

Corporate Governance

SK innovation places the Board as the highest decision-making body of the SKMS to carry out Board-driven management. Board-driven management reflects the interests of shareholders evenly by ensuring the Board is operated true to its mission and promotes a corporate structure of ethical and transparent decision-making. To achieve this, the Board and the CEO strive to cooperate with each other and share responsibilities.

Ensuring an Independent Board of Directors

As of June 2016, SK innovation’s Board has eight members, comprised of three executive directors and five independent directors. The chairmen of the Board’s committees are all appointed from among the independent directors and the majority of the committee members are comprised of independent directors to ensure the independence and transparency of the Board.

Current Board Members

(as of June 2016)

Executive directors



Kim Chang Geun
PRESENTI Chairman and Council’s Talent Cultivation Committee of SK SUPEX Council
PRESENTI Chairman, SK Innovation Board
 > HR Committee



Chung Chul-Khil
PRESENTI President, Energy Chemical Committee of SK SUPEX Council
PRESENTI Vice Chairman & CEO, SK innovation
 > Recommendation & Nomination Committee
 > Strategic Planning Committee



Yu Jeong Joon
PRESENTI President, Global Growth Committee of SK SUPEX Council
PRESENTI President & CEO, SK E&S
 > Transparent Management Committee

Independent directors



Kim Dae Ki
PRESENTI Visiting professor, KDI School of Public Policy and Management
FORMERI Chief Secretary to the President for National Policy
 > Audit Committee(Chairman)
 > Strategic Planning Committee
 > Transparent Management Committee



Shin Un
FORMERI Ambassador, Embassy of the Republic of Korea to the Islamic Republic of Pakistan
FORMERI Senior Advisor & Head, Delegation of KSP Consultation(Pakistan Policy Advisory Group)
 > HR Committee(Chairman)
 > CSR Committee(Chairman)
 > Recommendation & Nomination Committee



Hahn Min Hi
PRESENTI Professor, KAIST College of Business
FORMERI President, Korea Marketing Association
 > Recommendation & Nomination Committee(Chairman)
 > Audit Committee
 > CSR Committee



Kim Joon
PRESENTI Chairman, The Spinners & Weavers Association of Korea
PRESENTI President & CEO, Kyungbang Co.
 > Strategic Planning Committee(Chairman)
 > Audit Committee
 > HR Committee



Ha Yun Kyoung
PRESENTI Professor, Hongik University
PRESENTI Chairman, Korean Chemistry Olympiad, Korean Chemical Society
 > Transparent Management Committee(Chairman)
 > CSR Committee

Composition of Board Committees

Committee	Ratio of independent directors	Main duties
Audit	100%	Conducting audits on the job performance of directors and accounting and management practices, as well as evaluations on internal accounting management system.
Recommendation & Nomination	67%	Exploring and managing a pool of independent director candidates and recommending candidates.
Strategic Planning	67%	Reviewing medium-and long-term business plans and strategies, including major investments and plans.
Human Resources	67%	Reviewing major policies on HR management and recommending executive director candidates.
Transparent Management	67%	Reviewing transactions between subsidiaries and reviewing the Fair Trade Compliance Program.
CSR	100%	Reviewing CSR (Corporate Social Responsibility) activities and major CSR issues.

Systematic and Advanced Operation of the Board of Directors

Holding Periodic Board Meetings

The Board convenes on the fourth Friday of every month. The directors are provided with necessary materials at least five days prior to the Board meetings and two days before the Committee meetings to allow for a thorough review of agenda items. In addition, Ad-hoc meetings are convened to make prompt decisions on any urgent matters, thereby promoting transparent management practices. In 2015, 14 Board and 21 Committee meetings were held.

Preliminary Review of Major Decision-making

Matters critical to the company, including large-scale investments, separations, and mergers are required to undergo a three-stage process comprised of preliminary review, Board discussion and feedback, and a separate Board meeting for voting purposes. In 2015, we held in-depth discussions on the divestment of shares of Peruvian gas transport company (TgP), the status of the Lithium-ion battery separator(LiBS) project and the mid-and long-term business plan.

Business Planning & Status and Performance Report

The Board reviews short-term business plans and medium-and long-term strategies (To-be Model) annually on a regular basis. Meanwhile, the Board sets the direction for achieving sustainable growth by holding in-depth discussions actively about internal and external environments and characteristics for each business area, including petrochemicals and EV batteries. Also, when making reports on the quarterly management performance, management issues, performance and plans of subsidiaries and affiliated entities are also reported, so that the Board members can conduct an overall evaluation of the company's status.

Holding Board Meetings On-site

We hold Board meetings at domestic and overseas worksites to implement on-site management practices. In 2015, we actively implemented such management practices by holding the Board meeting at SK incheon petrochem site the Board also attended the ribbon cutting ceremony of the Nexlene Plant in Ulsan, and other on-site activities.

Promoting Strategic Communication Session

SK innovation periodically holds the strategic communication session attended by top executives and independent directors, including the CEO, to gain a better understanding about its major agenda items through discussions. At the communication session, the participants openly discussed management philosophy, vision, strategic fit and difficulties, as well as issues that were raised during the discussion. In 2015, there were in-depth discussions held during the sessions about status of the global petroleum industry and its implications, the medium-term business strategies of SK innovation's subsidiaries, and other pertinent issues.

Board Performance Evaluation & Compensation

The composition, function and operation related matters of the Board are assessed annually. The result is reviewed and then documented in the annual reports. Incorporation of the results in the Board operation plan and its active implementation spurs our Board's continued growth. To provide fair reward to the directors, the HR Committee sufficiently deliberates in advance on the pay ceiling, which is then voted on during the Board meeting and confirmed in the General Shareholders' Meeting.

To promote effective and professional activities at the Board, our independent directors actively participate in educational programs related to domestic/overseas governance structure and businesses. By attending conferences held by the two most eminent global institutions in corporate governance, NACD⁽¹⁾ and ICGN⁽²⁾, our directors benchmark advanced global practices and network with managers and directors from world-renowned companies. Furthermore, newly appointed independent directors are offered orientation programs at the headquarter and local business sites to enhance their company knowledge.

(1)
NACD: National Association of Corporate Directors

(2)
ICGN: International Corporate Governance Network

Enhancing the Expertise of Independent Directors