Sustainable
Life Care Platform

SK shieldus 2022 Sustainability Report

About This Report

SK shieldus publishes its first sustainability report in 2022 to systematically manage and transparently disclose ESG (Environmental, Social, and Governance) management strategy and major tasks. We laid the foundation for ESG management practice with the establishment of ESG management strategy in 2021. This report introduces our ESG vision, strategic directions, and key areas based on SK's management philosophy. As the importance of non-financial performance management grows, we also announce environmental, social, and governance performances in accordance with global standards including GRI (Global Reporting Initiative) Standards through this report. We will publish annual sustainability report to transparently disclose our ESG activities and results and expand communication with stakeholders.

Overview

This report focuses on the values and practices that we consider the most important, derived from the opinions of stakeholders.

Reporting Principle

This report was mainly prepared in accordance with a global reporting guideline GRI Standards: Core Option and also includes the status of implementation of SASB (Sustainability Accounting Standards Board) indicators.

Reporting Period

This report contains our sustainability management activities and performances from January 1 to December 31, 2021, and the period of some information extends to the first half of 2022.

Reporting Scope

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

Assurance

The objectivity, fairness, and credibility of contents were verified by Korea Management Register, a third-party assurance agency. The assurance statement can be founded on pages 63~64.

Inquiries

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Interactive PDF User Guide

This report was published as an interactive PDF with functions such as navigation to related pages and shortcuts to related information

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About SK shieldus

CEO Message

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

With the rapid changes in the business environment domestic and abroad, social interest in corporate ESG activities is growing. This trend requires companies not only to fulfill their environmental and social responsibilities but also to establish a governance structure that guarantees transparent decision-making. Accordingly, we intend to further solidify our commitment to and responsibility for ESG management through the first sustainability report.

SK shieldus is the "life care platform" company that ensures safety and security in Korea in both the Real World and the Cyber World.

We engage in four core businesses of Cybersecurity (Infosec), Converged Security (SUMiTS), Physical Security (ADT Caps), and Safety & Care. Recently, technologies such as AI, Digital Transformation (DT), Cloud, and Quantum are applied to entire business areas to further enhance our competence.

The security business is recognized as a growing industry in the era of convergence and digital transformation. In particular, the vast wave of ESG serves as a significant opportunity for SK shieldus, which protects the country's foundation and the people's lives. In fact, it can be said that the nature of SK shieldus' business is deeply related to ESG. Because we have served as a social safety net to protect tangible and intangible assets and people's lives long before ESG became a rising issue. Based on the nature of ESG-friendly business, we have established the Financial Story management centered on ESG management and implemented its methodology and promotion system.

In the environmental area, resource and energy saving and efficient operation are promoted in overall business activities to respond to climate change. We are also implementing eco-friendly management to minimize GHG emissions and pollutants generation with the goal of achieving "Net Zero 2040." To this end, SK shieldus plans to fully exchange business vehicles into electric and hydrogen vehicles by 2040 and practices a circular economy by recycling recovered devices and using eco-friendly packaging materials.

In the social area, SK shieldus is very proud of our contribution to establishing a safety net that protects society from crimes and industrial accidents and deeply recognizes social responsibility. Accordingly, we endeavor to provide high-level security products and services to ensure that customers are satisfied and confident. Services aimed at protecting the socially vulnerable class will also continue, including CAPS Home Service with Seoul City to address

the growing insecurity amongst the single-person households, "Emergency Safety and Security Service" jointly conducted with the Ministry of Health and Welfare, and senior care that combines AI voice recognition and digital healthcare such as "NUGU Opal Safe." Furthermore, we are also actively engaged in building a cyber safety net to respond to escalating cyber-attack issues and ensure a safe business environment while taking the lead in sharing cyber security knowledge for the public interest, such as publishing a security guidebook and training security talent.

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

SK shieldus will set ESG as the basis of management philosophy and internalize ESG management in all business areas by continuing to promote various environmental, social, and governance activities. We will solidify our dominance as the "Life Care Platform" company based on this commitment and pursue co-prosperity with suppliers, local communities, shareholders, employees, and customers. We ask for your encouragement and advice to help SK shieldus create a sustainable future with all stakeholders through our first publication of the sustainability report.

Thank you.

August 2022

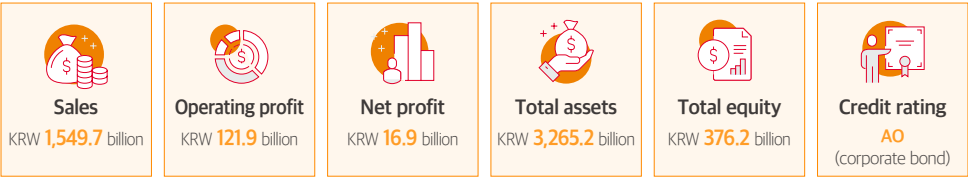President of SK shieldus **Park Jin-hyo**

Company Profile

About SK shieldus

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

Company Overview

Name	SK shieldus Co., Ltd.
CEO	Park Jin-hyo
Establishment	Mar. 5, 2021 (integrated company) (Former Infosec: Jun. 26, 2000, former ADT Caps: Jan. 22, 1971)
Head Office	23, Pangyo-ro 227beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
Employees	6,563 persons (as of the end of 2021 including fixed-term workers)
Business Domain	1. Cybersecurity - Information security control and consulting, solution building, cloud security, mobile care solution, etc. 2. Converged security - SUMiTS that is based on an intelligent converged security platform; OT (Operational Technology) security that provides security for industrial and production facilities, etc. 3. Physical Security - Unmanned security and video control using AI-based CCTV and sensors, access security, facility management service, etc. 4. Safe & Care - Smart home safety, unmanned parking, unmanned stores, disinfection business, senior care
Subsidiaries	Capstec, inc., Infosec Information Technology(Wuxi)Co., Ltd., SK shieldus America, Inc.

Financial Status

Sales	Operating profit	Net profit	Total assets	Total equity	Credit rating
KRW **1,549.7** billion	KRW **121.9** billion	KRW **16.9** billion	KRW **3,265.2** billion	KRW **376.2** billion	**AO** (corporate bond)

Our Vision

SK shieldus is a combined word of "shield" and "us," meaning to create an environment where customers, society, and all of us can feel safe. Our slogan "Technology for everyday safety" means a mission to make a good society where "everyday safe" creates a "safe society" and a "safe society" can continue "sustainable tomorrow" through New ICT technology. To this end, SK shieldus has established five core values of HAPPI for actions and decision-making to practice sustainable management. Through this, we will continue to develop ourselves and pursue the happiness of stakeholders.

Core Values

H Honesty	A Accountability	P Professional	P Partnership	I Innovation
We do our business honestly and transparently and are proud of it.	As a member of society, we contribute to social development beyond organizational growth.	We provide the best quality and the best-differentiated service through ceaseless efforts.	We create greater synergy through communication and cooperation based on mutual respect.	We lead new changes with forwarding thoughts and technology.

Company Profile

Introduction to Our Business

SK shieldus has expanded its business capabilities and customer size focused on cybersecurity and physical security services. We are a leading provider of converged security markets combining the two sectors. We generated sales from four sectors of cybersecurity, converged security, physical security, and Safety & Care.

1. Cybersecurity

Cybersecurity is a service to protect systems and communication networks against threats that may arise from unauthorized access or various cyberattacks. It is categorized as information security services, cloud security services, and mobile care solution services providing a full-service cycle including consulting, Solution/SI, security control, and ISAC.

Biz. Type	Service		Details
Cybersecu-rity	Infor-mation security	Consulting	Building an information protection system in consideration of the customer's security environment and providing information security measures
		Solution/SI[1]	Supplying, building, and maintaining information security solutions for domestic and global companies
		Security Control	Professional support for operation and management of customer's security system
		ISAC[2]	IT technical support and failure response
	Cloud Security		Integrated services, including consulting, solution deployment, operation, and monitoring to protect data, applications, and infrastructure in a cloud environment
	Mobile Care Solution		Vaccine and care services such as detection of mobile smishing and application, and family location notification service

1) System Integration   2) Information Services Assistant Center

2. Converged Security

Converged security service provides customers' assets and safety with omnidirectional control and a rapid threat response system using an intelligent platform against diverse and complex security threats. Converged security service, which is focused on the intelligence platform of ICT Tech such as AI/Big Data/Machine Learning, is categorized into converged security SI, industrial safety, OT security, and building management services.

Biz. Type	Service	Details
Converged security	Converged security SI[3]	Enhancing the value of security services through integration between various solutions
	Industrial safety	Monitoring service of industrial accidents using IoT sensors for image analysis and threat factors of industrial sites in high-risk manufacturing and construction business
	OT[4] security	Response to cyberattacks on industrial control networks and control systems
	Building maintenance	Integrated management that provides convenience and security through linking between the facility operating system BAS[5] and the security system

3) System Integration   4) Operation Technology   5) Building Automation System

Platform-based 4 Major Converged Security Service Areas

Converged Security SI
System Integration

Industrial Safety
SUMiTS Safety

OT Security
SUMiTS OT

Building Maintenance
SUMiTS FM

Intelligence Platform
SUMiTS
Collection → Analysis → Response process

Company Profile

3. Physical Security

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

Biz. Type	Service	Details
Physical security	CMS [Central Monitoring Service]	Detecting accident signals in real time through sensors and imaging devices to dispatch support and report to the relevant authorities can be possible
	FM [Facility Management]	Building and factory energy and facility management and security

Unmanned Security
Support for real-time monitoring of security areas and quick dispatch support with 24-hour control and CCTV remote monitoring

Video Surveillance
Safe security area monitoring with high-definition CCTV and AI intelligent video analysis technology

Access Control
Managing fingerprint and facial recognition technology, body temperature measurement solutions, access security, and attendance at once

4. Safety & Care

Safety & Care is a crucial area of business model innovation for us to evolve into the "Life Care Platform" and represents the highest growth rate. Our current growth is focused on smart home safety, unmanned parking, and quarantine services. We also expect a high growth rate in the newly launched unmanned stores and senior care.

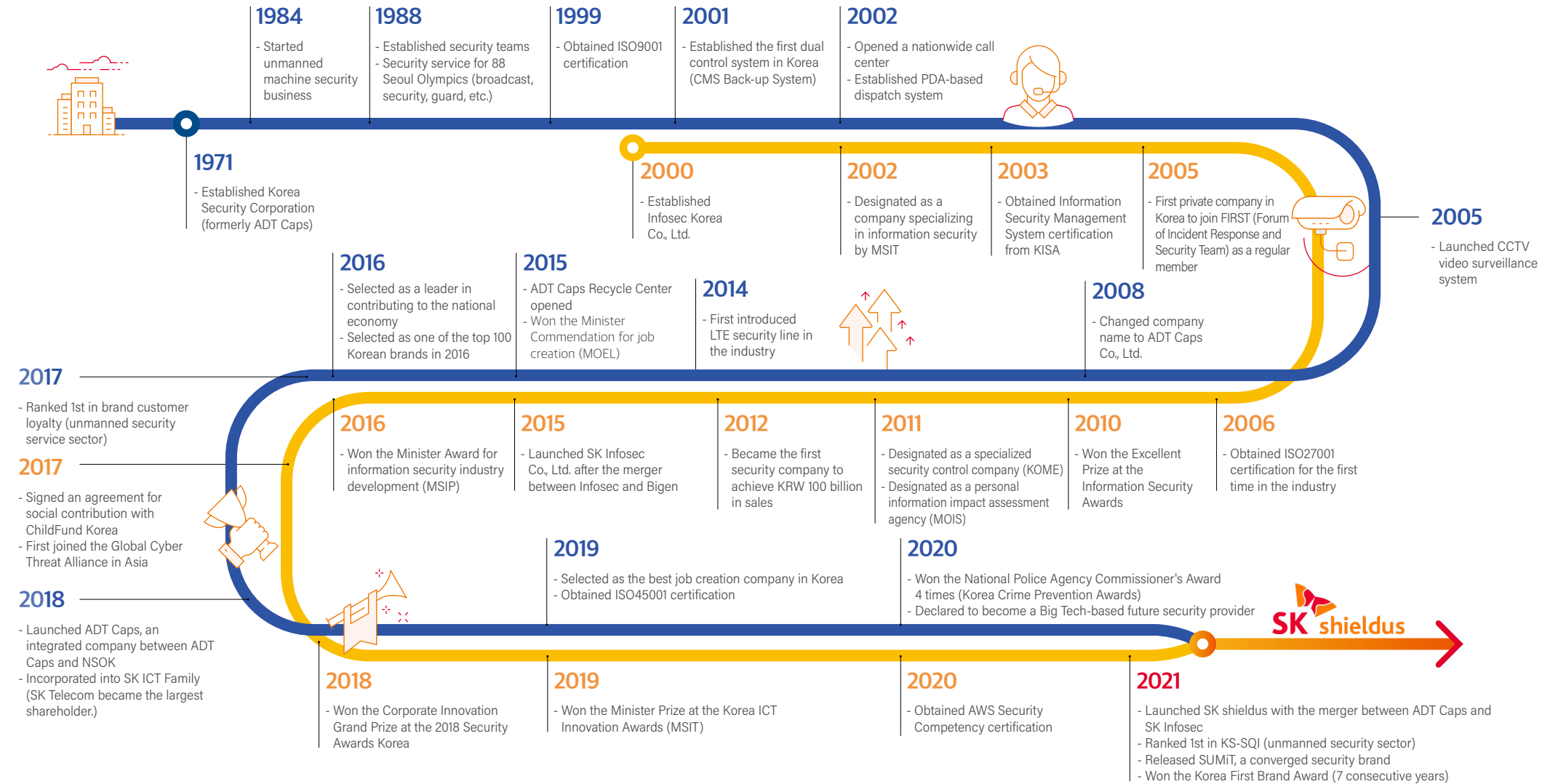| Biz. Type	Service	Details
Safety & Care	Smart home safety	Service that provides identification of outside of front door and visitor, facial recognition access function, courier monitoring, and 24-hour security dispatch service in emergencies
	Unmanned parking	Service that provides construction and operation of unmanned parking system (entry/exit system, unmanned settlement, regular vehicle registration, etc.), including monitoring and emergency security personnel dispatch service
	Disinfection	Service includes disinfection, pest control, insect repellent, general sterilization, legal infectious disease sterilization, etc.
	Unmanned store	Platform-based unmanned store-only integrated service that helps store owners to operate their stores remotely 24/365 with confidence
	Senior care	Sharing and taking measures related to care, health, and safety between nursing facilities and caregivers based on the platform

Company Profile

Company History

Former SK Infosec merged with former ADT Caps on March 5, 2021 and has conducted business as an integrated corporation with ADT Caps. On October 26, 2021, the company changed its name from ADT Caps to "SK shieldus."

1971
- Established Korea Security Corporation (formerly ADT Caps)

1984
- Started unmanned machine security business

1988
- Established security teams
- Security service for 88 Seoul Olympics (broadcast, security, guard, etc.)

1999
- Obtained ISO9001 certification

2001
- Established the first dual control system in Korea (CMS Back-up System)

2002
- Opened a nationwide call center
- Established PDA-based dispatch system

2000
- Established Infosec Korea Co., Ltd.

2002
- Designated as a company specializing in information security by MSIT

2003
- Obtained Information Security Management System certification from KISA

2005
- First private company in Korea to join FIRST (Forum of Incident Response and Security Team) as a regular member

2005
- Launched CCTV video surveillance system

2016
- Selected as a leader in contributing to the national economy
- Selected as one of the top 100 Korean brands in 2016

2015
- ADT Caps Recycle Center opened
- Won the Minister Commendation for job creation (MOEL)

2014
- First introduced LTE security line in the industry

2008
- Changed company name to ADT Caps Co., Ltd.

2017
- Ranked 1st in brand customer loyalty (unmanned security service sector)

2017
- Signed an agreement for social contribution with ChildFund Korea
- First joined the Global Cyber Threat Alliance in Asia

2018
- Launched ADT Caps, an integrated company between ADT Caps and NSOK
- Incorporated into SK ICT Family (SK Telecom became the largest shareholder.)

2016
- Won the Minister Award for information security industry development (MSIP)

2015
- Launched SK Infosec Co., Ltd. after the merger between Infosec and Bigen

2012
- Became the first security company to achieve KRW 100 billion in sales

2011
- Designated as a specialized security control company (KOME)
- Designated as a personal information impact assessment agency (MOIS)

2010
- Won the Excellent Prize at the Information Security Awards

2006
- Obtained ISO27001 certification for the first time in the industry

2019
- Selected as the best job creation company in Korea
- Obtained ISO45001 certification

2020
- Won the National Police Agency Commissioner's Award 4 times (Korea Crime Prevention Awards)
- Declared to become a Big Tech-based future security provider

2018
- Won the Corporate Innovation Grand Prize at the 2018 Security Awards Korea

2019
- Won the Minister Prize at the Korea ICT Innovation Awards (MSIT)

2020
- Obtained AWS Security Competency certification

2021
- Launched SK shieldus with the merger between ADT Caps and SK Infosec
- Ranked 1st in KS-SQI (unmanned security sector)
- Released SUMiT, a converged security brand
- Won the Korea First Brand Award (7 consecutive years)

**SK shieldus
2022 Sustainability Report**

ESG Highlights

E Eco-friendly Management System

Declaration of Net Zero 2040
(2030 Goal: 42% reduction compared to 2020)

Establishment of a Plan for Transition to EVs
(100% transition to EVs excluding emergency vehicles by 2030)

52 %
Recycling rate of recovered equipment
Expansion of Upcycling

Expansion of Eco-friendly Packaging
(99% in 2021)

S Social Impact Creation

Securing and Nurturing Experts in Building Social Safety Nets
(White hacker / Cybersecurity / Tech / R&D)

Ranked **1**st in 2021 Korean Standard Service Quality Index (KS-SQI)

Won the **Commissioner General's Award 4 times**
(Korea Crime Prevention Awards)

Seoul Mayor's Commendation in recognition of expanding the culture of sharing

Zero
Serious accidents occurred

ISO 45001
(Occupational Health & Safety Management System) certified

EQST
sharing of research results

Plan for Shared Growth
established and executed

G Responsible & Transparent Management

Establishment of ESG Management Decision-Making System
(ESG Committee, ESG Office, ESG Innovation TF, etc.)

Advancement of Compliance Management System

Publication of the First Sustainability Report

Enhancement of Ethical Management
(Launch of Ethics Counseling Center)

ESG Focus ──── Creating Social Values through Business

SK shieldus has about 110 white hackers, 900 cybersecurity experts, and 600 Tech./R&D experts. Based on this, the Life Care Platform service contributes to creating social value and fulfilling social responsibilities in our daily lives.

Industrial experts

White hacker group EQST
About 110 persons

Cybersecurity experts
About 900 persons

Tech./R&D experts
About 600 persons

Protection of corporate and social information
- Conducting cyber-infringement threat research activities
- Embodying smart office and factory

Cyber-security / Physical security / Con-verged security / Safety & Care

Prevention of crimes

Protection of the vulnerable class

- Providing security infrastructure for crime-prone areas
- Protecting mobile information and providing vaccine app

- Providing safety solutions for socially vulnerable people
- Providing care services by collaborating with public institutions

Sales in domestic information protection consulting industry
No.1 for **17** consecutive years

Korea's Top 100 brands
Selected for 5 consecutive years

Korea First Brand Grand Prize
No.1 for **7** consecutive years

2021 Korean Standard Service Quality Index (KS-SQI)
No.1

Recognition for spreading the culture of sharing
Seoul Mayor's Commendation Award

Best job creation company in Korea
Presidential Award

Korea Crime Prevention Award
4-time Winner of Commissioner General's Award

ESG Management Activities within the Value Chain

SK shieldus provides sustainable value to stakeholders by integrally managing ESG issues that arise throughout the value chain. Particularly, our ESG management considers environmental and social issues throughout the whole process of R&D, procurement, offering of products and services, and responsibility activities.

● In progress   ● Scheduled for future

R&D

Procurement

Provision

Responsible Activities

01.
Developing technologies for information security and physical security in enterprises and society

- Developing CAPS Home AI Face Certification Service Door Guard
- Developing unmanned safety zone platform for unmanned shop operation
- Developing a universal AI image inquiry (people, vehicles, intrusion) platform
- Developing an AI Camera equipped with Smart Intrusion Detection AI Algorithm

02.
Shared growth with suppliers

- Applying ESG factors to Supply chain risk management
- Operating shared growth programs
- Creating ECO shieldus
- Introducing and monitoring suppliers' environmental performance evaluation system

03.
Providing products and services in consideration of social safety nets

- Protecting national infrastructure and creating an environment for crime prevention
- Ensuring a safe life for the vulnerable with safety and care services
- Enhancing human, facility, and information protection reliability in businesses and society
- Reducing paper usage through digitalization
- Minimizing environmental impact through user efficiency enhancement service

04.
Activities of product responsibility to improve customer satisfaction

- Establishing a Customer Experience Management (CEM) System
- Continuing CE innovation activities
- A virtuous cycle system of customer satisfaction surveys
- Advancing customer experience on digital contact
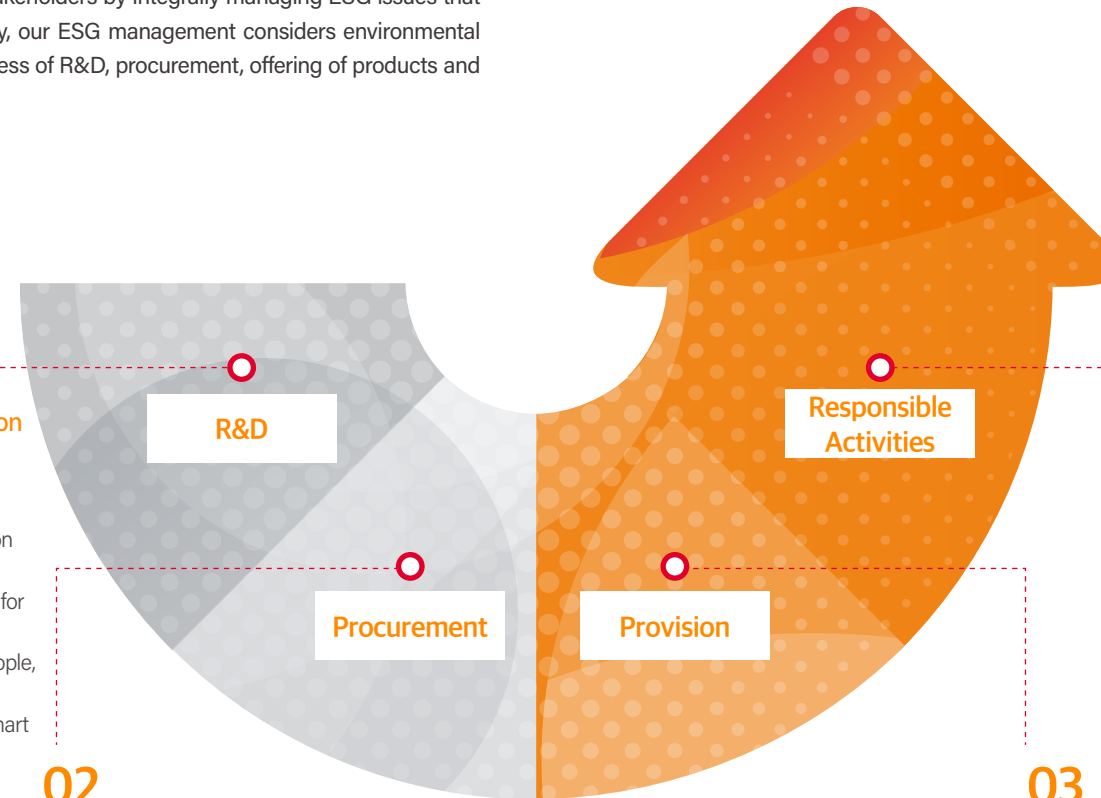
2
ESG Strategy

ESG Strategy System and Major Performances

ESG Management Strategy
Tech-based Life Care Platform Company

E
Eco-friendly management system

Zero Carbon-Footprint

Building an eco-friendly management system
- Practicing environmental management with an organization dedicated to an eco-friendly environment
- Introducing global standard certifications and disclosing environmental management

Promoting Net Zero 2040
- Reducing carbon emissions through physical transition (electricity/hydrogen vehicle conversion, replacement of old equipment, etc.)
- Improving building energy efficiency

Practicing circular economy
- Expanding the reuse and recycling of recovered products
- Managing environmental impact from packaging

S
Social impact creation

Inclusive Social Impact

Enhancing SV by expanding the social safety net
- Expanding the social safety net through the <Life Care Platform> service
- Creating social value through the nature of the business

Customer experience management
- Innovating customer value based on customer experience management system
- Managing customer risk systematically and protecting customer information

Creating ECO shieldus
- Spreading the culture of ESG management to suppliers for sustainable supply chain management

Zero safety accidents through industrial safety management
- Health & Safety Policy-based management
- Periodic risk assessment and monitoring

Diversity & inclusion
- Pursuing diversity and inclusion
- Creating an employment and work environment without discrimination

G
Responsible & transparent management

Responsibility Shield Us

BOD-centered responsible ESG management
- Enhancing the independence, diversity, and professionalism of the BOD
- Risk and opportunity management through the ESG Committee

Reliable management through risk control
- Internalizing compliance for all employees
- Strengthening employees' ethical awareness through ethical management activities

Transparent management
- Strengthening ESG disclosure
- Reinforcing stakeholder communication

ESG Strategy System and Major Performances

SK shieldus' Commitment

Direction	Major tasks	Key activities and initiatives
Eco-friendly management system	Establishing an eco-friendly management system	Runs the ESG Committee under the board of directors. Established a system for environmental management by appointing a department and personnel in charge of ESG. Reviewing and promoting the introduction of international standards related to environmental management such as environmental management system (ISO 14001) and energy management system (ISO 50001) as future tasks.
	Net Zero 2040	Planning to reduce direct greenhouse gas (GHG) emissions through replacing internal combustion engine vehicles into electric vehicles and reduce indirect GHG emissions through campaigns to improve lifestyle. Preparing a voluntary reduction scenario also.
	Practicing a circular economy	By maximizing/efficiently collecting and recycling materials and equipment generated from security services and improving technology to extend the product's life, we prevent waste generation by actively recovering, repairing, and reconstructing resources. In the future, we plan to implement a circular environmental system by promoting the use of eco-friendly packaging materials.
Social impact creation	Enhancing SV by creating social impact	It's in the very nature of SK shieldus to pursue ESG, and our services provide the value of safety, security, and convenience to our society. SK shieldus plans to continue to build social safety nets through services for the socially vulnerable such as smart home security and NUGU OPAL, as well as through services for 'K-Cyber Quarantine' by training information security experts.
	Customer Experience Management	Established a channel where consumers can freely express their opinions and establishes guidelines with dedicated departments for smooth follow-up. SK shieldus plans to upgrade its consumer satisfaction improvement program and monitor the implementation of follow-up measures.
	Creating ECO shieldus	Aims to create a healthy security industry ecosystem by providing customized education consulting, ESG information sharing, workshops, and performance sharing meetings. SK shieldus will also introduce an environmental performance evaluation system for BP companies to strengthen the management of ESG in the supply chain and monitor the issues to prevent them from recurring.
	Zero safety accidents	Established a Health & Safety policy and conducts a yearly risk assessment to regularly check risks. Intend to create a healthy company by implementing the obligations to take measures under the Occupational Safety and Health Act and establishing a system for severe accidents in the future.
	Diversity & Inclusion	Created a workplace free of discrimination and bullying, complying with labor laws and regulations. Planning to expand the recruitment of people with disabilities and women, and strengthen procedures to guarantee human rights.
Responsible and transparent management	BOD-centered ESG management	The relevant regulations are enacted to form a board of directors centered on outside directors to enhance the reliability of corporate management. Committees within the board of directors are established to strengthen their expertise, and ESG committees are newly established.
	Reliable management with risk control	Established a policy for compliance and ethics, and an advanced compliance system. Providing anti-corruption training regularly. Planning to specify ethical management education contents and strengthen compliance with ethics regulations.
	Transparent management	Disclosed corporate information, activities, and goals by ESG area on our website in detail and publish sustainability report. Planning to make efforts to gather opinions by making communication channels for each stakeholder more concrete.

Eco-Friendly Management System

Management Approach

Recognizing the seriousness of the global climate crisis, 195 countries unanimously adopted the Special Report on Global Warming of 1.5℃ at the 2018 Intergovernmental Panel on Climate Change (IPCC), making carbon neutrality an irresistible wave of change worldwide. In 2021, Korea also enacted the Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis, strengthening measures to reduce greenhouse gas (GHG) and adapt to the climate crisis, making it mandatory and legislated. Accordingly, investors and customers ask for a transition to a low-carbon economy as a prerequisite for building a sustainable society.

SK shieldus has been monitoring GHG emissions since 2020 and declared Net Zero 2040 in April 2022 to keep pace with the global response to climate change. We set a medium-term emissions target of reducing GHG emissions by 42% compared to 2020. We also planned to change 65% of our operating vehicles to electric vehicles and established external GHG reduction.

SK shieldus will continue to efficiently use resources and energy throughout the management activities to minimize GHG emissions and environmental pollution and fulfill its environmental responsibilities. We will also establish and operate a company-wide environmental management system for responsible environmental management. Furthermore, we will contribute to the sustainable development of the international community by protecting the ecosystem and climate system for harmonious economic and environmental development.

Major Performances in 2021

Declaration of Net Zero 2040
(2030 Goal: 42% reduction compared to 2020)

Establishment of a Plan for Transition to EVs
(100% transition to EVs excluding emergency vehicles by 2030)

52% recycling rate of recovered equipment Expansion of Upcycling

Expansion of Eco-friendly Packaging
(99% in 2021)

Eco-Friendly Business Portfolio Management

Minimizing Environmental Impact by Providing Services to Improve User Efficiency

SK shieldus is developing and providing various IT solutions for indirect reduction through improving user efficiency and internal reduction efforts to respond to climate change. T-Map Parking app contributes to reducing carbon emissions by allowing quick vehicle exits with its automatic payment feature, and by issuing electronic receipts. When setting a parking destination, it also helps reduce GHG emissions and reduce fuel costs by linking with T-Map navigation, providing an optimal route, and thereby shortening the mile. SUMiTS FM offers optimal efficiency through machine learning-based pattern analysis and prediction, which can save energy through usage analysis and energy efficiency evaluation. In addition, CAPS Smart Mobility Service enables efficient vehicle management and energy savings by managing vehicle driving records (rapid acceleration/braking, idling, fuel consumption, etc.) through collaboration with partners.

T-map Parking

- Quick entry & exit system without ticketing
- Support for stable unmanned operation service
- 24-hour convenient and safe parking
- Professional regular inspection and maintenance

SUMiTS FM

- Extending the life of office buildings through systematic building and facility management
- Reducing facility management costs with platform-based digital transformation
- Improving the quality of life by increasing the comfort in the building and minimizing facility disturbances

CAPS Smart Mobility
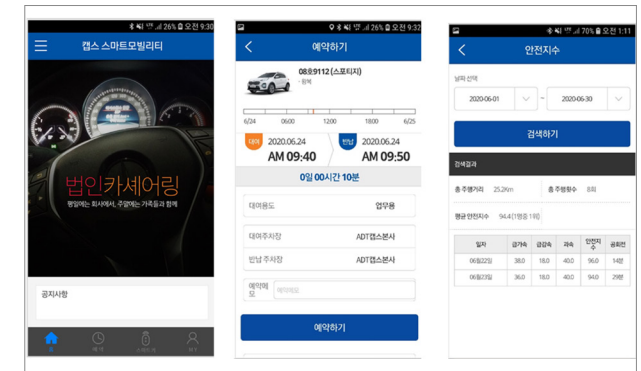
- Providing 24-hour car-sharing service that allows sharing vehicles through a smartphone anytime and anywhere
- Providing nationwide technical support infrastructure through partnership with automobile companies

Advancement of Environmental Management

Establishing Environmental Management System

Environmental Management Policy and Plan

With responsibility for environmental protection, SK shieldus has established the following four environmental policies based on basic principles of energy saving, efficient use, and minimizing environmental pollution.

01

**Promoting
Net zero 2040**

In recognition of the serious environmental problems caused by climate change, SK shieldus has set a goal of achieving Net Zero in 2040 with active participation in government policies related to climate change to minimize environmental impact and establishes a mid-to-long-term plan accordingly.

02

**Practicing circular
economy**

We strengthen our material recycling capabilities by efficiently managing and repairing recovery equipment generated in the business area. We endeavor to save resources by utilizing eco-friendly packaging materials and inspecting excessive packaging.

03

**Practicing environ-
mental activities in
daily life**

We continue developing/holding campaigns to establish a culture for environmental protection within the workplace. We plan to monitor the usage of water, electricity, oil, and office supplies (paper cups, paper, etc.) to review/improve environmental activities in the future.

04

**Engaging in
environmental
management**

We intend to establish environmental policies, goals, and procedures following international standards to obtain ISO14001 certification by 2023.
• Preparing regulations and guidelines for environmental management
• Building environmental management organizations and an evaluation system
• Regular environmental inspection/audit

Environmental Performance Management

Scope 1 GHG Emissions

Since 2020, SK shieldus has calculated GHG emissions from business vehicles, head office, and branch offices nationwide and reported the result every quarter. Scope 1 emissions, which are mainly generated from business vehicles, amounted 11,647 tCO_2eq in 2021, a decrease of 3.0% (366 tCO_2eq) from the previous year. We have been electrifying business vehicles to reduce Scope 1 GHG emissions since 2021. We already replaced 20 patrols and AS vehicles and 15 motorcycles with EVs.

(Unit: tCO_2eq)

Scope 1 source	2021	2020	Change
Stationary combustion	162	145	17
Mobile combustion	11,485	11,868	-383
Total	11,647	12,013	-366

Scope 2 GHG Emissions

Scope 2 is generated from power consumption at the head office and branch offices nationwide and for charging electric vehicles necessary for business and dispatch. Scope 2 emissions in 2021 increased 5.5% (194 tCO_2eq) from 3,697 tCO_2eq in the previous year. We do not use steam to heat offices and branches across the country.

(Unit: tCO_2eq)

Scope 2 sources	2021	2020	Change
Electricity	3,697	3,503	194

Response to Climate Change

Establishing Climate Change Goals

Climate Change Goals and Directions

As the "Intergovernmental Panel on Climate Change (IPCC)" unanimously adopted the "Special Report on Global Warming of 1.5℃" in 2018, lots of declarations on carbon neutrality are making around the world. SK shieldus announced its intention to achieve Net Zero in 2040 to keep pace with the global response to climate change. We set goals and strategies for reducing mid-to-long-term GHG emissions accordingly. To reduce GHG emissions, we have established a plan to replace 65% of internal combustion engine vehicles with electric vehicles by 2030. Through reviewing GHG reduction projects, we plan to reduce 42% of GHG emissions compared to 2020 by 2030.

CO_2

Mid-term   Long-term

2020
Baseline
15,516 tCO$_2$eq/year

2030
8,999 tCO$_2$eq/year

2040
0 tCO$_2$eq/year

Net Zero 2040 / Plan for reducing GHG

① BAU(Business-as-usual) calculated for scope 1 and scope 2 by 2040
② Established reduction measures for scope 1 and scope 2 to achieve the goal of GHG neutrality in 2040
③ Established a mid-to-long-term plan that includes the reduction of GHG emissions, application period, and costs based on the finalized plan
※ Scope 1 = Direct GHG emissions from sources (ex. vehicles) owned and managed by the enterprise
　Scope 2 = Indirect GHG emissions from energy use, such as electricity
　BAU = Total amount of GHG expected to be emitted if greenhouse gas reduction measures are not taken

Reviewing to join RE100 or K-RE100

Reviewing to join RE100, led by the global CDP committee, which is a campaign to commit to a transition of total power use to 100% renewable energy by 2050, or join K-RE100, a Korean version of RE100.

Climate Change Response Activities

Plan to Replace Current Vehicles with Electric and Hydrogen Vehicles

SK shieldus is working on replacing its current vehicles with electric vehicles (EVs) and hydrogen fuel cell electric vehicles (FCEVs) to reduce CO_2 in after-sales service (AS) vehicles, patrol vehicles, and motorcycles. In 2021, we replaced 20 AS and patrol vehicles and 15 motorcycles to EVs as a response to climate change. In 2022, we have established the 2030 Zero-Emissions Vehicles Replacement Plan through the ESG Committee and the Board of Directors. In the plan, we have set the goal and accordingly made a yearly plan to replace all our vehicles with EVs except for emergency vehicles. For emergency vehicles that need to be dispatched, we have decided to revise the zero-emissions vehicle replacement plan by monitoring the future supply of FCEVs and infrastructure expansion considering the long charging time of EVs.

Improving Energy Efficiency in Buildings

SK shieldus intends to increase energy efficiency by reducing energy use to prevent expected warming due to current climate change. To this end, we aim to optimize machine maintenance, install LED lights, apply government policies, and so on. Specifically, we carry out an electricity-saving campaign such as installing LED lighting when building new offices and turning off computers at work or the lights during lunch time (12:00–13:00).

The Practice of Circular Economy

Direction of Virtuous Cycle of Resources

We seek to enhance resource efficiency by maximizing the recycling materials and equipment generated in the process of providing security services and extending product life through technological improvements. To this end, we are strengthening the separate discharge of household waste generated within our business sites. In particular, we are running an internal campaign to reduce the use of unnecessary disposable items such as paper and plastic. From 2022, we plan to monitor household waste emissions to strengthen our execution capabilities.

Waste management strategy

Expanding recycling of recovered equipment	Household waste management
- Recovery of equipment/materials installed on the customer's place at the end of the security service - Plan to resell reconstructed products at home and abroad from 2022	- Reinforcement of separate discharge of household waste generated within the business sites - Improvement of employees' awareness and system of separate discharge

Activities for Virtuous Cycle of Resources

Expanding Recycling of Recovered Equipment

At SK shieldus, equipment recovered from customers at the end of security service is repaired and reused. Some products that cannot be reused are disposed of through a waste disposal company. In 2021, 52% of recovered physical security equipment was converted to reconstruction products. From 2022, we plan to promote the following three: the overseas sales of the recovered products, the diversification of the circularity by returning to recycled materials, and the expansion of upcycling.

Strengthening Household Waste Management

Our company endeavors to minimize the use of paper by improving the electronic approval system. In addition, we conduct 3R (Reduce, Reuse, Recycle) campaign that encourages the use of personal tumblers, paper (A4, A3) reuse, separate discharge, and plogging. In addition, by changing the paper box for collecting materials such as the cancellation of a contract to a timber box from 2021, we endeavor to reduce the waste due to the discharge of paper boxes.

Encouraging the Use of Eco-friendly Packaging Materials

SK shieldus has changed the product packaging material into eco-friendly materials since 2018. In 2021, we have reduced waste emissions by replacing packaging materials for IP cameras from PE foam to air cells, and changing NVR packaging from whole coverage to only covering the corners, both of which ultimately helped us reduce the volume of packaging materials used. As of 2021, we replaced 99% of the packaging material with eco-friendly packaging materials. We plan to make efforts to expand eco-friendly packaging materials by replacing the box tape from vinyl with paper and styrofoam that is used as an interior material for air cells.

Social Impact Creation

Management Approach

A company's sincere activities benefit society economically, environmentally, and socially. It also serves as a foundation for enhancing the happiness of stakeholders and the company's continued competitive advantage. SK shieldus puts customer value as the top priority and practices customer-centered management. We conduct a satisfaction survey at each stage of the customer journey, diagnose the cause, and perform improvement activities to reduce customer inconvenience and provide better service.

In addition, we maintain an ability-oriented principle to make our employees pleased. Based on a fair HR system, all employees are practicing sharing and communication which leads to change and activation of the work environment. We have made protecting the lives and safety of our customers, citizens, workers, and employees a top priority and a basic principle of action in business activities; thus established a safety and health management policy based on this. Furthermore, we secured the driving force of safety and health management by constructing a safety and health management system and a unified direction at the company level.

Using technology to promote sustainability and safety in daily life, SK shieldus continues to promote the value of the public interest in our society by creating social impact. We will continue to work hard to create a happy society for all our employees, business partners, and stakeholders and find a way to grow with the community.

Major Performances in 2021

Securing and Nurturing Experts in Building Social Safety Nets (White hacker/Cybersecurity/Tech/R&D)	**Ranked 1st in 2021 Korean Standard Service Quality Index (KS-SQI)**	**Won the Commissioner General's Award 4 times** (Korea Crime Prevention Awards)	**Seoul Mayor's Commendation** (In recognition of expanding the culture of sharing)
Zero serious accidents occurred	**ISO45001** (Occupational Health & Safety Management System) **certified**	**EQST Sharing of research results**	**Plan for Shared Growth established and executed**

Enhancing Social Value

Social Contribution through Products and Services

Creating a Safe Environment from Crime

SK shieldus creates a safe environment from crime by serving in physical and cyber security businesses. In close collaboration with the police and local communities, we not only contribute to local security but also provide safety infrastructure to crime-prone areas and prevent women and children in their daily life from potential crime. Recently there have been threatening crimes and social problems through mobile phones, such as malicious apps, remote control apps, and SMS phishing. SK shieldus provides a free vaccine app ("Mobile Guard") that can detect malicious apps, SMS phishing, and remote-control apps for all people to solve these problems. SK shieldus thrives on creating a society safe from diverse crimes, which have been constantly changing and becoming more intelligent. In recognition of such efforts, SK shieldus have won the Police Commissions Award at the "Korea Crime Prevention Awards" four times.

Improving the Reliability of Information Protection in Businesses and Society

SK shieldus, Korea's No. 1 cybersecurity provider, contributes to enhancing the reliability of information protection for businesses and society by providing cloud and mobile security-focused services. Particularly, we run the White Hacker Group (EQST), a group of security experts in cyber threat analysis and research, taking the role of addressing cyber breaches, diagnosing vulnerabilities, and studying hacking techniques. This allows us to work on strengthening the information security level of public institutions and companies by providing information security services based on cyber-infringement threat research activities. Moreover, to spread social value, we regularly publish reports containing the latest hacking trends to disclose quality information to the public and corporate security personnel.

Ensuring a Safe Life for the Vulnerable through Safety and Care Service

SK shieldus not only improves customers' lives through safety and care (S&C) projects but also develops new solutions for the socially vulnerable, ensuring their safe lives through partnerships with local governments. As part of the new solutions for the socially vulnerable, SK shieldus has launched a smartphone-based care service for the elderly, a safe solution for nursing hospitals, and a service for creating an IoT-based safe village. In addition, we provide 911-linked care services in cooperation with local governments.

Launched "KARA," a Private-led Ransomware Response Council

SK shieldus established and operated KARA (Korea Anti-Ransomware Alliance), a private ransomware response council of 7 firms, including major Korean and foreign information protection companies and law firms, for information sharing, professional and comprehensive response to ransomware. Based on the ransomware information owned by participating companies, KARA shares information by publishing regular reports, analyzing ransomware issues, and assessing accident cases. It also plans to establish a regular information sharing system with related organizations and promote exchanges with global firms as well as participation in related councils. In addition, SK shieldus opened and is operating 'SK shieldus Ransomware Response Center (1600-7028)' to receive incident reports 24 hours a day.

Physical Security

Cybersecurity

Converged Security

Safety & Care

Enhancing Social Value

Spreading Community Impact

Strategy and Direction of Social Contribution

In terms of social contribution, SK shieldus actively supports social contribution activities as well as the participation of employees in connection with our local communities. Notably, we perform social contribution activities related to the nature of its business as a security company and run a program for children who we can directly help in creating a sustainable future.

Major Social Contribution Programs

Social Contribution Activities Linked to the Nature of Business

The SK shieldus security team provides lectures on self-defense and cardiopulmonary resuscitation to vulnerable groups (children, women, the disabled, the elderly, etc.) and social service providers (medical staff, government employees, etc.). These lectures include self-defense techniques, such as safety rules for crime prevention and self-defense products practice programs based on the expertise of security enterprises, as well as CPR lectures consisting of CPR, automatic defibrillator practice, Heimlich method, etc., for quick responses in emergencies such as cardiac arrest and airway obstruction. Particularly, self-defense and CPR lectures have been continuously conducted by switching to online classes despite the spread of COVID-19.

Child-centered Social Contribution Activities

Happy Donation, which began in 2017, is a donation program that directly designates and supports about 10 children in need every year under an agreement with ChildFund Korea (called the Green Umbrella Children's Foundation) and is used in diverse fields such as medical and education. We encourage our employees to participate in the program by disclosing the details of donations every month. There are two types of donations by employees: 'flat-rate donations' where they donate a certain amount, and 'small donations' where they can set a cap on their salary and the amount below the cap is automatically donated. SK shieldus then apply a matching grant method of donating the same amount as the final collected amount of employee donation. It is to create a

sense of belonging where our employees feel proud to participate in the donation and that the company works with them.

The Elementary School Traffic Safety Campaign was introduced in 2021. We signed an agreement with elementary schools near the office building to provide traffic guidance once a week. After traffic guidance, we take initiatives to keep the environment clean by picking up garbage near the school, thereby improving the educational environment for children. Various benefits are provided to encourage the voluntary participation of our employees and to avoid it being out of obligation. In addition to the flags and vests necessary for the program, we also provide free cool clothes and hot packs to ensure the employees feel comfortable doing such activities.

ESG Focus ——— # Operating the EQST, a White Hacker Group

SK shieldus has established EQST, a cybersecurity specialist group of 110 white hackers, to contribute to building a secure cyber environment and acquire threat intelligence research capabilities. EQST (Experts, Qualified Security Team) focuses on research activities related to security threats while executing businesses such as simulated hacking, as well as participating in various activities based on the accumulated intellectual assets of EQST.

Sharing EQST's Research Outcomes

EQST Lab is actively researching and publishing significant security issues every year, including 'Open Source Software Security', 'Internet of Things Security', and 'Security Threats and Countermeasures in the Contactless Era.' EQST possesses expertise based on continuous research and training on New ICT, malware, attack techniques, accident cases, and hacking defense technologies. Such expertise is used to analyze new security vulnerabilities and technologies domestically and abroad. The research outcomes are disclosed to the public for free on the website.

● Holding Media Day
Held every half-year, Media Day discloses a security trend report containing the threat information obtained from our information security business and the forecast data for a future threat to the public. This enables small businesses and other companies with weak security infrastructure to better cope with security threats.

● Distributing EQST's Research Outcomes
EQST's findings include EQST Insight, a monthly threat information analysis report, EQST Annual Report, and security trends for the first half of EQST. We analyze security trends and vulnerabilities and share countermeasures against hacking accidents through 'EQST Insight' published monthly.

● Distributing Security Diagnostic Guides by Field
EQST frequently distributes security guides in areas with notable security issues. Remarkably, in 2019, we launched a free distribution of three security guidebooks for cloud service users for the first time in the industry and have been at the forefront of sharing security knowledge based on our expertise accumulated over the years in the cloud security business. Recently, online work environments (i.e. remote working) have been established rapidly due to the COVID-19 pandemic, accelerating the transition from all industrial areas to the cloud. Meanwhile, the number of hacking attacks targeting vulnerabilities in the cloud is increasing along with growing security concerns. Therefore, we published the "2021 Cloud Security Guidebook" that reflects the latest security trends, focusing on public cloud representative services, to prepare for security threats caused by poor cloud management.

웨비나와 Q&A모아보기
SK쉴더스가 바라본 RSAC 2022
RSAConference2022
San Francisco & Digital | June 6 – 9
더보기 ▶

사이버 팬데믹 보안 위협 전망 공개
EQST 미디어 세미나 보기

최근 보안 이슈가 궁금하다면?
인포섹 보안 전문가 그룹의 EQST insight를 만나보세요!
더 알아보기 ▶

어려운 정보보안,
전문가에게 직접 물어보세요!
상담 신청하기 ▶

EQST INSIGHT
딥페이크 기술을 악용한
보안 위협 증가

2021 클라우드 보안 가이드

ESG Focus —————— Operating the EQST, a White Hacker Group

Providing Cybersecurity Consulting Service

With the emergence of various new services given the acceleration of digital transformation, hacking is becoming popular due to the recent application of automation tools; thereby increasing cyber threats to individuals and businesses. Accordingly, EQST has prepared a vulnerability diagnostic platform (EAST VM). Our platform provides customized services for each industry and company to automatically check for vulnerabilities in IT assets and enable asset diagnosis in a cloud environment. In addition to simply responding to cyber threats to the web and mobile, EQST studies threats to new ICT and applies them to customers. It also has a variety of industry-specific threat scenarios and diagnostic methodologies. Based on this, we conducted more than 200 simulation hacking consulting services in Korea and abroad and provided optimized guides for companies to self-check security vulnerabilities and to establish countermeasures, such as cybersecurity knowledge sharing activities for public interest purposes and 'IoT Diagnostic Guide'.

Learning Management System (LMS) Service

EQST strengthens the capabilities of security experts by supporting the development of and providing them to major universities free of charge. So that they can provide educational programs using VODs linked with the self-developed learning management system (LMS). This educational system develops job expertise and expands knowledge and competency in various fields by providing courses that include theories for mock hacking, practice, and evaluation; even to vulnerable groups who have difficulty accessing specialized knowledge in the related field.

Training of Information Security Experts

Through the Learning Management System, EQST provides education to security experts and has been supporting them to systematically acquire the knowledge applicable immediately to the field. It includes practical assignments based on theories and case studies related to security, such as cloud, web, and Android/iOS simulation hacking. In 2021, it trained and hired a total of 124 security experts.

EQST Group Security Expert Training

Year	Training course	Completed (persons)
2017	KITRI's Information Security Expert Training Course	60
2018	KITRI's Information Security Expert Training Course	25
2020	4th Industrial Revolution Leader Training Course of the Ministry of Employment and Labor	22
		20
2021	2nd session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	26
		26
	3rd session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	13
		18
	4th session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	19
		22
2022	5th session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	22
		20
	6th session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor	23
		19
	Total	335

ESG Focus ——— # Digital Inclusion - Contributing to Digital-Based Safety and Care

According to the Seoul Metropolitan Police Agency, home-breaking cases have increased 1.8 times over the past five years since 2016. Due to the reduced business network, for instance, social distancing measures in response to the COVID-19 pandemic, the number of contacts with the elderly living alone and the disabled decreased. Depression and loneliness of such underprivileged population emerged as a severe social problem, increasing the need to create a safe residential environment.

IoT-based Care Services for the Elderly Living Alone and the Disabled

In May 2021, SK shieldus participated in the 'Emergency Safety and Security Service' project hosted by the Ministry of Health and Welfare. The core of this project is to provide services using IoT devices so that the elderly living alone and the disabled, exposed to many dangers such as lonely death and fire, can quickly respond to emergencies. Through this, we plan to detect fire and access, check the activities such as heart rate, respiration, and sleep, and automatically monitor for abnormalities to ensure a quick response with the 911 automatic report function. We also support an emergency call button, so the person affected can immediately call 911 in emergencies. Currently, we are building services with the goal of installing an emergency safety system for about 100,000 households by 2022, through which we want to contribute to the rescue of the elderly and the disabled living alone in emergency situations.

AI Service to Prevent Lonely Death

In March 2021, SK shieldus launched the 'NUGU OPAL' safety service, which is a fusion of 'NUGU OPAL', a senior-specific AI service provided by SK Telecom's NUGU device, and '24-hour care', which can always monitor customers' emergency situations, to prevent the lonely deaths of the elderly living alone. The AI speaker 'NUGU' provided to the elderly living alone not only has an emergency SOS call function but also has various emotional care servicess. The services include health to help their physical and psychological health, Fun & Joy for them to enjoy their time themselves, emotional conversations, religion, and music. This comprehensive Senior Care solution can prevent lonely deaths, improve health, and provide emotional stability.

"Safe Village Sheriff" Project to Build a Social Safety Net

In April 2022, we were selected as the main operator of the 'Safe Village Sheriff' project with security expertise based on our cyber and physical security infrastructure and converged security capabilities. This is to create a safe residential environment for single-person households and build a social safety net. The 'Safe Village Sheriffs' patrol 15 village districts designated by Seoul Metropolitan Government every night (21:00 - 02:30), for major vulnerable areas selected through a crime risk analysis. Simultaneously, they also inspect for risk factors such as fire and conduct crime preventive activities in residential areas and alleys. Also, through the ICT-based operation management web and patrol management app built, we can record and identify all statuses such as real-time patrol and status reports. The manager can also monitors and manages the activity status of all 15 autonomous districts at once. In addition, the app can also share images and photos in real-time with relevant departments, enabling fast share of information within departments in an accident or a crime scene discovery.

Female and Single-Person Household Support Service

With the rising number of single-person female households every year, the number of trespassing crimes against them is also increasing steadily. However, many households are not able to afford security devices in their residences due to the cost burden. In response, SK shieldus signed an MOU with the Seoul Metropolitan Government in 2013 to provide home crime prevention services to female households. There are 3,000 targets including one female household, single-parent families among legal single-parent families, crime victims, and households composed of women only. By paying part of the monthly fee, the target households are provided the installation of home crime prevention devices as well as the latest security crime prevention service to help women live a safe life 24 hours a day. From September 2021, SK shieldus expanded its business target from 'single-person female households' to 'single-person households' regardless of gender. We also supported the installation of 'CAPS Home' by participating in the 'single-person household safety door guard project' with the Seoul Metropolitan Government. CAPS Home secures the safety of single-person household by detecting roamers outside the front door, checking videos in real-time, allowing two-way conversation, sending emergency dispatches, and checking information on incidents and accidents around the residence. A survey showed the satisfaction level of the respondents was 91.5%. By continuing its business for citizens living in 8 districts across Seoul in 2022, SK shieldus thrives to relieve the anxiety of single-person households, create a safe living environment, and contribute to the establishment of a social safety net.

The Practice of Customer-Centered Management

Customer experience management

CEM (Customer Experience Management) Framework

The source of business and its growth lies in the continued creation of customer value. SK shieldus practices customer-centered management to gain the trust of customers and advance into a sustainable society. We have established the "CEM Framework," which consists of the CE (Customer Experience) execution process that leads to task selection, execution, inspection, and improvement, as well as the execution enhancing the process of listening to customer opinions, motivation, understanding from employees, and communication to support it. Through this framework, we create a virtuous cycle of sustainable customer experience innovation that enables organizations to voluntarily derive and implement ideas and actionable tasks.

CEM Framework
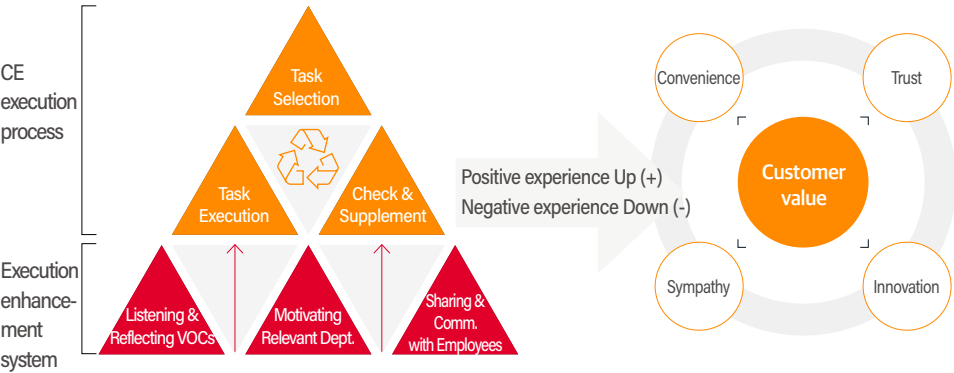
CE Innovation Council Operation

SK shieldus has a culture of customer experience innovation called Bar-raise* for customer-oriented management. For all organizations to focus on bar-raise customer experience innovation, SK shieldus operates the 'Bar-raise Promotion Council', a customer experience innovation meeting directly led by the CEO and attended by key executives of the company. Through the Bar-Raise Promotion Council, we share the trend of customer experience indicators, customer survey results, and VOC, and promote quick decision-making by discussing the agenda for innovative solutions to the root causes of customer experience issues.

* Bar-raise: Self-innovation of us constantly raising our own bar concerning the level of customer experience provided

4 Core Values and CE Innovation Tasks

In 2021, SK shieldus set the keywords 'Convenience, Trust, Innovation, Empathy' as the '4 core values of customer experience' and selected and promoted about 40 CE innovation tasks by diagnosing the customer voice and pain point in the entire customer journey. CE innovation tasks derived from each organization throughout the company share the progress and rate according to the 'CE Innovation Task Progress Management System', managing the progress by a traffic light system. For tasks classified in yellow or red due to slow progress or problems, 'CE Innovation Problem Solving Task Force' is convened to remove obstacles during the task progress and promote collaboration to carry them out quickly.

Traffic Light Control System on CE Innovation Task Progress

Traffic light	Definition	Progress rate
●	Going Well	5% or more
●	Need Speed	5% or less
●	Not Gone	0%
↗	Gone to Next Step	Go to next stage
Fin	Finished	Completion

4 Core Values and Major Tasks in 2021

Convenience	Renewal and upgrade of user manual, improvement of mobile CCTV video app speed and stability
Innovation	Launch of AI-based innovative products (AI CCTV, etc.)
Trust	Transparent and clear billing process
sympathy	Strengthening empathic communication with customers

The Practice of Customer-centered Management

Customer Experience Value Monitoring System

CE Index

SK shieldus has set the CE Index (Customer Experience Index) that affects the customer experience at each stage of the customer journey of the service to continuously monitor the improvement progress. To this end, we selected the customer's direct satisfaction evaluation score or indicators representing the level of customer service in each 'customer journey stage' divided into the contract, installation, opening, dispatch, after-sales service, etc. We continuously monitor the trends for at least 12 to 18 months and manage the indicators to increase positive customer experience indicators while decreasing negative experience indicators. In addition, we aim to remove the root cause of the problem by addressing the indicators that improve slowly. For each indicator, we set a target level (Bar) and empirically monitor whether related CE innovation tasks are improving the value of customer experience. Currently, in 2022, about 39 indicators are set, 19 of which are reflected in KPIs for each organization and managed as a priority.

Customer-Oriented Contact Service Satisfaction Survey

SK shieldus regards the voice of the customer (VOC) and customer evaluation of our services as our most important assets. We have a 'service satisfaction survey system' for each service level to enhance customer satisfaction, based on the objective evaluation of customer expectations for products and services, satisfaction compared to expectations, actual satisfaction, and recommendation intent.

The Service Satisfaction Survey System requests a satisfaction survey through text message as soon as an in-person or virtual service is completed. For customers with a 'dissatisfied customer' or 'dissatisfied answer' among customer responses, employees on the field will promptly visit them after a happy call through the customer center to solve the inconvenience, and we strive to prevent the same or similar types of dissatisfaction from occurring. The VOC collected through this survey and the

VOC of inconvenience received to the customer center are collected as important data for customer experience innovation. We also make efforts to maximize customer satisfaction by diagnosing the root cause and deriving the tasks to improve and solve the problem. In recognition of the efforts to improve customer experience, SK shieldus ranked first for two years in a row (2021, 2022) in the unmanned security service sector of the Korean Standard Service Quality Index (KS-SQI) hosted by the Korean Standards Association.

Service Satisfaction Survey + Recurrence Prevention System

Offering of service → Satisfaction survey → Dissatisfied response → Recurrence prevention activities → Improvement of service level → (back to Offering of service)

The Practice of Customer-centered Management

Customer Information Protection

Information Protection Organization and Management System

SK shieldus intends to play a leading role as a security specialist within the group by creating a security culture such as establishing security governance and elaborating security processes. SK shieldus has obtained personal information protection/information security certification in Korea and abroad to verify suitability for periodic and regular information protection activities and enhanced the active and voluntary security mindset of the employees through information protection campaigns and simulation training. Furthermore, we have established and operated an information protection management system that complies with relevant laws and group security compliance and responds to the European General Personal Information Protection Act (EU GDPR) and China's Personal Information Protection Act to effectively respond to the rapidly changing information protection environment in the era of the Fourth Industrial Revolution and to protect information assets such as customer information, products, and services from various security threats.

Security Control Tower

We comply with regulations and group standards by establishing management systems such as information protection policies, privacy policies, guidelines, and processes. We also conduct the group-based security self-assessment, measure the level of security each year, and identify areas that need to be supplemented and improved to strengthen our security system within the organization.

Securing Security Level Meeting Domestic and International Standards

We have obtained International Standard Information Protection Certification (ISO27001) and Korean Personal Information and Information Protection Certification (ISMS-P). We perform information protection activities to collect certification every year and conduct security reviews, monitoring, and technical vulnerability diagnosis to meet security requirements in the administrative, technical, and physical areas.

Investment to Strengthen Internal Security Control and Response to External Infringement Incidents

We prevent security accidents and detect abnormal behaviors by applying ideal security solutions to prevent internal leakage of important information and respond to external infringement incidents. We actively respond to security incidents that are becoming more intelligent and sophisticated with continuous security investments demanded by the organization.

Information Protection Organization

A Chief Information Security Officer (CISO) and a Chief Privacy Officer (CPO) are appointed to improve the level of information protection in our organization, respond to internal and external security issues, and continue engaging in security activities. Additionally, we organized an information protection organization under ESG, an information protection planning team, and a personal information protection team in the information protection group to protect the organization and customer information. We focus on strengthening work efficiency by operating an information protection consultative group and establishing an in-house expert collaboration system.

Information Protection Organization

The Practice of Customer-centered Management

Preventive Information Protection Activities

SK shieldus revises and updates the security regulations that are the basis of information protection activities every year. SK shieldus focuses on preventing accidents by reviewing security for all assets and systems and improving potential risks to provide secure services. SK shieldus detects abnormal behavior through security control monitoring and conducts activities to prevent infringement by checking Web, App, Intra, and IoT equipment vulnerabilities and reviewing security in advance. SK shieldus periodically checks the possibility of personal information leakages, such as access to the personal information processing system, personal information handler, and security policy exceptions. As a specialized security company, we collaborate with departments in technical areas to perform security activities such as security control, infringement response, and simulated hacking. In addition, SK shieldus strives to strengthen the security awareness of all employees by conducting on-site inspections such as personal information inspection, trustee inspection, and branch office inspection, simulating quarterly malicious mail responses and conducts various types of programs, including education, campaign, and simulation training to enhance the awareness of personal information and information security. Notably, training on personal information protection is available on various topics, including mandatory legal training as well as different levels from the basics to the advanced level for employees to choose from.

Information Protection Training

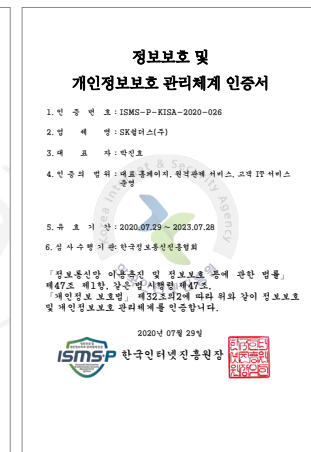| Training course (trainee)	Content	Approach
Basic training on information protection All employees	▪ Understanding of personal information protection ▪ In-house security policy and process ▪ Laws and regulations related to information protection ▪ Security accident cases and responses	▪ Online lecture
Training on personal information protection Personal data handler in BP/TSE/Sales etc.	▪ Personal information handler-specific training ▪ Inquiries related to personal information protection ▪ VOC and security accident cases ▪ Cases of violation of personal information protection	▪ On-site training ▪ Implementation after security check
Professional course for security IT/R&D/Security workforce	▪ IT infra training – IT infra technology ▪ Development security training – Secure Coding, etc. ▪ Training of information protection experts (40H/year)	▪ Online lecture ▪ Commissioned lecture
Training on workplace security Partners at home and abroad	▪ Security requirements for each project stage ▪ Customers' security regulations and processes (by PM or security manager)	▪ Before and during the project ▪ On-site training

Security Campaign

Campaign Theme	Approach
▪ Dissemination of major security guidelines ▪ Dissemination of security accidents ▪ PR for security accident prevention	▪ Operation of security newsletter and bulletin board ▪ Creation of security posters ▪ Security quiz ▪ Check of life security and reward
Remarks	
▪ Regular operation of bulletin board	▪ Running campaigns at least once a month

Information Protection Outcomes

We obtained International Standard Information Protection Certification (ISO27001) and Domestic Information Security Management System (ISMS-P), by conducting various information protection activities that meet administrative, technical, and physical security requirements and maintain information protection standard certification through follow-up and renewal screening every year. Furthermore, we carry out self-assessment on the group security standard and have been evaluated to improve the security level every year. In June 2022, we disclosed the information protection management system and certification status to secure legal compliance for information protection.

Creation of ECO Shieldus

Supply Chain Policy

SK shieldus has established and implemented various programs in each major area for shared growth of corporate value with its partners.

Fair Trade/ Ethical Management
- Integration of procurement systems into OPEN4U
- Compliance with the four major fair trade practices
- Utilization of standard subcontracts
- Operation of an ethical management system

Financial Support
- Early payment of subcontract costs
- Expansion of shared growth fund and loan interest support

Active Communication
- Shared growth council, survey
- Shared Growth Day event
- MBWA for business partners

Reward to Partners
- Reward to outstanding partners
- SK ICT Pride Awards
- Support for commercial general liability for installation works

Educational Support
- Shared Growth Academy
- CEO seminar
- Educational support for safety management

Technical Support/ Protection
- Technology escrow in place
- Prior agreement on request for/use of technical data

Welfare Benefits Support
- Support for medical checkups of partners' CEOs
- Funeral goods support

"Pursuing Shared Growth in Corporate Value between SK shieldus and Biz. Partners"

- Implemented
- Due to be implemented

Creation of ECO Shieldus

Supply Chain Risk Management and Support

Applying ESG Factors When Selecting Suppliers

SK shieldus manages the risk of the supply chain by applying ESG management principles at all stages of supplier selection, evaluation, and management. Furthermore, we are laying a solid foundation for cooperation by selecting and evaluating suppliers that fit our business direction through a fair process. Particularly, in order to strengthen ESG management in the supply chain, we plan to review the introduction of an environmental performance evaluation system for suppliers as one of the criteria for selecting suppliers and continuously monitor whether discovered problems do not occur repeatedly.

Direction and Strategy for Shared Growth

To strengthen business competitiveness and implement ESG management, SK shieldus established a two-way shared growth model to create an environment for mutual growth and a culture of win-win development with suppliers. To this end, we are devoted to implementing the four systems of practical matters: signing contracts, selecting suppliers, running the Procurement Deliberation Committee, and issuing subcontracting transaction processes in written formats.

Fair Trade
Operating an "e-procurement system" and laying a foundation for shared growth by stipulating the four guidelines of the Fair Trade Commission to establish fair trade culture

Four guidelines		
	Contract conclusion	• Establishment of contract signing infrastructure (e-procurement system) • Determination of an appropriate delivery date after sufficient consultation • Prior consultation with partners in case of short delivery time due to urgency • Determination and adjustment of subcontract cost based on rational methods such as reflecting inflation • Prohibition of unfair cost reduction
	Partner selection	• Objectivity and fairness in partner selection and cancellation criteria • Disclosure of supplier selection and cancellation criteria and result • Offering of fair trading opportunities to registered partners
	Operation of the Procurement Deliberation Committee	• Operation of in-house unfair trade monitoring mechanism (consisting of at least 5 members including procurement managers and executives) • Review of supplier sanctions and objections • Penalty applied in case of violations by employees
	Written issuance and retention	• 7 written issuances in the subcontracting process • Clear writing of statement subjects • Retention of 7 documents for mandatory issuance and 7 documents for subcontract transaction (7 years)

Shared Growth Program

SK shieldus plans to make shared growth an essential item for responsible supply chain management and to form a dedicated organization. We also compile long- and short-term shared growth budgets through the SCM group, plan a care program for small and medium-sized enterprises (SMEs), and conduct self-cleaning activities to comply with the Fair-Trade Act and the Subcontracting Act.

To manage and execute the program, we laid out core tasks for shared growth and specific activities to monitor the status, setting fair trade/ethical management, financial (fund) support, and communication activation as the core tasks. To achieve fair trade/ethical management, we have also introduced the 'e-procurement systems,' and are running detailed programs with an ethics policy and relevant guidelines in place.

| Classification	Programs
Fair trade and ethical management	• Introduction and operation of "e-procurement system" • Stipulation of 4 guidelines of the Fair Trade Commission
	• Establishment and operation of ethical regulations and practice guidelines • Operation of channels for counseling and reporting on ethics
Financial support	• Timely payment of subcontract costs
	• Expansion of loan interest support (using SKT's Shared Growth Fund)
	• Reward to outstanding partners (for installation sector)
Activation of communication	• Operation of the shared growth council
	• Events such as Share Growth Day
	• MBWA for partners (visit to partners)
Others	• Provision of programs to improve the work competency of partners' employees
	• Welfare support for business partners
	• Escrow service to protect core technologies of partners

Safety and Health Risk Management

Establishing Safety and Health System

Safety and Health Management System

At SK shieldus, protecting the lives and safety of customers, citizens, workers, and employees is its top priority and a basic principle of conduct. With the enactment of the Serious Accidents Punishment Act, serious accidents are recognized as an overall management problem beyond a manager's fault. We have established the Safety and Health Management Policy to comply with the Serious Accidents Punishment Act and to promote all employees' and stakeholders' safety. To internalize the company-wide policy, we built a safety and health management system to set a unified company-wide direction and enhance the driving force for safety and health management. Moreover, the five safety and health management policies measure organizational performance based on the relevant goals. In 2019, SK shieldus received the international safety and health management system (ISO45001:2018) certificate and has maintained it so that its employees and stakeholders can work in a safe, healthy environment.
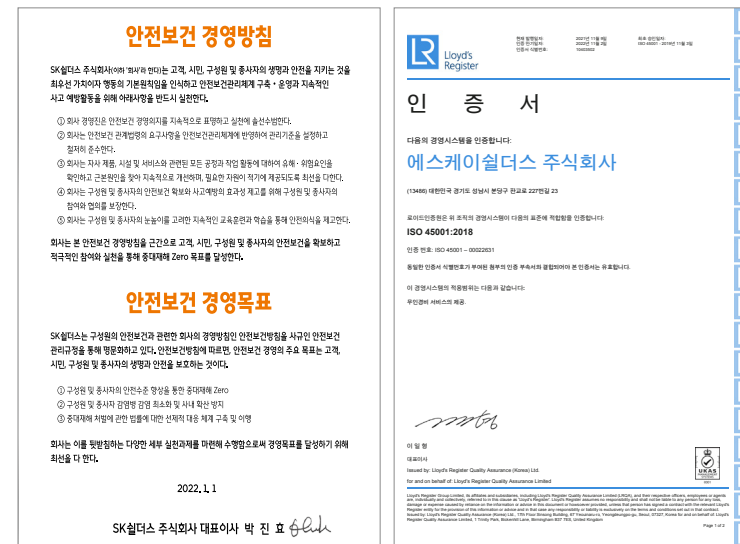
Safety and Health Organization

We expanded the safety and health organization system consisting of the Control Tower and the teams in charge of implementation to secure safety and health management capability.
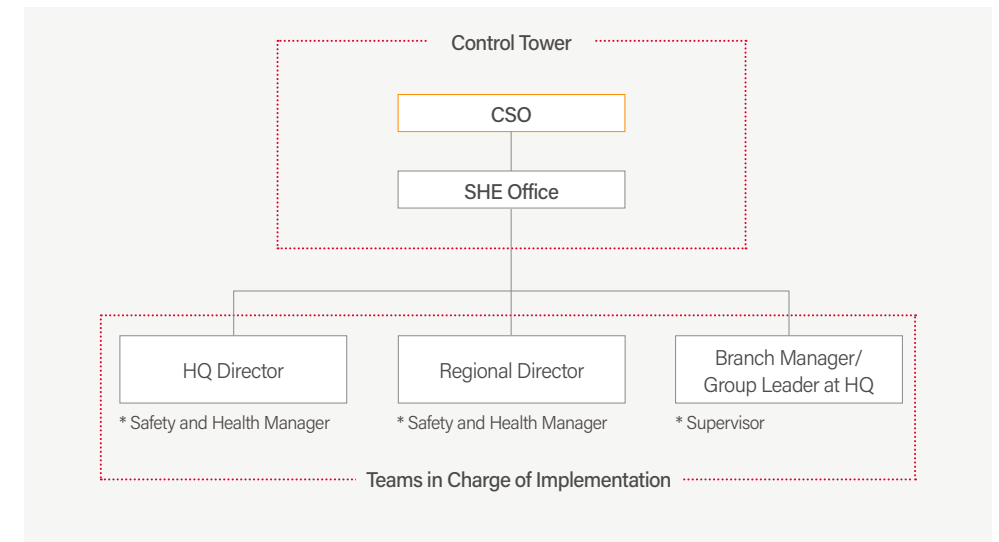
Occupational Safety and Health Committee

SK shieldus runs an Occupational Safety and Health Committee composed of labor and management members to deliberate and decide on essential matters concerning the safety and health of the workplace under Article 24 of the Occupational Safety and Health Act. The Occupational Health and Safety Committee is held once a quarter and deals with matters necessary to maintain and promote the safety and health of the employees.

Safety and Health Council

The SHE Portal on the in-house intranet is set to hear the voices of employees concerning safety and health. In addition, a safety and health council is organized in each business department to gather opinions from all business partners. Furthermore, we have mandated safety and health inspections so that excellent companies with great abilities and skills to take safety and health measures can be selected as suppliers to ensure our safety and health management level.
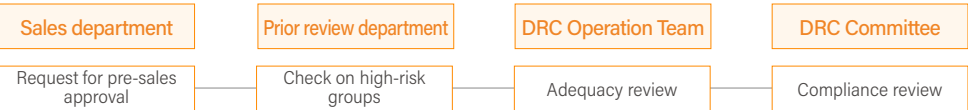
Safety and Health Risk Management

Safety and Health Risk Management

To manage safety and health risk, SK shieldus conducts risk assessments twice a year for businesses or workplaces in the first and second half of the year through the guidance of the SHE office, improving and removing harmful and risk factors through this. For large-scale construction and hazardous process work that may contain hazardous elements, SK shieldus is reducing safety and health risks through a safety review before contracting, such as working at height and working in hazardous locations and facilities. Moreover, in accordance with ISO45001 (Safety and Health Management System) Risk Management Regulations, we strive to prevent and reduce accidents not only for employees but also for other workers concerned by identifying, analyzing, and responding to internal and external safety and health issues, making risk action plans, and effectively verifying them every year.
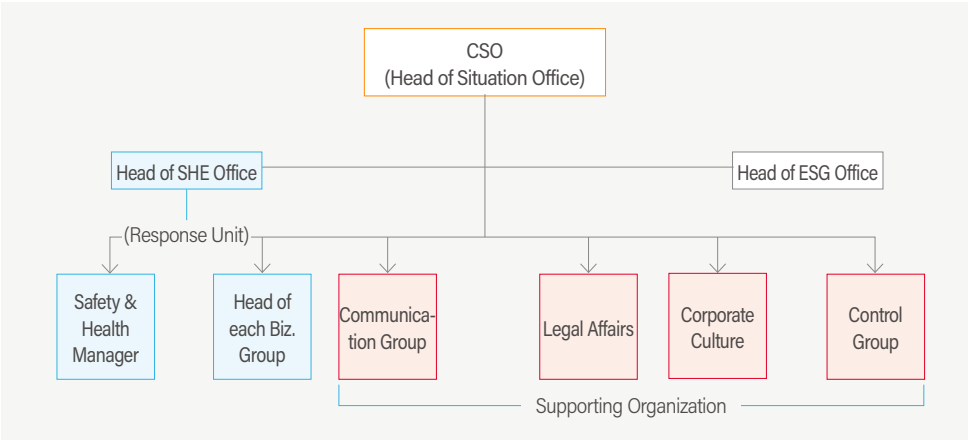
Risk Assessment System

STEP 01	STEP 02	STEP 03	STEP 04	STEP 05
Establish a risk assessment plan	Identify risk factors	Estimate risks	Define risks	Establish and implement risk reduction measures
Risk selection through discussion after identifying attendees and convening a meeting according to schedule	Identification of hazardous risks in the workplace through visiting inspection and safety and health checklist, etc.	Calculation of risk size by estimating the likelihood and severity of risk factors that can lead to injury or disease	Selection and registration of major risks that require immediate improvement among risk factors	Establishment of the selected major risk improvement plan and determination of execution schedule

Management of Contract Risk with High-risk Groups

Sales department	Prior review department	DRC Operation Team	DRC Committee
Request for pre-sales approval	Check on high-risk groups	Adequacy review	Compliance review

Emergency Response System

SK shieldus established an accident response process based on four principles (taking measures on the victim/site is the priority, prompt situational propagation, operation of a preliminary control room for preemptive response, and overall operation of the CSO situation room) in preparation for emergency situations. Before a safety accident occurs, we operate a preliminary situation room for preemptive response, and after a safety accident occurs, the CSO spearheads the situation room to save victims on-site and take onsite measures as the highest priority, and promptly disseminate the situation.

Safety and Health Risk Management

Safety and Health Programs

Safety and Health Check
SK shieldus conducts an on-site inspection of all workplaces semi-annually to ensure that the requirements of the Occupational Health and Safety Act and ISO45001:2018 are properly implemented in the field, which enables the site members to be increasingly aware of the on-site safety. In addition, SK shieldus conducts safety inspections of branch offices, vehicles, facilities, and safety equipment regularly every month.

Emergency Response Training
The company conducts emergency response training semi-annually according to the scenario manuals for fire, earthquake, and disaster situations, focusing on responsible executives and emergency response organizations at each business site. We continue making efforts to effectively protect the lives of our employees and the company's facilities in an emergency through practical training.

Safety and Health Education
SK shieldus develops safety and health education content to raise employees' interest in safety and health and strengthen capabilities and offers online education to all employees every year. It involves viewing past cases of safety and traffic accidents and finding out the problems and causes of the case, to reduce the occurrence of accidents. Furthermore, regarding motorcycle driving, since the risk of injury in the event of an accident is high, and the risk is higher than that of other means of transportation, employees take safety training at a motorcycle safety school.

Safety Campaign
Campaigns are underway to prevent and reduce serious injury accidents during the period of frequent accidents (summer/winter) due to seasonal factors. During the campaign period, we award the best-performing team out of regional divisions by assessing indicators for accident management and accident prevention. In this way, we help raise the awareness of traffic safety.

Strengthening On-site Safety Management Activities
In February 2022, we carried out three activities, which include attaching stickers, posters, and banners, and delivering safety messages to BP (Blue Patrol), TSE (Technical Service Engineer), sales, and installation managers to strengthen on-site safety management and raise awareness. We also had safety communication sessions to hear the voices of all employees and announce the safety progress.

Employee Health Promotion
Various support programs are being provided to strengthen the health of our employees and to actively respond to COVID-19. We support our employees and their family with annual medical expenses, check-ups, and vaccinations. In addition, as part of the employee care program, we provide counseling for mental health to help overcome post-traumatic stress disorder. Moreover, we established a COVID-19 response manual, carried out preemptive quarantine measures to actively respond to COVID-19, and gave out quarantine supplies to executives and employees. SK shieldus intends to actively plan various health-enhancing activities to maintain the healthy lives of our employees.

Activities	Details
Supporting group accident insurance and medical expenses, health check-ups, and vaccinations	• Providing general and specialized medical check-ups and promotions for all employees and their family annually • Providing medical check-ups for security guards before allocation
Member Care Program	• A therapeutic system supported by employees deemed difficult to perform their duties through interviews with the head of the department • Employees who witnessed an accident involving death while performing their duties, perpetrators, and colleagues around them related to the deadly accident are eligible • Psychological counseling treatment at specialized institutions (within 500,000 won per accident), use of sick leave (within 15 days) • Providing external specialized counseling institutions (EAP Association) and treatment, and doctor's consultation and hospital treatment desired by employees
Active measures for COVID-19	• Establishing a manual that identifies the health trends of employees and how to respond step by step • Preemptive quarantine measures: regular and frequent quarantine and disinfection, heat check when entering a building, restriction of passengers in elevator, closure of rest facilities and control rooms • Creating a digital work culture through preemptive telecommuting • Securing and distributing quarantine supplies (masks, thermometers, hand sanitizers, disinfectants, etc.) • Encouraging employees to work from home

Talent Management

Securing Talent

SK shieldus Recruitment Principle

SK shieldus has a principle to provide equal opportunities and fair evaluation based on competence when hiring talented people. Based on this principle, we pursue fair procedures for ability-centered recruitment, such as prohibiting requests for personal information unrelated to job competency and minimizing required documents. We also signed an MOU with several universities and institutions to actively recruit talent based on their ability. Furthermore, we do not discriminate against the educational background, gender, physical condition, social status, etc. to provide equal opportunities. To make a society where diversity is respected, we strive to increase the proportion of employees with disabilities by creating jobs and establishing standard workplaces for those with disabilities.

Recruitment of the Disabled

Classification	Unit	2021	2020	2019
Number of employees with disabilities	Persons	103	93	70
Rate of employees with disabilities	%	1.6	1.4	1.1

Efforts to Secure Excellent Talent

SK shieldus strives to create jobs for young talented people through various recruitment programs that target young people interested in information security. In 2021, we nurtured talents specializing in information security through industry-university cooperation with major universities including Seoul Women's University. We also passed on our business know-how through practical experience at EQST to about 50 trainees, thereby enhancing their practical competency. In the end, we hired 10 trainees from this program. In 2022, we plan to hire 45 talented people by operating SK shieldus' six-month program linked with the Korea Information Technology Research Institute (KITRI) to secure talented control experts.

Classification	Department	Trainee (persons)	Schedule	Training course	Training hours	Hires
Seoul Women's University	Information Security	31	Sep. 16 ~ Dec. 31, 2021	Web Mobile	Theory: 36H Practice: 24H	5
Korea National University of Welfare	Information Security	15	Oct. 20 ~ Dec. 31, 2021			1
KOREA University Sejong Campus	Artificial Cyber Security	7	Nov. 15 ~ Dec. 31, 2021			4

Fostering Industrial Experts

Employee Development System

SK shieldus provides a variety of training for employees to develop their job competencies and careers. The training system is divided into common competencies, leadership skills, and job competencies so each employee can diagnose his/her competence and receive training that suits one's level. We plan to systemize it further so that employees can arrange and prepare in advance for a future job transfer and career development.

Employee Training System and Content

Classification	Main Content

Common competencies	• Running a company-specific online learning site.
	  - Provides 1,100 company-produced content and 7,500 common learning contents that are continuously updated.
	  - Provides an environment where employees can learn at any time: they can directly search for necessary materials to strengthen their job-related capabilities using this system.

Leadership competencies	• Leadership training in headquarters and regional headquarters: training for organization, performance, and employee management. • Next generation leader training: Composed of pre-training and leadership development of key competencies to select and nurture competent next team leaders and branch managers. • Leader Book Learning training: Knowledge content for leadership, management, humanities, and business. • Competency-enhancement program for PM and intermediate managers: Enhancing leader's performance management feedback capabilities for customized coaching. • Coaching program: Enhancing leader's performance management feedback capabilities for customized coaching.
Job competencies	• CE (Customer Experience) communication training: Developing capabilities for employees of regional divisions to practice CE communication. • TSE candidate training: Providing opportunities for developing physical security tech experts and career of employees. • Security instructor training: In-house human resource training to secure the qualification of mechanical security instructor at the physical security site. • External training support system: Supporting the cost of external training, conferences, forums, etc., depending on the team's needs and discretion. • Certificate Support Scheme: Supporting costs to obtain necessary qualifications for work (e.g. AI-, Cloud-, and ICT-related certificates).
New employee competencies	• New employee training course: Regular training to establish identity, develop and select safety, services, and occupational capacity for new security employees. • OJT & mentoring system: Instructing new employees abilities required to perform their duties and inducing adaptation.

Talent Management

Employee Training Programs

Various Job Training Courses

We operate an average of 450 in-person and online courses yearly to strengthen our employees' job skills. Various types of training based on practical skills are provided, such as simulation hacking, cloud, big data, blockchain, and AI. As of 2021, 2,400 students took the course annually.

Providing Education Systems Linked with HR System

By establishing an education category within the in-house HR system, Shieldus In, we offer various educational management functions linked to HR records. It allows employees to freely register for classes, check education status, and manage qualifications and completion history related to annual education.

Operating Cloud School System

We utilize the practice-based Cloud School program to train people specialized in the cloud field and manage our HR pool. We select a small number of elite people with business-specific security capabilities to provide systematic training programs within and outside of the company. Even after completing the programs, we continue to manage our employees to enable continued learning in various aspects, such as obtaining certificates, supporting them to engage in club activities, mentoring, allowing them to work on the cloud pilot project, and granting related tasks.

Commissioned Training for Competence Development

We support our employees to take consignment education and acquire certificates to ensure they learn outside of the company. As of 2021, about 320 employees conducted self-directed competency development via the system.

Employee Evaluation and Compensation

Evaluation System

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

Compensation System

SK shieldus operates a performance-based compensation system, which is linked incentives and salaries with the evaluation results of employees.

| Classification	Details
Annual salary	Implementing performance-based compensation in connection with company management plan and individual evaluation
AIP	Providing motivation for performance as an incentive reward system according to the company goal achievement rate
Commission	Offering compensation according to individual sales performance (for sales positions)
Reward (CSR)	Providing annual and occasional rewards based on KPI achievement and organizational contribution

Talent Management

Ensuring Work-Life Balance

Maternity Protection and Work-Life Balance

SK shieldus actively implements a work-family balance support system, such as parental leave and shorter working hours during pregnancy and childcare, to lessen the burden of childbirth and childcare on employees and let them concentrate on their work. We also operate a system to encourage the use of vacation by designating a Happy Rest Day so that employees spend enough time resting with their families. In addition, various family-friendly programs, including family invitations and camps, are available and recognized for their excellency externally. We were selected as the labor-management culture excellent company in 2010 for the first time and were also selected in 2013 and in 2016 for three consecutive times.   we were certified as a family-friendly company for the first time in 2017 and extended the certification in 2020.
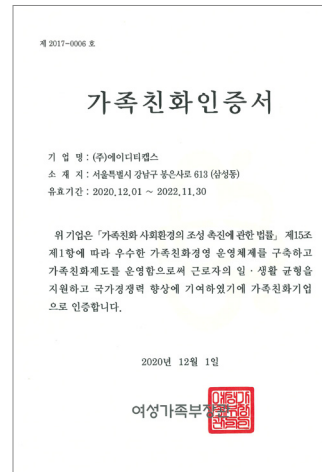
Number of Employees Who Used Work-Life Balance Program1[1]

	2021	2020	2019
Total	108	98	87
Male	59	67	60
Female	49	31	27

1) Employees who took parental leave, maternity leave, working-hour shortage during pregnancy/childcare, family care leave/leave, etc.

Operating Cultural Dating Program

SK shieldus run a cultural dating program to support employees' happy work-life balance. This program consists of various cultural activities such as experiential activities and watching movie, participated by many executives and employees. Since the COVID-19 outbreak in 2020, "virtual" classes were held based on the telecommuting trend, such as leather crafts and traditional alcohol making. As the COVID-19 social distancing was completely lifted in May 2022, we have begun to hold in-person events for employees. SK shieldus has been actively conducting in-person participatory cultural dates including employees, families, and couples through a cinema date in June (over 700 attendees) and a sports date in July (over 350 attendees).
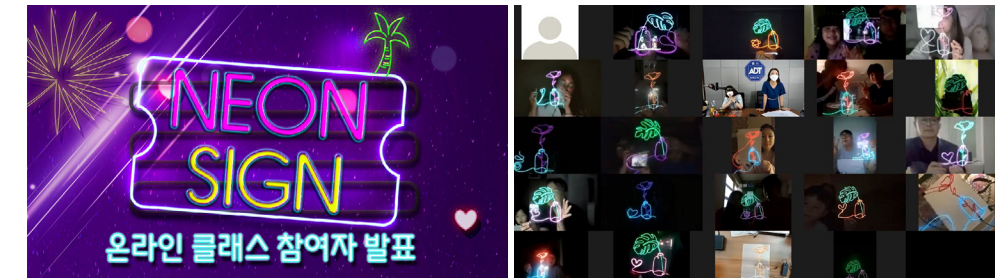
Employee Benefits

We are implementing a medical subsidy system, which reduces medical expenses for executives and employees and support healthy and stable work life. We subscribe a group accident insurance to support diseases and unexpected accidents. Through such system, we strive to provide practical help to employees by expanding the scope of coverage for employees and their family. In addition, we operate a retirement pension system to allow our employees to prepare for stable retirement life. We also operate an interim settlement of retirement allowances to support employees in unexpected situations.

**SK shieldus
2022 Sustainability Report**

Talent Management

Innovating the Way of Working

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

**Work
from Anywhere**
: Creation of digital work
  environment

Increase of employee
satisfaction

**Improving
Performance**

01 Worksite change
- Reduce commuting time
  by directly going to work
- Reduce unnecessary overtime

02 Commuting to the field
- Decrease: Commuting/moving/
  unnecessary overtime
- Increase: Field working hours

03 Mobile office operation
- Shared desking at the head office
  (Samsung-dong)
- Utilization of branch offices nationwide

04 Flex-time work
- Decrease: Commute time
- Utilization of Smart work tools
  (Cloud PC, Video Conferencing)

05 Work from home
- Higher work immersion
  : Time design and efficient use
    → Securing self-development time
  : Tailored to work and lifestyle

ESG Focus — Ensuring Employee Rights

SK shieldus runs a bottom-up communication channel where employees share their feelings of inconvenience, complaints, and improvement matters; thus respect our employees' human rights and create a pleasant workplace for all. The employee communication channel is available as on-site visits, meetings, and online reporting channels. All employees can share their opinions on inconveniences at any time through the online reporting channel. In the future, we will plan mid-to-long-term tasks of hiring more people with disabilities and more women and establishing procedures for guaranteeing the human rights of foreign workers.

Sympathy tok Sinmungo (anonymous) channel

Labor-management council meeting

Employee Communication Channel

Channel	Target	Cycle	Management method
Gong-gam Tok Inquiry/Suggestion	All employees	Regularly	Reply within 24 hours
Gong-gam Tok Shinmungo (anonymous)	All employees	Regularly	Collecting posts every week and disclosing company replies on the Gong-gam Tok
On-site visit	All employees	Occasionally	Delivery of company replies to relevant organization
Meetings by department, team, and branch	Members of each organization	Bimonthly	Gathering opinions and preparing replies
Labor-management meeting by regional HQ and group	Members of each organization	Quarterly	Gathering opinions and preparing replies

Responsible and Transparent Management

Management Approach

Recently, the demand for improving corporate governance and expanding the scope of disclosing ESG information has become apparent as a prerequisite for responsible activities of trustees following the introduction of Social Responsibility Investment (SRI) and stewardship codes. In Korea, a corporate governance disclosure system has been introduced that requires companies to report the compliance status of core principles on corporate governance to the Korea Stock Exchange. Thus, a sound governance structure with transparency in corporate management has become the basis for sustainable growth.

SK shieldus seeks to establish a transparent governance structure of the board of directors, a leading decision-making body composed of directors and management with diversity, independence, and expertise, to strengthen compliance management to establish itself as a more trusted company. We promise to comply with laws and regulations and practice the value of coexistence with various stakeholders by enacting the compliance ethics regulations, appointing a compliance officer, and adopting ethical management.

SK shieldus will disclose management information transparently by implementing an advanced governance structure, deliberating on core ESG policies centered on the board of directors, and reinforcing ESG monitoring from a company-wide perspective. Thus, we will strengthen communication with stakeholders, including shareholders and investors, create financial and social values at the same time, and contribute to harmonizing the present and future happiness of all stakeholders.

Major Performances in 2021

Establishment of ESG Management Decision-Making System (ESG Committee, ESG Office, ESG Innovation TF, etc.)	**Advancement of Compliance Management System**
Publication of the First Sustainability Report	**Enhancement of Ethical Management** (Launch of Ethics Counseling Center)

BOD-Centered Responsible ESG Management

Establishing Governance Operation Direction

SK shieldus established four directions, which are board-centered responsible management, board expertise and diversity, board operation, and board independence. SK shieldus intends to establish a transparent governance structure and implement sustainable management.

Direction of Governance Operation

BOD-centered Responsible Management
Implementing the BOD-centered responsible management by securing independence and strengthening the expertise of the BOD, the supreme decision-making body

Operation of Board Committees
Operating board committees with expertise to supervise the management

Enhancement of the Expertise and Diversity of the BOD
Considering diversity in the director appointment process to reflect the interest of various stakeholders (50% female among non-executive directors)

Reinforcement of the Independence of the BOD
Organizing a certain percentage of outside directors to enable independent decision-making in important decision-making

Establishing and Operating the ESG Committee

ESG Practice System and Organization

SK shieldus aims to create financial and social values by promoting ESG management centered on ESG committees under the board of directors and achieving sustainable growth that harmonizes stakeholders' present and future happiness. The ESG Committee reviews ESG-related strategies and the status of implementing the ESG policy. In addition, the ESG Committee deliberates and decides on matters that the Committee deems necessary concerning ESG as significant agenda items. In 2021, ESG Committee discussed establishing the ESG management system, establishing a health and safety management system and progress, upgrading the ESG compliance system, and setting Net Zero 2040 goals and mid-to-long term reduction plans.

ESG Promotion Organization
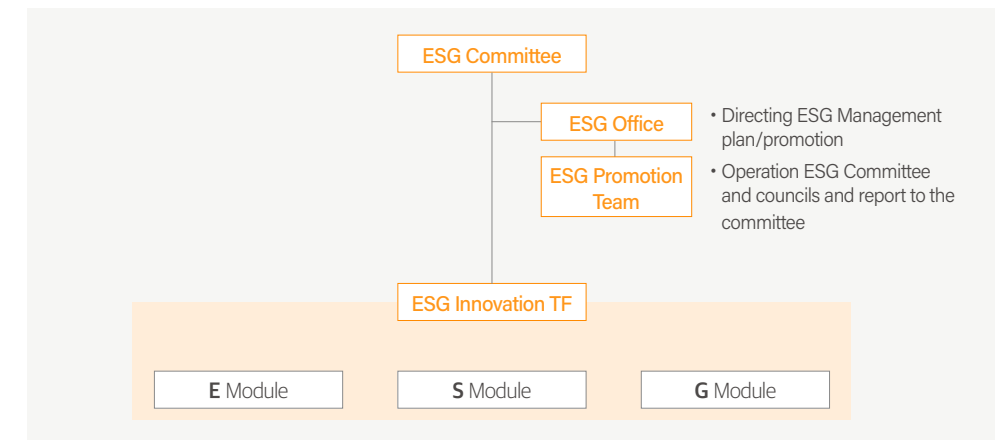
ESG Committee

ESG Office

ESG Promotion Team

• Directing ESG Management plan/promotion
• Operation ESG Committee and councils and report to the committee

ESG Innovation TF

E Module   S Module   G Module

Enhancing Ethics and Compliance

Operating Ethical Management System

Establishment of Ethical Management Policy

In the event an employee is in an ethical conflict regarding job performance, SK shieldus requires that one judges and acts based on the 'Code of Compliance and Ethics.' We share the basic direction of the company's ethical management with stakeholders through the 'Code of Compliance and Ethics.' The 'Code of Compliance and Ethics' defines the 'Ethical Behavior to Customers, Companies, Subcontractors, Colleagues, and General Life' norm and guides specific practices in each area.

| 1. Ethical behaviors for customers	1-1. Respect for customers 1-2. Offering accurate information 1-3. Equal treatment 1-4. Grievance handling 1-5. Customer information management
2. Ethical behaviors for the company	2-1. Compliance with anti-corruption regulations 2-2. Compliance with conflict of interest regulations 2-3. Fair job execution 2-4. Prohibition of misuse of corporate assets and information 2-5. Appropriate ID and password management
3. Ethical behaviors for suppliers	3-1. Prohibition of unfair purchasing 3-2. Prohibition of power abusing 3-3. Prohibition of unethical behaviors
4. Ethical behaviors for colleagues	4-1. Mutual respect 4-2. Prohibition of informal gatherings 4-3. Prohibition of gifts and money transactions 4-4. Prohibition of sexual harassment 4-5. Prohibition of discrimination 4-6. Prohibition of requests for money or entertainment
5. Ethical behaviors in daily life	5-1. General principles 5-2. Political activity and donation

Ethical Management System

SK shieldus operates an organization dedicated to ethical management to effectively deal with ethical risks through a virtuous cycle of the ethical management process of "Prevention-Detection-Respond." To prevent ethical risks, SK shieldus conducts 'Ethics Management Survey', 'Ethics Management Practice Workshop', and 'Online Ethics Management Practice Training' for all employees every year. We provide guide on ethical violations and such situations that occur frequently at work through regular or monthly customized education, such as 'Ethical Management Practice Letters', 'Compliance Ethics Webtoon', 'Mutual Respect Webtoon', and 'Diagnosis of Mutual Respect'. Through this, we endeavor to improve the level of ethics among employees and spread the culture of ethical management.

Moreover, SK Group operates and manages the 'Ethics Management Information/Consultation Channel (https://ethics.sk.co.kr)' that allows all stakeholders of SK shieldus to consult anonymously. We also provide information and consultation channel links to the company's website (PC version/mobile version) and in-house intranet. An whistleblower protection program (protecting whistleblower status and prohibiting disadvantages/retaliation measures caused by reporting) is also operated to ensure that whistleblower are protected from disadvantages, and we discover issues based on the reported matters and take measures, such as establishing action items on issues.
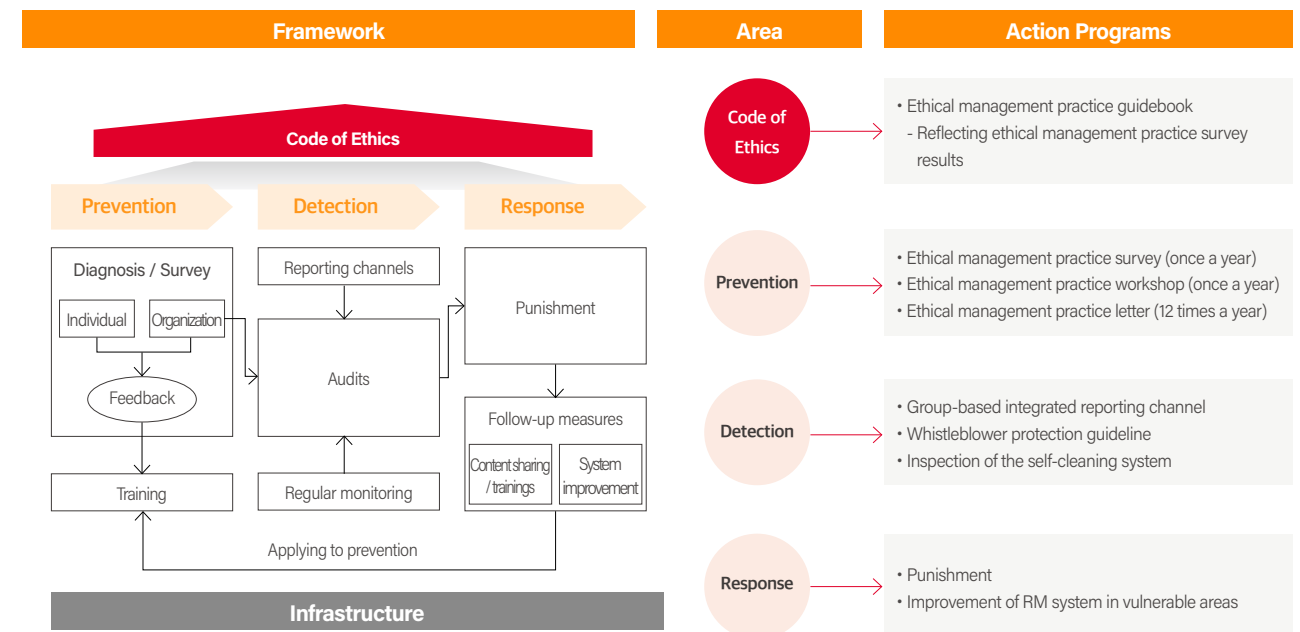
Enhancing Ethics and Compliance

Enhancing Ethical Management Activities

SK shieldus provides anti-corruption education regularly to establish regulations on compliance with ethics and strengthen ethical compliance of all executives and employees. Especially, we select items that employees must keep in mind among the compliance ethics regulations, striving to foster ethical awareness among all employees by announcing/providing ethical management letters, law-abiding ethics online cartoons, and mutual respect online cartoons. In addition, to listen to our employees' voices regarding ethical management and to raise the level of practicing corporate ethical management, we run a system where employees can inform or consult anonymously and conduct surveys to reflect to improve organizational culture activities. Furthermore, we receive the consent form for ethics practice from suppliers and strive to prevent all corruption by requesting transparent and fair participation in transactions. For improved ethical management in the future, SK shieldus will specify ethical management education contents to further strengthen ethics and compliance.
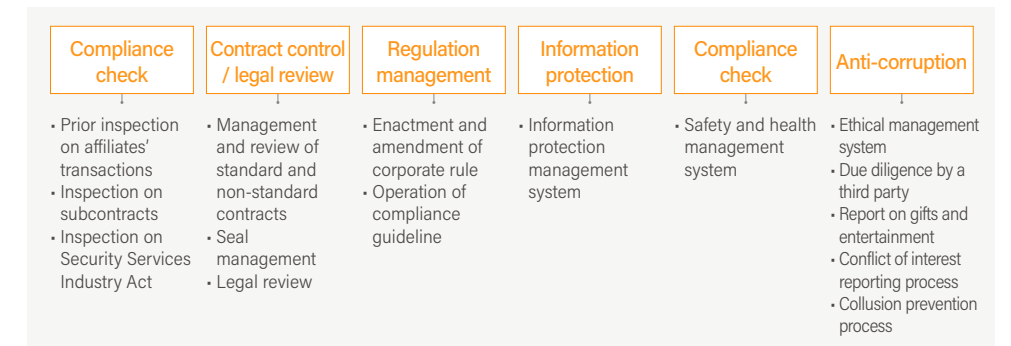
Major Activities	Details
Operation of reporting and counseling systems	• Operating on/offline channels for all stakeholders to report and consult on ethical management • Opened "Ethics Counseling Center" in 2021 to enable anonymous counseling in real-time with the leaders of ethical management group
Strengthening awareness of ethics	• Basic training for all employees at the group level (online) • Specialized education by/for leaders • Announcing/providing ethics management letter, compliance ethics webtoon, mutual respect webtoon, etc.
Ethical management survey	• Annual employee survey • Reflecting survey results in ethical management system and corporate culture improvement activities
Dissemination of ethical management to suppliers	• Request for participating in ethical management practice by sending out a letter denying holiday gifts/money and valuables on traditional days, operating a bribery reporting center, and receiving a pledge on ethics practice

Compliance System Operation

Compliance Risk Management System

Regulations on fair competition, anti-corruption, and environmental protection are becoming stricter around the world, and corporate social responsibility serves as a vital factor of corporate management. As a consequence, SK shieldus adopted the Compliance Program (CP) in 2016 to strengthen compliance management in compliance with all laws and regulations. We will continue to advance our compliance management framework to systematically prevent, monitor, manage, and respond to compliance risks.

Advanced Compliance System

Compliance check	Contract control / legal review	Regulation management	Information protection	Compliance check	Anti-corruption
• Prior inspection on affiliates' transactions • Inspection on subcontracts • Inspection on Security Services Industry Act	• Management and review of standard and non-standard contracts • Seal management • Legal review	• Enactment and amendment of corporate rule • Operation of compliance guideline	• Information protection management system	• Safety and health management system	• Ethical management system • Due diligence by a third party • Report on gifts and entertainment • Conflict of interest reporting process • Collusion prevention process

Compliance Organization

We appoint the Compliance Officer to ensure compliance with all laws and regulations of the company. The Legal Group is a department dedicated to compliance management that provides employees with education and supports compliance practices, establishing CP regulations, detailed guidelines, and various compliance guidelines.
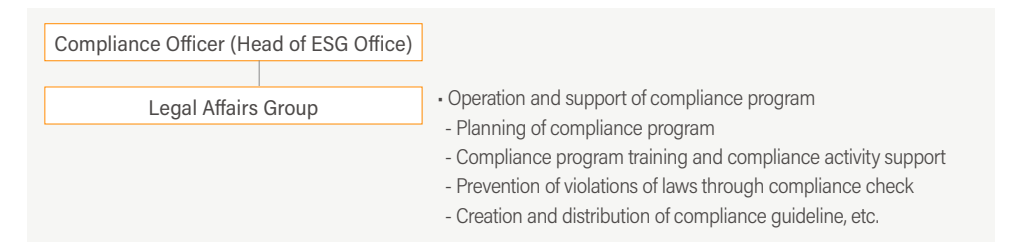
Compliance Officer (Head of ESG Office)

Legal Affairs Group

• Operation and support of compliance program
- Planning of compliance program
- Compliance program training and compliance activity support
- Prevention of violations of laws through compliance check
- Creation and distribution of compliance guideline, etc.

Enhancing Ethics and Compliance

Compliance Guideline

As part of the advanced compliance for ESG management, the Self-Compliance Guidelines, without being limited to fair trade, have been with designed new provisions that include the safety of employees and the people, reflect the revision of relevant laws and regulations. The guideline is used to understand the regulatory environment and comply with applicable laws. SK shieldus produces and distributes the compliance guidelines, presenting clear standards of fair trade behavior to the employees and hence striving to prevent risks from violating fair trade laws.

Enactment and Amendment Process of Compliance Guideline

```
Plan to create          Creation of guideline      Distribution of       Continuous
compliance guideline                                guideline             improvement
                                                                          ↑
                                        Reflection of accurate
                                        information on a
                                        regular basis
```

Ethics and Compliance Training

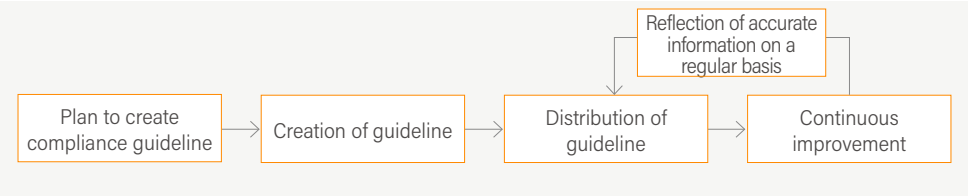SK shieldus provides ethics and compliance training to its employees every year. In 2020 and 2021, the training was conducted online due to the COVID-19 situation. Various contents are selected every year to enable our employees to practice compliance ethics management. Furthermore, we designed online cartoons on the matters related to complying with the Fair Trade Act and posted them on the website for easy access for employees.

Prevention, Monitoring, and Response System for Compliance Risks

SK shieldus establishes compliance control standards as company regulations and conducts compliance inspection activities based on them. Subcontracting transactions and expenses are the key monitoring fields, and we are determined to prevent the risk of violation of the law in advance by identifying the matters that the company must observe according to the relevant regulations.

Transparent Management

Enhancing Disclosure of ESG Performance

Enhancing Disclosure of ESG and Stakeholder Communication

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

Publication and disclosure of sustainability report

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

Disclosure of environmental information

- Actively establishing and implementing environmental management goals and disclosing the process

Enhancement of stakeholder communication

- Disclosing corporate information, goals, and activities for each ESG field in detail and reflecting stakeholders' opinions through communication
- Conducting IR conference twice

3

Sustainable Fundamentals

Governance

Board of Directors

Establishing the BOD-centered corporate governance, SK shieldus operates the BOD consisting of 7 directors including 4 non-executive directors as of the end of March 2022. This structure meets the requirement stipulated in Article 21 of the articles of incorporation that the BOD shall be composed of 3 to 10 members and the number of non-executive directors shall be at least 3 or a majority. Although SK shieldus is an unlisted company, it conforms to the ratio of non-executive directors in the BOD of listed companies as stipulated in Article 542-8 of the Commercial Act. In addition, two out of four non-executive directors are female, satisfying the requirement that the BOD cannot consist of only a specific gender under Article 21 of the articles of incorporation. Under Article 25 of the articles of incorporation and the BOD regulation, Kim Jong-il, a non-executive director, was appointed as the BOD Chairman in December 2021, to strengthen transparency and independence.

BOD Operation

Appointment of Directors

Directors are appointed at the general shareholders' meeting as stipulated in Article 21 of the articles of incorporation, the representative director is appointed by the resolution of the BOD among the appointed directors. Non-executive directors are appointed at the general shareholders' meeting after being nominated by the Nominating Committee in accordance with Article 5 of the Nominating Committee regulation. The number of non-executive directors to be appointed shall be at least three and a majority of the BOD members, as stipulated in Article 21 of the articles of incorporation.
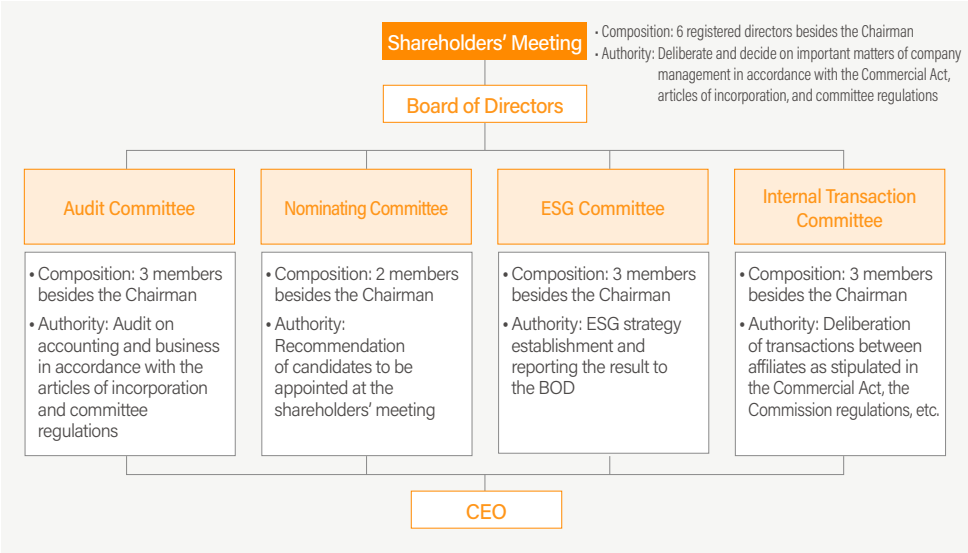
Board Committees

Article 30 of the articles of incorporation stipulates that the Audit Committee, Nominating Committee, and other committees deemed necessary by the BOD can be established by the resolution of the BOD. SK shieldus currently operates board committees as follows.

Board Committees

Shareholders' Meeting
• Composition: 6 registered directors besides the Chairman
• Authority: Deliberate and decide on important matters of company management in accordance with the Commercial Act, articles of incorporation, and committee regulations

Board of Directors

Audit Committee	Nominating Committee	ESG Committee	Internal Transaction Committee
• Composition: 3 members besides the Chairman • Authority: Audit on accounting and business in accordance with the articles of incorporation and committee regulations	• Composition: 2 members besides the Chairman • Authority: Recommendation of candidates to be appointed at the shareholders' meeting	• Composition: 3 members besides the Chairman • Authority: ESG strategy establishment and reporting the result to the BOD	• Composition: 3 members besides the Chairman • Authority: Deliberation of transactions between affiliates as stipulated in the Commercial Act, the Commission regulations, etc.

CEO

BOD Composition[1]

Name	Director	Gender	Position	Term	Professionalism	Career
Park Jin-hyo	Executive Director / CEO	Male	Member of the Nominating Committee & ESG Committee	Dec. 2020 ~ Mar. 2023	Corporate management, network technology	Director of ICT Center, Director of Network Technology Center, SK Telecom
Kim Yong-hwan	Other Non-standing Director	Male	Member of the ESG Committee	Dec. 2020 ~ Mar. 2023	Corporate investment	Current) CEO, Macquarie Asset Management
Song Jae-seung	Other Non-standing Director	Male	-	Spe. 2021 ~ Sep. 2023	Corporate value assessment	Current) CIO1 MD, SK Square / Director of Corporate Development Group, SK Telecom
Kim Jong-il	Non-executive Director	Male	Chairman of the BOD / Chairman of the Nominating Committee / Member of the Audit Committee / Member of the Internal Transaction Committee	Dec. 2021 ~ Mar. 2023	Financial expert	Current) Professor in Accounting, Catholic University of Korea / CPA (EY, Deloitte)
Kim Bum-soo	Non-executive Director	Male	Chairman of the Audit Committee / Member of the Nominating Committee / Member of the Internal Transaction Committee	Dec. 2021 ~ Mar. 2023	Information protection	Current) Dean of Graduate School of Information, Yonsei University / Vice-Chairman of Data Governance & Privacy, OECD
Yoon Hye-seon	Non-executive Director	Female	Chairman of the Internal Transaction Committee / Member of the Audit Committee / Member of the ESG Committee	Dec. 2021 ~ Mar. 2023	Legal affairs / ESG	Current) Professor, Hanyang University Law School / Advisory Member, Financial Services Commission, Anti-Corruption and Civil Rights Commission, etc.
Kang Hyun-jeong	Non-executive Director	Female	Chairman of the ESG Committee / Member of the Audit Committee / Member of the Internal Transaction Committee	Dec. 2021 ~ Mar. 2023	Legal affairs / information protection	Current) Attorney, Kim & Chang Law Firm / Member of Dispute Mediation Committee, Financial Supervisory Service

1) As of March 2022 (including consecutive terms)

Governance

BOD Performance

The BOD of SK shieldus deliberated and concluded a total of 71 agendas in 2021, including the approval of the merger contract in January, by convening 20 meetings. The resolution of the BOD prescribed in the articles of incorporation requires the attendance of a majority of directors and the approval of a majority of present directors, except in cases where the relevant laws or the BOD separately strengthen the resolution requirements.

In addition, it is stipulated that directors who have an conflicts of interest in a resolution of the BOD cannot exercise their voting rights on the agenda. If directors do not attend the meeting in person, they may exercise voting rights by attending the meeting through a communication method (online) that transmits and receives voice at the same time. From 2021 to the end of March 2022, the directors' average attendance rate was 99%. SK shieldus will continue to operate the BOD in a reasonable and transparent manner to enhance corporate value.

Major Deliberation and Conclusion Agendas of the BOD

No.	Major agenda	Conclusion
1	Approval of the conclusion of the merger contract	Passed
2	Convocation of general shareholders' meeting	Passed
3	Establishment of the ESG Committee and appointment of members	Passed
4	Approval of the establishment of a U.S. subsidiary	Passed
5	Approval for operation of incentive pay in 2021	Passed
6	Appointment of the Chairman of the BOD and enactment of the BOD regulation	Passed
7	Establishment of the Audit Committee and appointment of members	Passed
8	Amendment of the ESG Committee regulation	Passed

Enhancing the Independence and Professionalism of the BOD

The articles of incorporation stipulate that non-executive directors who are experts in finance, information protection, and law occupy a majority of the BOD in order to ensure independence and transparency. Particularly, the BOD is chaired by a non-executive director for independent operation. The ESG Committee comprises two non-executive directors who are experts in law, information protection, and ESG; one other non-standing director, and finally the CEO. The Nominating Committee consists of two non-executive directors and the CEO. When it is necessary to appoint non-executive directors, the Nominating Committee evaluates and confirms the candidates managed by the company and submit them to the general shareholders' meeting.

Liability Insurance for Directors

We subscribe to executive liability insurance every year in preparation for guaranteeing economic damages arising from any misconducts that may occur during the director's performance in corporate management; in other words, if a company or a third party is liable for damages due to a violation of duty, negligence, carelessness, false statements, negligence of work, omission of work, etc.

BOD Compensation

Performance Evaluation and Compensation for the Management

SK shieldus measures the performance of the CEO and management; remuneration is paid according to the executive management regulation and executive severance pay regulations approved by the BOD and general shareholders' meeting. Performance evaluation is conducted comprehensively by considering both financial and non-financial performance, and registered executives are paid within the limit of director remuneration limit approved at the annual general shareholders' meeting. The BOD regulation amended in December 2021 stipulated that the remuneration of the CEO and executive directors should be approved by the BOD every year along with the annual management plan, which strengthens transparent management and the authority of the BOD. As ESG management's impact on corporate sustainability intensifies, we plan to include ESG management items in the performance evaluation indicators of the CEO and management from 2022.
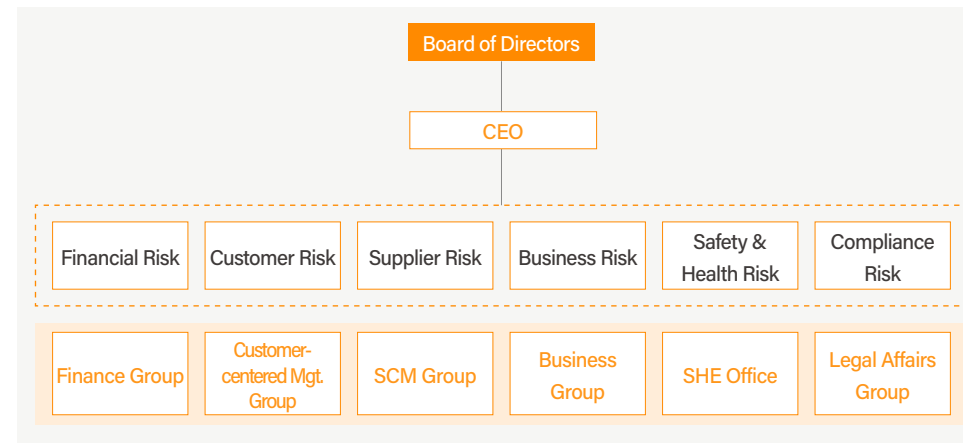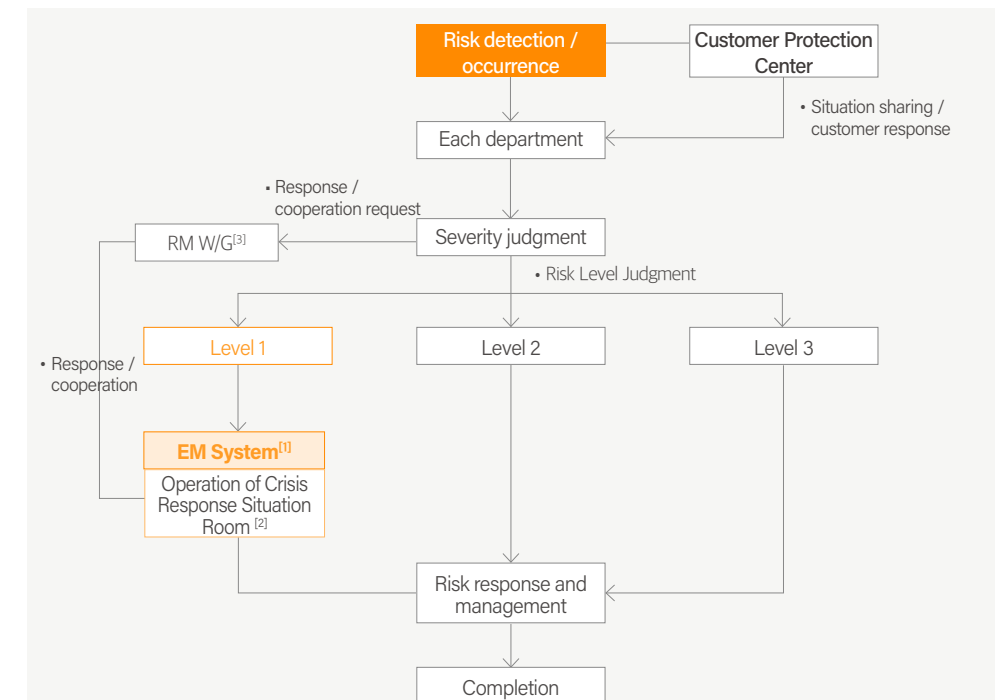
Risk Management

Risk Management

Risk Management System

SK shieldus defines risk an occurrence of a possible financial event that negatively affects the achievement of a company's strategy or management goals, or the possibility of such events. We pursue growth and stability by eliminating uncertainty in the corporate environment through continuous risk control. In particular, a risk management system was built to preemptively identify internal and external risks and establish and implement countermeasures. Risks occurring in each organization initially go through an internal reporting process and a committee within its jurisdiction according to their type and level of importance. After this, they are finally reported to and managed by the board of directors. SK shieldus will continue to develop this management system to minimize diverse and complex risks that may occur in the business.

```
                    Board of Directors
                          |
                         CEO
                          |
  +---------+-------------+-------------+--------------+-----------+
Financial  Customer    Supplier    Business    Safety &      Compliance
  Risk       Risk        Risk        Risk    Health Risk       Risk

Finance   Customer-     SCM        Business   SHE Office   Legal Affairs
 Group    centered     Group        Group                    Group
          Mgt. Group
```

Risk Response System

SK shieldus classifies risks into three stages and establishes a risk response system for each stage. Thus, we operate the RM W/G (Risk Management Working Group), an organization that responds to each type of risk. The organization in which the risk has occurred shares risk situations immediately with the compliance teams at initial reporting as well as working closely with RM W/G to ensure quick response.

```
Risk detection /          Customer Protection
 occurrence   ------------      Center
      |                            |
      |             • Situation sharing / customer response
      v                            |
Each department <------------------+
      |
      v
Severity judgment ------> RM W/G[3]   • Response / cooperation request
      |
      | • Risk Level Judgment
      v
  Level 1        Level 2        Level 3
      |
 • Response / cooperation
      v
  EM System[1]
  Operation of Crisis
  Response Situation
  Room [2]
      |
      v
  Risk response and
  management
      |
      v
  Completion
```

[1] An abbreviation of Emergency Management, which is a company-wide RM system with upgraded crisis response compared to the regular RM system in case of a serious crisis.
[2] The Crisis Response Situation Room is composed of the CEO, the head of the Situation Office in charge of the risk, and the Compliance Team leader (※ Operation of the Situation Room).
[3] Risk Management Working Group refers to the person in charge of risk response in each organization according to the type of risk.

**SK shieldus
2022 Sustainability Report**

Stakeholder Engagement & Materiality Assessment

Stakeholder engagement

SK shieldus defines stakeholders as all subjects who directly or indirectly affect corporate management activities. Key stakeholders are classified into employees, customers, shareholders & investors, partners, government agencies, communities/NGOs, and media. We have communication channels for each stakeholder to collect opinions, making every effort to reflect key opinions in management activities.

Stakeholders	Employees	Customers	Shareholders / Investors	Suppliers	Government	Local communities / NGOs
Communication channel	• Stakeholder survey • Employee satisfaction survey • Labor-management councils (including management council, labor-management co-prosperity committee, regular councils)	• Customer satisfaction survey • VOC on the website	• Information disclosure on the website • Stakeholder survey	• Events for suppliers (Shared Growth Day, etc.) • Visit to suppliers • Stakeholder survey	• Stakeholder survey	• Stakeholder survey • Social contribution partner meeting
Expectations	• Spread of GWP culture • Career development and becoming business expert • Workplace safety and health management	• Product responsibility enhancement • Customer service enhancement • Establishment of environmental management system	• Business innovation for economic value creation • Enhancement of non-financial risk management • Establishment of climate change response system and GHG emission control	• Product responsibility enhancement • Ethical management enhancement • Cooperative labor-management relations	• Reinforcement of supply chain management • Energy saving • Reduction of waste discharge	• Enhancement of impact on local communities

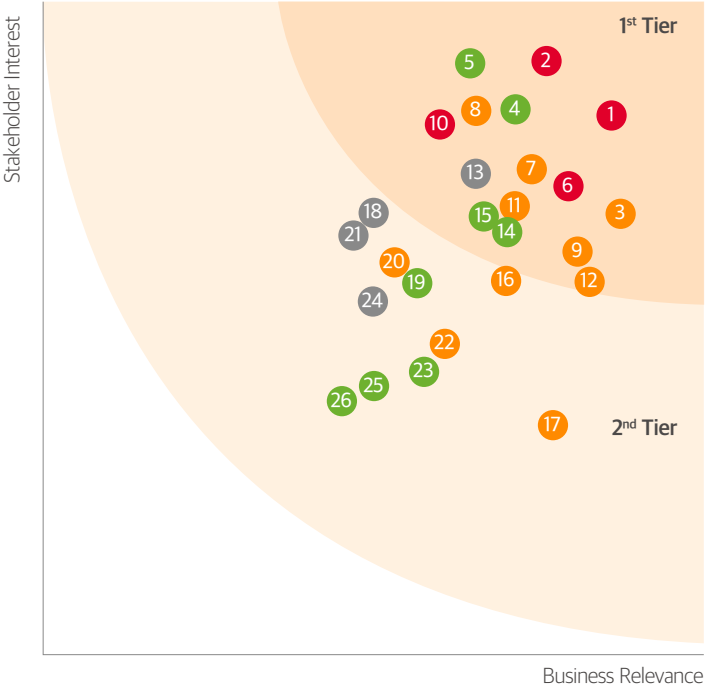# Stakeholder Engagement & Materiality Assessment

Materiality Assessment

Materiality Assessment Process

SK shieldus conducted materiality assessment to identify key ESG issues. Through analysis of the corporate status and business environment, we composed the issue pool and implemented analysis of media risk, analysis of global standards and assessment indicators, analysis of benchmarking, a survey of internal and external stakeholders, and internal response level analysis. Material issues were identified through the analysis of likelihood and impact from the risk perspective. Those key ESG issues were reviewed by the ESG Committee and activities by each issue is disclosed to stakeholders in a transparent manner.

Materiality Assessment Result

Rank	Material issue	Reporting scope	Content	GRI	Page
1	Enhancement of ethical management	●	2 ESG Strategy – responsible & transparent management – enhancing ethics & compliance	-	P.41-43
2	Enhancement of product responsibility	◉	2 ESG Strategy – social impact creation – increasing social value	-	P.21-22, 25
3	Reinforcement of workplace safety and health management	●	2 ESG Strategy – social impact creation – safety and health risk management	403	P.32-34
4	Establishment of climate change response system and emissions control	◉	2 ESG Strategy – eco-friendly management system – response to climate change	305	P.18
5	Energy saving	●	2 ESG Strategy – eco-friendly management system – eco-friendly business portfolio management, response to climate change	302	P.16, 18
6	Business information for economic value creation	●	2 ESG Strategy – eco-friendly management system – eco-friendly business portfolio management	-	P.16
7	Establishment of a culture of GWP	●	2 ESG Strategy – social impact creation – talent management	401	P.37-38
8	Enhancement of customer service	◉	2 ESG Strategy – social impact creation – the practice of customer-centered management	-	P.26-29
9	Employee competence development and business expert cultivation	●	2 ESG Strategy – social impact creation – talent management	404	P.35-36
10	Enhancement of non-financial risk management	●	3 Sustainable fundamentals – risk management	-	P.47
11	Implementation of strategic social contribution activities	◉	2 ESG Strategy – social impact creation – increasing social value	-	P.21-22, 25
12	Reinforcement of supply chain management	◉	2 ESG Strategy – social impact creation – creating ECO shieldus	-	P.30-31
13	Efficient composition and operation of the BOD	●	3 Sustainable fundamentals - governance	-	P.45-46
14	Reduction of waste generation	●	2 ESG Strategy – eco-friendly management system – the practice of circular economy	306	P.19
15	Establishment of environmental management system	◉	2 ESG Strategy – eco-friendly management system – advancement of environmental management	-	P.17

*○ External   ● Internal   ◉ Internal & External

Materiality Assessment Matrix

Stakeholder Interest / Business Relevance

1st Tier / 2nd Tier

● Economy   ● Environment   ● Society   ● Governance

4
Factsheet

Economic Performance

Main category	Medium category	Subcategory	Indicator	Unit	2021	2020	2019	Reporting scope[1]		
								2021	2020	2019
Corporate profile			Number of employees	Persons	6,563	6,497	6,342	◉	◉	◉
			Number of worksites	Places	106	104	103	◉	◉	◉
			Domestic infrastructure and worksites	Places	103	103	102	◉	◉	◉
			Overseas infrastructure and worksites	Places	3	1	1	◉	◯	◯
			Number of countries where worksites are located	Places	3	1	1	◉	◯	◯
			Sales	KRW million	1,549,714	314,698	270,423	◉	◯	◯
			Total equity	KRW million	376,182	343,945	96,719	◉	◯	◯

1) Reporting scope: ◉ : SK shieldus or ADT Caps+Infosec ● : ADT Caps ◯ : Infosec

Environmental Performance

Main category	Medium category	Subcategory	Indicator	Unit	2021	2020	2019	Reporting scope[1]		
								2021	2020	2019
GHG emissions	Total GHG emissions		GHG emissions (Scope 1 + Scope 2)	tCO_2eq	15,344	15,516	Uncalculated	⊙	⊙	–
			GHG emissions intensity (Scope 1 + Scope 2)	tCO_2eq/KRW 100 million	1.00	4.93	Uncalculated	⊙	⊙	–
	Direct GHG emissions		Total Scope 1 emissions	tCO_2eq	11,647	12,013	Uncalculated	⊙	⊙	–
			Scope 1 emissions intensity	tCO_2eq/KRW 100 million	0.75	3.82	Uncalculated	⊙	⊙	–
	Indirect GHG emissions		Total Scope 2 emissions (location-based)	tCO_2eq	3,697	3,503	Uncalculated	⊙	⊙	–
			Scope 2 emissions intensity (location-based)	tCO_2eq/KRW 100 million	0.24	1.11	Uncalculated	⊙	⊙	–
Energy use	Energy consumption		Total energy consumption	TJ	266.4	268.9	Uncalculated	⊙	⊙	–
			Electricity consumption – head office	TJ	47.8	45.8	Uncalculated	⊙	⊙	–
			Electricity consumption – local office	TJ	29.4	27.4	Uncalculated	⊙	⊙	–
			Fuel consumption - LPG	TJ	136.5	145.8	Uncalculated	⊙	⊙	–
			Fuel consumption – diesel	TJ	13.3	11.4	Uncalculated	⊙	⊙	–
			Fuel consumption – gasoline	TJ	36.2	35.6	Uncalculated	⊙	⊙	–
			Fuel consumption – LNG	TJ	3.2	2.9	Uncalculated	⊙	⊙	–
	Energy intensity		Energy consumption intensity	TJ/KRW 100 million	0.02	0.09	Uncalculated	⊙	⊙	–

1) Reporting scope: ⊙ : SK shieldus or ADT Caps+Infosec　• : ADT Caps　◯ : Infosec

About SK shieldus ▾

ESG Strategy ▾

Sustainable Fundamentals ▾

Factsheet ▾

   Economic Performance
   Environmental Performance
   Social Performance
   Governance Performance

Appendix ▾

Social Performance

Main category	Medium category	Subcategory	Indicator	Unit	2021	2020	2019	Reporting scope[1]		
								2021	2020	2019
Employee training	Employee training programs		Total training expenses	KRW	1,138,642,918	1,220,249,144	1,749,618,129	◉	◉	◉
			Employees who completed training	Persons	6,598	4,873	4,851	◉	•	•
			Total training hours	Hours	2,408,270	1,403,424	1,397,088	◉	•	•
			Total training hours (by job) – head office	Hours	963,308	561,370	558,835	◉	•	•
			Total training hours (by job) – local office	Hours	1,444,962	842,054	838,253	◉	•	•
			Total training hours (by gender) – male	Hours	2,191,526	1,319,219	1,313,263	◉	•	•
			Total training hours (by gender) – female	Hours	216,744	84,205	83,825	◉	•	•
			Average training hours per employee	Hours/Person	365	288	288	◉	•	•
Human rights management	Human rights violation prevention programs		Employees who completed human rights training	Persons	7,022	5,221	5,220	◉	•	•
			Ratio of employees who completed human rights training	%	100.0	100.0	100.0	◉	•	•
Labor-management relations	Labor-management relations Performance	Employee satisfaction	Employee satisfaction level (out of 5)	Point	3.56	3.62	3.47	◉	•	•
			Employee satisfaction survey response rate	%	37.5	52.5	58.4	◉	•	•
		Union membership	Number of union members (total)	Persons	2,629	2,586	2,718	◉	•	•
		Employees subject to collective agreement	Number of employees subject to collective agreement	Persons	5,894	4,156	4,168	◉	•	•
			Ratio of employees subject to collective agreement	%	100.0	100.0	100.0	◉	•	•

1) Reporting scope: ◉ : SK shieldus or ADT Caps+Infosec　• : ADT Caps　○ : Infosec

Social Performance

Main category	Medium category	Subcategory	Indicator	Unit	2021	2020	2019	Reporting scope[1]		
								2021	2020	2019
Employee diversity	By contract type		Number of permanent employees	Persons	5,792	5,641	5,436	◉	◉	◉
			Number of temporary employees	Persons	771	856	900	◉	◉	◉
			Permanent employees - male	Persons	5,240	5,126	4,957	◉	◉	◉
			Permanent employees - female	Persons	552	515	479	◉	◉	◉
			Temporary employees - male	Persons	719	795	832	◉	◉	◉
			Temporary employees - female	Persons	52	61	68	◉	◉	◉
			Number of full-time employees	Persons	6,533	6,478	6,335	◉	◉	◉
			Full-time employees - male	Persons	5,941	5,904	5,789	◉	◉	◉
			Full-time employees - female	Persons	592	574	546	◉	◉	◉
			Number of part-time employees	Persons	30	19	1	◉	◉	◉
			Part-time employees – male	Persons	18	17	0	◉	◉	◉
			Part-time employees – female	Persons	12	2	1	◉	◉	◉
	By position		Number of female managers	Persons	25	20	15	◉	◉	◉
			Ratio of female managers	%	6.7	5.7	4.7	◉	◉	◉
	By job		Number of female technical workers	Persons	271	238	204	◉	◉	◉
			Ratio of female technical workers	%	16.1	15.4	14.4	◉	◉	◉
			Number of female non-technical workers	Persons	333	338	343	◉	◉	◉
			Ratio of female non-technical workers	%	6.8	6.8	7.0	◉	◉	◉
	By diversity indicator		Number of employees with disabilities	Persons	103	93	70	◉	◉	◉
			Ratio of employees with disabilities	%	1.6	1.4	1.1	◉	◉	◉

1) Reporting scope: ◉ : SK shieldus or ADT Caps+Infosec   • : ADT Caps ◯ : Infosec

SK shieldus
2022 Sustainability Report

Social Performance

Main category	Medium category	Subcategory	Indicator	Unit	2021	2020	2019	Reporting scope[1]		
								2021	2020	2019
Employee compensation	Female basic salary to male		Ratio of female basic salary to male	%	92.1	100.2	95.4	◉	•	•
Turnover rate and year of service	Turnover		Number of employee turnovers	Persons	977	969	1,185	◉	◉	◉
			Number of male employee turnovers	Persons	861	864	1,063	◉	◉	◉
			Number of female employee turnovers	Persons	116	105	122	◉	◉	◉
Employee welfare	Use of parental leave	Employee subject to parental leave	Employees subject to parental leave - total	Persons	1,202	1,180	1,164	◉	◉	◉
			Employees subject to parental leave – male	Persons	1,152	1,149	1,135	◉	◉	◉
			Employees subject to parental leave – female	Persons	50	31	29	◉	◉	◉
		Employee who used parental leave	Employees who used parental leave - total	Persons	84	69	72	◉	◉	◉
			Employees who used parental leave - male	Persons	53	58	57	◉	◉	◉
			Employees who used parental leave - female	Persons	31	11	15	◉	◉	◉
		Ratio of employee who used parental leave	Ratio of employees who used parental leave - total	%	7.0	5.8	6.2	◉	◉	◉
			Ratio of employees who used parental leave – male	%	4.6	5.0	5.0	◉	◉	◉
			Ratio of employees who used parental leave – female	%	62.0	35.5	51.7	◉	◉	◉
		Return to work after parental leave	Employees who returned to work from parental leave - total	Persons	46	49	62	◉	◉	◉
			Employees who returned to work from parental leave – male	Persons	36	37	31	◉	◉	◉
			Employees who returned to work from parental leave – female	Persons	10	12	31	◉	◉	◉
		Ratio of return from parental leave	Ratio of return from parental leave - total	%	73.0	67.1	91.2	◉	◉	◉
			Ratio of return from parental leave – male	%	70.6	61.7	83.8	◉	◉	◉
			Ratio of return from parental leave – female	%	83.3	92.3	100	◉	◉	◉
		Working after return from parental leave	At least 12-month work after return from parental leave - total	Persons	40	38	48	◉	◉	◉
			At least 12-month work after return from parental leave – male	Persons	32	29	23	◉	◉	◉
			At least 12-month work after return from parental leave – female	Persons	8	9	25	◉	◉	◉
			Ratio of employees with at least 12-month work after return from parental leave - total	%	87.0	77.6	77.4	◉	◉	◉

1) Reporting scope: ◉ : SK shieldus or ADT Caps+Infosec • : ADT Caps ◯ : Infosec

Social Performance

Main category	Medium category	Subcategory	Indicator	Unit	2021	2020	2019	Reporting scope[1]		
								2021	2020	2019
Employee evaluation	Regular evaluation on employee performance		Number of employees who received regular performance evaluation	Persons	5,881	1,444	1,354	◉	○	○
			Ratio of employees who received regular performance evaluation	%	100.0	100.0	100.0	◉	○	○
Occupational health and safety	Occupational accidents		Industrial accident rate	%	0.61	1.09	0.78	◉	•	•
			Severity rate of injury	%	0.074	0.136	0.108	◉	•	•
			Labor loss days	Days	1,633	2,249	1,788	◉	•	•
			Toral labor hours	Hours	22,199,664	16,551,192	16,483,176	◉	•	•
			Number of work-related injuries	Persons	40	53	38	◉	•	•
			Lost time injury frequency rate (LTIFR)	-	0.72	1.87	2.18	◉	•	•
			Occupational illness frequency rate (OIFR)	-	0	0	0	◉	•	•
			Number of work-related fatalities	Persons	0	0	0	◉	•	•
	Occupational health and safety training and committee		Participants in safety staff trainings	Persons	2	0	0	◉	•	•
			Number of Occupational Safety & Health Committee meetings	Times	3	3	4	◉	•	•
Local community impact	Social contribution expense		Cash	KRW	85,430,366	78,948,110	73,911,864	◉	•	•
			Project cost	KRW	1,721,597	929,516	3,017,161	◉	•	•
			Employees' social contribution	KRW	13,994,060	15,046,408	25,470,648	◉	•	•
	Social contribution performance		Total participation hours	Hours	1,042	1,352	2,328	◉	•	•
			Total participants	Persons	391	320	362	◉	•	•
Information protection	Information protection and response activities		Ratio of information security audits	%	100.0	100.0	100.0	◉	◉	◉
			Worksites certified for information security	Persons	12	12	12	◉	◉	◉
			Training completion rate of information protection training targets	%	100.0	100.0	100.0	◉	◉	◉
	Information protection performance		Number of personal information leakages	Cases	0	0	0	◉	◉	◉
			Number of information security violations or cybersecurity accidents	Cases	0	0	0	◉	◉	◉
			Total penalty or fines due to information security violations or cybersecurity accidents	KRW	0	0	0	◉	◉	◉
			Number of customers affected by data leakage	Persons	0	0	0	◉	◉	◉

1) Reporting scope: ◉ : SK shieldus or ADT Caps+Infosec • : ADT Caps ○ : Infosec

Governance Performance

SK shieldus
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Main category	Medium category Subcategory	Indicator	Unit	2021	2020	2019	Reporting scope[1]		
							2021	2020	2019
BOD structure and composition	Composition of the BOD	Number of the BOD members	Persons	7	7	3	◉	○	○
	Diversity of the BOD	Number of female directors	Persons	2	1	0	◉	○	○
		Ratio of female directors	%	29.0	14.0	0.0	◉	○	○
	Independence of the BOD	Number of non-executive directors	Persons	4	0	0	◉	○	○
		Ratio of non-executive directors	%	57.0	0.0	0.0	◉	○	○
BOD operation	BOD meetings	Number of the BOD meetings held	Times	20	11	5	◉	○	○
Stakeholder engagement	Frequency by stakeholder engagement type	Stakeholder engagement method and frequency by engagement type – employees	Times	6	6	6	◉	•	•
		Stakeholder engagement method and frequency by engagement type – customers	Times	8	8	8	◉	•	•
		Stakeholder engagement method and frequency by engagement type – shareholders & investors	Times	10	4	4	◉	•	•
		Stakeholder engagement method and frequency by engagement type – suppliers	Times	6	6	1	◉	•	•

1) Reporting scope: ◉ : SK shieldus or ADT Caps+Infosec   • : ADT Caps   ○ : Infosec

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Appendix

SK shieldus
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GRI

■ Universal Standards (GRI 100)

Code	Description	SK shieldus' response	Verification
102-1	Name of the organization	5pg	V
102-2	Activities, brands, products, and services	5-7pg	V
102-3	Location of headquarters	5pg	V
102-4	Location of operations	5pg	V
102-5	Ownership and legal form	5pg	V
102-6	Markets served	5, 51pg	V
102-7	Scale of the organization	5, 51pg	V
102-8	Information on employees and other workers	5, 51pg	V
102-9	Supply chain	30-31pg	V
102-10	Significant changes to the organization and its supply chain	8pg	V
102-11	Precautionary Principle or approach	47pg	V
102-13	Membership of associations	65pg	V
102-14	Statement from senior decision-maker	4pg	V
102-16	Values, principles, standards, and norms of behavior	5, 41pg	V
102-17	Mechanisms for advice and concerns about ethics	42pg	
102-18	Governance structure	40, 45pg	V
102-20	Executive-level responsibility for economic, environmental, and social topics	40pg	
102-22	Composition of the highest governance body and its committees	45-46pg	
102-23	Chair of the highest governance body	45pg	
102-30	Effectiveness of risk management processes	47pg	
102-32	Highest governance body's role in sustainability reporting	40, 45pg	
102-33	Communicating critical concerns	45pg	
102-34	Nature and total number of critical concerns	46pg	
102-40	List of stakeholder groups	48pg	V
102-41	Collective bargaining agreements	65pg	V
102-42	Identifying and selecting stakeholders	48pg	V

Code	Description	SK shieldus' response	Verification
102-43	Approach to stakeholder engagement	48pg	V
102-44	Key topics and concerns raised	49pg	V
102-45	Entities included in the consolidated financial statements	5pg	V
102-46	Defining report content and topic Boundaries	2pg	V
102-47	List of material topics	49pg	V
102-48	Restatements of information	No restatements due to the first report	V
102-49	Changes in reporting	No changes due to the first report	V
102-50	Reporting period	2pg	V
102-51	Date of most recent report	2pg	V
102-52	Reporting cycle	2pg	V
102-53	Contact point for questions regarding the report	2pg	V
102-54	Claims of reporting in accordance with the GRI Standards	2pg	V
102-55	GRI content index	59-60pg	V
102-56	External assurance	63-64pg	V
103-1	Explanation of the material topic and its Boundary	49pg	V
103-2	The management approach and its components	15, 20, 39pg	V
103-3	Evaluation of the management approach	None	V

GRI

■ Economic (GRI 200)

Code	Description	SK shieldus' response	Verification
201-01	Direct economic value generated and distributed	5, 51pg	

■ Environmental (GRI 300)

Code	Description	SK shieldus' response	Verification
302-1	Energy consumption within the organization	52pg	V
302-3	Energy intensity	52pg	V
305-1	Direct (Scope 1) GHG emissions	17, 52pg	V
305-2	Energy indirect (Scope 2) GHG emissions	17, 52pg	V
305-4	GHG emissions intensity	52pg	V

■ Social (GRI 400)

Code	Description	SK shieldus' response	Verification
401-1	New employee hires and employee turnover	55pg	V
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	36-37pg	V
401-3	Parental leave	37, 55pg	V
403-1	Occupational health and safety management system	32pg	V
403-2	Hazard identification, risk assessment, and incident investigation	33pg	V
403-3	Occupational health services	34pg	V
403-4	Worker participation, consultation, and communication on occupational health and safety	32, 56pg	V
403-5	Worker training on occupational health and safety	34, 56pg	V
403-6	Promotion of worker health	34pg	V
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	34pg	V
403-8	Workers covered by an occupational health and safety management system	33pg	V
403-9	Work-related injuries	56pg	V
403-10	Work-related ill health	56pg	V
404-1	Average hours of training per year per employee	53pg	V
404-3	Percentage of employees receiving regular performance and career development reviews	56pg	V
405-1	Diversity of governance bodies and employees	54, 57pg	
405-2	Ratio of basic salary and remuneration of women to men	55pg	
412-2	Employee training on human rights policies or procedures	53pg	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	56pg	

SASB

Software & IT Services

SASB Topic	Code	Category	Description	SK shieldus' response
Environmental Impact of Hardware Infrastructure	TC-SI-130a.1	Quantitative	Total energy emissions	52pg
Data Privacy & Freedom of Expression	TC-SI-220a.1	Qualitative	Description of policies and practices relating to behavioral advertising and user privacy	27-29, 56pg
	TC-SI-220a.3	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with user privacy	56pg
Data Security	TC-SI-230a.1	Quantitative	Number of data breaches	29, 56pg
	TC-SI-230a.1	Quantitative	Number of users harmed	56pg
	TC-SI-230a.2	Qualitative	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	28-29pg
Recruiting employees, managing employees, and inclusion	TC-SI-330a.3	Quantitative	Percentage of gender and racial/ethnic group representation for technical workers	54pg
	TC-SI-330a.3	Quantitative	Percentage of gender and racial/ethnic group representation for all other employees	54pg

**SK shieldus
2022 Sustainability Report**

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ESG Strategy ▼

Sustainable Fundamentals ▼

Factsheet ▼

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  GRI
  SASB
  UN SDGs-Related Activities
  Independent Assurance Statement
  Association Membership & Awards

UN SDGs-Related Activities

UN SDGs		Detailed activities	Page
Goal 3	Goal 3 Good health and well-being	- Active implementation of work-family balance systems such as parental leave and reduction of working hours during pregnancy and childcare - Designating 'Happy Comma Day' encouraging the use of leave for employees to have enough rest and time with family	37pg
Goal 4	Goal 4 Quality education	- Cultivation and recruitment of a total of 124 security experts through the 2nd session of the Digital-related Core Talent Training Course (cloud converged security, data security) of the Ministry of Employment and Labor - Offering of information security know-hows to around 50 students through industry-university cooperation with major universities including Seoul Women's University and recruitment of 10 of them as our employees in 2021 - Plan to hire 45 talents by operating a 6-month recruitment-linked program with the Korea Information Technology Research Institute (KITRI)	24, 35pg
Goal 5	Goal 5 Gender equality	- Two female directors (29%) out of all directors, and two females out of four non-executive directors in the BOD	45, 57pg
Goal 7	Goal 7 Affordable and clean energy	- Establishment of a plan to convert emergency dispatch vehicles and motorcycles into electric and hydrogen vehicles to reduce CO2 emission - SUMiTS FM contributes to energy saving by monitoring and remotely controlling heating, cooling, and lighting in buildings and by automatically switching to power saving mode when inactive. - Improvement of energy efficiency by optimizing machinery operation in buildings, installing LED lights, and automatically turning off lights - Promotion of conversion of business vehicles into electric vehicles since 2021 to reduce Scope 1 emissions and completion of converting 20 patrol cars and 15 motorcycles into electric vehicles	16-18pg
Goal 8	Goal 8 Decent work and economic growth	- Ratio of male to female base salary in 2021: 92.1%	55pg
Goal 10	Goal 10 Reduced inequalities	- Set the expansion of employment of the disabled and female talent and establishment of human rights guarantee procedures for foreign employees as a mid- to long-term task - Establishment of the hiring principle which does not discriminate against academic background, gender, physical condition, and social status to provide equal opportunities; and high employment rate of high school graduates and vocational college graduates shown by real statistics - Increasing the proportion of employees with disabilities by promoting the establishment of standard workplaces for the disabled.	35, 38, 54pg
Goal 11	Goal 11 Sustainable cities and communities	- 3R (Reduce, Reuse, Recycle) campaign execution that encourages separate waste disposal as well as the use of personal tumbler and recycled paper - Traffic guidance campaign once a week in time for school attendance by signing an agreement with an elementary school near the head office building	19, 22pg
Goal 12	Goal 12 Responsible consumption and production	- Efficient management of recovered equipment and materials from customers at the end of security service - Change of product packaging material to eco-friendly materials since 2018. In 2021, replacement of PE foam-based IP camera packaging material with air cells, and reduction of package volume and have waste disposal by applying NVR packaging material only to corner cover.	19pg
Goal 13	Goal 13 Climate action	- Declaration of Net Zero 2040 vision and GHG reduction goals and strategy in accordance with global climate change response	18pg
Goal 16	Goal 16 Peace, justice and strong institutions	- Hiring principle that does not discriminate against academic background, gender, physical condition, and social status to provide equal opportunities - Establishment of a practice guide that prohibits discriminatory treatment as an ethical behavior toward colleagues - Compliance check on subcontract transactions and security business related legal risks based on the compliance control criteria - Establishment of the compliance and ethics regulation stipulating anti-corruption, fair job performance, and prohibition of unfair purchasing practices. Distribution of ethical behavior guides for customers, the company, suppliers, colleagues, and daily life. Annual ethics and compliance training, and survey on ethical management - Receiving a consent form from suppliers on business ethics and transparent transaction, including no gift on national holidays and operation of a reporting center in case of receiving gifts	31, 35, 41-43pg

Independent Assurance Statement

To readers of SK shieldus sustainability Report 2022

Introduction

Korea Management Registrar (KMR) was commissioned by SK shieldus to conduct an independent assurance of its sustainability Report 2022 (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 the Core Options of the GRI standards 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
  ■ Universal standards
  ■ Topic specific standards
    - Management approach of Topic Specific Standards
    - GRI 302: Energy
    - GRI 305: Emissions
    - GRI 401: Employment
    - GRI 403: Occupational Health and Safety
    - GRI 404: Training and Education

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.

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 Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Independent Assurance Statement

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.

July 2022 Seoul, Korea

CEO *E. J Hwang*

Association Membership and Awards

Association Membership

No.	Content	Association	Date
1	Regular member of FIRST (first in Korea among private companies)	FIRST	May 10, 2005*
2	Regular member of CTA (first in Asia)	CTA	Jun. 13, 2017*
3	AWS Technology Partnership (Advanced)	AWS	Nov. 2019
4	AWS Consulting Partnership (Advanced)	AWS	Apr. 30, 2021
5	Microsoft's MPL (Managed Partner List)	Azure	Jan. 01, 2022

* As of the press release date

Awards

No.	Award	Awarded by	Date
1	Won the "First Brand Award" for 8 consecutive years	Korean Customer's Forum	2015 ~ 2022
2	Selected in the corporate social contribution sector of the "Korea Crime Prevention Award" four times (the only private security company)	Korean National Police Agency	2016 ~ 2018 / 2020
3	Won the President Prize for the best job creation in Korea	Ministry of Employment and Labor	Aug. 2019 / Jul. 2020
4	Won the 2021 AWS Technology Partner of the Year	AWS	May 12, 2021
5	Ranked 1st in the unmanned security service sector of KS-SQI (ADT Caps)	Korean Standards Association	Jul. 01, 2021
6	Won the Seoul Mayor's Citation in recognition of spreading the culture of sharing	Seoul Metropolitan Government	Dec. 03, 2021

Certification

No.	Certification	Certified by	Date
1	ISO/IEC27001: International Certification on Information security management system	BSI Korea	Jul. 27, 2018
2	ISO45001:2018: International Certification on Occupational health and safety management systems	LRQA Korea	Nov. 03, 2019
3	AWS Security Competency	AWS	May 21, 2020
4	ISMS-P (Personal Information & Information Security Management System)	Korea Internet & Security Agency	Jul. 29, 2020
5	Designated as a Information Security Service Provider for Information Infrastructure	Ministry of Science and ICT	Mar. 09, 2021
6	Designated as a Professional Security Control Company	Ministry of Science and ICT	Mar. 09, 2021
7	Designated as a Personal Information Impact Assessment Agency	Personal Information Protection Commission	Mar. 19, 2021