Happiness with SK C&C

2014 SK C&C Sustainability Report
CEO MESSAGE

In 2013, the global economy recovery slowed down and uncertainty and challenging business conditions seriously threatened many companies. Despite these difficult circumstances, SK C&C achieved a 2.7% increase in revenue and a 12.2% increase in operating income when compared to the previous-year figures. In addition, as a member of the UN Global Compact (UNGC), we are committed to the UNGC’s 10 principles and have devoted ourselves to pursuing the happiness of our stakeholders. As a result of our hard work, we were listed on the Dow Jones Sustainability World Index (DJSI) for two consecutive years and were selected as an Industry Leader. We are deeply grateful to our stakeholders for their attention and support so that SK C&C can continue to carry out our sustainability management. SK C&C would like to make the following three promises regarding our sustainability management and deliver that promise to our stakeholders:

First, SK C&C will grow with our customers’ success through customer value creation.
As for our IT services business, we have been focusing on value-based business and revenue model innovations. As a result, we were recognized as having the capabilities and competitiveness in our industry. Also to prove that point we won the Korea Development Bank’s IT outsourcing contract in 2013, which was then the largest project in the financial sector. Moreover, in the global market, our world-class technology and efforts toward customer value creation were recognized by global top-tier companies such as Vodafone, SingTel, China Unicom and MetLife (Asia Pacific). With top-notch information security services, our security services business, subsidiary Infosec, is leading the industry, producing the highest revenue in the Korean Information security consulting field for 10 consecutive years. SK C&C’s efforts won’t stop here, we will continue to provide customer-centered premium services and deliver significant value to our stakeholders as well as our own. SK C&C will also develop business models that offer a unique value to our customers by creating a synergy between our IT service capabilities and distribution services such as pre-owned cars, eco-phones and smart devices.

Second, SK C&C will grow with the happiness of our employees through care and communication.
SK C&C has continuously implemented flexible working hours and long-term leave programs to help employees achieve work-life balance. Through the Management-Employee Council in which labor representatives also participate in and through our online communication channel called the “u-Symphony,” we are building a collaborative labor-management culture where employees’ opinions are communicated to the company and improvements are made. Our efforts were highly praised by the Korean government - in 2013, we were selected as an outstanding company for having a co-operative labor-management culture and were certified as being a “Best Family-Friendly Management” company. We also adopted the “Hope Internship” program to support the social integration of people with disabilities and prepared “Maternity Protection” and “Women Leadership Development” programs to support female employees’ economic activities and growth into top talent. In the future we plan to strengthen these programs.

Finally, SK C&C will grow and develop with business partners and local communities through responsible sharing.
SK C&C provides practical Win-Win partnership programs for our business partners, such as financial stability support through the Win-Win fund, joint technology development program, education and training support. Based on these achievements, in 2013, we have been recognized as an outstanding company for Win-Win partnerships. SK C&C will boost collaboration on ethics management and fair trade to help our business partner’s implement successful sustainability management. We have also carried out social contribution activities, such as fostering social talent by creating IT environments and supporting IT education for disadvantaged groups, helping people with disabilities become independent through the IT social enterprise “Happy Web & Media,” offering scholarships to students of low income families and running a “specialized talent-donating” volunteer group. By bolstering these activities, we aim to help build a happier society. Lastly, SK C&C earned ISO 14001 certification, a special recognition award from Carbon Disclosure Project (CDP) in 2013 and green data center certification for being an outstanding green company. SK C&C will help engage more people in environmental protection by developing green IT services using its IT capabilities and by implementing recycling projects such as the distribution of pre-owned cars and eco-phones.

Our 2014 Sustainability Report is intended to reflect SK C&C’s mid- and long-term strategies for sustainability management and the results of activities performed in 2013. We will prepare for a sustainable future through meticulous preparation and continuous commitment to sustainability management which will include the improvement of sustainability activities. As a global top-tier company, SK C&C will continue to grow and develop through cooperation, consideration and communication in order to meet the needs of our stakeholders.

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

May 2014
Chung, Chul Khil
President & CEO
Company Overview

Since its founding in April 1991 as Sunkyoung Telecom, SK C&C has become a leader in Korea’s IT industry. Under its strategic direction “Beyond Domestic, Beyond IT Service” set in 2012, SK C&C has moved beyond the domestic IT industry, transforming itself into a global corporation.

As a result, in 2013, the company recorded 2.3 trillion KRW in sales and 225.1 billion KRW in operating income, a 12.2% increase from the previous year’s figure. Through its efforts to build a happier society, SK C&C was selected as an outstanding company that promotes Win-Win partnership and labor-management culture, and has been certified as a “Best Family-Friendly Management” company. SK C&C was also included in the Dow Jones Sustainability World Index (DJSI) and selected as an Industry Leader. SK C&C will pursue a sustainable future and happiness through balanced growth with all of its stakeholders.

Service Portfolio

SK C&C provides customers with distinct strategies and specialized services in the consulting business, where it offers optimal solutions using its 20 years of expertise; system integration and outsourcing business, where it builds and operates IT systems; and in the ICT business, where it provides mobile payment solutions. In the security services business, 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 its system customers to prevent cyber threats. SK C&C has achieved steady growth by expanding its business into the distribution of pre-owned cars and mobile phones and the manufacturing of smart devices to enhance its IT service and solution capabilities and create business synergy.

Major Solutions

- **CORFIRE**: m-Commerce solution for electronic payment, electronic wallet and electronic marketing
- **WINPOS**: Solution designed to enhance operational efficiency by using features such as sales management, promotional management, and fuel management
- **NFC USIM**: USIM card that supports near-field wireless communication
- **ITS Platform**: Solution designed to ensure the operational efficiency of an industry by utilizing data from sensors
- **LEARNINGON**: Platform that helps users design user-preferred e-learning solutions
- **TOMS**: Solution designed to enhance the operational efficiency of an industry by utilizing data from sensors
- **MDM**: Solution designed to ensure the operational efficiency of an industry by utilizing data from sensors

2013 Key Performance Results

<table>
<thead>
<tr>
<th>Financial Performance</th>
<th>Operating Income</th>
<th>Credit Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2.7% ↑</td>
<td>AA</td>
</tr>
<tr>
<td>Non-Financial Performance</td>
<td>12.2% ↑</td>
<td>A1</td>
</tr>
</tbody>
</table>

*Certified as a “Best Family-Friendly Management” company.*

*Corporation’s corporate governance excellence, transparency, employee turnover rate, and corporate social responsibility.*

*Based on the Dow Jones Sustainability World Index (DJSI) Sustainability Indices.*
History of SK C&C


- 1992: SK C&C the first company to conduct the Daedeok Data Center project.

1995-1997: Integration

- 1995: Acquires IT assets from 12 SK affiliates and executes diversification agreements.

1998-2000: Expansion

- 1998: Obtains OHSAS 18001 (Safety and Health Sector Certification), Joins the UNGC, Receives the “Carbon Disclosure Project Korea closure” award from Carbon Disclosure Project.
- 1999: Acquires IT assets from 12 SK affiliates and executes diversification agreements.

2000-2003: Fundamental Changes

- 2000: Obtains ISO 9001 quality certification, Establishes the Network Administration Center, Acquires IT assets from 12 SK affiliates and executes diversification agreements.
- 2001: Acquires IT assets from 12 SK affiliates and executes diversification agreements.

2004-2006: Diversification

- 2004: Establishes Happy Web & Media (Social enterprise).
- 2006: Obtains ISO 14001 (Environmental Sector Certification), Joins the UNGC, Receives the “Carbon Disclosure Project Korea closure” award from Carbon Disclosure Project.

2007-2010: Growth

- 2010: Relocates the headquarters in Bundang (SK u-Tower), Establishes SK C&C in Europe.

2011-2013: Globalization

- 2011: Establishes SK C&C Shenyang Branch Office.
- 2012: Establishes SK C&C in Shenyang, Lists on the KOSPI 200/100 Index, Receives the “Carbon Disclosure Project Korea closure” award from Carbon Disclosure Project.
- 2013: Establishes SK C&C in Singapore.

Vision

Create Value for Customers, Challenge the Future through Creativity and the Challenge Spirit

Strategic Directions

SK C&C aims to become a GURUS Company by 2020 by transforming the firm into a provider of “Bespoke Solutions”, beyond IT Service. To achieve this goal, the company will provide customer-centered IT and security services and, simultaneously, expand its business into distribution services.

Vision

Creation of Sustainable Happiness

Creating a Future-oriented IT ecosystem and spreading a culture of sustainability to all stakeholders.

Strategies for Sustainability Management

SK C&C defined strategic directions for sustainability management in order to achieve the SK Group’s vision, “Sustainable Development and Stakeholder Value,” and SK C&C’s vision, “Creating Happiness.” For each strategic direction, the company appointed responsible organizations and identified measures to contribute to becoming a sustainable company.

Sustainability Management Organization

The Foundation of SK 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 an integral part of the company’s growth and achievement of the Group’s mission. Acting as the bedrock of the company’s corporate culture, SKMS has become the decision-making standard in the company’s business activities and in its employees’ job performances. SK C&C implements sustainability management, according to its corporate philosophy stated in the SKMS. The corporate philosophy should achieve its ultimate goal of sustainable progress by maintaining stability and growth. Furthermore, it should create value for its customers, people, and shareholders, thereby contributing to social and economic development and corporate well-being.
### 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 implementing corporate environment for stakeholders to express opinions and actively respond to their interests, SK C&C will continue to grow with its stakeholders.

#### Classification

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Major Interests</th>
<th>Actions Taken by SK C&amp;C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders and Investors</td>
<td>Increasing corporate value through stable profit-making and exploitation of new growth engines</td>
<td>- Operate domestic IT business centering on profit and customer value</td>
</tr>
<tr>
<td></td>
<td>Non-financial risk management through growth with business partners and ethical management</td>
<td>- Make forays into international markets and expand distribution/other businesses</td>
</tr>
<tr>
<td>Customers</td>
<td>Increasing the social/environmental values of services</td>
<td>- Build social infrastructure through safety and transportation services projects</td>
</tr>
<tr>
<td></td>
<td>Providing high-quality solutions</td>
<td>- Provide green solutions</td>
</tr>
<tr>
<td>Employees</td>
<td>Reinforcing customer communication and satisfaction</td>
<td>- Sign a service level agreement (SLA) to enhance service quality</td>
</tr>
<tr>
<td>Business partners</td>
<td>Creating a culture of cooperation and communication</td>
<td>- Comply with the quality policy and the RQ quality management principles</td>
</tr>
<tr>
<td>Local Communities</td>
<td>Stability and growth through Win-Win partnership</td>
<td>- Form a dedicated department for integrated management of Voices of the Customer/IT</td>
</tr>
<tr>
<td></td>
<td>Complying with code of ethics and fair trade with business partners</td>
<td>- Conduct a satisfaction survey among IT customers to improve service levels</td>
</tr>
<tr>
<td>Environment</td>
<td>Community-based social contribution activities</td>
<td>- Run programs to secure talent diversity (Internships for people with disabilities, female leaders, etc.)</td>
</tr>
<tr>
<td></td>
<td>Social contribution activities using business capabilities</td>
<td>- Introduce a variety of benefit programs (Flexible working hours, tours, etc.)</td>
</tr>
<tr>
<td></td>
<td>Fulfillment of corporate environmental responsibilities</td>
<td>- Operate programs to promote communication (C.I/Creative Innovator) program, etc.</td>
</tr>
<tr>
<td></td>
<td>Participating in climate change response</td>
<td>- Strengthen the foundation of HR development (Redefining the talent competency system, etc.)</td>
</tr>
</tbody>
</table>

#### Stakeholder Communication Channel

- Shareholders/investors: General shareholders’ meetings, One-on-one meetings
- Customers: IT customer satisfaction survey, One-on-one satisfaction survey, Project questionnaires
- Employees: Management Employee Council, u-Symphony, Creative Innovation program, Online and offline survey
- Business partners: Periodic IP meetings, Contract workforce MROA, Online embolism center, Sharing materials
- Local Communities: Social contribution groups, Meetings and interviews with Local government representatives
- Environment: Meetings with representatives of environmental organizations, Community environmental activities

#### Handling Stakeholders’ Grievances

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

In 2013, SK C&C received a total of 48 stakeholder grievances in the environmental, labor, human rights and social aspects through the one-on-one consulting channel, the ethical management consulting/reporting channel, the ombudman, u-Symphony and the one-stop helpline. All 48 grievances were thoroughly checked by dedicated teams and have taken the necessary measures.
SK C&C conducted a materiality assessment of sustainability issues and took the identified material issues as the key criteria for defining the content of 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.

**Materiality Assessment Matrix**

SK C&C engaged in related activities in developing countries, where the risk of child and forced labor is high, the company realizes that it is necessary to take adequate steps. In addition, in the event that it conducts business or engages in related activities in developing countries, the risk of child and forced labor is high, the company realizes that it is necessary to take adequate steps.

**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 it recorded 2.3 trillion KRW in revenue and 22.5 billion KRW in operating income in 2013. 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 has 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, talent development and R&D/innovation are significant areas of management in the business aspect. Developing top talent is the driving force behind a company’s innovation 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 the SK C&C.

**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, 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 safety/health accidents and promote employee health.

**Low-Priority Issue Group**

Low-priority issues, such as energy, greenhouse gas, 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. Despite its low environmental impacts, SK C&C is aware of its corporate role in spreading a culture of green practices across society. Therefore, the company develops and provides green IT solutions and contributes to building a green society by practicing the green management of offices such as saving energy.
Business & Social Context

- Demand for the company's visibility and growth due to changes in international and domestic business environments
- Increased business opportunities and society's growing expectations following IT development and convergence

Risks Highlighted

- Competition within the industry and financial stability
- Changing market demand due to the changing international business
- Security ability to cope with changes in the IT industry

What we do to Manage the Risks and Create Opportunities

- Implement business diversification to boost the company's growth
- Improve profitability of the IT services business to ensure the company's stability
- Establish R&D strategy connected to businesses

Customer-Centered Management

- Need to foster a culture of trust and communication among employees
- Growing need to recruit and manage highly skilled human resources

Ethical Management

- Operate ethical counseling and reporting mechanisms
- Provide periodic education and training to employees for ethical management among employees, and
- Practice ethical management among employees

Green Management

- Strengthened laws due to climate change
- Growing social demand for disclosure of environmental information
- Growing demand for green services and solutions
- Growing demand for energy

Social Contribution

- Increased expectations for corporate social responsibility
- Growing demand for IT social contributions to resolve the digital divide

Environmental Issue

- Climate Strategy
- Energy
- Green Products/Services

Social Issue

- Community Development
- Indirect Economic Impacts

Human Resources Management

- Growing demand for cooperation with small- and medium-enterprises
- Increased importance of collaborative ecosystem for the company's long-term growth
- Increased environmental, human rights, and labor issues during supply chain management

Win-Win Partnership

- Growing demand for cooperation with small- and medium-enterprises
- Increased importance of collaborative ecosystem for the company's long-term growth
- Increased environmental, human rights, and labor issues during supply chain management

Material Issues

- Economic Performance
- Local Employment/Job Creation
- Indirect Economic Impacts
- Public Policy
- R&D and Innovation

- Customer Satisfaction/Customer Relations Management (CRM)/Brand
- IT/Information Security

- Employment and Benefits
- Training and Education
- Labor-Management Relations and Organizational Culture
- Handling Human Rights-Related Grievances

- Human Resources Recruitment (pp.28~30)
- Human Resources Development (pp.31~35)
- Culture of Trust and Communication (pp.36~37)

- Win-Win Partnerships/Procurement Practices
- Participating in Win-Win Environment (pp.39~41)

- Building Stronger Communities (pp.89~104)
- Ethical Management (pp.59~60)
- Governance (pp.17~19)
- IT/Information Security (pp.27~29)
- Customer Value (pp.25~27)
- IT Security and Privacy (pp.26~27)

- Sustainable Value Creation
- Green Management (pp.43~47)

- Pursuing a Win-Win Environment (pp.40~42)

- Appoint QHSE managers and provide company-wide health strategy
- Operate green data center to mitigate greenhouse gas emissions
- Execute green projects and solutions

- Critical strategies
- Energy
- Green Products/Services

- Building Stronger Communities (pp.89~104)
- Ethical Management (pp.59~60)
- Governance (pp.17~19)
- IT/Information Security (pp.27~29)
- Customer Value (pp.25~27)
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- Governance (pp.17~19)
SK C&C is improving its business performance by expanding the company’s business portfolio through integration of its IT business, which create high value, and its security and distribution business. As the convergence between IT and other industries has recently become stronger, it presents growing opportunities for SK C&C’s businesses and a range of possibilities of which the company can contribute to create social value.

**Impacts:** Growth Engines, Attracting Investment based on Business Performance, Quality of Life (E.g. Community IT Infrastructure), Jobs and Local Economy

### Goal & Evaluation

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goal</th>
<th>Period</th>
<th>Current Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic value creation</td>
<td>Continuous external and value growth</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Reached revenue of 2.3 trillion KRW and operating income of 225.1 billion KRW</td>
</tr>
<tr>
<td>Business diversification</td>
<td></td>
<td>Mid-term</td>
<td>In progress</td>
<td>Merged with Encar Network and implemented overseas business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Made inroads into new businesses such as smart devices and Eco-Phone</td>
</tr>
</tbody>
</table>

### Created Economic Value (unit : million KRW)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,301,754</td>
</tr>
<tr>
<td>Non-Operating Income</td>
<td>133,724</td>
</tr>
</tbody>
</table>

### Distribution of Economic Value (unit : million KRW)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>422,200</td>
</tr>
<tr>
<td>Business Partners</td>
<td>1,478,439</td>
</tr>
<tr>
<td>Communities</td>
<td>2,132</td>
</tr>
<tr>
<td>Shareholders &amp; Investors</td>
<td>128,862</td>
</tr>
<tr>
<td>Government (Corporate Tax)</td>
<td>62,636</td>
</tr>
<tr>
<td>Reservation Value</td>
<td>121,748</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>219,461</td>
</tr>
</tbody>
</table>

Material Issues for Sustainable Value Creation

- Economic Performance
- Local Employment/Job Creation
- Indirect Economic Impacts
- Public Policy
- R&D and Innovation
- Customer Satisfaction/Customer Relations Management (CRM)/Brand
- IT/Information Security

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.

### Sustainable Value Creation

SK C&C is improving its business performance by expanding the company’s business portfolio through integration of its IT business, which create high value, and its security and distribution business. As the convergence between IT and other industries has recently become stronger, it presents growing opportunities for SK C&C’s businesses and a range of possibilities of which the company can contribute to create social value.
Economic Value Creation

Despite slow recovery of the global economy and changes in the domestic business environment, SK C&C has restructured its business and revenue models for the IT services and security business through the “Selection and Concentration” based on customer values and profitability. By expanding its business into beyond IT services, such as distribution, the company continues to grow and develop.

IT Services Business

SK C&C has focused on the value-based restructuring of business and revenue models. As a result of its efforts, the company won the bid for the KDB IT outsourcing project in 2013. It was the largest project in the financial sector at the time, and the SK C&C received recognition for its industry best capabilities and competitiveness. In 2014, SK C&C utilized its own IT solution called the “TOMS” to undertake an IT outsourcing project for MueLL Dairies, cementing its leadership in the financial and outsourcing markets. In the global market, the company was recognized by top-tier companies such as Vodafone, SingTel, China Unicom, and MetLife (Asia Pacific) for its efforts to create values for customers using world-class technology.

Security Services Business

SK C&C has topped the domestic sales of information security consulting services for 10 consecutive years through the company’s subsidiary, Infosec, which was appointed as the information security agency by the Ministry of Knowledge Economy. Infosec not only leads the industry by offering Korea’s best information security service but it also was certified by the Ministry of Knowledge Economy. Infosec not only leads the industry by offering Korea’s best information security service but it also was certified by the Ministry of Knowledge Economy.

Distribution and Other Business

In May 2013, SK C&C merged with the ENC network and became the first company in Korea to adopt pre-owned car inspection and repairs service (ENCAR Premium Service). The company is committed to fostering a healthy and safe culture of distribution and transparent trade of pre-owned cars. In addition, the company’s efforts to generate additional value include online and global expansions by creating synergies with the existing IT services business. In March 2014, SK C&C established a joint venture with Car Sales Co., Ltd. of Australia to accelerate its global expansion. SK C&C will continue to create a business model that provides customers with differentiated value by expanding its business into areas beyond IT services, such as eco-phone and smart devices, and by developing new premium services.

Total IT Outsourcing Solution – Service Pack TOMS

TOMS (Total Outsourcing Management Solution) is a method for indicating the operational level of infrastructure and an automatic monitoring system, designed to collect, compare the data of thousands of IT infrastructure assets and support the batch monitoring and revisions of OS (operating system) patch status and other security settings. TOMS is getting positive reactions from IT outsourcing customers because of its automatic updating abilities, and is expected to provide high-quality services to customers by identifying and improving problems with IT infrastructure in terms of security and operation.

Social Value Improvement

Building Traffic and Safety Infrastructure

Building CVC (a joint company for Gangnam-gu) with SK C&C became the first Korean company to build a system that allows the integrated management of up to 1,100 CCTVs, which had been monitored and managed separately in different situations, such as neighborhood patrols, illegal parking enforcement and disasters/accidents response. Through an automated system covering over 250km, the city can fundamentally prevent problems of hacking and unauthorized leakage by integrating the CCTVs into a single network. In addition, through integrated CCTV control, the system guarantees safety for citizens by preventing accidents, jointly responding to follow-up and preventing violent crimes. Through the optimization of management workflow and the creation of a quick response and recovery system, the system is expected to save one billion KRW in annual operating costs and reduce petition processing times.

Developing the Integrated Control and Command Center in Turkmenistan

SK C&C built an integrated Command Center (CIC) to enhance event processing and operating processes, which are separately run by the police, fire stations and traffic enforcement. The CIC is an integrated system combining all processes, from reception of events to completion, by connecting together a patrol car, Computer Technology Integration (CTI), mobile data terminal (MDT) and GIS map. The system supports optimized monitoring and systematic instructions to help protect people’s lives and properties in Turkmenistan.

Building ITS in Ulan Bator, Mongolia

SK C&C built an ITS traffic information center designed to manage major roads in Ulan Bator to help Bator’s traffic flow by overloading the signals of all intersections across the city. Since then, the company has been providing consulting services. Moreover, SK C&C have also led innovation into the city’s traffic culture, including stop line enforcement and jaywalking crackdown. By using the ITS traffic information center, Bator’s traffic speeds improved by approximately 15%, which helped make fundamental changes to the city’s traffic system.

Building ITS in Baku, Azerbaijan

The ITS construction in Baku, Azerbaijan, is the first large-scale global ITS export project in Korea, which was funded solely by the foreign government’s budget. Through the improvement of the traffic system and construction of bus information system, SK C&C helped the city of Baku to establish its own city-wide traffic policy.

Contributing to the Global Economy

Hiring and Developing Local Talent

SK C&C recognizes the importance of hiring and developing local talent and contributes to the realize of the local economies in regions where it conducts business. Accordingly, it establishes and implements a local talent hiring policy for each major subsidiary across the world, and utilizes local talent even in senior management positions. In 2013, the number of employees working at USA and Chinese subsidiaries amounted to 429, among whom 410 (96%) were locally hired.

Senior managers at the USA subsidiary are at or higher than the level of senior vice president, and those at the Chinese subsidiaries are appointed from those at or higher than the level of general manager.

Global Compensation Policy

SK C&C provides appropriate compensation to employees who are appointed overseas, or who are locally hired according to the local compensation levels. As for employees appointed overseas, SK C&C helps them to maintain the equal living conditions to those that they had in their home country. As for local employees, the company offers adequate compensation based on each corporation’s market value.

Industrial Policy Suggestions and Engagement to Promote the IT Industry

Working with related associations and organizations, SK C&C carries out activities involving new policy proposals and improvements in existing regulations to create a friendly environment for the industry and further the company’s development. As an industry expert, the company is also engaged in the government’s policy development activities.

Policy Suggestions for the Growth of IT Services/Software Industries

- Present problems and suggest regulatory improvements in the software area
- Suggest plans to promote convergence identify current status and problems in the IT services industry and make suggestions for improvement
- Develop and propose a model for software business reform
- Implement program improvements to promote overseas business
- Suggest regulatory improvements for the growth of the IT finance industries

Social Value Improvement

Building Traffic and Safety Infrastructure

Building CVC (a joint company for Gangnam-gu) with SK C&C became the first Korean company to build a system that allows the integrated management of up to 1,100 CCTVs, which had been monitored and managed separately in different situations, such as neighborhood patrols, illegal parking enforcement and disasters/accidents response. Through an automated network covering over 250km, the system can fundamentally prevent problems of hacking and unauthorized leakage by integrating the CCTVs into a single network. In addition, through integrated CCTV control, the system guarantees safety for citizens by preventing accidents, jointly responding to follow-up and preventing violent crimes. Through the optimization of management workflow and the creation of a quick response and recovery system, the system is expected to save one billion KRW in annual operating costs and reduce petition processing times.

Developing the Integrated Control and Command Center in Turkmenistan

SK C&C built an integrated Command Center (CIC) to enhance event processing and operating processes, which are separately run by the police, fire stations and traffic enforcement. The CIC is an integrated system combining all processes, from reception of events to completion, by connecting together a patrol car, Computer Technology Integration (CTI), mobile data terminal (MDT) and GIS map. The system supports optimized monitoring and systematic instructions to help protect people’s lives and properties in Turkmenistan.

Building ITS in Ulan Bator, Mongolia

SK C&C built an ITS traffic information center designed to manage major roads in Ulan Bator to help Bator’s traffic flow by overloading the signals of all intersections across the city. Since then, the company has been providing consulting services. Moreover, SK C&C have also led innovation into the city’s traffic culture, including stop line enforcement and jaywalking crackdown. By using the ITS traffic information center, Bator’s traffic speeds improved by approximately 15%, which helped make fundamental changes to the city’s traffic system.

Building ITS in Baku, Azerbaijan

The ITS construction in Baku, Azerbaijan, is the first large-scale global ITS export project in Korea, which was funded solely by the foreign government’s budget. Through the improvement of the traffic system and construction of bus information system, SK C&C helped the city of Baku to establish its own city-wide traffic policy.
Customer Value

Securing and retaining customers is essential to business success. This all boils down to whether a service can provide customers with value and satisfaction or not. SK C&C’s target audiences are corporations rather than individuals and therefore value delivered to customers vary greatly depending on the level of quality and the company’s ability to provide specialized services to meet customers’ needs.

Our Commitment
SK C&C is dedicated to improving quality management and customer satisfaction. Under the clearly defined principles of quality management, the company sets up a service level management system to manage and improve service quality. Through periodic measurements of customer satisfaction and the reinforced response SK C&C will respond to the voice of the customer.

Goal & Evaluation

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goal</th>
<th>Period</th>
<th>Current Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>Reinforce the ISAC collection system</td>
<td>Short-term</td>
<td>In progress</td>
<td>Formed dedicated organization for responding to and utilizing VNC, Customer Value Innovation Fund</td>
</tr>
<tr>
<td>Service quality</td>
<td>Reinforce the IT service quality management system</td>
<td>Short-term</td>
<td>In progress</td>
<td>Strengthened the SLA process, Established plans to improve customer IT services</td>
</tr>
</tbody>
</table>

Increasing Customer Satisfaction
As the IT service industry transitions from the introduction to the maturation stage, it is necessary to deliver not just an improved service, but rather a specialized product for different customers based on the understanding and research of its customers, thus delivering customer satisfaction through intimate 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 social-scientific research method to quantitatively measure and analyze customers’ qualitative satisfaction. In 2013, SK C&C became the first company in Korea to adopt an online survey and extend the survey scope to include both overseas branches and local offices of its customers, to gain accurate measurements, and to identify improvement tasks, and increase service levels.

Customer Contact Point CS Quality Innovation
Since 1999, SK C&C has been operating the Information Services Assistant Center (ISAC), a customer contact-point desk, in order to increase customer satisfaction through continuous quality innovation. The ISAC is a service available 24/7 all year round and handles approximately 90,000 IT-related inquiries, requests and errors every year, from around 73,000 users at 26 domestic and international clients including its overseas subsidiaries. The center resolves all IT-related inquiries and requests, from OA to IT systems, through a single channel and provides on-stop solutions.

By automatic database system, all received and handled inquiries are stored, and it is used to measure ISAC’s customer service levels through follow-up analysis. Measured customer service levels are then used to establish follow-up plans to improve its future services.

Annual Results of ISAC

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer waiting time</td>
<td>Second</td>
<td>12</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Primary ratio of inquiries handled</td>
<td>%</td>
<td>75</td>
<td>75</td>
<td>73</td>
</tr>
<tr>
<td>Ratio of inquiries handled within 10 minutes to those handled during the primary handling time</td>
<td>%</td>
<td>91</td>
<td>90</td>
<td>91</td>
</tr>
</tbody>
</table>

In addition, to improve the service quality it obtained the ISO20000 certification for its service desk. The effective operational performance of ISAC’s service has been officially recognized as it became the first center in Korea to receive the Center of Excellence (CEx) certifications from the call center industry research center at Purdue University and Benchmark Portal, USA.

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.

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.

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.

After delivering a service, SK C&C collects service results data through the SL reporting, identifies major issues with the service, and reviews it 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/reimbursement 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.

Service Level Management Process

<table>
<thead>
<tr>
<th>Input</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard SLA</td>
<td>SLA</td>
</tr>
<tr>
<td>SOW</td>
<td>SLA Structure Design</td>
</tr>
<tr>
<td>Negotiation result</td>
<td>SLA Registration</td>
</tr>
<tr>
<td>Initial measurement</td>
<td>SLMS Development</td>
</tr>
<tr>
<td>Service level agreement</td>
<td>Operating and improvement</td>
</tr>
<tr>
<td>SL reporting</td>
<td>Earn Back</td>
</tr>
</tbody>
</table>

"In the IT industry where technologies become more common, customer management and coordination capabilities between users and IT technicians play an important role."

Since 2011, SK C&C has provided MetLife with the Application & Infra IT Total Outsourcing service for the integrated management of applications, networks and infrastructure. For the past three years, SK C&C has proven itself capable of operating a variety of services, responding quickly to problems, and ensuring high quality streamlined management with its customers and business partners with whom it collaborates on projects. In executing a project, respect and trust provide great support. In the IT industry, in particular, where technologies for services provided become more common, customer management and coordination capabilities between users and IT technicians play a more important role.

In that respect, SK C&C provides services such as IT service management tools to maintain positive communication and relations with MetLife. Building customer trust in this way will lay the basis for a proactive approach to identifying and suggesting needs that customers have not foreseen, which will help SK C&C to grow into a global IT company in the future.
**01-3 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 the customer needs.

**Goals & Evaluation**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goal</th>
<th>Period</th>
<th>Current Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product/process innovation</td>
<td>Develop automation tool for IT project development process</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Applied projects (CP, low-purchase substitution effect of 3.7 trillion KRW)</td>
</tr>
<tr>
<td>Technology commercialization</td>
<td>Develop application architecture (For business use)</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Contributed to winning contracts from domestic financial sector and global clients (Brand projects of approx. 4.7 trillion KRW)</td>
</tr>
<tr>
<td></td>
<td>Develop mobile platform (For business use)</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Attracted domestic financial sector and global clients and secured market basis.</td>
</tr>
<tr>
<td></td>
<td>Develop global m-commerce solution and required business</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Attracted global clients: Walmart, Dunkin’ Donuts, Vodafone, E-Plus, SingTel, China Unicom, etc. (7000, Google, WeBank, etc.)</td>
</tr>
<tr>
<td>Intellectual property management</td>
<td>Increase patent registrations</td>
<td>Long-term</td>
<td>In progress</td>
<td>Increased patent registrations by 20 compared to previous-year figure</td>
</tr>
</tbody>
</table>

**Expected Values of NEXCORE Mobile**

- **SK C&C Sustainability Report 2014**

**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 research tasks and conduct research to expand our business and customer base. By continuously finding new customers and increasing differentiated technologies, the company will bolster our core capabilities and expand our revenue streams.

**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 devotes its capabilities to development and improvement using the technology developed through research. Then, organize 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, then reflect market feedback on products in future improvements.

**Organization and Human Resources**

SK C&C’s R&D organization is comprised of the Technology Innovation Division and the Global R&D Center. Its Technology Innovation Division is responsible for developing application development series and industrial solution series to provide IT services. The Global R&D Center conducts R&D related to e-commerce, smart card, enhancing solution quality and increasing global patents.

**R&D Organization**

- **Technology Innovation Division**
  - Planning, development, and the sale of various solutions that contribute to improving the productivity and the quality of IT projects and IT services.
  - Governance management regarding the SK C&C’s solutions.
- **On-site application of the NEXCORE series**

- **Global R&D Center**
  - Developing global top-tier smart card and e-commerce products, developing new R&D projects.
  - P2S-based quality management.
  - Global product and standardization group activities.
  - Global solution delivery and operation.

**Enterprise Solutions**

**NEXCORE is an enterprise solution series brand, which SK C&C has developed since 2001 to improve productivity and quality in the enterprise application development. The series is the product of the company’s expertise in the S1 and solution development. It has been used in 500 projects and received positive reviews.**

**NEXCORE Framework**

An application framework means a product that features a framework for a system to ensure ease and convenience through the development process. The tested design, common module, and support tools provided by an application framework allows 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/business framework, operations support tool and standard development environment. Since it allows quick project commencement execution and provides remarkable performance and stability and convenience, it has been recognized in Korea and around the world, in a number of fields such as finance, services, and manufacturing. Along with the NEXCORE Automation Tool series, the series increases efficiency at work, supports the automatic generation of outcomes, and improves productivity and quality by preventing defects in advance. Furthermore, it ensures high visibility by providing statistical and progress data in real time and reduces costs by decreasing man-hours and increasing productivity through automation.

**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. Subsequently, the system was also adopted by Citibank Hong Kong and Citibank Shanghai’s MetLife Hong Kong Life Bancassurance, elevating its position as the first and best Asian mobile sales solution.**
SK & C&C Sustainability Report 2014

m-Commerce

As for SK & C&C’s in-commerce solution suite called “ConFire,” the company developed and commercialized a card issuing infrastructure system, ConTSM (Trusted Service Manager), a mobile electronic wallet, ConPay, and a mobile marketing service, ConMKT (marketing). In 2014, the company began to provide platform services by creating in-commerce platforms that integrate the ConFire products and then carries out new solution development using the latest technologies.

ConFire Products

- ConPay (m-Wallet)
  - NFC embedded SE
  - ConTSM (Trusted Service Manager)
  - Contact USIM

- ConMKT (Marketing)
  - Mobile marketing service
  - Offers a variety of additional services, including mobile gifting, mobile coupons and mobile points.

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.

- Contact USIM
- USIM that performs ordinary subscriber authentication

- NFC SIM
- USIM for network authentication mounted on an M2M device

- M2M SIM
- USM that performs ordinary subscriber authentication

Performance of m-Commerce

R&D Performance Management

As of late 2013, SK & C&C owns a total of 128 patents. This is the result of the company’s efforts to increase and manage patents through research and development. Through its activities, it 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, it 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

- Ideation
  - Support intellectual property rights research to generate ideas

- Incubation
  - Enact a strategy for intellectual property rights focusing on major R&D projects

- Commercialization
  - Secure intellectual property rights during development and project execution

- Business Expansion
  - Implement commercialization using secured intellectual property rights

Building a Foundation for Intellectual Property Rights Management

Task Description

- Building Process and System
  - Develop guidelines for intellectual property rights management system
  - Incorporate process into the company’s rules
  - Develop an intellectual property rights management system

- Revitalizing Job Inventions
  - Revitalize job inventions company-wide
  - Incorporate inventions into intellectual property rights management system

- Reinforcing Expertise in Support of Intellectual Property Rights
  - Provide intellectual property rights support staff training and free experts

- Intellectual Property Rights Education for Employees
  - Develop and implement educational courses on intellectual property rights

- Open Innovation
  - Revitalize internal/external intellectual property rights projects (Email list)
  - Integrate target intellectual property rights and take steps to secure them

Objectives

- Increase and manage patents through research and development
- Plan and commercialize its intellectual property rights
- Support each stage of its R&D and project management
- Assist in business development and commercialize intellectual property rights

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

Building a Foundation for Intellectual Property Rights Management

Number of Patents

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Number of Patents</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT R&amp;D (m-commerce, smart card, etc.)</td>
<td>99</td>
</tr>
<tr>
<td>IT services (OS, cloud, etc.)</td>
<td>27</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
</tr>
</tbody>
</table>

Directions

Pursue a portfolio creation strategy based on key patents

Strengthen overseas project and R&D capabilities through strategic utilization of key patents

SK & C&C’s intellectual property rights strategy is aimed at defining clear directions and processes, developing guidelines applicable to society and supporting the use of the guidelines in all businesses. To disseminate a culture of intellectual property management, the company enhanced and extended the Job Invention Compensation program and pursued “open innovation,” such as organizing an intellectual property contest to secure intellectual properties abroad. Moreover, to utilize international intellectual property rights, the company is shifting the focus from patent management to patent business management in terms of an intellectual property rights management system, intellectual property rights creation and strategy.
01-4
IT Security and Privacy

Recently, rapid changes in the IT environment have led to an increase in information security risks. Large-scale security accidents occur frequently, including personal data leaks by credit card companies, 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 the SK C&C’s commitment to providing the best service quality as a global IT services leader.

Impact: 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 and information leakage, and the prevention of personal data leaks. It 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

<table>
<thead>
<tr>
<th>Security Management System</th>
<th>Level</th>
<th>Period</th>
<th>Current Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information security policy management system</td>
<td>Long-term planning</td>
<td>Implemented ISO27001 Certification, obtained ISMS certification</td>
<td>Performed continuous security inspection and education all year round</td>
<td></td>
</tr>
</tbody>
</table>
| Personal security accidents | Long-term planning | SK C&C established a personal information management system under its privacy principles and developed detailed standards and action plans for handling personal data. It also developed database encryption and access control system to protect personal data.

SK C&C formed an organization devoted to overseeing information security to protect its customers' and company’s information from internal and external threats. In addition, it has 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.

SK C&C established a personal information management system under its privacy principles and developed detailed standards and action plans for handling personal data. It also developed database encryption and access control system to protect personal data.

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 and information leakage, and the prevention of personal data leaks. It will take the initiative in protecting personal information to make its society a safe place from security threats by providing top-notch security services.

SK C&C followed the ISMS (Information Security Management System) guidelines to protect information security. ISMS Certification is a certification that guarantees that the company is following a standardized security management system. SK C&C received ISMS certification in 2013 and 2014.

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 strives to raise employees’ awareness of the importance of information security and to draw their attention to security. It also performs an annual penetration test on its internal systems and infrastructure vulnerability assessment through actions to maintain the highest level of security at headquarters.

Furthermore, SK C&C regularly inspects the security level of its external project sites and provides security education in order to increase the security level of places where its employees reside. It also supports the SK affiliates’ security inspections and security TFS and designs security guidelines for the SK Group, strengthening SK Group’s security level.

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 in 2014, the company plans to have SK Encar assessed and certified as well.

Effects of ISMS Certification

<table>
<thead>
<tr>
<th>Lack of Management System</th>
<th>Operation of Management System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partial - Personal Information Management System</td>
<td>Balanced - Security and Confidentiality Management System</td>
</tr>
<tr>
<td>Security Level</td>
<td>Assessment Level</td>
</tr>
<tr>
<td>Security Level</td>
<td>Security Level</td>
</tr>
<tr>
<td>Security Level</td>
<td>Security Level</td>
</tr>
<tr>
<td>Security Level</td>
<td>Security Level</td>
</tr>
<tr>
<td>Security Level</td>
<td>Security Level</td>
</tr>
</tbody>
</table>

SK C&C conducted security inspections to keep its information security management system at the aforementioned level. Through regular security inspections, the company strives to raise employees’ awareness of the importance of information security and to draw their attention to security. It also performs an annual penetration test on its internal systems and infrastructure vulnerability assessment through actions to maintain the highest level of security at headquarters.

Furthermore, SK C&C regularly inspects the security level of its external project sites and provides security education in order to increase the security level of places where its employees reside. It also supports the SK affiliates’ security inspections and security TFS and designs security guidelines for the SK Group, strengthening SK Group’s security level.

Personal Information Management System

SK C&C provided all employees with VLS education (once a year) and personal information management education (4 times a year), as well as a security management system inspection and education for contract companies to which personal data is disclosed (once a year). The company added privacy education to the educational programs for new employees/ experienced employees and offers privacy education to employees at external project sites, so that all employees recognize the importance of privacy and remain interested in security issues. Moreover, SK C&C plans to set up a personal information protection system for its subsidiaries such as SK Encar, Ziren, and Inforon and transform the system into subsidiary’s independent security capability. The SK Encar, in particular, deals with personal data on a regular basis and the need to proactively monitor and respond to potential personal data leaks and threats exists.

SK C&C established a personal information management system under its privacy principles and developed detailed standards and action plans for handling personal data. It also developed database encryption and access control system to protect personal data.

Principles of Customer Information Protection

SK C&C established a personal information management system under its privacy principles and developed detailed standards and action plans for handling personal data. It also developed database encryption and access control system to protect personal data.
02 People and Culture

Employees play a pivotal role in accomplishing SK C&C’s mission and vision. SK C&C values “Happy Homeland,” in which it aims to attract top talents and to 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 working environment and benefits programs, achieve work-life balance, and build a culture of open communication.

Material Issues for People and Culture

Employment and Benefits · Education and Training · Labor-Management Relations and Organizational Culture · Human Rights-related Ombudsman Program

02-1 Human Resources Recruitment

SK C&C is working in an industry characterized where people and knowledge are assets. Also with the uncertainty of the global business environment and intense competition, it lays a 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 and such significant is viewed as an essential factor in mid-to-long-term business continuity.

Goal & Evaluation

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goal</th>
<th>Period</th>
<th>Current Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiring</td>
<td>Optimize workplace diversity</td>
<td>Long-term</td>
<td>In progress</td>
<td>Implemented Hope internship program (internship designed to hire people with disabilities)</td>
</tr>
<tr>
<td>Benefits and Workplace Culture</td>
<td>Pursue work-life balance</td>
<td>Long-term</td>
<td>In progress</td>
<td>Certified as a “Best Family-Friendly Management” company and received Prime Minister citation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Adopted long-term family care leave program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Adopted the Flexible Time program</td>
</tr>
</tbody>
</table>

Our Commitment

SK C&C recruits and retains a diverse pool of top talent from in and outside Korea. The company also supports socially disadvantaged groups to help them unleash latent abilities. Furthermore, SK C&C helps its employees to make the best use of their capabilities by achieving work-life balance and providing safe working environment.

Talent Recruitment

SK C&C creates a systematic plan and takes proactive measures to attract top talent from within and outside Korea. The company invests in its people not only rewarding them with competitive compensation, but also by creating an optimal workplace and offering many opportunities in education and training.

As of late 2013, there are 4,344 employees working at SK C&C, which represents an 8.2% increase from the 2012 figure. The number of employees has continuously increased for the past three years.

<table>
<thead>
<tr>
<th>Total Number of Employees (unit: person)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2011</td>
</tr>
</tbody>
</table>

Breakdown of Human Resources (unit: %)

<table>
<thead>
<tr>
<th>Technical Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginner</td>
</tr>
<tr>
<td>Intermediate</td>
</tr>
<tr>
<td>Advanced</td>
</tr>
<tr>
<td>Special</td>
</tr>
<tr>
<td>Engineer</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing/Sales</td>
</tr>
<tr>
<td>Technical</td>
</tr>
<tr>
<td>Consultant</td>
</tr>
<tr>
<td>Supporting Staff</td>
</tr>
</tbody>
</table>
Employee Diversity
SK C&C is expanding its business overseas while bolstering its domestic business operations. The company also strives to create an atmosphere of open communication where diversity is respected—a culture where employees are able to freely communicate with one another and diversity is valued. To do so, 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 talents. SK C&C assigned a dedicated team responsible for global talent management, designed global HR infrastructure and implemented system to empower recruited employees to reach the company’s expectations. As a result, for the past three years, SK C&C have hired 176 new recruits from around the world. 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 talents, SK C&C encourages its global employees to build bonds among themselves and to help each other out in adapting to life in Korea.

Hiring Socially Disadvantaged Groups
To fulfill its corporate responsibility towards socially disadvantaged people, SK C&C encouraged its global employees to build bonds among themselves and to help each other out in adapting to life in Korea.

Happily Honorary
SK C&C intends to create a “Happy Honorary,” 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 a “Best Family Friendly Management” business certification and Prime Minister’s award. The SK C&C will continue to create a 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 create a company where both employees and their families feel happy with appropriate work-life balance. SK C&C has adopted the Flexible Time program so that employees can adjust their regular working hours according to their personal conditions and work situations. The Flexible Time program is categorized into a selective work hour program, a flexible working hour program and a discretionary work program. Employees can choose among these three programs that best suit their needs. During the first quarter of 2014, the usage of the Flexible Time program was 24.3%, and its usage is expected to increase gradually. To help employees improve their quality of life, the company encourages them to take long vacations, which leads to an increasing rate of employees’ use of vacations each year. Furthermore, the company also adopted the long-term family care leave program, which allows employees to take a leave to care for their family. When necessary, to improve the free- time (formal/informal corporate dinners and gatherings) culture, the company also recommends lunch meetings instead of a lunch gathering.

Improving quality of life through work-life balance

Employee
- Medical check-ups
- Early care room / Child-care
- Mental health counseling
- Group insurance
- Green agricultural products
- Employee Stock Ownership
- Employee welfare fund
- Pension plans
- Capsule ty development

Family
- Nursery
- Child care leave
- Rest & re-creation center
- Scholarships for children
- Housing loan
- Parental leave
- Child and care

Creating a desirable workplace

Work Environment
- Symphony
- Managed environment
- Flexible working hours
- Mobile environment
- Encouraging the use of vacations
- Job market
- MOXO Project
- Commuter bus/C咖
- Sleep room
- Vitamin D / Family Day
- Cool Kit for the Summer

Community
- Social contributions
- Social enterprise
- Employee volunteering
- Group: “Beyond Domestic” and “Interdependency” activities

SMOAK PIT means a range of corporate culture activities to increase employees’ self ngộ.
Safe and Healthy Workplace

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

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 company representatives, who are responsible for inspecting and improving the safety and health of all employees. The committee holds regular meetings on a quarterly basis and the meeting results are shared through the company’s bulletin board and the “Management-Employee Council.” As of 2013, 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 (International SOS)

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 24/7 all year round medical counseling is provided and medical evacuation to other countries or repatriation to the employees’ home country is supported. In 2013, an employee who caught the Dengue fever while executing a project in Bangladesh was treated in Thailand through this service. To provide financial protection from injuries and diseases, the company renews employees’ group insurance each year to create a stable work environment. Moreover, company cafeteria introduces health menus and beverages to help detoxify nicotine.

Health Care Support

SK C&C provides extensive healthcare benefits, such as medical check-ups, 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 support an annual health examination, while offering either intensive or general examination depending on the classes of employees based on positions. Furthermore, improved geographical accessibility for employees by increasing hospitals where employees can receive examinations. To provide financial protection from injuries and diseases, the company renewed employees’ group insurance each year to create a stable work environment. Moreover, company cafeteria introduces health menus and beverages to help detoxify nicotine.

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 stress from daily life. Since 2011, the center has provided free aptitude, personality and learning ability tests for the employees’ children during breaks and increased programs, where the employees’ families can also participate, including special classes for married couples and children’s education. The company also organizes the Myers Briggs Type Indicator (MBTI) testing and workshops to enhance team members’ teamwork and communication.

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.

Human Resources Development System

SK C&C provides various educational programs for its employees, which includes the 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.

02-2 Human Resources Development

Our Commitment

To develop the best talent with expertise, SK C&C sets up personalized competency road maps based on the employees’ individual careers and the capabilities required of each business. The company also operates systematic evaluations and compensation programs for employees to be responsible for their jobs.

Goal & Evaluation

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goal</th>
<th>Period</th>
<th>Content Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources development</td>
<td>Build and reinforce HR development/foundation system</td>
<td>Short term</td>
<td>Accomplished</td>
<td>Executed Individual Development Plan (IDP) and established individual plans (89% completed)</td>
</tr>
<tr>
<td></td>
<td>Implement intensified and reinforced educational programs</td>
<td>Short term</td>
<td>Accomplished</td>
<td>Remediated the specialized competency system, and created an ICT - global competency model and road map</td>
</tr>
<tr>
<td>Performance evaluation and compensation</td>
<td></td>
<td>Long term</td>
<td>In progress</td>
<td>Provided platform technology capability development education</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Completed global leadership education for employees in charge of global projects</td>
</tr>
</tbody>
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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 2013, 98% of those eligible for the IDP finished establishing their plans.

**Remodeling the Human Resources Capability Management System**

SK C&C is committed to developing talent that can proactively respond to the changing business environment. SK C&C remodeled the core competency management system for each business area. At that time, the company began to provide personalized capability development education by job title. Furthermore, to proactively provide the capabilities required by new businesses on time, the company created competency management road maps for the ICT and global businesses. For global businesses, in particular, it classified the capabilities necessary for project execution by business domains. In the future, SK C&C plans on conducting level assessments in each business area.

**Building Online and Offline Platforms**

SK C&C introduced the Online Lab program in 2013 to encourage employees to share their knowledge, experiences, and opinions. Online Lab is held once a month and allows employees to discuss a range of topics, such as business insights, soft innovations, and global knowledge. In addition, SK C&C launched the SK Mobile Academy to help its employees 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 contents 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, the company adopted the Job Market, a program designed for frequent transfers between business units. The Job Market assists business units in securing ideal talent through transfers. Under this program, an employee’s transfer to a new business unit is authorized by the new team manager, without the previous department manager’s consent. The Job Market assists business units in securing ideal talent through frequent transfers.

**Developing System Capabilities**

SK C&C operates the Job Market for Development through Work. As of the first half of 2014, a total of 121 employees made transfers through the Job Market. The company also supports employees in becoming SK C&C’s core talent by providing the “SK Manship” and the “Integrity” through seminars for executives and team managers.

**Building Online and Offline Platforms**

To develop talent who can proactively respond to the changing business environment, SK C&C offers diverse programs to nurture leaders and core talent. It selects core talent equipped with leadership quality to conduct intensive education and helps newly appointed leaders to prepare the capabilities required of a leader through leadership and management education. SK C&C also runs a basic skills training 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 female core talent, including supporting external leadership education programs. As a result, the number of female team managers is increasing, and as of 2013, SK C&C has 11 female team managers and that number is expected to increase over time.

**Operating the 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 program is developed by SK C&C and it plans to gradually advance the courses by 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 plans to focus on advanced programs 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 the “SK Manship” and the “Integrity” through training of SK’s corporate value and culture.

**New Core Education**

SK C&C provides new and experienced employees with education on SK values and culture so that the SK Group pursues and helps them to develop a sense of belonging and pride toward the company. The company also offers employees opportunities to discuss a range of topics, such as business insights, soft innovation, and gaining the necessary capabilities at each level. The new core education includes the time for communication with management to help employees better understand the SK Values and it presents opportunities to understand the CEO’s business philosophy and the company’s strategy.

**Remodeling the Human Resources Capability Management System**

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. According to the strategic direction for each business, SK C&C identifies core capabilities and provides personalized education based on them. The company develops and improves education programs for technicians delivering the IT projects. As for the ICT business, the company develops a capability reinforcement program for the new technology required for the business. For core capabilities, the company plans to upgrade the internal certification program.

**Human Resources Development Program**

**Platform Technology Capability Development Education**

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Since SK C&C’s business involves long-term projects, trust and open communication between labor, management, and between employees are important factors in enhancing the company’s competitiveness, enabling the employees to make the best use of their capabilities brought together through mutual cooperation. The company will be able to grow into one of the best global companies, only when all employees perform their best with 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 the employees’ opinions are properly conveyed to the company and problems can be solved based on trust and communication. Furthermore, it will strive to promote communication between the employees by setting up and operating a variety of communication channels and programs, both online and offline.

Goal & Evaluation

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goal</th>
<th>Period</th>
<th>Current Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative labor-management culture</td>
<td>Build a stable labor-management culture</td>
<td>Long-term</td>
<td>In progress</td>
<td>Certified as a company for outstanding labor-management culture</td>
</tr>
<tr>
<td>Performance-evaluation and compensation</td>
<td>Secure trust through communication between leader and employees</td>
<td>Long-term</td>
<td>In progress</td>
<td>12 C.I. officers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6 seminars for executives/team managers</td>
</tr>
<tr>
<td></td>
<td>Increase employee engagement</td>
<td>Long-term</td>
<td>In progress</td>
<td>18 cases of program/process improvements through employee engagement</td>
</tr>
</tbody>
</table>

Collaborative Labor-Management Culture
SK C&C set up the SK C&C Management-Employee Council to promote a win-win relationship between management and employees to create a pleasant workplace and build a happier company based on trust and communication.

SK C&C’s Management-Employee Council
SK C&C Management-Employee Council consists of nine labor representatives and nine management representatives. At a council meeting, members share and discuss ways to help the company and its employees to become happy and achieve goals. The council acts as an intermediary between the company and its employees so that they can draw the best conclusions about major policy issues and can openly and sincerely communicate. Labor representatives are elected via secret ballot and during the election management’s involvement is strictly prohibited.

The Management-Employee Council holds quarterly regular meetings and weekly working-level 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 the flexible working hour system, and improvements in the operation of the vacation system. The discussed matters are communicated to the employees through in-house broadcasting system, newsletters, or the bulletin board. Furthermore, to listen to the employees’ grievances and handle them in a fast manner, SK C&C installed a grievance box called “Complaints & Compliments” to receive and resolve grievances. Some of the major grievances are discussed as one of the main agendas for the Management Employee Council if necessary. For its Management-Employee Council activities, the company was selected as the 2013 company for outstanding labor-management culture.

Recently, SK C&C is doing its best to bring the Management-Employee Council to the center of communication and to reflect employees’ opinions in its business by listening to its employees.

The "Idea Republic" is a new section created during the "u-Symphony" to explore their humanist imaginations. Hosted by the CEO, the Happy Concert was launched in 2013 to improve communication between labor, management and between employees so that they can draw the best conclusions about major policy issues and can openly and sincerely communicate. Labor representatives are elected via secret ballot and during the election management’s involvement is strictly prohibited.

The "Idea Republic" is a new section created during the "u-Symphony" upgrade in 2013, to enable employees to freely and regularly generate ideas and those ideas are used to improve the company’s systems and processes. In 2013, the idea Republic, a total of 140 ideas were received and 10% of them were either applied or put into action.

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

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

Conducting a Culture Survey and Workshop for the “Human and Cultural Innovation”
Aiming for the “Human and Cultural 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 officers and employees all participate in the in-depth discussions about human and cultural 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. is an employee representative from each business unit and acts as a channel of communication between the leader and employees. Dedicated to creating a happy workplace for employees, each unit’s C.I. proactively detects problems within the unit through a workshop, employee interviews and a study of the unit’s organizational environment. Suggests improvement plans then eliminates communication barriers formed by the corporate hierarchy.
Winning with Our Biz. Partners

As the leader of the IT industry, SK C&C is aware of its roles and responsibilities within the industry. 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 assistance. Through open communication and reinforcement of sustainability assessments, the company is also spreading sustainability management across the value chain.

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. In 2013, for its accomplishments, the company received an excellent grade on the Win-Win Index.

Win-Win Partnership Strategies

SK C&C is pushing a coherent Win-Win partnership policy to aid the growth of its business partners and build collaborative partnerships. To achieve its goal, SK C&C has set up a dedicated organization and arranged practical support programs.

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 holds 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 codes of ethics, and the Business Support 1 Team, responsible for supervising business assistants.

Goal & Evaluation

<table>
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<tr>
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<th>Goal</th>
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<th>Current Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Win-Win partnerships</td>
<td>Financial assistance for business partners</td>
<td>Long-term</td>
<td>In progress</td>
<td>Financial assistance increased by about 40% compared to previous-year figure</td>
</tr>
<tr>
<td></td>
<td>9 cases of technical support/prot</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Created a business partner community</td>
</tr>
<tr>
<td></td>
<td>23,284 hours of educational support for business partners, 94 subjects added</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Created an additional points program for evaluating business partners</td>
</tr>
</tbody>
</table>

Our Commitment

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Impact: Business Partners’ Business Capabilities, Soundness of Industrial Ecosystem, Project Quality, Corporate Reputation
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 operates unique win-win partnership programs aligned with the company’s tasks for win-win partnership. The win-win partnership programs are subdivided into 8 core support areas, including finance, technology, business, and 21 other areas, with the aim of producing a virtuous cycle of win-win partnerships.

Operating 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.

Technical and Educational Support

SK C&C provides technical training and education to increase business partners’ productivity and through (joint R&D, supporting patents free-of-charge licenses and operating the Technology Escrow program, the company helps its business partners to develop and utilize its technologies. Moreover, the “Advanced Technology Programs” are offered to complement the SK Win-Win Academy programs and strengthen the capabilities of technical personnel.

Status of Educational Support for Business Partners

Classification | Program name | Detailed programs | Results of lectures | Notes |
--- | --- | --- | --- | --- |
Win-Win Academy | SK C&C Seminar | First lectures by theme | 50 people | 1 day |
 | Win-Win MBA | Mini-MBA | 9 people | 8-week program |
 | Win-Win e-Learning | 68 courses for completion (about 80 courses open) | 688 people | 1 month |
 | SK C&C | SK IT R&D Program | 13 courses to be completed | 58 people | 2 days |
 | SK C&C | 25+ Program | 76 courses for completion (about 100 courses open) | 51 people | 1 month |
 | Development Export Program | Internship | 11 people | 2 month |

Win-Win Partner Sustainability Programs

Flowchart of Technology Escrow

Sustainability Management of Business Partners

To foster collaboration with business partners and ensure their competitiveness in sustainability management, SK C&C assesses its business partners each year on business performance capabilities, 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 its business partners based on their assessment results.

Business partner grades are largely divided into the Strategic BP, the Excel lent BP, and the 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 in 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 are eligible to be promoted to Strategic BP. The Ordinary BPs are partners with certain levels of market competitiveness and financial soundness, who are necessary for SK C&C to perform business operations and make up a basic BP pool with whom the SK C&C can do business.

A number of companies eligible for partnership agreements in 2010—80 companies (27 Strategic Excellent BPs—4 Ordinary BPs).

- Operating rewards
- Two-way
- SK C&C’s patented
- Payments
- Operating Network Loans
- Operating Win-Win programs
- Sharing newsletters
- Based on business needs
- Maintaining learning resource programs for business partners
- Mental health and evaluation
- Regular meetings with business partners
- Operating Network Loans
- Payments
- Exemption from credit insurance and performance bond obligations
- Operating Win-Win Partnership Fund
- Financial Assistance (Financing)
- Promoting Communication
- Technical Support (Supporting)
- Improving the Management of Business Partners
- Continuous education programs for existing programs
- Encouraging the use of technology escrow program
- Encouraging sharing of business information in accordance with the Technology Escrow program
- Encouraging continuous development of technology
- Operating Technology Escrow Program
- Encouraging the use of technology escrow program
- Operating Technology Escrow Program
- Encouraging sharing of business information in accordance with the Technology Escrow program
- Encouraging continuous development of technology

Status of Business Partners by Type and Grade

Classification | Evaluation item | Details | Checklist by item |
--- | --- | --- | --- |
Human Rights | Equal Employment and Diversity | In employees’ fair discrimination and promotion, physical disability, gender, or regional origin? |
Labor | Labor Management Relations | Does the company operate systems and programs for maintaining collective labor market relations? |
Labor | Working Conditions | Is the company committed to improving employees’ working conditions and work environment? |
Trade | Health/Safety | Is the company committed to improving employee health and safety? |
Legal Responsibility Compliance | Fair Trade | Have there been any instances of false payments or legal actions related to fair trade? |
Social contributions | Social Contributions Activities | Does the company and its employment contract social contribution and volunteer activities? |
Environmental | Greenhouse Gas Reduction | 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? |

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

Medium-sized business partners often have difficulty securing enough resources to carry out their sustainability activities. SK C&C has included in its business partners in annual sustainability activities such as the “knight” event.

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SK C&C Sustainability Report 2014

Kim, Seo Jong
President of Funnywork
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.

Our Commitment
SK C&C has set five environmental principles and specific goals to cope with climate change, identify environmental 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

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goal</th>
<th>Period</th>
<th>Current Status</th>
<th>2013 Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green management</td>
<td>Reduce the greenhouse gas emissions from our offices and data centers. The company is also developing green products and services, such as green IT solutions.</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Obtained ISO 14001 certification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Short-term</td>
<td>Accomplished</td>
<td>Acquired green vehicles that meet the Euro 4 standard</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mid-term</td>
<td>In progress</td>
<td>Rate of participation of employees in green education: 70%</td>
</tr>
<tr>
<td>Green IT technology</td>
<td>Set up green data center</td>
<td>Short-term</td>
<td>Accomplished</td>
<td>Obtained a 4 energy saving activities as a result of Green DC certification</td>
</tr>
<tr>
<td></td>
<td>Develop green IT technologies</td>
<td>Mid-term</td>
<td>In progress</td>
<td>Secured green IT technologies: Energy management system (EMS), energy storage system (ESS)</td>
</tr>
</tbody>
</table>

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.

Green Management Organization
At SK C&C, the Project Technical Support Team is responsible for overseeing the company’s green management and the Manager of Technology Innovation Division serves as the Chief Green Officer. The Project Technical Support Team sets and executes the company’s environmental policy and specific goals. The Infrastructure Operation Division makes system improvements, creates operating environments and establishes/implements measures to prevent accidents, so that the company’s IT infrastructure such as data centers can respond to climate change. The Service/Manufacturing Business Division develops and identifies future business opportunities in relation to climate change. The HR Support Team is responsible for measuring and reducing energy and hot water usage through the building management of the headquarters.

Green Management Organization

<table>
<thead>
<tr>
<th>Manager of Technology Innovation Division</th>
<th>Setting company-wide environmental goals, checking results, evaluating/reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Technical Support Team</td>
<td></td>
</tr>
<tr>
<td>Infrastructure Operation Division</td>
<td></td>
</tr>
<tr>
<td>Service/Manufacturing Business Division</td>
<td></td>
</tr>
<tr>
<td>HR Division</td>
<td></td>
</tr>
<tr>
<td>Headquarters/Business Building Management</td>
<td></td>
</tr>
</tbody>
</table>

Climate Strategy, Energy, Green Products/Services

Material Issues for Toward Zero Emission
- Climate Strategy
- Energy
- Green Products/Services

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.

Green Management Organization

Chung, Chul-Khil SK C&C President & CEO
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 solving 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 Occupational Safety and Health Act, the Greenhouse Gas Target Management System and steady increase in the electricity prices for the past two years (a 4.5% increase in December 2012 and 6.4% in January 2013). In the IT services industry, operating data centers is a primary source of the Occupational Safety and Health Act, the Greenhouse Gas Target Management System and steady increase in the electricity prices for the past two years (a 4.5% increase in December 2012 and 6.4% in January 2013). In the IT services industry, operating data centers is a primary source of energy consumption and greenhouse gas emissions. The government’s tightening environmental policies and rising electricity rates together will become a heavy burden for SK C&C. SK C&C thus formed a dedicated organization for overseeing compliance of applicable laws and policies and organized a company-wide committee. 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 a growing interest in green IT businesses, such as renewable energy and data center certifications and the construction of the Gangneung Green City.

Achievements in Green Management

In 2012, SK C&C obtained the ISO14001 certification to internationally certify its green management system. In 2013, the company received a special award for carbon disclosure from the CDP Committee Korea, ranked first place in the software telecommunications services media sectors of the 2013 Green Rankings and earned a green data center certification, proving itself as a good example of green management.

Continuous Implementation of Green Management

Green Offices

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

In addition, the company adopted a SK Group commuter bus system called "SK Happy Express." SK Happy Express is jointly purchased by the SK affiliates including SK C&C, and it provides 15 routes for employee commute. The companies and employees are making conscious 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 implemented environmental awareness-raising activities, such as the QHSE Manager Program and environmental education for employees.

QHSE Manager Program | The SK C&C appoints the QHSE (Quality, Health, Safety, Environment) managers for each organizational teams. They are responsible for analyzing the impacts that the duties of their teams have on the environment and establishing and executing action plans. Additionally, they contribute to raising employees’ environmental awareness by spreading green management to all members of their teams.

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 that are far from the headquarters so the company offers them both in-class group training and distance education. In 2013, the company combined sustainability education and environmental education so that employees could realize the necessity of green management based on their understanding of sustainability management.

Lee, Keung Yool, President of Environment Action Association

"If SK C&C utilizes its capabilities and technologies as an IT leader, it will be able to engage more people in environmental efforts and create a new paradigm for green management."

The Environment Action Association and SK C&C are working together to respond to climate change through environmental activities, such as planting trees, planting native plants and eliminating harmful plants. SK C&C’s environmental activities are also in line with its social contributions to expanding green "space."

As climate change accelerates, responses from several international conventions and social movements have resulted in carbon credits and the total allowable emissions system, which is important for companies to participate. Though IT companies may produce lower pollutant emissions than other manufacturing businesses, if SK C&C utilizes its capabilities and technologies as an IT leader, it will be able to engage more people in environmental efforts and create a new paradigm for green management. The care for trees is equally as important as planting them; likewise, SK C&C’s environmental policy also needs to adopt a long-term approach.
Green Business Activities

SK C&C is committed to responding proactively to climate changes and to build 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 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 comprised of a convention center and an experience training center on 60,243㎡ 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.

GREEN CITY, GANGNEUNG

Key Components of the Green City Experience Center

- Eco Greens/Wetlands (Increasing Carbon Sequestration)
- Bicycle/Green Network
- Renewable Energy (Unique Power Generation)
- Energy Storage System/Use of Geothermal Energy
- Smart Infrastructure (Efficient Operation)
- Water-Saving Devices
- Greening Rooftops
- Green Construction (Energy Conservation)

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 is 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 110kWh Energy Storage System (ESS), the core technology of this energy-free building that the 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. 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 small 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 it. Outside the center, the company runs a 48-seat electric bus service, offering all visitors the chance to experience green transportation.

Building a Green Data Center
SK C&C has been working hard to cut costs and greenhouse gas emissions by reducing energy consumption in its data center, which accounts for the majority of the entire company’s energy use.

Since it announced the goal of making the Daedeok Data Center green, the company has worked to increase cooling efficiency through the insolation of the glass windows of the constant temperature/humidity chamber and the adoption of an outside air refrigeration, which also has saved energy. In addition, the company utilized our Energy-Saving Solution and solar power self-generating equipment to reduce energy consumption by 3,000MWh and GHG emissions by 1,727 tCO₂e in 2017. As a result, in 2013, the company became the first company in Korea to earn a Green DC certification and 10 out of 10 points and an A+ grade in a qualitative assessment of energy-saving activities, ensuring the reliability of its green capabilities.

Aside from the green activities performed at the Daedeok Data Center, SK C&C also defined the “7 Green SUPEX” practices that the center’s employees can follow in everyday life to protect the environment. The company encourages all employees to observe these practices.

Components of Daedeok Data Center

Building
A steel frame structure dedicated to a data center with 14,850㎡ of gross floor area, a seismic resistance for a magnitude of 7.0 or higher, and an allowable load of 1,000 kg per square meter, ensuring world-class safety performance.

Fire Equipment
The center features advanced fire equipment, including a 3-D fire detection system, halon fire extinguisher and drying tube to enable proactive fire prevention for quick fire suppression in case of an emergency.

Air Conditioning
Unlike other centralized centers, the Daedeok center features a constant temperature/humidity system for separate operations, which enables flexible response.

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.

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 uninterrupted service.

Security Equipment
Advanced security solutions and security processes are running 24/7 to prevent data access and intrusions. A variety of advanced security systems feature double- and triple-layer protection mechanisms.

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.

Shut down all equipment not in use (Immediately shut down once a test or service has finished)

Avoid using the elevators, or use only one elevator (Use the stairs to the 2nd floor; use the elevator only for the 3rd floor or higher)

Make sure to arrange cables properly when carrying in/out equipment (To improve flow of cold air)

Avoid using the elevators, or use only one elevator (Use the stairs to the 2nd floor; use the elevator only for the 3rd floor or higher)

Make sure to arrange cables properly when carrying in/out equipment (To improve flow of cold air)
05 Social Investment

In order to achieve SK Group’s management philosophy, “Happy Management,” the 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, forming and operating an IT social enterprise, employee volunteering and spreading a culture of donations.

Material Issues for Social Investment
- Development of Local Communities
- Indirect Economic Impacts

05-1 Building Stronger Communities

A company’s social responsibility towards local communities is not an option but an essential element of its business activities. Building a healthy society not merely brings happiness to individuals and local communities. It also changes the business environment in the long run, leading 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, as well as making short-term returns.

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

Our Commitment
SK C&C carries out social contribution activities and engages in solving social problems through IT education, assisting in forming and operating an IT social enterprise, customizing local social contribution activities based on age groups and through “talent-sharing” by employees. SK C&C will continue to share new value with society and bring happiness wherever it goes.

Goal & Evaluation

<table>
<thead>
<tr>
<th>Classification</th>
<th>Goal</th>
<th>Period</th>
<th>2013 Achievements</th>
<th>Current Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing social value connected to the IT business</td>
<td>Make corporate information accessible to disadvantaged groups</td>
<td>Mid-term</td>
<td>Helped produce websites for 4 non-profit organizations</td>
<td>In progress</td>
</tr>
<tr>
<td>Revitalize IT educational programs</td>
<td></td>
<td>Mid-term</td>
<td>60 sessions of IT education, 2,400 attendees</td>
<td>In progress</td>
</tr>
<tr>
<td>Encourage employees to participate in volunteering</td>
<td></td>
<td>Long-term</td>
<td>30 families (90 people) participated in family-friendly employee family volunteer group</td>
<td>In progress</td>
</tr>
<tr>
<td>Extend the donation culture campaign</td>
<td></td>
<td>Long-term</td>
<td>95.12 million KRW, 887 people participated per year</td>
<td>In progress</td>
</tr>
</tbody>
</table>

Social Contribution Strategy Frame work

Under the SK Group’s management philosophy, the “pursuit of happiness,” SK C&C practices the “happiness-sharing” management to build a society where all stakeholders can be happy. With the vision of “Company that creates and shares sustainable happiness,” the company defined core IT activities, which reflects the characteristics of the IT service industry and the employees’ volunteering commitment as its strategic directions.
At SK C&C, under the CEO’s supervision, an office for social contributions (CSR Team) oversees the planning and operating social contribution programs. In particular, the company appoints executive officers as volunteer leaders and team managers as assistant administrators of the volunteer group, so that responsible social contribution activities can take the initiative and set a good example. Furthermore, the company engages all employees in social contribution activities by appointing them as volunteer coordinators or agents, bringing them to the forefront of 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 interviews with representatives of local government organizations to identify the needs of local communities, analyze and verify the collected data, then finally plan programs. Once a social contribution program has been completed, the company evaluates each activity, accepts suggestions for improvement through feedback and develops better programs.

Increasing Social Value Connected to IT Business

As the leader of the Korean IT service industry, the company supports the creation of IT environments and information education for socially disadvantaged groups and through such support, the company fosters social value by cultivating their capabilities and skills in their areas of interest. To bridge the gap in IT capabilities for disadvantaged groups, SK C&C also utilizes their personal talent to support those in need. With passion and commitment, the company’s employees have been involved in volunteer activities for the past decade.

**Community:**

**Survey of Community Needs**

**Analysis and Verification of Needs**

**Planning and Executing Programs**

**Evaluation and Feedback**

**Current Specialized Volunteer Groups**

**Employees’ Commitment to Volunteering**

SK C&C’s employees are all members of volunteer groups, committed to solve social problems for local communities and the environment. They also utilize their personal talent 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 integrate talent donation activities and support them systematically, the company opens educational and certification programs in different areas early each year and helps employees donate their specialized talent. Each year, the company surveys the employees’ demand for talent donation in specific areas and expand those areas. In 2013, the company increased five more areas than the company did in 2012. In 2014, SK C&C will extend the talent donation areas necessary to operate social enterprises.

**Teenage IT Education**

For teenagers in need of IT education, employees at headquarters and local branches of SK C&C are supporting special classes on the basics of IT and career education. In 2013, special classes were offered to 2,040 high school students, from first year to senior year, in five regions (Ulsan, Daejeon, Gwangju, Goyang-si, Seongnam, and Seoul).

**2013 IT Education Support for Teenagers**

<table>
<thead>
<tr>
<th>Region</th>
<th>Schools that Received Educational Support</th>
<th>Attendees</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ulsan Metropolitan City</td>
<td>188 (three-year in high school)</td>
<td>480</td>
<td>Created in 2013</td>
</tr>
<tr>
<td>Goyang-si</td>
<td>85 (two-year in high school)</td>
<td>260</td>
<td>Created in 2013</td>
</tr>
<tr>
<td>Goyang-si</td>
<td>85 (two-year in high school)</td>
<td>260</td>
<td>Created in 2013</td>
</tr>
<tr>
<td>Seongnam Metropolitan City</td>
<td></td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,290</td>
<td></td>
</tr>
</tbody>
</table>

**Investment in Communities**

<table>
<thead>
<tr>
<th>Year</th>
<th>(Unit: million KRW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2,464</td>
</tr>
<tr>
<td>2012</td>
<td>2,364</td>
</tr>
<tr>
<td>2011</td>
<td>1,950</td>
</tr>
</tbody>
</table>

**Family-Friendly Employee Family Volunteer Group**

Since 2009, the SK C&C has organized “Volunteer Camps” and “Volunteer Month” to engage both employees and their families in volunteer activities. In addition, since 2010, the company has launched an Employee Family Volunteer Group each year and the group has been involved in volunteer activities through the year. Through such activities, the employees have bonded with their families, taken pleasure in sharing and contributing to society. In 2013, a total of 30 families (99 people) participated in providing cultural benefits to children with disabilities.
Together with SK C&C

**Community Environmental Activities**

**Drawing Happy Wall Paintings**
- To improve the conditions of run-down neighborhoods, the company organized relay activities for employees, including painting walls, planting flowers, and renovating public facilities in low-income areas, in collaboration with the City of Seongnam, the Culture Cooperative, environmental groups, the Volunteer Center and local residents. These activities have been carried out since 2009. Between 2011 and 2013, 1,800 employees participated in improving the conditions of five areas in Seongnam.

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

**Happy Forest Protection Activities**
- On Arbor Day in April, employees of the SK C&C and its subsidiaries planted 3,000 willow trees in the Han River Protection Area under the theme of subsidiaries planted 3,000 willow trees in the Day in April, employees of the SK C&C and its On Arbor building in Jeongja-dong.

**Anti-smoking campaign**
- As part of the company’s anti-smoking campaign, near the headquarters.

**Donation Culture Campaign**

**Happy Scholarship Fundraising Campaign**
- 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.

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

**Support for People with Disabilities for Social Integration**

**Support for Social Adjustment of Children with Disabilities**
- 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**
- 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 Kirchi-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 Happiness Village Habitat, the company has conducted the “Habitat” activities for families without homes.

**Social Enterprise: Happy Web & Media**

In 2011, SK C&C established a social enterprise called the Happy Web & Media (HWM), 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 the information through IT services and in order to contribute to creating social value, the enterprise simultaneously operates revenue-making and public businesses. In 2013, the enterprise reached the break-even point.

### Information about Happy Web & Media

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Happy Web &amp; Media (HWM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founding Date</td>
<td>2011.12.16</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>31 people</td>
</tr>
<tr>
<td>Ratio of people with Disabilities</td>
<td>45%</td>
</tr>
<tr>
<td>Category</td>
<td>Non-profit foundation</td>
</tr>
<tr>
<td>Certification</td>
<td>Non-profit foundation designated by the Ministry of Employment and Labor</td>
</tr>
<tr>
<td>- Standard business for people with disabilities</td>
<td></td>
</tr>
<tr>
<td>- Social enterprise certification</td>
<td></td>
</tr>
</tbody>
</table>

### Total Number of Employees as of December 2013

- 1 Executive Director
- Planning Business Division (1 Management Director)
- Management Support Team (2)
- Strategic Planning Business Team (3)
- Public Business Team (1)

### Development Business Division (1 Technology Director)
- Project Business Team (4)
- Development 1 Team (6)
- Development 2 Team (7)
- Design Team (8)

### History of Happy Web & Media

**2011**

- **02.10** MOU with Web Watch, a web accessibility certification organization
- **02.28** First meeting of the Board of Directors
- **07.10** Obtains standard business certification for people with disabilities
- **09.23** Improves web accessibility of MetLife
- **10.26** Attends 2013 Collaborative Social Economy Fair
- **12.09** Creates the Wellpay application payment system
- **12.10** Designates a steering organization
- **12.12** Foundation registered with a court of law

**2012**

- **02.10** Creates the Happy Web & Media Co-management Committee
- **02.28** First meeting of the Board of Directors
- **05.15** Improves web accessibility of Prudential’s cyber service
- **09.01** Creates the KitsforMobility application payment system
- **12.17** Happy Web & Media obtains social enterprise certification

**2013**

- **02.28** First meeting of the Board of Directors
- **05.15** First meeting of the Board of Directors
**Governance**

**Transparent Governance**

**Composition and Operation of Board of Directors**

**Overview and Characteristics of Board of Directors**

SK C&C’s Board of Directors aims to become the “Working BOD” that fulfills practical responsibilities to maximize corporate value. Through the BOD-centered management, SK C&C makes important strategic decisions and provides monitoring and advice on business activities. The company strives to maximize value for stakeholders through management transparency and accountability.

**Composition of Board of Directors**

SK C&C’s Board of Directors consists of three inside directors 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 are comprised of top experts with expertise and competence in law, finance and macroeconomics. The company has a system in place to ensure objectivity and fairness in the appointment of inside and outside directors. Outside directors are nominated through the Outside Director Nomination Committee, which consists exclusively of outside directors, based on the criteria for evaluation, such as expertise, attitude to management, independence and credibility. Among the nominees, directors are finally elected at a general meeting of shareholders. The chief executive officer becomes the Chairperson of the Board of Directors and presides over all board meetings.

**Composition of SK C&C’s Board of Directors**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Name</th>
<th>Title</th>
<th>Director/Executive Officer’s Term of Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inside Directors</td>
<td>Chung, Chul-Kil</td>
<td>President &amp; CEO of SK C&amp;C</td>
<td>9 years</td>
</tr>
<tr>
<td></td>
<td>Park, Jung-Ho</td>
<td>Executive Vice President &amp; CTO, SK C&amp;C</td>
<td>1 year and 2 months</td>
</tr>
<tr>
<td></td>
<td>Ahn, Hee-Chul</td>
<td>Senior Vice President &amp; Head, Corporate Management Support Group</td>
<td>5 years and 3 months</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>Park, Young-Seek</td>
<td>Consulting lawyer of Woo Il</td>
<td>3 years and 1 month</td>
</tr>
<tr>
<td></td>
<td>Lee, Hwan-Kyun</td>
<td>Former Minister of Construction and Transportation</td>
<td>5 years and 1 month</td>
</tr>
<tr>
<td></td>
<td>Ju, Soon-Sik</td>
<td>Advisor of Yulchon LLC.</td>
<td>2 years</td>
</tr>
</tbody>
</table>

**Structure and Responsibilities of Committees**

- **Outside Director Nomination Committee**
  - Composition: Outside Directors (Han, Young-Seok, Lee, Hwan-Kyun, Lee, Yong Hi, Ju, Soon-Sik)
  - Responsibilities: Nominate outside director candidates of the company in accordance with laws, the articles of incorporation, and committee rules

- **Internal Transaction Committee**
  - Composition: 1 Inside Director (Ahn, Hee-Chul), 3 Inside Directors (Ju, Soon-Sik, Han, Young-Seok, Lee, Hwan-Kyun)
  - Responsibilities: Review and grant approvals of integrity of internal dealings between interested parties

- **Audit Committee**
  - Composition: 3 Inside Directors (Lee, Hwan-Kyun, Lee, Yong Hi, Ju, Soon-Sik)
  - Responsibilities: 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**

- **General Investors:** 2.6%
- **Employee Stock Ownership:** 0.3%
- **Treasury Stock:** 12.0%
- **Overseas Institutions:** 19.3%
- **Domestic Institutions:** 17.3%
- **Largest Shareholders, etc.:** 48.5%

*Total number of shares: 50 million shares (as of March 2014)*
Committees Under Board of Directors
SK C&C has installed and operated committees under the supervision of the Board of Directors to ensure the board’s efficient operations. There are three committees: the Audit Committee, the Outside Director Nomination Committee, and the Internal Transaction 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, and the Outside Director Nomination Committee nominates candidates for the company’s outside directors. Lastly, the Internal Trade Committee reviews and grants approval for the integrity of internal dealings.

Operation of Board of Directors
The Board of Directors is operated efficiently and reasonably so that directors can make the best decisions they can. Unless the board chooses to strengthen terms of existing resolutions, all resolutions made by the board will be made by an affirmative majority of the votes cast. To enhance the expertise of outside directors, the company runs a supporting team to provide education to outside directors. In 2012, the company offered two education sessions and in 2013, four sessions. Directors may not be involved in the company’s business by themselves or on behalf of third parties, without the board’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 laws, the levels of compensation are confirmed at a general meeting of shareholders after the Board of Directors has reviewed the current limits of compensation for directors. To ensure the independence of outside directors, the board does not pay additional bonuses such as incentives other than basic pay. Compensation amounts are calculated by reflecting social and environmental performances in performance evaluations of executive directors and managers of the relevant departments based on economic performance. In 2013, the board’s criteria for evaluating the performance of executive directors and department managers included: economic performance indicators such as revenue and operating income, social performance including employee satisfaction, fair trade, win-win partnerships, social contributions, and environmental performance such as the environmental management certification and the reduction of greenhouse gas emissions is reduced. SK C&C discusses the compensation limits of directors at a meeting of the Board of Directors and confirms them at a general meeting of shareholders based on the results of the year. 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 board 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 board frequently discloses the information and posts information about the board and its activities on the website. For more information, please see the business report.

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 represents the company, oversees and holds authority over the company’s business operations. The highest-level decision-making body on sustainability management is the Top Management Meeting which is composed of the CEO (Chairperson) and department managers. 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 Ethical 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 and an as-is analysis. 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 as well as an as-is analysis are conducted again.

Through the Sustainability Management Implementation System, the CSR Team, a dedicated team for sustainability management, establishes a sustainability strategy, identifies solutions through an assessment of sustainability management, implements tasks for improvement and provides monitoring and advice on sustainability issues. The team also prepares a strategy for social contributions, executes the strategy and supports the operation of HappyWeb & Media, SK C&C’s social enterprise.

Sustainability Decision-Making Body
Under the CEO’s supervision, the top management meeting consists of chief officers in the economic, social and environmental areas, those who can identify and manage the risks and opportunities thus able to establish and review company-wide goals and strategies. In addition, top management’s responsibilities include managing sustainability-related risks, checking whether tasks are to be implemented, and evaluating performance. Among the meeting results, important matters are reported to the Board of Directors. As sustainability management becomes more important, there has also been an increase in the number of agenda items on sustainability management discussed by the board. Published every other year, SK C&C’s Sustainability Report is reviewed by relevant organizations and reported to top management.
Integrated Risk Management System

SK C&C sets up a system for the integrated management of financial risks, such as sales, capital, credit, interest, liquidity, exchange rates and investments, but also non-financial risks such as operations, strategies, security, laws, corporate culture and environment. Through the system, the company proactively identifies and manages potential risks arising from internal and external changes. 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.

When undertaking a development project 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 evaluation meeting, before a management strategy is established and the project begins. Through risk management, the project manager effectively executes a project, and the related teams regularly conduct risk monitoring of the project and manage risks.

Integrated Risk Management Process

The company sets up a system for the integrated management of financial risks, such as sales, capital, credit, interest, liquidity, exchange rates and investments, but also non-financial risks such as operations, strategies, security, laws, corporate culture and environment. Through the system, the company proactively identifies and manages potential risks arising from internal and external changes. 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.

Organizational Risk

Types of Integrated Risk Management

- Financial Risks
  - Sales Risk (Sales fall below targets)
  - Capital Risk
  - Interest Risk
  - Liquidity Risk
  - Credit Risk (Losses caused by contract counterparty’s failure to perform its duties)
  - Exchange Rate Risk
  - Investment Risk

- Operational Risk
  - (Wrong decisions, Improper response to environmental changes)
  - Security Risk
  - (Fire, Power outage, Natural disaster, etc.)

- Legal Risk
  - (Possibility of losses caused by violations of laws and regulations)

- Non-Financial Risks
  - Corporate Risk Related to Corporate Culture
  - (Healthy corporate culture and habits)
  - Disaster/Incident Risk

- Environmental Risk
  - (Fire, Power outage, Natural disaster, etc.)

Business Risk Management

When undertaking a development project 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, then presents the risks at a risk review meeting and hosts a risk review meeting with specialized teams, such as 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 valuation meeting, before a management strategy is established and the project begins. Through risk management, the project manager effectively executes a project, and the related teams regularly conduct risk monitoring of the project and manage risks.

Ethical Management

Implementing Ethical Management

To accomplish its vision, “Create Value for Customers, Challenge the Future,” SK C&C is committed to pursuing the happiness of all stakeholders, including customers, shareholders, partners, competitors, employees and society to promote corporate social responsibility, and establish a healthy corporate culture by nurturing proper ethical values among employees and practicing ethical management in business operations through fair trade.

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, transparency and morality become more important, SK C&C announced the adoption of ethical management on November 1, 2002 and has since devoted itself to foster and practice ethical management. The company also stresses the importance of ethical management by strengthening and practicing the employees’ discipline.

Ethical Management Organization

In 2013, SK C&C promoted the Ethics Management Team to Ethics Management Department. In 2014, the company expanded the organization into the Ethics Management Division and has established an internal audit system for subsidiaries, overseas companies and new businesses. The Ethics Management Division assesses employees’ compliance with the Codes of Ethics and develops ethical management programs based on the results, so that ethical management can be practiced in the specific tasks of business operations. To root out and improve problems with unethical practices occurring within the company, the office created a procedure for reporting internal or external management issues, fulfilling its role as an agent of corporate ethics.

Codes of Ethics

When facing ethical dilemmas related to the jobs, the SK C&C employees are required to make decisions and act in accordance with the Codes of Ethics. However, if the judging criteria’s are not clearly defined in the Codes of Ethics, employees should make a decision and act according to the decision making principles and follow the advice of their team manager or the Ethics Management Division.

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 and the ethics guide, developed by the ethical management programs and established a practice checklist to build bonds among employees.

Decision Making Principles

- Legitimacy: Can my actions be interpreted as a violation of law or the company’s rules?
- Transparency: Can I disclosure my decision-making process and details?
- Reasonableness: Would other employees make the same decision as I do in the same situation?

Ethical Management System

Compliance

- Operating a Dedicated Team/ Program for the Codes of Ethics
- Operating a Self-Regulating System
- Internal Reporting System and Protection of Reporters

Consensus

- Employee Communication/ Participation Programs
- Assessment of Corporate Culture and the Level of Ethical Management
- Developing Executing Ethical Management Education Programs

Code

- Codes of Ethics
  - Ethical decision-making and principles of ethical behavior
  - Details of praction of the codes of ethics
- Ethics Guide (Don’ts)

History of Ethical Management

2001~2004
- Adoption of Ethical Management
- Creates Codes of Ethics
- Complies with self-regulating system
- Establishes system to implement ethical management

2004~2007
- Building comprehensive and extending scope of participation
- Reforms the ethical decision-making support system
- Reinforces the ethical decision-making support system
- Communicates to develop a bonding among employees
- Develops a Compliance System

2008~2010
- Reporting a Self-Regulating System
- Operating a Dedicated Team/Program for the Codes of Ethics
- Operational Ethics Management System
- Frameworks for decision making and decision support
- Components for managing ethical decision-making
- Evaluation system to assess ethical decision-making

2011~Present
- Reinforces the ethical decision-making support system
- Reinforces and operationalizes the ethical decision-making support system
- Additional measures to conduct assessment by reflecting employees’ feedback and result of the results
- Revised and operationalizes the Code of Ethics
- Develops ethical decision-making guidelines for leaders
- Develops ethical decision-making guidelines for leaders
- Develops ethical decision-making guidelines for leaders
- Develops ethical decision-making guidelines for leaders
- Develops ethical decision-making guidelines for leaders

System for the Ethics Management System

- Reasonableness: Would other employees make the same decision as I do in the same situation?
- Transparency: Can I disclosure my decision-making process and details?
- Legitimacy: Can my actions be interpreted as a violation of law or the company’s rules?
Employee Education and Awareness-Raising

Creation of Ethics Guide

In 2011, SK C&C re-classified internal rules related to ethical management, such as the code of ethics, self-regulation guidelines, rewards/disciplinary rules, security management rules, project security management guidelines, operations performance rules and purchasing management rules and matched all above roles to related functions. The company also created the Ethics Guide, which consists of 6 areas and 138 items that employees must follow. After its Legal Affairs Team gathered types of accidents and issues in external projects, examples of the RM and unethical practices from incidents of ethics violations. In 2013, there were 21 reports on corruption where 16 disciplinary actions were taken, including 1 suspension, 3 salary reductions, and 12 reprimands.

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 conducts periodic education each year. By providing the new employees with group training on SK C&C’s codes of ethics, the company helps all employees practice ethical management.

Implementation of Compliance Program

SK C&C adopted and faithfully adheres to the Compliance Program to foster a culture of fair trade with business partners and improve the level of compliance.

Structure of Ethics Guide

<table>
<thead>
<tr>
<th>Classification (Area)</th>
<th>Unethical</th>
<th>Security</th>
<th>Subcontract</th>
<th>Tax/Fair Trade</th>
<th>Reporting/Management</th>
<th>Self-Regulating System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related Functions</td>
<td>Common</td>
<td>Common, Business</td>
<td>Business, Procurement</td>
<td>Common, Business, Procurement</td>
<td>Procurement, Finance, IR</td>
<td></td>
</tr>
<tr>
<td>Areas (138)</td>
<td>21</td>
<td>17</td>
<td>18</td>
<td>25</td>
<td>30</td>
<td>27</td>
</tr>
</tbody>
</table>

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 conducts periodic education each year. By providing the new employees with group training on SK C&C’s codes of ethics, the company helps all employees practice ethical management.

Reporting Mechanisms

All stakeholders of the SK C&C run various channels through which to report unethical practices in which the company promptly checks all the facts and provides quick feedback. Through the company’s website (www.skcc.co.kr), the company informs people how to report violations of ethical management. To keep reporters’ identities confidential, the company runs the Ethics Help Desk, which features “Report Online,” “Report via Telephone (82-2-6400-6262) / Fax (82-2-6400-6262)”, and “Ethical Management Counseling.” This is a precautionary ethical management system to ensure transparency in business operations.

Implementation of Compliance Program

SK C&C adopted and faithfully adheres to the Compliance Program to foster a culture of fair trade with business partners and improve the level of compliance.

Performance Summary
Economic Performance

Consolidated Statement of Financial Position (unit: million KRW)

<table>
<thead>
<tr>
<th>Classification</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>973,077</td>
<td>1,194,051</td>
<td>988,337</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>238,459</td>
<td>441,007</td>
<td>259,061</td>
</tr>
<tr>
<td>Accounts receivable and other receivables</td>
<td>542,016</td>
<td>512,984</td>
<td>491,644</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>165,372</td>
<td>153,477</td>
<td>176,486</td>
</tr>
<tr>
<td>Stock inventory</td>
<td>1,047</td>
<td>1,232</td>
<td>83,675</td>
</tr>
<tr>
<td>Other current assets</td>
<td>34,914</td>
<td>24,411</td>
<td>27,471</td>
</tr>
<tr>
<td>Non-current assets held for sale</td>
<td>1,429</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>3,648,189</td>
<td>3,927,925</td>
<td>4,013,970</td>
</tr>
<tr>
<td>Investments in subsidiaries and associates</td>
<td>2,866,206</td>
<td>3,030,471</td>
<td>3,101,091</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>367,228</td>
<td>399,959</td>
<td>467,969</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>74,041</td>
<td>119,235</td>
<td>112,594</td>
</tr>
<tr>
<td>Accounts receivable and other receivables</td>
<td>18,836</td>
<td>23,498</td>
<td>22,769</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>337</td>
<td>2,982</td>
<td>1,882</td>
</tr>
<tr>
<td>Available for sale financial assets</td>
<td>321,491</td>
<td>351,780</td>
<td>307,012</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>4,621,246</td>
<td>5,127,976</td>
<td>5,002,307</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>980,781</td>
<td>1,191,842</td>
<td>876,275</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,383,112</td>
<td>1,693,131</td>
<td>1,845,520</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2,363,893</td>
<td>2,885,073</td>
<td>2,721,795</td>
</tr>
<tr>
<td>Equity</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>△229,919</td>
<td>△440,664</td>
<td>△535,911</td>
</tr>
<tr>
<td>Other equity</td>
<td>16,180</td>
<td>△50,444</td>
<td>△82,954</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,461,712</td>
<td>2,757,252</td>
<td>2,886,937</td>
</tr>
<tr>
<td>Controlling interest</td>
<td>2,257,373</td>
<td>2,236,554</td>
<td>2,280,072</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
<td>449</td>
<td>449</td>
</tr>
<tr>
<td>Total equity</td>
<td>2,257,373</td>
<td>2,236,908</td>
<td>2,280,512</td>
</tr>
</tbody>
</table>

Operating revenue | 1,701,764 | 2,241,803 | 2,301,755 |
Operating income | 173,732 | 200,727 | 225,193 |
Investments in subsidiaries and associates | 512,228 | 318,705 | 80,373 |
Net Operating Income | 438,290 | 356,177 | 188,864 |
Net income attributable to controlling interests | 438,290 | 356,177 | 188,864 |
Net income attributable to non-controlling interests | 409 | 91 |
Total comprehensive income | 489,148 | 337,881 | 195,730 |
Basic earnings per share (KRW) | 9.226 | 7.642 | 4.155 |

Environmental Performance

Local Purchases in Significant Locations of Operation (unit: %)

<table>
<thead>
<tr>
<th>Classification</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount of purchase</td>
<td>8,462</td>
<td>8,114</td>
<td>7,084</td>
</tr>
<tr>
<td>Amount of domestic purchase</td>
<td>8,114</td>
<td>6,756</td>
<td>5,704</td>
</tr>
<tr>
<td>Domestic (Local)</td>
<td>7,084</td>
<td>6,074</td>
<td>5,001</td>
</tr>
<tr>
<td>Domestic (Local)</td>
<td>1,024</td>
<td>1,080</td>
<td>1,080</td>
</tr>
</tbody>
</table>

R&D Investments (unit: million KRW)

<table>
<thead>
<tr>
<th>Classification</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount of R&amp;D</td>
<td>19,899</td>
<td>9,640</td>
<td>10,158</td>
</tr>
<tr>
<td>Ratio of R&amp;D cost to revenue</td>
<td>0.86%</td>
<td>0.86%</td>
<td>0.86%</td>
</tr>
</tbody>
</table>

Government Support (unit: million KRW)

<table>
<thead>
<tr>
<th>Classification</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount of support</td>
<td>1,760</td>
<td>86</td>
<td>1,474</td>
</tr>
<tr>
<td>Subsidies</td>
<td>86</td>
<td>86</td>
<td>86</td>
</tr>
<tr>
<td>Tax deductions</td>
<td>1,674</td>
<td>1,384</td>
<td>1,388</td>
</tr>
</tbody>
</table>

Energy Consumption

<table>
<thead>
<tr>
<th>Classification</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas (MJ)</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Electricity</td>
<td>433</td>
<td>433</td>
<td>520</td>
</tr>
<tr>
<td>Local Heating</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Total energy consumption (excluding absolute amount and Scope 3)</td>
<td>0.365</td>
<td>0.237</td>
<td>0.237</td>
</tr>
<tr>
<td>Per billion KRW in revenue</td>
<td>0.119</td>
<td>0.120</td>
<td>0.120</td>
</tr>
<tr>
<td>Per employee</td>
<td>0.119</td>
<td>0.120</td>
<td>0.120</td>
</tr>
<tr>
<td>Gas</td>
<td>0.006</td>
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<td>Per employee</td>
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SK C&C Sustainability Report 2014
## Social Performance

### Employees

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<td>Total number of full-time jobs</td>
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<td>Female</td>
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<td>616</td>
<td>721</td>
<td>757</td>
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<td>Total number of contract jobs</td>
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<td>Ratio of non-employees to total workforce</td>
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<td>Ratio of new hires</td>
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<td>Summer full-time employees</td>
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<td></td>
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<td>%</td>
<td>50</td>
<td>50</td>
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<td></td>
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### Rate of Local Managers at Significant Locations of Operation

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<td>Chinese subsidiary</td>
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<td>USA subsidiary</td>
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### Greenhouse Gas Emissions

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<td>Scope 1 Emission intensity per unit</td>
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<td>0.160</td>
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<td>Scope 1 Emission intensity per employee</td>
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<td>0.072</td>
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<td>Scope 2 Emission intensity per unit</td>
<td>tCO2e/person</td>
<td>23.844</td>
<td>23.647</td>
<td>25.423</td>
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<td>Scope 2 Emission intensity per employee</td>
<td>tCO2e/person</td>
<td>13.495</td>
<td>10.341</td>
<td>11.046</td>
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<td>Scope 3 Emission intensity per unit</td>
<td>tCO2e/person</td>
<td>6.044</td>
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<td>Scope 3 Emission intensity per employee</td>
<td>tCO2e/person</td>
<td>2.806</td>
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#### Water Use

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<td>Total use</td>
<td>m³</td>
<td>109,491</td>
<td>125,723</td>
<td>131,788</td>
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<tr>
<td>Amount of water recycled and reused</td>
<td>m³</td>
<td>7,047</td>
<td>5,438</td>
<td>5,915</td>
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<td>Ratio of amount of water recycled and reused to total water withdrawal</td>
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#### Waste

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<tr>
<td>Amount recycled</td>
<td>ton</td>
<td>126</td>
<td>161</td>
<td>148</td>
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<tr>
<td>General waste</td>
<td>ton</td>
<td>77</td>
<td>208</td>
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<td>Designated waste</td>
<td>ton</td>
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### Environmental Protection Expenditures and Investments

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<tbody>
<tr>
<td>Cost of emissions treatment</td>
<td>KRW</td>
<td>36,589,180</td>
<td>35,938,705</td>
<td>31,416,000</td>
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<tr>
<td>Cost of verification related to emissions</td>
<td>KRW</td>
<td>3,500,000</td>
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<tr>
<td>Cost of environmental education and training</td>
<td>KRW</td>
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<tr>
<td>Cost of external certification for environmental systems</td>
<td>KRW</td>
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### Education and Training

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<tr>
<td>Employees who received training on the anti-corruption education and procedure</td>
<td>person</td>
<td>230</td>
<td>515</td>
<td>951</td>
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<tr>
<td>Average hours of education per person</td>
<td>hour</td>
<td>97</td>
<td>99</td>
<td>72</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>95</td>
<td>98</td>
<td>71</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>101</td>
<td>105</td>
<td>75</td>
</tr>
<tr>
<td>Associates</td>
<td></td>
<td>137</td>
<td>145</td>
<td>110</td>
</tr>
<tr>
<td>Manager</td>
<td></td>
<td>90</td>
<td>105</td>
<td>86</td>
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<tr>
<td>General managers</td>
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<td>79</td>
<td>90</td>
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### Social Investments

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</thead>
<tbody>
<tr>
<td>Hours of volunteer work per employee</td>
<td>hour</td>
<td>7.8</td>
<td>15</td>
<td>10</td>
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<tr>
<td>Employee contributions</td>
<td>%</td>
<td>90,078</td>
<td>89,235</td>
<td>99,021</td>
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<tr>
<td>Community investment</td>
<td>%</td>
<td>1,960,500</td>
<td>2,484,572</td>
<td>2,484,235</td>
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### Health and Safety

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</thead>
<tbody>
<tr>
<td>Injury (Male)</td>
<td>person</td>
<td>0.00</td>
<td>0.06</td>
<td>0.14</td>
</tr>
<tr>
<td>Injury (Female)</td>
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### Human Rights and Anti-corruption

<table>
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<th>2012</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Employees who received anti-corruption education and procedure</td>
<td>person</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>Security officers who received training on the human rights policy and procedure</td>
<td>person</td>
<td>33</td>
<td>37</td>
<td>37</td>
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<td>Rate of security officers who received training on the human rights policy and procedure</td>
<td>%</td>
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### Return to Work and Retention Rates after Parental Leave

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<tbody>
<tr>
<td>Employees who were entitled to parental leave (Male)</td>
<td>person</td>
<td>150</td>
<td>179</td>
<td>154</td>
</tr>
<tr>
<td>Employees who were entitled to parental leave (Female)</td>
<td>person</td>
<td>42</td>
<td>47</td>
<td>36</td>
</tr>
<tr>
<td>Employees who took parental leave (Male)</td>
<td>person</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Employees who took parental leave (Female)</td>
<td>person</td>
<td>40</td>
<td>45</td>
<td>36</td>
</tr>
<tr>
<td>Usage rate of parental leave (Male)</td>
<td>%</td>
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<td>2</td>
<td>8</td>
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<tr>
<td>Usage rate of parental leave (Female)</td>
<td>%</td>
<td>95</td>
<td>96</td>
<td>105</td>
</tr>
<tr>
<td>Rate of those who returned to work after parental leave ended (Male)</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Rate of those who returned to work after parental leave ended (Female)</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>Rate of those who returned to work after parental leave ended (Male)</td>
<td>%</td>
<td>-</td>
<td>50%</td>
<td>105%</td>
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<td>Rate of those who returned to work after parental leave ended (Female)</td>
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<td>96%</td>
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<td>73%</td>
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### Social Investments

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<td>Social Investment</td>
<td>%</td>
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<td>16.5%</td>
<td>3.9%</td>
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<td>Donations to charities</td>
<td>%</td>
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<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Commercial investment</td>
<td>%</td>
<td>0%</td>
<td>0%</td>
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## GRI G4 Content Index

### G4 General Standard Disclosure

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<th>Coverage</th>
<th>Page / Direct Answer</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-36</td>
<td></td>
<td>pp.81</td>
<td></td>
</tr>
<tr>
<td>G4-37</td>
<td></td>
<td>pp.82–83</td>
<td></td>
</tr>
<tr>
<td>G4-38</td>
<td></td>
<td>pp.84–85</td>
<td></td>
</tr>
</tbody>
</table>

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### Reasoning:

- **Strategic and Analysis:** This section covers the general standards for disclosing the organization's strategy and analysis.
- **Organizational Profile:** This section includes the report of the organization, the relationship between the organization and the assurance providers, and the highest governance body.
- **Material Aspects and Boundaries:** This section focuses on material aspects and boundaries that are relevant to the organization.
- **Stakeholder Engagement:** This section deals with stakeholder engagement strategies.
- **Reporting:** This section covers the reporting process.
- **Assurance:** This section includes the assurance process.
- **Ethics and Integrity:** This section discusses ethics and integrity within the organization.
### G4 Specific Standard Disclosures

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Materiality</th>
<th>Key Indicator</th>
<th>Coverage</th>
<th>Page / Direct Answer</th>
<th>External Assurance</th>
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</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td>Material Aspect (p.17)</td>
<td>G4-10</td>
<td>Direct value created and distributed</td>
<td>●</td>
<td>p.17 (pp.72–73)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>G4-12</td>
<td>Financial results and other risks and opportunities for the organization activities due to climate change</td>
<td>●</td>
<td>p.58 (pp.72–73)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>G4-14</td>
<td>Coverage of the organization’s determinants of risk obligations</td>
<td>●</td>
<td>p.1 (pp.72–73)</td>
</tr>
<tr>
<td></td>
<td>Material Aspect (p.17)</td>
<td>G4-16</td>
<td>Financial performance of the host government</td>
<td>●</td>
<td>p.2 (pp.72–73)</td>
</tr>
<tr>
<td><strong>Market Finance</strong></td>
<td>Material Aspect (p.17)</td>
<td>G4-18</td>
<td>Ratio of total revenue to spending by gender compared to local market size at significant locations of operation</td>
<td>●</td>
<td>p.36 (pp.72–73)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>G4-20</td>
<td>Proportion of sector management from the local community at significant locations of operation</td>
<td>●</td>
<td>p.38 (pp.72–73)</td>
</tr>
<tr>
<td><strong>Environmental</strong></td>
<td>Material Aspect (p.17)</td>
<td>G4-22</td>
<td>Significant indirect economic impacts, including the extent of impacts</td>
<td>●</td>
<td>p.20 (pp.72–73)</td>
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<tr>
<td></td>
<td></td>
<td>G4-24</td>
<td>Proportion of spending on local suppliers at significant locations of operation</td>
<td>●</td>
<td>p.31 (pp.72–73)</td>
</tr>
</tbody>
</table>

### Environmental

<table>
<thead>
<tr>
<th>Energy</th>
<th>Material Aspect (p.41)</th>
<th>Energy consumption within the organization</th>
<th>●</th>
<th>p.63 (pp.72–73)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Energy consumption outside of the organization</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy intensity</td>
<td>●</td>
<td>0.93 (pp.72–73)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduction of energy consumption</td>
<td>●</td>
<td>0.40–0.47 (pp.72–73)</td>
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</table>

### Water

<table>
<thead>
<tr>
<th>Non-material Aspect</th>
<th>Water withdrawn by source</th>
<th>●</th>
<th>p.26 (pp.72–73)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Water sources significantly affected by withdrawal of water</td>
<td>●</td>
<td>p.26 (pp.72–73)</td>
</tr>
</tbody>
</table>

### Emissions

<table>
<thead>
<tr>
<th>Material Aspect (p.41)</th>
<th>Greenhouse gas (GHG) emissions (scope 1)</th>
<th>●</th>
<th>p.74 (pp.72–73)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Greenhouse gas (GHG) emissions intensity</td>
<td>●</td>
<td>p.74 (pp.72–73)</td>
</tr>
</tbody>
</table>

### R&D

| Material Aspect (p.41) | Percentage of R&D expenditures on new or significantly improved products and services | ● | p.74 (pp.72–73) |

### Products and Services

<table>
<thead>
<tr>
<th>Material Aspect (p.41)</th>
<th>Impact of environmental requirements of products and services</th>
<th>●</th>
<th>p.40–41 (pp.72–73)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of products sold and their packaging materials that are reclaimed</td>
<td>N/A</td>
<td>No package materials on use, which is the end of service</td>
</tr>
</tbody>
</table>

### Compliance

| Non-material Aspect | 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.71 (pp.72–73) |

### Social

<table>
<thead>
<tr>
<th>Labor Practice and decent work</th>
<th>Material Aspect (p.17)</th>
<th>LA1</th>
<th>Total number and rates of new employee hires and employee turnover by age, gender, and region</th>
<th>●</th>
<th>p.65 (pp.72–73)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LA2</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by gender</td>
<td>●</td>
<td>p.67 (pp.72–73)</td>
<td></td>
</tr>
</tbody>
</table>

### Marketing communications

| Material Aspect (p.17) | NA | Marketing communication responsible for interpreting the organization’s marketing activities | ● | p.41 (pp.72–73) |

### Customer Relations

| Material Aspect (p.17) | NA | Total number of unsatisfied complaints regarding breaches of customer guarantees and terms of customer data | ● | p.37 (pp.72–73) |

### Compliance

| Material Aspect (p.17) | NA | Percentage of employees with training and development, by gender and by employee category | ● | p.39 (pp.72–73) |
Conclusion

In DNV GL’s opinion, the Report provides a reliable and fair representation of SK C&C’s policy, practices and performance in 2013. Further conclusions and observations on the Adherence to the principles of Inclusivity, Materiality and Responsiveness, as set forth in the AA1000APS(2008) are made below:

Inclusivity

Regarding sustainability issues, SK C&C has engaged with a wide range of stakeholders; 6 Stakeholder groups which are Customers, Shareholders, Investors, Suppliers, Employees, Local communities and Environment are defined in the Report. Various ways of engaging stakeholders and key issues associated with respective stakeholder groups are also presented in the Report.

Materiality

The materiality determination process is clearly presented in the Report. Materiality of SK C&C is determined in line with the guidelines of GRI G4. Issue pool to identify material issues is formed by analysing international standards, Business vision and strategy, Peer group reporting, and Media coverage and feedback of stakeholders. Each issue is mapped out with by two factors, impact on SK C&C’s business and impact on stakeholder’s decision making, which results in the prioritization of material issues. Therefore, the material issues are identified and prioritized based on the stakeholder’s opinion.

Responsiveness

Stakeholders’ views, interests and expectations have been considered in the preparation of the Report. Material issue, Key Stakeholders, Risk and Opportunities, Strategy to sustainability are well summarized in the section “Material issue and sustainability management strategy”. SK C&C presents sustainability management strategy, DMAs, mid and long term objectives with timeline and performance indicators which correspond to key material issues identified.

Specific Performance information and related findings:

DNV GL has evaluated the adhesion of the Report to principles stated in the AA1000 APS (2008) and verified the selected performance indicators of Water consumption and Waste generation to Type 2 assurance. In order to test and evaluate the reliability of data and information, DNV GL has interviewed the personnel responsible for data gathering and processing and reviewed documents and records made available.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported to SK C&C’s management. However, these do not affect our conclusions on the Report and are provided to encourage continual improvement.

Improvement of stakeholder engagement and materiality determination process

SK C&C has put in place the process to review the opinion from the relevant departments and the expectations and interests of external stakeholders from survey in addition to the research of peer’s reporting and media, however more proactive way of engaging external stakeholders needs to be sought.

Materiality process needs to be operated continuously and fully integrated into decision making and strategy development process.

The criteria to evaluate the materiality needs to be more clearly defined.

Improvement of data control and reporting process

Documented procedure for sustainability reporting needs to be established in which roles and responsibilities for data controls are clearly stated, since the Report is published every other year.

May 2015
Seoul, Republic of Korea
In-Kyoon Ahn
Country Manager
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-information regarding greenhouse gas (GHG) emissions and energy usage has been limitedly verified by KPC for the calendar year of 2013.

**Verification Protocols Used to Conduct the Verification**
- Guideline for the Greenhouse gas Target Management System
- Guideline for Local Government Greenhouse Gas Inventories
- IPCC Guidelines, MNH 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 emission rate has a limitation, which can occur during the process of applying unspecified standards and methods.

**Conclusion**
This verification results above has been assessed within the boundary of the limited data-information discovered and measured in response to SK C&C’s voluntary social responsibility. SK C&C has performed the appropriate corrective actions in response to its main aspects of improvement, which was discovered during the verification process. In regards to the emissions data in 2013, including Scope 1, Scope 2, and Scope 3 based on KPC’s approach, we have found that the emissions data presented in SK C&C’s inventory system of greenhouse gas (GHG) emissions and the amount of energy usage data are material and accurate.

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UN Global Compact

On May 1, 2014, the 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 comply with the UNGC’s ten 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 ten principles and disclose information about its performance as a responsible global citizen.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Principle</th>
<th>Page/Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Rights</td>
<td>Principle 01: Businesses should support and respect the protection of internationally proclaimed human rights</td>
<td>p.33, 36–37, 47 // SK C&amp;C respects all kinds of human rights set forth in the Universal Declaration of Human Rights adopted by the UN</td>
</tr>
<tr>
<td></td>
<td>Principle 02: Businesses should make sure they are not complicit in human rights abuses</td>
<td>p.38</td>
</tr>
<tr>
<td>Labor</td>
<td>Principle 03: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</td>
<td>p.13 // SK C&amp;C does not allow any form of compulsory labor</td>
</tr>
<tr>
<td></td>
<td>Principle 04: The elimination of all forms of forced and compulsory labour</td>
<td>p.13–14</td>
</tr>
<tr>
<td></td>
<td>Principle 05: The effective abolition of child labour</td>
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<td>Principle 06: The elimination of all forms of child labor</td>
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<td>Principle 07: The effective abolition of forced labor</td>
<td>p.16–17, 19, 36, 47</td>
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<td>Principle 08: The elimination of all forms of child labor</td>
<td>p.16–17, 19, 36, 47</td>
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<tr>
<td></td>
<td>Principle 09: The elimination of all forms of child labor</td>
<td>p.16–17, 19, 36, 47</td>
</tr>
<tr>
<td></td>
<td>Principle 10: The elimination of all forms of child labor</td>
<td>p.16–17, 19, 36, 47</td>
</tr>
<tr>
<td>Environment</td>
<td>Principle 11: Businesses should support a precautionary approach to environmental challenges</td>
<td>p.43–47</td>
</tr>
<tr>
<td></td>
<td>Principle 12: Undertake initiatives to promote greater environmental responsibility and</td>
<td>p.43–47</td>
</tr>
<tr>
<td></td>
<td>Principle 13: Implement initiatives to promote greater environmental responsibility and</td>
<td>p.43–47</td>
</tr>
<tr>
<td></td>
<td>Principle 14: Encourage the development and diffusion of environmentally friendly technologies</td>
<td>p.43–47</td>
</tr>
<tr>
<td></td>
<td>Principle 15: Businesses should work against corruption in all its forms, including extortion and bribery</td>
<td>p.59–60</td>
</tr>
</tbody>
</table>

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Membership

01 Korea IT Service Industry Association
02 Korea SW Industry Association
03 The Federation of Korean Information Industry
04 Seoul Economic Club
05 Korea International Trade Association
06 Korea DB Industry Association
07 Korea ITA Association
08 Seongnam Chamber of Commerce and Industry
09 Korea Fair Competition Federation
10 Korea Listed Companies Association
11 Korea IT Society
12 Business Ethics and Sustainability management for Top performance
13 Korea Consultancy Industry Association
14 Korea Defense Software Industry Association

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Awards and Recognition

- Elected as a “Best Family Friendly Management” company (received the Prime Minister’s Citation)
- Included in the Dow Jones Sustainability World Index for 2 consecutive years and selected as an "Industry Leader" company
- Received a special recognition award for Carbon Disclosure Project (CDP)
- Included in the Dow Jones Sustainability World Index for 2 consecutive years and selected as an "Industry Leader" company
- Earned an Excellence Grade on the Win-Win Index
- Selected for outstanding labor-management culture
- Won in Korea Listed Companies Association
- Received a special recognition award for Carbon Disclosure Project (CDP)
- Included in the Dow Jones Sustainability World Index for 2 consecutive years and selected as an "Industry Leader" company

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May 21, 2014
Hong Jin
Chairman
Korea Productivity Center