Partner for
New Possibilities

2012 SK Telecom Integrated Sustainability Report

SK telecom

Integrated Reporting

This Report is the seventh Sustainability Report and the first Integrated Report released by SK Telecom.

Applicable Guidelines | SK Telecom has since 2011 has been a participant in the Pilot Programme Business Network of <IR> (Integrated Reporting), the standard framework for the integrated reporting of both financial and nonfinancial information, and this Report was prepared in accordance with the guiding principles and report content suggested in the <IR> Consultation Draft of the International Framework. Furthermore, this Report was developed based on the Global Reporting Initiative (GRI)'s G3.1 Sustainability Reporting Guidelines and on the reporting principles of Communication on Progress (COP) of the United Nations (UN) Global Compact. The report's level of correspondence to the Reporting Guidelines and to the Framework is disclosed in page 61.

Stakeholder Engagement and Board of Directors Review | This Report provides comprehensive information on SK Telecom's business strategy and results for its long-term growth and sustainable development. In order to incorporate stakeholder interests into the process of defining report content, the Report was prepared in accordance with the GRI Boundary Protocol: 'Defining Report Content and Boundaries' and declares a GRI Application level of "A+". The material topics and content contained in the Report were reviewed by the Corporate Citizenship Committee under the Board of Directors, the company's highest decision-making body. Moreover, the company sought external assurance to demonstrate the credibility of the Report. Please see pages 58 to 60 for the External Assurance Statement.

Scope and Boundary of the Report | This Report excludes data for the companies in which SK Telecom invests and for its supply chain. Such data on the companies and supply chain, however, have been included as remarks only if they are likely to have a significant impact on stakeholders' decisions regarding the subsidiaries and supply chain, considering SK Telecom's financial and operational control and actual influence and the effects of its business. Geographically speaking, the 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 1st through December 31st, 2012. The Report, however, also discloses a portion of the qualitative data generated until May, 2013. Though there are no particular technical boundaries of the report, the previous data was re-calculated based on the 2012 data upon discovering any changes made to the data collection methodology or technique. The publication date of the previous report was in May, 2012, and the company releases a Sustainability Report annually.
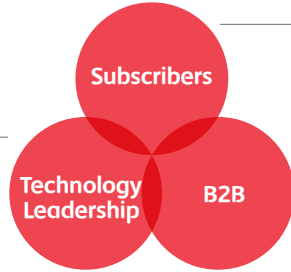
Partner for New Possibilities

Key Strategic Achievement

Telco & New Business

- First operator in the world to apply Advanced-SCAN technology to an LTE network
- First operator in the world to commercialize HD Voice, multi-carrier LTE, and LTE Femtocells

Subscribers

Technology Leadership

B2B

Expanding Business Area

- Partnerships between SK Telecom and VESTEL of Turkey to expand into the smart education market in Eurasia

M&A

Overseas Expansion

Convergence
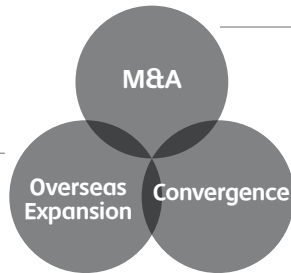
Social Responsibility

- Topped the three biggest customer satisfaction in Korea (NCSI, KCSI, KS-SQI)

- Launched innovative services (T-Freemium, T-Baseball) / improved the 8 major Voices of Customer (VOC) (reduced complaints by 50%) Surpassed the 1-million SNS fan mark

- Provided support for traditional markets utilizing business solutions / created jobs for the disadvantaged through the ICT-based social enterprise "Happy ICT" / launched a donation platform and enhanced R&C-based social contributions, including the "Visiting Smart Class"

Ethics & Compliance

Customer Experience Management

Environmental Management

Social Contribution

Win-Win Growth

SK Telecom creates new value across all industries by practicing innovation on a daily basis, based on its well-established infrastructure and human resources in order to make the world a happier, richer place. In 2012, SK Telecom became the first Korean telecommunications operator to report 7 million LTE subscribers, achieved a variety of business milestones, such as becoming the world's first to commercialize the HD Voice service and topping all customer satisfaction indexes in Korea, while reporting an increase in sales totaling 16.3 trillion KRW (a year-over-year growth of 2.5%) on the strength of continuous innovation.

- First Korean operator to surpass the 7-million LTE subscriber mark
- 400,000 T-roaming unlimited data subscribers in 79 countries. First operator in the world to commercialize LTE auto-roaming service

- Opened the integrated control center "T Cloud Biz"
- First company in Korea to obtain "Good SLA Certificate" for T Cloud Biz

LTE subscriber trend*   ■ 10,000 people

'12 1Q	2Q	3Q	4Q
177	334	567	753
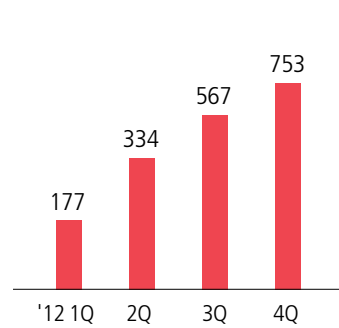
*Based on the cumulative

Mobile phone ARPU trend   ■ KRW

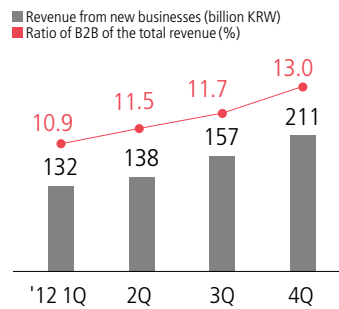| '12 1Q	2Q	3Q	4Q
32,245	32,923	33,135	33,761
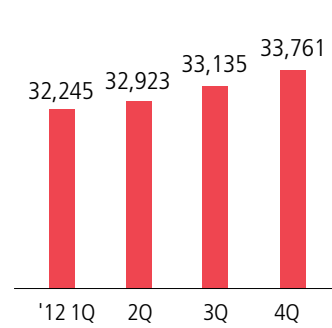
SK Telecom surpassed 7-million subscribers by the end of 2012 and 10 million as of May, 2013.

The increase in LTE subscribers has led to the steady growth of ARPU(Average Revenue Per User). In the 4th quarter of 2012, the company reported a mobile ARPU of 33,761 KRW, a 4.7% increase over the 1st quarter.
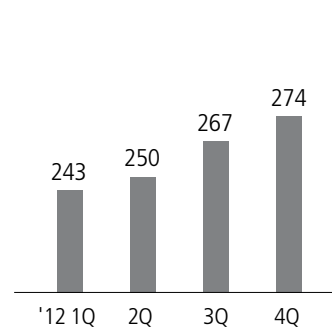
- Officially launched SK hynix

- Laid the foundation for healthcare businesses: launched Health Connect, acquired NanoEntek / acquired a majority stake in Tianlong of China.

Ratio of revenues from new businesses and B2B
■ Revenue from new businesses (billion KRW)
■ Ratio of B2B of the total revenue (%)

'12 1Q	2Q	3Q	4Q
10.9	11.5	11.7	13.0
132	138	157	211

*Sale of solutions after deducing the mobile phone/network access revenues from the gross sales

SK Planet's revenue*   ■ billion KRW

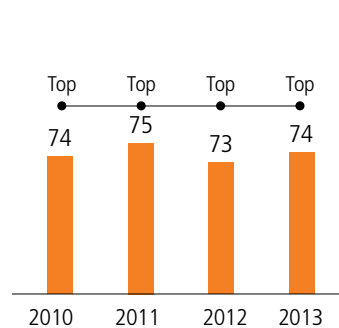| '12 1Q	2Q	3Q	4Q
243	250	267	274

*Based on SK Planet's own revenue

The company is launching new businesses through ICT convergence and working to diversify its revenue sources. In 2012, earnings from the new businesses grew steadily.

To strengthen its content aspect, SK Telecom spun off SK Planet. With the specialization of its business in 2012, SK Planet has seen a steady increase in revenue.
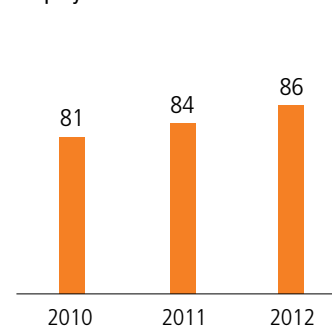
- Eliminated risks and inefficiency through business audits / consultations / implemented an audit & consulting system to address ethical issues at subsidiaries

- Created the international standard method for calculating social greenhouse gas reductions / named the best company in the telecommunications sector by the Carbon Disclosure Project (CDP) for 3 consecutive years

- Created the collaborative system (opened T open lab/ held a launching ceremony for the Win-Win Committee / shared key M2M technologies)

- Operated the Win-Win Fund (worth 145 billion KRW)/ operated the Win Win Academy (23,268 employees attended)

Customer Satisfaction*   ■ point

	2010	2011	2012	2013
	Top	Top	Top	Top
	74	75	73	74

*Based on the NCSI scores

Employee Satisfaction   ■ point

2010	2011	2012
81	84	86

Business Partner Satisfaction*   ■ point

2010	2011	2012
74.4	74.5	83.9
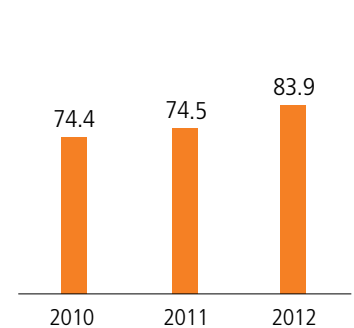
*BPSI(Business Partner Satisfaction Index) replaced by "Win-Win Growth Satisfaction Index" effective in 2012.

Economic Impact on Stakeholders

Allocation of Earnings
(unit: billion KRW)
*76,477 million KRW from the 2012 government grant

investment Investment cost	2,858
business partners Cost of purchasing products & services	5,576
employee Cost of employee benefits	1,283

community Community donations	81
stockholders Shareholder dividends	670
government Tax payments	208

2012-2013 Highlights

March _ Topped both cable and mobile services

The company topped the three largest categories of cable and mobile services (revenue, customer satisfaction, and brand) in 3 years.

March_ Official launch of SK hynix

SK hynix, the world's second largest memory chip manufacturer, was officially launched as SK hynix under the "SK Wings of Happiness."

April_ Ranked 1st place in K-BPI (Brand Power Index of Korean Industries) for 12 consecutive years

The company ranked first place in the mobile service sector of the 14th Brand Power Index of Korean Industries (K-BPI) announced by Korean Management Association Consulting (KMAC) and was named a Golden Brand.

August_ Became the world's first operator to commercialize HD Voice (VoLTE)

The company became the world's first mobile operator to commence the next-generation "HD Voice" service over LTE.

September_ Named the DJSI's Mobile Communications Sector Leader for 3 consecutive years

The company was named the Mobile Communications Sector Leader of the Dow Jones Sustainability Index (DJSI) for three consecutive years and also listed in the DJSI World index for 5 years straight.

October_ Topped the three biggest customer satisfaction in Korea

The company topped the mobile telecommunications category of the KS-SQI (Korean Standard Service Quality Index), along with the NCSI (National Customer Satisfaction Index) and the KCSI (Korea Customer Satisfaction Index).

December_ Surpassed the 7-million LTE subscriber mark

The company surpassed the 7-million LTE subscriber mark only 17 months after the commercialization in July 2011 (as of April 2013, over 10-million).

February 2013 _ Awarded Outstanding LTE Contribution at MWC Global Mobile Awards

The company's 4G LTE with PETA Solution won the Outstanding LTE Contribution award at MWC 2013 Global Mobile Awards.

CEO MESSAGE

"SK Telecom will continue to grow by creating new value using synergy between businesses based on our portfolio in the ICT industry, including telecommunications, and by fulfilling our social responsibilities."

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Distinguished stakeholders,

The year 2012 witnessed unprecedented levels of competition in the global LTE market and radical changes in the Korean ICT industry, such as data market expansion and accelerated convergence across all industrial boundaries. Upon completion of the LTE network nationwide, SK Telecom cemented its position through continuously successful outcomes, such as holding the largest market share by becoming the first Korean mobile operator to surpass 10 million LTE subscribers, inclusion in the DJSI World index for 5 consecutive years, being selected as the leader in the global mobile telecommunications sector for 3 years straight, and topping the National Customer Satisfaction Index for 16 consecutive years. Furthermore, with the spin-off of SK planet to strengthen our platform capabilities in response to the changing ICT environment, SK Telecom successfully launched SK hynix in February, 2012, and completed its business portfolio as a total ICT company consisting of the three components of hardware, platform, and network. Such restructuring has led to business results, such as SK hynix's credit rating upgraded by S&P and Moody's, two global credit rating agencies.
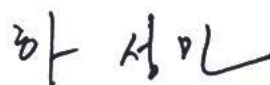
SK Telecom has advocated the United Nations (UN) "Sustainable Development Goals" and, in 2008, formed the Corporate Citizenship Committee under the Board of Directors as the highest-level body responsible for social responsibility. It was part of SK Telecom's effort to practice social responsibility across all areas, including Customer Satisfaction, Win-Win Growth, Social Responsibility, Ethics and Compliance, and Environmental Management. SK Telecom also enhanced its reputation on the global stage: in 2012, at the Rio+20 Conference on Sustainable Development held in Rio de Janeiro, Brazil. The company hosted the social enterprise session and gave a presentation regarding building a global IT platform for social enterprises. At the ITU Symposium on ICTs, the Environment and Climate Change, the "Methodology for Estimating the Effects of Greenhouse Gas Reductions Using ICTs" implemented by SK Telecom was adopted as an international standard. SK Telecom will continue to help create social value by incorporating into its business activities global standards for corporate social responsibility suggested by the UN Global Compact (UNGC).

The Vision 2020: Partner for New Possibilities, declared in February, 2012, represents SK Telecom's commitment to creating an ICT ecosystem where it can work with customers, business partners, and communities to achieve sustainable development. To implement Vision 2020, the company announced "Happy Companion" in May this year to realize "Happiness" with customers and "Companion" with society. Through "Happy Companion", SK Telecom, a leading Korean ICT company, will drive economic and social changes, realize the best customer value, and try our utmost to become a socially responsible, respected company that contributes to Win-Win growth and job creation.

When society and companies explore new possibilities for a better world, SK Telecom will always stand by and work with them to be "Happy Companion". Your continued support and attention will be greatly appreciated.

Thank you.

President & CEO of SK Telecom   Ha Sung-Min   하 성민

OUR BUSINESS MODEL

WHO WE ARE

Innovator that creates a happiness network for customers

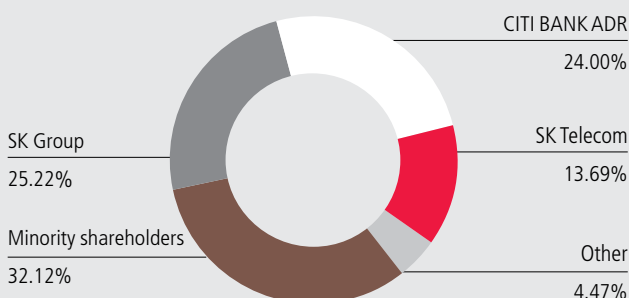In 1984, SK Telecom became the first Korean company to start the first generation of analog mobile phones and later the world's first operator to successfully commercialize the CDMA (Code Division Multiple Access) technology, the 2.5G CDMA 2000 1X, 3G synchronous, and finally HSDPA (High-Speed Downlink Packet Access) and HSUPA (High-Speed Uplink Packet Access) services. SK Telecom continues to lay diverse foundations for growth to lead the coming age of convergence with a variety of state of the art services. 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

Realizing customer happiness by providing high-quality mobile phone service and a variety of integrated services

SK Telecom has become a leading ICT brand in Korea by providing high-quality mobile phone and various integrated services. The company offers mobile phone services using its generic strategies for devices, rate plans, networking, and content, and has laid the foundation for a variety of services, from high-quality video to multimedia gaming services, which can be enabled in wireless environments by commercializing LTE for the first time in Korea. In terms of B2B, SK Telecom is developing a Win-Win growth model by which it evolves with its business partners using expertise and open platforms in a variety of service sectors. In keeping with the global ICT trends, the company also continues to seek solutions to increase productivity across all industries using mobile technologies, including healthcare, automobiles, education, and finance which provides an ideal business environment.

Overview

Name	SK Telecom
Founding date	March 29, 1984
Type of company	Incorporated
Head office location	SK-T Tower, Euljiro 2-ga, Jung-gu, Seoul, Korea
Major countries for business*	Republic of Korea, U.S., Japan, U.K., China, Vietnam, Singapore, Indonesia, and UAE

*However, at least 95% of sales occur in Korea.

Shareholder Information

As of December 2012

- CITI BANK ADR 24.00%
- SK Telecom 13.69%
- Other 4.47%
- Minority shareholders 32.12%
- SK Group 25.22%

Terminal/Network Components   **Networks**

Associates/Subsidiaries

Business Partners

SK Telecom

SK hynix

Device manufacturers
Microprocessors, memory chips, home appliances, mobile phones, etc.

System operators
Telecommunications equipment vendors, hardware and system software

Network operators
Network installation, maintenance & repairs providers

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HOW WE DO

"Respected Company" that brings happiness and fulfills social responsibility
The SKMS (SK Management System) is a set of fundamental management principles for the continuous growth of SK Group and practiced by all SK affiliates, including SK Telecom. SUPEX is a method for practicing SK Group's SKMS management principles aimed at achieving the "super excellent" level across all business activities. SK Telecom is committed to achieving SUPEX so that it can realize the vision of the SKMS, "For the company's continuous development, create value for customers, employees, and shareholders, fulfill a key role in social and economic development, and make contributions to the happiness of mankind."

PRIDE Pride in our capabilities	**SINCERITY** Sincerity for customers	**TRUST** Trust in colleagues	**RESPONSIBILITY** Responsibility for society
As an ICT product and service provider, we provide high-quality products and services on the strength of our competitiveness	Dedicated to providing superior customer value, we continuously offer new, happier experience for customers	We respect each other and work together to achieve the company's goals	We develop innovative services that can contribute to community growth and generate profit ethically

Platforms / Contents / Applications   **Services**   **[Business Value Chain]**

SK planet

Content providers
Broadcasting, media education, etc.

Platform operators
Navigation, search, security providers, portals, etc.
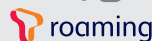
Application providers
Application developers

Individual customer services

Mobile phone services	Integrated cable and wireless services	Ubiquitous/ Convergence services
4G LTE	**T Store**	**TB free for families** ... **T MAP**
4G LTE™	store	♥ B ... map
Membership service	TB combined discounts	11th Street ... Hoppin
membership	♥ B	11ST ... hoppin
T Roaming	Melon	Nate ... T Cloud
roaming	Melon	NATE ... cloud
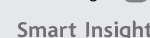
Business customer services

B2B services

Smart Health	T Smart Learning	T bizpoint	T Cloud Biz
SK telecom Smart Health	smart learning	bizpoint	cloud biz
Geovision	Smart Insight	myshop	
Geovision	Smart Insight	SK telecom myshop	

RISKS & OPPORTUNITIES

OPERATING CONTEXT & KEY ISSUES SK Telecom identifies risks and opportunities from a comprehensive perspective, taking into account the market conditions and stakeholder interests. SK Telecom will create growth opportunities and increase stakeholder value by adopting a long-term approach and systematic management towards material issues facing the company.

Major Issues

	LTE Leadership **01**	ICT Convergence & New Business **02**	Customer Experience Management **03**
Business Context	- Network quality is still a fundamental, essential competitive element - Taking a dominant position in the LTE market is an absolute indicator for a company's long-term success and future growth	- Declining growth of mobile telecom operators and devaluation of the telecommunications market due to market saturation and depression - ICT providers' expansion into adjacent markets and competition over integration	- Competitive advantages perceived by customers diversified from traditional ones (i.e., quality) to brand, released smartphones, corporate image, etc. - Providing outstanding customer experience leads to customer satisfaction
Social/ Environmental Context	- Enhancing platform services based on network/data quality contributes to individuals' quality of life - Differences in perception of investment and efficient use of network technologies and the role of such technologies as public goods	- Familiar, convenient customer experience and intelligence technologies, cloud computing, etc. - Social expectations for SK Telecom shifted from the sale of traditional goods & services to the provision of innovative products through the best channel	- High expectations for fair competition with other operators and fair marketing communication - Appropriate protection policy is required for service users due to the complexity of the rate structure
Commitment	- Provide the best network quality and call services	- Provide new value based on ICT industry convergence	- Pursue customer happiness as well as customer satisfaction by providing the best services
Target & Goals	- Commercialize LTE-A (By 2013) - Reach 100% multicarrier coverage targeting high data traffic areas (By 2013)	- Create an ICT convergence system through active M&As (By 2012) - Expand into healthcare prevention/care industry (By 2013) - Reach 40% investment in R&D compared to net profit (By 2014-2015)	- Reduce smartphone-related VOCs by 25% compared with 2012 (By 2013) - Implement CE innovation tasks (By 2013)
2012 Status	- Complete LTE network nationwide (Accomplished) - Invested in multicarrier deployment (In progress) - Fast, secure operation of multi-networks such as 3G and Wibro (In progress) - Standardized LTE-A and developed technologies (In progress)	- Prepared to evolve into a content-oriented company (SK platform spin-off, etc.) (Accomplished) - Started new business and expanded business, including the acquisition of SK hynix, and reinforced influence over the value chain (Accomplished) - Invested in Tianlong, a Chinese molecular diagnostic tester manufacturer (Accomplished)	- Rank 1st place in mobile telecommunications sectors of the three CSI (NCSI, KS-SQI, and KCSI) (Accomplished) - Reduced major customer complaints (the 8 VOCs) by 50% compared with the level in late 2011 (Accomplished)

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Market Conditions + **Stakeholder Interest** + **Business, Social, and Environmental Impacts** → **Major Risks and Opportunities**

01 02
03 04 05
06 07 08

Digital Inclusion	R&C Social Innovation	Climate Change	Win-Win Growth	Talent Attraction & Retention
04	**05**	**06**	**07**	**08**
- Increasing digital divide means a decline in service opportunities and potential customer base in the long term - Digital inclusion for the disabled and low-income households contributes to increasing the customer base and developing a new market	- Seeking effective R&C-based social responsibility helps discover and implement new businesses - Increase social value by implementing R&C-based CSR	- Adopting the Greenhouse Gas Target Management System, reinforcing environmental regulations, and enforcing the information disclosure mandate - "Green Business" is a new area where the company can expand based on its generic ICT strategy, such as climate change prevention using ICT	- With the announcement that the government (Win-Win Growth Committee) will evaluate Win-Win growth results starting in 2012, companies are required to meet a higher level - Identifying and eliminating risks across the supply chain in the aspects of human rights, environment, and labor has become a key element in business risk management	- The key to winning competition in the digital era is increasing the importance of human capital, such as speed and originality - Education, career development, and HRD (talent attraction & retention) programs are the source of SK Telecom's long-term competitiveness
- Increased digital divide since the distribution of the Internet due to changes in the smart environment, such as the adoption of the smartphone - Socioeconomic polarization due to the gap in information accessibility	- Need for CSR activities based on key capabilities due to the paradigm shift from traditional CSR to CSV (Creating Shared Value)	- Increased natural disasters, such as typhoons and floods due to climate change in Korea - Increased social priorities in green growth and GHG reduction after the government suggested the GHG reduction targets	- Direct demand for Win-Win growth among large and small/medium enterprises, including economic democracy - Encourage support and participation in Win-Win growth, one of the national policy priorities	- Cultivating expertise and career development based on continued learning and job experience contribute to enhancing value for individual employees
- Resolve the ICT exclusion and digital divide of the disadvantaged	- Provide opportunities and sharing platforms through ICT	- Contribute to preventing climate change using technologies and platforms	- Create an industry ecosystem based on Win-Win climate	- Develop specialized human resources with the best ICT skills
- Increase ICT programs for the disadvantaged (By 2013) - Provide public solutions for the disadvantaged and increase solution usage (By 2013)	- Provide assistance in ICT-based start-ups for the baby boomers' generation (By 2013) - Contribute to revitalizing the ICT-based traditional market (By 2013)	- Adopt the international standard for estimating social GHG reductions using RNS (Real-time Navigation Service) (By 2013) - Publish an ITU report on social GHG reduction in the ICT area (By 2013)	- Adopt and operate the four fair trade guidelines (By 2012) -Establish the Win-Win growth-related KPI and strategy (By 2012) - Improved the supply chain risk management system and increased the level of procurement policy disclosure (By 2013-2014)	- Announce and execute human culture innovation tasks (By 2012-2013) - Use the smart learning (T-earning) system in at least 50% of job training (By 2014)
- Improved digital inclusion by, for instance, holding a contest using smartphones (Accomplished) - Developed a library app for the visually impaired and increased content (Accomplished)	- Strengthened R&C-based CSR platform, such as the donation platform "Give U" (Accomplished) - Created a model for revitalizing the traditional market based on industry-community collaboration using business solutions (Accomplished) - Formed an ICT social enterprise (Accomplished)	- Assistance in green growth by reducing social GHG emissions (research) (In progress) - Reduced GHG emissions by 0.59% compared with the target (Accomplished) - Established a green corporate climate, including operating the Green ICT Committee (Accomplished)	- Signed agreements with 234 partners on Win-Win growth and fair trade (Accomplished) - Amended and disclosed internal rules taking account of the four fair trade guidelines (Accomplished) - Operated the Win-Win Fund worth 215 billion KRW (Accomplished)	-Increased outside training support by improving IDP (Accomplished) - Adopted the smart learning system (T-earning) (Accomplished)

STRATEGY:
Partner for New Possibilities

VISION & STRATEGY

Under the vision of reaching 100 trillion KRW in corporate value and entering the Global Top 100, SK Telecom pledges to provide total value in Telco & New Business, Platform and Hardware areas and create new value for a richer, happier world.

Vision

100 & 100
100 trillion in corporate value, Global Top 100

▲

Business Portfolio

Telco & New Business

SKT

H/W   Platform

▲
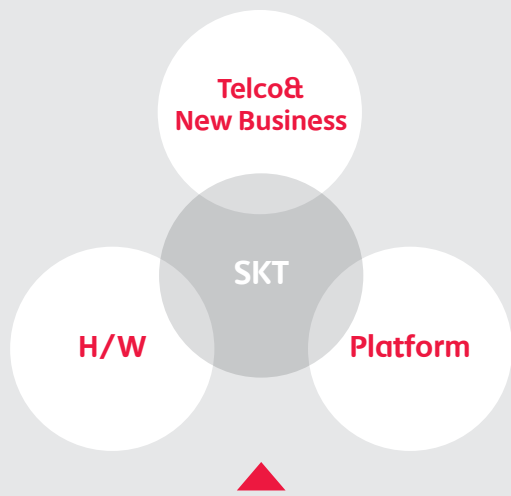
Strategic Focus

| Telco & New Business | Expanding Business Boundary | Social Responsibility |

Mission Statement

We create new value across industries by practicing innovation on a daily basis using our well-established business infrastructure and human resources to make the world a happier, richer place.

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STRATEGIC FOCUS

We are witnessing unprecedented levels of competition in the global LTE market and radical changes in the ICT industry, such as data market expansion and accelerated convergence across all industries. SK Telecom will expand its business based on technological innovation and convergence while enhancing its key capabilities in the telecommunications business. The company also pledges to become a respected company that increases customer value and fulfills corporate social responsibility.

Telco & New Business
Transformation-based
new growth drivers

Marketing	Changing customers' lifestyles and creating new value using ICT based on a better understanding of customers and well-established customer service channels
Networks	Evolving into a smart, open structure to lead the age data N/W and functioning based on a new ecosystem
Solutions	Different partners bring their capabilities together through an open collaborative structure and continuously provide the best solutions related to one another

Expanding Business Boundary
Providing total value based on technology innovation and convergence

ICT Convergence	Developing areas of value innovation through the transfer of key telco capabilities and Expanding business in the long term in a variety of areas through open collaboration
Technology Platform Growth	Conducting world-class research and development in different areas and increasing growth opportunities by developing innovative business items
Portfolio Synergy	SK Telecom, SK planet, and SK hynix develop their own distinctive capabilities, bring them together to provide innovative products/services and lead the ICT industry
New Market	Expanding growth areas by creating new ICT businesses across industrial, geographical boundaries and continuously expanding into the global market

Social Responsibility
Company dedicated to creating value for customers and practicing social responsibility

Industry	Dedicated to continuous growth of the ecosystem based on openness and cooperation and driving Win-Win growth in the ICT industry by creating an environment for all ICT areas to grow
Community	Creating new jobs, expanding overseas, leading green ICT, and enhancing the domestic ICT industry's competitiveness

GOVERNANCE & REMUNERATION

BALANCED, TRANSPARENT GOVERNANCE

SK Telecom aims to increase its corporate value and maximize shareholder value through reasonable, progressive decision-making by the Board of Directors on the basis of transparent, responsible management. The company also pledges to incorporate stakeholders' interests into business activities through open communication with stakeholders and their engagement.

Independence and Transparency of the Board

The company's Board of Directors consists of 8 members, 3 executive and 5 non-executive (outside) Directors, and has 5 committees, which are the Independent Director Recommendation Committee, the Audit Committee, the Compensation Committee, the CapEx Review Committee, and the Corporate Citizenship Committee. To ensure the independence of each committee, SK Telecom has specified the ratio of Outside Directors and guarantees the transparent operation of each committee in accordance with the committee operating guidelines.

Separation of Chairman of the Board and CEO   In March 2012, SK Telecom appointed Outside Director Lim Hyun-chin as Chairman of the Board of Directors and strengthened the independence of its governance. The Audit and Compensation Committees are comprised entirely of Non-executive Directors to ensure the fairness and transparency of the Board's activities. On February 22, 2013, the company declared that Cho Dae-sik, an Executive Director candidate, and Oh Dae-shick, a Non-executive Director candidate and a candidate member of the Audit Committee, who were nominated by the Independent Director Recommendation, attend the 29th General Shareholders' Meeting. At the meeting held on March 22, the appointment of new Directors was finalized. At least half the committee consists of Non-executive Directors in accordance with clause 4 of 8 of Article 542 of the Commercial Act.

Transparent Nomination Process   When appointing Directors, SK Telecom selects experts with a vast knowledge and 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 a Non-executive Director, who is then appointed by a majority vote of the Directors in attendance. Afterwards, through a transparent, legitimate process, the appointment of the Director is confirmed at a general shareholders' meeting.

Independent Audit Committee   SK Telecom conducts an audit in accordance with the committee structure, operation, rights and responsibilities stated in the Audit Committee guidelines based on applicable laws and the articles of incorporation. The Audit Committee is responsible for reviewing financial statements and supplementary schedules, approving audit fee in advance, and receiving reports on an audit process and results from an accounting firm, and demanding an additional review of the compa-

Board of Directors and Committee Activities

Committee Name	Responsibilities	Membership
Independent Director Recommendation Committee	Nominate outside directors	1 executive, 2 non-executive
Audit Committee	Internal auditing	4 non-executive
Compensation Committee	Deliberating the executive compensation system and levels of compensation	5 non-executive
CapEx Review Committee	Deliberating major investment plans and changes	1 executive, 4 non-executive
Corporate Citizenship Committee	Setting and deliberating CSR strategies	1 executive, 4 non-executive

[Executive Directors]

Ha Sung-Min | Chief Executive Officer

Appointed in March 2004
Chairman of the SK SUPEX Council Strategy Committee(2013-present)
Member of GSMA's Board of Directors (2012-present)
Chairman of SK Hynix's Board of Directors (2012-present)
President & CEO of SK Telecom(2011-present)

Cho Dae-Sik | Executive Officer

Appointed in March 2013
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)

Jee Dong-Seob | Executive Officer

Appointed in March 2012
Executive Vice President, Head of Strategy & Planning Office(2013-present)
Executive Vice President, Head of Future Management Office(2012)

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ny's major issues. To ensure the credibility of financial data, the committee requests an internal accounting manager and an external auditor to report on the operating status of the company's internal accounting system. To audit the company's business, the auditor may attend a Board of Directors meeting or other important meetings for a briefing by a manager or officer responsible, access and review documents containing important business details.

Board Activities and Evaluation

Each year, SK Telecom evaluates Directors' expertise regarding the company's businesses and technologies and their 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. 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.

Remuneration Payments			(unit: million KRW)
	# of directors	Total amount	Average per person
Executive Directors	3	9,285	3,095
Non-executive directors	5	408	82
Total	8	9,693	

[Non-executive Directors]

Lim Hyun-Chin | Chairman / Independent Non-executive Director

Appointed in March 2006

Chairman of the Korean Association for the Study of Political Society(2008-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)

Oh Dae-Shick | Independent Non-executive Director

Appointed in March 2013

Advisor for BKL LLC(2008-present)

Commissioner of Seoul Regional Tax Office(2007-2008)

Uhm Rak-Yong | Independent Non-executive Director

Appointed in March 2008

Visiting professor at Chungang University(2011-present)

Non-executive Director at KOTRA(2002-2005)

Chairman & CEO, Korea Development Bank(2000-2001)

Vice Minister of Finance and Economy(1999)

Chung Jay-Young | Independent Non-executive Director

Appointed in March 2008

Honorary professor at Sungkyunkwan University (2010-present)

Chairman of Asia-Pacific Economic Association (2013-present)

Cho Jae-Ho | Independent Non-executive Director

Appointed in March 2008

Director at Kyunghee Education Foundation(2007-present)

Professor of Business Administration at Seoul National University Business School(1995-present)

Chairman of the Capital Market Subcommittee of the Financial Development(2009-2011)

CORPORATE CITIZENSHIP COMMITTEE

IMPLEMENTING CORPORATE SOCIAL RESPONSIBILITY AS A KEY BUSINESS PRACTICE

Since 2005, SK Telecom has openly advocated Corporate Social Responsibility and Sustainable Development. In order to demonstrate its support more efficiently and to fulfill social responsibility as a key business practice, the company has declared compliance with the global principles, formed a top-level decision-making body, and encouraged the continuous engagement of stakeholders.

Corporate Citizenship Committee: Top-level decision making body for CSR

SK Telecom clearly defines its "social responsibility" as a key strategy to achieve its vision "Vision 2020: Partner for New Possibilities" under the slogan "Pursuing long-term, sustainable stakeholder happiness," internalizes the "Vision 2020" vision, and implements its sustainability strategy. In order to implement corporate social responsibility (CSR) commitments as part of its key business activities, the company formed the Corporate Citizenship Committee under its Board of Directors, whose responsibilities include establishing a long-term strategy for the company's sustainability activities and monitoring the results.

In 2008, SK Telecom formed the Corporate Citizenship Committee as the highest-level body for social responsibility under the Board of Directors. The Corporate Citizenship Committee is the company's top decision-making body aimed at practicing social responsibility and implementing CSR activities and 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 5 members in total, 4 Non-executive Directors and 1 Executive Director (as of March 2013), sets goals in the 5 sustainability focus areas (Customer Experience Management, Win-Win Growth, Social Contribution, Ethics and Compliance, and Environment) and carries out activities such as providing advice on CSR and monitoring major issues and business results. In 2012, the Corporate Citizenship Committee held four meetings and discussed long-term strategies and key issues in the 5 focus areas. In 2013, the committee will incorporate stricter global standards and reinforce its CSR commitments, including reporting grievances and actions for major stakeholders in the 5 areas, examining the sustainability report topics and assurance process, and the Board of Directors' participation in CSR training.

With the Corporate Citizenship Committee in charge, SK Telecom connects its long-term strategy and sustainability activities and pursues sustainable development by implementing CSR as a key business practice.

Key Agenda Items of the Corporate Citizenship Committee

Session	Date	Agenda item
1st	April 25, 2012	Appointment of the chair 2012 SKT social responsibility strategy
2nd	June 20, 2012	2012 SKT ethics and compliance plan CEM renovation plan to protect customers
3rd	July 24, 2012	Win-Win growth results and plan 2012 environmental management plan
4th	December 12, 2012	Monitoring and reporting of CSR results

Key Issues in 5 Areas of Corporate Citizenship Committee

Area	Activity details
Customer Experience Management	Increase customer satisfaction by resolving customer complaints Provide innovative services that take into account customers' distinctive experience
Win-Win Growth	Reinforce leadership driving growth through cooperation with business partners Lay the foundation for Win-Win growth by improving communication
Social Contribution	Discover key agenda items/social issues such as revitalizing the traditional market Develop distinctive social contributions and increase social impact
Ethics & Compliance	Establish an ethical corporate climate Eliminate risks and inefficiency through business auditing/consulting
Environmental Management	Proactive response to domestic GHG regulations Conduct research on reducing social GHG emissions

Supporting International Principles and Initiatives

SK Telecom has publicly advocated the principles of the UN Global Compact (UNGC). The United Nations demands that companies sup-

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STAKEHOLDER CSR GRIEVANCE RESOLUTION MECHANISM

Customers

Business partners

Government

Employees

Shareholders

Community/ NGOs

1 Fact-checking through due diligence of related departments

2 Taking measures/ proactive solving of issues

3 Reporting major measures to the Corporate Citizenship Committee under the Board of Directors

Operating CSR grievances/ complaints channel
Channel for grievances and complaints relating to human rights/labor/social/ environmental issues (on the company's website)

5 Disclosing data on material issues and measures to the public

4 Making improvements to prevent the recurrence of similar issues

port the UNGC and comply with the 10 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. In 2012, SK Telecom declared its support for the Ruggie Framework endorsed by the UN Human Rights Council in June 2011.

In addition, SK Telecom complies with ISO26000, the standard for corporate social responsibility, and is actively involved in global initiatives, such as Integrated Reporting, the Carbon Disclosure Project (CDP), and the Dow Jones Sustainability Index (DJSI).

At the Rio+20 Conference held in Brazil in June 2012, SK Group gave a presentation regarding leading examples of social enterprises. The company discussed the necessity of a social enterprise as the most effective way for a company to be socially responsible, and provided solutions to global issues through social enterprises, as well as how to create an ecosystem and increase partnerships to effectively implement such solutions.

Stakeholder Engagement (Stakeholder Dialogue)
SK Telecom conducts its business based on communication with stakeholders under the principle of increasing stakeholder value. To continue to operate and grow, the company works hard to create value for stakeholders and make contributions to social, economic growth and happiness towards society. Accordingly, SK Telecom has classified stakeholders into customers, partners, employees, community/NGOs, shareholders, and government and created different channels of communication for different stakeholder types. Through effective communication, the company aims to identify stakeholders' expectations and needs and incorporate them into its sustainability strategy and business activities.

SK Telecom operates the CSR Advisory Panel comprised of major stakeholders and incorporates the topics discussed at annual meet-

ings into the business decision-making process. The company also operates the communication channels for 6 different stakeholder types, including the online channel on its website, where stakeholders' opinions, grievances and complaints about CSR are collected and resolved. The online customer center (T World), the websites of business partners, and the Labor-Management Council are always available on the website. Apart from those channels for customers, SK Telecom also runs a CSR-centered online channel to reflect stakeholders' opinions and interests. Any comments received or actions taken through this channel are reported to the Corporate Citizenship Committee if deemed to have a significant impact or to be material.

Furthermore, SK Telecom conducts an annual online survey to set business priorities and material issues. This year's annual stakeholder survey was carried out in February, 2013, and 271 stakeholders of SK Telecom responded. Through the stakeholder survey, SK Telecom defined 11 material issues, including the policy on, call/network quality, and service satisfaction (see page 52 for details). The detailed survey results were finally reviewed by the Corporate Citizenship Committee before being incorporated into this Report.

Key agenda items for CSR Advisory Panel

Session	Date	Key items
1st (5/25)	May 25, 2012	- SKT's 2012 social responsibility strategy as a result of changes in the CSR environment - Solution to support traditional market revitalization
2nd (8/30)	August 30, 2012	- Plan to reduce social GHG emissions from ICT activities - Advice on the 'Respected Company' strategy
3rd (12/20)	December 20, 2012	- Responses to major social issues related to economic democracy - Reporting & advice regarding SKT's 2013 CSR strategy - Report on SKT's current assistance in revitalizing the traditional market

INTERVIEW

CHUNG JAY-YOUNG

**CHAIRMAN OF CORPORATE CITIZENSHIP COMMITTEE
UNDER SK TELECOM'S BOARD OF DIRECTORS**

"I believe that SK Telecom should enhance all kinds of capabilities in the industry using its ICT and contribute to the happiness of mankind."

What are the purpose and objectives of the Corporate Citizenship Committee?

SK Telecom's business philosophy is that a business can make money only when society exists and must contribute to solving social problems.

As SK Telecom has become a leading global mobile operator, its social responsibility as a corporate citizen has also increased. In order to implement CSR activities as required by the global standards, aside from community involvement or charity work, a top-level decision-making body should be formed to make decisions from long-term perspectives. Since its formation in 2008, the Corporate Citizenship Committee has examined a variety of issues facing SK Telecom and its business performance for the past 5 years and worked hard under the company's business strategy so that SK Telecom can be respected by its stakeholders.

How do you think companies specializing in ICT, such as SK Telecom, can contribute to solving social problems?

When the government placed emphasis on the creative economy, SK Telecom's traditional market revitalization project was singled out as a leading example. The creative economy is a combination of technology and innovation and the traditional economy. Since last year, SK Telecom has assisted in revitalizing the traditional market using its IT capabilities and marketing expertise. For instance, the company provided ICT solutions for merchants in the Junggok Jeil Market to run their stores and manage sales more efficiency and helped them increase distribution channels using an online platform such as the 11th Street. Other than that, SK Telecom might as well make a significant contribution to improving communication among different social classes and generations by launching mobile public utilities, donations to an online platform, participating in volunteering, and providing lectures on how to use mobile phones.

SK Telecom believes that its fundamental role is to help people use and access technology more easily. Advanced technologies should not only be outstanding in themselves, but also available to as many people as possible. SK Telecom aims to assist in developing technologies that can contribute to society using young talent so that everyone can have access.

How does SK Telecom listen to stakeholders and incorporate them into business decision-making?

Maintaining a good relationship with stakeholders, such as shareholders, customers, business partners, civic groups, and government is essential to business management. SK Telecom has over 27 million customers, which is almost half the entire population. This suggests that the company's decisions can have an enormous impact and that the company must take the opinions of various stakeholder, including shareholders, into its decision-making process. Listening to stakeholders is to understand the key issues that are demanded and place our utmost efforts in solving those issues. SK Telecom has identified the demands of stakeholders through both customers and new channels, such as the CSR Advisory Panel, the Customer Experience Panel, and Monitoring Students, and incorporated them into the decision-making process.

How are social responsibility activities relevant to business? Please tell us your future goals.

SK Telecom is expanding its business globally, and has fulfilled its social responsibilities as required by the global standards. The company will continue to maintain the highest level of CSR by complying with a wide range of international standards and guidelines, such as fulfillment of social responsibility under the UNGC standards.

Though the traditional mobile telecom business has slowed down, it still has a high growth potential as many other industries still require ICT. As the information revolution did in the past, these changes are now changing culture and lifestyles in a fundamental way that the ICT industry still has unlimited growth potential. SK Telecom aims to keep its ICT up-to-date and make it human-friendly so that it can contribute its ICT-based products or services to our society. I believe that SK Telecom should enhance its capabilities in the industry using its ICT and contribute to the happiness of mankind.

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PARK TAE-GYU
CHAIRMAN OF SK TELECOM'S CSR ADVISORY GROUP

"Under the creative economy vision, the ICT industry should aim at seeking innovation in which all social classes and generations can participate."

Please tell us briefly about the CSR Advisory Group.

In 2003, the 'Corporate Philanthropy Advisory Group' was formed with a membership of Outside Directors and became the 'CSR Advisory Group' in 2009. The CSR Advisory Group was created to encompass various responsibilities required of companies as well as social contributions and to provide advice on social responsibility activities. Though the panel still focuses on philanthropy, the CSR Advisory Group has played a more comprehensive role as a group of advisors.

Indeed, SK Telecom's management and Board of Directors are very open-minded. For a long time, SK Telecom has contemplated corporate social responsibility, and its management has made efforts within the company. The CSR Advisory Group shares SK Telecom's activities and commitments.

How would you evaluate SK Telecom's CSR activities?

For CSR, a slightly different approach should be taken from other business results. SK Telecom already formed the Corporate Citizenship Committee under its Board of Directors in 2008. This was a very innovative move, compared with other Korean companies, because it means the company is willing to fulfill corporate social responsibility activities, declare the results and have them evaluated publicly. Having such a committee under the Board, the highest decision-making body, indicates that the company considers social responsibility a top priority in decision-making.

In 2012, SK Telecom conducted a variety of activities, but among them, the project of revitalizing the traditional market definitely stood out the most. Since last September, SK Telecom has helped merchants in the Junggok Jeil Market computerize their inventory and distribution management using ICT. The project was singled out as part of the creative economy on which the government has placed much emphasis. Through this project, SK Telecom intended to use its resources and capabilities to contribute to society, and I think it worked well at the perfect time. I think other efforts to reduce social GHG emissions or resolve the digital divide using ICT also deserve recognition.

What do you make of SK Telecom's efforts to listen to stakeholders and address problems?

I think the company having the CSR Advisory Group alone means that it is willing to listen to stakeholders and what they want. However, I believe that the company should work more on improving communication. Though the company, it has a system for management and the Board to listen to stakeholders and incorporate their opinions into the decision-making process, however it still needs to work on encouraging individual employees to internalize CSR. Of course, SK Telecom is not having this problem alone. While its major divisions are planning various activities, it is employees who should internalize the vision of those divisions and practice it at the workplace.

Furthermore, from the "creative economy" perspective, SK Telecom should try to attempt and explore innovation using ICT with all social classes and generations involved. Open innovation or participating innovation will help collect ideas.

Lastly, please give us advice on what SK Telecom should focus on to become an extremely respected company.

Recently, ICT has combined with existing industries such as education and healthcare and crossed boundaries. In keeping with such change, SK Telecom should extend the scope of CSR.

In addition, SK Telecom should focus more on its own business performance as well. In the end, the public gets to know the company through the services provided. Unfortunately, customers feel that telecommunications operators do not disclose enough information. In the Korean market, in particular, information and communications technology has quickly spread with unprecedented speed, and the dynamic nature of the market has resulted in a complex web of competing interests. The company should work hard to disclose its current activities and results and communicate with stakeholders. SK Telecom should be more actively involved in solving business problems related to future customers.

ETHICS & COMPLIANCE

CREATING AN INTERNAL CONTROL SYSTEM THROUGH STRICT ETHICS AND COMPLIANCE

As the business environment becomes more complicated, ethical and responsible management becomes an essential factor in evaluating the company's soundness and sustainability. SK Telecom is committed to building trust and maintaining a long-term relationship with stakeholders, including customers and partners, through responsible business activities. In order to achieve its strategic goals, the company considers ethical standards a top priority and ensures employees and partners comply with the Code of Ethics and internalize ethics and compliance activities.

Internalizing and Spreading Ethics & Compliance

SK Telecom's Code of Conduct sets forth the company's responsibility to employees, business partners, customers, shareholders, communities, employees' attitudes, and 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.

In the beginning of each year, all employees at SK Telecom pledge to comply with the Code of Ethics and SK Telecom provides ethics training to help employees better understand ethics and compliance and internalize the ethics and compliance standards. In 2012, 3,688 employees, including executive officers, new team leaders, group leaders, new recruits/experienced employees, completed ethics training. Furthermore, the company posted notices and newsletters (cartoons) to emphasize the importance of ethics and compliance and help employees familiarize themselves with ethical issues.

Moreover, SK Telecom continuously provides subsidiaries and partners with ethics and compliance training in the form of either off-line or in-company programs and improves communication with partners through interviews, while working hard to spread the ethics and compliance standards from partners to the subsidiaries.

Monitoring and Improvement

SK Telecom is aware of the importance of prevention and continuously monitors the compliance of employees and business partners with the Code of Ethics through counseling, monitoring, and investigations. While using the ERP system for monitoring purposes, the company frequently conducts interviews with employees and partners about ethical issues. In 2012, the company developed 11 IT-based monitoring scenarios, improved the ability to predict ethical risks, and enhanced its capabilities to cope with violations. In order to encourage internal/external reporting, SK Telecom created a system for direct reporting to the Chairman of the Audit Committee on its website. The system simplifies the process of reporting unfair practices, and protects identity of whistleblowers. Any reported corruption or fraud is subject to strict punishment, and the company reviews the program designed to prevent the recurrence of violations and improvements made to the process.

Ethics Counseling Center

SK Telecom runs a variety of channels to collect grievances/complaints from employees and suggestions from stakeholders about business ethics. Since its installation in 2004, the Ethics Counseling Center is accessible

2012 Code of Ethics Violations

Type	Number of events	Measures
Monetary bribes	3	Measures taken in accordance with the policy after a meeting of the Disciplinary Committee
False reports / budget abuse & waste	2	Same as above
Misappropriation of company money	1	Same as above
Damage to reputation	1	Same as above
Excessive loaning between employees	1	Same as above
Sexual harassment	1	Same as above
Total	9	

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Code of Conduct Framework

Code of Ethics	Human Resources Policy	Compliance Guidelines	Fair Trade Consent for Business Partners	Privacy Policy Statement
- All employees - Detailed guidelines for ethics, society, environment, human rights, labor, and anti-corruption	- All employees - Detailed guidelines for employment, evaluation, compensation, and anti-discrimination	- All employees - Money laundering /internal trade - Anti-monopoly /anti-competition behavior	- All business partners - No gifts/privacy protection/ SKT social and environmental responsibilities	- Internal rules relating to privacy applicable to all employees - Privacy Pledge Commitments

Commitments

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

through a variety of channels, such as the website, telephone, interviews, or mail, and provides a place where employees report ethical issues such as dishonesty and corruption as well as counseling services regarding ethical problems. Furthermore, channels such as the "My Counselor" and "Letter to HR", female counselors for sexual harassment respond to employees' grievances via the Intranet.

Practicing Fair Trade

There has been an increase in social awareness of fair competition among mobile operators as the industry experiences even more intense competition. SK Telecom believes that in such circumstances, voluntary compliance with the Fair Trade Act leads to the company's long-term competitiveness, and has worked hard to comply with all applicable laws at every stage of its business activities. In 2002, the company adopted the Compliance Program and has reported the results to the Board of Directors each year. SK Telecom encourages the use of the Compliance Program by operating a website to improve employees' understanding of the Compliance Program and tries to provide employees with self-assessment opportunities by handing out

the Compliance Checklist each year and improve compliance among employees. The company also provides regular training programs and early responses to prevent violations by suggesting a clear code of ethics to ensure compliance with the Fair Trade Act. In 2013, the company plans on encouraging employees' commitment to compliance by offering on-site, specialized, tailored compliance programs.

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.

2012 Visits to the Ethics Counselling Center by Stakeholder Type

493 visits in total

450 visits by customers 91.2%

21 visits by business partners 4%

22 visits by employees 4%

2008-2012 Use of Ethics Counseling

- ☐ Channel of direct reporting to the Chairman of the Audit Committee
- ▨ Grievances received at the Ethics Counseling Center
- ■ Punishments for ethical breaches

Year	Channel of direct reporting	Grievances received	Punishments
2008	44	350	2
2009	44	578	15
2010	53	576	12
2011	21	445	2
2012	78	493	9

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VALUE

SK Telecom opened the doors to the age of the first-generation analog mobile phones in Korea and has made landmark accomplishments in the information and communications industry, ranging from becoming the world's first operator to commercializing the CDMA and HSDPA technologies to adopting 4G LTE successfully. Instead of being merely a pioneer in the global industry, SK Telecom is making every effort to become a valuable company with a variety of convergence services that will lead the new ICT era. Aside from leading ICT technologies, SK Telecom will improve quality of life and make the world a richer and happier place through communication between the world and society .
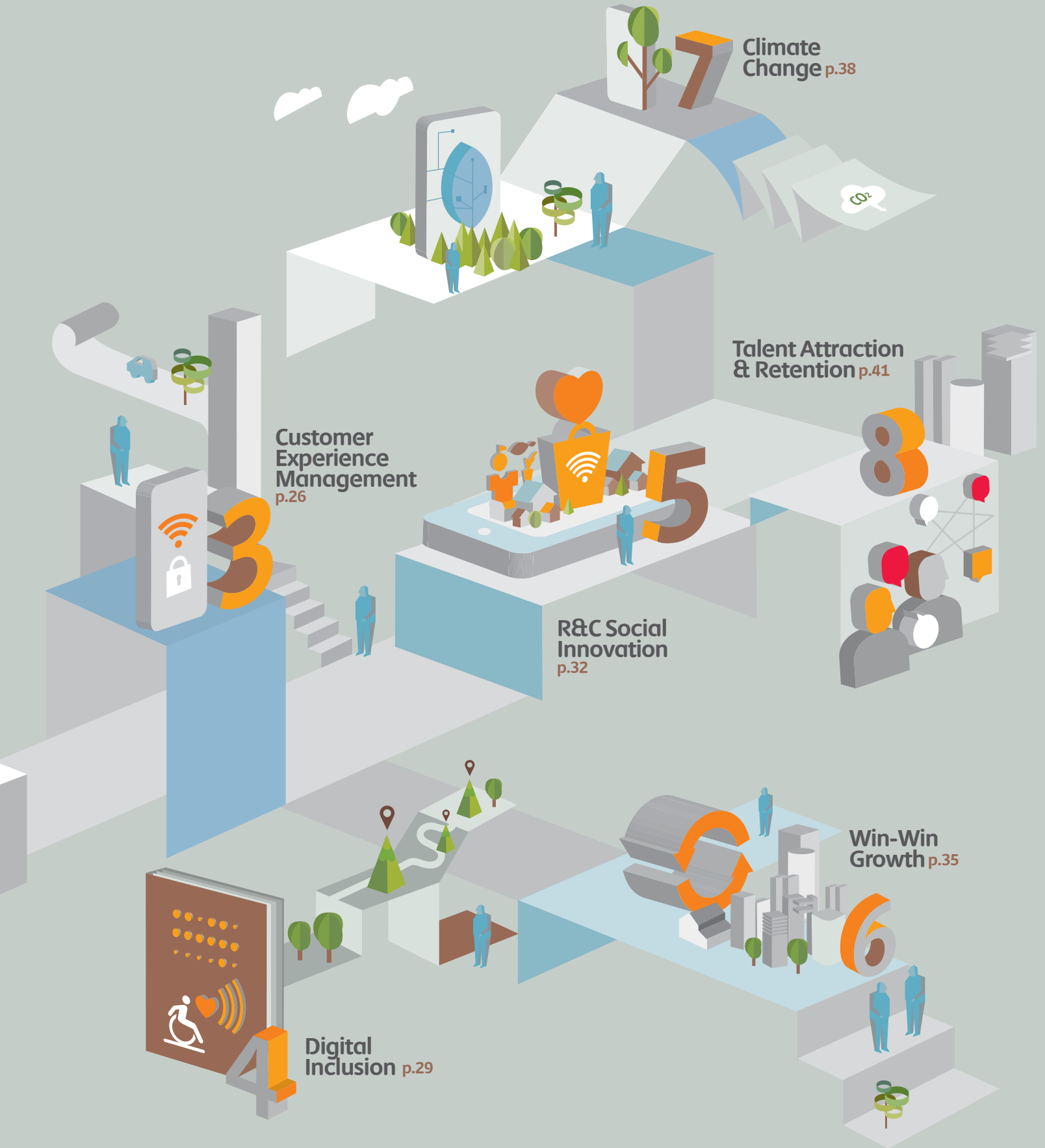
7 Climate Change p.38

Talent Attraction & Retention p.41

8

Customer Experience Management p.26

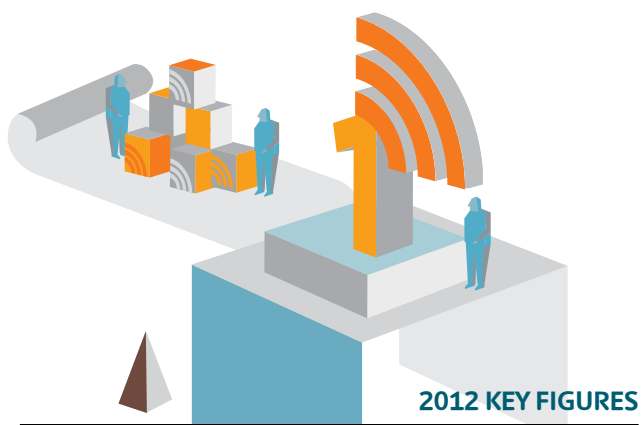**3**

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R&C Social Innovation p.32

Win-Win Growth p.35

6

Digital Inclusion p.29

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LTE LEADERSHIP

ENSURING LTE LEADERSHIP THROUGH LTE NETWORK DEPLOYMENT AND MULTICARRIER TECHNOLOGY 🔊

2012 KEY FIGURES

Number of LTE subscribers nationwide

7.53 millon people
(as of December 2012)

Percentage of smartphone users

59.3%

Mobile ARPU

33,761 KRW

WHY THIS IS AN ISSUE TO US

Network quality is still a fundamental, essential competitive element. Taking a dominant position in the LTE market is an absolute indicator of long-term success and future growth for a telecommunications operator. Furthermore, building a stronger data platform for a faster network also makes an enormous contribution to improving individuals' quality of life.

WHAT WE'VE DONE

| Completed nationwide LTE deployment
| Made investment focused on multicarrier deployment
| Deployed multiple access networks such as 3G and WiBro

"To create the best value for customers, we are working hard to provide high-quality network services through continuous technological development and secure operations and to deliver our promise that we will provide SK Telecom's customers with the fastest and most advanced technology in the world."

-Kwon Hyok-Sang, Head of Network Division of SK Telecom-

Faster Network for More People

In 2011, SK Telecom raised smartphone service quality up a notch by commercializing the 4th generation service called LTE (Long Term Evolution). The LTE service is 5 to 7 times as fast as the existing 3G service called HSDPA (High Speed Downlink Packet Access) and has changed people's lives. Aside from services from high-definition video streaming to large-scale network games, the company became able to provide new services, such as distance medical care, multiparty video conferencing, and distance education. In 2012, a variety of LTE devices were rolled out and the number of subscribers skyrocketed.

SK Telecom runs the WCDMA, CDMA, LTE, and WiBro networks, and the subscriber base has steadily increased. In 2012, the number of subscribers nationwide was approximated 27 million, and 7.53 million of them are LTE subscribers.

The ratio of LTE subscribers is gradually increasing and has reached 28% as of late 2012, and is estimated to be approximately 50% by the end of 2013. With LTE deployment, the number of smartphone users is increasing as well. SK Telecom has driven the growth of LTE by becoming the first Korean operator to commercialize LTE and the world's first operator to deploy multi-carrier LTE technology and cemented its position as a leader in LTE network deployment, as well as CDMA and WCDMA deployments. After its commercialization in May 2006, it took WCDMA, SK Telecom's 3G mobile technology, 2 years and 4 months to surpass the 7-million subscriber mark, LTE has gained 7 million subscribers in only 1 year and 5 months after the commercialization in July 2011. This means that the subscriber base has grown approximately 11 times in the span of one year.

Subscriber trend by network				(unit: million people)	
	2008	2009	2010	2011	2012
LTE	0	0	0	0.6	7.5
WCDMA	8.2	12.7	15.9	19.0	14.5
CDMA	14.8	11.6	9.8	6.9	5.0
Total	23.0	24.3	25.7	26.6	27.0

Mobile phone ARPU trend by quarter			(unit: KRW)	
	1Q '12	2Q '12	3Q '12	4Q '12
ARPU	32,245	32,923	33,135	33,761

*Average Revenue Per User

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Completion of Nationwide LTE Deployment

In July 2011, SK Telecom became the 22nd mobile operator in the world to commercialize the 4G LTE service. The company has become a leading example that successfully attracted the most subscribers in the shortest time; it took only 5 months to surpass the 500,000-subscriber mark after commercialization.

Nationwide, the LTE deployment, that began in metropolitan cities across the country in January 2012, extended to 84 other regions, KTX, and expressways by March until the LTE network was deployed nationwide by June 2012. SK Telecom's nationwide LTE network differentiates itself from others with the largest coverage from underwater areas to mountains. SK Telecom's LTE network reaches Seorak Mountain, Jiri Mountain, the summit of Halla Mountain, the interiors of high-rise buildings, underpasses, subway lines, and even the interior of the Seogwipo Submarine, and the LTE service coverage includes approximately 99% of the entire populated area.

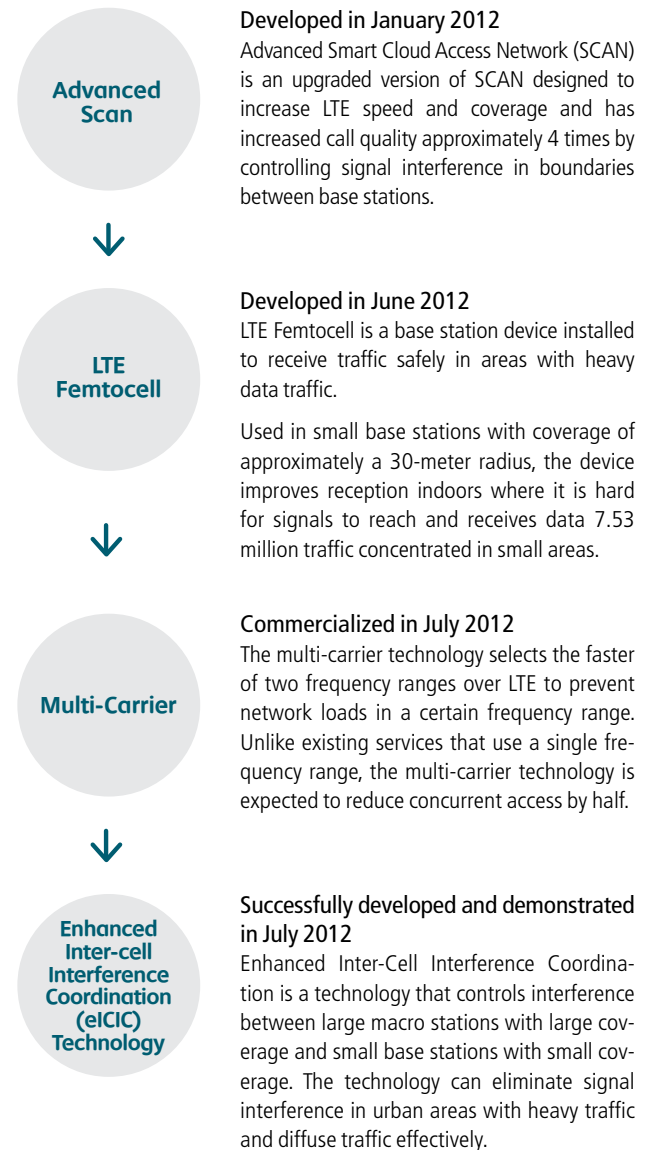SK Telecom's LTE subscribers by quarter (unit: 10,000 people)

	'11	1Q '12	2Q '12	3Q '12	4Q '12
No. of subscribers	63	177	334	567	753

Ensuring Leadership in the LTE-Advanced Environment through Core Technologies

In July 2012, SK Telecom became the world's first operator to commercialize the multi-carrier LTE technology and, by the end of the year, succeeded in expanding the coverage to metropolitan cities. Since the network speed declines as subscribers and traffic grow, SK Telecom needed the multi-carrier technology to maintain its market share and competitive LTE speed. The frequency of SK Telecom's nationwide LTE network is 800Mhz, and the entire network was deployed based on this standard. The multi-carrier technology is designed to improve call quality by selectively using different networks with a frequency range of 1.8Ghz, depending on the traffic trend and activity. The core technologies include transfers that allows continuous changes in frequency range and load balancing that distributes traffic across different frequencies, and technological advancements are owned by SK Telecom.

The multi-beam antenna technology sends out multiple independent wireless signals using one antenna installed in a base station and divides the same area to increase call capacity. For instance, if the multi-beam antenna technology is applied to divide the area serviced by the existing antenna into 5 sections, a single antenna splits the same area into 5 sections and transmits wireless signals to increase call capacity as if 5 base stations were installed in the same space.

SK Telecom's Technology Leadership

Advanced Scan

Developed in January 2012
Advanced Smart Cloud Access Network (SCAN) is an upgraded version of SCAN designed to increase LTE speed and coverage and has increased call quality approximately 4 times by controlling signal interference in boundaries between base stations.

LTE Femtocell

Developed in June 2012
LTE Femtocell is a base station device installed to receive traffic safely in areas with heavy data traffic.

Used in small base stations with coverage of approximately a 30-meter radius, the device improves reception indoors where it is hard for signals to reach and receives data 7.53 million traffic concentrated in small areas.

Multi-Carrier

Commercialized in July 2012
The multi-carrier technology selects the faster of two frequency ranges over LTE to prevent network loads in a certain frequency range. Unlike existing services that use a single frequency range, the multi-carrier technology is expected to reduce concurrent access by half.

Enhanced Inter-cell Interference Coordination (eICIC) Technology

Successfully developed and demonstrated in July 2012
Enhanced Inter-Cell Interference Coordination is a technology that controls interference between large macro stations with large coverage and small base stations with small coverage. The technology can eliminate signal interference in urban areas with heavy traffic and diffuse traffic effectively.

LTE Leads to Life Value Innovation

One of the most significant effects that LTE has had is that it fundamentally changed people's lives through a complete network. In 2012, SK Telecom provided products and services that maximized the strengths of fast LTE service and data transmission. Firstly, "Smart Education" is an innovative education infrastructure that makes the best use of LTE, which allows high-definition, two-way communication. SK Telecom offers a rate plan (LTE Ting plan) through which the high-quality content of T smart learning is available for free, providing teenage customers with inexpensive education. The company also rolled out "LTE FUN," an upgraded version of the existing rate plan, offering discounts on data and content service charges so that users can utilize large, high-definition multimedia services. In January 2013, the company also launched the Unlimited LTE Data plan through which users can employ as much LTE data as they want. Additionally, SK Telecom provides LTE Golden Age, a plan that provides seniors with free HD video calls, and Perfect ANSIM Service, which protects customers from harmful content and prevents phishing.

The shift to LTE is expected to have far-reaching effects on customers' lives and revolutionize their life values. SK Telecom's LTE leadership will play a pivotal role in passing on new values to customers and helping the company maintain a dominant position in the market.

SK Telecom has introduced the world's best technologies and services and made LTE world renowned. In 2013, the company will continue to develop new technologies and services and change people's lives by providing the best services, such as enabling a high-quality network, improving quality, and increasing call coverage.

SK Telecom surpassed 10 million LTE subscribers (as of May 2013)

CASE

Winner of MWC* 2013 Global Mobile Awards

SK Telecom was awarded Outstanding LTE Contribution for its 4G LTE with PETA Solution at the MWC 2013 Global Mobile Awards. PETA Solution is a concept that encompasses SK Telecom's outstanding network operation technology as well as quality, speed, stability, and advanced technology. Outstanding LTE Contribution is a new award introduced in 2013 and awarded to an operator who has made the biggest contribution to the growth of LTE in all ICT areas, including telecommunications, devices, solutions, and platforms. With the award, SK Telecom was recognized for its commitment to providing the best LTE technology and customer service, as well as its accomplishments such as becoming the world's first operator to commercialize innovative technologies like multi-carrier, LTE femtocell, and HD Voice (VoLTE), increasing the popularity of LTE, and rolling out various LTE services. SK Telecom will continue its technology innovation and lead the global mobile telecom industry as the best LTE operator in Korea and in the world.

*MWC(Mobile World Congress) : The world's largest exhibition for the mobile telecommunications industry

CASE

Maintaining Superior (S) Grade in 2012 Broadcasting and Telecommunications Quality Assessment

SK Telecom received a Superior (S) grade in every quality assessment conducted in 2012 by the Korea Communications Commission (KCC) in the categories of LTE, 3G Voice Call, and Data. The telecom service quality assessment tests the call success rate (voice call) and transmission success rate (wireless internet) in areas that required improvement based on the previous assessment results, areas where complaints have occurred, and areas with heavy traffic such as subway transfer stations and terminals. If both call and transmission success rates are at least 97.5%, the company receives a Superior (S) grade. SK Telecom plans on continuing investments and research to improve call quality and maintain high-quality data service.

Quality Assessment Results

Item	Voice call (LTE phone)	Data (LTE)	Data (3G)
SKT	Superior (S)	Superior (S)	Superior (S)

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ICT CONVERGENCE

**BECOMING A CONTENT-ORIENTED COMPANY
AND EXPANDING SERVICE BOUNDARY
THROUGH ICT CONVERGENCE**

2012 KEY FIGURES

SK Planet's revenue	R&D investment	Electronic prescribing
274 billion KRW	**423.1** billion KRW	**32,346** subscribers
	(based on results; excluding the cost of acquiring hynix)	(as of April 2013, cumulative figure, both of pharmacies and hospitals)

"The expanding data market and the growth of smart devices have accelerated convergence across all areas. SK Telecom will create new value based on collaboration between industries and put into practice new possibilities."

-Yook Tae-Sun, Head of New Business Division of SK Telecom-

Preparing for the Age of Boundaryless

The saturation and dejection of the telecommunications market led to the slow growth of operators and a decline in market value. SNS and alternative phones are threatening operators' traditional business models. To overcome this crisis from a long-term perspective, SK Telecom aims at "telecommunications-free" by combining hardware and software platforms, using its traditional strengths in the mobile business. In 2011, SK Telecom spun off SK planet to become a content-oriented company and in 2012, acquired SK hynix, which provides platforms for hardware convergence. The combination of hardware and software platforms will advance SK Telecom expand into non-ICT markets in the long run.

Using its capabilities, SK Telecom intends to combine network, software, and hardware to create innovative value. By combining its business expe-

WHY THIS IS AN ISSUE TO US

As the telecom market enters the maturity stage, operators around the world are experiencing slower growth and threats to their future growth potential, such as threats related to outside businesses pose to telco business models. SK Telecom aims to become a total ICT business that can make customers' lives happier and richer in a variety of areas with its well-established infrastructure and human resources.

WHAT WE'VE DONE

| Pursued synergy within the business portfolio (SK hynix and SK planet)
| ICT convergence business | Explored new ICT areas and market

rience and capabilities in the telecom and platform areas, the company will develop a distinctive system semiconductor. Using a roadmap for the development of system semiconductors and market insight, the company will enhance its telecom and platform service planning skills and create the value of convergence through collaboration across the entire value chain, producing "Trivergence" synergy among the three companies.

Becoming a Content-Oriented Company: Launch of SK planet

In October 2011, SK planet was spun off from SK Telecom to specialize in making the world's best platforms and providing customers with new experience and value. Using an open platform, SK planet provides services such as T Map, T Store, and 11th Street. Its subsidiaries include SK Communications which runs Cyworld, an SNS service, and Loen Entertainment which operates Melon, a total music service. In the era or LTE, the data market is shifting from web to mobile services. This has led to the growth of businesses and services suitable for the mobile ecosystem, including mobile commerce, mobile advertising, and location-based services. SK planet is working with SK Telecom to create more possibilities and more value by driving this shift to a mobile lifestyle. In 2010, SK planet is leading the content ecosystem by opening T Store, an app market platform, which can be used regardless of the operator users subscribe to, and attracting 3 million subscribers from other operators in February 2013.

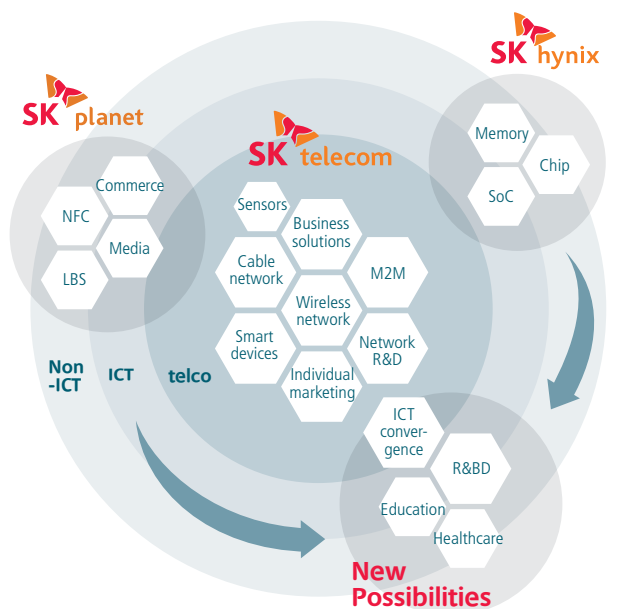## Foundation of ICT Convergence: Acquisition of SK hynix

In February 2012, SK Telecom acquired 21.05% shares of SK hynix to find new growth opportunities through the convergence of telecom and different industries. SK hynix is one of the world's leading chip manufacturer, with the second highest share of the global DRAM market and the fourth largest share of the NAND flash market.

After the acquisition of SK hynix, SK Telecom implemented the three strategies, "strong leadership," "strong growth strategy," and "strong relationship" to build trust among companies and increase their growth potential. In June last year, the company entered into a partnership with IBM to jointly develop PC RAM, a next-generation semiconductor, and acquired Idea Flash, an Italian NAND flash developer. The Italian company became the European Technology Center, one of SK Telecom's R&D centers around the world, including the U.S., Japan, and Taiwan. The company also acquired LAMD, an American NAND flash manufacturer with unparalleled NAND flash technology and adopted aggressive business approaches, such as establishing the specific strategy of targeting the NAND flash memory applications market and increasing the investment to 3,800 billion KRW.

SK Telecom Trivergence Strategy

Exploring New Markets e.g., Healthcare and Education

In 2011, SK Telecom laid the foundation for expansion into the healthcare market, such as investment in NanoEntec, a Point-of-Care Testing (POCT) company, and a joint venture agreement with Seoul National University Hospital. In March 2012, the company formed the Health-

care Group to internalize healthcare capabilities within its Institute of Technology and began to implement healthcare-ICT convergence and bioresearch & development. In September 2012, the company started research to expand into the Chinese market by investing in Tianlong, a Chinese molecular diagnostic device manufacturer. SK Telecom plans on implementing initiatives in the health management (including well-being) and diagnostics areas before entering the prevention/care market, which is expected to grow in the future. Aside from the healthcare service model, the company is developing a variety of solutions to bring process innovation into hospitals and exploring to export a platform service for chronic disease care, which was developed and tested through the "Smart Care Consortium" of the Ministry of Knowledge Economy. Furthermore, the company will continuously develop ICT-based innovative models in the prevention/care areas through investments in Seoul National University Hospital and in-vitro diagnostic devices. SK Telecom will develop the "Healthcare Hub" where globalization is fully realized through cooperation with a variety of medical centers, devices and solution providers.

In the education market, SK Telecom is planning/developing a wide range of ICT-based smart learning business models. With the Korean government's smart learning policy and the similar policies of other countries, digital textbooks, educational devices, and smart class infrastructure will rapidly increase and SK Telecom will develop solutions that effectively enable a smart class environment, perform on-site testing of solutions to verify their effectiveness, and expand the business into the global market. Furthermore, SK Telecom will develop new empirical education services using ICT to improve students' learning efficiency and expand user experience before entering the global smart learning service market. In addition, in the early childhood education market, where generating children's interest is a top priority, the company aims at market diffusion using hardware materials connected to smart devices and global educational content packages.

Moreover, SK Telecom has developed and implemented a variety of convergence projects using ICT, such as distance video-based "Smart Branch," which efficiently assists banks in offline transactions, and the indoor location technology-based "Indoor Location" service designed to increase customers' convenience in using indoor facilities, such as airports, hospitals, and supermarkets.

Creating New Business Models by Opening Big Data

SK Telecom plans on creating new business models such as a creative service, contributing to advanced services, and increasing social utility by opening its big data. For instance, using SK Telecom's big data, third-party businesses will be allowed to create new location-based advertisements through analyzed call data sent to restaurants or customized

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services based on preference statistics. To increase the effect of opening big data, SK Telecom has decided to deploy the "Big Data Hub," a free market for big data, and will enforce a strict privacy policy as a top priority to prevent personal data leaks before opening big data.

Future Growth through Aggressive R&D Investment

To find new business opportunities, SK Telecom conducts high-level research and development on a variety of technologies and aims at technology-based growth. To extend the market scope, the company is relentlessly searching for opportunities.

At the heart of technology-based growth lies research and development (R&D). In 2012, SK Telecom spent a total of 423.1 billion KRW on R&D, including 117.2 billion KRW on advancements, such as network investments, and mid-/long-term R&D, investments in growth businesses in new business launches, and an operating budget for R&D. To enhance technological capabilities in the telco area and beyond, and to implement new growth businesses, SK Telecom has established 6 major R&D strategies.

In 2013, as part of our efforts, SK Telecom formed the Strategic Planning Division, which combines the future business strategy and financial function, in order to support new businesses and future growth. Furthermore, the company split the Institute of Technology, which was responsible for future technology and network technology research, into the Future Technology Center and the ICT Center and launched the New Business Group directly under the CEO's supervision. The split of the Institute of Technology led to the separation of Growth R&D from Business Assistance R&D, and the Strategic Planning Division includes financial responsibilities and is expected to increase synergy among subsidiaries.

Mission	R&D Strategies
Beyond Telco Area	- R&BD enabling convergence-based new business
- Explore technology-based new growth engines	- R&BD in the healthcare area with high growth potential
	- R&BD based on emerging ICT technologies
Telco Industry	- Develop network- and IT convergence-based services
- Strengthen technology leadership	- Differentiate QoE and develop innovative TCO technologies
- Develop services to generate profit	- Develop next-generation telco infrastructure technologies

CASE

Supporting Mobile e-Prescription

"Smart Prescription", a mobile e-Prescription app, is expected to assist patients keep track of their prescriptions, medicine, hospitals, and pharmacies in order to better care of patients. A mobile e-Prescription allows patients to access their prescription records anywhere, anytime, and keep track of their prescriptions. It also permits patients to access drug information to prevent drug abuse/misuse. SK Telecom plans on expanding the mobile e-Prescribing business from hospitals and clinics to secondary/tertiary hospitals and dentists.

Concept of Mobile e-Prescription

Member patient

Patient consent/request

SKT e-Prescription Issue No.

SKT e-Prescription Issue No.

Check prescription/drug info on mobile

Encrypted data

Member hospital and clinic

Encrypted data

SKT e-Prescription

Encrypted data

Member pharmacy

➡ Paper-based prescription flow
→ E-prescription flow
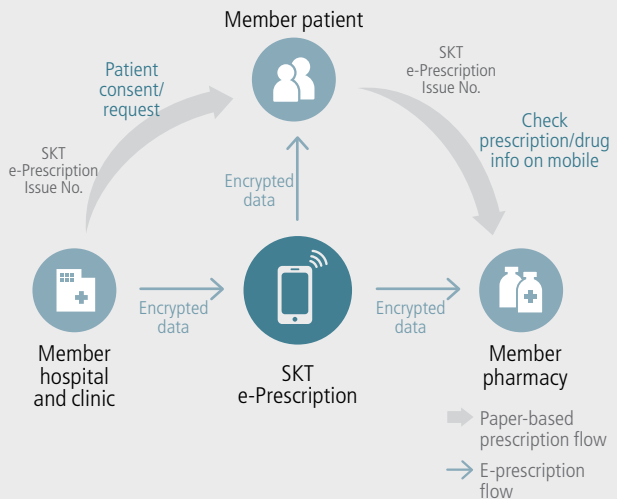
Mobile electronic prescription

CUSTOMER EXPERIENCE MANAGEMENT

INCREASING CUSTOMER SATISFACTION WITH REASONABLE RATES AND NEW CUSTOMER EXPERIENCE

2012 KEY FIGURES

Claims per 100,000 people(CPCB)	Percentage of authorized dealers	Leak of Customer Information
3.14	**100**% (B2C basis)	**0** case (901 service network intrusions were prevented 100%)

"We always listen to our customers and work hard to become a company that delivers true customer satisfaction. We also provide innovative, specialized services connecting to various devices and services using our top-notch IC network and ICT expertise so that we can realize customers' smart life."

-Suh Sung-Won, Head of Service Innovation Division of SK Telecom-

Customer Experience Management (CEM) to Increase Positive Experience

Under the principle that customers are the key to growth, SK Telecom makes decisions on all business activities from a customer-oriented perspective and reinforces the innovative Customer Satisfaction system. The Customer Satisfaction Division was formed directly under the General Manager to oversee all business areas from a customer's perspective. For the past 11 years, the Customer Satisfaction Council has held a monthly meeting with executive officers to discuss the Voice of Customer and make decisions to practice customer satisfaction starting at the top management level.

In 2008, SK Telecom adopted the Customer Experience Management

WHY THIS IS AN ISSUE TO US

The elements of competitive advantage in the industry are shifting from traditional elements such as quality to brand power, smartphone technology, and corporate image. Providing superior customer service and experience, therefore, leads to customers' selection and satisfaction. An appropriate privacy policy is also required based on the complexity of a rate structure and effective communication required of operators.

WHAT WE'VE DONE

| Customer experience management
– Improved the 8 major Voices of Customers (VOC)
| Fulfilled the 5 Customer Promises | Privacy and youth protection

(CEM) system to develop and implement improvement projects aimed at increasing positive customer experience and reducing negative customer experience. This was part of the company's effort to provide the kind of service that customers can acknowledge and feel confident about. This activity helped SK Telecom top the three customer satisfaction indexes (NCSI, KS-SQI, and KCSI) in the mobile phone service sector.

Customer Claims per 100,000 people

	2010	2011	2012
CPCB	1.40	2.18	3.14

Based on the Korean Communications Commission estimate; the total number increased but the major complaints (the 8 major VOCs) declined by 50% in December compared with the level in late 2011).

3 Biggest Customer Satisfaction Index Results (unit: point)

Name		Agency	2012 Results
NCSI	National Customer Satisfaction Index	Korea Productivity Center	74.0 (No. 1 for 16 years straight *)
KCSI	Korean Customer Satisfaction Index	Korea Management Association Consultants	69.3 (No. 1 for 15 years straight)
KS-SQI	Korean Standard Service Quality Index (KS-SQI)	Korean Standards Association	68.5 (No. 1 for 13 years straight)

* For the National Customer Satisfaction Index, the 2013 result is included.

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In 2012, SK Telecom upgraded the CEM system to the CEO Renovation in order to provide a more distinctive customer experience management. From the CEO to customer interface and to the service delivery process, customers' negative experiences are examined to discover and create solutions. As a result, SK Telecom reduced customer complaints (8 VOCs) by 50% in comparison to late 2011. In addition, SK Telecom's customer-oriented thinking and dedication to CEM resulted in major accomplishments, such as surpassing the 7.5-million LTE subscriber mark (as of late 2012), strengthening distribution competitiveness by delivering customer promises, upgrading the counseling process, and securing 1 million SNS fans.

Proactive Customer Damage Prevention before Follow-up

With a growing interest in privacy protection, in 2009, SK Telecom created a master plan for privacy protection and strengthened its internal information management system under the unit led by the CPO (Chief Privacy Officer) and the CSO (Chief Security Officer). In 2012, the company carried out a variety of activities to prevent privacy risks. For the first time in Korea, SK Telecom established a company-wide management system for each area that requires privacy protection and enhanced management capabilities through a follow-up audit of the PIMS #1* certificate that it received in 2011. Working with three other mobile operators, SK Telecom launched a privacy campaign and raised general users' awareness of privacy protection. In terms of its distribution network, the company bans the archiving of customer applications and private data through privacy training and personal data protection. Furthermore, SK Telecom applies the "Paperless Office" program using the tablet PC-based Electronic Application system to approximately 2,200 authorized dealers nationwide. The system fundamentally prevents leaks of personal information that may occur through the supply chain.

Aside from protecting customer information, SK Telecom is leading activities to reduce damage to customers arising from illegal telemarketing, through which dealers or stores illegally obtain personal information and allow third parties to use the information without the consent of customers. While conducting the monitoring of illegal TM year round, SK Telecom shares examples of illegal TM through a variety of channels, such as SNS, website, T World, and notices in bills as well as sending customers MMS reminders of illegal TM.

*PIMS: Personal Information Management System

Spam VOC Trends

(unit: number of VOC)

Year		Value
2010		122,434
2011		59,264
2012		44,672

Since the latter half of 2012, in response to a sharp increase in SMiShing (a form of activity that attempts to gain illegitimate profits using a retail payment system after installing malicious codes in a customer's mobile phone via SMS), SK Telecom has continuously notified the public of guidelines for preventing SMiShing through major media outlets in Korea. The company's continuous efforts to minimize damage to customers include entering into an agreement with game and credit card companies to cancel payments if customers have been unfairly charged through SMiShing.

Responsibility for Distribution Content

SK Telecom implements a variety of programs to establish a healthy internet culture. In May 2012, it began to provide the 'T Youth ANSIM Service' to ensure the safe use of smartphones by minors without being exposed to harmful content. Unlike the existing application services that can be deleted after installation, the T Youth ANSIM Service prevents exposure to harmful content by fundamentally blocking access to such content over the mobile network (3G and LTE).

In addition, the company also launched a Smartphone Addiction Awareness campaign and started offering the Parent Notification Service to charge teenage customers less and the Teen Rate Plan to protect teens in the smartphone era so that teenagers can use their smartphones safely and effectively. For its accomplishments, SK Telecom was awarded the Best Prize as an outstanding company for raising awareness of Internet ethics at the 2012 Internet Ethics Awards.

Redesigning Phone Bill Format

SK Telecom divides a bill into call rates and charges for additional services and, in January 2012, redesigned the bill format for customers to easily identify their mobile use patterns. The new bill is categorized largely into calling rates and additional charges and classifies detailed items to allow customers to check their expenses based on their mobile lifestyles.

Major Improvements

Bill Format Redesign	Estimated cost is stated, including cancellation penalties
	The contract term is stated (monthly)
	The three mobile operators unified the form of notification of mobile installment plans
	The three operators made different bill list items uniform
	Classification of mobile installment areas: Calling rate/additional charges → Calling rate/additional charges/installment
	Adopted the English bill for foreign customers

Offering Reasonable Rate Plans

SK Telecom is committed to leading changes in the telecommunications environment, such as the evolution of the ALL-IP environment, and to increasing customer value by creating reasonable conditions for data use. In 2012, the company rolled out the Tailored LTE Rate Plan, which allows customers to choose voice/data/text messages based on their usage patterns and helps lower household phone bills. The company also sends customers text messages containing their current usage to help predict their spending.

In 2013, SK Telecom works hard to create the best value possible for customers by introducing "Good Change" and "Share Data" programs and increasing benefits for existing customers. Furthermore, the company will adopt the "T kkiri rate plan" which offers unlimited voice calls, to provide customers with more options, lower bills, and innovative services that differentiate the company from other mobile operators. Also, SK Telecom plans on implementing various programs for "Customer Happiness", such as the "Term-based Reward Program" designed to offer long-term customers more benefits and a reasonable rate plan for customers.

 2012 Key Rate Plans and Discounts

LTE Life Value Innovation Plan
Provide distinctive services such as educational content and phishing insurance to improve customers' quality of life using fast LTE data:
- LTE Ting: 652,000 users
- LTE Golden Age: 15,000 users
- LTE Couple: 83,000 users

LTE Data Cap Plan
To prevent bill-shock, SK Telecom offers a plan where up to 18,000 KRW is charged when more than given data is used so that users can use the service as much as they please

Family Free Plan
- Integrated service released due to the popularity of LTE, which allows use of data services, voice calls and text messages between family members without price concerns
- 36,000 users

Basic Rate Discounts for National Basic Livelihood Security Beneficiaries
Basic rate discounts increased from 13,000 KRW to 15,000 KRW for national basic livelihood security beneficiaries to help low-income households lower their phone bills
- Effective since February, 2013

CASE

"5 Customer Promises" to Protect Customers

In 2012, SK Telecom announced the 5 Customer Promises. Through the promises, the company aimed at creating a reliable system and applied solutions, such as transparent price disclosures, a variety of devices, and perfect privacy security, to approximately 2,200 official SKT stores in phases. The 5 Customer Promises reflect SK Telecom's customer-oriented management philosophy that the company intends to build trust, provide premium services, and take the lead in protecting customers' rights.

The 5 Customer Promises are applied in every authorized dealer of SK Telecom, and the "3 Strikeout Program" is enforced under which any dealer that violates the promises more than three times loses its dealership.

5 Customer Promises

1. We pledge to become the first to provide a variety of devices from 2G to 3G and to 4G LTE
2. We pledge to keep your personal information strictly confidential using electronic applications
3. We pledge to offer price transparency so that users can trust and sign up for our services.
4. We pledge to provide highly reliable counseling services using the Smart Planner
5. We pledge to provide benefits in exchange for used devices under the T Echo Phone Program

5 Customer Promises

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DIGITAL INCLUSION

INCREASING SERVICE OPPORTUNITIES BY BRIDGING THE DIGITAL DIVIDE

2012 KEY FIGURES

Mobile phone lessons for seniors	Rate discounts for the disadvantaged	Compensate for loss of universal service
1,005 seniors (beneficiaries)	**217.7** billion KRW	**17.4** billion KRW

WHY THIS IS AN ISSUE TO US

In this Information Society, the lack of equity in information access and the ability to use it have led to long-term economic inequality. The distribution of smartphones has caused the "smart divide" between young and old generations. Another important aspect is bridging the digital divide among the disabled and the disadvantaged including North Korean refugees. SK Telecom, a leading ICT company, considers it a social responsibility to create an environment where all people can access and share a wide range of information.

WHAT WE'VE DONE

| Provided opportunities for 1,005 people with disabilities to enhance their IT skills
| Mobile phone lessons for seniors
| Mobile phone lessons for North Korean refugees

"The digital divide in ICT in this digital era is an emerging social problem. SK Telecom is dedicated to prevent anyone from being excluded from the benefits of ICT, improving our quality of life, and moving towards positive growth."

-Lee Hyung-Hee, Head of Head of Corporate Relations Division of SK Telecom-

Providing Opportunities for the Disabled to Enhance IT Skills

SK Telecom is dedicated to increasing opportunities for students with disabilities to socialize so that they do not feel excluded as more advanced information technologies are introduced. The company tries to give them the help they actually need by offering learning opportunities and assist in gainful employment.

Since 2010, SK Telecom has worked with the Ministry of Education, Science & Technology to implement the Smart Learning Project for Students with Disabilities and introduced the Library with Happiness (audio content service available on smartphones for the visually impaired) and the Smart Robot (learning assistance app for students with disabilities). These educational platforms and applications can provide learning assistance for students with various disabilities, including the hearing impaired, hospitalized students, stay-at-home students with disabilities, and the visually impaired.

SK Telecom also holds an annual search competition for teenagers with disabilities in Korea titled, "IT Challenge Contest" to bridge the digital divide, encourage their involvement in society, and raise awareness of disabilities. Since 1999, 2,779 teens with disabilities participated in the competition and 332 received awards. Many IT experts were also once participants in this competition; it helps adolescents with disabilities become independent using IT. At the 2012 IT Challenge Contest, 125 students with disabilities aged between 14 and 24 attending 120 special education schools participated at their teachers' recommendations. They competed in two categories of Smart Challenge and Smart Survival contests. At the Smart Challenge Competition, contestants solve 20 questions, including 15 questions about Internet search at the level of Internet Information Searcher Level 2 and 5 questions about how to use mobile web, within 50 minutes (additional time given depending on

IT Smart Challenge Competition

the disability). 12 1st, 2nd, and 3rd place winners are awarded in each of the categories such as visual impairment, mentally challenged, and hearing loss.

In 2012, the company introduced the special category for the disabled into the 2012 1st-half internship recruitment process to create jobs for students with disabilities and provide opportunities to enhance their IT skills.

Improving Communication between Generations by Bridging the Digital Divide for Seniors

SK Telecom works hard to resolve the digital divide for seniors through mobile phone tutorials and provide opportunities to improve communication among generations using ICT. Since 2007, the company has worked with the university student volunteer corps "Sunny" on the "Happy Mobile World" program designed to teach seniors how to use mobile phones. Students participating in Sunny visit nursing homes across the country and teach seniors how to send text messages or photos and use other mobile phone features. In 2012, SK Telecom took the popularity of smartphones into consideration and added the curriculum focused on teaching how to use smartphones.

In addition, since 2010, the company has held the Ieum Festival, a mobile phone competition for seniors, to encourage seniors to use mobile phones. At the 3rd Ieum Festival held in June 2012, approximately 200 seniors including top-performing graduates of the Happy Mobile World program participated and used the mobile phone skills they learned through the program. During the event, a survey was conducted targeting seniors who attended the program, and 95% of the respondents said the program was greatly helpful, showing a high level of satisfaction with the program.
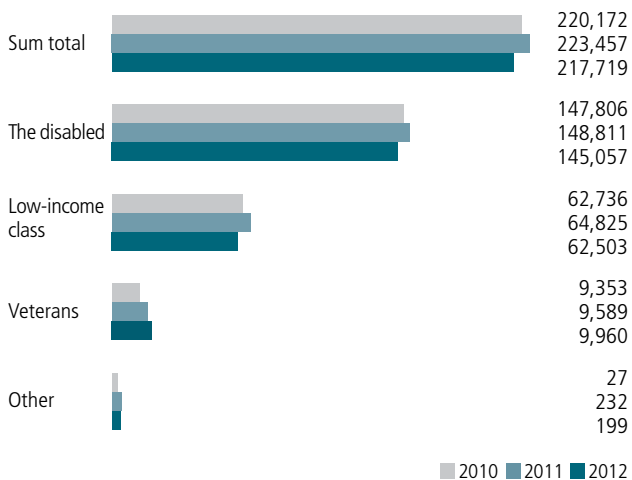
Programs for North Korean Refugees

In 2008, SK Telecom joined Hanawon of the Ministry of Unification and has since provided tutorials on how to use mobile phones for North Korean defectors, who receive education at the Hanawon Center. Through the program, they learn how to prevent mobile phone frauds, excessive long distance call rates, and identity thefts, as well as mobile phone etiquette. Employees of SK Telecom volunteer in developing textbooks and delivering tutorials, which is a great opportunity to involve employees in community contributions and increase the quality and expertise of education.

Discount Rates for the Disadvantaged

SK Telecom provides financial assistance so that the socially disadvantaged, including low-income households, the disabled, and veterans, do not get excluded from the benefits of ICT due to financial reasons. To lower their bills, the company runs a discount rate plan to offer individuals such as low-income households, the disabled, and veterans and related organizations such as shelters, childcare providers, and cen-

ters for people with disabilities. The company also offers the Smart Learning, Happy Learning Program, under which the 'T smart' learning service is provided for free, so that students with disadvantages can improve basic learning skills and attend continuing education using ICT. By 2013, SK Telecom will provide approximately 350 disadvantaged students with expenses worth 400 million KRW for 'T smart' learning, such as 175 tablet PCs, data charges, and WiFi charges, as well as English and mathematics content.

Total amount of rate discounts for the disadvantaged   (unit: million KRW)

	2010	2011	2012
Sum total	220,172	223,457	217,719
The disabled	147,806	148,811	145,057
Low-income class	62,736	64,825	62,503
Veterans	9,353	9,589	9,960
Other	27	232	199

■ 2010 ■ 2011 ■ 2012

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 2012, the cost of universal service division supported along with other Korean operators amounted to 48.3 billion KRW and SK Telecom covered 17.4 billion KRW. The company is bridging the digital divide by participating in creating public WiFi zones with the KCC and the city of Seoul and creating WiFi zones in approximately 750 places, such as medical clinics, public libraries, and local resident centers, bridging the digital divide.

Number of base stations or repeaters   (unit: number)
installed in under serviced areas

Type	2010	2011	2012
Mountains, remote areas	1,503	62	932
Hiking trails	205	126	332
Islands	24	163	187

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From Human to Technology, and Back to Human

In the rapidly changing digital environment, with advent of new devices like the smartphone and tablet PC, SK Telecom has reinforced support programs to resolve the digital divide and communicate with the world using ICT. In 2011, SK Telecom launched a smartphone app for the visually impaired titled, "Happy Audio Library." The Happy Audio Library is a service that provides the visually impaired with access to useful information such as newspapers and books. The app provides content from books, news, weekly and monthly magazines, and rehabilitation/welfare news, among over 140,000 contents under various topics, in addition to adding another 40,000 contents in 2012. SK Telecom's Customer Service Center employees volunteers to create some of the contents.

SK Telecom believes that everyone deserves to access convenient services enabled by advanced technologies. SK Telecom's ICT is also expected to make a significant contribution to bridging the digital divide between classes. SK Telecom will allow everyone to access its service through universal service provision, while resolving the digital divide through training.

Adoption of discount rates for seniors and the disabled

"Happy Audio Library," a smartphone app for the visually impaired

CASE

T.um, SK Telecom's IT Experience Center, Celebrates its 4th Anniversary

Celebrating its fourth anniversary on October 8, 2012, T.um underwent a renovation to feature the LTE Experience Zone equipped with SK Telecom's latest LTE technologies and the latest solutions for education and healthcare, such as "Smart Health" and "Smart Robot." The LTE Experience Zone displayed the best LTE technologies and services, such as Multi-Carrier (MC) technology, Carrier-Aggregation (CA), and HD Voice, a high-quality voice call service, which SK Telecom became the world's first operator to commercialize.

T.um celebrated its fourth anniversary with the attendance of approximately 38,000 VIP guests from 168 countries, including Kings, Presidents, and Prime Ministers, and played a diplomatic role in making the latest Korean information technologies known around the world. In 2012, T.um had notable visitors, including Liu Yongqing, the wife of the former leader of China, in March, Anne Bouverot, Director General of the GSM Association (GSMA) and Frederik Christian, Prince of Denmark, in May, and Mayor of Shanghai, China, in July. They visited T.um to experience advanced Korean IT.
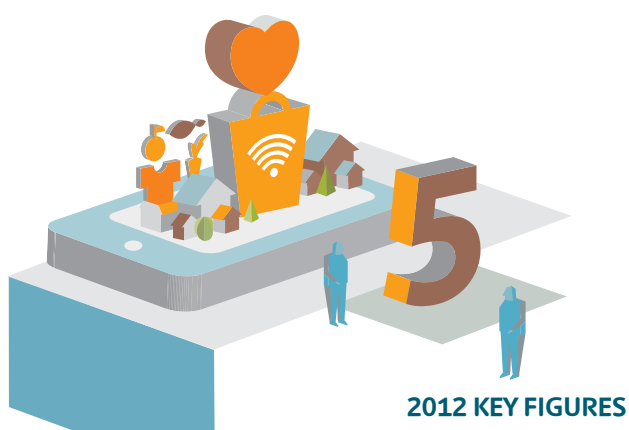
Apart from its role as a PR center, T.um also works with centers for the disabled, multicultural families, and college students and contributes to resolving the digital divide.

4th Anniversary of T.um

R&C SOCIAL INNOVATION

CREATING SOCIAL VALUE BASED ON ICT AND NETWORK INFRASTRUCTURE

2012 KEY FIGURES

Revitalizing the Traditional Market

1

Launching Project #1

GIVE U funds raised

136 million KRW
(46 institutions)

Revenue of Happiness ICT Foundation

1,580 million KRW

WHY THIS IS AN ISSUE TO US

Social responsibility and continuous innovation form the basis of SK Telecom's business. Since the paradigm of corporate social contribution is shifting from the traditional CSR (Corporate Social Responsibility) to CSV (Creating Shared Value), SK Telecom will conduct R&C-based (resources and capabilities) CSR activities to create social value and make our society a safer, warmer place.

WHAT WE'VE DONE

| Market revitalization project #1 "Junggok Jeil Market"
| Launched donation and volunteering platforms
| Formed and supported social enterprises

"A healthy, warm-hearted society is the foundation of a company's growth. SK Telecom intends to create larger social value by sharing its advanced technologies and capabilities with society."

-Kim Jeong-Su, Head of CSR Office of SK Telecom-

"New Possibilities for the Traditional Market" Using ICT

Traditional markets not only help revitalize local economies, but they should also be preserved as part of our culture and tradition. In 2012, SK Telecom launched its traditional market revitalization campaign titled, "Possibilities for Traditional Markets" to revitalize traditional markets, which are being eclipsed by supermarkets. The 'Possibilities for Traditional Markets' (http://ttogether.sktelecom.com/market/) is a campaign organized by SK Telecom to apply its expertise as an ICT leader to traditional markets and revitalize them. Through the campaign, SK Telecom provides a range of programs to support ICT, business and marketing solutions and enhance merchants' capabilities and takes the lead in revitalizing traditional markets and improving small businesses' competitiveness.

"Junggok Jeil Market": Traditional Market Revitalization Project No.1

The Junggok Jeil Market, SK Telecom's market revitalization project #1, is a large traditional market drawing approximately 7,300 people each day. Despite the recent sales decline of all traditional markets, the Junggok Jeil Market has seen an increase in sales, merchants in the Junggok Jeil Market have worked together to discover ways to revitalize the market, such as forming a cooperative and launching its own brand "Aricheongjeong", but soon faced practical, technical difficulties overcoming the problems that traditional markets have. In September 2012, SK Telecom entered into a partnership with the Junggok Jeil Market to revitalize the market and provides its ICT solutions and integrated consulting on business and marketing, offering new possibilities for traditional markets.

SK Telecom supports the market in a variety of ways, from online marketing for "Aricheongjeong," to establishment and training on 11th Street, to mobile coupons using the smart wallet, to "My Shop," the tablet business support service, to promoting discount items by location, and to idea contests.

"Aricheongjeong" is a sesame oil brand and its shop on 11th Street generated the sales of 300 units each month. Aricheongjeong is selected as

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a successful example of a quality product made offline and sold online, securing distribution channels nationwide and increased sales by establishing a brand image.

"My Shop" is a one-stop support service based on tablet PCs that assist small businesses with marketing and results management. Aside from the POS feature, it can issue coupons to smartphone users nearby. It also helps establish business goals, results management, and the results of commercial area analysis.

"Friday Market Together" is held every Friday and offers "1 Store 1 Item" special discounts selling items at least 10% cheaper than their given prices. SK Telecom helps transform the Junggok Jeil Market into a successful smart market by providing signs and carts, sending text messages notifying events for customers visiting the traditional market, and distributing out mobile smart pamphlets.

"Junggok Jeil Market": Traditional Market Revitalization Project No.1

Strategy	Description of support	Project outcomes
Private Label Launching 'Aricheongjeong'	- Online merchandise strategy (price/design, etc.) & PR concept consulting	- Increased sales of Aricheongjeong (over 300 sets, 5 sets per month)
	- Establishment and training on 11th street	- Signed a procurement agreement with IBK Service (Oct. 29)
Smart wallet	- Assistance in issuing mobile discount coupons	- Sales of traditional market gift certificates doubled (about 8.5 million KRW per month)
My Shop	- Business support service using tablet PC	- No need to adopt POS machines, increased convenience
Friday Market	- Assistance in promoting 1 item 1 store discounts, signs, carts, gifts, etc.	- Increase in visitors by 1.5 times, increase in sales by 30% (projected)
Idea Contest	- Exploring ideas to revitalize the market	- 8,500 incidents received

Relay race of possibilities _ Traditional markets

"Give U"and "With U": Donation and Social Contribution Platforms to Increase Participation

The growth of smart devices has dramatically changed the landscape of donations and charities. In 2010, SK Telecom developed the 'Angel Love Sharing' app, a smartphone app for donations. In 2012, the company increased interest and engagement in donations and volunteerism through the distinctive, R&C-based social responsibility program, including the development of an advanced donation platform "GiveU" and a volunteering matching platform "WithU."

"GiveU" is a two-way donation platform designed for participants to easily share the donation campaigns of NGOs and NPOs on their mobile phones, and anyone can have access regardless of the service operator they subscribe to. GiveU is simply operated on a smartphone and allows people who are interested in donating, but had difficulty practicing its functionality. Users can donate not only cash but also Rainbow points or OK Cashbag points, either with a one-time donation or regular donations. NGOs then issue receipts to increase donators' convenience and participation. In 2012, 46 organizations donated about 130 million KRW through GiveU. Additionally, in 2012, SK Telecom donated 81 billion KRW to communities, contributing to community development.

"WithU" is the first Korean mobile volunteering platform developed by SK Telecom and helps social service centers locate volunteers and volunteers searching for volunteer opportunities and organizations. WithU not only increases convenience in searching volunteer, but also improves efficiency in social services since volunteers can choose the services they excel in and social service organizations can select the opportunities that they need.

Moreover, "WithU" is expected to serve as a place where social service organizations and volunteers to not just connect, but actually communicate with one another. Volunteers and social service organizations who meet through WithU can share their opinions and comments on volunteer work and learn more about volunteering and understand trends, which will help improve their skills. SK Telecom increased the number of organizations participating in WithU, from 100 to 1,000, while increasing involvement in various events to encourage volunteerism.

T-together: Social Contribution Portal

SK Telecom runs a social contribution web portal called "T-together" (http://ttogether.sktelecom.com). T-together provides a variety of programs from which participants can pick and choose according to their preferences, including GiveU, WithU, Find Missing Children, Smart Blood Donation, and Youth Mobile Counseling. From individuals who are passionate about sharing, but do not know how to make contributions to charity businesses or donating organizations participating in social contribution are available through the portal 'T-together'. T-together also classifies fundraising and theme campaigns and discloses fundraising expenditures to increase users' convenience.

Contributing to Job Creation by Increasing ICT-based Startup Support

In May 2013, SK Telecom plans to appoint approximately 4,300 contract employees of subsidiaries responsible for customer service to full-time positions and implement the "Happy Startup" project to create ICT-based jobs as part of the "Happy Companion" program. Through the "Happy Startup" project, the company will provide assistance worth 30 billion KRW to create ICT-based jobs, including operating "T-happy startup support center" for systematic startup support, supporting startups for the baby boom generation, and supporting ICT-based startup items.

CASE
Establishing Social Enterprises

SK Group has continuously worked diligently to provide social services and create jobs for the disadvantaged by forming and supporting social through the "SK Happiness Foundation." As part of this commitment, with the SK Happiness Foundation, SK Telecom co-founded the "Happy ICT Foundation" in 2011 and the "Happy Echo Phone Foundation" in 2013.

Happy ICT Foundation specializes in ICT services and conducts diverse, advanced businesses that bring happiness across all social classes in need of ICT services by developing an information system for the public good. Happy ICT Foundation implements social service and social enterprise ICT infrastructure support projects. In 2012, the foundation launched the Mobile-based Cleaning Management System, which was named the pilot project for "Development of a Popular Smart Work Service Model" hosted by the Korea Communications Commission and the National Information Society Agency, contributing to increasing efficiency and competitiveness for small cleaning businesses and workers.

Happy Echo Phone Foundation is a social enterprise focusing on evaluating and commercializing used phones, and aims to provide social values, such as protecting the environment through the reuse of used phones and creating quality jobs for the disadvantaged. Furthermore, SK Telecom provides used smart devices and tutorials to the disadvantaged and works with civic groups or local governments to implement a donation program relating to the promotion of used phone recycling.

Establishment of the social enterprise Happy Echo Phone Foundation

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WIN-WIN GROWTH

GROWING WITH PARTNERS BY CREATING A HEALTHY CORPORATE ECOSYSTEM

2012 KEY FIGURES

Payment Period (Average)	Technical assistance and protection	Training support (distance/in-company)
9.8 days	**408** cases	**14,809** people

WHY THIS IS AN ISSUE TO US

Since the launch of the Win-Win Growth Committee, there has been growing interest in collaboration among large and small/medium enterprises and in Win-Win growth. We need to create a healthy industry ecosystem through ultimate Win-Win growth, instead of short-term assistance for small and medium enterprises. SK Telecom will create a healthy corporate ecosystem and establish a Win-Win culture pursuing the happiness of business partners.

WHAT WE'VE DONE

| Fulfilled Win-Win growth for mutual prosperity

| Provided assistance in expanding the industry ecosystem, including T open lab

| Open communication

"SK Telecom intends to outgrow the old competition system among individual companies and create an environment where the entire ICT industry can compete fairly and grow together based on trust and partnerships with suppliers. To enhance partners' competitiveness, the company will provide various Win-Win growth programs and open communication."

-Yeo Ho-Choul, Head of SCM Office of SK Telecom-

Win-Win Growth for Mutual Prosperity

SK Telecom cannot create future value on its own. Only when it combines the capabilities of its own and its partners can SK Telecom bring about creative innovation. Instead of growing alone, SK Telecom creates an environment where ICT business areas can grow, driving the development of the entire ecosystem. In 2012, the company continued its efforts to increase understanding and build trust through a variety of Win-Win programs and open communication.

SK Telecom's Win-Win Growth Program consists of financial assistance, technical assistance and protection, training and HR support, and management support. Financial assistance is designed to resolve economic imbalances and strengthen the foundations of small business partners

which may suffer financial crises due to the changing economic conditions. The Technical Assistance & Protection Program is aimed at the development, transfer, and joint development of tangible/intangible technologies in the planning, development, and sales processes. Training and HR Support is designed to improve independence through enhancing skills, expertise and system support, and hiring support, while helping partners continue to exist through negotiated contracts for outstanding partners, performance guarantee exemptions, and the Doctor System. In 2012, SK Telecom created and operated the Network Loan program and the Win-Win Fund (worth 215 billion KRW) to help partners financially, provided technical assistance worth 46.4 billion KRW, protected 71 technologies, and offered distance and in-company training for 14,809 employees.

Adding 15 billion KRW to Win-Win Fund and Updating Payment Options

In terms of funding, SK Telecom continues to provide indirect assistance (lending and credit through the Network Loan and WinC), but in 2010, the company set the target amount of assistance to 70 billion KRW. Under an agreement with financial service providers, SK Telecom created the Win-Win Fund worth 200 billion KRW (70 billion deposited by SK Telecom) and has since provided assistance in solving suppliers' financial problems, such as adding 15 billion KRW to the fund with a

6 billion KRW additional deposit in 2012. SK Telecom will continue to provide its partners with appropriate financial assistance.

In 2012, SK Telecom made all payments in cash to small and medium business partners (since 2005) and payments worth 475.2 billion KRW in cash to 234 partners, and the period of payment averaged 9.8 days, meeting the partnership goal (within 10 days of the payment deadline).

2012 Win-Win Growth Results

2012 Goals	Results
Building system - Create a program to establish fair trade practices - Incorporate Win-Win growth results into executive officer evaluation	- Set and operate the SKT Fair Trade Guidelines - Incorporate Win-Win growth results (KPI) into procurement officer evaluation
Financial assistance - Increase large company contribution (0.6% of sales) for financial assistance - 100% cash payments - Within 10 days of the payment deadline	- Network Loan and Win-Win Fund (contributions of 76 billion KRW, meeting the goal 100%) - Average 9.80 days
Technical assistance and protection - Provide R&D infrastructure - Data escrow program	- 337 cases of technical assistance (46.4 billion KRW) - 71 cases of technology protection (10 million KRW)
Training and Talent Support - Increase training support - Talent support	- 14.809 employees completed distance/in-company training - Talent/hiring assistance for 20 people (215 million KRW)

Technology Protection Assistance and Building an ICT-based Win-Win Platform through T open lab

In 2012, SK Telecom supported 337 cases of technology development worth 46.4 billion KRW to provide its business partners with economic benefits and protected 71 technological items to enhance partners' technical capabilities. SK Telecom's technical assistance includes technology transfers (licenses), joint research and technology development, equipment support, the technical data escrow program to protect partners' technologies, and joint patent applications, leading technology protection.

Results of Implementation of the Technical Data Escrow Program

Year	# of partners	# of escrows			Grant (1,000 KRW)
		New	Total renewals	Grant	
2011	17	30	-	30	9,000
2012	22	19	29	48	10,050

In 2012, SK Telecom opened "T open lab" to support small and medium Enterprise (SME) partners and individual developers who lack development and testing environments so that the ICT business can grow. The T open lab consists of R&D infrastructure such as the Test Room[1], the Shield Room[2], the Project Room, and spaces for communication with SK Telecom's R&D department, such as a seminar room and an open café, contributing to increasing SMEs' profit and improving technological capabilities. Aside from facility support, SK Telecom's T open lab provides opportunities to share ideas and commercialize them through the "Technology and Business Idea Suggestion Program" and "Developers' Forum".

SK Planet's "Open Innovation Center" has increased interest and engagement in the ICT industry by encouraging a variety of ideas and inventions while creating business opportunities. The Open Innovation Center allows any individual customer, planner, developer, and designer as well as an entity or group specializing in the mobile business to freely suggest ideas, businesses, and projects. The center provides an objective assessment of those ideas, monetary rewards for any outstanding ideas, and developing and marketing assistance for any potential business, creating growth opportunities. The T Academy, which is connected with the Open Innovation Center, teaches many aspiring developers about the necessary experience and expertise in the mobile industry. All programs are available free of charge and the company makes every effort to create an environment where as many developers can learn.

1) Test Room: A space for functional and performance testing of mobile phone services connected to SK Telecom's Network Test Bed .   2) Shield Room: An enclosed space that allows a variety of wireless tests by blocking outside signals

T open lab Support

T open lab online service users	458 people from 142 companies
	294 people, 115 companies that do not work with SKT
Infrastructure usage	Test Room: 621 hours (usage: 64.7%)
	Shield Room: 246 hours (usage: 26.1%)
	Test Devices: 4,141 units (37 units per day)
Joint development projects	Implementation of joint projects - 2 companies join the lab
	5 other companies work frequently in the project room

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Distance/In-company Training and Talent Support

It is important to provide appropriate training for the long-term success of business partners. SK Telecom opened and operated 110 distance education courses in 8 areas of business, technology/IT, leadership, marketing, finance/accounting, languages, and OA, for employees of partners. The company also provided in-company courses for partners' employees, tailored for each job title, executive officers (Win-Win CEO Seminar), managers (MDP/MBA course), and working officers (Smart ICT Practice).

In addition to education, SK Telecom sent its employees to business partners lacking human resources or helped them hire new recruits. In 2012, the company sent 387 employees to partners for HR support, 224 employees to support productivity innovation partnerships, 584 technical experts to its branch in China, 12 employees for PMS (Product Management System) to audit productivity management systems, totaling 1,171 employees.

Win-Win Communication

SK Telecom has created diverse communication channels and listened to its business partners to provide open communication and build understanding and mutual trust. The company runs the "Voice of Partners" channel under the SK Telecom OPEN2U (http://open2u.sktelecom.com) system as an online communication channel, where approximately 8,500 employees of those partners share cases of unfair trade, opinions, and suggestions, either anonymously or with their registered names. The company also holds meetings with its partners, including one-on-one meetings, Win-Win growth camps, and Partners' Day events. At a one-on-one meeting, in particular, high-level officers and executive officers of the company's major units visit one of the partners to listen to their grievances and discuss solutions in person. Each year, they visit approximately 100 partners to improve communication.

SK Win-Win Growth Distance/ In-company Training Participants		(unit: people)
	2011	2012
Distance	12,020	12,130
In-company	568	2,679
Total	12,588	14,809

Launching the CEO Win-Win Council for Win-Win Growth

CASE

Responsible Buying and Supply Chain Risk Assessment

SK Telecom is a company seeing possibilities to work together. Aside from assistance for partners aimed at Win-Win growth, SK Telecom considers it a fundamental responsibility to monitor and evaluate the entire supply chain concerning ethical business practices. SK Telecom incorporates risk assessment results into the process of selecting buyers and partners to prevent bad business practices or unethical behavior from occurring.

To ensure fair, transparent trade with business partners, SK Telecom ensures that every company submits a Fair Trade Consent when signing up or applying for a partnership on the Open2U, a website for procurement and partnerships that the company has run since 2008, and conducts assessments of suppliers before registration, including reviews of financial information and CSR items, such as payment options for secondary partners and human rights/labor/environmental policies. In 2012, approximately 720 companies were evaluated and registered as new partners.

Business Partner Satisfaction		(unit: score)
2010	2011	2012
74.4	74.5	83.9

*In 2012, the index was renamed "Win-Win Satisfaction Index"

Compliance Report

In 2012, SK Telecom was ordered by the Fair Trade Commission and the Korean Exchange to pay a penalty of 53.8 billion KRW for 5 legal violations and complied with the ruling. Through strict monitoring, SK Telecom is working hard to comply with applicable laws, fulfill its obligations, and prevent the recurrence of such violations.

2012.2.6_ Non-compliance with the response to the Inquired Disclosure in November 2011
Penalty: 3 million KRW / Status: Paid. Preliminary review and efforts to prevent recurrence

2012.3.14_ Breach of Article 23 of the Fair Trade Act concerning the mobile phone subsidy payment practice and mobile phone distribution structure
Penalty: 21,928 million KRW / Status: Administrative litigation in progress

2012.6.21_ Order for corrective action regarding a breach of the Korea Communications Commission's privacy policy on location information
Status: Order implemented.

2012.7.4_ Breach of Article 23 of the Fair Trade Act concerning payment for system management and operations in the SI field
Penalty: 25,042 million KRW

2012.12.24_ Corrective action regarding infringement of user benefits relating to phone subsidies
Penalty: 6,890 million KRW / Status: Stopped attracting new users (22 days) and implemented corrective action

CLIMATE CHANGE

REDUCING SOCIAL GREENHOUSE GAS EMISSIONS USING GREEN ICT

2012 KEY FIGURES

Studies on reducing social greenhouse gas emissions	Greenhouse gas emissions	Energy savings in office buildings
Average **12.9%** reduction (using real-time navigation T-map)	**674,000** tCO2	**5,776** MWh

"Coping with climate change is an urgent issue that requires specific actions. SK Telecom will not only reduce its GHG emissions but also use innovative ICT to help the entire country reduce GHG emissions."

-Lee Hyung-Hee, Head of Corporate Relations Division of SK Telecom-

Research on ICT-based Social Greenhouse Gas Reduction

SK Telecom is aware of the destructive effects on mankind of climate change and global warming and provides full support to achieve the vision of low-carbon, green growth. SK Telecom's focus area is, in particular, "Reducing social GHG using ICT." "Social greenhouse gas" refers to GHG emissions (Scope 3) generated as a result of energy consumption when customers use the services/goods provided by a company, and these emissions cover a wider range and are much greater than the direct and indirect GHG emissions generated by SK Telecom during its business process. The UNFCCC (UN Framework Convention on Climate Change) is in the process of developing guidelines for reducing social GHG emissions, and the ITUT (International Telecommunication Union Standard) is also preparing a standard for estimating social GHG emissions.

WHY THIS IS AN ISSUE TO US

The Korean government has continuously pursued low-carbon, green growth and its efforts include the 2011 adoption of the Greenhouse Gas Target Management Policy and the adoption of the Emissions Trading Scheme by 2015. Through research on ICT-based energy efficiency and GHG reduction, SK Telecom will take the lead in preventing global warming and support green growth.

WHAT WE'VE DONE

| Conducted research on reducing greenhouse gas emissions using real-time navigation, such as T map
| Developed green technologies like Cloud BEMS and infrastructure

Since 2011, SK Telecom has successfully worked with the National Radio Research Agency and the Korea Association of Information and Telecommunications (KAIT) on how to reduce social greenhouse gas emissions using ICT services. In 2012, they conducted research to develop an international standard for estimating social GHG reductions. The research predicted that by 2020, Korea's emissions will reach 800 million tCO2e, of which the ICT industry will generate 20 million tCO2e. Using ICT to reduce indirect GHG emissions is expected to result in 118 million tCO2e, 5.8 times the emissions generated by the ICT industry.

Comparison of average GHG emissions between T map and an ordinary shortest path (unit : kgCO2e)

■ T map ■ Shortest

	T map	Shortest
Short distance	165.94	183.86
Medium distance	243.04	282.78
Long distance	544.59	627.95
Total	953.61	1094.59

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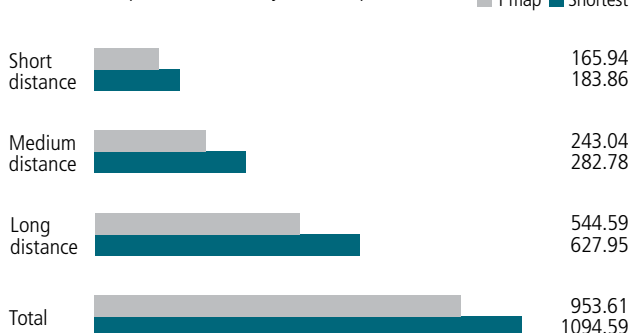
Greenhouse gas emission reductions through ICT services	(unit : tCO₂e)
	2020 potential reductions
Smart grids	68,700,471
Video conferencing	11,034,549
E-commerce	7,933,273
E-petitions	6,107,242
E-transportation management	4,793,451
Real-time navigation	3,572,940
Smart government	3,476,005
Home energy management systems	2,963,390
Smart motors	2,890,014
Electronic information	2,051,228
Smart work	1,886,755
e-Learning	1,614,410
Bus information systems	1,400,033
Electronic healthcare	44,347

Social greenhouse gas reduction research was conducted using the real-time navigation service (T map) among 14 ICT services because it is most likely to become an international standard, most suitable for the company's business, and has a clear ownership of reduction potential. T map is the company's real-time navigation service that provides information on optimum routes as well as current traffic information. The real-time traffic and route information provided by the service help save time and energy and reduce greenhouse gas emissions. To achieve the 95% confidence level, an empirical test was conducted on the GHG reduction effects of T map compared with an ordinary navigation service (shortest route information), with car type, fuel, time, and sampled routes set as control variables. The results demonstrated that in 2012, T map users improved traffic speeds by 9.99km/h, saved fuel by 11.9% and reduced carbon dioxide emissions by 12.9%.

Making the Social Greenhouse Gas Reduction Model an International Standard

At the ITU Symposium on the Environment and Climate Change held in Geneva, Switzerland, in October 2012, the "Methodology for Estimating the Greenhouse Gas Reductions of a Real-Tme Navigation Service" implemented by SK Telecom was approved as an international standard to be developed. SK Planet released T map 4.0, which allows users to directly monitor carbon dioxide emissions reduced by the T map service. Using T map alone, users can not only gain benefits, such as saving time and fuel, but also end up contributing to protecting the environment. The service is expected to offer the chance to increase participation in reducing social greenhouse gas emissions.

"Cloud BEMS": Smart Energy Conservation Technology

Cloud BEMS (Building Energy Management System) is a system for building energy management developed by SK Telecom, aimed at increasing efficiency through real-time collection and analysis of data on energy management equipment. For instance, the BEMS controls lighting, air-conditioning, cooling and heating based on the number of people within an office building when connected to employee access information, power, and air-conditioning systems. When employees are working in an office, the system can adjust the temperature depending on the number of people within the building by shutting off lights, air-conditioning and heating during lunch hours. In December 2012, SK Telecom applied this technology to Cheju Halla Hospital and created a "heat pump system" which reuses wastewater and waste heat to analyze the three-year results and provide the system operator with consulting on energy conservation. SK Telecom will share with the owner of the building the energy costs saved for those three years without the initial installation cost. The results of a pre-evaluation found that Cheju Halla Hospital is expected to reduce energy consumption by 20% and save about 200 million KRW once it adopts the Cloud BEMS.

Hyundai Department Store adopted the BEMS to optimize the operating hours of air-conditioning, heating systems and refrigerators within the building. The department store is expected to reduce energy costs worth about 120 million KRW each year. SK Telecom also applied the BEMS to its head office building, local office buildings, and Network Management Center, and has reduced annual energy consumption by 7.2%, saving about 160 million KRW.

In 2013, SK Telecom and the Seoul Hospitals Association signed an agreement to use the Cloud BEMS to save energy in hospitals, reduce social GHG emissions, and cope with the national energy crisis together. The association promised cooperation since it decided that the partnership would help fulfill its social responsibilities, such as saving energy in hospitals, which consume a lot of energy due to high-output equipment, and coping with climate change and the energy crisis. SK Telecom will provide assistance in reducing national GHG emissions using innovative ICT.

Signed an agreement on Cloud BEMS with Cheju Halla Hospital

Reducing Environmental Impacts on Business

Aside from research on reducing social GHG emissions and green energy solutions, SK Telecom works hard to reduce environmental impacts during the conduct of business and spread the green corporate climate by complying with the GHG/Energy Target Management System.

As mobile service provider, SK Telecom does not directly make products and have any process generating pollutants, toxic substances or hazardous chemicals and it has no significant environmental impact. Throughout the year 2012, the company neither committed any environmental law violations nor paid related fines or penalties.

SK Telecom has a company-wide system in place to deal with global climate change and reduce greenhouse gas emissions, and all employees are actively engaged in GHG reduction activities. Furthermore, the company conducts real-time monitoring of energy use and GHG emissions. SK Telecom sets energy/GHG reduction targets under business-as-usual (BAU) conditions. In 2012, the company generated total emissions of 674,000 tCO2e, less than the target of 678,000 tCO2e. Finally, the company provides environmental training for employees to spread the green corporate climate and, in 2012, conducted full-time training targeting environmental officers.

CASE

Improving Energy Efficiency of T-Tower

SK Telecom has been committed to reducing greenhouse gas emissions through its independent energy management process. SK Telecom replaced LED lights and cut down on standby power at night and saved approximately 13 million KRW throughout the year by turning off lights (windows and the electrical room) after removing lighting circuits.

T-Tower Energy Savings (unit: MWh)

	2010	2011	2012	2013 (Target)
Office building management	3,881	6,023	5,776	5,538

For its achievements, SK Telecom received an award at the "Gathering Electricity from Energy-Saving Companies" organized by the Energy Management Corporation, as well as other awards such as the Eco Mileage Outstanding Group and Best Practice of Peak Management.

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TALENT ATTRACTION & RETENTION

HUMAN RESOURCES DEVELOPMENT AND GOOD WORK ENVIRONMENT THROUGH GOOD PROGRAMS

2012 KEY FIGURES

HR spending per employee

2.93 million KRW

Annual training hours per employee

100 hours

Annual spending on employee benefits

29.2 billion KRW

WHY THIS IS AN ISSUE TO US

SK Telecom believes that employees' happiness is the company's happiness. Therefore, the company runs long-term HR programs to enhance employees' skills and increase motivation, provides a variety of educational opportunities based on voluntary participation for individual development, and helps employees achieve a work-life balance through advanced benefit programs.

WHAT WE'VE DONE

| Created a Results-Oriented Evaluation System
| Established a HRD system per job title
| Provided a working environment and benefit/safety programs for a work-life balance

"SK Telecom's key task in talent management is to enhance employees' skills, produce results through challenges and innovation, and bring about changes to people and culture to accomplish SKT's vision through appropriate recognition and compensation. In addition, SK Telecom will continue to invest in people to build the ability to overcome crises and new growth engines."

-Lee Taek, Head of Corporate Culture Division of SK Telecom-

To cope with the rapidly changing industry, SK Telecom abolished the job title structure and adopted the manager system in 2006 to establish a horizontal, creative organizational climate. All officers are therefore called "Manager" and the titles are classified into pay bands, maintaining the duty-based "manager-member" structure. Such a systematic change has not only helped individuals enhance their capabilities, but also facilitated decision-making and improved the organization's ability to execute decisions. To ensure flexibility through restructuring, the company places emphasis on continuity and individual development to enhance the organization's skills and increase its experience, driving the growth of both the organization and members.

Development-based Performance Review and Horizontal, Creative Organizational Culture

SK Telecom assesses the performance of all employees. A performance review takes into account short- and long-term results and contributions to the organization, challenges and innovations, and the company conducts PR&C (People Review & Coaching) all year round to ensure a fair review. Furthermore, SK Telecom stresses the development aspect of employee performance management by offering detailed reviews and feedback. Through the development-based performance program, the company can motivate employees and anticipate organizational growth and increased efficiency.

Improve KPI	Growth-oriented	Motivate
Enhance performance review		Encourage enthusiasm
Acknowledge performance		Improve organizational efficiency

K-GWPI Korea Great Work Place Index

No. 1 in the service category of "Best Company to Work for" for 5 years straight surveyed by Korea Management Association Consulting

Talent Development through "SMART" Self-Directed Learning Program

A company can be competitive only when its employees are competitive. Through the Individual Development Plan (IDP), SK Telecom assists employees in planning and implementing the development of job capabilities needed to achieve the company's vision and their own career goals. In 2012, the company encouraged self-directed learning by upgrading the IDP and increasing outside learning support for individuals. In addition, the company provides an education system consisting of in-company/outside, in-class/online programs tailored for 14 jobs by connecting the Individual Development Plan and the Career Development Plan (CDP) to improve employees' specialized skills.

In January 2012, SK Telecom adopted the Smart Learning System called "T-earning" service using mobile devices to develop capabilities anywhere, anytime. The T-earning service contains approximately 260 varieties of educational content, including ICT trends, job specialties, leaders' libraries, and English, and half the employees experienced T-earning throughout the year of 2012. In 2013, SK Telecom plans on encouraging employee participation using Social Learning, such as UCC (User Created Content) and social media-based networking, and on establishing the Smart Learning system across the entire field of education by using T-earning content in at least 50% of job training programs by 2014.

Ratio of T-class attendees
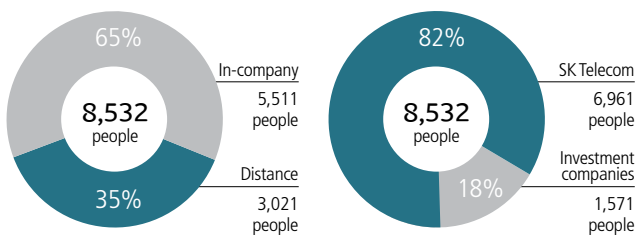
Ratio of T-class attendees by type of participation

Percentage of T-class attendees among employees

SK Telecom also provides "T-class" where the company's and subsidiaries' employees have the opportunity to improve their skills at the workplace. "T-class" includes a variety of educational content, from insight, trends, management, strategies, finance, marketing, technology, liberal arts, psychology, and communication in order to enhance employees' job skills and individual development.

In each area, in-house or outside experts provide lectures and each course runs for 90 minutes at a location near the office building or workplace so that employees can participate outside of work. The company allows real-time distance learning using smart devices (PC, smartphones, and tablet computers) for employees' convenience as well as in-company lectures. In 2012, a total of 179 courses were provided, including 110 courses at the head office (T Class Learning Center) and 69 courses in local branches (Namsan and local offices), and each course had an average of 48 participants in attendance, totaling 8,532 employees for all classes.

Creating an Open Environment to Share Grievances

SK Telecom makes every effort to solve grievances that employees may have while at work. "Letter to HR" is a program designed for employees to share their grievances with the HR Division or officer and express freely regarding performance reviews. SK Telecom runs the Letter to HR menu on e-HR, the company's Intranet, and any grievances reported are reported to the HR employee responsible only and kept confidential.

The company provides phone/one-on-one counseling with experts at social service centers through the counseling program for any employees with personal issues, such as health, personal relationship or family issues.

Improving Efficiency through Work-Life Balance

In 2012, SK Telecom adopted the flexible time program to help employees achieve a work-life balance and increase productivity by determining their work schedules. Approximately 70% of all teams use this program, which is positively received by employees who have to juggle childcare and work. (However, mandatory work hours from 10 AM to 3PM)

HRD System
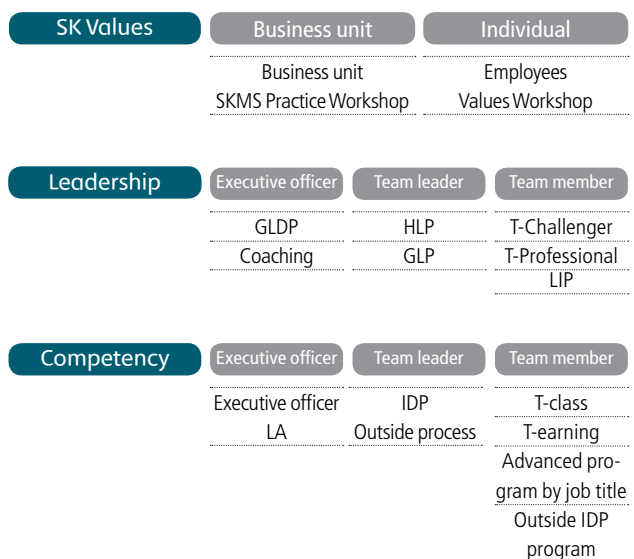
GLDP: Global Leadership Development Program
HLP: Hipo Leadership Program
GLP: Global Leadership Program
LIP: Leadership Intensive Program
LA: Learning Account
IDP: Individual Development Plan

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SK Telecom also guarantees employees individual development opportunities by offering a 45-day individual development period every 10 years of service ("Refresh" leave). Employees are allowed to use the time to study or travel abroad or relax and take care of themselves, and fully paid during the entire time excluding overtime, lunch, and commute benefits.

Employee Satisfaction		(unit: score)
2010	2011	2012
81	84	86

Labor-Management Council to Protect Employees' Rights

To protect employees' human rights and create an open working atmosphere, SK Telecom has created a variety of channels of communication, such as the Member's Square and counseling on grievances and sexual harassment. Through quarterly council activities, employees discuss with management how to increase productivity, allocate profits based on performance, and ensure employees' benefits and human rights.

Labor-Management Council

Frequency of Labor-Management Council Meetings	Quarterly
Attendees	Central committee chair, execution branch, president, and labor officer
Agenda items	Productivity improvement and allocation of profit
	Improvement of the HR and Labor programs
	Appointment and training of employees
	Operation of working hours and breaks
	Handling grievances of employees
	Improvement of programs, including payment options, system and structure
	Improvement of safety, health and the working environment, and employee healthcare
	Adoption of new machines/technologies, improvement of processes
	Improvement of employee benefits

Labor-Management Reconciliation Declaration Ceremony

CASE

MBA and Graduate Programs for Next-Generation Leaders and Experts

SK Telecom selects a certain number of employees each year and provides them with the opportunity to study in MBA and graduate programs at leading domestic and international universities. Through this policy, SK Telecom develops leaders and experts who will lead the company.

Number of employees sent to MBA programs		(unit: people)
2011	2012	2013 Target
17	18	35

CASE

Human Resources Development for Socially Disadvantaged and Women

SK Telecom actively recruits new employees among the socially disadvantaged, including people with disabilities, pursues social diversity and works hard to prevent discrimination for female HRD and maternity protection.

2012 HRD Results for Socially Disadvantaged and Female Employees

Recruitment	- Hiring of the visually impaired in all categories for "competency-based recruitment' regardless of backgrounds
	- Adoption of a special category for the disabled
	- Setting a 20 to 25% quota for women recruits each year
Fair Performance Review	- The HR Division made sure that female employees were not unfairly treated during promotions or HiPo appointment
Female Leadership	- Conducted monitoring across the SK Group to develop top-performing female employees (deputy manager/manager or higher) into leaders
	- Provided workshops on female leadership development
Maternity Protection	- Conducted performance reviews of female employees who took maternity leave on an absolute evaluation basis.

FINANCIAL DATA

Financial Statements

Statement of Financial Position (Consolidated, as per K-IFRS)

	2010	2011	2012	Remarks
Total assets	23,132,389	24,366,036	25,595,560	
Current assets	6,653,992	6,117,479	5,294,421	
Non-current assets	16,478,397	18,248,557	20,301,139	
Total liabilities	10,724,890	11,633,327	12,740,777	
Current liabilities	6,202,170	6,673,590	6,174,895	
Non-current liabilities	4,522,219	4,959,738	6,565,882	
Total equity	12,407,999	12,732,709	12,854,782	

Income Statement (Consolidated, as per K-IFRS)

	2010	2011	2012	Remarks
Operating revenue	15,489,374	15,926,469	16,300,479	
Sales	15,489,374	15,926,469	16,300,479	
Operating expenses	12,933,592	13,630,855	14,540,308	
Employee benefits	1,067,820	1,173,247	1,283,305	
Charges & fees	5,551,033	5,611,325	6,025,091	
Depreciation	2,118,430	2,296,479	2,432,287	
Network connection charges	1,316,296	1,264,109	1,057,145	
Private line service and spectrum fees	437,830	474,018	468,785	
Advertising expense	338,447	374,269	400,076	
Rent expense	367,292	401,706	424,476	
Merchandise and other purchase expense	640,933	959,276	1,297,205	
Other operating expenses	1,095,512	1,076,426	1,151,938	
Operating profit	2,555,782	2,295,613	1,760,171	
Financial income	477,217	442,325	447,210	
Financial expenses	441,624	343,776	638,297	
Loss on investments in subsidiaries and associates	3,414	47,149	24,278	
Non-operating revenues	79,721	47,428	196,034	
Non-operating expenses	294,458	153,752	189,952	
Profit from continuing operations before tax	2,373,224	2,240,690	1,550,887	
Income tax expense for continuing operations	559,385	608,955	295,887	
Consolidated operating profit from continuing operations	1,813,839	1,631,734	1,255,000	
Income from discontinued operations	(47,004)	(49,660)	(139,337)	
Consolidated net profit for the year	1,766,835	1,582,073	1,115,663	
Consolidated net income attributable to				
Owners of the parent	1,841,612	1,612,889	1,151,705	
Non-controlling interest	(74,778)	(30,816)	(36,042)	
Earnings per share				
Basic Earnings per share(KRW)	25,598	22,848	16,525	
Diluted earnings per share(KRW)	24,942	22,223	16,141	

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Statement of Financial Position (Separate)

(Unit : million KRW)

	2010	2011	2012	Remarks
Total assets	19,727,126	20,520,527	22,249,502	
Current assets	5,316,977	3,948,078	2,589,699	
Non-current assets	14,410,150	16,572,450	19,659,803	
Total liabilities	8,146,169	8,554,226	9,872,454	
Current liabilities	4,561,014	4,467,006	4,343,086	
Non-current liabilities	3,585,155	4,087,220	5,529,368	
Total equity	11,580,958	11,966,302	12,377,048	

Income Statement (Separate)

(Unit : million KRW)

	2010	2011	2012	Remarks
Operating revenue	12,514,521	12,551,256	12,332,719	
Sales	12,514,521	12,551,256	12,332,719	
Operating expenses	9,983,566	10,366,757	10,657,331	
Employee benefits	565,583	528,073	508,226	
Charges & fees	4,966,280	5,226,570	5,576,763	
Depreciation	1,505,498	1,658,808	1,724,707	
Network connection charges	1.030,380	967,046	796,580	
Private line service and spectrum fees	365,951	415,585	431,522	
Advertising expense	258,737	241,252	209,803	
Rent expense	302,552	315,281	330,611	
Merchandise and other purchase expense	108,870	194,507	295,757	
Other operating expenses	879,716	819,635	783,361	
Operating profit	2,530,955	2,184,499	1,675,388	
Financial income	452,894	415,912	381,930	
Financial expenses	311,166	223,656	533,198	
Non-operating revenues	35,788	23,224	151,756	
Non-operating expenses	211,715	121,073	133,647	
Gain on sale of investments in subsidiaries and associates	12,169	1,990	80,483	
Loss on sale of investments in subsidiaries and associates	5,288	6,473	2,265	
Impairment of investments in associates	0	0	83,728	
Income before income taxes	2,503,637	2,274,422	1,546,720	
Income tax expense	556,629	580,058	303,952	
Net profit for the year	1,947,008	1,694,363	1,242,767	
Earnings per share				
Basic Earnings per share(KRW)	27,063	24,002	17,832	
Diluted earnings per share(KRW)	17,406	23,343	17,406	

OPERATIONAL DATA

ENVIRONMENTAL/SOCIAL DATA

Environmental Data

Resource Use

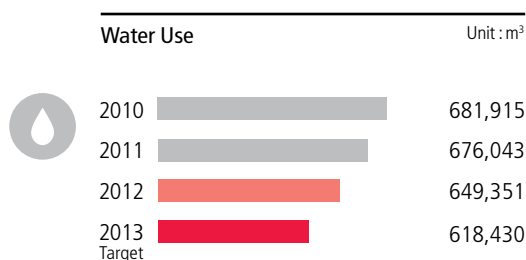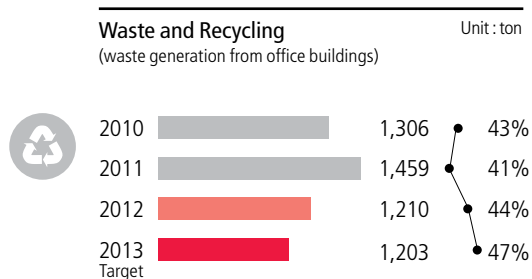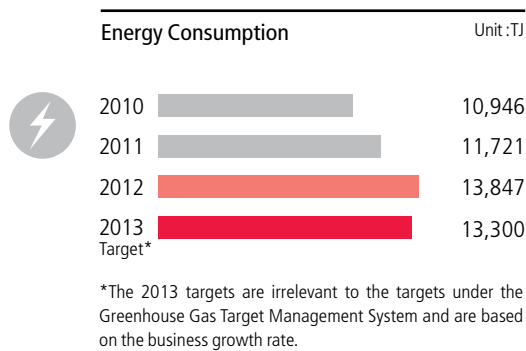|	Unit	2010	2011	2012	Remarks
Total number of electronic bill users	1,000 people	10,296	12,550	16,051	
Electronic bill subscription rate (or new e-bill subscription)	%	-	-	90% or higher	
Percentage of devices collected	%	12.7	8.8	7.4	
Number of devices sold	1,000 units	12,683	12,775	11,928	
Number of devices collected	1,000 units	1,607	1,127	885	
Number of used IT devices donated	units	1,000	600	95	Laptops in 2010; desktop computers and laptops since 2011
Number of organizations that donate used IT devices	locations	8	130	1	Happy Nanum Foundation in 2012

Biodiversity

	Unit	2010	2011	2012	Remarks
Number of base stations within protected areas	locations	29	44	56	
Number of repeaters within protected areas	units	146	348	553	
Percentage of eco-friendly radio stations installed*	%	-	-	40	
Number of new eco-friendly radio stations opened	Local	49,906	58,435	63,498	

*Eco-friendly radio station: A radio station that uses 10 kinds of standard antenna models, including the small ground-level disguised antenna.

Environmental Protection Expenditures and Investments*

	Unit	2010	2011	2012	Remarks
Total environmental costs	KRW	910,369,000	923,234,000	694,549,492	
Waste treatment cost	KRW	92,378,000	92,378,000	110,756,861	
Education & training cost	KRW	25,000,000	25,000,000	9,625,000	
Other costs	KRW	99,283,000	68,000,000	77,271,000	
Contract recycling cost	KRW	4,513,000	4,513,000	24,134,230	
Environmental organization support cost	KRW	14,000,000	0	0	
Outside conservation cost	KRW	31,354,000	93,825,000	108,449,622	
Environmental advertising & report publication cost	KRW	28,000,000	167,000,000	88,880,622	
Fees & charges	KRW	515,841,000	472,518,000	205,537,779	
Green Purchase cost (EcoMark-certified products)	KRW	740,664,000	297,588,000	10,005,499	
Energy conservation and climate change cost	million KRW	17.9	123	265	
Number of environmental and resource volunteers	people	450	1,400	1,506	
Number of environmental volunteer work	hours	-	-	1,831	

*SK Telecom reports the estimated environmental and green purchase costs in 2012 using its estimation system in accordance with the Environmental Accounting Guidelines of the Ministry of Environment, although it does not implement environmental accounting.

Logistics and Employee Transportation

	Unit	2010	2011	2012	Remarks
Vehicles owned or leased	cars	584	590	610	
Fuel costs	million KRW	1,155	1,170	1,350	
Locations with video conferencing systems in Korea	locations	113	113	68	
Locations with video conferencing systems abroad	locations	3	3	6	
Number of video conferences held	meetings	15,611	15,128	16,344	

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Greenhouse Gas Emissions

Unit : tCO₂e

Year	Value
2010	576,363
2011	608,055
2012	673,742
2013 Target*	722,000

*The 2013 targets are irrelevant to the targets under the Greenhouse Gas Target Management System and are based on the business growth rate.
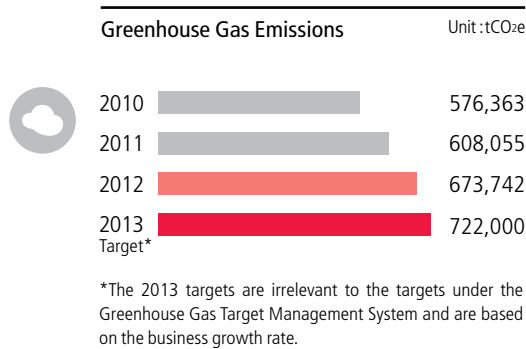
Greenhouse Gas Emissions

Unit : tCO₂e

	2010	2011	2012	Remarks
Total greenhouse gas emissions	576,363	608,055	673,742	
Direct greenhouse gas emissions	11,334	9,560	7,803	
Fixed fuels	8,049	6,789	5,598	
Mobile fuels	3,285	2,771	2,205	
Indirect greenhouse gas emissions	556,029	598,495	665,939	
Electricity	555,592	598,424	665,861	
Steam	437	71	78	

Energy Consumption

Unit : TJ

Year	Value
2010	10,946
2011	11,721
2012	13,847
2013 Target*	13,300

*The 2013 targets are irrelevant to the targets under the Greenhouse Gas Target Management System and are based on the business growth rate.

Energy Consumption

	2010	2011	2012	Remarks
Total energy consumption (TJ)	10,946	11,721	13,847	
Direct energy consumption (TJ)	216	167	134	
Natural gas consumption (Nm³)	2,772,993	2,315,362	1,805,327	
Diesel consumption (liter)	286,524	236,827	410,006	
Kerosene consumption (liter)	612,656	558,379	509,226	
Indirect energy consumption (TJ)	10,730	11,554	13,713	
Electricity consumption (MWh)	1,192,080	1,283,482	1,428,119	
Total amount of electricity saved (MWh)	43,456	45,880	48,362	
Office building management (MWh)	3,881	6,023	5,776	
Adoption of natural air-conditioning equipment (MWh)	39,575	39,857	39,857	Annual quantity introduced X Annual amount of energy saved per unit (actual measurement)
Electricity production by renewable energy facilities (MWh)	1,278	2,729	2,729	

Waste and Recycling

Unit : ton

(waste generation from office buildings)

Year	Value	%
2010	1,306	43%
2011	1,459	41%
2012	1,210	44%
2013 Target	1,203	47%

Waste and Recycling

Unit : ton

	2010	2011	2012	Remarks
Total waste generation	1,306	1,459	1,210	
Amount of waste generated from office buildings (A)	743	861	695	
Amount of waste recycled from office buildings (B)	563	598	515	
Recycling rate (B/A+B)	43%	41%	44%	

Water Use

Unit : m³

Year	Value
2010	681,915
2011	676,043
2012	649,351
2013 Target	618,430

Water

Unit : m³

	2010	2011	2012	Remarks
Annual water consumption	681,915	676,043	649,351	Estimated water use from 26 office buildings; wastewater not used
Public water use	588,733	590,113	583,681	
Groundwater use	63,182	85,930	65,670	

OPERATIONAL DATA
ENVIRONMENTAL/SOCIAL DATA

Social Data

Breakdown of Total Workforce

	Unit	2010	2011	2012	Remarks
Total employees	people	4,494	3,877	4,081	Executive officers excluded
Permanent employees	people	4,365	3,775	3,961	
Temporary employees	people	129	102	120	
Female employees	people	694	560	580	
Employees with disabilities	people	36	35	37	
Veterans	people	-	184	158	

*The total number of employees declined in 2011 due to the separation of SK planet.

New Employee Hires and Employee Turnover

	Unit	2010	2011	2012	Remarks
New employee hires	people	452	482	425	
Male	people	321	343	326	
Female	people	131	139	99	
20s	people	291	302	191	
30s	people	127	142	165	
40s	people	34	34	66	
50s and older	people	-	4	3	
Turnover	%	1.1	1.8	0.8	
Male	people	36	50	26	
Female	people	12	18	4	
20s	people	8	15	3	
30s	people	30	40	17	
40s	people	5	12	10	
50s and older	people	5	1	-	

Breakdown of Overseas Workforce

	Unit	2010	2011	2012	Remarks
Percentage of local managers in major locations*	%	54	50	21.5	
Total number of employees abroad	people	217	246	155	
Number of employees sent abroad	people	63	70	72	
Number of locals employed	people	154	176	83	
Number of local managers	people	20	19	6	

*The percentage of local managers in major locations refers to the number of local managers among all managers working overseas.

Maternity and Parental Leave

|	Unit	2010	2011	2012	Remarks
Number of employees who use maternity leave	people	-	-	154	Male and female combined
Percentage of employees who return to work after a leave	%	-	-	100	
Percentage of employees who return to and stay at work for over 12 months	%	-	-	100	
Number of employees who apply for parental leave	people	-	-	48	

Ethics

	Unit	2010	2011	2012	Remarks
Number of employees who have completed ethics training	people	5,307	4,780	3,688	

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Labor Practices

	Unit	2010	2011	2012	Remarks
Percentage of occupational accidents	%	0.02	0	0.02	Ratio of employees represented by trade unions to eligible employees
Percentage of workers represented by trade unions	%	81.2	80.5	81.2	
Number of employees eligible for membership in trade unions	people	3,115	2,657	2,612	
Number of employees represented by trade unions	people	2,530	2,140	2,120	

Win-Win Growth

	Unit	2010	2011	2012	Remarks
Win-Win growth agreements	companies	-	349	263	Secondary business partners included
Business partner satisfaction	points (score)	-	-	83.9	Introduced in 2012
Cumulative amount borrowed from Win-Win Fund	million KRW	81,593	123,738	160,651	
Employees who have completed the Win-Win Academy	people	-	12,588	160,651	
Technological protection (technical data escrow)	cases	-	30	48	Contract in force and effect since 2011
Percentage of cash payments by business partners	%	100	100	100	
Average time taken for business partners to complete payments	days	10.75	12.27	9.8	
Percentage of electronic bidding implemented	cases	60.8	37.3	44	Electronic bidding/ total competitive bidding
Business Partner Satisfaction Index (BPSI)	points (score)	74.36	74.52	-	
MD TEST CENTER	people	-	13,644	-	Transferred to SK planet
Participation in the platform test bed	companies	-	93	-	Transferred to SK planet

Human Resources Development and Training

	Unit	2010	2011	2012	Remarks
Percentage of employees who receive formal performance review	%	97	98	95	Full-time employees only; employees transferred excluded from reviews
Annual average number of training hours per employee	hours	-	74	100	Officers and employees included
Training cost per person	10,000 KRW	-	325	293	

Products and Services

	Unit	2010	2011	2012	Remarks
Number of spam VOCs tracked	cases	122,434	59,264	44,672	
Number of electromagnetic waves measured from base stations	cases	2,147	3,782	18,387	Increased number of EM wave measurements as a result of LTE network deployment nationwide
Total amount of discounts for the socially disadvantaged	million KRW	220,172	223,457	217,719	
Amount of discounts for the disabled	million KRW	147,806	148,811	145,057	
Low-incomers (beneficiaries of National Basic Livelihood Security)	million KRW	52,700	54,780	51,560	
Low-incomers (second-lowest incomers)	million KRW	10,036	10,045	10,943	
Veterans, etc.	million KRW	9,353	9,589	9,960	
Other (social services centers and other groups)	million KRW	277	232	199	

Volunteer

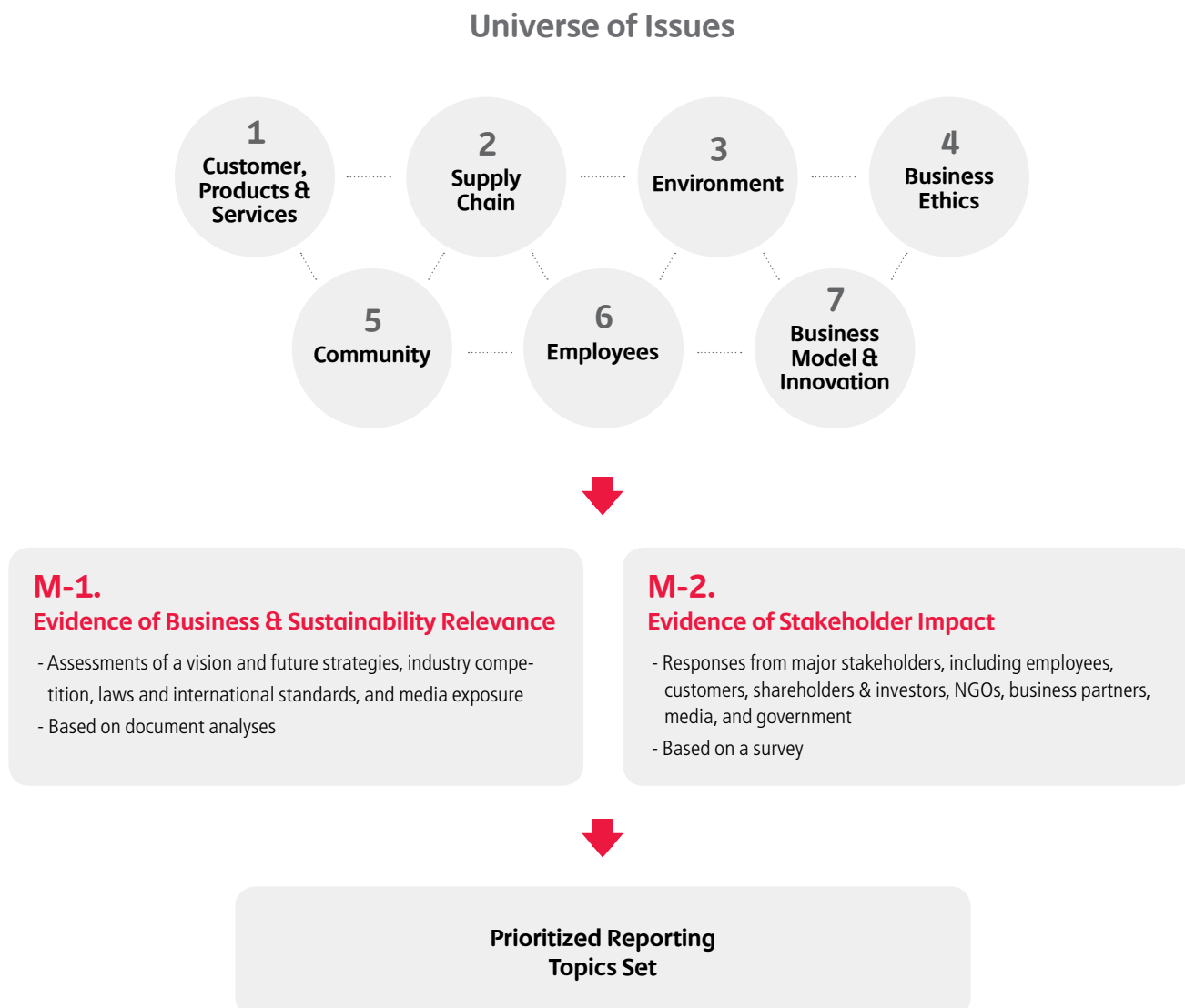|	Unit	2010	2011	2012	Remarks
Number of hours of volunteer work per person	hours	-	7.8	6.4	Volunteer work is performed at the workplace

APPENDIX
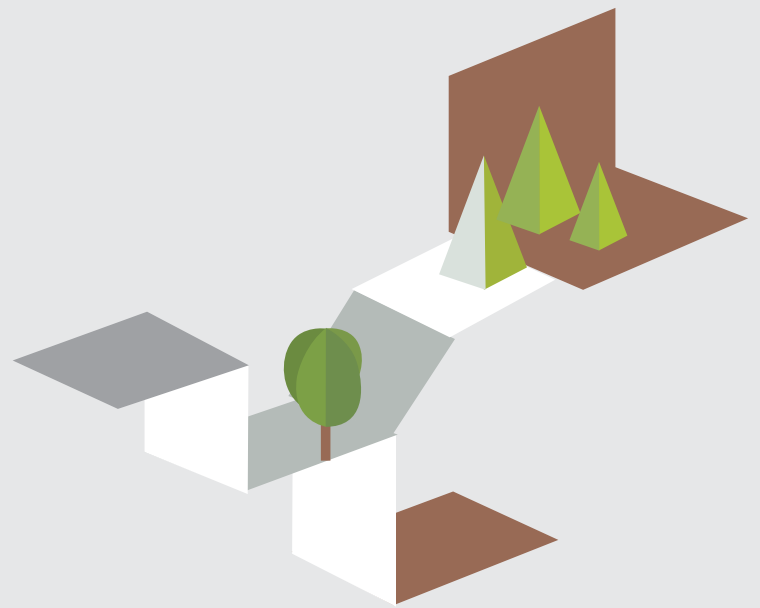
MATERIALITY REPORT

SK Telecom Materiality Analysis Framework

SK Telecom complies with the Global Reporting Initiatives (GRI)'s Report Boundary and Technical Protocol relating to defining the content of a sustainability report 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 aforementioned topics actually have on SK Telecom's stakeholders. For the quantitative analysis of materiality, the company assessed the topics in terms of a corporate vision and internal strategies, other companies in the industry (industry competition), international standards, and media exposure, and incorporated the opinions of stakeholders collected from a survey that targeted those stakeholders that participate each year.

The report topics identified through the materiality analysis process are described in both business and sustainability aspects in the "RISKS AND OPPORTUNITIES" section in page 6. The purpose of this materiality report is to provide details on the process of defining topics, technicalities, and further analysis results.

Materiality Analysis Process

Universe of Issues

1 Customer, Products & Services	**2** Supply Chain	**3** Environment	**4** Business Ethics
5 Community	**6** Employees	**7** Business Model & Innovation	

M-1.
Evidence of Business & 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

- Responses from major stakeholders, including employees, customers, shareholders & investors, NGOs, business partners, media, and government
- Based on a survey

**Prioritized Reporting
Topics Set**

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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 exposed to 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 "Partner for New Possibilities" and selected Telco & New Business, Hardware Expansion, and Social Responsibility as three strategies to achieve the vision. Then, the company assessed the relevance of each topic in accomplishing its mid- and long-term vision and the strategy of the Corporate Citizenship Committee.

Survey details: Relevance of Vision 2020, official press releases by the Corporate Citizenship Committee, previous sustainability reports

Industry Competition Issues

The company assessed whether each topic is 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: 10 global cable/mobile telecommunications operators
Survey details: Major topics related to sustainability reporting by the cable/mobile telecommunications industry

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 support, ISO 26000, the global standard for social responsibility, and the Dow Jones Sustainability Indexes (DJSI), global sustainability benchmarks.

Analysis targets: UNGC Advanced Level, ISO 26000, DJSI, GRI G4 (Exposure Draft)

Keywords Exposed to the Media

Topics that appeared in the media in 2012 were surveyed. In 2012, of the 3,506 articles, excluding those on the stock market and human resources, 884 were analyzed for the most popular keywords.

Target period: January 1 through December, 31, 2012
Target outlets: 12 daily newspapers, including The Chosun Ilbo, The Joongang Daily, and The Dong-a Ilbo

High Relevance to Our Business & Sustainability

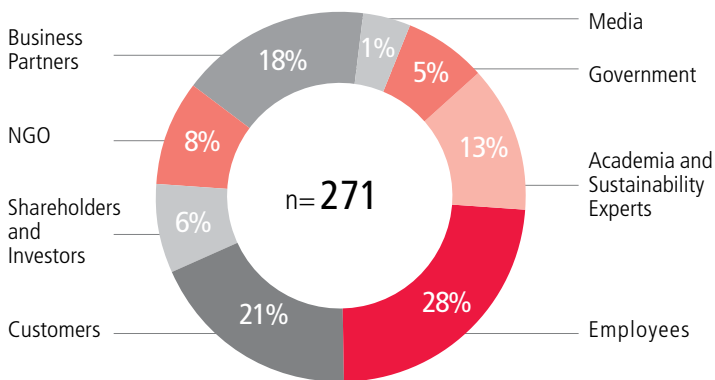|		
ICT Social Safety Net 9.50		
Service Satisfaction 8.89	Ethics and Compliance 8.89	
ICT Community Investment and Contributions 7.78	Digital Divide (Classes/Disabilities) 7.78	Privacy Policy 7.78
Talent Attraction and Retention 6.67		

M-2. Evidence of 'Impact'

To identify the impact of each topic on stakeholders, an online stakeholder survey was conducted. The survey targeted about 540 parties, including SK Telecom's 6 biggest stakeholders, the media and the academia, and of all, 271 organizations and individuals responded. The survey consisted of questions that asked about the interest and materiality of each major issue perceived by the stakeholders, a rating question about SK Telecom's level of sustainability, and other comments.

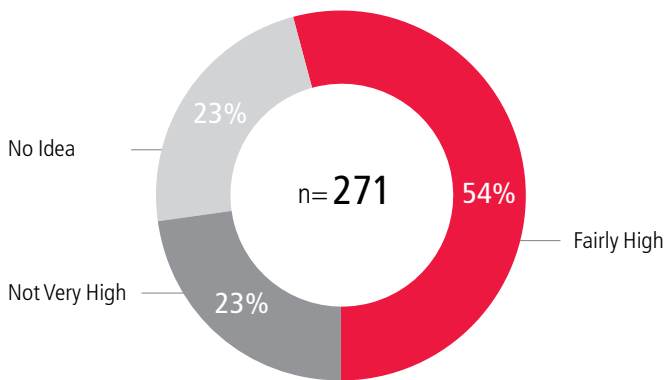Survey period: February 15 through 27, 2013
Survey method: Online survey
Target and response rate: Of 540, 271 organizations and individuals responded

Participating Stakeholders

Business Partners · 18%
Media · 1%
Government · 5%
Academia and Sustainability Experts · 13%
Employees · 28%
Customers · 21%
Shareholders and Investors · 6%
NGO · 8%

n= 271

Business Partners	Academia & Experts
· BTB Solution Co., Ltd.	· UN Global Compact Korea Network
· NOW T.N.C Co., Ltd.	· Institute for Sustainable Development of Korea Chamber of Commerce & Industry
· Seohwa Telecom Co., Ltd.	
· FeelingK Co., Ltd., etc.	
	· Korea Productivity Center, etc.

Government	NGO
· Korea Communications Commission (KCC)	· World Vision
· Korea Information & Communication Industry Institute	· Kids and Future Foundation
	· UNICEF
· ETRI	· Compassion, etc.
· Prime Minister's Office, etc.	

How Do You Rate SK Telecom's Sustainability?

No Idea · 23%
Fairly High · 54%
Not Very High · 23%

n= 271

What is the Main Reason You Rated It High?

· Social enterprise activities and assistance for the disadvantaged
· Promoting customer delight and empathy, marketing
· Assistance for the digitally disadvantaged (bridging the digital divide)
· Strong brand power and intelligence

What is the Main Reason You Rated It Low?

· Lack of diversified prevention and practice of human rights impact
· Narrow scope of CSR activities
· Does not have a very good brand image
· Lack of employees' ethical awareness
· High structural barriers to collaborative cooperation among large- and small-/medium- enterprises from the monopolistic position
· Short-term marketing

(unit : point)

High Impact to Our Stakeholders		
Call/ Network Quality — 8.68		
Privacy Policy — 8.34	Ethics and Compliance — 8.26	Talent Attraction and Retention — 8.20
Good Business Practices — 8.14	Service Satisfaction — 8.06	Reasonable Rates — 8.0

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Results of Defining Report Topics

Material topics in terms of business, relevance to sustainability, and stakeholder impact were prioritized and incorporated into the report. For those 11 topics that belong to the High Group, including ethics and compliance, in particular, business approaches and key data related to each topic were reported in narrative disclosures. Furthermore, most topics in the Middle Group were also reported in narrative disclosures, but for (1) health and safety and (2) labor rights and labor-management relations issues, only related data were disclosed. For the data disclosed, please see the Performance Review section and the GRI Data Table.
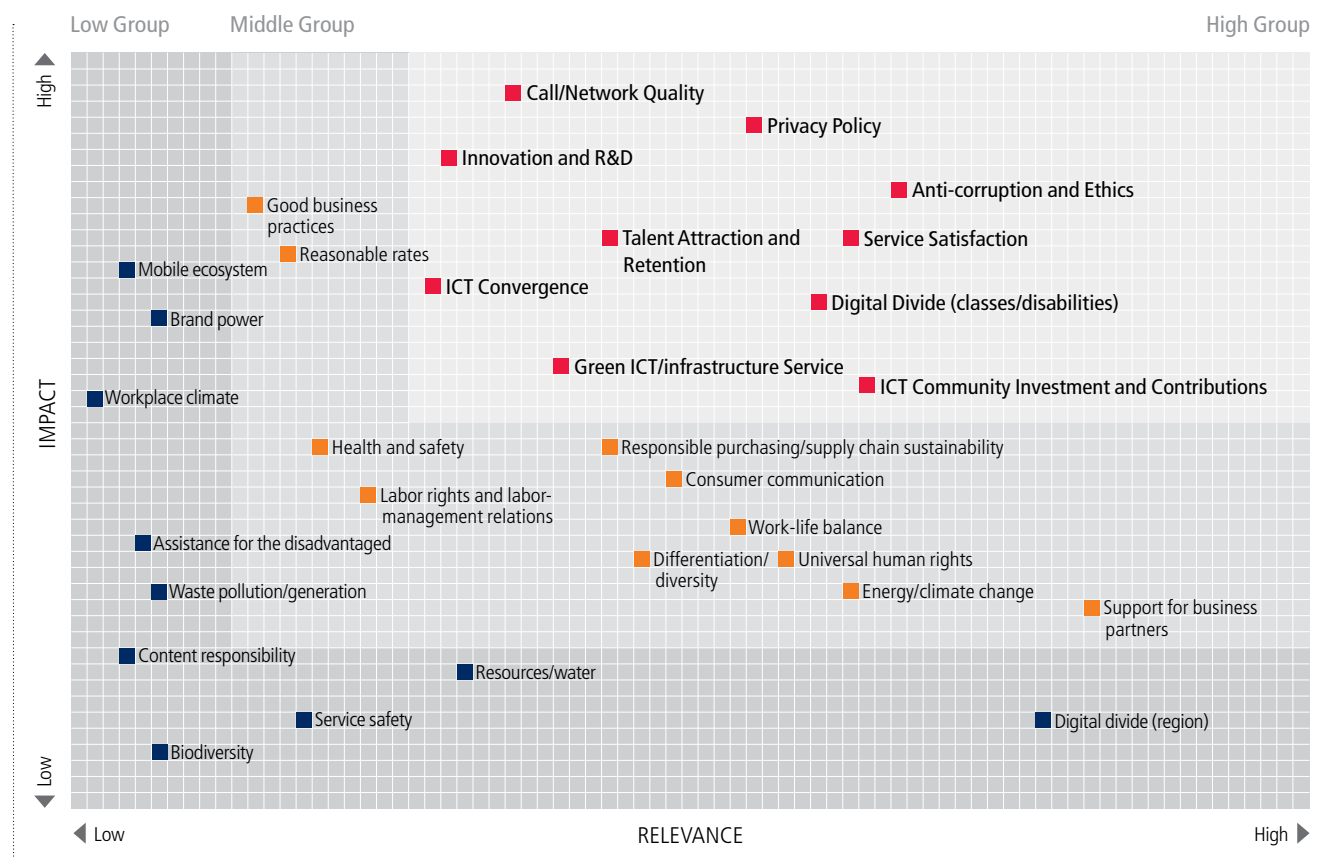
High Group

Ethics and Compliance
Governance > Ethics and Compliance
p.16

Digital Divide
(classes/disabilities)
Created Value > Digital Inclusion
p.29

Innovation and R&D
Created Value > ICT Convergence
p.23

Privacy Policy
Created Value > Customer Experience
p.26   Management

ICT Social Safety Net
Created Value > R&C Social Innovation
p.32

Green ICT/Infrastructure Service
Created Value > Climate Change
p.38

Service Satisfaction
Created Value > Customer Experience
p.26   Management

ICT Community Investment and Contributions
Created Value > R&C Social Innovation
p.32

ICT Convergence
Created Value > ICT Convergence
p.23

Call/Network Quality
Created Value > LTE Leadership,
p.20   Customer Experience
                        Management

Talent Attraction and Retention
Created Value > Talent Attraction and
p.41   Retention

(See "RISKS AND OPPORTUNITIES" in page 6 for details on the business and sustainability aspects of each topic)

UN GLOBAL COMPACT

SK Telecom has worked with the UNGC to spread and develop CSR at the global level. Since 2011, the company has participated in the UN Global Compact , LEAD group, to develop best practices in accordance with the UNGC Blueprint. The companies participating in the GC LEAD showcase their global leadership through the Working Group or Collective Action are actively engaged in regional network activities, and carry out tasks such as publishing COP (Communication on Progress) containing their commitments to the Blueprint. SK Telecom practices its global CSR leadership, focusing on the key CSR issues through its active engagement in the UNGC, such as increasing social enterprises.

Implementation of Global Cooperation Activities, including the LEAD Taskforce

SK Telecom participates in the operation of a taskforce in social investment & corporate philanthropy as a LEAD activity and takes the initiative in the social enterprise agenda on the global scene, including its presentation regarding "SK's Social Enterprises" at the Rio+20 Sustainability Forum in June 2012. Starting in 2012, the company also participates in the Integrated Reporting Pilot Program of the IIRC (International Integrated Reporting Council) and incorporates the IR framework into its 2012 Sustainability Report, leading the global CSR trends. In November 2012, the company attended the symposium on the Sustainable Development Goals (SDG) held in New York City as part of its CSR activities. To carry out more aggressive LEAD activities, in 2013, SK Telecom plans on joining the next Steering Committee and continuing its global CSR leadership and international cooperation through its involvement in the company's CSR-related Taskforce.

Local Leadership by Participating in UNGC Korea Network Activities

SK Telecom contributes to the expansion of CSR across Korea by joining the UNGC Korea Network as a founding member in 2007, and participating in major CSR events hosted by the Korea Network. In August 2012, the company attended the 1st University Student Y-CSR Conference to present SK Telecom's examples of CSR activities using ICT to help raise students' awareness of CSR. In September, the company attended the Roundtable of Korea, Japan, and China to discuss SK's social enterprises and helped promote cooperation in global CSR activities by communicating with CSR leaders of the three countries.

The 1st University Student Y-CSR Conference

Attending Rio+20 Sustainability Forum

Hosted by the UNGC, the UN Sustainability Committee, and the GC Brazil Network, the Rio+20 Sustainability Forum was held in Rio de Janeiro from June 15 through 18, 2012, to discuss the direction of sustainable development. The conference was attended by approximately 2,500 guests, including government delegates, companies, civic groups, the press, and local governments, and 120 sessions were held in the areas of energy and climate change, agriculture, food, urbanization, water and ecosystem, and economy and finance.

The SK Group hosted the "Social Enterprise" session at the Conference and was applauded for its discussion regarding the necessity of a social enterprise as the most effective way for a company to be socially responsible, solutions to global issues through social enterprises, and how to create an ecosystem and increase partnerships to

effectively implement such solutions. During the closing session, the company promised to build a global IT platform for social enterprises and was warmly received by the attendees. In 2013, SK Telecom will establish a specific plan to implement a global IT platform and continue its social enterprise-related activities.

Closing session of Rio+20 Sustainability Forum

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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, business partners, 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.

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 Business Partners (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, rate plans, and systems
- Responsibility for distributed information to protect minors, including children and adolescents
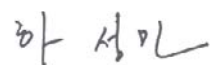- Fundamental support for freedom of expression

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://www.sktelecom.com/html/n_social/CSRSand.html)

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. Thank you.

April 2013   SK Telecom President & CEO

Ha Sung-Min

EXTERNAL ASSURANCE STATEMENT

Introduction

Det Norske Veritas Certification Ltd. (hereinafter referred to as 'DNV') is commissioned to carry out assurance engagement on SK Telecom Inc. (hereinafter referred to as 'SK Telecom') Integrated Report 2013 (hereinafter referred to as 'the Report'). 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's responsibility in performing the work commissioned is solely to the management of SK Telecom, in accordance with 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' stakeholders are the intended recipients of the assurance statement.

Scope of Assurance

This Assurance Engagement covered data from the calendar year 2012. SK Telecom's reporting boundaries include only operations under control in Korea. The scope of DNV's Assurance Engagement, as agreed with SK Telecom included the verification of:

Data and activities related to sustainability that refer to the period between January 2012 and December 2012 as contained in the Report.

Evaluation of the reporting principles for defining the sustainability report content and the quality as expressed in the Sustainability Reporting Guidelines GRI G3.1.

Evaluation of Accountability Principles and Performance Information and evaluation of specific data and information(Type 2) with a moderate level of assurance, according to AA1000 Accountability Principles Standard 2008 and AA1000 Assurance Standard 2008.

Type 2 assurance is applied to the data and information in major issues sections and operational data.

Check of GRI Application Level

Our verification was carried out during April 2013. We visited SK Telecom's Head office

Limitations

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 did not interview external stakeholders as part of this Assurance Engagement. Any financial information from SK Telecom's annual report and company reporting on operations in 2012 or other sources was 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.

Verification Methodology

We interviewed a group of 10 people within the company who are involved in the operational management of matters covered in the Report. This Assurance Engagement was planned and carried out in accordance with the DNV Verification Protocol for Sustainability Reporting (V.4.1) (www.dnv.com/cr) and AA1000AS(2008). In accordance with the Protocol, the Report was evaluated with regard to the following criteria:

Adherence to the principles of Inclusivity, Materiality and Responsiveness, as set forth in the AA1000AS(2008)

The GRI G3.1, specifically with respect to all the requirements for the 'A+' application level

As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. We examined and reviewed documents, data and other information made available to DNV 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.

We interviewed a group of 14 people within the company who are involved in the operational management of matters covered in the Report.

Conclusions

In DNV's opinion, and based on the scope of this Assurance Engagement, the Report provides a reliable and fair representation of SK Telecom's sustainability strategy, policy, practices and performance in 2012. DNV confirms that the Report meets GRI G3.1 Application level 'A+'. Further conclusions and observations on the adoption of reporting principles and specific performance information are made below.

Stakeholder Inclusivity

SK Telecom has engaged with a wide range of stakeholders regarding sustainability issues via survey and interview. The stakeholder engagement covers a wide range of stakeholders. Stakeholder communication channels are stated in detail in the Report. 6 Stakeholder groups that are Supplier, Customer, and Shareholder, Employees, local community/NGO, Government are identified. Respective business units identify the interest of stakeholders by engaging them with various ways. Stakeholder engagement is conducted independently. SK Telecom has coordinated concerns and expectations of various stakeholders and made strategic decisions through Corporate Citizenship Committee which is SK Telecom's highest governing body. Furthermore, CSR Consultation group consisting of major stakeholder representatives provides advices in its regular meeting. DNV considers these two organizations are one of the best practices that SK Telecom put in place. In our view, the level at which the Report adheres to the principle of Inclusivity is 'Good'.

Responsiveness

Stakeholders' views, interests and expectations sought from stakeholder communications are considered in the preparation of the Report and in the formulation of SK Telecom's sustainability management approach. SK Telecom has established targets corresponding to respective material issues and measured the performances so that progress of sustainability management can be presented to the stakeholders. The Report communicates the response on material issues with clarity. SK Telecom has announced "Statement of Protection of Human Right" in this report, which reflects the significant of Human Right protection in ICT Sector and supports UN Guiding Principles on Business and

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Human Right. In our view, the level at which the Report adheres to the principle of Responsiveness is 'Good'.

Materiality

External significant issues are identified by analysing global sustainability standards and relevant with its Vision and strategy. Analysis of media coverage and industry sustainability management issue are the basis of screening significant issues. In addition, SK Telecom has conducted the stakeholder online survey. SK Telecom has mapped out internal and external issues and prioritized sustainability issues that are most material. The output of the process clearly brings out material issues encompassing short, medium and long-term impacts. The Report generally provides an account of performance on the issues that are most significant to SK Telecom' activities and which are most relevant to its stakeholders. In our view, the level at which the Report adheres to the principle of Materiality is 'Good'.

Completeness

The report clearly identifies the stakeholder groups addressed through the report. The scope and boundary of the Report cover the issues and activities that are of most significance to SK Telecom and relevance to its stakeholders. No material omissions are identified in data or information verified. The Report discusses the management approach towards companies in which it has influence. In our view, the level at which the Report adheres to the principle of Completeness is 'Good'.

Principle of report quality

The tone in the Report is relatively neutral. All the indicators are factually-based and unbiased. No biased information is observed. Provision of detailed information with regard to the actions taken against non-compliance issues would increase the transparency of the Report. Data and information presented in the report are generally reliable. Presentation through graphics and charts for the purpose of comparison is adequate. SK Telecom uses 'best practice' in planning the Report content and collecting data and information. Such data as GHG and some environmental data are collected and compiled with an automated system. Data and information owner has demonstrated to understand the data compilation. Re-statements are presented when and where applicable. However, integrated data management needs to be established by recording the origin of data and information and storing the original data in the system. Furthermore, internal assessment of data and information need to be implemented in order to improve the data quality. Information in the Report is presented in a way to company year-on-year performance. The control of the data and information about the sustainability performance should be improved. Some data in the report are found inconsistent with the source data during the verification and subsequently corrected. In our view, the level at which the Report adheres to the principle of Neutrality and Reliability are 'Acceptable'.

Findings in relation to specific sustainability performance information

DNV 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 has interviewed the personnel responsible for the data and information in order to figure out the generation, aggregation and processing of data and information. The verification team has 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 sustainability performance presented in the Report make it possible to understand 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 to use in the Report. The specific data and information were found to be identifiable and traceable. The personnel responsible for the data were able to demonstrate the origin and interpretation of the data in a reliable manner. From our analysis of the data and information, and SK Telecom's processes that generate them, we conclude that the data and information included in the Report are the results of stable and repeatable activities. In particular, the team conducted a more detailed Type 2 assurance on water use, waste generation, accident rate, and ethics and compliance.

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.

It is recommended to disclose the corrective and preventive actions taken against non-compliance issues so that the transparency of sustainability management is improved.

SK Telecom's existing sustainability objectives are rather short-term and medium term only. SK Telecom will need to decide the long-term sustainability objectives in order to correctly measure progress in the delivery of its vision and strategy.

Social and Environmental Performance data are disclosed comparably. Some negative trends in the performance indicators are reported as compared to the previous two years. SK Telecom will need to assess the implications of the outcomes and take necessary actions in order to keep its progress on track toward sustainability vision.

Statement of Competence and Independence

DNV 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 was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

DNV BUSINESS ASSURANCE

AA1000
Licensed Assurance Provider
000-10

Seoul, Korea
May 2013

Kwak Seung-hyeon
Lead Verifier

Ahn In-kyoon
Country Manager

Antonio Astone
Assurance Engagement Reviewer
Global Responsible for Sustainability Services

ASSURANCE ON THE GREENHOUSE GAS STATEMENT

Scope of Assurance

This Assurance Statement has been prepared for SK Telecom Co., Ltd.

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by SK Telecom Co., Ltd. to provide external assurance on the data relating to SK Telecom's greenhouse gas and energy use as recorded in the 2012 Greenhouse Gas Emissions and Energy Consumption Report prepared in accordance with SK Telecom's Greenhouse Gas and Energy Target Management Policy, and on the GHG emissions of the company, as shown in Table 1. The data include the company's direct and indirect GHG emissions.

Management Responsibility

SK Telecom's management is responsible for preparing the Greenhouse Gas report and ensuring effective internal management of data and information. The responsibility of LRQA is limited to the assurance of the Report under the agreement with SK Telecom.

Ultimately, the Report has been approved by SK Telecom and is the responsibility of SK Telecom.

Level and Materiality of Assurance

The level of assurance is Reasonable Assurance and the Assurance Statement was prepared at a materiality level of 2.5%.

LRQA Assurance Method

LRQA conducted its assurance engagement in accordance with the Greenhouse Gas and Energy Target Management Policy. The agency found that the GHG data in SK Telecom's Greenhouse Gas Report was prepared in accordance with the company's Greenhouse Gas and Energy Target Management Policy and the level of assurance is reasonable.

To draw the conclusions, the following activities were performed:

The Assurance Team visited the major places of business to check the equipment and reviewed the company's process of managing GHG emissions and energy use records.

The team interviewed with the employee responsible for managing and keeping the GHG emissions and energy use data.

The team verified the data and information included in SK Telecom's 2012 GHG Emissions and Energy Consumption Report.

Opinion of LRQA

The results of assurance conducted by LRQA using its method showed that there is nothing that may have affected the materiality of the GHG data in the company's Greenhouse Gas Emissions and Energy Consumption Report. Thus, the level of assurance is deemed to be moderate. The conclusions drawn here are based on the following:

For some small devices whose energy use and bill data are not managed within the ERP system, emissions were estimated based on the data of other similar devices, and the impact of such estimation is deemed to be insignificant.

LRQA Business Assurance | Lloyd's Register 250 YEARS

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Seoul, Republic of Korea

March 28, 2013
Yoo Sang-geun
Representing Llyod's Register Quality Assurance Ltd.

LRQA Reference No: SEO 6017128

Table 1. Greenhouse Gas Emissions in SK Telecom's Greenhouse Gas Report

Scope (as defined in the Greenhouse Gas and Energy Target Management Policy)	2012
Direct GHG emissions	7,803
Energy indirect GHG emissions	665,939
Total GHG emissions	673,742

The data indicated in the metric tons of carbon dioxide

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GRI/UNGC INDEX

GRI 3.1

● : Fully reported, ◐ : Partially reported, ○ : Not reported, N/A: Not Applicable, N/M: Not Material

Indicator	Description	Reported	Cross Reference/Direct Answer
Profile			
1.1	CEO message	●	p. 2-3
1.2	Opportunities and challenges	●	p. 6-7
2.1	Name of the organization	●	SK Telecom
2.2	Tier-1 brands, products, and/or services	●	p. 4-5, Website
2.3	Operational structure of the organization	●	Business Report
2.4	Location of organization's headquarters	●	p. 4-5
2.5	Number of countries where the organization operates, and names of countries with either major operations	●	p. 4-5, Website
2.6	Nature of ownership and legal form	●	p. 4-5
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	p. 4-5
2.8	Scale of the reporting organization	●	p. 4-5, 44-45
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	Cover page
2.10	Awards received in the reporting period	●	Cover page
3.1	Reporting period	●	2012.01.01-2012.12.31
3.2	Recent report date	●	2012. 05
3.3	Reporting cycle (annual, biennial, etc.)	●	1 year
3.4	Contact point for questions regarding the report or its contents	●	Back cover
3.5	Process for defining report content	●	p. 6-7, 52-55
3.6	Boundary of the report	●	Cover page
3.7	Report scope and boundaries	●	Cover page
3.8	State any specific limitations on the scope or boundary of the report	●	Special attention indicated as notes if necessary
3.9	Data measurement techniques and the bases of calculations	●	Calculations or estimates based on actual measurements Special attention indicated as notes if necessary
3.10	Re-statements of information provided in earlier reports, and the reasons for such re-statement	●	Special attention indicated as notes if necessary
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	Recalculate if any changes based on the 2013 results
3.12	Table identifying the location of the Standard Disclosures in the report	●	p. 61-64
3.13	Policy and current practice with regard to seeking external assurance for the report	●	Cover page, External Assurance Statement
4.1	Governance structure of the organization	●	p. 10-11
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	p. 10-11
4.3	Organizational structure of the board of directors	●	p. 10-11
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	p. 10-11
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	●	p. 10-11
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	p. 10-11
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees	●	p. 10-11
4.8	Management principles	●	p. 8-9
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	●	p. 12-13
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	p. 12-13
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	p. 12-13
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	p. 12-13
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	●	Participation in the UNGC LEAD steering committee and Integrated Report Pilot Program
4.14	Stakeholder groups that are engaged	●	p. 52-55
4.15	Basis for identification and selection of stakeholders with whom to engage	●	p. 12-13, 52-55
4.16	Approaches to stakeholder engagement	●	p. 12-13, 52-55
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	●	p. 6-7, 52-55

● : Fully reported, ◑ : Partially reported, ○ : Not reported, N/A: Not Applicable, N/M: Not Material

Indicator	Description	Reported	Cross Reference/Direct Answer

Economic

DMA			p. 20-22, 23-25
EC1	Direct economic value generated and distributed	●	Cover page, p. 44-45
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	p. 6-7, 38-40
EC3	Coverage of the organization's defined benefit plan obligations	●	Applied to all full-time employees as Defined Contributions or Defined Benefits
EC4	Significant financial assistance received from government	●	Cover page
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	○	Not Reported
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	◑	Overseas purchase accounts for 1.5% in 2012 (based on sales amount)
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	●	p. 48-49
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	p. 32-34
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	p. 6-7

Environment

DMA			p. 38-40
EN1	Materials used by weight or volume	●	p. 46-47
EN2	Percentage of materials used that are recycled input materials	●	p. 46-47
EN3	Direct energy consumption by tier-1 energy source	●	p. 46-47
EN4	Indirect energy consumption by tier-1 source	●	p. 46-47
EN5	Energy saved due to conservation and efficiency improvements	●	p. 40
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	p. 38-40
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	p. 38-40
EN8	Total water withdrawal by source	●	p. 46-47
EN9	Water sources significantly affected by withdrawal of water	●	Only regular water service is used; no significant level of water use
EN10	Percentage and total volume of water recycled and reused	●	Reused/recycled water is not used
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	◑	p. 46-47. Base stations/repeaters within protection zones (the number of installations disclosed)
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	N/M	No direct impact on protection zones besides the base stations/repeaters
EN13	Habitats protected or restored	N/M	Same as above
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	N/M	Same as above
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N/M	Same as above
EN16	Total direct and indirect greenhouse gas emissions by weight	●	p. 38-40, 46-47
EN17	Other relevant indirect greenhouse gas emissions by weight	●	p. 38-40, 46-47
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	p. 38-40
EN19	Emissions of ozone-depleting substances by weight	N/M	Impact deemed insignificant. No plan to estimate
EN20	NOx, SOx, and other significant air emissions by type and weight	N/M	Impact deemed insignificant. No plan to estimate
EN21	Total water discharge by quality and destination	◑	The company generates only domestic wastewater, not wastewater that has a serious impact
EN22	Total weight of waste by type and disposal method	●	p. 46-47
EN23	Total number and volume of significant spills	●	No significant hazardous material discharges
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	●	No waste generated specified in the Basel Convention
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	●	The company generates only domestic wastewater, not wastewater that has a serious impact
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	p. 38-40
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	●	p. 46-47
EN28	Monetary value of significant fines and total number of nonmonetary sanctions for non-compliance with environmental laws and regulations	●	No violations of environmental laws
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	●	p. 46-47
EN30	Total environmental protection expenditures and investments by type	●	p. 46-47

Social: Labor Practices and Decent Work

DMA			p. 41-43, 57
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	●	p. 48-49
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	●	p. 48-49

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Appendix

● : Fully reported, ◑ : Partially reported, ○ : Not reported, N/A: Not Applicable, N/M: Not Material

Indicator	Description	Reported	Cross Reference/Direct Answer
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	p. 41-43
LA15	Return to work and retention rates after parental leave, by gender	●	p. 48-49
LA4	Percentage of employees covered by collective bargaining agreements	●	p. 49
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	●	Notification of significant changes without delays specified in a collective bargaining agreement (Article 18)
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	○	Not Reported
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	●	p. 48-49
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	In-company gyms and medical center, annual health check-ups, vaccinations, medical center installation and operation in each area
LA9	Health and safety topics covered in formal agreements with trade unions	●	Obligations of occupational safety and health and guarantee of safety & health activities specified in a collective bargaining agreement
LA10	Average hours of training per year per employee by gender, and by employee category	●	p. 48-49
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	◑	Contract out turnover and startup consulting to specialized startup support agencies
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	●	p. 48-49
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	●	p. 41-43, 48-49. The Board does not have guidelines for appointment regarding minority groups and diversity
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	●	No gender difference in basic wage

Social: Human Rights

Indicator	Description	Reported	Cross Reference/Direct Answer
DMA			p. 41-43, 57
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	●	No human rights protection and review provisions in the present investment/ negotiation process (0%)
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	●	p. 35-37
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	p. 48-49
HR4	Total number of incidents of discrimination and corrective actions taken	●	Incidents of discrimination based on gender, ethnic group, religion, education, and origin are reported through the grievance channel, and 0 reports in 2012
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	●	p. 57. Trade union that encompasses all places of business; no areas of business with the possibility of serious violations of freedom of association/collective bargaining
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	●	p. 57
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	●	p. 57
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	○	Not Reported
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	○	Not Reported
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	◑	p. 57
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	◑	p.42. Data on employee disclosed herein; starting in 2013, the company plans on operating an official complaint management mechanism relating to human rights

Social: Society

Indicator	Description	Reported	Cross Reference/Direct Answer
DMA			p. 16-17, 32-34, 35-37
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	N/M	No data relating to expansion into new markets; little to no potential/material negative impact on community
SO2	Percentage and total number of business units analyzed for risks related to corruption	◑	p. 16-17
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	●	p. 16-17
SO4	Actions taken in response to incidents of corruption	●	p. 16-17
SO5	Public policy positions and participation in public policy development and lobbying	●	SK Telecom maintains a close relationship with the Korean Communications Commission and complies with its regulations
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	0 KRW. No donations to political parties or politicians
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	p. 37, Business Report
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	p. 37, Business Report
SO9	Operations with significant potential or actual negative impacts on local communities	●	No potential/material negative impact on community was found
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	N/A	No potential/material negative impact on community was found

● : Fully reported, ◑ : Partially reported, ○ : Not reported, N/A: Not Applicable, N/M: Not Material

Indicator	Description	Reported	Cross Reference/Direct Answer

Social: Product Responsibility)

Indicator	Description	Reported	Cross Reference/Direct Answer
DMA			p. 26-28
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	◑	The three mobile operators have contributed 300 million KRW since 2007 to conduct research on the impact of radio waves on human body (SK Telecom: 150 million per year). Research completed in 2012.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	●	No violations of laws concerning impacts on customer health and safety
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	p. 26-28
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	p. 37
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	p. 26-28
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	p. 26-28
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	●	No violations of marketing/advertising communication laws during the reporting period
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	p. 26-28
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	p. 35-37

UNGC 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 functions and units	p. 2-3, 56
Criterion 2	Practicing the UNGC 10 principles across the value chain	p. 6-7, 12-13

Definite Human Rights Policy and Procedure

Criterion 3	Human rights commitment, strategy, and policy	p. 57
Criterion 4	Effective management system to incorporate the human rights principles into business and management procedures	p. 57
Criterion 5	Monitoring and evaluation mechanism to ensure compliance with the human rights principles in the business and management procedures	Evaluation mechanisms for human rights/labor/ environment operated when evaluating business partners

Definite Labor Policy and Procedure

Criterion 6	Labor commitment, strategy, and policy	p. 57
Criterion 7	Effective management system to incorporate the labor principles into business and management procedures	p. 41-43. 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. 41-43. 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. 38-40
Criterion 10	Effective management system to incorporate the environmental principles into business and management procedures	p. 38-40
Criterion 11	Monitoring and evaluation mechanism to ensure compliance with the environmental principles in the business and management procedures	p. 38-40

Definite Ethics and Compliance Policy and Procedure

Criterion 12	Ethics commitment, strategy, and policy	p. 16-17
Criterion 13	Effective management system to incorporate the ethical principles into business and management procedures	p. 16-17
Criterion 14	Monitoring and evaluation mechanism to ensure compliance with the ethical principles in the business and management procedures	p. 16-17

Activities to support the more comprehensive UN objectives and goals

Criterion 15	Contribution through key businesses to help achieve the UN objectives and goals	p. 29-31, 32-34
Criterion 16	Strategic community investment and charity work to help achieve the UN objectives and goals	p. 32-34
Criterion 17	Public engagement and communication to help achieve the UN objectives and goals	p. 12-13, 56
Criterion 18	Partnerships and outside initiatives to help achieve the UN objectives and goals	p. 56

Governance and Leadership for Sustainability

Criterion 19	CEO's sustainability commitment and leadership	p. 2-3
Criterion 20	The Board of Directors' selection and oversight of sustainability agenda items	p. 12-13
Criterion 21	Stakeholder engagement	p. 12-13, 52-55

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To contribute to resource recycling and environmental protection, SK Telecom used Forest Stewardship Council's FSCTM-certified paper to publish the 2012 Sustainability 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.

Partner for New Possibilities