

Expanding Green Portfolio

In response to an increase in carbon emission costs and a growing demand for fundamental changes in business models in the energy/chemical business, we announced the Financial Story and established a corporate identity linked to Green Energy & Materials to support our transition to green business models.

To achieve this goal, we set our Carbon to Green strategy to facilitate the transition to green operation and expand green businesses such as batteries and materials, and selected 'Expanding Green Portfolio' as a priority task for GROWTH. We are committed to innovating our asset structure by focusing on green operation and managing the level of change as a quantitative indicator while sharing our progress with the market to boost our corporate reputation and values.

Definition of SK innovation's energy/chemical business and battery/material business

- Energy/chemical business (asset): Carbon-centered energy and hydrocarbon-related business (asset)
- Battery/material business (asset): Business (asset) that contribute to global carbon reduction, support the circular economy, and supply sustainable energy



SK on's 'Power On' booth displayed at 'InterBattery 2022', the largest secondary battery exhibition in Korea

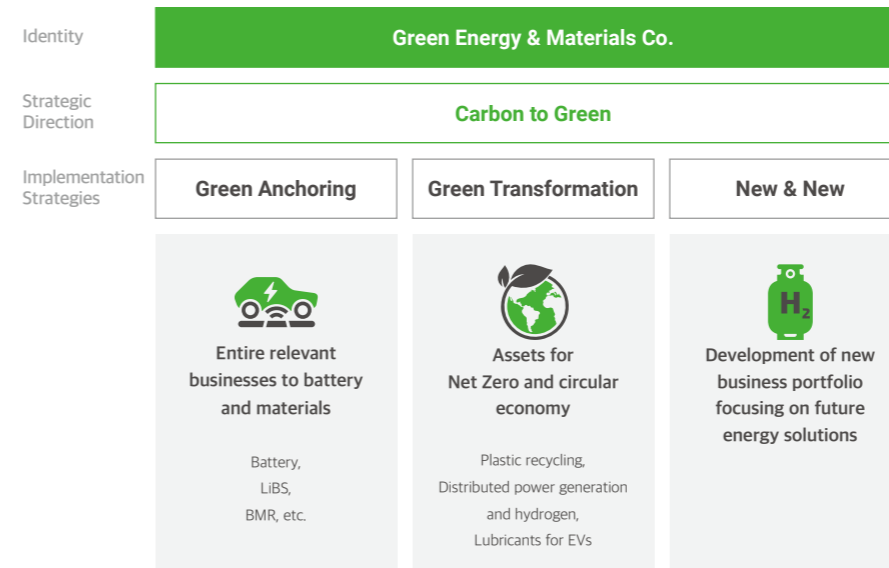
Priority Task Implementation Strategy (Mid/Long-term Strategy)

SK innovation established a Carbon to Green strategy to promote innovation and create green portfolio that contributes to global carbon reduction, as well as to support the circular economy. We are also committed to supplying sustainable energy and creating the corporate identity as a Green Energy & Materials company.

The Carbon to Green strategy will be implemented based on the strategies of 'Green Anchoring', 'Green Transformation' and 'New & New'. Using the EV battery as an 'anchor', we are promoting the expansion of green businesses with a focus on LiBS (Lithium-ion Battery Separator), battery materials, and BMR (Battery Metal Recycle) while increasing carbon-reducing products and promoting recycling as part of our efforts to support the circular economy in the existing energy/chemical business. At the same time, we will continue to explore opportunities to invest in the green energy supply business while continuously making necessary investments to maintain strong competitiveness in the hydrocarbon biz.

Based on this strategy, SK innovation plans to increase the proportion of battery/material assets to twice that of the existing energy/chemical assets by 2025.

Implementation of Financial Story



Alignment with UN SDGs



Goal for 2025



Increasing the ratio of the green assets against the hydrocarbon assets

Double the ratio




Action Plans for 2022

In 2022, SK innovation is committed to implementing the 'Carbon to Green' strategy based on our action plans. In the battery/material business, we continue our global investments with focus on North America, Europe, and China. Particularly in the BMR sector, we will validate the lithium recovery technology and make decisions on its investment to initiate the construction of commercial production plants within this year.

In the existing energy/chemical business, we will continue to work on developing and commercializing plastic recycling technologies while creating new business models to expand green energy solutions and mobility based on our gas station networks. In response to the growing demand for energy transition, we are going to secure new technologies and support their commercialization.

We expect the scale of green assets to reach the same level as energy/chemical assets by 2022.

2022 Action Strategies

 Green Anchoring Making timely investment in the batteries and LIBS businesses and creating values in BMR.	 Green Transformation Facilitating transition to green business models through plastic recycling and expansion of fuel cell business.	 New & New Securing technologies for decarbonization and supporting commercialization to form partnerships.
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Progress in 2021

SK innovation announced the 'Carbon to Green' strategy for implementing the Financial Story in line with stakeholders' expectations and our prospects for change in 2021. We've made notable progress, creating strategic outcomes in the areas of Green Anchoring and Green Transformation.

Green Anchoring

We have expanded battery production facilities in the US, Europe, and China in order to increase our local battery orders. To this end, we are working with the global automaker Ford to secure EV batteries. We also promote the expansion of local LIBS and CCS (Ceramic Coated Separator) production facilities in response to the growing demand in Europe and China, which are considered to be the top three global EV markets along with the United States. With the battery/material business as an anchor, we have completed the BMR demo plant to promote the expansion of our business areas.

Green Transformation

In 2021, we made an equity investment to secure a source technology for plastic recycling as part of our efforts to solve problems with plastic waste and carbon emission in the energy/chemical business. To this end, we made regulatory improvements to establish fuel cell infrastructure at the gas station, and developed new business models, forming a new foundation to support future changes. We are also making investments in improving the SHE level of our energy/chemical production facilities in operation, promoting transition to green business models and enhancing stability.

Comments from the Department in Charge

Under the market environment where institutional investors are increasing their demands towards a company for carbon emission reduction and international regulations are tightening, portfolio decarbonization is essential to ensure a company's sustainable growth. In order to preemptively respond to these changes in the business environment, SK innovation is seeking portfolio innovation through not only expanding battery/material business but also making the energy/chemical business green. In order to demonstrate transparency in disclosing its portfolio innovation performance and build consensus among its stakeholders, the company has newly introduced quantitative indicators that can objectively show its changes. SK innovation continuously manages the level of its portfolio decarbonization through the Carbon to Green ratio of its energy/chemical assets. By actively communicating its achievements with various stakeholders, we will be recognized as a true green energy & materials company.



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