

# HAPPINESS WITH SK

2019 SK holdings Sustainability Report



# ABOUT THIS REPORT

## Report Overview

By publishing this report, SK holdings wishes to disclose our achievements of economic and social value creation activities in 2018 as well as our mid- to long-term strategies. The material issues in the 2019 SK holdings Sustainability Report reflect the main interest areas of our stakeholders and the report comprehensively includes financial performances as well as non-financial activities.

## Period & Scope

This report covers financial and non-financial performances of SK holdings' major sustainability management activities during the period of January 1st to December 31st, 2018, with some data from first half of 2019. In order to portray the changes in trends for quantitative results, we have incorporated results from the past 3 years between January 1st, 2016 through December 31st, 2018.

## Standards & External Verification

This report has been drafted according to the Core option of the Global Reporting Initiative Standards and observes the principles of the UNGC COP (Communication on Progress). To ensure reliability of the reported content, this report has been verified by the Korea Management Registrar, a professional verification agency for sustainability reports and follows the standard protocol of AA1000AS (2008). The results of the verification are available on pages 78 and 79 of this report.

## Reporting Boundaries

This report limits the major boundaries of quantitative and qualitative performances to SK holdings based on the separate financial statements of the Korean International Financial Reporting Standards (K-IFRS), considering business sites on major issues that may arise. However, the sales amounts, the key performance indicators of all business sites, are based on the consolidated financial report in order to facilitate the comprehensive understanding of stakeholders.






## Communication with Stakeholders

Sustainability management of SK holdings highly depends on communication with our stakeholders. SK holdings annually publishes the sustainability report to improve communication with our stakeholders. In 2019, the company actively identified the needs of stakeholders regarding sustainability management by conducting surveys and interviews with experts and reflected the findings in our management activities.

## INTERACTIVE USER GUIDE

SK holdings Sustainability Report 2018/9 was produced as Interactive PDF file. If you click on an icon or the table of contents, you can jump to that area. If you click on an icon at the top of all pages, you can jump to that page.

## NAVIGATOR BUTTON

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## Greetings from the Chairman

SK pursues happiness for all of our stakeholders through the creation of social values.



In the face of the rapidly changing business environment, SK has fulfilled steady growth through continuous changes and innovations. As a result, the company achieved 157 trillion won in sales and 27 trillion won in operating profit despite the thwarting economic conditions of 2018. Furthermore, the company is exploring changes that could create economic values while creating social values in order to transition into a more sustainable business model.

SK is committed to creating a sustainable society by proactively generating social values as well as economic values.

I believe that businesses can persevere and develop when accompanied by trust and support from community members. Therefore, SK has been striving for the last three years to develop a quantifying system of social values with the purpose of laying the foundation for DBL (Double Bottom Line) management activities that encourage both economic and social values.

In order to reach a consensus on the quantifying standards of social value, SK has conducted research within a cooperative system consisting of experts in academia, social enterprises, and policy organizations since 2017. And in May 2019, the company announced the first quantified performance results.

This announcement provided SK with a 'reference point' to create greater social values. Although some of our subsidiaries recorded negative social impacts with the discharge of pollutants inevitably generated during their business processes, we will continue to establish targets based on these values and make adjustments for progress.

Moreover, we will increase objectivity and transparency by continuously revising the social value quantifying methodology. In the meantime, we will expand our cooperation with global corporations and organizations. We will also carry on our effort in pursuit of the DBL by publishing our quantified results on social value each year.

Starting in 2019, we have been reflecting social values as a guideline in the evaluation criteria.

We increased the portion of social value up to 50% in our KPIs (key performance indicators), which previously emphasized financial performances. Disclosing quantification results and incorporating them into the evaluation criteria will not only accelerate the social value-based innovation of the business model, but also enable the company to grow into a healthier and a more mature enterprise by securing the trust of its stakeholders.

Moreover, we will increase the happiness of the entire community by focusing our business operation on happiness.

We will regard all of our programs and systems by shifting our focus on happiness. I hope to nurture our small practices of joy into greater happiness for all.

I would sincerely appreciate our stakeholders' encouragement and support for SK's steps toward sustainable growth.

Thank you.



Chairman & CEO, SK holdings Co., Ltd.

**Chey Tae-won**

## CEO Message

SK holdings plans to breakthrough as a sustainable 'global investment holdings company' by creating social values and innovating its business model.



SK holdings is enhancing its corporate value through continuous innovation of its portfolio and development of new growth engines. Particularly, the company is continuing to expand its business operation and investments in various areas by walking in line with the changes in the macro environment as defined by data revolution, digitization, convergence, etc.

In 2018, the company pushed for the enhancement of its business portfolio through various activities including new investments, on which the company generated meaningful achievements.

In the Bio pharmacy sector, we have gotten a step closer to the universal availability of a new drug for Epilepsy, Cenobamate, that we exclusively developed and submitted to the USFDA for approval for commercialization. And by acquiring 100% of the shares of AMPAC Fine Chemicals, our company set foot in North America, the largest pharmaceutical market, creating a foundation to launch into a global CDMO (Contract Development and Manufacturing Organization).

As for the Materials and Energy sector, improving the efficiency and timeliness of our strategy by actively investing in SK Siltron, which we acquired in 2017, and sharing insights with the other subsidiaries of the group resulted a 45% increase in sales and a 183% growth in profit compared to the previous year. Moreover, by investing in Brazos Midstream Holdings in the Permian Basin, the largest oil field in the US, followed by our investment in Eureka Midstream Holdings in 2017, our company expanded our business portfolio in the G&P industry.

In ICT, SK holdings acquired its unique digital products and services by releasing the Cloud Z series, AccuInsight+, and Aiden etc. to meet diverse customer needs through its continuous, independent R&D work. The company is also identifying and building on leading cases of innovative business models from various industries.

Stemming from its efforts and achievement, SK holdings boasted financial achievements of 101.5 trillion won in consolidated sales and approximately 4.7 trillion won in operating profit in 2018.

For 2019, we project increased uncertainty in the business and investment environment due to growing inconsistencies in the global macroeconomic environment. Nevertheless, SK holdings will strive to fulfill our goals as below to drive continuous growth in the challenging internal and external business environment.

In the Bio pharmacy sector, the company will create profit by licensing out the drug for Narcolepsy that has passed the USFDA's NDA and finalize the preparation phase to commercialize Cenobamate.

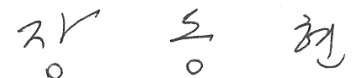
In the Materials and Energy sector, the company will sustain solid growth and heightened profit in 2019 by increasing SK Siltron's wafer production and maintaining its sales price. In addition, SK holdings will further expand its high-return and quickly-growing new energy business in North America by investing in Blue Race, a US-based G&P company. In ICT, the company has established and is implementing preemptive strategies for accelerated innovation of the digital-centered business model and the digitalization of clients, and will actively make investments to fortify relevant areas. Furthermore, the company will upgrade its digital technology and strengthen the competitiveness of its products and services and establish an end-to-end digital service system, which has the ability to adapt to various environments.

As evidenced by these achievements and business plans, SK holdings is working to fulfill its social responsibility and create better value. In 2018, as a result of its continuous effort to contribute to alleviating social issues, the company was honored with inclusion in the DJSI (Dow Jones Sustainability Indexes) for 7 consecutive years and was awarded the Grand Prize as an Excellent ESG Company by the Korea Corporate Governance Service (KCGS) among others.

Coming into its fourth year since its launch as an integrated holdings company, SK holdings plans to make even more progress with its official commitment to creating not only economic value but also social value through deep change. To this end, our company will share goals for a better future with all of our employees and actively implement the DBL (Double Bottom Line) management with the purpose of incorporating the elements of economic value and social value into our overall management activities. Furthermore, we will reflect social values in our investment decisions and carry them out to create social values.

Dear stakeholders, please know that SK holdings will make ceaseless efforts to actualize sustainable growth for the company and happiness for all stakeholders as a member of our community. We look forward to your interest and support of SK holdings as a company that achieves fundamental innovation to advance into a global investment holdings company with accumulated professionalism and trust.

Thank you.



President & CEO, SK holdings Co., Ltd.

**Dong-Hyun Jang**

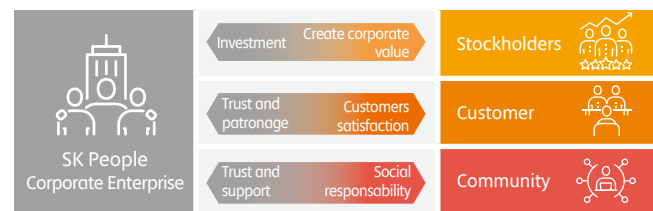
# SK Group, Expanding the Scope of Happiness Together

For the past 66 years, SK Group has evolved and developed, creating meaningful results in the midst of numerous challenges in the external environment. All subsidiaries in the energy, chemicals, ICT, materials, logistics and service sectors have successfully sought ways for future growth while strengthening fundamental competitiveness. Therefore, SK Group has stepped up as not only a representative company of Korea but also a globally recognized company.

## SK Group's Management Philosophy

### Happiness of Stakeholders

Companies should strive to balance happiness and harmony among stakeholders and consider the happiness of the present and the future for long term sustainability. Employees are a part of the stakeholder group while acting as a constituent of the company. We believe that by pursuing happiness of the stakeholders, we can expand happiness of employees as a whole and prolong the happiness of each individual employees as well.



## SK Group's Social Value Creation

In the past, we were supported by customers and approved by the society simply by generating economic values. But today, we can only continue to grow and survive through the fulfillment of economic values and also various values that are in demand by customers and the society. To this end, SK pursues the creation of social values as a new management strategy to be firmly supported by members of the society and to maximize happiness of stakeholders. SK has established and practices innovation of the BM(Business Model) through pursuit of the DBL(Double Bottom Line), a shift in infrastructure to share corporate assets and the creation of an ecosystem for social enterprises as major strategies for achieving social values.

## SK Group's Organization

### SK SUPEX Council

In February of 2013, the highest council of SK Group was launched, comprising CEOs of 16 subsidiaries of SK Group. SK SUPEX Council is a decision making body that symbolizes SK's exclusive group management philosophy of 'Independent Yet United,' supporting decision making processes and execution based on collective intelligence. CEOs of agreed subsidiaries attend the monthly SUPEX Council to maximize the corporate management synergy through mutual cooperation and jointly respond to various risks.



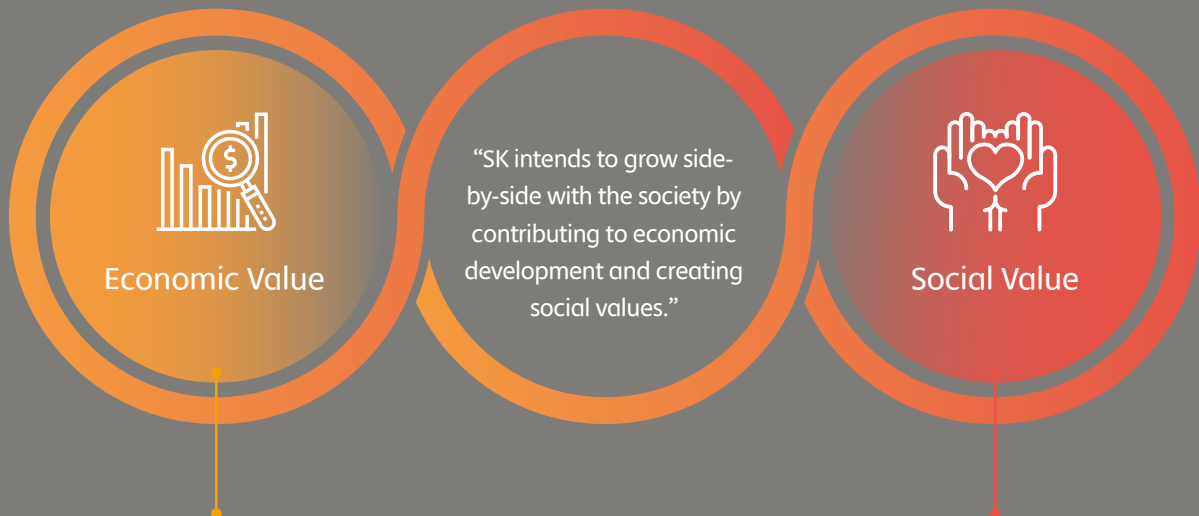
### Subsidiaries Participating in SUPEX Council

SK holdings, SK Innovation, SK Telecom, SK E&S, SK hynix, SK Chemicals, SK Networks, SKC, SK Energy, SK Global Chemical, SK Lubricants, SK Engineering & Construction, SK Gas, SK Broadband, SK Materials, SK Siltron



# SK DBL

‘DBL (Double Bottom Line)’ is defined as pursuing both economic and social values throughout all management activities. Based on DBL, SK is innovating business models to create social values in all sectors of SK’s business. SK hopes to be firmly supported by members of the society and to maximize the happiness of stakeholders by advocating the creation of social values as a new management strategy.



## Economic Values

The essence of a company lies in the generation of economic values. SK Group continues to strengthen economic sustainability based on business of the future.

Generate profit by strengthening fundamental competitiveness

Build new business portfolio for future growth

Net-income

## Social Values

To create social values, we innovate existing business models and share SK Group’s infrastructure with the society.

Innovate business models by pursuing DBL

Shift infrastructure to share corporate assets

Create ecosystem for social enterprises

Indirect Contribution to Economy

Social Performance of Businesses

Social Performances through Social Contribution

# Introduction of SK holdings

## Moving toward a Global Investment Holding Company

SK holdings is building a migration system by making deep changes through constant portfolio innovation and expanding our role as an investment holding company that pursues happiness of stakeholders. We are focusing on securing sustainable bases for growth by discovering and nurturing new growth areas as major businesses. We aim to build a virtuous cycle in the investment structure by innovating our portfolio as an investment company, and pursue maximization of equity values through Business Model innovation of major subsidiaries to increase the value of new investment companies.

## 2018 Performance



### Pharmaceuticals

SK holdings has designated the bio & pharmaceutical sector as a strategic business for the future and has been making long-term investments. Since commencing the development of new drugs in 1993, Bio Pharm, a subsidiary of SK holdings has focused on developing new drugs for central nervous system diseases. In November of 2018, it completed the registration of NDA(New Drug Application) at the FDA(Food and Drug Administration) for Cenobamate, a drug for epilepsy independently developed by the company and anticipates the approval by the end of 2019. Cenobamate is a treatment for epilepsy, an incurable disease of the Central Nervous System(CNS) that requires the highest level of technology and expertise. The global market for epilepsy treatment is expected to be USD 690 million(approximately KRW 7 trillion) by 2022. In February, the company finalized a contract for technological exporting of the new epilepsy drug in the European region. In addition, the company is achieving recognizable results such as getting approved by the FDA for the sales of Solriamfetol, a new drug for sleep disorders exported in March of 2019. The company plans to become a global FIPCO(Fully Integrated Pharmaceutical Company) with value chains throughout development and sales of new drugs based on the R&D capacity in the CNS sector, and profit from launching of Cenobamate.



### Medicine Production

Since initiation in 1998, the medicine production business has shown consistent growth through the expansion of orders and improved productivity. SK Biotech, a subsidiary of SK holdings, has acquired the production plant of Swords in Ireland owned by BMS(Bristol-Myers Squibb), and secured its global presence. In 2018, it acquired AMPAC Fine Chemicals, a leading API(Active Pharmaceutical Ingredient) CMO(Contact Manufacturing Organization) in the US. Based on such investment activities, SK holdings has stepped into the US, the biggest pharmaceutical market in the world, and plans to build an integrated global operating system and consistently propel additional M&As to accomplish its mid- to long-term vision as a global top-tier CMO company.



### Materials

SK holdings acquired 'SK Materials', a manufacturer of special gas for semi-conductors, and 'SK Siltron', the only manufacturer and distributor of semi-conductor wafers in Korea, advancing into the 'semi-conductor materials' market, an industry for materials used in semi-conductor manufacturing processes. The successful acquisition of SK Siltron contributed to the advancement into the recently growing semi-conductor wafer manufacturing industry as well as supported the prevention of overseas leakage of key technology through domestic acquisition and furthered stable supply of materials to domestic semi-conductor manufacturers, providing a foothold to become a total global semi-conductor materials company in the future. We plan to expand the business portfolio into high growth areas that generate increased values such as battery materials by actively using our original technologies.



### Renewable Energy

Following the revolutionary discovery of shale gas in North America, production of natural gas is rapidly growing, but the infrastructure to support the increase in production is not up to speed. In 2017, SK holdings successfully acquired equity of Eureka, a shale gas transporting and processing company in the US and advanced into the North American shale gas G&P\*(Gathering & Processing) industry. In 2018, the company expanded the business portfolio in the G&P sector by investing in Brazos Midstream Holdings in the Permian Basin, which is the biggest oilfield in the US. The company plans to maximize financial and strategic values and enhance expertise to become an anchor business of SK holdings' in North America.

\*G&P Business: Business that encompasses gathering and transporting of natural gas via pipelines after production, and removing impurities in natural gas to be transported and distributed to end users



### Mobility

Since SK holdings' equity investment in 2015, Socar has solidified its top position in the domestic market through the synergy between SK Group's ICT and vehicle related services. In January 2018, the company launched Socar Malaysia jointly with Socar and kick-started the advancement into the global car sharing business. The following March, it expanded its global business even further by investing in Grab, a ride-sharing business in Southeast Asia. Beginning with the equity investment in Socar, the company is preparing to enter and expand into the future mobility sector with an emphasis on car sharing. Car sharing has become a popular investment area that leads the global trend of sharing and resolves various social problems from car ownership such as environmental pollution.





### 2019 Plans

Goal to become a Global Investment Holding Company



#### Discover Foster Group's New Growth Area

- Intensively foster key growth areas such as biotechnology, materials, renewable energy, etc.
- Secure promising investment opportunities in mobility, logistics, infrastructure, etc.



#### Innovate Portfolio as an Investment Company

- Support innovation of business models as an investment company
- Build a virtuous investment cycle by selling off low growth portfolios

## Stepping Forward as a Leader of Digital Innovation

Based on digital technologies, SK holdings is continuously innovating its business models. To this end, the company is empowering digital technologies and industrial capacities accordingly, and discovering and expanding competitive digital products and services. By applying this to diverse industries and customer fields, we are providing business competitiveness to customers and leading their value innovation.

SK holdings will continue to revolutionize the growth of human and technological capacities with the aim of becoming a leading company in digital innovation and make way for change within diverse industries in Korea. Moreover, we will solidify the basis for sustainable growth by actively contributing to the creation of social values in addition to economic values by utilizing digital technologies.

## 2018 Performance

### Strengthening Competitiveness of Digital Products/Services

SK holdings continues independent R&D to secure differentiated digital products and services. To meet customers' various infrastructural needs, the company launched the Cloud Z series, which is a Cloud infrastructure capable of flexibly supporting public-private-hybrid Cloud environments.

Also, the company launched AccuInsight+ that provides business intelligence that satisfies customers' needs by easier and quicker processing and analysis of customers' vast data in diverse infrastructural environments. In the AI sector, we launched Aiden, an image-object recognition solution that enhances utility in the production and medical areas.



### Discovery/Dissemination of Innovative Cases in Clients & Industrial Sites

SK holdings is generating leading examples of innovation in customer-centered business models of various industries. We are creating and broadening various cases fit for use by clients and industries such as automatic analysis and detection of defects in semi-conductors in the manufacturing sector, AI-based chatbots in the financial sector, Cloud specialized solutions in the gaming sector, and Vitality, a health management and marketing platform in the insurance sector.

AIS, a corporate chatbot solution that embodies SK holdings' knowhow in establishing and operating various industries will be used to support non face-to-face consulting services in the financial sector, search resource documents and fulfill internal business tasks. Also, Vitality is expected to play a principal role in the health improvement platform market through diverse research and analysis in users' health managing habits, effects of tangible results and prediction of future behaviors using Big Data.



### Securing HR & Technological Capacity for Future Growth

SK holdings operates internal digital capacity building-fostering programs such as Tech Collaboration Lab and Tech Training Center to improve technological capacity of employees while expanding more than double the number of digital technology experts each year through active recruiting. Moreover, we are securing professionals outside the company through technological ties and Eco investments in various technological companies. SK holdings has launched the Cloud-based SW engineering online lectures in cooperation with KAIST to strengthen the foundation for systematic fostering of DT professionals.



### Enhancing Competitiveness of the Existing ITS Business

We operate the Global Delivery Center capable of effectively supporting global business expansion of customers while providing cost efficient and stable services. Also, we are consistently increasing the customer base and services at home and abroad. Furthermore, by offering improved business efficiency and customer values by combining digital technology with existing OS-SI businesses, we are enhancing internal and external business competitiveness.



### 2019 Plans

#### Accelerate Digital-Driven BM(Business Model) Innovation and Lead Customer Digitalization



##### Increase Client Value through Digitalization

- Establish and execute preemptive-comprehensive digitalization strategy to innovate client's business model
- Actively invest to strengthen relevant capacities



##### Expand Scope of Digital Technology-Industry

- Upgrade digital technology and strengthen competitiveness of products-services
- Establish end-to-end digital service system capable of adapting to diverse environment



##### Kick Start DBL(Double Bottom Line) by Sharing Infrastructure-Create Social Values

- Continue to upgrade and spread group's shared infrastructure
- Continue to discover new business models that creates social values

# Happiness Report

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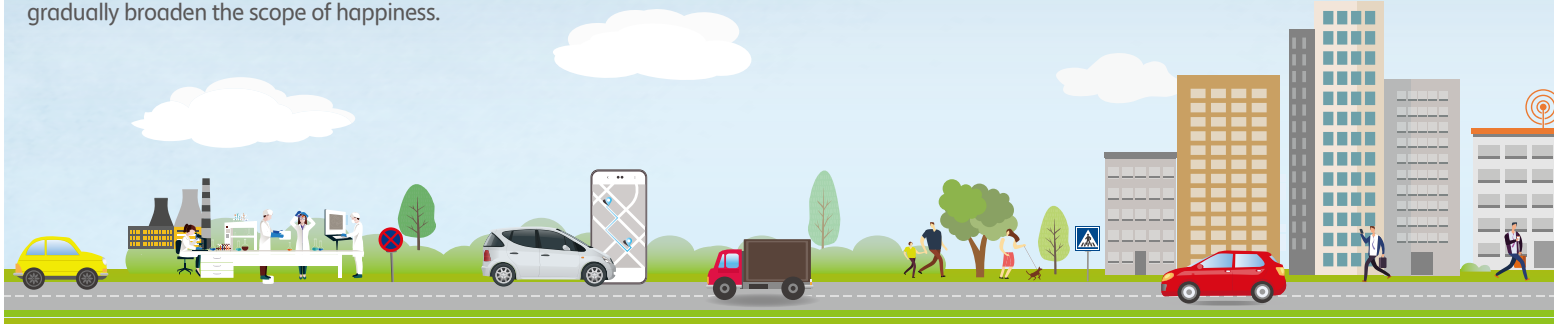






# SK holdings' Happiness Report

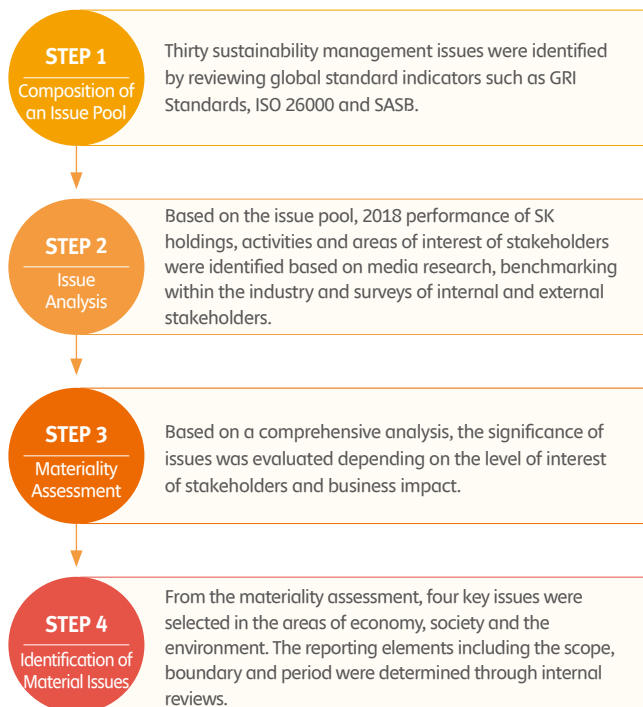
The ultimate purpose of changes and innovation pursued by SK is to create greater happiness and share it with stakeholders. By setting happiness of stakeholders as one of the major business goals, SK holdings is broadening the scope of stakeholders to include customers, shareholders and business partners in addition to its employees. Based on happiness of internal employees, the company plans to gradually broaden the scope of happiness.



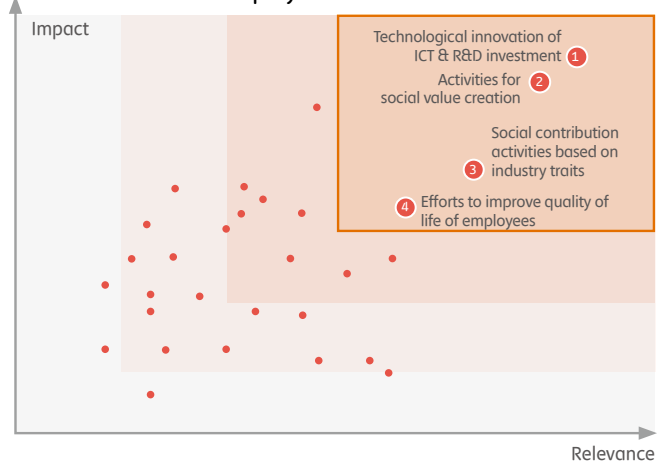
## Materiality Assessment

SK holdings has performed a materiality test on sustainability management issues that need to be preferentially resolved to improve happiness of stakeholders. Based on global initiatives related to sustainability management, an issue pool was composed, and the materiality of these issues has been evaluated through media research, benchmarking of reported issues in the industry, and surveys.

### Materiality Assessment Process



### Priority Tasks Identified to Improve Happiness of Stakeholders and Employees

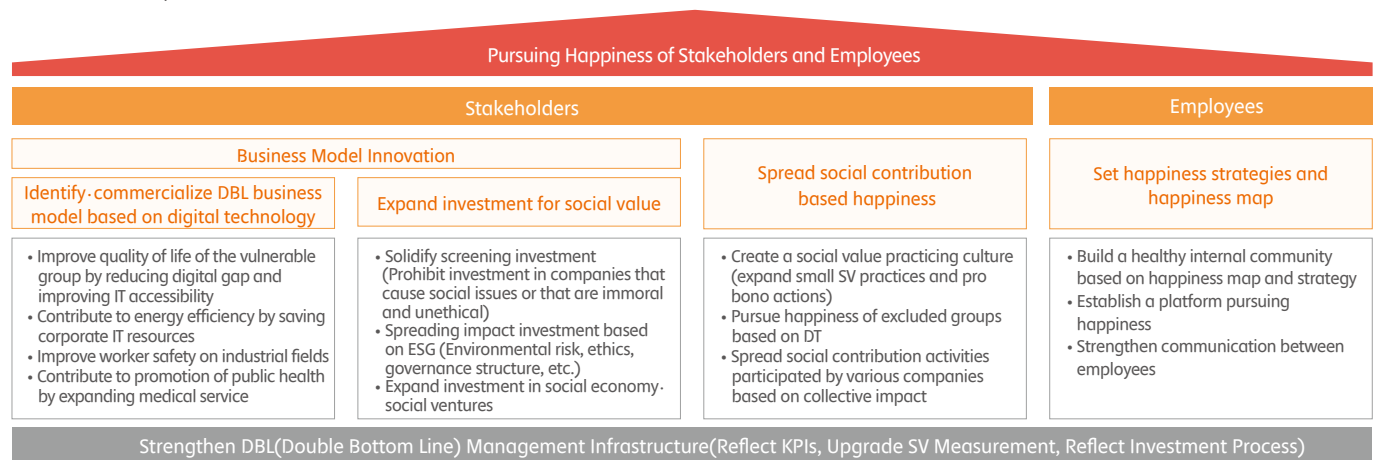


Topics	Selected Issues
Business Model Innovation	① Technological innovation of ICT & R&D investment
	② Activities for social value creation
Spreading happiness through social contribution	③ Social contribution activities based on industry traits
Pursuing Happiness of our Employees	④ Efforts to improve quality of life of employees



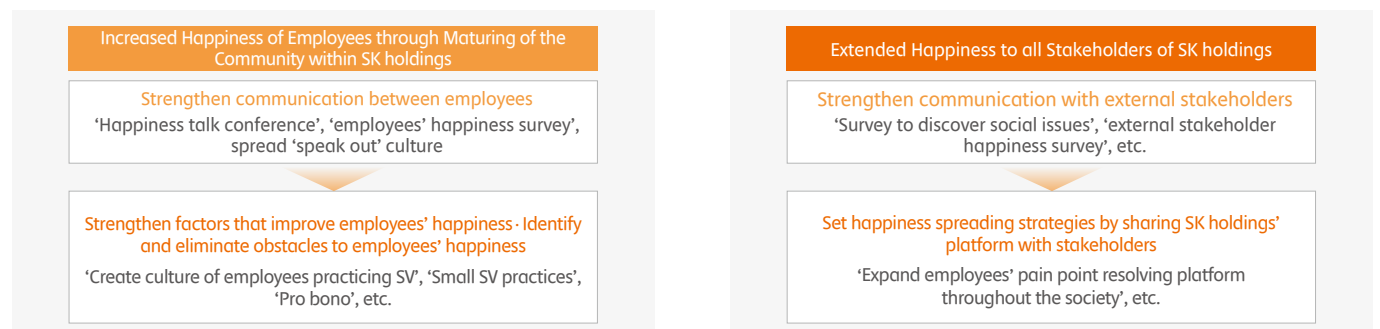
## Strategy to Pursue Happiness of SK holdings' Stakeholders

SK holdings strives for Business Model Innovation throughout the overall management activities of the company to create social value in addition to economic value. The social value creation activities of SK holdings unfolds on the basis of the company's core capability of Data & Digitalization as well as investment capabilities.



## SK holdings' Steps to Spreading Happiness

In pursuit of employees' happiness, SK holdings constantly communicates with employees and brings up discussion topics related to employees' happiness on the foundation of a 'speak out' culture. We plan to establish strategies for happiness by utilizing the happiness map to spread happiness by carrying out practical activities beyond our employees to all stakeholders.

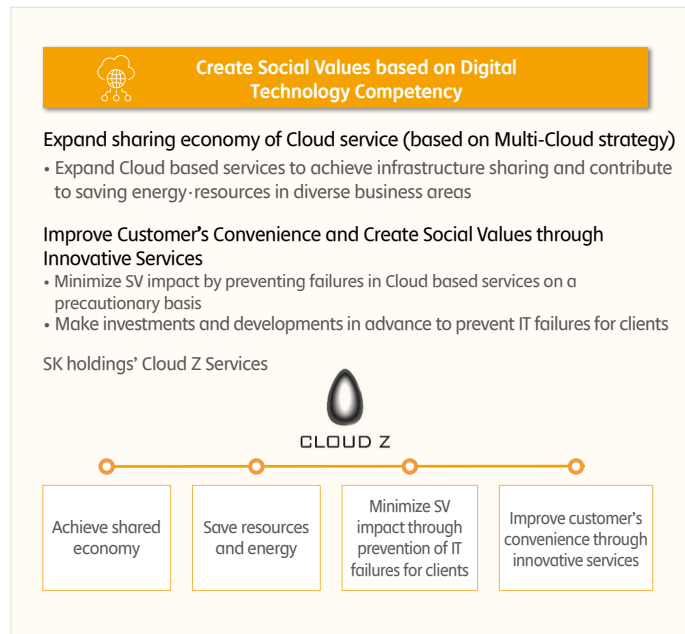


# Business Model Innovation

SK holdings reflects the DBL(Double Bottom Line) in new management strategies and business models in a more progressive way. We are innovating business models to create social values based on our data & digitalization platform, and we are also focusing our capacity on discovering and fostering social ventures.



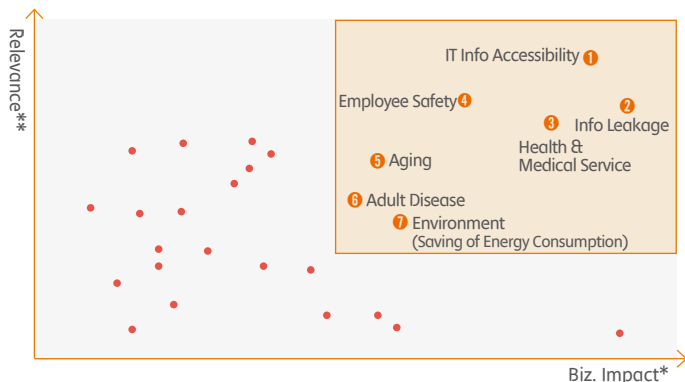
## Business Model Innovation Based on Key Competency



## Discovering Stakeholders' Needs on Social Problems to be Resolved

SK holdings performed "2019 Materiality Assessment of Social Issues" to identify stakeholder needs on social problems that call for the company's involvement.

### | Material Issue Mapping |



\*Biz Impact Evaluation of relevance between SK holdings' business areas and social issues has been conducted. For this, 15 SV managers of SK holdings were surveyed.

\*\*Relevance Survey results of 543 external stakeholders including clients, shareholders-investors, business partners, media and sustainability management experts were reflected.

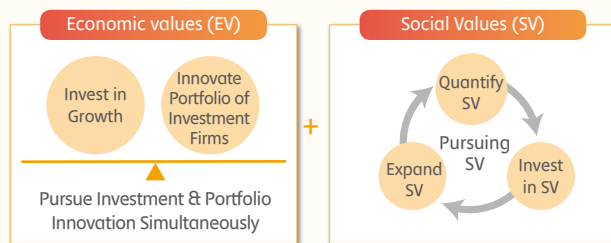






### Maximize Values Related to the DBL

Pursue Creation of Economic and Social Values throughout all Business Activities

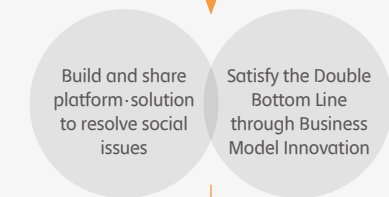


Maximize Total Values

### Social Value



Build a social value model for the happiness of employees and stakeholders



Increased Happiness of Stakeholders



## Strategies for SV-based Business Model Innovation



### Identify DBL BM based on Competency in Digital Technology

Establish strategies to strengthen existing business models to maximize social values based on company's competency on digital technology and to identify new business models

#### Create Social Impact based on Cloud Technology

- Achieve infrastructure sharing with internal and external customers and contribute to saving energy and resources
- Lead conversion of group's IT infrastructure into Cloud by setting up and supporting business model innovation strategy by each investor
- Expand Cloud services based on shared economy to diverse industries such as games, distribution, universities and finance

#### Identify New Business Model based on the DBL

- Set plans to establish a standardized and integrated information management system and an integrated SHE platform to reduce accidents
- Establish direction of a healthcare platform of data and digital technology that will encompass the entire healthcare ecosystem based on individual healthcare platforms owned by SK holdings such as Vitality and 3A



### Innovate BM related to DBL through SV Quantification-Investment-Expansion

Plan to kick start the DBL management through SV quantification-investment-expansion while promoting innovation of business model, and arrange implementation of business support activities to create an ecosystem of social enterprises by using the expertise of employees

SV  
Quantification

- Quantify SV of the present investment portfolio (Expand the number of core businesses to assess)
- Regularly monitor and analyze quantified values

SV  
Investment

- Apply SV perspectives to investment processes such as screening and ESG assessments, etc.

SV  
Expansion

- Perform value-up project for social enterprises



# Business Model Innovation

## Measuring Social Values

SK utilizes various methods to quantify the achievement of social value creation activities. Since 2017, we have collected professional opinions related to all socioeconomic sectors such as economy, accounting and social studies, and have strengthened the social value measuring system through councils among the Group's investors. Although the quantification system is incomplete, the company is continuously expanding research activities on quantification methodologies. We plan to perform activities more actively to measure and improve the level of social value creation based on an exhaustive social value quantification system.

### Social Value Quantification Results of SK holdings

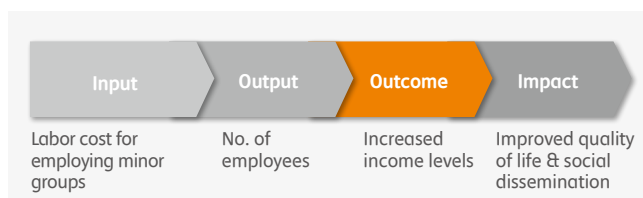


### Performance Quantifying Principles

#### Measure social values from all quantifiable corporate activities

- All corporate activities such as product development, production and sales, HR, business partner cooperation, etc.

#### Pursue measurement of concrete outcomes of business activities



#### Measure social values in monetary values by applying objective standards

- Environment (production process) : Estimated as cost required to restore environmental pollution previously occurred
- Society (products-services): Measure the higher performance after comparing to other existing alternatives

※ For standard monetary values required to calculate social values, official figures announced by international organizations, the government and industrial associations are applied



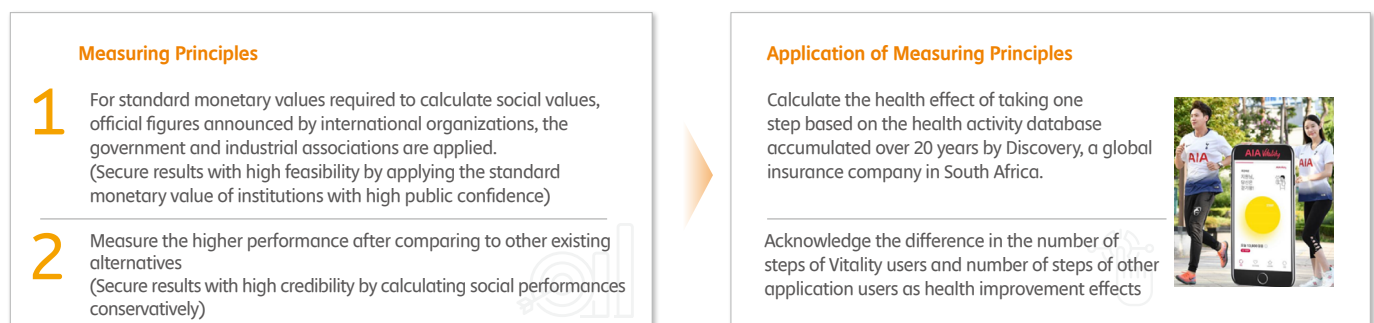
## SK holdings' Business Social Performance

SK holdings has created a total of 55 billion KRW in business social performances in 2018 through its social value investment and competencies in digital technology. The company plans to further broaden the promotion of social value creation based on systematic measurement of social value performances.



### Application of quantifying principles (example)

#### AIA Vitality Measurement of Social Business Performances of Customized Healthcare Services based on Big Data



# Business Model Innovation

## Interviews with Experts

Through 'Interviews with Experts', SK holdings collects opinions of experts in each field on business model innovation and intends to reflect the opinions to social value creation activities. Interviews were conducted individually mainly on overall social value creation, digital technology and digital SHE. Interview contents have been partially restructured to facilitate understanding of stakeholders.



The Institute for Industrial Policy Studies  
Executive Director, Jae-eun Kim



Korea University  
Professor of Business, Jae-hyuk Lee

**"Creating a cooperative ecosystem to resolve social issues is a priority for expandability and sustainability."**

Recent progress of SK holdings in pursuit of resolving social issues by using its own assets and competencies is consistent with the collapsing of the boundaries between the public and the private of the present times.

The keys to business model innovation are expandability and sustainability. As such, creating a cooperative ecosystem to resolve social issues would be the foremost task. SK holdings is creating an environment that fosters a sustainable ecosystem by using its competencies. For expandability, nurturing of a cooperative ecosystem linked with key resources other than effortless support is required. There has to be value creation or value growth through the promotion of the ecosystem.

I predict that developing a solution where social and economic values coexist through multilateral cooperation and open innovation of numerous cooperators with complete understanding of social values would largely contribute to social value creation of SK holdings. In particular, SK holdings would be able to take the lead in the social value ecosystem if it could foster innovative social projects using its digital technologies.

I hope SK holdings continues to take the lead in creating a sustainable industrial ecosystem based on key competencies and grow into an innovative company that anchors the creation of new markets and clusters by linking 'social issues' with 'industries'.

**"Establishing principles and systems to measure social contribution performance and managing them with key performance indicators will be a significant movement that will shift the paradigm."**

The proportion and roles of a companies in society are gradually increasing, and the environmental and social problems caused by the companies are becoming more diversified. In the modern society, we are seeing limits in measuring the performances generated by a company simply based on economic indicators.

Recently, SK is striving to seek both economic and social values throughout its business activities by designating social value creation as a new business strategy. In particular, it established principles and systems to measure the social contribution performances and to manage these performances as key performance indicators.

Measuring performances requires quantification of concepts, in other words, constructed definitions. While it is extremely difficult to quantify an abstract concept such as social contribution performance in figures, advancements will be made possible by overcoming such difficulties.

Quantification of performances enables 'identification of status', 'sharing status', and 'external comparisons'.

I believe that social contribution performance quantification activities conducted by SK Group and SK holdings will become significant movements that will shift the paradigm of a company. I wish that the innovative attempts of SK holdings will advance even further through feedback and communication.



Meritz Securities  
Analyst, Kyung-wan Eun

“Higher values are placed on performances created by a company that contributes to the society and collaborates with stakeholders.”

The fundamental purpose of an enterprise is to generate profit, but recently, attempts are being made worldwide to generate economic values and social values at the same time as seen by global companies.

SK holdings strives to propose more accurate indicators and references instead of grand arguments based on justice, and create more social values. It is laying the foundation for systematic management through social value measuring activities. Although these new challenges and progress are not without concern, the securities market, which moves quicker than the actual economy, is also displaying more and more investments based on ESG (Environment, Social and Governance) in addition to financial indicators. Related funds worth approximately USD 460 billion are being operated worldwide, and this rose about 37% last year alone.

Even the securities market that is sensitive to numbers, is putting more emphasis on companies that contribute to the society and generate results with stakeholders instead of the absolute theory on the economics. While early failures would be unavoidable, I hope SK holdings will gradually perfect its unique social performance measuring system through feedback and communication with diverse stakeholders. Also, I wish that this system provide a foundation for SK holdings to grow into a sustainable company while drawing attention to management strategies for domestic businesses.



Korea Industrial Safety Association  
The Head of Safety Diagnosis Division,  
Seok-jin Kim

“We hope the company will raise the safety culture standards in Korea and shift the paradigm in safety management using the company’s key competencies.”

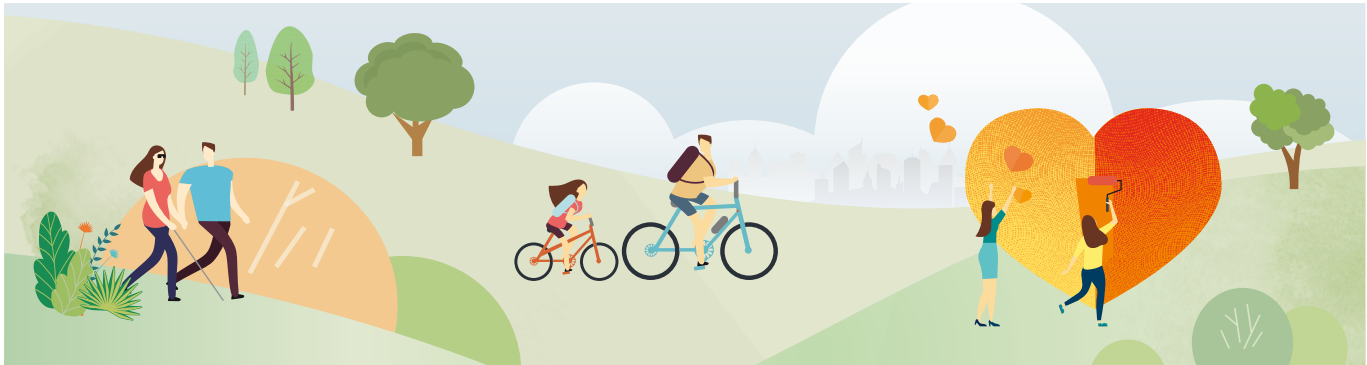
Companies are quickly responding to the 4th industrial revolution paradigm, which serves as a massive game changer to diverse industries. But in reality, such influence has not yet reached the domestic safety industry. In this situation, I find SK holdings’ movement in contributing to the prevention of critical accidents in the occupational fields by using digital technologies to be very encouraging.

SK holdings has key digital transformation competencies based on data and has accumulated understanding and experience in working with manufacturing business partners. SK holdings will be able to generate visible results in social value creation in the safety and health sector by conducting activities to reduce critical accidents by using its key technologies and competencies.

Prevention of critical accidents in occupational fields is an essential factor because it directly leads to the life of company’s employees and stakeholders. I hope SK holdings will continue to raise the safety culture standards in Korea and change the paradigm in safety management by using its key competencies.

## Spreading Happiness through Social Contribution

Fulfilling various values demanded by customers and society has become an essential element for sustainable growth and survival of a company. SK holdings, based on its data & digital technological capacity and HR resources, is spreading happiness to the broader society through numerous social contribution projects.



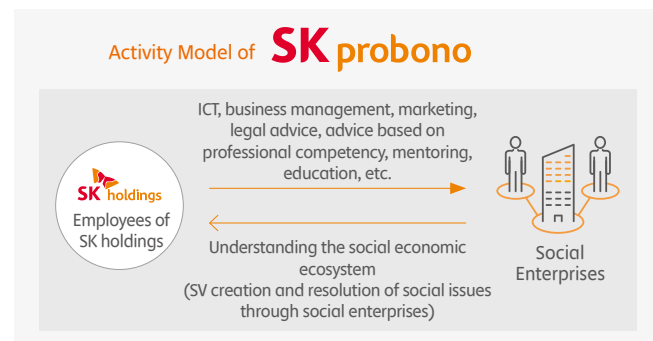
### Social Enterprises, Activities Fostering the Social Economy

#### SK holdings' Probono

SK holdings is contributing to social value creation activities, the development of social enterprises and resolving of social problems through its probono activities utilizing employees' knowledge, experience and technology.

We are making contributions through various probono activities and customized support considering the companies' level of growth. In 2018, we have expanded our support in diverse fields such as digital technology, legal advice, IPR(Intellectual Property Rights) and proposal drafting training sessions in addition to the existing ICT field. Also, the participation of numerous employees including new employees to executives facilitated mutual understanding. Especially, the probono activities based on organizational expertise in finance, legal affairs and quality innovation saw outstanding results.

SK holdings wishes that more social enterprises would efficiently and smoothly resolve problems in the midst of fast paced social changes through practical social value creating activities. We eventually plan to provide more support in creating greater social values.



Social Value Creation of  
Probono Activities

• 156 participants in advisory, educational, mentoring and volunteering activities in 2018 (4% of employees)



## Social Contribution Activities based on Data & Digitalization Capacity

### Job Creation for the Disadvantaged and Young Adults

SIAT(Smart IT Advanced Training) is a social contribution program aimed at supporting the self-sufficiency of the disadvantaged and young adults, and a flagship social contribution project of SK holdings jointly implemented with the Korea Employment Agency for the Disabled (Seoul Customized Training Center) based on the company's ICT technological competency.

SIAT identifies students' aptitude and job compatibility and provides customized educational programs for the purpose of creating jobs for the disabled. By operating practical educational programs that can be directly applied on field, SIAT is strengthening capacity of participants. Also, the program simultaneously provides psychological rehabilitation and education of basic workplace knowledge such as understanding the corporate culture and fault management.

In 2018, 90.5% of the total graduates of the SIAT program were successfully employed by IT companies and began their career. In 2019, we plan to expand the scope of support to low income groups and operate recruitment programs centered on business partners to expand the collective impact participated by numerous companies.



Division	Program Description	Partners
Disabled	Software development, information security, IT service support, barista	Korea Employment Agency for the Disabled
Young Adults	Frontend development	Gyeonggi Business Science Association
	IT system development	Centered on the Region of Icheon



Social Value Creation in Creating Jobs for the Disadvantaged and Young Adults

- Led 90.5% of participants to employment through employment support activities (19 persons)
- Created collective impact where various companies participate in social value creation

### AI Text Interpretation' Project based on Digital Competency

For the disabled and nondisabled to smoothly communicate without being excluded from the society, we have developed an AI text interpretation system that converts voice into text based on SK holdings' digital technology and partnership with AUD social cooperative.

In particular, we are creating new social values based on digital technologies that assist day-to-day activities of hearing-impaired people such as accessing information and participating in educational opportunities.

In May of 2019, about 20 agencies and companies including SK holdings, Korea Employment Agency for the Disabled, and Korea Job World held a launching ceremony of 'Digital Accompanied Share-Talk Alliance' for the hearing-impaired people.



Social Value Creation of 'Digital Accompanied Share-Talk Alliance' for People with Hearing Impairment

- Resolve difficulties for people with hearing impairment through mutual collaboration of participating institutions for social issues in education·employment, culture·arts

# Pursuing Happiness of our Employees

## Setting Happiness as Business Goal

The management goal of SK holdings is 'happiness of our employees'. Through this, employees can autonomously and enthusiastically perform duties, contributing to the happiness of not only themselves but also the stakeholders.

### Happiness Map

We are creating a happiness map as the first step in instilling happiness in our employees.

Materializing and depicting the happiness of SK holdings is for the company to step in the right direction toward achieving happiness of the employees. Here, the happiness of SK holdings means happiness in the form of the consensus of all employees instead of the sum of individual employees' desires.

### Happiness Strategy

The happiness strategy is set based on the happiness map. Happiness strategy is defined as establishing sustainable tactics considering the happiness of employees beyond earning money. In this process, we place the utmost importance on understanding and sympathizing with employees, and we ensure that employees tangibly feel happy and see changes through the materialization of the strategies based on employees' involvement.

### Stabilizing a "Speak Out" Culture as the Basis for Happiness

The most important thing for solidifying the happiness promoting culture of employees is creating a culture where all employees can speak out on their status or ideas without restriction. To solidify this "Speak Out" culture, SK holdings conducts participation based implementation activities through company broadcasts and workshops for leaders and employees.

Our Ultimate Goal is 'Happiness of Employees'



#### Sought by Employees themselves

- Directly expressed by the individual who is faced with difficulties or issues
- Solutions led and materialized by employees instead of the board or the department in charge



#### 'We', not 'I'

- Emphasis placed on 'our' problems sympathized by the majority of group employees
- Problems solved through mutual consultation among employees



#### Seeking Sustainable Happiness

- Benefits and costs reflected to maintain a healthy community
- Harmony and balance, and present and future perspectives considered at the same time





## Employees' Communication

### Happiness Talk

SK is strengthening communication to create a healthy community centered on the Happiness Talk between Chairman and CEO with employees. Happiness Talk, a platform to speak out the day-to-day difficulties experienced by employees and to seek solutions, is held with employees of major subsidiaries and organizations in attendance, led by strong motivation of Chairman and the CEO.

### Building a Platform Employees' Communication

SK holdings is committed to strengthening communication in pursuit of happiness of its employees. To this end, we are diversifying the existing offline communication channels into bilateral communication channels, and providing a field of communication where employees can independently resolve problems through participation. SK holdings will facilitate sound communication to maximize employees' happiness in the organization and thus create a healthier community.



"Our lives will change if you honestly listen to my story and high-five with me. Let's make a change."



# Fundamental Management

30	Governance	50	Quality & Service Management
32	Business Ethics	52	Mutual Growth
34	Safety, Health & Environment	57	Social Contribution
38	Securing & Fostering Talent		
42	Working Environment & Corporate Culture		
44	Risk Management		
46	R&D		







# Governance

SK holdings has preemptively introduced various policies to establish a transparent and sound governance structure. In 2018, the company announced the charter of corporate governance structure, and is strengthening shareholder-friendly management as well as responsible management of the BOD by appointing an independent director for shareholder communication and introducing the electronic voting system. Also, in 2019, the company appointed an independent director as the chairman of the BOD for improved independence, and seeks measures for business model innovation by creating social values from the BOD perspective.

## Advancement of Governance & Creation of Social Values

### Establishment of Operating Principles for Governance

In 2018, SK holdings enacted and announced the charter of corporate governance structure for the first time as a large holding company. Through the charter, SK holdings expanded the disclosure of information on governance such as shareholder rights, and authorities and responsibilities of the BOD and the audit committee, and set forth the strengthened transparency of management. Korean and English versions of the charter are available on the SK holdings' website.

### Effort for the Advancement of the Governance Structure

In March 2019, SK holdings amended the BOD regulations to allow independent directors to be reappointed as the chairman of the BOD, and appointed an independent director to chair the BOD. Through this, we enhanced the independence and transparency of the BOD and established a governance structure suitable for the global investment environment.

Also, in January 2019, the company evaluated the overall activities of the BOD for the past year. All independent directors of SK holdings participated in the BOD evaluation of a total of 39 sectors in 5 areas including the structure and operating methodologies of the BOD and affiliated committees. Based on BOD evaluations, the company plans to continuously derive improvement measures for the operating of the BOD and provide enhancement measures for the governance structure.

### BOD's Effort in Social Value Creation and Business Model Innovation

Recently, global companies are discovering growth opportunities from major social issues, and the capital market offers premiums on companies that excel in environment, society and governance areas. To reflect such changes in the era, we reflected social values as the company's business philosophy in addition to shareholder values through amendment of Articles of Incorporation in March of 2017.

Based on this, we have developed performance indicators not only in financial performances but also in social values to quantify and manage the double bottom line, ultimately seeking to innovate our business model.

We are striving to innovate our business models by creating social values in terms of the BOD operation. In February 2018, we have amended the regulations to include activities that promote corporate social values as an agenda for the Governance Committee. Also, in April 2018, the company's strategy and progress on social value creation was deliberated by the BOD, and in 2019, the BOD and the Governance Committee have decided to discuss the social value progress and plans regularly. In the long term, we are seeking a concrete way to innovate the company's business models by allowing the BOD to regularly monitor the current investment portfolio in terms of social values, and screen decision making processes for new investments in terms of social value such as ESG. Such efforts of the BOD to create social values meet not only the company's business philosophy but also the social demands

from changes of time, and it is expected to become a basis for our investment holding company to innovate business models through social value creation.

### Governance Related Assessments

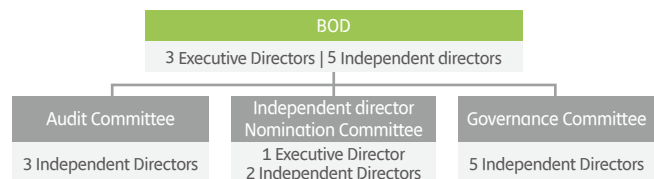
The advancement activities of the governance structure of SK holdings are receiving high praises. In 2018, the company earned an ESG grade of A+ from the Korea Corporate Governance Service, and won the "Grand Prize" for an excellent ESG corporation. Also, the company was the only one to be selected as having an excellent governance structure as a general listed company.



## Independence & Transparency of BOD

### BOD Members

In order to improve the soundness of the BOD, SK holdings increased the proportion of independent directors in the BOD from 57.1% to 62.5%, and employed 1 additional registered member for the governance committee. As of 2019, the BOD of SK holdings consists of 8 members including 3 executive directors and 5 independent directors. The BOD has authority over company's major business matters such as management, governance structure, investment & planning, and accounting & financial management, and has monitoring and advisory roles on activities that are essential to management.



### BOD-oriented System Management

(As of May 2019)

Committee	Major Roles	Members
Audit Committee	Auditing of company's accounting and business affairs <ul style="list-style-type: none"> <li>• Matters on general meeting of shareholders</li> <li>• Matters on directors and BOD</li> <li>• Matters on auditing</li> <li>• Matters on external auditors</li> <li>• Other matters set by laws, articles or BOD regulations</li> </ul>	Independent directors <ul style="list-style-type: none"> <li>• Byung-ho Kim, Independent director</li> <li>• Chan-keun Lee, Independent director</li> <li>• Yong-suk Jang, Independent director</li> </ul>
Independent Director Nominating Committee	Nominating Independent directors at the general meeting of shareholders <ul style="list-style-type: none"> <li>• Nomination of Independent directors</li> <li>• Evaluation of directors' activities and reviewing utilization measures</li> <li>• Other matters necessary for nomination of Independent directors, and matters delegated by the BOD</li> </ul>	Independent directors <ul style="list-style-type: none"> <li>• Kum-loul Ha, Independent director</li> <li>• Yong-suk Jang, Independent director</li> <li>• Dong-hyun Jang, Executive Director</li> </ul>
Governance Committee	Achieving actual BOD-oriented management principles by protecting shareholder rights and strengthening transparency in governance structure <ul style="list-style-type: none"> <li>• Examining related party transactions requiring the board approval under the Monopoly Regulation and Fair Trade Act and the Commercial Act</li> <li>• Measures to implement CSR and business ethics</li> <li>• Matters on investment and financial management that affect shareholder values from deliberations of BOD according to BOD regulations</li> <li>• Other matters submitted by the chairman as company business matters that may critically influence shareholder value</li> </ul>	Independent directors <ul style="list-style-type: none"> <li>• Jae-ho Yeom, Independent director</li> <li>• Kum-loul Ha, Independent director</li> <li>• Chan-keun Lee, Independent director</li> <li>• Byung-ho Kim, Independent director</li> <li>• Yong-suk Jang, Independent director</li> </ul>

## Appointing of Directors

Directors are appointed by votes from the general meeting of shareholders in accordance with the Commercial Law and the Articles of Incorporation. Candidates for Executive directors are nominated by the Board of Directors and presented in an agenda of the general meeting of shareholders. For Independent directors, they are nominated by the Independent Director Nomination Committee and recommends qualifying candidates according to applicable laws to the shareholder meeting by considering expertise and independence of each candidate according to strict criteria. Confirmed candidates are appointed as Independent directors in the shareholder meeting through the final decision making of the shareholder meeting of the BOD. SK holdings appoints competent Independent directors with rich experience in diverse fields and professional career by applying the strict screening criteria to the Independent director selection process.

## Operating Status of BOD

SK holdings holds regular BOD meetings once a month and ad hoc meetings as needed. In 2018, a total 14 BOD meetings were held to deliberate and vote on 103 agendas. BOD resolutions are made by the attendance of a majority of registered directors and votes of a majority of attending directors except in the case of related laws or the request of the BOD.

## Performance Evaluation and Remuneration of Director

Remunerations of directors are given under the threshold of the director remuneration approved by the annual shareholder meeting according to the laws. For the management board, a stock option is given in correlation to the remuneration to improve corporate values. In order to guarantee independence of Independent directors, the company does not provide additional incentives other than the basic wages. The remunerations of directors are confirmed at the general meeting of shareholders after the BOD reviews the limits of directors' remuneration in accordance with legal regulations, and remunerations and calculation methods are disclosed in the annual report.

### | List of Directors |

Division	Name & DoB	Rank & Position	Areas of Expertise	Career	Appointed	Number of Years in Service	End of Tenure
 <b>Executive Directors</b>	Chey, Tae-won (Male, DEC 1960)	Chairman & CEO	Management, economy, global, industrial expertise, risk management	- PhD of Economics in University of Chicago, US - President of SK Innovation - President of SK Hynics	2019.03	3years	2022.03
	Jang, Dong Hyun (Male, AUG 1963)	President & CEO	Management, finance, industrial expertise, technology, risk management	- Master of Industrial Engineering in SNU - CEO of SK Telecom	2017.03	2years	2020.03
	Cho, Dae Sik (Male, NOV 1960)	Executive Director	Management, finance, global, industrial expertise, risk management	- Master of Management in Clark Atlanta University, US - President & CEO of SK holdings	2018.03	3years 8month	2021.03
 <b>Independent Directors</b>	Yeom, Jae Ho (Male, JAN 1955)	BOD Chairman	Sustainability management, social values, HR (organization), global	- PhD of Political Studies in Stanford University - Professor of Administration in Korea University - 19th president of Korea University	2019.03	1month	2022.03
	Ha, Kum Loul (Male, DEC 1949)	Independent director	Management, industrial expertise, administration, communication	- A of German Language and Literature in Korea University - Director of SBS Media Holdings - Chief secretary of President	2018.03	4years	2021.03
	Lee, Chan Keun (Male, AUG 1958)	Independent director	Management, economy, global, industrial expertise, risk management	- Business School of Korea University - Deputy chairman of Kookmin Bank - Representative of Korean branch of Goldman Sachs	2018.03	1year	2021.03
	Kim, Byoung Ho (Male, SEP 1961)	Independent director	Accounting, finance, risk management, management, economics, global	- A, UC Berkeley in US - Vice president of Hana Financial Group - President of Hana Bank	2019.03	1month	2022.03
	Jang, Yong Suk (Male, JUL 1968)	Independent director	Sustainability management, global, social values, administration, HR (organization)	- PhD of Social Studies in Stanford University, US - Professor of Social Studies in University of Utah, US - (Present) Professor of Administration in Yonsei University	2017.03	2years	2020.03

## Strengthen Shareholder-friendly Management

### Facilitating Shareholder Communication & Protecting Shareholder Benefits

In 2018, in order to strengthen shareholder-friendly management, the company introduced a policy for shareholder communication. This policy appoints one of the Independent directors as a shareholder communication member to expand shareholder communication and strengthen activities to protect rights and benefits of shareholders. Also, in March 2018, the company introduced the electronic voting system in the general meeting of shareholders for the first time as a large holding company in Korea to improve shareholders' convenience in exercising their voting rights. The company participated in the dispersed autonomous compliance program for the general meeting of shareholders of the Financial Services Commission for 2 consecutive years in 2018 and 2019 as part of its effort to protect rights of the company's shareholders. In March 2019, the company accelerated shareholder-friendly management by being the first company to post the CEO's letter to shareholders on the company website after the hosting of the annual shareholder meetings.

### Implementing the Shareholder Return Policy

SK holdings plans to implement the shareholder return policy in compliance with the business philosophy. In 2018, an interim dividend has been given for the first time among Korea's large holding companies, and the annual dividend increased 25% year-on-year. SK holdings plans to continue diverse endeavors to strengthen the shareholder return policy.

#### | Characteristics of the BOD |

Independence	<ul style="list-style-type: none"> <li>• Maintain the majority of Independent directors or expand proportion (62%)</li> <li>• Appoint Independent directors who are not in special relationships with the management board</li> <li>• Directors may not serve as unlimited liability partners or directors of other companies in the same industry without BOD approval</li> <li>• Restrict voting rights of directors in special relationships regarding the voting agenda of BOD</li> </ul>
Expertise	<ul style="list-style-type: none"> <li>• Consist of directors with abundant professional knowledge or practical experience in sectors such as management, economy, risk management, shareholder communication, communication and social values</li> <li>• Appoint experts in sustainability management and social values as Independent directors</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>• Temporary BOD meeting may be held as needed</li> <li>• To guarantee BOD participation of directors, directors may participate in voting by means of telecommunications measures that simultaneously transmit the voices of all directors without attending in person</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>• Directors pursue diversity in race, gender, age, nationality, qualification, religion, physical status and political inclination, etc.</li> </ul>

# Business Ethics

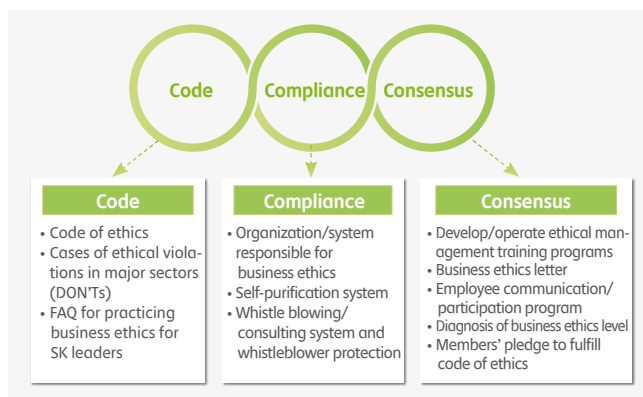
SK holdings is continuing to strengthen its self-purifying system to internalize business ethics led by the business ethics organization, and operates various activities to improve ethical awareness of employees.

## Establishing the Business Ethics System

### Business Ethics System

SK holdings acknowledges the establishment of the business ethics system as a critical prerequisite for sustainable management of the company. We have reinforced the Code of Conduct with SKMS (SK Management System) as the foundation of business ethics activities in pursuit of happiness of all stakeholders, and are internalizing business ethics activities with an emphasis on the 3Cs (Code, Compliance, and Consensus).

#### | 3 C's Business Ethics System |



## Code

### Code of Ethics

SK holdings enacted the Code of Ethics to create values for various stakeholders such as clients, employees, shareholders and business partners based on the SKMS (SK Management System) as the foundation of corporate management in fulfilling key roles for social and economic development and corporate management to eventually contribute to the well-being of the human race.

SK holdings has institutionalized the code of conduct for employees regarding business ethics and all employees are responsible to comply. Management standards of Code of Ethics are classified into ethics of employees, customers, society, and company & shareholders, and whistleblower protection.

Where it is not stipulated in the Code of Ethics, one shall behave according to the decision making principle of 'legal, transparent and reasonable', and if one is not certain by self-regulatory judgment, it is stated that one shall follow the advice of organization leaders or the business ethics department.

Code of Ethics	Shareholder Responsibility	Relationship with Business Partners
	Attitude toward Customers	Basic Ethics of Employees
	Social Roles	Supplementary Provisions

#### | Business Ethics Standards |

Division	Business Ethics Practices	Description
Employee	Mutual respect between employees, prohibition of grafts and monetary trades, leader's roles, etc.	Prohibition of violation of human rights and discrimination, leading by example, etc.
Customer	Efforts to gain customers' trust, protection of customer information, etc.	Prohibition of grafts and entertainment, personal information protection of customers, clients and employees, etc.
Society	Law compliance, prohibition of receiving graft from stakeholders, fair trade with business partners and competitors, etc.	Compliance to Fair Trade Act and Improper Solicitation and Graft Act, prohibition of illegal political funding, compliance to environmental laws, etc.
Company & Shareholders	Preference of company's interests in conflict of interest situations, protection of company's assets and information, business management, etc.	Need for advance approval for external or governmental activities, prohibition of transfer of company's technological knowledge, prohibition of false and delayed report, etc.
Whistleblower Protection	Whistle blowing system, whistleblower protection and prohibition of disadvantages, etc.	Whistleblower protection and prohibition of disadvantage and discrimination, etc.
Supplementary Provisions	Rewards and punishment, consulting and advice, interpretation standards, relationship with different company rules, etc.	Consulting and advice of business ethics department, preference business ethics, etc.

### Cases of Ethical Violations in Major (DON'Ts) Sectors

SK holdings collects and distributes cases of ethical violations (DON'Ts) that may arise in the course of business activities as a reference of ethical conduct for employees when carrying out their business duties. These Don'ts, classified into unethical acts, security, subcontracting, taxation & fair trade, and reporting & managing were prepared to serve as ethical behavioral guidelines in performing duties and provides guidelines to internalize business ethics among employees.

Division	Cases of Ethical Violations (DON'Ts)
Unethical	23 items including basic etiquette, graft & entertainment & gifts, conflict of interest, company asset and information protection, etc.
Security	14 items including PC security, information and document management, project security, etc.
Subcontracting	18 items including deciding and adjusting subcontract payment, subcontract payment, failure to issue letter, inspection and result notice, unfair management interference, restriction of subcontracting, etc.
Taxation & Fair Trade	23 items including issued trades, unfair internal trades, unfair corporate action (collusion), unfair trade activities, etc.
Reporting & Managing	33 items including unreasonable business implementation, false & delayed & partial report, negligence in business management, etc.

### FAQs on Practicing Business Ethics for SK Leaders

The autonomous & responsible management support group under SK Group's SUPEX consultative group has set up 'FAQs on Practicing Business Ethics for SK Leaders' to strengthen the culture of leading by example. It covers useful examples that may frequently occur and related regulations in the form of questions and answers that are easy-to-understand.

Division	FAQs on Practicing Business Ethics for SK Leaders
Conflict of Interest	<ul style="list-style-type: none"> <li>Prohibition of conflict of interest- matters requiring approval</li> <li>Anti-graft in purchasing/HR</li> <li>Remuneration depending on concurrent office in an investment company</li> <li>Reporting external lectures and pay return</li> </ul>
Company's Asset Protection and Budget Usage	<ul style="list-style-type: none"> <li>Criteria for private use of company asset</li> <li>Cautions for using and charging company budget</li> <li>Prohibition of personal sponsorship- advertisement- donation to specific organization</li> <li>Prohibition of transfer of company benefits to others</li> <li>Spending of personal expenses for personal items aside from itinerary</li> <li>Simplified formalities related with business trips, etc.</li> </ul>
Gift/Graft	<ul style="list-style-type: none"> <li>Cases where grafts are prohibited or permitted</li> <li>Processing expensive gifts from overseas partners</li> <li>Criteria for gifts between employees, etc.</li> </ul>

## Compliance

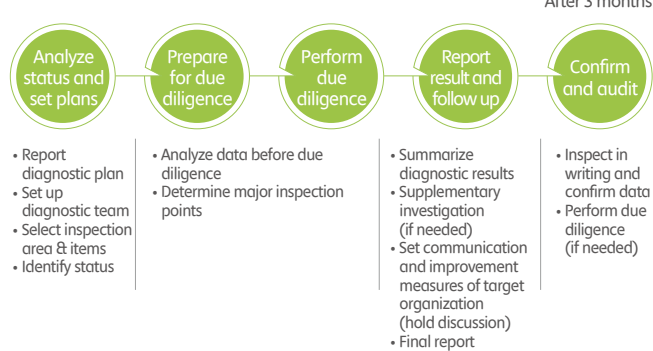
### Organization Responsible for Business Ethics

SK holdings has various activities to solidify a corporate culture of business ethics among employees led by the Ethical Management Division in the SV Leading Division directly under the Business President. In addition to the diagnosis of business ethics, the self-regulatory system and the reporting system to internalize business ethics, we are focusing on improving employees' awareness to ethics through education and campaigns. Also, SK holdings operates ethics diagnosis and support systems so that its subsidiaries and overseas corporations can autonomously promote business ethics.

### Self-Regulatory System for Business Ethics (Risk Evaluation & Business Ethics Auditing)

We conduct diagnosis of business ethics at each business site. Regular inspection of risks is performed once a year in four major areas: HR, purchasing, business partners and costs. Such evaluations are held based on a checklist according to the characteristics of each business, and matters verified by management diagnosis and reporting channels are systematically managed under regular audits.

#### | Process of Management Diagnosis |



### Whistle Blowing System for Violation of Business Ethics

SK holdings operates a reporting system for violation of business ethics for not only its employees but also for all stakeholders related to the company such as business partners and suppliers. We are strengthening the self-purification system to internalize business ethics by operating various reporting channels. Anyone can report on breach of ethics using the business ethics website (<https://ethics.sk.co.kr/Eng/Main.aspx>) and the identity of the reporter and the content are strictly kept confidential.



Online Report (<https://ethics.sk.co.kr/Eng/Report/OnlineReportAn.aspx#>)

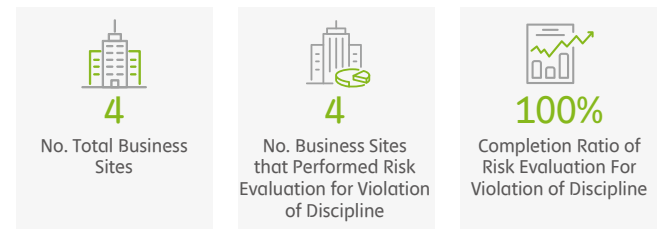
Phone (02-6400-6262), Fax (02-6400-0613), Email ([ethics@sk.com](mailto:ethics@sk.com))

Customer Complaints (<https://ethics.sk.co.kr/Eng/Report/Complaint.aspx>)

### Violation Cases of Discipline and Measures at Business Sites

In 2018, there were total 23 discipline violations at SK holdings, and as a consequence, sanctions including 2 dismissals, 6 salary reductions, 10 reprimands and 5 warnings have been enforced. Major violation cases include receiving treats from business partners, violation of security regulations and negligence in supervision. According to the 'Personal Information Protection Guidelines' by the Ministry of Employment and Labor, SK holdings has not been disclosing details of sanctions without consent of the concerned party since 2016. However, with increasing need for public information, we have been disclosing them as 'don'ts' and 'business ethics newsletters' without disclosing of personal information to prevent recurrence of similar cases.

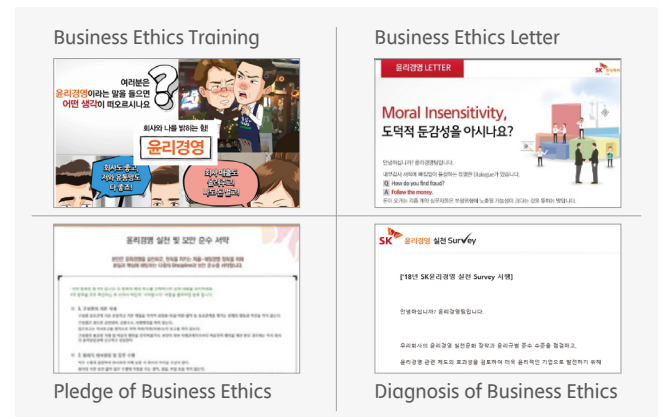
#### | 2018 Risk Evaluation for Violation of Discipline at Business Sites |



## Consensus

### Solidifying the Business Ethics Culture

In order to improve the level of business ethics practiced by employees, there are a variety of activities in operation. In order to solidify the awareness of all employees on business ethics, online business ethics training program is held each year. This mandatory program throughout the Group has been remade into an animation depicting an actual case by a supplier in 2018, which can be taken through various media such as the mobile app. The completion ratio of employees was 100% and subsidiaries have also completed the training to improve their awareness on business ethics. In addition, offline education on business ethics has been held for new employees. Business ethics newsletters are sent to all employees regularly to consistently share unethical cases in the organization and form a bond regarding the importance of business ethics. Furthermore, we are continuing efforts to solidify autonomous and responsible management of practicing business ethics and complying with the principles by diagnosing levels of business ethics through surveys and pledging to practice business ethics among employees.





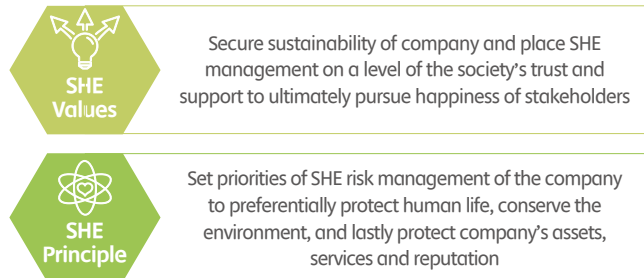
# Safety, Health & Environment

Safety, health and environment are critical elements to be managed that directly lead to life of company's employees and stakeholders. SK holdings is consistently strengthening its SHE management system to identify and prevent hazardous factors in advance.

## Establishing the SHE System

### SHE Management System

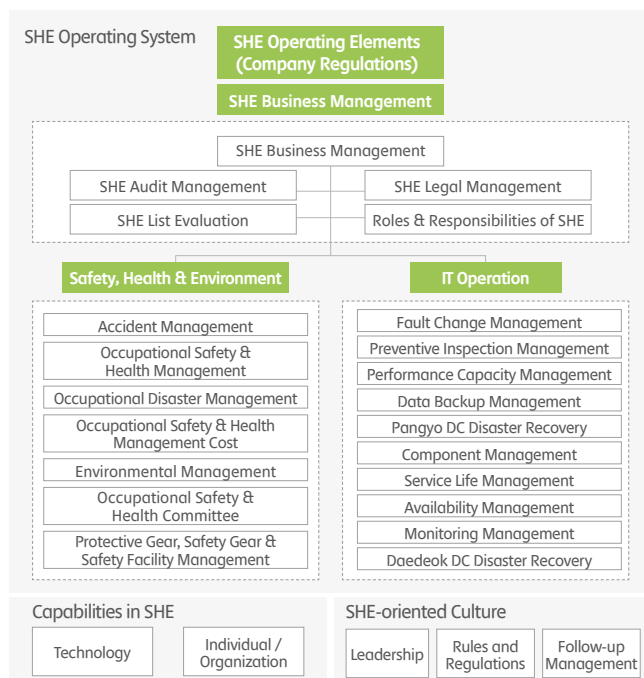
In relation to SHE, SK holdings has built a SHE management system to share the group's values and operating principles. By setting up the SHE operating system, fostering SHE capacity, and creating a SHE culture will be implemented to manage business risks and minimize damages in case of potential accidents.



### SHE Operating System

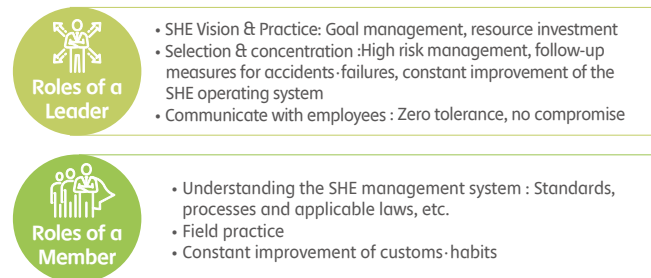
SHE operating system is a set of policy guidelines and rules for SHE management, provided with consideration of SK holdings' business and management environment. SHE operating system is run to enable an organic operation between elements based on items to be managed.

#### | SHE Management |



### Forming the SHE Culture

Internalizing SHE management into the company's corporate culture is a key requirement to solidify the SHE management system. Regarding SHE management activities, SK holdings clearly defines roles of leaders and employees, and sets an example of creating the SHE culture with regular inspections.



### SHE Council

Through the SHE council, SK holdings frequently reviews the operating system and related issues, and regularly operates the occupational safety & health committee for systematic management. In 2018, the occupational safety & health committee was held 4 times for quarterly inspection of company-wide SHE goals and occupational disaster status and set and shared the Group's 2018 SHE strategic directions as well as the SHE accident & ICT failure sharing system. Also, a workshop with SHE organizations of subsidiaries was held with the goal of 'empowering SHE accident response' and discussed cooperative measures with an emphasis on future SHE activities of each subsidiary.

### SHE Policies of SK holdings

Based on human-oriented business philosophy, pursue safety, health and environment as a priority in all stages of business, improve service quality based on accumulated technology and experience and contribute to sustainable development of the human race.

To practice the above, each member shall fulfill responsibilities and obligations in SHE management including the following :

- Compliance to SHE related laws  
Observe SHE related domestic and international agreements and constantly improve the level of SHE management by upgrading the SHE operating system.
- Hazard prevention management  
In all product and service processes from planning to purchasing, designing, developing and maintenance, identify, evaluate and improve SHE related risks.
- Reinforcement of capacity for accident responses  
Perform SHE education and training actively participated by all employees and business partners, and minimize damage from emergency situations through prompt and systematic response.
- Transparent stakeholder communication  
Set up concrete SHE goals and clearly disclose performance to build an exemplary corporate reputation regarding SHE management throughout the society and industry.
- SHE with the community  
Deeply recognize corporate social responsibility to minimize discharge of pollutants and actively participate in improving SHE in the community.



## Strengthening SHE Inspection Activities

### SHE Assessment System

In order to strengthen the SHE assessment system, SK holdings has adopted a new SHE management system in 2018. Through responsible management of SHE executives, we reinforced the effectiveness of SHE management, improved the SHE culture including the reduction of accidents-violations of law, unreported incidents, and insufficient measures-implementations. We also introduced an inspection system to assess fundamental causes of major accidents-violations of laws, appropriateness of measures and implementation status to prevent recurrence of accidents. In addition, we have strengthened the SHE activities of subsidiaries and business partners to identify occupational safety related hazards in all business sectors during the production and management processes in advance.

#### | Subsidiaries' SHE Assessment Items |

Division	Assessment Items
Occupational Health System	<ul style="list-style-type: none"> <li>• Formation of an occupational health organization</li> <li>• Appointment of occupational health managers</li> <li>• Appointment or commission of safety managers</li> <li>• Appointment or commission of health managers</li> <li>• Status of occupational safety &amp; health committee</li> </ul>
Occupational Health Activities	<ul style="list-style-type: none"> <li>• Safety education status</li> <li>• Field worker education status</li> <li>• Safety inspection status</li> <li>• Commission status of safety education &amp; diagnosis</li> </ul>
Occupational Accidents	<ul style="list-style-type: none"> <li>• No. of critical accidents</li> </ul>

### SHE Self Check System

SHE Self Check System consists of SK holdings' SHE risk inspection activities for employees to self-check work related SHE risks and autonomously carry out corrective activities in their respective areas of duty.

#### SHE Self Check list

##### 1) Safety & Health Risks

Health, Safety, Office Environment, Electronic & Office Equipment, Occupational Safety & Health Management System

	Yes	No
(Health) Are there emergency measures for efficient use in the event of an emergency situation?	<input type="checkbox"/>	<input type="checkbox"/>
(Safety) Are there responsive manuals in place for emergency situation?	<input type="checkbox"/>	<input type="checkbox"/>
(Office) Are temperature, air and noise in office environment appropriate for workers?	<input type="checkbox"/>	<input type="checkbox"/>
(Electronic & Office Equipment) Are office equipment placed considering safe passages and circulation?	<input type="checkbox"/>	<input type="checkbox"/>

##### 2) Environmental Effect

Energy, Wastes, Noise, Vibration, Atmosphere, Water Quality, Environment Management System

	Yes	No
(Wastes) Are waste disposal companies systematically managed?	<input type="checkbox"/>	<input type="checkbox"/>
(Atmosphere) Do the tasks generate scattering dust?	<input type="checkbox"/>	<input type="checkbox"/>
(Water Quality) Is there an environmental technician properly appointed and utilized?	<input type="checkbox"/>	<input type="checkbox"/>
(Environmental Management System) Are environmental influence evaluations on new businesses properly running?	<input type="checkbox"/>	<input type="checkbox"/>

##### 3) Awareness of SHE Management Activities

SHE Management System, SHE Accident Sharing System, Emergency Response, Locations & Directions for Fire Extinguishers, etc.

	Yes	No
(SHE Management System) Is there active participation of employees in SHE management activities?	<input type="checkbox"/>	<input type="checkbox"/>
(SHE Accident Sharing System) Are the employees clearly aware of their roles in the event of an accident?	<input type="checkbox"/>	<input type="checkbox"/>
(Emergency Response) Are the employees aware of locations of emergency exits and evacuation methods in the event of an emergency?	<input type="checkbox"/>	<input type="checkbox"/>

### SHE Accident Sharing System

SK holdings divided SHE accidents into 3 major sectors – personal injury, environmental pollution-property loss, and IT accidents, which would be classified as critical accidents (group sharing) and general accidents (internal sharing) depending on importance of accidents in order to secure a prompt response system by strengthening the Group's SHE management.

#### SHE Accident Sharing Principles

In the event of personal injuries, environmental pollution/property loss, or IT accidents/failures, departments and organizations in charge shall immediately share (report) accidents according to the reporting process. Any violations are subject to sanctions according to company regulations.



#### Personal Injury

(Employee, business partners' employee)

- Work related injuries-diseases-deaths



#### Environmental Pollution-Property Loss

(Company & External Business Sites)

- Chemical leakage, maritime-river pollution
- Critical loss due to fire-explosion-leakage
- Environmental pollution related accidents subject to administrative disposition



#### IT Accident/Trouble

(External/Internal Business)

- Accidents causing critical influence to customer services such as IT failure and security breaches

### Principles of Preventing Service Failures

In order to provide quality IT services to customers and to strengthen response to service failures, SK holdings established a new set of Service Golden Rules (SGR). SGR consists of six principles and specific rules that must be observed by employees to ensure trouble-free IT services. SGR is applied to employees and business partners related with IT/DT service operations, and any violation of SGR leading to failures will lead to sanctions according to company rules. Through the enforcement of SGR in June 2019, we will secure service availability and constant improvement of customer satisfaction.

#### | Six Principles of Service Golden Rules (SGR) |

1	Select preventive inspection targets and regularly perform inspection.
2	During changes, comply with the change processes such as prior approval.
3	Set up back-up targets and cycles, and regularly perform and inspect results.
4	Depending on importance of customer's business, define and manage monitoring targets and major performance indicators.
5	When aware of failures, immediately spread and take measures. After closing of the case, set up and implement preventative measures against recurrence.
6	Observe working principles and always supervise when working with business partners.

# Safety, Health & Environment

## Strengthening OSH(Occupational Safety and Health) Management of Employees

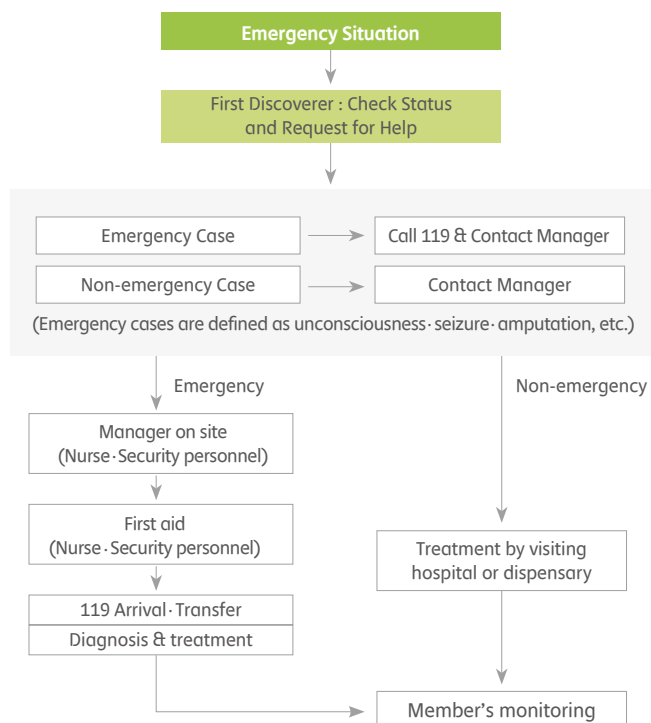
### Expanding Health Management Support to Employees

In order to expand health care options (health checkups, vaccination and group disaster insurance) to employees and to provide personalized health care, SK holdings has introduced the 'Health Care Point' in February 2019. Under this system, health care subsidies are combined into points so that each member can select health care programs according to needs. Also, member's health checkups designed to promote health and prevent decreased work productivity have been expanded in 2019 to not only spouses but also the immediate family. In addition, to prevent contagious diseases and to ensure health management of employees, a contagious disease management process has been set by internal experts and code of conduct for employees is being published throughout the company.

### Response System for Emergency Patients

We have built an emergency patient response system to immediately respond to emergency situations (unconsciousness, seizure, amputation, etc.) of employees at work. We have strengthened the process to enable immediate dispatch of a professionally trained security personnel for medical assistance even in emergency cases that occur on nights-weekends. For this, we have selected targets from the pool of permanent security personnel who are on call 24/7 and trained them on first aid and CPR. Up to 2018, 13 personnel has completed the related training program.

#### | Response Flow in an Emergency Situation |



### Implementing Inspection of Fire Safety

SK holdings is strengthening safety management activities based on special investigation for fire safety, and fire safety inspection of external sites. The special investigation for fire safety is a governmental safety inspection of large buildings in the country and is being implemented for prevention of massive disasters and protection of peoples' lives. In February 2019, hosted by the Gyeonggi Fire & Disaster Headquarters and Bundang Fire Station, SK holdings was inspected on key matters and due diligence in four groups – fire, electricity, construction and gas. As a result, breaches of laws and areas of improvement have not been found, and the company was recognized as an excellent site. Also, SK holdings has set up "site fire-fighting safety inspection" to ensure employees who work outside of the head offices can independently diagnose based on the checklist. We dispatched fire safety experts as needed to perform the fire safety inspection.

### Emergency Drills

In order to minimize life·physical losses through prompt responses to emergency and disaster situations, SK holdings performs annual emergency evacuation drills. In 2018, drills were performed 3 times to strengthen early fire detection and response abilities of the emergency situation room in preparation for night·holiday fire incidents. Also, a joint training with Pangyo 119 Safety Center was held to practice entry of fire-fighters into fire sites, connecting water supply to external fire engines and utilizing fire extinguishers·hydrants. To ensure prompt fire response on site, constant trainings will be held.



### Strengthening Hygiene and Safety of Working Environment

For hygiene management of employees, SK holdings jointly inspected the hygiene with a professional company, and measured the Radon content and searched for any hidden cameras in major welfare facilities to ensure health and privacy of employees. It was verified that all working environments of the company were proven to be safe, and the level of hygiene management and safety awareness of employees improved accordingly.

## Saving and Efficiency of Energy & Resources

### Eco-friendly Data Center

SK holdings is materializing the reduction of energy by operating an eco-friendly data center that utilizes IT technologies. Daedeok Data Center has constantly improved energy efficiency through optimization of operations and facility investments, and maintained the Green Data Center (GDC) certificate each year since the first certification in 2013. Green Data certificate is operated for the purpose of raising the energy efficiency of IDCs with high electricity consumption. The data center of SK holdings has been recognized for its various efforts to save energy and conserve the environment.

By building the Data Center Infra Management System (DCIM), SK holdings is improving the efficiency and safety of data center operation by preventing potential risks through real time monitoring of major structural facilities in the center and providing optimal operating processes as well as an environment that encourages automation. DCIM, built on newest technological facilities can establish a greenhouse gas inventory system that detects and controls greenhouse gases instantaneously, and contributes to responding to climate change policies and various regulations. Also, we separated cooled corridors and heated corridors in the computer rooms and introduced the use of containers to ensure optimum air conditioning, which helped us save energy. We were also able to reduce electricity consumption by mounting temperature sensors to racks that constantly control thermo-hygrostats.



Green Data Center Certificate (Daedeok)

### Maximizing Data Center Efficiency

Pangyo Data Center is built-in with high-efficiency modular Uninterruptible Power Supplies (UPS) and free cooling refrigerating machines to raise the efficiency of electricity. Also, energy efficiency has been maximized by adopting renewable energy such as solar-geothermal energy.

In addition to efforts in streamlining electricity consumption, SK holdings has secured a high-density infrastructural environment to respond to IT trends and customer needs to build an environment capable of stable operation and prompt expansion of Cloud services. By combining global top tier level data center facilities and operating competencies, the company protects critical IT assets of customers and provides an optimum IT environment through stable electricity, air conditioning and security services.



### Eco-friendly Offices

SK holdings is achieving energy conservation and greenhouse gas emissions reduction by building eco-friendly offices through the introduction of high-efficiency facilities and improvements in facility operating methods. In 2018, the company replaced lights with LED and installed sensor software in the Bundang building, resulting in 19,636 kWh of electricity conservation during the year. Also, by improving operating facilities for air conditioning, the daily electricity consumption for air supply and ventilation was reduced by 512 kWh.

At the Pangyo Campus, circulating pump inverters for the heat exchanger in air conditioners were installed and saved 125,280 kWh throughout the year.



## Securing & Fostering Talent

The foundation of a sustainable company through changes and innovation rests on its 'employees'. To ensure employees to voluntarily and enthusiastically reach their maximum potentials, SK holdings has built an HR fostering system to secure key talents. Also, we have an integrated educational platform to secure technological advantages in digital transformation.

### HR Management System

#### Securing SKMS-based Key Talents

SKMS (SK Management System) is the business philosophy and the foundation of the corporate culture of SK holdings. SK holdings seeks for talents who aren't afraid to take on challenges and champion tasks based on their confidence in the business philosophy. To ensure that its employees voluntarily and enthusiastically exercise maximum potentials, SK holdings has built an HR management system to effectively foster key talents.

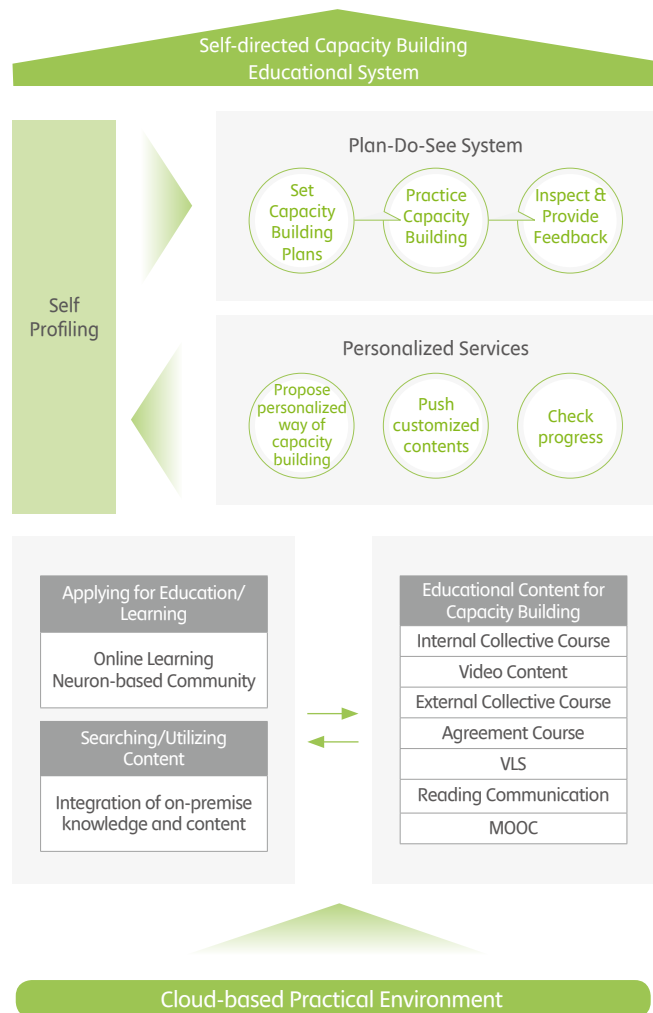


#### Building Digital Capacity

The key competitiveness of SK holdings lies in its advanced digital technology and the talents that possess this capacity. To foster such talents, SK holdings is strengthening a customized fostering strategy by digital competency level and a self-directed fostering system in which members can build capacity anytime anywhere. For this, in 2018, the company expanded and upgraded online educational contents for fostering level 1 and focused on introducing intensive practical educational programs for fostering level 2. Also, to foster experts over level 3, the company introduced a fostering program through mentoring and working with experts in company. In 2019, the company plans to expand the technological capacity building system to level 4 and more effectively and quickly foster digital capacity through strategic fostering aligned with companywide business model innovation.

#### Reinforcing Capacity based on IDP (Individual Development Program)

As a way to foster key talents that will lead digital transformation, we have introduced the IDP to provide customized training system depending on each individual's competency. The capacity information of each member identified from self-profiling is linked to the organizational and individual capacity building plans and utilized in developing training programs based on needs. In 2018, we built a capacity building platform (Learning Portal) to improve employees' convenience and quality of our support. In 2019, the IDP through one-on-one agreement and communication between leaders and employees has been introduced and the plan-do-see system based on the capacity data was secured, which is being used as a tool for self-directed capacity building.





## Fostering Key Talent in Digital Transformation

### TCL(Tech Collabo Lab)

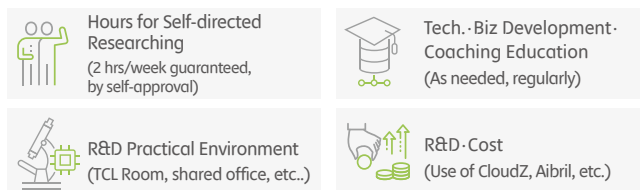
All employees of SK holdings can initiate a research topic through TCL. The TCL system is intended for self-directed capacity building of employees and in 2018, it was converted into a companywide operational and supportive infrastructure for the expansion of digital capacity base and synergy.

In 2018, 50 research subjects related with technological sectors(AI, Big Data, and Blockchain) have been conducted through TCL, which were participated by 281 members. If research activities and follow-up development processes are intensively conducted, the relevant cases will be supported for digital commercialization and linked to internal ventures. Also, the company promoted employee accessibility by building a constant open community, and expanded operational and infrastructural supports. Employee needs based systematic activity supporting infrastructure such as supportive policies·processes and educational coaching programs were provided and business and growth opportunities were given.

#### | TCL Operating Process |



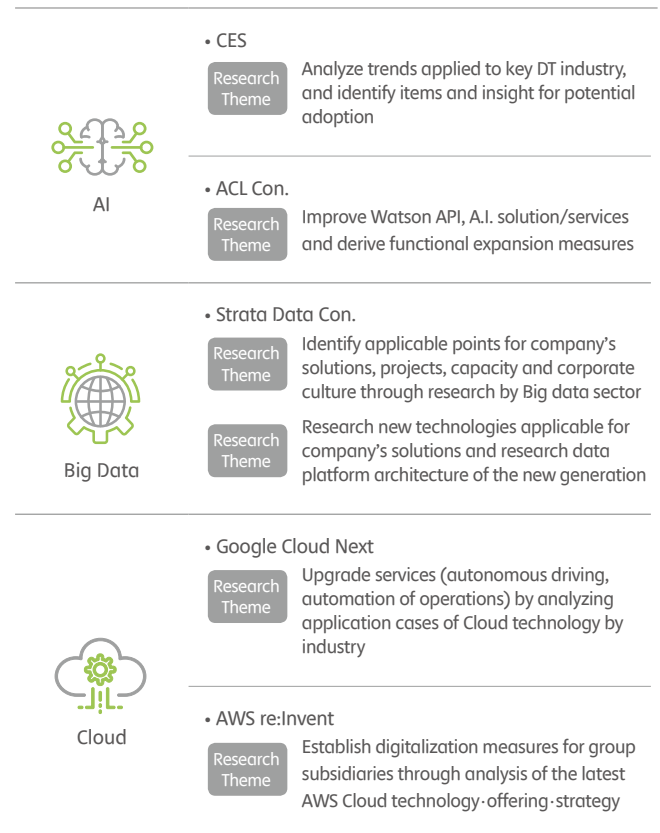
#### | TCL Activity Support System & Infrastructure |



### GSP(Global expertise Sharing Program)

For its employees to explore new ICT technologies and apply them to the organization and given tasks, SK holdings has been running short-term global field trip programs since 2015. Through GSP, employees can participate in global conferences or benchmarking programs at leading companies that are aligned to their fields of duty. GSP selects competent employees with passion and expertise and gives them the opportunity to raise global insight as well as expertise in business & technology. In 2018, 18 employees took part in 6 programs focused on AI, Big data and Cloud.

#### | 2018 GSP Operation Program |



### Long-term Intensive Program

SK holdings offers intensive tech-centered training opportunities to employees capable of leading the DT business. The long-term intensive program introduced in 2018 provided training at global professional institutions in data and Cloud for approximately 3 months. Three employees were selected to participate in capacity building programs such as the data scientist fostering program at the NYC Data Science Academy and the Cloud designing·proposal and delivery programs at the University of Toronto and the DT educational institution. These activities raised employees' pride in their fields as well as awareness on the significance of capacity building.





## Securing & Fostering Talent

### MOOC (Massive Open Online Course)

SK holdings has acquired quality educational contents from leading overseas universities to build the technological capacity of its employees. In 2018, we expanded the educational courses from digital technologies such as AI, Big Data, Cloud and generic technology by adding business sectors, operating a total of 78 courses.

In 2018, we introduced K-MOOC as a channel to secure online educational content for the enhancement of employees' DT capacity. In cooperation with KAIST, we introduced K-MOOC with excellent content (54 courses in DT, generic technology and management) that are aligned to SK holdings' business areas, and other educational programs necessary for SK holdings (5 courses in Cloud based SW engineering) were uniquely developed and reflected in the educational courses.

#### | Major MOOC Courses |

Division	Courses	Hosted By
 Big Data	The Data Scientist's Toolbox	Johns Hopkins University
	R Programming	
	Getting and Cleaning Data	
	Exploratory Data Analysis	
	Reproducible Research	
	Statistical Inference	
	Regression Models	
	Practical Machine Learning	
 Cloud	Cloud Computing Concepts	University of Illinois at Urbana-Champaign
	Cloud Computing Applications	
	Cloud Networking	
 AI	Machine Learning	Stanford University
 Generic Technology	Front-End Web UI Frameworks and Tools : Bootstrap 4	Hong Kong University of Science and Technology
	Front-End JavaScript Frameworks: Angular	
	Multiplatform Mobile App Development with Web Technologies:	
	Server-side Development with Node JS, Express and MongoDB	

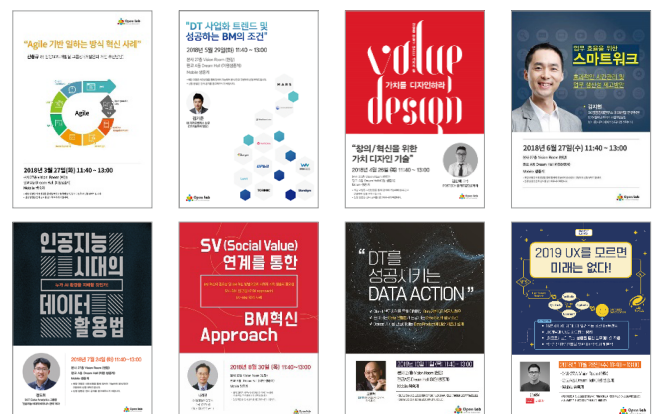
### Fostering Talents of Consilience

#### Open Lab

To foster talents of consilience in the era of 4th Industrial Revolution, SK holdings has been operating Open Labs since 2013. Open labs represent the flagship knowledge sharing seminars of SK holdings that are led by inviting lecturers with expertise and field experience. In 2018, 8 seminars under the theme of 'Discovering new business models and suggesting insight into innovating the way we work' were held in which 3,969 employees participated in. In addition, we expanded the knowledge sharing ecosystem to include employees at external sites and the business partners of SK holdings by broadcasting the seminar via mobile.

#### | 2018 Open Lab Programs |

Division	Program Title
1 Innovative Way of Work	Innovative Cases in Way of Work based on Agile
2 Business Model Innovation	Value Design Technology for Creativity/Innovation
3 Business Model Innovation	DT Business Trends & Conditions for Successful Business Model
4 Innovative Way of Work	Using Smart Work for Work Efficiency
5 Business Model Innovation	Data Utilization in the AI Era
6 Business Model Innovation	Innovative Approach to BM through Social value
7 Business Model Innovation	Data Action for the Success of DT
8 Business Model Innovation	2019 No Future without UX!





### Team Leader Fostering Programs

To foster the executive ability of team leaders and to accelerate DT performance, SK holdings operates fostering programs for team leaders. A total of five programs that are intended to foster business abilities(Business model innovation, innovating the way we work and sharing of business cases) and management abilities(Leadership school and leadership coaching) are in place.

Business Capacity Building Programs	Management Capacity Building Programs
① Business model innovation	④ Leadership School
② Innovating the way we work	⑤ Leadership coaching
③ Sharing of business cases	

### Capacity Building Programs through External Collaboration

#### Industry-Academia Joint Research System

To secure the digital transformation ability for future-oriented innovative business models, SK holdings has continuously expanded industry-academia joint researches since 2016. Since the introduction of the industry-academia joint research system, five researches are being conducted. Three researches have been commercialized, and four have been technologically internalized through patent applications, etc.

In 2018, we have secured key technologies such as source codes through the industry-academia cooperation such as 'development of deep learning design in the educational sector'.

As we have proven the effectiveness of the industry-academia joint research system through various achievements of commercialization and technological internalization, SK holdings looks forward to the further expansion of the industry-academia joint research system.

#### Industry-Academia Scholarships

Introduced in 2016, the AI and Big data industry-academia scholarship system selected 9 scholarship recipients as third-year recipients in 2018, in which 5 out of the recent recipients were recruited by SK holdings. Through the engagement program for industry-academia scholarship recipients, SK holdings will continue to secure key talents in technology.

### SK ICT Tech Summit

Since its launch in 2016, SK ICT Tech Summit has evolved into the group's representative ICT technology fair. In 2018, the summit was held as an open event to promote sharing and collaboration with external PR and business partners in technological leadership, through the reinforced collaboration beyond technological sharing with affiliates. A total of 14 companies including ICT related companies such as SK Telecom, SK Hynix, SK Planet, SK Broadband and SK holdings participated where 55 themes in 7 categories including AI, Big data, IoT, Cloud, media and security, were announced, and new relevant technologies were presented.

In particular, the outcomes of collaboration of SK Group subsidiaries were exhibited in the 'joint R&D zone' that was newly established in 2018. SK holdings presented the Blockchain based OCB utilization scenario, Blockchain management system, group API integrated platform and developer portal that were jointly developed with business partners.

SK ICT Tech Summit will continue to be promoted as an opportunity to exchange and create synergies by sharing SK Group's ICT competency and knowhow.



# Working Environment & Corporate Culture

The IT industry is going through a paradigm shift toward digital transformation. By revamping its business goals, SK holdings is leading deep changes with an emphasis on competency, action, core focus and self-directedness to fulfill value maximization based on innovation in working methods and creation of a happy culture for the employees.

## Establishing an Innovative Corporate Culture

### Employee Participatory Council for Corporate Culture Innovation

The Management Council of SK holdings performs key roles in creating a member-oriented corporate culture. It consists of an equal number of representatives of employees and managements, and discusses various agendas for the pursuit of happiness of employees at general meetings, which are held every 3 months. At general meetings of the Management Council in 2018, agendas on changes in the company's direction and interests of employees were discussed, more specifically, changes in internal and external environments and implementing tasks for innovation of working methods. To improve the satisfaction rate of the employees, the Management Council actively reflects opinions of employees in policies and processes such as expanding options and targets for health checkups in the employee benefit system, and performs key roles in creating a member-oriented corporate culture.

#### | 2018 Actions of the Management Council |

Division	Description
1 <sup>st</sup> (April 2018)	Discuss major tasks to innovate work
	Discuss major changes and issues in labor environment
	Discuss employees' recent areas of interest
2 <sup>nd</sup> (July 2018)	Progress and direction of self-design by sector
	Share opinions between employees regarding reduced working hours
3 <sup>rd</sup> (November 2018)	Follow-up on the Q2 general meeting (Reduction of working hours)
	Improve employee welfare system (Expand health checkup targets and options)
	Discuss employees' recent areas of interest

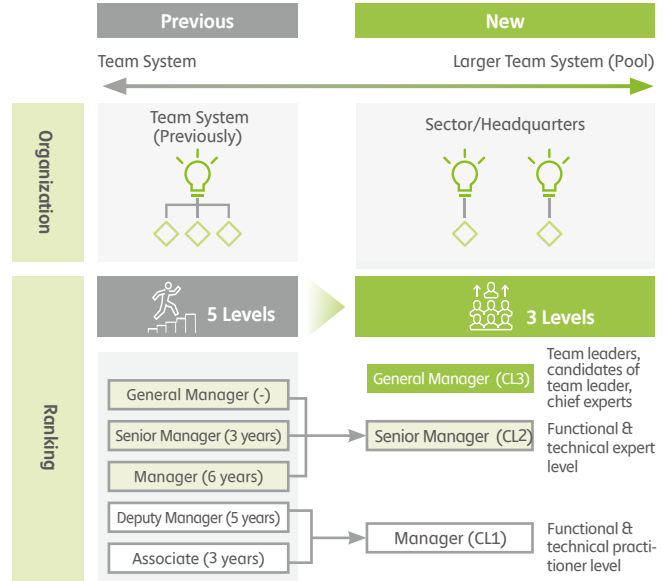
### Corporate Culture Created by the Change Initiator (C.I.)

SK holdings has a Change Initiator system to encourage the organization's growth and innovation. In addition to facilitating communication between managements and employees, we are diversifying communication channels for the employees by running the C.I. and providing careful advices on resolution methods for the achievement of concrete changes.

## Innovating the Way We Work for Deep Changes

### Flexible Organizational Structure

SK holdings strives to form and operate an organization that is adaptable to the unique business characteristics. Since 2017, the company simplified the seniority ranking system consisting of the general manager, senior managers, managers, deputy managers, and associate into three levels consisting of general managers, senior managers and managers. Through this, we created a horizontal working environment and a platform to shift into a competency-based compensation system. In 2018, in order to shift into a more fundamental and innovative working method, we redirected the approach from the company-wide perspective into a business sector perspective to derive innovative methods reflecting characteristics of each business, and achieved dynamic changes based on the consensus of employees. In 2019, we formed a flexible organizational structure that can be restructured anytime according to business needs.



### Innovating Performance Management

SK holdings aims to shift into a performance-oriented system rather than the people-oriented management system of the past in order to maximize sharing and collaboration instead of excessive competition. For this, we formed a task-based performance management system allowing constant evaluation based on actual performance. By designing the evaluation system together with our employees considering business and organizational characteristics, we adjusted proportions by rank and diversified the composition of the evaluator to include team leaders, task·project leaders and peers.

## Providing a Corporate Culture Oriented to Employees' Happiness

### Family-Friendly Company Supporting Work-Life Balance(WLB)

Balancing work and life is a priority task to be fulfilled to ensure happiness of employees. SK holdings is promoting various programs aimed at creating a 'workplace that makes families happy'. We introduced various practical and supportive WLB policies such as family care leaves, self-directed work, Mother-to-be program, child scholarship support (ages 5 to university students) and mobile offices, and are constantly striving to improve these programs. As a result, we have been certified as a family-friendly company since 2013. The certification for a family-friendly company is given by the Ministry of Gender Equality and Family to exemplary companies in supporting child birth and child care, flexible working system, and a family-friendly workplace culture according to Article 15 of the Act on the Promotion of Creating Family-friendly Social Enterprise.



### Program to Care for & Respect Pregnant Employees

SK holdings runs an institutional program for pregnant employees. The Mother-to-be program distributes pink lanyards for ID cards and congratulatory gifts to all pregnant employees.

After the birth of a child, the birth leaves are automatically converted to child care leaves, and reduced working hours during pregnancy (for under 12 weeks of pregnancy and after 36 weeks) are also operated. In addition, various policies aimed at solving the social problem of low fertility, and reducing hardships of employees in giving birth and child rearing including elementary child care leaves, in-company daycare centers and infertility leaves for married women are in place.



### Coding Education for Children of our Employees

As part of an effort to create a family-friendly workplace, SK holdings offers coding education to children of its employees. In 2018, two educational sessions including a practical class using children's coding materials and a demonstration class for exhibiting prototypes were conducted. A total of 98 children completed these programs, which fostered improved understanding and pride of their parents' work.



### Retirement Planning Program

The employees of SK holdings can prepare for a stable retirement with the support from the company. Various retirement programs such as career development and aptitude exploration program, retirement pension policy and retired talent welfare policy are in place. Retirement pension is a policy that securely deposits the severance pay of employees to external financial institutions and provides a lump sum payment or pensions for a happy retirement life.

As of the end of 2018, the estimated severance pay of SK holdings were at KRW 255.3 billion, of which KRW 222.3 billion are deposited into external asset management institutions. The external deposit ratio of severance pay at SK holdings is 87.1%, which exceeds the legal external deposit standard of 80%. SK holdings securely manages the severance pay of its employees to guarantee stable pensionable rights.

### Expansion of Shared Offices for "Innovating the Way We Work", and "Happy Culture for Employees"

The key purpose of SK holdings' shared offices is to "create an open and horizontal space that encourages collaboration and communication". Employees' work spaces were redesigned from assigned seats to free seats, motion desks and bar tables were installed, extra conference rooms were built to provide effective conferences and small long-term collaborations, and extra organizational conference spaces were installed. SK holdings is expanding and applying shared offices to enable employees to recognize changes in ways of work through redesigned spaces and to create opportunities for new growth.



# Risk Management

SK holdings is continuously enhancing its ability to respond to uncertainties by strengthening the management of unforeseen risks such as natural disasters and fluctuation of the exchange rates that may arise during business operation. To ensure systematic risk management, we are operating a senior risk management consultative group and establishing a risk management system for stable business operation by integrating communication channels for risk management, centered on a SPoC.

## Establishing the Risk Management System

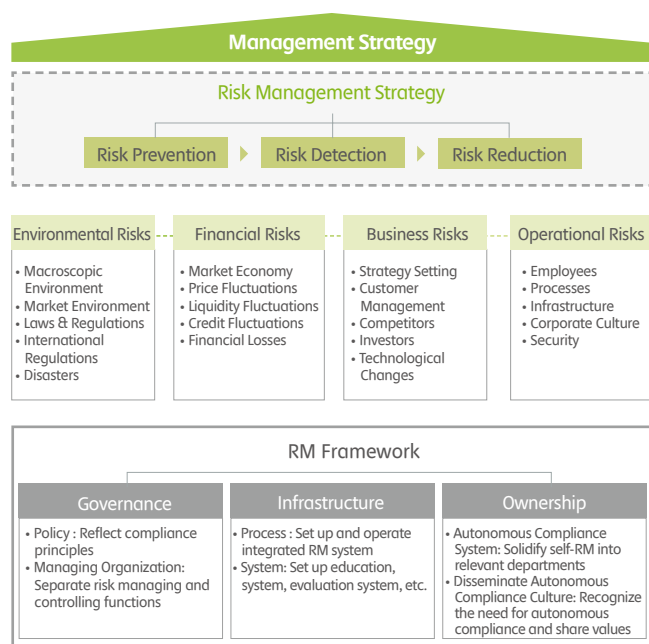
### Integrated Risk Management

Through its integrated risk management system, SK holdings identifies and prevents any threats such as incidents, actions and atmosphere that can cause negative influence on corporate management activities, and minimizes fluctuations in corporate values that may occur due to uncertainties in the internal and external environments.

The company analyzed macroscopic environmental risks to respond to mid- to long-term risks, and defined financial risks as sales, exchange rates, liquidity and interest rates, business risks as strategies, competitors, clients and technological changes, and operational risks such as employees, processes, infrastructure and security.

Through the risk management framework, SK holdings is establishing comprehensive response measures and policies for the implementation of risk reduction strategies beyond risk responses. We are collecting responsive measures for potential risks by identifying all scenarios that can have an impact on the company and quantifying the influences for preemptive risk prevention. For risks that have already occurred, the company takes appropriate measures to prevent recurrence of similar risks through immediate reporting, analyzing/responding and giving risk feedbacks.

### | Integrated Risk Management System |



### Risk Management System

To ensure a prompt risk responsive system, the company has a consultative group responsible to manage company-wide risks, led by the management board. A reporting system is in place to enable timely reporting of risks that have critical influence on business activities, and there are processes for relevant departments and the risk managing department to preemptively inspect risks and share issues in advance.

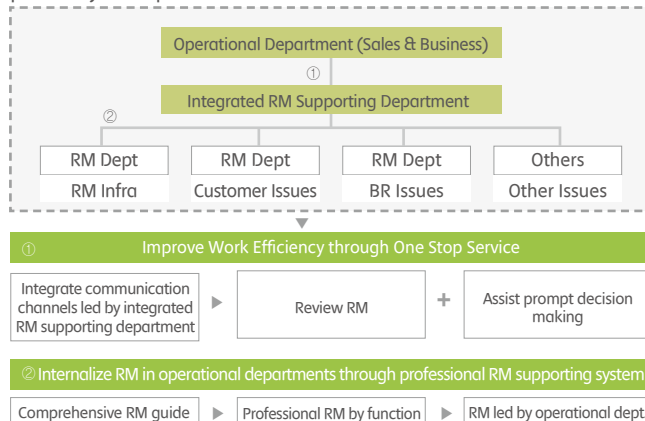
### | Risk Management Reporting System |



### Integrate Risk Management Channels

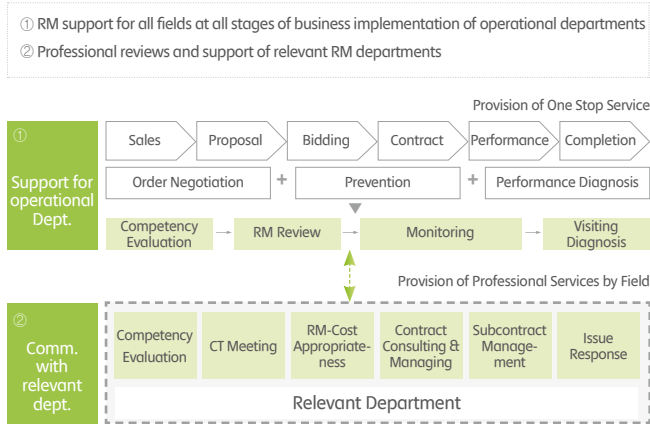
At SK holdings, managing departments receive professional RM support through a SPoC (Single Point of Contact) during business initiation based on the exclusive RM SPoC system by each business field. RM related communication channels are integrated to internalize RM which allows managing of risks through prompt and effective decision making.

### | SPoC System |





### | Roles of RM SPoC |



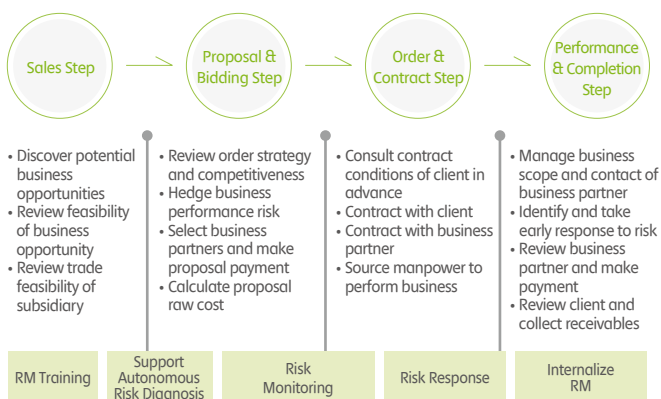
### Risk Management by Business Step

SK holdings identifies and manages risks in each step of businesses for investments of certain size. From the sales step of identifying potential business opportunities to the closure of project with provision of the business costs, SK holdings is improving company values by preventing, inspecting and resolving risks throughout all business processes.

The project manager responsible for business operation prepares the RM self-checklist by identifying risks in each business step. Relevant departments continuously monitor risks that have been reviewed during the business process so that the project manager can effectively manage risks. Risk management in each business step of SK holdings is also applied to overseas business sites. In 2018, we have fulfilled compliance activities in each step of the project through RM diagnosis of business implementation, and we plan to focus on risk management where risks have been identified.

In 2019, we plan to innovate processes and systems to optimize RM. Since risks need to be managed in a different aspect than existing ITS business characteristics when promoting DT businesses, we plan to establish an RM system optimized to DT businesses and improve risk management standards.

### | Risks to be Reviewed by Business Step and the Scope of Risk Management Support |



### Promotion of Compliance Program (CP) in Fair Trade

In order to create an autonomous compliance environment, SK holdings has revised the autonomous compliance program guide, and is continuously performing systematic compliance training. Also, it practices compliance management through diverse and practical compliance programs such as the internal supervision system.

In 2018, following the legislation notice for amendment of the Fair Trade Act by the Fair Trade Commission, SK holdings is taking preemptive management. In response to the strengthened protective measures in the Subcontract Act to prevent technological abuse and to protect technology of subcontractors, we have noticed training and revised act to all employees to ensure prompt response to legal-institutional changes during business performance.

Also, we have set up an internal system for reporting collusion cases before/after the occurrence, we are strengthening early sensing function of collusion related risks by improving employees' awareness to fair trading.

In addition, we send CEO CP letters, hold compliance training sessions, improve compliance portal and diagnose compliance competency of employees.

### | Compliance Program Operating Status |

**CEO CP Letter**

**Employee Compliance Training**

**Revised CP Guidelines**

**CP Portal Operation**

**CP Competency Diagnosis**

**Results of Understanding of CP and Competency Diagnosis for Compliance**

→ Compliance competency improved 12% since 2017

## R&D

SK holdings is aiming for a digital innovation leading company based on 'data' and 'digitalization'. In particular, it is combining organizational technological capacity based on A.I., blockchain, cloud and big data, and expanding investment portfolio focusing on key capacity in ICT based Digital Transformation(DT).

### R&D System

#### R&D Organization and Manpower

To kick start DT growth for combining business and technological capacity, SK holdings has expanded its R&D organization from DT technological sector to all digital sectors. The R&D organization in the digital sector consists of the DT Mgmt office group, tech. training group, platform & tech 1 group, platform & tech 2 group, and platform operation group.

##### | R&D Organization |

DT Mgmt. Office Group	<ul style="list-style-type: none"> <li>• Manage plans and execution of digital service investments</li> <li>• Set investment directions for R&amp;BD system</li> <li>• Set digital business strategy/plans</li> <li>• Plan digital products and manage life-cycle</li> </ul>
Tech. Training Group	<ul style="list-style-type: none"> <li>• Plan/operate digital capacity building programs</li> <li>• Build internal/external collaboration systems</li> <li>• Develop DT technological courses, coach, develop/operate LABs portal content, commercialize digital LABs</li> <li>• Provide internal/external UX consulting, etc.</li> </ul>
Platform & Tech 1 Group	<ul style="list-style-type: none"> <li>• Identify and capitalize businesses based on data analytics and machine/deep learning</li> <li>• Expand/upgrade Aibril platform functions, develop AI solutions</li> <li>• Expand vision AI functions, develop solutions</li> <li>• Develop Acculnsight+, apply in businesses and capitalize</li> <li>• Build open source based data platform and support businesses</li> <li>• Apply and upgrade DT technological platforms such as AI and data</li> </ul>
Platform & Tech 2 Group	<ul style="list-style-type: none"> <li>• Discover blockchain business model, develop businesses, provide consulting and presale</li> <li>• Develop blockchain platforms/solutions</li> <li>• Upgrade NEXCORE/ALOPEX frameworks and provide technical support</li> <li>• Develop blockchain as a service, etc.</li> </ul>
Platform Operation Group	<ul style="list-style-type: none"> <li>• Plan, develop and operate CloudZ (DT integrated portal) / Aibril portal</li> <li>• Operate digital platforms, develop and operate hybrid/multi-cloud managed services and DevOps</li> <li>• Internalize ZCP platform and cloud services, perform cloud business projects, etc.</li> </ul>

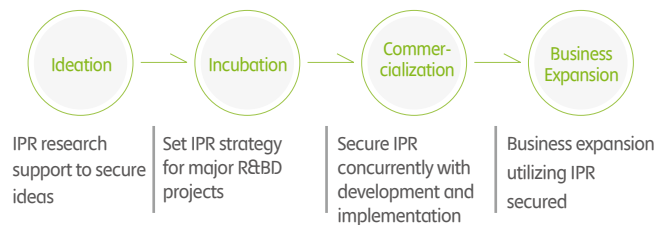
#### R&D Intellectual Property Right Management System

In 2018, SK holdings has transferred 54 patents to SKTL, and as of April 2019, holds a total of 160 patents.

To more systematically manage its Intellectual Property Rights (IPR), SK holdings has restructured its patent business and technology classification system.

It is providing supports in the business identification step, and phased supports to R&D business implementation and diversifying the utilization of IPR in possession to strengthen the IPR related response system.

##### | Phased IPR Supports in R&D Implementation |



##### | Holding Patents |

Business Division	Patent Applications / Registrations
AI	3
Blockchain	3
Cloud	2
Finance/Strategy	4
Solution	18
Manufacturing	28
Telecommunication	24
Integrated Service	1
Existing Business	77
<b>Total</b>	<b>160</b>





## Strengthening Digital Transformation Capacity

SK holdings defines digital transformation (DT) technological sectors such as cloud, big data, A.I., and blockchain as key R&D sectors, and expands R&D investment portfolio reflecting technological changes and market needs.

### Cloud

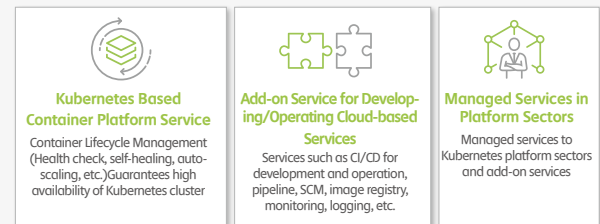
'Cloud Z', the cloud business brand of SK holdings has access to cloud centers worldwide and their resources anytime, and can reduce company's operational expenses by providing cloud services such as IaaS (Infra as a Service), PaaS (Platform as a Service) and SaaS (Software as a Service) that meet all customer needs and an integrated IT service that combines ICT new tech elements.

#### | Characteristics of 'Cloud Z' Services |

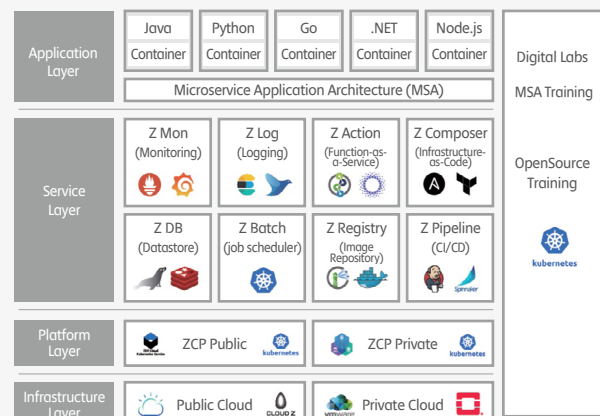


## Cloud Optimized Development & Operational Environment - 'Cloud Z Service Platform'

These open source (Kubernetes) based fully managed cloud platform services allow companies to fully focus on their businesses through provision of public and private IaaS, Kubernetes private cluster at the enterprise level, container based MSA coaching programs, diverse open source catalogues and add-on services.

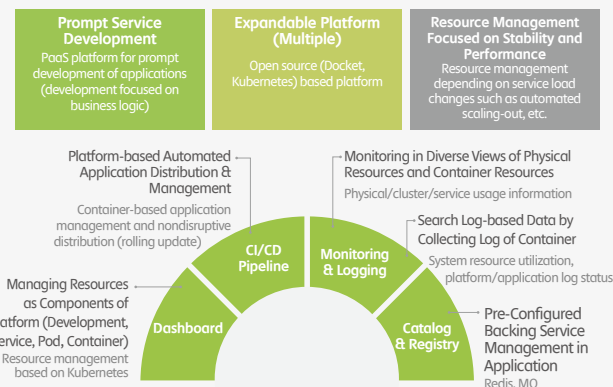


### Schematic Diagram of Cloud Z Service Platform

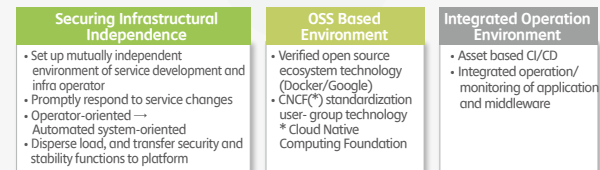


### Characteristics of Cloud Z Service Platform Services

Cloud Z service platform is intended for developing and operating applications optimized to the cloud environment, and offers an environment that integrates the image archive as the container orchestrator, management console and monitoring functions.



### Introduction Effect



## R&D

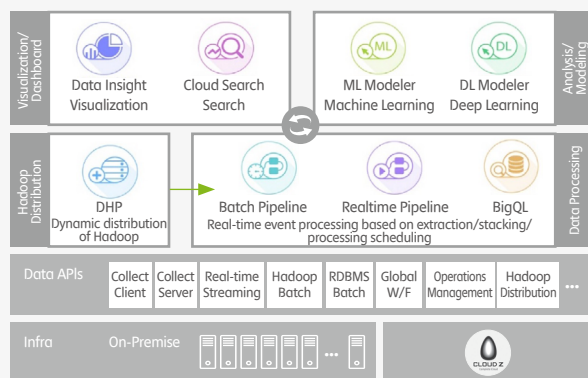
### Big Data

SK holdings provides big data services with an emphasis on mass data collection, storage, processing, analysis and operation, and develops solutions that combine technologies accumulated from business implementation and latest big data technology.

#### Big Data Analyzing Platform Service - 'AccuInsight+'

AccuInsight+ is a data analysis platform service by SK holdings that provides an integrated service for data collection, processing, analysis and visualization as well as professional technical supports. AccuInsight+ supports both on-premise and cloud platform methods, and ensures easy and fast data connection via data API layer, hence providing high data analysis accuracy while saving time and costs.

#### Schematic Diagram of AccuInsight+ Services



#### Major Services by AccuInsight+ Sector

- Data Analysis & Modeling
  - Machine learning modeler (A web-based dispersed parallel modeling tool without coding), deep learning modeler (A tool for quick set-up, execution, distribution and management)
- Data Processing
  - Batch pipeline (Easy to compose a complex data processing workload with high availability), real-time pipeline (Process simplified streaming data), BigQL (A dialogue query service capable of easily analyzing data in IBM object storage)
- Data Visualization & Dashboard:
  - Cloud Search (Compose/distribute ELK stack based on cloud), Data Insight (visualization, analysis and integrated monitoring of diverse resource data)
- Hadoop Distribution Platform
  - DHP (Dynamic Hadoop Platform, Hadoop managing & distribution service)

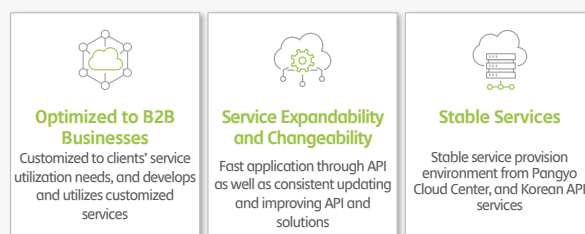
#### Application Areas

- Creates 'Defective discriminant model of Semiconductors'
- 'Product recommendation system' in an online shopping mall
- 'Price estimation service of real estate sales prices' in an asset management company
- 'Insurance screening and rating' in an insurance company
- 'Atmospheric pollution prediction based on real-time atmospheric pollution index' of an information agency, etc.

### A.I. (Artificial Intelligence)

'Aibril', an intelligence services system of SK holdings, is a cognitive computer platform that optimizes IBM's A.I. system Watson to Korea's environment. It provides optimum answers and insights to natural language questions, and learns human intelligence to create services in diverse industrial areas ranging from financial, medical, media, educational, manufacturing and logistics sectors.

#### Artificial Intelligence Services - 'Aibril'



#### Aibril API

- Providing Watson based API such as synthesis of dialogue and voices, voice recognition, tendency analysis, natural language sorting, understanding natural language, image recognition, WKS (Watson Knowledge Studio), discovery, etc.
- Vision based independently developed API such as face recognition, object recognition and text recognition
- API such as sentence separation for processing/analyzing natural language, searching for synonyms, word spacing, Tokenizer, Keyword+, Entity+, Category+, Sentiment+, document summarizing, sentence creating, understanding passages, BERT+

#### Aibril Solution

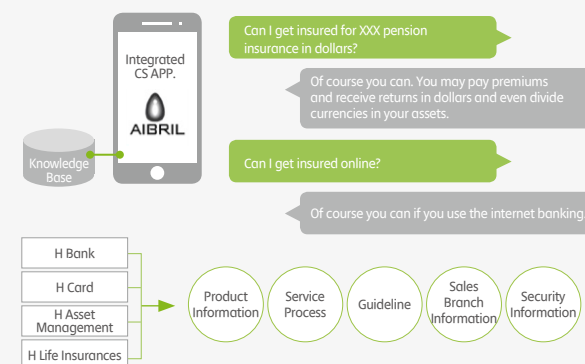
- Developing/providing chatbot based solutions such as D.Bot, AIR Bot and A-Chat
- Business support solutions such as HR for recruit, SPALO, etc.
- Vision solutions such as Aiden FRS and medical imaging analysis, etc.
- Partner solutions such as noise removal, Wake-up and Echo Cancel, etc.

#### Application Areas

- 'Chat-bot'
  - Supports text-based Q&A's to various inquiries related with the use of financial products, branches and services by providing a call center application

Example: Group Integrated CS APP.

Q&A based on text to diverse inquiries of clients related with products, branches and service use



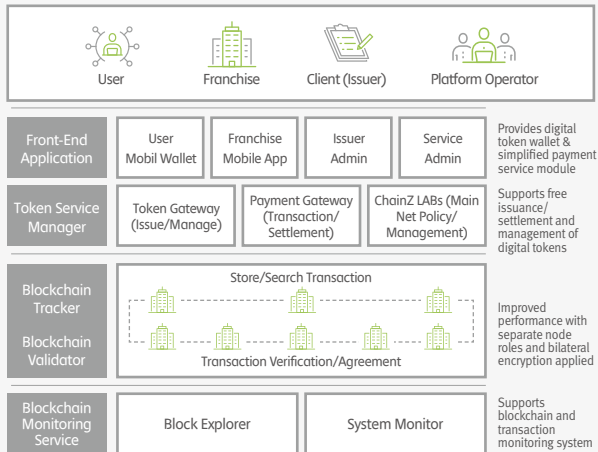
## Blockchain

Blockchain is a data dispersion storage and management technology based on cryptography technology and dispersion system, and a dispersion database that ensures trust through network participants. SK holdings possesses Enterprise and Coin Blockchain platforms based on a Blockchain platform brand 'ChainZ', and provides the optimum Blockchain network by selecting platform and service modules according to customer needs.

### Blockchain Platform – 'ChainZ'

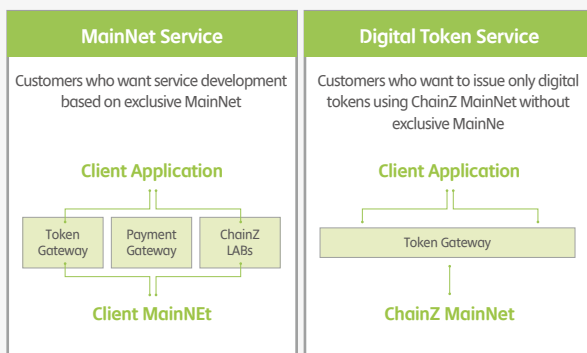
- Coin Platform: Ripple based Private Coin Platform
  - Issue/use/settle e-currency (Coin)
  - Diverse products such as set-up type and BaaS (Blockchain as a Service)
  - Specialized solution without similar models in and out of Korea
- Enterprise Platform: Hyperledger Fabric based Private Enterprise Platform
  - Technology capable of internal/external Blockchain businesses (B2B)
  - Practical experience and API in diverse fields such as certification, tracking and document, etc.
  - Diverse additional functions to improve convenience in Blockchain application

#### Structure of ChainZ Coin Platform



#### Services of ChainZ Coin Platform

- CloudZ infra, ChainZ Coin Platform, Managed Service



## Digital Labs for X

Digital Labs for X is a customized education program for SK holdings' digital transformation innovation to solve on-site problems together. New technological architecture needs to be introduced for DT such as cloud, big data, AI and blockchain, and this must be preceded by verification of technologies and application methods suitable for business and organizational characteristics. To this end, Digital Labs for X internalizes new technological capacity and supports innovation of key businesses through technology.

### Customized Training

- A basic curriculum led by an expert in Digital Labs that plan, design, operate and evaluate processes based on customer needs

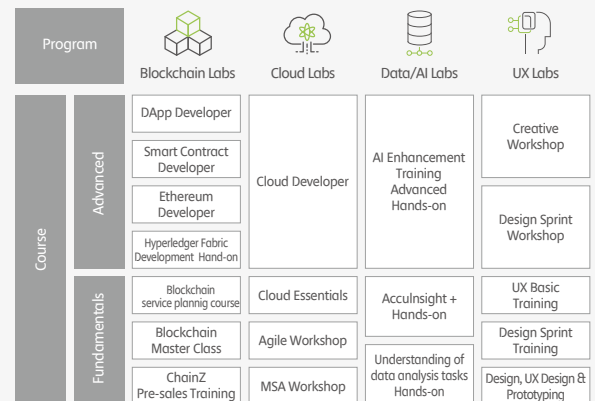


### Coaching in Mini-Projects

- Coaching in mini-projects that 'executes services' after analyzing current problems of clients → planning services → and setting up scenario



### Training Offering Map



# Quality & Service Management

Improving the quality of services and customer service is the key to customer satisfaction management pursued by SK holdings. SK holdings operates an advanced service management system based on SLA (Service Level Agreement) to seek customer happiness, and communicates with customers via various channels.

## Integrated Quality Innovation System

### Service Level Agreement (SLA)

In order to provide high quality services to customers, SK holdings developed the 'Service Level Management System (SLMS)', which reflects specific standards of the IT Service International Framework ITIL (IT Infrastructure Library) and is actualizing outstanding service management.

SK holdings' customer service management is carried out based on SLA (Service Level Agreement). SLA defines the goals and responsibilities for IT services between service providers and customers, and is used to quantitatively measure, evaluate and manage the service that is provided. It reflects service levels consisting of customers' requests and a detailed service contract. SK holdings is continuing to improve the SLA as the center of high quality management.

### Optimizing the Process(PI) for DT/ITS Integrated Operation

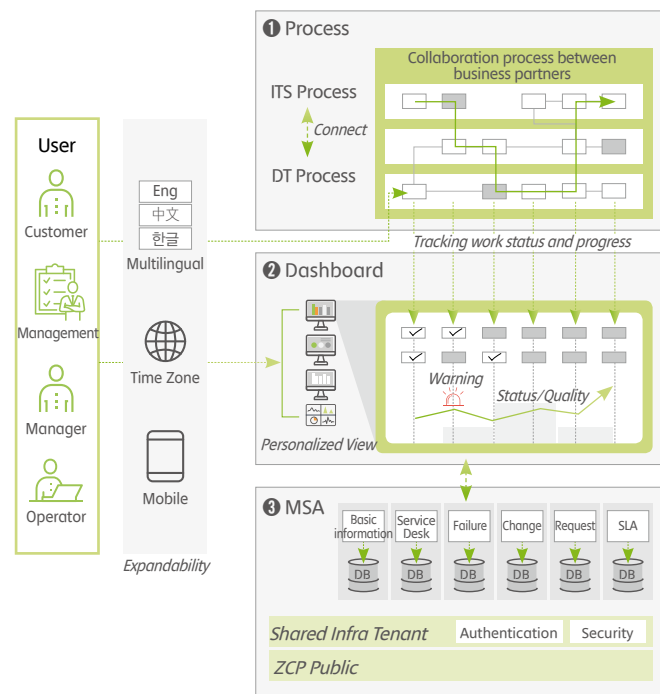
In order to preemptively respond to DT's infrastructural changes, SK holdings is continuously innovating processes by applying improvement demands of customers and employees. As such, the operating process has been optimized in 2018 to finalize the integrated operating management system for DT/ITS, and by commencing an actual system development, the 'ServiceFLOW' system was launched in April of 2019.

The ServiceFLOW system continuously links the entire ITS operating processes, removing inefficiency in existing operating methods caused by disconnected procedures. In other words, the work flow links customer request with SLA management so that all submitted customer requests (ticket) are managed until finalization.

ServiceFLOW system now enables collaboration with external Cloud Vendor by integrating DT and ITS operating processes and linking Cloud operating

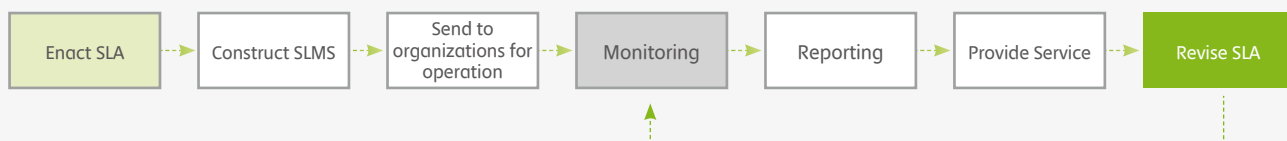
processes that customers can trust. In addition, by securing an operating process with an ability to respond flexibly despite changes in working methods with an organization in the future, we are improving delivery competitiveness such as better operating quality and differentiated customer services.

### | ServiceFLOW System |



### Operating Process of SLA (Service Level Agreement)

Service levels at SK holdings are managed based on the 7-step process consisting of enacting SLA (structure designing, drafting, consulting & agreement), constructing the service level management system, sending to the operating body, monitoring, reporting, servicing and revising SLA. In the SLA enactment step, customer requests are collected to design the SLA structure, details are confirmed and agreed on through consulting, and 'SLM methodology' is developed and operated. Then, the service level management system is designed, and the SLA system is used so that management items are measured and goals are agreed upon. After servicing, major issues are identified through SL reporting, and service evaluation meetings are held on a monthly basis for review with customers.



## Strengthening Management Activities Reflecting Stakeholders' Needs

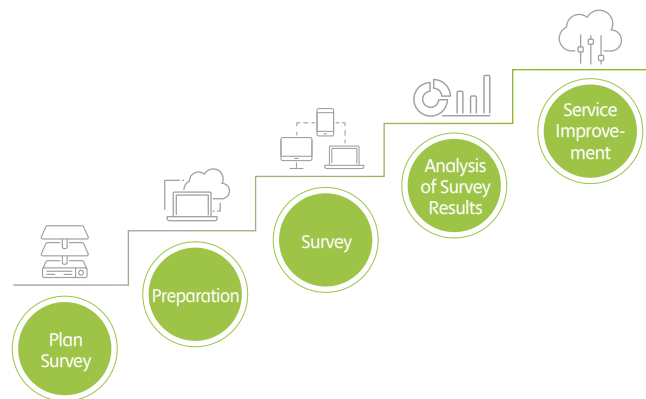
### IT Service Customer Satisfaction Survey

Since 1999, SK holdings has been conducting satisfaction surveys of end users of its clients on overall IT services to manage the service quality. This is to quantitatively assess the satisfaction level of clients on IT services provided by SK holdings and to diagnose and improve unsatisfactory elements in quality by each area.

In 2018, the survey was conducted on 2,051 customers (online: 1,871, face-to-face: 180), and for comparative analysis, an online survey of 511 competitors was also performed.

The total customer satisfaction score of SK holdings was 75.5 points, which is about 5 points higher than those of the competitors, but fell by 2 points YoY. We received high ratings in user support and security quality, but the satisfaction levels were low in network quality and applied business system quality. Major VOC(Voice of the Customer) is network speed-access failure, ERP-GW system improvement requests. SK holdings shares analysis results and VOCs with business organizations to identify areas of improvement and raise the service standard.

| Flow Chart Reflecting Customer VOC and Satisfaction Survey Results |



### Activities to Provide Insight on Customer IT/DT

SK holdings is promoting various activities to provide insight on customers' IT/DT (Digital Transformation). In particular, we officially launched the DT seminars for customers in 2018. 11 DT seminars, attended by 7 companies, unfolded under the DT related themes as per customer request or as prepared by SK holdings. DT council, CIO council, and IT planning team council were also held. In addition, a monthly issue of the CIO Insight report including the analysis of the latest ICT/DT trends for CIOs of clients were published.

| 2018 DT Seminar Themes |

1	Battery Business Digital Transformation
2	5G Based Autonomous Driving-Connectivity Service
3	BM Innovation Case Based on Customer Data Analysis
4	Digital Marketing Based on New Media
5	DT Utilization Case in the Construction Industry
6	Overview & Applied Cases of AI-Deep Learning-Operation Efficiency of the Energy Industry Using AI
7	Prediction System Establishment Case Based on Data Science
8	Understanding & Applied Cases of Blockchain
9	Telecommunication & Smart Factory
10	Domestic IPTV Data Science Operation Cases in the Industry
11	2019 Predictions & CIO Key Agenda

### Discovering Customer Value Up Cases

In order to continuously encourage customer-oriented service activities, SK holdings is identifying cases that have raised the values as experienced by customers through differentiated activities.

In 2018, the company selected 9 exemplary cases that have raised customer values out of 59 recommended cases by interviewing customers and reviewing cases that resolved customers' needs and pain points. These 9 cases have innovatively contributed to growth in sales or improved quality standards by preemptively strengthening the failure prevention/response system through early sensing of symptoms or by improving customers' business processes. As the performances were recognized by client companies, we are pushing for the dissemination and application of these exemplary cases companywide.



# Mutual Growth

SK holdings is committed to creating a fair trade culture based on trust of business partners to fulfill 'happiness of stakeholders', which is the management philosophy of the company, and build partnership that encourages mutual growth by strengthening corporate competitiveness. By acknowledging that the growth of partners leads to our growth, we will strive to empower the entire value-chain of SK holdings based on various support and cooperative measures.

## Establishing the Implementation System for Mutual Growth

### Mutual Growth Policy

Based on the trust of business partners, SK holdings is constructing fair and transparent relationships, through which the company pursues practical mutual growth. Also, we are activating communication with business partners and operating professional support programs to create a sustainable future. Based on the fair trade order with business partners, we are creating concrete mutual growth outcomes by building long-term mutual partnerships, contributing to providing a basis for sustainability management of the company.

### Organization for Mutual Growth

In order to strengthen the mutual cooperation system with business partners, SK holdings has set up the Mutual Growth Consultative Group. The Mutual Growth Consultative Group consists of the Procurement Division, Ethics Management Division, Corporate Finance Division and ITS Innovation Division. It autonomously inspects the compliance of the monthly mutual growth agreement to improve fairness and legality of contracting trades.

### Internalizing a Culture that Practices Mutual Growth

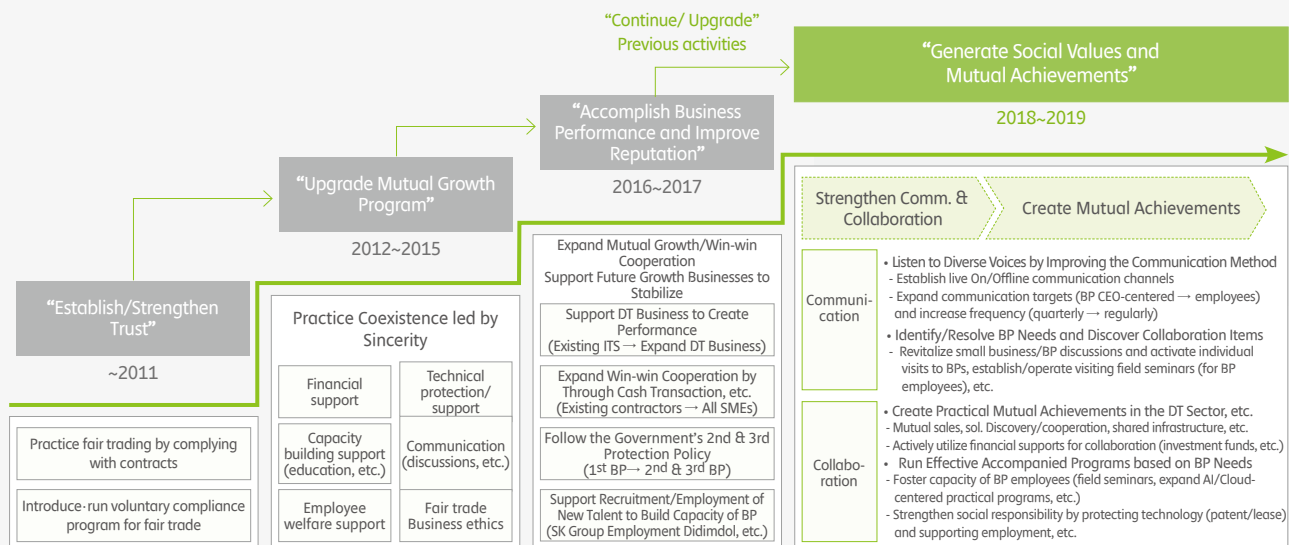
SK holdings has shifted its focus from coexistence in terms of policies-systems to the culture of mutual growth. To this end, we share a common understanding through consistent communication between stakeholders and developed long-term and stable mutual growth programs for operation.



### Outcome of Pursuing Mutual Growth

The Mutual Growth Committee quantifies the level of mutual growth of the company and publishes the annual mutual growth evaluation results. SK holdings received the 'Excellent' Grade for 4 consecutive years since 2014, which is the highest grade for mutual growth.

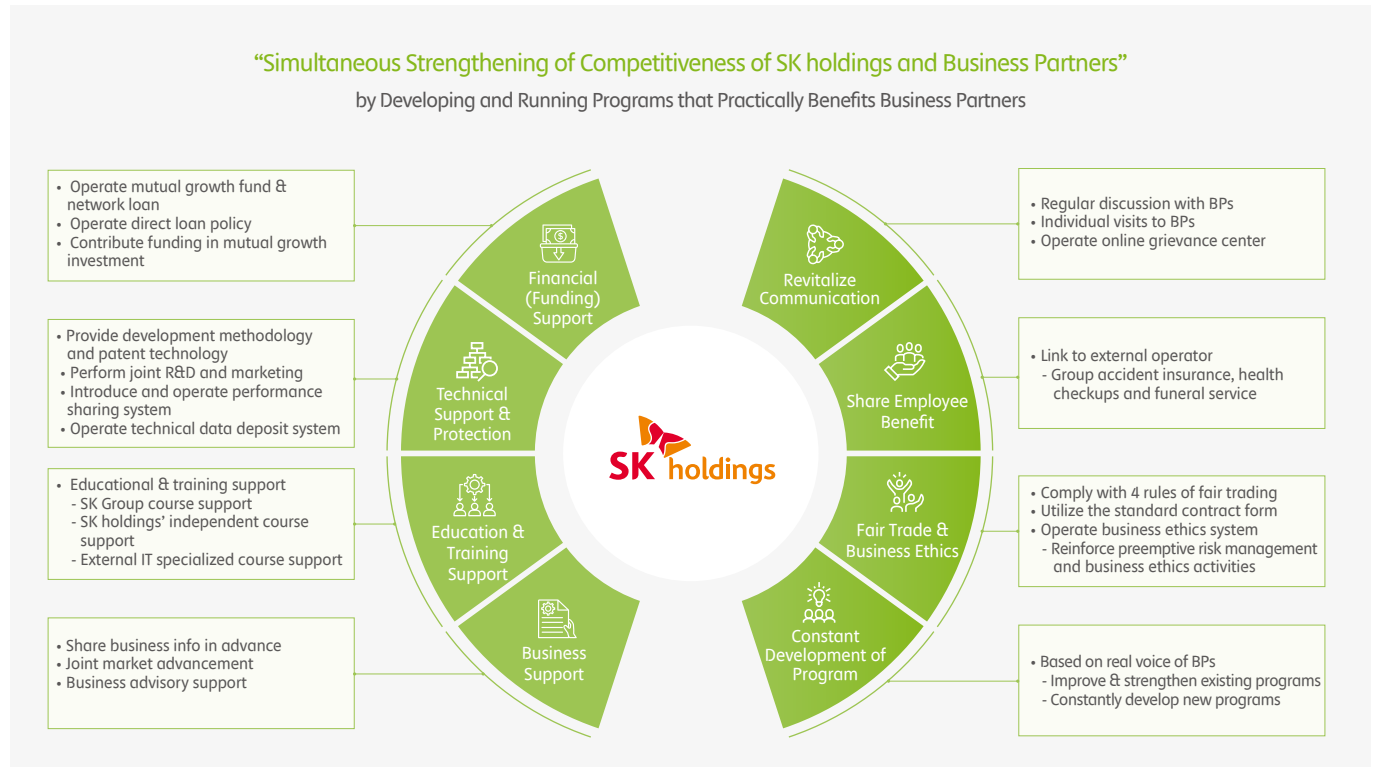
## Roadmap and Direction of Mutual Growth



※BP : Business partners in trading relationship with SK holdings categorized by strategic, excellent, regular classes



## Mutual Growth Programs of SK holdings



### Strengthening Communication with Business Partners

SK holdings regularly communicates with business partners to strengthen partnership and achieve mutual growth based on enhanced reciprocal understanding with business partners.

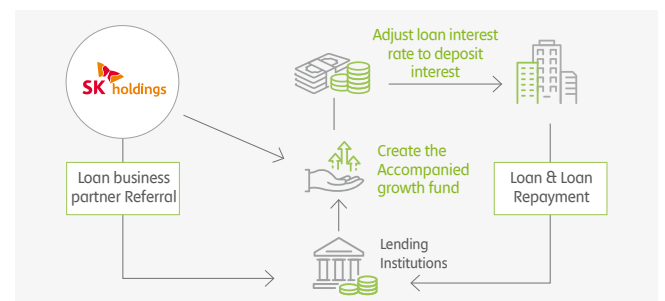
Seminar for CEOs of business partners is a platform that creates win-win business performances and promotes discussion on mutual growth measures with the attendance of around 90 representatives of business partners of SK holdings in all industrial fields including digital, finance, manufacturing, service and communications. In 2018, we discussed social value activities to secure future competitiveness and cooperative measures to practically digitize businesses. Also, the company set up a new business partner lounge and introduced seminar rooms to encourage collaboration and communication with business partners.



SK holdings seeks to motivate collaboration and resolve difficulties on practical terms by visiting business partners and communicating with CEOs and executives of business partners.

### Financial (Fund) Support

SK holdings provides a business basis for business partners to secure funds at lower interest rates compared to the commercial rates by operating the mutual growth fund and network loans. Also, to enable business partners to secure cash liquidity and carry out planned financial activities, the company offers business partner-oriented payment processes. In 2018, SK holdings provided approximately KRW 11 billion in financing and fund supports.



## Mutual Growth

### Educational & Training Support

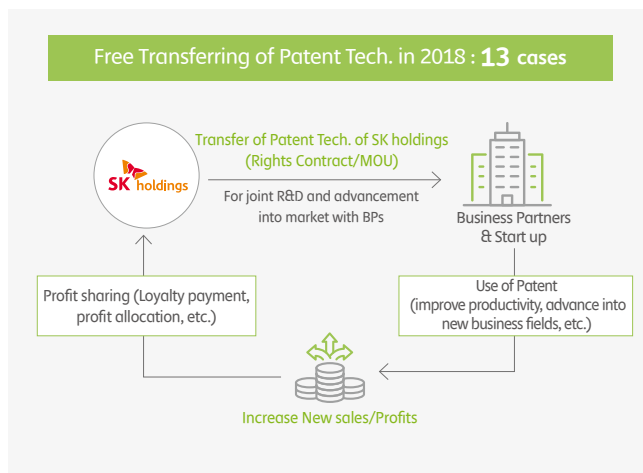
SK holdings contributes to improving the competitiveness of business partners and creating a sound IT service market by providing capacity building education programs. In particular, the group education program, SK Mutual Growth Academy, supports enhancement of capacity in management, marketing, finance and leadership, and these customized education programs are offered to employees of business partners free of charge based on annual education plans.

Division	Program Title	2018	
		Description	Trainee (Persons)
SK Mutual Growth Academy	CEO Seminar on Mutual Growth	Special lecture from experts (management, humanities, history, etc.)	50
	Mutual Growth MBA	8-week mini MBA course (including global W/S)	9
	E-learning on Mutual Growth	92 online programs on IT, OA and management, etc.	1,734
	Mobile Academy	Courses on duties, leadership, insight and language, etc.	963
SK holdings	VLS	56 online programs on IT and business strategy, etc.	193
	Improper Solicitation and Graft Act	Online lecture on Anti-Graft Law	-
	Business Partners CEO Seminar	Special lecture on IT trend for CEOs of Business Partners	165
	Courses of External Organizations	Multi-campus Corporation, Korea HRD, Korea Hewlett Packard educational center programs	30

### Technical Support & Protection

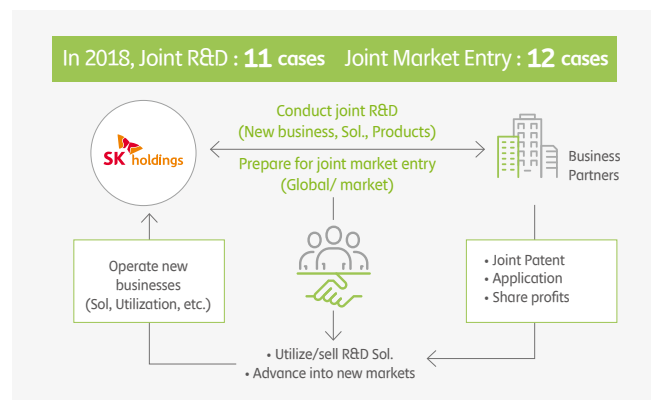
#### Providing SK holdings' Patented Technologies

The company provides the use right of patented technologies of SK holdings to business partners and startups free of charge. Through this, business partners can secure opportunities to advance into new business areas and maximize work efficiency with small resources, while SK holdings can expect profit sharing through performance sharing contracts and the sharing of intellectual property rights with joint patent application.



#### Joint R&D and Joint Advancement into Market

Through joint R&D with business partners, the company intends to transfer SK holdings' technology and business knowhow and build the technological capacities of business partners. Also, it strengthens the business competitiveness of business partners by providing SK holdings' infrastructure when advancing into new markets such as the global market. Through this, SK holdings was able to reduce resources by collaborating with professional business partners and shorten lead time for advancement into new markets. business partners resolved issues on limited resources and environmental problems by implementing R&D based on a stable sales network.



#### Technical Data Deposit Policy

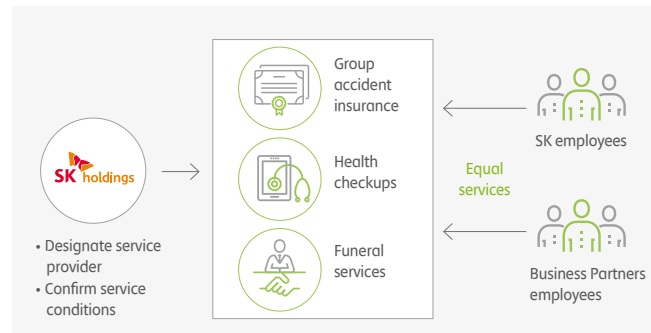
To protect key technology of business partners, SK holdings and business partners jointly store data in a third party organization to prevent leakage risks of SK holdings' technology. Through this, business partners can prevent technology theft, leakage and loss, and SK holdings can guarantee licenses and R&D stability.

Technical Data Deposits  
in 2018  
29 cases

Patent Application  
Supports in 2018  
4 cases

#### Share Employee Welfare Infrastructure

SK holdings operates various employee welfare systems to offer benefits to employees of business partners. In particular, the company provides equal conditions as its own employees for group accident insurance, health checkups and funeral services.



## Supply Chains

### Supply Chain Risk Management

In 2018, SK holdings has invested in KRW 889 billion in human resources to develop HW, SW and systems/solutions through approximately 1,480 business partners at home and abroad. Also, the company contributes to the development of production sites and society through local purchasing when operating overseas businesses.

| Domestic & Overseas Supply Chain Purchasing Status | Unit : KRW 100 million

Division		2016	2017	2018
Total Purchase Amount		12,373	7,721	8,889
HW/SW	Domestic Purchases	4,286	3,657	3,840
	Overseas Purchases	2,857	180	22
Outsourced Workforce	Domestic Purchases	4,566	3,826	5,017
	Overseas Purchases	664	58	10

## Business Partners Selection & Evaluation

### Selecting Business Partners

SK holdings evaluates financial soundness, business stability and sustainability to ensure fairness and objectivity when selecting business partners. Since enacting the Code of Conduct of business partners in 2017, we are reinforcing compliance management and CSR as the foundation of mutual growth. In the contracting process, the company creates a culture of continued mutual growth by signing the business ethics pledge and the confidentiality agreement with BPs

### Evaluating and Managing Business Partners

SK holdings evaluates and manages business partners in a fair and clear manner. To build a consistent win-win environment through mutual cooperation, we classify BPs(Business Partners) into strategic BPs, excellent BPs and general BPs and provide varying incentives by grade.



### Systematic Business Partners Management Process for Mutual Growth

#### Temporary Suppliers

- Businesses that fall below the BP(Business Partner) entry standards but have potentials to become BPs (Permitted to limited trades, e.g. used only for specific business)



#### Basic Qualifications for BPs (Once a month)

- Trade performance of previous year
- Business evaluation
- Credit assessment
- Certifications related to business operations, etc.

#### Selection of Business Partner(BP)

##### General BP

- Business Partner in general partnership that have a certain level of market competitiveness and financial stability (Basic BP pool capable of trading with SK holdings)

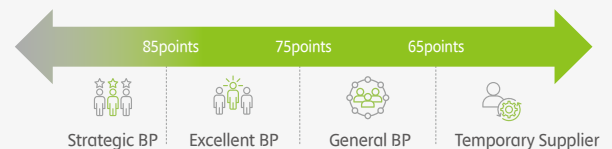
##### Excellent BP

- Business Partner in an excellent partnership (High priority placed for the mutual growth program)

##### Strategic BP

- Business Partner in a strategic collaborative partnership (Top priority placed for collaborative opportunities and the mutual growth program)

#### Adjusting BP Grades through Regular Evaluations (Every April – June)



#### According to Regular Evaluations of Business Partners

- Business Performance Capability
  - Trade and business performance
  - Business evaluation
  - Number of permanent employees, etc.
- Level of partnership with SK holdings
- Level of support for external businesses
- CSR and SHE evaluation of business partner, etc

### | Business Partners by Type and Grade |

Types of Business Partners	No. of BPs		General		Excellent		Strategic	
	'17	'18	'17	'18	'17	'18	'17	'18
Product Purchasing	141	138	113	108	28	30	-	-
Outsourcing	130	131	71	73	54	53	5	5
DT	54	49	54	49	-	-	-	-
<b>Total</b>	<b>325</b>	<b>318</b>	<b>238</b>	<b>230</b>	<b>82</b>	<b>83</b>	<b>5</b>	<b>5</b>
Parties Agreed to Mutual Growth among Business Partners	60	46	28	19	27	22	5	5

# Mutual Growth

## Sustainability Management of Business Partners

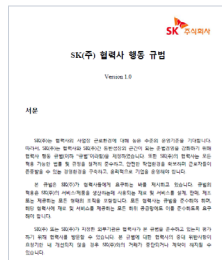
### Managing Risks of the Supply Chain

To build a sustainable and healthy supply chain ecosystem, the company established and ordered mandatory compliance with the Code of Conduct for Business Partners consisting of four topics – human and labor rights, safety and health, eco-friendliness and business ethics. The company restricts any further trades with business partners that violate the Code of Conduct, which is disclosed from the SK holdings Purchasing Information System (<https://procurement.skcc.com/hdk/bbs/noticeView.do>). SK holdings evaluates sustainability management of business partners on a comprehensive level in an effort to prevent sustainability management risks in advance.

SK holdings' Purchasing Information System



Code of Conduct of BPs



### Process of Supply Chain Risk Management

SK holdings established a systematic process for extensive management of supply chain risks in the fields of economy, environment and society. During the annual evaluation, business capacity, level of partnership with SK holdings and sustainability management elements in human & labor rights, safety & health, eco-friendliness and business ethics are evaluated. Regular evaluation provides standards to determine the trade continuity with business partners, and offer benefits to business partners depending on evaluation scores.

※ Regular Evaluation Scoring Criteria for business partners: Advantages (new businesses, mutual growth, sustainability management-CSR), Disadvantages (noncompliance to business ethics and security policies, etc.

#### | SK holdings' Supply Chain Risk Management Process |



### Items for Evaluation for Enhancing Sustainability of Supply Chain

The company developed evaluation items to strengthen sustainability of the supply chain consisting of 14 items in 4 areas including safety and health in order to verify sustainability risks that may arise at business partners.

All business partners of SK holdings, excluding temporary suppliers, are required to perform a self-diagnosis to identify sustainability risks that may occur in the supply chain based on the evaluation items. Also, risks of excellent and strategic business partners are reviewed through on-site assessments at business sites depending on the annual evaluation results. SK holdings plans to conduct self-assessments of sustainability risks in the supply chains of all general, excellent and strategic business partners by 2023, and continuously expand risk management by visiting business sites.

### 2019 Sustainability Management Evaluation Results of Biz.Partners

SK holdings performed sustainability management evaluation of its excellent and strategic business partners. The evaluated business partners gained excellent results of 89 points on average in human rights and labor, safety and health, eco-friendly management and business ethics, up by 1.3 points from 2018. However, the business ethics sector looks somewhat weak (77 points), indicating the need for constant management by setting up policies regarding law violation of customers and subcontractors and anti-graft education programs.

#### | Evaluation Items |

Division	Description	Items for Evaluation
Human & Labor Rights	Minorities, Forced Labor	Is there an internal regulation to protect minorities and prevent forced labor?
	Compliance with Labor Standards	Is there an internal regulation or a process to comply with labor standards?
	Employment Conditions	Are employment conditions clearly documented and conveyed?
	Human Rights & Prohibition of Discrimination	Is there an internal regulation that explains human rights and prohibits discrimination?
Safety & Health	Employee Safety & Health	Has there been any occupational accidents in the past 3 years?
	Occupational Accidents	Has there been any occupational disaster in the past 3 years?
	Health Management	Is there a health management program for employees?
	Violation of Safety & Health Law	Has there been any violation of safety and health related laws in the past 3 years?
Eco-friendliness	Violation of Environmental Standards Law	Has there been any violation of environment related laws in the past 3 years?
Business Ethics	Anti-Corruption	Is there an internal policy or education to prevent corruption?
	social contribution	Is the company engaged in social contribution(volunteer work, donation, etc.) activities?
	Customer Satisfaction	Does the company conduct customer satisfaction surveys on the provided services?
	Violation of Customer & Contractor Related Laws, etc.	Has there been any violation of product, service and consumer related laws or noncompliance to contract payment?
	Customer Information Protection, etc.	Is there a customer information protection policy or an education program?

#### | Major Performance Indicators |

Division	Goal	Target Year
Percentage of BP Evaluation	100% in 1 <sup>st</sup> BPs	2023
BP's Sustainability Management Standard	Over 90 on average	2023
Percentage of ESG Education received by BP's Evaluation Managers	100%	2023

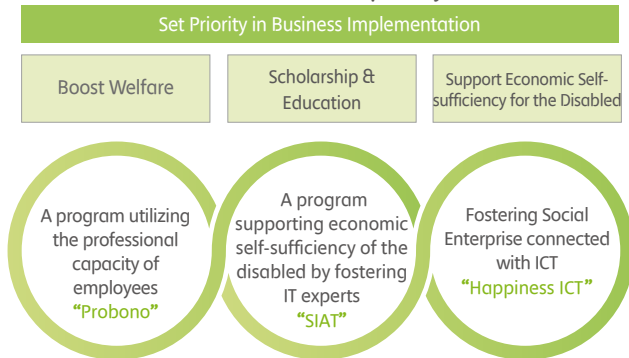
# Social Contribution

As a corporate citizen, SK holdings is dedicated to taking the lead in solving social issues. We are particularly creating social values by operating social contribution programs based on key capacity such as Digital Transformation (DT) and sincerely supporting socially vulnerable groups through various activities.

## DT-based Social Contribution Project

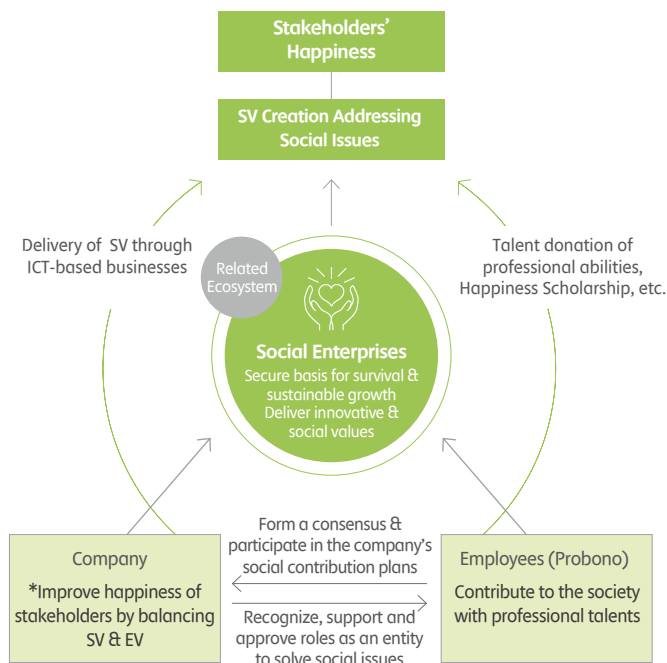
SK holdings has various social contribution programs based on DT capacity such as Probono, SIAT(Smart IT Advanced Training) and Happiness IT Scholarship, through which it pursues solving of social issues and happiness of SK holdings' stakeholders.

### Strengthening the Social Contribution Implementation System based on Core Competency



\* Details on Pro bono & SIAT programs are described in the 'Spreading Happiness through Social Contribution Activities' section of the Happiness Report.

## | Social Value Creation Strategy |



\*SV: Social Value, EV: Economic Value

## Social Contribution Projects for the Happiness of the Vulnerable Group and the Local community

### Happiness Sharing Bazaar

We hosted the 'Happiness Sharing Bazaar' to support heating costs of the vulnerable groups by selling donated goods from social enterprises and executives. In 2018, the Happiness Sharing Bazaar provided a platform to understand and encourage the social ecosystem by introducing SPC and promoting the Probono program. In addition to goods and food items provided by various social companies, a sales corner for 'Happiness ICT Refurbished Laptops' created an opportunity to look back on the meaning of contributing and to increase employees' interests in social enterprises. Profits from the bazaar were donated in entirety to Korea Food for the Hungry International, Hope On, which supports 'Warm Winters of the Vulnerable Groups'.

### Happiness IT Scholarship

Since 2004, SK holdings has been operating a scholarship project called 'Happiness IT Scholarship' that collects voluntary donations of employees and supports disabled adolescents. Happiness IT Scholarship is delivered to disabled adolescents who dream of becoming IT experts and is used to pay for school fees and to purchase textbooks, etc.

In 2018, a total of KRW 96.3 million in scholarships were given to 52 disabled adolescents. To each of the 10 university freshmen, university entrance grants of KRW 3 million were presented, and scholarships were given to 52 students including high school students and students of excellence in the SIAT program.



### Fine Dust Reduction Activities by Supporting Social Companies

In the midst of an emphasis on major social problems in Korea caused by fine dust, SK holdings is conducting social contribution activities to reduce fine dust. By supporting 'Tree Planet', a social enterprise that creates forests and restores wildfire damaged areas, the company is putting efforts to solve social problems experienced by people. Also, the company supported fine dust reduction activities through online and offline donation campaigns for members.





# Social Contribution

## Social Value Creation to Achieve UN SDGs (Sustainable Development Goals)



### SDG 3

#### Good Health and Well-being

##### SDGs

Guarantee healthy life and improve welfare of all generations

##### Relation to SK holdings' Businesses

- Promote health of people by operating digital healthcare services based on SK holdings' industrial characteristics such as Vitality and 3A

##### Business Goals

- Based on business model innovation, solidify a business model capable of creating both social and economic values

##### Social & Environmental Goals

- Promote welfare of all generations by successfully introducing projects that can contribute to promote national health



### SDG 4

#### Quality Education

##### SDGs

Guarantee quality education and lifelong learning opportunity

##### Relation to SK holdings' Businesses

- Foster talents in ICT by providing employment mentoring to the disabled and socially vulnerable groups and contribute to the advancement of the ICT industry
- Contribute to fostering ICT talents in Korea by providing coding education to children of SK holdings' employees

##### Business Goals

- Build the ICT industrial capacity in Korea through various activities aimed at fostering ICT talents

##### Social & Environmental Goals

- Offer equal employment opportunity to the disabled and vulnerable groups
- Build ICT capacity in education targets by providing quality education



### SDG 8

#### Decent Work and Economic Growth

##### SDGs

Promote sustainable economic growth and creation of quality jobs

##### Relation to SK holdings' Businesses

- Create quality jobs by practicing and spreading sustainable business activities such as creation of social values
- Improve company reputation by resolving social issues of insufficient jobs for the disabled and liaising with diverse stakeholders

##### Business Goals

- Expand performance of the business society generated from product development · production · sales
- Reflect 50% of social value evaluation items to KPI for sustainable growth

##### Social & Environmental Goals

- Expand indirect contributions to the economy through corporate business activities
- Expand social contribution performance created from social contribution activities in the local community



### SDG 10

#### Reducing Inequalities

##### SDGs

Reduce income inequality within and among countries

##### Relation to SK holdings' Businesses

- Based on digital based industrial characteristics of SK holdings, provide consulting supports to social companies undergoing difficulties in management

##### Business Goals

- Improve reputation and expertise of SK holdings within the industry by focusing on social value creation activities based on the professional capacity of employees

##### Social & Environmental Goals

- Indirectly contribute to resolving social issues approached by Social Enterprises that participated in consultation support (health/medical, environment, improved quality of life, disasters)

# Sustainable Performance

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# Economic Performance

## Consolidated Financial Statement

(Unit : KRW million)

Division	2016	2017	2018
[Current Assets]	32,450,042	35,199,914	37,128,397
Cash and Cash Equivalents	7,086,957	7,145,842	6,783,035
Inventory Assets	6,018,855	8,178,936	8,992,740
Other Current Assets	19,344,230	19,875,136	21,352,622
[Noncurrent Assets]	70,597,295	74,583,549	82,328,594
Investment in Related and Joint Company	11,559,899	14,629,502	19,218,345
Tangible Assets	41,032,505	41,295,452	39,715,921
Intangible Assets and Sales Rights	11,772,390	12,331,373	16,190,725
Other Noncurrent Assets	6,232,501	6,327,222	7,203,603
Total Assets	103,047,337	109,783,463	119,456,991
[Current Liabilities]	28,716,610	31,368,057	30,007,832
[Noncurrent Liabilities]	32,004,003	32,658,986	38,561,287
Total Liabilities	60,720,613	64,027,043	68,569,119
[Owner's Equity of Dominant firm]	13,112,357	13,660,082	16,627,516
Capital	15,385	15,385	15,385
Other Capital Paid-up	4,741,139	4,112,475	4,631,955
Earned Surplus	8,368,122	9,837,619	12,217,319
Other Capital Components	-12,289	-305,397	-237,143
[Nondominant Equity]	29,214,367	32,096,338	34,260,356
Total Capital	42,326,724	45,756,420	50,887,872
Total Liabilities and Capital	103,047,337	109,783,463	119,456,991
No. of Companies Consolidated	290	309	260
	Term 26 (2016.01.01~2016.12.31)	Term 27 (2017.01.01~2017.12.31)	Term 28 (2018.01.01~2018.12.31)
I. Sales Amount	80,633,713	90,612,832	101,502,020
II. Operating Income	5,305,609	5,745,027	4,688,117
III. Net Operating Income after Corporate Tax Deduction	4,885,357	7,443,146	7,528,383
IV. Net Income of Term of Continued Business	3,542,475	5,191,395	5,603,828
V. Net Income of Consolidated Term	2,822,484	5,066,482	6,151,141
Net Income of Owner's Equity of Dominant Firm	765,580	1,677,432	2,253,123
Net Income of Equity of Nondominant Firm	2,056,904	3,389,050	3,898,018
VI. Earnings per Share of Owner's Equity of Dominant Firm			
Basic Earnings per Share	KRW 13,676	KRW 30,007	KRW 40,310
Basic Earnings per Share of Continued Business	KRW 14,705	KRW 30,586	KRW 33,433

## Separate financial statements

(Unit : KRW million)

Division	2016	2017	2018
Operation revenue	2,298,832	2,477,840	2,672,412
Operation expenses	1,463,060	1,608,374	1,611,447
Operating income	835,772	869,466	1,060,965

# Social Performance

## Employees

Division	Unit	2016	2017	2018
Total No. of Employees	persons	4,432	3,933	4,022
Male	persons	3,638	3,161	3,204
Female	persons	794	772	818
Total No. of Permanent Employees	persons	4,363	3,732	3,782
Male	persons	3,581	3,020	3,018
Female	persons	782	712	764
Total No. of Contract Workers	persons	69	132	191
Male	persons	57	114	162
Female	persons	12	18	29
No. of Non-employees (Dispatched Workers)	persons	126	69	53
Proportion of Non-employees among Employees	%	2.8	1.8	1.3
Male Non-employees	persons	34	27	28
Female Non-employees	persons	92	42	25
Socially Vulnerable Persons among Employees	persons	138	138	134
Proportion of Socially Vulnerable Persons	%	3	4	3
Disabled Employees	persons	40	44	48
People of National Merit	persons	67	69	64
Foreigners	persons	31	26	22
Proportion of New Employees	%	14	7	8
No. of New Employees	persons	599	275	317
Male	persons	472	214	203
Female	persons	127	61	114
Employment Type – No. of People Employed as New Employees	persons	301	94	105
Employment Type – No. of People Employed as Experienced Employees	persons	351	181	212
Employment by Age (Below 30)	persons	290	117	136
Employment by Age (30 – 50)	persons	292	148	168
Employment by Age (Over 50)	persons	17	10	13
Turnover Rate (Permanent Employees)	%	4	2	4
Male Turnover Rate (%)	%	4	2	4
Female Turnover Rate (%)	%	4	3	3
No. of Turnovers by Age (Below 30)	persons	39	17	25
No. of Turnovers by Age (30 – 50)	persons	164	74	97
No. of Turnovers by Age (Over 50)	persons	2	4	8
No. of Dismissals	persons	2	3	1

\* Due to disposition of the Encar business division, the number of employees in the Encar business division has not been counted in the total number of employees from 2017.

\*\* SK holdings does not have overseas business sites and therefore classification by country was not applied according to the GRI Standards.

\*\*\* The employee status was collected by data from the HR division at the end of each year and the data collection standards may differ from those of annual reports.

# Social Performance

## Return Rate from Maternity Leave

Division	Unit	2016	2017	2018
Maternity Leave Target (Male)	persons	176	129	146
Maternity Leave Target (Female)	persons	50	44	53
Maternity Leave User (Male)	persons	14	16	30
Maternity Leave User (Female)	persons	72	56	62
Use Rate of Maternity Leave (Male)	%	8	12	21
Use Rate of Maternity Leave (Female)	%	144	127	117
Return Rate from Maternity Leave (Male)	%	45	74	74
Return Rate from Maternity Leave (Female)	%	73	77	95
12-month Retention Rate after Returning from Maternity Leave (Male)	%	58	75	65
12-month Retention Rate after Returning from Maternity Leave (Female)	%	93	79	87

## Number of Female Managers

Division	Unit	2016	2017	2018
Team Leaders	persons	16	14	11
Executives	persons	2	1	1
Leaders (Manager or above)	%	15	9	10
Ratio of Female employees out of total employees	%	18	19	20

## New Employee Wage Compared to the Legal Minimum Wage at Local Business Sites

Division	Unit	2016	2017	2018
New Male Employees	%	264	247	211
New Female Employees	%	258	240	209

\* Ratio of new employee wages to minimum wages by gender at major business sites (employees)  
(2018 Minimum Wages: KRW 7,530 / 2017 Minimum Wages: KRW 6,470 / 2016 Minimum Wages: KRW 6,030)

## Raising brand awareness by supporting universities and sponsoring events

Division	Unit	2016	2017	2018
General Manager	%	93	93	95
Senior Manager	%	89	90	90
Manager	%	91	92	90

## Cases of Discrimination and Corrective Measures Taken

Division	Unit	2016	2017	2018
No. of Discrimination Cases	Case	1	2	0

## Training on Human Rights·Anti-corruption

Division	Unit	2016	2017	2018
Employees trained on anti-corruption policy and process	persons	4,630	4,145	3,025
Proportion of employees trained on anti-corruption policy and process	%	100	100	100

## Number and Percentage of the Board of Directors Informed of Anti-corruption policies and procedures.

Division	Unit	2016	2017	2018
No. of BOD Members Informed·Trained	persons	7	7	7
Percentage of Employees Trained	%	100%	100%	100%

## Percentage of Employees who Completed Business Ethics Training

Division	Unit	2016	2017	2018
No. of Training Completion	persons	3,433	3,566	3,478
Percentage of Employees that Completed Training	%	100	100	100

## No. of Breaches against Customer's Personal Information Protection and Complaints on Proven Loss of Customer's Information

2016	2017	2018
0	0	0

## Percentage of Collective Bargaining

Division	Unit	2016	2017	2018
Subscription Rate of the Management Council	%	95.7	95.1	98.7

## Education & Training

Division	Unit	2016	2017	2018
Average education hours per person	hr	69	88	94
Average education hours per person (male)	hr	69	88	93
Average education hours per person (female)	hr	67	88	98
Average education hours per person (manager)	hr	Could not count from 2017 due to changed ranking system	98	99
Average education hours per person (senior manager)	hr		89	98
Average education hours per person (general manager)	hr		22	34
Average education hours per person (executive)	hr		2	0.3

\* Excluding personnel who cannot participate in education programs such as experienced employees, overseas dispatched workers, and special positions

## Breach of Social & Economic Laws & Regulations

Division	Unit	2016	2017	2018
Amount of Major Penalties	KRW	0	0	0
No. of Nonmonetary Sanctions	Case	0	0	0

## Safety & Health

Division	Unit	2016	2017	2018
work-related Fatalities(Employees)	number	0	0	0
work-related Fatalities(Contractors)	number	0	0	0
LTIFR*(Employees)	n/million work h	0	0	0
LTIFR(Contractors)	n/million work h	0	0	0
OIFR**(Employees)	n/million work h	0	0	0
OIFR(Contractors)	n/million work h	0	0	0

\*LTIFR(Lost time injury frequency rates)

\*\*OIFR(Occupational Illness Frequency Rate)



## Investment in Local Communities

Division	Unit	2015	2016	2017	2018	Remarks
Hours of Voluntary Work per Employee	Hour	-	-	192	344	* Until 2017, voluntary activities have been self-directed and voluntary activity hours have not been managed.
Donation by Employees	KRW 1,000	95,742	110,828	100,277	113,224	Happiness It Scholarship + Forest Creation Donation + Fund-raising for Child Poverty
Investment in Local Communities	KRW 1,000	2,928,173	2,477,677	1,752,629	1,772,715	CSR cost + social contribution cost

\* Limited to business sector (C&amp;C) of SK holdings

## Ratio of Philanthropic Activities

Division	Unit	2015	2016	2017	2018	Remarks
Social Investment	%	23	16	68	23	Donation in local employment promotion program and community
Commercial Investments	%	35	55	8	31	Raising brand awareness by supporting universities and sponsoring events
Philanthropic Donations	%	42	29	24	46	Cash and in-kind donations, sponsorships, matching funds, hourly rate of members' volunteering

\* Excluding donations made by employees, Limited to business sectors (C&amp;C) of SK holdings

## Donations by Employees

Division	Units	2015	2016	2017	2018
Happiness Scholarship	Fundraising	KRW 1,000	91,500	107,200	96,397
	Scholarship	persons	53	70	54
Underfed Child Fund	Fundraising	KRW 1,000	4,242	3,628	3,880
Forest building donation	Fundraising	KRW 1,000	-	-	-
Total	KRW 1,000	95,742	110,828	100,277	113,224

\* Limited to business sector (C&amp;C) of SK holdings

## Major Donation Expenditures in 2018

Division	Project Title	Donation Recipient	Amount (KRW 1,000)
1	Year-end Neighbor Helping Fund (Fundraising)	Community Chest of Korea	578,000
2	Donation for Investment Source of Mutual Fund	KOFCA	200,000
3	Sponsorship of Surgery Cost for Facial Deformation Patients in Vietnam	Smile For children	170,000
4	Academic Support of Brookings Institution	Brookings Institution	113,000
5	SIAT 2.0 Program to Foster IT Capability in the Disabled	The Happy ICT Foundation	101,190

\* Limited to business sector (C&amp;C) of SK holdings

## Annual Expenditure Related with Policy

Division	Unit	2015	2016	2017	2018
Political Donation*	KRW 1,000	0	0	0	0
Membership Fee to Related Organizations	KRW 1,000	172,603	258,000	231,740	200,135

\* SK holdings complies with the Political Fund Law of Korea, which states that a corporation or a Base Salary and Compensation Ratio of Female to Male Employees

## Expenditure Related to Policies in 2018

Division	Association	Position	Unit	2018
1	Korea Information Technology Service Industry Association (ITSA)*	Vice President	KRW 1,000	33,000
2	Korea Software Industry Association (KOSA)**	Vice President	KRW 1,000	20,000
3	Korea Association of Cloud Industry (KACI)	Director	KRW 1,000	10,000
4	Federation of Korean Information Industries (FKII)	Director	KRW 1,000	8,400
5	Korea Association for ICT Promotion (KAIT)	Member	KRW 1,000	3,600

\* Korea Information Technology Service Industry (ITSA): Establishes governmental policies related to the IT service industry and participates in IT service policy businesses

\*\* Korea Software Industry Association (KOSA): Promotes the development of the software industry by facilitating growth and utilization

## R&amp;D Investment

Division	Units	2015	2016	2017	2018
Total R&D Expenses	KRW million	29,577	40,471	36,863	54,780
Selling, General and Administrative Expenses	KRW million	12,334	22,785	21,039	27,332
Development Expenses	KRW million	17,243	17,686	15,824	27,448
Ratio of R&D expenses to revenue [Total R&D expenses ÷ Revenue during the term × 100]	%	1.51	2.73	2.27	3.26

\* R&amp;D costs in 2016 and 2017 have been changed and reflected in the business reports, therefore, corrections are reflected in the sustainability report.

## Government Support Fund

Division	Units	2015	2016	2017	2018
Total Support Amount	KRW million	521	404	505	2,615
Governmental Subsidies	KRW million	0	0	0	0
Tax Deductions	KRW million	521	404	505	2,615

## Response to Emerging Risks

SK holdings is taking preemptive responses to long-term risks in the business fields of the company that are considered critical.

### 1) Natural Disasters from Climate Change – Suspending IT Services

Recently, abnormal climate conditions (e.g. flooding, typhoon, heat wave) from climate change have become critical risks that can cause suspension of IT and computer systems. These can not only be natural disasters but can amplify social effects by influencing all the major industries (finance, hospitals, transportation and broadcasting) around the information system. SK holdings, as a company responsible for the management and operation of such systems, can lead to impact in company's reputation and revenues in the long-term. To alleviate such risks, SK holdings has built a Uninterruptible Power Supply(UPS) system in the data center. Also, we raised the stability of the data center through real time monitoring of electric, mechanical and security facilities in the data center. Also, in June 2019, the company has enacted the SGR (Service Global Rules) as the principles to prevent IT service failures. Responsive measures to IT service failures will be strengthened by imposing sanctions to any failures from incompletion.

### 2) New Technology-based IT Market Change – Redesigning Business Fields

Companies are more and more interested in new technologies such as AI, Big Data analysis, Blockchain, Cloud, enterprise mobility and IoT. As such, rather than building new systems, investments tend to focus on upgrading the efficiency and functions of existing systems. Increased demand for new IT systems following the need to replace the deteriorated e-government system in the public sector, expansion of new services around IoT in the communications sector, digital and innovative infrastructure in the financial sector, and demand for combining IoT and Big Data in the manufacturing sector are expected to lead changes in the IT service market. In line with such market changes, any failure to establish company's technology and system can cause difficulty in entering new markets. In particular, there will be difficulties in market entry once the infrastructure has been established in the Cloud-based information management market. SK holdings recognizes the risk of market changes as redesigning the business fields and is evolving the business fields by implementing Cloud-based businesses and building a digital-based infrastructure. Also, in order to identify DBL (Double Bottom Line) based business models throughout management activities of the company and to generate social values in addition to economic values, the company has been reflecting social values to evaluation indicators since 2019. Through the above actions, the company is accelerating business model innovation.

## Corporate Governance

SK holdings discloses information about corporate governance in a transparent way as follows.

### 1) Independence of the Board of Directors

SK holdings complies with the Commercial Act of the Republic of Korea to incorporate transparent management by organizing and operating an independent Board of Directors (BOD). In this regard, we defined independence of the BOD, and disclose the status of the BOD as follows. We believe that the BOD, consisting of a majority of independent directors is independent. We also believe that the BOD cannot obtain independent qualifications if the independent director falls under the conditions set forth below. Therefore, we do not appoint anyone who meets the following conditions:

- ① Directors, executive directors and employees who are engaged in the regular business of the relevant company, or directors, auditors, executive directors and employees who have engaged in the regular business of the relevant company within the past two years;
- ② The principal, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person;
- ③ Directors, auditors, executive directors, and employees of the corporation, in cases where the largest shareholder is a corporation;
- ④ The spouses, lineal ascendants, and lineal descendants of directors, auditors, and executive directors;
- ⑤ The directors, auditors, executive directors, and employees of a parent company or a subsidiary company of the relevant company;
- ⑥ Directors, auditors, executive directors, and employees of a corporation which has a significant interest in the relevant company, such as business relations with the company;
- ⑦ Directors, auditors, executive directors, and employees of another company for which directors, executive directors, and employees of the relevant company serve as directors and executive directors.

In order to ensure fairness and independence when appointing independent directors, we appoint them at the general shareholders' meeting after a rigorous examination by the Independent Director Candidate Recommendation Committee. Directors are elected through the general shareholders' meeting. The candidates for directors to be elected at the general shareholders' meeting are selected by the BOD (executive/non-executive directors) and the Independent directors Candidate Recommendation Committee (independent directors), and submitted to the general shareholders' meeting.

### 2) Election Ratio of Independent Directors

SK holdings consists the BOD with the aim of having more than 51% of independent directors in the BOD. Currently, our BOD has five independent directors, representing 62.5% of all directors. This structure contributes to maintaining independence from large shareholders and management.

### 3) Diversity Policy of the Board of Directors

In order to promote a diverse and non-discriminatory corporate culture, SK holdings is committed to ensuring that all employees, including board members, are not discriminated on the basis of race, gender, disability, religion, or nationality, for all employees including recruitment, compensation, evaluation, promotion, and education and is considering priority for minorities.

### 4) Efficient Operation of BoD

In 2018, the average participation rate of directors in the board of directors has been 97.61%. The minimum participation rate required for all directors is 51%, and all of the 5 nonexecutive directors limited other duties to 4 or less. The board of directors of SK holdings regularly and independently evaluates the performance of the board of directors by sharing the execution results of its decisions and committee activities and discussing on areas of improvement. Directors are appointed annually, and at the time of appointment, the appointment case of each director is put to a vote. The pros and cons as well as the proportion are disclosed. The average tenure of directors is two years, and the number of nonexecutive directors with industrial experience is three.

### 5) Performance Compensation of Management

SK holdings efficiently measures the performance of our top management and pays compensation accordingly. Performance compensation uses indicators such as sales, operating profit, debt ratio, cash dividend payout ratio, total share price return, credit rating, growth rate, and sustainability rate, etc. The period for which we pay performance compensation to top management is three years. Moreover, we introduced stock options for executives to directly link corporate value enhancement and compensation in order to maximize the growth of corporate value by building a consensus between management and shareholders.

### 6) Dual Class Share

Voting rights per 1 share	Votes per share	Amount of Shares	Voting Power
No vote*	0	15,103,903	0
One vote	1	55,822,529	55,822,529
Total	-	70,926,432	55,822,529

\* This shares are composed of preferred and Treasury share. So these voting are restricted by law in Korea.

# Environmental Performance

## Energy Consumption

Division		Unit	2016	2017	2018
Total Energy Consumption (Absolute amount, excluding scope 3)		TJ	931	1,186	1,402
Gas (LNG)		TJ	12	10	10
Electricity		TJ	893	1,155	1,372
District Heating			26	21	20
Total Energy Consumption (Except Absolute Value and Scope 3)	Per KRW 1 billion in revenue	TJ	0.299	0.465	0.549
	Per Employee	TJ	0.213	0.263	0.311
Gas (LNG)	Per KRW 1 billion in revenue	TJ	0.004	0.004	0.004
	Per Employee	TJ	0.003	0.002	0.002
Electricity	Per KRW 1 billion in revenue	TJ	0.287	0.452	0.537
	Per Employee	TJ	0.205	0.256	0.304
District Heating	Per KRW 1 billion in revenue	TJ	0.008	0.008	0.008
	Per Employee	TJ	0.006	0.005	0.004

## Greenhouse Gas Emissions

Division		Unit	2016	2017	2018
Scope 1		tCO2e	612	518	487
Scope 1 Per Emission Intensity	Per KRW 1 billion in revenue	tCO2e	0.196	0.203	0.191
	Per Employee	tCO2e	0.14	0.115	0.108
Scope 2		tCO2e	44,265	56,834	67,114
Scope 2 Per Emission Intensity	Per KRW 1 billion in revenue	tCO2e	14.22	22.253	26.278
	Per Employee	tCO2e	10.146	12.596	14.875
Scope 3		tCO2e	4,323	4,910	5,322
Upstream	Fuel & Energy Excluded from Scopes 1 & 2	tCO2e	1,614	2,013	2,483
	Transportation & Distribution	tCO2e	10	7	7
	Wastes Generated from Work	tCO2e	11	9	8
	Business Trip	tCO2e	566	737	702
	Commuting Employees	tCO2e	8	9	8
	Leased Assets	tCO2e	2,114	2,137	2,114
Downstream		tCO2e	-	-	-

## Water & Wastes

Division		Unit	2016	2017	2018
Water	Total Consumption	Ton	130,753	125,868	134,017
	Total Recycled & Reused Water	Ton	16,220	24,027	15,329
	Percentage of Recycled & Reused Water	%	12	10	11
Wastes	General Waste	Ton	121	113	193
	Designated Waste	Ton	11	0	0
	Recycled Waste	Ton	182	155	134
	Disposal & Treatment Cost	KRW	47,067,160	53,933,500	86,350,000

## Return on Environmental Investments

Division	Units	2015	2016	2017	2018
Capital Investment	KRW	110,000,000	334,965,044	16,700,000	19,800,000
Operating Cost	KRW	53,902,200	47,067,160	53,933,500	10,031,040
Total Cost	KRW	163,902,200	382,032,204	70,633,500	29,831,040
Revenues & Cost Savings due to Environmental Investment	KRW	750,000,000	3,387,776,036	10,205,000	22,476,960
Applicable Ratio to Relevant Business Sites	%	96	96	94	97

# Environmental Performance

## Total Energy Consumption Cost

Total energy consumption	Unit	2015	2016	2017	2018
A. Fossil fuels (coal, oil, natural gas, etc.) purchased and consumed (for energy purposes)	MWh	3,569	3,471	2,778	2609
B. Electricity (non-renewable) purchased	MWh	70,977	92,872	120,237	142,799
C. Steam / heating / cooling and other energy (non-renewable) purchased	MWh	7	7	5	5
D. Total renewable energy (solar energy)	MWh	117	115	119	113
E. Total non-renewable energy (electricity and heating & cooling) sold	MWh	0	0	0	0
Total non-renewable energy consumption (A+B+C-E)	MWh	74,553	96,350	123,020	145,413
Total costs of energy consumption	KRW	9,056,636,070	11,263,732,620	14,522,815,480	16,916,292,837

## Violation of Environmental Laws

Division	Unit	2015	2016	2017	2018
No. of Violations of Laws or Regulations	Cases	0	0	0	0
Amount of Penalties/Fines	KRW	0	0	0	0
Environmental Liabilities	KRW	0	0	0	0

## Environmental Policy of SK holdings

SK holdings carries out various business activities centered on the values of environmental protection and respect for life. Based on our internal regulations on environmental management, we have established a variety of environmental policies to minimize our impact on the environment.

### 1 Establishing Environmental Policies

SK holdings establishes environmental policies as a part of its major business strategies and considers the environment in its decision-making.

### 2 Establishing and Operating Internal Regulations on the Environment

SK holdings establishes and operates internal regulations with environmental aspects and provides training on such internal regulations to personnel carrying out related job duties.

### 3 Scope of Environmental Policies

SK holdings shall apply its environmental policies in all business sites and throughout its business activities from the development of new products and services to distribution, logistics, waste management, and facility maintenance.

### 4 Environmental Policies for Suppliers

In selecting its business partners, SK holdings shall conduct environmental assessments and select companies with outstanding environmental performance. In this, they will be doing their best to enhance the levels of environmental management. Furthermore, SK holdings shall encourage non-managed business sites, third-party manufacturers, joint venture partners, and outsourcing partners to perceive and participate in its environmental policies.

### 5 Environmental Impact Assessments

SK holdings shall oversee environmental risk assessments related to the company and its business sites. Heads of division and project managers shall conduct environmental impact assessments on their respective work and projects. Prior to undertaking new projects, preparatory on-site inspections and M&A, heads of relevant divisions shall review requirements and legal standards relating to environmental regulations and environmental and ecological protection. In the case where a significant risk is found as a result of an environmental impact assessment, environmental management plans shall be established and implemented accordingly.

### 6 Measurement and Management of Environmental Performance

SK holdings shall establish environmental indicators and performance targets in accordance with environmental impact assessments, changes in law and stakeholder demands, and designate departments to manage relevant indicators and targets.

- Energy consumption: Gas (LNG), electricity, district heating
- Water consumption: Water supply, recycled water consumption
- GHG emissions: Direct emissions, indirect emissions, other indirect emissions
- Waste generation: Recycled waste, general waste, designated waste, treatment costs

Such environmental performances shall be managed through a systematic process and verified by a third party that has no interest in the company, according to which SK holdings shall undertake consistent inspections and improvement measures.

### 7 Communication with Stakeholders

In order to ensure transparency in its environmental management, SK holdings shall communicate with stakeholders by requesting relevant departments regarding media organizations, external affairs and so forth, in the case where an environmental issue arises.

## Environmental & Social Reports

The computed coverage of SK holdings' environmental and social performance data was 93% and 100% respectively.

- Environment : In computing energy consumption and GHG emissions, business sites of the holding unit of SK holdings (which account for 7% of the total number of full-time employees) are leased properties not directly owned by the company and, therefore, were not included its Scope 1 and Scope 2 emissions.
- Society : Computations are based on all business sites of SK holdings, while some data including donations pertains to the business unit only in which case annotations were added at the bottom of the data.

Division	2016		2017		2018	
	No. People (persons)	Proportion (%)	No. People (persons)	Proportion (%)	No. People (persons)	Proportion (%)
Holding Unit	168	4	224	6	249	7
Business Unit (IT Service, etc.)	4,195	96	3,508	94	3,533	93
Total	4,363	100	3,732	100	3,782	100

\* Data on employee status is collected from the data of the HR department at the end of each year and the data collection standards are different from those of business reports.

SK holdings' environmental data has been verified in accordance with the operational guidelines on the Greenhouse Gas and Energy Target Management System and international standards such as the IPCC Guidelines and the ISO 14064 Greenhouse Gas Standards. Other environmental and social information has been verified according to internationally recognized standards such as the AA1000, ISAE 3000. The verification of environmental and social information was carried out by experts belonging to professional verification services in the form of a limited guarantee. All verification was performed independently by an organization that has no interest in SK holdings, and the scope of verification is clearly indicated on the verification statement.

## Environmental & Social Performances and Goals

Division	Major Issues	Management Indicator	Units	2018 Goal	Performance			2018 Accomplishment Rate	2019 Goal	2023 Goal
					2016	2017	2018			
Society	Investment and support for employees' competence development	No. of persons to complete new ICT training courses	persons	2,500	2,327	2,177	1,918	☐	2,500	2,700
	Quality and service management for customer satisfaction	Customer satisfaction rate	%	79	79.6	77.5	75.5	☐	79	80
	Social value creating activities*	Cash value of social business performance	KRW 100 million	-	-	-	550	—	600	700
	Social contribution activities based on business characteristics*	Converted cash value of employees' volunteer activities**	KRW 1,000	15,000	-	8,700	15,583	●	20,000	25,000
	Pursue happy corporate culture through satisfaction of employees*	Employees' satisfaction rate	%	85	83	80	80	☐	82	85
Environment	Energy	Energy consumption (per KRW 1 billion in revenue)	TJ	0.29	0.299	0.465	0.549	☐	0.6	0.7
	Water	Proportion of re-cycled water usage to water-intake	%	12	12	10	11	☐	10	15
	Eco-friendly products	Proportion of eco-friendly solution to total revenue	%	12.5	12.2	12.4	12.4	☐	12.5	20

\* Selected as key issues as a result of the materiality assessment

\*\*Converted Cash Value of Employees' Volunteer activities= (Average annual salary per SK holdings employee/ Minimum number of working hours (40 hours per week) \* Total hours of volunteer work by SK holdings employee)





# Human Rights Report

SK holdings is dedicated to achieving the value of respect for human rights throughout all management activities based on SK holdings' corporate belief that 'A company shall permanently survive and develop through stability and growth and contribute to creating values for customers, employees and shareholders for the happiness of human race'.

SK holdings officially supports and declares its compliance to standards and laws of labor and human rights related international organizations and bodies such as the 'Universal Declaration of Human Rights' and 'UN Guiding Principles on Business and Human Rights; Ruggie Framework, and the 'International Labour Organization Agreement'. Furthermore, the company requests all stakeholders in the value chain such as employees, business partners, community and customers to comply with the above international regulations on human rights and labor.

SK holdings, as a signee of the UN Global Compact, shall be equipped with organization, operating structure, monitoring, measures and internal-external reporting processes according to procedures defined by 10 principles and UN affiliates and human rights implementation principles. For this, the company has set up the following human rights business principles and detailed operating principles to make 'SK holdings where human rights and happiness are guaranteed to all stakeholders' through constant implementation efforts.

## Human Rights Principles of SK holdings

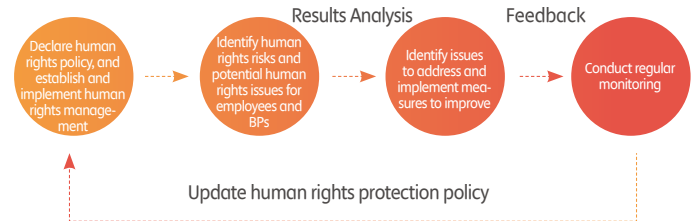
<b>01</b>  <p>SK holdings shall respect human rights of all its employees, and guarantee their dignity as human beings.</p>	<b>02</b>  <p>SK holdings shall do its utmost to prevent human rights violations throughout all value chains.</p>	<b>03</b>  <p>SK holdings shall pursue happiness of all stakeholders, and consider human rights aspects of products and services we produce.</p>	<b>04</b>  <p>SK holdings shall strive to fulfill its corporate social responsibilities, to promote the development of local communities, and to respect human rights.</p>
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## Detailed Principles

 <p>Humanitarian Treatment</p>	SK holdings shall respect all its employees as humans, and endeavor not to compromise human rights. If inhumane treatment occurs, we will take strict measures in accordance with the relevant regulations.
 <p>Prohibition of Forced Labor</p>	SK holdings shall respect employee's free will. The company shall not force labor against an employee's free will through mental or physical oppression, imprisonment, human trafficking, or slavery. The company also strictly complies with the Labor Standards Act in relation to labor contracts.
 <p>Prohibition of Child Labor</p>	SK holdings shall comply with the regulations on child labor, ensure the appropriate procedures and support in accordance with the laws and regulations of minors, and continuously check compliance with laws and regulations.
 <p>Prohibition of Discrimination</p>	SK holding shall respect the diversity of all employees, and ensure that discrimination does not occur in recruitment, wage, promotion, and other personnel processes for reasons such as gender, race, age, gender identity, academic backgrounds, disability, religion, political orientation, or social status.
 <p>Working Hours Compliance</p>	SK holdings shall comply with working hours regulations of relevant regions in terms of regular, overtime, and holiday work. Amendments to laws and regulations shall be managed on an ongoing basis to prevent the occurrence of illegal acts.
 <p>Wage and Welfare</p>	SK holdings shall pay more than the minimum wage prescribed in relevant regions along with the payroll statement, and provide compensation for overtime work carried out under mutual agreement between labor and management.
 <p>Freedom of Association</p>	SK holdings shall promote sound organizational development through smooth and continuous communication between labor and management. In accordance with labor relations laws and regulations on labor relations in relevant regions, freedom of association shall be guaranteed, and unfair treatment shall not be applied on the grounds of membership, or activities, of trade unions.
 <p>Privacy Protection</p>	SK holdings shall protect the personal information of stakeholders including customers in accordance with local laws and regulations to protect human rights of all stakeholders. The company shall not use personal information for any other purpose without the consent of the person concerned.
 <p>Local Community</p>	SK holdings shall identify potential impacts on communities near our worksites, listen to feedback of local communities to prevent problems from occurring, and strive for continuous communication.

## Human Rights Risk Management Process

To prevent and reduce human rights risk defined in the human rights management principles and the detailed operating principles, the company conducts human rights evaluation on business sites and business partners each year. At business sites, surveys of internal employees are conducted to evaluate the compliance to human rights management principles and detailed operating principles. When human rights risks are identified, improvement activities to check and resolve related issues are implemented as part of the human rights protection throughout businesses.



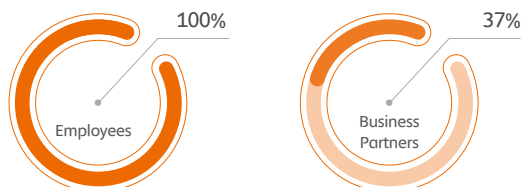
In the 2018 human rights related survey and sustainability management evaluation of business partners, 5 risks in humanitarian treatment, compliance to working hours and protection of personal information have been identified. SK holdings performed identification of risks on relevant matters and provided education for improvement. The human rights risk evaluation results for the past 3 years are as follows.

Division	2016			2017			2018		
	Ratio of Human Rights Risk Evaluation	No. of Risks Identified	Ratio of Improvement	Ratio of Human Rights Risk Evaluation	No. of Risks Identified	Ratio of Improvement	Ratio of Human Rights Risk Evaluation	No. of Risks Identified	Ratio of Improvement
Employees	100%	1case	100%	100%	2case	100%	100%	2case	100%
BPs	15%	-	-	25%	-	-	37%	3case	-

### | Human Rights Risk Evaluation in 2018 |

Human Rights Risk	Evaluation Subjects	Evaluation Scope	No. of Risks Identified	Ratio of Improvement
Humanitarian Treatment	Employees	All sites (100%)	Employees : 1, Business Employees : 2	100%
Forced Labor	Business Partners	Major Business Partners (25%)	-	-
Child Labor	Business Partners	Major Business Partners (25%)	-	-
Prohibition of Discrimination	Employees & Business Partners	All sites (100%), Major Business Partners (25%)	-	-
Compliance to Working Hours	Employees & Business Partners		Business Partners :1	100%
Wages and Employee Benefit	Employees & Business Partners		-	-
Personal Information Protection	Employees	All sites (100%)	Employees : 1	100%
Local Community	Employees	All sites (100%)	-	-

### | 2018 Human Rights Risk Evaluation Ratio |



### | 2018 Human Rights Risk Improvement Measures |



# Code of Conduct of Business Partners

## Preface

SK holdings expects a high level of operation standards to working environment of its business partners. Hence, in order to strengthen the compliance management as the foundation of accompanied growth between business partners and SK holdings, the company enacted the Code of Conduct of Business Partners (hereinafter “Code”). Also, business partners of SK holdings shall strictly observe all applicable laws and regulations, secure a safe working environment, build a business environment that respects employees and run business in an ethical manner.

This Code presents what SK holdings expects from its business partners. The Code is applicable to organizations of all forms that design, sell, manufacture or provide ingredients and services used to produce services and products. All business partners shall comply with the Code, and shall demand all subsidiary supply chains that provide ingredients and services to relevant business partners.

SK holdings or external institutions designated by SK holdings may visit business partners to assess the compliance status of business partners. In case a critical violation of a business partner on this Code has not been improved within the requested period, the trade with SK holdings may be suspended or the contract may be cancelled.

Also, in accordance with any changes in SK holdings’ business partner management policy or standards, this Code may be amended. In case of conflict of this Code and local laws, more strict standards shall prevail.

## 1. Human Rights and Labor

Business partners shall protect human rights of workers and guarantee their dignity to internationally accepted standards. This shall be applicable to all forms of workers including temporary workers, migrate workers, trainees and dispatched workers. Workers shall be guaranteed for legal service and protection of rights in accordance with local laws.

### 1-1. Prohibition of Forced Labor

All services shall be voluntary. A company shall not use forced laborers, workers under confinement contract (including confinement for debt servicing), involuntary convict laborers and human trafficking laborers. This includes all acts of moving, employing and transferring social minorities by threatening, forcing, compulsion, kidnapping and committing fraud for the purpose of labor exploitation.

Companies shall not demand for the transfer of government-issued identification cards, passports or work permits for employment condition. Business partners or manpower dispatch companies shall not demand workers for commissions (for job placement, etc.) or surety. Also, they shall document and deliver work conditions in languages understandable by the worker.

### 1-2. Underage Worker Protection

Use of child labor is strictly prohibited. “Child” means personnel below age 15, the age of completing obligatory education or the minimum legal employment age according to local laws, whichever is the highest.

### 1-3. Compliance of Working Hours

The weekly working hours shall not exceed the maximum working hours regulated by laws. Moreover, the weekly working hours including any overtime hours may not exceed the working hours set by the Labor Standards Act except in emergency or special situations.

### 1-4. Wages and Employee Benefits

Wages given to workers shall include minimum wages, overtime compensation and legal employee benefits, and shall comply with local laws and regulations. All overtime services shall be done voluntarily with the agreement of workers, and higher overtime compensations than the hourly wages for regular working hours shall be given according to local laws and regulations.

No pay cuts shall be permitted as sanctions. The wage standards and items of workers shall be provided in languages understandable by workers in a payslip or a document with wage payment details via document or company intranet.

### 1-5. Humanitarian Treatment

There shall be no harsh and inhumane treatment to workers including sexual harassment, sexual abuse, punishment, mental or physical coercion and abusive language, nor any threats for such treatment. Business partners shall define policies and procedures for guaranteeing humanitarian treatment to workers and fully explain on such policies and procedures.

### 1-6. Nondiscrimination

Business partners shall take measures to prevent bullying or illegal discrimination over workers. In employment customs including the recruitment process as well as wages, promotion, compensation and education opportunity, business partners shall not discriminate based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political inclination, union membership and marital status. Except where required by local laws or occupational safety, business partners shall not demand workers or employment candidates for medical checkups that may present grounds for discrimination.

### 1-7. Freedom of Association

In accordance with the local laws, business partners shall respect workers’ rights to organize, and join an employee council or a labor union, and the freedom of association with other workers for group agreement and peaceful assembly, and the rights not to participate in such activities. Also, business partners shall enable their workers and representatives to liberally exchange opinions and difficulties on working conditions and business policies with business partners without concerns about discrimination, revenge, threats or bullying.

## 2. Safety and Health

Business partners shall recognize that activities that guarantee safety and health of workers are essential in all activities in the course of company's businesses. Business partners shall, according to local laws and regulations, strive to build and maintain safe and healthy worksites.

### 2-1. Occupational Safety

Business partners shall perform proper administrative control, preventive maintenance and consistent safety education to control workers' exposure to potential safety hazards (e.g. electrocution, fire, car accident, falling hazards, etc.). In case hazardous elements cannot be sufficiently controlled by the above mentioned measures, proper personal protective gears shall be provided to workers. Workers shall be able to liberally present their safety concerns to the management board.

### 2-2. Preparation to Emergency Situations

Potential emergency situations and accidents shall be identified and evaluated in advance. Damage from emergency situation shall be minimized by setting up an emergency situation reporting system, worker notification and evacuation procedures, and by providing emergency drills of workers, evacuation facilities, fire detectors and fire-fighting equipment.

### 2-3. Body Burden Tasks

Business partners shall identify, evaluate and control workers' exposure to body burden tasks including repetitive manual tasks for a long period, lifting heavy objects, standing and physically exhausting assembly tasks.

### 2-4. Safety and Health Education

Business partners shall perform proper safety and health education to workers in languages readily used by workers. Safety and health related information shall be published in a well visible area in the worksite.

## 3. Eco-friendly Management

Business partners shall strive to fully understand and reduce environmental pollutions from business operation and environmental effects from providing products and services to SK holdings. They shall comply with environment related laws and regulations in terms of waste disposal, recycling, controlling industrial water and controlling greenhouse gas and atmospheric emissions.

### 3-1. Waste Water and Wastes

Business partners shall systematically identify, manage, reduce, dispose and recycle solid wastes (unharmful). Solid wastes shall be identified, monitored, managed and treated according to regulations and then discharged/disposed. Measures to reduce waste water shall be taken, and the treatment efficiency of the waste water treatment process shall be constantly monitored.

### 3-2. Energy Consumption and Greenhouse Gas Emissions

Business partners shall identify energy consumption and greenhouse gas emissions of the company and business sites in each step. Also, they shall look for cost efficient ways to minimize energy consumption and greenhouse gas emissions while raising energy efficiency.

## 4. Business Ethics

In operation of business sites, business activities of business partners shall comply with all local laws and regulations, and SK holdings shall demand its business partners to maintain the highest standards of ethics.

### 4-1. Integrity

In the trade relations with all companies, business partners shall maintain the highest level of integrity. They shall not conduct illegal acts such as all forms of corruption, extortion, embezzlement, bribery, tributes, and gifts including money gifts or other forms of benefits to related personnel for the purpose of affecting the decision making process. Also, they shall not give or receive any means of gaining unjust or improper benefits, and shall practice autonomous compliance to anti-graft law by providing supervision and crackdown on such practices.

### 4-2. Disclosure

Information on labor affairs, safety and health, environmental management status, business activities, governance structure, financial status and performance of business partners shall be disclosed according to applicable laws and general industrial practices. Any forgery of records or omissions of status and customs in the supply chain shall not be permitted.

### 4-3. Intellectual Property Protection

Intellectual property rights shall be respected. The transfer of technology or knowhow shall be performed in a manner of protecting intellectual property rights, and information of SK holdings shall be securely protected.

### 4-4. Personal Information Protection

Business partners shall take reasonable efforts to protect the personal information of all personnel including business partners related with businesses, clients, consumers and employees. Also, they shall comply with the laws related with personal information protection and information security in collecting, storing, processing, transmitting and sharing personal information.

## 「Independence of Director」 Guidelines

In verification of the independence of the director, SK holdings Co., Ltd. ("SK holdings") complies with the domestic commercial law. When stipulating independence requirements, the company has also applied standards in accordance with or more stringent to the NYSE regulations of the United States; and the company follows the stipulated requirements when determining the independence of a director candidate or current director.

Directors who do not meet the independence requirements of the company are also qualified under the relevant laws and regulations of the Republic of Korea, and make significant contributions to the Board of Directors and the company by demonstrating their competence, experience and wisdom.

A director of SK holdings' Board of Directors is independent by meeting all of the following criteria listed below:

- The director must not have been employed by the company in an executive capacity within the last three years.
- The director must not be a partner or employee of the company's outside auditor.
- The director must not be a partner or employee of a company that has signed a major advisory agreement or a technology partnership agreement with the company.
- The director must not be an adviser or consultant to the company or a member of the company's senior management.
- The director must not be a partner or employee of a company that has concluded in the current or any of the past three fiscal years a single contract with the company for an amount that exceeds 5% of the company's consolidated gross revenues for that year.
- The director must not have any other conflict of interest on the agenda determined by the board.

In addition to the above requirements, the Board of Directors will make comprehensive consideration to determine the independence of a director, including the circumstances at home and abroad, as well as the status of directors and the company.



# Board Diversity Guidelines

SK holdings recognizes and embraces the benefits of having a diverse Board to make important decisions based on a wider perspective with better consideration of the interests of its shareholders, customers and other stakeholders.

At the end of each year, the Board determines the direction for next year's director candidate selection and the composition of the board with an aim to fulfill the following diversity requirements:

## 1. Expertise

- a) Required Expertise : IT, business management (operation of organizations), economy, law, accounting.
- b) Detailed Expertise : business management, economics, global, IT industry expertise, risk management, sustainability management, administration and other fields of expertise a director of a holdings & IT service company needs.
- c) Outside Director Experience : Understanding of director's duties.

## 2. Diversity

- a) Nationality : Candidates of various nationality, reflecting the Company's international operations.
- b) Gender : Candidates of different genders, reflecting the principle of gender equality, to operate the Board based on diversified perspectives
- c) Age : Candidates of harmonized age, in order to flexibly respond to changes in the management environment and to enhance the efficiency of the board
- d) Others : Candidates will not be discriminated by other diversity factors, including but not limited to race, religion, ethnicity, nationality.

## 3. Recommendation

Employing an open approach when recommending independent directors, in order to enhance the interests of various stakeholders.

In determining the direction of the board, the board verifies that the composition of the board reflects the above diversity requirements through the "Diversity Verification Matrix".

Unless limited by the laws of the Republic of Korea, SK holdings will continue to make every effort to ensure that the board of directors will be more effective by adding various perspectives and experiences.

# Appendix

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82	Membership · Awards and Recognition



# GRI Standards Index

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<b>GRI 102 : Organizational Profile</b>	102-1	Organization	1	
	102-2	Activities, Representative Brands, Products and Services	10-13	
	102-3	Location of Head Office	Annual Report	
	102-4	Business Region	Annual Report	
	102-5	Characteristics of Ownership Structure and Legal Form	Annual Report	
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\* Website Announcement (<http://gateway.sk.co.kr/kr/about/gwkwow151.aspx>)

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# Third Party's Assurance Statement

To the Readers of 2019 SK holdings Sustainability Report:

## Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of SK holdings Co., Ltd (hereinafter "SK holding") to verify the contents of its 2019 Sustainability Report (hereinafter "the Report"). SK holding is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

## Scope and standard

SK holding describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI Standards which covers the followings.

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards
  - Management approach of Topic Specific Standards
  - Economic Performance: 201-1, 201-3, 201-4
  - Market Presence: 202-1
  - Indirect Economic Impacts: 203-1, 203-2
  - Anti-Corruption: 205-1, 205-2, 205-3
  - Energy: 302-1, 302-2, 302-3
  - Water: 303-3
  - Emissions: 305-1, 305-2, 305-3, 305-4, 305-6
  - Effluents and Waste: 306-2
  - Environmental Compliance: 307-1
  - Employment: 401-1, 401-2, 401-3
  - Labor/Management Relations: 402-1
  - Occupational Health and Safety: 403-1, 403-2, 403-3, 403-4
  - Training and Education: 404-1, 404-2, 404-3
  - Diversity and Equal Opportunity: 405-1, 405-2
  - Non-Discrimination: 406-1
  - Child Labor: 408-1
  - Forced or Compulsory Labor: 409-1
  - Rights of Indigenous Peoples: 411-1
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  - Local Communities: 413-1, 413-2
  - Supplier Social Assessment: 414-1, 414-2
  - Public Policy: 415-1
  - Customer Health and Safety: 416-1, 416-2
  - Marketing and Labeling: 417-3
  - Customer Privacy: 418-1
  - Socioeconomic Compliance: 419-1

This Report excludes a data sand information of joint corporate, contractor etc. which is outside of the organization, i.e. SK holding, among report boundaries.

## Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

## Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with SK holding on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

### Inclusivity

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

- SK holding is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder SK holding left out during this procedure.

### Materiality

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

- SK holding is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

### Responsiveness

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

- The assurance team could not find any evidence that SK holding's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI standards.

## Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

- SK holding successfully identified key topics through the properly developed materiality assessment process and faithfully included them in the sustainability report. The company should be recognized for the outstanding effort to measure and report important social values. It is advised to expand the list of social values subject to assessment and report the results with consistency, making the organization more sustainable and the report more transparent.

## Our independence

With the exception of providing third party assurance services, KMR is not involved in any other SK holding's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

June, 24<sup>th</sup>, 2019  
Seoul, Korea

# Greenhouse Gas Verification Report

## Introduction

Korea Productivity Center was required to verify '2018 Greenhouse Gas (GHG) emissions Statements (hereinafter 'Statement')', of which reporting years was defined as January 1, 2018 to December 31, 2018, by SK holdings.

## Levels of Assurance

Assures that the relevant risks are below acceptable levels during the verification process.

## Verification Scope

The verification team verified GHG Emissions (Scope 3) at workplaces of SK holdings in 2018

## Verification Criteria

- GHG Energy Target Management Guideline
- IPCC Guideline:2006, WRI/WBCSD GHG Protocol:2004
- ISO14064-3:2006 standard

## Limitation

By conducting the verification through the sampling method, there may be latent errors and omissions that the verification team was unable to detect and there were no significant exceptions. Final GHG emissions may include limitations that may arise due to the application of unspecified standards and methods.

## Conclusion

- The verification team confirmed that the 'Statements (2017)' was being reported in accordance with the self-inspection guideline based on the GHG Energy Target Management Guideline and IPCC Guideline.
- Appropriate corrective action was taken by SK holdings in accordance with investigation results from the verification team.
- The verification team confirms that the 'Statements (2017)' was being reporting 'appropriately' in accordance with relevant standards.

SK holdings	GHG Emissions
Direct Emissions (Scope1)	487 ton CO <sub>2</sub> e
Indirect Emissions (Scope2)	67,114 ton CO <sub>2</sub> e
Other Indirect Emissions (Scope3) *Appendix1	5,322 ton CO <sub>2</sub> e

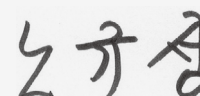
Appendix I. Based on the verification, the details of GHG emissions (Scope 3) in SK holdings is as below;

SK holdings	GHG Emissions
1. Fuel-and energy-related activities (not included in scope1 or scope2)	2,483 ton CO <sub>2</sub> e
2. Upstream transportation and distribution	7 ton CO <sub>2</sub> e
3. Waste generated in operations	8 ton CO <sub>2</sub> e
4. Business travel	702 ton CO <sub>2</sub> e
5. Employee commuting	8 ton CO <sub>2</sub> e
6. Upstream leased assets	2,114 ton CO <sub>2</sub> e
Total Emissions	5,322 ton CO <sub>2</sub> e

\* In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with  $\pm 1$  ton CO<sub>2</sub>e.

21<sup>th</sup> June 2019

Korea Productivity Center  
Chairman Kyoo Sung, Noh



# UN Global Compact • UN SDGs

## UN Global Compact

The UN Global Compact (UNGC) is the world's largest voluntary initiative of corporate citizens, stating ten principles in the areas of human rights, labor, the environment, and anti-corruption. The UNGC has corporate participants from over 100 countries around the world. Since joining the UNGC in 2012, SK holdings has faithfully carried out its corporate social responsibilities and observed the 10 principles set forth by the UNGC. By continuing to participate in the initiative and publicly disclosing our performances, we will fulfill our responsibilities as a corporate citizen to build a sustainable society.



**United Nations**  
Global Compact

Category	Principles	Pages/Additional Information
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	SK holdings respects all human rights stated in the world human rights declaration adopted by UN (P. 68~69)
	Principle 2: Make sure that they are not complicit in human rights abuses.	
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	SK holdings supports the freedom of association and recognizes collective bargaining rights. (P. 68~69)
	Principle 4: The elimination of all forms of forced and compulsory labour;	SK holdings shall not permit forced labor in all forms. (P. 68~69)
	Principle 5: The effective abolition of child labour; and	SK holdings prohibits child labor. (P. 68~69)
	Principle 6: The elimination of discrimination in respect of employment and occupation.	P.68~69
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	P.34~37
	Principle 8: Undertake initiatives to promote greater environmental responsibility; and	
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	P.32~33

## UN SDGs(Sustainable Development Goals)

The UN Sustainable Development Goals (SDGs) are common goals for the international community to achieve by 2030 with a view to eradicating poverty and attaining sustainable development for all. Adopted by the United Nations in September 2015, the 2030 Agenda for Sustainable Development consists of 17 goals and 169 targets and calls for all countries to work together to build sustainable societies and to tackle the economic, social, and environmental crisis faced by the modern world. SK holdings associates the following goals of the SDGs with our business activities and discloses the outcomes and performances in our Sustainability Reports in a transparent manner.



Category	Principles	Pages/Additional Information
Goal 3	Ensure healthy lives and promote well-being for all at all ages.	P.21
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	P.25
Goal 5	Achieve gender equality and empower all women and girls.	P.43, 62
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	P.60~61
Goal 10	Reduce income inequality within and among countries.	P.58
Goal 11	Make cities and human settlements inclusive, safe, resilient, and sustainable.	P.57
Goal 13	Take urgent action to combat climate change and its impacts.	P.34~37
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	
Goal 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development.	P.46~49, 63

# Membership·Awards and Recognition

## Membership

Seoul Bar Association	Seongnam Chamber of Commerce	Korea Industrial Technology Association
Korean Bar Association	Korea Software Industry Association (KOSA)	Korea Software Technology Association
Korea Patent Attorneys Association	Federation of Korea Information Industries (FKII)	Consortium of Cloud Computing Research (CCCR)
Korea Engineering & Consulting Association	Korea Association for ICT Promotion (KAIT)	Korea Open Source Software Association (KOSSA)
Korea International Trade Association	Korea Information Technology Service Industry Association (ITSA)	Korea Institute of Information Security and Cryptology (KIISC)
Korea Information and Communication Contractors Association	Korea Association of Cloud Industry	Korea High-tech Safety Industry Association (KOHSA)
Information & Communication Financial Cooperative	Seoul Economist Club	Korea Software Quality Consultative Group
Korea Electrical Contractors Association	Fair Competition Federation	Korea Alliance of Software Architect
International Contractors Association of Korea	Korea Listed Companies Association	Korea Cardlink Association
Engineering Guarantee Insurance	Korea IR Service	Korea Fintech Association
Korea Specialty Contractor Financial Cooperative	Korea Employer's Federation	Korea Defense Software Association
Korea Mech. Const. Contractors Association	Gyeonggi Employers Federation	Korea Defense Industry Association
Fire Guarantee	Korea institute of Petroleum Management	Korea Intelligent IoT Association
Korea Fire Safety Association	Intelligent Transport Society of Korea	Korean Nurses Association
Korea Bigdata Society		

## Awards and Recognition

No.	Awards	Award Presented By	Year
1	Incorporated in the DJSI (Dow Jones Sustainability Indices) World for 7 consecutive years [Conglomerate sector]	S&P Dow Jones Indices / RobecoSAM	2018
2	Total A+ Grade in ESG (Environment, Social, Governance)	Korea Corporate Governance Service (ESG)	
3	Grand prize in ESG excellent company awards	Korea Corporate Governance Service (ESG)	
4	Highest award in governance structure awards	Korea Corporate Governance Service (ESG)	
5	The Most Loved Companies in Korea, Government Award, Award by Chairman of Korea Chamber of Commerce and Industry	Ministry of Trade, Industry and Energy, Ministry of SMEs and Ventures	
6	Incorporated in the DJSI (Dow Jones Sustainability Indices) World for 6 consecutive years [Conglomerate sector]	S&P Dow Jones Indices / RobecoSAM	2017
7	Total A+ Grade in ESG (Environment, Social, Governance)	Korea Corporate Governance Service (ESG)	
8	Excellent prize in ESG excellent company awards	Korea Corporate Governance Service (ESG)	
9	Excellent report in Korean Readers' Choice Awards (KRCA) [Service sector]	Korea Standards Association (KSA)	
10	Prize by President of Korea Standards Association in the Most Loved Companies in Korea	Ministry of SMEs and Startups	



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Legal Affairs Division	Su-ji Ko
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