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Human Rights Management

Happy SK Inc. where all stakeholders enjoy human rights

Roadmap

2023
Target
Establishing/internalizing human rights management system

Action plan
- Updating company rules/guidelines for human rights management system operation
- Operating the Human Rights Management Committee and Human Rights Violation Remedy Committee
- Implementing human rights impact assessment including detailed indicators related to external stakeholders such as supply chain, local residents, and consumers
- Renewing human rights management system certification
- Implementing company-wide training related to human rights management

2025
Implementing human rights management in full-swing

- Improving the management system by reflecting the results of the human rights impact assessment
- Implementing systematic and professional training to improve sensitivity to human rights
- Disclosing human rights management performance
- Strengthening human rights violation prevention and monitoring system
- Promoting human rights impact assessment for external stakeholders

2030
Disseminating human rights management performances

- External recognition of global top-tier human rights management
- Exchange of human rights policies and management policies with domestic and foreign human rights organizations and spread consensus
- Expanding business opportunities by building trust with the government/local community
- Expanding business opportunities by building trust with the government/local community

Key Point

Establishing Human Rights Management System
- SK Inc., which updated its human rights management system policy and obtained external certification for its human rights management system in 2022, is being recognized by a third party for meeting global standards for its human rights management system.
- We adhere to the universal principles of international human rights including UN Universal Declaration of Human Rights, the UN Human Rights Commission's 'UN Guiding Principles on Business and Human Rights', and the OECD 'Guidelines for Multinational Enterprises'.
- We comply with all labor principles and laws recommended by the International Labor Organization (ILO) and ratified by the state in relation to the prohibition of child/forced labor, health, safety, and working hours.

Management

- In order to efficiently promote human rights management under the management responsibility of the C-Level Human Rights Management Committee, we have organized the Human Rights Management Committee, the highest decision-making body, and discuss core human rights issues on a regular basis.
- As a subcommittee under the Human Rights Management Committee, the Human Rights Violation Relief Committee, which reviews investigations/handling of human rights violation cases, is established to establish/strengthen human rights remedy procedures.
- The board of directors reviews issues such as human rights risks through the ESG Committee, and makes decisions on major human rights-related issues.

CEO — Human Rights Management Committee — Legal affairs / HR person / ESG Officer
Human Rights Violation Remedy Committee — Ethics Management Team
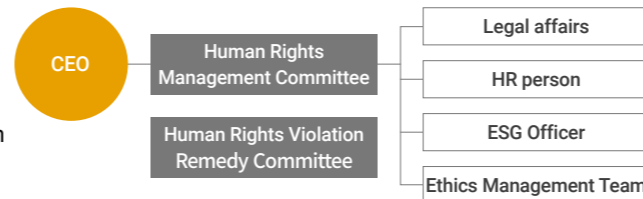
Achievement

### Conducting Human Rights Impact Assessment
- Conducted human rights impact assessment through external expert diagnosis considering human rights issues in the IT industry in 2023 and areas vulnerable to human rights impact assessment in 2022 (data-based in 2022)
- The overall score of the human rights impact assessment is 98 points (%), and aspects such as compliance with labor-related laws and guarantees of basic rights (human rights) of stakeholders are operated excellently. However, it needs to be supplemented with responsible supply chain management.

Improving Human Rights Risk and Preventing Recurrences
- Regularly conducting human rights impact assessment once a year, establishing/implementing improvement tasks for each item derived from human rights risks. Measured improvement performance compared to the previous year (continuous increase since 2021, when the first human rights impact assessment was conducted, increased by 3.8 points (%p) compared to the 2022 evaluation).
- In order to prevent recurrence of human rights risks, a materiality test was conducted on the issues identified as a result of the human rights impact assessment, through which six major human rights issues were selected, related improvement tasks were carried out, and monitoring was conducted.
- Established guidelines for relief procedures for human rights violations and establishment of various counseling/report channels for human rights violations
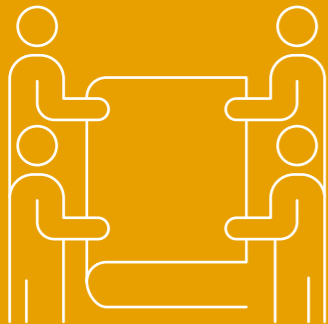
Establishment of Human Rights Management System

Human Rights Management Policy
+ Human Rights Management Policy, Detailed Guidelines

- Since 2015, SK Inc. has announced its commitment to human rights management and carried out human rights risk improvement activities, established a promotion strategy and mid- to long-term roadmap to improve human rights management execution ability in 2022.
- The updated version of the human rights management policy is the CEO's will to set policies and goals for systematic management of human rights management in 2023, and to organize, document, implement, maintain, and continuously review related systems in order to improve the system with implementation requirements.
- Establishing an internal system necessary for the execution of overall human rights management, including anti-corruption (ethical management), environment/safety/health, compliance, personal information protection, quality management, etc., and advance the human rights management system under the leadership of the human rights management organization.

Establishment of Human Rights Management System and Acquisition of Certification
- SK Inc. is the first Korean private company to obtain HRMS certification through third-party screening by establishing a human rights management system that includes necessary processes and interactions in accordance with the requirements of the global human rights management guidelines
- Opened a human rights management portal to notify major information, share data by organization, share major agendas of the Human Rights Management Committee and human rights-related information (human rights field/inquiries), etc.
- Renewed the human rights management system certification through a third party (June 2023)

Human Rights Management System Certificate

Human Rights Management Policy

Human Rights Management Portal

Discrimination and Harassment Prevention Policy
- SK Inc. complies with laws and protects the rights of all employees so that all employees are not discriminated against or harassed based on external factors such as gender, disability, or religion.
- According to the analysis of human rights issues within the company, harassment, discrimination and bullying in the workplace are the main types of human rights violations. Prevention of human rights violations such as bullying and discrimination in the workplace, prevention of employees becoming victims and actors of human rights violations in the workplace by prescribing general rules including complaint handling procedures and victim protection based on the principle of zero tolerance
- Education on human rights including prohibition of discrimination and harassment for all employees (Refer to regular training of relevant departments such as Ethics Management Team)
  - Introduction of cases related to business and human rights, understanding of human rights management and systems, guidance on human rights violation relief channels, etc.

Human rights education poster
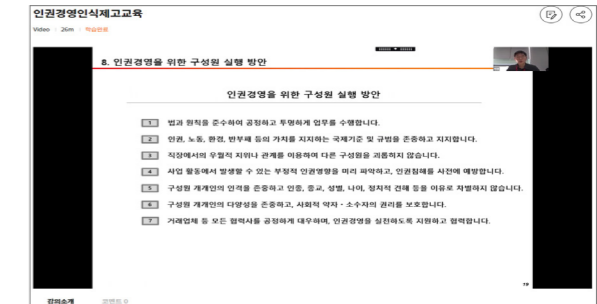
Human Rights Education Screen

Human Rights Education status (including Discrimination and Harassment Prevention)

Classification	Unit	2021	2022	2023
Sexual harassment prevention training hours and completion rate	Hours (%)	1,574.2(89.3%)	4,447.1(92.1%)	5,151.4(100%)
Disability awareness improvement training hours and completion rate	Hours (%)	3,946.3(90.3%)	6,094.5(91.2%)	4,551.5(99.8%)
Average hours of human rights training per person	Hours	1.3	2.4	2.4

Human Rights Violation Relief Response

Enacting Human Rights Violation Guidelines

• Established guidelines for remedies for human rights violations, including a zero-tolerance policy that prohibits violations of human rights of employees such as discrimination, harassment and sexual harassment in the workplace, as well as violations of human rights of external stakeholders, such as violence against suppliers. In order to rescue the rights of victims through investigation/handling of human rights violations and damage reports, Remedy Committee, etc. is established, and detailed R&R between relevant departments in each human rights area is regulated/implemented.
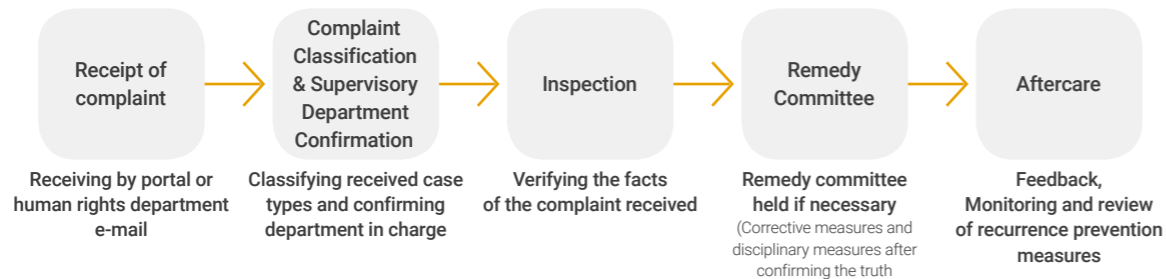
Establishing/operating various reporting channels for human rights violations and grievances:
• The channels for reporting and handling human rights complaints available all-time for both employees and external stakeholders

  • **Reporting human rights violations, such as bullying at work and abuse against suppliers**
    - https://ethics.sk.co.kr | skcc.ethics@sk.com
  • **Reporting sexual harassment in the workplace**
    - [Hi-SK] → [Sexual Harassment Consultation Center] → [Sexual Harassment Consultation and Report] bulletin board
  • **Employees-led grievance handling and suggestions**
    - Proposing happy design through communication mobile app, 'Happ'
    - Suggestion/agreement by employees → Discussion/establishment of improvement plans →
      Review/support for relevant organizations → Implementing improvement plans →
      Sharing improvement plan results with employees → Follow-up monitoring
  • **Receiving report/consultation in other areas of human rights violations**
    - Receiving complaints from the department in charge of human rights, proceeding with relief procedures according to the
      process for responding to relief procedures

Remedy Procedure Response Process

• SK Inc. is operating a relief process to resolve grievances and violations related to the human rights of its employees.

| Receipt of complaint | → | Complaint Classification & Supervisory Department Confirmation | → | Inspection | → | Remedy Committee | → | Aftercare |

| Receiving by portal or human rights department e-mail | Classifying received case types and confirming department in charge | Verifying the facts of the complaint received | Remedy committee held if necessary (Corrective measures and disciplinary measures after confirming the truth) | Feedback, Monitoring and review of recurrence prevention measures |

* Regularly analyzing/evaluating the validity of the remedy procedures, the number of cases resolved, and reporting this information in management review reports and relief reports. Providing ongoing monitoring of the effectiveness of relief measures by reporting to the CEO and the Human Rights Management Committee.

Status of handling reports of human rights violations (unit: case)

Classification	2020	2021	2022	Results in 2022
Bullying in the workplace	4	2	7	1 reprimand, 5 warnings, 1 other
Sexual harassment	1	0	2	Pay cut 2

Current Status of Counseling and Measures for Other Employees' Grievances (Unit: case)

Classification	2020	2021	2022	Results in 2022
Grievance counseling	0	0	6	1 Transfer to related department, 5 Other (member counseling, etc.)

Changes in employees' awareness of human rights management

Classification	2020	2021	2022	Remarks
Scores	N/A	78.2	96.7	Introduced human rights management system in 2021

* 2021 Human Rights Respect Culture Maturity Survey: Results of the 1st stage evaluation for human rights management system certification
* 2022 Human Rights Management Employee Awareness Survey: Result of average awareness evaluation of employees on the human rights management system
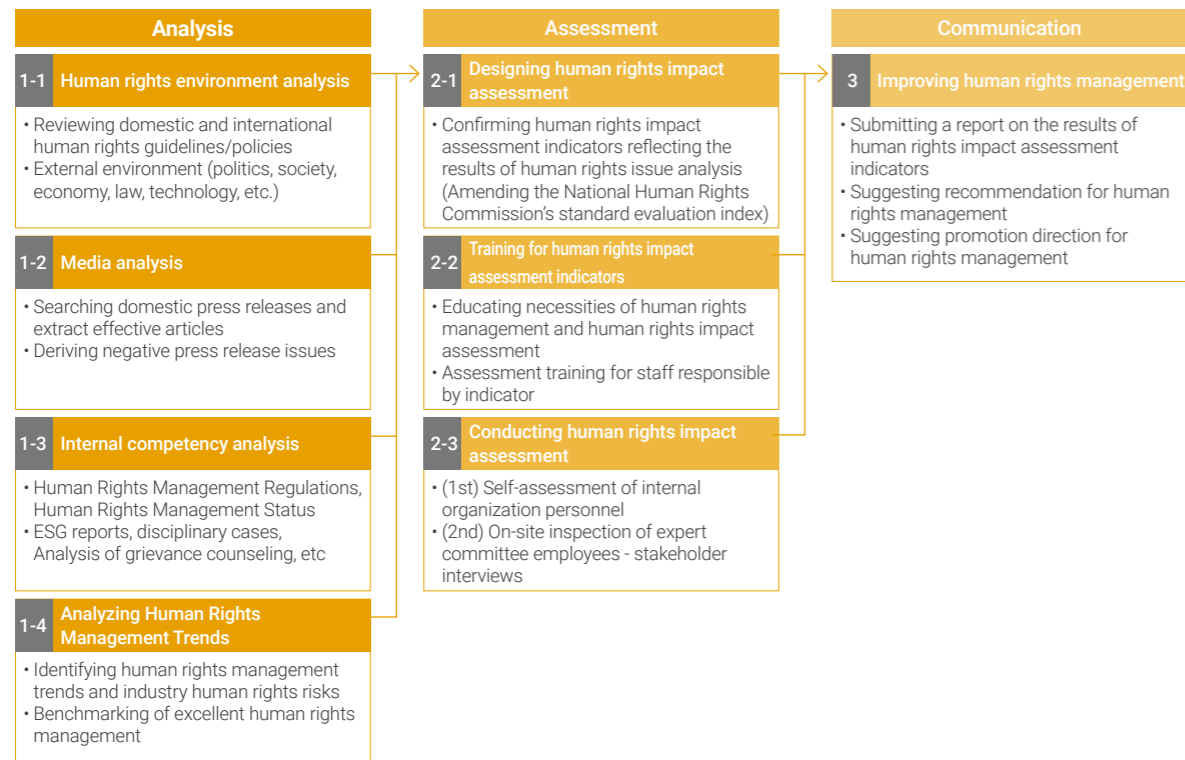
Human Rights Impact Assessment

Human Rights Impact Assessment Overview
- Conducting regular Human Rights Impact Assessments on all our business sites and partner companies every year to prevent and mitigate human rights risks
- Since 2021, diagnosis and evaluation have been conducted with external specialized institutions to derive objective and independent human rights impact assessment results, and human rights focus areas and indicators based on member surveys are selected
- Conducting self-evaluation of internal affairs personnel, on-site inspections of expert members, and interviews with personnel to diagnose compliance with human rights management policies and detailed operational guidelines
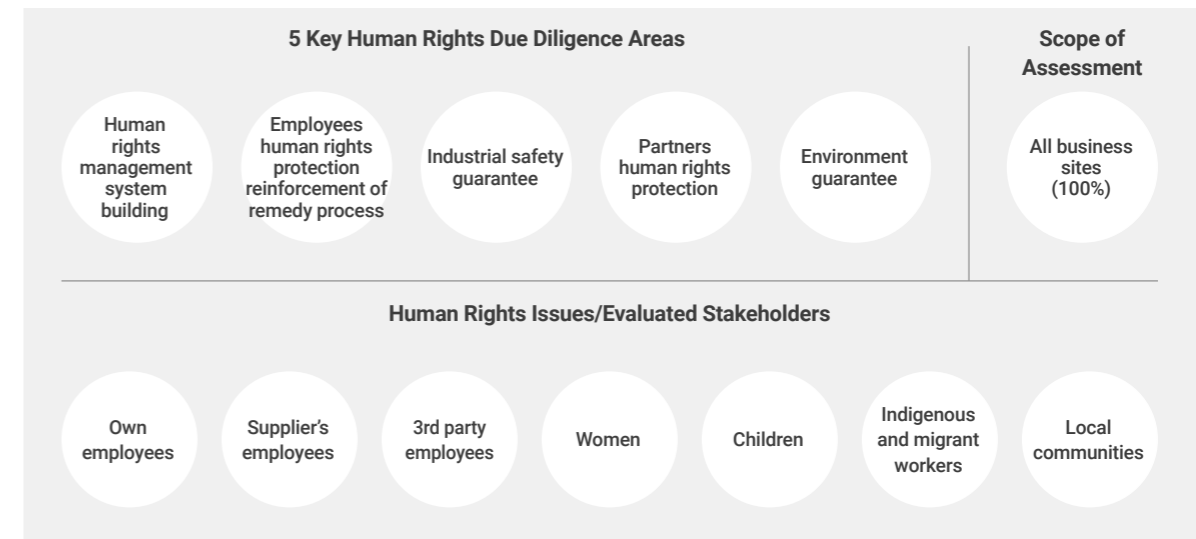 * Conducting pre-training for internal personnel
- If the investigation actually identifies human rights risks, we identify related problems and promote improvement activities

Human Rights Impact Assessment Process

Analysis	Assessment	Communication
1-1 Human rights environment analysis • Reviewing domestic and international human rights guidelines/policies • External environment (politics, society, economy, law, technology, etc.)	**2-1 Designing human rights impact assessment** • Confirming human rights impact assessment indicators reflecting the results of human rights issue analysis (Amending the National Human Rights Commission's standard evaluation index)	**3 Improving human rights management** • Submitting a report on the results of human rights impact assessment indicators • Suggesting recommendation for human rights management • Suggesting promotion direction for human rights management
1-2 Media analysis • Searching domestic press releases and extract effective articles • Deriving negative press release issues	**2-2 Training for human rights impact assessment indicators** • Educating necessities of human rights management and human rights impact assessment • Assessment training for staff responsible by indicator	
1-3 Internal competency analysis • Human Rights Management Regulations, Human Rights Management Status • ESG reports, disciplinary cases, Analysis of grievance counseling, etc	**2-3 Conducting human rights impact assessment** • (1st) Self-assessment of internal organization personnel • (2nd) On-site inspection of expert committee employees - stakeholder interviews	
1-4 Analyzing Human Rights Management Trends • Identifying human rights management trends and industry human rights risks • Benchmarking of excellent human rights management		

Evaluation Index Selection
- We added indicators of the Workplace Harassment Prevention Act implemented in 2019 to the standard human rights impact assessment indicators of the National Human Rights Commission of Korea and selected indicators in consideration of business characteristics.
  → Finalized 11 fields, 37 items, and 199 indicators
- According to the analysis of human rights issues in the IT industry in 2023, 5 key human rights due diligence areas and human rights issues/evaluation target stakeholders that can have a significant negative impact on business operations are identified
  ※ Major stakeholders with potential for human rights risks include employees of the company, employees of partner companies, consumers, women, and children.

5 Key Human Rights Due Diligence Areas

- Human rights management system building
- Employees human rights protection reinforcement of remedy process
- Industrial safety guarantee
- Partners human rights protection
- Environment guarantee

Scope of Assessment
- All business sites (100%)

Human Rights Issues/Evaluated Stakeholders
- Own employees
- Supplier's employees
- 3rd party employees
- Women
- Children
- Indigenous and migrant workers
- Local communities

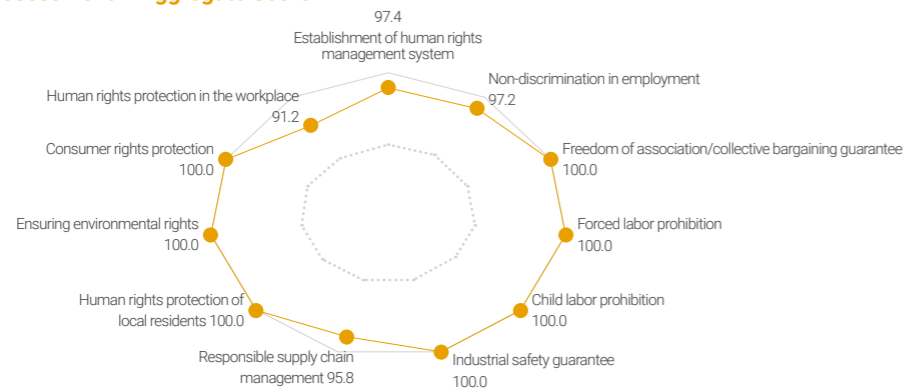## Implementing Human Rights Impact Assessment
- Conducting human rights impact assessment based on 199 indicators by evaluating the person in charge in each field, on-site due diligence by experts, interviewing stakeholders, and verifying objective evidence
- Identifying potential human rights risks through regular impact assessments and deriving improvements to mitigate them
- Improving evaluation indicators and system through continuous feedback on overall evaluation, and expanding evaluation scope to new businesses such as mergers and acquisitions and joint ventures

Human Rights Impact Assessment

Human Rights Risk Improvement

- Results of human rights impact assessment
  - As a result of the 2023 Human Rights Impact Assessment, the overall achievement rate in each field increased from 94.2 points (%) to 98.0 points (%p) (351 points out of 358 points)
  - The areas of 'building a human rights management system', 'responsible supply chain management', and 'environmental assurance', which were evaluated as weak areas during the first human rights impact assessment in 2021, have achieved excellent results, reaching 95 points (%) or more through intensive improvement efforts over the past two years.

Human Rights Assessment – Aggregate Score

Establishment of human rights management system 97.4
Non-discrimination in employment 97.2
Freedom of association/collective bargaining guarantee 100.0
Forced labor prohibition 100.0
Child labor prohibition 100.0
Industrial safety guarantee 100.0
Responsible supply chain management 95.8
Human rights protection of local residents 100.0
Ensuring environmental rights 100.0
Consumer rights protection 100.0
Human rights protection in the workplace 91.2

No.	Field	Achievement rate		Improvement rate
		2022	2023	
1	Establishment of human rights management system	95.2%	97.4%	2.2%p
2	Non-discrimination in employment	94.4%	97.2%	2.8%p
3	Freedom of association/collective bargaining guarantee	100.0%	100.0%	-
4	Forced labor prohibition	95.5%	100.0%	4.5%p
5	Child labor prohibition	100.0%	100.0%	-
6	Industrial safety guarantee	89.6%	100.0%	10.4%p
7	Responsible supply chain management	83.3%	95.8%	12.5%p
8	Human rights protection of local residents	100.0%	100.0%	-
9	Ensuring environmental rights	100.0%	100.0%	-
10	Consumer rights protection	100.0%	100.0%	-
11	Human rights protection in the workplace	90.0%	91.2%	1.2%p
	Total Scores	**94.2%**	**98.0%**	**3.8%p**

- Deriving human rights risks and improvement tasks
  - As a result of the human rights impact assessment by sector, a total of 4 human rights risks were identified and 6 improvement tasks have been performed
  - Identifying potential risk areas for each risk and reflect mitigation measures to reduce the negative impact of risks within improvement tasks (100% completion of establishing mitigation plans for all 4 business sites)

Area	Items	Risk Derivation	Impact Subject	Deriving improvement task
Establishing human rights management system	Necessary measures for institutionalization of human rights management	Limitations on collecting opinions from various stakeholders within the Human Rights Management Committee and securing objectivity in decision-making	Employees, Customers, Suppliers, Local Communities	• Appointing additional external employees to ensure objectivity and diversity in decision-making
Non-discrimination in employment	Gender non-discrimination in employment	Low ratio of female managers, including executives, needs improvement	Employees, Suppliers	• Continuously promoting plans to nurture female managers, such as training to strengthen female managers' competency
Human Rights Protection in the Workplace	Prohibiting sexual harassment in the workplace	Lack of in-depth fact-finding investigation to monitor the possibility of sexual harassment	Employees, Suppliers	• Conducting professional fact-finding surveys on a regular basis • Preemptively preventing sexual harassment by preemptively conducting in-depth investigations when signs of occurrence are detected
		Absence of a manual that stipulates how to prevent and respond to sexual harassment/bullying in the workplace		• Creating/utilizing manuals including counseling, investigation, relief, victim recovery support program (EAP) related to sexual harassment/bullying in the workplace
	Effectiveness of remedy procedures for human rights violations in the workplace	Limits to consistent handling and insufficient use of external experts due to different responsibilities for 'bullying at work' and 'sexual harassment'		• Efficient remedy procedures by designating a department dedicated to remedy procedures for harassment and sexual harassment in the workplace • Utilizing external experts to handle cases involving human rights violations in the workplace in a fair and objective manner and build trust from internal employees.