

Environmental Management Policy

Version 2.0



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Environmental Management Policy

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basic regulation

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Establishment/Amendment History

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1. Purpose

This Environmental Management Policy establishes the direction and management standards for environmental management at SK Chemicals (hereinafter referred to as the “Company”). Its purpose is to minimize the adverse environmental impacts arising from the Company’s business activities and to build a sustainable environmental management system that ensures a safe, healthy, and environmentally sound workplace and living environment.

The Company systematically manages environmental issues across all areas, including energy and greenhouse gas emissions, air pollutants, water resources, chemicals and hazardous substances, and waste, by establishing management indicators and targets. Progress toward these goals is regularly reviewed and overseen by the ESG Committee under the Board of Directors. Environmental performance is transparently disclosed to stakeholders, and environmental awareness is promoted through training programs for employees and business partners.

2. Scope of Application

This Policy applies to SK Chemicals and its domestic and overseas subsidiaries. The Company also encourages major business partners, including suppliers, contractors, toll manufacturers, and joint ventures, to comply with this Policy and provide support where appropriate.

1) Operations:

All business sites shall comply with applicable environmental laws and regulations in their respective jurisdictions. Where local laws and regulations do not address specific matters, environmental activities shall be conducted in accordance with this Policy. Major production sites with significant environmental impacts are encouraged to obtain third-party certification of their Environmental Management Systems (EMS).

2) Supply Chain:

The Company assesses the environmental performance and risks of its supply chain in accordance with its Supply Chain ESG Management Policy and supports improvement activities for high-risk suppliers.

3) New Business Investments (including M&A):

When making investment decisions, including mergers and acquisitions, the Company identifies potential environmental and social risks in accordance with internal investment review procedures and establishes appropriate mitigation measures.

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3. Governance Structure

To ensure effective environmental management, the Company operates an environmental governance framework consisting of the ESG Committee, Executive Management Council, and ESG Team.

The ESG Committee under the Board of Directors provides strategic direction on environmental matters, including climate change response, reviews Environmental Management Policy implementation and performance at least annually, and approves major environmental and social decisions. The Executive Management Council develops and executes practical action plans aligned with corporate strategy and organizational KPIs. The ESG Team monitors implementation progress, reviews key issues, and regularly reports to executive management and the ESG Committee.

4. Environmental Management Principles

To advance its environmental management, the Company defines its fundamental policies and targets for each environmental area as follows.

1) Energy and Greenhouse Gas Emissions

The Company analyzes energy consumption, improves inefficiencies, and optimizes energy use throughout its operations. It promotes the gradual transition of production fuels toward environmentally friendly alternatives, including hydrogen, while reducing greenhouse gas (GHG) emissions throughout logistics and transportation activities associated with raw materials and products.

The Company strives to reduce GHG emissions through operational efficiency improvements and establishes and implements emission reduction targets aligned with the Paris Agreement and global climate action efforts. The Company also refrains from providing financial support to activities or organizations that conflict with its climate objectives.

Target:

Scope 1 and Scope 2: Reduce emissions by 50.4% by 2032 from the 2021 baseline and achieve Net Zero by 2040

Scope 3: Reduce emissions by at least 30% by 2032 from the 2021 baseline and achieve Net Zero by 2050.

Renewable Energy (RE100): Achieve 100% renewable electricity usage by 2032.

2) Air Pollutants

The Company continuously monitors air pollutant emissions, including nitrogen oxides (NOx), sulfur

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oxides (SO_x), and particulate matter (PM), according to internal standards that are stricter than legal requirements. Environmental reviews are conducted before installing production facilities, and emissions are reduced through flue gas desulfurization systems, low-NO_x burners, cleaner fuel transitions, and enhanced dust collection systems.

Target: By 2030, reduce SO_x emissions by 80% and NO_x emissions by 35% compared with 2024 levels.

3) Water Resources

The Company evaluates water efficiency, analyzes water consumption patterns, and continuously improves water use practices. Water withdrawals at all sites are monitored through flow metering systems, and water recycling performance is tracked through dedicated management systems. Cooling tower discharge water and concentrated brine generated during purified water production are treated using filtration technologies such as UF and RO systems and reused in operations. Cooling water is continuously recycled through circulation pump systems. Water that cannot be reused is treated through appropriate wastewater treatment facilities and discharged in compliance with applicable legal standards.

Target: Conduct regular site-level water stress and water quality risk assessments using internationally recognized tools such as the WRI Aqueduct and WWF Water Risk Filter. Expand water reuse and wastewater recycling facilities at sites located in water-stressed regions. Establish annual water reduction and reuse targets for water-intensive sites and integrate performance into executive KPIs. Manage wastewater pollutants according to internal standards that exceed legal requirements.

4) Chemicals and Hazardous Substances

The Company ensures the safe and appropriate handling of chemicals introduced into its operations. Employees and contractors receive regulatory and specialized training, while emergency preparedness programs, Process Safety Management (PSM), safety inspections, risk assessments, and emergency response drills are conducted on an ongoing basis.

Through its Chemical Management System (CMS), the Company manages the full lifecycle of chemicals, from procurement and use to disposal, and maintains electronic records of Material Safety Data Sheets (MSDS). Opportunities to substitute hazardous substances with safer alternatives are evaluated during the design stage to minimize hazardous material use. (refer from internal Chemical Substance Management Regulations (revised August 6, 2026))

Target: The Company continuously monitors substances of concern based on internationally recognized lists such as the EU REACH SVHC List and the ChemSec SIN List. Hazardous substances with viable alternatives are prioritized for reduction, substitution, and phase-out. Accordingly, the use of Solvent Naphtha Kocosol 100 will be progressively reduced and eliminated by 2029.

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5) Waste Manage

The Company manages all waste generated from its operations in compliance with applicable legal requirements. It continuously enhances waste segregation systems, identifies recyclable waste streams, develops recycling applications as alternatives to landfill and incineration, and expands collaboration with recycling service providers.

Target: Site-specific recycling targets are established based on waste characteristics to improve recycling rates and minimize landfill and incineration. Major production sites maintain high recycling performance through Zero Waste to Landfill certification, and these best practices will be expanded across the Company.

6) Environmental Impact of Products and Services

The Company reviews compliance with this Environmental Management Policy at the process-evaluation stage of product design (RPMS Review) and focuses on the development of low-carbon products and services. The Company incorporates eco-friendly elements into its product brand strategy and sales and marketing activities and discloses the performance of its eco-friendly products and services to customers and other stakeholders.

Target: By 2040, expand the revenue share of products made with materials that reduce environmental impact — such as circular/recycled and bio-based materials (the “Green Portfolio”) — to 90%, and, by 2028, maintain the share of R&D investment allocated to clean technologies (recycling and bio-based material research and development) at 50% or more of the Chemical Research Institute’s total investment.*

** Refers to the proportion of sales represented by the co-polyester product line, CR-PET, and bio-based materials that contain recycled raw materials, among total sales of bio-based materials.*

7) Raw Materials and Green Procurement

Green procurement refers to the practice of evaluating the environmental characteristics of raw and subsidiary materials at the procurement stage, and managing purchasing contracts and the supply chain in an environmentally responsible manner. The Company purchases and procures raw and subsidiary materials from suppliers that strive to improve quality, environmental performance, and service, and builds close cooperative relationships with suppliers through its green procurement activities.

Target: Continuously increase the use of recycled materials and environmentally certified raw materials.

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5. Implementation

1) Awareness and Capacity Building

The Company regularly provides environmental education and training to employees, suppliers, and other stakeholders to strengthen environmental awareness and promote a culture of environmental responsibility.

2) Disclosure and Stakeholder Engagement

The Company transparently discloses environmental performance information and maintains communication channels with suppliers, customers, local communities, and other stakeholders to gather feedback and improve environmental management practices.

6. Performance Management

1) Target setting

The Company establishes key performance indicators (KPIs) for each environmental priority area and manages performance in alignment with its mid- and long-term roadmap. Major indicators are subject to third-party verification and continuous improvement efforts.

2) Performance Monitoring

Implementation progress is reported to the ESG Committee under the Board of Directors at least annually and is regularly monitored by relevant departments and the ESG Team.

3) Performance Evaluation

Environmental performance targets are incorporated into the KPIs of relevant executives and managers. Achievement is reinforced through periodic performance evaluations and incentive systems.