SK hynix

Sustainability-Linked Financing Framework

December 2022

Contents

SK hynix Inc.

Sustainability-Linked Financing Framework

1. SK hynix Company Profile

SK hynix Inc. (“SK hynix”) is a semiconductor chipmaker, playing a key role in the ICT world of tomorrow. SK hynix joined the SK Group in 2012, and is now one of the Group’s leading affiliates and a sector representative from the Republic of Korea (“Korea”).

In 1984, SK hynix was Korea’s first to begin trial production of the 16Kb static random-access memory (“SRAM”), and since then SK hynix has leveraged its proprietary and technological expertise to grow into a top-tier provider of cutting-edge memory-based semiconductor solutions.

From the onset of the 4th Industrial Revolution, SK hynix aims to evolve from a memory-based semiconductor solutions provider to a top-tier global technology enterprise leading the advancement of the ICT industry.

With its global technology leadership, SK hynix aims to provide greater value to all stakeholders, including its customers, partner companies, investors, local communities, and employees. SK hynix is committed to becoming a solution provider, leading the global ICT ecosystem through paradigm-shifting hyper collaboration with its global partners.

We Do Technology
첨단기술의 중심, 더 나은 세상을 만듭니다

Purpose	The mission of SK hynix **Making a better world with all members of society by leading the tech-based IT ecosystem**
Values	The unique values upheld by all SK hynix members **Tenacity** **Advanced Tech.** **Prosperity Together**
Drivers	The reasons for which customers/society choose and support SK hynix **Leading Technology** **Trusted Partnership** **Shared Social Value**

Products and Services

SK hynix's product portfolio consists of memory semiconductor (including dynamic random access memory ("DRAM"), NAND Flash and etc.) and system semiconductor (CMOS Image Sensor, etc.). SK hynix's key customers are electronics companies in the global IT, mobile, and computing sectors. Going forward, SK hynix will make strategic investments to strengthen its core infrastructure, shaping SK hynix around the twin pillars of DRAMs and NAND flash devices.

2. SK hynix's veritable ESG commitment

2.1 Management Philosophy - Double Bottom Line

SK hynix strives for a sustainable future by embracing a balanced value system that prioritizes both economic value ("EV") and social value ("SV"). The Double Bottom Line ("DBL") management philosophy is a core business strategy and principle for SK hynix to prepare for future uncertainties by continually creating happiness for all stakeholders and to keep surviving and developing.

Figure 1: SK hynix's management philosophy – Double Bottom Line

2.2 PRISM Framework and 2030 Goals

In 2021, SK hynix announced "SV 2030", a mid- to long-term roadmap for social value creation based on the DBL management philosophy, with goals to be achieved by 2030 in four areas: environment, shared growth, social safety net, and corporate culture.

Going one step further, in 2022, SK hynix developed "PRISM", an ESG strategy framework that encompasses all of the existing SV 2030 goals while also broadly incorporating new ESG-related demands of stakeholders. PRISM is a five-letter abbreviation that represents the core messages that SK hynix strives to convey.

Figure 2: PRISM structure of SK hynix

Pillars	Detailed 2030 Goals for each of PRISM's five pillars (Base year: 2020)	
Pursue	Our Value to Society	Generate social contribution value of KRW 1 trillion (cumulative)
		Create 1,000 jobs for people with disabilities or low-income households*
		Promote participation of 100,000 people in the global ICT talent fostering program (cumulative)*
		Help 100,000 people from underserved communities by conducting social contribution activities with cutting-edge technology (cumulative)*
		Serve 12,000 people through meal sharing program (cumulative)*
	Robust Governance	Increase gender/nationality diversity of the Board to 30%
	Safety & Health at Work	Reduce the integrated incident rates by 10%* (Base year : 2021)
		Lower the prevalence rate of metabolic syndrome by 10%* (Base year : 2021)
Restore	Climate Action	Maintain scope 1 and 2 greenhouse gas ("GHG") emissions at 2020 levels [1]
		Reduce GHG emissions intensity by 57% (by 2026)
		Create energy savings of 3000 GWh (cumulative)
		Achieve 33% renewable electricity use
	Water Stewardship	Conserve 600 million tons of water (cumulative)
		Reduce water withdrawal intensity by 35% (by 2026)
	Circular Economy	Receive of ZWTL Gold (99%) certification

Innovate	Climate Action	Reduce GHG emissions from process gases by 40%
		Improve the destruction and removal efficiency of abatement systems to 95%
	Green Technology	Double HBM energy efficiency
		Increase eSSD energy efficiency by 1.8 times
Synchronize	Climate Action	Ensure 100% of new suppliers sign SK hynix Supplier Code of Conduct
		Ensure 100% of tier1 suppliers complete online ESG self-assessment (every two years)
		Ensure 100% of high-risk/critical suppliers receive on-site ESG assessment (every two years)
		Triple the number of responsibly sourced minerals (from 3TG minerals to 12 minerals)
	Shared Growth	Invest KRW 3 trillion in technological cooperation to promote shared growth (cumulative)
Motivate	Inclusive Workplace	Triple the ratio of women in executive positions
		Ensure 10% representation of women in team leader positions*
	Empowering People	Achieve 200 hours of annual self-development education per employee*

Note* - Figures from domestic sites

Note[1] - GHG emissions from the Dalian fabrication plant that SK hynix acquired in December 2021 and Key Foundry that SK hynix acquired in 3Q2022 after its acquisition contract signed in 2021 are not reflected in the target. The GHG emissions will be announced later after a separate detailed analysis

2.3 SK hynix's 2050 Net Zero Vision

SK hynix recognizes the significant impacts climate change has on the global environment and humanity, and has continued to make efforts to help solving those problems. In 2021, SK hynix announced a goal to achieve net zero emissions by 2050 as part of a company-wide vision to address climate change.

By making all-out efforts to reduce GHG emissions continuously, SK hynix seek to further solidify its position as an eco-conscious semiconductor company by maintaining Scope 1 and 2 absolute GHG emissions[1] in 2030 at 2020 levels.

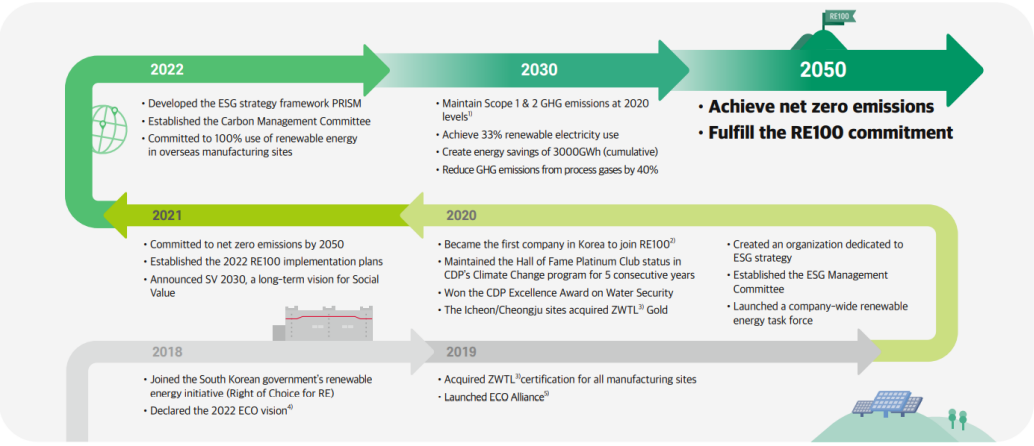


Figure 3: Climate action timeline of SK hynix

2.3.1 Reduction of GHG Emissions in the Manufacturing Processes

In semiconductor manufacturing, a variety of chemicals and gases are used during process such as wafer etching, chamber cleaning, which contribute to the company's Scope 1 GHG emissions. Carbon dioxide ("CO_2") is the most well-known GHG, but there are additional types of GHGs including methane ("CH_4"), nitrous oxide ("N_2O") and fluorinated gases ("F-gases"). These F-gases including hydrofluorocarbons ("HFC"), perfluorocarbons ("PFCs"), and sulfur hexafluoride ("SF_6"), have high global warming potential ("GWP"). For instance, the GWP of PFCs is thousands to tens of thousands of times that of carbon dioxide and some substances have a lifetime in the atmosphere of 50,000 years.

SK hynix has set a goal to reduce GHG emissions from process gases by 40% by 2030. The proportion of Scope 1 out of total emissions (Scope 1 and Scope 2) has maintained at yet mid-30% levels, with a record of 34% in 2021 and 36% in 2020. This was feasible due to the reduction in the use of process gases with GWP or development of alternative gases and improvement in scrubbers.

[1] Scope 1 Direct GHG emissions refer to the direct GHG emissions occur from sources that are owned or controlled by the company, and Scope 2 Electricity indirect GHG emissions refer to the GHG emissions from the generation of purchased electricity consumed by the company.

Developing alternative gases

SK hynix has calculated GHG emissions by the types of process gas and established a reduction plan focused on gases with the highest emissions. Specifically, SK hynix is working to replace nitrogen triflouride ("NF_3") gas currently used in the dry cleaning process with fluorine ("F_2") gas which emits no greenhouse gases. Furthermore, SK hynix is ongoing technological research to develop alternative gases for various processes.

Improving scrubbers

SK hynix has developed a range of technologies in order to increase the scrubber's process gas treatment efficiency to 95% by 2030.

SK hynix is disassembling the process gases through a three-step treatment procedure which involves the point of use ("POU") scrubber, middle wet scrubber, and main wet scrubber.[1] Among them, the POU scrubber is a very important device that is correctly connected to manufacturing equipment to process more than 90% of the total process gases. To maintain constant processing efficiency, performance tests are periodically conducted through a Fourier transform infrared spectroscopy ("FT-IR"). However, it was difficult to obtain an accurate result of the process gas concentration due to the dilution caused by the air introduced inside the POU scrubber chamber. To solve this, SK hynix has developed a measurement technology that uses measurement equipment called quadruple mass spectrometer ("QMS") which detects the air dilution effect inside the POU scrubber, doubling the reduction rate of process gas emissions by PFC gas compared to 2015.

Along with this, a technology to remove nitrogen oxides ("NOx"), which is one of the by-products of the POU scrubber and also one of the causes of fine dust has been developed. The De-NOx system which boasts a high NOx removal rate of more than 90% is expected to be expanded and installed at Icheon Campus. The introduction of the QMS and the De-NOx system is expected to play a role in treating GHG and NOx generated, allowing SK hynix to operate in a low-carbon manufacturing system.

[1] SK hynix Responds to the Climate Crisis
https://news.skhynix.com/sk-hynix-responds-to-the-climate-crisis-a-step-forward-achieving-carbon-net-zero/

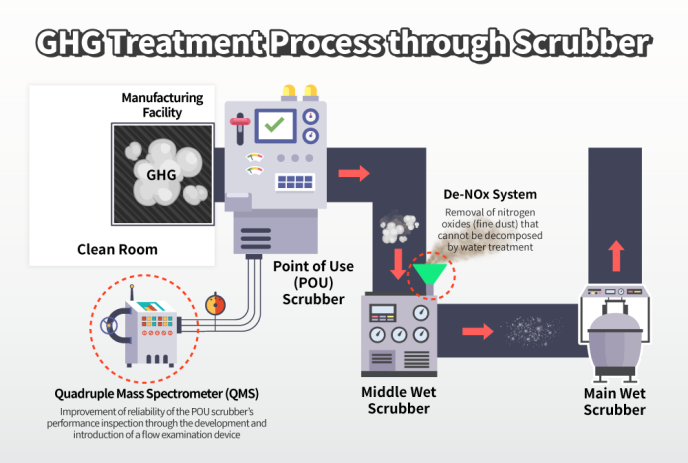


Figure 4: GHG & fine dust treatment process through SK hynix's scrubber

2.3.2 The RE100 Implementation Plan

Recognizing the climate emergency around the world and the importance of transitioning from fossil fuels to renewable sources of electricity, SK hynix signed on to become the first Korean company to join "RE 100 (Renewable Energy 100%)" initiative in 2020, and pledge to realize 100 percent renewable energy goal by 2050.

The scope of SK hynix's RE100 implementation covers its production in Korea (Icheon and Cheongju sites), China (Wuxi and Chongqing sites) as well as the US subsidiary (San Jose). In 2021, the US subsidiary has already made full transition to renewable energy. As an interim goal, global operations will procure 33% of its energy from renewables by 2030 through Green Premium program, renewable energy certificates ("RECs"), power purchase agreements and etc. The effort will continue in order to achieve 100% renewable energy by 2050.

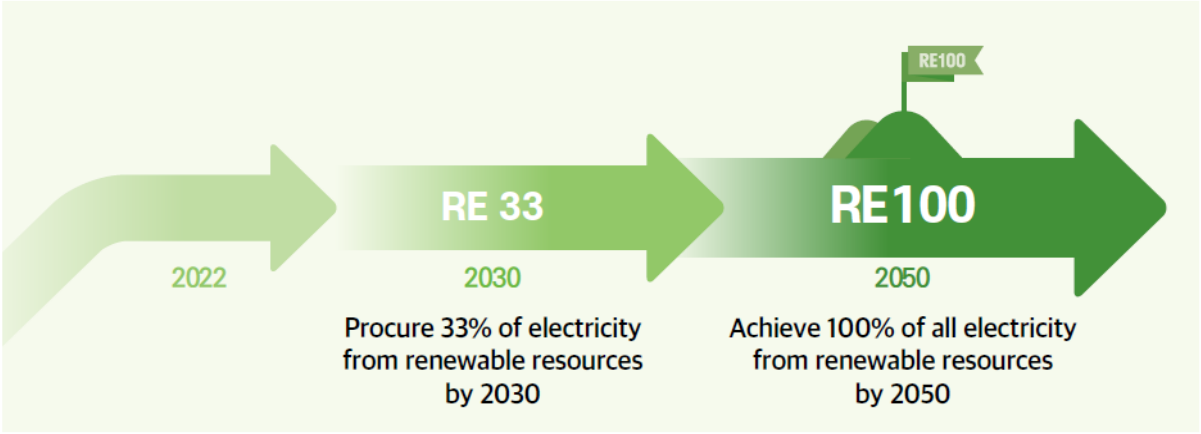


Figure 5: SK hynix's mid and long-term goal for transitioning to renewable energy

2.3.3 Improving Scope 3 Emissions Disclosure

SK hynix considers emissions not only in its operations but also across the value chain beyond its direct control. SK hynix has voluntarily disclosed information on several Scope 3 emissions categories such as overseas transportation (import and export) and waste disposal. One step further, in 2021, SK hynix estimated the "emissions generated from sourcing raw materials ("category 1")," which are likely to be considered significant in the upstream value chain, by collecting data on the mass of raw materials and utilizing the relevant secondary cradle-to gate emission factors. By committing to transparently disclosure the GHG emissions information, SK hynix will continue to improve the level of disclosure on Scope 3 emissions by expanding the number of assessed categories and refining calculation methods.

2.3.4 Publishing the First stand-alone TCFD Report

SK hynix recognizes the severity of the impact that climate change is having on the earth's environment and humanity, and are working continuously to help resolve the pending problems.

In 2022, SK hynix applied various scenarios to analyze the impact of climate change risk on the company, and published the first TCFD Report, which covers its efforts and plans with respect to addressing climate risks.

Going forward SK hynix will become more precise in the analysis of the climate change risk impact, and the findings will be reflected in its mid-or long-term business strategies. The climate change risk management system will be continuously upgraded, and the entire process will be disclosed transparently and accurately through its TCFD Report.

2.4 Responsible Mineral Sourcing

Based on the OECD's Due Diligence Guidance, SK hynix adheres to responsible mineral management and examines the suppliers' use of responsible minerals twice a year, and immediately addresses any identified risks that are found.

SK hynix has achieved 100% Responsible Minerals Assurance Process ("RMAP") certification for the 3TG minerals (Tin, Tantalum, Tungsten, and Gold). Additionally, as supplier who procure raw materials are required to sign a "Declaration of compliance of Supplier's Code of Conduct and responsible mineral use" promising not to purchase minerals from conflict and high-risk regions, SK hynix remains informed about its mineral supply chains.

The Mineral Council was established to monitor changes in both domestic and international mineral regulatory trends, update the company's Responsible Mineral Policy and manage its raw material suppliers accordingly.

2.5 Water Stewardship

As managing water resources is one of the most important natural resources used in the semiconductor industry, SK hynix aims to save 600 million tons of water cumulatively by 2030 and reduce water withdrawal intensity by 35% by 2026 compared to 2020.

Semiconductor manufacturing contains water-intensive process such as cleaning steps. In light of this, SK hynix developed a “water-free scrubber” in 2018 and has continued to expand its application while actively reducing water consumption by optimizing the operating conditions of existing scrubbers.

SK hynix is actively working to reduce water consumption as well as increase water reuse by installing additional waste reuse systems at the Icheon plant. SK hynix has started to use a cooling water drainage reuse system, which recycles water used in the cooling tower and supplies it back to the main wet scrubber. In addition, by expanding the reuse capacity through the reuse of condensate water from outdoor air control, increasing the reuse of low-concentration wastewater, and improving the efficiency of existing facilities, SK hynix reused about 47.5 million tons of water in 2021.

Figure 6: Wastewater Recycling System & Cooling Tower Reuse System of SK hynix

2.6 ESG Governance

In 2021, SK hynix has established an ESG Management Committee, comprised of the CEO and other key senior executives, to convene regularly on major ESG issues and reflect those issues in the management strategy.

In 2022, the Carbon Management Committee was also established under the ESG Management Committee to lead the effort to reduce GHG emissions and incorporate them into the management strategies. The Carbon Management Committee is responsible for setting GHG reduction targets, reducing energy consumption, and procuring renewable energy. In addition, SK hynix operates the Climate Change Roundtable to systematically analyze risks and opportunities associated with climate change and their financial impact.

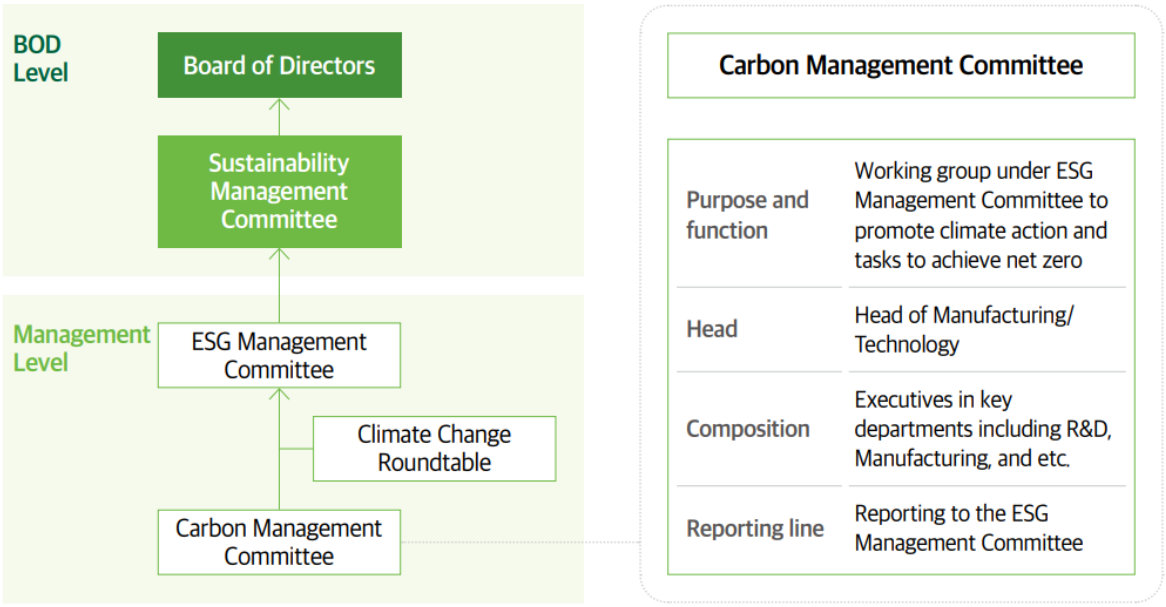


Figure 7: SK hynix's climate change governance

3. Scope of the Sustainability-Linked Financing Framework

By setting up this Sustainability-Linked Financing Framework ("Framework"), SK hynix intends to link a part of its funding exercise with key sustainability objective(s) that are material to its long-term ESG strategy and sustainability performance.

The Framework is developed to be aligned with the Sustainability-Linked Bond Principles ("SLBP") published in June 2020 by the International Capital Market Association ("ICMA") and the Sustainability-Linked Loan Principles ("SLLP") 2021. The Framework will apply to Sustainability-Linked Financial Instruments (including Sustainability-Linked Bonds and Sustainability-Linked Loans).

The transaction documentations for each Sustainability-Linked Financial Instrument will provide a reference to this Framework as applicable. The purpose of the Sustainability-Linked Financing Framework is to define the KPI, SPT, financial characteristics, disclosure and verification commitments related to its sustainability-linked financing.

4. Alignment with the Sustainability-Linked Bond and Sustainability-Linked Loan Principles

The Sustainability-Linked Financial Instruments issued under this Framework will be aligned to the SLBP or SLLP's five key pillars, including:

1. Selection of Key Performance Indicator ("KPI")
2. Calibration of Sustainability Performance Target ("SPT")
3. Financial Characteristics
4. Reporting
5. Verification

4.1 Selection of KPI

SK hynix has selected the following KPI which it considers as core, relevant, and material to its business operations and its long-term strategic commitment towards achieving net zero by 2050.

Future updates of this Framework may incorporate additional KPIs related to new supplementary sustainability priorities.

KPI: Scope 1 & 2 GHG emissions intensity per unit of production (tCO2eq/100 million gigabits)

Methodology

The methodology used in connection with the Scope 1 and Scope 2 GHG emissions is based on the definitions in the WBCSD/WRI GHG Protocol Chapter 4 "Setting Operational Boundaries[1]".

SK hynix's Scope 1 GHG emissions (referred to as direct emissions resulting from operations) are associated with sources that are owned or controlled by SK hynix, will include but not limited to the consumption of fuels and process gases used in the semiconductor manufacturing process.

SK hynix's Scope 2 GHG emissions (also referred to as indirect emissions) are associated with the consumption of imported/ purchased electricity, heat or steam for its direct operations.

The unit of production used is the annual amount of bit of semiconductor memory produced by SK hynix.

Relevant, core and material to SK hynix's business

"Climate change & GHG emissions" is the No. 1 ESG topic for SK hynix according to its materiality analysis, and a topic of high priority for its shareholders, stakeholders and regulators. The majority of GHG emissions of a semiconductor manufacturer fall into Scope 1 or Scope 2 emissions. In 2021, Scope 1 emissions accounted for approximately 24% of SK hynix's total GHG emissions while Scope 2 emissions accounted for approximately 45%. In which, the proportion of Scope 1 out of Scope 1 plus Scope 2 emissions is maintained low at mid-30%.

The scope of this KPI currently covers all business sites (Icheon, Cheongju, Bundang) in Korea and manufacturing sites in China (Wuxi, Chongqing)[2]. Please note GHG emissions from recently acquired manufacturing sites such as the Dalian Fab that acquired in December 2021 and Key Foundry that acquired in 3Q2022 are not currently included in the scope.

[1] A Corporate Accounting and Reporting Standard
https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf
[2] GHG emissions from the Dalian fabrication plant newly acquired in December 2021 has not been reflected in the targets

4.2 Calibration of Sustainability Performance Target ("SPT")

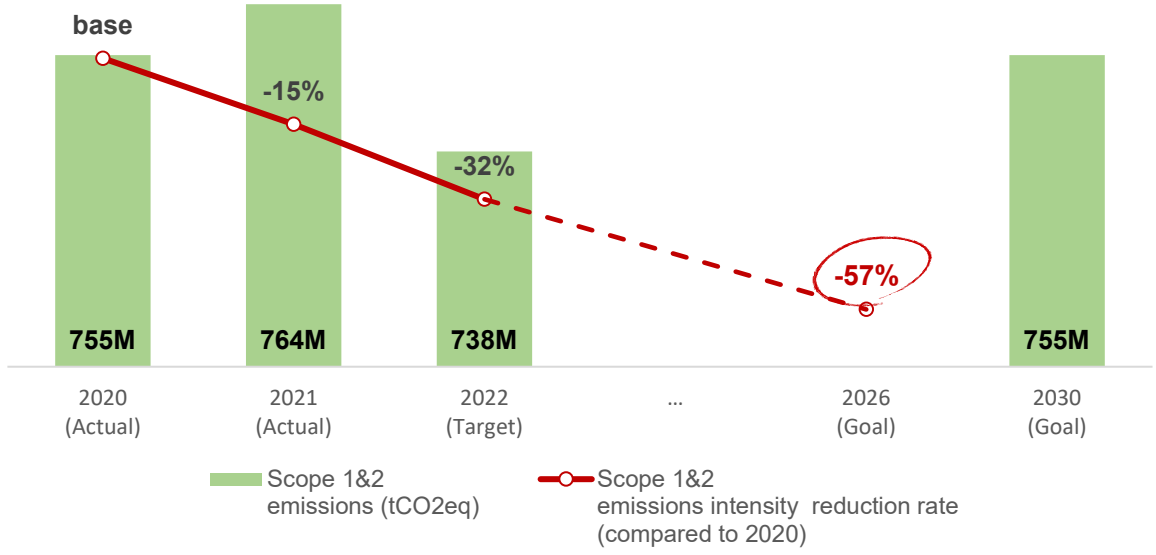
Rationale of Target-Setting

SK hynix has consistently pushed the boundaries for low-carbon production and its GHG emissions intensity has been decreasing despite a growing production demand from the market. The interim goal set in 2020 of achieving a 40% reduction of GHG emissions intensity relative to the 2016 BAU baseline (29.7 tCO2eq/KRW 100 million) by 2022, was achieved in 2021 (17.8 tCO2eq/KRW 100 million), one year ahead of the schedule.

SK hynix initiates to set new and ambitious mid-term target by 2030 of maintaining the absolute GHG emissions at 2020 levels and reducing the GHG emissions intensity (tCO2eq/100 million gigabits) by 57% by 2026 relative to the 2020 baseline, and opine on 2022-2030 annual absolute GHG emissions trend.

Based on current absolute and intensity-based GHG emission reduction commitments, the absolute GHG emissions are projected to gradually slowing its growth to reach its peak around 2025 and maintain absolute emission at 2020 levels by 2030.

SPT: Greenhouse gas emissions
By 2026, reduce direct (Scope 1) and indirect (Scope 2) GHG emissions intensity by at least 57% compared to a 2020 baseline under the commitment that absolute emission of 2030 is maintained as same as the level of 2020. **Baseline**: 9,552 tCO_2eq per unit of production (100 million Gb) in year 2020 **SPT Observation Date**: December 31st, 2026 (using FY2026 GHG emission performance)



Strategy to achieve the SPT

SK hynix has committed to faithfully implement robust climate change response measures based on solid climate change governance, as well as reflecting the impact of climate-related risks and opportunities in its long-term management strategies to achieve its goals.

As part of this effort, SK hynix established the Carbon Management Committee under the ESG Management Committee in 2022, and set specific mid-term goals and action plans which are published in its TCFD Report[1].

Although its production is expected to continue to expand with the operation of the Yongin cluster, SK hynix will continue to strive to cut Scope 1 and Scope 2 GHG emissions through the various interim targets and activities which are summarized as follows:

1. **Transitioning to renewable energy**. In 2020, SK hynix became the first memory chip maker to join the RE100 initiative with the aim to run its operations with 100% renewable electricity by 2050. As a first step toward achieving this goal, SK hynix plans to achieve 100% renewable energy at overseas facilities by the end of 2022, and source 33% of its total global electricity use from renewables by 2030.

2. **Reducing process-gas related GHG emissions in manufacturing process.** SK hynix has set goals to reduce GHG emissions from process gases such as F-gases by 40% by 2030 relative to 2020.

   SK hynix will promote the use of alternative gases with lower global warming potential (e.g. to consider using F2 to replace NF3 in the dry cleaning process), and to reduce the use of process gases in the manufacturing process, while continue to improve its abatement systems that treat fluorinated gases.

   SK hynix is reviewing intensive investment in NOx reduction equipment for existing fabrication facilities that emit relatively high GHG and NOx due to aging equipment, as well as seeking to reduce the power required for the operation of scrubbers by adjusting power consumption according to the required flow rate.

   SK hynix is researching on low-temperature catalytic scrubbers that are highly efficient even at low temperatures, and other low-power scrubbers that use reaction gases. SK hynix strives to develop a range of technologies to increase the scrubber's destruction and removal treatment efficiency from the current 90% (performance measured at domestic sites as of the first half of 2022) to 95% by 2030 across global sites.

[1] SK hynix TCFD Report 2022 https://mis-prod-koce-homepage-cdn-01-blob-ep.azureedge.net/web/attach/12180214829332015.pdf

3. **Improving overall energy efficiency and energy conservation.** A dedicated energy conservation taskforce was set up to actively discover and carry out energy-saving items. The taskforce sets specific targets to save energy across the company, secures the capital investment needed to improve energy efficiency, supervises the ISO 50001 standard, and raises awareness of the need for energy-saving activities from employees.

Level of ambition

SPT can be regarded as ambitious as SK hynix seeks to reduce the Scope 1 and Scope 2 GHG emissions intensity by at least 57% by 2026 while maintaining the absolute GHG emissions in 2030 at 2020 levels. This ambitions requires measures that go "beyond business as usual" as semiconductor companies are in need of continuous expansion in facilities and production to meet surging demand.

The global semiconductor market size was USD 527.88 billion in 2021 and the growth of the semiconductor market is attributed to the increasing consumption of consumer electronics devices across the globe. Additionally, the emergence of artificial intelligence (AI), the Internet of Things (IoT), and machine learning (ML) technologies is providing new opportunities of market development, and these technologies aid memory chips in processing large amounts of data in less time. Moreover, the increasing demand for faster and advanced memory chips in industrial applications will continue to drive future market growth.

Although the uncertainty in the global markets has steadily grown, the demand is increasing for products that are innovative and distinctive. Memory devices are expected to drive the overall market growth due to ongoing technological advancements and their integration in end-user devices. SK hynix has continued to deliver next-generation semiconductors such as new DRAM and NAND structures that operate faster and have greater capacities, new memory forms such as phase-charge memory, magnetic random access memory that break through existing limitations and new materials that have not been used by other semiconductor makers.

SK hynix's key customers are electronic companies in global networking and communication segment and data processing application segment. The networking and communication segment is projected to grow at a significant CAGR with the increasing demand for smartphones and smart devices worldwide. The necessity of working from home is notably rising across developed and developing economies, thus enhancing the demand across this segment. While for the data processing application segment, it holds a considerable semiconductor market share owing to the strong need and sales of smartphones and other connected devices, accelerating the demand for memory and storage semiconductors.

Although SK hynix's facilities and production are expected to continue to expand, SK hynix is dedicated to cut emissions through various activities such as using lower-GWP alternatives in process gases so as to reduce the GHG emissions intensity by 57% by 2026 while maintaining the absolute GHG emissions in 2030 at 2020 level.

Risks to achievement of the targets

- Macroeconomics considerations that might lead SK hynix to focus investments in other projects or delay projects timelines
- Extreme events, such as pandemics and natural disasters
- Equipment failure, unexpected shutdowns, among other operational factors
- Changes in regulations and normative uncertainty

4.3 Financial Characteristics

Depending on SK hynix's performance in relation to the applicable SPT as per the SPT Observation Date, the financial characteristics of the Sustainability-Linked Financial Instrument will change ("Trigger Event"). The Trigger Event may result in bond coupon or loan interest rate step-up and/or step-down.

Such adjustment mechanism, including but not limited the Trigger Event date, the reporting and verification reporting date(s), and the extent of the potential pricing adjustment, will be stipulated on the bond or loan transaction documentation, in addition to referencing this Framework.

The KPI and SPT set out in this Framework will remain applicable throughout the tenor of any security issued under the Framework. However, the SPT, including its baseline, may be recalculated in good faith by SK hynix in case of a Recalculation Event ("Recalculation Event"), provided that an external verifier has independently confirmed that the proposed revision is consistent with the initial level of ambition of the relevant Sustainability Performance Target taking into account the Recalculation Event.

Recalculation Event means any exceptional events which could substantially impact the calculation of the KPI and the restatement of the SPT, occur between the issuance date of the Sustainability-Linked Financial Instrument(s) and the SPT Observation Date of KPI, including:

- in SK hynix's perimeters (due to an acquisition, a merger or a demerger or other restructuring), an amalgamation, a consolidation or other form of reorganisation with similar effect, a spin-off, a disposal or a sale of assets; and/or
- a material change of market practice and/or relevant market standards, which, individually or in aggregate, has a significant impact on the SPT or KPI baseline.

In addition, SK hynix is committed to reviewing the SPT and consider more ambitious adjustment in the case of over-achievement during the tenor of the instrument.

4.4 Reporting

For Sustainability-Linked Bonds:

To ensure investors and other stakeholders to have updated and adequate information about SK hynix's sustainability strategy and the progress on the SPT in relation to the respective KPIs, the progress of each SPT will be included in SK hynix's publicly available Sustainability Report, published on SK hynix's webpage mid-year on an annual basis.

The annual reporting will form the basis for evaluating the impact on respective Sustainability-Linked Financial Instruments' characteristics as outlined in Section 4.3 as well as in the respective transaction documentations. The reporting will include following:

- A list of Sustainability-Linked Financial Instruments outstanding;
- The annual performance of the KPI, as per the relevant reporting period and when applicable, including the calculation methodology and baselines when relevant;
- For the year(s) of SPT Observation Date fall on, a statement to confirm if SK hynix has achieved or not the SPT;
- Information on any relevant updates to SK hynix's sustainability strategy and/or governance with an impact on the KPI and SPT; and
- Information about potential recalculations of baselines, if any.

Furthermore, SK hynix intends, where feasible and possible, to report on the following:

- Qualitative and/or quantitative explanations of the evolution of the performance on the KPIs on an annual basis.
- Illustration of the positive sustainability benefits of the performance improvement.

For Sustainability-Linked Loans:

SK hynix may opt to report non-publicly to lenders or other relevant counterparties, according to the relevant agreement.

4.5 Verification

SK hynix will obtain Second Party Opinion to this Framework assessing the relevance, robustness, reliability and ambition level of the selected KPIs and SPT, and confirming its alignment with the five core components of the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles.

SK hynix will seek independent and external verification of its performance of its KPI against the SPT on an annual basis or in relation to any SPT Observation Date until the maturity of the Sustainability-Linked Financial Instrument(s). The verification will be performed by a qualified external reviewer with relevant expertise, such as an auditor or an environmental consultant.

The Framework and the Second Party Opinion will be publicly available on SK hynix's website together with the annual reporting and verification. For Sustainability-Linked Loans, the external review reports will be disclosed publicly depending on the agreement of the participating institutions.