

and Suppliers. SK innovation engages with the stakeholders at the conglomerate, company and business unit levels through various channels. The examples of approaches to engage with the selected stakeholders and relevant organizations are described in the Report. In addition, SK innovation reports on key issues of interest to stakeholders in 2018 and their changes.

Sustainability Context

The Report shows the strategic direction of SK innovation to stakeholders. In addition, the Report presents the stakeholder impact assessment on the material topics, reasons for selecting material topics, SK innovation's management approach and performance indicators. SK innovation addresses in the Report what was the key performances achieved in 2018. These would help the stakeholder understand the management approaches toward the material topics. In addition, SK innovation reports its contribution to achieve UN SDGs and the Double Bottom Line (DBL) strategy with which SK innovation pursues to create not only economic values but also social values. The report explains its efforts to increase social value (SV) in all management activities.

Materiality

SK innovation has conducted the materiality assessment to prepare the Report. The relevant 35 issue pool is formed by analysing the material topics from the global sustainability initiatives and standards, the topics which industry peer group considers material and the subjects covered by mass media. The issues in the pool are rated by combining the level of impact on SK innovation's business and level of stakeholders' interest in the issue. SK innovation used the internal and external stakeholder survey to prioritize the issues to the most relevant 10 issues out of which 4 material topics are selected at the end. SK innovation has considered the relevance and significance with the core growth strategy, the current management status, industry issues, and internal and external stakeholder issues in the assessment. In addition, SK innovation has presented the relevance of SK innovation's financial, reputation, operational, and strategic aspects to the selected material topics. The assurance team reviewed the materiality assessment process and confirmed that the material topics prioritized from the process are addressed in the Report.

Completeness

The Report has covered the sustainability management approach and sustainability performances of SK innovation for the reporting period. The reporting boundary has been set to include SK innovation and major subsidiaries (SK energy, SK global chemical, SK lubricants, SK incheon petrochem, SK trading international) which have headquarters in Seoul and production plants in Jeungpyeong, Cheongju, Seosan, Ulsan and Incheon, and Daejeon Global Technology and it covers 99% of revenue from SK innovation and its subsidiary sales. The assurance team has not noted any intentional omission of the performance results on material topics within the reporting boundary.

Comparability, Accuracy, Clarity and Reliability

The audit team has sampled data and tested accuracy and reliability. Especially DNV GL reviewed the reliability of the subject data - water consumption, waste volume, air emissions (NOx, SOx, VOC and Hydrocarbons), Occupational safety indicators (Lost Time Incident Rate (LTIR), Total Recordable Incidents Rate (TRIR), number of fatality) and process safety indicator (process safety accident rate). The assurance team interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. The depth of data verification is limited to the aggregated data level. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable.

Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct during the assurance engagement and maintain independence where required by relevant ethical requirements. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL have no other contract with SK innovation and did not provide any services to SK Innovation in 2019 that could compromise the independence or impartiality of our work.

June 2019

Seoul, Korea

Jang-Sub Lee

Country Representative

DNV GL Business Assurance Korea, Ltd.



Greenhouse Gas Verification Statement

GHG Verification Summary

SK Innovation Co., Ltd.

26, Jongno, Jongno-gu, Seoul Special City, Korea

Verification Scope

Korean Standards Association has conducted reasonable GHG emissions verification based on GHG report provided by SK Innovation Co., Ltd. which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- GHG&Energy Target Scheme guideline(2016-255) provided by Ministry of Environment, Republic of Korea
- Verification guideline for management of GHG emissions trading scheme(2018-070) provided by Ministry of Environment, Republic of Korea
- KS Q ISO 14064-1,2,3: 2006
- IPCC Guideline

Verification Conclusion

As a result of verification activities, verification team has found no significant errors. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2018 GHG Emissions (Unit: tonCO₂eq)

Subject	Scope 1	Scope 2	Total
SK Innovation Co., Ltd.	73,891	191,053	264,942
SK Energy Co., Ltd.	6,480,338	928,585	7,408,923
SK global chemical Co., Ltd.	2,456,521	744,736	3,201,256
SK Incheon Petrochem Co., Ltd.	1,325,956	463,405	1,789,360
SK Lubricants Co., Ltd.	105,402	100,225	205,626

※ There is a difference between the total quantity of GHG emission and the sum of each workplace's emission. (Decimal place is not considered when calculating the emission of each workplace.)

May 29, 2019

KOREAN STANDARDS ASSOCIATION