

Human Rights Management

ESG
Performance
Report 2021



Human Rights Policies and System

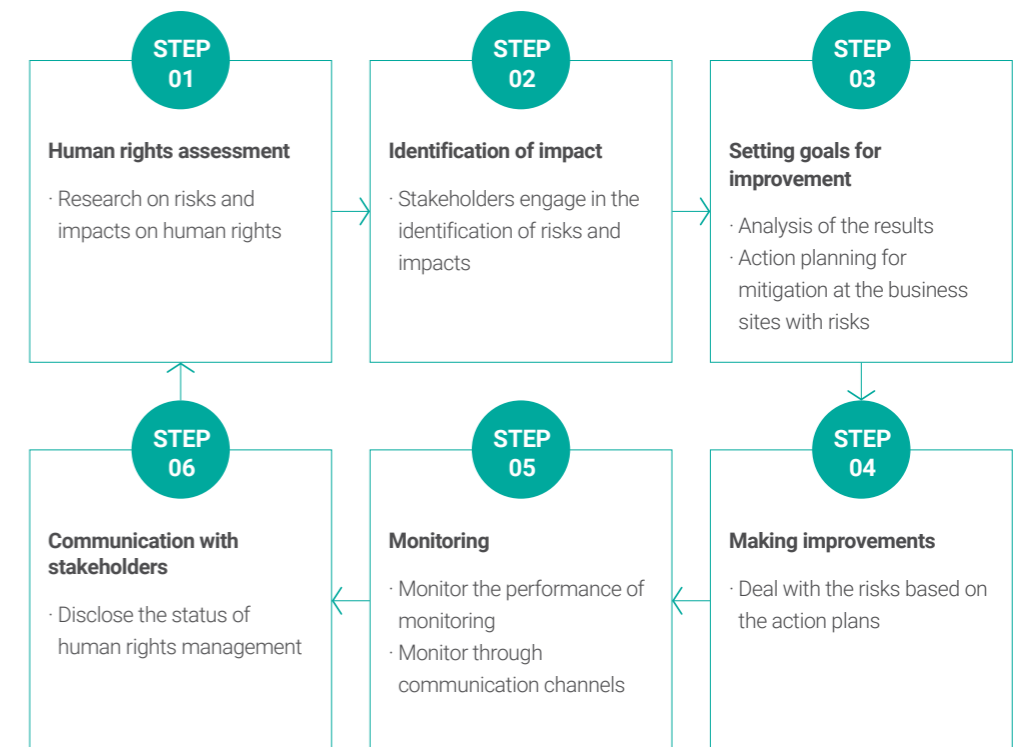
Human Rights Policies

SK innovation and its subsidiaries have set SHE (Safety Health Environment) policies, recruitment procedures, ethical standards and code of conduct for suppliers, and ethical purchase guidelines and ensure strict compliance to prevent direct and indirect violation of human rights. In October 2007, we joined the UNGC (United Nations Global Compact), a global sustainability management initiative, and declared its support for the Ten Principles in four areas: human rights, labor, environment, and anti-corruption. We also support global codes such as ILO (International Labor Organization) conventions and UNGP (United Nations Guiding Principles on Business and Human Rights).

Human Rights Management System

SK innovations and its subsidiaries conduct due diligence on human rights on a regular basis according to the process presented by international guidelines for the protection of human rights of employees and suppliers. The due diligence is conducted in the following order: 1) human rights impact assessment, 2) identification of impact, 3) setting goals for improvement, 4) making improvements, 5) monitoring, and 6) disclosure to stakeholders. Through this process, we manage and transparently communicate our impact on human rights to our stakeholders.

Human Rights Due Diligence Process



Human Rights Policies and System

Human Rights Impact Assessment

SK innovation and its subsidiaries conduct human rights impact assessment (both self-analysis and on-site due diligence) once a year. The online self-analysis survey developed based on the global guidelines and internal indicators including working environment and conditions as well as human resource management is prepared in Korean and English with a focus on diversity in the workplace. It is translated into a local language if requested by employees. The assessment is carried out anonymously so that the responses do not have negative impacts on participants. In 2022¹⁾, an online self-analysis survey was conducted. Based on the results, FGI (Focus Group Interview) on human rights, working environment, and grievance handling of employees in various positions, including low-level, experienced, and new personnel, will be implemented SK innovation will conduct online surveys for local employees in overseas business sites, and identify and deal with various types of risks based on the results.

1) The results of the online survey completed in May 2022 are disclosed in this report (the results of the assessment conducted in 2021 can be found in the 2020 ESG Performance Report.)

Human Rights Impact Process

Category	Regular assessment	Frequent assessment
Frequency	Once a year	Whenever a risk arises
Organizer	SK innovation Corporate Culture Division and third-party assurance agency	
Self-analysis	<ul style="list-style-type: none"> •Online self-analysis based on the checklist for all employees •The checklist consisted of 20-30 items is to be regularly updated 	
Onsite inspection	<ul style="list-style-type: none"> On-site inspections (one-on-one interviews) with a focus on key risk factors On-site inspections of major suppliers and sampling surveys for suppliers 	
Vulnerable groups (based on the ILO Guidelines)	<ul style="list-style-type: none"> ❶ Female employees ❷ Children ❸ Refugees ❹ Minority groups ❺ Indigenous immigrants ❻ Employees with disabilities 	

Identified Issues of Human Rights Impact

Human rights policies and systems	<ul style="list-style-type: none"> ❶ The company has appropriate policies and programs in place to protect the human rights of its employees. ❷ The company has relief and support programs for employees' human rights.
Basic human rights of employees	<ul style="list-style-type: none"> ❶ Employees are not allowed to engage in any rude or intimidating behavior, such as verbal abuse, assault, or personal attack. ❷ Employees should not be subject to any unfair treatment, verbal abuse, assault, or personal attack by customers and other stakeholders. ❸ Employees should not treat the employees of the suppliers or other stakeholders unfairly or attack them verbally and personally. ❹ Employees are not allowed to harass other employees sexually or otherwise.
Non-discrimination in employment and work performance	<ul style="list-style-type: none"> ❶ The company does not discriminate against anyone based on their gender, religion, disability, age, social status, hometown, and educational background in relation to employment and work performance. ❷ The company does not discriminate against employees with non-permanent status compared to those with permanent status.
Communication with employees	<ul style="list-style-type: none"> ❶ The company does not discriminate against employees from other countries. ❶ The company maintains various communication channels to help protect the human rights of its employees and improve their working environment.
Prohibition of forced labor	<ul style="list-style-type: none"> ❶ The company prohibits any kind of forced labor. ❷ The company ensures full compliance with the working hours. ❸ The company takes necessary measures to prevent forced labor in its subsidiaries or supply chain.
Prohibition of child labor	<ul style="list-style-type: none"> ❶ The company does not hire anyone under the age of 15. ❷ The company does not assign any employees under the age of 18 to any work that is unsafe or morally unsound.
Occupational safety	<ul style="list-style-type: none"> ❶ The company maintains safety equipment and facilities to keep the workplace safe and sanitary at all times. ❷ The company provides employees with protective equipment and training of safety required for their jobs. ❸ The company provides medical checkups on a regular basis to employees to protect and maintain their health. ❹ The company has sufficient support programs for employees with occupational illnesses or injuries.

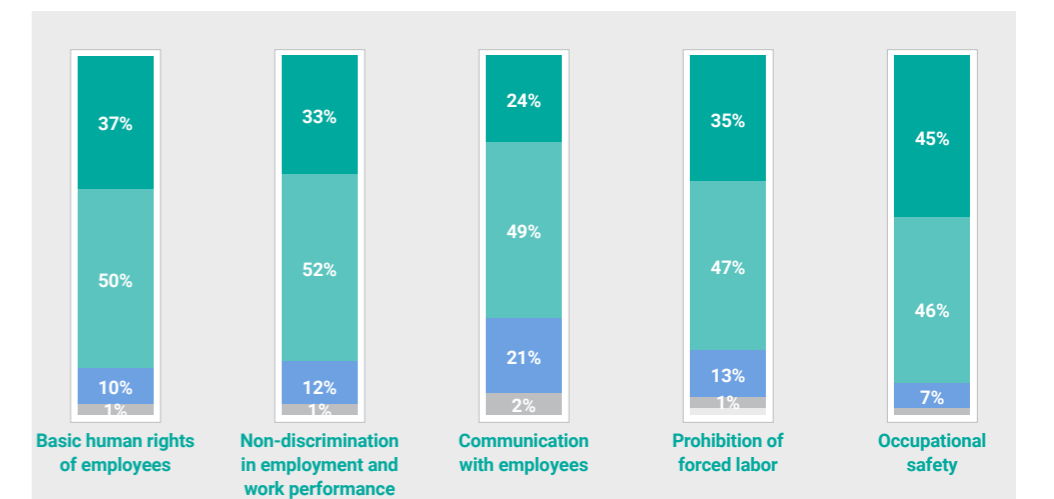
Business Sites that Have Conducted Online Self-analysis Surveys in 2022

Unit	Sites	Total	SKI	SKE	SKGC	SKL	SKIPC	SKTI	SKEO	SKO	SKIET
No. of business sites that have conducted the survey	Sites	109	11	38	16	12	1	6	5	14	6
Percentage of business sites that have conducted the survey	%	100	100	100	100	100	100	100	100	100	100

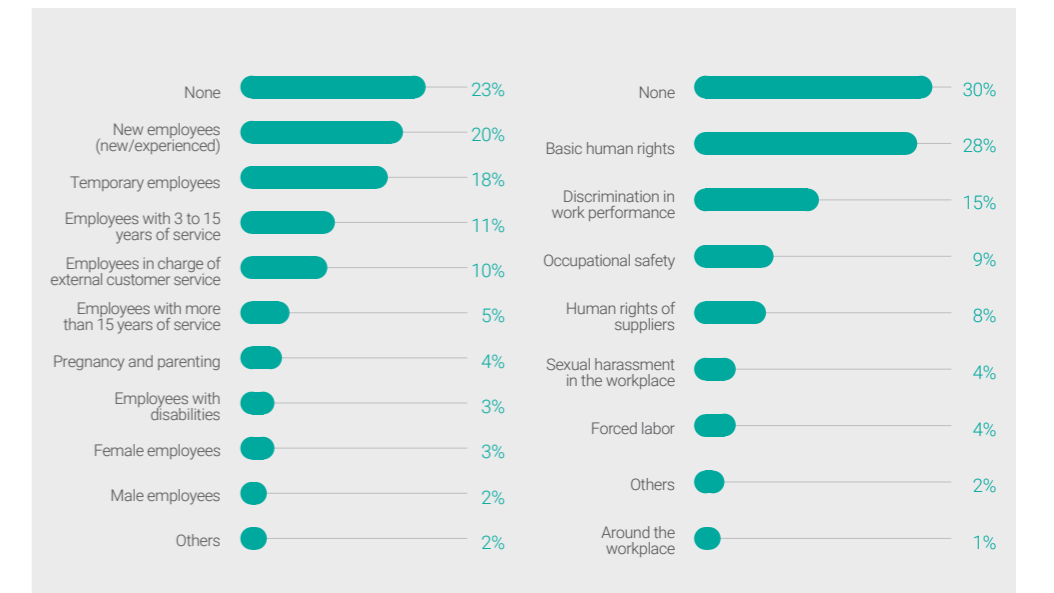
No. of Employees that Have Participated in Online Self-analysis Surveys in 2022

No. of employees of SK innovation's subsidiaries	3,659
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Potential Human Rights Risks



Result of 2022 Online Self-analysis Survey



Human Rights Policies and System

Identifying Human Rights Risks

SK innovation and its subsidiaries select potential human rights issues based on the results of the human rights impact assessment. To identify risks related to stakeholders other than employees and suppliers, online communication channels are established and offline meetings (with experts and local residents) are organized. The identified risks are classified and managed according to their direct or indirect relevance to the business operation based on the level of seriousness and the frequency of violations.

Criteria for Risk Identification



No. of business sites exposed to a high level of risk

Unit	Sites	Total	SKI	SKE	SKGC	SKL	SKIPC	SKTI	SKEO	SKO	SKIET
No. of business sites exposed to a high level of risk	Sites	-	-	-	-	-	-	-	-	-	-

1) The result confirms that none of the business sites operated by SK innovation and its subsidiaries are exposed to a high level of risks. Accordingly, no relief action against the risks took place in 2022.

Setting Goals and Making Improvements

Major Human Rights Risks in 2022

Employees	•Low level of risks: Respect for basic human rights of employees, working hours management, discrimination (based on gender, religion, disability, age, social status, hometown, educational background)
Suppliers	•Low level of risks: Insufficient safety and health policies, insufficient monitoring of safety and health, insufficient goal setting and management for working hours
Stakeholders	N/A

Recognizing the importance of human rights management in ESG, SK innovation and its subsidiaries have set a goal of eliminating human rights-related compliance risks and have been working towards the goal. Relevant departments established goals for improvement in each area based on the results of the impact analysis, guidelines for improving the working environment and implemented training plans, and detailed action plans while organizing training to raise the awareness of our employees.

The most responses we got regarding the groups vulnerable to human rights issues and risks are 'None'. Also, there has been improvement in the category of female employees, employees with disabilities, employees undergoing pregnancy and parenting, and workplace sexual harassment compared to the last year. Therefore, it appears that the overall human rights management has been improved.

In addition, we are in the process of implementing 'O'Peace', a human rights safety net, to support the basic human rights of employees. We are also preparing to take relief measures for employees with 1-5 years of employment who are considered relatively vulnerable.

SK innovation Action Plans to Improve Human Rights Management

Category	2022 Action Plans
Protection of human rights	<ul style="list-style-type: none"> Expand the human rights survey to overseas business sites - Develop and test global human rights survey in line with the scale of each business site and local laws Introduce 'O'Peace' at domestic business sites - Develop and implement human rights training programs - Establish online forum and policies for harassment in the workplace
Managing employees' mental health	<ul style="list-style-type: none"> Expand the Harmonia service for overseas sites - Organize programs for expatriates and long-term business travelers Review the implementation plan for mental health support programs for employees at overseas sites - Promote preliminary research on laws, systems, and culture for each region (e.g., USA, EU, China) and identify the needs of overseas employees
Promoting diversity and inclusion	<ul style="list-style-type: none"> Establish indicators for diversity and inclusion and materialize mid/long-term goals Review the diversity and inclusion programs for each overseas site - Establish diversity and inclusion policies for overseas business sites, create CD & IO (Chief Diversity and Inclusion Officer) positions, organize diversity support communities and etc.

Human Rights Policies and System

Monitoring and Communication with Stakeholders

SK innovation is operating various online and offline communication channels to continuously monitor its human rights management status. Through communication with subsidiaries, suppliers and customers, we are constantly identifying human rights risks. Results of the annual human rights impact assessment are disclosed through the website and annual reports.

Communication Channels for Stakeholders

Stakeholder	Communication Channel
Employees	Website for reporting unethical conduct, intranet, Harmonia Counseling and Coaching Center
Customers	Website for reporting unethical conduct, Customer Call Center, website of SK innovation's subsidiaries
Local Community	Website for reporting unethical conduct, local group meetings, local community committee
Suppliers	Website for reporting unethical conduct, regular meetings of suppliers, supplier CEO meetings

Expanding the Scope of Human Rights Management

Recently, SK innovation and its subsidiaries are expanding their presence in the global market. In response to a growing global demand for corporate social responsibility for the protection of human rights in the global supply chain, we are broadening the scope of human rights management to encompass our global business sites. Even though there have been no significant human rights violations at the global business sites, we are continuously making efforts to develop a self-analysis survey for overseas employees. To efficiently manage the risks, we are planning to introduce mental health support programs as well.

Protecting Human Rights

Human Rights Training

SK innovation and its subsidiaries organize training to raise awareness and protect human rights. By running the 'Happy Workplace' campaign on a regular basis, we are making sure that a culture of preventing sexual harassment and bullying in the workplace is internalized. Off-line human rights trainings specific to positions, such as leaders, on-site supervisors, new employees, and trainees are also being continuously provided.

Human Rights Training in 2021

Category	No. of training participants
Online Training ¹⁾	7,891
Offline Training ²⁾	1,401

1) Completion rate: 99.94% (excluding those on leave)
2) New Comer training, supervisor/manager training, competency development training, training for expatriates and etc.

In-house Grievance Counseling Center

SK innovation and its subsidiaries operate an in-house grievance counseling center to support employees' mental health as well as to receive complaints on sexual harassment and bullying in the workplace. When human rights violations such as sexual harassment are reported, a committee that includes attorneys is organized to investigate the incident. To protect and minimize the inconvenience of the victims, paid-leave and counseling is provided. Strict disciplinary measures including dismissal are taken against the perpetrators once the violation is proven.