






Stakeholder Engagement

SK innovation runs various communication channels depending on stakeholder characteristics. We define main stakeholders as our customers, employees, shareholders and investors, local communities and suppliers. We constantly review issues of interest by group. Through continuous communication with stakeholders, we will build a firm relationship of trust and stimulate social value creation by reflecting their opinions and needs into our business operations.

Stakeholder Communication

Stakeholders	Communication Channel	Areas of Interest	
 Customer	<ul style="list-style-type: none"> Customer Happiness Center' call center operations EnClean.com operations Year round meetings and events Homepage (SK innovation, blog (SK innovation, SK energy), Facebook (SK innovation, SK energy, SK lubricants), etc. 	2017 <ul style="list-style-type: none"> Creating value through mutual growth Maintaining a healthy work-life balance Securing sustainable technology 	2018 <ul style="list-style-type: none"> Fair performance evaluation and compensation Banning of unfair trade Improvement in communication and capacities of suppliers
 Employee	<ul style="list-style-type: none"> Intranet (tong tong, etc.) Company broadcasting channel (gbs) and newsletters by company iCon (company communication messenger, change facilitator) CEO and Employee conversations (Well-Comm. Day) and discussions Happy Walk 	2017 <ul style="list-style-type: none"> Increased company value Innovation of intrinsic competitiveness Mutual growth value creation 	2018 <ul style="list-style-type: none"> Innovation of intrinsic product competitiveness Secured new technology for sustainability Innovation of business model and business portfolio
 Shareholder, investor	<ul style="list-style-type: none"> Annual shareholder meetings, performance announcement Domestic and global NDR (Non-Deal Roadshow) and conferences 1:1 meetings, e-mail and phone inquiries Publications, etc 	2017 <ul style="list-style-type: none"> Improved shareholder-friendly transparency based on board Communication with stakeholders Value creation through mutual growth 	2018 <ul style="list-style-type: none"> Secured new technology for sustainability Internal and external risk management response Expansion of stakeholder communication
 Local community	<ul style="list-style-type: none"> Meeting with local organizations Participation in local community committees near business sites Participation in the living and safety commissions of police precinct offices Engagement in welfare facilities and group operating commissions in the adjacent region 	2017 <ul style="list-style-type: none"> Communication with suppliers Increased company value Communication with shareholders 	2018 <ul style="list-style-type: none"> Prohibition of unfair trade Maintained work and life balance Minimized emission of environment pollutants
 Supplier	<ul style="list-style-type: none"> Regular meetings with suppliers Supplier CEO Meeting Regular meetings regarding logistics, machines, equipment inspections 	2017 <ul style="list-style-type: none"> Mutual growth value creation Secured new technology for sustainable growth Improved communication and capabilities of suppliers 	2018 <ul style="list-style-type: none"> Improved communication and capabilities of suppliers Secured new technology for sustainable growth Growth support through shared infrastructure

ESG Data | Economy

Revenue and operating profit by business sector

(Unit: 100 million won)

Type	2016		2017		2018		
	Revenue	Weight of revenue	Revenue	Weight of revenue	Revenue	Weight of revenue	
Revenue	Total	394,765	100%	461,627	100%	545,109	100%
	Petroleum	283,699	72%	327,712	71%	391,935	72%
	Chemicals	76,865	20%	93,392	20%	106,844	19%
	Lubricants	25,358	6%	30,475	7%	32,661	6%
	Battery	1,442	0%	1,457	0%	3,482	1%
	Oil E&P and other	7,401	2%	8,590	2%	10,186	2%
Operating profit	Total	32,433	100%	32,218	100%	21,176	100%
	Petroleum	16,256	50%	15,020	46%	7,093	33%
	Chemicals	12,322	38%	13,772	43%	11,176	53%
	Lubricants	4,683	14%	5,049	16%	4,607	22%
	Battery	(1,001)	(3%)	(2,321)	(7%)	(3,175)	(15%)
	Oil E&P and other	172	1%	697	2%	1,476	7%

Distribution of economic value

(Unit: 100 million won)

Field	Beneficiary of distribution	Contents of distribution	2016	2017	2018
Economy	Company	R&D ¹⁾	1,425	1,957	2,336
		Acquiring tangible assets ²⁾	6,345	9,135	12,863
	Investors	Dividend payout	4,512	7,566	8,222
Social	Employees	Employee Compensation ³⁾	11,116	13,036	13,034
	Suppliers	Goods purchased for suppliers	9,536	11,866	16,654
	Local communities	Investment for social contribution	416	269	349
	Government	Corporate tax payment ⁴⁾	5,193	6,513	7,325

1) Based 2018 business report

2) Based on connected audit report by year. Applies to 'acquisition' in note 10-(2), details on tangible asset ledger value change

3) Based on connected audit report by year. Applies to 'employee compensation' in note 23, cost categorized by trait

4) Based on cash flow statement connected to financial report in 2017 business report

CEO Compensation

Field	Unit	2018
Total CEO compensation ^{5), 6)}	Million won	2,664
Mean annual salary of all employees excluding CEO and executives	Million won	128
CEO compensation over mean annual salary of all employees	Multiplier	20.81

5) Variable compensation of CEO is decided by factoring in comprehensive performance such as financial performance (profit before tax, EVA), improvement in company value (increase in share price, business model innovation), social value (business model based on SV, social contribution, etc.)

6) In March 2018, SK innovation delivered 70,551 stock options to the CEO to maximize company value through a consensus of interest between the executive board and shareholders