SK networks
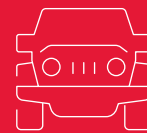
CUSTOMER VALUE EXPLORER

SK networks

GLOBAL TRADING

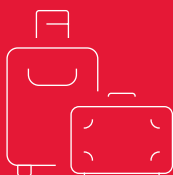ICT MARKETING

SK networks thinks about customers all the time.

RENT-A-CAR

MOST

HOME APPLIANCE

HOTELS & RESORTS

SPEEDMATE

Reporting Background
This report is the 2nd sustainability report of SK networks. The sustainability report is a means of disclosing a company's economic, environmental and social performances to its stakeholders transparently. SK networks plans to pursue the development of sustainability and enhance trust with stakeholders by sharing its sustainability activities, performances and future implementation directions through annual publication of the sustainability report.

Reporting Standard
The Core options of the Global Reporting Initiative (GRI) Standards

Reporting Period
From January 1 to December 31, 2018
Partial performances from 2016 to March 2019

Reporting Cycle
Annually (previous report: June 2018)

Reporting Boundary
SK networks and its subsidiaries

Reporting Scope
Economic (K-IFRS), Social and Environmental performances

Changes in Organization during Reporting Period
Acquired shares of AJ Rent-a-car Co., Ltd. on January 2, 2019 (share ratio of 42.24%)

Reporting Assurance
A third-party, independent assurance

Organization for Social Value (SV) Implementation
SK networks operates the SV Implementation Organization to enhance its sustainability in company-wide level, while creating values of the company, customers and society. This organization manages the planning and supporting of the operation of SV programs and publishes the sustainability report, which is a main communication channel for the stakeholders. The sustainability report of SK networks is developed after reviewing and approval process of the Head of the SV Implementation Organization.

COVER STORY
SK networks intends to innovate the corporate value through a future growth direction called, 'Customer Value Explorer'. Through the active communication and continuous business innovation to achieve the direction, we will complete 'SK networks looking for new customer-focused values'.

CUSTOMER
VALUE
EXPLORER

SK networks prioritizes customers
all the time.

Based on the corporate culture to build a happy company
where good people can enjoy working at,
SK networks pursues the path of 'Customer Value Explorer' through
the relentless research on improving customer values and the
innovation of working methods using the digital transformation.
We will become a company that doubles customer happiness by
creating economic and social values.

CEO MESSAGE

"
We will become the top innovative company pursuing customer value. **"**

Dear respected stakeholders,

We truly appreciate your warm concerns and supports to SK networks. This year, we published the 2nd sustainability report. By publishing the sustainability reports, we will continue to share our growth and development, along with the economic, environmental, and social performances precisely and transparently.

Despite the challenging business environment in 2018, SK networks was able to create economic performance similar to that of the previous year and established a basis for sustainable growth by actively investing in the rental business, which will play a crucial role in our future growth. The rental car business built a strong position in the industry by acquiring AJ Rent-a-car, SK magic strengthened its market dominance by exceeding 1.5 million in domestic rental subscriptions, and also took the first step toward overseas market entry by establishing the Malaysian corporation.

The year 2018 was also the beginning of our social value promotion. We measured how much social value our company has created and put various efforts for connecting the social value with our business model. Moreover, we launched the 'Mobility Bank' using our capacities and assets related to the mobility and provided vehicles to social enterprises and ventures that were in need, thereby building a social value creation model. In 2019, we intend to prioritize happiness of the stakeholders and develop as the following:

First, SK networks will create practical performances in the businesses that have been prepared for the future.
Our aggressive M&A strategy has set the foundation for leading the sharing economy. Life care appliance business by SK magic and rental car business alongside with AJ Rent-a-car will contribute to the growth of SK networks. SK magic will make a substantial progress on technology,

CEO & Chairman
SK networks

Choi, Shin-Won

design and service to enhance customer satisfaction and to make successful performances in the overseas market. In addition, the rental car business will deliver differentiated values and new experiences to the customer by maximizing the integrated synergy.

Second, SK networks will improve the existing business model and strengthen the company-wide risk management.
Current trading and distribution businesses must secure stability despite harsh the environment. We will thoroughly respond to conditions and threats in the domestic/overseas market and establish a sustainable business model by diversifying our customers and products. Moreover, we will strengthen our capabilities in responding to business risks flexibly through the precise analysis and increase stakeholders' trust by reinforcing the financial stability.

Third, SK networks will evolve into a company that creates social values through management activities.
Nowadays, a company's living and growing along with society is considered the nature and value. SK networks will begin creating social values in its overall management activities. In 2019, we will align economic values with social values more in depth. We plan to improve not only the business model, but also the management system including appraisal and compensation.

Fourth, SK networks will create a company with happiness where employees can enjoy working at.
We will build a company where employees work toward a goal of customer satisfaction based on respect and consideration. In order to do so, we will actively embrace changes based on horizontal communication, strive to settle an open culture that respects diversity, and assist employees to cultivate their core capacities needed in the era of digital transformation so that they can respond to drastic changes in the management environment.

We promise that we will enhance our corporate values and further become the customer value explorer based on relentless efforts and innovations that have been continued for the past 66 years. We look forward to your continued interest and support.

CEO & President
SK networks

Park, Sang Kyu

ABOUT COMPANY

About SK networks

The foundation of SK networks in 1953 was a signal of a fresh start of Korean economy after stagnation caused by the Korean War. The name of Sunkyung Textiles, the former body of SK networks, is a composition of the words: 'Shiny (Sun)' and 'Great (Kyung)'. From the site of Korea's reconstruction to the present, SK networks has been a company to provide dream and hope to the public.

SK networks intends to innovate its corporate value through the future growth direction called, 'Customer Value Explorer'. We will set bold goals, conduct active communication, and innovate business continuously to complete the image of 'SK networks looking for new customer-focused values'.

(As at the end of 2018; K-IFRS consolidated)

Foundation Year	1953
CEO	Choi, Shin-Won & Park, Sang Kyu
HQ Location	SK Myeongdong Bldg., 90, Namdaemun-ro, Jung-gu, Seoul, Republic of Korea
Total Assets	KRW 7.7690 trillion
Revenue	KRW 13.9865 trillion
Operating Profits	KRW 13.79 million
No. of Employees	SK networks 2,251 persons* (including Walkerhill); SK magic 921 persons
Credit Rating	AA- (Stable) (Mar. 31, 2019; based on corporate bond; Korea Investors Service, NICE Investors Services, Korea Ratings)

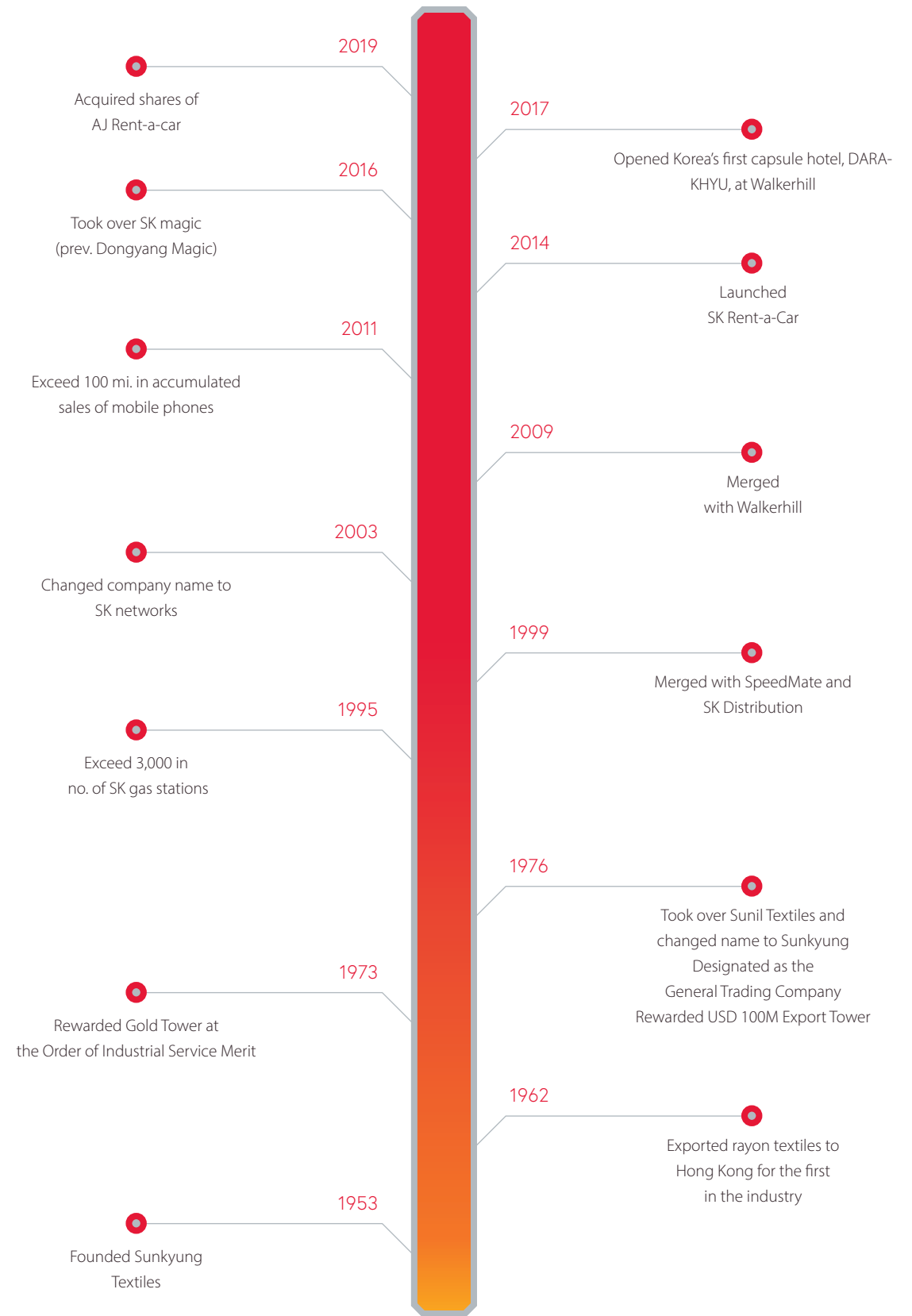*Limited to employees working as at Dec. 31, 2018

Key Businesses

Based on the competitiveness in domestic/overseas network bases, superior trade relations, and distribution capabilities, SK networks performs businesses in the Global Trading focused on industrial bond, the Information & Communication Distribution focused on mobile phone, and the Petroleum Product Distribution, and the Minor Maintenance. We also conduct the short to long-term car rental business and the growth business focused on eco-furniture rentals and kitchen appliances, as well as the Walkerhill Hotels & Resorts.

Key Subsidiaries

SK magic Co., Ltd.	Home appliances and rental business
SK Networks Service Co., Ltd.	Communications network operation and IT equipment distribution
SK Rent-a-Car Service Co., Ltd.	Short-term rental sales support
SK PINX Co., Ltd.	Golf course operation business
AJ Rentacar Co., Ltd.*	Car rental business

*Incorporated in 2019

Growth Process

2019 Acquired shares of AJ Rent-a-car

2017 Opened Korea's first capsule hotel, DARA-KHYU, at Walkerhill

2016 Took over SK magic (prev. Dongyang Magic)

2014 Launched SK Rent-a-Car

2011 Exceed 100 mi. in accumulated sales of mobile phones

2009 Merged with Walkerhill

2003 Changed company name to SK networks

1999 Merged with SpeedMate and SK Distribution

1995 Exceed 3,000 in no. of SK gas stations

1976 Took over Sunil Textiles and changed name to Sunkyung Designated as the General Trading Company Rewarded USD 100M Export Tower

1973 Rewarded Gold Tower at the Order of Industrial Service Merit

1962 Exported rayon textiles to Hong Kong for the first in the industry

1953 Founded Sunkyung Textiles

MAIN ACHIEVEMENT

01 Established the online platform for selling used cars

The used cars returned from individual or corporate customers after a long-term rental are sold to the used car dealers through auctions. However, this method had caused such inconveniences as insufficient information, lack of transparency in the bidding process and excessive time required from successful bid to delivery. Therefore, in April 2018, SK Rent-a-Car established an online platform for selling used cars, which is a 'trustworthy place to quickly and easily purchase good cars that can be resold'. Using the auto studio, we automated the process of vehicle recognition, photo shoot, editing and uploading to server, for the first in Korea, thereby enabling bidders to participate in the bidding conveniently through the mobile application (APP). This customer-focused service platform is not only fast and economic, but also fair and transparent.

02 Promoted creating a healthy distribution ecosystem through the recycling of ICT devices

The resale market of ICT products including used mobile phones is unclear in the distribution process and has a high asymmetry in information between suppliers and consumers. SK networks began creating a market trusted by customers based on the knowledge in ICT device distribution. We are also making the customer-focused market that protects customers and provides them objective information by supporting companies with outstanding technologies in developing solutions for customer information security and product performance examination.

03 Launched the Direct service for AI-driven long-term rental cars

SK Rent-a-Car presented the 'SK Long-term Rental Car Direct' service in March 2018 to help customers in smart driving of cars. This is the first Direct product equipped with the AI system, which enables the recommending of suitable cars for driving environment and taste of the customers. Moreover, customer convenience is also strengthened through the online 360 virtual reality (VR) view of Korean cars' interior and the virtual test-driving system.

04 Promoted the building of mobility lifestyle charging stations

SK networks signed the 'agreement for building the mobility lifestyle charging station' with Hyundai Motors in October 2018 and is in the process of rebuilding Gil-dong Gas Station to an electric car-oriented mobility station, in order to prepare the future charging facility in alignment with an increase in eco-friendly vehicles. This is the world's first charging facility exclusive for electric cars, and we plan to create an integrated contents space with the area of 3,305 m^2 or larger that can charge not only the electric cars, but also people. The station is becoming a landmark for enhancing convenience of mobility customers and providing comfort and refreshing opportunities.

05 Developed the integrated mobility membership and the Korea's first fueling O2O platform, 'Most'

Since January 2018, SK networks has operated the 'CLUB Most', which is an integrated membership covering fueling, car washing, maintenance, ERS and rental car to offer the 'best mobility-related service' to customers. Through the mobile APP, 'Most', we offer not only the online to offline (O2O*) fueling and maintenance services, but also the customer-focused services including customized discounts and airline miles at SK gas stations and SpeedMate shops. Currently, about 1.5M customers are receiving benefits of the CLUB Most.

*O2O: Online to offline

SK networks enhances customer values as a sustainable company and conducts various activities through its business to build a happy society for every stakeholder.

Tire, Good Warranty'

...intenance brand of SK networks, has been conducted the 'Good Tire, Good ...t by customers to different ones if they change their mind, in order to secure ...ge program considering customers' changed minds on purchasing of the ...first in the tire industry. SpeedMate strives to intensify customer satisfaction

...nance Day with Customers'

...-maintenance Day with Customers' for the customers driving imported cars ...ulture focused on customers. In 2018, we invited the customers of BMW ...hing of experts, the participants went through checking air pressure and ...sional instruments and self-maintenance practice including replacing oil, air ...h this event, SpeedMate is sharing the maintenance infrastructure with the ...the culture of safe self-maintenance.

...DARAKHYU'

...minal 1 of Incheon International Airport, the capsule hotel, 'DARAKHYU' has ...ustomers in ready for a long-distance journey at reasonable prices. With the ...ve opened the second one in January 2018 when the Terminal 2 was built, ...gust, thereby becoming a travelers' platform beyond the general accommo-...pectations with practical services based on the information technology (IT) ...he design of Korean beauty. Moreover, the 2nd DARAKHYU is an eco-friendly ...Energy and Environmental Design (LEED) certification by the United States ...ues a spatial differentiation where customers stay and experience environ-

...lkerhill Seoul

...et of Things (IoT) rooms where the SK Telecom's artificial intelligence (AI) ...s the first hotel, since September 2018. With the concept of 'dialogue with ...he voice-controlled 'lighting, curtain opening and temperature setting', but ...und based on the autonomous sensory meridian response (ASMR) service. ...s 'Do Not Disturb or Make Up Room' can be used through voice control, and ...luding 'check-out time, breakfast time, and locations of facilities and shuttle ...hill Seoul strives to enhance experience value and convenience of customers ...f a lifestyle space where both nature and technology coexist in the center of ...y sophisticate AI response services by accumulating customers' use patterns

...ket (Southeast Asia)

...a corporation in Malaysia and began the businesses in air purifier and water ...eness of developing the world's first JIK SOO (direct water purifying without ...arious JIK SOO water purifiers to Malaysian customers and promoting a dif-...hing the brand, 'JIK.SOO: Never Stagnant, Clean, Pure and Full of Minerals'. In ...nsidered to have a high growth potential for rental business, we are securing ...'s brand for market entry by cooperating with the local exclusive distributor. ...her Association of Southeast Asian Nations (ASEAN) nations including Indo-...

MAIN ACHIEVEMENT

SeedMate annually has performed free maintenance activities on the vehicles of people with disability and received thank you letters from the beneficiaries.

01 Established the online

The used cars returned fro
through auctions. Howeve
parency in the bidding pr
SK Rent-a-Car established
purchase good cars that ca
shoot, editing and upload
conveniently through the
nomic, but also fair and tra

02 Promoted creating a h

The resale market of ICT
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gies in developing solutio

03 Launched the Direct s

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of cars. This is the first Dire
for driving environment an
online 360 virtual reality (V

04 Promoted the buildin

SK networks signed the 'ag
2018 and is in the process
pare the future charging fa
cility exclusive for electric c
can charge not only the ele
mobility customers and pro

05 Developed the integr

Since January 2018, SK net
car washing, maintenance
mobile APP, 'Most', we offe
tomer-focused services in
Currently, about 1.5M cust

*O2O: Online to offline

06 Conducted the SpeedMate 'Good Tire, Good Warranty'

Since April 2018, SpeedMate, the car maintenance brand of SK networks, has been conducted the 'Good Tire, Good Warranty' that exchanges the tires bought by customers to different ones if they change their mind, in order to secure their experience values. This tire exchange program considering customers' changed minds on purchasing of the directly imported tires was started as the first in the tire industry. SpeedMate strives to intensify customer satisfaction even in small products and services.

07 Held the SpeedMate 'Self-maintenance Day with Customers'

Since 2017, SpeedMate has held the 'Self-maintenance Day with Customers' for the customers driving imported cars to settle the transparent maintenance culture focused on customers. In 2018, we invited the customers of BMW and AUDI to the event. Under the coaching of experts, the participants went through checking air pressure and wear of tires, vehicle checks using professional instruments and self-maintenance practice including replacing oil, air conditioner filter and light bulbs. Through this event, SpeedMate is sharing the maintenance infrastructure with the customers and contributing to spreading the culture of safe self-maintenance.

08 Expanded the traveling platform, 'DARAKHYU'

Since its establishment in 2017 at the Terminal 1 of Incheon International Airport, the capsule hotel, 'DARAKHYU' has been offering a pleasant shelter to the customers in ready for a long-distance journey at reasonable prices. With the high appreciation from the customers, we opened the second one in January 2018 when the Terminal 2 was built, followed by the third hotel in Yeosu in August, thereby becoming a travelers' platform beyond the general accommodation. DARAKHYU is satisfying users' expectations with practical services based on the information technology (IT) including WiFi and Bluetooth, as well as the design of Korean beauty. Moreover, the 2nd DARAKHYU is an eco-friendly building that acquired the Leadership in Energy and Environmental Design (LEED) certification by the United States (U.S.) Green Building Council, and it pursues a spatial differentiation where customers stay and experience environmental values at the same time.

09 Operates the IoT room at Vista Walkerhill Seoul

Vista Walkerhill Seoul has run the Internet of Things (IoT) rooms where the SK Telecom's artificial intelligence (AI) service, 'NUGU', is applied at all rooms as the first hotel, since September 2018. With the concept of 'dialogue with the room', this room provides not only the voice-controlled 'lighting, curtain opening and temperature setting', but also the natural atmosphere through sound based on the autonomous sensory meridian response (ASMR) service. Moreover, such main customer services as 'Do Not Disturb or Make Up Room' can be used through voice control, and the frequently asked questions (FAQ) including 'check-out time, breakfast time, and locations of facilities and shuttle bus stops' can also be heard. Vista Walkerhill Seoul strives to enhance experience value and convenience of customers while strengthening its unique identity of a lifestyle space where both nature and technology coexist in the center of Seoul, and the hotel plans to continuously sophisticate AI response services by accumulating customers' use patterns in data.

10 SK magic's entry to the global market (Southeast Asia)

At the end of 2018, SK magic established a corporation in Malaysia and began the businesses in air purifier and water purifier rentals. Based on our competitiveness of developing the world's first JIK SOO (direct water purifying without stagnation of water), we are providing various JIK SOO water purifiers to Malaysian customers and promoting a differentiated JIK SOO technology by launching the brand, 'JIK.SOO: Never Stagnant, Clean, Pure and Full of Minerals'. In order to enter the Vietnamese market considered to have a high growth potential for rental business, we are securing an opportunity and publicizing SK magic's brand for market entry by cooperating with the local exclusive distributor. We are planning for market entries to other Association of Southeast Asian Nations (ASEAN) nations including Indonesia based on the Malaysian corporation.

BUSINESS OVERVIEW

014
/
045

BUSINESS OVERVIEW

Brand Identity of SK networks and Subsidiary

SK networks

SK rent-a-car

Most

SpeedMate

WALKERHILL
HOTELS & RESORTS

GRAND
WALKERHILL
SEOUL

VISTA
WALKERHILL
SEOUL

DOUGLAS HOUSE

DARAKHYU
CAPSULE HOTEL BY WALKERHILL

SK magic

BUSINESS OVERVIEW

SK networks is engaged in various businesses in the energy & chemical, steel and automotive product centered global trading, mobile phone-centered ICT device distribution, car rentals & maintenance, hotels & restaurants, and home appliances manufacturing & environmental appliances rentals. In 2018, we were able to achieve KRW 14 trillion in revenue and KRW 6.01M in operating profit before tax from continuing operations by strengthening financial soundness and securing source of investment even in the difficult business environment all over the world.
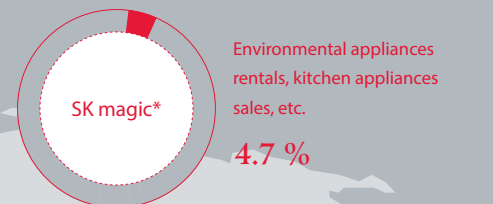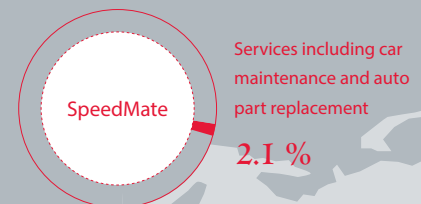
In the global trading sector, we retained a stable profit structure by building strategic partnerships with major global partners, and we are supporting the overseas market entry of growing businesses. In the ICT device distribution business, we are working to offer the optimized service to customers by discovering diverse ICT products and services, as well as the existing mobile phone distribution.

Our car life services include various businesses: the sales of petroleum products through about 330 SK gas stations, the short to long-term car rentals of SK Rent-a-Car with about 100,000 vehicles, the minor maintenance and emergency rescue service (ERS) through about 670 SpeedMate shops, the distribution of auto parts and tires of imported cars, and auto parts exports. In the Car Rental Business, we acquired AJ Rent-a-car in January 2019, thereby building a duopoly in the market.

Walkerhill Hotels & Resorts offers a true meaning of convergent cultural space with the external business areas from Grand Walkerhill Seoul, Vista Walkerhill Seoul and the capsule hotel, DARAKHYU. Through the policy of expanding rental subscriptions continuously, SK magic became the 2nd runner in the industry by achieving 1.54 million accumulated rental subscriptions as at the end of 2018. According to the increase in environmental concerns such as fine dust and the change in consumption trend from 'ownership' to 'usage', SK magic plans to fortify its market position by launching various products introduced with IoT and AI.

Revenue by Business Division 2018

14 KRW trillion

Division	Description	%
Global	Trading in energy & chemical, steel, Car products	38.7 %
Information & Communications	Distribution of mobile phones and ICT devices	37.1 %
Rental Cars	Short to long-term car rental service	5.4 %
Most	Regular petroleum products (gasoline, kerosene, diesel, crude oil, etc.)	10.2 %
SpeedMate	Services including car maintenance and auto part replacement	2.1 %
Walkerhill	Hotel rooms, food & beverages, banquets & events, etc.	1.8 %
SK magic*	Environmental appliances rentals, kitchen appliances sales, etc.	4.7 %

*Subsidiary

OVERSEAS CORPORATIONS **20**   BRANCHES/OFFICES **8**

GLOBAL OUTPOST **28**

L.A, Brazil, Germany, Czech Republic, Iran, U.A.E, Saudi Arabia, India, Republic of Korea, Japan, China, Taiwan, Myanmar, Vietnam, Malaysia, Indonesia, Australia

Republic of Korea: Seoul, Gyeonggi, Daejeon, Daegu, Busan, Jeonnam

China
•11 corporations (incl. 3 steel coil centers)
•1 branch (Taiwan)
Shenyang, Dandong, Shanghai, Pinghu, Xiamen, Guangzhou, Taiwan

GLOBAL DIVISION

GLOBAL TRADING

Global B2B Marketer based on Customers and Location Bases

Based on the 50-year-long experience in the global business, SK networks is equipped with a variety of differentiated competitiveness including superior global sourcing, excellent information resources and strategic networking, and it performs the global trading of industrial materials such as energy & chemical, steels and cars. We are conducting global business of our key items based on the global outposts and securing a stable income structure through strategic partnerships with major global suppliers. We will continue to promote a continuous growth by establishing solid business platforms at each business sector and expand business sectors in relative industries by forming an omnidirectionally cooperative relationship with major global customers for exploring future growth engines.

▲ Performances 2017 - 2018

Revenue (KRW 100M)

64,892   54,103

Global Outposts

27   28

● 2017   ● 2018

▲ Focused Implementation Tasks 2019

Continue cooperative relations with major global customers and develop new projects

▲ Product/Service and Business Structure

Suppliers (manufacturers)

↓

SK networks

↓

Dealers or End-users
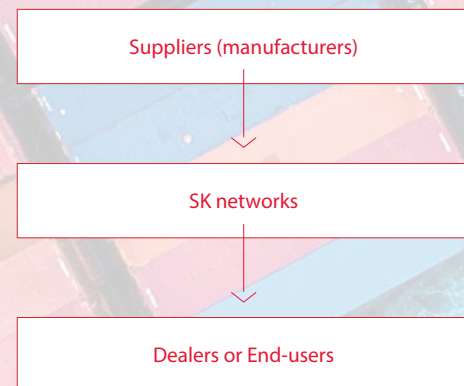
As a distributor of energy & chemical products, SK networks performs a thorough management to maintain safety from storage to transportation by operating tanks.

*PX : Paraxylene
*PTA : Purified Terephthalic Acid
*MEG : Monoethylene Glycol
*BZ : Benzene
*SM : Styrene Monomer
*Tol : Toluene
*MX : Mixed Xylene
*PU : Polyurethane

ENERGY & CHEMICAL

The Energy & Chemical Business deals with fossil fuels such as PX*, PTA* and MEG*, aromatic products such as BZ*, SM*, Tol* and MX*, and materials of petrochemicals and energy industries such as methanol, solvents, PU* and coals. Moreover, we stably conduct import/export and domestic sales (Korea and China) through long-term trades with global large-scale petrochemical companies in domestic and overseas markets. In particular, we are gradually expanding market dominance in the Chinese market, which has the highest demand, and in accordance with the changes in demands in the petrochemical product market, the Chemical sector is expanding business to the Americas and Southeast Asia and developing new projects, thereby achieving continuous growth.

STEEL

SK networks is not only supplying various steel products to international buyers, but also expanding customer contacts through global outposts including local processing/distribution centers. The Steel business supplies steels produced in domestic or overseas to the overseas market. We conduct the global trading with the partnerships with such steel producers as POSCO, Hyundai Steel, Dongkuk Steel and Dongbu Steel of Korea, and Wuhan Iron & Steel, Anshan Iron & Steel, Shagang, and Taiyuan Iron & Steel and ArcelorMittal of China and other regions. Furthermore, we are expanding triangular-trade through the supply of products made by overseas manufacturers. Our main products include hot rolling, heavy plates, cold rolling/plating materials, long products and stainless steels, and we also supply products in various areas such as construction, shipbuilding and home appliances. The target nations for our export cover from such Asian nations as China, Japan, Taiwan, Southeast Asia and India to all over the world such as the Middle East, Europe, the Americas and Australia.

The Steel Business operates the optimized distribution service and supplies customized steel products by running the processing centers at each location base.

SK networks distributes cars in various methods according to the characteristics of each nation and maintains the optimized trade process for each market.

*CKD: Complete Knock Down
(Exporting parts, assembly at destination)
*CBU: Complete Built Up
(Assembled products)
*DKD: Disassembly Knock Down
(Exporting disassembled cars, assembly at destination)

AUTOMOTIVE

The Automotive Business is supplying domestic/overseas cars and relevant products including CKD*, CBU* and auto parts to global buyers and expanding market segments. The key products also include CKD, DKD*, relevant auto parts and production facilities focused on manufactured cars, and they are mainly sold to the Middle East, Europe and Asia. Our Automotive Business is rapidly growing after the first exporting of domestic cars and auto parts to the Middle East in 2014, the business expansion based on the strategic partnership with mass customers in 2016, and the product line expansion to Chinese cars in 2017. Since 2018, we have strengthened a stable income base by continuously exploring new markets to Africa, Southwest Asia and Europe from the existing main market in the Middle East. We plan to keep reinforcing the stable business portfolio, expanding the global supply chain and market, and discovering new products such as auto parts. Moreover, through the continuous customer value exploring, we will enhance our profits and growth based on thorough risk management.

INFORMATION & COMMUNICATIONS

ICT MARKETING

ICT distribution platform provider that continuously develops by strengthening new distribution competitiveness and creating social values focused on the customer value.

Based on the Korea's largest scale of mobile phone sales network, SK network is fortifying its position as the No.1 mobile phone distributor in Korea by selling about 7M devices annually. As a response to drastic changes in the mobile phone distribution market, we are promoting continuous business diversification including the expansion of ICT products based on the enhancing of the customer values and establishing the ecosystem of reusing used phones. Moreover, through one of the subsidiaries, SK networks, we operate the networks of SK Telecom and SK broadband and offer various services including the distribution of IT solution communications system equipment, while contributing to the social value creation by reusing the ICT assets.

The Information & Communications Business intends to expand such ICT products that can innovate customer values based on self-sourcing as ICT accessories, PC and tablets while advancing the competitiveness of the existing mobile phone distribution, and further secure the customer ownership by establishing the ecosystem of used phones and IT assets. Accordingly, we will provide the customized digital life and the integrated platform of online/offline/mobile and build a future distribution that brings the world closer for a more pleasant life.

▲ Performances 2017 - 2018

Revenue (KRW 100M)

51,720   **51,842**

No. of mobile phone sales (10,000 EA)

735   **697**

No. of mobile phone agencies

1,150   **1,065**

● 2017   ● 2018

▲ Focused Implementation Tasks 2019

- Proactively respond to changes in mobile phone distribution structure and secure customer ownership by expanding ICT products and customers based on self-sourcing
- Enhance social values of ICT resources cycle by establishing the ecosystem of reusing used phones

▲ Product/Service and Business Structure

Suppliers (manufacturers)

↓

SK networks

↓

Dealers or End-users
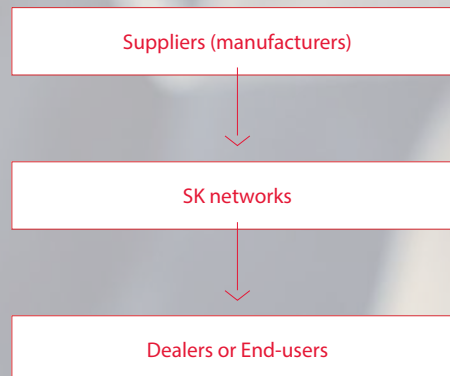
Wholesale of Mobile Devices

Based on the distribution network and logistics infrastructure of mobile phones nationwide, SK networks is supplying mobile devices demanded by customers on time and showing its status as the biggest mobile device distributor in Korea. The Mobile Devices Wholesale Business supplies various mobile devices of domestic/overseas mobile device manufacturers to about 1,065 exclusive retail stores nationwide based on a strong partnership with SK Telecom which is the No.1 mobile communications service provide in Korea. Moreover, we are offering loan/distribution service supports and sales consulting to the retail stores to build a business model for shared growth and development. The mobile devices sales will secure significant profits and continue a stable growth by expanding the role of SK networks as the information and communications provider in the mobile distribution market.

'MINTIT', the New Brand of Used ICT Device Distribution

We are enhancing sustainability of the society and leading the recylcing of ICT resources with partners in the recycle and upcycle sectors.

MINTIT

Logistics Service

SK networks is providing differentiated values to customers through the logistics infrastructure and systematic capacities accumulated from the process of logistics business of mobile devices for over 20 years. Moreover, we are expanding various logistics services such as ICT devices, three-party logistics and storage business based on the know-hows in logistics. We will develop the SCM capacity of the logistics service to the Korean top level by establishing the integrated logistics system.

Establishment of the Integrated Logistics System

SK networks built the integrated logistics system that purchases mobile devices from manufacturers and ships them based on the 5 distribution centers throughout the nation. Therefore, we achieved the logistics efficiency and reduced the average distance of mobile devices distribution.

ICT Device Sales

The ICT device sales of the Information & Communications sector performs distribution of smart phone accessories, packaging products, VR and IoT devices, various ICT accessories. Demands for the ICT devices and accessories of smart phones have been increasing, and in alignment with the 5G era, we expect to achieve additional growth focused on the IoT product market including VR devices and AI speakers. We will continue to develop into a professional ICT distributor that satisfies customer needs, based on differentiated products and brands suitable for the market condition.

APRIL X STONE

APRIL X STONE, an ICT device brand of SK networks, is striving to offer products that 'complete the space' of customers. We are expanding our customer base and responding to diverse customer needs by increasing the product line and entering the global market.

SK networks service [Subsidiary]

SK networks service was established in 2007 for strengthening customer management and service quality in the ICT business of SK Group. The Infrastructure Business conducts operation and maintenance of networks of SK Telecom and SK broadband, and it also is expanding its business scope to the Business-to-Business (B2B) market such as financial firms and conglomerates. The IT Solution Business is exclusively distributing devices and solutions of the communications system and expanding the market related to the AI infrastructure. The Service Business launched the ITAD Business which provides consulting on the B2B IT asset management and recycle/treatment by expanding the existing IT Device AS Business. SK networks service will strengthen technological capacities, products and services in order to become the 'Tech-based Optimized ICT Solution Organizer'.

RENT-A-CAR

RENT-A-CAR

SK Rent-a-Car is enhancing customer satisfaction by offering a differentiated service infrastructure (SpeedMate maintenance N/W, etc.) and the integrated membership service including fueling discounts and free carwash. The long-term corporate car rental provides the 'Smart Link' service which is the world's first car operation management system applied with the IoT (SKT LoRa and the next generation's IoT Cat. M1), and the long-term individual car rental provides the 'SK Long-term Rental Car Direct" service which is applied with the AI and VR to enhance customer convenience in car selection.

Followed by the M&A with AJ Rent-a-car, both the short-term and long-term car rental services were strengthened, and we are able to provide the car rental service covering all areas from B2C to B2B/short-term to long-term, thereby enhancing customer convenience.

Long-term Car Rental Business

The Long-term Car Rental Business is offered to individuals and individual businesses in a 3 to 5-year long-term contract, and the customers can use it more conveniently and economically as all car management tasks including taxes, maintenance, insurance, accident treatment and car trades are performed by SK networks. SK Long-term Rent-a-Car provides differentiated membership services such as fueling discounts, free carwash and maintenance discounts, and in March 2018, the 'SK Long-term Rent-a-Car Direct' that introduced AI and VR technologies were launched to enhance customer convenience.

Mobile VR Boarding Service

SK Rent-a-Car operates the Mobile VR boarding service for the customers to experience the cars indirectly without actually driving them.

▲ Performance 2017 - 2018

Revenue (KRW 100M)

6,089 .... **7,507**

No. of Operating Cars (EA)

No. of authorized cars 108,426

83,937 .... **95,030**

Awards

No. 1 in KSSI for 3 consecutive years (2015 – 2017)
Minister's Award by the Ministry of Science and ICT
(The Internet Business Sector at The 12th Korean Internet Award)

No.1 in NCSI (2018)
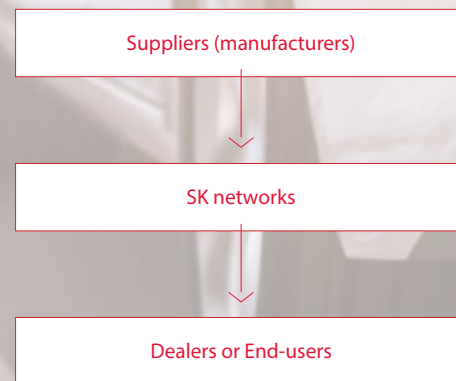**Awarded Grand prize at the 1st Chosun Ilbo**
National Brand Awards (Rental Car Sector)

● 2017   ● 2018

▲ Focused Implementation Tasks 2019

• Strengthen the fundamental Biz competitiveness
• Seeking to expand new customer markets
• Maximize the integrated synergy with AJ Rent-a-car

▲ Product/Service and Business Structure

Suppliers (manufacturers)

↓

SK networks

↓

Dealers or End-users

Short-term Car Rental Business

The Short-term Car Rental Business is divided into a short-term rental service for traveling, leisure and business trips and a monthly rental service for business purposes of companies and public offices. SK Rent-a-Car uses new cars that are 1 year or less since production and offers various discounts through the affiliates. We also operate various channels such as social commerce, website and mobile APPs for customer easiness and convenience and continuously develop customized package products for smart use of cars.

Long-term Corporate Car Rental Business

The Long-term Corporate Car Rental Business is a long-term rental services for business purposes of the small and medium-sized enterprises (SMEs) and large enterprises. SK Rent-a-Car established a nationwide sales network and conducts active marketing activities toward SMEs and large enterprises. We are equipped with the mobile maintenance system for a nationwide service, as well as a differentiated service competitiveness that enhances car operating efficiency and drastically reduces management costs through the 'Smart Link (IoT-applied cars)'.
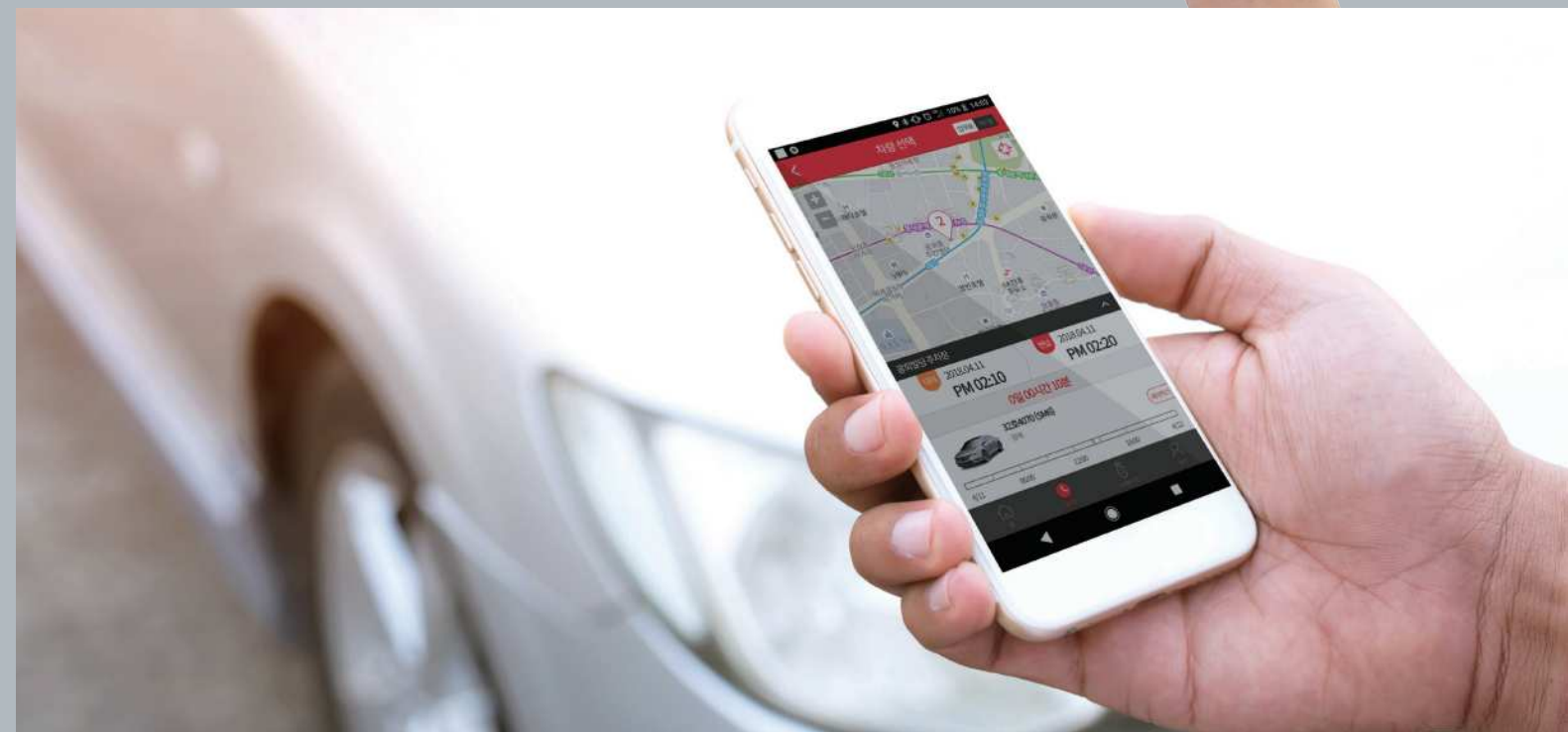
Expanding Eco-friendly Rental Cars

SK Rent-a-Car is increasing its operation of such eco-friendly cars as electric cars according to the increasing demands for the eco-friendly cars.

SK Rent-a-Car Service ^{Subsidiary}

In order to support the car rental business more professionally, SK Rent-a-Car Service was established in March 2016 and performs the short-term car rental support, accident/general repair and courtesy car provision, and other support tasks. In March 2018, name of the company was changed from Car-Life Service to SK Rent-a-Car Service. Based on the brand name of SK, it will become a strong patron of the car rental business by enhancing customer trust and service expertise, along with the relentless challenges and innovation.

AJ Rent-a-car ^{Subsidiary}

The first company to be listed in the Korea Composite Stock Price Index (KOSPI) in the industry, AJ Rent-a-car is one of the Korea's top car rental brands with the about 180 sales networks nationwide and about 83,000 cars (as at June 2019). Since its establishment in June 1988, AJ Rent-a-car has led changes and innovation in the domestic car rental market and has won the Service Quality (SQ) certification by the Korea Association For Service (KOAS) for 4 consecutive years and the No.1 in the Korean Standard-Well Being Consumer Index (KS-WCI) by the Korea Standards Association (KSA) for 6 consecutive years. We ask for your expectations for the challenges and growth of AJ Rent-a-car that pursues the No.1 Mobility Service Provider based on the best professionalism and differentiated service.

Most

MOST

The Most Division offers various customer services including oil product (gasoline, kerosene, diesel) supply, carwash, CU (Convenience store) and QSR (Quick service restaurants). Moreover, we perform the businesses in asphalt sales and bunkering (ship fuel), so successfully maintained the market leadership of 40 years. In July 2016, we launched the Korea's first mobile fueling APP, 'Most (formerly, 'Zamong')', and for the offline, we complexed the gas station with various distribution services and strengthened the membership customer service, thereby securing differentiated competitiveness of SK networks.

Oil Product Retail Sales Business

The Oil Product Retail Sales Business offers an integrated membership service from fueling, carwash, maintenance, tires, ERS to car rental by launching the 'CLUB Most' by merging the mobile fueling APP, 'Zamong' and the direct gas station brand, 'Happy Auto Members', in 2018. Moreover, we changed gas stations by applying various distribution services (CU, McDonald's, Burger King, Krispy Kreme, etc.), and we are also leading in offering differentiated customer values through various affiliated marketing. We plan to keep expanding customer values by combining the mobile affiliated service based on the Most APP of 'Good Prices, Convenience, Fun factors' with the traditional Gas Station Biz. Furthermore, we will maximize customer satisfaction and establish a sustainable business model by offering customer service management, differentiated membership and affiliation service through the regular service evaluation.

Mobility Lifestyle Charging Station

SK networks is planning the Mobility Lifestyle Charging Station to enable customers to experience diversely, beyond simple fueling at the station.

▲ Performances 2017 - 2018

Revenue (KRW 100M)

18,330   I4,359

Annual Sales of Oil Products (10,000 drums)

637   470

No. of Networks (EA)

464   327

No. of Membership Customers (10,000 persons)

134   I46

No. of Most APP Subscribers (10,000 persons)

–   58

● 2017   ● 2018

▲ Focused Implementation Tasks 2019

• Facilitate Most APP :
  Promote to attract 900,000 subscribers
• Strengthen the fundamental competitiveness of Fuel Biz. :
  Auto-pricing/self-dispersion/supplying automated carwash/web POS development, etc.

▲ Product/Service and Business Structure

SK Energy
↓
SK networks
↓
Dealers (retail stores/gas stations) or end-users

Most APP

Customers can conveniently use various services including finding SK direct gas stations, booking payment and membership service through the Most APP.

VOCs Recovery Facility

SK networks installed the volatile organic compounds (VOCs) recovery facilities that prevent leakage of VOCs when storing and fueling oil products to minimize environmental impacts on nearby area and protect customers' health.

Asphalt and Ship Fuel Product Sales Business

SK networks supplies the high-quality asphalt products to all regions in Korea and is expanding product lines by distributing high-quality asphalts with excellent durability as well as the regular asphalt products. In addition, we are selling the ship fuel, bunker C oil marine lubricants, to national vessels and foreign vessels that enter in ports in Korea through the marine oil business.

SpeedMate

SPEEDMATE

SpeedMate, started as the car maintenance business, is the No.1 brand of the Car After Market that performs the ERS, minor maintenance of imported cars, distribution of imported auto parts and exports of auto parts. Through online/offline/mobile channels, we offer the convenient Car Life Service to the customers and plan to lead the industry by establishing the O2O platform of the Car After Market.

▲ Performances 2017 - 2018

Revenue (KRW 100M)

2,760
2,975

No. of Networks (EA)

700
674

Amount of Annual Tire Sales (10,000 EA)

51
57

Awards

**No.1 in K-BPI for 16 consecutive years
(2003 – 2018)**

No. I

● 2017   ● 2018

▲ Focused Implementation Tasks 2019

• Evolve the O2O Platform Biz. Model
• Expand the Imported Car Biz. / enhance brand
  values

▲ Product/Service and Business Structure

Suppliers (manufacturers)

↓

SK networks

↓

Dealers or End-users
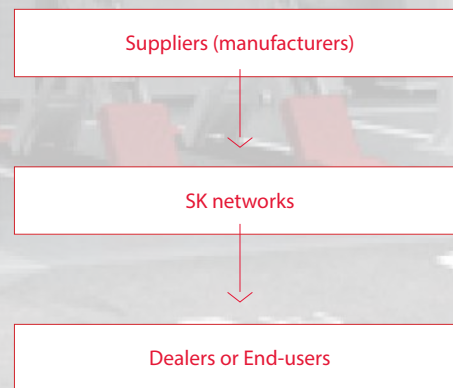
Self-inspection with Customers
SpeedMate holds the Self-inspection Day event with the customers to enable their safe driving by delivering knowledge in maintenance.

Maintenance Business

SpeedMate is appraised for its achievement of upgrading the Korean Car Maintenance Industry through the systematic customer service management and standard pricing, service improvement activities such as the maintenance quality assurance system, and the Good Maintenance Campaign. These efforts led to maintaining the No.1 in Korea Brand Power Index (K-BPI) for 16 years in a row. We own about 670 maintenance networks with high accessibility including SK Gas Station and Emart. Moreover, we are contributing to popularization of imported car maintenance by operating the imported car specialized maintenance shops based on the accumulated maintenance technology and know-hows.

Tire Distribution Business

SpeedMate, under the goal to become an emerging competitor, established the direct distribution to realize the simplification of distribution structure while expanding consumers' options by directly purchasing tires of various brands worldwide. In 2018, we enhanced customer satisfaction and built the basis for O2O platform based on reasonable prices and high-quality services through entry to online tire market.

Offering Various Tire Products
SpeedMate offers a diversity of directly purchased, imported tires, thereby satisfying customer demands.

Auto Parts Distribution Business

SpeedMate conducts the Imported Auto Parts Distribution Business for imported cars and the Auto Parts Export Business for exported Korean cars focused on the private brands (PBs).
For the Imported Auto Parts Distribution Business, we established the distribution process based on systems to prevent an overall distrust in the market. We are also contributing to creating a transparent market order and expanding the imported auto parts distribution market by setting the direct import channels with global auto parts producers. The Auto Parts Export Business discovers new buyers through global auto parts exhibitions and exports high-quality auto parts of Korean PB to foreign auto parts distributors. We are expanding our customers by actively exploring new markets in the Middle East, Russia and Central and South America.

ERS* Business

The ERS Business provides high-quality services based on bold investments and systematic management of network including the Korea's first rescue service at accident sites in 2001 and the industry's first direct connection system between customers and rescue network through the customers' location information.
Currently, we are not only operating about 300 nationwide ERS networks and 24-7 call centers, but also developing various mobile services tailored for changes in the mobility environment through the Smart IVR, mobile ERS and location tracking-based ERS.

*ERS: Emergency Roadside Service

WALKERHILL

HOTELS & RESORTS

Urban Resort that offers the real integrated resort area

Walkerhill Hotels & Resorts is a leader of the Korean Hotel Industry that presents not only the integrated relaxation and culture in nature in urban areas, but also the best experience for business. We are running various businesses from Grand Walkerhill Seoul and Vista Walkerhill Seoul, which are the representative resorts in the center of Seoul, Douglas House, which was recently renovated, to DARAKHYU, which is a Korean travel platform, so we are providing customers a true meaning of the integrated cultural space while responding to new demands of customers. In 2019, Walkerhill Hotels & Resorts became the No.1 in the Hotels & Resorts sector at the National Brand Awards for the 3rd time in a row, thereby becoming the best hotel of Korea.

▲ Performances 2017 - 2018

Revenue (KRW 100M)

2,164   **2,568**

NCSI by Korea Productivity Center

TOP 10   **TOP 10**

Hotels & Resorts Sector
at the National Brand Awards

3 consecutive years (2016 – 2018)   No. **1**

● 2017   ● 2018

▲ Focused Implementation Tasks 2019

Create values of customers/society/ employees through innovation of working method

Grand Walkerhill Seoul

The best resort in the urban area surrounded by the beautiful Han River and green Mt. Acha, Grand Walkerhill Seoul delivers a happy experience of travel that satisfies customers. We offer the top-notch banquet service at the convention center composed of 9 multipurpose banquet halls and the classic Aston House, along with 9 facilities such as the walking trail where you can feel the beauty of the four seasons, the outdoor pool with the view of Han River, the camping zone for an exotic experience, the kids club for children and the library for reading and resting. Moreover, the club's exclusive lounge which has the best sky view in Korea and 'Grand by Walkerhill' equipped with various types of premium-level rooms are highly loved by couples, families and VIP customers.

Customer Satisfaction Service

Walkerhill considers customer satisfaction as the top priority and offers customer values as a brand that presents joy, comfort and happiness.

Vista Walkerhill Seoul

In 2019, the lifestyle hotel, Vista Walkerhill Seoul began changing the place to be more vitality while offering customers creative experience under the new brand slogan, 'REFRESHING. VIVIDLY.' Through the collaboration with artists and musicians, we introduce to the latest trends and provide new experiences with cocktails and food culture embedded with Vista's unique spirit. Moreover, we offer not only the differentiated facilities of Vista including the SKYARD which is the outdoor rooftop garden with the view of Han River, the indoor swimming pool with the best view in Korea and the Re:BAR which is a social lounge for tastemakers, but also the high-end services including NUGU service which is the voice-controlled AI devices installed at all rooms. In addition, the Wellness Club which is co-operated with HealthConnect* offers the accommodation-type wellness program and proposes the true wellness life based on the Korea's first 1 on 1 health/nutrition consulting.

*A healthcare joint venture of Seoul National University Hospital and SK networks

Douglas House

Douglas House, opened in April 2018 with a new concept, 'My own safe house in the forest, My Querencia', not only uses eco-friendly materials and colors, but also offers the optimized environment for customers to stay with the essential amenities and services and without any disturbance. Moreover, it is run as the adults-only for true healing of the customers and runs facilities needed for the healing trip including the exclusive lounge service offering light breakfast and happy hour, self-cooking kitchen and exclusive library, along with the contents of Mix & Cook and the Culture Salon.

Differentiated Service through IT

Walkerhill uses IT technologies such as 'IoT room, chat bot and mobile concierge' to provide differentiated customer services.
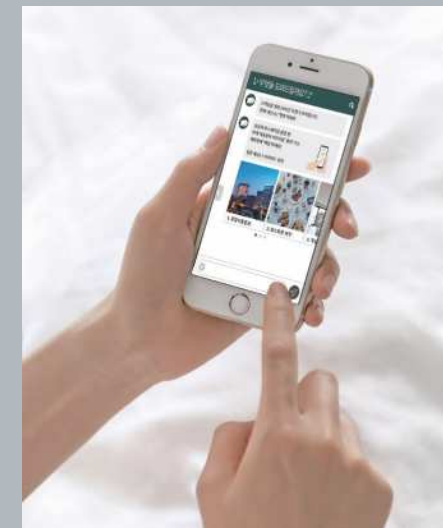
External Business

Including the Incheon Airport Hotel Transfer and the Premium Lounge, we are operating DARAKHYU, which is the Korea's first traveler's platform established in 2017, at Incheon International Airport and Yeosu. In addition, we are creating customer values by actively conducting the Food and Beverage (F&B) Business including the fine dining, Faro Grand, 5 major golf club houses in Korea and international events such as the 2015 Presidents Cup, as well as various outside catering services.

SK Pinx Subsidiary

SK Pinx owns the Pinx Golf Club which was nominated as the World's Top 100 Golf Courses for the first in Korea, Podo Hotel which was selected as the top 7 buildings of the beautiful Jeju and the hot spring hotel, The Annex Hotel. Through these facilities, SK Pinx offers better services by presenting the interaction with nature and high-standard cultural arts. SK Pinx will strive to fortify its position as the world's best and high-end resort and to further become a place for comfortable rest and healing.

SK MAGIC

HOME APPLIANCE

Living technology brand that adds a healthy happiness

SK magic, which became a family of SK networks in November 2016, started as a premium kitchen appliance company by introducing the gas oven to the Korean market in 1985, and it is expanding its business area to gas/electric ranges, electric ovens, dishwashers, water purifiers, air purifiers and bidets. Based on the Home Appliances Business, which is firmly establishing the business area through the business experience and base of 30 years, we are expanding our business to the home appliances rental sector. Moreover, we are not only developing products and services that create excellent customer values through the customer research, development of innovate technologies and products, outstanding design, and collaboration between SK networks and other subsidiaries, but also accelerating our growth by actively making attempts on overseas market entry.

▲ Performances 2017 - 2018

Revenue (KRW 100M)

5,476　　　　　　**6,560**

Total of Rental Subscriptions Accumulated
(10,000 EA)

126　　　　　　**154**

● 2017　● 2018

▲ Focused Implementation Tasks 2019

- Secure the market leadership through innovative products and differentiated services
- Create the real group synergy

▲ Product/Service and Business Structure

SK magic

↓

Dealers or End-users

Global Entry of Rental Business

SK magic expanded the rental market to Malaysia and Vietnam and launched an independent brand, 'JIKSOO', in the global market.

Pursuing Eco-friendliness of Products

SK magic established the resources cycle system and minimizes the environmental impact caused from manufacturing and use of products.

Rental Business

The Home Appliances Rental Business of SK magic is rapidly growing as by changing the domestic water purifier rental market to the JIKSOO type. Since 2015 when we launched an innovative water purifier that can dispense ambient, cold and hot waters with JIKSOO, we have been leading the Korean water purifier market by continuously developing such innovate functions as the Ultraviolet (UV) sterilization, kids exclusive button, stainless JIKSOO pipe and JIKSOO ice. Based on the leadership of the JIKSOO water purifier, we are successfully expanding the product line to air purifiers and bidets and actively responding to the air purifier market, which is rapidly growing by setting up various product lines that realize the innovative functions using AI and IoT.
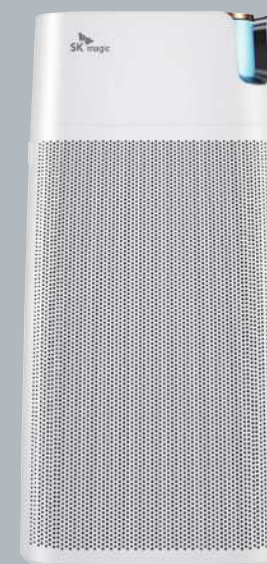
The World's First Air Purifier to Receive the 'Carbon Footprint Certification'

The Super L Air Purifier received the first Carbon Footprint certification in the air purifier sector of the world as a recognition for its high-efficiency eco-friendly air purifier that minimized the CO_2 emissions which is the main cause of global warming.

JIKSOO Water Purifier all in one

We minimized customers' concerns about hygiene by not only using JIKSOO pipe which is durable against contamination and corrosion, but also conducting 99.9% sterilization on water and cork that go through the UV LED lamp, beyond an innovation to remove the water tank.

Differentiated Product Design

SK magic strives to enable customers to experience differentiated values by pursuing the design innovation as well as the product innovation.

Smart Motion Air Purifier

This air purifier, with the Korea's first smart sensor and motion technologies, is equipped with the cutting-edge technology that focuses on caring the dust by rotating to the direction where the user's movement was detected.
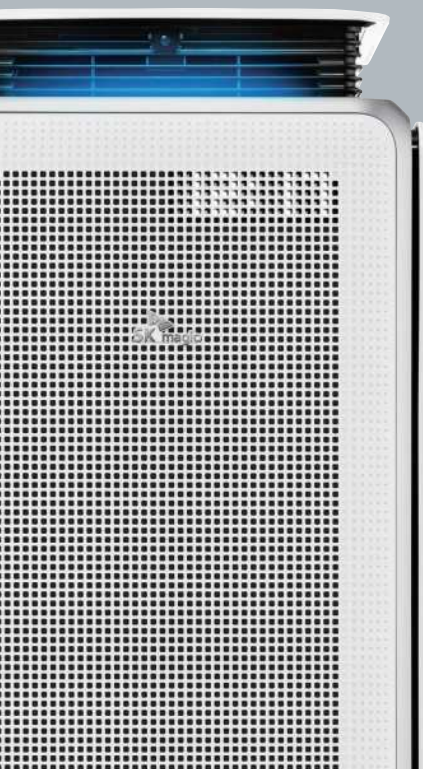
AI Autonomous Purifying System

The first AI-enabled autonomous purifying system of Korea collects information about the pattern analysis of indoor air pollution and outdoor air pollution and self-purifies the air, thereby maintaining the optimized air condition.

Power Wash Dishwasher Touch-on

This is the first dishwasher of Korea to win 5 awards at global design awards as a recognition for its outstanding design.

Magic Control Electric Range

We are maintaining the No.1 in market dominance in the electric range sector based on its unique technologies including delicate fire control and various safety devices.

IoT-connected Super Cook Gas Range

We are changing the paradigm of gas ranges by launching products that reflect customer needs including gas on/off function and temperature control tailored for each cuisine through smart phones.

Home Appliances Business

The Home Appliances Business is showing the superb brand power by being nominated as No.1 in the dishwasher sector for 17 consecutive years and in the integrated oven sector for 12 consecutive years at the K-BPI in 2019. We are maintaining the No.1 market dominance for main products such as gas ranges, electric ranges, electric ovens, microwaves and dishwashers. Moreover, we are leading the home appliances market through the innovative products including the 'Super Cook Gas Range' that introduced the IoT technology and the 'Hybrid Electric Range' that combined the induction range and hybrid method.

SOCIAL VALUE CREATION

SK DBL Implementation Direction

The expectation for creating social value (SV) is increasing, and the importance of SV in the aspect of corporate competitiveness is emerging. In addition, pursuing stakeholders' happiness and resolving common issues faced by the society have become the essential requirements for securing corporate sustainability. SK Group, in order to achieve sustainable growth with the society, set 2018 as the 'first year of New SK' to build both economic and social values. As such, we are pursuing the SV enhancement as an important survival strategy of the company. We are planning to continuously pursue mutual growth with the society by enhancing SV through fulfilling social responsibility, product & service innovations, and reducing damages to society.

ECONOMIC VALUE — Outcomes of corporate economic activities signify economic performances announced based on GAAP — Profits — Costs

Social Benefits — Social Cost — Outcomes of corporate economic activities to create social profits and to reduce damage to society — SOCIAL VALUE
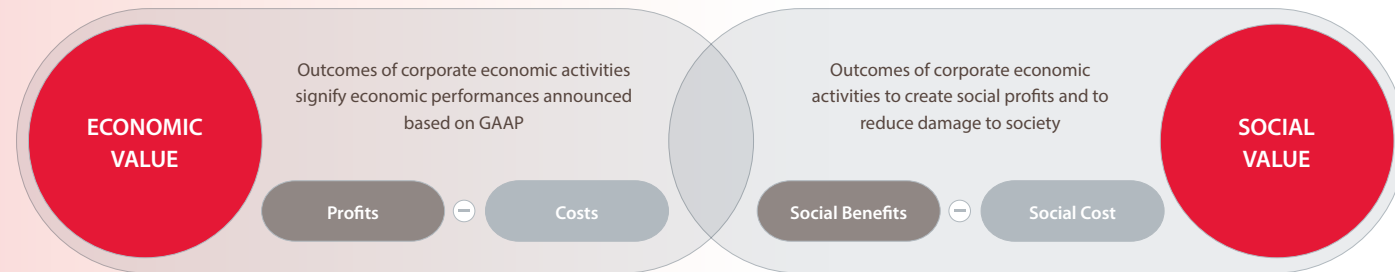
Definition of SK DBL

SK Group integrated the social and economic values on the Corporate Value System and is promoting the innovation of business model which creates social values. Therefore, we have enhanced the 'Single Bottom Line' from the past, which is focused on economic value measurement, to the 'Double Bottom Line (DBL)' which measures and manages both economic and social values. DBL is the management principle of SK that grows together with the society by creating economic values and enhancing social values in all management activities.

Definition of SK DBL — The management principle of SK for creation of economic and social values to prosper and evolve with society in every management activity

In every management activity
Deliver social value not only in activities to fulfill social responsibility, but throughout the entire Biz Value Chain

Creation of economic and social values
Explore ways to enhance social value during the decision-making process

To prosper and evolve with society
Increase both economic (within SK) and social values (outside SK) and focus on the harmony and balance of stakeholder happiness

Operation of the SV Implementation Group and BM Innovation Working Group

SK networks formed the Sustainability Task Force (TF) in August 2017 and began discussion to implement proactive responses to the SV direction of SK Group. In 2018, we established the Sustainability Office under direct control of the Corporate Culture Headquarters in 2018 and reorganized the existing Sustainability TF into 3 subdivision systems of SV Measurement, SV Creation Model Development, and Communication, to enhance the execution power. In 2017, each subdivision performed such activities as measuring the SV creation performance, developing a pilot model for SV creation in the mobility sector (Jeju electric wheelchair rental and Mobility Bank) and publishing the first Sustainability Report of SK networks. Many employees participated in these processes and secured the SV initiative based on consensus and understanding of SV. In March 2019, SK networks established the SV Implementation Group and the BM Innovation Working Group directly under the CEO to concentrate the company-wide capacity on enhancing social values and to strengthen communication channels of each organization. Members of each organization plays a role of a change agent in the change management for promoting social values. Moreover, we held the CEO-hosted Social Values meetings to share social value promotion activities of the company and each of the business division in order to make decisions on the major directions.

▲ SV Monthly
● Key Performances

2018

01 — Reorganized the Sustainability TF
02 — ▲ Shared SV direction of SK Group ▲ Shared the SK networks Review 2017 and implementation plans of 2018
04 — ▲ Reported the 1st quarter progress ▲ Progress and discussion by subdivision ▲ Shared plans for spreading SV of employees
05 — ● Completed SV measurement of 2017
06 — ● Published the first Sustainability Report — ▲ Shared results and implications of SV measurement of SK Group ▲ Reported results and corrective action plans of SV measurement of 2017 of SK networks (SK magic's SV creation story, etc.) ▲ Reported execution plans for a pilot model of the mobility SV creation ▲ Shared the progress of the Sustainability Report 2017
07 —
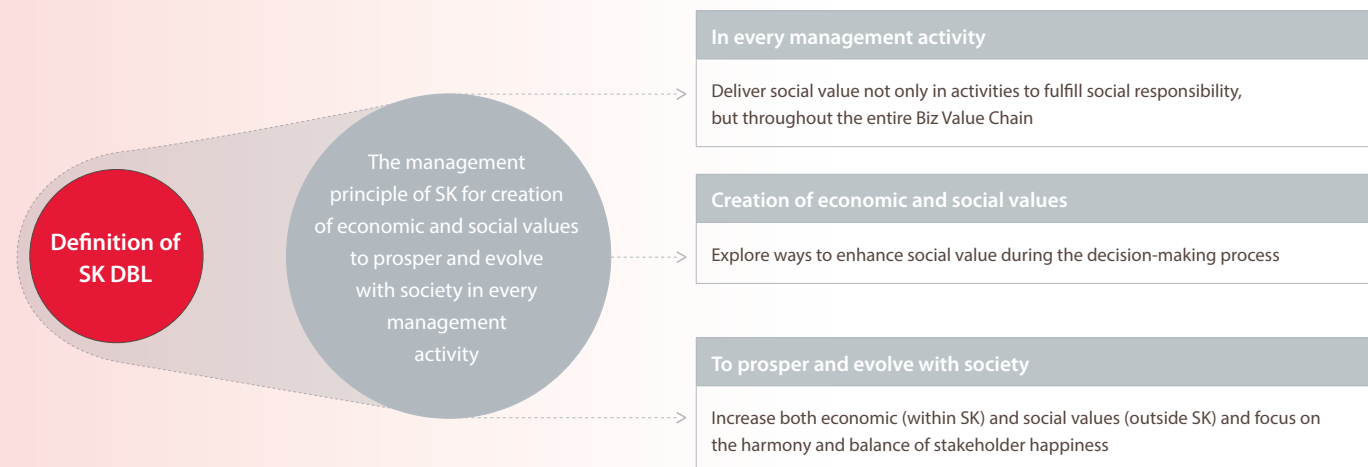10 — ● Launched the Mobility Bank S1 — ▲ Shared SV measurement results (ICT Mobile Phone Distribution Business SK Rent-a-Car Black Box camera installation) ▲ Shared the development status of the mobility SV Creation Model (Mobility Bank, Jeju electric wheelchair rental, Resource recirculation business, DARAKHYU) ▲ Shared the progress of the Sustainability Report
11 — ● Acquired the 'A' grade at the ESG Evaluation*
12 — ● Began the Jeju electric wheelchair rentals

2019

01 — Established the SV Implementation Team — ▲ Reported the Review 2018 and focused plans of 2019 ▲ Shared the Mobility Bank Review and implementation plans ▲ Shared SV small practices in life
03 — ● Set/spread SV small Challenge 100 — Established the SV Implementation Group and the BM Innovation Working Group — ▲ Reported the results of selecting SV priority areas ▲ Shared the results of the 1st SV measurement of 2018 ▲ Reported planning directions of the Sustainability Report 2018
04 — ▲ Shared the status of developing SV Creation Model – SV creation through the ITAD business – Purchasing process improvement – Walkerhill SV Proposal Program ▲ Shared plans for the SV Practice Program of employees ▲ Reported plans for establishing the SV Implementation System
05 — ● Completed the SV measurement of 2018 — ▲ Shared the results of the SV measurement of 2018 ▲ Shared the progress of publishing the Sustainability Report 2018 ▲ Shared the progress of the Walkerhill SV Proposal Program ▲ Reporting II of plans for establishing the SV Implementation System
06 — ▲ Reported the progress of internalizing employees ▲ Reported the progress and plans for operating the Mobility Bank ▲ Conducted the company-wide SV Workshop – Reporting III of plans for establishing the SV Implementation System – Shared tasks by BU
NOW

Process and Results of Priority Selection of SK networks

SK networks performed the priority area selection through the direct engagement of stakeholders including customers in order to find the 'specific social issues of the company that can create social values'. First, we divided the business into 6 categories to materialize the social issues, that need to be solved by SK networks, among various social issues in Korea. Based on the categories, we collected employees' opinions and came up with a pool of 51 social issues. A total of 3,757 surveys were conducted to the public, customers, and employees to identify priority social issues faced by Korea and businesses. Based on the survey results and management reports, SK networks selected the social value priority areas as 'good production and consumption', and 'healthy life'.

Step 1 - Categorize the SKN SV Business Area

❶ When using rental cars ❷ When repairing cars ❸ When fueling at gas stations

Our society's issues related to products/services
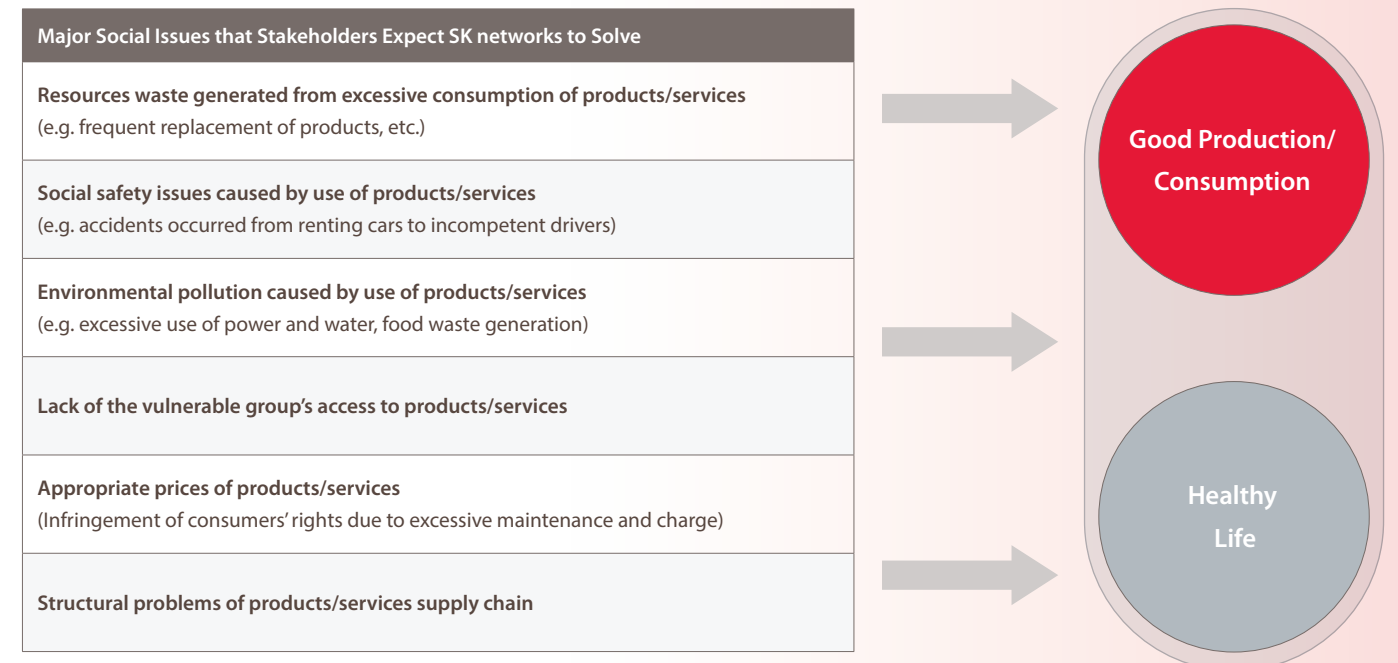
❹ When purchasing mobile phones ❺ When staying at hotels ❻ When renting home appliances
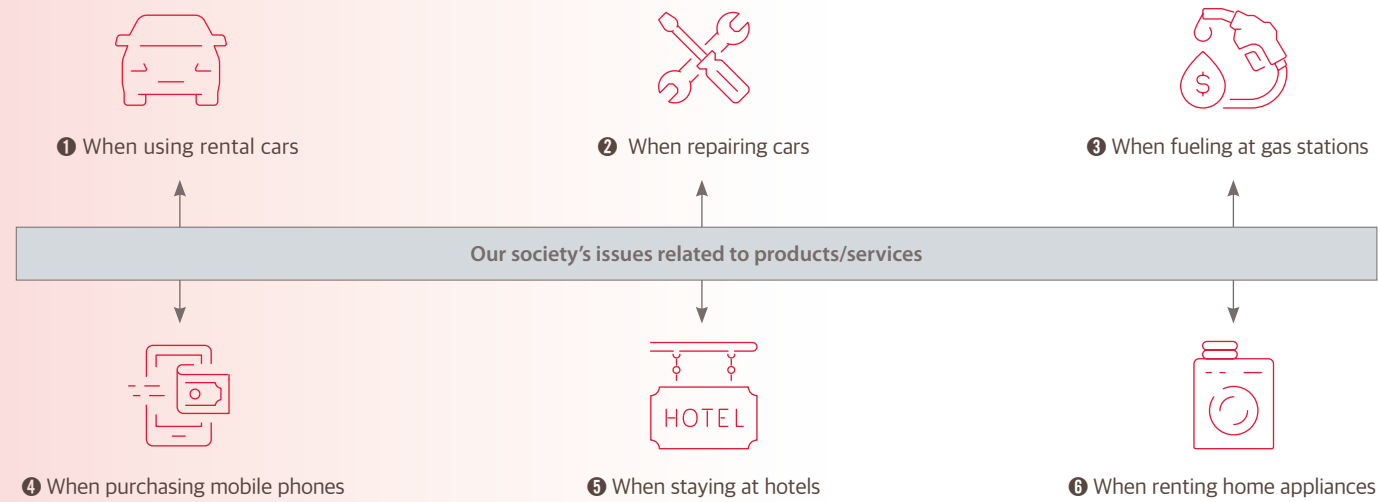
Step 2 - Derive a pool of social issues by category

Hypotheses of Social Issue Scenarios		Examples of Social Issues	EA
❶ When using rental cars		√ Environmental pollution (fine dust, oil leak) due to deteriorated vehicles, lack of access to mobility of the mobility vulnerable group including the disabled/elderly, etc.	6
❷ When repairing cars		√ Infringement of consumer rights due to excessive maintenance and charge, excessive resources consumption due to lack of consideration of remaining performance, etc.	8
❸ When fueling at gas stations		√ Explosions or oil leaks due to lack of managing lubricators/oil tanks, generation of wastewater/noise from the automated car wash at gas stations	4
❹ When purchasing mobile phones	4.1 Related to mobile phone use	√ Distrust in treating used phones (increase in unused phones), etc.	4
	4.2 Related to distribution and retail stores	√ Excessive replacement of promotion materials, resources waste such as documents, etc.	7
❺ When staying at hotels	5.1 Related to hotel room use	√ Environmental damages due to excessive use of disposables, etc.	7
	5.2 Related to hotel operation	√ Food waste treatment issues at restaurants, etc.	8
❻ When renting home appliances	6.1 Related to products	√ Low recycling rate of home appliances waste, etc.	8
	6.2 Related to rental services	√ Resources waste due to parts replacement before life cycle, etc.	5

Step 3 - Stakeholder Opinion

Survey Questionnaires	
1	**Social Issues in Korea (SDGs)** Issues faced by Korea among the social issues selected by the United Nations (UN) to be solved with the nations worldwide.
2	**1. Purchase decision factors for products and services of each business** **2. Social issues related to each business** **3. Social issues expected to be solved by companies**

Survey Methods and Responses	
Period	Feb. 20 (Wed.) – Mar. 6 (Wed.) 2019
Methods	Emails, SMS, etc.
Targets	The public (Koreans at 20s – 60s) Customers (ICT (shop owners), Mobility, Walkerhill, SK magic) Employees (SK networks, SK magic)
Respon-dents	**3,757 persons** = 1,000 public residents + 2,030 customers + 727 employees

Step 4 - Prioritization

Major Social Issues that Stakeholders Expect SK networks to Solve
Resources waste generated from excessive consumption of products/services (e.g. frequent replacement of products, etc.)
Social safety issues caused by use of products/services (e.g. accidents occurred from renting cars to incompetent drivers)
Environmental pollution caused by use of products/services (e.g. excessive use of power and water, food waste generation)
Lack of the vulnerable group's access to products/services
Appropriate prices of products/services (Infringement of consumers' rights due to excessive maintenance and charge)
Structural problems of products/services supply chain

Good Production/ Consumption

Healthy Life

Principle of Measurement

SK quantitatively measured the economic indirect contribution, business social performance and social contribution performance generated from overall business activities. The measurement targets include all areas of the business activities including product development, production, sales, HR and cooperation with business partners, and we aim for measuring social values as practical outcomes of our business activities.

- Measure social values in all measurable activities in business
  - Overall business activities including product development, production, sales, HR and cooperation with business partners
- Aim for social values measurement as practical outcomes of business activities
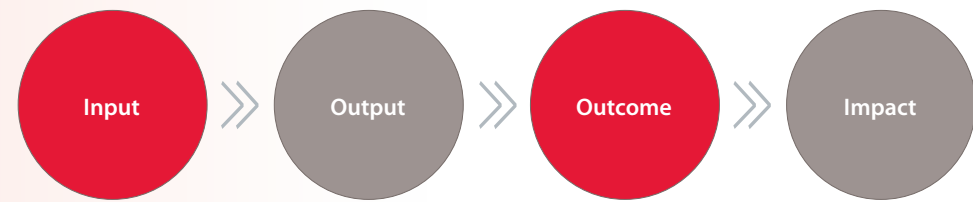
- Measure social values in monetary value by applying objective standards
  - Environment (production process) : Estimation as costs required for recovering environmental pollution
  - Society (products/services) : Measurement of better performance compared to other alternatives

SV Measurement Results 2018

The social value created by SK networks in 2018 for indirect economic performance adds up to KRW 255.7 billion, business social performance adds up to KRW 0.7 billion, and social contribution performance adds up to KRW 5.4 billion.

Category	Definition	Subcategory	Value Creation (KRW 100M)
Indirect Economic Contribution Performance	Values indirectly contributing to the Korean economy through business activities	Employment	1,818
		Dividends	289
		Tax payment	450
		Total	**2,557**
Business Social Performance	Social values created through development/production/ sales of products	Environment	-27
		Society	34
		Governance	-
		Total	**7**
Social Contribution Performance	Values created through social contribution activities in the local community	CSR programs	8
		Donation	46
		Employee volunteering	0.03
		Total	**54**

*Excluding subsidiaries

Best Practices of SV Creation

Vitalization of used phone distribution and recycling business

Since 2017 SK networks began reviewing vitalization of used phone distribution and recycling business. This was in consideration of offering reasonable compensation to the customers who sell used phones and minimizing the waste in resources by extending the life cycle of mobile phones. As a result, we devised a business model which improves customer benefits by reducing unnecessary distribution stages of used phones and provides a reliable trading environment through distribution network management. In cooperation with companies with technology and experience in the used phone recycling market, we are developing solutions for privacy protection and used phone performance diagnostics to create customer and social value.

ITAD Business

During the trade of IT assets between companies, the seller has difficulty verifying whether the valuation of the product and the deletion of information have been properly performed. On the other hand, the purchaser is faced with the problem of lacking information and incurring many additional expenses including logistics costs. The IT Asset Disposition (ITAD) Business is a consulting service that connects buyers and sellers of IT assets by providing the platform self developed by SK networks service. SK networks service provides consultations for on site asset due diligence and data deletion solutions through ITAD business. Moreover, the company also conducts transparent valuation through the platform which resolves problems that occur between companies trading IT assets. At the same time, we are increasing the recycling rate of IT resources and reducing environmental impacts by creating a convenient IT asset trade environment and encouraging companies to recycle IT assets instead of disposing. In January 2019, we began promoting the ITAD business more actively, and plan to grow into a business model which reduces social costs by increasing the use value of IT assets through continuous expansion of customers based on the platform.

● Directions of ITAD Business Innovation
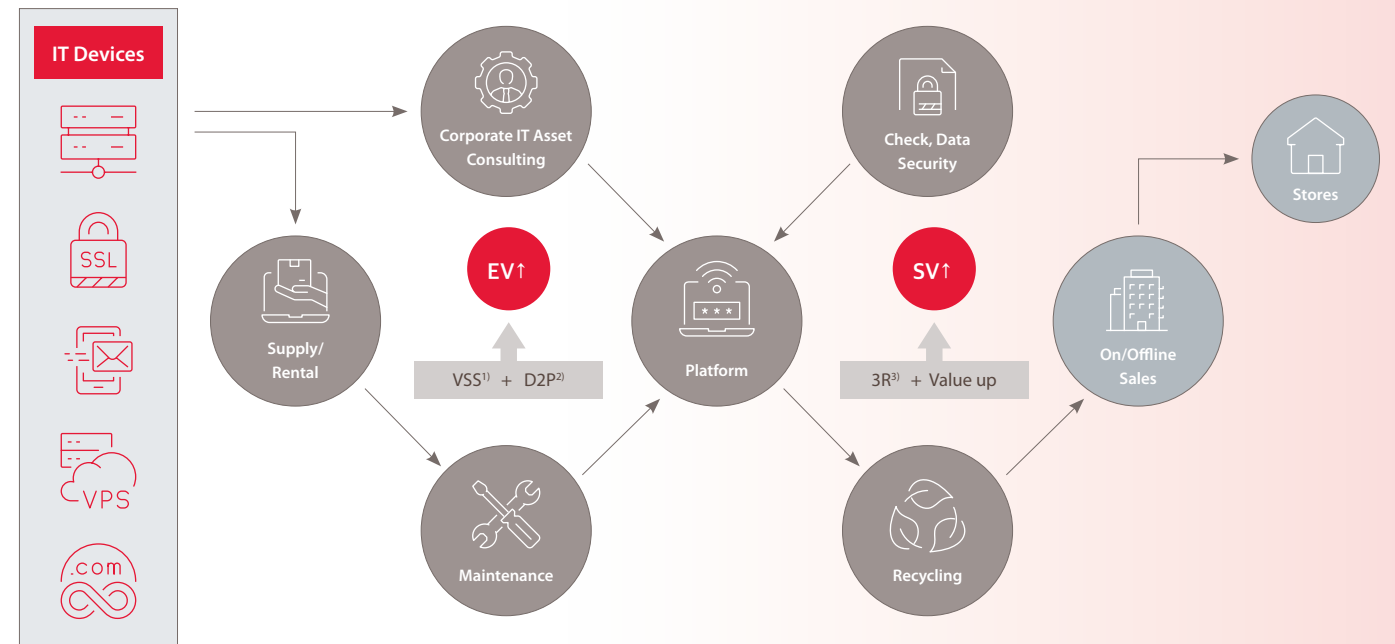
1) Valet Selling Service (VSS) is a service that covers from collecting, pricing, promoting to selling, on behalf of customers.

2) D2P is a Business Model that creates significant social/environmental values, beyond the profits of companies with induction strategies for recycling and repurchasing that connect process of disposal and purchase.

3) 3R refers to the reusing, remanufacturing and recycling of resources.

Reducing Distance for Information & Communications Distribution

SK networks is reducing air pollutants and CO2 emissions by offering the integrated distribution service oriented for customers/distribution network of the mobile communications based on the infrastructures of the nationwide mobile distribution channels and logistics. SK networks receives products from the mobile phone manufacturers including Samsung, LG and Apple to the regional distribution centers and transport them to the retail stores throughout the nation. The distribution channel of 'mobile phone manufacturer – SK networks distribution – nationwide retail stores' of the ICT business contributes to the reduction of energy and greenhouse gases (GHG) by reducing the total travel distance of transport vehicles compared to the route that the manufacturers individually transport products to the retail stores. The reduced distance in 2018 was about 20million km, which is equivalent to reducing about 72thousand kg of air pollutants (CO, VOCs, NOx, PM10, PM2.5) emissions and about 4.36million kg of CO2 emissions, compared to the existing distribution method. The final environmental performance created by the Mobile Phone Distribution Business was about KRW 825million. We will continue to make efforts to expand our business to create not only environmental performance but also social performance by sharing eco friendly logistics and logistics infrastructure.

Mobility Bank Rents Cars to Mobility Vulnerable People

The Mobility Bank of SK Rent-a-Car is a social value creating business that rents cars to those who financially require mobility support, including social economy companies, startups and one person companies. Then, the recipients create 'social values' using the rented cars, and the values are replaced for rental fees. In 2018, we received applications for the business through the SK Rent-a-Car homepage for 2 weeks between August 27 and September 7, 2018, and 58 companies out of 140 applicants were selected as beneficiaries. Various social enterprises, ventures, startups and self-support companies including 'The Big Issue Korea' that helps self-support of the homeless people, 'Chungso Baksa Union' which is a self-support company in Gwangju and 'Sonyu Bangahgan' that provides healthy meals to consumers by purchasing food materials from farmers at proper prices were selected, and we have been renting the Damas vehicle for one year since the launching ceremony on October 11. Through the Mobility Bank, SK Rent-a-Car was able to link concerns of utilizing midway return vehicles with social value creation. The link has led to potential expansion of business scopes by opening doorways to continuous partnerships and creation of social values from idle resources.

| Mobility Bank

| Self-Maintenance Day for Imported Cars

Transfer of know-how on automobile maintenance and management technology

SpeedMate set the 'Self-Maintenance Day with Customers' and offers SpeedMate shops as the sharing infrastructure for customers to self inspect and repair their cars. In addition, we provide new experiences as well by conducting maintenance education and training including basic checks of tires and oil/coolant leaks and self-replacement of simple parts. Starting in 2019, we plan to enhance customer values by delivering knowledge and knowhows of car management and maintenance through the video-oriented communication channels such as blogs and YouTube.

3 Chain-G Project

Walkerhill creates social value through customer experience content and services that are essential elements of the hotel business and realizes the virtuous cycle of becoming happier as customers are more engaged with us. The '3 Chain-G' is a project that provides the 3 basic factors of a healthy life: Good Food, Good Activity and Good Care by using various tangible/intangible assets owned by Walkerhill, while bringing out good changes for earth. We are researching on the healthy cuisine of Korea while developing the premium HMR products that satisfy customer convenience, taste and nutrition to provide 'Good Food'. We are also operate the WALKEE that leads joyful and healthy activities to deliver 'Good Activity', and offering systematic/professional programs through cooperation with HealthConnect to realize 'Good Care'. Walkerhill plans to continue the '3 Chain-G' project for everyone to enjoy health and happy lives based on natural spaces in the city.

Good Food

Good Activity

Good Care

Healthy Lifestyle through the Walkerhill 3 Chain-G
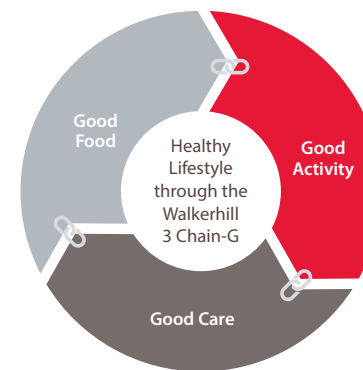
| 3 Chain-G Project

STAKEHOLDER ENGAGEMENT

SK networks puts various efforts to form positive/mutually developing relationships with stakeholders who are encountered at all contacts points in business activities and satisfy their expectations and interests. We set customers, employees, business partners, environment, government and community as key stakeholders and operate regular on/offline communication channels by stakeholder. Through these communication channels, we identify needs of stakeholders and reflect them on business activities.

▲ Key Issues
▲ Communication Channels
▲ Key Activities 2018

Shareholders/Investors

• Corporate values
• Enhancing financial soundness
• Transparent information disclosure
• Sound governance

• Meetings with investors
• Business seminars
• Homepage
• General shareholders' meeting

We operated the Audit Committee composed of only outside directors and made decisions on 9 items in 2018.

Customers

• Customer satisfaction
• Big data-based customized solutions
• Personal information security

• VoC channels
• Customer contact points at retail stores/branches
• CRM survey
• Customer satisfaction survey
• SNS channels
• Mystery Shopper System

We provided various mobile services including membership feature diversification and retail gas stations search function by updating the Integrated Mobility Membership APP, 'Most'.

Employees

• Working method innovation
• Horizontal/customer-oriented organizational culture
• Capacity building in the aspect of '100-year life' throughout inside/outside of company

• Labor union
• In-company online system
• Letter to HR
• Mgmt. MBWA
• Internal broadcasting
• Company-wide training courses
• SNS channels

We enforced working for 52 hours per week by introducing the Flexitime.

Business Partners

• Creating fair and reasonable trade relations
• Supporting business and educational activities of partners
• Partners' CSR guidelines

• Face-to-face meetings
• SK networks' electronic purchase system (SK Withus)

We conducted the purchase deliberation for 12 times through the Purchase Deliberation Committee.

• Strengthening Compliance/Ethics Management
• Voluntary compliance with fair trade
• Shared growth with SMEs

• Meetings
• Public hearing

We distributed the Voluntary Fair Trade Compliance guidelines to new subsidiaries (AJ Rent-a-car).

Government

• Contribution to community
• Investment in community
• Offering cultural benefits to the socially neglected group

• Volunteering platform
• Online donation platform
• Local Residents Council
• CRM survey

We conducted CPR training to 680 students of 20 elementary/middle/high schools in Gwangjin-gu.

Community

MATERIALITY ASSESSMENT

SK networks annually identifies material sustainability issues in aspects of stakeholders and business through the materiality assessment. The assessment analyzes social concerns and factors that have impact on the business in accordance with the Global Reporting Initiative (GRI) Standards which is an international sustainability reporting guideline. In 2018, we divided the prioritized issues derived from the materiality assessment into material issues in perspectives of business (value chain) and stakeholders, thereby explaining managerial approach of the company and reporting relevant information in detail.

Materiality Assessment Procedures

STEP 1. Create a pool of sustainability issues

We collected the existing sustainability topics of SK networks and came up with 28 topics by reflecting global trends in sustainability and external environmental issues in the industry.

STEP2. Measure social concerns

• Analyze international guidelines related to the sustainability management
  We applied the GRI Standards, which is the latest version of sustainability reporting guidelines, and reviewed reporting requirements of relevant standards including ISO 26000 and UN Sustainable Development Goals (SDGs).
• Analyze domestic media articles
  We deducted prioritized topics by categorizing a total of 10,017 articles of Korean media related to SK networks during the reporting period (Jan. 1 – Dec. 31, 2018) into positive or negative issues in economic, environmental and social aspects.
• Analyze reports of competitors
  We analyzed sustainability topics reported by the competitors and global leaders in the industry.
• Survey on experts (PwC pool)
  We conducted surveys based on the expert network of PwC and reflected sustainability topics concerned by external experts.

STEP 3. Measure business impacts

• Reflect employee surveys
  We identified impacts of sustainability topics on the company through the employee survey conducted in February 2019.
• Analyze internal managerial strategies
  We analyzed the relevance between managerial strategies (2018 and 2019) of the company and each business division and sustainability topics.
• Analyze emphasis of the top management
  We analyzed the relevance between highlighted comments of the management indicated in the CEO letter and New Year's announcement and sustainability topics.

STEP 4. Derive the priority

We derived the priority of material topics among the issue pool through the STEP 2 and 3, and set stakeholders having impacts on each topic and the reporting scope.

STEP 5. Form the reporting frame

We described our approach to and performance of 9 material topics selected finally and reported each topic by dividing them into aspects of business and stakeholders.

Materiality Assessment Results

As a result of the materiality assessment, we derived 9 material topics by categorizing material topics and general topics based on social concerns and business impacts.

Priority	Material Topics	Key Stakeholders	Pages
❶	Strengthening products and services	Customers	68~73
❷	Creating economic values	Shareholders/Investors, Community	104
❸	Expanding markets and strengthening business competitiveness	Shareholders/Investors	60~62
❹	Creating social values	Business partners, Government, Community	46~53
❺	Horizontal organizational culture and respecting employees	Employees	83~85
❻	Innovating working method	Employees	78~82
❼	Enhancing brand values through innovation	Shareholders/Investors, Customers	74~75
❽	Strengthening the ethics management and fair trade	Business partners, Government	90~92
❾	Expanding customer contact points and developing new products	Customers	63~65

General Reporting Topics

⑩ Expanding the global market entry
⑪ Fair performance compensation and welfare
⑫ Strengthening transparency in governance
⑬ Promoting strategic social contribution connected to business
⑭ Expanding stakeholder communication
⑮ Managing customer safety and health
⑯ Strengthening the shared growth with partners
⑰ Creating jobs and maintaining talents
⑱ Reducing GHG emissions and energy use
⑲ Expanding labor-management communication
⑳ Respecting diversity
㉑ Managing CSR of suppliers
㉒ Employee safety and health
㉓ Managing wastes emissions
㉔ Protecting personal information of customers
㉕ Managing water resources
㉖ Facilitating economy of the community
㉗ Protecting biodiversity
㉘ Strengthening information security
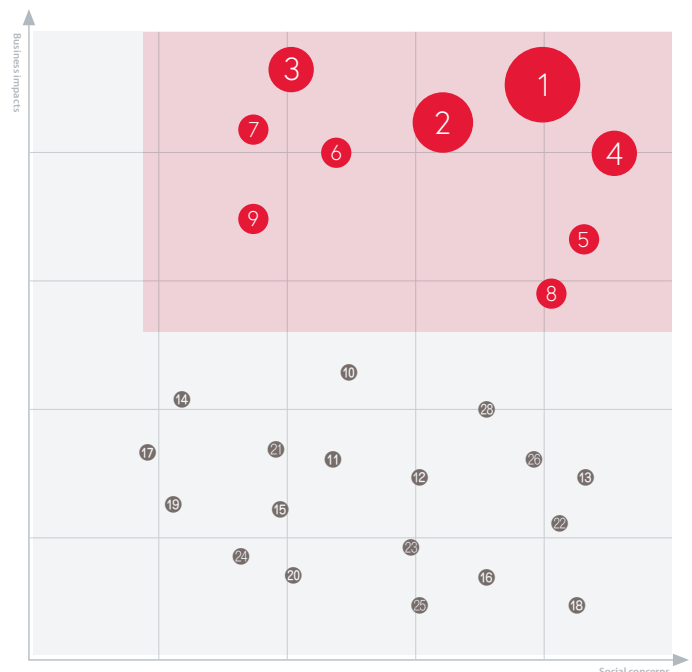
SUSTAINABILITY PRIORITIES

056

085

SUSTAINABILITY PRIORITIES

SUSTAINABILITY PRIORITIES

In the Sustainability Priorities section, performances and plans of 2018 of SK networks are included focused on the key topics with high business impacts and social concerns. We expect that our reporting of Sustainability Priorities will lead all stakeholders to understand and sympathize with sustainable efforts and performances of SK networks.

SUSTAINABILITY PRIORITIES

A future-oriented company based on differentiated core competitiveness

WHY IS IT MATTER?

Not only the recent market and technological environment are changing drastically, but also the customer needs are becoming more diverse. Any company satisfied with the existing business structure, products and services cannot adapt to changes in the business environment, and the securing of core competitiveness through continuous innovation for the future became the core competence of a company. Moreover, identifying and responding to customer needs proactively is becoming the more important factor in increating competition between companies.

OUR COMMITMENT

SK networks pursues various changes by business division to swiftly respond to changes in the business environment. We develop and launch new products and services and also enter new markets and launch new businesses by analyzing markets with high potential. Moreover, we create a synergy through the convergence between existing business divisions and take various attempts including the diversification of business structure to build a new competitiveness.

PERFORMANCE DATA

		2016	2017	2018
Revenues (unit: KRW 1M)	Export	4,293,463	5,345,509	4,061,179
	Domestic	8,611,211	9,856,837	9,925,297
	Total	12,904,674	15,202,346	13,986,476
R&D costs (unit: KRW 1M)		8,426	13,281	22,807
R&D costs to revenue ratio (unit: %)		0.05	0.09	0.16

ALIGNMENT WITH UN SDGs

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	
Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	
	17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	

Expanding Markets and Strengthening Business Competitiveness

01

Expanding Global Market Entries

Since January 2018 when SK networks changed name of the existing trading company to the 'Global Division', it has focused on the growth as a partner that develops with the global community by sharing expertise in the business based on a long-term relationship with customers, beyond the trading business. We are accelerating the growth of global customers, industry and region by not only strengthening the existing business, but also exploring and discovering new markets continuously, based on the trust and collaborative relationship with global partners for over 50 years and the capacity and expertise of conducting business in global regions.

Energy & Chemical

SK networks signed long-term contracts with large-scale global manufacturers in the energy & chemical sector and conducts the import/export and domestic distribution. With the experience in operating a chemical manufacturing corporation in China, we are focusing on the Chinese market, which has the highest demand for the global energy & chemical area, and securing growth engines of the business by developing new projects.

Steel

SK networks is supplying various products from Korea and abroad to the buyers all over the world and expanding customer contact points through global bases including the processing/distribution centers abroad. Moreover, we are performing customer and region-oriented Steel Business through responses to environmental changes globally and expansion of trade regions by reflecting differences between supply and demand among regions.

| Opening Ceremony of SK magic Sales in Malaysia

| Home Deck Exhibition at SK magic Malaysia

Vehicles

The Vehicles Business of SK networks, began in 2014 as an export focused on cars and parts made in Korea, is growing rapidly through the business enlargement based on the strategic partnership with mass partners in 2016 and business expansion to cars made in China in 2017. In particular, we are strengthening the stable profit base by continuously developing new markets in Africa, Southwest Asia and Europe after 2018.

Tires

SpeedMate, a leader in distributing imported tires, has been exporting tires since 2018 using its capacity for distributing imported tires and the global network of SK networks. In 2018, we exported 40,000 tires of a global manufacturer, Achilles. We plan to diversify sales routes by exploring new overseas markets other than Africa.

Home Appliances and Rental Business

SK magic began promoting entries to overseas markets in 2018 to expand the business focused on the domestic market. As a result, we are exporting home appliances to about 10 countries including Saudi Arabia and Mongolia and started the Rental Business in Malaysia. Moreover, we entered the Japanese market by establishing the 'cado cuuara', a joint venture with a premium home appliances company of Japan, cado.

The export of home appliances is conducted mainly on kitchen appliances including gas ranges, electric ranges, electric ovens, microwaves and dishwashers, and the amount of export was KRW 5.35B in 2018. From 2019, we plan to stably manage existing customers and continuously expand customers in the mid to long-term perspective.

Malaysia is a country where the rental business of other companies in air purifiers and water purifiers are already in market, so the rental is quite familiar to customers and the preference to Korean brands is high. At the end of 2018, SK magic initiated the Rental Business in air purifiers and water purifiers in Malaysia.

Based on the competitiveness of launching the first JIKSOO water purifier in Korea, we are offering various JIKSOO product lines to Malaysian customers and promoting the differentiated JIKSOO technology by launching the brand, 'JIKSOO: Never Stagnant, Clean, Pure and Full of Minerals'. At the same time, we are striving to enable local customers to use water purifiers with more confidence by acquiring the Halal certification from the Jabatan Kemajuan Islam Malaysia (JAKIM). SK magic is expanding its bases in Malaysia from 3 points in the North, Middle and South to 5 points and operating the Malaysian Corporation by hiring about 30 local employees including the president.

For entering the Vietnamese market which is considered to have high potential growth in business, we are securing opportunities for market entry and promoting the brand of SK magic by cooperating with the local exclusive distributor. Furthermore, we will expand our market entries to other ASEAN nations including Indonesia based on the Malaysian Corporation.

Strengthening Business Competitiveness

Acquisition of AJ Rent-a-car

In September 2018, SK networks signed an agreement to acquire 42.24% shares of AJ Rent-a-car, the 3rd largest car rental company in Korea, for KRW 300B. At the end of December 2018, the Fair Trade Commission (FTC) approved the deal, and on January 2nd, 2019, the acquisition was finalized.

SK Rent-a-Car introduced a concept of the long-term individual car rental to the car rental market focused on the corporate rentals. We have continued the fast growth rate of 20% annually in average by leading the industrial innovation by launching the Korea's first electric car rental service and the industry's first automated driving record system based on IoT. In 2017, we became the No.2 in the industry by running 74,000 rental cars, and in 2018, we were nominated as the No.1 in the Car Rental Sector of NCSI, thereby achieving both quantitative and qualitative growths.

Whereas SK Rent-a-Car concentrated on the long-term individual car rental based on the Korea's best car maintenance infrastructure such as retail gas stations and SpeedMate, AJ Rent-a-car owns the nationwide sales network, professional man power, operational know-hows and system and is specialized in the short-term rental and corporate rental business.

SK networks became the car rental industry's leader through the acquisition of AJ Rent-a-car while building a basis for accelerating the growth of the Mobility Business. The mutual balance of SK Rent-a-Car's growth potential and AJ Rent-a-car's stability is expected to create a substantial scale of synergy.

Planning of Combined Products Promotion

SK networks is analyzing opportunities in creating synergy between various businesses and discovering products and services that can maximize customer values. We are planning the combined products between home appliances of SK magic and products and services of other business divisions. In particular, we are offering customers who use the Most membership to use such home appliances as air purifiers at a special price.

B2B Sales of Tires

SpeedMate expanded the business structure that used to sell tires to individual customers only and began selling tires to companies including the taxi company in 2018. We composed the product line with the tires suitable for the taxi and supplied about 4,000 tires to companies. Starting in 2019, we plan to expand tire sales to companies using our network including online sales, Emart and SK magic.

| Home Appliances Combined Products of CLUB Most and SK magic

Expanding Customer Contact Points and Developing New Products

02

| Rent-a-Car Online Direct Sales Platform

Establishing New Business Platform

Establishing Online Sales Platform for Used Cars

Cars returned by individual or corporate long-term rental customers are sold to used car dealers through auctions. In the past, such issues as lack of information about cars, lack of transparency in bidding process and excessive time consumption from bidding to delivery had been obstacles to used car dealers who are the customer of SK networks' used car business. To improve these issues and build a sales process reflecting customer needs, SK Rent-a-Car created the Online Sales Platform for Used Cars.

As the first in Korea, we realized the Auto Studio, which provides automated car recognition, photo shooting and uploading to bidders, on the platform and enabled a convenient bidding based on an accurate information by offering the mobile performance evaluation and bidding system. Moreover, we realized a customer-oriented service platform that is fast and economic as well as fair transparent by disclosing the bidding status and bid price. We will continue to conduct used car sales to more customers using this online platform that can overcome constraints of distance.

| Online Sales Platform for Used Cars

Establishing Rent-a-Car Online Direct Sales Platform

In 2018, SK Rent-a-Car established the Rent-a-Car Online Direct Sales Platform to enable customers to receive information about cars and sign a contract online without visiting the store. The online platform is equipped with the AI search feature that offers a list of recommended cars related to keywords put in by customers through the AI algorithm. Through the 360º VR boarding feature, customers can experience the interior of cars online. Moreover, various information about sales ranking by model, preferences by gender and age, average time of delivery and reviews of experts and users are offered. With the one-stop process from contract signing, credit information offering to car delivery, customers are able to use cars without restraints in space and time.

| Webpage for Tire Sales
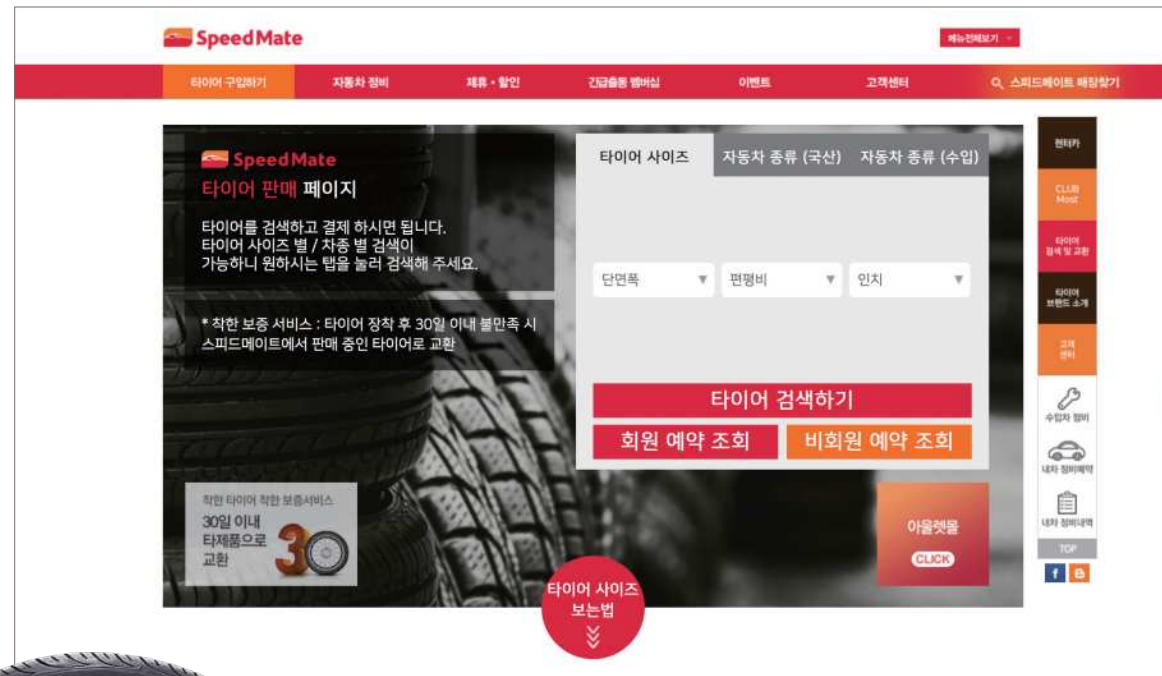
Amount of Online Tire Sales 2018

2,300

(unit: EA)

Online Tire Sales

SpeedMate has been selling tires through its online homepage and other outside sales channels including 11Street since 2018. Directly imported tires and online exclusive tires are mainly sold, and customers who bought tires online can have the tire installation at SpeedMate shops. In 2018, we sold 2,300 tires online, and in 2019, we plan to reinforce the online tire sales by establishing the O2O tire mall.

Developing and Launching New Products

Self-developing ICT Products and Expanding Distribution

SK networks is discovering products that can be self-distributed and continuously exploring new markets by strengthening the distribution capacity for ICT products in order to satisfy various customer needs and create new values in the drastically changing mobile communications environment. In 2018, we set a foundation for entering the accessories sector by researching the accessories market and securing the global manufacturing network for parts in compliances with the global standard. Based on these bases, we developed and launched the high-speed mobile phone charger and dual mobile phone charger at the end of 2018. In 2019, we plan to launch various ICT accessories including wireless high-speed mobile phone charging pads and wireless headphones, and we are promoting an expanded entry to the

global market such as Japan through the global partnership. SK networks will enhance its position as the ICT distribution platform company that offers customers new values by securing contact points in the product value chain through combination of factories, sales brands and distribution channels of accessories and by launching products satisfying customer needs.

Distributing Digital Textbooks

The Ministry of Education has been supplying digital textbooks to elementary, middle and high schools nationwide since 2018 to provide more vivid learning with VR and AR contents. Students are able to experience self-driven learning and lectures focused on communication and cooperation using various materials and features of the digital textbook. As a distributor in the Digital Textbook Supply Project in 2018, SK networks also distributes digital textbook devices to each school. The devices and networks are continuously managed through the IT device distribution capacity of SK networks and IT device and network maintenance capacity of SK networks service. We are preparing for a resources cycle process of recovering digital textbooks that are finished in using and providing them to the socially vulnerable group or the education for the elderly. SK networks, as a platform service provider managing the process covering from distribution, disposal to recycling of digital textbooks, will contribute to strengthening capacities for distribution, maintenance and recovery of IT devices, educating teenagers and reducing environmental impacts.

| April Stone Dual Mobile Phone Home Charger

A customer value
explorer that innovates
corporate values

WHY IS IT MATTER?

Customers are the only source for enhancing the corporate value. A company needs to innovate customer values relentlessly to maintain existing customers and expanding the customer base. In order to do so, continuous changes and accurate analyses of potential customer needs are required, and the corporate value should be innovated through a business model that reflects customer needs.

OUR COMMITMENT

SK networks is continuously creating differentiated customer values by thinking and practicing all business activities in perspective of customers. We are not only pursuing the customer value creation in overall value chain of products and services, but also considering values delivered to customers by business, thereby enhancing the customer-oriented brand value. Moreover, we are applying VoC in all business activities through the customer communication activities at various customer contact points.

PERFORMANCE DATA

Business Division	Awards for Customer Satisfaction
SpeedMate	No.1 in the Car Management Sector at the K-BPI 2018 for 16 consecutive years
SK Rent-a-Car	No.1 in the Car Rental Sector at the NCSI 2018
Walkerhill	Grand Prize in the Hotels & Resorts Sector at the National Brand Awards 2018

ALIGNMENT WITH UN SDGs

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

Goal 12. Ensure sustainable consumption and production patterns

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

Strengthening Products and Services

01

Customer Value Innovation through Products

Expanding the Tire Product Line

SpeedMate has been selling tires made by global manufacturers since 2017 to satisfy various customer needs including brands, driving impact and fuel economy. Based on the distribution capacity and global network of SK networks, SpeedMate supplies high-quality tires of global brands in reasonable prices by reducing the distribution process. In 2018, we began selling Dunlop tires imported from Japan in addition to the existing imported tires of Continental from Germany and Achilles from Indonesia.

In particular, the ENASAVE model of Dunlop tires is No.1 in the high fuel efficiency tire sector with great fuel efficiency and long lifecycle. SpeedMate responds to customer needs for eco-friendly tires by supplying the ENASAVE EC204 in the domestic market with a reasonable price.

| Motion Air Purifier

Launching the Motion Air Purifier

In March 2018, SK magic launched the Motion Air Purifier with the reinforced concept of 'human-focused air quality care'. This is the first device in Korea to detect users' movement using the sensor and rotates itself to pull dusts near users. Unlike previous products that focused on visualizing the process of improving air quality near devices, the Motion Air Purifier visualizes the process of freshening air quality near users. Based on these differences, the Motion Air Purifier is leading the trend, 'visualization', of the air purifier product and became a main model of SK magic.

Launching the Stainless Piped JIKSOO Water Purifier

In 2018, SK magic launched the Stainless Piped JIKSOO water purifier which used to have plastic JIKSOO pipe. As it provides water that is directly absorbed to bodies of customers, a water purifier has higher customer needs for cleanness including purifying power and sterilizing function. To satisfy these needs, SK magic launched the first JIKSOO water purifier in 2015 and launched the products with stainless JIKSOO pipes that are more resistant to contamination and corrosion in order to provide cleaner water to customers. In 2019, we plan to expand products with stainless JIKSOO pipes for more customers.

| Expanding Portfolio of Tires

Distributing Parts for Imported Cars

SpeedMate has been conducting the Auto Parts Distribution Business for imported cars since 2008. The market has a severe information asymmetry between suppliers and customers, which leads to difficulties in securing customer trust in the price and quality. SpeedMate is procuring auto parts with reasonable prices by establishing the systematic distribution process and the self-import channel such as global auto parts manufacturers in order to resolve the overall distrust in the market. The auto parts for imported cars distributed by SpeedMate are offered through the SpeedMate imported car maintenance service centers. We are establishing the transparent and orderly market by offering auto parts with relatively lower prices and maintaining customer trust in product quality, thereby contributing to the imported auto parts distribution market.

Rental Car Special Sales Promotions

Based on many years of sales experience in the short-term individual car rental, SK Rent-a-Car operates a special sales model to pre-purchase and sell popular car models in the market. The special sales model is run with competitive rental fees through the strategic alliance with manufacturers and has high customer satisfaction for faster delivery of popular models that normally take longer time until delivery.

| Stainless JIKSOO Piped JIKSOO Water Purifier

Customer Value Innovation through Service

The Integrated Mobility Membership, CLUB Most

SK networks runs the CLUB Most, which is an integrated mobility membership covering from fueling, carwash, maintenance, tires, ERS to car rental, for customer value innovation. The term, 'Most' is a combination of 'Mo'bility and 'St'ation, which refers to 'providing the best mobility service to customers'. As at December 2018, about 1.46M customers are using the CLUB Most and receiving benefits worth over 4 times more than the annual fee. Through the Most APP, we have enhanced convenience of subscribers by providing subscription, reservation and payment services and enabling subscribers to check all benefits from the membership.

| CLUB Most


| Corporate Car Sharing Service

### Corporate Car Sharing through the Smart Link

SK networks provides the Smart Link service which is a driving management system for customers of the corporate long-term car rental. The Smart Link comprehensively manages various information including driving record, fueling management and accidents of the corporate rental car. The GPS management system, which were widely used in the past, had several shortcomings such as driver's privacy breach in location and inaccurate information due to network errors from geographical obstacles. However, the introduction of the Smart Link which is based on the On-Board Diagnostics (OBD II) that transmits dashboard information to the system in real-time basis, and it led to guaranteeing the driver's privacy and managing correct driving record. The current version of Smart Link was commenced in October 2017, and as at March 2019, about 17,000 cars of 130 companies are managed through the Smart Link.

The existing corporate long-term car rental was used as either one vehicle per person or vehicles assigned to each department, and this caused high idleness of cars. To resolve these issues, SK Rent-a-Car offers the Corporate Car Sharing Service through the Smart Link. This service enables employees to book corporate rental cars through smart phones and use the smart phone as a car key, as well as reducing unnecessary workload of managers. As at the end of 2018, about 900 cars are used in the car sharing service by about 30 companies, and it not only reducing rental costs of customers, but also lessening environmental impacts. SK Rent-a-Car will spread the sharing economy of rental car by expanding the scope of car sharing in the future.

SK Rent-a-Car Car Sharing Service

Companies — approx. **30** EA

Vehicles — approx. **900** EA
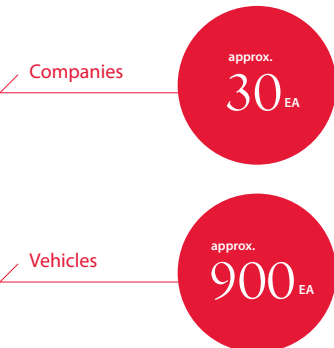
| Free Car Inspection Event for People with Disabilities
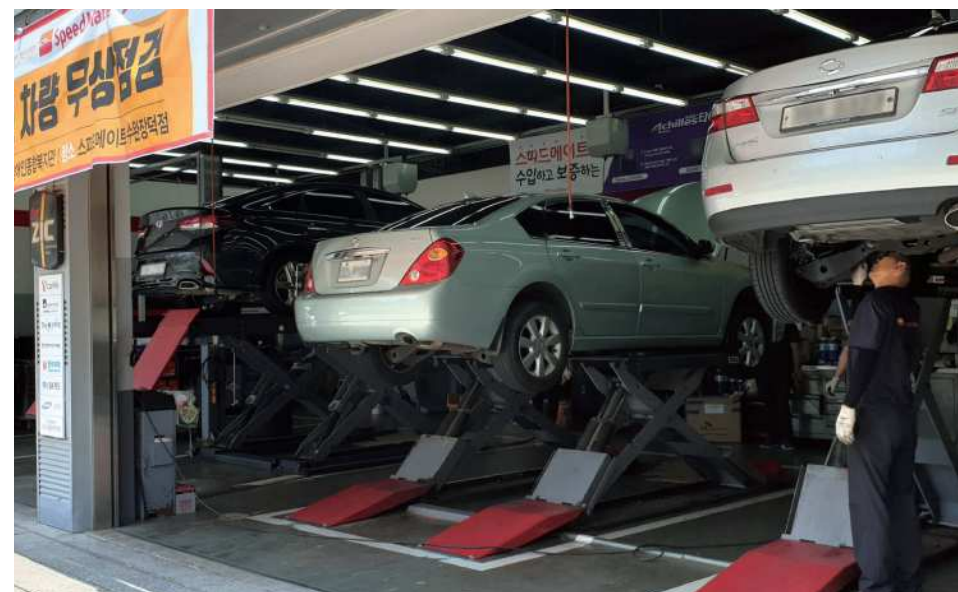
| Signboard for the Car Maintenance Master
| Signboard for the Licensed Master Craftsman
  of Motor Vehicles Maintenance

Free Car Inspection Event

SpeedMate annually holds the Free Car Inspection Event to resolve a vicious cycle of maintenance, 'information asymmetry → low preventive maintenance → obsolescence of consumables → costs increase', and to offer new values to customers for reducing costs for car management through daily preventive maintenances. We conducted free inspections, changes of consumables such as wipers and light bulbs and oil refills to 40 people with disabilities from the Uijeongbu-si Community Rehabilitation Center in July 2018 and to 40 people with disabilities from the Yongin City Giheung Welfare Center for the Disabled, while highlighting the importance of securing safety through preventive maintenance to customers.

Certification System of the Car Maintenance Master

SpeedMate has been implementing the SpeedMate Maintenance Qualification Test since 2012 to enhance maintenance capacities of the Maintenance Business. We subdivided car-related subjects into 8 subjects and nominate the 'SpeedMate Car Maintenance Master' to those who acquire qualifications for all 8 subjects after taking each test quarterly. Moreover, we provide rewards to those who earned the 'Licensed Master Craftsman of Motor Vehicles Maintenance', which is the top national technology certification for repairmen in Korea. As at 2018, SpeedMate has 27 Licensed Master Craftsmen of Motor Vehicles Maintenance and 22 Speedmate Car Maintenance Masters. We will strengthen the highly qualified human resources care program to enhance both individual competitiveness of repairmen and customer trust in our maintenance capacities.

| Wellness Club at Vista Walkerhill Seoul

Vista Walkerhill Seoul, Wellness Program

Vista Walkerhill Seoul operates the Wellness Program that proposes the healthcare solution professionally and systematically with HealthConnect*. This program offers not only the 1 on 1 consulting and nutrition & exercise programs by professional dietitians and personal trainers, but also the health concierge service for lifelong wellness life at the Wellness Club equipped with the latest health equipment and such natural facilities as the Healing Forest and SKYARD. In addition, through the 2-night Wellness Program, customers can enjoy both rest and health management. In 2018, 119 customers experienced the value of 'VISTA' brand that brings vitality and liveliness through the Wellness Program.

*An innovative, professional healthcare company that applied the best medical service of Seoul National University Hospital and the ICT of SK Telecom.

Hotel Customer Experience Programs

Walkerhill considers customer satisfaction as the top priority value and runs various experience programs to provide customers the best experience at the hotel. Between December 21 and 25 of 2018, we conducted the Santa Kids Village Program that all customers could participate in with children and spend happy year-end. This program is an event that makes special experience for the kids by inviting the official Santa Clauses who are from the Santa village, Rovaniemi, and approved by the Finnish Government. When the kids solved missions from Santa Clauses with the WALKEEs (Walkerhill leisure experts), Santa Clauses gave them certificates and gifts.

In addition, Walkerhill is continuously looking for ways to enhance customer satisfaction through F&B events that present differentiated food cultures by adding its unique recipe to the best food materials.

At the gala dinner that has been conducted annually since 2016, a fantastic combination of flagship wines selected by sommeliers and cuisines of world class chefs are earning attention of epicures. The desert buffet event designed under the theme of spring strawberries, Very Berry Strawberry was operated by expanding the event space to provide satisfactory food experience to increasing number of customers.

Customer Communication

Operating Customer Communication Channels

SK networks recognizes the importance of customer experience management at customer contact points and communicates with the customer through various channels. We established the customer satisfaction survey system and are applying the results of the survey in the key performance indicators (KPIs) and the customer experience in developing and improving products and services. Moreover, we are satisfying customers' rights to know and expanding communications with them by increasing communication channels including blogs and SNS.

Business Divisions	Key Communication Channels
Most Division	VoC channels Gas stations SNS channels
SpeedMate	VoC channels Maintenance service centers SNS channels Customer Happy Call
SK Rent-a-Car	VoC channels Branches SNS channels Customer Happy Call
Walkerhill	VoC channels Hotels & Resorts SNS channels Customer Happy Call
SK magic	VoC channels SNS channels Homepage Customer Happy Call Customer contact points (MC)

Strengthening Customer Information Protection

SK networks operates the Information Management System to treat customer information safely and prevent illegal breaches as it collects a large amount of customer information due to the nature of the service business. We have run the Personal Information Management System (PIMS) and the Information Security Management System (ISMS) in the Mobility and Hotel Business Divisions since 2015, and we renewed the systems in 2018. SK magic is dispersing contents for enhancing awareness of Magic Cares (MCs) in customer information security such as compliance with the Personal Information Protection Act through the Magic Live which is an educational broadcast for MCs. In the future, we plan to increase employees' awareness and capacities of customer information security as a preparation for expanding online business.

| Very Berry Strawberry

| Santa Kids Village

| Re:BAR at Vista Walkerhill Seoul

| Library at Douglas House

Enhancing Brand Values through Innovation

02

Differentiating the Hotel Brand

Differentiating the Hotel Brand

As the best resort in center of the city with a wonderful natural environment and beautiful view of Han River and the city, Walkerhill strives to provide comfortable rest and happy experience. In the large-scale complex of 462,809 ㎡ in area, the hotel brands of Grand Walkerhill Seoul, Vista Walkerhill Seoul and Douglas House, that offer 3 different attractions and contents, are located. Grand Walkerhill Seoul provides relaxed rest and happy experience with the traditional hotel service, and Vista Walkerhill Seoul presents positive vitality and energy through unique experiences. Douglas House, which is a safe house in the forest, proposes a self-contemplation and recovery time in the vacation home in the woods. Vista Walkerhill Seoul began the brand renewal project in 2018 to fortify its position as a lifestyle hotel. Based on the strength of

Vista with positive energy and creative DNA and under the new brand slogan, 'REFRESHING. VIVIDLY', we are offering new stimulation and experience in customers' daily lives and began changing to become a space that fills up vitality in their lives. In 2019, we plan to establish a new core value of 'PROACTIVE', 'UNEXPECTED', 'LIVELY' and conduct diversified brand renewals so that customers can feel and experience the brand value of Vista. Douglas House offers various customer experience programs needed for rest and healing of customers. For instance, customers can access and test know-hows of food and coffee made by chefs, bartenders, baristas and sommeliers through the 'Cook & Mix' program conducted weekly at the Douglas House Kitchen. Moreover, we provide various information for healing through the meeting with writers.

| DARAKHYU Yeosu

| Good Maintenance, Good Tires

| Self-measuring Instrument for Tire Tread Depths

| Water Purifier Brand, JIKSOO, in Malaysia

Operating Travel Platform, DARAKHYU

The hotel industry is changing to a trend that pursues various values including customer experience and lifestyle, beyond a concept of simple accommodation. Walkerhill operates the capsule hotel called 'DARAKHYU' for people who need a long rest or prepare for travel with reasonable prices. After opening the a branch at Terminal 1 of Incheon International Airport in January 2017, we opened one at Terminal 2 of the airport and another one in Yeosu in August 2018. DARAKHYU not only enhances the practicality of IT such as kiosks and mobile APPs for controlling doors/lighting/temperature, but also promotes the environmental differentiation of spaces using recyclable panel materials. As a result, the DARAKHYU at Terminal 2 of Incheon International Airport acquired an eco-friendly certification, LEED.

Good Maintenance, Good Tires

SpeedMate established 'Fair Service' as the new brand identity (BI) to provide transparent and credible services to customers, thereby enhancing brand trust.

The core value of the Good Maintenance is offering of the highest cost-effectiveness, credible technologies and transparent and convenient services, and it embeds our will to conduct horizontal communication with customers. In addition, we are implementing the industry's first text messaging of quotes and quote comparison for auto parts to settle 'Good Maintenance' as the standard of SpeedMate's maintenance service. We also apply feedback from visitors in service improvement through the customer survey to enhance brand values.

Since 2018, we have conducted the 'Good Tire' campaign for customers to purchase tires with confidence. If customers are not satisfied with the new tires, we change them to other ones through the 'Good Warranty Service', and we also implemented various campaigns including free inspection and health inspection of tires. In August 2018, in particular, we performed the Tire Self-inspection campaign and offered the self-measuring instruments for tire tread depths to 500,000 customers.

Launching 'JIK.SOO', the Water Purifier Brand in Malaysia

In Malaysia, needs for credible and clean water are very high as the water distribution pipes have been deteriorated. SK magic, that launched the Korea's first JIKSOO water purifier that dispense ambient, cold and hot waters directly without water tank in 2015, entered the Malaysian market with the brand, 'JIKSOO (Never Stagnant. Clean, Pure and Full of Minerals) to highlight the differentiated values of SK magic's JIKSOO water purifiers. Though this brand, SK magic is changing Malaysian customers' stereotypes on water purifiers and delivering JIKSOO technology and hygienic image of the company.

Happy Society Formed with Members

WHY IS IT MATTER?

Surroundings of the company and employees are changing rapidly as the job paradigm is changing due to the 4th Industrial Revolution and the 2nd life after retirement is becoming more important because of the 100-year life era. In alignment with these changes, value that a company should pursue and competitiveness that employees should build are also diversifying. A company need to act proactively to respond to such changes by establishing the system and organizational culture that employees can be respected and demonstrate their potentials.

OUR COMMITMENT

SK networks is innovating work methods for employees to build capabilities to respond to customers and technological changes delicately and striving to create the horizontal communication and flexible collaboration culture to bring out synergy from employees' competence. We are operating the competence-focused talent cultivation system needed in the changing era including the DT capacity and lifetime capacities, while improving the work environment such as time and space. Moreover, we are facilitating establishment of the value-oriented organizational culture with the open attitude and communication among employees to pursue the customer-oriented innovation.

PERFORMANCE DATA

	2016	2017	2018
Training hours per person (unit: hours)	32	38	36
Training expense per person (unit: KRW 10,000)	149	217	152

*Including SK magic in 2018

ALIGNMENT WITH UN SDGs

	Goal 3. Ensure healthy lives and promote well-being for all at all ages	**3.4** By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
		3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	Goal 5. Achieve gender equality and empower all women and girls	**5.1** End all forms of discrimination against all women and girls everywhere
		5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
	Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	**8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
		8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
		8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Innovating Working Method

01

Innovating Working Hours

SK networks is pursuing the work-life balance of employees and creating environment for work commitment through autonomous schedule management. In 2018, we managed the working hour by week and introduced the selective working hour system to abide by the 52-hour work week. Moreover, we enhanced the autonomy and flexibility of working by introducing the commuting time notification system, 'Flex Time', and the selective lunch hour system, 'Lunch Flex'. Leave system is also changed from the approval by the supervisor to just notification, thereby encouraging employees to go on leave freely.

Walkerhill plans to introduce the selective working hour and flexible working hour from July 2019, as the accommodations business is excluded from the 52-hour work week. In particular, we stipulated that we prevent any financial loss of employees from changes in the working system through the labor-management agreement. SK magic introduced the fixed staggered hours system.

Innovating Workplaces

SK networks offers various tailored spaces including solitary rooms for better concentration and standing meeting rooms for simple meeting for employees to choose in accordance with individual preferences or work natures. Moreover, we also provide various spaces such as library-type spaces and CHEOOM Concert spaces for employees' self-learning.

Walkerhill is conducting the Respect/Care campaigns by posting relevant posters to create workplaces with the culture of mutual respect and consideration.

| Walkerhill's Respect/Condideration Campaign Poster
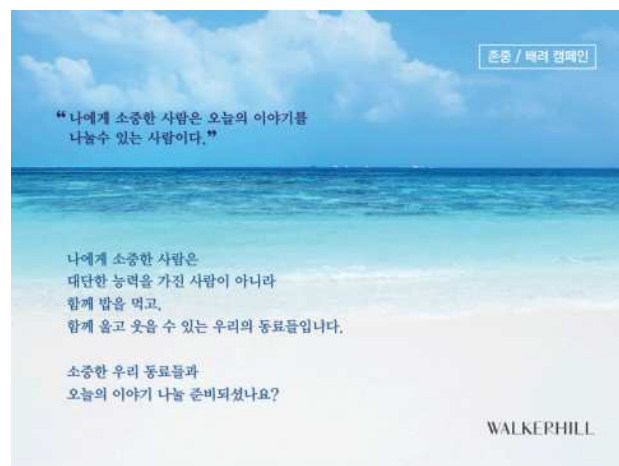
Improving Appraisal System by Introducing the NetPro System

In 2018, SK networks introduced the NetPro system to enhance work completeness through mutual feedback between employees during work processes. Feedbacks are shared immediately and specifically through the system to improve the work process and plan for goals. The accumulated feedback are databased to be used in setting development plans and managing the Career Development Program (CDP) of employees.

Moreover, we discontinued the annual relative appraisal and introduced the feedback-focused absolute appraisal for employees to reject internal competition but continue cooperation to create outcomes. Using the feedback database of NetPro system, we are promoting the branding of individual capacity and assigning them to adequate positions. To enable practical feedbacks leading to creating outcomes, we operate the Feedback Coaching Capacity Building courses and conduct the Group Coaching Workshops for actual work.

Talent Cultivation System

SK networks offers the systematic cultivation system to strengthen employees' capacities in leadership, job and globality based on SK Values. In 2018, we composed the program mainly with essential capacities for customer value enhancement including DR, brand and job capacity and contents for reinforcing lifetime competitiveness.

Walkerhill conducts the Global Cross Training to enhance job expertise and global capacities of employees in the hotel business and to strengthen insights on trend and service process, products and promotions of the hotel industry. SK magic provided the job capacity training such as accounting, marketing and office automation (OA) and the essential leadership training such as R&D, under the goal of improving employee capacity and spreading core values of SK.

▲ Annual Feedback Process

Throughout the Year (Jan. – Oct.)	End of the Year (Nov.)	Usage

Feedback is not 'checking what is complete', but an 'activity for creating better alternatives by communicating continuously during the work process'.

GOAL SETTING
• Goal setting by task
• Define customers

FEEDBACK — **SELF REVIEW**

• Constant feedback communication during task implementation through the NetPro System
• Leaders' final review after task completion

• Self-review after task completion
• Lessons learned and corrective actions

PEER FEEDBACK
• Implementation by task
• Individual direct review

SNAP SHOT
• Qualification
• Individual characters

My own resume

• Use bases for individual CDP and development plan

• My own resume – bases for Wikipedia-type resume

• Enhance job completeness through feedbacks by task

• Facilitate sharing and cooperating tasks among coworkers

• Reporting time reduction, work process efficiency

• Respect diversity and recognize/encourage achievement

PROCESS

• Constant feedback communication during task implementation through the NetPro System	**Key Feedback**
• Face-to-face feedback (Mutual Reflection Week) quarterly (April, July, November)	- Throughout the Year: Feedback focused on task and working method (creative)
	- End of the Year: Feedback focused on individual capacities and characters

Enhancing DT Capacity

Establishing Company-wide Data Use Capacity System

SK networks established the company-wide data use capacity system to lead the era of 4th Industrial Revolution based on the securing of AI capacities and is strengthening data use capacities of employees. This system set Level 5 as the highest capacity standard and provides a guideline for building capacities. In 2019, we will conduct on/offline training programs and capacity qualification tests for Level 1 and Level 2 to support basic data use capacities of employees.

DT Academy

SK networks operates the DT Academy to identify customer needs scientifically by enhancing data analysis capacity of employees in the relentlessly changing business environment. In 2018, we trained 480 employees for 17 courses on the basic course, 'Understanding of Data Analysis' and conducted the intensive course such as the data analysis and best practice consulting to 49 employees for 2 courses. Through the semi-expert course training, in particular, a total of 7 employees acquired the certification of data analysis semi-expert. In 2019, we plan to operate experiment-focused courses including the DT technology experience and separate courses for DT operators. SK magic is also conducting the online data use capacity training through essential courses for DT operators and voluntary courses.

▲ Company-wide Data Use Capacity System

	Definition	Capacity Requirement
Lv.5	• Researcher level capable of modifying and applying the model source code including deep-learning due to high standard of knowledge in mathematics, statistics and programming • Capable of manage the overall process from project design, problem setting, team composition to solution provision	• Application of changes in deep/machine learning models • Experience in projects for applying AI using various models in the research phase
Lv.4	• Capable of solving problems and optimizing models in the predictive modeling process and programming for automation • Capable of developing and deploying independent predictive models for commercialization	• Application of deep learning framework and key models • (MLP / CNN / RNN / GAN) • Skill sets for performance improvement (Voting, Bagging, Boosting, Stackting, Meta optimization) • Text analysis (categorization, sensitivity analysis, Clustering, etc.)
Lv.3	• Secured theoretical knowledge of all areas of data analysis and machine learning • Capable of implementing basic analysis and modeling independently, yet in need of experts' advices	• Understanding of neural network • Use of main algorithms for each machine learning area • Statistical theories (probability theory/distribution/correlation/testing) and linear algebra/calculus/optimization
Lv.2	• Capable of securing and communicating basic knowledge about data analysis and machine learning • Capable handling data for exploratory analysis, yet in need of experts' help in developing models	• Basic machine learning using the Sci-kit learn • Basic sampling/operation and visualization of data • Communication capacities using basic statistics
Lv.1	• Sympathize needs for data analysis and programming • Understand basic grammar of programming language (Python)	• Basic grammar of programming language (Python) • Basic statistics (probability/variables types/distribution/testing) • Understanding of data analysis process
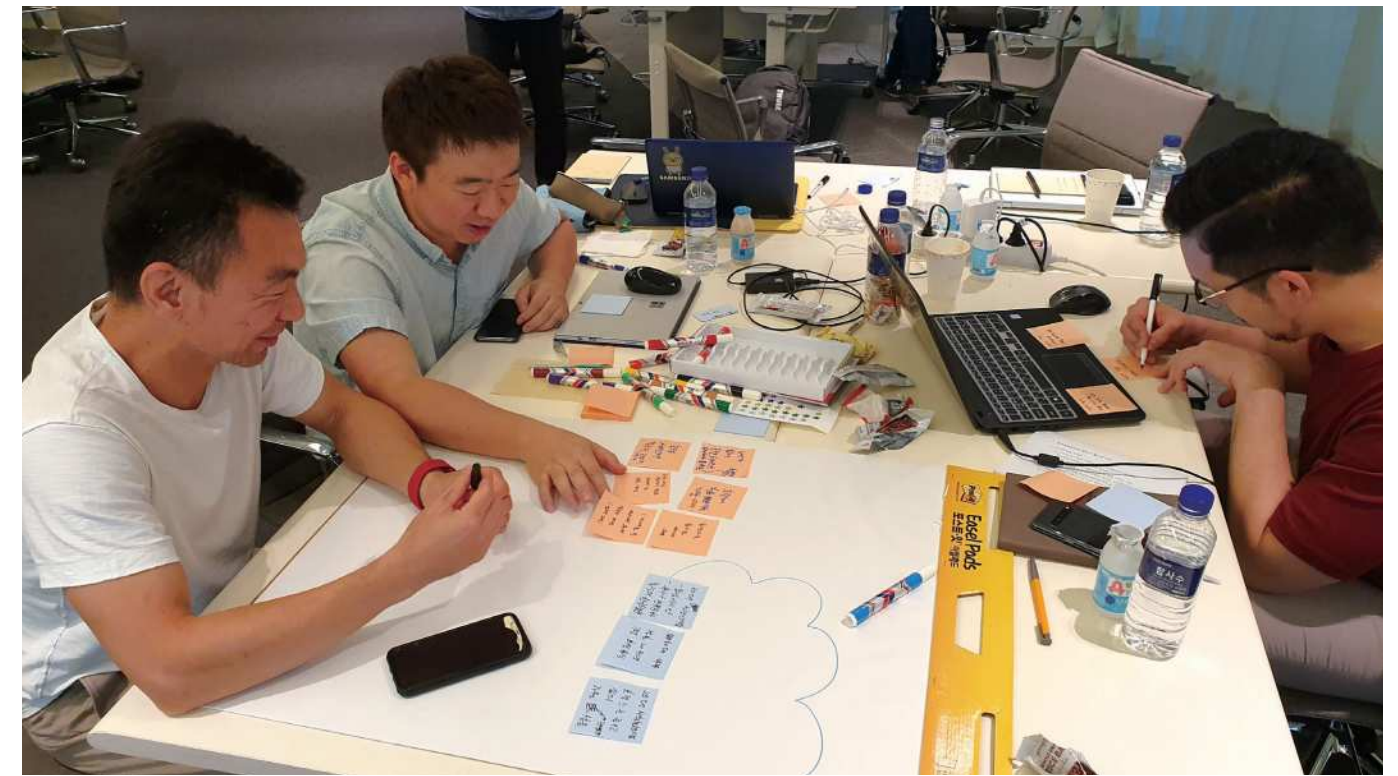
| DT Workshop

Fostering DT Agent

SK networks fosters 'DT Agents' who play a role of leading the DT promotion by business in order to secure the company-wide DT promotion power. A DT agent refers to a talent who can grasp areas for DT opportunities of each business based on the understanding of customers and technologies and apply them in creating customer experience and innovating operation process. As at 2019, the DT Agent Group is composed of 45 core manpower of each business, and they receive education on data analysis theories and experiments and attend outside lectures and seminars related to DT. Moreover, we operate the DT Workshop to deduct ideas grafting practical DT and business.

Operating DSG (Data Scientist Group)

The Data Scientist Group (DSG) is a group of data analysis experts of SK networks for establishing the data analysis environment needed for DT and internalizing the analysis capacities. Based on capacities of data handling and analysis, the DSG defines issues of customer value innovation in data analysis and proposes corrective action plans in business. To strengthen expertise capacity of the DSG, we support essential training courses for data analyst of specialized training institutions and participation in domestic machine learning and AI conferences. SK networks developed the predictive model related to prices, potential customers and customer desertion in 2018, and it is promoting production for field use. From 2019, we will establish the Data Lake* including the analysis platform for expanding data sharing/use and support the DT innovation by discovering new tasks for data analysis continuously.

*Data Lake: Large-scale data storage

Strengthening Lifetime Competitiveness

SK networks operates the Lifetime Competitiveness Building Program for employees to strengthen basic job capacities and plan their post-retirement lives, thereby develop their lifetime competitiveness. The Self-Design CoP is operated to aid employees to acquire certificates and technologies in various fields.

Through this system, many employees are striving in such fields as sommelier, real estate auctioneer and pet groomer. Employees are not only strengthening their competitiveness, but also contributing to marketing diversification through the customer-focused thinking.

CHEOOM Concert and Magic Concert

SK networks operates the CHEOOM Concert, which is a communication channel between employees, to enhance their understanding of products, services and customers and adaptability in market trends. 'CHEOOM' is an abbreviation for 'Creative & Happy Explorer's Room' and refers to enhancing customer values by filling with knowledge, experience and ideas through free and creative communications. In 2018, the CHEOOM Concert was held once every month. This program was composed of the 'Day CHEOOM' offering various experiences to employees by sharing outside lectures and internal best practice sharing and the 'Night CHEOOM' strengthening the lifetime competitiveness of employees by providing professional knowledge in diverse fields. SK magic operates the Magic Concert quarterly at the Hwasung Factory and the Head Office by selecting subjects of changes, innovation, trends, communication and leadership. These subjects are selected by reflecting business issues and needs of recipients and composed of outside lectures and discussions.

| Values Camp

▲ CHEOOM Concert 2018

Concert Titles	Conducted in
Changes and innovations learned from the classics	February
Millennials*, it is good as it is	February
Platform strategies	March
Are you investing in the blockchain?	March
Fill up with social values	April
Find a path at the end of the world	May
A travel guide, tax return	May
Stress management for health workplace	June
Best practices of the Mobility Division	September
Marketing through Instagram	October
Concert platform focused on consumers	October
Special lecture on YouTube (managing channels)	November
Starting YouTube (practice)	November
Douglas Culture Salon	November
What is Study in 100-years-old life	November
Premier class (video editing)	December
CHEOOM Music Concert	December

*A generation born from the early 1980s to early 2000s

| The MagicAll Course of SK magic

Values Camp

SK networks is operating the Values Camp to create the horizontal communication environment between employees instead of a typical education focused on organizational/work units and make time for consensus on the overall management. In 2018, the Values Camp was conducted with a subject of 'Searching for My Brand' to understand the business management and context, share directions and philosophy of the group on social value creation and secure the lifetime competitiveness. Moreover, we operated by integrating bands, job categories, genders and organizations by applying the result of employee interviews from 2017, and 278 employees participated in the 7 terms of the Values Camp. In 2019, we plan to operate the camp with the main subject of creating consensus among employees on the importance and necessity of social values by running special lectures of the people engaged in the industry related to social value companies.

Horizontal Organizational Culture and Respecting Employees

02

Settling Horizontal Organizational Culture

Group Forums

SK networks operates group forums to establish a horizontal communication culture between the CEO and employees based on their voluntary and willing participation. The forums of each group consisted of four forums in consideration of age, gender, and discussion topics. In addition, we regularly improve the effectiveness of opinions discussed through forums at least once a month, leading to institutional and cultural improvements in the actual work environment.

H-Forum

SK networks runs the H-Forum so that both the company and individual can think about how to completely reconstruct their lives in the '100-year life', moving away from the traditional life of 'education, work, and retirement'. Through H-Forum, employees are encouraged to transform their awareness and consensus to foster the necessary knowledge and competencies for each major life cycle, while also reorganizing the capacity building system for systematic education.

Forum	Subject	Target
H-Forum	2nd life and the life of 100 years	Team leaders and employees at 30s to 40s
C-Forum	DT(Digital Transformation), consumer trends, business models	Employees at 6+ years
J-Forum	Good workplace	Employees at 3 – 5 years
W-Forum	Organizational culture, horizontal communication	Females employees at 3+ years

| H-Forums

CEO Activities for Horizontal Communication

In order to establish a horizontal communication culture, SK networks is conducting communication activities between CEOs and employees by attending the Manager-level Communication Day, company-wide forum, and Book Talk for the 2nd year managers. The Manager-level Communication Day is attended by CEOs and all manger-levels to share and discuss internal contents such as management philosophy, direction and current status of group and company. In addition to learning about market trends through outside lectures, communications about the values of various stakeholders, such as customers, society, employees, and shareholders, are conducted to enhance understanding of each other and enhance organizational synergy.

Creating Culture of Mutual Respect

SK networks is building a horizontal communication culture system for mutual respect under the direction of happiness pursuing to create a "happy workplace with good people". Titles of the team members have been unified as "managers," allowing them to communicate more horizontally by moving away from the position-oriented title system. We are also working hard to ensure that the level of position is not the level of opinion by continually promoting the use of horn.

Walkerhill is building a horizontal communication culture to reinforce customer value and cultivate ownership among its employees. In the case of the hotel organization, we have abolished the position system, which was previously composed of 7 positions, and organized the positions into 5 stages centered on tasks and positions, simplifying the decision-making stage and eliminating the division of duties according to positions. In addition, we are creating a culture of contributing to the company as an equal team member by simplifying the title system in 2 stages (team leader, manager) and facility organization in 3 stages (team leader, part leader, manager).

SK magic operates the MagicAll course to promotees and employees of each class to expand the macro view of the entire organization through understanding the value chain and form a collaborative mind. The MagicAll process was conducted for 118 members of the promotees and deputy/manager-levels by sharing the meaning and work processes of each value chain and forming cooperative points using best practices.

| Sang Sang (Imagination) Board

Respecting Employees

### Respecting Employees' Human Rights

SK networks is committed to protecting the human rights of its employees and protecting their basic lives. The Employment Regulation stipulates that working conditions are set for the purpose of guaranteeing and improving the basic life of workers, and the employment contract is signed in accordance with the Labor Standards Act.

Labor-Management Agreement and Collective Bargaining

SK networks conducts consultations with the labor union to reflect the voices of its employees in overall management and conducts surveys, interviews, and voting for employees. In 2019, in consultation with the labor union, a selective working hour system was introduced, and the Happiness Forum was held to listen to the opinions of employees regarding the HR system. Walkerhill holds collective bargaining every two years, and in 2017, it agreed to introduce multidimensional assessments and implement paid leave for prenatal check-ups through labor-management consultations, which continued to be complied with in 2018.

SK magic conducts wage bargaining every year between labor and management and negotiates collective bargaining every other year. In 2017, we switched to a full-time contract for contract workers, and in 2018, we agreed to establish the 25-year long service award, labor-management cooperation award, and conduct overseas training for winners. In particular, since the foundation of the labor union, we have been reaching non-conflict agreement until 2018.

▲ **Maternity and Parental Leaves 2018** (Unit: persons)

Maternity Leave	Parental Leave Female	Parental Leave Male
24	52	12
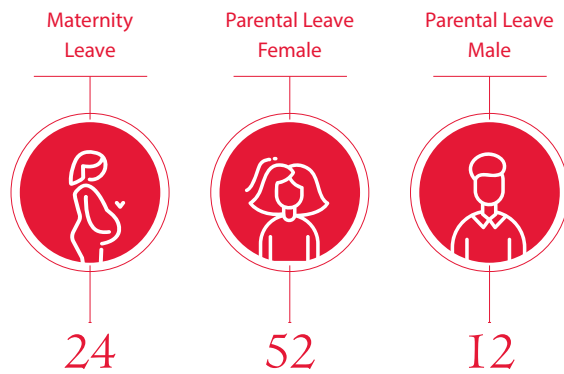
Reducing Burdens on Childbirth and Childcare

In order to reduce the burden on childbirth and childcare and to prevent career interruptions of its employees, SK networks operates the Maternity Protection System. This not only complies with the legal obligations related to maternity protection, but also assists with what is necessary to achieve a practical balance between work and childcare. First of all, parental leave is automatically registered when maternity leave is registered in order to establish a culture where childcare leave can be used more freely. In addition, the company operates a system to prevent disadvantages of appraisal by excluding those who worked for less than six months a year due to childbirth and parental leave. In 2018, we created the infertility leave that can be used for up to two years to have a rest period to solve infertility. Walkerhill and SK magic also operate the infertility leave system. In particular, Walkerhill supports childbirth and childcare for female employees through paid prenatal check-ups holidays and miscarriage protection leave.

Physical/Mental Care and Welfare

SK networks continuously support healthy and happy lives and manages mind and body of its employees to improve the quality of their lives, while operating various welfare programs. Walkerhill provides mental health education sessions to Gwangjin-gu Mental Health Center's mental health promotion lectures and regular safety and health education so that employees who are routinely exposed to emotional labor can alleviate stress caused by emotional labor. In addition, we post tentative prohibition tent cards at all worksites and customer contact points, and communicate emotional labor laws to customers to prevent emotional labor. SK magic established the childcare allowance system that pays monthly childcare allowances until the start of elementary school.

| Walkerhill Mental Health Lecture

Category	Description
Healthcare	Health examination once a year, establishment and operation of in-house health care center, fitness center, massage chair, and sleeping room
Mind management	Operation of professional psychological counseling (EAP) services for employees and their families
Financial management	Face-to-face interview with a professional counselor and after-service for financial questions
Child education support	Children tuition and entrance fees
House fund/Stabilization Fund	Financing for loans and security of home purchases/rentals
Medical expenses support	Support for medical expenses covered by health insurance for the treatment of members and immediate family members
Family affairs support	Supporting condolences and consolidation flowers during the family affairs of members and families
Long service rewards	Award for long-term service for ten years or more and every five years thereafter.
Recharge vacation	5-day recharge leave apart from annual leave
Fellowship support	Support for fellowship club activities among employees

MANAGEMENT REPORT

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MANAGEMENT REPORT

MANAGEMENT REPORT

In the Management Report,
the management system by essential
management area for sustainability,
performance in 2018 and future plans of
SK networks are included. The essential
management areas consist of governance,
ethical management, fair trade, shared
growth, SHE Management and social
contribution. Through this section, please
check SK networks' wills for promoting
and efforts for improving the sustainability
management.

MANAGEMENT REPORT

GOVERNANCE

Appointment of Directors

The directors of SK networks are appointed at the general shareholders' meeting. As at March 2019, the board of directors (BOD) consists of 2 executive directors, 1 non-executive director and 5 outside directors. By separating the roles of the CEO and the chairman of the BOD, we have established an objective and independent governance structure for management. The BOD determines the main policies of the company's overall management, and there are two committees within the board of directors: the Audit Committee and the Recommendation / Nomination.

BOD Operation

The BOD reviews and decides on matters prescribed by the law or the articles of incorporation, matters delegated by the general shareholders' meeting, basic policies of the company's management, and important matters concerning the execution of duties. The BOD is composed of all directors appointed from the general shareholders' meeting and is held once a month but may be convened by the chairman when needed. Decisions of the BOD are made by the attendance of the majority of directors and the majority of attendants. The voting rights of directors with conflict of interest on the agenda are limited.

Expertise of Directors

We secure expertise of the BOD by appointing directors with expertise in various areas such as corporate management, law, finance/accounting and marketing.
In particular, the Audit Committee is composed of outside directors with abundant experience and high expertise in finance, accounting or finance, strengthening the function of overseeing the management and evaluating internal accounting management systems.
In addition, the Management Diagnosis Team is operated as an audit support body to assist the Audit Committee in carrying out management supervision effectively.

Role of the BOD

● **Strengthen the function of audit**
The Audit Committee, which consists only of outside directors, ensures the independence of the audit organization and gives strong checks and holds authority to the BOD and CEO, who are in charge of overall management.

● **Strengthen transparency in accountin**g
We are enhancing the trust of our shareholders and financial institutions by reorganizing the internal control system and responding proactively and actively through the certification system of the CEO.

● **Reinforce compliance activities**
By adopting the compliance officer system, we are systematizing compliance control standards and enhancing management stability.

● **Promote sustainability management**
Major status of the sustainability management is annually reported to the BOD, and we plan to promote sustainability management through the highest decision-making body.

BOD Activities in 2018

In 2018, a total of 9 board meetings were held and 29 issues were decided.

BOD-related Organizational Chart

General Shareholders' Meeting → Board of Directors (2 executive directors, 4 outside directors[1], 1 non-executive director)

Recommendation / Nomination — 1 executive director, 2 outside directors
BOD Secretariat — 5 persons
Audit Committee — 3 outside directors[2]
Corporate Audit Team — 8 persons

1) At the 66th General Shareholders' Meeting on March 22, 2019, Director Suk Woo Jeong was additionally appointed as an outside director and audit committee member. As at March 22, 2019, 5 outside directors are appointed.
2) At the 66th General Shareholders' Meeting on March 22, 2019, Director Suk Woo Jeong was additionally appointed as an outside director and audit committee member. As at March 22, 2019, 4 outside directors are appointed.

BOD

Category	Name	Field of activity	Main Career
Executive Directors	Choi, Shin Won	Chairman & CEO	Chairman & CEO, SK networks
	Park, Sang Gyu	President & CEO Member, Recommendation / Nomination	President & CEO, SK networks
Non-executive Directors	Cho, Dae Sik	Non-executive Directors	Chairman, SUPEX Council
Outside Directors	Heo, Yong Suk	Chairman, Board of Directors Member, Audit Committee	Advisor, Samil PricewaterhouseCoopers
	Lee, Cheon Se	Member, Audit Committee Chairman, Recommendation / Nomination	Lawyer, DongIn Law Group
	Ha, Young Won	Chairman, Audit Committee	Professor, Sogang University Business Department
	Lim, Ho	Member, Recommendation / Nomination	Lawyer/Professor Hongik University (Intellectual Property Law)
	Jeong, Suk Woo	Member, Audit Committee	Professor, Korea University Business Department

Sub-committees

Name	Category	Name	Purpose and subject of right
Recommendation / Nomination	1 Executive Director 2 Outside Directors	Park, Sang Gyu Lee, Cheon Se Lim, Ho	- To establish process of recommending candidates of outside directors - To secure candidate's pool and recommend candidates of outside directors
Audit Committee	4 Outside Directors	Heo, Yong Suk Lee, Cheon Se Ha, Young Won Jeong, Suk Woo	- To audit and account

Board Meetings and Agendas

No.	Date	Agenda
1	Feb 2 2018	The approval of 65th financial statement (2017)
2	Mar 6 2018	The convocation of the 65th General Shareholders' Meeting
3	Mar 14 2018	The change in the convocation of the 65th General Shareholders' Meeting
4	Mar 30 2018	The approval of SK Smile Microcredit Bank's donation funding
5	Apr 18 2018	The approval of transaction petroleum product with SK Energy
6	Jul 16 2018	The approval of transferring used cars (business) related to the car rental business
7	Sep 21 2018	The case of taking shares in AJ Rent-a-Car
8	Nov 5 2018	The termination of mortgage of Northern Copper Industrial
9	Dec 21 2018	The approval of transaction with SK Holdings

*BOD activities in 2018 (all): https://www.sknetworks.co.kr/investInfo/bodWork.do

ETHICAL MANAGEMENT

Ethical Management Structure

● **Enactment and Application of Code of Ethics**
SK networks pursues corporate ethical responsibilities in the process of implementing business, beyond the economic and legal responsibilities. We will build a fair and transparent corporate culture to enhance the trust of our stakeholders and contribute to the happiness of the entire society by achieving sustainable growth and development. To this end, SK networks enacted and declared the Ethical Creed* in 2007 based on the SK Management System (SKMS), which is the Group's management philosophy. The Code of Ethics sets the standard for righteous behaviors and value judgments for employees and requires suppliers to recognize and comply with them.
*Renamed to 'Code of Ethics' in September 2018

● **Ethical Management System**
Since enacting and proclaiming the Code of Ethics in 2007, SK networks has been striving to establish the ethical management as a corporate culture through a systematic approach based on the ethical management system 3C (Code, Compliance, Consensus).

● **Code of Ethics**
In 2007, SK networks enacted the Code of Ethics, which describes the basic ethics of employees, attitudes to customers, responsibility for the company and shareholders, relationships with business partners and the role in the society. In addition, we continuously update the code for employees to use as a basis for righteous decisions and judgements of behaviors in ethical conflicts that may arise in the course of job performance. SK networks will create values for various stakeholders including customers, employees and shareholders by complying with the Code of Ethics and grow into a company that is trusted and respected by the society through fair and transparent corporate management activities.

Ethical Management System

Code	Compliance	Consensus
Code of Ethics, Code of Ethics Guideline, FAQ for practicing ethical management	Exclusive organization for ethical management, Ethics Reporting channels and Whistleblower protection, Self-monitoring & correction system	Ethical management training, workshops and survey, pledge of ethical practices

Code of Ethics

Attitude to Customers	We continue to satisfy our customers to earn trust from them and ultimately share happiness with them.
Basic Ethics of Employees	The company and its employees seek to achieve their visions together by establishing a happy organizational culture in which everyone can work with VWBE* and without unnecessary conflict.
Responsibilities to Shareholders	We need to raise the value of the company so that shareholder value can be created. So, we will enhance transparency and pursue efficient management.
Relationship with Business Partners	We compete fairly with our competitors in pursuit of mutual benefits and shared development with our suppliers.
Role in Society	As a healthy member of society, we do our best to contribute to the development of the nation and society and to be trusted by the society through management activities that meet social norms and ethical standards.

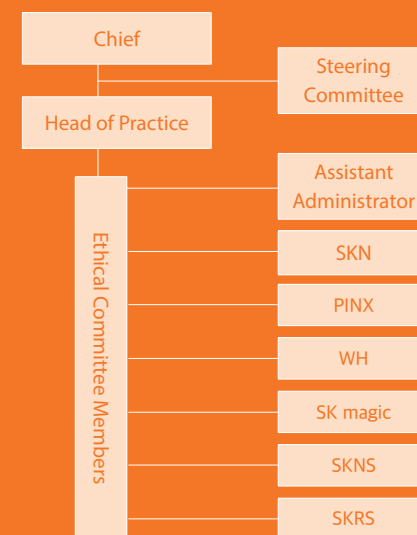*Voluntarily, Willingly, Brain Engagement

Compliance

● **Exclusive organization for ethical management**
SK networks operates the Corporate Audit Team under the CEO and is striving to establish the ethical management practice system to promote and spread an ethical corporate culture. To this end, we implement various systems and programs such as ethical management training, ethical management survey, reporting channel, and self-monitoring & correction system.
In addition, we operate the diagnosis and support system so that our subsidiaries and overseas worksites can develop their own ethical management activities.

● **Launch of Ethical Management Council**
In 2018, SK networks launched the Ethics Management Council to strengthen the ethical management capabilities of subsidiaries and to conduct efficient ethical management activities in cooperation with the Head Office and subsidiaries. The council chief and the steering committee are consisted of CEOs of the Head Office and subsidiaries, and the heads of HR of each company are composed of ethics committees to establish a close collaboration system and enhance execution.

Ethical Management Council

Chief	Steering Committee
Head of Practice	Assistant Administrator
Ethical Committee Members	SKN
	PINX
	WH
	SK magic
	SKNS
	SKRS

● **Self-monitoring & correction System**
SK networks organizes ethical risk checklists for each business to enhance autonomy in ethical management and annually conducts self-inspection. The checklist is designed to check and evaluate risks of each job in various areas such as HR management, cost management, purchasing/business partner management, sales/debt management, investment management system, inventory management and specific risk management. In addition, the Corporate Audit Team conducts a year-round diagnosis on the contents received through its own business diagnosis and reporting channels.

● **Reporting Channel Operation and Whistleblower Protection**
SK networks operates various channels for all stakeholders to report on unethical behaviors. Counseling and reporting contents are received and processed privately, and the contents and information about whistleblowers are strictly protected. After verifying the facts of the report, the results are provided to the whistleblower.

Ethical Reporting Channels

Online	https://ethics.sk.co.kr
Phone	+82-70-7800-0115
Fax	+82-70-7800-2636

Consensus

● **Ethical Management Training**
SK networks conducts the online ethical management training every year for all employees. In 2018, we organized training on 10 themes such as authority abuse and fair trade and achieved 97.6% completion rate (including overseas corporations and subsidiaries). In addition, we conduct satisfaction surveys on the effectiveness of training, case synthesis and timeliness of ethics management trainees to continuously improve the training system and contents.
* Some field workers and overseas corporation employees have been replaced with on-site training due to the work environment where online training is not accessible.

● **Ethical Management Workshop**
SK networks conducts the ethical management practice workshop to identify ethical dilemmas that can occur at each workplace and discuss problem solving processes.
In 2018, a total of 3,588 employees (368 subdivisions) participated in discussions on the topic of 'mutual respect for members' and received experimental training for whistleblowing to enhance the standard of the ethical management internalization.

● **Ethical Management Survey**
SK networks conducts ethical management surveys every year to comply with the Code of Ethics and assess the level of ethical practice culture. We are striving to continuously improve ethical management practices by reflecting survey results into management activities.

● **Ethics Practice Pledge**
SK networks enhances awareness and practice on ethical management through employees' participation in the Ethics Practice Pledge on the first business day of each year. Through this, we are striving to establish a strong corporate culture of ethical management.

FAIR TRADE

Fair Trade Compliance Program

Since 2002, SK networks has been operating the Compliance Program (CP), an internal compliance system. We have established an internal supervisory system by judging compliance risks by business and documented the relevant matters to systematically manage them. Since the introduction of CP, we have established the 'Fair Competition Guideline' to establish, execute and report on CP operation. We are also striving to spread and establish a culture of fair trade compliance by reporting the annual CP operation status to the BOD with the compliance officer appointed by the BOD.

Fair Trade Compliance Organization

SK networks operates a dedicated compliance organization and appoints a compliance officer for each business unit. Through this voluntary compliance organization, we check each business's compliance with fair trade laws and pre-

vent the possibility of competition restrictions. In addition, we are laying the foundation for compliance by sharing key policies related to fair trade.

Clarifying Commitment of the Top Management and Amending the Handbook

In order to foster a culture of fair trade within the company, the CEO's willingness to comply and expression of interest are important. SK networks declared its commitment to Jeong-Do Management through voluntary compliance with the Fair Trade Act through the CEO's message in brochures distributed externally. In 2018, SK networks shared the SK networks Fair Trade Compliance Manual with newly added employees of AJ Rent-a-car. Through this, we guided the matters related to fair trade and raised the awareness of employees' compliance with the Fair Trade Act.
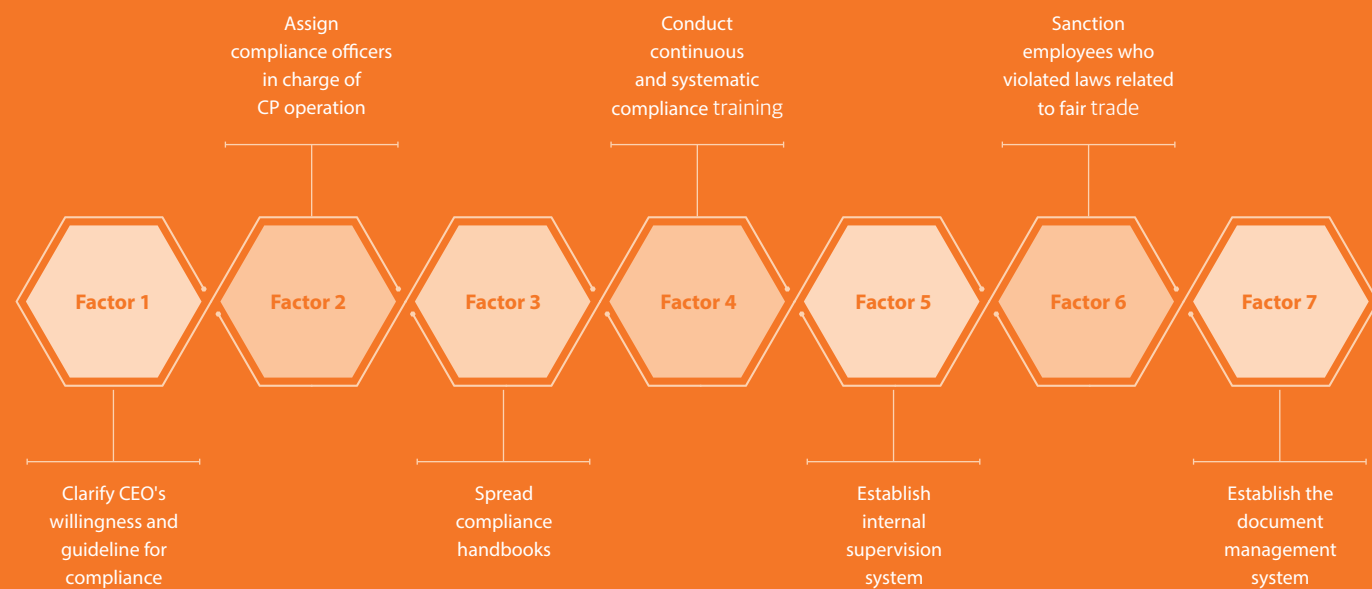
Future Plans

SK networks strives to increase corporate brand value by preventing risks of violation in advance through Jeong-Do Management in compliance with the Fair Trade Act.

While promoting the fair trade culture by disseminating the top management's willingness to comply with the fair trade internally and externally, we plan to pre-detect and respond to the possibility of fair trade violations through continuous training and monitoring by each business division on enactment/amendment of the law.

In addition, we will continue to operate the Internal Transaction Committee within the Audit Committee to enhance the transparency of large-scale internal transactions. Moreover, we plan to include AJ Rent-a-car, which was newly incorporated in 2018, to enhance the level of awareness and implementation of fair trade compliance at the company level.

7 Core Factors of CP

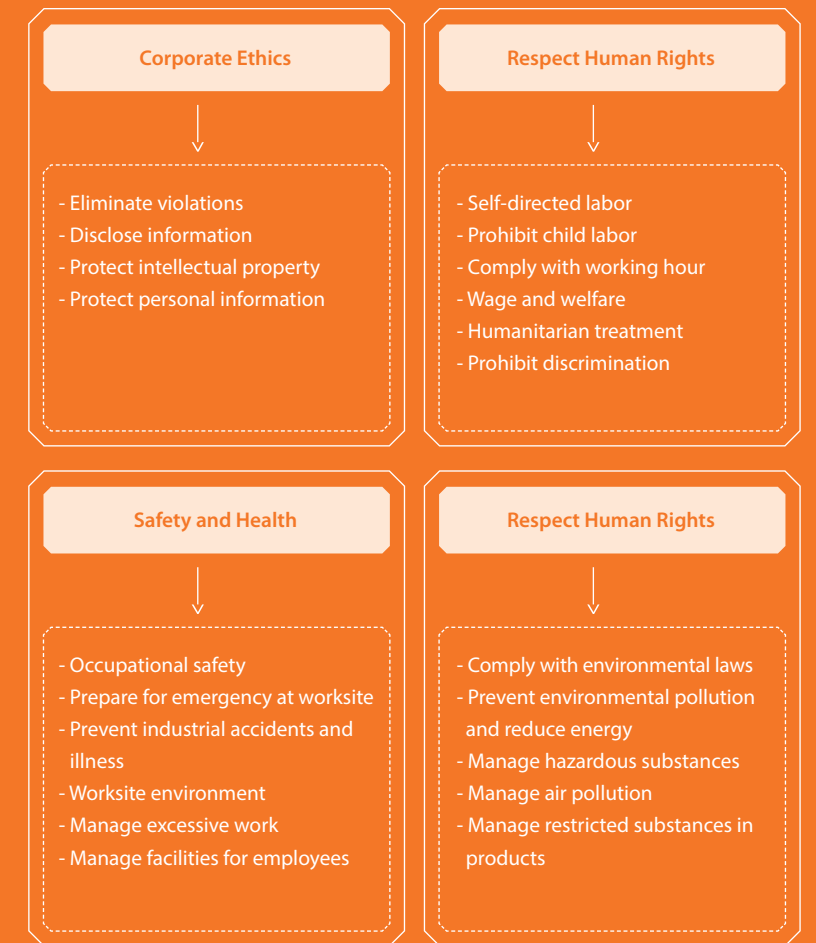|						
	Assign compliance officers in charge of CP operation		Conduct continuous and systematic compliance training		Sanction employees who violated laws related to fair trade	
Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
Clarify CEO's willingness and guideline for compliance		Spread compliance handbooks		Establish internal supervision system		Establish the document management system

SHARED GROWTH

Supplier CSR Management

SK networks proactively manages CSR risks of suppliers and business partners and induces continuous improvement. To this end, we have established a code of conduct for business partners, and the management areas are divided into business ethics, respect for human rights, safety and health, and environmental protection. In addition, we are building an evaluation system to reflect social responsibility factors when selecting and evaluating suppliers.

Direction of Mutual Cooperation

SK networks operates a variety of businesses, including information and communication logistics, energy marketing, and vehicle maintenance and repair, in partnership with business partners in the form of affiliates or dealers. SK networks not only establishes and maintains fair and reasonable business relationships with its business partners, but also maintains communication through face-to-face meeting channels. In order to build a healthy and future-oriented business partnership and create shared value, we have been implementing the Shared Growth programs such as technical support and education support and expanding active communication. In addition, we will continue to operate the Internal Transaction Committee within the Audit Committee to enhance transparency in large-scale internal transactions. In addition, we plan to include AJ Rent-a-car, which was newly incorporated in 2018, to raise the awareness and implementation of fair trade compliance at the company level.

Corporate Ethics
- Eliminate violations
- Disclose information
- Protect intellectual property
- Protect personal information

Respect Human Rights
- Self-directed labor
- Prohibit child labor
- Comply with working hour
- Wage and welfare
- Humanitarian treatment
- Prohibit discrimination

Safety and Health
- Occupational safety
- Prepare for emergency at worksite
- Prevent industrial accidents and illness
- Worksite environment
- Manage excessive work
- Manage facilities for employees

Respect Human Rights
- Comply with environmental laws
- Prevent environmental pollution and reduce energy
- Manage hazardous substances
- Manage air pollution
- Manage restricted substances in products

Business Partners and Communication

Business Division		Business Partner	Key Issue	Communication Channel
Global		Suppliers, purchasers	- Price - On-time supply	- Face-to-face or wired/wireless medium - Global Outpost and network
ICT		Dealers (B2B)	- Financial aid (credit) - Stock management consulting	- Annual event participated by all dealers (once a year)
		ICT device* vendors	- Early payment/cash payment	- Regular communication through face-to-face meetings
Mobility	Most Division	Gas station service agency	- Gas station operation consulting - Safety training on CS, hazardous material facilities	- Online community operation - Regional community operation
	SpeedMate (Franchisor)	Franchisees	- Repair center operation consulting - Technical support	
SK magic		MC	- Product/service training - Marketing support - Suggestions	- APP 'Magic School' operation

*Excluding mobile phone

Mutual Cooperation Activities

● Purchasing Deliberation Committee

SK networks operates the Purchasing Deliberation Committee to review the adequacy of supplier selection and to continue fair and transparent purchasing activities. The Purchasing Deliberation Committee consists of 5 members, including the head of the Corporate Culture Headquarters as the chairman and 4 of key management officers and the management diagnosis team leaders. The Purchasing Organization will hold the committee on purchases that are subject to deliberation*. In 2018, a total of 12 deliberations were conducted.

*Over KRW 500M contracts and over KRW 1B competition purchases

● Shared Growth MBA

SK networks actively participates in the Shared Growth Master of Business Administration (MBA) program undertaken by SK Group to strengthen competence of its suppliers. In consideration of the transaction period and performance, suppliers are eligible to participate in the program, and 2-3 companies participate in each semester.

● Shared Growth Seminars with Supplier CEOs

SK networks actively participates in the Shared Growth Seminars with Supplier hosted by SK Group monthly. The seminar is held on various topics such as shared growth, social enterprise, and humanities to support various capacity buildings of supplier CEOs. It is held about 10 times a year and 3 to 5 partners of SK networks participate.

● Shared Growth Fund

SK networks supports partner companies with the Shared Growth Fund established by agreement between SK Group and IBK. As at February 2019, we have provided KRW 3.7B to 8 partners, and we plan to expand our partner companies through active promotion of the Shared Growth Fund.

[SK magic] Shared Growth with MC Magic Care

SK magic's MC is a professional consultant who regularly checks rental products used by customers and provides professional consultations for customers' healthy and convenient well-being life.

SK magic is not only operating a variety of systems to ensure that MCs are becoming experts in the living environment are and are not treated unfairly in the process of customer service, but also establishing the communication channel.

● MC Status

As at December 31, 2018, a total of 2,588 MCs of SK magic are in place. Compared to the number of MCs active in 2017, it was increased by 304, and since 2014, the number has increased continuously.

The MC acts as a product manager, customer contact manager and public relations expert at SK magic.

● Training System

SK magic operates the Service & Sales Skill Up (SSU) curriculum, which is a common course for new MCs to grow as professionals, and conducts monthly training on new products, services and capabilities through regional training. SSU training consists of 5 stages, which lasts for 13 days, and the training costs are paid to MCs who have completed the training to encourage their attendance.

In addition, we operate video education to continuously strengthen our MC's work capabilities and share information quickly and accurately. We provide various educational contents such as best practices, products and market changes, and strengthening our work capabilities to each country through livestream. We also produce VODs so that the contents can be watched again. We also provide educational materials through the MC-only app 'Magic School' so that MCs can learn what they need at any time and place, considering the nature of MCs who work outside the office.

● Communication

SK magic continues to communicate with MCs to provide a happy and good workplace for working. First, we created a 'sound of the field' bulletin board in 'Magic School', an MC-only app, and listen to work-related grievances and receive suggestions for MC activities. Based on the opinions of the 'Sound of the Field' bulletin board, we identify and reflect the improvement, and if the proposal is adopted, rewards are granted to the MC who provided the opinion.

In addition, the Great Work Place (GWP) program, which is a regional unity event, is held monthly for 1-day event and quarterly for 2-day event. The GWP program consists of sports competitions and workshops to help MCs of each country exhibit positive synergy and communicate outside of work.

MC Benefits

Category	Details
Free Subscription for Accident Insurance	Provides insurance against injuries and diseases caused by the specificity of customer contact tasks (driving, using equipment, etc.) and fully supports premiums
Outstanding MC Award System	Conducts awards quarterly and annually at Walkerhil Hotel after selecting outstanding MCs, supports overseas training programs
Long-term Workers Reward System	Long-term rewards are awarded to MCs who have worked for a certain period of time to encourage their long-term activities
Settlement fee	Even if there is no sales performance up to 3 months, the basic fee is paid, and the settlement fee and training fee are paid to MCs who meet the criteria such as the number of Relief OK Treatments* and the completion of training regardless of the period.
Family Affairs Support	Gifts for national holidays and birthdays, congratulatory/condolences pay

*SK magic's care service treatment including product diagnosis and auto parts replacement

Education Course by SSU Level

Level	Target	Description	Days
SSU- I	1st month MC	- New introductory course - Product basics, CS	8
SSU- II	3rd month MC	- Communication method for product sales - Sales basics	1
SSU- III	5th month MC	- Response to customer complaints - Service mind training	1
SSU- IV	7th month MC	- Sympathy sales training - Sales consultation methods	1
SSU- V	12th month MC	- Issues by theme - CS remind	1

SSU- I	SSU- II	SSU- III	SSU- IV	SSU- V
1,997	1,383	1,164	809	628

No. of participants (unit: persons)
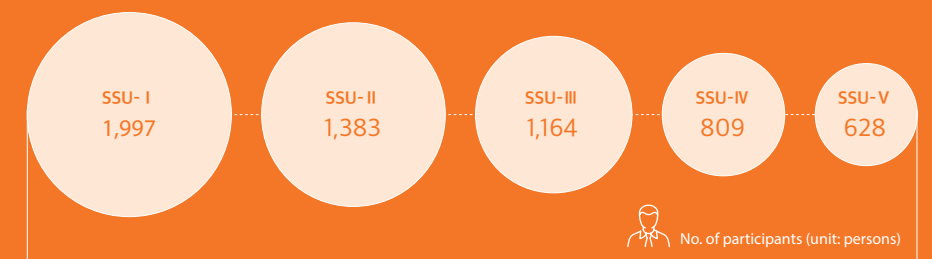
SHE MANAGEMENT

SHE Management Promotion System

SK networks implements the SHE management to protect both customers and employees from safety, health and environment (SHE) accidents and to ensure stable products and services. We have established a consistent SHE management system throughout the company, while securing sustainability by flexibly operating according to the environment of each business division. In addition, to proactively respond to SHE accidents, we established the SHE operation factors by diagnosing the possibility of inherent SHE risks in each busines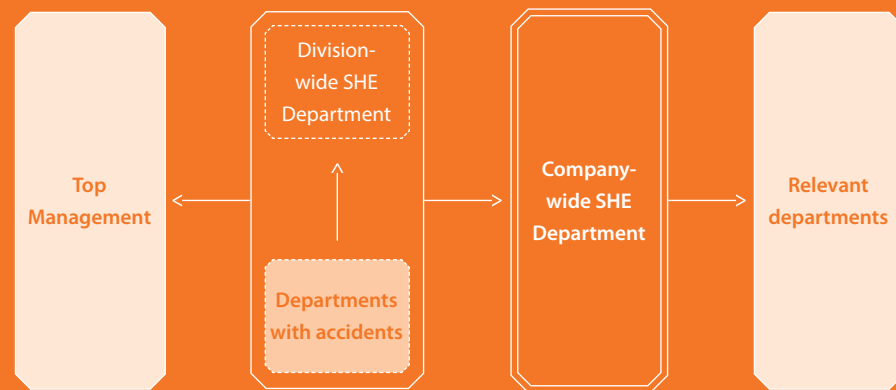s division and reflect the operating system in the regulations of the company and each business division. Starting in 2019, we plan to operate the SHE Council, which includes investors, to continuously improve the overall level of the SHE management system.

SHE Accident Response System

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Top Management ←→ Division-wide SHE Department → Company-wide SHE Department → Relevant departments
                          ↑
                   Departments with accidents
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2018 SHE Management Framework

SHE Management Regulations	Environmental and Food Sanitation Management Regulations	Safety and Health Management Regulations
- General provisions of SHE Management - SHE performance measurement and improvement management - SHE awards and disciplinary action management - SHE audits management	- Water quality management - Waste management - Chemicals management - Food sanitation management	- Safety and health protection gear management - Safety rules management - Work permit management - Work risk assessment management - Health diagnosis management - Safety and health training management - Safety and health management for suppliers - Accident management - Emergency response management

SHE Accident Response

For the event of an SHE accident, SK networks established and operates an emergency response system between the accident occurrence department and related departments. We have clearly set the definitions of various accidents, established a response manual that specifically subdivided the types and grades of accidents. When actual accidents are occurred, we are realizing the early probing and minimizing damage through rapid response, sharing and dissemination according to the manuals. After the accident treatment, we try to prevent recurrence by establishing and implementing measures to prevent recurrence through investigation and analysis of the root cause.

Safety Management of Customers and Employees

● **Goals and Campaigns for Safety and Health**
SK networks is strengthening safety accident prevention activities to ensure the safety of its customers and to prevent damages in order to provide the best service to customers. Walkerhill launched a company-wide accident-free campaign with the goal of 'achieving an accident-free workplace' to draw sympathy and commitment from its members, and to become a leading company in the safety culture of the hotel industry based on the experience-based safety training system. SK magic strives to prevent safety accidents with the slogan of 'building the safe Hwaseong plant by complying with SHE Golden Rules' under the goal of 'zero' safety accidents. In particular, we are making continuous changes to improve the working environment and work efficiency of our employees by operating the Occupational Safety and Health Committee and the Safety and Health Council to ensure a safe and comfortable working environment. In addition, we are striving to raise the safety awareness of our employees by implementing safety compliance campaigns with the Korea Occupational Safety Association.

● **Settling the Field-based Safety Management Culture**
Walkerhill is reinforcing the safety and health management at each worksite in accordance with the nature of the hotel workplace where various business areas such as customer service, room management, food and beverage, cooking, sales support, and facility management exist. We enacted the 'W/H GOLDEN RULES', the 10 essential safety and health rules, and published and distributed them to comply with our daily work. SK magic quarterly conducts safety and health education online and provides safety education to new employees to help them become aware of the safety and health issues that may occur at the workplace. In addition, in order to listen to the voice of the worksite, we operate an in-house groupware suggestion bulletin board to collect safety and health requirements at worksites and to carry out improvement activities accordingly. In the rest area, we provide convenience facilities such as air-conditioning and massage chairs in the break room to help employees to relieve fatigue from their work.

● **Disaster and Safety Accident Prevention Activities**
[Most Business Division] We periodically inspect all gas stations to raise safety awareness of gas station managers and actively prevent accidents caused by dangerous goods. In particular, we provide intensive training on safety management for consignment presidents. Moreover, we manage to ensure that the Hazardous Substance Safety Manager stays in business hours at each directly operated gas station, and supports the costs associated with obtaining the qualification to foster Hazardous Material Safety Managers.
[SpeedMate] In accordance with the Fire Service Law, lubricants are stored and managed in the storage of hazardous substance. The company designates main and deputy managers each year and conducts training on hazardous substance management once a year. We store 40 times less dangerous substances than allowed in the law and store different materials together. When changes occur, we report the name and quantity of dangerous goods indoor storage to the relevant organizations from time to time to prevent any accidents. We also have a system that can respond in case of emergency by providing emergency equipment and chemicals necessary for emergency measures, along with the disaster prevention equipment and medical supplies.
[Walkerhill] We have established the compa-ny-wide response system, including the safety and health management system management guidelines and the Standard Operation Procedure (SOP), to comprehensively prevent various safety issues that may occur in all business activities. In addition, regular experience training programs for disasters and disasters such as fires, earthquakes, and typhoons are operated at the Gwangnaru Safety Experience Center to enhance responsive capacities of employees. In order to improve emergency response capability in case of emergency, AEDs are placed throughout the hotel, and CPR training are conducted to employees. Through these efforts, Walkerhill was recognized as the CPR training institution by the Korean Cardiopulmonary Resuscitation Association in February 2018. In addition, we have been conducting virtual suppression drills quarterly to ensure faster and safer response in real-world situations, and cooking areas using thermal appliances have also been systematically prepared to respond to fires.
[SK magic] SK magic strictly manages its own serious accident standard at 50% level of the legal standard, and operates an emergency management system to promptly respond to major disasters. In addition, an on-site specialist safety manager is placed between on-site workers and managers to proactively check the risks that may occur in the field and prevent accidents. We conduct joint fire drills with local fire departments every year to prepare for fires. We also take measures to treat hazardous materials, when handled or leaked, by storing them in separate locations and providing relevant protective equipment to handle them safely.

● **International Certification of Food Safety Management System**
Grand Walkerhill Seoul Hotel and Vista Walkerhill Seoul Hotel acquired the food safety management system, ISO 22000 accreditation, which is the international standard of food safety, in August 2017 to proactively prevent and manage food hazards. ISO 22000 is an international food safety management system for the effective management of hazards that can occur throughout food production, distribution and manufacturing. We are conducting an annual follow-up audit to maintain the ISO 22000 certification and planning to perform the recertification audit for certification renewal in 2020.

Climate Change Response

● Reducing GHG Emissions

SK networks intends to actively participate in the government's GHG reduction policy and strives to respond to climate change, while minimizing environmental impacts and fulfilling its social responsibilities. Walkerhill has been a designated company for the GHG Emissions Trading Scheme since 2015, but it already has been participating in the GHG Target Management Scheme since 2012, achieving annual reductions over targets. For systematic and comprehensive management of GHG, we monitor emissions by source and conduct various emission reduction activities. Through the lighting replacement project, we achieved up to 75% of our LED lighting installations at the end of 2018. In addition, we are investing in improving energy performance by installing inverters, replacing high-efficiency boilers and air conditioners. In addition, all employees are actively participating in GHG reduction activities such as indoor standard temperature management and reducing elevator usage.

Although it is not a target company for the GHG Target Management Scheme, SK magic is conducting power reduction activities to reduce GHG emissions. We are operating the power monitoring and control system and replacing aging equipment that is less energy efficient. In particular, when expanding new production lines, we are installing energy-saving production facilities to reduce the power used in production.

Environmental Pollutants Management

● Wastewater Treatment

SK networks operates wastewater treatment facilities at all directly operated gas stations* to treat wastewater generated from the carwash in accordance with the environmental standards. The wastewater treatment facility is contracted regularly by a specialized company, and the gas station managers strictly observe the operating rules and procedures of the facility. Walkerhill prevents environmental pollution by treating wastewater and wastes generated during the production of Walkerhill-exclusive water supply in accordance with environmental regulations. We operate our own water treatment facility, and all wastes generated during water treatment are entrusted to specialized companies. The throughput is reported to the competent authorities, and the generated wastewater is discharged after checking whether it is within the discharge limits. In order to operate a stable water treatment facility, employees with relevant qualifications are appointed as environmental managers to complete required legal and other necessary training.

In order to minimize the environmental impact of wastewater discharge, SK magic uses wastewater discharge standards such as the Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD) and Suspended Solids (SS). We strictly set and manage 10% of the emission allowance. We also continuously monitor wastewater treatment by measuring and managing our own wastewater discharge and water quality every month.

*297 locations in total, as at March 2019

● Oil and VOCs* Spill Prevention

All of SK networks gas stations are equipped with oil-water separation facilities to prevent oil spills into water supplies and sewerage systems and are regularly inspected. In addition, in accordance with the Air Quality Preservation Act, we have installed VOCs recovery facilities in gas stations sequentially. First, we installed recovery facilities (Stage 1) at all gas stations to prevent

the emission of VOCs from gasoline products. In addition, recovery facilities (Stage 2) were installed at gas stations in the metropolitan area and some large cities by 2008 to prevent VOCs emissions from fueling vehicles. By 2020, we plan to install the facility at gas stations in the cities with 500,000 or higher population.

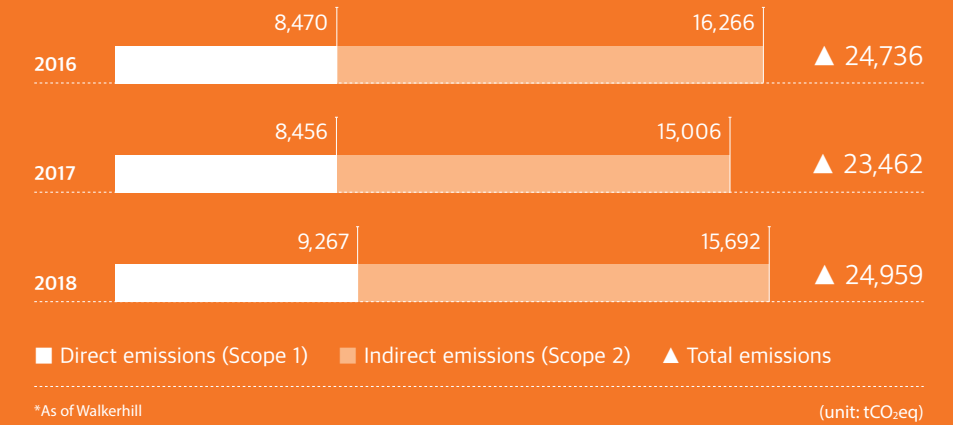*VOCs: Volatile Organic Compounds

● Waste Emissions Management

In accordance with the Extended Producer Responsibility (EPR) system, SpeedMate subscribed to the Korea Tire Industry Association and pays the levy for smooth collection for recovering and recycling imported tires. We are also striving to fulfill obligations for environmental protection by transporting waste tires and consigning recycling supplies.

The gas stations of SK networks regularly clean the facilities to maintain the facilities performance of wastewater treatment tanks for better quality of wastewater, oil separation tanks to prevent oil spills, and oil tanks for oil quality control. Solid and liquid wastes are generated during the cleaning process, and the entire amount of waste is entrusted to a specialized company for disposal.

Walkerhill disposes of wastes for the purpose of recycling resources and complies with environmental laws and regulations to prevent pollution from being discharged. All wastes are entrusted to specialized waste treatment companies, but they are still managed with a focus on environmental protection and resource recycling. In 2019, we plan to establish a food waste measurement plan for each business site and establish reduction plans for each business site.

SK magic manufactures products to minimize the use of hazardous substances and to facilitate recycling. After the used products are collected, the recycling center located in the Hwaseong Factory is separated to establish a resource recycling system that is used as raw materials for the products. In particular, we signed a voluntary agreement with the Ministry of Environment to recover and recycle filter wastes from water purifiers.

Annual GHG Emissions

Year	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	▲ Total emissions
2016	8,470	16,266	▲ 24,736
2017	8,456	15,006	▲ 23,462
2018	9,267	15,692	▲ 24,959

■ Direct emissions (Scope 1)   ■ Indirect emissions (Scope 2)   ▲ Total emissions

*As of Walkerhill

(unit: tCO₂eq)

VOCs Recovery Facility (Stage 2) Installation and Plans

	~2019	2020
No. of Gas Stations with Recovery Facilities	41	46
Costs	11.7	13.1

No. of Gas Stations (unit: EA), costs (unit: KRW 100M)
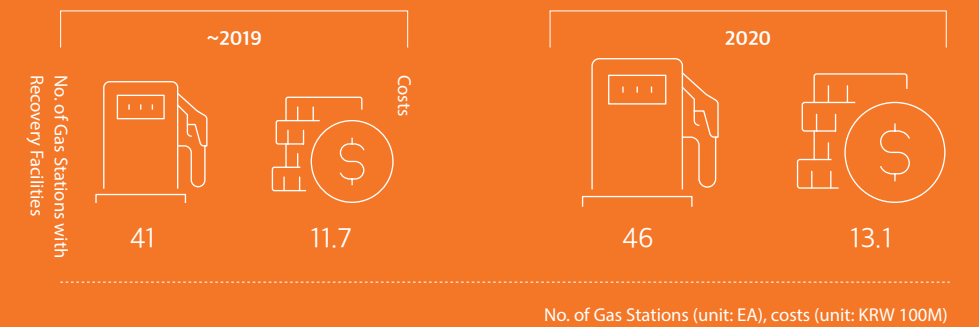
Solid and Liquid Wastes Treatment at Gas Stations 2018

	Wastewater treatment tanks	Oil separation tanks	Oil tanks	Total
Solid wastes (unit: ton)	1,289	45		1,334
Liquid wastes (unit: L)		261,500	19,227	280,727
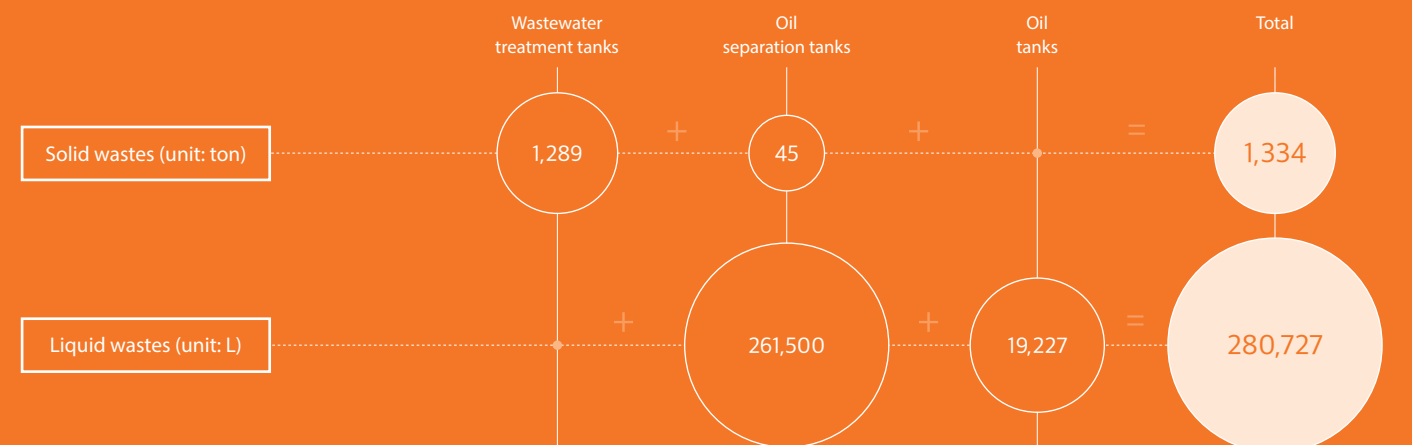
SOCIAL CONTRIBUTION

Social Contribution Promotion System

SK networks is actively carrying out various activities to make a better difference in the entire communities in which we operate business. In addition to the specialized organizational activities for each business, we guarantee our employees' free social contribution activities and expand their scope through partnerships with various stakeholders. We are committed to creating high social values and sustaining the growth of communities through continuous and genuine social contribution activities.

Social Contribution Promotion

Investment
5,010

Participants
778

Volunteering hours
4,468

*As of SK networks

Social Contribution Promotion System and UN SDGs

		Alignment with UN SDGs				
Happy Participation	All employees of SK networks participate in volunteering activities voluntarily and actively in accordance with the SK Group's social contribution philosophy.	1 NO POVERTY	2 ZERO HUNGER	11 SUSTAINABLE CITIES AND COMMUNITIES		
Happy Together	We maintain close partnerships with local communities, NGOs and governments, and share the capabilities and know-how of each other to practice higher levels of social contribution activities.	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	6 CLEAN WATER AND SANITATION	11 SUSTAINABLE CITIES AND COMMUNITIES	15 LIFE ON LAND
Happy Changes	We pursue fundamental social change by supporting systematic independence rather than temporary and charitable aspects for issues of the vulnerable class.	1 NO POVERTY	2 ZERO HUNGER	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES

Happy Participation

● Happiness Sharing Love Delivery

Every year, SK networks visits Dongdaemun JJokbangchon, located in Changsin-dong, Jongno-gu, and holds 'Happy Sharing Love Delivery' event. This event, which was held for the fifth time in 2018, attracted about 65 participants including the members of December, the Gyeonggi Fundraiser, and the Kyung Hee Future Committee. SK networks employees volunteered to deliver food boxes consisting of ramen, side dishes and instant food to residents of the village.

● Happiness Sharing Bazaar

In December 2018, SK networks held the Happiness Sharing Bazaar at SK networks Myeongdong Building. The proceeds from the sale of the goods were used to support heating expenses of low-income class through the Foundation's Happy Sharing Donation.

● Happiness Sharing Kimjang Service

SK networks annually holds "Happy Sharing Kimjang Service" event to support kimchi made by employees to the low-income groups in Seoul and Gyeonggi-do. In November 2018, we collaborated with the Gyeonggi Social Welfare Community Fund and the Suwon Chamber of Commerce and Industry to deliver 8,000 kimchis to the local community such as the Suwon Welfare Center for the Disabled and Yeoju Chamjoeun Welfare Center.

● Briquette Delivery Service

In October 2018, SK networks visited Baeksa Village in Junggye-dong, Nowon-gu, and delivered briquettes to low-income families. 50 members of SK networks delivered 200 briquettes to 10 households, along with supporting rice and kimchi.

● Community Revitalization

Based on many businesses in Gwangjin-gu, including Grand Walkerhill Seoul and Vista Walkerhill Seoul, SK networks actively participates in local festivals to revitalize the community in the region. In 2018, we contributed to the development of the local community in various ways, including participating in and sponsoring the 'Seoul Fairy Tale Festival' and the 'Acha Mountain Sunrise Festival'. One of the biggest events in Gwangjin-gu, the Seoul Fairy Tale Festival, celebrated its seventh event in 2018 and lasted for 3 days from May 4 to May 6. SK networks participated in the Seoul Fairy Tale Festival, which instills dreams and hopes for children in Gwangjin-gu. In addition, the "Acha Mountain Sunrise Festival" is hosted by Gwangjin-gu Office where more than 30,000 local residents participate. Walkerhill annually sponsors the 'Acha Mountain Sunrise Festival', and in 2018, we supported banners, portable hot packs, and Walkerhill character dolls to promote the event. In addition, we support various events in the village of Uminae, located just next to the Walkerhill complex, and donate 10% of the profit from the sales of Walkerhill's new mascot 'GARAMI' to the local community.

Happy Together

● Pro Bono and Talent Donation

Walkerhill, which has continuously provided compulsory CPR training to its employees, has received the CPR Certification from the Korea Cardiopulmonary Resuscitation Association in March 2018. Afterwards, on March 20, we entered into an agreement with Gwangjin Public Health Center to support elementary, middle and high schools with cardiopulmonary resuscitation training to build a shared safety net and promote shared growth. As a safety and health manager, Walkerhill conducted training on CPR and automatic cardiopulmonary shock, as well as the experimental training on behaviors to cope with safety accidents. A total of 680 students completed CPR training and donated the proceeds from CPR to the 'Hope Ondol Winter Warming Project' of the Community Chest of Korea. In addition, the number of residential environment improvement activities for the elderly living alone in the region has been celebrated 59 times. As such, SK networks is contributing to building a safe community by extending CPR training to the local community.

● Environment

SK networks is promoting environmental cleanup activities to protect and preserve the nearby environment. In April 2018, more than 670 members of SK networks and its subsidiaries attended to celebrate the 65th anniversary of the foundation, planting 1,650 trees in Sangam-dong Noeul Park. In addition, we participated in the Gwangjin Green Culture Hanmadang held in commemoration of the Environment Day in 2018 to remove harmful plants and wastes from Mt. Achasan.

Happy Changes

● Supporting People with Disabilities

SK networks is carrying out activities to expand social participation opportunities for the people with disabilities in the community and support their independence. First, we are conducting free inspections of vehicles owned by the disabled to help those who are inevitably using the vehicle due to their disability but who are in a difficult situation or who do not have time to inspect the vehicle due to their livelihood. We held provided free inspection of vehicles, free replacement of consumables such as wipers and light bulbs, and oil supplementation toward 40 members of the Uijeongbu-si Community Rehabilitation Center in July 2018 and to 40 members of the Giheung Welfare Center in September 2017 for the Disabled in Yongin City. In addition, we are striving to build a society where people with disabilities can live alongside everyone by supporting groups made for independence of females with disabilities living in the Seoul Community Rehabilitation Center located in Gangdong-gu.

● Child Support

SK networks is conducting a sponsorship project to provide a growth platform for vulnerable children who are struggling with basic livelihood activities. We monthly support the 'Solitary Meal' project of the Child Fund Korea, which provides meals to poor children and helps them grow healthy. In addition, we provide monthly support for fasting children's birthday parties.

APPENDIX

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Fact & Figures

Economic Data

Consolidated Financial Statements (unit: KRW 100M)

Statement of Financial Position	2016	2017	2018
Current Assets	34,187	26,094	32,532
Non-current Assets	52,016	46,180	45,159
Total Assets	86,203	72,274	77,690
Current Liability	43,578	32,071	37,397
Non-current Liability	18,570	16,718	17,174
Total Liability	62,148	48,789	54,572
Total Capital	24,055	23,485	23,119

Income Statement	2016	2017	2018
Sales	129,047	152,023	139,865
Total Sales	9,322	10,984	10,726
Operating Profit	1,554	1,428	1,379
Income and Loss before Income Tax	707	628	601
Net Income (Loss)	-816	346	77
Income from Discontinued Operation (Loss)	-1,259	-118	-176
EBITDA*	3,008	3,762	3,902

*EBITDA : earnings before interest, taxes, depreciation and amortization

Key Financial Indicators	2016	2017	2018
Sales Growth Rate	-7.8%	17.8%	-8.0%
Operating Profit Growth Rate	-15.2%	-8.1%	-3.4%
EBITDA Growth Rate	2.8%	25.1%	3.7%
Operating Profit Ratio	1.20%	0.94%	0.99%
EBITDA Margin	2.33%	2.47%	2.79%
Net Profit Ratio	-0.63%	0.23%	0.06%
Liability Ratio	258.36%	207.75%	236.05%
Interest Coverage Ratio (EBITDA)	4.8	6.0	5.5

(unit: KRW 100M)

Economic Value Allocation		2016	2017	2018
Category	Description			
Stockholders	Dividend	24,833	28,881*	28,881
Creditors	Net Interest Expense	50,466	55,828	64,819
Employees	Allowance and Bonus	214,895	256,372	266,625
	Fringe Benefit	38,578	50,972	63,451
	Retirement Allowance	22,941	42,206	29,146
Government and Public Institution	Corporate & taxes and the public utilities' charge	53,902	34,551	61,090
Community	Social Contribution Investments	5,139	2,484*	5,010

* Social contribution investments and dividends in 2017 were corrected due to errors in the Sustainability Report 2017.

Social Data

Employees			2016	2017	2018	
Category	Description	Unit			SK networks	SK magic
Gender	Description	persons	3,048	2,221	2,251	921
	Total employees	persons	1,949	1,509	1,494	367
	-Male	persons	1,099	712	757	554
By Employment type	-Female	persons	3,048	2,221	2,251	921
	Total employees	persons	2,564	1,772	1,733	638
	Regular	persons	484	449	518	283
By ages	Non-regular	persons	3,048	2,221	2,251	921
	Total employees	persons	688	544	592	49
	-Younger than 30	persons	2,157	1,527	1,476	685
	-30 to 50	persons	203	150	183	187
Fair Recruitment	-Older than 50	persons	66	63	68	1
	-People with disabilities	persons	30	36	30	-
	-Veterans Affairs	persons	36	27	30	1
	-Foreigners	persons	-	-	8	-
New Recruitment	New recruitment	persons	423	321	464	232
	-Regular	persons	154	68	69	37
	-Non-regular	persons	269	253	395	195
Overseas business	Total employees in overseas worksites	persons	735	597	641	5
	-No. of overseas workers	persons	40	32	38	5
	-No. of local recruitment	persons	695	565	603	-
	Ratio of local recruitment	%	94.6	94.6	94.1	-
	No. of local managers	persons	4	4	3	-
	Ratio of local recruitment managers	%	0.6	0.7	0.5	-
	Total employees in major regions (China)	persons	620	494	542	-
	Total employees in major regions (the Middle East)	persons	17	17	22	-
Parental Leaves	No. of parental leaves	persons	76	62	91	9
	No. of return and maintaining after parental leave	persons	64	45	66	7
Labor Union	Membership rate	%	19.5	29.3	27.7	61.8
Safety and Health	Industrial accident cases	cases	1	-	-	-
Member's Training	Total training expense	KRW 100M	4,547	4,823	4,513	312
	Total training hours	hours	96,103	83,585	107,609	7,200
	Training hours per person	hours	31.5	37.6	47.8	7.8

Global/ICT/Mobility Business Partners Data		2016	2017	2018	
Category	Unit			SK networks	SK magic
No. of Key Partners	EA	298	540	768	294
Amount of Trade with Key Partners	KRW 100M	773	1,632	1,848	5,047

* Excluding the amount of self-purchase of business divisions (e.g. oils, trading goods, cars & auto parts, etc.)
** Added numbers of SK magic when calculating number of key partners and amount of trade with key partners (except for MC).

Environmental Data

Category	Description	Unit	2016	2017	2018 SK networks	2018 SK magic
Energy	Total energy consumption	TJ	499	471	502	-
	- Electric power	TJ	335	309	323	36
	- Town gas	TJ	156	156	171	9
	- Gasoline	TJ	2	4	2	-
	- Diesel	TJ	6	2	6	-
GHG[1]	Total GHG emissions	tCO2eq	24,736	23,462	24,959	-
	Direct GHG emissions (Scope 1)	tCO2eq	8,470	8,456	9,267	-
	Indirect GHG emissions (Scope 2)	tCO2eq	16,266	15,006	15,692	-
Water Consumption	Total water consumption	Tons	718,647	740,452	699,932	72,019
	- Water supply	Tons	45,698	31,721	36,552	5,709
	- Groundwater[2]	Tons	820	30,629	42,670	66,310
	- Surface water[3]	Tons	672,129	678,102	620,710	-
Water Recycling	Amount of recycled water	Tons	23,627	16,804	27,667	-
	Ratio of recycled water	%	3	2	4	-
Water Quality Management	Total wastewater emissions[4]	Tons	1,873	1,881	1,780	10,643
Wastes	Recycle[5]	kg	83,066	74,047	54,420	216,180
	Domestic waste[6]	kg	535,400	514,440	727,860	157,100
	Used cooking oil[7]	kg	3,900	3,990	3,939	1,890
	Water purifying sludge[8]	Tons	49,170	40,270	49,080	9,960
	Food wastes treatment[9]	kg	1,642,770	1,501,875	1,651,145	44,940
Designated Wastes[10]	Waste acids	kg	5,960	5,210	4,430	720
	Waste alkali	kg	6,040	5,290	4,570	-
Environmental Expense and Investments	Environmental investments[11]	KRW 100M	223	130	77	-
	Green purchase (LED purchase etc.)	KRW 100M	-	233	119	46

* As for Walkerhill and SK magic
1) SK magic is excluded as it is not eligible for GHG allocation and target management
2) Thermal water
3) Use by self-purifying water from Han River (including heavy water)
4) Below allowance amount (inspected by the district office)
5) Recycled as fuel
6) All recycled (shredded at service companies and recycled as fuel)
7) All recycled (make soap at companies)
8) All incinerated
9) All recycled (used for agricultural purpose including animal feeds)
10) Sewage treatment after neutralization
11) Investment in rationalization facilities for energy use

GRI Index

GENERAL DISCLOSURES

Topic	No.	Title	Page	Note
GRI 102 General Disclosure				
Organizational profile	102-1	Name of the organization	10	
	102-2	Activities, brands, products, and services	14~45	
	102-3	Location of headquarters	10	
	102-4	Location of operations	16~17	
	102-5	Ownership and legal form	10	
	102-6	Markets served	14~45	
	102-7	Scale of the organization	10, 16~17	
	102-8	Information on employees and other workers	10, 105	
	102-9	Supply chain	93	
	102-10	Significant changes to the organization and its supply chain	없음	
	102-11	Precautionary Principle or approach	96~97	
	102-12	External initiatives	59, 67, 77	
	102-13	Membership of associations	112	
Strategy	102-14	Statement from senior decision-maker	8~9	
	102-15	Key impacts, risks, and opportunities	59, 67, 77	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	90	
	102-17	Mechanisms for advice and concerns about ethics	91	
Governance	102-18	Governance structure	88~89	
	102-22	Composition of the highest governance body and its committees	89	
	102-23	Chair of the highest governance body	88	
Stakeholder engagement	102-40	List of stakeholder groups	54	
	102-41	Collective bargaining agreements	105	
	102-42	Identifying and selecting stakeholders	54	
	102-43	Approach to stakeholder engagement	54	
	102-44	Key topics and concerns raised	54	
Reporting practice	102-45	Entities included in the consolidated financial statements	10	
	102-46	Defining report content and topic Boundaries	55	
	102-47	List of material topics	55	
	102-48	Restatements of information	104	The amount of social contribution investment and dividends in 2017 have been corrected due to errors in the 2017 sustainability report.
	102-49	Changes in reporting	None	
	102-50	Reporting period	4	
	102-51	Date of most recent report 36 Disclosure 102-52 Reporting cycle	4	
	102-52	Reporting cycle	4	
	102-53	Contact point for questions regarding the report	4	
	102-54	Claims of reporting in accordance with the GRI Standards	4	
	102-55	GRI content index	107~109	
	102-56	External assurance	110~111	

TOPIC-SPECIFIC DISCLOSURES

Topic	Material Topic	No.	Title	Page	Note
GRI STANDARDS ECONOMIC PERFORMANCE (GRI 200)					
GRI 201: Economic Performance					
GRI 103 : Management Approach	●	103-1	Explanation of the material topic and its Boundary	55	
		103-2	The management approach and its components	18~45	
		103-3	Evaluation of the management approach	16~17	
GRI 201: Economic Performance		201-1	Direct economic value generated and distributed	104	
		201-3	Defined benefit plan obligations and other retirement plans	104	
		201-4	Financial assistance received from government	없음	
GRI 202 : Market Presence	○	202-2	Proportion of senior management hired from the local community	105	
GRI 203: Indirect Economic Impacts					
GRI 103 : Management Approach	●	103-1	Explanation of the material topic and its Boundary	55	
		103-2	The management approach and its components	46~53	
		103-3	Evaluation of the management approach	48~50	
GRI 203 : Indirect Economic Impacts		203-1	Infrastructure investments and services supported	51~53	
		203-2	Significant indirect economic impacts	50	
GRI 204 : Procurement Practices	○	204-1	Proportion of spending on local suppliers	105	
GRI 203: Anti-corruption					
GRI 103 : Management Approach	●	103-1	Explanation of the material topic and its Boundary	55	
		103-2	The management approach and its components	90~92	
		103-3	Evaluation of the management approach	90~92	
GRI 205 : Anti-corruption		205-2	Communication and training about anti-corruption policies and procedures	88, 91~92	
		205-3	Confirmed incidents of corruption and actions taken	109	
GRI 206 : Anti-competitive Behavior	○	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	109	
GRI STANDARDS ENVIRONMENTAL PERFORMANCE (GRI 300)					
GRI : 302 Energy	○	302-1	Energy consumption within the organization	98, 106	
	○	302-5	Reductions in energy requirements of products and services	98	
GRI : 303 Water	○	303-1	Water withdrawal by source	106	
	○	303-3	Water recycled and reused	106	
GRI : 305 Emissions	○	305-1	Direct (Scope 1) GHG emissions	99, 106	
	○	305-2	Energy indirect (Scope 2) GHG emissions	99, 106	
GRI : 306 Effluents and Waste	○	306-2	Waste by type and disposal method	98, 106	
GRI : 307 Environmental Compliance	○	307-1	Non-compliance with environmental laws and regulations	109	
GRI STANDARDS SOCIAL PERFORMANCE (GRI 400)					
GRI 401 : Employment					
GRI 103 : Management Approach	●	103-1	Explanation of the material topic and its Boundary	55	
		103-2	The management approach and its components	83~85	
		103-3	Evaluation of the management approach	77	
GRI 401 : Employment		401-1	New employee hires and employee turnover	105	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	85	
		401-3	Parental leave	85, 105	

TOPIC-SPECIFIC DISCLOSURES

Topic	Material Topic	No.	Title	Page	Note
GRI 403 : Occupational Health and Safety	○	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	105	
GRI 404 : Training and Education					
GRI 103 : Management Approach	●	103-1	Explanation of the material topic and its Boundary	55	
		103-2	The management approach and its components	78~82	
		103-3	Evaluation of the management approach	77	
GRI 404 : Training and Education		404-1	Average hours of training per year per employee	77	
		404-2	Programs for upgrading employee skills and transition assistance programs	78~82	
GRI 405 : Diversity and Equal Opportunity / GRI 412 : Marketing and Labeling					
GRI 103 : Management Approach	●	103-1	Explanation of the material topic and its Boundary	55	
		103-2	The management approach and its components	83~85	
		103-3	Evaluation of the management approach	77	
GRI 405 : Diversity and Equal Opportunity		405-1	Diversity of governance bodies and employees	105	
GRI 413 : Local Communities	○	413-1	Operations with local community engagement, impact assessments, and development programs	100~102	
GRI 416 : Customer Halth and Safety / GRI 412 : Marketing and Labeling / GRI 418 : Customer Privacy					
GRI 103 : Management Approach	●	103-1	Explanation of the material topic and its Boundary	55	
		103-2	The management approach and its components	68~73	
		103-3	Evaluation of the management approach	67	
GRI 416 : Customer Health and Safety		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	109	
GRI 417: Marketing and Labeling		417-2	Incidents of non-compliance concerning product and service information and labeling	109	
		417-3	Incidents of non-compliance concerning marketing communications	Business Report 325p	
GRI 418 : Customer Privacy		418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	109	
GRI 419 : Socioeconomic Compliance	○	419-1	Non-compliance with laws and regulations in the social and economic area	Business Report 325p	

1) Among the material topics, 'expanding and changing the business structure', 'increasing brand value through innovation' and 'launching new products and services' are not subject to GRI Standard Topic Specific.

2) Out of the current status of sanctions disclosed on pages 324-325 of SK networks' business reports in 2018, no cases have been sanctioned for 'Confirmed incidents of corruption and actions taken(205-3)', 'Legal actions for anti-competitive behavior, anti-trust, and monopoly practices(206-1)', 'Non-compliance with environmental laws and regulations(307-1)', 'Incidents of non-compliance concerning the health and safety impacts of products and services(416-2)', 'Incidents of non-compliance concerning product and service information and labeling(417-2)', 'Substantiated complaints concerning breaches of customer privacy and losses of customer data(418-1)' during the 2018 period.

3) There is no subsidy that SK networks received from the government in 2018.

Third Party's Assurance Statement

To the Readers of 2018 SK networks Sustainability Report:

Foreword

Korea Management Registrar Inc.(hereinafter "KMR") has been requested by of SK networks to verify the contents of its 2018 Sustainability Report(hereinafter "the Report"). SK networks 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 networks 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: 202-2
  - Indirect Economic Impacts: 203-1, 203-2
  - Procurement Practices: 204-1
  - Anti-Corruption: 205-2, 205-3
  - Anti-Competitive Behavior: 206-1
  - Energy: 302-1, 302-5
  - Water: 303-1, 303-3
  - Emissions: 305-1, 305-2
  - Effluents and Waste: 306-2
  - Environmental Compliance: 307-1
  - Employment: 401-1, 401-2, 401-3
  - Occupational Health and Safety: 403-2
  - Training and Education: 404-1, 404-2
  - Diversity and Equal Opportunity: 405-1
  - Local Communities: 413-1
  - Customer Health and Safety: 416-2
  - Marketing and Labeling: 417-2, 417-3
  - Customer Privacy: 418-1
  - Socioeconomic Compliance: 419-1

This Report excludes data sand information of joint corporate, contractor etc. which is outside of the organization, i.e. SK networks, 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 networks 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 networks 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 networks 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 networks 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 networks' 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 networks successfully identified key topics through the properly developed materiality assessment process and faithfully included them in the sustainability report. The organization is expected to lead the effort to show social values that stakeholders from all levels of society can relate to and expand them to various businesses.

Our independence

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

July,2th, 2019

KMR　　**SRV1000** Sustainability Committee Assurance　　**AA1000** Licensed Assurance Provider 000-129
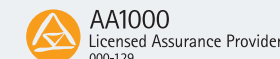
CEO　**EunJoo, Hawg**

Association Membership

Korea Exchange	TEMOT International	Korea Electric Vehicle User Association
Korea Investor Relations Service	Seoul Car Rental Association	Sharing Economy Association of Korea
Korea Listed Companies Association	Korea Rental Mutual-aid Association	Hwasung Chamber of Commerce & Industry
Korea Fair Competition Federation	Gwangjin-gu Integrated Military Defense Council	Korea Personal Improvement Association
Korea Employers Federation	Gwangjin-gu Scholarship Committee	Korea Electric Engineers Association
Korea Defense Industry Association	Gwangjin Sportal	The Organization of Consumer Affairs Professionals in Business
National Backup Power Federation	Korea Hotel Association	The Korea Energy Engineers Association
Korea Nurses Association	Korea Tourism Association	Korea Air Cleaning Association
Korea International Trade Association	Gwangjin-gu Cultural Center	Korea Water Purifier Industry Cooperative
Korea Japan Economic Association	Gwangjingu Chamber of Commerce & Industry	Korea Energy Appliances Industry Association
Energy & Mineral Resources Development Association of Korea	Korea food Service Industry Association	Korea Standards Association
Korea Institute of Local Finance	Firefighting and Disaster Prevention Council	Korea Fire Protection Association
Korea Electronics Recycling Cooperative	Suwon Chamber of Commerce & Industry	Korea Industrial Safety Association
Korea Fire Safety Institute	Gyeonggi Chamber of Commerce & Industry	Electric Contractors' Financial Cooperative
Korea Tire Manufacturers Association	Korea Chamber of Commerce & Industry	Korea Packaging Recycling Cooperative
Korean Foundation for Quality	Korea Brazil Society	Korea Plastic Packaging Container Association

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GOH HYE SUN	KIM BYUNG DU	KIM HAK RYUL	PARK YU MIN	SONG JAYOUNG	LEE BONG JU	LEE HYEON-JEONG	CHEONG TAEK JIN	CHOI MI NA
KWON MUN OCK	KIM SANG DO	KIM HYUCK	PARK JANG KWON	SHIN JIN HO	LEE SUN	LIM SUK TAE	JEONG HUI SEOK	CHOI SUNG HO
KWON JUN HO	KIM YOUNG MI	KIM HYO EUN	PARK JI WOONG	AHN SEUNG HYUN	LEE SOO JUNG	LIM JONG SOO	CHO SEUNG-HYUN	CHOI EUN SUP
KIM KYUNG LYUL	KIM YOUNG IL	KIM HYOJEONG	PARK JIN YOUNG	AHN JUNG EUN	LEE SEUNG HWAN	LIM HYUN WOO	CHO IN HO	CHOI JAE CHUL
KIM NAM HYEOK	KIM YOUNG JIN	NAM HYUN JEONG	BYEON EUN A	AN CHANG SEONG	LEE YONG HUN	JUNG DONG HWAN	CHO JANG HWAN	CHOI HYEONG HO
KIM DO YOUNG	KIM YOON JOON	RO DAE HYUN	SEO MIN JUNG	YANG TAE SUNG	LEE YUN YOUNG	JUNG SUN HEE	CHO JAE MIN	HONG DONG HYUN
KIM DO HOON	KIM EUN JUNG	PARK MIN JUNG	SEO CHANG O	OH EUN JU	LEE JAE SANG	CHUNG SU JIN	CHO JUNG-GEUN	HONG JUN-EUY
KIM MIN SEON	KIM IL GWON	PARK SE YEON	SUNG KI HUN	WOO YOON SUN	LEE JAE SUK	JUNG SEUNG WOO	JI HYUN AH	HWANG YONG CHEOL
KIM MIN-HYUCK	KIM JUN YUP	PARK SOON GOO	SEONG NAK GYU	YOO DO HYUNG	LEE JEONG-WON	JEONG WEON KEUN	JIN BYUNG KYU	HWANG YUHO

SK networks