

SUSTAINABLE LIFE CARE PLATFORM

Sustainable Smart Safety Net for Neighbors and Society!
SK shieldus Stands Together with You!

ABOUT THIS REPORT

Report Overview

SK shieldus published its first sustainability report in 2022 and has published it annually since then in order to disclose its systematic management and its efforts to achieve its goals and main outcomes to its stakeholders.

This report focuses on key areas that are relevant to ESG vision and strategic direction of SK shieldus. Furthermore, as the importance of non-financial performance management has increased in recent times, we have included the current status of, and plans for, the corporate's performance related to environment, society, and governance based on certain global disclosure standards, such as the GRI (Global Reporting Initiative), TCFD (Task Force on Climate-related Financial Disclosures), and SASB (Sustainability Accounting Standards Board). SK shieldus plans to disclose its ESG performance and activities transparently and communicate with its stakeholders through this Sustainability Report.

Reporting Standards

This report has been prepared in accordance with the GRI Standards 2021, the international guidelines on sustainability reporting, and the industry indicators of SASB in order to reflect key issues appropriate to the industry's characteristics. As regards financial information, the reporting standards and definitions conform to those of the K-IFRS (Korean International Financial Reporting Standards). We have indicated major changes separately in the relevant parts.

Reporting Period

This report covers our sustainability management activities and performance from January 1 to December 31, 2023, although it also includes some information from the first half of 2024. As regards quantitative data, we present data from the last three years (from 2021 to 2023) to facilitate the reader's understanding of the main trends.

Reporting Scope

This report covers the performance of the Company's headquarters (Pangyo, Samseong-dong, Customer Center and Recycling Center), Regional Headquarter Office (Seoul, South Gyeonggi, North Gyeonggi, Gyeongin, Gangwon, Yeongnam, Gyeongbuk, Chungcheong, Honam and Jeju), and branch offices across the country.

The financial performance data include subsidiaries.

Assurance

The objectivity, fairness and credibility of contents of this Report have been verified by KMR Korea, a third-party assurance agency. We have ensured the fairness and credibility of the preparation process, contents and disclosed data through this verification. Please refer to pages 95-96 for further information on the verification standards and results.

Inquiries

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GOVERNANCE STORY



Sustainable Smart Safety Net for Neighbors and Society! SK shieldus Stands Together with You!

SK shieldus' ESG management slogan was selected via employee participation. This slogan conveys our intention to build a smart safety net by providing sustainable security services in collaboration with our stakeholders.

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<p>RESPONSIBLE GOVERNANCE</p> <p>61 Responsible and Ethical Management</p> <ul style="list-style-type: none"> - Responsible ESG Management Centered on the BOD - Risk Management - Compliance Ethics Management <p style="text-align: right;">5</p>	<p>ESG PERFORMANCE DATA</p> <p>74 Financial Performance</p> <p>76 Environmental Performance</p> <p>78 Social Performance</p> <p>87 Governance Performance</p> <p style="text-align: right;">6</p>	<p>APPENDIX</p> <p>89 GRI Content Index</p> <p>92 SASB Index</p> <p>94 TCFD Index</p> <p>95 Independent Assurance Statement</p> <p>97 Association Memberships & Awards</p> <p>98 People who have contributed to this Sustainability Report</p>	<p>Interactive User's Guide</p> <p>SK shieldus' 2024 Sustainable Report has been published as an interactive PDF that includes shortcuts for moving to the desired pages within the report and links to the related web pages.</p> <p>Navigation</p> <ul style="list-style-type: none">  Move to the Cover  Contents  Move to the Previous Screen

OVERVIEW



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CEO's Message

SK shieldus is leading the market as the operator of the unrivaled “Life Care Platform” that ensures public safety and a safe society beyond the scope of Cybersecurity and Physical Security, and as a company that practices customer-centered management and prioritizes the protection of customers’ assets and personal information. Furthermore, we are implementing ESG management to proactively participate in the global response to climate change and to pursue a social safety net that protects both the vulnerable and the environment.

In the environmental sector, we pursue resource and energy saving and efficiency in our overall management activities to respond to climate change proactively. We have established an eco-friendly management system to minimize greenhouse gas (GHG) emissions and environmental pollution, and are also promoting the circular economy by carrying out innovative projects - such as transitioning business vehicles to electric vehicles by 2028 and recycling recovered equipment.

In the social sector, we provide high-level security products and services with customer satisfaction as our top priority, and we are continuously expanding our services to protect the socially vulnerable in collaboration with local governments and agencies, with the aim of resolving housing insecurity for the ever increasing number of single-person households. Moreover, we are actively building a cyber-security network to respond to the escalating number of cyber-attacks, establishing a safe business environment for companies, and leading the sharing of cyber-security knowledge for the public interest, including the publication of a report on ransomware trends.

In the governance sector, we operate the Board of Directors (BOD), which is completely independent of the company, to realize BOD-centered responsible management and transparent governance. We have also established a compliance and ethical management system that integrates ethical management and compliance management systems as the basis for business execution, while systematically complying with the relevant laws and regulations.

SK shieldus has established the 5-STAR ESG Initiative, which encompasses our ESG growth strategy and implementation plans for the next five years. We also have the BOD review the detailed plans for, and annual progress of, each project.

SK shieldus seeks to grow and develop together with its customers as well as its suppliers, local communities, shareholders and employees, while carrying out diverse activities in the areas of environment, society and governance. In this way, SK shieldus will become an ESG leader, and will make every effort to create a sustainable future for everyone together with all its stakeholders. We ask for your continued encouragement and advice, and your interest in our next move.

I hope that you will continue to follow the activities of SK shieldus, and ask for your generous encouragement and advice.

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



June 2024
CEO, SK shieldus
Hong Won-pyo



Corporate Profile

SK shieldus is a leading security company dedicated to protecting our clients' assets and critical information. We ensure their safety by continuously advancing our innovative and distinctive physical and information security services, leveraging our expertise in AI, data, cloud technology, and various devices.

About SK shieldus

Corporate Overview

As of the end of 2023

Name	SK shieldus Co., Ltd.
CEO	Hong Won-pyo
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)
No. of Employees	7,031 (excluding 3 executive officers)

Business Areas	<p>1. Physical Security Unmanned security and video control using AI-based CCTVs and sensors, access control, facility management services, etc.</p> <p>2. Cybersecurity Information security control and consulting, development of solutions, Cloud Security, Mobile Care Solutions, etc.</p> <p>3. Converged Security The service based on an intelligent converged security platform; and OT (Operational Technology) security for industrial and production facilities, etc.</p>
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Subsidiaries Capstec, Inc., infosec Information Technology (Wuxi)Co., Ltd., SK shieldus America, Inc., SK shieldus Hungary Kft.

Financial Status

As of the end of 2023



Sales

KRW**1,873.5**
billion



Operating profit

KRW**46.4**
billion



Total assets

KRW**3,518.5**
billion



Total Capital

KRW**2,611.1**
billion



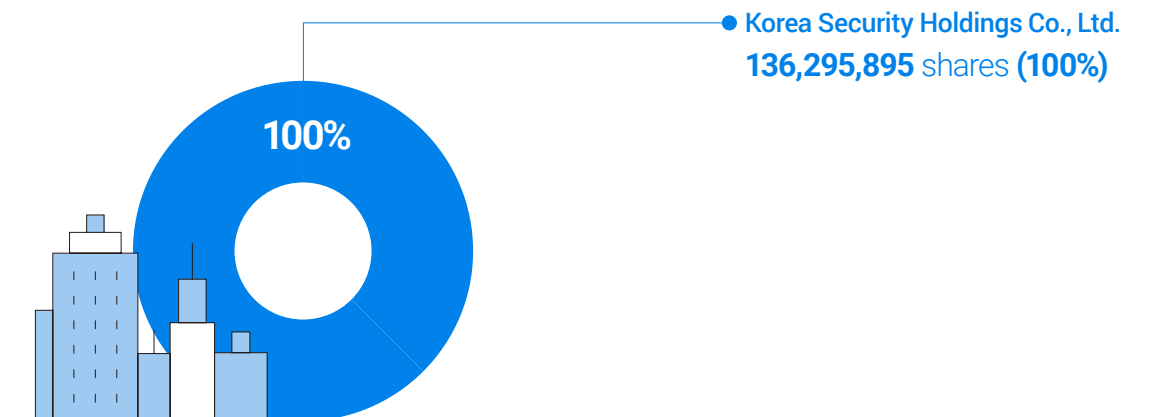
Credit rating

A0*
(Corporate bonds)

* Korea Ratings

Shareholding and Capital Structure

Korea Security Holdings Co., Ltd. is the majority shareholder of SK shieldus and owns 100% of SK shieldus. Under the Articles of Incorporation, 300,000,000 shares were authorized (par value KRW500), and all issued and outstanding shares are common shares. The total number of issued and outstanding shares is 136,295,895 shares as of 2023.

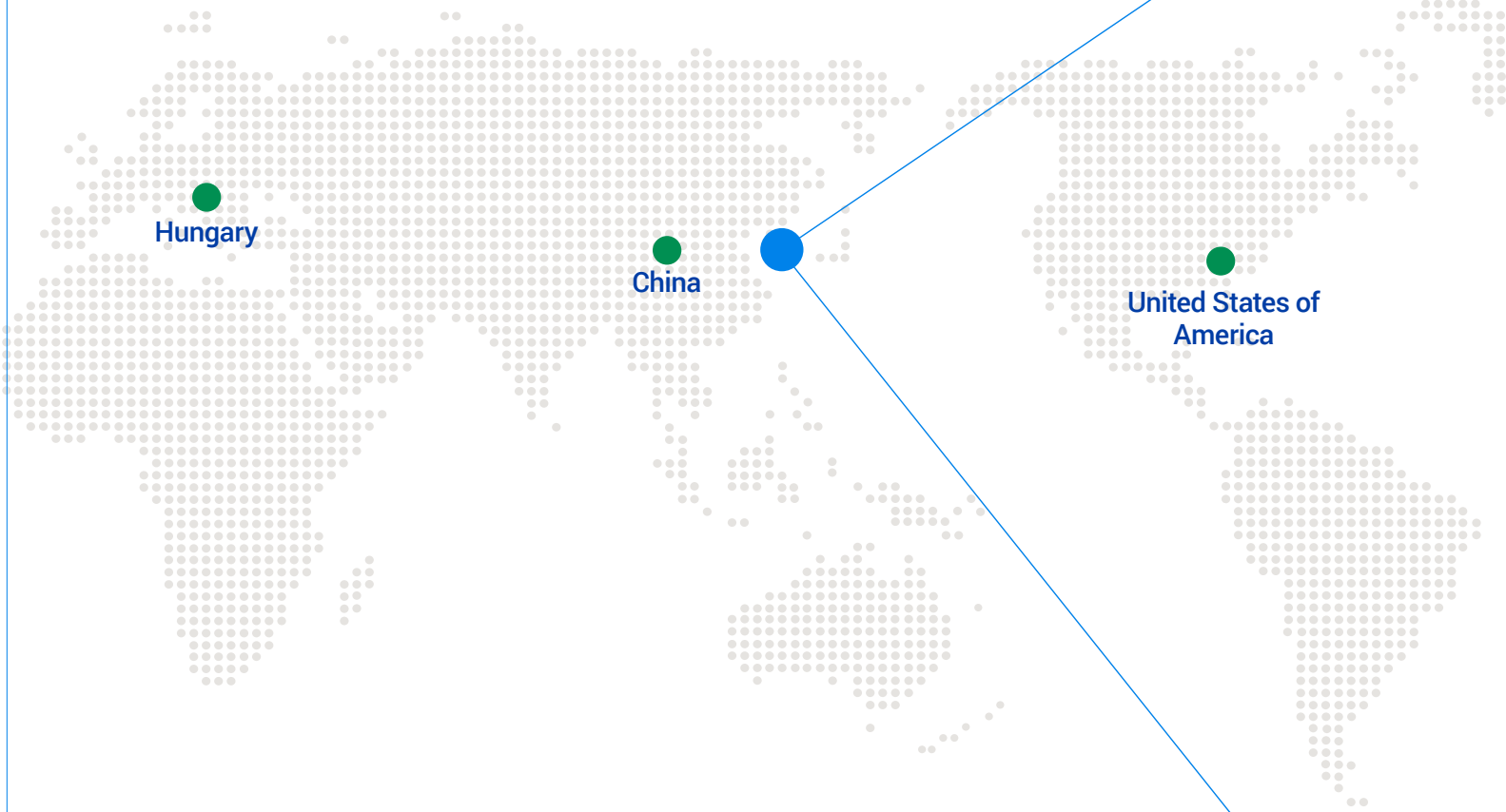


Corporate Profile

Business sites

- Headquarters
- Domestic branches
- Oversea corporations

As of 2023



78 Branches nationwide **3** Oversea corporations

Corporate Profile

Our Vision

The name Shieldus is a composite of “shield” and “us,” meaning that we will create an environment where everyone - including customers, society, and ourselves - feel safe. In 2023, SK shieldus established the 5-STAR Initiatives, a master plan for the future that contains specific action plans for practicing sustainable management. The vision of the 5-STAR Initiatives plan is “to become A top-class leader of digital surveillance and response across customers’ physical and virtual assets.”

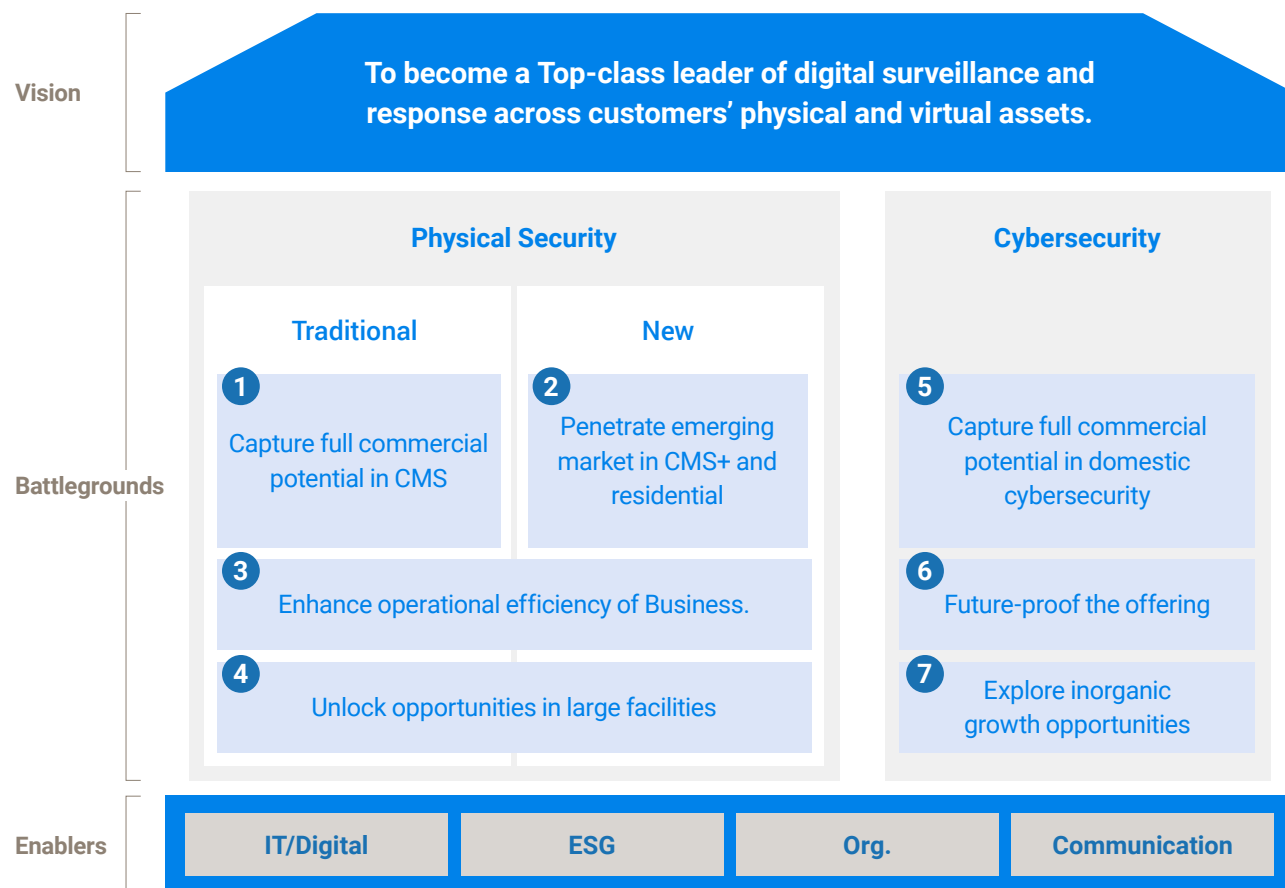
5-STAR Initiative

Overview of 5-STAR

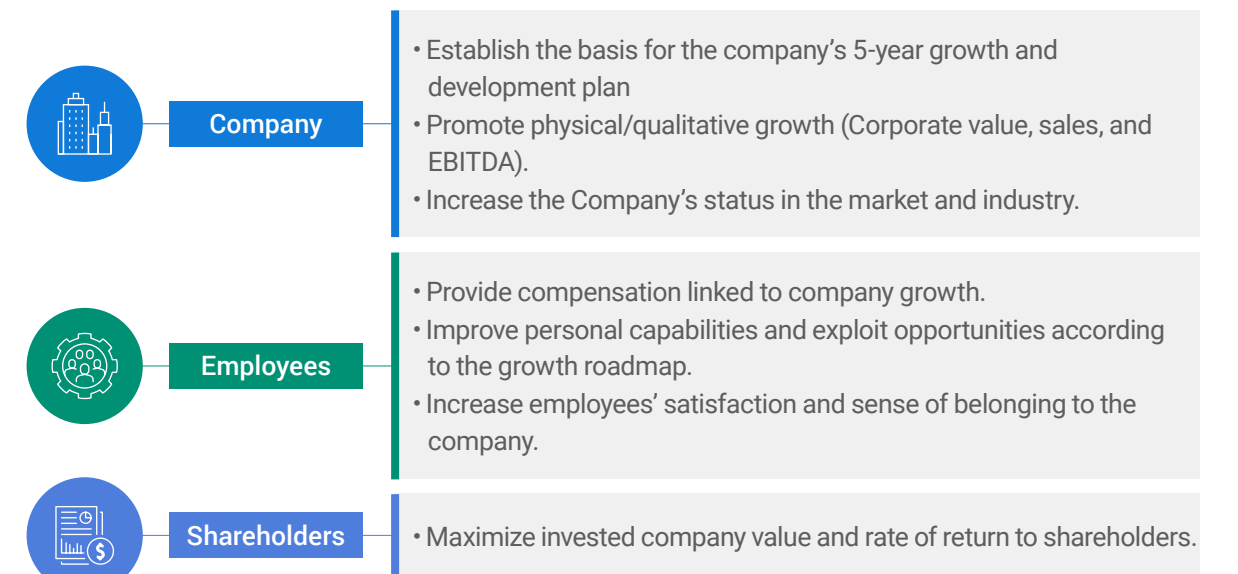
5-STAR is SK Shieldus’ long-term growth and development strategy. With the BOD's support, the top management identified individual projects in seven battlegrounds and four enabler domains, including ESG. The BOD approved 5-STAR in December 2023. SK shieldus manages each project's detailed plans and progress through the 5-STAR Initiative project management system, and the top management checks its progress and discusses ways to improve the execution capability through monthly meetings. Moreover, the BOD is operating a process of providing expert advice and support.

* The name “5-STAR” refers to the “5-Strategy And Re-change” and was selected through an employee contest.

Vision & Battlegrounds



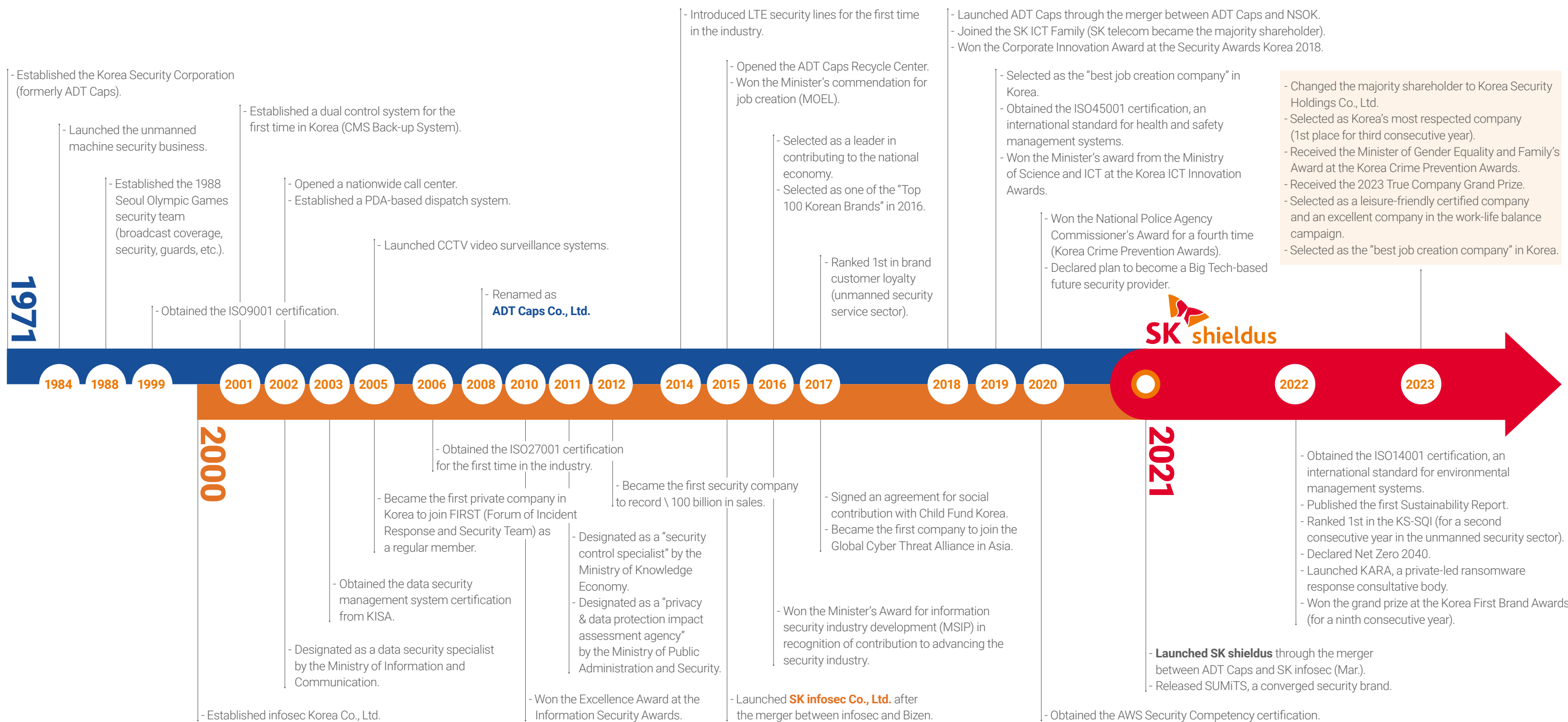
Meaning of 5-STAR for Each Stakeholder



Characteristics of the 5-STAR Initiative



Corporate History



OUR BUSINESS



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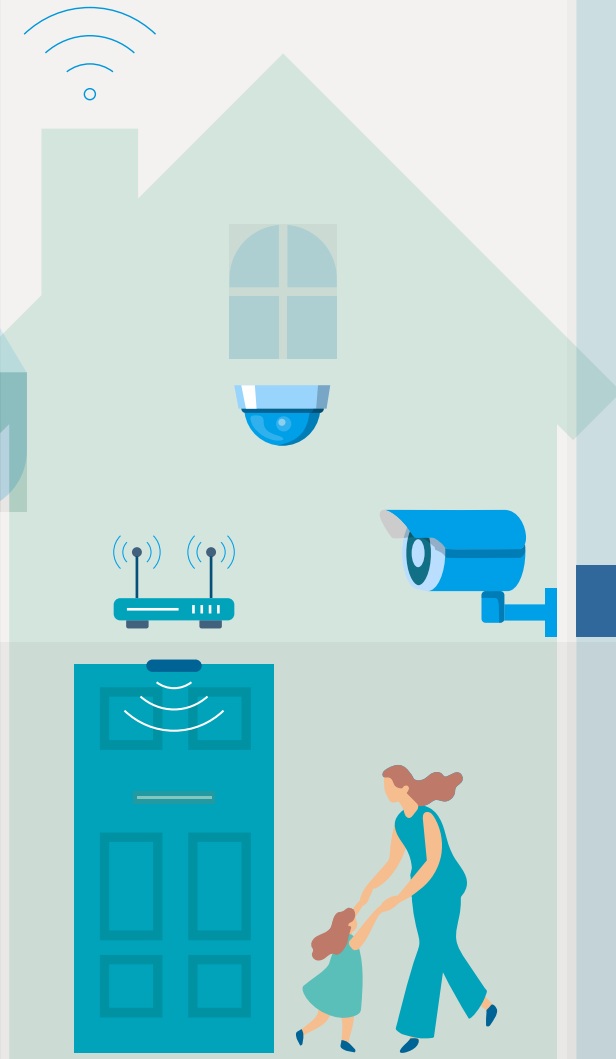
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SK SHIELDUS LAND

SK shieldus will create a safe society where everyday safety leads to a safe society, which extends to a sustainable tomorrow, through the development of new ICT technologies.



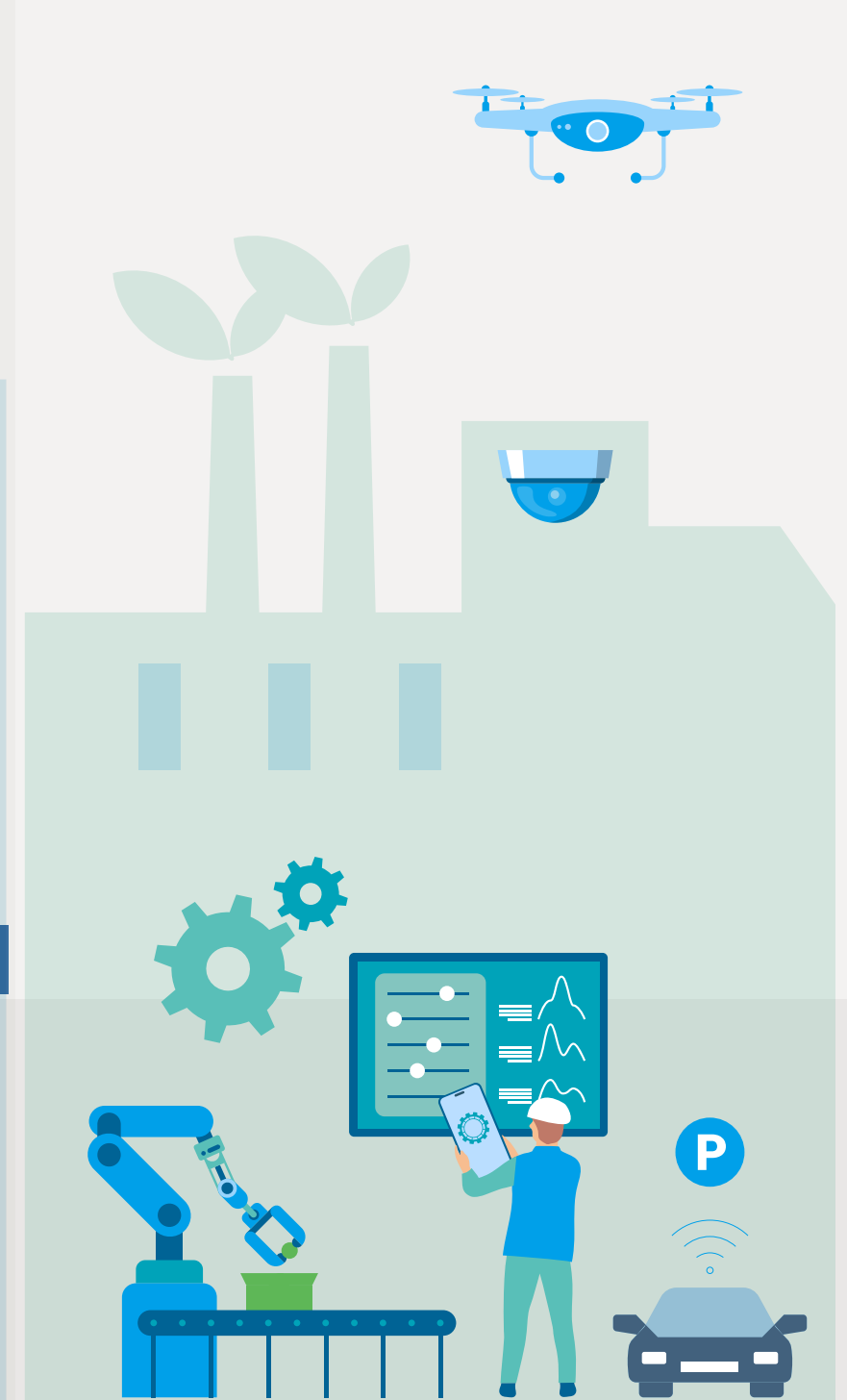
Smart Store



Home Security



Commercial Security



Facility Security

Introduction to Business

- Physical Security
- Cybersecurity
- Converged Security

Physical Security

Physical Security is a service designed to prevent and defend against diverse safety and security threats and to manage and protect tangible and intangible assets owned by the State, businesses, and individuals. Detailed items are divided into commercial security, which provides monitoring and dispatch security through wired and wireless communication-based remote monitoring equipment; smart stores, which provide store operation solutions from unmanned operation to customer analysis; and home security, which ensures a safe daily life.

Type of Business	Service	Description
Physical Security	Commercial Security	AI CCTV A real-time intrusion detection, alarm, and statistical analysis service with high-definition CCTV and AI video analysis technology.
		Security patrol A security service that detects accident signals in real time with sensors and video devices, mobilizes emergency dispatchers, and reports emergencies to the relevant agencies.
		Access control An integrated access management service tailored to business sites, from entry to attendance management.
Smart Store	Unmanned store	An integrated service for platform-based unmanned stores to help store owners operate their stores remotely with confidence 24x365.
	Store management	Advanced store management solutions and services, such as prevention of product theft and analysis of visiting customers.
Home Security		A service that checks the situation outside the front door and scans visitors, and provides facial recognition access control, parcel monitoring, and 24-hour security guard dispatch in the event of an emergency.

Cybersecurity

Protection of systems and communication networks against threats arising from unauthorized access and diverse types of cyberattacks. Categorized into information security services that provide a Full-Service Cycle, including Consulting, Solution/SI, Security Control and ISAC, Cloud Security services, and Mobile Care Solution services.

Type of Business	Service	Description
Cybersecurity	Information Security	Consulting A service that builds an information protection system tailored to the customer's security environment and provides information security measures.
		Solution/SI* Supply, construction, and maintenance of information security solutions for domestic and global companies.
		Security control Professional support service for the operation and management of customers' security systems.
		ISAC** IT technical support and failure response service
Cloud Security		Integrated service, including consulting, development and operation of solutions and monitoring to protect data, applications, and infrastructures within a cloud environment.
Mobile Care Solution		Vaccine and care services, such as the detection of mobile smishing and malicious applications, and a family location notification service

* SI: System Integration

** ISAC: Information Services Assistant Center

Introduction to Business

- Physical Security
- Cybersecurity
- **Converged Security**

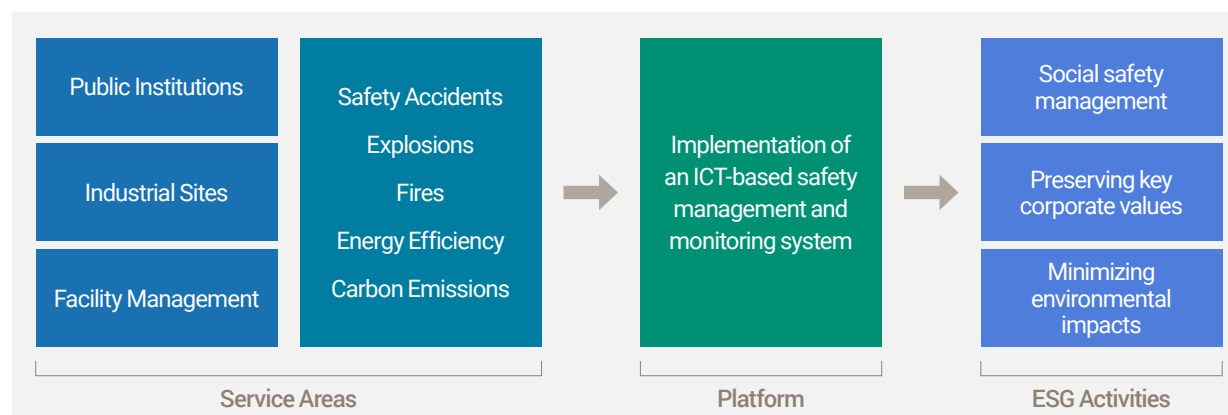
Converged Security

Converged Security is a service designed to protect customers' assets and their personal safety in the face of diverse and complex security threats, using an omnidirectional control and quick threat response system based on an intelligence platform. This converged security service, delivered via the intelligent converged security platform SUMiTS*, which utilizes ICT technologies such as AI, Big Data, and Machine Learning, is largely divided into Converged Security SI, SUMiTS Industrial Safety, SUMiTS OT and SUMiTS FM.

*SUMiTS: The combination word of SUM + Total Security refers to the platform for convergence security.

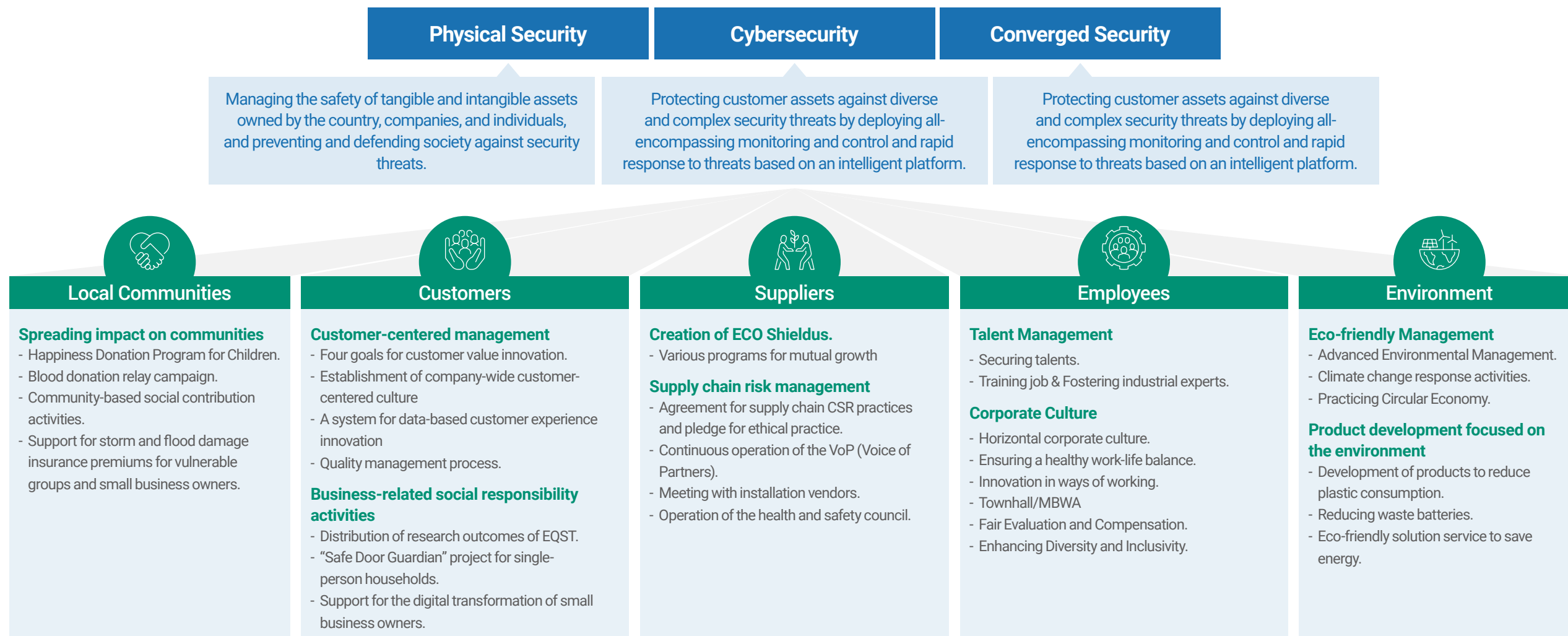
Type of Business	Service	Description
Converged Security	Converged Security SI	A service that enhances the value of security services through the integration of various solutions.
	SUMiTS Industrial Safety	A service that provides video analyses of industrial sites of high risk manufacturing and construction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

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



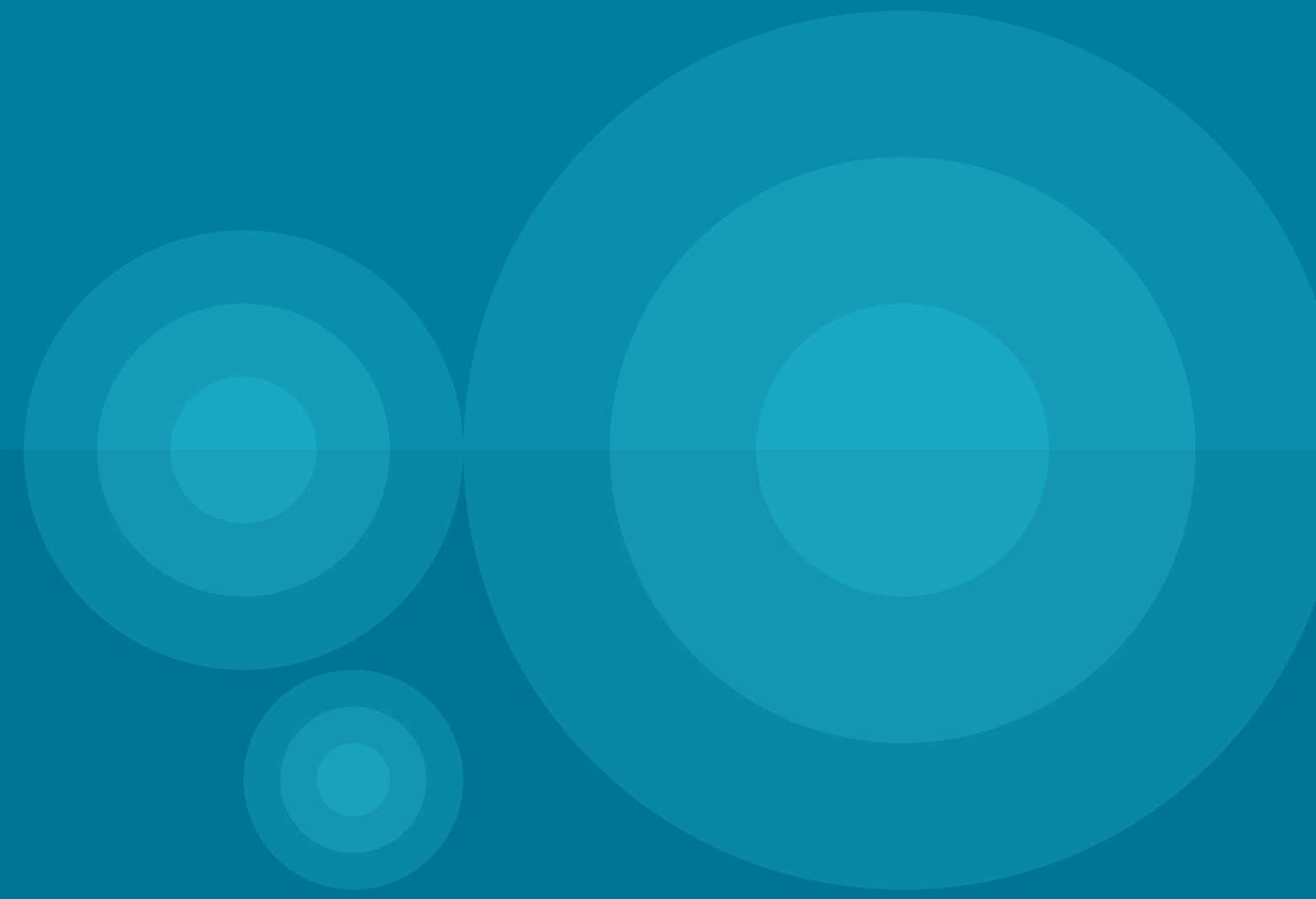
ESG Impacts of Business

SK shieldus uses its unrivaled digital technology capabilities to provide various services that are designed to contribute to creating a safe environment for society's tangible and intangible assets. It also contributes to creating a safe cyber environment by operating a cybersecurity specialist group composed of about 110 white hackers. These total security company services create new social values in daily life while fulfilling our social responsibilities.



<p>Won the National Police Agency Commissioner's Award at the Korea Crime Prevention Awards 5 times</p>	<p>Comprehensive ESG evaluation by Sustainvest Awarded the AA grade overall.</p>	<p>Ranked No. 1 in Korea's Most Admired Company in Cybersecurity for 3 consecutive years.</p>	<p>Received the Prime Minister's Commendation for 2023 Science/ICT Day.</p>	<p>Selected as 'the best job creation company' in Korea 3 times.</p>	<p>Received the 2023 True Company Grand Prize (Korea Employment Agency for Persons with Disabilities).</p>
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ESG Management System

In 2023, to strengthen its ESG management, SK shieldus reorganized the existing ESG management system and established the mid- to long-term implementation tasks and detailed action items based on the results of a materiality assessment. The newly established ESG initiatives report the progress and plans to the top management each month and strengthen their execution capabilities. In addition, key ESG tasks are reviewed and discussed by the Sustainability Committee, and are then deliberated upon and decided by the BOD.

Sustainability Committee

SK shieldus established the ESG Committee in 2021 to report ESG strategies to the BOD and provide advice. In 2024, we renamed it as the Sustainability Committee and tasked it with reviewing and discussing the following major sustainability issues.

- **Environment:** Response to climate change, control/reduction of GHG emissions, improvement of energy efficiency, and implementation of environmentally-friendly policies, etc.
- **Social:** Industrial health and safety, 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, as well as issues that the ESG Committee deems it necessary to manage as ESG issues.

Composition

As of June 2024

Name	Position	Professional Area/Specialty	Period	Remarks
Ha Hye-sung	Independent Director	Management	18.01.2024-31.03.2026	Sustainability Board Champion
Suh Sang-jun	Non-executive director	Financial investment	23.04.2024-31.03.2026	
Han Myung-jin	Non-executive director	Strategic planning	23.04.2024-31.03.2026	

Roles and Authority

The BOD has formed the committee and granted it the authority to manage the company’s overall sustainability issues. The committee deliberates and decides on sustainability issues and reports the results to the BOD. The committee members can approach corporate executives and employees freely and request relevant materials that will help them to perform the committee’s roles.

Operation

In 2023, the ESG Committee met twice and resolved the following four items of agenda. As the procedure for changing the shareholder has been underway since the second half of 2023, we temporarily suspended additional committee meetings in order to establish a new sustainable management system. We held the first regular meeting in May 2024 in order to examine our performance in 2023, review the 5-STAR ESG Initiatives, and discuss our future sustainability strategy and direction.

No.	Date	Agenda	Adoption (consent/attendance/quorum)
1st	03.20.2023	1. Report on the ESG implementation plan (draft) for 2023. 2. Approval of the appointment of the environmental management officer.	Review (4/4/4) Approval (4/4/4)
2nd	03.07.2023	1. Report on the publication (draft) of the 2023 Sustainability Report. 2. Report on the plans for upgrading the compliance management system for 2023.	Review (4/4/4)

ESG Management Group

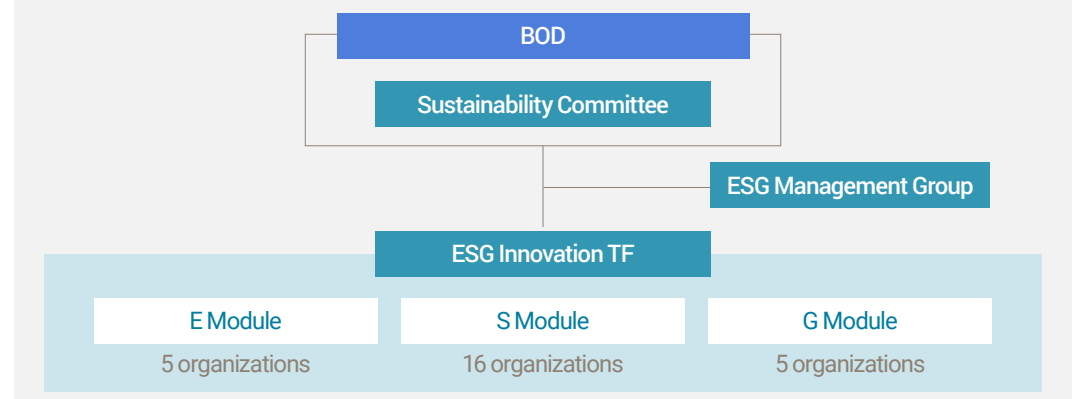
SK shieldus operates the ESG Management Group directly under the CEO as an organization dedicated to establishing and implementing the company’s sustainability strategy. The ESG Management Group performs the following tasks to plan and supervise the implementation of sustainability strategies. In particular, it reviews the performance of the ESG Initiatives and the related KPIs established through the 5-STAR project and periodically reports them to the top management and the BOD, who in turn monitor the newly established sustainability strategy.

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

ESG Innovation TF

SK shieldus has classified the organizations closely related to ESG into three modules, namely environment (E), social (S) and governance (G), based on their duties and operated a TF consisting of the heads and working-level employees of the relevant organizations. The TF plays an important role in internalizing ESG management and improving execution by publishing reports, implementing the company’s ESG management strategy practically, and gathering opinions from the field.

ESG Implementation Organizational Chart



ESG Implementation Strategies

To achieve its sustainability goals, SK shieldus has divided them into E, S, and G areas, set strategic goals for each area, and established and executed a detailed action plan for each issue identified in the materiality assessment. In particular, 10 ESG Initiatives selected through the 5-STAR project included mid- to long-term strategic goals for five years and set the specific goals, schedule, and KPIs for each year, in order to implement the sustainability strategy from a long-term perspective.

Material topic-linked management

Strategies		Mid- to Long-term Goals		Performance		Material Topics*		
Theme	UN SDGs	ESG Implementation Strategies	Action Plan	5-STAR ESG Initiatives	Performance in 2023	2023 KPI-linked Management	2023-2024 Material ESG Topics	
Eco-friendly Management System		Operation of the Eco-friendly Management System.	<ul style="list-style-type: none"> Operating the full-scale environmental management system after acquiring ISO 14001. 		<ul style="list-style-type: none"> Operated the environment management system centered on the ESG Committee. Obtained the environmental management system certification (ISO14001). 	<ul style="list-style-type: none"> Net Zero 2040 implementation strategy and achievement of goals. Development of solutions to reduce GHG emissions and products using disused materials. Transition of daytime business vehicles into EVs (130 vehicles). Reinforcement of activities aimed at reducing GHG emissions. 	—	
		Reduction of GHG Emissions	<ul style="list-style-type: none"> Introduction of new and renewable energy. 	<ul style="list-style-type: none"> 100% renewable energy 	<ul style="list-style-type: none"> Introduction of new and renewable energy. Procurement Green Premium energy 3,400MWh. 		8. Energy management	
			<ul style="list-style-type: none"> Transitioned vehicles with internal combustion engines into EVs. 	<ul style="list-style-type: none"> 100% transition to EV. 	<ul style="list-style-type: none"> Transitioned vehicles with internal combustion engines into EVs. 			12. Reducing emissions
			<ul style="list-style-type: none"> Verification of GHG reduction goals and plans. 	<ul style="list-style-type: none"> SBTi verification. 	<ul style="list-style-type: none"> Management of GHG emissions. 			
Pursuit of the Circular Economy	<ul style="list-style-type: none"> Reuse rate of 60% or higher. 	<ul style="list-style-type: none"> Device reuse rate of 60%. 	<ul style="list-style-type: none"> Maximizing the efficient collection and recycling of materials and equipment generated during the service. Reduced the consumption of energy and raw materials in the product life cycle (development - purchase - installation - operation - disposal] through technology enhancement. 	<ul style="list-style-type: none"> Integration of some hardware to reduce the use of plastics. Development of power-saving mode software to minimize the disposal of waste batteries. Practicing a circular economy based on the diversification of waste product recycling. Development of products using recycled raw materials. Management of the product reuse rate. 	1. Circular Economy			

ESG Implementation Strategies

To achieve its sustainability goals, SK shieldus has divided them into E, S, and G areas, set strategic goals for each area, and established and executed a detailed action plan for each issue identified in the materiality assessment. In particular, 10 ESG Initiatives selected through the 5-STAR project included mid- to long-term strategic goals for 5 years and set the specific goals, schedule, and KPIs for each year to implement the sustainability strategy from a long-term perspective.



Material topic-linked management

Strategies		Mid- to Long-term Goals		Performance		Material Topics*	
Theme	UN SDGs	ESG Implementation Strategies	Action Plan	5-STAR ESG Initiatives	Achievements in 2023	2023 KPI-linked Management	2023-2024 Material ESG Topics
Creation of social impacts		Improvement of social value by expanding the social safety net	<ul style="list-style-type: none"> Executed projects to build a continuous social safety net for the socially vulnerable. 	<ul style="list-style-type: none"> Provided products and services that fulfill our social responsibilities. 	<ul style="list-style-type: none"> Built social safety nets for the socially vulnerable in collaboration with government agencies and local governments. Trained information security experts. Received the Minister of Gender Equality and Family's Award at the 8th Korea Crime Prevention Awards. Signed a four-party business agreement to train information security professionals. 	<ul style="list-style-type: none"> Expanded the number of subscribers to the IoT-based vulnerable group care service. Provided a mutually beneficial service for socially disadvantaged groups such as single-person and female households. Created jobs through new recruitment based on the education business. Carried out online and offline social contribution activities for employees. 	<ul style="list-style-type: none"> 10. Information Protection & Cybersecurity 14. Social impacts on the community
		Diversity & Inclusion	<ul style="list-style-type: none"> Expanded the recruitment of people with disabilities and women. Conducted a survey on awareness of human rights management, declaration, and strengthening of the system. 	<ul style="list-style-type: none"> Percentage of female independent directors: 40% 	<ul style="list-style-type: none"> Received the "True Company" grand prize for trustworthy employment of people with disabilities. Selected as the "best job creation company" in Korea. Selected as a leisure-friendly certified company. Selected as an excellent company for the work-life balance campaign. 	<ul style="list-style-type: none"> Improved the employment of people with disabilities to ensure diversity. 	<ul style="list-style-type: none"> 5. Diversity & Inclusion 3. Recruitment & Retention 15. Human capital management
		Creating ECO Shieldus	<ul style="list-style-type: none"> Operated programs for mutual growth with suppliers (operation of recruitment support and welfare benefits). Introduced regular evaluations of suppliers and operated a preferential program by selecting excellent suppliers. 	—	<ul style="list-style-type: none"> Operated the Mutual Growth Team. Operated mutual growth programs (academy education, funding, and center support). Engaged in close communication with suppliers through "Gong-gam Talk" activities. 	<ul style="list-style-type: none"> Increased purchase prices based on collaborative cooperation. Reduced suppliers' costs by providing mutual growth programs. 	<ul style="list-style-type: none"> 13. Sustainable Supply Chain
		Achieved "Zero safety accidents" through industrial safety management.	<ul style="list-style-type: none"> Enhanced the systems to prepare for major disasters. Strengthened the implementation of obligations under the Occupational Safety and Health Act. 	<ul style="list-style-type: none"> Reduced the injury rate by 5% annually 	<ul style="list-style-type: none"> Built a Serious accident readiness system and strengthened health and safety activities (zero serious accident). Expanded the scope of certification and obtained recertification of the health and safety management system (ISO45001). Provided psychological counseling for employees. 	<ul style="list-style-type: none"> Industrial safety solutions. Secured the safety of employees and suppliers by reducing work losses and accident rates. 	<ul style="list-style-type: none"> 7. Employees' Health and Safety 9. Human Rights
		Customer Experience Management	<ul style="list-style-type: none"> Conducted an NPS survey according to the customer life cycle. Strengthened the internal data-sharing process. 		<ul style="list-style-type: none"> Established various communication channels to enable customers to express their opinions freely. Enhanced the customer satisfaction survey. 	<ul style="list-style-type: none"> Reduced the proportion of inconvenient VoC applications. Customer Center's response quality indicators (counseling satisfaction). Expanded the exposure of ESG-related PR items. 	<ul style="list-style-type: none"> 4. Customer Satisfaction and Experience.

ESG Implementation Strategies

To achieve its sustainability goals, SK shieldus has divided them into E, S, and G areas, set strategic goals for each area, and established and executed a detailed action plan for each issue identified in the materiality assessment. In particular, 10 ESG Initiatives selected through the 5-STAR project included mid- to long-term strategic goals for 5 years and set the specific goals, schedule, and KPIs for each year to implement the sustainability strategy from a long-term perspective.

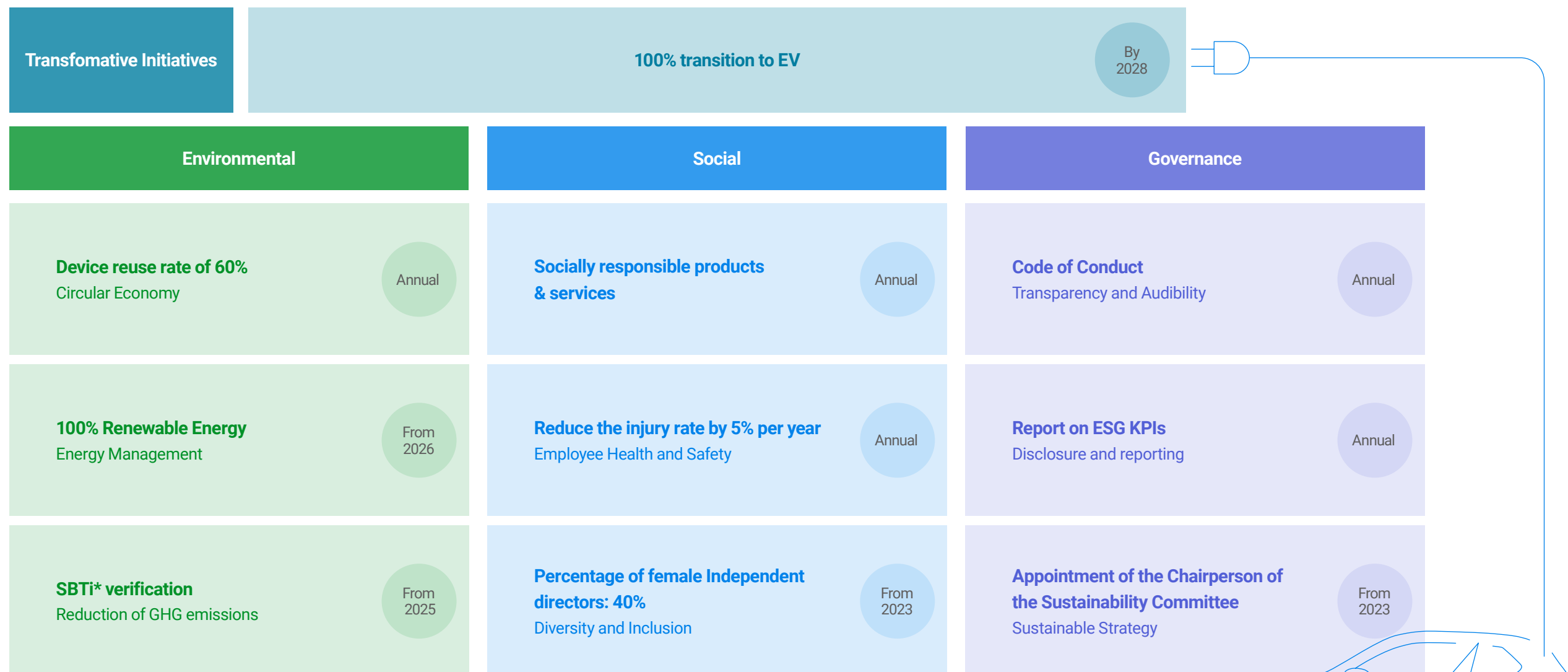
Material topic-linked management

Theme	Strategies		Mid- to Long-term Goals		Performance		Material Topics*
	UN SDGs	ESG Implementation Strategies	Action Plan	5-STAR ESG Initiatives	Achievements in 2023	2023 KPI-linked Management	2023-2024 Material ESG Topics
Responsible and Ethical Management		BOD-Centered Responsible ESG Management	<ul style="list-style-type: none"> Reorganized the governance, BOD, and committee systems and upgraded the internal systems, such as company rules. 	<ul style="list-style-type: none"> Appointment of Chairman of Sustainability Committee 	<ul style="list-style-type: none"> Strengthening independence and expertise through forming the BOD centered on Independent directors and operating committees under the BOD 	<ul style="list-style-type: none"> Increased the company-wide ESG KPI average score (94 points). 	—
		Reliable management through risk management	<ul style="list-style-type: none"> Upgraded the risk diagnosis and management system. 	<ul style="list-style-type: none"> Code of Conduct Digital transition of business processes for transparent management. ESG KPI Management 	<ul style="list-style-type: none"> Establishment and operation of the risk management system. 	<ul style="list-style-type: none"> Introduced the new contract subscription process. Achieved zero cases of legal risks related to governance (general shareholder’s meeting, BOD, committees) and changes in the governance structure. Prompt publication of the Sustainability Report 	2. Digital Transformation of Business Processes 11. Supply Chain Risk Management
		Ethical Management	<ul style="list-style-type: none"> Enhanced the ethical management system. 				

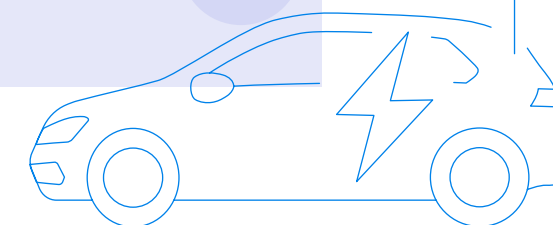
ESG Initiatives

SK shieldus selected 10 tasks according to its sustainability management policy among the 5-STAR Initiatives and stated the strong commitment of the management and the BOD to ESG management. We set the ESG innovation goal of transitioning to 100% electric vehicles (EVs), selected three tasks for each ESG item, and established detailed plans for each major activity and annual implementation goal. In this way, we aim to implement ESG-related activities systematically in order to realize sustainable management.

5-STAR ESG Initiatives



* SBTi (Science Based Targets initiative): An initiative that encourages companies to establish and achieve scientific goals and responses to climate change.

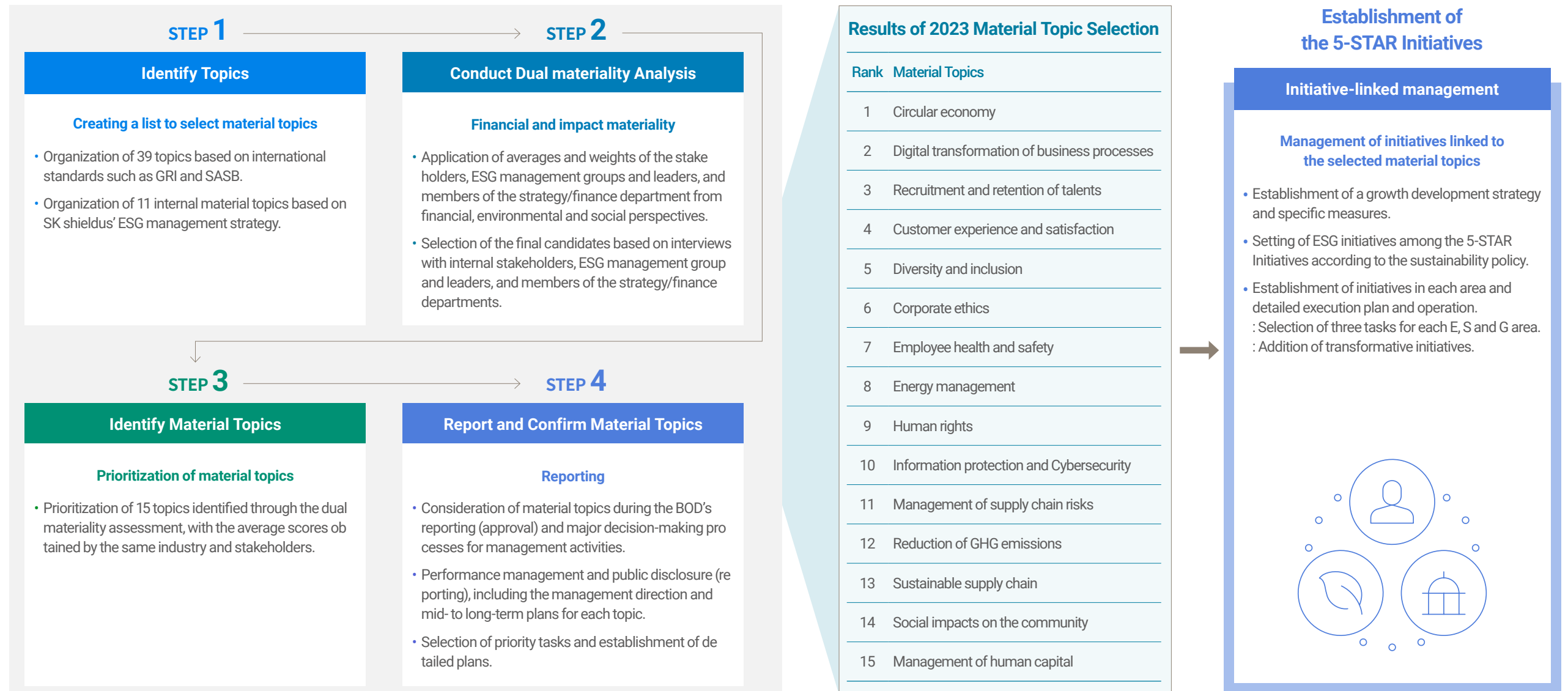


Materiality Assessment

Materiality assessment is a process of determining material topics regarding business impacts, risks, and opportunities. SK shieldus' business strategy and decision-making process reflect the results of the materiality assessment. As such, we include our current business status and performance based on the results of the annual materiality assessment in the Sustainability Report in order to disclose information on our sustainable business activities to all our stakeholders, including shareholders, customers, employees, suppliers, and local communities.

Materiality Assessment Process

SK shieldus organizes the topics based on international standards, such as GRI and SASB, and identifies material topics by conducting a dual materiality assessment from the financial or impact perspective, and from both perspectives, by referring to EFRAG (European Financial Reporting Advisory Group). Through it, SK shieldus strives both to provide important information to enable various stakeholders to make appropriate decisions, and to improve the assessment methodology continuously in order to identify material topics and meet the needs and expectations of stakeholders.



Stakeholder Engagement

SK shieldus defines its stakeholders as subjects who directly or indirectly affect, and are affected, by its corporate management activities. We have established communication channels for each stakeholder group in order to collect their opinions, and make every effort to reflect key opinions in our management activities.

Communication Channels

Employees	Customers	Shareholders/Investors	Suppliers	Government	Communities/NGOs
<ul style="list-style-type: none"> • Survey • Employee satisfaction survey. • Labor-management Councils (including the management council, labor-management co-prosperity committee, regular discussion groups). 	<ul style="list-style-type: none"> • Survey • Customer Satisfaction Survey • VoC on the Website • 1:1 inquiry channel in the application 	<ul style="list-style-type: none"> • Disclosure via the electronic disclosure system (DART) and business, audit and sales reports. • Disclosure of information on the website and in the Sustainability Reports. • E-mail (skshieldus.ir@sk.com) • Corporate Briefing and meetings (1:1 / group) • Stakeholder survey 	<ul style="list-style-type: none"> • Program for mutual growth with suppliers. • Gong-gam Talk. • Individual visits to suppliers. • Stakeholder survey. 	<ul style="list-style-type: none"> • Policy meetings. • Cooperation between the private sector, police, and local government. 	<ul style="list-style-type: none"> • Surveys. • Meetings with social contribution partners.

Expectations

<ul style="list-style-type: none"> • Promotion of the "Great Work Place" culture. • Establishment of a culture of mutual respect. • Development of employees' capabilities and industrial experts. • Workplace health and safety management • Promotion of cooperative labor-management relations. 	<ul style="list-style-type: none"> • Enhancement of product and service responsibility. • Improvement of customer services. • Establishment of the environmental management system. 	<ul style="list-style-type: none"> • Enhanced management of nonfinancial risks. • Provision of transparent business information and establishment of governance. • Closer communication with stakeholders, including shareholders and investors. 	<ul style="list-style-type: none"> • Enhanced supply chain management. • Enhanced ethical management. 	<ul style="list-style-type: none"> • Energy saving. • Reduction of waste discharge. 	<ul style="list-style-type: none"> • Enhanced impact on local communities.
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ESG DIMENSIONS

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- Promoting the Circular Economy

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- Occupational Health and Safety
- Corporate Culture
- Talent Management



Eco-friendly Management

Our Approach

Humanity is exposed to a grave risk due to environmental pollution caused by corporate and other human activities, and considerable efforts are required to prevent it. SK shieldus has adopted “Safety” as its main vision and expanded the scope of safety from “us” (i.e. shield us) to “Earth” (i.e. shield the Earth) in order to operate the environmental management system throughout all its management activities. Furthermore, we have raised our environmental targets to 2028 EV100, 2026 RE100, and Recycle 60% in order to proactively address global warming, abnormal climate conditions, and environmental pollution, which are becoming increasingly serious, and submitted our Commitment to the SBTi.

Major Achievements in 2023



EV Transition

-
EV operation rate: 20%



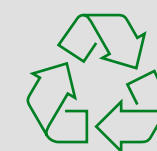
Purchased renewable energy

-
Procured “Green Premium Energy” (3,400 MWh).



Enhance the development of eco-friendly products.

-
Developed products that save energy resources and raw materials.



Strengthened the conservation of resources and the virtuous cycle.

-
Enhanced the management of product life cycles and reduced the use of disposables.

Risks & Opportunities

⚡ Risks

- Increased customer demand for carbon reduction related to climate change.
- Unstable power supply and increased electricity rates due to fossil fuel regulations.

☀️ Opportunities

- Securing of a competitive edge by reducing GHG emissions in the service process.

UN SDGs



Eco-friendly Management

- Environmental Management Systems
- Response to Climate Change
- Promoting the Circular Economy

Advanced Environmental Management

Environmental Management Systems

Environmental Management Policies and Goals

SK shieldus operates its own environmental management system to minimize the environmental impacts of its business process, having recognized that environmental issues are a risk to sustainable management. We have stated our directions for environmental management in our environmental management policies and goals, and we update them every year to reflect the constantly changing environmental issues and policies. Our environmental management policy and goals for 2024 are focused on the requirements of the various initiatives and priority issues identified by the materiality assessment. However, considering the need to participate in government policy and fulfill our social responsibility, we have established our management goals so as to reflect the need to manage those issues that have not been identified as a priority but which still need to be managed. We share our key corporate values and basic principles for future generations by producing promotional posters for our environmental management policies and goals and disclosing them to our employees.

Environmental Management Policies	<p>SK shieldus has recognized environmental preservation for future generations as a core element of its management strategy and declares the following environmental management policy in order to practice eco-friendly management activities throughout all its business.</p> <ul style="list-style-type: none"> • Establishment and practice of environmental management goals. • Compliance with environmental laws and regulations. • Operation of an international-standard environmental management system. • Transparent disclosure of environmental information. • Establishment of an environmental management culture.
Environmental Management Goals	<p>SK shieldus has established a set of environmental management goals to respond to the climate crisis and implement a circular economy system, and is doing its best to achieve these goals.</p> <ul style="list-style-type: none"> • 100% transition to electric vehicles • Usage rate of renewable energy: 100% • Device reuse rate: 60% • Achievement of Net Zero 2040

Responsible Departments

Acting 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, as well as playing a role in identifying and monitoring our environmental impacts. In addition, we have appointed an environmental management officer and formed a dedicated organization to manage environmental issues seamlessly and respond promptly to changes in both internal and external environments. It also reports key ESG management issues, such as responding to climate change, among other important issues, to the Sustainability Committee (formerly ESG Committee) for approval.



Roles of the ESG Management Group

- Management of the environmental management system.
- Preparation of pollution reduction plans (short, mid, and long term).
- Understanding of the environment-related laws and regulations.
- Analysis of environmental risks.

Roles of the Relevant Departments

- Management of household and industrial wastes.
- Management of energy consumption.
- Assessment of environmental impacts.
- Performance of pollution reduction and compliance activities.

**Eco-friendly
Management**

- Environmental Management Systems
- Response to Climate Change
- Promoting the Circular Economy

Advanced Environmental Management

Environmental Management System

Operation of the environmental management system based on ISO 14001

SK shieldus acquired the ISO 14001 (environmental management system) certification for its four business sites (head office, facilities with more than 100 people, environmental facilities, and leading regional headquarters) in 2022, and since then it has managed environmental risks efficiently by systematically identifying, evaluating, managing, and improving the environmental aspects of all its business processes. In addition, we have carried out various environmental system operational activities, such as distributing environmental awareness training materials and ESG newsletters on environmental topics, monitoring energy usage (quarterly), conducting an environmental impact assessment (March), providing external education for internal auditors ((April), and conducting environmental risk assessments and internal audits (November). The year-end examination found no non-conformities.

Monitoring Environmental Management

The ESG Division regularly monitors energy consumption and conducts internal inspections and environmental impact assessments to verify the current status and appropriateness of our environmental management. We monitor energy usage by collecting data on a quarterly and annual basis from offices operated or used for business activities. We use such data to calculate the purchase of renewable energy and GHG emissions. Moreover, we have conducted the environmental impact assessment through the business processes (Technology development ⇔ Purchase/Installation ⇔ Operation ⇔ Disposal).

Compliance with Environmental Laws

SK shieldus is subject to limited environmental laws due to its business structure and service characteristics. The ECO Plus Center, which discharges industrial waste, is required to comply with the Waste Control Act and the Act on the Resource Circulation of Electrical and Electronic Equipment and Vehicles. The Air Quality Conservation Act applies to the Samseong-dong office building, which operates a boiler and is recognized as an “air pollution emission facility”.

Each department concerned monitors its obligations under the relevant laws and the regulations checklist and conducts an annual internal inspection to check it compliance.

Other business sites strive to comply with obligatory requirements in their daily practices, such as the separated discharge of municipal wastes and the use of volume-rated bags.

Increasing Employees’ Awareness of Environmental Management

Employees’ full awareness of environmental management is essential to achieve effective results through the environmental management system.

SK shieldus consistently endeavors to convey the importance and components of environmental management through various channels in order to increase employees’ awareness of environmental management and create an eco-friendly corporate environment. Since 2023, we have included environmental contents in the ESG education for newly appointed team leaders and new employees. Moreover, we have conducted environmental awareness education in conjunction with the health and safety education for employees in the same field as BP members in order to share the Net Zero 2040 targets and increase awareness of GHG reduction through eco-driving and energy saving activities. SK shieldus is also striving to create an eco-friendly corporate environment by introducing environmental contents to it employees through the monthly ESG management letter.

Type of Education	Date	Description	Remarks
Education for newly appointed team leaders and new employees.	March 2023	Introduction of SK shieldus’ environmental management system.	
	Q1 2023	Net Zero implementation direction	In conjunction with health and safety education
	Q2 2023	ECO driving	In conjunction with health and safety education
Environmental awareness education	Q3 2023	Energy saving	In conjunction with health and safety education
	January 2023	Acquisition and establishment of the environment system certification.	
ESG Management Letter	February 2023	Free Challenge for using disposable products.	Parallel campaign
	April 2023	CO ₂ reduction in the forest	
	August 2023	SK shieldus circular economy story From waste to new resources	

Eco-friendly Management

- Environmental Management Systems
- Response to Climate Change
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Response to Climate Change

5-STAR ESG Initiatives

EV transition strategy to respond to climate change

In 2023, SK shieldus established a five-year plan for the company's future. We established 10 ESG tasks among various tasks to implement the plan, and transition to EV in particular was selected as the CEO's key implementation task by increasing the number of vehicles subject to transition to EV and shortening the target period according to the Net Zero 2040 Implementation Plan in order to respond to climate change more proactively.

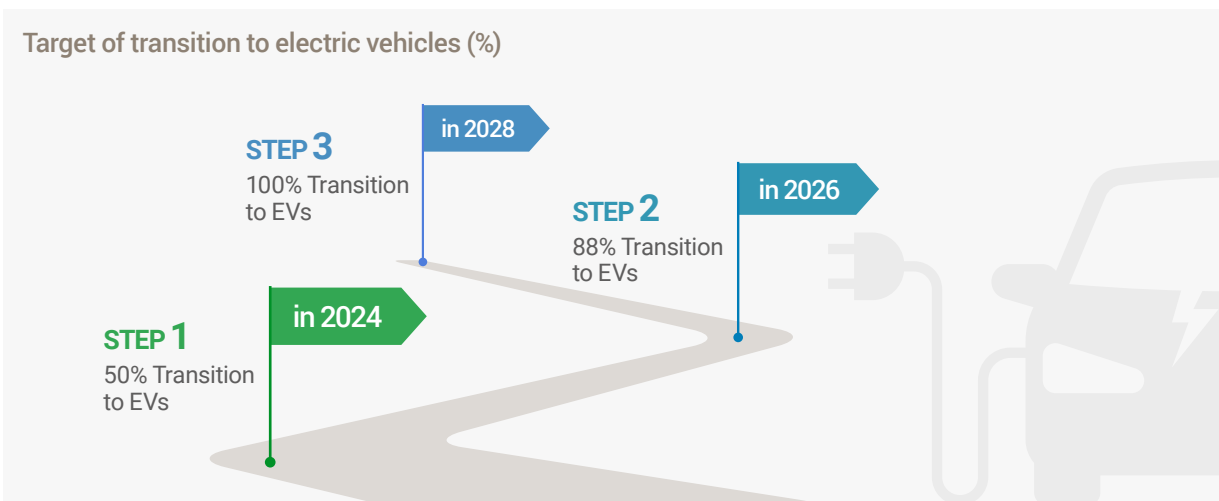
Importance and governance of the transition to EV

We hold monthly SteerCo meetings to share the progress of the CEO's key implementation tasks, issues, and future plans. Both the top management and the majority shareholder attend these meetings to discuss issues and potential risks during the task execution processes, to seek solutions, and to discuss measures for cooperation between field departments in order to make decisions on task execution at the C-level. Moreover, environmental tasks, including the discussed matters, are reported to the BOD for monitoring and supervision to ensure the target are achieved.

5-STAR, 100% transition to EVs (By 2028)

The 5-STAR project established the target of 100% transition to EV by 2028, after considering the need to respond to climate change proactively despite the challenges. This target is 12 years ahead of the existing Net Zero 2040 plan's transition target. As such, it is a very challenging target to achieve since it calls for a transition rate of 50% of all vehicles by 2024, and a rate of close to 97% by 2027.

Moreover, taking into account the long charging time of electric vehicles, we have established a plan to support the construction of infrastructure, including the installation of fast chargers in areas where there is a shortage of charging infrastructure, so that we can be ready to respond at all times.



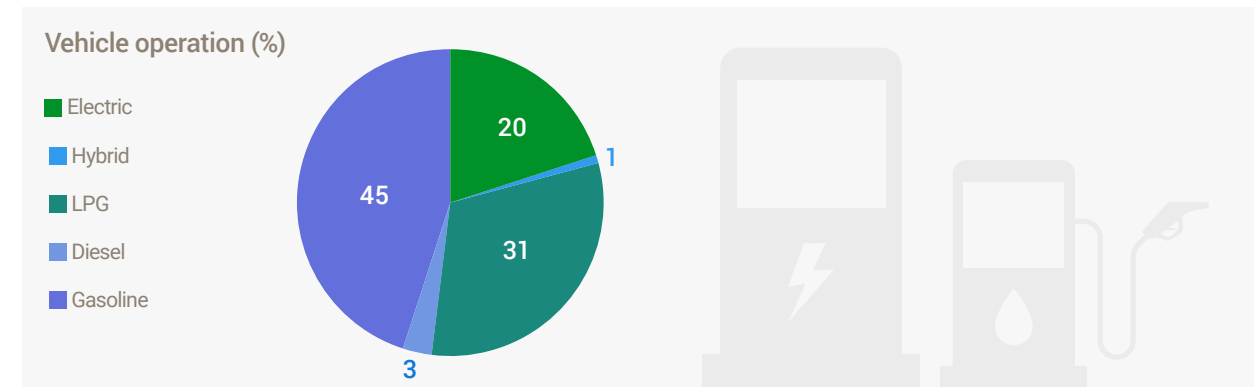
Revision of the EV transition plan and expected benefits

When Net Zero 2040 was established in 2022, there were limitations in transiting vehicles to EVs due to the limited vehicle types and low battery capacity, so we transited daytime business vehicles first after considering the charging infrastructure and type of vehicle operation. However, with the development of battery technology and the diversification of vehicle types, these restrictions have been resolved. When considering the continuous increase in charging facilities, we determined that we could solve charging problems by securing charging time and accessing the facility by changing the operational method of dispatch vehicles. Therefore, the 5-STAR plan included dispatch vehicles in the EV transition target. SK shieldus now operates more than 1,400 two-wheel and four-wheel vehicles, of which 31% are dispatch vehicles. Moreover, since these vehicles can travel longer distances than daytime vehicles, we expect to significantly reduce GHG emissions by switching to electric vehicles.

EV transition performance in 2023

As SK shieldus' 1,400 vehicles emitted around 12,000 tCO₂-eq of GHG per year, the corporate introduced EVs in 2021 in a bid to reduce GHG emissions. In 2022, we established the Net Zero 2040 plan and set annual targets to switch to electric vehicles by 2030. For 2023, we achieved the target 100% by switching 146 cars and 32 motorcycles.

Thanks to these transition efforts, SK shieldus currently operates 289 electric vehicles (208 cars and 81 motorcycles), which is 20.0% of the total number of vehicles operated.



Eco-friendly
Management

- Environmental Management Systems
- Response to Climate Change
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Response to Climate Change

5-STAR ESG Initiatives

Participation in Global Initiatives

SK shieldus has selected three implementation tasks in each ESG area through 5-STAR and established targets and detailed tasks for each task. In the environmental field, we have set the targets of 100% new and renewable energy usage, SBTi verification, and a 60% product recycling rate, and we are now implementing them.

Establishment of science-based GHG reduction targets (SBTi)

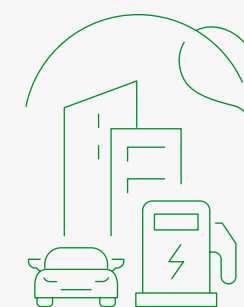
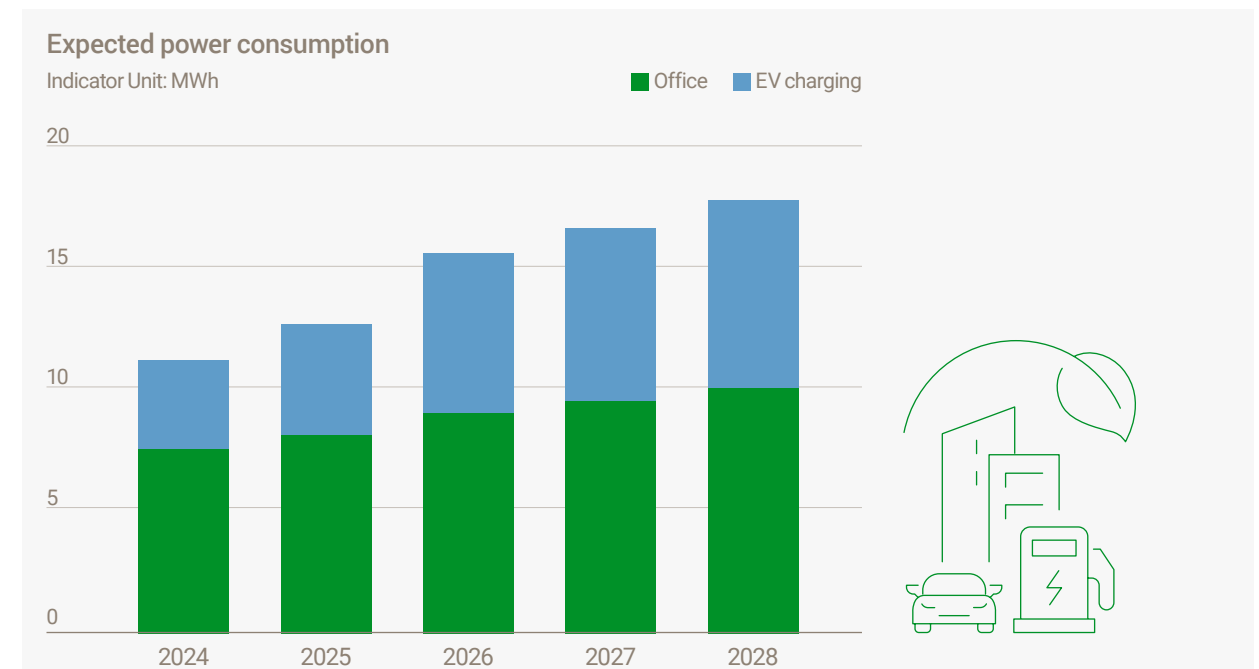
As of the end of October 2021, 136 countries worldwide had declared “New Zero” to respond to the climate change crisis, while Korea had announced its “2050 Carbon Neutrality Plan” one year earlier in October 2020. In line with these efforts, SK shieldus also declared Net Zero 2040 in 2022 to protect the Earth (Shield-Earth), and established and implemented a mid- to long-term GHG reduction plan. We are also participating in global initiatives to manage the plan and its performance transparently based on scientific evidence. In particular, we submitted a letter of intent to join SBTi, which provides the guidelines and methodology for scientifically setting targets to reduce GHG emissions and meet the targets of the Paris Agreement by March 2024. We are preparing to complete the verification of the reduction target by 2025. First, we plan to have our Scope 1 and Scope 2 emissions analyzed by a third party to ensure their accuracy and reliability, and are reexamining the emissions of Scopes 1 and 2 to that end. In addition, we plan to build a system for calculating Scope 3 emissions, i.e. GHG emissions throughout all our business processes, in 2024 in order to establish measures for reducing Scope 3 emissions.



Establishment of the target for voluntary achievement of RE100

SK shieldus has established a plan for voluntary achievement of RE100 with the focus on energy management through the 5-STAR Initiative. The plan entails procuring 70% of the power used by offices and electric vehicle charging from renewable energy in 2024, and then gradually increasing that rate to 100% by 2026. To that end, considering SK shieldus’ characteristics, we plan to use renewable energy through Green Premium, among various renewable energy procurement methods such as the third-party PPA*, renewable energy self-generation, REC, and Green Premium purchase. Since 2022, we have purchased Green Premiums according to Net Zero 2040 and purchased 3,400 MWh in 2023 to meet 43% of our total power requirement with renewable energy. Following the expanded switch to electric vehicles, we expect to consume about 10.8Gwh of power due to charging. In 2024, we signed a Green Premium contract for 6GWh through the first Green Premium bidding to procure 70% renewal energy.

*PPA: Power Purchase Agreement



Eco-friendly Management

- Environmental Management Systems
- Response to Climate Change
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Response to Climate Change

5-STAR ESG Initiatives

Monitoring of GHG Emissions

SK shieldus' GHG emissions are below the criteria for controlled emitters* as specified by the Framework Act on Carbon Neutrality and Green Growth for Coping with the Climate Crisis. Nevertheless, SK shieldus is actively involved in environmental issues, voluntarily preparing a GHG reduction roadmap to respond to the global climate change crisis. Our GHG emissions were calculated internally based on the GHG Protocol, and AR2 GWP was applied when converting to Co₂-eq for three substances (CO₂, CH₄, and N₂O). The investigation targets were offices and business sites with high energy consumption. According to the type of GHG emissions, emissions are divided into direct emissions (Scope 1) and indirect emissions (Scope 2) and reported to the environmental management officer, who reports the company's annual emissions, target vs. actual, and its GHG reduction performance to the BOD.

* An enterprise with annual average GHG emissions of more than 50,000 tCO₂-eq over the past three years or an enterprise with at least one business site that generates more than 15,000 tCO₂-eq of GHG emissions.

Scope 1 Emissions Control

SK shieldus' key Scope 1 emission sources are the boilers used for cooling and heating the Samseong Head Office Building (stationary combustion) and vehicles used for the dispatch and after-sales services (mobile combustion). Mobile combustion accounts for more than stationary combustion (Scope 1) due to the dispatch and office lease structure.

We decreased our stationary combustion emissions by 156 tons compared to the previous year by replacing the boiler (city gas > electricity) in the Samseong-dong office building in November 2022, and reduced our mobile combustion emissions by 333 tons by increasing the EV operation rate. As such, the company's GHG emission intensity was 0.60tCO₂-eq/KRW 100 million, a decrease of 0.06tCO₂-eq/KRW 100 million compared to the previous year.

Scope 2 Emissions Control

Due to rising electricity consumption in our offices and increased charging due to the expansion of EVs, our Scope 2 emissions increased by 363tCO₂-eq to 3,842tCO₂-eq in 2023 compared to the previous year, and electricity consumption through EV charging is expected to increase in the future.

To reduce our Scope 2 emissions, which are expected to increase, SK shieldus has carried out activities in two directions: reducing consumption and using renewable energy. First of all, we are carrying out an electricity-saving campaign in the head office to reduce electricity use, as well as providing Eco-driving and safe driving education to improve the vehicle fuel efficiency.

Moreover, the electricity will be renewable, with either very low or no GHG emissions. Although we currently supply renewable energy by purchasing Green Premiums, we plan to supply renewable energy through REC purchases and PPA signings in the future.

Current status of SK shieldus' GHG emissions**

Indicator Unit: tCO₂-eq

Year	2023	2022	2021	2020	Comparison with 2022 (YoY)	
Scope 1	Stationary combustion	12	168	189	168	-154
	Mobile combustion	11,283	11,616	11,626	12,012	-333
Scope 2 [Location based]	Office electricity	3,682	3,432	3,530	3,440	+250
	EV charging	161	48	3	0	+113
Total	15,138	15,264	15,348	15,620	-124	

** Modified to include connection standards and missing electricity usage

Eco-friendly Management

- Environmental Management Systems
- Response to Climate Change
- Promoting the Circular Economy

Response to Climate Change

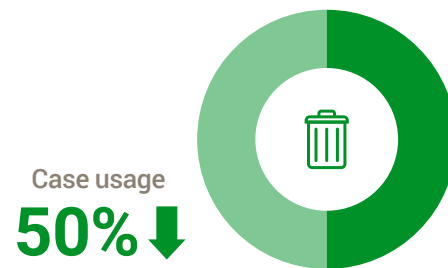
Developing products that consider the environment and providing services

SK shieldus aims to develop eco products by reducing the use of raw materials and energy during the product manufacturing and use stages, in addition to its activities for reducing GHG emissions within the scope of its business. As a result of such efforts, we launched integrated devices to reduce plastic usage and boost power efficiency, and improved our products for reducing waste batteries in 2023, and we plan to develop and launch integrated devices using AI technology in 2024.

Saving resources through integrated product development

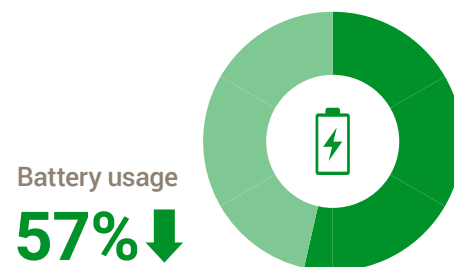
We improved the case and structure of the main unit to enable the installation of a power supply PCB in the main unit case and to reduce the use of plastic by 50% by eliminating the need to install a separate power supply case.

We have also developed an AI camera that can partially perform the role of a heat ray or infrared detector, and it is expected to be used at approximately 7,200 sites, i.e. about 40% of the customers who currently use recorders and detectors together, resulting in the replacement of around 14,400 detectors per year. (The calculation is based on an average use of 3 cameras per site.)



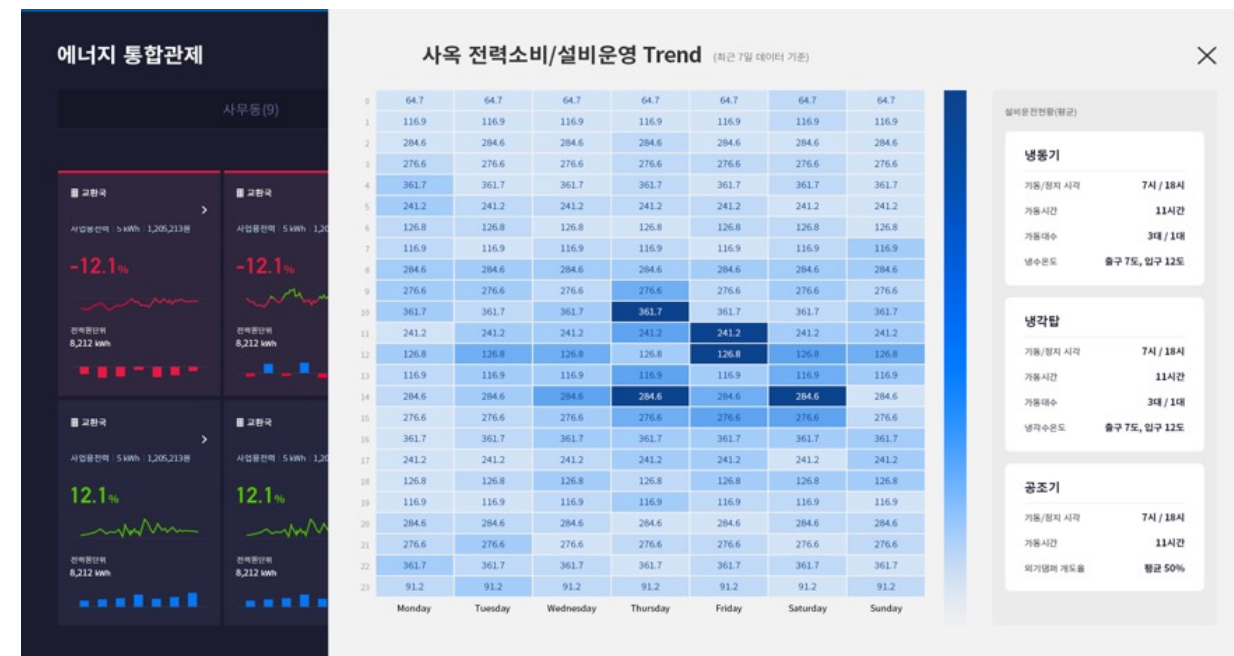
Reduction of waste batteries by improving the efficiency of wireless sensors

SK shieldus plans to launch wireless detectors with improved energy efficiency in the first half of 2024. This product features a hardware design for low power consumption that has improved the standby current by about 75% and the transmission current by about 50%. Its battery lifespan has also been increased from 3 to 7 years, thereby reducing environmental pollution caused by waste batteries and improving energy efficiency, resulting in a reduction of GHGs.



Providing energy and waste management services

In 2002, SK shieldus introduced an HVAC (heating, ventilation, and air conditioning) function that can monitor various types of information, such as indoor environment, power peak management, real-time life cycle management, and facility operation data, in order to optimize customers' energy use. In 2023, we provided additional services to accurately monitor information on various types of waste, such as food, waste oil, and recycled sewage, through continuous service advancement. We also plan to upgrade our service to include comparison and analysis of the results of monitoring waste discharge.



Eco-friendly Management

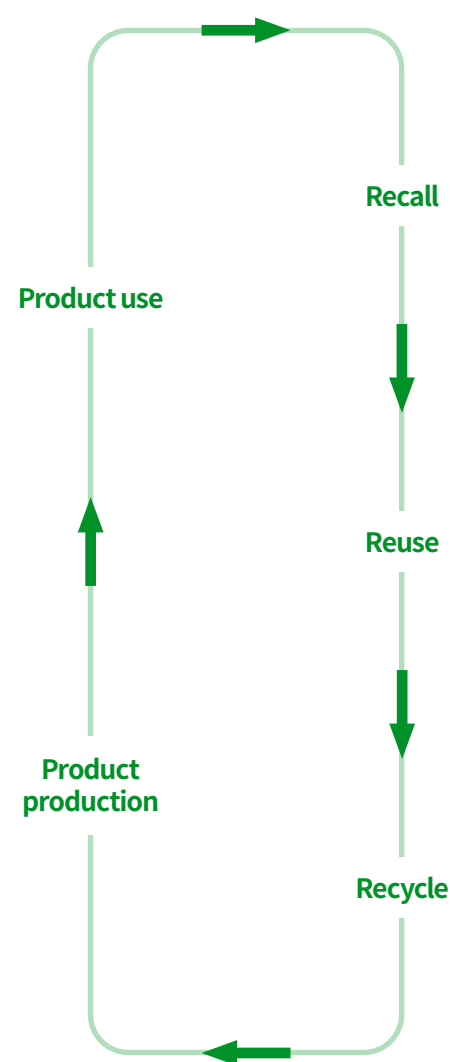
- Environmental Management Systems
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Promoting the Circular Economy

5-STAR ESG Initiatives

Direction of the Sustainable Recycling of Resources

SK shieldus has established reuse and recycling efficiency goals to minimize waste and promote the circular economy and introduced a 3R (Recall, Reuse, and Recycle) management approach to maximize the circulation of resources. Moreover, we have specified short- and long-term schedules and established the goals through the 5-STAR project to increase the implementation of circular economy practices. Accordingly, we have set the KPI target of achieving a 60% or higher annual reuse rate for five years from 2024 to 2028 and set a defect rate of reused products as a KPI to secure the reliability and quality of reused products.



Equipment Recovery Efforts

SK shieldus endeavors to recover the security equipment provided to customers as much as possible after contract termination and equipment removal in order to increase the recycling rate of security equipment. In 2023, in particular, we recovered 93.6% of security equipment by running a removal management campaign and appointing removal managers. Such equipment was delivered to the Recycle Center(ECO Plus-center) for recycling and reuse.

Increasing the Reuse Rate of Recovered Equipment

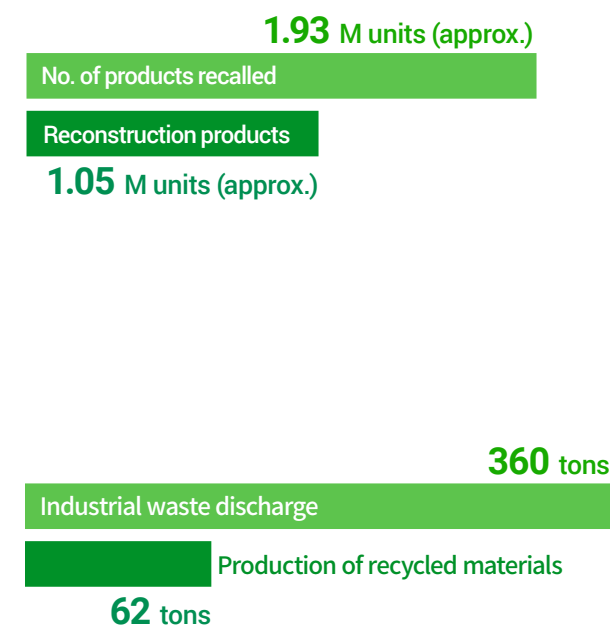
SK shieldus has continuously endeavored to reduce the amount of environmental pollution arising from product disposal, and has reduced the consumption of resources needed to produce new products by refurbishing recovered equipment. Thanks to these efforts, products reconstructed from recovered products accounted for 54% in 2023. In addition, we sell recovered products that cannot be reused due to technical developments, such as high-resolution and AI, to foreign countries via our global networks, thereby increasing the recycling of resources.

Beginning in 2024, we plan to strengthen the repair process whereby product parts are replaced in order to increase the reuse rate and to establish inspection procedures to improve the reliability of repaired products. In particular, we have set the device reuse rate as one of our ESG Initiatives under 5-STAR and plan to manage the recycling rate and quality reliability of recycled products through the 5-year long-term plan.

Increasing the Recycling of Waste Products

SK shieldus disposes of waste products that are not reused appropriately in order to achieve a virtuous cycle of materials. We immediately record the type and quantity of waste products in the 'Allbaro System' and select a waste recycling vendor with sufficient recycling capacity to process them. In addition, for some discarded products, such as scanners, we submit the recycling obligation implementation plan to the relevant organizations annually in accordance with the Act on the Recycling of Electrical and Electronic Equipment and Motor Vehicles and strive to fulfill our obligations through mutual aid associations.

SK shieldus' waste management does not end with outsourcing it to a recycling vendor, but includes the step of using recycled raw materials which have been sorted by recycling companies and reverted into raw materials in the production of our products. In 2023, we recovered 88 tons of plastic from 360 tons of discarded products, including main units, power units, detectors, and sensors, and produced 62 tons of recycled raw material pellets through the reversion process. We also manufactured prototypes of these recycled raw materials to test their suitability for a product, and as they showed a similar level of performance to existing products, we will decide the timing of mass production through an internal review.



Growing Together

Our Approach

SK shieldus fulfils its social responsibility to 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 they have also 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 attitude toward our neighbors.

Meanwhile, the need for ESG management in the supply chain is becoming ever 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 the prevention of ESG risks in the supply chain while promoting mutual growth by creating a supply chain ecosystem called "ECO Shieldus."



Major Achievements in 2023



Received the Minister of Gender Equality and Family Award at the Korea Crime Prevention Awards.

- Received the most awards among security companies in the private sector.



Selected as the "best job creation company" in Korea for a third consecutive time.



Social responsibility activities for various stakeholders

Risks & Opportunities

⚡ Risks

- Increased expectation of and demand for corporate social responsibility.
- Restrictions on business due to unstable product supply.

☀ Opportunities

- Improved the corporate image due to social contribution activities.
- Enhanced service quality by improving the competency of partner companies.

UN SDGs



Growing Together

- Social Contributions through Business

- Social Responsibility Activities

- Creation of ECO Shieldus

Social Contributions through Business

Operating EQST, a White Hacker Group

SK shieldus operates EQST (Experts, Qualified Security Team), a cybersecurity specialist group of 110 white hackers, to contribute to the construction of a secure cyber environment and the acquisition of threat intelligence research capabilities. EQST focuses on research activities related to security threats, including projects such as simulated hacking, and performs various activities based on its accumulated intellectual assets. The EQST Lab is responsible for cybersecurity R&D. To prepare for the rapidly evolving ransomware, we operate the Ransomware Response Center and KARA (Korea Anti Ransomware Alliance) led by SK shieldus. It is the only one-stop service in Korea for preliminary ransomware detection, incident response and recovery. In addition, we conduct preliminary research on new technologies, research on vulnerabilities such as web and mobile, and research in various security fields. We also publish diagnostic guides, EQST insights, and annual reports.

Distributing EQST Research Outcomes

EQST publishes EQST Insight, which is composed of three parts, monthly. The first part is “Headline,” which focuses on various security trends, while the second part is the “Special Report,” which contains security stories from EQST. Lastly, “Keep up with Ransomware” presents a monthly analysis of major ransomware activities.

The “Annual Report” is announced in the first and second halves of the year and contains the outlook and response strategies for major security issues and threats. They can be used for anyone to share information, prepare for security threats, and respond to them preemptively.

Researching and Receiving Reports on New Security Weaknesses

There are great concerns about serious damages due to the increasing number of Zero-day Attacks* by cyber criminals. EQST conducts research constantly and reports new security weaknesses, and takes the lead in preventing hacking accidents, reporting approx. 10 cases hacking incidents in 2023.

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

Providing Cybersecurity Consulting Service

Due to the ongoing digital transformation, the scope of attacks has expanded, and attacks in all directions, including personal PCs, businesses, government, and government infrastructures, have increased. To cope with the attacks, EQST provides customized mock hacking services to prepare for leading threats such as ransomware. SK shieldus has provided consulting in the fields of finance, public, corporate, healthcare and education, etc. for more than 20 years. Based on its know-how and accumulated understanding of corporate systems, we conduct inspections optimized for each company. We also prepare customized scenarios and provide optimal guidance on solving security problems, by considering all threats to a customer’s business areas, including information security regulations, management system certifications, and inspections of the vulnerabilities of websites, mobile, systems, and infrastructures.

Creation of jobs for young people and development of cybersecurity professionals

SK shieldus operates various educational courses to train practical security professionals, who are greatly needed in new digital technologies centered on EQST.

‘SK shieldus Rookies’ and ‘SeSAC’ programs lead to the creation of jobs for young people and the training of cybersecurity professionals. These efforts create jobs for young people via the direct recruitment of those who complete the educational courses and linkage with companies that have signed employment agreements, and they continue to produce excellent cybersecurity experts who will lead the digital era.

Security threats in 2024 as predicted by EQST and the webinar for response strategies

EQST, Korea’s largest white hacker group, held a webinar to analyze major hacking incidents and security trends in 2023, to share predictions and response strategies for expected security threats in 2024, in order to prepare for the types of threats that individuals and businesses may face, and to contribute to the realization of a safer digital society.

Regular information sharing through KARA*

The trend of ransomware attacks is changing due to the increase in the amount of non-face-to-face activities.

As a result, attack targets, strategies, and ransom demand methods are diversifying every year, and the scale of damages is increasing exponentially. SK shieldus provides a one-stop response process for incident receipt, response, recovery, and countermeasures through KARA, Korea’s only private-sector ransomware response council. KARA publishes the KARA Report on Ransomware Trends, which describes in detail the activities of major ransomware groups, and presents statistics and infringement indicators. Moreover, EQST distributed both the NoBit and keyGroup ransomware decryption tools free of charge to respond to ransomware attacks effectively and assist recovery from damages. These tools are expected to make a significant contribution to the effort to recover from and prevent damages by breaking the encryption used by specific ransomware. In the near future, KARA plans to lead the creation of a safe business environment that is capable of responding to the increasingly sophisticated ransomware threats.

* KARA: The council for Korea’s ransomware response is led by SK shieldus, with the participation of Trend Micro, Genians, Mandiant, Veritas, Carrot Insurance, and Yun & Yang LLC.

Growing Together

- Social Contributions through Business
- Social Responsibility Activities
- Creation of ECO Shieldus

Promoting the Circular Economy

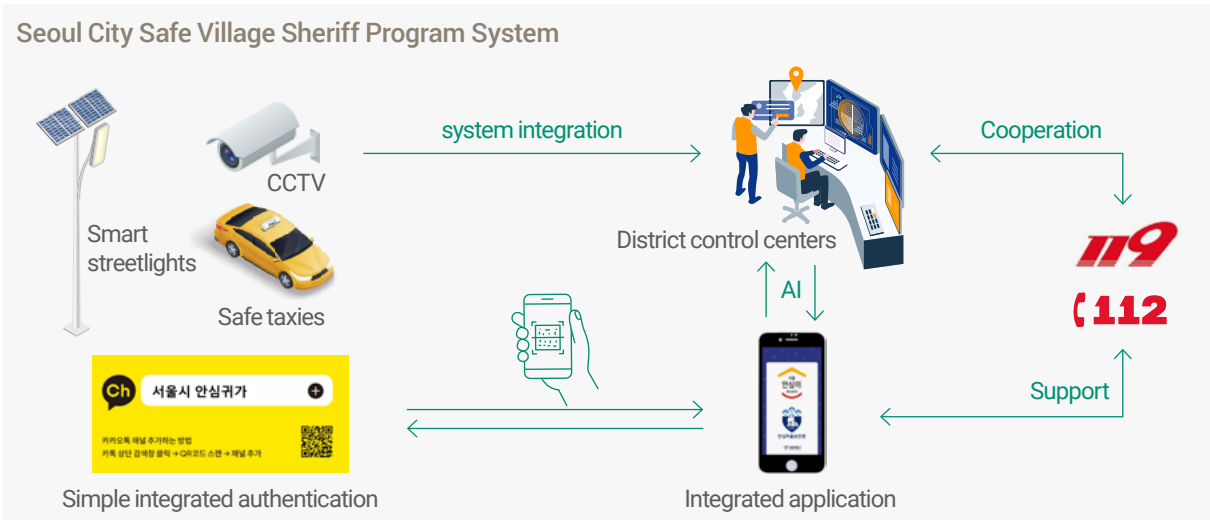
5-STAR ESG Initiatives

Digital-based Security Services

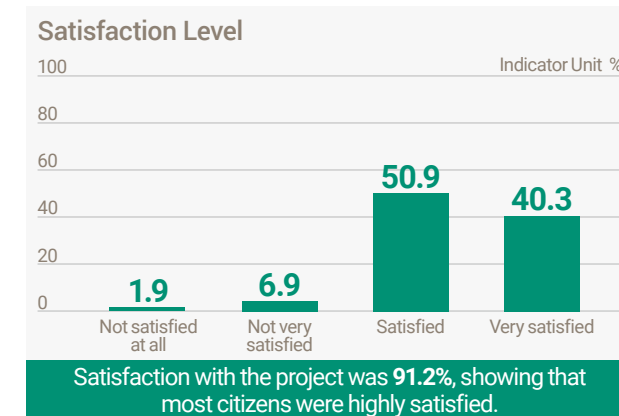
SK shieldus provides various services to create a safe residential environment in society and has established long-term goals and schedules through 5-STAR projects to fulfill its social responsibilities consistent with the characteristics of its business. In the Physical Security business domain, we establish both the definitions and the scope of application of facilities and targets that provide products and services and review and manage serviced facilities. In the Cybersecurity business domain, we intend to provide customized products and services to expand the information security of SMEs with security blind spots. To promote the expansion of information security, we plan to inspect suppliers and outsourcers among companies that provide information security, conduct consulting on appropriate products and services, and participate in SME support projects. We also provide home security services for single-person households, families with vulnerable housing security, and victims of stalking and dating violence. Moreover, we support preventive care in our local communities by establishing security measures to recognize emergencies, such as fire or disease, in elderly people and people with disabilities who are in safety blind spots and respond by calling 119.

“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 sixteen 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 Physical and Cyber security infrastructure and Converged security capabilities, and has performed every aspect of this program, including the planning and announcement of programs, the recruitment and training of sheriffs, and program promotion, etc. The Safe Village Sheriff, composed of 67 sheriffs who are former policemen and martial art masters etc., has successfully eliminated security blind spots by removing risk factors and preventing crimes in 3,216 or more incidents (1,997 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 has become Seoul City’s representative citizen-friendly, private, crime-prevention brand of project that links a security company’s expertise with a public project.



SK shieldus has recorded all situations in real time, including patrols and reporting status, and has monitored and evaluated the related activities through the ICT-based operation and management system and the patrol control app. In addition, we have made efforts to improve service quality by evaluating the sheriffs on a semi-annual basis. Those 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 800 residents in 16 districts of Seoul, the number of positive answers regarding “safety against crimes in the residential area” increased by 25.5% from 47.1% before the project to 72.6% after the project, while satisfaction with the project was 91.2%, maintaining the satisfaction level above 90% since 2022. In particular, the results of the survey have proved that this project is a great help in ensuring safe nighttime commuting for local residents, as shown by the fact that 93.2% of the respondents answered that this project was helpful in preventing crime, and that 93.7% answered this project gave them a greater degree of psychological stability. The Seoul Metropolitan Government plans to expand the Safe Village Sheriff project to all 25 districts in 2024, and select 95 Safe Village Sheriffs. 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 gained from the Seoul Safe Village Sheriff project.



Growing Together

- Social Contributions through Business
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Promoting the Circular Economy

5-STAR ESG Initiatives

Emergency safety and security service for older adults living alone and people with disabilities*

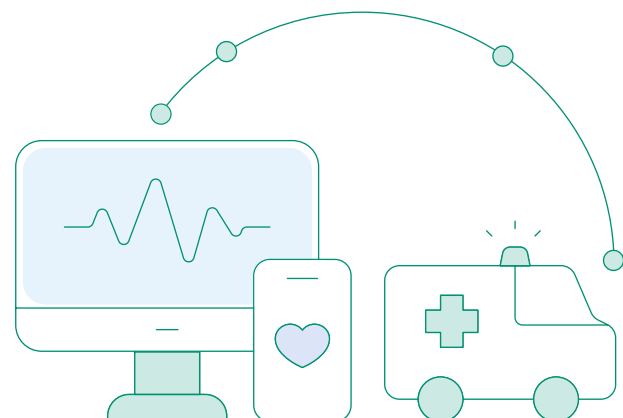
Since 2021, SK shieldus has participated in the Emergency Safety and Security Service project sponsored by the Ministry of Health and Welfare, assisting senior citizens living alone and people with disabilities, who need constant care, in responding quickly to emergencies. As of last year, we provided the service to 150,000 households nationwide and supported the equipment service education of the emergency management personnel, i.e. the field operators, at 220 regional centers (project execution agencies) in order to ensure efficient execution of the project.

Moreover, we actively participated in the planning of the Ministry of Health and Welfare's next-generation emergency safety and security service.

SK shieldus carries out protection and social contribution activities for vulnerable groups in the form of emergency safety and security service projects, and plans to provide emergency safety and security services to 200,000 households nationwide jointly with the Ministry of Health and Welfare by the second half of 2024. In addition, we intend to develop a new concept of safety net service to respond to the increasing number of single-person households and provide next-generation emergency safety and security services.

* Emergency safety and security service: A service that automatically reports an emergency to 119 and notifies emergency management personnel in the event of an emergency after installing emergency pagers and fire detectors in homes to enable a quick response.

(SK Telecom's NUGU AI Care Call service was added to the overall service in 2023.)



Supporting a safe residential environment for single-person households and families with residential security vulnerabilities

According to the 2021 statistics on women's lives published by the Ministry of Gender Equality and Family, the number of single-female households has increased by 2.6 times from 1.28 million 20 years ago to 3.34 million. According to a survey by the Seoul Foundation of Women and Family, 36.3% of single-female households in Seoul feel anxious even in their residence.

Amid such a social environment, we signed an MOU for the smart safety home care project for single-female households and single-parent households with the Jin-gu Office in Busan in February 2023, and followed it up with safety residential environment support projects for single-family households and families with residential safety vulnerabilities in seventeen municipalities, including Gangbuk-gu Office in Seoul, Gyeongju City Hall, and Dong-gu Office in Daejeon. For these projects, we installed the "Caps Home for Home Security" service (front door CCTV + SOS emergency button) in more than 900 households in order to cover monthly fees and installation costs worth about KRW 100 million and help alleviate families' anxiety in their residential areas.

Support for the digital transformation of SMEs

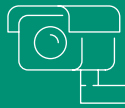



To help small business owners who are having management difficulties due to poor access to digital technology respond successfully to digital transformation and become competitive, we recruited approximately 500 small business entrepreneurs in each batch starting in January 2023 and provided customized solutions such as unmanned payment machines, AI CCTVs, and Clean Air and Clean Care services. We plan to realize sustainable collaboration and cooperation through business-based, customized, small business support and cooperation projects.



Korea Crime Prevention Awards Ceremony

Service to provide digital transformation projects for SMEs

Four types of solution services proposed by Shieldus (Select 1)

 <p>AI CCTV</p>	 <p>Kiosk</p>	 <p>Clean Air + Clean Care (Package proposal)</p>	 <p>Hygiene care products</p>
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Growing Together

- Social Contributions through Business
- Social Responsibility Activities
- Creation of ECO Shieldus

Social Responsibility Activities

Social Contribution through Business

Due to the nature of its business, SK shieldus acts as a social safety net to protect human life and tangible and intangible assets. We continue to implement and expand various social contribution activities linked to our business characteristics.

Advice to social enterprises based on job expertise

SK employees with diverse and professional work experience subscribe to the SK Probono membership in order to provide advice to social enterprises based on their expertise and create social values.

SK employees with ITC expertise also participated in Happy Tester, a non-face-to-face advice program, and conducted usability tests of social enterprises' applications and websites in order to provide feedback about areas requiring improvement and supplementation. In addition, SK shieldus' professional security team formed a security-education advisory group in 2023 to provide crime prevention education and advice in various health and safety areas, including the use of first aid and AED devices to ensure the safety of social enterprises' office and field personnel.

In recognition of these efforts, SK shieldus's security team received the Excellent Probono Award at the 2023 SK Probono Performance Sharing Conference. We plan to continue utilizing our job expertise to support social enterprises' efforts to solve social problems.



SK Probono Performance Sharing Forum: Excellent Probono Award given to SK shieldus's Security Team

Self-defense and CPR lectures

Taking advantage of its business characteristics, SK shieldus continues to provide self-defense and CPR lectures with the aim of creating a safe society for everyone. The number of lectures exceeded 100 last year, and more than 20,000 people participated in the training. We are conducting education on crime prevention and countermeasures for groups vulnerable to crime, such as females, children, and single-person households, as well as medical staff, social workers, and paramedics who help with the treatment and daily life of mentally ill people. Moreover, we provide education on CPR methods and the use of AED for various institutions, companies, and organizations. SK shieldus will continue conducting its safety education activities to create a safer society.

Date	Target and Description
Feb. 2023	Education on CPR for the emergency management personnel of the Ministry of Health and Welfare.
Apr. 2023	Education on self-defense and CPR for single-person households of Uijeongbu City's Family Center.
Jun. 2023	Self-defense education for medical staff at the Hongcheon-gun Public Health Center.
Aug. 2023	Education on children's safety for LG Display's Daycare Center.
Sep. 2023	Education on self-defense for paramedics of the Gunpo-Ansan Fire Department.
Oct. 2023	Education on self-defense for young people newly recruited by Seongnam City.
Nov. 2023	Education on CPR for employees of World Vision who are dispatched overseas.

Special transportation service for college entrance exam takers

SK shieldus' special transportation service for people taking college entrance exams is part of our ESG management activities that contribute to local communities and a leading social contribution program in which its employees have voluntarily participated since 2000. Professional personnel, including a security team with extensive escort experience, and ADT Caps Dispatchers familiar with local traffic conditions transport college entrance exam takers to the examination site on the day of the exam. Escort personnel are dispatched to major locations such as subway stations and bus stops near the exam site, where many exam takers are expected to be present, to support those who may be late for the exam. As part of our safety management, we also dispatch first aid experts to prepare for sudden traffic accidents or emergencies. SK shieldus' Special Transportation Service for people taking college entrance exams is now in its 24th year, and it will continue providing support with expertise and know-how.



Support activities for special escort of college exam takers

Growing Together

- Social Contributions through Business
- Social Responsibility Activities
- Creation of ECO Shieldus

Social Responsibility Activities

Spreading community impacts

SK shieldus carries out various social contribution activities such as local community-linked voluntary activities, activities that utilize the characteristics and strengths of SK shieldus' business, and direct and indirect support programs for children who will be the leaders of the future. Moreover, we encourage employees' voluntary participation by providing various incentives and identifying new social contribution activities in order to grow together with the local communities in which we conduct our business.

Happiness Donation program for children

SK shieldus signed an agreement with the Green Umbrella Children's Foundation in 2017 and has operated the Happiness Donation program since then. We currently support about 70 children with employee donations, share the donation amount on a monthly basis, and encourage employees to participate in various Happiness Donation events.

In November 2023 we signed an agreement with a new donation beneficiary, Gwanok Tree Library, and began running a pilot operation led by executives' donations. We plan to expand the program to all our employees and provide various options.

Blood donation relay campaign

SK Group has been carrying out a large-scale Blood donation relay campaign since 2020, with 384 SK shieldus employees participating in the blood donation relay in 2023. This number represents an increase of 182% compared to 2022 and is the highest figure among the SK Group affiliates participating in the campaign. In the future, SK shieldus plans to expand the campaign continuously and establish it as an integral part of its social contribution activities.



Operation of blood donation buses and participation booths

Community-focused social contribution activities

SK shieldus launched the food distribution and lunch box volunteer program at the Myeonghwa Community Welfare Center in Suseo, Seoul in 2022.

This volunteer activity was piloted four times in 2022 and increased to eight times in 2023, with 91 employees participating.

SK shieldus provided detailed guidance and vehicle pickup service to help its employees participate voluntarily, and they shared the meaning of voluntary work by having a meal together afterwards. We now plan to conduct the program in the same way in 2024.

We also operated the Wellbeing Guardian Voluntary Group based at each regional headquarters to meet our employees' need to participate in community volunteer activities. Three out of eight of our regional headquarters carried out four voluntary activities, and we plan to expand the budget and the number of participating regional headquarters in 2024.

Launched in 2021, the Elementary School Traffic Safety campaign aims to communicate with students in friendlier ways by providing traffic guidance during commuting time, distributing safety educational booklets, and holding events using special mascots. For the 23rd activity in 2023, 153 employees took part together to make the way to school safer and to ensure that children can study in a cleaner environment through cleaning activities conducted in and outside the selected schools.

We received a certificate of appreciation for our meaningful activities with Seongnam Hwarang Elementary School, with which we signed an MOU.



SK shieldus' volunteer activities close to communities

Growing Together

- Social Contributions through Business
- Social Responsibility Activities
- Creation of ECO Shieldus

Social Responsibility Activities

Spreading community impacts

Support for storm and flood damage insurance premiums for vulnerable groups and small business entrepreneurs

The storm and flood damage insurance is a policy managed by the Ministry of Interior and Safety. It provides practical compensation for recovery costs for economic damages caused by typhoons, heavy rainfall, and flooding caused by climate change. The government and municipality support part of the insurance premium.

SK shieldus signed an agreement with the Korean Red Cross in September 2022 to fully support flood damage insurance premiums for vulnerable groups and small business for damages caused by typhoons, floods, strong winds, heavy snow, and earthquakes.

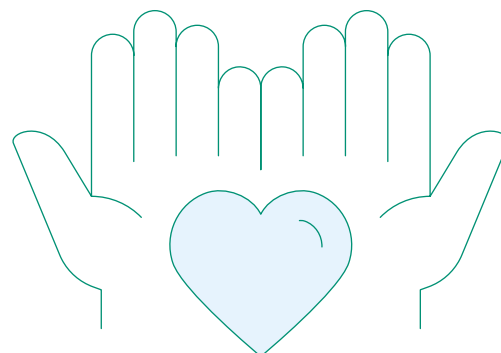
The program helps vulnerable groups and small business entrepreneurs to reduce their financial burden and stabilize their lives after suffering from storm and flood damages. At the same time, we are making efforts to raise awareness of storms and floods and encourage insurance subscriptions. In recognition of such social voluntary programs, SK shieldus received the highest honorary certificate of medal at the Red Cross Members Award on October 27, 2023.



Highest honorary certificate of medal at the Red Cross Members Award in October 2023

Support for self-reliance of young out-of-school women in Tanzania with World Vision

In April 2023, SK shieldus cooperated with World Vision, an international relief and development NGO, to participate in a project to support young out-of-school women in Tanzania. The project aims to provide donations to help female teenagers who do not have opportunities to generate income due to economic difficulties become economically independent. The donations will mainly be used to assist the development of their vocational skills and provide entrepreneurship education in order to enhance their employment prospects and business startup capabilities. In October 2023, SK shieldus signed an MOU with World Vision to cooperate together on social contribution activities and spread the donation culture.



Special Activity

Performance of voluntary activities in Wuxi by the Chinese corporations

SK shieldus' Chinese corporations jointly created the SK ICT Happy Public Service Group with SK Hynix Wuxi and SK C&C China in celebration of China Disability Prevention Day (August 25) and donated items and services for rehabilitation to the Special Children's Rehabilitation Center in Wuxi, Jiangsu Province.

The group formatted and installed the donated PCs and provided teachers with education on how to use them, and donated rehabilitation items worth approximately KRW 18 million to five schools.



Support target
Five schools in Jiangsu Province



Donation and items
Worth KRW 18 million



Donation of talents using the advantages of SK shieldus' business characteristics
Fundamental PC education



Xie Lixia, Director of the Aimanyuan Special Children's Rehabilitation Center in Wuxi
The rehabilitation education conducted at the center consisted of a 1:1 education model led by teachers, without the use of tools or equipment. We thank SK shieldus very much for donating rehabilitation items for rehabilitation training.

Growing Together

- Social Contributions through Business
- Social Responsibility Activities
- Creation of ECO Shieldus

Creation of ECO Shieldus

Promoting Mutual Growth

Recognizing that mutual growth with its suppliers is an important and essential management activity for a sustainable future, SK shieldus has adopted the vision of “creating a healthy and sound supply chain eco-system” and is striving to achieve it.

Mutual growth programs

In 2023, we supported our suppliers and promoted mutual growth by operating a series of programs related to education, human resource recruitment, financial, business, and management support.

Classification	Key Programs	Description and Results
Training Support	Mutual Growth Academy	- Provided customized education to enhance the capabilities of suppliers' employees free of charge. - Provided about 130 online lectures on legal affairs, ICT, language, biz skills, etc. - 1,131 workers of 44 suppliers completed 3,924 classes in 6 training sessions.
Recruitment Support	Supporting suppliers' recruitment campaigns	- Provided a recruitment portal and free advertising to resolve suppliers' labor shortage (from March 2023).
Financial Support	Support for mutual growth programs	- Offered loans of up to KRW1 billion at low interest rates to promote suppliers' stable management (exemption from interest). - Provided a total of KRW 3.93 billion to 9 suppliers.
	Improved payment conditions	- Improved the payment conditions to support the liquidity of excellent small- and medium-sized suppliers (loan collateralized by accounts payable ⇒ Cash payment).
Biz. support	Supporting the Mutual Growth Center	- Provided conference rooms, lecture rooms and event venues to excellent small and medium suppliers free of charge.
Management support	Supported the Mutual Growth Online Mall.	- Operated welfare promotion benefits for management stability and collaborative cooperation with SME suppliers (May 2023~). - Consumable MRO products, corporate (holiday) gifts, safety management products and customized special price goods.

Empathic communication with suppliers (Gong-gam Talk)

SK shieldus strives for sustainable coexistence and communication with its suppliers. Under the regular visiting Gong-gam Talk program, we hold meetings between our executive in charge of the Collaborative Cooperation Group and suppliers' representatives to discuss various difficulties, problems, and grievances that the suppliers are experiencing in the field from the perspective of mutual growth. Moreover, we regularly evaluate the supply chain and select excellent suppliers for the mutual growth program.

Supply Chain Risk Management

Suppliers' Consent to CSR Practice and Ethical Conduct

SK shieldus is committed to practicing ethical management, fulfilling its corporate social responsibilities (CSR), and establishing a transparent trading culture. All new suppliers that have signed contracts with SK shieldus have agreed to practice CSR. In addition, our suppliers are actively cooperating with ethical management and CSR through Open4U, our online purchase system.

Classification	Description
Consent to Practice CSR	1. It is strictly prohibited to engage in wrongful labor practices including forced labor and child labor. 2. It is strictly prohibited to discriminate based on gender, race, religion, disability or pregnancy, etc. 3. We shall respect political, religious, and corporal liberty and citizenship. 4. We shall be aware of our responsibility for environmental protection and promote the development and dissemination of environmentally-friendly technologies. 5. We shall participate in fair and transparent trade and promote win-win management. 6. We shall observe all labor rules that are recommended by the ILO and ratified by the State.
Biz. Partner's Pledge of Ethical Conduct	Agreement and pledge to prevent unethical acts such as providing monetary/non-monetary benefits, bid rigging, false contracts, and criminal acts.

Regular Voice of Partners' Management

To ensure effective communication with our suppliers, we have opened an anonymous bulletin board at our online purchase system, Open4U, on which suppliers can express their opinions and make business proposals and suggestions for improvement freely. In addition, we hold meetings between the Mutual Growth Officer and the representatives of suppliers and listen to the grievances of employees by regularly operating the Gong-gam Talk program. We also engage in constant communication by email and telephone, and are making efforts to raise suppliers' sense of closeness with SK shieldus.

Meeting with installation vendors

The communication channel with the installation vendors has been installation meetings since 2019. We have organized installation meetings with thirty-seven CMS-related suppliers with whom we have signed annual contracts. In 2023, we held three meetings for a cumulative total of thirty-nine meetings. It serves as a bidirectional channel of communication for sharing operational issues related to installation and listening to suggestions.

Operation of the Health and Safety Council

Since 2021, SK shieldus operates the Safety and Health Council, which meets each month, in order to offer guidance and discuss cases of safety accidents and prevention measures in order to build a safe installation environment. It held its 30th meeting in December 2023.

Providing Responsible Services

Our Approach

SK shieldus fulfils its responsibility as a major player in the security industry dedicated to protecting its customers and guaranteeing their safety.

We receive requests for improvement and reflect our customers' opinions in order to increase their satisfaction with our products and services.

In addition, we operate an organization dedicated to data protection in order to respond to internal and external security threats. The adequacy of our information security management system and services has been verified by the ISO27001 certification, an international standard for information security, and the ISMS certification. We acquired these certifications in order to secure world-class verifications of our information protection systems and security.

Major Achievements in 2023



**Received the Prime Minister's
Commendation for 2023
Science/ICT Day.**



**Selected as
"Korea's most respected company
in the field of cyber security"
for 3 consecutive years.**

Risks & Opportunities

⚡ Risks

- Customer attrition due to failures to meet customer needs.
- Damages incurred by personal data leakages.

☀️ Opportunities

- Increase in sales due to secure customer loyalty.

UN SDGs



Providing Responsible Services

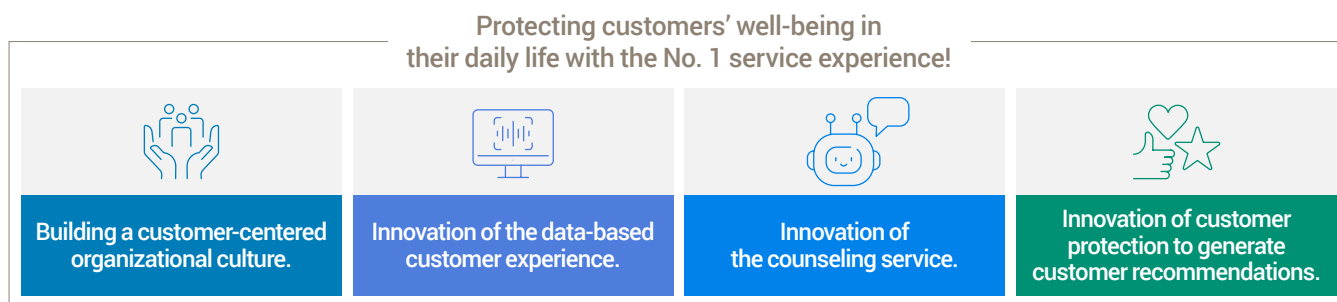
- Customer-Centered Management
- Privacy Protection

Customer-centered Management

Customer Experience Management

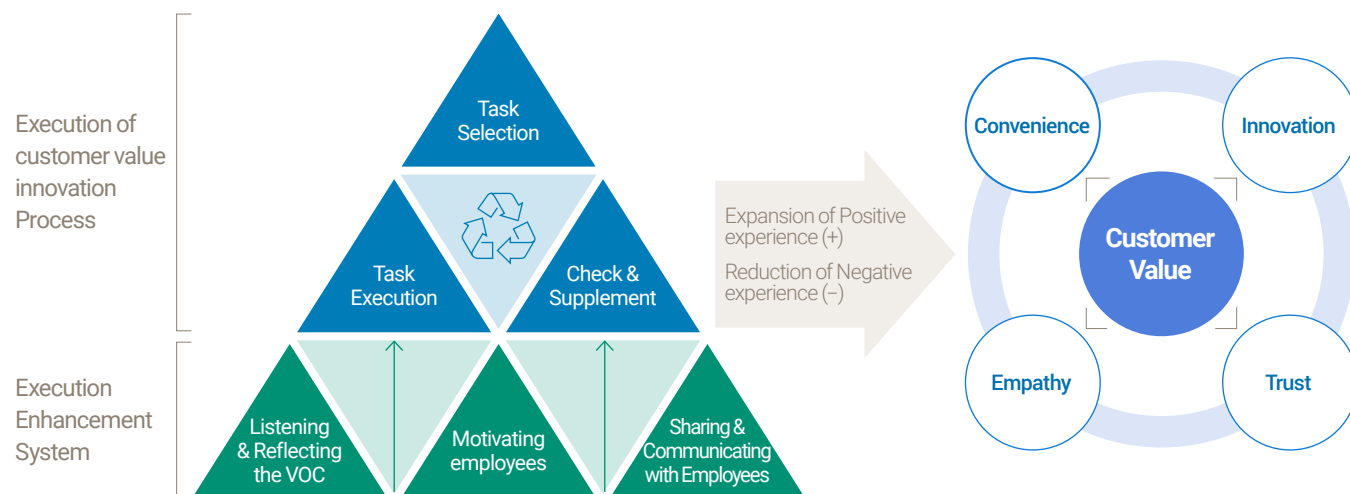
Goal: Innovation of customer value: Guaranteeing customers' well-being with the No. 1 service experience

To provide the best service for protecting customers' well-being in their daily life, SK shieldus set itself the following four goals: Establish a customer-centered organizational culture; Innovate the data-based customer experience; Innovate the counseling service; Innovate customer protection to generate customer recommendations. We are striving to guarantee customers' well-being by providing the No. 1 service experience.



Customer Value Innovation System

SK shieldus is pursuing customer value innovation based on the customer value innovation system. We collect customers' opinions through various channels, select customer value innovation tasks by diagnosing pain points based on the collected VOC, and discuss them as the top management's key issues of interest. To realize customer value, we are building a virtuous cycle structure through the process of "project selection > execution > inspection > supplementation", as well as building our ability to strengthen the system of listening to and reflecting customers' opinions and communicating with and motivating our employees.



Establishing a Company-wide Customer-Centered Culture

Customer Value Innovation Story

SK shieldus publishes "Customer Value Innovation Story" each month to collect customer's opinions and maximize SK shieldus' service capabilities. We contribute to building a customer-centric mindset and organizational culture by emphasizing the importance of customer experience management and sharing excellent cases and areas for improvement.



Publication of Customer Value Innovation Story

Red Team, a service evaluation group composed of internal members

SK shieldus operates the Red Team, a service evaluation group composed of internal members, in order to improve service quality continuously. The Red Team is responsible for discovering areas for improvement by directly exploring and experiencing services from the customer's perspective. It allows us to identify problems or areas requiring improvement early on and provide a better experience to our customers. Improving our services based on the opinions of employees is an important part of our efforts to improve customer satisfaction.

Service Star, an excellent employee in customer satisfaction

Service Star is a system by which we select and motivate excellent employees based on customer evaluations. The system allows employees who receive excellent customer evaluations to feel proud and strengthens the customer-centered culture throughout the organization. We also aim to identify opportunities for improving and supplementing our services through the voices of excellent internal members and for boosting customer satisfaction.



Service Start Poster

Providing Responsible Services

- Customer-Centered Management
- Privacy Protection

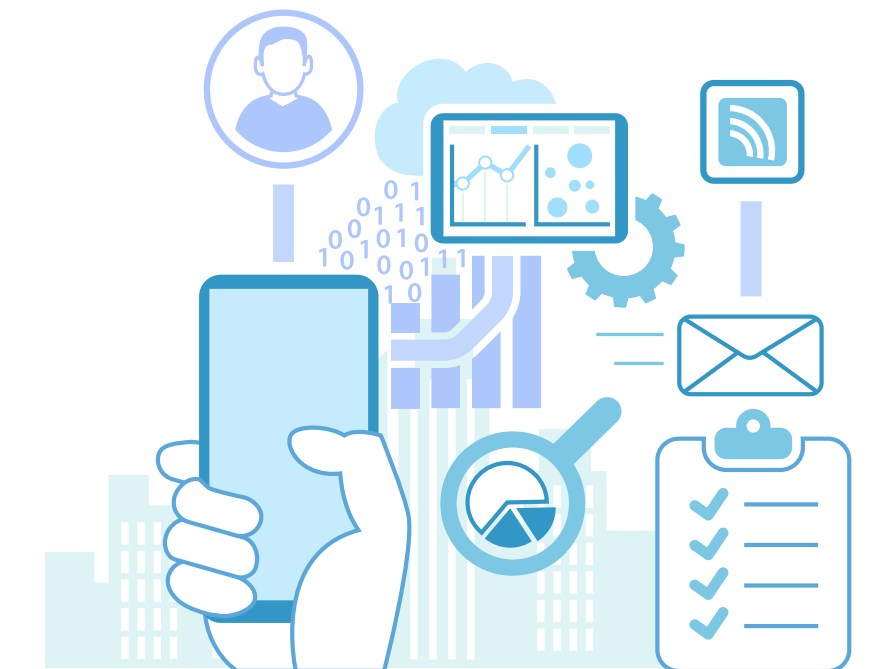
Customer-centered Management

Data-based System for Customer Experience Innovation

SK shieldus operates the CXM (Customer Experience Management) Dashboard to monitor and diagnose the customer experience based on data at each stage of the customer journey.

We segment the customer journey into service stages and manage service quality through a comprehensive, multi-dimensional analysis based on experience and operational indicators at each stage. We also conduct activities through data-based analysis to improve the customer experience by identifying and improving the root causes of shortcomings and raising the targets for excellent indicators.

* CXM: Customer Experience Management



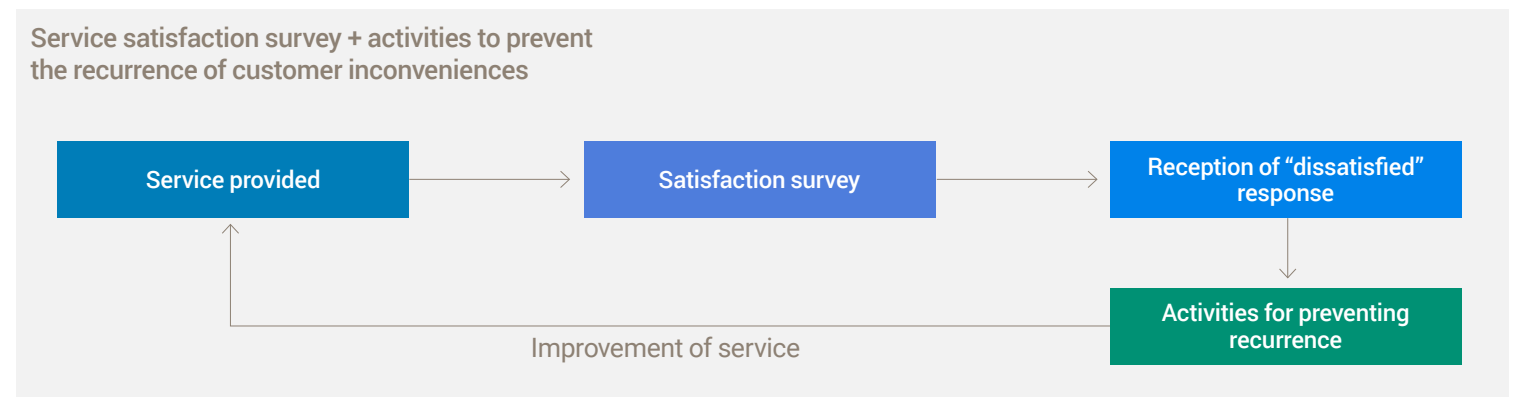
Satisfaction survey of customer-centered contact services

We measure the customer experience quantitatively and manage service quality systematically based on the results of customer surveys at each contact point and the usage cycle. We conduct the T-survey,** a service satisfaction survey, immediately after the end of all services at each contact point, including after-sales service, dispatch, and installation, in order to collect feedback in real time. If we receive a “dissatisfaction” response, we conduct improvement education to improve the situation immediately and prevent its recurrence. We also conduct the R-survey*** to collect in-depth feedback on the customers’ experience of using the service by asking whether they would recommend it at each point after signing a contract. Moreover, we use the data collected through the survey to identify opportunities for improving the customer experience, and strive to improve the NPS.

**T-survey (Transaction Survey): Service satisfaction survey for each journey.

***R-survey (Relational Survey): NPS (Net Promoter Score) service for each usage period.

Satisfaction survey to prevent the recurrence of customer inconveniences



Eleven steps for measuring the R-survey

Subscription			Contract and installation		Usage (Product and Service)		Termination
Brand awareness	Review	Reason for choosing the service	Contract	Installation/ Construction	Dispatch of equipment app after-sales service	Customer Center	Termination

Providing Responsible Services

- Customer-Centered Management
- Privacy Protection

Customer-centered Management

Quality Management Process

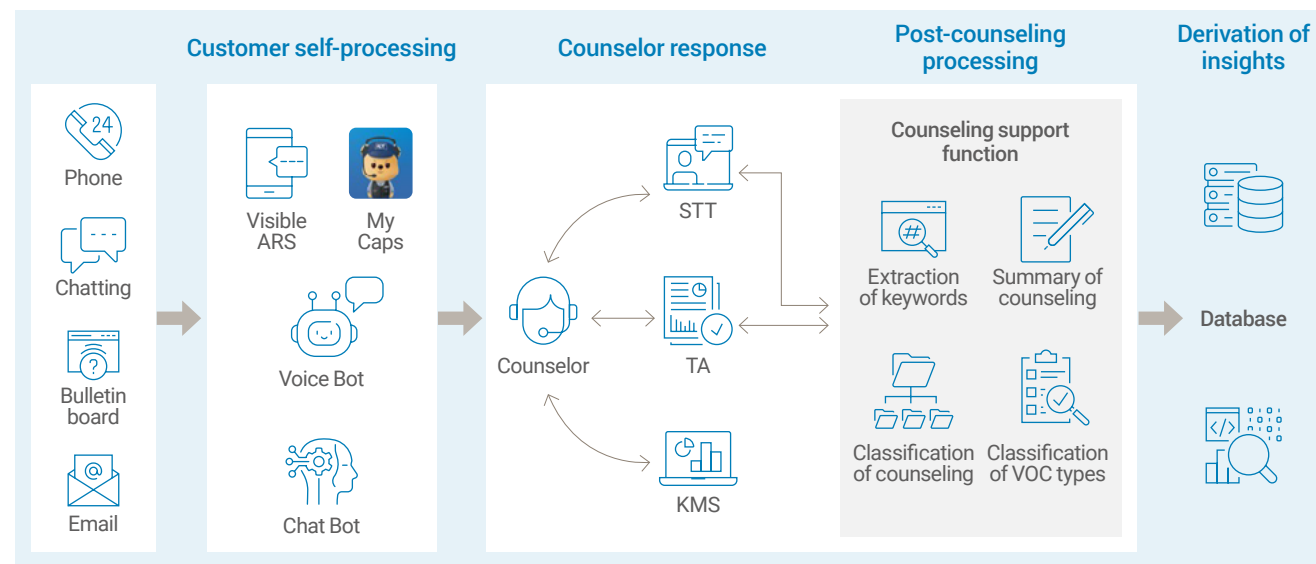
Customer protection system

As soon as we receive a case of customer damages, we report, disseminate and manage it through the response system. In response to a given situation, we quickly identify measures to protect customers based on R&R. Moreover, we continue beyond simple problem-solving. If the root cause of a problem is identified, we manage it to prevent damages from recurring by reflecting it in our prevention and response/recovery activities and supplementing them accordingly.



Digital innovation at the AI Customer Center

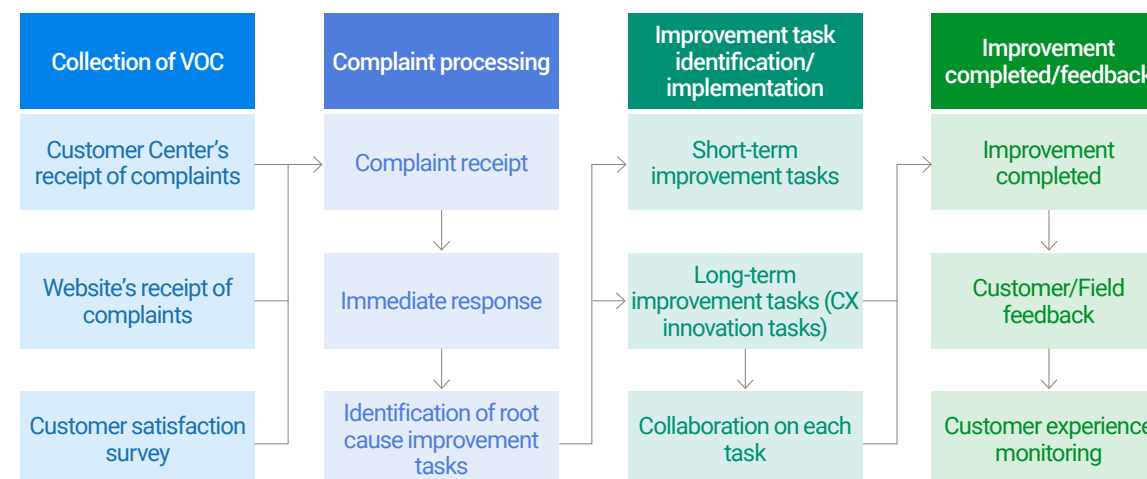
The Customer Center has increased convenience of use by introducing various digital channels, such as visible ARS and voice bots, in order to handle customer requests and inquiries regardless of the time and without having to wait for a counselor. Furthermore, we have introduced voice recognition and text analysis technology across our counseling channels in order to help counselors solve complex and difficult tasks. We have also automated counseling evaluations and expanded the evaluation targets through RPA* to improve the quality of our counseling. We are striving to provide differentiated customer experiences and services by continuously incorporating digital innovation technologies into customer counseling. *RPA: Robotic Process Automation



Customer complaint management process

SK shieldus collects customers' opinions through various channels and identifies opportunities for improvement by analyzing customer complaints.

We set the identified opportunities for improvement as company-wide innovation tasks, and monitor customer feedback and the field in order to check whether each improvement task has eliminated the cause of the negative customer experience and increased the positive experience.



VOC reduction

SK shieldus strives to reduce customer inconveniences by conducting monthly DPTC** management. Inconveniences mentioned by customers during counseling are immediately collected at the Customer Center as VOCs according to each type of inconvenience, including after-sales service, dispatch, and installation, and are used as important data in diagnosing the root causes of customer inconveniences. Furthermore, each organization carries out activities aimed at improving customer inconvenience, by classifying things that can be improved and key tasks from a long-term perspective. As a result of these activities, the number of VOCs*** about cases of inconvenience per 1,000 customers decreased by 74.8% from 21.83 in 2020 to 5.5 in 2023.

Trend in DPTC reduction

2023	2022	2021	2020
5.5	6.48	12.02	21.83

** DPTC: Defects/1,000 Customers

*** VOC: Voice of Customer

Providing Responsible Services

- Customer-Centered Management
- Privacy Protection

Privacy Protection

Customer Privacy Protection

SK shieldus provides security services that customers can trust. Our security service begins with the protection of customers' personal information, and SK shieldus establishes policies for personal information protection and carries out the systematic "Plan - Do - Check" process to fulfill our promise to customers and comply with our social responsibilities.

Establishment and operation of the information protection management system

SK shieldus is actively carrying out customer information protection activities, such as revising the information protection policy, introducing new security solutions, expanding personal information protection education, and thoroughly complying with the relevant laws and the Personal Information Protection Committee's guide to providing security services that reassure the customers. Moreover, we respond to the requirements of the comprehensively amended personal information protection laws and have established a system of constant and continuous response to global cyber-threats in order to protect our customers' personal information. We have our information protection management system verified through a third party's objective perspective every year, and we have acquired and maintained one domestic and one international information protection management system certification (ISMS and ISO 27001).



ISO 27001 Certificate



ISMS Certificate

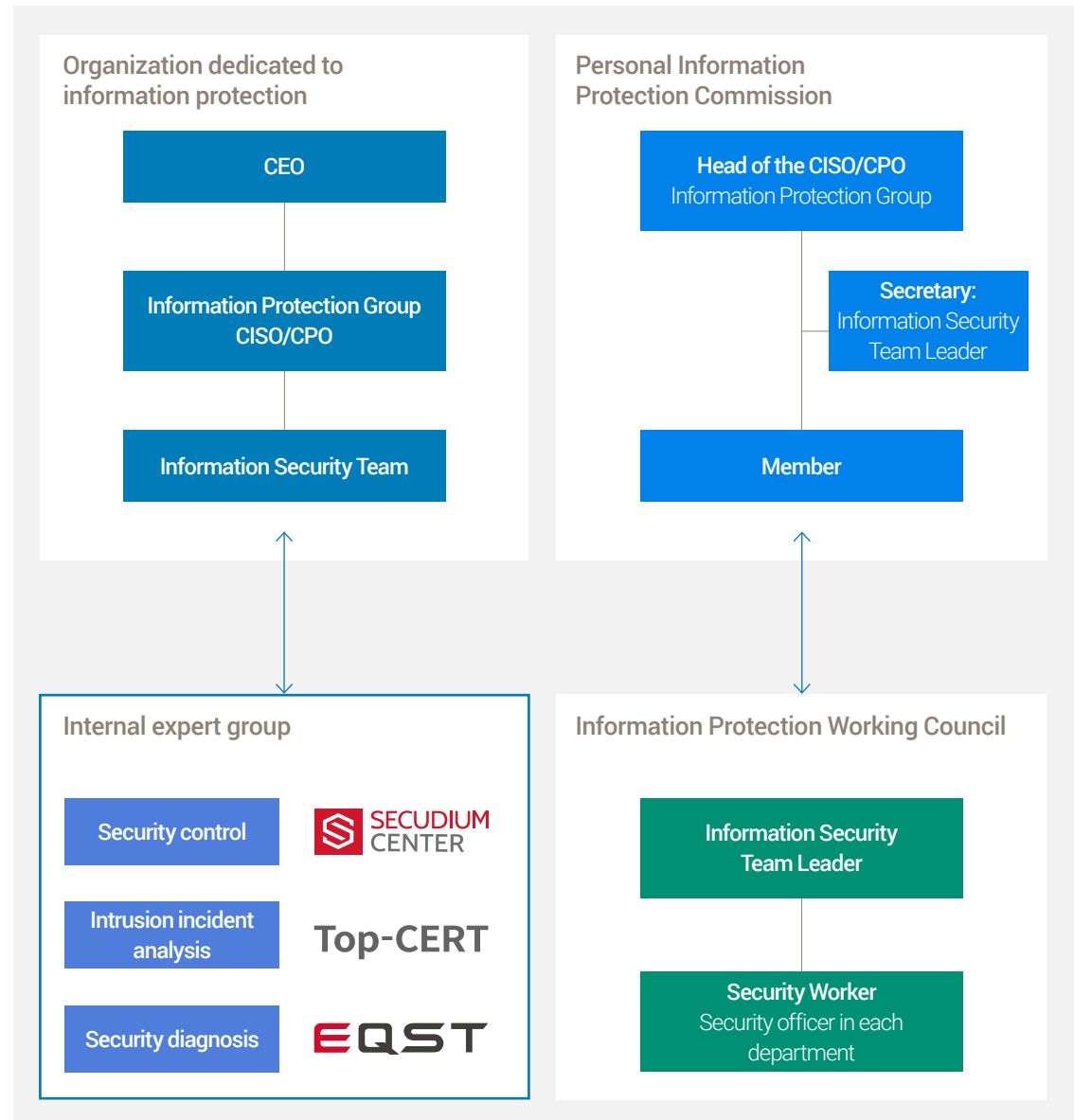
Operation of an organization dedicated to information protection

The Information Protection Group establishes and maintains SK shieldus' information protection policies, systematically carries out personal information protection activities, and responds to internal and external security issues. SK shieldus has reorganized and placed the Information Protection Group directly under the CEO, and has appointed an executive (CISO*/CPO**) as the head of the Information Security Group, recognizing that information protection work is an important element of our ESG activities.

We are also applying the simulated hacking service provided by the EQST Business Group, and the security monitoring and intrusion incident analysis service provided by the Secudium Center and Top-CERT, and we are striving to provide a thorough security service by building a close collaborative cooperation system with internal expert groups.

* CISO: Chief Information Security Officer

** CPO: Chief Privacy Officer



Providing Responsible Services

- Customer-Centered Management
- Privacy Protection

Privacy Protection

Customer Privacy Protection

Monitoring personal information leakages

SK shieldus has strengthened its control of internal information leakages, including leaks of customers' personal information, and has improved its proactive control and post-audit monitoring systems to prevent the recurrence of leaks. We monitor employees who are scheduled to retire and those working from home based on employee usage patterns, leakages through email text and attachments, and potential threats such as Dark-web and Deep-web on a permanent 24/7 basis. Moreover, we have established and operate the intrusion incident response process in preparation for leaks and cooperate with To-CERT, an in-house expert group, to prevent damages. SK shieldus is also cooperating with KARA on the construction of an information sharing system with the relevant agencies and the establishment of a real-time response system.

Personal information protection activities

To respond to the amended Personal Information Protection Act, SK shieldus focuses on revising the information protection policy documents and incorporating the new requirements into its services. Furthermore, we diagnose infrastructure vulnerabilities and conduct simulated hacking attacks of all our services annually, and we complete the final measures and secure security through repeated implementation checks in order to eliminate identified vulnerabilities. We also require all our employees to sign an information protection pledge each year in order to emphasize compliance with the information protection policy, and distribute various rules on the prevention of damages from leaks through a monthly personal information protection campaign.

정보보호의 날 개인정보보호 캠페인

SK shieldus 구성원의 개인정보보호 역량 강화를 위해 정보보호의 날(연말 보너스 주 초음파)에 개인정보보호 협찬권을 진행하고 있습니다.

11월 연례인에서는 구성원 전반적으로 영향이 있을 수 있는 개인정보 보호법 및 시행령의 개정 내용을 안내, 드라고지 하우나 다음 내용을 숙지하여 주시기 바랍니다.

개정된 내용과 관련하여 새로운 소식을 계속해서 공지할 예정입니다. 또한하여 공평한 사항은 개인정보보호팀으로 문의 바랍니다.

(1) 개인정보보호 캠페인 - 개인정보 보호법 및 시행령 주요 개정사항 안내

- 사적 목적의 개인정보 이용 금지**
 - 1. 타인의 개인정보를 사적 목적으로 이용하는 경우의 처벌 근거가 신설되었습니다.
 - ※ 정당한 공인 업무 또는 학술 연구 목적을 초과하여 다른 사람의 개인정보를 이용하는 경우 **5년 이하의 징역 또는 5천만원 이하의 벌금**에 처할 수 있습니다.
- 고정형 영상정보처리기기 운영 기준 신설**
 - 1. 기술 발전 추세를 고려하여 공개된 장소의 고정형 영상정보처리기기(ccrv) 운영 기준이 신설되었습니다.
 - ※ 안구 감지(출입자 수, 성별, 연령대 등 통계값 산출) 분석 등을 위해 촬영된 영상물 저장하지 않는 경우 공개된 장소에서 고정형 영상정보처리기기(ccrv)를 운영할 수 있습니다.
- 이동형 영상정보처리기기 사용 제한**
 - 1. 이동형 영상정보처리기기는 착용형 장치(메디컬 등), 휴대형 장치(스마트폰, 카메라 등), 부착·거치형 장치(지향, 드론 등에 부착 장치)를 대상으로 합니다.
 - ※ 사적 용도의 이동형 영상정보처리기기는 개인 차량에 설치된 블랙박스 용도의 개인정보 보호 장치 규정이 적용되지 않습니다.
 - 2. 이동형 영상정보처리기기는 사전 통의를 받거나 촬영 사실을 알 수 있었음에도 거부의를 밝히지 않은 경우 운영이 가능합니다.
 - 3. 이동형 영상정보처리기기로 촬영 시 반드시 **"촬영 사실을 표시"해야** 합니다.
 - * 표시방법: 촬영 소리, 안내문, 서면 안내방송 등
- 민감정보 처리제한**
 - 1. 서비스 제공 과정에서 정보주체의 민감정보(사생활 정보)가 공개되어 사생활 침해 위험이 있는 경우 **인감정보로 표기할 수 있는 것**과 **비공개할 수 있는 것**을 사전 고지하여야 합니다.
 - 사례: 사내명 서비스 이용자가 가문성명에 공개되어 있는 사실을 부러워 경쟁사, 언론 등 민감한 정보를 획득하여 인내에게 공개한 사례

정보보호의 날 개인정보보호 캠페인

SK shieldus 구성원의 개인정보보호 인식 제고를 위해 정보보호의 날(연말 보너스 주 초음파)에 개인정보보호 협찬권을 진행하고 있습니다.

24년 1월 월례인에서는 공개된 서비스, 앱에서의 개인정보 보호 수칙에 대해 안내드리고, 임직원 여러분에게는 개인정보 보호 중요 교육 자료를 위해 다음 내용을 숙지하여 주시기 바랍니다.

개인정보보호 캠페인 - 공개된 서비스(앱, 앱에서의 개인정보 보호 수칙(서비스 운영 관리자))

개인정보 노출이란?

개인정보를 누출되지 않아볼 수 있어 언제든지 유출될 수 있는 상태를 의미하며, 노출 발생 후 신속히 조치하지 않아 유출 사고로 이어지는 경우 고객 신뢰 상실, 기업 이미지 실추, 손해배상 등의 피해를 입힐 수 있습니다.

사례 1: 개인정보가 포함된 게시물이 누출되지 않아볼 수 있는 상태로 유출된 경우
 사례 2: 이용자 동의 없이 개인정보가 공개된 경우
 사례 3: 개인정보가 포함된 첨부파일을 공개하지 않아볼 수 있는 상태로 유출된 경우

개인정보 노출 예방 수칙(서비스 운영 관리자)

- 서비스 이용자가 게시한 이용 시 개인정보 노출 예방에 대한 안내를 받을 수 있도록 조치
 - 내용: [내부]에 사생활 정보, 계약번호, 카드번호, 임대번호, 주소 등 개인정보가 누출되지 않도록 주의하여 주시기 바랍니다.
 - 개인정보가 누출되었을 경우 즉시 조치할 수 있습니다.
- 개인정보를 수집하는 방법이나 목적을 사전에 타인에게 공개하지 않습니다.
 - 불가하게 개인정보가 포함된 게시물(예: 이벤트 당첨 공지) 및 댓글은 비공개(私密) 처리
- 서비스 내 첨부파일에 포함된 게시물 등 타인의 개인정보를 보호할 수 있도록 조치
- 필요할 경우 사생활 정보 등 민감한 정보를 게시할 때는, 개인정보보호팀에 사전 신고를 하고, 개인정보보호팀에서 사전 검토를 거쳐 게시합니다.

개인정보 노출 예방 수칙(서비스 운영 관리자)

- 필요할 경우 사생활 정보 등 민감한 정보를 게시할 때는, 개인정보보호팀에 사전 신고를 하고, 개인정보보호팀에서 사전 검토를 거쳐 게시합니다.
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문의처: 개인정보보호팀 (02-2659-1234) | URL: https://www.skshieldus.com/privacy

Personal information Protection Campaign Poster

Enhancing Security Verification Activities

SK shieldus has established and implemented security procedures in order to apply the security measures required by the personal information protection laws to its services already in operation and those currently under preparation. We protect services and customers' personal information from the latest security threats by upgrading the review areas and criteria in step with the rapidly advancing information technologies and ever changing regulations. The appropriateness of our security review activities is verified through a security diagnosis conducted by investment companies.

Education on personal information protection

SK shieldus has conducted various educational programs aimed at increasing employees' awareness of the importance of protecting personal information.

Training courses	Contents	Method
Basic Training on Information Protection	<ul style="list-style-type: none"> • Understanding (privacy) data protection • In-house security policy and process • Examples of security accidents and responses 	<ul style="list-style-type: none"> • Online lecture
Training on Privacy & Data Protection	<ul style="list-style-type: none"> • Specific training for handlers of personal data • VoC and cases of security accidents • Training for new employees 	<ul style="list-style-type: none"> • On-site training • Education after security check • Collective training
Information protection education	<ul style="list-style-type: none"> • Development security training – secure coding, etc. • Training of information security experts (security personnel 40h) • ISO 27001 worker education 	<ul style="list-style-type: none"> • Guidance after online lecture/ security review • Lectures by external experts
Education on business site security	<ul style="list-style-type: none"> • Security requirements for each stage of a project • Customers' security regulations and processes 	<ul style="list-style-type: none"> • On-site training before and during projects

Greater Happiness for Employees!

Our Approach

SK shieldus has established a stable corporate culture that strives to promote and boost employees' happiness. Based on our "employee-first" culture, we have put in place a fair HR system and established a stable work environment so as to allow our employees to achieve a healthy work-life balance. Further, we are pursuing a culture in which "Diversity, Equality, Inclusion" is encouraged based on mutual trust and unity. We also provide high-quality educational opportunities to contribute to the fostering and personal development of our human resources.

Major Achievements in 2023



0 Serious Accidents



Received the "True Company" grand prize for trustworthy employment of people with disabilities.

-
Hosted by the Ministry of Employment and Labor and KEAD



Introduction of a psychological counseling program for employees

Risks & Opportunities

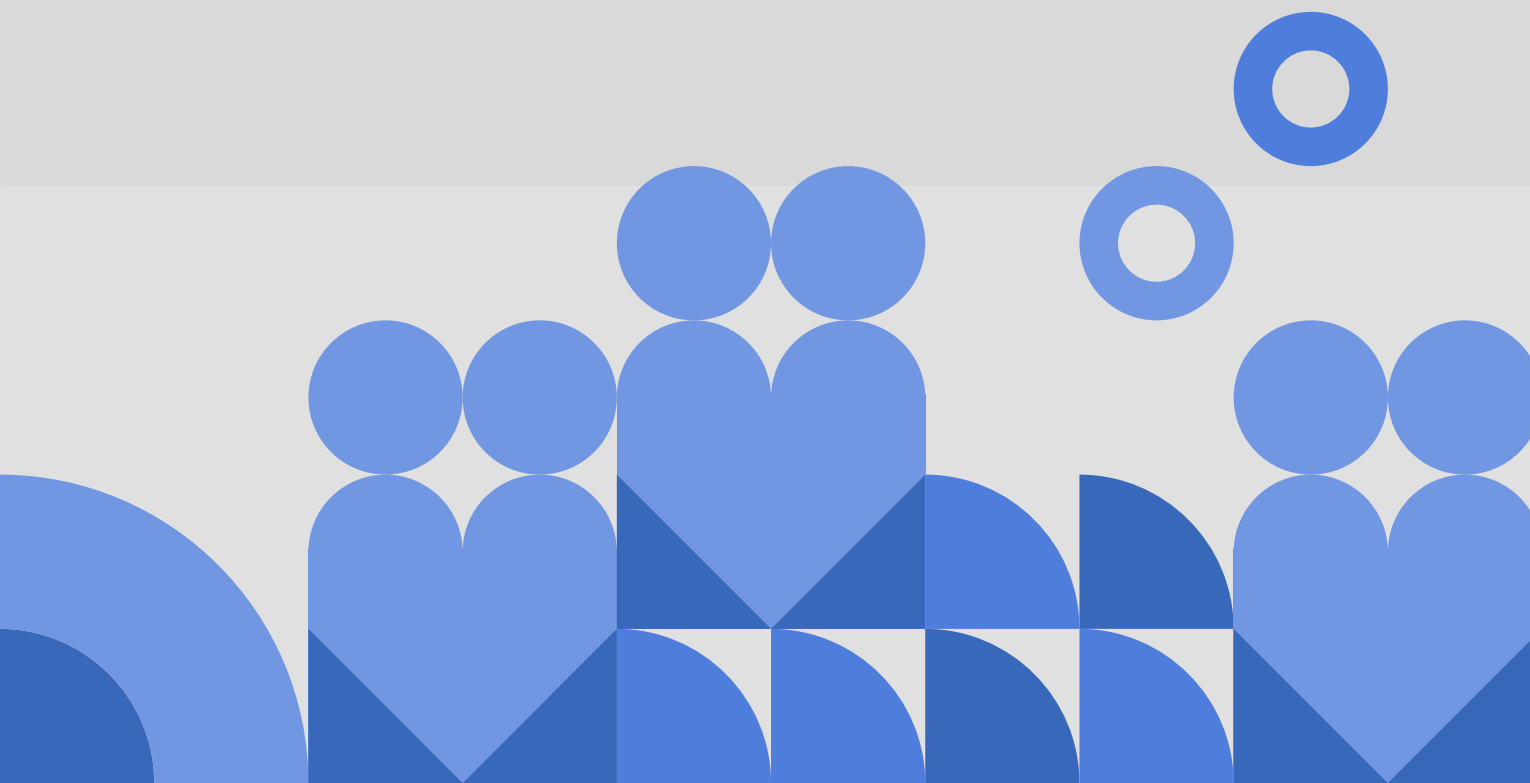
⚡ Risks

- 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



Greater Happiness for Employees

- Occupational Safety and Health
- Corporate Culture
- Talent Management

Occupational Health and Safety

5-STAR ESG Initiatives

Health and Safety Management System

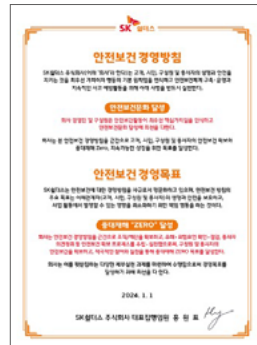
SK shieldus has enhanced the occupational health and safety management system in alignment with the international health and safety management system (ISO45001). Along with the expansion of our business scope, we maintained the ISO45001 certification for international health and safety management systems in 2023. Furthermore, the principle of the health and safety management system prioritizes the protection of human life and the 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 has also been put in place to measure performance in the area of occupational health and safety. To strengthen each business site's field-center autonomous management system, SK shieldus expanded the scope of its health and safety management system certification (ISO 45001) to include the FM business site in 2022 and the SK Hynix site in 2023.* As a result, the close collaboration system between the dedicated organization at the head office and the execution organizations in the field has been completed. We also operate the health and safety autonomous management system to prevent accidents involving members and employees at all our business sites. Moreover, we have set customized health and safety KPIs for each business and established five-year goals and schedules for the 5-STAR project to secure the health and safety of our employees. In the near future, we will set and review the safety KPI through a case analysis and try to reduce the injury rate by 5% each year.

*Rate of ISO 45001-certified business sites compared to all business sites (calculated based on services provided): 6.5%

Health and safety management policy and goals

Health and safety management policy

- Establishing a sound health and safety culture
The company's management and members recognize that health and safety activities are our core values and are doing their best to establish a sound health and safety culture.
- The company sets goals based on its health and safety management policy in order to secure the health and safety of customers, citizens, members, and workers, to achieve zero serious accidents, and to promote sustainable growth.



Health and safety management policy and goals

Health and safety management goals

- Achieving "Zero" serious accidents
The company aims to achieve its goal of zero serious accidents by securing the organization and budget based on its health and safety management policy and the health and safety of its members. It works by establishing and implementing the health and safety securing process through checking and inspecting hazardous and risk factors and listening to employees' opinions.



ISO 45001 certification

Strengthening communication and decision-making

To promote active communication regarding occupational health and safety, SK shieldus convenes the Health and Safety Council each month to improve the health and safety issues of suppliers, and the occupational health and safety committee on a quarterly basis in order to address various items of agenda related to maintaining and enhancing the health and safety of employees.

Through this, we decided on 11 items, including the evaluation criteria for the Health and Safety Officer and the operation of a psychological counseling program for employees. In addition, we held monthly meetings of the Safety Council under the supervision of the Chief Health and Safety Officer to ensure that the heads of the divisions and groups of each business sector could fulfill their responsibilities regarding safety management issues as health and safety officers, and promote and lead the safety culture in 2023.

Meeting date	Main item of agenda	Resolution
30.03 2023 (Thurs.)	<ul style="list-style-type: none"> Reorganize and amend the occupational health and safety-related regulations (2023). Reward branches for achieving 1,000 accident-free days in the regional headquarters. 	Resolved Resolved
20.06.2023 (Tue.)	<ul style="list-style-type: none"> Provide personal protective equipment to safety personnel. Provide vehicle safety stickers to prevent traffic accidents. Provide vehicle safety supplies during the rainy season. Establish evaluation criteria guidelines for the Chief Health and Safety Officer. 	Resolved Resolved Resolved Resolved
19.09.2023 (Tue.)	<ul style="list-style-type: none"> Establish the health and safety management regulations of SK hynix. 	Resolved
20.12 2023 (Wed.)	<ul style="list-style-type: none"> Produce and distribute service guidelines/safety stickers. Introduce a psychological counseling program for employees. Expand the special health checkup hospitals in the Gangwon region. Improve SK shieldus' health and safety management policy and goals. 	Resolved Resolved Resolved Resolved

In addition, we hold monthly meetings of the Occupational Health and Safety Council to improve suppliers' safety management issues through a process of communication on occupational health and safety activities.

Greater Happiness for Employees

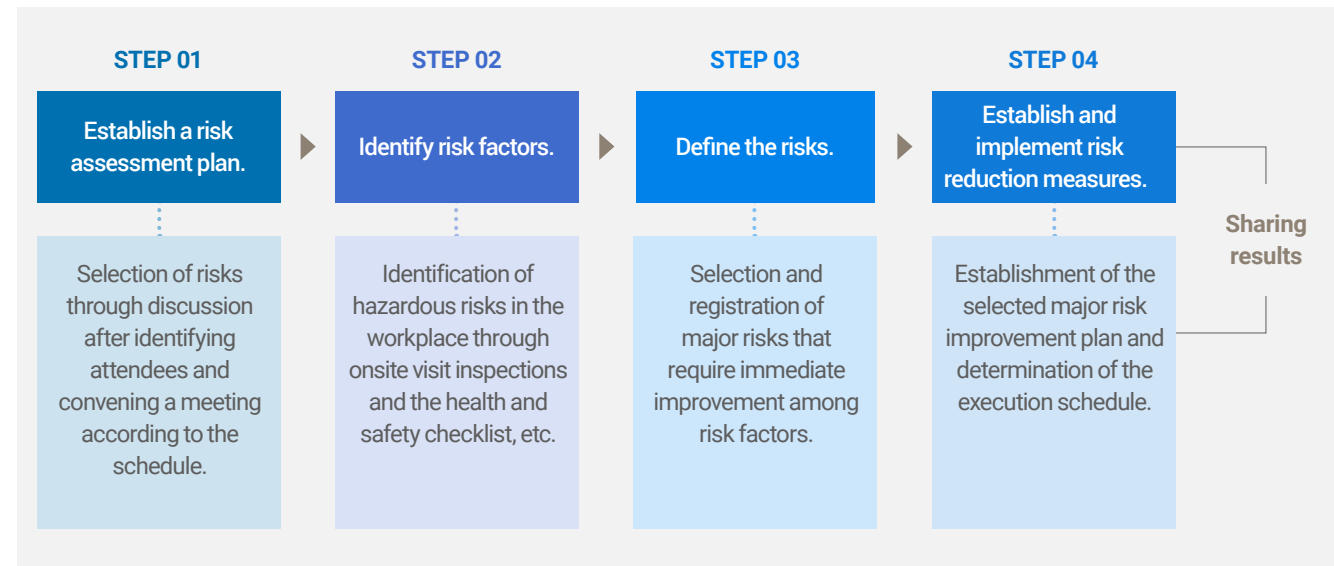
- Occupational Safety and Health
- Corporate Culture
- Talent Management

Occupational Health and Safety

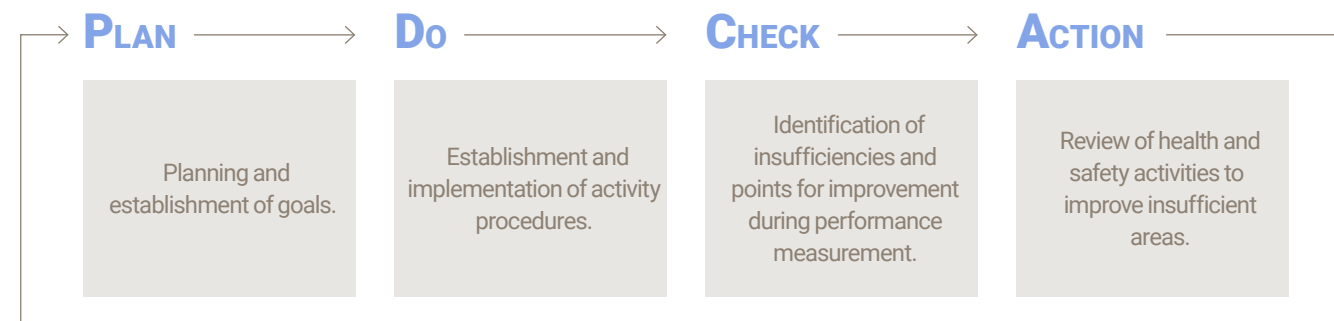
Health and Safety Management Programs

SK shieldus operates a risk assessment management program to manage health and safety risks, and a safety management program that is based on the PDCA (Plan, Do, Check, Action) cycle. Through the risk assessment management program, we conduct annual risk assessments of all our businesses and business sites under the supervision of the safety officer in each region, in order to improve and eliminate risk and other harmful factors. In accordance with the risk management regulations of the health and safety management system certification (ISO 45001), we identify internal and external issues related to health and safety, establish risk action plans, and perform effectiveness verification procedures. We strive to prevent accidents involving our members and workers by complying with these safety management programs and regulations.

Risk Assessment Management Program



PDCA safety management cycle



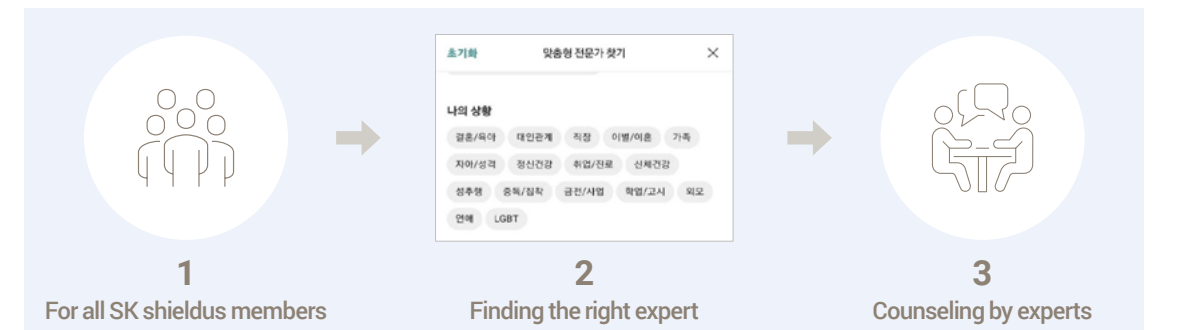
Implementation inspection of the health and safety management system

SK shieldus conducts on-site inspections of all its workplaces twice a year to ensure that the requirements of the Occupational Health and Safety Act and ISO45001:2018 are properly observed in the field. As part of the company-wide accident prevention activities, SK shieldus has conducted inspections of 94 workplaces including regional HQs, branch offices and technology centers under the MS business headquarters, etc. in order to monitor whether health and safety management is being properly implemented, and has actively responded to the social and legal issues identified by the inspections. We have immediately implemented the latest amendments to the health and safety-related laws and international standard certification and reflected their basis in the health and safety management system.

Health management monitoring and employee psychological counseling program

We run a psychological counseling program to prevent mental and physical stresses such as work stress, relationship conflicts, and family problems among our employees. The program, which is run under a business agreement with a third-party professional organization, consists in checking job and post-traumatic stress, experience of disability, and the psychological state of employees. We conduct the tests in various ways, such as face-to-face, video, phone, and chatting, according to each employee's preference, and provide psychological counseling to help them lead a healthy work life.

Psychological counseling program for employees



Greater Happiness
for Employees

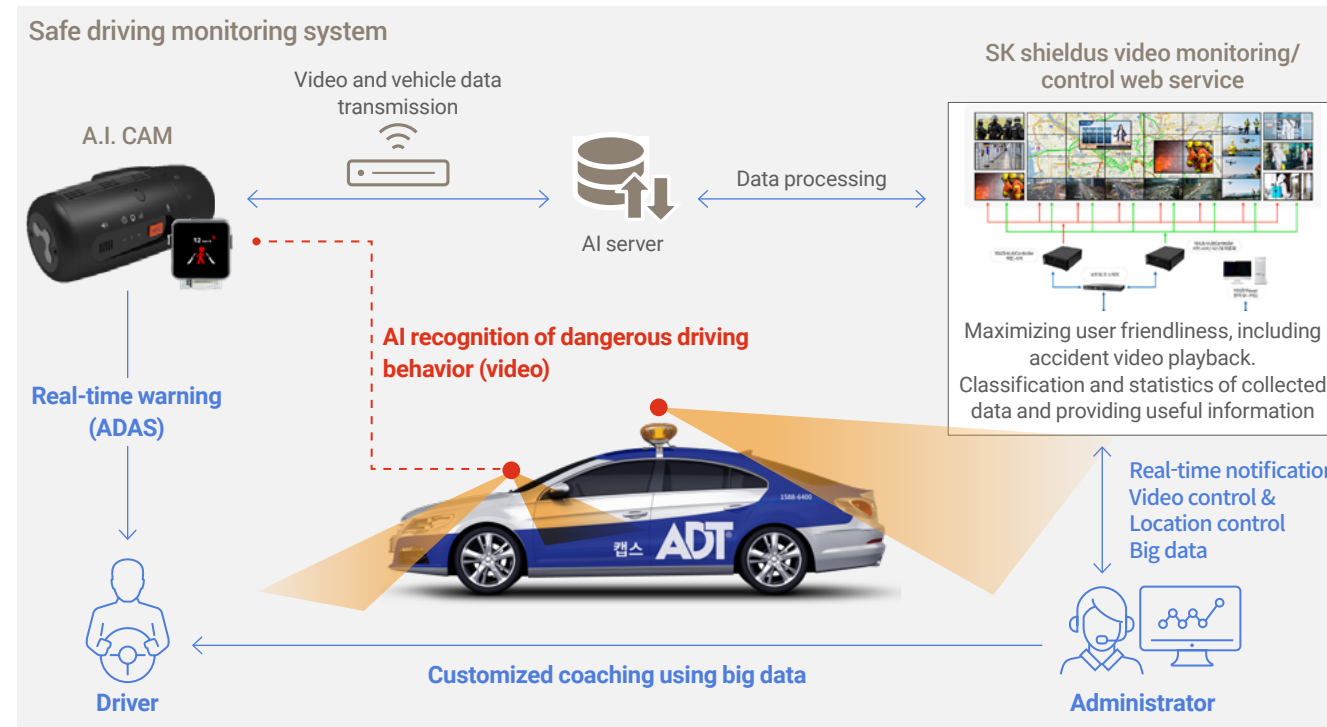
- Occupational Safety and Health
- Corporate Culture
- Talent Management

Occupational Health and Safety

Health and Safety Management Programs

Operating a safe driving monitoring system and building a drowsy driving prevention system

SK shieldus has mounted a black box and SD memory card in all the vehicles it operates, and operates a safe driving monitoring system, which is a type of follow-up management system that observes and educates employees on driving habits. We conducted a POC* in the second half of 2023 to introduce AI black boxes that apply eight algorithms. In 2024, we will introduce AI black boxes to provide real-time advance warnings to drivers in the event of dangerous driving and deliver data to administrators to improve their driving habits, reduce traffic accidents, increase vehicle fuel efficiency, and reduce carbon emissions. *POC: Proof of Concept



Integrated health and safety platform

SK shieldus is planning to build an integrated health and safety platform to prepare preemptively for the risks under the Serious Accident Punishment Act and the Occupational Safety and Health Act and to prevent accidents that can occur at worksites during project progress. The platform will be developed to consist of supplier management, emergency response and preparation, education management, employee participation, accident management database, harmful and risk factor management, and health and safety management. We expect to increase work productivity and efficiency, preemptively respond to compliance issues, and reduce accidents through electronic documentation of health and safety work.

Operation of an education program to prevent accidents

Safety training process

The safety training process aims to prevent the recurrence of accidents among those who have experienced traffic accidents and improve the driving habits of employees who need improvement. It comprises various processes, such as the introduction of cases of traffic accidents, analysis of the causes, and discussions on preventing traffic accidents and reducing the traffic accident rate, and aims to raise the participants' awareness of the importance of safe driving. In 2023, 114 employees completed the program. In addition, we will provide education through third-party safe schools specializing in motorcycles for motorcycle drivers who are at a high risk of injury in the event of an accident and are more exposed to risk than drivers who use other means of transportation.

Safety awareness strengthening education

SK shieldus develops health and safety educational content to increase employees' interest in health and safety and improve their capabilities. It also provides annual online education for all employees.

Target		Time	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	On/Offline
Education upon recruitment	New Employees	8 hours or more	Offline
Other education	Material safety education (MSDS), risk assessment education, other health and safety-related education	Different by subject	Offline Education by external agencies
Job competency education	Health and safety manager, Safety manager, health manager	Annual	Professional education by external agencies
	Health and safety officer	Annual	On/Offline (practical education on health and safety activities)
Health and safety newsletter		Monthly	Online (accident prevention, safety measures, etc.)

Greater Happiness for Employees

- Occupational Safety and Health
- Corporate Culture
- Talent Management

Corporate Culture

Horizontal Corporate Culture

SK shieldus pursues a horizontal corporate culture in which 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 for each other, SK shieldus conducts various awareness programs in which mutual-respect catchphrases suggested by employees themselves are used. In particular, from 2023, the 11th day of each month is designated as a “Day of Mutual Respect”, i.e. a day on which an atmosphere of mutual respect is cultivated through a series of regular awareness activities such as a campaign on the culture of practicing mutual respect.

Culture of Mutual Respect

SK shieldus has designated six vows by which to practice mutual respect, including using correct titles and honorifics and prohibiting bullying in the workplace, in order to create a culture of mutual respect and care for each other. It has received pledges from members and carried out regular action campaigns based on them. In particular, we continuously strive to improve members' awareness and establish a culture of mutual respect, linking various communication programs such as the mutual respect campaign using the mutual respect catchphrase, "See a wider world horizontally (180°) rather than vertically (90°)," which we have created with our members to encourage their continued interest and active participation, along with webtoons, posters, and promotional materials.



Poster for Mutual Respect Culture 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 In-house Communication Channels

The Field Communication Team, which is in charge of the internal bottom-up communication channel, communicates actively with employees in order to collect their complaints, inconveniences or suggestions, and makes necessary improvements. The communication channels consist of both online and offline channels: “Inquiries/Suggestions” and “Gong-gam Shinmungo” are online channels while “Labor-management Meetings by Regional HQ and Group” and “On-site Visits” are offline channels.

Channel	Goal	Method	Target	Cycle	Time	Management
Inquiries/Suggestions	Bottom-up collection of employees' complaints, inconveniences and suggestions for improvement	Gong-gam tok	All members	Regular	Regular	<ul style="list-style-type: none"> Reply given within 24 hours. Tracking until resolution of root causes.
Gong-gam Shinmungo		Gong-gam Tok (anonymous)		Regular	Regular	<ul style="list-style-type: none"> Collection of posts every week. Disclosure of company replies on Gong-gam Tok.
On-site visits		Visits to sites focus on dispatch sites and interviews with ER team members.	Occasional	Occasional	Delivery of company replies to the relevant organization.	
Labor-management meeting by regional HQ and group.		Meetings between representative members of the responsible branch or team.	Members of the organization	Semiannual	June and December	Collection of opinions and preparation of replies (Field Communication Team serves as the coordinator).

Greater Happiness for Employees

- Occupational Safety and Health
- Corporate Culture
- Talent Management

Corporate Culture

Ensuring a Healthy Work-Life Balance

SK shieldus strives to make a happy workplace where a healthy work-life balance is achieved for the well-being of employees both at work and at home. We operate a work-family balance support system to shore up 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 in the enjoyment of their hobbies also ensure that they have a healthy and stable work life.

Creating the Culture of a Good Place to Work

SK shieldus was selected as a "leisure-friendly certified company" in recognition of its efforts to comply with working hours, improve the working environment and work efficiency, support leisure activities, expand welfare benefits, build smart work, and continuously improve the organizational culture. SK shieldus also operates various systems and support programs, such as a work-family balance support system, a leisure program, medical services, and invitational events for employees' families to "create a happy workplace for a healthy work-life balance." In particular, we invite employees' families and provide a leisure program consisting of cultural experiences, such as watching movies and sports events and holding picnics in order to increase employees' satisfaction with their work life. Moreover, SK shieldus was selected as an excellent company by the Ministry of Employment and Labor's "work-life balance campaign" in recognition of its company-wide efforts to improve ways of working and to increase the quality of life and work efficiency of our employees. We are leading the creation of an optimal working environment and the establishment of a healthy corporate culture by actively practicing the core areas of the campaign: not working too long, working smarter, and testing properly. SK shieldus will continue doing its best to develop its corporate culture in order to exert a positive influence on local communities going beyond individuals and companies.



Ceremony for certification of leisure friendliness for SK shieldus

Support for Club Activities

SK shieldus operates an employee club program to support employees' personal development and hobbies. Employees voluntarily plan, organize, and operate the program, which has forty-eight clubs different characteristics. These clubs include sports, such as tennis, soccer, and golf, and hobbies such as camping, fishing, and crafts. Employees can engage in the pastimes of their choice with their colleagues, creating a new momentum in the workplace and gaining energy from each other. They can also expect the creation of a healthier work culture where they can work happily and enjoy their work. Any employee can check the club activities on the in-house bulletin board, Gong-gam Tok, and they can join a club at any time to participate in activities with their colleagues.



Photo of SK shieldus' soccer club

Cultural Dating Program

In order to help its employees to feel satisfied with their work life, SK shieldus runs annual cultural dating programs. It began in 2017 with members watching movies. Then, the targets were expanded to include families, and the program was diversified to include sports and experience-oriented cultural programs. Although the program was suspended for about two years due to the COVID-19 pandemic, it resumed in 2022 with about 1,360 teams and 5,200 people participating in 2023.

Year	April Attending a baseball match in Jamsil Stadium.		May Visiting Yongin Folk Village.		June Attending a football match in Incheon Stadium.		July Viewing a movie in Gwangju.		September Attending a football match in Ulsan Stadium.		October Visiting Seoul Park in Gwacheon		2023 total	
	Team	Members	Team	Members	Team	Members	Team	Members	Team	Members	Team	Members	Team	Members
No. of Participants	374	1,341	255	1,022	202	772	84	340	111	446	329	1,267	1,355	5,188



Employees and Families Participating in a Cultural Date Program

**Greater Happiness
for Employees**

- Occupational Safety and Health
- **Corporate Culture**
- Talent Management

Corporate Culture

Ensuring a Healthy Work-Life Balance

Employee Benefits

SK shieldus operates various welfare benefit systems to reduce the financial burden and ensure stable living conditions for its employees. In particular, we provide tax-free benefits such as support for academic tuition fees and optional welfare points through the in-house employee welfare benefit fund, and we plan to launch a low-interest loan system for employees using the basic assets contributed to the employee welfare benefit fund in the second half. The various existing welfare benefit programs remain separate from the employee welfare benefit fund. In 2024, we plan to expand the medical expenses, support, and gifts for school admission and college entrance exams.

Fostering a Childcare Support System for a Workplace Daycare Center

SK shieldus plans to implement a foster childcare support system for the workplace daycare center based on Article 14 of the Child Care Act* beginning in the second half of 2024. We established an action plan in 2022 and presented a plan for expansion to a consultative body in 2024, taking into account specific measures and realistic matters. Full-time workers at the Pangyo and Samseong-dong sites with infants and toddlers are eligible for the plan, and we plan to support a foster childcare system for one year per child with no limit on the number of children. This aims to reduce the burden of childcare costs on members by supporting admission preparation fees, special activity fees, and field trip fees that individuals bear, in addition to the government's basic childcare fees.

* Article 14 of the Child Care Act: Obligation to establish a workplace daycare center in workplaces with 300 or more full-time female workers or 500 or more full-time workers.

Organizational Health Checks

SK shieldus conducted a regular member satisfaction survey from 2015 to 2022. Beginning in 2023, we commissioned a world-class strategic consulting firm and implemented an organizational health check by completely reorganizing to meet the global standard for organizational diagnosis. The organizational health check was conducted to examine the organization comprehensively from the member's perspective by configuring 11 domains in 3 categories of organizational structure and operating model, human resources and organizational capabilities, leadership, change management, and goal-oriented organizational culture, and to continuously improve factors that impede organizational commitment. The score for each item was compared with domestic benchmarking companies. The pain points were identified through a thorough analysis of the collected opinions of the members. Based on the analysis, the tasks that urgently required improvement were selected as key initiatives for company-wide improvement.

Design of organizational structure and operating model

- Organizational structure & roles**
Evaluation of the understanding of each member's role in the organization and the collaborative structure between organizations
- Work efficiency**
Evaluation of the efficiency of current business performance processes
- Decision-making and governance**
Evaluation of the decision-making criteria and the corresponding work processes

Human resources and organizational capabilities

- Technology and IT**
digital/automation of departments to improve work efficiency and digital innovation
- Achievements and compensation**
Evaluation of performance and reward systems to foster employees' motivation and desire for achievement

Leadership, change management, and goal-oriented Corporate culture

- Sense of purpose**
Evaluation of the members' empathy and influence on the company's vision and core values
- Future strategy and goals**
Evaluation of strategies for achieving the vision and future goals and members' understanding of them
- Leadership**
Evaluation of leader's capabilities, leadership development status, and the relationship between leadership and members
- Readiness for change**
Evaluation of organizational capabilities and readiness to respond rapidly to changes in the business environment
- Organizational culture**
Diagnosis of perception of ways and styles of working within the organization and evaluation of the level of organizational culture development
- Talent management and development**
Securing excellent talents and evaluating talent development systems to achieve organizational goals



Greater Happiness for Employees

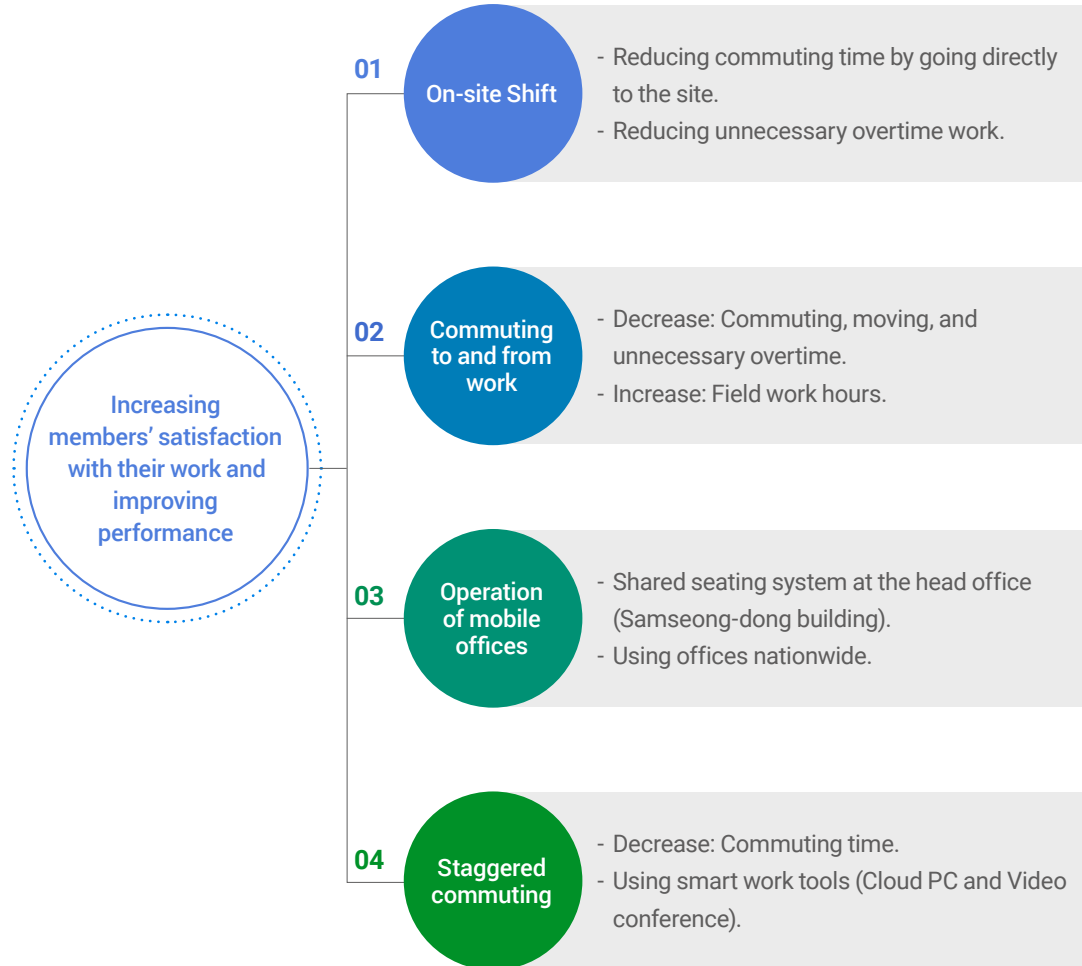
- Occupational Safety and Health
- Corporate Culture
- Talent Management

Corporate Culture

Innovation in Ways of Working

SK shieldus continuously pursues innovation in its work practices to create a digital work environment and improve its members' quality of life. We are enhancing the members' quality of life and achieving company growth at the same time by improving our ways of working through flexible and convenient work environments, such as on-site shifts, commuting, on-site communication, mobile offices, staggered commuting, etc., and collecting members' opinions through meetings, dinner meetings, vacation meetings, social media communication, etc. SK shieldus plans to continue creating an environment in which its employees can immerse themselves in their work more proactively and creatively by creating a digital work environment, innovating ways of working, and continuously improving the culture of "a good place to work".

Work from Anywhere : Creating a digital work environment



Poster Introducing SK shieldus' Corporate Culture

Greater Happiness
for Employees

- Occupational Safety and Health
- Corporate Culture
- Talent Management

Corporate Culture

Town Hall/MBWA*

SK shieldus operates Town Hall and MBWA as two-way communication programs between management and members. By sharing their current status and future direction and collecting members' opinions, they aim to ensure that the company and its members march toward their goals in the same direction.

Town Hall

Town Hall is a place to meet and communicate with key officials face-to-face about topics necessary for management activities, such as the company's mid- to long-term management strategy, management plan for the current year, and implementation of changes. It does not end with simple sharing but is used as a venue for sharing ideas and insights and resolving management issues through topic-specific discussions and Q&A. We shared and awarded the best innovation cases in 2023, and held Annual Awards in the first half of 2024 to share the 5-year mid-to-long-term 5-STAR growth and development strategy and shared the business plan for 2024.

Year	Organizer/Target and Topic
2023	Hosted by the CEO, all members of the physical security sector ⇒ Related to the signing of the EQT Partnership. Hosted by the CEO, Group Head or above and Regional Headquarters Branch Manager in the metropolitan area ⇒ Related to the establishment of a management plan for 2024.
2024	Hosted by the management, Group Head or above and regional HQ Branch Manager ⇒ Related to the company's main direction in 2024.



CEO Townhall Meeting

MBWA

MBWA is an on-site management activity that allows the CEO to visit the sites where members work, listen to their problems and difficulties, and take immediate action. The CEO can make faster and more accurate decisions by going directly to the site and seeing and hearing things without going through the business hierarchy. In the second half of 2023, MBWA was implemented for all nine regional headquarters to address various field issues quickly. In early 2024, MBWA was implemented, starting with organizations undergoing reorganization and leadership changes to support organizational stabilization quickly.

*MBWA: Management By Wandering Around



MBWA Management Meeting

Year	Target and Topic
2023	Leaders at the Gyeongin HQ
	Leaders at the Seoul West HQ
	PMs and members at sites near Yeouido (information security)
	Leaders and members at the Honam HQ
	Leaders and members at the Gyeongbuk HQ
	Leaders and members at the Gyeongwon HQ
	PMs and members at the Sunae Control Center (information security)
	Managers and dispatched members at the Pangyo Head Office (convergence security)
	Leaders and members at the Seoul East HQ
	PMs and members at SK siltron in Gumi site (information security)
	Leaders and members at the Yeongnam HQ
	Leaders and members at the Chungcheong HQ
	Leaders at the Seoul West HQ (1 or 2 major branch managers)
	Leaders at the Seoul East HQ (1 or 2 major branch managers)
2024	Leaders at the Gyeongin HQ (1 or 2 major branch managers)
	Leaders at the Gyeongwon HQ (1 or 2 major branch managers)
	Leaders at the Chungcheong HQ (1 or 2 major branch managers)
	Leaders at the Honam HQ (1 or 2 major branch managers)
	Leaders at the Gyeongbuk HQ (1 or 2 major branch managers)
2024	Leaders at the Yeongnam HQ (1 or 2 major branch managers)
	Leaders at the Seoul HQ (1 or 2 major branch managers)
	Leaders at the Gyeongin HQ (1 or 2 major branch managers)

Greater Happiness
for Employees

- Occupational Safety and Health
- Corporate Culture
- Talent Management

Corporate Culture

Employee Evaluation and Compensation

Evaluation and compensation play critical roles in an organization's achievement of its strategic goals. They create a virtuous circle whereby 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 in order to achieve the organization's vision and strategy more effectively.

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 and junior levels, and by colleagues, including oneself, helps to complement the limitations of one-sided evaluation and strengthen each employee's capabilities.

*MBO: Management by Objective

Performance Management through Regular Feedback



Evaluators

The Corporate Culture Office conducts the employee evaluation and compensation process. The actual subject of evaluation is the head of each department who makes the final decision. The Corporate Culture Office inspects quality, actual payment amount, errors, etc., according to the internal accounting management process to ensure that the evaluation and compensation system is fair and just.

Compensation System

SK shieldus has established a fair compensation system based on each employee's efforts and the results of their evaluation in order to link compensation to performance.

Year	Description
AIP**	Implementation of performance-based compensation in connection with the company management plan and individual evaluation.
Quarterly incentive	Motivating employees to improve their performance through the payment of quarterly incentives based on KPI achievement of BP*** and TSE**** positions.
Sales Incentive Plan	Providing compensation according to the performance of each individual or department.
Reward CSR*****	CEO's rewarding of employees for their company-wide contributions, such as enhancing public corporate value, satisfying customers, and removing company-wide risks

** AIP : Annual Incentive Plan

*** BP : Blue Patrol

**** TSE : Technical Service Engineering

***** CSR: CEO Special Recognition

Greater Happiness
for Employees

- Occupational Safety and Health
- Corporate Culture
- Talent Management

Corporate Culture

Diversity and Inclusion

SK shieldus respects its members' human rights and diversity, and strives to increase the employment of employees with disabilities and female employees in order to promote fair employment without discrimination. Considering the work capabilities of disabled members, we operate Seomseomoksu and a Taekwondo team. The employment rate for people with disabilities was 3.0% in 2023, and we are increasing the percentage of employees with disabilities every year to achieve the statutory employment rate of 3.1% for people with disabilities. In the first half of 2024, we conducted education and promotion on the need to expand gender diversity as part of a leadership development course for team leaders. We will try to increase the percentage of female members through the mid- to long-term goals of the 5-STAR Initiative.

Increasing the Recruitment of Employees with Disabilities

SK shieldus aims to create a workplace where people with and without disabilities can work together. With the goal of creating quality jobs for young disabled people, we are participating in SIAT, a program designed to foster young disabled ICT professionals and provide employment support, and we will continue trying to realize social values. According to the report submitted to the KEAD(Korea Employment Agency for the Disabled), SK shieldus' employment rate of people with disabilities was 3.0% in 2023.

Opening of Seomseomoksu No. 3

Seomseomoksu is a public interest project that aims to create jobs for severely hearing-impaired women by utilizing the resources of public institutions and cooperating with private companies. Currently, nail technicians with disabilities provide nail care free of charge to customers who use the train at Yongsan and Anyang Stations. SK shieldus was the first company in the private sector to participate in the project in April 2021, opening the first store at Yongsan Station and Seomseomoksu No. 2 at Anyang Station in December 2022, followed by a third store at Gwangmyeong Station in October 2023.

Winner of the 2023 True Company Grand Prize

SK shieldus won the 2023 True Company Grand Prize in recognition of its efforts as a “trustworthy company for the employment of people with disabilities” from the Ministry of Employment and Labor and KEAD. In particular, we were recognized for cooperating with the KEAD on increasing the employment of people with disabilities, continuously increasing the percentage of employees with disabilities through job development for people with disabilities, and promoting a standard workplace. Moreover, we are working on human rights education for employees in order to improve the working environment for people with disabilities, and we are operating various educational programs to create a corporate culture in which people with and without disabilities can work together without prejudice.

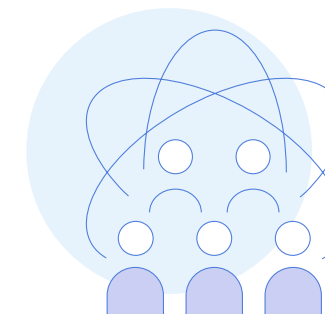
Classification	Unit	2023	2022	2021
No. of employees with disabilities	Persons	138	128	101
Percentage of employees with disabilities	%	3.0	2.8	2.3



Seomseomoksu | Opening of a store at Gwangmyeong Station, following Yongsan and Anyang Stations.



True Company | Winner of the 2023 True Company Grand Prize as a trustworthy company for the employment of people with disabilities.



Greater Happiness for Employees

- Occupational Safety and Health
- Corporate Culture
- **Talent Management**

Talent Management

Securing Talents

SK shieldus strategically recruits talents who will lead development of technologies for everyday safety based on the nature of its business and the direction of growth. SK shieldus selects applicants by evaluating their capabilities and qualifications fairly and objectively according to systematic and specialized criteria and screening procedures.

SK shieldus' Recruitment Principles

SK shieldus adheres to the principle of providing equal opportunities and conducting fair evaluations based on competence when recruiting employees. Under this principle, we pursue fair procedures for ability-centered recruitment, such as prohibiting requests for personal information unrelated to job competencies and minimizing the number of documents to be submitted.

We also cooperate closely with several universities and institutions in actively recruiting talents based on their abilities. Furthermore, to provide equal opportunities, we do not discriminate on the grounds of educational background, gender, physical condition, social status, etc. We aim to increase the percentage of employees with disabilities by creating jobs and establishing standard workplaces for those with disabilities.

Securing new and experienced human resources

SK shieldus recruits new human resources through various channels, such as employment-linked internships and recruitment through professional education institutions, and also runs new information security professional training programs. Moreover, we continue to make efforts and invest in finding and nurturing prospective new employees with growth potential, regardless of their age or experience. We also secure experienced human resources through regular recruitment and target sourcing, focusing on experience and competency. Recognizing that hiring diverse talents is important for its future growth, SK shieldus strives to assign the right person to the right position through various recruitment activities.

Focusing on securing excellent talents timely

As SK shieldus faced a situation in which new jobs have constantly emerged, an immediate response was needed in the rapidly changing recruitment market environment. Accordingly, SK shieldus recognizes that employing the right people at the right time has become more important, and now strives to recruit the best human resources with expertise through direct sourcing. Moreover, we conduct recruitment through various forms of interviews, such as Coffee-chats and MZ-generation interviews.

Promoting the recruitment of local talents

SK shieldus contributes to creating new jobs by supporting the nurturing and employment of security professionals in various regions. We have established cooperative relationships with local communities and universities (Jeju National University and Konyang University) based on participation in regional projects and are expanding opportunities to improve the job and employment capabilities of local youth through exchanges of human and material resources. We also aim to recruit professional local human resources actively in order to contribute to revitalizing the local economy and promoting mutual growth and development.

Introducing an effective recruitment platform

SK shieldus launched the recruitment platform in March 2024 to maximize applicants' experience by reflecting changes in the employment market and recruitment trends since the COVID-19 pandemic. Through this, we have enhanced access and convenience for applicants through simple application procedures and expanded the range of applicant communication channels, such as email, SMS, and KakaoTalk notifications.



Greater Happiness
for Employees

- Occupational Safety and Health
- Corporate Culture
- Talent Management

Talent Management

Securing Talents

Employee Training System

SK shieldus operates a competency-based training system to foster top talents. We provide systematic education and training to help new members progress from the onboarding process, adapt to the new culture and workplace, and grow into experts in their respective fields. After the training, we support them in achieving their career goals with job transfers and career development.

Member Training Process

Classification	Description
Leadership competencies	<ul style="list-style-type: none"> Management leadership training: Training on the development of management competencies. New management leadership training: Guidance on performance for new members of the management. Next generation leader training: Selection of next-generation leaders with sufficient potential and development of their leadership competencies in advance. Competency-enhancement program for PM and intermediate managers: Enhancement leaders' performance management feedback capabilities to successfully achieve business goals. Field leader training process: Cultivation of talents based on the selection and training of field leader candidates.
Job competencies	<ul style="list-style-type: none"> Physical Security <ul style="list-style-type: none"> BP Plus Up training: Training on job maintenance for new employees. Job competency enhancement training: Training aimed at enhancing BP job competencies, i.e. Basic (1-3 years of experience) and Intensive (5 years or longer). TSE technical training: On/Offline education to strengthen BP/TSE job capabilities TSE candidate training: Fostering of physical security technical experts and provision of opportunities for them to develop their career. Monthly technical education: Monthly technical education process to improve TSE/BP job capabilities. Technical education course to secure TSE PM (Team Leader) professionals and improve their large site design capability. Cybersecurity <ul style="list-style-type: none"> Information security professional training: Provision of job-specific On/Offline education to strengthen the participants' information security expertise. Cloud talent development process: A course designed to strengthen the participants' cloud capabilities. Certification acquisition support system: Support for the acquisition and maintenance costs of qualifications necessary for work and business performance (AI, cloud, and ICT qualifications). External education support system: Support of costs of external education, conferences, forums, etc., for self-directed development of competencies.
New Employee Onboarding	<ul style="list-style-type: none"> New employee training course: Regular education to establish the identity of new physical security employees and develop and enhance safety, service, and job capabilities. Common course for new employees: Regular education designed to guide new and experienced employees around the company's culture and systems in order to help them adapt to the organization OJT and mentoring system: Guidance and adaptation of new members to the skills necessary to perform their duties.
Common Competencies	<ul style="list-style-type: none"> Training aimed at enhancing work skill proficiency, and education on common competencies to cultivate basic job skills. - Provision of opportunities to select appropriate contents to develop common competencies of employees. - More than 9,000 contents designed for continuous learning.

Special Activity

Signing of a "four-party MOU" to train cybersecurity professionals

SK shieldus signed a four-party MOU with Jeju National University, Cheju Halla University, and Jeju Free International City Development Center (JDC) in December 2023 to train local excellent human resources to respond to cyber threats effectively and contribute to the creation of stable jobs in Jeju Island.

We plan to strengthen future competitiveness by securing excellent cybersecurity control professionals in the Jeju region at an early stage and expanding opportunities to develop new businesses in the province. We will develop and operate internship training programs and provide employment programs and opportunities for excellent students who complete the programs.

JDC will provide educational space and equipment for the students to complete the educational courses, and each university will recommend excellent students, including those who have or are expected to graduate, to help students participating in the internship program strengthen their capabilities. Moreover, all cooperating parties agreed to join forces for common development and friendship, including building a sustainable cybersecurity ecosystem and discovering new projects in the future.

We plan to carry out differentiated recruitment activities to secure excellent customized talents to lead future growth.



MOU for Training of Cyber Security Monitoring/Control Personnel and Employment Support

Greater Happiness
for Employees

- Occupational Safety and Health
- Corporate Culture
- Talent Management

Talent Management

Recruiting Industrial Experts

SK shieldus cooperates with educational institutions specializing in information security on operating various employment-linked programs in order to provide employment opportunities to young people and to train human resources and equip them with practical experience and professional capabilities. We intend to contribute to the continuing growth of the security industry and create jobs for young people.

Employment-linked Process of the Korea Information Security Industry Association (KISIA)

SK shieldus has collaborated with KISIA in operating the Security Academy in order to train excellent professionals in information security, leading to employment. Launched in 2023, the Security Academy operates a curriculum tailored to the field of information security and a job internship program.

In 2023, we selected 25 trainees and recruited 10 of them to perform control and vulnerability diagnosis tasks. The goal for 2024 is to recruit all 25 trainee control specialists.

Furthermore, we have participated in the New Deal Job Training scheme, which aims to train human resources for each field of information security and IoT. We recruited two trainees in 2023, and have set ourselves the goal of hiring four or more trainees in 2024.

Education	Trainees	Schedule	Education period	No. of recruits	Educational Course
Security Academy	25 people	03.04.2023 ~ 28. 06. 2023	420 hours	10	- Security control - Security consulting
New Deal Jobs	20 people	22. 06. 2023 ~ 02.08.2023	240 hours	2	- Security diagnosis

Employment-linked Process of the Korea Information Technology Research Institute (KITRI)

Since 2017, SK shieldus has collaborated with KITRI in training professional specialists in information security. We recruited 10 people through the 6-month program in 2022 and 4 people in 2023 for control and consulting work. SK shieldus intends to contribute to the development of the IT security industry by training human resources who can gain practical experience in the field.



Job-Linked Training Program Promotional Poster

RESPONSIBLE GOVERNANCE



Responsible and Ethical Management 61

- BOD-Centered Responsible ESG Management
- Risk Management
- Compliance Ethics Management

Responsible and Ethical Management

Our Approach

SK shieldus' Board of Directors (BOD) is composed of a majority of independent directors so as to strengthen its independence and establish a transparent and sound governance structure. In July 2023, we introduced the executive officer system in order to build more global corporate governance and to strengthen the BOD's supervision function and the management's responsible management. Moreover, we systematically manage risk factors predicted according to changes in the internal and external business environments, and have established the ethical management system within a virtuous cycle structure consisting of "Prevention - Identification - Response" stages in order to practice corporate ethical management that the internal and external stakeholders can trust.

Major Achievements in 2023



Operation of the BOD based on independence and expertise.

-
Operation of three Committees under the BOD.
(As of June 2024)



BOD operational performance

-
20 meetings to resolve 49 items of agenda.



Zero non-monetary sanctions for compliance violations.

-
Zero legal actions due to anti-competitive practices.



6,779 people completed the ethical management course.

-
100% completion rate

Risks & Opportunities

⚡ Risks

- Decline in trust in and the reputation of the company among the stakeholders.

☀ Opportunities

- Enhancement of corporate reliability through responsible and ethical management.

UN SDGs



Responsible and Ethical Management

BOD-Centered Responsible ESG Management

5-STAR ESG Initiatives

- BOD-Centered Responsible ESG Management
- Risk Management
- Compliance Ethics Management

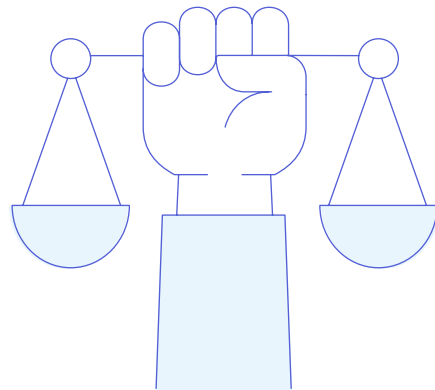
Operation of the BOD

Active participation of the BOD in management

SK shieldus has established a management governance structure centered on an independent, diverse, and professional BOD since the end of 2021 and has been operating it stably. This transparent and sound governance structure allows the BOD to participate in management directly as the company's highest decision-making body and to increase the trust and future value of the company so as to maximize the happiness of its stakeholders. To strengthen the BOD's active participation in management, the BOD operates the following three committees: Audit & Risk Committee, People & Culture Committee, and Sustainability Committee (formerly the ESG Committee). Each committee conducts in-depth discussions of the key issues related to it, consults and discusses such issues with the company's management and stakeholders, and then submits its decisions to the company immediately. If it determines that an issue requires the BOD's approval or report, it reports it to the BOD for approval to enable the BOD to participate proactively in company management through the committees.

Introduction of an executive officer system to strengthen the BOD's supervisory function

As the majority shareholder was changed in July 2023, SK shieldus introduced the executive officer system to strengthen BOD's management supervisory function in addition to its proactive engagement in management. The general shareholders' meeting elects directors, who in turn appoint executive officers. With the introduction of the executive officer system, SK shieldus has appointed the Representative Executive Officer and the executive officers without appointing the representative director in order to ensure that the company's management decisions are made with checks and balances centered on the executive officers, thus enabling their prompt execution.



Establishment of a system for the BOD's active participation in management

SK shieldus has appointed new directors and revised the rules of the board of directors. To enable the BOD to perform its role as the company's highest decision-making body, we have systemized the BOD's proactive participation in company management by delegating the authority for fourteen matters that must be resolved with the approval of a majority of the attendees, including matters to be approved by the BOD as stipulated in the Commercial Act and the related laws, eleven matters related to the company's vision and development with which all the directors must agree, and five matters that must be reported to the BOD. Moreover, we have established measures to ensure the transparency of the BOD by stipulating that, if a director has a special interest in a resolution, he or she cannot exercise his or her voting rights. The main contents of the matters to be discussed as stipulated in the Articles of Incorporation and the BOD regulations are as follows.

Classification	Description
General resolutions (with more than half of directors in favor)	<ul style="list-style-type: none"> • Appointment/dismissal of executive officers and individual compensation. • Approval of financial statements, etc. • Intermediate dividends. • Other matters specified by the related laws, such as the Commercial Act.
Special resolutions (with more than 2/3 of directors in favor).	<ul style="list-style-type: none"> • Matters specified as special resolutions in the related laws.
Matters requiring the consent of all the directors.	<ul style="list-style-type: none"> • Significant change in the company's business or entry into a new business. • Establishment or major revision of the company's full potential plan. • Annual budget. • Investment, acquisition, and sales exceeding KRW 10 billion.
After-action report	<ul style="list-style-type: none"> • Status of execution of company business. • Investment, acquisition, and sales worth KRW 5 billion or higher and less than KRW 10 billion that are not reflected in the annual budget or approved by the BOD.

Responsible and Ethical Management

- BOD-Centered Responsible ESG Management
- Risk Management
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BOD-Centered Responsible ESG Management

Enhancing the Independence, Professionalism, and Diversity of the BOD

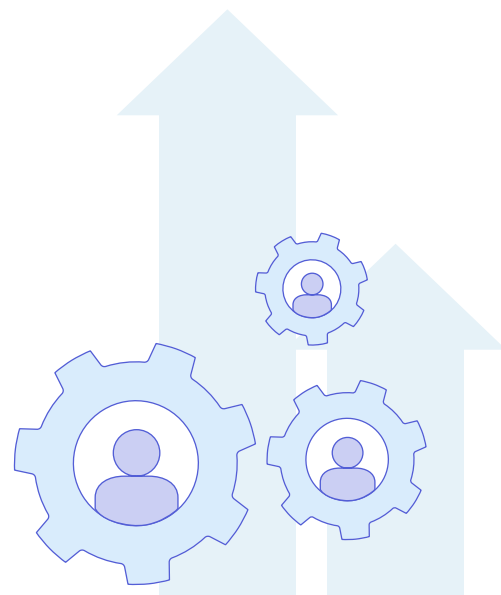
Appointment of directors to operate the BOD completely independently from the company

According to Articles 20 and 21 of SK shieldus' Articles of Incorporation, a director can be an executive director, an independent director, or a non-executive director who is not engaged in the company's management, and an external director must be appointed at a general shareholders' meeting. As the majority shareholder was changed in July 2023, we newly appointed four independent directors and four non-executive directors without appointing any executive directors. We also appointed one of the independent directors as the Chairperson of the Board.

According to Article 21 of the Articles of Incorporation, a director's term of office is at least one year and not more than three years, to be determined individually upon each director's appointment.

Appointment of directors by the shareholders' meeting and specification of the terms of office of appointed directors enables stable operation of the BOD.

SK shieldus' BOD does not have any executive directors and is composed solely of directors who are not involved in company management. The Chairperson of the Board, who represents the BOD and has the authority to convene BOD meetings, is one of the independent directors elected by the BOD, independently of the company, to ensure that the BOD operates completely separately and independently from the company.



Expertise and Diversity

SK shieldus has appointed independent directors with diverse knowledge and experience in global business and company management. They present the company vision from a global perspective beyond the domestic market and supervise the company's work from various viewpoints.

The other four non-executive directors concurrently serve as investment and business executives of the company, playing an active role in creating synergy between the company's businesses.

In addition, according to Article 20 of the Company's Articles of Incorporation, two of the eight registered directors are female executives, who actively participate in the company's management and perform monitoring and supervision from various positions and perspectives.

The appointed independent and non-executive directors are as follows:

As of the end of 2023

Director	Name	Gender	Term	Professionalism
Independent director (Chairperson of the Board)	Frida Magdalena Elizabeth Persson	Female	31.03.2026	Financial investment
Independent director	Dick Rennart Sture Seger	Male	31.03.2026	Security devices such as CCTV
Independent director	Bradley Kent Buckwalter	Male	31.03.2026	Physical security systems and company management
Independent director	Ha Hye-sung	Female	31.03.2026	Company management
Non-executive director	Suh Sang-jun	Male	31.03.2026	Financial investment
Non-executive director	Ha Hyung-il	Male	31.03.2026	Finance and company management
Non-executive director	Song Jae-seung	Male	31.03.2026	Finance and company management
Non-executive director	Kim Wan-jong	Male	31.03.2026	Information Security

Responsible and Ethical Management

- BOD-Centered Responsible ESG Management
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BOD-Centered Responsible ESG Management

Operation of the BOD

Types and Procedures of Board of Directors' Meetings

According to its BOD regulations, SK shieldus' BOD holds monthly meetings, and temporary meetings are held as necessary. According to Article 23 of the Articles of Incorporation, executive officers are required to report the status of business execution to the BOD at least once per month. They also continuously communicate the company's business execution during the regular and temporary meetings of the BOD and the meetings of the committees under the BOD.

The Board of Directors shall appoint one of the independent directors as the Chairman of the Board of Directors and convene the Board of Directors when the Chairman of the Board deems it necessary or appropriate. If one or more directors make a claim, and the claim is deemed to have justifiable grounds, the Chairperson of the Board must convene a BOD meeting. When a BOD meeting is convened, each director must be notified of the date/time, location, and purpose of the meeting at least 7 days in advance. In urgent cases, notification must be made by the day before the meeting date, and the convocation procedure may be omitted if all directors agree. In accordance with Articles 26 and 27 of the Articles of Incorporation, the BOD meeting may be held at SK shieldus' head office or at a location designated by the person who convenes it. All or some directors are allowed to participate in the resolution via a method of communication in which all directors can transmit and receive voices simultaneously without having to attend the meeting in person.

BOD Performance

SK shieldus has held 20 BOD meetings since January 2023, during which 49 items of agenda were reported to or approved by the BOD. In particular, as the majority shareholder was changed, the parent company (Korea Security Holdings Co., Ltd.) was established by investing in SK shieldus' stocks, and a resolution was made on the approvals needed to change the governance to introduce an executive officer system. While we usually obtain the BOD's approval of the annual plan in January or February of each year, in 2024 we planned a new start under a new governance system and obtained its approval of the 2024 management plan in December 2023. The main approvals of the BOD meetings held in 2023 are as follows.

BOD meeting (Monthly)	Major approvals
Feb. 2023	<ul style="list-style-type: none"> • Approved the financial statements and business reports. • Approved the 2023 management plan.
Mar. 2023	<ul style="list-style-type: none"> • Approved comprehensive transfer of stocks.
Jun. 2023	<ul style="list-style-type: none"> • Issued new stocks.
Jul. 2023	<ul style="list-style-type: none"> • Appointed the Chairperson of the Board. • Appointed the Audit Committee members. • Appointed executive officers.
Aug. 2023	<ul style="list-style-type: none"> • Appointed executive officers and the Representative Executive Officer.
Nov. 2023	<ul style="list-style-type: none"> • Formed the People & Culture Committee.
Dec. 2023	<ul style="list-style-type: none"> • Approved the establishment of the FPP (5-STAR). • Approved the 2024 annual budget.



Responsible and Ethical Management

- BOD-Centered Responsible ESG Management
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BOD-Centered Responsible ESG Management

5-STAR ESG Initiatives

Operation of the BOD

Board Committees

SK shieldus creates and operates committees under the BOD as a mean for the directors to engage in the company's management, taking into account the diverse areas of their expertise. The various committees presented below are operated under the BOD as of June 2024.

Audit & Risk Committee

The Audit Committee performs the duties of auditor in accordance with Articles 28 and 30 of SK shieldus' Articles of Incorporation.

The regulation specifies that the Audit Committee should be composed of three or more directors, 2/3 or more of whom should be independent directors. Accordingly, three people, including two independent directors and one non-executive director, were appointed as member of the Audit Committee in order to meet this regulation. Although SK shieldus is an unlisted company, we have formed the Audit Committee by appointing three Audit Committee members, including one member who meets the qualifications of financial expert according to the standards of listed companies.

In July 2023, the Audit Committee was renamed as the Audit & Risk Committee to reflect its new role in performing various risk prevention tasks in addition to auditing work.

People & Culture Committee

SK shieldus formed the People & Culture Committee (P&C Committee) to enable directors to actively participate in important matters such as employee evaluation, compensation, and welfare benefits. It appointed three directors as members.

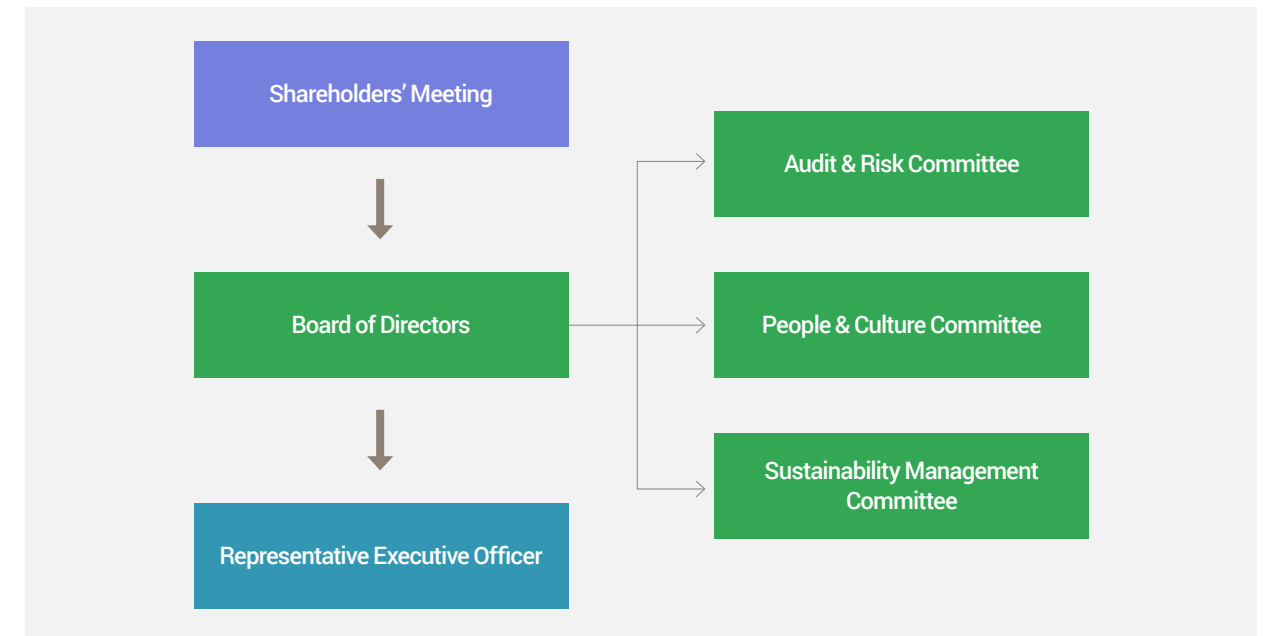
Sustainability Management Committee

SK shieldus operates the ESG Committee to establish and implement strategies for handling ESG issues. In 2024, we reorganized the ESG Committee as the Sustainability Committee and strengthened its authority according to the new sustainability strategy of the 5-STAR project and appointed the Sustainability Board Champion.

Introduction of executive officer system

As the majority shareholder was changed, SK shieldus revised its Articles of Incorporation in July 2023 and introduced the executive officer system pursuant to Article 408-2 of the Commercial Act. The executive officer system serves to separate the organizations responsible for business execution and business supervision functions in the BOD of a corporation. In other words, the BOD is responsible for appointing and supervising executive officers, while executive officers are responsible for executing the company's business. With the introduction of this system, SK shieldus' BOD appointed three executive officers, without appointing the CEO, and appointed one of them to serve as the representative executive officer.

The Representative Executive Officer and executive officers must report the company's business executive status to the BOD at least once per month pursuant to Article 23 of the Articles of Incorporation, and as needed when requested by the BOD.



Responsible and Ethical Management

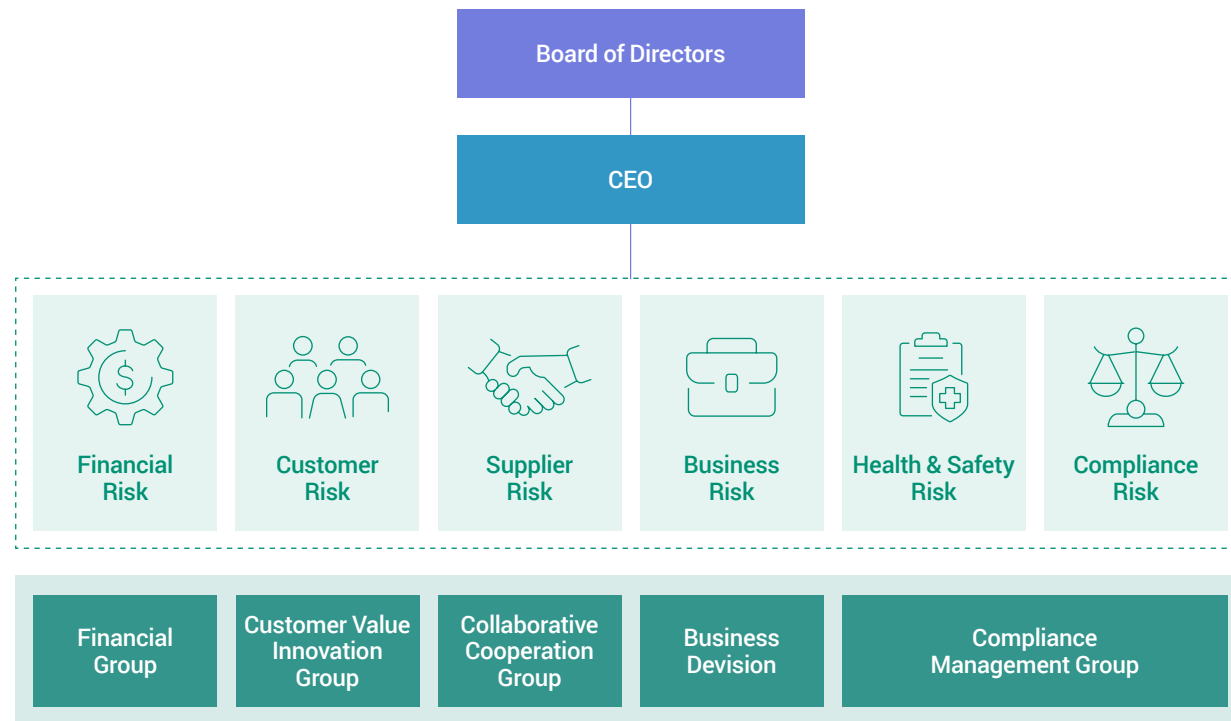
- BOD-Centered Responsible ESG Management
- Risk Management
- Compliance Ethics Management

Risk Management

Risk Response System

Due to the recent and rapid changes in business and social environments, companies are required to have high-level risk management capabilities.

To respond to such changes preemptively, SK shieldus has selected risk management as the top priority and works continuously to diagnose risk levels within the business environment and to advance the compliance management system. SK shieldus defines risk as any event that has a negative impact on the company's strategy or the achievement of its management goals. As such, it pursues sustainable growth by eliminating uncertainties in the business environment through continuous risk management. We have established a risk management system to preemptively inspect internal and external risks and carry out the appropriate responses. The risks occurring in each organization are internally reported according to their type and importance, and important issues are finally reported to the BOD. SK shieldus will continue to develop this management system to minimize the diverse and complex risks that may arise in business.



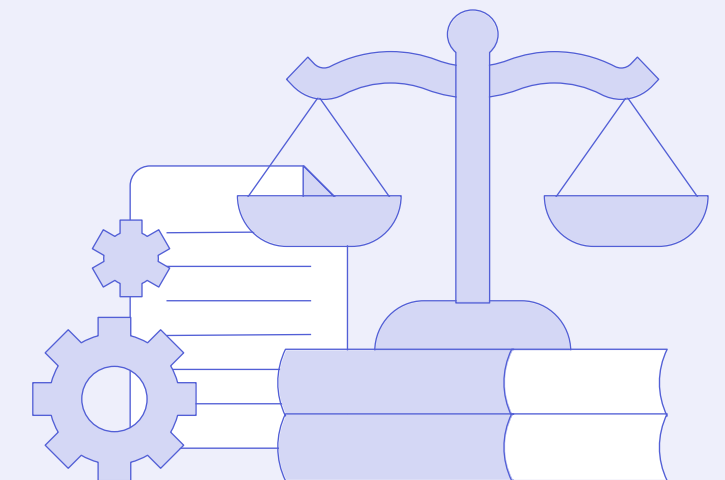
Special Activity

Compliance Risk Management System

SK shieldus' Compliance Management Group is striving to create a compliance management environment by inspecting various legal violation risks, such as unfair trade practices, and by preemptively improving important issues as and when they arise in order to prevent the risk of legal violations. As part of its effort to create a compliance management environment, SK shieldus has strengthened the compliance inspection activities related to the Fair Transactions in Subcontracting Act, the Act on the Promotion of Collaborative Cooperation between Large Enterprises and Small-Medium Enterprises, the Security Service Industry Act, the Occupational Safety and Health Act, the Serious Accidents Punishment Act, and the Personal Information Protection Act.

Compliance Guide to Preventing Unfair Collusion

SK shieldus endeavors to prevent collusion risks in advance by distributing the Compliance Guide to Preventing Unfair Collusion, as unfair collusion is the most serious violation of the Fair Trade Act. The Guide describes in detail the essential precautions to be observed regarding unfair collaborative practices, as well as the Do's and Don'ts to observe at each step of the process in order to prevent bid rigging and to guide members toward compliance with the relevant regulations.



Responsible and Ethical Management

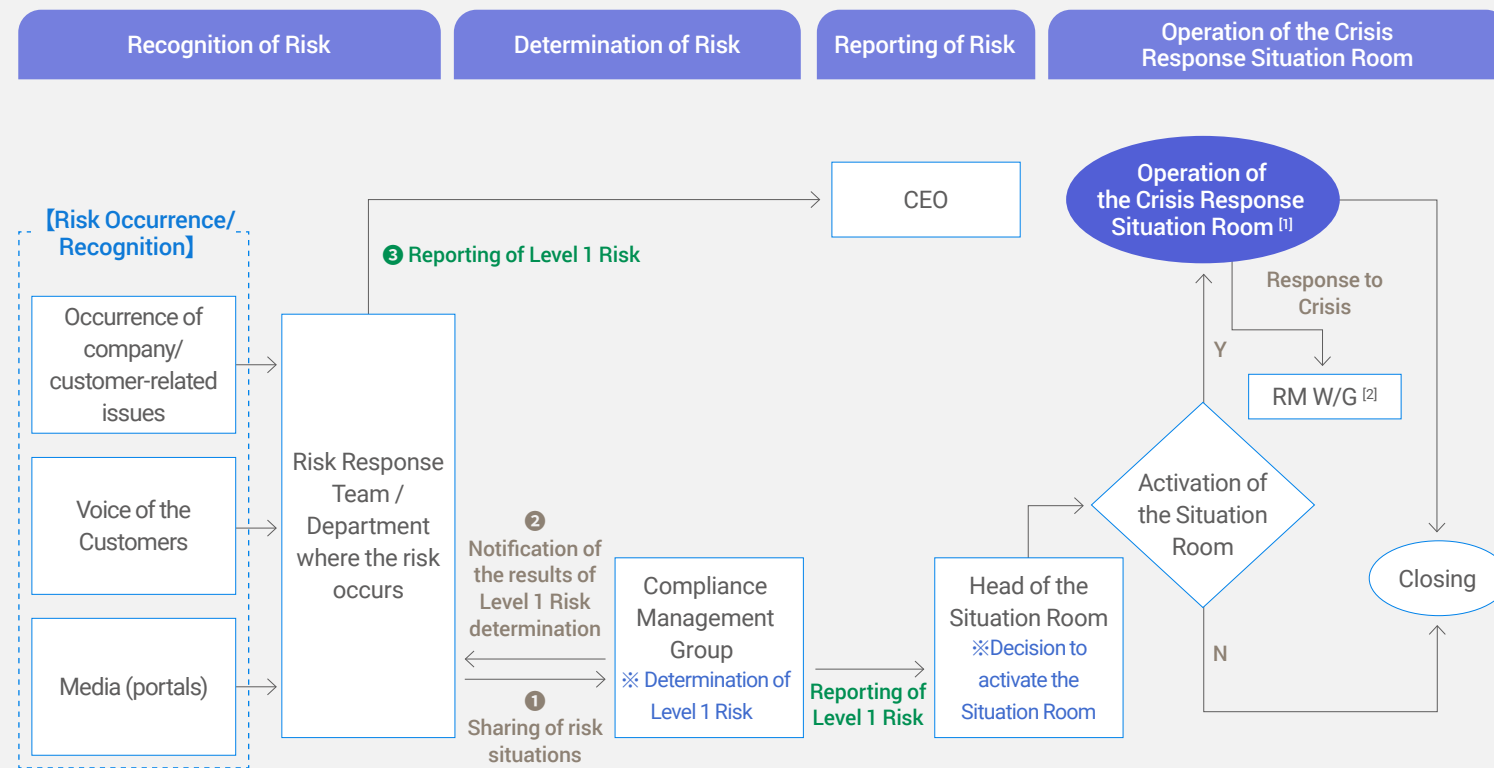
- BOD-Centered Responsible ESG Management
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Risk Management

Risk Response System

SK shieldus' risk response system is divided into two stages: Level 1 Risk, which requires an intensive response by mobilizing company-wide capabilities, and General Risk, which has a certain level of impact on the company but does not require a company-wide response. If there are signs that such risks could be prolonged or enlarged, and if the damage is expected to spread, affecting multiple organizations within the company, our system responds more actively by convening the Crisis Response Situation Office. Moreover, the organization in which the risk arises reports it to the Compliance Management Group immediately and cooperates closely with the Risk Management Working Group (RM W/G) in order to respond to it organically.

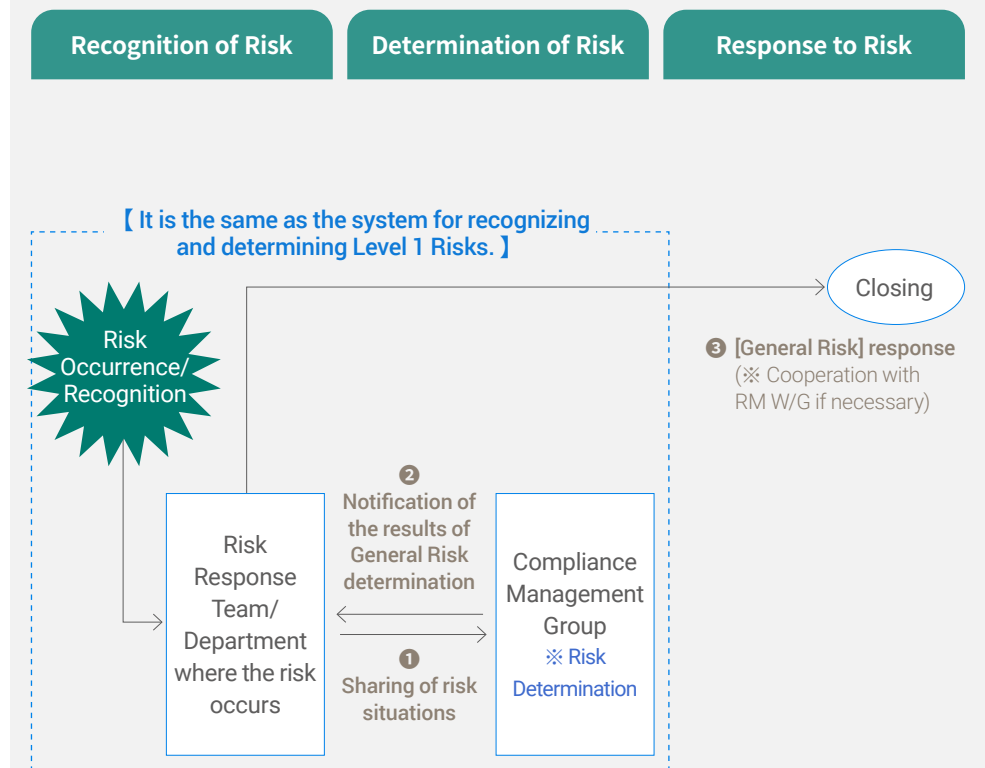
System for Recognition, Determination, and Reporting of Level 1 Risks



[1] The Crisis Response Situation Room consists of the heads of the Situation Room, Compliance Management Group, and Legal Group (* operating the Situation Room).

[2] "Risk Management Working Group" refers to the person in charge of the risk response in each organization according to the type of risk.

System for Recognition, Determination, and Reporting of General Risks



【 It is the same as the system for recognizing and determining Level 1 Risks. 】

3 [General Risk] response
(※ Cooperation with RM W/G if necessary)

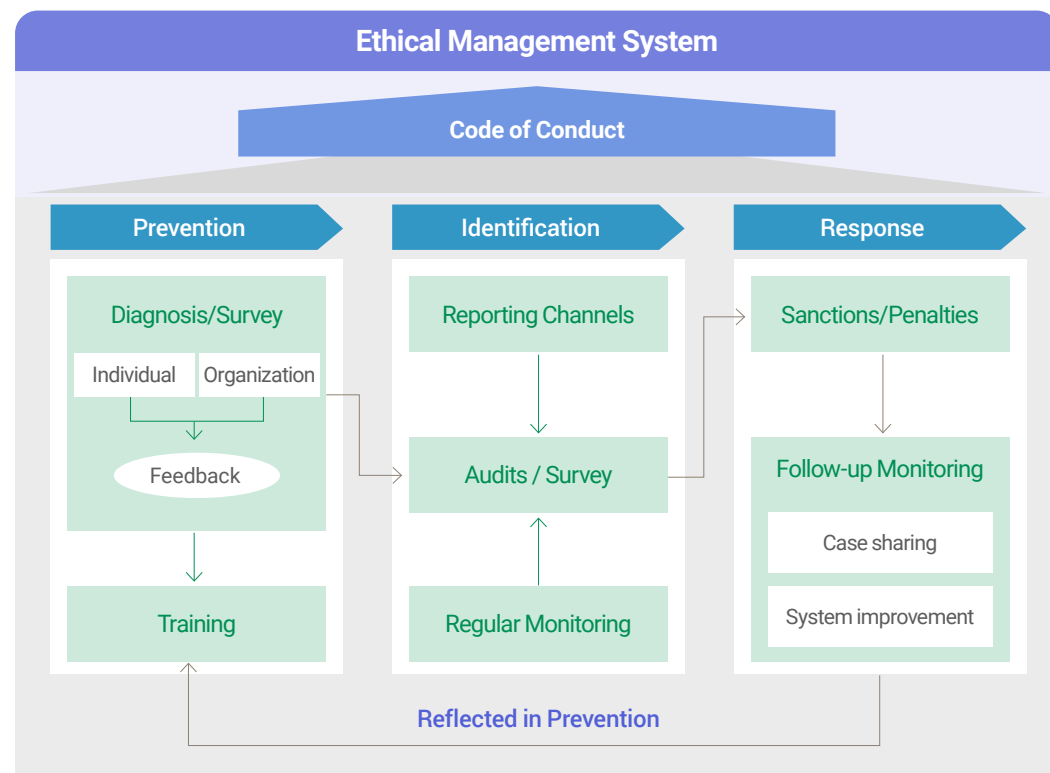
Responsible and Ethical Management

- BOD-Centered Responsible ESG Management
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- Compliance Ethics Management

Compliance Ethics Management

Ethical Management System

SK shieldus has established its ethical management system within a virtuous cycle structure consisting of “Prevention - Identification -Response” stages in order to practice corporate ethical management that its internal and external stakeholders can trust. We provide education on compliance and collect pledges for compliance, ethical practice, and information protection from all our members every year to prevent unethical risks in advance. We have also opened and operated an ethics counseling center on the company's intranet to help members to make the right decisions based on ethical management.



Risks identified through the reporting channel (<https://ethics.sk.co.kr>), Ethics Counseling Center, and regular monitoring are processed fairly and transparently. The Code of Conduct and the Reporting System Operation Guidelines stipulate that the whistleblower protection system strictly prohibits any interrogation, tracking down, identity disclosure, or taking of disadvantageous actions against whistleblowers or reference persons. For matters the investigation has found to be true, we take the appropriate response measures, such as disciplinary action, case dissemination, education, and process improvement, and reflect these in for preventive activities.

Code of Conduct

SK shieldus has enacted the Code of Conduct to practice and implement ethical management and uses it as the standard for decision-making and action in all its management activities.

SK shieldus' Code of Conduct applies to all members, suppliers, and customers. Part 1 (General Provisions) regulates ethical behavior toward customers, the company, suppliers, and co-workers, as well as in general life; Part 2 introduces the procedures for corruption prevention and providing gifts/hospitality; Part 3 covers conflicts of interest; Part 3 covers fair trade; Part 5 covers information asset protection; Part 6 deals with document record management; Part 7 covers social roles; and Part 8 covers the reporting of violations and the protection of informants.



Ethical Management Program

SK shieldus operates various ethical management programs to ensure the systematic practice of compliance ethics management. Each year we provide all our employees with statutory mandatory education and compliance ethics education aimed at preventing sexual harassment and improving awareness of people with disabilities. We also organize educational materials with the focus on contents with which our members must be familiar in the Code of Conduct.

Program Name	2023
Statutory mandatory education, including sexual harassment prevention.	1
Education on compliance and ethics.	1
Education including the dissemination of examples of ethical management.	12
Pledge on compliance ethics management.	1
Ethical management practice workshop.	1
Ethical management practice letters.	6
Diagnosis of leading by example and mutual respect between those in charge.	3
Mutual respect webtoon and campaign.	On an occasional basis
Ethics education BP public recruitment employees	7
Ethics education of new/experienced employees	Occasional




Responsible and Ethical Management

- BOD-Centered Responsible ESG Management
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Compliance Ethics Management

Compliance System

Regulations on fair competition, anti-corruption, and environmental protection are becoming increasingly strict all around the world, while government policies are also emphasizing the importance of transparent and ethical management of corporate activities and compliance with the antitrust laws. Accordingly, companies are required to fulfill their 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 the antitrust laws, thereby contributing to the prevention of tangible and intangible damages caused by violations of the laws.

Compliance Check	Contract Control /Legal Review	Regulation Management
<ul style="list-style-type: none"> • Prior inspection of affiliates' transactions. • Inspection of subcontracts. • Inspection of outsourced transactions. • Inspection of the Security Services Industry Act. • Inspection of the Occupational Safety and Health Act/Serious Accident Punishment Act. • Inspection of the amendment of the Personal Information Protection 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. 
Information Protection	Occupational Safety	Anti-corruption
<ul style="list-style-type: none"> • Information protection management system. 	<ul style="list-style-type: none"> • Health and safety management system 	<ul style="list-style-type: none"> • Due diligence of ethical management system by a third party. • Reporting of gifts and entertainment. • Process for reporting conflicts of interest. • Process for preventing improper collaborative acts (collusion). 

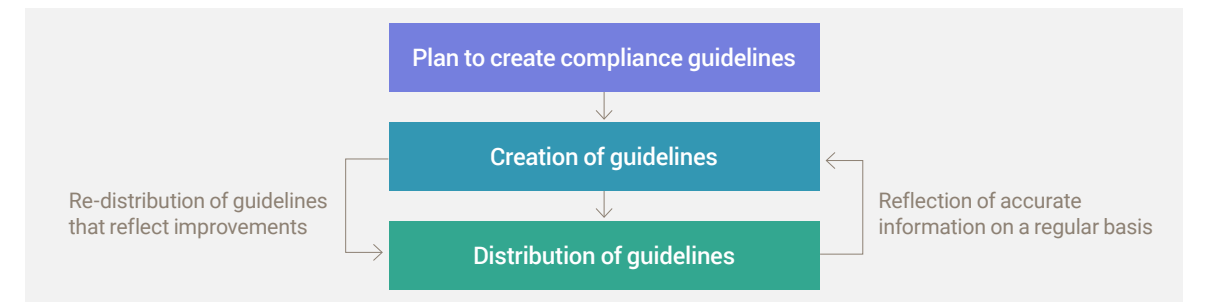
Compliance Organization

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



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 employees can access them easily. The guidelines not only include antitrust laws and compliance standards, but also introduce various items related to the safety of employees and the general public. In addition, the major laws and procedures addressed in the guidelines are constantly amended and supplemented to reflect any recent changes to them. In 2023, the contract management provisions and recent amendments to the relevant laws were added to the guidelines.



Responsible and Ethical Management

- BOD-Centered Responsible ESG Management
- Risk Management
- **Compliance Ethics Management**

Compliance Ethics Management

Compliance System

Effectiveness Evaluation

SK shieldus has evaluated whether each area of the compliance check and support activities is effectively designed and operated. The results of the evaluation have confirmed that our compliance check and support activities are operated in a manner that can prevent or detect legal risks in a timely manner. In 2023, SK shieldus set the goal of improving the compliance management system, after evaluating the level of the current compliance management system and identifying major risk factors. We will conduct evaluations on a regular basis in order to identify further improvements that need 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 checks are conducted. • Whether proper actions are taken against any issues detected during the compliance check. • Timeliness of risk management amid the rapidly changing regulatory environment. • Whether proper process to ensure compliance of employees exists 	<ul style="list-style-type: none"> ▶ Implementing timely inspections by selecting target areas after taking into account the regulatory environment. ▶ Establishing plans for improvements and implementing actions for prevention of recurrence. ▶ Preparing the process for responding to the changing regulatory environment by identifying legislative, regulatory, or policy trends. ▶ Establishing appropriate procedural regulations to comply with the applicable laws, e.g. the regulations on punishment and on HR management against employees who are found to have violated the laws.
Compliance training	<ul style="list-style-type: none"> • Whether the need for compliance management is constantly emphasized. • Effectiveness of compliance training programs for employees. 	<ul style="list-style-type: none"> ▶ Implementation of regular compliance training on an ongoing basis. ▶ Enhancement of the effectiveness of training programs by organizing and implementing them in a timely manner.
Creation of Compliance Environment	<ul style="list-style-type: none"> • Whether the roles and responsibilities regarding compliance control have been established throughout the entire company from the highest-ranking member of management to each department. • Effectiveness of compliance training programs for employees. 	<ul style="list-style-type: none"> ▶ Implementation of efficient and effective compliance control in accordance with the roles and responsibilities of each organization of the company. ▶ Employees' awareness of the importance of and need for compliance management and active cooperation with compliance checks, etc.



Responsible and Ethical Management

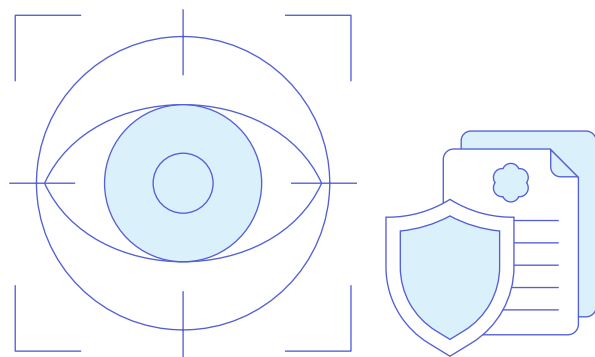
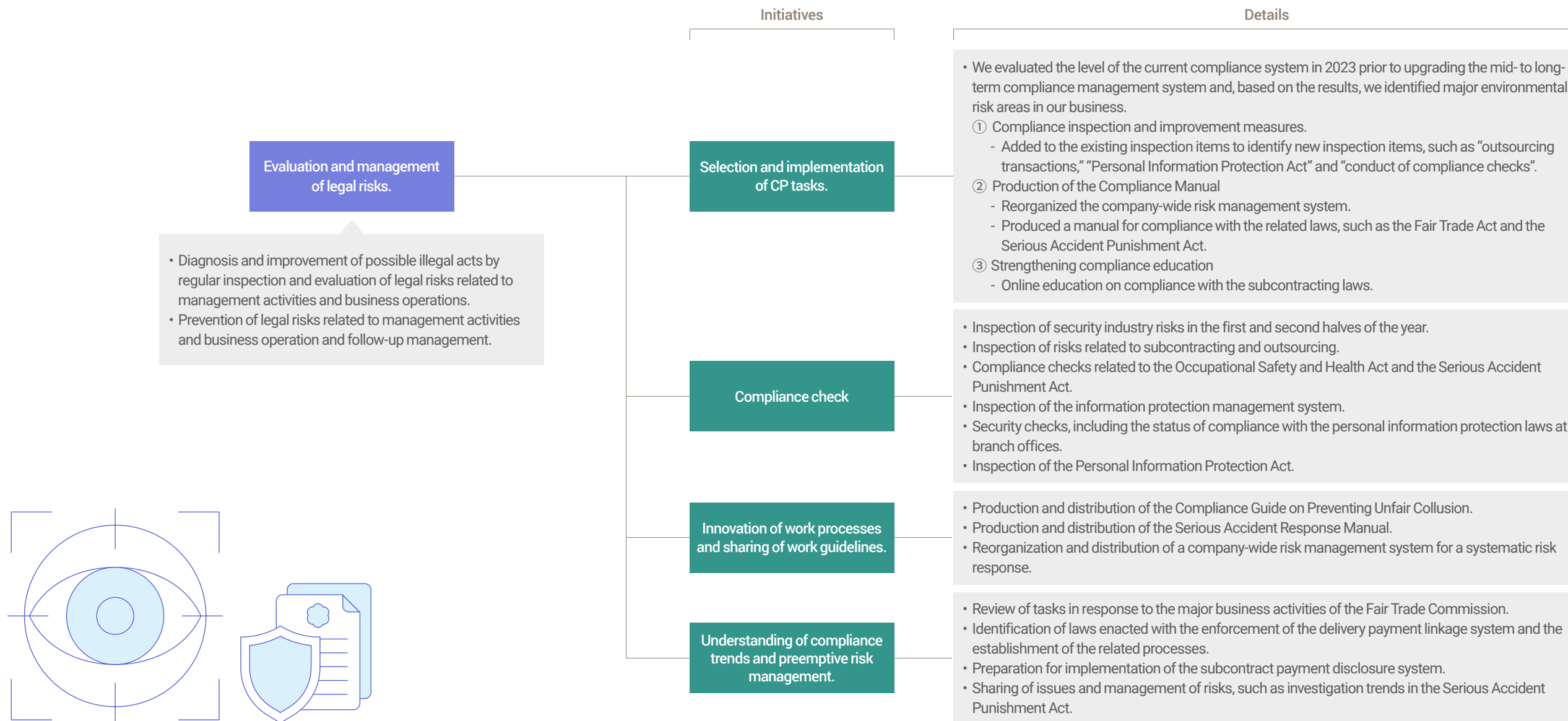
- BOD-Centered Responsible ESG Management
- Risk Management
- **Compliance Ethics Management**

Compliance Ethics Management

Compliance System

Monitoring and Responses for the Prevention of Compliance Risks

SK shieldus establishes compliance control standards as company regulations and conducts compliance inspection activities based on them. The key fields of monitoring are the laws on fair transactions, security services, privacy protection and occupational health and safety, etc.



Responsible and Ethical Management

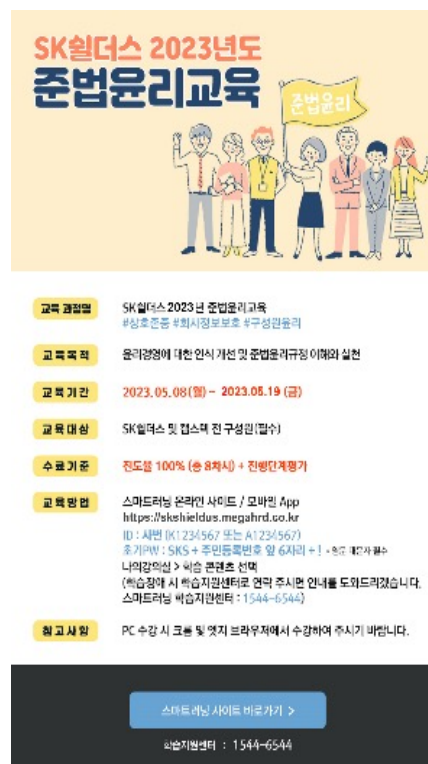
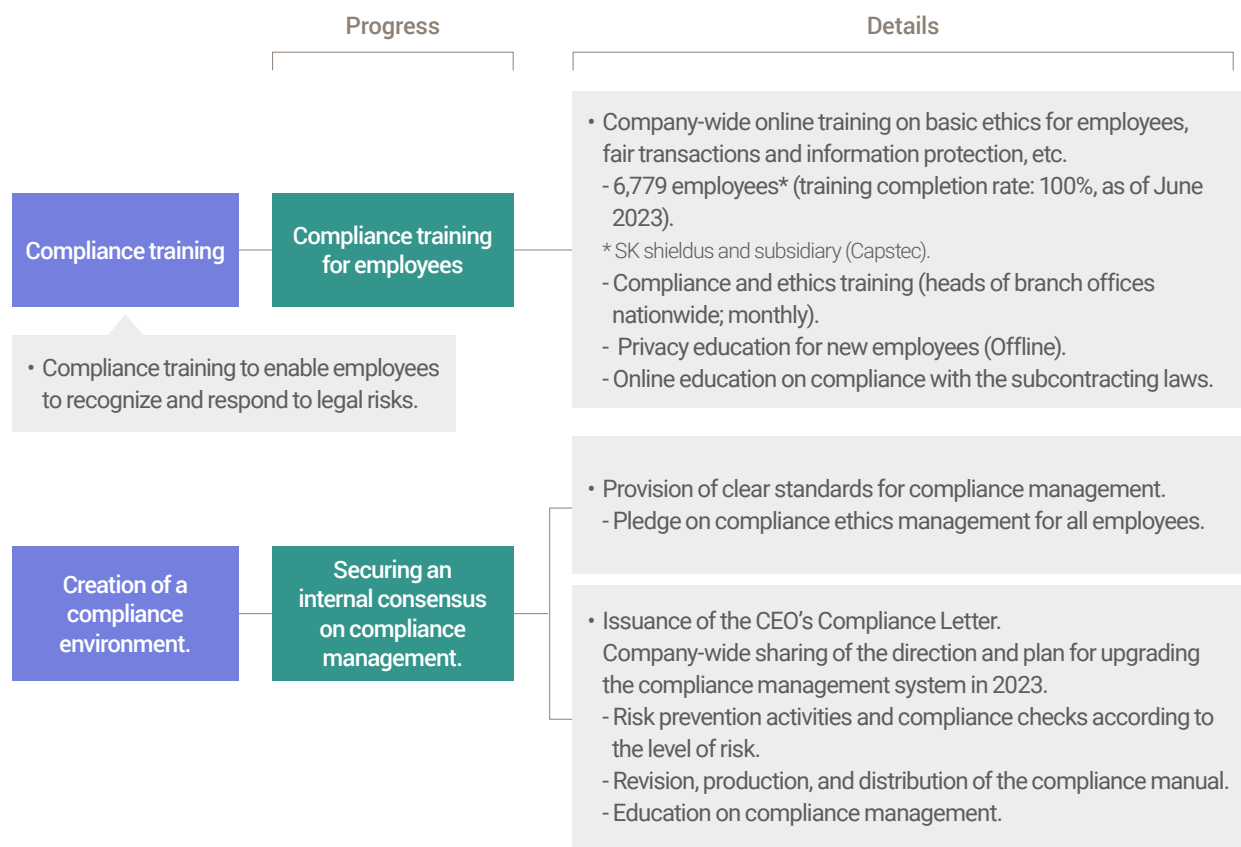
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Compliance Ethics Management

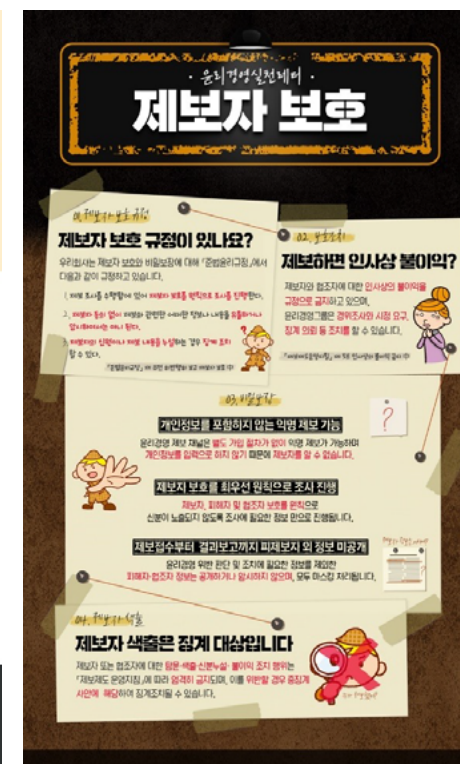
Compliance Ethics Training

To enable its employees to recognize and respond to the type of legal risks that might occur while conducting company business, SK shieldus runs ethics and compliance training programs that cover the relevant contents. In 2023, we provided online education on basic ethics, fair trade, and information protection for all our members, and we produced an ethical management practice letter for company-wide distribution, and also posted it on the company website.

Ethical Management Education



Compliance Ethics Training Poster



Ethical Management Practice Letter



ESG Compliance Letter

ESG PERFORMANCE DATA

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Economic Performance

- Organizational and Economic Performance

- Summarized Financial Statement

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Unit	2023	2022	2021
Organization and reporting practices		Legal name		Short answer	SK shieldus Co., Ltd.	SK shieldus Co., Ltd.	SK shieldus Co., Ltd.
	Detailed organizational information	Domestic infrastructure and number of business sites		EA	103	103	103
		Overseas infrastructure and number of business sites		EA	3	3	3
		Country of business operation		EA	3	3	3
	Reporting period and cycle	Sustainability reporting period		Short answer	2023	2022	2021
		Sustainability reporting period		No. of Times/Year	1	1	1
Economic Performance		Sales		KRW million	1,873,477	1,792,829	1,549,714

Economic
Performance

- Organizational and Economic Performance
- Summarized Financial Statement

Year	Unit	2023	2022	2021
[Current Assets]	KRW million	594,416	490,033	441,781
[Non-current Assets]	KRW million	2,924,041	2,872,455	2,823,395
Total Asset	KRW million	3,518,457	3,362,489	3,265,176
[Current Liability]	KRW million	498,886	563,570	503,898
[Non-current Liability]	KRW million	408,477	2,339,525	2,385,095
Total Liability	KRW million	907,364	2,903,096	2,888,994
[Capital Stock]	KRW million	68,147	37,942	37,942
[Capital Surplus]	KRW million	1,360,152	303,154	303,154
[Other components of equity]	KRW million	15,481	12,608	1,943
[Retained Earnings]	KRW million	1,167,311	105,687	33,141
Total Equity	KRW million	2,611,093	459,393	376,182
Sales	KRW million	1,873,477	1,792,829	1,549,714
Operating Income	KRW million	46,379	145,317	121,893
Consolidated net income (loss)	KRW million	-15,130	57,491	16,912
Net income attributable to owners (loss)	KRW million	-15,130	57,491	16,912
Earnings per share (Loss)	KRW	-148	758	226
No. of companies included in the consolidation	EA	4	3	3

Notation standards: Rounded down to the nearest million.



Environmental Performance

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Unit	2023	2022	2021
Energy ¹⁾		Total energy consumption		GJ	212,953	217,562	218,877
			Total energy use	GJ	182,837	190,298	191,193
			Gasoline	GJ	36,119	38,119	37,764
			Diesel	GJ	12,560	15,610	13,744
		Fuel consumption	Kerosene	GJ	0	0	0
			LPG	GJ	133,959	133,715	136,488
			LNG	GJ	199	2,854	3,197
			Total electricity usage	GJ	30,116	27,264	27,684
		Energy consumption within the organization	Head Office	GJ	16,735	15,320	16,055
			Electricity consumption ²⁾				
			Local offices	GJ	11,822	11,302	11,412
			Vehicles	GJ	1,263	373	23
			Capstec	GJ	296	268	193
			Renewable energy consumption	GJ	12,240	12,758	0
			Purchases of "Green Premium" energy	GJ	12,240	12,758	0
		Purchase and use of renewable energy	Renewable energy usage rate	%	5.7	5.9	0
			Trend of renewable energy usage	%P	-0.2	5.9	0
	Energy intensity	Energy intensity	Energy intensity	GJ/ KRW100 million	11.4	12.1	14.1

1) Modified to include the connection standards and omitted electricity usage.

2) The calorific value of electricity is calculated based on 3.6 MJ/kWh.



Environmental Performance

Category	Disclosure				Performance			
	Tier 1	Tier 2	Tier 3	Unit	2023	2022	2021	
Greenhouse Gas Emission ³⁾	Total GHG emissions (Scope 1 and Scope 2)	Total emissions		tCO ₂ -eq	15,138	15,264	15,348	
		GHG emissions intensity		tCO ₂ -eq/KRW100 million	0.81	0.85	0.99	
	Direct (Scope 1) GHG emissions	Gross Direct (Scope 1) GHG emissions		tCO ₂ -eq	11,295	11,784	11,815	
	Indirect (Scope 2) GHG emissions	Location-based Gross indirect (Scope 2) GHG emissions		tCO ₂ -eq	3,843	3,480	3,533	
		Total market-based indirect GHG emissions ⁴⁾		tCO ₂ -eq	2,281	1,851	3,533	
Waste	Waste generation	Total weight of waste generated by business sites		t	360	363	303	
		Waste weight by composition	General waste		t	360	363	303
			Designated waste		t	-	-	-
	Waste disposal intensity		Emissions intensity	kg/KRW100 million	19.2	20.2	19.6	
	Waste conversion	Product recycling	Quantity of recalled products		units	1,929,982	1,726,643	1,735,802
			Recycled quantity ⁵⁾		units	1,045,322	954,073	902,235
Refurbishment rate			%	54	55	52		

* Additional new data in the 2024 Sustainability Report.

3) Modified to include the connection standards and omitted electricity usage, including emissions calculated by SK shieldus. For comparison with other companies, the data on GHG emissions for 2021 and 2022 have undergone some changes due to the application of the domestic standard (AR2) GWP.

4) The calculation of market-based emissions reflects the use of Green Premium energy.

5) The device recycling rate set in 5-STAR is applied, while the sales quantity for overseas sales is excluded.

Social Performance

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021
Employees	Total no. of employees	No. of employees		Persons	7,034	6,829	6,563
		No. of employees by gender	Male	Persons	6,245	6,112	5,959
	Female		Persons	789	717	604	
	Regular full-time ¹⁾	No. of employees		Persons	6,212	6,032	5,792
		No. of employees by gender	Male	Persons	5,522	5,392	5,240
	Female		Persons	690	640	552	
	Non-regular ²⁾	No. of employees		Persons	822	797	771
		No. of employees by gender	Male	Persons	723	720	719
	Female		Persons	99	77	52	
	Ordinary workers	No. of employees		Persons	6,976	6,787	6,533
		No. of employees by gender	Male	Persons	6,229	6,094	5,941
	Female		Persons	747	693	592	
	Part-time workers	No. of employees		Persons	58	42	30
		No. of employees by gender	Male	Persons	16	18	18
Female	Persons		42	24	12		

1) Term changed from "No fixed-term employees".

2) Term changed from "Fixed-term employees".



Social Performance

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021
Employment	New Recruits	Total	No. of employees	Persons	1,153	1,413	1,039
	By age	Employees under 30 years of age	No. of employees	Persons	627	729	606
			Rate	%	54.4	51.6	58.3
		Employees in their 30s	No. of employees	Persons	395	484	312
			Rate	%	34.3	34.3	30.0
		Employees in their 40s	No. of employees	Persons	91	173	83
			Rate	%	7.9	12.2	8.0
		Employees aged 50 and above	No. of employees	Persons	40	27	38
			Rate	%	3.5	1.9	3.7
	Gender	Male	No. of employees	Persons	941	1,152	896
			Rate	%	81.6	81.5	86.2
		Female	No. of employees	Persons	212	261	143
			Rate	%	18.4	18.5	13.8

Social Performance

Category	Disclosure				Performance			
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021	
Employment	Turnover	Total no. of persons	No. of employees	Persons	926	1,144	977	
			Rate	%	38.1	38.2	37.4	
	By age	Employees under 30 years of age	No. of employees	Persons	353	437	365	
			Rate	%	38.1	38.2	37.4	
		Employees in their 30s	No. of employees	Persons	419	500	447	
			Rate	%	45.2	43.7	45.8	
		Employees in their 40s	No. of employees	Persons	114	157	119	
			Rate	%	12.3	13.7	12.2	
	Gender	Male	Employees aged 50 and above	No. of employees	Persons	40	50	46
				Rate	%	4.3	4.4	4.7
		Female	No. of employees	Persons	793	996	861	
			Rate	%	85.6	87.1	88.1	
				No. of employees	Persons	133	148	116
				Rate	%	14.4	12.9	11.9



Social Performance

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021
Employment	Parental leave	No. of employees eligible for parental leave	Total	Persons	1,236	1,217	1,202
			Male	Persons	1,203	1,190	1,152
			Female	Persons	33	27	50
		No. of employees using parental leave	Total	Persons	84	85	84
			Male	Persons	60	72	53
			Female	Persons	24	13	31
		No. of employees who returned to work after taking parental leave	Total	Persons	44	70	46
			Male	Persons	37	46	36
			Female	Persons	7	24	10
		No. of employees still with the company 12 months after completing parental leave and returning to work	Total	Persons	37	43	40
			Male	Persons	29	30	32
			Female	Persons	8	13	8
		Rate of employees returning to work after parental leave	Total	%	52.4	82.4	54.8
			Male	%	61.7	63.9	67.9
			Female	%	29.2	184.6	32.3
		Employment retention rate of parental leave users	Total	%	84.1	61.4	87.0
			Male	%	78.4	65.2	88.9
			Female	%	114.3	54.2	80.0

Social Performance

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021
Occupational Health and Safety	Occupational health and safety-related communication, advice, and worker participation.	No. of Occupational Health and safety Committee meetings.		times	4	4	3
	Worker training related to occupational health and safety.	No. of safety personnel participating in education		People	441	119	2
	Occupational health and safety management system		No. of applicable business sites	EA	7	5	5
			Applicable business sites	%	6.80	4.85	4.85
			Industrial accident rate* ³⁾	%	0.18	0.22	0.16
			No. of lost work days	days	1,879	2,481 ⁴⁾	1,633
	Injuries sustained during work	System application	Total working hours	Time	26,742,984	23,022,300 ⁵⁾	22,199,664
			No. of work-related injuries ⁶⁾	Persons	37	35	38
			Lost Time Injury Frequency Rate (LTIFR)*** ⁷⁾	per 1,000,000 working hours	1.38	1.52	1.71
	Occupational diseases/illnesses		Work-related fatalities	Persons	0	0	0
		Occupational Injury Frequency Rate (OIFR)****	per 200,000 working hours	0	0	0	

* Accident rate (%) = [(number of deaths + injuries)/number of full-time workers] x 100
 ** Intensity rate (%)=(total nursing work days lost/annual work hours) x 1,000
 *** LTIFR (Lost-Time Injury Frequency Rate) = Number of employment losses/annual working hours x 1,000,000
 **** OIFR (Occupational Illness Frequency Rate) = (Number of Occupational Illness Occurrences / Total Working Hours) x Standard Hours

3) Disclosure of the Korea Occupational Safety and Health Agency's data standards.

4), 5) Recalculation by including suppliers' employees.

6) Based on the number of injuries to SK shieldus (referring to the number of injuries sustained by employees of SK shieldus and suppliers during work, excluding commuting/leaving work, workshops, clubs, etc.).

7) Recalculation due to data error.



Social Performance

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021
Training and education	Employee education programs		Total education and training costs	KRW	1,026,308,215	1,965,162,902	1,138,642,918
			Total no. of employees who completed education	Persons	7,636	6,866	6,598
			Persons who completed employee training (Male)	Persons	6,606	6,113	5,856
			Persons who completed employee training (Female)	Persons	1,030	753	742
			Total amount of education time ⁸⁾	No. of hours	264,449	297,331	359,771
			Total amount of education time at the head office ⁹⁾	No. of hours	84,464	118,932	143,908
			Total amount of training time at the regional headquarters ¹⁰⁾	No. of hours	179,985	178,399	215,863
			Total amount of education time (Male) ¹¹⁾	No. of hours	238,241	270,571	327,392
			Total amount of education time (Female) ¹²⁾	No. of hours	26,208	26,760	32,379
	Average no. of hours of education per employee/per year		Male	hours/person	36	44	56
			Female	hours/person	25	36	44
			Total (per person)	hours/person	35	43	55
	Human rights violation prevention program		No. of people eligible for human rights education	Persons	7,636	6,690	7,022
			No. of people who completed human rights education	Persons	7,636	7,393	7,022
			Completion rate of education on human rights	%	100	110	100
Percentage of employees receiving regular performance and career development reviews		Employees receiving regular appraisal	Person	6,266	5,871	5,881	
		Percentage of employees receiving regular appraisal	%	100	100	100	

8), 9), 10), 11), 12) The statistics have been recalculated based on clearly defined education, such as statutory education.

Social Performance

Category	Disclosure				Performance			
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021	
Diversity and equal opportunities	Executive status	Total no. of executives (including the representative)		Persons	55	46	-	
		Gender	Male		Persons	54	44	-
			Percentage of male		%	98.2	95.7	-
			Female		Persons	1	2	1 ¹³⁾
			Percentage of female		%	1.8	4.3	2.3
		No. of executives by age group	Age	Employees in their 40s		Persons	3	8
	Employees aged 50 and above			Persons	52	38	0	
	By position	By position	Technical workers		Persons	2,089	1,911	1,679
			Male technical workers		Persons	1,680	1,578	1,608
			Female technical workers		Persons	409	333	271
			Percentage of female technical workers		%	19.6	17.4	16.1
			Non-technical workers		Persons	4,945	4,918	4,884
			Male non-technical workers		Persons	4,565	4,534	4,551
			Female non-technical workers		Persons	380	384	333
Percentage of female non-technical workers			%	7.7	7.8	6.8		

13) 2023 Report: Independent directors are not included.



Social Performance

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021
Diversity and Equal opportunities	By age	Age (all)	Employees under 30 years of age	Persons	1,242	1,650	1,348
			Employees in their 30s	Persons	3,030	2,913	2,939
			Employees in their 40s	Persons	1,890	1,681	1,667
			Employees aged 50 and above	Persons	872	585	-
		Age (Technical personnel)	Employees under 30 years of age	Persons	558	579	-
			Employees in their 30s	Persons	824	735	-
			Employees in their 40s	Persons	522	473	-
			Employees aged 50 and above	Persons	185	124	-
	Age (Non-technical personnel)	Employees under 30 years of age	Persons	684	1,071	-	
		Employees in their 30s	Persons	2,206	2,178	-	
		Employees in their 40s	Persons	1,368	1,208	-	
		Employees aged 50 and above	Persons	687	461	-	
	Other diversity indicators	People with disabilities	People with disabilities (No.)	Persons	138	128	101
			Employment rate of people with disabilities ¹⁴⁾	%	3.03	2.83	2.25
Male-to-female salary ratio		Male-to-female salary ratio	%	87	89.5	92.1	

14) Based on the report submitted to KEAD.



Social Performance

Category	Disclosure				Performance		
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021
Supply chain management	Negative social impacts in the supply chain and corrective actions taken	Supplier status	Total no. of suppliers	EA	1,145	1,163	1,069
			Total amount of purchases	KRW 100 million	5,967	5,797	5,056
		Supplier management	No. of suppliers participating in the Code of Conduct	EA	991	1,050	-
			Percentage of suppliers participating in the Code of Conduct	%	86.6	90.3	-
Customers' personal information	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Substantiated complaints among the relevant complaints received	Total no. of cases	Complaints	0	0	0
			Civil complaints received from outside	No. of cases	0	0	0
			Complaints filed by regulatory agencies	No. of cases	0	0	0
			Total number of confirmed customer information leaks, thefts, and losses	No. of cases	0	0	0



Governance Performance

Category	Disclosure				Performance			
	Tier 1	Tier 2	Tier 3	Indicator Unit	2023	2022	2021	
Governance	Composition of director		No. of directors	Persons	8	7	7	
				No. of independent directors	Persons	4	4	4
			No. of directors	Percentage of independent directors	%	50	57	57
	Diversity in the composition of the BOD			No. of female directors	Persons	2	2	2
				Percentage of female executives	%	25	29	29
	BOD operation	No. of board meetings held	Meetings	No. of times	20	11	20	
Institutions, policies, and practices	Compliance (violations of laws and regulations)		Monetary sanctions	cases	1	1	2	
			Total no. of non-monetary sanctions	cases	0	1	1	
			Amount of fines	KRW	200,000	1,500,000	3,160,000	
	Labor-management relations		Employee satisfaction (based on 5-point scale)	Score	3.26	3.71	3.56	
			Rate of response to the employee satisfaction survey	%	64	38.6	37.5	
		Percentage of employees covered by collective bargaining agreements	%	90.0	87.3	89.8		
Anti-corruption	Communication and training on anti-corruption policies and procedures		No. of trainees	Persons	6,779	6,505	6,414	
			Percentage of trained participants	%	100	100	100	
		Total no. of incidents		cases	9	17	19	
	Confirmed incidents of corruption and actions taken ¹⁾	By event		Cases involving employee dismissal or disciplinary action	cases	9	17	19
				Termination of partnership due to corruption	cases	0	0	0
Anti-competitive behavior	Legal action against unfair trade practices such as anti-competitive behavior and monopolies	No. of pending or completed lawsuits		cases	0	0	0	

1) Recalculated "Violations of ethical standards:" According to the application of the GRI standards, conflicts of interest, receipt of money or entertainments, abuses of office authority and superior position, non-compliance with the fair trade laws and regulations, unfair competition, violations of the anti-money laundering regulations, violations of important information management regulations, unauthorized use of internal information, violations of quality standards, harassment and discrimination, and other anti-environmental or anti-social behaviors are defined as acts (cases) of corruption.

APPENDIX

GRI Content Index	89
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GRI Content Index

Statement of use	SK shieldus has prepared this report in accordance with the GRI Standards for the period from 1 January, 2023 to 31 December, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	As of June 2024, there are no applicable GRI Sector Standards. Therefore, various external sources have been analyzed in order to identify the material topics that are most relevant to the industrial characteristic of SK shieldus.

GRI Standard	Disclosure	Page No.	Notes
General Disclosures			
GRI 2: General disclosures, 2021	2-1 Detailed organizational information	6	
	2-2 Entities included in the organization's sustainability reporting	2024 Annual Report 37	
	2-3 Reporting period, frequency, contact point	2	
	2-4 Restatements of information	76, 77, 82, 83, 87	
	2-5 External assurance	95~96	
	2-6 Activities, value chain, and other business relationships	12-14, 39, 2024 Annual Report p. 12-22	
	2-7 Employees	84, 2024 Annual Report 225	The number of employees was calculated based on the number of employees as of the end of the year. There are no employees with non-guaranteed working hours.
	2-8 Workers who are not employees	-	Omission (Information unavailable)
	2-9 Governance structure and composition	16, 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	16, 25, 55, 62, 66, 69	
	2-13 Delegation of responsibility for managing impacts	16, 25, 55, 62, 66, 69	
	2-14 Role of the highest governance body in sustainability reporting	16	
	2-15 Conflicts of interest	63, 66, 69, 2024 Annual Report 96, p. 208-211	

GRI Standard	Disclosure	Page No.	Notes
General Disclosures			
2-16	Communication of critical concerns	16, 64, 66, 2024 Annual Report p. 206-212	
2-17	Collective knowledge of the highest governance body	2024 Annual Report 210~212	
2-18	Evaluation of the performance of the highest governance body	63	The composition of the BOD takes into account the directors' expertise, independence, and expertise in terms of ESG, but no evaluation is made of the BOD's activities.
2-19	Remuneration policies	-	Omission (Information unavailable)
2-20	Process to determining compensation	55, 65, 2024 Annual Report p. 230~233	
2-21	Annual total compensation ratio	-	Omission (Information unavailable)
2-22	Statement on sustainable development strategy	5	
2-23	Policy commitments	68	
2-24	Embedding policy commitments	68~72	
2-25	Processes for remediating negative impacts	25, 26, 39, 45, 50, 66, 68, 87	
2-26	Mechanisms for seeking advice and raising concerns	68	
2-27	Compliance with the laws and regulations	82, 87, 2024 Annual Report p. 240-242	
2-28	Membership associations	97	
2-29	Approach to stakeholder engagement	22, 43, 50, 52	
2-30	Collective bargaining agreements	87	



GRI Content Index

Subject	Indicator	Reporting location	Remarks
Material Topic			
GRI 3: Material Topics	3-1	Process to determining material topics	21
	3-2	List of material topics	21
Topic 1. Circular Economy			
GRI 3: Material Topics	3-3	Management of material topics	14, 17, 20, 25, 26
	306-1	Waste generation and significant waste-related impacts	26, 30, 31
GRI 306: Waste	306-2	Management of significant waste-related impacts	- Not applicable
	306-3	Waste Disposal	31
	306-4	Waste recycling	- Not applicable
	306-5	Waste treatment	- Not applicable
Topic 2. Digital Transformation of Business Processes			
GRI 3: Material Topics	3-3	Management of material topics	19, 43, 52
Topic 3. Recruitment & Retention			
GRI 401: Employment	401-1	New employee hires and employee turnover	18, 33, 57, 58, 79, 80
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	51, 52, 65
	401-3	Return to work and retention rates after parental leave by gender	81
Topic 4. CE (Customer Experience) & Satisfaction			
GRI 3: Material Topics	3-3	Management of material topics	8, 14, 18, 21, 22, 41-43, 47, 66-68
		Customer satisfaction	18, 22, 34, 41-43
Topic 5. Diversity and Inclusion			
GRI 3: Material Topics	3-3	Management of material topics	14, 18, 20, 21, 56, 68
	405-1	Diversity of governance bodies and employees	16, 18, 20, 56, 62, 63, 84, 85, 87
GRI 405: Diversity and Equal Opportunity	405-2	Ratio of basic salary and compensation of women to men	85
		Recruitment rate of employees with disabilities	56, 85

Subject	Indicator	Reporting location	Remarks
Topic 6. Corporate Ethics			
GRI 3: Material Topics	3-3	Management of material topics	16, 19-22, 61, 68-72
	205-1	Operations assessed for risks related to corruption	- To be announced later.
	205-2	Communication and training about anti-corruption policies and procedures	39, 68-72, 87
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	87
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	61, 87, 2024 Annual Report 28
Topic 7. Occupational Health and Safety Management			
GRI 3: Material Topics	3-3	Management of material topics	14, 16, 18, 47-49, 66, 69, 71, 82
	403-1	Occupational health and safety management system	47-49, 69, 71, 82
	403-2	Hazard identification, risk assessment, and incident investigation	48, 49, 66-69
	403-3	Occupational health and safety services	48, 49
	403-4	Worker participation, consultation, and communication on occupational health and safety	47, 48, 82
	403-5	Worker training on occupational health and safety	26, 49, 82
	403-6	Explaining the programs to improve workers' health	48, 49
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	39, 71, 82
	403-8	Workers covered by an occupational health and safety management system	47, 82
	403-9	Work-related injuries	82
403-10	Work-related ill health	82	
Topic 8. Energy Management			
GRI 3: Material Topics	3-3	Management of material topics	14, 16, 17, 20-22, 24-26, 28-30, 76
	302-1	Energy consumption within the organization	28-30, 76
GRI 302: Energy	302-2	Energy consumption outside of the organization	- Not managed
	302-3	Energy intensity	76
	302-4	Reduction of energy consumption	- Not managed
	302-5	Reductions in the energy requirements of products and services	- Not managed



GRI Content Index

Subject	Indicator	Reporting location	Remarks
Topic 9. Human Rights			
GRI 3: Material Topics	3-3	Management of material topics	16, 18, 21, 56, 83
GRI 406: Prohibition of discrimination	406-1	Incidents of discrimination and corrective actions taken	87
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-
Topic 10. Information Protection & Cybersecurity			
GRI 3: Material Topics	3-3	Management of material topics	16, 18, 21, 40, 44, 45, 68, 69, 71, 72, 86
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	86
Topic 11. Supply Chain Risk Management			
GRI 3: Material Topics	3-3	Management of material topics	14, 18, 19, 21, 22, 32, 39, 71, 86
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	39
	414-2	Negative social impacts in the supply chain and actions taken	39, 86
Topic 12. Reducing emissions			
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	29, 77
	305-2	Energy indirect (Scope 2) GHG emissions	29, 77
	305-3	Other indirect (Scope 3) GHG emissions	-
	305-4	GHG emissions intensity	77
	305-5	Reduction of GHG emissions	28-30
	305-6	Emissions of ozone-depleting substances (ODS)	-
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-

Subject	Indicator	Reporting location	Remarks
Topic 13. Sustainable Supply Chain			
GRI 3: Material Topics	3-3	Management of material topics	26, 39-40
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	40
Topic 14. Social impacts on local communities			
GRI 3: Material Topics	3-3	Management of material topics	18, 21, 22, 32-38
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	32-38, 57
	413-2	Operations with significant actual and potential negative impacts on local communities	2, 7, 26
Topic 15. Human Capital Management (formerly known as "Training and Education")			
GRI 3: Material Topics	3-3	Management of material topics	18, 19, 21, 26, 29, 44-46, 49, 56-59, 61, 68-72, 82, 83, 87,
GRI 404: Training and Education	404-1	Average hours of training per year per employee	83
	404-2	Programs for upgrading employees' skills and transition assistance programs	57-59
	404-3	Percentage of employees receiving regular performance and career development reviews	83
Non Material Topic			
NON-GRI indicators managed other than major topics	402-1	Minimum notice periods regarding operational changes	16, 64, 66, 2024 Annual Report p. 206-212
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
	410-1	Security personnel trained in human rights policies and procedures	83
	411-1	Incidents of violations involving rights of indigenous peoples	-
	415-1	Political contributions	-
	416-1	Assessment of the health and safety impacts of product and service categories	-
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
	417-1	Requirements for product and service information and labeling	-
	417-2	Incidents of non-compliance concerning product and service information and labeling	-
	417-3	Incidents of non-compliance concerning marketing communications	-



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 only selected and reported on those 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 in order to communicate with our stakeholders more effectively.

Technology & Communication Sector (Software & IT Services)

Industry	Code	Accounting Metric	Reporting Page	Status of SK shieldus
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable	76, 77	SK shieldus does not possess any data centers.
	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	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 incurred as a result of legal proceedings associated with user privacy.	86	
	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 and services are subject to government-required monitoring, blocking, content filtering, or censoring	-	
Data Security	TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	86	Not applicable during the reporting period.
	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	44-45	



SASB Index

Industry	Code	Accounting Metric	Reporting Page	Status of SK shieldus
Recruiting & Managing a Global, Diverse & Skilled Workforce	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	57	
	TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	78-80, 84, 85	
Intellectual Property Protection & Competitive Behaviors	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-behavior regulations	87	Not applicable during the reporting period.
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.1	Number of (1)performance issues and (2)service disruptions; (3)total customer downtime	-	Not applicable during the reporting period.
	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	44, 45, 66, 67	
Activity Metrics	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	-	
Services(Professional &Commercial Services)				
Industry	Code	Accounting Metric	Reporting Page	Status of SK shieldus
Data Security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks	44, 45	
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	44, 45	
	SV-PS-230a.3	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected	86	Not applicable during the reporting period.
Workforce Diversity & Engagement	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	78-80	
	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees	80	
	SV-PS-330a.3	Employee engagement as a percentage	79-81, 83-85	
Professional Integrity	SV-PS-510a.1	Description of approach to ensuring professional integrity	68-72	
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	87	Not applicable during the reporting period.
Activity Metrics	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	78	
	SV-PS-000.B	Employee hours worked, percentage billable	82	



TCFD Index

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

Category	Recommended Disclosure	Report Page No.
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	25, 65-67
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	16, 25
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	16, 17, 20, 26-30
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	26
	c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy, and financial planning.	26-30
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	25
	b) Describe the organization's processes for managing climate-related risks.	25
	c) Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	25
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and its risk management process.	25, 27, 28
	b) Disclose the organization's Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	29
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	27-31

Independent Assurance Statement

To readers of SK shieldus Sustainability Report 2024

Introduction

Korea Management Registrar (KMR) was commissioned by SK shieldus to conduct an independent assurance of its Sustainability Report 2024(the “Report”). The data and its presentation in the Report is the sole responsibility of the management of SK shieldus. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with SK shieldus and issue an assurance statement.

Scope and Standards

SK shieldus described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
 - GRI 205: Anti-Corruption
 - GRI 206: Anti-competitive Behavior
 - GRI 302: Energy
 - GRI 305: Emissions
 - GRI 306: Waste
 - GRI 401: Employment
 - GRI 403: Occupational Health and Safety
 - GRI 404: Training and Education
 - GRI 405: Diversity and Equal Opportunity
 - GRI 406: Non-discrimination
 - GRI 408: Child Labor
 - GRI 409: Forced or Compulsory Labor
 - GRI 413: Local Communities
 - GRI 414: Supplier Social Assessment
 - GRI 418: Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of SK shieldus’ partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by SK shieldus to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Independent Assurance Statement

To readers of SK shieldus Sustainability Report 2024

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with SK shieldus on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

■ Inclusivity

SK shieldus has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

■ Materiality

SK shieldus has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

■ Responsiveness

SK shieldus prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of SK shieldus' actions.

■ Impact

SK shieldus identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021-2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with SK shieldus and did not provide any services to SK shieldus that could compromise the independence of our work.

June 2024 Seoul, Korea



SRV1000
Sustainability Committee Assurance



AA1000
Licensed Report
000-129/V3-U2XR3

CEO Hwang Eun-joo

Association Memberships and Awards

Association Memberships

No.	Association	Date
1	Regular member of FIRST (first among Korean private companies).	10.05.2005
2	Korea Software Financial Cooperative.	20.10.2006
3	Korea Information & Communication Contractors Association.	08.08.2008
4	Regular member of the CPO Forum.	09.12.2014
5	Vice-chair company of the Korea Information Security Industry Association.	23.12.2015
6	Regular member of CTA (first in Asia).	13.06.2017
7	Regular member of the CERT Consortium.	07.01.2020
8	Engineering Guarantee Insurance.	30.12.2020
9	Korea Specialty Contractor Financial Cooperative.	30.12.2020
10	KARA (Korea Anti-Ransomware Alliance), a private alliance formed to respond to ransomware.	17.03.2022
11	'No More Ransoms', a global ransomware threat sharing consortium.	May.2022

Certification

No.	Certification	Certified by	Date
1	AWS Security Competency	AWS	21.05.2020
2	ISMS-P (Personal Information & Information Security Management System).	Korea Internet & Security Agency	29.07.2020
3	Designated as a Professional Security Control Company.	Ministry of Science and ICT	09.03.2021
4	Designated as an Information Security Service.	Ministry of Science and ICT	09.03.2021
5	ISO9001: International Certification for Quality Management Systems.*	World Standards Certification	19.03.2021
6	Designated as a Personal Information Impact Assessment Agency.*	Personal Information Protection Commission	23.12.2021
7	ISO/IEC27001: International Certification for Information Security Management Systems.*	BSI Korea	27.07.2021
8	ISO 45001:2018: International Certification for Occupational Health and Safety.*	LRQA Korea	03.11.2022
9	ISO 14001: International Certification for Environmental Management Systems.	LRQA Korea	26.12.2022

* Date on the latest re-certification.

Awards

No.	Award	Awarded by	Date
1	Received the "Korea Crime Prevention Award" for the fifth time. (Winner of the most awards among security companies in the private sector)	Korean National Police Agency	2016. ~ 2018. / 2020. / 2023.
2	Selected as 'the best job creation company' in Korea for the third time.	Ministry of Employment and Labor	Aug. 2019 / Jul. 2020 / Sep. 2023.
3	Won the 2021 AWS Technology Partner of the Year Award.	AWS	12.05.2021
4	Won the Seoul Mayor's Citation in recognition of its efforts to spread the culture of sharing.	Seoul Metropolitan Government	08.12.2021
5	Ranked 1st in the unmanned security service sector of the KS-SQI for the second consecutive year.	Korean Standards Association	01.07.2022
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	21.11.2022
7	Won the "First Brand Award" for the ninth consecutive year.	Korean Customer's Forum	29.12.2022
8	Won the "Most Honorable Company Award Korea" in the cyber security industry for a third consecutive year.	KMAC	20.03.2023
9	Received the Prime Minister's Commendation for 2023 Science/ICT Day.	Ministry of Science and ICT	Apr. 2023
10	Received the 2023 True Company Grand Prize.	Ministry of Employment and Labor	Nov. 2023



Contributors to this Report

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HR Service Team	Ha Ji-won
SI Business Group	
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Product Planning Group	
H&R Product Planning Team	Cho Sung-jun
Product and Service Development Group	
Physical Security Device Development Team	Shin Seung-ho
Sales Support Group	
Application Underwriting Center	Sung Ju-won
Operation Group	
Security Team	Lee Jae-woo

Convergence Business Support Group	
Convergence Business Design Team	Bae Kwang-jin
Material Installation Group	
ECO Plus Team	Yang In-ho
Installation Planning Team	Cho Jae-sang
Strategic Business Group	
Strategic Biz. Support Team	Han Sung-il
Information Protection Group	
Information Security Team	Lee Ju-hun
Compliance Management Group	
Legal Team	Kim Jong-min and Lim Soo-yong
Safety Health Team	Han Ji-su
Ethical Management Team	Lim Jong-su
Home Guard Business Group	
Home Guard Planning Team	Ha Tae-won

Dear and respected ESG Innovation TF members and everyone who helped us,

We would like to express our sincere gratitude to the ESG Innovation TF and the members who provided invaluable help in publishing the 2024 SK shieldus ESG Sustainability Report. You put in the effort required to write this report from an ESG perspective with excellent knowledge, even though you were busy with your work. Thanks to your participation and support, we were able to complete this Report, transparently providing the overall contents of SK shieldus' ESG management.

In particular, ESG Innovation TF members made our Sustainability Report be more effective with many ideas and the approach of considering social value creation. Your expert knowledge and passion helped significantly improve our sustainability and fulfill social responsibilities.

Our ESG Management Group pledges to continue with our efforts to ensure sustainability in the future, and we ask for the support and advice of all our members.

Thank You!
ESG Management Group

