



Value Creating Social Contribution

SK innovation is leading a new paradigm change in corporate social contribution activities. The key to its new framework takes a far-sighted approach to sustainability. Evidence of this can be seen in the social enterprises it has established for the underprivileged. In fact, SK innovation sponsors all procedures, from planning and establishing to operating these social enterprises, contributing to the development of local communities through sustainable business models that create jobs for the underprivileged. In 2013, the focus was on building up a market for social enterprises and on stimulating the social economy, thereby generating greater economic/social value.

Developing and Supporting the Social Economy

In partnership with the Community Chest of Korea and the Korean Association of Community Seniors' Clubs, SK innovation advertised for a Social Economy Development and Support program in 2013. Through paper screening and due diligence with a total of 65 proposals submitted to this first such program arranged by a Korean conglomerate, we supported four select business proposals to establish social enterprises, community businesses or social cooperatives, creating jobs for older citizens in Seoul, Daegu, Jeonju and Yeongkwang. SK innovation also contributed business consulting services in accounting and labor issues as well as budget subsidies.



1 - 2 Social Economy Development and Support program, Jeonju Bread café opened in front of the Jeonju City Hall in July 2014.

SK innovation's Global Expansion Philosophy and Social Contribution Activities

Peru is an invaluable treasure of unlimited possibilities for SK innovation to realize its vision of global resource development projects. But with many poor farmers who are living hand to mouth, and under the belief that we should give back to society for global expansion opportunities, SK innovation has consistently worked on independent social enterprise projects. Its CSR activities in Peru began in 2007, when it set up an NGO called SK-Prosynergy as the control tower for its local CSR activities in response to the Peruvian government's invitation to its farming village development project. As of January 2012, we upgraded our CSR activities and initiated social enterprise programs such as the My School and My Eco-Tech Farm programs.



3 View of the Yachaywasi branch



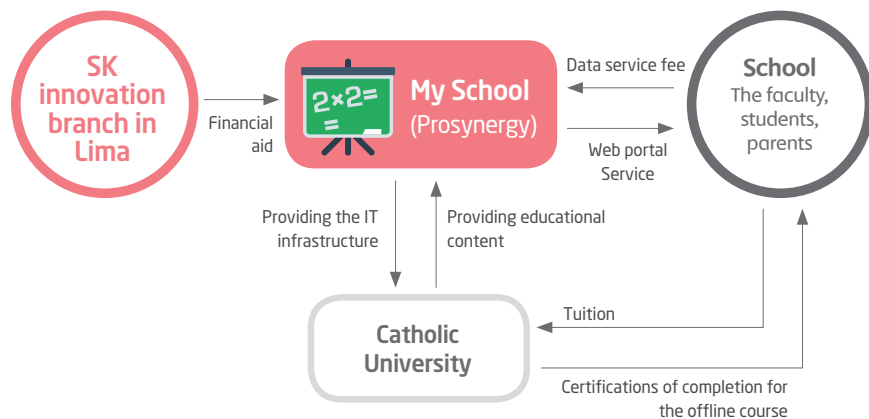
1 · 2 Presentation on the Parent Monitoring System
3 View of the Yachaywasi farm

My School Program for Educational Equality in Peru

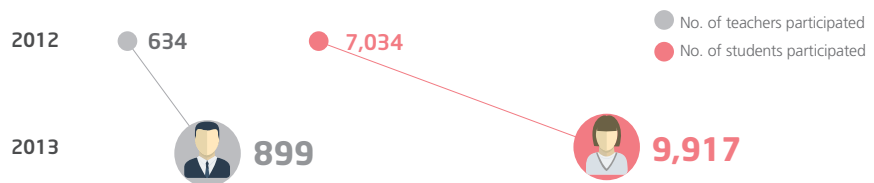
In addressing the underdeveloped public education system and low interest in education in Peru, SK innovation has been involved in the My School Program since 2012 to promote educational equality for local students from low-income families.

Based on its online platform, the My School Program offers online teaching skills and instruction materials to local teachers. In addition to the e-textbooks, workbooks and online library, the program also provides self-assessment, a parental monitoring system and online communities for interactive communication between teachers and parents.

As a result, the enhanced teaching skills of teachers significantly contribute to the higher academic achievements of students, which in turn further motivates teachers to work harder. SK innovation plans on continuing this support through 2014 and to contribute to better education in Peru.



My School Program Performance Results



My Eco-Tech Farm Program

Most Peruvians make a living by farming, but most are suffering from extreme poverty. As such, SK innovation launched the My Eco-Tech Farm Program to help them with advanced agricultural skills and techniques to become more independent.

Under the program, SK innovation supports the farming villages in the regions of its operations with agricultural tips and techniques through consulting and with the aim to increase their income and foster them into agricultural leaders in the regions. Launched as an agricultural social enterprise in December 2012, our signature global CSR program Yachaywasi originated from this program.



1 Opening of the first Yachaywasi branch
2 Agricultural technique education program

Yachaywasi: Cooperative Business Model

Yachaywasi is the first global social enterprise set up by a Korean conglomerate outside Korea under the mission of training agricultural techniques to local farmers and agricultural produce tracking programs on its online platform. Additionally, the center supports farming specialists' visits to local farmers for aid and arranges micro-financing for local farmers to help local farming villages go financially independent with its one-stop services.

The Yachaywasi program is freight with significance in its business model, where the business, government, university and NGO collaborate for a shared goal. Led by the SK-ProSynergy as the founder and operator, the Peruvian government supports farmers in the form of 30-year leases of farm land for 30 years and the local catholic universities contribute their agricultural techniques with local microfinancing and NGO financial aid. Riding on the positive response by the local government, academia and farmers on the first branch, Yachaywasi opened the second branch in Pilpichaca, Peru in July 2013. Consulting and transferring 50 farming techniques to local residents, the program also offers the farmers farming supplies purchase expenses at low interest rates and supports their marketing activities through cooperatives. In the future, we are reviewing more ways to expand marketing activities on agricultural produce and establishing more cooperatives in the country. Going forward, we expect an explosive growth in the number of beneficiaries and accumulated know-how of the program will help us save on costs and break even by 2016 with the program.



3 Construction site of Yachaywasi
4 Opening of the second Yachaywasi branch

