

Materiality Test Result Report

SK Innovation strives to select key issues of stakeholder engagement derived from materiality test and provides detailed information on them. In accordance with the global sustainability report guidelines GRI G4 report format, we connected the issues of high interest for our stakeholders with key aspects, so that they can be used in general reports and special reports depending on the importance of key material issues selected.

Materiality Test Process

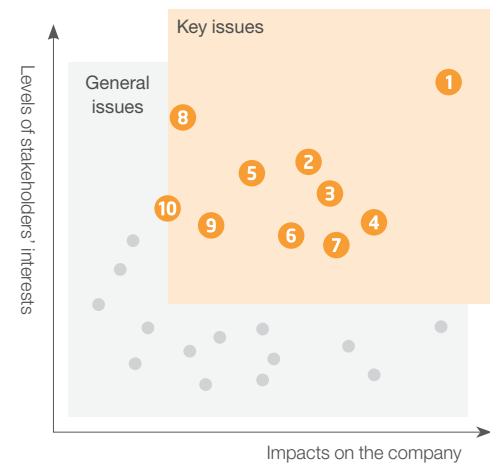
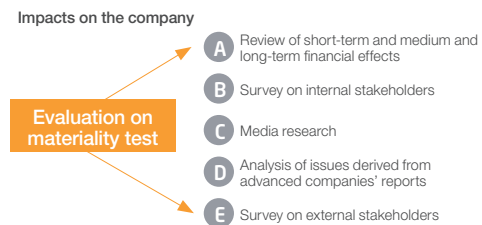
STEP 1. POOL OF SUSTAINABILITY ISSUES

- A total of 117 sustainability issues were selected through the global standard indexes like GRI G4, issues derived from past reports and the media research process.
- After making an in-depth evaluation on the pool of issues derived from the first evaluation, including issues found in advanced companies' reports, key issues in the industry and reflection of business environment, we selected 41 key issues in the second evaluation.



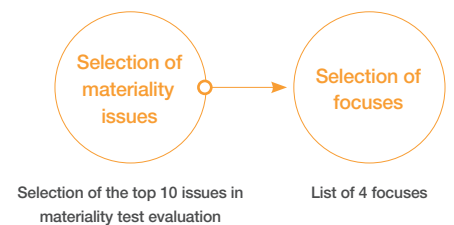
STEP 2. EVALUATIONS ON MATERIALITY TEST

- After reorganizing the selected key issues into five categories, including industry and management, ethics, employees, safety & health and environment, society and mutual growth, we reached a conclusion by conducting a survey on internal and external stakeholders.
- The result of materiality test for key issues and the survey results are all reflected when evaluating the materiality test through a separate review process.



STEP 3. DECISIONS ON FOCUSES

- The four focuses are decided out of the key issues of interest for stakeholders identified in the materiality test evaluations in connection with specific aspects that are defined in GRI G4.
- After confirming the GRI G4 indexes applicable to the focuses chosen, we decided on whether or not it is possible to make the report.



Result of Focuses Chosen

According to the result of reclassifying the 10 key issues derived from the materiality test evaluation in GRI G4, we decided on 4 focuses with the general standard aspect for the issues related to transparent BOD operation and the specific standard aspect for the other 9 issues. The four focuses were selected to proactively respond to the stakeholders' areas of interests, which will be reported on its background, responses and future plans according to each focus.

Issue number	Key issue	General standard aspect/ Specific standard aspect	Table of contents	Pages
10	Operation of transparent BOD	General standard aspect	Corporate Governance	14-15p
9	Strengthening fundamental competitiveness	Specific standard aspect	Focus 1. Enhanced business for sustainable growth	28-30p
6	Accelerating global growth			31-33p
7	Management of energy consumption and GHG emissions			38-40p
8	Implementing SHE management at the global level			41-43p
2	Helping out with advancing suppliers' technologies	Specific standard aspect	Focus 2. SHE competitiveness at the global level	48-49p
3	Implementing activities for continuous communication with suppliers			50-51p
4	Transparent evaluation and compensation for suppliers			52-53p
5	Securing the independence of social enterprises			56-59p
1	Implementing community-based CSR activities		Focus 3. Mutual growth with suppliers	60-62p
			Focus 4. Achieve win-win through social contribution	60-62p

* In the case of 'Operation of transparent BOD', it is reported as general standard aspect because it is classified as a general issue from the perspective of sustainability.

Changes in Sustainability Issues

In 2014, SK Innovation conducted a more detailed evaluation on materiality test to enhance the understanding about sustainability management issues of stakeholders. Compared to the materiality test evaluation of the previous year, we could find that stakeholders showed increased interest in the sustainable growth from the economic perspective, like the issues related to strengthening fundamental competitiveness and accelerating global growth. On the other hand, the interest in issues related to working environment and general business environment decreased in comparison.

2012 Top Priority Issues	2013 Top Priority Issues	2014 Top Priority Issues
1 Stakeholder engagement	1 Mutual growth	1 Implementing community-based CSR activities
2 Mutual growth	2 Social contribution	2 Helping out with advancing suppliers' technologies
3 Employee safety & health	3 Employee safety & health	3 Implementing activities for continuous communication with suppliers (new)
4 Environmental management (carbon management)	4 Stakeholder engagement	4 Transparent evaluation and compensation for suppliers
5 Corporate governance	5 Business performance	5 Securing the independence of social enterprises (new)
6 Mitigating climate change	6 Corporate governance	6 Accelerating global growth
7 Labor-management relationship	7 Sustainable use of resources	7 Management of energy consumption and GHG emissions (new)
8 Fair competition	8 Working conditions	8 Implementing SHE management at the global level