

Environmental Policy

Version 1.1



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Introduction

SK chemicals strives to minimize the negative impact of its corporate activities on the global environment and to ensure a comfortable and safe work and living environment. To achieve this, the company prioritizes environmental and safety management, selects and implements key tasks to strengthen competitiveness and execution capabilities, and continuously pursues harmony between business operations and environmental management. In order to increase the competitiveness and execution power of environmental management activities, we set environmental management indicators and goals and systematically manage them, and the status of performance goal implementation is regularly supervised by the ESG Committee under the Board of Directors. The performance of environmental management indicators is transparently disclosed to stakeholders, and SK chemicals shall conduct environmental training for employees and other stakeholders to raise their awareness of the need for environmental management. Environmental training also can be provided to suppliers and partners that may have an impact on the environment, and we support them to establish an environmental management system.

1. Policy

- SK chemicals complies with regulations, establishes, and operates environmental-related guidelines.
- SK chemicals pursues continuous innovation throughout its business activities to provide eco-friendly products and services.
- SK chemicals fosters a safe and pleasant working environment and establishes an organizational culture that adheres to regulations.
- SK chemicals fulfills its corporate social responsibility by establishing and operating systems for managing raw materials, products, and waste.
- SK chemicals strive to reduce greenhouse gas emissions through rationalization of business processes.
- SK chemicals actively responds to climate change by improving management practices to reduce greenhouse gas emissions and refrains from funding climate denial or lobbying against climate regulations.

2. Scope of application

- This environmental policy applies to SK chemicals and all its subsidiaries. SK chemicals recommends that major business partners, including suppliers such as subcontractors, contract partners, and joint ventures, comply with this environmental policy in their operations and provides necessary support.

1) **Production and Business site:**

SK chemicals' business sites give priority to complying with the environmental laws and regulations of each country and perform environmental work in accordance with this policy when it is not covered by the laws and regulations of the local country. In addition, major production sites that may have significant environmental impact are recommended to pursue third-party certification for their environmental management system.

2) **Products and services:**

SK chemicals checks whether the product complies with environmental policies at the product design stage (RPMS review) and focuses on developing low-carbon products and services. In addition, it promotes sales and marketing activities by reflecting eco-friendly elements in its product brand strategy and discloses the performance of eco-friendly products and services to stakeholders, including customers.

3) **Distribution and logistics:**

SK chemicals strive to reduce the environmental impact that occurs during the logistics and transportation of raw materials, final products, etc. We strive to secure low-carbon logistics and transportation networks, and actively review measures to reduce greenhouse gases, waste, and pollutants generated during transportation.

4) **Management of waste:**

Waste generated at the workplace is managed appropriately in compliance with laws and internal regulations, and is processed through contracts with legally licensed companies according to the type of waste. In addition, we actively review measures to minimize the amount of waste generated and increase the rate of waste recycling.

5) **Suppliers and business partners:**

SK chemicals inspects the environmental management performance and risks of its supply chain in accordance with the "Supply Chain ESG Management Policy" and supports improvement activities for high-risk partners.

6) **New business investment including mergers and acquisitions:**

SK chemicals identifies potential environmental and social risks and establishes measures to reduce environmental and social risks in accordance with internal investment review regulations when making decisions on new business investments, including acquisitions and mergers.

3. **Governance**

- SK chemicals operates the ESG Committee, Management Council, and ESG Promotion Team for the company-wide promotion of environmental management. The ESG Committee under the Board of Directors presents strategic directions for environmental management, such as responding to climate change, reviews the implementation of environmental policies and environmental management performance, and approves major decision-making considering environment and society issues. The Management Council establishes practical execution

plans based on company-wide strategic decisions and plays a central role in cooperation/execution with each department in connection with KPI of each organization. In addition, the ESG Promotion Team is operated to support this in practice, monitoring the implementation status of promotion strategies and execution plans, regularly checking issues, and reporting to the management and ESG Committee.

4. Key tasks

- Reduce greenhouse gases and increase use of renewable energy
- Target: achieve Net Zero by 2040 (Scope 1,2) and RE100 by 2032
- Increase the proportion of sales from eco-friendly products
- Strengthen chemical management for products and raw materials
- Increase the recycling rate of waste for resource circulation
- Minimize safety accidents

5. Sub-structure

- 1) Environmental Management System (Key performance indicator)
 - Energy (LNG, Propane, Electricity) and Greenhouse Gas (Scope 1,2 and Scope 3)
 - Water Resources (Water intake, Water reuse and recycling)
 - Waste (Recycle rate, General waste, Designated waste)
- 2) SHE Management System
- 3) Chemical Management System
- 4) Green Procurement Policy

1) **Environmental Management System**

In order to systematically manage environmental performance, we establish environmental indicator goals and implementation organizations and check the status of implementation. In particular, we conduct verification of key performance indicators by an external third-party organization and continuously implement improvement activities.

A. Energy Savings and Greenhouse Gas Reduction

SK chemicals analyzes energy consumption status to minimize related costs. The company identifies energy-saving practices within plants, research ways to reduce energy costs, monitors and analyzes energy usage to improve inefficiencies, and optimizes energy usage. It also gradually transitions to eco-friendly fuels in production processes,

aiming to ultimately replace LNG with hydrogen and is working on building facilities and securing raw materials for hydrogen use.

B. Water Resources Management

SK chemicals monitors the water intake of all business sites monthly. Each site's operations management team manages the water intake, and the Ulsan plant, which receives Nakdong River water from the Water Resources Corporation, oversees the total water intake, including that of nearby partner companies. The Ulsan plant discharges treated wastewater directly into the basin, maintaining higher water quality standards, policies, and goals than legal requirements, and the used water is treated and discharged to minimize impact on the water system, complying with legal standards. Additionally, to reduce water usage, the company reuses some of the water used in production processes, continuously reducing wastewater generation.

C. Waste Management

SK chemicals legally discharges and manages waste generated from its business sites in accordance with the procedures set forth in relevant laws and regulations. In addition, we actively strive to reduce the amount of waste generated and ensure that the generated waste is recycled rather than simply discarded. We minimize the rate of landfill/incineration waste and maximize the recycling of waste by separating recyclable waste and additionally discovering recycling companies.

2) SHE Management System

SK chemicals, recognizing SHE (Safety, Health, Environment) management as fundamental, establishes and practices the following SHE management system based on human-centered management principles.

A. Principle:

SK chemicals recognizes that SHE management is a basic element based on human-oriented management principles and strives to achieve the SHE Targets with the ultimate goal of achieving the SHE Mission and creating a safe and clean environment for companies.

B. Mission:

Recognize humans and the environment as core values and pursue the happiness of stakeholders by making decisions that put SHE first.

C. SHE Target

① "Zero" Accident

- Pursue SHE management above the legal level
- Substantial activities of employees
- Maintain transparency in accidents

② Environmental preservation

- Comply with environmental laws, agreements and regulations
 - Reduce pollutant emissions
 - Efficient use of resources and energy
- ③ Promoting the health of employees
- Strengthen activities to prevent diseases and promote health
 - Ensure safety in handling harmful factors
 - Improve working conditions
- ④ Top-Tier in Korea
- Establish a domestic top-tier level SHE management system
 - Shared growth through co-prosperity of partner companies
 - Secure balance of form and content

3) Chemical Management System

SK chemicals handles chemicals entering the workplace safely and appropriately. It provides statutory and specialized training for SK chemicals members and partners and continuously conducts inspections/evaluations and rapid emergency response training based on preventive systems such as emergency management plans and Process Safety Management(PSM).

To prevent accidents caused by human error during chemical management, SK chemicals has introduced the online Chemical Management System (CMS), which is integrated with the purchasing portal system and the enterprise code management system for systematic chemical management. From the moment a new chemical is requested for purchase, the purchasing portal system identifies and manages regulated substances under the management system, and CMS ensures that Material Safety Data Sheets (MSDS) are registered and managed electronically. (Refer to 'Chemical Management Regulations

(Established March 1, 2016)')

4) Green Procurement Policy

As a company mindful of both humans and the natural environment, SK chemicals actively promotes green procurement to provide customers with high-quality, eco-friendly products. SK chemicals adheres to the following principles:

A. Green Procurement Policy

Green procurement evaluates the environmental impact of raw materials during the procurement stage, operating corporate activities such as purchasing contracts and supply chain management in an eco-friendly manner.

Through green procurement activities, SK chemicals establishes close cooperative relationships with suppliers.

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SK chemicals purchases and procures raw materials from excellent suppliers who strive to improve quality, environment, and service. To convey the value of eco-friendliness to customers, SK chemicals produces products using eco-friendly technologies.