

# Building a Happiness Network

SK Telecom 2010 Sustainability Report





SK's Wings of Happiness are a reflection of the company's commitment to making life better for everyone by pursuing happiness for its stakeholders. Through balance and harmony, SK is flying to greater heights on a consistent basis. Similarly, sustainable development becomes a reality when a circle of happiness exists between a company and its customers, shareholders, management, employees, and business partners.



As part of its environmental conservation efforts, the SK Telecom 2010 Sustainability Report is printed on paper certified by the Forest Stewardship Council (FSC™), and with soy ink made by a firm with FSC™ Chain of Custody certification (Trademark License Code : C005302). SK Telecom is also a willing participant in the Korea Energy Management Corporation's Carbon Neutral Program, whose goal is to offset the amount of greenhouse gas emissions generated in the publication process of paper reports.

Although SK Telecom does everything it can to minimize its environmental impact, paper reports still consume significant amounts of pulp and require a large amount of energy to both manufacture the paper and print the actual documents. As a result, two versions of this report have been issued: a paper version and an interactive PDF version. SK Telecom has plans in place to gradually increase the use of its interactive PDF files, as they provide more information than conventional paper reports, which are more limited in space, while minimizing the company's environmental impact at the same time. SK Telecom invites you to also play a role in conserving resources and protecting the environment by making use of the PDF version rather than the paper version of this report.

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#### Index Numbers

Each GRI indicator is labeled with a corresponding GRI index number. Other indicators have each been given a unique number starting with "SK."

04

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### Readers' Guide

Icons were used to mark those items in this report for which additional information is available.



- 01 Website
- 02 Related report(s)
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- 04 This report (SK Telecom 2010 Sustainability Report)
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 [http://www.sktelecom.com/html/n\\_social/CSRSand.html](http://www.sktelecom.com/html/n_social/CSRSand.html)

# About This Report

**This is SK Telecom's fifth sustainability report and its fourth Communication on Progress (COP) since joining the UN Global Compact in May 2007. SK Telecom plans to publish sustainability reports on an annual basis.**

## **Reporting Principles**

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This report was put together according to GRI G3 Guidelines, the AA1000 APS, principles of obligation to account for sustainable growth, and the ISO 26000. Data that was not compiled in line with GRI Indicator Protocols or whose calculation method(s) was different from previous reports have been duly marked, with any relevant information also provided. We assess the application of the GRI reporting framework to be at an A+ level for the SK Telecom 2010 Sustainability Report.

## **Reporting Scope**

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Not only does this report cover SK Telecom's sustainability management activities and performance, but it also covers information concerning sustainability management at the companies SK Telecom invests in both in Korea and overseas. At the same time, quantitative performance indicators are based only on data pertaining to SK Telecom, while relevant details are provided for indicators with a different reporting scope.

## **Reporting Period**

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This report covers the period from January 1, 2010 to December 31, 2010 (fiscal year 2010). In terms of major performance indicators, data was included from the past four to five years. Progress on key issues has been reported on up until April 2011.

## **Materiality Assessment**

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With the aim of increasing responsiveness and inclusivity, SK Telecom incorporated stakeholder feedback from last year's report in the materiality assessment process. Materiality assessment is a comprehensive evaluation of the financial impact and strategic importance of diverse issues, the degree of stakeholder and social interest in relevant issues, and overall industry trends.

## **Independent Assurance**

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SK Telecom commissions an outside agency to provide independent assurance on an annual basis in an effort to enhance the reliability of all disclosed information and improve the internal reporting processes. The company also receives independent verification of data gathered from its greenhouse gas inventory IT system. Please refer to the Independent Assurance Statement for more details.

## CEO Message

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SK Telecom has been leading Korea's ICT industry since its launch as a small mobile communications company with just 32 employees in 1984. Today, we are embarking on a new journey in a "smart" era. I kindly ask for your continued support and encouragement as we strive to enhance stakeholder value more than ever.

## Dear Stakeholders,

In 2010, SK Telecom made significant progress towards achieving its goal of becoming a service platform provider by establishing an ecosystem based on openness and cooperation. At the same time, we remained committed to leading changes in the ICT industry through innovative services such as calling plans that offer unlimited data service so we could respond proactively to the shift going on with the increasing use of smartphones and wireless Internet. In addition, we continued with our efforts to become a truly sustainable company through customer-oriented management, environmental management, and social contribution activities based on the belief that no individual or company can grow without the support of society. As a result of every employee's dedication and hard work, SK Telecom became the first Asian company to be included on the Dow Jones Sustainability Index (DJSI) for the third year in a row in September 2010, while also having the honor of being named a leader in the telecommunications sector by the same index.

In 2011, SK Telecom will continue on its present growth course based on a new set of goals, which includes a strategic direction for the company's sustainability management that will lead to positive changes through ICT and contribute to the sustainable growth of society. Furthermore, we are poised to work even harder to fulfill our social responsibility in terms of environmental management, win-win partnership, customer privacy protection, ethics management, and community involvement under the leadership of the Corporate Citizenship Committee, and based on our new sustainability management strategy.

At this time, I would like to ask for your continued trust and support in the coming year.

Thank you.

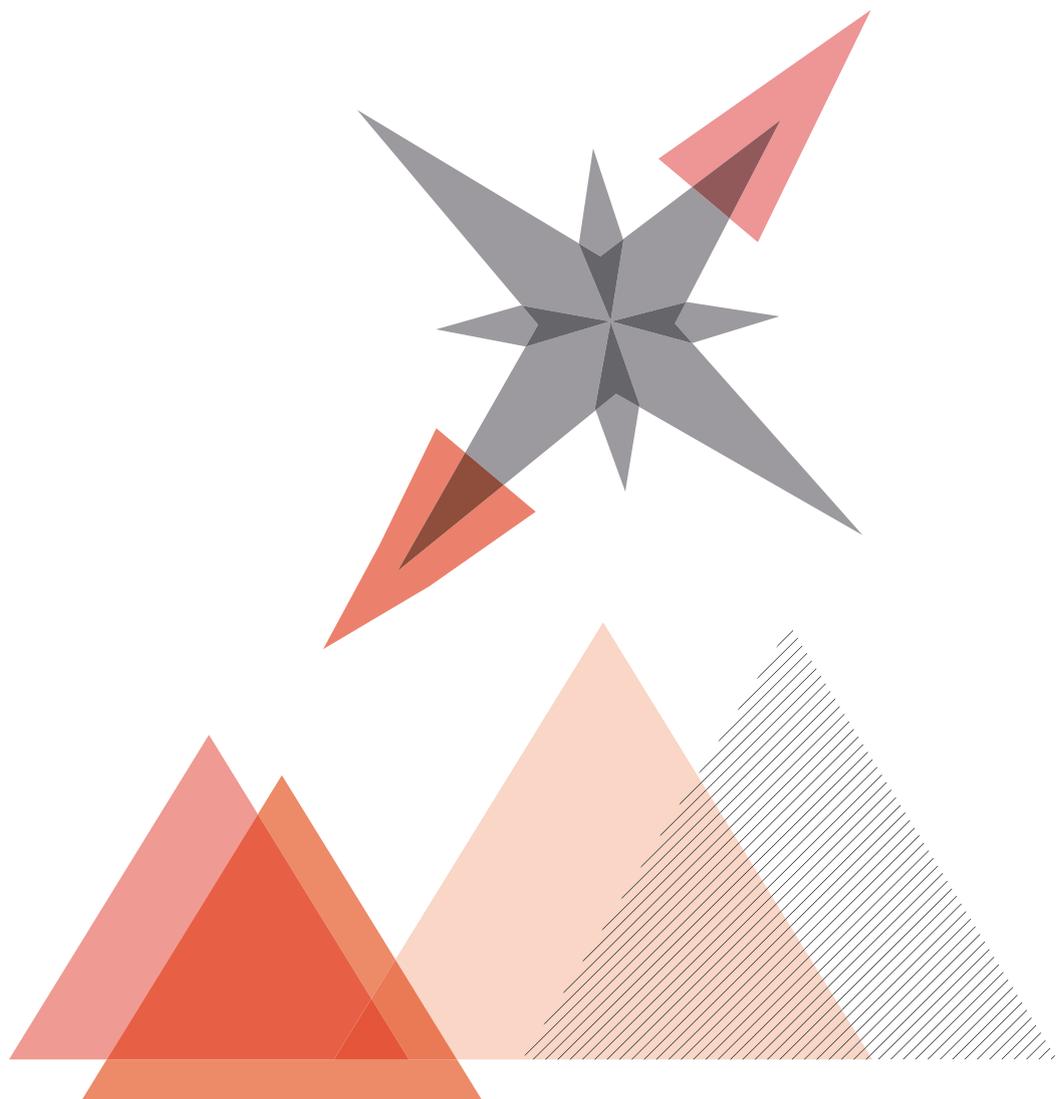
President & CEO *Ha Sung-Min*



# Sustainability at SK Telecom

SK Telecom's management principles have to do with stakeholder happiness. The company believes it can bring about a world where every stakeholder – customers, business partners, and communities – can achieve a real sense of happiness through sustainability management based on communication and win-win cooperation.

**Thus, SK Telecom listens carefully to the thoughts of its stakeholders and follows through on their concerns.**



**We listen carefully... and we act responsibly.**

# This is SK Telecom

**Code Division Multiple Access (CDMA)**

In January 1996, SK Telecom became the world's first company to launch commercial CDMA cellular service, a technology for the digital transmission of radio signals based on spread spectrum techniques developed by an American company called Qualcomm.

**Wideband Code Division Multiple Access (WCDMA)**

A 3G GSM service which enables the transmission and reception of static and moving images as well as data.

**High-Speed Downlink Packet Access (HSDPA)**

With a higher downlink speed than other 3G technologies, such as WCDMA and CDMA, HSDPA is a 3.5G mobile communications technology that supports video telephony and high-speed data transmission.

With 26 million subscribers, SK Telecom is Korea's top mobile communications company. SK Telecom is largely responsible for ushering in Korea's era of mobile communications when it became the world's first telecom company to successfully commercialize CDMA technology in 1984. A leader in the global mobile communications industry, SK Telecom was also the world's first company to commercialize 2.5G CDMA 2000 1X, 3G synchronous IMT-2000, HSDPA, and HSUPA services.

Not content to rest on its past success, SK Telecom continues to move forward, creating new lifestyles through the development of diverse services that are shaping the convergence of telecommunications and broadcasting. Indeed, the company has laid the foundation to achieve sustainable growth and to accelerate the realization of a "U-Life" for customers with innovative ICT services, such as its wired and wireless integrated multi-Internet service (NATE/June), its new concept financial service (MONETA), a digital home service, a telematics service (T Map), and several different personalized services (T INTERACTIVE, Tossi).

## Vision Slogan

# Global ICT Leader

## Vision Statement

With its industry-leading telecommunications network, SK Telecom provides the highest quality voice and text messaging services, content, applications, and solutions. The company's products and services make life better by raising industrial productivity, while also offering customers convenient access to communication services and information. SK Telecom's advanced technologies, which are helping shape the highest global standards, make all this possible. Today, SK Telecom is defined by its creativity, dynamic vibrancy, and ability to achieve its goals.

## Core Values



**Passion**  
 Remaining highly motivated with a can-do spirit.

**Love**  
 Staying dedicated towards one's company, colleagues, and customers.



**Innovation**  
 Thinking outside the box, being creative, and leading the way when it comes to change.

**Challenge**  
 Aiming for the highest results and meeting every goal.



**Integrity**  
 Drawing a line between public and private matters, staying honest, and practicing ethical management.

**Accountability**  
 Completing all jobs and taking responsibility for every outcome for stakeholders.

## Main Brands and Affiliates

### Major Brands



T  
(key mobile communications brand)



B  
(key fixed-line communications brand)



Nate  
(wired and wireless Internet portal)



11th Street  
(online marketplace)



Specialized services for  
19-24-year-olds



Specialized services for  
13-18-year-olds



Specialized services for  
10-12-year-olds



Specialized services for  
25-34-year-old women



Specialized services for  
working professionals

### Key Figures

**12,460**

Operating revenue (KRW billion)

**1,411**

Net income (KRW billion)

**12.7**

Market capitalization (KRW trillion)

**50.6**

Domestic mobile communications  
market share (%)

**4,951**

No. of employees<sup>1)</sup> (persons)

1) Total number of full-time/long-term  
contract employees

### Global Presence

The world's first mobile communications operator to commercialize CDMA cellular services, SK Telecom is Korea's leader in mobile communications. With some of the world's most innovative technology and services, the company is advancing into overseas ICT markets, and has already expanded into China, Vietnam, and the United States.



Global Presence [http://www.sktelecom.com/html/n\\_sktintro/GlobalCurrent.html](http://www.sktelecom.com/html/n_sktintro/GlobalCurrent.html)

## Milestones

Adoption and promotion of ICT		Development and promotion of digital mobile communications technology		Full-scale global expansion while driving next-generation technologies			
1984	1989	1992	1994	1996	1997	2002	2003
· Established as Korea Mobile Telecommunications Services Co., Ltd.	· Listed on the Korea Stock Exchange	· Number of subscribers to pager service surpassed 1 million	· SK became major shareholder	· CDMA cellular phone service launched	· Corporate Identity (CI) changed	· World's first commercial IMT 2000 service launched	· Commercial CDMA cellular service in Vietnam launched
· Car phone service launched							

Major Affiliates (% indicates SK Telecom's share of each field as of the end of 2010)

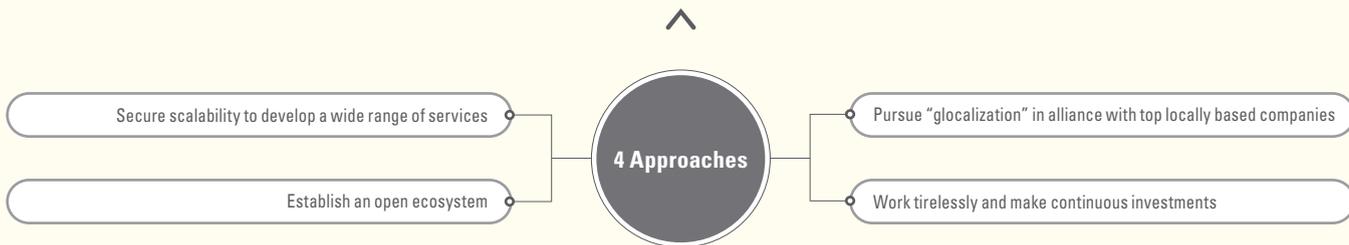
 Click on the CI icon to get to the relevant affiliate's website.

 <b>PS&amp;Marketing</b> Mobile handset distribution (PS&Marketing, 100%)	 <b>SK broadband</b> Broadband and IPTV (SK Broadband, 50.6%)	 <b>SK telink</b> International calls and long-distance calls (SK Telink, 83.5%)	 <b>SK communications</b> SNS and messenger (SK Communications, 64.7%)
 <b>Commerce Planet</b> Commerce (Commerce Planet, 100%)	 <b>PAXNet</b> No.1 Report Finance (Paxnet, 59.7%)	 <b>NTREEV</b> Games (Ntreev, 63.7%)	 <b>LOEN</b> ENTERTAINMENT Music (Loen Entertainment, 63.5%)

New Mission



Seven Service Platforms to Nurture Early On



1) A personal media content business using n-screen technology  
 2) Wireless Personal Area Network

 **Company History** [http://www.sktelecom.com/html/n\\_sktintro/CHistory01.html](http://www.sktelecom.com/html/n_sktintro/CHistory01.html)

Service diversification		Era of ubiquitous services launched			
2004	2006	2007	2008	2009	2010
<ul style="list-style-type: none"> <li>Integrated wired/wireless music portal (Melon) launched</li> </ul>	<ul style="list-style-type: none"> <li>World's first HSDPA service commercialized</li> <li>Mobile communications brand (T) launched</li> </ul>	<ul style="list-style-type: none"> <li>World's first commercial 5.76Mbps HSUPA network established</li> </ul>	<ul style="list-style-type: none"> <li>SK Broadband launched</li> <li>Online shopping site (11th Street) launched</li> <li>Number of cellular service subscribers in Vietnam surpassed 6 million</li> </ul>	<ul style="list-style-type: none"> <li>MOU on u-City concluded with Cisco</li> <li>Korea's first mobile open market (T store) launched</li> </ul>	<ul style="list-style-type: none"> <li>MOU on establishing a joint venture company concluded with Disney</li> <li>Korea's first museum designed for a future smartphone-based world (T.um 2.0) opened</li> <li>Korea's first cellular service to charge by the second introduced</li> </ul>

# SK Telecom's Sustainability Management



**SKMS**

[http://www.sktelecom.com/html/n\\_sktintro/BusinessHow.html](http://www.sktelecom.com/html/n_sktintro/BusinessHow.html)

## SKMS (SK Management System): The Basis of Sustainability Management

SK's management philosophy is based on SKMS (SK Management System), which the company adopted in 1979 as a basis for its corporate culture. Since then, SKMS has remained the standard for the decision-making process both with management's activities and the employee work process. The main principle behind SKMS is to "seek a super excellent (SUPEX) level through human-centered management." As such, SK Telecom has established a unit in charge of each major stakeholder segment as the company pursues management activities based on close communication with each stakeholder group on a continual basis.

## The Strategy behind Sustainability Management

SK Telecom is pursuing sustainability management in an effort to ensure the happiness of its stakeholders, as well as upholding its corporate vision of becoming a global ICT leader. The company is determined to bring about positive changes in society through ICT by contributing to sustainable growth and helping stakeholders achieve long-term happiness.

**Strategy Direction of Sustainability Management**



**Corporate Citizenship Committee**

[http://www.sktelecom.com/html/n\\_social/ResponsibilityWay.html](http://www.sktelecom.com/html/n_social/ResponsibilityWay.html)

## Sustainability Management Framework

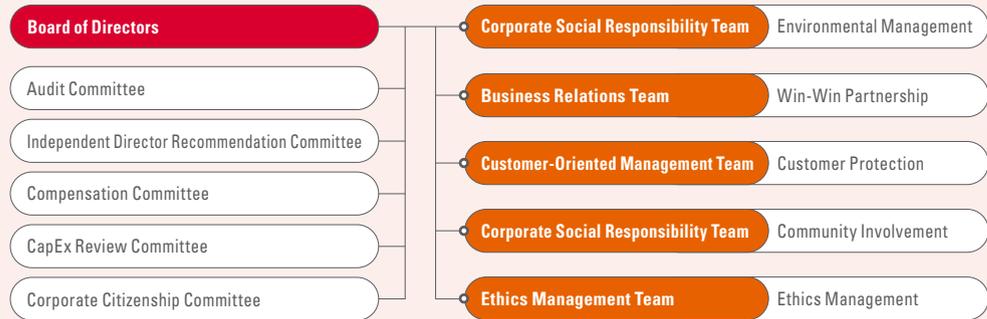
In May 2008, SK Telecom created the Corporate Citizenship Committee for the implementation of sustainability management activities throughout the company. One year later, the company created the Corporate Citizenship Committee's Working-Level Consultative Body. As one of five committees under the Board of Directors, the Corporate Citizenship Committee consists of three independent directors and one standing director, overseeing sustainability management policies and serving in an advisory role on policy implementation in every field. The Corporate Citizenship Committee met four times in 2010, and its working-level consultative body discussed measures to enhance the operational efficiency of SK Telecom's CSR activities on a regular basis.

## Performance Evaluation and Monitoring

Sustainability performance management at SK Telecom is founded on a process that selects and evaluates key performance indicators (KPI) in each focus area of an organizational unit. Sustainability management may not be explicitly stated in the performance assessment criteria of SK Telecom's Board of Directors, but the BOD has come to play an important role in promoting sustainability management, especially after the creation of the Corporate Citizenship Committee. In 2010, the Corporate Citizenship Committee regularly monitored the progress being made with sustainability management and plans associated with it by focus area, while also discussing areas in which improvements could be made. By determining KPIs for CSR, the committee has established a framework for monitoring companywide progress with its sustainability management.

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## Organizational Scheme for Sustainability Management



### Dissemination and Education

In order to raise employee awareness concerning the importance of increasing stakeholder value, SK Telecom carries out online training in connection with sustainability. As part of the training curriculum, employees learn about environmental management, win-win cooperation, customer privacy protection, social contribution, and ethics management. In fact, employees must take classes on ethics management, information security, customer privacy protection, and fair competition to qualify for a promotion. Furthermore, every employee is required to sign an annual pledge concerned with promoting ethics management and customer privacy protection. Full-time employees also receive basic training in customer privacy protection, with more intensive training offered for positions which require it. In addition, SK Telecom has introduced a customer privacy protection authentication system so that nobody except authorized personnel is able to handle customer information.

To raise employee awareness and reach a broad consensus on international environmental issues, SK Telecom has also come up with new eco-friendly management courses as part of its employee training program. In the coming years, SK Telecom plans to offer these same courses to business partner employees and the companies SK has invested the most in.

### External Recognition

In 2010, SK Telecom once again came first in the three most authoritative Korean customer satisfaction surveys, which only served to reaffirm the high level of continued trust people had in the nation's number one mobile service provider. Furthermore, SK Telecom was included on the Dow Jones Sustainability Index (DJSI), a collaboration between the Dow Jones and Sustainable Asset Management, for the third year in a row in September 2010. The company was also chosen as the top global mobile service provider on the DJSI, as well as a leader in the telecommunications industry among companies that are a part of the Carbon Disclosure Project, an international initiative to help deal with climate change and its impact on the environment. All of these efforts have helped solidify SK Telecom's global reputation as a leading Korean mobile operator committed to sustainability management.

#### Awards in 2010

Date	Awards	Awarded by
December 2010	Large & Small Business Cooperation Award: Presidential Citation (Group Category)	Ministry of Knowledge Economy, Small and Medium Business Administration
June 2010	2010 Frost & Sullivan Asia-Pacific ICT Awards: Most Innovative Service Provider of the Year	Frost & Sullivan
April 2010	Korea Service Quality Index (KSQI): Best Call Center	CS Leaders' Club, Korea Management Association Consulting (KMAC)
April 2010	13th Annual Asian Telecom Awards: Best Convergence Service	Telecom Asia
March 2010	Korea Brand Power Index (K-BPI): No.1	Market Leaders' Club, Korea Management Association Consulting (KMAC)
March 2010	National Customer Satisfaction Index (NCSI): No. 1	Korea Productivity Center
February 2010	8th Annual Korea Ethics Management Awards: Grand Prize	New Industry Management Academy (NIMA)

# Stakeholder Engagement

## Communication Activities

Stakeholder communication is carried out in line with the company's philosophy of increasing value for its various stakeholders. SKMS distinguishes between the company's corporate relations targets – whether customers, employees, shareholders, the government, business partners, or the general public – and then sets forth principles for stakeholder communication. Based on clearly defined stakeholder segments and principles, SK Telecom engages in regular communication activities and satisfaction surveys. As a result, stakeholder expectations and demands are identified in advance, and corresponding strategies are formulated with the aim of maximizing returns for both SK Telecom and its stakeholders.



**T world: Online CS Center**  
<http://www.tworld.co.kr>



**Customer Service via Blog**  
<http://blog.sktworld.co.kr/>

**Twitter**  
<http://twitter.com/#!/SKTworld>



**SK Telecom Labor Union**  
<http://www.skttu.com>

### Customers

In July 2010, SK Telecom established a subsidiary to deal with customer complaints, which up until then had been outsourced to 12 customer service centers around the country. By turning outsourced jobs into full-time ones for SK Employees, SK Telecom's quality of customer service immediately improved. Today, roughly 5,000 employees work in customer service, handling eight million cases a month. In 2010, the majority of cases had to do with smartphone data plans, call quality, billing and payment inquiries, customer complaints, and additional services. Employees are informed of frequent customer complaints through the SK Telecom intranet, with all necessary corrections and improvements made as quickly as possible. The company is also enhancing the quality of its customer service (CS) through regular customer satisfaction surveys and service quality assessments for each CS channel to maintain the highest level of competitiveness. As a result, SK Telecom was the first Korean mobile communications company to receive the Korea Fair Trade Commission's Consumer Complaints Management System (CCMS) certification for quality customer complaint management, prevention, and processing.

### Employees

The Labor-Management Council holds four meetings a year. At these council meetings, both sides discuss ways to ensure mutual cooperation. In 2010, the council discussed changes to employee compensation and benefits, as well as ways to improve working conditions. Management also kept the company's labor union abreast of its overseas investments, BOD agenda items, and organizational restructuring. SK Telecom established a new communication channel that falls under the direct supervision of the CEO and through which employees can voice their thoughts on new business ideas and measures to enhance efficiency. In addition, SK Telecom constantly welcomes employee opinions on important company issues through channels that include the CEO Hotline and an in-house newsletter.

## Stakeholders (as of the end of 2010)



No. of customers

25,705,000



No. of employees

4,951



No. of shareholders

28,525



No. of partners

3,000+

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#### Investor Information

[http://www.sktelecom.com/html/n\\_financial/StockState.html](http://www.sktelecom.com/html/n_financial/StockState.html)



#### VoP Channel

<http://partneron.sktelecom.com>

#### Business Partners' Portal

<http://open2u.sktelecom.com>

#### VLS for Business Partners

<http://www.partneronacademy.com/>



#### SK Telecom Website

<http://www.sktelecom.com>



#### Corporate Blog

<http://www.sktstory.com>

#### Twitter

<http://twitter.com/#!/SKTworld>

## Shareholders

Meetings and seminars are held to inform investors and analysts in Korea and abroad of SK Telecom's management activities. In 2010, there were a total of 672 IR meetings. Individual investors and shareholders can access company information at any time through the company's website.

## Business Partners

In a bid to meet all the needs of its business partners, SK Telecom carries out an extensive range of communication activities. Partner firms are free to file grievances or make suggestions through SK Telecom's online VoP (Voice of Partners) channel. At the same time, the company is always receptive to new and creative business proposals through its Business Partners' Portal. Furthermore, business partner satisfaction levels have been monitored through SK Telecom's Business Partner Satisfaction Index (BPSI) since 2007. Based on this BPSI, the company is able to identify areas which require improvement and then carry out any and all corrective measures, while its Virtual Learning System (VLS) increases the management competencies of SK Telecom's partner businesses.

## Government

SK Telecom not only keeps in regular contact with key government regulatory agencies, including the Korea Communications Commission and the Korea Fair Trade Commission, but it also cooperates with the government on public policy designed to resolve social issues. One example of this took place in February 2009, when SK Telecom signed an agreement with the Ministry of Gender Equality, pledging to expand the number of programs which help female workers find a healthy work-family balance. The company is also promoting the spread of social enterprises which aid the underprivileged in becoming economically self-sufficient, as it remains staunchly active supporters of the government's low carbon, green growth policy. As such, SK Telecom is on several committees and councils for a green ICT, all of which are organized by the KCC and the Presidential Committee on Green Growth.

## NGOs and Local Communities

For the purpose of establishing new base stations and conducting other business activities that can influence communities, SK Telecom consults with local civic groups and local residents on a regular basis. Meetings with NGOs that might not approve of company policies or activities are also held from time to time in order to exchange viewpoints in a constructive manner. Moreover, SK Telecom provides consistent support to NGOs when it comes to lending expertise on the company's community involvement initiatives.

### Membership Status (as of the end of 2010)

International	
Bridge Mobile Alliance	LiMo Foundation
CDMA Development Group	Open Mobile Alliance
GSM Association	UN Global Compact
International Telecommunication Union	WiMAX Forum
Keio Research Institute	World Economic Forum
Korea	
Korea Business Council for Sustainable Development	Korea Smart Grid Association
Korea Employers Federation	Korea Ubiquitous City Association
The Federation of Korean Industries	Korea Internet Corporations Association
Korea Economic Research Institute	Korea Radio Promotion Association
The Korea Fair Competition Federation	The Federation of Korean Information Industries
Korea Digital Media Industry Association	Telecommunications Technology Association
Korea Mobile Internet Business Association	Korea Telecommunications Operators Association

## Integration with Business Management

### Risk Management Process

Periodic meetings are held to identify stakeholder grievances and demands. After an issue is singled out as a substantial risk, a task force is set up to establish preemptive countermeasures. By introducing mandatory preliminary screening for risks to customer value which are posed by new product developments and launches, SK Telecom has been strengthening its risk prevention process since 2009.

### Grievance Mechanism

SK Telecom came up with its Principles of Ethics, Ethics Code, and Best Practice Directives to share with employees, while also promoting ethics management with employees, customers, and business partners through the company's Ethical Counseling Center. The center is constantly receiving suggestions and providing counseling related to ethical practices through a wide variety of channels, whether through its website, over the phone, in person, or by written correspondence. A separate mechanism is available that offers counseling on ethical issues through the Chair of the Audit Committee, which serves as an independent director on the Board of Directors. Any cases that go directly through the Chair are reported on a regular basis to the Audit Committee. Also, the company recently revamped part of its website and strengthened its marketing activities by visiting partner firms to promote the use of SK Telecom's counseling and suggestion channels. These initiatives will continue to be carried out in 2011 as the company bolsters its internal monitoring system by making use of the ERP system. Two companywide programs, My Counselor and Letter to HR, allow employees to seek advice through the company's intranet. Female counselors are also in place to provide counseling on matters related to sexual harassment. In line with its confidentiality pledge with employees, SK Telecom keeps all information revealed during employee grievance counseling sessions confidential.

### External Consultation Mechanism

In 2010, a total of 6,631 complaints were submitted to NGOs, consumer groups, and other external institutions. This number is expected to rise in 2011 due to the increased use of smartphones. As a result, SK Telecom plans to minimize multiple complaints that deal with a single issue, while reducing the number of cases submitted to the Korea Communications Commission to one case per 100,000 subscribers by following through on institutional and process improvements. There are also plans to increase the speed and accountability of the customer complaint management process.



#### Ethical Counseling Center

<http://www.sktelecom.com/html/ethics/introduce/Introduction.html>

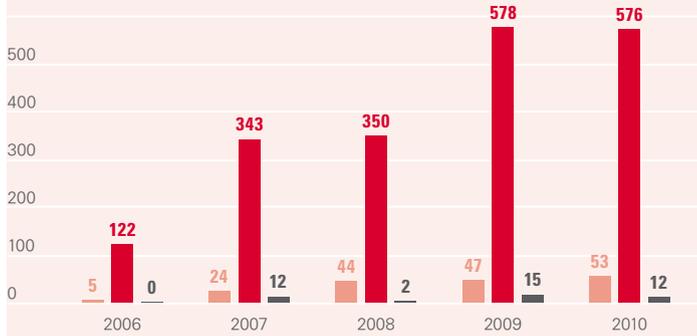
### Customer Complaints SK7

unit: cases

	2006	2007	2008	2009	2010
Customer complaints received by external institutions	10,607	7,223	5,074	5,299	6,631

### Ethical Counseling SK4

- Cases submitted directly to Chair of Audit Committee
- Cases submitted to Ethical Counseling Center
- Disciplinary measures in ethics code violation cases



### Cases Submitted to Ethical Counseling Center in 2010 by Stakeholder Segment



- 80.0% Customers (461 cases)
- 11.5% Business partners (66 cases)
- 8.5% Employees (49 cases)

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## Dialogue and Cooperation for CSR

### CSR Advisory Panel

Composed of experts on social welfare for the effective implementation of community involvement activities, SK Telecom launched the SK Telecom Community Involvement Advisory Panel in 2003. In 2010, the panel increased its expertise in a number of fields, including sustainability management, environmental management, fair competition, and corporate governance, at which time it started operating under its new name as well, the SK Telecom CSR Advisory Panel. In 2011, the panel will continue to strengthen its operational effectiveness in advancing CSR principles and practices through issue proposals and consultations.

### CSR Awareness Survey

Conscious of the importance of corporate social responsibility, SK Telecom surveys its customers, business partners, and other major stakeholders on their awareness of the company's CSR. In 2010, SK Telecom also took an interest in determining the level of its business partners' CSR practices through a comprehensive survey. SK Telecom will use these results to expand access to CSR information and education as it enhances relevant support to promote CSR practices at partner companies.

### Stakeholder Involvement

SK Telecom helps employees achieve a better understanding of sustainability management and experience through a number of educational and volunteer programs, with firsthand encounters regarding social issues and stakeholder expectations. The company also tries to get customers to participate in its efforts to resolve social issues by running a wide variety of donation and customer volunteer programs. Customers and the general public alike can learn more about these and other programs through T together, a wired/wireless social contribution portal. In addition, the company operates a volunteer group on college campuses called Sunny.

### Promoting Sustainability Management

SK Telecom declared its support for the UN Global Compact in May 2007 before leading a push to launch the UN Global Compact Network Korea. In June 2010, SK Chairman & CEO Tae-won Chey attended the UN Global Compact Leaders Summit to discuss issues for sustainable development with other global leaders. Two years earlier, Mr. Chey became the first Korean entrepreneur to be appointed to the UN Global Compact Board, attending his first board meeting in 2009. In 2010, SK Telecom joined the Caring for Climate initiative to further its practice of the UN Global Compact's principles, making clear its intent to respond to issues concerning climate change. In addition, the company joined the Global Compact LEAD to accelerate the implementation and promotion of the Blueprint for Corporate Sustainability Leadership that was proposed at the Leaders Summit. SK Telecom is committed to realizing best practices by following through on the 10 principles of the UN Global Compact in such areas as human rights, labor, the environment, and anti-corruption together with more than 50 leading companies for the next two years. SK Telecom also joined the Corporation and Human Rights Forum, which is co-sponsored by Korea's Human Rights Commission, as well as the UN Global Compact Network Korea, and the Korea Human Rights Foundation so that it can play a role in promoting the discussion of corporate responsibility for respecting human rights. At the same time, SK Telecom participated in the 1 Goal campaign sponsored by the GSM Association (GSMA), an association of mobile operators and related companies. The campaign was launched to bring together millions of subscribers around the world to send a text message calling on governments to provide primary education for 72 million children, thereby achieving one of the UN Millennium Development Goals (MDGs).

# Management Approach



## Environmental Management

**CHALLENGES** With climate change posing a bigger threat than ever, there is a growing need for low-carbon green management.

**MANAGEMENT APPROACH** SK Telecom operates a Green ICT Committee made up of executive managers to promote companywide eco-friendly management. It has also established an IT inventory system of greenhouse gases and obtained third-party certification for the more efficient management of GHG emissions.

- STRATEGIES**
- Response to Climate Change: Reducing GHG emissions 30 percent by 2020
  - Reduction of Social GHG Emissions (SEs): Reducing SEs by one million tons annually from 2013
  - Establishment of Eco-friendly Corporate Culture: Strengthening eco-friendly management training and creating eco-offices



## Win-Win Partnership

**CHALLENGES** Win-win management is becoming increasingly more important as the business competitiveness of companies cannot be guaranteed in an era when globalization and convergence are intensifying.

**MANAGEMENT APPROACH** The SK Group held an event to declare win-win partnerships and fair competition in 2008. It also established the SK Win-Win Committee, a consultative body for making win-win management decisions, to reiterate its commitment for win-win partnerships and its support for business partners. As a result, SK Telecom is cementing its ties with business partners based on mutual cooperation.

- STRATEGIES**
- Fulfilling Social Responsibility by Growing Together: Pacts with business partners and responding to government policies
  - Strengthening Cooperation with Business Partners: Product development and R&D support, reinforcement of infrastructure and training programs
  - Creating a Corporate Culture of Transparent and Fair Win-Win Cooperation: Systematic risk management

## Customer Protection

**CHALLENGES** It is becoming increasingly necessary to provide differentiated customer value as the business environment changes rapidly with wired/wireless integration, the growing use of smartphones, and the introduction of Open Platforms.

**MANAGEMENT APPROACH** SK Telecom strives to prevent customer inconveniences as it provides a differentiated experience through Customer Experience Management (CEM). By helping establish a mobile world where customers are better protected from potential risks in a new service environment, SK Telecom is bringing about a safer, happier world for everyone.

**STRATEGIES**

- **Expanding Protection:** Including customers and developers as the Open Platform business gains momentum
- **Enhancing Convenience in Dealing with Customers:** Establishing a companywide quality control system and developing self-channels
- **Intensifying Prevention of Risks to Customer Value:** Carrying out customer insight and VOC activities



## Community Involvement

**CHALLENGES** As stakeholders request a more active role in the way a company solves its society-related problems, social contribution activities need to be conducted in a more strategic and professional manner.

**MANAGEMENT APPROACH** SK Telecom is actively involved in social issues through a wide range of volunteer groups as it expands the number of opportunities to create new value for society through its advanced ICT competencies.

**STRATEGIES**

- **Creating Social Value through ICT:** Increasing recognition of major ICT social contribution programs
- **Establishing Social Companies Using SK's Competencies:** Setting up more than one company a year until 2013
- **Volunteer Work Carried Out Using Employee and Customer Capabilities:** Strengthening volunteer activities and sharing the company's talents
- **Promoting Global Social Contribution Programs:** Fostering leading programs in major countries



## Ethics Management

**CHALLENGES** It is becoming more important than ever to maintain stakeholder trust if a company is to grow on a sustainable basis, and ethics management is the first step to achieve this aim.

**MANAGEMENT APPROACH** SK Telecom practices ethics management through organizations such as its Corporate Citizenship Committee, Audit Committee, Ethical Counseling Center, and Ethics Management Office, and is creating an ethical corporate culture to match the highest global standards as a member of the UN Global Compact.

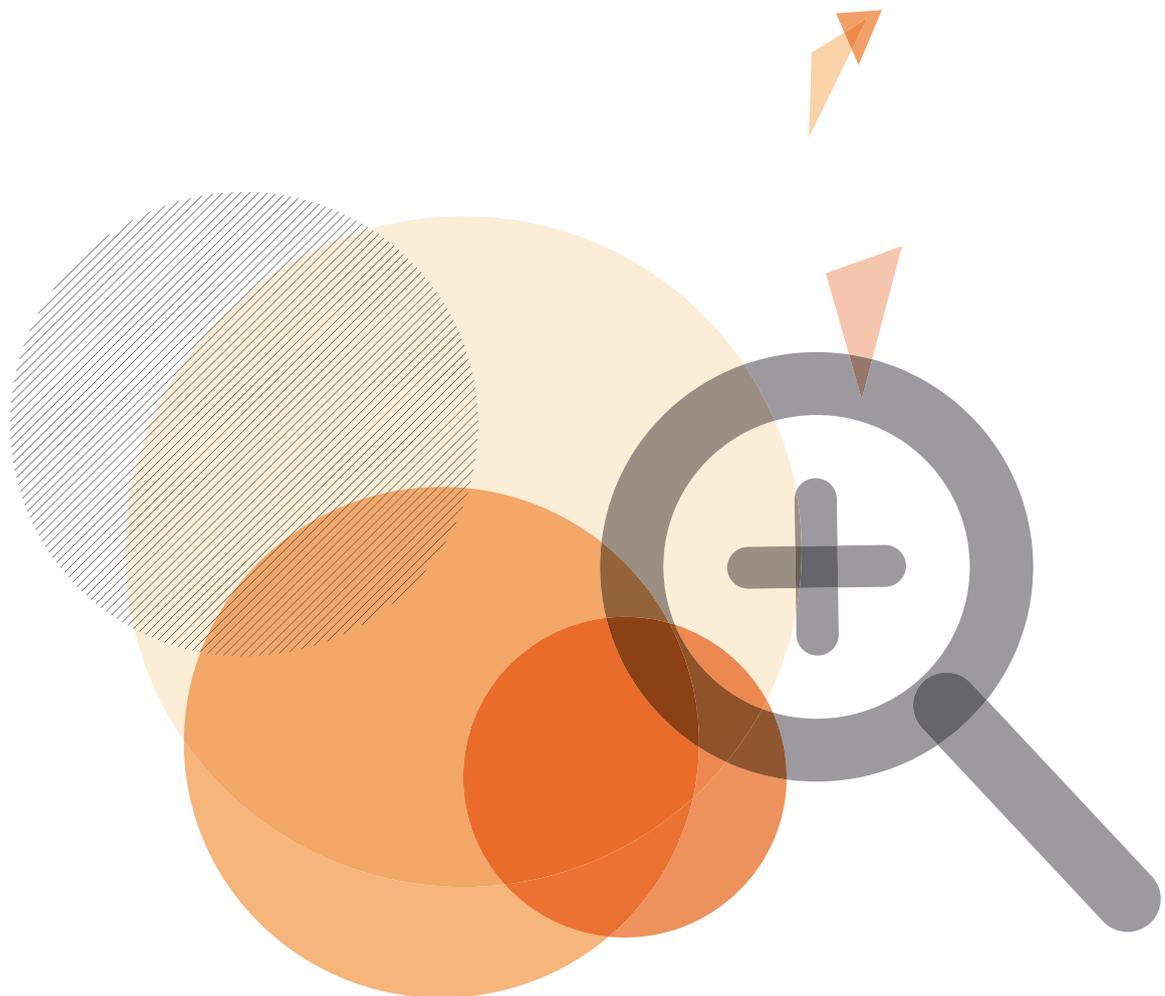
**STRATEGIES**

- **Proactive Management of Ethical Risks:** Establishing a risk management system by linking each element of ethical management
- **Promotion of Self-Sufficient Ethics Management:** Strengthening self-monitoring ethics management and making ethical management the decision-making standard
- **Promoting Win-Win Ethics Management:** Disseminating ethics management strategies and everything associated with ethics management to subsidiaries and business partners



# Material Issues to Our Business and Society

Every company's primary mission is to never stop growing by contributing to the sustainable development of society with its products and services. SK Telecom believes its ICT solutions can raise the industry's efficiency, while giving those who have the fewest opportunities the chance to take part in educational and business initiatives. **Thus, SK Telecom identifies which job it can do best before focusing on it completely.**



We have a job to do... and we'll do it well.

## Issue 01 Securing Technology Leadership

### SK Telecom's New Mission

SK is hard at work responding to changes in the integrated wired/wireless communication environment, revitalizing the wireless Internet market, and playing a leading role in improving the communications industry. To achieve this goal, the company is not just adopting technological changes that take advantage of wireless Internet, such as smartphones and mobile phones with full browsers, but it is also establishing an Open Platform environment based on a strategy of openness, dissemination, and win-win cooperation. This will allow SK Telecom to bring about new growth engines for development across the country as it grows alongside small and medium-sized partner companies.

#### Seven Service Platforms to Nurture Early On

- LBS (T Map)
- Commerce (m-Payment)
- Messaging (SMS, Nate On)
- Content Distribution (Melon, T store, TV Portal, PM<sup>1)</sup>)
- SNS (Cyworld)
- B2B (health, automobiles, education, smart office)
- Universal Platforms (mobile advertisements, personalized engines, WPAN<sup>2)</sup>)

1) A personal media content business using n-screen technology

2) Wireless Personal Area Network

#### 4 Approaches

- Secure scalability to develop a wide range of services
- Establish an open ecosystem
- Pursue "glocalization" in alliance with top locally based companies
- Work tirelessly and make continuous investments

### Leading Technology Standardization

A leader in technology standardization, SK Telecom works closely with some of the world's biggest global IT leaders through standardization bodies such as the Global System for Mobile Communications Association (GSMA), Open Mobile Alliance (OMA), Java Community Process (JCP), the 3rd Generation Partnership Project (3GPP), and the International Organization for Standardization (ISO). Beginning with the GSMA, SK Telecom has served in leadership roles at major standardization bodies such as the LiMo Foundation and OMA. In February 2010, the company joined the Wholesale Application Community (WAC), an organization originally started by 24 mobile telecommunications companies and which is bringing about a unified Open Platform that allows mobile software developers to more

easily write applications that are usable on a variety of devices, operating systems and networks. SK Telecom's T store, which has played a pivotal role in developing a national mobile ecosystem, saw one million cases of daily average downloads in December 2010, bringing its overall total to more than 100 million downloads.

### Opening a New Era in Tomorrow's Telecommunications Technology

With IS-95A/B, CDMA 2000 1X EV-DO, and HSDPA, SK Telecom launched the world's first commercial mobile telecommunications services. Based on a world-class mobile network, the company is able to provide high-quality services that focus on creating customer value. SK Telecom has also organized a number of different venues to provide stakeholders with convenient access to information on its advanced technologies and industry-leading services.

#### T.um: ICT Experience Center

T.um is an ICT experience center that takes visitors on a wonderfully informative and exciting tour of the past, present and future of mobile communications, and has continually upgraded its programs ever since its launch. In March 2010, it reopened as T.um 2.0, an upgraded version of its previous self, allowing visitors to experience Korea's first museum designed for a future smartphone-based world. The museum is home to Play Dream<sup>1)</sup>, where one can get a sneak preview of future ICT services, and Play Real<sup>2)</sup>, where visitors can check out all the technology and services SK Telecom offers today. As it continues to promote T.um as Korea's top ICT experience center, SK Telecom is showcasing how far telecommunications have come as well as the future of ICT. The company also runs regular tours for the general public, foreign dignitaries, business partners, and those from disadvantaged elements of society without access to the benefits of ICT.

 **T.um** <http://tum.sktelecom.com>

#### 1) Play Dream

Play Dream offers a variety of future ICT services for people to experience firsthand, such as U-home (a home networking service using motion recognition technology), U-entertainment (a futuristic network game that links different devices), U-media (a real-time 3D transformation technology), U-driving (a mobile phone-based vehicle control system called mobile in vehicle [MIV]), U-fashion (creating avatars based on a person's appearance), and U-shopping (shopping through image recognition).

#### 2) Play Real

Play Real provides a wide range of currently offered services not to mention core technologies being developed right now, including voice recognition, e-Paper, 3D transformation, Sound Code, CPNS, Smart SIM, and telecommunications network management.

## Issue 02 Open Innovation

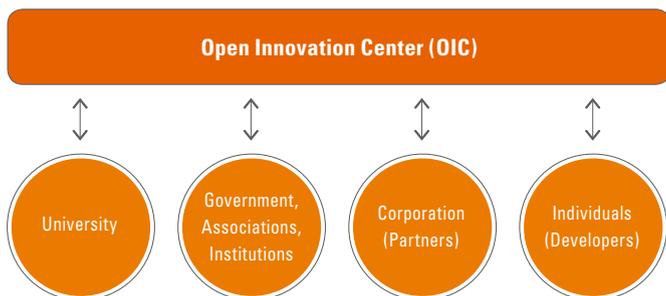
### Bolstering Open and Collaborative Relationships

Since 2010, SK Telecom has been actively promoting Open Platforms based on the concept of mutual cooperation and openness. Furthermore, it has chosen to establish an open eco-system as one of its four main approaches, intensifying cooperation with partners to create a win-win industrial ecosystem, while also searching for new business opportunities with partner companies.

### Exploring Joint Business Opportunities

SK Telecom has provided a total of KRW 17.7 billion in conjunction with external research organizations for technology development of SME partners since 2004. Today, the company continues to explore a number of viable new businesses in a variety of areas, including satellite broadcasting and anti-piracy systems. For instance, Open 2U, which was launched in 2008, is an online portal through which business partners can submit ideas and opinions to SK Telecom anytime they want. In 2010, SK Telecom also offered overseas advertising and marketing support to business partners with notable technology competencies. At the same time, it has established an Open Innovation Center (OIC) whose mission it is to find innovative business models and ideas from business partners and then help to turn them into profitable businesses. Not only is this an effective way to increase SK Telecom's competitive edge in the mobile industry by establishing a win-win ecosystem, but it is also a practical way to grow together with business partners.

 **Open Innovation Center** <http://oic.tstore.co.kr/>



### Providing Technology Support for Open Innovation

Since its opening in 2005, the Nate Business Center has provided test beds for content and solutions development, as well as free consulting services to employees from partner companies. Expanded and relocated in July 2009, it adopted its name, the Mobile Device (MD) Test Center, at the same time. The MD Test Center has an annual capacity of 200,000 people, 18 test rooms, and 1,000 test handsets. The center features test servers and

an automated verification system that streamlines content and the solution verification process. Staffed by 17 specialists, the center provides expert technology support services, with everything from content registration to commercialization. SK Telecom also established T academy as a professional mobile programming training center to foster competent developers who can lead the future mobile content industry and strengthen the competitiveness of Korea's software industry. T academy first opened its doors in March 2010. With 30 courses taught by 74 professional lecturers, it trained more than 3,500 mobile IT professionals in 2010 alone. In the first half of the year, the academy offered a course based around industry-academy collaboration in developing T stores at eight universities, giving select students the chance to work as interns at some of the country's biggest platform and content developing companies.

 **T academy** <http://www.tacademy.co.kr/>

	2006	2007	2008	2009	2010
No. of cases handled	4,505	6,471	6,502	11,586	<b>22,616</b>

### Expanding the Foundation for Wireless Internet Business

SK Telecom has taken several initiatives to expand the foundation for the wireless Internet industry, one of which is its T store, an application store where individual developers can buy and sell mobile content, while another one is the professional educational institute the company established to foster mobile content developers.

### T store

SK Telecom launched its own app store in September 2009 called T store, which aims to satisfy application demands from smartphone users and revitalize the wireless Internet market. T store supports a wide variety of mobile operating systems, enabling existing developers to adjust to new mobile operating systems easily. Registered content is reviewed for harmful content, with an assessment from the Game Rating Board and the Korea Contents Industry & Business Association (KIBA) then handed down. In doing so, users are protected from harmful content, while content development is facilitated at the same time. In December 2010, T store recorded, on average, one million downloads every day, bringing its overall total to more than 100 million downloads.

 **T store** <http://www.tstore.co.kr/>

# Issue 03 Win-Win Partnership

## Building a Culture of Partnership

SK Telecom strives to maintain fair and transparent relationships with its business partners as it strengthens cooperative ties with them.

### Ensuring Fair and Transparent Transactions

SK Telecom is committed to observing the Korea Fair Trade Commission's guidelines on partner company selection, contracts, and operations in accordance with its September 2008 declaration of win-win partnerships and fair competition. In December 2008, the company established a Procurement Review Committee to bolster the preliminary review process for fair business transactions. In essence, the Procurement Review Committee undertakes preliminary assessments of contract and pricing review standards, and then evaluates the soundness of the standards and processes for the registration and annulment of partner status.

### Strengthening Equal Partnerships

Through the sharing of pertinent information, SK Telecom aims to contribute to securing a stable commerce environment for business partners. In 2010, a BR Camp (by department) was held 10 times, twice as many as the previous year, while 80 one-on-one meetings were held to raise understanding about business partners' management status and different issues. SK Telecom also organized a Partners' Day to recognize and reward major partner companies for their contributions to SK Telecom's business activities, and to raise their potential competencies.



The Go with Partners event was held in October 2010 to establish a win-win ICT ecosystem based on a partnership with SME solution providers.

## Partner Support Programs

SK Telecom is assisting business partners strengthen their competitiveness through financial and technological infrastructure support, while enhancing their HR competencies through a range of educational and training programs. This has enabled SK Telecom to contribute to Korea's economic development and to fulfill part of its social responsibility by helping foster SMEs.

### Extending Financial Support

In addition, SK Telecom helps business partners secure funding through numerous supportive measures. One example of this is the win-win fund worth KRW 95 billion that it created in cooperation with other financial organizations. It has also contributed KRW 10 billion to the Korea Credit Guarantee Fund, provided KRW 110 billion to be used as working capital, and secured loan operating funds for business partners. In the coming years, SK Telecom will introduce a preferred payment system, allowing partners to be paid in cash at the same time they deliver their products.

### Strengthening HR Competencies

SK Telecom offers a number of educational and training programs that some SME partners may find difficult to organize and operate on their own. With more than 100 online technology and marketing courses, SK Telecom also offers outstanding business partners access to more than 10 comprehensive IT and management courses, one of which is the Advanced IT Management (AIM) program. In 2010, 17,000 employees from business partner companies attended the courses, a slight decrease from the year before, although the scope of the courses has been expanded to include environmental management, ethics management, and anti-sexual harassment education.

PartnerOn Academy SK14	unit: persons				
	2006	2007	2008	2009	2010
PartnerOn Academy participants <sup>1)</sup>	14,982	21,159	21,092	23,870	17,071

1) Based on the no. of applicants

## Issue 04 Affordable Mobile Services

### Lower Rates and Discounts

In response to rising demands from consumers to lower the cost of telecom services, SK Telecom has taken several initiatives, one of which has been offering a free caller ID (CID) service since January 2006. In October 2007, the company then introduced a plan to apply discounted rates for calls made between SK Telecom service subscribers, and lowered text messaging rates in January 2008. SK Telecom has been receiving excellent customer feedback for other cost-effective services as well, such as its family discount plan, discounts for long-term subscribers, lower rates on calls between all SK Telecom subscribers, and plans that bundle wired and wireless services. Furthermore, it has launched a fixed mobile substitution (FMS) service that offers mobile calling rates comparable to VoIP rates within select zones, while in 2010 it adopted a per-second billing system for the first time in the industry. SK Telecom has also introduced a new calling plan which enables subscribers to take advantage of a limitless data service at a very reasonable rate.

#### Major Cost Reduction Measures

- 2006 • Eliminated charges for caller identification service
- 2007 • Launched discount products for calls made between SK Telecom subscribers
  - Introduced automatic cancellation of charges on extra services unused for 3 months and over
- 2008 • Lowered text messaging rates
  - Launched competitiveness-enhancing calling plans (family discount plan, wired/wireless bundled plan)
- 2009 • Lowered subscription fees and discounted charges for long-term subscribers
  - Launched a fixed mobile substitution (FMS) service
  - Launched a data zone free plan and a fixed rate data plan
- 2010 • Introduced per-second billing
  - Introduced a calling plan with unlimited data service

### Customized Calling Plans

By assisting subscribers select the most cost-effective calling plans based on their calling tendencies, SK Telecom is helping them save money. When subscribers go to the online customer service center and input the required information (age, frequency of calls, and frequency of text messages), they receive a recommendation for two types of calling plans. They also have the ability to switch to a new plan online. Since January 2010, the M Customer Center has been making calling plan recommendations based on customer call patterns from the most recent three-month period.

### Enhanced Billing Predictability

On top of issuing clear billing details, SK Telecom has introduced price ceilings and fixed rate plans for data usage and downloads. In order to help subscribers avoid excessive data usage and enhance billing predictability, the company sends regular text messages which indicate the amount a subscriber has incurred in fees. Also, there is a ceiling program offered for 060 data usage to prevent customers from incurring excessive voice data fees, while a password-protected program for 060 numbers was introduced in January 2009. Under the program, users are required to input a password for access to 060 numbers.



A new calling plan was released in August 2010 that allows subscribers to use SK Telecom's data service anytime and anywhere, without limit and at no extra charge, which has contributed to the spread of smartphones.

# Issue 05 Customer Privacy Protection

## Preventing Customer Privacy Infringement

In response to growing concerns over customer privacy protection, SK Telecom is strengthening its customer privacy management system. In fact, it created two new positions in 2008, a CPO (Chief Privacy Officer) to oversee customer privacy protection and a CSO (Chief Security Officer) to oversee security matters. In addition, the company enhanced a variety of related policies, from customer data collection to destruction, while bolstering relevant prevention and response measures. In addition, SK Telecom has come up with a master plan for customer privacy protection to strengthen the organizational structure of the CPO, expanded the scope of privacy protection measures, and introduced an authentication system for handling customer information, for which all employees receive relevant training. Implementation of the authentication system was expanded in 2010 as SK Telecom continued to monitor and improve the management of customer information, and reinforce customer privacy protection efforts with companies that SK Telecom invests in.

## Strengthening Customer Data Management Infrastructure

SK Telecom has established and is now running companywide infrastructure for the prevention of customer information leaks, as well as for the prevention and response to information security breaches. It also established Korea's first security operations center in April 2007, which has allowed SK Telecom to centralize internal and external access points to customer data, and realize a dependable security environment that strictly controls access to it while preventing customer data leaks. Ever since the center's information security management system obtained ISO 27001 certification from the BSI (British Standards Institute) in December 2007, it has been subjected to semi-annual evaluations. The last certificate renewal evaluation took place in the latter half of 2010. Furthermore, in an effort to eliminate potential risk factors associated with the transmission of customer information, SK Telecom has developed a Customer Data Transmission System that features powerful encrypted authentication and transmission channels.

## Preventing Customer Data Leaks and Distribution Channel Misuse

To ensure the safe handling of customer information by employees and business partners, SK Telecom carries out training sessions and inspections on a regular basis. Customer information is masked and files are automatically encrypted by a document security function to prevent unauthorized access to customer data through the company's computerized sales system. SK Telecom was actually the first Korean company to adopt a system whereby retail stores retain a scanned copy of an application form upon giving the original copy to the customer, as this is a way to prevent customer data leaks during the service application process. Following that initiative, SK Telecom established guidelines to minimize the risk of customer information leaks in the retail

network in 2008. Since then, the company has been conducting inspections and education programs on customer privacy which meet these guidelines. Towards the end of 2009, SK Telecom began its Application Form Return campaign to raise awareness about the importance of safeguarding personal information, while also informing the company's subscribers of its policy concerning the need to return the original copy of the service application form. Today, SK Telecom continues to regularly monitor its distribution network, and collect unreturned application forms which it then destroys.

## Responding to Mobile Security Risks

As a result of an increased number of smartphones on the market, the opening up of Korea's cellular network, and the introduction of Open Platforms, smartphones are now exposed to the same viruses and other security risks that threaten PCs. Through preemptive measures aimed at addressing mobile security risks, SK Telecom is helping bring about a safe mobile service environment. One such measure was setting up a consultative body to oversee companywide mobile risk issues. Established in 2009, the body's working group thoroughly reviews specific risk factors in each key security category after which it draws up possible risk scenarios associated with smartphone services. Based on the findings, SK Telecom creates a mobile service security framework which it then uses to take step-by-step measures against potential mobile security risks. In addition, security protocols and systems for mobile applications are in place to enhance the security of T store and its users. More than just a mobile security guide, a comprehensive mobile security system is available to corporate customers who use the Mobile Office service. In 2010, SK Telecom established a risk management system that allows for swifter, more systematic responses to mobile security threats, giving the company the ability to be more proactive and aggressive in the prevention and handling of mobile security risks.

## System Built to Protect Customers' Personal Information

 <p><b>Established a security operations center</b></p>	<p><b>ISO 27001</b></p> <p><b>Information security management system certification</b></p>
<p>Korea's first security operations center was established in April 2007, unifying inside and outside access to each customer's database, thereby strengthening the security of their private information.</p>	<p>The ISO 27001, the information security management system certification from BSI that is subjected to semi-annual evaluations, was obtained in November 2007.</p>

## Issue 06 Sound Telecom Culture

### Preventing Damage and Loss to Customers

SK Telecom aims to prevent customer dissatisfaction through a product life cycle management system which puts customers first in the operation of diverse data products. Since 2009 it has also been conducting mandatory expert-based reviews and approvals ahead of product launches in order to provide customers with more sophisticated products.

#### Spam Prevention

By continuing its investment in the development of spam filters, SK Telecom is fortifying its response against spam senders. Indeed, customer complaints have been dramatically reduced by providing seven free anti-spam services, including text spam filtering and spam ARS/SMS blocking. Spam filtering service subscription was expanded in 2009 to customers aged 13 and younger, while the per-day text message transmission cap was lowered from 1,000 messages to 500 per phone number. As phone services can be set up under false identities for spam and other criminal purposes, SK Telecom has lowered the number of phone numbers a single user can have as a preventative measure, and strengthened the user identity verification process at the same time. Other anti-spam applications and MMS spam filtering services were introduced in 2010 to keep pace with the growing use of smartphones and the increasing diversity of handsets.

#### Anti-Spam Services

- SMS Spam Filtering (prevents spam text messages)
- Spam SMS Blocking (blocks incoming texts from 060/030 numbers)
- 060 Spam ARS Blocking (blocks incoming calls from 060 numbers)
- Spam ARS Blocking Plus (blocks incoming calls from numbers with area code(s) chosen by the customer)
- No Spam (blocks incoming text ads)
- No Spam TM (blocks all incoming TMs)

#### Enhancing Wireless Internet Services

To raise customer confidence in the services offered by Nate, SK Telecom's wireless Internet portal, the company set out to make improvements with its usage fee plans, content, and sales in 2010. One such initiative included a fixed rate plan that bundles data usage and calling charges. Other measures have also been carried out, such as notices by text message about the predicted fee per content, helping make information on data usage fees more accessible and easier to understand.

### Protective Measures for Youth and the Disadvantaged

SK Telecom voluntarily discontinued mobile adult content services in 2006 and introduced its Harmful Content Filtering service in 2008 as a way to protect younger users. In addition, the company has not only provided a service allowing their parents/guardian to be notified of the accrued monthly fees but has also added data usage ceilings to calling plans so that teens can avoid excessively high bills. In April 2010, it also launched a smartphone service that blocks harmful sites to minors. Today, SK Telecom is reviewing ways to turn these measures into a mandatory, built-in service for younger smartphones users, while remaining committed to using the mobile platform to protect the socially disadvantaged and otherwise vulnerable segments of society. In fact, SK Telecom even offers services that update parents on their child's whereabouts, another one which locates and tracks children with disabilities, one that ensures the safety of seniors who live alone, and yet another one which identifies and tracks known sex offenders through an electronic ankle bracelet. The company plans to expand these protective measures as it minimizes the number of challenges people with disabilities and other socially disadvantaged people face in using mobile phones.

#### Protecting Minors

 <p>A notification service for guardians/parents concerning monthly fees accrued by minors</p>	 <p>A filtering service for harmful content</p>	 <p>A smartphone service that blocks access to harmful sites</p>
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### Managing the Effects of Electromagnetic Radiation

In order to minimize the harmful effects of electromagnetic (EM) radiation, a key health-related hazard associated with mobile telecom services, SK Telecom abides by all relevant standards right from the handset procurement phase. Moreover, regular EM radiation measurements are taken in areas surrounding base stations to monitor radiation levels. SK Telecom has contributed to a government-led research project on the effects of EM radiation on the human body since 2000 in an effort to satisfy demands for objective information on the subject. Also, it has provided KRW 750 million for both phase 1 and phase 2 of the project. By 2011, the study's findings should be fully organized into a database.

#### Base Station EM Radiation Measurements

(unit: base stations)

	2006	2007	2008	2009	2010
No. of base stations measured	47	209	1,625	2,780	2,147

# Issue 07 Digital Inclusion

## Providing Universal Access to Telecom Services

SK Telecom is determined to increase the public's access to telecommunication services. As part of this effort, it has designated remote villages, hiking trails, and the surrounding seas around the Korean peninsula as areas which all have insufficient signal access. By using KPIs to monitor SK Telecom's progress on expanding coverage to these areas, mobile coverage was expanded to hiking trails at national parks and military bases in 2010, as well as to those areas where demand for mobile services is projected to rise due to government development policies.

### Expanding Mobile Coverage to Areas of Poor Access SK (unit: sites)

	2006	2007	2008	2009	2010
Remote mountainous regions	5	31	57	328	<b>1,503</b>
Hiking trails	0	1	2	76	<b>205</b>
Remote islands	18	14	13	21	<b>24</b>
Total	23	46	72	425	<b>1,732</b>

Along with other major carriers, SK Telecom invests in universal telecommunication services so that everyone, whether residents of isolated mountainous regions or remote islands, can enjoy the benefits of these services. The 2009 Universal Services Contribution Fund, which was finalized in March 2011, earmarked KRW 83.4 billion for this exact purpose. SK Telecom will contribute 35 percent (KRW 29.2 billion) of the fund's total amount, as per a decision handed down from the Korea Communications Commission.

### Universal Services Contribution (unit: KRW billion)

	2006	2007	2008	2009	2010
SK Telecom's universal services contribution	29.2	32.3	31.0	29.2	<b>Not yet determined</b>

## Support Measures for the Underprivileged

### Fee Reductions

SK Telecom aims to lower the cost of telecom services for the financially disadvantaged, which is why in October 2008 it expanded the terms of its fee reduction program<sup>1)</sup> for the underprivileged, and distributed refurbished secondhand handsets free of charge. In 2010, fee reduction benefits were extended to low-income individuals, the disabled, patriots and veterans, and various social welfare facilities and organizations, leading to the overall savings of KRW 220.2 billion for these customers. In addition, fee reduction benefits are offered to victims of natural disasters.

1) Lowest income bracket: no initial subscription charge, no basic fee (up to KRW 13,000), plus a 50 percent discount on call charges; second-lowest income bracket: no initial subscription charge, 35 percent discount on basic fee/call charges

### Practicing CSR through Fee Reductions (unit: KRW billion)

	2006	2007	2008	2009	2010
Fee reduction benefits extended to low-income individuals, people with disabilities, and patriots & veterans	118.8	128.2	166.8	218.8	<b>220.2</b>

### Strengthening Services for the Disabled

In its bid to increase telecom services for everyone, SK Telecom is playing a pivotal role in improving mobile services for the visually impaired. After the company successfully developed specialized handsets with a powerful text-to-speech (TTS) function, roughly 5,000 of these handsets were distributed for free to people with severe visual impairment in 2010. SK Telecom has also developed an application in eight of the company's handset models which can read newspapers and books out loud to people. Working in association with SK Telecom's volunteer group, the content of this service will be increased in the future. Also, in March 2010 an upgraded version of the existing plan was introduced and specially designed for the disabled.<sup>1)</sup>

1) A basic fee of KRW 15,000, with 150 free minutes (voice calls), while an additional discount (no initial subscription charge; 35 percent discount on basic fee/call charges/data usage fee) is possible in certain circumstances

### Education on Telecom Service Utilization

SK Telecom is proud to provide help to customers who may not be comfortable using mobile handsets or related telecom services. This not only assists them in the use of their mobile device but it prevents any potential damage or loss to users from incorrect usage. In fact, SK Telecom has been working with the Korean Association for Senior Welfare Centers since 2007 to provide classes on mobile handset utilization. As of 2010, 3,640 seniors had taken one of these classes, which are taught by members of Sunny, SK Telecom's college volunteer group. One of the side benefits to the classes is that they encourage communication between different generations and between people from different income brackets. In 2009, handset instruction classes were extended to North Korean defectors as a way to prevent damages or loss to users from fraudulent subscriptions, excessive international call charges, and identity theft. Furthermore, in association with the Beautiful School Movement, SK Telecom operates educational programs for teens on the sound use of mobile phones.

## Issue 08 Community Involvement

### Sharing ICT with Society

SK Telecom shares its advanced ICT with the rest of society by running diverse training programs that help bridge the digital gap between generations, while also establishing a social safety net. It is also involved in donation and charity programs to assist the less fortunate as it helps give back to communities. SK Telecom is fortunate to have more employees with specialized expertise than most companies, which is why it leads pro bono campaigns that allow it to share its resources and capabilities with other social organizations. These efforts were recognized internationally when SK Telecom became the first Asian company to be included three years in a row on the DJSI World Enlarged Index, a respected index that measures companies' sustainability initiatives, while also being chosen as a leader in the telecommunications industry by the DJSI. In the coming years, SK Telecom will bolster its social responsibility activities as Korea's top telecom company, while laying the foundation for sustainable growth as a global ICT leader.

### Creating an Online and Mobile Culture of Giving

SK Telecom is spearheading an effort to get more people to give by using wired/wireless communication infrastructure. Since 2004, it has been running a mobile-based donation program called Mobile Donations. At the end of 2009, SK Telecom also launched a wired/wireless social contribution portal called T together, which promotes volunteer activities among customers. Sharing the Love of Angels is a campaign in which major programs by domestic NGOs are introduced to customers in an effort to encourage their participation. The campaign raised a total of KRW 104 million in 2010 (and a total of KRW 1.15 billion in the campaign's history), half of which was donated by SK Telecom as part of its one-on-one matching fund program. In November 2010, a smartphone app called Sharing the Love of Angels was launched, helping promote a culture of donating. In 2010 alone, 2,842 customers participated in 47 volunteer programs, helping children from multicultural families and low-income families through the T together website.

### Bridging Information and Educational Divides

SK Telecom is working hard to bring about a society which has no communication barriers between generations or classes through education on mobile phone use by college student volunteers. Since 2007, the company has been working closely with the Korean Association for Senior Welfare Centers to provide classes on mobile handset utilization. It has also been working with Hanawon, a resettlement support center for North Korean refugees operated under the Ministry of Unification, to deliver handset instruction classes to these people since 2008. Teaching materials were created by university students from both North and South Korea to reflect the actual needs and match the education level of North Korean defectors.

The materials are also used to help them settle more comfortably in their new home. In 2010, a total of 20 courses were given to roughly 600 North Korean defectors, with 11 SK Telecom employees participating in the education program as volunteers.

### Digital Inclusion

### Creating a Corporate Culture of Giving

SK Telecom has been carrying out a wide range of volunteer activities since it established its employee volunteer groups in 2004. In 2010, a total of 5,015 employees from 54 volunteer groups took part in these activities, helping 160,000 people in total. At the same time, executives have been running a volunteer group in a program whose mission is to ensure a happy career with SK Telecom. Specifically, the group, in alliance with Korea Youth Counseling Institute, helps teenagers from underprivileged families grow into independent and responsible members of society. Launched in May 2009, the company's Social Organization Consulting Volunteer Group is also playing an important part in promoting Korea's social organizations by providing free consulting and training.

Volunteer Work	(unit: hours, %)				
	2006	2007	2008	2009	2010
Volunteer hours per person 	17.7	18.6	17.1	17.3	17.0
Enrollment rate in volunteer groups <sup>1)</sup> 	84.2	85.9	92.2	94.2	94.0

<sup>1)</sup> Enrollment rate = No. of members in volunteer groups / No. of employees as of the end of the respective year

### Global Outreach Activities

Overseas, SK Telecom is also active in tackling community problems. In Vietnam, for instance, the company has been carrying out Operation Smile, a project to perform operations on those with congenital malformations of the face, in cooperation with Korean medical personnel every year since 1996, long before the company was even established in Vietnam. In 2010, SK Telecom also launched Sunny, the company's college volunteer group in China, which carries out community-oriented educational programs.

### Global Market Presence

# Issue 09 Responding to Climate Change

## Promoting and Practicing Environmental Management

In 2009, SK Telecom set out to strengthen the companywide implementation of environmental management. After forming the Green ICT Committee, a top decision-making group comprised of executives from all of SK Telecom's business areas, the committee held four meetings in 2010 and established a companywide strategy for environmental management to actively respond to environmental issues such as regulations and climate change. There are three main approaches to environmental management. First, responding to climate change by reducing corporate GHG emissions and complying with domestic and international regulations. Second, reducing social GHG emissions through the dissemination of advanced ICT. And third, establishing an eco-friendly corporate culture to raise employee awareness about the environment. In the first half of 2011, SK Telecom reorganized the Green ICT Committee to promote its goals in a more efficient and active manner, while using the CSR team as the heart of its environmental management, assigning staff members to take care of ethics management issues and related tasks.

## Practicing Environmental Management

After the Basic Act on Low Carbon Green Growth went into effect in 2010, the role of businesses in addressing climate change became increasingly important. As a company that builds and then operates communications infrastructure, which in essence serves as the foundation for all industrial activities, SK Telecom practices environmental management to reduce social GHG emissions as well as its own direct emissions.

## Reducing GHG Emissions

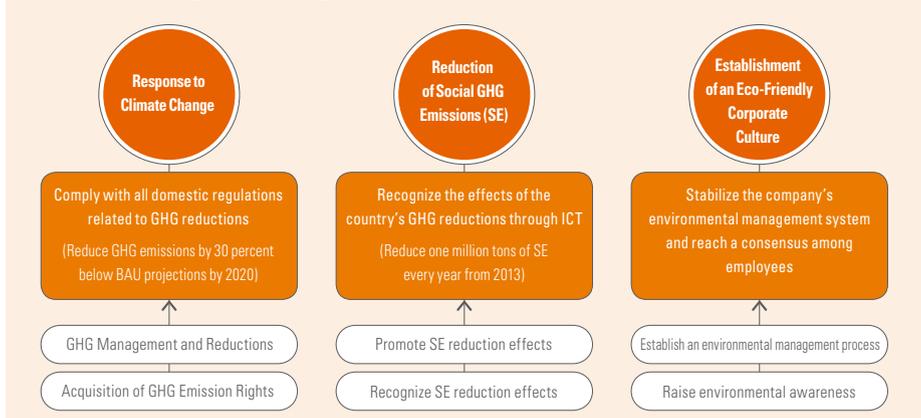
With plans to pursue green growth based on green ICT, SK Telecom is

raising the level of its eco-friendliness in terms of operations and supply chain, bringing about a green lifestyle for all its customers. In 2010, it installed low-power repeaters which consume 13 percent less power than their analogue counterpart in 43,536 places. It also invested KRW 17.2 billion in 25 sites with poor access to power supplies, such as Sipidongpado and Dagwallyeong, and installed base stations powered by renewable energy sources like solar power and wind power. When it became the first Korean ICT company to establish a companywide IT greenhouse gas inventory system, which has already received third-party certification, SK Telecom was finally able to calculate the direct and indirect GHG emissions from its own production activities. In the years ahead, the company is poised to increase management's ability to alleviate climate change, and expand the use of communications equipment that runs on renewable energy sources by first focusing on areas with a limited power supply, including hiking trails in national parks and remote islands.

## Establishment of Eco-friendly Corporate Culture and the Reduction of Social GHG Emissions

Every SK Telecom employee receives an online introductory course on eco-friendly management in order to gain a deeper understanding of environmental management so that they can implement these lessons in their daily work activities. In 2010, the company replaced existing fluorescent lights in network equipment rooms with LED lights, minimized the use of disposable goods, and linked its light control system with entry information from employees in all its office buildings. As a result, SK Telecom was able to save KRW 80 million reduce and its power consumption by 20 percent. In the future, the company will carry out other research projects such as its T-Map navigation service, Smart Grid, and Smart City to assess the effects of reducing social GHG emissions, while also promoting an eco-friendly lifestyle to save energy and resources through ICT on a daily basis.

### Environmental Management Strategy



### Environmental Management System



## Harnessing Telecom Technology to Address Social Issues

SK Telecom shares its mobile technology and infrastructure through various services and programs, including its Mobile Search for Missing Persons, Mobile Donations, Mobile Youth Counseling, and Mobile Disaster Alert. In 2009, it launched T together, a wired/wireless social contribution portal through which community activities can be introduced and customer participation encouraged. Through T together, 160,000 wireless application protocol (WAP) subscribers and 15,000 web users have taken part in donation drives, blood donations, and customer volunteer programs. These customer volunteer programs are being expanded to facilitate easier access to a wider group of customer volunteer opportunities year round.

### Key Mobile Community Services

- The Mobile Search for Missing Persons campaign, which takes advantage of GPS and mobile broadcasting technologies, was launched in 2004, and as of 2010 had helped locate 22 missing persons.
- Since 2004, the Mobile Donations service has been leading efforts to promote a culture of charitable giving by linking NGOs and customers. In addition to Mobile Donations, SK Telecom has established other mobile donation platforms. In 2010, these programs, which the company matched for every Korean won collected, had raised around KRW 104 million, and helped support some 20 NGOs.
- Since 2007, SK Telecom has been operating a 24-hour Mobile Youth Counseling helpline which is staffed by 40 professional counselors. In 2010, a total of 57,441 youths received counseling through this service.

## Driving Green Growth

ICT may be just one part of the social infrastructure, but it is vital in promoting innovation and raising the overall strength of the economy. According to the GSMA, the mobile communications industry is expected to enhance efficiency and dematerialization, leading to a reduction in CO<sub>2</sub> emissions of 1.15 billion tons – roughly five times the total emissions of the mobile communications industry itself – in the buildings, transportation, and power sectors by 2020. SK Telecom will make this a reality by drawing on ICT competencies and infrastructure to bolster its IPE businesses and by pursuing the mutual growth of all industries.

 **GSMA, Mobile's Green Manifesto** [http://www.gsmworld.com/our-work/mobile\\_planet/mobile\\_environment/green\\_manifesto.htm](http://www.gsmworld.com/our-work/mobile_planet/mobile_environment/green_manifesto.htm)

## Smart Transportation

SK Telecom is contributing to increasing the eco-friendliness of public transportation through a bus information system (BIS) and taxi services. Since its launch in 2002, the mobile navigation service, featuring driving directions that reflect real-time traffic information, information on gas stations offering the lowest prices, and pedestrian navigation, has been attracting a growing number of subscribers. At present, SK Telecom is working on a mobile public transportation payment service, one which can manage and recharge electric vehicle batteries, and the commercialization of an MIV telematics service.

## Smart Grid and Metering

Through a service that enables the remote control and remote reading of water, gas, and power systems, SK Telecom is enhancing the operational efficiency of the utilities industry. A member of the Ministry of Knowledge Economy's Committee on the Intelligent Power Network and Korea Smart Grid Association (KSGA), SK Telecom is also taking part in Jeju's Smart Grid demonstration project from 2010 to 2012, specifically in the Smart Residence and Smart Transportation programs that will test the efficiency of smart grid systems. The system is expected to cut energy consumption through enhanced efficiency. SK Telecom is developing the necessary technologies for the Jeju project by drawing on its competencies in telecommunications security. Based on the company's accumulated know-how, it is also developing related technologies like Building Energy Management Systems (BEAMS).

## Smart City

The Smart City project is the culmination of a wide array of smart technologies. Since 2006, the SK u-City business division has been fortifying all relevant competencies through the Happy City Information Strategic Planning (ISP) project, the Pangyo u-City project, and the Tomorrow City project. In addition, SK Telecom has been expanding its investment in developing the u-City package, an infrastructure platform, and convergence business models.



A strategic alliance was formed with the electric car maker CT&T in April 2010, after which a joint development project to install an MIV (Mobile Telematics) service in electric vehicles was begun.

# Measuring Our Progress

SK Telecom carries out sustainability management activities in a systematic manner through KPIs, reporting on all the company's achievements in annual sustainability reports. At SK Telecom, sustainability management is a journey, not the destination. **Thus, the company is always measuring its achievements, sharing its progress, identifying its problems, and coming up with ideas for improvement.**



We measure our progress...  
and we always make improvements.

# Economy



Operating revenue (2010)

**12.5** trillion won



Return to stakeholders  
(over total operating  
income in 2010)

**16.7** %



- Employees 26.9%
- Shareholders 32.2%
- Creditors 13.3%
- Government 21.7%
- Community 5.9%

## Sharing Economic Value

SK Telecom creates economic value through business activities, while sharing financial gains with stakeholders. It also makes ongoing investments in developing new technologies as it seeks out new markets to secure future growth engines for sustained development. In 2010, KRW 2,008 billion, or 16.7 percent of SK Telecom’s annual operating revenue, was returned to stakeholders. Furthermore, the share of operating profit returned to stakeholders – from employees, shareholders and creditors to business partners, the government, and society – increased by 5.3 percent over the previous year. In 2010, SK Telecom not only increased returned value to stakeholders by reducing costs and expenses to fulfill its social responsibility but also gave back a significant amount of profits to society.

**Operating Revenue and Return to Stakeholders** EC1 (unit: KRW billion)

	2006	2007	2008	2009	2010
<b>Revenue generated by business activities</b>					
Operating revenue (A)	10,161	10,650	11,674	12,101	<b>12,460</b>
<b>Stakeholder return</b>					
Employees - Salaries and wages (Operating expenses) <sup>1)</sup>	451	496	476	519	<b>559</b>
Shareholders - Dividends (Surplus appropriation)	582	682	681	680	<b>669</b>
Creditors - Interest expenses (Other expenses)	237	215	256	305	<b>276</b>
Government - Taxes and dues	666	706	259	392	<b>452</b>
Community - Donations (Other expenses)	103	72	99	70	<b>123</b>
Total (B)	2,041	2,173	1,774	1,967	<b>2,079</b>
<b>Share of operating profit (B/A)</b>	<b>20.1%</b>	<b>20.4%</b>	<b>15.7%</b>	<b>16.3%</b>	<b>16.7%</b>

1) Salaries and wages + Provision for retirement and severance benefits + Welfare benefits (Operating expenses)

## Indirect Economic Impact ED9

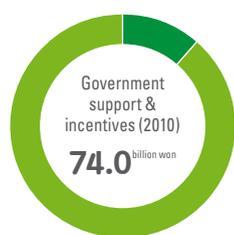
### Improving Industrial Efficiency

The field of mobile telecommunications has already become essential to the transportation and distribution industries. Mobile telecom technologies are used in high-voltage power management, whereby data on the power usage from large buildings and factories is transmitted elsewhere via handsets. Mobile telecommunications also play an important role in managing water quality, the remote control of street lights, and groundwater monitoring. With enhancements in data transmission speed and the accuracy of positioning systems, the various solution-based services SK Telecom provides are not only raising work efficiency for customers but contributing to the improvement and efficiency of the overall industrial sector. SK Telecom plans to step up its investment in technologies and services that can expand the industrial applicability of Korea’s leading ICT infrastructure.



CapEx in network infrastructure (2010)

**1.8** trillion won



● Subsidies/grants for investment & R&D 11.4%  
 ● Tax relief/credits 88.6%

### Enhancing Convenience

SK Telecom makes use of its mobile telecommunications infrastructure to provide services that can protect people from any number of dangers, while also enhancing their quality of life. The company is striving to extend its network coverage to islands, mountainous regions, and other areas with poor access to network signals as it brings about universal access that will give the entire country's population access to the benefits of telecommunications technology.



### Advances in Related Industries

#### Investing in Network Infrastructure

SK Telecom has invested KRW 1.85 trillion in telecommunications network infrastructure. In 2010, it concentrated its investments in securing expanded WCDMA capacity and making quality improvements as data traffic increases with the growing use of smartphones and new calling plans that offer unlimited data service. SK Telecom will continue to carry out its LTE<sup>1)</sup> project and increase its investment in securing additional bandwidth.

1) LTE: The latest standard in wireless data packet transmission, and more than 12 times faster than High-Speed Downlink Packet Access (HSDPA)

	2006	2007	2008	2009	2010
Capital expenditure in network infrastructures	1,114	1,396	1,458	1,360	<b>1,845</b>

#### Helping Develop National Growth Engines

SK Telecom is involved in a number of different government-sponsored studies that are focused on securing future growth engines. In 2010, it remained involved in research and pilot projects related to Cloud Storage, u-City, Smart Place, m-RFID, and IPTV 2.0, for which it received subsidies/grants for government-sponsored R&D projects and tax relief/credits for investments that totaled KRW 74 billion.

	2006	2007	2008	2009	2010
Subsidies/grants for investment & R&D	7,594	3,837	7,119	13,633	<b>8,424</b>
Tax relief/credits <sup>1)</sup>	90,189	101,800	100,639	97,224	<b>65,581</b>
Total	97,783	105,637	107,758	110,856	<b>74,005</b>

1) Tax credit for temporary investment, Tax credit for capital investment in R&D/human resources development, Tax credit for capital investment in productivity enhancement, Tax credit for energy-saving facilities

In order to strengthen the competitiveness of its business partners, SK Telecom provides support for financial and R&D infrastructure. As the company advances the ICT industry by fostering content and application developers, it is also expanding the number of channels for open innovation so that it can help identify a larger variety of shared business opportunities.



### Playing an Important Role in Society

#### Creating Jobs

SK Telecom employs more than 5,000 people, including temporary staff. An additional 10,000 people are employed by business partners that manage the company's office facilities, maintain its networks, and provide customer service. SK Telecom has also created social service jobs through community involvement initiatives, including 1318 Happy Zones for youth, the SK Happy Meal Box program for low-income families, and the establishment of social organizations.

### Helping the Underprivileged

By offering reduced fees for low-income individuals, people with disabilities, and victims of natural disasters, SK Telecom is making universal access to telecommunications services a reality. At the same time, it is working tirelessly to bridge education and digital divides through diverse community involvement activities and assisting low-income households.

#### Community Involvement

### Broadening the Social Safety Net

With its advanced mobile telecommunications technologies and infrastructure, SK Telecom is able to post emergency text messages, locate missing persons, raise charitable funds in cooperation with 20 NGOs, carry out blood drives in association with the Red Cross, counsel teens, promote volunteer work related to environmental protection, encourage cultural exchanges with multicultural families, and spearhead a number of other social services.

#### ICT and Sustainable Development

### Supporting NGOs and Public Interest Groups

SK Telecom is involved in a wide range of social contribution programs aimed at helping share happiness as it continues to support many related agencies and organizations. In 2010, the company took part in fundraising activities along with the Community Chest of Korea to help bereaved families of soldiers from the Cheonan incident, and donated to a relief fund for flood victims through the Korea Disaster Relief Association. At the same time, it has always worked to promote arts, culture, and sports while encouraging public participation at the same time. As part of these efforts, SK Telecom lent its support to the Organizing Committee of the National Disabled People's Arts & Culture Festival and the Special Olympics Korea Committee.



SK Telecom IT Center /  
SK Sunny, the company's college  
volunteer group

## CHINA



SK Telecom Library /  
Free operations for children with  
facial malformations

## VIETNAM

## Global Market Presence

Drawing on its accumulated convergence service experience from Korea, SK Telecom is helping advance the world's wireless communications market. As a leading telecom operator, and with an in-depth knowledge and vast expertise in CDMA, WCDMA, TD-SCDMA, and other telecommunications service standards, SK Telecom's presence will only grow in overseas markets as it improves socio-economic development there as well.

### Overseas Subsidiaries

SK Telecom has a regional presence in seven countries, including China and the US. With 64 employees presently working at overseas subsidiaries, the company is gradually expanding the recruitment of local workers. After its China Insider declaration in Hangzhou in 2005, SK Telecom and other SK affiliates have been actively pursuing China-centered globalization. As a part of this effort, SK Telecom is focusing on local markets and consumers in an attempt to create market-competitive business models and products that cater to local needs and sensibilities.

### Global Citizenship Activities

SK Telecom is carrying out community involvement activities in China and Vietnam, two countries where the company has business operations. Its community outreach programs there focus on education for children and teens, while catering to local needs and conditions. In China, SK Telecom founded the Yanbian IT Center in 2007. The center offers computer and Internet classes to teens and college students with limited access to IT education. In September 2010, Sunny, SK Telecom's college volunteer group in China, was organized in association with the SK Fund and China's Communist Youth League to promote volunteer work and cultural exchanges. SK Sunny, which is made up of 100 college students, has given their time at four elementary schools and three SK Happy Schools in Sichuan. In addition, SK Telecom plans to start up volunteer programs in Shanghai in 2011. In Vietnam, the company opened the SKT-SSU IT Training Center in 2007 in a bid to foster IT talent. Working in conjunction with Global Civic Sharing, SK Telecom has also set up nine SK Telecom libraries at leading universities in Vietnam. These community involvement activities in Vietnam date all the way back to 1996, before SK Telecom was even running any operations there. Also, the company has been joining forces with Korean medical staff every year to provide free surgery for Vietnamese children with facial deformities. As of the end of 2010, a total of 16 rounds of free surgeries, benefitting 2,905 children, had been performed.

# Environment

As a mobile carrier, SK Telecom neither makes direct use of raw materials to manufacture goods nor operates any work processes that emit air pollutants or involve toxic chemicals. Still, the company does systematically manage key environmental data, such as energy consumption, water consumption, and waste generation. In addition, SK Telecom takes an active interest in minimizing its environmental impact through the management process by building eco-friendly wireless stations, issuing e-bills, and recycling handsets. As a result of such vigilance, no penalties were levied on SK Telecom in 2010 for any environmental regulation violations.

## Energy and Climate Change

### GHG Emissions

In March 2011, SK Telecom completed the setup of its greenhouse gas inventory IT system, at which time it received third-party certification. In the past, relevant data was collected and calculated manually, but now it has become possible to monitor energy use and GHG emissions in real-time. Since 2010, the company has expanded data collection targets to include not only base stations, repeaters, and transmission stations but also customer service centers, marketing teams, transport vehicles, and the Daedeok Data Center. According to its greenhouse gas inventory IT system, SK Telecom's 2010 GHG emissions were 576,116 tons, a 1,258-ton year-on-year decrease. To deal with increased data traffic due to the rise of smartphone users, SK Telecom installed new repeaters and expanded the number of transmission stations, thus extending network coverage to areas with limited or no access. Furthermore, the new GHG emissions calculation scheme has expanded the scope of data collection targets. As a result, there was an increase in GHG emissions in certain relevant areas. Despite this, through the replacement of high-efficiency equipment at base stations and steadfast energy conservation efforts at its offices, total GHG emissions decreased by 0.2 percent, year-on-year, at SK Telecom. By reducing GHG emissions through a wide variety of measures, such as expanding the use of low-power repeaters and conducting energy audits, SK Telecom will actively respond to its energy target management. It will also carry out research on the effect of a societal reduction of GHG emissions to assess the amount of energy used and GHG emissions that can be reduced using ICT.

### Responding to Climate Change



Natural gas consumption (2010)

**2.89** million Nm<sup>3</sup>



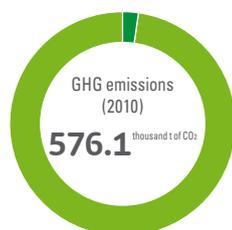
Oil consumption (2010)

**0.83** million liters



Electricity consumption (2010)

**1.19** million MWh



### Energy Consumption and Greenhouse Gas Emissions

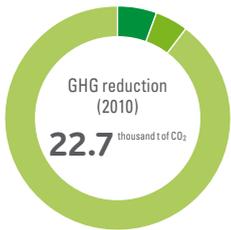
	Unit	2007	2008	2009	2010
Natural gas consumption <small>EN3</small>	Nm <sup>3</sup>	4,472,671	3,477,859	2,850,944	<b>2,890,495</b>
Oil consumption <small>EN3</small>	liter	606,630	839,561	913,695	<b>833,939</b>
Electricity consumption <small>EN4</small>	MWh	1,047,383	1,194,544	1,196,862	<b>1,192,080</b>
Total greenhouse gas emissions <sup>1)2)</sup> <small>EN16</small>	CO <sub>2</sub> t	499,378	573,652	577,374	<b>576,116</b>
Scope 1					
Stationary combustion	CO <sub>2</sub> t	12,804	11,121	9,668	<b>8,193</b>
Mobile combustion	CO <sub>2</sub> t	1,040	1,360	2,028	<b>4,456</b>
Fugitive emissions	CO <sub>2</sub> t	166	623	1,088	<b>1,088</b>
Subtotal	CO <sub>2</sub> t	14,010	13,106	12,784	<b>13,738</b>
Scope 2					
Electric power	CO <sub>2</sub> t	485,237	560,378	564,458	<b>562,203</b>
Steam	CO <sub>2</sub> t	129	167	131	<b>175</b>
Subtotal	CO <sub>2</sub> t	485,367	560,545	564,589	<b>562,378</b>

1) Emission coefficient: "IPCC Assessment Report" and "Development of Emission Coefficient in the Power Sector, December 2009, Korea Power Exchange"

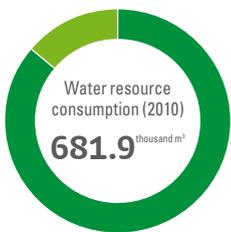
2) Greenhouse gas emissions: Tabulated through the SK Telecom GHG inventory system



- Management of office buildings 8.9%
- Installation of natural cooling systems 91.1%



- Facilities powered by renewable energy 5.6%
- Issuance of e-bills 4.7%
- Power-saving measures 89.7%



- Municipal water supply 86.3%
- Ground water 13.7%



YOY reduction in per person water consumption

**2.22 m<sup>3</sup>**

**GHG Emissions Reduction**

In 2009, SK Telecom carried out diverse measures to reduce its energy consumption, introducing high-efficiency air conditioner units, constantly adjusting the room temperature, turning off lights in spaces not being used, and enhancing the efficiency of cooling and heating systems after work hours at every office building. As a result, it was able to decrease power consumption by 2.7 percent, which was very close to its target. In 2011, the company will focus its efforts on installing high-efficiency freezers and chilled water pump inverters, while also upgrading its piping system. After installing natural cooling systems at base stations, SK Telecom has continually expanded the construction of base stations powered by renewable energy sources. In addition, fire extinguisher solvent, which was used at 165 base stations across the nation, has been replaced with an eco-friendly alternative. Furthermore, the issuance of e-bills was expanded. All of these efforts resulted in the company reducing CO<sub>2</sub> emissions by 22,681 tons from the previous year.

**GHG Reduction**

	Unit	2006	2007	2008	2009	2010
Electricity savings <small>EN5</small>	MWh	7,102	16,362	22,420	38,791	<b>43,456</b>
Management of office buildings	MWh	5,058	4,652	2,482	6,478	<b>3,881</b>
Installment of natural cooling systems <sup>1)</sup>	MWh	2,044	11,710	19,938	32,313	<b>39,575</b>
GHG reduction <small>EN18</small>	CO <sub>2</sub> t	3,570	8,061	11,074	19,985	<b>22,681</b>
Electricity generation at facilities powered by renewable energy sources	CO <sub>2</sub> t	-	-	-	962	<b>1,278</b>
Issuance of e-bills <sup>2)</sup>	CO <sub>2</sub> t	287	400	577	861	<b>1,067</b>
CO <sub>2</sub> emissions reduction from power-saving measures	CO <sub>2</sub> t	3,283	7,661	10,497	18,162	<b>20,346</b>

1) No. of natural cooling systems installed annually x Electricity savings per unit (real measurement)

2) GHG emissions reduction realized by cutting paper use; determined by the no. of e-billing subscribers (2.88 g of CO<sub>2</sub> emissions reduction per A4 paper, Korea National LCI Database)

**Water**

SK Telecom mainly monitors water consumption at its office buildings. Upon switching over to water-saving toilet valves at 17 of its office buildings in 2010, water use fell by five percent and lowered the overall water pressure. In addition, the company installed drift eliminators in cooling towers, which reduced water consumption by 9,706 m<sup>3</sup>, a 2.22 m<sup>3</sup> reduction per person, or 1.4 percent of total water use from the previous year. In the coming years, SK Telecom will continue to conserve water in various ways and manage water use data by purpose in a more systematic way.

**Water Consumption EN8**

(unit: m<sup>3</sup>)

	2006	2007	2008	2009	2010
Water consumption <sup>1)2)</sup>	673,967	685,973	695,279	691,621	<b>681,915</b>
Municipal water supply	-	-	-	599,750	<b>588,733</b>
Ground water	-	-	-	91,871	<b>93,182</b>

1) Combined total water consumption at 31 office buildings; graywater is not used in SK Telecom buildings.

2) Starting in 2009, water consumption is tabulated separately for municipal water supply and ground water



Waste recycling rate (2010)

**43.1** %



YOY reduction in waste disposed of via pre-paid regulation trash bags

**17.9** %

## Waste

SK Telecom strives to recycle and reuse waste generated from its office buildings. Non-recyclable waste is disposed of in pre-paid regulation trash bags or by outside waste management service providers. In 2010, the company concentrated on the accurate management of its total waste amount, with a companywide waste management system being established and its Field Mobile Substitution (FMS) system being upgraded. By encouraging double-sided copying and printing and limiting the use of disposable goods, SK Telecom was able to reduce the total amount of waste generated last year by 17.9 percent compared to the previous year. Moreover, the recycling rate increased by 0.3 percentage points compared to the previous year. Its office buildings nationwide generated 205 tons of food waste and 42.6 tons of hazardous waste, a decrease of 21.5 percent and 21 percent, year-on-year, respectively. In 2011, the company will continue with its eco-office campaign, expanding recycling efforts and gradually decreasing the amount of waste it produces.

### Waste Generation and Treatment EN22

(unit: tons)

	2006	2007	2008	2009	2010
Waste generated [A] <sup>1)</sup>	1,122	1,183	1,083	905	<b>743</b>
Recyclables generated [B]	1,211	471	597	676	<b>563</b>
Recycling rate (B/A+B)	51.9%	28.5%	35.5%	42.8%	<b>43.1%</b>

#### 1) Unit conversion scheme:

	Unit conversions	Details	Applicable office buildings
Waste disposed of via pre-paid regulation trash bags (regular)	1,000 l → 0.2 tons	Average weight of waste disposed of via pre-paid 100 l regulation trash bags from our office buildings nationwide: 20 kg	
Waste disposed of via pre-paid regulation trash bags (compressed)	1,000 l → 0.25 tons	Average weight of waste disposed of via pre-paid 1,00 l compressed regulation trash bags from our office buildings nationwide: 25 kg	Namsan, Busan

## Recycling IT Equipment

SK Telecom is gradually increasing its donations of idle telecommunications and computer equipment to civic groups, universities, and SMEs. By donating approximately 1,000 laptop PCs to eight social welfare facilities, SK Telecom recycled idle resources and gave the underprivileged access to telecommunications technology in 2010.

## Bio-Diversity

### Facilities within Ecosystem Conservation Areas

In order to provide universal access to telecom services in rural and remote areas, base stations and repeaters have been established within eco-system conservation zones such as ecological landscape conservation areas<sup>1)</sup> and wetland protection areas, as designated by the Natural Environment Preservation Act. SK Telecom is doing its best to make use of existing facilities on the outskirts of protected zones to minimize the potential damage caused by electromagnetic radiation, while extending coverage to areas without very good network access.

### Facilities within Ecosystem Conservation Areas EN11

(unit: units)

	2006	2007	2008	2009	2010
Base stations	12	21	27	29	<b>29</b>
Repeaters	65	110	140	146	<b>146</b>

1) Ecological landscape conservation areas: Designated by the Ministry of Environment, the Ministry of Maritime Affairs & Fisheries, city mayors, and provincial governors, and pursuant to the Natural Environment Preservation Act.



Eco-friendly mobile stations installed (2010)

**49,906** units



Base station sharing rate (as of the end of 2010)

**51.7** %



E-billing subscribers (as of the end of 2010)

**10.3** million people

YOY growth rate of e-billing subscribers

**24.0** %

**Eco-Friendly Wireless Stations**

By strictly adhering to government guidelines on the building of eco-friendly wireless stations<sup>1)</sup>, SK Telecom is preserving the beauty of natural landscapes and city skylines. Korean regulations require the construction of eco-friendly wireless stations or the sharing of base stations if such measures are required to protect urban landscapes or the natural environment. In 2009, SK Telecom set up 49,906 eco-friendly wireless base stations that satisfy relevant environmental regulations. These stations feature 10 types of standard antenna models, including a small camouflage model. In preparation for strengthening regulations on the mandatory construction of eco-friendly wireless stations, over 50 percent of new SK Telecom wireless stations to be built in 2011 will be eco-friendly.

**Eco-Friendly Wireless Stations** EN14

(unit: units)

	2006	2007	2008	2009	2010
New eco-friendly wireless stations	12,350	17,343	29,927	24,411	<b>49,906</b>

1) Eco-friendly wireless stations: Designed to reduce negative visual impact. They have been institutionalized via a notice from the Korea Communications Commission, and pursuant to the enforcement decree of the Radio Waves Act.

**Shared Base Stations**

According to government regulations, wireless stations need to be shared to keep their numbers at a minimum as well as associated investment costs. Thus, all or part of the wireless equipment at every base station must be shared with other operators. As of the end of 2010, SK Telecom maintained a sharing rate of 51.7 percent. Currently, it is pushing for building sharing to be recognized as a form of base station sharing in order to raise the company's overall sharing rate.

**Shared Base Stations**

(unit: units)

	2006	2007	2008	2009	2010
New shared base stations	10,329	13,117	14,689	8,381	<b>78,454</b>

**Environmental Impact of Our Services**

By standardizing peripheral devices, expanding e-billing, and promoting recycling and the reuse of secondhand handsets, SK Telecom is minimizing the environmental impact of mobile telecommunications services.

**Expansion of E-billing**

In order to reduce the use of paper and other resources like mailing expenses, SK Telecom is trying to get more subscribers to use electronic billing services. In 2010, the number of e-billing subscribers rose to 10.3 million, a 25.9 percent increase from the previous year. In addition, the company started a smart billing service in February 2011, sending e-bills to smart phones. Efforts to promote e-bills and perform promotional and marketing events in cooperation with the UNEP Korean Committee will be continued in earnest in the future.

**Electronic Billing** EN26

(unit: thousand persons)

	2006	2007	2008	2009	2010
E-billing subscribers <sup>1)</sup>	2,768	3,858	5,566	8,179	<b>10,296</b>

1) Email billing and mobile billing subscribers (excluding redundant subscriptions) as of the end of 2010



Handset retrieval rate (2010)

**12.7** %

### Product Recycling

Subsidies are being offered to customers who return their old handsets when they switch mobile phone operators or change handsets. The priority is on reusing retrieved handsets, with those that cannot be reused passed on to recycling companies that adhere to standards set forth by the Ministry of Environment or exported overseas through SK Networks. In 2010, 1.6 million handset units were retrieved through the company's used handset subsidy program and the handset retrieval campaign it conducted with other major mobile operators and handset manufacturers. In fact, SK Telecom ended up exporting 1.13 million used handsets to China and Russia, and providing 240,000 used handsets free of charge to the Seoul Metropolitan Government for its Urban Mining project<sup>1)</sup>.

	2006	2007	2008	2009	2010
Handset sales	8,450	10,783	11,860	12,208	<b>12,683</b>
Handset retrieval	1,264	676	1,828	2,595	<b>1,607</b>
Exported	985	564	961	1,382	<b>1,133</b>
Passed on to recycling companies	199	100	823	1,173	<b>221</b>
Reused	79	12	44	40	<b>13</b>
Retrieval rate	15.0%	6.3%	15.4%	21.3%	<b>12.7%</b>

1) Urban mining project: Seoul Metropolitan Government's project whose objective is "Seoul: City of Zero Waste." The project, which aims for a 100% recycling rate for used electronic goods, involves the extraction of gold, silver, and other precious or rare metals from used appliances.

### Eco Volunteerism

SK Telecom is actively promoting employee volunteer activities to protect the environment. In 2010, the company's volunteer group consisted of more than 300 employees and three outside directors, roughly 100 stakeholders and 50 members of SK Sunny. Together, they planted 4,000 azalea trees at Daejeon's Hanbat Tree Garden, in Daegu, in the ecological park around Seoul's Mt. Gwanak, and even distributed flower seeds to hikers. SK Telecom is committed to staying active in its environmental volunteer work to help preserve nature.

### Transportation

As of the end of 2010, SK Telecom operated a fleet of 584 owned and rented company cars. The fleet enhanced efficiency in network maintenance and repair, and long-distance business trips were replaced with video conferencing. As a result, fuel costs dropped 11.8 percent from the previous year. Also, employees conducted 15,611 video conferences in 2010 using a video conference system (113 centers at home and 3 abroad) and introduced a calculation scheme whereby the actual gas consumption for each vehicle was precisely monitored. In the years ahead, SK Telecom plans to minimize the emissions of air pollutants by giving priority to vehicles that meet Euro 4 standards when purchasing or renting new vehicles. For the purposes of raising work efficiency and reducing energy consumption, SK Telecom will continue to increase its use of video conferencing.



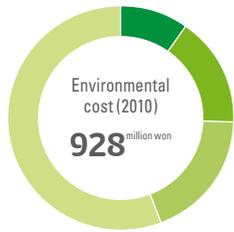
YOY reduction in oil expenditure

**11.8** %

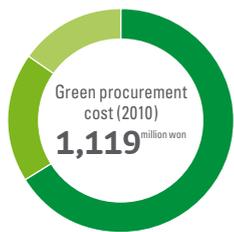


Videoconferencing system (as of the end of 2010)

**116** sites



- Costs for follow-up treatment activities 9.9%
- Costs for prevention activities 15.8%
- Costs for stakeholder activities 18.7%
- Costs related to regulations & restoration 55.6%



- Eco-Label certified products 66.2%
- Products certified with the Good Recycled mark 18.7%
- Energy-saving certified products 15.1%

## Environmental Costs and Investment

Although SK Telecom does not conduct environmental accounting, it did tabulate environmental and green procurement costs for 2010 according to environmental guidelines set forth by the Ministry of Environment. In 2010, the company's environmental cost was KRW 0.9 billion, while its green procurement cost stood at KRW 1.1 billion for 40 products. The annual environmental cost was calculated by adding up the expenditures for follow-up treatment and prevention activities, stakeholder activities, and costs related to regulations. The green procurement cost is the sum of all expenditures for purchasing certified eco-friendly products according to the voluntary agreement SK Telecom signed with the Ministry of Environment in 2005.

### 2010 Environmental Cost

(unit: KRW thousand)

		Cost
Costs for follow-up treatment activities	Waste treatment outsourcing	92,378
Costs for prevention activities	Environmental education	25,000
	Miscellaneous	99,283
	Recycling outsourcing	4,513
	Energy conservation and climate change response measures	17,900
Costs for stakeholder activities	Support for environmental groups	14,000
	Environmental preservation (outside company premises)	31,354
	Environmental marketing & reports	128,000
Costs related to regulations & restoration	Contributions and dues	515,841
Total environmental cost		928,269

### 2010 Green Procurement Cost

(unit: KRW thousand)

	No. of products	Cost
Eco-Label certified products	26	740,664
Products certified with the Good Recycled mark	9	209,125
Energy-saving certified products	5	168,837
Total	40	1,118,626

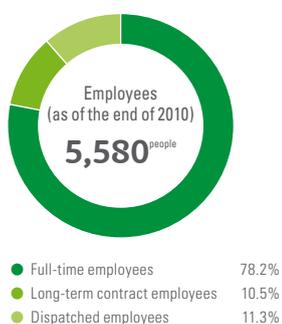
# Labor Practices and Decent Work

## Employment

SK Telecom's workforce was comprised of 5,580 employees as of the end of 2010. During the year, 363 new full-time and long-term contract employees were hired, while 212 full-time employees resigned. Employees in their 30s accounted for 55.2 percent of the company's workforce, with the percentage of employees in their 40s increasing.

### Temporary Employees

SK Telecom hires full-time and temporary employees depending on the job description, while taking into account the need to retain certain skills and competencies. For areas that require special knowledge and skills, contract employees are hired, with outsourcing used for clerical assistance, secretarial work, and drivers. As of the end of 2010, temporary workers accounted for 21.7 percent of the company's workforce, a slight increase over the previous year. In addition, SK Telecom fully complies with the guidelines as set forth by the Act on the Protection of Fixed-Term and Part-Time Employees, reflecting industry trends to offer competitive pay and benefits to temporary employees as well.



**Composition of the Workforce by Employment Type** LA1 (unit: persons)

	2006	2007	2008	2009	2010
Full-time employees	4,187	4,442	4,411	4,441	4,365
Long-term contract employees	152	100	119	147	586
Dispatched employees	416	710	624	614	629
<b>Total</b>	<b>4,755</b>	<b>5,252</b>	<b>5,154</b>	<b>5,202</b>	<b>5,580</b>

### Employees with Disabilities

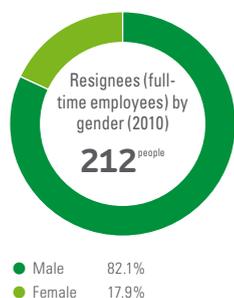
Employees with disabilities accounted for 0.8 percent of SK Telecom's full-time workforce as of the end of 2010. Although the company is gradually increasing its employment opportunities for the disabled, it has yet to satisfy the employment quota mandated by the government.

**Employment of People with Disabilities** SK20 (unit: persons)

	2006	2007	2008	2009	2010
Employees with disabilities (full-time workers)	31	38	43	47	36

### Resignees

In 2010, 212 full-time employees resigned, a 27.7 percent increase from the previous year. Since the introduction of the special resignation program in 2006, the annual employee turnover rate has remained at around 4 percent of the entire full-time workforce, though the turnover rate of employees in their 40s was relatively high. In 2010, 38 female employees (17.9 percent) resigned, a figure similar to the ratio of female employees to male employees at the company, which stood at 13.9 percent. Before people leave the company, SK Telecom conducts interviews to identify the reasons for the resignation, and whether any measures need to be taken to address these reasons. Findings from these interviews are used to enhance SK Telecom's corporate culture. The company also offers programs to help employees whose resignations have been confirmed map out post-resignation plans so they can better adapt to upcoming changes. And while the company ensures the timely payout of severance benefits through an insurance plan, in the second half of 2011 it will adopt a retirement pension plan for an even more stable payment of employees' severance pay.



**Resignees (Full-Time Employees)** LA2 (unit: persons)

	2006	2007	2008	2009	2010
Male	177	158	162	140	174
Female	106	15	23	26	38
Total	283	173	185	166	212

**2010 Resignees (full-time employees) by age** LA2

	Persons	Percent
20s	22	10.4%
30s	63	29.7%
40s	96	45.3%
50s and above	31	14.6%
Total	212	100%

**2010 Full-time employees by age** LA13 (as of the end of 2010)

	Persons	Percent
20s	410	9.4%
30s	1,998	45.8%
40s	1,885	43.2%
50s and above	72	1.6%
Total	4,365	100%



Full-time female employees (as of the end of 2010)

**607** people

Full-time female employees (over entire full-time workforce) (as of the end of 2010)

**13.9** %



Full-time foreign employees (as of the end of 2010)

**35** people

**Diversity**

**Female Employees**

SK Telecom does not discriminate on the base of gender in terms of wages, benefits or promotions. In Korea, female participation in the workforce was relatively low in the past. Accordingly, only three of SK Telecom's top 278 managers are women, and there are no women on the Board of Directors. However, the proportion of women in top managerial positions is expected to rise as the company continues to hire more women and support their career development. In 2010, women accounted for 19.6 percent of new hirees, a figure similar to that of 2009. Also, SK Telecom offers a number of support services and facilities for female employees to maintain a healthy work-life balance, including several forms of maternity leave, from prenatal care and maternal healthcare to delivery leave and postnatal childcare, as well as female lounges, nursing rooms, and daycare facilities. SK Telecom is determined to recruit and retain talented female employees in the future.

**Female Employees** LA13 (unit: persons)

	2006	2007	2008	2009	2010
No. of female employees (full-time employees)	553	586	596	613	607
Percentage of female employees in the workforce (full-time employees)	13.2%	13.2%	13.5%	13.8%	13.9%

**Foreign Recruits**

In order to become a global ICT leader, SK Telecom recruits and fosters international talent. On top of creating a work environment in which employees of diverse nationalities can work together without being hindered by language barriers or other challenges, the company has also launched an English-language online portal through which employees in Korea and overseas can share key management information. Furthermore, through the Politically Correct Terminology (PCT) campaign, which aims to eliminate the use of any language that discriminates based on gender or nationality, SK Telecom is creating a corporate culture that embraces diversity. As of the end of 2010, the number of foreign employees stood at 35, the same number as the year before.

**Foreign Employees** SK19 (unit: persons)

	2006	2007	2008	2009	2010
Foreign employees (full-time)	18	41	42	35	35



Refresh Holiday usage (2010)

**176** people



Education & training per person  
 (as of the end of 2010)  
 (Full-time employees excluding  
 team leaders)

**132.5** hours



My Counselor usage (2010)

**574** cases

## Fostering Employees

### Career Management

SK Telecom is strengthening the way full-time employees can manage their careers to facilitate intra-organizational workforce mobility, which ultimately enables professional growth. All employees are required to formulate individual key performance indicators (KPI) based on the career management advice they receive year round from mentors through the company's People Review & Coaching System. In addition, a sabbatical leave is offered to long-service employees, allowing them to take time off and develop new competencies.

#### Sabbatical Leaves LA11

(unit: persons)

	2006	2007	2008	2009	2010
Employees eligible for Refresh Holiday	1,330	720	286	161	<b>436</b>
Employees who used Refresh Holiday	565	436	281	110	<b>176</b>

### Education and Training

All full-time employees at SK Telecom are required to evaluate their individual competencies and formulate and implement an annual self-development plan. In 2010, the average number of training hours completed per full-time employee was 132.5 for managers and 63.4 for team leaders, a 12.5 percent and 16 percent decrease, respectively, from 2009. Also, the number of educational programs provided by outside agencies increased 12.7 percent, reaching 523 courses in total.

#### Education & training per person LA10

(unit: hours)

	2007	2008	2009	2010
Training hours for team leaders per person	118	73.7	75.5	<b>63.4</b>
Training hours for full-time employees per person (excluding team leaders)	105	107.1	151.5	<b>132.5</b>

## Health and Safety

### Welfare Benefits

In addition to its legally mandated contribution to the National Pension scheme, SK Telecom provides its employees with a wide range of benefits, including medical coverage, health checkups, maternity leave, sabbatical leave for long-service employees, and financial assistance for self-development programs. Additional benefits such as scholarships for children and mortgages are also offered to encourage employees to stay with the company for many years. In 2003, the My Counselor program was set up, offering employees professional counseling on a wide range of issues from outside experts. In 2010, the number of cases to go through the My Counselor program totaled 574 (psychological and financial counseling), a 9.9 percent increase from 2009. In terms of health counseling, employees can get their own customized health management programs designed by health professionals based on an analysis of personal health risks.

#### My Counselor LAB

(unit: cases)

	2006	2007	2008	2009	2010
No. of psychological/financial counseling cases <sup>1)</sup>	748	697	461	522	<b>574</b>

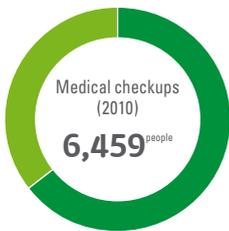
1) Health counseling is on a membership basis. Thus, it is excluded from the total no. of annual counseling cases.

**Health Benefits**

Annual medical checkups are offered not just to full-time and contract employees but also to their spouses (aged 35 years or older). Anyone who receives a checkup below a certain level is subject to a reexamination and will receive support measures to help improve their health. With the company's continuous efforts to increase health awareness, more people are taking advantage of this benefit.

**Medical Checkups** LAB (unit: persons)

	2006	2007	2008	2009	2010
Employees	3,913	3,974	4,130	4,088	<b>4,169</b>
Family members	1,402	1,562	1,895	2,054	<b>2,290</b>
Total	5,315	5,536	6,025	6,142	<b>6,459</b>



- Employees 64.5%
- Family members 35.5%

For those employees suffering a mental illness or a contagious disease that may negatively impact the health of other employees, a sick leave of up to 60 days is possible. In 2010, there was an 11.5 percent decrease in sick leave across the company, to 2,161 days for the year, thanks to SK Telecom's promotion of regular checkups for employees and their family members.

**Sick Leave Due to Illness or Injury** LAB (unit: days)

	2006	2007	2008	2009	2010
Total no. of sick day leave days	1,605	1,728	2,173	2,442	<b>2,161</b>

**Industrial Safety Management**

SK Telecom's Industrial Safety and Health Committee, which is composed of an equal number of labor and management representatives, meets four times a year. The committee reviews the causes of workplace accidents, draws up prevention plans, and reviews issues related to employee health checkups, with its decisions binding on all employees. Although the company is continuously engaged in ways to prevent worksite accidents, there were two cases of workplace injuries in 2010. Pursuant to the Occupational Safety and Health Act and its related regulations, safety managers are stationed onsite at worksites where wireless networks have been built. SK Telecom's safety management measures are tailored to the specific business operations of its partner companies. For instance, accidents involving a motor account for 80 percent of worksite accidents at partner companies operating mobile networks. For each of these partners, SK Telecom provides enhanced motor safety training programs. In 2010, there were six injuries from worksite accidents at its operation/maintenance and construction partner companies, leading to 158 injury days.



Sick leave (2010)

**2,161** days

# Human Rights



Labor union employees  
(as of the end of 2010)

**2,530** people

Full-time employees in labor union  
(over entire full-time workforce)  
(as of the end of 2010)

**57.9** %



Joining of the UN Global Compact

**2007**



Security personnel  
(as of the end of 2010)

**221** people

## Establishment and Implementation of Human Rights Policies

SK Telecom's Code of Ethics stipulates every employee's right to equal treatment and calls for mutual respect for each other. To facilitate the implementation of its Code of Ethics, all employees take classes on ethics management. Employees also receive sexual harassment education on an annual basis. In 2008, company regulations were revised so that all sexual harassment cases, regardless of their severity, are now handled by the companywide Personnel Disciplinary Committee.

### Labor-Management Relations

SK Telecom observes the regulations on forced labor and child labor as set forth by the Korean Labor Standards Act. It is committed to building an ethical corporate culture in which every employee is guaranteed inalienable rights. As per its labor-management agreement, SK Telecom makes any and all adjustments in labor union membership eligibility so that there are no infringements on members' freedom of assembly or collective bargaining. In 2010, the proportion of union members among full-time staff increased slightly, to 81.2 percent, due to a fall in the ratio of supervisory roles.

### Labor Union Membership LAA

(unit: persons)

	2006	2007	2008	2009	2010
Employees eligible for labor union membership (year-end)	3,408	3,309	3,269	3,176	<b>3,115</b>
Employees in the labor union (year-end)	2,761	2,673	2,580	2,560	<b>2,530</b>
Percentage of labor union members (among employees eligible for membership)	81.0%	80.8%	78.9%	80.6%	<b>81.2%</b>
Percentage of labor union members (among full-time employees)	65.9%	60.2%	58.5%	57.6%	<b>57.9%</b>

### Investment and Procurement Practices

SK Telecom conducts a comprehensive review of possible human rights violations in connection with investment agreements. Since joining the UN Global Compact, it has been examining multiple approaches to induce business partners to partake in SK Telecom's efforts to protect human rights. In the first half of 2009, the company incorporated the UN Global Compact's four major principles in its assessment criteria for new supplier candidates. Excluding minor departmental-level contracts, all business partners are now evaluated on their policies, processes, and training programs when it comes to the environment, human rights, and labor upon registering to become an SK Telecom supplier.

## Advancement of Human Rights

By continually expanding access to the benefits of mobile telecommunications technology, SK Telecom is enhancing the quality of life for people. At the same time, it is working hard to prevent potential infringements on human rights in its service processes by undertaking a wide range of customer privacy protection measures.

 **Customer Privacy Protection, Digital Inclusion**

### Protecting Visitors

To create a safe environment for everyone who visits the company's worksites, while also protecting human and physical assets in office buildings, SK Telecom was managing a team of 221 security personnel as of the end of 2010. Security personnel who are in charge of protecting visitors, including customers and business partners, are given regular safety accident prevention and customer response procedure training.

# Product Responsibility



Ranking in Korea's top three customer satisfaction surveys

**NO.1**

## Customer Satisfaction

In addition to carrying out regular customer satisfaction surveys, SK Telecom uses assessments by authoritative outside agencies to identify areas that require improvement and then takes the appropriate measures to address these issues. As a result, SK Telecom has retained its number one position in Korea's top three customer satisfaction surveys. In 2010, it managed customer risks systematically through the company's Customer Experience Management (CEM) scheme. In 2011, SK Telecom is committed to increasing value for wireless/wired integrated customers and strengthening the management of smartphone users as it enhances the competencies of companywide risk management.

	2006	2007	2008	2009	2010
NCSI <sup>1</sup> National Customer Satisfaction Index	71	71	69	72	<b>74</b>
KCSI <sup>2</sup> Korean Customer Satisfaction Index	57.8	60.9	66.0	68.3	<b>65.7</b>
KS-SQI <sup>3</sup> Korean Standards on Service Quality Index	69.4	68.0	67.8	69.4	<b>69.8</b>

## Customer Protection

With mobile phones becoming an everyday necessity, ICT-related social issues are emerging with each technological advancement. As a part of its differentiated customer management approach, SK Telecom is engaged in ongoing customer protection activities in a number of areas, including customer privacy protection, mobile security, and protection for the underprivileged.

**Customer Privacy Protection, Sound Telecom Culture, Digital Inclusion**

## Complying with Marketing Communications Regulations

All of SK Telecom's television and radio ads undergo a preliminary inspection from the Korea Advertising Review Board. Also, advertisements in other media outlets, such as newspapers and the Internet, are subject to a post-factum review from the Fair Trade Commission. As such, SK Telecom adheres to strict accountability obligations regarding risks that may transpire during advertising production when signing a contract with an ad agency. An internal process is also in place to screen spokespeople and TV commercials for potential legal violations. Due to the nature of the mobile telecommunications industry, SK Telecom is not subject to labeling regulations concerning specific raw materials or components.

# Society

## Managing the Impact on Local Communities

### Setting up Base Stations

SK Telecom is in constant dialogue with local governments, NGOs, and heads of community organizations to gain consent from local communities when establishing base stations and carrying out other major business activities.

### Effects of EM Radiation

Pursuant to Article 65 of Korea's Radio Waves Act, SK Telecom takes regular measurements of electromagnetic (EM) radiation originating from base stations whose transmitter devices emit more than 30 watts of power within the proximity of residential, commercial, industrial, and other regulated sites. The scope of monitoring increased with the additional installation of WCDMA base stations and FAs in 2010. That same year, a total of 2,147 measurements were taken, with all results falling below the specified limits.

 **EM Measurement DB, Korea Radio Promotion Agency** <http://emf.korpa.or.kr/emf/Main.do>



Base station EM radiation measurements (2010)

**2,147** cases

## Anti-Corruption

### Risk Management by Organizational Unit

In order to achieve its transparency and integrity goals, SK Telecom conducts process-oriented audit activities and Ethical Issue Raising & Mapping (EIRM) activities, which allows the pertinent organizational units to identify and manage ethical risks that may arise in general business activities. In 2010, four segments – marketing, networks, service, and business projects – as well as four teams – HR, accounting, finance, and Supply Chain Management – ran risk management programs. In 2011, this will be expanded to cover seven segments, the Global Management Service Division, and other teams within the company.

### Anti-Corruption Education

Since the adoption of ethics management, SK Telecom has been carrying out ongoing online and offline employee training to raise employee awareness on the importance of managing ethical risks. In 2010, it reinforced comprehensive ethics education by position level and organizational unit, and focused on case-by-case action guidelines for situations that posed ethical dilemmas. To date, 5,307 general staff members and 248 executives have completed the course. SK Telecom's Ethics Pledge was first implemented with the enactment and revision of the company's Code of Ethics, and in 2010, 97 percent of employees pledged to comply with the ethics code. In 2011, the company will bolster all relevant education for newly appointed team leaders and for team leaders in divisions exposed to a substantial number of potential ethics-related risks.



Employees that completed anti-corruption education (2010)

**5,555** people

**Anti-Corruption Education** S83 (unit: persons)

	2006	2007	2008	2009	2010
Employees	4,833	1,678	1,217	3,395	<b>5,307</b>
Team leaders / Executives	257	76	104	249	<b>248</b>
Total	5,090	1,754	1,321	3,644	<b>5,555</b>



Introduction of Compliance Program

**2002**



No. of cases for which a penalty was levied (2010)

**3** cases

Amount of penalties levied (2010)

**2.1** billion KRW

**Disciplinary Action against Ethics Violations**

In 2010, the company reinforced disciplinary action against ethics violations. As a part of its effort to prevent future violations, SK Telecom continues to reinforce ethics training and education, with companywide postings on ethics management from top executives, as well as individual cases of ethics violation and the resulting disciplinary action.

**Compliance**

SK Telecom is committed to fully complying with the Telecommunications Business Act and other relevant laws and regulations that govern every aspect of its operations, from the signing of contracts and sales to marketing and services. It also engages in ongoing consultations with relevant stakeholders to draw up appropriate regulations where necessary.

**Compliance Program**

Based on the belief that there is a direct correlation between voluntary compliance and business competitiveness, SK Telecom introduced its Compliance Program in 2002. As a result, an internal system was established to set forth compliance standards, prevent violations, and deal with violations in a timely manner. A fair competition compliance checklist is not only distributed to all employees every year, but standards for compliance principles and practices are clearly delineated through education programs. Furthermore, a summary of all activities and performance results from the Compliance Program is reported to the Board of Directors every year. In addition, an online portal on the Compliance Program was launched in 2009 to provide more convenient access to pertinent information on the Fair Trade Act. The education program is focused on case studies to prevent possible violations that may arise in conducting business activities. In the years ahead, SK Telecom plans to expand its education program on compliance, customize it for the needs of each job, and raise the compliance level of employees.

**Violations and Improvement Efforts**

SK Telecom has conducted compliance education for all relevant divisions and enhanced the operational efficiency of the Compliance Program. As such, it was not levied any fines by the Fair Trade Commission in 2010, but was fined KRW 2.11 billion by the Korea Communications Commission for discriminatory user subsidies. SK Telecom has since addressed this problem and ensured it will not happen again in the future.

Fines Levied	(units: cases, KRW million)				
	2006	2007	2008	2009	2010
Fines levied by the Korea Communications Commission <sup>1)</sup> <small>PR9</small>	5	4	3	1	<b>3</b>
Fines levied by the Fair Trade Commission <small>SD7</small>	1	1	-	2	-
Amount of fines levied <small>SD8</small>	69,812	10,012	2,150	1,912	<b>2,110</b>

1) Based on the date the decision(s) was made by the commission

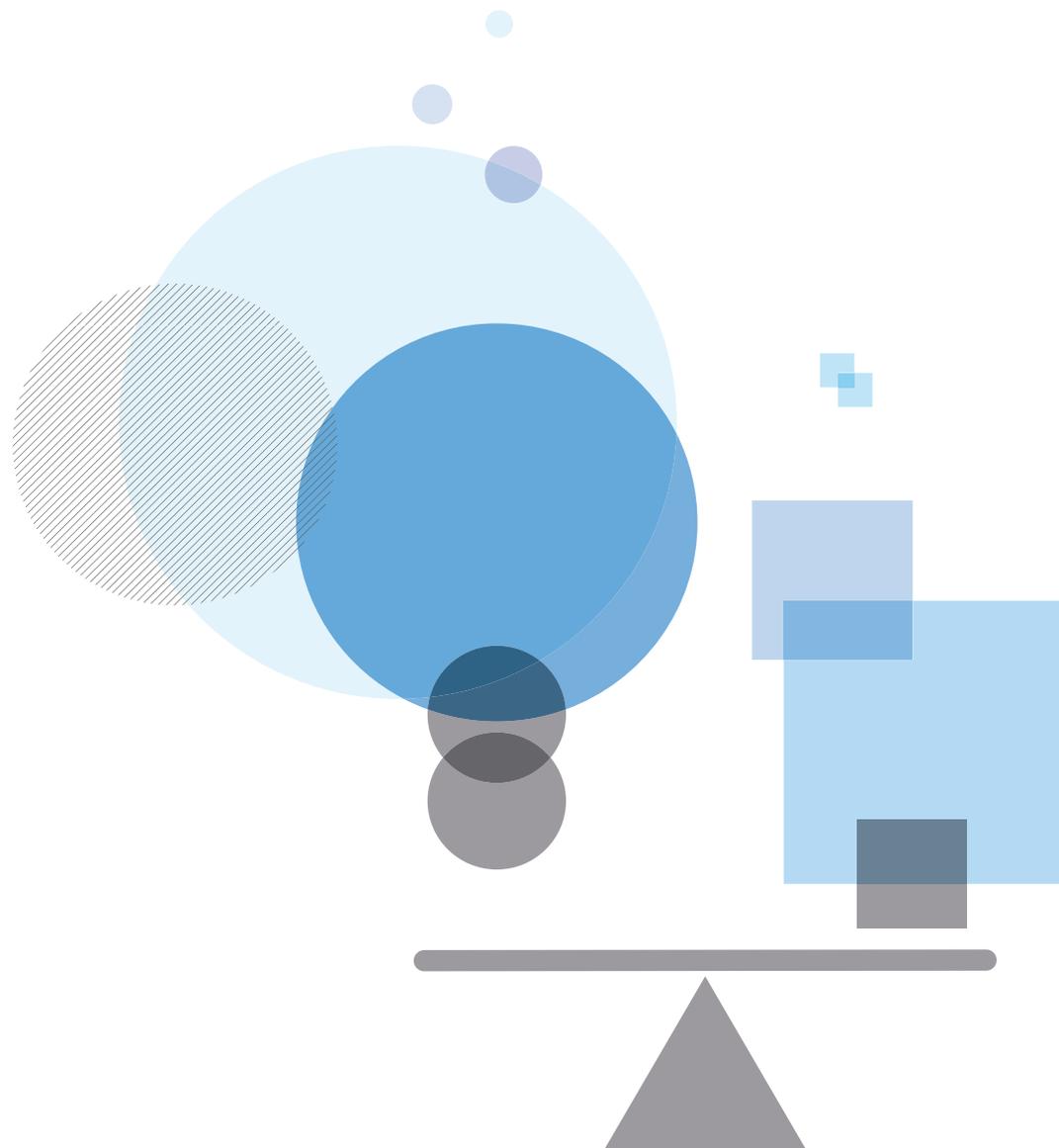
**Public Policy Cooperation**

SK Telecom abides by Korea's Political Fund Act, which prohibits companies from making political contributions. It is also an active supporter of government policies on anti-corruption, fair competition, job creation, gender equality, and low carbon, green growth.

**Communication Activities**

# Appendix

SK Telecom strives to remain unbiased through the transparent and faithful sharing of information. Everything it has accomplished has only been made possible because of the trust and support shown by the company's stakeholders, and it is SK Telecom's responsibility to return that same trust and support. **Thus, the company shares information, listens to a variety of opinions, and considers its mission as it takes one step forward towards making the world a happier place.**



**We are truly appreciated...  
and we take pride in returning that feeling.**

## GRI Content Index

G3		Disclosure Items	Page
<b>Profile</b>	<b>Disclosure on Management Approach</b>		
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	3
	1.2	Description of key impacts, and opportunities	8
Organizational Profile	2.1	Name of the organization	1
	2.2	Primary brands, products, and/or services	6
	2.3	Optional structure of the organization	7
	2.4	Location of organization's headquarters	6
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability reporting	6
	2.6	Nature of ownership and legal form	10
	2.7	Markets served	7
	2.8	Scale of the reporting organization	6
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	6
	2.10	Awards received in the reporting period	9
Report Parameters	3.1	Reporting period	1
	3.2	Date of previous report	1
	3.3	Reporting cycle	1
	3.4	Contact point for questions regarding the report or its contents	Contents
	3.5	Process for defining report content	1, 10, 11
	3.6	Boundary of the report	1
	3.7	State any specific limitations on the scope or boundary of the report	1
	3.8	Basis for reporting that can significantly affect comparability from period to period and/or between organizations	1
	3.9	Data measurement techniques and the bases of calculations	1
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Reporting by indicator
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods	1
	3.12	Table identifying the location of the Standard Disclosures in the report	46
	3.13	Policy and current practice with regard to seeking exothermal assurance for the report	51
Governance, Commitments, and Engagement	4.1	Governance structure of the organization	8
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	9
	4.3	The number of members of the highest governance body that are independent and/or non-executive members	8
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	11
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	8
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	8
	4.7	Process for determining the qualification and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and topics	8
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, and social performance	8
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	8
	4.10	Processes for evaluating the highest governance body's own performance	8
	4.11	Explanation of whether and how the precautionary approach or principle is addressed	12
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	13
	4.13	Memberships in associations(such as industry associations)and/or national/international advocacy organizations	11
	4.14	List stakeholder groups engaged by the organization	10
	4.15	Basis for identification and selection of stakeholders with whom to engage	10
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	10
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded	10

● Fully reported   ◐ Partly reported   ○ Not material

G3		Indicators	Reporting Status	Page
<b>Economic</b>		<b>Disclosure on Management Approach</b>		<b>17-19, 28</b>
Economic Performance	<b>EC1</b>	Direct economic value generated and distributed	●	28
	<b>EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change	◐	25, 26, 32
	<b>EC3</b>	Coverage of the organization's defined benefit plan obligations	●	37
	<b>EC4</b>	Significant financial assistance received from government	●	29
Market Presence	<b>EC5</b>	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	◐	28
	<b>EC6</b>	Policy, practices, and proportion of spending on locally – based suppliers at significant locations of operation	◐	28
	<b>EC7</b>	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	◐	30
	<b>EC8</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	●	29, 30
Indirect Economic Impacts	<b>EC9</b>	Understanding and describing significant indirect economic impacts	●	28, 29
<b>Environmental</b>		<b>Disclosure on Management Approach</b>		<b>31, 32</b>
Materials	<b>EN1</b>	Materials used by weight or volume	○	-
	<b>EN2</b>	Percentage of materials used that are recycled input materials	○	-
Energy	<b>EN3</b>	Direct energy consumption by primary energy source	●	31
	<b>EN4</b>	Indirect energy consumption by primary source	●	31
	<b>EN5</b>	Energy saved due to conservation and efficiency improvements	●	32
	<b>EN6</b>	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	32
	<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved	●	36
Water	<b>EN8</b>	Total water withdrawal by source	●	32
	<b>EN9</b>	Water sources significantly affected by withdrawal of water	○	-
	<b>EN10</b>	Percentage and total volume of water recycled and reused	○	-
Bio Diversity	<b>EN11</b>	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	◐	33
	<b>EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected area and area of high biodiversity value outside protected areas	●	33, 34
	<b>EN13</b>	Habitats protected or restored	●	35
	<b>EN14</b>	Strategies, current actions, and future plans for managing impacts on biodiversity	◐	33
	<b>EN15</b>	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	○	-
Emissions, Effluents, And Waste	<b>EN16</b>	Total direct and indirect greenhouse gas emissions by weight	●	31
	<b>EN17</b>	Other relevant indirect greenhouse gas emissions by weight	◐	31
	<b>EN18</b>	Initiatives to reduce greenhouse gas emissions by type and weight	●	32
	<b>EN19</b>	Emissions of ozone-depleting substances by weight	○	-
	<b>EN20</b>	NO, SO, and other significant air emissions by type and weight	○	-
	<b>EN21</b>	Total water discharge by quality and destination	○	-
	<b>EN22</b>	Total weight of waste by type and disposal method	●	33
	<b>EN23</b>	Total number and volume of significant spills	○	-
	<b>EN24</b>	Weight of transported imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VII, and percentage of transported waste shipped internationally	○	-
	<b>EN25</b>	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water runoff	○	-
Products and Services	<b>EN26</b>	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	34
	<b>EN27</b>	Percentage of products sold and their packaging materials that are reclaimed by category	●	35
Compliance	<b>EN28</b>	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	●	31
Transport	<b>EN29</b>	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	●	35
Overall	<b>EN30</b>	Total environmental protection expenditures and investments by type	●	36

G3	Indicators	Reporting Status	Page
<b>Product Responsibility</b>	<b>Disclosure on Management Approach</b>		<b>20-23, 42</b>
Customer Health and Safety	<b>PR1</b>	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	● 21
	<b>PR2</b>	Type number of incidents of non-compliance with regulation and voluntary codes concerning health and safety impacts of products and services during their life cycle	● 44
Product and Service Labeling	<b>PR3</b>	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	● 42
	<b>PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	● 42
	<b>PR5</b>	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	● 42
Marketing Communication	<b>PR6</b>	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	● 42
	<b>PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship	● 44
Customer Privacy	<b>PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	● 12
Compliance	<b>PR9</b>	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	● 44
<b>Labor Practices and Decent Work</b>	<b>Disclosure on Management Approach</b>		<b>37</b>
Employment	<b>LA1</b>	Total workforce by employment type, employment contract, and region	● 37
	<b>LA2</b>	Total number and rate of employee turnover by age group, gender, and region	● 38
	<b>LA3</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	● 39
Labor/Management Relations	<b>LA4</b>	Percentage of employees covered by collective bargaining agreements.	● 41
	<b>LA5</b>	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	○ 10
Occupational Health and Safety	<b>LA6</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	● 41
	<b>LA7</b>	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	○ 40
	<b>LA8</b>	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	● 40
	<b>LA9</b>	Health and safety topics covered in formal agreements with trade unions.	● 40
Training and Education	<b>LA10</b>	Average hours of training per year per employee by employee category.	● 39
	<b>LA11</b>	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	● 37
	<b>LA12</b>	Percentage of employees receiving regular performance and career development reviews.	● 39
Diversity and Equal Opportunity	<b>LA13</b>	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	● 37, 38
	<b>LA14</b>	Ratio of basic salary of men to women by employee category.	● 38
<b>Human Rights</b>	<b>Disclosure on Management Approach</b>		<b>21, 23, 41</b>
Investment and Procurement Practices	<b>HR1</b>	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	○ 41
	<b>HR2</b>	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	○ 41
	<b>HR3</b>	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	● 41
Non Discrimination	<b>HR4</b>	Total number of incidents of discrimination and actions taken.	○ 12
Freedom of association and collective Bargaining	<b>HR5</b>	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	● 41
Child Labor	<b>HR6</b>	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	● 41
Forced and Compulsory Labor	<b>HR7</b>	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	● 41
Security Practices	<b>HR8</b>	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	● 41
Indigenous Rights	<b>HR9</b>	Total number of incidents of violations involving rights of indigenous people and actions taken	○ 21
<b>Society</b>	<b>Disclosure on Management Approach</b>		<b>24, 43</b>
Community	<b>S01</b>	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	○ 43
Corruption	<b>S02</b>	Percentage and total number of business units analyzed for risks related to corruption.	● 43
	<b>S03</b>	Percentage of employees trained in organization's anti-corruption policies and procedures.	● 43
	<b>S04</b>	Actions taken in response to incidents of corruption.	● 44
Public	<b>S05</b>	Public policy positions and participation in public policy development and lobbying.	● 44
	<b>S06</b>	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	● 44
Anti-Competitive Behavior	<b>S07</b>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	● 44
Compliance	<b>S08</b>	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	● 44

## ISO 26000

ISO 26000, guidance for corporations seeking to implement socially responsible practices, consists of 7 core subjects of Organizational governance, Human rights, Labor practices, Environment, Fair operating practices, Consumer issues, and Community involvement and development. ISO 26000 is not a management system standard and it is not intended for certification purposes or regulatory or contractual use. SK Telecom seeks to treat it as guidance for strengthening the company's sustainability management.

● Fully reported   ● Partly reported   ○ Not material

Core Subject	Issue	Reporting Status
1) Organizational governance		●
2) Human rights	Issue 1: Due diligence	●
	Issue 2: Human rights risk situations	●
	Issue 3: Avoidance of complicity	●
	Issue 4: Resolving grievances	●
	Issue 5: Discrimination and vulnerable groups	●
	Issue 6: Civil and political rights	●
	Issue 7: Economic, social and cultural rights	●
	Issue 8: Fundamental principles and rights at work	●
3) Labor practices	Issue 1: Employment and employment relationships	●
	Issue 2: Conditions of work and social protection	●
	Issue 3: Social dialogue	●
	Issue 4: Health and safety at work	●
	Issue 5: Human development and training in the workplace	●
4) Environment	Issue 1: Prevention of pollution	●
	Issue 2: Sustainable resource use	●
	Issue 3: Climate change mitigation and adaptation	●
	Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	●
5) Fair operating practices	Issue 1: Anti-corruption	●
	Issue 2: Responsible political involvement	●
	Issue 3: Fair competition	●
	Issue 4: Promoting social responsibility in the value chain	●
	Issue 5: Respect for property rights	●
6) Consumer issues	Issue 1: Fair marketing, factual and unbiased information and fair contractual practices	●
	Issue 2: Protecting consumers' health and safety	●
	Issue 3: Sustainable consumption	●
	Issue 4: Consumer service, support, and complaint and dispute resolution	●
	Issue 5: Consumer data protection and privacy	●
	Issue 6: Access to essential services	●
	Issue 7: Education and awareness	●
7) Community involvement and development	Issue 1: Community involvement	●
	Issue 2: Education and culture	●
	Issue 3: Employment creation and skills development	●
	Issue 4: Technology development and access	●
	Issue 5: Wealth and income creation	●
	Issue 6: Health	○
	Issue 7: Social Investment	●

## UNGC Index

SK Telecom has been issuing an annual sustainability report on how it implemented 10 principles that include human rights, labor, the environment, and anti-corruption since it joined the UN Global Compact in 2007. The UNGC has elaborated on Communication on Progress (COP) regulations to encourage companies to fulfill their social responsibility and to promote communication between stakeholders. SK Telecom's sustainability report is created in accordance with the Advanced Level criteria under the new COP. We will continue our efforts to enhance the reporting level for each criteria.

Criteria for the GC Advanced Level		SK Telecom 2010 Sustainability Report	Page
Criterion 1	The COP describes C-suite and Board level discussions of <b>strategic aspects</b> of Global Compact implementation	SK Telecom's Sustainability Management	8-9
		Promoting Sustainability Management	13
		Management Approach	14-15
Criterion 2	The COP describes effective <b>decision-making processes and systems of governance</b> for corporate sustainability	SK Telecom's Sustainability Management	8-9
Criterion 3	The COP describes engagement with all important <b>stakeholders</b>	Communication Activities	10-11
		Dialogue and Cooperation for CSR	13
Criterion 4	The COP describes actions taken in support of <b>broader UN goals and issues</b>	Promoting Sustainability Management	13
		Global Citizenship Activities	30
Criterion 5	The COP describes robust <b>commitments, strategies or policies</b> in the area of human rights	Establishment and Implementation of Human Rights Policies	41
Criterion 6	The COP describes effective <b>management systems</b> to integrate the human rights principles	Grievance Mechanism	12
		Investment and Procurement Practices	41
Criterion 7	The COP describes effective <b>monitoring and evaluation mechanisms</b> of human rights integration	Grievance Mechanism	12
Criterion 8	The COP contains <b>standardized performance indicators (including GRI)</b> on human rights	KPIs (Human Rights)	HR3, HR4
Criterion 9	The COP describes robust <b>commitments, strategies or policies</b> in the area of labour	Labor Practices and Decent Work	37-40
Criterion 10	The COP describes effective <b>management systems</b> to integrate the labour principles	Labor Practices and Decent Work	37-40
Criterion 11	The COP describes effective <b>monitoring and evaluation mechanisms</b> of labour principles integration	Health and Safety	39-40
		Grievance Mechanism	12
Criterion 12	The COP contains <b>standardized performance indicators (including GRI)</b> on labour principles integration	KPIs (Labor)	LA1, LA2, LA4, LA7, LA8, LA10, LA11, LA13, SK19
Criterion 13	The COP describes robust <b>commitments, strategies or policies</b> in the area of environmental stewardship	Management Approach (Environmental Management)	14
		Responding to Climate Change	25
Criterion 14	The COP describes effective <b>management systems</b> to integrate the environmental principles	Environment	31-36
Criterion 15	The COP describes effective <b>monitoring and evaluation mechanisms</b> for environmental stewardship	Practicing Environmental Management	25
Criterion 16	The COP contains <b>standardized performance indicators (including GRI)</b> on environmental stewardship	KPIs (Environment)	EN3, EN4, EN5, EN8, EN11, EN16, EN18, EN22, EN27, EN30
Criterion 17	The COP describes robust <b>commitments, strategies or policies</b> in the area of anti-corruption Suggested best practices :	Management Approach (Ethics Management)	15
Criterion 18	The COP describes effective <b>management systems</b> to integrate the anti-corruption principle	Anti-Corruption	43
Criterion 19	The COP describes effective <b>monitoring and evaluation mechanisms</b> for the integration of anti-corruption	Violations and Improvement Efforts	44
		Grievance Mechanism	12
Criterion 20	The COP contains <b>standardized performance indicators (including GRI)</b> on anti-corruption	KPIs (Anti-Corruption)	S02, S03, S04, S07, S08
Criterion 21	The COP describes implementation of the Global Compact principles in the <b>value chain</b>	Investment and Procurement Practices	41
Criterion 22	The COP provides information on the company's <b>profile and context of operation</b>	This is SK Telecom	5-7
Criterion 23	The COP incorporates high standards of <b>transparency and disclosure</b>	Independent Assurance Report	51-52

## Independent Assurance Report



ERM®

**DRAFT ERM Independent Limited Assurance Report to SK Telecom Environmental Resources Management Korea Ltd (ERM) was engaged by SK Telecom Co. Ltd (SKT) to provide independent limited assurance of its 2010 Sustainability Report (the Report) to the scope of work outlined below.**

### Scope of Work

This assurance statement is intended for SKT. The 2010 Sustainability Report covers SKT's operations in Korea from 1 January 2010 to 31 December 2010, unless otherwise stated. This work was performed using ERM's assurance methodology, which is in accordance with the AA1000 Assurance Standard (2008) and the International Standard ISO26000:2010 Guidance on Social Responsibility. The criteria used were the AA1000AS (2008) Principles of Inclusivity, Materiality and Responsiveness, against which ERM reviewed SKT's performance reporting to provide Type 2, moderate assurance. To do this, we undertook the following activities:

- Face-to-face interviews with sustainability data owners at the corporate level within the Human Resources (HR), Ethics and Corporate Social Responsibility (CSR) Management Teams. For a representative data sample size of 25%, the processes in place for reporting sustainability data and underlying data management systems were tested. This included testing the data measurement, collection, aggregation and reporting processes in place.
- Research of media coverage relating to SKT during the reporting period to inform transparency in the Report.
- Verification that financial data contained within the Report are consistent with data in SKT's 2010 Annual Report.
- Reporting of assurance findings to management as they arose to allow revisions to be made prior to completion of the assurance process.
- Review of the final Report to ensure that any revisions required by ERM had been made.

The subject matter for this assurance process consisted of adherence to the AA1000AS (2008) Principles, adherence to the Global Reporting Initiative (GRI) G3 Application Level A+ requirements and review of the following material data streams:

- Economic Contribution – Stakeholder groups.
- Environmental Performance – Energy and Emissions.
- Environmental Performance – Environmental Management.
- Social Performance – Community Contribution.
- Labour Performance – Employees.

### ERM's Independence

SKT was responsible for preparing the 2010 Sustainability Report. ERM is a global sustainability consultancy with approximately 3,500 staff working in 40 countries. Our experience in the assurance of Sustainability Reports is extensive. The ERM team of assurance auditors, led by Jo Cain (Partner, ERM Australia & New Zealand), was responsible for expressing assurance conclusions in line with the scope of work agreed with SKT. During 2010, ERM did not work with SKT on other consulting engagements.

### Our Conclusion

**On the basis of its scope of work, ERM concludes that, for the specified subject matter, the SKT 2010 Sustainability Report appropriately addresses the AA1000AS (2008) Principles of Inclusivity, Materiality and Responsiveness for the period 1 January 2010 to 31 December 2010. ERM is of the opinion that the SKT 2010 Sustainability Report has been prepared to GRI G3 Application Level A+. ERM has provided a more detailed Management Report to SKT.**

## Key Findings

Based on the scope of work, and without affecting our assurance conclusion, ERM identified the following key findings against the Principles of AA1000AS (2008):

**Inclusivity** ERM understands that the development of the Report included consideration of the concerns of key stakeholders, namely customers, employees, shareholders and investors, business partners, government, local communities and non-governmental organisations (NGOs). Sustainability issues are integrated into business planning and direction management processes through the foundation principles of the SK Management System.

**Materiality** SKT management identified the organisation's material issues as part of the Report development process via the SK Telecom CSR Advisory Panel and the application of the United Nations (UN) Global Compact and ISO26000:2010. The following material issues feature most prominently:

- Long-term sustainability of the mobile communications industry in Korea.
- Energy and climate change issues.
- Environmental management of operations.
- Community involvement activities.

The process used to identify material issues would, however, benefit from a more strategic and structured approach.

**Responsiveness** A commitment to addressing stakeholder needs is reflected in the Report. SKT uses a variety of tools to respond to stakeholder needs, including customer service centres, regular labour union meetings, the online communication channel - Voice of Partners - for business partners, and regular communication with the government and local communities. SKT would benefit from building on these tools with increased stakeholder engagement activities.

In addition to these findings against the Principles of AA1000AS (2008), the following observations were made regarding the reliability of performance data:

**Good Practice**

- Customer satisfaction is managed via a systematic approach, including the management of customer value risks.
- SKT has well documented and readily accessible management systems, processes and procedures.

**Areas for Improvement**

- Stakeholder engagement activities are limited and more active communication with stakeholders is encouraged to identify material issues to SKT.

SKT's continued commitment to Sustainability Reporting represents good practice.



**Managing Partner, Environmental Resources Management Korea Ltd (ERM), 27 May 2011, Seoul, Korea**

Environmental Resources Management (ERM) is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. ERM has prepared this statement for SK Telecom Co. Ltd in accordance with ERM's standard terms and the standard practised by members of the environmental consulting profession performing this type of service at the same time. No other warranty, express or implied, is given by ERM as a result of the provision of this statement. To the extent permitted by law, this statement is provided for informational purposes only, without the right to rely, and ERM will not be liable for any reliance which may be placed on this statement by a third party. This statement may not be used by any third party without ERM's express written permission.

## GHG Inventory Assurance Statement



ERM®

**ERM Independent Assurance Report to SK Telecom Environmental Resources Management Korea Ltd (ERM) was engaged by SK Telecom Co. Ltd (SKT) to provide independent limited assurance of its 2010 Greenhouse Gas (GHG) inventory, to the scope of work outlined below.**

### Scope of Work

This assurance statement is intended for SKT. The 2010 GHG inventory covers SKT's operations in Korea from 1 January 2010 to 31 December 2010, unless otherwise stated in the GHG inventory. This work was performed using ERM's GHG assurance methodology, which is in accordance with the Intergovernmental Panel on Climate Change (IPCC) Guidelines (2006), International Standard for GHG Emissions Inventories and Verification (ISO 14064), and the GHG Protocol Corporate Standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The criteria used were the ISO 14064 (2006) Principles of Relevance, Completeness, Consistency, Accuracy, and Transparency, against which ERM reviewed SKT's 2010 GHG inventory to provide limited assurance. To do this, we interviewed a number of personnel and reviewed relevant documentation at SKT's operations in Korea.

The subject matter for this limited assurance process consisted of a review of the following material data streams for SKT's Office Buildings, Network Facilities, Company Vehicle Operation and the Marketing Team:

- Scope 1: Stationary Combustion, Mobile Combustion, Fugitive Emissions.
- Scope 2: Electricity, Steam.

The scope excluded data and statements relating to SKT's international business as it contributes less than 5% to the total GHG emissions.

### ERM's Independence

SKT was responsible for preparing the 2010 GHG inventory. ERM is a global sustainability consultancy with approximately 3,500 staff working in 40 countries. Our experience in the assurance of GHG inventory data is extensive. The ERM team of GHG assurance auditors, led by Jo Cain (Partner, ERM Australia & New Zealand), was responsible for expressing assurance conclusions in line with the scope of work agreed with SKT. During 2010, ERM did not work with SKT on other consulting engagements.

### Our Conclusion

**On the basis of its scope of work for limited assurance outlined above, ERM concludes that, for the specified subject matter, the SKT 2010 GHG inventory appropriately addresses the ISO 14064 (2006) Principles of Relevance, Completeness, Consistency, Accuracy and Transparency for the period 1 January 2010 to 31 December 2010. ERM is of the opinion that the SKT 2010 GHG inventory adheres to the IPCC Guidelines 2006 and the WRI/WBCSD Greenhouse Gas Protocol. ERM has provided a more detailed Management Report to SKT.**

## Key Findings

Based on the scope of work, and without affecting our assurance conclusion, ERM identified the following key findings in accordance with the Principles of ISO 14064 (2006):

<b>Relevance</b>	SKT 2010 GHG inventory appropriately reflects the GHG emissions of the company. The intranet-based GHG Inventory System is readily available to meet the decision-making needs of users within the company.
<b>Completeness</b>	Within the chosen GHG inventory boundary, SKT has accounted for, and reported comprehensively on, GHG emission sources and activities. The existing GHG Inventory System extracts energy usage data from the company Enterprise Resource Planning (ERP) system, Fleet Management System and Facility Management System and converts these data to GHG emissions.
<b>Consistency</b>	Data collection, collation, GHG emissions calculation methodologies and internal reporting mechanisms are consistent across each activity, namely Office Buildings, Network Facilities, Company Vehicle Operation and the Marketing Team.
<b>Accuracy</b>	25% of total GHG emissions data were audited back to source, with additional sample spot checks. Less than 1% of discrepancies were identified.
<b>Transparency</b>	The existing GHG Inventory System displays the emission factor sources and calculation methodologies employed.

In addition to the findings detailed above in relation to the Principles of ISO 14064, the following observations were made in relation to good practice employed and areas for improvement for SKT's consideration:

<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• Comprehensive GHG inventory, including Scope 1 and Scope 2 emissions by activity.</li> <li>• Well documented GHG emission factors and related calculations.</li> <li>• Readily accessible GHG inventory system, processes and procedures.</li> </ul>
<b>Areas for Improvement</b>	<ul style="list-style-type: none"> <li>• Where buildings are leased, the lease agreement typically incorporates energy use, thus actual electricity use data are not collated, rather data are estimated based on the area occupied. SKT is encouraged to explore the potential for collating actual electricity usage data for leased buildings in future GHG inventories.</li> <li>• Considering the large portion of GHG emissions from the Network facilities, SKT is encouraged to maintain and manage the complete inventory of Network Equipments in close cooperation with the Network team.</li> </ul>

SKT's continued commitment to its GHG inventory represents good practice.



**Managing Partner, Environmental Resources Management Korea Ltd (ERM), 27 May 2011, Seoul, Korea**

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