






## Stakeholder Engagement

At SK innovation, we divide our stakeholders into five groups: customers, employees, shareholders, the local community, and suppliers, and maintain communication channels for each group. While building trust through communication, we incorporate their feedback and needs into our business practices and use it as a basis for sustainable growth.

### Stakeholder Communication

Stakeholders	Communication Channels	Areas of Interest	
 Customers	<ul style="list-style-type: none"> <li>· Operation of the "Customer Happiness Call Center"</li> <li>· Operation of EnClean.com</li> <li>· Annual meeting and events</li> <li>· Website (SK innovation), blog (SK innovation), Facebook (SK innovation, SK lubricants), etc.</li> </ul>	<p>2016</p> <ul style="list-style-type: none"> <li>· Social contribution for shared growth with the local community</li> <li>· Creating and distributing economic value</li> <li>· Policy on mutual growth</li> </ul>	<p>2017</p> <ul style="list-style-type: none"> <li>· Creating value through mutual growth</li> <li>→ Maintaining a healthy work-life balance</li> <li>· Securing sustainable technology (R&amp;D)</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>· Intranet (tong tong, etc.)</li> <li>· In-house broadcast (gbs) and newsletter by each company</li> <li>· iCON (internal communication messenger, Change Facilitator)</li> <li>· CEO-Employee communication (Well-Comm. Day) and meetings; Happy Walk</li> </ul>	<p>2016</p> <ul style="list-style-type: none"> <li>· Reinforcing essential competitiveness</li> <li>· Policy on mutual growth</li> <li>· Social contribution for shared growth with the local community</li> </ul>	<p>2017</p> <ul style="list-style-type: none"> <li>· Increasing corporate value</li> <li>→ Reinforcing essential competitiveness</li> <li>· Creating value through mutual growth</li> </ul>
 Shareholders and Investors	<ul style="list-style-type: none"> <li>· General Shareholders Meetings, Earnings Releases</li> <li>· Domestic and overseas NDR (Non-Deal Roadshow) and conference</li> <li>· 1:1 meeting, e-mail/phone counseling</li> <li>· Disclosures, etc.</li> </ul>	<p>2016</p> <ul style="list-style-type: none"> <li>· Strengthening transparent management based on the Board of Directors</li> <li>· Reinforcing essential competitiveness</li> <li>· Preventing unfair trade</li> </ul>	<p>2017</p> <ul style="list-style-type: none"> <li>· Strengthening shareholder-friendly transparent management based on the Board of Directors</li> <li>→ Communication with stakeholders</li> <li>· Creating value through mutual growth</li> </ul>
 Local Community	<ul style="list-style-type: none"> <li>· Meeting with local organizations</li> <li>· Participation in local community committees near business sites</li> <li>· Participation in the living and safety commissions of police precinct offices</li> <li>· Engagement in welfare facilities and group operating commissions in the adjacent region</li> </ul>	<p>2016</p> <ul style="list-style-type: none"> <li>· Communication with stakeholders</li> <li>· Social contribution for shared growth with the local community</li> <li>· Promoting social responsibility in the supply chain</li> </ul>	<p>2017</p> <ul style="list-style-type: none"> <li>· Reinforcing communication with and capabilities of suppliers</li> <li>→ Increasing corporate value</li> <li>· Communication with stakeholders</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>· Regular meetings with suppliers</li> <li>· Supplier CEO Meeting</li> <li>· Regular meetings regarding logistics, machines, equipment inspections</li> </ul>	<p>2016</p> <ul style="list-style-type: none"> <li>· Policy on mutual growth</li> <li>· Reinforcing communication with and capabilities of suppliers</li> <li>· Social contribution for shared growth with the local community</li> </ul>	<p>2017</p> <ul style="list-style-type: none"> <li>· Creating value through mutual growth</li> <li>→ Securing sustainable new technology (R&amp;D)</li> <li>· Reinforcing communication with and capabilities of suppliers</li> </ul>

## ESG Data – Economy

### Sales and Operating Income by Business Segment

(Unit: KRW 100 million)

Classification	2015		2016		2017		
	Sales	Percent of Sales	Sales	Percent of Sales	Sales	Percent of Sales	
Sales	Total	483,563	100%	395,205	100%	462,609	100%
	Petroleum business	352,997	73%	283,699	72%	327,712	71%
	Chemical business	92,880	19%	76,865	20%	93,392	20%
	Lubricant business	26,188	6%	25,358	6%	30,475	7%
	E&P and other businesses	11,499	2%	9,283	2%	11,030	2%
	Operating Profit	Percentage of Operating Profit	Operating Profit	Percentage of Operating Profit	Operating Profit	Percentage of Operating Profit	
Operating Profit <sup>1)</sup>	Total	19,796	100%	32,283	100%	32,344	100%
	Petroleum business	11,261	57%	16,256	50%	15,020	46%
	Chemical business	6,039	30%	12,322	38%	13,772	43%
	Lubricant business	2,947	15%	4,683	15%	5,049	16%
	E&P and other businesses	-451	-2%	-978	-3%	-1,498	-5%

Note 1) As petroleum and chemical businesses by SK incheon petrochem are divided, percent of sales and operating profit data for 2015 and 2016 are changed.

### Distribution of Economic Value

(Unit: KRW 100 million)

Sector	Recipient	Expenditure/Investment	2015	2016	2017
Economy	Corporation	R&D <sup>1)</sup>	1,701	1,482	2,003
		Acquisition of tangible assets <sup>2)</sup>	4,609	6,345	9,135
	Investors	Total cash dividend	4,474	5,965	7,456
Society	Employees	Salaries <sup>3)</sup>	11,653	11,116	13,036
	Suppliers	Amount of procurement	7,436	9,536	11,866
	Local communities	Social contribution investments	84	416	269
	Government	Corporate tax <sup>4)</sup>	4,072	5,193	6,513

Note 1) Based on Annual Report 2017 (Data for 2015 and 2016 are revised due to the change in the standard for data collection).

Note 2) Based on each year's consolidated audit report, note 10-(2) refers to items in book value of tangible assets labeled 'acquired'.

Note 3) Based on each year's consolidated audit report, note 23 refers to the item under cost by category labeled 'employee wages'.

Note 4) Based on Annual Report 2017's consolidated cash flow statement in consolidated financial statement.

### CEO Compensation

(Unit: KRW, times)

Classification	2017	Note
Total CEO Compensation <sup>1)</sup>	2,442,000,000	Reflects earned income for the term of the former and current CEO by considering the change of the CEO in March 2017
Mean Annual Compensation of All Employees, Except CEO and Executives	111,000,000	-
Ratio of the Mean Employee Compensation and the Total Annual Compensation of the CEO	22	-

Note 1) Incentive compensation for the CEO is determined by comprehensively considering company's financial profits (pre-tax profits, EVA), relevant financial indicators (increase in stock price) and external recognition indicators.