

..... *Employees*

Each member serves a role with crucial competitiveness for corporate growth and development. To ensure sustainable growth of an organization, it is essential to establish sound organizational culture for employees to exercise their capabilities with strong devotion. SK innovation cultivates best global human resources based on its unique HR cultivation system. We also put great effort to create a strong and remarkable organizational culture and enhance the satisfaction level of employees for working environment by vitalizing liberal communication in the company, guaranteeing fair performance-based compensation and operating various welfare systems.

Reinforcement of Employees' Capabilities

SK innovation pursues "Caring Professional" to have innovation in his or her own work and working style with passion. For this goal, the company has established its independent HR cultivation system and proactively carried out activities to ensure sustainable growth and strengthen capabilities of employees.

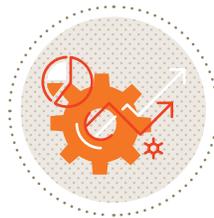
SK innovation HR Cultivation System



Leadership



Next-generation leader



Job capability



SK Values



Support for developing and exercising leadership by staff members in charge

- Providing customized diagnosis-feedback based on the "Best-Fit" leadership model optimized to each group
- Proactive support for development through leadership training, coaching and workshop

Proactive cultivation of a next-generation leader group

- Searching for excellent human resources with high growth potential early and cultivating them in a systemic and proactive way



Reinforcement of specialized capabilities in each job function

- Systemic training for specialized capabilities
- Providing mid- and long-term training
- Providing on-site knowhow led by leaders and training to pass down experience

Internalization of values with passion and professionalism

- Internalizing the core value and strengthening its practice by regular and repetitive training for employees
- Accelerating the innovation of working style by continuous communication and workshop

Training Support Activities

Best-Fit Leadership Diagnosis-Feedback-Cultivation

SK innovation defines the best-fit leadership optimized to each group and diagnoses and gives feedback for the effectiveness of leadership in leaders each year based on the best-fit leadership. With this system, all leaders are offered customized leadership cultivation guide and participate in training required for each individual leader to improve leadership skill.

Employees' Job Capabilities Reinforcement Program

SK innovation proactively implements job training based on a cultivation plan specialized in each group and provides employees with support to grow as a global expert.

FLDP(Future Leader Development Program)

SK innovation appoints outstanding employees with a high potential for future growth as a leader candidate group and provides proactive training. We help them to have the required capabilities as a leader such as a strategic and financial perspective and foster prepared leaders in an early stage when it comes to group and HR management.

Biz Insight Seminar

SK innovation holds a regular seminar to share the trend and global insight for energy and chemical business. This seminar is voluntarily attended by over 3,500 employees annually and prepares an opportunity for stimulation and learning for innovation.

Fair Performance Evaluation and Compensation

SK innovation evaluates the capabilities and performance by employees and SK values by establishing a fair and reasonable performance evaluation and compensation system and applies strictly differentiated compensation based on the performance and evaluation of groups and individuals.

Performance Evaluation

Target	Evaluation area	
 <p><u>All regular employees</u></p>		<ul style="list-style-type: none"> - Evaluating capabilities, qualities and achievements regularly based on fair criteria - Utilizing the evaluation result as a standard for promotion, shift, education/training and compensation - No discrimination by gender, age and academic background

Compensation

Target	Principle	
 <p><u>All employees on the annual wage system</u></p>	 <p><u>Strictly differentiated compensation based on performance evaluation</u></p>	<ul style="list-style-type: none"> - Implementing fair and reasonable compensation policy by comprehensively considering performance evaluation of individual employees and short- and long-term targets related to corporate sustainability - Giving more compensation to employees with excellent capabilities and performance - No unfair differentiated compensation by gender, age and academic background

Establishment of Sound Organizational Culture

Support for Work and Life Balance

SK innovation has adopted the “flexible work system” in which employees are able to autonomously adjust their times for commuting and leaving the office for the first time in the same industry and autonomously implemented by each team to allow employees to strike a balance between work and life. The company has also launched the “smart work system” to simplify the procedure for meeting and reporting so that employees can flexibly adjust their working times to enhance work efficiency.

Welfare Benefits for Employees

SK innovation operates various welfare programs to make our employees to have affection toward the company and create the stable environment in which employees can concentrate on their work. The company not only supports regular health check-up and medical expenses but also operates severance pay system and loan system in case of purchasing and renting a house to maintain a stable living. We have also prepared the long-tenured employees rewards system to boost loyalty and supported employees for their cultural and leisure life by supporting family occasions and providing rooms at resorts and vacation condominiums.

Creating Women-friendly Working Environment

With the aim of cultivating women personnel and improving women-friendly working environment, SK innovation makes extensive efforts. In 2011, the company created “SK W-Network” and continuously searches for and proactively addresses tasks with regard to female issues. As part of preventing women’s career interruption due to childcare responsibility, we adopted “Automatic Maternity Leave System” in which female employees automatically shift the state into childcare leave for one year without separate application upon maternity leave finishes. “SK Happy Childcare Center”, which was opened as the in-company childcare center in 2007, increased the number of children from 49 to 85 by 74%(36 children) and expanded the number of employees from 13 to 20 to boost support for employees’ childcare.

Creation of Swift and Flexible Corporate Culture and Employees-centered Communication

SK innovation aims to gather the capabilities of employees with the company’s unique robust corporate culture and deal with the ever-rapidly changing management environment in a swift and flexible manner. For this goal, we strive to carry out “SKMS(SK Management System)” in which all the employees try to realize innovation voluntarily and willingly with their own passion and capabilities based on SKMS, the unique management philosophy and business management system of SK Group.

Further, the company enhances executive ability for innovation by pursuing “Speed & Flexibility” in both work and corporate culture and vitalizes communication by preparing various opportunities for communication so that honest communication between a leader and employees can be ensured for any part in need of change and improvement. To make CEOs, leaders and employees in SK innovation and its subsidiaries pursue the same target and ensure swift and systemic inspection and improvement in each group, the company has established and operated the system in which management process, workshops for executives and team leaders and workshops for employees are conducted on a regular basis from 2015.

In addition, SK innovation proactively runs face-to-face communication programs to realize communication among CEOs, leaders and employees in more diverse ways and themes other than existing online channels, including Leaders Forum, CEO-Employees Communication and Happy Walk. We also select 240 “iCON(innovation Communication ON)”, who are opinion leaders and serve as a bridge for communication between a leader and employees, to create corporate culture with sincere communication with focus on employees.

The company has also strived to improve the system. We have raised the speed in innovation by enhancing existing complicated approval procedure and decision-making structure, abolished the type of approval such as approval request and notification report, adopted the reporting and approval system by email and simplified the approval process to allow completing decision-making only by sharing minutes.

Expansion of Communication by Employees

SK innovation operates online and offline communication channels to realize smooth communication among CEOs, leaders and employees. The company accomplishes communication with sincerity through face-to-face communication programs in various ways and themes such as Leaders Forum, CEO-Employees Communication and Happy Walk and iCON, which is the change facilitator.

Operating Channels(Online/Offline)

Online	tong tong	An online bulletin board in which employees suggest ideas for the company such as organizational operation and system or any inquiries and are given replies on a real-time basis to reinforce two-way communication
	Leader's Blog	A CEO's blog to organize major management philosophy and policy and messages for employees in each theme and enhance the understanding of employees
	Internal broadcast (gbs)	A multi-directional communication channel that utilizes internal broadcasts to simultaneously share information on the management activities, current status of major business, activities by each group and news for employees in all business sties of SK innovation and its subsidiaries
Offline	iCON	As an in-company communication messenger and change facilitator, iCON proposes an opinion on any agenda which needs to collect employees' opinions as a representative for employees, shares various thoughts for the current issues of management by frequent communication with leaders and suggests an idea for facilitating change(about 240 iCONs as of 2016).
	Happy Walk	As a newly adopted program in 2016, Happy Walk enables CEO and employees to carry out various cultural and outdoor activities together, communicate with each other without difficulty and share meaningful leisure time(About 100 employees and their family members voluntarily participate in Happy Walk held by CEO of each company on a monthly basis).
	Role-specific Workshop	Role-specific workshop shares the management target and tasks for change in each group and prepares an opportunity for discussion and proposal for tasks.
	Leaders Forum	Leaders Forum holds a lecture by internal and external specialists on major business issues and change and innovation and shares the current business issues on a monthly basis for CEO and all executives and team leaders.
	Harmonia	As a counseling coaching center that provides support for employees' mental health and self-development, this program provides consultation and coaching in life, career, work and family areas by in-house professional counselors and about ten external experts.



CEO-Employees Communication



Happy Walk



Leaders Forum

Further Plan

With the aim of becoming a global top-tier energy and chemical company beyond a representative company in Korea, SK innovation intends to nurture "leaders to help members" to overcome any given task and crisis and "winning employees" with the key-word of "Winning Culture."

In addition, the company will continue to strengthen communication between leaders and employees to accelerate innovation through swift and flexible corporate culture and realize practical improvement and development by collecting opinions from employees for any change required system and process.