

Human Rights Assessment Report

Compliance with Human Rights Due Diligence

SK Telecom upholds the utmost respect of all individuals' basic human rights in its managerial and business operations. Through shared communication and exchange of information between individuals via ICT, SK Telecom believes that communications technology can make valuable contributions to the progression of human rights as well as societal wellbeing, openness, and knowledge, leading to an overall improvement in people's quality of life. In line with these beliefs, the company is striving to integrate the values prescribed in the Universal Declaration of Human Rights, and UN Guiding Principles on Business and Human Rights into its comprehensive corporate structure.

1. Applying the UN Guiding Principles on Business and Human Rights

The UN Guiding Principles on Business and Human Rights provide companies and shareholders with a corporate framework to promote human rights. By understanding and cultivating principles related to human rights protection, respect, and remedy, companies are expected to hold themselves accountable for respecting the rights of others and eliminating any negative influences that would constitute a possible rights violation. In order to implement a company-centered approach to human rights, SK Telecom established its own Human Rights Policy following a Gap Analysis with the UN's Guiding Principles, in order to determine essential rights relevant to SK Telecom's business model. Among those selected include 1) the human rights of all SK Telecom employees and business partners, 2) the protection of personal information and privacy, 3) the right to access information and freedom of expression, and 4) the prevention of the ill-use of technological services and data as central elements of the company's human rights value system.

Furthermore, as human rights issues become further integrated with the due diligence process, a comprehensive analysis is also required to determine the current status of human rights within new mar-

ket expansion projects as well as implementation of new products and services. From 2015 to 2016, SK Telecom carried out company-wide human rights monitoring operations to evaluate compliance and strengthened relevant company policies set in place to protect the rights of employees, partners and customers.

2. Human Rights Due Diligence and Analysis Results

2-1. The Human Rights of SK Telecom Employees and Business Partners

SK Telecom values the rights of all its company employees (both directly employed and indirectly employed through the supply chain) and ensures the protection of all employees' universal human rights. The company's Code of Ethics and Practice Guidelines assert SK Telecom's respect for employees as individuals and its promise to respect their human rights. SK Telecom has a zero-tolerance policy on any kind of discrimination towards or amongst workers.

As dependence on global suppliers rises, the risk of growing human rights violations or unsuitable work and labor conditions within the supply chain subsequently increases. To encourage fair/transparent trade and actualize CSR engagement through sustainable management principles, SK Telecom has enforced mandatory levels of compliance in relation to work and labor rights protection as well as safety and health standards in communication with its subsidiaries including through the CSR Practice Agreement. Please refer to the "Supply Chain Report" on pp.121-125 for further information on supply chain sustainability and compliance monitoring.

Supply Chain Risk Assessment (Screening)

(Unit: Company)

	2013	2014	2015	Notes
Number of Newly Registered Suppliers	346	712	706	
Number of Registered Partners screened for Human Rights, Ethics, and Social Issues	346	235	706	* Service/ Construction/ Equipment/ Goods partners
Rate of Assessment	100%	100%	100%	

2-2. Personal Information and Privacy Protection

Over the course of its business processes, SK Telecom has handled the personal information of over 22 million people, including resident registration numbers, addresses and phone numbers, as well as call logs and histories. The company keeps and manages such information on servers, and at contact points with customers such as online and offline channels, the information is managed through store personnel. In order to prevent personal information and privacy violations, all of SK Telecom's distribution partners undergo regular audits and receive corrective measures in the case of leakages. In 2015, SK Telecom implemented inspections and audits of about 4,700 stores (100% of the total number of stores) in marketing and solutions. SK Telecom also remotely implemented regular audits related to information leakage of 20,000 store PCs annually, gave professional development training to auditors (once monthly) and enhanced relevant guidance through regular information protection training activities for stores (once per quarter). Not only this, but because SK Telecom carried out activities to enhance customer information protection at stores in advance, the company maintained zero (0) cases of personal information leakages. SK Telecom sought to install personal information detection solutions on the computers of individuals handling personal information, enabling the company to prevent the risk of personal information leakages in advance.

Customer Information Protection in Stores

	2014	2015
Number of Store Assessments on Customer Information Protection in Distribution Network	1,800	4,700
Rate of Assessments Conducted Among Total Stores (%)	41.9	100

Audits on Products/Services Information Protection Management

	2014	2015
Number of Audits on Products/Services Information Protection Management	-	224
Rate of Audits Conducted Among Total Products/Services (%)	-	100
Number of Security Violations Found	-	502
Number of Cases - Short-term Measures Completed	-	194

Furthermore, 100% of products and services have undergone audits regarding information protection in 2015. As a result, SK Telecom has discovered 322 cases that call for security improvement and has completed taking measures for them at the appropriate time. Through efforts such as this, the company is doing its utmost to prevent the occurrence of human rights violations stemming from personal information leakages.

2-3. The Right to Access Information

Inability to exercise one's right to access the internet or information is an infringement of one's social and political rights. SK Telecom believes that the right to equally access information is a crucial human right in the modern world and works diligently to improve people's access to information. The company has taken steps to improve information access by bolstering 1) Access through Affordability 2) Access through Education and 3) Access through Technology, by taking steps to enhance infrastructure of outdated networks and increase technological access to information. Please refer to "Access to Service" on pp.96-97 to see what efforts are being taken and what progress has been made to enhance people's right to access information

Children's rights are an invaluable part of human rights. SK Telecom supports general laws and regulations (restriction to adult material, illegal content) implemented to keep children safe as they access internet content. Therefore, SK Telecom has enacted a policy related to children's internet access and safety. Various steps have been taken in order to supply responsible content and ensure the safety in internet browsing. The company has integrated a self-regulating monitoring system to scan for illegal or potentially illicit content, and the "Teenager Safety Service" is also provided to block harmful content at its source.

2-4. Prevention of Technology, Service and Data Abuse

SK Telecom principally opposes the abuse of technology for criminal use, citing criminal acts as a hindrance to overall progress and wellbeing of society. In 2015, there were no reported company cases of technology abuse that resulted in the need for comprehensive oversight.

3. Additional Human Rights Issues that May Require Attention

3-1. Land Use

Violations of land, property and indigenous rights can occur, if not monitored, when expanding the scope of a business site or entering a new market. For telecommunications companies, who regularly conduct construction and infrastructure expansion activities, the risk of violating indigenous land rights can become a problem. SK Telecom has assessed that latent risk of violating indigenous rights abroad in overseas markets currently remains low, as 95% of the company's revenue originates in the Republic of Korea. The company is diligently working to prevent violation of citizens' human rights when expanding business or network infrastructure by conducting preventative assessments, and also processing and handling customer grievances through existing channels such as the customer center while continuing operation of the CSR opinion collection channel.

3-2. e-Waste

According to UN data, developed countries collect tremendous amounts of technological waste such as mobile phones, laptops, tablets and cameras, which they then dispose of in developing nations. The majority of e-waste contains toxic materials such as mercury, lead and cadmium, all requiring intensive oversight in their process and handling, and end up negatively impacting the environment, air quality,

and the human rights of citizens in developing nations. SK Telecom is working to legally and safely handle waste materials through programs such as "Happy Eco-Phone," a collection service for used cellphones. However, additional research is needed to provide insight into the way SK Telecom may be impacting developing nations and cooperative effort and attention is needed from the telecommunications industry to address this widespread problem.

3-3. Conflict Mineral

Conflict minerals, mainly gold, tungsten, tin, and tantalum, have emerged as a major issue within the electronics industry after the existence of armed rebels within the Democratic Republic of Congo using conflict minerals to extract personal funds was revealed to the global community. Products that are of major concern in relation to conflict minerals include electronics such as mobile phones and laptops. While SK Telecom does not personally manufacture electronic materials, the company evaluates all purchased materials, equipment and parts by utilizing the Conflict Minerals Reporting Template (CMRT) provided by the EICC (Electronic Industry Citizenship Coalition) and GeSI (Global e-Sustainability Initiative) to identify the country of origin and conduct due diligence regarding conflict minerals. According to the 2015 origin report, no additional need for conflict mineral due diligence was found within SK Telecom's supply chain.

Human Rights Risk Assessment and Due Diligence

	Related Group	Risk Level	Assessment and Due Diligence	Notes
Employees' and Business Partners' Human Rights	General, Child, Migrant Labor	Moderate	100%	
Personal Information and Privacy Protection	General	High	100%	
Access to Information Rights	General, Child	Moderate	100%	
Technology, Service and Data Abuses	General	Low	-	Specific grievances are received and assessed through grievance resolution channels