

· · · · *Social Contribution* · · · ·

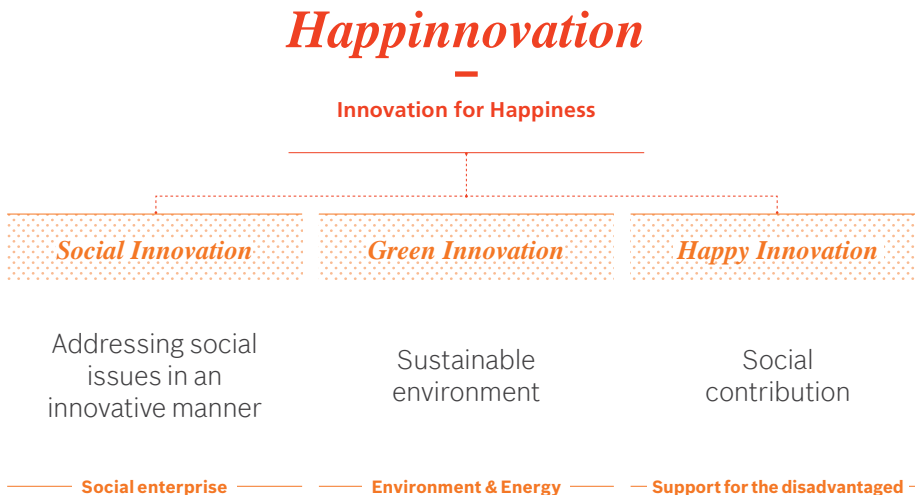
As one of the most distinguished energy and chemical companies in Korea and a global top-tier company, SK innovation has the goal of corporate management to generate happiness for stakeholders, and the ultimate aim of corporate management to achieve mutual growth with society by creating not only economic value in business, but also social value. Thus, the company pursues the aim of social contribution to become a “company continuously creating and sharing happiness”. Under the slogan of “Happinnovation(Happiness + Innovation)”, SK innovation seeks constant innovation to deal with fundamental social issues. SK innovation recognizes social contribution as an essential virtue in terms of coexistence and symbiosis beyond the level of social responsibility and aims to achieve innovation with society. Accordingly, we are making efforts to create social value in various sectors, by creating jobs, supporting the socially vulnerable and disadvantaged, cultivating future human resources, fulfilling environmental responsibilities, and investing in local communities. Through these efforts, SK innovation strives to ultimately grow into a respected and beloved company by truly enhancing a rewarding feeling and pride in employees and receiving trust and support from society.

Social Contribution Implementation System

Along with the company's philosophy, SK innovation defines the basic aim of social contribution as the “company creating sustainable happiness” by “Happinnovation”. Beyond simple dispensation of aid to our neighbors in difficult situations, the company has constantly considered fundamental solutions for social issues with social enterprises and social contribution. Further, all employees consider the issue of corporate social responsibility in the cultural perspective and fulfill their roles and responsibilities. For this ob-

jective, SK innovation has organized 67 volunteer corps under the company-wide name of “SK Angels(1004) Volunteer Group” and has continuously carried out volunteer work. In 2016, the company focused the capabilities of the volunteers to support children with developmental disabilities to improve their social adaptation and to provide senior citizens living alone with a foundation of emotional support and attempted to approach social issues in a more fundamental manner.

SK innovation CSR Framework



Value Creation by Fostering Social Enterprises

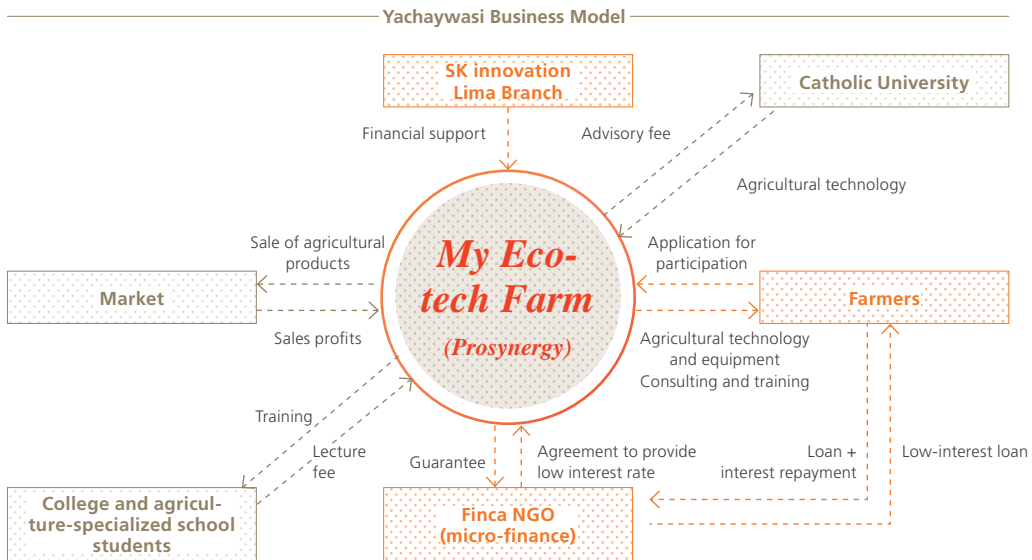
Establishment and Operation of Social Enterprise "Peru Yachaywasi"¹⁾, "Peru My School"

As a measure of addressing global social issues through a social enterprise, SK innovation has established "ProSynergy," an institution in charge of social contribution in Peru where the company's E&P business is positioned, for the first time in the SK Group. The company has also established the 1st and 2nd Yachaywasi Branch and operated them as a social enterprise in order to promote agricultural technology in poor local farms. With the social enterprise, the company supported local agricultural workers in poverty with farming and stockbreeding training such as agricultural technology, information and consulting.

Furthermore, the branch generates joint profits for the social enterprise by selling agricultural products and contributes to improvements in the quality of farmers' lives through cooperation with Finca, a local micro-finance program and Catholic University. These efforts have been recognized, and Yachaywasi won the IICA Fund²⁾ worth USD 239,302 from the Department of Foreign Affairs in Finland in 2015 and conducted the business to expand the dissemination of new and renewable energy in rural areas and to raise the energy self-sufficiency rate in farms. In 2016, the total sales of Yachaywasi increased by 22% compared to the previous year.

2,304 farmers including 1,974 local residents utilized products and services from Yachaywasi; about 630 farms out of all participating farms expressed their satisfaction with the program run by SK innovation. In addition, the company has supported high-quality education services by providing low-income students, parents and faculty members in Peru with a web-based education and information platform through the educational platform, "My School Program". In 2017, we will further vitalize the program with the participation of some local schools thanks to funding by Tacna local government and support from the Peruvian Embassy in Korea.

- 1) Yachaywasi: Yachay(Teaching) + Wasi(Place) in Quechuan, meaning a "teaching place"
- 2) IICA(International Institute for Cooperation in Agriculture) Fund: A social contribution fund, established to support poor rural areas in the world to supply new and renewable energy



Projects for Discovering and Supporting Social Enterprises

SK innovation puts extraordinary effort into creating an ecosystem that allows social enterprises to conduct management activities competitively in this society other than by directly setting up a social enterprise by a company. From 2013, we have started projects to discover and support social enterprises to create jobs for the disadvantaged and ensure their independence by fostering social enterprises. Up to the current time, the company has offered KRW 1.7 billion in business expenses and provided support to launch various business models by 13 institutions, including parcel service, laundry, catering, agricultural products processing and disused cars and leather upcycling; as a result, six institutions have been converted

into social enterprises or social cooperatives. From 2015, the company also expanded the level into more various classes including people with disabilities, women from multicultural families and North Korean defectors in addition to the elderly, existing targets for job creation support; as a result of this expansion, a total of 252 quality jobs were generated. We were not just limited to providing business expenses but operated the advisory committee, which is composed of academic and social enterprise specialists, and continuously supported customized consulting such as accounting, HR management and marketing and consulting for conversion into a social enterprise to have actual competitiveness in business.

Social Enterprise Support Project Performance

1st project(May 2013 – December 2015)

Institution name	Region	Business	Jobs	SE ¹⁾ conversion
Yeomin Dongrak	Yeonggwang	Production and sale of dried agricultural products	6	S Cooperative ²⁾ (Jul. 2015)
Sharing People	Jeonju	Production and sale of Jeonju bread	18	SE(Nov. 2016)
Daegu Senior Club	Daegu	Senior parcel service for apartment complexes	12	Preliminary SE (Aug. 2015)
Jongno Senior Club	Jongno	Parcel service for Seoul Metro	58	-

2nd project(June 2014 – December 2016)

Institution name	Region	Business	Jobs	SE conversion
Seongnam Senior Club	Gyeonggi	Production and sale of rice cake(HACCP)	24	S Cooperative (expected)
Bundang Senior Club	Gyeonggi	Senior laundry workplace	13	S Cooperative (expected)
Daedeok Senior Club	Daejeon	Cultivation of blueberries – Production of processed products	28	Preliminary SE (first half of 2017)
Cheongwon Senior Club	Cheongju	Lunch box delivery and restaurant operation	27	S Cooperative (expected)

3rd project(July 2015 – December 2017)

Institution name	Region	Business	Jobs	SE conversion
Gyeongbuk Disabled Youth Center	Andong	Café for youths with developmental disabilities	10	Preliminary SE (Nov. 2016)
Rural Community Research Institute	Jecheon	Production and sale of bread by women from multicultural families	12	SE(Feb. 2016)
Dobong Senior Club	Jecheon	Senior laundry workplace	19	Preliminary SE (first half of 2017)
Sunrising Clubhouse	Seoul	Café for people with mental disorders	14	S Cooperative (Aug. 2015)
PPL(Corporation)	Gyeonggi	Disused car and leather upcycling by North Korean defectors	11	Preliminary SE (first half of 2017)

- 1) Social Enterprise
2) Social Cooperative

“Energy Magic School” for Training the Awareness of Energy and Environment

SK energy has implemented the “Energy Magic School” for preschoolers to enable growing children to recognize the significance of energy resources and to have a daily routine in saving energy. As an experience-based program in combination with entertaining elements such as magic, the program provided training in energy types and methods of saving and generating energy. The program for children with developmental disabilities was attended by employees as volunteers who had positive reactions. In 2016, the training program was enjoyed by 4,200 children in Seoul and Anyang. In 2017, the company will reorganize the school into a program by SK innovation and increase the various contents in which more children can participate.

Science Mentors for Growing Children

Since 2013, SK innovation Global Technology has actively participated in the project of “Science Mentor for Growing Children” led by Yuseong-gu District in Daejeon. The center invites 100 local students who are interested in science and provides them with interesting opportunities to experience science such as visiting an exhibition hall, carrying out scientific experiments and boarding an electric vehicle. We also carry out science mentoring activities to solve any questions in science with researchers, thus the company contributes to help local students grow into scientifically talented people as a pillar of future national competitiveness.



Energy Magic School



Sharing People(Social Enterprise)



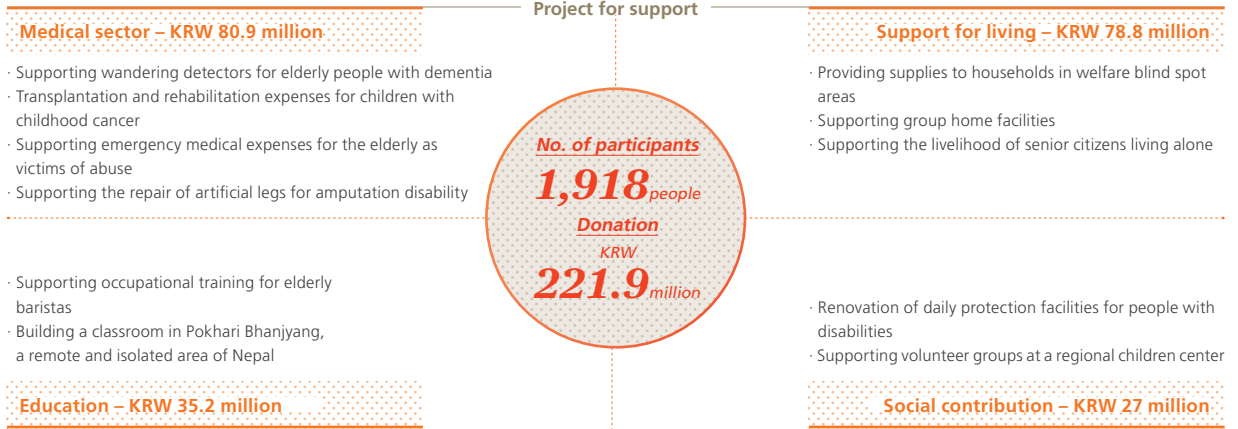
Science Mentors for Growing Children

Support for the Disadvantaged and Regional Mutual Growth

Sharing Up and Happiness Up(Donation by Employees)

As a donation program in which SK innovation employees voluntarily engage, the "Sharing Up and Happiness Up Program" is a donation program which allows employees to donate their desired donation target by one sponsorship account for each employee. For 11 years since 2007, this program has utilized the generous donations from

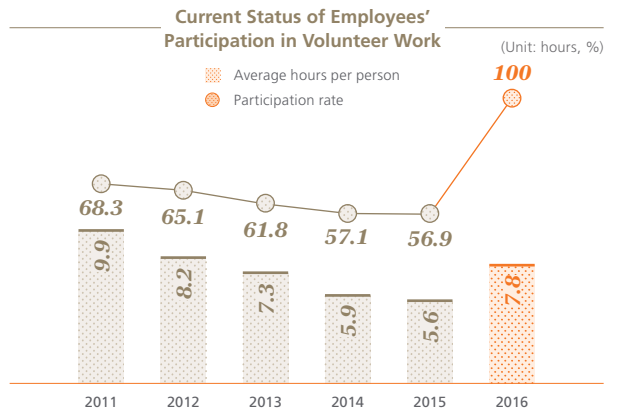
employees and donated funds to various sectors, including support for children with leukemia and childhood cancer, medical expenses for elderly people as victims of domestic abuse, construction of a classroom in a remote area of Nepal, a project to repair the artificial legs of disabled people in remote and isolated areas, and support of daily necessities for senior citizens living alone.



Happiness Sharing and Bridging Love(Volunteer Work by Employees)

In 2014, SK innovation organized "SK Angels(1004) Volunteer Group" as its volunteer corps, composed of 67 volunteer teams. As all employees join the volunteer group, each volunteer team carried out proactive voluntary work. In 2016, under the social circumstances with gradually decreasing interest and participation in volunteer work, the company recognized the volunteer work culture as a crucial element not only in social contribution but also corporate culture, conducted a campaign for one-time participation by single employees extensively and broadened a bond of sympathy in all employees. In addition, we selected intensive sectors for the issues of the elderly living alone and children with developmental disabilities for which social problems become severe and social interest increases. The company also provided support to ease a sense of isolation and recover a sense of pride, while carrying out company-wide volunteer work under the theme of improvement of social adaptation for the independence of children with developmental disabilities in daily life. Apart from economic support, SK innovation emphasized the emotional aspect and functionalized volunteer work based on social interaction; as a result, about 5,600 employees participated 100% in the activity. Through this activity,

the program was attended by about 570 children with developmental disabilities in connection with 19 institutions such as special schools and about 1,000 elderly people living alone in cooperation with seven institutions based on support centers for senior citizens living alone. With these changes, it was found that 75% of employees or more enhanced the understanding of the disadvantaged and felt an increased sense of pride and reward as an employee of SK innovation than before.



Regional Mutual Growth Program

• Ulsan

SK innovation has held the Rose Festival at the Ulsan Grand Park Rose Garden since 2006 when the company built and made a donation to Ulsan Grand Park to promote happiness for residents of Ulsan. In 2016, we held the 10th Rose Festival in partnership with Ulsan Metropolitan Government and created beautiful memories for approximately 290 thousand visitors from across the country. In addition, the company supported five enterprises to create jobs in society and carried out various other activities such as supporting the “Bunch of Happiness” to stabilize the living of the socially disadvantaged, providing rice, renovating houses for the elderly living alone and sharing kimchi.

• Incheon

SK incheon petrochem has organized a mutual-growth community with local residents and carried out various activities to develop the local community. The site focuses on supporting a high-quality education environment for students in surrounding areas to contribute to cultivating future human resources and developing the local community. The company solved problems regarding the operation of the plant with local residents through two-way communication for a “reliable plant” by announcing the agreement for a win-win relationship with local residents and reliable projects (safety verification, health impact assessment). The business site also operates a program to create an environment with a virtuous cycle in which local students can grow into talented human resources in the future and return their talent to the local community. They can do this by boosting the academic performances of local students in an adjacent old downtown, providing fair educational opportunities and improving the poor education environment. The company has enhanced the academic achievement level by providing academic support programs for local students, such as after-school classes for elementary school students and academic mentoring and summer camp for middle school students (total of 571 students benefited from the program in 2016). The Incheon business site also contributes to fostering future

human resources by improving the education environment, including supporting school uniforms for students in the disadvantaged class (total of 497 students in 2016) and scholarship for students in surrounding areas (Incheon Scholarship Foundation).

Moreover, the company opens the business site with cherry blossoms and holds the cherry blossom festival in every April to entertain local residents. The Incheon business site also runs various programs for supporting the local community, including traditional market shopping program, sisterhood ties between one company and one market to contribute to vitalizing traditional markets, campaign to encourage using local shops and participation in and sponsorship for “Seogu Kimchi Making Festival for Sharing Love” to show love for neighbors in welfare facilities with senior citizens living alone, children, people with disabilities and homeless people.

• Seosan and Jeungpyeong

Seosan Plant actively carries out voluntary work for children with disabilities and elderly citizens living alone. From October 2016, the plant conducted social experience learning such as visiting the chrysanthemum festival and having a Christmas Santa Claus experience activity with children with developmental disabilities at Issac Special Nursery Center. Through these activities, Seosan Plant aims to form a sense of empathy with disabled children and prepare continuous opportunities to lay the foundation for children to adapt to society. At Jeungpyeong Plant, the company offers scholarships to students in the low-income and disadvantaged class on an annual basis and holds an event for sharing kimchi with senior citizens living alone to take the lead in social contribution in the local community.



Ulsan Grand Park Rose Festival

Sports

Jeju Youth Soccer Council

SK energy operates the Youth Soccer Council by Jeju Special Self-Governing Province to vitalize sports for young people in Jeju. The council creates the environment to offer high-quality soccer training through various programs such as holding a soccer camp and soccer matches, giving a soccer class for the disadvantaged and fostering excellent players and instructors.

Exciting Handball Class with SK Sugar Gliders

SK Sugar Gliders, an SK female handball team, has operated the “Exciting Handball Class with SK Sugar Gliders” as part of talent donation since 2013. For elementary and middle schools in the home of the team, Uijeongbu, the handball team provides various classes including the theories and basics of handball and recreation. In addition, the “SK Happiness Sharing Handball Career Exploration Concert” was held to have a meaningful time by talking with young handball athletes about the future vision of handball and career exploration as an athlete.

History of Jeju Youth Soccer Council

- **2014** Established a voluntary association
- **2015** Launched a non-profit corporation
- **2016** Designated as a preliminary social enterprise
- **2017** Prepared for social enterprise certification



Handball Class Activity