

Talent Management

SK innovation strives to create a healthy corporate culture that promotes solidarity amongst our members and contributes to the company's development in order to maximize loyalty and workplace efficiency. Moreover, we foster a global perspective in our employees through fair and rational talent management policies while providing a pleasant working environment and various employee welfare programs conducive to self-development and stable lifestyles.

The Importance of Corporate Culture

Creating and sharing a healthy corporate culture that fosters pride amongst employees and allows them to live up to their potential is crucial for the long-term development of a firm. As such, global firms have worked to strengthen solidarity, establish and promote a corporate culture that will contribute to the organization's development, and operate various support and training programs necessary to obtain these goals. Moreover, they make efforts to create effective communications that connect all members from top executives to employees to down.

SK innovation's Corporate Culture

A strong corporate culture is necessary to strengthen quick decision-making for more effective execution capacities in the face of heightened uncertainties in the external environment. Our employees' professionalism, based on world-class expertise in their subject matter and responsibility to see their tasks through, is the foundation of our aim to cultivate a respectful and considerate 'Caring Professional,' the cornerstone of our 'Winning Culture.'

Based on the principle of the 'Caring Professional,' SK innovation was able to overcome crisis in 2015 and turn them into opportunities with the fervent brainstorming and bold actions of our employees. In this process, we shared goals from the CEO and executives to management and staff, and operated various channels of communication such as the SUPLEX Workshop, Employees Workshop and Can-Meeting for business units to harness and focus our capabilities.

Employees base their actions on proactive decision-making, rather than orders and control. To cement this culture, we have implemented bold innovations to remove restraints on employees' creativity and processes and policies that hinder timely execution.

Eliminating the dress code and the customary reporting technicalities, and moving away from documentation policies that favored format over content are also innovations we have implemented. SK innovation will continue to strengthen communication while creating an environment that our employees can be proud of to create a stronger 'Winning Culture.'

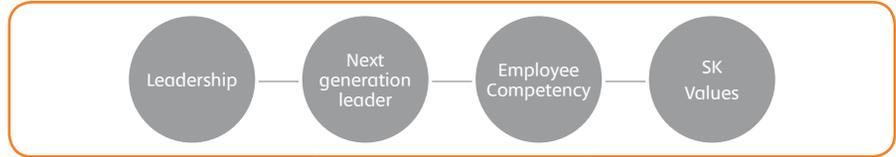


Key Activities to Promote Corporate Culture

Talent Development

We pursued SUPEX with human-oriented management and implemented a proactive talent development program based on leadership, next-generation leaders, employee competency, and SK Values built on our 'Winning Culture'. In addition, we operated a rational and fair evaluation and compensation program to provide motivation to individuals while maximizing business performance.

SK innovation Talent Management System



Development System

Supporting leaders

- > Diagnostics-feedback based on the 'best fit leadership' for each organization
- > Provide leadership training to help perform leadership functions and provide customized coaching to support development

Proactive development of next-generation leaders

- > Early identification and development of talent with future growth potential
- > Provide proactive and systematic training for future leaders

Employee competency building

- > Provide training based on the competency needs for each job function
- > Provide on and offline training to support self-development

Disseminate and spread values

- > Provide regular-repeated training for all employees to internalize core values
- > Implement programs to promote implementation of the SKMS and foster a caring, professional mindset

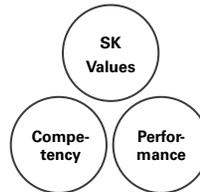
Performance Evaluation

Subject



All permanent employees

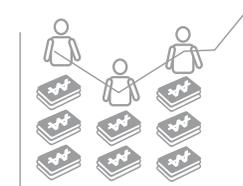
Evaluation Criteria



- > Regular evaluation of competencies, qualifications, performance, etc., based on fair standards
- > Utilize as index for promotions, transfers, training, compensation, etc.
- > Ban discrimination based on gender, age, education, etc.

Compensation

Merit-based salary and incentive policy



Compensation Standards



Comprehensive Evaluation

- > Fair and rational compensation based on holistic assessment of individual performance evaluations and the company's short and long-term sustainability goals
- > Higher compensation given to employees with excellent abilities and performance
- > Prohibit discrimination based on gender, age, educational background and other factors

Expanding Communication with Employees

In order to promote and spread the Winning Culture in 2015, the communication organization was consolidated into the SKMS office and we operated various channels including iCON, C-Talk, and the Management Briefing Session.

Communication Channels

Online	tong tong	Online bulletin board enabling free communication of creative ideas, questions and other topics between employees
	gbs	A multi-directional communication channel that utilizes internal broadcasts to simultaneously share information on business performance, key issues, and the company's key messages with all employees
	iCON	With roughly 200 participants, important issues facing the company are shared between leadership and employees. iCON members also act as representatives for employees on matters of importance to them while also putting forth ideas that drive change
Offline	Role-specific Workshop	Shares and discusses action items for implementing change as a venue for recommendations
	Management Briefing Session	A joint committee comprised of company and employee representatives, acting as the official internal communication channel
	Leader's Forum	Management seminars conducted by in-house and external experts for executives and team leader level employees
	Management Council	An official communication channel between the company and employees
	C-Talk	Conducting 1:1 coaching between leaders and team members in order to support team members' development
	Harmonia	A counseling coaching center that provides support for employees' mental health and self-development. In addition to the in-house professional counselor, 10 external experts coach employees and their families in areas such as life, career, work, and family
Grievances Committee	SK innovation actively collates work-related employee grievances which are then reflected in management activities. The committee is comprised of representatives recommended by the CEO and the labor union, which assist with improving the working environment and working conditions verbally or via mail, phone, e-mail and various other channels	



Integrated Communications Channel 'iCON'



Harmonia: Counseling and Coaching Center



Role-specific Workshop (Management)

Work-life Balance

By eradicating inefficient business customs and increasing workplace efficiency, we promote a healthy work-life balance. We have minimized unnecessary meetings and streamlined reporting procedures, while also providing employees with flexible working hour options to meet individual needs and actively promote a 'smart-work system.' SK innovation prides itself on creating an atmosphere that allows employees to enjoy free time with their families and these efforts have led to achievements like attaining 'Best Family Friendly Management' certification.

Enhancing Employee Welfare and Benefits

We have increased employee loyalty and improved concentration levels in the workplace by helping our employees maintain a healthy, stable lifestyle. As part of these efforts, SK innovation provides regular health check-ups, subsidizes medical costs, provides home and car loans, and operates a retirement fund program to support employees in their retirement. In addition, we provide financial assistance for life events such as weddings and funerals, support cultural and leisure activities by providing rooms at resorts and vacation condominiums and operate a rewards system for long-tenured employees to boost loyalty.

Expanding Support for Working Mothers

In consideration of female employees whose careers could be interrupted due to childcare responsibilities, we have adopted a childcare policy that automatically transitions female employees' maternity leave to a yearlong childcare leave at the end of the former. In addition, we operate the SK Happy Childcare Center and actively help female employees returning from childcare leave in readjusting to the workplace environment in order to promote an environment that helps all employees care for their children.

Future Plans

As we pursue our vision of becoming a global leader in the energy and chemical industry, SK innovation endeavors to increase our corporate value by transforming our mindset and behavior in order for all of our employees to become successful professionals. With our slogan, 'Caring Professional,' we will innovate not only our corporate culture but our soft power by striving to provide a working environment where all employees can work with professionalism in an environment that is competitive yet respectful and considerate. In order to accomplish this, we will take a comprehensive and systematic look at our policies and processes, pursue a new, diverse corporate culture built on SK innovation's common standards but also embraces our subsidiaries' and business units' uniqueness, actively incorporating employee feedback and managing change so that a real, meaningful transformation may take place.