Realizing

Building

a

Happiness

Network

2008 Sustainability Report

SK telecom

SK's "wings of happiness" symbolize its commitment to create a happy world through the pursuit of happiness for stakeholders. Flying to new heights is possible when both wings achieve balance and harmony. In much the same way, sustainable development will become reality when there is mutual happiness between a company and its customers, a company and its shareholders, management and employees, and a company and its business partners.

■ **Index Numbers**
We mentioned the indicator names with the corresponding GRI index number. For all others, we used unique numbers starting with "SK."

■ **Additional Information**
We included additional information related to the contents of this report when deemed necessary. 🖼 Webpage 📖 Related references/ reports 👁 Relevant pages in the 2008 Sustainability Report

VoiceEye: For the benefit of the visually impaired, we converted text data to voice data and inserted voice icons on the top right hand corner of each page.

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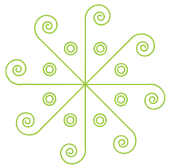
: Measuring Our Progress

About This Report

This is SK Telecom's third sustainability report and the second COP(Communication on Progress) published since we joined the UN Global Compact. In preparing this report, we incorporated stakeholders' feedback to our previous edition in the materiality assessment process to enhance responsiveness and inclusivity. This report also covers sustainability management activities of our invested companies around the world for added completeness. We received external assurance for greater credibility, as with our previous report, and for the first time, we applied the AccountAbility 1000 Assurance Standard(AA1000 AS). Future issues of SK Telecom's sustainability report will be issued in May of each year.

| **Reporting Principle** | This report was prepared based on the GRI G3 Guidelines and AA1000 APS. Data was compiled in accordance with GRI Indicator Protocols and other pertinent standards. Any changes in the calculation method have been stated together with the relevant indicator. We assess our application of the GRI reporting framework to be at level B^{+}.

| **Reporting Scope** | This report covers the sustainability management activities and performance of SK Telecom as well as the major invested companies taking into account SK Telecom's equity stake, book value, and strategic importance. However, quantitative performance indicators are based on data pertaining only to SK Telecom. The relevant details are provided for indicators with a different reporting scope. The reporting scope will be gradually expanded to include invested companies in computing quantitative performance indicators and to report on a greater number of invested companies.

| **Reporting Period** | The 2008 Sustainability Report covers the period beginning January 1, 2008, and ending December 31, 2008 (Fiscal Year 2008). With major performance indicators, however, we included data from the past four to five years.

: Appendix

| **Employee Creative Writing/Picture/Photo Contest** |

SK Telecom holds the annual Employee Creative Writing/Picture/Photo Contest as a way of promoting exchanges between the company and its employees and their families. A total of 355 entries were submitted in 2008. The winning entries are introduced in the 2008 Sustainability Report.

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SK Telecom represents the living history of ICT in Korea.
We invite you to join us as we embark on
a new challenge to create the next CDMA legend.

CEO
Message

Dear Stakeholders,

We intend to create further value for stakeholders by building on our progress in sustainability management and fulfill our responsibilities as a signatory to the UN Global Compact.

SK Telecom effectively navigated its way through the fast changing business environment to generate record high sales in 2008. We also secured a foothold in China and the US to make further strides in becoming a global convergence leader, and reinforced the basis for sustainability management by creating the Corporate Citizenship Committee under the Board of Directors. Thanks to continued efforts to increase value for stakeholders based on the SK Group's management philosophy and customer-oriented management system, SK Telecom, along with China Mobile, became the first telecommunications company in Asia to be included in the Dow Jones Sustainability Index(DJSI).

Fierce competition coupled with slumping demand in the wake of the global economic crisis presents much uncertainty for 2009. SK Telecom believes that sustainability management activities are more crucial than ever in difficult times to deliver happiness to all corners of society. We will continue to introduce innovative services to secure safe mobile communications access to all people while addressing major issues facing the world such as climate change and the aging population. In doing so, we also hope to contribute to revitalizing the national economy.

New responsibilities and mission

Since launching the world's first commercial CDMA service in 1996, SK Telecom has contributed to advancing information and communications technology(ICT) and the Korean economy. Rapid growth of the ICT sector was an important catalyst in Korea's emergence from the foreign exchange crisis in the late 1990s. Harnessing our world leading ICT infrastructure, we will continue to develop new technologies to boost efficiencies of other industries and explore new global markets to promote Korea's ICT industry on the world stage. Above all, we intend to create further value for stakeholders by building on our progress in sustainability management and fulfill our responsibilities as a signatory to the UN Global Compact. Your trust and support will continue to play a vital role as we pursue our goals.

President and CEO Man Won Jung

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Sustainability at SK Telecom

At SK Telecom, sustainability management is more than a slogan.
It also goes beyond following the latest trend.
It represents the only way to ensure our growth and promote
sustainable development of society.

A.

B.

C.
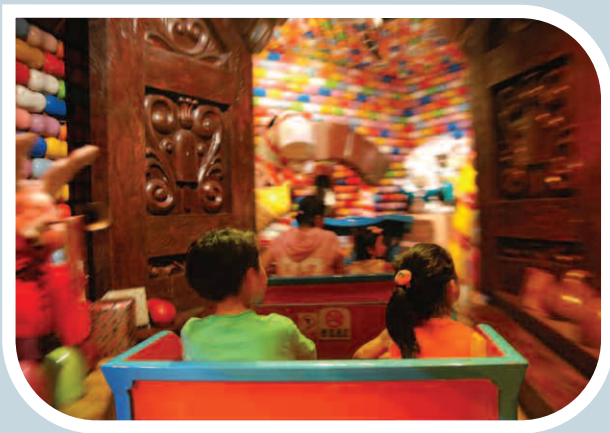
A _ Family Award in Picture Category - Our Family's Summer Break - Child of Lee Cheol-hyeong,
PM Platform Team: Lee Hyeon-jeong

B _ Family Award in Photo Category - Unknown World - Kim Soo-ik, Next Internet Business

C _ Family Award in Photo Category - Children on the Beach - Han Sang-yun, PM Platform Team

Setting the Context

CDMA(Code Division Multiple Access)

A technology for digital transmission of radio signals based on spread spectrum techniques developed by Qualcomm of the US. SK Telecom launched the world's first commercial CDMA cellular service in January 1996.

WCDMA(Wideband Code Division Multiple Access)

Next generation CDMA technology enabling the sending and receiving of data, static images and moving images.

HSDPA(High Speed Downlink Packet Access)

A 3.5G mobile communications technology for improving the downlink performance of WCDMA networks. It supports mobile telephony and high-speed data transmission.

TDSCDMA(Time Division Synchronous Code Division Multiple Access)

A 3G mobile communications technology developed by China. It is the next generation mobile communications standard being pursued by the country.

SK Telecom Profile

As the nation's leading mobile communications company, SK Telecom has spearheaded advances in CDMA service not only in Korea but throughout the world and in the process played a key role in shaping Korea into a global IT powerhouse through continuous innovation. We continue to lead the mobile evolution with cutting edge convergence services that break down the walls between different sectors such as mobile commerce, telematics, satellite DMB and digital home service.

Company History

As a public enterprise (1984~1993)

('84.3)	Established Korea Mobile Telecommunications Services Co., Ltd.
('84.5)	Began car phone service
('89.10)	Listed on Korea Stock Exchange
('92.4)	Paging service subscribers surpassed 1 million

Since privatization (1994~present)

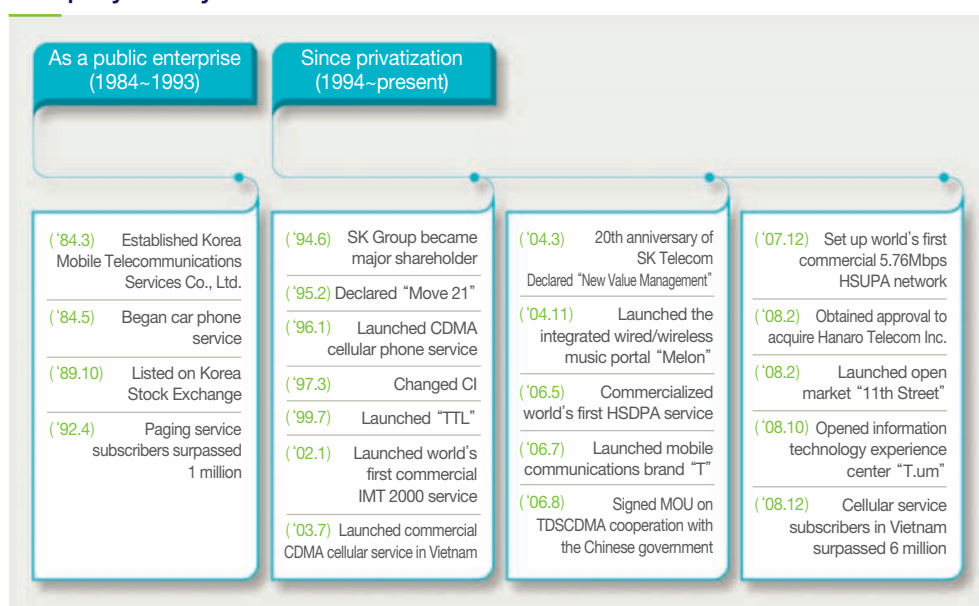|	
('94.6)	SK Group became major shareholder
('95.2)	Declared "Move 21"
('96.1)	Launched CDMA cellular phone service
('97.3)	Changed CI
('99.7)	Launched "TTL"
('02.1)	Launched world's first commercial IMT 2000 service
('03.7)	Launched commercial CDMA cellular service in Vietnam

('04.3)	20th anniversary of SK Telecom Declared "New Value Management"
('04.11)	Launched the integrated wired/wireless music portal "Melon"
('06.5)	Commercialized world's first HSDPA service
('06.7)	Launched mobile communications brand "T"
('06.8)	Signed MOU on TDSCDMA cooperation with the Chinese government

('07.12)	Set up world's first commercial 5.76Mbps HSUPA network
('08.2)	Obtained approval to acquire Hanaro Telecom Inc.
('08.2)	Launched open market "11th Street"
('08.10)	Opened information technology experience center "T.um"
('08.12)	Cellular service subscribers in Vietnam surpassed 6 million

Key Management Figures

(Unit: KRW million, persons)

	2004	2005	2006	2007	2008
Total assets	14,020,705	14,521,676	15,803,514	18,132,510	18,617,495
Total liabilities	6,893,613	6,263,796	6,507,626	6,705,564	7,888,488
(Debt-to-equity ratio)	(96.7%)	(75.9%)	(70.0%)	(58.7%)	(73.5%)
Total shareholders' equity	7,127,091	8,257,881	9,295,889	11,426,946	10,729,007
Operating revenue	9,703,681	10,161,129	10,650,952	11,285,900	11,674,662
Operating income	2,359,581	2,653,570	2,584,370	2,171,543	2,059,896
Net income	1,494,852	1,871,380	1,446,598	1,642,451	1,277,658
Full-time employees	4,130	4,188	4,187	4,442	4,411

Share Ownership

(Unit: shares)

As of December 31, 2008

81,193,711 shares

8,707,696 — 10.73%	2,341,569 — 2.88%	Institutional investors/ Minority shareholders
18,748,452 — 23.09%	51,395,994 — 63.30%	SK Group
		Treasury stock
		POSCO

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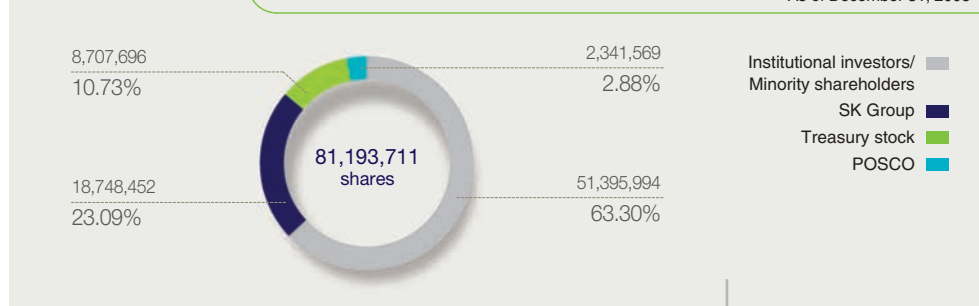
Domestic Business

As of the end of 2008, the number of mobile phone subscribers in Korea stood at 45.6 million, for a penetration rate of 93.8% relative to the total population. In line with our strategy of maintaining a 50.5% market share, we attracted one million new subscribers in 2008 to expand our subscriber base to 23 million use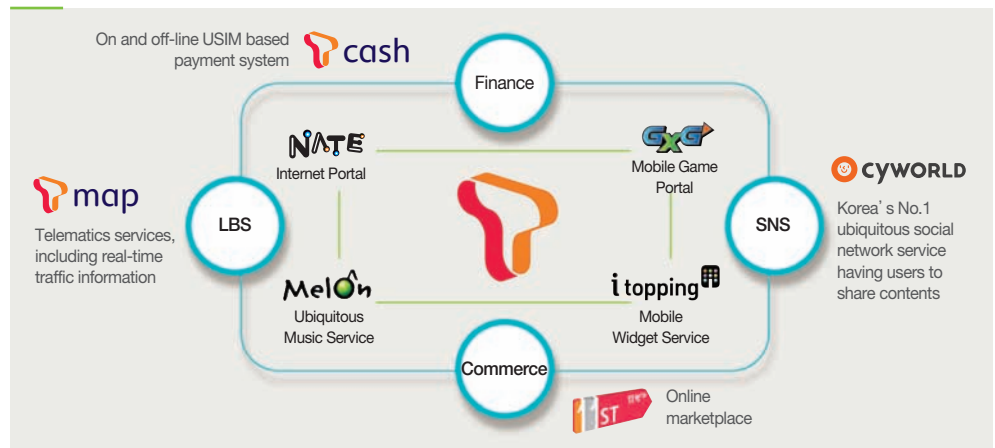rs. We reinforced our mobile commerce business with our entry into online shopping and the launch of Commerceplanet. We also branched out into movie distribution. Our wired-wireless convergence business gained pace as we landed orders for the Pangyo u-City project and the Ministry of National Defense's BcN(Broadband Convergence Network).

Major Business and Services

Major Affiliates in Korea

Based on the capability of Korea's leading mobile telecom company, we operate affiliates that have specialized competencies in various business areas: SNS and messenger(SK Communications 64.8%), commerce(Commerceplanet 100%), finance(Paxnet 59.7%), game(Ntreev 66.7%), music(LOEN Entertainment 63.5%), broadcasting contents(iHQ 37.1%), satellite DMB(TU Media 44.2%), broadband(SK Broadband 43.4%), and international calls and long-distance calls(SK Telink 90.8%). (Numbers in brackets represent SK Telecom's equity stake as of Dec. 31, 2008.)

Domestic Operation

Sales and marketing activities are carried out through the branches, customer centers and CRM centers under our four regional headquarters and the roughly 2,200 dealers. In carrying out our business, we work closely with over 4,000 business partners which includes dealers; network equipment and handset suppliers; companies that build, operate and maintain our network; contents providers; and R&D partners.

Headquarters and Regional Headquarters

- SK T-Tower (headquarters)
- Regional headquarters
- Switchboard building
- Other premises

T, our representative brand, aspires to go beyond technological leadership and appeal to customers' senses and forge a new culture. T represents our resolve to add new value to our customers' lives by offering new and unique products.
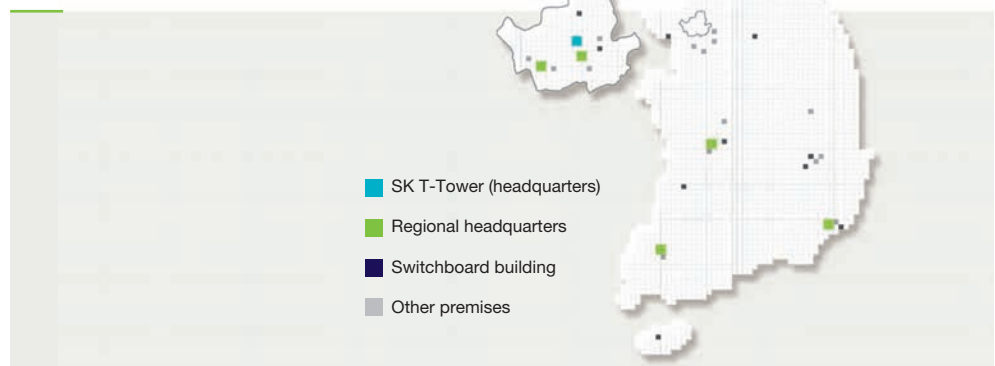
Overseas Business

Drawing on our proprietary technology and innovative convergence services, we are building up a global presence via expansion into China, Vietnam and the US.

China

We have maintained close cooperation with China Unicom since we began providing technical consulting under a CDMA cooperation agreement in 2001. Last year, we established the basis for our convergence business in China, the world's largest market, with the acquisition of companies in the telematics, music, games, and e-commerce sectors.

Vietnam

We launched our CDMA service in Vietnam in 2003 in conjunction with Saigon Postel, the nation's second largest mobile telecom operator, after receiving approval from the local authorities in 2001. We enjoyed robust growth in 2008, with the number of service subscribers surpassing 6.3 million following the addition of 2.8 million new subscribers during the year.

USA

In the US, we launched an innovative service under the Helio brand in May 2006. With a view to capturing new business opportunities in the vast local market, we made the strategic decision to merge Helio into Virgin Mobile USA, the country's leading MVNO(Mobile Virtual Network Operator), in 2008. Separately, we set up a joint venture with Citigroup that offers mobile financial services. The JV provides an avenue through which we can export our mobile finance knowhow acquired in the Korean market.

Major Global Subsidiaries

- China, SKT China Holding Company (100%)
- USA, SKT Americas (100%)
- Vietnam, SKT Vietnam (73.3%)
- Mongolia, Skytel (26.4%)
  (as of Dec. 31, 2008)

SK Telecom Global Sites

As of December 31, 2008

SKT Europe

SK Telecom

SKT China Holding Company

SK Telecom Tokyo Office

SKT Americas

SKT Vietnam
Hanoi Office

SKT Vietnam
Ho Chi Minh Office

SK Telecom
Jakarta Office

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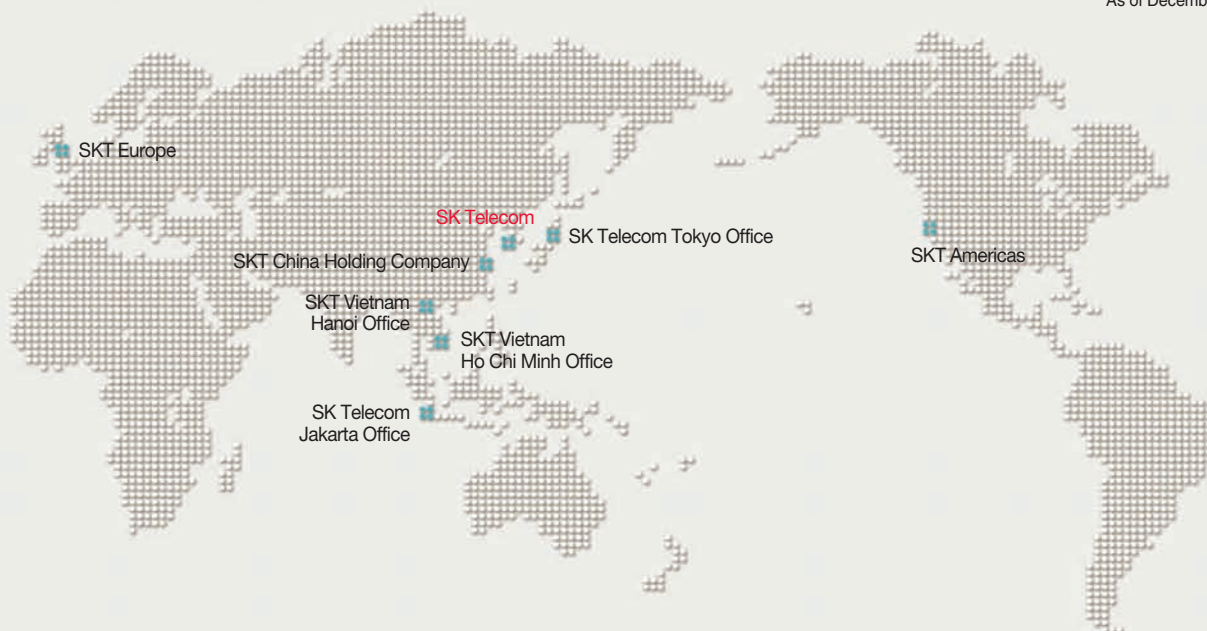
External Recognition

In 2008, SK Telecom seized the number one position in the three major customer surveys in Korea. We also received the Award of Excellence in corporate governance from the Korea Corporate Governance Service for the second consecutive year and the ARC Award for our Annual Report. Gifticon, our mobile-based gift coupon service unveiled in December 2006, won the Frost & Sullivan Asia Pacific Information and Communications Technology(ICT) Award for Most Innovative Application/Product of the Year. It also won the award for Best Mobile Internet Service given by GSM Association.

Gifticon, Awarded as Most Innovative Application/Product of the Year

Major Awards in 2008

'09. 3	National Customer Satisfaction Index (No. 1 for 12 consecutive years)	Korea Productivity Center
'08.11	Asia Mobile Award, Most Excellent Mobile Service	GSM Association
'08.10	Korea Customer Satisfaction Index (No. 1 for 11 consecutive years)	Korea Management Association Consulting
'08. 9	KS-SQI (No. 1 for nine consecutive years)	Korean Standards Association
'08. 9	International Business Award (Grand prize of three categories)	The Stevie Awards Organization
'08. 8	ARC Award	MerComm
'08. 6	Award of Excellence Winner	Korea Corporate Governance Service
'08. 5	Innovative Application/Product of the Year	Frost & Sullivan
'08. 4	Best Innovation Company	Asian Wall Street Journal

Membership Status

International	Korea
Bridge Mobile Alliance	Next Generation Mobile Communication Forum
Business for Social Responsibility	Korea Telematics Business Association
CDMA Development Group	Telecommunications Information Sharing and Analysis Association
Center for Telecom Management	Unification IT Forum
Ethics and Compliance Officer Association	Korea Association of Game Industry
GSM Association	Korea Fair Competition Federation
International Telecommunication Union	Korea Network Research Association
Keio Research Institute	Korea Wireless Internet Solution Association
Khronos Group	Korea Association of RFID/USN (Chairman)
LiMo Foundation	Korea Radio Promotion Association
Next Generation Mobile Network	Telecommunications Technology Association
Open Mobile Alliance	Korea Association of Information & Communication (Chairman)
Open Mobile Terminal Platform	Commerce Net Korea (Chairman)
Telemanagement Forum	Korea Contents Industry & Business Association
UN Global Compact	Korea Telecommunications Operators Association
WiMAX Forum	Korea Home Network Industry Association
World Economic Forum	Korea e-Sports Association (Chairman)
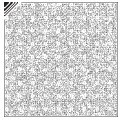
Our Journey towards Sustainability

Foundation of Sustainability Management, SKMS (SK Management System)

Constant support from customers, the dedication and hard work of employees, and encouragement from shareholders and business partners played a vital role in powering SK Telecom's growth over the years. Increasing value for stakeholders and securing their trust is at the heart of all corporate activities, in accordance with SKMS, SK's management philosophy adopted in 1979 and revised over twelve occasions. Based on SKMS, SK Telecom strives to fulfill its economic, legal and social responsibilities in order to create value for all stakeholders.

SK Telecom website, About SK Telecom > Management Philosophy > SKMS

Sustainability Management Strategy

Sustainability management at SK Telecom involves more than a defensive and reactive approach to manage risks. The objective is to gain stakeholders' trust and through that process, seize business opportunities derived from environmental and social issues that will drive sustainable development. To that end, we have derived concrete action plans related to the environment, win-win partnerships, customer protection, community involvement and ethics. In particular, we are preparing measures in response to growing demand for green IT. In February 2009, we reexamined our action plans related to environmental management during a meeting of the Corporate Citizenship Committee.

2008 SK Telecom Annual Report, Sustainability Management

Strategic Direction for Sustainability Management

Reinforce existing business through CSR
- Link with customer mind share-focused marketing strategy
- Boost market leadership by building a brand image based on integrity and trust

Responsible Brand Image

Reinforcing Conventional Biz

Sustainable Growth

Employee Motivation

Employee Motivation

Regulation Risk Hedge

Cost Efficiency

New Biz Opportunity

Hedge regulation risk through CSR
- Respond proactively to standards on the environment, fair competition, customer protection, human rights, labor, and ethics
- Minimize regulation risk through ongoing dialogue with stakeholders

Strategic CSR through Business

Discover new business opportunities through CSR
- Respond to paradigm change, e.g., green ICT, open collaboration
- Secure new business model to lead change in personal lifestyles

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Sustainability Management Framework

SK Telecom incorporates stakeholders' opinions in carrying out its business activities. Separate units have been set up for each of the major stakeholder groups identified by SKMS to enhance communication between the company and stakeholders.
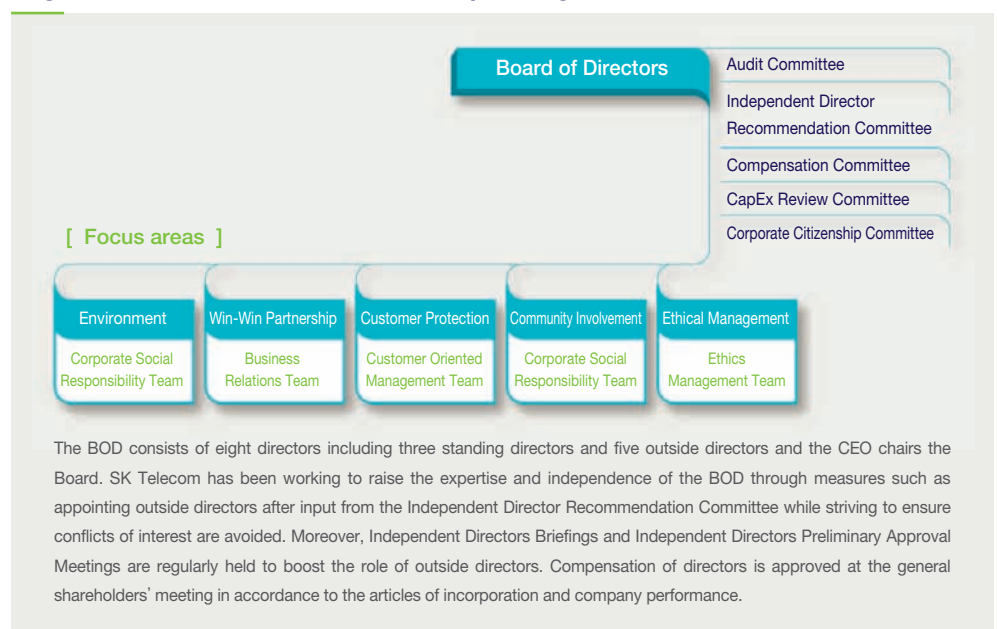
Corporate Citizenship Committee

The Corporate Citizenship Committee was created under the Board of Directors in May 2008. Composed of three independent directors and two standing directors, the committee oversees policies, performance and communication related to sustainability management. The committee convened for two meetings in 2008, during which the members discussed progress to date and areas for improvement. Based on review of the company's activities and the related risks and opportunities, the committee initially decided to focus on five areas, namely the environment, win-win partnerships, customer protection, community involvement and ethics. Going forward, the focus areas will be adjusted based on materiality assessment taking into account future sustainability management activities and progress together with stakeholder demands.

The ultimate objective of sustainability management at SK Telecom is to embed the spirit of CSR(Corporate Social Responsibility) in all business activities to enable sustainable growth and value creation. In 2009, we plan to create a sustainability management council comprising heads of the pertinent departments which will support activities of the Corporate Citizenship Committee. We also intend to designate and track KPIs(Key Performance Indicators) on sustainability management.

SK Telecom website, Investor Relations > Management Info > Corporate Governance

Corporate Citizenship Committee
preliminary seminar (Sept. 2008)

Organizational Scheme for Sustainability Management

Board of Directors

Audit Committee

Independent Director Recommendation Committee

Compensation Committee

CapEx Review Committee

Corporate Citizenship Committee

[Focus areas]

Environment	Win-Win Partnership	Customer Protection	Community Involvement	Ethical Management
Corporate Social Responsibility Team	Business Relations Team	Customer Oriented Management Team	Corporate Social Responsibility Team	Ethics Management Team

The BOD consists of eight directors including three standing directors and five outside directors and the CEO chairs the Board. SK Telecom has been working to raise the expertise and independence of the BOD through measures such as appointing outside directors after input from the Independent Director Recommendation Committee while striving to ensure conflicts of interest are avoided. Moreover, Independent Directors Briefings and Independent Directors Preliminary Approval Meetings are regularly held to boost the role of outside directors. Compensation of directors is approved at the general shareholders' meeting in accordance to the articles of incorporation and company performance.

Dissemination & Education

SK Telecom conducts online training on win-win partnerships, customer protection, community involvement and ethics in order to raise employee awareness of the importance of increasing value for stakeholders. More in-depth training is provided to personnel in each department designated to oversee win-win partnerships, information security, community involvement, and ethics and compliance. In 2009, special emphasis will be placed on environmental management, an area that calls for greater attention, by introducing an online training course on the environment to be taken by all employees.

Risk Management Process

Stakeholders may file complaints through our Ethical Counseling Center and customer centers. Based on the filed complaints, we identify processes that have or may cause damage or losses for stakeholders and take corrective action to prevent recurrences. Periodic meetings are held to continuously identify complaints or demands from regulatory bodies, government, legislature, business partners and competitors. When a particular issue is identified as substantial risk, a task force team is set up to prepare countermeasures before a problem actually occurs. In 2009, we plan to introduce preemptive measures against risks to stakeholders, including mandatory preliminary screening for infringement of customer values related to new product development.

Performance Evaluation and Monitoring

At present, sustainability management performance is evaluated by the departments in charge of the respective areas. Sustainability management is not explicitly stated in the criteria for assessing performance of the Board, but the Board is to play an important role in promoting sustainability management through the Corporate Citizenship Committee. Sustainability performance and plans will be reviewed by the committee on a regular basis in 2009. In addition, Sustainability KPIs that apply to the entire company will be selected to monitor companywide progress in sustainability management.

External Recognition

In September 2008, SK Telecom was named as a component of the Dow Jones Sustainability Indexes by Dow Jones of the US and Sustainable Asset Management(SAM) based in Switzerland. We received high marks in customer relationship management, customer privacy protection, and human resources development. However, our scores were lower in risk management, environmental management, and stakeholder engagement. Subsequently, SK Telecom ranked third in the AccountAbility Rating Korea 2008 announced in January 2009.

SK Telecom CSR Advisory Panel

SK Telecom launched the SK Telecom Community Involvement Advisory Panel comprising experts on social welfare in 2003 for effective implementation of community involvement activities. The group's reach will expand to sustainability management, environment, fair competition and corporate governance in 2009, and will start operating under the new name of SK Telecom CSR Advisory Panel. The panel will support activities of the Corporate Citizenship Committee.

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Independent but Together

Sustainability Management at SK Group

Based on SKMS, SK affiliates cooperate to produce synergies in diverse areas including win-win partnerships, environment, customer privacy protection, community involvement, and ethics. In addition to the Brand Management, SK Group newly launched the Win-Win Partnership Committee and the Environmental Management Committee to boost affiliate collaboration in the two areas in 2008. SK Group also set up a council to address matters related to customer privacy protection.

Environmental Management

SK is nurturing "low-carbon, green technology" as a new growth engine by expanding investment in this field. To facilitate a group-wide approach to addressing the issues of energy and climate change, the SK Environmental Committee was launched in November 2008. SK's plans for 2009 involve building group-wide infrastructure to realize a green culture, processes and products, including the formation of a greenhouse gas inventory. SK Telecom will actively engage in activities led by the SK Environmental Committee. We will also pool together green technologies of our affiliates to pursue R&D and commercialization in areas that will provide new opportunities for growth while promoting green cities through the Green ICT Committee (launched in May 2009).

Inaugural Meeting of SK Telecom Green ICT Committee (May 2009)

SK reveals pact for win-win partnerships and fair competition (Sep. 2008)

Win-Win Partnership

In September 2008, SK Group announced its commitment to win-win partnership by unveiling its pact on win-win partnerships and fair competition. Accordingly, SK Telecom launched a review to ensure fairness in signing and implementing business contracts, and in selecting and managing suppliers. The review also looked ways to prevent unfair transactions. Findings from the review will be reflected in internal business processes. SK Telecom will continue to work together with SK affiliates to enhance win-win partnership under the guidance of the SK Group Win-Win Partnership Committee set up in February 2009.

Community Involvement

Community involvement at SK goes beyond simple giving or one-time pursuits. It is based on SK's philosophy of making social investments to find fundamental solutions to issues facing the communities in which SK companies do business. From 2005 to 2008, SK introduced various initiatives to provide truly needed services and in the process, created more than 6,000 jobs. These include a program to instill hope among low-income youths, free IT training for disabled persons, support for childcare facilities for low-income families, a free meal service, and deployment of teaching assistants to support the integration of disabled children into mainstream education. Projects that create jobs while helping the less fortunate are led by the SK Nanum Foundation set up by SK in June 2006.

2008 SK Community Involvement White Paper

SK Nanum Foundation http://www.happynanum.org

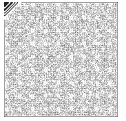SK declares its commitment to promoting unity (April 2009)

The management and labor union leaders of 13 SK Group companies including SK Telecom signed a pledge to work for job security and share the suffering until the economy recovers.

Invested Companies

Based on SK's management philosophy of SKMS, SK Telecom pursues sustainability management together with its invested companies in Korea and around the world.

SK Broadband

● **Enhancing Customer Value** ● To restore loss or damage suffered by customers due to problems related to privacy protection, SK Broadband carried out various activities for customer value innovation in 2008. The company enhanced customer management, reinforced services at customer contact points, and pursued organizational innovation.

● **Environmental Protection** ● In 2008, the IDC (Internet Data Center) introduced an energy saving system that enables cooling devices to be shut off by taking advantage of cold outside air during winter. The system has resulted in annual savings of KRW 5 billion in energy costs. It has also helped to lengthen the lifespan of equipment and prevented major equipment failures.

● **Community Involvement** ● On September 22, 2008, SK Broadband unveiled its new corporate identity and launched its volunteer group for community involvement. As its first undertaking, 45 members of the group including CEO helped to build houses with Habitat for Humanity. Last year, 540 employees donated 2,300 volunteer hours.

SK Broadband will work together with the Korea Food for the Hungry International(KFHI) to support children's education in various parts of the world. This is in line with the SK Group's educational support programs and scholarships implemented over the past 30 years. SK Broadband will also take part in community involvement activities using its IT expertise, such as preventing Internet addiction and finding missing disabled and elderly persons with Alzheimer's disease. Currently, the company is conducting a campaign to locate missing children through Broad & IPTV.

● Launch of "Premium Care Service"

●● Donating funds to KFHI to help needy children from broken homes

Market Presence (Unit: persons, market share in brackets)

	2005	2006	2007	2008	2009. 3
High speed Internet	2,773,159 (22.7%)	3,612,749 (25.7%)	3,658,115 (24.9%)	3,543,669 (22.7%)	3,641,549 (22.7%)
IPTV	-	150,522	807,219	775,407	756,092
Phone	1,521,117 (6.6%)	1,745,266 (7.5%)	2,030,862 (8.8%)	2,055,558 (8.6%)	2,192,745 (8.5%)

Male 1,485
Female 259
Electricity Usage 212,164 MWh

[**Employees**] Total: 1,744 (Total includes 233 temporary employees, as of Dec. 31, 2008)
[**Electricity Usage**] 212,164 MWh (2008 basis)

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SK Communications

● **Customer Privacy Protection** ● An important mission at SK Communications is to deliver services that users can trust. To fulfill this mission, the company has adopted a mid/long-term customer privacy protection strategy designed to raise awareness among employees, have processes take root, and upgrade technology. In December 2008, SK Communications received ISO27001 certification for its customer data management system.

● **HR Development** ● A companywide job analysis was conducted in 2008 to set up the basic infrastructure for strategic HR management. Based on the competency scheme derived from the analysis, a review was carried out to identify each employee's areas of weakness and draw up customized training programs. In addition, cross functional education was introduced so that employees can gain a deeper understanding of related jobs. In 2008, experts from inside and outside the company gave lectures in seven sections over four days. The lectures allowed employees serving in different functions to share knowledge and knowhow.

● **Innovative Culture** ● SK Communications envisions a culture that promotes challenge and cooperation while enabling continued growth of the company and individual employees. Under the vision, each individual takes the initiative to identify positive change to enhance life, work and society, and to take the necessary action to bring about positive change. FT(Fantastic Teamplay) is a program aimed at building a culture of creative challenge and cooperation. It allows anyone to suggest any topic for group studies. FT has gained widespread popularity with over 200 groups being formed within three years of its launch. Initiatives related to FT in 2008 included a developers' idea contest, a UNICEF campaign to help children, photo exhibition, charity bazaar and volunteering programs. A separate employee proposal scheme resulted in a company library, mentoring program, service coloring production and other efforts to change the work environment and culture. The scheme should gain further ground in 2009 with the creation of a service proposal platform.

● ● ● Fantastic Teamplay Activity

| Market Presence					(Unit: persons)
	2004	2005	2006	2007	**2008**
Cyworld users	11,804,507	16,618,199	19,702,730	21,861,046	23,236,605
Total users [1]	18,356,338	21,044,315	22,999,184	24,729,000	26,062,161

1) Collective number of users of Nate.com, empas(Internet portal), NateOn(messenger), and Cyworld(SNS). All figures are as of the end of each year.

Male **614**

Female **569**

Electricity Usage **28,392**MWh

[**Employees**] Total: 1,183 (Total includes 177 temporary employees, as of Dec. 31, 2008)
[**Electricity Usage**] 28,392 MWh (2008 basis)
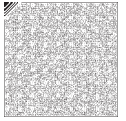
SK Telink

● **Economic Contribution** ● SK Telink shares the fruits of success not only with its employees, but also with business partners such as customer centers, contractors and dealers. In 2008, the company expanded into the corporate e-learning service sector, which created new jobs and expanded its business network.

● **Environmental Protection** ● SK Telink invests in R&D to raise energy efficiency. In 2008, it filed a patent application for a power control technique using the Internet phone. The technology, which combines the previous power control system and Internet phone, allows a company to reduce electricity and communications expenses.

● **Customer Privacy Protection** ● Every effort is made to protect customer privacy and adhere to pertinent regulations. In 2007, SK Telink set up an internal data leak prevention system and a customer database access control system. The company also works closely with SK affiliates to protect customers' personal information. To prevent information leaks through the distribution channels, periodic checks are conducted targeting dealers and partner firms. In addition, training on protecting customer privacy is carried out on an ongoing basis. A data protection and safety inspection takes place once a year, also to ensure safe communications services.

● **HR Development** ● SK Telink is well aware of the importance of corporate culture in driving sustained growth. In 2006, the company adopted trust, innovation and professionalism as the core values to be shared by all employees. These values are reflected in hiring practices, employee evaluation and HR development. A systematic training program is available to all employees so they may reinforce their skills and competencies.

● **Human Rights Protection** ● SK Telink does not discriminate based on nationality or gender when recruiting employees, and promotes gender equality in the workplace and respects diversity. Its Code of Ethics was formulated in 2008 and all employees signed a pledge to observe the code and contribute to companywide efforts aimed at fulfilling its responsibilities as a good corporate citizen.

●
Certified as the No.1 ranking company in 2009 NCSI

SK Telink ranked first in the NCSI in the international calls category from 2006 to 2009.

Electricity Usage 301 MWh

Male 165

Female 49
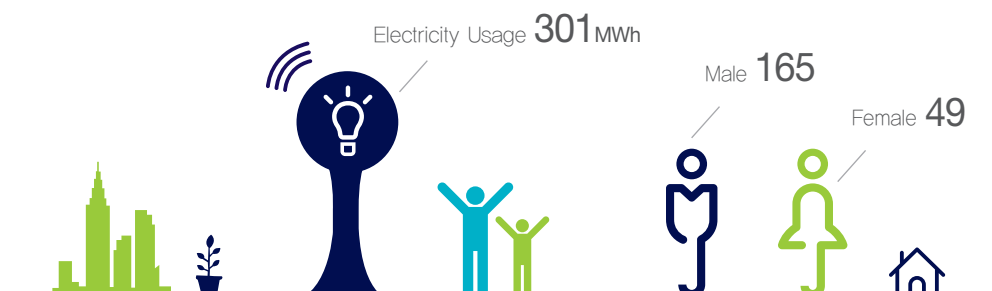
[Employees] Total: 214 (Total includes 43 temporary employees, as of Dec. 31, 2008)
[Electricity Usage] 301 MWh (2008 basis)

15

16

TU Media Corp.

TU Media

● **HR Development** ● TU Media has drawn up a training scheme according to job function and rank, and offers programs based on this scheme to boost employees' basic competencies and job skills. In 2008, the company made greater use of TU Learning World, an online education system set up in the previous year, to strengthen job skills. Along with TU Learning World and offline programs, employees also took advantage of a remote reading course and opportunities to attend external conferences and seminars. Support was extended to hold workshops at the divisional level when necessary as a way of providing education directly related to the job. As a result, employee participation in education programs increased throughout the year, with a 30% rise recorded in credits acquired. TU Media will further refine its HR development strategy, strengthening its link to the HR management.

● **Community Involvement** ● Community involvement and volunteering activities got underway in 2007. Increased employee participation allowed TU Media to extend greater assistance to more people in 2008. During the year, employees donated KRW 8.2 million which was delivered to the Bapsang Community and two other charity groups. They also carried out regular volunteering activities at welfare facilities and delivered charcoal briquettes to the needy. TU Media will continue to expand the scope of community involvement to fulfill its obligations to society.

●
TU Learning World homepage

● ●
Delivering coal briquettes to the needy

Market Presence

(Unit: thousand persons)

	2005	2006	2007	2008	2009. 4
Satellite DMB Subscribers	372	1,018	1,273	1,852	1,919
– Mobile phone	356	981	1,229	1,793	1,858
– In-vehicle terminal/Personal device	16	37	44	58	61

Male 108
Female 56
Electricity Usage 520 MWh

[Employees] Total: 164 (Total includes 53 temporary employees, as of Dec. 31, 2008)
[Electricity Usage] 520 MWh (2008 basis)
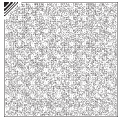
SKT China Holding Company

● **New Investment Activities** ● SK Telecom China Holding Company continued to pursue joint business with local telecom service providers and made new investments in 2008. Early in the year, the company entered the entertainment contents business by establishing SidusHQ, a comprehensive entertainment company, and investing in TR Music, a music producing and publishing firm. It also laid the foundation for diverse convergence businesses in China. It branched out into the GPS sector by investing in Shenzhen E-eye, jointly launched online ticketing services with 88PIAO, and invested in the online game company SKMT. At the same time, the holding company continued to oversee businesses and shared services through existing invested companies, Viatech, Unisk, and Cyworld.

● **HR Development** ● Training programs for new recruits allow new hires to learn about the company and cultivate their competencies. The program covers basic company information, HR system, financial affairs and corporate culture. To boost localization, a vital component of global operations, experts are invited to give lectures on subjects like leadership, innovation, management and economics. Outstanding employees are given the opportunity to take a mini-MBA program offered in conjunction with major universities in Korea.

● **Promoting SKMS** ● SKMS education is carried out for employees to promote the SK management philosophy. Rewards are given to employees with a superior record in practicing SKMS. Regular meetings are held to facilitate two-way communication between the management and employees on matters such as the company's operations, vision, employee benefits and training.

● **Community Involvement** ● With a strong commitment to CSR, diverse efforts are made to serve local communities. In the wake of the Sichuan earthquake in 2008, SK Group employees based in China raised 1.2 million yuan to support relief work which was donated together with the 10 million yuan donated by the SK Group. Separately, funds, necessities and emergency medical supplies have been provided to a welfare facility for children with vision problems. SK Telecom China Holding Company also supports Sunny(SK Telecom's collegiate volunteer group) which has been carrying out volunteer activities in China since 2004.

● SK Telecom China hiking trip

●● New company building in Beijing

Male **104**

Female **30**
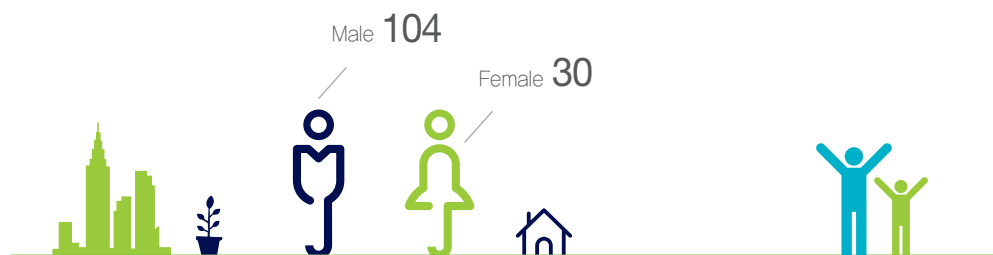
[Employees] Total: 134 (as of Dec. 31, 2008)

LOOKING FORWARD

Information on sustainability management of invested companies is centered on activities pursued in 2008 or those in which stakeholders have a high interest. SK Telecom will gradually expand the reporting scope to a greater number of invested companies and quantitative performance indicators.

Stakeholder Engagement

SK Telecom pursues mutual benefits with stakeholders based on its principle of increasing stakeholder value and communication activities to identify their expectations and demands.
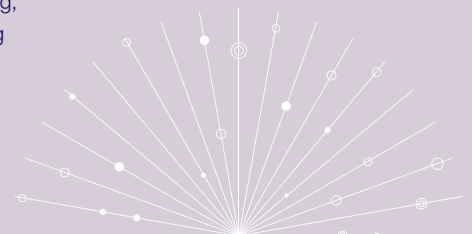
A.

B.

C.

A _ Family Award in Photo Category - Child and Seagull - Jeong Jae-hyeong, Network Biz Solution Team

B _ Family Award in Photo Category - Hide and Seek - Kim Jong-yoon, Data Network O&M Team

C _ Family Award in Photo Category - Dialogue with Taean Sea - Husband of Kim Mi-kyoung, Marketing Process Innovation Team: Koh Weon-sang

Stakeholder Communications

Communication Principles

At SK Telecom, stakeholder communications is based on the company's philosophy of increasing value for diverse stakeholders. The 12th revision of SKMS in 2008 classified stakeholders for corporate relations into customers, employees, shareholders, government, business partners, and the general public. The revised SKMS also sets forth principles for communicating with stakeholders. Based on clearly defined stakeholder segments and principles, we conduct activities to identify their expectations and demands, and draw up corresponding strategies with a view to maximizing return for SK Telecom and its stakeholders.

Communication Activities

● **Customers** ● Some 5,000 personnel working at our 12 customer counseling centers and 8 CRM centers across Korea handle about 8.5 million cases each month. Most of the cases last year had to do with call quality, billing and payment, customer inconveniences, additional services, and payment plans. Employees are informed of frequent complaints raised by customers through the company intranet, while a dedicated unit works to make necessary corrections and improvements. Going beyond just listening to the customer, SK Telecom pursues customer experience management under which we oversee all matters experienced by the customer while applying for and using our services.

● **Employees** ● The labor-management council holds four meetings a year during which the two sides discuss ways for mutual cooperation. Subjects of discussion in 2008 included changes to employee compensation and benefits and how to improve the work environment. The management also informed the labor union of the company's overseas investments, BOD agenda items, and organizational restructuring. SK Telecom constantly gathers employees' opinions on major company issues through channels such as the CEO Hotline and internal newsletter.

● **Shareholders and Analysts** ● Meetings and seminars are organized to explain the company's management activities to investors and analysts in Korea and abroad. In 2008, we held a total of 417 IR meetings. Individual investors and shareholders can gain access to company information at their convenience through the company website.

● **Business Partners** ● SK Telecom carries out a wide range of communication activities to cater to the needs of business partners. We operate an online VoP(Voice of Partners) channel (partneron.sktelecom.com), through which partner firms can convey the difficulties they face and make suggestions. In August 2008, we opened a website(open2u.sktelecom.com) through which small- and mid-size venture companies can propose new ideas.

● **Government, NGOs and Local Communities** ● We maintain regular communication with major regulatory agencies including the Korea Communications Commission and work together to address various social issues. We also pursue dialogue with civic groups and local communities when pertinent, such as during the course of setting up new base stations. Periodic meetings are held with NGOs including those who disapprove of our policies or activities in order to gain their understanding. We also provide consistent support to NGOs whose causes coincide with our community involvement initiatives.

● Access to video telephony customer center expanded to all WCDMA users (Feb. 2009)

Websites for Stakeholder Communications

SK Telecom homepage
http://www.sktelecom.com

Online customer center
http://www.tworld.co.kr

Corporate blog
http://www.sktstory.com

SK Telecom labor union
http://www.skttu.com

VoP channel
http://partneron.sktelecom.com

Business Partners portal
http://open2u.sktelecom.com

Stakeholder Feedback

Satisfaction Surveys

Regular satisfaction surveys are conducted targeting customers, employees, and the participants and beneficiaries of community involvement programs. These surveys allow us to identify weaknesses and take corrective action. Using the business partner satisfaction survey tool we developed in 2007, we carried out the survey twice in 2008. We proceed to enhance win-win partnerships by identifying measures needed to raise satisfaction levels among the different business partner segments through such surveys.

Grievance Mechanism

SK Telecom promotes ethical management to employees, customers and business partners through the Ethical Counseling Center. The center receives suggestions and provides counseling related to ethics through diverse mediums including the website, telephone, face-to-face counseling, and correspondence. A separate mechanism is available that offers counseling on ethical issues from the chair of the Audit Committee, an independent director on the board. My Counselor and Letter to HR allow employees to seek advice on various dilemmas via the Intranet, while female counselors provide counseling on matters related to sexual harassment. SK Telecom does not reveal information on employee grievance counseling to outsiders in accordance with our pledge for confidentiality with employees.

Ethical Counseling Helpline http://www.sktelecom.com/html/sktelecom/ethics/CounselCenter.html

SO 4. Cases Submitted to Ethical Counseling Helpline   (Unit: cases)

As of December 31, 2008

Year	Cases
2004	96
2005	202
2006	122
2007	343
2008	350

350 cases

- Customers: 268 76.5%
- Employees: 51 14.6%
- BP: 31 8.9%

Dialogue on Sustainability Management

We regularly take part in external lectures and conferences to garner stakeholder feedback on our sustainability management. In 2008, we gave 25 presentations at gatherings such as the New Year CEO Forum hosted by the International Management Institute in January, and the Korea Social Contribution CEO Forum and the Corporate Ethics School organized by the Federation of Korean Industries in October. The presentations gave us a chance to interact with some 1,500 stakeholders.

Stakeholder Expectations Raised at Korea Sustainability Investing Forum

Category	Organization	Expectations on SK Telecom (Nov. 2008)
Labor	Korea Labor Institute	● Substantive activities in the wake of joining UNGC ● More detailed information related to labor
Consumer	Korea Consumer Agency	● Preparation for ISO 26000, continued interest and effort to resolve consumer issues
Investor	NH Investment & Securities	● Decision-making in the event of a conflict, disclosure of strategy to raise shareholder value
Environment	Ecosian	● Concrete results from environmental management ● Preparation to address risk related to regulation on total greenhouse gas emission
Government	Ministry of Knowledge Economy	● Incorporate sustainability management into global expansion activities
Sustainability	Business Institute for Sustainable Development	● Link stakeholder communication with strategy management
	Economic Research Institute for Sustainable Society	● Practice social leadership ● Active information disclosure via the Internet
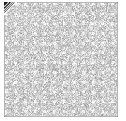
Together with Our Stakeholders

Employees

SK Telecom operates training and volunteering programs to raise employees' understanding of sustainability management and to keep them informed of social issues and stakeholder expectations. ➔ 💡 Issue_11. Investment in Local Communities(p.37)

● **CSR Idea Contest** ● To increase employee awareness of relevant issues, a separate sustainability report for employees was published and a CSR idea contest was held in 2008. Totally 112 ideas were submitted for the contest in four areas, namely customer privacy protection, green ICT, digital inclusion, and community involvement. Some of the ideas are being reviewed for possible implementation.

CSR Idea Contest	Winning entries
Digital Inclusion	Sign language avatar player
Environment	Environmental protection using mobile base stations/repeaters in public infrastructure
	Universal mobile phone batteries
	Dealer shops like "Beautiful Store"
	Convert to recycled paper
	Make shopping bags, posters and PR materials with recycled paper and degradable materials
	Sale and free distribution of eco-friendly mobile phone accessories
	Distribute solar-powered cell phone chargers

Customers

We encourage customer participation in efforts to resolve social issues through donation programs and customer volunteer groups.

● **Customer Volunteer Group, Sunny** ● Launched in 2003 as SK Telecom's customer volunteer group, Sunny has grown into Korea's largest collegiate volunteer group. Currently, it has 60,000 members serving through the group's ten chapters nationwide. With "Fun and creative community service" as their motto, student volunteers use their skills in such programs as Hi Teacher(1:1 tutoring program at regional children's centers) and Fly Super Sunny(library remodeling, performances, summer camp at schools). 🖅 Sunny http://www.besunny.com

● **Mobile Giving Platform** ● SK Telecom offers diverse mobile giving platforms that allow customers to make donations through their cell phones. In December 2004, we launched the "Share Your Love" campaign which allows customers to donate their "Rainbow points" or "OK Cashback points" to designated projects run by charity groups of their choice. We also have a program through which the company provides matching grants for fixed monthly donations by customers. In July 2008, we introduced a campaign in which text messages of encouragement are sent out with financial contributions. Activities to promote the mobile giving platforms, especially in the second half of last year, boosted the number of customer donations from 28,268 in 2007 to 73,349 (total donated amount: KRW 170 million).

●
Exhibit of 2007 Sustainability Report (July 2008)

●●
Delivering funds raised via mobile red kettle campaign (Dec. 2008)

Business Partners

SK Telecom explores ways to address social issues jointly with business partners and offers various support measures to raise awareness of corporate social responsibility among our partner firms.

● **Mobile Technology for Public Benefit** ● Last year, we organized a contest to gather ideas for new community involvement programs using mobile communications technology. Around 60 proposals were submitted during a one-month period starting in September.

● **Financial and R&D Infrastructure** ● Since the opening of the Nate Business Center in April 2005, we have provided a test bed for wireless Internet contents and solutions for free to more than 100,000 people. The center also offers business consulting services. As of the end of 2008, SK Telecom has extended total financial assistance of KRW 68.5 billion to business partners through measures such as secured loans under the credit guarantee system and network loans.

● **Education for Partner Firm Employees** ● SK Telecom provides assistance to sharpen the skills of people employed by business partners as a means of promoting win-win partnerships. Our Partneron Academy attracts more than 20,000 participants every year. We plan to introduce a win-win internship program in the first half of 2009 under which we hire college interns who are dispatched to work at short-staffed SME partners.

Partneron Academy http://partneron.sktelecom.com

| Partneron Academy					(Unit: persons)
	2004	2005	2006	2007	**2008**
SK14. Partneron Academy participants [1]	5,694	11,019	14,982	21,159	21,092

1) Based on the number of applicants.

● **Support for CSR** ● As part of efforts to promote sustainability management among business partners, we are expanding education programs on corporate social responsibility for partner firms. Since we began offering a free sexual harassment prevention course through Partneron Academy in 2006, a total of 3,804 people have attended the classes. In 2008, we started to conduct free education on ethical management.

Promoting Sustainability Management

A shared commitment across the entire corporate sector is vital to fostering an economic and social environment favorable for sustainable growth of businesses. In May 2007, SK Telecom declared its support for the UN Global Compact and cooperated with efforts to launch UN Global Compact Network Korea. We were a sponsor of the UNGC Seoul Conference in June 2008. SK Telecom is also a member of numerous Korean and international organizations on sustainability management, including the Business for Social Responsibility, Ethics and Compliance Officers Association, Business Institute for Sustainable Development, Korea Business Council for Sustainable Development, and BEST Forum(Business Ethics and Sustainability management for Top performance).

● Free test room at Nate Business Center

● UNGC Seoul Conference (June 2008)
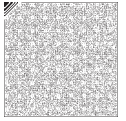
Materiality Assessment

Adoption of Materiality Assessment

SK Telecom started conducting materiality assessments in 2008 to more closely monitor and manage issues in which stakeholders have a keen interest and issues with a potentially large impact on our business activities. Related to the GRI Guideline Indicators, we endeavor to convey detailed and accurate information on our performance centered on the core indicators.
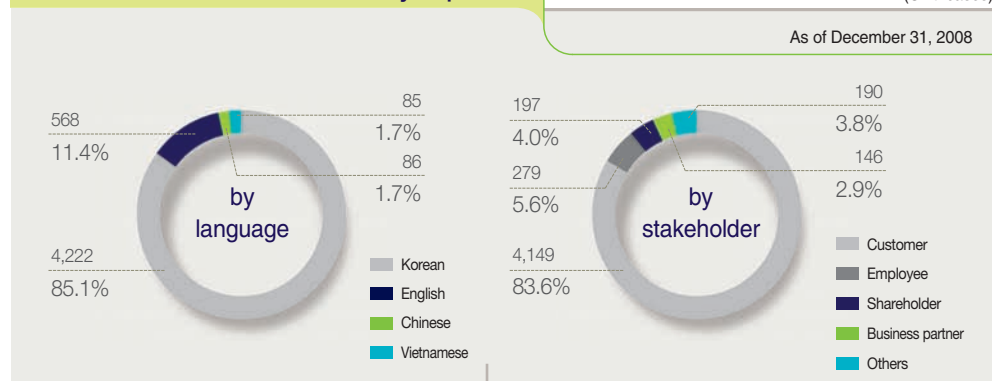
Materiality Assessment Procedure

In 2009, we conducted an analysis to decide on the inclusion of new issues and to examine the level of interest in society and impact on SK Telecom according to the 5 Parts Materiality Test Framework set by AA1000. We upgraded the company homepage to introduce a channel for feedback on our sustainability report. The feedback was incorporated when deriving the major issues. In preparing this sustainability report, we conducted face-to-face interviews with six Korean experts on sustainability management. Their opinions were reflected in the report preparation process.

Downloads of the 2007 Sustainability Report　　　(Unit: cases)

As of December 31, 2008

by language
- 568 / 11.4%
- 85 / 1.7%
- 86 / 1.7%
- 4,222 / 85.1%

Korean / English / Chinese / Vietnamese

by stakeholder
- 197 / 4.0%
- 279 / 5.6%
- 190 / 3.8%
- 146 / 2.9%
- 4,149 / 83.6%

Customer / Employee / Shareholder / Business partner / Others

Major Issues Derived from Materiality Assessment

The eleven major issues are covered in the "Materiality Issues to Our Business and Society" section of the report. Issues deemed to have a relatively lower significance are detailed in the "Measuring Our Progress" section and will be reported on our website by the end of 2009.

Going forward, we will conduct the materiality assessment using information gained from corporate-wide communication with stakeholders throughout the year. The information will be subject to review by the Corporate Citizenship Committee and other related bodies so that we can reinforce our sustainability management activities centered on the major issues.

Materiality Assessment Factors

5 Parts Test Framework	Assessment Factor	Variable Reviewed
Short-term Financial Impact	Short-term finances	Company newsletter exposure
Policy-based Performance	Existence of internal policies	New measures drawn up in 2008, employees' opinion
Peer-based Norms	Peers' response to issues	Results of a survey by an outside agency, BSR-GeSI ICT Materiality Project
Stakeholder Concerns and Behavior	Interest level of external stakeholders	Reader feedback, investors' requests for information, interviews with experts
Societal Norms	Current and future regulations	Media analysis results

23

Material Issues to Our Business and Society

SK Telecom focuses on finding and conveying information on issues that matter most to the company and stakeholders. Our goal is to build a common ground for greater understanding and progress.

A.

B.

C.
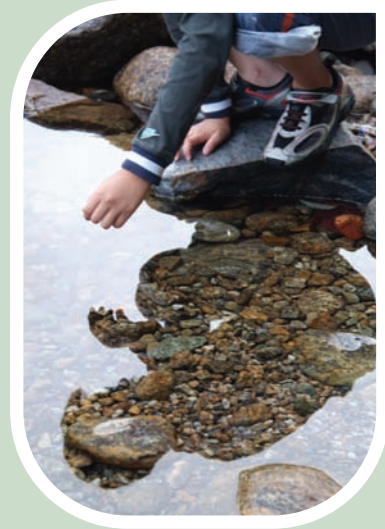
A _Family Award in Photo Category - Embracing Innocence - Kim Yong-hwan, Network Value Management Team

B _Family Award in Picture Category - Hiking - Children of Park Mi-sang, Transmission Network O&M Team 2
: Park Seong-geum/Park Seong-yeon

C _Family Award in Photo Category - Fun Next to a Camping Car - Husband of Lee Yun-hee, C&I SKMS: Kim Ju-han
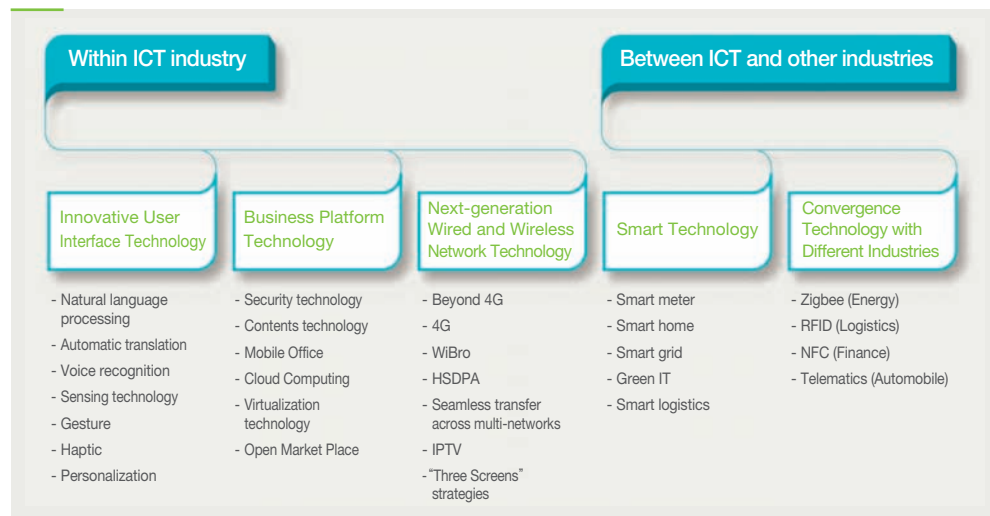
Issue_01 Economic Impact

Advances in Related Industries

As Korea's leading mobile communications company, SK Telecom has been the driving force behind advances in the nation's IT equipment industry including mobile devices and services. We expect to exert even greater economic impact in the future as we expand into new areas such as media and contents. In 2009, we are planning to upgrade the existing HSDPA(High Speed Downlink Packet Access) data network to HSUPA(High Speed Uplink Packet Access). We also plan to further invest in digital contents by building an application open marketplace as part of the initiative to boost the distribution of smart phones.

Improving Industrial Efficiency

Mobile telecommunications has already become an essential component in the transportation and distribution industries. It is used to transmit data on electricity usage from large buildings and factories in high-voltage power management. It also plays an important role in water quality management, street light control, and observation of subterranean water. As the speed of data transmission and the accuracy of positioning system increases, the various solution-based services SK Telecom provides have not only enhanced work efficiency for our customers but contributed to the improvement of overall industrial efficiency. SK Telecom plans to step up investment in technologies and services that can enhance the industrial applicability of Korea's outstanding ICT infrastructure.

Five Core Growth Technologies

Within ICT industry			Between ICT and other industries	
Innovative User Interface Technology	Business Platform Technology	Next-generation Wired and Wireless Network Technology	Smart Technology	Convergence Technology with Different Industries
- Natural language processing - Automatic translation - Voice recognition - Sensing technology - Gesture - Haptic - Personalization	- Security technology - Contents technology - Mobile Office - Cloud Computing - Virtualization technology - Open Market Place	- Beyond 4G - 4G - WiBro - HSDPA - Seamless transfer across multi-networks - IPTV - "Three Screens" strategies	- Smart meter - Smart home - Smart grid - Green IT - Smart logistics	- Zigbee (Energy) - RFID (Logistics) - NFC (Finance) - Telematics (Automobile)

Creating Jobs

SK Telecom employs 5,000 persons including temporary staff. In addition, over 9,000 people are employed by our business partners ranging from those who manage our office facilities and maintain our networks to firms that provide customer services. Our endeavors to create jobs extend to community involvement initiatives that operate 1318 Happy Zones for youth, provide Happy Doshirak Meal Service(Doshirak is the Korean term for "lunch box") for low income families, and deploy teaching assistants to schools to help disabled students.

Contributing to Social Safety Net

SK Telecom strives to extend network coverage to islands, mountainous regions and other areas of poor access to extend the benefits of telecommunication technology to the entire population. In addition, we are contributing towards resolving social issues by providing free services which can protect citizens from various dangers via the mobile telecommunications infrastructure as well as enhance the quality of life. ➔ Issue_3. Service Quality and Reliability(p.29)
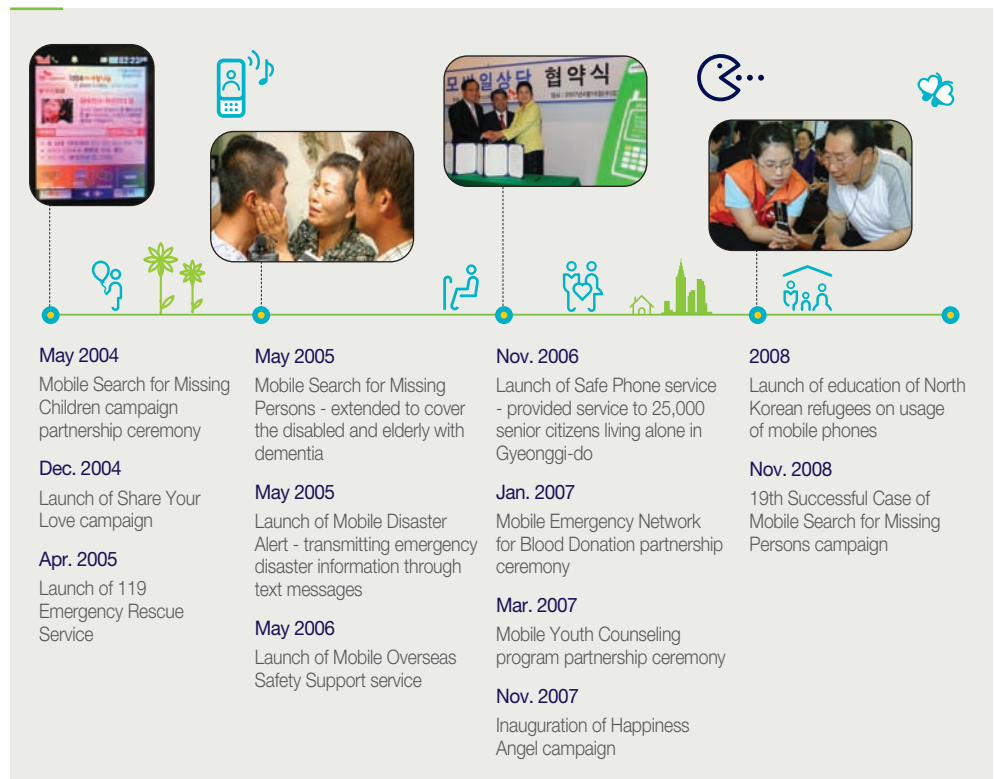
STAKEHOLDER EXPECTATIONS

"Companies will be challenged to use philanthropy to create seeds of innovation, bringing their resources, to assist in addressing and resolving critical and persistent social issues, and linking it to other unique corporate assets of people, technology and business acumen."

2007 Sustainability Report p.30, Bradley Googins, Boston College Center for Corporate Citizenship

IN ACTION

SK Telecom has contributed towards resolving social issues using mobile technology through various mobile community involvement programs. Going forward, we plan to pursue greater industrial application of ICT and spread the positive impact of ICT in society.

Community Involvement through Mobile Technology

May 2004
Mobile Search for Missing Children campaign partnership ceremony

Dec. 2004
Launch of Share Your Love campaign

Apr. 2005
Launch of 119 Emergency Rescue Service

May 2005
Mobile Search for Missing Persons - extended to cover the disabled and elderly with dementia

May 2005
Launch of Mobile Disaster Alert - transmitting emergency disaster information through text messages

May 2006
Launch of Mobile Overseas Safety Support service

Nov. 2006
Launch of Safe Phone service - provided service to 25,000 senior citizens living alone in Gyeonggi-do

Jan. 2007
Mobile Emergency Network for Blood Donation partnership ceremony

Mar. 2007
Mobile Youth Counseling program partnership ceremony

Nov. 2007
Inauguration of Happiness Angel campaign

2008
Launch of education of North Korean refugees on usage of mobile phones

Nov. 2008
19th Successful Case of Mobile Search for Missing Persons campaign

2008 SK Community Involvement White Paper, 2008 Social Contribution Report

Contribution to Social Safety Net					(Unit: persons)
	2004	2005	2006	2007	2008
SK17. People found through Mobile Search for Missing Persons campaign	7	2	2	4	4
SK18. Users of Mobile Youth Counseling program				14,842	61,743

LOOKING FORWARD | SK Telecom will equally distribute the benefits of mobile communications technology across all demographics and industries, and thereby spearhead the sustainable development of society.
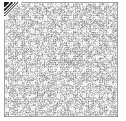
Issue_02
Product and
Service
Development

Opening the Future of Telecommunication Technology

SK Telecom launched the world's first commercial services in IS-95A/B, CDMA 2000 1X EV-DO, and HSDPA. Based on our world-class mobile network, we provide differentiated multimedia and e-commerce services with the focus on creating value for our customers.

Enhancing Customer Value through Innovative Service

We continue to showcase a diverse range of convenient services around the wireless Internet portal, Nate; examples include i-Topping, a widget service integrated on the mobile phone's idle screen, T map, a location-based service; and Tossi, a blogging service specially designed to suit the mobile communications environment. Gifticon, a service that allows customers to send gifts via the cell phone, and T cash service that combines the existing public transportation card with the ability to make payment at convenient stores and online shopping malls are drawing a favorable response from users. Going forward, SK Telecom will strive to provide cutting edge convergence services that reflect evolving customer needs with the aim of delivering fun and convenient services.

Opening of T.um - Information Technology Experience Center

SK Telecom has opened an information technology experience center designed to invite various stakeholders to share our vision of the future in mobile communication services. T.um takes visitors on an informative and exciting tour of mobile communications' past, present, and future. It allows the viewer to experience the convergence services provided by a futuristic mobile phone T-key which breaks down the walls between various industrial sectors. In the first 100 days since its opening in November 2008, T.um drew over 5,000 visitors from 88 countries. 　tum.sktelecom.com

Leading Technology Standardization

SK Telecom has led the standardization of technology in collaboration with global IT leaders at major standardization bodies such as GSMA(Global System for Mobile communications Association), OMA(Open Mobile Alliance), JCP(Java Community Process), 3GPP(The 3rd Generation Partnership Project), and ISO(International Organizations for Standardization). Starting with a role at GSMA CEO Board, we have taken leadership roles at major standardization bodies such as LiMo and OMA. In 2008, SK Telecom proposed the next-generation SIM(Subscriber Identification Module) technology and mobile gateway technology to GSMA and OMA and successfully earned Java™, Technology Specification for Mobile Telematics technology through the JCP, an association that fosters the development of Java-based technology specifications. SK Telecom endeavors to present the de facto standard of the worldwide convergence service market based on the height of technologies achieved and world-class convergence services.

View of T.um

Event for multicultural families
to mark 100th day of T.um
(Feb. 2009)

Standardization of Smart SIM

At Mobile World Congress 2009, a project to collaborate on Smart SIM specifications was officially launched. Through activities at GSMA, SK Telecom has stressed the importance of standardization of Smart SIM technology. Smart SIM is the technology that expands the capacity of USIM (Universal Subscriber Identity Module) and allows the users to keep their contents and personalized mobile applications through successive replacements of handsets. Through this technology, we expect that mobile communications companies will be able to develop new business models without being restricted to specific handsets, and that handset manufacturers can concentrate on designs and quality improvement and reduce the overall cost and time used in R&D. SK Telecom plans to lead the standardization of Smart SIM technology through collaboration with mobile operators, card developers, and handset makers and ensure that a new market is successfully developed.

Standardization of Next-generation Mobile Gateway Service

Since 2008, SK Telecom has proposed the need for the standardization of the next-generation Mobile Gateway Service(Converged Personal Network Service). Its proposal was approved by OMA, the world's largest standardization body, as an official standardization item in August 2008. The next-generation Mobile Gateway Service is a technology that enables users of personal navigation device or portable multimedia player to access multimedia contents from their mobile phones through the mobile communications network. SK Telecom is presently collaborating with Qualcomm, Ericsson, NTT DOCOMO, Toshiba, China Mobile, Samsung and LG to develop optimal international specifications.

Open Innovation

SK Telecom has strived to combine the Web 2.0 spirit of openness, participation and sharing with win-win cooperation to discover and foster strategic partnership opportunities. Since 2004, we have sponsored a total of KRW 17.7 billion to support technology development of external research organizations and SME partners, and viable new businesses are being explored in various areas including satellite broadcasting and anti-piracy systems. In 2008, Open2U was launched, and to promote this program, a second Open Idea[+] Festival was organized where more than 470 business ideas were submitted.

The 2nd Open Idea[+] Festival awards ceremony

LOOKING FORWARD | We will continue in our efforts to develop new products and services to make life more convenient and promote sustainable development.

Issue_03
Service Quality
and Reliability

Measuring EM radiation around
base stations

Call Quality

SK Telecom has received high customer ratings on basic services including call quality, as indicated by the results of major customer satisfaction surveys such as National Customer Satisfaction Index, Korean Customer Satisfaction Index and Korea Standards on Service Quality Index. Since we set up a nationwide WCDMA network in 2007, we have managed to secure the same level of call quality for WCDMA as for the existing CDMA network through continuous investments. In 2009, we plan to optimize network structure and enhance customer experience by offering a more diverse range of mobile devices and services, enabled by seamless service continuity technology between networks. Lately, the public has called for greater disclosure of information regarding call quality by mobile service providers. In response, SK Telecom joined the Service Quality Assessment Council, consisting of members from the Korea Communications Commission, the academia, NGOs, and the Korea Telecommunications Operators Association. We are currently in the process of building a service quality information website jointly with other mobile communications operators.

Digital Inclusion

In order to extend network coverage in offshore and coastal regions, SK Telecom has utilized existing infrastructure such as lighthouses to install repeaters and provide network services. In 2008, as part of our quality differentiation campaign, we carried out village-by-village network quality improvement projects. In 2009, remote regions will be included in this campaign to focus on areas with poor access. Along with other communications common carriers, SK Telecom contributes to providing universal telecommunication services, such as services for isolated mountainous regions or islands. The 2007 universal services contribution finalized in March 2009 was KRW 93.8 billion out of which 34.5%(KRW 32.3 billion) will be borne by SK Telecom as per the decision of the Korea Communications Commission.

SK 4. Expanded Coverage in Remote Regions [1]				(Unit: units)
	2005	2006	2007	**2008**
Remote mountainous regions	9	5	31	57
Hiking trails	2	0	1	2
Remote islands	65	18	14	13
Total	76	23	46	72

1) Data revised to include remote islands in Incheon which were omitted from coverage during 2005~2007

Effect of Electromagnetic Radiation

Pursuant to Article 65 of the Radio Waves Act of Korea, SK Telecom takes regular measurements of electromagnetic(EM) radiation originating from base stations whose transmitter device emits more than 30 Watts of power within the proximity of residential, commercial, industrial and regulated sites. With additional installation of WCDMA base stations and FAs in 2008, the scope of monitoring increased, and a total of 1,625 measurements were taken with the results falling below the specified limits. Furthermore, SK Telecom has contributed to a government-led research project on the effects of EM radiation on the human body since 2000. SK Telecom is providing KRW 150 million a year for the project from 2007 to 2011. Currently, seven tasks are underway, including one to create a database of base stations and other EM radiation emitting devices' effect on the human body.

LOOKING
FORWARD

We will continue to review and preemptively respond to any potential factors that could pose a risk to service quality and reliability with the goal of delivering safe and high quality mobile telecommunication service to more people.

Issue_04 Affordable Mobile Services

Launch of 50% discount plan for middle/high school students (Aug. 2008)

Lower Rates and Discounts

SK Telecom has taken various steps to respond to demands to ease the cost burden of telecom services. We have been offering the caller identification(CID) service for free from January 2006. We also introduced a plan under which discounted rates are applied to calls made between SK Telecom service subscribers in October 2007 and we lowered rates on text messaging in January 2008. In addition, we are receiving positive customer feedback for our efforts to lower household telecom service costs such as discount plans for families, discounts for long-term users or between SK Telecom subscribers, and plans that bundle wired and wireless services. We estimate household telecom expenditures to have fallen by nearly KRW 457.4 billion in 2008 alone.

Customized Fee Plans

SK Telecom provides customized fee plans to subscribers according to their call patterns. When a subscriber logs onto the online customer service center and enters essential details (including age, call frequency, and text message frequency), he/she will receive a recommendation for two types of call plans and can switch to a new plan online. Every month, 80,000 subscribers utilize this service. In addition, we have introduced fee plans suitable for subscribers with regular call patterns such as students.

Preventing "Billing Shock"

In addition to providing clear billing details to subscribers, SK Telecom has introduced ceilings and fixed rate plans for data usage. We offer a ceiling program for 060 data usage to prevent customers from incurring excessive voice data fees for services like fortune-telling and chatting. A password-protection program for 060 numbers was introduced in January 2009. Under the program, users are required to input a password for access to 060 numbers.
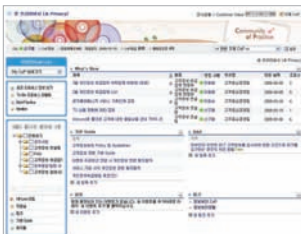
Easing the Cost Burden for the Underprivileged

We offer the Silver Plan for senior citizens, the i-Kids Plan for children aged 12 years or under, and a pricing plan to meet the needs of the disabled to alleviate the burden of customers who cannot easily use the mobile telecom services for economic reasons. In October 2008, we expanded the application of our fee reduction program for the underprivileged to offer a 50% discount on the basic fee and call charges for minimum wage households with no initial subscription charges and a 35% discount on the basic fee and call charges with no initial subscription charges for the next lower income bracket. We also decided to provide recycled handsets to those in such income brackets. Around 200,000 applications were received before the end of 2008 under the extended fee reduction program.

LOOKING FORWARD | Through enhanced management efficiency, SK Telecom will endeavor to seek ways to boost customers' value, while continuously lowering the service rates.
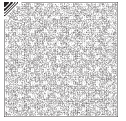
Issue_05
Customer
Privacy
Protection

Customer Information Management System

In response to heightened concern over customer privacy, we designated a CPO(Chief Privacy Officer) in charge of the company's customer information protection and a CSO(Chief Security Officer) heading the company's security matters in 2008. In addition, policies on the entire process of gathering customer data to destroying it have been firmly established and related activities have been strengthened. As we entered 2009, we devised a master plan for customer privacy, under which we will pursue preventive measures based on stronger checks on overall business activities that deal with customer data and countermeasures to promptly respond to any privacy or security incidents.

Stricter Customer Information Handling Process

SK Telecom is continuously working to improve the process of handling customer information. We have updated the policies and guidelines for customer privacy and introduced the CPO pre-approval process. We regularly conduct education programs and checks on employees and vendors. In April 2007, we established the first Security Operation Center in Korea to centralize internal and external access points to customer data. The center's information security management system has obtained the ISO27001 certification. In 2008, the internal infrastructure to protect customer privacy was further improved with the building of Customer Data Transmission System to prevent potential risks that may arise during the transmission of customer information.

Preventing Customer Data Leak and Misuse in Distribution Channel

In 2008, SK Telecom established guidelines to minimize the risk of customer information leakage in the retail network and conducted 2,380 inspections and education programs on customer privacy. We were the first to adopt a system of having retail shops keep a scanned image of an application form while handing over the original copy to the customer. The system is intended to prevent customer data leaks during the service application process. Also, SK Telecom is equipped with the Fraud Management System that allows us to monitor and quickly act on the possibility of duplicated handsets using stolen personal information.

Response to Revised Customer Privacy Protection Laws

Growing awareness on customer privacy and stronger legislative measures demand more stern measures for customer privacy protection and SK Telecom is operating a companywide committee accordingly. We have also introduced a mechanism for identification based on means other than an individual's identity card number. We plan to further install the necessary systems in view of tighter regulations during 2009.

LOOKING FORWARD | SK Telecom will implement thorough measures to protect customer privacy and prevent customer information leakage and misuse.

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Issue_06
Sound Telecom Culture

Youth Protection

SK Telecom voluntarily discontinued service of wireless Internet adult contents in 2006 and have made strides in youth protection ever since. During 2008, we newly introduced a Harmful Contents Filtering Service which automatically filters out harmful contents when a UCC site user tries to upload contents either through a wired or wireless platform. We also continued with the "happy mobile phone culture" campaign directed towards teenagers launched in 2007.

Campaign Homepage http://www.happymobile.or.kr

Systematic Measures for Youth Protection

2006	voluntarily discontinued adult contents, blocked wireless Internet access and collect calls, introduced services to notify guardians of minors' monthly fees
2007	service to block 060 spam SMS, ceiling on data usage fees, exclusive contract for teenagers and campaign for youths using mobile phones registered under their parents' name to switch to their own names
2008	introduction of Data Perfect fixed rate program, launch of harmful content filtering system, ceiling for 060 data usage fees, registration of youth subscribers (from 2009)

SMS Spam Prevention

Since 2006, we have put in place a management system targeting companies that send out spam, and developed a system and service for blocking SMS spam. This resulted in a significant decline in customer complaints regarding spam SMS. In 2009, we will not only take swift action to prevent and handle complaints but will also take prevention measures such as tighter control over spam senders.

Assistance for Telecom Service Utilization

SK Telecom provides education for customers who are not accustomed to mobile telecom services. In particular, education is conducted in conjunction with members of SK Telecom's collegiate volunteer group, Sunny, which is helping to narrow the divide between generations and between differing social brackets. Furthermore, we offer sign language and chatting services for customers with verbal and hearing disabilities(##114 + video telephony, weekdays from 9 a.m. to 6 p.m.) and a service for foreigners(080-252-5011, 1599-2011, 24-hour service in English, Japanese and Chinese).

Declaring a Clean Open Market

Although Korea's open market is growing at a pace of 20~30% a year, product credibility has been cited as a major issue. To differentiate itself from open market forerunners, SK Telecom's 11th Street offers a "110% guarantee for fakes"(if a product sold at 11th Street is found to be a fake, the customer will receive a 100% refund plus 10% of the product price as loyalty points) and "safe shopping guarantee" (if a product is found faulty within 30 days of purchase whether due to a product defect or mishandling by the customer, 11th Street will pay for the repair cost or exchange it with another product). Consumer perception on the service quality of 11th Street has significantly improved as evidenced by the 400% surge in luxury goods purchase after the launch of the 110% guarantee for fakes.

STAKEHOLDER EXPECTATIONS

"SK Telecom will face even greater demands from consumers. The ability to respond appropriately to such demands will enhance SK Telecom's competitiveness."

2007 Sustainability Report p.19, Duk-Seung Lee, Green Consumer Network in Korea

IN ACTION

SK Telecom not only acts swiftly to respond to the voice of customers but also reflects their suggestions in the process of developing products and services. Starting from 2009, we plan to operate a system to review the possibility of customer value infringement prior to the launch of new products or services.

LOOKING FORWARD

SK Telecom will continue to listen to its customers and improve service quality so that our customers can use our services with peace of mind.

Issue_07
Responding
to Climate
Change

SK Telecom's Role for Low Carbon Green Growth

While providing functions that make life more convenient such as real-time information on traffic conditions and digital home service, SK Telecom is expanding services designed to promote green and energy conserving lifestyles. As the No. 1 mobile telecom service provider in Korea, we are sharing our experience to lead the standardization of handset related equipment such as battery chargers with global peers and negotiating with related parties to reduce packaging materials for mobile handsets. On top of such efforts, SK Telecom will continue to invest in R&D on ICT such as ZigBee and Smart Grid, which should help save energy and resources, and will provide the platform to promote green growth in other industries.

Energy Efficiency

Higher average temperatures due to climate change, extreme weather conditions and rising water levels are risk factors that could threaten the operation of mobile telecom networks. In particular, the rise in the average temperature increases the need for air conditioning, which in turn will lead to higher costs. SK Telecom is actively working to improve energy efficiency from network management to customer service.

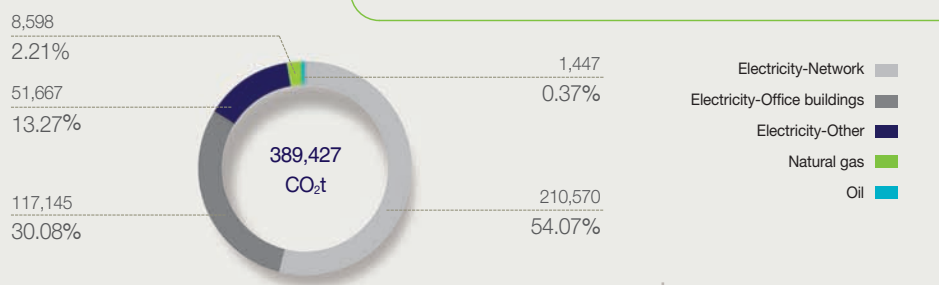### Management of Networks and Office Buildings

Since June 2008, SK Telecom has been carrying out companywide energy saving campaigns. Entering 2009, we have sequentially installed energy conserving facilities such as refrigeration systems in our office buildings. Also, we endeavor to improve energy efficiency through the virtualization of server equipment and the use of low power amplifiers. We plan to bring in wireless stations which use renewable energy sources such as solar and wind power, and once the efficiency of these are proven, we expect to widen their application.

Customer Service

To conserve natural resources and energy in the course of customer service, SK Telecom has introduced an electronic billing system, remote upgrade of handsets, and virtual customer services utilizing the website and mobile handsets. In 2008, we replaced around two thousand signboard lighting with environmentally friendly LED following the introduction of a new brand identity. We plan to use LED lighting for signboards of newly opening stores. We also plan to introduce LED for auxiliary signboards during 2009.

STAKEHOLDER EXPECTATIONS

"ICT companies should be the first to apply the services they market to achieve sustainability improvements. This requires a change of attitude that can only be driven by proper awareness-raising efforts. To fully exploit ICT benefits, cooperation and partnerships are needed with governments and Non-Governmental Organizations in particular, to create the conditions for deployment of technologically advanced products and services."

2007 Sustainability Report p.23, Luis Neves, Global e-Sustainability Initiative

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IN ACTION

SK Telecom has worked closely with interested parties to help build environmentally friendly u-cities in Songdo, Incheon, and Beijing, China. We also participated in the Green Broadcasting and Telecom Promotion Council organized by Korea Communications Commission in March 2009 and presented ways to develop green handsets and expand eco-friendly solutions such as remote inspections.

2008 Greenhouse Gas Emission

(Unit: CO$_2$t)

8,598 — 2.21%	1,447 — 0.37%
51,667 — 13.27%	
117,145 — 30.08%	210,570 — 54.07%

389,427 CO$_2$t

Electricity-Network
Electricity-Office buildings
Electricity-Other
Natural gas
Oil

LOOKING FORWARD We will serve as the stepping stone to low carbon green growth via strategic measures to counter climate change and development of green IT.

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Issue_08 Innovative Corporate Culture

IN ACTION

As of the end of 2008, the number of foreign employees working at SK Telecom headquarters totaled 53. We have also increased hiring of local talents starting with our overseas invested firms. In 2009, we plan to further expand local hiring through our global internship program and support their growth and success within the company through our global work infrastructure.

Building Infrastructure for Innovation

To foster a creative and global organizational culture, the wide range of titles representing various ranks was consolidated into the single title of "manager" toward the end of 2006. Adoption of the manager system resulted in greater delegation of authority and responsibility based on individual competence regardless of a person's rank. That, in turn, has helped to build a creative and enterprising culture and boost employee engagement. In late 2007, we implemented a CIC(Company-In-Company) system to promote responsible management of each business unit. Under the system, we are working to streamline business processes and build systems and an organizational culture attuned to each CIC.

Towards a Global Enterprise

To create a workplace where people of diverse nationalities can work without being hindered by language barriers, we are expanding our bilingual (English and Korean) organization and raising awareness of international cultures through a global internship program. English is being adopted for our work systems to set up a global work infrastructure. A global lounge manned by bilingual facilitators provides assistance for international work processes.

In 2008, we appointed a foreign national as the executive in charge of HR management to strengthen our global business capabilities. We plan to increase foreign representation in our workforce through global internships that guarantee a position with the company.

Working Culture Innovation

For long-term growth of our employees through enhanced work-life balance, SK Telecom carried out a campaign in 2008 to improve employee engagement during work hours through better work practices and processes. As a part of the campaign, we identified causes for overtime work and implemented improvements. We also introduced partial flexible working hours in accordance with a unit's characteristics and duties. Our plan is to enforce changes that will enable each individual to improve their time management skills and to enhance how we conduct meetings and evaluate performance.

SK19. Acquisition of Foreign Talents (Unit: persons)

Year	2004	2005	2006	2007	2008
Persons	11	14	18	41	53
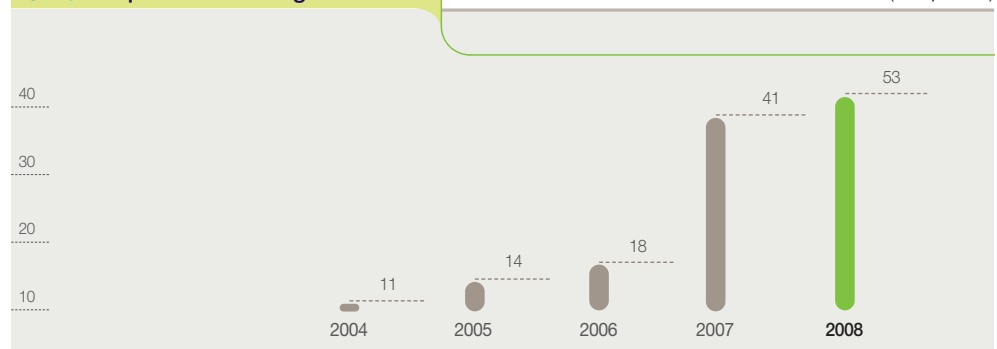
LOOKING FORWARD | SK Telecom will build an innovative organization culture that empowers diverse people to maximize their individual potential.
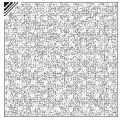
Issue_09
Compliance

Compliance Program

In 2002, SK Telecom introduced the Compliance Program under the belief that the company would gain a greater competitive edge through voluntary compliance with the fair competition law. Accordingly, we distribute CP checklists and hold related education on an annual basis, in addition to presenting clear action plans to prevent violations. We also set up an internal system for early detection and handling of such violations. We created a CP portal to facilitate understanding of relevant fair competition laws. The portal which opened in March 2009 provides detailed examples of unfair practices that may transpire during the work process.

Promoting Fair Competition for Win-Win Partnership

In line with the declaration of SK Group's win-win partnership and compliance program in September 2008, SK Telecom is committed to improving related practices and systems to prevent unfair transaction during the contract signing and execution and supplier selection and management phases. Our goal is to build a culture of fair competition with our business partners. As part of our efforts to promote such a culture, we set up a purchasing review committee in December 2008. The committee is responsible for guaranteeing appropriateness, fairness and lawfulness during contract signing and pricing.

Complying with Service Regulations

In addition to complying with the Telecommunications Business Act and other related laws, SK Telecom is working towards reducing any risks that may occur in various processes of establishing a business model, contracts, sales and PR activities, such as inflicting damages on customers and hindering competition. Thanks to these efforts and changes in the regulatory environment which lifted a ban on mobile phone subsidies, SK Telecom paid much smaller penalties of KRW 2.15 billion in 2008. The penalties were levied in connection with fee plans and value-added service subscription, temporary mobile phone service, and T-Ring subscription.

Penalties					(Unit: cases, KRW mil.)
	2004	2005	2006	2007	**2008**
PR9. Penalties levied by Korea Communications Commission(KCC) [1]	6	7	5	4	3
SO7. Penalties levied by Fair Trade Commission(FTC) [1]	1	0	1	1	0
SO8. Amount of penalties paid to KCC & FTC	32,349	36,620	69,812	10,012	2,150

1) As of the day of resolution by the pertinent commission

LOOKING FORWARD

We believe corporate social responsibility starts with taking full legal responsibility for our actions and will work tirelessly towards that end.

Issue_10 Gaining Trust in Global Markets

CSR Activities for Our Communities' Future

SK Telecom is pursuing youth and education-centered community involvement programs tailored to the needs of respective overseas markets such as China and Vietnam where we have built up a presence.

● **China** ● In August 2007, we opened the Yanbian IT Center offering IT training to teens and university students in Yanbian, an area where computer and Internet education is underdeveloped. Subsequently in January 2008, the SK Fund was created under an agreement between China's Communist Youth League and SK to support educational programs for college and middle/high school students. Construction of an elementary school devastated by the 2008 Sichuan earthquakes will be completed by August 2009.

● **Vietnam** ● In December 2007, we opened the SKT-SSU IT Training Center in Ho Chi Minh to foster local IT professionals. In particular, outstanding trainees from the center are given the opportunity to study and work in Korea. Earlier in 2006, we introduced the Thu-Vien SK Telecom project jointly with Global Civic Sharing to help develop the country's educational infrastructure. Another major initiative of SK Telecom is providing free surgeries for Vietnamese children with facial deformities carried out in conjunction with the Smile for Children since 1996. A total of 2,676 children have benefitted from the surgeries through 2008. For its active CSR programs in the country which continued even through difficult times, the Vietnamese government awarded SK Telecom with the Order of Amicable Relations, the highest honor given to foreigners in June 2008.

STAKEHOLDER EXPECTATIONS

" We hope that SK Telecom can explore how sustainability priorities can best be integrated into its core product, service and technology offerings and development processes."

2007 Sustainability Report p.16, Aron Cramer, Business for Social Responsibility

IN ACTION

SK Telecom has been exploring business opportunities in regions and areas where we can maximize our strengths. Leveraging ICT, we hope to boost industrial efficiency and spur other advances in global markets to contribute to creating a sustainable world.

● Signing agreement for the SK Fund (Jan. 2008)

●● Free surgery for children with facial deformities in Ca Mau, Vietnam

Economic Contribution of Overseas Business

Leveraging its convergence service experience accumulated in Korea, SK Telecom aims to contribute to advancing the global wireless communications market as a leading telecom operator with in-depth knowledge and vast expertise in CDMA, WCDMA, TD-SCDMA and other telecommunication service standards. By hiring locals under better conditions than our rivals in emerging markets like China and Vietnam, we are playing a major role in fostering the local talent pool of well-trained professionals. As our presence in these markets grows, we believe we can help further their social-economic developments as well.

LOOKING FORWARD With community involvement programs as an integral part of our global operations, we will continue our efforts to gain trust from local communities.

Issue_11 Investment in Local Communities

Creating Jobs

SK Telecom is sharing the fruits of our growth with the society's less fortunate through various philanthropic programs designed to expand welfare infrastructure and create jobs. Our key initiatives include 1318 Happy Zone for underprivileged teens, Happy Doshirak Meal Service for low income families and dispatch of teacher aides to help children with disabilities receive better education. Through the Happy Doshirak Meal Service program, we deliver nutritious lunches to children and seniors who are at risk of going hungry. Of the 29 provision centers operating across the country, 18 attained the Labor Ministry's "social enterprise" certification as of March 2009. Reflecting recent economic conditions, we plan to open additional provisional centers to offer relief to more people in need.

Support for Underprivileged Youth

The 1318 Happy Zone is the name of our support facilities for underprivileged youth between the ages of 13 and 18 who slip through the social safety net. Since the opening of the first center in November 2006, 29 Happy Zones have been set up nationwide as of the end of 2008. The facilities offer academic, cultural, college/crisis counseling programs as well as meal services to more than 1,000 teenagers. SK Telecom also operates programs that encourage youths who were unable to further their studies due to financial hardship to pursue their dreams and reach their full potential. These include nonprofit quality educational programs like "Happy Music School", "Happy Musical School" and "Happy Cooking School."

Volunteering

To fulfill our promise of realizing "Happy Korea" through sharing, SK Telecom established the Employee Volunteer Group in 2004. The group carries out different community outreach programs such as monthly-themed volunteer activities, junior handcraft classes and Happiness Sharing Bazaars. The results of these activities are managed through a volunteer information management system. The Volunteer Group also evaluates performance of each volunteer team and awards best achievements every year. This helps maintain consistency of companywide philanthropic missions while allowing for flexibility to incorporate each team's characteristics and local community needs. In 2008, our volunteers focused on restoring the coastal area of Taean devastated by the oil spill in December 2007. On top of more than thousand employees who donated their time in clean-up efforts, the company purchased local products and encouraged employees to visit the region to revitalize the local economy. As we mark the fifth anniversary of the Volunteer Group, our plan is to focus more on endeavors that use the knowledge and competencies of our employees to address community needs.
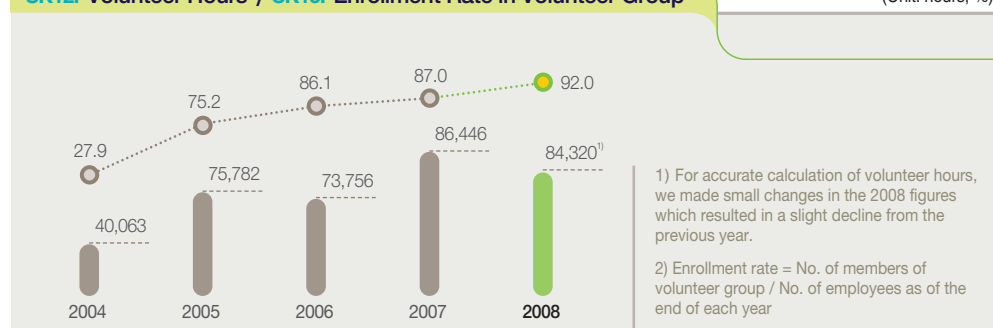

2008 Grand Prize for Best Volunteer Team, Jung-bu Marketing Head-quarters, Happy Wings On

The team carried out various activities in partnership with Sunny, SK Telecom's university student volunteer group, and business partners. It also teamed up with local governments to help the homeless in Daejeon get back on their feet.

SK12. Volunteer Hours / **SK13.** Enrollment Rate in Volunteer Group   (Unit: hours, %)

Year	2004	2005	2006	2007	2008
Enrollment Rate (%)	27.9	75.2	86.1	87.0	92.0
Volunteer Hours	40,063	75,782	73,756	86,446	84,320[1]

1) For accurate calculation of volunteer hours, we made small changes in the 2008 figures which resulted in a slight decline from the previous year.

2) Enrollment rate = No. of members of volunteer group / No. of employees as of the end of each year

LOOKING FORWARD

For self-sufficient and long-term operation of our CSR initiatives, SK Telecom will support community groups and outreach programs we sponsor and help them develop into social enterprises.

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Measuring Our Progress

SK Telecom's sustainability activities and performance over the past year represent progress in efforts to realize a sustainable world. Sustainable development remains an important mission at SK Telecom.

A.

B.

C.

A _Family Award in Photo Category - OK SK - Kim Seon-muk,
Core Network O&M Team 4

B _Family Award in Picture Category - A United Team -
Wife of Lee Joong-yun, Application Development: Kang Kum-ju

C _Family Award in Photo Category - Jumpshot at Any Location -
Wife of Jung Il-young, Corporate Planning Team: Yoo Mi-ho

Economic Data

As a leading wireless telecommunication operator in Korea, we are sharing our financial gains with employees, shareholders, business partners, the government and local communities. We are also building up a strong presence in global markets with the creation of overseas invested firms.

Economic Performance

Stakeholder Return - Employees

SK Telecom has accumulated a sufficient amount of reserves for severance payments (outside reserve ratio of 82.4% as of the end of 2008). We have negotiated with the labor union to introduce the retirement pension where employees will be given the option of choosing between a defined benefits plan and defined contribution plan. We will continue our efforts to find common ground with the labor union on the issue, however, the timing of its introduction is still undetermined.

Return to Employees (Unit: KRW thousand)

	2004	2005	2006	2007	2008
Salaries and wages (Operating expenses)	353,380,531	342,761,120	358,225,595	379,537,717	380,732,212
Provision for retirement and severance benefits (Operating expenses)	49,353,624	37,622,226	37,921,155	30,346,097	33,375,115
Welfare (Operating expenses)	47,494,486	56,514,211	55,734,927	86,343,003	62,749,501
Education and training (Operating expenses)	24,128,767	29,430,652	36,273,953	39,994,401	40,879,329

Stakeholder Return - Shareholders and Creditors

Between 2006 and 2008, SK Telecom repurchased company shares each year. Our goal is to find the optimal balance between maintaining financial health and pursuing investments to drive growth and boost shareholder value.

Return to Shareholder and Creditors (Unit: KRW thousand)

	2004	2005	2006	2007	2008
Interest expenses (Other expenses)	302,491,456	252,463,623	237,534,542	215,856,126	256,446,176
Dividends (Surplus appropriation)	758,227,249	662,528,664	582,385,870[1]	682,378,746	681,996,308

1) Stock buyback and retirement amounting to KRW 209.1 billion

Stakeholder Return - Government

Return to Government (Unit: KRW thousand)

	2004	2005	2006	2007	2008
Taxes and dues (Operating expenses)	62,393,573	55,687,220	91,902,424	32,557,444	30,813,796
Frequency usage (Operating expenses)	143,046,998	156,097,850	158,958,132	164,071,959	161,619,291
External research and development costs (Other expenses)	68,549,106	68,525,662	66,055,467	73,724,601	71,941,920
Provision for income taxes	620,926,453	683,233,256	575,045,052	673,660,845	228,417,996

SK Telecom is participating in a wide range of government sponsored studies aimed at securing future growth engines. In 2008, we were involved in projects related to telematics, u-City, m-RFID, media and education, among others.

EC4. Government Subsidies, Tax Relief/Credits

(Unit: KRW million)

	2004	2005	2006	2007	2008
Investment/Research & development grants	4,069	4,925	7,594	3,837	7,119
Tax relief/Credits	74,633	94,134	90,189	101,800	100,639

Stakeholder Return - Local Community

Return to Community

(Unit: KRW thousand)

	2004	2005	2006	2007	2008
Donations (Other expenses)	19,795,691	75,982,647	103,002,014	72,470,536	99,602,023[1]

1) Year-end donation to the poor increased due to a surge in donation requests with the economic downturn in late 2008.

Market Position

Major overseas invested firms of SK Telecom do not necessarily give priority to local firms when making purchasing decisions. However, most of the supplies for the overseas subsidiaries are procured from local firms and it is our principle to increase the ratio of local hires. Currently, local hires account for 55.4% (or 144 persons) of total employees at our four overseas corporations in key regions. Especially in Vietnam and China, we offer more competitive wage and benefit packages than our competitors to all local hires including fresh graduates.

Employment Status by Global Subsidiary

(Unit: persons)

Global Subsidiaries	Local Employment	Total Employment	Local Employment Ratio	Benefits for Local Employees
SKT Vietnam (Vietnam)	30	57	52.6%	Offer selective welfare benefits, accident insurance, education/training program, rewards for long-term employees
SKT China Holding Company (China)	76	134	56.7%	Offer selective welfare benefits, medical check-up
SKT Americas (USA)	37	66	56.1%	-
SKT Europe (U.K.)	1	3	33.3%	Offer education and meal expense
Total	144	260	55.4%	

Environmental Data

Issue 7 _Responding to Climate Change

SK Telecom closely monitors energy and water usage while taking an avid interest in waste management and bio-diversity. We also consider the environmental impact of using company vehicles. As a mobile telecom service provider, our operations do not involve manufacturing products that directly use raw materials or processes that require hazardous substances. We also do not generate ozone depleting substances or other air pollutants. In 2008, no penalties were levied to the company for violating environmental laws.

Energy and Climate Change

GHG Emissions

In 2008, SK Telecom's GHG emissions from energy use rose 8.7% from the previous year to 389,427 tons. The increase is believed to be due to expansion of our operations such as rise in the number of employees and sales as well as building of additional base stations for 3G network expansion. However, our energy saving campaign is paying off and we are seeing decreasing growth rate in energy consumption from 14.0% in 2006 to 10.8% in 2007 and 8.7% in 2008. Amid growing importance of GHG emissions control, we plan to overhaul the related measurement system and expand the scope of energy target management currently applied to office buildings.

➜ 💡 Issue_7. Responding to Climate Change(p.33)

Energy Consumption

	Unit	2004	2005	2006	2007	2008
EN16. Total greenhouse gas emissions [1]	CO_2t	252,200	283,554	323,278	358,097	389,427
EN3. Natural gas consumption	Nm^3	4,356,657	5,178,039	4,670,361	4,240,633	3,467,265
EN3. Oil consumption	liter	547,730	598,223	544,755	486,774	515,522
EN4. Electricity consumption [2]	MWh	565,708	634,517	731,528	816,547	894,769
− Network (Base station/Repeater) [3]	MWh	346,506	367,843	388,596	449,079	496,626
− Office buildings (31 buildings) [4]	MWh	205,564	238,600	246,069	260,294	276,480
− Other [5]	MWh	13,637	28,074	96,864	107,173	121,663

1) Emission coefficient: Enforcement Regulations of the Framework Act on Energy, Revised IPCC Guidelines 1996, Study for mid- to long-term policy and strategy for responding to UNFCCC by Korea Energy Economics Institute (2005) (Year 3 of research)
2) Total electricity consumption furnished under SK Telecom (Collected via KEPCO)
3) Total electricity consumption in networks
4) Total electricity consumption of 31 office buildings nationwide including switchboard building, Data collected via Facility Management System(FMS)
5) Differences exist between electricity consumption data compiled by KEPCO and by SKT. The differences are believed to be due to power used in base stations/repeaters and distribution network that were omitted from the system

Energy Saving

Energy saving actions such as introducing high-efficient air conditioners in office buildings, adjusting room temperatures, turning off lights in unused spaces, managing cooling and heating systems after work hours and installing natural cooling systems in base stations led to a reduction of CO_2 emissions by 9,506 tons in 2008.

Energy Saving

	Unit	2005	2006	2007	2008
EN5. Electricity savings	MWh	8,195	7,102	16,362	22,420
− Management of office buildings	MWh	8,195	5,058	4,652	2,482
− Installment of natural cooling systems [1]	MWh	-	2,044	11,710	19,938
EN18. GHG reduction	CO_2t	3,475	3,011[2]	6,937	9,506

1) No. of natural cooling systems installed annually * Electricity saving per unit (real measurement)
2) Revised calculation errors from 2007 report data

Water

Water use management centers on office buildings. Despite water conservation drives such as adjusting water pressure, we saw an increase in facility water usage as water coolant became airborne due to increased power consumption. We will keep up efforts in saving resources by incorporating environmental awareness as an integral part of our corporate culture in 2009.

Water Consumption

(Unit: m³)

	2004	2005	2006	2007	2008
EN8. Water consumption[1]	547,730	598,223	673,967	685,973	695,279

1) Sum of water consumption of 31 office buildings, Graywater is not used in SK Telecom buildings.

Waste

Waste generated from each office building is recycled and reused as much as possible while unrecyclable waste is disposed of following the proper procedure. Launching of an eco-office campaign that included refraining use of disposables in the latter half of 2008 resulted in significant reduction in waste. Our resource conservation actions will continue in 2009 with monitoring of printer usage and avoiding use of paper cups.

EN22. Waste Generation and Treatment

	Unit	2005	2006	2007	2008
Waste generation from office buildings (commissioned treatment)	1,000 liter	6,037	5,611	5,916	5,413
Waste separated from nationwide office buildings for recycling	ton	-	1,211	471	597

Bio-diversity
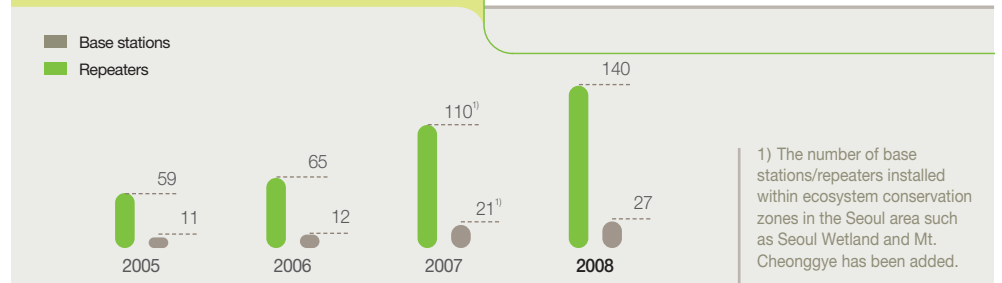
Facilities within Ecosystem Conservation Zones

In order to narrow the digital divide and offer universal services in rural and remote areas, base stations and repeaters are installed within zones designated for ecosystem conservation.

Ecosystem Conservation Zone

These zones are designated by the Ministry of Environment, the Ministry of Maritime Affairs & Fisheries, city mayors, and provincial governors pursuant to the Natural Environment Preservation Act.

EN11. Facilities within Eco-Protected Areas

(Unit: units)

■ Base stations
■ Repeaters

	2005	2006	2007	2008
Repeaters	59	65	110[1]	140
Base stations	11	12	21[1]	27

1) The number of base stations/repeaters installed within ecosystem conservation zones in the Seoul area such as Seoul Wetland and Mt. Cheonggye has been added.

Eco-Friendly Wireless Site

Wireless sites designed to reduce the visual impact in surrounding areas. They have been institutionalized via a notice by the Korea Communications Commission pursuant to the enforcement decree of the Radio Waves Act of Korea.

Eco-Friendly Wireless Sites

We aim to retain the beauty of city skylines and nature by following government guidelines on building eco-friendly wireless stations. Korea stipulates in its laws to build eco-friendly wireless stations or share base stations when possible to protect the cityscape and environment. Accordingly, the number of eco-friendly wireless stations rose by 12,584 in 2008 from the previous year. Over 50% of new wireless stations to be built in 2009 will be eco-friendly.

Eco-Friendly Wireless Sites

	Unit	2004	2005	2006	2007	2008
EN18. Eco-friendly wireless sites	sites	3,795	8,850	12,350	17,343	29,927

Environmental Impact of Our Services

SK Telecom is working to minimize the impact mobile telecommunication service has on our environment by standardizing peripheral devices, expanding e-billing and promoting used handset recycling.

Expansion of E-billing

In order to reduce the use of paper and other resource as well as mailing expenses, we are moving to have more subscribers use e-billing services. Our plan is to expand the number to 8 million by taking our e-bills to the next level of convenience.

Electronic Billing

(Unit: persons)

	2005	2006	2007	2008
Subscribers using email billing (year-end)	2,243,297	2,144,328	2,051,912	2,110,384
Subscribers using mobile billing (year-end)	935,780	623,353	1,805,633	3,455,180
EN26. Subscribers using electronic billing	3,179,077	2,767,681	3,857,545	5,565,564

Product Recycling

Subsidies are being offered to customers who return their old handsets when they switch mobile phone operators or change to a new handset. The priority is on reusing retrieved handsets, while handsets that are not reused are passed on to recycling companies that meet the standards set by the Ministry of Environment or exported overseas through SK Networks. Offering of extra subsidies on used handsets led to an increase in handset retrievals by more than 1 million units in 2008 compared to the previous year. Due to a drop in overseas demand, more handsets were sold to domestic recycling firms. Our goal for 2009 is to increase the number of retrieved handsets to 2.5 million units. To this end, we plan to diversify partners for our handset return campaign and establish a system that will allow customers to return unwanted handsets any time.

Collection and Recycling of Handsets

(Unit: thousand units)

	2005	2006	2007	2008
EN27. New handset sales	7,461	8,450	10,783	11,860
EN27. Old handset collection	2,105	1,264	676	1,828
Disposal of collected handsets-Export	1,567	985	564	961
Disposal of collected handsets-Recycling	457	199	100	823
Disposal of collected handsets-Reuse	81	79	12	44

Euro 4

Emission standard set by the European Union for diesel passenger cars.

Transportation

SK Telecom operates a total of 531 company cars while our business partners have 826 vehicles for network maintenance and repair work (as of the end of 2008). To minimize pollution caused by car exhaust emissions, our policy stipulates that business partners use vehicles that comply with Euro 4 standards. Accordingly, the ratio of cars that meet the standard among the entire fleet of diesel engines operated by business partners rose to 34% in 2008. Our green action for 2009 includes switching leased cars that mostly run on gasoline to energy efficient compact cars. We also plan to improve vehicle management to enable automatic calculation of GHG emissions according to the travel distance. Meanwhile, we will increase the use of video conferencing systems set up in 56 domestic and 3 overseas offices in 2008 to replace business trips.

Environmental Cost and Investment

In accordance with environmental accounting guidelines set forth by the Ministry of Environment, SK Telecom tabulated environmental investment and costs for the first time in 2008. Total environmental costs and investment amounted to KRW 24.7 billion and KRW 25.2 billion, respectively. As a participant of the Green Purchasing Voluntary Agreement between industry and the Ministry of Environment, we have been revamping related systems since 2006. In 2008, we spent KRW 8.2 billion in purchasing a total of 127 green items(e.g. office equipment and supplies) bearing the environment mark, good recycling mark or the energy conservation mark.
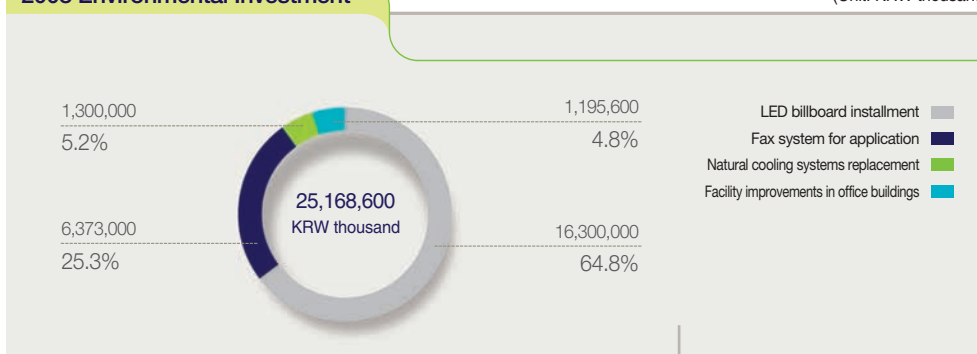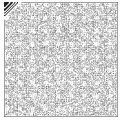
2008 Environmental Costs (Unit: KRW thousand)

	Category	Total
Costs for follow-up treatment activities	– Waste treatment outsourcing	207,759
Costs for prevention campaign	– Environmental education contents development	15,000
	– Switching to recycled paper for shopping bag	1,500,000
	– Retrieving used mobile phones, expanding e-billing, introducing fax system	22,440,294
Costs for stakeholder activities	– Supporting environmental groups	273,000
Costs related to regulations & restoration	– Improving building environment	278,231
Total environmental costs		24,714,284

2008 Environmental Investment (Unit: KRW thousand)

25,168,600 KRW thousand

1,300,000 — 5.2%
1,195,600 — 4.8%
6,373,000 — 25.3%
16,300,000 — 64.8%

- LED billboard installment
- Fax system for application
- Natural cooling systems replacement
- Facility improvements in office buildings

Social Data

Product Responsibility

For improved customer satisfaction, we are working to curb customer health and safety risks, comply with regulations on marketing communication and protect customers' privacy. Due to characteristics of the wireless telecommunication service industry, we are not subject to labeling regulations related to specific raw materials and components.

Customer Health and Safety

To minimize impact of electromagnetic radiation, we incorporate relevant standards from the handset purchasing process. We also measure base station related electromagnetic radiation on a regular basis. ➔ 💡 Issue_3. Service Quality and Reliability(p.29)

Marketing Communication

Terms of Use

The Terms of Use can be easily accessed via the SK Telecom website which displays the hyperlink at the bottom of the page. To facilitate the understanding of key features of the agreement from service subscription to usage and cancellation, the cartoon version of the Terms of Use has been available via the website from December 2008.

Complying with Advertisement Regulations

All our TV and radio spots undergo Korea Advertising Review Board's preliminary inspection while ads in other media outlets including newspapers and Internet are subject to the Fair Trade Commission's review. As such, we stipulate accountability obligations regarding risks that may transpire during ad production when signing a contract with an ad agency. In addition, we have in place an internal review procedure to check whether our TV commercials violate any related laws.

"People, the ultimate worth" Campaign

Since 2005, SK Telecom's "People, the ultimate worth" campaign has been delivering the message of connecting people through the use of technology. In September 2007, we opened a website promoting the campaign and created TV and print ads from heartwarming stories people posted on the site about how they stay connected with their loved using mobile communications technology. These touching ads were chosen as the "best ad of the month" by Korea Advertising Review Board in April 2008. That same year, we launched a commercial promoting mobile donation to stress the importance of using technology to address community needs. The commercial has drawn a warm response from viewers.
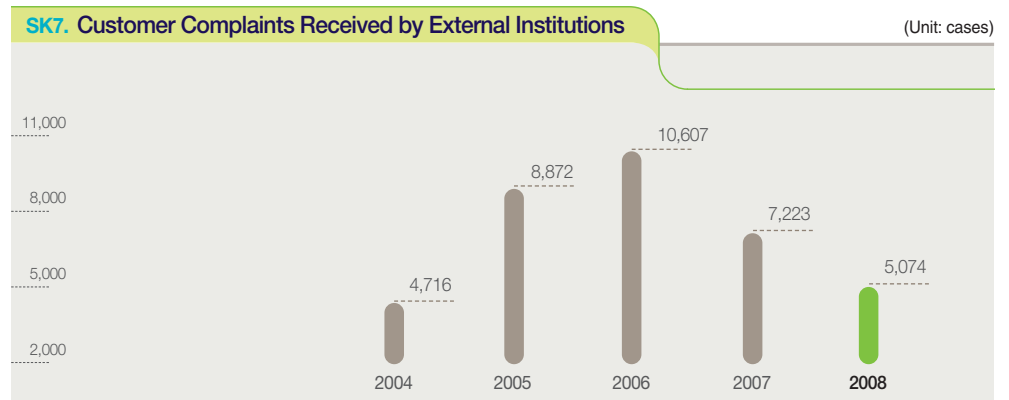
Promoting mobile giving
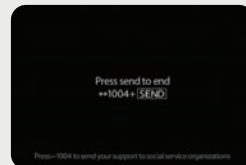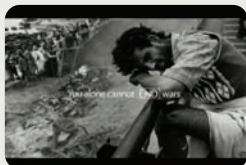
Voice of Customers

SK Telecom operates the VOC(Voice of Customers) system to continuously monitor customers' concerns and grievances and to make improvements as necessary. As a result, the number of complaints filed against SK Telecom with external organizations such as the Korea Communications Commission(KCC), Korea Consumer Agency and NGOs has been on a decline since 2006. In 2008, the complaints lodged with KCC and NGOs dropped 39.3% and 12%, respectively, year-on-year.

We believe difficult economic times could lead to a rise in customer complaints in 2009. Accordingly, we will set a specific goal to reduce number of complaints filed with KCC and focus on indentifying and eliminating root causes of complaints in advance. Follow-up to customer complaints will be handled by conflict specialists who we plan to nurture to arrange satisfactory resolution.

SK7. Customer Complaints Received by External Institutions (Unit: cases)

Year	Cases
2004	4,716
2005	8,872
2006	10,607
2007	7,223
2008	5,074

Customer Satisfaction

On top of conducting regular customer satisfaction surveys, we use assessments by credible outside experts to identify areas for improvements and take appropriate measures. As a result, SK Telecom has retained its number one position in the three major customer surveys in Korea - NCSI, KS-SQI and KCSI.

**PR5.** Major Customer Satisfaction Survey Results (Unit: points)

	2004	2005	2006	2007	2008
NCSI [1]	71	74	71	71	69
KCSI	65	67	69	68	68
KS-SQI	58	61	58	61	66

1) The figure has been rounded off to one decimal place

Major CSI Surveys

	NCSI	KCSI	KS-SQI
Survey organization	Korea Productivity Center	Korea Management Association Consulting	Korea Standards Association
Survey period [1]	Jan.~Feb.	Apr.~July	May~Aug.
Survey region	5 metropolitan areas	5 metropolitan areas	6 metropolitan areas
Survey method	One-on-one interview	One-on-one interview	One-on-one interview, Internet panel survey
Survey results	No. 1 for eleven consecutive years	No. 1 for eleven consecutive years	No. 1 for nine consecutive years

1) The survey period is subject to change according to the polling agency's annual plans.
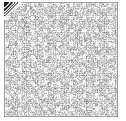
Social Data
—
Labor Practices and Decent Work

Issue 8 _ Innovative Corporate Culture

SK Telecom employs a total of 4,411 full-time and 119 temporary employees. At SK Telecom, labor and management work together in harmony to enhance employee welfare as the company strives to improve diversity of its workforce and narrow the gap with global telecom giants.

Employment Status

We hire full time and temporary employees according to job descriptions and the need to retain certain skills and competencies. For areas that require special knowledge and skills, we hire contract employees and use outsourcing for clerical assistance, secretarial work or driving. We comply fully with laws on protecting temporary and fixed-term employees and reflect industry trends to offer competitive pay and benefits for contract and dispatched employees.

LA1. Employment Status / LA13. Employees by Age (Unit: persons)

As of December 31, 2008
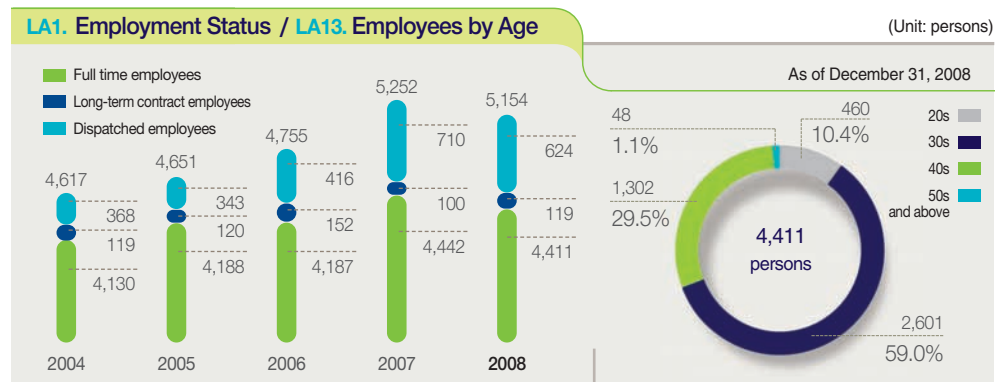
Retirees

In 2008, a total of 185 full-time employees retired. People who left the company were mostly in their 30s and 40s. For 23 (12.4%) females who retired in 2008, the average age was 30.9.

LA2. Retirees / Retirees by Age (Unit: persons)

As of December 31, 2008
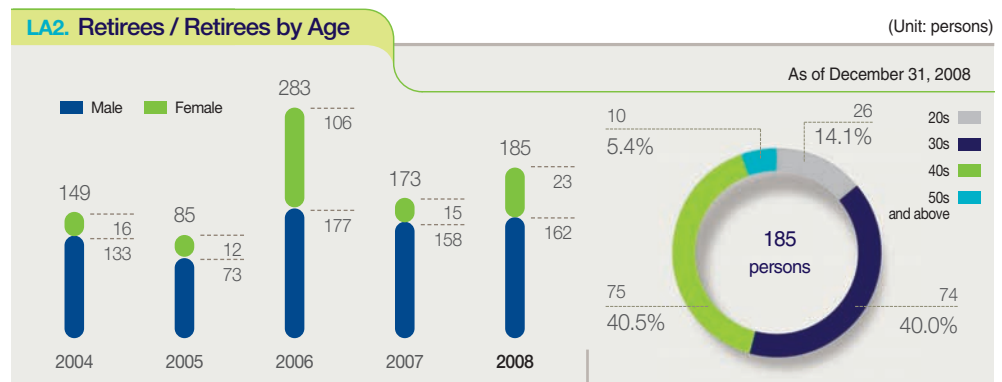
Employees with Disabilities

As of 2008, SK Telecom employs 43 people with disabilities. Although we are gradually increasing employment opportunities for disabled persons, we have yet to satisfy the 2% employment quota mandated by the government.

Employment of People with Disabilities (Unit: persons)

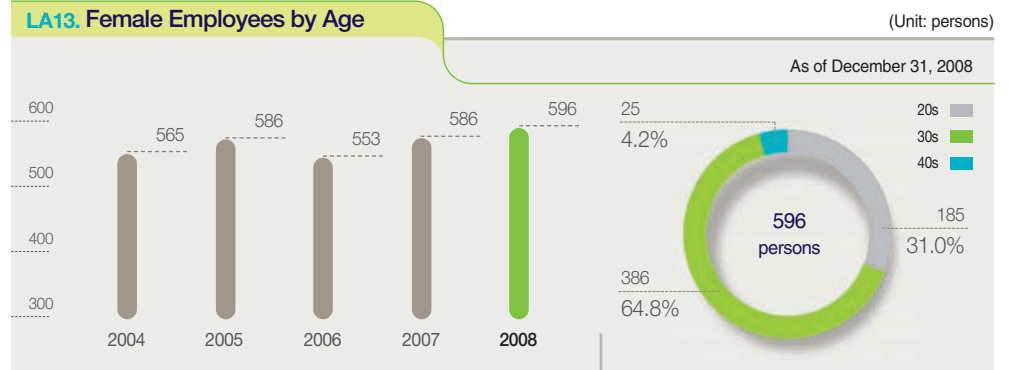|	2004	2005	2006	2007	2008
SK20. Employees with disabilities	18	24	31	38	43

Agreement with Ministry of Gender Equality to promote women-friendly corporate culture (Feb. 2009)

Diversity and Equal Opportunity

Diversity and inclusion are essential to our culture and business success. Thus, there is no gender gap in pay and promotions at SK Telecom. The average age of our female workforce is relatively lower than that of their male counterparts, which can be attributed to the fact that men got a head start in joining the workforce in Korea. This may explain why none of our board members are female, and there are only three women (1.1%) in the 263 top posts. However, the proportion of female employees is on the rise. Currently, women account for 13.5% of full-timers, 21.8% of the entire workforce and 22.0% of new recruits, which should lead to an increased number of female executives in the future. We also offer various support for employees to balance life and work. These include various leaves including maternity leave and day-off for baby's hospital visits and prenatal care, and facilities such as nursing room and nursery operations.

LA13. Female Employees by Age   (Unit: persons)

As of December 31, 2008

Year	Persons
2004	565
2005	586
2006	553
2007	586
2008	596

596 persons

- 20s — 185 / 31.0%
- 30s — 386 / 64.8%
- 40s — 25 / 4.2%

Labor-Management Relations

In line with the annual labor-management agreement, SK Telecom strives to ascertain that no areas of work infringes on freedom of assembly and collective bargaining. Although annual union membership remains unchanged at roughly 80%, the proportion of union members in comparison to overall full-timers are on the decline due to the rise in the ratio of supervisory roles.

Labor Union   (Unit: persons, %)

	2004	2005	2006	2007	2008
Employees qualified for union membership (year-end)	3,531	3,570	3,408	3,309	3,269
Employees who joined the labor union (year-end)	2,888	2,851	2,761	2,673	2,580
LA4. Union membership rate (actual participation rate among employees eligible for membership)	81.8	79.9	81.0	80.8	78.9

Welfare Benefits

SK Telecom employees enjoy industry-leading benefits that include medical expenses, health check-ups, maternity leaves, sabbatical leaves for long-term employees and self-development programs. Additional benefits such as scholarship for children and mortgage loans are offered as an incentive to inspire long service. In 2003, we set up an outside consultation program called "My Counselor" to offer professional support on a wide range of issues. The number of counseling cases totaled 461 in 2008 on topics like health (295 cases), psychological problems (141) and finances (25).

My Counselor   (Unit: cases)

	2005	2006	2007	2008
LA8. Annual Counseling	933	748	697	461

Employee Health

Annual medical check-ups are offered to our full-time and contract employees, and their spouses who are 35 years or older. Thanks to the company's efforts to increase health awareness, more people are taking advantage of the benefit. Those who receive below a certain grade in their check-ups are subject to reexaminations and other supportive measures to improve their health.

Medical Check-ups and Days of Sick Leaves

	Unit	2004	2005	2006	2007	2008
LA8. Medical check-ups	persons	5,088	5,233	5,315	5,536	6,025
− Employees	persons	4,012	3,998	3,913	3,974	4,130
− Family members	persons	1,076	1,235	1,402	1,562	1,895
LA7. Annual days lost due to sick leaves [1]	days	1,124	1,631	1,605	1,728	2,173

1) SK Telecom is a workplace with low hazardous risks, thus, the number of sick leaves were used as an index to measure workplace health conditions.

Operation of Industrial Safety and Health Committee

Held four times a year, an equal number of labor and management representatives at the Industrial Safety and Health Committee discuss issues at hand and their decisions are applied to all employees. The committee sets up workplace accidents prevention plan, surveys workplace accidents and discusses employee medical check-ups.

Employee Education

In 2008, the average training hours completed per manager were 107.1, a slight increase from 104.7 hours in 2007. Team leaders and above received training of 73.7 hours per person. Every year, SK Telecom employees are required to draw up and carry out an "Individual Development Plan" after an assessment of individual skills. SK Telecom has established a new job competency development program to provide employees with continued opportunities to grow and develop their career through job training tailored to their tasks. Under the plan, we will nurture specialists in line with our long-term corporate strategy.

Employee Education

(Unit: cases)

	2004	2005	2006	2007	2008
LA10. In-house education courses	187	248	790	883	966

Career Management

All employees are required to formulate individual KPI(Key Performance Indicator) before each periodic evaluation through the "People Review and Coaching System." The outcome is reflected in the personnel performance report. For efficient development and management of individual careers within the organization, we operate the "Job-Person Fit System." In addition, a sabbatical leave (Refresh Holiday) is offered to long service employees to help them rejuvenate and develop new competencies. For those who are retiring, we have programs to help them map out their post-retirement future and adapt to changes after SK Telecom.

LA11. Sabbatical Leaves

(Unit: persons)

	2004	2005	2006	2007	2008
Employees eligible for Refresh Holiday	821	866	1,330	720	286
Employees who used Refresh Holiday	47	397	666	599	281

Social Data
— Human Rights

SK Telecom strictly abides by regulations on forced and child labor set forth by the Korean Labor Standard Act. We are committed to building a culture of ethics and integrity where individual rights are held in the highest esteem. Going forward, we will strive to extend our corporate culture beyond our walls to invested firms and business partners.

Investment and Supply Practice

SK Telecom conducts a comprehensive review of possible human rights violation in connection with employees when assessing risks associated with investment agreement. Since joining the UN Global Compact in May 2005, we have been seeking ways to request our business partners to take necessary steps to protect human rights. As a part of this endeavor, we incorporated the UN Global Compact's four major principles as our guiding policy for new supplier registration in the first half of 2009. Excluding minor contracts that occur at the departmental level, all business partners will be evaluated for their policies, processes and training programs on the environment, human rights and labor upon registration.

Human Rights Policy and Education

SK Telecom's Code of Ethics stipulates employees' right to equal treatment and respect for each other. All employees participate in regular education to understand and reinforce our ethics expectations. In addition, a sexual harassment class is held every year to teach employees about preventing sexual harassment in the workplace. In 2008, the company rule was revised so that all sexual harassment cases are handled by the companywide personnel disciplinary committee.

Protecting Visitors' Rights

To create a safe environment for everyone who visits our worksites in addition to our employees, we conduct safety accident prevention and customer response procedure training for our security personnel on a regular basis. As of the end of 2008, a total of 247 security personnel were hired throughout our premises nationwide.

Stipulations on Human Rights in SK Telecom's Code of Ethics[1]

Responsibility for Employees	**1. Human-centered Management** - The Company shall respect each Employee's individuality and treat them fairly and reasonably, in accordance with their capability and performance. - The Company shall create a SUPEX Quest environment in order to help Employees maximize their brain engagement willingly and voluntarily. - The Company shall support the self development of the Employees and actively provide the Employees with education opportunities necessary for the execution and completion of duties.
Relationship with Business Partners	**1. Coexistence Management** - The Company shall select appropriate BPs based on fair and reasonable criteria, and notify its BPs of the results of the evaluations made under the same standards on their business processes and product quality. - The Company shall not take improper advantage of its superior position, but shall rather pursue mutual benefit and joint development. - The Company shall help its BPs enhance their competitiveness through rendering assistance in the areas of training, financial management, and R&D, and shall recognize the BPs as strategic partners that seek common value of customer happiness based on mutual trust. - The Company shall encourage its BPs to fulfill their own social responsibilities, including the promotion of workplace safety and respect for employees' human rights.
Responsibility for Community	**2. Respect for Human Rights** - The Company shall not unduly discriminate against its employees, customers and other stakeholders based on race, religion, sex or physical and mental impediments in any region where it conducts business. - The Company shall protect basic human rights in every region where it conducts business including protection of minors and customer privacy.

1) SK Telecom's Code of Ethics was adopted in 2002. It was revised in 2007 after the company joined the UN Global Compact to incorporate the UN Global Compact's ten principles.
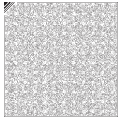
Social Data
—
Society

Issue 9 _ Compliance

SK Telecom abides by the Political Fund Act which prohibits companies from providing political funds. We pay attention to society's demands regarding anti-corruption and fair competition, and engage in public policy efforts to create jobs and to promote gender equality and low-carbon growth. We work closely with local governments, NGOs and local residents to earn their support when executing a major project such as installing base stations. We also work together with local communities in a number of community involvement initiatives.

Anti-corruption

To achieve our goal of transparency and integrity, we conduct process-oriented audit activities as well as EIRM(Ethical Issue Raising & Mapping) activities allowing employees to select and manage ethical risks which may arise in general business activities. In 2008, a total of 64 teams were chosen to take part in EIRM activities.

As concrete steps to elevate the importance of managing ethical risks, we offer extensive on- and off-line training to our employees. Under the belief that the leadership plays a crucial role in maintaining the highest standards of ethics and responsibility in our operations, the training is especially focused on team leaders and above. In 2008, 23.6% of the entire staff and 40.0% of leadership received ethics training. We plan to strengthen training and one-on-one interviews with the leadership group to emphasize their responsibility of upholding a culture of integrity. We will also map out education programs tailored to each division and job title in 2009.

In the event of an ethics violation, the disciplinary committee is convened to deliberate and hand down an appropriate penalty. In 2008, two people (transaction with the company through a third-party such as family members and acquaintances) received disciplinary action (above censure), a dramatic fall from the previous year, which is believed to be the result of strengthened company rules and emphasis on integrity through continued education.

Education & Disciplinary Measures

(Unit: persons)

	2004	2005	2006	2007	2008
SO3. Anti-corruption education					
– Employees	3,975	1,139	4,833	1,678	1,217
– Leadership	81	230	257	76	104
SO4. People receiving disciplinary action (above censure)	3	8	0	12	2

Observing Laws

SK Telecom's commitment to full compliance of laws that govern every aspect of our operations is underscored by an extensive system of policies, processes and training. In 2008, penalties levied by the Korea Communications Commission and Fair Trade Commission declined sharply from the previous year to amount to KRW 2.15 billion for a total of three cases.

➔ Issue_9. Compliance(p.35)

Public Policy Cooperation

SK Telecom is an active supporter of government initiatives for sustainable development. In February 2009, we signed an agreement with the Ministry of Gender Equality and pledged to expand programs to help balance work and motherhood. We also plan to team up with the Labor Ministry to offer job opportunities for the underprivileged to become self-sufficient and support low-carbon green growth by taking part in the "Green Broadcasting and Telecommunication Promotion Council" sponsored by KCC.

Appendix

A _ Family Award in Photo Category - Realizing T Baby - Ji Hong-keun, Application Development

B _ Family Award in Picture Category - Family Game of Yut on Chuseok - Child of Cho Sang-hyun, m-Finance Business : Cho Seung-min

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	2.2	Primary brands, products, and/or services	6
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	2.4	Location of organization's headquarters	6
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	2.8	Scale of the reporting organization	5
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	5
Report Parame-ters	**2.10**	Awards received in the reporting period	8
	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	Front Cover
	3.5	Process for defining report content	23
	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	Provided when relevant
	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	53
	3.13	Policy and current practice with regard to seeking external assurance for the report	1, 57
Govern-ance, Commit-ments, and Engage-ment	**4.1**	Governance structure of the organization	10
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	10
	4.3	The number of members of the highest governance body that are independent and/or non-executive members	10
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	19
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	11
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	10
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	10
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	9
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	10,11
	4.10	Processes for evaluating the highest governance body's own performance	11
	4.11	Explanation of whether and how the precautionary approach or principle is addressed	9, 11
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	22
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	8
	4.14	List of stakeholder groups engaged by the organization	19
	4.15	Basis for identification and selection of stakeholders with whom to engage	19
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	19
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded	20

1. ○ Not Material : Detailed data are not collected as they were evaluated as less material

2. ◔ On Progress : Detailed data are in the process of being collected and will be available in future reports

3. ◑ Partly Reported : Indicators that have been reported but have yet to reach the level required by GRI reporting guidelines

4. ● Fully Reported : Indicators that have been reported in line with the level required by GRI reporting guidelines

G3		Indicators	Reporting Status	Page
Economic		Disclosure on Management Approach		25-26, 39-40
Economic Perfor-mance	EC1	Direct economic value generated and distributed	●	39
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	◑	33
	EC3	Coverage of the organization's defined benefit plan obligations	●	39
	EC4	Significant financial assistance received from government	●	40
Market Presence	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	◑	40
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	◑	40
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	◑	40
Indirect Economic Impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement	●	26,36-37,40
	EC9	Understanding and describing significant indirect economic impacts	●	25
Environmental		Disclosure on Management Approach		10-11, 33
Materials	EN1	Materials used by weight or volume	○	-
	EN2	Percentage of materials used that are recycled input materials	○	-
Energy	EN3	Direct energy consumption by primary energy source	●	41
	EN4	Indirect energy consumption by primary source	●	41
	EN5	Energy saved due to conservation and efficiency improvements	●	41
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	◑	43
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	◑	44
Water	EN8	Total water withdrawal by source	●	41
	EN9	Water sources significantly affected by withdrawal of water	○	-
	EN10	Percentage and total volume of water recycled and reused	●	42
Bio Diversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	◑	42
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	○	-
	EN13	Habitats protected or restored	○	-
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	◑	42
	EN15	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	EN16	Total direct and indirect greenhouse gas emissions by weight	●	41
	EN17	Other relevant indirect greenhouse gas emissions by weight	◔	-
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	41
	EN19	Emissions of ozone-depleting substances by weight	○	-
	EN20	NO, SO, and other significant air emissions by type and weight	○	-
	EN21	Total water discharge by quality and destination	○	-
	EN22	Total weight of waste by type and disposal method	●	42
	EN23	Total number and volume of significant spills	○	-
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	○	-
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	○	-

G3		Indicators	Reporting Status	Page
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	43
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	●	43
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	●	41
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	◑	44
Overall	EN30	Total environmental protection expenditures and investments by type	●	44
Product Responsibility		Disclosure on Management Approach		10-11, 29, 31, 32
Customer Health and Safety	PR1	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	◑	29
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	◔	-
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	○	-
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	○	-
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	46
Marketing Communi-cation	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	●	45
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	●	35
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	◑	46
Compliance	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	●	35
Labor Practices and Decent Work		Disclosure on Management Approach		34, 47-49
Employment	LA1	Total workforce by employment type, employment contract, and region	●	47
	LA2	Total number and rate of employee turnover by age group, gender, and region	●	47
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	48
Labor/ Management Relations	LA4	Percentage of employees covered by collective bargaining agreements	●	48
	LA5	Minimum notice period(s) regarding operational changes	◑	19
Occupational Health and Safety	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	●	49
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	◑	49
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	49
	LA9	Health and safety topics covered in formal agreements with trade unions	●	49
Training and Education	LA10	Average hours of training per year per employee by employee category	●	49
	LA11	Programs for skills management and lifelong learning and assist them in managing career endings	●	49
	LA12	Percentage of employees receiving regular performance and career development reviews	●	49
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	34, 48
	LA14	Ratio of basic salary of men to women by employee category	●	48
Human Rights		Disclosure on Management Approach		
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	◑	50
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	◑	50
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	◑	50
Non-Discrimination	HR4	Total number of incidents of discrimination and actions taken	◑	20
Freedom of Association and Collective Bargaining	HR5	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	●	48
Child Labor	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	47, 50
Forced and Compulsory Labor	HR7	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	●	47, 50
Security Practices	HR8	Percentage of security personnel trained in the organization°Øs policies or procedures concerning aspects of human rights	◑	50
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	○	-

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G3		Indicators	Reporting Status	Page
Society		Disclosure on Management Approach		10-11, 51
Community	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	◑	51
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption	●	51
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	●	51
	SO4	Actions taken in response to incidents of corruption	●	51
Public Policy	SO5	Public policy positions and participation in public policy development and lobbying	●	51
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	51
Anti-Competitive Behavior	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	●	35
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	●	35

UNGC Index

The Global Compact's Ten Principles	SK Telecom's Efforts to Keep the Principles	Relevant Sections in the Report
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and **Principle 2:** make sure that they are not complicit in human rights abuses.	By protecting the rights of our employees and strengthening measures to protect customers' personal information, SK Telecom is striving to do our part to protect human rights while providing telecommunication service. We are also monitoring global trends in human rights reports by taking part in the working group activities ('08.11~ '09.6) for revising GRI guidelines' human rights performance indicator and working to identify stakeholder expectations.	Human Rights (p.50) Customer Privacy Protection (p.31)
Labor Standards		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; **Principle 4:** the elimination of all forms of forced and compulsory labor; **Principle 5:** the effective abolition of child labor; and **Principle 6:** the elimination of discrimination in respect of employment and occupation.	SK Telecom is striving to create an innovative corporate culture that embraces diversity and equal opportunity based on cooperative labor-management relations. We are also working to expand our corporate culture of respecting human rights to our invested firms and business partners through improvements in supply practices and training. We also offer industry leading pay and benefits to local hires in emerging markets and do our utmost to foster a culture that respects people.	Work Conditions and Practices (p.47-49) Human Rights (p.50) Innovative Corporate Culture (p.34)
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges; **Principle 8:** undertake initiatives to promote greater environmental responsibility; and **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.	To minimize our impact on the environment, we are collecting used handsets, and managing energy, water and waste use. Going forward, we will continue R&D investment for products and services that offer smart solutions to environmental challenges and climate change so that we can contribute to sustainable development of society.	Responding to Climate Change (p.33), Environment (p.41-44)
Anti−Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	SK Telecom is building a culture of ethics and integrity through pledges by employees to comply with the Code of Ethics, ethics training and strengthened internal regulations.	Society (p.51) Stakeholder Feedback (p.20)

STAKEHOLDER EXPECTATIONS

"Incorporating the ten principles in their core values will enable companies to enhance their corporate image and brand value while earning full support of the stakeholders."

2007 Sustainability Report p.28, Chul-Ki Ju, UN Global Compact Network Korea

IN ACTION

SK Telecom revised its Code of Ethics in line with our participation in the UN Global Compact in May 2007. Accordingly, we implemented a campaign to enhance employee awareness on the importance of the four key areas of human rights, environment, labor standards and anti-corruption. Process improvements and stakeholder networking activities were carried out in conjunction. In the future, we plan to make full disclosure of our efforts to comply with the ten principles of the UN Global Compact through UNGC Index.

Independent Assurance Statement

● **Scope and objectives** ● SK Telecom commissioned Two Tomorrows (Europe) Limited to undertake independent assurance of the Sustainability Report 2008.
The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide Type 2 assurance, which covers:

- evaluation of adherence to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness (the Principles) and;
- the reliability of all data and key claims in the report except the financial information from annual report.

We used the Global Reporting Initiative (GRI) Quality of Information Principles as Criteria for evaluating performance information against tests for Reliability, Clarity, Balance, Comparability, Accuracy and Timeliness. Where GRI protocols were used to compile performance indicators, these were adopted as additional criteria.

● **Responsibilities of the directors of SK Telecom and of the assurance providers** ●
The directors of SK Telecom have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of SK Telecom, however our statement represents our independent opinion and is intended to inform all of SK Telecom stakeholders including the management of SK Telecom.

We were not involved in the preparation of any part of the Report. We have no other contract with SK Telecom and this is the first year that we have provided assurance. We adopt a balanced approach towards all SK Telecom stakeholders.

Our team comprised Jason Perks, lead assuror, MinGu Jun, project leader, Thomas Krick and SangMook Park. Further information, including individual competencies relating to the team can be found at: www.twotomorrows.com.

● **Basis of our opinion** ● Our work was designed to gather evidence with the objective of providing moderate assurance as defined in AA1000AS (2008). We undertook the following activities:

- Review of previous report and preliminary identification of assurance priorities;
- Review of the current sustainability issues that could affect SK Telecom and are of interest to stakeholders;
- Interviews with selected vice presidents and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose areas of focus for interviews;
- Review of SK Telecom approach to stakeholder engagement and recent outputs.
- Review of information provided to us by SK Telecom on its reporting and management processes relating to the Principles;
- Site visits to head office to review process and systems for preparing sustainability data;
- Review of supporting evidence for key claims in the report;
- Review of the processes for gathering and consolidating data and, for a sample, checking the data consolidation and source information. Sampling was focussed on the most material data sets;
- An independent assessment of SK Telecom Reporting against the B+ Application Level for the Global Reporting Initiative (GRI) G3 Guidelines.

We have reviewed and assured the Korean and English language versions of the report and have not reviewed or assured translations of this report into other languages.

● **Findings** ● We reviewed and provided feedback on drafts of the Report and where necessary changes were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe SK Telecom's adherence to the Principles or its performance.
In our opinion the report meets the GRI G3 application level B$^+$.

● **Observations** ● Without affecting our assurance opinion we also provide the following observations. We commend the setting up of the Corporate Citizenship Committee as good practice in governance and leading-edge practice in Korea. We also noted the involvement of external experts in the first meeting. To further enhance this welcome development in the longer-term we recommend ensuring regular reporting to the board, ongoing sustainability training and capacity building of the Corporate Citizenship Committee members, especially during personnel changes, to ensure the committee continues to build links with and alignment to the core business strategy. This will also be assisted by ensuring clear areas of responsibility at board level for CR issues.

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We generally noted that SK Telecom employees were aware of and integrated the overarching principle of the company into their decision making – it would be helpful to see systematic monitoring of this in future.

Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

- We were pleased to note an intention to set up a high level stakeholder link to the Corporate Citizenship Committee and recommend this includes representatives from key stakeholder groups.

- SK Telecom recognises that engagement with NGO's is at a preliminary stage. We noted an effective approach with the mobile social contribution programme. We agree that wider NGO engagement needs strengthening and this will be a challenge for SK Telecom given the limited capacity of many NGOs to engage effectively. We recommend SKT makes efforts to understand further who to engage with and why, and helps build capacity within the NGO community.

- The report would benefit from a clearer explanation of the stakeholder engagement approach and how the feedback is integrated into company learning and decision making, especially through the SKMS.

- With international growth plans, it will become increasingly important for SK Telecom to understand specific issues in each operating country and we recommend further engagement in each country to ensure the company is aware of any different issues or priorities.

Material issues are those which are necessary for stakeholders to make informed judgments concerning SK Telecom and its impacts.

- SK Telecom has developed a well-structured materiality process that is effectively communicated in the report.

- The materiality process would benefit from the inclusion of SKMS outputs from various parts of the organisation where applicable — particularly in ensuring greater input from employees.

- We noted that there was executive level risk-based review of material issues that was informally integrated into the materiality assessment. We recommend this be linked more systematically to the materiality process in future taking into account both risks and opportunities.

- We recommend the materiality process be reviewed by the Corporate Citizenship Committee to enhance governance and ensure alignment between top management understanding of key issues and day to day management.

Responsiveness concerns the extent to which an organisation responds to stakeholder issues

- There is an opportunity for HR to play a bigger role by assessing individual's capacity and providing further sustainability training to ensure common understanding of broad issues and each individuals' role (especially at higher levels of management) in delivering on SK Telecom's sustainability strategy.

- We encourage SK Telecom to disclose further its involvement in key external forums and how this is influencing progress on key sustainability issues.

- SK Telecom has responded to widespread media coverage of high profile phone duplication. This raises a potential underlying question of whether SK Telecom information security is sufficiently robust. We recommend that further checking of related internal systems is an appropriate response to stakeholder concerns in this area.

Performance Information

- We recommend a more systematic information management approach for sustainability performance information, which is currently heavily reliant on manual and ad-hoc systems.

- Currently SK Telecom is considering an environmental management system with some operational divisions already looking to implement specific systems to manage particular issues for their operations. We commend the recognition that there is a need to strengthen environmental management and recommend that a co-ordinated approach is taken, linked to the development of a company wide environmental policy and management system that focuses on the most significant environmental issues.

**Two Tomorrows (Europe) Limited**
London
15th May 09

Jason Perks	MinGu Jun	Thomas Krick	SangMook
Director	Project Leader	Senior Consultant	Associate

Two Tomorrows (Europe) Limited trading as Two Tomorrows was formed from the merger of Csrnetwork and Sd3 in January 2009, Two Tomorrows is an international consultancy that helps companies to perform better and create value by doing business in a sustainable way. www.twotomorrows.com
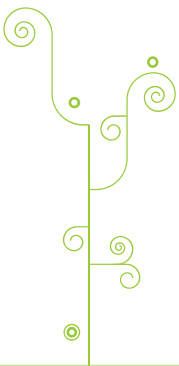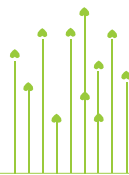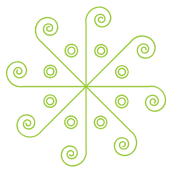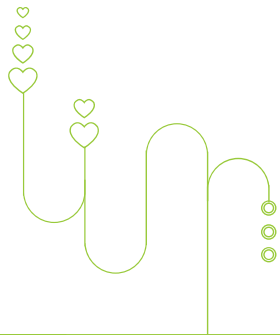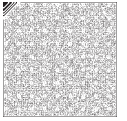
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