

About This Report

Report Overview

SK C&C has been publishing sustainability report each year since May 2012. This is SK C&C's third sustainability report prepared in accordance with the G4 Guidelines. The report discloses information focusing on material issues, which has significant effect on the company's sustainable business operations and its stakeholders.

Reporting Standards

The 2015 SK C&C Sustainability Report was prepared in accordance with the Comprehensive Requirements of GRI G4 Guidelines announced by the Global Reporting Initiative (GRI) in May 2013, and its fulfillment was confirmed through an external assurance. Furthermore, the company also observes the UNGC Communication on Progress (COP) principles. The Guidelines Content Index is provided in pages 60 to 63.

Reporting Period

This report presents SK C&C's financial and non-financial performance results from January 1 to December 31, 2014. The report includes quantitative results over a three-year period, from January 1, 2012 to December 31, 2014, which allow for an annual analysis.

Report Boundary

SK C&C has nine operations in South Korea and abroad. The quantitative and qualitative data is limited to SK C&C Co., Ltd., a holding company, by taking into account SK C&C's actual control and the impact of its locations of operation on the occurrence of material issues. However, financial performance such as revenue is based on the consolidated financial statement in order to increase stakeholders' understanding. Furthermore, since Encar Network Co., Ltd. merged with SK C&C in May 2013, information about its employees was integrated. However other information was excluded since the two companies have separate management systems. Criteria other than those used herein, the information is specified within the report.

Assurance Report

To increase the credibility of the report, this report was externally assured. The assurance results are provided in External Assurance Report in pages 64 to 65.

SK C&C Business Areas Main Solutions & Services

➤ [Click and move to SK C&C Business Areas](#)

Happiness with SKC&C

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Our Material Issues

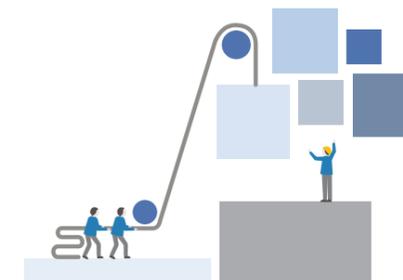
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CEO MESSAGE

Dear Valued Stakeholders,

It is with great pleasure that I share with you SK C&C's 2015 Sustainability Report.

Over its 24-year history, SK C&C has grown to become the country's leading provider of IT services. SK C&C is indebted to our stakeholders for helping it through difficult times for business at home and abroad. SK C&C is about to make a fresh start and reach towards the new goal of becoming a "Future IT/ICT Leader" that contributes to the country's economic growth.

The global recession in recent years has posed a series of challenges for the IT services business, such as declining purchasing power, intensified price competition, and new regulations. Despite these tough conditions, however, SK C&C has pushed ahead with structural reforms across all of its IT services and continuously explored new business opportunities for global growth. As a result of its unrelenting efforts, in 2014, the company reported revenue growth of 5.4% and operating income growth of 20.6%, which are outstanding achievements compared to the figures for the previous year.

Furthermore, as a member of the UN Global Compact, SK C&C upheld its commitment to the ten Principles; Human Rights, Labor, Environment, and Anti-corruption and the company redoubled its efforts to fulfill its social responsibilities and meet the needs of its stakeholders. In 2014, the company was recognized for its endeavors with the "Korea's Most Beloved Company" award from the South Korean government. SK C&C was also listed on the Dow Jones Sustainability Indices for three consecutive years, demonstrating the company's competence and sustainability in both domestic and global markets.

SK C&C is very grateful to all our stakeholders for supporting the company's sustainable growth. To continue its growth as a sustainable company and to satisfy its stakeholders, SK C&C will adhere to the following commitments:



SK C&C will share the benefits of growth with customers by offering customized services that focus on customer value innovation.

SK C&C will enhance its IT services capabilities and strengthen the foundation for its sustainable growth. The company will expand its business globally based on the strength of its strategic partnerships with the world's leading companies. SK C&C will not merely provide high-quality "Premium IT Services," but it will also become a partner that supports the success of its customers.

In the security services business, SK C&C will create new value and guarantee the longevity of customers' businesses by combining cutting-edge IT-based security solutions with the country's best premium surveillance and consulting services.

In the online and offline distribution areas, SK C&C will utilize the synergy of its Encar business and IT technologies like big data to diversify its online BM portfolio and expand its offline business globally. As for the Eco Phone business, the company will secure steady supply channels and develop a new business model based on analysis of consumer purchasing patterns.

Meanwhile, in the semiconductor module business, SK C&C will provide a variety of value-added products under its private brand, build global partnerships, and expand sales channels to solidify its position in the global market.

Furthermore, the company will expand its portfolio of future growth drivers by developing "In-organic" businesses in the trending IT/ICT areas, such as mobility, IoT, cloud, and big data, and in the areas that produce synergies with the company's existing businesses.

SK C&C will foster an organizational culture of creativity and vitality, in which employees grow along with the company.

For all employees to become spontaneous and unlock their potential, SK C&C will promote a culture of creativity and knowledge-sharing across the organization. The company will provide a lively and action-oriented corporate climate and support employees' professional growth. Moreover, SK C&C is working hard to become a happier and better workplace where employees can achieve work-life balance.

SK C&C will bring happiness and hope to its business partners and communities by fulfilling its social responsibilities.

SK C&C intends to build trusting, fair, and transparent relationships with business partners. The Win-Win Fund, joint technology development projects, and training support are among a variety of Win-Win partnership programs designed to help business partners grow. Along with fair transactions and mutual cooperation, the company will provide greater support to the sustainable growth of its business partners, helping them grow along with SK C&C.

SK C&C provides IT environment setup and IT training services to bridge the digital divide, which affects disadvantaged groups. Through its IT social enterprise "Happy Web and Media," the company creates jobs for people with disabilities and extends its scholarships to low-income individuals. To bring happiness to all stakeholders in local communities, SK C&C will solicit more voluntary employee participation in its social contribution activities.

In 2015, SK C&C will remain innovative and unrelenting to achieve sustainable growth. The company and all its employees are dedicated to meeting stakeholders' needs.

Thank you for your continuous support and interest in SK C&C.

April 2015
SK C&C President & CEO
Park, Jung Ho

Jung - park.

Company Overview

Since the time it was founded in April 1991 as Sunkyong Telecom, SK C&C has become the country's IT industry leader that maximizes value for customers using its IT expertise and understanding of customers' business needs.

As a result, in 2014, the company recorded 2.4 trillion KRW in sales and 271.5 billion KRW in operating income, a 20.6% increase from the previous year's figure. Moreover as recognition for its strong commitment to building a happy society for its stakeholders, the company was included in the Dow Jones Sustainability World Index (DJSI). earned an A grade on the Korea Corporate Governance Service's ESG (Environment, Social, Governance) assessment for three consecutive years. SK C&C will continue to strive for balanced growth that benefits its customers, employees, shareholders, business partners, and society.

Vision ————— **Create Value for Customers through Creativity and Challenge**

Growth Strategy and Service Portfolio

SK C&C provides customers with distinct strategies and specialized services in consulting, where it offers optimal solutions using its 20 years of expertise and cutting-edge technology, and in system integration and outsourcing, it builds and operates IT systems. The company is also expanding its business into the trending IT areas, including cloud, IoT, and big data. Additionally, the company will expand globally through its partnerships with global companies.

In the security services, SK C&C's subsidiary Infosec, a company appointed as an information protection agency by the Ministry of Knowledge Economy, delivers total information security services to proactively cope with increasingly diverse security threats and policy changes, and helps customers perform stable operations using qualified technologies.

In online/offline distribution, SK C&C conducts the sale and purchase of pre-owned cars. The company became the country's first provider of pre-owned car appraisals, repairs, and warranty services to lead a culture of safe pre-owned car transactions. SK C&C also carries out an Eco Phone business aligned with consumer purchasing behavior regarding mobile devices. The company will diversify its business portfolio by utilizing the synergies of its businesses and IT technologies, and provide reliable distribution services.

In its semiconductor module business, SK C&C established a global network for the distribution of finished products. The company will focus on developing a diverse product line of semiconductor modules and build partnerships with global companies.

IT Services		Continued growth of IT/ICT based on convergence of IT technology, business and partnerships	<ul style="list-style-type: none"> - Development of premium services focused on customer value - Continued IT/ICT growth through convergence of IT technology and business - Expanding business globally based on partnerships
Security Services		Growth through protection of customer value	<ul style="list-style-type: none"> - Enhancing customer value through premium services - Strengthening the basis of sustainable growth through technology/business innovations
Online/Offline Distribution		Growth through business model diversification	<ul style="list-style-type: none"> - Diversifying the Encar business model and expanding this globally - Creating a domestic ecosystem for Eco Phone distribution and developing a new business model
Semiconductor Modules		Accelerating growth by expanding the product line and customer base	<ul style="list-style-type: none"> - Expanding the premium semiconductor module line and the B2C business

Strategies for Sustainability Management

The Foundation of SK C&C's Sustainability Management: SK Management System, SKMS

Established in 1979, SK Group's unique management system called the SKMS not only embodies the group's business philosophy, but it is also essential to the very existence and growth of SK Group. As the basis of SK's corporate culture, SKMS has been the decision-making standard for the company's business activities and its employees' job performance. SK C&C implements sustainability management, according to its corporate philosophy stated in the SKMS: "The corporate enterprise should achieve its ultimate goal of sustained progress by maintaining stability and growth. Furthermore, it should create value for its customers, employees, and shareholders, thereby contributing to social and economic development and human well-being."

Vision ————— **Creation of Sustainable Happiness for All Stakeholders** Happiness with SK C&C

Strategic Directions for Sustainability Management

SK C&C defined six strategic directions for sustainability management in order to achieve the SK Group's vision, "Sustainable Development and Stakeholder Happiness," and SK C&C's vision, "Create Value for Customers." Moreover, for each strategic direction, the company appointed responsible organizations and identified tasks to commit itself to become a sustainable company.



Sustainability Management Organization

Strategic Direction	Objectives & Activities	Responsible Organization(s)
Customer-Centered Management	Increasing customer satisfaction and value through IT services optimized for customer needs and environments	IT Service Planning Division
Human Resources Management	Building a "Happy Hompany" that secures corporate competitiveness and creates employee happiness by securing top talent	Human Resources Division
Win-Win Partnership	Creating a future-oriented IT ecosystem and spreading a culture of sustainability to business partners through cooperation and support	Procurement Division
Social Contribution	Alleviating social problems and supporting socially disadvantaged groups through community investment and social contribution activities	SKMS Division
Green Management	Continuing efforts to reduce environmental impacts caused by business operations	Human Resources Division / Infrastructure Business Division
Ethical Management	Building trust with stakeholders through transparent and ethical management activities	Ethics Management Division

Stakeholder Engagement

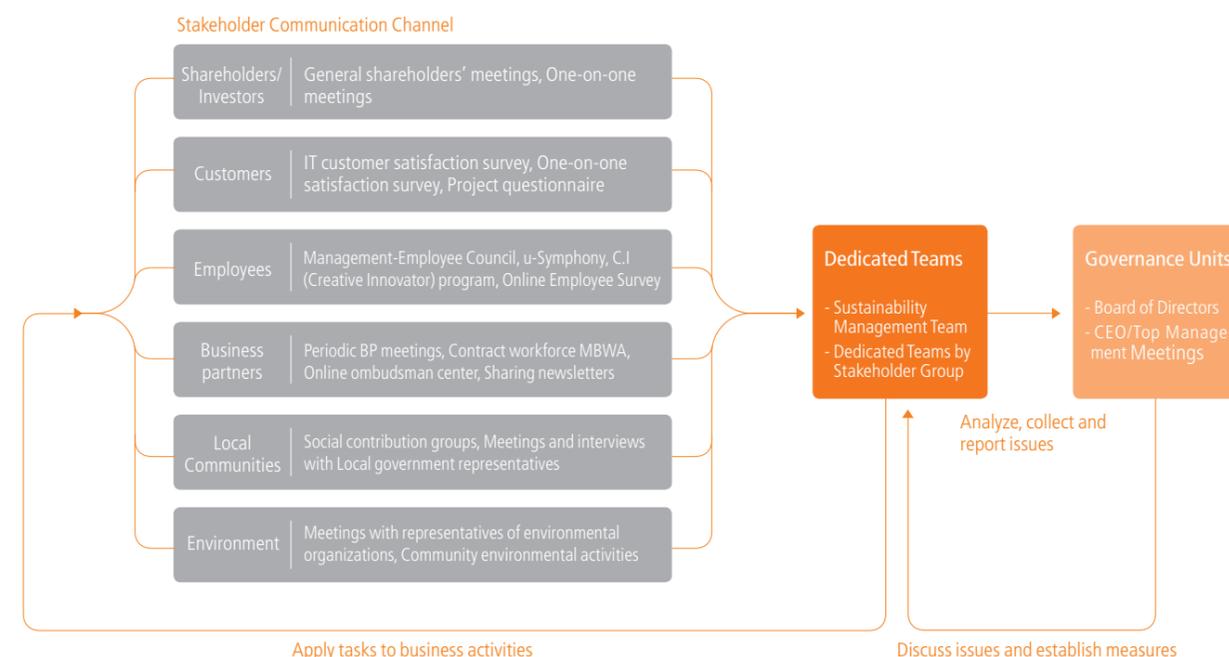
SK C&C and Stakeholders

SK C&C classified stakeholders, who affect, or can be significantly affected by the company's business activities, into six major stakeholder groups: customers, shareholders/investors, business partners, employees, local communities and the environment. By creating a corporate environment for stakeholders to express opinions and by actively responding to their feedback, SK C&C will continue to grow along with all of its stakeholders.

Classification	Major Interests	Actions Taken by SK C&C
Shareholders and Investors Ordinary investors / Institutional investors / Largest shareholders	Increasing corporate value through stable profit-making and exploration of new growth engines	- Operate domestic IT business centering on profit and customer value - Make forays into international markets and expand distribution/other businesses
	Non-financial risk management through growth with business partners and ethical management	- Operate the Win-Win Partnership Committee and the Ethics Committee to reinforce social responsibilities - Voluntary and proactive risk management
	Expanding information disclosures	- Ensure transparent business disclosures and publish periodic sustainability reports - Operate frequent communication channels with shareholders/investors
Customers IT services / Security services / Content and distribution	Increasing the social/environmental values of services	- Build social infrastructure through safety and transportation service projects - Carry out environmental social contribution activities
	Providing high-quality solutions	- Sign a service level agreement (SLA) to enhance service quality - Comply with the quality policy and the eight quality management principles
Employees Marketing & Sales / Technicians / Consultants / Supporting staff	Enhancing customer communication and satisfaction	- Operate a dedicated department for integrated management of Voice of the Customer (VoC) - Conduct a satisfaction survey among IT customers to improve service levels
	Reinforcing respect for diversity and employee benefits	- Run programs to secure diversity of talent (internships for people with disabilities, etc.) - Introduce a variety of benefit programs (Flexible working hours, etc.)
	Creating a culture of cooperation and communication	- Operate programs to promote communication (C.I (Creative Innovator) program, etc.)
Business Partners Product procurement / Contract procurement	Providing opportunities to cultivate capabilities through education	- Strengthen the foundation of HR development (Remodeling the talent competency system, etc.)
	Stability and growth through Win-Win partnership	- Operate Win-Win partnership programs in eight core areas (Finance, technology, business, etc.)
Local Communities Residents of local communities / Local governments and regions / Social contribution centers / NGOs	Complying with code of ethics and fair trade with business partners	- Operate a system for the four principles of fair trade and a Compliance Program - Operate ethics counseling/reporting mechanisms
	Community-based social contribution activities	- Plan and execute community contribution programs (E.g., a social services center for people with disabilities in the city of Seongnam)
Environment Environmental NGOs / Stakeholders in sharing environmental resources in the broad sense, such as government and regulatory agencies	Social contribution activities using business capabilities	- Expand social contribution activities connected to IT (IT education, the establishment of an IT social enterprise, etc.)
	Fulfillment of corporate environmental responsibilities	- Establish and implement an "Environment, Safety, and Health Policy" and Manual
	Participating in climate change response	- Commercializing green solutions - Practice energy conservation (Operating green data centers)

Gathering and Reflecting Stakeholders' Opinions

SK C&C actively communicates with its stakeholders through various channels. Gathered opinions are reviewed and analyzed, discussed at management meetings, and are reported to the top management. Through the processes of gathering and giving feedback to the stakeholders' opinions, SK C&C discusses and examines the economic, environmental and social impacts of these issues on the SK C&C's businesses and stakeholders. The company then utilizes the results to improve its business performance.



Handling Stakeholders' Grievances

SK C&C cares about its stakeholders' grievances and operates various reporting channels and remedy systems to systematically resolve grievances. The company runs a one-on-one consulting channel on its website (<http://www.skcc.co.kr/v2/customer/consultView.vw>) through which petitions and grievances are received from all stakeholders, such as customers, employees and business partners. As for issues related to ethics management, including labor and human rights, the company operates online consulting and reporting channels as well as e-mail, phone, and fax facilities. SK C&C also runs the Win-Win Help line, a one-stop system for its business partners, to quickly receive and handle their grievances in all aspects of business. To deal with employees' grievances, the company appoints an ombudsman and an anonymous online channel, the u-Symphony, to make it easier for its employees to report workplace complaints. Received grievances are kept strictly confidential and actions are taken to resolve grievances or complaints as fairly and transparently as possible.

In 2014, SK C&C received a total of 43 stakeholder grievances in environmental, labor, human rights and social aspects through the one-on-one consulting channel, the ethical management consulting/reporting channel, the ombudsman, u-Symphony and the one-stop helpline. The filed grievances were thoroughly investigated by dedicated teams and the necessary measures were taken.

Materiality Assessment

SK C&C conducted a materiality assessment to select the most important sustainability issues that affect the company and its stakeholders and incorporated them into this report. The materiality assessment was carried out in accordance with the recommended process of defining material aspects and boundaries in the GRI G4 Guidelines. SK C&C evaluated the significance of each issue affecting its business performance capabilities and its influence on the stakeholder evaluations and decisions.

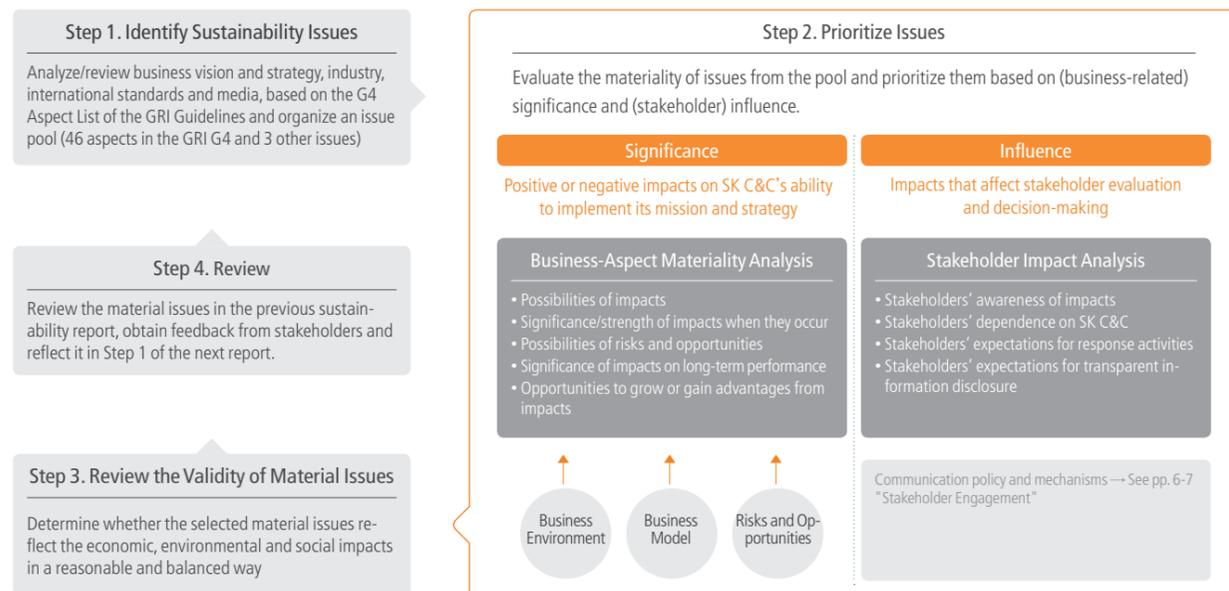
※ The GRI G4 Guidelines are the fourth-generation of sustainability reporting guidelines provided by the Global Reporting Initiative (GRI), an international non-profit organization that develops standards for sustainability reporting.

Materiality Assessment and Report Content Defining Process



*Due to limitations of representation, some of the mid- and low topics have been omitted Impact Influence ▶

Materiality Assessment and Report Content Defining Process



Analysis of Materiality Assessment Results

As a result of the materiality assessment, the issues of economic performance, Win-Win partnerships and procurement practices showed the highest level of materiality when it came to SK C&C's sustainability management, while issues like training and education, R&D, innovation, anti-corruption and anti-competitive practices appeared to be relatively significant in the business or the stakeholders' point of view.

High-Priority Issue Group – Material Issues

SK C&C is growing to become a global leading company and, in 2014, it recorded 2.4 trillion KRW in revenue and 271.5 billion KRW in operating income. For a company to grow and develop, the company should show outstanding economic performance. The economic value created by the company is distributed to stakeholders in various forms, such as dividend payouts, pay and taxes. Such economic value is also one of the most important factors that affect stakeholders' evaluations and decision-making.

The government has tightened its policies on Win-Win partnerships and procurement practices, such as the launch of a Win-Win partnership committee, and different areas of society have paid attention to these issues. As cooperation between industries has become an important element of competitiveness due to IT industrial convergence, these issues also become increasingly significant. SK C&C carries out cooperative activities with its business partners and promotes the enhancement of mutual capabilities by collaborating with development experts, purchasing hardware/software and supporting and maintaining close relationships with them.

In the IT services industry, where individual competencies are relatively important, human resources development and R&D/innovation are significant areas of management in the business. Developing top talent is the driving force behind a company's innovations and a competitive advantage. R&D activities such as new technology development and obtaining patents and certifications contribute to successful implementation of these business strategies. On the other hand, if problems occur due to failure to fulfill ethical responsibilities as a corporate citizen, such as compliance with laws and fair competition, it can have a substantial impact on society and greatly affect stakeholders' evaluations and decision-making on SK C&C.

As for the environment, SK C&C is committed to reducing the effects of climate on the company and society through energy conservation, greenhouse gas emissions mitigation, and environmental and social contribution activities. The company not only develops and provides green technologies in the way of green IT solutions, but it also leads green management in the operation of its facilities and contributes to the country's transformation into a green society.

Medium-Priority Issue Group

Medium-priority issues may not be as influential or likely to occur, but SK C&C still pays attention to its potential significance and manages them. Medium-priority issues include sustainability assessments of business partners in environmental, social and labor aspects, child labor and forced labor and workplace health and safety issues. Since SK C&C's major businesses share the characteristics of Korea's knowledge industry, the social and environmental risks of business partners are not high. However, as society demands that the scope of sustainability management extend to business partners, SK C&C's commitment to spreading a culture of sustainability management places greater emphasis on these issues. In addition, in the event that it conducts business or engages in related activities in developing countries, where the risk of child and forced labor is high, the company realizes that necessary steps should be taken. Likewise, as for workplace health and safety issues, the risk of safety accidents and diseases at work may not be high, which is typical of the IT industry. However, SK C&C considers these issues a basic responsibility and strives to prevent accidents related to safety/health factors, and promotes the good health of employees.

Low-Priority Issue Group

Environment-related issues, such as water and waste, turned out to have relatively low significance. This is because SK C&C's businesses, as typical of the knowledge industry, do not include processing or manufacturing processes and thus produce relatively lower environmental impacts such as resource consumption, emissions and pollution from business operations compared to other industries.

01 Sustainable Value Creation

SK C&C is taking its steps to become a global leading company through continuous innovation and challenges. Through IT expertise and customer centered value creation, SK C&C will pursue sustainable future.

- Material Issues**
 - Customer Satisfaction/Customer Relations Management (CRM)/Brand
 - Indirect Economic Impacts - R&D and Innovation
 - Economic Performance - IT/Information Security
- Major Stakeholder**
 - Shareholders/Investors - Customer - Employees
 - Business Partners - Local Communities



01-1 Customer Value



Customer needs are becoming more diverse and the IT industry's center of gravity is shifting towards IT convergence, away from separately existing industries. Only companies capable of providing customers with value and satisfaction can acquire and retain customers and ultimately become successful. SK C&C is working hard to provide distinct services aligned with customer needs.

Impacts : Customer Satisfaction, Brand Competitiveness, Customer Service Value

Our Commitment

SK C&C develops and provides a high-quality specialized services by customer type and premium services specifically designed to increase customer value by incorporating changing IT trends into them. In addition, the company interacts effectively with customers and enhances service quality and customer satisfaction through a variety of channels and tools, including IT satisfaction surveys, customer value assessment, and VoC management.

Goal & Evaluation

Classification	Goal	Period	Current Status	2014 Achievements
Customer value assessment	Conduct integrated management of services requested by customers and systemic follow-up Build a basis to provide premium services for customers	Mid-term	In progress	Created and implemented an integrated VoC management system Conducted customer value assessments (twice) and followed up with results based on the urgency of need for improvement by client Developed 128 premium services
Service quality	Reinforce the IT service quality management system	Short-term	Accomplished	Expanded and overhauled R&R for SL data verification and management Created a system for implementation and inspection of integrated VoC management

Increasing Customer Satisfaction

As the IT service industry transitions from the introduction to the maturity stage, it is necessary for the company to deliver not just improved services but also specialized products for different customers based on its understanding of and research on customers, thus delivering customer satisfaction through close communication with them.

IT Customer Satisfaction Survey

Since 1999, SK C&C has conducted an annual measurement of end-users' satisfaction with its IT services by employing a social-scientific research method to quantitatively measure and analyze customers' qualitative satisfaction. In addition, since 2013, the company has extended the scope of an online survey to include customers' overseas branches and local facilities in order to gain accurate measurements, identify improvement tasks, and increase service levels.

Customer Value Assessment

Through surveys and interviews with the IT teams and business units of 12 major clients, SK C&C assesses ① their basics (business etiquettes and mindsets), ② their IT service quality, and ③ their customers' perceived service levels in areas to which their businesses make contributions. Through service level assessments, SK C&C follows up on its tasks by taking into consideration the urgency of services requested for by clients and their

priorities. Furthermore, to increase customer satisfaction, the company explores and develops premium services in the areas to which can contribute to clients' businesses.

Premium Services

Since 2014, based on its understanding of customers' businesses, SK C&C has continuously developed and provided premium services as distinct solutions that create and protect customer value.

The company has also continued its efforts to unearth and explore the hidden needs of customers and has provided premium services to customers in all areas, from banking to telecommunications/electronics, energy/chemicals and logistics services.

Furthermore, SK C&C gives recognition to its employees for their dedication to developing premium services by selecting the Best Premium Services and awarding them each year. In 2014, a total of 12 premium services were selected as the Best Premium Services. Through this activity, the company will centralize and enhance its service capabilities.

In 2015, SK C&C will develop a Premium Service Frame aimed at increasing customer value and providing more distinct services.

Service Quality Management

SK C&C declared its commitment to quality management and established the Quality Policy to put in to its practices in order to maintain the highest level of customer trust in its products and services. Furthermore, in order to provide high-quality services, the company made the Service Level Agreement (SLA) with its customers and holds a monthly service assessment meeting with them.

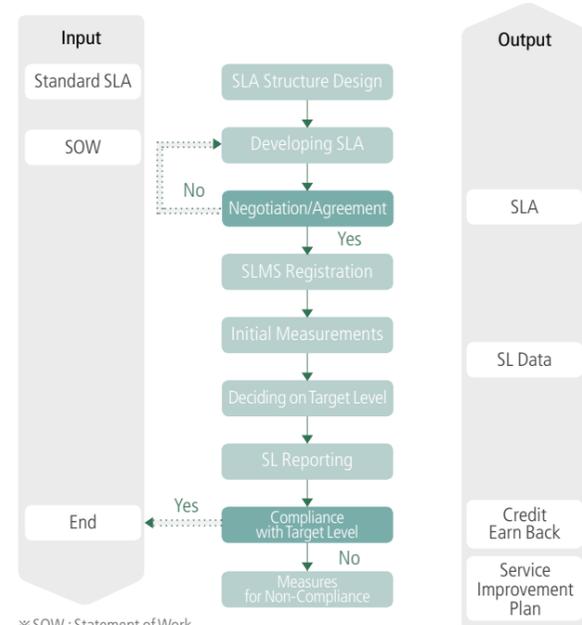
※The 8 Principles of Quality Management : Customer focus, leadership, all-employee participation, process approach, system approach, continuous improvement, fact-based decision-making, and profitable relationships with suppliers

SK C&C developed the Service Level Management System (SLMS), a web solution that reflects all the detailed criteria of the IT Infrastructure Library (ITIL), and the company is providing the system to its customers. The service level management process includes four stages: Developing the service level agreement (Structure design, negotiations & agreement), creating the SLMS, the SL reporting and service improvement plans.

※ITIL: An international framework for supporting, constructing, and managing IT services, and a set of guidelines for effective IT service management. The service level agreement (SLA) process recommended in the ITIL repeats itself in order of preparation, the SLA development, operation and improvement..

During the SLA development stage, SK C&C gathers customers' needs and plans out a detailed plan to outline the SLA structure draft, and then defines detailed terms through negotiations with its customers. To do this, SK C&C developed and applied the "SLM Methodology", which encompasses the creation of the SLA design, negotiation, operation models and improvement procedures. When SLA is developed, the company designs a detailed service level plan and registers it on the SLMS and management items and target levels are measured.

Service Level Management Process



After delivering a service, SK C&C collects service results data through the SL reporting, identifies major issues with the service, and reviews them with its customers through a service assessment meeting. Based on the meeting results, the company selects improvement tasks, establishes and executes an improvement plan and prepares interim/completion reports on the improvements made. In addition, according to specified criteria, SK C&C provides monetary rewards to its employees so that they can feel responsible for the delivered service.

Social Value Improvement

IT technologies in the Sports industry - Building a Total Integration Management System for 2015 Gwangju Universiade

The 2015 Gwangju Summer Universiade will employ the Total Integration Management System to ITversiad, which spotlights South Korea's advanced IT. The Total Integration Management System comprises a competition management system which support the committee's operation, a records measurement system for measuring and scoring records, a results management system for filing and managing competition results, and an information distribution system for quickly notifying the scores to the contestants' families and the public. These five systems are organically interconnected and will play a central role in the IT aspects of the competition during its period. Furthermore, the Total Integration Management System applied to the 2015 Gwangju Summer Universiade will be provided to the International University Sports Federation (FISU) and will be utilized for the future Universiades. It will be a great opportunity to demonstrate the excellence of Korea's IT technologies in the global sports industry.

Bangladesh GovNet Project

The GovNet Project is designed to connect Bangladesh's central departments and their subordinate administrative agencies together with a single backbone network and set up a nationwide information service network encompassing cable networks, transfer networks, and Internet networks exclusively for the E-government. Since 2012, through two phases of the project, the Bangladesh government's six departments, including the Prime Minister's Office, Ministry of Telecommunications, Ministry of Defense, and Ministry of Foreign Affairs, have been connected to about 360 government agencies, including computing centers, the national tax service, and the national policy agency. The government of Bangladesh regards IT as the key component of its "Digital Bangladesh Vision 2021" and oversees this project as the first phase of this vision. Moreover, aside from network setups, SK C&C transfers its knowledge about related IT technologies, such as the IP/integrated surveillance system TOSS (Total Operating Support System), to around 100 local personnel. The company has also invited leading officials of the Bangladesh government to SK C&C's headquarters and Daedeok Data Center in Korea to help them learn about cutting-edge telecommunications technologies and discuss future trends in ICT.

Building an Integrated CCTV Surveillance Center in Gangnam-gu

Gangnam-gu became the first district in South Korea to build a system for the integrated management of around 1,100 CCTV systems, which had been separately managed in anticrime, illegal parking, disaster and accident areas. Through the setup of a private network extending over 250km, the district was able to unify Internet, administrative, and CCTV communication networks and root out problems with hacking and unauthorized data leakage. Furthermore, integrated CCTV surveillance helped guarantee citizens' safety by preventing accidents, providing joint response to follow-up, and averting violent crimes. Since the integrated system allows optimizing management of human resources, quick response to situations, and recovery systems, it is expected to help reduce annual operating costs by 1 billion KRW and shortening complaint processing time.

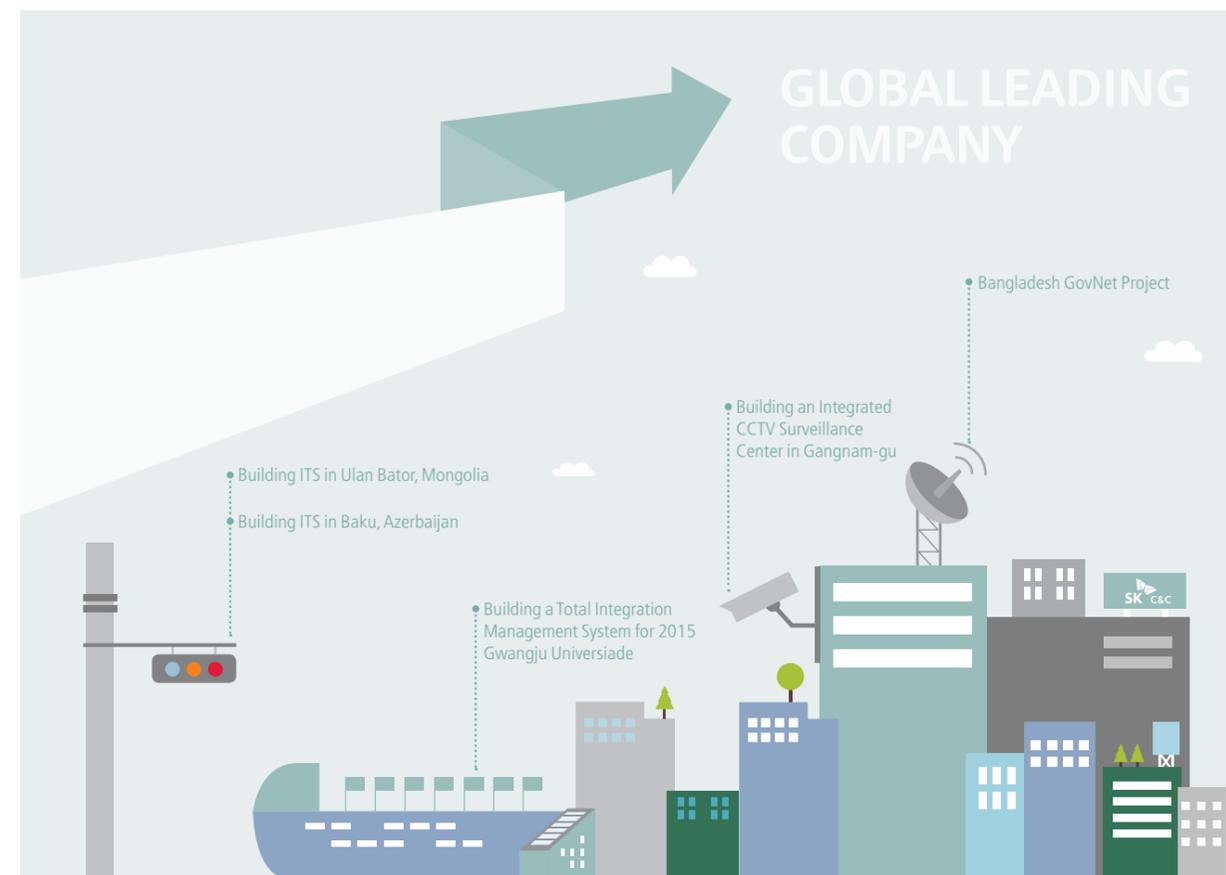
Building ITS in Ulan Bator, Mongolia

SK C&C built the ITS Traffic Information Center aimed at controlling major roads in Ulan Bator. Since then, the company has continuously provided consulting services. The company helped improve traffic flow by overhauling the signal systems at all intersections across the city. SK C&C also led innovation into the city's traffic culture, including stop line enforcement and a crackdown on jaywalking. Once optimized traffic data started being provided through the ITS traffic information center, the city's traffic speeds improved by about 15%, which helped make fundamental changes to the city's traffic system.

*ITS traffic information center is designed for the integrated management of traffic information collection from CCTV and vehicle detection systems, efficient operation of signal systems, road signals, and internet-based traffic monitoring systems.

Building ITS in Baku, Azerbaijan

The ITS Project in Baku, Azerbaijan, was the first large-sale global ITS export project executed by a South Korean company, which was funded solely from a foreign government's own budget. Through the improvement of the traffic system and the construction of a bus information system, SK C&C helped the city of Baku to establish its own city-wide traffic policy.



01-2 R&D and Innovation



SK C&C conducts business in the knowledge-based industry, where the knowledge of various industries and specialized IT technologies are required. In this business environment, R&D and innovations are important for SK C&C to maintain its excellent quality competitiveness and adapt to new changes. Furthermore, to respond to diverse market needs, the company should focus on strategic research to systematically develop products and technologies based on customer needs.

Impacts : Basic and Core Technology Levels, New Market Expansion Opportunities, Sales and Service Infrastructure.

Our Commitment

SK C&C focuses on realizing core values in its products through standard business processes on the basis of its advanced R&D expertise. Through this, the company plans and develops a wide range of competitive products while contributing to improving the quality and productivity of IT services.

Goal & Evaluation

Classification	Goal	Period	Current Status	2014 Achievements
Product/process innovation	Develop an automation tool for IT project development process	Mid-term	In progress	Applied projects (37 cases, purchase substitution effect of 2.2 billion KRW)
	Develop a project management tool	Mid-term	In progress	Applied projects (300 cases, purchase substitution effect of 3 billion KRW)
Technology commercialization	Develop enterprise application framework and platforms (mobile / UI)	Mid-term	In progress	Contributed to contracts awarded in financial, electronics, and services areas (18 cases for products; contracts worth 30.2 billion KRW)
Intellectual property management	Retaining world-class capabilities through optimization of smart card & USIM platforms	Mid-term	In progress	Supplied SKT NFC USIM (since 2011, cumulative total of over 8 million copies)
				Began to supply MVNO Contact USIM overseas
				Obtained overseas traffic service provider (Singapore EZ-Link) certification
				Obtained certificates in EMV, Global Platform, Visa, and MasterCard for Mifare-supported NFC USIM products
	Increase the number of patent registrations	Long-term	In progress	Increased 60 patent registrations over the previous-year's figure

R&D Process

SK C&C utilizes an R&D process according to a lifecycle comprised of the following stages: Basic and core research, ideation and applied research, product/process development, product launch, sales/marketing and product/technical service support.

During the basic/core research stage, SK C&C performs a technical level analysis based on market and technology trends. Then, through ideation and applied research, SK C&C analyzes a target competitive market, establishes a long-term solution roadmap and responds efficiently to the market.

During the development stage, SK C&C devote its capabilities to development and improvement using the technology developed through research. Then, it organizes R&D activities for the innovation and optimization of products/ processes. Through these activities, R&D outcomes are made into products, provide technical and solution support services, and then reflect market feedback on products for future improvements.

Organization and Human Resources

SK C&C's R&D organization comprises the Convergence Technology Division and the Device Business Division. The Convergence Technology Division is responsible for developing the application development product series and industrial solution series to provide IT services. The Device Business Division conducts R&D related to smart cards and works to have its products certified and supplies them.

R&D Organization

- | | |
|---|--|
| Convergence Technology Division | Device Business Division |
| <ul style="list-style-type: none"> - Plan, develop and sale various solutions that contribute to improving the productivity and quality of SI projects and IT services - Provide an internal standard development platform for use within SK C&C - On-site application of the NEXCORE series | <ul style="list-style-type: none"> - Develop and commercialize global top-tier smart card products - Develop new R&D tasks |

Major R&D Activities and Achievements

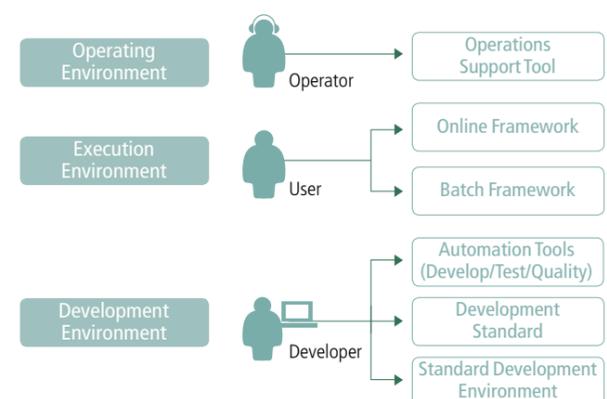
SK C&C develops an enterprise application framework, mobile applications and m-commerce solutions for businesses, and smart card products. The company selects major R&D tasks and conducts R&D to expand its business and customer base. By continuously finding new customers and increasing distinct technologies, the company will bolster its core capabilities and expand revenue streams.

Enterprise Solutions

NEXCORE is an enterprise solution series brand, which SK C&C has developed since 2001 to improve productivity and quality in the development of enterprise applications. The series is the product of the company's expertise in SI and solution development. It has been adopted for around 600 projects and has received positive reviews.

NEXCORE Framework

An application framework means a product in which the foundation of the system was pre-configured to ensure ease and convenience during a development process. To increase convenience and efficiency, the qualified design, common module, and support tools provided by an application framework allow the reuse and automation of a variety of features during the construction and operation of IT systems. The NEXCORE Framework is an integrated framework product that encompasses all elements, including the online/batch framework, operations support tool, development standard and more. Since the framework provides outstanding performance, stability, and convenience, from small- to large-scale next-generation projects, it has been recognized both at home and internationally, in a variety of industrial areas including finance, services, and manufacturing.



Alopex UI Platform

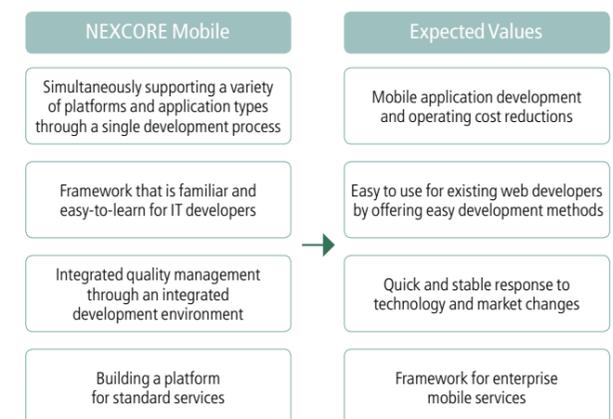
Alopex UI Platform, one of the NEXCORE products, is designed to enable the same HTML5-based features as those of existing UI products. Since it offers a variety of powerful UI Assets and develop environment, even beginners can easily create a sophisticated design regardless of type or platform. The platform has been applied to a wide range of projects including the one with SK Telecom.

NEXCORE Mobile

NEXCORE Mobile is a mobile application development platform (MADP), which allows the use of mobile applications on a variety of smartphones and tablet PCs through a single development process, regardless of whether the platform is Android or IOS. Despite rapidly changing technology trends and diversity in mobile operating systems, applying the NEXCORE Mobile eliminates the need for additional development processes thus reduces operating costs.

MetLife's APAC mobile operating system, Mulan, was developed based on the NEXCORE Mobile. Mulan is the first system developed in Asia that enables smart insurance sales support. It can be used on various mobile devices, and has expanded the mobile sales environment, which was previously limited to product design and customer management, to the entire insurance area.

Expected Values of NEXCORE Mobile



For its achievements, MetLife received the Technology Innovation Business of the Year award at the 2013 Asia Industry Awards and the Best Mobile App award at the Asia Insurance Technology Awards. MetLife's success story has led MetLife branches in Korea, China, Hong Kong, Malaysia, and India to adopt NEXCORE.

NEXCORE Automation Tool

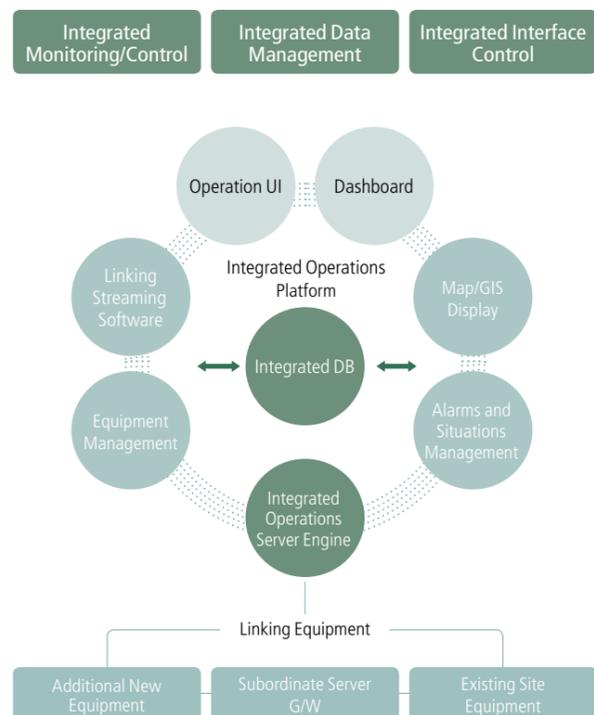
The NEXCORE Automation Tool supports standardization and quality control and helps improve the quality of projects at a low cost. The NEXCORE Automation Tool product line includes Code Inspector, which detects and prevents code defects and risks, and Test Manager - a test management tool. The automation features of these tools include supporting document creation/output management, preventing defects in development code/ outputs, and real-time statistics/reporting of progress. Using these features, the tools enhance productivity, quality and ultimately reduce operating costs for customers.

NEXCORE PMS(Project Management System)

A solution that incorporates SK C&C's project management expertise, NEXCORE PMS offers a comprehensive view of project progress (schedule, resources, etc.)

Watz Eye

To monitor certain areas intelligently, the Watz Eye solution effectively links together modular solutions for physical security purposes, such as event processing and image display, in a cross-platform environment and allows integrated management of those solutions.



- **Cross-Platform_** Allows quick response to system changes since it operates on both UNIX and Windows servers in JVM environments
- **Globalization Service_** Supports setup in various languages at the same time (Korean, English and more)
- **Protocol Support for Linking Various Equipment_** Supports various protocol connections depending on the type of equipment
- **Customized Page/Report_** Allows report customizing and separate menu configuration (Report format: PDF, HTML, and Excel)
- **User Access_** User access levels can be divided by role and the menu can be set up differently by role
- **Easy to Link Other Systems_** Standardized integrated channel structure

Smart Card

SK C&C developed its proprietary embedded software for smart cards and became the third company in the world to obtain GP 2.2 EMV Certification, a global standard for smart cards, VISA and MasterCard (M/C) certifications. It focused on developing the USIM for network operators, commercialized a wide array of products and contacted the USIM that supports the NFC, such as NFC USIM, NFC eSE and NFC on the USIM and it also developed SIM for M2M applications.

Smart Card Products

The Smart Card Products section features five product cards:

- NFC embedded SE:** Shows a mobile device with an antenna and SWP. Description: Contactless payment enabled by adding SE feature to NFC chip embedded in a device.
- Contact USIM:** Shows a mobile device and a contact USIM card. Description: USIM that performs ordinary subscriber authentication.
- M2M SIM:** Shows a car and an industrial device connected to cellular networks. Description: USIM for network authentication mounted on an M2M device.
- NFC SIM:** Shows a mobile device with an antenna and NFC USIM card. Description: USIM that allows contactless payment on a device with the NFC feature embedded.
- NFC On USIM/NFC On microSD:** Shows a mobile device and a Dual I/F Chip. Description: USIM and microSD featuring antenna to enable contactless payment on non-NFC enabled mobile device.

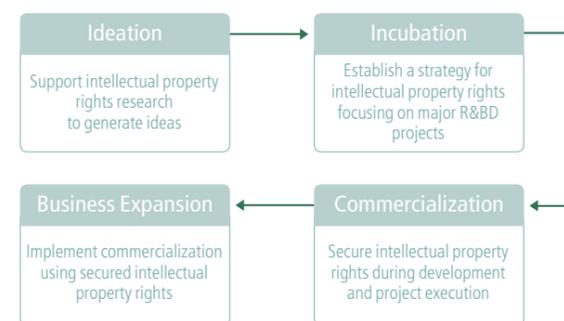
R&D Performance Management

As of 2014, SK C&C owns a total of 177 patents. This is the result of the company's efforts to increase and manage patents through research and development. Through its activities, SK C&C installed an intellectual property rights (IPR) management support system in each stage of its R&D projects. The company is laying the foundation for sustainable growth by planning a licensing project using its intellectual property rights. In addition, the company organizes inventor ideation workshops and implements a strategy for creating core patent-based portfolios.

Intellectual Property Rights Management

To manage its intellectual property rights, SK C&C supports each stage of its R&D and project management, assists in business development and commercializes its intellectual property rights. It will strive to visualize its achievements through R&D by clearly defining its support solutions and action plans in each stage.

Intellectual Property Rights Support Plan for Each Stage of R&D



Building a Foundation for Intellectual Property Rights Management

To disseminate a culture of intellectual property management, SK C&C has enhanced and extended the Job Invention Compensation program and it carries out "Open Innovation," which includes organizing intellectual property contests and acquiring international intellectual properties. SK C&C will create an intellectual property management system centering on patents, create intellectual properties, and establish related strategies.

Tasks and Objectives to Expand Intellectual Properties

Task description	Objectives
Building processes and systems	Develop guidelines for intellectual property management Develop an intellectual property manual Develop an intellectual property rights management system
Revitalizing job inventions	Revitalize job inventions company-wide Operate a job invention rewards program
Enhancing expertise in supporting intellectual properties	Replenish and train workforce for intellectual property support
Intellectual property rights education for employees	Develop and implement educational courses
Open innovation	Execute academic-industry cooperation projects and implement joint applications for related intellectual properties Select target intellectual properties and take steps to secure them

Number of Patents	Business Area	No. of Registrations
177	ICT R&D (smart card, etc.)	131
	IT Services (SI, OS, cloud, etc.)	44
	Other	2

Intellectual Property-Related R&D Activities

- Making R&D outcomes into intangible assets (Patents, utility models, software copyright, etc.)
- Preparing a patent map for each major business (Discovering technology vacancies and improvement patents)
- Inventor ideation workshop and in-house patent education

Directions

- Pursue a portfolio creation strategy based on key patents
- Strengthen overseas project and R&D capabilities through strategic utilization of key patents

01-3 IT Security and Privacy



Rapid changes in the IT environment have led to an increase in risks related to information security. Large-scale security accidents occur frequently, including credit card companies' personal data leaks, drawing society's attention to information security. As a result, amendments have been made to laws concerning information security, such as amendments to the Personal Information Protection Act and the Information and Communications Network Act. Security activities are now integral to SK C&C's commitment to providing the best service quality as a global IT services leader.

Impacts : Information Security Capabilities, Corporate Reputation

Our Commitment

SK C&C enhanced security regulations and programs to protect the important information assets of the company and its customers against numerous security threats, such as internal/external hacking, personal information leakage and more. The company will take the initiative in protecting personal information to make its society a safe place from security threats, by providing top-notch security services.

Goal & Evaluation

Classification	Goal	Period	Current Status	2014 Achievements
Information security/privacy management system	Maintain the headquarters and subsidiaries' security/privacy management systems	Long-Term	In progress	Maintained ISO27001 certification (headquarters/ Chinese subsidiary) and obtained ISMS certification Performed penetration testing and assessment of infrastructure vulnerabilities
	Pursue "zero" rate of security accidents	Long-Term	In progress	Performed continuous security inspection and education all year round

Information Security Management System

SK C&C formed an organization devoted to overseeing information security to protect customer and corporate information from internal and external threats. In addition, the company developed the Information Security Declaration and information security rules and guidelines, so that all employees recognize the importance of information security and comply with the rules and guidelines.

ISO27001 Certification

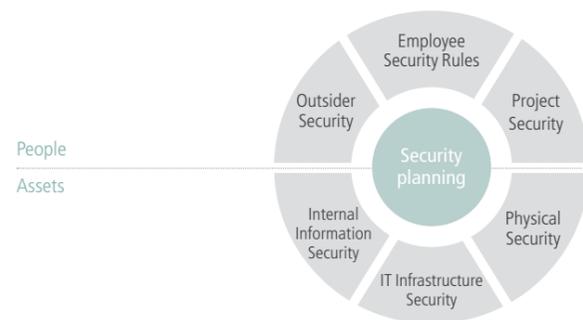
ISO27001 is an international certification program which assesses security management systems of 133 items in 11 areas, including security policy, organization, asset management, physical security, access control, and security accident management. In 2006, SK C&C became the country's first IT company to obtain ISO27001 certification, and has since maintained this. In 2012, SK C&C's Chinese subsidiary also obtained the same certification. Through the certification, SK C&C proves the reliability of its security services for customers and business partners.

Principles of Security Policy Creation/Amendments



SK C&C operates its information security management system by establishing the security rules and guidelines, forming an organization, and enforcing related programs. Furthermore, the company obtained certifications for its information security management system, such as ISO27001 and ISMS.

SK C&C Security Guidelines



Personal Information Management System

SK C&C provides all employees with online education (once a year), personal information staff education (once a year), and security management system inspection and education for contractors to which personal information is disclosed (once a year).

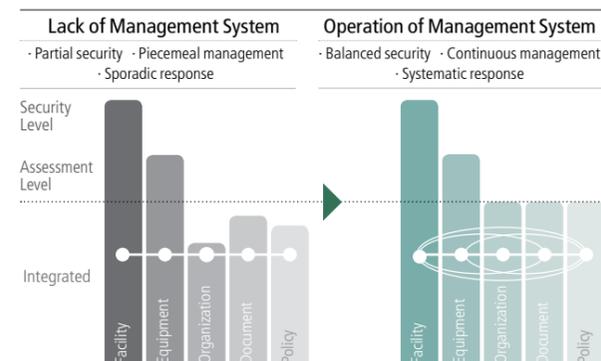
Principles of Customer Information Protection

Principle of Minimum Collection	"Since customer information is customer's valuable asset, customer information should be used only for specific business purposes, upon customer's consent."
Principle of Safekeeping	"Customer information shall be kept safe from internal or external access."
Principle of Fit-for-Purpose Use	"Customer information shall be used and provided only for the purpose to which the customer agrees to."
Principle of External Management Reinforcement	"Customer information provided to a third party shall be protected by reinforcing management of third parties, including contract and affiliated companies."
Principle of Timely Destruction	"Customer information shall be appropriately classified and destroyed so that it cannot be used once the customer has withdrawn their consent or the disclosure period has expired."
Principle of Process Management	"The company shall organize a team responsible for managing customer information, establishing a process for the management system and building trust with group and external customers through quick response to accidents."

ISMS Certification

The Information Security Management System (ISMS) certification is a security management certification program created by the Korea Internet & Security Agency (KISA). The recent reinforcement of the Information and Communications Network Act and the Personal Information Protection Act has expanded the scope of mandatory certifications. In 2013, SK C&C obtained its first ISMS certification and renewed the certification through a follow-up review in 2014.

Effects of ISMS Certification

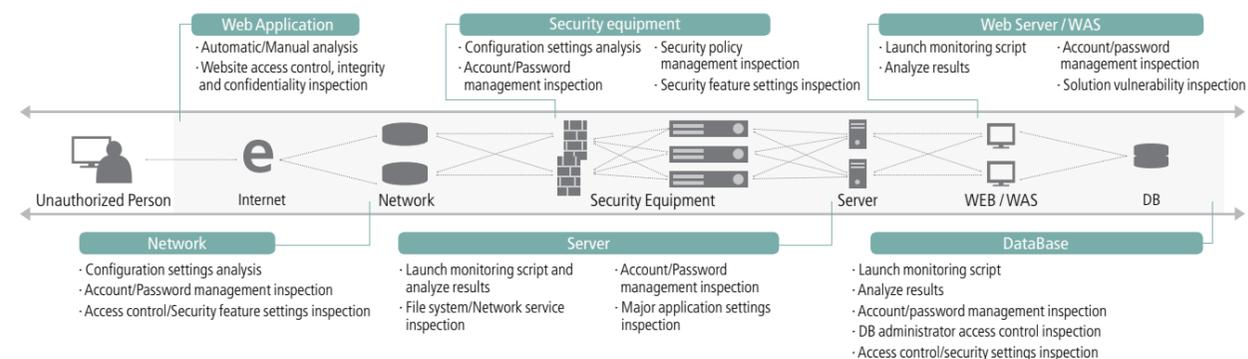


Zero Security Accidents

SK C&C conducts security inspections to keep its information security management system at the aforementioned level. Through regular security inspections, the company tries to raise employees' security awareness and draw their attention to security. The company performs annual penetration tests on its internal systems, infrastructure vulnerability assessments to maintain the highest level of security at headquarters and conducts security inspection and training at external project sites to keep security levels high. In addition, the company spearheads efforts to strengthen security across the SK Group by supporting security inspections at SK's affiliated companies and co-establishing security guidelines with the SK Group.

The company added privacy education programs for the new and experienced employees as well as employees at the external project sites. Through these programs, employees can recognize the importance of privacy and become interested in privacy issues. SK Encar, particularly, pays close attention to privacy because it mainly deals with personal information. It conducts proactive monitoring to prevent personal data leakage threats. In addition, SK C&C helps its subsidiaries create privacy protection systems and enhances their security capabilities.

Privacy Vulnerability Assessment /Action Plan



02 People and Culture

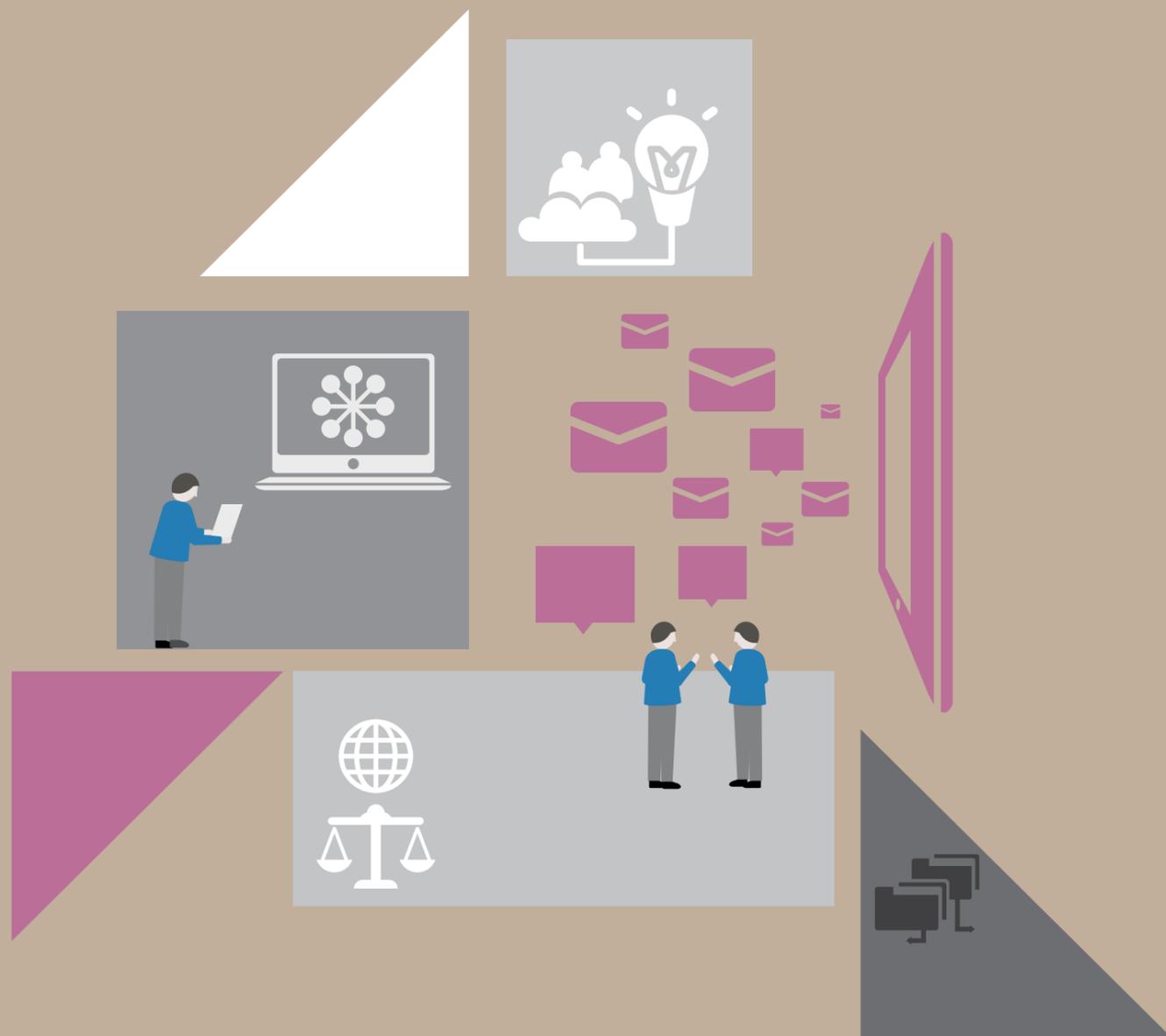
Employees play a pivotal role in accomplishing SK C&C's mission and vision. SK C&C values "Happy Hompany," in which it aims to attract top talents and make its employees happy about taking a step closer to their career goals. SK C&C's vision will be achieved through its continuous efforts to increase employees' educational opportunities for human resources development, improve the working environment and benefits programs, achieve work-life balance, and build a culture of open communication.

Material Issues

- Employment and Benefits
- Education and Training
- Labor-Management Relations and Organizational Culture
- Human Rights-related Ombudsman Program
- Local Hiring/Job Creation

Major Stakeholder

- Employees



02-1 Human Resources Recruitment



SK C&C is working in an industry where people and knowledge are assets. Also with the uncertainty of the global business environment and intense competition, it lays great emphasis on securing human resources. Building a desirable workplace where employees are respected and work-life balance is guaranteed, provides the foundation for human resources recruitment. SK C&C views this as essential to mid- and long-term business continuity.

Impacts : Human Capital Competitiveness, Employee Satisfaction, Labor Productivity

Our Commitment

SK C&C recruits and retains a diverse pool of top talent from within Korea and outside. The company also hires people with disabilities to support the socially disadvantaged groups to unleash latent abilities. Furthermore, SK C&C helps its employees to achieve work-life balance and make the best use of their capabilities by working in a safe working environment.

Goal & Evaluation

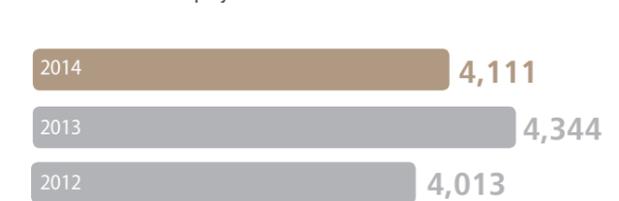
Classification	Goal	Period	Current Statue	2014 Achievements
Hiring	Secure diversity in employment	Long-term	In progress	Implemented Hope internship (internship designed to hire people with disabilities)
Benefits and workplace culture	Pursue work-life balance	Long-term	In progress	Maintain the "Best Family-Friendly Management" certification Adopted long-term family care leave program Adopted the Flexible Time program

Talent Recruitment

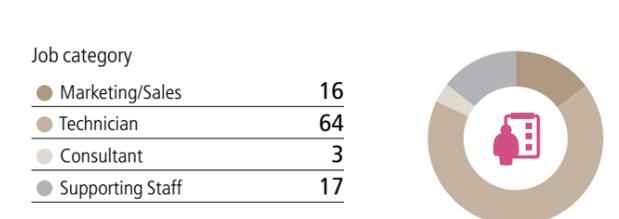
SK C&C creates a systematic plan and takes proactive measures to attract top talent from within and outside Korea. To retain top talent and maximize employee motivation, the company provides employee support, such as monetary rewards, a variety of benefits programs and educational support, and an optimal workplace.



Total Number of Employees (unit : person)



Breakdown of Human Resources (unit : %)



Employee Diversity

SK C&C is committed to creating a culture that respects diversity. To that end, the company prohibits employee discrimination based on race, gender, disability and religion. Discriminatory practices such as bias in hiring, compensation, evaluation, promotion, and education/training are also strongly prohibited.

Global Human Resources Recruitment

To implement its "Beyond Domestic" strategy, SK C&C is actively seeking and developing global talent. The company assigned a dedicated team responsible for global human resources management, and designed global HR infrastructure to fulfill HR needs. SK C&C also created a system to empower recruited employees to reach the company's expectations. Furthermore, it has made its website available in English so that employees of different nationalities can overcome language barriers. By running the "G-Group," a small group of global talent, SK C&C encourages its global employees to exchange work-related grievances and help each other out with regard to adapting to life in Korea.

Hiring Socially Disadvantaged Groups

To fulfill its corporate responsibility towards socially disadvantaged people, SK C&C continuously extends employment opportunities to the disadvantaged and supports their social adjustment by offering stable jobs. In particular, to help people with disabilities enter the workforce, the company adopted the "Hope Internship" program. Through the "Hope Internship" people with disabilities are offered work trials to experience the expected performance and to self-assess how the job fits them. Candidates who perform well through the "Hope internships" are officially hired as full-time employees.

Happy Hompany

SK C&C intends to create a "Happy Hompany," where employees enjoy working. To achieve its goal, the company is making improvements to its working environment and benefit programs to help employees achieve work-family balance and improve their quality of life. In 2013, the company's hard work was recognized when it received "Best Family-Friendly Management" business certification and the Prime Minister's award. SK C&C will continue to create best working environment for its employees so that they can be motivated to perform their best.

Work-Life Balance

SK C&C is dedicated to creating a company where both employees and their families feel happy. SK C&C has adopted the Flexible Time program where employees can adjust their regular working hours according to their personal and work situations. The Flexible Time program is categorized in three different types: a selective work hour program, a flexible working hour program and a discretionary work hour program. Employees can choose among these three programs that best suit their needs. Throughout 2014, the usage of the Flexible Time program was 20%. SK C&C encourages employees to take long vacations and it also adopted the long-term family care leave program, which allows employees to take a leave to take care of their family when necessary. Additionally, to improve the hwesik (formal/informal corporate dinners and gatherings) culture, the company launched an in-house campaign to recommend lunch meetings instead.



Reducing Overtime (OT)

To improve the employees' quality of life and increase efficiency during work hours, SK C&C operates the "MOVE (Motivation, Ownership, Value, Environment) Radio" program designed to encourage employees to leave work on time. The MOVE Radio is hosted every day by 5 in-house DJs with different themes each day for music and storytelling. The company also celebrates "Family Day" every Wednesday to encourage employees to leave on-time and spend quality time with their families. Moreover, the company runs the "OT Ambulance" to allow employees to leave on time without feeling guilty or reporting complaints.



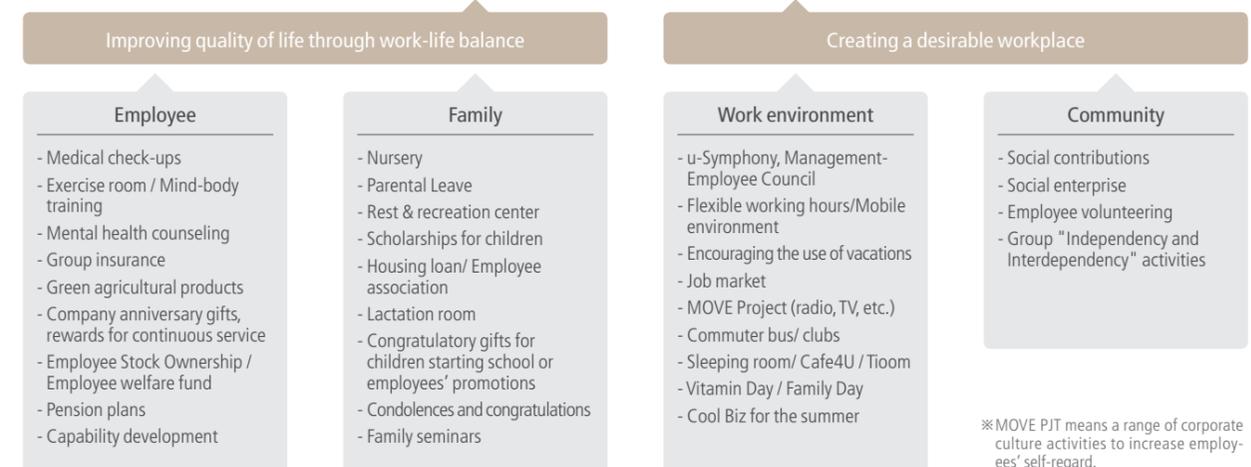
Retirement Support Programs

SK C&C operates career counseling and pension insurance programs to help employees prepare for their lives after retirement and provides sufficient retirement payments. The company's counseling center assists employees in searching for new jobs suited to their aptitude and helps them to make career decisions. To ensure employees' financial stability after retirement, the company divides employee pension plans among 13 financial institutions. As of late 2014, SK C&C accumulated 166.6 billion KRW and 84% of it, 139.9 billion KRW, was deposited into external asset management institutions. This represents well over 70% of the mandatory ratio of external deposits, guaranteeing employees' rights to pension benefits.

Classification	2012	2013	2014
Use Rate, Male	2	8	10
Use Rate, Female	96	100	92
Return Rate, Male	100	100	100
Return Rate, Female	100	100	100
Rate of Staying Over 12 Months After Return, Male	50	100	100
Rate of Staying Over 12 Months After Return, Female	74	73	100

Pursuing 'Happy Hompany' to Continue Employees' Happiness

※Hompany: a compound word of home and company is SK C&C's family-friendly management strategy aimed at creating a comfortable work environment and increasing employees satisfaction. (Trademark registration completed in 2008)



※MOVE PJT means a range of corporate culture activities to increase employees' self-regard.

Mini Case

Bolstering Working Moms' Maternity Protection

SK C&C, well aware of social concerns on low fertility rates and unstable income security of working women, mandated guidelines on maternity leave for female employees in their pregnancy as well as parental care. The company also support married women with infertility leave program, in which pregnant women are eligible for limited work-hours and pregnancy gifts. Moreover, to make women return to work after maternity leave, SK C&C provides the "Happy Mother's Room," which is a private and comfortable lactation room for nursing mothers to breastfeed in a comfortable and relaxing setting. Furthermore, SK C&C runs an in-house nursery to provide an environment where mothers can entrust their children. In 2013, the company expanded its parental leave policy by raising children's eligibility age from 6 to 9 and also by giving gifts to children entering elementary school.



Safe and Healthy Workplace

SK C&C runs the Occupational Safety and Health Committee to ensure employees' safety and health. In 2012, the company was certified with Occupational Health and Safety Management Systems (OHSAS 18001) accreditation. In addition, the company implements a wide array of health care programs, including a safety support program and a counseling center for employees in charge of overseas projects.

Occupational Safety and Health Committee

SK C&C runs the Occupational Safety and Health Committee to ensure employees' safety and health. The Occupational Safety and Health Committee consists of four employee representatives and four employer representatives, who are responsible for inspecting and improving the safety and health of all employees. The committee holds a regular meeting on a quarterly basis and the meeting results are shared through the company's bulletin board. As of 2014, SK C&C has zero incident of work-related deaths or any violation of the Occupational Safety and Health Act.

Overseas Medical Aid/Safety Support

SK C&C became the first company in the IT service industry to adopt and implement overseas medical aid and safety support services in consideration of employees working abroad. The overseas medical and safety support services are available at local health care/security companies, where all year round 24/7 medical counseling is provided and medical evacuation to other countries or repatriation to the employees' home country is supported. In 2013, an employee who had Dengue fever while executing a project in Bangladesh was treated in Thailand through this service. In addition to the vaccinations to the employees before leaving for overseas, the company also provides long stay travel insurance benefits to employees assigned to global projects; a total of 62 employees are covered by the long stay travel insurance.

Mini Case

Safety Training

SK C&C conducts annual safety training for security officers and sanitation workers to ensure the employees' safety. Through safety training, the company aims to reduce the risk of accidents and help all employees stay focused at work in a safe environment.



Counseling Center

To keep its employees happy, SK C&C runs a counseling center called the "Compassion Plus," which serves to resolve employees' psychological problems, such as stress at work and daily life. Since 2011, the center has provided free aptitude, personality and learning ability tests for the employees' children during breaks and special classes for married couples. The company also organizes the Myers Briggs Type Indicator (MBTI) testing and workshops to enhance team members' teamwork and communication.

Health Care Support

SK C&C provides extensive healthcare benefits, such as medical checkups, group insurance benefits, a smoking cessation program, exercise room and medical room services. In 2013, SK C&C increased the level of medical check-up and began to provide tiered intensive and general check-ups depending on the job title. Furthermore, the company improved geographical accessibility for employees by increasing hospitals where employees can undergo examination. To provide financial protection from injuries and diseases, the company renews employees' group insurance each year to create a stable work environment. Moreover, among its employee healthcare efforts, the company's café and cafeteria introduced health menus and beverages to help detoxify the effects of nicotine.



Exercise room



Counseling Center



Medical Room

02-2 Human Resources Development



Individual competencies may vary depending on the company's HR development policies and educational programs. SK C&C is committed to invest in its people by providing employees with various training and educational programs. SK C&C believes its strategies for human resources development not only help employees' sense of achievement, but also enhance individual job performances.

Impacts : Human Capital Competitiveness within the Company, Value of Social Human Capital, Employee Growth and Satisfaction

Our Commitment

To develop the best talent with expertise, SK C&C provides personalized competency roadmaps based on employees' individual careers and the required capabilities for the company's business. The company also operates mutually-agreed evaluation and compensation programs to help employees be responsible for their jobs and conduct fair evaluations.

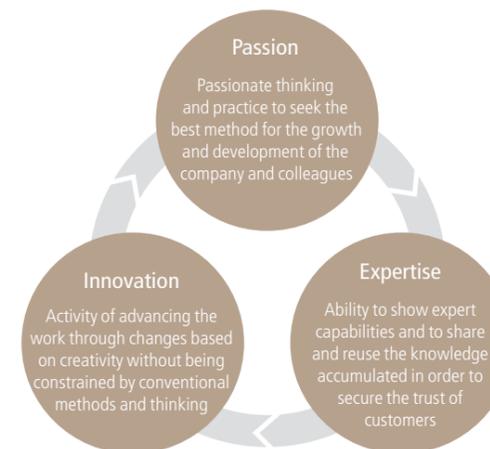
Goal & Evaluation

Classification	Goal	Period	Current Status	2014 Achievements
Human resources development	Build and reinforce HR development foundation/system	Short term	Accomplished	99% of employees established the Individual Development Plan (IDP) Operated a specialized competency development system, created an ICT/global competency model, and established a roadmap.
	Implement intensive and reinforced educational programs	Short term	Accomplished	Provided a platform for technology capability development education Implemented an advanced course on how to respond to global business issues
Performance evaluation and compensation	Fair evaluation	Long term	In progress	100% evaluation agreement completion Offered feedback on development of mutually discussed KPI

Human Resources Development

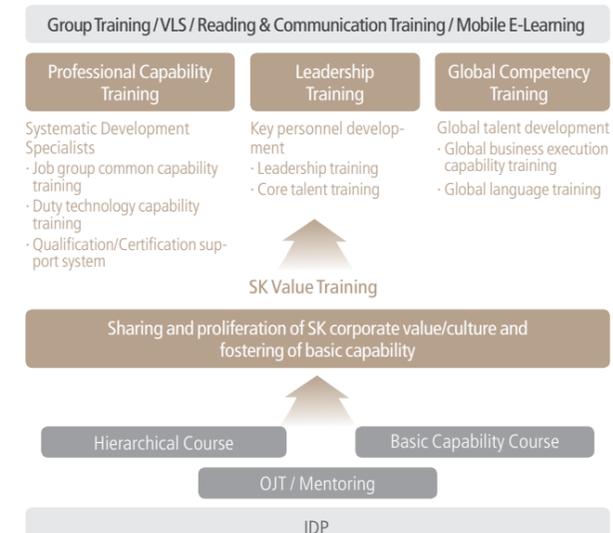
SK C&C hires top talent based on the three ideal employee qualities of "Passion, Innovation, Expertise," and supports employees' growth into the industry's top experts embodying the SK Values.

Experts with Innovation Thinking and Spirit to Deliver Trust to Customers



The Human Resources Development System

SK C&C provides various educational programs for its employees, which includes professional capability training based on the competency road map, leadership training aimed at training leaders, global capability training designed to enhance global capabilities and the SK Value training which teaches the basic principles for the SK people.



※ VLS: Virtual Learning System / ※ OJT: On the Job Training

Building and Strengthening Human Resources Development Platforms/Systems

Implementing the Individual Development Plan (IDP) | To enhance employees' job performance capabilities, SK C&C operates the IDP by taking into account the individual career goals of employees as job experts and the goals of business units. Through IDP, employees can systematically accomplish their individual career goals. In 2014, 99% of those eligible for the IDP finished establishing their plans.

Competency Development System | To develop talent who can proactively respond to the changing business environment, SK C&C remodeled the core competency management system for each business area. After that, the company began to provide personalized capability development education at different levels. Furthermore, to proactively provide the capabilities required by new businesses on time, the company created competency management roadmaps for the ICT and global businesses. For global businesses, in particular, it classified the capabilities necessary for project execution by business domains. For the future, SK C&C plans on conducting level assessments in each business area.

Building Online and Offline Platforms | SK C&C operates the Open Lab program, where employees discuss their knowledge and experiences and exchange opinions. Introduced in 2013, the Open Lab is held on a monthly basis to share business insights, soft innovation ideas, and global knowledge. In addition, SK C&C launched the SK Mobile Academy to help its employees to receive education regardless of time and place, if they cannot attend the offline education program due to their involvement in external projects. Through the SK Mobile Academy, employees can easily receive high-quality educational content on their mobile devices, including mandatory education, job education, and in-house seminars.

Operating the Job Market for Development through Work | To help employees develop their careers through their jobs, SK C&C introduced the Job Market designed for frequent transfers between business units. The Job Market assists the organization in securing ideal talent through the transferring of employees. Under this program, an employee's transfer to a new team is authorized only by the new team manager, without the previous team manager's consent. The program is preferred over hiring outside the company because it offers opportunities for employees to further develop their careers and for the organization to secure qualified talent in a quick, timely manner. For the past two years, a total of 166 employees made transfers through the Job Market. With additional improvements to the program, the company plans on promoting frequent transfers.

Human Resources Development Program

Technology Capability Development Education | According to the strategic direction for each business, SK C&C identifies core capabilities and provides personalized education based on them. The company particularly operates a developer education program to execute IT service projects. SK C&C is also developing professional technology and consultancy programs based on the new technologies. Furthermore, the company fosters a self-directed learning culture and maximizes the benefits of development programs by developing items into IDP assessments.

Status of Technology Capability Development Education (unit: person)

Classification	Number of people
Developer Education	2,240
Framework Technology Capabilities	82
Operator Education	522

Leadership Training | SK C&C offers diverse programs to nurture leaders and core talent. The company selects core talent equipped with leadership qualities to conduct intensive education and helps newly appointed leaders to prepare for the capabilities required of a leader, through leadership and management education. SK C&C also runs a basic skills training program based on the systematic framework for all of its leaders, so that they can abide by the rules and codes on their own. Moreover the company offers the chance to acquire knowledge in other areas, such as humanities and society, through seminars for executives and team managers.

Female Leadership Education | SK C&C's female employees attend the Female Council, developed by the SK Group, to cultivate working women's expertise. The Female Council suggests guidelines for the development of core female talent, including supporting external leadership education program. As a result, the number of female team managers is increasing, and as of 2014, SK C&C has 12 female team managers - a 10% increase over the previous year's figure.

Global Leadership Academy | SK C&C operates the Global Leadership Academy, an advanced program designed to provide systematic education necessary for global project execution. The Global Leadership Academy is developed by SK C&C and it plans to gradually advance the courses including basic training on tariffs, export procedures and payments. In 2013, the company opened basic courses for employees in charge of global projects and in 2014, it provided advanced courses in order to tackle global business issues.

SK Value Training | SK C&C runs the SK Values program to train the "SK Men" equipped with "SK Manship" and "Integrity" through sharing SK's corporate value and culture.

New Comer Education | SK C&C provides new and experienced employees with education on SK values and culture that SK Group pursues, and helps them to develop a sense of belonging and pride toward the company. The company also supports employees in becoming the SK Men who practices the "SK Values" based on a complete understanding of and conviction about the SKMS.

Hierarchical Values Education | The company provides hierarchical education so that all employees can continuously internalize the SK Values and gain the necessary capabilities at each level. Job title-based education includes time for communication with management to help employees to better understand SK Values, and it also presents opportunities to understand the CEO's business philosophy and the company's strategies.

Performance Evaluation and Compensation

SK C&C operates evaluation and compensation systems to provide reasonable compensation through a fair evaluation process. All employees receive individually graded compensation, based on specific performance results aligned with a clear set of goals.

Fair Evaluation

SK C&C carries out performance management connected to the KPI to ensure that each business unit has its goals met and employees' job values and competency levels are evaluated objectively and fairly. Early each year, all employees set individual task goals by discussing it with their senior managers and receive feedback through regular monitoring based on the goals. Depending on the results, every employee's performance and competencies are evaluated once a year in comparison to the goals that have already been set. The results are reflected in promotions, salaries, incentives, education, job assignments and transfers.

Evaluation System



Reasonable Compensation

To provide reasonable and appropriate compensation that best reflects individual employees' abilities and performance, SK C&C provides salaries, incentives, and paid benefits. Incentives are provided through two programs: the profit sharing program through which the company's profits are shared in tiered payments based on the contributions of business units and employees, and the job category-based incentive program where the results of projects and the results of new business launches are reflected in incentives by taking account of the characteristics and expertise of job categories.

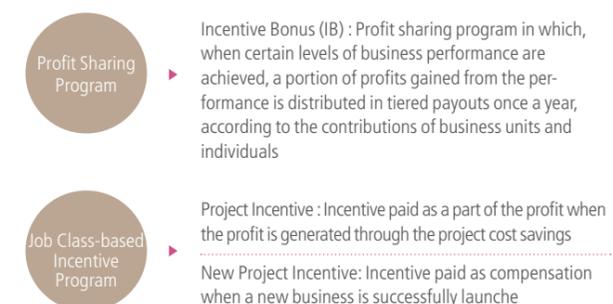
Compensation System

SK C&C offers an individual salary program customized to each employee's performance and capability.



Performance Incentive

SK C&C provides sufficient compensation that best reflects employees' abilities and performance by running comprehensive incentive programs.



02-3 Culture of Trust and Communication



At SK C&C, many employees are involved in long-term projects outside the organization. Therefore, trust and open communication between labor and management and between employees are important factors in enabling the employees to utilize their capabilities, which are brought together through mutual cooperation. The company will be able to grow into a top global company only when all employees perform at their best with a clear understanding of the company's vision and mission.

Impacts : Labor-Management Relations, Communication and Efficiency at Work, Corporate Culture

Our Commitment

SK C&C is creating a collaborative labor-management culture in which employees' opinions are properly conveyed to the company and problems can be solved based on trust and communication. Employees can freely discuss their thoughts through various communication channels, both on- and offline. The company encourages its employees to share their ideas more freely, particularly through an anonymous channel. SK C&C will strive to become a happy company by building consensus among its employees.

Goal & Evaluation

Classification	Goal	Period	Current Status	2014 Achievements
Collaborative labor-management culture	Build a fruitful labor-management culture	Long-term	In progress	Maintained "Outstanding Labor-Management Culture" certification
Employee communication and engagement	Secure trust through communication	Long-term	In progress	Nine seminars for executives/team managers Held five C.I. sessions (Creative Innovator) workshops

Collaborative Labor-Management Culture

Under the slogan, "Become One through the Management-Employee Council," SK C&C strives to build consensus between management and employees to create a happier workplace based on trust and communication.

Created to draw reasonable conclusions regarding the company's major policies and changes, SK C&C's Management-Employee Council consists of 18 members, of whom 9 are labor representatives and 9 management representatives. Members are elected through a secret ballot, and management's involvement and intervention in the election process is strictly prohibited.

The Management-Employee Council holds regular quarterly meetings and weekly staff meetings to discuss a wide range of agenda items relating to the company's policies, such as business plans and results, as well as those items aimed at improving the employees' work-life balance, including strengthening maternity protection, the adoption of a flexible working hour system, and improvements in the operation of vacation resorts. The matters discussed are then communicated to the employees through an in-house broadcasting system, newsletters, or the bulletin board. Furthermore, to receive employees' grievances and resolve them quickly, SK C&C has installed a grievance box called "Complaints & Compliments". Where necessary, grievances are discussed as main agenda points at the Management-Employee Council meetings.

Recently, SK C&C explored a variety of ideas to bring the Management-Employee Council to the center of communication. The company is doing its best to reflect employees' opinions on the Council's operations.

2013/2014 Main Agendas Discussed in the Management-Employee Council

Classification	Details Discussed
Reported (7)	2013 Quarterly Results
	OT Program Improvement
	2014 Company-wide Business Plan
	2014 Quarterly Results
	Present Issues with Employee Management
Discussed (13)	Strengthening employee maternity protection
	Increasing support for employee family events
	Introducing unpaid long-term leave program
	Improving employee evaluation program
	Plan to redefine employee development system
Resolved (1)	Management-Employee Council Regulations

Employee Communication and Engagement

SK C&C believes that freedom of speech and communication can increase employee satisfaction and creativity. The company uses various communication channels through which all employees can communicate, understand each other better, and cooperate in making SK C&C a happy company.

Corporate Reporter Group

A channel of communication among employees, SK C&C's Corporate Reporter Group is a small group of reporters, which keeps employees informed about news within each unit of the organization through broadcasting and newsletters. In 2013, SK C&C authorized the Reporter Group as an official in-house club. Since then, the company has revitalized bottom-up communication and supported a culture of open communication within the organization. Since 2013, the Reporter Group has aired after-hours radio programs and has contributed to eliminating overtime work across the company. In 2014, the group also conducted interviews with managements in different divisions and headquarters, leading to the revitalization of communication for employees.



Interactive Communication Channel, "u-Symphony"

SK C&C sees freedom of speech not only as people's right to express their thoughts but also as an opportunity to explore new business ideas based on the creativity generated through such expression. In 2010, the company created an intranet bulletin board called the "u-Symphony," which guarantees anonymity, where everyone, from the CEO to new employees, can communicate and discuss ideas on an equal footing. In 2012, it built the mobile version of the "u-Symphony," allowing employees to express their thoughts anytime, anywhere.

The "Idea Republic" is a new communication channel created during the u-Symphony upgrade in 2013 to enable employees to freely and regularly generate ideas. Those ideas are used to improve the company's systems and processes, and ideas about development are being taken up for implementation. Up until 2014, a total of 157 ideas were received through the Idea Republic, and 10% of them were either applied or put into action.

Additionally, the company also launched "Open Voice," where employees share opinions and information, and "Ask Us" where employees submit inquiries or suggestions regarding any inconveniences.



Culture Survey and Workshop for "Employee and Culture Innovation"

Aiming for the "Employee and Culture Innovation," SK C&C devotes itself to accepting employees' opinions and bringing about changes to the company through a culture survey, job title- and business unit-based workshops and regular on-site management activities. The culture survey is anonymously conducted to measure the employees' commitment and happiness and to make better changes to the company. During title- and unit-based workshops, responsible managements and employees participate in the in-depth discussions about employee and culture innovations. Moreover, through interviews with field employees and the online communication channel, the "u-Symphony," SK C&C identifies and resolves employees' complaints and suggestions.

Creative Innovator (C.I.) Program

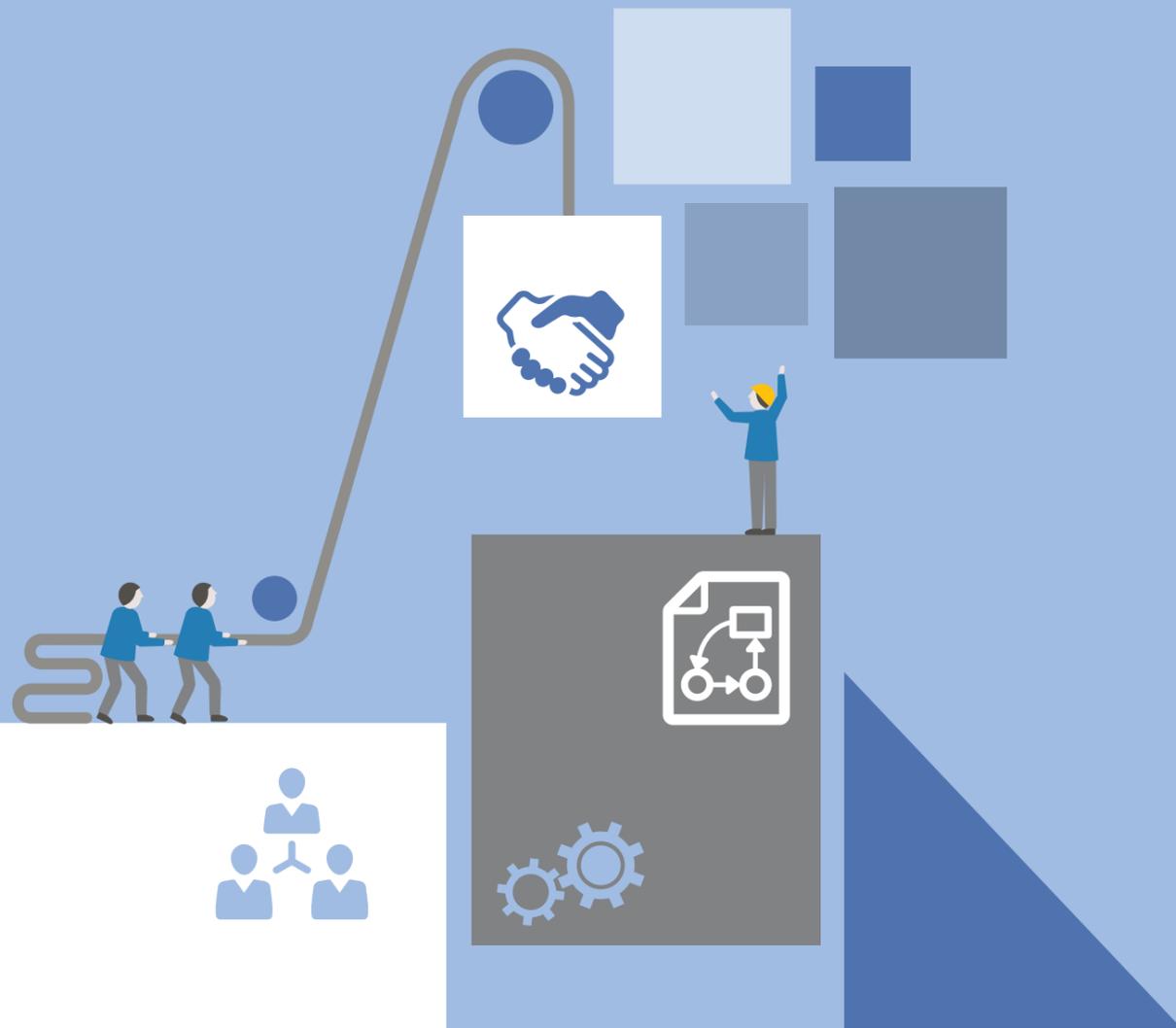
To strengthen communication between employees, SK C&C adopted the "C.I." program. "C.I." acts as a channel of communication between leaders and members. Dedicated to creating a happy workplace for employees, each unit's C.I. proactively detects problems within the unit through a workshop, member interviews and a study of the unit's organizational environment, suggests improvement plans, and then eliminates communication barriers formed by the corporate hierarchy.



03 Winning with our Biz Partners

As an IT industry leader, SK C&C recognizes its roles and responsibilities to its business partners. To develop a healthy and future-oriented IT ecosystem and to create practical value for mutual prosperity, the company has consistently implemented a wide array of Win-Win partnership programs for its business partners, including financial and technical support. Through open communication and reinforcement of sustainability assessments, the company is also spreading sustainability management across the value chain.

- Material Issues · Win-Win Partnerships/Procurement Practices
- Major Stakeholder · Business Partners



03-1 Pursuing a Win-Win Climate



To secure industrial competitiveness and dominance, it is increasingly important for SK C&C to build better relationships with its business partners. With a wide range of capabilities and resources, both SK C&C and its business partners can enhance the competitiveness of the industry's overall ecosystem through collaborative efforts. Aside from collaborative efforts, management of non-financial risks, such as partners' human rights, labor, society, and environment, is not only vital to the sustainable development of its partners, but it can also have a significant impact on SK C&C's reputation and brand image.

Impacts: Business partners' business capabilities, soundness of industrial ecosystem, project quality, corporate reputation

Our Commitment

SK C&C is creating a fair trade culture on the basis of trust between business partners and laying the foundation for their mutual prosperity. Through continuous communication with its business partners, the company strives to grow along with its partners by identifying their needs, developing a variety of programs in the areas of finance, technology, and education, and helping enhance each other's capabilities.

Goal & Evaluation

Classification	Goal	Period	Current Status	2014 Achievements
Win-Win partnerships	Fortify support for business partners	Long-term	In progress	Financial support increased by about 40% compared to the previous-year figure 19 cases of technical support/ protection 26,652 hours of educational support for business partners
	Conduct continuous communication	Long-term	In progress	Operated a business partner community
Business partners' sustainability management	Conduct business partner sustainability assessment	Long-term	In progress	Gave bonus points on sustainability categories during business partner assessment

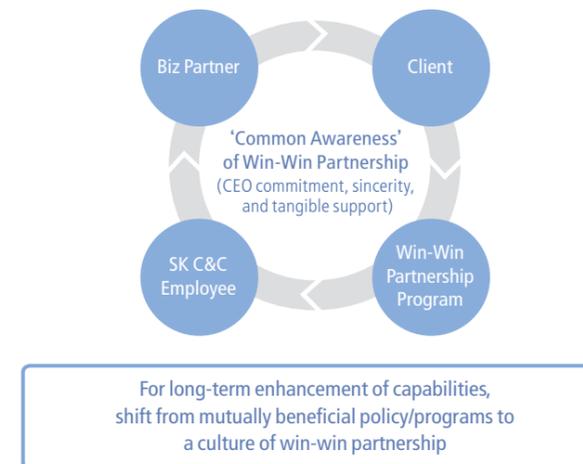
Win-Win Partnership Policy

SK C&C provides tangible support for its business partners by developing trust-based, fair and transparent relationships with its business partners. In addition, to build a sustainable future, the company is revitalizing communication with its partners to operate specialized support programs. For its accomplishments, the company received an excellent grade on the Win-Win Index in 2014.

Win-Win Partnership Organization

SK C&C conducts inspections of compliance with the Win-Win Partnership Agreement that binds the company and its business partners. The company also organized a Win-Win Partnership Committee and held monthly meetings to enhance the fairness and legitimacy of subcontract transactions. The Win-Win Partnership Committee is comprised of the Procurement Division, which oversees management of business partners, the Ethics Management Division, which is equipped with expertise in fair trade and code of ethics, and the Business Support Division, responsible for supervising business support.

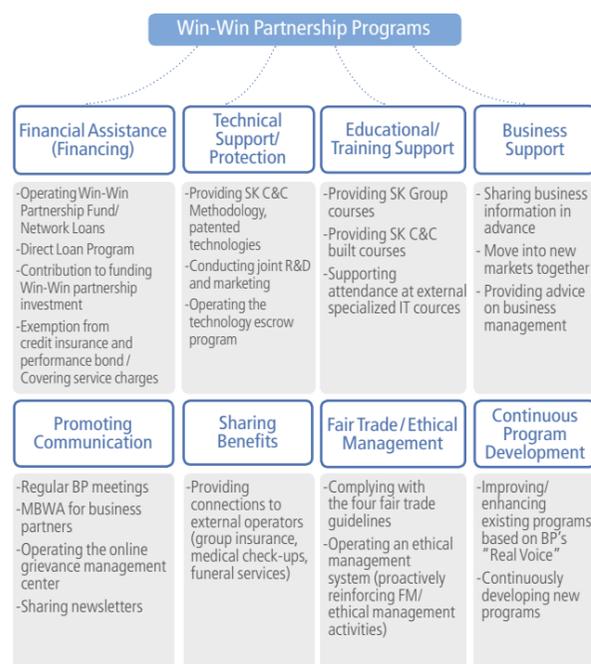
Policy Objectives



Win-Win Partnership Programs

To enhance its relationships with its business partners and ensure their long-term stable growth by fostering their competencies, SK C&C has developed and operated unique Win-Win partnership programs aligned with the company's tasks in 8 core support areas, such as finance, technology, and business, and 21 subdivided areas.

Win-Win Partnership Programs



Extending Communication with Business Partners

To share and communicate its commitment to Win-Win collaborations with its business partners, SK C&C holds CEO meetings regularly. It also constructs a purchasing information system to receive business partners' grievances and take additional steps to resolve partners' grievances by visiting them frequently.

Financial Assistance

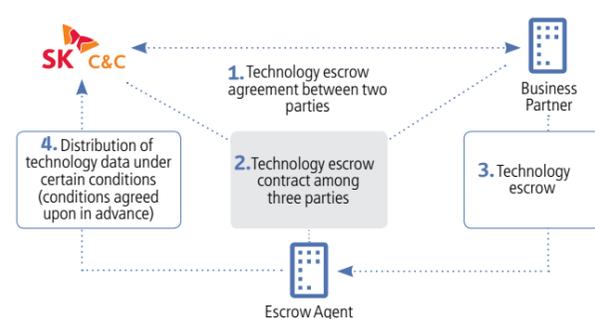
For business partners to ensure financial stability, SK C&C operate the Win-Win Partnership Fund, provide Network Loans, and enforce 100% cash payments for subcontract services on a weekly basis, as well as early payments to subcontractors prior to the Korean New Year/Chuseok holidays. It also relieves business partners of credit insurance and performance bond obligations, helping them to reduce costs.



Technology Escrow Program

The Technology Escrow program is designed to protect key technology assets jointly developed by the SK C&C and its business partners by placing them with an independent, third-party agent. The program prevents the leakage or theft of the BPs' proprietary technologies, provides evidence of developments and avoids technology losses. It also allows SK C&C to guarantee the licenses to use technologies and ensure R&D stability to perform stable operations.

Flowchart of Technology Escrow



Technical and Educational Support

SK C&C provides technical training courses, supports patents free non-exclusive license, operates technology escrow and joint R&D program to help increase business partners' productivity and utilize its technologies. Moreover, the company runs various educational programs developed by SK C&C and through the SK Win-Win Academy.

Status of Educational Support for Business Partners

Classification	Program name	Detailed programs	Results (of attendees)	Notes
SK Win-Win Academy	Win-Win CEO Seminar	Special lectures by theme	36 people	Yearly
	Win-Win MBA	Mini-MBA	8 people	8-week program
	Win-Win e-Learning	53 Courses completed (about 92 courses open)	1,195 people	1 month
SK C&C	SK C&C VLS Program	84 Courses completed (about 113 courses open)	316 people	1 month
	IT Program Expert Development Program	Internship	10 people	3 month
	Business Partner CEO Seminar	Special lectures by theme	100 people	Quarterly

Sustainability Management of Business Partners

To foster collaboration with business partners and ensure their competitiveness in sustainability management, SK C&C assesses its BPs each year on business performance capabilities and the level of partnership with SK C&C, as well as sustainability elements such as ethical management and fair trade. The results of annual assessments become criteria for judging persistence in doing business with business partners. SK C&C applies a grading system to the benefits provided to our business partners based on their assessment results.

Business partner grades are largely divided into Strategic BP, Excellent BP, and Ordinary BP. Strategic BPs refer to business partners, who are in strategic partnerships with SK C&C and classified as top-priority recipients of collaborative opportunities and win-win partnership programs. The Excellent BPs are partners with excellent BP assessment results and can have good partnerships with SK C&C, who are classified as priority recipients of win-win partnership programs and eligible to be promoted to Strategic BPs. The Ordinary BPs are partners with certain levels of market competitiveness and financial soundness, who can carry out transactions with SK C&C as basic business partners necessary for SK C&C to perform its business operations.

Status of Business Partners by Type and Grade

Type of Business Partner	Number of Business Partners	Notes (Grade)		
		Strategic	Excellent	Ordinary
Product procurement	244	-	22	222
Contract procurement	215	5	22	188
Total	459	5	44	410

※ Product Procurement: Hardware & Software, N/W Equipment, PC-Related Product, Computer Supplies, etc.
 ※ Contract Procurement: System Development, Maintenance/Repairs, Consulting

In 2014, the company added categories for bonus points, such as human rights, labor, fair trade, and environment so that it can comprehensively evaluate business partners' levels of corporate social responsibility.

*Criteria for additional/demerit points in an annual assessment of business partners : Bonus points (new business/win-win partnership and CSR practices, etc.) / Demerit points (failure to comply with policies such as ethical management and security)

Business Partner Sustainability Evaluation Checklist

Classification	Evaluation Item	Details	Checklist by Item
Human Rights, Labor, Safety	Human Rights	Equal Employment and Diversity	Do employees face discrimination at work based on ethnicity, religion, physical disability, gender, or region of origin?
	Labor	Labor-Management Relations	Does the company operate systems and programs for maintaining collaborative labor-management relations?
		Working Conditions	Is the company committed to improving employees' working conditions and work environment?
	Safety	Health/Safety	Is the company committed to improving employee health and safety?
Social Responsibility	Fair Trade	Compliance with Fair Trade	Have there been any incidents of late payments or legal actions related to fair trade?
	Social Contributions	Social Contribution Activities	Do the company and its employees conduct donation and volunteer activities?
Environment	Greenhouse Gas	Reduction of Greenhouse Gas Emissions	Does the company conduct activities to reduce greenhouse gas emissions?
	Green Purchasing	Green Procurement Practices	Does the company have any program for purchasing green products? Or has the company ever purchased green products?

Mini Case

Win-Win Biz Idea Festival

SK C&C held the 2014 Win-Win Biz Idea Festival, a competition for joint projects aimed at building collaborative systems with business partners, and creating a mutually beneficial ecosystem. The Win-Win Biz Idea Festival was attended by about 90 business partners, who suggested and presented the latest technological trends and ideas about joint projects based on solutions. After a preliminary document review and an evaluation of suggestions and presentations, among all the contestants, five companies were awarded for their excellent ideas. SK C&C will actively support the implementation of joint projects with its business partners so that business ideas can lead to actual results.



04 Toward Zero Emission

As a responsible corporate citizen, SK C&C acknowledges its responsibility to the environment for sustainable growth and takes the lead in preserving and protecting the environment to build a happy future for both humans and the environment. The company has initiated a variety of activities to reduce energy use and greenhouse gas emissions from its offices and data centers. The company is also developing green products and services, such as green IT solutions.

- Material Issues**
- Climate Strategy - Energy - Green Products/Services
- Major Stakeholder**
- Environment



04-1 Green Business Management



Climate change and environmental issues facing the world today are posing major threats to companies' business activities, such as an increase in physical hazards caused by abnormal weather conditions, rising energy bills, and the strengthening of environmental regulations. However, as the government tightens environmental regulations and society becomes increasingly aware of environmental crises, there are also growing demands for green business management and growing expectations for green IT solutions. These changes and expectations will help equip SK C&C to develop new businesses.

Impacts : Social Losses Caused by Climate Change, Operating Costs
Including Energy Bills, New Market Opportunities

Our Commitment

SK C&C has set five environmental principles and specific goals to identify climate change-related risks and opportunities and practice green management. Under these principles and goals, the company will continuously implement green management across various aspects, such as operating green offices, raising employee awareness, and green business activities.

Goal & Evaluation

Classification	Goal	Period	Current Status	2014 Achievements
Green management	Enhance the green business management system	Mid-term	In progress	Obtained ISO 14001 certification
	Build green infrastructure	Short-term	Accomplished	Created a system for geothermal power generation system in the Pangyo office
Operating green businesses	Obtain Green Data Center certification	Short-term	Accomplished	Maintained the A+ grade in energy saving activities as a result of Green DC certification review

Green Management Strategy

Directions for Green Management

SK C&C has established green management principles and provided a systematic framework and it is working hard to apply the framework into its business activities.

SK C&C Environment, Safety and Health Policy

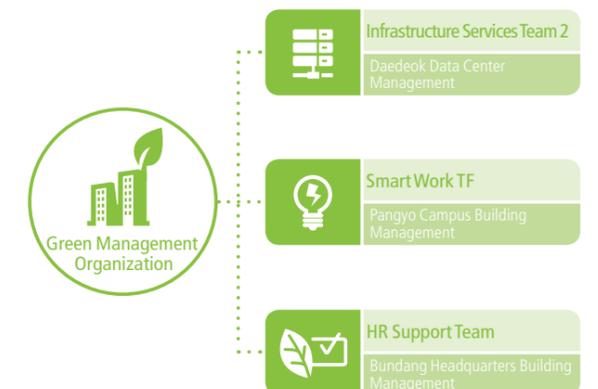
SK C&C puts environment, safety and health first at all stages of business management under its human-centered business philosophy. Using its years of experience and technology development, the company will contribute to the improvement of quality in environment, safety, and health and to mankind's sustainable development.

- SK C&C will fulfill its environmental, safety, and health responsibilities and duties, including compliance with the following principles:
- **Compliance with Environment, Safety and Health-Related Laws**
We continuously improve environmental, safety and health levels by complying with international conventions and laws concerning environment, safety and health.
- **Improvement, Prevention and Management**
We identify, evaluate, and improve major environmental, safety and health factors in activities, from planning to purchasing, design, development, maintenance/repairs, products and services.
- **Communication with Stakeholders**
We set specific environmental, safety and health goals, regularly review, evaluate and disclose the results of business activities, in order to realize ethical environmental/safety/health management.
- **All Employee Participation by Developing Empathy**
We conduct training and education in which all employees and business partners are willingly to participate and allow them to fulfill their respective responsibilities to accomplish goals.
- **Company Working with Local Communities**
We are keenly aware of our social responsibility to local communities and become actively involved in their environmental, safety, and health activities.

SK C&C Co., Ltd.

Green Management Organization

SK C&C's Green Management organization comprises Infrastructure Services Team 2, Smart Work TF, and HR Support Team. Infrastructure Services Team 2 makes system improvements, creates operating environments, and establishes/implements disaster control measures, so that the company's IT infrastructure such as data centers can respond to climate change. HR Support Team and Smart Work TF are responsible for measuring and reducing energy and hot water usage through the building management of the headquarters and the Pangyo offices.



SK C&C and Climate Change

Environmental problems such as climate changes and energy consumption have become global issues and the interest in protecting the environment has never been greater. SK C&C recognizes environmental protection as its corporate responsibility and the protection is vital to the future of mankind. The company therefore continues to analyze risks, opportunities and devote itself to rooting out potential environmental problems and creating a new IT-based revenue model.

Risks | The government is developing stronger environmental laws and policies applicable to businesses, including the extended application of the Greenhouse Gas Target Management System, rise of electricity prices and more. In the IT services industry, operating data centers is a necessity for businesses, but it has been the primary source of energy consumption and greenhouse gas emissions for SK C&C. The government's tighter environmental policies and rising electricity rates together will remain a heavy burden for SK C&C. SK C&C thus formed a dedicated organization for overseeing compliance with applicable laws and policies. The company also carries out energy-saving activities for data centers and the activities of calculating and improving carbon emissions up to Scope 3.

Opportunities | An increase in energy use caused by climate change has led to expanding opportunities for green IT businesses related to renewable energy. SK C&C views climate change as an opportunity for corporate growth, develops and sells power-saving solutions, and has proactively developed and expanded related projects, such as the Eco Phone business and the construction of the Gangeung Green City experience center.

Achievements in Green Management

SK C&C obtained the ISO14001 certification in 2012 and the Green Data Center certification from the IT Service Industry Association in 2013. In 2014, the company maintained these certificates. In addition, the company also responded to the Carbon Disclosure Project (CDP), an international environmental certification program, proving itself as an excellent example of green management internationally.

※ The ISO14001 is part of the ISO14000 series of which international standards for environmental management systems produced by the Technical Committee (TC 207) of the International Organization for Standardization (ISO). Being certified with the ISO14001 means that, with environmental management as its basic management policy, the company remains interested in environmental issues and continuously makes improvements by defining goals and specific tasks and setting up a dedicated organization and procedures.



Continuous Implementation of Green Management

Green Offices

SK C&C is making continuous investments and commitment to environmentally friendly office operations and business activities through the construction of green offices.

Saving Energy in Buildings | To increase energy efficiency in the headquarters building, SK C&C replaces normal light bulbs with LEDs each year. In 2014, the replacement of lamps of the underground parking lot and exit stairways with LEDs saved the company an annual cost of 15.78 million KRW and 58.88tCO₂e carbon dioxide emissions.

Promoting Use of Personal Cups in Cafe4U | At the company's café, Cafe4U, SK C&C works with its HR Support Team to encourage employees to use personal cups instead of plastic cups, by offering discounts off regular prices and providing stamps to reward cards. As a result of these efforts, in 2014, the use of personal cups tripled, relative to the 2013 figure.



Green Vehicles and Commuting Conditions

SK Group adopted the commuter bus system called "SK Happy Express." SK Happy Express buses are jointly purchased by SK affiliates including SK C&C, and the system provides its employees with commuter routes. The companies and employees are making ongoing efforts to reduce greenhouse gas emissions by measuring and reporting greenhouse gas emissions from employee commuting.

Raising Environmental Awareness

For the entire company to internalize its green management policy, SK C&C has continuously carried out activities to raise employees' environmental awareness, such as the QHSE Manager Program and environmental education for employees.

QHSE Manager Program | SK C&C appoints a QHSE (Quality, Health, Safety, Environment) manager for each team. The QHSE manager is responsible for analyzing the impacts that the duties of their team have on the environment, establishing and executing action plans. Additionally, the QHSE manager contributes to raising employees' environmental awareness by propagating green management to members of each team.

Environmental Education | Each year, SK C&C provides environmental education for all of its employees. Typically, in the IT services business, most employees are delivering projects far from the headquarters, so the company offers them both in-class group training and distance education. In 2013, in particular, the company combined sustainability education and environmental education so that employees could realize the necessity of green business management based on their understanding of sustainability management.

Mini Case

Green Activities at Pangyo Campus



In 2014, SK C&C finished the construction of the Pangyo Campus, an office building for R&D purposes, within the Techno Valley, the center of Korea's IT business. The Pangyo Campus provides green office spaces, which feature a variety of renewable energy systems, including geothermal heat pumps that use ground-source heat from 150m deep to provide heating and air-conditioning across the offices, daylight ducts that provide natural sunlight in the underground parking lot, and solar panels that use light from the parking lot. These green systems installed in the Pangyo Campus drastically reduce energy consumption, allow efficient energy use, and mitigate greenhouse gas emissions. The usage of renewable energy at the Pangyo Campus is about 248TOE, 1% of the entire energy use, and through this the campus can save about 100 million KRW each year.

Input

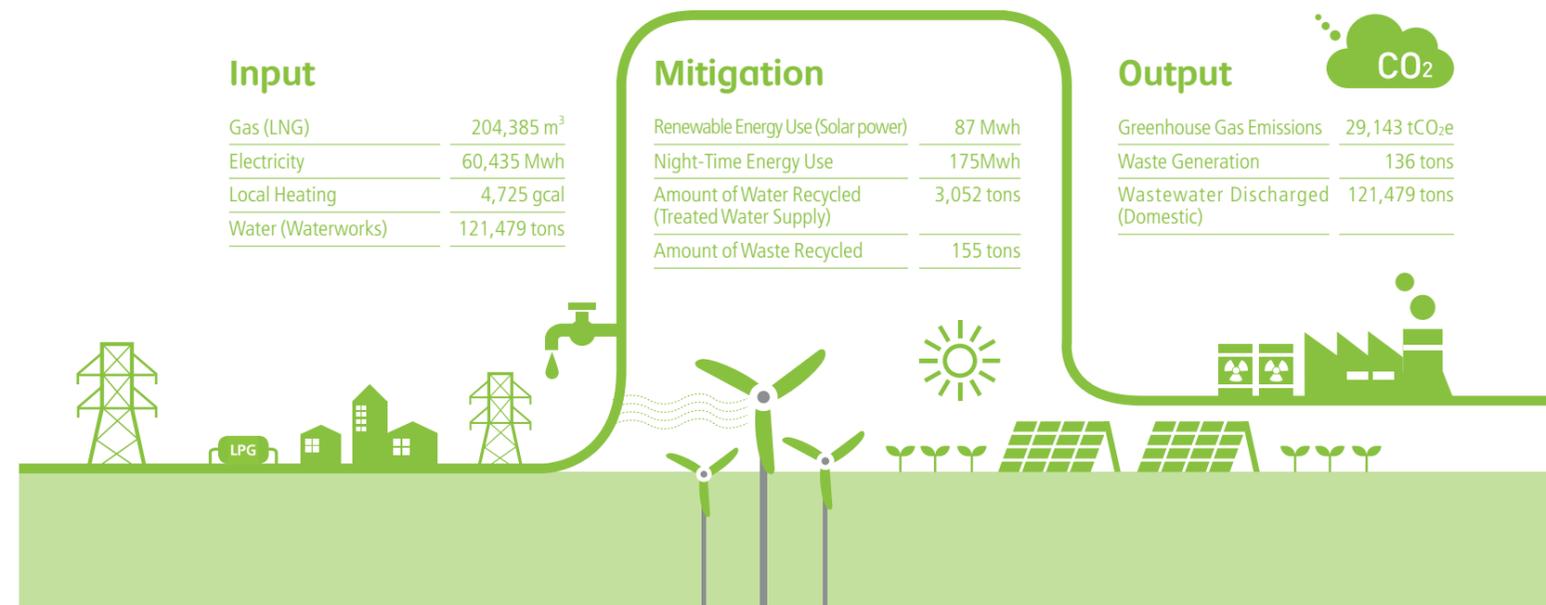
Gas (LNG)	204,385 m ³
Electricity	60,435 Mwh
Local Heating	4,725 gcal
Water (Waterworks)	121,479 tons

Mitigation

Renewable Energy Use (Solar power)	87 Mwh
Night-Time Energy Use	175Mwh
Amount of Water Recycled (Treated Water Supply)	3,052 tons
Amount of Waste Recycled	155 tons

Output

Greenhouse Gas Emissions	29,143 tCO ₂ e
Waste Generation	136 tons
Wastewater Discharged (Domestic)	121,479 tons



Green Business Activities

SK C&C is committed to responding proactively to climate change and building a green world by minimizing energy losses, reducing costs, and mitigating greenhouse gas emissions through IT. The company has developed a variety of green IT technologies, including an Energy Management System (EMS), an Energy Storage System (ESS), and an Automatic Meter Reading (AMR) solution. Using these technologies, the company has executed construction projects such as the Gangneung Green City Experience Center and a green data center.

Gangneung Green City Experience Center

SK C&C constructed the Gangneung Green City Experience Center comprising of a convention center and an experience training center on 60,243m² of land. The Green City Experience Center was designed to practically produce zero carbon emissions and zero energy use by applying cutting-edge green technologies to six areas: renewable energy, smart infrastructure, green transportation, green construction, water/resource recycling, and eco-greens and wetlands.

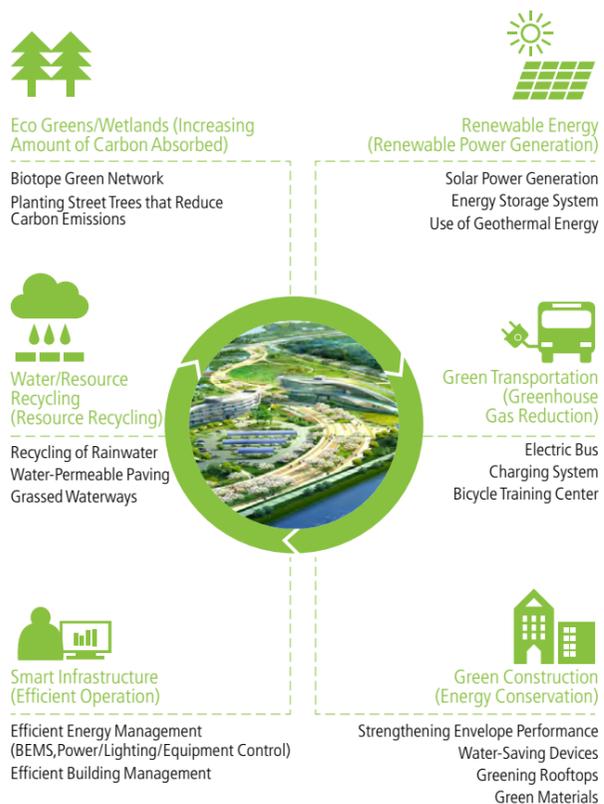


Using only pure and clean energy sources such as solar power and geothermal energy, the Green City Experience Center is an energy-independent building that produces and consumes its own energy without external energy supply, and an advanced building equipped with a zero fossil fuel system. To minimize losses of natural light and glass energy, triple-pane glass was used for the building. Its exterior insulation is twice as thick as that of an ordinary building, which increases energy efficiency. Mounted between the convention center roof and the balcony railing of the experience training center, the solar power generation system features 382 PV (photovoltaic) panels to generate 180,000kwh power each year (492kwh each day). Through the 100kwh Energy Storage System (ESS), the core technology of this energy-free building that SK C&C designed and manufactured using its proprietary technology, the center stores the solar energy generated during the day in the ESS to provide power to the experience training center at night after sunset. Located at the convention center, the control room allows real-time monitoring and remote control of various data, such as the production status of renewable energy, its consumption status, and the amount of carbon dioxide emission reduced. By adopting the EMS solution for solar power, which was developed by SK C&C, the center can also make the best use of energy through solar energy monitoring and cumulative data analysis, as well as through real-time charge/discharge monitoring and automatic control of the ESS.

All guest rooms in the experience training center feature Automatic meter reading (AMR) system to check real-time energy use, including electricity, hot water, cold water, and heating/air-conditioning. The AMR system allows the centralized management of energy usage, system malfunction, water or electricity leakage across the center and enables efficient energy management based on data such as energy use pattern analysis. Furthermore, a smart TV and In Home Device (IHD) available in each room allows the visitor to directly check the amount of renewable energy generated that day and the current operating status of the ESS and is able to monitor in real time such data as the actual amount of energy consumed and the amount of GHG emissions reduced after checking in. Outside the center, the company runs a 48-seat electric bus service, offering all visitors the chance to experience green transportation.

GREEN CITY, GANGNEUNG

Key Components of the Green City Experience Center



Green Data Center Construction

SK C&C has been reducing energy consumption through energy-saving efforts across the data center, which accounts for the majority of the entire company's energy use.

To save energy across the Daedeok Data Center, SK C&C has increased cooling efficiency through the insulation of glass windows of the constant temperature/humidity chamber, the adoption of an outside air refrigerator, and an overhaul of the portable containment structure.

In addition, SK C&C utilized its Energy-Saving Solution (ESS) and solar power self-generating equipment to reduce energy consumption by 3,000MWh and GHG emissions by 1,271tCO₂e GHG each year, saving 300 million won in energy bills. As a result, in 2013, SK C&C became the first company in Korea to earn a Green DC certification with 10 out of 10 points and an A+ grade in a qualitative assessment of energy-saving activities at the Daedeok Data Center. In 2014, the company maintained the certification. In particular, SK C&C's portable containment structure has been supplied to computing centers of other companies and contributed to making power use more efficient. Aside from green initiatives at the Daedeok Data Center, SK C&C defined the 7 "Green Supex" practices and encourages the center's employees to practice them in daily life.

'Green Supex'

- 1 Increase/decrease the office temperature by 1 to 2 degrees (summer / winter)
- 2 Make sure to arrange cables properly when carrying in/out equipment (Improves flow of cold air)
- 3 Use only 50% of all lights in the center (Equipment space and corridor)
- 4 Use floor lamps in offices at night
- 5 Save personal OA equipment (Shut down power during a lunch break or when leaving)
- 6 Avoid using the elevators, or use only one elevator (Use the stairs to the 2nd floor; use the elevator only for the third floor or higher)
- 7 Shut down all equipment not in use (Immediately shut down once a test or service has finished)

Components of Daedeok Data Center

<p> Building A steel frame structure dedicated to a data center with 14,500m² of gross floor area, seismic resistance for a magnitude of 7.0 or higher, and an allowable load of 1,000kg/m², ensuring world-class safety performance.</p>	<p> Fire Equipment The company operates a central disaster prevention center, which allows remote monitoring and control of each center, and a separate disaster prevention unit for each center to ensure multilayered safety management.</p>	<p> Disaster Prevention Center The company runs a central disaster prevention center, which allows remote monitoring and control of each center, and a separate disaster prevention center for each center to ensure multilayered safety management.</p>
<p> Air-Conditioning Equipment Unlike other centralized centers, the Daedeok center adopted a constant temperature/humidity system for separate operations, which enables flexible response.</p>	<p> Video Conference Room This advanced video conferencing system allows fast and accurate business consulting and meetings, video briefings and seminars between centers, between the headquarters and centers as well as between customers and centers.</p>	<p> Electrical Equipment Unlike other centers, the Daedeok center can maintain uninterrupted power conditions through the redundancy of optical cables and leads, the adoption of a power supply unit, an uninterrupted power supply unit, an emergency power generator and a redundant distribution system.</p>
<p> Controlling Equipment The Daedeok center manages all equipment using an automated system, from electricity to disaster prevention and security, so that service can be provided in an uninterrupted manner, when an error or an accident occurs even temporarily.</p>	<p> Security Equipment Advanced security solutions and security processes are running 24/7 to prevent data access and intrusions. A variety of advance security systems feature double and triple protection mechanisms.</p>	



05 Social Investment

In order to achieve SK Group's management philosophy, "Happy Management," SK Group shares local communities' difficulties and resolves social problems through social investment and contribution activities. SK C&C has implemented a wide range of IT-related social contribution activities through employee engagement, such as resolving the digital divide, employee volunteering, and establishing a culture of donating.

Material Issues	<ul style="list-style-type: none"> · Development of Local Communities · Indirect Economic Impacts
Major Stakeholder	<ul style="list-style-type: none"> · local Communities



05-1 Community Growth and Sharing



A company's social responsibility towards local communities is not an option but a necessary requirement for its business operations. Building a healthy society does not merely bring happiness to individuals and local communities, it also changes the business environment in the long run and will have a significant impact on the company's growth. For the company and local communities to grow together, it is important for the company, as a corporate citizen, to get actively involved in resolving social problems.

Impacts : Business Foundation in Local Community, Digital Divide, Community's Quality of Life

Our Commitment

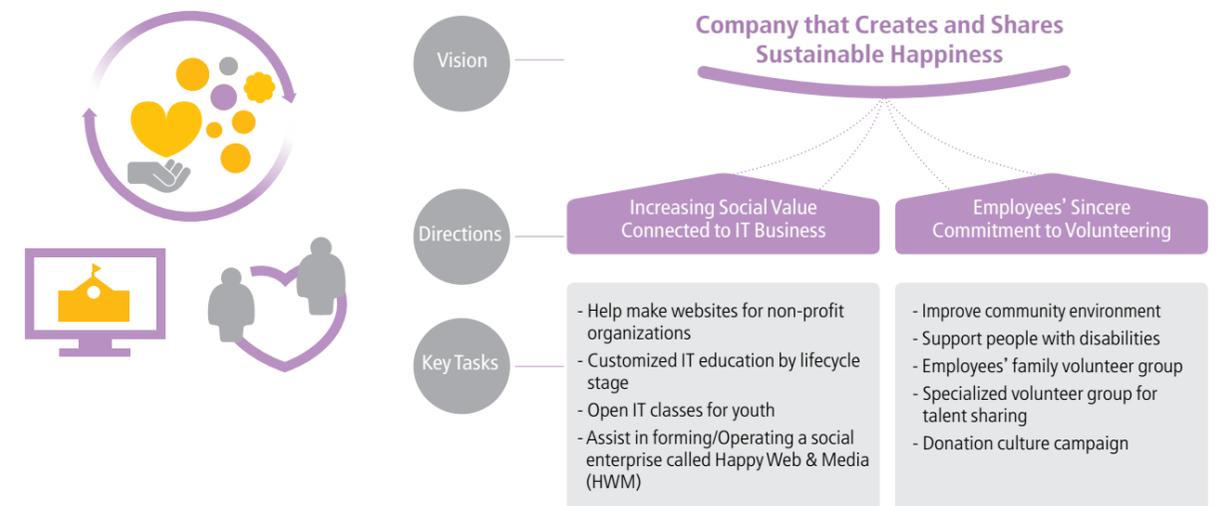
SK C&C focuses on developing social contribution programs that will help change society and resolve social issues in the long run, instead of carrying out one-time-only activities. The company intends to initiate meaningful social contribution activities, including IT education, assistance in the formation and operation of IT social enterprises, customized social contribution activities by region and age group, and employees' talent-sharing activities. SK C&C will continue to share new value with society and bring happiness wherever it goes.

Goal & Evaluation

Classification	Goal	Period	Current Status	2014 Achievements
Increasing social value in connection with IT	Make corporate information accessible to disadvantaged groups	Mid-term	In progress	Built and donated websites for five non-profit organizations
	Revitalize IT educational programs	Mid-term	In progress	45 sessions of IT education, 2,680 attendees
	Encourage employees to participate in volunteering	Long-term	In progress	53 families participated in the employee family volunteer group
	Expand the donation culture campaign	Long-term	In progress	98.3 million KRW, 915 people participated

Social Contribution Strategy

SK C&C practices Happiness-Sharing Management to build a society where all stakeholders can be happy. Under the vision of "Company that Creates and Shares Sustainable Happiness," the company carries out two sub-categories of CSR activities: social contribution activities aligned with the characteristics of the IT services industry, and employees' commitment to volunteering.



Under the supervision of the CEO as the chief CSR officer, SK C&C oversees social contribution program planning and operations. In particular, the company appoints executive officers as volunteer leaders and team managers as assistant administrators of the volunteer group, so that those responsible for social contribution activities can take the initiative and set a good example. Furthermore, employees are appointed as volunteer coordinators and agents and engage in community volunteering and talent-sharing activities. Social contribution programs are carried out through a four-stage process, from planning to execution. Each year, the company meets and conducts interviews with representatives of local-government organizations to identify the needs of local communities, then analyzes and verifies the collected data, and finally plans programs.

Once a social contribution program has been completed, the company evaluates each activity, accepts suggestions for improvement through feedback, and incorporates the feedback into the development of new programs.



Increasing Social Value Connected to IT Business

As the leader of the Korean IT services industry, SK C&C supports the creation of IT environments and information education for socially disadvantaged groups. Through such support, the company is fostering social talent. In 2013, the company began to expand IT education nationwide, which had been previously concentrated in Seongnam, Gyeonggi-do, and to provide the disadvantaged with customized IT education by lifecycle stage.

Producing Websites and Donating PCs for Non-Profit Organizations

To improve information access for disadvantaged groups and to help needy neighbors better interact with society, the company carries out IT social contribution activities. By designing websites aimed at struggling social service centers and small-sized social enterprises, the company invested about 85 million KRW in 12 non-profit social service centers for the past three years. Moreover, the company's PC donation business continued as it donated 270 used computers to 12 centers and provided computer maintenance services.

Customized IT Education by Lifecycle Stage

To bridge the gap in IT capabilities for disadvantaged groups, SK C&C provides children, teenagers, youths, and seniors with customized IT education aligned with lifecycle stages.

Children – Internet etiquettes and game addiction prevention education for elementary school students in after school hours	Teenagers – Special classes on the use of SNS with Photoshop for teenagers of low-income families
Youth – Special classes on the use of SNS marketing for social enterprise owners	Seniors – Education on how to use smartphones for senior members of community

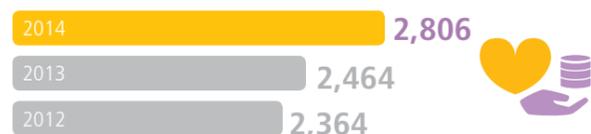
Teenage IT Education

For teenagers in need of IT education, employees at SK C&C's headquarters and local branches are giving special lectures regarding the basics of the future IT and career education industry. In 2014, special lectures were given to 1,690 students in five regions, and the Youth IT Fair was also held in Naju, Jeollanam-do, for teenagers with disabilities.

2014 IT Education Support for Teenagers

Region	Schools that Received Educational Support	Attendees	Notes
Ulsan Metropolitan City	4 (3rd year of high school)	180 people	Created in 2013
Daejeon Metropolitan City	4 (1st year of high school)	160 people	Created in 2013
Gwangju Metropolitan City	2 (elementary/middle school)	80 people	
Sacheon, Gyeongsangnam-do	2 (3rd year of high school)	460 people	Created in 2013
Seongnam, Gyeonggi-do	4 (3rd year of high school)	810 people	
Naju, Jeollanam-do	-	300 people	IT Fair

Investment in Communities (unit: million KRW)



Employees' Commitment to Volunteering

SK C&C's employees are all members of volunteer groups, committed to resolving social problems for local communities and the environment. They also utilize their personal talents to support those in need. With passion and commitment, the company's employees have been involved in volunteer activities for the past decade.

Specialized Volunteer Group for Talent Donations

SK C&C provides opportunities for employees to donate their talent to society by cultivating their capabilities and skills in their areas of interest. To implement more specialized talent-sharing activities, the company opens educational and certification programs in different areas early every year. Each year, the company surveys employees' demand in talent donation programs and expands them. As a result, in 2014, the company added three more talent donation programs and operated 14 different programs. In 2015, SK C&C Will expand the talent donation programs for the social enterprises.



Specialized Volunteer Group Activity Process



Mini Case

Healing Arts Volunteer Group: "We Heal Your Heart"

Created in 2014, SK C&C's Healing Arts Volunteer Group visits senior daycare centers in Seongnam each month and carries out plaster cast making, which helps improve the brain health and emotional stability of seniors with Alzheimer's. The plaster cast making activity is, in fact, commonly used for medical purposes. It looks like a simple program, in which plaster casting strips are cut and overlapped in layers of 0.5cm, but the program is known to play a crucial role in improving the senses, motor skills, and emotional stability of seniors with Alzheimer's. In 2014, a total of 225 seniors participated in the program.



Current Specialized Volunteer Groups

- Smile** **We want to send smiles to our neglected neighbors**
 - Photographs: Taking family photographs with multicultural families and North Korean settlers (38 people)
 - Balloon Art: Preparing birthday parties for seniors living alone (47 people)
 - Book Services: In-home braille book services for the visually impaired (67 people)
 - Healing Art: Improving the brain health and emotional stability of seniors with Alzheimer's.
- Hope** **We want to support children with dreams**
 - Reading Instructions: Reading instructions and discussion activities for elementary school students of low-income families (30 people)
 - Reading Out Loud: Recording books / making audio books for visually impaired children (20 people)
 - IT Education: Teaching after-hours classes on Internet etiquettes and game addiction prevention (26 people)
- Love** **We want to share family love**
 - Employee Families: One heart, one family matching activities for children with disabilities (99 people, 30 families)
 - Healthy Messages: Messages for seniors and to keep them company at care centers (30 people)
 - IT Smart Education: Education on how to use smartphones for seniors living alone (20 people)
 - Making Woolen Hats: In-home knitting volunteering for newborn babies in developing countries (45 people)
- Win-Win** **We want to be your friends so that we can grow together**
 - PC Maintenance: Computer maintenance and instructions activities for non-profit social services organizations (57 people)
 - PR Services: In-house volunteer activities and affiliated organization PR activities (14 people)
 - Management Advice: SK pro bono, social enterprise support activities (34 people)

Employee Family Volunteer Group

Since 2005, SK C&C has organized "Volunteer Camps" and "Volunteering Month" to engage both employees and their families in volunteer activities. In 2010, the company has launched Employee Family Volunteer Group and the group does volunteering activities three times a year. Through such activities, the employees have bonded with their families, taken pleasure in sharing, and contributed to society together. In 2014, a total of 53 families participated in providing cultural benefits to children with disabilities.

Together with SK C&C



Community Environmental Activities

Drawing Happy Wall Paintings I To improve the condition of run-down neighborhoods, the company organized relay activities for employees, including painting walls, planting flowers, and renovating public facilities in low-income areas. These activities have been carried out since 2009. For the past four years, about 2,300 employees participated in improving the condition of 7 areas in Seongnam.

Clean Street Campaign I The company conducts weekly garbage pickups and street cleaning activities during lunch hours, as well as an anti-smoking campaign, near the headquarters building in Jeongja-dong.

Happy Forest Protection Activities I On Arbor Day in April, the employees of SK C&C and its subsidiaries plant trees under the theme of "Happy Tree Planting." It is not merely a one-time-only event; the employees regularly participate in eliminating harmful plants to make sure that the trees grow properly.

Donation Culture Campaign

Happy Scholarship Fundraising Campaign I To support teenagers of low-income families in Seongnam, the company has implemented a donation campaign all year round, with employees voluntarily participating in donating monthly allowances. The funds raised will be used as scholarships for teenagers the following year. Aside from financial assistance, the company hosted "Dream Lecture" to foster teenagers' emotional development, including self-leadership.

Donation to Help the Hungry Children I To deliver warm lunch boxes to hungry children during winter breaks, the company holds an employee donation campaign for two months during winter. Through the campaign, the company would like to send hope and happiness to children who cannot afford the daily needs.

Supporting People with Disabilities

Support for Social Adjustment of Children with Disabilities I To help children with intellectual and physical disabilities living at care centers adjust to society, the company provides monthly support, such as opportunities to use public facilities and markets.

Home Care Services for People with Disabilities I For adults with mobility disabilities, the company offers monthly services, such as grocery shopping, accompanying them to hospitals and improving their living conditions.

SK Group Common Activities

Through the Kimchi-Sharing event and the Happiness-Sharing Bazaar, which SK C&C co-organizes with the SK Group, the company supports seniors living alone and low-income families. With the SK Happy Village Habitat, the company has conducted the "Habitat" activities for families without homes.

Classification	2012	2013	2014
Happiness	Amount of Funds 77.4	87.3	87.4
Scholarship	Recipients 54 people	72 people	75 people
Help Hungry Children Fund	11.8	7.8	10.9

Social Enterprise: Happy Web & Media

In 2011, SK C&C established a social enterprise called Happy Web & Media, aiming to create IT jobs and provide social services for socially disadvantaged groups. To improve the quality of life of disadvantaged people lacking access to information through IT services, and to help create social value, the enterprise simultaneously operates revenue-making and public businesses, side by side.



To create jobs and resolve the digital divide, the company is performing public businesses

- Major businesses**
- IT education for disadvantaged groups
 - IT service development and support (making websites, improving web accessibility)
 - Hiring people with disabilities

To ensure sustainable growth, the company is conducting revenue-generating businesses.

- Major businesses**
- Mobile web and application access services
 - Making websites
 - Making mobile web sites and applications

Information about Happy Web & Media

Company Name	Happy Web & Media (HWM)
Founding Date	2011.12.16
Number of Employees	31 people
% of people with Disabilities	45%
Category	Non-profit foundation
Certifications	- Non-profit foundation designated by the Ministry of Employment and Labor - Standard business for people with disabilities - Social enterprise certification

Number of Employees

1 Executive Director	
Planing Business Division (1 Management Director)	Management Support Team (1 person) Planning Team (4 people) Operations Team 1 (3 people) Operations Team 2 (4 people) Public Business Team (3 people)
Development Business Division (1 Technology Director)	Development Team 1 (5 people) Development Team 2 (3 people) Design Team (5 people)



History of Happy Web & Media

2012	2013	2014
12.21 Creates a mobile application of SK Happiness Calendar	12.17 Happy Web & Media obtains social enterprise certification	12.31 Received an Excellence Prize at the 2014 Best Comfortable Workplace Awards
12.10 Designated as a donating organization	10.26 Attends 2013 Collaborative Social Economy Fair	12.17 MOU with AUD, a social cooperative operating Share-Typing
11.09 Creates the Wellpay application payment system	09.23 Improves web accessibility of MetLife	12.15 The 9th meeting of the Operating Committee
07.10 Obtains standard business certification for people with disabilities	08.23 Sets up a labor-management council	10.28 The 2014 Website Donation Ceremony
04.29 Improves web accessibility of LH Corporation	05.15 Improves web accessibility of Prudential's cyber service	09.24 The 8th meeting of the Operating Committee
02.28 The 1st meeting of the Board of Directors	03.05 Improves web accessibility of SK Telecom's TWorld	06.25 The 7th meeting of the Operating Committee
02.10 MOU with Web Watch, a web accessibility certification service	02.19 The 2nd meeting of the Board of Directors	03.25 The 6th meeting of the Operating Committee
		02.19 The 3rd meeting of the Board of Directors

Governance

Transparent Governance

Board of Directors

SK C&C's Board of Directors aims to become "Working BOD" that fulfills practical responsibilities to maximize corporate value. The BOD monitors and advances on the company's important strategic decisions and business operations. Through the BOD, the company strives to uphold management transparency, and accountability and maximize value for stakeholders.

Composition of Board of Directors

SK C&C's Board of Directors consists of two inside directors, one non-standing director, and four outside directors (the ratio of outside directors: 57%) to ensure the board's independence through a transparent decision-making process. Outside directors, in particular, consist of top experts in law, finance, and macroeconomics. To ensure objectivity and fairness, directors are nominated through the Outside Director Nomination Committee, which consists exclusively of outside directors and evaluates nominees based on criteria such as expertise, attitude to management, independence, and credibility. Among the nominees, directors are elected at a general meeting of shareholders.

SK C&C's Board of Directors

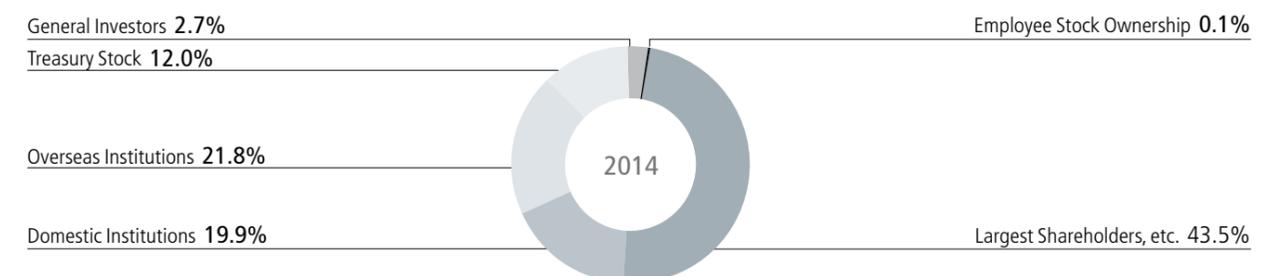
Classification	Name	Title	Appointment date
Inside Directors	Park, Jung Ho	President & CEO of SK C&C	03. 21, 2014
	Joe Ahn	Senior Vice President & Head, SK C&C Corporate Management Support Group	03. 20, 2015
Non-standing Director	Jee, Dong Seob	Executive Vice President, Office of SUPEX Council	03. 20, 2015
Outside Directors	Han, Young Seok	Consulting lawyer of Law Firm Woo Il	03. 11, 2011
	Ha, Kum Loul	Former Presidential Chief of Staff	03. 20, 2015
	Lee, Yong Hi	Former Vice-Chairman of NICE Information Service	03. 22, 2013
	Ju, Soon Sik	Advisor of Law Firm Yulchon	03. 23, 2012

Structure and Responsibilities of Committees

Committee name	Composition	Responsibilities
Outside Director Nomination Committee	4 outside directors (Han, Young Seok / Ha, Kum Loul / Lee, Yong Hi / Ju, Soon Sik)	Nominate outside director candidates of the company in accordance with laws, the articles of incorporation, and committee rules
Internal Trade Committee	1 inside director (Joe Ahn), 3 outside directors (Han, Young Seok / Lee, Yong Hi / Ju, Soon Sik)	Review and grant approval of integrity of internal dealings between interested parties
Audit Committee	3 outside directors (Ha, Kum Loul / Lee, Yong Hi / Ju, Soon Sik)	Audit accounts and business operations of the company in accordance with laws, the articles of incorporation, or the rules of the Board of Directors

Shareholder Composition

Total number of shares: 50 million shares (as of December 2014)



Committees under Board of Directors

SK C&C has three committees under the supervision of the Board of Directors to ensure the board's efficient operations: the Audit Committee, the Outside Director Nomination Committee, and the Internal Trade Committee. The Audit and Outside Director Nomination committees are comprised exclusively of outside directors to maintain the board's independence. The Audit Committee audits the company's accounts and business operations, the Outside Director Nomination Committee nominates candidates for the company's outside directors, and the Internal Trade Committee reviews and grants approval for the integrity of internal dealings.

Operation of Board of Directors

The Board of Directors operates efficiently and reasonably so that directors make the best decisions they can. Unless otherwise stated, all resolutions made by the BOD will be made by an affirmative majority of the votes cast. To enhance the expertise of outside directors, the company runs a supporting organization and provides educational programs. In 2012, 2013, 2014, the company provided two, four and two educational programs respectively. Directors may not be involved in the company's business on their own or on behalf of third parties, without the BOD's prior consent. Under the rules, directors also may not become directors of other companies with unlimited liability in the same business as this company. Furthermore, directors may not vote if they have personal interests in certain agenda items.

Compensation Policy of Board of Directors

Under the Korea law, the levels of Board of Directors' compensation are reviewed by the Board of Directors and confirmed at a general meeting of shareholders. To ensure the independence of outside directors, the BOD does not pay additional bonuses such as incentives other than basic pay. The BOD's 2014 performance evaluations of inside directors and division managements reflect both economic performances, such as revenue and operating income, social performances in fair trade, Win-Win partnerships, and social contributions, and environmental performances such as green businesses. SK C&C discusses the compensation limits of directors at BOD meetings and confirms the limits at a general meeting of shareholders on the basis of the year's results. Furthermore, SK C&C discloses the amounts of compensation for executive and outside directors in its business reports.

Board of Directors and Communication

SK C&C ensures the quick and accurate delivery of information to stakeholders. Under the rules of the Board of Directors, the BOD may allow the attendance of employees and third parties other than members of the board to listen to their opinions or explanations about certain agenda items, so that stakeholders' opinions are reflected in the board's decision-making process. In addition, to improve access to information, the BOD frequently makes voluntary disclosures and posts information about the BOD and its current operations on the website.

Outside Director Nomination Process

Under the Commercial Code, SK C&C installed the Outside Director Nomination Committee and nominates outside directors according to the nomination process and criteria.



Criteria for Electing Outside Directors

Classification	Description
Area	Retaining expertise in law, macroeconomics, fair trade, and business management
Individual	IT industry knowledge/experience, attitude to management, social reputation, etc.

Operating Status of Board of Directors

Classification	Number of Board Meetings	Number of Agenda Items	Participation Rate of Outside Directors
2012	13 meetings	46 items	100%
2013	14 meetings	42 items	95%
2014	12 meetings	44 items	98%

Sustainability Governance

Sustainability Organization and System

At SK C&C, a management specialist is elected as the company's President and Chief Executive Officer (CEO) by a resolution of the Board of Directors. The CEO is authorized to oversee all the company's business operations on its behalf. The highest-level decision-making body on sustainability management is the Top Management Meeting, which comprises the CEO and the division managements. Top management regularly meets and discusses sustainability issues on a quarterly basis, or whenever necessary. In addition, the company formed subcommittees under the CEO's supervision, including the Ethics Committee, the Occupational Safety and Health Committee, and the Win-Win Partnership Committee.

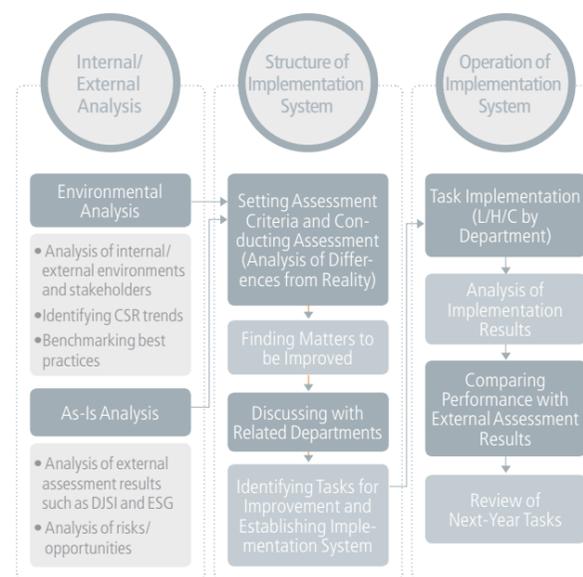
To effectively implement sustainability management, SK C&C constructed a system for the implementation of sustainability management. The Sustainability Management Implementation System becomes operative when sustainability issues are identified and risks/opportunities are recognized through an analysis of internal/external environments. After that, tasks for improvement are identified through an internal assessment. Once the tasks have been executed, the results are analyzed. Finally, tasks for the next year are reviewed in comparison with the results of an external performance assessment, and then an analysis of internal/external environments and an as-is analysis are conducted again.

The Sustainability Management Team, a dedicated team for sustainability management directly under the CEO's supervision, establishes a sustainability strategy, identifies solutions through a situation assessment, and provides monitoring and advice on sustainability issues. The team also establishes and manages a response system for safety, health, and environmental accidents occurring within the organization.

Sustainability Decision-Making Body

Under the CEO's supervision, the Top Management Meeting consists of chief officers in the economic, social, and environmental areas, who are responsible for identifying risks and opportunities, and establishing and reviewing company-wide objectives and strategies. In addition, top management's responsibilities include managing sustainability-related risks, checking whether tasks are to be implemented, and evaluating performance. Important meeting results are reported to the Board of Directors. As sustainability management becomes increasingly more important, the number of agenda items on sustainability management discussed by the BOD, has been growing. SK C&C's Sustainability Reports are reviewed by relevant organizations and reported to top management.

Sustainability Implementation System Structure/Operating Process



List of Agenda Items on Sustainability Management (Economic · Social · Environmental) Discussed at the Board of Directors

Year	Date	Key Details of Discussion
2014	11/06	Reporting the operating status of Compliance Program (CP)
	12/08	Reporting results and plans for CP

Sustainability Issues Discussed at the Top Management Meeting

Year	Date	Key Details of Discussion
2014	1st quarter	2014 Plan for Social Contribution (CSR) Activities
	2nd quarter	Progress of sustainability tasks for improvement
	3rd, 4th quarter	Results of sustainability management outside the organization

Risk Management

SK C&C performs systemic and integrated risk management to reduce any variation in business activities caused by uncertain environments in and outside the organization. The company also identifies and prevents any accidents, practices, and risks, environmental or otherwise, which may adversely affect the company's ability to achieve its goals.

Integrated Risk Management System

SK C&C defines and proactively manages financial risks, such as sales, capital, credit, interest rates, liquidity, exchange rates, and investments, business risks concerning strategies, customers, and investee companies, operational risks associated with employees, processes, infrastructure, and organizational culture, and environmental risks on a macro-management level for the company's mid-/long-term response to risks. SK C&C also defines a framework for risk management and creates measures and programs designed to respond to risks and implement chiefly preventive risk mitigation strategies. To prevent risks in advance, the company identifies all kinds of circumstances that may affect it, measures the impacts, and establishes strategies to deal with possible risks. The company also immediately analyzes the risks that have already occurred, takes actions and gives feedback to the risks to prevent their recurrence.

By operating a company-wide risk management committee, SK C&C carries out business decision-making based on risk forecasting and reviews. Through this process, the company encourages the responsible team and the risk management team to freely exchange views.



Business Risk Management

When undertaking investments and IT projects larger than a certain scale, SK C&C identifies and manages risks occurring at all stages of project execution, including sales, proposition, contract, and execution. The project manager identifies risks by preparing a self-assessment checklist and conducts an internal audit, presents the risks at a risk review meeting, and organizes a risk review meeting with specialized teams responsible for fair trade, project support, contract, and legal affairs. As for the project discussed at the risk review meeting, overall project risks are deliberated to determine the cost and price at a project evaluation meeting. Through risk management, the project manager effectively executes a project, and the related teams regularly conduct risk monitoring of the project and manage risks.

Risk Checklist by Project Stage and RM Support Areas



Ethical Management

SK C&C encourages all of its employees to develop a proper attitude to ethics, pursues the happiness of all stakeholders including customers, shareholders, partners, employees, and society, through ethical management and fair trade across all business operations, and strives to uphold corporate social responsibility and an ethically healthy corporate culture.

Adopting Ethical Management Complying with domestic and international corporate ethics and laws is essential to the existence of a company as a responsible corporate citizen. Furthermore, as greater emphasis is laid upon corporate social responsibility and as corporate transparency and morality become more important, SK C&C announced the adoption of ethical management on November 1, 2002. Since then, the company has devoted itself to incorporating ethical management into its corporate culture through a systemic 3C (Code, Compliance, and Consensus)-based approach.

SK C&C Ethical Management System

Based on the three elements of an ethical management system (Code, Compliance, and Consensus), SK C&C created the code of ethics, the ethics guide, and the ethical management programs.



History of Ethical Management

Year	Event	Details
2002~2003	Adoption of Ethical Management	<ul style="list-style-type: none"> Announces ethical management (Nov.2002) Creates Codes of Ethics Builds infrastructure to implement ethical management Reporting system, ethical counseling center, etc.
2004~2007	Building consensus and Extending Scope of Partnerships	<ul style="list-style-type: none"> Communication to develop a bond among employees Job training, self-assessment, etc. Assessment of business partners' compliance with ethical management
2008~2010	Building a Compliance System	<ul style="list-style-type: none"> Reinforces the ethical decision-making support system Suggests guidelines/FAQ for different situations Encourages employees to practice ethical management Appoints person to conduct assessment by reflecting employees' feedback and notifies the results
2011~Present	Present Helping Leader /Employees Internalize Ethical Awareness	<ul style="list-style-type: none"> Develops specific ethical guidelines for leaders/employees and promotes clear communication 5 areas, 115 items (unethical practices, etc.) Strengthens leadership education and coaching during conversation between CEO and leaders Raises ethical awareness and emphasizes commitment Strengthens execution of the self-regulating system Ethical management team's on-site survey of procurement, HR, and cost areas

Code of Ethics

Code of Ethics SK C&C's "Code of Ethics" has been kept up-to-date since its creation in 2003, and is utilized by employees as ethical decision-making criteria. When facing ethical dilemmas related to their jobs, SK C&C's employees are required to make decisions and act in accordance with the Code of Ethics. However, regarding matters that are not clearly defined in the Code of Ethics, employees should make decisions on their own according to the "Decision-Making Principles" of legitimacy, transparency, and reasonableness. If they are not sure of their decisions, they are recommended to seek advice from their team leader or the Ethics Management Division.

Ethics Guide (Don'ts) In 2010, SK C&C gathered and compiled various cases of violations of ethics to create an ethics guide called "Don'ts," so that all employees can utilize it as a guide to ethical behavior during daily business operations. In addition, in 2013, the company established an ethics guide for leaders (including conflict of interests, requests, corporate property protection, etc.) to encourage leaders to set an example. The ethics guide has been shared and periodically checked.

Ethics Guide (Don'ts) Structure

Area	No. of Items	Key Details
Corruption	25	Basic etiquette, sexual harassment, money/treatment/entertainment, etc.
Security	16	PC security, information and document control, etc.
Subcontract	18	Payments, unfair interference with management
Tax/Fair Trade	23	Unfair internal trade, bid rigging, unfair transactions
Reporting/Management	33	False/delayed/partial reporting, negligence in management, etc.

Compliance

Ethical Management Organization

Through the Ethics Management Division, an independent organization under the CEO's supervision, SK C&C assesses employees' levels of compliance with the Code of Ethics and enforces a variety of systems and programs to ensure that ethical management can be practiced across the company's facilities. In 2014, the company promoted the ethical management organization from the office to the division and strengthened the assessment and support system, which helps the headquarters, subsidiaries, and overseas subsidiaries to develop ethical management activities.

Reporting Mechanisms

SK C&C operates various mechanisms through which all stakeholders can report unethical practices, promptly checks all the facts and provides quick feedback. Through its website, the company informs people how to report violations of ethical management. The company also runs a wide range of reporting mechanisms such as the "SK Ethical Management Counseling/Reporting" bulletin board, "1:1 Counseling Inquiries" at the customer service center, hotline (02-6400-6262) and fax (02-6400-0613).

Risk Assessment and Ethical Management Inspection

SK C&C conducts annual inspection and assessment of risks at facilities in four areas of HR, costs, purchasing, and BP (Business Partner) based on the prescribed checklist. Furthermore, the Ethics Management Division also performs periodic audits of facilities and frequent audits of reports filed through the reporting mechanisms.

Workplace Corruption Risk Assessment	
Total number of workplaces	3
Number of workplaces whose corruption risks were assessed	3
Ratio of corruption risks assessed	100%

Confirmed Violations of Regulations/Disciplines and Measures Taken

In 2014, there were 11 incidents of violation, which included violations of regulations, personal use of corporate property, and false reporting. In response to these violations, 13 disciplinary measures were taken, including three incidents of salary reductions and 10 incidents of reprimands. The reasons and details of disciplinary actions have been notified to all employees to prevent the recurrence of similar cases.

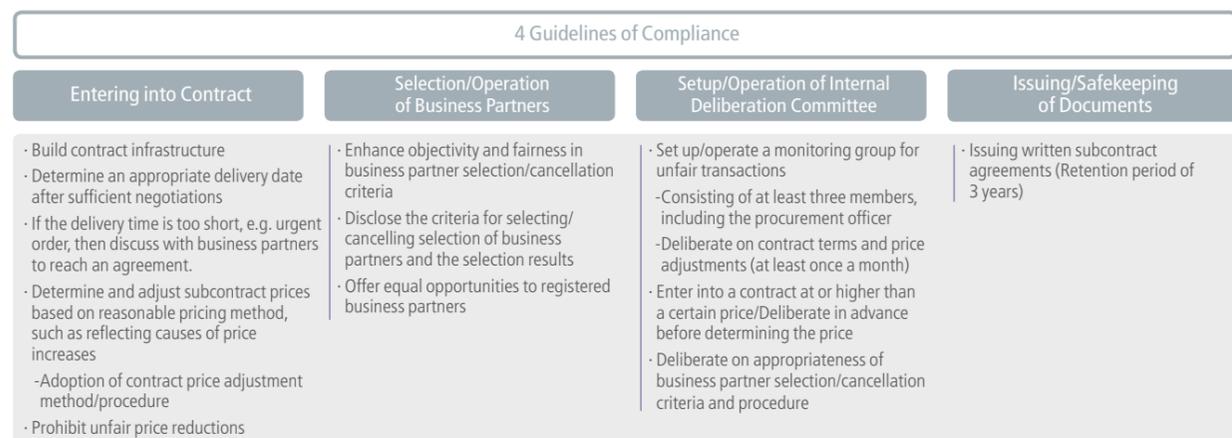
Consensus

Ethics Education and Spread of Ethical Culture

To encourage employees to voluntarily practice ethical management and raise ethical awareness, SK C&C enforces the pledge to ethical management and initiates a variety of activities online and offline. In particular, the company provides new employees with mandatory education on SK C&C's ethical management and makes passing an ethical management test a requirement for promotion. That way, the company ensures that ethical management is considered an important value of the company. Furthermore, through periodic surveys, SK C&C assesses employees' levels of compliance and incorporates the results into business operations to keep ethical management activities up-to-date.

Implementation of Compliance Program

SK C&C has adopted and faithfully adheres to the Compliance Program through collaboration with the Ethics Management Division and the Business Support Division to establish a culture of fair trade with business partners and improve the level of compliance.



Performance Summary

Economic Performance

Consolidated Statement of Financial Position		(Unit: KRW million)		
Classification	2012	2013	2014	
Current assets	1,194,051	988,337	927,128	
· Cash and cash equivalents	441,007	259,061	246,017	
· Accounts receivable and other receivables	512,984	491,644	460,421	
· Other financial assets	157,217	126,486	65,286	
· Stock inventory	58,232	83,675	141,780	
· Other current assets	24,611	27,471	13,624	
· Non-current assets held for sale	-	-	-	
Non-current assets	4,196,810	4,304,593	4,379,911	
· Investments in subsidiaries and associates	3,299,356	3,391,718	3,314,585	
· Tangible assets	399,959	467,969	574,183	
· Intangible assets	119,235	112,594	101,737	
· Accounts receivable and other receivables	23,498	22,769	20,430	
· Other financial assets	2,982	1,882	18	
· Available-for-sale financial assets	351,780	307,012	367,692	
· Other non-current assets	-	649	1,266	
Total assets	5,390,861	5,292,930	5,307,039	
Current liabilities	1,188,982	873,214	640,529	
Non-current liabilities	1,761,162	1,918,912	2,064,143	
Total liabilities	2,950,144	2,792,126	2,704,672	
Equity	10,000	10,000	10,000	
Treasury stock	△440,664	△535,911	△636,010	
Other equity	△110,759	△100,185	32,544	
Retained earnings	2,981,791	3,126,460	3,178,899	
Controlling Interest	2,440,368	2,500,364	2,585,433	
Non-controlling interests	349	440	16,934	
Total equity	2,440,717	2,500,804	2,602,367	
Number of companies included in the consolidated statement	13 companies	13 companies	14 companies	
Operating revenue	2,241,803	2,301,755	2,425,967	
Operating income	200,727	225,193	271,542	
Investments in subsidiaries and associates	376,010	98,041	△38,677	
Net Operating Income	399,620	202,347	129,899	
Net income attributable to controlling interests	399,555	202,256	127,294	
Net income attributable to non-controlling interests	65	91	2,605	
Total comprehensive income	267,429	212,208	174,042	
Basic earnings per share (KRW)	8,574	4,449	2,891	

*For more details on financial information, please refer to the Financial Supervisory Service's Data Analysis, Retrieval and Transfer System (<http://dart.fss.or.kr/>)

Local Purchases in Significant Locations of Operation		R&D Investments		Government Support	
(unit : KRW 0.1 billion)		(unit : KRW million)		(unit : KRW million)	
Classification	Amount	Classification	Amount	Classification	Amount
Total amount of purchase	7,052	R&D cost	27,043	Total amount of support	727
Amount of domestic purchase	6,885	- Selling, general and administrative expenses (SG&A)	16,814	Subsidies	0
Domestic (Seoul)	5,996	- Development cost	10,229	Tax deductions	727
Domestic (local)	889	Ratio of R&D cost to revenue	1.11%		
Amount of overseas purchase	167				

Environmental Performance

Energy Consumption					
Classification	Unit	2012	2013	2014	
Total energy consumption (Absolute amount, Excluding the Scope 3)	TJ	497	534	609	
Gas (LNG)	TJ	6	7	9	
Electricity	TJ	482	520	580	
Local heating	TJ	9	7	20	
Total energy consumption (excluding absolute amount and Scope 3)	Per billion KRW in revenue	TJ	0.222	0.232	0.251
	Per employee	TJ	0.124	0.123	0.148
Gas	Per billion KRW in revenue	TJ	0.003	0.003	0.004
	Per employee	TJ	0.001	0.001	0.002
Electricity	Per billion KRW in revenue	TJ	0.215	0.226	0.239
	Per employee	TJ	0.120	0.120	0.141
Local heating	Per billion KRW in revenue	TJ	0.004	0.003	0.008
	Per employee	TJ	0.002	0.001	0.005

Social Performance

Greenhouse Gas Emissions					
Classification	Unit	2012	2013	2014	
Scope 1	tCO ₂ e	288	368	452	
Scope 1 Emission intensity per unit	Per billion KRW in revenue	tCO ₂ e	0.129	0.160	0.186
	Per employee	tCO ₂ e	0.072	0.085	0.110
Scope 2	tCO ₂ e	23,647	25,423	28,691	
Scope 2 Emission intensity per unit	Per billion KRW in revenue	tCO ₂ e	10.547	11.049	11.827
	Per employee	tCO ₂ e	5.893	5.852	6.979
Scope 3	tCO ₂ e	2,805	2,792	2,935	
Upstream	Fuel & energy not included in Scopes 1 & 2	tCO ₂ e	872	942	1,050
	Transportation & distribution	tCO ₂ e	16	10	10
	Waste generated from work	tCO ₂ e	29	11	16
	Business trip	tCO ₂ e	619	560	566
	Employee commuting	tCO ₂ e	8	8	8
	Leased assets	tCO ₂ e	1,261	1,261	1,290
Downstream	Transportation & Distribution, Manufacturing, Use, Disposal, Leased assets, Franchise	tCO ₂ e	-	-	-

Water Use				
Classification	Unit	2012	2013	2014
Total use	ton	135,737	131,788	121,479
Amount of water recycled and reused	ton	5,858	5,915	3,052
Ratio of amount of water recycled and reused to total water withdrawal	%	4	4	3

Waste				
Classification	Unit	2012	2013	2014
Amount recycled	ton	161	145	155
General waste	ton	259	94	134
Designated waste	ton	13	-	3

Environmental Protection Expenditures and Investments				
Classification	Unit	2012	2013	2014
Cost of emissions treatment	KRW	35,938,100	31,416,000	36,259,000
Cost of verification related to emissions	KRW	-	3,500,000	-
Cost of environmental education and training	KRW	-	12,500,000	-
Cost of external certification for environmental systems	KRW	15,000,000	15,000,000	15,000,000

Employees				
Classification	Unit	2012	2013	2014
Total number of employees	person	4,013	4,344	4,111
Male	person	3,275	3,532	3,353
Female	person	738	812	758
Total number of full-time jobs	person	3,855	4,195	4,036
Male	person	3,134	3,438	3,309
Female	person	721	757	727
Total number of contract jobs	person	158	149	75
Male	person	141	94	44
Female	person	17	55	31
Ratio of non-employees to total workforce	%	0.8	0.6	1.2
Male non-employees	person	9	14	17
Female non-employees	person	22	10	34
Employees with disabilities	person	25	31	39
Patriots and veterans	person	84	81	77
Ratio of new hires	%	15	7	5
Number of new hires	person	590	285	221
Male	person	421	222	182
Female	person	169	63	39
Turnover (full-time employees)	%	8	10	4
Male	%	8	10	5
Female	%	7	8	2

Rate of Local Managers at Significant Locations of Operation

Classification	Unit	2012	2013	2014
Chinese subsidiary				
Total workforce	person	418	359	332
Total number of managers	person	6	4	5
Number of local managers	person	3	1	1
Ratio of local managers	%	50	25	20
USA subsidiary				
Total workforce	person	58	70	51
Total number of managers	person	9	6	4
Number of local managers	person	5	4	3
Ratio of local managers	%	56	67	75

Appendix

Return to Work and Retention Rates after Parental leave

Classification	Unit	2012	2013	2014
Employees who were entitled to parental leave (Male)	person	179	154	157
Employees who were entitled to parental leave (Female)	person	47	36	53
Employees who took parental leave (Male)	person	4	13	15
Employees who took parental leave (Female)	person	45	36	49
Usage rate of parental leave (Male)	%	2	8	10
Usage rate of parental leave (Female)	%	96	100	92
Rate of those who returned to work after parental leave ended (Male)	%	100	100	100
Rate of those who returned to work after parental leave ended (Female)	%	100	100	100
Rate of retention over 12 months after return from parental leave (Male)	%	50	100	100
Rate of retention over 12 months after return from parental leave (Female)	%	74	73	100

Safety and Health

Classification	Unit	2012	2013	2014
Injury (Male)	incident	2	4	0
Injury (Female)	-	1	0	0
Injury rate (Male)	%	0.06	0.14	0.00
Injury rate (Female)	-	0.14	0.00	0.00
Work days lost (Male)	day	8	141	0
Work days lost (Female)	-	0	0	0

Human Rights and Anti-corruption

Classification	Unit	2012	2013	2014
Employees who received anti-corruption education	person	510	951	905
Rate of employees who were notified of the anti-corruption policy and procedure	%	100	100	100
Security officers who received training on the human rights policy and procedure	person	37	37	57
Rate of security officers who received training on the human rights policy and procedure	%	100	100	100

Education and Training

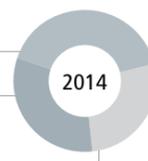
Classification	Unit	2012	2013	2014
Average hours of education per person	hour	99	72	55
Male	-	98	71	56
Female	-	105	77	53
Associates	-	145	110	67
Assistant managers	-	109	86	69
Managers	-	90	65	48
Senior managers	-	78	56	51
General managers	-	65	43	47

Social Investments

Classification	Unit	2012	2013	2014
Hours of volunteer work per employee	hour	12	10	8
Employee contributions	1,000 KRW	89,237	95,023	98,328
Community investment	1,000 KRW	2,363,572	2,464,235	2,806,202

2014 Ratios of Social Investments

● Social investment	41%
● Donations to charities	32%
● Commercial investment	27%



GRI G4 Content Index

G4 General Standard Disclosure

●: Full ◐: Partial N/A: Not Applicable

G4 Indicator	Coverage	Page / Direct Answer	External Assurance
Strategy and Analysis			
G4-1	●	pp.2-3	pp.64-65
G4-2	●	p.9	pp.64-65
Organizational Profile			
G4-3	●	p.4	pp.64-65
G4-4	●	p.4	pp.64-65
G4-5	●	Business p.2	pp.64-65
G4-6	●	Business pp.2-3	pp.64-65
G4-7	●	p.47	pp.64-65
G4-8	●	Business pp.2-3	pp.64-65
G4-9	●	p.54	pp.64-65
G4-10	●	p.57	pp.64-65
G4-11	●	p.28	pp.64-65
G4-12	●	p.33	pp.64-65
G4-13	●	N/A	pp.64-65
G4-14	●	p.68	pp.64-65
G4-15	●	p.68	pp.64-65
G4-16	●	p.68	pp.64-65
Identified Material Aspects and Boundaries			
G4-17	●	About this Report	pp.64-65
G4-18	●	p.8	pp.64-65
G4-19	●	p.8	pp.64-65
G4-20	●	p.10,20,30,34,40	pp.64-65
G4-21	●	p.10,20,30,34,40	pp.64-65
G4-22	●	N/A	pp.64-65
G4-23	●	N/A	pp.64-65
Stakeholder Engagement			
G4-24	●	p.5	pp.64-65
G4-25	●	p.5	pp.64-65
G4-26	●	pp.5-6	pp.64-65
G4-27	●	pp.5-6	pp.64-65
Report Profile			
G4-28	●	About this Report	pp.64-65
G4-29	●	About this Report	pp.64-65
G4-30	●	About this Report	pp.64-65
G4-31	●	p.69	pp.64-65
G4-32	●	pp.64-65	pp.64-65
G4-33	●	pp.64-65	pp.64-65

●: Full ◐: Partial N/A: Not Applicable

G4 Indicator	Coverage	Page / Direct Answer	External Assurance
Governance			
G4-34	●	p.49	pp.64-65
G4-35	●	p.49	pp.64-65
G4-36	●	p.49	pp.64-65
G4-37	●	p.49	pp.64-65
G4-38	●	pp.47-48	pp.64-65
G4-39	●	p.47	pp.64-65
G4-40	●	p.48	pp.64-65
G4-41	●	p.48	pp.64-65
G4-42	●	p.49	pp.64-65
G4-43	●	p.48	pp.64-65
G4-44	●	p.48	pp.64-65
G4-45	●	p.49	pp.64-65
G4-46	●	p.49	pp.64-65
G4-47	●	p.49	pp.64-65
G4-48	●	p.49	pp.64-65
G4-49	●	p.49	pp.64-65
G4-50	●	p.49	pp.64-65
G4-51	●	p.48	pp.64-65
G4-52	●	p.48	pp.64-65
G4-53	●	p.48	pp.64-65
G4-54	◐	The amount of compensation for the highest-paid individual and the average amount of compensation for employees are disclosed in the business report.	pp.64-65
G4-55	Omission	Cannot be disclosed under the internal information disclosure policy	pp.64-65
Ethics and Integrity			
G4-56	●	pp.51-52	pp.64-65
G4-57	●	p.52	pp.64-65
G4-58	●	p.52	pp.64-65

※ Business Report: <http://dart.fss.or.kr/dsaf001/main.do?rcpNo=20150331004391>

G4 Specific Standard Disclosures

●: Full ◐: Partial N/A: Not Applicable

Aspect	Materiality	G4 Indicator	Coverage	Page / Direct Answer	External Assurance	
Economic						
Economic Performance	Material Aspect (DMA: p.10)	EC1	Direct value generated and distributed	●	Business p.15	pp.64-65
		EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	p.36	pp.64-65
		EC3	Coverage of the organization's defined benefit plan obligations	●	p.23	pp.64-65
		EC4	Financial assistance received from government	●	p.55	pp.64-65
Market Presence	Material Aspect (DMA: p.10)	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	◐	The SK C&C guarantees payments of compensation higher than minimum wage in areas where its locations of operation are, but detailed amounts cannot be disclosed.	pp.64-65
		EC6	Proportion of senior management hired from the local community at significant locations of operation	●	p.57	pp.64-65
Indirect Economic Impacts	Material Aspect (DMA: p.10)	EC7	Development and impact of infrastructure investments and services supported	●	pp.12-13	pp.64-65
		EC8	Significant indirect economic impacts, including the extent of impacts	●	pp.12-13	pp.64-65
Procurement Practices	Material Aspect (DMA: p.10)	EC9	Proportion of spending on local suppliers at significant locations of operation	●	p.55	pp.64-65

Environmental						
Energy	Material Aspect (DMA: p.35)	EN3	Energy consumption within the organization	●	p.55	pp.64-65
		EN4	Energy consumption outside of the organization	N/A	Energy consumption data within Scope 3 has not been calculated, but a management system will be created in the future.	pp.64-65
		EN5	Energy intensity	●	p.55	pp.64-65
		EN6	Reduction of energy consumption	◐	pp.37-39	pp.64-65
		EN7	Reductions in energy requirements of products and services	●	p.39	pp.64-65
		Water	Non-material Aspect	EN8	Total water withdrawal by source	●
EN9	Water sources significantly affected by withdrawal of water			●	No water sources found that are significantly affected by withdrawal of water through the use of water services	pp.64-65
EN10	Percentage and total volume of water recycled and reused			●	p.56	pp.64-65
Emissions	Material Aspect (DMA: p.35)			EN15	Direct greenhouse gas (GHG) emissions (scope 1)	●
		EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	●	p.56	pp.64-65
		EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	●	p.56	pp.64-65
		EN18	Greenhouse gas (GHG) emissions intensity	●	p.56	pp.64-65
Effluents and Waste	Non-material Aspect	EN19	Reduction of greenhouse gas (GHG) emissions	◐	p.56	pp.64-65
		EN23	Total weight of waste by type and disposal method	●	p.56	pp.64-65
Products and Services	Material Aspect (DMA: p.35)	EN27	Extent of impact mitigation of environmental impacts of products and services	◐	pp.38-39	pp.64-65
		EN28	Percentage of products sold and their packaging materials that are reclaimed by category	N/A	No packaging materials are used, which is typical of IT services.	pp.64-65
Compliance	Non-material Aspect	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	0 incidents	pp.64-65
Overall	Non-material Aspect	EN31	Total environmental protection expenditures and investments by type	●	p.56	pp.64-65
Environmental Grievance Mechanisms	Non-material Aspect	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	●	p.7	pp.64-65

Social : Labor practices and decent work						
Employment	Material Aspect (DMA: p.21)	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	●	p.57	pp.64-65
		LA2	Benefits provided to fulltime employees that are not provided to temporary or parttime employees, by significant locations of operation	●	pp.22-23	pp.64-65
		LA3	Return to work and retention rates after parental leave, by gender	●	p.23	pp.64-65
Labor/Management Relations	Material Aspect (DMA: p.28)	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	◐	p.28	pp.64-65
Occupational Health and Safety	Non-material Aspect	LA5	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	●	p.24	pp.64-65

●: Full ◐: Partial N/A: Not Applicable

Aspect	Materiality	G4 Indicator	Coverage	Page / Direct Answer	External Assurance	
Occupational Health and Safety	Non-material Aspect	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender	●	p.58	pp.64-65
		LA7	Workers with high incidence or high risk of diseases related to their occupation	●	p.24	pp.64-65
		LA9	Average hours of training per year per employee by gender, and by employee category	●	p.58	pp.64-65
Training and Education	Material Aspect (DMA: p.25)	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	◐	pp.26-27	pp.64-65
		LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	●	p.27	pp.64-65
Diversity and Equal Opportunity	Non-material Aspect	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	●	p.57	pp.64-65
Equal Remuneration for Women and Men	Non-material Aspect	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	◐	SK C&C enforces a policy that guarantees equal basic salary for women and men.	pp.64-65
Labor Practices Grievance Mechanisms	Non-material Aspect	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	●	p.7	pp.64-65

Social : Human Rights						
Supplier Human Rights Assessment	Material Aspect (DMA: p.31)	HR10	Percentage of new suppliers that were screened using human rights criteria	●	p.33	pp.64-65
		HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	◐	p.33	pp.64-65
Human Rights Grievance Mechanisms	Material Aspect (DMA: p.7)	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	●	p.7	pp.64-65

Social : Society						
Local Communities	Material Aspect (DMA: p.41)	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	p.42	pp.64-65
		SO2	Operations with significant actual or potential negative impacts on local communities	●	None	pp.64-65
Anti-Corruption	Material Aspect (DMA: p.52)	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	◐	p.52	pp.64-65
		SO4	Communication and training on anticorruption policies and procedures	●	p.58	pp.64-65
		SO5	Confirmed incidents of corruption and actions taken	●	p.52	pp.64-65
Public Policy	Material Aspect (DMA: p.52)	SO6	Total value of political contributions by country and recipient/beneficiary	●	Under Korean laws, political contributions from companies are prohibited, and there were no political contributions from SK C&C in 2013.	pp.64-65
Anticompetitive Behavior	Material Aspect (DMA: p.52)	SO7	Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes	●	See the sanctions covered in the business report.	pp.64-65
Compliance	Material Aspect (DMA: p.52)	SO8	Monetary value of significant fines and total number of non monetary sanctions for noncompliance with laws and regulations	●	See the sanctions covered in the business report.	pp.64-65
Grievance Mechanisms for Impacts on Society	Non-material Aspect	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	●	p.7	pp.64-65

Social : Product responsibility						
Marketing Communications	Non-material Aspect	PR6	Sale of banned or disputed products	●	None	pp.64-65
		PR7	Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	●	0 incidents	pp.64-65
Customer Privacy	Material Aspect (DMA: p.18)	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	0 incidents	pp.64-65
Compliance	Non-material Aspect	PR9	Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services	●	See the sanctions covered in the business report.	pp.64-65

External Assurance Report

To the Stakeholders of SK C&C

The Korea Productivity Center (the "Assurer") presents this assurance statement upon request from SK C&C Co., Ltd. to provide an independent assurance on the "2015 SK C&C Sustainability Report (the "Report")".

Responsibility and Independence

SK C&C is entirely responsible for all information and opinions presented in the "Report". The Assurer is solely responsible for providing a third party verification of the contents of the "Report". As an independent assurance agency, the Assurer neither was in the process of developing the "Report" with SK C&C, nor is in any conflict of interest that may undermine our independence.

Assurance Standards

The independent assurance was performed in accordance with Type 1 (Type 2 was applied to environmental data: water, waste) and the moderate level of assurance engagement based on AA1000AS (2008)¹ assurance standards. The Assurer also verified the suitability of inclusivity, materiality, and responsiveness based on AA1000APS (2008)² assurance principle. Furthermore, the Assurer checked the compliance of the Report contents with GRI G4 Guideline standards.

Limitation

The Assurer conducted an assurance of SK C&C's performance in 2014 in accordance with the standards above, and verified the credibility of the performance in the Report in following manners:
 Financial data were verified through the financial statement and disclosed documents audited by an accounting auditing agency, and environmental/social data were confirmed in compliance with the moderate level of Type 1 assurance engagement and sampling. Moreover, the on-site inspection was limited to the headquarters in Bundang and any further assurance may change the result accordingly.

Methodology

The independent assurance of the Report was conducted following the methods below:

- Verified if the requirements for comprehensive options of GRI G4 Guidelines were fulfilled.
- Verified the compliance with the principles of the Report contents and quality based on GRI G4 Guidelines.
- Verified the appropriateness of material issues and contents of the Report through media research and benchmarking analysis.
- Verified the suitability of the contents and any errors in expression through comparison analysis with other sources.
- Verified the basis of major data and information and the internal process and system through the on-site inspection in Bundang headquarters.

¹ AA1000AS(2008): AA1000 Assurance Standard(2008) is an international assurance standard, set by AccountAbility, that provides method of reporting sustainability management issues by evaluating the organization management on performances, compliance with principles, and reliability of performance information.

² AA1000APS(2008): AA1000 AccountAbility Principles Standard(2008) is an international assurance standard set by AccountAbility that provides principles of the basis of AA1000 standards.

Conclusions

The Assurer verified that the Report accurately and fairly reflects SK C&C's sustainability activities and performance. The Assurer also verified that the Report meets the requirements for comprehensive options of GRI G4 Guideline.

Additional opinions on the principles presented in AA1000APS (2008) are as follows:

Inclusivity: Stakeholder Engagement

The Assurer could verify that SK C&C defines its key stakeholders into 6 groups: customers, shareholders and investors, employees, business partners, local community, and environment, clearly classifies communication channels and expectations of each group, and collects stakeholders' opinions through active communication.

Materiality : Identification and Reporting of Material Issues

The Assurer verified that SK C&C decides on its sustainability management issues based on the last year's issues, global sustainability standards including GRI G4 Guideline and ISO 26000, media research, and issues of other companies in the same line of business. Also, SK C&C assessed the materiality of selected issues, prioritized them in accordance with business significance and stakeholder's influence, and evenly included them in the Report.

Responsiveness : Organization's Response to Issues

The Assurer verified that SK C&C identified major expectations effective to stakeholders' performance, implemented activities as responsive measure, and reflected them in the Report. Material issues were categorized into five sections according to SK C&C's sustainable management strategy, and reflect the company's management approach measure, mid-/long-term strategy, time period, and performance of relevant activities effectively.

Recommendation

The Assurer highly values SK C&C's various efforts and performance for enhancing its sustainability, and suggests below for the company's future publication of the Report and improvement of its sustainability standard:

- The system of sustainability management strategy needs to be constantly improved to systematically promote sustainable management. SK C&C will be able to specifically include its sustainability activities and performance in the Report by deducting tasks and KPIs based on its sustainability strategy system and by managing them continuously.
- As the publication frequency of the sustainability report has changed from biennial to annual, data management has become more important. Especially for the material issues, responsibilities and authorization for data collection/management and composition should be clearly defined, and activity improvement according to data changes is recommended by setting management period (quarterly, biannually, etc.) based on their significance.



April 2015
 Hong, Soon Jick
 CEO

Kim, Dong Su
 Director

Lee, Yang ho
 Team Leader

The Sustainability Management Center of Korea Productivity Center is an assurance agency officially certified by AccountAbility [organization established AA1000, the international standard for stakeholder participation and verification] and is qualified to independence assurance engagements. Our Assurance Committee is comprised of competent experts who have in-depth experience in sustainability management consulting and assurance and have completed the relevant training.

Greenhouse Gas Verification Report

Level of Assurance The Korea Productivity Center (KPC) assures the risk discovered during the verification process is within the acceptable level of emissions.

Object of Assurance SK C&C's data regarding greenhouse gas (GHG) emissions and energy usage has been verified to a limited degree by KPC for the year 2014.

Verification Protocols Used to Conduct the Verification

- Guideline for the Greenhouse Gas Target Management System
- Guideline for Local Government Greenhouse Gas Inventories
- IPCC Guideline, WRI GHG Protocol
- ISO 14064 GHG Protocol
- EPA optional emission from commuting, business travel and product transport
- GHG Protocol Technical Guidance for calculating Scope 3 emission

Limitation of Verification Through the verification process involving on-site sampling of emissions sources, KPC found potential errors and omissions, which SK C&C was unable to detect. Although there were no significant exceptions, the verified emissions rate has a limitation, which can occur during the process of applying unspecified standards and methods.

Conclusions (Appropriate, Partially Appropriate, Inappropriate) SK C&C has performed the appropriate corrective actions in response to its main aspects of improvement, which was discovered during the verification process. This assurance engagement was carried out to the extent that the data were measurable based on SK C&C's fulfilment of its social responsibilities. Regarding the emissions data in 2014, including Scope 1, Scope 2, and Scope 3, and the data of energy usage, we found that the Report was appropriately prepared in accordance with the assurance standards and concluded that the Report was "Appropriate."



April 2015
Hong Soon-Jick
CEO

Human Rights Statement

Under its philosophy, "A company should achieve its ultimate goal of sustainable progress by maintaining stability and growth, and it should create value for its customers, employees, and shareholders, thereby contributing to the happiness of mankind," SK C&C respects the basic rights of various stakeholders surrounding the company, such as customers, employees, business partners, and communities.

SK C&C will focus on the following human rights aspects, which are considered a priority by the international community, which impacts SK C&C's business and those that the company's has control and can influence across its operations. In addition, through its sustainability report, the company discloses its human rights activities to its stakeholders.

Labor

- Prohibit discrimination on the basis of gender, race, age, disability, religion, or education
- Prohibit inhumane practices such as violence and harassment at the workplace
- Create a safe and comfortable work environment
- Prohibit forced and child labor
- Respect freedom of speech, privacy, and protection against infringements of privacy
- Comply with the recommendations of the International Labour Organization and the national labor policy

Business Partners

- Guarantee every company an equal opportunity to participate and be selected
- Foster a healthy and transparent trade culture and maintain fair trading order
- Conduct transactions on equal footing, rather than in superior position

Services and Products

- Prohibit the use of technologies or services provided by the company for human rights violation and criminal purposes
- Respect customer demands and develop and provide premium services
- Make efforts to prevent security accidents through reinforcement of security management

Communities

- Strive to bridge the digital divide for socially disadvantaged groups
- Actively engage in resolving environmental and social problems that affect communities
- Implement social contribution activities to improve the social skills and convenience of people with disabilities

Furthermore, SK C&C publicly declares its commitment to universal respect for human rights and freedoms as recommended by the UN's Universal Declaration of Human Rights and Guiding Principles on Business and Human rights. Along with commitment to preventing human rights violations, SK C&C will also promptly respond to incidents of violations to ensure that human rights are respected and protected.

UN Global Compact

On May 1, 2012, SK C&C announced that it had joined a voluntary initiative called the UN Global Compact (UNGC) as a commitment to corporate social responsibility. Under the UNGC principles, the company supports the precautionary principle and devotes itself to compliance with the UNGC's 10 Principles in the areas of human rights, labor, environment, and anti-corruption, such as respecting human rights and labor, spreading a culture of ethical management and anti-corruption, operating environmentally friendly businesses and providing environmentally friendly services. The company will continue its commitment to the UNGC's 10 Principles, publicly disclose information about its performances, and diligently fulfill its responsibilities as a responsible global citizen.

Classification	Principle	Page / Notes
Human Rights	Principle 01. Businesses should support and respect the protection of internationally proclaimed human rights	pp.67 / SK C&C respects all kinds of human rights set forth in the Universal Declaration of Human rights adopted by the UN.
	Principle 02. Businesses should make sure they are not complicit in human rights abuses.	
Labor	Principle 03. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	p.28
	Principle 04. The elimination of all forms of forced and compulsory labour	p.67 / SK C&C does not allow any form of compulsory labor
	Principle 05. The effective abolition of child labour	p.67 / SK C&C prohibits child labor
	Principle 06. The elimination of discrimination in respect of employment and occupation	p.22
Environment	Principle 07. Businesses should support a precautionary approach to environmental challenges	pp.35-39
	Principle 08. Undertake initiatives to promote greater environmental responsibility and	pp.35-39
	Principle 09. Encourage the development and diffusion of environmentally friendly technologies	pp.35-39
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery	pp.51-52



Happiness with SKC&C

Membership

- 01 Korea IT Service Industry Association
- 02 Korea SW Industry Association
- 03 The Federation of Korean Information Industry
- 04 Seoul Economist Club
- 05 Korea International Trade Association
- 06 Korea DB Industry Association
- 07 Big Data Professional Association
- 08 Seongnam Chamber of Commerce and Industry
- 09 Korea Fair Competition Federation
- 10 Korea Listed Companies Association
- 11 Korea IR Service
- 12 Business Ethics and Sustainability management for Top performance
- 13 SDN/NFV Forum
- 14 Korea SW Architecture Association

Awards and Recognition



Earned an Excellence Grade on the Win-Win Index



Selected for outstanding labor-management culture



Best Family-Friendly Management



Awarded the government's Korea's Most Beloved Company reward and the Sustainability Association Chairman prize

MEMBER OF



In Collaboration with RobecoSAM

Listed on the Dow Jones Sustainability World Index for three consecutive years

2015 SK C&C Sustainability Report

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Publication date_ May 2015
 Published by_ SK C&C Corp.
 Design_ Reddot Branding



This report is printed on paper certified as sustainable by the Forest Stewardship Council (FSC™) using soy ink.





SKC&C Business Areas

Main Solutions & Services

Overseas Expansion and Regional Hubs

2014년 Financial Highlight (consolidated; unit: KRW billion)

Revenue : 2,426 | Operating Income : 271.5

Credit Rating : Corporate Bonds AA / Commercial Paper A1

(NICE Credit Information Service, Korea Ratings, Korea Investors Service)



Headquarters

1 SK C&C Co., Ltd.

IT Services, Security Services, Online/offline Distribution, etc.

Subsidiaries

2 Infosec Co., Ltd.

Information Protection Services, Educational Services

3 SK Encar.com Co., Ltd.

Online Distribution of Pre-owned Cars

Overseas Subsidiaries and Branches

4 ESSENCORE Limited

Manufacturing/distribution of Semiconductor Modules

5 SK C&C Beijing Co. Ltd

System Integration, SOC/ICT, etc.

6 SK C&C Chengdu Co. Ltd

System Integration, SOC/ICT, etc.

7 SK C&C Shenyang Co. Ltd

System Integration, SOC/ICT, etc.

8 Dubai Office

IT Services, etc.

9 Azerbaijan Office

IT Services, etc.

IT Services Consulting

Equipped with the industry's finest experts and world-class consulting methodologies, SK C&C brings the comprehensive industry experience and accumulated expertise of its consultants, emerging management theories, and new technology research results in order to create new value for customers. By utilizing the aforementioned competencies, the company strives to become a "Biz Innovator for Future Growth" and "Knowledge Leader in Increasing Business Value," which helps its customers enhance their capabilities in the areas of business strategy, IT and new BM consulting.



Telecommunications Consulting

As a consulting partner for SK telecom, the country's top telecommunications company, SK C&C provides consulting services in the marketing and networking areas. Based on its comprehensive knowledge and experience in the entire telecommunications and ICT industry, the company is expanding into the business of distinct consulting services by establishing a strategy to effectively cope with the rapidly changing ICT convergence environment, which includes mobility and the IoT, and by developing a new business model.



Hi-Tech Consulting

SK Hynix, a global memory semiconductor supplier as its customer, SK C&C is leading consulting services in the Process Innovation (PI), Supply Chain Management (SCM), Manufacturing Execution System (MES), and Manufacturing Automation Areas across the business value chain, targeting customers working in the high-tech industry. The company is expanding into business areas where it can increase customer value by incorporating changes in the business environment and the latest ICT trends, into the business.



Industry Consulting

Working with SK's affiliated companies in energy and logistics services, SK C&C provides a variety of consulting services related to business strategies, procurement, logistics, and Supply Chain Management (SCM), and is now expanding into the areas of IoT-based logistics optimization, energy and environmental consulting. Furthermore, as a leader in the creation of next-generation systems for the banking sector, SK C&C is spearheading efforts to create new customer value, primarily in the area of convergence-based business consulting, which combines cutting-edge ICT and banking knowledge, ranging from online transaction processing to data warehousing and smart channels.

IT Services System Integration



Finance

Amid fierce competition, SK C&C provides total service to customers to gain a competitive advantage, ranging from the deployment of business process redesign, Information Strategy Planning (ISP), Enterprise Architecture (EA), and smart channels, to the design and deploy compliance consulting services such as International Financial Reporting Standards (IFRS) and Basel. SK C&C's state-of-the-art solutions and methodologies, including NEXCORE, help customers gain the core capabilities and flexibility necessary to respond to the rapidly changing financial markets.

Banks · Securities · Insurance · Cards · Capital

- Construction of next-generation systems
- Construction of digital warehousing systems (Enterprise Data Warehouse, Customer Relationship Management, etc.)
- Construction of channels and mobile systems
- Construction of an integrated security system
- Smart channel consulting and construction

Compliance

- IFRS, Capital Market Business System(CMBS), Basel, Anti-money Laundering(AML)

Emerging Trends

- Fin-Tech, Open Banking, Smart Branch, Paperless, etc.

IT Services

System Integration



Public · Social Overhead Capital (SOC)

SK C&C contributes to enhancing the country's competitiveness and progress by bringing its accumulated experience and competent experts into the entire IT services area. In addition, by utilizing its diverse experience in IT services, the company has made forays into global markets like MENA, CIS, and Southeast Asia, and has assisted in upgrading public services in those countries and improving the quality of public services and people's lives.

Intelligent Transportation System(ITS)

- Advanced Transportation Management Systems(ATMS)
- Advanced Traveler Information System(ATIS)
- Advanced Public Transportation Systems(APTS)
- Commercial Vehicle Operations(CVO)

- Bus Information System(BIS)
- Bus Management System(BMS)
- Electrical Transportation System(ETS)
- Signal Control, Transit Card, etc.

Security

- Integrated surveillance systems, integrated CCTV monitoring, and convergence security systems for national border, airport, and port security.

Other

- Safety : National disaster prevention, emergency relief standards, fire prevention information, CCTV integration, integrated 119 reporting systems, remote first aid via video systems, etc.
- Administrative : E-government standards, mobile e-governments, national representatives forums, address system management (based on geographical information systems), etc.
- National Defense : Joint fire operating systems, etc.
- Legal/Police : Immigration control, digital forensics, etc.
- Intelligent Building System(IBM) : Building automation, integrated surveillance, CCTV, integrated wiring, equipment controls, etc.

Integrated Computing Centers

- Creating center environments, system relocations, integrated infrastructure construction, operations, and maintenance/repairs, etc.

- Railway/Subway : Communication, signaling, and power supply systems, station automation, integrated information systems, etc.
- Construction IT : Construction and civil engineering IT, total facility control, u-City, u-Engineering, u-Service, Theme Parks, etc.
- Sports/Events IT : Games Management System(GMS), Games Result System(GRS), Information Distribution System(IDS)



Manufacturing · Service

SK C&C brings its diverse experience in system deployment with accumulated expertise and technical capabilities, to provide optimized solutions and specialized technicians across a wide range of areas where customers are involved to support their businesses.

Electrical · Electronic · Automobile · Components

- Enterprise Resource Planning(ERP)
- Strategic Enterprise Management(SEM)
- Supply Chain Management(SCM)
- Sales and Operations Planning(S&OP)
- Warehouse Management System(WMS)

- Transportation Management System(TMS)
- Customer Relations Management(CRM)
- Product Life-cycle Management(PLM)
- Manufacturing Execution System(MES)

Shipbuilding · Heavy Industries

- Enterprise Resource Planning(ERP)
- Enterprise Contents Management(ECM)
- Enterprise Knowledge Portal(EKP)
- SmartWork Solution

Distribution · Logistics

- Supply Chain Management(SCM)
- Order Management System(OMS)
- Warehouse Management System(WMS)
- Transportation Management System(TMS)
- Point-of-sale(POS) & Sales Recording Module(SRM)

University · Education

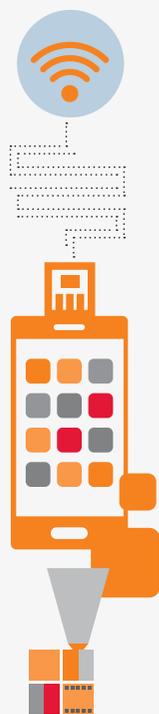
- Educational Services
- Teaching and Learning
- Smart Campus
- Integrated Administration/ Academic Systems
- e-Learning

Plant IT

- Manufacturing management in manufacturing industries such as petrochemicals and electrics/electronics
- All areas including automation and ICT infrastructure

IT Services

IT Outsourcing



Telecommunication - Media

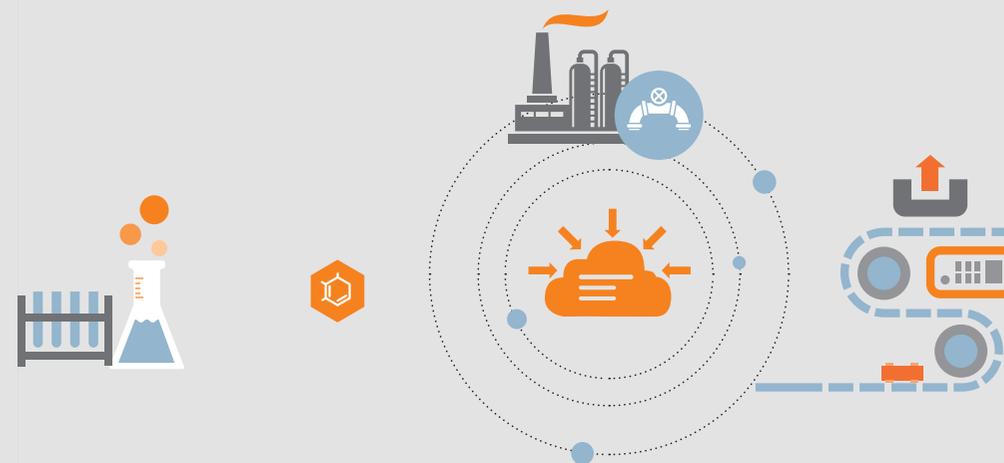
SK C&C is leading the age of convergence in which technological evolutions take place, such as the convergence of wired and wireless services, and the convergence of broadcasting and telecommunications. Along with the NVIOS solution, which combines the company's years of experience in providing the highest-quality telecommunications services and its accumulated expertise in service operations, the company offers the best solutions and services to domestic and international mobile service providers and broadcasting companies. Work with SK C&C and become a pioneer in new convergence businesses.

Telecommunications

- Customer Care & Billing Systems (CCBS)
- Mobile Virtual Network Operator (MVNO) Solutions
- Mobile Applications & Solutions (Enterprise Mobile Platform, etc.)
- Network Engineering, Network Application Platform, Revenue Assurance System

Media

- Broadcasting Infrastructure Construction, Maintenance and Repairs, Digital Multimedia Centers (DMC)
- Reporting Information System, Content Management System, HD & 3-D Baseband Production and Broadcasting
- Construction of Head-end (IPTV/SO), Commercial Broadcasting, Theme Park, Exhibition Center, VOD Billing System
- DTV/IPTV, Network Production System (NPS)
- Unified Communication, Video Conferencing System



Semi-Conductor

The semiconductor industry requires large-scale equipment and R&D investments to lead high-tech smart environments. Since semiconductor technological innovations take place extremely fast, the core capabilities mean IT capabilities within the industry. Using its IT capabilities, SK C&C provides IT services to all semiconductor areas.

- Automation/Yield Control, Logistics, Security, Management Information, etc.

Energy - Chemicals

SK C&C is an ideal IT partner for a wide range of energy and chemical companies at home and abroad. By utilizing its comprehensive knowledge of the industry, from materials import to production and sales, the company delivers the streamlining of unit business processes and the optimization of overall business operations. SK C&C's solutions, which are specially made for energy and chemical business environments and business processes, contributes to reducing costs and enhancing competitiveness, thereby helping customers become successful.

- Integrated logistics center operations system, automatic shipping system
- LPG ordering system, charging station management system, integrated gas safety management system, transportation vehicle scheduling system
- Integrated MIS, e-HRIS, SKYBID, portals of local services centers
- Electronic notification system, routing simulator system, automated vehicle scheduling system

Specialization Common Solutions

SK C&C continuously develops and applies specialized solutions across industries based on its knowledge of customers' businesses and helps customers enhance their capabilities. In addition, by developing general industry solutions that increase the fundamental capabilities of IT services business, SK C&C is at the forefront of the effort to advance the quality and standard of IT services in Korea.

- 1) ERP (Consulting, deployment, operations)
- 2) CRM (CRM, BI, DW-related consulting, deployment, operations)
- 3) SCM (Demand forecasting, optimization, inventory control-related deployment, operations)
- 4) SHE (Safety, Health, Environment-related consulting, deployment, operations)
- 5) Security (Diagnostics, consulting, deployment, surveillance (remote/on-site), certification, physical security)
- 6) Infrastructure (IDC, cloud, circuit service, call center, etc.)
- 7) Smart Working (Groupware, UC, mobile)
- 8) Smart Manufacturing (ICT-based manufacturing automation, monitoring, optimization, etc.)
- 9) Big data, IoT, cloud-related solutions

IT Services IT Outsourcing



·Infrastructure Operations Management Service The Infrastructure Operations Management Service provides integrated operation of customers' IT services through comprehensive and systemic management of various IT platforms in a steady and efficient manner. Through the modularization of operations management targets and operations services, customers can choose their desired service targets and levels to make effective investments.



·Data Center Service By utilizing the top-notch capabilities and experience concentrated at SK C&C's large-scale data center, the company provides protection for customers' IT assets and secure operating environments, and offers suggestions for improvement to make IT operating environments more efficient.



·Disaster Recovery Service SK C&C constructs a recovery site in the case of an emergency or a large-scale disaster, and performs systemic maintenance/repairs and periodic recovery testing according to a test plan, so that, when an actual disaster occurs, customers can continue to conduct their business in the ordinary way.



·Network Line Service The company utilizes 15 domestic and 7 international network nodes whose major intervals comprise DWDM to provide network and internet connections for work purposes anywhere.



·Unified Communications Service By integrating/constructing data, voice, and video communications into an IP network and connecting groupware (messenger, email, etc.) to network systems (telephone, video conferencing, etc.), this service integrates a variety of communication mechanisms and allows one-point access and real-time communication between users.



·PC Operations Service As a total hardware and software operations service designed to provide end-user computing and human interface, this total PC operations service allows PC policy setting, technical support, environment configuration, change management, fault troubleshooting, and on-site support.



·SAP ERP Operations Service Since a company's operations undergo dynamic changes and continue to evolve in the globally competitive environment, the ERP system, an infrastructure system for enterprises, also needs to promptly respond to user demands and evolve. SK C&C provides an effective service for long-term system lifecycle management.

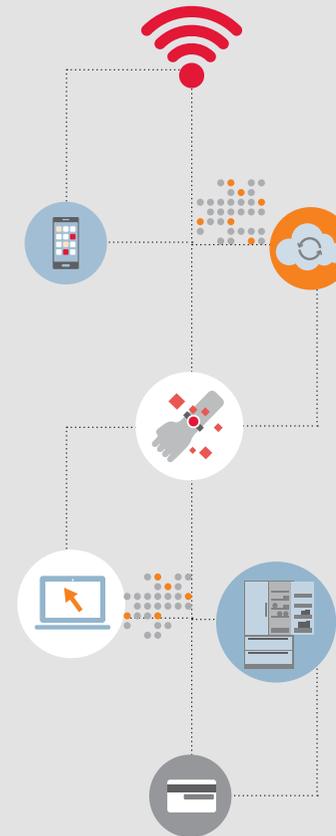


·Groupware Service The Groupware Service provides a solution to create an ideal work environment and communication, collaboration, decision-making tool support, and consultation on customer needs to increase productivity at work.



·Application Operations Service SK C&C provides an advanced application operations service based on its experience in deploying applications to various industries and its expertise in new information system deployment and O/S operations on the basis of standard development methodologies.

New Biz based on IT Trends



· Mobility

SK C&C offers a total mobility solution encompassing consulting, system development and deployment, and device supply, for all business customers who intend to seamlessly expand their business environments by utilizing smart devices like smartphones and tablets.

· Cloud

Through internalization of software-based cloud computing technologies and solution development, SK C&C provides cloud computing deployment/consulting services and infrastructure/platform/software services.

· Big Data

SK C&C assists customers in developing and commercializing new business models through big data-based consulting, system deployment and analytics.

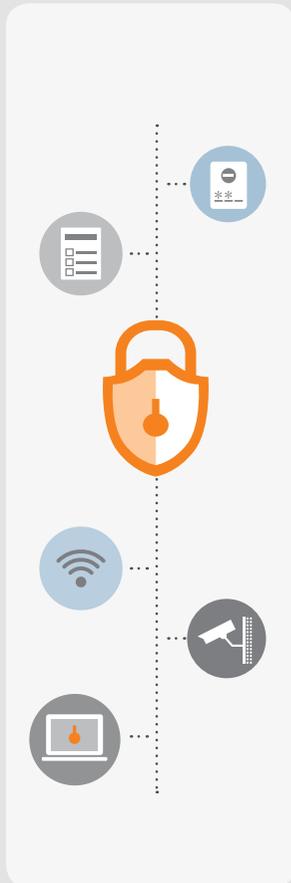
· IoT

SK C&C provides IoT-based services by linking it to big data, such as Smart Factory, sensing data analytics and healthcare.

· Smart Card

SK C&C supplies a total solution aligned with a variety of telecommunications-based convergence services by providing smart card and application solutions, which meet many more needs other than only authentication, storage, and payment features.

Security Services



· Security Surveillance

To protect customers' information assets against cyber-attacks such as worms, viruses, and hacking, SK C&C supports real-time security event monitoring and prompt detection, response, and prevention services for intrusion incidents.

· Security Consulting

By creating an information protection development plan and an information protection system aligned with customer needs, SK C&C offers a consulting service that can contribute to enhancing the customer's business stability and reliability.

· Security Solution

To cope with security threats that become increasingly intelligent, SK C&C develops security solutions based on its security surveillance expertise and provides systemic and steady solutions.

· Security SI

SK C&C provides a total service applicable to the entire area of security systems, including security solutions, security analytics systems, and integrated access and account management systems.

· Physical · Convergence Security

SK C&C offers physical/convergence security services optimized for customers' work environments, including integrated security situation room construction and CCTV systems.

Online/Offline Distribution



· Pre-owned Cars

SK C&C provides a variety of pre-owned car services, including online/offline pre-owned car sale and purchase, contracts for businesses and individual customers, vehicle assessments and repairs, and pre-owned car export/import services.

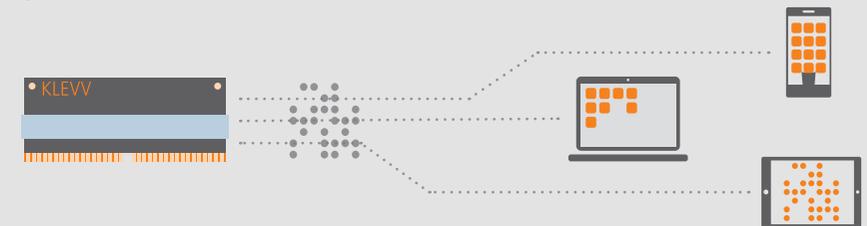


· Eco Phone

SK C&C operates a mobile distribution platform for the sale/purchase and export of pre-owned smartphones through strategic partnerships with mobile service providers and large-sized distributors and through a website (www.ecophone4u.com).

Semiconductor Modules

SK C&C manufactures and distributes a variety of semiconductor modules (DRAM, SD cards, USB, etc.) embedded in smart devices, including smartphones, laptops, and tablets. Recently, the company launched its private label "KLEVV" to expand the product line into advanced premium products.



Main Solutions

TOMS

A monitoring system that automatically performs quantitative assessments of levels of infrastructure operations

NFC USIM

A USIM card that supports long-range wireless communication

NEXCORE

A solution applied over the entire life-cycle of enterprise application development/operation

Watz Eye

An open platform that can connect to and monitor all sorts of surveillance/security systems such as sensors on a variety of operating systems, including Windows, Unix, and Linux.



ITS Platform

A state-of-the-art transportation solution that combines existing road infrastructure with IT to allow the efficient operations of transportation infrastructure

W-Shield Anti-Webshell

A solution designed to detect/respond to webshells, a type of hacking that takes advantage of web server vulnerabilities.

LEARNINGON

A platform for easily designing e-Learning solutions aligned with users' requirements

MDM

An abbreviation for "Mobile Device Management," and a solution that supports security and integrated management of smart devices

Economic Value Creation



Revenue : Earnings from major business activities | Non-Operating Income : Other income, financial earnings, investment income from affiliated companies
 Employees : Pay, retirement pay, and benefits cost | Business Partners : Outsourcing cost, material cost, service charges | Communities : Donations
 Government : Corporate taxes | Shareholders & Investors : Interest expense and dividend payouts
 Other Operating Expenses : Depreciation, communications expenses, rent, etc. | Reservation value : Total revenue – Distributed value

SKC&C Business Areas Main Solutions & Services

