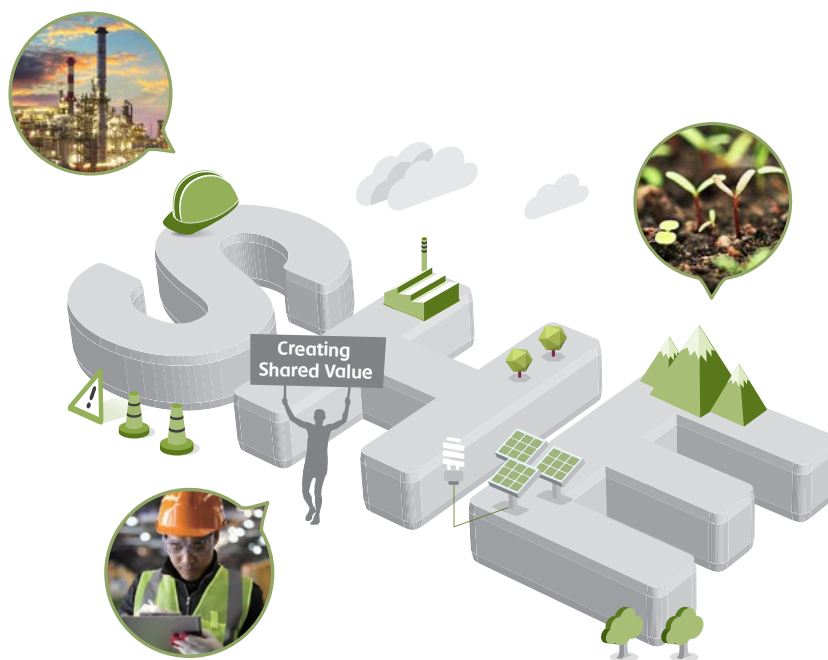




# Safety, Health, Environment



## Globally Competitive SHE Management

SK innovation is growing into one of the world's leading global companies with differentiated competitiveness by consistently embracing change and innovation. We aim to become a leader in global standards and financial performance with all our business management practices. Most importantly, meeting global standards in safety, health and environment (SHE) practices is imperative to the sustainable development of any company. As such, we are ardently working to hone our SHE competitiveness so as to meet the highest global standards.

Inspired by the CEO's strong commitment to our advanced SHE practices, we established the SHE Division under the direct supervision of the CEO in 2012. As the control tower of company-wide SHE practices, the division is always working towards upgrading our SHE management system to meet the highest global standards, raise employees' SHE awareness, and establish an advanced legal compliance framework.

## SHE Management System

SK innovation devised SHE policies under the notion of "creating shared value" for co-prosperity along with society. Departing from conventional social responsibilities, such as zero-accidents or minimal pollutant emissions, this policy takes a more engaged approach to maintain trust-based relationships with local communities. To that end, SK innovation applies stricter standards for its SHE practices than legal requirements, setting the example for its peers in the industry.

To that effect, we completed the framework of our SHE management system in reflection of our benchmark on global best practices and trends so that ours could match those of the world's leaders in 2012. We realigned the corporate regulation with the 13 basic elements and ensured the binding force of these under the control of the management leadership, while establishing SHE audit practices to ensure continuity in the implementation. In 2013, the 230 SHE guidelines and procedures were upgraded to better serve the different needs of each worksite, furthering the global competencies of our SHE management system.



## Safety · Health · Environment Policy

The corporate Enterprise shall pursue incident-free operation and environment-friendly management based on the spirit of human-oriented management, thereby gaining society's trust and growing hand-in-hand with society.

To do this, The Company shall become a role model among the domestic and foreign energy companies by planning and operating Safety, Health and Environment guideline stricter than that legally required, and sharing such results with the public.

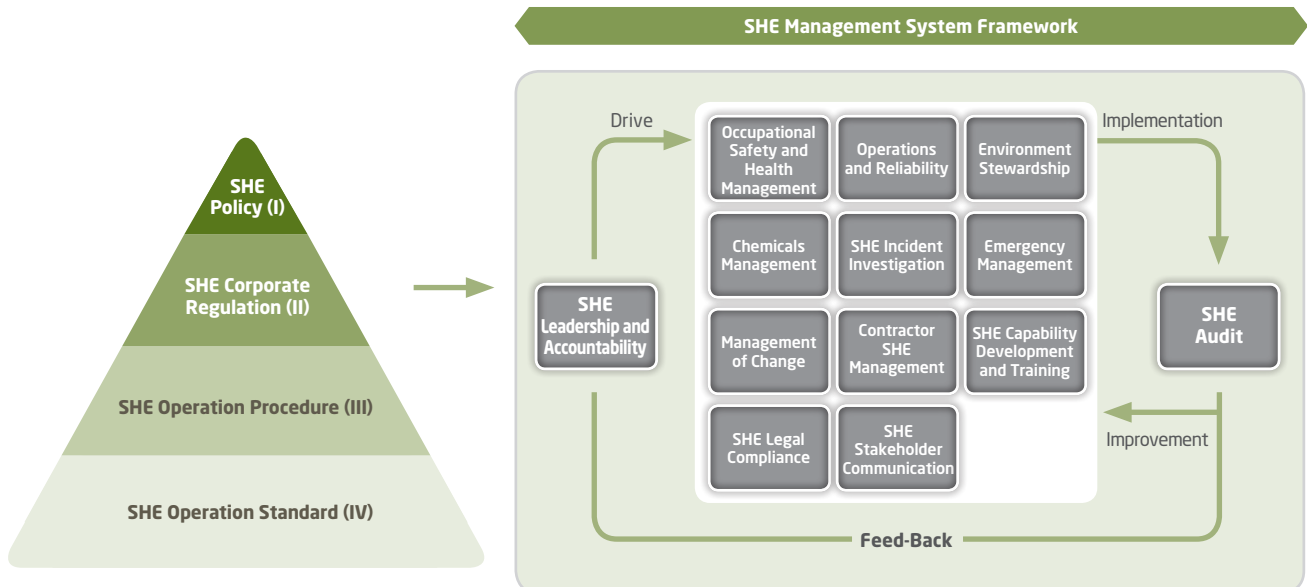


- Define Safety and Health management as a top priority and engage continuous improvements and preventive activities for personnel and equipment safety, thereby leading the establishment of a safe and healthy society.
- Innovate safety technology and enhance safety capability, thereby taking an initiating role in improving social health and safety.



- Define Environment management as a core task and preserve the global environment by reducing greenhouse gases and minimizing pollutants.
- Continuously create new valuables from the environment by developing environment-friendly technology and operating environment-friendly business, thereby innovating the future energy industry.

## SHE Management System



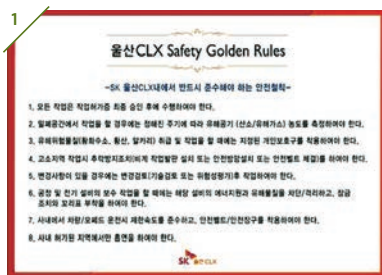
## Spreading SHE Culture

A system not being practiced is inherently dead no matter how well it is developed. Therefore, SK innovation engages in a number of activities to promote its SHE culture across the board so that its employees' SHE competency and awareness can be increased.

Our Safety Golden Rules program is our signature program in practice at all our worksites. By carefully analyzing the main causes of accidents frequently occurred at each worksite, we have developed worksite safety rules that all on-site operators should abide by to prevent such accidents. While consistently monitoring these compliance practices, any violations are subject to discipline with no excuses allowed. These efforts significantly contribute to raising the SHE awareness of our employees and those of our suppliers.

At the same time, we have developed SHE Audit Tools to monitor and improve our SHE leadership and implementation at our worksites more effectively. Using these tools, we keep vulnerable areas at each worksite in check on a regular basis. By organizing a dedicated team to take care of internal SHE audits, we also entrust external specialized agencies with profound expertise to run special audits, which ensures expertise and credibility in our SHE audit practices.

A single mistake and the resultant SHE accidents can deal a lethal blow to a company. Therefore, inspecting the cause to such accidents and preventing recurrence of the same accident are the first steps of an SHE culture at a company. At SK innovation, we thoroughly inspect the causes of accidents to prevent recurrence of similar cases, while making ensure that those who are responsible for such accidents are held accountable for the damages, thereby arousing employees' attention to SHE culture.



1 Ulsan CLX Safety Golden Rules

## Work Safety Guide Book Contents

<b>Part 1.</b> Common (3 cases)	<b>Part 2.</b> Equipment (13 cases)
<b>Part 3.</b> Inspection (4 cases)	<b>Part 4.</b> Machinery (5 cases)
<b>Part 5.</b> Instruments (5 cases)	<b>Part 6.</b> Electricity Work (6 cases)



2 Ceremony of business alliance for preventing occupational accidents along with suppliers

3 Work Safety Guide Book & Video Supplement ([http://www.skinnovation.com/company/she\\_05.asp](http://www.skinnovation.com/company/she_05.asp))

## SHE Practices for Co-Prosperity with Society

At SK innovation, the scope of SHE management practices extends outside its worksite boundaries. Refinery and petrochemical plants inevitably bear potential risk factors all the time and the event of an accident can lead to damages to not only the worksite but also the local residents in the vicinity. As a result, preventing accidents is important above everything else. To our regret, however, our efforts were not enough to systematically identify and remove such potential risk factors to date. Nor did we provide adequate information or materials for preventing accidents to the employees of our suppliers.

Aware of this, however, SK innovation signed a business alliance with the Korea Occupational Safety & Health Agency (KOSHA) and Ulsan City to collaborate for preventing occupational accidents along with suppliers. Under the agreement, we presented the solutions for preventing occupational accidents at source in the repair/maintenance procedures of facilities.

We have categorized the 36 facility repair/maintenance works with the highest risk factors at refinery and petrochemical plants and developed solutions to these issues. Plus, we added case studies of frequent accidents and related regulations to publish with Work Safety Guide for all operators on site to abide by and be versed with. As being the first company in the industry to do this, the guidebook and its video supplement were distributed to our suppliers and other companies in the industry, setting a good example for other companies in sustaining growth based on a trust-based relationship with society as a leading SHE practitioner.