day of spreading the atmosphere of mutual respect through a series of regular awareness activities such as campaign on culture of practice.

Culture of Mutual Respect

Employees of SK shieldus have made a vow on practices of mutual respect including use of honorifics, prohibition on workplace harassment and proper team dinner culture, etc. Based on such vow, in 2023, we designated 11th day of each month as “Day of Mutual Respect” and are conducting relevant campaigns on a regular basis. In addition, SK shieldus is actively taking preventive measures through fact-finding activities: for example, we conducted employee surveys on insulting, verbal abuse, assault, bullying and sexual harassment, etc. and a self-diagnosis of officers immediately after implementation of the law prohibiting workplace harassment in 2019. Further, we held a catchphrase contest among employees to raise awareness and encourage employees to have continuous interest on the issue, and selected “See a wider world horizontally (180°) than vertically (90°).” This catchphrase is widely used in various programs such as mutual respect campaigns, mutual respect webtoons, mutual respect videos, posters and promotional materials, etc. in order to continuously raise awareness and establish the culture of mutual respect among employees.



Poster for mutual respect campaign

Cooperative Communications between Management and Labor

SK shieldus has a labor-management council to ensure co-prosperity, mutual participation and cooperative communications between labor and management. A quarterly meeting of the labor-management council addresses diverse agenda on the direction of management of the company including complaints of the employees and improvement of work environment, etc. in a constructive manner. The results of the meetings are shared with the employees on the internal bulletin board. Further, SK shieldus actively communicates with the labor union on a regular basis through a communication channel, and in particular, collective agreements and wage agreements are pursued through cooperative negotiations between labor and management.



Labor-management council meeting

Management of Employee Complaints

SK shieldus operates an online counselling center through its internal bulletin board to solve the grievances of its members. The counselling center guarantees anonymity, so the complaints are not disclosed to other employees except for the members of a committee established through discussions between labor and management, who come up with measures to resolve such complaints. The counselling center covers not only personal complaints but also any issues regarding the employee’s services to the company.

Operation of Channels for Communication with Field Communication Team

The Field Communication Team, which is in charge of the internal bottom-up communication channel, is communicating actively with employees by collecting their complaints, inconveniences or suggestions and making necessary improvements. The communication channels consist of both online and offline channels: “Inquiry/Suggestion” and “Shinmungo” are online channels and “Labor-management meeting by regional HQ and group” and “on-site visits” are offline channels.

Channel	Goal	Method	Target	Cycle	Time	Management
Inquiry/Suggestion	Bottom-up collection of employees' complaints, inconveniences and suggestions for improvement	Gong-gam tok	All employees	Regularly	Regularly	- Reply within 24 hours - Track until resolution of root causes
Shinmungo		Gong-gam tok (anonymous)		Regularly	Regularly	- Collecting posts every week - Disclosing company replies on the Gong-gam tok
On-site visit		Visits by Field Communication Team, employee interviews		Occasionally	Occasionally	Delivery of company replies to relevant organization
Labor-management meeting by regional HQ and group		Meetings between representative members of the responsible/branch/team	Members of each organization	Quarterly	March, June, September, December	Gathering opinions and preparing replies (Field Communication Team serves as coordinator)

Corporate Culture

Ensuring Work-Life Balance

SK shieldus strives to make a happy workplace where the work-life balance is achieved for well-being of employees both at work and at home. We operate a work-family balance support system to support childbirth and childcare, and provide family-friendly programs to improve employees’ satisfaction with their work. In addition, we host various cultural events through an annual cultural dating program. The medical subsidy system, group accident insurance, and club programs that support employees to enjoy their hobbies also ensure their healthy and stable work life.

Maternity Protection and Work-Life Balance

SK shieldus actively implements a work-family balance support programs, such as parental leave and shorter working hours during the period of pregnancy and childcare, to lessen the burden of childbirth and childcare of employees and let them concentrate on their work. We also encourage the use of vacations by designating a Happy Rest Day so that employees can spend enough time with their family. In addition, various family-friendly programs, which are recognized for their excellence, are available.

Number of Employees Who Used Work-Life Balance Programs*

	2022	2021	2020
Total	115	108	98
Male	74	59	67
Female	41	49	31

* The number of employees who used parental leave, maternity leave, working-hour reduction during period of pregnancy/childcare, family care leave, etc.

Cultural Dating Program

In order to help its employees feel satisfied with their work life, SK shieldus runs annual cultural dating programs. This is a comprehensive program for the employees and their family and friends, and around 1,100 teams consisting of more than 4,100 people participated in this event in 2022, as the social distancing restrictions were lifted. The events had previously limited to online, but in 2022, they were expanded to cinemas, hands-on cultural programs or tours, etc. In 2023, we are planning a total of six cultural dating programs that received favorable reviews from members.



Employee Benefits

SK shieldus has introduced a wide range of employee benefits to raise their quality of living. We provide vacations and other rewards to long-term employees and support leisure activities and holiday accommodations. In addition, our medical subsidy system reduces employees’ burden of medical expenses for treatment of family and guarantees healthy and stable work life, while employees also may receive part of the medical expenses for injuries to themselves or their spouse or children from our group accident insurance. We also provide various benefits: leave or subsidies for family events, funeral goods, allowances for the disabled or persons of national merit, educational expenses for children, presents for students preparing for the national college entrance exam, etc.

Corporate Culture

Employee Satisfaction Survey

SK shieldus is conducting employee satisfaction survey every year from 2015. The purpose of the employee satisfaction survey is to establish or implement the plans to identify and improve the factors that disrupt their concentration on work. The survey consists of 40 questions in 5 categories (vision/strategy, HR/operation, communications/cooperation, concentration in work, leadership/corporate culture). The results of the survey and the unsatisfactory factors are delivered to each department and continuously managed, contributing to “good-workplace culture”. The employees’ satisfaction has risen constantly since 2015. In 2022, it recorded the highest at 3.71 (out of 5), increasing by 0.15 point compared to the previous year.

Support for Club Activities

SK shieldus operates club activity programs to support employees’ self-improvement and hobbies. Each club is created voluntarily by employees, and currently, there are around 40 clubs ranging from sports such as tennis, football and golf, to other activities including camping, fishing and handicraft, etc. As they can choose the activities they want and enjoy them with colleagues, the employees are highly motivated by this program. In addition, it contributes to a healthy corporate culture where employees are working pleasantly and happily. The employees can find information on club activities on the company bulletin board “Gong-gam tok” and join any club at any time.

Expansion of Subsidy for Medical Check-ups

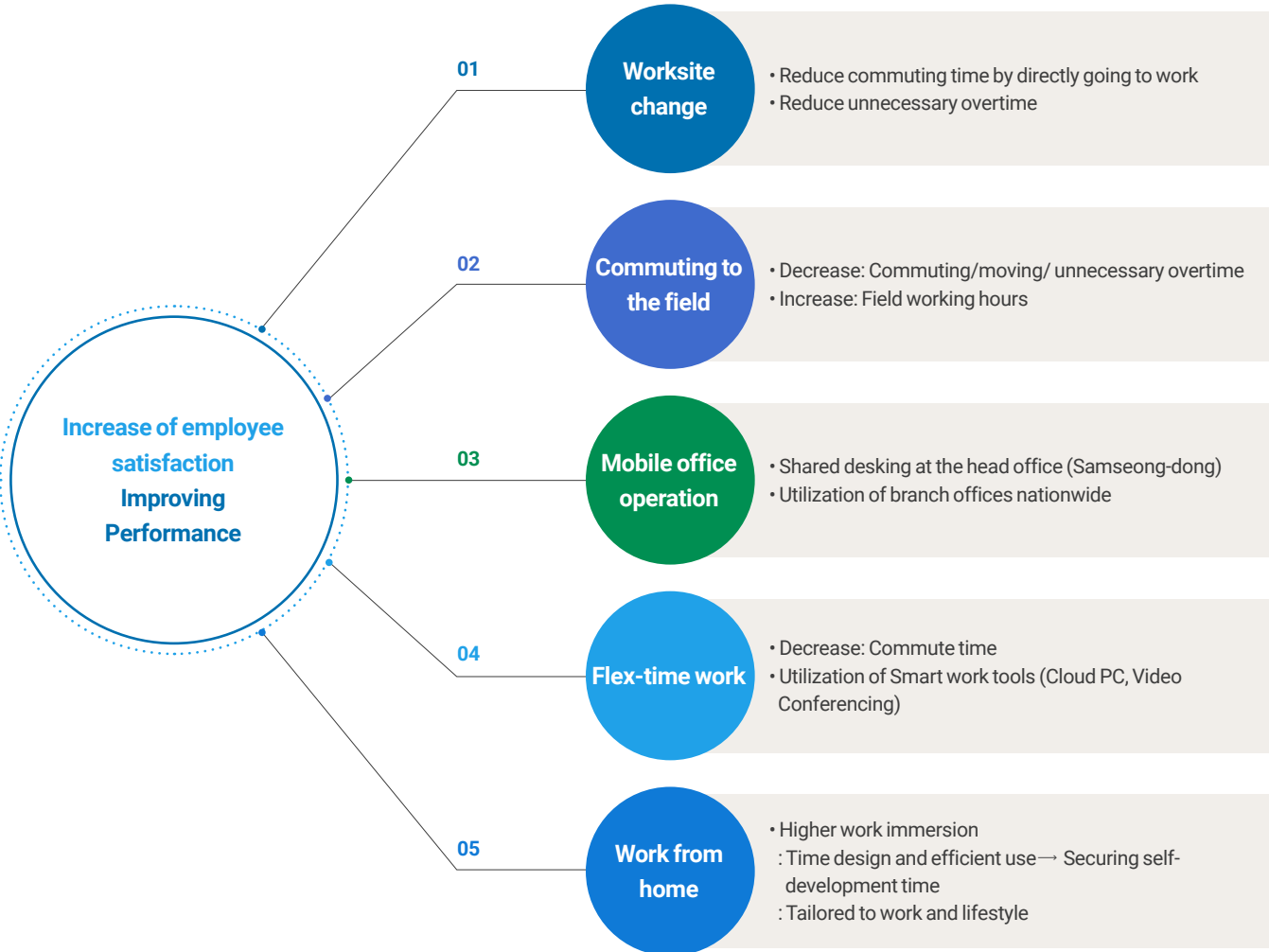
Under Article 133 (Obligation of Employees regarding Health Examinations) of the Occupational Safety and Health Act, SK shieldus is required to conduct medical check-ups annually for non-office workers and biennially for office workers. However, in addition to this, SK shieldus is providing annual medical check-ups for office workers as well, in order to keep all of its employees healthy. In particular, given the nature of its business that needs to take charge of security around the clock, those who work on shift get special check-ups that additionally cover nervous systems and cardiovascular systems, etc. We will make every effort to enable our employees to enjoy healthy and stable work life by expanding subsidies for medical check-ups.

Innovating the Way of Working

SK shieldus constantly works hard to improve the way our employees work to improve the quality of life while creating a Digital Work environment.

Work from Anywhere

: Creation of digital work environment



Corporate Culture

Employee Evaluation and Compensation

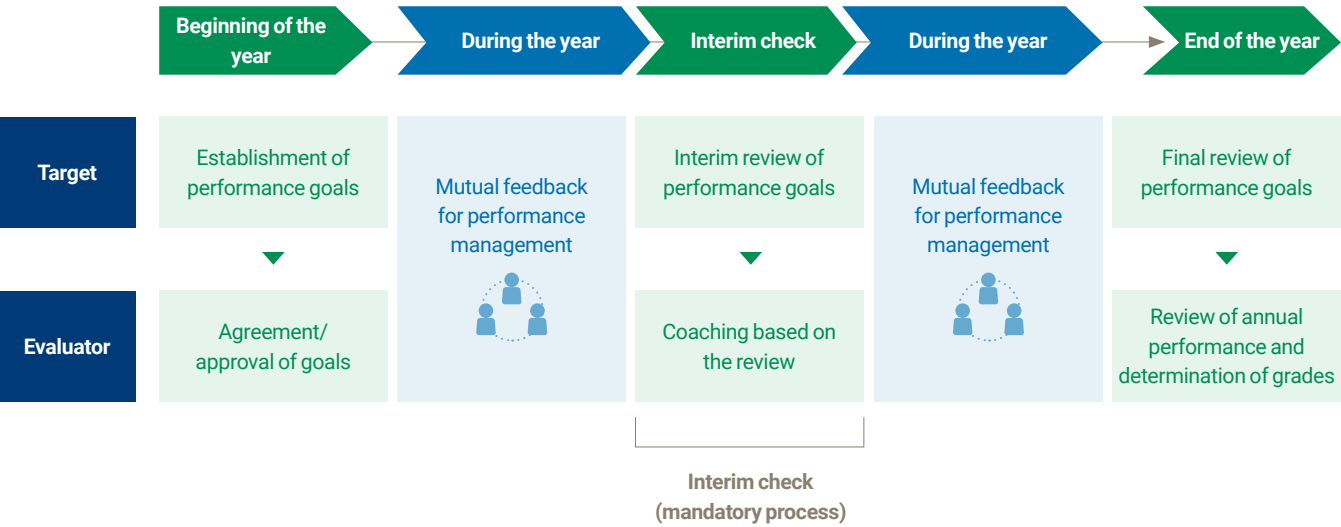
Evaluation and compensation play critical roles in an organization’s achievement of strategic goals. They create a virtuous circle where an employee is satisfied by monetary and non-monetary compensations for his or her contribution to the organization and then is further motivated to work harder to achieve higher performance goals. The compensation system of SK shieldus measures performance based on individual goals and provides differentiated compensation.

Evaluation System

SK shieldus operates an MBO*-based evaluation system in which employees set their work plans and achievement standards. Through this system, employees reflect on their performance to achieve the organization's vision and strategy. It establishes an evaluation policy considering the characteristics of the organization, closely evaluates the performance of the employees' work, and sets the competency goals to be achieved by each job/position in common. Additionally, SK shieldus introduced the subordinate and peer evaluation system in 2021 to run a more objective evaluation system from various perspectives. The multi-rater system, which is evaluated by employees at the senior/junior level, colleagues, including oneself, helps complement the limitations of one-sided evaluation and strengthen the employee's capabilities.

* MBO: Management by Objective

Performance Management through Regular Feedback



Evaluators

The organization leadership team is in charge of employee evaluation, and actual evaluation is conducted by the head of each department. With respect to compensation, AIP** is determined by the organization leadership team while employee benefits, annual salary and promotion are determined by the HR team. In order to secure fairness in evaluation and compensation, the request for approval, actual amount of payment and procedural errors, etc. are monitored in accordance with the internal financial management process.

** AIP: Annual Incentive Plan

Compensation System

SK shieldus has a fair compensation system based on each employee’s efforts and evaluation results in order to link the compensation to his or her performance.

Classification	Description
Annual salary	Implementing performance-based compensation in connection with company management plan and individual evaluation
AIP	Providing motivation for performance as an incentive reward system according to the company goal achievement rate
Quarterly incentive	Providing motivation for performance through payment of quarterly incentives based on KPI achievement of BP*** and TSE**** positions
Net Add Rewards	Providing motivation for performance by providing part of the net add (net increase = new – cancellation) performance of branch office as rewards to non-sales employees
Commission	Offering compensation according to performance of individuals or department
Rewards (CSR)*****	Providing annual and occasional rewards based on KPI achievement and organizational contribution

*** BP : Blue Patrol
**** TSE : Technical Service Engineering
***** CSR: CEO Special Recognition

Corporate Culture

Core Response Area

3

Diversity and Inclusion

SK shieldus implements policies prohibiting discriminations throughout the entire HR system from hiring and performance evaluation to compensation, etc. Further, in order to protect human rights of employees, we have enacted the compliance ethics regulations that emphasize basic principles on mutual respect and prohibition of sexual harassment, and reports plans and activities to enhance diversity and inclusion to the ESG Committee.

Increase in Employees with Disabilities

In order to increase the ratio of employees with disabilities, SK shieldus is operating Seom-seom-oksus (nail salon) and a sports club (Taekwondo), and working hard to create jobs where employees with or without disabilities can work together. It is also continuing its efforts to promote social values: for example, it runs the SIAT program, the training and employment support program for ICT experts with disabilities, in cooperation with the Pangyo Digital Training Center of the Korea Employment Agency for Persons with Disabilities (KEAD) for purposes of creating decent jobs for the youths with disabilities. In 2022, the ratio of employees with disabilities of SK shieldus is 2.83% based on the reporting standards of KEAD.

Classification	Unit	2022	2021	2020
Number of employees with disabilities	Persons	128	101	89
Ratio of employees with disabilities*	%	2.83	2.25	1.85

* Based on the reporting standards of KEAD; based on the ratio of employees with disabilities: 3.1%

Education to Form Human Rights-Respecting Culture

SK shieldus is providing human rights education to foster the culture of respecting human rights among the employees. As part of such efforts, various contents are provided to raise human rights sensitivity of the employees. All employees take human rights courses required under the applicable laws, such as courses on awareness of disabilities, prohibition of sexual harassment and prohibition of workplace harassment, etc. All members participated fully in the legal training, resulting in a 100% completion rate.

Seom-seom-oksus opens a new store in Anyang Station after Yongsan Station

“Seom-seok-oksus” is a public project to create jobs for women with severe hearing impairments. SK shieldus became the first private company to participate in this project and opened a store at Yongsan Station. In December 2022, it opened the second store at Anyang Station. Twenty nail artists who are employed by SK shieldus and have completed specialized courses provide free nail care services to the passengers who take trains at Yongsan Station and Anyang Station on the same day.



Gyeongin Transportation Broadcasting introduces Seom-seom-ok-su on Day of Sign Language

On February 3, 2023, the TBN Gyeongin Transportation Broadcasting aired a special program to celebrate Day of Sign Language and introduced SK shieldus’ Seom-seom-oksus project. The program introduced SK shieldus as a company that provides free nail care services by utilizing unused space in the lobby of major train stations and contributes to creation of jobs for women with hearing impairment.



Talent Management

Securing Talent

SK shieldus strategically hires talents who will lead development of technologies for everyday safety based on the nature of its business and direction of growth. In addition, SK shieldus objectively evaluates competences and qualifications of each applicant in accordance with specialized standards and screening process.

SK shieldus Recruitment Principle

SK shieldus has a principle to provide equal opportunities and fair evaluation based on competence when hiring employees. Under this principle, we pursue fair procedures for ability-centered recruitment, such as prohibiting requests for personal information unrelated to job competency and minimizing required documents. We also closely cooperate with several universities and institutions to actively recruit talents based on their ability. Furthermore, we do not discriminate against the educational background, gender, physical condition, social status, etc. to provide equal opportunities. We strive to increase the ratio of employees with disabilities by creating jobs and establishing standard workplaces for those with disabilities.

Efforts to Secure Excellent Talents in Timely Manner

In the midst of the growing uncertainties and rapid changes in the employment market caused by COVID-19, SK shieldus has faced appearance of new jobs and necessities for immediate response to them. Accordingly, SK shieldus has become aware of the importance of timely recruitment of excellent talents, and based on such understanding, it is working closely with universities and other institutions to hire employees as frequently as necessary.

Introduction of Effective Recruitment Platform

In 2022, SK shieldus participated in establishment of the recruitment platform of SK ICT Family for more effective recruitment, and immediately adopted the platform, providing a unified and fair recruitment procedures to applicants throughout the group. Further, by utilizing the database tool for the group companies within the platform, it has secured talents with expertise and created synergy effects.

Fostering Industrial Experts

SK shieldus is giving significant emphasis on expertise of employees in order to realize its vision of “Technology for Everyday Safety.” In addition, we strive to make a virtuous circle where the employees’ growth leads to the company’s growth, and the company’s growth in turn results in the employees’ growth. We actively support employees’ self-directed learning and career development, so that they can come up with their own roadmap for growth. Further, we reflect the opinions of employees to ensure that their learning is connected to their work.

Employee Training System

SK shieldus provides a variety of training programs for employees to help them develop sufficient expertise and leadership. In particular, the training system is divided into common competencies, leadership skills, and job competencies, so each employee can diagnose his/her competence and receive training that suits his/her level. After the training, we support them in achieving career goals through job transfer and career development.

Employee Training System and Content

Classification	Description
Common competencies	<ul style="list-style-type: none">• Training for becoming proficient in work skills, and education on common competencies to cultivate basic job skills- Providing opportunities to select appropriate contents to develop common competencies of the employees- More than 9,000 contents for continuous learning
Leadership competencies	<ul style="list-style-type: none">• Management leadership training: Training for development of competence of the management• New management leadership training: Providing new members on the management with guidance for performance• Next generation leader training: Selecting next-generation leaders with sufficient potentials and developing leadership competencies in advance• Competency-enhancement program for PM and intermediate managers: Enhancing leader's performance management feedback capabilities to successfully achieve business goals•Coaching program: Enhancing leader's performance management feedback capabilities based on coaching methodologies
Job competencies	<ul style="list-style-type: none">• BP Plus Up training: Training of job maintenance for new employees• Job competency enhancement training: Training for enhancement of BP job competencies; Basic (1-3 years of experience) and Intensive (5 years or longer)• TSE candidate training: Providing opportunities for developing physical security tech experts and career of employees• Job competencies training for information security: Online/offline training for information security experts• CE (Customer Experience) communication training: Developing capabilities for employees who directly serve customers to practice CE communication• Security instructor training: In-house human resource training to secure the qualification of mechanical security instructor at the physical security site• External training support system: Supporting the cost of external training, conferences, forums, etc., depending on the team's needs and discretion• Certificate Support Scheme: Supporting costs to obtain necessary qualifications for work (e.g. AI-, Cloud-, and ICT-related certificates)
New employee competencies	<ul style="list-style-type: none">• New employee training course: Regular training to establish identity, develop and select safety, services, and occupational capacity for new security employees• Common course for new employees: Regular training on the overall corporate culture and system• OJT & mentoring system: Instructing new employees abilities required to perform their duties and inducing adaptation

Talent Management

Fostering Industrial Experts

Employee Training Programs

SK shieldus supports the employees to adapt to, and take appropriate actions to respond to, the rapidly changing environment. To this end, we provide a wide range of systematic training courses from soft landing courses to expert training so that the employees can receive appropriate training in a timely manner.

	<p>Experts Training Course</p> <p>We provide around 1,900 online and offline courses to help employees become top-level security experts. These courses provide training for physical security, information security and converged security areas and more than 2,500 employees take them every year.</p>		<p>OJT & Mentoring System</p> <ul style="list-style-type: none">- Educator’s visit to the site and application of voice of the field employees to the contents for facilitation of on-the-job training- Change of the department in charge of mentoring (HRD team → Human Resources Recruit) and the person in charge of implementation of the program (branch manager → HQ BP team)
	<p>Leadership Development Course</p> <p>We operate leadership training courses for purposes of training leaders and fostering next-generation leaders for SK shieldus. These courses consist of a next-generation leadership course that lays foundation to become future leaders, and a manager leadership course to strengthen capacity of higher-ranking employees.</p>		<p>Cloud Specialists Course</p> <ul style="list-style-type: none">- We operate courses to nurture cloud specialists to lead the cloud security market. These practice-based courses help attendees to obtain expertise in the cloud security area. After completion of the courses, the employees may participate in various activities for continuous learning through acquisition of certificates and networking, etc.
	<p>Providing Career Development Program (CDP)</p> <p>We run various programs for employees’ career development and job transfer. These programs provide opportunities to develop job competencies appropriate for each position and to cultivate competencies required for higher positions.</p>		<p>Security Instructor Training</p> <p>Change of the department in charge of the program (HRD Team → GR operation team) and establishment of the 1st exempted course (planned)</p>
	<p>Commissioned Training for Competence Development</p> <p>We support our employees to take education and acquire certificates outside of the company to ensure they pursue self-directed learning. As of 2022, about 860 employees conducted self-directed competency development via this system.</p>		<p>Enhancement of Job Competencies for Physical Security Personnel_Job Competency Enhancement Course</p> <ul style="list-style-type: none">- Basic (for employees with 1-3 years of experience) and intensive (5 years or longer) courses after establishment of job competency system- Operation of practice-based three-stage (online / offline / follow-up) courses for enhancement of job competencies of employees at physical security sites
	<p>New Employee Training Course</p> <p>Regular reorganization of training courses to facilitate immediate application to reorganized working systems and the field (Conduct regular workshop annually)</p>		

Talent Management

Recruiting Industrial Experts

Recruitment Program with Korea Information Technology Research Institute

SK shieldus collaborates with training institutes specialized in information security to operate various recruitment programs and create jobs for the youths. In particular, the program with the Korea Information Technology Research Institute (KITRI) nurtures information security experts, who will contribute to advancement of the IT security industry based on their hands-on experience. The program consists of three courses, i.e., simulated hacking, infringement response and security infrastructure & security control, and the trainees can get jobs in the security industry based on the knowledge they obtain from the courses. SK shieldus hired ten of the trainees in 2022, who are working in the security and consulting area, and plans to hire 15 or more trainees in 2023, including those who are currently taking the six-month courses. The recruitment program linked to specialized information security training programs provides jobs for the young people and fosters human resources with first-hand experiences and expertise. SK shieldus believes that such programs also contribute to continuous growth of the security industry and creation of decent jobs for the youths.

Training Course	Trainee	Date	Training Hours	Hires	Training courses
Information security expert training course	75	Apr. 6, 2022 – Sep. 21, 2022	880 hours	10	- Simulated hacking - Infringement response - Security infrastructure & security control
Information security expert training course	85	Apr. 5, 2023 – Sep. 22, 2023	880 hours	4 (Apr. 2023)	

Recruitment Program with Korea Information Security Industry Association

SK shieldus and the Korea Information Security Industry Association (KISIA) plan to train, and hire, information security experts. The program will provide curriculums tailored to each field and internship experiences. SK shieldus and KISIA plan to accept 25 trainees in 2023 and then ultimately hire all of them.

MOU for Industry-University Cooperation and Human Resources Development Expansion

In order to constantly nurture information security experts, SK shieldus has executed MOUs with major universities including Chung-Ang University, and is providing various opportunities for the students to build practical knowledge. In particular, the co-op programs help students improve their competencies on the site. All trainees receive the same support as the employees of SK shieldus and after graduation, they have opportunities to utilize their knowledge on the site as employees of SK shieldus. In 2023, we will expand our MOU partners to Konyang University, etc. to establish a larger model for industry-university cooperation for training of talents. In particular, the co-op programs will be expanded and recruitment fairs will be provided, which will ultimately contribute to fostering of talents, creation of jobs and development of the security industry.



University	Department	Trainee	Date	Training courses	Hires
Chung-Ang University	Industrial Security	2	Dec. 28, 2022 – Jun. 30, 2023	Security operation, Diagnosis, Security consulting, Service QA, ML (Machine Learning) /DL (Deep Learning)	2
Ajou University	Industrial Security, Software	2			1
Soongsil University	Software, AI Convergence	6			1
Chungbuk National University	Information Communication Engineering, Software	3			1
Total		13			5

Talent Management

Recruiting Industrial Experts

Training of Information Security Experts

EQST is utilizing the learning management system for training of security experts who have practical experiences. Through the system, SK shieldus provides training programs on major security theories and practices in ten related areas including cloud, system hacking, web, and simulated hacking of Android and iOS, etc. Additionally, based on a wide range of industry-university cooperation programs including SK shieldus Rookies, employment-linked training program for recruitment, we support training and recruitment of talents from local universities, contributing to resolution of regional imbalances and job creation at the same time. In 2022, we hired 159 experts from these programs. EQST will keep introducing new training programs to help students improve their job competencies and build practical knowledge, ultimately contributing to growth and development of the security industry.



Employee Development System and Key Contents

Year	Training course	Trainees (persons)
2017	KITRI's Information Security Expert Training Course	60
2018	KITRI's Information Security Expert Training Course	25
2020	4th Industrial Revolution Leader Training Course of the Ministry of Employment and Labor	22
		20
2021	2nd session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	26
		26
	3rd session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	13
		18
2022	4th session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	19
		22
	5th session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	22
		20
2023	6th session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	23
		19
	7th session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	20
		15
2024	8th session of the Digital-related Core Talent Training of the Ministry of Employment and Labor (cloud-based smart converged security)	40
	9th session of the Digital-related Core Talent Training of the Ministry of Employment and Labor (cloud-based smart converged security)	45
	10th session of the Digital-related Core Talent Training of the Ministry of Employment and Labor (cloud-based smart converged security)	40
Total		495



Responsible Governance

- 62 BOD-Centered Responsible ESG Management
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Responsible and Ethical Management



Our Approach

SK shieldus has established an independent BOD-centered governance that ensures expertise and diversity. Accordingly, a sound governance structure has been established where the board of directors is involved in the management activities as a leading decision-making body and strives to maximize the happiness of various stakeholders by raising the company’s credibility and future value.

SK shieldus has selected risk management as its top priority, diagnosing risk levels in the work environment and advancing the compliance management system. Further, we are enhancing ethical management activities in a virtuous circle of “prevention – detection – response” for which the ethical management group plays a central role. The importance of fair and transparent ethical management and strict compliance with fair trade laws is emphasized in its management activities in order to achieve fair trade and anti-corruption.

Major Achievements in 2022



BOD-centered management based on independence and expertise
Operation of 4 board committees



BOD performance
Deliberation of 34 agenda in 11 meetings



Corruption and bribery cases
Zero



Ethical management education
6,505 participants

Risks & Opportunities

Risks

- Decline in trust of stakeholders

Opportunities

- Enhancement of corporate reliability through responsible and ethical management

UN SDGs



BOD-Centered Responsible ESG Management





Core Response Area

4

Establishing Governance Operation Direction

SK shieldus successfully established an independent BOD-centered governance that ensures expertise and diversity at the end of 2021 and is operating it stably from 2022. Accordingly, a transparent and sound governance is established and the board of directors is involved in the management activities as a leading decision-making body while striving to maximize the happiness of various stakeholders by raising the company’s credibility and future value. Based on its independence, expertise and diversity, the board of directors has organized committees. The committees make decisions on management agenda including ESG strategies, audits and internal transactions, etc. and oversee the management activities of the company. Although it is an unlisted company, SK shieldus has a governance structure that conforms to the standards of listed companies. Further, it plans to establish a world-class governance structure by expanding the roles and responsibilities of the board committees to HR and compensation, etc. and promoting happiness of diverse stakeholders.

Direction of Governance Operation

	BOD-centered Responsible Management Implementing the BOD-centered responsible management by securing independence and strengthening the expertise of the BOD, which is the supreme decision-making body
	Operation of Board Committees Operating board committees with expertise to supervise the management
	Enhancement of the Expertise and Diversity of the BOD Considering diversity in the process of appointing directors to reflect the interest of various stakeholders
	Reinforcement of the Independence of the BOD Organizing a certain percentage of independent directors to enable independent decision-making on important issues



BOD-Centered Responsible ESG Management

Core Response Area4

Board of Directors

As of the end of March 2022, the board of directors of SK shieldus consists of one inside director, two non-executive directors and four independent directors. Articles 20 and 21 of the articles of incorporation stipulate that the number of independent directors should be three or more and should constitute a majority of the total number of directors. As four out of the seven directors are independent directors, the ratio of independent directors is 57%, which satisfies the requirement under the articles of incorporation, and it conforms to the ratio of independent directors in the BOD of listed companies as stipulated in Article 542-8 of the Commercial Act although it is an unlisted company. In addition, two out of four independent directors are female, satisfying the requirement that the BOD cannot consist of only a specific gender under Article 20 of the articles of incorporation. Under Article 24 of the articles of incorporation and the BOD regulation, Kim Jong-il, a independent director, was appointed as the BOD Chairman in March 2023 to strengthen transparency and independence.

Appointment of Directors

Directors are appointed at the general shareholders' meeting as stipulated in Article 21 of the articles of incorporation, and their term is determined at the time of their appointment between one to three years. As of April 2023, the current directors were elected at the ordinary general shareholders’ meeting in March 2023.

Process of Appointment of Directors

The Independent Director Nominating Committee selects candidate for directors considering their expertise, efficiency, diversity, etc. After undergoing thorough examination, the committee recommends the most qualified nominees to general shareholders' meetings who meet all the legal requirements for the position. The final nominees are appointed by a resolution of the general shareholders' meeting.

BOD Composition*

Name	Director	Gender	Position	Term	Professionalism	Career
Park Jin-hyo	Inside director / CEO	Male	Member of the Independent Director Nominating Committee / ESG Committee	Dec. 2020 – Mar. 2024	Corporate management, ICT technology	Director of ICT Center, Director of Network Technology Center, SK Telecom
Kim Yong-hwan	Non-executive Director	Male	Member of the ESG Committee	Dec. 2020 – Mar. 2024	Corporate investment	Current) CEO, Macquarie Asset Management
Song Jae-seung	Non-executive Director	Male	-	Sep. 2021 – Sep. 2024	Corporate value assessment	Current) CIO1 MD, SK Square / Director of Corporate Development Group, SK Telecom
Kim Jong-il	Independent director	Male	Chairman of the BOD / Chairman of the Independent Director Nominating Committee / Member of the Audit Committee / Member of the Internal Transaction Committee	Dec. 2021 – Mar. 2024	Financial expert	Current) Professor in Accounting, Catholic University of Korea / CPA (EY, Deloitte)
Kim Bum-soo	Independent director	Male	Chairman of the Audit Committee / Member of the Independent Director Nominating Committee / Member of the Internal Transaction Committee	Dec. 2021 – Mar. 2024	Information protection	Current) Dean of Graduate School of Information, Yonsei University / Vice-Chairman of Data Governance & Privacy, OECD
Yoon Hye-seon	Independent director	Female	Chairman of the Internal Transaction Committee / Member of the Audit Committee / Member of the ESG Committee	Dec. 2021 – Mar. 2024	Legal Affairs / ESG	Current) Professor, Hanyang University Law School / Advisory Member, Financial Services Commission, Anti-Corruption and Civil Rights Commission, etc.
Kang Hyun-jeong	Independent director	Female	Chairman of the ESG Committee / Member of the Audit Committee / Member of the Internal Transaction Committee	Dec. 2021 – Mar. 2024	Legal Affairs / Information protection	Current) Attorney, Kim & Chang Law Firm / Member of Dispute Mediation Committee, Financial Supervisory Service

* As of March 2023 (including consecutive terms)

Enhancement of Independence, Expertise and Diversity

Independence

In order to ensure independence of the board of directors, SK shieldus has the chairman of the BOD separately from the CEO, and has appointed independent directors who are not in a special relationship with the company or the management. In addition, directors who have a conflict of interest in a resolution of the BOD is restricted from exercising their voting rights for that specific resolution, and a supporting organization for the Audit Committee is monitoring whether such rules are complied with.

Standards for Determination of Conflicts of Interest

- Major shareholders (holding 10/100 or more of the total issued and outstanding shares or having influence on major management activities of the company) and officers
- A related person, who is an individual and holds 30/100 or more of the total issued and outstanding shares either alone or collectively with his/her spouse, blood relatives within sixth degree of relationship and affinity relatives within fourth degree of relationship, or a corporation with authorities to appoint or dismiss officers
- A related person who is a corporation and holds, or has substantial influence over, 30/100 or more of the total issued and outstanding shares either alone or collectively with its officers, affiliates or officers of the affiliates

Expertise

SK shieldus has the Independent Director Nominating Committee to thoroughly verify and appoint nominees for independent directors based on their qualifications and capabilities. The Independent Director Nominating Committee consists of experts in finance, information protection, ESG and laws with abundant expertise and experiences. In addition, officers in each business area take charge of special training of independent directors, who are also provided with various opportunities to expand their expertise including seminars or training courses by outside experts.

Diversity

Two out of four independent directors of SK shieldus are female, satisfying the diversity requirement under Article 20 of the articles of incorporation, which provides that the BOD cannot consist of only a specific gender.

BOD-Centered Responsible ESG Management

Core Response Area4

Operation of BOD

Kinds and Procedures of Board of Directors’ Meetings

SK shieldus has ordinary BOD meetings and extraordinary BOD meetings under the BOD regulation. Ordinary BOD meetings are convened once a month, and the extraordinary BOD meetings are held at any time as necessary. A BOD meeting is convened by the chairman of the board when he/she determines that a meeting is necessary, or by the chairman of the board or the CEO upon request of one or more directors. If an authorized person refuses to convene a meeting without a justifiable reason, another director may convene a meeting. In convening a BOD meeting, a notice of the date, time, place and agenda of such meeting should be sent to each director at least two days prior to the meeting, and the procedure for convening can be omitted if directors agree unanimously. Under Article 26 of the articles of incorporation, BOD meetings can be held at the head office of the company or another place as determined by the person authorized to convene the meeting. In order to facilitate the directors to participate and express their opinions at BOD meetings, the board allows the directors to participate in the adoption of a resolution by means of a communication system transmitting and receiving sounds simultaneously without the personal attendance of all or part of them. Under Article 28 of the articles of incorporation, the board adopts a resolution by affirmative votes of the majority of the directors present at the meeting where the majority of the total number of directors in office are present. However, if a special resolution is required by the Commercial Act or other applicable laws, the affirmative votes of two thirds of the total number of directors is needed. A director who has an interest in an agenda is allowed to express his/her opinions but cannot exercise voting rights on that agenda.

BOD Performance

In 2022, SK shieldus deliberated and concluded 34 agenda, including critical concerns, in 11 meetings, including the first meeting in January 2022 for “approval of the 2022 management plan.” The attendance rate of independent directors in 2022 was 98%. Major agenda deliberated by the board was as follows:

Major Deliberation and Conclusion Agenda of the BOD

No.	Major Agenda	Conclusion
1	Approval of the 2022 management plan	Passed
2	Approval of equity investment	Passed
3	Appointment of compliance officer	Passed
4	Approval of issuance of new shares and sale of existing shares for listing on securities market	Passed
5	Approval of transaction of goods and services with SK Inc.	Passed
6	Approval of establishment of subsidiary	Passed
7	Relocation of branch office	Passed

Operation of Board Committees

Article 29 of the articles of incorporation of SK shieldus stipulates that the board of directors may have committees through a resolution. Under that provision, the board of directors currently has the Audit Committee, the Independent Director Nominating Committee, the ESG Committee and the Internal Transaction Committee.



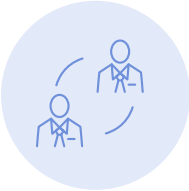
Audit Committee
The Audit Committee consists exclusively of independent directors to secure independence and transparency. The Committee held five meetings and deliberated 16 agenda in 2022. Its major agenda included approval of the auditors’ report, approval of outside auditors and accounting audit under the Commercial Act and other relevant laws.



Independent Director Nominating Committee
SK shieldus has established the Independent Director Nominating Committee for purposes of management of candidates for independent directors and determination of the suitability and adequacy of the recommendations. The Independent Director Nominating Committee consists of two independent directors and the CEO. As there was no independent director to be appointed, the Independent Director Nominating Committee did not hold a meeting in 2022.



ESG Committee
The ESG Committee consists of two independent directors, CEO and a non-executive director, and benefits from the expertise of independent directors and efficiency of operation at the same time. In 2022, it held three meetings and deliberated eight agenda. Its major agenda included establishment of ESG KPI, plan for the Net Zero 2040 project, and establishment and advancement of the system to manage information protection and relevant reports. The ESG Committee plays a critical role in the implementation of the company's ESG policies.

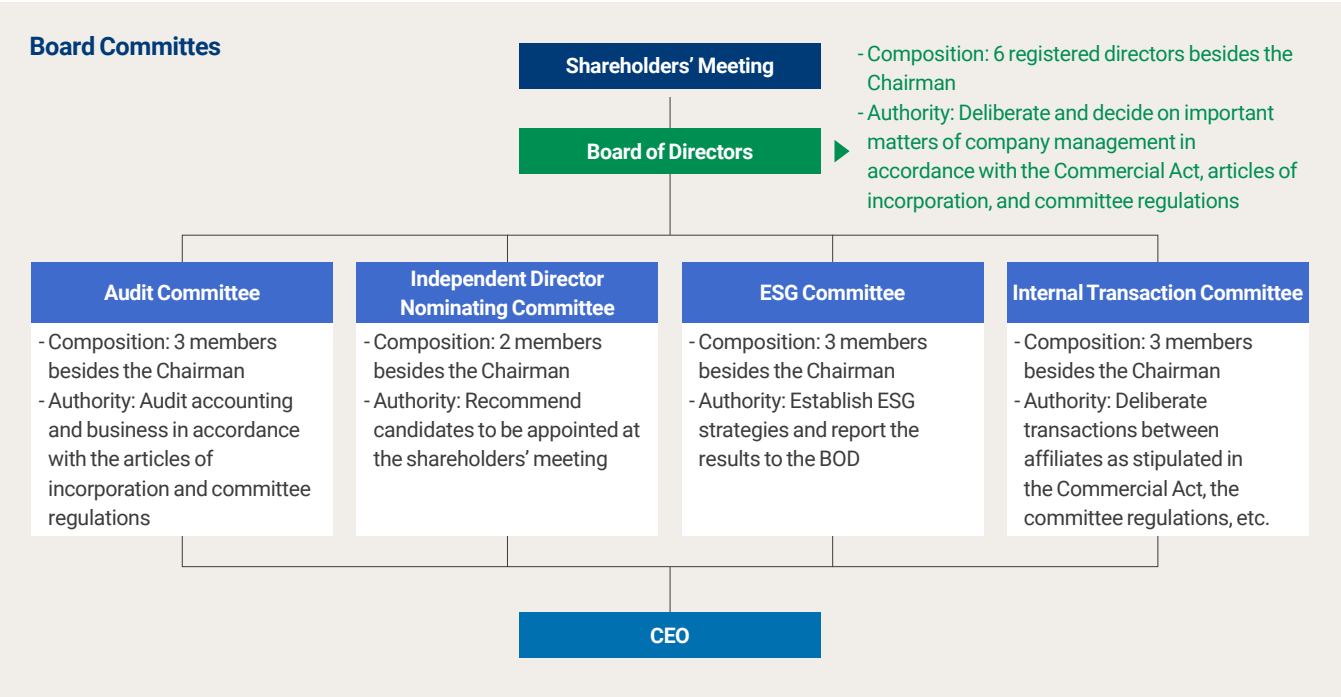


Internal Transaction Committee
The Internal Transaction Committee consists exclusively of independent directors to make proper decisions on transactions among affiliates under the Commercial Act and the Monopoly Regulation and Fair Trade Act. It held five meetings in 2022, where internal transactions were closely examined and approved.

BOD-Centered Responsible ESG Management

Core Response Area

4



BOD Compensation

Performance Evaluation and Compensation for the Management

SK shieldus measures the performance of the CEO and management and pays their remuneration according to the executive management regulation and executive severance pay regulations approved by the BOD and general shareholders' meeting. Performance evaluation is conducted comprehensively by considering both financial and non-financial performance, and remuneration of registered executives is determined within the limit of director remuneration approved at the ordinary general shareholders' meeting. In particular, Article 7 of the BOD regulation stipulates that the remuneration of the CEO and Inside directors should be approved by the BOD every year along with the annual management plan, which strengthens transparent management and the authority of the BOD.

Liability Insurance for Directors

We take out an executive liability insurance every year to guarantee economic damages caused to the company or a third party by any misconducts that may occur in the process of a director's performance of duties for the company, e.g., a violation of duty, negligence, carelessness, false statements, negligence of work, or omission of work, etc.

Enhancing Disclosure of ESG Performance

Enhancing Disclosure of ESG and Stakeholder Communication

SK shieldus publishes an annual sustainability report to communicate with various stakeholders and discloses corporate information, objectives, and activities for each ESG field in detail, through which diverse stakeholder opinions are reflected in our management activities.



Publication and disclosure of sustainability report

Publishing sustainability report to transparently disclose sustainability management activities and performances to shareholders and stakeholders



Disclosure of environmental information

Actively establishing and implementing environmental management goals and disclosing the process



Enhancement of stakeholder communication

Disclosing corporate information, goals, and activities for each ESG field in detail and reflecting stakeholders' opinions through communication

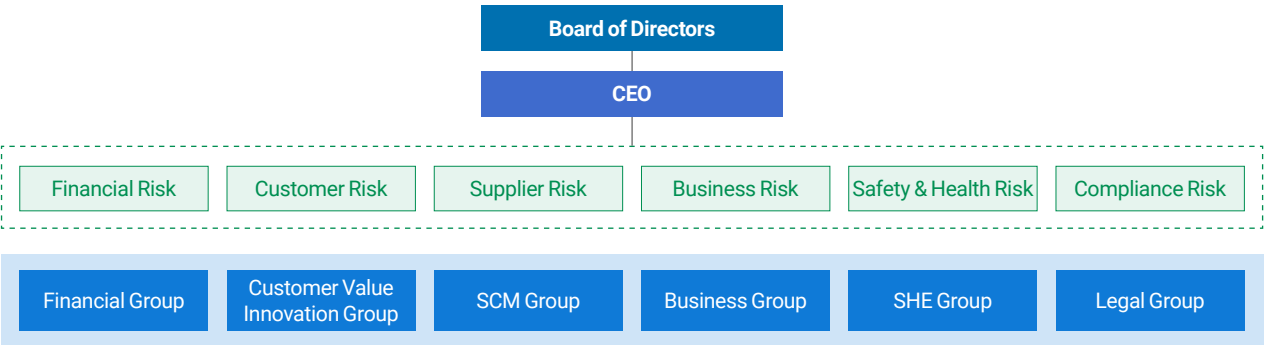
Anti-corruption Management

The Audit Committee of SK shieldus reports the results of the anti-corruption policies implemented in the preceding year and the plan of the year at the beginning of each year. The report mainly covers the focus of regular and non-regular audits, inspection of self-cleaning systems and advancement of internal control system, etc.

Risk Management

Risk Management System

Due to rapid changes in corporate environment and the society, companies are required to have capabilities to deal with a higher level of risks. In order to pre-emptively respond to these changes, SK shieldus has selected risk management as its top priority and taken various measures including diagnosis of risk level of its business environment and advancement of its compliance management system, etc. SK shieldus defines risk as an occurrence of a possible financial event that negatively affects the achievement of a company's strategy or management goals, or the possibility of such events. We pursue growth and stability by eliminating uncertainty in the corporate environment through continuous risk control. In particular, a risk management system was built to preemptively identify internal and external risks and establish and implement countermeasures. Risks occurring in each organization initially go through an internal reporting process according to their type and level of importance and then finally reported to and managed by the board of directors. SK shieldus will continue to develop this management system to minimize diverse and complex risks that may occur in relation to its business activities.



Special Activity

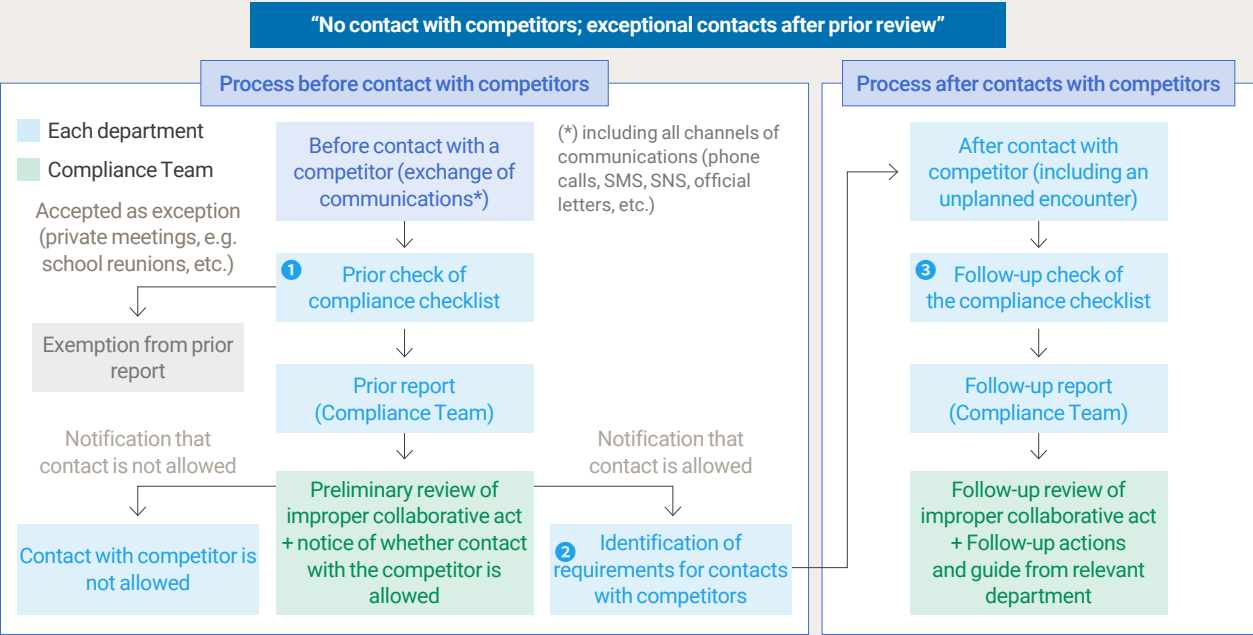
Compliance Risk Management System



The Legal Group of SK shieldus monitors various compliance risks including unfair transactions, etc. and preemptively responds to major issues found in such monitoring, establishing a proper environment for compliance and preventing risks of violating the applicable laws. As part of its efforts to create an environment for compliance management, SK shieldus has strengthened its monitoring of compliance with applicable laws including the Fair Transactions in Subcontracting Act, the Security Services Industry Act and the Occupational Safety and Health Act, etc., complies with all amendments of such laws and implements a process to prevent collusion.

Process to Prevent Collusion under the Monopoly Regulation and Fair Trade Act (MRFTA)

With respect to the “improper collaborative acts (collusion)”, which is one of the most severe violations of the MRFTA, SK shieldus established a process for prevention of collusion. Through the process, a contact with a competitor for an agreement that restricts competition is avoided. “Information of exchange” has been added to the definition of collusion upon an amendment to the MRFTA. Before the amendment, the definition of collusion only included actual agreement on prices or transactional conditions, etc., but the amended MRFTA views an act of exchanging information as collusion as well, and imposes stricter regulations on them. In order to comply with the laws and protect its employees, SK shieldus has established, and is implementing, a process to prevent improper collaborative acts (collusion).

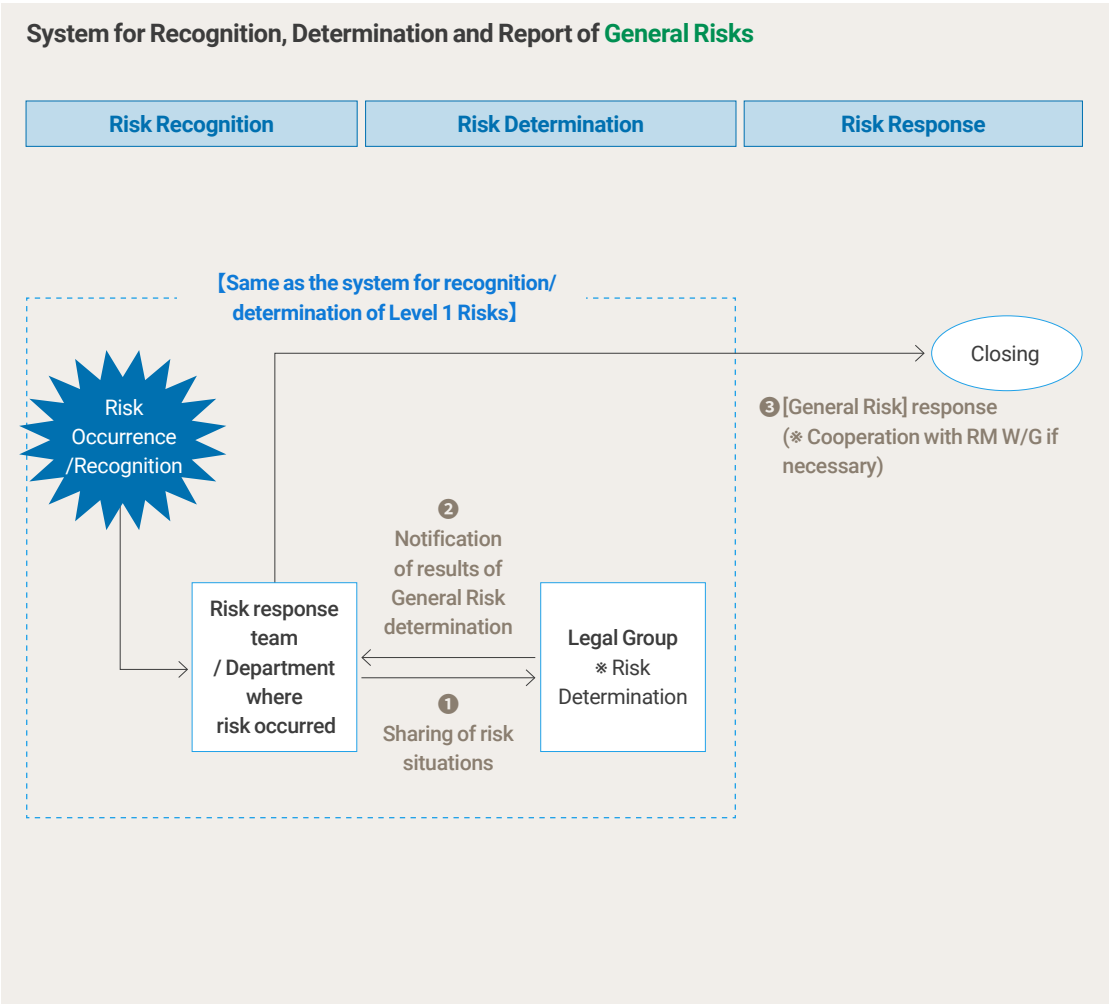
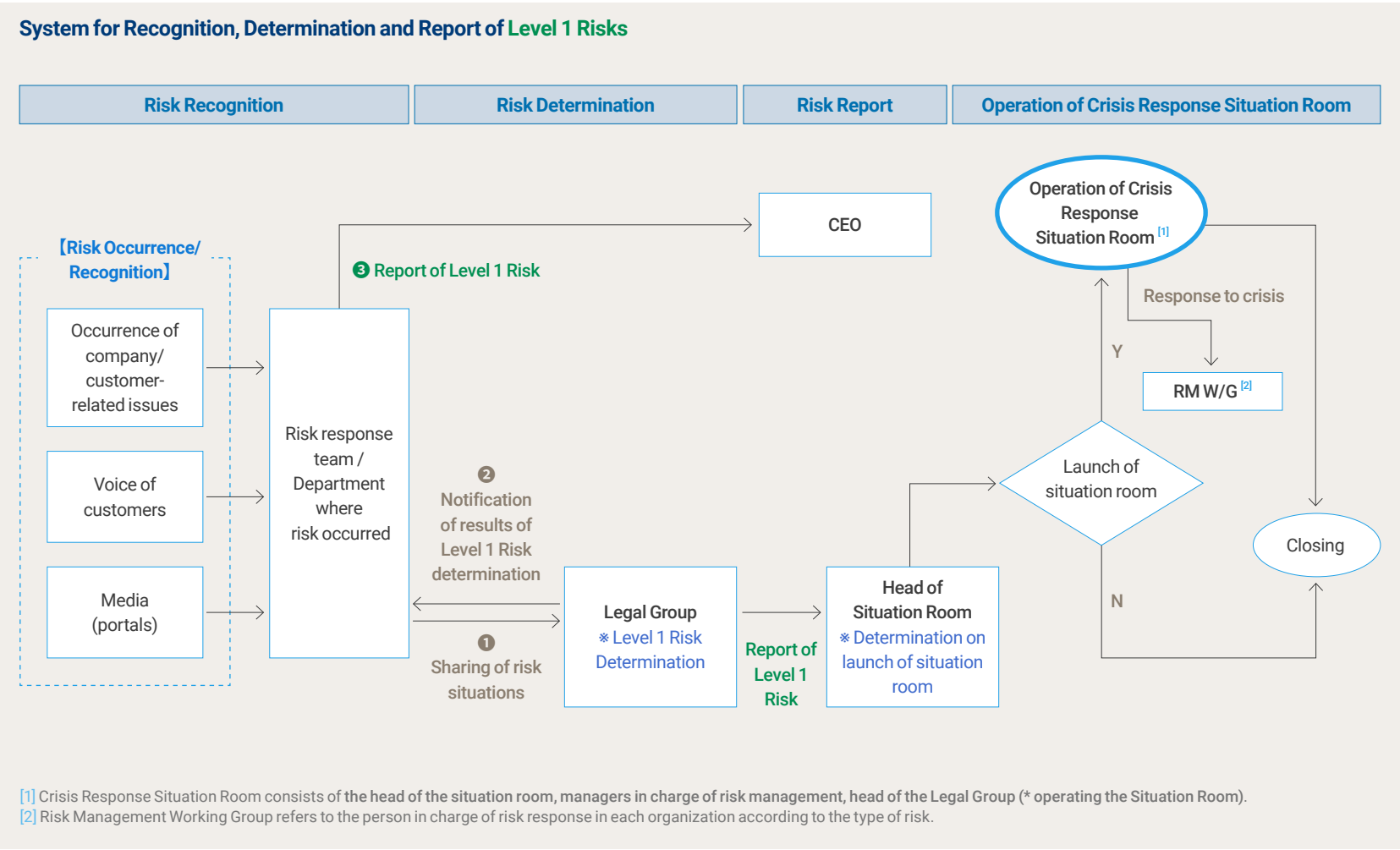


Competitor	Restriction on contact with competitors
<ul style="list-style-type: none">• Competitor<ul style="list-style-type: none">- Including any business entity in competition with SK shieldus in any way; not limited to those in the Physical Security and Information Security industries• Contact<ul style="list-style-type: none">- Official and unofficial communications or meetings with employees of a competitor, regardless of the methods or channelsExamples: Phone calls, SMS, SNS, documents, emails, individual meetings or association meetings, etc- Includes communications without a physical meeting (exchange of information, simple greetings, etc.) or any other meetings (social gathering, association, family events, and other social activities, regardless of the purpose)	<ul style="list-style-type: none">• No contact should be made for purposes of improper collaborative acts.• No contact should be made with employees of a competitor, as a contact with them may justify an assumption of an intent to make agreements for improper collaborative acts, regardless of the actual purpose of contacts.• Sensitive issues, e.g. prices, should not be mentioned in an unofficial gathering with any friends, relatives or acquaintances who work for a competitor.• After an inevitable contact with a competitor, if any, the process to prevent improper collaborative acts (collusion) must be complied with.

Risk Management

Risk Response System

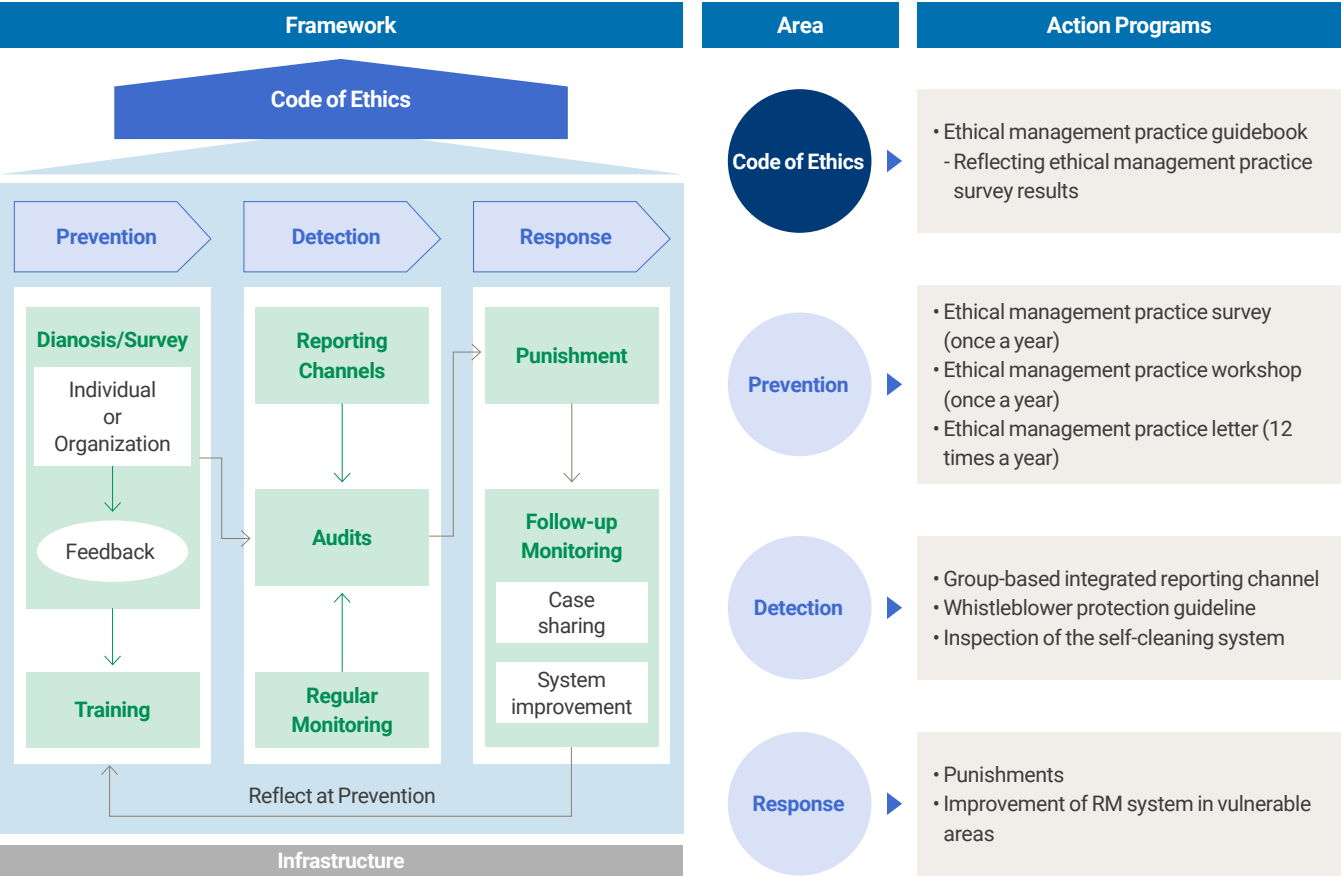
SK shieldus divides risks into [Level 1 Risks], which requires rapid and effective company-wide responses, and [General Risks], which may have certain impact on the company but does not require company-wide responses. If a risk is expected to become larger and last for a long time, having impact on multiple departments of the company, a crisis response situation room is launched to more actively respond to such risks. In addition, the organization in which the risk has occurred shares risk situations immediately with the Legal Group at initial reporting while working closely and systematically with RM W/G (Risk Management Working Group) to ensure quick response.



Compliance Ethics Management

Ethical Management System

SK shieldus practices ethical management in a virtuous circle of “Prevention - Detection - Response” around the ethical management group so that all stakeholders may provide information or consult either anonymously or in real name. In order to prevent any risks resulting from unethical behaviors, SK shieldus conducts “compliance training, ethics survey and diagnosis and pledge on compliance and ethics”, etc. and operates a reporting channel (<https://ethics.sk.co.kr>) and ethics counseling center, etc. The information collected on the reporting and consulting channel is addressed swiftly and impartially and the anonymity of the whistleblowers is thoroughly protected. Questioning of the identity of the whistleblower is strictly prohibited under the guidelines for operation of the reporting system. When the information provided through the reporting/consultation channel is confirmed to be true, SK shieldus responds by punishments, personnel transfers, disclosure of the punishments, education to share the cases, and improvement of relevant process, etc.



Code of Compliance and Ethics

SK shieldus pursues creation of value and happiness for all stakeholders including its employees, shareholders, suppliers and the society. To this end, we enacted 『The Code of Compliance and Ethics』 that addresses standards for ethics of the employees and principles on correct behaviors, etc. 『The Code of Compliance and Ethics』 is complied with throughout the overall management activities. 『The Code of Compliance and Ethics』 is shared with the employees on the Intranet (Gong-gam tok) and disclosed on the website of SK shieldus.

Part I. General Provisions	Chapter 1. Purpose and Definitions Chapter 2. Ethical Behaviors for Customers Chapter 3. Ethical Behaviors for the Company Chapter 4. Ethical Behaviors for Suppliers Chapter 5. Ethical Behaviors for Colleagues Chapter 6. Ethical Behaviors in Daily Life
Part II. Anti-corruption, Gifts, and Entertainment, etc.	Chapter 1. Prohibition on Gifts, Bribery and Gifts/ Entertainment Chapter 2. Procedure to Provide or Receive Gifts / Entertainment Chapter 3. Donation
Part III. Conflicts of Interest	Chapter 1. Work-related Conflicts of Interest Chapter 2. Supplier-related Conflicts of Interest
Part IV. Fair Transactions	Chapter 1. Basic Principles Chapter 2. Prohibitions Related to Competitors Chapter 3. Fair Transactions with Customers of Suppliers Chapter 4. Monopoly and Business Combination
Part V. Protection of Information Assets	Chapter 1. Information protection Policy Chapter 2. Privacy Protection Policy
Part VI. Management of Documents and Records	
Part VII. Roles in Society	
Part VIII. Report of Violation and Protection of Whistleblowers	

Compliance Ethics Management

Core Response Area

2

Organizations in Charge

SK shieldus has the Audit Committee that makes decisions on compliance ethics management, and in order to ensure systematic practice of compliance ethic management, it has the ethical management group under the ESG Division. The ethical management team under the ethical management group is in charge of investigations of the information reported and diagnosis of management activities. The management audit team is in charge of regular/non-regular audits and education on ethical management, etc. and the audit support team is in charge of regular/non-regular reports to the Audit Committee.

Ethical Management Team	Management Audit Team	Audit Support Team
<ul style="list-style-type: none">- Investigation of collected information, operation of reporting/consulting channel- Management diagnosis and inspection of self-cleaning system- Planning/implementation of ethical management-related programs	<ul style="list-style-type: none">- Regular audits and non-regular audits- Education on ethical management- Operation of correct sales Help Desk	<ul style="list-style-type: none">- Support of decision-making of the Audit Committee- Support of education provided by the Audit Committee- Regular/non-regular reports to the Audit Committee

Ethical Management Activities

For internalization of ethical management and spread of ethical culture, SK shieldus operates regular and non-regular ethics training programs and conducts various activities to raise awareness among employees. In particular, the code of conducts and guidelines regarding ethical violations that may occur at work are provided in the form of “Ethical Management Practice Letters,” “Compliance Ethics Webtoon” and “Mutual Respect Webtoon”, which are also posted on the intranet. In order to remove risks of unethical behaviors in advance and ensure prevention-based ethical management, SK shieldus conducts management diagnosis and audits on a regular basis. Based on the results of the diagnosis and audits, we constantly strengthen the level of internal control by identifying action items and improving relevant processes.

Classification	Major Activities	Frequency
Ethics education and activities to raise awareness	Education on compliance and ethics	1
	Education on ethical management /ethical sales	Occasionally
	Pledge on compliance ethics management	1
	Ethical management practice workshop	1
	Ethical management practice letters	7
	Mutual respect webtoon	4
	Mutual respect campaign	6
Management diagnosis / audits	Audit of overall operation of branch offices	8
	Regular monitoring	Occasionally
	Audit of high-risk area of Physical Security	4
	Audit of overall management of Information Security projects	1
	Audits on employee benefits	1
	Inspection of self-cleaning system	1

Compliance System

Regulations on fair competition, anti-corruption, and environmental protection are becoming stricter around the world, and government policies also emphasize the importance of transparent and ethical management of corporate activities and compliance with antitrust laws. Accordingly, companies are required to fulfill corporate social responsibilities more strictly than ever. In response to these changes, SK shieldus has established a compliance management program that enables employees to voluntarily comply with antitrust laws, which contributes to prevention of tangible and intangible damages caused by violation of laws.

Compliance check	Contract control / Legal review	Regulation management	Information Protection	Occupational Safety	Anti-corruption
<ul style="list-style-type: none">• Prior inspection on affiliates’ transactions• Inspection on subcontracts• Inspection on Security Services Industry Act• Inspection on Occupational Safety and Health Act	<ul style="list-style-type: none">• Management and review of standard and non-standard contracts• Seal management and legal review	<ul style="list-style-type: none">• Enactment and amendment of corporate rules• Operation of compliance guidelines	<ul style="list-style-type: none">• Information protection management system	<ul style="list-style-type: none">• Safety and Health management system	<ul style="list-style-type: none">• Due diligence of ethical management system by a third party• Report on gifts and entertainment• Process to report conflicts of interest• Process to prevent improper collaborative acts (collusion)

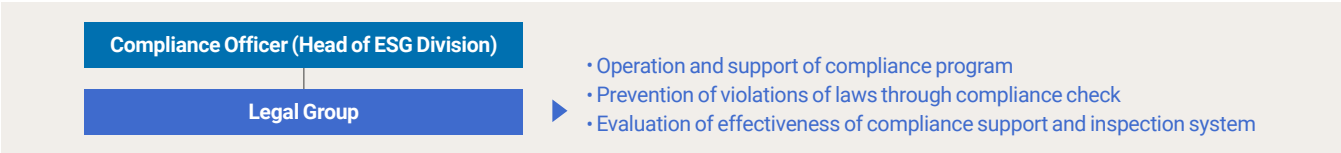
Compliance Organization

We appoint the Compliance Officer to ensure compliance with all laws and company regulations. As a department dedicated to compliance management, the Legal Group provides employees with education and supports compliance practices, establishing CP* regulations, detailed guidelines, and various compliance guidelines.

* CP: Compliance program

Organization Dedicated to Compliance Management

SK shieldus evaluates effectiveness of its compliance check system in accordance with the compliance control standards. The categories of evaluation are assessment and management of legal risks, compliance training and creation of compliance environment. Whether our compliance check and relevant support activities are effectively designed and operated in these three categories is evaluated. The evaluation in 2022 confirmed that our compliance check and support activities are operated in a manner that can prevent or detect legal risks in a timely manner, and based on such results, plans for the following years were established.

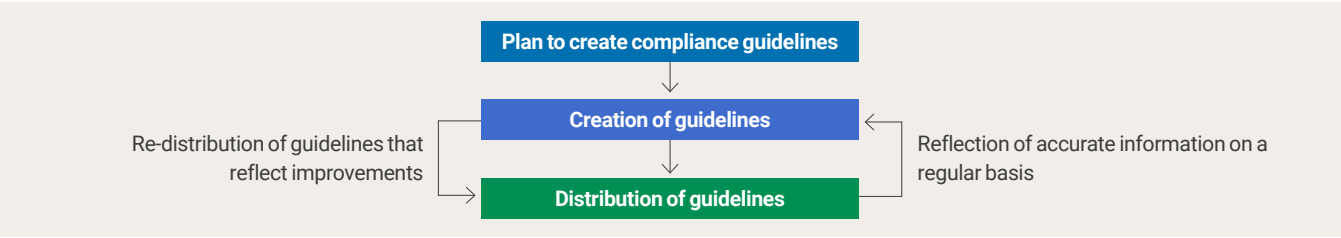


Compliance Ethics Management

Core Response Area 2

Compliance Guidelines

In order to create a compliance management environment, SK shieldus comes up with the compliance guidelines and posts them on the internal website so that the employee may easily access them. The guidelines not only include antitrust laws and compliance standards but also contain various items related to safety of employees and citizens. In addition, the major laws and procedures addressed in the guidelines are constantly amended and supplemented to reflect the recent changes to them. In 2022, contract management provisions and recent amendments of the relevant laws were added to the guidelines.



Effectiveness Evaluation

SK shieldus has evaluated whether each area of compliance check and support activities is effectively designed and operated. The evaluation confirmed that our compliance check and support activities are operated in a manner that can prevent or detect legal risks in a timely manner. SK shieldus has set a goal of advancement of the compliance management system in 2023 after evaluating the level of the current compliance management system and identifying major risk factors. We will constantly conduct evaluations to discover further improvements to be made.

Area of evaluation	Standards of Evaluation	Results of Evaluation
Evaluation/management of legal risks	<ul style="list-style-type: none">• Whether compliance check is conducted• Whether proper actions are taken against any issues found in compliance check• Timeliness of risk management in rapidly changing regulatory environment• Whether proper process to ensure compliance of employees exists	<ul style="list-style-type: none">▶ Implementing timely inspection by selecting target areas taking into account the regulatory environment▶ Establishing plans for improvements and implementing actions for prevention of repetition▶ Preparing the process to respond the changing regulatory environment by identifying legislative, regulatory, or policy trends▶ Establishing appropriate procedural regulations to comply with applicable laws, e.g. regulations on punishment and on HR management against employees violating the laws.
Compliance training	<ul style="list-style-type: none">• Whether a constant emphasis is given on the need of compliance management• Effectiveness of compliance training programs for employees	<ul style="list-style-type: none">▶ Implementing regular and constant compliance training▶ Enhancing effectiveness of training programs by organizing and implementing them in a timely manner
Creation of compliance environment	<ul style="list-style-type: none">• Whether roles and responsibilities regarding compliance control are established throughout the company from the highest-ranking management to each department• Awareness of compliance management among employees	<ul style="list-style-type: none">▶ Efficiently implementing compliance control in accordance with roles and responsibilities of each organization of the company▶ Employees are aware of importance/need of compliance management and cooperating actively for compliance check, etc.

Monitoring and Responses for Prevention of Compliance Risks

SK shieldus establishes compliance control standards as company regulations and conducts compliance inspection activities based on them. Key fields of monitoring are the laws regarding fair transactions, security services, privacy protection and occupational safety and health, etc. and we always monitor whether there is a possibility of violations of any laws and regulations that we must abide by.

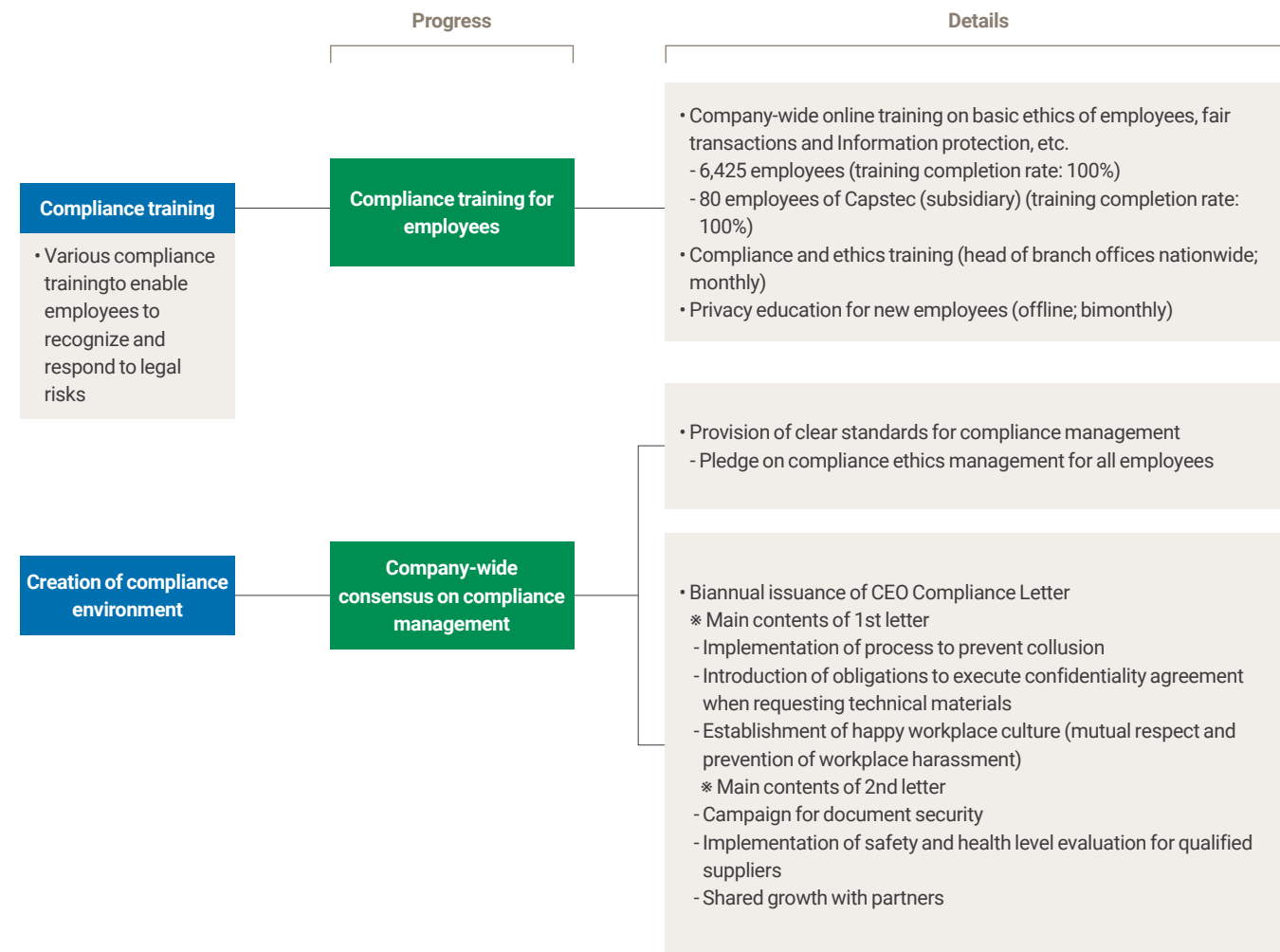
Initiatives	Details
Evaluation/management of legal risks	<ul style="list-style-type: none">• Diagnosis of business environment/risk levels and selected top priorities as CP task① Advancement of system to comply with the Fair Transactions in Subcontracting Act<ul style="list-style-type: none">- Development of systems for contract amendments, notification of test results, reduction of construction costs and issuance of documents, etc.② Implementation of documentary inspection③ Compliance support for subsidiaries in preparation for investigations by regulatory authorities (on subcontract, etc.)④ Advancement of systems for legal support, e.g. preliminary legal consulting/ contract review, improvement of seal management process, etc.<ul style="list-style-type: none">- Introduction of electronic approval system for legal review, expansion of standard contract, amendment of regulations on seal management, etc.
	<ul style="list-style-type: none">• Biannual inspection of risks related to the Security Services Industry Act• Inspection of subcontracting risks• Inspection of risks related to the Occupational Safety and Health Act (safety management expenses)• Inspection of Information protection management system• Security check, e.g. status of branch offices' Privacy Protection, etc.
	<ul style="list-style-type: none">• Establishment of processes to prevent improper collaborative acts (collusion)• Improvement of process for prior inspection of affiliate transactions to raise efficiency/expertise• Amendment of company-wide risk management system for more systematic response to risks
	<ul style="list-style-type: none">• Responses to the projects of the Fair Trade Commission• Establishment of process for application for adjustment of subcontract costs and prepare for response to disclosure of subcontracting transactions• Sharing of major issues, e.g. trends in investigations under the Serious Accidents Punishment Act, and risk management• Identification of, and response to, new issues, such as supply chain security, etc., and stronger regulations on privacy

Compliance Ethics Management

Core Response Area **2**

Compliance Ethics Training

In order to enable its employees to recognize and respond to legal risks that might occur while working, SK shieldus runs ethics and compliance training programs that provide various related contents. In 2022, a company-wide online course was provided with respect to basic ethics of employees, fair transactions and Information protection, etc. After completion of the training program, a webtoon was made based on the contents and posted on the internal website of the company.



Ethics/Compliance
Training
Completion Rate
100%



ESG Performance Data

- 73 Financial Performance
- 74 Environmental Performance
- 75 Social Performance
- 82 Governance Performance





Financial Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
Company Profile			Number of employees	persons	6,829	6,563	6,497	●	●	●
			Number of operation sites	sites	106	106	104	●	●	●
			Domestic infrastructure and operation sites	sites	103	103	103	●	●	●
			Oversea infrastructure and operation sites	sites	3	3	1	●	●	○
			Number of countries where operation sites are located	sites	3	3	1	●	●	○
Summarized Financial Statement			[Current Asset]	KRW million	490,033	441,781	301,358	●	●	○
			[Non-current Asset]	KRW million	2,872,455	2,823,395	2,805,669	●	●	○
			Total Asset	KRW million	3,362,489	3,265,176	3,107,027	●	●	○
			[Current Liability]	KRW million	563,570	503,898	414,965	●	●	○
			[Non-current Liability]	KRW million	2,339,525	2,385,095	2,348,116	●	●	○
			Total Liability	KRW million	2,903,096	2,888,994	2,763,082	●	●	○
			[Capital Stock]	KRW million	37,942	37,942	37,409	●	●	○
			[Capital Surplus]	KRW million	303,154	303,154	265,912	●	●	○
			[Retained Earnings]	KRW million	105,687	33,141	40,652	●	●	○
			[Other components of equity]	KRW million	12,608	1,943	-29	●	●	○
			Total Equity	KRW million	459,393	376,182	343,944	●	●	○
			Sales	KRW million	1,792,829	1,549,714	314,698	●	●	○
			Operating Income	KRW million	145,317	121,893	26,412	●	●	○
			Net Income from Continuing Operations	KRW million	145,317	121,893	26,412	●	●	○
			Net Income from Discontinued Operations	KRW million	-	-	-	●	●	○
			Consolidated Net Income	KRW million	57,491	16,912	22,625	●	●	○
			Net income attributable to owners	KRW million	57,491	16,912	22,625	●	●	○
			Earnings Per Share (EPS)	KRW	758	226	823	●	●	○



Environmental Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
Greenhouse Gas Emission ¹⁾	Total emissions		GHG emissions (Scope 1 + Scope 2)	tCO ₂ eq	13,591.7	15,287.6	15,571.7	●	●	●
			GHG emissions intensity (Scope 1 + Scope 2)	tCO ₂ eq/KRW100 million	0.87	1.27	5.10	●	●	●
	Direct (Scope 1) emissions		Gross Scope 1 emissions	tCO ₂ eq	11,770.8	11,789.5	12,160.2	●	●	●
			Scope 1 emission intensity	tCO ₂ eq/KRW100 million	0.75	0.98	3.99	●	●	●
	Energy indirect (Scope 2) emissions		Gross Scope 2 emissions (market-based)	tCO ₂ eq	1,820.9	3,498.1	3,411.5	●	●	●
			Scope 2 emission intensity (market-based)	tCO ₂ eq/KRW100 million	0.12	0.29	1.12	●	●	●
Energy Consumption	Energy consumption		Total Non-renewable energy consumption	GJ	216,835.8	217,937.3	223,866.4	●	●	●
			Fuel Consumption	GJ	189,806.0	190,520.4	197,128.0	●	●	●
			– LPG ²⁾	GJ	135,103.3	137,904.9	147,348.3	●	●	●
			– Diesel	GJ	15,175.2	13,264.4	11,367.2	●	●	●
			– Gasoline	GJ	36,673.9	36,154.1	35,562.9	●	●	●
			– LNG	GJ	2,853.6	3,197.0	2,849.6	●	●	●
			Electricity consumption ³⁾	GJ	27,029.8	27,416.9	26,738.4	●	●	●
			– Head office	GJ	15,610.5	16,377.0	16,447.7	●	●	●
			– Local office	GJ	11,045.8	11,016.6	10,290.7	●	●	●
			– Vehicles	GJ	373.5	23.3	0	●	●	●
	Renewable energy consumption		Renewable energy consumption	GJ	12,758.4	0	0	●	●	●
			– Green Premium energy consumption	GJ	12,758.4	0	0	●	●	●
			– Solar power generation	GJ	0	0	0	●	●	●
	Energy intensity		Energy Intensity	GJ/KRW100 million	13.9	18.1	73.8	●	●	●
Products Recycling	Recycled products		Products recalled	products	1,726,643	1,735,802 ⁴⁾	1,756,187	●	●	●
			Assets of products refurbished	products	954,073	902,000	949,598	●	●	●
			Percentage of refurbished products	%	55	52	54	●	●	●
Waste Disposal	Waste disposal		Total Waste disposed	ton	363	303	- ⁵⁾	●	●	-
			– General waste	ton	363	303	-	●	●	-
			– Designated waste	ton	0	0	-	●	●	-
			Waste disposal intensity	kg/KRW100 million	20.2	19.6	-	●	●	-

1) Change in intensity of LPG density and power
2) Intensity of waste changed in 2022 (0.578 kg/L -> 0.584 kg/L)
3) Electricity consumption partly includes consumption of renewable energy-generated electricity , Updates to electricity usage per area (33.8 kWh/m² -> 8.5 kWh/m²) and to energy conversion units for electricity (9.6 MJ/kWh -> 3.6 MJ/kWh) of certain facilities
4) Data revised due to error in data processing
5) -: Unmanaged data

Social Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
Employee Compensation	Women-to-men basic salary ratio		Women-to-men basic salary ratio	%	89.5	92.1	100.2	●	●	●
Employee Appraisal			Employee receiving regular appraisal	persons	5,871	5,881	1,444	●	●	●
			Percentage of employee receiving regular appraisal	%	100	100	100	●	●	●
Employee Training	Employee training program		Total training expenses	KRW	1,965,162,902	1,138,642,918	1,220,249,144	●	●	●
			Total trained employees	persons	6,866	6,598	4,873	●	●	•
			Total training hours	hours	1,984,274	2,408,270	1,403,424	●	●	•
			Total training hours (per job) head office	hours	793,710	963,308	561,370	●	●	•
			Total training hours (per job) local offices	hours	1,190,564	1,444,962	842,054	●	●	•
			Total training hours (per gender) male	hours	1,805,689	2,191,526	1,319,219	●	●	•
			Total training hours (per gender) female	hours	178,585	216,744	84,205	●	●	•
			Average training hours per employee	hours	289	365	288	●	●	•
Human Rights Management	Human rights protection and prevention program		Human rights training trainees	persons	7,393	7,022	5,220	●	●	•
			Ratio of human rights training trainees	%	110	100	100	●	●	•
Labor-Management Relations	Labor-management relations performance	Employee satisfaction	Employee satisfaction level (out of 5)	point	3.71	3.56	3.62	●	●	•
			Employee satisfaction survey response rate	%	38.6	37.5	52.5	●	●	•
		Employees subject to collective agreement	Percentage of employees subject to collective agreement ⁶⁾	%	87.3	89.8	63.9	●	●	•

6) Revision in method of calculation (employees subject to collective agreement/employees)X100

Social Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
Employee Diversity	Total employee		Total employees	persons	6,829	6,563	6,497	●	●	●
			Male employees	persons	6,112	5,959	5,921	●	●	●
			Female employees	persons	717	604	576	●	●	●
			Percentage of male	%	89.5	90.8	91.1	●	●	●
			Percentage of female	%	10.5	9.2	8.9	●	●	●
	By employment type		No fixed-term employees	persons	6,032	5,792	5,641	●	●	●
			– Male	persons	5,392	5,240	5,126	●	●	●
			– Female	persons	640	552	515	●	●	●
			Fixed-term employees	persons	797	771	856	●	●	●
			– Male	persons	720	719	795	●	●	●
			– Female	persons	77	52	61	●	●	●
			Full-time employees	persons	6,787	6,533	6,478	●	●	●
			– Male	persons	6,094	5,941	5,904	●	●	●
			– Female	persons	693	592	574	●	●	●
			Part-time employees	persons	42	30	19	●	●	●
			– Male	persons	18	18	17	●	●	●
			– Female	persons	24	12	2	●	●	●
	By rank	Total	Executive level (including CEO)	persons	46	-	-	●	-	-
		By age ⁷⁾	Under 30	persons	0	-	-	●	-	-
			30s	persons	0	-	-	●	-	-
			40s	persons	8	-	-	●	-	-
			50 and above	persons	38	-	-	●	-	-
		By gender	Male executives	persons	44	-	-	●	-	-
			Female executives ⁸⁾	persons	2	1	2	●	●	●
			Percentage of female executives	%	4.3	2.3	4.0	●	●	●
			Female managers	persons	25	25	20	●	●	●
			Percentage of female managers	%	6.3	6.7	5.7	●	●	●

7) Age-based executive reporting started in 2022

8) Independent directors are not included

Social Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
Employee Diversity		Total	Technical workers	persons	1,911	1,679	1,545	●	●	●
			Non-technical workers	persons	4,918	4,884	4,952	●	●	●
	By position		Male technical workers	persons	1,578	1,608	1,307	●	●	●
			Female technical workers	persons	333	271	238	●	●	●
			Percentage of female technical workers	%	17.4	16.1	15.4	●	●	●
			Male non-technical workers	persons	4,534	4,551	4,614	●	●	●
		By gender	Female non-technical workers	persons	384	333	338	●	●	●
			Percentage of female non-technical workers	%	7.8	6.8	6.8	●	●	●
		Total employee	Under 30	persons	1,650	1,348	1,478	●	●	●
			30s	persons	2,913	2,939	2,953	●	●	●
			40s	persons	1,681	1,667	1,574	●	●	●
			50 and above	persons	585	609	493	●	●	●
	By age ⁹⁾	Technical worker	Under 30	persons	579	-	-	●	-	-
			30s	persons	735	-	-	●	-	-
			40s	persons	473	-	-	●	-	-
			50 and above	persons	124	-	-	●	-	-
		Non technical worker	Under 30	persons	1,071	-	-	●	-	-
			30s	persons	2,178	-	-	●	-	-
			40s	persons	1,208	-	-	●	-	-
			50 and above	persons	461	-	-	●	-	-
	Employee with disability ¹⁰⁾		Employees with disability	persons	128	101	89	●	●	●
			Percentage of employees with disability	%	2.8	2.3	1.9	●	●	●

9) Age-based indicator of technical/non-technical workers has been managed separately since 2022

10) Based on the reporting standards of KEAD; based on the ratio of employees with disabilities: 3.1%

Social Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
New Hires	New hires	Total	New hires total	persons	1,413	1,039	1,149	●	●	●
		By gender	– Male	persons	1,152	896	1,012	●	●	●
			– Female	persons	261	143	137	●	●	●
		By age	Under 30	persons	729	606	664	●	●	●
			30s	persons	484	312	343	●	●	●
			40s	persons	173	83	105	●	●	●
			50 and above	persons	27	38	37	●	●	●
	Percentage of new hires	By gender	– Male	%	81.5	86.2	88.1	●	●	●
			– Female	%	18.5	13.8	11.9	●	●	●
		By age	Under 30	%	51.6	58.3	57.8	●	●	●
			30s	%	34.3	30.0	29.9	●	●	●
			40s	%	12.2	8.0	9.1	●	●	●
			50 and above	%	1.9	3.7	3.2	●	●	●
Employee Turnover	Number of turnover	By gender	Total number of employee turnover	persons	1,144	977	969	●	●	●
			Male employee turnover	persons	996	861	864	●	●	●
			Female employee turnover	persons	148	116	105	●	●	●
		By age	Under 30	persons	437	365	364	●	●	●
			30s	persons	500	447	437	●	●	●
			40s	persons	157	119	121	●	●	●
			50 and above	persons	50	46	47	●	●	●

Social Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
Employees Welfare Benefit	Parental leave		Employees entitled to parental leave	person	1,217	1,202	1,180	●	●	●
			– Male	person	1,190	1,152	1,149	●	●	●
			– Female	person	27	50	31	●	●	●
			Employees on parental leave	person	85	84	69	●	●	●
			– Male	person	72	53	58	●	●	●
			– Female	person	13	31	11	●	●	●
			Percentage of employees on parental leave	%	6.9	7.0	5.8	●	●	●
			– Male	%	6.0	4.6	5.0	●	●	●
			– Female	%	48.1	62.0	35.5	●	●	●
			Employees who returned to work after parental leave	person	70	46	49	●	●	●
			– Male	person	46	36	37	●	●	●
			– Female	person	24	10	12	●	●	●
			Return to work rate after parental leave ¹¹⁾	%	82.4	54.8	71.0	●	●	●
			– Male	%	63.9	67.9	63.8	●	●	●
			– Female	%	184.6	32.3	109.1	●	●	●
			Employees who worked for at least 12 months after returning to work	person	43	40	38	●	●	●
			– Male	person	30	32	29	●	●	●
			– Female	person	13	8	9	●	●	●
			Percentage of employees who worked for at least 12 months after returning to work	%	61.4	86.9	77.6	●	●	●
			– Male	%	65.2	88.8	78.3	●	●	●
			– Female	%	54.1	80.0	75.0	●	●	●

11) Equation standardized (=Total number of employees that did return to work after parental leave in the fiscal year/Number of employees on parental leave in the fiscal year)

Social Performance





































Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
Occupational Health and Safety	Occupational injury		Industrial accident rate	%	0.57	0.61	1.09	●	●	•
			Industrial accident intensity rate	‰	0.107	0.074	0.136	●	●	•
			Lost work days	days	1,399	1,633	2,249	●	●	•
			Total working hours ¹²⁾	hours	13,056,064	22,199,664	16,551,192	●	●	•
			Number of work-related injury ¹³⁾	persons	39	40	53	●	●	•
			Lost Time Injury Frequency Rate (LTIFR)	per 1,000,000 working hours	2.22	0.72	1.87	●	●	•
			Occupational Injury Frequency Rate (OIFR)	per 200,000 working hours	0	0	0	●	●	•
			Work-related fatalities	persons	0	0	0	●	●	•
	OHS Training and committee		Trained safety staff ¹⁴⁾	persons	119	2	0	●	●	•
			Number of OHS Committee meetings	times	4	3	3	●	●	•
Impact on Local Community	Social contribution expense		Cash donation	KRW	869,806,473	144,376,055	90,059,711	●	●	•
			Employees’ social contribution	KRW	29,745,464	13,994,060	15,046,408	●	●	•
	Social contribution performance		Total participation hours	hours	1,073	1,042	1,352	●	●	•
			Total participants	persons	371	391	320	●	●	•
Information Protection	Preventive / responsive activities		Information security audit rate	%	100.0	100.0	100.0	●	●	●
			Number of certified information security operation sites	sites	12	12	12	●	●	●
			Completion rate of information protection training participants	%	100.0	100.0	100.0	●	●	●
	Achievements		Number of privacy breaches	cases	0	0	0	●	●	●
			Number of information security violations or cyber security incidents	cases	0	0	0	●	●	●
			Total amount of monetary losses as a associated with user privacy	KRW	0	0	0	●	●	●
			Number of users affected from data breach	persons	0	0	0	●	●	●

12) Change the basis of total working hours in 2022 from the contract-specified working hours to basic working hours
13) Change in injury counting criteria since 2022: from reported industrial accident to the Ministry of Employment and Labor to approved industrial accident cases by Korea Worker’s Compensation and Welfare Service
14) Extension in the scope of safety staff from safety manager only to others including safety manager

Social Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
Supplier	Overview		Total number of suppliers	companies	1,163	1,069	1,026	●	●	•
			Total purchase a mount	KRW 100 million	5,797	5,056	4,950	●	●	•
	Supplier Management		Suppliers that agreed with Code of Conduct	companies	1,050	-	-	●	-	-
			Percentage of suppliers participating in Code of Conduct	%	90.3	-	-	●	-	-
	Supplier ESG Assessment		Supplier assessed	companies	0	0	0	●	●	●
			Rate of suppliers implementing improvement measures	%	0	0	0	●	●	●
			Number of contracts terminated or not renewed with suppliers due to corruption-related violations	cases	0	0	0	●	●	●

Governance Performance

Main Category	Medium Category	Sub Category	Indicator	Unit	2022	2021	2020	Reporting Scope		
								2022	2021	2020
BOD Structure and Composition	Board composition		Number of Board members	persons	7	7	7			
	Board diversity		Female directors	persons	2	2	1			
			Ratio of female director	%	29.0	29.0	14.0			
	Board independence		Independent directors	persons	4	4	0			
			Ratio of independent directors	%	57.0	57.0	0.0			
BOD Operation	Board meetings		Number of board meetings held	times	11	20	11			
Stakeholder Engagement	Stakeholder engagement frequency by type		Engagement method and frequency by type - employees	times	20	6	6			
			Engagement method and frequency by type - customers	times	4	8	8			
			Engagement method and frequency by type – shareholders & investors	times	80	48	4			
			Engagement method and frequency by type – suppliers	times	35	6	6			
Compliance Ethics Management	Ethics training		Trained participants ¹⁾	persons	6,505	6,414	6,326			
			Rate of trained participants	%	100	100	100			
	Compliance		Number of lawsuit filed	cases	19	22	26			
			Total fines ²⁾	KRW	1,500,000	3,160,000	200,000			
			Total non-monetary sanctions	cases	2	2	0			
			Total incidents of corruption	cases	0	0	0			
			Internal reports of corruption	cases	0	0	0			

1) All eligible for training, except those in special services, oversea services, working at oversea corporates, taking time off due to industrial accidents, parental leave, sick leave and so on.
2) Determined amount for financial penalties including fines of the fiscal year



Appendix

- 84 GRI Content Index
- 86 SASB Index
- 88 TCFD Index
- 89 Independent Assurance Statement
- 91 Association Membership and Awards



GRI Content Index

Statement of use	SK shieldus has prepared this report in accordance with the GRI Standards for the period from 1 January, 2022 to 31 December, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	As of July 2023, there is no applicable GRI Sector Standards. Therefore, various external sources were analyzed in order to identify material topics relevant to the industrial characteristic of SK shieldus.

* Global Reporting Initiative

GRI Standard		Disclosure	Reporting page	Note
General Disclosures				
GRI 2: General Disclosure 2021	2-1	Organizational details	6	
	2-2	Entities included in the organization’s sustainability reporting	2023 Annual Report 44	
	2-3	Reporting period, frequency, and contact point	2	
	2-4	Restatements of information	74, 75, 77, 79, 80	
	2-5	External assurance	88-89	
	2-6	Activities, value chain and other business relationships	12-16, 39, 2023 Annual Report 14-22	
	2-7	Employees	76, 2023 Annual Report 271	Based on the year-end headcount; all employees have guaranteed working hours
	2-8	Workers who are not employees	-	Omission (Information unavailable)
	2-9	Governance structure and composition	23, 62-65	
	2-10	Nomination and selection of the highest governance body	63	
	2-11	Chair of the highest governance body	63	
	2-12	Role of the highest governance body in overseeing the management of impacts	23, 30, 48, 55, 66, 69	
	2-13	Delegation of responsibility in sustainability reporting	23, 30, 48, 55, 66, 69	
	2-14	Role of the highest governance body in sustainability reporting	23	
	2-15	Conflicts of interest	63, 66, 69, 2023 Annual Report 203, 242- 244	

GRI Standard		Disclosure	Reporting page	Note
General Disclosures				
GRI 2: General Disclosure 2021	2-16	Communication of critical concerns	23, 64, 66, 2023 Annual Report 240-243	
	2-17	Collective knowledge of the highest governance body	2023 Annual Report 245-246	
	2-18	Evaluation of the performance of the highest governance body	65	While BOD composition does take into account expertise, independence, and ESG expertise, there is currently no evaluation of the Board’s activity.
	2-19	Remuneration policies	-	Omission (Confidentiality constraints)
	2-20	Process to determine remuneration	54, 65, 2023 Annual Report 272-275	
	2-21	Annual total compensation ratio	-	Omission (Confidentiality constraints)
	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments	68	
	2-24	Embedding policy commitments	68-71	
	2-25	Processes to remediate negative impacts	30, 31, 40, 45, 51, 66, 68, 82	
	2-26	Mechanisms for seeking advice and raising concerns	68	
	2-27	Compliance with laws and regulations	80, 82, 2023 Annual Report 300-301	
	2-28	Membership associations	90	
	2-29	Approach to stakeholder engagement	27, 43, 51, 53, 82	
	2-30	Collective bargaining agreement	75	

GRI Content Index

GRI Standard		Disclosure	Reporting page	Note
Material Topic				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	25	
	3-2	List of material topics	25-26	
Topic 1. Data security & Privacy				
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 44-45	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	80	
Topic 2. Ethics & Compliance				
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 68-71	
GRI 205: Anti-corruption 2016	205-2	Operations assessed for risks related to corruption	40, 65, 71, 82	
	205-3	Confirmed incidents of corruption and actions taken	82	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2023 Annual Report 301	No regulatory violation was made during the reporting period
Topic 3. Diversity, Equality and Inclusion				
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 55	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	76-77	
		Employee with disability hire rates	77	
Topic 4. Board Composition and Operation				
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 62-65	

GRI Standard		Disclosure	Reporting page	Note
Topic 5. Management of Suppliers' ESG				
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 39-40	
		Percentage of new suppliers joining CSR practice	40	
Topic 6. Customer Service				
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 43-44	
		Customer satisfaction	43	
Topic 7. Energy & GHGs				
GRI 3: Material Topics 2021	3-3	Management of material topics	26, 30-34	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	74	
	302-3	Energy intensity	74	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	74	
	305-2	Energy indirect (Scope 2) GHG emissions	74	
	305-4	GHG emissions intensity	74	

SASB Index

SK shieldus has disclosed in this report the indicators related to the Software & IT Services industry within the Technology & Communication sector, as well as the indicators related to the Professional & Commercial Services industry within the Services sector, based on the SASB Industry Standards. Among the indicators of these two industries, we have selected and reported on the ones that are highly relevant to our business. While there may be some information that has not been disclosed due to reasons such as data management or confidentiality, we plan to continuously review and incorporate expanding disclosure information to communicate with stakeholders effectively.

Industry	Code	Accounting Metric	Reporting Page	Status of SK shieldus
Environmental Footprint of Hardware Infrastructure				
Software & IT Services	TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	74	SK shieldus does not own any data center.
	TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	-	
	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	-	
Data privacy & Freedom of Expression				
Software & IT Services	TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	44-45	Not applicable during the reporting period
	TC-SI-220a.2	Number of users whose information is used for secondary purposes	-	
	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	80	
	TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	-	
	TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	-	SK shieldus provides products and services in the field of Converged Security. In relation to this, we do not receive requests for monitoring, blocking, or any similar actions from the government, judiciary, or law enforcement agencies.
Data Security				
Software & IT Services Professional & Commercial services	TC-SI-230a.1 SV-PS-230a.3	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	80	Not applicable during the reporting period
	TC-SI-230a.2 SV-PS-230a.1	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	44-45	
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	76-77	

SASB Index

Industry	Code	Accounting Metric	Reporting Page	Status of SK shieldus
Recruiting & Managing a Global, Diverse & Skilled Workforce				
Software & IT Services	TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	-	
	TC-SI-330a.2	Employee engagement as a percentage	53	
	TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	76-77	
Intellectual Property Protection & Competitive Behavior				
Software & IT Services	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	-	Not applicable during the reporting period
Managing Systemic Risks from Technology Disruptions				
Software & IT Services	TC-SI-550a.1	Number of users whose information is used for secondary purposes	-	Not applicable during the reporting period
	TC-SI-550a.2	Total amount of monetary losses as a result of legal proceedings associated with user privacy	44-45, 66-67	
Professional Integrity				
Professional & Commercial services	SV-PS-510a.1	Description of approach to ensuring professional integrity	68-71	
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	82	Not applicable during the reporting period
Activity Metrics				
Software & IT Services	TC-SI-000.A	(1) Number of licenses or subscriptions, (2) percentage cloud based	-	
	TC-SI-000.B	(1) Data processing capacity, (2) percentage outsourced	-	
	TC-SI-000.C	(1) Amount of data storage, (2) percentage outsourced	-	
Professional & Commercial services	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	76	
	SV-PS-000.B	Employee hours worked, percentage billable	-	



TCFD Index

SK shieldus discloses its response to climate change based on the recommendations of Task Force on Climate-related Financial Disclosure (TCFD).

Category	Recommended Disclosure	Reporting Page
Governance	a) Describe the board’s oversight of climate-related risks and opportunities.	29, 31
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	29
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	31
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	31
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	32
Risk Management	a) Describe the organization’s processes for identifying and assessing climate-related risks.	29, 31
	b) Describe the organization’s processes for managing climate-related risks.	29, 31
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	29, 31
Metrics and Targets	a) Discloses the metrics used by the organization to asses climate-related risks and opportunities in line with its strategy and risk management process.	29, 32
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	32
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	32, 33

Independent Assurance Statement



LRQA Independent Assurance Statement

Relating to SK shieldus Co., Ltd’s Sustainability Report for the calendar year 2022

This Assurance Statement has been prepared for SK shieldus Co., Ltd in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA was commissioned by SK shieldus Co., Ltd (SK shieldus abbreviated) to provide independent assurance on its ‘SK shieldus 2023 Sustainability Report’ (“the report”) against the assurance criteria below to a “moderate level of assurance and materiality of professional judgement” using “Accountability’s AA1000AS v3”, where the scope was a Type 2 engagement.

- Our assurance engagement covered SK shieldus’ operations and activities in Korea and specifically the following requirements:
- Evaluating adherence to the AA1000 AccountAbility Principles¹ of Inclusivity, Materiality, Responsiveness and Impact
 - Confirming that the report is in accordance with GRI Standards 2021²
 - Evaluating the accuracy and reliability of data and information related to performance indicators on material topics listed in the GRI Content Index.

Our assurance engagement excluded the data and information of SK shieldus’ suppliers, contractors and any third-parties mentioned in the report.

LRQA’s responsibility is only to SK shieldus. LRQA disclaims any liability or responsibility to others as explained in the end footnote. SK shieldus’ responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of SK shieldus.

LRQA’s Opinion

Based on LRQA’s approach nothing has come to our attention that would cause us to believe that SK shieldus has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LRQA’s approach

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing SK shieldus’ approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing SK shieldus’ process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by SK shieldus and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether SK shieldus makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing SK shieldus’ data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Reviewing calculations of direct (Scope 1) and indirect (Scope 2) GHG emissions, and energy consumptions of SK shieldus, but not verifying completeness of the GHG inventory and accuracy of the activity data.
- Reviewing additional evidence made available by SK shieldus at the headquarters of SK shieldus Co. Ltd in Seongnam-si.
- Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

¹ <https://www.accountability.org>

² <https://www.globalreporting.org>

Independent Assurance Statement

Observations

Further observations and findings, made during the assurance engagement, are:

- Inclusivity:
We are not aware of any key stakeholder groups that have been excluded from SK shieldus’ stakeholder engagement process.
- Materiality:
We are not aware of any material issues concerning SK shieldus’ sustainability performance that have been excluded from the report. It should be noted that SK shieldus has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company’s management.
- Responsiveness:
SK shieldus reported on its ESG strategies and approaches to material topics. We hope that SK shieldus will be able to provide specific results related to these efforts in the future.
- Impact:
SK shieldus needs to improve process to identify and assess its impact on the environment, society and human rights by utilizing a wide range of information obtained through the human rights impact assessment, corruption risk assessment, grievance mechanism and stakeholder engagement activities.
- Reliability:
SK shieldus’ data management system for the selected indicators are well defined.

LRQA’s standards, competence and independence

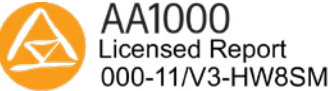
LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is SK shieldus’ certification body for ISO 14001 and ISO 45001. We also provide SK shieldus with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for SK shieldus and as such does not compromise our independence or impartiality.

Tae-Kyoung Kim
Dated: 22 June 2023
LRQA Lead Verifier
On behalf of LRQA
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00001266



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Association Membership and Awards

Association Membership

No.	Association	Date
1	Regular member of FIRST (first among Korean private company)	2005.05.10.
2	Korea Software Financial Cooperative	2006.10.20.
3	Korea Information & Communication Contractors Association	2008.08.08.
4	Regular member of CPO Forum	2014.12.09.
5	Vise-chair company of Korea Information Security Industry Association	2015.12.23.
6	Regular member of CTA (first in Asia)	2017.06.13.
7	Regular member of Consortium of CERT	2020.01.07.
8	Engineering Guarantee Insurance	2020.12.30.
9	Korea Specialty Contractor Financial Cooperative	2020.12.30.
10	‘KARA (Korea Anti-Ransomware Alliance)’ , a private alliance to respond to ransomware	2022.03.17.
11	‘No More Ransome’, the global ransomware threat sharing consortium	2022.05.

Certification

No.	Certification	Certified by	Date
1	AWS Security Competency	AWS	2020.05.21.
2	ISMS-P (Personal Information & Information Security Management System)	Korea Internet & Security Agency	2020.07.29.
3	Designated as a Professional Security Control Company	Ministry of Science and ICT	2021.03.09.
4	Designated as a Information Security Service	Ministry of Science and ICT	2021.03.09.
5	ISO9001: International Certification on Quality Management System *	World Standards Certification	2021.03.19.
6	ISO/IEC27001: International Certification on Information security management system *	BSI Korea	2021.07.27.
7	Designated as a Personal Information Impact Assessment Agency *	Personal Information Protection Commission	2021.12.23.
8	ISO 45001:2018: International Certification on Occupational health and safety *	LRQA Korea	2022.11.03.
9	ISO 14001: International Certification on Environmental management systems	LRQA Korea	2022.12.26.

* Date of newest re-certification

Awards

No.	Award	Awarded by	Date
1	Selected in the corporate social contribution sector of the “Korea Crime Prevention Award” four times (the only private security company)	Korean National Police Agency	2016. ~ 2018. / 2020.
2	Won the President Prize for the best job creation in Korea	Ministry of Employment and Labor	2019.08. / 2020.07.
3	Won the 2021 AWS Technology Partner of the Year	AWS	2021.05.12.
4	Won the Seoul Mayor’s Citation in recognition of spreading the culture of sharing	Seoul Metropolitan Government	2021.12.08.
5	Ranked 1st in the unmanned security service sector of KS-SQI for 2 consecutive years	Korean Standards Association	2022.07.01.
6	Won the Commissioner of the Goyang Branch Public Prosecutors’ Office award at the 2nd Conference on Crime Victims’ Human Rights	Goyang·Paju Criminal Victim Support Center	2022.11.21.
7	Won the “First Brand Award” for 9 consecutive years	Korean Customer’s Forum	2022.12.29.
8	Won the “Most Honorable Company Awards Korea” in cyber security industry for 3 consecutive years	KMAC	2023.03.20.

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