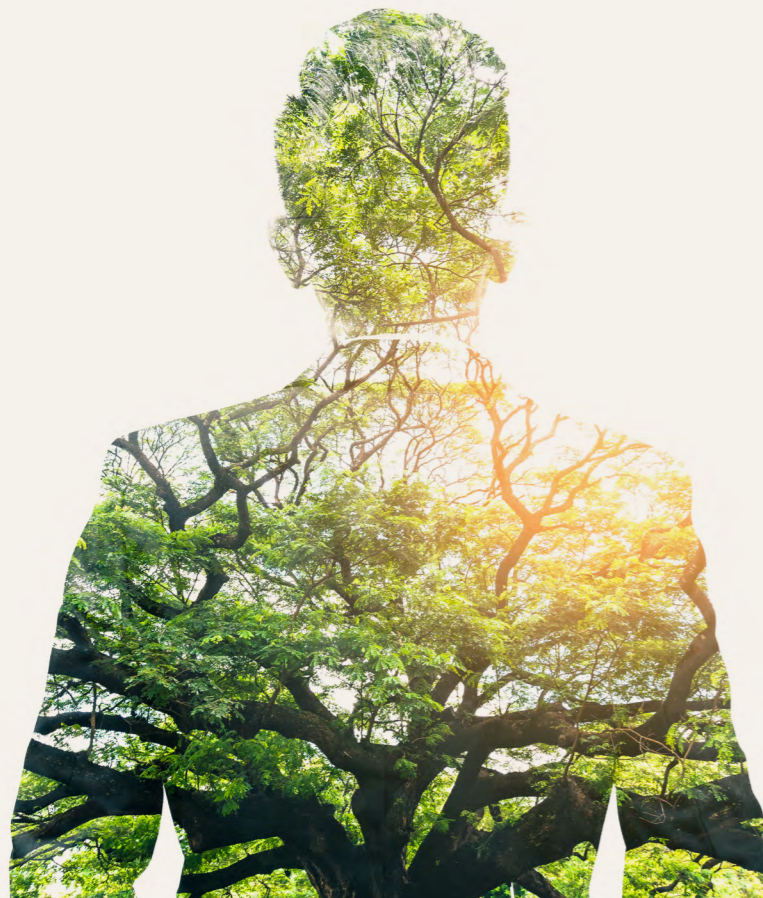


SK innovation
Affiliates
**Human Rights
Management
Report**



SK innovation Affiliates Human Rights Management Report



Issuance date: October, 2022
Issued by: SK innovation – Corporate Culture –
Talent Development
For inquiries: SK innovation Human Rights
Management Manager
(ski_hrdoffice@skcorp.com)

CONTENTS

I.	
Human Rights Management	
Human Rights Policy	6
Diversity and Inclusiveness	8
II.	
Human Rights Risk Management System	
Human Rights Risk Management System	12
Human Rights Impact Assessment	13
Identification of Impacts	16
Reporting Channels and Grievance Process	18
Protecting Human Rights	19
III.	
Managing Human Rights Issues	
Respect for Human Rights	22
Pay and Benefits	22
Working Hours	23
Sexual Harassment and Bullying in Workplace	24
Non-discrimination	26
Freedom of Association	28
Supply Chain Code of Conduct	29
Forced Labor	33
Child Labor	33
Safety and Working Environment	33
IV.	
Appendix	
UNGP Reporting Framework	36

I Human Rights Management

Section 1.

Human Rights Management

Human Rights Policy 6

Diversity and Inclusiveness 8

Human Rights Policy

Human Rights Policy

SK innovation affiliates (SK innovation, SK Energy, SK geo centric, SK on, SK lubricants, 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 its business operation. In order to fulfill our social responsibilities as a corporate citizen, we joined UNGC, a sustainability policy initiative, in support of its ten principles in areas of human rights, labor, environment, and anti-corruption, as well as the global guidelines set by the ILO and UNGP. Our affiliates 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 comply with the human rights principles and specific guidelines. Going forward, we will organize various activities and training programs to make our workplace happier and more sustainable.

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 its employees can pursue happiness.
3. We shall support and respect the human rights protection and labor standards of labor-related international organizations such as the UN and ILO, and shall not discriminate on the basis of any grounds including gender, race, nationality, religion, or age.
4. We shall comply with its human rights policies and the labor laws of the relevant country or region where it has work sites, and 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.

Action Plan Strategy (Mid/Long-term Strategy)

In response to a growing demand for the protection of human rights and corporate responsibility around the world, SK innovation is committed to promoting human rights management for each overseas business site and implementing policies in line with local business environment to support the action plans. We plan to conduct due diligence on a regular basis and prevent human rights violations at overseas sites in accordance with the

1) SKinnovation's CSR framework with the goal of improving the sustainability of society by providing opportunities for employees around the world and eco-friendly solutions for local communities based on business operation

global 'Social Story'¹⁾. The due diligence for overseas members will be firstly carried out by focusing on some workplaces, and then sequentially according to priority. To improve the effectiveness of the due diligence, we will develop a survey for each region and country, taking into consideration the nature of our business, which is conducting overseas business in the United States, China, Europe and other parts of the world.

Action Plans for 2022

SK innovation is committed to protecting the human rights of its employees by conducting various training and campaigns. In 2022, we introduced a new system to prevent harassment in our workplace and raised employees' awareness of human rights. In response to a growing demand for the protection of human rights in the global markets, we will expand the scope of human rights protection activities at our overseas business sites.

O'Peace

O'Peace, which is an abbreviation of Office and Peace, is our safety net program designed to prevent harassment in the workplace as part of our strong commitment to create a healthy and respectful working environment. For a more efficient implementation of this program, we are going to develop our training on human rights of all employees from 2022 to raise awareness. Our goal is to manage employees' grievances using a dedicated online channel for counseling. At SK innovation, we have the zero-tolerance policies on any form of harassment the same as sexual harassment.

Human Rights Survey at Overseas Business Sites

SK innovation intends to develop and introduce a global-level human rights survey in order to manage human rights risks in the EU, where due diligence on human rights is mandatory, and in some other regions such as China. For overseas business sites with a high level of risk of human rights violations, we will take prompt actions according to the process recommended by the global guidelines on human rights to prevent additional risks.

* When there is a report on human rights violation, we organize a committee including our in-house attorney to conduct investigation. During this process, we take necessary measures to protect the victims by providing counseling and allowing them to take a leave of absence.

Diversity and Inclusiveness

Diversity Policies

SK innovation is committed to creating an organizational culture that promote diversity and inclusiveness. To this end, we will create new jobs for people with disabilities and improve their working environment. In order to establish a female-friendly organizational culture, we prevent unfair practices and discrimination that female employees may experience while increasing jobs for women and supporting their talent development. As we expand our presence in the global market, there is a growing importance of establishing strategies for promoting mutual respect and embracing the diversity of our employees in overseas business sites. Under the action plans for the GROWTH strategy, we are committed to internalizing a culture of diversity and inclusiveness in our overseas business sites. Going forward, we will continue to help our employees adapt to their work environment by establishing effective policies and organizing training programs.

Action Plan Strategy (Mid/Long-term Strategy)

Based on these action plans, we will establish a company-wide management system to enhance diversity and inclusiveness in our working environment. Our goal is to establish policies in line with global standards, develop and implement various support programs, and focus on fair practice and evaluation process to ensure that no employees are discriminated against based on other factors than their job performance. We are also committed to building a foundation for creating a culture of diversity and inclusiveness by developing and managing indicators with a focus on the management of diversity and inclusiveness in workplace.

Developing Indicators and Setting Long-Term Goals

We will develop our own set of indicators for supporting diversity and inclusiveness in workplace to meet global standards. Based on these indicators, we will conduct an objective check on the level of diversity and inclusiveness in SK innovation and its affiliates while focusing on the areas of improvement. At the same time, we are going to materialize the long-term goals of creating a diverse and inclusive organization based on the indicators. To this end, we plan to establish and develop training programs which will be implemented along with those required by law in 2022. Meanwhile, we are in the process of reviewing the implementation of customized training for certain overseas business sites where associated risks have been identified in advance.

Programs for Overseas Business Sites

For overseas business sites, we plan to manage issues through policies to improve diversity and inclusiveness in line with specific conditions of each business site by declaring CD&IO positions. By creating a diverse community and listening to the needs of community members by race, age and class, we will be able to optimize our support.

Diverse and Inclusive Culture in Domestic Business Sites

Although SK innovation already has a good organizational culture and environment for people with disabilities and women, we are committed to creating more jobs and implementing plans for improvement with a focus on dedicated service facilities.

← SK Primacor (subsidiary of SK Geo Centric) was featured on Diari Mes, a local newspaper in Spain, for providing opportunities for career development for female talents

← Employees with disabilities working at the 'Growing Happiness' standard workplaces for people with disabilities

II Human Rights Risk Management System

Section 2.

Human Rights Management

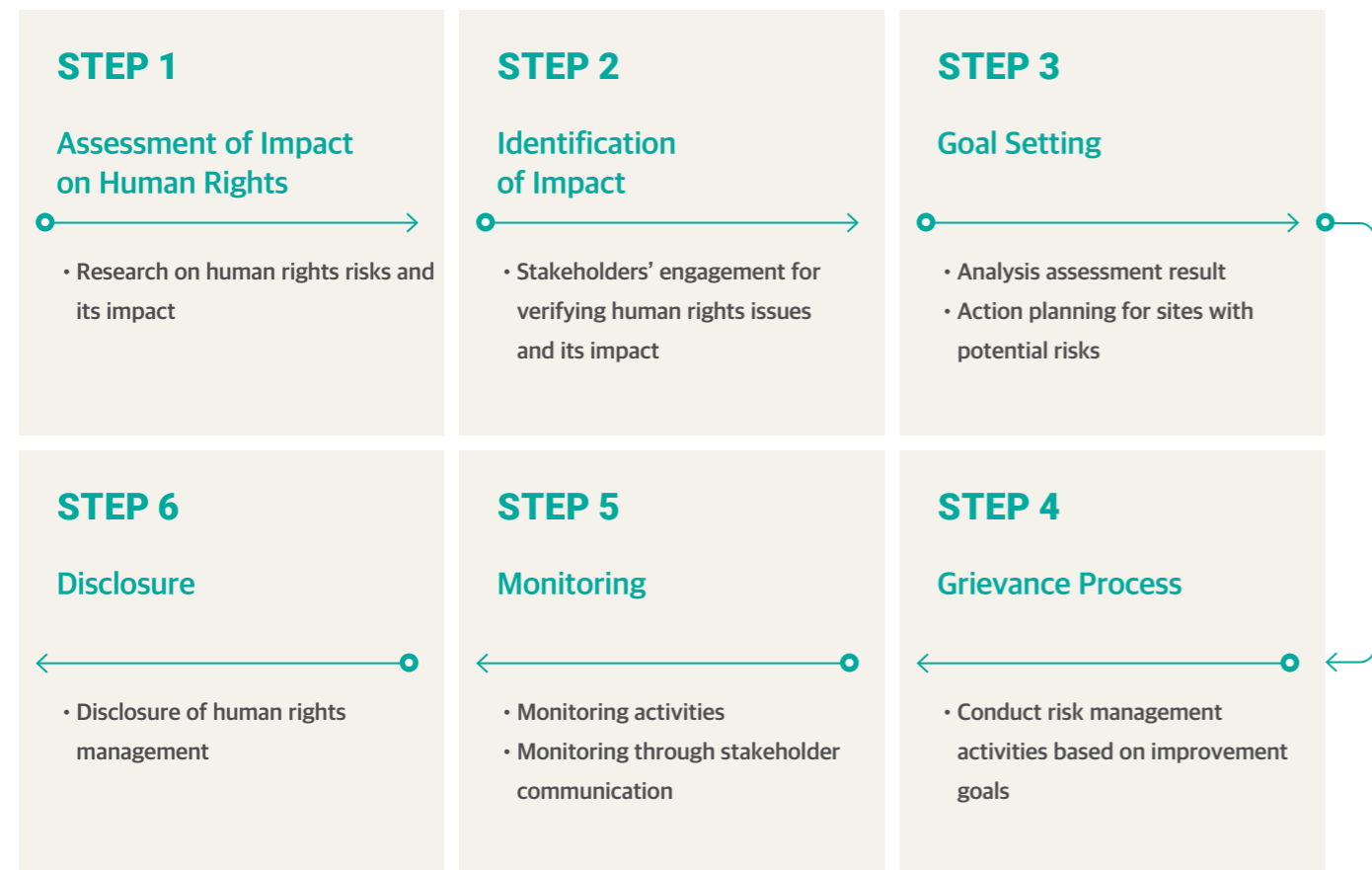
Human Rights Risk Management System	12
Human Rights Impact Assessment	13
Identification of Impacts	16
Reporting Channels and Grievance Process	18
Protecting Human Rights	19

Human Rights Risk Management System

Human Rights Risk Management System

We define human rights due diligence as a process of identifying and preventing negative impacts on human rights. Our affiliates implement this due diligence process according to international guidelines and report the progress to stakeholders with the goal of protecting the human rights of our employees and those of suppliers.

The process includes 1) Assessment of impact on human rights 2) Identification of impact 3) Goal setting 4) Grievance process 5) Monitoring 6) Disclosure and we keep track of the progress made by each business site.



- Planned and implemented based on the feedback and inputs from our employees and outside experts.
- Conducted for all employees of our affiliates and their suppliers.
- No disadvantages will be caused to anyone through the process.

Assessment of Impact on Human Rights



We conduct due diligence on human rights based on the Universal Declaration of Human Rights. In principle, the checklist for human rights is filled out in reference to global guidelines and internal management indicators on HR policies, working environment and conditions, and an online survey is conducted every year for all employees. The due diligence is also carried out for our major suppliers and we encourage them to conduct their own human rights due diligence. The survey is prepared in both Korean and English, and is translated into other languages upon request. We also define vulnerable groups in reference to global guidelines and initiatives to focus our attention on them.

Type	Regular Assessment	Ongoing Assessment
Frequency	Once a year	Based on risk factors
Organizer	SK innovation Corporate Culture Division and third party assurance agency	
Self-assessment	<ul style="list-style-type: none"> ✓ Online self-analysis for employees based on the checklist ✓ The checklist consists of 20 - 30 items and updated regularly 	
Onsite Check	Onsite check on risk factors (one-on-one interviews with employees), Onsite due diligence at suppliers' business sites including sampling surveys	
Vulnerable Groups (ILO Guidelines)	<ul style="list-style-type: none"> ① Female employees ④ Minority 	<ul style="list-style-type: none"> ② Children and minors ⑤ Indigenous people/immigrants ③ Refugees ⑥ Employees with disabilities

Human Rights Risk Management System

Issues of Human Rights Impact

Human Rights Policies and Systems

- ① The company has appropriate policies and programs in place to improve the human rights of employees.
- ② The company has relief and support programs for employees in relation to human rights issues.

Basic Human Rights of Employees

- ① Employees do not engage in any rude or intimidating behaviors including verbal abuse, assault, or name calling.
- ② Employees are not subject to any unfair treatment, verbal abuse, assault, or name calling by customers or any other stakeholders.
- ③ Employees do not unfairly treat or verbally abuse employees of their suppliers.
- ④ Employees do not engage in any misconduct or sexually humiliate other employees.

Discrimination in Employment and Work

- ① 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.
- ② The company does not discriminate against employees with temporary jobs against those with permanent ones.
- ③ The company does not discriminate against foreign employees.

Communication

- ① The company has communication channels dedicated to protecting the human rights of employees and improvement of their working environment.

Forced Labor

- ① The company strictly prohibits any kinds of forced labor.
- ② The company complies with the working hours of all employees.
- ③ The company takes necessary measures to prevent forced labor from all its subsidiaries or suppliers.

Child Labor

- ① The company does not employ anyone under the age of 15.
- ② The company does not assign any unhealthy, unsafe or morally questionable job to persons under the age of 18.

Occupational Safety

- ① The company keeps its equipment and facilities in a safe and sanitary condition at all times.
- ② The company provides its employees with necessary protective equipment and training for their safety.
- ③ The company provides regular medical checkups to employees to help them stay healthy.
- ④ The company has sufficient support programs for employees with occupational injuries or diseases.

Business Sites which Participated in 2022 Online Self-Assessment Survey

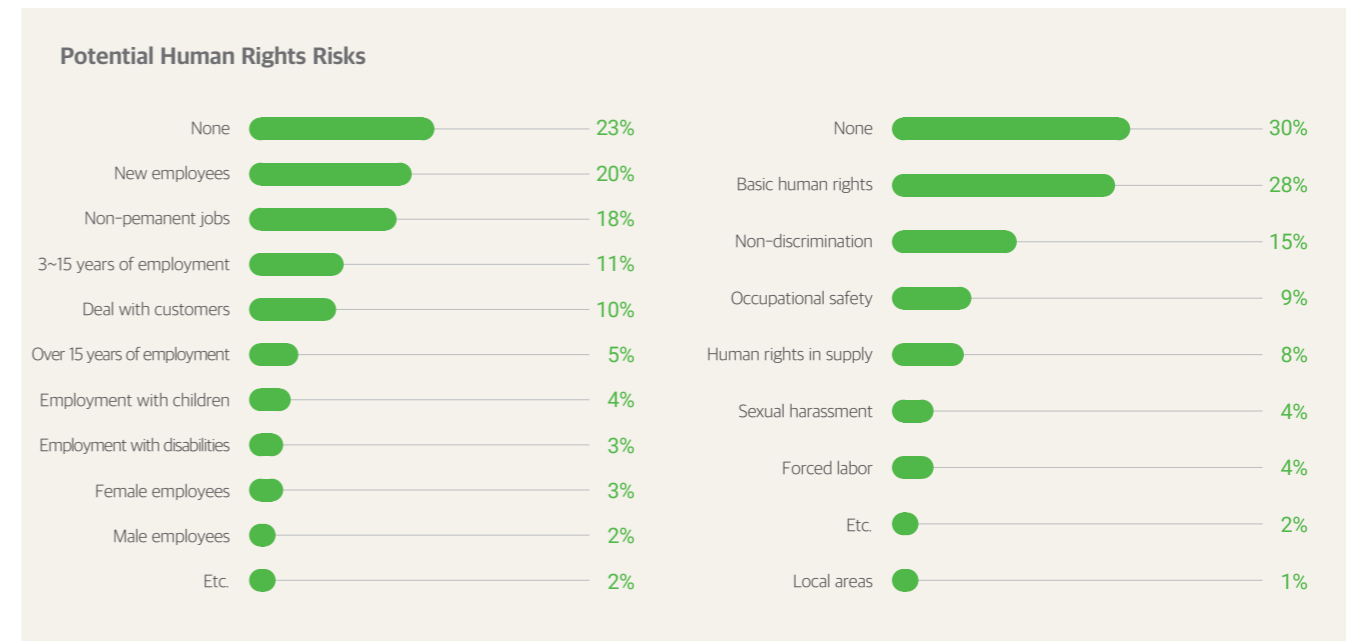
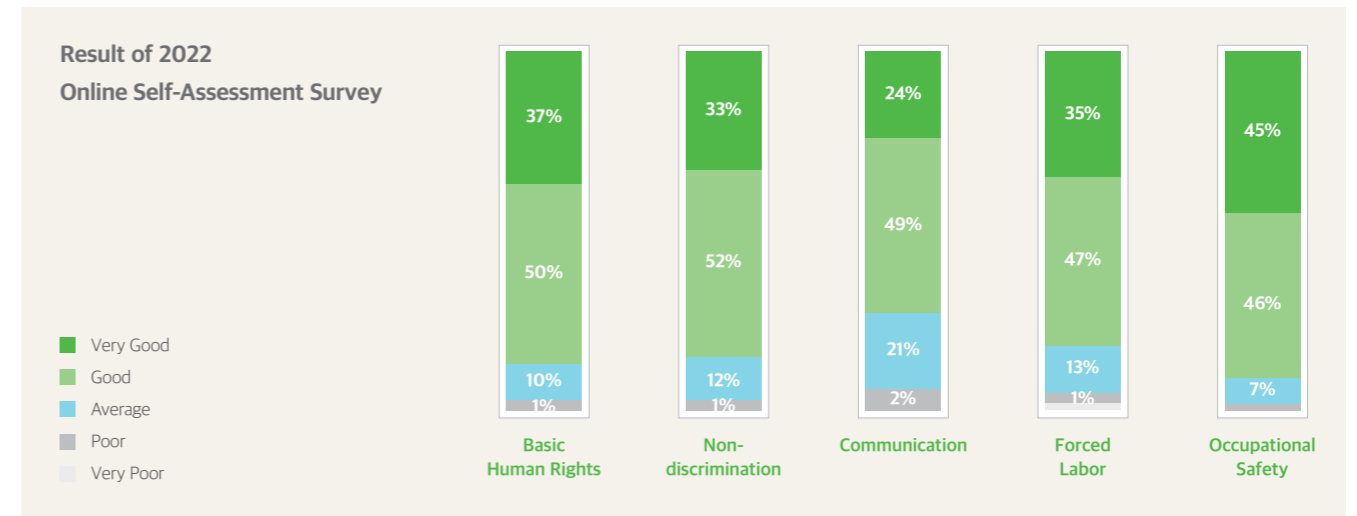
Category	Unit	Total	SKI	SKE	SKGC	SKL	SKIPC	SKTI	SKEO	SKO	SKIET
No. of Sites	Site	109	11	38	16	12	1	6	5	14	6
Percentage	%	100	100	100	100	100	100	100	100	100	100

Result of 2022

Online Self-Assessment Survey

No. of SKI Affiliates' Employees

3,659



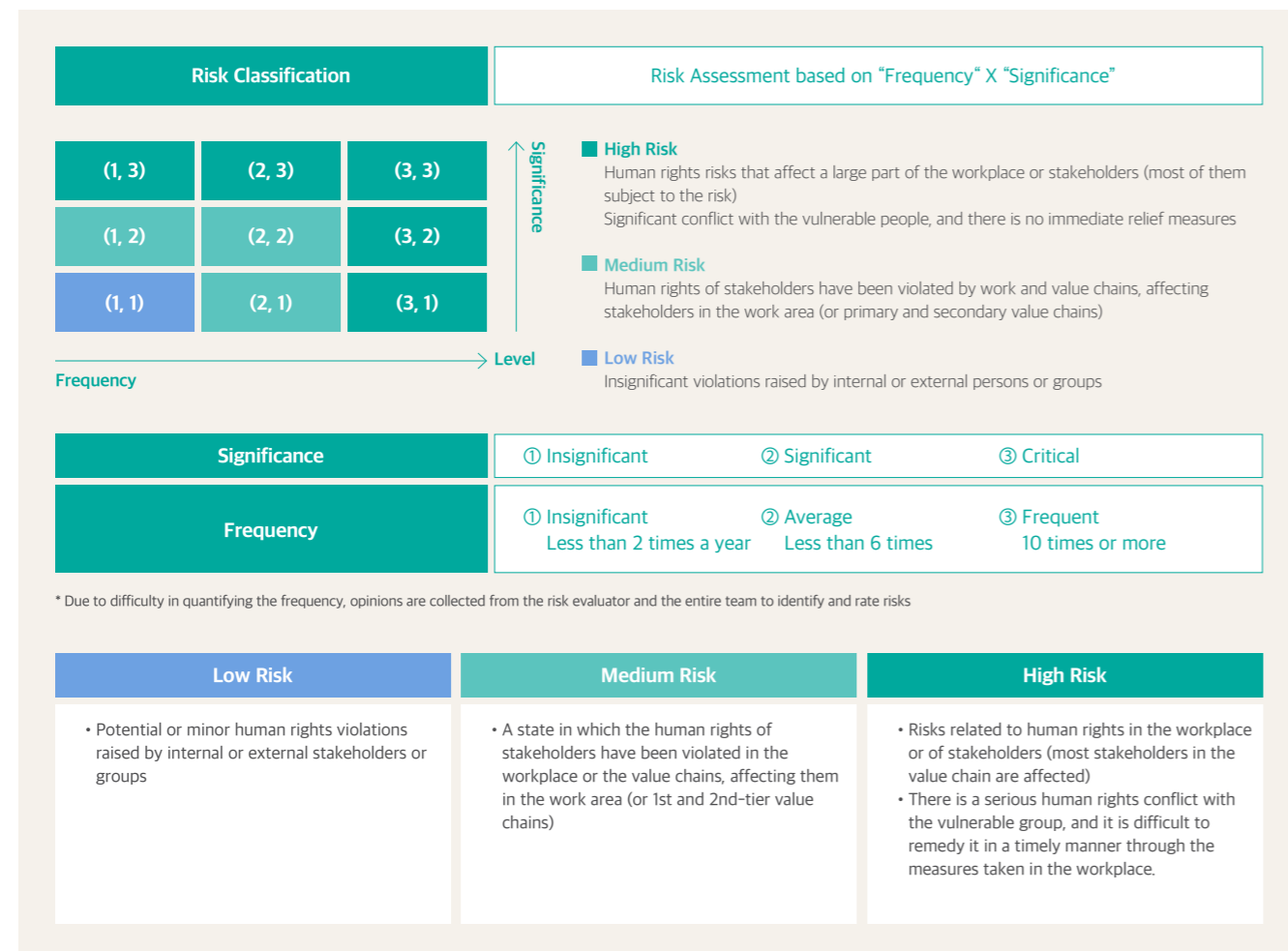
Human Rights Risk Management System

Identification of Impact

We identify potential human rights issues by assessing their impact to manage them more efficiently. Any human rights risks directly or indirectly related to our business operation are identified and prioritized while implementing physical controls and checking compliance with the risk control policy once or twice a year. Potential issues identified according to international guidelines includes: 1) Working conditions 2) Discrimination in work process 3) Discrimination in employment 4) Freedom of association and collective bargaining 5) Forced labor 6) Occupational safety 7) Impact on supply chain 8) Environmental impact.

Results of 2022 Human Rights Risk Identification

Recognizing the importance of human rights management in ESG, SK innovation has set a goal of preventing human rights-related risks and worked 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'. There has been improvement in terms of female employees, employees with disabilities, pregnancy and parenting, and sexual harassment compared to the last year. Therefore, the overall human rights management has been improved. A human rights safety net called "O'Peace" is currently being introduced to respect human rights, which is classified as a potential human rights vulnerability risk. In addition, SK innovation is now preparing for implementing relief measures for new employees, who are classified as a relatively vulnerable group.



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

Action Plan for Improving Human Rights Management

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

Human Rights Risk Management System

Reporting Channels and Grievance Process

We are committed to resolving human rights issues identified through impact assessment according to global grievance standards. Guidelines are applied to each business site to prevent the recurrence of problems. Any serious violations of human rights are referred to the Reward and Penalty Committee to take necessary action in accordance with our policies and online and offline communication channels are available for reporting grievances including hotline. We encourage our employees and stakeholders to report any violations of human rights through these channels while keeping track of the progress and the results to manage the compliance rate and satisfaction level. A proper system is in place to prevent retaliation or unfair disadvantage against the reporters and whistleblowers.

Stakeholders	Communication Channels
Employees	• Ethics Report Website, Intranet, Harmonia
Customers	• Ethics Report Website, Call Center, SK innovation Affiliates Websites
Local Community	• Ethics Report Website, Local Group Seminars, Local Resident Committee
Suppliers	• Ethics Report Website, Supplier Council, CEO Seminars

Reporting Process



Protecting Human Rights

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

Human Rights Training

SK innovation organizes training to raise awareness and protect human rights. We are committed to a culture to prevent sexual harassment and bullying in the workplace by running the 'Happy Workplace' campaign on a regular basis while conducting training once a year to raise awareness of sexual harassment and disabilities as part of our mandatory online training program. For offline activities, we continue to provide human rights training specific to positions, including leaders, on-site supervisors, new employees, and trainees.

2021 Human Rights Training Data

No. of online training participants ¹⁾	7,891
No. of offline training participants ²⁾	1,401

In-house Grievance Counseling Center

SK innovation and its 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 human rights violations such as sexual harassment are reported, a committee is organized that includes in-house attorneys to investigate the incident, minimize the inconvenience in the process by providing protection to the victims through counseling and allowing them to take a leave of absence. Strict disciplinary measures including dismissal are taken against the perpetrators once the violation is proven.

III Managing Human Rights Issues

Section 3.

Human Rights Management

Respect for Human Rights	22
Pay and Benefits	22
Working Hours	23
Sexual Harassment and Bullying in Workplace	24
Non-discrimination	26
Freedom of Association	28
Supply Chain Code of Conduct	29
Forced Labor	33
Child Labor	33
Safety and Working Environment	33







Managing Human Rights Issues

Respect for Human Rights

At SK innovation affiliates, we respect the human rights of all employees and prevent their violations at all times. We do not tolerate any form of sexual harassment, sexual abuse, corporal punishment, mental/physical coercion, verbal abuse, and unreasonable restrictions. To this end, we specify and implement reasonable disciplinary actions against these violations.

Compensation and Benefits

The payments for our employees are set over the minimum wage under the local laws and regulations. We pay statutory wages for regular and overtime hours and do not reduce their payment with unreasonable excuses. We are also committed to improving the living standards of our employees.

Category	Contents
 Financial support	• SK Happy Card (optional benefits), support for personal pension (for a certain percentage of monthly pension payment)
 Healthcare	• medical checkups, medical expenses (for illness or injury of the employees and their families)
 Housing	• loans for purchase and rent, employee dorm or housing expenses when working at a local business
 Hobbies/leisure activities	• resort/condos, fitness centers, and support for in-house club activities
 Family/childcare	• congratulatory and condolences leave, maternity/parental leave, daycare center, educational expenses for children
 Others	• cafeteria, rewards for long-term employment, etc.

Working Hours

SK innovation is 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 them to choose their working hours as well as a smart work system where they 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 working overtime requires approval from the leader. Questions regarding working hours are included in the annual satisfaction survey to the level of satisfaction remains over 70% (86% in 2022). In addition, we encourage our employees to use their commuting time each day (1.7 hours in average) for communication with their family members or personal improvement by telecommuting. We also built video conferencing systems and work-sharing programs for telecommuting while making improvement to our leave policies from the perspective of work-life balance.

Paid Leave

We comply with local labor laws and ensure our employees are well-rested so they are better able to focus and be productive.

- ✔ One paid day off per week for employees who have worked for a certain period of time. (Weekly off-days for those working shift or specific jobs follow a special work plan.)
- ✔ Annual paid leave for employees who have worked for more than one year, otherwise one day for every full month of working.
- ✔ 15 days at the beginning of the year for employees who have worked for more than one year and worked for 80% or more in the previous year in excess of the first year. (1 additional day for every 2 years of working)
- ✔ 1 day per month for employees who have worked less than 80%
- ✔ 4 days of paid special summer leave which can be split according to work conditions
- ✔ Company anniversary date, the union's anniversary date, Labor Day, and other national holidays are designated as paid holidays.
- ✔ Paid leave for special family occasions and occupational injuries or illnesses.

Managing Human Rights Issues

Sexual Harassment & Bullying in Workplace

We conduct annual training to prevent sexual harassment and bullying in the workplace. A dedicated reporting channel is available and allegations are investigated and appropriate action is taken when they are substantiated.

Policies on Sexual Harassment

At all our affiliates, we strictly prohibit any form of abusing one's superior position or working relationship to sexually harass or ask for sexual favors from anyone making them feel sexually humiliated or disgusted, or in exchange for any kinds of benefits or to avoid disadvantages. In accordance with the zero-tolerance policy, sexual harassment is dealt with immediately and the identity of victims and reporters remain confidential to prevent any unfair disadvantages. If the allegation is substantiated, both disciplinary and legal actions are taken.

Policies on Harassment and Bullying

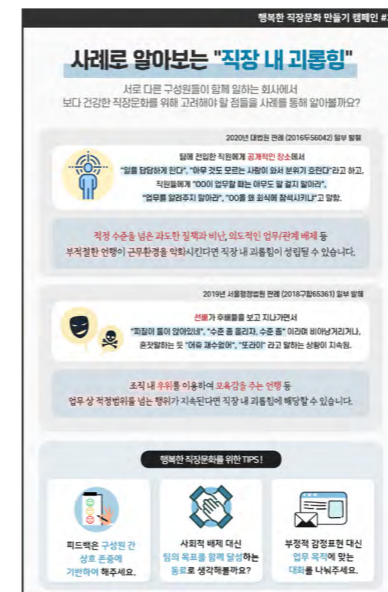
SK innovation affiliates do not tolerate any form of causing physical and mental pain to other employees and those from suppliers and business partners using their superior position or relationship in workplace harming the working environment. In the case of bullying and harassment in workplace, the identity of the victim and the reporter is strictly kept confidential, and no unfair disadvantage or retaliation are allowed due to reporting. Appropriate measures such as transfer or paid leave are taken with the consent of the victim if necessary. If the allegation is substantiated as a result of the investigation, both disciplinary and legal actions are taken against the perpetrator immediately.

Working Hours

[An Example of the Company-wide Online Training Announcement]



[An Example of the Annual Newsletter]



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: an investigation committee including female committee members and in-house experts (attorney/labor attorney) is formed to investigate the case and make decisions.
 - Bullying: an 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 continuous,
 - ③ Extent of the damage,
 - ④ Direct or circumstantial evidence

Training on Harassment in Workplace

- Mandatory online training on harassment is conducted for all employees once a year.
- Online and offline training is conducted for specific positions including leaders, site supervisors, new employees, and trainees.
- Training newsletters are sent to all employees every year.

Disciplinary Actions against Harassment in Workplace

- The committee investigates the facts and takes appropriate disciplinary actions against the perpetrators according to the policies. Then, the reporter or victim is informed of this and the results of the actions.
- Training and a survey on harassment is conducted in order to raise awareness and prevent recurrence.
- Appropriate measures are implemented to restore the rights of victims and follow up on the perpetrators and victims.
- In order to prevent secondary victimization, measures such as paid leave for the victims and suspension for the perpetrators are taken. Psychological counseling is also provided to the victims through the Harmonia Counseling Coaching Center or government agencies.

Managing Human Rights Issues

Non-discrimination

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

Employment	Blind screening and training for interviewer have been introduced to prevent discrimination.
Training	Individual competency development and training are organized according to the IDP, and training opportunities are provided to all employees equally.
Evaluation & Compensation	Employees are encouraged to set and manage their goals according to their careers, roles, and expectations throughout the year using the performance evaluation and management system.
Resignation & Dismissal	No discrimination against employees in terms of retirement, resignation and dismissal according to the rules of employment. Especially female employees are not discriminated against on the basis of marriage, pregnancy or childbirth.

Employment of the Disabled

SK innovation Affiliates Disability Employment Rates and Targets (As of December every year, unit: %)

2018	2019	2020	2021	2022 Target
1.72	3.43	3.48	3.71	3.50

[CASE] Workplaces for People with Disabilities

In order to support financial independence of people with disabilities, SK innovation affiliates established Haengbok Kium, Haengbok Didim and Haengbok Moeum standard workplaces in 2019 followed by Haengbok Mideum in 2021. Currently, there are 120 people with physical and developmental disabilities working in canteen, cafe, car wash, and laundry at these workplaces.



Current Status of the Workplaces for People with Disabilities

Workplace	Work
Haengbok Kium	• Daejeon Institute of Institute of Technology Innovation Cafe
Haengbok Didim	• Steam car wash at Daejeon Institute of Institute of Technology Innovation
Haengbok Moeum	• Laundry at Ulsan Complex
Haengbok Mideum	• Canteen management in the head office building, cafe in Seosan Battery Production Technology Center

Support for Female Talent Development

We are committed to creating a female-friendly corporate culture and preventing unfair practices and discrimination against our female employees. We are also working on improving our policies and systems for women, creating more jobs and talent development programs for female-friendly work environment. For female talents, we provide special training programs for leadership development with focus on female candidates for executive positions.

Category	Promote Female Employment	Prevent Career Interruption	Develop Leadership Skills
HR Programs	• HR monitoring to prevent discrimination	• No evaluation for employees on leave for 6 months	• HIPO (High Potential) development
Talent Development		• Female leadership group workshop • Support for female engineers at Ulsan Complex	• Group training for female professional leaders (PL)
Work-Life Balance	• Transition to parental leave, expansion of daycare centers in the workplace, and flexible working system		
Raising Awareness	• Diversity Mobile ²⁾ for newly appointed PL training		



[Female Engineers of SK innovation Affiliates]

[SK innovation In-house Daycare Center]

Managing Human Rights Issues

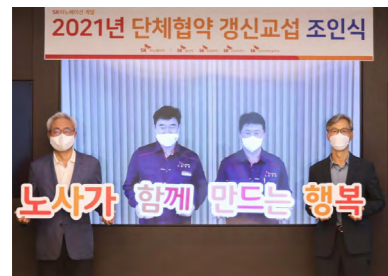
Freedom of Association

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.

Principles of the SK innovation Labor Union Collective Agreement

SK innovation affiliates mutually respect the management and labor rights in accordance with the Constitution and Labor Relations Act and cooperates with the union to protect human rights by improving the working conditions and social and financial status of the union members. 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 system, and safety. 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:

[2021 Collective Agreement Renewal Negotiation]



- The company and the union work together to build trust with the people and create an environment where employees can work with a sense of reward and pride by fulfilling corporate social responsibilities and contributing to society.
- The company and the union comply with the agreement. The company recognizes that the union negotiates and acts on behalf of all union members on collective agreements, activities, and matters related to the general working conditions. The collective agreement applies to the company, the union and its members.
- The company guarantees the freedom of union activities, does not interfere with legitimate union activities, and ensures that no unfair disadvantages are imposed on these activities.
- The company listens to the union when establishing, revising, or repealing the rules of employment, and acquires consent from the union in advance if working conditions are degraded due to such establishment, revision, or abolition of the rules and HR policies.
- The subject of collective bargaining:
 - Union activities
 - Pay and working conditions
 - Occupational safety and health
 - Welfare benefits
 - Job security
 - Other subjects of collective bargaining
- Labor-Management Council

The company and the union have formed a labor-management council to promote common interests and peace for labor and management with focus on a) productivity and fair distribution of performance b) grievance handling c) occupational safety and health, and other work environment d) HR and labor management system e) welfare and benefits.

Supplier Code of Conduct

The SK innovation affiliates' code of conduct for suppliers (hereinafter the "Code") is a set of guidelines established to protect the human rights of employees, create a safe and healthy working environment, fulfill their environmental responsibilities and support ethical practice. The affiliates are able to update the Code if necessary by disclosing the changes on the purchase portal (<https://www.skbiok.com>) in advance. The affiliates (and/or outside auditors) may visit the business site of a supplier to check their compliance with the Code and request improvement if necessary.

1. Labor & Human Rights

A. Voluntary Employment (No Forced Labor)

Suppliers shall not force their employees to work against their will (e.g. slavery, human trafficking). A copy of the employment contract written in a language the employee can understand shall be provided. When hiring foreigners, they shall keep their own passports and work permits. Suppliers shall not unreasonably restrict their employees so they are free to leave the company according to their will.

B. No Child Labor and Youth Employees

Suppliers shall not employ children under the age of 15 (including those under the age of 18 who are attending middle school) or anyone who is younger than the minimum age as stipulated by the local laws. Employees under the age of 18 shall not be assigned to any hazardous or overtime/night-shift work for safety and health reasons. Students in training shall be managed separately from other workers according to the training program.

C. Non-discrimination

Suppliers shall not discriminate against anyone in terms of employment, wage, promotion, incentive and training opportunities on the basis their race, color, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, religion, political orientation, union membership, nationality, and marital status. They shall not request medical records (pregnancy) that can be used to discriminate against the job applicant or employee. Reasonable measures shall be taken to allow employees to follow their religious customs if requested.

Managing Human Rights Issues

Supplier Code of Conduct

D. Pay and Benefits

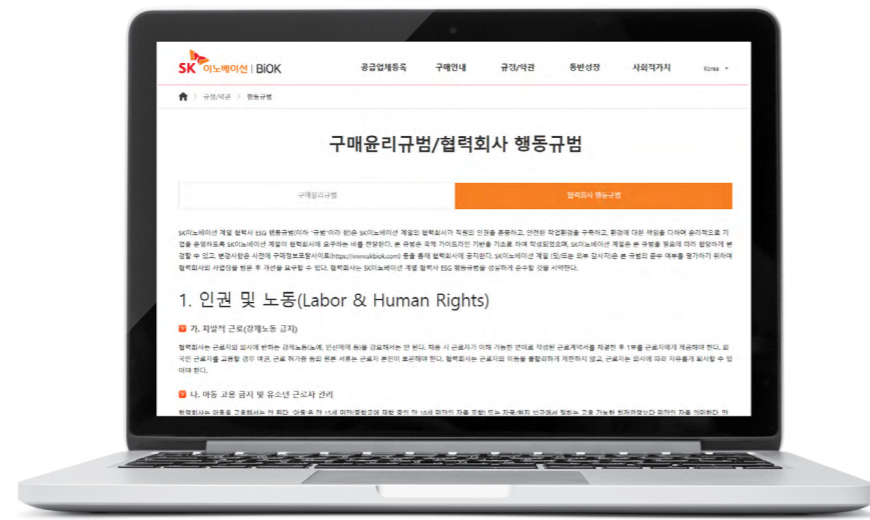
All employees shall be paid in accordance with the laws including the minimum wage, overtime pay, and other statutory welfare benefits.

E. Humane Treatment

Supplier shall respect the human rights of all employees and prevent any inhumane treatment, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse, or unreasonable restrictions. To this end, suppliers shall define and implement disciplinary procedures and inform their employees accordingly.

F. Freedom of Collective Bargaining

Suppliers shall guarantee the right to freely organize and collective bargaining and join labor unions as well as peaceful assembly and protests in accordance with local laws. They shall also ensure the right to object to such actions. Employees and union representatives shall be able to communicate with the management about their policies and working conditions without fear of discrimination, retaliation or threats.



A screenshot of the biOK Supplier Code of Conduct →

2. Safety & Health

A. Occupational Safety

Suppliers shall conduct assessments to determine the employees' exposure to risks. Based on the results, they should implement safety processes, technical/administrative control, preventive maintenance, safety regulations, and training, and provide necessary protective equipment and supervision for safety.

B. Occupational Disease and Disaster

Suppliers shall establish and comply with safety procedures to prevent occupational accidents and diseases and their recurrence. Physically demanding and repetitive works such as handling of heavy objects shall be identified and appropriate measures for improvement shall be taken to prevent musculoskeletal disorders.

C. Managing Risk Factors in Work Environment

Suppliers shall check and measure toxic chemicals, noise, and dust to which their employees may be exposed in order to determine their impact and implement necessary technical measures and supervision to prevent exposure beyond levels prescribed in the standards.

D. Safety of Facilities

Suppliers shall classify facilities based on the level of risks and conduct safety inspections on a regular basis. Safety devices/walls for physical protection shall be provided along with maintenance for the safety of workers.

E. Cafeteria and Dorm

Suppliers shall provide employees with clean toilets, drinking water, and a sanitary place to cook, eat and store food. The dormitory provided by suppliers or employers shall be kept clean and safe, and have emergency exits, air conditioning, heating, ventilation, and personal locker or space.

F. Safety Training

Suppliers shall provide essential training on safety and health and post information about safety in a place that their employees can see.

Managing Human Rights Issues

Supplier Code of Conduct

3. Eco-friendly Workplace

[A. Compliance with Environmental Laws](#)

Suppliers shall obtain and maintain their permits and licenses for environmental protection (e.g. installation and operation of emission prevention facilities, reporting changes) and comply with the reporting duties. In addition, they shall check regulatory changes to ensure compliance.

[B. Activities for Preventing Pollution and Saving Energy and Resources](#)

Suppliers shall reduce resource and energy consumption and wastes generated by improving their work process, replacing raw materials, and supporting maintenance, resource conservation, and recycling. Efforts shall be made to reduce electricity and fuel consumption while minimizing GHG emissions by enhancing energy efficiency.

[C. Chemical Control](#)

Suppliers shall identify all chemical substances (including designated waste) that can pollute the environment in case of accident and store, transport, use, recycle and dispose them safely. Response scenarios shall be prepared and updated on a regular basis along with training in case of emergency such as leak.

[D. Waste Disposal](#)

Suppliers shall classify and assess the wastes generated by them and treat and dispose them in accordance with the laws and regulations while making efforts to reduce them.

[E. Air Pollutant Emission](#)

Suppliers shall assess volatile organic compounds, aerosols, corrosive gases, dust, ozone-depleting substances, and combustion by-products they generate in the process and their impact on the environment, and monitor their emissions according to the laws and regulations.

Forced Labor

SK innovation affiliates do not force their employees to work against their will (e.g. slavery, human trafficking) and give up their identification, passport or work permits issued by the government in exchange for the job.

Child Labor

Minors under the age of 18 should be employed in compliance with the local laws and should not be assigned to any dangerous or hazardous jobs.

Safety and Working Environment

We are committed to create a safe and healthy working environment in compliance with international standards, local laws and internal policies in order to prevent accidents in our workplace and those of suppliers. SK innovation affiliates promote mutual growth and development by promoting zero-accident and eco-friendly operation and building trust with our stakeholders based on the people-first philosophy. To this end, we establish and implement standards for safety, health, and environment (hereinafter "SHE") that are more stringent than legally required and disclose the results. We also declared our commitment to setting an example as a role model for the industry under the following four principles:

Environment

1. Define environmental protection as an integral part of our business operation and protect the global environment by reducing pollutants and GHG emissions.
2. Develop eco-friendly technologies and drive sustainable operation to create values for society.

Safety and Health

1. Promote safety and health as a top priority and take the lead in making continuous improvements for the safety of people and facilities and creating a healthy society.
2. Take the lead in improving the safety and health of our society through technological innovation and development of talents.

IV Appendix

Section 4.

Human Rights Management

UNGP Reporting Framework 36

UNGP Reporting Framework

Category	Reporting Principles	Description	Pages
Governance of Respect for Human Rights	A1. Policy commitment	Disclosure of commitment	P. 6~9
	A2. Embedding respect for human rights	Commitment for internalization	P. 6~9
Defining the Focus of Reporting	B1. Statement of salient issues	Human rights issues in relation to business activities	P. 14
	B2. Determination of salient issues	Process of selecting key issue	P. 12~16
	B3. Choice of focal geographies	Key regions for management and selection process	P. 12~17
	B4. Additional severe impacts	Key issues and potential issues	P. 15~17
Management of Salient Human Rights Issues	C1. Specific policies	Specific human rights policies	P. 22~33
	C2. Stakeholder engagement	Stakeholder engagement by issue	P. 18
	C3. Assessing impacts	Continuous identification of issues	P. 12~17
	C4. Integrating findings and taking action	Decision making process in response to issues	P. 16~19, P. 24~25
	C5. Tracking performance	Efficacy of activities for solving issues	P. 13~15
	C6. Remediation	Follow-up support activities for victims	P. 18, P. 24~25

SK innovation Affiliates Human Rights Management Report