

# HUMAN RIGHTS MANAGEMENT REPORT

SK Innovation Affiliates Human Rights Management Report



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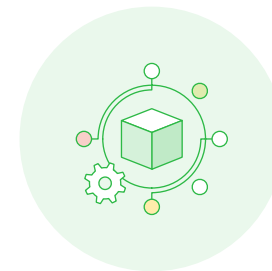
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# Human Rights Management

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# CEO Human Rights Statement

SK Innovation affiliates (SK Innovation, SK Energy, SK Geo Centric, SK On, SK Enmove, SK Incheon Petrochem, SK Trading International, SK IE Technology, SK Eathon) have played a key role in preparing for the future. Founded as the first oil refining company in Korea, we have been a driving force to propel the world through our energy and chemical businesses and demonstrated a history of challenge and innovation.

SK Innovation affiliates will constantly challenge, innovate and ultimately solidify our position as a Global Green Energy & Materials Company. As a global leading company, we declare our commitment to respect the human rights of our employees and all stakeholders while driving our business forward.

SK Innovation affiliates aim to ensure employees' happiness. We pursue the happiness of our employees and stakeholders and seek long-term and sustainable happiness of the present and the future. We will strive to respect the human rights of our employees and all stakeholders involved in our business, to achieve our ultimate goal of happiness.

SK Innovation affiliates joined the global sustainability initiative, the United Nations Global Compacts (UNGC), and have supported and respected the human rights of all employees and stakeholders. Enthusiastically advocating the human rights principles in global guidelines such as the Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights (UNGPs), and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, we declare that we shall fulfill our responsibilities related to human rights. To this end, we have established the following 10 human rights principles based on international human rights principles. SK Innovation affiliates declare that we endorse and adhere to these principles and take the lead in human rights management.

<div>1</div> <div>Respect for Human Rights</div> <div>SK Innovation affiliates respect all members and stakeholders as human beings and strive to prevent any acts that violate human rights.</div>	<div>2</div> <div>Prohibition of Forced Labor</div> <div>SK Innovation affiliates do not force employees to work against their free will due to either mental or physical restraints, including slave labor and human trafficking. We also do not demand the transfer of government-issued identification cards, passports, or work permits for employment conditions.</div>	<div>3</div> <div>Prohibition of Child Labor &amp; Use of Youth Labor</div> <div>SK Innovation affiliates do not employ children and youths below the age of 15. In the case of a person under the age of 18, he/she shall be employed in compliance with the related labor laws and regulations of the relevant country or region, and shall not engage in dangerous or harmful work.</div>	<div>4</div> <div>Working Hours</div> <div>Regular and overtime working hours are subject to standards stipulated in the labor laws and regulations of each country or region.</div>	<div>5</div> <div>Wages</div> <div>The wages of employees are set to exceed the minimum wage stipulated by relevant labor laws and regulations of each country or region, complying with the Equal Pay for Equal Work principle.</div>
<div>6</div> <div>Non-discrimination</div> <div>SK Innovation affiliates do not discriminate in the employment process on any grounds such as gender, race, nationality, ethnicity, religion, sexual orientation and identity, political belief or social status, and do not discriminate in terms of working conditions such as wages and promotions based on the grounds above.</div>	<div>7</div> <div>Respect for Diversity</div> <div>SK Innovation affiliates acknowledge and respect employee's gender, nationality, ethnicity, religion, sexual orientation and identity, political belief and social status, and support employees from diverse backgrounds to perform to the best of their abilities.</div>	<div>8</div> <div>Freedom of Association</div> <div>The right to the freedom of association and the right to collective bargaining are guaranteed according to the relevant labor laws and regulations of each country or region, and no disadvantageous treatment shall be given due to union membership participation, activities, or organization.</div>	<div>9</div> <div>Workplace Safety and Environment</div> <div>Continuous efforts shall be made to create a pleasant working environment and prevent safety accidents by complying with international standards, related laws, and internal regulations regarding the working environment.</div>	<div>10</div> <div>Human Rights Due Diligence</div> <div>The human rights due diligence process shall be thoroughly completed to address actual human rights issues, and ultimately to prevent human rights risks and protect human rights.</div>

## SK Innovation Affiliates' Human Rights Management Journey

2002

- Joins the Korea Business Council for Sustainable Development (KBCSD)



2005

- Establishes Harmonia, the in-house counseling center
- Signs an agreement to improve the employment of the disabled



2006

- Finishes the construction of the Ulsan Grand Park



2007

- Joins the UNGC (UN Global Compact)
- Opens the SK Haengbok Kindergarten



2012

- Receives the presidential citation for an excellent family-oriented company



2011

- Opens the anonymous communication platform for employees, Tong Tong
- Receives the commendation for the company's commitment to developing domestic industry by enhancing labor-management cooperation (from Prime Minister's Office)
- Creates the consultative group for female employees, SK W-Network

2010

- Operates the M2M (Mind to Mind) Board
- Conducts the "Happy Workplace" campaign

2014

- Creates the communication system for employees, iCON
- SK Enmove, formerly known as SK lubricants, acquires the certification as an excellent family-oriented company

2015

- SK Energy acquires the certification as an excellent family-oriented company
- Our partners acquires the certification for KOSHA/OHSAS 18001 (safety and health management system)

## SK Innovation Affiliates' Human Rights Management Journey

### 2017

- Incorporates into the DJSI World Index
- SK Innovation acquires the certification as an excellent family-oriented company
- Introduces the 1% Happiness Sharing Fund



### 2018

- Receives the presidential citation for an excellent company in terms of gender equality in employment
- SK Energy receives the ministerial award for an excellent labor-management culture
- Reports the human rights statement and started due diligence within the SK Innovation affiliates
- Conducts the industry's first human rights due diligence for suppliers



### 2019

- Receives the best prize for gender cooperation
- Establishes standard workplaces for the disabled (Haengbok-Kium, Haengbok-Didim, Haengbok-Moeum)



### 2021

- Establishes the partners' code of conduct\*
- Receives the presidential citation for creating jobs
- Establishes the new standard workplace for the disabled (Haengbok-Midum)



SK Innovation's human rights management journey will continue.

### 2022

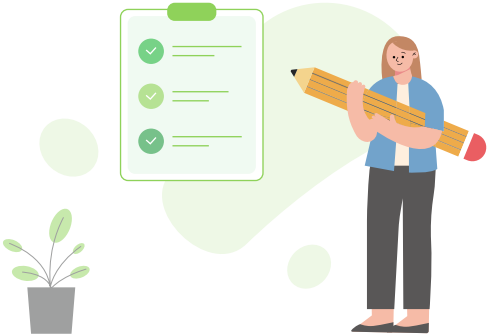
- Publishes the human rights report
- Receives the grand prize for social integration at the Disabled First Movement Awards
- Implements the O' Peace
- Holds the Ulsan Forum
- Delivers a presentation during the "Company and Human Right" session at the Icheon Forum
- Conducts due diligence at the global sites (Shanghai/Singapore)



\* Including human rights, labor, safety and health that partners should comply with.

# Human Rights Management Policy

SK Innovation affiliates (SK Innovation, SK Energy, SK Geo Centric, SK On, SK Enmove, SK Incheon Petrochem, SK Trading International, SK IE Technology, SK Earthon) are committed to the happiness of our stakeholders and ensuring full compliance with the policies to prevent any violations of human rights in the course of our business operation. In order to fulfill our social responsibilities as corporate citizens, we joined the UNGC, a sustainability policy initiative, in support of its ten principles in four areas: human rights, labor, environment, and anti-corruption. Moreover, we support global human rights standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up. We have established policies with a focus on human rights, safety, health, environment, and ethics and keep track of our progress while making improvements. We also amend our policies and regulations in accordance with the establishment and amendment of global guidelines. We disclose our human rights declaration principles and specific guidelines. We will continuously organize various activities and training programs to make a happy workplace where everyone feels valued.








## SK Innovation Employee Code of Ethics

SK Innovation Affiliates employees follow the code of ethics as a standard to make decisions and take actions to resolve the ethical conflicts that may arise in the process of performing business. Moreover, we provide the code of ethics guidelines so that employees can concretely follow the code of ethics.

The guidelines state the “mutual respect between employees,” “non-discrimination on gender, educational background, regional origin, marriage, race, nationality, and religion,” and “prohibition of individual human rights violations such as sexual harassment and verbal abuse.”

### SK Innovation Human Rights Policy and Applicability Thereof

-  **1** We shall respect all our stakeholders' dignity and value as humans in order to achieve sustainable happiness.
-  **2** We shall maintain a good work environment on the basis of good morale, so that all our employees can pursue happiness.
-  **3** We shall support and respect the human rights protection and labor standards of labor-related international organizations,, and shall not discriminate on the basis of any grounds including gender, race, nationality, religion, or age.
-  **4** We shall comply with our human rights policies and the labor laws of the relevant country or region where we have work sites. We affirm that this policy is the basic duty of all suppliers and business partners having business relations with SK Innovation.
-  **5** We shall designate a department in charge of human rights management and regularly conduct human rights education for all employees including the CEO.



# Human Rights Management Policy

## Compliance with the UN Global Compact (UNGC)

Since October 2007, SK Innovation affiliates have joined the United Nations Global Compact (UNGC), a global sustainability management initiative, to declare our support for the 10 principles in four areas: human rights, labor, environment, and anti-corruption. Among them, 6 principles in the area of human rights and labor are closely related to SK Innovation affiliates' human rights management. We support the global codes of conduct such as the ILO and UNGP, establish the basic principles and details of the declaration of human rights, and comply with them. In addition to fair personnel management, we ensure that human rights violations do not occur through the prohibition of all kinds of discrimination, the prohibition of child and forced labor, the guarantee of freedom of association and collective bargaining, the prevention of workplace bullying and sexual harassment, and the creation of a safe working environment. Also, we operate a grievance handling process for employees through various communication channels and conduct regular human rights education to raise employees' awareness of human rights. In addition, we conduct regular human rights due diligence on our employees and suppliers to understand the status of human rights impacts and continuously improve our policies and systems related to human rights.

### Six UNGC Principles in Human Rights/Labor Areas





## Diversity and Inclusion

### Diversity and Inclusion Initiatives

Strengthening Diversity and Inclusion (D&I) is one of SK Innovation affiliates' core ESG tasks<sup>1)</sup>. We are committed to organizing the company with members with diverse characteristics, values, beliefs, and backgrounds to realize D&I, while creating a work environment where all employees feel respected, recognized, supported, and valued. In order to create a workplace where D&I is ensured, SK Innovation affiliates aim to establish global-level D&I policies by 2025 and raise awareness among our employees. We established D&I policies that meet global standards and developed and implemented related programs. We focus on items related to wage fairness, such as evaluation and promotion to ensure that employees are not discriminated against based on factors other than their ability to perform their jobs. SK Innovation affiliates will continue to lead the D&I culture by developing internal indicators for the overall management of D&I culture and constantly raising employees' awareness of D&I.

### External Certifications & Assessments

In recognition of our efforts to expand diversity and inclusion, we have been certified as a family-friendly company by the Ministry of Gender Equality and Family four times since 2012. In addition, we received the grand prize for social integration in the Disabled First Movement Awards in recognition of our contributions, such as steady and sincere volunteering work for children with developmental disabilities, improving disability awareness, and carrying out various support projects to eliminate social prejudice.

1) SK Innovation affiliates have a GROWTH strategy consisting of 6 focus areas and 16 priority tasks to achieve mid- to long-term ESG goals. The GROWTH stands for Green Innovation, Road to Net Zero, Outstanding SHE Mgmt., Winning the Trust, Together with Society, and Happiness for All. This strategy is an ESG roadmap of the SK Innovation affiliates to structurally achieve mid- to long-term ESG goals. For more information, please visit the official [website of SK Innovation](#).

Overseas employees working at SK hi-tech battery materials Poland



Disabled First Movement Awards ceremony in 2022 (related articles)



# Diversity and Inclusion

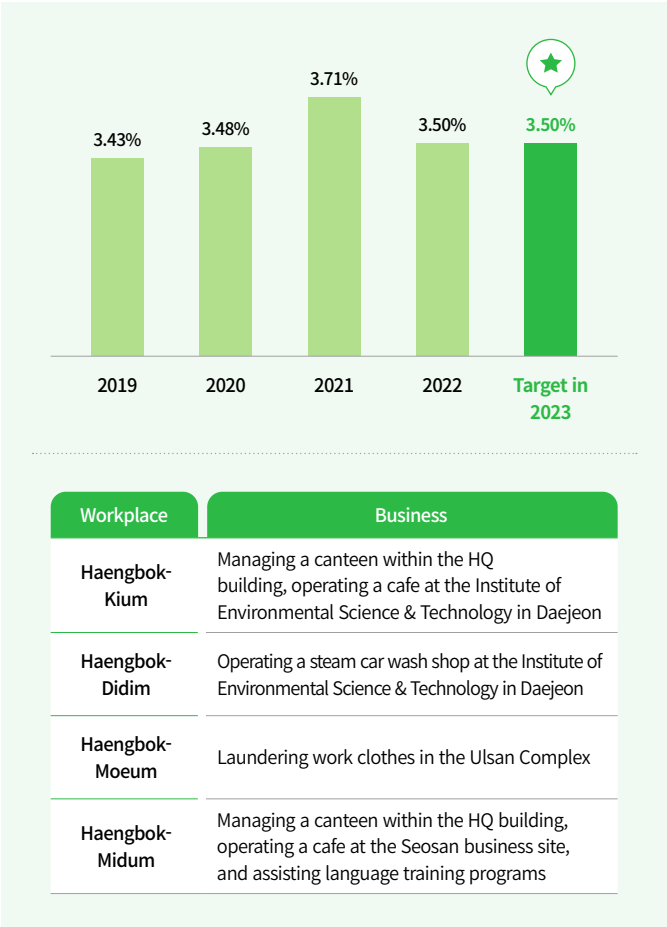
## Policies and Programs

### For the Disabled

SK Innovation continues to aim for a 3.5% or higher disability employment rate, which is higher than the mandatory quota of employees with disabilities. To minimize the inconvenience of employees with disabilities in the working process, we have installed and improved accessible elevators and toilets in our major buildings and facilities. Moreover, SK Innovation operates subsidiary standard workplaces for the disabled, Haengbok-Kium, Haengbok-Moeum and Haengbok-Didim, and Haengbok-Midum to support employees with disabilities to become economically independent and grow as members of society. People with developmental disabilities who work at our standard workplaces for the disabled conduct a variety of duties, such as canteen and cafe works, car washes, laundry, as well as language training assistance.



SKI Affiliates Disability Employment and Targets



# Diversity and Inclusion

## For Female Employees

SK Innovation affiliates promote a women-friendly corporate culture and prevent unfair practices that women may face. We strive to create a better working environment for women by improving policies and systems related to women, increasing female recruitment, supporting their competency development, and building a women-friendly work environment. We also support core female talents to grow their career through specialized programs, such as a female team leader candidate course. In addition, we have various policies and systems to prevent career interruption of women due to pregnancy and childbirth. We provide childcare, infertility, and childcare leave, as well as a reduced working hour system for childcare, and operate three daycare centers in our workplaces (in Seoul, Daejeon, and Ulsan).

Category	Promote female employment	Minimize career disruptions	Develop leadership skills
HR programs	<ul style="list-style-type: none"><li>• HR monitoring in each recruitment process to prevent discrimination</li></ul>	<ul style="list-style-type: none"><li>• No evaluation for employees on leave for 6 months</li></ul>	<ul style="list-style-type: none"><li>• HIPO (High Potential) female employees selection</li></ul>
Empowering female workforce		<ul style="list-style-type: none"><li>• Female leadership group workshop</li><li>• Cultivate female engineers at the Ulsan Complex</li></ul>	<ul style="list-style-type: none"><li>• Group training for female professional leaders (PL)</li></ul>
Work-life balance	<ul style="list-style-type: none"><li>• Transition to parental leave, expansion of daycare centers in the workplace, and flexible working system</li></ul>		

## Raising Awareness Training and Campaigns

SK Innovation affiliates conduct D&I training for all employees once a year. Through regular D&I training, we aim to increase our employees' awareness of D&I and promote our acceptance of D&I within the company. In 2022, D&I training was held under the theme of "Cross-Cultural Understanding," and 99% of Korean employees completed the training. In addition, D&I training is included in the training process for new team leaders. In 2023, we plan to conduct pilot D&I training not only for domestic employees but also for employees at our global sites. SK Innovation affiliates will continue to raise awareness of D&I among our employees through continuous training.

## Interview

“

Looking back on the days when I started working for SK Innovation as a female newbie, I was able to learn, perform, and grow in a safe and comfortable working environment. Even though the oil industry is often male-dominated, the large number of female employees in SK Innovation reminds me how far ahead the company is in gender equality.

[Full Interview](#)



SK Earthon Ho Chi Minh Branch, **Ho Nguyen Khanh Linh**



”

“



I have a tight work schedule and a lot of responsibility as a leader, but I can maintain a good work-life balance in my company. After work, I enjoy hiking and cycling with my beloved family, and I spend quality time with my loved ones. Just like me, many of my female colleagues strive to build their careers and achieve their academic goals while taking care of their family members.

[Full Interview](#)



SK hi-tech battery materials Poland, **Aleksandra Rosol**

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## Diversity & Inclusion Training on Cross-Cultural Understanding in 2022



# Human Rights Risk Management System

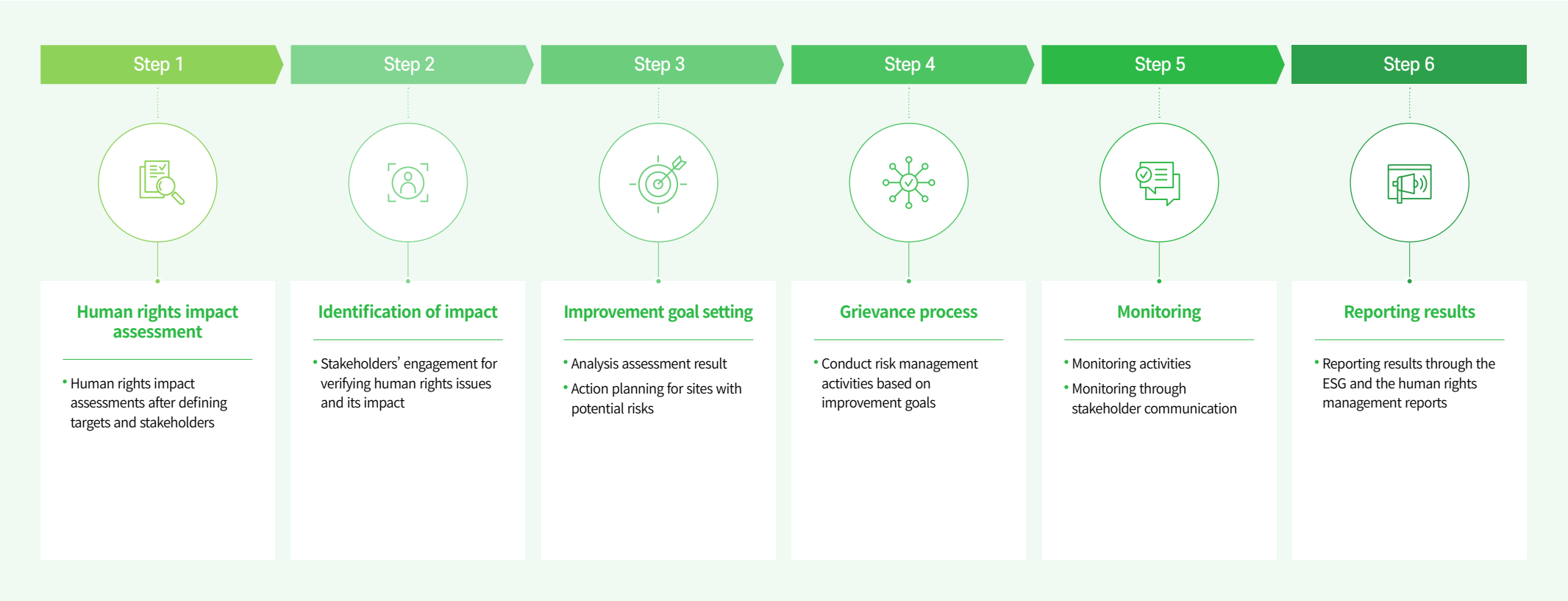
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# Human Rights Risk Management System

SK Innovation affiliates define Due diligence on human rights as a procedure that a company must carry out to identify and prevent potential (negative) human rights impacts that may occur during its business activities. We periodically implement the human rights due diligence process suggested by international guidelines and faithfully report the results to stakeholders to effectively protect the human rights of employees of SK Innovation affiliates and our partners. Human rights due diligence is conducted in the following order: 1) Human rights impact assessment, 2) Identification of impact, 3) Improvement goal setting, 4) Grievance process, 5) Monitoring, 6) Disclosure of results, and we keep track of the progress made by each business site.

With our rapidly expanding global presence, our scope of human rights risk management is expanding from domestic to overseas. In 2022, we conducted human rights due diligence for global employees of our Shanghai and Singapore subsidiaries. We will continue to expand human rights due diligence for overseas subsidiaries.

- Planned and implemented based on the feedback and inputs from our employees and outside experts.
- Conducted for all employees of SK Innovation affiliates and our major partners.
- Ensured that no one from being disadvantaged through human rights due diligence.





# Human Rights Impact Assessment

## Human Rights Impact Assessment

SK Innovation affiliates conduct a company-wide human rights impact assessment based on the Universal Declaration of Human Rights. In principle, we fill out a self-assessment checklist to verify the human rights impact, referring to global guidelines and internal management indicators on working environment, working conditions, and HR operations. We also make sure to conduct an online survey every year for all employees. Moreover, we carry out due diligence for major suppliers and encourage them to implement human rights due diligence by themselves. We prepare the survey in both Korean and English, and translate it into other languages upon request. At our global sites, we change questions in the human rights impact assessment to suit each country’s laws and culture. We have also defined a human rights vulnerable group in reference to global guidelines and pay more attention to people in this group.

Type	Regular assessment	Ongoing assessment
Frequency	Once a year	When a major risk factor arises
Organizer	SK Innovation Corporate Culture Division and third party verification agencies	
Self-assessment	<div><div>✔ Conduct online self-analysis for all employees based on the checklist</div><div>✔ The checklist consists of a set of 20-30 questions that are regularly added to and refined</div></div>	
On-site check	<div>On-site check on risk factors (one-on-one interviews with employees),</div> <div>On-site due diligence at suppliers' business sites and sampling surveys for suppliers</div>	
Potentially vulnerable groups (based on ILO guidelines)	<div><div><div>❶ Female employees</div><div>❷ Children and juvenile employees</div></div><div><div>❸ Refugees</div><div>❹ Minorities</div></div><div><div>❺ Indigenous people/immigrants</div><div>❻ Employees with disabilities</div></div></div>	

## Human Rights Impact Assessment Items

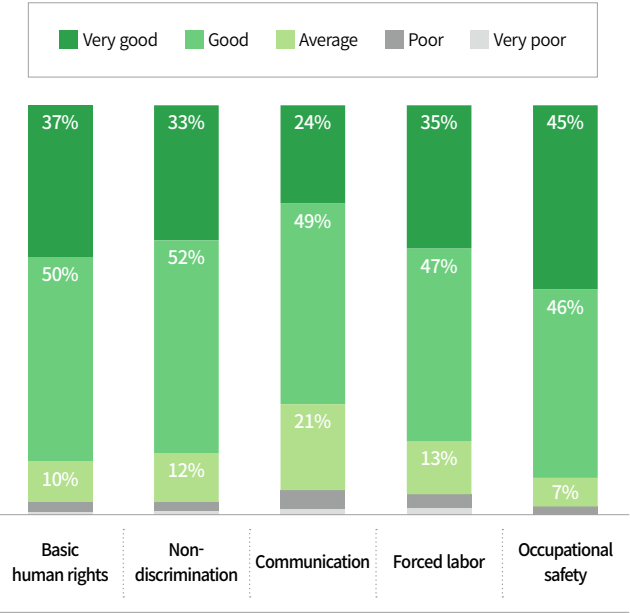
Human rights policies and systems	<div><div>❶ The company has appropriate policies and programs in place to improve the human rights of employees</div><div>❷ The company has relief and support programs for employees in relation to human rights issues.</div></div>	Prohibition of child labor	<div><div>❶ The company does not employ anyone under the age of 15.</div><div>❷ The company does not assign any unhealthy, unsafe or morally questionable job to persons under the age of 18.</div></div>
Basic human rights of employees	<div><div>❶ Employees do not engage in any rude or intimidating behaviors including verbal abuse, assault, or name calling.</div><div>❷ Employees are not subject to any unfair treatment, verbal abuse, assault, or name calling by customers or any other stakeholders.</div><div>❸ Employees do not unfairly treat or verbally abuse stakeholders including employees of their suppliers.</div><div>❹ Employees do not engage in any misconduct or sexually humiliate other employees.</div></div>	Prohibition of forced labor	<div><div>❶ The company strictly prohibits any kinds of forced labor.</div><div>❷ The company complies with the working hours of all employees.</div><div>❸ The company takes necessary measures to prevent forced labor from all its subsidiaries or suppliers.</div></div>
Non-discrimination in employment and work	<div><div>❶ The company does not discriminate against anyone on the basis of their gender, religion, disability, age, social status, hometown, education and background in relation to their employment and job performance.</div><div>❷ The company does not discriminate against employees with temporary jobs against those with permanent ones.</div><div>❸ The company does not discriminate against foreign employees.</div></div>	Communication	<div><div>❶ The company has communication channels dedicated to protecting the human rights of employees and improvement of their working environment.</div></div>
		Ensuring occupational safety	<div><div>❶ The company keeps its equipment and facilities in a safe and sanitary condition at all times.</div><div>❷ The company provides its employees with necessary protective equipment and training for their safety.</div><div>❸ The company provides regular medical checkups to employees to help them stay healthy.</div><div>❹ The company has sufficient support programs for employees with occupational injuries or diseases.</div></div>



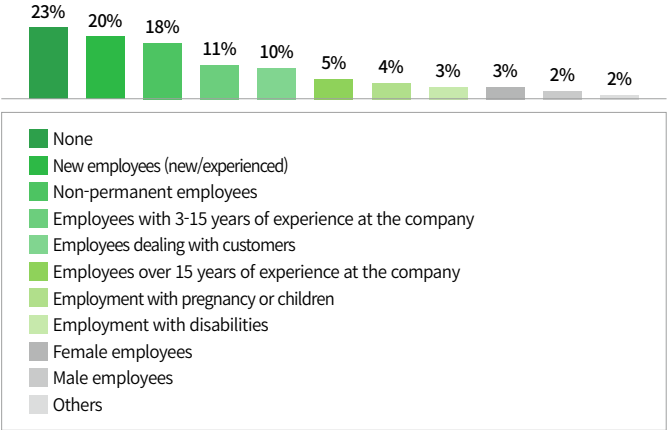
# Human Rights Impact Assessment

## Human Rights Impact Assessment for Domestic Employees

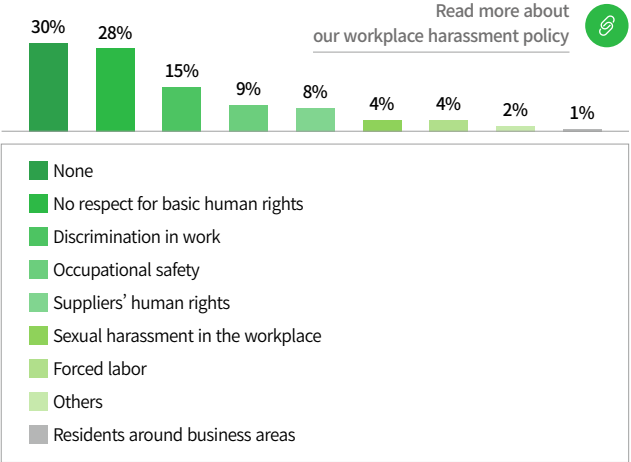
- **Scope** | Domestic employees of SKI affiliates
- **Period** | First half<sup>1)</sup> of 2022
- **Result** | SK Innovation affiliates are in good condition in the overall human rights areas: basic human rights of employees (87% responded affirmatively), non-discrimination in employment and work (85% responded affirmatively), communication between employees (73% responded affirmatively), prohibition of forced labor (82% responded affirmatively), and ensuring occupational safety (91% responded affirmatively).



- **Potential Human Rights Risks**
- Result** | The most common answer was that none of the employees were potentially vulnerable to human rights, followed by new employees, non-permanent employees, and employees with 3-15 years of experience at the company. For new employees, who were identified as the most vulnerable, a follow-up Focus Group Interview (FGI) was conducted. Interviewees were randomly selected in consideration of job groups and regions. We found that there was no serious level of human rights risk.



- Result** | The most common response was that there was no human rights risk with high frequency, followed by no respect for basic human rights, discrimination in work, and occupational safety. In order to emphasize respect for human rights among employees, we conducted workplace harassment education in 2022. We also regularly send letters to prevent the risk of human rights violations among employees.



1) The human rights impact assessment for the year 2023 will be conducted throughout 2023 and will be included in the Human Rights Management Report 2023 to be published next year.

### [New Employees' Voice]

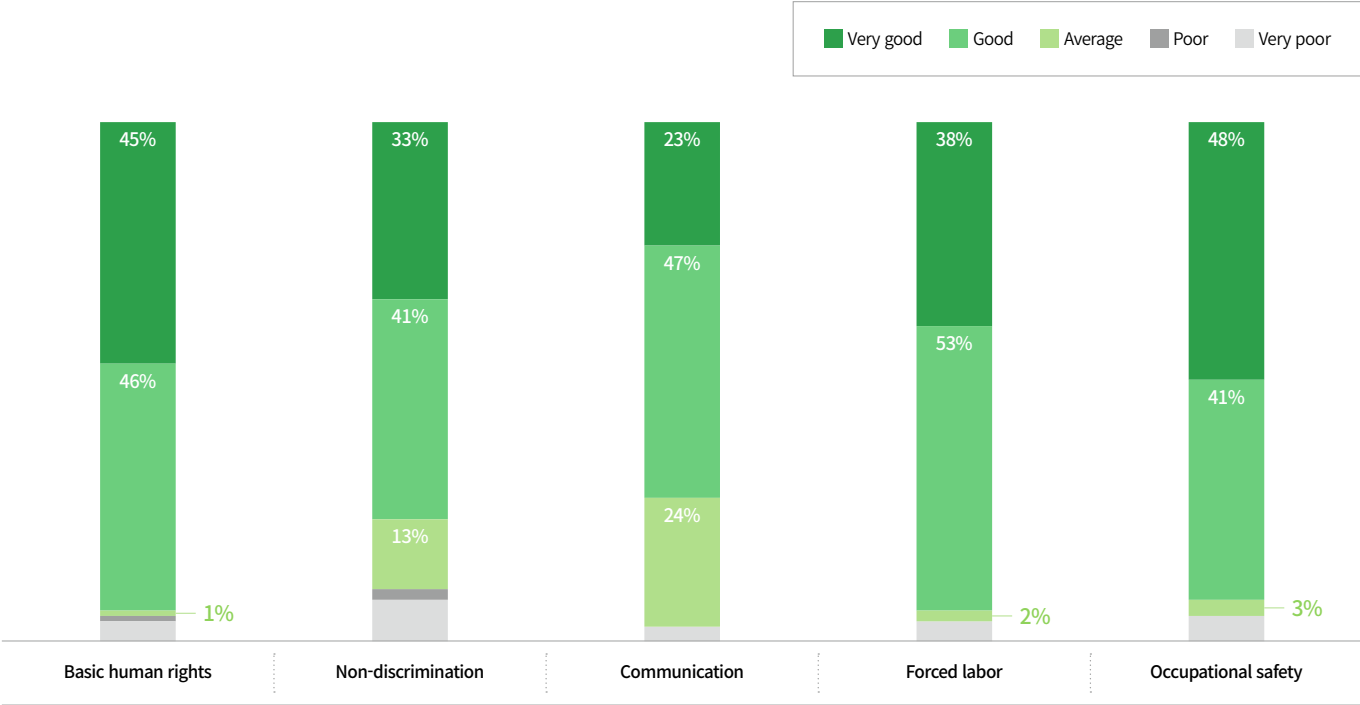


# Human Rights Impact Assessment

## Human Rights Impact Assessment for Global Staff

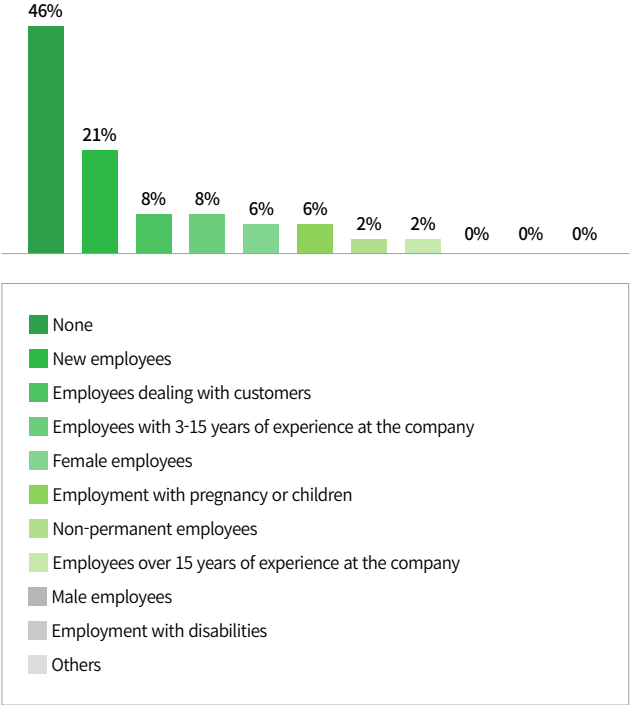
### 2022 Human Rights Impact Assessment of SK Geo Centric China subsidiary

- **Scope** | Global staff at SK Geo Centric China subsidiary (Location: Shanghai, Wuhan, Beijing, Guangzhou, Xiamen, etc.)
- **Period** | Second half of 2022
- **Result** | SK Geo Centric China subsidiary’s global staff provides is in good condition in the overall human rights areas: basic human rights (91% responded affirmatively), non-discrimination in employment and work (74% responded affirmatively), and communication between employees (70% responded affirmatively), prohibition of forced labor (91% responded affirmatively), and occupational safety (89% responded affirmatively).



### Potential Human Rights Risks

**Result** | The most common answer was that none of the employees were potentially vulnerable to human rights, followed by new employees, employees dealing with customers, and employees with 3-15 years of experience at the company.

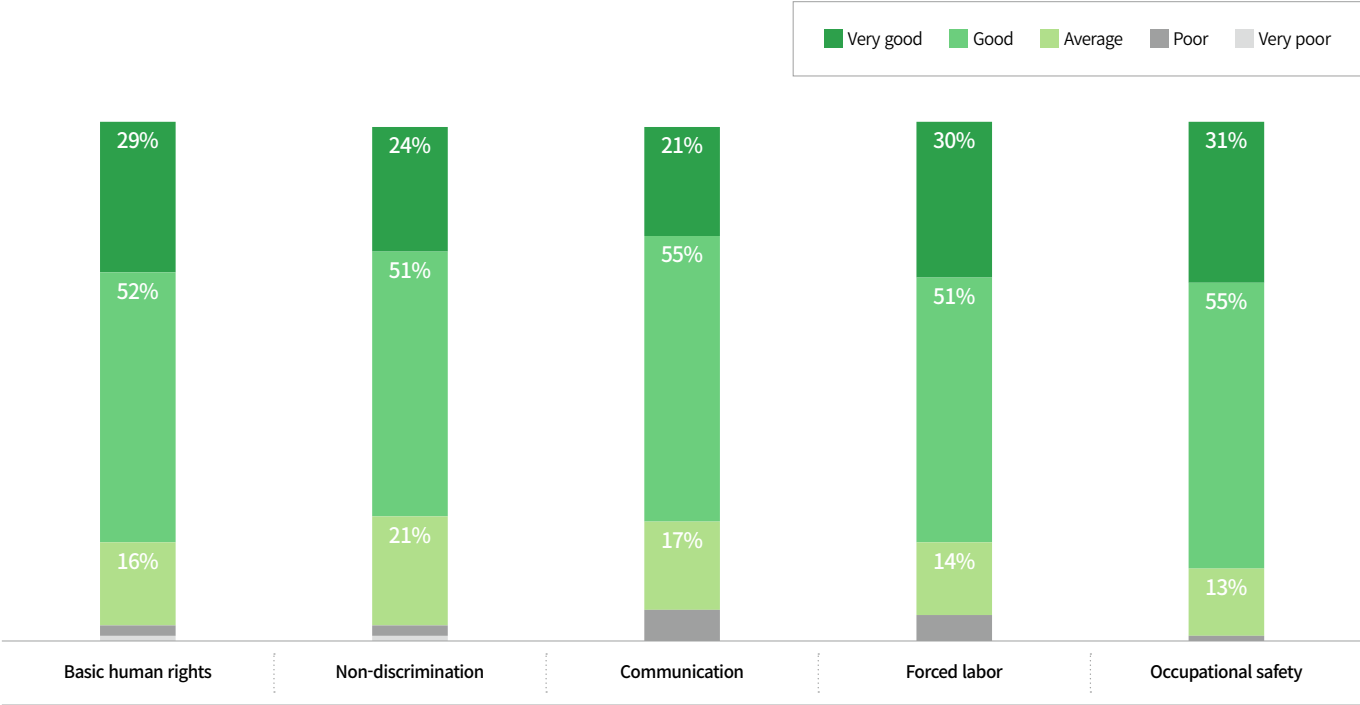


Human Rights Impact Assessment

Human Rights Impact Assessment for Global Staff

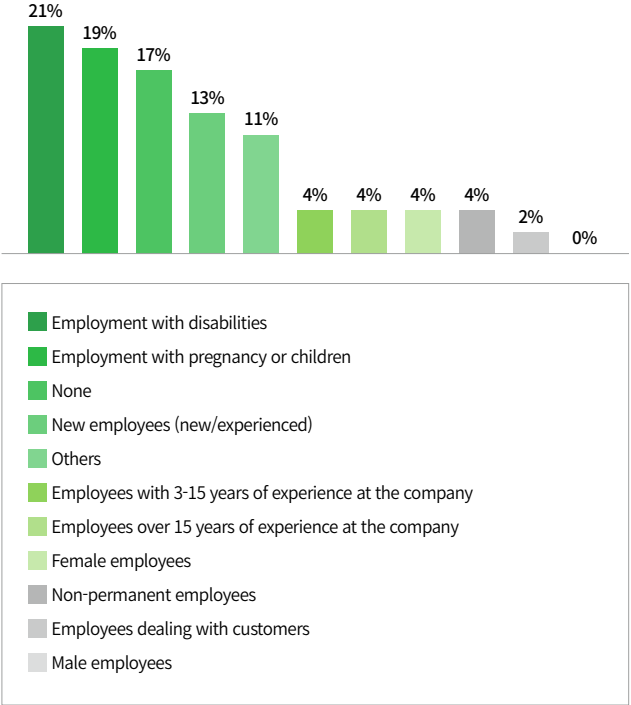
SK Energy International (Singapore) Human Rights Impact Assessment in 2022

- **Scope** | Global staff at SK Energy International (SKEI) (Location: Singapore)
- **Period** | Second half of 2022
- **Result** | SKEI's global staff is in good condition in the overall human rights areas: basic human rights for employees (81% responded affirmatively), non-discrimination in employment and work (75% responded affirmatively), communication between employees (76% responded affirmatively), prohibition of forced labor (81% responded affirmatively), and occupational safety (86% responded affirmatively).



Potential Human Rights Risks

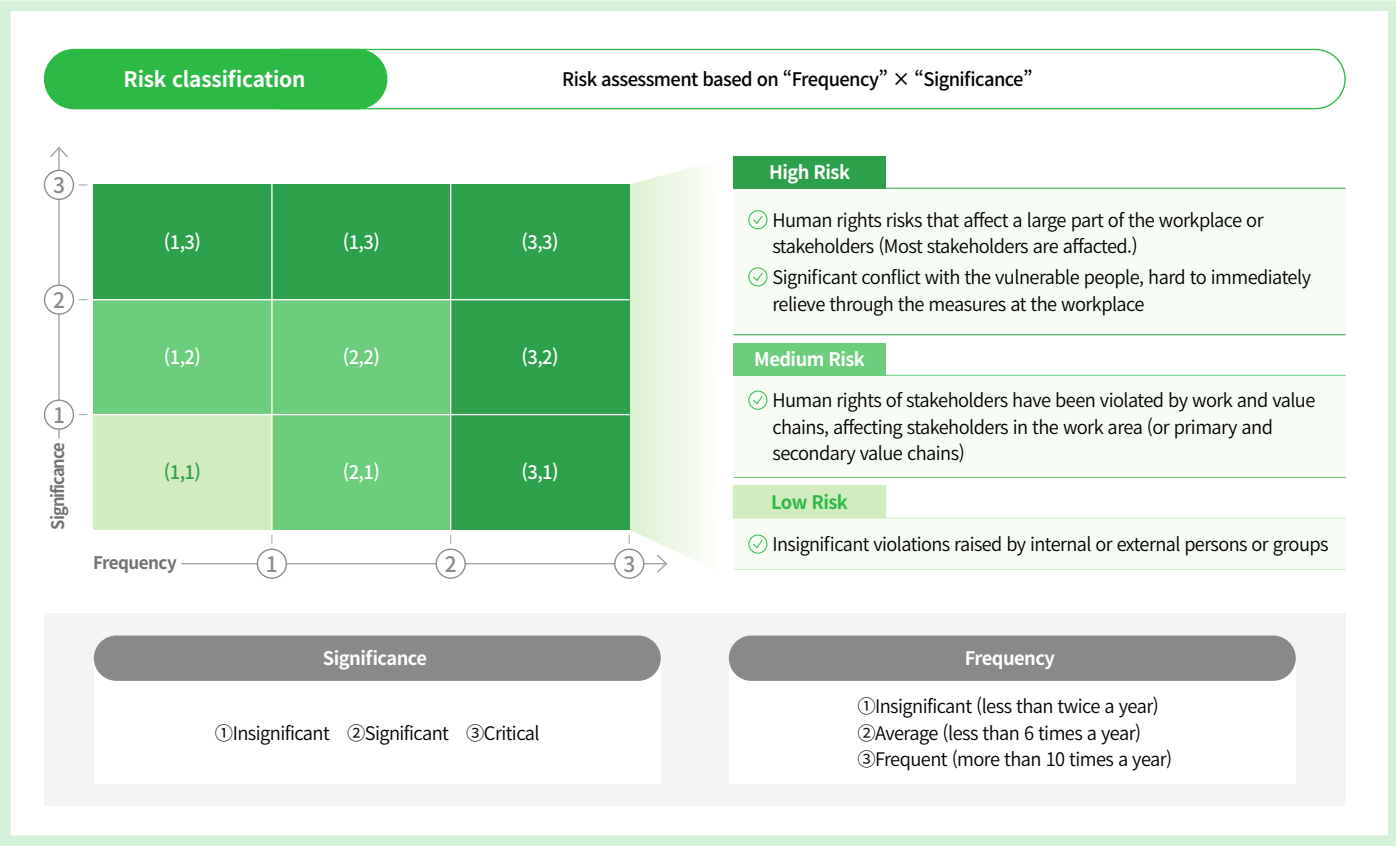
**Result** | The most common answer was that employees with disabilities were the most potentially vulnerable to human rights violations, followed by employees with pregnancy and children, and none of the employees were potentially vulnerable to human rights.



# Identifying Impacts and Establishing Goals

SK Innovation affiliates select and manage potential human rights issues based on the human rights impact assessment results. We identify the level of risks by assessing human rights risks directly and indirectly related to our business, the occurrence and the significance of each risk. After assessing the level of risks, we control them through physical control according to the appropriate process, and regularly check on the compliance with the norms (once or twice a year). Potential issues identified according to international guidelines includes are as follows: 1) Working conditions, 2) Discrimination in work, 3) Discrimination in employment, 4) Freedom of association and collective bargaining, 5) Forced labor, 6) Occupational safety, 7) Impact on supply chain, and 8) Environmental impact.

After identifying impact through the human rights risk assessment, we set improvement goals for human rights issues classified as high-risk. We also identify workplaces with risks and establish risk mitigation action plans according to the situation of each business site.



## Results of Human Rights Risk Identification in 2022

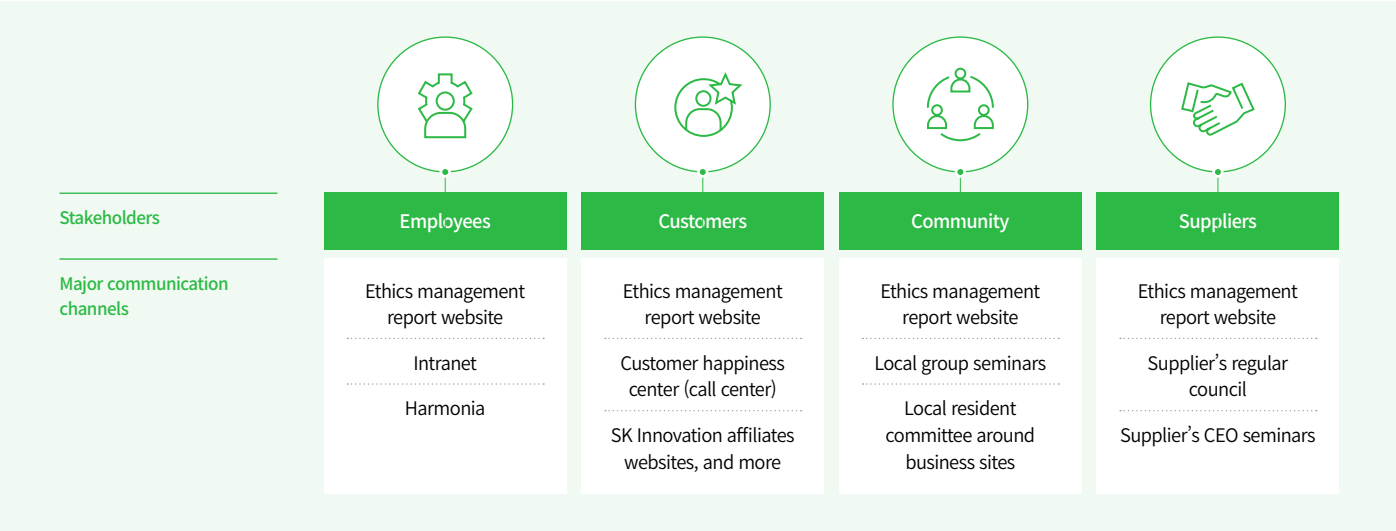
Recognizing the importance of human rights management in ESG, SK Innovation affiliates have set a goal of “zero compliance risk related to human rights” and strive to achieve it. Relevant departments established improvement goals for each issue based on the results of the impact analysis and prepared the guidelines to improve the working environment. They also implemented plans to achieve goals, detailed action plan, and training to raise the awareness of our employees. The most responses we got regarding the groups vulnerable to human rights risks are “none.” Moreover, the overall human rights management has been improved with the improvement in terms of female employees, employees with disabilities, pregnancy and children, and sexual harassment in the workplace compared to the last year. A human rights safety net called “O’Peace” has been introduced to respect human rights, which is classified as a potential human rights vulnerability risk. In addition, we implement mental health assistance programs for new employees, who are classified as a relatively vulnerable group.

### Participants in the program for new employees

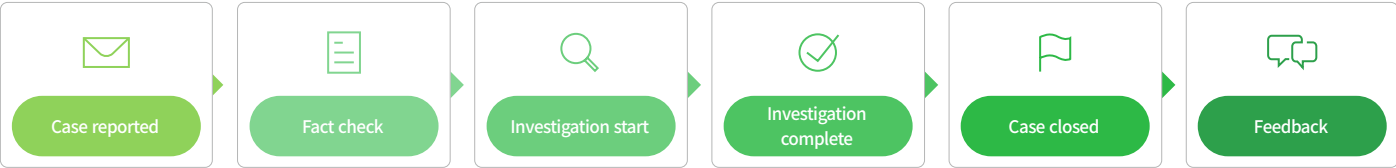


# Handling Grievance and Monitoring Results

SK Innovation affiliates are committed to resolving human rights issues identified through impact assessment according to global grievance standards. We prepare guidelines to handle human rights issues of vulnerable groups, and require each business site to comply with them to prevent the recurrence of the issues. Any serious violations of human rights are referred to the Reward and Penalty Committee to take necessary actions in accordance with our policies. We also operate hotline, online and offline communication channels to report grievances at each business site. We encourage our employees and stakeholders to report any human rights violations and take actions through these channels, while keeping track of the progress and the results to manage the compliance rate of each communication channel and satisfaction level of our employees. A proper system is in place to prevent retaliation or unfair disadvantage against the reporters and whistleblowers.



## Reporting Process



# Reporting Results

SK Innovation affiliates share the human rights due diligence process and results with internal and external stakeholders through the Human Rights Management Report and our website. The results of the previous year’s human rights due diligence and long-term goals are stated on our official website, suggesting the direction of human rights management for SK Innovation affiliates. We will continue to transparently report the human rights due diligence processes and the results to comply with global human rights guidelines and take the lead in minimizing human rights risks.

[Go to the website](#)



# Protecting Human Rights

SK Innovation affiliates make great efforts to raise employees’ awareness of human rights and protect human rights. We carry out the “Happy Workplace” campaign on a regular basis every year, while introducing a new channel called O’Peace<sup>1)</sup> in 2022 to prevent sexual harassment bullying in the workplace.

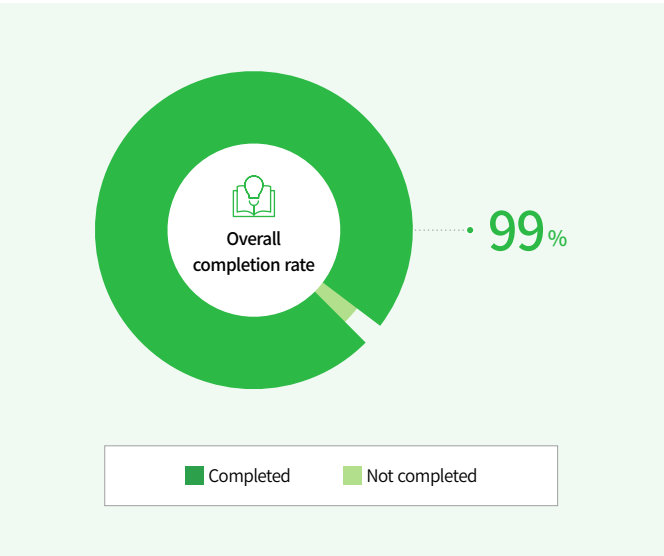
For online activities, we also conducted separate human rights training in addition to sexual harassment prevention and disability awareness training. We continue to carry out offline human rights training for each position, such as leaders, on-site supervisors, new employees, and trainees.

## Operating In-house Grievance Counseling Center

SK Innovation affiliates operate an in-house grievance counseling center where employees can report sexual harassment and bullying in the workplace while supporting their mental health. When a human rights violation such as sexual harassment is reported, we organize an investigation committee that includes in-house attorneys and start the investigation. We strive to minimize any inconvenience that may arise in the process of protecting victims and conducting the investigation by providing counseling and a leave of absence to the victim. Once we confirm that human rights are violated through the investigation, we impose strict disciplinary measures against the perpetrator.

1) O’Peace is a compound word of Office and Peace. The O’Peace channel maximizes the preventive effect by improving and enhancing systems and reporting channels related to sexual harassment and bullying in the workplace.

## Human Rights Training in 2022





# Managing Human Rights Issues

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# Wages and Benefits

The wages of SK Innovation affiliates' employees are set over the minimum wage required by the laws and regulations of each country and region. We pay statutory wages for regular and overtime hours and do not reduce employees' payment with unreasonable excuses. We are also committed to improving the living standards of our employees.

## Benefits


### Financial support

SK Haengbok Card (optional benefits), support for personal pension (for a certain percentage of monthly pension payment)




### Healthcare

Regular medical checkups, medical expenses (for illness or injury of the employees and their family)




### Housing support

Loans for housing purchase or lease, employee dorms or housing expenses when working at a local business




### Hobbies/leisure activities

Support for resorts, condos, fitness centers, and in-house club activities




### Family and childcare

Congratulatory and condolences leave, maternity/parental leave, daycare center, college tuition support for employees' children



### Others

Cafeteria, rewards for long-term employment, etc.





# Working Hours

SK Innovation affiliates are committed to creating a flexible working environment so that employees can maximize their job performance while maintaining a healthy work-life balance. To this end, we introduced a “flexible working hours system” that allows employees to choose their working hours as well as a “smart work system” where employees can report and manage their own working hours. We also check the working hours on a monthly basis to keep it under the legal limit, and prevent unnecessary overtime work by making employees perform the necessary tasks with the approval of the leader after the regular working hours. SK Innovation affiliates are committed to creating a flexible working environment so that employees can maximize their job performance while maintaining a healthy work-life balance. To this end, we introduced a “flexible working hours system” that allows employees to choose their working hours as well as a “smart work system” where employees can report and manage their own working hours. We also check the working hours on a monthly basis to keep it under the legal limit, and eliminate unnecessary overtime work by allowing employees to work extra hours with the leader’s permission only when necessary.

## Remote Work and Workcation

SK Innovation affiliates encourage our employees to reduce their commuting time so that they can spend more time with their families or develop their capabilities through a remote work policy. We’re also in the process of building video conferencing systems and work-sharing programs for remote working while operating WORKADIA as a workcation place where employees can work in a more comfortable environment. In addition, we continue to make improvement to our day off and leave policies to achieve a good work-life balance for our employees in the long term.



## Paid Leave

SK Innovation affiliates comply with local labor laws and ensure our employees are well-rested so that they are better able to focus on their work and be more productive.



- ✔ The company provides one paid holiday per week to employees who have completed the prescribed number of working days, and Sunday is usually designated as the weekly holiday (except for shift workers and certain job positions, which follow separate work schedules).
- ✔ Employees who have worked for more than one year are granted paid annual leave, and those with less than one year of service are granted 1 day of paid leave for every completed month.
- ✔ Employees who have worked for more than one year and attended work for at least 80% of the previous year are granted 15 days of paid leave at the beginning of the year, with an additional 1 day added every two years beyond the first year of service.
- ✔ Employees who attended work for less than 80% of the previous year are granted 1 day of paid leave for every completed month.
- ✔ The company provides 4 days of paid summer special leave, and this leave can be used in divided portions based on business circumstances.
- ✔ The company designates government-designated public holidays, the company’s founding day, Labor Day, and founding day of the labor union as paid holidays.
- ✔ When the company recognizes special reasons, it may grant paid holidays for cases such as work-related injuries or illnesses, family events, or when employees are summoned by judicial authorities due to company-related incidents.

## Sexual Harassment and Bullying in Workplace

SK Innovation affiliates conduct annual training to prevent sexual harassment and bullying in the workplace. We operate a dedicated reporting channel, investigate allegations and take appropriate measures when incidents are reported.

### Policies on Sexual Harassment

SK Innovation affiliates strictly prohibit business owners, superiors, and employees from using their superior status and positions to other workers, sexually harassing or asking for sexual favors which make others feel humiliated or disgusted, giving disadvantages for not responding to sexual favors, and expressing intentions to benefit on condition of complying with such favors. Under the zero-tolerance policy, sexual harassment is dealt with immediately and the identity of victims and reporters remains confidential to prevent any unfair disadvantages. In addition, if the allegation is substantiated, appropriate measures such as disciplinary, improvement or legal actions are taken.



### Policies on Harassment and Bullying

SK Innovation affiliates prohibit workplace harassment and bullying: executives (superiors) use their superior position or relationship in the workplace beyond the appropriate scope of work to cause any physical and mental pain to other employees or deteriorate the working environment. We prohibit such bullying and harassment for all employees, including people working for our suppliers. While addressing bullying and harassment in the workplace, we strictly keep the identity of the victim and the reporter confidential and prohibit unfair disadvantage or retaliation after the report. We also take appropriate measures such as transfer or paid leave with the consent of the victim when necessary. If the allegation is substantiated after the investigation, we immediately take measures such as disciplinary, improvement or legal actions against the perpetrator.

In 2022, we introduced a new channel called O'Peace to internalize the culture of bullying prevention in the workplace. O'Peace, a compound word of Office and Peace, is a safety net to prevent bullying in the workplace and was created by SK Innovation affiliates through intense consideration to promote a happier workplace culture. This new channel aims to eradicate workplace bullying by amending related rules and regulations of the company and creating a bulletin board where employees can ask for counseling on workplace bullying grievances.

### Reporting, Counseling and Handling Process

#### Report

Victims or witnesses can report sexual harassment to the grievance center via email, phone, or interview.

#### Formal procedures

**Sexual harassment** | The investigation committee including female committee members and in-house experts (attorney/labor attorney) is formed to investigate the case and make decisions.

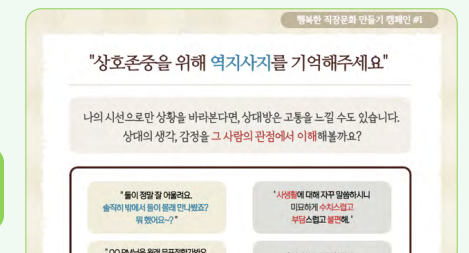
**Bullying** | The investigation committee including in-house experts (attorney/labor attorney) is formed to conduct an investigation according to the following procedures.

- ① Counseling and investigation
- ② Determine whether the harassment has been repeated and continued
- ③ Extent of the damage
- ④ Direct or circumstantial evidence

### Sexual Harassment & Bullying Prevention Training

- We conduct mandatory online training on sexual harassment and bullying for all employees once a year.
- Online and offline training is conducted for specific positions including leaders, on-site supervisors, new employees, and trainees.
- A newsletter about regular sexual harassment and workplace bullying prevention training are sent to all employees every year.

An example  
of the annual  
newsletter



# Sexual Harassment and Bullying in Workplace

## Disciplinary Actions against Sexual Harassment and Bullying in Workplace

- The investigation committee investigates the facts and takes appropriate disciplinary actions against the perpetrators according to the policies. Then, the committee informs the reporter or victim whether there are disciplinary measures such as transfer to other divisions.
- The committee conducts training and a survey on harassment to raise awareness and prevent recurrence. It also implements appropriate measures to restore the victim's right and keep its attention on the perpetrators and victims.
- To prevent secondary victimization, the committee takes measures such as paid leave for the victims and suspension for the perpetrators. Moreover, it also provides psychological counseling to the victims through the Harmonia Counseling and Coaching Center or government agencies.

# Non-discrimination

SK Innovation affiliates collapsed hierarchies and switched to flat structures in terms of positions and titles. Employees call each other as PM (Professional Manager) and create a culture of mutual respect, inclusion, and non-discrimination. We will continuously build the environment where employees can demonstrate their capabilities regardless of their positions/ranks and work experiences.

We do not discriminate against anyone on the basis of their gender, race, nationality, ethnicity, or religion in terms of working conditions such as employment, wages and promotions, and promote diversity in workplace.

1) IDP: IDP is an abbreviation for Individual Development Plan, and is our development and growth system where employees design their own careers, plan for competency development, and implement detailed plans through coaching by leaders.





# Freedom of Association

SK Innovation affiliates support the freedom of association and collective bargaining in accordance with the laws of each country or region, and do not impose any disadvantages against membership, activities, or formation of a labor union.

## Key Principles of the Collective Agreement of SK Innovation Labor Union

SK Innovation affiliates mutually respect the management and labor rights in accordance with the Constitution and the Labor Relations Act. We cooperate with the union to protect human rights and improve social and financial status of the union members by establishing a healthy labor-management relationship and working conditions. A union member refers to a person who has joined the union as an employee of the company. We recognize their rights to join or leave the union and the biennial collective agreement applies to all members. The SK Innovation affiliates' labor-management council meeting is held every quarter and discusses ways to improve employee welfare, grievance handling, and safety management. In addition, we also use various ongoing communication channels such as business briefing sessions, business plans, and union meetings. We established the following rules to support a healthy labor-management relationship:

- 1

The Company and the Union are committed to fulfilling corporate social responsibilities and contributing to social development, enabling all employees to work with a sense of reward and pride, and to become a company trusted by the public.
- 2

Both the Company and the Union shall uphold the Agreement in good faith. The Union is recognized as the representative organization for negotiating and concluding collective agreements on behalf of all members. The collective agreement applies to the Company, the Union, and all members.
- 3

The Company guarantees the freedom of union activities for its members. It will not interfere with legitimate union operations and will not discriminate against any member based on their participation in union activities.
- 4

When enacting, revising, or abolishing employment rules, the Company will listen to the opinions of the Union. In cases where working conditions may be negatively affected, the Company will obtain prior consent from the Union.
- 5

The scope of collective bargaining includes the following areas:

㉠ Union activities

㉡ Wages and working conditions

㉢ Occupational safety and health

㉣ Welfare benefits

㉤ Employment security

㉥ Other matters subject to collective bargaining
- 6

Labor-Management Council

The Company and the Union establish and operate a labor-management council to enhance productivity, advance the common interests of labor and management, and foster industrial peace. The council focuses on the following areas: a) Productivity improvement and fair performance distribution b) Resolving grievances of union members c) Enhancing safety, health, and the overall working environment, and promoting the well-being of members d) Enhancing the personnel and labor management system e) Discussing matters related to the welfare of union members.

# Prohibition of Forced and Child Labor

SK Innovation affiliates do not force employees to work against their free will due to either mental or physical restraints, including slave labor and human trafficking. We also do not demand the transfer of government-issued identification cards, passports, or work permits for employment conditions. We employ youths below the age of 18 in compliance with the related labor laws and regulations of the relevant country or region, and shall not engage them in dangerous or harmful work.





# Workplace Safety and Environment

SK Innovation affiliates set safety, health, and environmental management as our top priorities and applies stricter standards than legal requirements and global standards. Moreover, we strive to transparently report our achievements and become a role model for our domestic and overseas peers in the industry. Our Safety, Health, and Environment Policy is as follows.

Safety, Health, Environment Policy

The company shall pursue incident-free operation and environment-friendly management based on the spirit of human-oriented management, thereby gaining society’s trust and growing hand-in-hand with society. To do this, the company shall become a role model among the domestic and foreign energy companies by defining Safety, Health and Environment management as a top priority, preparing and operating guidelines stricter than that legally required, and sharing such results with the public.




Safety & Health

1

Engage continuous improvements and preventive activities for personnel and equipment safety, thereby leading the establishment of a safe and healthy society.

2

Innovate safety technology and enhance safety capability, thereby taking an initiating role in improving social safety and health.



Environment

1

Preserve the global environment by reducing greenhouse gases and minimizing pollutants.

2

Continuously create new valuables from the environment by developing environment-friendly technology and operating environment-friendly business, thereby innovating the future energy industry.

# Employees' Mental Health

## Managing Employees' Mental Health

SK Innovation affiliates strengthen our counseling services to support the mental health of our employees and continuously monitor to improve the outcomes of counseling. In particular, we operate a mental health counseling center called Harmonia. Founded in 2005 with high-quality professional counselors, Harmonia provides counseling services and mental health assessments for SK Innovation affiliates employees and their family.

# Employees' Mental Health

## Operation of Harmonia in 2022

### For Employees

SK Innovation improved Harmonia Counseling and Coaching Center in 2022 to support the mental health of our employees. In 2022, about 3,000 counseling sessions were conducted for more than 700 employees. The number of counseling session increased by 17% year-on-year, and the number of counselees also increased by 12%. Counseling sessions contributed to improving not only employees' mental health but also their focus at work. While maintaining the existing counseling and coaching sessions, we organized new programs according to the life cycle of employees as well as the management direction of the company. In addition, we have expanded support for the mental health management of resident employees in our global workplaces. We expanded our counseling services for resident employees from China and Hungary to all of our global workplaces. Through counseling programs for not only resident employees but also their children, we could improve connections and emotional stability in their family, and support their mental health.

### For the Organization

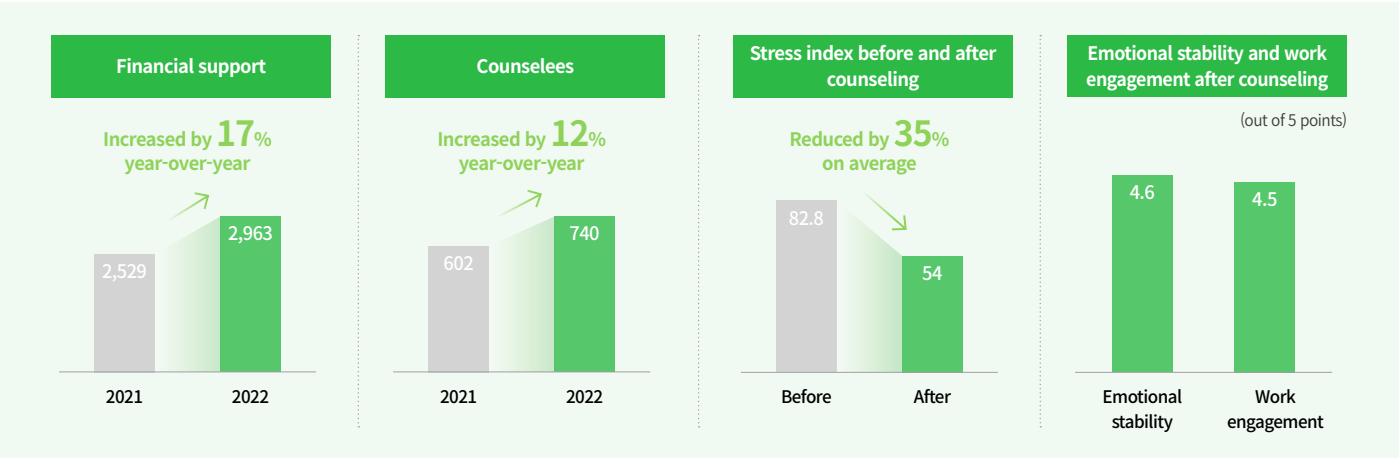
We implemented an adaptability program in Harmonia to support the mental health of employees and to create a healthy organization. We supported workshops to promote understanding and communication between employees only for the requested departments and teams and consequently supported more than 100 teams in 2022. Moreover, we have provided one-to-one coaching sessions for leaders, and regularly conducted programs for new employees (both for new and experienced employees).

### Responding to Crisis

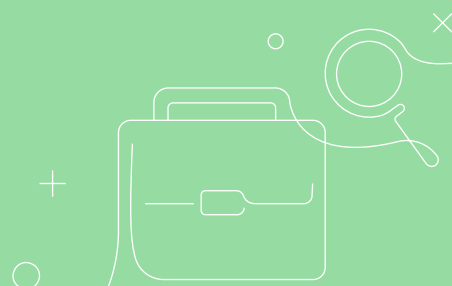
Harmonia also provides counseling on workplace sexual harassment/ bullying. We provide personalized counseling for victims and help them report via the official reporting process if they want.

## Mental Health Programs at Global Sites

SK Innovation affiliates support not only the mental health of employees in Korea, but also that of employees working at our global sites. We operate mental health programs at various places, considering the environment and culture of our global sites. In 2022, we introduced a new mental health program at our Amsterdam subsidiary. SK Innovation affiliates will continue to expand mental health programs in our global sites.



# Supply Chain Human Rights Management



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# Supply Chain Human Rights Policy

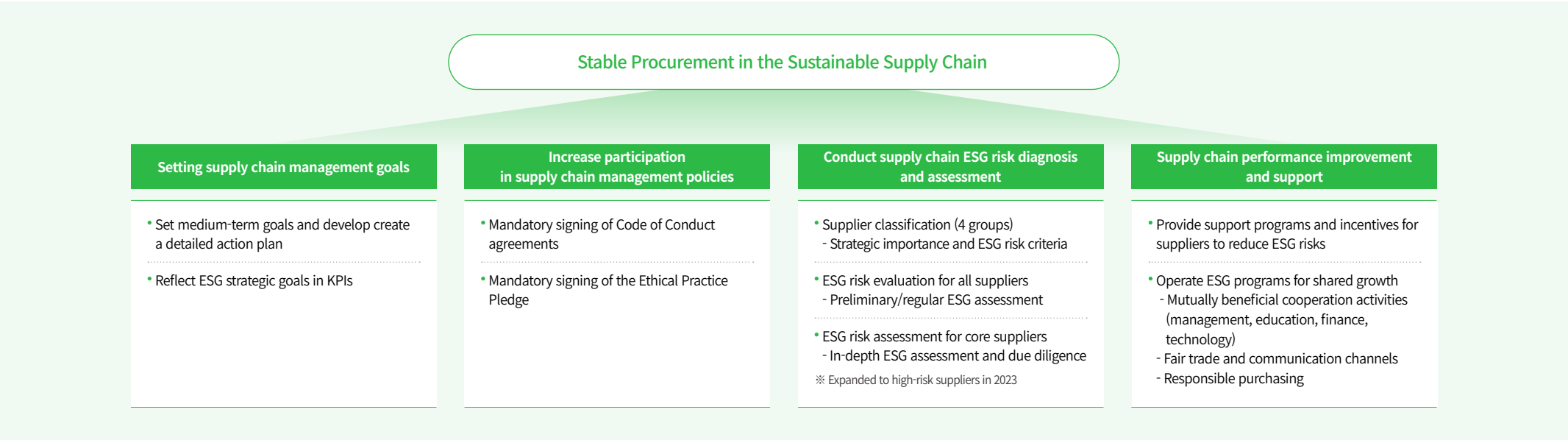
## Supply Chain Human Rights Management

SK Innovation affiliates are dedicated to achieving stable procurement through enhanced sustainable supply chain management. In 2020, we revamped our system from an ESG perspective, focusing on execution and tangible outcomes. Suppliers must sign their consent to the Supplier ESG Code of Conduct and the Ethical Practice Pledge as well as the General Terms and Conditions to contract with SK Innovation affiliates, and those who do not submit their consents are not eligible for contracting.

## Key Supply Chain Management Policies

Category	Contents
Code of Ethical Purchase	<ul style="list-style-type: none"><li>Principles of fair and transparent trade</li><li>Compliance with laws and international agreements (Declaration of Human Rights, UNGC, etc.)</li><li>Reporting violations and protecting whistleblower</li></ul>
Suppliers' ESG Code of Conduct	<ul style="list-style-type: none"><li>Human rights and labor, safety and health, environmentally friendly workplace management, compliance with business ethics, prohibition of conflict minerals, and management system</li></ul>
General Principles of Purchasing in the Purchasing Management Regulations	<ul style="list-style-type: none"><li>Corporate social responsibilities including shared growth, labor, human rights, anticorruption, and environmental protection</li></ul>

## Supply Chain Management System



# Supply Chain Human Rights Policy

## ESG Code of Conduct for Partners

SK Innovation’s Supplier Code of Conduct, referred to as the “Code,” serves as a clear communication platform to express our ethical expectations from suppliers. We emphasize the importance of upholding human rights for employees, establishing a safe work environment, and fulfilling environmental responsibilities. Recognizing the need for adaptability, we reserve the right to make reasonable changes to the Code as required. Any modifications will be promptly communicated to suppliers in advance through our purchasing system. To ensure compliance with the Code, SK Innovation, along with its subsidiaries or external auditors appointed by SK Innovation, may conduct on-site visits to suppliers’ business locations. These visits are intended to evaluate adherence to the Code’s principles and may involve requesting necessary improvements where identified.

### 1. Labor & Human Rights

#### A. Voluntary labor (prohibition of forced labor)

A partner company shall not impose forced labor (e.g., slave labor or human trafficking) against a worker’s will. When hiring a worker, it shall execute a labor contract prepared in a language the worker can understand and then provide one copy thereof to the worker. When a foreign worker is hired, the worker himself/herself shall keep originals of his/her passport, work permit, etc. A partner company shall not unreasonably restrict a worker’s movements, and the worker shall be allowed to resign from the company at his/her free will.

#### B. Prohibition of hiring children and management of youth workers

A partner company shall not hire children. The term ‘child’ means anyone under 15 years of age (including anyone under 18 years of age who attends middle school) or anyone under the minimum employment age under the laws of the country of his/her nationality or employment. A worker under 18 years of age shall not be put to work on processes with safety & health risks or to work at night or work overtime. Students under practical training shall be separately managed and supported in the practical training program, separately from regular workers.

#### C. Prohibition of discrimination

A partner company shall not engage in discrimination on the basis of race, skin color, age, gender, sexual orientation, sexual identity, ethnicity, disability, pregnancy, religion, political inclination, labor union membership, nationality, and marital status in employment practices such as hiring, wage, promotion, compensation, and education/training opportunities. A worker or job applicant shall not be asked to undergo a medical examination for items (e.g., pregnancy) which may be used as grounds for discrimination. A partner company shall take reasonable measures so that the worker may perform religious rituals upon request.

#### D. Wages and benefits

Compensation paid to employees shall comply with all applicable laws related to wages, including minimum wage and statutory benefits such as overtime allowance.

#### E. Humane treatment

A partner company shall respect all workers’ human rights, and may not engage in harsh or inhumane treatment against workers such as sexual harassment, sexual abuse, corporal punishment, mental/physical coercion, violent language, or unreasonable restrictions. For that, a partner company shall clearly provide for, perform, and announce to workers, reasonable procedures for disciplinary measures.

#### F. Guarantee of freedom of association

A partner company shall guarantee a worker’s right to freely organize and join a labor union and to engage in collective bargaining and peaceful assembly and demonstration under the laws of the country of his/her nationality or employment. It shall also guarantee the right to refuse to carry out such acts. A worker or workers’ representative shall be able to communicate with management concerning opinions and grievances on conditions of labor and management policy without but not limited to fear of discrimination, retaliation, and threat.

## 2. Safety & Health

#### A. Industrial safety

The partner company shall conduct risk evaluation to be aware of workers’ chances of exposure to harmful factors. It shall conduct safe work process designs, technical/administrative controls, preventive maintenance, safety regulations formulation, and provide workers with continuous education, necessary personal protection equipment, and supervision of proper wearing according to the result of the evaluation.

#### B. Prevention of industrial accidents and illnesses

A partner company shall establish and comply with accident-handling procedures to prevent industrial accidents, occupational illnesses and to suppress recurrence thereof. It shall be aware of physically excessive works such as repetitive work and handling of heavy items and to prevent musculoskeletal illnesses, shall take appropriate measures such as work process improvement.

#### C. Management of harmful factors in the work environment

A partner company shall periodically measure hazardous chemicals, noise, dust, etc. in the work environment to which workers may be exposed, figure out the effect thereof, and take technical measures and conduct management and provide supervision to prevent exposure to the listed harmful factors above the permitted level.

#### D. Equipment safety

A partner company shall classify the types of dangerous equipment used and then conduct periodic safety inspections thereof. It shall provide physical protection devices/walls and control devices for workers’ safety, and conduct preventive maintenance for such facilities.

#### E. Management of cafeteria and dormitory

A partner company shall provide employees with clean restrooms and drinking water, and a place where one may cook, keep, and eat food in a clean environment. Employee dormitories provided by a partner company or a worker dispatch company shall be clean and safe, and be furnished with proper emergency exits, cooling/heating, ventilation devices, and provide personal lockers or spaces which may be locked.

#### F. Safety & health education

A partner company shall periodically provide safety & health education necessary for workers, and display, in highly visible locations, safety & health information which workers need to know.

# Supply Chain Human Rights Policy

## 3. Environment

### A. Compliance with environmental laws

A partner company shall obtain and maintain statutory, mandatory environmental permits and licenses including, but not limited to, reporting of the installation, operation, and modification of emission/prevention facilities and comply with reporting obligations. It shall also observe environmental laws and continue to be aware of and comply with recent changes in statutes.

### B. Prevention of environmental pollution and reduced consumption of resources and energy

A partner company shall endeavor to reduce resources/energy consumption and waste emissions at a fundamental level through work process improvement, materials substitution, preventive preservation, resources preservation, and recycling/reuse.

### C. Chemicals management

A partner company shall be aware of all chemicals (including designated waste) that pose a chance of environmental pollution if leaked, endeavor for safe storage, transportation, use, recycling/reuse, and disposal of such materials, and conduct periodic response training based on leakage response scenarios.

### D. Waste disposal

A partner company shall be aware of the characteristics of waste produced, handle them in accordance with applicable laws, and then dispose of them. It shall endeavor to reduce the amount of waste produced.

### E. Air pollution management

A partner company shall be aware of the characteristics of volatile organic compounds, aerosol, corrosive gas, dust, ozone layer-depleting materials, and combustion byproducts in the work processes, handle them in accordance with applicable laws, and then dispose of them. The status of the emissions shall be monitored at all times.

## 4. Ethics

### A. Compliance with transparent management and prohibition of unjust enrichment

A partner company shall, as a policy, prohibit and continuously check and monitor corruptive behaviors such as bribery, including gifts, and embezzlement. All transactions shall be recorded and managed in a transparent manner.

### B. Information disclosure

A partner company shall truthfully disclose information on the status of management in the fields listed but not limited to labor, safety & health, environmental matters, management activities, corporate governance, on financial status and performance in accordance with applicable laws and industry practices.

### C. Protection of intellectual property rights (“IPRs”)

A partner company shall respect all IPRs, and when transferring technologies/know-how, shall protect relevant rights. It shall safely protect all information of SKI’s affiliates, whose information it became aware of in transactions with such affiliates.

### D. Compliance with fair, transparent transactions

A partner company shall comply with fair trade-related laws and may not engage in activities such as unfair trade practices which compromise fair trade order.

### E. Protection of identity and prohibition of retaliation

A partner company shall operate a reporting system guaranteeing anonymity and keep the relevant information confidential, so that workers may participate therein without fear of retaliation.

### F. Protection of personal information

A partner company shall systematically manage and protect personal information of all stakeholders (including partner companies, client companies, and employees). When collecting, keeping, processing, transmitting, and sharing personal information, it shall comply with laws on personal information protection and information security.

## 5. Responsible Sourcing of Conflict Minerals

A partner company shall establish a policy not to use raw materials obtained by illegal, unethical methods (e.g., minerals extracted from armed forces-occupied mines, timber cut in forest preservation areas and timbering-prohibited areas). A partner company must include a “conflict minerals” clause in the policy, and be able to warrant that tantalum, tin, tungsten, and gold (3TG) contained in SKI affiliates-supplied raw materials, chemicals, and products do not directly or indirectly provide funds or benefits to armed forces which materially violate human rights in the Democratic Republic of the Congo and other African countries in dispute areas. A partner company shall conduct due diligence for 3TG minerals’ place of origin and supply network, and when requested, speedily provide due diligence results, including information on the place of origin, refinery, and refining company for the 3TG minerals contained in the raw materials, chemicals, and products supplied to SKI’s affiliates.

## 6. Management System

A partner company shall build its own management system and comply with the Code and applicable laws.

- A. Declare the will for self-compliance,
- B. Clarify management responsibility,
- C. Recognize and monitor applicable laws and regulations and customers’ requests,
- D. Evaluate and manage company operation-related safety, environment & health and labor practices, and ethical risks
- E. Goal management and performance evaluation/compensation
- F. Run education/training programs for employees
- G. Employees’ feedback and engagement,
- H. Record and manage documents in accordance with applicable laws and internal document management regulations
- I. Process of corrective measures
- J. Participation and responsibilities in supply chain management

“ A partner company, to check whether the policy on transactions with SKI’s affiliates is complied with, shall perform and manage periodic self-evaluation, transmit the Code to sub-partner companies, and request compliance therewith. ”



# Supply Chain Human Rights Policy

## Supplier Classification System

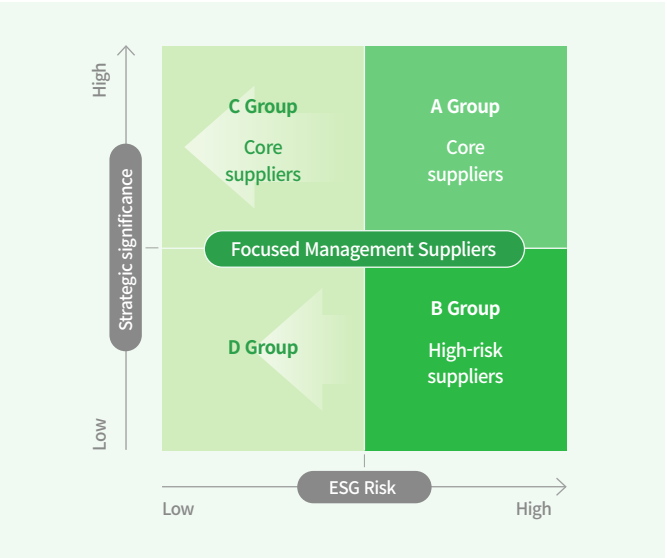
Since 2020, SK Innovation has categorized suppliers with a history of business transactions into four groups based on their strategic importance and ESG risks, and intensively managed those categorized as core suppliers. In 2022, we restructured the supplier selection process, shifting from considering the past three years of business transactions to focusing on the previous year. This adjustment takes into account the distribution of suppliers across various business sites and transaction characteristics, such as transaction cycle and size, to accommodate our business expansion.

In 2023, we plan to partially reform the supplier classification system based on the ESG management performance of suppliers over the past two years. Suppliers with a high level of strategic importance and ESG risks were classified as core suppliers and underwent in-depth assessment, due diligence, and consulting support during the in-depth ESG assessment in 2021 and 2022. In 2023, suppliers that scored highly and were selected as ESG excellent suppliers in the previous year's in-depth assessment will be classified as core suppliers with high strategic importance and low ESG risk (C Group) as their ESG risk has decreased. At the same time, suppliers with low business volume and frequency but high ESG risk will be classified as high-risk suppliers (B Group). These high-risk suppliers will undergo in-depth assessment and due diligence alongside the core suppliers (A Group) already subject to such assessment, after being categorized along with A Group as focused management suppliers. Through this approach, we aim to expand the targets of ESG risk management to include high-risk suppliers as well as core suppliers. By reducing the number of high-risk suppliers while nurturing more suppliers to achieve excellent ESG performance, we will establish a management system capable of effectively addressing potential ESG risks

## Supply Chain Classification System in 2023 (draft)

Suppliers	Criteria
Tier 1 suppliers	• Suppliers with direct transactions (previous year's orders)
Core suppliers	• Suppliers with high strategic significance and ESG risks
Suppliers with high-score	• Suppliers with a Leader rating (1, 2) at in-depth ESG assessment
Suppliers with high risk	• Suppliers with a Laggard rating (5, 6, 7) at in-depth ESG assessment • Suppliers that failed to pass the standard score in the preliminary/regular ESG assessment • Ulsan CLX, SKIPC Partners who failed to pass the SHE standard in the regular comprehensive evaluation • Consideration of other ESG risk characteristics of SK Innovation such as handling of conflict minerals and hazardous chemicals
Tier 2 suppliers	• Intermediate contractors of tier 1 suppliers with transactions exceeding a specific purchase amount

## Criteria for Selecting Focused Management Suppliers in 2023 (Draft)



## Supplier Assessment System

SK Innovation affiliates have established and operates an assessment and management process for systematic ESG risk management for all suppliers. For new suppliers, we conduct the preliminary ESG assessment when they join our purchase system, and for Tier 1 suppliers with order history from the previous year, we conduct the regular ESG assessment once a year. In 2022, we improved the preliminary and regular ESG assessments method and the purchasing system so that we can manage the evaluation results in a database by year, and we are implementing the reorganized pre- and regular evaluation from 2023. In addition, we are conducting the in-depth ESG assessment and due diligence by external ESG assessment institutions for core suppliers, and establishing and operating ESG risk improvement plans based on the evaluation results by dividing them into grades to help suppliers improve their actual ESG management level. Suppliers with high scores are certified as SK Innovation's excellent ESG suppliers and granted various benefits, while those with lower scores are classified as high-risk suppliers and required to submit their own improvement plans, and are included in the next year's ESG consulting and in-depth assessment as well as due diligence to actively support ESG risk improvement and check for improvement.

SK Innovation affiliates evaluate ESG risks that may arise from our suppliers, such as environment, safety and health, human rights, labor, ethics, and governance, and the major evaluation indicators related to human rights are as follows.

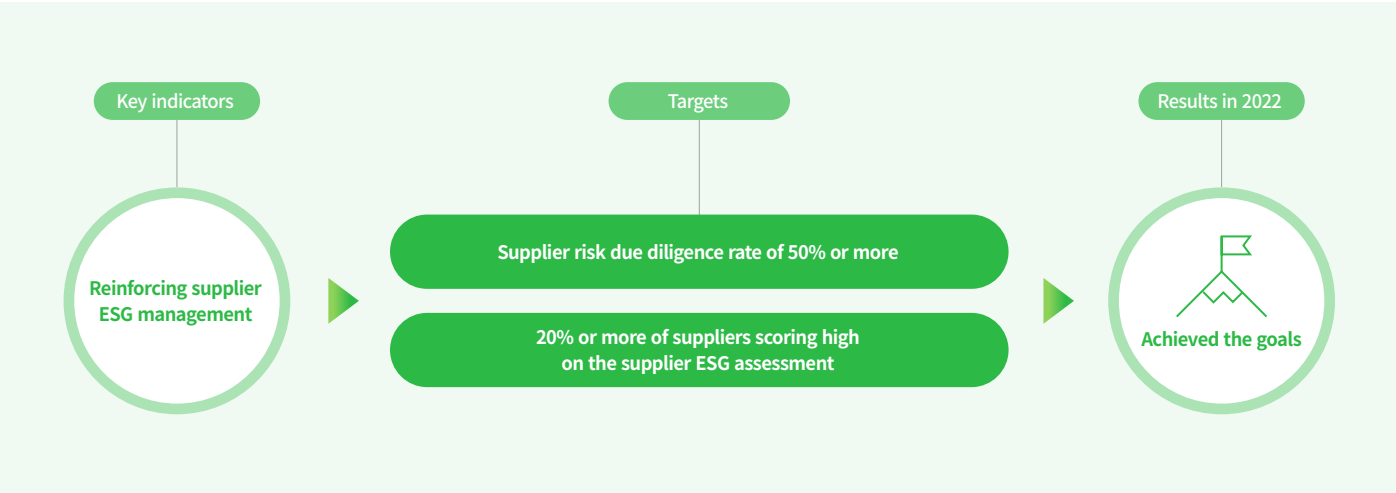
## Human Rights-related Indicators among ESG Risk Factors of Suppliers

Area	Main category	Sub category
Social	Social goals	Social goals management
	Human resources	Information protection, human rights, health & safety, labor
	Products & Customers	Conflict minerals
	Supplier	Supplier management, fair trade
	Local community	Social responsibility
Governance	Corporate activities	Ethical management

# Supply Chain Human Rights Management Achievements and Goals

Since 2018, SK Innovation has integrated supply chain ESG management into the key performance indicators (KPIs) of the departments responsible for supply chain management. In 2022, we prioritized the enhancement of supplier ESG management as a key indicator and set specific tasks to attain targets related to supplier due diligence rates and the percentage of high-scoring suppliers. Through meticulous and systematic implementation, we successfully achieved these targets.

In 2022, SK Innovation introduced customized ESG education and consulting programs for suppliers based on the outcomes of the previous year’s indepth ESG assessment in an aim to assist suppliers in addressing ESG risk issues effectively. At the same time, we revamped the evaluation method for the preliminary and regular ESG assessments and upgraded our procurement system to establish a comprehensive supplier ESG risk management system. Looking ahead to 2023, we have outlined plans to implement an enhanced ESG preliminary and regular assessment process. Suppliers that fall short of the established standards will be classified as high-risk suppliers and subjected to in-depth assessment and due diligence.



# Continuing Our Work



## Continuing Our Work

SK Innovation affiliates aim to ensure employees’ happiness. We pursue the happiness of our employees and stakeholders involved in our business. To achieve the happiness of our employees and stakeholders, we need to respect the human rights of individuals. Therefore, we will prevent the human rights issues that may arise in our business and constantly strengthen our human rights management by identifying the potential human rights risks and enhancing human rights impact assessments and reports.

In particular, we produce significant human rights achievements by incorporating the major tasks related to human rights management in pursuing our GROWTH strategy, which is our ESG management framework. We were selected as the best practice of human rights management and introduced in the business and human rights session at the Icheon Forum in 2022. Moreover, we delivered the presentation and shared our good practices on human rights due diligence in the working-level workshop held with human rights managers of SK Group’s subsidiaries and affiliates. We will constantly implement diverse human rights management policies to achieve our midterm goals by 2025.

We will also expand the scope of human rights management by implementing core tasks to protect human rights, building global human rights due diligence system, and regularly conducting due diligence. Moreover, we will establish the global-level Diversity & Inclusion (D&I) policy and aim to be included in the global D&I index.

SK Innovation affiliates will clearly show our activities and achievements related to human rights to our stakeholders through the human rights and ESG reports, and keep enhancing our efforts to implement human rights management.

Business and human rights session in the Icheon Forum 2022



\* Icheon Forum is a platform where SK members and experts discuss and share opinions about global changes to bring about deep change. The forum has been held once a year since 2017.



# Appendix

UNGP (UN Guiding Principles Reporting Framework)	38
UNGC (UN Global Compact) Human Rights and Labor Principles	38

UNGP

(UN Guiding Principles Reporting Framework)

Category	Report Principles	Details	Reporting pages
Governance of respect for human rights	A1. Human rights policy	Disclosure of a will to respect human rights	P. 4, 7-8
	A2. Internalization of respect for human rights	Efforts for internalizing the respect for human rights	P. 4-8
Defining the focus of reporting	B1. List of salient human rights issues	Salient human rights issues related to business activities	P. 14
	B2. Identification of salient human rights issues	Methods of selecting salient human rights issues	P. 14-18
	B3. Key areas to be managed for salient human rights issues	Methods of selecting region to be managed and areas of human rights issues	P. 14-18
	B4. Key areas to be managed for salient human rights issues	Potential human rights issues besides salient human rights issues	P. 14-18
Management of salient human rights issues	C1. Detailed policy for salient human rights issues	Detailed policies for salient human rights issues	P. 22-28
	C2. Engagement of stakeholders	Participation of stakeholders by salient human rights issue	P. 19
	C3. Impact assessment	Constant identification of salient human rights issues	P. 14-18
	C4. Response to human rights issues	Decision-making process of salient human rights issues and reflecting those on activities	P. 18-20, 24-25
	C5. Performance assessment	Effectiveness of activities to resolve salient human rights issues	P. 9, 15-18, 34
	C6. Follow-up support	Subsequent support for victims of human rights issues	P. 20, 24-25

UNGC

(UN Global Compact)

Human Rights and Labor Principles



Area	Principle		Page
Human Rights	Principle 1	Business should support and respect the protection of internationally proclaimed human rights;	P. 4, 7-8
	Principle 2	Make sure that they are not complicit in human right abuses.	P. 4, 7-8, 20, 31
Labor	Principle 1	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	P. 4, 8, 26, 31
	Principle 2	the elimination of all forms of forced and compulsory labor;	P. 4, 8, 26, 31
	Principle 3	the effective abolition of child labor; and	P. 4, 8, 26, 31
	Principle 4	the elimination of discrimination in respect of employment and occupation.	P. 4, 7-11, 25, 31





