



# SK Telecom Sustainability Framework

## Stakeholder Engagement

Anchored by its management philosophy of pursuing the enhancement of stakeholders' value, SK Telecom performs its business activities through various forms of communication with its stakeholders. By actively reflecting the stakeholders' opinions in its business activities, the company seeks to increase the mutual interests and values of the company and its stakeholders.

➔ Details on Stakeholder Engagement: Page 10

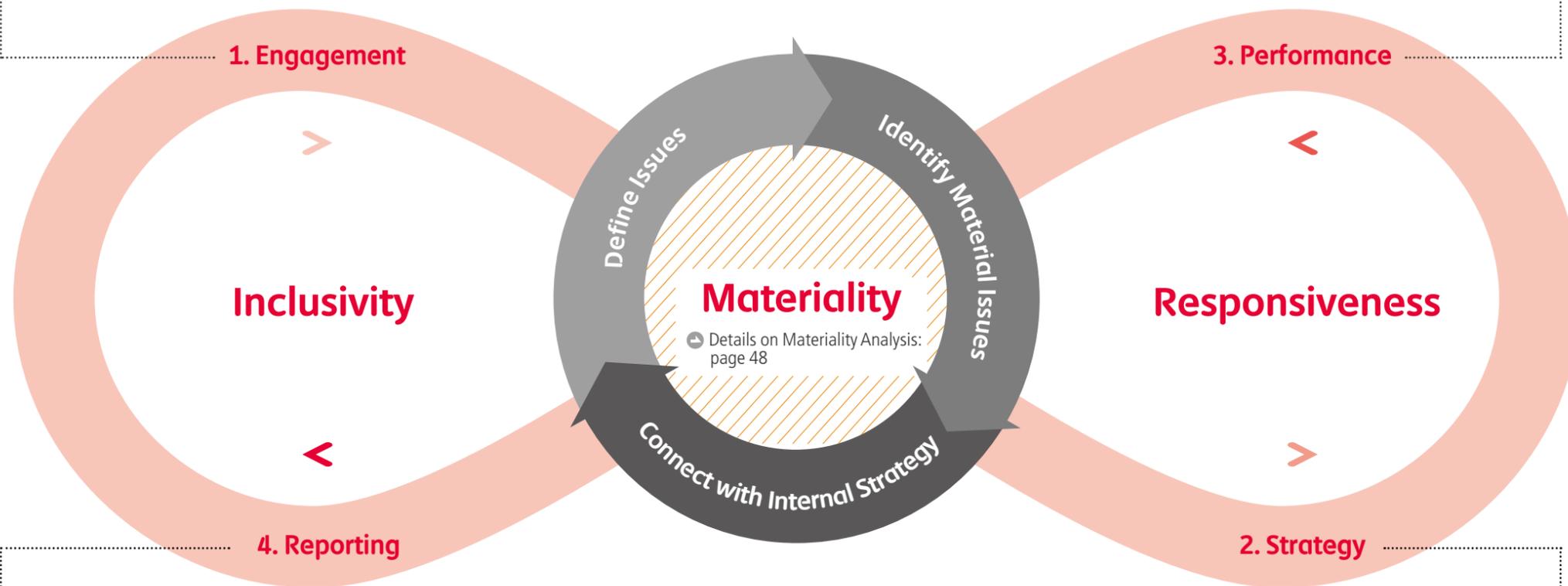
## Implementing Sustainability

SK Telecom has established and is implementing the mid- and long-term directions for sustainability and goals for the five areas of sustainability, centering around the Corporate Citizenship Committee under the Board of Directors. By checking quarterly implementation activities, the company enhances its ability to execute company-wide sustainability and, through the KPI management for the five areas of sustainability, practices the systematic implementation of sustainability activities. Details on the Corporate Citizenship Committee

➔ Details on the Corporate Citizenship Committee : page 36



SK Telecom Sustainability Management Framework



## Sustainability Reporting

SK Telecom transparently discloses a range of information on its community involvement activities and its implementation of sustainability for achieving sustainable growth and producing value. By publishing sustainability reports and disclosing the details of major activities on the website, the company strives to keep its promises to stakeholders.

➔ Details on Characteristics of 2011 Report : page 46



## Sustainability Management Strategy

SK Telecom establishes a sustainability strategy to realize its corporate vision, "Vision 2020 Partner for New Possibilities" based on the value it pursues, "the Pursuit of the Long-term, Sustainable Happiness of Stakeholders." Focusing on the five areas of sustainability, Customer Relationship Management, Win-win Partnerships, Community Involvement, Ethics Management, and Environmental Management, the company aims to contribute to its sustainable growth and create the long-term, balanced happiness of stakeholders by setting strategic directions and bringing about positive social changes.

➔ Details on Sustainability Strategy: Page 11



## SK Telecom Sustainability Initiatives

- UN Global Compact (Since 2007)**  
 "Sustainability is implemented based on the 10 principles proposed by UNGC."  
 Kim Yeong Ahn, Senior Vice President of Ethics Management Office ➔ page 52
- Carbon Disclosure Project (Since 2008)**  
 "Any information on greenhouse gas emissions and SK Telecom's efforts to reduce them are confidently made available to the public."  
 Kim Jeong Su, Senior Vice President of Corporate Social Responsibility ➔ page 42
- Dow Jones Sustainability Index (Since 2009)**  
 "SK Telecom's sustainability will continue to evolve based on the DJSI evaluation results."  
 Kim Jeong Su, Senior Vice President of Corporate Social Responsibility ➔ page 9
- ISO 26000 (Since 2011)**  
 "SK Telecom is strengthening sustainability by using ISO 260000, the international guidance for social responsibility, as its guidelines."  
 Kim Jeong Su, Senior Vice President of Corporate Social Responsibility ➔ page 56
- Ruggie Guiding Principles (Since 2012)**  
 "Basing our entire Supply Chain Management on the Ruggie Guiding Principles, which were endorsed by the UN Human Rights Council in June of 2011, we intend to lead the way in the protection of human rights."  
 Yeo Ho Choul, Senior Vice President of Supply Chain Management ➔ page 39
- Integrated Reporting (Since 2012)**  
 "By participating in the pilot program of the IIRC (International Integrated Reporting Council), SK Telecom is making efforts to connect its financial and non-financial information and report it to stakeholders."  
 Park Hong Kyu, Senior Vice President of IR ➔ page 46

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## 2011 Sustainability Reporting Method

SK Telecom intends to report on its progress in the implementation of business activities and results with regard to the major interests of stakeholders through the 2011 SK Telecom Sustainability Report.

Based on its experience in publishing sustainability reports, SK Telecom has made changes to its reporting method. The report includes the correlation between the key issues suggested by stakeholders and SK Telecom's sustainability strategy, which consists of the five areas, activities and performance for each issue, and its future plans. SK Telecom will continue to implement long-term, systematic sustainability activities centering on the sustainability strategy and, at the same time, make earnest efforts to disclose the progress of sustainability implementation.



## Sustainability at SK Telecom

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(GRI G3.1, UNGC Advanced Level, ISO 26000)	

## CEO Message



SK Telecom possesses a strong portfolio across the ICT industry, including telecommunications, and aims to evolve into a company that continuously creates new value through synergy between individual areas. As a “partner that will always be by your side when all people and companies are opening up new possibilities for a better world,” SK Telecom will cement its status as a company that enjoys even greater love from both customers and communities.

## Distinguished stakeholders,

In 2011, in response to the increasing number of smartphone users and the expanding market for wireless data, SK Telecom produced noticeable results, such as ranking first place in both cable and wireless areas and securing LTE leadership, and consolidated the foundation for the mobile telecommunications business. The launch of SK Planet and the acquisition of Hynix helped pave the way for the takeoff of the company's new growth. In addition, as a result of all-employee efforts to fulfill the company's social responsibility as a leading business, in September 2011, SK Telecom was simultaneously selected as the first Asian telecommunications company to join the Dow Jones Sustainability Index (DJSI) for four consecutive years and as a leader in the global mobile telecommunications sector for two straight years. The company also ranked first place in the top 3 customer satisfaction indices, including NCSI, for 15 years straight.

Rather than being complacent with the status quo, in 2012, SK Telecom is embarking on a voyage toward new growth in order to create more sustainable future value under the banner of the newly established Vision 2020. Its new vision, "Partner for New Possibilities," represents SK Telecom's determination to create a sustainable ICT ecosystem by creating new value beyond industrial boundaries, together with all stakeholders, such as customers, partners, employees, communities, shareholders, and the government.

Under the leadership of the Corporate Citizenship Committee supervised by the Board of Directors, SK Telecom will increase its dedication to fulfilling its social responsibility in the areas of customer relationship management, win-win partnerships, community involvement, ethics management, and environmental management. Furthermore, as a UN Global Compact signatory, the company will listen intently to the demands of a variety of stakeholders, both domestic and overseas, and reflect the global-level demands for corporate social responsibility as set forth by ISO 26000 and the UN Global Compact Index in its business activities.

For the past 27 years, SK Telecom has been leading the Korean information communication industry, and will continue its commitment to enriching the lives of stakeholders in diverse areas across society, as well as the telecommunications industry, and becoming a global enterprise loved by all stakeholders.

The ongoing interest and support of our stakeholders will be greatly appreciated.

Thank you.

President & CEO Ha Sung-Min



# Company Profile

## Company History

\*CDMA : Code Division Multiple Access

SK Telecom is the largest mobile telecommunications service provider in Korea with 26 million subscribers. In 1984, as the first company in the world to succeed in the commercialization of CDMA technology, SK opened a new era of mobile phones in Korea, and has since led the history of the global mobile telecommunications industry. Now, the company is about to take a new step forward in creating another CDMA legend.

## SKMS: The Foundation for Sustainability Management

SK's unique management philosophy, SKMS (SK Management System), created in 1979, reflects the direction of business management that SK has practiced. It was established to bring all employees together by ensuring their shared understanding of the essentials of management and using it as a criterion for decision-making, and enhance the company's capabilities by increasing the level of management.



## Vision

**Main:** Partner for **New Possibilities**

**Sub:** **100 & 100** | KRW100 trillion of corporate value and a company among Global Top 100 by 2020

## Mission Statement

SK Telecom creates new value across industrial boundaries by practicing innovation on a daily basis, using its strong business infrastructure and human resources to make a happier and richer world.

## Principles of Vision Implementation

<b>Pride</b> Pride in Its Ability	<b>Sincerity</b> Sincerity toward Customers	<b>Trust</b> Trust in Colleagues	<b>Responsibility</b> Social Responsibility
As a provider of ICT-related products and services, provide high-quality products and services based on its business capabilities	Bring new, happy experiences into customers' lives by staying passionately focused at work to provide customers with the best value.	Attitude to achieve the company's goals by respecting and listening to one other	Develop innovative services that can contribute to society and pursue a sound profit

## Global Network

As a leader in the Korean mobile telecommunications market, SK Telecom pioneered the commercialization of CDMA technology. SK Telecom is not only the biggest telecommunications company in Korea, but it is also developing the global ICT market, including in China, Vietnam, and U.S., through its innovative technology and services.



### Headquarters Address

SK T-Tower, 11, Euljiro 2-ga, Jung-gu, Seoul

## Key Information

\*Based on the fiscal year of 2011, consolidated

Founding date **March 29, 1984**

Operating income **KRW 2,131 billion**

Total assets **KRW 24.3 trillion**

Credit rating (company bond) **AAA**

Total capital **KRW 12.7 trillion**

Total liabilities **KRW 11.6 trillion**

Sales **KRW 15.9 trillion**

Net profit **KRW 1.6 trillion**

## Areas of Business

### B2C Business (Personal Customer Service)

 Business Area

Provision of mobile phone services and a variety of integrated cable/wireless services

SK Telecom provides mobile telecommunications services using its original capabilities, such as phones, plans, networks, and content. It also allows a variety of services, including high-quality videos and multimedia games, to be used in wireless environments by commercializing LTE for the first time in Korea.

### Mobile phone services



Service that allows downloads and wireless Internet access 5 times faster than 3G



Service that allows the free use of SMS and data roaming services even while abroad



Special offers for SK Telecom members

### Integrated cable and wireless services



Korea's No. 1 mobile content store



Open market full of fun and convenience



Integrated cable and wireless internet content



Provides a ubiquitous music portal and online music service

### Ubiquitous convergence service



Real-time navigation service using a mobile-embedded map and GPS information



Service that manages each individual's content (photos, music, videos, documents, etc.) and allows easy content consumption on various devices



Portal image media service through 3-Screen (PC-TV-smartphone)





**B2B Business (Business Customer Service)**

Provides the business environment of the future

In keeping with global ICT trends, the company provides a business environment that can increase productivity across industries, including the health care, automotive, education, and finance industries, based on mobile technology.

**Smart Health**

**SK telecom Smart Health**  
Real-time prescription record-keeping, drug information and dosage services

**smart learning**  
Hands-on smart learning aid

**bizpoint**  
Cloud-based business support solutions

**cloud biz**  
Next-generation cloud infrastructure

**Geo vision**  
A geographical information-based premium GIS solution

**FTA Insight**  
FTA country-of-origin management system

**Brand Management**

The company is dedicated to developing and maintaining its brand identity to become closer to and always be friendly to customers. SK Telecom’s brand catchphrase created in 2010, “As You Think: T,” indicates the company’s ability to make customers’ thoughts a reality through company-customer interaction. The “T” represents SK Telecom’s willingness to provide customers with “top” “trustworthy” services through its best “telecom” “technology.” SK Telecom’s ongoing commitment to enhancing brand and social values involves the frequent monitoring of brand valuations by external agencies and regular meetings between brand and CSR officers.

**SK Telecom’s Signature Brand**



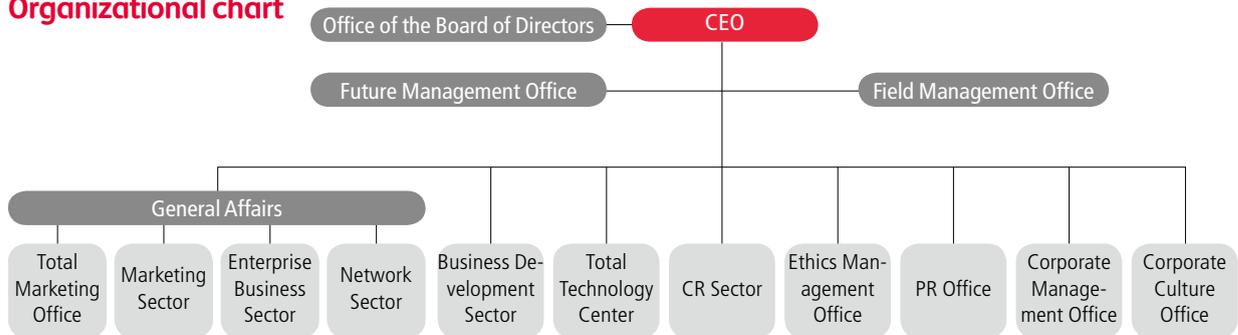
Launched in 2008, SK Telecom’s signature mobile telecom brand “T” aims at a ubiquitous culturework (a cultural community that unites anytime, anywhere). “T” aims at becoming a cultural brand, beyond the limits of technological leadership, to stay in step with customers’ sensibilities anytime, anywhere, and create a new culture. With such a mindset, “T” represents SK Telecom’s value and willingness to provide distinguished products and services to customers with a constantly innovative attitude, in order to become more familiar with customers’ daily lives, offer direct benefits, increase the value of their lives, and enhance their quality of life.

## Subsidiaries Information

With the recent launch of SK Planet and the acquisition of Hynix, the company has consolidated its expertise in the telecom service area and expanded its domain of business to secure the company's new growth drivers and enhance its capabilities.

 <p><b>PS&amp;Marketing</b></p> <p><b>PS&amp;Marketing</b> </p> <p>Mobile phone distribution 100% share</p>	 <p><b>SK Broadband</b> </p> <p>Telephones and other cable telecommunications businesses 50.6% share</p>	 <p><b>Commerce Planet</b> </p> <p>Online shop management agency 100% share</p>	 <p><b>SK Communications</b> </p> <p>Online information provider business 64.6% share</p>
 <p><b>SK Planet</b> </p> <p>Telecommunications and new media businesses 100% share</p>	 <p><b>SK Telink</b> </p> <p>Telecommunications and satellite broadcasting businesses 83.5% share</p>	 <p><b>Paxnet</b> </p> <p>Internet service business 59.7% share</p>	 <p><b>Broadband CS</b> </p> <p>Call center and telemarketing service businesses 63.7% share</p>
 <p><b>SK Hynix</b> </p> <p>Semiconductors 21.05% share</p>	 <p><b>Loen</b> </p> <p>Record manufacturing &amp; distribution, online digital music service businesses 67.6% share</p>		

## Organizational chart



## 2011 Key Dates

### February 22

#### 1<sup>st</sup> place in Most Respected Businesses in Korea

1<sup>st</sup> place in the telecommunications service area for 8 years straight as a result of the Korea Management Association Consulting survey (Selected in February 2012 as #1 in the telecommunications service area for 9 straight years)

### March 28

#### 1<sup>st</sup> place on NCSI of the Korea Productivity Center for 14 straight years

\*NCSI : National Customer Satisfaction Index



### April 25

#### 1<sup>st</sup> place in mobile call quality

Best 3G voice and video call success rate and best 3G data transfer rate as a result of the quality assessment by the Broadcasting and Communications Commission



### July 1

#### Commercialization of LTE service

First company in Korea to commercialize 4G LTE, the ultra-high speed data service

\*LTE : Long Term Evolution



### July 26

#### Win-win partnership agreements with LTE large, medium and small businesses

Partnership agreement for the sound development of the telecommunications equipment industry and for mutual growth between large and small businesses

## 2011 Major Awards

In September 2011, SK Telecom was listed on the Dow Jones Sustainability Indexes (DJSI) for four consecutive years as co-selected by Dow Jones and SAM and was selected as the best global mobile telecommunications company for two years straight. In addition, the Carbon Disclosure Project (CDP), a global project designed to mitigate climate change, appointed the company as the best leader in the Korean telecommunications industry, increasing its reputation as a leading telecommunications company in Korea that practices sustainability in the global market. SK Telecom also ranked first place in all three of the top customer satisfaction surveys in Korea in 2011, reaffirming the enduring customer trust that it enjoys. The company obtained the highest rating, A+, in each of the environmental, social, and governance fields of the ESG evaluation conducted by the Corporate Governance Service. Additionally, the company ranked first place for four consecutive years in the service sector as a result of the "Best Company to Work For" and 8 consecutive years in the telecommunications service sector as the "Most Respected Company in Korea" conducted by the Korea Management Association Consulting. It also received the best Community Service award at the 1st UNGC Value Awards in which a company's compliance with the four areas of the UN Global Compact, the principal items of the MDGs and ISO26000, and CSR activities, is evaluated.

Dow Jones Sustainability Indexes Mobile Telecommunications Sector Leader for 2 consecutive years



Dow Jones Sustainability Indexes (DJSI)

1st place in Best Company to Work For in the Service sector for 4 years straight



Best Company to Work For

Won the highest rating A+ in all areas of the ESG evaluation by the Corporate Governance Service



Corporate Governance Service

Best Community Service Award at the UNGC Value Awards

Best Community Service Award at the UNGC Value Awards

1st place in NCSI, KCSI, and KS-SQI for 15, 14, 12 consecutive years (As of May 2012)



National Customer Satisfaction Index



Korean Customer Satisfaction Index



Korea Standard-Service Quality Index

Best Leader in the Telecommunications Industry for the Carbon Disclosure Project



Carbon Disclosure Project

\*KCSI: Korean Customer Satisfaction Index  
 \*NCSI: National Customer Satisfaction Index  
 \*KS-SQI: Korea Standard-Service Quality Index

**October 1**

### Launched SK Planet

SK Planet, a spin-off company, which provides a variety of platform services, including T-store and new media



**October 6**

### Won T.um Reddot 2011 Design Award

T.um, a future telecommunications museum, was considered an effective design of consumer interaction and won Germany's Reddot Design Award, one of the world's top three design awards.



**November 4**

### Cumulative downloads in the T-store surpassed 500 million

T-Store cemented its position as the leading Android application market



**November 14**

### Signed an acquisition agreement with Hynix

Secured a new growth driver by incorporating ICT convergence trends



**November 17**

### 1st place in KS-SQI for 12 years straight

1st place in KS-SQI (Korean Standard Service Quality Index) for 12 years straight

\*KS-SQI : Korean Standard Service Quality Index



# Stakeholder Engagement

SK Telecom is dedicated to conducting business activities that offer new possibilities to a variety of stakeholders. Under the management principle of SKMS , the company clearly classifies stakeholders into customers, partners, employees, community/NGO, shareholders and government, and builds a communication channel for each of those stakeholders to ensure smooth communication. The company seeks to identify stakeholders' expectations and demands through communication and reflect them in its sustainability strategy as well as put them into practice across all business activities.

	Communication Channel	Key Expectations
<b>Customers</b> 	<ul style="list-style-type: none"> <li>- T World: Online customer center </li> <li>- CRM survey</li> <li>- Additional Service Center</li> <li>- A/S Center</li> <li>- Customer satisfaction survey</li> <li>- Customer service blog </li> <li>- Customer Privacy Center</li> </ul>	<ul style="list-style-type: none"> <li>- Provide services and benefits suitable for various lifestyles</li> <li>- Customer privacy protection</li> <li>- Provide high-quality telecommunications services</li> <li>- Provide customized services and plans</li> </ul>
<b>Partners</b> 	<ul style="list-style-type: none"> <li>- VoP application channel</li> <li>- Portal for partners </li> <li>- VLS for partners </li> <li>- One-on-one meetings</li> <li>- Partners' Day</li> <li>- BPSI, Business Partner Satisfaction Index</li> <li>-  Open Innovation Center website</li> </ul>	<ul style="list-style-type: none"> <li>- Financial support</li> <li>- Support to strengthen technical capabilities</li> <li>- Provide technical infrastructure</li> <li>- Increase support for win-win partnerships</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>- SK Telecom's Labor-Management Committee</li> <li>- CEO hotlines (Sotong Hanmadang)</li> <li>- Newsletters, broadcasting, and LCD board, etc. In-house communication media</li> <li>- Letter to HR</li> <li>- Intranet</li> </ul>	<ul style="list-style-type: none"> <li>- Work-life balance</li> <li>- Support for self-development</li> <li>- Stronger benefits for female employees</li> <li>- Culture of free, open communication</li> </ul>
<b>Community / NGO</b> 	<ul style="list-style-type: none"> <li>- Community councils</li> <li>- Involvement in community development</li> <li>- NGO meetings</li> <li>- NGO joint donations and volunteer service activities</li> <li>-  Company blog </li> </ul>	<ul style="list-style-type: none"> <li>- Community support</li> <li>- Telecommunications services and benefits for the underprivileged and neglected areas</li> <li>- Environmental protection</li> </ul>
<b>Shareholders</b> 	<ul style="list-style-type: none"> <li>- Frequent meetings and seminars</li> <li>- IR meetings</li> <li>- Investor relations </li> <li>- Shareholder meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Stable dividend policy</li> <li>- Sound governance</li> <li>- Efforts to improve profit and secure new growth drivers</li> <li>- Enhance reputation</li> </ul>
<b>Government</b> 	<ul style="list-style-type: none"> <li>- Korea Communications Commission</li> <li>- Win-Win Growth Commission</li> <li>- Fair Trade Commission</li> </ul>	<ul style="list-style-type: none"> <li>- Transparent management disclosure</li> <li>- Fair trade</li> <li>- Compliance with tax obligations</li> <li>- Contribute to improving national capabilities</li> </ul>

# Management Approach

## Distribution of Economic Value

Investment activities

KRW **660.2** billion

Product and service purchases

KRW **911.9** billion

Employee compensation

KRW **117.3** billion

Community investment

KRW **103.1** billion

Dividend payments

KRW **668.3** billion

Corporate tax payments

KRW **571.2** billion

## Customer Relationship Management

p.12

### Commitment

- Strengthening customer privacy protection
- Providing telecommunications services with good quality and customized plans
- Providing more convenience to customers' lives

### Challenge

- Increase in customer privacy risks
- Increasing social monitoring of privacy policies and systems
- Maintaining communication quality and reasonable rates

## Win-Win Partnerships

p.20

### Commitment

- Contributing to building the ecosystem of the ICT industry based on a win-win partnership culture
- Strengthening mutual collaboration and win-win partnerships with partners
- Realizing the work-life balance of employees

### Challenge

- Increased government regulations and social demand for win-win partnerships between large, medium, and small businesses
- Increased need for the development of the ICT industry ecosystem at the national level
- The need to improve employees' satisfaction and secure loyalty

## Community Involvement

p.28

### Commitment

- Solving social problems and enhancing value using ICT
- Resolving ICT-related social disadvantages
- Contributing to the spread of a sharing culture through ICT

### Challenge

- Increased demand for corporate social responsibility
- Increase in ICT-related social disadvantages like the 'digital divide'
- Increased demand for job creation for vulnerable groups

## Ethics Management

p.34

### Commitment

- Securing sound corporate values through ethical management
- Securing stakeholders' trust through transparent management decision-making
- Fulfilling social responsibility and roles as a corporate citizen

### Challenge

- Reinforcing corporate soundness and sustainability assessments
- Increased demand for the establishment of a transparent governance system
- Increased complexity in the business environment

## Environmental Management

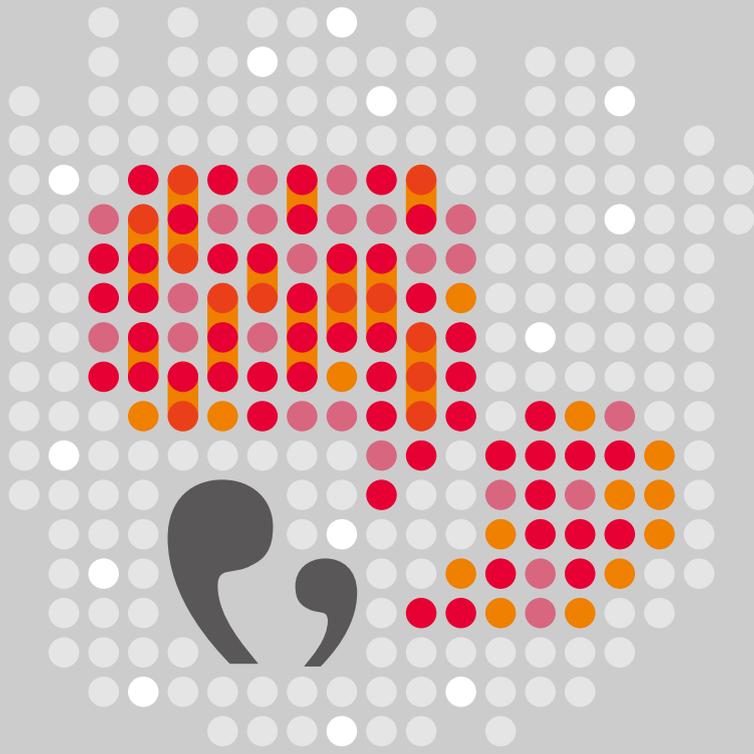
p.40

### Commitment

- Leading activities for reducing climate change risks as a member of the community
- Creating joint value for the company and the community through environmental management

### Challenge

- Widespread global understanding of the climate change crisis
- Strengthening of climate change policies and regulations
- Expansion of a new environment-related business market



# strategy 01

# Customer Relationship Management

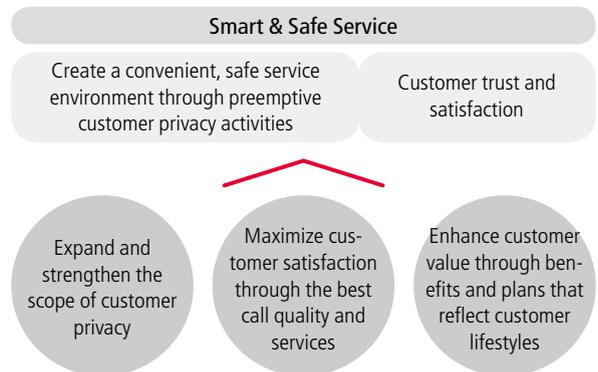
## Commitment

SK Telecom continues its dedication to making customers happier by delivering reliability and customer satisfaction. By providing telecommunications services of excellent quality and customized plans, the company seeks to offer customers greater quality of life. The company also works hard to resolve privacy risks and strengthen privacy protection by limiting the collection and retention of personal information to the minimum level.

## Challenges

With the recent increase in risks relating to the abuse and leaks of personal information, the social monitoring of privacy policies and systems implemented by companies that need customer information, including those in the telecommunications industry, has also become stronger. In addition, as the wireless communications service has become an essential part of life, providing the best call quality and mitigating cost burdens have also arisen as principal social issues.

## Goal & Strategy



## Objective

Target	2011 KPI
Customer privacy protection and information lifecycle management	- Strengthening a company-wide customer privacy system - Customer privacy security system by level and training - Creating a customer privacy infringement response system
New technology development and application to improve call quality	- Maintaining network quality and extending the LTE nationwide network - Expanding communication coverage
Various plans that reflect customer needs	- Implementing customized plans - Enforcing a program for socially vulnerable groups

● Achieved ◐ Partial ◑ Ongoing ○ Not achieved

## Communication

SK Telecom creates and operates a variety of channels to communicate with customers anytime, anywhere. Through its website, blog, and other SNS (Social Networking Service), as well as its Call Center, the company collects the opinions of various stakeholders, including customers, and provides feedback through the relevant channels. To conduct company-wide, customer-centered business activities, the company runs in-house broadcasting, an Intranet free message board, and elevator LCDs to share customer opinions and recommendations and examples of resolved customer complaints company-wide.

# Strict Customer Privacy Policy

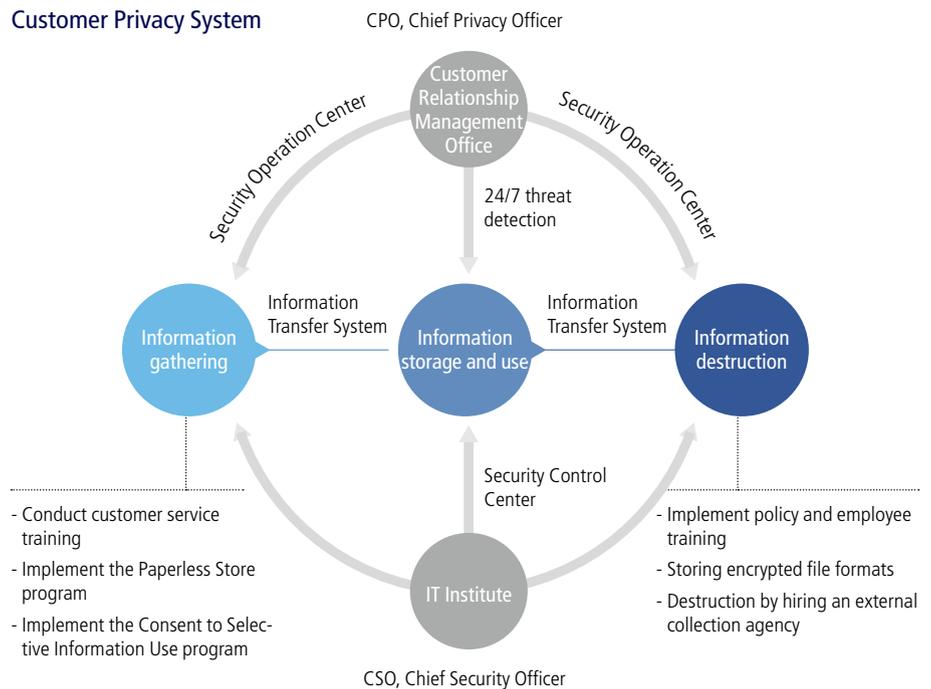


**Issue 1** SK Telecom created a systematic program and a technical system for safe customer privacy protection and management so that customers' personal information cannot be used for any other purpose without customer agreement.

## Operating a system for stronger privacy protection

Recognizing the importance of privacy protection, since 2008, SK Telecom has been operating a customer privacy management system led by the CPO (Chief Privacy Officer) and CSO (Chief Security Officer) with regard to customers' personal information. At every stage in which personal information is handled, including the gathering, use, and destruction of information, strict handling procedures are enforced and frequent monitoring and preliminary inspections are conducted as well. In addition, the company creates an internal customer privacy management plan in the beginning of each year, which all employees are notified about, and implements the 'Security and Privacy Pledge' via the Intranet and employees' personal email addresses to reinforce awareness of the importance of privacy protection. The company also increases the scope of management by providing online and offline training at least twice each year, including the Privacy Authentication System, targeting even the members of contractors who are entrusted with the handling of personal information.

### Customer Privacy System



## Strengthening the infrastructure for handling personal information by channel

### Strengthening offline channels

SK Telecom makes it mandatory for each store to provide an explanation about handling customers' personal information in situations that require customers to submit personal information and, as a result of this purpose, the company conducts customer service training targeting store managers on a regular basis. The "Paperless Store" program, which was launched in 2011, was introduced to eliminate any possibility of information leakage, which may occur within a distribution channel. In this program, any series of procedures that requires personal information, from joining to cancelling membership, is conducted on a tablet PC. This allows any information that a customer enters to be directly sent to the SK Telecom server, without remaining in the store. As of late May 2012, 2,417 paperless stores are in operation.

## Strengthening privacy security and expanding the scope of management

DDos : A type of attack in which a server is forced to shut down due to an overload of information that exceeds the capacity that the server can process.

### Strengthening online channels

The company has a system under which any information collected through an online channel can only be collected when the customer agrees to the Consent to Information Collection. T-World, SK Telecom's customer website, limits the collection of personal information for membership purposes to a minimum. It allows an applicant to sign up without agreeing to the "Consent to Third-Party Use of Personal Information" so that the unnecessary sharing of personal information with an affiliate or an external organization is prohibited without the customer's consent. Fundamentally, SK Telecom prohibits the use of personal information outside the scope notified to a customer or specified in the Terms of Service and, if absolutely necessary, uses the said information only if such use has been notified and the customer's prior consent, either written or by e-mail, has been obtained.

### Strengthening the privacy security infrastructure

In 2007, SK Telecom created a Security Operation Center (SOC) for data encryption and management to protect the personal information of mobile telecommunications and other service subscribers, members of a website like T-World, the company's employees and those of affiliates. The SOC allows access to the customer database only through SOC admin computers, and blocks any potential hacker threats by shutting off the Internet and all networks of the admin computers. In addition, the company built a Security Control Center with a system for the 24/7 detection and response to external attacks like hacking, DDos, worms, and viruses, and provides thorough protection of personal information by operating a Customer Information Transfer System, a Document Security System, and a Customer Log Analysis.

### Support to expand the scope of privacy security

To ensure thorough protection with regard to the takeover and security of personal information obtained from SK Telecom's investment companies, SK Telecom provides immediate communication to customers regarding any changes made to the said information and enforces support policies relating to personal information for the investment companies. In 2011, the changes made to personal information in relation to the spinoff of SK Planet were notified to customers, and their personal information was only transferred to SK Planet after their consent was obtained. The company also provides support so that key investment companies can obtain Personal Information Management System (PIMS) certification, which is implemented by the Korea Communications Commission. SK Telecom will continue to create a personal information management system for each investment company and provide management support.

## Acquiring Personal Information Management System Certification

 Korean Internet & Security Agency Personal Information Management System Certification

In May 2011, SK Telecom became the first Korean telecom company to acquire Personal Information Management System (PIMS) certification, which is supervised by the Korea Communications Commission and reviewed by the Korean Internet & Security Agency. PIMS is a certificate granted to a company that safely manages personal information after the company is inspected to determine whether it has the protection system required to systematically and continuously carry out privacy protection activities company-wide.

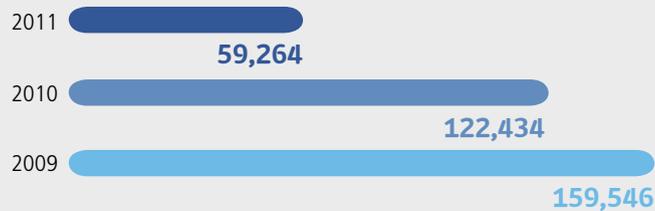
## Case Study 01

Customer protection activities through anti-spam efforts

SK Telecom applies a variety of approaches to prevent damage caused by spam, and has built an external collaboration system to protect customers against any such damage. Its efforts also include reducing spam damage to the underprivileged.

**Introducing Anti-Spam Technology** | In 2007, the company adopted a spam filtering service for customers and introduced a technology that blocks spam before they receive it. The company took the lead in protecting minors against spam by granting membership to all elementary school customers in 2009, and then youth subscribers in 2011. As of 2011, about 6 million subscribed to the spam filtering service, and in October 2011, automatic subscription applications were extended to new and existing customers as well as those applying for name changes. In addition, in 2011 the company made improvements to the existing Voice Spam Detection and Recording systems to shorten the average spam consulting time to less than 1 minute and increase consulting efficiency. Such efforts helped reduce the number of spam-related VOCs, which amounted from about 160,000 in 2009, to about 59,000 by the end of 2011.

**Spam VOC Trends** |Unit: case|



Spam filtering service screen

**Creating External Collaboration System** | SK Telecom increases spam blocking and prevention efficiency through the collaboration system with external agencies. In 2011, with the fast-growing use of smartphone messengers, the company created a collaborative system with the Korean Internet & Security Agency (KISA) to prevent spam from major chat services, such as KakaoTalk and NateOnTalk. SK Telecom's collaboration with mobile phone manufacturers, such as Samsung Electronics and LG Electronics, has helped mount an easy spam reporting system on mobile phones released in Korea in 2012.

**Conducting Anti-Spam Training for the Underprivileged** | Since 2008, SK Telecom has provided preventative training for North Korean refugees, who are not familiar with life in South Korea, regarding spam, voice phishing, and excessive rates, while also teaching them how to use mobile phones. Also, in 2007, the company embarked on providing training for the elderly who are not familiar with IT devices to prevent them from experiencing spam-related damage.

 Additional services  
- Call Filtering

## Case Study 02

Enhancing customer satisfaction by running an independent control tower regarding privacy protection and customer complaints

SK Telecom conducts security awareness activities, including pledges and training, targeted at employees so that personal information can be safely stored and used under a well-established system. In addition, the company operates the "Customer Protection Center" as an independent department responsible for resolving company-wide complaints in relation to the management of customer complaints received through external agencies, such as the Korea Communications Commission, Korea Customer Agency, and NGOs, its headquarters and contact channels. "The Customer Protection Center" is a control tower responsible for overseeing company-wide customer complaints and delivering customer satisfaction through risk elimination and systematic/process improvements in relation to complaints management. SK Telecom will continue to work hard to improve customer satisfaction through a strict privacy protection policy, as well as high-quality call services.

## Safe information destruction

SK Telecom implements policies and employee training to ensure the safe destruction of personal information collected from customers. Except those individuals authorized to handle personal information, employees cannot store such information separately. Even in the case that it is deemed absolutely necessary for work purposes, they must store such information in an encrypted file and destroy it upon finishing using it. In addition, the company ensures that an application form completed by a customer will be returned to the customer immediately upon completion of processing and works hard to provide safe customer information management by entrusting a designated collection/destruction agency with frequent on-site shredding or receipt shredding for any documents containing personal information that must be stored for a certain period of time.

## Responding promptly to privacy infringement

SK Telecom appoints a department from each team to be responsible for managing risks like privacy infringement, and has created a crisis management system to carry out risk management activities. Based on this system, the company developed a company-wide crisis response process to provide the promptest response to a risk as possible.



### Case Study 03 SK Communications' response and improvement regarding information leakage

In July 2011, Nate, a web portal operated by SK Communications, an investment company of SK Telecom, was hacked and the information of 35 million users was leaked. The hacking originated from a malicious code in China, and the leaked information contained IDs, names, mobile phone numbers, e-mail addresses, encrypted passwords, and resident registration numbers. However, the resident registration numbers and passwords remained safe because they were encrypted with the most advanced technology.

Upon discovery of the leakage, SK Communications sent all of its users e-mail notifications and employed pop-up windows on the message boards through which users could confirm the leakage of their personal information. It also expanded its hotline call center to prevent tier-2 damage, such as voice phishing and spam. In the aftermath of this incident, SK Telecom extended the application of its data integration center technology to ensure the privacy protection of investment companies, and will help these key investment companies obtain PIMS certification, which is reviewed by KISA.

#### Information Leak Response Process



## Ensuring the Best Call Quality

**Issue 2** SK Telecom is dedicated to ensuring that every single customer of SK Telecom can use best-quality calls and services anytime, anywhere. SK Telecom will continue its endeavors, such as building a high-quality data-centered network, extending the LTE nationwide network in 2012, improving 3G quality, and expanding communication coverage, until it can deliver calls of the utmost quality to customers.



### Building a high-quality network

**Data Traffic:** Amount of data transferred over a network

**SCAN (Smart Cloud Access Network):** Technology designed to increase the speed and capacity of wireless service by separating an existing integrated base station into a Digital Unit (DU) and a Radio Unit (RU). To increase efficiency, DUs, which process base station signals, are concentrated in one place while multiple RUs are installed in remote places.

**W-SCAN:** Technology that applies the SCAN architecture to a WCDMA network

**Advanced SCAN:** Technology designed to dramatically improve quality in heavy traffic and LTE base station border areas by upgrading the SCAN architecture, installing an IT server in a centralized base station, and applying collaborative telecommunications technology to virtual environments.

**KeepAlive:** A message sent to notify that a virtual circuit between two networks is active.

**Push Message:** A message sent automatically by a server, without needing access to the server.

**Femtocell:** A compound word of femto, a second equal to quadrillionth, or 10<sup>-15</sup> of a second and a cell, which refers to an area of service overseen by a base station; a system that covers an area smaller than the existing service coverage

**Smart Small Cell:** A general term for a compact base station and a repeater covering small coverage

With the distribution of smartphones and the increased use of multimedia, data traffic for SK Telecom customers increased 76 times between 2009 and 2011, and this trend will continue until the traffic increases 6 times between 2011 and 2015. In order to effectively respond to such skyrocketing data traffic, SK Telecom introduced SCAN (Smart Cloud Access Network) technology and applied it to LTE and 3G networks to deliver perfect speed and quality. For smart network operations, the company developed AOM (Always On Management), which monitors KeepAlive and Push Message to provide SK Telecom's customers high call quality anytime, anywhere. SK Telecom will continue to provide high-quality mobile telecommunications services by introducing a femtocell and a remote radio unit (RRU) to build a highly efficient network, which will enable high-capacity and high-speed delivery based on Smart Small Cells.

### Extending LTE network

In July 2011, SK Telecom became the 22nd mobile telecommunications company in the world to commercialize 4G LTE service. In just 80 days after the commercialization, the company gained over 500,000 subscribers, becoming the fastest company to successfully attract the largest number of subscribers. SK's distinguished technical excellence played the biggest role in winning customers' favor in such a short period of time.

Since the commercialization of LTE in July 2011, SK Telecom has worked hard to deliver perfect speed and quality by introducing SCAN technology. In 2012, when extending the LTE network, the company will make the best use of its much more advanced SCAN technology to provide customers the best service in terms of speed and quality. In addition, SK Telecom applies PETA, the world's most advanced network technology, to all LTE networks. "PETA" is a general term for the world-class network operation technology owned by SK Telecom and represents the company's determination to provide customers with the best, most distinguished network service, including "premium quality," "excellent speed," "total stability," and "advanced technology," in the upcoming petabyte era.

#### Plans to extend LTE network

March 2012\_ 84 cities(urban centers)

June 2012\_ 84 cities + KTX, etc.

Within 2012, nationwide



## Improving communications service quality

Cloud Computing: On-demand outsourcing service using IT resources via the Internet

W-SCAN (WCDMA-Smart Cloud Access Network): Network technology that applies 9-sector solutions allowing the installation of up to 9 sectors of radio units (RU) in a single digital unit

### Introducing technology that improves call quality

In September 2011, SK Telecom applied the W-SCAN technology, which utilizes cloud computing, to the 3G network and nearly doubled its speed and capacity. Since about 50% of data traffic nationwide arises from metropolitan areas, the technology has been applied in stages, starting with the wireless traffic-concentrated areas, including Seoul, Incheon, and 15 other cities in the metro area, and will be extended to more areas.

### Improving call quality based on call quality-related VOC

SK Telecom works hard to continue to develop technologies that can improve telecommunications service quality and minimize any inconvenience to customers by responding quickly to such inconveniences that may arise due to service quality. Once any customer complaint regarding call quality has been presented, the CS Team receives the complaint and resolves it through site visits and network quality inspections. By regularly conducting statistical analyses of customer complaints, the company prevents any potential complaints.

#### VOC System for Call Quality



When the call service stability was challenged due to the GPS interference in early March 2011, the company, under its VOC handling system, received complaints and organized an internal task force team to tackle the problem. In late March that year, the company developed a solution through network quality inspection and applied the solution nationwide in April, blocking any call disturbances arising from GPS interference.

## Providing universal communications service

The company keeps track of the results of coverage expansion to suburbs, mountain hiking trails, and the seas, using KPI, and provides financial support to ensure universal communication with other carriers for those living in remote, mountainous areas or islands where such service is very rarely accessible. The universal service fund for 2010 determined in March 2012 totaled to KRW 60.6 billion, and SK Telecom paid 36% of it, or KRW 21.8 billion.

Coverage support for remote areas	Type	2009	2010	2011
	Mountainous areas	328	1,503	62
	Hiking trails	76	205	126
[Unit: location]	Islands	21	24	163

## Best 3G Voice and Data Transfer Service Quality in Korea for 4 years straight; world's best call quality

In April 2012, SK Telecom ranked first place in the "2011 Communication Service Quality Evaluation" announced by the Korea Communications Commission for four consecutive years. SK Telecom's 3G call quality enables its call success rate to be higher than 96.07%, the average rate of the world's 7 cities (London, Paris, Frankfurt, Toronto, Tokyo, Singapore, and Sydney), and is also rated "S", which is very high among the ratings for mobile phones recommended by the International Telecommunications Union (ITU). SK Telecom will continue its investment and research to improve call quality and maintain high-quality service.

## Providing Reasonable Rates

03

**Issue 3** In order to meet customer demand for reduced call rate burdens as well as to mitigate the cost burden of the socially vulnerable, SK Telecom has set a leading example by launching plans that substantially reduce household call charges.



### Introducing customized plans

As part of the government's price stabilization plan, SK Telecom worked hard to offer a variety of low-rate benefits in 2011. In February 2011, beginning with the Youth Smartphone Rate Plan, the company provided KRW 1,000 discounts on activation fees and 50 free messages on its SMS for all customers in September. It also launched the "Customized Plan" in which a user can adjust the rates of voice, messages, and data to individual patterns in order to lower the call rates for customers.

### Call Plans for Customers

2008	2009	2010	2011.02	2011.03	2011.08	2011.09	2011.11
Text message discounts	Sign-up fee discount, discounts for long-term members	Second-based Charge Plan	Youth Smartphone Rate Plan	Excessive Roaming Rate Prevention System	Free overseas roaming MSS for receivers	KRW 1,000 discount on activation fees, 50 free messages on the SMS service	Smartphone Discount Plans for the elderly and disabled
Family Discount Plan	Base station-operated FMS	Unlimited Data Plan			First Customized Rate Plan in Korea	First LTE Smartphone Plan in Korea	
Total cable and wireless product	Data Zone Free Rate plan, ANSIM Data Fixed Rate plan						

### Rate benefits for the socially vulnerable

SK Telecom is dedicated to lowering the rates for customers who may be excluded from mobile phone services for financial reasons. Since 2008, the company has increased discount benefits for people of lower income and supported the use of recycled and used phones. It also provided discounts worth about KRW 223.5 billion to the disabled and veterans, care facilities, childcare facilities, and facilities for the disabled.

#### Reinforcing the discount program for the disabled

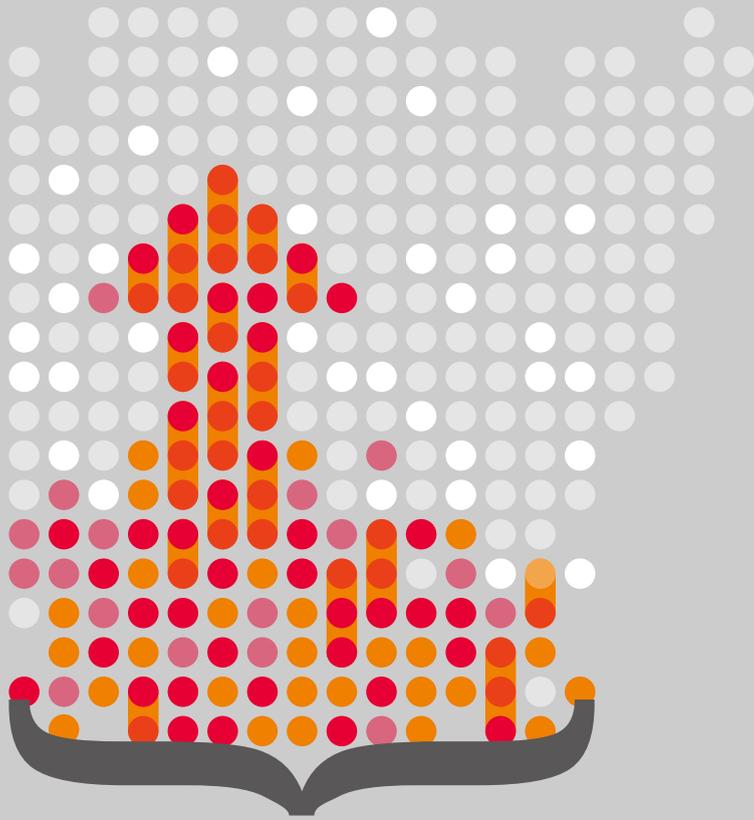
In order to lower call rates for disabled customers, SK Telecom offers signup fee exemptions and 35% discounts on activation fees, voice and data call rates based on the plan that a customer chooses. For those with hearing impairments and speech impediments, the company provides additional 35% discounts on phone mails, MMS, video calls, and fixed-rate video calls. In 2011, the company launched "All-in-One Sonsarang 34" and "All-in-One Sorisarang 34" smartphone plans for the disabled. "All-in-One Sonsarang 34," the plan for the hearing-impaired, allows significantly more video calls and text messages, instead of voice calls, and "All-in-One Sorisarang 34" for the visually impaired provides more time for voice calls to promote users' convenience.

All-in-One Sonsarang: a plan for the hearing-impaired who use sign language, which allows significantly more video calls than voice calls

All-in-One Sorisarang: a plan for the visually impaired, which provides more time for voice calls

#### Reinforcing the discount program for the elderly

Launched in November 2011, "Silver Smart 15" is the first smartphone plan in Korea for the elderly aged over 65, which offers the cheapest fixed rate of KRW 15,000. In March 2012, the company also released two types of LTE plans, LTE Golden Age 15 and 34, which included more voice, video, and data benefits. To ensure smooth communication between family members and relatives, a stronger designated 3-circuit benefit is now available. Additional benefits are provided for elderly customers; for customers who are new to the Golden Age 34 plan or who have changed phones, one year of free voice phishing insurance is provided.



## strategy 02

# Win-Win Partnerships

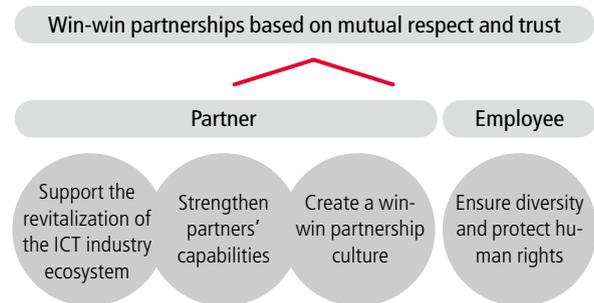
### Commitment

SK Telecom continues to work hard to increase mutual value through stronger “open collaboration” with partners and employees. By building a collaborative relationship with partners, and by pursuing a work-life balance for employees, the company intends to encourage a culture of win-win partnerships and seek mutual development.

### Challenges

The further convergence and globalization of industries have created an environment that makes it difficult for an individual company to survive on its own capabilities. In addition, the growing social demand for win-win partnerships with small and medium enterprises has raised a need for a plan to develop a business ecosystem. In regard to employees, greater emphasis on the importance of human resources has increased the importance of securing employees’ long-term satisfaction and loyalty to the company. It also highlights issues concerning the protection of employees’ human rights.

### Goal & Strategy



### Objective

Target	2011 KPI
Support the invigoration of the ICT industry ecosystem	- Operate T-Academy to strengthen mobile service capabilities - Implement a program to support the commercialization of partner/individual/developer ideas
Increase vendor support and create win-win culture	- Increase win-win partnership support programs - Extend the scope of win-win partnerships: Support partnerships with tier-2 partners and stores
Ensure diversity by hiring more from the socially vulnerable	- Implement a program exclusively for the disabled and local human resources - Strengthen benefits programs for female employees
Activate communication by creating a horizontal organizational culture	- Operate a company-wide manager-centered organization and engagement channels - Operate Smart Office to reinforce free communication and mobility

● Achieved ◐ Partial ○ Ongoing ○ Not achieved

### Communication

SK Telecom carries out communication with partners through a variety of channels, such as a Open2U website, BR Camp, and Partners’ Day. Employees are allowed two-way communication with the company through the Intranet, newsletters, broadcasting, message boards, “Letter to HR,” CEO hotline, and Labor-Management Committee.

# Creating a Win-Win Partnership Culture

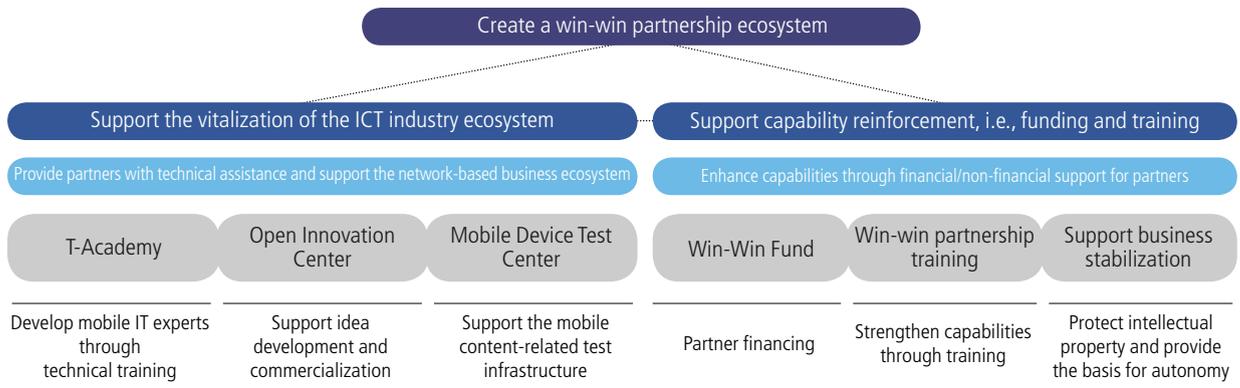


**Issue 4** SK Telecom maintains a fair and transparent relationship with partners based on mutual trust. By increasing channels of communication with partners and operating specialized support programs, the company will build win-win partnerships and create a win-win corporate culture.

## Laying the foundation for win-win partnerships

SK Telecom works hard to ensure that practical support is given to partners through a win-win partnership support system based on mutual trust between both sides. The company will continue to work hard to enhance partners' capabilities by implementing ICT-based technical, financial, and training support and by helping to strengthen their capabilities, including through technical support, funding, and training to energize the ICT ecosystem, using SK Telecom's proprietary technology and infrastructure. In addition, by signing a partnership agreement, the company declares its determination to pursue win-win partnerships and tries to fulfill them in a fair and transparent manner.

### Win-win partnership support system



### Signing win-win partnership agreements

In 2011, SK Telecom officially signed win-win partnership agreements with a total of 349 partners, 317 tier-1 and 32 tier-2 partners. At each signing ceremony, the CEO attended and promised to increase systematic support for not only tier-1 but also tier-2 partners, such as training programs and the Win-Win Fund. In addition, the company created a process for the periodic monitoring of results to continue its compliance with the agreement. In January 2012, the company reaffirmed its determination to achieve win-win partnerships by signing partnership agreements with a total of 263 partners, including 234 tier-1 and 29 tier-2 partners. The company also conducted an interim assessment of its compliance status and made improvements, such as taking additional measures for defective parts.

### Win-Win Partnership Implementation System

Across the entire business lifecycle with a partner, from selection to the follow-up assessment, the company reinforces transparency and fairness. When selecting a partner, the company holds a competitive bid based on the objective criteria pursuant to the Supplier Management Rules, and created and operates the 7-member Procurement Review Committee including the procurement officer, and the committee reviews the adequacy of the partner selection process. In 2011, the company introduced the two guidelines of the Fair Trade Commission and made amendments to the Procurement Management and Partner Management rules. In 2012, it will reinforce its Win-Win Partnership Implementation System by incorporating the four guidelines of the Fair Trade Commission, which are the criteria and procedure for price adjustments, into the company rules. When doing business with a partner, the company requires that the related employees comply strictly with the Compliance Program, which was introduced in 2002, and internal auditing is conducted on a regular or irregular basis. During a follow-up assessment, the company ensures that the partner is fairly evaluated based on the standard evaluation sheet, and the results are made available to the partner.

## Vitalization of the ICT industry ecosystem

SK Telecom supports the development of an innovative business model and commercialization of ideas through the participation of a variety of external entities, including partners, customers, and developers. Through this, the company intends to energize the ecosystem of the entire ICT industry.

### T-Academy to develop mobile experts

SK Telecom created training programs at the T-Academy that are designed to strengthen the capabilities of mobile service development of partners, customers, and developers. It provides mobile service development, mobile service planning, and design capability development courses. In 2011, at T-Academy, a total of 134 subjects were created to develop mobile IT experts who, upon completion of the related courses in which SK Telecom's mobile experience and expertise are passed on and these expert instructors provide systematic learning, can be immediately appointed to an actual job, and as a result, 7,248 experts were produced. The company will continue to create and operate training programs for partners, customers, and developers. In addition, by developing experts in the mobile service development field, the company provides partners with opportunities to hire excellent human resources and job-seekers with information on employment to secure human resources. In particular, the company created a mobile community to share information on mobile development, planning, and designs, and holds periodic job fairs for T-Academy students so that they can have one-on-one interviews with partners. SK Telecom's continuing specialized education programs will help its partners secure technical capabilities and reinforce their expertise by sharing ICT-specialized knowledge and developing their human resources.

T academy

### Open Innovation Center to commercialize ideas

SK Telecom's Open Innovation Center, a program designed to support partners or one-person start-ups, selects and offers rewards for excellent ideas among those suggested by customers or developers, and also develops the ideas selected from Idea Contests into applications. To strengthen the capabilities of partners, individuals, and developers, and implement commercialization, the center provides infrastructure, such as the MD Test Center and Platform Test-bed, and supports the training of experts in collaboration with the T-Academy. The center also provides technical, marketing, and development costs for corporate or individual developers, and is planning on creating a mobile ecosystem by developing an innovative business model and commercializing ideas.

Open Innovation Center

### Supporting the Technical Data Escrow Program and corporate management activities

In 2011, SK Telecom implemented the Technical Data Escrow Program, which provides technology protection costs through the escrow services of an information agency to protect the technol-

## Case Study 01

Improving partners' technical capabilities by providing a test infrastructure environment

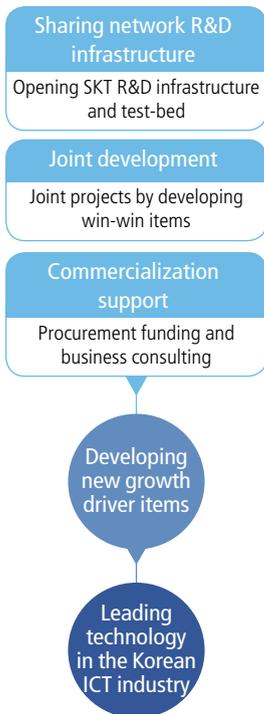
SK Telecom created the MD Test Center and Platform Test-bed for partners. The MD Test Center provides partners with the test infrastructure needed to develop mobile content so that they can make the best use of their R&D capabilities. This center also selects excellent ideas among those suggested by partners to support developers and development infrastructure (planning/development training, phones, etc) and offers incentives based on the results. The Platform Test-bed provides an infrastructure environment, which allows the testing of services under development in a wireless network, and the company is planning on the continuous operation and increase of infrastructure support to strengthen partners' technical capabilities.

Development Support Participation through  
Test Space Support

MD Test Center **13,644 people**

Platform Test - Bed **93 companies**

**The T-Open Lab Operation System**



ogy theft of small and medium enterprises, so that partners can have up to 30 cases of technical data deposited. For this accomplishment, the company received the Technology Escrow Leader appreciation plaque from the Large & Small Business Cooperation Foundation. Furthermore, the company provides tier-1 and tier-2 partners with free management consulting services, introduced the "Business Doctor Program" designed to support partners' management consulting and improvement, and in 2011, supported the management consulting of a total of 5 partners.

**Plan to expand the mobile industry support system**

In May 2012, SK Telecom created the T-Open Lab in which all partners, including one-person enterprises, share infrastructure, such as SK Telecom's network-based R&D capabilities and Test-bed. In addition, through the T-Open Lab, the company intends to efficiently support a series of processes, from selecting promising areas to joint R&D and commercialization, become a technology leader in the ICT industry, along with its partners, and develop new growth drivers. In addition to this, but for one-person enterprises and partners, the company is creating the One-Stop Creation System, which integrates training, start-up, and business support. SK Telecom's One Stop Creation System provides one-person and venture enterprises with creativity, technology, and determination, with all necessary training and support across the lifecycle, and the company is working hard to launch it in 2012.

**Technical support through the signing of LTE technical collaboration agreements between large companies and SMEs**

In July 2011, SK Telecom signed a win-win partnership agreement with large equipment manufacturers and small repeater manufacturers. It also proposed a new model for win-win partnership in order to ensure the sound development of the Korean telecommunications equipment industry in this era of LTE and win-win partnerships between large companies and SMEs. Through this agreement, large manufacturers agreed to actively support small repeater manufacturers in producing 50% of RU equipment for all LTE base stations through progressive technical collaboration, such as disclosing their own core technologies.

SK Telecom reinforces systematic and practical support for mutual growth, including financial support to help partners strengthen their capabilities and non-financial support, such as joint technology development, technology protection, and employee training.

**Expanding support to strengthen partners' capabilities**

**Expanding financial support for partners**

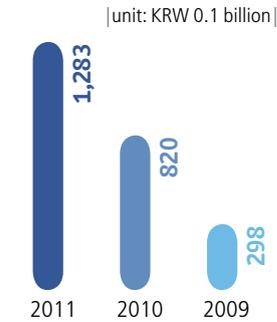
In 2011, SK Telecom's Win-Win Fund raised KRW 70 billion to provide partners with financial support, and the partners who are beneficiaries of the fund are entitled to 2.4% to 2.6% interest discounts. Between 2009 and 2011, loan payments made from the Win-Win Fund amounted to KRW 128.3 billion, and 196 partners used this program. To secure funding for partners, SK Group's Private Equity Fund (PEF) was created in late 2011, and eligible partners with core technologies and

**Exhibition Support for Partners' Expansion Abroad**

SK Telecom provided all costs and expenses to help its best-performing partners exhibit their technologies at the Mobile World Congress 2012, which was held in Barcelona, Spain, in February 2012. In 2012, SK Telecom will expand its partner exhibition support, which has been implemented since 2010, and help partners increase sales through exhibitions both in Korea and overseas.



### Cumulative loans from Win-Win Fund



 Partner transaction management system

## Win-Win Communication

potential will be financed in 2012. Of the KRW 100 billion, SK Telecom provided KRW 7.5 billion, and has actively participated in the group-wide partner support program. SK Telecom operates "Network Loan" which provides loans to partners in connection with Korean banks. Loan limits are based on the business performance and orders provided by partners, and the partners granted permission can receive a loan within such limit at a designated bank. As of 2011, a total of KRW 39.9 billion has been provided in loan payments. Additionally, the company opened and operated about 120 training courses including the "CEO Seminar," to support partners' human resources development, in which a total of 12,400 people attended.

### Improving payment methods and shortening loan periods

Since 2005, SK Telecom has supported partners' liquidity by paying 100% of purchase prices in cash under purchase agreements. It also introduced the "Small Business Care Program," a preferred payment program for SMEs so that any small business that applies to the program can receive a payment the day after internal bill approval, regardless of the amount.

SK Telecom created a variety of communication channels to grow with partners, and has explored plans to listen to their opinions and seek mutual growth. In addition, the company prepared a platform to continuously check and improve the direction of SK Telecom's win-win partnerships through BPSI (Business Partner Satisfaction Index).

### Operating online communication channels

SK Telecom operates the "Voice of Partners" channel through which partners' opinions are received under the Open2U System. Through this channel, about 8,500 partner company members are allowed to present a variety of opinions, such as complaints about unfair trade, recommendations, and suggestions. In 2011, a total of three reports on unfair trade were received through the Voice of Partners and were all resolved through internal investigations and measures. SK Telecom will continue to enforce fair trade with partners by reflecting a greater variety of opinions in its business activities and implementing the measures through active online communication with its partners.

### Expanding offline communication channels

SK Telecom is increasing face-to-face meetings and channels of communication with partners, such as its One-on-One meetings, BR Camp, and Partners' Day. The One-on-One meeting is a program in which the company visits a partner, listens to their grievances, and discusses solutions on-site. Each year, about 100 visits to partners are made. BR Camp is an event in which information on SK Telecom's direction and policies is shared and opinions on the direction of Win-Win Partnerships are publicly accepted. Four sessions were held in 2011, where 97 partners and 167 people attended and shared opinions.

## Case Study 02

### SK Telecom and Partners' 2011 Partnership Resolutions



On November 28, 2011, SK Telecom held the "2011 SK Telecom Partners' Day" to celebrate their 2011 partnership performance together with the representatives of 30 partners in attendance. First held in 2006, this year's "Partners' Day" welcomed its 6th anniversary as an event in which the company, along with best-performing partners, looked back at the past year's performance and renewed their determination to continuously create a win-win partnership model based on mutual trust. This event also awarded Best Prizes in the fields of marketing, enterprise business, network, IT, and R&D, and Excellence and Good prizes to 25 best-performing partners.



### Extending the scope of win-win partnerships

#### Business Partner Satisfaction Index

SK Telecom conducts an annual BPSI (Business Partner Satisfaction Index), which investigates the partners' satisfaction with their collaborative relationships with SK Telecom, conduct of business, and support programs. Around 700 partners are surveyed with regard to fairness, good faith, and performance, and in 2011, the index got a score of 74.52, a 0.16-point increase from the 2010 index. SK Telecom reflects the BPSI results in the internal goals of relevant teams and continues to work hard to increase the BPSI of its partners.

SK Telecom also includes tier-2 partners and stores in this culture of win-win partnerships. In 2011, the company expanded to tier-2 partners the Win-Win Partnership Support programs, such as the Win-Win Fund, online/offline training, and productivity improvement programs, which were originally designed for tier-1 partners. In addition, during an annual year-end partner assessment, the company provided extra points and the Procurement Preference Program, which exempts optional contracts and performance bonds, to any tier-1 partners who signed agreements with tier-2 partners, to encourage win-win partnerships and fair-trade agreements between tier-1 and tier-2 partners. SK Telecom will spread the culture of win-win partnerships to tier-2 partners, as well as tier-1 partners, and work with the partners on continuous win-win partnership activities. The widely spread culture of Win-Win Partnerships is expected to become the driving force behind the stable supply chain and sustainable growth in the long term as well as have a positive impact on the company's ability to cope with the fast-changing ICT industry.

#### Tier-2 partner support system



#### Case Study 03

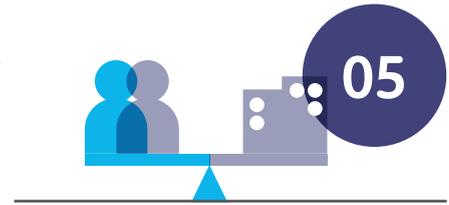
**Extending the scope of partnerships by improving store employees' benefits and implementing the "Small Manager" Program**

**Store Benefits programs** | SK Telecom introduced benefits programs for store employees as part of its win-win partnership strategy and provides the benefits that any employee at a large conglomerate would enjoy. The Store Benefits programs include installment savings account support, self-development tuition fees support, free medical checkups, free risk insurance, and issuing credit cards for store employees only with great discount benefits, and the company will also provide approximately KRW 6 billion to about 8,000 employees at 2,400 stores nationwide.

**T-Master Small Manager Program** | The T-Master Small Manager Program was created to motivate store employees to design their own futures and provide them an opportunity to run a store on their own for three years without extra investment money by selecting among the best-performing employees. SK Telecom ensures that this program encourages store employees to spontaneously serve customers better and successfully carry out business activities.

# Employee Human Rights and Work-Life Balance

**Issue 5** SK Telecom works hard to provide equal opportunities for the socially vulnerable, such as people with disabilities and local talent, who are at a disadvantage in society as well as make gender equality a reality by operating a variety of programs for female employees. In addition, the company tries to ensure employees' work-life balance by creating a horizontal, open-minded culture with efficient communication among employees.



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## System for a win-win partnership with employees



## Respect for diversity

SK Telecom guarantees equal opportunities and diversity in hiring and HR management, and has set an example by implementing a policy that takes the socially vulnerable into consideration. Recently, the company launched a variety of programs to boost female employees' capabilities and ensure that they are sufficiently remunerated and can stay focused at work.

### Open recruitment for the socially vulnerable

SK Telecom provides a separate place for the disabled to take written tests before hiring them and gives extra points as preferential treatment in each stage of recruitment. In 2011, the company began to give extra points to candidates who are eligible under the "Veterans' Benefits and Support Act." The company also extended the activity of on-campus recruiting to local colleges and began to implement a policy to secure distinguished human resources from local communities by giving them extra points in each stage of recruitment. In 2012, the company plans on applying absolute assessments to candidates with disabilities by launching special screenings for the disabled and hiring more socially vulnerable candidates by introducing the Internship for the Disabled program.

### Reinforcing female employee benefits programs

SK Telecom guarantees maternity and childcare leaves for female employees and conducts absolute assessments for those employees based on their three-year performance to prevent those on childcare leave from suffering any disadvantages during performance appraisals. The company also created female-employee lounges at every level of the headquarters building and, in 2007, built a childcare facility inside SKT Tower so that employees with children can leave their children under suitable care. In 2011, 97% of the female employees who were on maternity leave returned and worked for over 12 months, which shows that most female employees continue to work after taking childcare leave.

## Creating a horizontal organizational culture

SK Telecom operates the “manager-based organization” system to establish a horizontal organizational culture and also implements the Smart Office to ensure convenience at work and create a culture of open communication. In addition, the company intends to create a culture in which employees freely share opinions through the channels of communication between the CEO and employees.

### Operating a manager-based organization

SK Telecom operates a team manager/member system to create a horizontal, creative organizational culture. Both inside and outside the company, employees are officially called “manager,” and the “Pay Band” system is applied in which positions are classified into five levels, from B1 to A. The “manager” is a term introduced to ensure mutual respect and horizontal communication and emphasize each employee’s responsibility.

### Creating the “Smart Office”

SK Telecom created the Smart Office by providing all employees with tablet PCs and applications to ensure open communication and mobility within the workplace, ultimately increasing efficiency at work. Employees perform tasks in connection with the in-house cloud service, and the updated document reading feature and other additional features reduce the amount of paper printed and helped establish the Smart Office environment in which necessary information is accessible anytime, anywhere. Through this, SK Telecom has saved its purchased paper (eco-friendly recycled paper) worth KRW 130 million.

### Open participation culture

In January 2009, SK Telecom created an online communication channel for the CEO and employees called “Sotong Hanmadang” and, in 2011, formed a steering committee consisting of 12 members, including the operating officer and a member from each department, and holds committee meetings in order to create a culture of open participation. “Sotong Hanmadang,” an online communication channel, allows the CEO to share his management policy and philosophy and employees to share their stories in a casual manner. The channel strictly maintains anonymity so that employees can express their opinions on a range of company issues more comfortably. As of now, a total of 1,900 opinions have been posted on the message board, keeping the channel active.

## Case Study 04

### Protecting employee human rights and resolving grievances

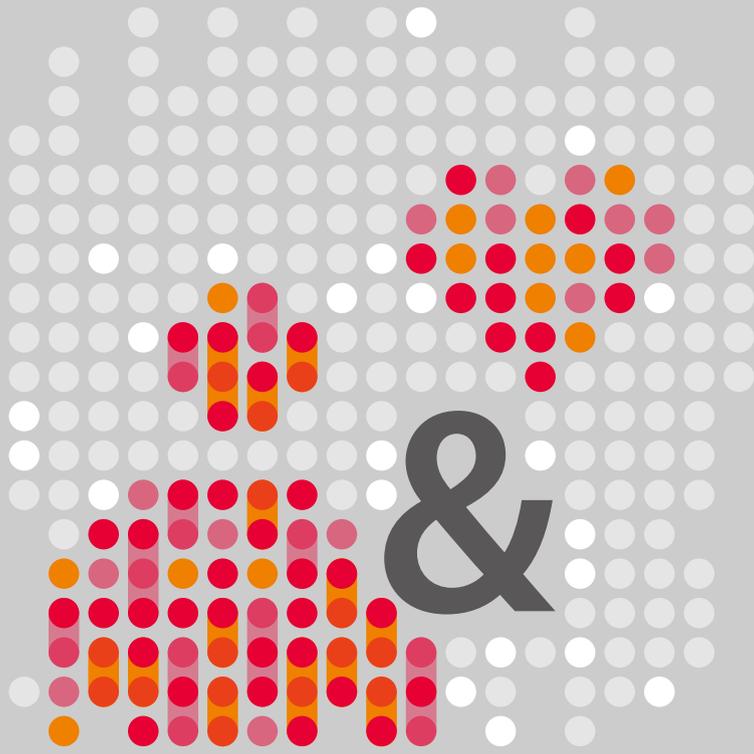
SK Telecom provides a variety of opportunities for communication to protect employees’ human rights and create a culture of open participation, such as legal consulting, a space for union members, grievance mechanisms, and sexual harassment consulting, in which employees’ opinions and grievances are accepted and resolved. In particular, quarterly meetings of the Labor-Management Council are held in which employees discuss with the management regarding major issues, such as improving productivity, results-based pay, and employees’ benefits and human rights.

#### Labor-management council activities

Frequency of Labor – Management Council Meetings - Quarterly

Attendees – Central Chair and Executive Department, CEO and Labor Relations Officer

Agenda items	
- Productivity improvement and results-based pay	- Operating working and rest hours
- Appointment and training of employees	- Improving the system including the wage payment method, mechanism, and structure
- Employee Grievances	- Introducing new machinery and technology or improving the business process
- Improving working conditions, such as safety and welfare and ensuring employees’ health	- Promoting employee benefits
- Improving the labor management system	



## strategy 03

# Community Involvement

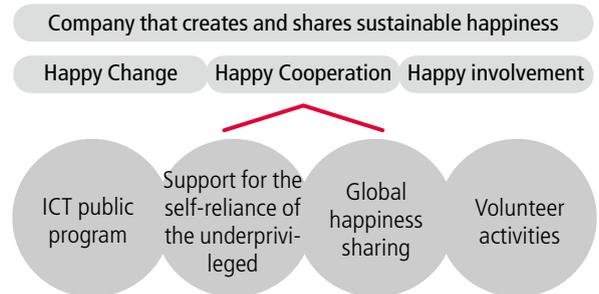
### Commitment

SK Telecom is strengthening its ICT-based CSR activities, in order to achieve more efficient and sustainable social transformation utilizing its own technologies and infrastructure. In addition, in a rapidly changing ICT environment, the company plans to strengthen its community involvement programs in the whole ICT value chain by establishing the ICT social safety net, creating ICT-based jobs, narrowing the ICT gaps and providing a platform for advancing the culture of giving. Furthermore, it plans to contribute to creating greater social value by sharing its technologies and capabilities with various stakeholders.

### Challenges

There is a need for efforts to narrow the 'smart gap' that has emerged amid the recent proliferation of smartphones and tablet PCs. In addition, with the issues of 'capitalism 4.0' and 'even development', there is a higher demand for companies to meet its social responsibilities for the disabled, disadvantaged and troubled individuals.

### Goal & Strategy



### Objective

Target	2011 KPI
Creating jobs and improving self-reliance for the underprivileged in the community	- Establish 'Happy ICT foundation', a social enterprise ●
Resolving the ICT gap for the vulnerable	- Facilitate communication between different groups in the community through ICT education ● - Attempt to narrow the ICT gap that was created by the rapid change in the ICT environment ●
Developing and advancing a platform for national disaster relief	- Operate the social safety net by utilizing the network and ICT infrastructure ●
Advancing the culture of sharing ICT knowledge	- Release a mobile application on donation ● - Happy social donation campaign ●

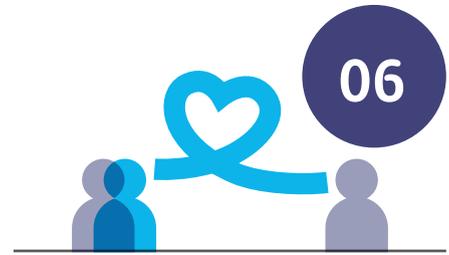
● Achieved   ◐ Partial   ○ Ongoing   ◑ Not achieved

### Communication

Utilizing social contribution websites such as 'T-Together', 'GiveU' and SK Telecom's SNS(Facebook, Twitter, and Blog), the company is actively sharing the culture of giving among the stakeholders. In particular, it provides platforms and opportunities for its stakeholders to directly participate in SK Telecom's social activities, by actively communicating its willingness for CSR activities to various stakeholders including its customers.

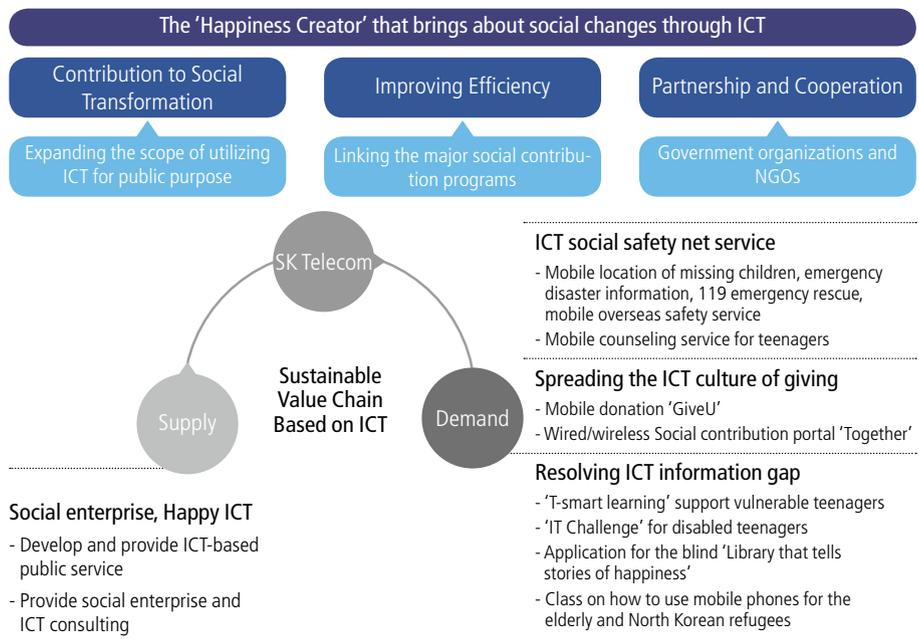
# Improving social value by utilizing ICT

**Issue 6** The rapidly developed ICT services have provided a new and efficient way of living for people, but at the same time has produced related social problems as well. Using ICT, SK Telecom is trying to resolve these social issues as well as improve the social value.



## Strategic system for ICT social contribution

SK Telecom is creating social value by sharing its ICT capabilities, and engaging in social contribution activities in a systematic and sustainable manner, in order to achieve sustainable social change and transformation based on improved social value. The company is expanding the scope of utilizing ICT for the public interest and contributing to the social transformation in various groups and fields in the community. Also, it is linking together the voluntary activities and social contribution programs, customers and university students for the purpose of improving the self-reliance of vulnerable people and resolving the educational gap, which will improve overall efficiency. Furthermore, as a the 'Happiness Creator' that brings about social changes through ICT in cooperation with government agencies and NGOs, the company strives to share the sustainable happiness with the stakeholders.



**B** SK Telecom Blog

## Creating jobs through the ICT social enterprise

SK Telecom is contributing to the growth of ICT-based public services by creating jobs through the ICT social enterprise and helping disadvantaged people improve their self-reliance.

### Establishing 'Happy ICT', a social enterprise

In July 2011, SK Telecom established 'Happy ICT' which is a social enterprise for the purpose of creating IT-based jobs for disadvantaged people. 'Happy ICT' has been developing IT-based public services by utilizing the company's knowledge in public services such as mobile donation, locating missing children, counseling, blood donation, improving the IT competitiveness of social enterprises, and also contributing to the creation of decent jobs for disadvantaged people. In addition, SK Telecom is providing internship opportunities for disabled people and low-income earners who have completed the basic IT development training, in order to help them understand the field through their experiences in project involvement, and give them opportunities to find regular jobs in the future. 'Happy ICT' is a representative model of social enterprises based on company participation and has employed 19 people from the disadvantaged social group such as disabled people, as of late 2011. In 2012, we plan to increase the number of employees to 40 people and obtain the social enterprise certification from the City of Seoul and Ministry of Employment and Labor.

-  Social Enterprise 'Sesang'
-  Happy New Life(Foundation)

### Operating the 'Hope Application Academy'

Since 2011, SK Telecom has been operating the 'Hope Application Academy' in cooperation with the City of Seoul. This is a free course for smartphone application developers for the purpose of aiding low-income disadvantaged people find jobs, as they are having difficulties in finding jobs due to their family situations and the lack of educational opportunities. The 'Hope Application Academy' is a long-term, not a one-time, program that helps disadvantaged people gain economic self-reliance. The academy utilizes the education infrastructure-facilities, instructors and curriculum of the 'T-Academy', which is SK Telecom's training institute for mobile application developers, and conducts courses on developing mobile applications from the basic course to the advanced course on the application development practice. In 2011, there were 8 students, mainly in their 20's or mid-30's, who wanted to pursue an IT career although they had not received professional IT training due to difficult family situations. All but one student, who entered the military, succeeded in finding jobs in the IT field. Happy ICT, a social enterprise established by SK Telecom, employed 4 of the students. SK Telecom plans to contribute to the economic self-reliance of disadvantaged people by providing them with its education assets.

## Narrowing the ICT gap

The 'digital divide' refers to the widening gap between different groups in their access, use and acquisition of the ICTs. SK Telecom supports teenagers from low-income families and disabled people in order to help them minimize the digital gap and move into the broader world through ICT. In addition, the company is leading efforts in resolving the smart information gap due to the recent spread of smartphones and tablet PCs.

### Narrowing the ICT gap for teenagers from low-income families

In order to resolve the social issue of social marginalization and lack of educational opportunities due to the widening of the information gap, SK Telecom has provided free tablet PCs to 350 teenagers from low-income families nationwide in November 2011, and is also offering free online courses and data charges through 'T-Smart Learning'. In addition, the company has been operating the local center for teenagers '1318 Happy Zone' in cooperation with the Leftovers Love Sharing Community. Furthermore, Sunny, SK Telecom's collegiate volunteer corps., has been teaching IT, arts and physical education to teenagers who belong to local centers on a one-on-one volunteer basis.

### SK social enterprise Initiative

As a key affiliate of SK, SK Telecom actively participates in SK Group's Social Enterprise Initiative

2008	2009	2010	2011
<ul style="list-style-type: none"> <li>-Announced the outcome of the SK job-creating project: 6,000 jobs created since 2005</li> </ul>	<ul style="list-style-type: none"> <li>-Announced a plan for establishing social enterprises</li> <li>-Created a KRW 50 billion fund for social enterprises</li> <li>-Established the volunteer group of advisors for social enterprise support</li> <li>-Opened a website 'Sesang(World)' to create an environment for social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>-Established the social enterprise project group</li> <li>-Established the Happy School foundation</li> <li>-Held the Sesang social enterprise contest (1~3 times)</li> </ul>	<ul style="list-style-type: none"> <li>-Established the Happy Library Foundation and Happy New Life Foundation, announced the plan for the creation of 1 social enterprise per company (Happy garden, Happy green recycling, Happy web and media)</li> <li>-Established Happy ICT</li> <li>-Held the Sesang social enterprise contest (4~5 times)</li> <li>-Held the social enterprise festival (1~2 times)</li> </ul>

**Social enterprise portal site 'Sesang' (www.se-sang.com):** Contributes to the creation of a favorable environment for social enterprises through creative search and support for business items.

**Happy School(Foundation):** A social enterprise established to create sustainable, decent jobs by collaborating on after-school programs with the City of Seoul and women's capacity development organizations.

**Happy Library (Foundation):** A social enterprise designed to provide support for the establishment and operation of libraries.

**Happy New Life (Foundation):** A social enterprise established jointly by SK and the Ministry of Justice to create jobs for released inmates and support their return to normal lives as members of the community.

## Narrowing the ICP gap through communications service user training

Hanawon: Protective shelter that helps North Korean refugees settle in South Korea.

### Case Study 01 Providing content and a platform to reduce the information gap for the blind



#### Narrowing the ICT gap for disabled people

SK Telecom has been conducting various activities to bridge the gap between disabled people and the community through ICT. We have been conducting the 'IT Challenge competitions for disabled teenagers' since 1999, in order to help disabled teenagers gain IT professional capabilities and successfully settle in the community. This competition tests the internet search abilities and office program utilization of the participants. In 2011 there were 840 participants in the qualifying round and 150 participants in the final round. In addition, SK Telecom developed and provided a terminal with an enhanced TTS (Text to Speech) function for the blind in June 2010, and also developed the 'Library that Reads Happiness', the simultaneous voice contents support program, and integrated the program in 8 different terminals. In 2011, the company released a smartphone application version of the 'Library that Reads Happiness', for which community members participated as volunteers in voice recording, and helped the blind gain access to documents such as newspapers, magazines and books in a more efficient way.

#### Mobile phone user training 'Happy mobile world' for senior citizens

In order to prevent a lack of communication between generations due to rapid development of communications technologies and services, SK Telecom has been conducting 'Happy mobile world', the mobile phone user training for senior citizens. The participants of Sunny, SK Telecom's collegiate volunteer corps., have established one-on-one mentoring relationships with senior citizens. They visited the senior citizen welfare centers in their local communities and taught them how to use mobile phones. For 5 years from 2007 to 2011, the university students taught a total of 7,378 senior citizens how to send text messages, and use various functions such as the alarm and the calendar. In 2010 and November 2011 as well, there was a 'E-um(connection) festival' a competition that tests mobile phone utilization by senior citizens who participated in 'Happy mobile world'. The average age of the participants was 73.3 years old and 80 senior citizens and 20 volunteers from Sunny participated in the event. In addition, SK Telecom began smartphone utilization training for senior citizens in line with the rapid proliferation of smartphones since 2011, and its plan is to expand the program nationwide in 2012.

#### Mobile phone user training for North Korean refugees

SK Telecom has been conducting the mobile phone user training for North Korean refugees who entered Hanawon since 2008 in cooperation with the Ministry of Unification. The major content of the training include learning instances of mobile phone fraud such as fraud admission, excessive charges for international calls, and identity-theft, and also learning the appropriate mobile phone etiquette and culture. The teaching material and actual training were organized by SK Telecom members on a volunteer basis. In 2011, there were 15 classes in total, and 731 refugees attended the class in Hanawon and 103 refugees attended the class in the Seoul Hana center.

In 2011, SK Telecom developed and released, for the first time in Korea, the 'Library that Reads Happiness', the smartphone voice contents service that provides useful information from newspapers and books to the blind through a smartphone application. As of 2011, the 'Library that Reads Happiness' has been uploaded with 51,841 documents such as books of every genre, news, weekly magazines, monthly magazines and news on rehabilitation and welfare. The document uploading was achieved by about 1,000 volunteers such as SK Telecom members, customer center employees, and professional voice actors since April 2011. In order to improve the convenience of volunteer participation, the company set up 9 recording booths in total, including 3 recording booths in customer service centers located in Seoul, and 5 other recording booths in customer service centers located elsewhere. In addition, SK Telecom participated in the '2011 Seoul International Book Fair' in June 2011, and demonstrated the 'Library that Reads Happiness' application, which received huge public support. Our future plan is to continue to develop documents in order to provide high-quality information to the blind, and donate recorded voice books to the Korea Blind Union.

## Distribution of public programs utilizing ICT technologies



Smart blood donation application



T store

SK Telecom introduced various types of exemplary public services utilizing its ICT infrastructure, fulfilling its corporate social responsibilities as an ICT company, and contributing to the promotion of stakeholders' social participation and encouraging a culture of giving in the whole community.

### Leading the ICT safety net

SK Telecom has consistently worked on the establishment of the social safety net that can swiftly deal with emergency situations by utilizing the national subscriber network and ICT technologies in cooperation with the government and NGOs. The representative mobile social safety net services include the 'mobile location mission children' and the 'mobile blood donation'. In particular, the 'mobile donation' is the first mobile service in the world since 2007 on information related to blood donation and reservations for blood donation, for the purpose of promoting blood donation among the general public. In 2011, the company released the 'Smart Blood Donation', a smartphone application developed in cooperation with The Korean Red Cross, with additional functions of finding blood donation venues, blood donation reservations, sharing information on emergency blood donation for the purpose of improving the convenience of the blood donors. In addition, SK Telecom has been leading in the introduction of various social safety net services in cooperation with government agencies, NGOs and other service providers, such as the '112 emergency report' application in cooperation with the National Police Agency, the '119 emergency rescue service' in cooperation with the National Emergency Management Agency, and the 'mobile overseas safety service' in cooperation with the Ministry of Foreign Affairs and Trade. Furthermore, the company plans to expand and revise the services in line with the smartphone, LTE, and the 4G mobile communications network. In particular, we will strengthen the social safety net platform service for the emergency disaster relief.

### SK Telecom ICT social safety net services

Major programs	Cooperation agencies
Mobile blood donation / Smart blood donation application	Korean Red Cross
Mobile finding missing children, disabled people and senior citizens with Alzheimer's disease / 112 Emergency report application	Child Fund / National Police Agency
Emergency disaster SMS service / 119 emergency rescue	National Emergency Management Agency
Mobile overseas safety	Ministry of Foreign Affairs and Trade
Mobile counseling for teenagers	Ministry of Health and Welfare / (Foundation) Dong-seo-nam-buk Mobile Community

### Providing the platform for spreading the culture of giving

SK Telecom has been a leader in encouraging a culture of charity by utilizing our wired and wireless infrastructure in facilitating the social contribution activities of our customers. In 2009, we opened the wired/wireless social contribution portal site 'T-Together' and the website has promoted the volunteer activities of our customers and provided a platform for spreading the culture of charity. The mobile donation program that had been operated since 2004 was integrated and expanded into the 'GiveU', a smartphone application which was released in late 2010 for the purpose of creating an enhanced donation platform where customers can choose their donation payment method such as rainbow points, OK Cash-back points, cash, and credit cards. As of 2011, the total amount of money donated, including matching funds, is KRW 120 million.

## Case Study 02 Initiating the campaigns on the culture of giving through utilizing social network services

SK Telecom has initiated the campaign 'Happy social giving' in order to promote giving and spread the culture of giving by utilizing SNS. The 'Happy social giving' campaign has selected one case among NGO beneficiaries of 'GiveU' and accumulated KRW 500~1,000 for the NGO for a supporting message and retweet(RT) of the followers of the SK Telecom SNS Channel. In addition, the company provided opportunities to our SNS followers to participate in offline volunteer activities. It has conducted 5 campaigns in 2011, and 53,257 customers participated campaigns. The campaigns collected KRW 29.77 million, all of which was donated to campaign beneficiaries.

**Case Study 03**  
**Efforts for protecting teenagers from harmful content**

Teenagers' access to harmful content on mobile phones has emerged as a social issue. The distribution of adult material through mobile devices tripled in 2011, highlighting the importance of establishing a decent communications service environment for teenagers. SK Telecom is protecting its teenage customers from harmful content through not only physical and technical measures, but also activities that lead to perception changes among teenagers and adults.

**Establishing the harmful content blocking program**

SK Telecom suspended its adult content service through the mobile internet in 2006, and has been providing a harmful content filtering service since 2008. As concerns about teenager's access to adult content has risen along with their increasing use of smartphones, SK Telecom developed and released the 'Green T' application in 2010 in Korea, which automatically blocks adult content and applications. In 2012, the company plans to introduce the solution technology that can block downloading of harmful or adult content within the network at the source level, and provide this free service to teenagers and parents.

**Conducting a campaign to prevent mobile phone addiction**

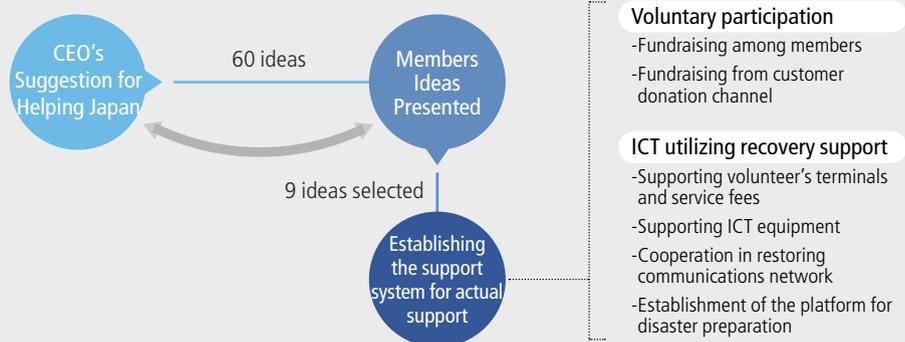
Since 2006, SK Telecom has been conducting a campaign to prevent mobile phone addiction by teenagers for the purpose of creating a culture where they can use their mobile phones appropriately. The company started developing online education content since 2009, allowing teenagers to receive online education on the use of mobile phones. In 2012, its plan is to expand the education for not only teenagers but also for parents and teachers.

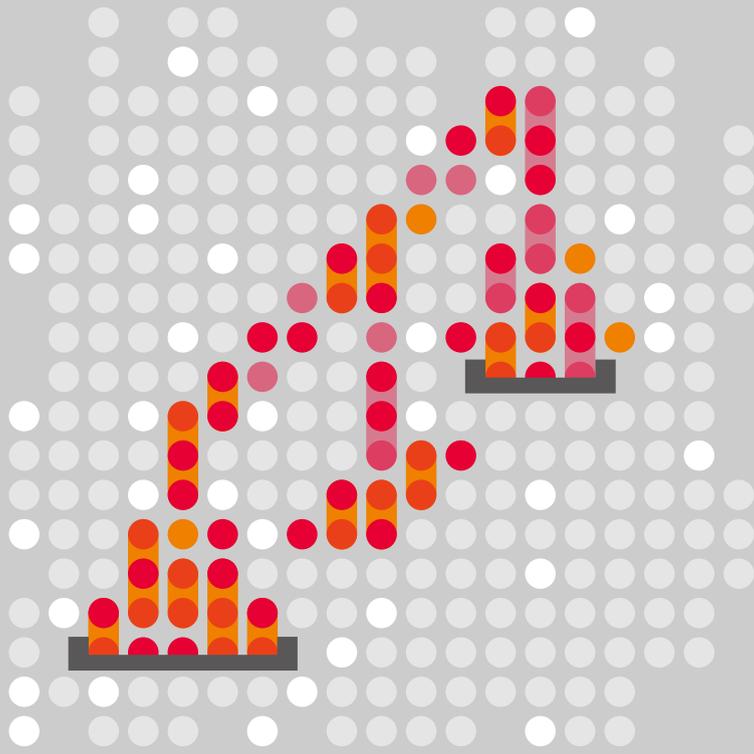
**T teenager relief service**

In order to enhance the teenager customer protection in the smartphone environment and improve the existing harmful content blocking service in terms of its costs, content blocking rate and user inconvenience, SK Telecom developed and distributed, for free, the 'T teenager relief service' since May 2012, which automatically distinguishes and blocks harmful content in the network, without any need to install a separate mobile application in a device. The 'T teenager relief service' can block 99% of harmful content at their source level on the mobile internet accessed through smartphones, such as 2 million harmful web pages, 20,000 harmful applications and 100,000 harmful movie clips. It is also improving its effectiveness through daily updates to its harmful content database. Customers under the age of 19 or their guardians can conveniently apply for the service through SK Telecom retail stores, the customer service center or online (www.tworld.co.kr), improving customer convenience.

**Case Study 04**  
**Volunteer efforts of the SK Telecom's CEO and members in supporting the recovery from Japan's earthquake in 2011.**

In order to help Japan recover from the March 2011 earthquake in the north-east region, the company's CEO and members voluntarily participated in recovery operations and fundraising campaigns. Immediately after the earthquake, the CEO suggested that members of 'Sotong Hanmadang' (Single communication court) post any ideas on how to help Japan on SK Telecom's internal communication channel, and 60 ideas were subsequently posted. Of the 60 ideas posted, 9 ideas were finally adopted to actually provide support for Japan's recovery from the earthquake.





# strategy 04 Ethics Management

## Commitment

SK Telecom actively practices ethics management, which lays the foundation for stakeholders' trust and sustainable growth. The company will work hard to ensure the ethical, independent operation of the Board of Directors and wholesome decision-making, centering on the Corporate Citizenship Committee and Audit Committee, and implement practical ethical management through the advanced Ethics Management System, the reinforcement of auditing/investigative functions, and the autonomous, ethical risk management activities.

## Challenges

In today's more complex business environment, regulatory bodies and investors evaluate a company's soundness and sustainability using even more sophisticated criteria. In particular, it has become ever more important to establish a transparent governance system and responsible management by the management, which is responsible for the company's decision-making. In addition, with non-financial risks being widely recognized, as well as financial risks, in terms of business management, a company's ethical risks have become key considerations in ensuring stable management.

## Goal & Strategy



## Objective

Target	2011 KPI
Reinforce the independence and competence of the Board of Directors	-Audit and Compensation Review committees consisting of External directors -Reinforce the competence of External directors by selecting experts from different social fields
Expand the area of ethics management to subsidiaries and partners	-Provide content and training on unethical examples, pledges, and reporting system, etc. -Ensure all employees pledge to practice ethics management
Reinforce all-employee practice of ethics management	-Reinforce protection of reporters and activity to encourage reporting

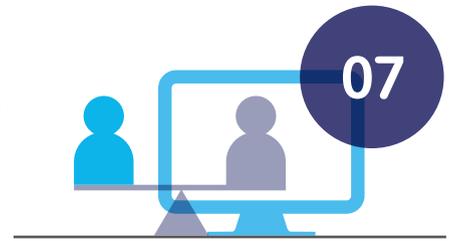
● Achieved ● Partial ○ Ongoing ○ Not achieved

## Communication

SK Telecom implements transparent disclosure activities, such as regularly publishing the progress of and changes made to the Board of Directors and governance on its official website and reporting related information on the key disclosure sites. The company also operates the Ethical Consulting Center and provides periodic ethics management training for employees to improve their understanding of the Code of Ethics, while at the same time, reinforcing ethics management support activities through active communication with its subsidiaries and partners with regard to ethics management.

# Efforts at Transparent Governance

**Issue 7** SK Telecom is dedicated to securing governance independence and reinforcing competence, focusing on the Board of Directors, in order to ensure reasonable decision-making and management transparency through the checks-and-balances of management, and shareholders.



## Independence of governance

**Investor Relations**  
- Management information

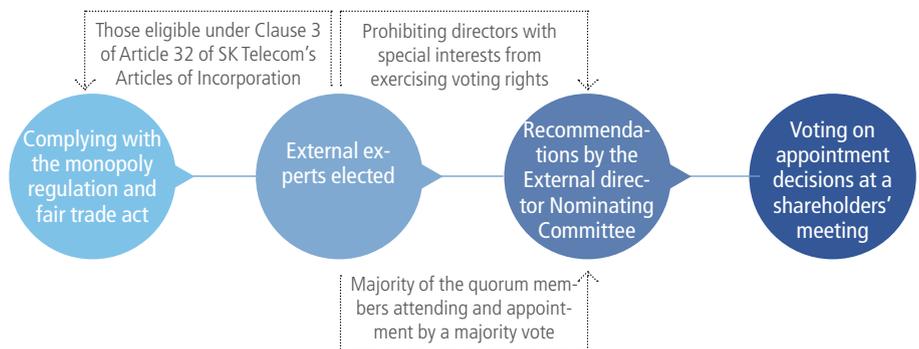
### Securing the independence of the Board of Directors

SK Telecom’s Board of Directors consists of eight members, three internal and five external directors, and makes decisions on key issues at a monthly meeting. SK Telecom specifies the ratio of External directors to be appointed to ensure the independence of each committee in the Board of Directors Regulations and operates the committees in a transparent manner, pursuant to the operating guidelines. In March 2012, External director Im, Hyeon-jin was appointed as the chair of the Board of Directors to reinforce the independence of governance. In addition, the Audit Committee and Compensation Review Committee are both made up of External directors, ensuring the objectivity and transparency of the board’s activities.

### Transparent director appointment process

SK Telecom appoints experts as directors, who have sufficient expertise and experience in business administration, economics, accounting, law, and related technology, and who can therefore contribute to the company’s growth and the protection of shareholders’ rights. The External director Nominating Committee, which consists of at least three External directors, recommends External directors, and the candidates are selected by a majority vote of Board members in attendance. After that, each candidate’s appointment is determined through a transparent and legitimate procedure at a shareholders’ meeting.

### External director appointment process



### Information on Board of Directors

#### Internal directors

Director	Term and experiences
Ha, Seong-min (Male)	Term: 3 years (Mar. 2011 ~) CEO/President of SK Telecom
Kim, Yeong-tae (Male)	Term: 3 years (Aug. 2012 ~) President of SK
Ji, Dong-seop (Male)	Term: 3 years (Mar. 2012 ~) Head of SK Telecom Future Management Division

**Business Information - Governance - Board of Directors**

#### External directors

\*As of March 2012

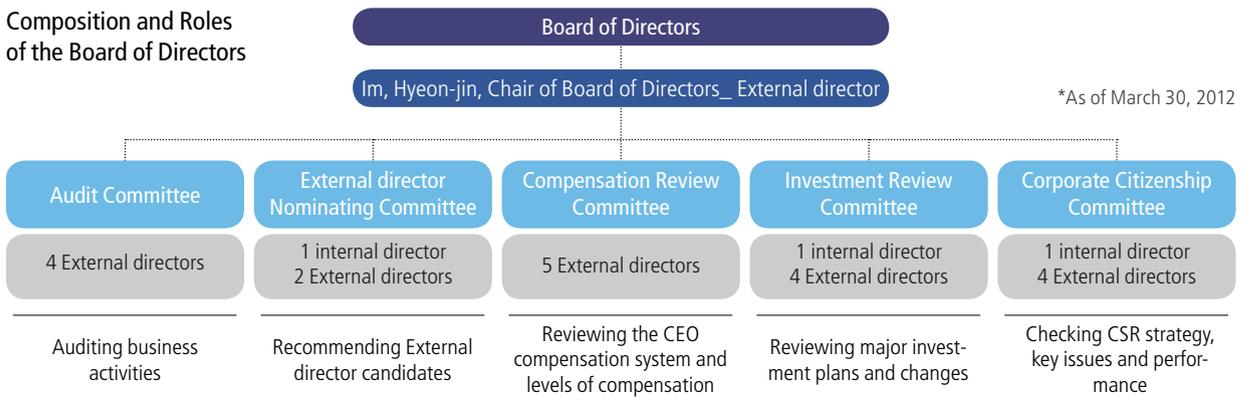
Director	Term and experiences
Im, Hyeon-jin (Male)	Term: 3 years (Mar. 2012 ~) Chair of Board of Directors/ Sociology Professor at Seoul National University
Sim, Dal-seop (Male)	Term: 3 years (Mar. 2010 ~) Visiting researcher at Institute for Global Economics
Eom, Nak-yong (Male)	Term: 3 years (Mar. 2011 ~) Visiting professor at Chungang University
Jeong, Jae-yeong (Male)	Term: 3 years (Mar. 2011 ~) Honorary professor at Sungkyunkwan University
Jo, Jae-ho (Male)	Term: 3 years (Mar. 2011 ~) BA Professor at Seoul National University

### Board of Directors Activities and Assessment

SK Telecom conducts an annual assessment of the directors to determine whether they are competent in terms of the company's business and technology and have been actively engaged in Board of Directors activities, and discusses with the board regarding the assessment results. In addition, when recommending re-appointments by the External director Nominating Committee, the company takes account of the past performance of activities of the Board of Directors. Directors' compensations and retirement benefits are determined by a resolution at a shareholders' meeting, and compensations are provided in a fair, transparent manner, pursuant to the payment regulations, which were also decided through a resolution of the shareholders' meeting.

 Investor Relations - Management Information - Articles of incorporation

### Composition and Roles of the Board of Directors



 Investor Relations - Business Information - Governance

### Case Study 01 Implementing sustainability centering on the Corporate Citizenship Committee under the Board of Directors

In May 2008, SK Telecom created the Corporate Citizenship Committee under the Board of Directors to strengthen a company-wide connection between sustainability activities and business strategy and improve CSR capabilities. The Corporate Citizenship Committee consists of five members, four outside and one internal directors, and is responsible for setting a director in each of the five sustainability areas, such as Customer Relationship Management, Win-Win Partnerships, Community Involvement, Ethics Management, and Environmental Management, and carries out activities ranging from advice on CSR activities and checking key issues and performance. In 2011, the company worked hard to improve CSR capabilities by establishing mid- and long-term strategies for the five sustainability areas and checking action plans for the key CSR issues, such as privacy protection and win-win partnerships.



 Corporate Citizenship Committee

# Internalizing Ethics Management

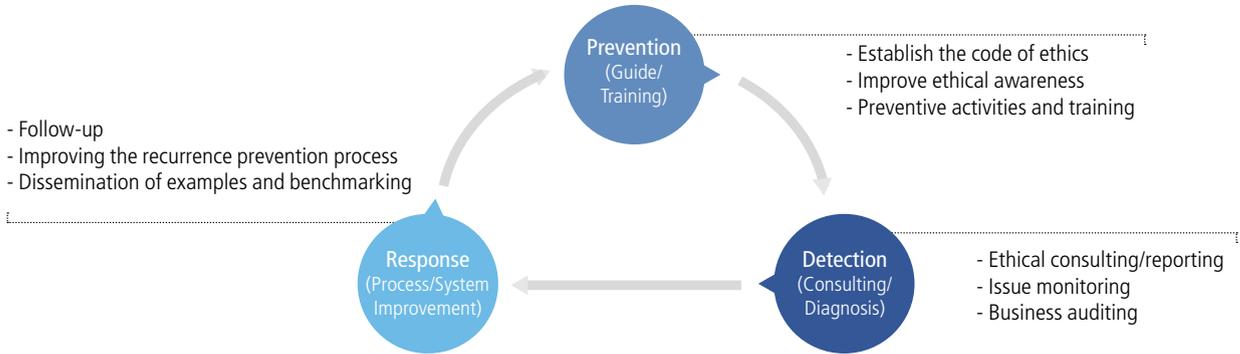


**Issue 8** SK Telecom actively practices ethics management, which lays the foundation for the trust of stakeholders and sustainable growth.

## Ethics management system

SK Telecom developed an operating system to practice ethics management, created a related code of conduct, and continuously implemented ethics management training for employees, improving their awareness of ethics management. In addition, the company enforces continuous monitoring to consolidate employees' ethical awareness, carries out activities to prevent risks through consulting, auditing, and investigation, and continues to operate the PDR System, such as improving the system and process to prevent recurrence.

### PDR(Prevention, Detection, Response) System



## Establishing code of ethics and encourage training to prevent ethical risks

SK Telecom created the 2002 Code of Ethics based on SKMS, SK's management philosophy, and has conducted preventive activities against any ethical issues by providing guidelines on the Code of Ethics and decision-making to employees. In the beginning of each year, all employees pledge to comply with the Code of Ethics. While delivering the management's determination to practice ethics management through executive and team leader training and conversations, the company has often reminded the employees of the importance of complying with the Code of Ethics using in-house notices and Webzines. Through Q&As and 100Q 100A on ethics management, the company proposes practical and specific behavior guidelines.

SK Telecom continues to provide training on ethics management, along with online and collective training programs for a variety of stakeholders, such as employees, subsidiaries, and partners, in order to incorporate the ethical mindset into the corporate culture. Since 2007, when the employee ethics management training was completed, business unit-based training was implemented to renew their determination and ability to practice ethics management, and in 2011, a total of 4,780 employees completed level-based ethics management training, from executives to newly appointed team leaders, leader groups, and new/experienced employees. In addition, team-based ethics management consulting and feedback allows each team to redefine its ethical issues and reinforce autonomous practice through self-inspection.

### Number of employees who completed ethics management training



\*In October 2011, the number of employees decreased due to the separation of SK Planet

## Reinforcing the ethical issue monitoring system

Sarbanes-Oxley Act: Enacted in July 2002, this U.S. Company Accounting Reform Act stipulates that a company create an audit committee and its management assure the accuracy of the company's accounting books, and that the company in breach of this provision will be subject to prosecution.

 Ethics Counseling Center

## Efforts to improve the ethics management process and prevent recurrence of risks

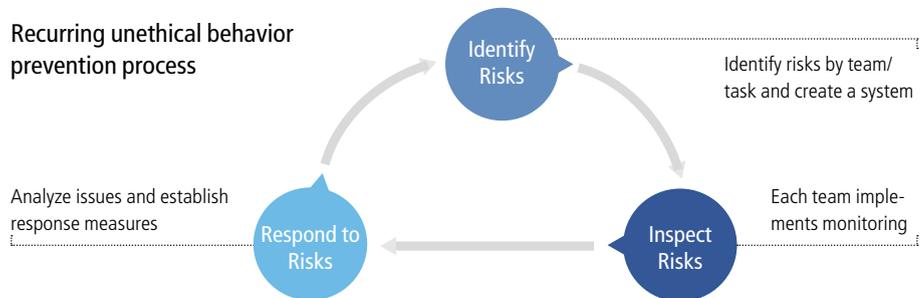
SK Telecom operates an internal control system under the Sarbanes-Oxley Act and a system for directly reporting to the chair of the Audit Committee on the website of SK Telecom, along with the Ethical Consulting Center, as channels through which ethical consulting to prevent ethical issues is provided to employees and unfair conduct or requests are reported. To prevent ethical issues from happening, thorough monitoring is conducted both online and offline. In 2011, the company officially operated a program to protect and reward reporters, including employees and partners and extended to its subsidiaries the self-control activity to prevent issues in each unit, which was launched in 2009, to lay the foundation for self-controls. As part of its endeavors, the company worked on 16 reports on unethical conduct, which were received through the Reporting Channel, and established the Code of Ethics that defines the criteria for regulating unethical partners. In addition to this, in 2011, 180 interviews with employees and 119 with partners were conducted regarding ethics management to strengthen ethics management communication.

### # of teams participating in Risk Management Program and # of times of monitoring (diagnosis)

Type	2009	2010	2011
# of teams participating in Risk Management Program	33	12 teams in 4 divisions	Company-wide and 6 subsidiaries
# of times of monitoring (diagnosis)	-	628 employee interviews 119 with partners	180 employee interviews 119 with partners

SK Telecom recognizes the importance of prevention and improves the existing programs and system through efficient responses to identified risks, and also systematizes the process to encourage employees to voluntarily practice ethics management. The company also takes strict actions against any corrupt activities that are discovered, notifies the Ethics Management Team of problems identified through preventive inspection, and carries out independent responses and program improvements company-wide.

### Recurring unethical behavior prevention process



### Ethics management violations and efforts to prevent recurrence

Despite employees' voluntary ethics management activities, the company held a meeting of the Personnel Committee and took disciplinary actions regarding 7 cases of violation of the Code of Ethics found in 2011. A total of 7 cases were subject to disciplinary action, including four cases of sexual harassment, a case of personal information leakage, an issue of business relations, and a violation of the Procurement Management Rules. Efforts were made to prevent recurrence, such as sharing individual cases with regard to disciplinary actions with employees using the company's bulletin board, along with the executives' message about ethics management, and providing training to make these cases widely known.

## Public Policy Cooperation

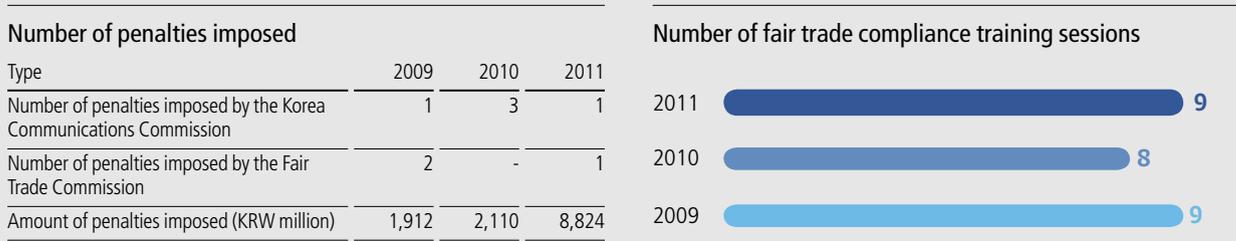
SK Telecom abides by Korea's Political Fund Act, which prohibits companies from making political contributions. It is also an active supporter of government policies on anti-corruption, fair competition, job creation, gender equality, and low carbon, green growth.



### Efforts to practice fair trade

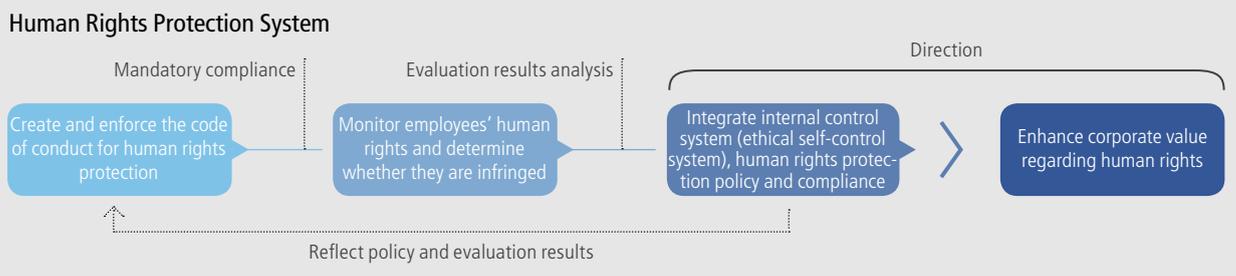
SK Telecom works hard to comply with applicable laws in all procedures across business activities. To comply with the regulations and laws, both Korean and international, the company made changes to the company-wide compliance reinforcement process and, as a means of improving risk management and the ability to practice, created the Early Warning system in 2007, leading in the spread of fair competition culture and consumer protection by coping with legal risks and issues. In 2011, there were two cases subject to penalties at SK Telecom, amounting to about KRW 8.8 billion.

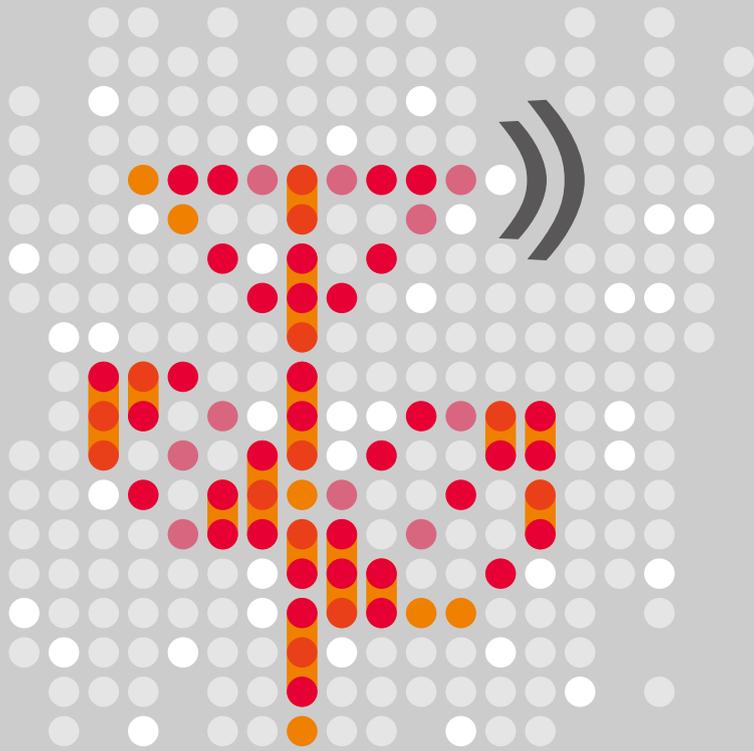
Since 2002, when the company introduced the Compliance Program, SK Telecom has distributed Compliance Checklists to employees each year and conducted tailored compliance training for each team. The company also strengthened internal monitoring to prevent the recurrence of issues on which the Korea Communications Commission imposed sanctions, proposed the behavior criteria for fair trade, created a system for early response to legal violations, and launched the Compliance website, so that employees easily understand the details of the Fair Trade Act. The company will continue to develop programs and training for fair trade compliance to reinforce employees' cooperation.



### Enforcing human rights protection provisions within ethics management

SK Telecom declared its Human Rights Policy created based on the Ruggie Guiding Principles, which were announced by the UN Human Rights Council in June 2011, and complies with the policy by reflecting its responsibility for human rights in the Code of Ethics. Additionally, the company will create a company-wide system for overseeing employees' compliance with the Code of Ethics, human rights responsibility, negative effects, monitoring, and assessment, and become a leader in human rights protection.





# strategy 05 Environmental Management

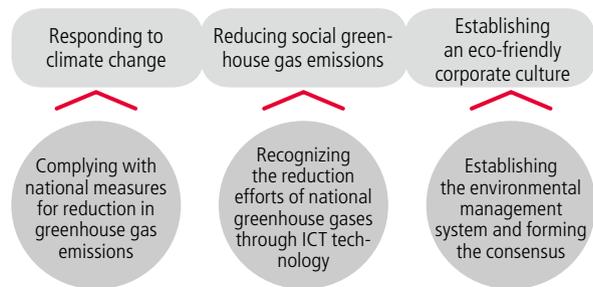
## Commitment

SK Telecom strives to contribute to the green growth of the community through active environmental management. Aiming at green growth using green ICT, the company will continue to work hard to lead environmental management for customers and the industry by responding to climate change, reducing social greenhouse emissions, and creating an eco-friendly corporate culture

## Challenges

With the widely spread global consensus on the crisis of climate change, there is a tendency for each government and global standard agency to strengthen policies and regulations to cope with climate change. In response to this trend, the company is working hard to reinforce environmental policies and activities and simultaneously explore new environment-related business opportunities

## Goal & Strategy



Reduction of SE by 1 million tons every year from 2013

## Objective

Target	2011 KPI
Reduction of greenhouse gases by responding to climate change	-Establish an integrated lighting control system and operating high-efficiency heat/air conditioners -Expand the scope of greenhouse gas management ●
Expanding R&D in reduction of social greenhouse gases	-Establish and researching the definitions in the ICT service field ● -Estimate and standardize the total social reduction of greenhouse gas emissions
Creating and enhancing an eco-friendly culture	-Encourage the paperless culture -Install an eco-friendly radio station ● -Enhance the management of eco-protection regions ● -Initiate the T Eco-phone program for recycling smartphones

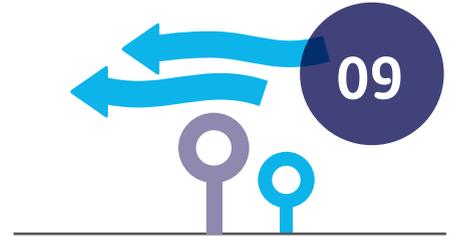
● Achieved ● Partial ○ Ongoing ○ Not achieved

## Communication

SK Telecom has disclosed information on the environmental impact of its operations through greenhouse gas emissions, energy consumption and waste discharge, and on its activities for reducing them on the company's annually published CSR report, and also received feedback on its activities. In addition, ever since SK Telecom participated in the 2008 Carbon Disclosure Project (CDP), in which leading companies around the world voluntarily participate, it has disclosed detailed information on its carbon emissions to its investors and the general public every year. Due to such efforts, the company has been selected as the best CDP Company in the CDP telecommunications field for 2 consecutive years, and our plan is to continue these activities in the future.

# Pursuing green growth by realizing green ICT

**Issue 9** Corporate efforts are required to cope with climate change, such as saving energy and using resources efficiently. SK Telecom is implementing efficient operations, research and development for environmental friendliness, and the spread of an eco-friendly culture. As a leading company in the telecommunications industry, it is consolidating its status as an environmentally conscious leading company pursuing the greening of not only the company but also the whole community. In order to achieve this, the company will carry out an ambitious investment and technology development, and create a green community through green ICT.



## Pursuing green growth

SK Telecom established and currently operates the 'Green ICT committee', the highest decision-making body' on environmental management, with participation from senior managers from all business fields. The company reformed the 'Green ICT committee' in the first half of 2011, in order to enhance its executing power and specifying its tasks for environmental management. As an example, the company performed the computerization and the third party verification of the greenhouse gas inventory for the first time in the domestic communications industry, and based on this, the company will actively enhance its own capabilities in managing greenhouse gases and seek new business fields such as new and renewable energy. SK Telecom will actively continue to respond to climate including the improvement of energy efficiency, the reduction of social greenhouse gases, and the establishment of an eco-friendly corporate culture.

### Mid- to long-term plan for environmental management

Establishment of the environmental management system	Spread of the environment management system	Consolidation of the environmental management system
<b>2009~2010</b> <ul style="list-style-type: none"> <li>-Establishing the greenhouse gas inventory system</li> <li>-Setting up a Green ICT committee</li> <li>-Environmental management education for all members</li> </ul>	<b>2011</b> <ul style="list-style-type: none"> <li>-ISO 14001 certification</li> <li>-Reviewing business opportunities in new and renewable energy</li> <li>-Energy management and continued facility improvement for buildings</li> <li>-Research on reducing social greenhouse gases</li> </ul>	<b>2012~2013</b> <ul style="list-style-type: none"> <li>-Environmental education for all members in the company and subsidiary companies</li> <li>-Expanding research on social greenhouse gas emissions and standardization</li> <li>-Participation in pilot projects for emissions trading schemes</li> </ul>

### Spreading and practicing the environmental management

<ul style="list-style-type: none"> <li>-Establishing the environmental management system</li> <li>-Managing greenhouse gas emissions</li> <li>-Realizing eco-friendly office</li> </ul>	<ul style="list-style-type: none"> <li>-Building eco-friendly radio stations</li> <li>-Promoting the green activities of customers</li> <li>-Recycling resources</li> <li>-Developing eco-friendly ICT technologies</li> </ul>	<ul style="list-style-type: none"> <li>-Research on technologies for reducing social greenhouse gases</li> <li>-Commercializing reduction technologies</li> </ul>
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## Obtaining ISO 14001 environmental management system for the first time in the domestic mobile communications industry

In 2011, SK Telecom obtained the ISO 14001 certification created by ISO (International Organizations for Standardization). ISO 14001 is an international standard for environmental management systems and an advanced management system designed to continuously monitor and reduce environmental burdens caused by corporate activities. By obtaining this certificate, SK Telecom has consolidated the environmental management system that deals with domestic and global climate change and different types of regulations in an active and efficient way, confirming its position as a green company leading the domestic telecommunications industry.



ISO 14001 certificate

## Efforts for dealing with climate change and the spread of eco-friendly management

As a mobile communications service provider, SK Telecom does not emit any air pollutants and does not have any process that uses toxic and hazardous substances, as it does not manufacture products itself. In addition, we have not violated any environmental regulations and have not paid any penalty or fine as a result of that. SK Telecom has established a company-wide system for responding to global climate change and reduction in greenhouse gas emissions, and every member of the company is actively participating in the reduction activities. In addition, the company is expanding the scope of greenhouse gas management and diagnosing energy consumption and greenhouse gas emissions through real-time monitoring. SK Telecom is also reducing its use of paper resources, expanding the distribution of electronic bills, minimizing its impact on the environment and greening its supply chain by complying with its duties for installing eco-friendly radio stations.

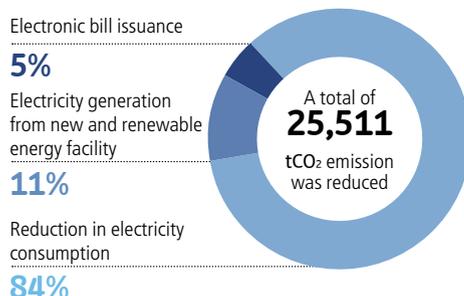
### Greenhouse gas reduction activities

SK Telecom is making company-wide efforts to reduce greenhouse gas emissions. In the case of the company building, with the aim of a 3% reduction in electricity consumption, it has established an integrated lighting control system, introduced high-efficiency air conditioners, adjusted the cooling temperature, turned off lighting in unused areas, and improved the efficiency of the management of heating and air conditioning after working hours in 2011. As a result, the company has achieved a 2.7% reduction in electricity consumption, close to the 2011 goal. However, as a result of the use of additional equipment, due to the establishment of the LTE network, and also additional equipment for transmission stations to deal with increased data traffic due to increased use of smartphones, and additional repeaters to eliminate the radio wave shadow areas, the company's total greenhouse gas emissions has increased from the previous year. SK Telecom plans to increase the use of high-efficiency equipment, and establish base stations utilizing new and renewable energy, in order to reduce its own greenhouse gas emissions and actively meet the requirement of the greenhouse gas and energy target management scheme.

### Replacing the consumption of resources

SK Telecom increases the use of electronic bills, such as e-mail and mobile bills, to reduce the consumption of paper resources in mailing bills. In February 2011, the company launched the Smart Bill service through which electronic bills are sent to smartphones, and as a result of its continuous efforts, secured about 12,550,000 electronic bill subscribers, a 21.9% increase from the previous year. The company will continue to implement friendly communication regarding electronic bills with customers who use print bills. The company will also carry out promotions through its distribution channels and customer service center, and continuously implement joint promotional marketing with the UNEP National Committee for the Republic of Korea to increase electronic bill users. Its efforts to reduce employees' use of paper will include creating a "paperless" culture for customers, paperless meetings within the company, and the expansion of the electronic payment system.

### Outcomes of the reduction in greenhouse gas emissions in 2011



### Establishing an eco-friendly culture through the reuse of second-hand smartphones

As a pilot project from November 2011, SK Telecom began implementing the T-Eco phone project in order to promote the reuse of second-hand smartphones. The T-Eco phone project evaluates the purchase price of second-hand smartphones (with a usage of less than 2 years) from its customers, subtracts the purchase price from the billed amount, and resells the purchased or repaired second-hand phones to other customers at lower prices, contributing to the creation of an eco-friendly culture. As of February 2012, it has purchased 532,437 second-hand smartphones and resold them to its customers. In the future, the company will open second-hand phone inspection and purchase centers in major commercial areas, and facilitate the reuse of second-hand smartphones.

### Establishing eco-friendly radio stations for environmental protection

SK Telecom minimized its base station installation impact on natural sceneries and the esthetic values of cities, by faithfully complying with the government standard for the installation of eco-friendly radio stations. The government stipulates the installation of eco-friendly base stations or common base stations in the approval conditions if there is a need to protect the external view of cities and the natural environment. In accordance with this requirement, SK Telecom applied 10 kinds of antenna standard models such as the ground low-level small antenna, installing 58,435 eco-friendly radio stations in compliance with the eco-friendly standard. In addition, in order to prepare for the toughening of regulations that require the mandatory installation of eco-friendly radio stations, we will install over 50% of the new radio stations as eco-friendly radio stations.

### High-efficiency eco-friendly radio stations

SK Telecom has installed and is operating low-electricity repeaters in 43,536 stations, which reduces electricity consumption by 13% compared to the analog repeaters. In addition, the company invested KRW 1.72 billion in 25 locations where electricity supply is unreliable, such as Sip-i-dong-pa-do and Dae-gwan-ryung, in order to establish the base stations that are run by new and renewable energy such as solar energy and wind.

Sip-i-dong-pa-do: an island located in Jeonrabuk-do, Gunsan-si, Okdo-myeon

### Managing the eco-protection areas

In order to resolve the issue of remote areas, SK Telecom is installing base stations and repeaters in eco-protection areas such as the Ecological Landscape Preservation (A & a) Area. However, in such a case, the company's basic policy is that it tries to minimize the impact on plants and animals by utilizing the existing facilities such as parking lots located outside the eco-protection areas, while eliminating remote zones at the same time.

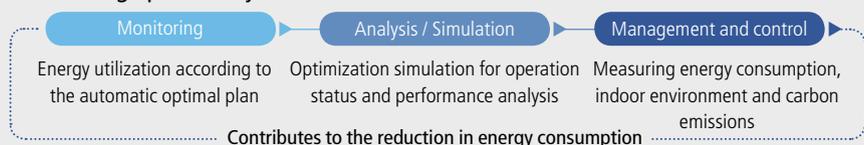
#### Case Study 01 Supporting paperless international conferences

In October 2011, the tenth session of the Conference of the Parties to the UNCCD was held 'paperless' in Changwon, Gyeongsangnam-do for the first time. SK Telecom and the Provincial office of Gyeongsangnam-do signed the MOU on paperless operation of the 10th UNCCD conference and Smart Office for the provincial office. SK Telecom provided 1,000 tablet PCs to the conference attendees so that they could conduct paperless meetings. SK Telecom also has developed the mobile application exclusively for the attendees, and enabled internet access anywhere within the meeting venue by establishing wired and wireless internet networks.

#### Case Study 02 Developing the building management system for reduction in energy consumption

In 2011, SK Telecom developed "Cloud BEMS," an energy management technology combined with the next-generation smart grid, using purely domestic technology. "BEMS" is a system designed to improve energy efficiency through the real-time collection and analysis of information from energy management facilities within an office building, and monitor the entire process from the monitoring of energy usage within a building, facility operations status, indoor environments and carbon emissions, to the creation of a simulation report on optimized operations, and to actual facility control and reduction measurements. By introducing this system, each office building can reduce current energy consumption by 15 to 30%, and in 2011, SK Telecom's Euljiro building reduced the total energy usage by 24% using this "BEMS." Based on the results that the headquarters obtained, in 2012, this system will be introduced to SK Telecom's key office buildings, and the company will implement the commercialization of the system in commercial buildings and those buildings that use a lot of energy, both in Korea and abroad, and earn additional income by saving energy and using ICT.

#### Smart building operation system



## Reducing social greenhouse gas emissions through ICT

The reduction in social greenhouse gas emissions is required in order to respond to global climate change, "green" the community and reduce the national greenhouse emissions. SK Telecom contributes to responding to the wider range of climate change by reducing the resource and energy consumption in everyday life through ICT technologies and contributing to reduction in social greenhouse emissions.

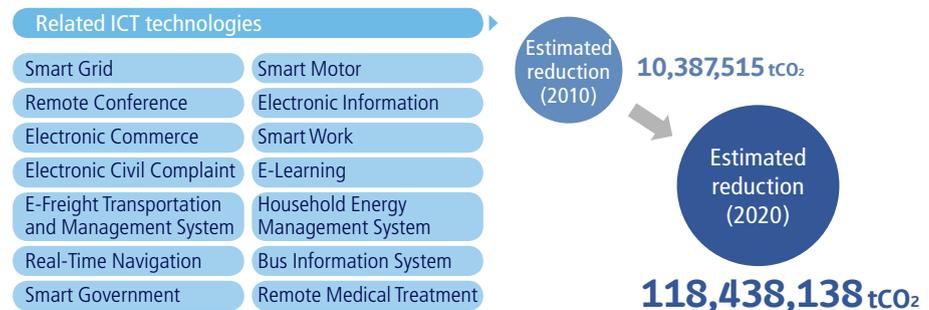
### Research on measuring and managing the social greenhouse gases

SK Telecom has conducted research, since 2010, 'measuring and managing the social greenhouse gases' that measures the impact of SK Telecom's technologies and services on the reduction in the greenhouse gases emissions from everyday activities and the business activities of citizens. The impact of our new technologies and services was measured in each of the 14 categories in terms of how positively it contributed to the reduction in greenhouse gas emissions. Based on the research findings, the company will lead the formation of social perceptions on the need for new technologies and services, and also on the reduction in greenhouse gas emissions.

Until 2011, the company estimated the greenhouse gas coefficients for each of the 14 categories as well as the expected reductions in 2020, and it plans to measure the quantitative impact on each category in 2012. Also, SK Telecom will implement research projects in order to estimate the reduction in greenhouse gas emissions through smart grid and smart city projects, and continue to encourage the eco-friendly way of living through ICT technologies. The total amount of SK Telecom's social greenhouse gas emissions that can be reduced using ICT is equal to KRW 54.4 billion, when converted into the current trading currency of GHG emissions (3.54 EUR/tCO<sub>2</sub>), and SK Telecom will continue to contribute to social GHG reductions through more systematic research and management.

### Estimated domestic reduction in social greenhouse gas emissions through ICT

Estimated reduction:  
Reduction in national greenhouse gas emission through ICT [Source: National Radio Research Agency, 'A research on estimating the greenhouse gas emission potentials of the ICT-based community.', 2011]



### Case Study 03

#### Adoption of the international report on research findings of reduction in greenhouse gas emissions of the IT-based community

Case for reducing the greenhouse gas emissions through ICT: The T-Map service is SK Telecom's mobile phone navigation application. It is a GPS-based service that guides users to optimal routes, considering the distance between the current location and the destination, and also the traffic conditions. The effects of reduction in greenhouse gas emissions by using T-map navigation are shown in the traffic and industrial field, and it contributes to saving fuel and prolonging the life of tires.

Presentation on the reduction in social greenhouse gas emissions at an international conference: SK Telecom presented its research findings on its research on estimating the reduction in greenhouse gas emissions through ICT technologies at ITU-D (International Telecommunications Union Telecommunications Standardization Sector, Study Group 5) in Geneva, Switzerland in April, 2012. This research was jointly conducted in public-private cooperation with the National Radio Research Agency, Korea Communications Commission, and Korea Association for ICT Promotion. The research findings showed that, using ICT, the estimated greenhouse gas emissions of Korea can be reduced by 15% (120 million tons) by 2020, utilizing the ICT technologies, and it gained huge support at the meeting as it was published as the ITU-D international report. In particular, a number of major telecommunications companies such as Telefonica, NTT and France Telecom showed its intention to participate in the research 'Estimating the reduction in societal greenhouse gas emissions using real-time traffic information navigation system (T-Map)', which was included as a representative case study.

# Appendix

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## Part 1

About This Report

SK Telecom Materiality Analysis Framework

UN Global Compact

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## Part 2

External Assurance Statement

External Assurance Statement on Greenhouse Gas

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## Part 3

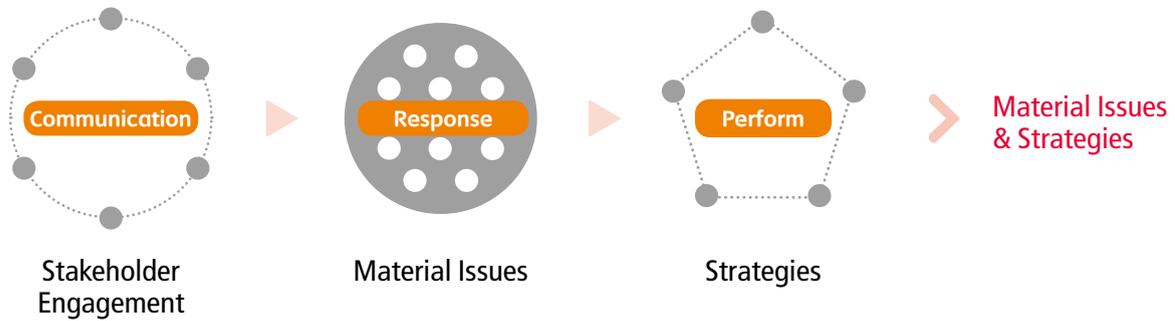
Index (GRI G3.1, UNGC Advanced Level, ISO 26000)

# About This Report

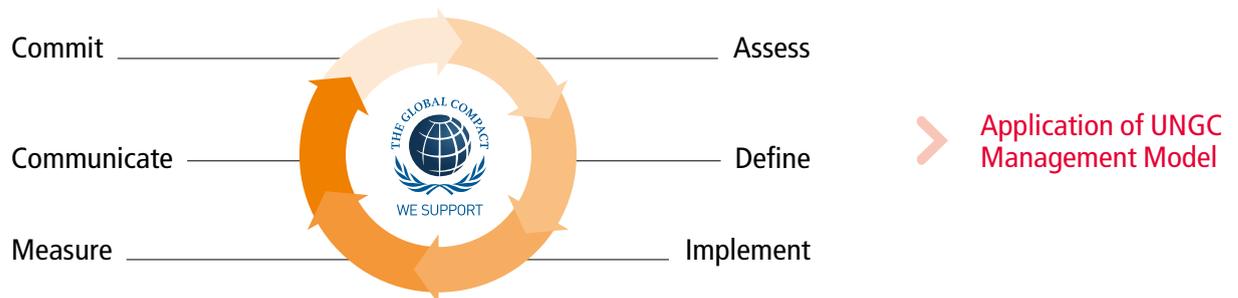
This is SK Telecom's sixth sustainability report and the fifth COP (Communication on Progress) since the company joined the UN Global Compact in May 2007. SK Telecom plans on publishing annual sustainability reports. SK Telecom's 2011 Sustainability Report has been prepared in accordance with the following format.

46  
47

## 1. Reporting Framework



## 2. Sustainability Leadership Reporting



## 3. Integrated Thinking



## 4. Smart Reporting



This report states how the key issues are managed under SK Telecom's Sustainability Strategy and what value the company has created. Such value will present new possibilities through SK Telecom's sustainability activities.

SK Telecom worked hard to increase the reporting level by proposing management approaches for each strategy using the UNGC Management Model.

"Integrated Thinking" refers to reporting financial and non-financial performance together, and SK Telecom worked hard to suggest correlations between its performance in economic, environmental, and social aspects and its financial performance in this Report. Its unit-analysis of environmental data helped identify the resource use and emission trends based on the company's financial performance.

Additional information related to the content of this Report is available on the website, and such additional information is marked with an icon for easier access.



2011

### Reporting Principle

This report was prepared based on the GRI G3 Guidelines, AA1000 APS (Accountability Principle Standard) and ISO 26000 Guidelines. Any deviation of the data collection criteria from the GRI Indicator Protocol, or any change made to the calculating criteria, which were applied to the past reports, has been stated in the related indicator(s). The GRI G3.1 Guidelines Application Level of <SK Telecom 2011 Sustainability Report> is [A<sup>+</sup>].

### Reporting Scope

This report covers information on the sustainability of key investment companies, both Korean and abroad, as well as SK Telecom's sustainability activities and performance. Quantitative performance indicators were calculated based on data only pertaining to SK Telecom, excluding the investment companies, and in the event of any discrepancy in the reporting scope, the limitations were stated in the relevant indicator(s).

### Reporting Period

This report covers the fiscal year of 2011, from January 1 to December 31, 2011. As for the key performance indicators, data for the past three years are also disclosed, and for the key issues, progress made until May 2012 has been reflected.

### External Assurance

SK Telecom commissions an independent agency each year to conduct assurance in order to increase the credibility of disclosed information and improve the report-related internal processes. In addition, the company created a Greenhouse Gas Inventory IT system to calculate data of which assurance was conducted as well. The results of external assurance are available in the Assurance Statement contained herein.

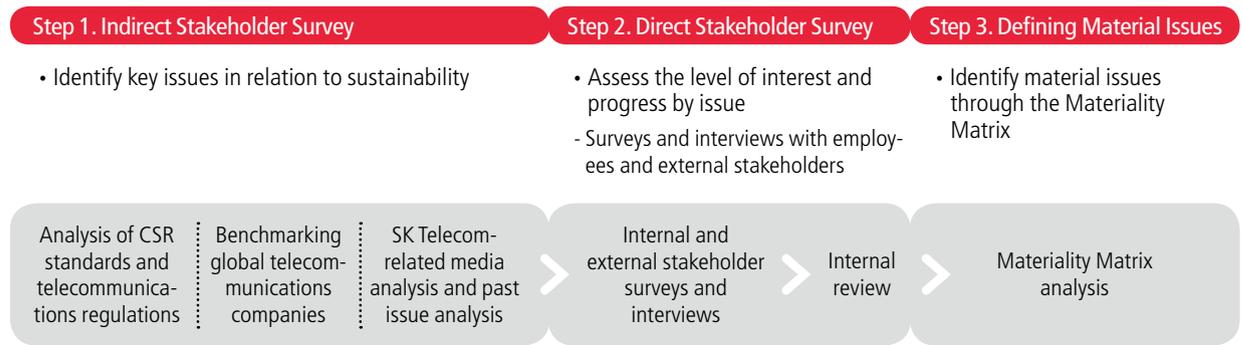
### Contact Information

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- Tel : +82-2-6100-3687
- Fax : +82-2-6100-7835
- Email : sustainability@sk.com

# SK Telecom Materiality Analysis Framework

In 2011, SK Telecom introduced an independent Materiality Analysis Process to assess the materiality of issues that were proposed by stakeholders. First, to reflect stakeholders' opinions, the company conducted an indirect stakeholder survey involving the CSR standards, global telecommunications company benchmarking, and media research, and proceeded with surveys and interviews with internal/external stakeholders. After that, the company determined the stakeholders' level of interest and their overall impact on the business of SK Telecom and defined material issues. This report connects the key issues identified in SK Telecom's five areas of sustainability.

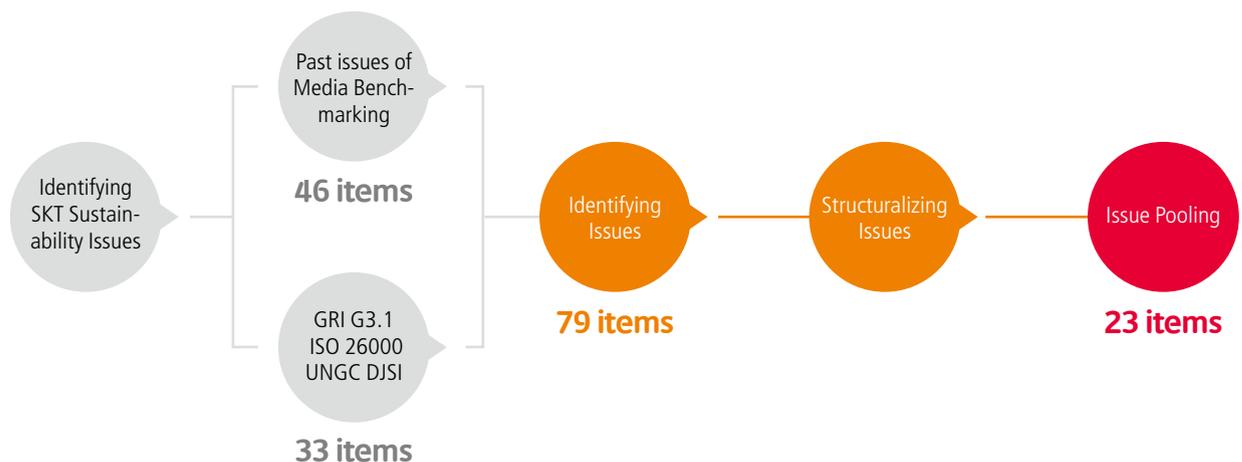
## Materiality Analysis Process



## Step 1 - Indirect Stakeholder Survey

SK Telecom conducted an indirect stakeholder survey involving the analysis of CSR standards and telecommunications regulations, global benchmarking, media research, and past issue research. Through the analysis of CSR standards and telecommunications regulations, 33 issues were identified, and through the benchmarking of global telecommunications companies, media analysis, and the analysis of SK Telecom's past issues, 46 issues were discovered. Through the process above, a total of 79 issues were identified, some of which were brought together, leading to a final selected list of 23 issues.

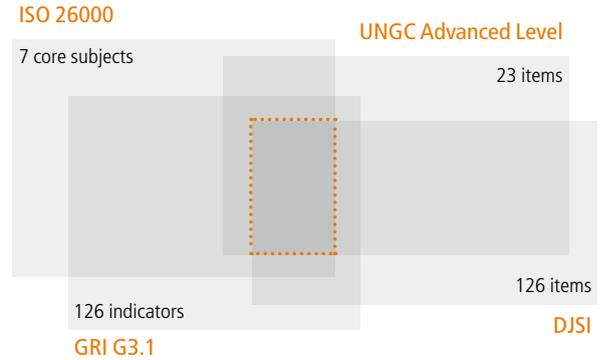
### Issue Pooling Process



### CSR Standards Analysis

SK Telecom’s sustainability direction was examined by reviewing CSR-related standards and Guidelines, such as GRI G3.1, UNGC Advanced Level, ISO 26000, and DJSI.

\*Analysis items: GRI G3.1, UNGC Leadership, ISO 26000, DJSI



### Benchmarking Global Telecommunications Companies

16 companies listed on DJSI were benchmarked to identify sustainability issues that global telecommunications companies are faced with.

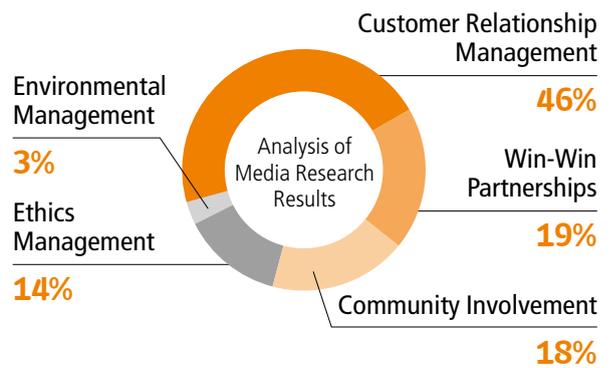
- Target companies: 16 companies in the cable/wireless telecommunications industry listed on DJSI
- Survey content: Key sustainability issues in the cable/wireless telecommunications industry

Type	Key Details
Customers	Service improvement, customer satisfaction, customer data protection, and spam/unsound content prevention
Environment	Spread of environmental management culture, coping with climate change
Employees	Active efforts to solve female employees’ childcare problems, employee career development support
Community	Participation in disaster relief activities, charity organization support
Ethics	Child human rights protection, creating an ethical business culture

### Analysis of Media Research Results

Media research was conducted with regard to SK Telecom’s activities, which were made public through the media in 2011. A total of 5,221 articles were found in 14 media outlets, which were analyzed after being classified into the 5 areas of SK Telecom sustainability.

- Period: January 1, 2011 through January 31, 2012
- Target media: Daily newspapers (Chuson Ilbo, Chungang Ilbo, Dong-A Ilbo, and other 14 media outlets)



### Past issue Analysis

SK Telecom worked hard to check the progress of fundamentally principal issues and simultaneously find future plans after investigating the major issues reported in past sustainability reports. In addition, SK Telecom’s sustainability practice was confirmed while identifying its problem-solving and improvement efforts in relation to environmental changes through past issues.

Key Issues for past two years	Key Issues for the past three years
Securing Technology Leadership	Service Quality and Safety
Open Innovation	Lowering the burden of call rates
Win-win partnerships with partners	Service Environment
Lowering the burden of call rates	Response to Climate Change
Privacy Protection	
Safe Service Environment	
Resolving Digital Discrepancies	
Community Involvement	
Coping with Climate Change	
Telecommunications Technology and Sustainability	

## Step 2. Direct Stakeholder Survey

Using the 23 issues identified through the indirect stakeholder survey, a direct stakeholder survey was conducted to find out the levels of interest of internal and external stakeholders. Along with an online survey, interviews were conducted with internal employees with regard to each issue.

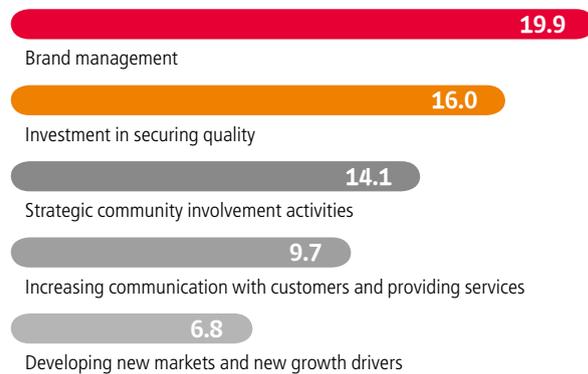
### Online Survey Results

With regard to the 23 issues identified through the indirect stakeholder survey, an online survey was conducted and 777 internal and outside stakeholders participated in it. The survey identified the levels of interest of internal and outside stakeholders in SK Telecom's key issues.

- Survey period: January to February 2012
- Survey method: Online survey
- Survey target: Employees and external stakeholders

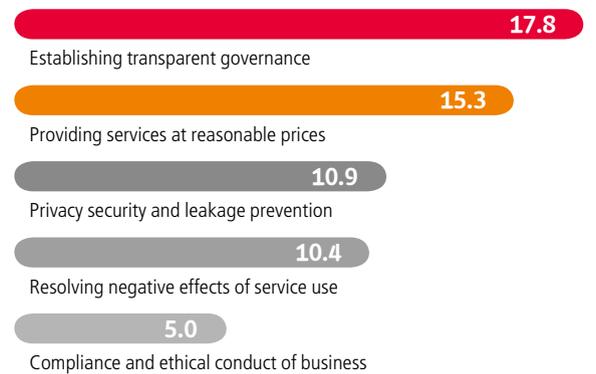
#### Advantages

| unit : % |



#### Points for improvement

| unit : % |



#### Areas

1. Resolving negative effects of service use	9. Win-win partnerships with partners	17. Environmental technology and research investment
2. Privacy security and leakage prevention	10. Strategic community involvement activities	18. Company-wide application and practice of the environmental management system
3. Increasing communication with customers and providing services	11. Nationwide disaster relief support	19. Compliance and ethical management
4. Brand management	12. Efforts to solve social issues	20. Collaboration with the government
5. Encouraging customers' sustainability practice	13. Extending code of ethics and internalizing it company-wide	21. Developing new markets and new growth drivers
6. Investment in securing quality	14. Encouraging internal communication	22. Integrated management of financial and non-financial risks
7. Service development and research	15. Creating a HRD system and investment	23. Establishing transparent governance
8. Providing services at reasonable prices	16. Human rights and work-life balance	

### Employee Interviews

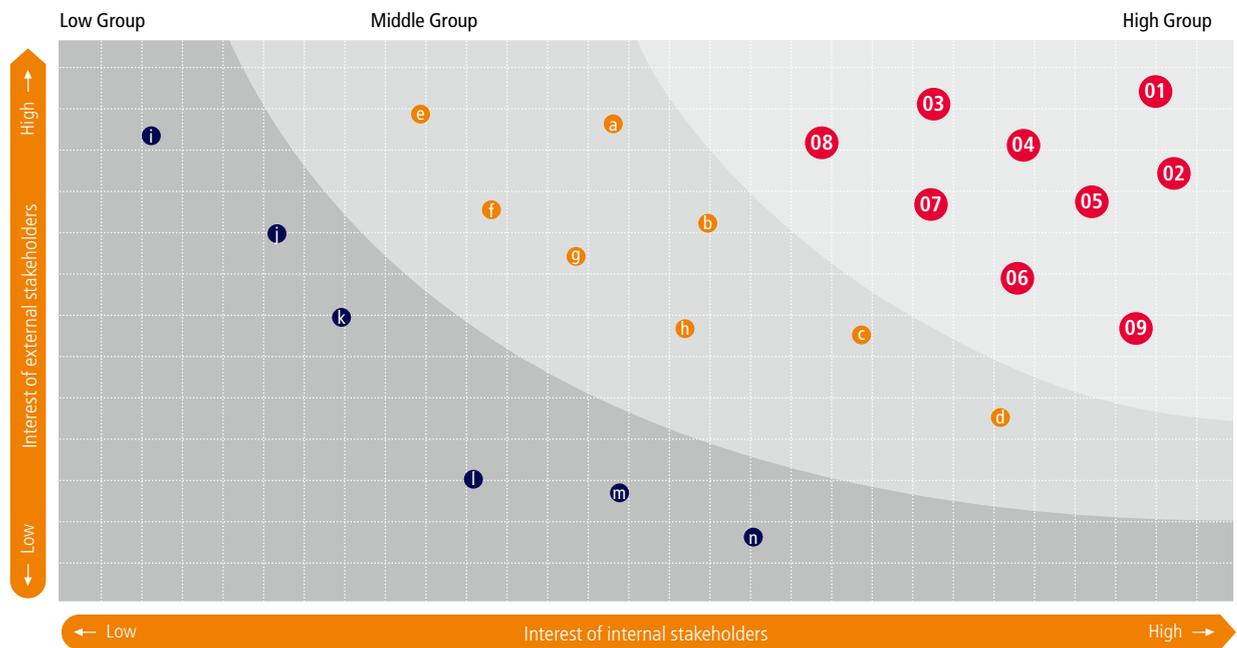
Interviews were conducted with five officers from the Customer Management Office, SCM Office, HR Office, CSR Office, and Ethics Management Office to identify activities for each issue and their strategic importance.

- Interview Period: January to February 2012
- Interview Target: Working-level officers from 5 areas of Sustainability Strategy



### Step 3. Defining Material Issues

Finally, material issues were analyzed in a matrix with internal and external perspectives, and the report content was defined. As a result of the analysis, 9 key issues were selected for the five areas, and SK Telecom’s key response activities and performance were disclosed from the strategic perspective of sustainability with regard to those selected issues.



#### High Group

<p><b>Customer Relationship Management</b></p> <p><b>01</b> Strict Privacy Policy p. 13</p> <p><b>02</b> Ensuring Best Call Quality p. 17</p> <p><b>03</b> Providing Reasonable Rates p. 19</p>	<p><b>Community Involvement</b></p> <p><b>06</b> Enhancing Social Value Using ICT p. 29</p>
<p><b>Win-Win Partnerships</b></p> <p><b>04</b> Creating a Win-Win Partnership Culture p. 21</p> <p><b>05</b> Employee Human Rights and Work-Life Balance p. 26</p>	<p><b>Community Involvement</b></p> <p><b>07</b> Efforts at Transparent Governance p. 35</p> <p><b>08</b> Internalizing Ethics Management p. 37</p>
	<p><b>Environmental Management</b></p> <p><b>09</b> Implementing Green Growth by Realizing Green ICT p. 41</p>

#### Middle Group

- a Strategic community involvement activities
- b Service development and research
- c Increasing communication with customers and providing services
- d Developing new markets and new growth drivers
- e Environmental technology and research investment
- f Extending the code of ethics and internalizing it company-wide
- g Creating the HRD system and investment
- h Brand management

#### Low Group

- i Negative effects of service use
- j Collaboration with the government
- k Encouraging internal communication
- l Nationwide disaster relief support
- m Integrated management of financial and non-financial risks
- n Encouraging customers’ sustainability practice

# UN Global Compact



Over the years, through its activities at the UNGC (UN Global Compact) Board, SK Telecom has worked with UNGC to disseminate and develop CSR (Corporate Social Responsibility) worldwide. At the first-half of the UNGC Board meeting held at the UN Headquarters in the U.S., in June 2011, SK Telecom presented a case study of the G20 Seoul Business Summit operations and explained the need for the "One-Voice Platform," which will represent the voice of companies. At the second-half of the UNGC Board of Directors meeting held in December, the company previewed the key action plans for UNGC and proposed a plan to accelerate corporate social participation through social enterprises. As the Board activities were concluded by the end of 2011, the company plans on continuing collaboration focusing on the key CSR issues, such as the expansion of social enterprises in 2012.

## Global cooperation for the development of CSR

In January 2011, the company was invited to the "Global Compact LEAD". GC LEAD was launched to facilitate the implementation of the "Leadership Blueprint" proposed by UNGC, and currently has 56 participating companies from around the world. In March 2011, at the 1st LEAD Symposium, SK Telecom presented a case study of the operations of its Corporate Citizenship Committee to the LEAD companies and also participated in the discussion about the role of the Board in propagating sustainability and in the publication of the guidelines.

In October 2011, the company began to take part in the LEAD task force for strategic social investment and philanthropy. The results of the company's activities will be presented at the "Rio + 20 Sustainability Forum," which will be held in Brazil in June 2012.

## UNGC Korea Network Activities

Since the launch of the UNGC Korea Network in 2007, SK Telecom has been attending the Steering Committee. In 2011, the company sponsored the successful 1st Global CSR Conference. The company also presented social enterprise as an effective private-public collaboration solution for the sustainable growth of underdeveloped countries at the first private forum of the High Level Forum on Aid Effectiveness. At the 1st UNGC Value Awards, which was held by UNGC Korea Network for the first time, SK Telecom was recognized for its performance in pursuing social innovation through ICT and received the Community Service Award. In 2012, the company is expected to collaborate in the development of future CSR leaders by taking part in the College Student Contest hosted by the Korea Network.



Board of Directors attended the meeting in June 2011



Receiving the Community Service Award at the UNGC Value Awards

## Applying the UNGC Blueprint

The UNGC Blueprint was declared at the UNGC headquarters in 2010 as a platform to encourage companies to implement sustainability in the midst of increasingly diverse and complex crises and opportunities. The Blueprint is divided into three areas: First, UNGC's 10 principles are internalized in a company's strategy and operations; second, a wide range of UN goals and issues are supported; and finally, the company joins the UN Global Compact. SK Telecom complies with the guidelines for these three areas, reflects the recommended principles in each area across its business activities, and plans on implementing them more extensively. Additionally, SK Telecom's detailed activities regarding the UNGC Blueprint are available at its website: [www.sktelecom.com](http://www.sktelecom.com)



# External Assurance Statement

BSI Group Korea Limited ("BSI") was commissioned by SK Telecom Co., Ltd. ("SK Telecom") to perform an independence assurance on its 2011 Sustainability Report ("Report"), and the following is our assurance opinion:

## Independent Assurance Statement on Sustainability Report

This Report is SK Telecom's sixth sustainability report since its first report in 2005, and the fifth COP (Communication on Progress) since the company joined the UN Global Compact in 2007, and states the company's performance from January 1 to December 31, 2011.

## Responsibility and Independence

SK Telecom is entirely and solely responsible for the content of this Sustainability Report. The responsibility of our Assurance Team is to apply the methodology to the scope specified herein and provide an independent assurance statement to the management of SK Telecom and the said information to SK Telecom's stakeholders.

## Assurance Standards

Our Assurance Team was not involved in the preparation of any part of the Report, other than providing an assurance opinion, and there has been no conflict of interest. In addition, this assurance was performed by the BSI Assurance Team, consisting of experts in different areas with profound technology and experience that allowed them to utilize their competency, pursuant to the BSI Fair Trade Code of Conduct.

The assurance of this Report was conducted in accordance with the following standards:

- AA1000 Assurance Standard (2008)
- GRI G3.1 Sustainability Reporting Guidelines

Our Assurance Team applied Type 2 - Moderate Level of AA1000 AS (2008) to assess compliance with the Inclusiveness, Materiality, and Responsiveness principles and reliability of sustainability performance information, and applied an Application Level "A" to the GRI Indicator Protocol. For your information, ISO 26000: Social Responsibility Standard was also used.

## Scope of Work and Methodology

This Report contains information on the sustainability of key investment companies, both Korean and abroad, as well as SK Telecom's sustainability activities and performance.

The following are included in the scope of this assurance:

- Report content in relation to the headquarters and Korean subsidiaries of SK Telecom;
- Information on the GRI G3.1 performance among the details reported separately on the Web page identified as "in this report" Limited to the content created before May 10, 2012.

The following are not included in this assurance:

- Financial information
- Greenhouse gas data (separate assurance was conducted)
- Additional information contained in websites other than this report

Our Assurance Team complied with the assurance standards, used the methodology developed to collect relevant evidence to reduce errors in the report content, and performed the following activities:

- Review SK Telecom's Materiality Issue Analysis Process and verify its fitness to set priorities
- Review the Sustainability Strategy Implementation process and the system used to execute it
- Review the fitness of evidence supporting the issues discussed in the interviews with high-level officers and employees with regard to SK Telecom's materiality issues
- Check over 130 items of evidence for claims with high levels of materiality, claims regarding data, and data credibility
- Check the processes of data creation, gathering, and reporting in each area of performance
- Conduct an independent assessment of SK Telecom's Report in relation to GRI Guidelines Application Levels

## Assurance Opinion

Our Assurance Team reviewed a draft report and suggested its opinion, and the Report was revised if necessary. Based on the assurance activity stated herein, our Assurance Team confirmed that SK Telecom's Report complies with the Reporting Principle and sufficiently states its sustainability performance.

Our team also confirmed that the GRI indicators specified on the GRI Index were either fully or partially, as a result of the Materiality Analysis Process, reported. Our team confirmed that this Report meets the GRI G3.1 Guidelines at an Application Level of A+.

These assurance results were based on the three principles of AA1000 AS, namely, Inclusiveness, Materiality, and Responsiveness, and the opinion on this Report is as follows:

**Inclusiveness is a principle that guarantees stakeholder engagement to develop and achieve responsible, strategic response to sustainability.**

Our team confirmed that SK Telecom implements the process of stakeholder engagement, accepts a variety of stakeholders' opinions, and works hard to reflect them in its Sustainability Policy. That the company created a regular channel to communicate with each stakeholder group and set priorities on stakeholder surveys and feedback helped define the reporting content.

**Materiality is a principle under which stakeholders determine the issues needed to make an informed decision on SK Telecom and its impacts.**

The team confirmed that sustainability issues identified by stakeholders through the Materiality Analysis and Defining Key Issues processes developed into the company's Sustainability Strategy and its performance was reported. SK Telecom established its sustainability vision and strategy and has since 2008 operated the Corporate Citizenship Committee under the Board of Directors, through which the company established sustainability strategies for the five areas of Customer Relationship Management, Win-Win Partnerships, Community Involvement, Ethics Management, and Environmental Management, and implements a system to fulfill its promises to stakeholders and create real value.

**Responsiveness is a principle concerning the scope in which an organization responds to stakeholder issues.**

This Report clearly states in the Reporting Method centering on the past key issues how the key issues proposed by stakeholders are connected to long-term sustainability strategy and what value is thereby created in order to clearly demonstrate what value sustainability strategy and activities can produce for stakeholders. The team believes that it will be effective to communicate minor topics that are not contained in this Report on a Web site.

## Successes

- A system for integrating stakeholders' key issues into the five areas of sustainability and managing them;
- The activities of the Corporate Citizenship Committee under the Board of Directors, which demonstrate that sustainability activities can develop into a company's long- and short-term strategies

## Recommendations for Improvement

- We recommend that SK Telecom include targets, as well as past performance, so that its direction of policy with regard to sustainability issues can be predicted.
- We recommend that SK Telecom identify issues in which performance is not good enough to meet the goals and include a plan to resolve these issues in order to keep the Report balanced.

SK Telecom has faithfully practiced its corporate social responsibility and created a number of values as a leading telecommunications company in Korea, under its core value, "Pursuing the Long-term Sustainable Happiness of Stakeholders." Our team believes that SK Telecom will work hard to continuously communicate with a variety of stakeholders concerning sustainability activities and performance and become a global company respected by all stakeholders.



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Tel: +82-(0)2-777 4123

Date: 01 May, 2012

J K Cheon / President, BSI Group Korea

# Verification Statement

## Scope

The annual Green House Gas emission for 2011 calendar year.

The physical scope is within the boundary of all sites mentioned above.

GHG emissions for SCOPE 1(Direct-emissions from the plant) and, SCOPE 2(Indirect-energy related) as defined in WBCSD/WRI GHG protocol Chapter 4 "Setting Operational Boundaries" and GHG·Energy Target Management Operating Guideline (Notification No. 2011-29 of the Ministry of Environment).

## Data Verified

1)The Scope 1 and Scope 2 GHG Emissions in 2011

Emission Source		GHG Emissions (tCO <sub>2</sub> -eq)
Scope 1 Direct Emission	Stationary	6,789.00
	Transportation	2,771.73
	Fugitive	0
	Process	0
Scope 2 In-direct Emission	Electricity	598,424.06
	Steam	71.02
<b>Total</b>		<b>608,055.81</b>

## GHG Criteria & Protocols used for Verification

The verification was carried out at the request of LG Household & Health Care, Ltd. using:

- The GHG Protocol of the WBCSD/WRI - Revised March 2004
- IPCC Guideline for National Greenhouse Gas Inventories - Revised 2006
- GHG·Energy Target Management Operating Guideline (Notification No. 2011-29 of the Ministry of Environment)
- BSI GHGEV Manual (KM007 R0) – Issued Jan. 2011

The BSI Group Korea's standard confidentiality principle is applied to the all verification activities.

## Verification Opinion

As a result of carrying out verification in accordance with the protocols and the best practice mentioned above, it is the opinion of BSI that:

- No material misstatement in the calculations was revealed, good record keeping was demonstrated and
- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.



# Index

SK Telecom's 2011 Sustainability Report was prepared based on the GRI G3.1 Guidelines, the "Advanced Level" defined by the UN Global Compact, and the core subjects and issues of ISO 26000, an international standard for social responsibility. The parts in the index table remarked as the [📄](#) link to the SK Telecom Web site( [📄](#) CSR\_Sustainability Performance) directly.

GRI G3.1		UNGC Advanced Level	ISO 26000	Reported	Pages
Indicator	Description	UNGC Advanced Level mapping	ISO 26000 Mapping		
<b>Profile</b>					
1.1	Statement from the most senior decision-maker of the organization.	22. The COP provides information on the company's profile and context of operation	6.2 Organizational Governance	●	2~3
1.2	Description of key impacts, risks, and opportunities.			●	12, 20, 28, 34, 40
2.1	Name of the organization.		-	●	4
2.2	Tier-1 brands, products, and/or services.		-	●	6~7
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		6.2 Organizational Governance	●	8
2.4	Location of organization's headquarters.		-	●	5
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		-	●	5
2.6	Nature of ownership and legal form.		-	●	<a href="#">📄</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		-	●	6~7
2.8	Scale of the reporting organization.		-	●	5
2.9	Significant changes during the reporting period regarding size, structure, or ownership.		-	●	8~9
2.10	Awards received in the reporting period.		-	●	9
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	23. The COP incorporates high standards of transparency and disclosure	-	●	47
3.2	Date of most recent previous report (if any).		-	●	47
3.3	Reporting cycle (annual, biennial, etc.)		-	●	47
3.4	Contact point for questions regarding the report or its contents.		-	●	47
3.5	Process for defining report content.		-	●	47
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		-	●	47
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).		-	●	47
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		-	●	47
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.		-	●	47
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		-	●	47
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		-	●	47
3.12	Table identifying the location of the Standard Disclosures in the report.		-	●	56~61
3.13	Policy and current practice with regard to seeking external assurance for the report.		7.5.3 Verification	●	53~55
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	01. The COP describes C-suite and Board level discussions of strategic aspects of Global Compact implementation	6.2 Organizational Governance	●	35~36
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.			●	35
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		-	●	35
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		-	●	10~11

● Full Reporting ○ Partial Reporting  
N Not Applicable ○ Not Reported

GRI G3.1		UNGC Advanced Level	ISO 26000	● Full Reporting ○ Partial Reporting * Not Applicable ○ Not Reported	
Indicator	Description	UNGC Advanced Level mapping	ISO 26000 Mapping	Reported	Pages
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	01. The COP describes C-suite and Board level discussions of strategic aspects of Global Compact implementation	-	●	36
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		-	●	35
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		-	●	36
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		-	●	4,34,40
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	02. The COP describes effective decision-making processes and systems of governance for corporate sustainability	-	●	Intro
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		-	●	35~36
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.		6.2 Organizational Governance	●	13,38
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	04. The COP describes actions taken in support of broader UN goals and issues		●	Intro
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.			○	10, 52
4.14	List of stakeholder groups engaged by the organization.	03. The COP describes engagement with all important stakeholders		●	10
4.15	Basis for identification and selection of stakeholders with whom to engage.			●	10~11
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.			●	10
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.			●	48~51
<b>Economic</b>					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.			●	11
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	13. The COP describes robust commitments, strategies or policies in the area of environmental stewardship	6.5.5 Climate change mitigation and adaptation	●	40
EC3	Coverage of the organization's defined benefit plan obligations.			○	
EC4	Significant financial assistance received from government.			●	
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.		6.4.4 Conditions of work and social protection 6.8 Community Involvement and Development	○	11
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		6.6.6 Promoting social responsibility in the value chain 6.8 Community Involvement and Development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation	○	21~25
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		6.8 Community Involvement and Development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation	○	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		6.3.9 Economic, social and cultural rights 6.8 Community Involvement and Development 6.8.3 Community involvement 6.8.4 Education and culture 6.8.5 Employment creation and skills development 6.8.6 Technology development and access 6.8.7 Wealth and income creation 6.8.8 Health 6.8.9 Social investment	●	29~33

GRI G3.1		UNGC Advanced Level	ISO 26000	● Full Reporting ○ Partial Reporting * Not Applicable ○ Not Reported
Indicator	Description	UNGC Advanced Level mapping	ISO 26000 Mapping	Reported Pages
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-	6.3.9 Economic, social and cultural rights 6.6.6 Promoting social responsibility in the value chain 6.6.7 Respect for property rights 6.7.8 Access to essential services 6.8 Community Involvement and Development 6.8.5 Employment creation and skills development 6.8.6 Technology development and access 6.8.7 Wealth and income creation 6.8.9 Social investment	● 29~33 41~45
<b>Environmental</b>				
EN1	Materials used by weight or volume.	-	6.5 Environment	○ *a
EN2	Percentage of materials used that are recycled input materials.	-	6.5.4 Sustainable resource use	○ *a
EN3	Direct energy consumption by tier-1 energy source.	16. The COP contains standardized performance indicators (including GRI) on environmental stewardship		●
EN4	Indirect energy consumption by tier-1 source.			●
EN5	Energy saved due to conservation and efficiency improvements.			●
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	-		●
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	-		●
EN8	Total water withdrawal by source.	16. The COP contains standardized performance indicators (including GRI) on environmental stewardship		●
EN9	Water sources significantly affected by withdrawal of water.	-		○ -
EN10	Percentage and total volume of water recycled and reused.	-		○ -
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	16. The COP contains standardized performance indicators (including GRI) on environmental stewardship	6.5 Environment 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats	●
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	-		● 43
EN13	Habitats protected or restored.	-		● *b
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	-		●
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-		● *b
EN16	Total direct and indirect greenhouse gas emissions by weight.	16. The COP contains standardized performance indicators (including GRI) on environmental stewardship	6.5 Environment 6.5.5 Climate change mitigation and adaptation	●
EN17	Other relevant indirect greenhouse gas emissions by weight.	-		●
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	16. The COP contains standardized performance indicators (including GRI) on environmental stewardship		●
EN19	Emissions of ozone-depleting substances by weight.	-	6.5 Environment	● *b
EN20	NOx, SOx, and other significant air emissions by type and weight.	-	6.5.3 Prevention of pollution	● *b
EN21	Total water discharge by quality and destination.	-		● *b
EN22	Total weight of waste by type and disposal method.	16. The COP contains standardized performance indicators (including GRI) on environmental stewardship		●
EN23	Total number and volume of significant spills.	-		● *c
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.	-		● *c
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.	-	6.5 Environment 6.5.4 Sustainable resource use 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats	● *c
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	14. The COP describes effective management systems to integrate the environmental principles 15. The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	6.5 Environment 6.5.4 Sustainable resource use 6.6.6 Promoting social responsibility in the value chain 6.7.5 Sustainable consumption	●
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	16. The COP contains standardized performance indicators (including GRI) on environmental stewardship	6.5 Environment 6.5.4 Sustainable resource use 6.7.5 Sustainable consumption	●
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	-	6.5 Environment	●

\*a. Because SK Telecom does not directly manufacture products, it does not use renewable raw materials. \*b. Not applicable due to the nature of the business.

\*c. Critical hazardous substances are not produced during management activities

GRI G3.1		UNGC Advanced Level	ISO 26000	● Full Reporting ○ Partial Reporting * Not Applicable ○ Not Reported	
Indicator	Description	UNGC Advanced Level mapping	ISO 26000 Mapping	Reported	Pages
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	-	6.5 Environment 6.5.4 Sustainable resource use 6.6.6 Promoting social responsibility in the value chain	●	39
EN30	Total environmental protection expenditures and investments by type.	16. The COP contains standardized performance indicators (including GRI) on environmental stewardship	6.5 Environment	●	39
<b>Human Rights</b>					
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	21. The COP describes implementation of the Global Compact principles in the value chain 05. The COP describes robust commitments, strategies or policies in the area of human rights	6.3 Human Rights 6.3.3 Due diligence 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain	○	39
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	21. The COP describes implementation of the Global Compact principles in the value chain	6.3 Human Rights 6.3.3 Due diligence 6.3.5 Avoidance of complicity 6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain	○	39
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	21. The COP describes implementation of the Global Compact principles in the value chain 05. The COP describes robust commitments, strategies or policies in the area of human rights 08. The COP contains standardized performance indicators (including GRI) on human rights	6.3 Human Rights 6.3.5 Avoidance of complicity	●	37
HR4	Total number of incidents of discrimination and corrective actions taken.	05. The COP describes robust commitments, strategies or policies in the area of human rights 08. The COP contains standardized performance indicators (including GRI) on human rights	6.3 Human Rights 6.3.3 Due diligence 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships	●	38
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.		6.3 Human Rights 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.7 Discrimination and vulnerable groups 6.4.5 Social dialogue	○	27
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.		6.3 Human Rights 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work	●	39
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.		6.3 Human Rights 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work	●	39
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		6.3 Human Rights 6.3.5 Avoidance of complicity 6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain	○	-
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-	6.3 Human Rights 6.3.6 Resolving grievances 6.3.7 Discrimination and vulnerable groups 6.3.8 Civil and political rights 6.6.7 Respect for property rights	●	*b
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	-	○	39
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	19. The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption 06. The COP describes effective management systems to integrate the human rights principles	-	●	38
<b>Labor Practices and Decent Work</b>					
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	09. The COP describes robust commitments, strategies or policies in the area of labour 12. The COP contains standardized performance indicators (including GRI) on labour principles integration	6.4 Labor Practices 6.4.3 Employment and employment relationships	●	39
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	12. The COP contains standardized performance indicators (including GRI) on labour principles integration		●	39
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	09. The COP describes robust commitments, strategies or policies in the area of labour	6.4 Labor Practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection	●	39
LA4	Return to work and retention rates after parental leave, by gender.	12. The COP contains standardized performance indicators (including GRI) on labour principles integration 09. The COP describes robust commitments, strategies or policies in the area of labour 05. The COP describes robust commitments, strategies or policies in the area of human rights 11. The COP describes effective monitoring and evaluation mechanisms of labour principles integration	6.4 Labor Practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.4.5 Social dialogue 6.3.10 Fundamental principles and rights at work	●	39
LA5	Percentage of employees covered by collective bargaining agreements.	-	6.4 Labor Practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.4.5 Social dialogue	○	27
LA6	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	-	6.4 Labor Practices 6.4.6 Health and safety at work	○	-

\*b. Not applicable due to the nature of the business.

GRI G3.1		UNGC Advanced Level	ISO 26000	● Full Reporting ○ Partial Reporting * Not Applicable ○ Not Reported
Indicator	Description	UNGC Advanced Level mapping	ISO 26000 Mapping	Reported Pages
LA7	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	12. The COP contains standardized performance indicators (including GRI) on labour principles integration	6.4 Labor Practices 6.4.6 Health and safety at work	●
LA8	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.		6.4 Labor Practices 6.4.6 Health and safety at work 6.8 Community Involvement and Development 6.8.3 Community involvement 6.8.4 Education and culture 6.8.8 Health	●
LA9	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	05. The COP describes robust commitments, strategies or policies in the area of human rights 10. The COP describes effective management systems to integrate the labour principles	6.4 Labor Practices 6.4.6 Health and safety at work	● 27
LA10	Health and safety topics covered in formal agreements with trade unions.	12. The COP contains standardized performance indicators (including GRI) on labour principles integration	6.4 Labor Practices 6.4.7 Human development and training in the workplace	●
LA11	Average hours of training per year per employee by gender, and by employee category.		6.4 Labor Practices 6.4.7 Human development and training in the workplace 6.8.5 Employment creation and skills development	●
LA12	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	-	6.4 Labor Practices 6.4.7 Human development and training in the workplace	●
LA13	Percentage of employees receiving regular performance and career development reviews, by gender.	12. The COP contains standardized performance indicators (including GRI) on labour principles integration	6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4 Labor Practices 6.4.3 Employment and employment relationships	●
LA14	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	-	6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4 Labor Practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection	●
LA15	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	-	-	●
<b>Society</b>				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	-	6.3.9 Economic, social and cultural rights 6.6.7 Respect for property rights 6.8 Community Involvement and Development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation	○
SO2	Operations with significant potential or actual negative impacts on local communities.	20. The COP contains standardized performance indicators (including GRI) on anti-corruption 18. The COP describes effective management systems to integrate the anti-corruption principle	6.6 Fair Operating Practices 6.6.3 Anti-corruption	○ 38
SO3	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.			● 37
SO4	Percentage and total number of business units analyzed for risks related to corruption.	07. The COP describes effective monitoring and evaluation mechanisms of human rights integration 17. The COP describes robust commitments, strategies or policies in the area of anti-corruption Suggested best practices : 19. The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption 20. The COP contains standardized performance indicators (including GRI) on anti-corruption		● 38
SO5	Percentage of employees trained in organization's anti-corruption policies and procedures.	-	6.6 Fair Operating Practices 6.6.4 Responsible political involvement 6.8.3 Community involvement	● 19
SO6	Actions taken in response to incidents of corruption.	-		○ -
SO7	Public policy positions and participation in public policy development and lobbying.	20. The COP contains standardized performance indicators (including GRI) on anti-corruption	6.6 Fair Operating Practices 6.6.5 Fair competition 6.6.7 Respect for property rights	○ 39
SO8	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		6.6 Fair Operating Practices 6.6.7 Respect for property rights 6.8.7 Wealth and income creation	● 39
SO9	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	-		○ -
SO10	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	-		● 43
<b>Product Responsibility</b>				
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.	-	6.3.9 Economic, social and cultural rights 6.6.6 Promoting social responsibility in the value chain 6.7 Consumer Issues	●
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, by type of outcomes.	-	6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption	● 13
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	-	6.7 Consumer Issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.7.6 Consumer service, support, and dispute resolution 6.7.9 Education and awareness	○ 17-19

GRI G3.1		UNGC Advanced Level	ISO 26000	● Full Reporting   ● Partial Reporting * Not Applicable   ○ Not Reported	
Indicator	Description	UNGC Advanced Level mapping	ISO 26000 Mapping	Reported	Pages
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-	6.7 Consumer Issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.7.6 Consumer service, support, and dispute resolution 6.7.9 Education and awareness	●	*
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-	6.7 Consumer Issues 6.7.4 Protecting consumers' health and safety 6.7.5 Sustainable consumption 6.7.6 Consumer service, support, and dispute resolution 6.7.8 Access to essential services 6.7.9 Education and awareness	●	39
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-	6.7 Consumer Issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.6 Consumer service, support, and dispute resolution	●	39
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-	6.7.9 Education and awareness	●	39
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-	6.7 Consumer Issues 6.7.7 Consumer data protection and privacy	●	16
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-	6.7 Consumer Issues 6.7.6 Consumer service, support, and dispute resolution	●	39

## SK Telecom 2011 Sustainability Report

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