

Social Performance

① Employees

SK innovation is building a great workplace where its employees can enjoy working in desirable working conditions. As its people constitute the fundamental competitiveness of the company, it strives for human resource development and motivates its employees with performance-based compensation and generous fringe benefits as well as fair recruitment.



Fair Opportunities and Respect for Diversity

SK innovation strictly prohibits discrimination in any form against employees at its business premises, and always strives to ensure fair, reasonable opportunities for employees so that they can realize their full potential. All recruitment procedures abide by Korea's Labor Standards Act and Equal Employment Act to ensure fair procedures across the board. In addition, the terms and conditions of employment fully comply with Korea's standard collective bargaining agreement, employment standards, and employment agreements.

Female employment is adhered to under all applicable laws regarding the prohibition and regulations of gender-based discrimination, with the company also offering an annual training session to prevent sexual harassment in the workplace. SK innovation ensures equal opportunity for female employees and equal pay for equal positions. Furthermore, women who have just given birth can take advantage of a generous maternity leave package and rest assured that they can later return to their same position.

Also, SK innovation closely collaborates with the Promotion of Employment for the Disabled with the Korea Employment Promotion Agency for the Disabled so that 2.5 percent of its workforce will soon be made up of disabled people, the legally required percentage of disabled employees.

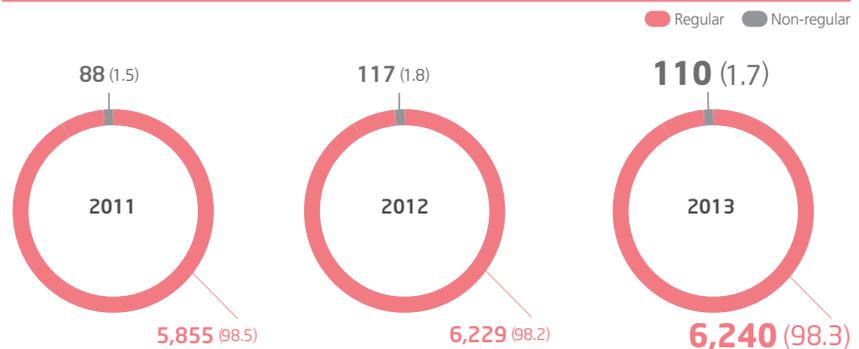
Workforce

Unit: persons



Regular/non-regular employees

Unit: persons(%)

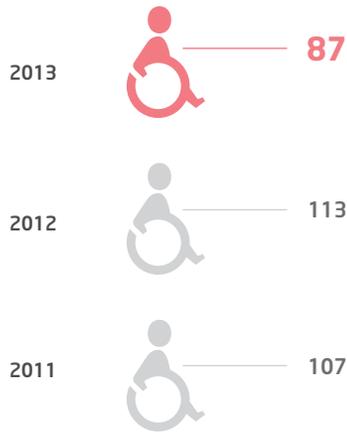




Social

No. of disabled employees

Unit: persons



Workforce breakdown by gender

Unit: persons(%)

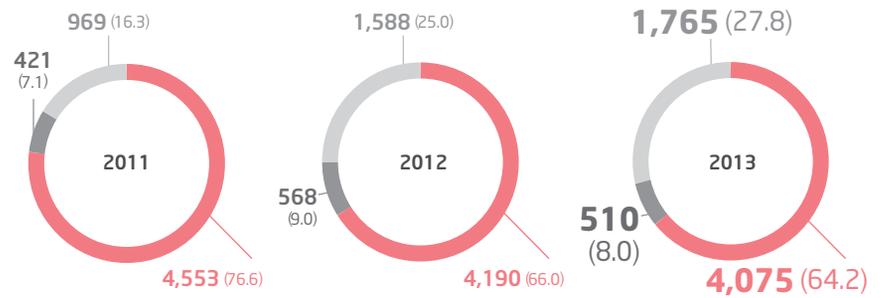
Male Female



Workforce breakdown by age group

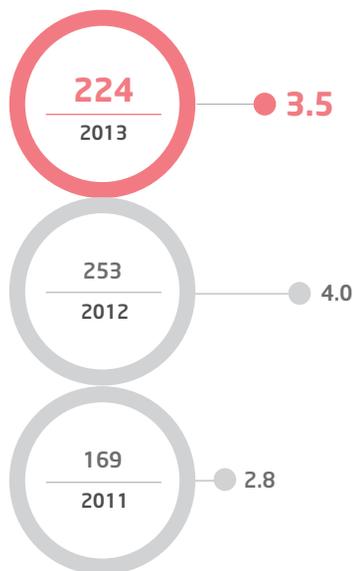
Unit: persons(%)

Under age 30 Between 30 and 50 years of age Above age 50



No. of retirees and severance rate

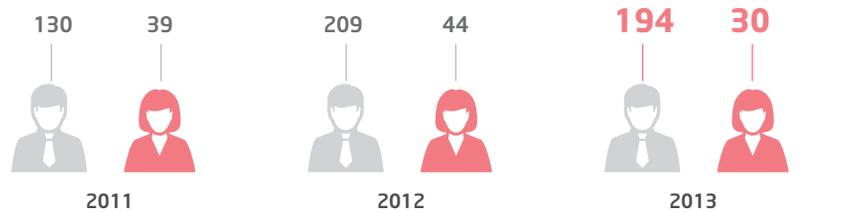
Severance Rate(%)
No. of Retirees(persons)



No. of retirees by gender

Unit: persons

Male Female



Average service years

Unit: year



Employees on Parental Leave

Unit: persons

	2011	2012	2013	Remarks
Male employees entitled to paternity leave	853	1,042	927	No. of employees who have children under the age of six
Female employees entitled to maternity leave	151	182	191	
No. of male employees who used parental leave	-	-	1	As of the first day of parental leave
No. of female employees who used maternity leave	31	43	58	
No. of male employees who worked at least one year after returning from paternity leave	-	-	-	Starting from the first day of returning from leave
No. of female employees who worked at least one year after returning from maternity leave	35	48	41	

Respect for Human Rights & Non-Discrimination

SK innovation upholds the human rights of all employees and strictly bans any form of discrimination to ensure equality and harmonious relations within the organization. In compliance with all relevant labor laws, the company guarantees employees' right to work and every labor union member's freedom of association and collective bargaining under related labor laws. Furthermore, the company consults with the labor union regarding management issues of significant impact on employee rights, while details concerning business operations are shared with the labor union on an ongoing basis. In addition, the company immediately reports all results from its restructuring efforts and rewards/punishments to the labor union.

SK innovation does not own any businesses that have a high risk of child labor, nor does it encourage forced labor and strictly prohibits such illegal activities.

SK innovation Labor Union

Unit: persons

Associations	No. of Permanent Union Office Members	Membership
Federation of Korean Trade Unions	3,569	7

Recruitment and Human Resources Development

SK innovation has adopted a "Right People" recruitment protocol to avert the usual recruitment procedures that focus on specific skill sets. The new application forms request applicants' background knowledge or special experiences, offering advantageous points for experience with running their own business/filing for patent rights or club/community activities. The paper screening stage has eliminated any specific skill set check and replaced it with a personal statement to see if applicants have the competencies suitable to the given job position and their adaptability to a given job.

At SK innovation, human resources development (HRD) programs are conducted in four categories: SK Values, Globality, Job Competency and Leadership.

All HRD systems are based on the company's management principle that pursues SUPEX through human-oriented management practices.

Based on these four categories, SK innovation's HRD programs encourage its employees with self-led HRD programs and building a happy working environment where they can voluntarily and passionately work hard with a high level of engagement.

Annual Training Hours Per Employee

Unit: hours



55



Fair Evaluation & Compensation

At SK innovation, employee evaluation systems are taking place in line with SK Values, competencies and performance standards. The company evaluates individual competencies, capabilities and accomplishments on a regular basis, which then provides the criteria for promotions, transfers, training and compensation. The evaluation criteria and processes differ depending on the job characteristics and position of each employee. Compensation is made in an established salary and bonus system to ensure fair compensation based on employees' abilities, credentials, and performance. Bonuses are graded and paid out based on performance by calculating the company's financial resources according to the EVA (economic value added) and KPI (key performance indicators). With a fair, reasonable promotion management program in place that takes into consideration employee evaluation results, SK innovation also takes into account each person's abilities and credentials.

Supporting Employee Welfare

SK innovation offers employees generous fringe benefits in support of their self-development and financial stability to raise their morale.

The main programs include health check-ups, medical bill subsidies, housing loans, and scholarships for child tuitions. There are also diverse vacation/leave programs, congratulations/condolence support, and resort/condominium sharing programs.

In recognition of their long-term service, the company confers rewards to employees of merit who are retiring and those who have served the company for a long period of time.

SK innovation Fringe Benefits



Housing loans
Children scholarships
Health management and medical bill subsidies



Vacations/leaves
Congratulations and condolence support
Resort & condominium sharing

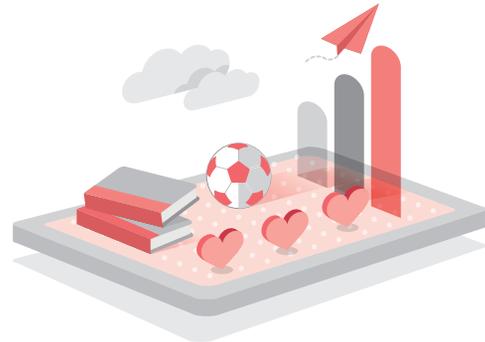


Retirement pay of merit
Long-year service rewards

Social Performance

② Social Contribution

Committed to creating sustainable value for society, SK innovation fulfills its role as a corporate citizen and takes a far-sighted approach to tackle social issues with more fundamental solutions such as social enterprises, job creation, and underprivileged support.



Employee Volunteerism

SK innovation's Released-Time program, which counts volunteer activities as part of job fulfillment, encourages employees to engage in company-wide volunteerism by incorporating volunteer activities into the corporate culture. Launched in July 2004, SK innovation's 1004 Volunteer Corps oversees all company-wide volunteer activities controlling the 68 volunteer teams at its five worksites.

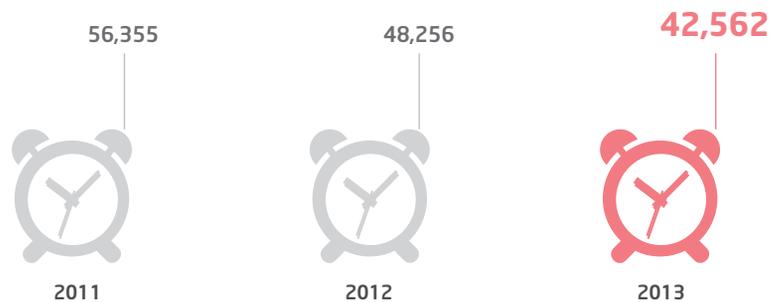
No. of Volunteers

Unit: persons



Annual Volunteer Hours

Unit: hours





Social Contribution Programs

Guided by the value to contribute to a higher quality of life, SK innovation is involved in a number of programs committed to making Korea a happier society. Departing from one-time donations or short-sighted contributions, the company continuously implements new social contribution programs to tackle fundamental social problems and to stimulate sustainable change for a better society.

Our social contribution programs focus on creating and supporting social enterprises and the social and economic ecosystems around them. We also attend to the different needs of local communities where our worksites are located through customized programs, while our employees volunteer in various activities, thereby effectively building connections with local residents.

Pursuing Social Values



1 Pop-up Stores for Social Enterprises
2 Jeju United FC & Happiness Sharing Happy Wings Campaign

• Supporting Social Economies

SK innovation collaborates with the Community Chest of Korea through a joint project to “support seniors in finding jobs and contribute to the development of social economy.” To date, we have supported social economies (social enterprises, community businesses, and social co-operatives) in four regions across the nation, providing them with continued consulting services customized to their different needs as well as financial support.

• Pop-up Stores for Social Enterprises

In a bid to support the promotion of social economies, SK innovation has engaged in diverse support activities, such as pop-up stores, marketing education, and arranging transactions. On Social Enterprise Day in July 2013, we opened the first pop-up store for a social enterprise in Korea.

• Sponsoring Social Enterprises

SK innovation began sponsoring social enterprises in 2007. In 2011, the company created one of its own social enterprises, Happy Farm. After taking care of all the administrative and financial aid for earning the business certification and stable operation of Happy Farm, we are proud of the fact that we established a successful social enterprise model.

• Jeju United FC & Happiness Sharing Happy Wings Campaign

SK innovation runs a youth football club that has its own football ground and is attached to the Jeju United FC as a means to foster promising young football players from the local community. Whenever the Jeju United FC wins the home game, its 18 sponsor companies make donations in kind or cash to the fund, which is then delivered to the needy in the local communities as part of the Happiness Sharing Happy Wings Campaign.

• SK Sugar Gliders Women’s Handball Team & Sports Voucher Project

SK innovation established the SK Sugar Gliders women’s handball team in support of the relatively unpopular sport in Korea. The company also runs a handball class for students in promotion of sports club activities. In connection with the sports voucher project, it also invites underprivileged children living in local communities to watch games.

Environmental Stewardship

• Environmental Composition Contest

Celebrating its 21st anniversary in 2013, the Environmental Composition Contest expanded its eligibility in 2012 to include audibly challenged students and developmentally challenged students in 2013. In 2014, approximately 1,300 blind, deaf and developmentally challenged students from elementary, middle and high schools participated in the contest and 53 award winners were invited to an overnight camp to share a precious experience together.



1 Rose Festival in Ulsan Grand Park
2 Happy Flower Garden



3 Happy Companionship
4 Love Books
5 Barrier Free Tour

• **Rose Festival in Ulsan Grand Park**

SK innovation built and then donated Ulsan Grand Park to Ulsan City. Since then, it has hosted an annual rose festival for local residents. In 2013, the company held the 8th festival under the theme “Rose City Ulsan!” in which 1.52 million people enjoyed the spectacle.

• **Happy Flower Garden**

Since 1985, SK incheon petrochemical has been opening itself up to people to enjoy the local environment, including the city’s annual cheery blossom festival. The event serves to entertain local residents and provide them with the opportunity to visit the eco-friendly petrochemical plant in person. Attracting an annual average of 20,000 visitors, the festival has become a famous festival in Incheon.

• **Happy Flower Garden and Han River Flower Bed**

SK innovation has been building flower gardens at social welfare centers every spring for years. In 2013, its employees created flower gardens in 14 social welfare centers where they pay regular visits for volunteer activities. In collaboration with Seoul’s Hangang Park office, SK innovation employees volunteered to plant 15,000 bushes and flowers in Mangwon Hangang Park (Mapo-gu, Seoul) in 2013.

Giving Back to Society

• **Happy Companionship**

SK innovation provides various support to its small- and medium-sized (SME) suppliers who lack financial and human resources and know-how in social contribution activities. By publicly inviting new ideas for social contribution activities from 240 of its suppliers and those of its subsidiaries, SK innovation grants funds and consulting services to prize winners for putting their ideas into action. Five finalists were supported with funds and consulting services in 2013.

• **School for Love**

Since 2000, SK innovation has been subsidizing financially distressed children in communities near its Ulsan CLX and SK incheon petrochemical sites with scholarships, meal expenses and school uniform expenses. In 2013, the number of beneficiaries amounted to 1,000 students from elementary, middle and high schools near its operations.

• **Love Books**

We signed an agreement with the Ministry of Health and Welfare and SBS in May 2013 to donate books for small libraries at local community childcare centers. Signatory SK gas stations and their customers now make donations and the raised funds are spent on buying books to donate to local community childcare centers. In 2013, the company also provided scholarships to children who won prizes at the Reading Camp and Reading Rewards Convention.

* The Love Books website <http://lovebook.enclean.com/> (Korean): Visit the website and leave a comment of cheering directed to the children of the local community childcare centers and we are donating one book per comment to the cited center.

• **Barrier Free Tour**

In partnership with the Korea Tourism Organization (KTO), SK innovation operates the Barrier Free Tour campaign, taking people with disabilities and financial distress to barrier-free trips to tourist attractions. In 2013, we organized four tours for 200 beneficiaries, including a low-income hearing impaired couples’ trip to Jeju and a trip for the physically challenged and those with cerebral palsy to the Busan-Ulsan-Gyeongju regions by pairing them with able university students.



- **Netruck House**

In promotion of the improved welfare of truck drivers, SK innovation runs Netruck House, a rest area service network exclusively for truck drivers. Since the opening of the first station in Gwangyang in October 2007, the network has grown to number 13 stations across the nation as of 2014.

- **Table for Two**

SK innovation adopted the Table for Two initiative in 2013. Every Friday, our employees can donate KRW 300 per person when they choose the Table for Two menu. The raised funds are spent on providing school meals to undernourished children in Kenya, Uganda and Rwanda.

Volunteer Activities

- **Sarang Kimchi & Coal Briquettes**

During SK innovation's Happiness Sharing Season every October, all of the company's employees go out and help the underprivileged prepare for the winter. In 2013, we provided 130,000 kilograms of kimchi to 11,000 households and 214 social welfare centers as well as 110,000 coal briquettes to 430 households across the nation in collaboration with the Korea Association of Volunteers' Center.

- **Prospective Science Mentoring and Quiz Contest for Children**

In partnership with the Yuseong District Office, SK innovation's Global Technology in Daedeok organized a prospective scientist mentoring event for 150 students from three elementary schools within the district. Since 2010, its Ulsan complex holds a quiz contest for 600 students from grades four through six in collaboration with the Ulsan Council of Social Welfare and a local community childcare center to inspire them with self-confidence and an interest in learning.

- **One Employee-One Donation Account Campaign**

SK innovation has been running the One Employee-One Donation Account Campaign since 2007. In 2013, 1,300 of our employees volunteered to chip in between KRW 5,000 and KRW 20,000 to the cause. The KRW 160 million fund raised through the campaign was delivered to the needy, including child patients with cancer for their medical bills.

- **Industrial-Academia Collaboration**

Under the industrial-academia collaborative agreement signed with JEl University's Department of Social Welfare in Incheon, SK innovation engages in a number of community services. The "Shoulder to Shoulder Festival", our signature annual event of this kind since 2010, is an event to invite 110 children from local orphanages and other community childcare centers in Incheon to attend several cultural performances and recreation programs. Additionally, we regularly help local elderly citizens living alone with their bathing and invite them to the university students' graduation exhibitions.

- **Walk with the Disabled Campaign**

SK energy hosts the Walk with the Disabled event every Fall in collaboration with the Ulsan Organization of the Disabled in an effort to help raise public awareness of disabilities and to provide the abled and disabled to come together and better understand each other. At the 10th event, in 2013, 240 disabled citizens, their families and volunteers took part, all of whom walked around Igidae Park and visited Oryukdo Island.



1 Prospective Science Mentoring and Quiz Contest for Children

2 Walk with the Disabled Campaign

Social Performance

③ Customers

SK innovation has implemented a number of customer satisfaction activities with high-quality customer service, maintaining trust-based relationships with its customers through ceaseless endeavors for sustainable customer value.



CS*1 Framework

*1 Customer Satisfaction

SK innovation aims to become a trustworthy company that is fully respected by its customers. To that end, the company has explicitly proclaimed its commitment to customer satisfaction in the basic principles of its business management framework (SKMS). Its CS Framework consists of on-site CS standards promotion, on-site CS surveys, on-site CS improvement activities and gathering Voice of Customer (VOC) systems.

Standards Promotion

SK innovation has in place CS standards for its SK service stations nationwide in order to provide the same high level of customer service across the country. The SK Service Station CS Guidelines stipulate the essential services that all SK service stations must follow, such as the clean management of all gas stations, how to deal with customers, and how to respond immediately to customer requests. The company also runs various programs to help service stations quickly adapt to the guidelines.

Practices at Customer Contact Points

SK innovation runs an on-site CS monitoring system at all its service stations called ACE (Appearance, Cleanliness, Evaluation). For the evaluation, panels selected by a the consigned research agency visit the gas stations and fill up as mystery shoppers to monitor CS practices and check the customer satisfaction level. The evaluation results are analyzed and sent to the gas station for future improvements.

Improvement Activities

- On-site CS Improvement and CS 119 Team

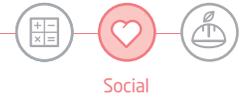
SK innovation's CS 119 Team is a CS consulting program in which CS experts visit service stations, check on their service levels, and suggest customized on-site training to help them improve their customer satisfaction levels. The focus is on increasing the CS mindset of operators at the stations and on providing intensive care to service stations that score below average.

- Employee CS Campaign: Service Station CS Campaign

SK innovation runs an annual Employee CS Campaign. The 2013 campaign was under the slogan "Your smile makes us happy" to learn the thoughts and requests of customers on-site and to reflect the findings in our plans for improving CS quality.



1, 2 Employee CS Campaign



- **Quality Assurance Program**

In order to further customers' trust in SK service stations, SK innovation runs a quality assurance program. The program monitors service station practices on a regular basis and offers rewards in advance if any customer discovers a problem with their car or their purchase after filling up at an SK service station in an effort to dispel customers' mistrust in any gas station's operations.

- **Increasing Membership and Affiliate Service Benefits**

SK innovation was Korea's first oil refiner to adopt a membership service in 1996. Today, the company offers all EnClean Bonus Card holders with 0.1 percentage of their purchase in OK Cashbag points for filling up with gas at SK service stations and 0.5 percentage of their purchase in OK Cashbag points for using LPG at its service stations. For all customers who use an SK service station since the first day of the previous month, the company offers a generous benefit of up to 30 percent discount/15 percent accumulated in mileage points with its alliance partners for the second visit in the following month.

Furthermore, we launched a new mileage card in 2012 that offers a discount service on the spot, with the discount amount printed on the receipt when filling up with gas. At the moment, the number of alliance cards available for this service has grown to 15 different types. Committed to providing even more benefits to customers, we plan to convert all our discount card benefits to allow on-the-spot discount benefits.

- **Legal Compliance**

SK innovation and its subsidiaries comply faithfully with the Broadcasting and Advertising Act, Consumer Protection Act, and other applicable laws, and did not violate any laws related to its products and services in 2013.

Voice of Customer (VOC) System

- **Collecting VOC**

At SK innovation's SK energy Customer Happiness Center, skilled CS attendants who are specialized in their respective service areas quickly address customer requests. The VOC feedback process allows the company to swiftly attend to customer complaints and the collected VOCs are reported to the department in charge.

- **Protecting Customer Information**

On May 30, 2014, SK innovation obtained the PIMS (personal information management system)^{*1} certification by the Korea Communications Commission and Korea Internet Security Agency on its customer information protection practices in order to safeguard the privacy of its EnClean membership holders. Keeping its anti-virus program up-to-date, the company always makes sure that customer information is safely protected and customer information is encrypted before transmitting anything via its networks.

The company's firewalls block any unauthorized external access to the information database and the newly established Security Operation Center (SOC)^{*2}, which reinforces the technical and physical security management of customer information. At the same time, we confine accessibility to customer privacy to only a handful of trained employees and the company gives regular on- and off-line education to all employees, while the Group has also implemented a Personal Information Protection Certification program so as to further enhance employee awareness of protecting customer privacy.

^{*1} Issued by the Korea Communications Commission, PIMS is a certification given to businesses that meet the given level of standards for protecting personal information in 118 criteria out of a total of 325 criteria in three categories of personal information management processes, privacy protection policy and personal information lifecycle.

^{*2} The SOC is a separate office for access to the personal information database where Internet access is blocked and admits only authorized personnel under the round-the-clock guidance of guards who stand at the metal detection gate to strictly control the carrying of any storage devices, including USBs.