SK Telecom
Annual Report
2013

Partner for
New Possibilities

SK telecom

Integrated Reporting under International Guidelines
This report has been prepared in accordance with the guiding principles and report content suggested in the "<IR> Framework 1.0" of the International Integrated Reporting Council, which is a standard framework for the Integrated Reporting (IR) of both financial and non-financial performances, and was developed based on the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and the reporting principles of Communication on Progress (COP) of the United Nations (UN) Global Compact. The report meets the comprehensive requirements of the GRI G4 Guidelines.

Scope and Boundary of the Report
 "SK Telecom" and "the company" refer to SK Telecom, an individual company, excluding its subsidiaries that are subject to consolidated financial statements in accordance with the K-IFRS. When explaining about the performance of SK Telecom's subsidiaries, the Report uses their names. Data in the Report excludes those for SK Telecom's overseas branches, subsidiaries, subsidiaries and invested companies, and supply chains unless their general descriptions and non-financial information are separately included. Data on subsidiaries, invested companies, and supply chains, however, have been included only if they are likely to have a significant impact on the stakeholders' decisions, considering SK Telecom's financial and operational control and actual influence and the effects of its business.
This Report covers data for the company's major places of business and sales operations in the Republic of Korea, for the reporting period from January 1 through December 31, 2013. This Report, however, also discloses a portion of the qualitative data generated until May 2014. Though there are no particular technical boundaries of the Report, the previous data were re-calculated based on the 2013 data upon discovering any changes made to the data collection methodology or technique.
The reporting period of this Report is one financial year, wherein the previous reports that the company released were included in the 2012 SK Telecom Annual Report published in June 2013, and in the 2012 SK Telecom Integrated Sustainability Report published in July of the same year.

Third Party Assurance and Disclaimer
Financial data in this Report have been audited by an independent audit corporation, and non-financial data have been assured independently by a third-party entity to secure the credibility of the Report. Greenhouse gas data have been separately assured as well.
This Report contains predictive statements regarding SK Telecom's and subsidiaries' financial conditions, operating and sales performances, and plans and goals of management. Despite external assurances, there might be gaps between the future performance specified or inferred through predictive statements and the company's actual performance due to political, economic, and circumstantial uncertainties surrounding business management.

SK Telecom
Annual Report
2013

SK Telecom
Annual Report
2013

"Partner for New Possibilities" is a slogan for SK Telecom's Vision 2020,
signifying the unlimited possibilities, hopes, and challenges that will unfold
in the future. SK Telecom strives to realize "Happiness with Customers" by
enriching value and to become a more respected and favored company by
pursuing "Companion with Society" across industry boundaries.
This comprehensive Report includes reports of value creation by SK Telecom,
including its financial performances, non-financial performances such as social
and environmental achievements, future outlooks, and efforts to improve its
corporate value, and has been prepared to increase the understanding of
its investors and stakeholders. SK Telecom's Board of Directors approved
the Report on June 25, 2014.

SK Telecom has publicly advocated the ten principles of the UN Global
Compact (UNGC) as a member of UNGC LEAD, and it was listed in
the Dow Jones Sustainability Indices (DJSI) World Index for the sixth
consecutive year since 2008. SK Telecom has gained global recognition in
the area of climate change strategy since 2010. In addition, SK Telecom has
been participating in the Integrated Reporting Pilot Program Business Network,
which was initiated by the International Integrated Reporting Council (IIRC),
since 2012.

Contents

SK Telecom
Annual Report
2013

New Possibilities

Our lives are becoming freer and more convenient
while the world is becoming safer and more comfortable.
Society will evolve into being more efficient and effective
and the ICT industry will create even higher value
through evolution and convergence.
SK Telecom is at the center of this change.
SK Telecom will lead the change in individuals, industries,
and the society, and create a better future for ICT.
SK Telecom's possibilities will soon become our possibilities.

Soon-Ji Choi
Network Quality Solution Team

Possibilities form the map to our future

LTE-A

In June 2013, SK Telecom commercialized the world's first 150 Mbps LTE-A technology, and in November of the same year, it demonstrated a much faster wide-bandwidth LTE-A, offering up to 225 Mbps of speed. Without stopping, SK Telecom continued to strive and, in February 2014, successfully developed the world's first 3-Band LTE-A technology.

Possibilities through Enhancing Value SK Telecom's LTE-A technology is the foundation for delivering increased customer value and the mainstay for driving the ICT ecosystem evolution. This is because LTE-A's faster data speeds can deliver an enriching mobile life by offering full HD viewing, group video calling, and seamless audio streaming while stimulating the growth of the device, content, and convergence industries by accelerating the trend toward higher resolution, and richer mobile content.

Building the technological foundation that enabled the commercial launch of its LTE-A service, SK Telecom is now focusing its capabilities on bringing forward the era of 225 Mbps and 300 Mbps mobile speeds. The new possibilities that SK Telecom's LTE-A technology delivers is for our customers.

Seung-Hak Lee
Technology Cooperation Team

Possibilities form the map to our future

T Phone

Two years of research and development at SK Telecom have led to the industry's first commercialization of a dialer platform called "T Phone." T Phone is a service unique to SK Telecom that brings together key convenience and basic features of a call, thereby enriching the mobile communication experience above and beyond a simple phone call.

Possibilities through Innovations in Value The belief that customers should feel secure both when making and receiving phone call has led SK Telecom to launch the "T Phone," a dialer which integrates various call functions and services into a single communication platform.

The T Phone's major features include "Safe Call," which informs customers of the caller and the purpose of the call when they receive a call from an unknown number, and "T114," which allows users to search for one million phone numbers of stores and organizations, and shows the results in order of proximity. T Phone makes a smartphone worthy of its name. T Phone, the easy, convenient, and safe phone created by all, is an innovative dialer generating value.

Mi-Youn Ko
Product Planning Team

Possibilities form the map to our future

B box

"B box" is a home hub device that delivers diverse fixed and wireless services such as IPTV, VOD, video calls, home monitoring and cloud services as well as SNS between family members. B box is all that customers need to enjoy home media services that integrate TV and smartphone functions and improve life, leisure, and security.

Possibilities through Delivering Value   The convergence of broadcasting and telecommunications is a natural trend in the telecommunications market. SK Telecom, together with its subsidiary SK Broadband, offers services optimized to each customer and device including services such as high-speed fixed and wireless Internet services as well as converged broadcasting and telecommunications services. With the help of B box, the innovative home device that integrates media and the home, SK Telecom is creating a world where people can conveniently enjoy a variety of services, such as searching the web and running TV applications. B box, which utilizes the scalability of Android OS allows for the addition of advanced media services and new smart home-related services. As such, the experiences that customers can enjoy with SK Telecom are also evolving.

Sang-Woong Jeon
Big Data TF

Possibilities form
the map to our future

Big Data

Big data's significance lies in
enabling us to make predictions
through analysis about our society
and create information tailored to
different customers. Through big data
and its analytic tools, SK Telecom intends
to create new ICT values by combining
and analyzing data, encompassing its
internal and external databases.
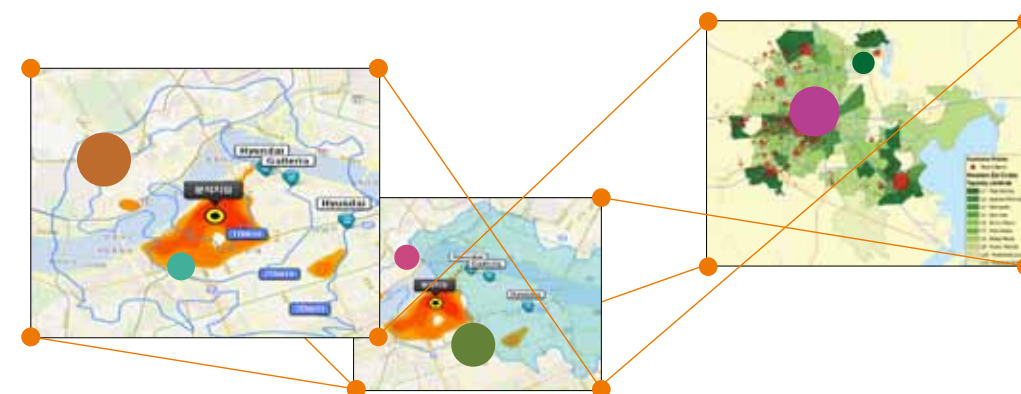
Possibilities through Refining Value Through analysis of
big data, while staying within the legal and institutional limits, SK Telecom is
developing differentiated business insights. "Geovision," one of the
map-based services SK Telecom has developed, combines statistical analysis
in diverse areas and geographical information with location-based technology
to provide differentiated services such as commercial property analyses,
customer management, and community-based marketing solutions.
SK Telecom will continue to develop new big data technology and applications
to change the corporate marketing paradigm.

Ju-Young Lee
IoT Business Team

Possibilities form the map to our future

IoT

SK Telecom offers a variety of Internet of Things (IoT) related to machines, devices, vehicles, the environment, and people. IoT is a service and technology that enables communication among objects, people, space, and information by connecting different mediums to a network using ICT technologies.

Smart Cities

Smart Environment

Security & Emergencies

Internet IoT Service

Home Automation

Internet of Things

IoT Retail & Logistics

eHealth

Smart Agriculture

Things
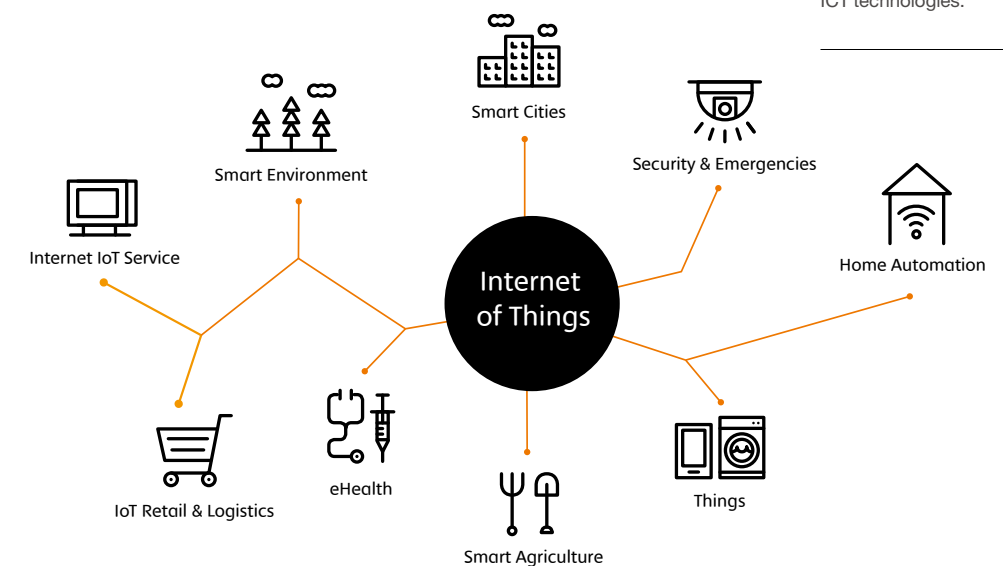
Possibilities through Connecting Value IoT is gaining attention as a new business paradigm for the post-smartphone era. SK Telecom has developed and opened an international standard-based open IoT platform, which plays a leading role in establishing an ecosystem of win-win partnerships at home and abroad. SK Telecom is also taking the lead in promoting win-win growth in the IoT industry by nurturing small and medium-sized enterprises and venture start-ups. It is also taking the initiative by covering out new convergence markets such as connected car,? asset management, energy management, human care programs as well as agricultural, fisheries, and livestock businesses. Through such efforts, SK Telecom aims to create value through connectivity, and pave the way in making the world a smarter place.

Yong-Hyun Kwon
Platform Tech. Lab

Possibilities form the map to our future

BRAVO! Restart

The "BRAVO! Restart" program helps baby boomers start their own businesses. Under the program, SK Telecom not only offers practical resources such as seed money and office space, but also one-on-one mentoring assistance, training, and management know-how that enhances the participants' business models. The company also provides indirect resources such as joint technology development, prototype production, and market creation in order to help start-ups succeed.

Possibilities through Sharing Value   For retiring baby boomers, who led Korea's economic growth and plan to start an ICT business, SK Telecom offers the incubator program "BRAVO! Restart" to provide prospective entrepreneurs with practical support and to facilitate their rise to success. In addition to the success of their commercialization, the "BRAVO! Restart" business start-up team has been developing new business models and creating outcomes through joint technology development and commercialization with SK Telecom. This is one such effort that SK Telecom is undertaking to implement its core value "Happy Companion," to deliver value and grow together.

Possibilities for the Next 30 Years

The year 2013 was especially meaningful for SK Telecom.
SK Telecom, backed by its advanced technology and
infrastructure, was the first in the world to commercially
launch the LTE-A technology and deliver new customer
value with T Phone and B box. SK Telecom also carved out
markets for big data and IoT while actively implementing
its core value of "Happy Companion" by cementing
the foundation for win-win growth through the "BRAVO!
Restart" program.
All of innovative developments is part of the initiation
to realize "Partner for New Possibilities," the vision
to create new possibilities for a better future.
Even at this very moment, SK Telecom is working hard
to deliver another successful 30 years.

SK Telecom's History Reveals the Development of the Global Mobile Communications Industry

SK Telecom marked its 30th anniversary in 2014. SK Telecom has enhanced the quality of life by popularizing information telecommunications technologies and, at the same time, creating the ICT ecosystem on the strength of the company's advanced network technologies and infrastructure. This has led SK Telecom to win worldwide recognition. SK Telecom has been listed in the Dow Jones Sustainability Indices (DJSI) World Index for six consecutive years and ranked at the top of NCSI for 17 years in a row. The following are the major milestones in SK Telecom's 30-year history.

30TH
1984-2014
SK telecom **30th** Anniversary

SK Telecom has been leading Korea's ICT ecosystem based on the world's "best" and "first" technologies and services. Furthermore, SK Telecom's notably ceaseless pursuit of innovation is why the company has been leading the way in developing mobile communications technologies.
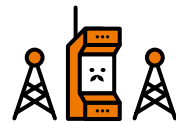
1984-1993

Began popularizing mobile communications technologies and services

1984
March 29
Korea Mobile Communications Service Corp. was founded
April 02
Launched a phone service for automobiles
May 31
Took over the paging service from the Korea Telecommunications Authority, the predecessor of KT (The number of subscribers in the Seoul metropolitan area was about 12,000)

1985
February 22
Held the first General Shareholders' Meeting

1986
March 01
Launched the "Tone & Display"-based paging service (in Seoul and Busan)
September 17
Provided telecommunications devices for the 10th Asian Games (3,469 car phones and pagers)

1987
December 05
Number of automobile phone service subscribers surpassed 10,000

1988
April 30
Selected as a public telecommunications service provider
May 13
Changed its name to Korea Mobile Telecommunication Corp. (KMT)
July 01
Launched a mobile phone service
September 17
Provided telecommunications devices for the 1988 Seoul Olympic

Games (233 car phones and 523 mobile phones)

1989
January 28
Hired 38 experienced employees and 46 new employees through the first round of competitive employment
October 12
Conducted the initial public offering (increased the capital stock to KRW 6.4 billion, resulting in the starting capital of KRW 19.99 billion after the IPO)

1990
February 01
Obtained the paging service network ID No. "012"
June 01
Launched the nationwide single price plan for the mobile communications service (25 KRW per 10 seconds)

1991
October 01
Opened a switching network for the paging service
October 22
Opened the cellular network surveillance system (CNSS)
December 14
Number of mobile communication service subscribers surpassed 1 million (Mobile phones: 163,000 / Pagers: 837,000)

1992
February 28
Declared the company's corporate vision and CI
April 21
Number of paging service subscribers surpassed 1 million
November 09
Tested "TDX-PS," a domestically manufactured switching device for the paging service

1993
September 16
Founded the Center for the Management of the Mobile Communications Technology Development

1994-2003

Represented Korea's mobile communications industry

TTL

1994
February 01
Launched a voice mail service (VMS) for pagers
June 02
Sunkyoung Group (the predecessor of SK Group) became the largest shareholder of KMT (with a 23% stake)
September 09
Joined the Iridium satellite project (Secured a 4.4% ownership by investing USD 70 million)
November 08
Tested the CDMA system (between the company's central research center and Shintanjin base station)

1995
January 26
Number of mobile phone service subscribers surpassed 1 million
February 11
Declared the "MOVE 21" campaign
April 03
Listed the Global Depository Receipts (GDRs) on the London Stock Exchange
July 01
Launched the paging service wide area
November 01
Launched a text messaging service for pagers

1996
January 01
Launched the world's first CDMA commercial service (in Incheon and Busan)
January 03
Launched the customer information system (CIS)
March 11
Launched a voice mail service (VMS) for mobile phones
April 12
Launched the CDMA digital mobile phone service in the Seoul metropolitan area
June 06
Obtained the rating of "A+" from the U.S. credit ratings agency S&P
June 27
Became the first Korean company to be listed on the New York Stock Exchange
December 01
Launched the CDMA mobile phone service in 78 cities nationwide

1997
March 24
Changed its name to SK Telecom and declared a new CI
March 31
Number of mobile phone service subscribers, "Digital 011," surpassed 1 million
April 29
Became Korea's first company to issue Yankee bonds worth USD 230 million
May 05
Iridium launched its first satellite
July 25
Launched a caller ID service
September 02
Changed the mobile service brand from "Digital 011" to "Speed 011"
September 05
Developed a system to test an IMT-2000 next-generation mobile phone service
November 06
Launched the world's first EVRC-based digital mobile phone service

1998

January 23
Became Korea's first mobile carrier to obtain an ISO 9002 certificate
February 19
Demonstrated the IMT-2000 service at the inauguration ceremony of South Korean President Dae-Jung Kim
May 21
Number of mobile phone service subscribers surpassed 5 million
November 01
Launched the Iridium commercial service

1999

July 15
Launched a new mobile phone service brand "TTL" for younger consumers
August 16
Launched the world's first IS-95B commercial service
December 01
Launched the new comprehensive wireless Internet service "n.TOP"
December 21
Number of mobile phone service subscribers surpassed 10 million

2000

January 27
Succeeded in an IMT-2000-based cross-border video call (via SK Telecom and NTT DOCOMO)
April 11
Launched Korea's first wireless banking service
April 26
The Korean Fair Trade Commission approved the takeover of Shinsegi Telecom
October 01
Launched the world's first CDMA 2000 1X commercial service
December 15
Obtained the right to provide an asynchronous IMT-2000 service

2001

April 13
Shinsegi Telecom changed its name to SK Shinsegi Telecom
May 29
Declared a vision called, "Vision 2010"
June 11
Achieved a market share of less than 50%, a condition for business consolidation with SK Shinsegi Telecom
June 25
Signed the merger agreement with SK Shinsegi Telecom
August 30
Developed the world's first packet network-based mobile video call service
September 18
Obtained the right to provide a CDMA mobile communications service in Vietnam
October 17
Opened the fixed and wireless integrated portal site "NATE"
October 18
Launched the premium mobile phone service "UTO" for those ages 25 to 35
November 05
Launched the digital money service "NeMo"
November 17
Launched the world's first IMT-2000 pilot service

2002

January 11
Obtained the final approval for the merger with SK Shinsegi Telecom
January 28
Launched the world's first synchronous IMT-2000 commercial service
February 04
Launched the "MONETA Phone" service
July 31
Completed the consolidation of the 011 and 017 networks
November 14
Founded SK Communications Corp.
November 25
Launched a mobile multimedia service, "June"

2003

April 29
Announced the commercialization of the mobile standard platform "WIPI"
June 02
Launched the CDMA 2000 IX EV-DO based video call service
July 01
Launched "Rainbow," a program to enhance customer services
July 01
Began a CDMA-based mobile phone service in Vietnam
July 11
Announced the new business innovation strategy, "Change Management"
August 09
"June" became the world's first 3G service to get 1 million subscribers
November 06
Built a consortium for the satellite DMB service
December 03
Founded TU Media Corp.
December 29
Launched an asynchronous IMT-2000 commercial service in Seoul

2004-2007

SK Telecom became an integral part of people's lifestyles

2004

March 13
Launched the world's first DMB satellite service
March 29
Declared the "New Value Management" principle at the ceremony for the 20th anniversary of the company's founding
April 08
Founded UNISK, a joint corporation with a Chinese telecommunications operator China Unicom
July 16
Launched the fixed and wireless integrated service, "Mobile Cyworld"
July 27
Exported ring back tones worth USD 10 million
November 15
Launched the world's first fixed and wireless music portal service "Melon"

2005

January 17
Set up Korea's first year-round audit system
January 27
Established "SK-EarthLink" by joining with the U.S. IT service and communications provider EarthLink
April 04
Launched the world's first mobile bill "ⓜBill" showing details of customers' mobile phone bills on their mobile phones
April 11
Opened the mobile game portal "GXG" (providing 16 mobile 3D games)
May 01
TU Media began satellite DMB broadcasting services (7 video and 20 audio channels)
June 07
SK Telecom and Vodafone K.K. began a WCDMA-based automatic roaming service between Korea and Japan

2006

January 24
Surpassed KRW 10 trillion in sales in 2005 (based on the company's 2005 results announcement)
May 02
"Helio," a MVNO between SK and EarthLink, began a nationwide commercial service in the U.S.
May 16
Launched the world's first HSDPA commercial service using the brand 3G+ (in 25 cities nationwide)
July 13
Declared cessation of adult content to the company's wireless Internet service
August 01
Launched "T," the new brand for mobile communications services ("T 3G+," "T PLAN," "T WORLD," etc.)
September 23
Number of mobile phone service subscribers surpassed 20 million
October16
All employees' titles were unified to that of "Manager" regardless of rank

2007

March 26
Introduced the telecommunications industry's first Customer Complaints Management System (CCMS)
April10
Then Chinese Premier Wen Jiabao joined the opening ceremony of the TD-SCDMA test bed, driving a full-fledged cooperation with China in 3G telecommunications
July 25
Launched the new brand "T Map" a location-based navigation service
August 20
Became the second-largest shareholder of China Unicom
December 03
Signed a conditional takeover agreement with Hanaro Telecom to acquire 43.59% share of the then second-largest broadband Internet and landline phone operator
December 07
Built the world's first 5.76 Mbps HSUPA commercial network

2008-2014

Opened up new possibilities with smart innovation

2008
February 27
Launched the online open market e-commerce platform, "11st"
March 28
Completed the acquisition of Hanaro Telecom
October 02
Opened the mobile technology museum "T.um"

2009
September 09
Opened Korea's first mobile open market apps platform, "T Store"
December 14
Decided to acquire 49% of Hana Card to become the second-largest shareholder of the credit card company

2010
February 10
Launched Korea's first Android OS-based smartphone "MOTOROI"
February 22
Launched Hana SK Card, a joint venture with Hana Financial Group

2011
January 12
Declared three business principles: speed, openness, and cooperation
July 01
Launched Korea's first LTE service
October 01
Founded SK Planet, a platform service provider
November 14
Signed an agreement to take over 21.1% stake in Hynix Semiconductor Inc.
December 27
Developed the world's first Wi-Fi integrated LTE femtocell

2012
January 02
Applied the world's first Advanced-SCAN technology to the LTE commercial network in Bundang, Gyeonggi Province
January 04
Developed the world's first heterogeneous N/W integration solution
January 18
Launched the joint venture "HealthConnect" with Seoul National University Hospital
January 31
Began the "Life Value Innovation" program to bring a new paradigm in the LTE era
January 31
Number of LTE service subscribers surpassed 1 million
March 28
Announced the vision, "Partner for New Possibilities" in celebrating the 28th anniversary of the company's founding

2013
January 31
Began the "Good Device Change" program for long-term subscribers
April 19
Become Korea's first mobile carrier to have more than 10 million LTE subscribers
April 22
Applied the world's first smart hospital solution at the Seoul National University Bundang Hospital
May 08
Announced the "Happy Companion" campaign
June 26
Launched the world's first LTE-A service (twice as fast as the existing LTE service)
July 22
Number of customers using the "Data Refill" service, a program aimed at long-term subscribers, reached 1 million
November 02
Built a 5-kilometer "Happy Companion" pathway around Mount Gwanak

---

Brand Changes

1984
Korea Mobile Communications Service Corp.
1988
Korea Mobile Communications Corp.
Beeper 012
Digital 011
1997
SK Telecom
Speed 011
IRIDIUM, NETSGO
1998
00700
1999
happy2buy
SKY, TTL
2000
n.TOP, NATE,
Leaders Club
2001
ting,
UTO, NeMo,
MONETA
2002
PAXNet,
CARA, June
2003
MBANK, TU Media
Melon
2004
ddangkong
2005
GXG, Cizle,
1mm
2006
T, T world
2007
T Roaming,
T map, 11st
2008
T membership
2009
T Cash, T Store,
Smart learning
2010
B, T Cloud Biz,
T bizpoint
2011
Geovision,
Cloud BEMS,
Smart Insight,
4G LTE
2013
Health-On,
myshop

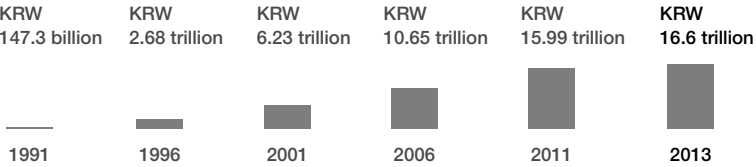# SK Telecom Creates the Highest Value with the Best Technology

SK Telecom Creates the Highest Value with the Best Technology
SK Telecom has improved the quality of life and led the evolution and convergence of the telecommunications industry through ceaseless innovation for the past 30 years. The steps SK Telecom have taken laid the foundation of Korea's telecommunications industry and became the driving force in opening a new era. The following list the achievements and results of SK Telecom for the past three decades.

SK Telecom's World's First Commercial Services

– CDMA 2000 1X service (October 2000)
– Mobile phone VOD service (June 2001)
– CDMA-based wireless data connection roaming service (August 2001)
– CDMA 1X EV-DO service (January 2002)
– DMB satellite (March 2004)
– Fixed & wireless integrated music portal Melon (November 2004)
– Mobile phone-based HSDPA service (May 2006)
– Mobile telematics service (MIV) (December 2010)
– Smart USIM chips (June 2010)
– Multi-carrier premium radio repeater (September 2012)
– LTE femtocell (December 2011)
– Advanced Smart Cloud Access Network (SCAN) (January 2012)
– HD Voice (VoLTE) (August 2012)
– LTE-A service (June 2013)

Sales

KRW 147.3 billion	KRW 2.68 trillion	KRW 6.23 trillion	KRW 10.65 trillion	KRW 15.99 trillion	KRW 16.6 trillion
1991	1996	2001	2006	2011	2013

Number of Subscribers
(as of February 2014)

27,558,474

Pursuing Changes in the Better Direction Rather than Faster Changes with "Good ICT Nomix"

SK Telecom presents "ICT nomix" as the slogan for its development directions in the next thirty years. ICT nomix signifies a new type of economy in which all matters engineered with artificial intelligence and humans are organically connected, and digitalized industries are converged and reorganized on the basis of information and communication technology (ICT). This new economy will also allow ICT to serve as a catalyst for production and consumption, as well as revolutionary changes, in all parts of society.

Unlike the industrial developments when innovative technologies have repeated beginnings and declines, in an era of "ICT nomix," the outcomes of digital innovations are connected, optimized and repeated to seamlessly produce almost infinite innovations. The features of such ICT nomix are summed up as the "maturity of technologies that understands and resembles humans" and the "connection of everything including people, equipment, imagination and reality."

ICT, Understanding and Resembling Humans
Convergence of Big Data and Artificial Intelligence Technologies
Intelligence platforms in which Big Data infrastructures are converged with artificial intelligence technologies are forecast to be the largest battleground in an era of ICT nomix. The development of ICT technologies has enabled large-capacity data that are generated through over 4.6 billion cellular phones and over 30 billion RFID tags and sensors around the world, to be collected and processed in real-time. An increase in meaningful data and the progress of analysis technologies will inevitably lead to the evolution of artificial intelligence, bringing about innovative changes in overall industrial structures and lifestyles.
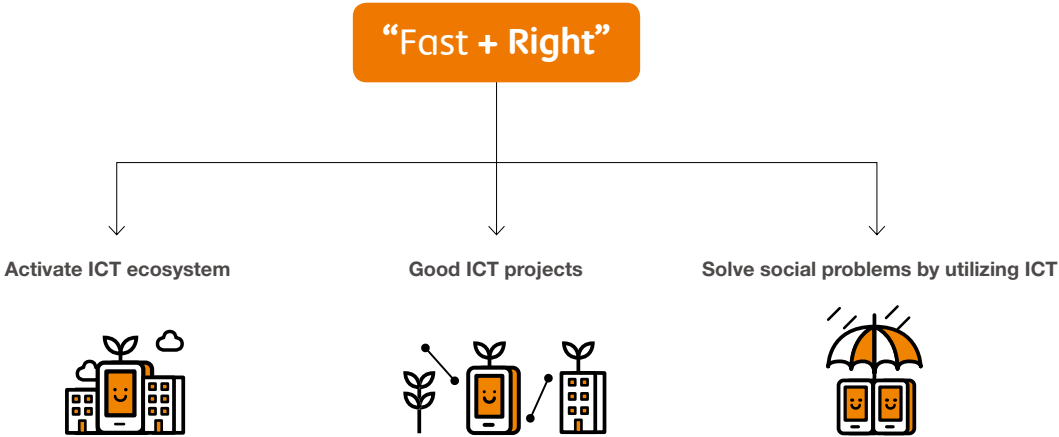
Directions for ICT Nomix: Future Objectives

ICT Nomix

Value Creation
• Reorganize existing industries through the convergence of ICT
• Create jobs in new industry areas
  i.e.) ICT + Existing Industries → Enhanced energy efficiency, future health care

Value Delivery
• Deliver optimized values by customer based on Big Data and artificial intelligence
• Provide opportunities to choose custom-tailored options by lifestyle and situation
  i.e.) Big Data and Artificial Intelligence + Physical Security → Preventive Security System

Value Sharing
• Realize a society of ICT nomix where happiness is fulfilled
• Solve social problems by utilizing ICT
• Form shared growth with partners and an ecosystem

Connecting Everything including People, Equipment, Imagination and Reality
The Internet of Things (IoT) technology, connecting everything through the Internet, will serve as another innovative engine for the ICT nomix. Based on this, it is expected that "Smart Things" beyond smartphones will appear in large numbers in the era of ICT nomix. The appearance of "Smart Things," including smart homes and unmanned logistics transportation means, will introduce an innovation in the existing products manufacturing and using methods.

Creating, Delivering and Sharing Values through the Pursuit of ICT Nomix
Greeting such an era of ICT nomix, SK Telecom aspires to present "creating new values (Value Creation)," "delivering optimized values (Value Delivery)," and "sharing values with society (Value Sharing)" as its future objectives. To this end, we will be the world's first mobile network operator that will open an age of full-fledged 5G mobile communications by 2020. In addition, we will continuously materialize new IoT-based solutions early to successfully realize the ICT nomix. We will also actively start activating the entire ICT nomix ecosystem by expanding our "Happy Companion" so that a wide range of players can grow together.

"Good ICT Nomix," Pursuing the Right Changes Rather Than Fast Changes
Changes, that the ICT nomix in pursuit by SK Telecom truly aims for, are not "faster changes" but "changes in the better direction." While the ICT convergence era offers unprecedented innovative values, it is also true that there are worries over potential harmful effects arising from the misuse of technologies. SK Telecom considers technological developments for the entire society rather than technological developments for blind growth. While pursuing the competitiveness of primary industries including agriculture and fisheries through ICT convergence, we will continue to lead a proper understanding of technologies and a healthy ICT culture along with "good ICT projects" to protect personal information and prevent cyber addiction and other harmful side effects.

Opening the "Discussion on ICT Development" at the Korea Federation of Banks on May 29, 2014, SK Telecom's CEO Sung-Min Ha forecasted a new type of economy where ITC will trigger revolutionary changes in our overall lives, presenting "ICT nomix" as a slogan for the future direction in development.

Good ICT Projects: From Fast Changes to Right Changes

"Fast + Right"

Activate ICT ecosystem

Good ICT projects

Solve social problems by utilizing ICT

1

Overview

Continuing to bring value
to our clients

1
Overview

SK Telecom Embarks on Another 30 Years of Pioneering New Possibilities

Distinguished Stakeholders,

With over half of Korea's mobile subscribers using LTE services, the telecommunications industry is rapidly shifting from voice to data. In 2013, SK Telecom strengthened its leadership by changing the competitive paradigm to one that is focused on customer value, and achieved meaningful results in IPTV, healthcare and other growth businesses.
The increase in LTE subscribers and growth of the B2B solution improved SK Telecom's revenue by 2.9% year-on-year to KRW 16.6 trillion in 2013. Furthermore, by refraining from subsidy competition and increasing the focus on differentiated service-based competition, operating profit increased 16.2% year-on-year to KRW 2.1 trillion.
In addition to the financial achievements, SK Telecom solidified its foundation for sustained growth. The company actively engaged in LEAD, which is composed of a select group of outstanding UN Global Compact (UNGC) companies, was included in the DJSI (Down Jones Sustainability Indices) World Index for the sixth consecutive year, received the highest "excellent" rating from the Win-Win Growth Index, and was ranked first in the 2014 National Customers Satisfaction Index (NSCI) for the 17th consecutive year.

Competitive Paradigm Shift to Customer Value
The driving force behind SK Telecom in 2013 was customer value. Under the banner of "creating the best customer value," SK Telecom focused its resources to shift the competitive paradigm to that based on services and products. SK Telecom led the introduction of innovative price plans including "T kkiri Price Plan" and "Data Gift," and enriched the user experience by expanding benefits for long-term subscribers. Moreover, by launching the world's first LTE-A service, the company further differentiated its network to create customer value, which has resulted in a steady rise in LTE subscribers reaching 13.5 million as of year-end 2013, representing 49% of SK Telecom's subscriber base.

Confidence in Future Growth of New Businesses

SK Telecom has laid the foundation for its growth businesses in 2013. The company is confident of the growth prospects for IPTV and healthcare businesses, has enhanced the competitiveness of the B2B solution business, and continues to invest in the area of cloud computing and big data. Indeed, the B2B solution businesses recorded a 60% year-on-year growth, positioning itself as the company's growth driver. In addition to identifying new growth businesses, the expansion of SK Planet and the improved competitiveness of SK Hynix have positioned SK Telecom as a leading ICT company.

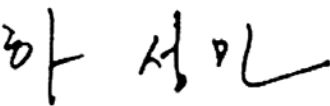**Pursuing "Happy Companion" to Achieve "Vision 2020"**

In 2012, SK Telecom announced "Vision 2020," its long-term objectives for sustainable growth, and the slogan, "Partner for New Possibilities." To achieve the vision, the company introduced "Happy Companion" as its core value in 2013, and focused its resources on spearheading the "Happiness with Customers" and "Companion with Society" programs. As part of the "Happiness with Customers" program, the company launched products and services that base key values on "family" and "safety." By launching services that alert customers of illegal smishing and spam messages, and other services for children and senior citizens, the company has taken the lead in creating a safer telecommunications environment.

"Companion with Society" is a program to identify new business opportunities and grow the ICT ecosystem by providing a firm platform for start-up companies. To this end, the company actively invested in B2B solution, healthcare and other emerging convergence businesses, and utilized big data to stimulate growth of the ICT ecosystem. Through the "BRAVO! Restart" program, which provides support for new business ventures by retirees and the "Traditional Market Revitalization" project utilizing ICT tools, the company also contributed to the collective improvement of society. In fact, these two programs received national recognition as best practice cases of Korea's pursuit to build a creative economy.

2014 Marks the Launch of Another Extraordinary Thirty Years

For SK Telecom, the year 2014 is a significant one, as it marks the 30th anniversary of SK Telecom's founding. It also signifies the first year of the company's step forward into the next three decades.

SK Telecom is determined to create customer value by strengthening its core competencies through innovations in its marketing, network and other businesses. The company aims to differentiate user experiences through innovative services such as "T Phone," a next-generation call platform, and "B box," which offers TV as well as smart home capabilities. Building on the achievements that its growth businesses have made, SK Telecom will also take the lead in expanding the ICT ecosystem. As a global leader, the company will take a leadership role in communicating with and caring for the company's stakeholders.

SK Telecom will continue to embrace challenge and innovation to grow and prosper for the next 30 years. Only through ceaseless efforts to break through existing boundaries can the company face the challenging environment and become a market leader. In 2014, SK Telecom will continue to diligently pursue innovation on all fronts and seek new possibilities for its core value of "Happy Companion" with all stakeholders in order to become a respected and socially responsible corporate entity.

I look forward to your unwavering interest and support.

Sincerely,

Sung-Min Ha
President and CEO
SK Telecom

1
Overview

Responsible Management System through Transparency and Risk Management

SK Telecom is enhancing the effectiveness of its management system through a sound governance structure based on balance and transparency; ethical management grounded in fair principles and rule-based management; strong and responsive management that can efficiently respond to various risk factors; and reasonable remuneration polices.

Governance Structure

SK Telecom is continuously improving its governance structure so that the Board of Directors makes decisions on the basis of transparent and responsible management. The company will strive to set up a more effective decision-making system by incorporating leading global practices as well as domestic and foreign legal regulations.

Key Developments

- Conducted an annual assessment of the Board of Directors on the basis of their expertise in the company's business and technology, and initiatives in conducting board activities.
- Set up a channel to collect processes and develop policies with respect to the stakeholders' grievances related to human rights, labor, social, and environmental issues, which were reported to the Board of Directors.
- Conducted CSR training for the Board of Directors with lecturers from the UN Global Compact LEAD program to shore up the Board of Directors' participation in CSR.

Ethical Management

SK Telecom strives to be an ethical and responsible company. To SK Telecom, ethical management means to fulfill economic and legal responsibilities, and to incorporate commonly accepted social and ethical standards into corporate decision-making, management activities, and the behavior of executives and employees.
Through the SK Management System (SKMS), SK Telecom is diligently practicing ethical management in accordance with strict ethical principles and norms to achieve "Vision 2020."

Key Developments

- Established and revised the Code of Ethics, detailing the ethical code of conduct guidelines for executives and employees.
- Implemented "Clean SK Telecom," which aims to preempt unethical behavior through punishment by example, and strengthened on- and offline ethical management training to instill the basic concept to "adhere to fundamental rules."
- Conducted an audit and assessment to sharpen business competitiveness, and reform customary and inefficient business practices and processes. Helped to comply with basic marketing rules by reviewing incentive settlement processes for fixed and wireless services.
- Reinforced assessments of subsidiaries to establish a tailored process to enhance their competitiveness.

Risk Management

SK Telecom has a risk management system that identifies potential risks, investigates implications and causes, and implements an effective response to such risks. SK Telecom's risk management includes a system of identifying existing or potential risks to eliminate and prevent them from occurring, or to reduce the possibility of their situation; a response system to minimize damage and restore conditions in the event of a risk situation; and a post-risk management system that analyzes the risk situation in order to incorporate the results into future risk management activities.
In the event of a risk situation that has the potential to cause severe damage to customer value, SK Telecom sets in motion a risk management system that establishes a system of reports and responds to risks by running a company-wide crisis response center presided over by the COO (Network Operations Business), while the CEO actively engages in minimizing damage and in quickly restoring business conditions.
The company also runs a working group presided over by the Management Support Office and under the supervision of the CEO to review potential risks on a monthly basis, while actively responding to risks by operating a response system with related organizations. In 2013, the President and CEO of SK Telecom affirmed his commitment to risk management and stressed the role and responsibility to company executives and employees. In addition, the risk management systems of its subsidiaries, such as SK Planet, SK Broadband and SK Hynix, were enhanced to levels that were in line with those of SK Telecom.

Key Developments

- Strengthened the company-wide risk management system: the COO (Network Operations Business) heads the company-wide crisis response center, which reports risk situations, manages the response system, and supports the CEO's decision-making.
- Enhanced the risk management systems of subsidiaries, including SK Planet, SK Broadband and SK Hynix, to the level of SK Telecom's risk management system.
- Established a risk management system to identify and manage potential risks in growth businesses.
- Expanded the Risk Management Working Group, which meets on a monthly basis, to major subsidiaries and new growth businesses in order to reinforce the risk management review function.

Governance Remuneration Policy

SK Telecom's remuneration policy seeks to strike a balance between a reasonable reward system designed and based on the performance of leaders and organizations, and a pay system that can attract the best business leaders required for management activities. Performance assessment elements include financial achievements, the implementation of company strategies, and compliance with the company's management principles.

Key Developments

- As per the Korean Commercial Law, SK Telecom discloses on an annual and quarterly basis the remuneration amount and calculation standards of registered executives if their total pay is KRW 500 million or more.
- Along with abiding by domestic commercial law on revealing remuneration values, SK Telecom has decided to publicize the ratio of the highest wage to median wage and year-on-year pay growth required by global norms as part of the company's effort to enhance remuneration transparency.

Integrated Value Creation Map

In order to fulfill its social responsibilities while leading the market and adapting to the changing regulations, SK Telecom established "Vision 2020" in 2012.

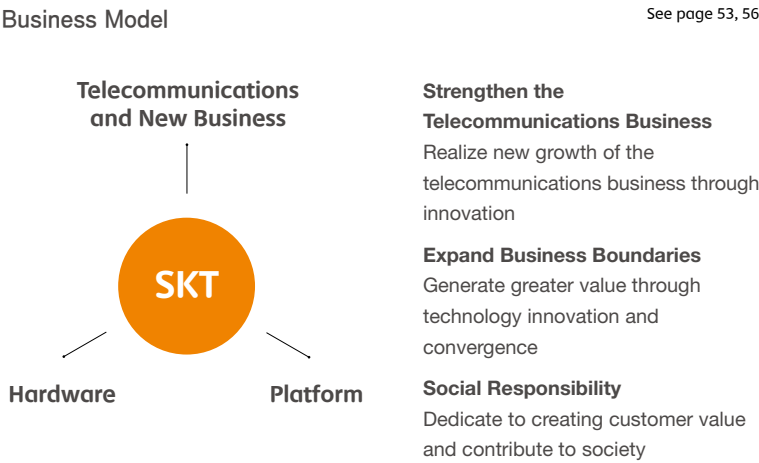SK Telecom strives to enhance its corporate value as well as its performances by bringing together all its capabilities. This is led by its core value "Happy Companion," along with its mid-term strategies to achieve "Vision 2020."

Vision 2020

4th To-be

Vision

Partner for New Possibilities

KRW **100** trillion in corporate value and a global top **100** companies

To-be Image

Business Structure	Telecommunications → Comprehensive ICT player
Growth Model	MNO-based growth + ICT convergence business
Business Operation Method	Competition → Create an ecosystem that emphasizes customer value and partnerships
Social Reputation	A highly trusted, socially responsible company

Mission

SK Telecom creates new value across industries to make the world a happier and richer place by practicing innovation on a daily basis using a well-established business infrastructure and human capital.

Core Value

Happy Companion

Happy
"Happiness" with customers
• Deliver the best in customer value

Companion
"Companion" with society
• Identify business opportunities and foster growth of new businesses
• Expand the base of the ICT ecosystem

Business Model

Telecommunications and New Business

SKT

Hardware   **Platform**

Strengthen the Telecommunications Business
Realize new growth of the telecommunications business through innovation

Expand Business Boundaries
Generate greater value through technology innovation and convergence

Social Responsibility
Dedicate to creating customer value and contribute to society

Smart Data Life Service Provider

Data

Communication

Life Service Provider

Smart Data

As-is

Telecommunications   Convergence·New Growth

Smart Data
• Create customer-centered services by utilizing accumulated data
• Utilize data from mobile and other businesses to establish a converged mutually beneficial growth relationship
• Expand growth opportunities by establishing a horizontal value chain

Life Service Provider
• A "multi-core" operator with a business portfolio that spans beyond telecommunications
• Enhancing trust as a respected company

Business Context

Market   **Saturated Mobile Telecommunications Industry** – The number of mobile phone subscribers reached 54.68 million in 2013, surpassing 100% of the total population. **Connectivity Went Up** – The penetration of highly-functional devices such as smartphones and wearable devices increased. **The Platform Market Grew** – The high-speed mobile network has accelerated the shift to mobile internet and the growth of content service and platforms.

Regulation   **Market Stabilization** – Polices to improve the distribution structure and stabilize the market are expected such as the "Handset Distribution Structure Improvement Act." **Rate Reduction** – As household communications fees rise, continued calls for rate reductions and disclosure of service costs are expected. **Frequency Allocation** – Frequency is a major factor for telecommunications operators to secure network competitiveness. An auction for LTE frequency was held in 2011 and 2013.

Broader Society   **Creative Economy** – There are increasing social needs for efficiency and new opportunities generated by linking the conventional economy and industrial elements to ICT. **Call for Social Responsibility** – There are increasing calls for social responsibility in business management and contributions. The social need is increasing to improve efficiently through the combination of traditional, economic, and industrial elements with ICT.

Integrated Value Creation Map

SK Telecom recorded KRW 16.6 trillion in operating revenue in 2013, backed by its "Vision 2020" and mid- to long-term strategies derived from its core value "Happy Companion."
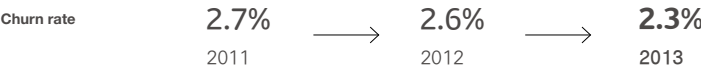
In addition, it produced tangible results in seven areas including social contributions, greenhouse gas emission reductions, shared growth, and human capital through customers, networks, solutions and ICT.

FY 2013 Key Performance Indicators

Financial Results
See page 44

(Unit: KRW billion)

	2011	2012	2013
Operating revenue (consolidated)	16,300	16,141	16,602
Operating profit (consolidated)	2,296	1,730	2,011

(K-IFRS)

### Strategic Review

Happiness with Customers

Customer Experience Innovation
See page 76

In 2013, SK Telecom's efforts to break away from subsidy-based marketing competition to a retention-based service competition led to a steady decline in the churn rate.

Churn rate

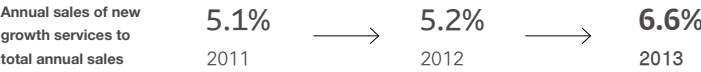| 2.7%	→	2.6%	→	2.3%
2011		2012		2013

LTE Leadership
See page 82

SK Telecom's leadership in LTE technology offering high-quality network services has been a major factor in the steady growth of LTE subscribers, surpassing 13.5 million as of the end of 2013.

No. of LTE subscribers (Unit: Million)

0.6	→	7.5	→	13.5
2011		2012		2013
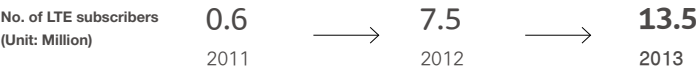
Value Added Solutions
See page 88

SK Telecom is at the forefront of the expanding data market, developing innovative growth services in solutions, healthcare, and IPTV. Such service innovations have led to a steady growth of new businesses.

Annual sales of new growth services to total annual sales

5.1%	→	5.2%	→	6.6%
2011		2012		2013

Strategic Review

Companion with Society

Creating Shared Values through ICT
See page 94

The "BRAVO! Restart" program is helping retirees start new businesses and SK Telecom identify new growth areas. In 2013, the first round of the program's ten teams launched businesses and several patent rights were obtained.

BRAVO! Restart program

10 Teams

Reducing GHG Emissions
See page 100

Climate change is a matter that requires urgent and concrete action. To this end, SK Telecom has been taking steps to cut greenhouse gas emissions and supporting the national greenhouse gas reduction campaign by utilizing its innovative ICT technology. In 2013, "T Map," a navigation service that incorporates a greenhouse gas reduction methodology, was adopted by the ITU as an internationally recommended standard.

T Map Greenhouse Gas Reduction Model

Adopted as an Internationally Recommended Standard

Win-Win Growth
See page 105

SK Telecom is making an effort to create an ICT industry ecosystem that promotes growth through fair competition, and greater trust and partnership with companies. One of SK Telecom's contributions to this win-win approach is to make 100% cash payments to partner companies, and to reduce the average payment cycle.

Average payment cycle (days)

12.9	→	9.8	→	8.7
2011		2012		2013
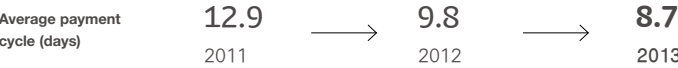
Human Capital Development
See page 110

The core of SK Telecom's human capital management is to create a platform that is centered around people and culture in order to enhance the capabilities of the employees; and to recognize and reward the achievements of the employees to fulfill the company's long-term objective, "Vision 2020." In 2013, SK Telecom invested KRW 3.38 million per employee in human capital development.
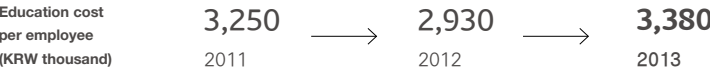
Education cost per employee (KRW thousand)

3,250	→	2,930	→	3,380
2011		2012		2013

Mid-Term Growth Momentum through LTE Leadership and B2B Growth

SK Telecom reported consolidated revenue of KRW 16.6 trillion in sales in 2013, including the new growth B2B solution business, which grew 60%.
SK Telecom is confident in its ability to generate sustained growth by increasing the value of LTE services and expanding its portfolio of growth businesses.

Achievements in 2013

In 2013, SK Telecom changed the competitive mobile telecommunications paradigm by shifting to services and established a firm foundation for growth businesses. Under the management principle of "deliver the best customer value," SK Telecom began the world's first LTE-A commercial service, differentiating its network quality to enhance LTE leadership, and led the competition paradigm shift by implementing innovative customer retention policies and price plans such as the "T kkiri Price Plan."

SK Telecom has been gaining momentum, as evidenced by the rapid growth of the B2B solution business, the increase in the number of IPTV subscribers, and the expansion of the healthcare business. Together with the expanded reach of SK Planet and the improved competitiveness of SK Hynix, the company has contributed to establishing a foothold as a leading comprehensive ICT player.

Financial Results

In 2013, SK Telecom recorded KRW 16.6 trillion in revenue,, KRW 2.11 trillion in operating profit, and KRW 1.61 trillion in net profit (consolidated K-IFRS).
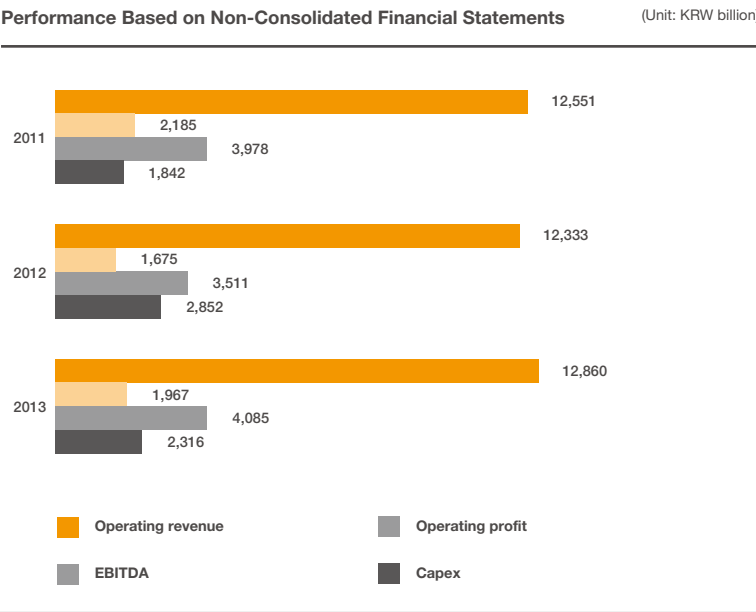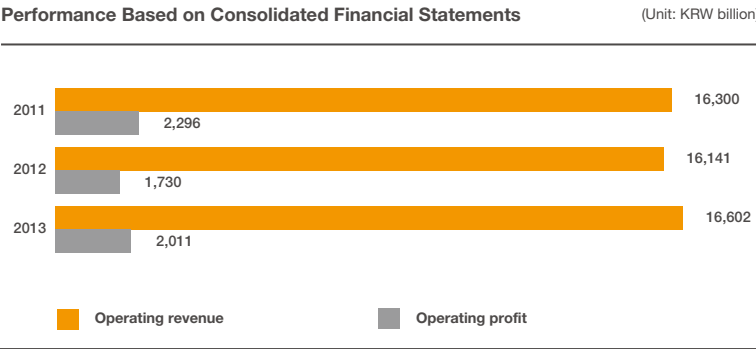
LTE Leadership Strengthened and B2B Solution Sales Increased

The launch of Korea's first unlimited call plan, "T kkiri Price Plan" in March 2013, and other innovative services strengthened SK Telecom's LTE leadership, with LTE subscribers reaching 13.5 million in 2013, accounting for almost 50% of the company's entire subscribers. This, combined with the growth of new business such as B2B solutions, which grew 60% year-on-year to KRW 434 billion, resulted in a 2.9% year-on-year increase in consolidated revenue to KRW 16.6 trillion.

Operating and Net Profit Grew

Operating profit reached KRW 2.11 trillion in 2013, up 16.2% year-on-year. SK Telecom's retention and market stabilization efforts including "Good Device Change" and "Data Refill" programs contributed to a lower churn rate (from an average of 2.6% in 2012 to 2.3% in 2013) and improved profitability.
SK Hynix's historic high financial performance contributed nearly KRW 600 billion (equity accounting method) to improve consolidated net profit to KRW 1.61 trillion, up 44.3% from 2012. Capital expenditure (Capex) reach KRW 2.32 trillion, down 19.5% year-on-year, and is expected to show a gradual decline over the next few years.

Performance Based on Consolidated Financial Statements   (Unit: KRW billion)

Year	Operating revenue	Operating profit
2011	16,300	2,296
2012	16,141	1,730
2013	16,602	2,011

Performance Based on Non-Consolidated Financial Statements   (Unit: KRW billion)

Year	Operating revenue	Operating profit	EBITDA	Capex
2011	12,551	2,185	3,978	1,842
2012	12,333	1,675	3,511	2,852
2013	12,860	1,967	4,085	2,316

Future Outlook

The year 2014 marks the 30th anniversary of SK Telecom's founding.
The company's achievements and growth are reflective of the history of the Korean telecommunications industry.
SK Telecom aims to lead the next 30 years as a global leader in the ICT arena.
For 2014, SK Telecom is targeting revenue of KRW 17.4 trillion by enhancing LTE offerings and accelerating the growth of new businesses.

• Accelerate the growth of new businesses to achieve KRW 17.4 trillion
  in revenue in 2014
• Strive to lower and stabilize Capex
• Expect the growth of the mobile network business to show continued growth
  as the number of LTE subscribers rise
• Expect visible results from growth businesses such as the B2B solution business
  and platform services
• Continue the progressive shift in the marketing paradigm to services and
  retention, which is expected to positively make a tangible long-run impact
• Identify growth businesses including IPTV, healthcare, IoT, big data,
  and other integrated mobile and on- and offline services

Shore Up Core Competitiveness in Telecommunications

In June 2013, SK Telecom differentiated its network quality by launching the world's first commercial LTE-A service. Furthermore, as part of its effort to focus on products and services, SK Telecom introduced innovative rate plans such as the unlimited calling plan, "Data Gift," and "Data Refill," which have brought changes in the telecommunications rates to the domestic market.
In 2014, SK Telecom will further reinforce the competitiveness of its network by commercializing next-generation network technology such as 3-Band LTE-A. The company will also expand its product and service areas by launching more than 20 strategic products in five key areas, including the communication platform such as "T Phone," enriching fixed and wireless media; home services delivering a comprehensive home networking service fixed with media service; readily accessible entertainment service; and security services to protect users against smishing and hackings. "T Phone" is an embedded software installed in all new smartphones, and an innovation to the communication platform. To enhance convenience and applicability, "T Phone" will promote a differentiated competitive edge and win-win growth in the ICT industry by embracing services by the third parties in addition to functions that have been independently developed by SK Telecom.

Growth of ICT-Based Convergence Businesses

The ICT-based convergence business that SK Telecom is fostering as a new growth engine is expected to see full-fledged growth in 2014. The B2B solution business, in particular, is expected to show growth as cloud computing and big data play a bigger role to enhance competitiveness and demand for "Smart Work," which supports corporate productivity, and energy efficient "Green Solution." Building on the competitiveness of bundled products, IPTV is targeting 3.1 million subscribers by 2015. "B tv mobile" will also see subscriber numbers and data usage rise thanks to the commencement of real-time terrestrial broadcasting and the three major sporting events to be held in 2014. Led by "B box," the most advanced home hub device, SK Telecom will also lead the home service market.
Having defined health management services, smart hospital solutions, and in-vitro diagnostic devices as three major healthcare business areas in 2013, SK Telecom laid the groundwork by launching the "Health-On" service and smart hospital solutions, and obtaining U.S. FDA approval for FREND, a small testing device (prostate cancer in May 2013 and thyroid cancer in March 2014).
The demand for such devices is expect to strengthen while the types of diagnostic tests and the number of distributors expand.
To further the market potential of the device, the company plans to enter the overseas markets such as the U.S., China, and Southeast Asian countries in 2014.
Given the converging trend between mobile and on- and offline markets, and the growth of e-commerce, the outlook for SK Planet as a mobile e-commerce platform operator is bright. The online service "11st" will further differentiate its mobile competitiveness, and "OK Cashbag" will be strengthening the mobile platform presence and expanding on- and offline integrated reach. In the global arena, the company will solidify its e-commerce foothold in Turkey and Indonesia, and pursue development of new businesses in major markets such as the U.S.
In 2013, SK Telecom sharpened its fundamental competitiveness in telecommunications by launching innovative products and services. In 2014, SK Telecom will advance further by continuing to demonstrate strong leadership in the data era with differentiated network competitiveness and customer value-oriented services.

2

Our Business

Delivering High Quality Services
Around the World

2
Our Business

Board of Directors

SK Telecom's Board of Directors consists of eight members, five of whom are independent directors. To achieve transparency in decision-making processes and to establish an independent governance structure through the system of checks and balances, the company appointed an Independent Director to be the Chairman of the Board.

Jae-Hoon Lee and Jae-Hyeon Ahn were newly elected as Independent Directors and Jay-Young Chung was reelected to the board at the General Shareholders' Meeting held on March 21, 2014. Directors on the company's Board of Directors have been selected based on their expertise in the field of economics, social and environmental areas. For further information about the director nomination process, detailed directors' profiles, committees, as well as performance reviews and remuneration, please refer to the "Governance Model" on page 160.

01
Hyun-Chin Lim
Appointed in March 2006
Chairman of BoD/
Independent Director
• Chairman of the Korean Social
  Science Research Council
  (2013-present)
• Professor of Sociology at Seoul
  National University College of
  Social Sciences (1983-present)
• Dean of the Seoul National
  University College of Social
  Sciences (2006-2010)

Audit Committee
Corporate Citizenship Committee
Compensation Committee

02
Sung-Min Ha
Appointed in March 2004
Chief Executive Officer/
Executive Director
• Chairman of the SK
  SUPEX Council Strategy
  Committee (2013-present)
• President & CEO of SK Telecom
  (2011-present)

Independent Director
Recommendation Committee

03
Jay-Young Chung
Appointed in March 2008
Independent Director
• Chairman of the Asia-
  Pacific Economic Association
  (2013-present)
• Honorary professor at
  Sungkyunkwan University
  (2010-present)
• Vice President of
  Sungkyunkwan University
  Humanities & Social Sciences
  Campus (2003-2006)

Corporate Citizenship Committee
Compensation Committee
Capex Review Committee

04
Dae-Shick Oh
Appointed in March 2013
Independent Director
• Advisor for BKL LLC
  (2008-present)
• Commissioner of the Seoul
  Regional Tax Office (2007-2008)

Audit Committee

Independent Director
Recommendation Committee

Capex Review Committee

05
Jae-Hoon Lee
Appointed in March 2014
Independent Director
• President of KPU (2014-present)
• Second Vice Minister of
  the Knowledge & Economy
  Ministry (2008-2009)
• Second Vice Minister of the
  Industry & Resources Ministry
  (2007-2008)

Compensation Committee

Independent Director
Recommendation Committee

Capex Review Committee

06
Jae-Hyeon Ahn
Appointed in March 2014
Independent Director
• Dean of the External Dept.
  at KAIST College of Business
  (2013-present)
• Dean of KAIST Graduate
  School of Information & Media
  Management (2011-2013)
• Chairman of the Korean Media
  Management Association (2011)

Audit Committee
Corporate Citizenship Committee
Capex Review Committee

07
Dae-Sik Cho
Appointed in March 2013
Executive Director
• President & CEO of SK Holdings
  (2013-Present)
• CFO, Head of Finance Team
  and Executive Vice President
  of Risk Mgmt. & Corporate
  Auditing Office, SK Holdings
  (2012)

08
Dong-Seob Jee
Appointed in March 2012
Executive Director
• Executive Vice President,
  Head of Strategy & Planning
  Office (2013-present)
• Executive Vice President,
  Head of Future Management
  Office (2012)

Corporate Citizenship Committee
Capex Review Committee

*Director profiles were collected after the General Shareholders' Meeting
held on March 21, 2014.

01 02 03 04

05 06 07 08

2
Our Business

Big Step to Fulfilling "Partner for New Possibilities"

SK Telecom aims to create KRW 100 trillion in corporate value and become one of the global top 100 companies by 2020. The company will expand cable and mobile integrated network areas by utilizing its top quality products and services, creating a variety of values through continuous innovation, and will emerge as a "Partner for New Possibilities" by going beyond industry expectations and leading the business ecosystem.

The ICT industry is experiencing a rapid change where technologies and services are becoming increasingly connected and converged. In keeping with such changes, SK Telecom declared "Vision 2020" "Partner for New Possibilities," and is making big strides to grow into a leading comprehensive ICT player.
"Partner for New Possibilities" is a motto representative of "Vision 2020" to build an ecosystem that creates new values across industries and enrich society overall. Its purpose is to make the lives of customers happier and richer, but also to establish SK Telecom as a world-class ICT company. To achieve this vision, SK Telecom will strengthen its telecommunications business capabilities; develop new ICT convergence- and technology-based business areas; assume a greater social responsibility for all stakeholders, including employees, customers, and partner companies, so that they can grow together; and will contribute to national development.

Vision 2020 — **"Partner for New Possibilities"**

Telecommunications and New Business

Portfolio

SKT

Hardware   **Platform**
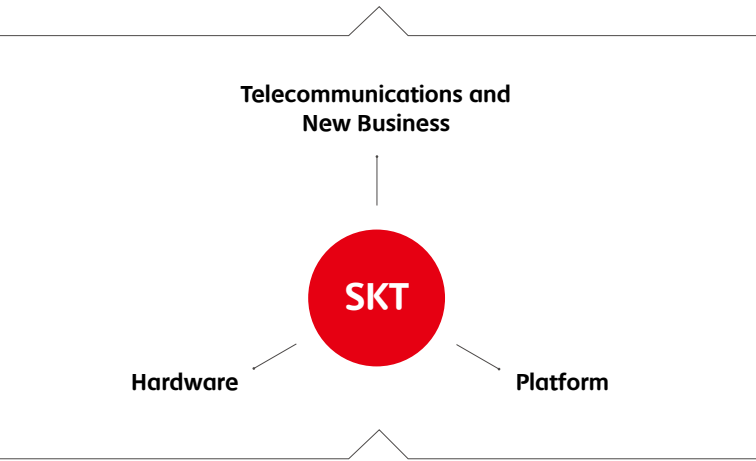
Strategic Focus

Strengthen Telecommunications Business	**Expand Business Boundaries**	**Social Responsibility**
Deliver transformation-based new growth in telecommunications	Create value based on technological innovation and convergence	A company that creates customer value and fosters responsible citizens

Mission Statement

We create new customer value across industries by practicing innovation on a daily basis. We do so based on a well-established infrastructure and human capital in order to make the world a happier, richer place.

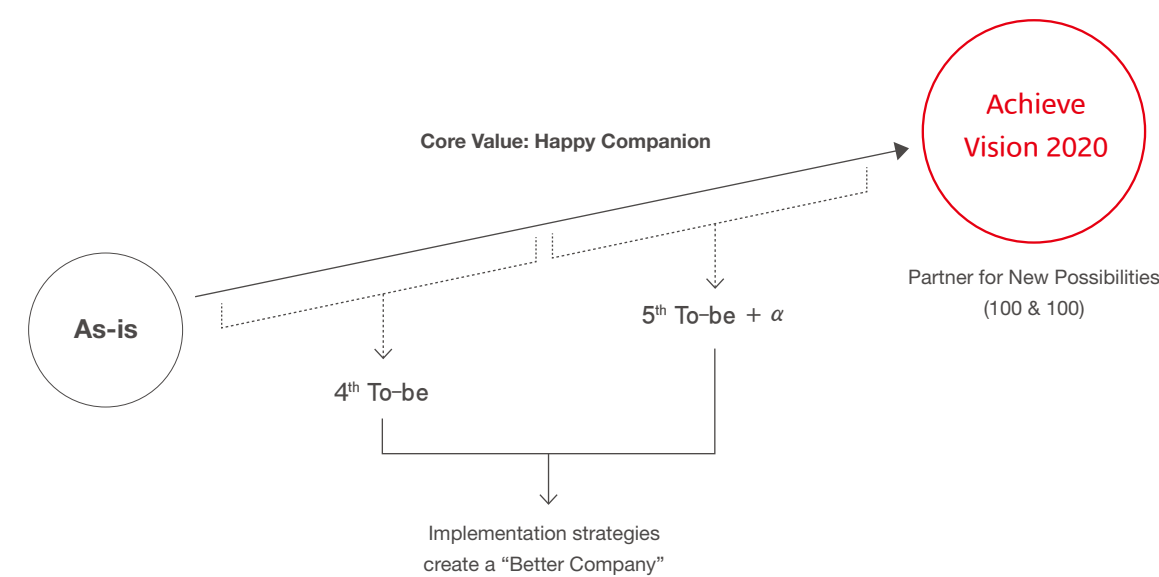| Strengthen Telecommunications Business	Marketing	Improve customers' lifestyles and create new value using ICT, based on our having a better understanding of customers and on our well-established customer service channels
	Network	Evolve into a smart, open structure to lead the data telecommunications era and solidify our central role in the new ecosystem
	Solution	Become a partner for growth by integrating the capabilities of different partners with an open collaborative structure and by continuously providing the optimal solutions that benefit all parties
Expand Business Boundaries	ICT Convergence	Develop areas of value innovation through the transfer of key telecommunications capabilities and expand business boundaries over the long-term in a variety of areas through open collaboration
	Tech-Based Growth	Conduct world-class technology research and development in different areas to increase growth opportunities and develop innovative business items
	Portfolio Synergy	Develop the distinctive capabilities of SK Telecom, SK Planet, and SK Hynix and bring them together to provide innovative products and services and lead the ICT industry
	Market Creation (New Market)	Expand growth areas by creating new ICT businesses across industrial and geographical boundaries and continuously expand into the global market
Social Responsibility	Industry	Strive to create collective growth of the ICT ecosystem based on openness and cooperation
	Society	Create new jobs, enter into overseas markets, lead green ICT, and enhance the competitiveness of the national ICT industry

"Happy Companion," the Core Value for "Vision 2020," & the "4th To-be" Strategy

In 2013, SK Telecom proclaimed the "4th To-be" model. "Happy Companion," which is the core value on the road to "Vision 2020," embodies two concepts: "Happiness with Customers" and "Companion with Society."

The general practice of the telecommunications industry over the past decade was to steadily secure finances and make investments in new businesses to spur growth. Today there are an increasing amount of calls for nationwide ICT growth momentum; cross industry cooperation and competition exist; penetration of mobile devices is growing rapidly; and the center of the market is shifting to data-oriented products and services. In order to become the leader in this fluid environment, efforts are being made to change and to recognize the changes and circumstances that surround customers. Furthermore, the ecosystem needs to be understood and addressed. SK Telecom has condensed these dynamic business and social developments into its core value, "Happy Companion." The fundamental purpose of this value is to equip all members of SK Telecom with the same view and philosophy in conducting business activities. "Happy Companion" is summed up with the mottos "Happiness with Customers" and "Companion with Society." The former delivers a compelling proposition that enriches the customer's user experience and the latter seeks to discover new business opportunities and foster new businesses by nurturing the ICT ecosystem.

Relationship between "Happy Companion" and the To-be Model

Core Value: Happy Companion

Achieve Vision 2020

As-is

5th To-be $+ \alpha$

4th To-be

Partner for New Possibilities (100 & 100)

Implementation strategies create a "Better Company"

The "4th To-be" strategy is to attain the short and medium-term goal of becoming a "Better Company," which is the basis of achieving "Vision 2020." Under this strategy, SK Telecom is pursuing a corporate value of becoming a "Smart Data & Life Service Provider" by 2015. "Smart Data Service" means creating customer-centered new services, while "Life Service Provider" signifies a "multi-core" operator with business portfolios that extend beyond the limitations of telecommunications.

4th To-be Direction

Smart Data & Life Service Provider

Smart Data
• Create customer-centered services
• Mobile communications and other businesses continue to demonstrate growth as data convergence spurs the usage of existing mobile communications and as other business areas grow by converging and creating relationships with each other through data
• Create a horizontal value chain to enhance the network growth potential

Life Service Provider
• A "multi-core" operator with a business portfolio that extends beyond telecommunications
• Become a trusted and respected company

Mid- to Long-Term Portfolio

Telecommunications Business

Mobile Network Operator (MNO)
• Strengthen communication service
• Expand data-based connectivity (IoT/IoE)

Improve Growth and Profitability

Convergence Business

IPTV

B2B Solution
• Security, Energy Management System (EMS), Cloud, Commerce, etc.

B2C Life Solution
• Appcessory

Grow in Harmony with Telecommunications Business

New Growth Business

Healthcare
• In-vitro diagnostic devices, etc.

$+\alpha$

Develop New Growth Pillars

Develop a business portfolio by striking balanced growth amongst our telecommunications, convergence, and new growth businesses, to secure long-term sustainable growth of the whole ecosystem.
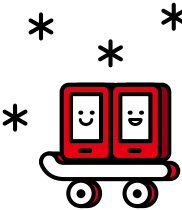
SK Telecom will strive to be a company that is trusted by customers and will lead the expansion of the ICT ecosystem by actively practicing "Happy Companion."

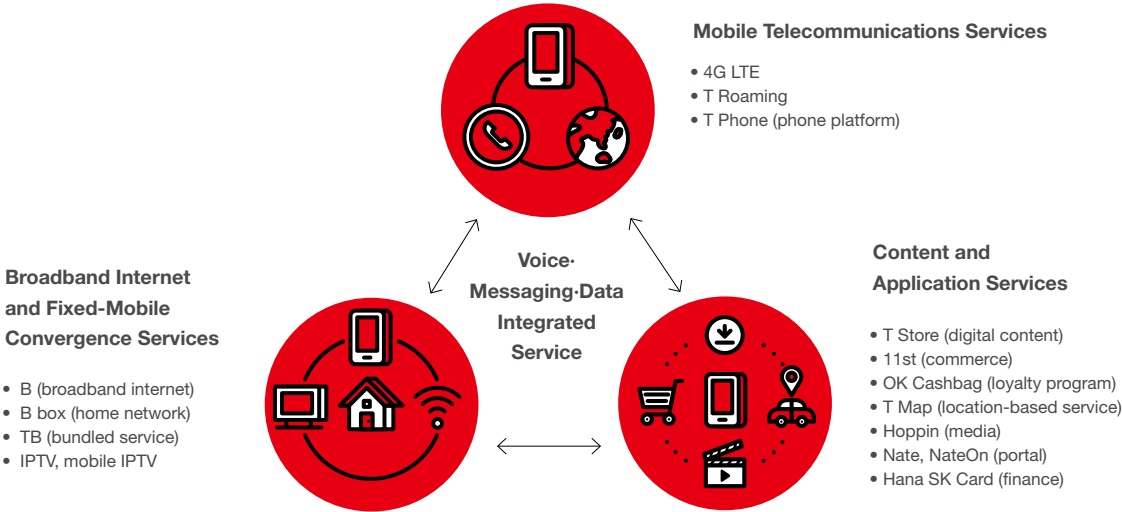## The Emergence of a New Business Model to Lead the Data Era

Building on the traditional network-based voice, messaging, and data businesses, SK Telecom is expanding its portfolio of businesses to those related to Fixed-Mobile Convergence, B2B solutions, platforms, energy and environment, mobile payment services, and other IT convergence services.

Who We Are
An Innovator that Creates a "Happiness Network" for Customers
In 1984, SK Telecom became the first Korean company to develop the first generation of analog mobile phones and later the world's first operator to successfully commercialize Code Division Multiple Access (CDMA) technology, the 2.5G CDMA 2000 1X, 3G synchronous, and finally High-Speed Downlink Packet Access (HSDPA) and High-Speed Uplink Packet Access (HSUPA) services. SK Telecom continues to lay diverse foundations for growth with a variety of state-of-the-art services in order to lead the coming age of convergence. SK Telecom has expanded the scope of networking possibilities and will make the world, including Korea, a happier place with its various information and communications technologies (ICT) that can improve not only interpersonal communication, but also productivity in the industry.

What We Do

Service Area: Individual Customers

Mobile Telecommunications Services
• 4G LTE
• T Roaming
• T Phone (phone platform)

Voice·Messaging·Data Integrated Service

Broadband Internet and Fixed-Mobile Convergence Services
• B (broadband internet)
• B box (home network)
• TB (bundled service)
• IPTV, mobile IPTV

Content and Application Services
• T Store (digital content)
• 11st (commerce)
• OK Cashbag (loyalty program)
• T Map (location-based service)
• Hoppin (media)
• Nate, NateOn (portal)
• Hana SK Card (finance)

Service Area: B2B Service

Network Business

Voice, messaging, data network and hosting for corporations

Solution Business

Smart Store
Smart store operation solution

- myshop

Smart Work
Mobility oriented Corporate ICT Infrastructure

- Smart Office
- T business groupware

Green & Safety
ICT-based environment, disaster prevention, and security mgmt. solution

- Cloud BEMS
- Point Cam
  (video surveillance)

M-Ad & Payments
Mobile corporate ads and payment solutions

- AD on-Air (integrated solution targeting ads)
- Smart Billing

Cloud-Big Data
Server computing and cloud solution

- Cloud server hosting
- Geovision
  (retail analysis)

01 _ Mobile Telecommunications Services
SK Telecom offers telecommunication services allowing it to increase its competitiveness in devices, price plans, networks, and content. The rapid adoption of the LTE service, which was launched in July 2011, has been a catalyst in the changing telecommunications landscape. SK Telecom's extended leadership and the trend towards achieving a data-centric lifestyle continues to position SK Telecom as the premium service provider that sets the standards for advanced telecommunications technology and services.

02 _ Broadband Internet and Fixed-Mobile Convergence (FMC) Services
SK Broadband, one of the major subsidiaries of SK Telecom, offers a full range of FMC services including high-speed residential internet service, multimedia service, and IPTV. "B tv mobile," SK Broadband's mobile IPTV service, has garnered 2.09 million subscribers since its launch in October 2012 and continues to show high growth with the launch of a full-HD streaming service. It is the first service provider in the world to do so.

03 _ Content and Application Services
The growing number of smart devices, which surpassed 30 million, is rapidly shifting the telecommunications market toward data. This industry-wide transition is spawning the emergence of innovative mobile content, which is an area where WSK Telecom has a significant presence. Through the digital content platform and the LBS "T Map," SK Telecom offers open and scalable mobile network content services. The breadth of SK Telecom's services will continue to widen starting with "T Phone," which was launched in February 2014.
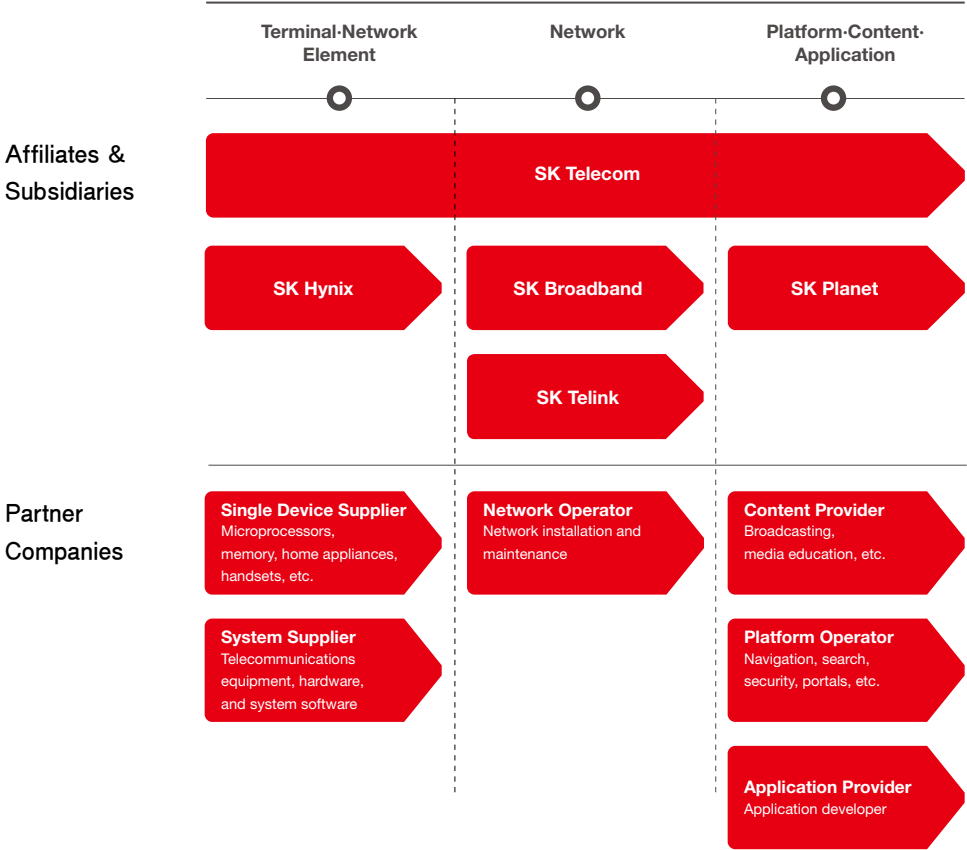
04 _ B2B Business

The B2B business, which is one of the pillars of growth, is expanding its solution business. It is focusing its resources on the five following growth areas: Smart Store, Smart Work, Green and Safety, M-Ad and Payment, and Cloud and Big Data.
SK Telecom plans to transform its subscription-centric B2B business into a solution-centered structure.

How We Work

The SK Management System (SKMS) is a set of fundamental management principles for the continuous growth of the SK Group, and is practiced by all SK affiliates, including SK Telecom. SUPEX, an integral part of SK Group's SKMS management principles, is aimed at achieving a "super excellent" level of performance in all of our business activities. SK Telecom is committed to SKMS in order to achieve SUPEX that creates value for customers, employees, and shareholders; fulfills a key role in social and economic development; and contributes to the happiness of mankind.

Business Value Chain

	Terminal·Network Element	Network	Platform·Content·Application
Affiliates & Subsidiaries	SK Telecom	SK Telecom	SK Telecom
	SK Hynix	SK Broadband	SK Planet
		SK Telink	
Partner Companies	**Single Device Supplier** Microprocessors, memory, home appliances, handsets, etc.	**Network Operator** Network installation and maintenance	**Content Provider** Broadcasting, media education, etc.
	System Supplier Telecommunications equipment, hardware, and system software		**Platform Operator** Navigation, search, security, portals, etc.
			Application Provider Application developer

SK Telecom Brand

Services for Individual Customers

Mobile Telecommunications	Fixed-Mobile Convergence		Ubiquitous·Convergence
LTE-A	T Store	TB kkiri free for the whole family	T Map
T Membership Service	TB bundle	11st	hoppin
T Roaming	Melon	NATE	T cloud

Services for Corporate Customers

B2B Service

Smart Health	T smart learing	T bizpoint	T cloud biz
Geovison	Smart Insight	myshop	

01 _ Service Brand

SK Telecom has service brands called "T" for individual customers and "Smart" for corporate customers. The brand value of "T," which was launched in 2006 and renewed in 2008, continues to rise. It has ranked in surveys as the most recognized brand in the industry. "Smart" is the brand for SK Telecom's ICT convergence solution B2B business. In line with the expanding business scope from fixed and mobile networks to IoT, the application of the brand continues to widen.

02 _ Brand Strategy

SK Telecom's "Enterprise Brand Strategy Committee" conducts a brand awareness "Brand Power Index Research" survey every year in which consumers in Seoul and six major cities are polled. In the 2013 survey, the company was ranked first in the "Top of Mind Survey" for the mobile telecommunications industry with 61.6%. In the "Best Korean Brands 2014" report that is published by the world's largest brand consultation group, Interbrand, SK Telecom was ranked at the top in brand value in the telecommunications industry for the second consecutive year. SK Telecom's strong brand position is a reflection of the company's effort to deliver innovative technology and value to customers, which is gaining recognition at home and abroad.
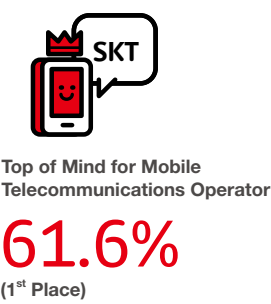
Top of Mind for Mobile Telecommunications Operator

61.6%
(1st Place)

Sustained Growth of Customers, Society, and the Industry through Innovation, Cooperation, and Transformation

"Happy Companion" is SK Telecom's core value to cement long-term growth in sync with the development of society and industries, and it is the promise to fulfill public needs.

Changing Perspectives on Business and Competition

SK Telecom's success is closely linked to the surrounding economic, environmental, and social conditions. For SK Telecom, returning value to shareholders and employees, establishing long-term relationships with customers and partners, contributing to the community, and fulfilling tax obligations are the key requirements for the company to maintain its long-term sustainability. Enriching the customer experience, employee welfare, shareholders, and the national wealth stretches beyond the act of generating profit. How SK Telecom conducts business is as important as what business it conducts.

The ability to consistently create value depends on the ability to analyze and incorporate the environmental, social, and ethical aspects throughout a business process. Therefore, only when a company has an equitable, exemplary system can it raise its reputation and employees morale, establish a foundation to create profit and reduce uncertainties.

"Happy Companion," which is the core value that SK Telecom announced in May 2013, was conceived based on a certain perception of value creation. "Happy Companion" engages in all management activities from the perspectives of "delivering the best customer value" and "fostering the growth of the ICT ecosystem." "Happy Companion" reflects the company's commitment to move away from the high-cost of competition that results from subscriber acquisition activities and to create a field that fosters collective social and ICT industry growth.

Seeking the Growth of the Entire Society

Modern business does not merely rely on traditional financial capital. "Happy Companion" also considers the impact of human capital, intellectual capital, production capital, social and network capital, and environmental capital. This type of approach is based on the need for all of society to grow.

SK Telecom's Capital Impact Model

Major Capital*	SK Telecom's Major Dependency and Impact	Link
Financial Capital	SK Telecom is listed on the Korea Stock Exchange and the New York Stock Exchange. SK Telecom's business relies on financial capital provided by shareholders, and strives to maximize value for shareholders through shareholder return policies, including dividends.	p.62
Human Capital	Human capital is at the core of SK Telecom's business model. It is an innovative method for producing results. SK Telecom implements a set of policies to attract and retain talented people, and to exercise due diligence as a means to respect and protect human rights in conducting business activities.	p.110
Intellectual Capital	SK Telecom recognizes the importance of technology patents in ICT business processes and treats them as a major source of capital. Open innovation and the open big data hub reflect SK Telecom's policy to foster the growth of the ICT ecosystem, and to share common intellectual assets as a means to enhance value and efficiency.	p.88
Manufactured Capital	SK Telecom's business relies on physical infrastructure assets such as networks, which are maintained to ensure stability and continuity through efficient and timely investments.	p.82
Social and Network Capital	SK Telecom has trust-based cooperative relations with a number of different stakeholders, including partner companies and government bodies. By being a responsible business partner and by contributing and sharing with society, SK Telecom strives to be a respected company.	p.94, 105
Environmental Capital	In operating a nationwide network and data centers, SK Telecom consumes large amounts of energy and emits greenhouse gases. Despite efforts to reduce greenhouse gas emissions through the efficient operation of data centers, the growing data traffic makes it difficult to find a fundamental solution. In order to find ways to protect the environment, SK Telecom is conducting research on how to reduce greenhouse gas emissions and is seeking ways to apply ICT solutions in an environmentally friendly manner.	p.100

* Applied the International Integrated Reporting Council (IIRC) reporting framework.
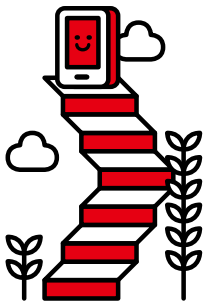
Taking a Leap to Become the "Partner for New Possibilities"

SK Telecom aims to generate KRW 100 trillion in corporate value by 2020. It aims to do so by positioning the company as the partner of choice for new possibilities in the ICT industry. The phrase "new possibilities" means to stimulate the telecommunications industry by discovering new value, and to provide innovative services. The word "partner" signifies the role model of a leader who pursues prosperity with customers, society, and industries.

As Korea's No. 1 telecommunications operator, SK Telecom is in the midst of transforming its identity to that of an ICT leader that leads innovation, cooperation, and transformation via its smart network. As much as flexibility and commitment to creating long lasting growth have been the drivers of SK Telecom's growth, the development and resilience of its business model in face of the rapidly changing environment and risks still faces numerous challenges.

The company's efforts to become the "Partner for New Possibilities" will lay the groundwork for achieving management performance, attaining strategic goals, and furthering the development of a balanced and prosperous society.

* For more information about SK Telecom's mid- to long-term vision "Vision 2020" and its core value "Happy Companion," please refer to p.54.
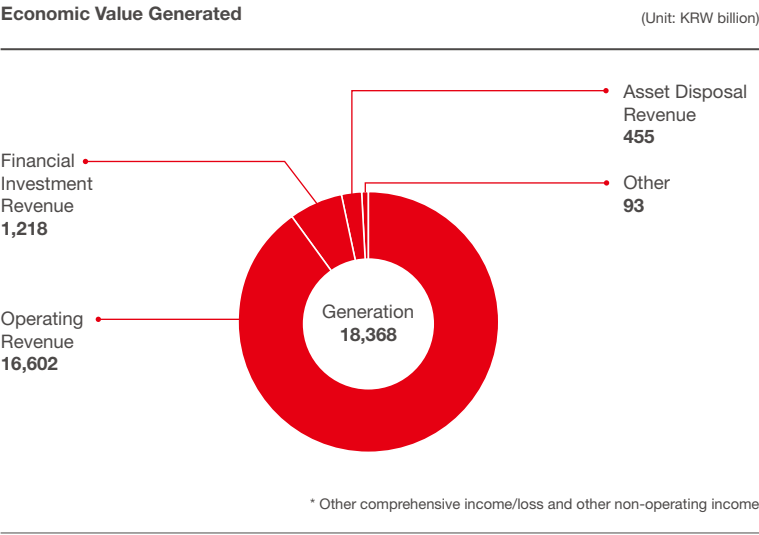
Active Pursuit of Profit
and Rational Distribution

SK Telecom generated KRW 18.37 trillion in economic value in 2013. This economic value was used for investments, operations, and capital expenditures. It and was distributed to partner companies, employees, shareholders and investors, the government, and communities. The remainder was added to SK Telecom's total capital.

Economic Value Generated

In 2013, SK Telecom created KRW 18.37 trillion in economic value, which includes KRW 16.6 trillion in operating revenue, and earnings from financial investments, disposable assets, and other sources of income.

Economic Value Generated (Unit: KRW billion)

Asset Disposal
Revenue
455

Other
93

Financial
Investment
Revenue
1,218

Operating
Revenue
16,602

Generation
18,368

* Other comprehensive income/loss and other non-operating income

Economic Value Distributed to Stakeholders

01 _ Distributions to Business Partners and Other Operating Costs

SK Telecom spent KRW 13.65 trillion on payments to partner companies and other operating costs, including vendor settlement fees, purchases, R&D, and network investments.

02 _ Distributions to Employees

SK Telecom spent KRW 1.59 trillion on wages, retirement allowances, and employee benefits.

03 _ Distributions to Shareholders and Investors

SK Telecom spent a combined KRW 998 billion on shareholder dividends and interest expenses.

04 _ Distributions to the Government

In 2013, SK Telecom spent KRW 733 billion on tax payments, including corporate taxes, and spectrum usage fees. During this period, SK Telecom received KRW 42.7 billion in tax deductions for investments in research personnel development, productivity improvement and energy conservation, and job creation.

05 _ Distribution to Communities

SK Telecom contributed KRW 82 billion to communities. This amount is exclusive of investments made to support community infrastructures, such as SK Telecom's campaign to revitalize traditional markets, and other forms of indirect support.

Economic Value Distributed (Unit: KRW billion)

Shareholder &
Investor
Distribution
998

Government
Distribution
733

Employee
Distribution
1,593

Community
Distribution
82

Business Partner
Distribution &
Other Operating Costs
13,650

Distribution
17,056
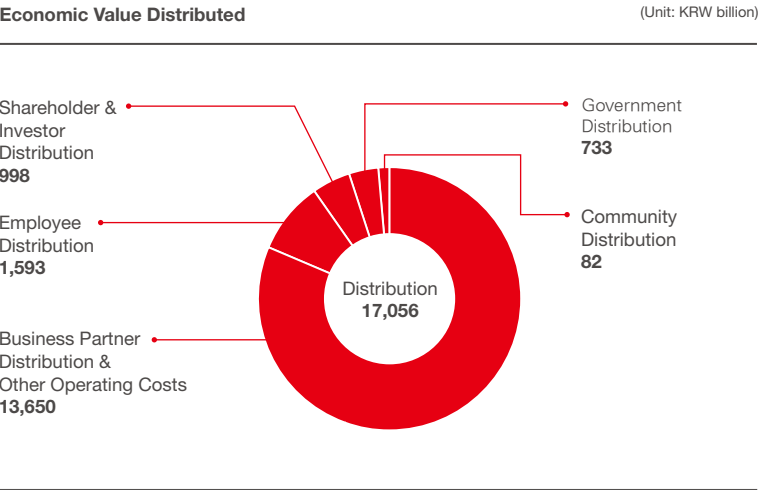
Economic Value Retained

SK Telecom added to its total equity KRW 1.31 trillion, which was the remainder after distributions to stakeholders.
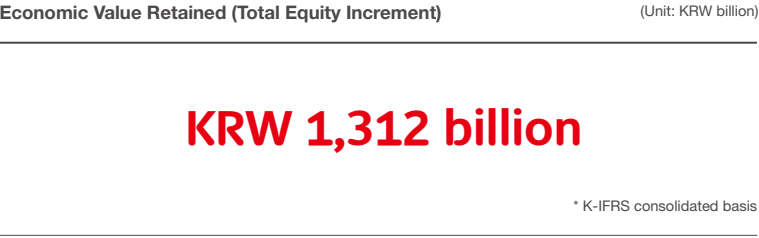
Economic Value Retained (Total Equity Increment) (Unit: KRW billion)

KRW 1,312 billion

* K-IFRS consolidated basis

A Total ICT Leader
that Creates Collaborations

SK Telecom is dedicated to ICT-based convergence businesses, as well as to creating collaborations with its subsidiaries, including SK Hynix, SK Planet, SK Broadband, and SK Telink. In particular, SK Hynix's memory semiconductor business and SK Planet's platform business are expected to become SK Telecom's new growth businesses.

SK Hynix
To explore new growth opportunities with telecommunications and other industries, SK Telecom assumed control of SK Hynix in February 2012 by acquiring 21.05% of the memory semiconductor maker's shares. To establish a solid working relationship with SK Hynix, SK Telecom established three management principles at SK Hynix based on leadership, growth, and cooperation.
In 2013, SK Hynix recorded revenue of KRW 14.17 trillion and operating profit of KRW 3.38 trillion (24% operating profit margin), which were the highest in its 30 year history. Such strong results were made possible by making cost reductions through technology migration, yield improvements and stronger pricing of DRAM products being made, and increased shipments of and favorable market conditions NAND Flash products. The year also marked the first for SK Hynix being named as one of the top 5 global semiconductor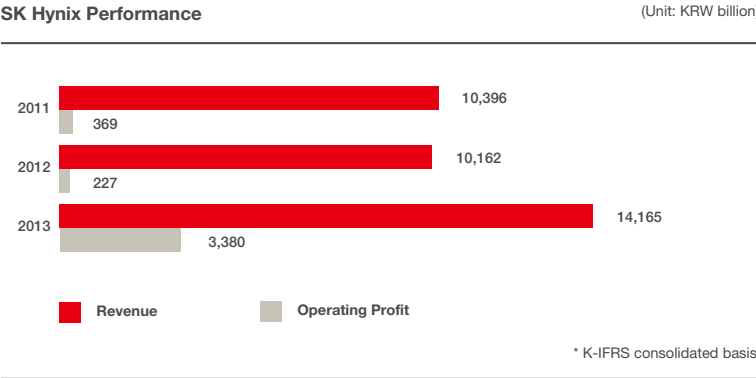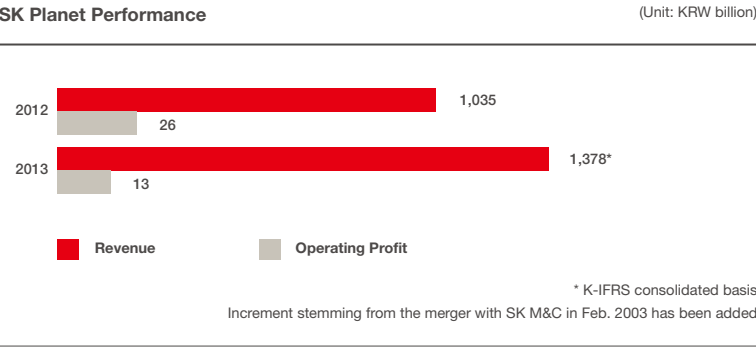 manufacturers (iSuppli research). SK Hynix is expected to continue its strong growth based on the strength of its industry leading technological competitiveness and stable financial position.

SK Hynix Performance (Unit: KRW billion)

Year	Revenue	Operating Profit
2011	10,396	369
2012	10,162	227
2013	14,165	3,380

■ Revenue   ■ Operating Profit

* K-IFRS consolidated basis

SK Planet
In 2013, SK Planet, a wholly owned SK Telecom subsidiary that split-off in 2011, continues to enhance its market leadership with its existing businesses, including 11st, T Map, and T Store. Also, through the launch of New OK Cashbag, it is pursuing new growth avenues. Furthermore, it reorganized its business portfolio and core competency by merging with SK M&C and by selling Paxnet and Loen. SK Planet is implementing a strategy to establish itself as a powerful commerce platform. By leveraging its competency in e-commerce and incorporating the trends in mobile and big data, SK Planet aims to deliver a mobile-based commerce platform that also taps on/offline users as a means to provide value to all participants, from the seller to the buyer. In the global market, SK Planet is looking to grow its e-commerce businesses in Turkey and Indonesia, and plans to develop new businesses in major markets, such as the U.S.

SK Planet Performance (Unit: KRW billion)

Year	Revenue	Operating Profit
2012	1,035	26
2013	1,378*	13

■ Revenue   ■ Operating Profit

* K-IFRS consolidated basis
Increment stemming from the merger with SK M&C in Feb. 2003 has been added

Major Performance of SK Planet's Business Areas

T store
No. of T store members
| 2012 | 18.83 million |
| 2013 | 21.79 million |

11 ST
e-commerce (11st) transaction value
| 2012 | 4.6 trillion (KRW) |
| 2013 | 4.9 trillion |

T map
No. of T Map members
| 2012 | 15.14 million |
| 2013 | 17.58 million |

OK CASHBAG
OK Cashbag accumulated points
| 2012 | 305.1 billion |
| 2013 | 264.9 billion |
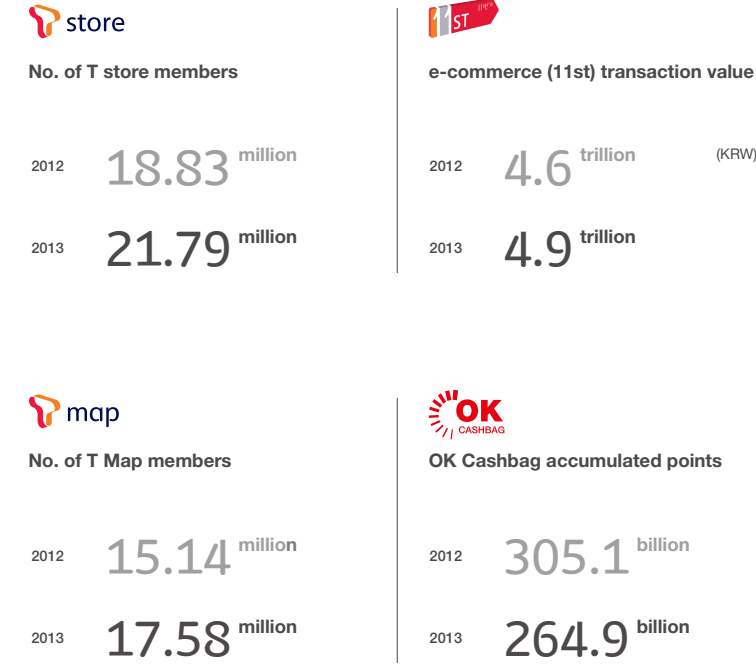
SK Broadband

SK Broadband's internet subscribers increased to 4.57 million in 2013 as the growth of IPTV and broadband businesses increased the demand for such services. In step with the continued industry-wide shift to fixed-mobile integration and telecommunications-media convergence, SK Broadband will continue to offer an array of integrated and convergence services, in addition to its fixed internet service. It will do so in order to deliver a diverse, convenient, and entertaining experience to its customers.

In 2013, SK Broadband's IPTV business, which was bolstered by the strong demand for its integrated service, "TB kkiri TV Plus," the number of subscribers surpassed 2 million and reached 2.08 million by year-end. Following the introduction of the Android 4.2-based "B tv smart" service in 2013, SK Broadband further enhanced its service lineup with the launch of "B box," in 2014. This is a premium smart home device that integrates functions such as video calls, home monitoring, and family board. "B box" is an integrated media and smart home service that provides a differentiated home media experiences to customers. It has also positioned SK Broadband to be at the forefront of the smart home market.

SK Broadband Performance
(Unit: KRW billion)

- 2012: Revenue 2,492 / Operating Profit 82
- 2013: Revenue 2,539 / Operating Profit 73

Revenue ▮   Operating Profit ▮

* K-IFRS consolidated basis

No. of B Internet Subscribers
(Unit: thousand)

2013
- 1Q: 4,436
- 2Q: 4,461
- 3Q: 4,503
- 4Q: 4,569

No. of B tv Subscribers
(Unit: thousand, includes VOD subscribers)

2013
- 1Q: 1,569
- 2Q: 1,727
- 3Q: 1,903
- 4Q: 2,096
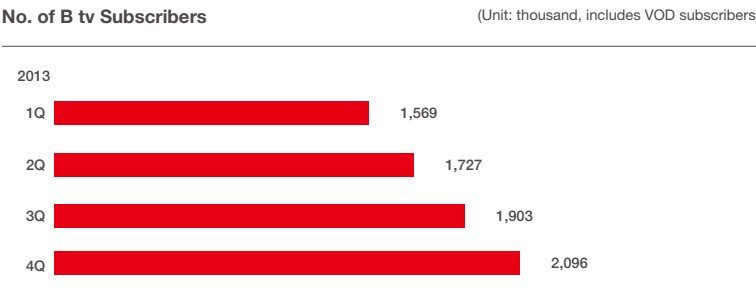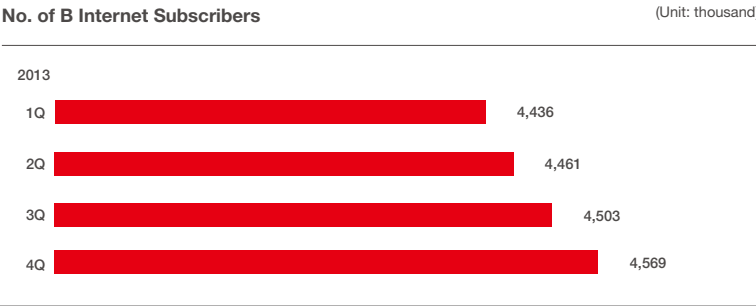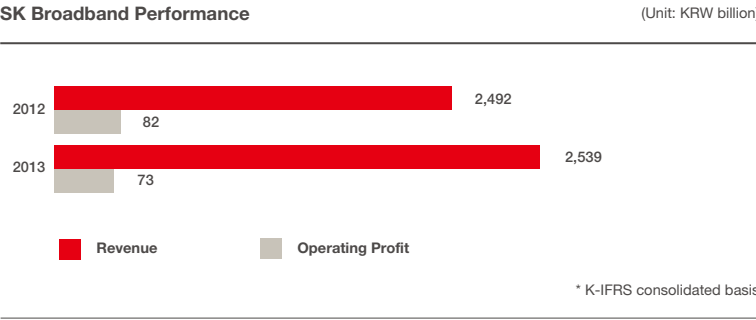
MVNO

440,000

**No. of MVNO Subscribers
(As of March 2014)**

SK Telink

SK Telink was founded in 1998. It has made significant contributions thanks to its various services, including "SK International Call 00700" and "SK Telink 7mobile." As a provider of affordably, high-quality international calls and MVNO services, SK Telink has been successful in securing a position in the Korean mobile telecommunications market with its MVNO brand "7mobile," which numbered 370,000 subscribers in 2013.

SK Telink continues to expand its service reach with bundled programs such as "00700 & Free On-Net Voice," which combines international calls with a free on-net voice service to cater to the increasing number of international travelers and students studying abroad. SK Telink will continue to explore new ways to provide quality services at an affordable price to satisfy customers' needs.

SK Telink Performance
(Unit: KRW billion)

- 2011: Revenue 421 / Operating Profit 51
- 2012: Revenue 341 / Operating Profit 43
- 2013: Revenue 433 / Operating Profit 28

Revenue ▮   Operating Profit ▮

* K-IFRS consolidated basis
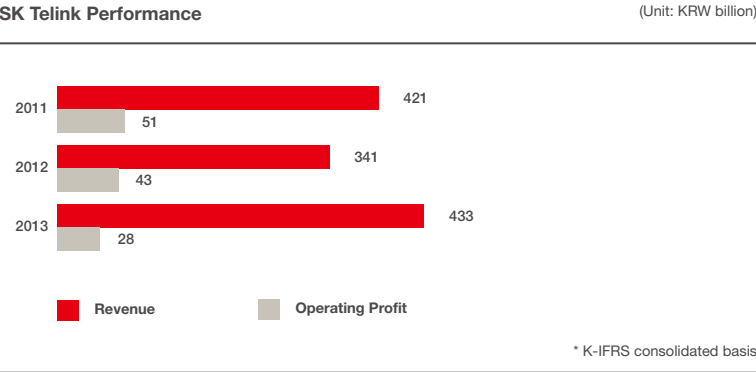
2013

SK Telecom

Highlights

In 2013, SK Telecom focused its energy on making the lives of its customers richer and happier, while reinforcing its core business and developing new businesses to expand its reach. Another major part of SK Telecom's efforts has been in fulfilling its social responsibilities and creating an environment to grow with its stakeholders/ to help its stakeholders grow.

Strengthen Telecommunications Business

Marketing

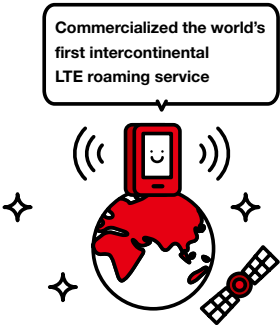|	
January	Launched Korea's first commercial mobile CDN (Contents Delivery Network) service
	Began the "Good Device Change" handset upgrade program
February	Launched the "Data Gift" program allowing customers to give data to their family members and friends
March	Launched the unlimited calling plan, "T kkiri Price Plan"
April	Expanded the unlimited data roaming countries to 100
May	Subscribers to SK Telecom for 2 or more years given the ability to double-up on their monthly data allotment six times a year for the life of their subscription
	Launched "T Guard," a total security service for smartphones
June	Launched an application-based group calling service "T Group On"
	Launched a smishing prevention service "Safe Message"
July	Launched "T Simple Mode 2.0," offering a simple user interface (UI) to smartphone customers
September	Launched the "T Family Benefit" program allowing family members to share data and content with each other
	Launched Korea's first dedicated video content price plan
December	Launched a data discount program allowing customers to use twice the amount of data during late night hours
	Launched an SK Telecom exclusive "T Safe Phone" phone for senior citizens and children

> Launched "T Guard," a total security service for smartphones

Network

April	Demonstrated the world's first LTE-A technology
June	Launched the world's first LTE-A service (twice the speed of LTE)
July	Expanded coverage of the LTE-A service to six major cities
August	Commercialized the world's first intercontinental LTE roaming service by connecting three continents
	Acquired 35 MHz in the 1.8 GHz band through a spectrum auction in Korea
September	Commercialized the world's first LTE HD voice to 3G circuit voice Handover technology
	Commercialized and launched the 1.8GHz broadband LTE network
October	First to expand the broadband LTE network throughout the Seoul subway system
	Expanded the broadband LTE service to 10 districts in Seoul
November	Demonstrated Korea's first broadband LTE-A service

Expand Business Boundaries

January	Signed a cooperative agreement with SK M&C and China Mobile to jointly pursue LBS (location-based service) business
	Signed an agreement on a financial product with Samsung Fire & Marine Insurance and Samsung Card to sell Smart Digital Tachograph (DTG)
	Signed an agreement with Korail Networks on the "Smart Train" project
February	Launched the small- and medium-sized building management service "Tmark"
March	Signed an agreement with the Seoul City Hospital Association to implement Cloud BEMS
	Commercialized "Health-On" service
April	Launched the world's first smart hospital solution
May	Launched the "Cloud File Manager" service tailored to small- and medium-size companies
July	Launched Korea's first M2M security solution
September	Launched the store management solution "Myshop Desk" for small business proprietors
October	Launched a cloud office solution with Microsoft Korea
December	Launched a social healthcare concept "Health-On" service

> Commercialized the world's first intercontinental LTE roaming service

> Established the social enterprise "Happy Ecophone Foundation"

Social Responsibility

January	Launched "With U," a mobile platform to match volunteer workers with volunteer opportunities
April	Established the social enterprise "Happy Ecophone Foundation"
	Installed mobile payment and smart leaflet solutions at the traditional market place, Jung-gok Jeil Market
May	Announced the "Happy Companion" project
	Signed a cooperative agreement with Incheon's traditional Shinggi Market to restore market activity
July	Started the "BRAVO! Restart" program to support baby boomers in starting ICT-based businesses (10 teams were selected for the 1st round) and opened the Happy Start-Ups Support Center
October	Opened the "Happy Start-Ups Support Center" portal site to provide a one-stop service for start-up support, cooperate in joint R&D, and manufacture test products
December	Held the "SK Telecom Partner's Day"

Honors and Awards

February	Received the "Outstanding LTE Contribution" award at the 2013 MWC Global Mobile Awards
March	Became Korea's first mobile operator to obtain the Web Accessibility mark
April	Chosen, for the second consecutive year, as the "Best Mobile Carrier" at the Telecom Asia Awards
May	Obtained the highest grade of "Excellent" in the Win-Win Growth Index (sponsored by the National Commission for Corporate Partnership and the Fair Trade Commission)
June	Won the GTB Award for LTE-A base station technology
	Won two innovation awards at SCIA for femtocell technology
	Ranked at the top of the Korea Standard-Service Quality Index (KS-SQI) for 14 consecutive years (sponsored by the Korean Standards Association)
	Won an award for being the "Most Significant Development of a Commercial LTE Network—Operator" at the LTE World Summit 2013
August	Named the "Best Workplace" for five consecutive years (surveyed by The Korean Management Association Consulting)
September	Included in the DJSI (Dow Jones Sustainability Indices) World Index for six consecutive years
	Ranked at the top of the Korean Customer Satisfaction Index (KCSI) for 16 consecutive years
October	Won the grand prize in the "Good Design Awards" for the corporate homepage
	Ranked top in the Korean Sustainability Index for the telecommunications industry for five consecutive years (sponsored by the Korean Standards Association)
	Won the "Grand Prize for Win-Win Growth" (sponsored by the Ministry of Trade, Industry, and Energy, and the National Commission for Corporate Partnership)
November	Won the "Grand Prize" at the Korean Internet Communication Awards (sponsored by the Ministry of Science, ICT, and Future Planning)
	Won the "Best Wi-Fi Service Innovation Award" at the Wi-Fi Industry Awards
	Won an award in the "Community Sharing" category at the UNGC Value Awards for the best traditional market revitalization program

> Top-ranked in three major national customer satisfaction indices

1st

Creating shared values
through ICT

3

Strategic
Focus

Creating
New Opportunities
in the Midst of Change

To create sustainable values in the long-term, we must create opportunities in response to market changes, regulatory changes, and the tougher demands of stakeholders. SK Telecom will develop its strategy to respond to changes in the environment, pursue a happy partnership in growth and create future values.

Market: Expansion of Convergence is the Key for the Mature Stage

The Korean telecommunications market entered into a mature stage in late 2013, recording 54.68 million mobile subscribers and a penetration rate exceeding 100% of the total population. Nevertheless, it is expected that the mobile penetration rate will increase in the near future, prompted by the commercialization of Long-Term Evolution (LTE) and the rapid growth of the smartphone market. The use of mobile devices for business purposes and the use of advanced devices such as tablet PCs based on data use will thrive, driving the mobile demand.

The telecommunications market of Korea is qualitatively developing by providing convergence services including advanced multimedia services, mobile commerce, telematics, and digital home services, enabled by the distribution of network technology and high-performance devices like smartphones. As LTE-A and LTE Broadband were launched in June 2013 and October 2013, respectively, B2B businesses that are capable of directly improving productivity, such as mobile office services including Connected Workforce, will show robust growth.

Regulation: Frequency Allocation and the Act on the Improvement of the Mobile Handset Distribution Structure

Korea, SK Telecom's major market, will adopt measures allowing consumers to conveniently and fully use its high-speed mobile data environment and will support telecommunications service providers in successfully delivering services, starting with the enactment of an act on the improvement of the mobile handset distribution structure and a discussion on the data-centered billing system.

In addition, the communications industry will play a bigger role in developing the

Business Environment: Major Risks and Opportunities

Regulatory Changes

- SK Telecom is operating telecommunications service business under the license issued by the government. SK Telecom complies with the IT regulations and policies of the government, and is affected by government policies related to frequency allocation, sales, and marketing.

- Operation of a dedicated team to respond to policy changes
- Scenario planning for major regulatory risks
- Participation in discussions organized by the Ministry of Science, ICT and Future Planning and Communications Commission; and conferences with other ICT service providers

Matured Market and Intense Competition

- Despite government policies to prevent overheating of the market, such as restrictions on subsidies, and the growth of the smartphone market, the competitions among service providers is becoming fiercer due to the limited absolute market size.

- Shifting the paradigm of competition to fundamental paradigms based on goods and services
- Fostering of growth engine businesses and development of new markets such as the data-based contents platform business, B2B business, healthcare business, and green businessdata-based contents platform business, B2B business, healthcare business, and green business

---

Major Regulatory Changes

	Overview	Responses
Act on the improvement of the mobile handset distribution structure	• The Korea Communications Commission adopted a policy to control overheating of the market in 2014, following a similar policy introduced in 2013.	• Communication expenses per household should be reduced through competition rather than through artificial rate discounts.
Rate discounts	• Rate discount issues for the rationalization of mobile rates	• Competition over subsidies should be avoided, and the paradigm of competition should be shifted to products and services.
Frequency allocation	• A shortage of frequencies is expected due to the increase in traffic • Frequencies were allocated in 2013 through an auction	• Additional frequencies allocated in 2013 will accommodate the increase in data traffic. • Prompt responses to changes in frequency demands should be made as new services and contents are introduced, and the traffic increases in the future.

ICT-based creative economy, and policy efforts will focus on fostering and supporting the industry.

Broader Social Responsibilities:
Higher Need for Corporate Social Responsibility

As corporate social responsibility such as governance, win-win growth, energy efficiency, and creation of shared values are further discussed, the scope of corporate activities and responsibilities has expanded more than ever before. Currently, an enterprise needs to create comprehensive values, considering social and environmental factors as well as to create economic values. Against this backdrop, SK Telecom is making management activities meet the expectations of stakeholders, including social contributions and environmental management, while providing services to create sustainable values.

SK Telecom is responding to the changing environment with a focus on its core value, "Happy Companion" by reflecting the market evolution, regulatory changes, and social needs for responsible enterprises. SK Telecom is making efforts to create higher values for all stakeholders by mitigating risks in the business environment and developing new opportunities through the above efforts.

Evolution of Network

- As data traffic rapidly increases, there is a need to secure frequencies and maintain the network capacity.
- As the network is operated through a complex supply chain, network interruption is a major operating risk.

- Development of a Contingency Plan to prevent network problems and prepare for disasters.
- Investments to adopt an advanced network and prevent network problems as well as continuous technological development to improve network efficiency.

Increasing Demand for Protection of Personal Information of Customers

- Protection of personal information is a precondition to gain customer trust.
- Personal information of SK Telecom subscribers is saved for billing, and rigorous efforts to protect the information from hacking and other risks of leakage have been made.

- Development and marketing of services and products to protect customers from spamming and smishing
- Reinforcement of a security solution to protect customer information from risks, such as hacking

Customer Protection

- A complicated billing system may confuse customers and lower customer trust in the long-term.
- There is a need to respond to government policy to improve the distribution structure of mobile handsets and reduce communications expenses per household.

- Continuous communication with related stakeholders
- Transition to a business model based on fundamental competition by depending less on subsidy marketing and focusing on long-term customer reward and customer experience innovation

To-be Strategy

Vision 2020

Core Value

"Happiness" with Customers
Creating the Highest Customer Value

"Companion" with Society
Creating New Opportunities through the Growth of Industry and Ecosystems

Material Issues

01 Customer Experience Innovation	02 LTE Leadership	03 Value Added Solutions	04 Creating Shared Values through ICT	05 Reducing Greenhouse Gas Emissions	06 Win-Win Growth	07 Human Capital Development

Commitment

Pursuit of customer happiness by creating the highest customer value	Provision of the highest quality network and communications services	Provision and realization of potentials through ICT in the converged environment	Creation of shared values of society and the company through ICT	Creation of future opportunities and contributions to the prevention of climate change through ICT technology and platform	Improvement of corporate competitiveness by building the ICT ecosystem	Development of global ICT experts

Where We Focus

• Quality-based and service-based marketing • Reinforcement of customer protection services • Development of innovative products and services	• Improvement of LTE network quality • Improvement of network quality • Maintaining technological competitiveness	• Growth of solutions revenue • Expansion of healthcare business • Growth of IPTV	• Support for "Happy Start-Ups" for activation of the venture startup ecosystem • Revitalization of traditional markets using ICT • Support for social enterprises	• Leadership in responding to greenhouse gas issues • Reduction of greenhouse gas emissions and enhancement of environmental efficiency • Improvement of environmental awareness	• Support for the revenue growth of partners • Educational and financial support • Development of a sustainable supply chain	• Investments into Human Capital Development including education and training • Reasonable performance evaluations • Development of value-centered performance indicators

2013 Performance

• Average churn rate: 2.3% • Customer data leakages: 0 • No. 1 position in three major customer satisfaction surveys (NCSI, KCSI and KS-SQI)	• LTE penetration rate: 49% • No. 1 position in the LTE quality survey conducted by the Korea Communications Commission	• Solutions revenue including energy and smart work: KRW 400 billion • Year-on-year healthcare growth rate: 40% • Number of IPTV subscribers: 2.08 million	• Ten cases of business start-ups, under the "BRAVO! Restart" program • "Traditional Market Revitalization" project: Two	• Greenhouse gas emissions: 822,000 tons or less of CO_2e (target achieved) • Meeting the international standard for social greenhouse gas emissions through the T Map service (Confirmed reduction of GHG emissions by 12.9% over the year through a verification test in 2012)	• Growth rate of purchases from partners: 38.8% • Integrated financial support: KRW 81.74 billion • Rate of due diligence on social and environmental risks of supply chain: 52.6% (in writing) and 8.8% (on site)	• Human capital development expenses per employee: KRW 3.38 million • Average performance evaluation of employees: 96% • Development of 412 global next-generation leaders (accumulated)

Target and Goals

• Annual average churn rate: below 2% (by 2015) • Accumulated number of users of the "Good Device Change" program: 6 million (by 2015) • Maintain zero customer data leakage • Maintain No. 1 position in three major customer satisfaction surveys (NCSI, KCSI and KS-SQI)	• LTE penetration rate: 80% (by 2019) • World's first commercialization of 3-Band LTE-A (by 2015)	• Solutions revenue including energy and smart work: KRW 1.5 trillion or higher (by 2015) • Healthcare revenue: KRW 1 trillion or higher (by 2020) • Number of IPTV subscribers: 3.4 million (by 2015)	• "BRAVO! Restart" program: 15 or more cases of success in business-related venture start-up support programs (40% or higher of the total number of supported cases by 2015) • Results of new CSV programs: three or more cases of success in the areas of smart agriculture, livestock and fisheries, smart learning and educational welfare (by 2015)	• Reinforcement of the competencies to respond to the emission trade system (by 2015) • Controlling of the annual greenhouse gas emission growth rate within 5% (by 2014) • Reducing the greenhouse gas emissions by 1.43 million tons of CO_2e through 13 eco-friendly ICT services (by 2014)	• Contribution of KRW 15 billion to the public-private joint investment business fund (by 2015) • 100% cash payments and payment periods kept under 10 days	• Completion of the "Anywhere, Anytime Smart Learning" system (by 2015) • Development of 500 global next-generation leaders (by 2016)

3
Strategic Focus

Building Trust, Benefits and Positive Experience

SK Telecom redefined its core values for customer experiences as part of its efforts to achieve "Happy Companion" in 2013. The paradigm of competition shifted from subsidies to fundamental factors, such as products and services, while the customer retention rate increased through long-term customer rewards, and new customer experiences are being developed with diverse products and services, including the customer protection service.

Why This is "Material"

Business Drivers:
The business model depending on competition over subsidies has lost its momentum. From a long-term perspective, SK Telecom concluded that giving more benefits to customers and fundamentally innovating the service experiences of customers would be more effective and reasonable for winning competition and growth in the future.

Stakeholder Concerns:
• Product and Service Labeling
• Customer Privacy
• Customer Protection

Major Impact on Capital:
• Financial capital: Improvement of shareholder values by reinforcing the mid- to long-term competitiveness of the business
• Social and network capital: Gaining the trust of local stakeholders by taking a strategy aligned with the direction of government regulations

Where We Focus | How We Measure

Quality-Based and Service-Based Marketing	Annual Average Churn Rate	2.3%
Reinforcement of the Customer Protection Service	Customer Data Leakages	0
Development of Innovation Products and Services	Introduction of Innovative New Price Plans	T kkiri Price Plan, Data Gift and Data Refill

Transition to Fundamental Competition over Products and Services

SK Telecom has redefined its core value to provide innovation in customer experiences. "Happy" in the phrase "Happy Companion" refers to the happiness shared with our customers. SK Telecom designated customer happiness as a core value of CE when it restructured its Customer Experience Management (CEM) system in 2013. There are three principles of providing innovation for customer experiences, including "Happy Trust," gained through customer protection, "Happy Benefits" for long-term customers, and "Happy Experiences" to be the first user of innovative new products. By implementing such principles, SK Telecom has been selected as the No. 1 company in NCSI for 16 years in a row as of 2013.

As the penetration rate of mobile phones reached its peak in the domestic market, the telecommunications market has maintained a vicious circle of repeatedly taking away and losing customers through shortsighted marketing competition among service providers. Overheating of the market and cutthroat competitions have become obstacles in satisfying customers in the mid- to long-term.

SK Telecom has made diverse efforts to turn the war of attrition toward the fundamental competition over products and services where service providers can concentrate on customer values that are more fundamental.

Reinforcement of Customer Protection

The mobile payment system commercialized in 2000 has emerged as a universal tool of payments, with the transaction amount reaching KRW 3 trillion in 2012. The institutional ground for the mobile payment service was prepared in 2007 when the Act on the Promotion of Information and Communications Network Utilization was revised, but there is an increasing need for a user protection system amid the increasing number of transactions, establishment of the market order, and the advancement of hacking skills. Above all, the cases of smishing, where a hacker installs malicious codes in a smartphone using SMS, based on illegally acquired personal information and secretly makes payments for game items using the smartphone, are rapidly increasing. In addition, diverse types of consumer damages are continuously increasing, including automatic payments, automatic subscriptions to paid services and payments made at the point of subscription. In order to create a communications environment where customers can be protected, SK Telecom has continuously operated and reinforced its customer protection services with four objectives: the "prevention of bill shock," "protection of personal information," "protection of children," and "blocking of illegal messages including those for spamming and smishing." SK Telecom also makes diverse efforts to prevent the

Quarterly Churn Rates for 2013

2013	1Q	2Q	3Q	4Q
	2.39%	2.27%	2.25%	2.07%

Quarterly Marketing Expenses for 2013 (Unit: KRW billion)

	907	853	827	842
	(29.1% of the Revenue)	(26.6% of the Revenue)	(25.7% of the Revenue)	(25.4% of the Revenue)
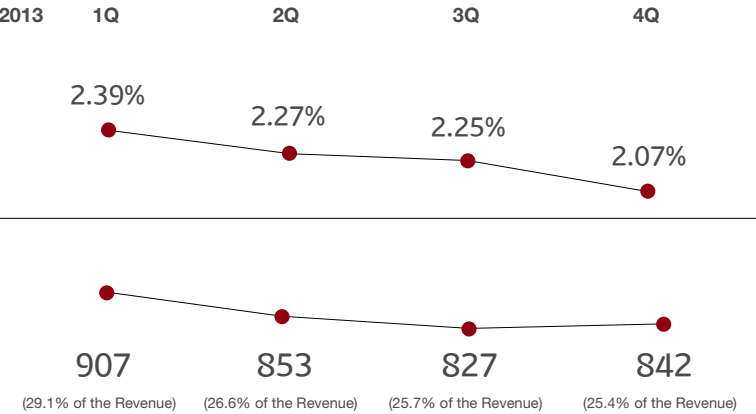
leakage of personal information in addition to efforts to prevent smishing damages. T Guard is a comprehensive customer protection application for smartphone users, with functions including early detection of malicious codes and safe management of personal information. Thanks to these efforts, SK Telecom successfully advanced major customer protection indicators, including 0.12% of small-amount payment complaints* 0.28% of the VoC on roaming,** and zero cases of customer data leakage. To respond to the number of rapidly increasing issues related to the protection of personal information, SK Telecom will continuously improve its customer protection services in 2014.

As the skills used for obtaining customer information have recently been advanced further, there is a need for the encryption of personal information and advancement of security solutions. SK Telecom has encrypted personal information in every DB (seven codes including the resident's registration number), and made every effort for security, including the operation of a secondary authentication system and the expansion of the information leakage management system. To prevent the mass leakage of customer information, SK Telecom thoroughly analyzes the results of the survey and incorporates the results in its management activities, which include the improvement of products and services.

Expansion of Rewards for Long-term Customers

A reward policy for long-term customers was implemented to prevent reverse discrimination against existing customers caused by the cutthroat subsidy competition and to favorably treat long-term customers in terms of general services. SK Telecom expanded its rewards for long-term customers, upgrading their devices through programs including the "Good Device Change" program in 2013. The total number of users of the "Good Device Change" program, launched in January 2013, is 2.4 million as of 2013. Rewards have been diversified to include the "Good Flip Phone" and the "Good Device Change Program Lite," and the scope of subscribers eligible for these programs has continuously expanded. In addition, 4.8 million coupons have been issued through the "Voice, Data, and Membership Refill" service, launched in May 2013 as a reward program for long-term customers. The membership program was also redesigned to give more benefits to long-term customers.

SK Telecom also provided long-term and VIP customers with special rewards, and these included vouchers, concert tickets, and holding the VIP Week. Meanwhile, SK Telecom operated a free smart case replacement event for loyal customers in their 50s and 60s who have been excluded from marketing campaigns due to being

* Rate of small-amount payment complaints: the ratio of the number of cases of small-amount payment complaints reported to the number of small-amount payment transactions per year

**Rate of VoC on roaming: the ratio of the number of VoC on roaming to the number of consulting cases about roaming

a minority demographic. SK Telecom also published and distributed a guidebook on using smartphones for subscribers in their 50s and 60s.

Innovation in Distribution Culture

SK Telecom has innovated the distribution environment since 2013 in order to provide customers with the best customer experience. In terms of the distribution structure (hardware), SK Telecom developed strategic retail locations and improved the retail distribution network by improving shop conditions. As for the distribution environment (software), salesmanship has been developed by reinforcing hands-on training, standardizing customer services, and operating the "Good Telecom Service for My Family (GTSMF)." The plan launched in 2013 is an attempt to ease the financial burdens on households, while improving the distribution network and creating customer value. By doing so, SK Telecom has provided systematic and comprehensive consulting services with personalized customer benefits. As part of their efforts, authorized retailers give discounts on handsets, price plans, double play service, and information services on data products. To further develop the customer-centered distribution culture and provide the best customer experience, SK Telecom will restructure the training system, reinforce salesmanship for customer services, and adopt the "Good Telecom Service for My Family (GTSMF) Consulting 2.0."

In 2014, SK Telecom will provide customers with reliable and differentiated purchasing experiences through innovations, evolutions, and development of the distribution in terms of shops, people, and customer communication.

Reducing Household Communications Expenses through Innovative Price Plans, Products and Services

In order to create a sound and innovative environment for data use, SK Telecom has led changes in the communications sector and improved customer values. The T kkiri Price Plan, the Unlimited Calling Plan launched in 2013, has been recognized as a major contributor in reducing the communications expenses of households. In addition, the "Data Gift," the "Data Refill" and discounts for late night calls have brought service competition to a higher level.

The number of users of the Unlimited Calling Plan, the number of users of the "T kkiri Data Gift" and the number of users of the "Data Refill" reached 6.84 million, 8.7 million, and 4.8 million, respectively. These numbers are evidence of customer satisfaction and of SK Telecom's understanding of customers' needs. In addition, SK Telecom proactively launched price plans for specific age groups, including a plan for teenagers and that for seniors (60 and up). Also, SK Telecom has cooperated

SK Telecom's Efforts to Protect Personal Information and Privacy

The 1st PIMS Certificate for Protection of Customer Information

- Customer information access is permitted only to those certified by SK Telecom.
- Customer information cannot be accessed without consent.
- System security and DB accessibility of SK Telecom and its subsidiaries were inspected from March to May, 2013.
- The agreement on customer information security was revised, monitoring by external experts was adopted, and retailers agreed to protect customer information and complete online education programs.

Reward for Long-Term Customers

SK Telecom has shifted its paradigm of competition from subsidies to fundamental services. As part of their efforts, SK Telecom adopted the "Exceptional Reward" program for long-term customers.

with SMEs to create innovative products such as T Phone and B box, and held idea contests for new products and services.
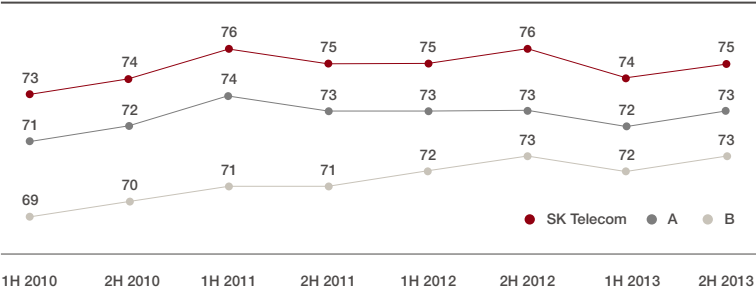
Customer Satisfaction Improvement

SK Telecom was ranked at the top of three major customer satisfaction surveys in Korea for 14 to 16 years in a row as of 2013. In addition, SK Telecom conducts an internal customer satisfaction survey (CSI) twice a year. The CSI of SK Telecom targets customers of competitors as well as customers of SK Telecom, and customers directly evaluate their satisfaction levels. SK Telecom thoroughly analyzes the results of the survey and incorporates the results in its management activities, which include the improvement of products and services. SK Telecom was also ranked at the top of internal CSI survey for the 16th consecutive year in 2013.

Results of Three Major Customer Satisfaction Surveys   (Unit: Points)

Index	Organized by	2013 Results
National Customer Satisfaction Index (NCSI)	Korea Productivity Center	74 (No. 1 for 16 consecutive years)
Korean Customer Satisfaction Index (KCSI)	Korea Management Association Consultants	75.2 (No. 1 for 16 consecutive years)
Korean Standard Service Quality Index (KS-SQI)	Korean Standards Association	73.2 (No. 1 for 14 consecutive years)

Results of SK Telecom's Internal CSI Survey

*SK Telecom's internal CSI survey is based on the American Customer Satisfaction Index (ACSI) model developed by Dr. Claes Fornell (National Quality Research Center, University of Michigan, U.S.).

Link to "Financial Materiality"

The Significance of the Unlimited Calling Plan and the T kkiri Price Plan

The T kkiri Price Plan and the Unlimited Calling Plan launched by SK Telecom contribute to improved customer value by reducing the customers' financial burdens. The T kkiri Price Plan, which was launched in March 2013, attracted 2.5 million subscribers within just two months of the launch, and the aggregated number of subscribers of the T kkiri Price Plan and the Unlimited Calling Plan launched later reached
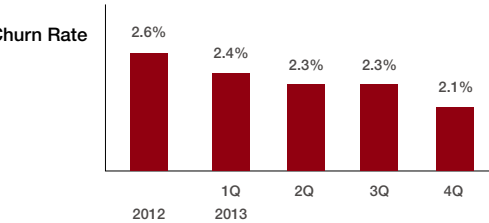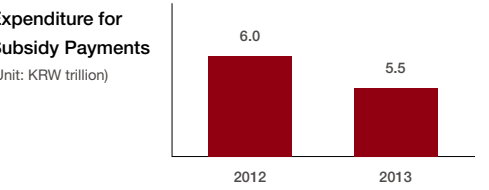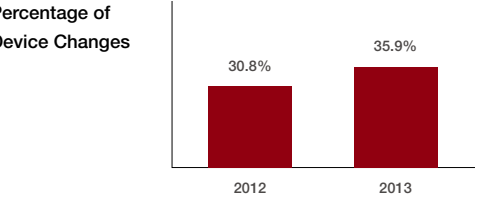
6.84 million as of the end of 2013. In addition, the percentage of new subscribers and mobile number portability (MNP) applicants who have selected the T kkiri Price Plan or the Unlimited Calling Plan exceeded 80% in the 3rd and 4th quarters of 2013. Such efforts to improve the fundamental competitiveness of products have led to meaningful results, such as an increase in subscribers, and a decrease in the churn rate.

Link to "Financial Materiality"

How the Customer Retention-Focused Policy Based on the Core Value, the "Happy Companion," Influences Costs

Heightened competition in the MNP market caused by Korea's saturated telecommunications market may accelerate the termination of subscribers and long-term customers, negatively affecting SK Telecom's profit structure. To address such challenges, SK Telecom has shifted the paradigm of competition to provision of services for creation of the highest customer values, and focused on retaining customers since 2013. We anticipate that the paradigm shift will prove to be more effective as time passes. The churn rate, which was 2.6% in 2012 at average, showed a decline to 2.07% in the 4th quarter of 2013, thanks to an initiative focusing on customer values (The annual average churn rate in 2013: 2.3%). More notably, the "Good Device Change" program, the reward program for long-term customers who wish to upgrade their devices, was adopted, reducing the churn rate of long-term subscribers (eligible for the "Good Device Change" program) by approximately 8.6% from 48.2% of 2012 to 39.6% in 2013, preventing the loss of long-term customers.

SK Telecom's marketing expenses for 2013 are about KRW 1.8 trillion in terms of customer attraction commissions, and the marketing expenses per subscriber are approximately KRW 236,196. The fact that the churn rate showed a year-on-year decline of 0.5% as of the end of 2013 indicates that SK Telecom has retained over 130,000 customers, which is equivalent to saving the costs of attracting new subscribers of about KRW 30.7 billion. It is expected that the marketing strategy focusing on customer retention, including the "Good Device Change" program, will positively affect business in the near future, as the strategy promotes a corporate image of integrity, builds a foundation to win a larger share of loyal customers, and reduces market volatility in the long-term.
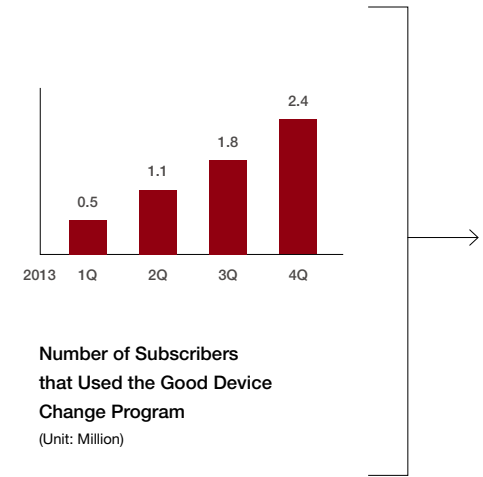
Percentage of Device Changes

Expenditure for Subsidy Payments (Unit: KRW trillion)

Number of Subscribers that Used the Good Device Change Program (Unit: Million)

Churn Rate

3
Strategic Focus

Greater LTE Leadership through Strengthened Network Competencies

SK Telecom provided quality network service in 2013 by continuously developing LTE-related technology and stably operating networks to maximize customer values. SK Telecom will make untiring efforts to provide its customers with the world's fastest and most up-to-date technology.
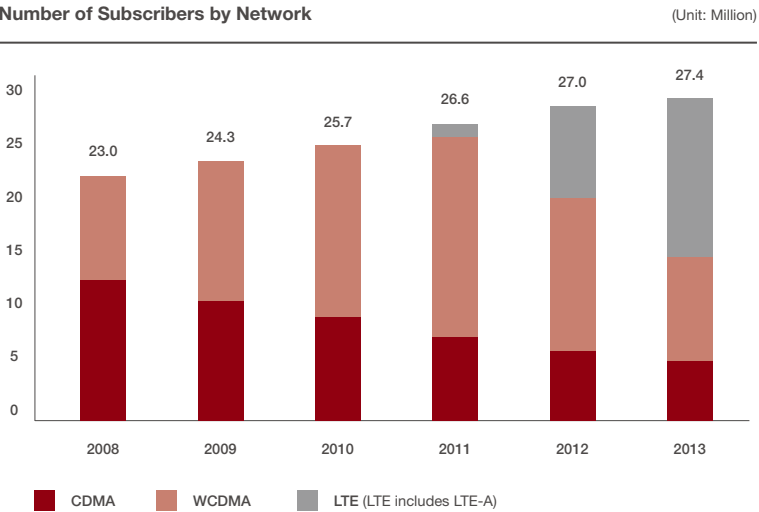
Why This is "Material"

Business Drivers:
Network quality is still a fundamental, core factor determining competitiveness. Although the competition to build the LTE network has matured, data traffic is steadily increasing, continuously requiring adequate network investments. Steady quality improvement, technology development, and the appropriate level of investments should be made at the same time.

Stakeholder Concerns:
• Network Quality
• Network Coverage

Major Impact on Capital:
• Financial capital: Improvement of shareholder values through mid- to long-term reinforcement of business competitiveness
• Manufactured capital: Expansion of social infrastructure by utilizing and building network facilities
• Intellectual capital: Communications and network technology development and expansion of intellectual properties

Where We Focus · How We Measure

Operation of LTE Network	LTE Penetration Rate	49%
Improvement of Network Quality	LTE Quality Survey	No. 1 (the Ministry of Science, ICT and Future Planning, December 2013)
Securing of Technological Competitiveness	Commercialization of New Technology	• Commercialization of LTE-A and Broadband LTE • Continued technology development including 3-Band LTE-A

Increased LTE Subscribers through Greater LTE Leadership

SK Telecom has improved the quality of smartphone services by commercializing the 4G service, Long-Term Evolution (LTE), in 2011, and opening up the era of data by commercializing the LTE-A service with carrier aggregation technology for the first time in the world in June 2013. In addition, SK Telecom launched its broadband LTE services using the 1.8GHz band in September 2013 so that existing LTE customers can benefit, improving customer value. LTE-A is two-times faster than LTE, and massive, high-resolution content can be transmitted quickly and seamlessly through an ultra-high-speed data network. SK Telecom will cement its leadership in the communications market by providing diverse convergence services using LTE-A. The number of SK Telecom LTE subscribers exceeded 13.49 million in December 2013, and about 49% of the total subscribers are using LTE, indicating that the leadership of SK Telecom is being cemented in the 4G LTE market, following the 3G market. As the share of LTE subscribers steadily increases, the number of smartphone users is also increasing.

Number of Subscribers by Network   (Unit: Million)

Year	Total
2008	23.0
2009	24.3
2010	25.7
2011	26.6
2012	27.0
2013	27.4

■ CDMA   ■ WCDMA   ■ LTE (LTE includes LTE-A)

Smartphone Numbers and Percentages of Smartphone Users

	2009	2010	2011	2012	2013
Numbers	0.5 million	3.9 million	11.1 million	16 million	18.3 million
Percentages	1.9%	15.2%	41.7%	59.3%	66.9%
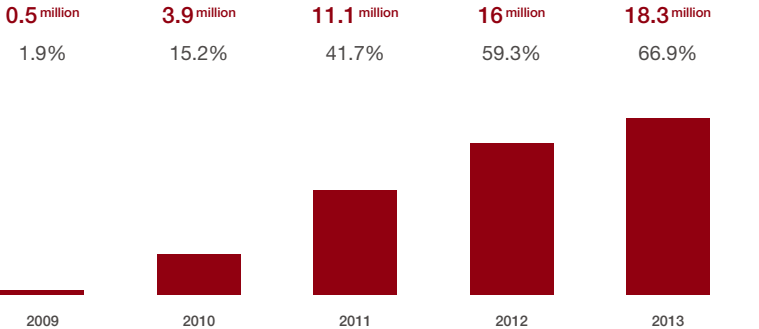
Technological Leadership from LTE to 3-Band LTE-A

SK Telecom, in order to provide better calling and data services, has advanced the network design and operation by analyzing various big data including traffic patterns by time and region. As a result, SK Telecom took first place for LTE-A, LTE, and 3G in a 2013 quality survey conducted by the Ministry of Science, ICT and Future Planning. More notably, SK has secured the global technological leadership in LTE, SK Telecom's major network, winning the Outstanding LTE Contribution of Global Mobile Award from GSMA, the world's largest telecommunications service providers' association, for two consecutive years (2013 and 2014).

SK Telecom will continuously expand coverage of LTE-A and broadband LTE, and has planned a full transition to broadband LTE in July 2014. SK Telecom has already dominated the 150 Mbps ultra-high speed market in 84 cities as well as in the Seoul Metropolitan Area through LTE-A. SK Telecom launche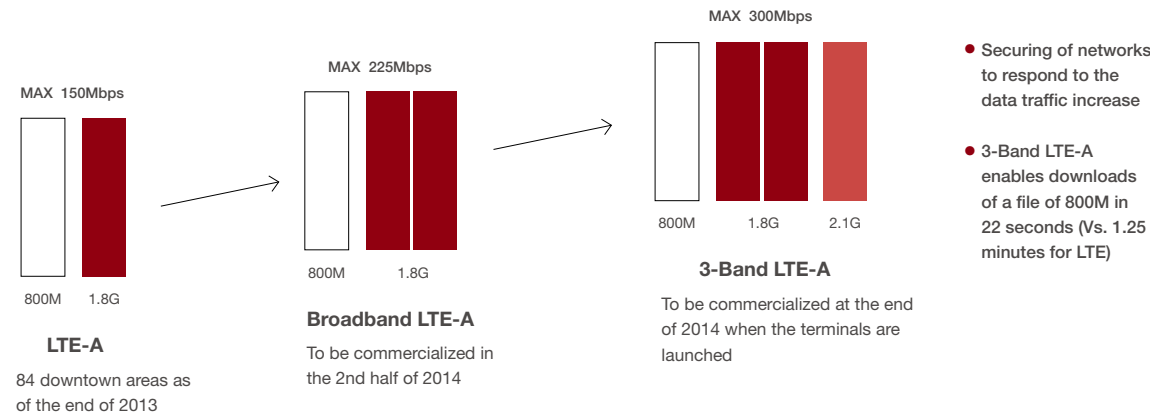d broadband LTE service in Seoul in late October and in the Seoul Metropolitan Area in late November after it first launched the service in September 2013. It will expand service coverage to metropolitan cities in March and across the nation in July 2014. In addition, SK Telecom will continue to fortify its technological leadership by leading the next-generation LTE-A service with speeds of up to 300 Mbps, driven by its success in the development of 3-Band LTE-A technology as well as broadband LTE-A services.
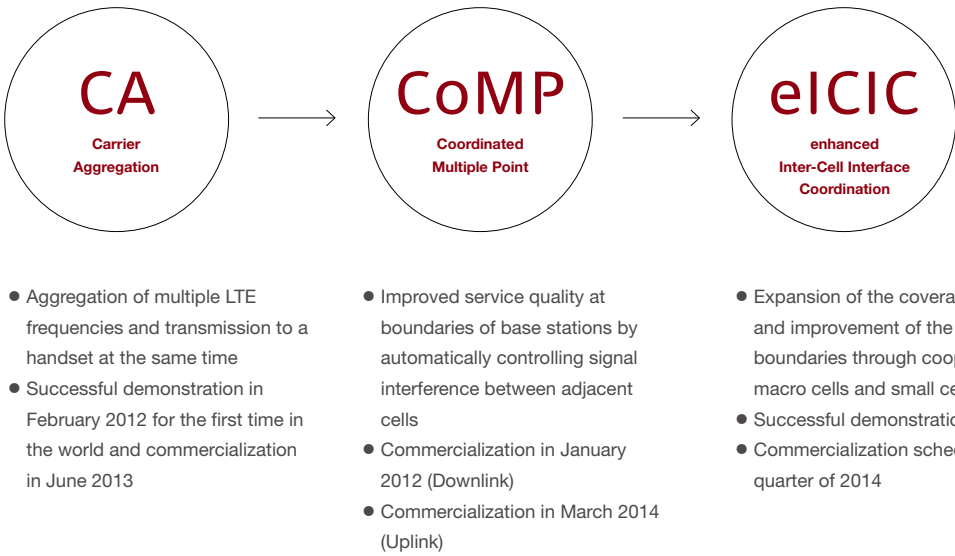
LTE-A Network Roadmap

MAX 150Mbps

MAX 225Mbps

MAX 300Mbps

800M 1.8G

LTE-A
84 downtown areas as of the end of 2013

800M 1.8G

Broadband LTE-A
To be commercialized in the 2nd half of 2014

800M 1.8G 2.1G

3-Band LTE-A
To be commercialized at the end of 2014 when the terminals are launched

- Securing of networks to respond to the data traffic increase
- 3-Band LTE-A enables downloads of a file of 800M in 22 seconds (Vs. 1.25 minutes for LTE)

World's First Commercialization of LTE-A Services

SK Telecom successfully commercialized its LTE-A services, doubling the speed of LTE, in June 2013, for the first time in the world.

Differentiated Technology

SK Telecom, by focusing on developing LTE-A technology since 2012, demonstrated the world's first Carrier Aggregation (CA) in February 2012 and eICIC in June 2012, spearheading the market. In addition to CA, SK Telecom will continuously deploy Coordinated Multiple Point (CoMP) and other technologies to improve its service quality at the boundaries of base stations, and to provide the best quality services.

CA
Carrier Aggregation

→

CoMP
Coordinated Multiple Point

→

eICIC
enhanced Inter-Cell Interface Coordination

- Aggregation of multiple LTE frequencies and transmission to a handset at the same time
- Successful demonstration in February 2012 for the first time in the world and commercialization in June 2013

- Improved service quality at boundaries of base stations by automatically controlling signal interference between adjacent cells
- Commercialization in January 2012 (Downlink)
- Commercialization in March 2014 (Uplink)

- Expansion of the coverage of small cells and improvement of the performance at boundaries through cooperation between macro cells and small cells
- Successful demonstration in June 2012
- Commercialization scheduled in the 4th quarter of 2014

LTE-A, which SK Telecom commercialized for the first time in the world in 2013, has proven SK Telecom's excellence in network technology. SK Telecom entered into a LTE consulting contract with China Telecom for Shanghai, China, in January 2014, and is gaining the attention of global telecommunications service providers. SK Telecom is also improving the profitability of MNO by efficiently managing facility investments and marketing expenses and improving key infrastructure, including distribution networks and product infrastructure. Mobile IPTV is a promising prospect in the mid- to long-term, as VOD use is continuously increasing, as we have witnessed in the fixed IPTV sector, and it can be applied to diverse business areas.

Resolving the Digital Divide by Building IT Infrastructure

SK Telecom continues to extend coverage to mountainous, island, or remote areas where residents have difficulty accessing phone services and offers compensation for losses on universal service provisions to provide universal service. In 2013, the cost of universal service division supported along with other Korean operators amounted to KRW 47.5 billion and SK Telecom covered KRW 16.9 billion.

Base stations installed in under serviced areas*

14,882

*Mountains, remote areas, hiking trails, islands

Universal Service Provisions   (Unit: KRW billion)

	2012	2013
Universal Service Provisions Support	17.4	16.9

Lifestyle Changes from Ultra-High Speed LTE-A

Network innovations driven by the penetration of ultra-high speed LTE-A have led to lifestyle changes, as individuals' access to information has rapidly expanded thanks to real-time multimedia service and network speed on the move. For example, B tv mobile, the mobile IPTV of SK Broadband, provides a full-HD real-time video streaming service. The full-HD video has a resolution double that of HD video, and LTE-A enables seamless mobile playback of the full-HD videos.

As LTE-A penetrates the market, multiple users are able to participate in group video calls and enjoy diverse content. Group Video Calling, launched by SK Telecom in June 2013, supports video calling of up to four users. LTE-A also contributed to the adoption of Free Lossless Audio Codec (FLAC), which minimizes losses of audio sources. SK Telecom provides about 60,000 songs in the FLAC format through Melon as of December 2013.

SK Telecom will continue to develop convergence services among devices, network, and software, and build the foundation for partnerships with ICT industries, based on its advanced mobile network infrastructure.

LTE Awards

Winner

Best Telecom Service Provider

Telecom Asia Awards

April 2013

Small Cell Network Innovation Award, Innovative Commercialization Technology

Small Cell Industry Awards

June 2013

Mobile Network Innovation Award, Service Aware RAN

GTB Innovation Awards

June 2013

Most Significant Operator Award

LTE Awards

June 2013

Outstanding LTE Contribution

Global Mobile Awards for two consecutive years

February 2014

Preparing for Future Competition by Securing Frequency

Frequency is the most basic resource of telecommunications service, and it determines the network competitiveness of the telecommunications service provider. Unlike 3G, the bandwidth of sequential frequencies determines the maximum speed of LTE. Accordingly, the competition to win more frequencies among telecommunications service providers has become more intensive than ever. Three major telecommunications service providers of Korea secured LTE frequency bands through a bid in 2011 when the LTE service was launched. In 2013, additional LTE frequency bands were allocated. In particular, the broadband LTE service was launched in 2013, so it was a matter of concern as to how the results of the frequency bid would affect the market.

SK Telecom, when it prepared for the frequency bid, developed the strategy to secure competitive frequency bands with minimum costs. As a result, it secured 1.8GHz, which is the most popular LTE frequency band in the world and through which SK Telecom has operated services since the second half of 2012, at a price which was almost a half of the competitor's price.

By winning the frequency, SK Telecom was favorably positioned to accelerate the LTE service launch and easily secure equipment and terminals. The costs saved through the strategy enabled intensive investment into the advancement of the network. SK Telecom will improve the convenience and benefit of users by using the 1.8GHz frequency, allocated in 2013, to provide outstanding quality services including the broadband LTE-A service.

Link to "Financial Materiality"

LTE Leadership, the Key to SK Telecom's Mid- to Long-Term Corporate Value Improvement

The improved quality of the 4G LTE network and transition to LTE directly drive SK Telecom's mid- to long-term corporate value improvement. Improved communications speed and service innovations enabled through the LTE network evolution expand our users' access to information, while enabling them to watch full-HD videos and make group calls, which are lifestyle changes. In addition, the data use patterns of network users have changed. Network charges under the price plan and the products are one of the major profit sources of SK Telecom. The growing data demand from LTE users indirectly affects profit growth. Packaged price plans combining baseball, the Olympic Games and the World Cup, and the expansion of B2B services have led to the growth of ARPU. The quarterly ARPU of SK Telecom in 2013 has gradually grown since the second quarter as LTE subscribers have increased.

Trends of Data Traffic (Unit: Peta Byte)

2012 4Q	2013 1Q	2013 2Q	2013 3Q	2013 4Q
12	17	21	25	28

Quarterly Trends of ARPU (Unit: KRW thousand)

2012 4Q	2013 1Q	2013 2Q	2013 3Q	2013 4Q
33.8	33.7	34.0	34.9	35.7

3
Strategic Focus

Providing Solutions that Lead the Era of ICT Convergence

SK Telecom is focusing on the development of three growth engine businesses including solutions, healthcare and IPTV as the data market expands and the use of smart devices is activated. SK Telecom will respond to the trend of accelerated ICT convergence and will create new values through cooperation with other industries for win-win growth.

Why This is "Material"

Business Drivers:
The ICT industry is currently undergoing rapid changes including innovations in business and customer experience driven by the penetration of smart devices, changes in customer needs, and ICT evolution. The expectation for SK Telecom in society is being shifted from being a provider of typical communications products and services to being a provider of innovative products that enable new experiences through optimized channels. This is the time to develop the technology that enables natural and convenient customer experiences and intelligent technology (cloud computing, etc.).

Customer Concerns:
• Innovative Management
• Products and Services
• Indirect Impact of ICT

Major Impact on Capital:
• Financial capital: Mid- to long-term shareholder value improvement through operation of new businesses
• Social and network capital: Growth of the ICT business ecosystem through expansion of boundaries and cooperation with partners
• Intellectual capital: R&D on future technology and growth engine technology

Where We Focus | How We Measure

Where We Focus	How We Measure	
Expansion of Solution Business	Solution Revenue	KRW 400 billion
Expansion of 3 Strategic Healthcare Businesses	Year-on-Year Growth Rate	40%
Growth of IPTV	Fixed and Wireless IPTV Subscribers	3.55 million subscribers

Explosive Growth Beyond Smartphones
Global network operators are accelerating their efforts for the commercialization of technology evolved in terms of speed and capacity, which drives the deployment of diverse connected devices including wearable devices. Providing new user experiences through ICT interactions among devices, Internet of Things (IoT) is being evolved into Internet of Everything (IoE), and is naturally being converged with innovative technology including big data and cloud computing. Thanks to newly emerging technology, the era of true convergence where intelligence is added to the interconnection of things has emerged.

According to the National IT Industry Promotion Agency, next-generation markets including cloud computing, big data, and mobile computing will account for 80% of IT-related expenditures by 2020, and the increasing use of smart devices will accelerate the growth of the ICT convergence sector. SK Telecom has secured a foundation for future growth by focusing on the facilitation of the use of smartphones, but it needs to develop and foster new business areas to achieve sustainable mid- to long-term growth, building on the foundation it has built. SK Telecom will lead the ICT convergence market with three growth engine businesses including solutions, healthcare and IPTV. While responding to the era of ICT convergence where boundaries between sectors are crossed, driven by the growing data market and facilitation of the use of smart devices, SK Telecom will create new value through win-win partnerships among industries.

The ICT-Converged Solution Business as a Growth Engine
SK Telecom will further foster the ICT-based convergence business, which it has developed as a growth engine. To this end, SK Telecom is operating the solution business in the ICT convergence sector, based on key assets it has secured in the connectivity sector, the competencies in development and operation of the platform, and the experience in serving the large-scale customer base. SK Telecom selected core solution businesses by comprehensively reviewing market size and internal competencies, and since 2013 has focused on core solution businesses, including Smart Store, Smart Work, Smart Cloud, Green & Safety, and M-ad & Payment. SK Telecom will develop the solution business into a KRW 1.5 trillion business by 2015. The solution business reflects new trends driven by changes in lifestyle and the business environment, and has provided a new role model of ICT that meets economic, environmental, and social needs. SK Telecom will secure stable profit through an ICT business platform-based business structure and business model, and prove the value of the business as the main pillar for the mid-term growth.

Achievements and Plans for Five Key Solution Businesses

	Description	2013 Highlights	2014 Plans
Work	Solution business to develop mobility-based solutions by reflecting the characteristics of the value chain and the business process by industry of customers, and provide the overall ICT infrastructure maximizing productivity and efficiency of business operations of customers	Secured about 70 corporate customers and recorded revenue of over KRW 30 billion with 12 solutions, including "Smart Counter," the mobile securities account opening system; and "SmartnCare," the traffic accident control solution run in conjunction with an insurance company	Expand specialized businesses in the SME market, including IT Compliance, respond to regulations; and broaden the portfolio for the large enterprise market
Green	Smart grid business applicable to the entire value chain from production to consumption, including ICT-based energy efficiency improvement, development and operation of the new and renewable energy system, emission trade system and AMI	Won orders worth about KRW 13 billion from 13 partners and built an image as a market leader by fully expanding services	Continuously increase customers of the energy management system for buildings and plants, while expanding the scope of the business to the new and renewable energy sector by advancing energy efficiency solutions like smart lighting control
Safety	Business to prevent crimes and disasters using ICT, monitor safety of facilities and spaces, and monitor and manage the status of persons and objects	Steadily secured customers by reinforcing image-security products including high-resolution CCTV service, SMS alert service, and additional insurance service	Lead the ICT-based physical security market by expanding cooperation with the on-site security guard service providers and fortify position as a provider of integrated security solutions by continuously improving the competitiveness of image security products and launching IT security-related new products
Payment	Business operated as a payment service provider including small-amount phone payment service, Direct Carrier Billing (DCB) service, ID authentication service, and smart billing service operated on behalf of public utilities	Increased the payment service users including small-amount payment and ID authentication service users, and launched the new payment services including Mobile Token to expand the scope of the business, and achieved revenue of about KRW 200 billion	Increase business size by expanding existing payment services like ARS authentication and advancing into the offline billing market, while fully entering into the payment market by launching the direct payment platform jointly with financial companies and PG service providers
IoT	Various services to identify and control the status and location of objects, people, and environments in distant places, by applying sensor, communications, and IT technologies to buildings and spaces	Sought business expansion to develop an ICT ecosystem with business partners and built the foundation for business expansion by launching the IoT platform	Selected three core businesses (Automotive, Asset and Agriculture) to fully expand the IoT solution business while diversifying the business portfolio using a diverse line-connected business model

Healthcare Business as a Growth Engine

As the convergence of health- and healthcare-related technology has accelerated due to an aging society, healthcare is gaining attention as a future growth business. According to the Korea Health Industry Development Institute, the smart healthcare market of Korea will reach KRW 3.1 trillion in 2014, double the size in 2010. It is expected that the global healthcare-related ICT solution market will grow into USD 50 billion by 2020, and the prevention and management service market is in its infant stage with enormous growth potential.

SK Telecom is operating the healthcare business by considering it as a mid- to long-term growth engine, and plans to develop the business into a KRW 1 trillion business by 2020 with the ultimate goal of developing an ICT-based global Health Hub. In particular, ICT will be applied to diagnosis, prevention and management, three of the four major healthcare areas included in treatment, and a new business model providing both customers (patients) and service providers (medical service providers) with values.

SK Telecom selected health management services, smart hospital solutions and IVD as three major areas in 2013, and built its business foundation by developing the health-on service, commercializing the smart hospital solution and acquiring an FDA approval for FREND, the instant diagnosis device (diagnosis of prostate cancer: May 2013; diagnosis of thyroid diseases: March 2014). In particular, diagnostic devices have enormous growth potential as the types of diagnoses available and distributors of devices increase and the sales of reagent necessary for the diagnosis of diseases grow. SK Telecom will fortify its growth base in overseas markets by advancing into markets in the U.S., China, and Southeast Asia in 2014.

Increasing the Marketability of IPTV

SK Telecom will launch a new service for the home market with the targets of 3.4 million fixed IPTV subscribers and 4.8 million wireless (mobile) IPTV subscribers by 2015. SK Telecom will create the environment for customized media services based on big data. SK Telecom has already reinforced voice and web search functions in addition to existing services such as real-time TV, and has dominated the market by launching smart TVs with embedded set-top boxes (jointly with Samsung Electronics).

The number of fixed IPTV subscribers grew to 2.05 million in 2013 with a year-on-year increase of 0.65 million. More notably, the number of mobile IPTV subscribers was 1.5 million with the year-on-year increase of 1.2 million.

Solution Business Revenue Growth

2012, 1Q	481
2Q	583
3Q	650
4Q	1,005
2013, 1Q	839
2Q	1,068
3Q	1,157
4Q	1,276

Legend: Work, Cloud, Green & Safety, Payment, Network·System Solution, etc

(Unit: KRW hundred million)
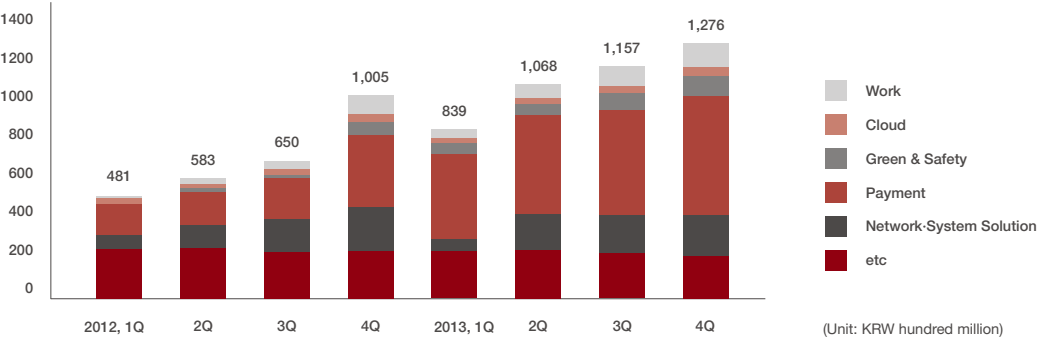
B box, launched in 2014, is an innovative home hub, and users can use diverse services enabled through fixed-line and mobile communication, including IPTV, VOD, video calling, home monitoring, family communication through SNS (Family Board), and cloud computing. Not only have services evolved into the next-generation home devices that converge media and homes, but new services related to smart homes can also be continuously developed and deployed, and Android OS was selected for scalability. Users can fully enjoy the media home service with TV and smartphones connected only through B box, and there is no need to install an additional home device.

R&D Investments for the Future

The foundation for innovations is in R&D. SK Telecom operates a Future Technology Institute and an ICT Technology Institute as R&D organizations. The Future Technology Institute operates pilot projects to verify business fit and market needs by selecting and developing core technologies. In 2013, SK Telecom selected core technologies as the foundation for mid- to long-term growth, including the processing and analysis of big data; image processing, analysis and recognition technology; voice recognition and language processing technology in Korean; and healthcare diagnosis reagent and device technology, and achieved its goals. In particular, 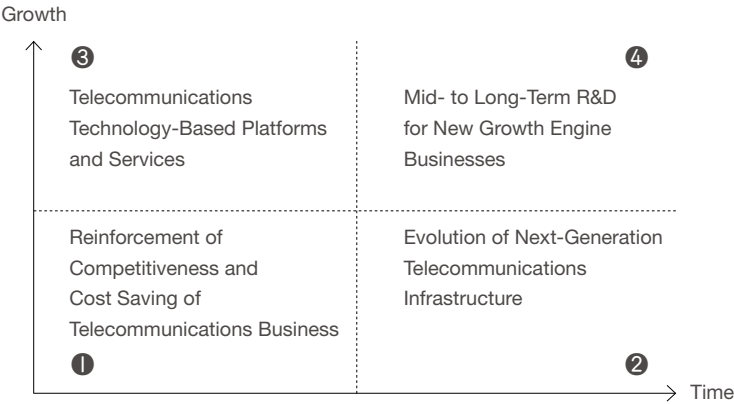SK Telecom decided to develop big data and reagent technologies as test businesses, and developed the operation plan and the direction of R&D strategy of the Future Technology Institute.

The ICT Technology Institute has operated its R&D activities based on the time-axis (current businesses vs. future businesses) and the growth-axis (current business model vs. growth business model). The ICT Technology Institute has used a wide range of technologies, including technology to improve functions like HD Voice to improving flash memory-based storage systems, to develop a broad array of R&D strategies in order to approve competitiveness and save telecommunications business costs.

Launch of the T Phone

SK Telecom created a convenient and safe calling environment without the need for installing additional apps by launching T Phone, the All-IP based next-generation calling platform.

R&D Strategy and Major Milestones

Growth

❸ Telecommunications Technology-Based Platforms and Services	❹ Mid- to Long-Term R&D for New Growth Engine Businesses
Reinforcement of Competitiveness and Cost Saving of Telecommunications Business ❶	Evolution of Next-Generation Telecommunications Infrastructure ❷

→ Time

**R&D
Costs and HR**

Total R&D Costs
2011 **KRW 458.4 billion**
2012 **KRW 423.1 billion**
2013 **KRW 434.7 billion**

R&D HR
2012 **838 Employees**
2013 **1,094 Employees**

❶ R&D for reinforcement of competitiveness and reduction of costs of existing telecommunications business
— Increase of the mobile capacity through the world's first commercialization of LTE-A
— Development of technology-improving functions including HD Voice
— Development of IT infrastructure including open source software and big data

❷ R&D on technology for evolution of next-generation telecommunications infrastructure
— Next-generation network technologies including SDN/NFV and super cells

❸ R&D on the telecommunications technology-based platforms and services
— Development of next-generation web (HTML 5) and open M2M·IoT platforms
— Development of the context awareness- and augmented reality-based technology

❹ Mid- to long-term R&D for new growth engine businesses
— Development of the flash memory-based storage system
— Development of the Quantum technology-based encryption technology

Link to "Financial Materiality"

T Phone, the World's First Phone Platform Driven Business Model Innovation

T Phone, launched in February 2014, is an easy and convenient phone platform with intuitive UI and scalable diverse functions. T Phone provides customers with a protection function to avoid unwanted calls including spamming and voice phishing. The home screen displays the names and images of frequent callers instead of a keypad, and users can access about 1 million phone numbers in order of proximity. T Phone will continuously evolve by embracing third party services based on open platform technology. It is expected that such an open platform will also contribute to the win-win growth of the ICT ecosystem.

3
Strategic
Focus

Creating
Shared Values
through ICT Innovation

SK Telecom is planning and operating a new CSV program to identify social issues that can be solved with core ICT competencies and to solve issues effectively. SK Telecom will spread positive energy in society through an in-depth understanding of social issues and through differentiated ICT competencies.

Why This is "Material"

Business Drivers:
As the needs for corporate social contributions shift from Corporate Social Responsibility (CSR) to Creating Shared Value (CSV), there is a growing need for the creation of social values using corporate resources and competencies. The social innovation model where social issues are solved in cooperation with business provides enterprises with opportunities for innovation in terms of the improvement of operating efficiency and the connection to new markets.

Stakeholder Concerns:
• ICT-based "Creating Shared Value" programs
• Digital Inclusion (Narrowing the digital divide among classes and the handicapped)
• Indirect impacts of ICT (including the improvement of economic efficiency, the activation of social communication, the improvement of values in life and the creation of new business using ICT)

Major Impact on Capital:
• Social and network capital: Improvement of relations with local stakeholders and the general public, the venture start-up ecosystem through "BRAVO! Restart" and "Traditional Market Revitalization Project"

Where We Focus | How We Measure

Where We Focus	How We Measure	
Support for "Happy Start-Ups" for Activation of the Venture Start-Up Ecosystem	"BRAVO! Restart" program	10 cases
Revitalization of Traditional Markets Using ICT	"Traditional Market Revitalization" project	2 markets (accumulated)
Improvement of Social Values and Performance of Social Enterprises	Support for the Happy ICT Foundation: 1,200 farmhouses in Wanju became beneficiaries of the smart local food program Support for Happy Ecophone: distribution of 499,000 units of Ecophones	

SK Telecom has established the CSV organization and accelerated its efforts, based on "Happy Companion" as a method of growth and creating shared values. SK Telecom affirmed the success potential of CSV by successfully operating the "BRAVO! Restart" program and "Traditional Market Revitalization" project in 2013.

Pursuit of Both Social and Business Innovations
SK Telecom will refine existing CSR programs to play a leading role in creating shared values between business and society and in replacing corporate social contributions with CSV. While taking the macro approach to existing programs, SK Telecom will expand its correlation with business and create the conditions for the sustainable creation of social values. SK Telecom will also build a sustainable system where all stakeholders involved can create values and produce achievements instead of the current one-sided and temporary system of an enterprise.

"BRAVO! Restart" Contributing to the Start-Up Ecosystem
"BRAVO! Restart" is a program supporting the establishment of start-ups by retired seniors, while contributing to the development of new growth engines of SK Telecom through joint projects with these venture businesses. SK Telecom developed the HD laser pico beam technology jointly with Cremotech, one of the supported business start-ups in the "BRAVO! Restart" program. Hub & Spoke, another "BRAVO! Restart" start-up, developed the sales channel of a product called Smart Gym Board, a channel that ultimately included domestic hospitals, schools, and the Chinese market, jointly with the business unit of SK Telecom. Those of the baby boom generation have fewer opportunities to establish high-value businesses or to be hired again in the job market, even though the generation was a main player of the economic development of Korea. Against this backdrop, they establish businesses with low barriers to entry, and more than half of them close their businesses in three years. ICT competencies and the resources of SK Telecom can greatly help them solve their problems in establishing their businesses. The business establishment support system for the baby boom generation is an integrated support system in which the ICT competencies of SK Telecom are concentrated. SK Telecom fosters those who will establish businesses by inviting public participation, investing in physical resources including funds and spaces, transferring its business know-how to turn a business model into reality, providing one-to-one mentoring and educational programs, and providing indirect capital for developments in joint technology, prototype and sales channel, while increasing the chance of the success of the new businesses established. SK Telecom selected ten teams out of 232

Venture Businesses Established through "BRAVO! Restart" Program
Hub & Spoke ("Smart Gym Board") and Buzzbee (global curation) recorded the sales of over KRW 100 million, based on the customized business start-up support of SK Telecom.

Completion of the First Session of the "BRAVO! Restart" Program
"BRAVO! Restart" is a program supporting start-ups by retired seniors, where a total of ten teams were supported in the program's first round in 2013.

Achievements of the 1st Round of the "BRAVO! Restart" Program

Items	Products	Descriptions
Product launches and sales generation	Buzzbee: global curation	Multi-language mapping of information about personal interests
	Hub and Spoke: Smart Gym Board	Controlling of existing games for smartphones and PCs with the feet (fitness effect)
Patent application	Parcel Net: Unmanned home delivery platform	Shared use of the unmanned home delivery box installed at a public place
	Wizontech: WizonSmart Stick	Pairing system synchronizing smart TV dongle (Smart Stick) and other devices
Joint development	Cremotech: Laser pico beam	The world's first 40 lumen laser pico beam for the laser project display for education, jointly developed with the Network Technology Center of SK Telecom
Advancements into global markets	Merlin: Real-time Wi-Fi-based visitor location service	Advancement into the Indonesian security market
Development of Prototypes	IM Technology: Cavity Filter	Development of the prototype of ultra-light Cavity Filter (the filter to reduce radio noise of gap fillers) with support of Prototype Development Center of SK Telecom

applicants for the first round of the "BRAVO! Restart" program in 2013. The winners achieved impressive results including product launches, generation of revenue, patent applications, and advancement into the global market.

Revitalization of Traditional Markets Using ICT

SK Telecom, in order to revitalize the traditional markets that have been marginalized by thriving supermarkets, has conducted the "Traditional Market Revitalization" project. By combining the efforts of traditional markets for recovery and the competencies of SK Telecom, successful cases in the development and marketing of ICT solutions that meet market needs are being made. SK Telecom is supporting the traditional markets in diverse ways, including accumulating a customer DB, supporting DB marketing using ICT, and developing products and brands that specialize in the market.

Singi Market, the Second Traditional Market Revitalization Project

SK Telecom, following the support for Jung-gok Jeil Market as the first project in 2012, revitalized Singi Market, located in Juan 7-dong, Nam-gu, Incheon Metropolitan City, as the second "Traditional Market Revitalization" project in 2013. Singi Market is a traditional market with over 120 shops, and is located adjacent to Munhak Baseball Stadium. In order to increase visitors and develop

the customer DB of the market, SK Telecom carried out promotions with the SK Wyverns professional baseball club, including the provision of discount coupons to baseball game ticket holders, and supported PR activities of the market through lottery events. In particular, SK Telecom deployed ICT solutions like "Beep," the smartphone payment solution customized for shops with delivery services, and "Myshop," the management support solution for small merchants. SK Telecom also developed a membership program exclusively for the market, and launched special price products for subscribers, operated a mileage program, and introduced various programs, including Membership Day, in order to boost sales.

The average sales of Singi Market during the project grew by 5% to 10%, and new sales generated through the membership service was over KRW 6 million a month on average. About 2,300 customers including 30% of new customers subscribed to the membership service, and young customers under 40 actively participated in the program. SK Telecom was able to identify the needs for ICT in traditional markets through the "Traditional Market Revitalization" project, and improved awareness by the government about the importance of support for traditional markets to use ICT, leading to favorable budget allocations and the facilitated development of the B2G market.

Support for Social Enterprises and Expansion of the Culture of Sharing

SK Telecom is contributing to the creation of stable jobs for the low-income bracket and innovations in social services by improving the competencies of its social enterprises, the Happy ICT Foundation and the Happy Ecophone Foundation. By developing the smart local food system, the Happy ICT Foundation was designated as the preliminary social enterprise of Guro after gaining high recognition of its growth potential in Guro-gu, Seoul Metropolitan City. The Happy Ecophone Foundation is operating a used phone recycling business as a social enterprise certified by Daejeon Metropolitan City. Similarly, the Happy ICT Foundation also launched a mobile phone education program for multicultural families. SK Telecom is fulfilling its social responsibilities in diverse, optimal ways. It is operating the ICT platform for public interests, including "Give U," "With U" and the "Happy Library." It also hosted the "IT Challenge Contest for the Handicapped" to support the independence and self-sufficiency of those in the low-income bracket.

Traditional Market Revitalization Project

The "Traditional Market Revitalization" project restores the competitiveness of traditional markets by utilizing ICT solutions and marketing competencies. The second project in 2013 with Singi Market in Incheon was successfully revitalized.

Major Achievements of the ICT Sharing Platform

T Together

443,479 Visits
3,867 New Subscribers

Social Contribution
Portal Participation
by SK Telecom Customers

Give U

Accumulated Fund
Raised of KRW 743 Million

Customer Participation
Program

With U

1,188 Registered Jobs
2,877 Applicants for Volunteer Services

Platform for Registration and
Support of Volunteering

Narrowing the Information Gap to Expand Information Access Using ICT

The information gap is emerging as a social issue with the development of advanced ICT. SK Telecom will use the ICT competencies of its members to provide education on the use of smartphones and ICT for those who have less access to information (North Korean defectors, multicultural families and seniors), contributing to narrowing the information divide. SK Telecom has operated "Happy Mobile World," an education program for seniors on the use of mobile phones, with "Sunny," the college student volunteering team of SK, since 2007. "Sunny" has entered into one-to-one sisterhood relations with seniors in senior centers across the nation, and its members have been visiting senior centers regularly and teaching seniors how to use mobile phones, including sending SMS and images, and using the alarm and calendar functions. More notably, the smartphone class was operated since 2011, gaining popularity with education on the use of the most useful applications for seniors, including SNS, subway and bus information, and information searching. To facilitate the seniors' use of mobile phones, the E-um ("Connection") Festival has been held since 2010 as a contest for seniors on the use of mobile phones. Over 200 seniors participated in the 4th E-um ("Connection") Festival, held in July 2013, including honored graduates of the "Happy Mobile World." According to the survey targeting trainees of the "Happy Mobile World," 95% of respondents answered that the education on the use of mobile phones was helpful, proving the high satisfaction level of trainees. SK Telecom also provided education on the use of mobile phones for over 240 North Korean defectors (4 Hana Centers) and 136 multicultural family members (68 parents and 68 children) in 2013. SK Telecom's "IT Challenge Contest for the Handicapped Youth," which marked its 15th anniversary in 2013, received participation by 121 students attending special schools. The students improved their competencies in information access and shared a willingness for self-support and independence. SK Telecom is also operating the "Happy Library," the voice contents service for the visually handicapped. The "Happy Library" is an application jointly developed with the Korea Blind Union in 2011. It is a voice information service for the visually handicapped, encompassing books, news, magazines, living information, and rehabilitation. The service was available only for subscribers of SK Telecom when it was first launched, but it was opened to all smartphone users in 2013. SK Telecom will actively use ICT competencies and continuously make CSV efforts, pursuing both social and business values.

IT Challenge Contest for Handicapped Youth
"IT Challenge Contest for Handicapped Youth of SK Telecom," which marks its 15th anniversary in 2013, is a representative information search contest for handicapped youth, aiming to facilitate the participation of the handicapped in society by narrowing the information divide and improving public awareness about the handicapped.

Link to "Financial Materiality"

"Smart Local Food Business Support System" of the Happy ICT Foundation

Local foods refer to the agricultural products cultivated within a 50 km radius from the place of residence of the consumers. If the use of local foods is activated, the distance of transportation from producers to consumers can be shortened, reducing greenhouse gas emissions in the logistics process and improving the freshness of the food products. In addition, consumers can purchase goods at lower prices, and small-scale farmers can increase their income by participating in production and distribution, thanks to the streamlined distribution process.
SK Telecom is contributing to the economy of agricultural communities by applying ICT convergence technology that is related to local foods in Wanju-gun, Jeollabuk-do Province, through the Happy ICT Foundation, the preliminary social enterprise. Following the activation of "Smart Farm," which enables the remote management of greenhouses using smartphones, the Foundation developed the "Smart

Local Food Business Support System," enabling the efficient management of the local food businesses. The "Smart Local Food Business Support System" consists of a smartphone application and an integrated management system for farmers, a sales channel management of business managers, and an online mall for consumers. As business managers, farmers and consumers can communicate with one another in real-time, agricultural products can be diversified, and goods can be stably supplied to farmers' markets. The local food support program was selected as the pilot program for smart work activation by the National Information Society Agency of the Ministry of Science, ICT and Future Planning, gaining the attention of the government and the industry. SK Telecom will promote the "Smart Local Food Business Support System" among local governments to activate the local food ecosystem, while identifying business feasibility in cooperation with the government.

Link to "Financial Materiality"

Happy Ecophone Foundation Creates Social and Economic Values by Recycling Used Phones

Since its establishment, the Happy Ecophone Foundation has created high social values by recycling resources, narrowing the information gap with the low-income bracket and creating jobs. It also contributed to achieving the sales target of T Ecophone, the used phone selling and buying service of SK Telecom, by

stably operating the organization and improving the business process. The Happy Ecophone Foundation was designated as a preliminary social enterprise in August 2013, and was the first R&C-connected social enterprise.

Sales Target Vs. Results of T Ecophone for 2013

Items	Targets	Results	Percentage of Target Achievements
Buying	455,000 Cases (KRW 23.32 billion)	457,000 (KRW 29.8 billion)	128%
Selling	497,000 Cases (KRW 33.7 billion)	499,000 (KRW 35.4 billion)	105%

*Results are based on the estimates for 2013

3
Strategic Focus

Reducing Greenhouse Gas Emissions through ICT

Climate change is an urgent issue requiring specific actions. SK Telecom will voluntarily reduce greenhouse gas emissions and contribute to the reduction of the national greenhouse gas emissions by utilizing innovative ICT.

Why This is "Material"

Business Drivers:
There are high demands for the reduction of greenhouse gas emissions, including the introduction of the greenhouse gas management target system, the introduction of the environmental information disclosure system and the introduction (in the future) of the emissions trading system under the Framework Act on Low Carbon, Green Growth. Climate change broadly affects business as there are risks of regulatory changes, changes in the industry and lifestyle, and direct increase in disasters. Electric power shortages caused by the growing demands for cooling in the summer season may affect the stability of SK Telecom's data center operation. SK Telecom is implementing its business strategy, considering the limited environmental capital including the climate, energy, and resources.

Stakeholder Concerns:
• Climate Change
• Energy
• Emissions

Major Impact on Capital:
• Environmental capital: The prevention of the depletion of resources by operating environmental initiatives like eco-friendly management, the social reduction of greenhouse gas emissions and management activities with limited environmental capital

Where We Focus | How We Measure

Responses to Greenhouse Gas Regulations	Achievement of the Greenhouse Gas Emission Target	Met our annual GHG emission target (below 722,000 tCO$_2$e of emission)
Leadership in Social Greenhouse Gas Issues	Development of the Foundation for Acquisition of the Emission Rights	The method of calculation of GHG reduction through T Map was approved as a recommended international standard
Improvement of Environmental Awareness	Winning of High Recognition in External Evaluations	Selected as a CDP leader for four consecutive years

ICT Facilitating Green Lifestyles
ICT can affect broad environmental areas as well as industry. Smart City, where ICT services and applications improve traffic flows or the energy efficiency of buildings while reducing greenhouse gas emissions, can be a good example. As such, ICT changes the lifestyle, the business process and the working process in an environmentally friendly manner, minimizing the negative effects of human activities on nature. The climate change responses through the reduction of energy use and greenhouse gas emissions are applicable only to Scope 1, the direct emission from the consumption of fuels like oil and gases; and Scope 2, the indirect emission from the consumption of electric power, water and steam. In the future, the scope of the responses should be expanded to Scope 3, the emission from outdoor activities. Scopes 1 and 2 focused on the method of reducing energy consumption, while Scope 3 focuses on changing the awareness and the actions of all members of society for a greener lifestyle.

Reducing Greenhouse Gas Emissions Using T Map
The ICT industry must continuously develop diverse and convenient ICT services and applications that are consumer-friendly and useful for an eco-friendly society. In addition, a study on methodologies for objective measuring, evaluation and reporting of positive and negative impacts of ICT on the environment should be made. The method of calculation of social greenhouse gas reduction using T Map, which was developed by SK Telecom, can be a good example of such studies. The methodology was finally approved as a recommended international standard by the ITU at the ITU-T SG5 (Study Group 5 for studies on the environment and the climate change) conference in 2012. The standard methodology was developed by SK Telecom and RRA for the recent two years through public-private cooperation. It is the first internationally recommended standard of calculating greenhouse gas emissions of specific ICT services, including real-time navigation. The methodology calculates greenhouse gas emissions saved through faster and shorter driving of drivers who use real-time navigation to detour around congested areas. SK Telecom surveyed the greenhouse gas reductions of regular navigation users (based on taking the shortest routes) and T Map users along with vehicle types, fuel, time and sampled distances as control variables in 2012 (reliability of 95%). According to the survey, T Map users reduced fuel use by 11.9% and CO$_2$e emissions by 12.9%, while driving 9.99 km/h faster.

Cloud BEMS
Cloud Building Energy Management (BEMS) is a solution that improves energy efficiency by collecting data on the energy use of corporate customers in real-time, and by managing and analyzing the data in the cloud.

T Map
T Map is a navigation application that offers improved user convenience. It shows the estimated CO$_2$e emission estimate and the fastest route for eco-driving.

Acquisition of the status of the internationally recommended standard for the calculation of greenhouse gas reductions through the T Map real-time navigation will be a stepping stone for SK Telecom to play a leading role in socially reducing greenhouse gases using ICT and acquiring emissions rights.

T Membership Mobile Eco Card
With over 30 million smartphone subscribers, it is expected that replacing the existing physical membership cards with mobile membership will significantly reduce the environmental impact. SK Telecom fully replaced its plastic membership cards with mobile cards for customers subscribing from August 2013. Previously, customers were able to get the membership benefits and the mobile cards only with plastic cards, but now they can immediately download the "T Membership Mobile Eco Card" after applying at T World Mobile App.
When a customer using the "T Membership Mobile Eco Card" is added, we can save about 4.88 g of plastic and reduce 11 g of carbon emissions. SK Telecom has issued or reissued about 5 million plastic membership cards a year on average, in order to operate the T Membership program with about 9.5 million subscribers. When the membership cards are fully replaced with mobile cards, SK Telecom can save about 24 t of plastic per year, and reduce carbon emission by 55 t.

Cloud BEMS and Cloud FEMS, the Energy Efficiency Improvement Solutions
Cloud Building Energy Management System (BEMS) and Cloud Factory Energy Management System (FEMS), the energy efficiency improvement solutions of SK Telecom, improve efficiency by collecting and analyzing a range of diverse information for real-time energy management in buildings and plants. In order to operate the ICT-based energy saving business, SK Telecom has advanced solutions since 2011, when it developed and commercialized the Cloud BEMS.
SK Telecom developed and deployed a platform for convenient energy management and cost-saving for customers, including a mobile energy data monitoring system, an energy target management system, and a peak management system for customers in 2014. In addition, SK Telecom will develop the technology to save energy through optimal operation by facility based on the accumulated data on facility operation and energy consumption by the end of 2014, further reinforcing its competitiveness in energy saving solutions.

Whenever a "T Membership Mobile Eco Card" user is added, we can save about 4.88 g of plastic, which reduces carbon emissions by 11 g. This can be translated to an annual saving of plastic by about 24 t and a reduction of carbon emissions by about 55 t.

-11 g

SK Telecom recorded greenhouse gas emissions of 707,963 tCO_2e as of the end of 2013, exceeding its emission target of 722,000 tCO_2e.

707,963 tCO_2e

Minimization of Environmental Impacts
SK Telecom has made efforts to minimize the environmental impact of business operation processes and to expand its eco-friendly culture, including the practice of social greenhouse gas reduction, the operation of environmental solutions, and the adoption of eco cards. In order to improve the energy efficiency of its business operation processes, SK Telecom interrupted the standby power of bidets and vending machines in offices and turned the lights off after circuit separation of the lighting system during evening hours, saving 3,901 MWh of energy per year. SK Telecom will also save about 4,300 MWh of energy by continuously expanding this practice in 2014. As a telecom service provider, SK Telecom is not a direct manufacturer, which means it does not have significant environmental impacts such as discharges of toxic or hazardous chemical materials. SK Telecom was not fined or penalized for violating environmental laws and regulations in 2013.

Link to "Financial Materiality"

Expansion of Energy Efficiency Improvement Solutions including Cloud BEMS and FEMS

In relation to the energy efficiency solution, SK Telecom has increased references by using the technology accumulated through empirical study on the SmartGrid in 2009 and by targeting large energy consumers, including buildings and plants, from 2012. SK Telecom has operated energy efficiency improvement programs in diverse sectors including hotels, hospitals, department stores, resorts, plants and buildings, and applied the solutions in a total of 13 buildings and plants in 2013. SK Telecom plans to apply these energy efficiency improvement solutions to over 50 buildings and plants in 2014.

Hospital: Cheju Halla General Hospital

Project Overview: Development of Cloud BEMS and improvement of the heating and cooling system

• Parallel operation of heat pumps of freezers and boilers
• Collection and analysis of data on the use of heating and cooling energy by floor and zone; and data on performance by equipment
• Optimal operation and energy saving management according to the temperature of the cooling water and the load on heating and cooling

Results in terms of energy saving: The energy-related expenditure of the facility to which the energy management system was applied declined by 30.4% (KRW 0.179 billion) in 2013, compared to 2011.

Department Store: Hyundai Department Store

Project Overview: Development of Cloud BEMS and improvement of the heating and cooling system

• Improvement of the system by directly supplying cooling water for freezing and refrigerating
• Inverter control and management (chilling pump and air conditioner)
• Optimal operation and energy saving management according to the temperature of the cooling water and the load on heating and cooling

Results in terms of energy saving: About KRW 84 million of energy expenses were saved in the four months since the system was adopted in August 2013 (8% of the annual total energy expenses).
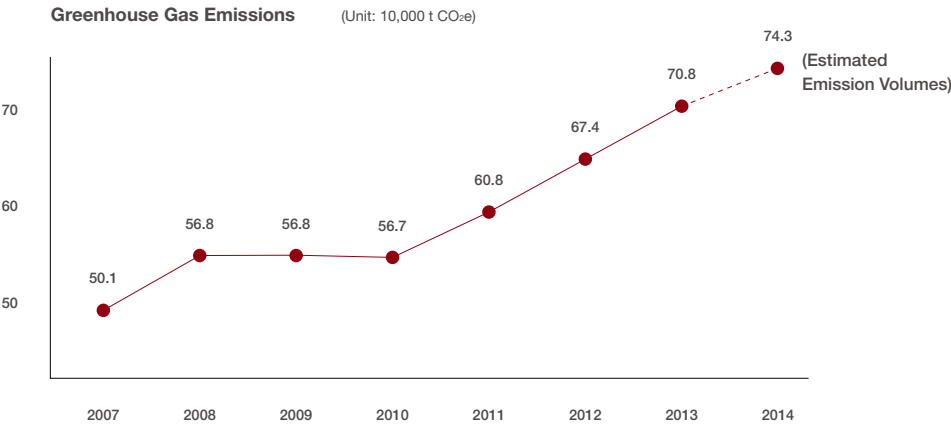
Limits of Responses to Climate Change Regulatory and Initiative for Social Greenhouse Gas Emission

Risks of Limited Greenhouse Gas Emission Competencies

SK Telecom depends on electric power, which accounts for over 95% of its energy use. Moreover, the network facilities installed across the nation are the main use of energy. As the network becomes more advanced, SK Telecom's greenhouse gas emissions (absolute volume basis) have grown continuously. Despite efforts to reduce electric power for cooling by developing and deploying highly efficient communications equipment (low-power gap fillers) and increasing the temperatures of base stations, it is unavoidable to see the greenhouse gas emissions increasing due to business growth. SK Telecom emitted greenhouse gases of 707,963 t CO_2e in 2013, and it is expected that the emission volume will grow in 2014 due to network facility expansion. The obligatory reduction volume is expected to gradually increase, and it is difficult to achieve the reduction target through voluntary efforts. The gap between government regulation and actual greenhouse gas emission is one of the major risks related to climate change that SK Telecom has recognized.

Offsetting the Greenhouse Gas Emissions by Social Greenhouse Gas Reduction

As the network is operated 24 hours a day, 365 days a year, we cannot achieve the greenhouse gas reduction target by simply adjusting the operating time. In addition, massive investments amounting to a few trillion won should be made to improve the efficiency of network equipment installed across the nation. Against this backdrop, SK Telecom is developing strategies such as participation in the joint responses to climate change including ETS and CDM; and contribution to social greenhouse gas reduction using ICT, in order to prevent greenhouse gas emissions from directly affecting the business financially amid the future changes of regulations and costs of the emission rights. Efforts to calculate potential social greenhouse gas reduction volumes using ICT, to study social greenhouse gas reduction using T Map, and to develop the methodology to secure the emission right were made to mitigate future risks.

SK Telecom will secure emission rights using T Map after acquiring approval for the method to secure such rights. It will also achieve the greenhouse gas reduction target and actively participate in the emissions trading system.

Greenhouse Gas Emissions (Unit: 10,000 t CO_2e)

74.3 (Estimated Emission Volumes)
70.8
67.4
60.8
56.8 56.8 56.7
50.1

2007 2008 2009 2010 2011 2012 2013 2014

3
Strategic
Focus

Our Ideal ICT Ecosystem Achieved with Win-Win Growth

SK Telecom will create an environment where the entire ICT ecosystem can have healthy competition and growth by avoiding competition among individual businesses. To improve the competitiveness of partners, SK Telecom will run diverse support programs for win-win growth and actively communicate with partners.

Why This is "Material"

Business Drivers:
SK Telecom, during the process of providing products and services, depends on a value chain consisting of many partners from equipment and facility suppliers to construction companies, marketing partners and dealers. Win-win growth, which improves corporate competitiveness and solves the issue of bipolarization between large enterprises and SMEs, plays a critical role in the growth of the ecosystem. In addition, developing transparent transaction practices and a high level of human rights-related, environmental, ethical and social practices in the supply chain facilitate long-term growth and development of the entire ICT ecosystem.
Stakeholder Concerns:
• BP Win-Win Growth
• ICT Ecosystem
• Procurement Practices
• Supplier Standard
Major Impact on Capital:
• Social and network capital: Improvement of partnerships, and the growth and development of the entire ecosystem

Where We Focus | How We Measure

Where We Focus	How We Measure	
Support for Sales Growth of Partners	Growth Rate of Purchase Transactions	38.8%
Financial Support for Partners	Integrated Financial Support	KRW 81.74 billion
Development of the Sustainable Supply Chain	Rate of Audit on the Supply Chain	Audit in writing: 52.6% Audit on site: 8.8%

SK Telecom's Legacy of Win-Win Growth

SK Telecom, starting with the establishment of the win-win growth and cooperation for co-prosperity with SMEs for the first time in the communications industry in 2003, has continuously conducted activities for win-win growth. SK Telecom achieved 100% cash payments to partners in 2005, established Win-Win Growth Academy as well as an education support system in 2006, established the Win-Win Growth Committee of SK Group in 2008, established a growth fund worth KRW 150 billion for discounts of interest rates of loans to partners in 2010, opened T Open Lab, which is the technological infrastructure support center, and the technology escrow contract in 2011, which are activities for win-win growth.

In May 2013, based on the action plans for the "Happy Companion" announced by the CEO, activities such as support for small merchants in traditional markets, support for business start-ups through "BRAVO! Restart," and sharing the value of growth through joint advancements into overseas markets have been continuously reinforced and expanded. Thanks to these efforts, SK Telecom took first place among 73 large enterprises in the corporate win-win growth indicator of the National Commission for Corporate Partnership and the Fair Trade Commission for 2012, which was released in May 2013.

SK Telecom is working on achieving win-win growth with the aim of "pursuing happiness with partners by building the healthy business ecosystem of the ICT industry." The win-win growth pursued by SK Telecom consists of the reinforcement of mutual trust through the removal of unfair transactions and the promotion of win-win purchases; the facilitation of communication for expansion of the culture of win-win growth; reinforcement of the competitiveness of partners through talent development and technical and financial support for partners; and sharing the value of growth through joint launches of new businesses.

Win-Win Growth Agreement and Cooperation for Co-Prosperity

The Fair Trade Commission developed standards for fair transactions and win-win growth procedures and support between large enterprises and SMEs in 2013; SK Telecom entered into relatively large transactions with 201 partners in 2012. SK Telecom developed the policy by reflecting four guidelines, including guidelines on contracting, on selection and operation of partners, on the establishment and operation of the internal deliberation committee, and on the maintenance and issuance of documents. The standard contract form of SK Telecom includes major provisions of the standard subcontract agreement of the Fair Trade Commission. The win-win growth support programs of SK Telecom are broadly divided into

financial support, technical support and protection, education and HR support, and management support. The financial support program reduces the imbalance in the flow of funds, and fortifies the foundation of existence of small- and mid-sized partners. The technical support and protection program aims to develop, transfer, and jointly develop tangible and intangible technology in the process of planning, development, and marketing. As for education and HR, the partners' independence is supported through the reinforcement of competencies, the support of know-how and systems and support for the hiring of employees. In addition, SK Telecom supports the long-term operation of partners. This includes operating the management doctor system, allowing optional contracts with the most valuable partners, and relieving them from obligations for performance guarantees.

Financial Support for Partner Companies

SK Telecom is operating the direct and indirect financial systems for partners to solve the issues of the lack of funds to make purchases, and to improve real liquidity. As indirect financial support, SK Telecom provides credit loans through network loans and WinC. For direct financial support, SK Telecom has, jointly with the financial sector, raised its win-win growth fund worth KRW 160 billion and contributed KRW 76 billion. In 2013, SK Telecom entered into the agreement for a cooperation fund for technology development through public-private joint investment, and will raise a fund worth KRW 30 billion, including its contribution of KRW 15 billion for three years from 2014. As for the terms of payment, SK Telecom has made 100% cash payments (conducted since 2005) for SMEs in 2013, and has achieved the target under the agreement (10 days) of the average payment period of 8.7 days.

Development of the ICT Win-Win Growth Platform

SK Telecom is conducting activities such as providing diverse technological support and protection and the joint development of sales channels for partners in order to continuously expand the ICT ecosystem. More specifically, SK Telecom is supporting the development ecosystem through transfers of technology and licenses; participation of the technology development program through the public-private joint investment, the operation of open API, the opening of the Big Data Hub, and the establishment of the T Open Lab.

Win-Win Growth Vision of SK Telecom

- Removal of Unfair Transactions and Promotion of Win-Win Purchases

- Support for Development and Welfare of Talented Employees of Partners
- Expansion of Technical Support and Financial Support for Reinforced Protection

Pursuit of Co-Prosperity with Partners through the Development of a Healthy Business Ecosystem

Win-Win Growth

Reinforcement of Mutual Trust

Activation of Communication

Improvement of Competitiveness of Partners

Sharing Value of Growth

- Expansion of Culture of Win-Win Growth through Horizontal Communication

- Expansion of the Performance Sharing System
- Sharing of Growth Opportunities for Joint Launches of New Businesses

Win-Win Growth Committee

SK Telecom produced measures for true win-win growth through seven months of discussions with over 250 employees of partners, and announced the win-win growth plan developed with partners through the Win-Win Growth Committee.

2013 Highlights of Win-Win Growth

Institutional Improvement

Support for Sales Growth of Partners

- Development of domestic and overseas sales channels
- Direct and indirect support including joint launch of domestic and overseas businesses and provision of the management information using WinC
- Expansion of the size of transactions (purchase contracts)

- Domestic and overseas fairs, joint brand marketing, and sales channel development (for 41 partners)
- A purchase transaction amount growth of 38.8% compared to 2012

Financial Support

- Expansion of contributions of large enterprises for financial support
- Maintenance of 100% cash payments
- Maintenance of the payment period of ten days or less

- Integrated amount of support: KRW 81.74 billion

Technological Support and Protection

- Expansion of technology transfer (granting of licenses)
- Support for technology development and installation
- Expansion of results of technology escrow

- Technological support for 4,919 partners (including overlapped programs)
- Protection of technology through technology escrow for 26 partners

Education and HR Support

- Expansion of educational support
- HR support

- Education and training for reinforcement of competencies of employees of 412 partners
- Support for recruitment of 26 partners

In 2013, SK Telecom reinforced the foundation for win-win cooperation to improve technological competitiveness and the profits of partners. In particular, it significantly expanded technological support and contributions, including technology transfers (granting of licenses), joint research projects and joint technology development, facility support, technology escrow systems, joint patent application and registration, and support for patent application. SK Telecom supported the technology development of a total of 4,919 partners (possibly double-counted due to the multiple support programs) in 2013, and protected the technology of a total of 26 partners through technology escrow.

SK Telecom sets the ultimate goal of win-win growth as the sustainable development of the ICT ecosystem. SK Telecom will continuously expand the win-win cooperation activities of developing technology and new markets based on this platform, rather than the win-win growth driven by one-sided support.

Opening of Big Data Hub

SK Telecom opened Big Data Hub for app developers so that anyone can use the accumulated data.

T Open Lab

T Open Lab of SK Telecom has made diverse activities to support SMEs and individual developers since it opened, contributing to the development of the ICT ecosystem.

Open Innovation:
Results of Operation of the API (Application Programming Interface) Center

	Partners Participated	Remarks
Open API M2M platform	21 partners	• Operation of joint development programs for five initiatives among the initiatives with SME development completed • Achievement of annual revenue of KRW 2 billion by initiative
Open API cloud	61 partners	• Donation of infrastructure for business development of SMEs
Open API Cornerstone WDK	4,002 partners	• New revenue can be generated when business development succeeds
Big Data Hub	8 partners	
Total	4,092 partners	

Education and Human Capital Support

It is very important to provide proper education for the long-term success of partners. SK Telecom has maintained over 110 online education and group education programs in eight areas, including general management, technology and IT, leadership, marketing, finance and accounting, languages and OA, for the employees of partners. In 2013, a total of 412 partners used the education programs of SK Telecom. The company also supported the hiring of employees of partners with a lack of human capital. In 2013, SK Telecom entered into an industry-academia cooperation agreement with special high schools, and supported the hiring of employees of 48 partners.

Business Partners
Participating in
Open Innovation API Center

4,092 partners

Number of
Business Partners' Employees
Attending the Education Program

43,512 people

(From 2011 to 2013, a three-year accumulated basis)

Pursuing Growth through Human Capital Development

The key initiative of human capital management of SK Telecom is to innovate human capital and culture, enabling the achievement of the vision through performance-based recognition and rewards and to improve the competencies of employees through challenges and innovations. SK Telecom will further develop internal growth engines through continuous investments into human capital development.

Why This is "Material"

Business Drivers:
As traditional society moves toward being an information society, there are explosive demands for talented managers. As the mindset and values of talents change, the competitiveness of an enterprise is responsible for continuing to attract and maintain talent. Leakage of key talent directly impacts an enterprise, as it leads to the loss of strategic resources and lowered market value of the enterprise.
SK Telecom is making efforts to improve the competencies of its employees and motivate them through a talent attraction strategy, a talent development system, and a voluntary corporate culture, with the belief that the company can be developed only when its employees are happy and satisfied.

Stakeholder Concerns:
• Talent Attraction and Retention
• Human Capital Development

Major Impact on Capital:
• Human Capital: Improvement of human capital and development of future growth engines of SK Telecom by attracting talent and fostering strategy

Where We Focus — How We Measure

Where We Focus	How We Measure	
Investments in Human Capital Development	Human Capital Development Costs Per Employee	KRW 3.38 million
Reasonable Performance Evaluation System	Rate of Employee Performance Evaluation	96%
Improved Employee Satisfaction	Employee Survey	86 points

Performance Evaluations and Organizational Culture

SK Telecom conducts performance evaluations for all employees. The performance evaluation considers factors such as mid- to long-term performances, contributions to the organization, and challenges and innovations, in a balanced manner, and People Review & Coaching (PR&C) activities are conducted throughout the year to improve fairness. To maximize the effect of the performance management for the fostering of employees, SK Telecom gives detailed feedback based on the results of the performance review. Such an evaluation system centered on fostering talent can motivate employees and enable the development and efficient operation of the organization.

As part of its efforts to respond to the rapidly changing industry, SK Telecom abolished its title-based organization in 2006 and adopted the manager system, creating a horizontal and creative organizational culture. All employees are called "managers," and one's position is decided based on the pay band, in order to operate the rule-based human capital management system instead of the position-based system.

Strengthening the Role of Field Organizations

Since it successfully adopted the growth-oriented human capital system in 2012, SK Telecom has reinforced the role of team leaders to improve its power of execution, and further reinforced the competencies of its field members in 2013. To improve the competencies of its members, SK Telecom developed its education and training system, enabling unit organizations to independently make results. For example, unlike the existing method where the central team provides and maintains the guidelines, unit organizations voluntarily develop and implement the competency development programs, and the central team focuses on enterprise-level programs, reinforcing the authority and roles of field organizations.

To this end, SK Telecom developed its competency development strategy by area and reviewed its programs. It also improved and maintained its systems to foster members of field organizations of the B2C, B2B, network and R&D programs. SK Telecom has also reviewed the level of achievement of SKMS twice a year. The ownership of the Individual Development Plan (IDP) to plan and develop the vocational competencies necessary for the achievement of the corporate vision and the career goals of individuals was transferred to the field organizations so that the power of execution can be further improved. In 2013, 1,222 employees used the IDP, which is double the number of employees who used the IDP in 2012.

Support Programs that Expand the Team Leaders' Roles

	Program	Amount of Support
Support for Competency Development	Short-term education programs	• Overseas: Global Intensive Program (GIP) to develop global insights • Domestic: Team Leader Intensive Program (TIP) for leadership improvement of team leaders)
	Expansion of IDT of team leaders	• Utilization and expansion of Individual Development Plan (IDP) of team leaders
	Expansion of communication and competencies	• Operation of Breakfast Meeting for Team Leaders among team leaders
	Provision of coaching guidelines for executives	• Case-centered coaching guidelines of executives
Differentiated Benefit	Honor	• Awarding of "Wings of Happiness" badges by the CEO
	Health	• Expansion of medical support for employees
	Family care	• Support for medical check-up of parents • Expansion of support for use of leisure facilities
Support for Activities	Operating expenses and transportation expenses	• Operating expenses for organization management • Expansion of transportation support

Fostering Key Leaders

SK Telecom newly adopted the Global Intensive Program (GIP) as a program for the expansion of the role of team leaders in 2013, and maintained a one-week overseas training program for the development of global insights. The High Potential (HiPo) system for key talent management at the enterprise level has been run in two forms: the h-HiPo for fostering future management members and the Sectoral HiPo for future leaders by sector. In particular, the h-HiPo for fostering future members of management was established in 2013, and the corporate human capital management team selects and relocates the key post successors for fostering them to become business leaders. Members of the Sectoral HiPo are selected by each sector, and are fostered to become future leaders or experts. The human capital playing key roles in achieving the results of the organization with expertise are selected as experts, and the growth path for promotion into executives (executive experts) is provided. In addition, SK Telecom operates T-MBA, where it dispatches key talent to MBA and graduate programs of renowned domestic and foreign universities every year to foster future leaders and experts. In 2013, SK Telecom established Advanced Management Program (T-AMP), the program for the reinforcement of expertise and provision of the growth vision, and maintained Breakfast Meeting for Team Leaders for the activation of communication and information sharing among team leaders. SK Telecom also opened 318 internal online education programs to contract employees to educate them on business manners, communication skills, and OA skills.

Fostering Talents through the Special Vocational Development System

SK Telecom has developed and maintained a professional system for the development of talent. Major vocational education programs include the Marketing Academy, the B2B Growth Academy, and the Tech Academy, and an executive leadership coaching system is maintained for new executives and executives with a need for leadership skills development. As for vocational programs, the Learning Account System supporting up to KRW 10 million per year was adopted, and self-development activities including foreign language education are subsidized.

Education for Human Capital Development (Unit: Hour, KRW thousand)

	2011	2012	2013
Annual Hours of Education per Employee	74	100	83.7
Annual Educational Costs per Employee	325	293	338

Supporting Greater Diversity among Employees

SK Telecom has held the Global Tech Leader Summit organized by the CEO in the Silicon Valley on an annual basis, building a human network in the U.S. with Korean talent that is equipped with global skills, and creating recruitment opportunities. SK Telecom also focuses on expanding the diversity of recruitment by hiring women and local talent. It aims to allocate 25% to 30% of new posts to women, and to increase the percentage to 30% by 2014. In order to nurture female employees into leaders, SK Telecom operates the group-level mentoring system (for Assistant Managers and General Managers) and the "W-Network Workshop." For maternity protection, SK Telecom conducts absolute rather than relative evaluations of female employees who took maternity leave, and thoroughly evaluates candidates for Band-up or HiPo selection so that female employees can have equal opportunities. SK Telecom also hired female consultants with discontinued careers as full-time employees, and conducted blind screening at all stages of the recruitment so that new employees could be hired fully based on their competencies rather than their backgrounds.

SK Telecom has conducted a special screening for the handicapped from 2012. The special screening for the handicapped is conducted through absolute evaluation instead of relative evaluation compared with the non-handicapped. SK Telecom is also making efforts to develop posts for the handicapped through the recommendations of career centers of universities and centers for the handicapped. SK Telecom also operates a recruitment process by region to attract local talent. Candidates from the same region (Seoul and Seoul Metropolitan Area, Chungcheong and Gangwon Area, Jeju, Honam and Gyeongsang Areas) compete within that region, and they can apply for posts in their regions so that they can work in a familiar and comfortable working environment.

Agreement for Job Creation for Women with Discontinued Careers

SK Telecom entered into an agreement for job creation for women with discontinued careers, where it has obliged not to discriminate in benefits and wages, and maintained a public-private joint education and free education programs to help women with discontinued careers get jobs again.regain employment.

Number of Female Customer Service Representatives with Discontinued Careers Employed as Full-Time Employees

420 employees

* Recruitment focusing on subsidiaries and subsidiaries of subsidiaries of SK Telecom (Service Ace: 137 employees, Service Top: 191 employees, F&U Credit Information: 22 employees and SK M&S: 70 employees)

Percentage of Women Newly Hired

25~30%

*To be improved to 30% by 2015

Percentage of Members of the Labor Union

84.2%

Frequency
Quarterly
Participants
Chairman and Executives of the
Labor Union, CEO and Executives
in charge of labor affairs
Agenda
– Improve productivity and
 implement results
– Improve human capital and labor
 affairs management systems
– Perform the employees' hiring
 placement and training
– Manage work and rest hours
– Manage employee grievances
– Improve the method, system, and
 structure of wage payment
– Promote the importance of the
 employees' health
– Introduce new machinery and
 technology that improve work
 processes
– Promote employees' welfare

Labor-Management Council for the Protection of Employee Rights
SK Telecom, in order to protect the human rights of employees and create a culture of free participation, has provided diverse venues of communication for the labor union members' community by issuing management counseling and counseling on sexual harassment, actively listening to the opinions of employees and resolving issues raised. More notably, SK Telecom holds Labor-Management Council meetings where the labor union and management express and discuss opinions on major issues such as welfare and rewards on a quarterly basis, and develop the solutions together for the issues raised. SK Telecom frequently communicates with the labor union and makes necessary actions by reaching an agreement on pending issues.

Programs for Employee Health and Safety
For the health and safety of employees, SK Telecom operates training programs and physical and mental development programs at in-house sports facilities. The medical support programs include the support of full-time nurses at a medical center, health-related counseling services, and an international SOS service for counseling and transportation of patients in high-risk areas. SK Telecom also supports full medical check-ups, special medical check-ups for specific age groups, flu vaccinations for all employees and type B influenza vaccinations for applicable employees; and supports the full medical expenses of employees when expenses exceed KRW 500,000 per year up to a ceiling of KRW 30 million per year.
SK Telecom adopted the Health-On Wellness Program in 2013, providing exercise, diet and nursing services for all employees. The service is available in a Premium and Lite version, and SK Telecom also maintains an intensive program for employees intending to lose weight. In addition, team classes where nutrition and health information is provided are maintained during lunch hours.

Employee Satisfaction Level   (Unit: Point)

Year	Value
2010	81
2011	84
2012	86
2013	86
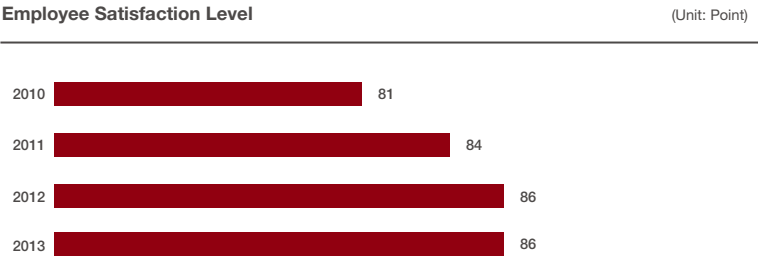
**The Development of a New Talent Paradigm
for SK Telecom's Vision: An Individual Who Adds Value to the World**

In April 2014, SK Telecom redefined its new talent paradigm as a goal related to human capital and culture, based on the core value, "Happy Companion." This paradigm provides the necessary framework for the thoughts and actions of SK Telecom employees to achieve the Vision 2020 ideal and be a pioneering leader during the next three decades, while also providing the long-term goal of the corporate culture. SK Telecom seeks talented employees who are open to change in order to motivate and unite all employees in the journey to achieve its vision and goals.

What SK Telecom's Talent Paradigm Means

Core Value: **Happy Companion**

Business	3rd To-be	4th To-be	5th To-be
People and Culture	Speed, execution power and cohesive power	+ Challenge and innovations	+ α

Vision 2020
(100 & 100)

Long-Term Goal of People and Culture: **Ideal Talent Type**
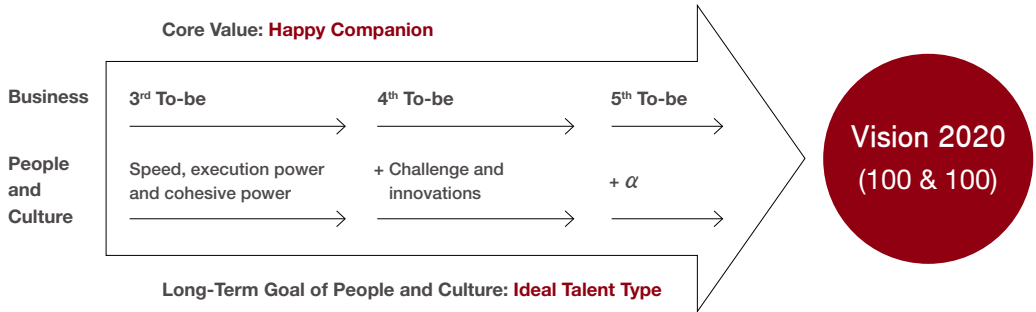
SK Telecom's New Talent Paradigm: An Individual Who Adds Value to the World

"We need to add new value to the world that we live in. The path toward this goal may be one that no one has ventured on before, or it may be full of unknowns.
However, we must believe that we will discover another world by seeing and thinking outside of the box, and look for something new with an open mindset.
We never cease our efforts to achieve our ambitious goals until we succeed in surprising the world.
Every customer we meet will become happier. Our journey is one that is made together with the world, and the value of everything we do is in the journey of happiness with customers."

Aim My journey leads to a future with satisfied customers in a happier world.

Think I open a new world by seeing and thinking outside of the box with an open mind.

Act I never cease to strive until I succeed in surprising the world with solutions.

2013 SK Telecom
Annual Report

4

Bringing happiness to society
by fulfilling
our social responsibilities

Management
Discussion
& Analysis

4
Management Discussion & Analysis

Management's Discussion and Analysis - Financial

This Management's Discussion & Analysis (MD&A) is provided to enable readers to assess our results of operations and financial condition for the fiscal year ended December 31, 2013, compared to the preceding year. This MD&A section should be read in conjunction with our audited consolidated financial statements included in this annual report. Unless otherwise specified, all amounts are presented on a consolidated basis and are based on our audited consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by Korea. We disposed of a controlling equity interest in Loen Entertainment, Inc. (Loen), during the year ended December 31, 2013. We presented the results of operations of Loen as a discontinued operation in our consolidated financial statements for the year ended December 31, 2013. The comparative information in the consolidated financial statements for the year ended December 31, 2012 has been restated to present Loen as a discontinued operation. All amounts are in Korean Won (KRW). All references to "we," "us" or "our" shall mean SK Telecom Co., Ltd. and, unless the context otherwise requires, its consolidated subsidiaries. References to "SK Telecom" shall mean SK Telecom Co., Ltd., but shall not include its consolidated subsidiaries.

This MD&A section contains "forward-looking statements," as defined in the U.S. Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about us and our industry. The forward-looking statements are subject to various risks and uncertainties. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. Risks and uncertainties associated with our business are more fully described in our latest annual report on Form 20-F and other filings with the U.S. Securities and Exchange Commission. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

1. 2013 Overview

2013 is highlighted by maintaining our leadership position in the wireless business by strengthening our leading position in the long-term evolution (LTE) wireless services market through the differentiated quality of our LTE network as demonstrated by our ability to be the first telecommunications service operator globally to commercialize LTE-Advanced (LTE-A) services, utilizing our carrier aggregation technology. At the same time, we further enhanced our competitiveness in our platform businesses such as T Store (an open marketplace for mobile applications), T Map Navigation (a telematics service) and 11th Street (an open marketplace for online shopping and m-commerce) and further established the foundation for our new businesses such as solutions, media, semiconductors and healthcare.

Wireless and Fixed-line Businesses

We maintained our leadership position in the wireless business in 2013. At the end of 2013, we had 27.4 million subscribers (including subscribers of mobile virtual network operators (MVNOs) that lease our networks), of which 13.5 million subscribed to our LTE service and 18.3 million used smartphones. Our share of the Korean wireless market based on the number of subscribers (including subscribers of MVNOs) was approximately 50.0% as of December 31, 2013, compared to 50.3% as of December 31, 2012.

In 2013, the Korean telecommunications industry experienced continued strong growth in wireless Internet services with the introduction of LTE-A services and the continued nationwide expansion of services based on LTE technology as well as the continued increase in number of smartphone users. We enhanced our leadership by becoming the first telecommunications service operator globally to commercialize LTE-A services, providing reliable and fast LTE service, securing a competitive device line-up and providing differentiated services. In 2013, we also began offering wideband LTE service, which enables us to deliver an enhanced customer experience to our new and existing LTE customers.

In addition, we continue to generate synergies with SK Broadband to maximize customer convenience and benefits by developing new services and products, such as bundled services combining mobile phone, fixed-line phone, broadband Internet, VoIP and IPTV services in various combinations. Since the commercial launch of its mobileTV service in 2012, SK Broadband has gained over one million paying subscribers as of March 2014, which we believe was partly attributable to synergies created by leveraging SK Telecom's competitive advantage in the wireless services business and SK Broadband's competitiveness in the IPTV service business.

Platform Businesses

Our key platform businesses, including T Store, T Map Navigation and 11th Street, operated by SK Planet, all showed strong growth in 2012. SK Planet was established in October 2011 by spinning off SK Telecom's platform business division to develop a management system and corporate culture more suitable for the platform business. We have grown our platform business by sharing our telecommunications infrastructure with other service providers and application developers. We will continue to identify and foster new platform businesses to create new growth engines for us in the future. In order to further enhance its competitiveness in the platform business, which is expected to grow based on mobile platforms that can support large amounts of data, SK Planet merged with SK Marketing & Company, which has offline marketing capabilities, in February 2013. As part of our growth strategy, we have selectively sought attractive opportunities abroad. We are actively seeking various opportunities to grow platform businesses globally by developing new business models. The launch of an open online commerce market in March 2013 by our joint venture in Turkey and the establishment of an e-commerce joint venture in July 2013 in Indonesia are good examples of growing opportunities globally.

2. Executive Summary

We earn revenue principally from our mobile service sales consisting of the following:
- Sign-up fees, which are initial subscription fees for our mobile services; and
- Voice service fees, consisting of monthly fees and call charges, and data service fees, consisting of usage charges for wireless data services.

We also derive revenue from interconnection fees paid to us by other fixed-line and wireless telecommunications providers for use of our network by their customers and subscribers. In addition, we derive revenue from businesses operated by our consolidated subsidiaries, including broadband Internet and fixed-line telephone services offered by SK Broadband, various platform businesses conducted by SK Planet and handset sales made by PS & Marketing. The following selected consolidated financial information has been derived from, and should be read in conjunction with, the audited consolidated financial statements included in this annual report.

Selected Financial Information (Consolidated basis) (Unit: KRW billion)

	2013	2012 (Restated)	Change
Statement of Income Data			
Operating revenue	16,602.1	16,141.4	2.9%
EBITDA[(1)]	4,830.9	4,297.5	12.4%
Operating expense	14,590.9	14,411.4	1.2%
Operating income from continuing operations	2,011.1	1,730.0	16.2%
Profit for the year	1,609.5	1,115.7	44.3%
Statement of Financial Position Data			
Total assets	26,576.5	25,595.6	3.8%
Cash & marketable securities[(2)]	1,816.2	1,494.7	21.5%
Total liabilities	12,410.0	12,740.8	-2.6%
Interest-bearing financial debt[(3)]	6,332.0	6,683.6	-5.3%
Total equity	14,166.6	12,854.8	10.2%
Financial Ratios			
EBITDA margin	29.1%	26.6%	2.5%
Operating margin	12.1%	10.7%	1.4%
Net margin	9.7%	6.9%	2.8%
Debt-to-equity ratio[(4)]	44.7%	52.0%	-7.3%

(1) EBITDA = Operating income from continuing operations+ Depreciation and amortization + R&D-related depreciation within R&D expense
(2) Cash & marketable securities = Cash & cash equivalents + Short-term investment securities + Short-term financial instruments
(3) Interest-bearing financial debt = Short-term borrowings + Current portion of long-term debt (excluding current portion of long-term payables related to payment of frequency license fee) + Debentures (excluding current portion) + Long-term borrowings (excluding current portion)
(4) Debt-to-equity ratio = Interest-bearing financial debt/Total equity

Our operating revenue increased by 2.9% to KRW 16.60 trillion in 2013 from KRW 16.14 trillion in 2012, primarily as a result of strong growth in the number of subscribers to our LTE service, as well as improved revenue from our consolidated subsidiaries, including SK Planet and SK Broadband.

Our operating expense in 2013 increased by 1.2% to KRW 14.59 trillion from 14.41 trillion in 2012, primarily due to increases in labor cost and depreciation and amortization, which were partially offset by a decrease in commissions paid. As the increase in our operating revenue exceeded the increase in our operating expense in 2013, our operating income from continuing operations increased by 16.2% to KRW 2.01 trillion in 2013 from KRW 1.73 trillion in 2012 and our operating margin increased by 1.4%p to 12.1% in 2013 and EBITDA margin increased by 2.5%p to 29.1% in 2013. Our profit for the year increased by 44.3% to KRW 1.61 trillion in 2013 from KRW 1.12 trillion in 2012.

Our total assets increased by 3.8% to KRW 26.58 trillion as of December 31, 2013, compared to KRW 25.60 trillion as of December 31, 2012, primarily due to an increase in investments in associates resulting from an increase in the carrying amount of our 20.6% stake in SK Hynix. Total liabilities decreased by 2.6% to KRW 12.41 trillion as of December 31, 2013 from KRW 12.74 trillion as of December 31, 2012, primarily due to our repayments of long-term and short-term borrowings, a decrease in long-term unearned revenue and a decrease in long-term provisions reflecting the decrease in our provision for handset subsidies as we gradually ceased providing handset subsidies to subscribers. Total equity increased by 10.2% to KRW 14.17 trillion as of December 31, 2013 from KRW 12.85 trillion as of December 31, 2012, primarily due to an increase in retained earnings. Our debt-to-equity ratio as of December 31, 2013 was 44.7%, compared to 52.0% as of December 31, 2012.

3. Revenue

Our operating revenue in 2013 amounted to KRW 16.60 trillion, an increase of KRW 460.7 billion, or 2.9%, from KRW 16.14 trillion in 2012. This increase was primarily attributable to strong growth in the number of new subscribers to our LTE service, as well as improved revenue from our consolidated subsidiaries, including SK Planet and SK Broadband.

Consolidated Operating Revenue (Unit: KRW billion)

Year	Revenue
2012	16,141.4
2013	16,602.1
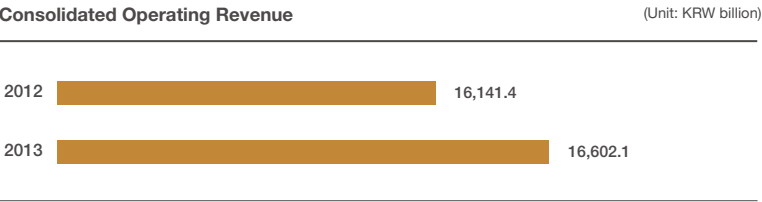
Subscribers and Market Share

The total number of wireless subscribers in Korea was approximately 54.7 million as of December 31, 2013 with a wireless telecommunications service penetration rate of 106.9%. Despite the saturated wireless market in Korea, SK Telecom continued to add new subscribers throughout the year, and ended the year 2013 with approximately 27.4 million subscribers (including subscribers of MVNOs that lease SK Telecom's networks). SK Telecom's Korean wireless market share based on the number of subscribers (including subscribers of MVNOs) slightly decreased by 0.3%p to 50.0% as of December 31, 2013 from 50.3% as of December 31, 2012. The number of SK Telecom's LTE subscribers increased to 13.5 million as of December 31, 2013 from 7.5 million as of December 31, 2012.

Subscribers and Market Share in 2013   (Subs: Thousands, Market share: %)

Quarter	Subscriber	Market Share
1Q	27,030	50.2%
2Q	27,140	50.2%
3Q	27,211	50.2%
4Q	27,352	50%

■ Subscriber   ■ Market Share
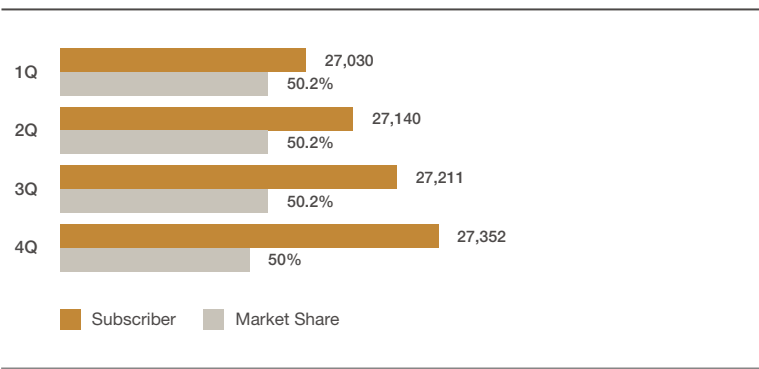
ARPU and MOU

SK Telecom's total average monthly revenue per subscriber (ARPU) increased by 5.6% to KRW 42,377 in 2013 from KRW 40,128 in 2012. This increase was primarily due to increases in LTE subscribers who subscribe to data plans with higher monthly basic charges than our other wireless services and data service usage attributable to increases in the number of smartphone users.

SK Telecom's average monthly outgoing voice minutes per subscriber (MOU) increased by 1.1% to 181 minutes in 2013 from 179 minutes in 2012, which we believe was caused by our introduction of unlimited voice plans in March 2013.

Total ARPU and MOU in 2013   (ARPU: KRW, MOU: mins)

	Total ARPU	MOU (outgoing)
2013 Overall	42,377	181
1Q	40,450	168
2Q	41,892	180
3Q	42,780	183
4Q	44,448	194
2012 Overall	40,128	179

■ Total ARPU   ■ MOU (outgoing)

Subsidiaries

The revenue of SK Broadband consists of (i) revenue from broadband Internet service, (ii) revenue from corporate data services, (iii) revenue from fixed-line telephone service, (iv) revenue from IPTV services and (v) other revenue. The revenue of SK Broadband increased by 2.1% to KRW 2.54 trillion in 2013 from KRW 2.49 trillion in 2012, primarily as a result of an increase in revenue from IPTV services attributable to an increased number of IPTV subscribers and increased purchases of premium product offerings. As of December 31, 2013, SK Broadband had approximately 4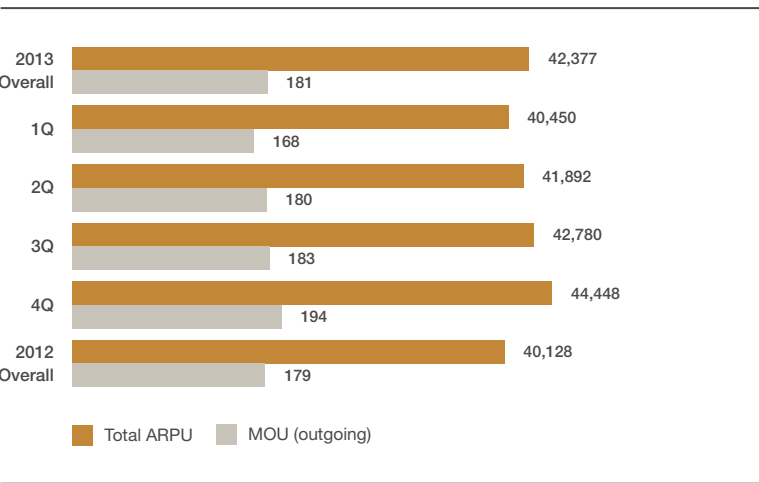.6 million broadband Internet access subscribers, 4.6 million fixed-line telephone subscribers (including subscribers to VoIP services) and 2.1 million IPTV subscribers, with a market share in Korea of 24.4%, 16.9% and 24.4%, respectively, based on the number of subscribers.

PS & Marketing's revenue, which is mostly derived from sales of handsets, decreased by 26.2% to KRW 1.10 trillion in 2013 from KRW 1.48 trillion in 2012, primarily due to a decrease in handset sales to new subscribers, which was mainly attributable to an easing of marketing competition for new subscribers in the industry in 2013 following disciplinary measures imposed by the Government.

SK Planet's revenue, which is mostly derived from its principal platform businesses, T Store, T Map Navigation and 11th Street, increased by 33.2% to KRW 1.38 trillion in 2013 from KRW 1.03 trillion in 2012, primarily due to an increase in commerce service revenue generated by 11th Street.

4. Profitability

Statement of Income Data (Consolidated)   (Unit: KRW billion)

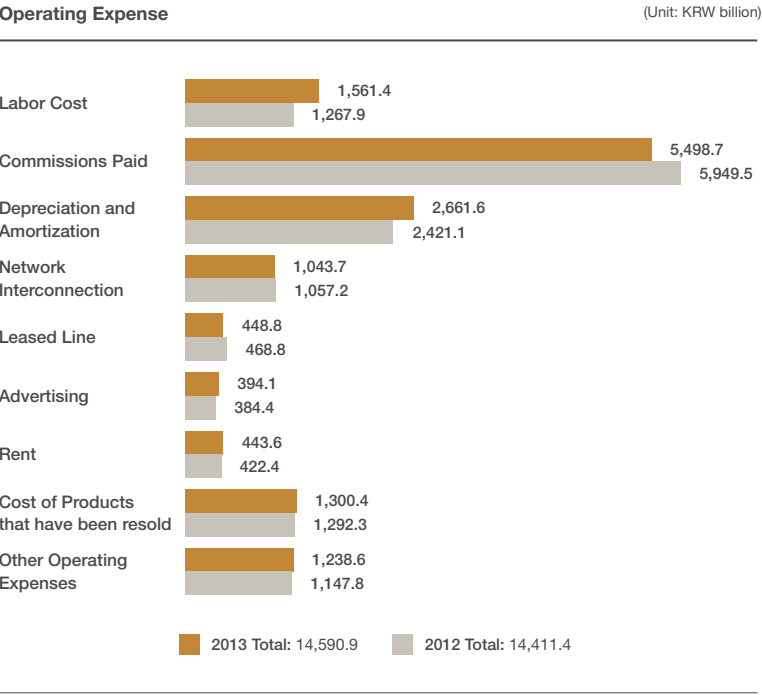|	2013	% of Revenue	2012 (Restated)	% of Revenue
Continuing operations				
Operating revenue	16,602.1	100.0%	16,141.4	100.0%
Operating expense	14,590.9	87.9%	14,411.4	89.3%
Labor cost[1]	1,561.4	9.4%	1,267.9	7.9%
Commissions paid[2]	5,498.7	33.1%	5,949.5	36.9%
Depreciation and amortization[3]	2,661.6	16.0%	2,421.1	15.0%
Network interconnection	1,043.7	6.3%	1,057.2	6.5%
Leased line	448.8	2.7%	468.8	2.9%
Advertising	394.1	2.4%	384.4	2.4%
Rent	443.6	2.7%	422.4	2.6%
Cost of products that have been resold	1,300.4	7.8%	1,292.3	8.0%
Other operating expenses	1,238.6	7.5%	1,147.8	7.1%
Operating income from continuing operations	2,011.1	12.1%	1,730.0	10.7%
Finance income	113.4	0.7%	444.6	2.8%
Finance costs	(571.2)	(3.4%)	(638.3)	(4.0%)
Gain (losses) related to investments in subsidiaries and associates, net	706.5	4.3%	(24.6)	(0.2%)
Other non-operating income	74.5	0.7%	195.9	1.2%
Other non-operating expenses	(507.2)	(3.1%)	(188.3)	(1.2%)
Profit before income tax	1,827.1	11.0%	1,519.4	9.4%
Income tax expense from continuing operations	(400.8)	2.4%	(288.2)	1.8%
Profit from continuing operations	1,426.3	8.6%	1,231.2	7.6%
Discontinued operations				
Profit (loss) from discontinued operations, net of income taxes	183.2	1.1%	(115.5)	(0.7%)
Profit for the year	1,609.5	9.7%	1,115.7	6.9%
EBITDA[4]	4,830.9	29.1%	4,297.5	26.6%

(1) Labor cost = Salaries + Provisions for defined benefit liabilities
(2) Includes marketing commissions and other commissions
(3) Excludes R&D-related depreciation
(4) EBITDA = Operating income + Depreciation and amortization + R&D-related depreciation within R&D expense

Our operating income from continuing operations increased by 16.2% to KRW 2.01 trillion in 2013 from KRW 1.73 trillion in 2012 and our operating margin increased to 12.1% in 2013 from 10.7% in 2012, as our operating revenue increased at a rate higher than that of our operating expenses. The increase in our operating expenses was attributable to, among others, a 23.1% increase in labor cost and a 9.9% increase in depreciation and amortization, which were partially offset by a 7.6% decrease in commissions paid. Our EBITDA increased by 12.4% to KRW 4.83 trillion in 2013 from KRW 4.30 trillion in 2012.

Our finance income decreased by 74.5% to KRW 113.4 billion in 2013 from KRW 444.6 billion in 2012, primarily due to a decrease in gain on disposal of long-term investment securities, which was mainly attributable to the sale in October 2012 of half of the POSCO shares we owned, as well as a decrease in interest income resulting mainly from a general decrease in interest rates. Our finance costs decreased by 10.5% to KRW 571.2 billion in 2013 from KRW 638.3 billion in 2012, primarily due to a decrease in other finance costs resulting from a decrease in impairment losses for our available-for-sale financial assets, and a decrease in interest expense resulting from decreases in our interest-bearing financial debt and interest rates, which was partially offset by an increase in loss relating to financial liability at fair value through profit or loss as a result of valuation loss on our exchangeable bonds due to rising stock prices and loss on redemption of debentures upon the exercise of exchange claims. We recorded net gains related to investments in subsidiaries and associates of KRW 706.5 billion in 2013 compared to net losses related to investments in subsidiaries and associates of KRW 24.6 billion in 2012. The change to a net gain was primarily due to a KRW 610.2 billion gain attributable to our investment in SK Hynix, in which we have a 20.57% interest. Our other non-operating expenses more than doubled to KRW507.2 billion in 2013 from KRW 188.3 billion in 2012, primarily due to an increase in loss on disposal of property and equipment and intangible assets to KRW 267.5 billion in 2013 from KRW 15.1 billion in 2012, which was primarily due to loss on disposal of various intangible assets. With an effective tax rate of 21.9%, our profit for the year was KRW 1.61 trillion in 2013, compared to KRW 1.12 trillion in 2012.

Operating Expense

Our operating expense for 2013 amounted to KRW 14.59 trillion, representing a 1.2% increase from KRW 14.41 trillion in 2012. The increase in operating expense was primarily due to (i) an increase in labor cost driven by an increase in the number of our employees and (ii) an increase in depreciation and amortization, which was attributable mainly to depreciation of our newly built-out LTE wireless network and amortization of a frequency license we started using in 2013, which were partially offset by a decrease in commissions paid driven by decreases in commissions paid relating to marketing expenses to acquire new subscribers.

Commissions paid accounted for 33.1% of our total revenue at KRW 5.50 trillion in 2013, which represented a 7.6% decrease from the previous year. This decrease in commissions paid was primarily due to a decrease in marketing expenses to acquire new LTE subscribers and a decrease in PS & Marketing's sales commissions due to a decrease in LTE smartphone sales.

Our labor cost increased by 23.1% to KRW 1.56 trillion in 2013 from KRW 1.27 trillion in 2012, primarily due to an increase in the number of our employees resulting primarily from the merger of SK Marketing & Company into SK Planet in February 2013 and our new business initiatives. Our network interconnection expenses amounted to KRW 1.04 trillion in 2013, representing a 1.3% decrease from KRW 1.06 trillion in 2012. This decrease was primarily attributable to decreases in interconnection traffic volume and fee rates. Our advertising expenses increased by 2.5% to KRW 394.1 billion in 2013 from KRW 384.4 billion in 2012 primarily due to an increase in media advertisement expenses incurred by our consolidated subsidiaries. Our cost of products that have been resold increased by 0.6% to KRW 1.30 trillion

Operating Expense (Unit: KRW billion)

	2013	2012
Labor Cost	1,561.4	1,267.9
Commissions Paid	5,498.7	5,949.5
Depreciation and Amortization	2,661.6	2,421.1
Network Interconnection	1,043.7	1,057.2
Leased Line	448.8	468.8
Advertising	394.1	384.4
Rent	443.6	422.4
Cost of Products that have been resold	1,300.4	1,292.3
Other Operating Expenses	1,238.6	1,147.8

2013 Total: 14,590.9   2012 Total: 14,411.4

in 2013 from KRW 1.29 trillion in 2012. Our depreciation and amortization, excluding research and development-related depreciation, increased by 9.9% to KRW 2.66 trillion in 2013 from KRW 2.42 trillion in 2012, due principally to depreciation of our newly built-out LTE wireless network and amortization of a frequency license we started using in 2013.

Income Tax

Our income tax expense from continuing operations increased by 39.1% to KRW 400.8 billion in 2013 from KRW 288.2 billion in 2012. Our effective tax rate also increased by 2.9%p to 21.9% in 2013 from 19.0% in 2011. The increase in our income tax expense from continuing operations and effective tax rate are primarily attributable to a decrease in tax credits related to our capital expenditures in 2013, as well as a decrease in discretionary exemptions extended by the tax authority in 2013.

5. Financial Structure
Current Assets

We had current assets of KRW 5.12 trillion as of December 31, 2013, a 3.3% decrease from KRW 5.29 trillion as of December 31, 2012. Our cash and marketable securities (including short-term financial instruments) increased by 21.5% to KRW 1.82 trillion as of December 31, 2013, from KRW 1.49 trillion as of December 31, 2012, primarily due to an increase in cash and cash equivalents resulting from the merger of SK Marketing & Company into SK Planet as well as proceeds from our disposal of an equity interest in Loen. As of December 31, 2013, our total accounts receivable (trade and other) amounted to KRW 2.90 trillion, a 14.3% increase from KRW 2.54 trillion as of December 31, 2012, primarily due to the merger of SK Marketing & Company into SK Planet.
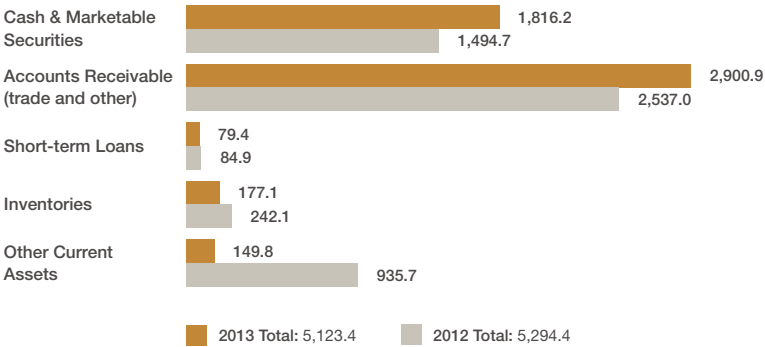
Non-Current Assets

We had non-current assets of KRW 21.45 trillion as of December 31, 2013, a 5.7% increase from KRW 20.30 trillion as of December 31, 2012. Our investment assets, consisting of long-term financial instruments, long-term investment securities and investments in associates, increased by 12.8% to KRW 6.30 trillion as of December 31, 2013 from KRW 5.59 trillion as of December 31, 2012. This increase was mainly attributable to an increase in the carrying amount of our 20.6% stake in SK Hynix. Our property and equipment increased by 5.0% to KRW 10.20 trillion as of December 31, 2013, from KRW 9.71 trillion as of December 31, 2012, primarily due to an increase in investments in our LTE network.
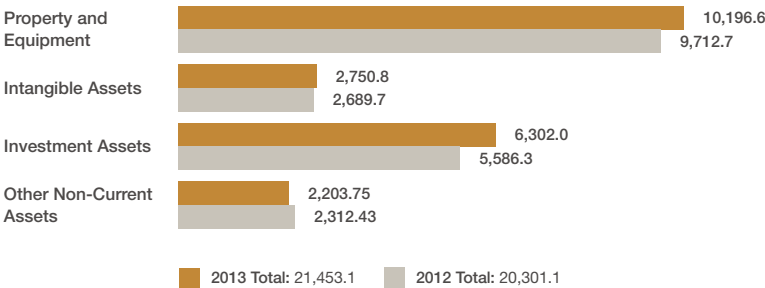
Current Assets   (Unit: KRW billion)

Item	2013	2012
Cash & Marketable Securities	1,816.2	1,494.7
Accounts Receivable (trade and other)	2,900.9	2,537.0
Short-term Loans	79.4	84.9
Inventories	177.1	242.1
Other Current Assets	149.8	935.7

2013 Total: 5,123.4   2012 Total: 5,294.4

Non-Current Assets   (Unit: KRW billion)

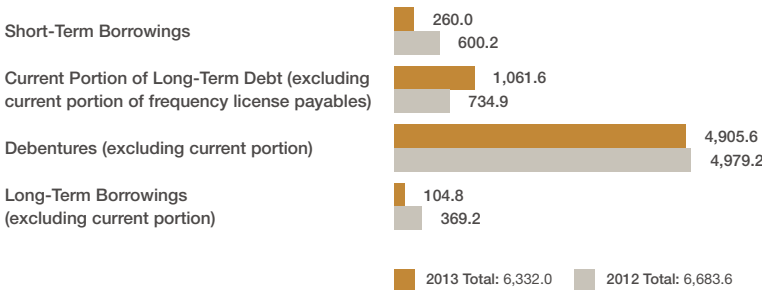| Item	2013	2012
Property and Equipment	10,196.6	9,712.7
Intangible Assets	2,750.8	2,689.7
Investment Assets	6,302.0	5,586.3
Other Non-Current Assets	2,203.75	2,312.43

2013 Total: 21,453.1   2012 Total: 20,301.1

Liabilities

We had KRW 12.41 trillion of total liabilities as of December 31, 2013, a 2.6% decrease from KRW 12.74 trillion as of December 31, 2012, mainly due to our repayments of long-term and short-term borrowings, a decrease in long-term unearned revenue and a decrease in long-term provisions reflecting the decrease in our provision for handset subsidies as we gradually ceased providing handset subsidies to subscribers. Our total interest-bearing financial debt, which does not include long-term payables related to frequency license fees, decreased by 5.3% to KRW 6.33 trillion as of December 31, 2013 from KRW 6.68 trillion as of December 31, 2012. Our debt-to-equity ratio as of December 31, 2013 was 44.7%, compared to 52.0% as of December 31, 2012.

Interest-Bearing Financial Debt   (Unit: KRW billion)

Item	2013	2012
Short-Term Borrowings	260.0	600.2
Current Portion of Long-Term Debt (excluding current portion of frequency license payables)	1,061.6	734.9
Debentures (excluding current portion)	4,905.6	4,979.2
Long-Term Borrowings (excluding current portion)	104.8	369.2

2013 Total: 6,332.0   2012 Total: 6,683.6

Equity

Our total equity as of December 31, 2013 amounted to KRW 14.17 trillion, representing an increase of 10.2% from KRW 12.85 trillion as of December 31, 2012. This increase was primarily attributable to an increase in retained earnings to KRW 13.10 trillion as of December 31, 2013 from KRW 12.12 trillion as of December 31, 2012.

Equity   (Unit: KRW billion)

Item	2013	2012
Share Capital	44.6	44.6
Capital Surplus (Deficit) and other Capital Adjustments	317.5	(288.9)
Retained Earnings	13,102.5	12,124.7
Reserves	(12.3)	(25.6)
Non-Controlling Interest	714. 2	1000.0

2013 Total: 14,166.6   2012 Total: 12,854.8
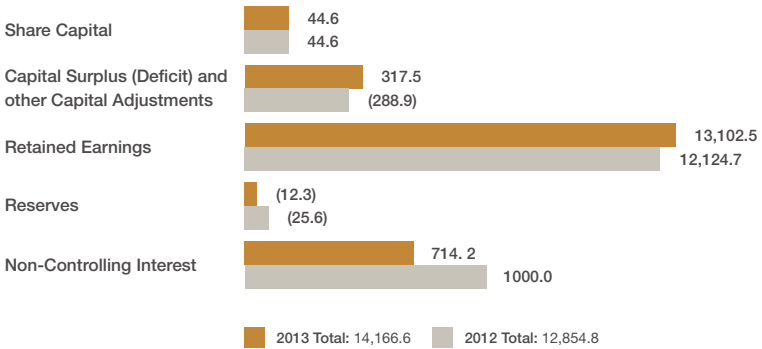
6. Capital Expenditure (Non-Consolidated Basis)

SK Telecom spent approximately KRW 2.32 trillion for capital expenditures in 2013, representing a 19.0% decrease from KRW 2.86 trillion in 2012. Such decrease was primarily attributable to a decrease in our network-related investments. Our network-related investments in 2013 were used to enhance our LTE network and improve its quality.

Management's Discussion and Analysis - Social and Environmental

Basis of Preparation

This Statement of Social & Environmental Performance is prepared to present our management's discussion and analysis of key non-financial performance including human rights, labor, environment and anti-corruption. SK Telecom is committed to the UN Global Compact which is a voluntary policy initiative implemented by UN organizations and businesses as well as the GC LEAD for the development and promotion of exemplary cases as part of the UN Global Compact Blueprint. As a member of the UN Global Compact, we submit Communication on Progress (COP) which highlights the business performance in line with the Ten Principles every year and this Statement of Social & Environmental Performance meets the COP requirements of GC Advanced Level. In addition, this statement complies with international reporting principles as follows:

01_Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines G4

The GRI provides information for the aspects and indicators of reporting from economic, social and environmental perspectives so that stakeholders can recognize the organization's performance. It defines the subject according to the correlation of each aspect from the impact on stakeholders and economic, social and environmental perspectives. Please refer to page188 for materiality assessment in accordance with the GRI requirements.

02_Accountability AA1000

The AA1000 series identifies and prioritizes the sustainability issues in relation to the organization and defines its framework and principles. The information on this statement is verified by third parties according to the Assurance Standard (AA1000AS). Please refer to page152 for the result of the third party assurance.

03_International Integrated Reporting Framework (<IR> Framework)

The <IR> Framework of the International Integrated Reporting Council (IIRC) requires a concise report on how an organization's strategies, governance, performance and future outlook leads to its short-, medium- and long-term value creation in the economic, social, and environmental context. Please refer to page 61 for the capital model as part of the commitment to defining the integrated reporting principles and page 188 for the assessment of importance to define key subjects according to the impact on value creation.

Scope of Data

The scope of this Statement of Social & Environmental Performance is limited to the data of SK Telecom without including its subsidiaries and supply chain unless specified otherwise. This coincides with the scope of unclassified sales of SK Telecom, which is a holding company according to K-IFRS. The environmental data regarding energy, greenhouse gas, wasted materials, and water is estimated based on 26 domestic businesses *(including data centers and networks). As 95% of SK Telecom's sales come from South Korea, the data coverage meets the 95% requirement against the sales.

*26 businesses: T-Tower, Namsan, Guro, Jangan, Seoul National University, FMI, Yongin, Boramae, Seongsu, Suyu, Incheon, Bundang, Dunsan (Old & New), Cheongju, Wonju, Taepyeong, Bonri, Shincheon, Buam, Data Center, Anrak, Wusan, Songjeong, Jeonju, Jeju

Social Data

Employment

(Unit: Person)

	2011	2012	2013
Total	3,877	4,081	4,203
Employment Type			
Permanent	3,775	3,961	4,081
Temporary	102	120	122
Gender			
Male	3,317	3,501	3,616
Female	560	580	587
Age			
20s	-	-	328
30s	-	-	1,340
40s	-	-	2,372
50s or older	-	-	163
Special Employment & Minority			
Employees with disabilities	35	37	49
Veterans	184	158	146

Overseas Employment

(Unit: Person)

	2011	2012	2013
Total Number of Employees	246	155	103
Number of Employees Hired from Local	176	83	72
Total Number of Managers	38	28	28
Number of Managers Hired from Local	19	6	5

Recruitment

(Unit: Person)

	2011	2012	2013
Total New Employees	482	425	418
Gender			
Male	343	343	317
Female	139	99	101
Age			
20s	302	191	189
30s	142	165	161
40s	34	66	64
50s or older	4	3	4

Turnover

(Unit: Person)

	2011	2012	2013
Total Turnover	378	242	238
Gender			
Male	242	166	141
Female	136	76	97
Age			
20s	225	112	116
30s	103	67	57
40s	32	51	52
50s or older	18	12	13
Involuntary Turnover			
Involuntary Turnover (Dismissal)	-	3	6

Maternity and Parental Leave

(Unit: Person, %)

	2012	2013
Employees on Maternity Leave	152 (Male 122)	161 (Male 124)
Rate of Return	98.7	99.4
Employees on Parental Leave	35 (Male 2)	25 (Male 2)
Rate of Return	100	100
Rate of Retirement within 12 Months	5.7	4

Performance Evaluation and Training

(Unit: %, Hours, KRW 10,000)

	2011	2012	2013
Rate of Employees Subject to Performance Evaluation	98%	95%	96%
Training Hours per Employee	74	100	83.7
Training Cost per Employee	325	293	338

Labor Practice (Unit: %, Person)

	2011	2012	2013
Labor Union			
Rate of Labor Union Membership	80.5	81.2	84.2
Number of Employees Eligible for Labor Union Membership	2,657	2,612	2,513
Labor Union Members	2,140	2,120	2,118
Rate of Occupational Accidents			
Rate of Occupational Accidents	-	0.02	0.02
Number of Occupational Accidents	-	1	1

Product and Service (Unit: %, Case)

	2011	2012	2013
Churn Rate	2.7%	2.6%	2.3%
Security Indicator			
Rate of Mobile Payment Fraud	-	-	0.12%
Rate of Roaming Charge VoC	-	-	0.28%
Customer Information Security			
Customer Information Leakage	None	None	None
Electromagnetic Field			
Number of Measuring Electromagnetic Fields at Base Station	3,782	18,387	17,082

Total Discount Offers for Vulnerable Population (Unit: KRW million)

	2011	2012	2013
Disabled	148,811	145,057	138,443
Low Income Families	64,825	62,503	62,891
National Merit Holders	9,589	9,960	10,105
Others	232	199	178
Total	223,457	217,719	211,617

Mutual Growth with Partners

	2011	2012	2013
Mutual Growth Partnership	349 organizations	263 organizations	201 organizations
Total Mutual Growth Fund Loan (KRW Billion)	124	161	183
Technology Protection (Technology Escrow)	30 cases	48 cases	191 cases
Rate of Cash Payment	100%	100%	100%
Rate of Electronic Tender	37.3%	23.4%	32.5%

Sustainability of Supply Chain (Unit: Organization)

	2013	Remarks
Evaluation of Newly Registered Partners		
Total Registered Partners (Annual)	346	N/W Equipment, Construction, R&D, Operation, Maintenance, Marketing
Performance Evaluations Conducted on Human Rights, Environment, Ethics, and Social Issues	346	100%
Evaluation on Registered Partners		
Total Registered Partners	1,851	
Partners Audited in Writing	974	
Partners Audited on Site	162	incl. visiting and meeting with those in mutual growth agreement
Partners Audited by 3rd Party	864	
Partners Warned for Correction	2	Decision making through Purchase Review Committee
Banned Temporarily	1	
Banned Permanently	1	

Employee Volunteer Activities (Unit: Hours)

	2011	2012	2013
Total Hours of Volunteer Activities	28,249	24,524	16,190
Hours of Volunteer Activities per Employee	6.4	6.3	4.2
Rate of Volunteer Groups	-	23%	49%

Management Discussions and Analysis on Social Statement

**Section 1. Employees and Labor Practice**

1.1 Total Employment
Methods and Basis of Estimation:
The employees included in the total employment figure are those who are under employment contract with SK Telecom and divided into Permanent and Temporary categories. They do not include the employees and officers of its affiliated companies.
Status:
As of 2013, the total number of employees is 4,203 which is a 2.9% increase from the previous year. It is rising due to the company's continuous growth. Female employees make up 13.9%, slightly less than the previous year's 14.2%, while maintaining a similar ratio. In terms of age, employees in their 30s to 40s make up 64.5% and an additional 12 handicapped persons have been hired as minorities compared towith the previous year.

Total Number of Employees   (Unit: Person)
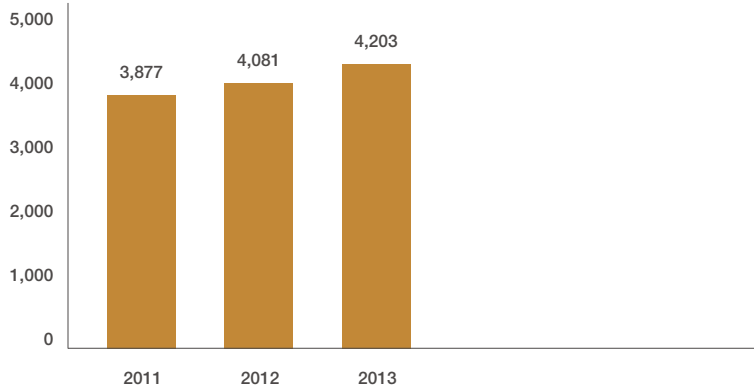
1.2 Recruitment and Retirement
Methods and Basis of Estimation:
The new employee figures are calculated according to their age and gender. They are defined as those who are subject to employment contract, either Permanent or Temporary. They do not include the employees and officers of its affiliated companies. Calculating retirees has been changed from the one specified in the 2012 SKT Integrated Sustainability Report and the previous data has been updated for 2013. In the previous report, it only includes those who joined other companies or started their own business but now it applies to any employees who retire voluntarily and those whose employment contract has expired.
Status:
The total number of new employees is 418, which is slightly less than those in the previous year. Of these, female employees make up 24.2%. The aim is to employ at least 25-30% women, and we plan to increase it to 30% by 2015. In terms of age, those in their 20s to 30s make up 83.7% while 64 new employees are in their 40s, and four of them are in their 50s or older.

Recruitment Trend   (Unit: Person)
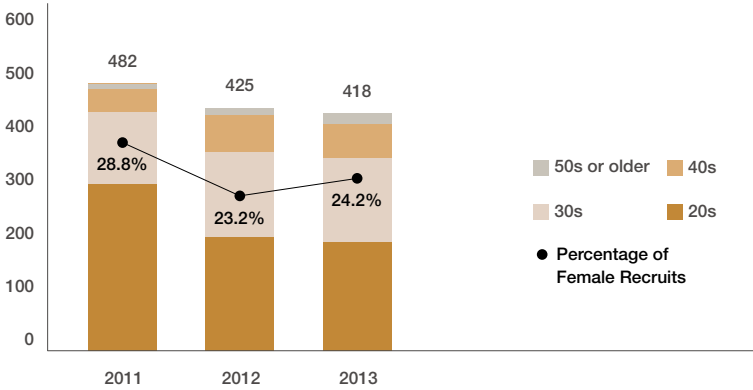
Turnover Rate   (Unit: Person)
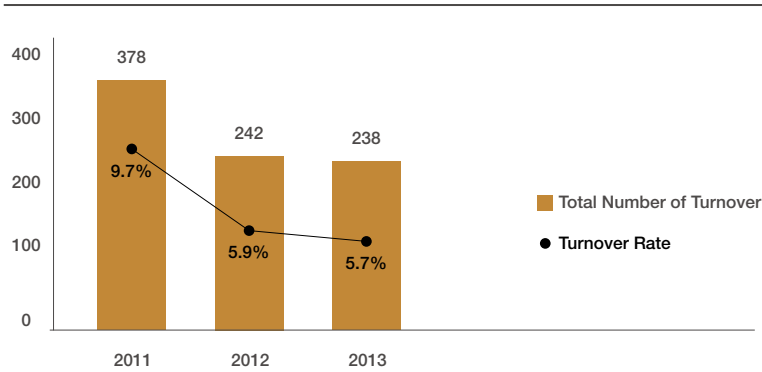
The turnover rate in 2013 is 5.7%, a 0.2% and 4% decrease from 2012 and 2011, respectively. As ICT business heavily relies on employees' knowledge and expertise, the board of directors recognizes the importance of securing competent human capital and keeping the retirement rate as low as possible.

1.3 Performance Evaluation and Training

Methods and Basis of Estimation:
This figure estimates the employees who are subject to performance evaluation based on the predefined system. The total training hours of the entire company is divided by the number of employees to calculate the annual training hours per employee. These three indicators are estimated based on those employees under employment contract, either Permanent or Temporary, and they do not include the employees and officers of its affiliated companies or subsidiaries.

Status:
The rate of performance evaluation has been maintained at over 95% since 2011 while the average training cost per employee in 2013 is KRW 3.38 million, a 15% increase from the previous year. Sales to training expenses ratio per employee in 2013 is 905 (times), which is slightly less than the previous year.

Training Cost per Employee   (Unit: KRW million)
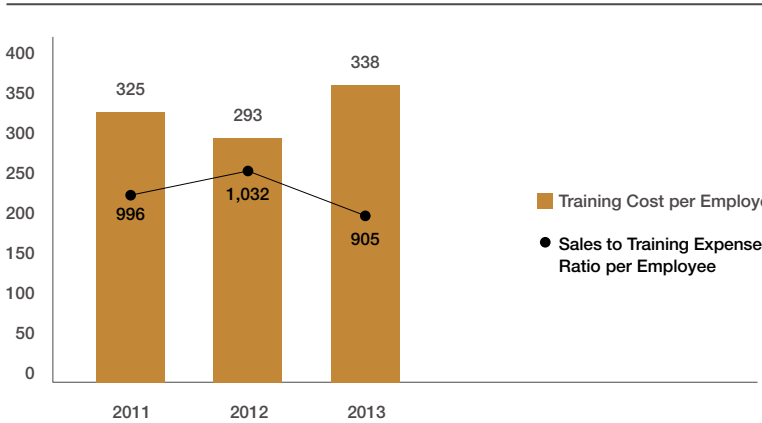
1.4 Labor Union

Methods and Basis of Estimation:
This figure indicates the ratio of labor union members out of those who are eligible for membership.

Status:
The rate of labor union members in 2013 is 84.2%, a 3.0% increase from the previous year.

Rate of Labor Union Membership
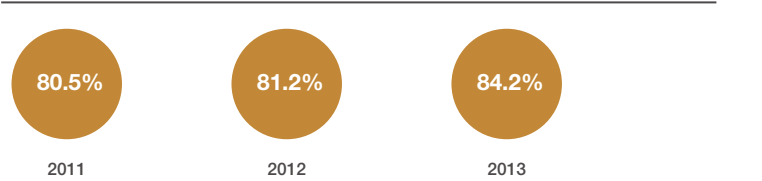
Section 2. Products and Services, Customer Protection

2.1 Personal Information and Privacy Protection

Methods and Basis of Estimation:
This figure indicates the number of cases where a customer's personal information is stolen or leaked by hackers who hacked into the system that stores their information. The rate of mobile payment fraud indicates the number of cases of fraud against the total number of payments made in a year. The rate of roaming charge VOC indicates the number of customer complaints made on the roaming charges.

Status:
There is no case where customer's personal information is stolen or leaked in 2013, the same as in the previous year. The customer complaint indicators such as the rates of mobile payment fraud and roaming charge VOC accounts for 0.12% and 0.26%, respectively.

Section 3. Supplier Assurance

3.1 Mutual Growth with Partners

Methods and Basis of Estimation:
SK Telecom participates in the assessment of the Win-Win Index conducted by the National Commission for Corporate Partnership and submits the performance statement under the mutual growth agreement.

Status:
In 2013, the mutual growth agreement was entered with 201 companies in total excluding government organizations, industry-academy cooperation, overseas businesses, individual businesses, conglomerates (including related persons), and distributors according to the type of transaction. All the terms and conditions of the agreement have been performed including financial and training support.

Training Support for Partners

43,612 people

(accumulated over three years)

3.2 Sustainability of Supply Chain
Methods and Basis of Estimation:
Any company that intends to do business with SK Telecom can join Open2U (open2u.sktelecom.com), an electronic purchase portal system. They are required to agree to the Terms of Fair & Transparent Transaction and CSR (to be renewed on an annual basis) when they do so. Their compliance with human rights, environmental, and social policies are assessed when they are registered as suppliers.
Status:
In 2013, 974 partners out of 1,851 registered partners, which accounts for 52.6%, were subject to assessment in writing and 162 of them which accounts for 8.8% were visited for an on-site assessment. Two of the companies were suspended temporarily or permanently according to the resolution of the Purchase Review Committed due to their noncompliance.

Rate of Supply Chains Audited for Sustainability   (Unit: Company)

Total 1,851 — Audit in writing 974 (52.6%)

Total 1,851 — Audit on site 162 (8.8%)
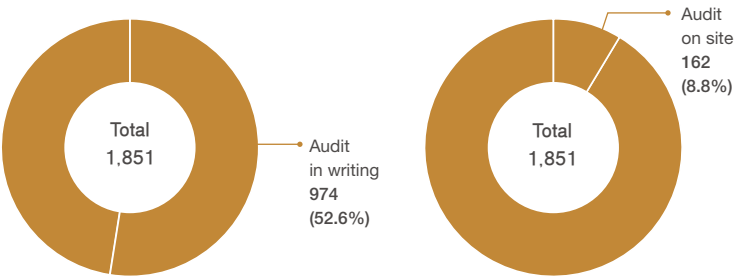
Section 4. Corporate Philanthropy

4.1 Employee Volunteer Activities
Methods and Basis of Estimation:
This figure indicates the hours of volunteer activities carried out by the employees of SK Telecom.
Status:
In 2013, we focused on the ICT aspects of volunteer activities and talent donation rather than conventional social work. As a result, the hours were reduced but we were able to provide social services in a more specialized way based on ICT technologies. The rate of participation in these areas increased from 23% in 2012 to 49% in 2013, and our social responsibility campaign focused on building a platform for sharing social values using ICT rather than monetary donation or social service. Please refer to page 94 for more details regarding this topic.

4.2 Beneficiaries
Methods and Basis of Estimation:
The following is the list of beneficiaries that we are sponsoring to help. The donation from our subsidiaries and affiliates are excluded from the list.

Organizations	Program Descriptions
Korea Association of Senior Welfare Centers	Guide senior citizens on how to use a mobile phone.
Rainbow Youth Center	Provide education programs for North Korean refugees.
Korean Blind Union	Service audio book application for the blind "Happy Library."
Korea Guide Star	Build a non-profit information system.
Korea Federation of Organizations of the Disabled	Organize IT challenges for handicapped youth.
Korea Association of School Social Workers	SKT On-site Smart Class
Korea Motor Skill Development Center	Wyverns Happy SQ Class
The Autism Korea	Camp for children with autism
Leftovers Love Sharing Community	1318 Happy Zone English Up Challenge
Korea Basketball Association	Wheelchair Basketball Championship
Copion	IT Training Program in Indonesia
Healthy Family Support Center in Yeongdeungpo	Guide immigrants on how to use a smartphone.
Community Chest of Korea	Monetary donation for low-income families
Joongang Social Welfare Center Seoul	Local Volunteer Work for Kimchi-Making
Daedong Social Welfare Center Taejeon	Local Volunteer Work for Kimchi-Making
Jeil Social Welfare Center Taegu	Local Volunteer Work for Kimchi-Making
Gwangsangu Volunteer Center Gwangju	Local Volunteer Work for Kimchi-Making
Red Cross Busan	Local Volunteer Work for Kimchi-Making
Senior Citizen Health Center Busan	Local Volunteer Work for Kimchi-Making
Korea Foundation for Advanced Studies	Provide support for education and scholarship programs.
SK Happiness Sharing Foundation	SK Sunny, Happy School, Social Responsibility Program
SK Smile Microcredit Bank	Smile Microcredit Project
Global Action Hub	Provide support for building the Global Action Hub website.
UN Global Compact	Pay for the annual membership fees of UNGC LEAD and sponsor global CSR conference.
The Federation of Korean Industries	Build nurseries for the Federation of Korean Industries.
Korean Council of Food Support	SK Happiness Sharing Kimchi-Making Campaign

Environmental Data

Greenhouse Gas Emission   (Unit: tCO$_2$e)

	2011	2012	2013
Total Emission	608,056	673,742	707,963
Direct Emission	9,561	7,803	7,375
Stationary Combustion	6,789	5,598	5,236
Mobile Combustion	2,772	2,205	2,139
Indirect Emission	598,495	665,939	700,588
Electricity	593,424	665,862	700,484
Steam	71	78	104
Intensity (tCO$_2$e/KRW billion)	48.45	54.63	55.05

Energy Consumption

	Unit	2011	2012	2013
Total	TJ	11,721	13,847	14,589
Direct Consumption	TJ	167	134	163
Natural Gas	Nm^3	2,315,362	1,805,327	1,610,880
Diesel	Liter	236,827	410,006	116,984
Kerosene	Liter	558,379	509,226	509,323
Indirect Consumption	TJ	11,554	13,713	14,426
Electricity	MWh	1,283,482	1,428,119	1,502,377
Steam	GJ	2,728	2,608	3,318
Total Electricity Saved	MWh	45,880	48,362	46,487
Building Management	MWh	6,023	5,776	3,901
Natural Air-conditioning System	MWh	39,857	39,857	39,857
New Renewable Energy Generation Facilities	MWh	2,719	2,729	2,729
Intensity	TJ/KRW billion	0.93	1.12	1.13

Waste and Recycling

	Unit	2011	2012	2013
Total Waste (A)	Ton	1,811	1,726	1,646
Domestic Waste	Ton	773	695	556
Large Sized Waste	Ton	116	126	85
Recyclable Waste (B)	Ton	535	515	583
Food Waste	Ton	354	355	373
Designated Waste	Ton	33	36	29
Recycling Rate (B/A)	%	30%	30%	36%
Intensity	Ton/KRW billion	0.144	0.140	0.126

Water

	Unit	2011	2012	2013
Annual Water Consumption	m^3	676,043	649,351	683,387
Waterworks Usage	m^3	590,113	583,681	623,429
Underground Water Usage	m^3	85,930	65,670	59,908
Intensity	m^3/ KRW billion	53.86	52.65	53.14

Resources

	Unit	2011	2012	2013
Electronic Bill				
Total Electronic Bill Subscribers	1000 Persons	12,550	16,051	17,860
Rate of Subscription	%	-	90% or higher	93.4%
Device Retrieval Rate				
Device Retrieval Rate	%	8.8	7.4	8.0
Device Sold	1000 Unit	12,775	11,928	9,838
Device Retrieved	1000 Unit	1,127	885	785

Biodiversity

	Unit	2011	2012	2013
Base Stations within Protected Areas	Unit	44	56	91
Relay Stations within Protected Areas	Unit	348	553	184
Rate of Eco-friendly Installation	%	-	40	48
New Eco-friendly Radio Stations	Unit	58,345	53,498	58,419

Environmental Investment and Cost

	Unit	2011	2012	2013
Environmental Investment & Cost				
Total (excl. Green Purchase)	KRW	923,234,000	624,655,114	378,125,807
Waste Disposal Service	KRW	92,378,000	110,756,861	94,311,290
Education & Training	KRW	25,000,000	9,625,000	35,000,000
Miscellaneous	KRW	68,000,000	77,271,000	0
Recycling Service	KRW	4,513,000	24,134,230	28,929,653
External Nature Conservation Cost	KRW	93,825,000	108,449,622	18,390,000
Campaigning & Publication	KRW	167,000,000	88,880,622	53,600,000
Charges & Taxes	KRW	472,518,000	205,537,779	147,894,864
Energy Saving & Climate Changing Cost	KRW	123,000,000	265,000,000	197,000,000
Green Purchase				
Green Purchase Cost	KRW	399,115,000	984,159,800	6,083,561,000
Environmental Volunteer Activities				
Volunteers	Persons	1,400	1,506	1,226
Hours of Volunteer Activities	Hours	-	1,831	1,748

Management Discussions and Analysis on Environmental Statement

Section 1. Energy-Climate Change
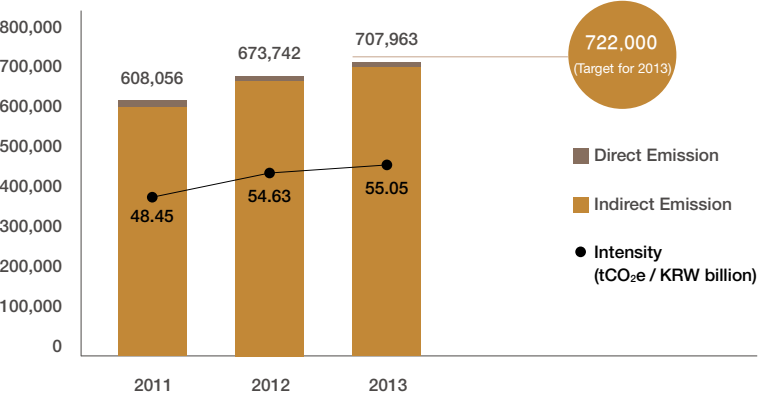
1.1 Greenhouse Gas Emission

Methods and Basis of Estimation:

The greenhouse gas emissions are estimated based on the 26 company buildings of SK Telecom including data centers. It also includes the emissions from network facilities (e.g. stations, equipment). However, it does not include the emissions from the subsidiaries and supply chains. In 2010, SK Telecom created a greenhouse gas inventory system for more accurate estimation and managing of greenhouse gas emissions at a corporate-wide level. The intensity of greenhouse gas is calculated by dividing the total emissions of greenhouse gas by SK Telecom's individual base sales (equals the data coverage).

Status:

In 2013, the total greenhouse gas emissions of SK Telecom was 708,000 tons, keeping it under the target of 722,000 tons set at the end of 2012. Its trend has been rising and it increased by 5.1% in 2013. One of the major causes that led to the increase is the expansion of base and relay stations due to the increasing demand for LTE service. The expansion of network facilities for LTE service is inevitable due to growing needs. However, we plan to minimize the rate of increase by replacing outdated inefficient facilities and using natural air-conditioning and energy consumption management systems. It is our goal to keep the increase rate at 5% (743,000 tCO$_2$e) in 2014. For Indirect Greenhouse Gas Emissions (Scope 3), we plan to expand the scope of control by conducting research for the reduction of greenhouse gas emissions and promoting participation in the emission trading scheme. Please refer to page 100 for more details.

Greenhouse Gas Emissions (Unit: tCO$_2$e)


Year	Value
2011	608,056 (Intensity 48.45)
2012	673,742 (Intensity 54.63)
2013	707,963 (Intensity 55.05)

722,000 (Target for 2013)

- Direct Emission
- Indirect Emission
- Intensity (tCO$_2$e / KRW billion)

1.2 Energy Consumption

Methods and Basis of Estimation:

The energy consumption is estimated based on the 26 company buildings of
SK Telecom including data centers. It also includes the consumption of network
facilities (e.g. stations, equipment). However, it does not include the consumption of
subsidiaries and supply chains. The data is collected through the bills provided by
energy suppliers. The intensity of energy consumption is calculated by dividing the
total energy consumption by SK Telecom's individual base sales (equals the data
coverage). The amount of energy saved by using natural air-conditioning systems
and new renewable energy sources is calculated using the actual data measured
from 2011 to 2012.

Status:

Due to an increasing use of LTE network, the total energy consumption in 2013
was 14,589 TJ, a 5.4% increase from the previous year. As a result, we failed to
keep it under the target of 13,300 TJ. Because the indirect energy consumption
through electricity takes up 98.9% of the total energy consumption, we are replacing
outdated inefficient equipment with more efficient equipment to maximize energy
efficiency. In 2013, we built 316Mwh relay stations that require less power and
removed 14 type systems including 1X exchangers while integrating 147 indoor
facilities. In addition, we have introduced natural air-conditioning systems and new
renewable energy source as part of our efforts in improving energy efficiency. The
main cause of the increase in energy consumption is the increasing demand for LTE
network service and additional construction of base and relay stations. It is our goal
to keep the increase rate at 5% (15,318 TJ) in 2014.

Energy Consumption   (Unit: TJ)
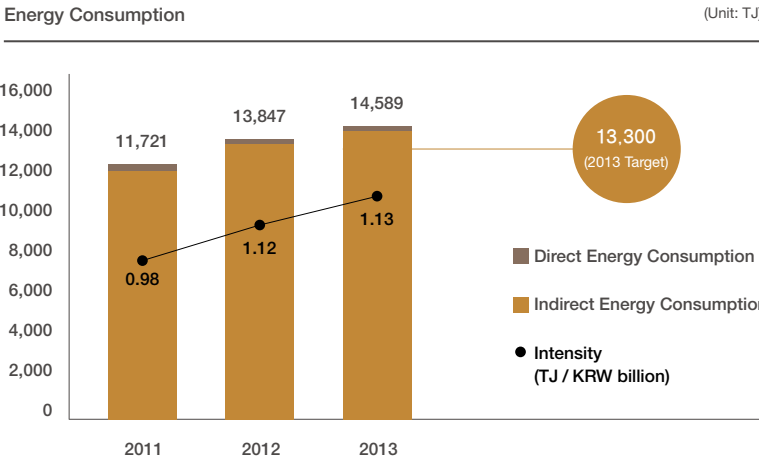
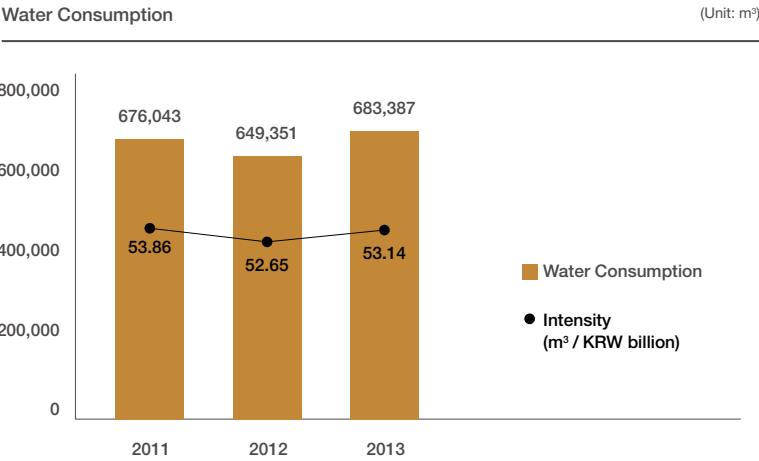**Section 2. Water and Waste**

2.1 Water Consumption

Methods and Basis of Estimation:

The water consumption is estimated based on the 26 company buildings of
SK Telecom and does not include the consumption by subsidiaries and supply
chains. The intensity of water consumption is calculated by dividing the total water
consumption by SK Telecom's individual base sales (equals the data coverage).

Status:

The water consumption in 2013 was 683,387 m3, a 5.2% increase from the previous
year. The main causes of the increase are the change in the number of consumers
and increasing demand for cooling water due to extended operation of coolers in
network facilities. We adjusted the amount of water draining at the cooling tower in
the Seongsu Office while making changes to the water supply for the cooling tower
in the Wonju Office.

Water Consumption   (Unit: m³)

2.2 Waste and Recycling

Methods and Basis of Estimation:

The amount of the waste is estimated based on the 26 company buildings of SK Telecom and does not include the amount of waste produced by subsidiaries and supply chains. The intensity of waste production is calculated by dividing the total waste production by SK Telecom's individual base sales (equals the data coverage). As of 2013, waste production is classified into Domestic, Food, Large Size, Recyclable, and Designated, and all the data from 2011 has been updated accordingly.

Status:

The amount of waste produced in 2013 was 1,626 tons, a 5.8% decrease from the previous year.

Waste Production   (Unit: Ton)
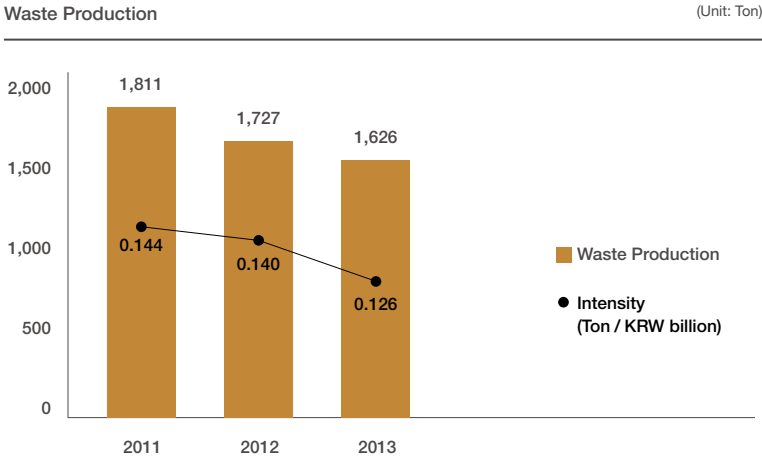

Section 3. Materials

3.1 Electronic Bills

Methods and Basis of Estimation:

The total electronic bill subscriber refers to the number of customers who receive their bills via smart phone, email or MMS. The rate of new subscription indicates the customers who subscribe for electronic billing service.

Status:

Since the MMS billing service was introduced in 2007 followed by the smart billing service in 2010, the number of people who subscribe for electronic billing service has increased at a steady pace. At the end of 2013, the total number of subscribers was approximately 17.86 million, an 11.3% increase from the previous year. The electronic billing service has the benefits of improving the security of personal information and saving on resources such as paper. The subscription rate in 2013 is over 90% as in the previous year.

Electronic Billing Service Subscription Trend   (Unit: 10,000 Persons)
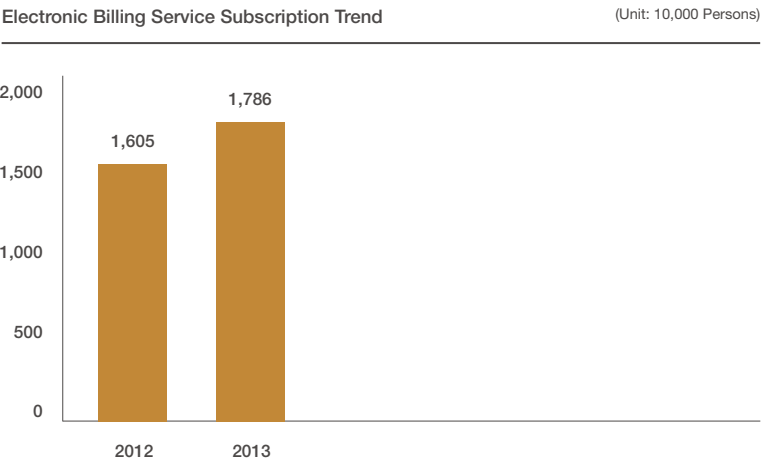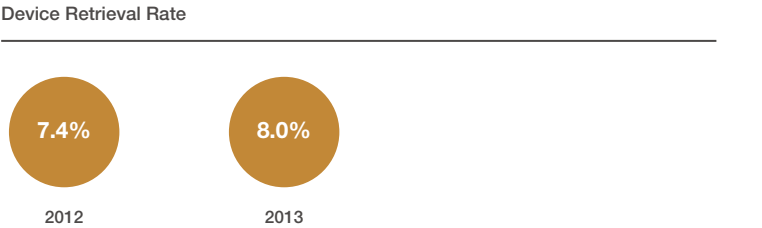

3.2 Device Retrieval Rate

Methods and Basis of Estimation:

The device retrieval rate is calculated by dividing the number of devices retrieved in a year by the total number of devices sold.

Status:

The device retrieval rate in 2013 was 8.0%, a 0.6% increase from the previous year.

Device Retrieval Rate

**Section 4. Overall Environmental Investment**

4.1 Environmental Investment and Cost
Methods and Basis of Estimation:
The environmental investment and cost is estimated based on SK Telecom's individual criteria. Due to the change in the criteria, all the data regarding the green purchase cost from 2011 has been updated retroactively. The green purchase cost includes energy efficiency grade, high efficiency energy certification, recycled product quality certification, environmental mark certification, environmental declaration of product, carbon reduction label, and low carbon product certification.
Status:
The amount of green purchase (products certified for eco-friendly practices) in 2013 was KRW 6.08 billion which is 6.2 times the estimate in 2012. The total environmental cost and investment including green purchase was KRW 6.46 billion, which is 3.6 times the amount in the previous year. The total environmental cost excluding the green purchase was reduced as collecting waste mobile phones was transferred to SK Networks as of 2013 (Miscellaneous).

Green Purchase Cost   (Unit: KRW billion)

Year	Value
2011	0.399
2012	0.984
2013	6.084
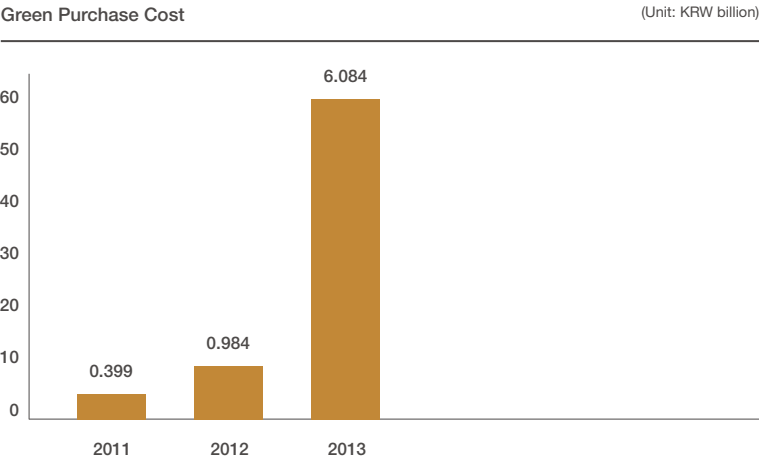
Other Disclosures

At SK Telecom, we are committed to ethical business conduct and full compliance with applicable regulations including those specified by the Fair Trade Commission and Korea Communications Commission while making sure our business practice reflects the demand of the government and stakeholders. Despite these efforts, we have been subject to the following instructions and fines and taken the necessary measures for correction accordingly since 2013.

List of Restrictions and Measures

Date	Restrictions	Corrective Measures
Jan. 11, 2013	Subject to corrective action and a fine of KRW 100 million due to violation of Article 23 of Fair Trade Act	Paid the fine.
Mar. 14, 2013	Subject to corrective action and a fine of KRW 3.14 billion due to the "infringement of users' rights with the subsidy for device" issued by Korea Communications Commission	Paid the fine and reported the corrective measures in April 2013.
Jul. 18, 2013	Subject to corrective action and a fine of KRW 36.46 billion due to the "infringement of users' rights by discriminating the subsidy for device" issued by Korea Communications Commission	Paid the fine and reported the corrective measures in August 2013.
Aug. 21, 2013	Subject to corrective action due to the "violation of the Terms of Use" issued by Korea Communications Commission	Completed the corrective measures in consultation with the commission in November 2013.
Sep. 16, 2013	Subject to corrective action due to the "violation of the electrical communication service wholesale under the Electrical Communication Business Act" issued by Korea Communications Commission	Reported the corrective measures in October 2013.
Nov. 15, 2013	Subject to corrective action and a fine of KRW 676 million due to the "violation of the mobile phone service unsubscription under the Electrical Communication Business Act" issued by Korea Communications Commission	Paid the fine and reported the corrective measures in December 2013.
Dec. 27, 2013	Subject to corrective action and a fine of KRW 56 billion due to the "infringement of users' rights with the subsidy for device" issued by Korea Communications Commission	Paid the fine and reported the corrective measures in January 2014.

4
Management Discussion & Analysis

Independent Auditors' Report

Based on a report originally issued in Korean
To The Board of Directors and Shareholders
SK Telecom Co., Ltd.:

We have audited the accompanying consolidated statements of financial position of SK Telecom Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We did not audit the financial statements of SK Broadband Co., Ltd., a domestic subsidiary, and an associate, whose financial statements constitute 21.2% of the Group's consolidated total assets as of December 31, 2013, 11.7% of the Group's consolidated operating revenue and 33.6% of the Group's profit before income tax for the year ended December 31, 2013 and the financial statements of SK Broadband Co., Ltd., and two other domestic subsidiaries and an associate, whose financial statements constitute 26.6% of the Group's consolidated total assets as of December 31, 2012 and 15.1% of the Group's consolidated operating revenue for the year ended December 31, 2012. Other auditors audited those financial statements and our report, insofar as it relates to the amounts included for these entities, is based solely on the results of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, based on our audits and reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to the following:
As discussed in note 38 to the consolidated financial statements, the Group disposed of its partial interests in Loen Entertainment, Inc., a subsidiary, which resulted in loss of control during the year ended December 31, 2013. The Group presented the results of operations of Loan Entertainment, Inc. as a discontinued operation in the consolidated statement of income for the year ended December 31, 2013 and accordingly restated the comparative information for the year ended December 31, 2012.
The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those knowledgeable about Korean auditing standards and their application in practice.

KPMG Samjong Accounting Corp.

Seoul, Korea
February 21, 2014

This report is effective as of February 21, 2014, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Third-Party Assurance Statement

Introduction

DNV Certification Ltd. (hereinafter "DNV GL") is commissioned to carry out the assurance engagement of the 2013 Annual Report (hereinafter "the Report") of SK Telecom Inc. (hereinafter "SK TELECOM"). This engagement focused on the information provided in the Report and the underlying management and reporting processes. SK TELECOM is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL's responsibility in performing the work follows terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. SK TELECOM's stakeholders including shareholders are the intended recipients of the assurance statement.

Scope of Assurance

This Assurance Engagement covered data from the calendar year 2013. The scope of DNV GL's Assurance Engagement includes only for operations under control in Korea the review and assessment of followings:

- Evaluation of the sustainability reporting principles for defining the report content and the quality as expressed in Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4.
- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS) 2008 with a moderate level of assurance and Type 2 as stated in AA1000 Assurance Standard(AS) 2008.
- Verification of disclosures to check the Report is prepared 'In accordance' with the GRI Guidelines (Comprehensive option) (Aggregated level of data that refers to the period between January and December 2013)
- Visit to SK TELECOM Head office in Seoul, Korea in April-May 2014.

Limitation

The engagement excluded the sustainability management, performance and reporting practices of SK TELECOM's suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Any financial information from SK TELECOM's annual business report and company reporting on operations in 2013-2014 or other sources are not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. The baseline data for Environmental and Social performance are not verified, while the aggregated data are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Verification Methodology

The Assurance Engagement was planned and carried out in accordance with the DNV GL Verification Protocol for Sustainability Reporting (VeriSustain™ V.4.1) and AA1000AS (2008). As part of the verification, we challenged the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls.
In accordance with the Protocol, the Report was evaluated with regard to the following criteria: DNV GL has examined and reviewed documents, data and other information made available by SK TELECOM. We acquired the information and technical data from the certified management systems. We performed sample-based audits of;

- The process for determining the materiality of the contents to be included in the Report;
- The process for generating, gathering and managing the quantitative and qualitative data included in the Report.
- The accuracy of data verified.

Conclusion

In DNV GL's opinion, and based on the scope of this Assurance Engagement, the Report provides a reliable and fair representation of SK TELECOM's strategy, policy, practices and performance in 2013. Further conclusions and observations on the Adherence to the principles of Inclusivity, Materiality and Responsiveness, as set forth in the AA1000APS(2008) are made below;

Inclusivity

SK TELECOM has conducted comprehensive engagement with a wide range of stakeholders. Such 6 main stakeholder groups as Customers, Suppliers, Employees, Local community and Shareholders, Government are identified in the Report. In addition, the communication channels with respective stakeholders are provided. Each business unit/department identifies the interest of stakeholders by engaging them with various ways. On-line stakeholder survey result was reflected into the materiality determination process. The expectation and interest of stakeholders are reported to the CSV Advisory group consisting of representatives from the respective stakeholder groups and the corporate citizenship committee under the board of directors which is the top governance organization. Then the accountable and strategic response to sustainability is developed by incorporating the opinions from stakeholders. In our view, the level at which the Report adheres to the principle of Inclusivity is 'Good.'

Materiality

SK TELECOM has analysed the key issues from the global sustainability initiatives and standards, the topics in which industry peer group is interested and the subjects covered by mass media in order to form relevant issue pool. The issues are rated by stakeholders via survey, and then prioritized by the impacts on the financial value creation. SK TELECOM has prioritized issues that are most material. The output of the process clearly brings out material issues. SK TELECOM reports the performances most relevant to the material issues. In our view, the level at which the Report adheres to the principle of Materiality is 'Good.'

Responsiveness:

Various stakeholders' views, interests and expectations sought from stakeholder engagement are considered in the preparation of the Report and in the formulation of management strategy. The report is the 2nd integrated report following the one published in 2013. SK TELECOM shows the Shareholders who are one of the key stakeholders the holistic approach to sustainability based on the interrelationship between the financial and non-financial performances. SK TELECOM has clearly stated its vision and strategy as well as sustainability governance, organization and the activities in the Report to demonstrate the performance achieved in 2013 in line with the expectations of stakeholders. The communication on progress for UN Global Compact which SK TELECOM is committed to support is disclosed in the Report as well. DNV GL evaluates this is another way to satisfy the expectations of various stakeholders. In our view, the level at which the Report adheres to the principle of Responsiveness is 'Good.'

Findings in Relation to Specific Performance Information:

DNV GL has evaluated the nature and extent of SK TELECOM's adherence to the AA1000 Accountability Principles as described above. In addition, the reliability of data and information is evaluated for Type 2 Assurance. DNV GL has interviewed the personnel responsible for the data and information in order to figure out the generation, aggregation and processing of data and information and reviewed the relevant documents and records based on which the statements in the Report are addressed. Especially the in-depth review is conducted on the reliability of data and information with regard to Water consumption, Waste generation, Accident rate and Ethics & Compliance for Type 2 Assurance.

The reporting of the management performance presented in the Report make it possible to understand the company's impact in economic, social and environmental areas, as well as the company's achievements in those regards. SK TELECOM has developed an effective methodology for gathering the specific information and data respectively for reporting. The personnel responsible for the data were able to demonstrate to trace the origin and interpret the data in a reliable manner as per internal process. Therefore, the specific data and information were found to be identifiable and traceable. From our analysis of the data and information, and SK TELECOM's processes, we conclude that the data and information included in the Report are the results of stable and repeatable activities.

Opportunities for Improvement

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

- Disclosure of the expectations of respective stakeholders identified from the engagement and response plan against the expectations.

Statement of Competence and Independence

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

May 2014
Seoul, Republic of Korea

In-Kyoon Ahn
Country Manager

DNV·GL

Note: Assurance engagement was conducted based on the Report written in Korean. In the event of ambiguity or contradiction in the Report between English version and Korean version, Korean one shall be given precedent.

Greenhouse Gas Assurance Statement

Terms of Engagement
This Assurance Statement has been prepared for SK Telecom, Korea

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by SK Telecom to assure its GHG inventory Report for the calendar year 2013 and summarised in Table 1below (hereafter referred to as "the Report"). The SK Telecom data as presented in the GHG Report have been prepared in accordance with GHG Target Management Scheme for quantification and reporting of greenhouse gas emissions in Korea. The Report relates to direct GHG emissions and energy indirect GHG emissions.

Management Responsibility
The management of SK Telecom was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with SK Telecom.
Ultimately, the Report has been approved by, and remains the responsibility of SK Telecom.

LTQA's Approach
Our verification has been conducted in accordance with GHG Target Management Scheme in Korea: Specification with guidance for verification of greenhouse gas assertions to provide reasonable assurance that the SK Telecom.
In order to form our conclusions we have:

- Conducted site tours of the facilities and reviewd processes related to the management of GHG emissions data and records
- Interviewed relevant staff of the organization responsible for managing and maintaining raw and consolidated data, and
- Verified the historical data and infomation at an aggregated level for the calendar year 2013.

Level of Assurance & Materiality
The opinion expressed in this Assurance Statement has been formed on the basis of a reasonnnnable level of assurance and at a 2.5% level of materiality.

LRQA's Opinion
Based on LRQA's approach we have found that the GHG data as presented in the inventory Report of GHG emission and the amount energy used within the Report are materially correct, subject to the following qualifications:

- The emissions from some small devices that have no information of the amount and fee of electricity in the ERP system have been estimated from the similar device data. This is not considered to be material

17th Floor, Singsong Building, 67, Yeouinaru-ro,
Yeongdeungpo-gu, Seoul, 150-923,
Republic of Korea

LRQA Reference: SEO 6017128

Table.
GHG emissions reported in the SK Telecom
GHG inventory Report for the calendar year 2013.

Scope(as defined within GHG Target Management Scheme in Korea	Year 2013
Direct GHG Emissions	7,375
Energy Indirect GHG Emissions	700,589
Total GHG Emissions	707,964

*Data is presented in tonnes of CO_2 equivalent

Sang-Keun Yoo
On behalf of Lloyd's
Register Quality Assurance Ltd.

This document is subject to the provision below:
This Assurance Statement is only valid when published with the Report to which it refers. Lloyd's Register Quality Assurance Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the 'Lloyd's Register Group.' The Lloyd's Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register Group entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.
Because of the inherent limitations in any internal control it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirement set out above as the verification has not been performed continuously the evaluation of control to future periods is subjet to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
The English version of this statement is the only valid version. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

Maximizing Shareholders' Value through Integrity and Transparency

5

Governance and Leadership

5
Governance and Leadership
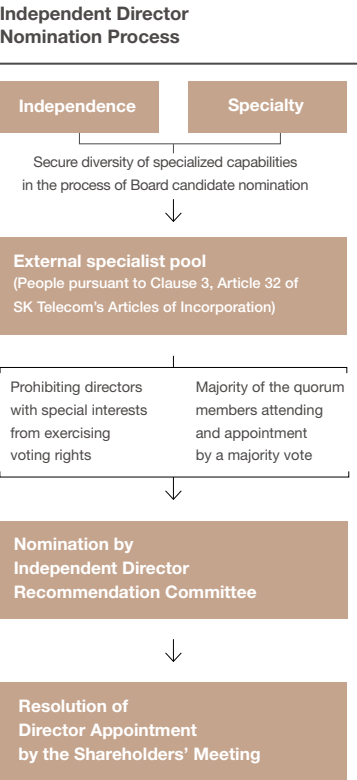
Independent and Transparent Corporate Governance

SK Telecom operates a value-creating board of directors by increasing the proportion of Independent Directors. To enhance management transparency, the company implements an Independent Directors' approval system for insider transactions (a first for a Korean company) while having sub-committees such as the Capex Review Committee, and the Corporate Citizenship Committee, which establishes a global-standard level corporate governance.

Current Status
SK Telecom is increasing its corporate value and maximizing shareholder value through reasonable and progressive decision-making by the Board of Directors on the basis of transparent, responsible management. The company also fulfills its social responsibility by actively incorporating the stakeholders' interests into business activities through establishing open communication with the stakeholders and seeking their engagement.

Independence and Transparency
The company's Board of Directors consists of eight members, three Executive and five Independent Directors, and has five committees, which are the Independent Director Recommendation Committee, the Audit Committee, the Compensation Review Committee, the Capex Review Committee, and the Corporate Citizenship Committee. To ensure the independence of each committee, SK Telecom has specified the ratio of Independent Directors to company directors and guarantees the transparent operation of each committee in accordance with the committee operating guidelines.

Separation of the Chairman of the Board and the Chief Executive Officer
In 2012, SK Telecom appointed Independent Director Hyun-Chin Lim as Chairman of the Board of Directors and strengthened the independence of its governance. The Audit and Compensation Committees are comprised entirely of Independent Directors to ensure the fairness and transparency of the Board's activities. On February 20, 2014, the company publicly released the personal data of Jay-Young Chung, an Independent Director candidate, Jae-Hoon Lee, an Independent Director candidate and Jae-Hyeon Ahn, an Independent Director candidate and candidate member of the Audit Committee, who were nominated by the Independent Director's Recommendation in the notice for the 30th General Shareholders' Meeting. At the meeting held on March 21, the new Directors listed were appointed. At the meeting held on March 21, it was resolved to appoint the new Directors.

Transparent Nomination Process
When appointing Directors, SK Telecom selects experts with a vast knowledge as well as experience in management, economics, accounting, law, and related technologies, who can contribute to the company's growth and the protection of shareholder rights. The Independent Director Recommendation Committee nominates an Independent Director, who is then appointed by a majority vote

of the Directors in attendance. In the process of the nomination process of the Director, the diversity of specialized capacities of SK Telecom board members as well as the capabilities of the individual candidate is considered. Once candidates are nominated, the appointment of the Director is confirmed through a transparent, legitimate process at a General Shareholders' Meeting.

Independent Audit Committee
SK Telecom specifies the committee structure, operation, rights, and responsibilities in the Audit Committee guidelines based on applicable laws and the articles of incorporation. The Audit Committee conducts audits on financial statements and supplementary schedules, on the audit process and on results from the accounting firm, and conducts additional reviews of the company's major issues and the operating status of the company's internal accounting system as reported by an internal accounting manager and an external auditor.

Prevention of Conflict of Interests
Board members cannot make transactions that fall under the sales section of the company based on either their own calculation or that of a third party without the prior consent of the board. Board members are not allowed to become employees or directors with unlimited liability. In addition, concurrent positions as Independent Directors or auditors are limited to only two positions.

Independent Director Nomination Process

Independence	Specialty

Secure diversity of specialized capabilities in the process of Board candidate nomination

↓

External specialist pool
(People pursuant to Clause 3, Article 32 of SK Telecom's Articles of Incorporation)

Prohibiting directors with special interests from exercising voting rights	Majority of the quorum members attending and appointment by a majority vote

↓

Nomination by Independent Director Recommendation Committee

↓

Resolution of Director Appointment by the Shareholders' Meeting

---

Composition and Responsibilities of Sub-Committees in the Board

Sub-Committee Name	Composition	Rights and Responsibilities
Independent Director Recommendation Committee	Executive Director 1 Independent Director 2	• Recommend candidates for Independent Directors to the Shareholders' Meeting to appoint Independent Directors
Audit Committee	Independent Director 3	• Right of auditing the Directors' job execution, right of requiring business report, right of investigating financial and asset status • Right to probe the Board in accordance with business laws • Right to the injunction of violated actions in accordance with business laws • Right of representing Directors in the lawsuit between Directors and the company based on business laws • Right to call for Extraordinary Shareholders' Meeting in accordance with business laws • Right to obtain advice from outside specialists at the company's expense • Appointment of an auditor • Review and approve the transactions between related affiliates or for such companies held during the quarter to provide products and services over the larger part of 5/100 of the company's total shareholders' equity or capital stock or for amounts of over KRW 5 billion • In case of optional contracts with specified affiliates, review and approval of the transactions of products and services for amounts of KRW 10 billion or more per transaction • In case of continuous transaction with specific affiliates through optional contracts, review and approval of the transactions of products and services whose estimated transaction in the same fiscal year is KRW 10 billion or more
Compensation Review Committee	Independent Director 3	• Review of the remuneration system and level of the CEO
Capex Review Committee	Executive Director 1 Independent Director 4	• Review the Capex plan in the next year's business plan • Review the Capex plan when comprehensively changing the year's business plan • Change of major Capex (exceeding 10% of Capex) • Quarterly or semi-annual Capex execution performance
Corporate Citizenship Committee	Executive Director 1 Independent Director 3	• Set and review CSR initiative direction • Interest-party communication and difficulties treatment • Report CSR initiatives to the Board

* Four Independent Directors participated in the Corporate Citizenship Committee in 2013, however, the Committee is participated by three Independent Directors in 2014.

5
Governance and Leadership

Performance-Based Remuneration

SK Telecom annually evaluates the activities of Directors and reflects the results in the reappointments after their terms. The company also pays remuneration and severance payments fairly and transparently through the resolution of the Shareholders' Meeting.

Board Activities and Evaluation

Each year, SK Telecom evaluates the Directors' expertise regarding the company's businesses and technologies and their active involvement in Board activities. The evaluation results are discussed at a Board of Directors meeting. Furthermore, once a Director's term has expired and the Director is nominated again by the Independent Director Recommendation Committee, the Director's previous performance is deliberated upon. In 2013, ten board meetings were held, in which the Directors' attendance rate was 100%. The Directors' remuneration and pension entitlements are determined by vote at a General Shareholders' Meeting, and the remuneration is paid in a fair, transparent way in accordance with the remuneration policy. In addition, the Board is delegated by shareholders the top resolution right related with management strategies in accordance with related laws and Articles of Incorporation and the Board performs the responsibilities and roles upon various matters including the remuneration of the top management team, recommendation of candidates for director, and audits on accounting and performance disclosures.

Board Activities

Round	Date	Major Agendas	Director Attendance Rate
351st	Feb. 07, 2013	• 29th Fiscal Year financial statements (plan) • 29th fiscal year business report (plan) • Debentures issuance (plan)	100%
352nd	Feb. 21, 2013	• 2013 Product· service· asset transactions with SK Planet (plan) • 29th General Shareholders' Meeting (plan)	100%
353rd	Mar. 22, 2013	• Chairman of the Board appointment (plan) • Committee members appointment (plan) • Financial transaction with affiliated financial company (SK Securities) (plan)	100%
354th	Apr. 25, 2013	• Sublease transaction for integrated advisors' office (plan) • Payment of 2013 SUPEX Pursuance Association (plan)	100%
355th	May 23, 2013	• FMI landscaping facilities complement construction (plan) • Debentures (hybrid bond) issuance (plan) • Approval of electronic short-term debentures limit (plan)	100%
356th	Jun. 20, 2013	• Financial transaction with affiliated financial company (SK Securities) (plan) • Service transaction with SK (China) Corporate Management LLC (plan)	100%
357th	Jul. 25, 2013	• Interim dividend (plan) • Long-term borrowings (plan) • Secure additional LTE frequencies (plan)	100%
358th	Sep. 26, 2013	• Financial management transaction with affiliated company (SK Securities) (plan) • 2013 Investment in additional LTE network facilities (plan)	100%
359th	Nov. 18, 2013	• 2014 SK forest transaction (plan) • 2014 Customer contact channel operation outsourcing (plan) • 2014 Base station maintenance and repairs outsourcing (plan)	100%
360th	Dec. 28, 2013	• 2014 Business plan (plan) • 2014 Resale of fixed products with SK Broadband (plan) • Financial management transaction with affiliated financial company (SK Securities) (plan)	100%

Activities of Audit Committee

Name of Committee	Members	Date	• Agendas	Attendance
Audit Committee	Jae-Ho Cho Dal-Seop Shim Hyun-Chin Lim Jay-Young Chung	Feb. 06, 2013	• 2013 mobile phone facilities construction (plan) • 2013 transmission network facilities construction (plan) • Auditors' opinion on the internal monitoring system (plan) • 2012 latter half management diagnosis· audit performance and 2013 management diagnosis· audit plan • Operation status of internal accounting management system	100%
		Feb. 20, 2013	• Audit results of FY 2012 IFRS accounting audits • FY 2012 internal accounting management system review results • Evaluation of operation status of internal accounting management system (plan) • Confirmation of the agendas of the 29th General Shareholder's Meeting and document review opinions (plan) • The 29th Auditors' Report (plan) • IT SM contract 2013 transaction scale (plan)	100%
		Mar. 21, 2013	• 2013 2/4 quarter SK C&C Co., Ltd. transaction (plan) • Financial transaction plan with affiliated financial company (SK Securities)	75%
	Jae-Ho Cho Dae-Shick Oh Hyun-Chin Lim Jay-Young Chung	Apr. 24, 2013	• Chairman appointment (plan) Jae-Ho Cho • Happynarae Co., Ltd. expendable supplies purchase (plan) • SKTCH outsourcing contract (plan) • 2013 independent auditor's audit compensation (plan) • Comprehensive approval for the 2013 independent auditor's service provision (plan) • FY 2013 accounting audit plan	100%
		Jun. 19, 2013	• 2013 3/4 quarter SK C&C Co., Ltd. Transaction (plan) • "Myshop" solution provision contract with a Thai company (plan) • Financial transaction plan with affiliate financial company (SK Securities)	75%
		Jul. 24, 2013	• 2013 mobile phone facilities construction (plan) • 2013 transmission network facilities construction (plan) • FY 2013 IFRS interim review results	100%
		Sept. 25, 3013	• 2013 4/4 quarter SK C&C Co., Ltd. transaction (plan) • 2013 management diagnosis· audit status	100%
		Nov. 27, 2013	• 2014 optical fiber maintenance and repairs outsourcing (plan) • 2014 electronic telecommunications equipment lease transaction (plan) • 2014 fixed network service outsourcing (plan) • 2013 mobile phone facilities construction (plan) • 2013 transmission network facilities construction (plan)	100%
		Dec. 17, 2013	• 2014 1/4 quarter SK C&C Co, Ltd. transaction (plan) • 2014 1/4 quarter products and service transaction with SK Planet (plan) • 2014 accounts receivables collection delegation (plan)	100%

Activities of Capex Review Committee

Name of Committee	Members	Date	Agendas	Attendance
Capex Review Committee	Rak-Young Uhm Dae-Shick Oh Jay-Young Chung Jae-Ho Cho Dong-Seob Jee	Apr. 24, 2013	• Chairman appointment (plan) • Report on major investee companies	100%
		Nov. 27, 2013	• Report on major investee companies	100%
		Dec. 17, 2013	• 2014 investment plan	100%

Activities of Independent Director Recommendation Committee

Name of Committee	Members	Date	Agendas	Attendance
Independent Director Recommendation Committee	Seong-Min Ha Rak-Yong Uhm Jae-Ho Cho	Feb. 20, 2013	• Independent director recommendation for the 28th Shareholders' Meeting (plan)	100%
		Apr. 25, 2013	• Chairman appointment (plan)	100%

Activities of Compensation Review Committee

Name of Committee	Members	Date	Agendas	Attendance
Compensation Review Committee	Hyun-Chin Lim Dae-Shick Oh Rak-Yong Uhm Dong-Seob Jee	Apr. 24, 2013	• Chairman appointment (plan)	100%
		Jun. 24, 2013	• Related with the public disclosure of individual compensation of Executive Directors	100%

Activities of Corporate Citizenship Committee

Name of Committee	Members	Date	Agendas	Attendance
Corporate Citizenship Committee	Jay-Young Chung Jae-Ho Cho Rak-Yong Uhm Hyun-Chin Lim Dong-Seob Jee	Apr. 24, 2013	• Chairman appointment (plan) • Report on major investee companies	100%
		Jun. 19, 2013	• Report on major investee companies	100%
		Sep. 25, 2013	• 2014 investment plan	100%
		Oct. 23, 2013	• UN Global Compact LEAD program CSR education • SK Telecom's environmental management status and plan	100%
		Dec. 17, 2013	• CSR activities performance review and comprehensive report	100%

Remuneration Payments

The upper limit of the Board's remuneration in 2013 was reviewed by the Board and finalized through the Shareholders' Meeting in accordance with the Commercial Act of Korea. The set amount approved by the Shareholders' Meeting was KRW 12 billion, and the total paid remuneration in 2013 was KRW 3,275 million.
The remuneration of executives consists of a per annum salary based on his/her position grade and an Incentive Bonus (IB) based on the previous year's business performance. SK Telecom has publicized the remuneration of individual Directors and auditors for amounts over KRW 500 million through its business reports since 2014.

Director Remuneration Payments

	# of Directors	Total Amount	Average per Person (Unit: KRW million)
Executive Directors	3	2,872	957
Independent Directors	1	83	83
Audit Committee Directors	4	320	80
Total	8	3,275	-

The Ratio between the Annual Median Employee Compensation and the Total Annual Highest Compensation

	Ratio	Increase/Decrease from Last Year
	12.06	-1.38

* The remuneration of the highest compensation and employees includes a per annum salary and incentive bonus.

Sustainability Management Governance and Stakeholder's Engagement

SK Telecom has openly advocated Corporate Social Responsibility and Sustainable Development. Furthermore, the company has been fulfilling its corporate social responsibility by establishing a top-level decision-making body and by maintaining a constant communication channel with interested parties.

Sustainability Management Governance

SK Telecom formed the Corporate Citizenship Committee as the highest-level body for social responsibility in 2008 and has fulfilled its CSR as part of its core business activities. The Corporate Citizenship Committee is the company's top decision-making body, aimed at practicing social responsibility and implementing CSR activities, and is responsible for coordinating the varying interests of stakeholders, making decisions from long-term perspectives, and contemplating SK Telecom's social responsibility. The Corporate Citizenship Committee consists of four members in total, three Independent Directors and one Executive Director, and it sets goals in five sustainability focus areas (Customer Experience Management, Win-Win Growth, Social Contribution, Ethics and Compliance, and Environment) and carries out activities such as providing mid- to long-term goal management, major decision-making, and monitoring major issues and business results.

In 2013, as the global standards such as the GRI Guidelines (GRI G4), the UN Global Compact (UNGC), and Communication on Progress (COP) requires companies to reinforce the participation of its top-level decision-making body in CSR, the company has further enhanced the roles of the Corporate Citizenship Committee.

In 2013, SK Telecom first published an integrated report which combined both the existing sustainability report and financial results, and later in 2013, the Corporate Citizenship Committee reviewed and published the core issues of the integrated report. In addition, to improve the specialty of the Board on the sustainability of the economy, environment, and society sectors, SK Telecom invited external specialists with the help of the UN Global Compact and educated the Board members about CSR in October 2013.
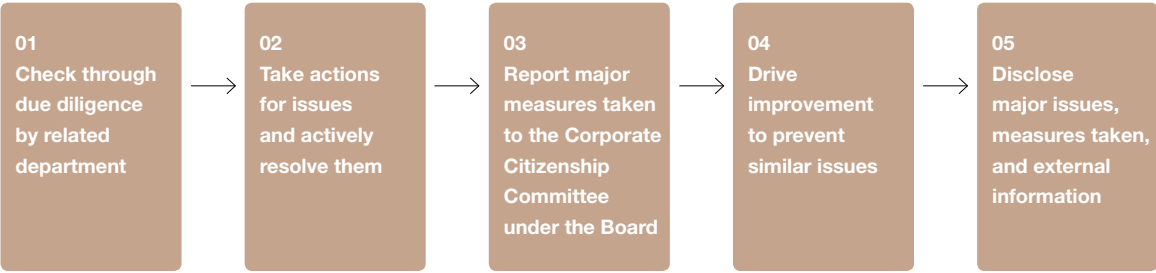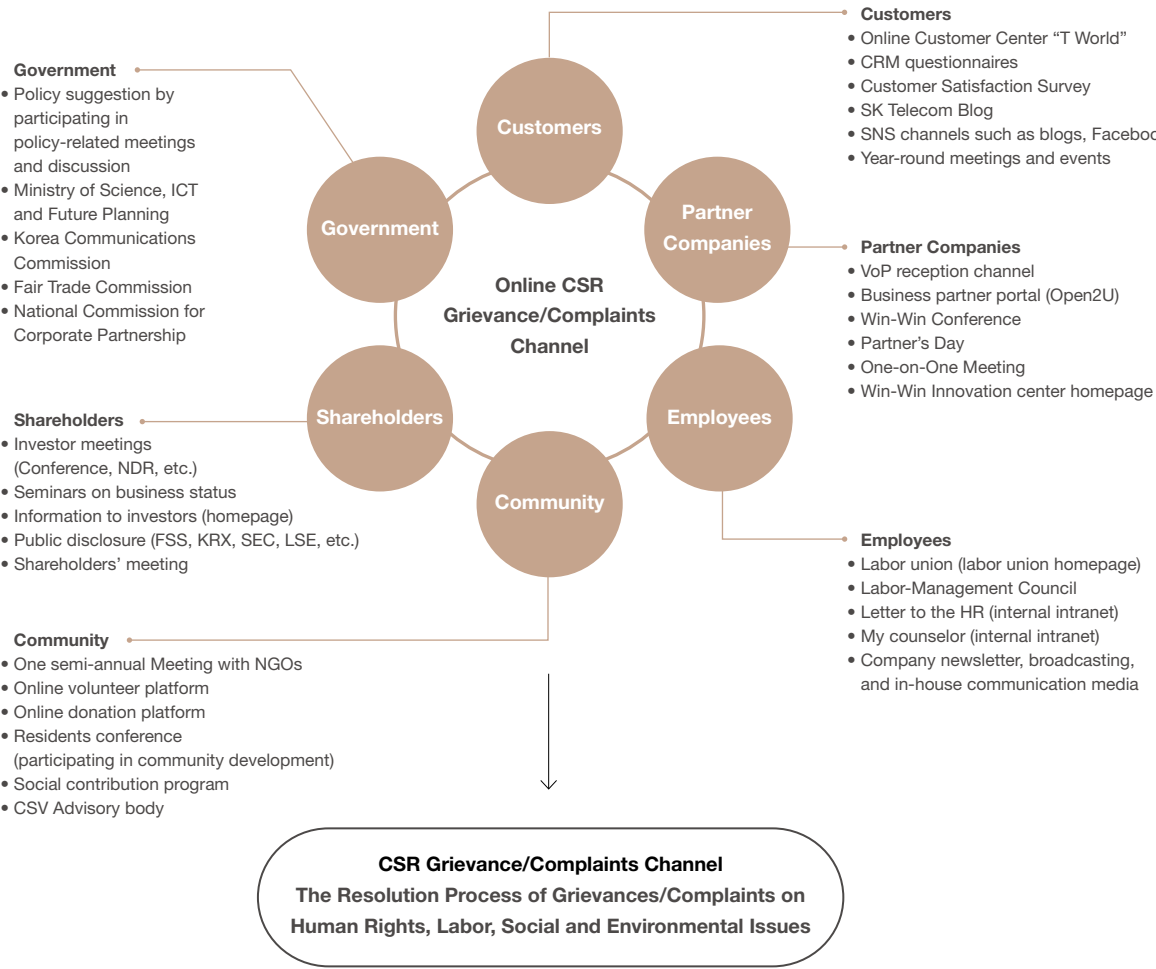
Stakeholder Engagement

Through the company's subsistence and development, SK Telecom aspires to create values for stakeholders and contributes to socio-economic development and the happiness of mankind. To realize this, the company established communication channels for stakeholders with distinct divisions by customers, partner companies, members, community and NGOs, shareholders, the government, and many others and pursues communication-oriented management activities. The company has communication channels by six stakeholders including an online channel, an online customer center ("T world"), a partner company portal, and a Labor-Management Council on the website, all of which accept opinions, grievances, and complaints from stakeholders and which check the demands of stakeholders on a constant basis.

In 2013, SK Telecom prepared company-wide policies on stakeholder engagement and refined the engagement system. Additionally, the company is operating an online communication channel to faithfully reflect the opinions and interest of stakeholders in terms of CSR such as society, environment, human rights, labor, etc.

Those opinions or measures received through this channel, if judged as having great impact or being material, are reported to the Corporate Citizenship Committee. Eight cases of major stakeholder issues were received through the online channel in 2013, 100% of which were successfully resolved.

Stakeholder Engagement and Communication Channels

Government
• Policy suggestion by participating in policy-related meetings and discussion
• Ministry of Science, ICT and Future Planning
• Korea Communications Commission
• Fair Trade Commission
• National Commission for Corporate Partnership

Shareholders
• Investor meetings (Conference, NDR, etc.)
• Seminars on business status
• Information to investors (homepage)
• Public disclosure (FSS, KRX, SEC, LSE, etc.)
• Shareholders' meeting

Community
• One semi-annual Meeting with NGOs
• Online volunteer platform
• Online donation platform
• Residents conference (participating in community development)
• Social contribution program
• CSV Advisory body

Customers
• Online Customer Center "T World"
• CRM questionnaires
• Customer Satisfaction Survey
• SK Telecom Blog
• SNS channels such as blogs, Facebook
• Year-round meetings and events

Partner Companies
• VoP reception channel
• Business partner portal (Open2U)
• Win-Win Conference
• Partner's Day
• One-on-One Meeting
• Win-Win Innovation center homepage

Employees
• Labor union (labor union homepage)
• Labor-Management Council
• Letter to the HR (internal intranet)
• My counselor (internal intranet)
• Company newsletter, broadcasting, and in-house communication media

CSR Grievance/Complaints Channel
The Resolution Process of Grievances/Complaints on Human Rights, Labor, Social and Environmental Issues

01 Check through due diligence by related department	02 Take actions for issues and actively resolve them	03 Report major measures taken to the Corporate Citizenship Committee under the Board	04 Drive improvement to prevent similar issues	05 Disclose major issues, measures taken, and external information

In addition, SK Telecom performs an annual online survey to understand the management priority rankings and major issues. The 2014 survey was conducted in February and March, and 426 people presented a variety of opinions. The survey included direct stakeholders, individuals, and corporations including executives and employees, shareholders, government organizations, and NGOs.

Through this stakeholder survey, SK Telecom learned about 12 core issues such as customer retention, loyalty, and network quality, etc (For further information, please refer to page 188). The contents derived from the study were reflected in this report, and finally reviewed and approved by the Corporate Citizenship Committee.

Since 2003, SK Telecom has been operating a CSR Advisory Panel comprising the representatives of major stakeholders, which regularly holds advisory meetings regarding major issues. Major issues discussed in the Advisory Panel have been reflected in the business decision-making. From 2014, the CSR Advisory Panel will be renamed the CSV Advisory Panel, and its roles and responsibilities will be further enhanced.

Key Agenda Items for CSR Advisory Panel

Session	Date	Key Agendas
1st	Jul. 11, 2013	• Report on the status of the "Traditional Market Revitalization" project and the progress of "BRAVO! Restart"
2nd	Aug. 29, 2013	• Understanding of CSR and future issue sharing • CSR activities direction reporting and discussion
3rd	Dec. 27, 2013	• Review CSR initiatives, performance and future directions

**Supporting International Principles and Initiatives**

SK Telecom has publicly advocated the principles of the UN Global Compact (UNGC). The United Nations demands that companies support the UNGC and comply with the ten principles defined by the UN, including human rights, environment, labor and anti-corruption, and that they support a wide range of the UN's development objectives, including the UN Millennium Development Goals. SK Telecom declared its support for the "Protect, Respect and Remedy" Framework endorsed by the UN Human Rights Council in June 2011. The company complies with ISO26000, the standard for corporate social responsibility, and is actively involved in the Integrated Reporting business network.

Externally recognized for its efforts to improve sustainability, SK Telecom has been included in the Dow Jones Sustainability Indices (DJSI) World Index for six consecutive years as of 2013, while the company has been selected as the carbon information disclosure leader company of the Carbon Disclosure Project Korea Committee for four years in a row.

CSR Education to Improve the Specialty of Directors on the Corporate Citizenship Committee

To enhance the CSR-related specialty of the directors in the Corporate Citizenship Committee, SK Telecom participated in the UN Global Compact (UNGC) LEAD Program and offered a course in 2013.

The UN Global Compact LEAD program is a CSR-related educational program specially designed to meet the needs of directors in 2011, developed by the UN Global Compact, Boston Consulting Group (BCG), and Business for Social Responsibility (BSR), an international NGO. The global leader in CSR, who was selected by the UNGC, presented major trends in CSR and the Board's roles as a CSR-driving engine through a course comprising two modules of "The Importance of Sustainable Management" and "The Roles of the Board" to the Corporate Citizenship Committee directors. Going forward, SK Telecom will further enhance the capabilities of the top-level governance body by offering the Corporate Citizenship Committee CSR course more than once a year.
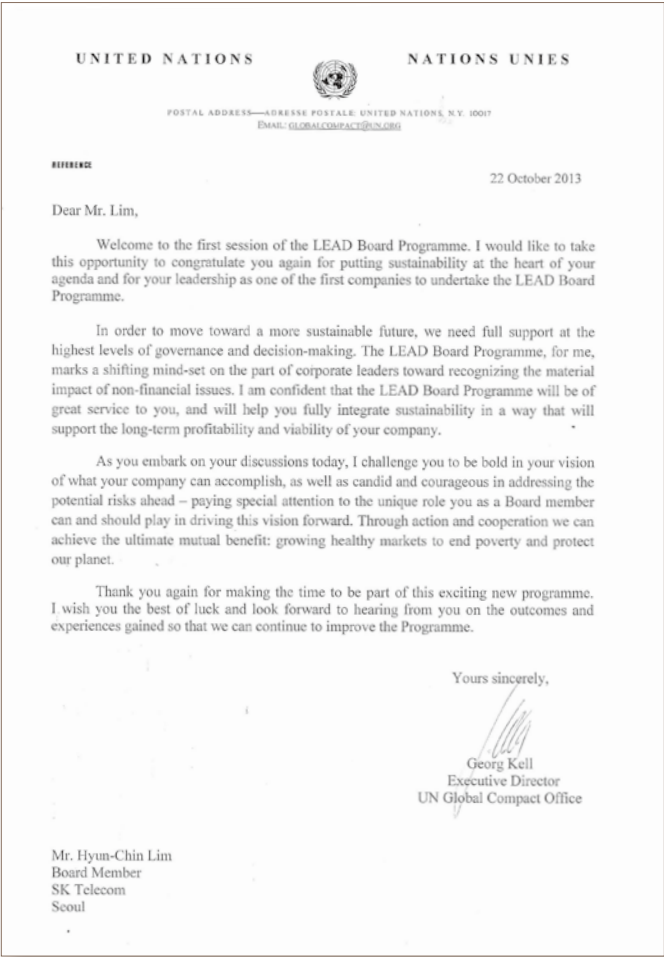
Letter by Mr. Georg Kell, the Secretary General of UN Global Compact, who congratulated and thanked the directors regarding the Board CSR course.

5
Governance and Leadership

Company-Wide Risk Management System

SK Telecom has established a company-wide risk management system by preemptively exploring potential risks, recognizing risks in places such as its subsidiaries and distribution network, and establishing clear response standards and systems. Through a strong risk management system, SK Telecom will further enhance its business stability.

Reinforcing the Risk Management System by Major Risk Issue

The recent aspects of risks faced by the company are expanding their management ranges to extents larger than those that are controllable, such as the distribution channels or distribution network. Due to the concentration and increasing size of the network and facilities, the scale of the damage and its effect on business is growing larger than before. Against this backdrop, in 2013 SK Telecom enhanced its basic compliance to prevent recognized risks, continued to seek out potential risks that might occur, expanded the risk recognition and management scope to include the distribution network and subsidiaries, and focused on checking the clarification of the risk judgment standards, such as service failure standards, thereby reinforcing its risk management system.
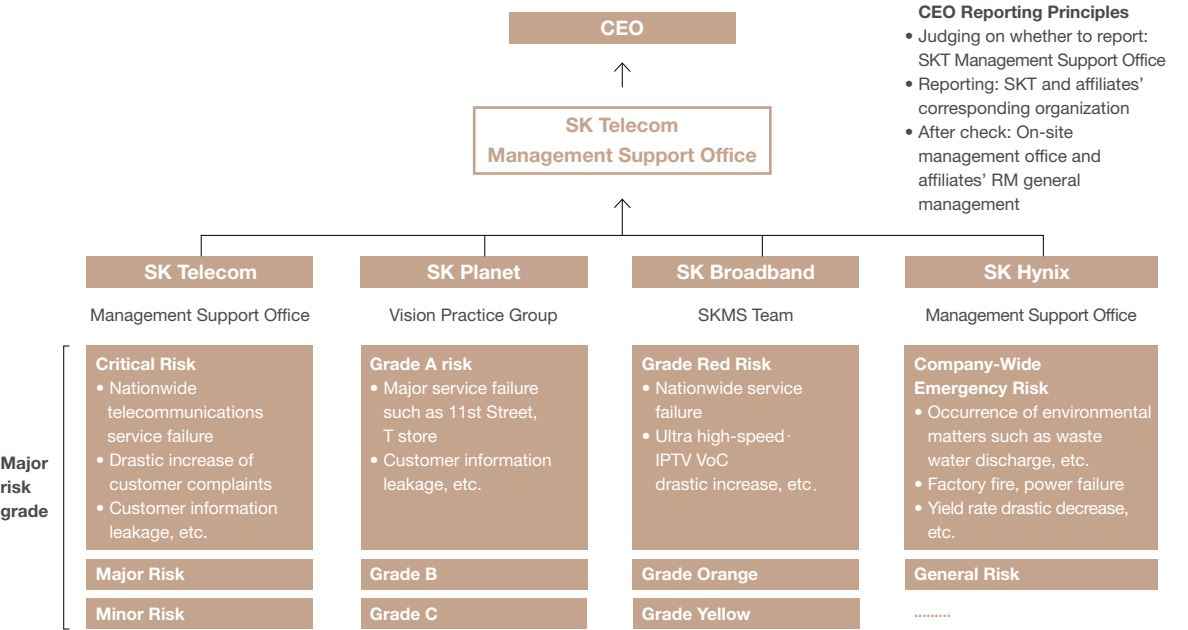
2013 Major Risk Management System Improvement

Enhanced Compliance	Finding Potential Risks	Support Affiliates' Risk Management System	Reinforce the Service Failure Judgment Criteria
In-depth diagnosis on B2B, growth business, distribution network, insider transaction status, customer information and checking the status of execution with compliance	Checking for potential risks by organization and finding issues through company-wide Risk Management Working Group (six times)	Conducting Risk Management Working Groups with affiliates and supporting each company in establishing the risk management system	Standardizing the criteria for judging risk response to 100 or more voice of customer (VoC) complaints, regardless of failure, and standardizing the judgments regarding restoring the situation to normal, and standardizing external communication criteria for customer VoC

Subsidiaries' Risk Management Systems

SK Telecom executed a company-wide Risk Management Working Group that included subsidiaries in June 2013 and established a risk reporting and management system that includes subsidiaries to further enhance its company-wide risk management system and enhance its management stability based on close cooperation with subsidiaries. Especially by clarifying the dispersion of situation standards into major risk types among companies, the company tried to establish a close risk responding system to share information among subsidiaries in case of abrupt crisis, and cope with the crisis through fast and effective decision-making. Furthermore, the company formalized the risk management meetings participated in by subsidiaries to continually seek out potential risks in the future.
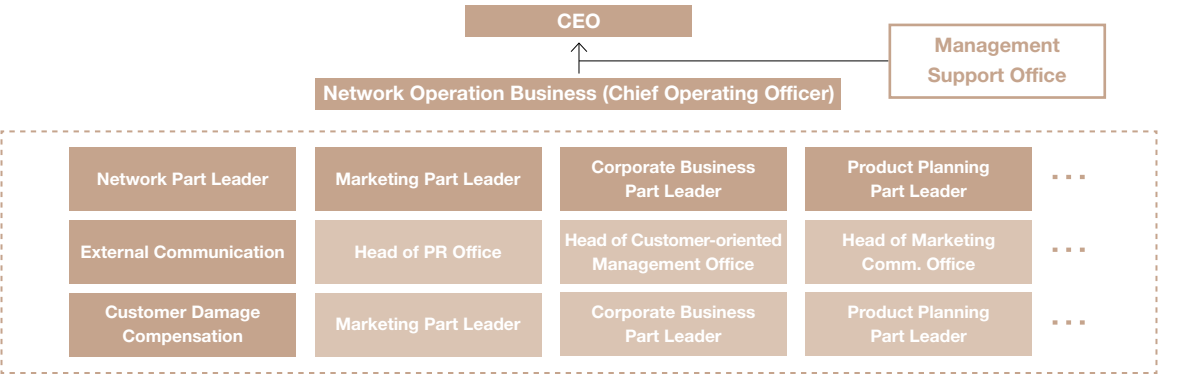
Affiliates' Major Risks and Management System

CEO Reporting Principles
- Judging on whether to report: SKT Management Support Office
- Reporting: SKT and affiliates' corresponding organization
- After check: On-site management office and affiliates' RM general management

CEO

SK Telecom Management Support Office

SK Telecom	SK Planet	SK Broadband	SK Hynix
Management Support Office	Vision Practice Group	SKMS Team	Management Support Office

Major risk grade

Critical Risk	Grade A risk	Grade Red Risk	Company-Wide Emergency Risk
• Nationwide telecommunications service failure • Drastic increase of customer complaints • Customer information leakage, etc.	• Major service failure such as 11st Street, T store • Customer information leakage, etc.	• Nationwide service failure • Ultra high-speed · IPTV VoC drastic increase, etc.	• Occurrence of environmental matters such as waste water discharge, etc. • Factory fire, power failure • Yield rate drastic decrease, etc.
Major Risk	Grade B	Grade Orange	General Risk
Minor Risk	Grade C	Grade Yellow	....

Operating a Company-Wide Crisis Response Center

Since 2014, SK Telecom has enhanced its risk management system to operate a company-wide crisis response center that immediately handles serious crisis situations. The company-wide situation room is called on during situations of serious crisis, when urgent responses are required to prevent serious damage to customer value and the reputation of the company; a company-wide response is required as the risk may affect various organizations in the company. It is called on especially when there are drastic increases in the same type of customer complaints (for example, Voice of Customer complaints), or if there are a certain accumulated number of problematic cases that occur, an increase in damaging remarks from the media and social network service about a certain negative situation, etc. Such company-wide crisis situations include an occurrence of a nationwide network failure (including natural disasters), a leakage of customer information, investigation and media coverage of unethical behavior of employees and others. In case of such incidents, Management Support Office decides on the effects of such issues, reports them to the CEO, and organizes responses accordingly as COO (Network Operations Business) calls on the company-wide situation room.

Crisis Response Center Operation System in case of Company-wide Crisis

CEO

Management Support Office

Network Operation Business (Chief Operating Officer)

Network Part Leader	Marketing Part Leader	Corporate Business Part Leader	Product Planning Part Leader	...
External Communication	Head of PR Office	Head of Customer-oriented Management Office	Head of Marketing Comm. Office	...
Customer Damage Compensation	Marketing Part Leader	Corporate Business Part Leader	Product Planning Part Leader	...

*Flexible operation of N/W failure restoration team, customer information leakage restoration team, etc.

SK will continue to secure the business stability through thorough risk management system operation in the future.
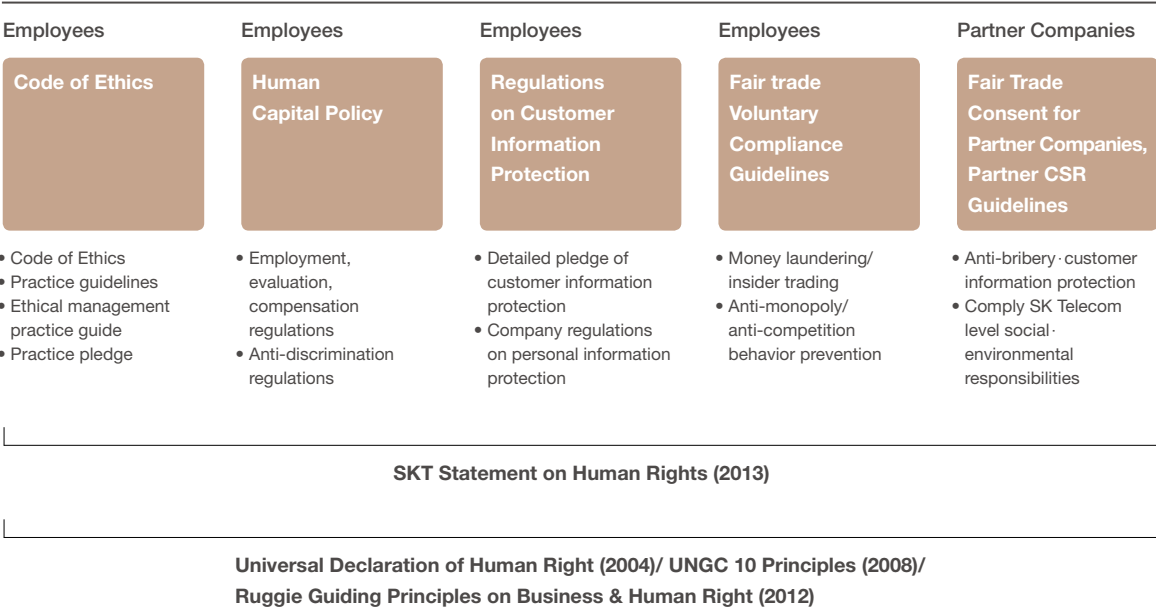
Establishment of an All-Encompassing Code of Conduct

SK Telecom has established the code of conduct system necessary for becoming a company that earns the trust of stakeholders and continues its long-term relationship. The company will faithfully perform its role as a responsible company by internalizing ethical management while explicitly setting the ethical standards in the process of achieving strategic goals.

Code of Conduct Framework

Employees	Employees	Employees	Employees	Partner Companies
Code of Ethics	**Human Capital Policy**	**Regulations on Customer Information Protection**	**Fair trade Voluntary Compliance Guidelines**	**Fair Trade Consent for Partner Companies, Partner CSR Guidelines**
• Code of Ethics • Practice guidelines • Ethical management practice guide • Practice pledge	• Employment, evaluation, compensation regulations • Anti-discrimination regulations	• Detailed pledge of customer information protection • Company regulations on personal information protection	• Money laundering/ insider trading • Anti-monopoly/ anti-competition behavior prevention	• Anti-bribery·customer information protection • Comply SK Telecom level social· environmental responsibilities

SKT Statement on Human Rights (2013)

Universal Declaration of Human Right (2004)/ UNGC 10 Principles (2008)/ Ruggie Guiding Principles on Business & Human Right (2012)

Ethical Management Internalization and Dispersion

SK Telecom's Code of Conduct sets forth the company's responsibility to employees, partner companies, customers, shareholders, communities, employees' attitudes, as well as setting forth the criteria for applying the Code of Ethics. Based on the Code of Ethics, which is central to the Code of Conduct, the company applies detailed guidelines for ethics and compliance, which encompass the HR policy, the Compliance Guidelines, the Privacy Pledge, and the Fair Trade Consent, and it clearly specifies the obligations and responsibilities relating to ethics and compliance in accordance with the applicable laws. All the employees of SK Telecom recognize the basic ethical guidelines and pledge to voluntarily practice them by pledging to conduct ethical practice at the start of each year.

Meanwhile, SK Telecom regularly provides ethics education in order to enhance the employees' understanding of ethics and to internalize the culture of practice. In 2013, 5,117 employees completed the ethical management education (including online education). The company also emphasized the importance of ethical management year-round through internal notices, increasing the sharing of values among employees on ethical management issues.

Reestablishment of the Code of Ethics System
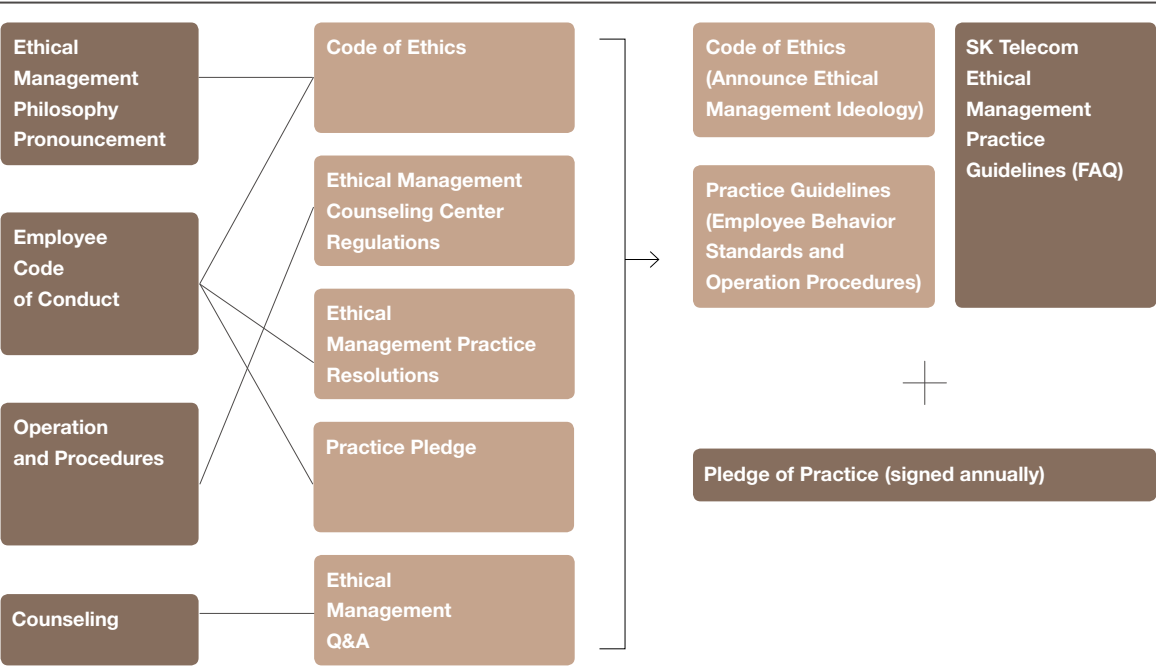
In November, SK Telecom re-established the current Code of Ethics system, which consisted of five axes comprising the Code of Ethics, the ethical management counseling center regulations and ethical management practice resolutions separated into two categories of the Code of Ethics and practice guidelines. Therefore, the company prevented the confusion that might occur due to different standards among individuals. At the same time, the company also made the ethical management practice guidelines (FAQ), judging standards by situation, further enhancing the practice.

The company continues to offer online and offline group education to subsidiaries and partner companies and enhances communications with them through interviews of partner companies, dispersing an ethical management culture throughout partner companies and subsidiaries as well.

Anti-Corruption Education

Session	2011	2012	2013
Anti-corruption, ethical management education employees	4,780	3,688	4,000 (VLS) 1,117 (Group education)
Distribution network	-	-	152 (Corporate business)

Ethics Counseling Center

SK Telecom runs a variety of channels to collect grievances and complaints from employees and suggestions from stakeholders about business ethics. Since its installation in 2004, the Ethics Counseling Center is accessible through a variety of channels, such as the corporate website, telephone, interviews, or mail, and provides a place where employees can report ethical issues such as dishonesty and corruption as well as counseling services regarding ethical problems. Furthermore, through channels such as "My Counselor" and "Letter to the HR," female counselors for sexual harassment are able to respond to employee grievances through Intranet.

Ethics Counseling Center Operation Status

Partner Companies
23

Employees
33

Total No. of Cases 713

Customers
657
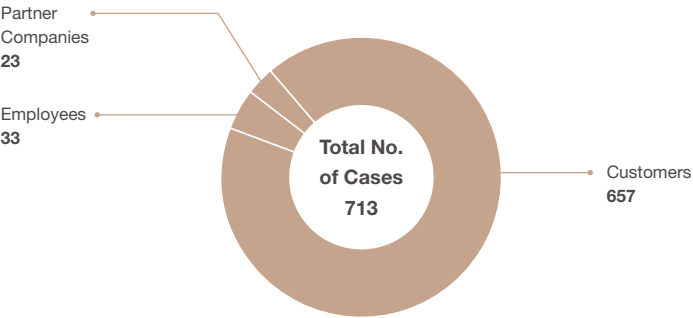
Ethics Counseling Operation by Channel

	2009	2010	2011	2012	2013
Channel of direct reporting to the Chairman of the Audit Committee	44	53	21	78	146
Received by the Ethics Counseling Center	578	576	445	493	713

Actions Taken after Code of Ethics Violations

Type	Number of events	Measures
Monetary bribes	4	Dismissal from office 3, Suspension 1
False reports / budget abuse & waste	2	Suspension 4
Misappropriation of company money	-	-
Damage to reputation	2	Suspension 1, Dismissal at one's request 1
Excessive loans between employees	6	Dismissal from office 2, Suspension 1, Salary cut 3
Sexual harassment	2	Dismissal from office 1, Suspension 1
Total	16	

Distribution Process Diagnosis and Improvement

SK Telecom recognizes the importance of preventing violations of the Code of Ethics in advance. Therefore, the company continues to monitor the Code of Ethics (Conduct) compliance status of employees and partner companies through counseling, audits, and investigative activities. The company uses its ERP system in monitoring, and interviews employees and partner companies about ethical issues on a regular basis.

In 2013, SK Telecom checked the internal processes, which include the diagnosis of the fixed and wireless incentive calculation system, the terminal demand and supply process, and the billing process work diagnosis. The company also improved customary process (asset and progress system management) by checking the network sites and through circulation diagnosis. The company also contributed to enhancing the work efficiency and competitiveness of the subsidiaries.

SK Telecom pays incentives in accordance with the sales performance of the distribution network. In 2013, based on policy standards, the company checked its internal process to prevent cases of adjusted balancing or abnormal calculations that were different from the existing sales policies. In the wireless incentive sectors, the company discovered cases of misuse of the compensated terminal change system, or cases in which the cancellation charges paid by the customers were delivered to the agencies that did not pay customer subsidies. In the fixed incentive sector, the company made the sales policy history in a database, improving the efficiency and transparency of the execution of expenses and supported the distribution infrastructure charges to include dealers in the system that were classified as members of an irregular distribution network, thereby reinforcing the management.

Furthermore, SK Telecom improved its terminal demand and supply process. The company will collect opinions from sites, and set common goals among organizations to enhance the linkage between the purchase and sales. The setting of common goals among organizations is expected to be introduced in 2014, considering the development period of a new commonly shared index. In addition, in the distributed allocation of terminals by regional headquarters unit, PS&M, the company's distribution affiliate shall be assigned with all terminals, improving the specialty and independence of the distribution channel.

Public Policy Cooperation

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

6

Additional
Information

As a Partner for New Possibilities,
We Journey Together
with Our Clients and Society

6
Additional Information

Financial Statements

SK TELECOM CO., LTD. and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2013 and 2012   (Unit: KRW million)

		December 31, 2013	December 31, 2012 (Restated)
Assets			
Current Assets:			
Cash and cash equivalents		1,398,639	920,125
Short-term financial instruments	311,474	514,417	
Short-term investment securities		106,068	60,127
Accounts receivable – trade, net		2,257,316	1,954,920
Short-term loans, net	79,395	84,908	
Accounts receivable – other, net		643,603	582,098
Prepaid expenses		108,909	102,572
Derivative financial assets		10	9,656
Inventories, net		177,120	242,146
Assets classified as held for sale		3,667	775,556
Advanced payments and other		37,214	47,896
Total Current Assets		5,123,415	5,294,421

(Continued)   (Unit: KRW million)

	December 31, 2013	December 31, 2012 (Restated)
Non-Current Assets:		
Long-term financial instruments	8,142	144
Long-term investment securities	968,527	953,712
Investments in associates and joint ventures	5,325,297	4,632,477
Property and equipment, net	10,196,607	9,712,719
Investment property, net	15,811	27,479
Goodwill	1,733,261	1,744,483
Intangible assets, net	2,750,782	2,689,658
Long-term loans, net	57,442	69,299
Long-term prepaid expenses	32,008	31,341
Guarantee deposits	249,600	236,242
Long-term derivative financial assets	41,712	52,992
Deferred tax assets	26,322	124,098
Other non-current assets	47,589	26,494
Total Non-Current Assets	21,453,100	20,301,138
Total Assets	26,576,515	25,595,559

(Continued)   (Unit: KRW million)

	December 31, 2013	December 31, 2012 (Restated)
Liabilities and Equity		
Current Liabilities:		
Short-term borrowings	260,000	600,245
Current portion of long-term debt, net	1,268,427	892,867
Accounts payable – trade	214,716	253,884
Accounts payable – other	1,864,024	1,811,038
Withholdings	728,936	717,170
Accrued expenses	988,193	890,863
Income tax payable	112,316	60,253
Unearned revenue	441,731	258,691
Derivative financial liabilities	21,171	—
Provisions	66,775	287,307
Advanced receipts and other	102,931	108,272
Liabilities classified as held for sale	—	294,305
Total Current Liabilities	6,069,220	6,174,895

(Continued)   (Unit: KRW million)

	December 31, 2013	December 31, 2012 (Restated)
Non-Current Liabilities:		
Debentures, net, excluding current portion	4,905,579	4,979,220
Long-term borrowings, excluding current portion	104,808	369,237
Long-term payables – other	838,585	715,508
Long-term unearned revenue	50,894	160,821
Finance lease liabilities	3,867	22,036
Defined benefit obligations	74,201	86,521
Long-term derivative financial liabilities	103,168	63,599
Long-term provisions	28,106	106,561
Deferred tax liabilities	168,825	—
Other non-current liabilities	62,705	62,379
Total Non-Current Liabilities	6,340,738	6,565,882
Total Liabilities	12,409,958	12,740,777
Equity		
Share capital	44,639	44,639
Capital surplus (deficit) and other capital adjustments	317,508	(288,883)
Retained earnings	13,102,495	12,124,657
Reserves	(12,270)	(25,636)
Equity attributable to owners of the Parent Company	13,452,372	11,854,777
Non-controlling interests	714,185	1,000,005
Total Equity	14,166,557	12,854,782
Total Liabilities and Equity	26,576,515	25,595,559

(Continued)   (Unit: KRW million)

	December 31, 2013	December 31, 2012 (Restated)
Continuing operations		
Operating revenue:		
Revenue	16,602,054	16,141,409
Operating expense:		
Labor cost	1,561,358	1,267,928
Commissions paid	5,498,695	5,949,542
Depreciation and amortization	2,661,623	2,421,128
Network interconnection	1,043,733	1,057,145
Leased line	448,833	468,785
Advertising	394,066	384,353
Rent	443,639	422,388
Cost of products that have been resold	1,300,375	1,292,304
Other operating expenses	1,238,623	1,147,787
	14,590,945	14,411,360
Operating income	2,011,109	1,730,049
Finance income	113,392	444,558
Finance costs	(571,203)	(638,285)
Gain (losses) related to investments in subsidiaries, associates and joint ventures, net	706,509	(24,560)
Other non-operating income	74,467	195,910
Other non-operating expenses	(507,173)	(188,304)
Profit before income tax	1,827,101	1,519,368
Income tax expense from continuing operations	400,797	288,207
Profit from continuing operations	1,426,304	1,231,161
Discontinued operations		
Profit (loss) from discontinued operations, net of income taxes	183,245	(115,498)
Profit for the year	1,609,549	1,115,663
Attributable to:		
Owners of the Parent Company	1,638,964	1,151,705
Non-controlling interests	(29,415)	(36,042)
Earnings per share		
Basic earnings per share (in won)	23,211	16,525
Diluted earnings per share (in won)	23,211	16,141
Earnings per share - Continuing operations		
Basic earnings per share (in won)	20,708	18,015
Diluted earnings per share (in won)	20,708	17,583

SK TELECOM CO., LTD. and Subsidiaries
Consolidated Statements of Income
For the years ended December 31, 2013 and 2012   (Unit: KRW million)

	2013	2012 (Restated)
Profit for the year		
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	5,946	(15,048)
Items that may be reclassified subsequently to profit or loss:		
Net change in unrealized fair value of available-for-sale financial assets	2,009	(149,082)
Net change in other comprehensive income of investments in associates and joint ventures	3,034	(82,513)
Net change in unrealized fair value of derivatives	11,222	(23,361)
Foreign currency translation differences for foreign operations	(3,714)	(49,538)
	18,497	(319,542)
Total comprehensive income	1,628,046	796,121
Total comprehensive income attributable to:		
Owners of the Parent Company	1,655,570	851,565
Non-controlling interests	(27,524)	(55,444)

SK TELECOM CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2013 and 2012   (Unit: KRW million)

	Share capital	Capital deficit and other capital adjustments	Capital deficit and other capital adjustments	Reserves	Sub-total	Sub-total	Total equity
Balance, January 1, 2012	44,639	(285,347)	11,642,525	260,064	11,661,881	1,070,828	12,732,709
Cash dividends	—	—	(655,133)	—	(655,133)	(2,133)	(657,266)
Total comprehensive income							
Profit (loss)	—	—	1,151,705	—	1,151,705	(36,042)	1,115,663
Other comprehensive loss	—	—	(14,440)	(285,700)	(300,140)	(19,402)	(319,542)
	—	—	1,137,265	(285,700)	851,565	(55,444)	796,121
Changes in ownership in subsidiaries	—	(3,536)	—	—	(3,536)	(13,246)	(16,782)
Balance, December 31, 2012	44,639	(288,883)	12,124,657	(25,636)	11,854,777	1,000,005	12,854,782
Balance, January 1, 2013	44,639	(288,883)	12,124,657	(25,636)	11,854,777	1,000,005	12,854,782
Cash dividends	—	—	(655,946)	—	(655,946)	(2,242)	(658,188)
Total comprehensive income							
Profit (loss)	—	—	1,638,964	—	1,638,964	(29,415)	1,609,549
Other comprehensive loss	—	—	3,240	13,366	16,606	1,891	18,497
	—	—	1,642,204	13,366	1,655,570	(27,524)	1,628,046
Issuance of hybrid bond	—	398,518	—	—	398,518	—	398,518
Interest on hybrid bond	—	—	(8,420)	—	(8,420)	—	(8,420)
Treasury stock	—	271,536	—	—	271,536	—	271,536
Business combination under common control	—	(61,854)	—	—	(61,854)	—	(61,854)
Changes in ownership in subsidiaries	—	(1,809)	—	—	(1,809)	(256,054)	(257,863)
Balance, December 31, 2013	44,639	317,508	13,102,495	(12,270)	13,452,372	714,185	14,166,557

SK TELECOM CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2013 and 2012   (Unit: KRW million)

	December 31, 2013	December 31, 2012 (Restated)
Cash flows from operating activities:		
Cash generated from operating activities		
Profit for the year	1,609,549	1,115,663
Adjustments for income and expenses	3,275,376	3,289,861
Changes in assets and liabilities related to operating activities	(969,870)	204,308
Sub-total	3,915,055	4,609,832
Interest received	64,078	88,711
Dividends received	10,197	27,732
Interest paid	(300,104)	(363,685)
Income tax paid	(130,656)	(362,926)
Net cash provided by operating activities	3,558,570	3,999,664
Cash flows from investing activities:		
Cash inflows from investing activities:		
Decrease in short-term financial instruments, net	186,425	464,531
Decrease in short-term investment securities, net	—	65,000
Collection of short-term loans	290,856	282,658
Proceeds from disposal of long-term financial instruments	16	23
Proceeds from disposal of long-term investment securities	287,777	511,417
Proceeds from disposal of investments in associates and joint ventures	43,249	1,518
Proceeds from disposal of property and equipment	12,579	271,122
Proceeds from disposal of investment property	—	43,093
Proceeds from disposal of intangible assets	2,256	21,048
Net proceeds from the disposition of non-current assets held for sale	190,393	—
Collection of long-term loans	13,104	11,525
Decrease of deposits	8,509	41,785
Proceeds from disposal of other non-current assets	683	1,853
Proceeds from disposal of subsidiaries	215,939	89,002
Increase in cash due to acquisition of a subsidiary	—	26,651
Sub-total	1,251,786	1,831,226

(Unit: KRW million)

	December 31, 2013	December 31, 2012 (Restated)
Cash outflows for investing activities:		
Increase in short-term investment securities, net	(45,032)	—
Increase in short-term loans	(279,926)	(245,465)
Increase in long-term loans	(4,050)	(3,464)
Increase in long-term financial instruments	(7,510)	(16)
Acquisition of long-term investment securities	(22,141)	(92,929)
Acquisition of investments in associates and joint ventures	(97,366)	(3,098,833)
Acquisition of property and equipment	(2,879,126)	(3,394,349)
Acquisition of investment property	—	(129)
Acquisition of intangible assets	(243,163)	(146,249)
Increase in assets held for sale	—	(51,831)
Increase in deposits	(83,314)	(43,534)
Increase in other non-current assets	(1,830)	(8,619)
Acquisition of business, net of cash acquired	(94,805)	(43,389)
Decrease in cash due to disposal of a subsidiary	—	(12,003)
Sub-total	(3,758,263)	(7,140,810)
Net cash used in investing activities	(2,506,477)	(5,309,584)

(Unit: KRW million)

	December 31, 2013	December 31, 2012 (Restated)
Cash flows from financing activities:		
Cash inflows from financing activities:		
Issuance of debentures	1,328,694	2,098,351
Proceeds from long-term borrowings	105,055	2,059,004
Issuance of hybrid bond	398,518	—
Cash inflows from derivative transactions	19,970	87,899
Sub-total	1,852,237	4,245,254
Cash outflows for financing activities:		
Decrease in short-term borrowings, net	(340,245)	(61,401)
Repayment of current portion of long-term debt	(161,575)	(102,672)
Repayment of debentures	(771,976)	(1,145,691)
Repayment of long-term borrowings	(467,217)	(1,660,509)
Cash outflows from derivative transactions	—	(5,415)
Payment of finance lease liabilities	(20,342)	(20,794)
Payment of dividends	(655,946)	(655,133)
Decrease in cash from the consolidated capital transaction	(8,093)	(8,372)
Sub-total	(2,425,394)	(3,659,987)
Net cash provided by (used in) financing activities	(573,157)	585,267
Net increase (decrease) in cash and cash equivalents	478,936	(724,653)
Cash and cash equivalents at beginning of the year	920,125	1,650,794
Effects of exchange rate changes on cash and cash equivalents	(422)	(6,016)
Cash and cash equivalents at end of the year	1,398,639	920,125

Materiality Report

SK Telecom Materiality Analysis Process

SK Telecom complies with the GRI guidelines of the Global Reporting Initiative (GRI) and the guides relating to deciding on report topics and composing contents recommended by the <IR> framework of the International Integrated Reporting Council (IIRC), and selects report topics through its annual materiality analysis process.

"Materiality" as defined by SK Telecom refers to relevance in business and sustainability aspects and the impact that the level of aforementioned topics actually have on SK Telecom's stakeholders and SK Telecom's ability to create sustainable value. For the quantitative analysis of materiality, the company assessed the topics in terms of corporate vision and strategies, industry competition, international standards and media exposure, and incorporated the impact evaluation of stakeholders collected from a survey that targeted those stakeholders that participate each year. The final evaluation in this report was conducted in March 2014, and the 2014 evaluation also reflected the financial materiality which considered the risks and opportunity factors in terms of financial aspects compared with the previous year and its effects on future value creation.

Materiality Analysis Process

Universe of Issues

01. Customer, Products and Services	02. Supply Chain	03. Environment
04. Business Ethics	05. Community	06. Employees
07. Business Model & Innovation	08. Economic Value Creation	*8 areas, 38 issues

↓

Materiality Test

M-1. Evidence of Business and Sustainability Relevance
• Assessments of a vision and future strategies, industry competition, laws and international standards, and media exposure
• Based on document analyses

M-2. Evidence of Stakeholder Impact
• Evaluation of impact from major stakeholders, including employees, customers, shareholders and investors, NGOs, partner companies, media, and government
• Based on a survey

M-3. Financial Materiality Adjustment
• Adjustment through evaluating the financial impact level in terms of Risks, Market Competition, Future Value Creation

↓

Reporting Topics

Prioritized Reporting Topics Set

M-1. Evidence of Relevance

To identify the relevance of each topic in business and sustainability aspects, the company assessed the relevance of its corporate vision and strategy, industry competition issues, the relevance of topics to international initiatives, and keywords appearing in the media. The assessments were conducted based on document analyses, and report topics were prioritized according to the assessment results.
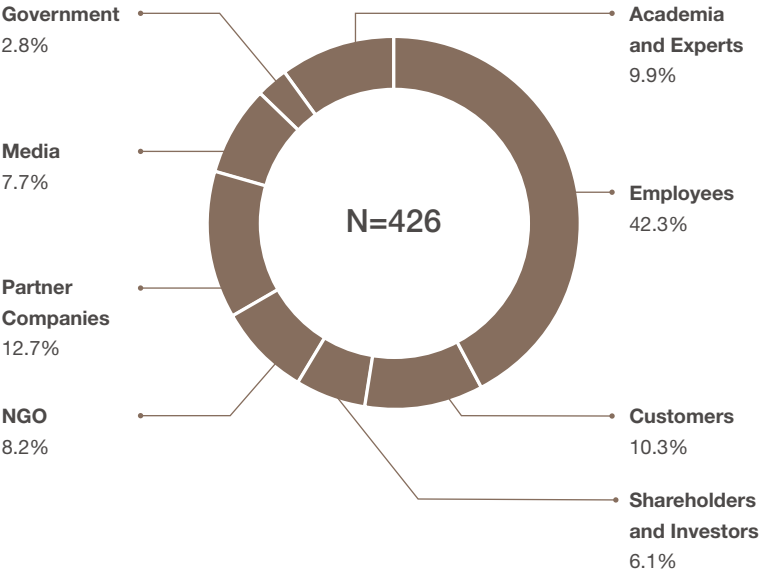
Vision and Strategy Relevance

In 2012, SK Telecom declared its new vision called, "Partner for New Possibilities," and in 2013, the company also declared "Happy Companion," the core value for achieving its vision. The company evaluated whether each subject was related to achieving the mid- to long-term vision and detailed strategies of "Happy Companion."

• Survey details: Vision 2020 relevance, 4th To-be Model, BOD Corporate Citizenship Committee official reports, past sustainability reports, data from analyst meetings in 2013

Telecommunications Industry Issues

The company assessed whether each topic was an issue facing global telecommunications companies. It also examined the topics that global mobile and cable telecommunications leaders regard as high priority issues.

• Target companies: 12 global cable and mobile telecommunications operators
• Survey content: Material topics reported in major telecommunication companies' environmental and social reports

Relevance to International Initiatives

SK Telecom assessed the relevance of each topic based on the initiatives and standards deemed to be credible, including the UNGC Advanced Level program (for which SK Telecom publicly declared its support), ISO26000 (the global standard for social responsibility), and the Dow Jones Sustainability Indices (DJSI), all of which are benchmarks of global sustainability.

• Analysis targets: UNGC Advanced Level, ISO26000, DJSI, GRI G4 Guidelines

Media Keywords

Topics that appeared in the media in 2013 were surveyed. In 2013, 965 keywords were analyzed as the most popular in the articles except those related to stock markets or personnel issues.

• Target period: January 1, 2013 through December 31, 2013
• Target outlets: 15 daily newspapers, including The Chosun Ilbo, the Joongang Daily, and the Dong-a Ilbo

M-2. Evidence of "Impact"

To identify the impact of each topic on stakeholders, an online stakeholder survey was conducted. The survey targeted about 426 parties, including SK Telecom's six biggest stakeholders, the media, and academia. The survey consisted of questions that asked about the interest and materiality of each major issue as perceived by the stakeholders.
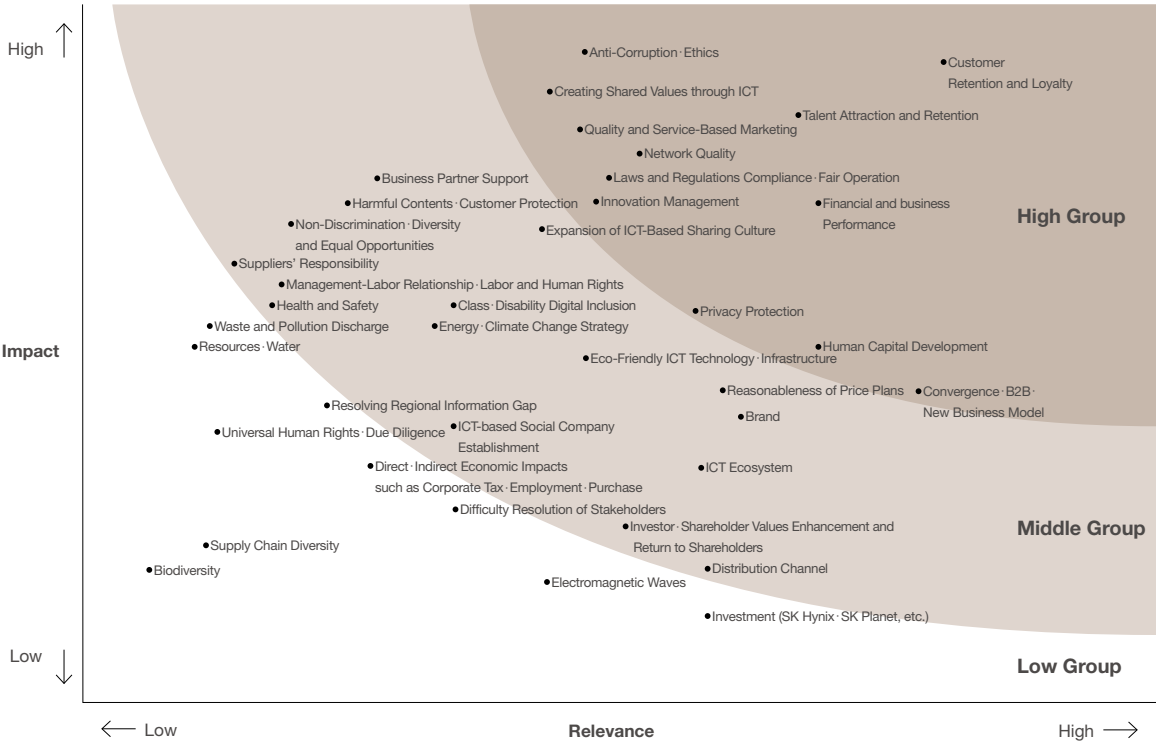• Survey period: February 20, 2014 through March 3, 2014
• Survey method: Online survey
• Responses: 426 people

Response Composition

Government 2.8%
Media 7.7%
Partner Companies 12.7%
NGO 8.2%
Academia and Experts 9.9%
Employees 42.3%
Customers 10.3%
Shareholders and Investors 6.1%

N=426

Shareholders and Investors

Shareholders and Investors
Mirae Asset Securities
Daewoo Securities
UBS
CLSA
KTB Investment & Securities
etc.

Government
Korea Information Society Development Institute (KISDI)
Korea Communications Commission (KCC)
Ministry of Science, ICT and Future
etc.

NGO
Kids and Future Foundation
Compassion Korea
Save the Children
Beautiful Foundation
etc.

Academia and Experts
UN Global Compact Korea
Korea Telecommunications Operators Association (KTOA)
Corporate Governance Service
etc.

Business Partners
INTECH & Company
Opasnet
Teletron
R&B System
etc.

High

Impact

Low

← Low   **Relevance**   High →

- Anti-Corruption·Ethics
- Customer Retention and Loyalty
- Creating Shared Values through ICT
- Talent Attraction and Retention
- Quality and Service-Based Marketing
- Network Quality
- Business Partner Support
- Laws and Regulations Compliance·Fair Operation
- Harmful Contents·Customer Protection
- Innovation Management
- Financial and business Performance
- Non-Discrimination·Diversity and Equal Opportunities
- Expansion of ICT-Based Sharing Culture
- Suppliers' Responsibility
- Management-Labor Relationship·Labor and Human Rights
- Health and Safety
- Class·Disability Digital Inclusion
- Privacy Protection
- Waste and Pollution Discharge
- Energy·Climate Change Strategy
- Resources·Water
- Human Capital Development
- Eco-Friendly ICT Technology·Infrastructure
- Reasonableness of Price Plans
- Convergence·B2B· New Business Model
- Resolving Regional Information Gap
- Brand
- Universal Human Rights·Due Diligence
- ICT-based Social Company Establishment
- Direct·Indirect Economic Impacts such as Corporate Tax·Employment·Purchase
- ICT Ecosystem
- Difficulty Resolution of Stakeholders
- Supply Chain Diversity
- Investor·Shareholder Values Enhancement and Return to Shareholders
- Biodiversity
- Distribution Channel
- Electromagnetic Waves
- Investment (SK Hynix·SK Planet, etc.)

High Group

Middle Group

Low Group

M-3. Financial Materiality Adjustment
The effects each subject has on creating SK Telecom's financial value on a mid- to long-term basis were assessed and weighed in terms of "Risk," "Market Competition," and "Future Value Creation."

Results of the Selection of Material Aspects
Finally, material aspects are prioritized in terms of business and sustainability relevance, stakeholder impact and financial value creation, and are reflected in the report. As for the twelve "High Group" items, including "Customer Retention and Loyalty," the management approach method and major data for each subject are all made public through narrative methods. Most of the "Middle Group" is also reported; however, parts of issues such as shareholder return, the management-labor relationship, labor and human rights, health and safety were reported only through data. The material aspects selected through the materiality test are reported in seven strategic main themes of Part 3 and MD&A of Part 4. Please refer to the following table for detailed reporting locations of the "High Group" issues.

Location of Material Aspects in the Report

Material Aspect	Related GRI Aspects	Location
01 Customer Retention and Loyalty	Product and Service Labeling Customer Satisfaction	p.76
02 Quality and Service-Based Marketing	Product and Service Labeling Marketing Communications	p.76
03 Talent Attraction and Retention	Employment Market Presence Diversity and Equal Opportunity	p.134
04 Financial and Business Performance	Economic Performance	p.44, 62, 118
05 Human Capital Development	Training and Education	p.110
06 Network Quality	Non-GRI	p.82
07 Anti-Corruption· Ethics	Anti-Corruption	p.172
08 Creating Shared Values through ICT	Local Communities Indirect Economic Impact	p.94
09 Innovation Management	Non-GRI	p.88
10 Laws and Regulations Compliance· Fair Operation	Compliance Environment Compliance Product Responsibility Compliance	p.149
11 Personal Information and Privacy Protection	Customer Privacy	p.76
12 Convergence· B2B·New Business Model	Non-GRI	p.88

6
Additional
Information

UN
Global Compact

Since joining the UN Global Compact (UNGC) in 2007, SK Telecom has performed various activities to resolve national and international social problems, and to spread the global CSR trend. In 2013, SK Telecom entered a partnership with UN Global Compact (MOU), and launched the Social Enterprise Action Hub (pilot), a website which connects entrepreneurs of social companies worldwide with investors, and therefore, contributed to resolving global social problems by activating social companies. In addition, as the only company to participate in LEAD, a leading company consultative body under the UN Global Compact, SK Telecom in 2013 offered the Board Program (a CSR education for board members and a key project of LEAD), to the Corporate Citizenship Committee, taking the initiative in applying the global CSR trend to Korea. SK Telecom is a founding member of UNGC Korea, a local association of UNGC, and has served as an operation committee member. As such, the company has been contributing to the taking root and expansion of CSR among Korean companies. In 2013, in major events organized by the UN Global Compact Korea such as the Global CSR Conference, Korea, China, Japan Round Table, the company introduced the "Research on social greenhouse gas reduction using ICT" case as a leading example of CSR in the environment management sector, thereby actively participating in the CSR expansion in Korea. As a result of such activities, SK Telecom was awarded the 2nd UN Global Compact Value Award in the "Community sharing" category as a superior company, being highly recognized as a leading company in CSR inside and outside of Korea.

UN Global Compact Activities

Associations · Initiatives	Date	Purpose · Note
UN Global Compact Headquarters	May 2007	Through its global CSR initiative activities, SK Telecom refined its CSR system and improved its CSR reputation both inside and outside of Korea.
UN Global Compact Korea	Sep. 2007	
UN Global Compact	Jan. 2011	Jan. 2011 As an exemplary member of UNGC, SK Telecom was invited to be a founding member of UNGC LEAD and has participated in LEAD since 2011, greatly contributing to the development of good CSR examples and their expansion

UN Global Compact Advanced Criteria Index

UNGC Advanced Criteria		Cross Reference/Direct Answer
Fulfillment of the UNGC 10 Principles in Strategy and Operation		
Criterion 1	Commitment to integrate the UNGC 10 principles into business function and units	p.34-37, p.194-195
Criterion 2	Practicing the UNGC 10 principles across the value chain	p.166-169
Definite Human Rights Policy and Procedure		
Criterion 3	Human rights commitment, strategy, and policy	p.196-197
Criterion 4	Effective management system to incorporate the human rights principles into business and management procedures	p.196-197
Criterion 5	Monitoring and evaluation mechanism to ensure compliance with the human right principles in the business and management procedures	Interpreted formal grievance mechanism for human rights, and evaluation mechanisms for human rights/labor/environment operated when evaluating partner companies
Definite Labor Policy and Procedure		
Criterion 6	Labor commitment, strategy, and policy	p.134-137
Criterion 7	Effective management system to incorporate the labor principles into business and management procedures	p.114, Through the trade union and collective bargaining, the labor principles are integrated and the labor-management council holds regular meetings
Criterion 8	Monitoring and evaluation mechanism to ensure compliance with the labor principles in the business and management procedures	p.114, p.134-137, The Labor-Management Council holds regular meetings and operate the grievance channel for employees
Definite Environmental Policy and Procedure		
Criterion 9	Environment commitment, strategy, and policy	p.100-104
Criterion 10	Effective management system to incorporate the environmental principles into business and management procedures	p.100-104
Criterion 11	Monitoring and evaluation mechanism to ensure compliance with the environmental principles in the business and management procedures	p.100-104
Definite Ethics and Compliance Policy and Procedure		
Criterion 12	Ethics commitment, strategy, and policy	p.172-175
Criterion 13	Effective management system to incorporate the ethical principles into business and management procedures	p.172-175
Criterion 14	Monitoring and evaluation mechanism to ensure compliance with the ethical principles in the business and management procedures	p.172-175
Activities to Support the More Broad and Comprehensive UN Objectives and Goals		
Criterion 15	Contribution through key businesses to help achieve the UN objectives and goals	p.94-99
Criterion 16	Strategic community investment and charity work to help achieve the UN objectives and goals	p.94-99
Criterion 17	Public engagement and communication to help achieve the UN objectives and goals	p.166-169, p.194-195
Criterion 18	Partnerships and outside initiatives to help achieve the UN objectives and goals	p.166-169, p.194-195
Governance and Leadership for Sustainability		
Criterion 19	CEO's sustainability commitment and leadership	p.34-37
Criterion 20	The Board of Directors' selection and oversight of sustainability agenda items	p.166-169
Criterion 21	Stakeholder engagement	p.166-169

6
Additional Information

CEO Statement on Human Rights

Under the SKMS principle, "For the company's continuous development, the company creates value for customers, employees, and shareholders, fulfills a key role in social and economic development, and makes contributions to the happiness of mankind," SK Telecom aims to accomplish its business goals while fulfilling its social responsibilities and codes of conduct. The company's social responsibilities defines its human rights duties towards customers, employees, partner companies, and community.

SK Telecom, as a company that practices a high level of awareness of global citizenship, respects the basic rights of all stakeholders that it encounters through products, services, contracts, purchases, and other business activities.

SK Telecom declares its support for the human rights principles stated in the UN Universal Declaration Human Rights and the UN Guiding Principles on Business and Human Rights, and the Ruggie Framework and pledges to fulfill its human rights responsibilities. SK Telecom will make every effort to prevent human rights abuse involving business and avoid complicity in such abuses. Furthermore, the company will ensure governance with integrity to take measures and provide communication regarding an organization responsible, under the UNGC Human Rights/Labor Principles, the operating structure, the monitoring process, and incidents. SK Telecom will exercise due diligence to assure compliance of the policy within whole supply chain as well as SK Telecom and its subsidiaries.

Specifically, SK Telecom, as an ICT provider, is aware of potential human rights risks in the following aspects and will do its utmost to prevent any problems that may occur:

01 _ Human Rights of Employees and Partner Companies
(Human Rights in the Workplace)
• Fundamental prevention of wrong labor practices, such as child and forced labor
• Prevention of discrimination by gender, ethnicity, religion, disability, and race
• Political, religious, and physical freedom, and respect of civil rights
Other labor principles recommended by the International Labor Organization (ILO) and endorsed by the government: safety/health, working hours, etc.

02 _ Human Rights in Privacy Policies
• Demanding minimum personal information, recording and saving to comply with laws
• Notification prior to saving information, fiduciary duty, and ability to freely delete information
• Optimal security system for preventing leaks, including data encryption
• Limited and responsible use of personal information for service/marketing purposes

03 _ Human Rights in Access to Information & Freedom of Expression
• Obligation to ensure equality of access to services regardless of class/disabilities
• Efforts to bridge the digital/smart divide: education, price plans, and systems
• Responsibility for distributed information to protect minors, including children and adolescents
• Fundamental support for freedom of expression
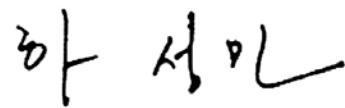
04 _ Prevention of Misuse of Technologies, Services, and Data
(Human Rights in Technology)
• Refusal to use technologies, electronic devices, and data for dual purposes
• Prevention of misuse of technologies, such as wiretapping, signal interference, or hacking

SK Telecom always keeps the channels of stakeholder communication open to prevent any human rights violations. If you have witnessed or experienced incidents of such violations, please inform the Company through the appropriate channel. (http://sktelecom.com/en/sktelecom/csr/csr04_02.jsp)

SK Telecom is committed to fulfilling its social responsibilities and pursuing the happiness of stakeholders and pledges to take the lead in advocating and complying with the Human Rights principles.

Sung-Min Ha
President and CEO
SK Telecom

GRI G4 General Standard Disclosures ● Reported / ○ Not Reported

Indicator	Description	Reported	Cross Reference/Direct Answer/Omission	Assurance
Strategy and Analysis				
G4-1	CEO Message	●	p.34-37	
G4-2	Key impacts, risks and opportunities	●	p.72-75	
Organizational Profile				
G4-3	Name of the organization	●	SK Telecom Co., Ltd.	√
G4-4	Primary brands, products, and services	●	p.56-59	√
G4-5	Location of the headquarters	●	SK-T tower, 65, Eulji-ro, Jung-gu, Seoul, Korea	√
G4-6	Number and name of countries the organization operates	●	p.206	√
G4-7	Nature of ownership and legal form	●	Corporation	√
G4-8	Markets served (geographic breakdown, sectors served, and types of customer and beneficiaries)	●	Over 95% of Revenues are generated from Republic of Korea. For our business model, please refer to p.56-59	√
G4-9	Scale of the organization	●	Employees – p.130, p.134, Financial Statements – p.118-127, Number of Operations – 26 local operations in Korea, and 9 global offices	√
G4-10	Total number of employees	●	p.130, p.134	√
G4-11	Percentage of total employees covered by collective bargaining agreements	●	p.132, p.137	√
G4-12	Organization's supply chain	●	p.58	√
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	●	2013 Business Report p.48-65	
G4-14	Whether and how the precautionary approach is addressed	●	p.166-169	√
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes	●	p.166-169, p.194-195	
G4-16	Memberships of associations	●	p.5	

GRI G4 General Standard Disclosures ● Reported / ○ Not Reported

Indicator	Description	Reported	Cross Reference/Direct Answer/Omission	Assurance
Identified Material Aspects and Boundaries				
G4-17	Entities included in the organization's consolidated financial statements, and whether any entity is not covered by the report	●	p.1, Entities list is included in the 2013 Business Report p.48-65	√
G4-18	Process for defining the report content and the Aspect Boundaries	●	p.188-193	√
G4-19	List of all material aspects identified	●	p.188-193	√
G4-20	Aspect Boundary within the organization	●	p.1	√
G4-21	Aspect Boundary outside the organization	●	p.1	√
G4-22	Any restatements of information provided in previous reports, and the reasons	●	Specific attention indicated as notes if necessary	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	●	Specific attention indicated as notes if necessary	

Reported / ○ Not Reported

Indicator	Description	Reported	Cross Reference/Direct Answer/Omission	Assurance
Stakeholder Engagement				
G4-24	Stakeholder groups engaged	●	p.188-193	√
G4-25	Basis for identification and selection of stakeholders	●	p.166-169	√
G4-26	Approach to stakeholder engagement	●	p.166-169	√
G4-27	Key topics and concerns raised by stakeholders, and how the organization has responded to those topics	●	p.188-193	√
Report Profile				
G4-28	Reporting period	●	FY 2013	√
G4-29	Date of most recent previous report	●	p.1	√
G4-30	Reporting cycle	●	Annual	√
G4-31	Contact point	●	p.208	√
G4-32	'In accordance' option	●	p.1, Comprehensive	√
G4-33	Policy and current practice with external assurance	●	p.1	√
Governance				
G4-34	Governance structure	●	p.50-51, p.160-161	√
G4-35	Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees	●	p.166-169	√
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	●	p.166-169	√
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	●	p.166-169	√
G4-38	Composition of the highest governance body and its committee	●	p.160-161	√
G4-39	Whether the Chair of the highest governance body is also an executive officer	●	p.50-51, p.160-161	√
G4-40	Nomination and selection processes for the highest governance body and its committees	●	p.160-161	√
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	●	p.50-51, p.160-161	√
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating the organization's purpose, value or mission statements, strategies, policies and goals to economic, environmental and social impacts	●	p.160-161	√
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	●	p.166-169	√
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	●	p.162-165	√

Indicator	Description	Reported	Cross Reference/Direct Answer/Omission	Assurance
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	●	p.160-161, p.166-169, p.170-171	√
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management process	●	p.160-161, p.170-171	√
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	●	p.160-161	√
G4-48	Highest committee or position that formally reviews and approves the sustainability report	●	p.166-169	√
G4-49	Process for communicating critical concerns to the highest governance body	●	p.166-169	√
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body	●	p.166-169	√
G4-51	Remuneration policies for the highest governance body and senior executives	●	p.162-165	√
G4-52	The process for determining remuneration	●	p.162-165	√
G4-53	How stakeholder's view and sought and taken into account regarding remuneration	●	p.162-165	√
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees	●	p.162-165	√
G4-55	Ratio of the percentage in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees	●	p.162-165	√
G4-56	Values, principles, standards and norms of behavior such as codes of conduct	●	p.172-175, and please refer to http://www.sktelecom.com/ethics	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior	●	p.172-175	√
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior	●	p.172-175	√

● Reported / ○ Not Reported

Aspect	Indicator	Description	Reported	Cross Reference/ Direct Answer/Omission	Assurance
Economic Performance	G4-DMA	Disclosures on Management Approach	●	p.44-47	
	G4-EC1	Direct economic value generated and distributed	●	p.62-63	√
	G4-EC2	Financial implications and other risks and opportunities due to climate change	●	p.100-104	√
	G4-EC3	Coverage of the organization's defined benefit plan obligations	●	Applied to all full-time employees as Defined Contributions or Defined Benefits	
	G4-EC4	Financial assistance received from government	●	p.62-63	√
Market Presence	G4-DMA	Disclosures on Management Approach	●	p.134-137	
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage	●	SK Telecom provides entry level wages higher than local minimum wage in all regions and operations, and does not discriminate due to employee's gender. However entry level wage ratio to minimum wage was not disclosed due to our internal information policies. .	
	G4-EC6	Proportion of senior management hired from the local community	●	In Korea, all senior management were hired from the local community (100%). Please see p.130 for the oversee offices.	
Indirect Economic Impacts	G4-DMA	Disclosures on Management Approach	●	p.94-99	
	G4-EC7	Development and impact of infrastructure investments and services supported	●	p.94-99	√
	G4-EC8	Significant indirect economic impacts	●	p.94-99	√
Products and Services	G4-DMA	Disclosures on Management Approach	●	p.88-93, p.100-104	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	●	p.100-104	√
	G4-EN28	Percentage of products sold and their packaging materials	○	Not Applicable. No significant level of packaging materials use.	
Employment	G4-DMA	Disclosures on Management Approach	●	p.134-137	
	G4-LA1	Total number and rates of new employee hires and employee turnover	●	p.134-137	√
	G4-LA2	Benefits provided to full-time employees	●	Pension plans, medical expenses(including family), medical care, parental leaves, refresh vacations, educational expenses for children, housing funds are provided to full-time employees.	
	G4-LA3	Return to work and retention rates after parental leave	●	p.131	√

Aspect	Indicator	Description	Reported	Cross Reference/ Direct Answer/Omission	Assurance
Training and Education	G4-DMA	Disclosures and Management Approach	●	p.110-115	
	G4-LA9	Average hours of training	●	p.110-115	√
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability and assist employees in managing career endings	●	p.110-115	√
	G4-LA11	Percentage of employees receiving regular performance and career development reviews	●	p.110-115, p.136	√
Diversity and Equal Opportunitiy	G4-DMA	Disclosures on Management Approach	●	p.110-115	
	G4-LA12	Composition of Governance bodies and breakdown of employees according to gender, age group, minority and other indicators of diversity	●	p.50-51, p.130	√
Local Communities	G4-DMA	Disclosures on Management Approach	●	p.94-99	
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessment, and development programs	●	Over 95% of the revenues are generated from Republic of Korea, and SK Telecom fully implemented social engagement program in Korea local community.	
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	●	No significant actual/potential impact on local communities	
Anti-Corruption	G4-DMA	Disclosures on Management Approach	●	p.172-175	
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption	●	p.175, In 2013, SK Telecom mainly focused on the diagnosis of the distribution process. Number and percentage is not applicable.	√
	G4-SO4	Communication and training on anti-corruption policies and procedures	●	p.172-175	√
	G4-SO5	Confirmed incidents of corruption and actions taken	●	p.172-175	√
Anti-Competitive behavior	G4-DMA	Disclosures on Management Approach	●	p.172-175, p.149	
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	p.149	√
Compliance	G4-DMA	Disclosures on Management Approach	●	p.149	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	p.149	√

Aspect	Indicator	Description	Reported	Cross Reference/ Direct Answer/Omission	Assurance
Product and Service Labeling	G4-DMA	Disclosures on Management Approach	●	p.76-81	
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information labeling	●	p.149	√
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information labeling	●	p.149	√
	G4-PR5	Results of surveys measuring customer satisfaction	●	p.76-81	√
Marketing Communications	G4-DMA	Disclosures on Management Approach	●	p.76-81	
	G4-PR6	Sale of banned or disputed products	●	0 cases. SK Telecom does not sell any banned or disputed products.	
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	●	p.149	
Customer Privacy	G4-DMA	Disclosures on Management Approach	●	p.76-81	
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	p.76-81	√
Compliance	G4-DMA	Disclosures on Management Approach	●	p.149	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	p.149	√

GRI G4 Specific Standard Disclosures - Other Disclosures

Indicator	Description	Reported	Cross Reference/ Direct Answer/Omission	Assurance
G4-EN3	Energy consumption within the organization	●	p.140, p.144	√
G4-EN5	Energy intensity	●	p.140, p.144	√
G4-EN6	Reduction of energy consumption	●	p.140, p.144	√
G4-EN8	Total water withdrawal by source	●	p.141	√
G4-EN15	Direct greenhouse gas emissions (Scope 1)	●	p.140, p.143	√
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	●	p.140, p.143	√
G4-EN18	Greenhouse gas emissions intensity	●	p.140, p.143	√
G4-EN19	Reduction of greenhouse gas emissions	●	p.94-99, p.143	√
G4-EN23	Total weight of waste by type and disposal method	●	p.141, p.146	√
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	p.149, 0 Cases.	√
G4-EN31	Total environmental protection expenditure and investments	●	p.142, p.148	√
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	●	p.133, p.138	√
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	●	p.167, Eight cases (in total of environmental & social) of major stakeholder issues were received through the online channel in 2013, 100% of which were successfully resolved.	√
G4-LA6	Type of injury and rates of injury	●	p.132	√
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	●	p.133, p.138	√
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	●	p.167	√
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor and measures taken	●	No areas of business with the possibility of serious incidents of child labor. SK Telecom disclosed the human right policy in 2012, and included child labor criteria into the supply chain policy.	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor	●	No areas of business with the possibility of serious incidents of forced labor. SK Telecom disclosed the human right policy in 2012, and included forced or compulsory labor criteria into the supply chain policy.	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	●	SK Telecom applies human right policy to all operations and relevant supply chains.	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	●	p.133, p.138	√
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	●	p.167	√
G4-SO6	Total value of political contributions by country and recipient/beneficiary	●	0 KRW. No donations to political parties or politicians.	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	●	p.133, p.138	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	●	p.167	√

Global Network

Korea
SK Telecom Co., Ltd.
65, Eulji-ro, Jung-gu,
Seoul 100-999, Korea
Tel.82-2-6100-2114

U.S.
SK Telecom Americas
310 De Guigne Drive,
Sunnyvale,
CA 94085, U.S.
Tel.1-408-328-2900

SK Telecom Co., Ltd.
New York Office
10F, 55 East 59th Street,
New York,
NY 10022, U.S.
Tel.1-646-737-3462

China
SK Telecom
(China) Holding Co., Ltd.
25F, SK Tower, No. 6 Jia,
Jianguomenwai Avenue,
Chaoyang District,
Beijing 100022, China
Tel.86-10-5920-7777

Singapore
SK Telecom Co., Ltd.
Singapore Branch
4 Shenton Way, SGX Centre II,
Singapore 068807
Tel.65-6654-1320

Japan
SK Telecom Co., Ltd.
Tokyo Office
8F, NBF Hibiya Bldg., 1-1-7,
Uchisaiwai-cho, Chiyoda-ku,
Tokyo 100-0011, Japan
Tel.81-3-3591-3800

Vietnam
The Representative Office of
SK Telecom Co., Ltd.
in Ho Chi Minh City, Vietnam
Unit 1212A, 12F,
Diamond Plaza,
34 Le Duan Street,
Ben Ngha Ward, District 1,
Ho Chi Minh City, Vietnam
Tel.84-8-3822-9145

Indonesia
SK Telecom Co., Ltd.
Jakarta Office
Indonesia Stock Exchange Building,
Tower2, 26th Floor,
Jl. Jend. Sudirman Kav 52-53,
Jakarta 12190, Indonesia
Tel.62-21-5140-0100

Malaysia
SK Malaysia
Representative Office
Suite 53A, Level 53,
Vista Tower, The Intermark,
348 Jalan Tun Razak,
50400 Kuala Lumpur, Malaysia
Tel.603-2166-9011

Investor Information

Corporate Headquarters
SK Telecom Co., Ltd.
65, Eulji-ro, Jung-gu,
Seoul 100-999, Korea
Tel: 82-2-6100-2114

Date of Establishment
March 29, 1984

Paid in Capital
KRW 44,639 million
As of December 31, 2012

Number of Common Shares
80,745,711 Shares
As of December 31, 2012

Securities Listings
Korea Stock Exchange:
017670.KS (Common Stock)
New York Stock Exchange:
SKM (ADS)

Transfer Agent and Registrar
Kookmin Bank
Securities Agency
Business Department,
36-3, Yeoido-dong,
Yeongdeungpo-gu,
Seoul, Korea
Tel: 82-2-2073-8110
Fax: 82-2-2073-8111

American Depositary Shares
Citibank, N.A.
388 Greenwich St.,
14th Floor, New York,
NY 10013, U.S.
Tel: 1-212-816-6855
Fax: 1-212-816-6865

Available Filings
Form 20-F
Form 6-K: Quarterly Reports,
Proxy Statements,
and other material announcements

**Annual General
Shareholders' Meeting**
Friday, March 21, 2014,
at 10 AM
SK Telecom Boramae Building,
Boramaero 5gil 1, Gwanak-gu,
Seoul, Korea

Company Website
www.sktelecom.com/en/

Investor Relations
For investor inquiries,
Email: irmeeting@sk.com
65, Eulji-ro, Jung-gu,
Seoul 100-999, Korea

You can download
this Report as a PDF file
from the official website of
SK Telecom
(http://www.sktelecom.com)

To contribute to resource recycling and
environmental protection,
SK Telecom used Forest Stewardship
Council's FSCTM-certified paper to
publish the 2013 Annual Report
and print it using soy-based ink certified
with the FSCTM Chain of Custody
(Certificate No.: C110010).
The company also participates in the
Carbon Neutral Program run by the
Korea Energy Management Corporation
to offset greenhouse gas emissions
generated from the pulp and energy
used to print reports.

Despite the company's varying efforts
to reduce environmental impacts, since
the process of making and printing in
paper generates pollutants, this Report
is published both in print and as an
interactive PDF file.
SK Telecom plans on reducing resource
and energy use and using more
interactive PDF files that contain a
lot more information than in the print
version due to lack of space.
We encourage our readers to access
this Report as a PDF file instead of
the print edition to save resources
and protect the environment, while
accessing a lot more information more
conveniently.

SK telecom

SK Telecom has been leading Korea's ICT ecosystem
based on the world's "best" and "first" technologies and services.
Furthermore, SK Telecom's notably ceaseless pursuit of innovation is
why the company has been leading the way in developing
mobile communications technologies.

30TH
1984-2014
SK telecom **30th** Anniversary