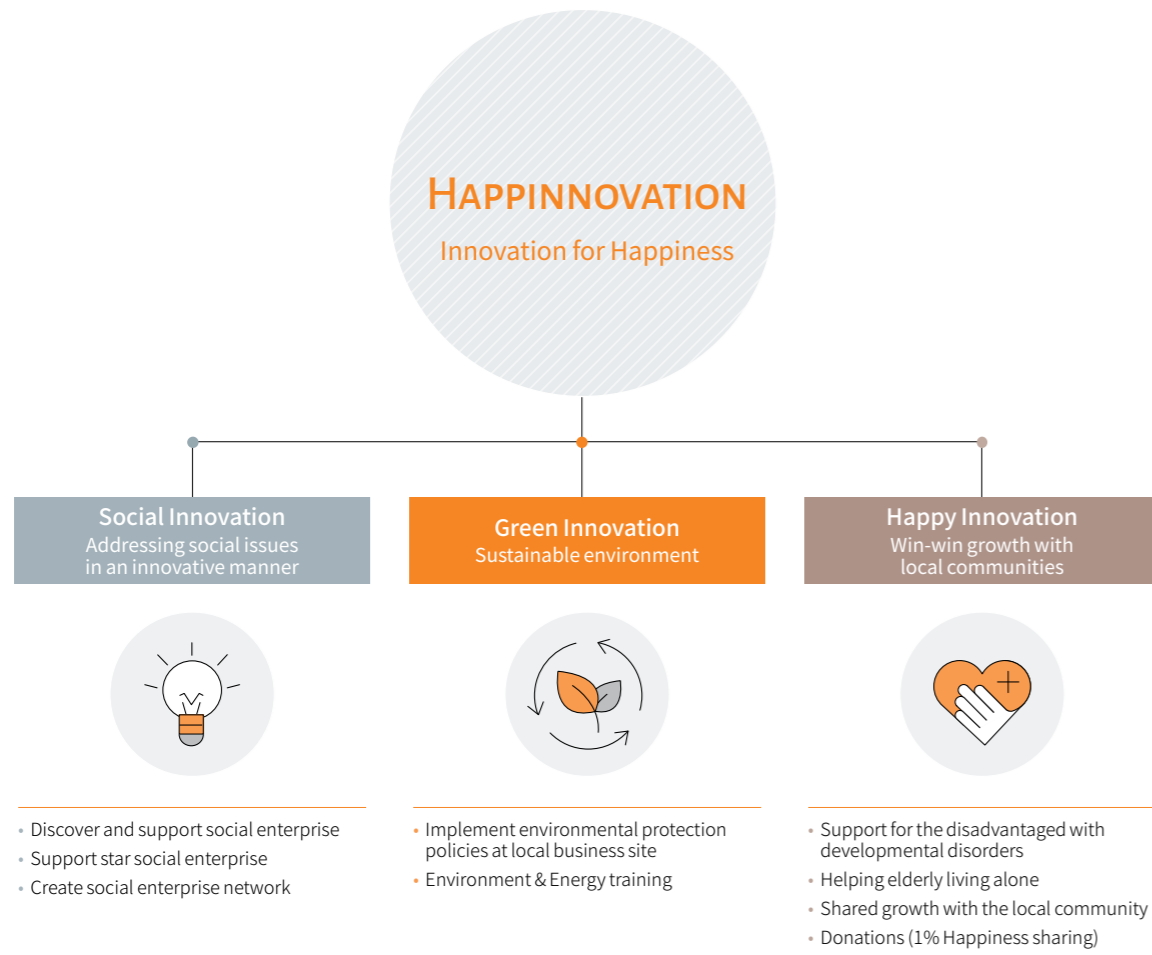


Social Contribution

As a leading energy and petrochemical company, SK innovation's objective is to create not only economic value but also social value, and to spread and recreate that value and help generate happiness for all our stakeholders. Our guiding principle for our social corporate responsibility is "company creating and sharing sustainable happiness". Under this principle, the company strives to find innovative ways to help resolve some of society's most fundamental problems, and engage in meaningful activities that we believe help the socially vulnerable.

SK innovation will continue to share all our resources to create social value and create sustainable happiness for all our stakeholders and grow into a respected and beloved company.

• SK innovation CSR Framework



— CSR Implementation System

Under the slogan of "HappInnovation (Happiness + Innovation)", which is a combination of the company's name 'Innovation' and the company's core value 'Happiness', SK innovation's CSR implementation system is composed of three core activities, with the aim of becoming a company creating and sharing sustainable happiness. The three areas are Social Innovation, which involves creating a network of social enterprises to help create jobs for the socially disadvantaged and to help social enterprises to become more competitive; Green Innovation, creating sustainable environmental value focused on our regional workplace; and Happy Innovation, where everyone recognizes and takes part in the company's social responsibilities and works together for the development of the local community.

— Value Creation by Fostering Social Enterprises

SK innovation provides support for social enterprises, and fosters high-potential social enterprises to contribute to addressing diverse social issues. In addition to domestic sites, we operate a social enterprise in Peru where the company operates a business site to promote development of the region's agriculture¹⁾.

Note1) Refer to p.43

Objective: Job creation for socially disadvantaged people and support independence through conversion to social enterprise

Project overview: select business through open RFPs and provide infrastructure investment and consulting to the selected business for three years

- First round (2013~2015), Second round (2014~2016), Third round (2015~2017)
- Total 238 institutions submitted proposals, 13 businesses selected
- First and second round projects were focused on seniors, third round expanded to disabled/women/multicultural backgrounds

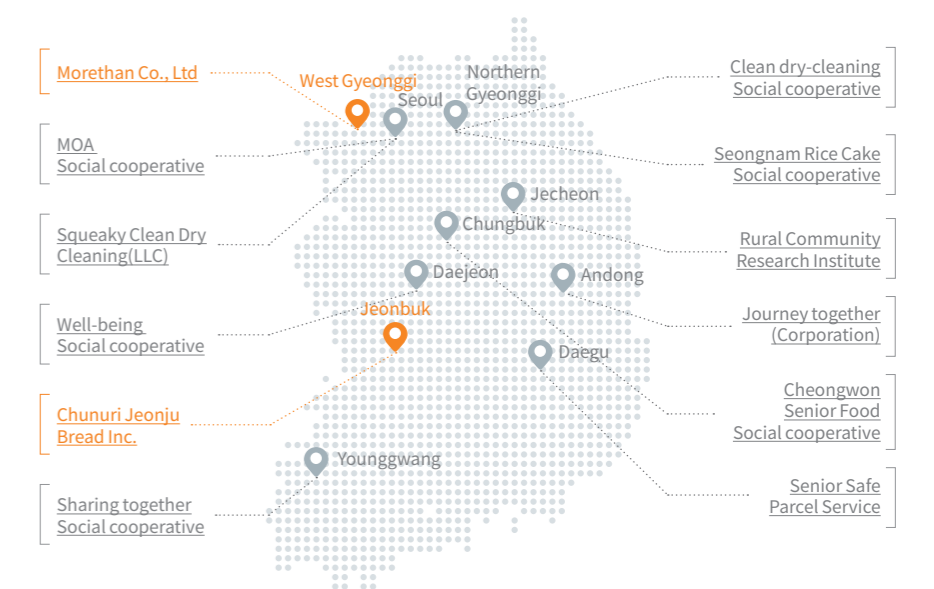
Support provided: facilities investment, legal · labor relations · accounting · marketing training, consulting for social enterprise conversion, job capacity-building training for socially disadvantaged employees, developing markets, pro bono support

Results:

- 11 business were converted into social economic institutions
- jobs created: 260 (211 seniors, 24 disabled people, 12 North Korean defectors)

Projects to Discover and Support Social Enterprises

SK innovation has selected 13 Biz. Model for from five consecutive 2013 to 2017, and helped them to turn into social enterprises or social co-operatives by sharing infrastructures for tangible and intangible assets. Of the 13, 11 companies completed transformation into social enterprises or co-operatives as of the end of 2017. A total of 260 people of the vulnerable in society—the elderly, North Korean defectors, women on a career break, the disabled, etc.—were hired.



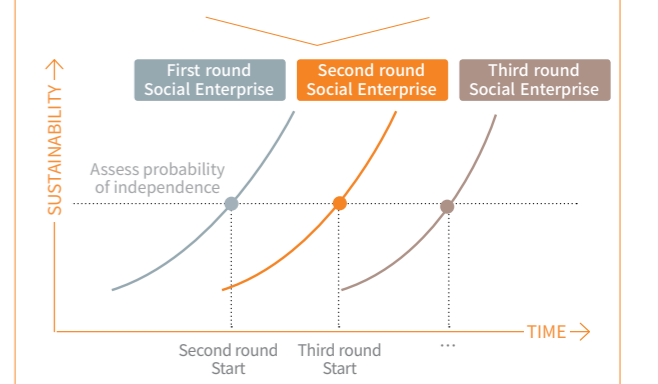
Star Social Enterprise Project

SK innovation recognized that there is a need for strong social enterprises that can exist and survive independently, as social enterprises are generally less competitive with less chance of survival compared to profit companies due to the fact that they are non-profit and hire socially disadvantaged people.

In 2017, the company selected Chunuri Jeonju Bread Inc. and Morethan Co., Ltd as 'Star Social Enterprise' and provided focused support. These two companies were selected based on growth potential, job creation effect, and social values of the business. We shared the company's resources and infrastructure including business consulting, advice on strengthening product competitiveness, pro bono activity support, advertising and marketing, developing sales networks, and impact investing. This support helped improve the company's sales, employment, brand recognition and other performances for the company to successfully develop into a star social enterprise. The company is creating such social ecosystem to help local community development, first focusing on Ulsan, Incheon, Seosan, Jungpyeong and other areas where our facilities are located.

Star Social Enterprise Fostering Plan

- First round Star Social Enterprise's development and stability into independence
- Continue second, third round Star Social Enterprise support and create social value



Star Social Enterprise 1. Chunuri Jeonju Bread Inc.

Jeonju bibim bread is a representative product of Chunuri Jeonju Bread Inc., a earning recognition as a local specialty of Jeonju. The bibim bread had a backstory as ‘not a profit making bread’ and became famous from word of mouth and sales skyrocketed. SK innovation was an initial investor in 2013, and since then we have established a shared infra open platform by cooperating with the Group and relevant parties, and provided all-round support to foster this bread company as a Star Social Enterprise, which has become a successful case of a social enterprise. Jeonju bibim bread’s growth contributes to the regional economy by using local agricultural products and outsourcing production to new social enterprises in the region to support job creation and increased revenues, and by revitalizing Jeonju’s commercial area. As of end 2017, Jeonju Bread opened a shop in Jeonju Hanok Village and is expanding its bibim bread by helping establish Jeonbuk economy revitalization platform through the ‘Jeonbuk Social Economy Alliance’.

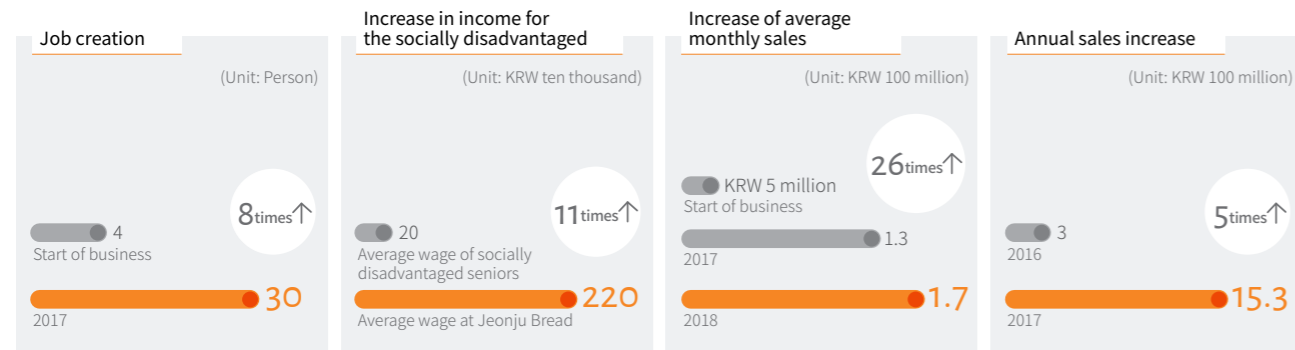


Jeonju bread's employees

• Open Platform for Shared Infrastructure



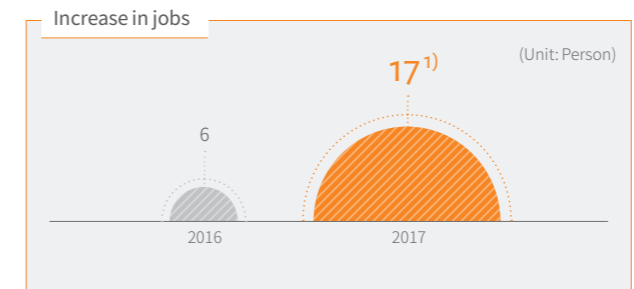
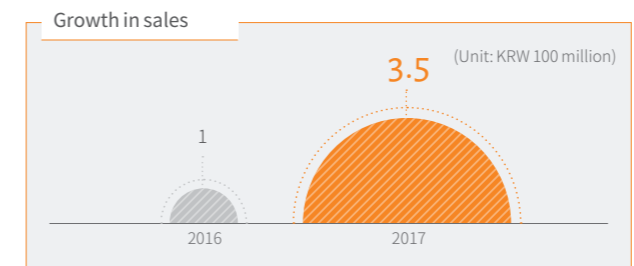
• Jeonju Bread Business Performance



Star Social Enterprise 2. Morethan Co., Ltd (Brand: CONTINEW)

Morethan Co., Ltd, a social enterprise selected in the third round SE project in 2015, manufactures bags, wallets and other fashion accessories from upcycled discarded materials from automobiles such as leather seats and airbags. The company creates not only eco-friendly value, but also social value by employing socially disadvantaged people such as North Korean defectors and women after career interruption. In 2017, Morethan was selected and is being cultivated as the second Star Social Enterprise, following Jeonju bibim bread. SK innovation is utilizing the shared infrastructure platform to enhance brand recognition and expand sales networks. In 2018, we anticipate further growth of the business through sales via home shopping and duty-free shops, expanding into the global market, starting production in Vietnam, and additional creation of jobs.

• Performance of Fostering a Morethan Co., Ltd. (Star Social Enterprise)



Note 1) Includes 7 vulnerable people



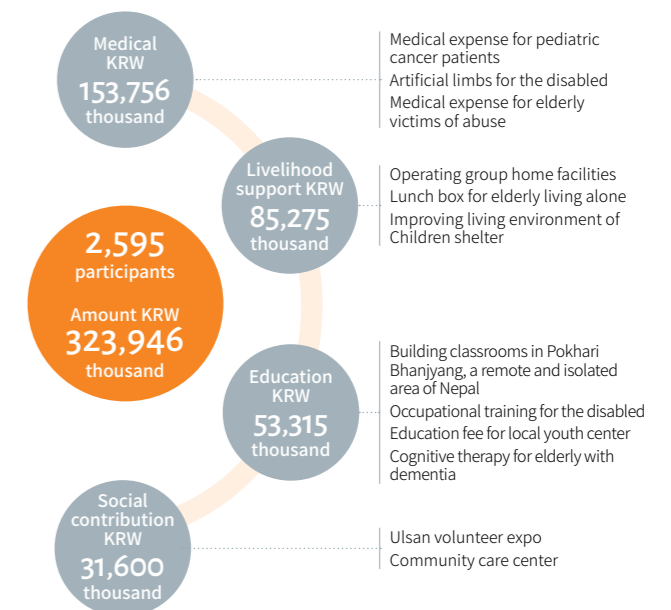
Morethan CONTINEW store

— Support for the Socially Disadvantaged

Employee donation program (Sharing Up and Happiness Up)

Since 2007, SK innovation has supported medical, education, livelihood of disabled and socially disadvantaged and other welfare programs through donations from the employees. Initially the program was structured for one employee to donate to their desired project (one sponsorship account for one employee). Examples of projects include support for children with leukemia and cancer, medical expenses for elderly people and emergency support for children both victims of domestic abuse, construction of a classroom in a remote area of Nepal, and a project to repair the artificial legs of disabled people in remote and isolated areas. Since October 2017, it was agreed that 1% of the base salary of employees will be donated for the shared growth and welfare support for local communities. This program, now renamed 1% Happiness Sharing Fund, is structured for the company to match the amount of donations given by the employees to lay a foundation for forward-looking, innovative new employee relations culture. Approximately 90% of employees participate in 1% Happiness Sharing Fund, and proceeds will be used to support the disadvantaged, including medical fee support for children with pediatric cancer, independence for the developmentally challenged, livelihood for low-income families, and creation of social jobs.

• 2017 Employee Donation Program





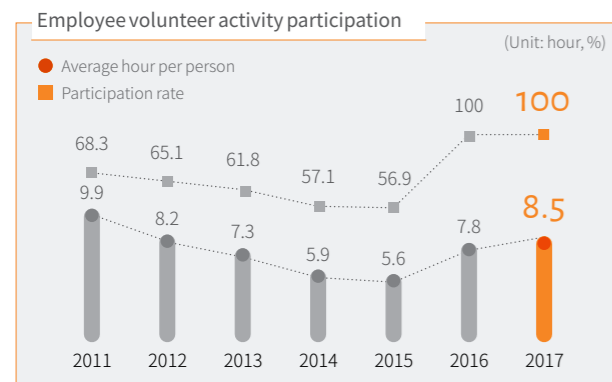
Receiving the presidential prize for Volunteer Work Awards

Happiness Sharing and Bridging Love (Volunteer Activity by Employees)

In 2004, SK innovation organized “SK Angels (1004) Volunteer Group” and operates 68 volunteer teams involving every employee as members. The main areas of volunteer work provide emotional support to the elderly living alone, and support independence for children with developmental disabilities. We focus on conducting in-person activities in the form of a 1:1 Caring program, so that our activities are not limited to simple financial support or superficial activities. In 2017, all employees participated in the volunteer program, 88% said that the opportunity gave them a better understanding of the disadvantaged, and 84% said that they felt an increased sense of pride and belonging as an employee of the company¹⁾. Through this activity, the company has formed partnerships with 40 institutions and schools for kids with developmental disabilities and 16 senior welfare organizations in local areas of business sites across the country and engages with more than 4,000 children and 2,100 seniors on an annual basis.

This effort was recognized and the company was awarded the Presidential Prize for Volunteer Work Awards and the Prime Minister of Health & Welfare Prize selected by Senior Protection Association.

Note 1) Survey results from 2,900 volunteers in 2017



Employee Volunteer Program



Note 1) Kids dreaming of happiness



Happiness sharing and bridging love activity for senior citizens living alone

— Regional Mutual Growth Program

Ulsan

SK innovation has held the Rose Festival at the Ulsan Grand Park Rose Garden since 2006 when the company created and donated the Ulsan Grand Park to promote happiness for residents of Ulsan. In 2017, we held the 11th Rose Festival in partnership with the Ulsan Metropolitan Government and created memorable experiences for the approximately 240 thousand visitors from across the country. In addition, the company supported six enterprises to help create jobs, and carried out various other activities such as supporting the “Bunch of Happiness” to help the socially disadvantaged, providing rice, renovating houses for the senior citizens living alone and sharing kimchi.

Incheon

SK incheon petrochem has organized a mutual-growth community group with local residents and regularly carries out activities such as education and HR cultivation, culture and welfare, and community environment improvements to help the local community. We are working toward the goal, by 2020, for approximately 30% of local residents to experience high-quality education programs. As a results, this program helped resolve issues with local residents regarding factory operations, and 100 local residents and 219 employees participated together in five SK incheon petrochem sponsored volunteer activities.

Major programs at Incheon

Education and HR cultivation	<ul style="list-style-type: none"> · Educational facilities improvements (elementary/ middle school) · After-school class for elementary school · Academic mentoring for middle-school students · Science media summer camp for middle-school students · Sharing school uniforms of love · Mentoring through human book program 'Sonagi'
Cultural Welfare program	<ul style="list-style-type: none"> · Community music concert · Community Happy Cultural Center · Shingles vaccination for seniors
Community environment improvements	<ul style="list-style-type: none"> · Community environment refurbishment program

Seosan and Jeungpyeong

Seosan Plant actively carries out volunteer work for children with developmental disabilities. From 2016, the plant has engaged with children with developmental disabilities at Issac Special Nursery Center, attending social and cultural events such as musical concerts and performances. Through these activities, Seosan Plant aims to form a sense of empathy with the children and help them to prepare to adapt to society. Other social community activities include cleaning the surrounding areas of the plant, participating in a blood drive, and Green PC Donation of Love (300 of the company's PCs were refurbished and donated).

At Jeungpyeong Plant, the company offers scholarships to students from low-income and disadvantaged families every year and holds an event for sharing kimchi for the senior citizens living alone to take the lead in social contributions in the local community.

Global Social Contribution Program

As a leading energy and petrochemical company, SK innovation continues to prioritize SK Group's management principle of pursuing happiness for all our stakeholders not only in Korea but at our overseas business sites. In the US, we volunteer at the food banks in Houston and donate to the Tulsa TRSA Education Program¹⁾, and in Singapore, we sponsored twice a year out for thirty wheelchair-bound senior citizens living alone.

Note 1) Refer to p.42

— Giving Back with Sports

Jeju Youth Soccer Council

SK energy runs the Youth Soccer Council with the Jeju United professional soccer team to vitalize sports for kids and to support disadvantaged children. The Council sponsors youth soccer camp and youth soccer tournaments to provide access to the sport and foster a new generation of young soccer players in Jeju. In 2017, jointly with the Jeju Free International City Development Center (JDC), we ran the JDC United Soccer Academy for children from low-income families, and in 2018, we will acquire a social enterprise certification through which we will launch more diverse programs.

JDC UNITED Soccer Academy

- Period of activity: From 2017
- Target: Children from low-income and disadvantaged families in Jeju (40 participants in 2017)
- Cooperative institution: Sharing Happiness Local Youth Center, Saesoon Local Youth Center
- Activities: Soccer programs led by club leaders in the Jeju Youth Soccer Council as part of talent donation. Twice a month per local youth center
- Future plans: Select two additional local youth centers in Jeju to continue soccer programs in 2018

SK Sugar Gliders

SK Sugar Gliders, SK sponsored female handball team, has expanded its “Exciting Handball Class with SK Sugar Gliders” from their hometown of Uijeongbu Gyeonggi to Seoul Metropolitan Area, as part of its talent donation program. The classes have become more structured to make it easier to learn and teach, and we plan to continue expanding the program in the future.

Exciting Handball Class with SK Sugar Gliders

- Period of activity: From 2013
- Target: Elementary and middle-school students in Uijeonbu, Seoul, Seoul Metropolitan Area (1,110 students participated in 2017)
- Activities: handball theory and basics, recreation, handball team tournament and other programs

SPECIALITY SOCIAL CONTRIBUTION ACTIVITIES

2,500

Accumulated number of people for the job experience class for middle-school students (Unit: Person)



Science and Energy Education Projects

SK innovation operates education programs to help growing young people to satisfy their curiosity in the science and energy sector and seek a future career path through various experiences.

Science Mentors for Growing Children

- Period of activity: From 2013
- Cooperative institution: Yuseong-gu District Office of Daejeon Metropolitan City
- Target: Elementary and middle-school students and students with disabilities in the region (100 students a year)
- Activities:
 - Introduction of research technology, visit to the exhibition hall and provision of science experience such as riding an electric vehicle
 - Science mentoring activity to solve curiosity for science with researchers through a science class

Job Experience Class for Middle-School Students

- Period of activity: From 2012
- Cooperative institution: Incheon Seo-gu Education Office
- Target: Middle-school students in the free semester system (892 students of 2017; 2,500 students in total)
- Activities:
 - Introduction of knowledge and work related to energy industry, occupations in the oil-refining industry, visit to plant facilities
 - Connection to the future job and company exploration program by the Ministry of Employment and Labor



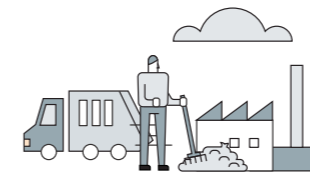
1,143

Number of participants of Great Music Festival (Unit: Person)



319

Number of participants of Incheon Business Site Environmental Purification in 2017 (Unit: Person)



Sustainable Environmental Projects

SK innovation conducts continuous environmental protection activities based on the responsibilities for neighboring natural environment to business sites. In the process, we enhance a sense of solidarity in cooperation with local residents and contribute to harmony in the region.

Environmental Protection Activity for Ulsan Forest of Life

- Period of activity: From 2005
- Cooperative institution: Ulsan Forest of Life
- Activities:
 - Activity of saving pine trees at Ulsan Daewangam Park
 - Activity of planting tea trees at Dajeon Ecological Park
 - Removing harmful plants disturbing the ecosystem (Ulsan Grand Park, Taehwagang River, Dongcheongang River)
 - Cultivating Rose of Sharon trees
 - Cultivating and taking care of big and old trees

Activity of purifying the environment by one-company-mountain-stream in Incheon

- Period of activity: From 2006
- Activities:
 - Activity of collecting various wastes in the Simgokcheon Stream and on Wonjeoksan Mountain

Activity of purifying the environment near Incheon business site

- Period of activity: From 2006
- Activities:
 - Collecting waste in the village streets and alleys with a group of local residents near the business site
 - 5 rounds of activities in 2017 (100 local residents and 219 employees participated in the event)



Support for Improvement of Sociability and Self-Reliance for People with Developmental Disabilities

SK innovation contributes to physical and emotional development and sociability improvement for people with developmental disabilities through support for cultural and art activities such as music and sports and conducts various activities to improve awareness of developmental disabilities.

Great Music Festival

- Period of activity: From 2017 - Cooperative institution: Heart-Heart Foundation
- Target: Music-related groups for people with disabilities in the country
- Activities:
 - Held the 1st Great Music Festival (GMF) in 2017 as a musical contest for people with developmental disabilities
 - 38 teams (343 people) and about 800 audiences attended
 - 1 team for grand prize (Dream with Ensemble), 1 team for top prize (Sugar Sugar Band), 3 teams for excellent prize and 5 teams for participation prize
 - Provided the opportunity to hold a concert in a major event such as in-company concert and bazaar

Raising Hope Baseball Class

- Period of activity: From 2017 - Cooperative institution: SK Wyverns
- Target: Special class students in elementary and middle schools of Incheon (90 students participate in 2017)
- Activities:
 - Operation of a baseball class to help children with developmental disabilities to promote physical development and improve sociability with SK Wyverns
 - In 2018, the class expands to the 'Raising Hope Sports Class' with the participation of professional teams such as Incheon-originated soccer team (Incheon United FC) and basketball team (Shinhan Bank S-Bird)

Environmental and Forest Experience Class

- Period of activity: From 2017
- Cooperative institution: Ecological education center Irang, Incheon Center for Disabled Children and Developmental Disabilities, Incheon Chamber of Commerce
- Target: Elementary school students with developmental disabilities in Incheon (163 students participated in 2017)
- Activities:
 - Operation of a nature-experience class to create the environment for physical and mental development and promote sociability for children with developmental disabilities
 - In 2018, the class expands to the seasonal forest experience class (Rainbow Forest School), which is customized for children with developmental disabilities.