

SK hynix 2023 SLB Progress Report





Introduction

On 10 January 2023, SK hynix issued a USD 1.0bn 5-year sustainability-linked tranche as part of its USD 2.5bn triple-tranche Senior Unsecured bond issuance.

According to the SK hynix Sustainability-linked Financing Framework, SK hynix is committed to provide a report annually to include information including but not limited to:

- 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.

This report provides an update on SK hynix's Sustainability-linked issuances as of 12 October 2023.



Sustainability-Linked Bond Details

Issuer	SK hynix Inc.
Issue ratings	Baa2 (Moody's) / BBB- (S&P)
Instrument	Senior Unsecured, Sustainability-Linked Bond
Pricing date	10 January 2023
Size	USD 1.0 billion
Coupon	6.375%
Maturity	17 January 2028
KPI	Scope 1 & 2 Greenhouse Gas emissions intensity per unit of production
Exp. Verification Date	Before or on 28 June 2027
Coupon Reset Date	17 July 2027
Trigger Event	Failure to achieve the Sustainability Performance Target on or before the Target Observation Date

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.

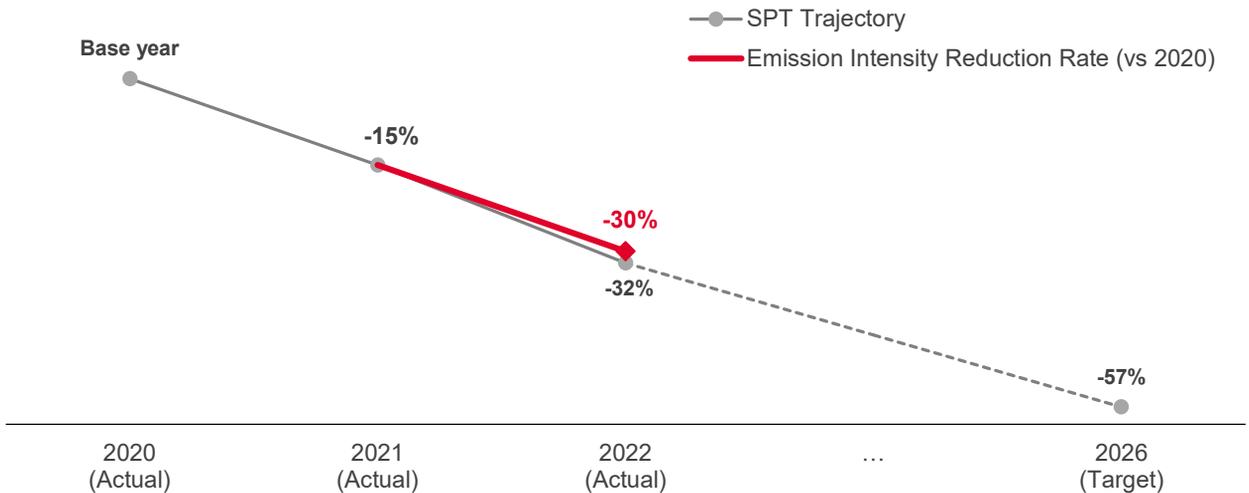
Baseline* : 9,552 tCO₂eq per unit of production (100 million Gb eq) in year 2020

SPT Observation Date: 31 December 2026 (using FY2026 GHG emission performance)

* Upon further review and recalculation, the baseline greenhouse gas emission in 2020 is determined to be 9,555tCO₂eq per unit of production (100 million Gb eq). However, SK hynix has chosen to retain the initially published baseline of 9,552tCO₂eq per unit of production (100 million Gb eq) for evaluation of SPT, considering it represents a more conservative approach.

In 2022, SK hynix achieved 30% reduction of GHG emission intensity compared to the base year of 2020

< Scope 1&2 Emissions Intensity Reduction Rate >



Annual Performance of KPI

Baseline Year (2020) Performance	Scope 1+2 GHG Emission (tCO₂eq)	7,548,328
	GHG Emission Intensity (tCO₂eq / 100 million Gb eq)	9,552
Reporting Year (2022) Performance*	Scope 1+2 GHG Emission (tCO₂eq)	7,173,550
	GHG Emission Intensity (tCO₂eq / 100 million Gb eq)	6,660 (equivalent to ~30% decrease compare to baseline year)

* Reporting year data extracted from SK hynix Sustainability Report 2023 published on 4 August 2023, with reporting period span from 1 January 2022 to 31 December 2022.

Methodology and Definition

Scope 1+2 GHG Emission	Scope 1+2 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"
	Scope 1 GHG Emission	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
	Scope 2 GHG Emission	Indirect emissions, are associated with the consumption of imported/purchased electricity, heat or steam for its direct operations
Unit of Production		Annual amount of bit of semiconductor memory produced by SK hynix, in 100 million Gb eq