

Sustainability Material Issues

Towards Sustainable Growth

0.57 Lost-Time Incident Rate (LTIR)
(Unit: Number of cases per million working hours)

Total GHG Emissions
(Unit: tCO₂eq) **12,903,207**

11,866 Amount of Procurement
(Unit: KRW 100 million)

- 032 Creating a Safe and Healthy Workplace
- 036 Paris Agreement and Climate Change
- 039 Creating Value for Mutual Growth
- 042 UN SDGs
- 044 SK Double Bottom Line (SK DBL)



Material Issue 01

Creating a Safe and Healthy Workplace

How does it affect SK innovation?

Stakeholders' Impact Evaluation¹⁾

Issue	Financial Impact	Reputational Impact	Operational Impact	Strategic Impact
Occupational Safety and Health			●	
Environmental Pollutants Management			●	

Note 1) Selected the most frequently indicated impacts after conducting surveys with stakeholders

Why is it important?

Significance of the Issue

Neglecting SHE (Safety, Health and Environment) may result in direct damage to business management with serious consequences, including the loss of manpower or productivity. It may also tarnish corporate image and reputation, causing indirect damage. Moreover, social interest in safety accidents has increased not only in Korea but also around the world. Governments in many countries have tightened regulations on safety and the environment and impose penalties on companies that fail to meet the regulatory standards.

How did we respond?

Strategic Approach

- Operate a SHE compliance management system
- Conduct activities to promote SHE awareness which reflect the features of workplaces
- Strengthen industrial safety management in the supply chain

How do we manage performance?

Performance Measurements

- Achieve the goal for Unplanned Capacity Loss (UCL)
- Achieve the goal for Lost Time Incidents Rate (LTIR)

Link to SDGs



Goal 3. Ensure healthy lives and promote well-being for all at all ages

SHE Compliance Management

With an increasing number of new and restricted safety and environment regulations in Korea, legal standards to follow at workplaces and relevant risks are continuously increasing. In order to minimize these risks, SK innovation identifies the legal requirements regarding SHE applying to workplaces, and manage them with our IT system (SHE Compliance Management System¹⁾). The system enables us to manage risks related to SHE compliance through the entire process from enactment and revision of legislations to implementation. We plan to apply the system at all our workplaces in the future.

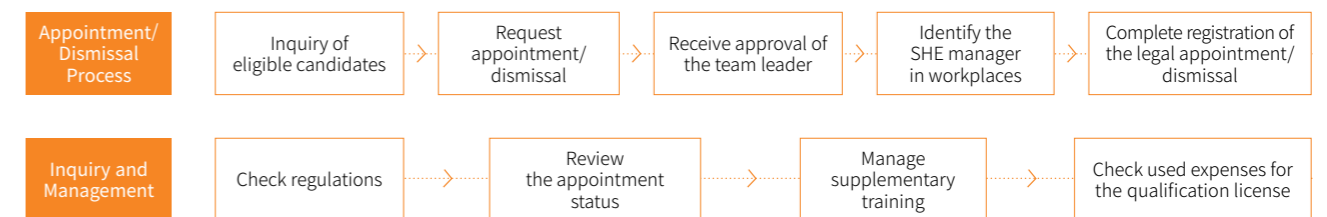
Establishment of SHE Compliance Management System



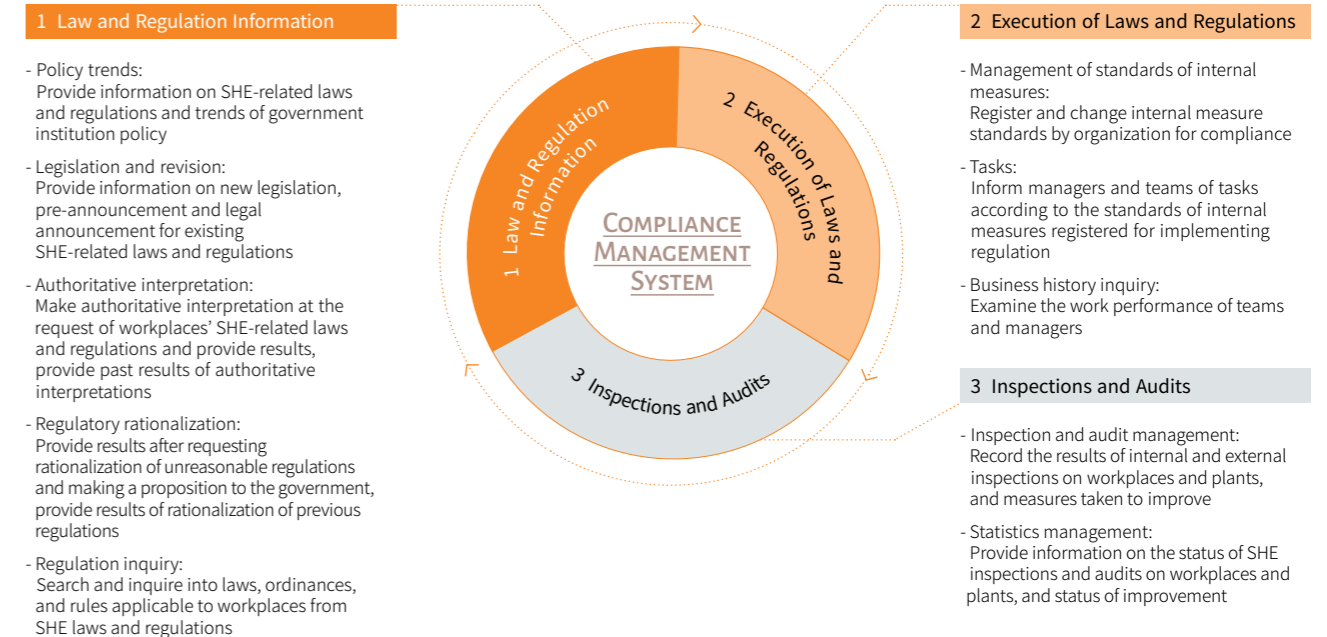
Furthermore, we established another IT system (SHE Manager Management System²⁾) to systematically administer SHE managers. A SHE manager must be appointed to comply with any requirements in laws and regulations. They must meet eligibility requirements, and properly perform all necessary duties. Thus, we utilized all members' credentials and personnel information to manage the appointment status in real time, and thoroughly manage all relevant legal information and supplementary training history.

Note 1) SHE Compliance Management System
Note 2) SHE Manager Management System

SHE Manager Management System



SHE Compliance Management System



— Promotion of SHE Awareness
Reflecting the Features of Workplaces

SHE Champion Contest at Ulsan CLX

At the Ulsan complex, we hold a “Challenge! Ulsan CLX SHE Champion Contest” every year to create zero-accident and revitalized workplaces. The contest offers a variety of programs to increase employees’ knowledge of safety and raise awareness of safety, thereby preparing for accidents. We expect that the contest will contribute to recognizing the importance of SHE management, internalizing innovative SHE culture, and prevent accidents at workplaces.

SHE Champion Contest Programs

Booth for Sharing Safety Knowledge

In the booth set up to sharing safety knowledge, a total of 13 suppliers and executives-based organizations from plants and departments of SK Ulsan CLX participated. They held exhibitions of exemplary cases of SHE management, which served as an opportunity to learn about preventing accidents and SHE management. They also operated the “Marketplace to Share Accident Cases” to display information about dangerous situations which occurred at workplaces.

SHE Champion Contest Programs



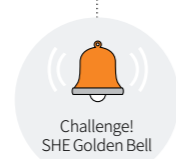
Booth for Sharing Safety Knowledge



Booth for Safety and Health Experience



Emergency Response Drills



Challenge! SHE Golden Bell

Booth for Safety and Health Experience

In the safety and health experience booth, various programs were held to encourage employees to participate in training for earthquake evacuations and fall prevention, and for wearing chemical protection suits.

Emergency Response Drills

We conducted emergency response drills to ensure that employees respond promptly in case of safety incidents and to reduce casualties and minimize property damage. Employees of Ulsan CLX conducted emergency evacuation drills in preparation for earthquakes, fires, explosions, and oil leakages, and took life-saving training courses.

Challenge! SHE Golden Bell

Challenge! SHE Golden Bell is a quiz program aimed at increasing knowledge of SHE management. A total of 120 employees who participated in the event from plants and departments received the opportunity to understand SHE knowledge in a friendly way, such as safety and health regulations and SHE procedures.

— Industrial Safety Management
in Supply Chain

Enhance Suppliers’ Capability to Operate Occupational Safety & Health Management System

SK innovation supports our suppliers to raise their level of SHE management beyond just following laws and regulations to a level that evokes pride in their employees. We collaborate with the Korea Occupational Safety and Health Agency on a project for supporting suppliers in their efforts to obtain KOSHA and OHSAS 18001 joint certifications. We also provide financial support for establishing Occupational Safety & Health Management Systems, receiving consultations, and obtaining certifications. As a result, 40 suppliers were certified, and the number of suppliers eligible for support increases every year.

We plan to improve our system and infrastructure so that suppliers can efficiently process SHE management tasks and minimize the burden of SHE management.

- Enhancement of Occupational Safety & Health Management System

2015

Establish Occupational Safety & Health management system

2016

Develop suppliers’ capabilities to operate the system

2017

Enhance suppliers’ capabilities to implement the system at workplaces

Suppliers’ Occupational Safety & Health Management System Certification (KOSHA·OHSAS 18001)



Explore 120 issues to Improve upon by Organization Set Up Action Plans



SHE Risk Management of Global Business

SK innovation is actively engaged in M&A, joint ventures, and overseas plant constructions in the U.S.A., Europe, and China to become a global leader in the energy and petrochemical industries. For safe and competitive global business, it is critical to practice SHE management. Thus, we thoroughly conduct business inspections and environmental impact assessments from the start of projects to identify potential SHE risks and reflect the results in our decision-making.

In addition, we help newly incorporated workplaces to comply with local regulations and establish their own SHE management systems by developing capabilities after conducting a systematic M&A. At existing overseas workplaces, we prevent accidents and establish law-abiding management by conducting on-site inspections of the SHE management system, level of awareness and capabilities of SHE compliance, and facility safety and requests for improvement.

Workplace Safety Culture Improvement

In order to strengthen competitiveness in SHE management, SK innovation conducted surveys of all employees at workplaces and on-site safety inspections. Based on the results, we conducted a comparative analysis of the safety cultures of domestic and overseas advanced companies, derived implications, explored 120 issues to improve for each organization, and set up action plans. Every organization has its own actions plans, and SK innovation provides support such as consultations with external experts through on-site visits.

SK innovation will continue to conduct inspections on a regular basis to improve the safety culture. We will also practice various activities at workplaces to secure SHE leadership, and to develop employee capabilities.



1 Fall preventing training 2 Response drill for fire and explosion 3 Challenge! SHE golden bell