

# SK On partners with Posco Holdings to secure lithium for EV batteries

27-Feb-2026 14:02 GMT

IHS Markit  
**S&P Global**  
Supply Chain and Technology, Automotive

## SK On diversifies its supply chain by procuring lithium from Posco Argentina for EV and energy storage projects, addressing geopolitical risks

SK On has signed a supply agreement with Posco Holdings to procure up to 25,000 metric tons of lithium, aiming to diversify its battery raw materials supply chain away from mainland China. Key executives, including Park Jong-jin, head of Strategic Procurement at SK On, and Lee Jae-young, head of the Energy Materials Business division at Posco Holdings, attended the signing event in Seoul, South Korea.



Source: Getty image/ Viola08

The lithium will be sourced from Posco Argentina's salt lake operations in the Hombre Muerto region, enough to produce batteries for about 400,000 electric vehicles. This supply will support SK On's EV battery projects in Europe and North America, regions increasingly requiring raw materials sourced outside mainland China. The company is also considering the use of lithium for energy storage systems and battery recycling.

Lithium, crucial for cathode materials, significantly influences battery cost competitiveness, with cathodes accounting for about 40% of battery production costs. Currently, lithium processing capacity is predominantly situated in mainland China.

North America and Europe, significant EV markets, are promoting policies to diversify supply chains to reduce reliance. The US offers EV tax credits favoring sourcing from the US or free trade agreement partners, while the EU is implementing regulations to minimize dependence on single-country suppliers.

By collaborating with Posco, SK On aims to improve its sourcing capabilities and respond to fluctuations in the global raw materials market. Park emphasized that the agreement is part of SK On's strategy to strengthen its mid- to long-term raw material stability and enhance sourcing competitiveness. SK On is also looking to expand its raw material capabilities beyond EVs to include the energy storage system sector.

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## CONTACTS

### The Americas

+1 877 863 1306

### Europe, Middle East & Africa

+44 20 7176 1234

### Asia-Pacific

+852 2533 3565

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