ANNUAL REPORT 2022

SK telecom

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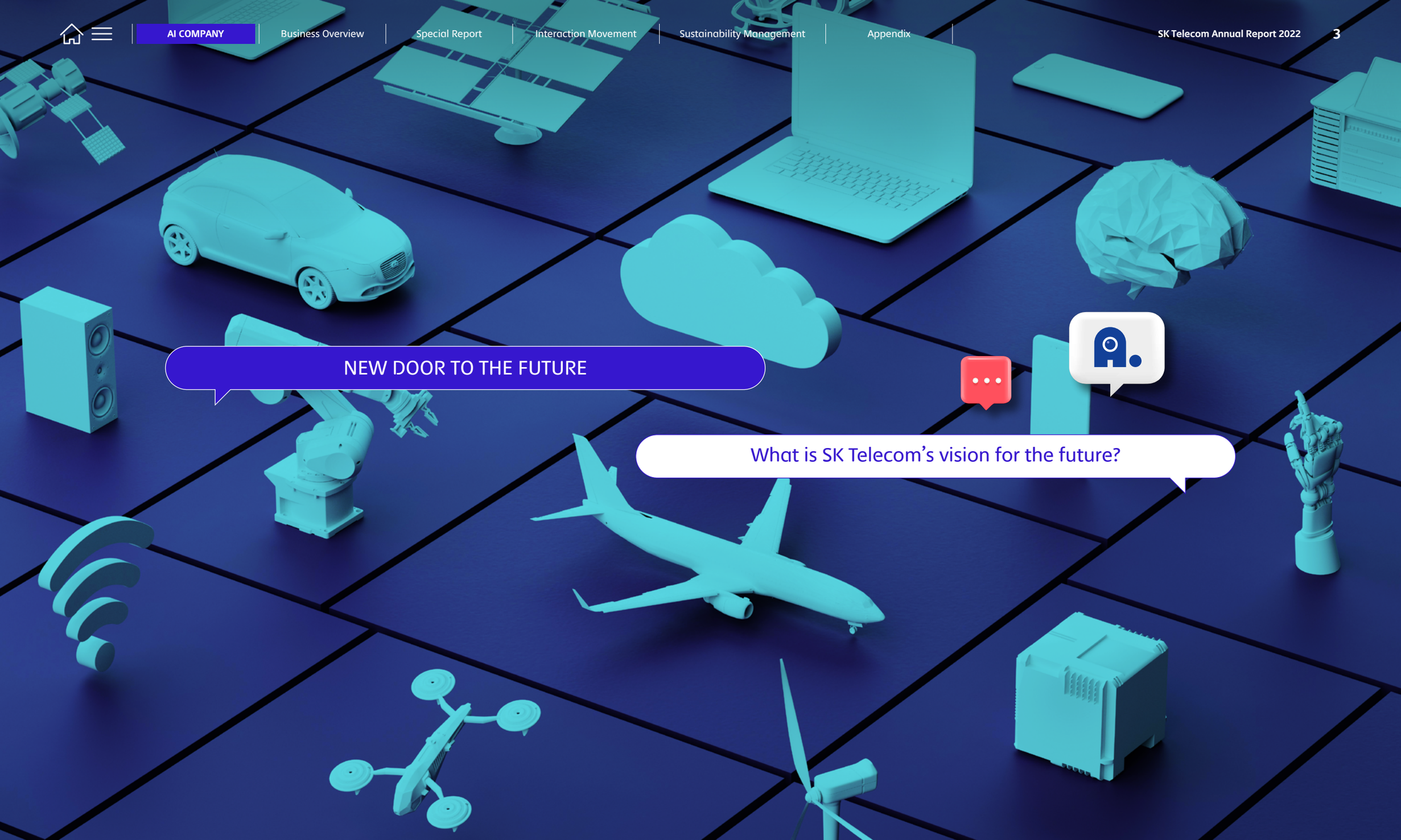
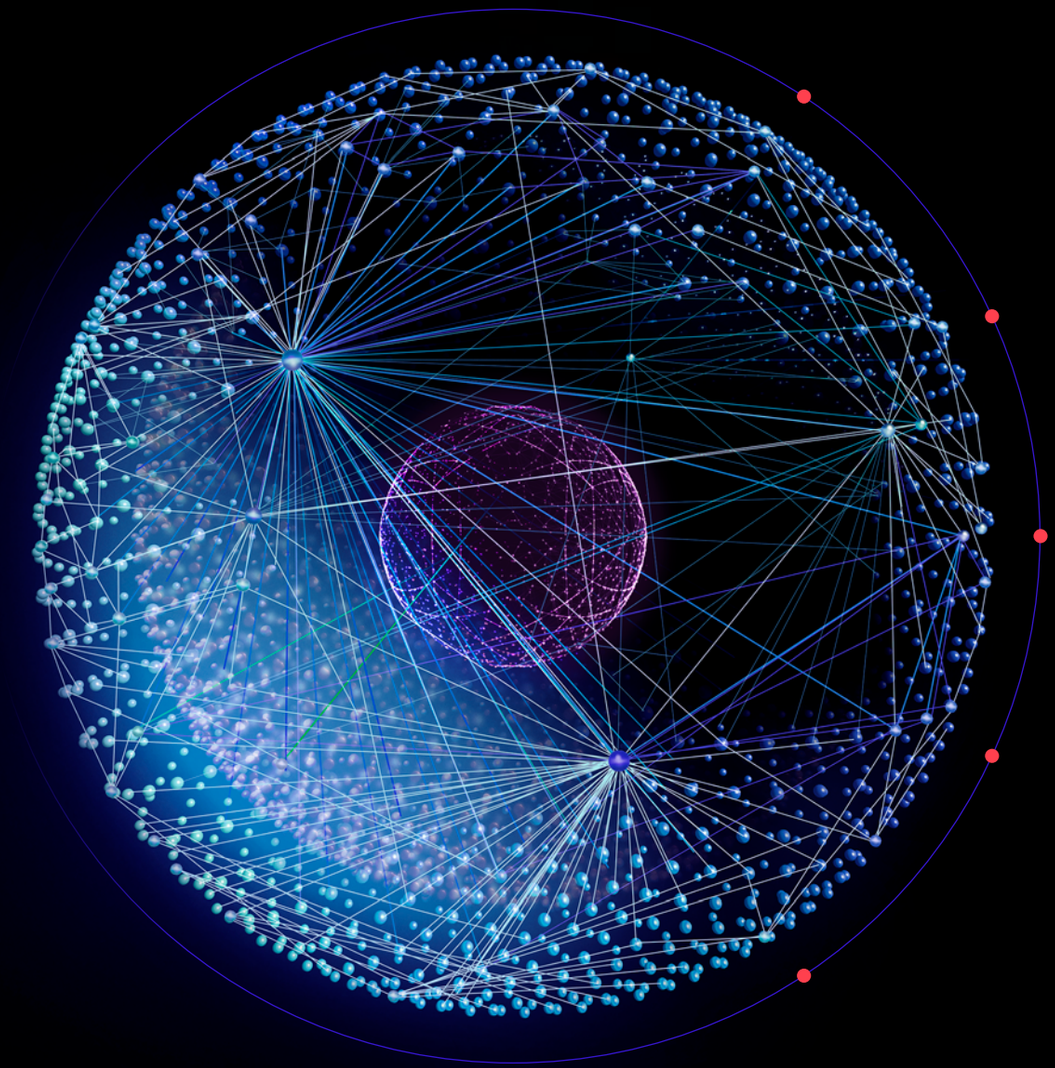

NEW DOOR TO THE FUTURE
What is SK Telecom's vision for the future?

AI to Everywhere

SK Telecom will lead the transition to a new era by connecting AI to the entire world, focusing on five areas: customer and technology, time and space, industry(AIX), core business model, and ESG.



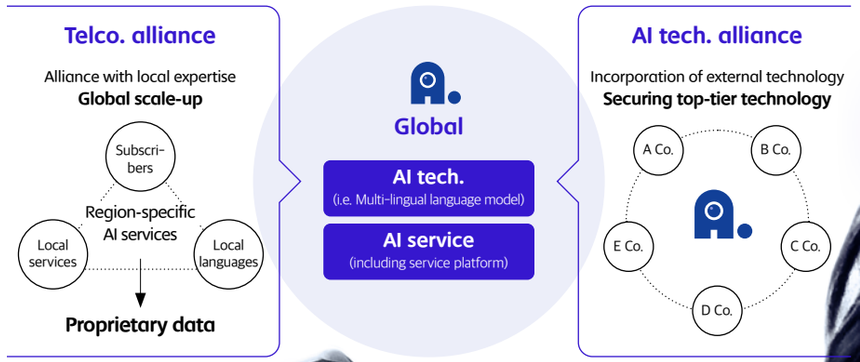
- Customer and Technology
- Time and space — UAM, Autonomous driving, ifland
- AIX — AI Semiconductor, Cloud, AdTech, Vision AI, Productivity
- Core BM — MNO, Media, T Universe
- ESG — AI Care, AI Call

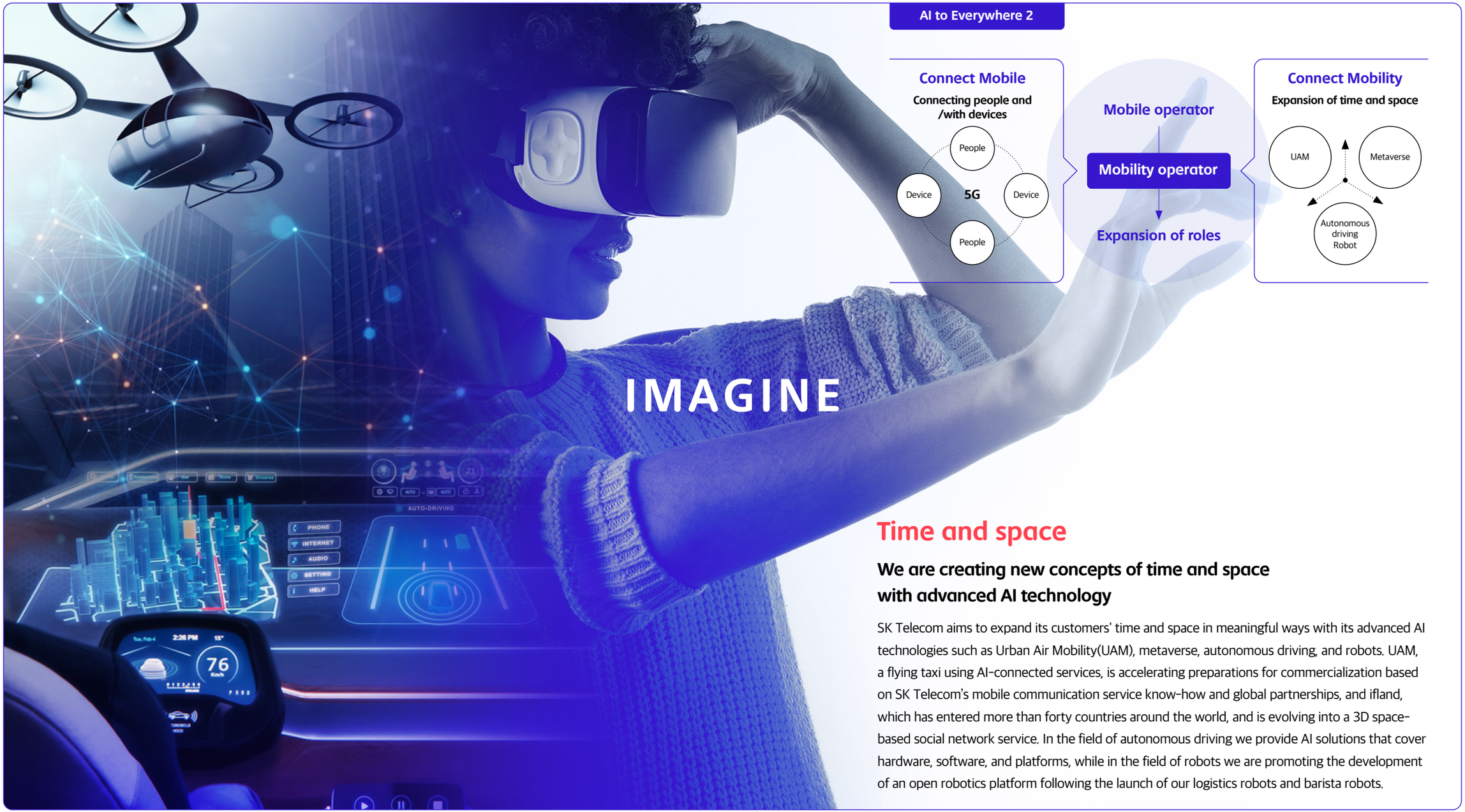
AI to Everywhere 1

Customer and Technology

We aim to get closer to our customers with differentiated AI services

In May 2022, SK Telecom commercialized the world's first AI agent service A. based on a Korean giant language model utilizing AI capabilities accumulated in the fields of service, technology, and data. With its strengths of personalized characters, natural conversation, and service connections, it surpassed one million subscribers within nine months of its launch. A. is constantly advancing and getting closer to customers' daily lives through knowledge conversation, emotional conversation, and strengthened service links. In the future, we plan to provide more differentiated AI services by integrating the services and technological competencies of the global alliance in the fields of telecommunication and AI technology.





Time and space

We are creating new concepts of time and space with advanced AI technology

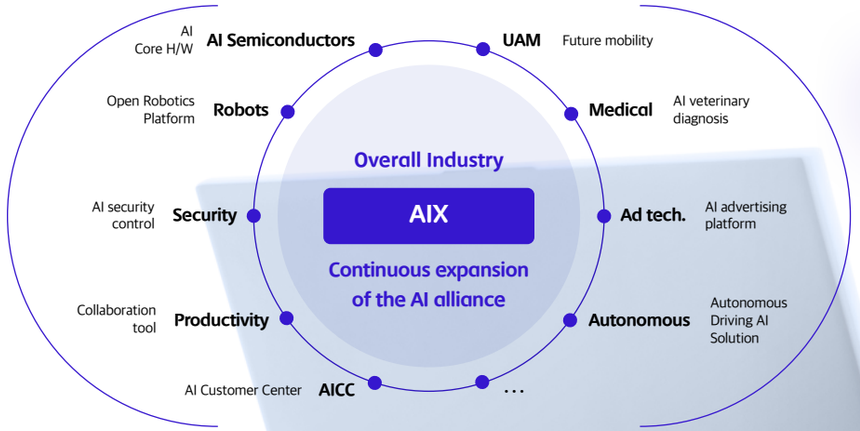
SK Telecom aims to expand its customers' time and space in meaningful ways with its advanced AI technologies such as Urban Air Mobility(UAM), metaverse, autonomous driving, and robots. UAM, a flying taxi using AI-connected services, is accelerating preparations for commercialization based on SK Telecom's mobile communication service know-how and global partnerships, and ifland, which has entered more than forty countries around the world, and is evolving into a 3D space-based social network service. In the field of autonomous driving we provide AI solutions that cover hardware, software, and platforms, while in the field of robots we are promoting the development of an open robotics platform following the launch of our logistics robots and barista robots.

AI to Everywhere 3

AIX

We are leading the industry-wide AI transformation with our partners

We are leading the industry-wide AI transformation with our partners.
SK Telecom has formed the 'K-AI Alliance' with a number of globally-recognized Korean AI tech companies and is leading the AI transformation across the overall industrial sector. We have established the 'SKT AI Tech Framework' with our partners, and are actively collaborating with them in six areas: AI semiconductors, cloud, ad tech, AI technology, productivity, and vision AI. Through these, we plan to continuously expand our business areas to security, healthcare, advertising, smart factories, business solutions and so on. In addition, we plan to further expand our alliance with those partners armed with global competitiveness in order to promote successful AI innovation in various industries.



AI to Everywhere 4

Core BM

We aim to enhance the competitiveness of core businesses with AI innovation

SK Telecom is improving its growth and profitability by restructuring its core businesses, such as MNO, media, and subscription, through AI in line with changes in the digital industry environment. MNO is working to digitize customer experience based on AI and to provide hyper-personalized services and digital-specific benefits. In the media, we are introducing new items such as AI TV, AI commerce, and AI contents, and are tryign AI transformation across the customer experience and value chain. In addition, for subscription, we plan to introduce a variety of new products centered on the T universe, promote unconventional partnerships with top global brands, and launch an AI-based open subscription commerce platform.

AI/DT innovation of MNO

Offline | T world | Customer Center

- **Extreme ease of use**
- **Hyper-personalized data connectivity**
- **Structural costs innovation**

AI media evolution of Btv

- **AI OTT Portal**
- **AI Commerce**
- **AI Contents**

volution of T Universe into the AI Subscription Platform

AI-based subscription commerce platform
products, customers, partners

+

Scale-up through partnerships with top global brands

AI to Everywhere 5

ESG

We will create a better world by adding AI to ESG

SK Telecom aims to create a better world by effectively utilizing AI technology to solve social problems and create social values. By providing services like 'Sullivan Plus', an AI-based visual aid service for the visually impaired through converging AI technologies from ESG startups such as Language AI and Vision AI, we are exercising a positive influence on society and the environment. Also, we have contributed to saving valuable lives and rescued 400 people by providing AI care and call services to 50,000 households nationwide. Furthermore, we blocked more than 4 million cases of smishing in 2022 alone with our criminal text message blocking service, thereby preventing fraud damages.

Exerting a beneficial influence on society and the environment based on advanced AI technology

Language AI · Vision AI
Deep learning/Speech recognition/Text analytics/AI camera

Environmental

Green network
Integration of AI-based energy saving network equipment, development of high-efficiency communication equipment

Happy Habit
Reducing the use of disposable cups with Vision AI

Korea's leading ESG company recognized externally

- **Incorporated into DJSI World** (ranked in the top 5)
- **CDP Leadership A** (Top 1.6% in the world)
- **AA in MSCI ESG Rating**

Social

AI Care/Call
emergency rescue of 450 people, 50,000 elderly people living alone

Blocking smishing
4.15 million cases in 2022

AI care for people with developmental disabilities
AI camera-based 24-hour monitoring

BUSINESS OVERVIEW

About Us
CEO Message
Business Model
Direction for Sustainable Management
Creating Economic Value

What innovations has SK Telecom introduced to its business activities?

About US

SK Telecom has reorganized its business into five major groups: fixed/mobile communication, media, enterprise, AIVERSE, and connected intelligence, and opened up the new era of 'SKT 2.0'.

Also, we have added AI to fixed/mobile communication-based connection technologies, including 5G, in order to make the leap forward to becoming an 'AI company that benefits its customers with advanced technologies and services.' As a global AI leader of the new era, we will continue to contribute to social and economic development and human happiness by pursuing constant innovation and bold challenges.

Company Overview

Company name	SK TELECOM(SK Telecom Co., Ltd.)
Date of stablishment	1984.03.29
No. of employees	5,314
No. of subsidiaries	23
Address of Headquarters	SKT Tower, 65 Eulji-ro, Jung-gu, Seoul(04539)
Corporate Website	Korean www.sktelecom.com English www.sktelecom.com/index_en.html

* As of December 31, 2022

Information for Investors

Paid-in capital	KRW 30,493 million
Number of shares issued[1)]	218,833,144
Listed stock exchange status	Korea Stock Exchange 017670.KS(Common share) New York Stock Exchange SKM(Depository receipt)
Transfer agent	KB Kookmin Bank Securities Trading Agency 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul T. 02-2073-8110 F. 02-2073-8111
39th General Shareholders Meeting	March 28, 2023(Tuesday) SKT Tower, 65 Eulji-ro, Jung-gu, Seoul(04539)
Contact Information	Email: skt.ir@sk.com T. 02-6100-2114
Available Filings	Korean Financial Supervisory Board e-disclosure system http://dart.fss.or.kr → SK Telecom inquiry KRX Corporate Disclosure Channel http://kind.krx.co.kr → SK Telecom inquiry English New York Stock Exchange www.sec.gov/edgar/searchedgar/companysearch.html → Company Name: SK Telecom inquiry

* As of December 31, 2022
** Delisting from London Stock Exchange is expected in 2023
1) Changed from 72,060,143(value per share: KRW 500) to 218,833,144(value per share: KRW 100) with the stock and equity split effective on October 28 2021.

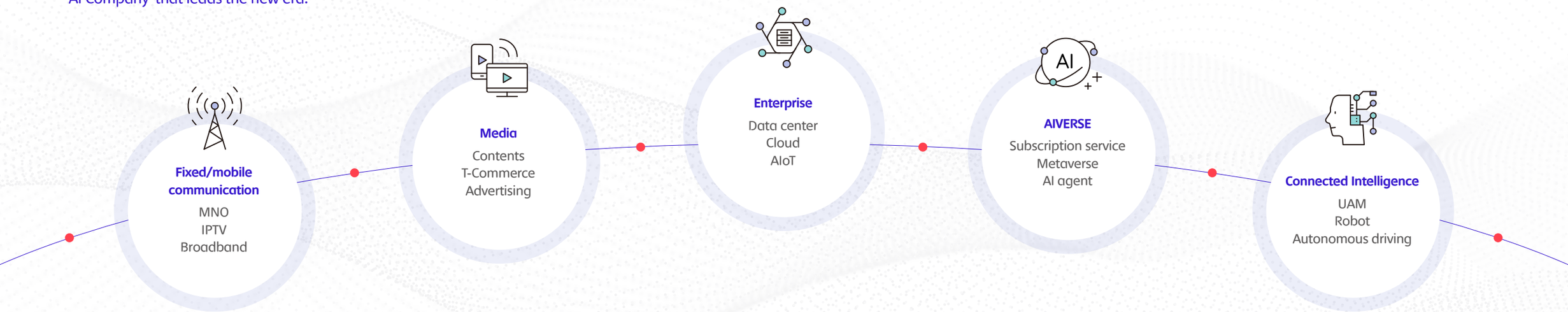
Business Introduction

SK Telecom's five business groups - fixed/mobile communication, media, enterprise, AIVERSE, and connected intelligence - provide various values of a connected world to customers. Each business group continues to grow every year by generating economic and social value.

While accelerating AI innovation in our core businesses, we will revolutionize the customer experience through AI services and spread AI throughout the entire industrial sector to become an 'AI Company' that leads the new era.

Five Business Groups

Business group	Key services
Fixed/mobile communication	MNO, IPTV, Broadband
Media	Contents, T-Commerce, Advertising
Enterprise	Data center, Cloud, AIoT
AIVERSE	Subscription service, Metaverse, AI agent
Connected Intelligence	UAM, Robot, Autonomous driving



Fixed/mobile communication

SKT's mobile business has increased the cumulative number of its 5G customers to more than 13 million by focusing on securing differentiated competitiveness to realize a super-gap, such as the largest 5G coverage and the fastest speed in Korea. It continues to grow steadily in fixed communication business by increasing IPTV and the number of broadband subscribers by focusing on single-person households and the second TV market. In the future, we will continue to achieve innovative digital transformation of fixed and mobile communications by restructuring our core business with AI.

Media

We are building a strong media value chain, such as content, T-commerce, and advertising, and providing new values and enjoyment. Contents are strengthening their competencies by expanding global hyper-collaboration, and SK Stoa is firmly maintaining its No. 1 position in terms of sales in the T-commerce market. Our integrated fixed and mobile advertising platform, which provides customized advertising, is also growing. In the future, we plan to introduce new and diverse AI-based products and services by promoting AI transformation throughout the media value chain.

Connected Intelligence

We are building innovative services in UAM, robots, and autonomous driving vehicles by integrating AI technology with the capabilities of the highest level of network and mobility platform. We are accelerating preparations for the commercialization of UAM by securing a position as a leading UAM company in Korea and promoting hyper-collaboration with global companies; and, in autonomous driving, we are building an AI solution that encompasses hardware, software, and platforms. In the future, we will continue to create new time and space by connecting AI with various future devices and mobilities.

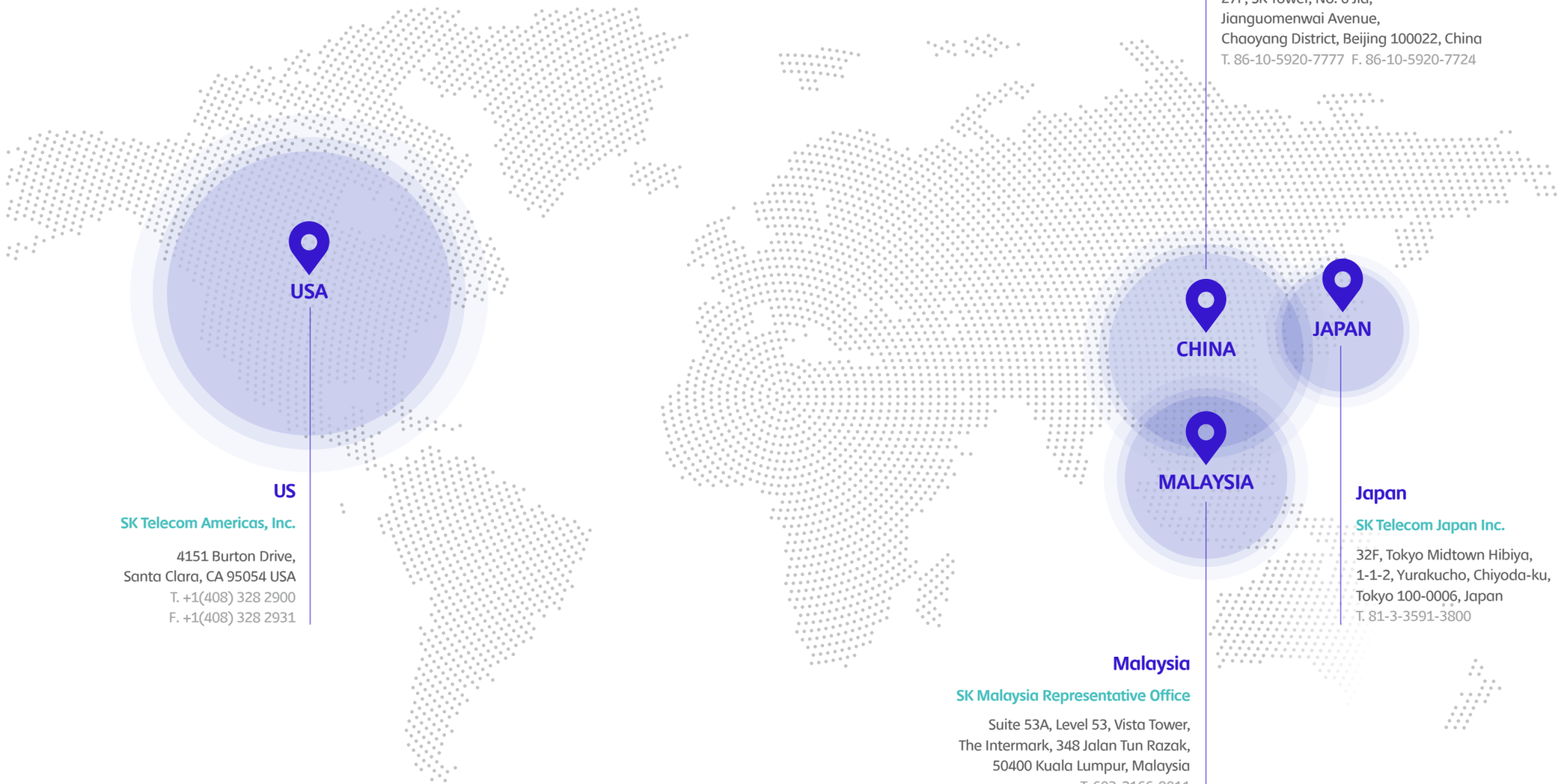
Enterprise

We are consolidating our position as a partner that increases the productivity and competitiveness of companies in the data center, cloud, and AIoT areas based on AI technology and digital infrastructures such as 5G and the IoT. Our new data center is running stably, and the cloud is expanding further through global cooperation. In the future, we will continue expanding our business to various industries such as smart factory, finance, and security in order to move beyond the domestic market and become a leading company in the global market based on 5G MEC, MSP, and global.

AIVERSE

We are providing a hitherto unseen experience by combining reality with virtual reality based on unique AI technologies such as a subscription service, metaverse, and AI agent. We have positioned T Universe into a representative subscription service in Korea by expanding the range of products and improving the customer experience, while ifland has entered forty-nine countries around the world and is growing into a global metaverse. Meanwhile, A. the world's first B2C service based on a Korean giant language model, has also attracted more than one million subscribers within 9 months of its launch, gaining widespread recognition as a differentiated AI agent service.

Global network



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* As of December 31, 2022

SK Telecom Business Areas and Affiliates

No. 1 in Korea's 3 Major Customer Satisfaction Surveys

Thanks to its continuous efforts to innovate customer value, SK Telecom has been ranked first in the three major customer satisfaction surveys in Korea, namely NCSI, KCSI, and KS-SQI, for the longest consecutive period.

SK Telecom's customer value innovation

Ranked first in Korea's 3 major customer satisfaction surveys for the longest consecutive period

NCSI	KCSI	KS-SQI
National Customer Satisfaction Index	Korea Industry Customer Satisfaction Index	Korean Standard Service Quality Index
for 25 Years	for 25 Years	for 23 Years

CEO Message

Dear Stakeholders,

This is Young Sang Ryu, CEO and President of SK Telecom.

2022 was a year when SK Telecom took the first stride into the era of SKT 2.0, our new identity formed after the spin-off. It was also a year when the company produced tangible results and engaged in new endeavors to promote future growth amid strong macroeconomic headwinds.

2022, restructuring business into five groups and presenting the vision of an AI Company

SK Telecom created 'T-B synergies' with SK Broadband and achieved remarkable results in all business areas in 2022.

In 2022, the consolidated revenue grew 3.3% YoY to KRW 17 trillion 305 billion, and the operating income recorded KRW 1 trillion 612.1 billion, up 16.2% YoY. It can be attributed to significant growth of new businesses, including Enterprise business, on top of unrivalled competitiveness of our fixed and mobile business.

The number of SKT's 5G subscribers reached 13.4 million, demonstrating absolute 5G quality competitiveness, while the fixed line subscriber base continued solid growth.

Our Media business maintained its growth trend, centered on Btv which recorded the highest net subscriber additions by creating new demand for single households and secondary TV. SK Stoa retained its No. 1 position in the domestic t-commerce market thanks to its diversified product lineup and effective personalized marketing based on integrated customer data. Media S reinforced its channel competitiveness by expanding original content offerings. These achievements show that our diverse assets continued to build up their capabilities.

The Enterprise business enjoyed rapid growth as well. New data centers in Gasan and Ilsan started to make meaningful earnings contribution, and the cloud business is growing rapidly through partnerships with global CSPs.

Along with maintaining a growth momentum in the existing business groups, we also dedicated our attention and resources to preparing for future business drivers such as AIVERSE and UAM.

T universe has established itself as a leading domestic subscription service that recorded GMV of KRW 570 billion through expanded product offerings and enhanced customer experiences in 2022 with more than 1.6 million monthly active users.

Ifland's cumulative number of users and the monthly active users surpassed 20 million and 3 million, respectively, in 2022. It reached an important inflection point toward global expansion by entering into 49 countries in November. Ifland is expected to grow the base of actual users by strengthening its features and functions this year.

In addition, capitalizing on AI service capabilities accumulated through NUGU service, proprietary large language model-based technology, and user data, SK Telecom launched A dot last year, which is the world's first B2C service based on Korean large language model. I believe that the true value of A dot will be able to be demonstrated on the back of the strong trend of ultra-large AI that has gained much attention recently.

For UAM, we have actively built an ecosystem by forming an exclusive partnership with Joby Aviation, the world's best aircraft manufacturer, and creating a consortium with excellent partners including Korea Airports Corporation and Hanwha Systems. Thus, we are gaining recognition as a leader in the future mobility industry where innovation beyond mobile is expected.

Furthermore, we signed a strategic partnership with Hana Financial Group to respond pre-emptively to rapid changes in the ICT and financial industry ecosystems.

Together, we will invest in promising business areas and engage in cooperation for innovative businesses that utilize AI and data while integrating products of the two companies and transforming digital experiences to create new value for customers. Furthermore, we will make positive impact and create social value by nurturing digital talents , supporting startups, and assisting micro enterprises.

Most of all, 2022 will be remembered as a year when we took the first step in our journey to become an AI Company by developing a more concrete vision of SKT 2.0.

Under the vision of transforming itself into an AI Company that combines AI with connectivity technologies based on our core telecommunications business, SKT set the direction of re-defining its core businesses with AI, innovating customer relations and achieving temporal and spatial expansion through AI, and achieving AI transformation(AIX) with partners in various industries.

Allow me to elaborate more on our AI Company strategies.

2023, taking the leap to become an AI Company

SK Telecom aims to take the leap to become an AI company that benefits customers with technology and services.

While we maintain the existing structure of the five business groups, we intend to innovate the core businesses based on AI and expand the application of AI technology and services across diverse industries. To this end, we developed three main directions for growth, namely(1) AI innovation of the core businesses,(2) strengthening of customer engagement through AI services, and(3) AIX of expanding AI to other industries.

First, we will use AI to further strengthen competitiveness of our core businesses.

For MNO, we will apply AI to the entire process concerning customers' service usage so as to realize fundamental change in terms of customers' digital experience, hyper-personalization, and differentiated benefits. For Media, we will embrace major trends of AI being applied to the media value chain and showcase concrete offerings, including AI TV, AT Commerce, and AI Content.

The subscription business has already demonstrated visible growth, and we will transform it into Korea's leading AI subscription commerce platform where data-driven hyper-personalized marketing recommends what customers want and partners supply what customers need.

For AI services, we plan to innovate customer engagement centered on A dot by reducing the distance between people and technology. Recently, many AI technologies including ChatGPT have appeared, but there is no AI service that can completely fulfill customers' needs. A dot is a bundle of services powered by AI technology, which may still feel unfamiliar to customers, by focusing on core elements of personalized characters, conversations, and service linkage. This year, we will strengthen memory and image-based dialogue functions, form partnerships for character IPs, and expand related content in order to further advance the services and broaden the user base.

We will also pursue AIX to transform industries with AI. Our AI technologies are already supporting AI transformation in diverse related business areas, as seen in the cases of logistics robot of CMES, X Caliber, Korea's first AI-based pet diagnosis service, and AI security camera.

We are also cooperating with diverse partners that possess competitive AI technology in order to create bigger impact on the global AI market. The first step of this endeavor was to establish the K-AI Alliance with Korean companies in Silicon Valley. In this process, we have mobilized diverse AI technologies and services including AI chips, cloud, AdTech and autonomous driving, and we will further expand the alliance with globally competitive partner companies.

Strengthening sustainability through ESG 2.0 management

At the Annual General Meeting of Shareholders last year, SK Telecom declared ESG 2.0 to grow social impact by integrating ESG with its core businesses.

To get closer to achieving net zero, we have made various efforts for green networks, including the integration of network equipment(single LAN technology) and development of highly efficient telecommunications equipment. We were the first Korean telco to have greenhouse gas reduction targets validated by SBTi*. Also, thanks to our climate related efforts, we made the CDP A list* that selected only 296 companies out of approximately 15,000 companies. Through the Happy Habit project aimed at addressing the problem of single-use plastics, we have avoided the use of 7.45 million disposable cups in places like Seoul and Jeju since July 2021, contributing to reducing emissions and promoting a circular ecosystem.

We use our advanced AI technology to care for 50,000 senior citizens living alone, provide emergency response to more than 400 people, and block more than 4 million smishing messages last year alone to prevent damage. We are also carrying out a project to provide care for people with severe developmental disabilities.

Our efforts have been highly regarded by external stakeholders, resulting in the inclusion of SKT in the 2022 DJSI World Index in which only 6 telcos were included globally. Thus, we have been listed in the Index for 14 years, the longest period for a Korean company. Furthermore, we obtained high ESG ratings with AA from MSCI and A from KCGS.

* SBTi(Science Based Target initiative): A joint initiative promoted by the WWF, CDP, and UNGC to scientifically establish a plan to achieve the 1.5℃ reduction target and publicly declare the action plan. A participating enterprise must submit a letter of commitment followed by a plan of action to achieve its specific reduction goal within 24 months for approval.
* CDP A List: a list of companies that receive A at the annual evaluation process conducted by CDP, a global non-profit organization dedicated to climate action

Dear Stakeholders,

Economic slowdown due to global fiscal tightening is expected to sustain, which calls for greater social role to be played by SK Telecom as a leader in domestic telecommunications infrastructure. Internally, we are at a critical juncture where we need to explore new areas of AI and transform our business fundamentals.

However, SK Telecom has a rich history of leading the way in technology and finding breakthroughs despite formidable challenges and obstacles. I promise that the management and employees of SK Telecom will lead new growth based on our strengths.

I would like to ask for your continued support and encouragement as we continue our journey toward the final destination of SKT 2.0 to become an AI Company.

President & CEO, SK Telecom **Young Sang Ryu**

Business Model

SK Telecom is making a leap forward to an 'AI Company' based on its fixed and mobile communication infrastructure and its AI and ICT competitiveness. We are solidifying the foundation for sustainable growth and creating new growth engines through innovation by promoting business strategies suitable for the characteristics of the 5 business groups of Fixed and mobile, Media, Enterprise, AIVERSE, and Connected Intelligence with a focus on optimizing customers, technologies, and services,. Throughout the SKT 2.0 era, SK Telecom will maximize corporate value centered on future new industries while pursuing win-win relations with stakeholders by creating social values.

Capital Input

Financial
- Listed on Korea Stock Exchange, New York Stock Exchange
- Aiming for a virtuous cycle between growth investment and shareholder return
- Maximizing the value of stakeholders

Human
- Implementing various policies to attract and retain talents
- Creating business innovation and performance with core talent as a driving force

Intellectual
- Utilizing knowledge-based intangible assets such as the technology patents and know-how of the organization as major capital
- Creating social intellectual asset value and improving efficiency by building shared ICT infrastructure ecosystem

Infrastructure
- Tangible assets available for manufacturing products and offering services
- Maintaining network stability and sustainability through cost-effective investment

Social
- Building solid cooperative relationships with various stakeholder groups such as suppliers, local communities, government, customers, and NGOs based on trust
- Creating social value based on ICT capabilities

Environment
- Providing ICT-based environmental solutions to minimize the environmental impacts arising from the operation of nationwide networks and offices
- Seeking to improve the efficiency of environmental capital for providing products and services

Value Creation Activities & Mid to Long-term Strategy

Fixed/mobile communication
- Accelerating the growth of the 5G-based mobile business
- Continuous improvement of profitability with network efficiency and stabilized market competition
- Maintaining solid growth in the fixed line business by continuously expanding the target market

Media
- Strengthening the media value chain of contents, PP, OTT, T-commerce, and advertising
- Securing a new growth engine by strengthening content competitiveness based on hyper cooperation
- Creating new value with T-commerce & advertising platforms

Enterprise
- Leading innovation in the data center, cloud, and AIoT
- Accelerating entry into the global D/C market based on 5G MEC, MSP, and global hyper collaboration
- Expanding new businesses such as smart factory, finance, and security by converging AI technology and digital infrastructures

AIVERSE
- Solid performance creation by enhancing customer experience
- Business scale-up by building an open platform and economic system, expanding strategic alliances and investments
- Providing personalized AI services with interactions never been before

Connected Intelligence
- Accelerating innovation in UAM, robots, and autonomous driving based on connectivity strengths
- Preempting the UAM market by strengthening partnerships with global players such as Joby, Hanwha Systems, and the Korea Airports Corporation
- Continued growth based on eco-friendly, such as low carbon and low noise

" AI to Everywhere "

Capital Output

Financial
- Laying the foundations for sustainable growth through revenue and profit generation
- Contributing to GDP growth(indirect economic value)

Human
- Direct and indirect job creation
- Fostering ICT experts and improving human capital

Intellectual
- Technology development and ecosystem creation through R&D
- Pursuit of social development using innovative technologies

Infrastructure
- Contributing to improve the productivity of individual and corporate customers
- Leading the 4th Industrial Revolution based on Core ICT, AI & Digital Infrastructures

Social
- Solving social issues based on shared infrastructures
- Improving the quality of life of the people with products and services

Environment
- Reducing greenhouse gas emissions using ICT technology
- Responding to climate change by providing ICT technology-based solutions

Direction for Sustainability Management

SK Telecom is successfully opening the new era of SKT 2.0 with the aim of becoming an 'AI Company' by optimizing its customers, technology, and services in its five major business areas in order to generate sustainable growth momentum. In addition, it is laying the foundations for sustainable growth by promoting ESG 2.0, such as achieving Net Zero, promoting digital inclusion, strengthening the ICT ecosystem and shared growth, and practicing BoD-centered management. As a result of upgrading its ESG management in this direction, SKT has achieved excellent results in both domestic and international ESG recognitions, and it will continue to create differentiated competitiveness by enhancing its corporate value and expanding its social influence.

Management strategy

SK Telecom aims to open up the SKT 2.0 era by successfully implementing a spin-off to maximize its future growth potential, clarifying its identity as an 'AI Company' and continuously creating the growth momentum required for the new era.

Opening of the SKT 2.0 Era

AI Company that benefits customers with innovative technologies and services

5 Business Groups + 3 Key Elements

Fixed/mobile communication | Media | Enterprise | AIVERSE | Connected Intelligence

Customer + Technology + Service

Creating continuous growth momentum through differentiated competitiveness

ESG Direction

In ESG management, SK Telecom is further expanding its social influence and pursuing sustainable growth together with customers by promoting 'ESG 2.0' aligned to its main business, such as AI and ICT technologies.

ESG 2.0

Pursuing sustainable growth together with customers by expanding the eco-friendly and social influence of SK Telecom's AI and ICT technologies, infrastructure and solutions

Green Network

Transformation of the AI technology-based eco-friendly ICT infrastructure to achieve Net Zero

Safe Society

Improving the quality of life based on AI
Digital inclusion/Mitigation of polarization
Strengthening ICT ecosystem and win-winl growth

Governance Advancement

BOD-centered management
Protection/improvement of shareholder value
Improving the transparency of customer information

Expanding the ESG Alliance
ESG Funds, Start-up acceleration, etc

External ESG Assessment

In recognition of its sustainability management efforts, SK Telecom was included on the DJSI World Index that only 6 of the world's telecommunications companies were selected in 2022, and obtained A score in CDP that only 1.6% of global companies were selected, AA rating in MSCI ESG assessment, and A rating in KCGS overall rating, establishing itself as a leading ESG company representing Korea.

Dow Jones Sustainability Indices Powered by the S&P Global CSA — Included in DJSI World index for 14 years

MSCI ESG RATINGS AA — AA rating

KCGS — Overall Rating A
Environment & Society A+, Governance A

CDP — CDP Highest Score A
Awarded to only 1.6% of companies in the world

World Benchmarking Alliance — Ranked 15th out of 200 global advanced ICT companies

SUSTINVEST AA — AA rating
Only 4 domestic leading companies have been selected

- Presidential Commendation for Sustainable Management Government Merit
- Minister of Welfare Commendation for Contributions to Blood Donation and Blood Services
- Selection of the Most Respected Companies in South Korea (Korea Management Association, KMAC)

Creating Economic Value

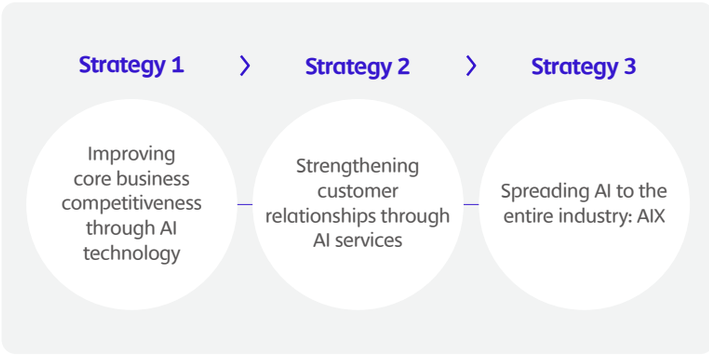
Financial Highlights & Outlook

2022 Financial Highlights

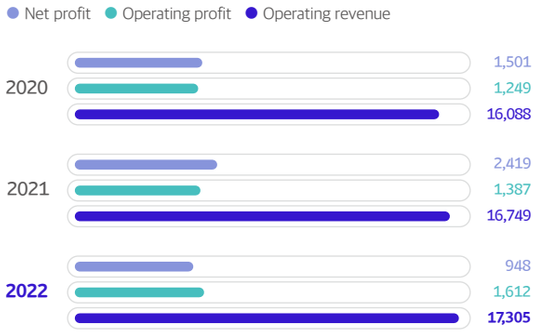
In 2022, SK Telecom recorded annual revenue of KRW 17.305 trillion and operating profit of KRW 1.6121 trillion based on the consolidated financial statements of the Korean International Financial Reporting Standards(K-IFRS). Our revenue increased by 3% year-on-year, recording the highest performance on an annual basis by maintaining a leading position in the domestic mobile service market and providing innovative products and services in new growth areas such as AIoT solutions, platform services, cloud computing, data centers, smart factories, subscription services, metaverse, and media. In addition, our operating profit increased by 16% compared to the previous year, showing an excellent performance. SK Telecom will continue to develop state-of-the-art 5G technology, utilize the 5G infrastructure and capabilities to provide innovative products and services tailored to the evolving needs of customers, and maximize future corporate value.

2023 Outlook

In 2023, SK Telecom aims to become an AI company that benefits customers with technologies and services. While maintaining the existing “five business group system”, keeping in mind the need to innovate our AI-based core businesses and expand our AI technology and services to every industry, we will redefine the direction of growth centered on the following three major strategies: improving core business competitiveness through AI technology, strengthening customer relationships through AI services, and spreading AI to all industries(AIX). Based on this, we expect to achieve revenue of KRW 17.8 trillion in 2023, and ultimately to fulfill our mission of transforming SKT into an AI company by achieving continuous growth through our advanced technologies and ESG management.



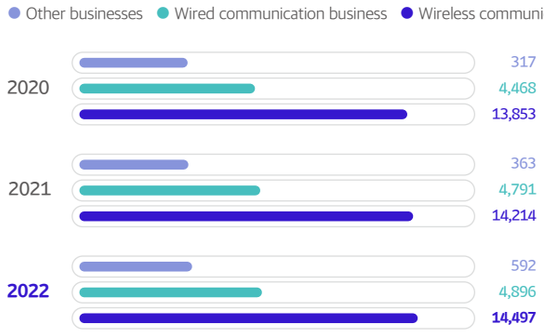
Performance on a consolidated basis(Unit: KRW billion)



Performance on a separate basis(Unit: KRW billion)

* Financial statements have been restated to reflect the changes following spin-off

Performance by business(Revenue)(Unit: KRW billion)



Performance by business(Operating profit)(Unit: KRW billion)

* As business segments are reclassified due to spin-offs, segment information for the past two years shown for comparison is rewritten./** Business performance is pre-adjusted

SPECIAL REPORT

Ethics of AI

Advanced and Reliable Infra

What is the new evolution that SK Telecom thinks?

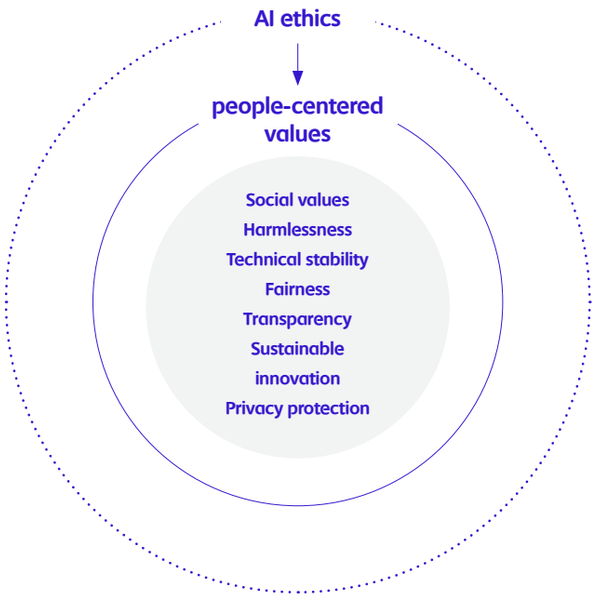
Ethics of AI

Human-centered, warm AI that coexists and grows together with people

As AI gradually begins to be applied to every aspect of everyday life, AI ethics is emerging as an important issue in the international community, including the ICT industry. SK Telecom, in line with its goal of becoming an 'AI Company', has established a company-wide AI ethics system to become a leading company in AI ethics practice. We will provide people-centered AI services that benefit the world and are loved by our customers by establishing and applying the AI pursuit value and AI conversation execution ethics to all our AI services.

Establishment of AI pursuit value

SK Telecom established the 'AI pursuit value' in order to practice AI ethics company-wide in 2021. While the existing AI ethics focused on the limitations of AI and what needs to be supplemented, SK Telecom's AI pursuit value aims to help and benefit people by utilizing constantly developing AI technologies. The AI pursuit value consists of seven core values along with the slogan, "People-oriented AI, coexisting together, moving towards higher places." The AI pursuit value is also reflected in the company's articles of regulations allowing all members can keep it together.



AI pursuit value

Social value
We aim for social value

SK Telecom will utilize AI to create social value for the public.

Technical stability
We will develop reliable and stable technology

SK Telecom fully understands the importance of stable communication services. As such, we will take responsibility for creating reliable AI services so that our customers can trust and use them anytime, anywhere.

Transparency
We will do our best to help users understand

SK Telecom will continue making efforts to develop technologies that can help users understand and embrace AI.

Sustainable innovation
We are not satisfied with the status quo and constantly innovate

SK Telecom will continue to introduce new technologies and actively accept user feedback in order to innovate our AI technology and services constantly.

Harmlessness
We value human safety and life

SK Telecom will provide safe AI services by identifying and handling the potential risks arising from the design and deployment of AI.

Fairness
We oppose social discrimination and embrace diverse opinions

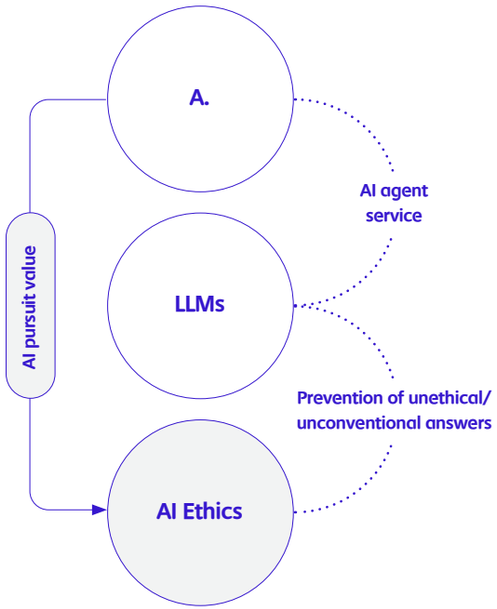
SK Telecom will carefully manage AI to prevent unfair discrimination based on gender, religion, nationality, race, etc., and to prevent bias towards specific values.

Privacy protection
We will protect personal information and user privacy

In the process of collecting and processing data for AI, SK Telecom will strictly comply with the laws on the protection of users' personal information and privacy, and faithfully carry out technical and administrative protection measures in order to establish a safe data management environment.

AI conversation execution Ethics

Starting with A., which was released in May 2022, we have also prepared the seven 'AI conversation execution ethics' based on AI pursuit values in order to practice AI ethics in conversation services that utilize AI language models. As the AI agent service that is the very foundation for SK Telecom's transformation into an 'AI Company', A. uses a 'GPT-3 based Korean language model' called LLM(Large Language Model). We can use this language model to create natural sentences, hold knowledge-based conversations, and engage in free conversations in diverse subject areas. Throughout this process, we practice AI ethics, starting with LLM, to prevent unethical or unconventional answers from being provided to the users. In addition, we always explain any changes that are made when updating services through the A. FAQ.



AI conversation execution ethics

Social values

LLM respects life, society, and diverse relationships within society.

We are striving to create social value for the public by utilizing LLM. We respect the diverse relationships among members of society and constantly study language that has a negative effect on life and society. We hope that such efforts will help people to find solutions to the problems faced by our society.

Harmlessness

LM checks for safe use and strives to secure countermeasures.

We are fully aware of the unlimited potential of LLM. At the same time, we also recognize the limitations that it cannot fully understand the moral values expected by society. Until the LLM is fully educated in moral values, it is thoroughly monitored to ensure that it is not exposed to provocative content or extreme expressions that are unacceptable in our society. In particular, we strive to protect teenagers from harmful contents.

Fairness

LLM does not discriminate unfairly and is not biased toward any particular value.

We believe that LLM can move toward embracing diversity in our society. However, we also recognize that the results may not meet our expectations or that misunderstandings may occur in the process. To minimize this, we analyze and prohibit language patterns that attack or express abhorrence of specific objects or the characteristics of objects. We hope that a culture where differences can be acknowledged and respected will be established throughout our society.

Sustainable innovation

LLM is constantly evolving, providing timely utterances.

We are not satisfied with the current technical level of LLM and are pursing constant innovation. We strive to provide timely utterances by leading the introduction of new technologies capable of meeting the ongoing changes in our social environment. In addition, we manage conversations related to socially and historically controversial events and specific companies and organizations more carefully during the innovation process in order to deliver neutral information.

Privacy protection

LLM understands the importance of personal information and privacy and complies with the related laws.

We focus on the variety of data that LLM utilizes as it learns and evolves. If personal information is included, we process this information to make it unrecognizable or delete it. Furthermore, we monitor and reprocess risk factors that may be discovered during service provision. We do our best to protect the personal information and privacy in the use of LLM.

Technical stability

LLM takes protective measures to ensure reliability of information.

We faithfully carry out technical and administrative protective measures to make sure that users can trust and use LLM at all times. We have a sense of responsibility and thus believe that the results achieved by LLM should be of practical benefit to each user's life. We strive to ensure that there are no errors in the information provided by LLM, including professional opinions, science, common sense, and history.

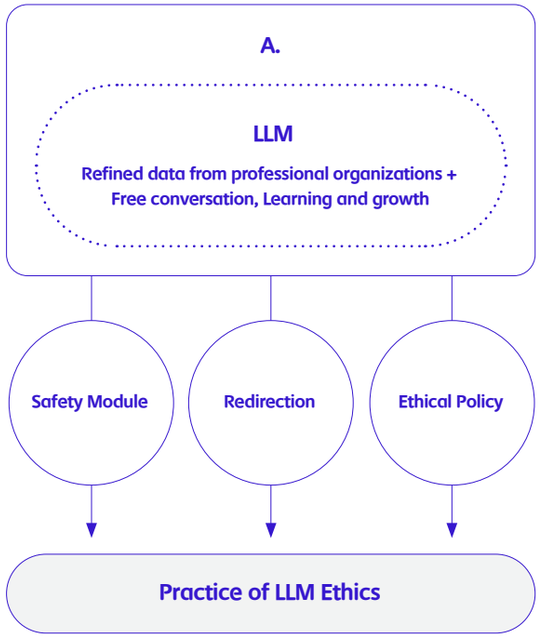
Transparency

LLM sincerely explains to users and reflects diverse feedback.

We hope that LLM will continue to grow while communicating with users. We diligently explain the scope, purpose, and limitations of LLM to users, and cooperate with our stakeholders with an open mind. Furthermore, we will faithfully accept the diverse feedback generated during the use process so that LLM can provide better services and lead positive changes in users' lives.

Practice of LLM Ethics

SK Telecom has applied LLM to A. and launched a B2C service that allows conversation in Korean on free topics other than information delivery. LLM is learning and growing through secondary refinement by internal language experts based on refined conversation data obtained from professional organizations, including web, wiki, and the news. Since there is a possibility of ethical issues arising from LLM's wide-ranging free conversation, we have made efforts to practice AI ethics, such as operating safety module, applying conversation redirection, and establishing an ethics policy from the LLM development stage.



Operation of safety module

By operating a safety module, we take appropriate measures are taken for the model so that LLM can recognize and respond to ethically problematic utterances. For example, we deliberately generate unsafe data, train it to LLM, and further apply model tuning and patterning, etc., so that LLM can take appropriate action against unsafe user utterances.

Answer redirection

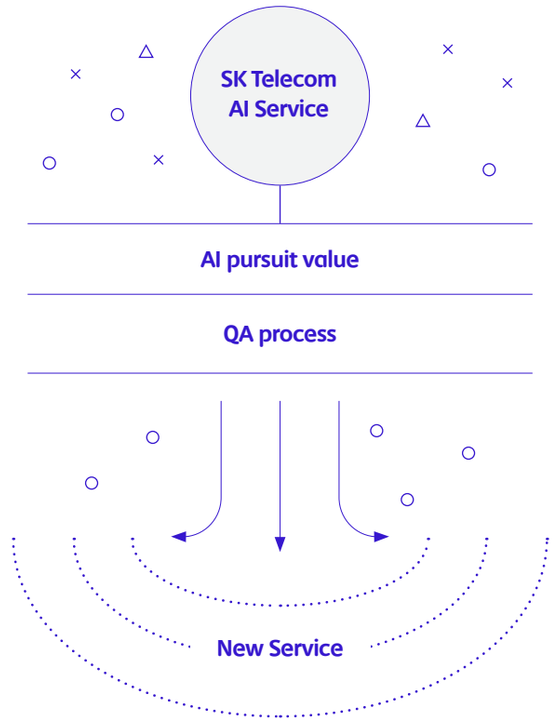
For LLM's answers to be ethical, when unsafe content is detected in user utterances, we employ “answer redirection” to guide them in the appropriate direction. We establish an response policy so that redirects can be provided ethically appropriate, and we are striving to develop natural conversations by subdividing the answers provided.

Establishment of the LLM ethics policy

We have established an LLM ethics policy so that we can continuously comply with AI ethics starting from the LLM R&D stage. We aim to develop ethical conversations by subdividing possible ethical issues according to our AI pursuit values and by establishing attitudes and answers in advance. As we gradually update the LLM Ethics Policy, we will prevent ethical issues in conversations in advance, and will continue to monitor it to determine whether there are any missing parts based on a checklist to check compliance with the Ethics Policy.

Adding an AI pursuit value review to release integration QA

Whenever a new AI service is released, SK Telecom creates a new QA process to check whether the service has been planned and developed in line with the AI pursuit value. The person in charge of the service reviews whether or not it complies with the AI pursuit value guide, then requests a review to the person in charge of AI ethics. As A. was released after passing the AI pursuit value QA, we plan to check and practice AI pursuit value with various other services due for release in the future.



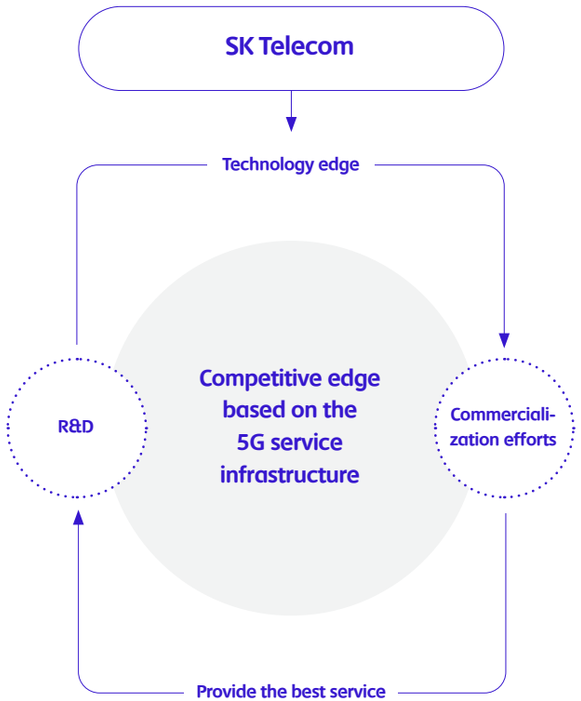
Advanced and Reliable Infra

The world's leading communications infrastructure with the best technology and optimal operation

SK Telecom makes continuous investments and drives bold innovations to build a world-class telecommunications infrastructure that is the foundation of an AI company. With the development of future communication technologies and advanced commercialization, we are leading the world's communication technology with a solid competitive edge in speed and quality. In addition, we aim to ensure that all our customers can use communication services stably anytime, anywhere and enjoy more experience and value, by using AI to manage network quality and operate a systematic failure response system.

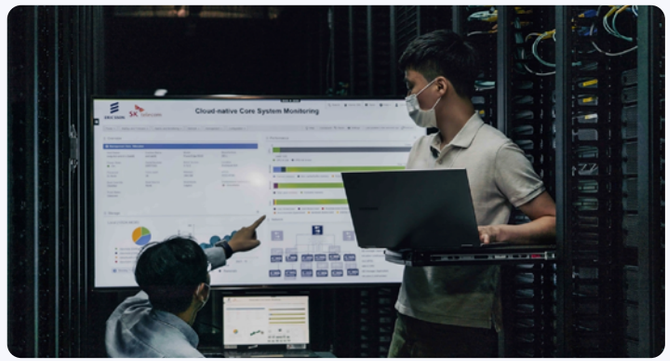
The Leader of New Communication Technology

SK Telecom has continued to make R&D and commercialization efforts to provide the best service with advanced technology that leads the world's communication technology. Currently, we have an infrastructure-based advantage, which delivers the highest speed, over our competitors in 5G services.



Together with NTT DoCoMo, SK Telecom has published a white paper that reflects the common requirements for 6G technology and power-saving technology based on the know-how accumulated by leading Korean and Japanese telecommunication companies over the four years since the commercialization of 5G. This white paper introduces the five common requirements, including i) the development of new products and services to vitalize the 6G ecosystem; ii) Enabling 6G open LAN standards and equipment ecosystem; iii) standardization of the 6G structure design in order to utilize existing networks such as 5G efficiently; iv) development of equipment, terminals and batteries suitable for high-frequency band characteristics; and v) definition of usage for efficient frequency utilization. As such, it is expected that this white paper will propose a meaningful guide for the eventual preparation of the 6G international standard and the development of the related technologies of the technology standardization organizations, such as ITU-R and 3GPP. Along with this, the white paper on power saving technology for 5G base stations includes i) the discovery of optimal power saving technology by measuring power consumption of base stations of both companies; ii) analysis and advancement of power saving technologies; and iii) a definition of the power efficiency improvement process through cooperation with manufacturers. It is also expected to be meaningful in terms of strengthening cooperation between the two companies in ESG practice, such as strengthening cooperation between global operators to save power at 5G base stations and contributing to the achievement of Net Zero.

In addition, we have jointly commercialized, along with Nokia, a new core network using a 'bare metal-based cloud-native' method for the first time in the world, improving traffic processing efficiency by up to 50% compared to existing physics-based cores. The “bare metal-based cloud-native” technology is more advanced than existing virtualization-based systems, and can carry out real-time recovery as well as flexible network management, thus enabling it to respond promptly to network overload or failure. As a result of these continuous efforts, we have been recognized for our advanced technologies including our network virtualization technology, IoT solutions, and VR service, and received the Global Telecom Award for six consecutive years(2017-2022). As a leader of the Global Tech Initiative, SKT plans to lead the evolution of the future telecommunication infrastructure by preemptively introducing next-generation network technologies beyond the advancement of 5G.



Network Quality Management

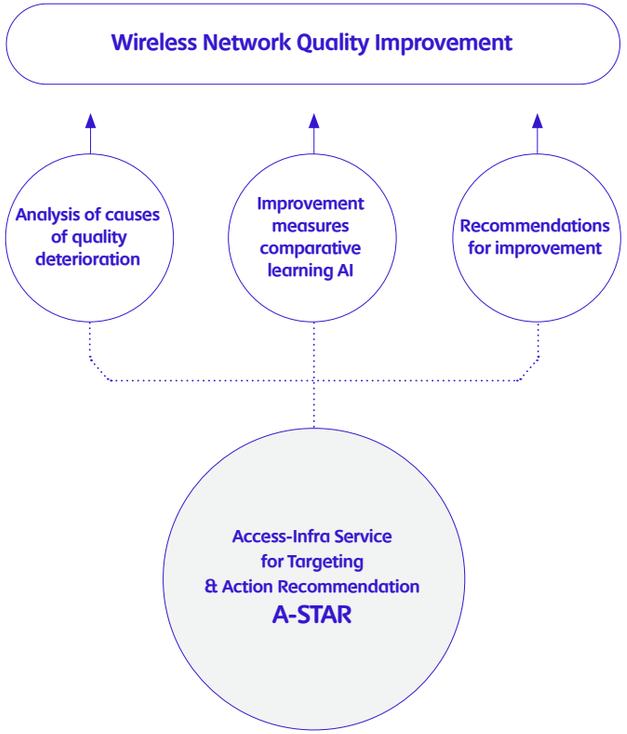
SK Telecom has developed 'A-STAR'(Access-Infra Service for Targeting & Action Recommendation), an AI solution that manages the quality of wireless networks, and applied it to base stations nationwide. A-STAR constantly monitors the status of hundreds of thousands of base stations nationwide, identifies base stations that might affect the quality of customer experience, delivers them to field operation personnel, and suggests possible causes of a problem and ways to resolve or eliminate them.

A-STAR is composed of i) wireless quality monitoring, which analyzes the quality data of base station equipment across the country every hour and reporting any abnormalities to the person in charge; ii) analysis of the causes of quality deteriorations, which analyzes around 250 types of data on average for each equipment to select and provide the key causes of quality degradation; and iii) the recommendation of improvement measures, which consists in recommend appropriate methods of improvement via an AI algorithm that compares and learns the data relating to a deterioration of quality and past quality improvement measures.

By utilizing A-STAR, we expect to be able to respond more preemptively to a deterioration of wireless network quality, thereby minimizing situations where base station equipment abnormalities lead to customer inconvenience. As a result of comparing the on-site quality improvement activities through the use of A-STAR in 2022 with the existing method, we found that the time required to conduct a quality analysis was reduced by 80.7% and that the preemptive improvement measures taken at base station sites were improved by approximately 46.7%.

A-STAR is the result of organic collaboration between the network experts of SK Telecom and its subsidiary, SK ONS. We started developing A-STAR in 2020 and secured the actual usability of an AI model after two years of R&D, verification of field activity, and gradually improvement of functions. In addition, A-STAR is configured to continuously improve the performance of AI by receiving and relearning the final action taken by field quality improvement personnel when the result of a recommendation proves to be inappropriate. Through this, A-STAR can provide more and more accurate information over time.

SK Telecom plans to continue improving A-STAR by further shortening its quality analysis cycle(currently once every hour) and by improving its function of recommending optimal travel routes for field personnel.



Systematic Response to Network Failure

SK Telecom is establishing an emergency recovery system for network failures in order to minimize inconveniences in people's lives and the socioeconomic impacts of network failures. We are intensively monitoring anomalies through the network anomaly detection system, and strengthening response activities for emergency recovery in the event of a failure. In order to prevent failures due to network defects, we conduct periodic system inspections in order to increase network reliability, and operate a system for testing network in advance when hardware expansion or software change occurs. We are also focusing on preventing human errors through the work control system. In order to strengthen network stability, we configure the main network access routes and important communication facilities in multiple ways, and operate the networks between layers and regions separately in order to prevent errors that occur in one place from spreading. In addition, in June 2020, we established a disaster roaming system between the three mobile telecommunication companies to maintain a minimum service even in the event of an emergency.

In cases when network traffic is heavily concentrated, such as public holidays, year's end, New Year holidays, and large-scale events, we carry out 'special communication measures' to provide stable communication services. In this way, we consider reliable operation of the network as the highest value and implement various preventive policies to achieve the goal of zero major failures. By 2024, we will establish and improve a joint response process for communication failures by creating a close cooperative system among the three telecommunications companies, and will expand capacity and upgrade the system according to the increase in disaster-roaming subscribers.

In addition, starting with the technical advancement of the existing DDoS attack blocking system, we will strengthen network operation intelligence and responsiveness by utilizing big data and AI analysis techniques by 2025, and continue to expand processing capacity and promote system upgrades to respond to the potential surge in traffic volume in emergency situations.

Number of network failures

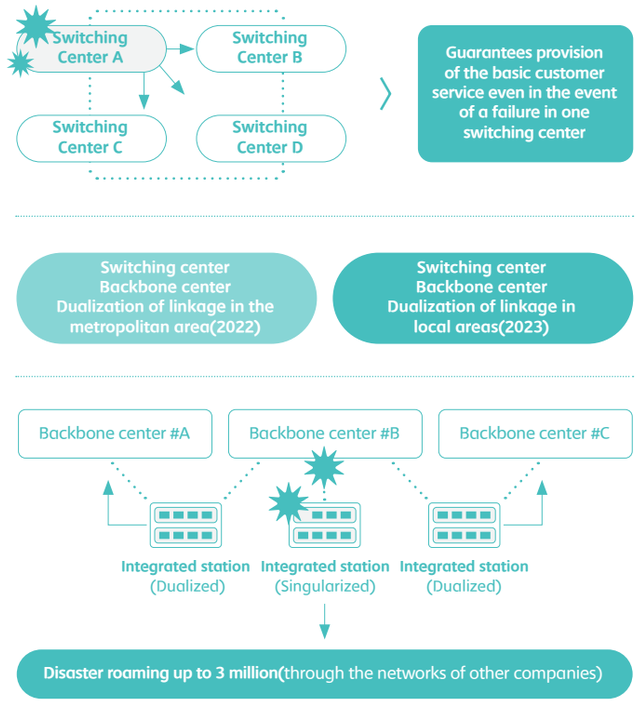
	Unit	2020	2021	2022
Number of large scale network failures[1)]	Case	0	0	0

1) Failures subject to communication disaster 'warning' stage defined by the Ministry of Science and ICT or those of a similar scale

Case

Establishment of optimal infrastructure that responds promptly to communication failures

We are preparing to provide stable communication services without interruption even in the event of communication failures, such as fire or other disasters, by adopting a structure that enables a quick response to failures in the switching center where all the major equipment is installed, the backbone center, which manages data transmission, and the base station units in charge of our customer contact points. For our basic telecommunication services, including voice, data and messaging, we are establishing a plan to use the switching center in such a way that basic customer service can be provided in the event of a failure at one center through distributed deployment of switching equipment, the establishment of a backup system, and the operation of spare capacity of the switching center. In the case of a backbone center operating backbone equipment in charge of traffic transmission, we will establish a means of providing our services by bypassing all traffic to another center in the event of a failure in one switching center by "dualizing" the interworking network between the respective switching center and backbone center in consideration of a failure. Lastly, in the case of the integrated station in charge of customer contact, the integrated stations dualized with the higher center(switching center) are required to bypass traffic to other backbone center when a failure occurs in a backbone center. In addition, some of the integrated station with single connect to the higher center are establishing a system that can restore services through the disaster-roaming to other companies.



INTERACTION MOVEMENT

- Stakeholder engagement
- Double Materiality Assessment
- Issue 1. Response to Climate Change(carbon neutrality)
- Issue 2. Redefinition of Core Business through AI
- Issue 3. Privacy Protection

What does SK Telecom think of true communication?

Stakeholder Engagement

SK Telecom not only contributes to economic development by creating economic values but also ultimately pursues the happiness of mankind by satisfying its stakeholders and creating social value, according to the SKMS, a business management system revised by the SK Group in 2016.

SK Telecom reflected the SKMS in its Articles of Incorporation in March 2017 and in its Corporate Governance Charter in February 2018, expressing clear goals. In addition, we classified the company's stakeholders into customers, employees, partners, local communities and NGOs, shareholders, and the government, and reflected the contents emphasizing the pursuit of stakeholders' happiness in the Articles of Incorporation in 2020.

SK Telecom aims to improve its management transparency and efficiency while gaining the trust and support of its stakeholders by encouraging them to participate in our management activities. As a result, we have prepared a stakeholder engagement policy and announced our efforts to promote stakeholder engagement internally and externally. The stakeholder engagement policy specifies the conditions by which internal and external stakeholders can participate in management activities, as well as company-wide guidelines for stakeholder communication and processes for resolving issues.

In addition, SK Telecom operates an online channel on its corporate website dedicated to collecting the ESG grievances and complaints of its stakeholders, such as labor, human rights, ethics, and the environment. In this way, stakeholders can freely share their opinions and discuss cases involving damages and violations of social responsibility related to overall business-wide activities and seek to resolve the related issues. All opinions and contents received through the ESG grievance channel are actively resolved via monitoring and due diligence undertaken by working-level departments after checking the facts. For cases judged or taken as serious issues related to ESG, we report the contents, processing process, and results to the ESG Committee under the Board of Directors, and do our best to prevent similar cases from occurring by reflecting them in our overall management activities.

SK Telecom will continue to refine its existing communication channels by 2023 in accordance with 'DBL'(Double Bottom Line) management policy, which considers not only economic value but also social value created through corporate operation as an axis of management performance, and plans to increase the frequency of communication with potential and key stakeholders. In addition, from 2025, we plan to establish and apply a methodology that reflects the social value needs of potential and key stakeholders from the planning stage of new products and services.

Stakeholder Engagement Policy

Scope	· The stakeholder engagement policy applies to all the management activities of SK Telecom, including its overseas corporations.
Purpose	· By defining the minimum requirements for internal and external stakeholders to participate in all the management activities of SK Telecom, we disclose SK Telecom's efforts regarding the stakeholder engagement policy to the outside, and provide company-wide guidelines related to stakeholder communication to relevant organization.
Objective	· It aims to gain support and trust from external stakeholders and to enhance transparency and efficiency of management through stakeholder engagement.
Responsibility	· Management of the communication channels for each stakeholder group is entrusted to individual departments (designation of the organization and the person in charge). · Key issues and the entire process related to the stakeholder engagement framework are reported to the ESG Committee under the Board of Directors.
Miscellaneous	· All stakeholders may freely participate in the channels without any restrictions on issues, and participation channels are always open to all stakeholders. · The channels for stakeholder participation are operated under the responsibility of the responsible department to manage risks, thereby improving operational efficiency, and reduce management fatigue. · The process of stakeholder engagement is the same at all workplaces, including overseas branches and local headquarters.

Stakeholder engagement and communication on material issues

Employees

- Labor union(Labor union website)
- Letter to HR(in-house intranet)
- Health and Safety Story(in-house intranet)

HR-related issues such as changes in business environment and wage negotiations, etc

Shareholders

- Corporate Day
- Annual General Meeting
- Quarterly earnings result and NDR

Issues related to stock price and dividend fluctuations, changes in the management environment and management performance, general shareholders' meeting, etc.

Business partners

- Hold the Business Partner Council
- Conduct BP satisfaction surveys

Issues related to win-win cooperation such as fair contracts, unfair trade, etc.

Customers

- T-World(online customer center), customer center
- SNS channels such as blogs and Facebook
- Hold year-round meetings and events

Inquiries, suggestions and other comments on products and services

Government

- Hold regular meetings and discussions

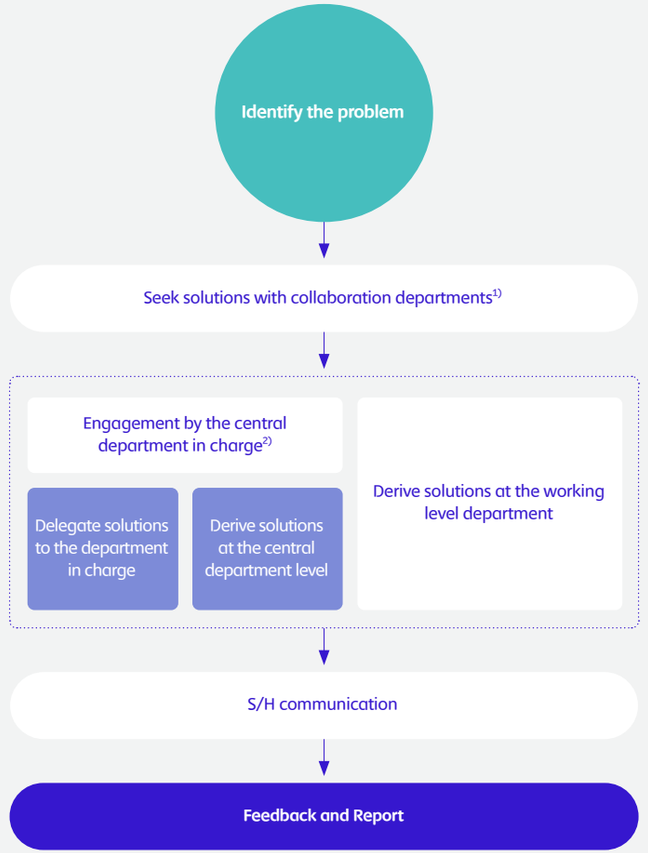
Telecommunications regulatory policies, business opportunities and risks, etc.

NGOs & local communities

- Conduct semi-annual meetings with NGOs

Issues such as consumer complaints, communication tariff policy, and environmental protection

Problem Solving Process



1) Seek solutions with collaboration departments: If the responsible department that first encounters the issue determines that it is unable to derive a solution in terms of the issue's urgency, significance, impact, and solution methods, it asks for engagement of the central department
2) Engagement by the central department in charge: If it is determined that a problem can be solved through additional R&C input and the delegation of authority, the solution is delegated to the department in charge. If it is determined that it is necessary to respond from a company-wide perspective, the central departments resolve it directly

Double Materiality Assessment

SK Telecom divides 'Materiality', which represents key issues, into Financial and Environmental & Social Impact on the Company and its value chain, and identified potential risks and opportunities for sustainability(ESG) issues. SK Telecom conducts a materiality assessment to select and prioritize key issues to promote ESG management with the participation of internal and external stakeholders and operates an issue response process. In addition, in order to comply with international standards, we comply with the GRI Standards guidelines and the International Integrated Reporting Council's <IR>(IIRC) Framework on reporting topic determination and content organization. The double materiality assessment is based on a comprehensive risk perspective linked to SK Telecom's company-wide risk management processes, including social, environmental, and governance structures, and SK Telecom continuously monitors the impact of risks and opportunities of the key issues on corporate sustainability. SK Telecom conducts a materiality assessment every year, and the selected critical issues were finally selected after deliberation/approval by the board of directors and independent third-party verification.

Application of Double Materiality

	Environmental & Social Materiality	Financial Materiality
International standards & evaluation indicators	• Analysis of GRI Standards, ISO 26000, UN SDGs, UNGC indicators • Review of external stakeholders' ESG information disclosure requirements - Analysis and reflection of disclosure requirements of government and NGOs	• Application of major investment institutions' index requirements such as DJSI, MSCI, and CDP • Review of the utilization and impact of investment institutions such as TCFD and SASB - Analysis of international standards from the perspective of financial materiality
Benchmarking & Media Analysis / SKT management strategy & media analysis	• Analysis of disclosed data of global advanced companies and industry initiatives/trends • Analysis of news that may have a non-financial impact - Impact on environmental and social issues such as corporate reputation, branding, and social value	• Analysis of SK Telecom's ESG strategy and business portfolio • Analysis of media articles that may have a financial impact - Financial impact applied to shareholders, investors, etc
Stakeholder Engagement	• Environmental and social issues affected by SK Telecom's management activities - Analysis of impact characteristics: ① positive/negative, ② present/future • Identification of stakeholder expectations/concerns that management activities have on ESG issues	• ESG issues that may affect SK Telecom's financial performance - Analysis of impact characteristics: ① positive/negative, ② cost/revenue/risk • Reflect the stakeholders'(shareholders, etc.) expectations and concerns about non-financial activities

Process of the dual materiality assessment

Step 1.
Formation of an issue pool based on SKT's internal and external environmental analyses

- **Formation of an Issue Pool**
  - Status analysis and formation of an issue pool based on International standard, evaluation indicators, media analysis, and management strategy

Step 2.
Analysis of characteristics of issues

- **Analysis of characteristics of issues**
  - Analysis of actual and potential(positive/negative, future/present) impacts based on stakeholder engagement

Step 3.
Assessment of materiality of impact

- **Application of double materiality**
  - Materiality assessment of 33 issues from the financial, and environmental & social perspectives

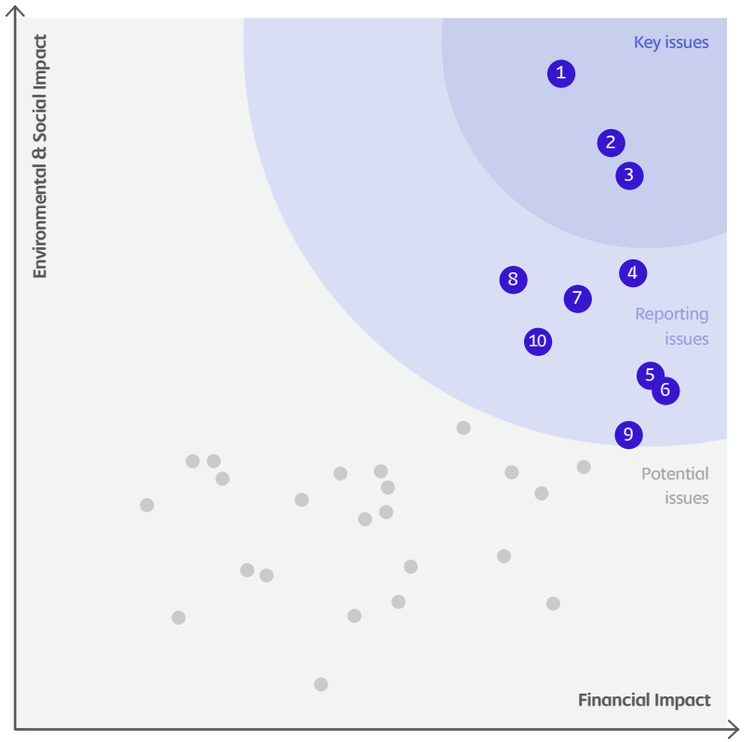
Step 4.
Identify and manage key issues

- **Prioritizing issues**
  - Prioritizing the final critical issues(3 key issues and 7 reporting issues selected)
- **Management and reporting of key issues**
  - Consideration of key issues in the BOD(ESG committee) report(approval) and major decision-making process of management activities
  - Performance management and external disclosure(reporting) such as management direction and mid- to long-term plan for each issue

Strengthen external stakeholder engagement

- **Step 1~2:** Regular operation of communication channels with external stakeholders such as suppliers, customers, and investors and reflection of materiality evaluation
- **Step 3:** Conduct surveys with external stakeholders in Korea and reflect materiality assessments, and reflect ESG feedback from major investment institutions such as DJSI and MSCI
- **Collecting opinions through media analysis and reflecting materiality evaluation**(as of 2022.01~12)

Double Materiality Matrix



Results of the double materiality assessment

The results of the materiality test led to the prioritization of 33 issues, from which 3 key issues and 7 reporting issues were derived.

Classification	Issues	Environmental and social importance	Financial importance	Nature of Impact		Stakeholders						Page
				Negative	Positive	Employees	Customers	Partners	Government	Local communities	Shareholders	
Environment	Response to climate change(carbon neutrality)	●	●	◑	●			●	●	●		41-43
Management/ Economy	Redefinition of Core Business through AI	●	●	○	●	●					●	44-45
Customers	Privacy protection	●	●	◑	●		●					46-48
Employees	Recruiting and fostering talents*	●	●	◑	●	●						64-66
Environment	Advancement of the environmental management strategy and system	◑	●	◑	●			●	●	●		51
Employees	Promotion of work-life balance and welfare*	◑	●	◑	●	●						67-68
Management/ Economy	Shareholder value enhancement	●	●	◑	●						●	101-103
Management/ Economy	Advancement of the integrated risk management system	●	●	◑	●	●		●	●		●	116-121
Supply chain	Sustainable supply chain selection and assessment*	◑	●	◑	●			●				87-90
Management/ Economy	Practice of ethical management and fair trade	◑	●	◑	●	●		●				122-125

* Newly included issues

● Above average ◐ Average ○ Below average

Key issues

Analysis of key issues related to the creation of corporate value

Key issues	Identification of risks/opportunities	Business cases	Impact on business	Business strategy (direction of response)	Mid-to-long-term plans (Target year)	Key performance (Current status)	Executive compensation(linked to KPI)		
							Corporate value	Stock price linked	ESG
1 Response to climate change (carbon neutrality) 	· Analysis of physical risks of climate change, such as forest fires, landslides, and heavy rain, based on RCP scenarios - Establishment of the 'SKT climate change physical risk map' and response strategy · Efforts to review the impacts of various social/economic changes through SSP scenario-based analysis	· Possible to increase operating costs of major infrastructure such as base stations and impede price competitiveness - In the event of a natural disaster, communication disruption(network failure) may occur due to a loss (damage) of wired and wireless communication facilities/ equipment across the country · Strengthening of the regulations related to climate change, and continuous rise of carbon transaction prices	· Cost · Risk	[3 Green Strategies for Net Zero] · Green Operation: Reduction of power consumption by 25% - replacing old and obsolete equipment - expanding Single LAN adoption - expanding application of AI-based cutting-edge cooling/low-power design solution · Green Energy: Adoption of renewable energy 100% - solar power generation at offices and stations - purchasing PPA-REC for renewable energy application · Green Forest: Offsetting residual greenhouse gas emission - offsetting direct greenhouse gas emission through the forest carbon offset system	· Greenhouse gas - Reduction of 47.7%* by 2030 - Achieve net zero by 2050 * Compared to 2020 · Rate of renewable energy use - 65% by 2030 - 100% by 2050 · Acquisition of domestic/ overseas carbon credits: - 2.39 million tons by 2030	[Achievement of Net-Zero based on green strategy] · (Green Operation) - Office building: Installation of high efficiency equipment, - Communication equipment: single LAN business, power saving, saving 1,895tCO_2e 5G joint network, installation of high-efficiency equipment, saving 127,422tCO_2e · (Green Energy) renewable energy - Office building: green premium, saving 55,175tCO_2e, solar power generation, saving 511tCO_2e - Communication equipment: Solar power generation, saving 1,078tCO_2e · (Green Forest) - External project Forest damage prevention scale 2,420,627 trees			Carbon emission 1.085 million tons
2 Redefinition of Core Business through AI 	· Leap forward as an 'AI & Digital Infra Service Company' through reorganization of core business areas, such as digital industry MNO, media, and subscription through AI	· Possible loss of investment cost for establishing domestic 5G service network · Increase of human and financial capital input costs for the continuous discovery and development of new growth engines in order to expand new AI/ICT-based services	· Cost · Revenue	· Development of sustainable growth engines based on differentiated competitiveness, such as the widest domestic 5G coverage and super gap in speed. · Establishment of a hyper-connected business ecosystem that expands time and space, based on AI transformation of the entire value chain	· Revenue of KRW 23 trillion or more by 2025* * Consolidated basis	[Digital transformation in fixed and mobile communications] Cumulative no. of 5G customers exceeds 13 million [Media] Expansion of hyper-collaboration to strengthen content competitiveness · SK stoa maintains no. 1 position in sales in T-commerce market [Enterprise] Maintain the status of productivity growth partners for enterprises such as data centers and clouds [AIVERSE] Growth of the AI technology-based real-virtual space convergence business · Subscription service(T-Universe): Expansion of product lineup and enhancement of customer experience · Metaverse service - (ifland): launched in 49 countries globally, growing into a global metaverse · (A.): Launched the world's first B2C service based on the Korean LLM, exceeding 1 million subscribers	Revenue CAGR 30% compared to 2021 (by 2025: AIVERSE, Enterprise, Media)	· Revolutionizing customer relationships through AI services · Promotion of service scale-up through A. evolution · Increase of sales /operating profits centered on digital · Creation of AI/DT-based GMV	
3 Privacy Protection 	· Securing of cyber security safety by improving the information security solution(system) · Response to potential risk factors such as personal information leakage through information security management system and awareness raising training throughout the supply chain	· Fines and reputational risks may occur in the event of violations due to the strengthened regulations on personal information protection. · Increase in investment costs to respond to cyber-crime(hacking) that uses new technologies such as AI · Expansion of human/financial capital input costs for customer data utilization checking and training	· Cost · Risk	· Review of compliance with the Personal Information Protection Act - Compliance with domestic and foreign laws - Monitoring of violations of the Code of Business Conduct(internal control) · Strengthening of the security system to maintain communication network stability · Improvement of the information security system and expansion of investment in training - Supplier personal information protection sampling diagnosis	· Zero information leakage and security breach by 2025	[Strengthened monitoring of customer information security] · Establishment of an organization to respond to cyber threats to customers - Response to social engineering cybercrimes, such as system hacking, information leakage and smishing, voice phishing, and ransomware. · Response to data requests from government agencies: Compliance with the Telecommunications Business Act and the Communications Secrets Protection Act · Diagnosis of the level of customer information protection of partners - Sampling diagnosis in 2022, completion of the improvement measures for 164 identified risks(100%) [Advance system security and strengthen awareness] · Conduct training for personal information protection for all employees every year and specialized training for key officials such as personal information handlers and information security managers			Zero security accident

Key issues

Analysis of key issues of external stakeholders

Key issues	Value chain(Range of impact, %)	Stakeholders	Type of impact	External Stakeholder Relevance and Materiality	Output indicator(Output Metric)	Impact assessment	Impact indicator
1 Response to climate change (carbon neutrality)	Products and services (100%)	Environment, society, customers (end users), and external members	Positive/ negative (neutral)	· Strengthen the demand for response, such as reduction of GHG emissions and investment in decarbonization · Expansion of eco-friendly energy investment activities to respond to climate change · Providing a positive role to local communities and industries by establishing a resource circulation ecosystem in the areas near workplaces	· Reduction of greenhouse gas emissions · Eco-friendly energy investment cost · Securing carbon credits	Social cost	[Reduction of GHG emissions] · Energy Efficient 129 thousand tons · Renewable energy: 57 thousand tons [Cookstove project in the developing countries] · Carbon credits: Secured 260,000 tons · Economic effect: KRW 64.2 billion accumulated over 3 years from 2020
2 Redefinition of Core Business through AI	Products and services (100%)	Environment, society, customers (end users), external members	Positive/ negative (neutral)	· Developing various AI/ICT business projects to improve satisfaction with the differentiated customer service · Creation of an ICT cooperation ecosystem - Pursuit of win-win growth through AI/ICT technology convergence /support with startups and partners · Expansion of the AI-based social safety net and support for vulnerable members of society - Relieve the loneliness of elderly people who live alone by providing the 'AI Care/Call Service' and connect 911 in the event of an emergency	· R&D investment cost · Technical support partner	Social cost	[Win-win growth] · Discovering and fostering start-ups: support 384 startups since 2023 (whose corporate value grew to KRW6.3 trillion, based on 150 companies that disclose corporate value) · Support for joint technology development/market development with partners: KRW 48.4 billion SV increase compared to 2021 for partners [AI Care/Call service] · Provision of service for about 50,000 households and emergency rescue for 500 people · EV KRW 4.6 billion, SV KRW 9.8 billion created
3 Privacy Protection	Business sites, products and services, supply chain (100%)	Environment, society, customers (end users), external members	Positive/ negative (neutral)	· Increased user(consumer) sensitivity to personal information leakages and voice phishing due to the increase of products and services that use digital technology and the increase in the number of users · It is necessary to prevent leakages of personal information by raising awareness of the importance of personal information management and system improvement among employees of the company's headquarters, distributors, and sales stores	· Number of information leaks and security breaches · Blocking the incoming and outgoing call of numbers associated with crimes	Social cost	[Prevention of damages by blocking voice phishing calls] · Number of blocked cases: 104,990 · Contribution to damage prevention: Approx. KRW 185.6 billion

Reporting Issues

Topic	Context	Our Approach	Activities	Long Term Target	Related KPI(2022)
4. Recruiting and fostering talents	Human talents, as the main drivers of organizational innovation and performance generation, are the most important asset of a company. Therefore, the entire process of developing human capital - from recruitment to secure the best human talents, to fostering activities to strengthen the competency of them- can be said to be a vital prerequisite for corporate growth. Companies around the world that are pursuing sustainable growth are clearly aware of the importance of talent and are competing to recruit top talent and continue to invest generously in nurturing the talent they have.	SK Telecom focuses on fostering the human resources required by each business in order to produce tangible results by establishing a fostering policy and direction in line with its business strategy. In particular, to achieve its vision of becoming an 'AI Company', we are striving to develop the best human resources in the industry, with the focus on core AI and DT capabilities and service planning and development capabilities. In addition, we are creating a culture of self-directed learning among our employees by operating a leader-led unit organization development program and providing differentiated learning content curation services through SAM(Smart learning Assistant Manager), our AI technology-based learning curator.	· Establishment of development direction in connection with business strategy - Always on operation of AI/DT basic competency programs, support DT tasks for each unit, operation of Market Top AI talent development program - Always on operation of service planning and development upskilling programs · Unit organization fostering program - Operation of various leadership programs led by leaders · Create self-directed learning culture - Provide learning contents curation service through AI technology-based learning curator 'SAM'(12,000 people used it in 2022) - Operation of the 'Study Mate' program, a learning group for employees (formed 103 groups in 2022) · Develop ICT experts through the annual 'SK Tech Summit'	**Fostering industry top talents centered on AI, DT, service planning and development capabilities**	**Design and Conduct Growth Portfolio development Programs**
5. Advancement of the environmental management strategy and system	Environmental issues such as climate change, environmental pollution, and resource circulation are important issues of great interest to our major stakeholders, such as customers and investors, as well as highly important issues that determine the existence and value of a company. Environmental regulations are being strengthened, especially in developed countries, and stakeholders' calls for social responsibility are gradually increasing. Accordingly, companies are pursuing sustainable growth by establishing environmental goals and strategies according to the characteristics of their industries, practicing active environmental management, such as responding to climate change, preventing environmental pollution, and increasing the circulation of resources.	In order to achieve '2050 Net Zero', SK Telecom has established an environmental management strategy consisting of a 'preemptive response to climate change', 'advancement of the environmental management system', and the 'creation of an eco-friendly green culture' as the main tasks to be promoted. We are committed to responding preemptively to climate change by developing an eco-friendly ICT infrastructure, implementing RE100, and joining various global initiatives. We are also concentrating on establishing an IT-based environment management system, introducing environmental management KPIs, strengthening the eco-friendly purchasing system, and improving the environmental management system. In addition, we are actively engaged in eco-friendly social contribution activities in which our members participate, and are making efforts to establish and spread the green culture.	· Establishment of an environmental management strategy system to achieve '2050 Net Zero' - 3 major promotion tasks: 'preemptive response to climate change', 'advancement of environmental management system', 'creating an eco-friendly green culture' - Introduction of Net Zero KPI for the management including the CEO and executives of related business divisions · Greenhouse gas reduction to respond to climate change - Analysis of climate change response scenarios, risk and opportunity response - Expansion of renewable energy use through implementation of RE100 - Joining and conducting global initiatives - Securing overseas carbon credits · Conservation of biodiversity - Operation of biodiversity risk and opportunity management system - Mitigation activities to conserve biodiversity, such as preventing forest damage	**RE100 by 2050** **Net Zero by 2050**	**Energy Reductions 152,359 tCO_2e**
6. Promoting work-life balance and welfare	As a generational change of office workers takes place and the criteria for determining the value of life change, the standards for preferred companies are also changing. Furthermore, as the importance of work-life balance is being increasingly emphasized throughout society as a whole, the work-life balance has emerged as the top priority in our job selection criteria. Therefore, work-life balance and welfare benefits have become the biggest concerns of our employees and a key factor in determining our corporate competitiveness. Companies with a well-established work-life balance can become targets of envy, as they enjoy greater opportunities to secure excellent talents.	SK Telecom continues to revolutionize its organizational culture, allowing its members to work safe and healthy in a work-life balance and pursue happiness. We have introduced a variety of flexible work systems, such as the "DYWT Optional Work" system, the "Happy Friday" system, and the "Work from Anywhere" system, and implement policies designed to reduce the burden of childbirth and childcare, such as the short-time work system and the vacation and leave system, as well as operating in-house daycare centers. In addition, we strive to promote the happiness and growth of our members by operating the best welfare system in the industry, including sabbatical leave for long-serving employees, housing support, support for congratulations and condolences, and support for school tuition.	· Operation of flexible work system - DYWT(Design Your Work & Time) work system, Happy Friday system · Implementation of 'WfA(Work from Anywhere)' system - Operating 4 branches of the base office 'Sphere' - Work from home(approximately 42% of total working hours in 2022) · Maternity and parenting support policy - Reduced-time work system, vacation and leave system (fetal examination leave, maternity leave, care leave for school children, parental leave, etc.) - Operation of in-house daycare center and maternity protection room · Formation of horizontal organizational culture - Using the title 'Nim' - Operation of 'Corporate Culture Opener' for free communication · Operation of employee happiness promotion program - 'IM HAPPY Platform', 'Thanks Letter', 'Mind Forest' programs	**Establish a work culture optimized for business changes**	**Introduction and settlement of Work from Anywhere**

Reporting Issues

Topic	Context	Our Approach	Activities	Long Term Target	Related KPI(2022)
7. Shareholder value enhancement	Careful consideration of the interests of our shareholders and building a strong relationship of trust based on this is a very important tasks for a company. Unlike in the past, as shareholders' active exercise of their rights to companies has increased, the importance of enhancing shareholder value is being emphasized throughout the entire business community. ESG management and the establishment of an advanced governance structure are emerging as hot topics, and ever more companies are striving to enhance their shareholder value through active returns, such as stipulating dividend policies and expanding their shareholder-friendly management.	SK Telecom continues to enhance its shareholder value through its shareholder return policies and shareholder-friendly management. From FY2021 to FY2023, we have announced a dividend policy to utilize 30-40% of the EBITDA-CapEx as the total dividend based on the separate financial. In addition, we cancelled 8.69 million treasury stocks and started quarterly dividends in 2021, and paid a total of KRW 723.8 billion in dividends in 2022. In addition, we have actively supported the exercise of shareholders' rights by introducing an electronic voting system, holding an online general meeting of shareholders, and providing an online dividend inquiry service.	· Dividend policy and shareholder return - 30~40% of [EBITDA-CapEx] based on separate performance for FY2021~FY2023 is used as a total dividend - Operation of mid- to long-term dividend policy(FY2024 ~ in preparation) - Implementation of the first quarterly dividend in July 2021 - Total annual dividend of KRW 723.8 billion for 2022(dividend yield 6.8%) · Strengthening shareholder friendly management - Expansion of convenience for exercising shareholder rights, such as cumulative voting, electronic voting, distributed general meeting of shareholders, and online general meeting of shareholders - Introduction of online dividend inquiry service in 2022	**[EBITDA - CapEx] 30~40% dividend**	**Enhancement of Corporate Value**
8. Advancement of integrated risk management system	As uncertainties in the domestic and international business environment increase, such as the COVID-19 endemic, Russia-Ukraine war, trade disputes, and financial instability, the risks faced by companies are becoming more complex and diversified. Therefore, the risk management capability of a company has become a key issue affecting the existence and growth of a company. To minimize risks in response to changing international situations, economic fluctuations, and competitive conditions, systematic and advanced risk management at the company level is the most important.	SK Telecom is establishing an integrated risk management system to preemptively identify risks and respond effectively. We operate a company-wide risk management response system and crisis response system centered on an organization dedicated to risk management and conduct education and training for employees to internalize the risk management culture. In addition, we are performing integrated risk management more effectively by expanding our company-wide risk management system to SK ICT family companies.	· Establishment of a company-wide integrated risk management system - Designation of risk management areas such as strategy, finance, reputation and social responsibility, regulation, and business operation - Operation of the risk management process including evaluation plan establishment-assessment-action-collection and reporting - Establishment of a company-wide risk management response system (operating an organization dedicated to risk management, establishment of autonomous risk response system by CIC/Chief Office) · Support risk management system for SK ICT family companies · Internalization of risk management culture - Conducting risk management education and simulation training - Sharing risk-related data on the in-house system	**Internalization of Company-wide Risk Management**	**RM Related Issues Zero**
9. Sustainable supply chain selection and assessment	As supply chain instability works as a major risk to the industry as a whole due to changes in the international situation, the establishment of a sustainable supply chain has emerged as the most important task. In addition, as the scope of ESG management expands to all areas of the value chain, the ESG management capabilities of partners in the supply chain are directly linked to the competitiveness of a company. For a company to build a sustainable supply chain, efforts to prevent risks in advance by evaluating and managing ESG risks, such as ethics, environment, labor and human rights, safety and health that occur throughout the supply chain are required.	Based on its supply chain policy, SK Telecom is pursuing sustainable supply chain management, including ESG risk management of partners. We strive to prevent risks in supply chain in advance by ensuring all partners to comply with the 'Partner ESG Code of Conduct' and monitoring ESG risks such as human rights, environment, ethics, and society. In addition, by advancing ESG risk identification and diagnosis, and evaluation in partners, we support to improve the ESG levels throughout the supply chain. In addition, we are practicing sustainable win-win cooperation with our partners by establishing 3 mutual growth practice tasks and operating a variety of mutual growth programs.	· Strengthening ESG management of partners - Enacting ESG code of conduct for partners, request for compliance - Implementation of supply chain pre-screening · Evaluation of supply chain ESG - Conducting risk assessment through written and on-site investigations - Support for ESG improvement according to evaluation results · Mutual growth with partners - Establishment and implementation of three mutual growth action tasks - Support for technology development of partners and operation of technology protection programs - Financial support for partners through the mutual growth fund - Strengthening communication with partners such as happy survey, in-depth meeting, and SCM mailbox - Conducting evaluation of mutual growth indicators (for 124 companies under the mutual growth agreement in 2022)	**Expansion of Partner ESG Risk In-depth Diagnosis Program to All Partners**	**Introduction of Partner ESG Risk in-depth diagnosis program**
10. Practice of ethical management and fair trade	As ESG management of a company becomes more important, stakeholders' interest and monitoring for social issues such as respect for human rights and shared growth are expanding. Therefore, the practice of ethical management and the implementation of fair trade have become essential elements for a company to continue to grow while receiving trust from society. Companies are making a variety of efforts to prevent ethics and compliance risks in advance and practice fair trade with their partners by establishing an ethical management system and introducing the Compliance Program.	SK Telecom has established a company-wide ethical management system to practice ethics and compliance management in order to continue to grow with the trust of stakeholders. We are also making efforts to advance ethical management to a global level by obtaining the certification of Anti-bribery Management System(ISO 37001) for the first time in the industry. In addition, by establishing a new compliance system, 'SKT ICT Family Compliance 2.0', we are conducting more systematic and advanced compliance activities in areas such as spreading fair trade, complying with business-related laws, and minimizing compliance risks.	· Establishment of ethical management system - Compliance with the Code of Ethics and the Guidelines for ethical management (Zero tolerance for violations) - Obtained certification for anti-corruption management system(ISO 37001) in 2022 - 99.5% of members completed ethics management training in 2022 - Operation of Ethics Counseling Center · Establishment of compliance system - Strengthening compliance at the ICT family level by establishing 'SKT ICT Family Compliance 2.0' - Establishment of a dedicated organization for business partnership management in 2022	**Zero unethical risks and strengthening stakeholder trust through preventive activities**	**Enhancing the awareness level of ethical management**

Issue1.

Response to Climate Change(Carbon Neutrality)

IMPORTANCE

Amid the growing global climate crisis, global efforts to respond to climate change, including investment in greenhouse gas reduction and decarbonization technologies, have been increasingly emphasized since the 26th UN Climate Change Convention of the Parties(COP26) in 2021. As the declaration of carbon neutrality is being adopted by more and more major countries, the Korean government has also declared '2050 carbon neutrality' and raised the '2030 national greenhouse gas reduction target'. The interest and demands of stakeholders, such as investors and customers, for an effective response to climate change are also growing. As a result, efforts to reduce greenhouse gas emissions in response to climate change have become an essential requirement in ensuring the sustainable growth of companies.

APPROACH

To respond preemptively to climate change, SK Telecom announced its environmental management goal of '2050 Net Zero' in 2022 and established an environmental management strategy system with 'preemptive response to climate change', 'advancement of environmental management system', and 'creation of an eco-friendly green culture' as the main tasks. In addition, we have achieved practical results by promoting various greenhouse gas reduction activities, such as developing eco-friendly ICT technology, using renewable energy, and creating forests to offset our greenhouse gas emissions, centered on three green strategies. In addition, the company introduced Net Zero-related KPIs to CEOs and related organizations to evaluate their performance and provide compensation based on performance to further enhance action.

PERFORMANCE

Reduction of power consumption achieved at base stations and repeaters by applying single LAN

53% compared to before

Self-consumption solar power plant installation scale(as of 2022)

3.97MW for 102 base station

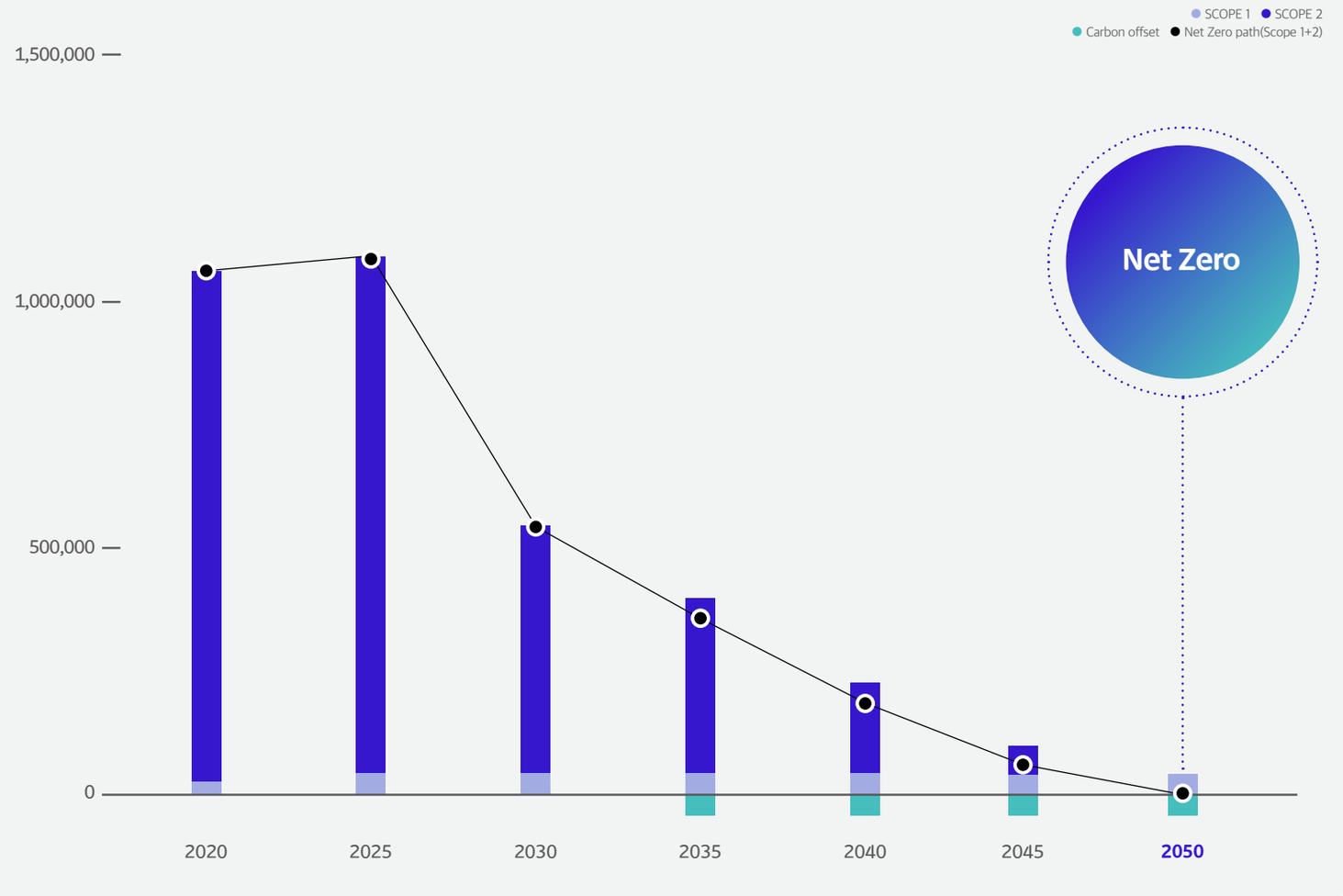
Total capacity of green premium contracts signed in 2023

146.882GWh

Establishing '2050 Net Zero' Goal

SK Telecom announced its environmental management goal of '2050 Net Zero' in 2022 and promised to reduce its carbon emissions in order to participate in the effort to achieve carbon neutrality in response to climate change. We analyzed climate change scenarios based on the RCP scenarios and systematically set targets for carbon neutrality by applying internationally proven methods. Starting with a 47.7% reduction of direct and indirect emissions(Scope 1+2) and a 22.3% reduction of other indirect emissions(Scope 3) in 2030 compared to 2020, our goal is to achieve complete net zero by 2050 by taking active measures to reduce our carbon emissions every year.

SK Telecom Net Zero achievement goal by 2050(Unit: tCO_2e)



Three Green strategies for achieving Net Zero

To achieve '2050 Net Zero', SK Telecom is carrying out a variety of greenhouse gas reduction activities centered on three green strategies. We plan to achieve net zero by 2050 by implementing a green operation strategy for reducing power consumption by 25% based on the development of an eco-friendly ICT technology, a green energy strategy for faithfully implementing RE100, and a green forest strategy for offsetting residual greenhouse gas emissions through forests.

Green Operation

The Green Operation strategy aims to reduce estimated power usage by 25% by 2050 by deploying green ICT technology. We will replace dysfunctional and inefficient equipment and aging infrastructure, expand the use of Single LAN technology which integrates and operates 3G/LTE equipment, and maximize power efficiency by diagnosing traffic using AI. Having adopted Single LAN in earnest in 2019, we have since applied it to base stations and repeaters in 78 cities across the country, including Seoul, which has enabled us to achieve the effect of reducing power usage by about 53% compared to before. The results of internally measured quality of devices with Single LAN technology have shown that service quality was improved significantly, i.e. a 36% increase in the average download speed compared to older 3G equipment and a 55% reduction in the failure rate due to the replacement of aging 3G equipment.

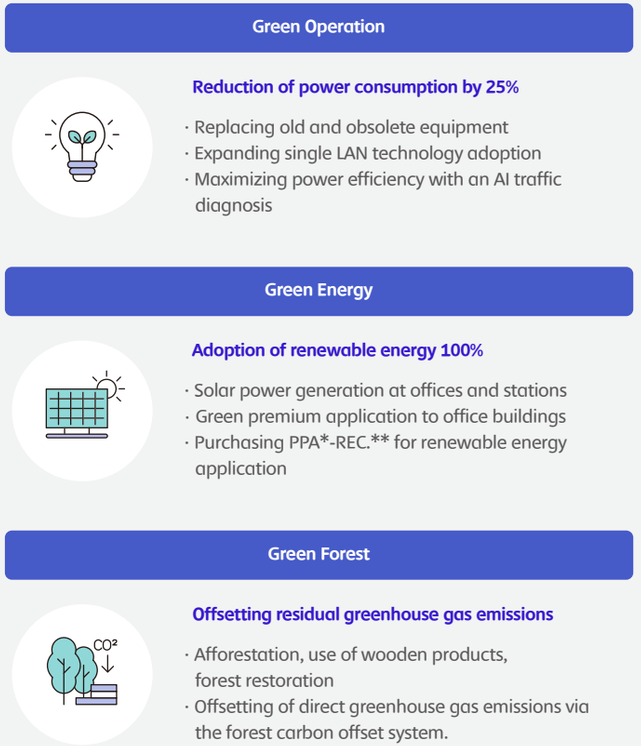
Green Energy

The Green Energy strategy aims to use 100% renewable energy by 2050 by introducing solar power generation facilities to office buildings and telecommunication stations and by securing renewable energy sources such as PPA and REC as much as possible. To implement this strategy, self-consumption solar power plants have been installed and utilized at idle sites such as office buildings, base station rooftops, and parking lots across the country. By the end of 2022, we had installed a total of 3.97MW of solar power generation facilities, generated 3,459MWh of power, and received a certificate of renewable energy use from the Korea Energy Agency. In February 2023, we also signed a green premium contract with the Korea Electric Power Corporation to procure 146.882 GWh(9% of the total expected power usage) of renewable energy per year. In the future, we will continue to monitor the policies and market conditions in order to successfully implement RE100 by combining various means of implementation, such as PPA and REC.

Green Forest

The Green Forest strategy ultimately aims to achieve Net Zero by absorbing residual greenhouse gas emission through forests despite the use of energy efficiency and renewable energy. To this end, SK Telecom is considering vegetation restoration, afforestation(new or reforestation), and the use of wooden products as major tasks. In 2022, we supplied three types of pet plants, Wilma, table palm, fishbone, and eco-friendly flowerpots jointly with Tree Planet, a social enterprise that aims to create forests, during the T membership 'T Day Week'(April 4-8). Tree Planet planted conifers and broad-leaf trees to help prevent forest fires on bald mountains in Hongcheon, Gangwon-do, using part of the profits from the sales of pet trees and external funding. At the same time, we are carrying out activities to protect forests by reducing the use of paper through the use of electronic billing rather than paper billing.

Three Green strategies for achieving Net Zero



* PPA(Power Purchase Agreement)
** REC(Renewable Energy Certificates)

Issue2.

Redefinition of Core Business through AI

IMPORTANCE

As the rapidly developing AI spreads throughout the industry and is applied to daily life, we are facing an era of great transformation in which AI leads the technology and market of the ICT industry. Starting with ChatGPT, various AI services, including conversational AI services, are being released one after another, while global cooperation between AI technology companies in all industries is also taking place. In the midst of these environmental changes, ICT companies are taking AI as an opportunity to take a new leap forward, transforming existing businesses into AI-based ones, and striving to stay ahead of the fierce competition.

APPROACH

With the goal of leaping ahead to become an AI Company that adds AI to its main business, communication-based connectivity technology, SK Telecom has set a direction to redefine its core business with AI, implement customer relationship innovation and space and time expansion through AI, and promote AI transformation with partners in various industries. Accordingly, we are restructuring our entire core business with AI, keeping in mind the innovation of our core business based on AI and the expansion of AI technology and services to the entire industry. The evolution of core businesses, such as MNO(fixed and mobile communications), media, and enterprise, through AI will establish a truly solid basis from which SK Telecom can grow into an AI company. Additionally, we plan to secure future growth engines by actively promoting the advancement of AIVERSE services such as A., ifland, and T Universe.

PERFORMANCE

Cumulative number of 5G subscribers

13.4 million

BTV Net Subscribers

1 st place

Percentage of time spent analyzing network quality saved with the AI solution A-STAR

81 %

New AI based service

A., Ifland, T Universe

* As of 2022

AI innovation of core businesses

SK Telecom is redefining its core businesses – including MNO(fixed and mobile communications), media, and enterprise – with AI as part of its strategy for becoming an AI company that benefits customers with innovative technologies and services. By accelerating the digital transformation of MNOs, we are laying solid foundations for transforming the overall customer experience from offline to online/mobile-centric and evolving into an 'AI MNO'. In the media, we are pursuing growth into an 'AI media player' that provides optimally customized contents to customers by applying AI to the entire media value chain. In the enterprise, we aim to become an 'AI enterprise' that supports the AI transformation of our customers, focusing on six major businesses: data centers, cloud, leased lines, IoT, AI solutions, and big data. Through AI innovation in core business areas like these, we will improve the company's growth and profitability and lead the transformation to a new era.

AI MNO

In an era when business boundaries are disappearing and the digital customer experience is the top priority, SK Telecom is promoting a completely new digital transformation of MNOs based on AI. To this end, we are applying AI to the entire process related to customers' use of fixed and mobile services in order to digitize the customer experience and to provide hyper-personalized services and digital-specific online benefits through data analysis.

In addition, we are actively looking for ways to increase sales, reduce costs, and improve work efficiency using AI. In the field of network infrastructure, by applying the quality management AI solution 'A-STAR' to base stations across the country, we were able to improve the quality of customer experience, while reducing costs and resources, such as reducing the time required for quality analysis by 81%, and significantly improving wireless quality cases by AI detecting abnormalities in the field and recommending action measures. In the field of marketing, we are expanding AI-based digital distribution channels that can sign up and renew services online and mobile in order to reduce distribution network-related costs, and we are further improving customer satisfaction by helping to make rather complicated fee selection, device change, and overall subscription contracts easier from the customer's point of view with AI. Starting with this, we will apply AI technology to all areas of MNO fields from network infrastructure to marketing, discover services, and lay the foundations for our evolution into an 'AI MNO'.

AI Media Player

In the media industry, major changes are taking place as AI is being applied to the entire value chain. SK Telecom, which has built up a strong media value chain with contents, PP, OTT, T-commerce, and advertising, is preparing new items such as AI TV, AI-commerce, and AI contents in a bid to lead these changes, while attempting an AI transformation across the customer experience and media value chain. In addition, we are also making efforts to create synergies by strengthening our content competencies early on, such as acquiring large-scale copyrights, and integrating media assets such as IPTV and T-commerce. Through these multifaceted efforts, we plan to evolve into an 'AI media player' that provides customized contents to each customer throughout the service.

Promotion of Full-fledged Growth of AI Services

SK Telecom is restructuring its core business to AI and promoting the full-scale growth of its AIVERSE service to lead the era of 'AI to Everywhere' that connects AI to every corner of the world. We have been accumulating capabilities by preparing AI technologies and services through the launch of AI speaker NUGU in 2016 and the development of our own large language model in 2019, and based on this, we launched AI service A. based on the Korean giant language model in 2022. In addition, through our own technology reinforcement and global cooperation, we are not only developing a new concept of super-large language models that combine knowledge and emotional domains, but also upgrading services by completely revamping UX and discovering AI tech-based services to expand users. With these multifaceted efforts, we will make it the No. 1 conversational AI service in the future. Ifland, a metaverse service introduced in 2021, has entered more than 40 countries around the world and is evolving into a 3D space-based social network service. We plan to develop into the world's best metaverse service by expanding globally and developing joint content with various partners, while continuously expanding social functions to introduce an economic system that is linked to the real economy.

Since its launch in 2021, subscription service T Universe has become a leading subscription service in Korea with a dramatic increase in subscribers and partners through the expansion of new products and the enhancement of customer experience. In the future, we will continue to grow into an AI subscription commerce platform that guides customers to optimal subscription products through data-based hyper-personalized marketing and provides growth opportunities based on subscription models to partners.

AI Enterprise

Based on digital infrastructure such as AI technology, 5G, and the IoT, SK Telecom has been providing excellent enterprise solutions that enhance the productivity and competitiveness of companies, such as data centers, cloud, and the AIoT. In response to the spread of AI throughout the industry, we intend to redefine our business as an AI enterprise that can support the AI transformation of our customers. To this end, we are promoting six core business strategies for fostering AI solutions and big data into substantial businesses, in addition to the existing data center, cloud, leased lines, and the IoT. We are accumulating differentiated capabilities with the increasing number of applications cases, such as increasing productivity by introducing voice-bots and chatbots to our counseling service at the call center based on the natural language processing and voice recognition technology of the AI service 'NUGU', and preventing safety accidents in the industry field by providing CCTVs that combine AI-based intelligent video analysis solutions. In the future, we plan to continue expanding the size and profits of the enterprise sector by actively promoting the growth of our six core AI-based businesses.

Issue3.

Privacy Protection

IMPORTANCE

As the industrial structure is changing rapidly due to the prolonged COVID-19 crisis, and the evolution of technologies including AI is accelerating, the scale and targets of cyber threats such as cyber-attacks and information leakages are increasing accordingly, and the methods of attack are also diversifying. ICT companies that use digital technology to generate economic value have an obligation to provide technologies, products and services that guarantee the rights of their customers and fulfill their responsibilities so that everyone can enjoy the benefits of digital technology and bring more beneficial results to society. In particular, for companies that collect large amounts of customer information, there is a growing demand to protect personal information from information breaches and cybercrimes.

APPROACH

To fulfill its corporate responsibility for personal information protection, SK Telecom has established a personal information protection management system that exceeds the level prescribed by law, and has stipulated that the entire process of collecting, utilizing, managing, and destroying personal information required for the provision of services is allowed only with the consent of the customer. In addition, we have established a dedicated organization to respond to cyber threats, and have carried out various customer protection activities by establishing strategies to preemptively respond to new threats, including social engineering crimes such as smishing, voice phishing, and ransomware, as well as traditional security areas such as hacking existing systems and responding to customer information leakage.

PERFORMANCE

Performance of voice fishing fraud prevention

KRW 185.6 billion

Number of diagnosis cases of customer information in distribution network in 2022

2,140 cases

Distribution network agency store personal information protection diagnosis total investigation

3,800 stores(approx.)

Weekly remote diagnosis of all personal information processing PCs

10,000 units(approx.)

* As of 2022

Personal information protection process

SK Telecom complies with all the personal information-related laws, including the Personal Information Protection Act, and discloses its Personal Information Handling Policy on its website to allow customers to access it easily at any time in conformance with the relevant laws. The personal information collected from our customers is used to provide them with SK Telecom's services and to carry out quality improvements. As such, we manage it safely by taking various technical and managerial protection measures beyond the level specified by the relevant laws.

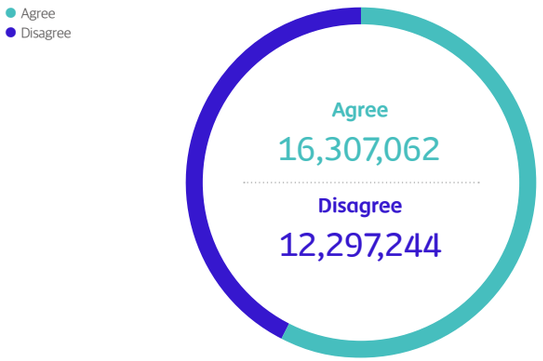
Personal information protection activities

- Continuous strengthening of information protection governance and control, such as strengthening integrated security control and response to new security threats, strengthening security simulation training and security level diagnosis, and the operation of the security council
- Continuous advancement of information protection and personal information protection management system through continuous information protection and personal information protection management system certification, examination, and cross-check activities by internal and external stakeholders, such as ISMS, ISMS-P and security inspection of major information and communication infrastructure
- Continuous reinforcement of information security change management and education for key officials and members, such as managing security change for leaders, expanding security training for developers and operators, and operating information security courses for affiliates' security capability building
- Strengthen the detection and related action in advance of information protection issues by enhancing remote diagnosis in consideration of the contactless environment
- Establish an environment that enables continuous personal information protection according to the enforcement of the three Data Bills, such as operating a pseudonymous and anonymous information management system and taking measures to ensure the safety of pseudonymous information
- Establish the related platforms and expand the posting of the relevant contents to guarantee the rights of information subject and improve the transparency of personal information processing
- Continuously improve security solutions to preemptively respond to intelligent and sophisticated security threats, strengthen investment and operation in order to preemptively respond to new security issues such as AI and public cloud
- Regular/irregular drill hacking through internal and external security experts to confirm the adequacy and effectiveness of the technical security management system, and operate a rapid patch/security system for identified vulnerabilities

Personal information collection

SK Telecom collects personal information only to the extent agreed by its customers according to the subscribers' prior consent(opt-in method) to provide services. In accordance with the laws and regulations related to personal information protection, we notify all subscribers of the items of personal information to be collected, the purpose of their collection and the retention period, and use the collected personal information only within the scope of the specified purpose. We immediately destroy all personal information for which the purpose of its collection has been achieved. Customer information may only be provided to a third-party organization only when the customers agree to such provision or when it is prescribed by separate laws; and when we entrust the processing of personal information to a third party, we disclose the details thereof through our personal information processing policy.

Consent to receive information and advertisements[1](As of December 31, 2022)(Unit: persons)



Agree	Disagree	Total
16,307,062	12,297,244	28,604,306

1) Based on mobile service currently in use/suspended

Guarantee of the user's right to self-control of personal information

SK Telecom updates its personal information processing policy on a regular basis, and informs users and their legal representatives of their rights related to personal information protection and how to exercise them. Users may inquire, modify, or delete their personal information at any time at the 'myT' page of the T-World website or via the 114 Customer Center, and may request to view it. In addition, unless there are special provisions in the law, users may request the suspension of processing of their personal information, and withdraw their consent to the collection and use of their personal information through such methods as 'termination of communication service use contract' or 'membership withdrawal'.

Contents of personal information protection notice

Customers may decide how their personal data are collected, used, retained and processed

- Opt-out option available
- Consent to Opt-in is required
- Request access to data held by the company
- Request data transmission to other service providers
- Request for data correction
- Request for data deletion

Properties of captured information

Use of collected information

Retention period of information kept in company files

Method of information protection

Third-party disclosure policy(private and public companies)

Response to cyber-threats to customers

We have established a dedicated organization to respond to the latest cyber-threats to customers who are using SK Telecom's services. We are establishing strategies to preemptively respond to new threats and carrying out customer protection activities by expanding from traditional security areas, such as hacking existing system and responding customer information leakage, to social engineering crimes such as smishing, voice phishing, and ransomware. In 2022, we also utilized various ICT technologies such as AI to effectively block voice phishing calls, the transmission of suspected crime numbers, text and voice spam, smishing text messages, etc., and achieved a strong performance in protecting customers' valuable property and information from cyber threats.

Strengthening personal information protection for children and youths

SK Telecom is making various efforts to ensure that children and teenagers can use its services safely and soundly. In accordance with the relevant laws, whenever consent is required for the collection and use of customer information from children under the age of 14, we obtain the consent of the child's legal representative. In addition, we respond immediately to every request from a legal representative to exercise the right to view, provide, and correct the customer information of children under their care.

Response to request from government agencies

SK Telecom provides the necessary data according to the statutory provision standards and methods when government agencies request data under the Telecommunications Business Act(Article 83) and the Protection of Communications Secrets Act(Article 13), and reports statistical data to the relevant ministry(in this case, the Ministry of Science and Technology Information and Communication) on a semi-annual basis every year. Such cooperation and reporting are conducted in accordance with the procedures and restrictions stipulated by the current law, but we further review whether there are any potential violations of users' rights and conduct internal due diligence to minimize human rights risks.

Strengthening privacy protection at partners

SK Telecom accurately diagnoses the risks faced by its partners at least once a year in order to protect customers' personal information and privacy and prevent information leakages. We conduct the related training to strengthen our target diagnosis based on data analysis; inspect and improve the customer information handling work system; and raise awareness of customer information protection. In addition, we conduct sampling diagnosis and in-depth diagnosis of customer information protection for all our partners, including the distribution network, in order to discover risks in blind spots and implement the necessary corrective measures. Since 2015, we have conducted a complete personal information protection diagnostics enumeration(Audit) of 3,800 distribution network agency stores and conducted remote diagnoses of all 20,000 of our personal-information-processing PCs on a weekly basis. In order to secure objectivity and independence, we have had 100% of our distribution network customer information audits conducted by third-party external organizations such as SK Shieldus, and have taken improvement measures for 164 risks identified by sampling diagnosis in 2022.

Sampling diagnosis of customer information protection level in the distribution network(2022)

	No. of diagnoses	No. of improvements and mitigation cases	Remarks
Diagnosis of distribution network customer information status[1]	2,140	164	Detecting blind spot risk in distribution network diagnosis and taking improvement measures

1) Regular diagnosis of sampling stores in each region after listing all offline distribution networks

In-depth diagnosis of customer information protection level in the distribution network

	Unit	2020	2021	2022
Rate of inspection to the entire distribution network	%	100	100	100
Cases requiring improved security measure	Case	108	66	164
Rate of corrective measures taken	%	100	100	100
Mitigation measures - Short-term measures taken	Case	108	66	164
Mitigation measures - Long-term measures taken	Case	0	0	0

Response to data requests from government agencies

	Unit	2020	2021	2022
Request for 'Communication Data'[2]	Case	298,818	288,527	294,484
Request for 'Communication verification data'[3]	Case	49,776	44,226	42,058

2) User's name, resident registration number, address, phone number, ID, subscription and cancellation dates. According to the Telecommunications Business Act, courts, prosecutors, and investigative agencies may request communication data if necessary for the purpose of criminal investigations, execution of sentences, trials, etc.
3) Counter party subscriber number and log records(date, time, etc.) are classified as 'communication verification data' under the Protection of Communications Secrets Act. An investigative agency may request them after receiving the official document (including the reason for the request, relevance to the subscriber, and the scope of the required data) and the court's permission

SUSTAINABILITY MANAGEMENT

- Environmental
- Social
- Governance

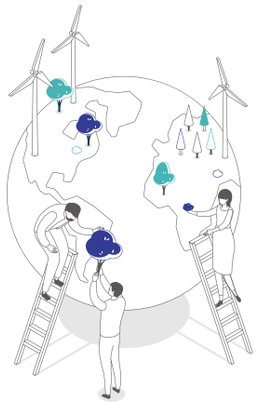
What is the impact of SK TELECOM on the sustainable future?

Sustainable management E.S.G

Environmental

• Environmental Management 51

Environmental Management



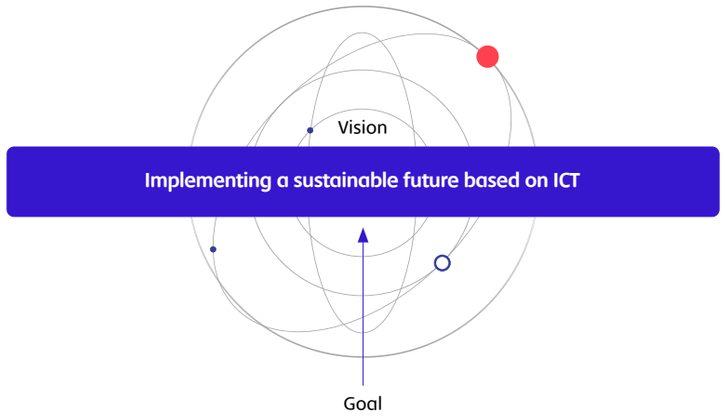
In order to respond to the serious climate crisis, SK Telecom has established a systematic environmental management strategy system that will achieve the goal of '2050 Net Zero'. Based on this, we identify and evaluate climate-change risks and opportunities, and establish and implement response strategies. We are also making a variety of efforts to preemptively respond to climate change, such as reducing greenhouse gas emissions, managing water resources and waste, reducing resource use, expanding the use of new and renewable energy, and eco-friendly social contribution activities, and are contributing to creating a sustainable future for the global environment.

Advancement of environmental management system and strategy

SK Telecom recognizes that environmental issues such as climate change are key issues of interest to major stakeholders such as customers and investors, and they are very important issues that determine corporate value. In particular, we are asked to respond specifically to the climate crisis from stakeholders including institutional investors. To meet these demands, our CEO announced the '2050 Net Zero' environmental management goal at the regular shareholders' meeting in 2022 and promised efforts to reduce carbon. Based on the newly established environmental management goals, we are making company-wide efforts to realize a green transition for the future. In particular, in order to raise internal and external stakeholders' awareness of environmental management policy and environmental impacts, we are informing our environmental management activities through our website or SNS.

In order to achieve the goal of '2050 Net Zero', we have established an environmental management strategy system with 'preemptive response to climate change', 'advancement of environmental management system', and 'creation of an eco-friendly green culture' as promotional tasks. In addition to responding to climate change by managing greenhouse gas emissions and reducing resources, we are actively responding to environmental regulations to realize a resource-circulating economy. While focusing on obtaining environmental management system certification and developing eco-friendly products and services, we introduced Net Zero related KPIs to managers of all related business areas, including CEO. We set KPIs for SV, including climate change, evaluate KPI performance, and provide financial compensation according to the performance to further enhance power of practice. We are also actively engaged in a variety of eco-friendly social contribution activities in which employees participate and strive to establish and spread 'green culture'.

Environmental management strategy system

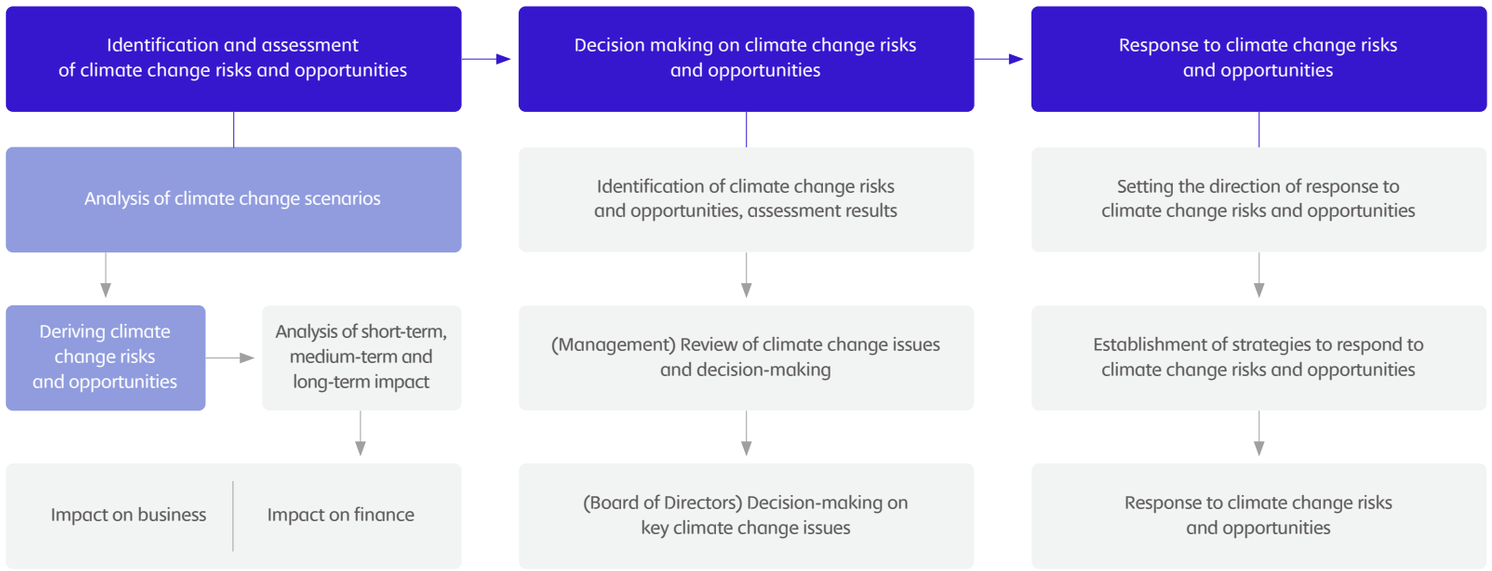


Response to climate change

Role of the board and management on climate change risks and opportunities

In 2021, SK Telecom established an ESG Committee by significantly expanding the function of the existing Corporate Citizenship Committee under the board of directors to strengthen ESG management. The ESG Committee is in charge of reviewing and deciding on key issues across ESG, including environment, society, customers, and information security. The ESG Committee makes the final decision on supervision of climate change risks and opportunities, including mid- to long-term response to climate change. In particular, the ESG Committee approves and evaluates ESG-related company-wide KPIs, including achievement of net zero goals. In the management, the CLO(Chief Legal Officer) manages overall issues affecting climate change and environmental management, and when major issues arise, CLO reports it to the CEO. CEO makes decisions on major issues, and for key issues reports them to the ESG Committee, the highest decision-making body, to support appropriate decision-making.

Response process to climate change



Analysis of climate change response scenarios

In order to more systematically respond to climate change, SK Telecom analyzed climate change response scenarios by separating transition risks and physical risks. The transition risk scenarios were analyzed by setting the Net Zero 2050 scenario of the International Energy Agency(IEA) as a standard scenario and analyzed as a customized scenario in accordance with changes in Korea's energy and greenhouse gas policies. The results of the analysis of scenarios call for a strong reduction target of 'carbon neutrality' by 2050. In response, SK Telecom set a goal for carbon neutrality by applying an internationally proven method to participate in carbon neutrality. In accordance with this decision, we joined the SBTi[1] in 2020 and set reduction targets based on the methodology and guidelines provided by the SBTi. As a result, in July 2022, we passed the mid-term greenhouse gas reduction target according to the SBTi standards for the 5th time in Korea.

For physical risks, we analyzed climate change scenarios based on the 2022 RCP scenario[2]. The RCP scenario analysis considered RCP4.5 and RCP8.5 and identified the impact of changes in the physical environment caused by RCP on products and services. We are also analyzing climate change scenarios based on the SSP scenario3) in 2023. For SSP scenarios to be analyzed, we are trying to reflect various social and economic changes with SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5.

1) A joint initiative of WWF, CDP, and UNGC to establish scientific measures to achieve the 1.5℃ reduction target and publicly declare action plans. Need to submit reduction goals and an achievement plan and to be approved within 24 months after submission of Commitment Letter
2) Climate change scenario that predicts greenhouse gas concentrations
3) Climate change scenario that reflects future social and economic changes

Climate change risks and opportunities

SK Telecom regularly monitors risks and opportunities for climate change. We classified climate change risks into transition risks and physical risks according to TCFD recommendations and analyzed them. For transition risks, we reviewed policy and law, technology, market, and reputation risks, and for physical risks, we reviewed various aspects such as acute and chronic risks. For climate change opportunities, we reviewed them in consideration of various aspects such as resource efficiency, energy sources, products and services, and markets. After that, we analyzed the identified climate change risks and opportunities for their impact on business and finance based on short-term, mid-term, and long-term[4] impacts. The impact on the business is related to SK Telecom's business operations, production activities including upstream and downstream production activities, business facilities, products and services, supply chain, value chain, R&D investments, business locations, adaptation, and mitigation activities. Additionally, the financial impact is being analyzed by considering the income statement and balance sheet. For income statement, we consider the revenue and cost aspects, and for the statement of financial position, we consider assets and liabilities, equity, and raising capital. The results analyzed through this are managed in connection with the company-wide risk management process[5], and the risk level is determined by the materiality evaluation process[6].

4) SK Telecom sets and manages the short term by setting it to 0-3 years, the mid-term to 3-10 years, and the long-term to over 10 years.
5) Can check through the 'Risk Management(OOOp)' section in the Annual Report
6) Can check through the 'Materiality Assessment(OOOp)' section in the Annual Report

Climate change risks

Type	Classification	Identified risks	Level of impact		
			Short-term	Mid-term	Long-term
Transition risks	Policy and laws	Increased cost due to increased CER price, introduction of carbon tax, etc.	○	◑	●
		Reinforcement of information disclosure obligations and fines in case of failing to comply	○	◑	●
		Cost incurred due to mandatory efficiency improvement for telecommunication infrastructure	○	◑	●
		Possible lawsuits due to non-response to greenhouse gas emissions and climate change	○	○	◑
	Technology	Customer defection to other companies' low-carbon products and services	○	○	◑
		Investment costs for developing low-carbon IoT products and services	○	◑	◑
	Market	Defection of new and existing customers due to lack of response to climate change	○	○	◑
		Declining operating profit due to rising electricity bills	◑	●	●
	Reputation	Shareholders' withdrawal of investment due to lack of response to climate change	○	◑	◑
		Decreased social awareness when responding passively to climate change	○	◑	◑
		Collective action may occur when responding passively to climate change	○	◑	◑
Physical risks	Acute	Damage to communication equipment and base stations due to extreme climatic events(heavy rain, landslides, heavy snow) related to precipitation(mid-term)	◑	●	●
		Damage to communication equipment and base stations due to temperature-related extreme climatic events(forest fire, heat wave, cold wave)(mid-term)	◑	●	●
	Chronic	Risk of loss of telecom facility assets or business disruption due to rising average temperature	○	◑	◑
		Risk of loss of telecom facility assets or business disruption due to sea level rise	○	○	◑

* ○: Low impact, ◑: Medium impact, ●: High impact

Climate change opportunities

Type	Identified opportunities	Level of impact		
		Short-term	Mid-term	Long-term
Resource efficiency	Increased profits due to improvements to efficient production and distribution processes	○	○	◑
	Reduction of waste disposal cost due to active recycling	○	○	◑
Energy source	Reduction of energy costs through procurement of low-carbon energy sources(reduced exposure to rising price)	○	◑	●
	Emission rights revenue growth through greenhouse gas reduction project	◑	●	●
Products and services	Increased sales of low-emission products and services: Increased demand for products and services with low greenhouse gas emissions	○	◑	◑
	Inflow of existing and new customers due to appropriate response to climate change	○	◑	◑
	Increased telecommunication-based alternative services such as long-distance video conference by reducing direct business trips to reduce carbon emissions	○	◑	●
	Increased sales due to increased needs for introducing solutions such as EMS(Energy Management System)	◑	◑	●
Market	Reduction of indirect operating expenses using incentives such as subsidies	○	◑	◑
	Opportunities to enter new markets for energy convergence through AI and renewable energy	◑	◑	●

* ○: Low impact, ◑: Medium impact, ●: High impact

Response to climate change risks and opportunities

As a result of SK Telecom's materiality assessment on risks and opportunities for climate change, the greenhouse gas emissions trading system, RE100, and achievement of Net Zero were selected as major risk factors among the transition risks. In addition, for physical risks, acute factors such as forest fires and landslides were derived as the main factors rather than chronic factors.

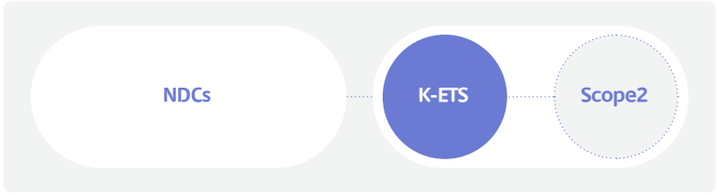
Response to transition risks

Greenhouse Gas Emissions Trading System

With the implementation of the government's National Greenhouse Gas Reduction Targets(NDCs) and the Greenhouse Gas Emissions Trading System(K-ETS), which includes indirect emissions(Scope 2) as a regulatory target, it is inevitable that companies will have an increased carbon cost burden. Since SK Telecom needs to build more communication infrastructure to maintain and improve the quality of its services, greenhouse gas emissions are bound to continue to rise. However, as the greenhouse gas regulation of K-ETS will be further strengthened following the increase in NDCs, our carbon cost will also increase further.

Therefore, SK Telecom is managing K-ETS by judging it as a major risk that can affect the company's operating profit decline. Under the emission trading system, if the greenhouse gas reduction goal is not achieved, a penalty is imposed on the amount of greenhouse gas emitted in excess, and the penalty is less than three times of the emission trading market. To achieve the goal, shortfall is covered by purchasing it in the emissions trading market, which increases the financial cost risk.

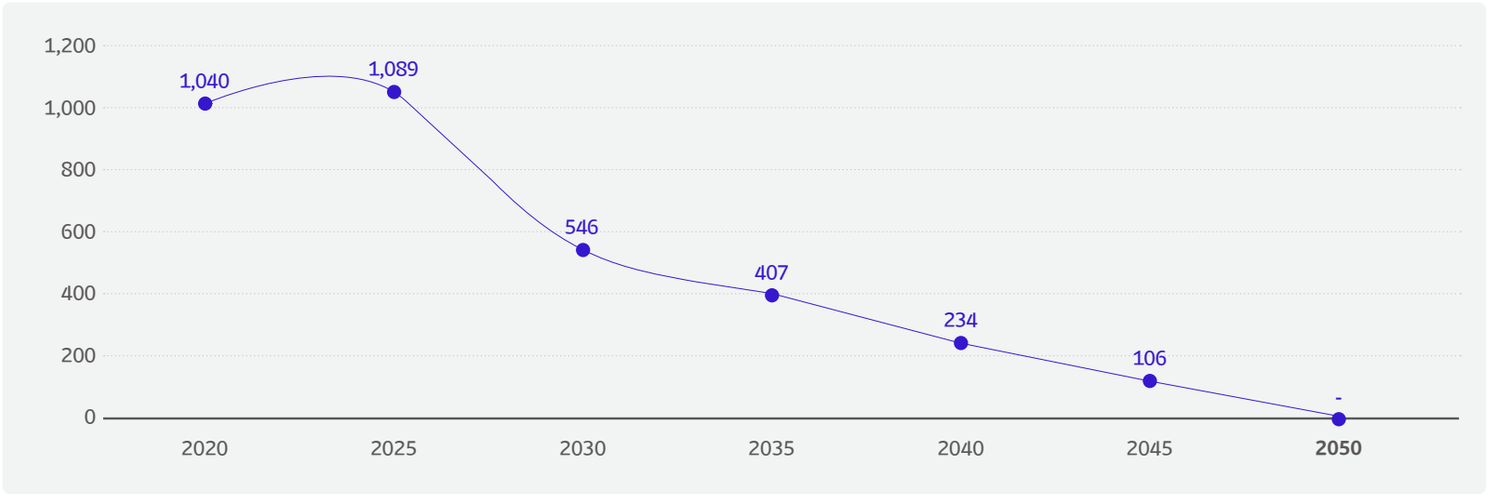
Financial cost risk



Implementation of RE100 and achievement of Net Zero goal

SK Telecom joined RE100(using renewable energy 100%) in 2020, and in 2021, it also submitted a RE100 implementation plan to achieve using renewable energy 65% by 2030 and 100% by 2050. However, due to the domestic renewable energy usage conditions, grid parity is not achieved, so additional costs are expected to be incurred because the unit price for purchasing renewable energy is high and renewable energy items that can be used are limited. SK Telecom, which has declared RE100 by 2050, recognizes this issue as a climate change risk corresponding to new regulations and plans to continue to manage it. In addition, SK Telecom is pursuing the realization of Net Zero to achieve the 1.5℃ target of the Paris Agreement. SK Telecom's 3 green strategies for Net Zero are not only important environmental goals for SK Telecom, but also important promises for the future. Starting with a 47.7% reduction in direct and indirect emissions(Scope 1+2) and a 22.3% reduction in other indirect emissions(Scope 3) in 2030 compared to 2020, we aim to finally achieve Net Zero by 2050. Since electricity consumption accounts for 99% of SK Telecom's total greenhouse gas emissions, achieving the RE100 goal is on the same path as approaching Net Zero. In the future, we will continue to faithfully implement our Net Zero goal based on the 3 green strategies.

Greenhouse gas emission path to achieve Net Zero(Unit: 1,000 tons CO_2e)



Response to physical risks

SK Telecom is the largest telecommunications service provider in Korea and has fixed and wireless telecommunications infrastructure installed across the country. Korea has many mountains and forests due to its geographic characteristics, and the temperature rises due to climate change, the air becomes drier, so the possibility of forest fires is increasing. Fires, including forest fires, can quickly affect communications equipment and pose a major threat to businesses. Likewise, as extreme climate change such as heat waves, heavy snowfall, and heavy rains intensifies, the climate-physical risks of communication infrastructure, a major business asset, are increasing.

In 2022, SK Telecom established the 'SKT Climate Change Physical Risk Map' and analyzed the impact of communication equipment by evaluating the physical risks of climate change, such as forest fires, landslides, heavy rain, heat waves, and heavy snow by 2030, 2040, and 2050 according to the RCP scenario. As a result, it is predicted that the frequency and intensity of extreme weather phenomena due to climate change are expected to increase, so economic losses caused by natural disasters are expected to increase significantly. Based on the evaluation results, we established Climate Change Adaptation Strategy to minimize economic losses caused by natural disasters to a mid-term(3-10 years) and are currently developing a long-term(more than 10 years) strategy.

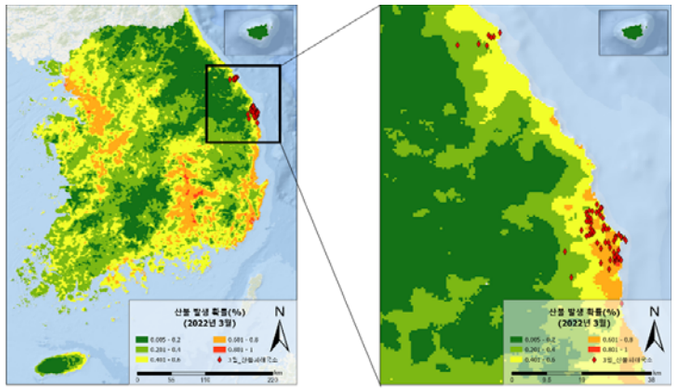
In 2023, according to the SSP scenario, we are conducting a new physical risk assessment of climate change by 2030, 2040, and 2050. The difference from the analysis in 2022 is that the size of the resolution of the existing analysis unit was 1 km in width and 1 km in length, it is elaborated to 100 m in width and 100 m in 2023. In addition, a physical risk assessment for each climatic factor reflecting the actual installation altitude of the equipment is also in progress.

Case

Climate change risk assessment for responding to communication infrastructure damage

SK Telecom has a system in place to prevent loss of communication facilities and equipment due to natural disasters and to quickly recover them after damage to stably operate the fixed and wireless communication infrastructure installed across the country. In 2022, in order to upgrade the current response system into a predictive response system that reflects the intensity and frequency of future extreme climates, we conducted a climate change risk assessment that comprehensively analyzes the impact of future climate change on communication infrastructure together with OJeong Resilience Institute in Korea University.

This evaluation, which was conducted for all communication equipment including base stations and repeaters located across the country, is meaningful in predicting the probability of abnormal climate occurrence by 2050 to respond to climate change beyond the level of normal natural disasters and analyzing the risk of damage to communication infrastructure in advance. For example, we compared the results of the forest fire risk assessment according to the RCP scenario with the areas where communication equipment was damaged due to the actual forest fire in 2022. As a result, it was confirmed that the areas with high risk of forest fire matched the areas where communication equipment was damaged by actual forest fires. Based on the results of the risk assessment, we established the 'SKT Climate Change Physical Risk Map' and a response strategy to prepare for climate change risks. In the future, we will continue to analyze and improve the climate impact on communications equipment to effectively respond to the climate change risks.



The decision making process for climate change risks and opportunities

SK Telecom recognizes climate change risks as very important risks, and a variety of climate change risks reviewed within the organization are prioritized along with other risks in the organization through the materiality assessment process. The materiality assessment process is conducted in the order of internal and external environment analysis, issue identification and pool formation, materiality test, and identification of key issues to be reported. In addition to this, as soon as climate-change risks and opportunities are discovered, they are immediately reported to the CLO, and considering the impact of these risks on the company and the results of materiality test, it is determined whether to set performance goals for the organization, monitor implementation and performance, and implement major action plans. For non-material issues, the CLO directly makes decisions, and material issues are frequently reported to the CEO. The CEO makes decisions on material issues, and frequently reports key issues among material issues to the board of directors and the ESG Committee for decision-making.

Decision making process for climate change risks and opportunities

Board of directors	ESG Committee	Decision making on climate change risks and opportunities of key issues	· Decision making on climate change risks and opportunities that have a serious impact on the SK Telecom
	Occasionally		
Top Management	CEO	Decision making on significant climate change risks and opportunities	· Decision making to respond to climate change risks and opportunities · Report to the ESG Committee for key issues that have a serious impact on business and finance
	Occasionally		
Management	CLO (Head of ESG)	Review climate change risks and opportunities and decision making	· If climate change risks and opportunities have a significant impact on the company, report to the CEO · If the impact of climate change risks and opportunities is not significant, make a decision on the direction of response
	Occasionally		
Working group	ESG Office	Identification and assessment of climate change risks and opportunities	· Monitoring climate change risks and opportunities · Analysis of the impact of the identified climate change risks and opportunities on the company(materiality assessment)

* Number of ESG committees held to monitor and supervise progress: 2 times in 2022
** ESG report to the management: once a month

Enterprise response process to climate-change risks and opportunities

Once decisions are made on identified climate change risks and opportunities, the relevant ESG Office set the direction of response. Once the response direction is set, a response strategy is established by considering the short-term, mid-term, and long-term aspects, and based on this, the necessary budget is secured by reflecting in the annual financial plan. In addition, when we need cooperation with the supply chain, we communicate with partners to determine and implement improvement measures, and we regularly monitor climate change issues and improvements through supply chain management. Climate change risks are included in the company-wide risk response system and managed in connection with the company-wide risk management process.

Indicators and goals related to climate change risks and opportunities

Representative indicator for assessing climate related risks and opportunities is a total greenhouse gas emissions(Scope 1 and 2) and other indirect emissions. Detailed information can be found in the 'Environmental Data' section. For environmental data, we manage greenhouse gas emission status, energy usage status, other indirect greenhouse gas emissions(Scope 3), renewable energy usage status, environmental cost, and purchase of emission rights.

Indicators and goals related to climate change risks and opportunities

	Unit	2020	2021	2022	Goal
Total greenhouse gas emissions	tCO_2e	1,039,979	1,051,380	1,101,340	1,132,090
Direct(Scope 1)		6,133	6,286	6,394	6,250
Indirect(Scope 2)		1,033,846	1,045,114	1,094,967	1,125,840
Other indirect emissions(Scope 3)		6,918,286	4,384,495	3,322,029	6,609,502
Ratio of using renewable energy	%	0.1	2.0	5.2	5.0

Calculation of greenhouse gas emissions

SK Telecom calculates greenhouse gas emissions from a total of 42 major workplaces based on the Emission Trading System Statement Preparation Management Guidelines. The scope of calculation includes all network emissions on a national network level, while greenhouse gas emissions from subsidiaries and supply chains are excluded. SK Telecom's total location based greenhouse gas emissions were 1,101,340 tCO_2e in 2022, an increase of 4.8% from the previous year. However, total market based greenhouse gas emissions reflecting green premium purchases(120.125 GWh) were 1,046,153 tCO_2e, an increase of only 1.5% from the previous year. Greenhouse gas intensity is calculated by dividing total greenhouse gas emissions by the company's sales on a separate basis.

Carbon neutrality

Reduction of greenhouse gas

2030

47.7% reduction (Compared to 2020)

2050

Achieve Net Zero

Renewable energy

Ratio of renewable energy use

2030

65%

2050

Achieve 100%

Efforts to reduce greenhouse gas

In order to reduce greenhouse gas emissions and energy consumption, SK Telecom is making various efforts, such as integrating network equipment, developing and introducing high-efficiency communication equipment, replacing old cooling equipment, and controlling cooling and heating in office buildings. In addition, we are actively participating in reducing greenhouse gas emissions, such as being recognized by the government for the methodology for greenhouse gas reduction technology in the telecommunications sector for the first time in Korea. Despite these efforts, however, greenhouse gas emissions are increasing year by year due to the nature of the industry, so SK Telecom is expanding its investments in a variety of reduction technologies such as improving energy efficiency and introducing renewable energy to reduce electricity use, which accounts for about 99% of emission. In line with the international community trend, we also joined RE100 for the first time in Korea, and we plan to convert 100% of our electricity use to renewable energy by 2050, while the implementation status is checked through the Carbon Disclosure Project(CDP) every year.

Securing domestic and overseas carbon credits

Since 2018, we have been distributing cookstoves to residents of underdeveloped countries in Southeast Asia, and in 2021, we were certified by the UNFCCC for 260,000 tons of carbon credits. In the future, the project will be carried out until 2030, and will additionally obtain a total of 2.39 million tons of carbon credits. In addition, a domestic greenhouse gas reduction registration demonstration project was carried out for 61 electric vehicles of SK Rent-a-Car in Jeju Island, and it was approved and registered as an external reduction project by the Ministry of Environment in December 2021. Based on this, we have submitted a reduction project plan to the government to expand to all electric vehicles in Korea that SK Rent-a-Car plans to introduce in the next 10 years. This project is an ICT technology based reduction project that quantifies the amount of greenhouse gas reduction compared to internal combustion engine vehicles in the same class by installing OBD(On-Board Diagnostics) that transmits total vehicle mileage and battery cumulative charging data to electric vehicles owned by SK Rent-a-Car, and using monitoring technology based on Cat.M1, SK Telecom's dedicated IoT communication network.

Other indirect greenhouse gas emissions(Scope 3)

Calculation of other indirect emissions is based on the other indirect emissions calculation standards of the GHG Protocol(corporate value chain accounting and reporting standards), and a total of 15 categories, including 8 upstream activities and 7 downstream activities presented in this standard are identified, of which emissions are reported in 9 relevant categories that can currently be estimated and assessed. SK Telecom's other indirect greenhouse gas emissions in 2022 were 3,322,029 tons, a reduction of 24.2% compared to 2021. This is the result of advancing calculation of emissions for purchased goods and services(category 1) and capital goods(category 2). In 2021, starting with the calculation of other indirect greenhouse gas emissions reflecting the actual energy use of 20 companies in investment(category 15), in 2022, we calculated other indirect greenhouse gas emissions based on the actual energy use of 28 companies in total, 7 companies in capital goods(category 1) and 21 companies in investment(category 15).

Other indirect greenhouse gas emissions(Scope 3)(Unit: tCO_2e)

	2021	2022	Goal in 2022
Total other indirect greenhouse gas emissions	4,384,495	3,322,029	6,609,502
1. Purchased goods and services	2,543,897	1,925,932	2,549,136
2. Capital goods	1,186,700	922,967	1,120,519
3. Fuel and energy use	455	471	739
5. Waste	461	218	600
6. Business trip	1,411	962	768
7. Commute	9,015	3,522	9,369
8. Leased property	13,058	12,979	13,480
14. Franchisee	81,013	54,095	74,271
15. Investment	548,485	400,883	2,840,620

Water resource and waste management

Energy consumption reduction

SK Telecom is practicing energy consumption reduction through various activities, including the expansion of renewable energy facilities, to build an ecosystem for the future energy industry. We calculate energy based on 42 major workplaces excluding subsidiaries and supply chains, which are managed through the Guidelines for Preparing and Managing Emissions Calculations of the Domestic Emission Trading System, and figures are compiled based on energy use statement provided by energy partners. Energy intensity is a value calculated through dividing total energy consumption by sales on a separate basis. We prepared energy saving results such as use of natural air conditioners and renewable energy generation were based on actual data and purchase results of renewable energy.

To reduce energy consumption, SK Telecom has conducted reduction of cooling energy consumption by removing heat generation from main equipment and auxiliary equipment, integration of network equipment such as base stations and repeaters, and replacement of old air conditioners. In addition, due to the nature of the industry, indirect energy consumption by power use accounts for 99% of the total, so we are making continuous efforts to improve energy efficiency. As part of this, we are strengthening the management of energy use in business facilities based on network structure innovation and network slimming and are promoting the increase in power generation at new and renewable energy facilities.

However, the telecommunications industry is a key industry that is the basis of economic development and a regulated industry that is directly and indirectly controlled by the government, so it is a structure that energy consumption is bound to increase continuously because services cannot be arbitrarily terminated, while network equipment is continuously increasing for stable communication network supply. In addition to this, as network equipment has recently been rapidly expanded to supply 5G, energy consumption has further increased. As a result, despite carrying out a variety of energy reduction activities, energy consumption in 2022 was increased by 4.7% compared to the previous year.

Expansion of renewable energy use

To use eco-friendly electrical energy, SK Telecom installs and utilizes self-consumption solar power plants on idle spaces such as office buildings, rooftops of base stations, and parking lots across the country. We installed solar power generation facilities with total capacity of 3.97MW in 63 places in 2021 and 102 places in 2022. We have generated 3,459MWh from solar facilities and received a confirmation of renewable energy use from the Korea Energy Agency. In February 2023, we signed a green premium contract with Korea Electric Power Corporation to procure 146.882GWh of renewable energy per year, following 44.6GWh in 2021 and 120.1Gwh in 2022. This accounts for 9% of total projected electricity use in 2023. Given the current lack of domestic renewable energy procurement policy support and immature market conditions, the green premium is considered the most cost-effective implementation method compared to other RE100 implementation methods such as PPA and REC in the short term. In the future, we plan to continue to monitor policies and market conditions and combine various implementation measures such as PPA and REC to successfully achieve the RE100 implementation declaration.

Solar equipment installation support for partners

The government is carrying out a solar power facility support project for business partners of the company that pay green premiums by utilizing green premium resources. SK Telecom is guiding its partners on such support projects and helping them to be selected for the support projects. In 2022, 4 suppliers applied for and were selected for project support with a total scale of 220KW, and each supplier installed and operated solar equipment at their own expense of only 30% of the facility investment cost. Those partners supported are expected to reduce electricity bills through self-generation and use of solar power and contribute to reducing greenhouse gas emissions.

Water use

Water usage of SK Telecom is calculated based on the water usage bills of 27 major workplaces(office buildings). This does not include data from subsidiaries and supply chain and calculates water intensity by dividing total water usage by sales on a separate basis. Annual water usage in 2022 was 640,831 m^3, up 5.9% from the previous year, as the number of people commuting to the office building increased due to the mitigation of COVID-19. As a result of many efforts to reduce water usage, such as adjusting the amount of water supply, drainage, and evaporation for the operation of the building's cooling tower water control and installing water-saving valves in toilets and showers, we could minimize the rate of increase.

Waste and recycling

SK Telecom continues to make efforts to reduce waste emissions, and since 2020, we have been conducting third-party verification on waste emissions. Waste disposal in 2022 was 1,229 tons, a decrease of about 29.4% compared to the previous year, and the waste recycling rate increased by 10.2%p to 34.1%. Total waste treated, which is waste disposal minus recycling, is 810 tons. Since our company disposes waste through standard plastic garbage bags, it is impossible to track the final waste disposal type. However, as for the amount of treatment by disposal method estimated through the waste statistics yearbook, waste landfilled is estimated to be 82 tons, waste incinerated is 166 tons, and waste treated with unknown disposal methods is estimated to be 562 tons. Waste disposal recorded a decrease through internal operational efficiency, but it was found that food waste was increased as the number of people commuting to office buildings increased as COVID-19 is stabilized. Waste disposal is based on 27 major workplaces(office buildings) and do not include data from subsidiaries and supply chain. Waste disposal intensity was calculated as total waste disposal divided by sales on a separate basis.

Reduction of resource use

Electronic billing and mobile membership operation

SK Telecom is practicing a variety of activities to reduce resource waste and carbon emissions in order to cope with the climate crisis. As part of this, we prevented leakage of personal information and reduced paper waste by using electronic billing instead of paper billing. Since the introduction of electronic billing through an app in 2010, the number of electronic billing users has been continuously increasing every year. In addition to this, we replaced the plastic cards issued to T membership customers completely with mobile eco-cards, reducing the use of plastic by more than 50 tons and reducing carbon emissions by about 123 tons per year. Customers who use the T Membership Mobile eco-cards are engaged in eco-friendly activities that reduce the use of plastic by about 4.88g per person and carbon emissions by about 12g.

This is the same effect as saving 4 sheets of A4 paper and is equivalent to the amount of carbon dioxide absorbed by 40 pine trees. Converting the positive impact on the environment by using mobile cards for all T membership members for a year, it is able to be converted into saving of 41 million sheets of A4 paper and absorb carbon dioxide by 409 million pine trees. The T membership mobile card issuance rate based on cumulative customers in 2022 is 72%, an increase of about 1%p from the previous year and is steadily increasing every year. In particular, the T-membership mobile card issuance rate based on new customers is 99% as of 2022, and through this, we can expect continuous carbon emission reduction effect

Reusable cup circulation system 'Happy Habit' project

SK Telecom, together with the social enterprise, Happy Connect, formed the 'ha:bit eco alliance' with the government, local governments, and businesses in 2020 to solve environmental problems caused by using disposable cups, and has been operating the ICT-based resuable cup circulation system, 'Happy Habit' project. Happy Habit is an eco-friendly platform project that creates a resource circulation ecosystem based on SK Telecom's ICT, from supply to rental, collection, cleaning, and resupply of reusable cups. We are providing convenient and efficient eco-friendly services by utilizing advanced ICT technologies such as business area selection and return machine installation location selection using big data analysis technology, and cup recognition using vision AI technology. In 2022, we saved 5.44 million disposable cups, and with more than 90 alliance member companies, we are steadily expanding our service areas across the country, including Jeju, Seoul, Incheon, Sejong, Gyeonggi, and Gangwon. In the future, we plan to encourage more consumers to participate in reducing the use of disposable products and building a sustainable environmental ecosystem by improving partner cooperation and participant benefits.

Number of disposable cups saved by Happy Habit(Unit: 10,000)

Mobile membership usage

	Unit	2018	2019	2020	2021	2022
Issuance rate of customer T-membership mobile card(new)	%	99	99	99	99	99
Issuance of T membership mobile card(new)	Case	1,932,624	1,874,621	1,499,922	1,063,984	870,201
Issuance of T membership plastic card(new)	Case	11,495	3,502	1,248	559	1,082
Issuance rate of customer T-membership mobile card(cumulative)	%	64	68	70	71	72
Issuance of T membership mobile card(cumulative)	Case	8,469,377	9,573,654	10,063,031	10,159,147	10,224,496
Issuance of T membership plastic card(cumulative)	Case	4,740,145	4,453,423	4,247,897	4,094,700	3,959,532

Conservation of biodiversity

Biodiversity conservation risk and opportunity management system

SK Telecom recognizes biodiversity conservation as an important risk. The various biodiversity conservation-related risks that are reviewed within the organization are integrated into the organization's other risk management processes and prioritized by the materiality assessment process. The materiality assessment process proceeds in the following order: internal and external environment analysis, issue identification and pool configuration, materiality assessment, and derivation of key reporting issues.

Also, SK Telecom immediately reports to CLO if biodiversity conservation risk and opportunity factors are discovered, and makes decisions about organizational performance goal setting, implementation and performance monitoring, and major action plan considering effect of biodiversity conservation risk and opportunity factors on our company and the results of materiality assessment. CLO makes own decisions for uncritical matters and reports to CEO for critical issues when necessary. CEO makes decisions about critical issues, and for key issues among critical issues, CEO reports to the board of directors and ESG Committee, requiring decision-making.

Biodiversity Conservation Policies

SK Telecom implements environmental policies according to the principle of investment and activities for conserving, restoring and increasing biodiversity(Net Positive Impact). For biodiversity conservation, SK Telecom has been participating in Korea business council for sustainable development(KBCSD) since 2007, and also in Business N Biodiversity Platform(BNBP), which was established in 2016 by KBCSD and Ministry of Environment. And we use ICT technology in policies for biodiversity conservation.

Forest Damage Prevention Policies

SK Telecom prepares forest damage prevention and forest expansion policies for mitigating climate change. Forest fire caused by climate change is a critical climate-related risk that can potentially occur among short, mid and long-term financial risks and a threat to biodiversity conservation at the same time. In particular, forest fire that broke out in Gangwon-do and Gyeongsang-do in 2019, 2021, and 2022 had a direct effect on the communications equipment of SK Telecom. As such, SK Telecom is establishing emergency network for forest fire early monitoring through the agreement with local governments and Korea Forest Service, and handset wireless repeating system as well with National Fire Agency(NFA) in preparation for a breakdown in communication caused by total loss of base station by fire.

In addition, SK Telecom also prepares new afforestation business. The big axis of major 3 green strategies for carbon neutrality in 2050 is 'Green Forest'. This is a strategy to promote afforestation business for offsetting residual GHG emission that can't be achieved through the energy efficiency improvement and the use of renewable energy. SK Telecom will offset GHG emission and promote forest conservation policies through Forest Carbon Offset Program.

Decision-making process on biodiversity conservation risks and opportunities

BOD	ESG Committee	Decision making on key issues of Biodiversity conservation risks and opportunities	· Decision making on biodiversity conservation risks and opportunities that affect SK Telecom seriously
Top Management	CEO	Decision-making on critical biodiversity conservation risks and opportunities	· Decision making for responding to biodiversity conservation risk and opportunity factors · Reporting key issues that have serious influence on business and finance to ESG Committee
Management	CLO (Head of ESG)	Review and decision-making on biodiversity conservation risks and opportunities	· Report to the CEO if biodiversity conservation risks and opportunity factors have a significant impact on SK Telecom · Decision-making for responding direction when biodiversity conservation risk and opportunity factors are not significant
Working Group	ESG Office	Identification and evaluation of biodiversity conservation risks and opportunities	· Monitoring of biodiversity conservation risk and opportunity factors · Analyze the impact of discovered biodiversity conservation risks and opportunities on SK Telecom(materiality assessment)

* ESG Report to the Management: Once a month

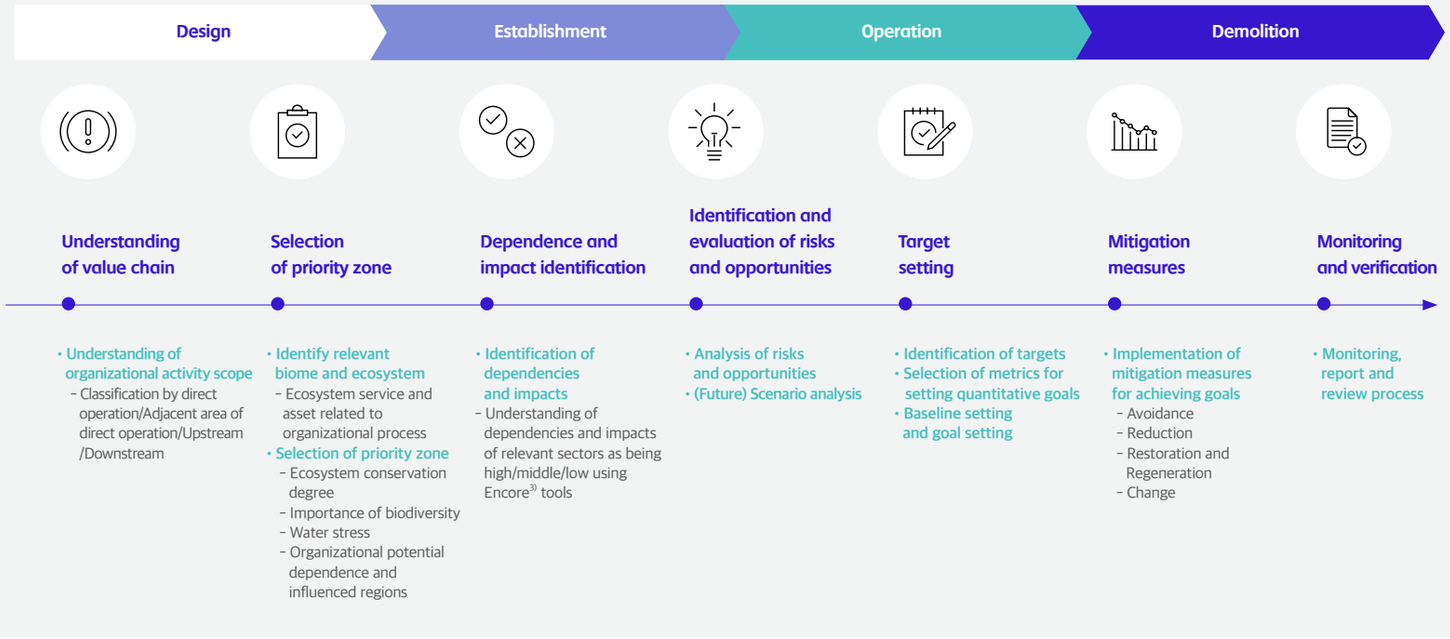
Biodiversity Conservation Risk Assessment Process

To provide communication services, SK Telecom builds and operates a network infrastructure in the following steps. And in this process, TNFD[1]'s LEAP Framework[2] is revised according to the circumstances of our company and applied for biodiversity conservation and forest damage prevention.

At the design stage, SK Telecom analyzes the value chain of the places where the company's infrastructure is installed and what activities are carried out in those places to preserve biodiversity and prevent deforestation. If our company's activities and the place where the infrastructure is installed are judged as critical and highly influential in terms of biodiversity conservation and forest damage prevention, mitigation methods for biodiversity conservation and forest damage prevention are examined and reflected, minimizing negative effect on customer service quality.

1) Taskforce on Nature-related Financial Disclosures: It is a global environmental council that participates in governments and institutions to prevent nature loss and restore ecosystems, and supports companies to disclose nature-related financial information
2) As the abbreviation of Locate, Evaluate, Assess, Prepare, it is an approach method of TNFD that calculates and evaluates nature-related financial information of each company
3) As the abbreviation of Exploring Nature Capital Opportunities, Risks and Exposure, it is a tool that helps understanding and visualization of influence level of natural environment changes occurred by corporate(by industrial field) economic activities

Biodiversity Conservation Risk Assessment Process



Example of biodiversity conservation risk evaluation(location, dependence, impact based evaluation)

SKT activities	Activity place (Administrative district)	Location evaluation		Regional characteristics /dependence/impact	Criticality and risk evaluation results	Mitigation measures
		Ecological landscape conservation area	Wildlife Sanctuary			
Provision of 5G service in Namsan Mountain, Seoul	Yejang-dong, Jung-gu, Seoul	O	X	Pine forest in Namsan Mountain where Mongolian oak cluster developed	High	Conservation area avoidance facility
Provision of 5G service in Donggang River area	Mitan-myeon, Pyeongchang-gun, Gangwon-do	O	X	Inhabitation of endangered species such as otters and musk deer	High	5G joint network
Old antenna replacement project	Nation wide	X	X	Waste generation from replaced antenna	Medium	Recycling of wastes
Enhancement of 5G quality at platform of City Hall Station of Seoul Metropolitan Subway	Seosomun-ro, Jung-gu, Seoul	X	X	Installation of equipment in urban facilities(No impact)	Low	-

Mitigation activities for biodiversity conservation

We review appropriate mitigation measures based on identified risks and materiality. If our base station needs to be located in an ecological or landscape conservation area, a wildlife sanctuary, a UNESCO World Heritage Site, we minimize the impact of our infrastructure in the area by avoiding and installing it in the surrounding area, or by installing the base station using existing facilities in the area.

In the process of construction and operation, we reviews and applies new techniques and materials to minimize the forest fire and damage in neighboring area caused by our infrastructure. For example, we apply flame retarding fire-resistant materials in base stations and facilities installed in mountainous area and install fire extinguishing systems. Also, we develop and applies construction methods to shift and install components exposed to outside into the inside of infrastructure. SK Telecom is also implementing the 5G joint network projects jointly with the three mobile carriers and the Ministry of Science and ICT. We contribute to biodiversity conservation and minimizing forest damage by reducing duplicated investment of mobile communication facilities and repeated construction/management in rural and mountain areas through the 5G joint network.

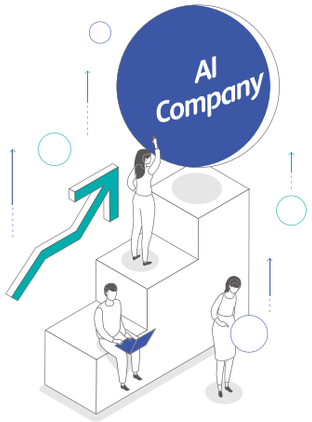
SK Telecom is also developing and applying the methods to raise recycling rate of resources even in demolition stage. For example, we produce camouflaged partitions by recycling waste antenna equipment of our company, and collect and repair waste cable drums to resupply to optic cable manufacturers for use. Through this, about 3.5 tons of plastic generated due to waste antenna and 4,130 waste cable drums(wooden drum with 51 kg average weight) were recycled.

Environmental spending and investment

Social

- Employees 64
- Occupational Safety and Health 69
- Human Rights Management 76
- Customers 79
- Cyber Security 84
- Supply Chain Management 86
- Social Contribution 93

Employees



SK Telecom believes that, in order to achieve our vision of an 'AI Company', the growth and happiness of our members must be the basis. In order to achieve the vision of the company and our members together, we have established and are operating a reasonable HR system and systematic human resource development strategy, from recruitment to training, performance evaluation and compensation. In addition, we are creating a happy workplace by continuously innovating the organizational culture so that employees can work healthily and safely in a work-life balance and pursue happiness.

Training direction linked to business strategy

SK Telecom has established and implemented training policies and directions in line with business strategies so that the human resources necessary for each business to produce practical results can be developed. In particular, we are pursuing the cultivation of the best human resources in the industry, focusing on AI/DT capabilities and service planning and development capabilities, which are the core to achieve the vision of 'AI Company'.

To this end, we are operating AI and DT basic competency program for all employees at all times, and continuously expanding the pool of AI experts in the company by supporting 'Digital Transformation Task' for each unit and establishing new 'Market Top AI Talent Development' program. We are gradually expanding project-based learning alongside lecture-type education so that these courses can directly help businesses and the fields. In addition, we are operating the 'Service Planning/Development Up-skilling Course' to help planners and developers develop the necessary capabilities in the entire process from planning to releasing AI services.

SK Telecom shares these employee development plans with the ESG Committee every year for decision-making. In addition, through the Culture Survey once a year(end of September every year), we comprehensively measure the satisfaction level with the development of members' competencies, such as 'satisfaction with career development and growth', 'members' own efforts to develop competencies', and 'support from leaders'. In this way, we actively reflect the opinions of members in reviewing and improving the performance of our competency improvement activity programs. (73.4 points in 2022, 71.7 points in 2021)

Leader-led unit organization development program

We operate a variety of leadership programs to make sure that leaders can take responsibility for developing members and carry out leader-led development activities considering the characteristics of the business and necessary competencies in the unit organizations. In addition, we provide excellent content that leaders must know in terms of fostering, such as fostering programs, motivation, and organizational management, through leadership content curation and leadership summits throughout the year.

Creating a culture of self-directed learning

We provide differentiated learning content curation services to our members every week through 'SAM(Smart Learning Assistant Manager)', an AI technology-based learning curator launched in 2021. In 2022, we launched a new personalized recommendation service for certificates and conference information.

Currently, about 1,200 employees(approximately 24%) are learning content recommended through SAM. In the future, we plan to gradually expand the number of users while evolving into a real-time interface agent(Learning Agent).
In addition, we support employees with common interests to voluntarily organize meetings so that mutual learning is possible through the study-mate program. In 2022, about 800 members(about 16%) voluntarily formed 103 study mate meetings and conducted learning activities on the subject. The satisfaction level of participating members is high(94%), and for the excellent activities, we introduce the case and promote at the company-wide level to allow it to spread within the organization.

Creating an ecosystem for developing ICT experts

In this way, SK Telecom plans to make sure that employees' self-directed learning, along with the programs provided by the company, become an axis for developing the competencies required by the company.

Employee training status

	Unit	2020	2021	2022
Investment in training per person	KRW Million	3.1	3.1	3.2
Average annual training hours per person	Hour	79	87	63
Number of training courses per year	Course	2,240	10,148	11,904
Number of participants in training courses per year	Person	129,657	499,001	590,969

* In 2020-2021, mandatory training was conducted for all members to obtain basic AI and DT capabilities, so that the average annual training time is high

SK Telecom is striving to create an ecosystem for developing ICT experts by improving our internal and external cooperation. As one of them, SK TECH SUMMIT, which has been conducted every year since 2017, has developed into a comprehensive technology exhibition representing the SK Group. The 2022 SK Tech Summit was attended by 9,961 members from 17 SK affiliates, providing a venue for gathering technological capabilities and creating synergy opportunities within the group. At the same time, we are continuously expanding capacity exchanges and cooperation with universities and companies that have unique AI capabilities. In addition, we developed an AI curriculum as an industry-academia cooperation program and provided it to 22 universities including Seoul National University, Yonsei University and Korea University, and in the AI Fellowship, 168 teams of excellent undergraduate(graduate) students applied for it, and 12 teams carried out AI projects. In this way, we at SK Telecom are fulfilling our corporate responsibility in terms of developing human resources needed at the national level, while at the same time solidifying the foundation for attracting excellent human resources to our company.

Support for retired employees

SK Telecom provides outplacement support programs and benefits such as special leave for retirement, telecommunications expenses, health checkups, and congratulations/condolences so that employees who are about to retire can systematically plan a new life after retirement. A relocation support program in which the company covers the expenses is conducted in cooperation with three specialized educational institutions in related fields. Through 1:1 customized consulting such as self-diagnosis, career planning, financial planning, and life counseling, as well as courses such as re-employment/start-up related education, re-employment/start-up placement, and post-career management, we help them successfully change jobs by presenting specific implementation plans. In addition, we operate a paid Next Career leave system for long-term workers who have worked for more than 25 years or workers aged 50 or older to help them prepare for a new career in their spare time. For those on leave of Next Career, we provide the same outplacement support program that is provided to those who are scheduled to retire.

Overview of SAM service

Service direction

- AI-based service that periodically recommends personalized learning content and continuously evolves
- Service that creates a self-directed learning environment and learning culture for members
- Supporting and express interest in the growth of members through personalized interaction

※ In the long term, evolving into an 'AI Learning Agent' that comprehensively supports the learning and growth of our members

Providing customized curation

- Continuing to recommend a 'carefully selected content' suitable for the 'interests' of the members
- Inducing continuous performance improvement of recommendation algorithm through 'Training' function

Forming learning habit

- Supporting the formation of voluntary and healthy learning habits with customized learning recommendations based on TPO (Time, Place, Occasion) of own choice
- Soft encouragement(periodic mailing) and sharing for learning through characters

Providing 'work' related curation

- Curation occurs according to major events occurring in the work environment of members
- ① Company join, ② Promotion(new team leader), ③ Transfer

Support program for retired employees

Outplacement support program
Support up to KRW 3 million per person

Special leave for retirement
1 month paid leave available from 3 months prior to the date of retirement

Retirement Ceremony
Operation of retirement ceremony at the office/group/center unit, provision of merit plaque in the name of the CEO

Communication expenses
Support for mobile phone bills for 3 years

Health checkup
Available at the same checkup agency as the current employee at an agreed price for 3 years

Congratulations and condolences
Support for congratulatory and condolence items with the same standard as SKT employees for 3 years

Anti-discrimination and respect for diversity

Anti-discrimination

SK Telecom prohibits discrimination on the grounds of personal conditions that are not necessary for performance of duties in recruiting members, and even when providing promotion, compensation, and training to all members, we provide all members with fair and unbiased opportunities without discrimination for reasons other than individual capabilities and objective performance. In addition, we have been operating 'Happy Hanool', a subsidiary-type standard workplace for the disabled since 2019 to expand jobs where people with disabilities can work happily. In recognition of our steady efforts to create an organizational culture without discrimination, we were awarded the 'Presidential Award for Family-Friendly Certification' in 2018 and selected as 'the Best Employer of Korea' in 2021.

Maternity and parental leave

SK Telecom is actively implementing support policies to reduce the burden of childbirth and childcare for our members. We have established an institutional basis for work-family balance by operating a system that allows both male and female members to take parental leave for up to two years. In addition, we are operating a reduced time work system for the entire period of pregnancy and a vacation and leave system(fetal examination leave, maternity leave, care leave for children schooling, parental leave, etc.) that can be used during important times such as childbirth and childcare. In addition, we are implementing a variety of programs to help with raising children, including the implementation of a flexible work system, operation of an in-house daycare center and maternity care room, support for congratulations on childbirth, school expenses for children, and support for children's camps.

Respect for diversity

SK Telecom is actively recruiting female employees with a goal of respecting the diversity of our members and enabling women to participate more widely in society. The proportion of female members in 2022 recorded 20.5%, an increase of 0.2%p compared to 20.3% in 2021, and the proportion of female managers was increased to 9.8%, an increase of 1.3%p compared to 8.5% in 2021. In particular, in the case of entry-level and experienced recruitment, the proportion of female is high at 51.1%. In addition, we spare no efforts to procure female leaders through the expansion of female role models and systematic leadership training.

Fair Performance Evaluation

We conduct performance evaluation based on fair procedures every year to check the performance and skill level of our members. The performance appraisal of SK Telecom avoids internal competition and encourages sharing and collaboration through individual absolute evaluation and conduct 360° multidimensional performance appraisal that actively reflects the opinions of not only leaders but also colleagues in the entire appraisal process to enhance transparency and fairness. In addition, we register the work of members as individual KPI in connection with the KPI of the company and organization and conduct ongoing agile conversation review to achieve the registered KPI with the leader at all times by utilizing the performance management system. Evaluation results are to be finalized after sufficient conversation and discussion through human resource review sessions for each organization, and compensation, promotion, and selection of key talents are carried out based on the finalized performance evaluation results. In 2022, 99% of all members received performance appraisal according to SK Telecom's performance evaluation system(excluding employees on leave of absence and dispatched workers).

Ratio of employees' performance evaluation(Unit: %)

Employee Shareholding Program

We are implementing a program that allows members, who are the executive body of Financial Story, to voluntarily participate in enhancing the corporate value by selecting incentives as treasury stocks. Members of SK Telecom can participate in

corporate value enhancement activities as shareholders by selecting the number of stocks received within the scale of their incentives. Since the system was established in early 2021, about 40% of our total members have been continuously participating. Participating members are expected to share the results of the long-term growth of the company as shareholders as well as members.

Employee Engagement

SK Telecom conducts an employee engagement survey once a year(at the end of September every year) to measure 'sense of belonging as a member', 'pursuit of happiness through work', and 'pursuit of happiness of stakeholders', and derive the results with scores for the survey items. We have promoted various activities so that employees can work with motivation and satisfaction without stress and spread positive perceptions internally and externally, and we continue to innovate the overall corporate culture so that they can pursue happiness through this. As a result, employee engagement is high at 86 points. The employee engagement survey was conducted on all members in 2022, and 82% of the members responded to the survey.

Employee Engagement(Unit: Points)

Work system

DYWT optional work system

SK Telecom has been implementing the 'DYWT(Design Your Work & Time)' work system since April 2018 after reviewing the introduction of the optional work system, which is one of the flexible work systems. DYWT is a system that allows employees to freely plan their daily work schedule, such as start and end hours, within the prescribed working hours of 160 hours per 4 weeks. As employees have the autonomy to choose their working hours on weekdays in consideration of personal schedules, we have obtained positive effects such as improved work satisfaction and engagement, and reduced working hours.

Happy Friday system

SK Telecom has been operating the 'Happy Friday' system so that employees can choose one day among working days to recharge themselves or spend time with their families. Since June 2022, as part of our culture innovation for working, we have expanded the Happy Friday that took Friday off once a month after working more than 80 hours for two weeks to twice a month and introduced a new 4-day work week for every other week. Basically, employees can take a day off on Fridays every other week, but we set and operate a flexible schedule according to the monthly holiday schedule to further increase member satisfaction. Members set up work plans considering this and freely use the secured time according to their personal preferences.

Work from Anywhere system

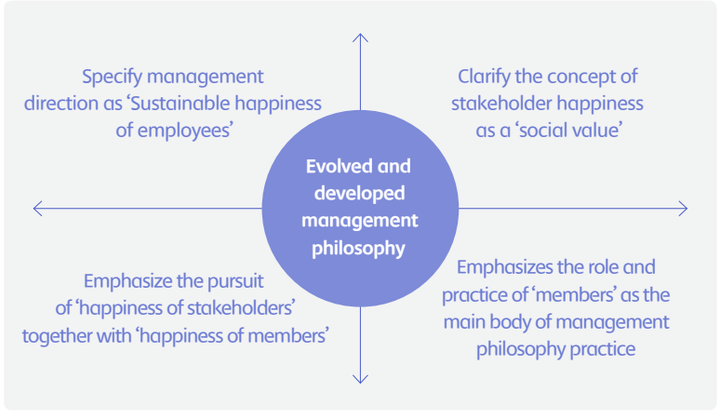
SK Telecom is implementing the 'WfA(Work from Anywhere)' system so that members can work freely in various workplaces. We are striving to create a seamless WfA environment by establishing a cloud work system, activating non-face-to-face work tools, and distributing WfA guides. In the past COVID-19 situation, we preemptively implemented transition of all members to work from home based on the WfA system and digital work infrastructure. Through this, as of 2022, about 42% of total working hours were done from home, while protecting the health of members and the safety of their families. In addition, since 2022, we have been operating 'Sphere', a base office so that employees can immerse themselves in their work in an office space adjacent to their residence in addition to the main office(including telecommuting). In Sphere, we have provided a variety of spaces such as one-person conference room(Pod), multi-person conference room(Room), cafeteria, etc. so that members can connect and collaborate with fellow members at any time, and we have improved convenience with a variety of IT solutions, such as application-based seat reservations, iDesk, which enables work just with face recognition without a laptop, and Sphere View which provides real-time integrated analysis of space information(number of occupants, air quality, etc.). As of 2023, we operate Sphere at four branches(Sindorim, Ilsan, Bundang, Walkerhill), and support it so that many members are using it to increase work efficiency and generate results.

Creating a happy organizational culture

SK Telecom has promoted systematic changes with three organizational culture goals: 'communication and participation', 'horizontal relationship', and 'sharing and collaboration'. In order to shift from vertical communication to interactive communication, we regularly hold town hall meetings, share key management issues, and collect opinions from members. In addition, since 2018, we have called all employees, including executives, as 'nim' regardless of position and we have strived to spread a flexible organizational culture by unifying the executive rank system for vice presidents, senior executive directors, and executive directors.

In addition, we have been operating the 'Corporate Culture Opener' since 2018 for free communication between the company and our members. The Corporate Culture Opener is operated by dividing it into 'Sharing Saida' that shares information according to the purpose, 'Happy Participation Saida' that can freely suggest opinions anonymously, and 'Zero Saida' that relieves the inconvenience in company life. The Corporate Culture Opener contributes to horizontal information sharing and free communication between the company and our members based on the principle of transparent disclosure of the communication process and strict guarantee of anonymity.

In addition, we are implementing an internal scouting system(CDC, Career Development Challenge) so that members can challenge themselves to what they want to do according to their expertise, capabilities, and career vision. Additionally, we are operating 'Sphere', a hub-type work space where various members of different organizations can communicate, collaborate, and immerse themselves in their work, both separately and together.



Redefinition of SUPEX COMPANY

Expanding goals of the SUPEX Company and our work as management directions change to the 'happiness of employees'

Three duties of Supex Company

Creating economic value | Creating social value | Creating our happiness

Employee happiness promotion program

To promote data-based happiness, SK Telecom operates the 'IM HAPPY Platform' where members can voluntarily record happiness data and improve happiness factors. In the IM HAPPY app, members can record their feelings, situations, and happiness levels throughout their company and personal life. Through the personalized happiness report provided monthly, members can check the analysis results of their accumulated happiness data, and can select and use the reward program they need by using the mileage 'Happy Nut' provided when recording a happiness card. In addition, through 'RU HAPPY' in the form of a quick and casual survey, we listen to the opinions of our members on various topics within the company and form a consensus between the company and its members. Also, we are implementing 'Happy Friday', where all employees have time to recharge together twice a month through self-directed work planning and immersion, and we are striving to improve work-life balance satisfaction and work efficiency.

Occupational Safety and Health

SK Telecom has established and has been operating a global-level safety and health management system to protect the lives and safety of our employees and partners with the goal of 'Zero' serious accident. We contribute to the reduction of industrial accidents by preemptively identifying harmful and risk factors in the workplaces and prevent possible accidents and enhance safety awareness through the completion of safety training for all members every year. We conduct annual health checkups and vaccinations for members and their families, and support various programs for mental health.

Safety and health management system

SK Telecom clearly recognizes that protecting the lives and safety of customers, citizens, members, and workers is a top priority value and a basic principle of action and operates a systematic safety and health management system. In particular, in order to comply with our company's safety and health obligations required by the Serious Accident Punishment Act, which was implemented from 2022, and to prevent major accidents, we established and implemented a new safety and health management system by reflecting the 15 items stipulated in the Enforcement Decree of the Serious Accident Punishment Act. Along with this, we have established safety and health management policies with the goal of 'Zero' serious accident and communicate and share our will to manage safety and health with our members and stakeholders. In addition, with the organization dedicated to safety and health as a main axis, we are actively implementing safety accident prevention activities, such as establishing annual safety and health plans, inspecting and improving harmful and risk factors, establishing a process to respond to serious accidents, and preparing and improving procedures for listening to workers' opinions.

Safety and health management system

Enforcement Decree of the Serious Accident Punishment Act	SKT safety and health management system		
'Measures on the establishment and enforcement of a safety and health management system' 9 provisions in Article 4 1 Provision in Article 10	Mgmt. Infra	**Safety and health management policies and rules** ① Establishment and dissemination of safety and health management policies(Article 4, No.1)	**Health and safety organization, human resources, budget** ② Establishment of an organization dedicated to safety and health (Article 4, No.2) ③ Plan and execution of safety and health budget(Article 4, No.4) ④ Appointment and empowerment of safety and health management officer(Article 4, No.5) ⑤ Professional staffing(Article 4, No.6)
	Severe accident prevention activities	**Improve workers' safety and health mindset** ⑥ Inspection of safety and health training implementation (Article 5, Paragraph 2, No.3) ⑦ Preparation of measures for non-fulfilment of training (Article 5, Paragraph 2, No.4)	**Listen to workers' opinions** ⑧ Process for listening to workers' opinions and improvement (Article 4, No.7)
		Inspection and improvement of harmful and risk factors ⑨ Identification and improvement of harmful and risk factors(Article 4, No.3) ⑩ Measures for public facilities(Article 10)	**Improving the safety and health level of related contractors** ⑪ Improving evaluation standards and procedures for qualified contractors (Article 4, No.9)
'Measures required to fulfill obligations under safety and health related laws and regulations' 4 provisions in Article 5 1 Provision in Article 13	Compliance inspection and risk Mgmt.	**Compliance inspection and record keeping** ⑫ Inspection of compliance with relevant laws and regulations(Article 5, Paragraph 2, No.1) ⑬ Preparation of measures on non-compliance of obligations(Article 5, Paragraph 2, No.2) ⑭ Retention of documents on compliance(Article 13)	**Serious accident response system** ⑮ Establishment of a serious accident process(Article 4, No.8)

Health and safety management policy

SK Telecom continues to declare our commitment to safety and health management internally and externally, and take the initiative to do so, and make company-wide efforts to protect the lives and safety of customers, citizens, members, and workers in all of our products, services, and activities. We stipulated the safety and health management policy consisting of 'goal of zero serious accident and 5 action plans', and jointly signed the management policy with labor and management to pledge to practice as the main body of safety and health. In addition, in order to enhance execution power, we reflected safety and health management goals in the KPI of the management of our company and ICT family companies and made the detailed implementation guidelines for the safety and health management system a company rule, expressing the will to obtain the highest level of safety and health.

Health and safety management policy

Health and safety management policy

SK Telecom Co., Ltd.(hereinafter referred to as the 'Company') recognizes that protecting the lives and safety of customers, citizens, members[1], and workers[2] is a top priority, and labor and management shall cooperate together to faithfully implement the safety and health management system and continuous accident prevention activities, and must implement the following.

1. The Company management shall continuously expresses our commitment to safety and health management, and labor and management faithfully implement it together.
2. The company shall establish management standards by reflecting the requirements of safety and health-related laws and regulations in the safety and health management system, and fulfill its responsibilities and obligations in management activities.
3. The company shall identify harmful and dangerous factors in its products, facilities, and services, make continuous improvement efforts according to priorities, and do its best to provide necessary resources in a timely manner.
4. The company shall actively guarantee and create an environment for communication, voluntary consultation, and participation with stakeholders in order to maintain and promote the safety and health of stakeholders, such as customers, citizens, members, and workers, and to prevent accidents.
5. The company shall provide continuous education and training and learning considering the eye level of its members and workers to enhance safety awareness and create an organizational culture in which safety is internalized.

Based on this safety and health management policy, the company shall secure the safety and health of stakeholders such as customers, citizens, members, and workers, and achieve the goal of zero serious incidents through mutual participation and cooperation between labor and management.

March 20, 2023

Jeon Hwanhee, Labor Union Chairman

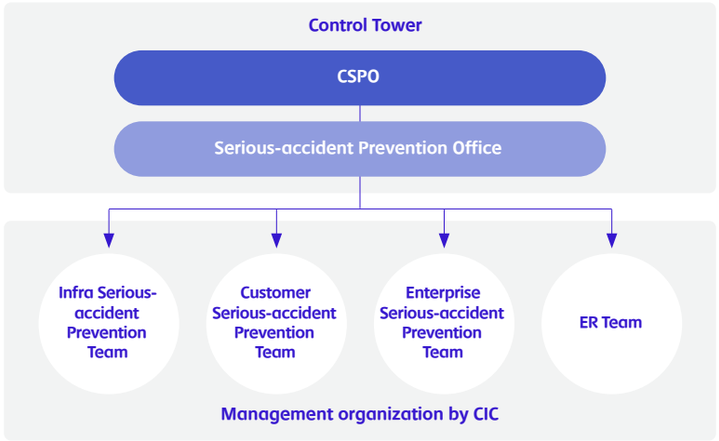
Kang Jongryeol, CSPO

1) Members: Permanent and temporary employees of SK Telecom
2) Workers: Workers at SK affiliates/business partner that have concluded contracts with SK Telecom, such as subcontracting, service, and consignment

Safety and health organization

In order to fulfill our obligation to ensure safety and health and promote more systematic serious accident prevention activities, SK Telecom appointed a Chief Serious Accident Prevention Officer(CSPO) and established organizations dedicated to safety and health to support organic and efficient implementation of safety and health management. The CSPO is an executive director, and discusses important issues related to safety and health at the board of directors. The organizations dedicated to safety and health are composed of our company-wide control tower and management organizations for each CIC, based on which we are strengthening the safety and health execution capabilities.

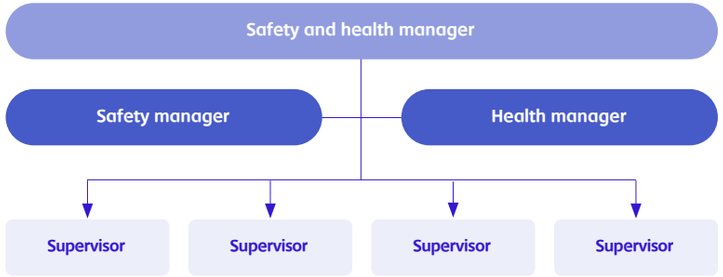
Organization chart dedicated to safety and health



Workplace safety and health management

In accordance with the Occupational Safety and Health Act, all of SK Telecom's workplaces are operating a separate safety and health management system considering the size and work characteristics of each workplace. The safety and health management system at each workplace has a safety manager and health manager, who are specialized in safety and health, under the management and supervision of the safety and health manager. In addition, each leader of the on-site department is designated as a supervisor to ensure on-site safety management.

Workplace Safety and Health Management System



Safety and working hours of network operators

SK Telecom manages human rights risks for workers, such as safety accidents that may occur in network construction and operation, such as computer work for communication network maintenance and physical maintenance, and working hours. SKons, a subsidiary in charge of operating mobile communication ICT infrastructure, is actively responding to these human rights risks by establishing a company-wide safety and health management system with the goal of 'zero serious industrial accident'. For the safety of network operators, the company enhances safety with preemptive and preventive safety activities, such as acquisition of occupational health and safety management system(ISO 45001) certification, operation of company-wide safety management committee, implementation of on-site safety day, etc. and enhances workers' safety awareness. Also, we are also focusing on preemptively discovering and improving internal and external safety risks by processing works based on the safety and health management system, internalizing safety capabilities, and improving the safety and health system for subcontracting projects. In addition, we are taking the lead in establishing a safety-first culture by producing safety videos

with members and their families together, issuing letters on essential safety requirement, and activating employees' right to suspend unsafe works.

In addition, for the work-life balance and a safe working environment of employees, we have implemented an overtime work management dashboard in detail on the internal website to ensure that leaders and members comply each other's statutory working hours. In this way, we were able to further improve the attendance management system, which enables monthly, yearly, quarterly, and organizational overtime and yearly trend analysis. In addition, prior permission is required from the head of the relevant department when working on holidays or night shifts, and when an individual member's standard(3.5 hours per week) extended working hours are exceeded, we send an SMS to both the leader and members at the same time to raise awareness and to make it possible to prevent the concentration of work on a specific member. Thanks to such efforts to innovate the way workers work in the field, the number of working hours per person in 2022 is gradually decreasing, recording 43.4 hours per week, down 0.5 hours from the previous year. In the future, we plan to further improve on-site efficiency by concentrating on AI/DT-based work processing measures, improving the work environment, and creating a horizontal organizational culture.

Service counselor protection

Service counselors are constantly exposed to the risk of emotional labor in the process of conducting customer consultations. In order to manage the protection and treatment of customer service counselors, SK Telecom has established a counselor protection system together with our customer service subsidiaries. By implementing a member protection program, we institutionalize understanding(warning), early termination of counseling, and connection to superiors in cases where counselors are exposed to unfair languages and behaviors or unreasonable demands. In addition, we're also operating the 'Mind Care' program, a pre- and post-management program, to examines job stress through mental health check-up at least once a year, and focus on managing stress with 100% mitigation for high-risk groups as the goal of SUPEX. From April 2018, all counselling except for emergency counselling such as loss and acquisition has been suspended during lunchtime(1 hour) to guarantee break time for counselors. Group counseling in the Mind Care program was on the decline due to environmental changes such as banning gathering and work from home due to COVID-19, but has been on the rise again since 2022. In addition, since October 2020, mental health diagnosis and counseling through video conferencing have been activated and operated, and in addition to individual and group counseling, psychological support services and healing and education programs that provide psychological advice using video or phone are additionally conducted. In order to evaluate the appropriateness and effectiveness of these mitigation and improvement measures, we have conducted an annual psychological satisfaction survey for members who participated in the mental health diagnosis program, and based on the psychological satisfaction evaluation results, we have checked whether additional mitigation and improvement measures are required. As a result, the counselors were able to provide excellent service, and in 2022, we were selected as the 'Excellent Call Center in Korea' for a total of 18 times, 10 consecutive years in the KSQI-Call Center(Korean Service Quality Index-Call) category survey organized by the Korea Management Association Consulting(KMAC).

Safety culture creation activities

SK Telecom requires all employees to complete safety training every year to prevent accidents that may occur at workplaces and to enhance safety awareness. In addition, we closely monitor the current status of safety training for our partners and, upon request, provide training materials and places to realize safety-first management.

Safety training status

	Training content	Training hours
Regular safety training	Occupational safety and accident prevention, etc.	Office workers 3 hours/quarter, Field workers 6 hours/quarter
Safety training when recruited	Occupational Safety and Health Act, general safety management, etc.	8 hours when recruited
Supervisor training	Harm and risk of work process, accident prevention measures, etc.	16 hours/year
On-the-job training	OJT for chief safety and health managers	6 hours/2 years
	OJT for safety and health officer job training	Initially 34 hours, 24 hours /2 years afterwards

Case

First aid and CPR practice training for members' safety

For the health and safety of our members, SK Telecom has conducted first aid and CPR training to our members for four months from April 2022. A total of 30 training sessions, which were prepared in cooperation with labor and management were conducted, were conducted at workplaces across the country, and about 700 members participated. Members who received this training are equipped to carry out initial response measures within the golden time in the event of an emergency, such as a cardiac arrest patient. By learning and practicing first aid and CPR, it is expected that the safety level of not only members but also customers and the community can be raised.

Safety environment inspection

Regular safety inspection on facilities and equipment

SK Telecom regularly conducts safety inspections on office building facilities, building structure, power facilities, firefighting facilities, HVAC facilities, air quality measurement, and other sanitary facilities.

Workplace risk assessment

SK Telecom preemptively identifies harmful and risk factors in the workplaces in accordance with Article 36 Risk Assessment of the Occupational Safety and Health Act. By conducting our own workplace risk assessment every year such as estimating and determining the possibility and severity of injuries or diseases due to hazards and risk factors at each workplace, and establishing improvement measures according to the level of risk, we create a safe and pleasant workplace and contribute to reducing industrial accidents.

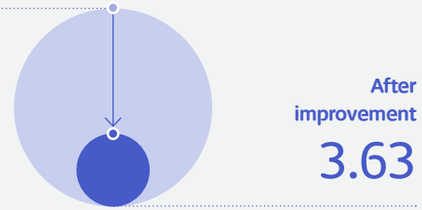
Measures to improve and prevent recurrence

By conducting a risk assessment for all office building across the country, communication facilities and equipment of ICT Infra, communication construction site of Enterprise, stores of Customer, we identified harmful and risk factors at each workplace, and implemented measures to improve and prevent recurrence according to the priority of risk. As an example of measures to improve and prevent recurrence, through risk assessment, we replaced ladders without outriggers to prevent falls during ladder work with products with outriggers installed and have made the mandatory installation of outriggers to prevent recurrence by reflecting it in the internal regulations. We have established an improvement plan for a total of 780 harmful and risk factors with a goal of completing 100% improvement on the identified harmful and risk factors, of which 778 cases have been improved, and the remaining 2 cases will be completed within 2023 according to the established schedule. In addition, for one industrial accident (an injury accident in a partner company) that occurred last year, we established measures to prevent recurrence to address the root causes, such as revision of work procedures and introduction of dedicated tools.

Assessment of the effectiveness of improvement measures

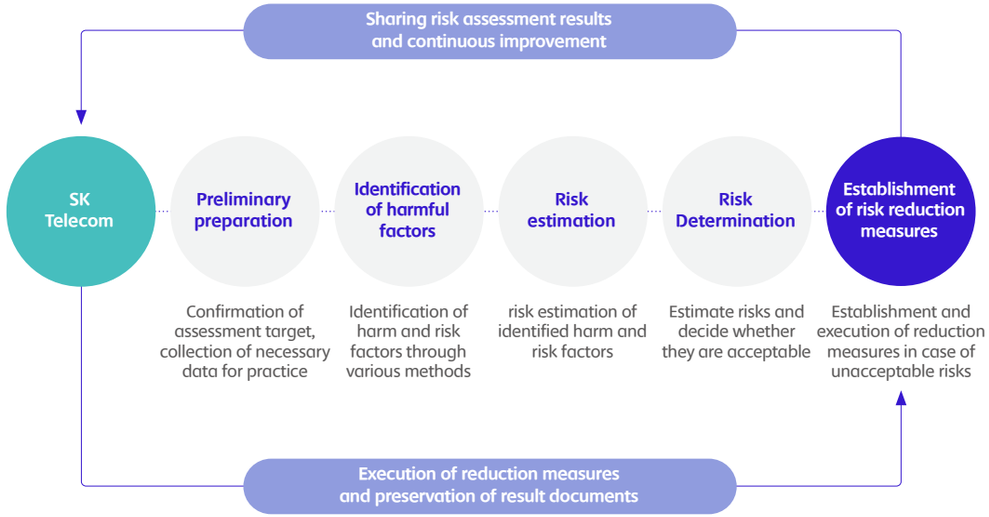
We conducted the effectiveness assessment for each improvement measure to check whether the improvement measure has actually removed or reduced risk factors, and if it is insufficient, we conducted additional reinforcing measure. As a result of this effectiveness assessment, the safety and health-related risks in 2022 fell from 8.6 before implementation of improvement measures to 3.63 after implementation.

Safety and health risk



Risk assessment system and activities

Risk assessment system



Priority of risk reduction measures

Actions such as the abolition, change, replacement of harmful or hazardous substances of hazardous works, or measures to eliminate or reduce risks at the design or planning stage

Engineering measures such as interlocking device and ventilation device installation

Administrative measures such as maintenance of workplace work procedures

Use of personal protective equipment

Risk calculation matrix

Possibility calculation

	Possibility		Details
Highest	Very high	5	Very likely to cause damage ex) There are no relevant safety measures, even if there are marks and signs, many unsafe elements and no safety rules or work standards exist
High	High	4	Likely to cause damage ex) There are no guards, protective covers, or safety devices, or there are plenty of unsafe elements. Emergency stop devices, signs, and marks are installed to some extent, and there are safety rules and work standards, but it is difficult to comply with them and people need to be very careful
Medium	Medium	3	There is possibility of damage if careless ex) Guards, protective covers, or safety devices are installed, but there are safety factors such as low guards or wide gaps, and there may be access to dangerous areas and contact with risk sources. There are safety rules and work standards, but it is difficult to comply with some of them
Low	Low	2	Less likely to cause damage ex) It is protected by guards, protective covers, etc.. Safety devices are installed, access to dangerous areas is difficult. Safety rules and work standards are maintained and easy to comply with, but there is a possibility of damage
Lowest	Very low	1	No possibility of damage ex) Overall, safety measures are well implemented

Materiality calculation

	Materiality		Details
Maximum	Death and permanent inability to work	4	Injuries or diseases leading to death or permanent inability to work
Large	Serious injury	3	Injuries or diseases that require 3 or more days off work(inpatient treatment)
Middle	Minor injury	2	Injuries or diseases lasting less than 3 days(first aid, outpatient treatment)
Small	Non-treatment	1	Near-miss accident, no human loss

Risk calculation

Possibility	Materiality Level	Maximum 4	Large 3	Middle 2	Small 1
Highest	5	20	15	10	5
High	4	16	12	8	4
Medium	3	12	9	6	3
Low	2	8	6	4	2
Lowest	1	4	3	2	1

Risk scale		Risk level	Management standards	Improvement method
16~20	Very high	C4	Unacceptable	Stop working and improve immediately
10~15	High	C3		Improve quickly
7~9	Medium	C2		Improve by plan
1~6	Low	C1	Acceptable	Improve as needed

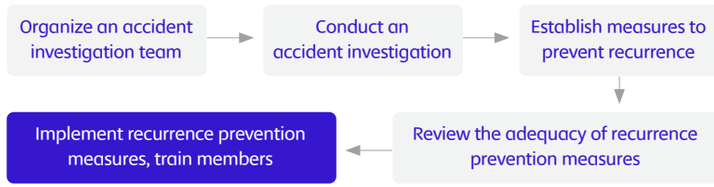
Occupational disease management

SK Telecom conducts mandatory health check-ups every year to detect and prevent occupational diseases and accidents of its employees in early stage. It also supports a variety of programs including the 'Mind Forest' to help members voluntarily improve their health and manage their emotions. In spite of these preventive measures, when occupational diseases or accidents occur, we conduct an industrial safety risk assessment for the diseases or accidents to analyze the causes and fundamentally eliminate them to prevent recurrence. In particular, due to the nature of the industry, which has a lot of outdoor works such as base station maintenance, we select heat stroke caused by works in hot weather as a priority management area, and announce prevention and response guides to prevent such occupational diseases. In addition, we keep medicines for preventing and treating heat stroke in the workplaces, and have introduced a safety and health management system customized to the characteristics of the workplace so that prompt action can be taken in case of occupational diseases such as heat stroke.

Occupational accidents (occupational disease, disease, injury, accident, etc.) investigation process

When an occupational accident, work-related disease or injury occurs, SK Telecom conducts an investigation into the causes and takes immediate corrective action. In addition, we establish measures to prevent recurrence and implement them for fundamental solutions, and review the appropriateness of recurrence prevention measures through an effectiveness assessment. For the established recurrence prevention measures, we conduct company-wide dissemination training so that members can correctly recognize the issue and strive to prevent recurrence.

Occupational accident investigation process



Occupational safety and health committee

In accordance with Article 24 of the Occupational Safety and Health Act(Occupational Safety and Health Committee), SK Telecom has established and is operating the Occupational Safety and Health Committee composed of members from labor and management to deliberate and decide on important matters related to safety and health in the workplaces. The Occupational Safety and Health Committee holds regular quarterly meetings at workplaces with 100 or more employees performing on-site works in SK Telecom. Through this, we deliberate and decide on matters necessary to maintain and promote the safety and health of our members. As of 2022, it was operated once every quarter at a total of 10 workplaces, and in accordance with Article 75 of the Occupational Safety and Health Act(special cases regarding the composition and operation of the safety and health consultative body), a labor-management consultative body was operated once every two months, replacing the Industrial Safety and Health Committee at 7 workplaces, and deliberated and decided safety and health management regulations, safety and health plan in 2022, and safety and health training plan.

Serious accident response process

SK Telecom has prepared a manual of action guidelines for each situation and person for stopping works, taking relief measures, and preventing further spread of damage in case of a serious accident or an urgent risk of occurrence. In order to ensure safety of people and prevent the spread of damage through immediate response and rapid recovery, we unify the crisis response process and operate a preliminary situation room and a serious accident crisis response room for each stage of the accident. We strive to improve the crisis response capabilities of members and partners by conducting simulation training for serious accidents according to various crisis scenarios. In 2022, a total of 61 simulation trainings were conducted at 29 workplaces across the country, and a total of 40 first aid trainings were conducted for 909 members. In 2023, we will continue to expand simulation training and first aid training to further improve the crisis response capabilities of members and employees of partners.

Evaluation of safety and health level of contractors

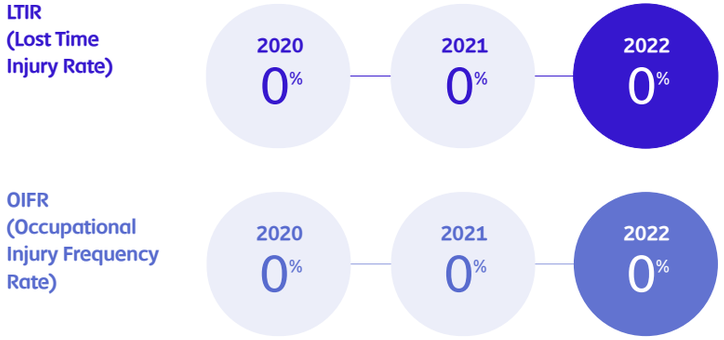
SK Telecom is conducting an evaluation of safety and health level of contractors in order to fairly select contractors with the minimum capacity to comply with safety and health activities and guidance. From the second half of 2023, we plan to evaluate the safety and health level of contractors by using external professional organizations to improve effectiveness.

Creating a safe environment for partners

SK Telecom listens to workers' opinions on safety and health improvement through regular consultative bodies and anonymous bulletin boards with partners, and based on this, takes the lead in creating a safe working environment for partners. In 2022, a total of 92 opinions were received through the channel for listening to the opinions of employees working at partners, 80 cases among them were processed, and measures for 12 unprocessed cases will be completed in 2023.

Serious accident response process

Status of industrial accident indicators(employees)



Employee health management

Proactive response to COVID19

SK Telecom has actively conducted preventive and quarantine measures to prioritize the health of its members amid the spread of COVID-19. We established COVID-19 response guidelines to establish a regular response system, operate an emergency response system at all times, identify health trends of members, and prepare a step-by-step response manual. In addition, as a preemptive quarantine measure to ensure the safety of employees, we have conducted regular quarantine and disinfection, double fever checks upon entering and exiting, limiting the number of passengers in the elevator, operation of a restaurant with a three-shift system, installation of partitions, and preemptive regular inspections of shift workers. From February 2021, we have created a constant digital work culture through preemptive implementation of work from home, and secured and distributed quarantine supplies such as masks, protective clothing, goggles, and disinfectants in advance. In addition, we did our best to prevent the spread of COVID-a9 in our company by placing COVID-19 self-diagnosis kits around our company(infirmary and management offices).

Conducting health check-ups and vaccination

SK Telecom has established and is operating an internal process and support system for health management with the goal of achieving “Zero Occupational Injury Frequency Rate(OIFR)” for its employees. Every year, it provides general and special health check-ups and promotions to all members and their families, including executives, full-time employees, contract workers, and employees on parental leave, and supports flu and hepatitis B vaccinations. In 2022, a total of 4,671 people received health check-ups and 271 people received special health check-ups by encouraging all members to take general and special health check-ups through the company intranet and mail notification. In addition, 1,430 people were vaccinated against flu and hepatitis B. By 2023, we plan to continue to encourage and expand support for general and special health check-ups for all members through intranet and mail notification. In addition, by 2025, we plan to expand additional support for those health check-ups at the request of members themselves.

Support for physical and mental health care

SK Telecom is doing its best to manage the health and emotions of its employees through a variety of programs. We operate 'Actium', a physical training space in our company building, and 'Mind Forest', a personal counseling space to comprehensively support members' physical and mental health management. We prepare a refresh zone with a single-person room type on each floor to help members recover from fatigue and manage their physical strength by using break time. Along with it, we provide 'Health care' service, an in-house massage, and a nail art service that employees the people with hearing impairments in connection with 'Happy Hanool', a standard workplace for the disabled . In particular, the health care service is a program that can achieve the social virtuous cycle effect of promoting employment of the disabled along with health management of employees.

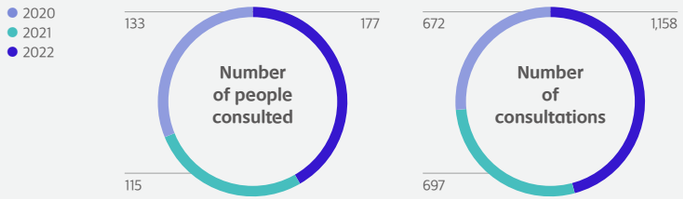
Employee health management program

Mind Forest (Personal professional consultation)

- Outsourced through an external specialized consulting agency
- Operation of 2,040 counselors in 284 centers nationwide and regular consultations 365 days a year
- Operation performance(last 3 years)

Health care (in-house massage service)

- Provision of massage services for employees in connection with Happy Hanool(a standard workplace for the disabled, established by the company)
- Simultaneous pursuit of a social virtuous cycle of employee health management and employment promotion for the disabled



Number of uses (Unit: Time)

2020	2021	2022
4,662	5,053	10,465

Safety and working hours of network operators

	2019	2020	2021	2022
Working hours per person(hours/week)	46.6	44.5	43.9	43.4
Mitigation measures	· IAcquisition of ISO 45001 certification, operation of the right to suspend work, safety-first management strategy · Establishment of time and attendance dashboard, simultaneous sending of overtime work SMS, etc.			

Human Rights Management

SK Telecom supports the human rights principles presented in the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the human rights and labor principle of the United Nations Global Compact(UNGC), and has established the Human Rights Charter, which contains the will to practice human rights management. We are also taking the lead in respecting the human rights of our stakeholders by establishing human rights management governance, systematically managing human rights risks through regular employee human rights impact assessments, and identification of vulnerable groups by human rights issues and due diligence.

Human Rights Charter

SK Telecom respects the fundamental rights of all stakeholders, including customers, employees, business partners, and local communities, and strives to practice human rights management. As part of this, we've openly declared our support for the human rights principles presented in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights(Ruggie Framework), and fulfill our responsibilities related to respecting human rights. In addition, in accordance with the United Nations Global Compact(UNGC)'s Human Rights and Labor Principles, we have transparent management structure for responsible organization, operational structure, monitoring procedures, and action and communication on events that occur. Based on these principles and systems, we enacted and released the 'Human Rights Charter', which includes the prohibition of forced labor, the prohibition of child labor, compliance with working conditions, humane treatment, the prohibition of discrimination, freedom of association, safety and health of workers, etc.

Human rights management governance

Establishment of human rights management governance

SK Telecom respects the fundamental human rights of not only its employees but also all of the stakeholders it encounters through products and services, contracts, purchases, and other business activities. SK Telecom's human rights management governance consists of the Board of Directors, top management, Human Rights Management Task Force(TF), and relevant departments. The Human Rights Management TF, established in 2022, is directly under the Chief Human Resources Officer(CHRO) and comprises professionals from departments related to human rights management. Its main objective is to establish a management system for human rights management, including the development of management indicators, audits, and risk improvement measures.

Strengthening human rights management responsibilities and roles

SK Telecom sets ESG KPIs that include ESG activities including human rights management, environmental performance, and social contribution performance, and evaluates the management's performance and reflected it in compensation. In addition, we are further strengthening our role based on our expertise in the human rights area by changing the ownership of human rights management from the ESG organization to the HR organization.

Human rights management organization, roles and responsibilities

Human rights risk management system

Implementation of human rights impact assessment of employees

SK Telecom regularly conducts human rights impact assessments for all employees once a year to systematically review our company's policies, procedures, and systems on human rights issues and effectively manage risks. Through this, we identify potential human rights issues, measure the degree of risk that issues pose to vulnerable groups, and establish improvement tasks. The human rights impact assessment is conducted based on a self-developed checklist. We are strengthening our ability to respond to human rights issues by setting goals and measuring performance, and the results of human rights impact assessments are reported to the ESG Committee every year..

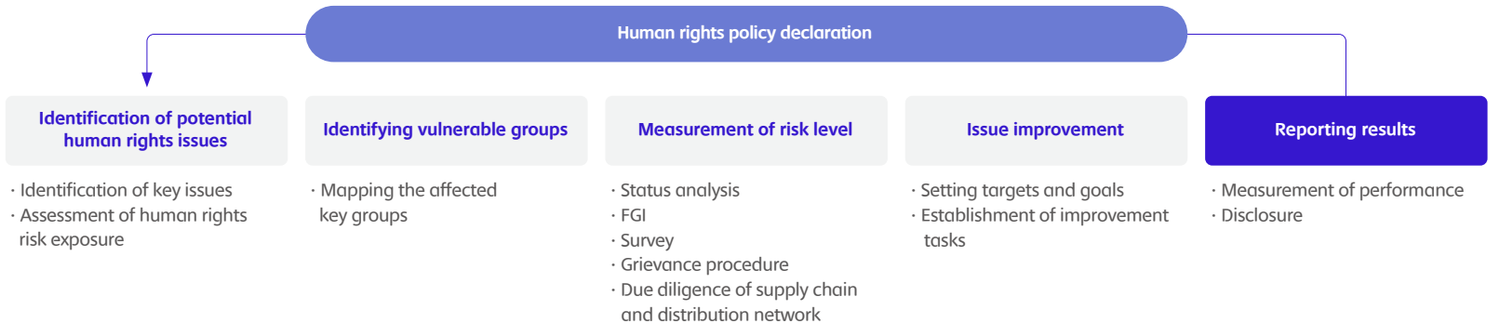
Employee human rights survey

SK Telecom conducted a human rights survey for all members to identify the current status of human rights management and to derive potential human rights risks. The questionnaires were composed around identifying the importance of members on human rights issues, human rights risk management system, and human rights experiences, and the survey was conducted through external online to ensure anonymity. As a whole, the majority of respondents said that the management of sexual harassment and bullying in the workplaces was the most important, and the management of personal information was also considered important by employees. Based on the results of these human rights surveys, we plan to do our best to make the lives of our members happier through proactive response to human rights issues that may arise.

Expanding the scope of human rights due diligence

SK Telecom conducts human rights due diligence processes for all suppliers and partners in contractual relationships, in addition to the businesses operated by SK Telecom. In addition, in the course of new business(acquisitions, mergers, joint ventures, etc.), we are striving to carry out our obligation to respect human rights by conducting a human rights due diligence process.

Human rights impact assessment process



Human rights survey results

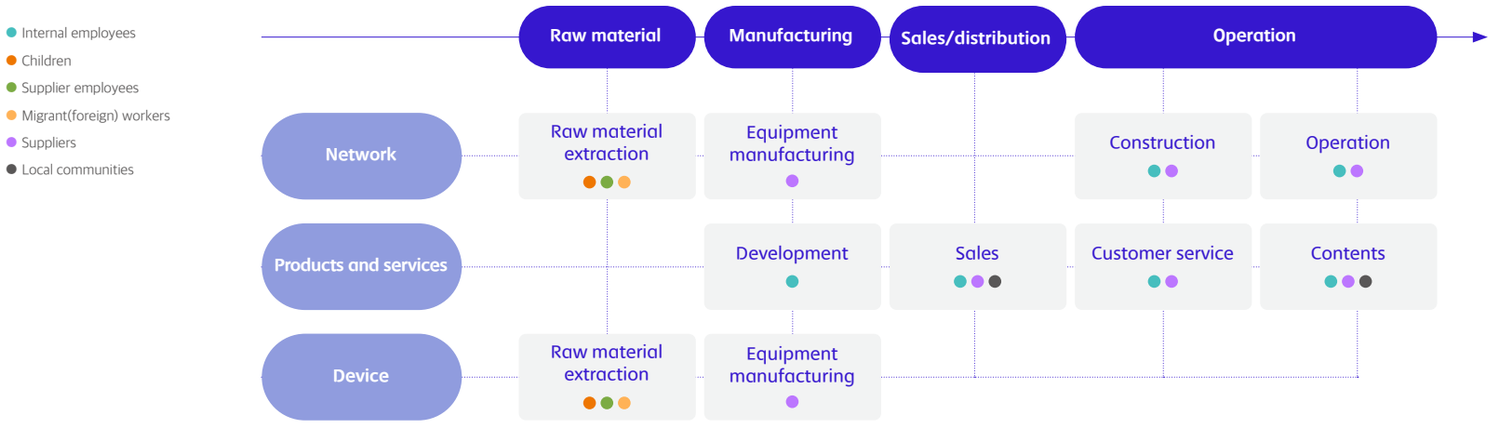
Survey item		Key issue TOP 1	Key issue TOP 2	Key issue TOP 3
Human rights issues	Subjects to no discrimination	By sex(65.3%)	Human rights(58.3%)	Disability status(57.1%)
	No discrimination item	Performance evaluation and reward(78.0%)	Promotion(75.4%)	Use of maternity and parental leave(72.0%)
	Improvement of working environment	Health management of members** (82.0%)	Stress and mental health management** (80.5%)	Reduced work for pregnant women(75.2%)
	Information protection	Consent to collection of personal information of customers** (84.2%)	Consent to collection of personal information of members** (83.6%)	Lawful use of personal information** (83.1%)
	Local community	Negative effect on community(70.4%)	Stakeholder communication(64.6%)	-
Human rights risks	Human rights risk management system	Relief measures for grievances(78.3%)	Grievance counseling process(76.8%)	Regular monitoring of human rights risks(70.0.%)
	Identifying human rights impact groups	Child(70.7%)	Elderly(70.5%)	Female(65.8%)
Human rights experience	Sexual harassment in the workplace	Physical sexual harassment(78.9%)	Verbal sexual harassment(78.0%)	Forcing an uncomfortable situation(75.0%)
	Bullying in the workplace	Abusive language or profanity(78.7%)	Unreasonable work order(78.1%)	Bullying(77.8%)

* %: Response rate of 'importance is high', ** Response rate of 80% or more

Identification of vulnerable groups by human rights issue and results of due diligence

SK Telecom structures the value chain to identify vulnerable groups and determines the possibility of human rights issues for each process. Accordingly, we identified vulnerable groups within categories such as networks, products and services, and devices and internal members of SK Telecom and our subsidiaries and joint ventures, minors under the age of 18, indigenous landowners in base station construction, raw material suppliers of handsets, and members of suppliers including network equipment manufacturers, foreign workers, all of the business partners of SK Telecom's value chain, and SK Telecom's existing and potential customers were included in the corresponding groups. Our company preemptively identifies major human rights issues related to vulnerable groups identified in the risk mapping stage, analyzes the nature of the issues, and determines whether to conduct due diligence according to the level of risk. For issues identified as a result of due diligence, we implement 100% improvement measures.

SK Telecom's Definition of Vulnerable Groups



Due diligence results for vulnerable groups in 2022

Key human rights issues	Vulnerable group	Subject to review	Nature of Issue	Risk level	Scope of investigation	Identified issue	Measure
Conflict minerals	Members of suppliers, children	Raw material suppliers	Tin, tungsten, tantalum, etc. used in electronic devices contribute to maintaining disputes in the case of products from Congo and neighboring countries, exploitation of child labor during the production process	Subject to due diligence	Not applicable		
Humane treatment	Partners	Subsidiaries, Service Top, Service Ace	Protects counselors who are exposed to unreasonable words and actions(cursing, abusive language, threats, insults, sexual harassment, etc.) or unreasonable requests from customers	Subject to due diligence	75.4%	45.7%	100%
Working Hours and Safety	Installation and operation worker	Subsidiary SK ONS	Compliance with working hours in the course of network operation and resolution of safety issues that pose physical threats	Subject to due diligence	100%	0%	100%
Privacy protection	Public	Subsidiary, partner	Protection of personal information and privacy, a major human right in the information era	Subject to due diligence	100%	7.7%	100%
Working Hours	Own employees	SK Telecom	Issues of forced labor, child labor and rights infringement in the working environment of employees	Preliminary caution	100%	0%	100%
Rights of indigenous people	Members of suppliers	Local community	Direct infringement of indigenous rights such as land and property due to business expansion	Preliminary caution			
Information accessibility	Children, public	SK Telecom	Protection of universal right to access to information and responsibility for content for children, etc.	Preliminary caution			

Customers

SK Telecom strives to provide differentiated services and satisfying experiences from the customer's point of view in order to create a long-term trust relationship with customers. While maximizing service accessibility centered on 5G, we are not only providing the highest quality communication service by improving the reliability and stability of the network, but also applying new technologies and content to AI-based services to make closer relationships with customers. We plan to continue to pursue customer value innovation and build stronger trust with our customers.

Service accessibility

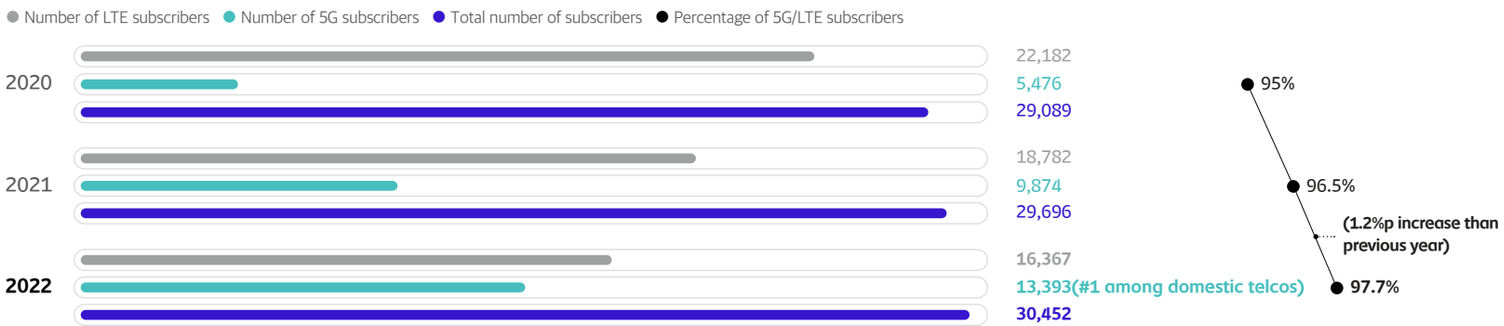
SK Telecom is striving to maximize the accessibility of mobile communication services by expanding customer options, such as increasing subscribers and linking services with focusing on 5G. Improving service accessibility can have a positive effect on generating profits in the mobile communication sector by enhancing customer satisfaction and can also contribute to strengthening SK Telecom's brand loyalty. The percentage of LTE and 5G subscribers and the number of subscribers are key indicators to determine the accessibility of mobile-based services. Since the commercialization of the world's first 5G service in April 2019, as improvements to the 5G ecosystem have been added to a variety of products and services, the number of SK Telecom's subscriber has risen sharply. As of the end of 2022, the number of 5G subscribers is approximately 13.39 million, maintaining the #1 position among domestic communication companies and solidifying our 5G leadership. At the end of 2022, SK Telecom's ratio of LTE and 5G subscribers was 97.7%, increase of 1.2% compared to the previous year.

Advancement of customer experience

Improvement of customer service

SK Telecom is focusing on service improvement from the perspective of enhancing customer satisfaction so that we can become a company trusted by customers through various services and satisfactory experiences. As a representative activity, we hold the 'Customer Value Innovation Meeting' every month in which the CEO and key members participate. At this meeting, we find and actively eliminate factors that hinder customer satisfaction, such as systems and policies that customers feel uncomfortable in the process of experiencing the services. In addition, based on a variety of data obtained from customers and the latest trends, we propose a variety of ways to provide a better experience and check the execution of business departments. In addition, we are promoting service quality improvement tailored to the eye level of actual customers by operating an 'in-house evaluation group' and a 'Junior Board' centered on members of Generation Z and Millennials.

Penetration status of LTE and 5G service(Unit: 1,000 people)



Customer value innovation

As a result of continuous innovation activities to advance customer experience, we have maintained #1 position in the mobile communication sector in the nation's top three customer satisfaction surveys,(NCSI, KCSI, KS-SQI) in 2022, and has been reaffirmed the unwavering trust and recognition from our customers. In addition, it has been selected as the 'Excellent Call Center in Korea' for 10 consecutive years by making efforts to improve the quality of customer services such as incorporating ICT technology into counseling services and leading the home counseling culture. Along with this, we are actively making efforts to protect customers from voice phishing and spam and smishing, which are becoming more intelligent by using various ICT technologies. In cooperation with the Seoul Metropolitan Police Agency, we block calls from suspected voice phishing numbers, and also operate AI-based spam and smishing message filtering. For the year of 2022, we blocked 104,990 voice phishing calls and 72,800 calls from suspected criminal numbers. When converted into a social value measurement formula(SV)1), it was found that approximately KRW 84.6 billion of fraudulent damages were prevented. Also, we blocked approximately 650 million text spams, approximately 4.15 million smishing texts, and approximately 560 thousand voice spams, protecting customers from fraud.

1) SV formula: number of voice phishing calls blocked x financial fraud victim experience rate (3.5%) x average amount of damage per voice phishing crime

Grievance handling channels and methods

Grievance channels	Filing methods
Face-to-face channels (Dealer, CV center)	Visit SK Telecom's official authorized dealer and CV center
Non face-to-face channel(Customer center)	Contact customer service center by calling 114 without a prefix on a mobile phone or 080-011-6000(free)
Website(online/mobile)	Customer center in SK Telecom service website(http://www.tworld.co.kr) -> Customer Feedback Channel
Mobile app	Access to SK Telecom website dedicated app(Mobile T World)
Mail	Send by mail(Recipient: SK Telecom Headquarters) such as registered mail, content certification
SNS	Access to SK Telecom's official SNS accounts(Twitter, Facebook, Instagram, Google+, Kakao Story)
Fax	If needed to submit data such as evidence after the first inquiry to the customer center, use the fax mailbox for relevant customer center

Customer satisfaction survey(CSI, Customer Satisfaction Index)[1)]

	2020	2021	2022	Remark
NCSI(Korea Productivity Center)	79	79	79	No.1 for 25 consecutive years
KCSI(Korea Management Association Consulting)	83.9	85.1	86.3	No.1 for 25 consecutive years
KS-SQI(Korea Standards Association)	75.4	75.8	75.8	No.1 for 23 consecutive years
User protection evaluation(Korea Communications Commission)	Excellent	Good	Excellent	
Results of SK Telecom regular CSI[2)]	80	80	80	

1) Scale of 100 points
2) Annual average score of SK Telecom's own CSI assessment results conducted twice a year(first half and second half)

Customer experience advancement program

Providing various customer experiences based on 5G

5G specialized services

- Launching and operating a variety of services so that customers can experience various experiences based on 5G
- Launching a metaverse platform, ifland, in 49 countries globally, with more than 37 million cumulative users, maximizing users' metaverse experience through a variety of virtual spaces and avatars
- Improving users' social activities and expanding virtual world experiences by launching if home, a personalized virtual space, and adding content in 2023

Membership service

- The number of brands participating in the benefits and the number of customers using them doubled through the operation of the T-day Double Week
- Launching 「0 day」, a new benefit program for 0 customers(13~34)(December 2022)
- Expanding operation of global membership benefits such as discounts on local restaurants, rental cars, and tourist attractions by linking the promotion of 'T Guam Saipan like Korea'
- Expansion of contribution to sales of small business owners by providing T-day and ethical consumption/open bakery(local bakery) benefits
- Supporting barcode payment and improving app convenience in major offline affiliates(7 companies including Paris Baguette and 7-Eleven) through the launch of T membership payment barcode

Subscription service

- Expanding the lineup of representative package products by reflecting various customer lifestyles(T Universe Pass all/mini/slim)
- Expanding customer choice centered on big brands such as OTT/convenience store /travel/airline/electric vehicle, etc., collaborating with a total of 90 subscription partners(2.5 times compared to the previous year)
- Continuing innovation in customer use values, such as a function to present the remaining benefits to an acquaintance(June 2022), a product that people can enjoy benefits at a lower price by paying annually(August 2022), a function to share useful benefits with acquaintances(September 2022), and the introduction of physical regular delivery products(December 2022)

Services customized to customers

Segment Service

- Operating segment services to meet various needs of the customers
- Advancement of ZEM app for children under 12 years old, T-B integrated kids marketing campaign, T-B joint kids education exhibition, Kids seasonal marketing(back-to-school /Family Month promotion)
- Expansion of 0 brand target to 13~34 years old, 0 exclusive membership '0 day', iPhone 14 launch commemorative promotion 'New0s', promotion 'New0s SAT Festival' for examinees, implementation of '0 Teen Week' for middle and high school students, and improvement of '0 campus' benefits for college students

Diversification of service offerings

- Diversification of the price lineup to meet the diverse data usage needs of 5G customers (Basic, Basic Plus, Prime Plus)
- Relaxed the subscription conditions of the online-only 'Untact Plan' and strengthened the benefits and lineup to expand and reorganize into 'Direct Plan'
- In consideration of the trend of increasing single-person households, launching of 'Trendy Family Bundle' with expanding the range of families that can be combined, and the benefits of fixed service bundling

Providing services for children and youths

- 'ZEM', SK Telecom's children-only service, is an app service that helps children under the age of 12 who are using smartphones for the first time develop good usage habits, through ZEM, parents connected to their children can use a variety of safety features for free such as time management of children's smartphone use, management of apps used, real-time child location inquiry, prevention of smombie[1], blocking harmful websites. If your child is a SK Telecom customer, the parents can download and use the ZEM app from the app market for free regardless of the carrier, and your child can additionally use the ZEM app without data charges. In addition, we sell 'ZEM Kids Phone' with ZEM service installed to children

1) This is a compound word of smartphone and zombie, referring to people walking down the street while looking into their smartphones. The risk of accidents is high due to poor awareness of the surrounding environment

- Services to help customers use smartphones in a healthy way
  SK Telecom provides various additional services free of charge as a safeguard to prevent youth from being addicted to smartphones and exposed to harmful content. 'T Youth Safety Pack' is a service that helps parents, who are legal representatives, manage their children's healthy use of smartphones, such as blocking harmful content and controlling smartphone usage time. It is also possible to check the location of the child in real time, and also includes a function that if there is any suspected school violence among the messages received by the child, it automatically screens them and forward them to the parents. In addition, we provide service guides and content that aims to prevent smartphone addiction and cyberbullying through 'T World'(http://www.tworld.co.kr), a service website for customers.

- Tariff plans that protect children and youths
  SK Telecom includes tools for protecting children and youths even when designing tariff plans. Most of child and youth plans block data usage or make it available at a limited speed when you run out of provided data so you don't overcharge for it. In addition, even when using tariff plans with no restrictions, we prevent overcharging and billing by notifying the parent, legal representative, in real time of whether or not the child is overcharged through the 'Children's Phone Bill Notification Service'. In the case of '0 Teen 5G', SK Telecom's latest 5G youth phone plan, free additional services, such as T Youth Harm Block, T Youth Safety Service, International Call Blocking Service, and Overseas SMS Blocking, are automatically provided upon subscription, so we have been further strengthened the function to protect youth by preventing damages such as exposure of unexpected harmful content or excessive billing through using international phone calls. Even in the case of the 'T-to-T Data Gift' service, which is a function that allows data to be exchanged with each other, we have prepared a safeguard by a default setting so that children and teenagers under the age of 19 can only receive gifts, so that they are not abused for school violence. Meanwhile, we are making efforts to protect the personal information of family and help children use the Internet in a healthy way through a tariff plan that includes additional services to block malicious codes, viruses, and harmful sites when providing Internet services as well as wireless services.

Protection of customer rights and interests and prevention of infringement

We hold the protection of customers' rights and interests as our top priority and are doing our best to prevent the possibility of infringement in advance with the goal of zero infringement on customer rights and interests. We establish a response system by including issues related to customer rights and interests in the company-wide risk management area, and when an issue occurs, it is immediately reported to the board of directors and the CEO so that we can take prompt improvement measures.

Based on customer consultation records and external complaints, we conduct an analysis of the Voice Of Customer(VOC) to assess the potential risks of customer rights violations in areas such as call quality, spam/smishing, tariffs, and customer benefits. We derive improvement measures according to the results and actively implement actions to protect customer rights and prevent violations. These improvements include stabilization of on-site call quality and advance notification of Bill Shock. In 2022, we received 7,808 customer complaints through our internal and external reception channels, of which 5,928 were processed, while the remaining 1,880 cases were not handled as they were not attributable to the company, i.e. customer misperceptions or matters unrelated to SK Telecom. As such, we dealt with 75.9% of the total complaints received.

After completion of improvement measures, we have analyzed the implemented measures utilizing SK Telecom's VOC big data analysis system, customer satisfaction survey, and Happy Call, and if the improvement measures are judged to be insufficient based on the results, we conduct additional supplementary measures. As a result of analyzing the effectiveness of call quality and prior notice of bill shock in 2022, customer complaints decreased by 9% and 14% year-on-year in each area.

Mid-to-long term goals of customer rights and interests

Goals

2023
- Maintain longest Grand Slam in Korea's 3 major customer satisfaction survey
  - National Customer Satisfaction Index(NCSI) : #1 for 26 consecutive years
  - Korea Industry Customer Satisfaction Index(KCSI) : #1 for 26 consecutive years
  - Korean Standard Service Quality Index(KS-SQI) : #1 for 24 consecutive years

2024
- Maintain longest Grand Slam in Korea's 3 major customer satisfaction survey
  - National Customer Satisfaction Index(NCSI) : #1 for 27 consecutive years
  - Korea Industry Customer Satisfaction Index(KCSI) : #1 for 27 consecutive years
  - Korean Standard Service Quality Index(KS-SQI) : #1 for 25 consecutive years

2025
- Maintain longest Grand Slam in Korea's 3 major customer satisfaction survey
  - National Customer Satisfaction Index(NCSI) : #1 for 28 consecutive years
  - Korea Industry Customer Satisfaction Index(KCSI) : #1 for 28 consecutive years
  - Korean Standard Service Quality Index(KS-SQI) : #1 for 26 consecutive years

Action Plan

- Monthly 'Customer Value Innovation Meeting' in which the CEO and key members participate
- Diagnosing customer experience and discovering/delivering insights through internal and external customer research
- Derive pain points in key areas(charges, communication quality, distribution, customer care, benefits) from the customer's perspective to promote change innovation tasks and check progress every month
- Operation of in-house evaluation group and junior board to check service quality and inconveniences from the customer's point of view

Network reliability and stability

SK Telecom's unique stable network quality and wide coverage are enhancing the trust of customers, and to this end, we are striving to continuously invest in networks and advance technology. With the goal of zero major breakdowns, we are actively operating the network by reflecting absolute safe operation and securing communication service stability, such as prior risk elimination activities, in KPI. The annual wireless communication line capacity is 48.88 million lines in 2022, which accounts for 149% of the total number of subscribers, including MVNOs, of 32.84 million. Annual processed data traffic continues to rise at a high level, with an increase of 15% compared to 2021.

Handling data traffic

SK Telecom is responding flexibly to data traffic based on demand forecasting and monitoring that integrates the results of annual processing data analysis. In particular, SK Telecom has established a foundation to flexibly respond to technological changes by commercializing a 5G core that provides standalone mode(SA) and non-standalone(NSA) simultaneously in 2021 and has succeeded in developing next-generation cloud-based 5G data equipment, providing stable customer service by securing immediate traffic capacity.

Line capacity and annual processed data traffic

	Unit	2020	2021	2022
Wireless communication line capacity(number of lines)	1,000 lines	40,500	48,200	48,880
Annual processed data traffic	Terabyte	3,391,192	4,086,680	4,682,172

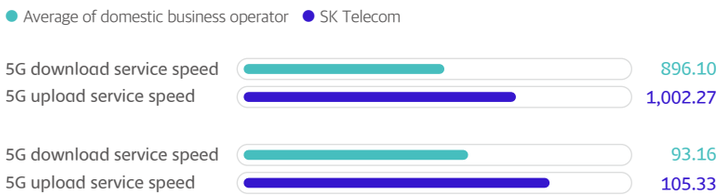
5G service speed

SK Telecom obtained technologies such as 5 Band CA(Carrier Aggregation) and 4T4R(4-antenna technology) in 2016 and commercialized LTE-A Pro service with a speed of 500 Mbps for the first time in Korea and provided 900 Mbps class LTE service in 2017. In 2018, we released LTE Cat.M1, and in 2019, the number of lines subscribed to our Low-Power-Wide-Area(LPWA) network exceeded 1 million lines for the first time in Korea.

In January 2020, we succeeded in '5G SA' communication based on 5G base stations in operation, creating an ultra-high-speed and ultra-low-latency communication environment, and in December, we succeeded in developing and demonstrating the world's first network slice application technology for each application and service in a 5G commercial network. In addition, through cooperation with AWS, we commercialized 'SKT 5GX Edge', the first 5G edge cloud service in Korea. We are leading the evolution of future communication infrastructure through the preemptive introduction of technologies that lead to next-generation network evolution beyond 5G advancement by verifying the world's first 'Option 4' technology, a next-generation 5G stand-alone mode(SA) that connects 5G base stations and LTE base stations to the 5G core.

Thanks to bold investments and steady efforts to improve network quality, SK Telecom got an overwhelming first place in download speed and latency, the most important indicators of 5G network quality, in the second half 5G quality evaluation conducted by the Ministry of Science and ICT in 2022. In particular, the download speed exceeded 1 giga bps, making us the only one company among the three communication companies, proving our unique service competitiveness.

5G service speed(Unit: Mbps)

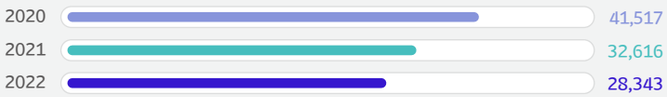


Electromagnetic waves

Putting customer safety as our top priority, we at SK Telecom have faithfully fulfilled our obligations and responsibilities to measure electromagnetic wave intensity every year since it became mandatory to measure electromagnetic waves in June 2007. As a result, it was confirmed that more than 99.9% of SK Telecom's wireless stations obtained the first grade in the electromagnetic wave rating system, guaranteeing customer safety. In 2022, a total of 28,343 electromagnetic wave measurements at wireless stations were conducted, and it was found that the actual electromagnetic wave intensity at stations was less than 10% of the human body protection standard. SK Telecom is not satisfied with this and supports the Korean Electromagnetic Society's research project on the effects of electromagnetic waves on the human body, which is underway as a five-year plan from September 2019, and is responsible for 50% of the total funding of KRW 1.5 billion. As of June 2023, we are conducting the 4th year study.

Measurement of electromagnetic wave intensity at wireless stations

Number of electromagnetic wave intensity measurements conducted at radio stations(Unit: Case)



Ratio of mobile stations that obtained the first grade in the electromagnetic wave rating system(Unit: %)

Case

Realization of 5G backbone network advancement with DCO technology

SK Telecom successfully commercialized IP-based wavelength division multiplexing(IPoWDM, IP over WDM) using DCO(Digital Coherent Optics) technology for 5G backhaul 200Gbps optical cables between integrated station building in Sejong and switching center in Dunsan, which are about 80 km in 2022. It is the first time in Korea to apply this technology to 5G 200Gbps optical cables, and we plan to expand the application of DCO technology to major backbone networks nationwide in the future. With DCO technology, we can send and receive data directly between routers without additional amplification equipment, so we can not only transfer 5G large data without loss, but also significantly reduces network failures. As well as this, network design can be simplified to reduce costs, operate and manage efficiently, and reduce power consumption and greenhouse gas emissions. By further upgrading the 5G backbone network with DCO technology, it is expected that we can provide 5G services that require a lot of data, such as virtual reality(VR), augmented reality(AR), and metaverse more smoothly.

Cyber Security

Cyber security management policy: We are clearly aware of the importance of information security and personal information protection and have established a company-wide information security management system to protect valuable information assets and personal information. Centered on the dedicated information security organization, we actively respond to security threats by applying a security system and processes above the level set by law in the areas of network infrastructure, data, and services. Additionally, through systematic training, we enhance the awareness of all employees and ability to practice information security.

Information Security Management System

As related laws such as the Personal Information Protection Act and the Information and Communications Network Act are amended in 2021, SK Telecom designated experts with more than 20 years of experience in the area of information protection and information technology as the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) under the supervision of the BOD and the ESG Committee, and supervises customer information protection task across the company through the executive level execution organization under the control. Based on unified information protection and privacy governance, we operate an integrated control center to prevent hacking attacks such as APT (Advanced Persistent Threat), ransomware, supply chain attacks, and zero-day attacks, and to respond in real time when a situation arises. With the CEO as the chairman, key top executives such as COO and CSPO manage company-wide information security risks. In particular, for information security-related issues that have an enterprise-wide impact, the BOD directly engages the CISO/CPO in the Company-wide Crisis Response Situation Room under the BOD to receive reports and provide advice, and the CISO/CPO reports to the BOD the results of work performed based on the advice.

Security Awareness enhancement activities

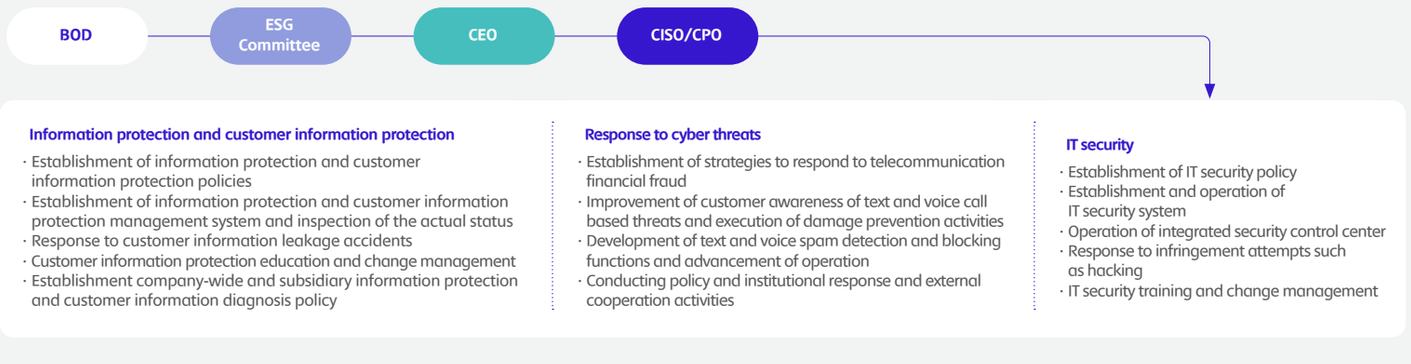
SK Telecom conducts training for personal information protection for all employees once a year, and conducts customized training for key officials such as personal information handlers, location information handlers, and information security managers. Through regular training, we are not only spreading awareness and culture of information protection and personal information protection, but also enhancing information protection practice and strengthening security capabilities.

2022 Personal Information Protection and Cyber Security Training

Course Name	Personal Information Protection Training
Period	April 26th ~ May 10th (1st), May 11th ~ May 17th (2nd)
Method	Non-face-to-face online training using an in-house online training platform
Results	5,265 out of a total of 5,727 subjects completed the training (91.9% of completion rate)[1]

1) Virtually all members took the personal information protection training except for spin-off, retirement, leave of absence, dispatch, and long-term leave during the period

Information Security Management System



Information Security Management System

Information Security Management Process

SK Telecom applies and operates the latest and best security system and processes above the level set by law in the areas of network infrastructure, data, and services.

Areas of Information Security Management

N/W Infra Security

- Inspection of national information and communication infrastructure every year for core information and communication infrastructure such as mobile phone operation
- Conduct ISMS certification every year(Corporate information protection certification system organized by the Ministry of Science and ICT)
- Inspect the technical and managerial vulnerability for major servers and NW equipment

Data Security

- Acquisition of ISMS and ISMS-P certification(Certification system of information protection and personal information protection management system organized by the Ministry of Science and ICT and the Personal Information Protection Commission)
- Important data encryption to fundamentally block unauthorized access
- Access control and logging through access control solution for server and DB access only by pre-authorized persons
- Application of the latest vaccines and security patch, and network separation

Service Security

- Maintaining a safe service environment by conducting security vulnerability checks, simulation hacking and drill for new and changed services
- Installation and operation of access control devices such as intrusion prevention system and intrusion detection system

Certification of Information Security System

SK Telecom strives to establish infrastructure and services that customers can use with confidence and to maintain the level of information protection by acquiring the certification of information protection and personal information protection management system such as ISMS certification and ISMS-P certification.

Acquisition of ISMS certification, annual renewal

(Certification system of corporate information protection organized by the Ministry of Science and ICT)

Acquisition of ISMS-P certification, annual renewal

(Certification system of corporate personal information protection organized by the Personal Information Protection Commission)

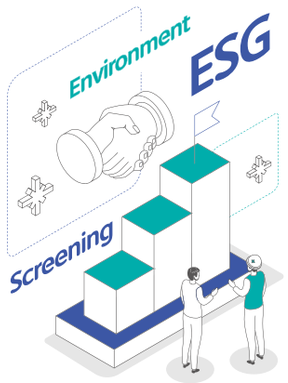
Prevention of Information Security Infringement

In order to respond to cyber security threats, SK Telecom not only eliminates vulnerabilities through system security diagnosis and simulation hacking from the perspective of hackers, but also operates an integrated security control center 24/7, 365 days a year by establishing a hacking attack detection·analysis·blocking system.

Number of Customer Information Leakage and DDoS infringement

	Unit	2020	2021	2022
Customer Information Leakage	Case	0	0	0
System Hacking		0	0	0
DDoS Infringement		0	0	0

Supply Chain Management



SK Telecom strives to establish a responsible management system, to support suppliers to strengthen their capabilities, and to realize stable supply chain management. We prevent supply chain risks in advance by screening risks based on ESG factors such as human rights, environment, ethics, and society, and ensuring that suppliers comply with the ESG code of conduct. We also support the improvement of ESG levels throughout the supply chain, by advancing identification, diagnosis, and assessment of supplier ESG risks. Additionally, we will continue to communicate and cooperate with all business partners, including our partners, to achieve true mutual growth based on trust.

ESG Risk Management Policy for Partners and Governance

SK Telecom is realizing sustainable supply chain management, including ESG risk management for partners, based on supply chain policies[1] consisting of environmental management, health and safety, labor and human rights, anti-corruption, fair trade, and information protection. SK Telecom's plans and performance for mutual growth activities are reported to the ESG Committee, which was established to practice socially responsible management at the global level, and key issues are subject to deliberation. In addition, in order to regularly check the systematical practice of shared growth and win-win cooperation with partner companies, we operate a company-wide Purchase Review Committee once a month in which key executives participate to deliberate and check major issues related to fair trade and mutual growth. The organization dedicated to legal compliance also supports fair trade risk management and response to key issues.

In order to manage supplier ESG risks, we have established the 'Supplier ESG Code of Conduct', defined requirements for social responsibility compliance, and asked our suppliers to practice them. Additionally, based on SK Group's supplier ESG diagnosis guidelines, we have designated various ESG risks that may occur in the process of collaboration with suppliers as core management areas by reflecting the characteristics of the business. ESG risks of suppliers designated as key management areas are systematically managed through detailed procedures such as preliminary diagnosis-evaluation-due diligence-establishment of improvement plan- monitoring.

We also classify the type of partners by considering the size and continuation of the transaction with the partners, the characteristics of the transaction item and strategic importance, etc., and support step-by-step upgrade by differentiating ESG diagnosis indicators, diagnosis methods, and diagnosis cycles tailored to the characteristics of each type and applying them. Based on the ESG diagnosis results of partners, we implement improvement processes such as providing specialized ESG training and consulting to ensure systematic follow-up management and support activities.

1) For details, refer to SK Telecom website(https://www.sktelecom.com/view/esg/scm.do)

Supplier ESG Code of Conduct

SK Telecom's 'Supplier ESG Code of Conduct' was established based on UNGC principles, OECD MNE guidelines, and GeSi's JAC(Joint Audit Cooperation) guidelines. In order to encourage the practice of the Code of Conduct, we made it mandatory for all our partners to sign the 'Supplier ESG Code of Conduct' and 'Supplier Ethical Practice Pledge' focusing on key areas of ESG risk management through the online purchasing system in the beginning of each year. We also recommend that all business partners and secondary business partners in contractual relationships comply with the applicable principles. In addition, we prevent business risks related to business partners including suppliers in advance by conducting regular monitoring on compliance with the code of conduct.

Details of Supplier ESG Code of Conduct

	Details
Environmental Management	Complies with environmental laws and regulations, such as energy consumption, greenhouse gas emissions, hazardous substance emissions, water management, resource reduction, biodiversity conservation, and forest damage prevention, etc.
Health and Safety Management	Complies with laws and regulations related to health and safety, such as occupational safety, prevention of industrial accidents and diseases, sanitation, food and housing, and health and safety communication, etc.
Labor and Human Rights Management	Complies with laws and regulations related to labor and human rights management, such as prohibition of forced labor and child labor, compliance with working hours, prohibition of discrimination and harassment, wages and welfare, humanitarian treatment, freedom of association, etc.
Ethical Management	Complies with laws and regulations related to ethical management, such as business integrity, information disclosure, intellectual property, fair trade and advertising practices, protection of whistleblowers, responsible mineral procurement, and personal information protection, etc.

Supplier ESG Code of Conduct

Anti-corrpution Policy and Audit for Supply Chain

The Supplier ESG Code of Conduct and the 'Supplier Ethical Practice' are aimed at actively cooperating with the practice of corporate social responsibilities, including ethical management, and establishing a fair and transparent trading culture. The Ethical Practice Pledge includes the prohibition of providing money, entertainment, and convenience, how to report when a member requests money, entertainment, or convenience, prohibition of use or leakage of management information, and prohibition of unfair trade practices. In the event of any activity that violates our anti-corruption policy, we take appropriate measures by imposing sanctions through the Purchase Review Committee. In 2022, there was no case of sanction.

Partner ESG Risk Management Process and Execution Roadmap

SK Telecom evaluated the current level of the overall supply chain ESG through various methods such as written surveys, self-assessment, and on-site surveys for registered partners, and has been systematically managing supply chain ESG risks, focusing on key improvements. In particular, based on the results of supply chain risk diagnosis and assessment, we are implementing a program to establish corrective action plans for partners who need support, to request ESG performance improvement according to the plans, and to provide periodic feedback. Since 2022, we introduced an upgraded 'ESG risk in-depth diagnosis program' compared to the existing ESG diagnosis method.

Through the newly introduced 'ESG risk in-depth diagnosis program', we plan to complete the diagnosis by 2023, focusing on ESG priority management partners with a high level of transaction importance and a high proportion of transactions. Based on the results of the in-depth diagnosis, customized improvement support training programs for each partner and consulting support programs for ESG level improvement through on-site visits to partners are to be implemented. By 2024, we plan to complete the 'ESG risk in-depth diagnosis program' for ESG priority management partners, and plan to expand the ESG risk in-depth diagnosis program not only to ESG priority management partners but also to 1st and 2nd tier partners. By 2025, we plan to complete the implementation of the 'ESG risk in-depth diagnosis program' for all our business partners, except small business partners, and through this, we will improve the level of ESG risk management in the supply chain to meet global standards.

Process for Responsible Supply Chain Management

Supply Chain Status and Assessment

SK Telecom is designating a group of Significant Suppliers by comprehensively considering the impacts on business and transaction dependence, such as 1) relevance and reliability to the company's core business, 2) high level of transaction volume, and 3) irreplaceability of proprietary technology. Accordingly, as of 2022, out of a total of 1,118 registered suppliers, 134 companies were classified as Tier 1 significant supplier group and 24 companies were classified as non-tier 1 significant supplier group.

2022 Supply Chain Purchase Analysis

Supplier Classification		Number of Suppliers (companies)	Proportion of Purchase(%)
Tier 1 Suppliers	Total registration	1,118	100
	Equipment(network and infrastructure)	150	26
	Service(software and solution development)	772	47
	Goods	84	6
	Construction	112	21
Significant Suppliers	Tier 1	134	91
	Non-Tier 1	24	-

* ESG risk(child labor, etc.) vulnerable country and region management by country is checked through ESG screening

Establishment of ESG standards in the purchasing process and pre-screening of the supply chain

SK Telecom identifies ESG risks included in the Supplier ESG code of conduct during the purchasing process and reflects them in contracts, and if the ESG standards required by SK Telecom are not met, those partners are excluded from the contract process or the contract is to be terminated.

2022 Supply Chain ESG Assessment and Pre-screening

Supplier EGS Code of Conduct Agreement Signed Rate Status and Goals

Number of Partners(companies)	Target
1,118	100%

Remarks: Service, construction, equipment, goods suppliers

In particular, when registering a new partner, we manage supply chain ESG risks by conducting pre-screening based on ESG factors based on the Supplier ESG Code of Conduct such as human rights, environment, ethics, and society. We conduct pre-screening for 100% of newly registered suppliers based on the partner ethical practice pledge on the electronic contract system(OPEN2U). Partners which are found to have not met the standards according to the screening results cannot be registered as new suppliers and the contract is terminated. We also conducted pre-screening for the newly registered partners in 2022.(out of 318 new suppliers registered for pre-screening in 2022, the number of new suppliers failed to register was '0', the proportion was 0%) In order to continuously achieve 100% pre-screening, we advanced financial and non-financial risk review items and processes to meet the international ESG standards. Additionally, we strive to minimize the ESG risks of partners in advance by managing a pool of potential partners that meet the standards.

Purchasing Strategies to Enhance Supply Chain Sustainability

In order to manage and strengthen the sustainability of the supply chain, SK Telecom prioritized and conducted a total of five purchasing strategies: securing fundamental purchasing competitiveness by improving the purchasing structure from the perspective of Total Cost of Ownership(TCO), improving cost effectiveness by zero-base inspection of cost composition, optimization and improvement to a business-friendly purchasing process, managing purchase risks in advance and creating a fair trade environment, and expanding joint development and supporting overseas exports.

Supply Chain ESG Assessment

SK Telecom identifies the proportion of written surveys or on-site surveys of registered partners as key indicators of supply chain ESG assessment activities based on the environment, safety, labor and human rights, ethics and governance, and business relevance based on the Supplier ESG Code of Conduct. SK Telecom inspects ESG risks of its partners, focusing on the business sites in Korea that account for more than 90% of company's sales and profits, and also identifies risks by product such as conflict minerals, including issues related to the telecommunications industry.

Additionally, we conduct written assessment for systematic verification, and conduct ESG evaluations for partners with independent third-party organizations to ensure objectivity, fairness, and reliability of evaluations and to discover actual ESG risks. In addition, we use guides such as RBA, EcoVadis, and K-ESG to ensure objectivity of assessment indicators. In 2022, we conducted a written survey on 1,118 out of all Tier-1 partners(1,118).

For the 124 companies subject to the mutual growth agreement in 2022, we conducted the assessment of mutual growth index supervised by the Mutual Growth Committee. These policies and performance indicators are commonly applied to all domestic and overseas suppliers. As of 2022, the proportion of overseas purchases was 0.3%(approximately KRW 10.6 billion) of the total purchase amount(approximately KRW 4,162.6 billion), and performance indicators by region are managed mainly in Korea.

Supply Chain ESG Assessment(by assessment type)

		2022		
	Classification of Suppliers	Number of Suppliers(Coverage Rate)	Purchase Proportion	Target for 2022
Tier 1	Total number of suppliers that received written/on-site inspections(Audit)	1,118(100%)	100%	1,118(100%)
	Total number of significant suppliers that received written/on-site inspections(Audit)	134(100%)	91%	-
Non-Tier 1	Total number of significant suppliers that received written/on-site inspections(Audit)	24	-	-

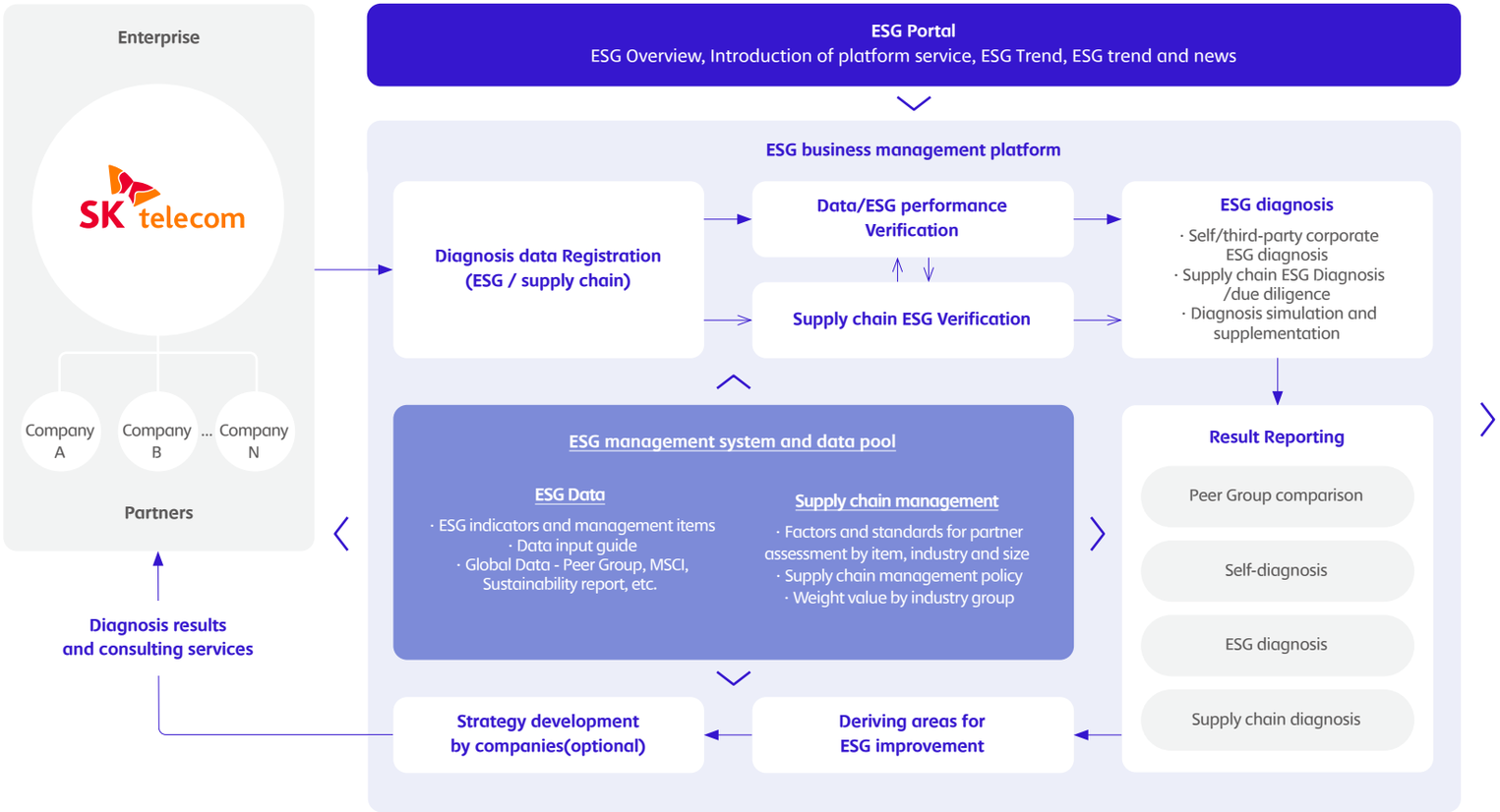
* Coverage: Suppliers that conducted written and on-site due diligence out of all suppliers in 2022

Conducting In-depth Diagnosis of Supply Chain ESG Risk Management

In order to advance supply chain ESG risk management, SK Telecom conducted two pilot tests to improve supply chain ESG assessment in 2021 and conducted a newly developed ESG assessment for key partners from 2022. In the future, we plan to provide the results of current status diagnosis and consulting services in the form of in-depth diagnosis through the ESG diagnosis platform to induce voluntary management of partners and verify data. Additionally, we plan to prepare an improvement support program to make practical improvements and focus on providing on-site consulting for ESG high-risk partners.

Partner ESG Diagnosis and assessment

"Partners conduct self-diagnosis on the ESG diagnosis platform, and data registered by partners are verified"



Support Partner ESG Improvement

" Focusing on on-site consulting for ESG high-risk partners, and jointly supporting improvement support programs that reflect the needs of Tier-1 suppliers."

Training(On·off)

· [Staff] ESG basic and advanced course of SKT mutual growth academy
· [Management level] Group mutual growth academy, SKT CEO Forum, etc.
· [Employees] ESG practice training of SKT mutual growth academy
- Ethical management, sexual harassment prevention, harassment prevention, information protection, etc.

Guide

· Partner ESG self-diagnosis checklist
- Company rules and regulations such as ethics, labor management, safety, etc.

Consulting

· On-site consulting for partners(for high-risk partners)
· Support for ISO certification in connection with industrial innovation consulting

Identification and Analysis of Key Risks in the Supply Chain

SK Telecom proactively manages key risks in the supply chain by conducting annual surveys(mutual growth satisfaction survey, business partner survey, etc.) for its suppliers as well as meetings with suppliers, listening to VOP(Voice of Partners), and risk management working group. The risk factors identified through the surveys are reflected in the Risk Gap Analysis and Risk Mapping for each supplier group, and are reviewed at the quarterly purchasing performance analysis improvement meetings. We classify key risks that arise from the supply chain perspective into economic, social, and environmental risks and reflect them in the supply chain sustainability process., and key risks are reflected in the Supplier ESG Code of Conduct and the Supplier Ethical Practice Pledge, and are fully applied when diagnosing partners in the future. For partners identified as being exposed to 'high risk', we prevented the possibility of risk in advance by conducting a supply chain audit through on-site inspections or 3rd party inspections.

Corrective Measures and Incentives

SK Telecom requires partners who need to improve based on the results of supply chain risk diagnosis and assessment to establish corrective action plans and improve ESG performance through the implementation of the plans. Partners in need of improvement are separately managed to ensure prompt ESG performance improvement through the feasibility review of the improvement plans, support for necessary resources for corrective actions, and, if necessary, advisory support from external professional organizations. The results of improvement are classified and analyzed by improvement areas and reflected in the process of pre-screening, ESG risk diagnosis, and establishment of support policies for supply chains. In 2022, no partners were subject to sanctions based on the results of partner diagnosis and assessment. Meanwhile, we support partners with excellent diagnosis and assessment results with incentive systems such as financial support for ESG-excellent partners, capacity building programs, and risk reduction programs. Competency enhancement programs include free transfer of technology and patents, technology support and protection programs through open collaboration, mutual growth academy, and CEO seminar courses for partners. The programs for risk reduction consists of detailed programs such as signing an agreement for mutual growth, purchasing policies for partners and guides on policy compliance, as well as unit price adjustment, funding(financial) support, and welfare support.

Supply Chain Risk Assessment Results and Corrective Action Support Status(Unit: Companies)

	2022	
Classification of Suppliers	Number of Suppliers	Target
Number of suppliers assessed with substantial actual and potential negative impacts	7	-
Percentage of suppliers with substantial actual and potential negative impacts with agreed corrective action and improvement plans	100%	100%
Number of suppliers terminated due to substantial actual and potential negative impacts	-	-
Number of suppliers supported in corrective action plan implementation	7	6
Percentage of suppliers assessed to have substantial actual/potential negative impacts supported by corrective action plan implementation	0%	0%

Mutual Growth with Partners

SK Telecom has been actively pursuing mutual growth with its partners to create a healthy ICT industry ecosystem and create sustainable values. In 2003, we established a department dedicated to mutual growth and win-win cooperation for the first time in the industry, and declared our will to promote win-win management internally and externally, and we have been implementing various mutual growth programs. In recognition of the establishment of a fair-trade culture with partners and sincere mutual growth activities, as of the end of 2022, we were selected as the 'best' company in the shared growth index evaluation for 10 consecutive years. Additionally, we are operating training programs for partners, on-site support for correction and improvement, and capacity building programs to provide supply chain ESG in earnest.

Partner Competency Building Programs(Unit: Companies)

	2022	
Classification of suppliers	Number of Suppliers	Target
Number of suppliers participating in capacity building programs	124	120
Percentage of significant suppliers participating in capacity building programs(%)	78	-

Three Practice Tasks for Mutual Growth

In order to create a fair-trade culture, SK Telecom has signed fair trade agreements with approximately 124 partners every year. Additionally, we are operating a shared growth program that supports partners to strengthen their competitiveness by expanding it to not only Tier-1 suppliers, but also Tier-2 suppliers. Furthermore, in order to vitalize the start-up ecosystem, we are expanding support programs to start-ups that do not have existing transaction relationships. These programs are conducted in various fields such as developing new technology, supporting commercialization, supporting competitiveness improvement, and supporting market development. Based on the culture of mutual trust and fair trade accumulated so far, SK Telecom intends to expand cooperation with its partners to respond together to various environmental changes and practice sustainable win-win cooperation. Especially, with the goal of practicing shared growth at the highest level in Korea, it has established and actively promoted three mutual growth practice tasks to be achieved by 2025.

- Establish a fair and transparent trade environment with partners, continue to practice key recommendations of the Fair Trade Commission(contract conclusion, selection and operation of partners, internal review committee, preservation and issuance of documents, etc.), and strengthen internal self-purification activities: Complete by 2023 for Tier-1 partners
- Support partners for win-win cooperation: Expand support for the mutual growth programs to Tier-2 partners as well as Tire-1 partners by 2024, and expand quantitative and qualitative support for win-win growth programs at the level of Tier-1 partners to Tier-2 partners by 2025
- Support partners to strengthen their competitiveness and lead the market by expanding collaboration tasks(Joint development of new technologies such as 5G and AI, expansion of ESG, discovery of collaborative tasks for future response, etc.): Promote by 2023 for Tier-1 partners, expanded to Tier-2 partners as well as Tier-1 partners by 2024 and completed by 2025 for Tier-2 partners

Technology Development Support and Technology Protection Program for Partners

The Technology Development Support Program for Suppliers provides free grants/transfers of patents and SK Telecom's technology development infrastructure to help external developers, including SK Telecom partners and ventures(start-ups), develop new technologies in areas such as 5G, AI services, and metaverse. Additionally, we support technology protection data through escrow of technical data and consignment of trade secret original certification services for free and support systematic technology protection of partners through technology protection consulting and patent application support programs.

Technology development support and technology protection	Number of cases	Amount (in thousand KRW)
Support technology support infrastructure(SKT Open API, etc.)	288 cases	Free provision
Free support of patent technology	91 cases	Free provision
Technical data escrow system	109 cases	13,300
Certificates of original for trade secrets	244 cases	1,450
Technology protection consulting	6 cases	-
IPR application fee support for suppliers	8 cases	2,573
Total	746 cases	

* Reference. Technology protection consulting costs are borne by the Large and Small and Medium Business Agriculture and Fisheries Cooperation Foundation

Financial Support Program for Partners

In order to support partners financially, we contribute to the mutual growth fund and win-win loans for ESG excellent partners. The mutual growth fund is a program that uses interest on deposits to provide discounts on loan interest rates to partners. Additionally, we quickly pay the payment to our partners through the early payment program.

Financial Support	Number of companies	Amount	Remarks
Mutual Growth Fund Loan Support	81 Companies	KRW 76.7 billion	
Early payment program	905 companies	-	Early payment with an average number of payment days of 9.5 days compared to 60 days for general subcontract payment contracts

Capability Building Courses for Partners

SK Telecom's curriculum consists of ESG essential courses, ESG general courses, tech competency building courses, and other general courses to strengthen the capabilities of its suppliers, and 28,770 people completed the training in 2022.

Classification	Curriculum	Participants (persons)
ESG Mandatory Courses	· Ethical management education, such as preventing sexual harassment, improving awareness of the disabled, and preventing bullying in the workplace · Education on the Serious Accident Punishment Act to spread the safety and health culture to partners · Information security education to protect personal information and prevent information leakage	20,884
ESG General Courses	· Technology Protection for SMEs, Understanding ESG, Measurement of Social Value · Environmental Management, ESG Strategy, Social Value Management, ESG Case Study, etc.	2,915
Tech Capacity Building Courses	· 5G Tech, AI, Cloud, IT Security, Big Data, Digital Security, Blockchain, etc.	3,660
Other General Courses	· New Management Strategy, Practical Excel Data Analysis, Foreign Language, etc.	1,311

Partner Communication Process

We collect opinions and improvements from our partners through online and offline channels and reflect them in our business and purchase processes.

Partner Communication Process

Communication Channels with Partners

SK Telecom is operating various communication channels in which partners participate to collect opinions from the filed on mutual growth and reflect them in actual policies.

· Survey on Happiness of Partners

We conduct anonymous opinion surveys for partners on key items such as work relationships and decision-making in the course of transactions and collaboration with SK Telecom, and feedback the results to business department to reflect them in the shared growth policy

· In-depth Meeting with Partners

Collect opinions through informal meetings in one-on-one type to hear voices from the fields related to contracts with SK Telecom and mutual growth activities and reflect them in policies

· SCM Mailbox

Collect difficulties and opinions for improvement in the process of purchasing-related tasks(order, contract, delivery, etc.) with SK Telecom and reflect them(OPEN2U 'Open Communication')

*2022 Performance: 4 cases received / 4 cases processed(100% of completion rate)

Case

Realization of Mutual Growth Through the Provision of Consulting on the Serious Accident Punishment Act

In March 2022, SK Telecom held a mutual growth forum attended by major partners in an online and offline hybrid method. In this forum, we shared ESG management policies and promotion direction of shared growth, while announced a plan to provide an ESG management diagnosis program and ESG management improvement programs for partners to practice ESG management. In particular, we decided to provide consulting on the Serious Accident Punishment Act, which will take effect in earnest from 2022, to its major partners to effectively respond to the Serious Accident Punishment Act.

This consulting consists of action plans to prevent and respond to serious accidents, such as establishing a safety and health management system in accordance with laws and regulations. We expect to realize mutual growth with our partners and further spread ESG management in the supply chain by supporting members of our partners to work in a safer environment through consulting on the Serious Accident Punishment Act.

Social contribution

SK Telecom continues innovative challenges to solve social problems and create social values by utilizing ICT technology and infrastructure. We are expanding the social safety net and bridging the digital divide for vulnerable groups based on AI services technology, and we are also creating a society that donates services by activating donation platforms and social contribution campaigns. In addition, we are not only supporting ESG innovative startups and fostering AI talents who will lead the future, but also promoting win-win collaboration with small and medium-sized businesses in various ways.

Social contribution strategy

As the ICT-centered digital life accelerates in all areas of life, the digital divide of the digitally underprivileged is widening, and side effects such as personal information leakage and cybercrime occur, and The role of ICT companies as a social safety net service provider is emerging. SK Telecom, as an 'AI Company', has established a social contribution strategy focusing on the vision of '2025 Social value creation based on ICT' to provide a better life to customers through ICT infrastructure. We contribute to the development of a sustainable society through a variety of activities in the three aspects of 'improving quality of life based on AI', 'sustainable society for all', and 'expanding the ICT cooperation ecosystem', and we strive to ensure that companies and society grow together by creating social value at the same level as economic value.

Expansion of AI-based social safety net

Elderly care service using AI speakers

Based on its AI technology and ICT expertise, SK Telecom is striving to resolve the difficulties of the socially vulnerable, such as the elderly living alone, and to expand the social safety net. As part of this, in April 2019, in cooperation with local governments and social enterprises(Happy Connect)[1], we launched the 'AI Care' service for the elderly living alone. The Happy Connect ICT Care Center monitors the data collected through the AI speaker 'NUGU', and if an abnormality is detected, we provide 24/7 real-time services such as safety confirmation, dispatching, psychological counseling support, and connection to 911 through emergency SOS calls. As of the first quarter of 2023, we provide services to approximately 18,000 households served by 90 care organizations such as local governments, public health centers, and dementia care centers across the country.

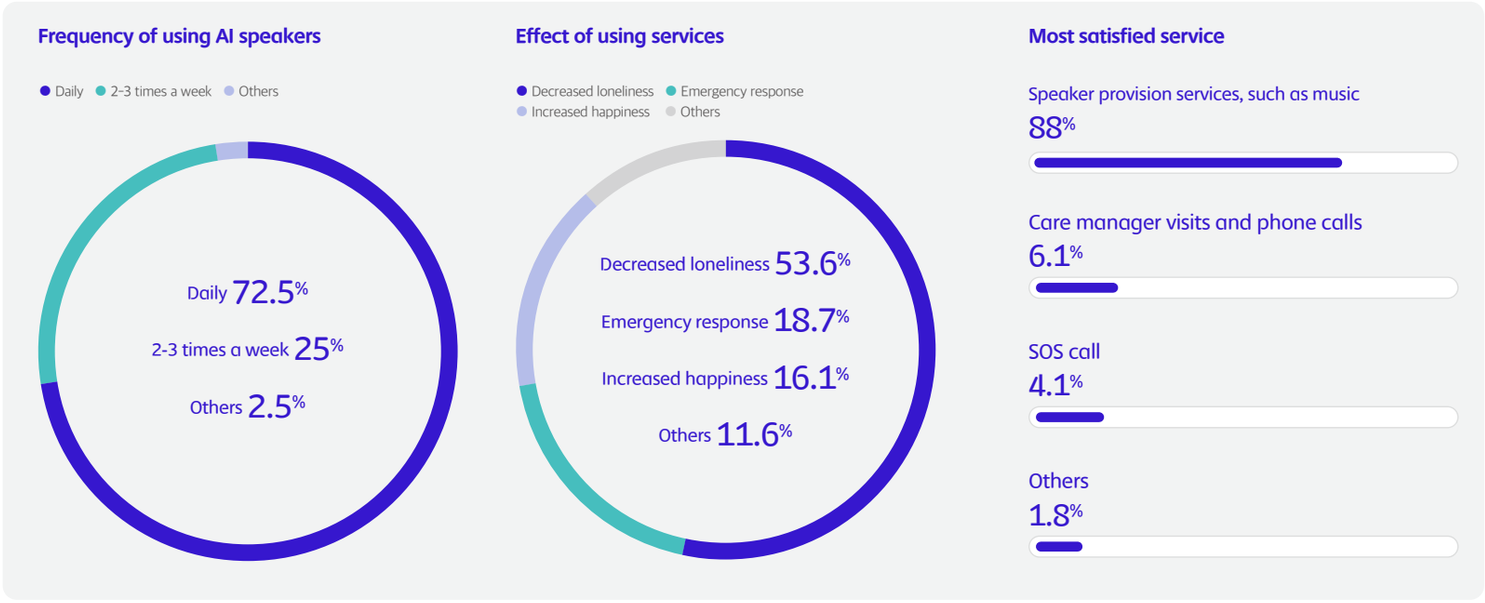
1) Happy Connect is a social enterprise established by SK Group and operates projects to support the socially underprivileged using SK Telecom and IT devices

AI care which is recognized as a representative service of smart care was also adopted as an elderly care policy task service for the health care project of the public health center of the Ministry of Health and Welfare, one of the government's Digital New Deal policies in the second half of 2020. Through 40 public health centers nationwide, we have supported the improvement of the quality of life and health management of 3,300 elderly people, and we have steadily expanded the target of support. In the future, we will not only work with various partners to advance AI care services, but also contribute to further strengthening the social safety net with new AI-based services.

AI call service for the safety of the vulnerable

Since 2021, SK Telecom has been supporting an AI counselor-based call service to check on the safety of the elderly living alone and single-person households having a risk of isolation and to prevent lonely deaths. As of the first quarter of 2023, we provide AI call services to 20,000 people under the jurisdiction of about 60 local governments and welfare institutions. For the most basic prevention of lonely death and safety check, we provide 'Nugu Care Call' free of charge to about 8,000 elderly people living alone and those who have experienced abuse. In particular, we provide safety checks and life health guidance based on a variety of scenarios for each subject. Along with this, we launched 'AI Safety Call(care control type bizcall)', an upgraded version that combines the professional control and monitoring service of Happy connect, a social enterprise, for single-person households having a risk of isolation. As of the end of March 2023, we provide the service to about 12,000 households in 22 districts(25 districts in total, 88% of share) to check the safety of middle-aged and elderly households having a risk of isolation in Seoul. In the future, we plan to further advance the AI call service so that local governments and welfare institutions can reduce the intensity of care work and focus on their original on-site support.

Analysis of the usage status of 'AI Care' in Gyeongsang nam-do in 2022



Establishment of nationwide earthquake detection sensor network

SK Telecom, in cooperation with the Korea Meteorological Administration and Kyungpook National University, has completed the establishment of an "earthquake detection sensor network" that can be linked to the earthquake detection and early warning system on the Korean Peninsula. The Korea Meteorological Administration, which operates 338 earthquake stations across the country, utilizes SK Telecom's base stations and distribution network and cooperates with public institutions such as post offices, fire departments, and Korea Coast Guard to install earthquake detection sensors in 8,000 locations across the country to conduct faster and more precise earthquake analysis research. SK Telecom expects that when the earthquake detection sensor network is applied to the Korea Meteorological Administration's system, it will serve as an auxiliary network for earthquake observation and contribute to faster earthquake warning issuance and ultra-high-resolution perceived earthquake magnitude information services.

'Disaster text message alert service protecting public safety

Since COVID-19, the amount of disaster text message alerts sent by government agencies and local governments has exploded more than 60 times, and as extreme weather events such as forest fires, torrential rains, and typhoons increase, national interest in disaster recognition systems has been increased. In order to actively respond to this situation, SK Telecom is working closely with government agencies, local governments, other telecommunication companies, and MVNOs so that citizens can quickly receive disaster text message alerts through SK Telecom's communication infrastructure regardless of their subscription. Through these efforts, we are continuously expanding the establishment of a social safety net that can protect the safety and lives of citizens even in a variety of disaster situations.

Barrier Free

Expansion of AI-based support for the disabled

SK Telecom, which is transitioning into an 'AI Company', is promoting 'Barrier Free AI' that enhances life convenience for the disabled and helps create jobs by utilizing AI capabilities. In particular, AI is being used in various ways to help people with sensory disorders(audio/visual disorder) and developmental disabilities.

'Sullivan Plus', AI visual aid service

As part of SK Telecom's 'Now I See' project for the visually impaired, we have applied voice recognition AI 'NUGU' to 'Sullivan Plus' operated by social venture TUAT since 2021. Sullivan Plus is a service in which a smartphone camera replaces the eyes of the visually impaired. With 'NUGU' applied, you can use the variety of functions provided by Sullivan Plus in the form of daily conversations such as "Read me a text" after calling 'Aria' without searching for menus on the screen of the smartphone. 'NUGU' was also applied to 'Sullivan A', a document recognition specialized service for visually impaired workers. Both services were recognized for their outstanding innovation, winning the MWC GLOMO Award in 2022 for Sullivan Plus and the CES Innovation Award in 2023 for Sullivan A.

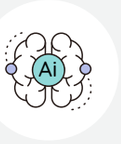
'G-EYE Plus', navigation for the visually impaired

In November 2022, SK Telecom, along with LBS Tech and SAPEON Korea, developed 'G-EYE Plus', a walking navigation system for the visually impaired, by applying VLAM[1], a robot autonomous driving technology, for the first time in the world to improve the walking environment for the visually impaired. This technology was applied based on the fact that most of the existing navigations for the visually impaired are operated based on GPS signals and have limitations in accuracy, and the advantage of this is that the current user location can be measured precisely with an average error of 1m by turning half while pressing the camera button on the smartphone, greatly improving effectiveness. In particular, it greatly saves the time and effort of the visually impaired, who had difficulty finding the door or driveway because the guidance is ended in front of the building. SK Telecom won the 'MWC GLOMO Award' in 2023 together with LBS Tech and SAPEON Korea for 'VLAM-based G-EYE Plus'.

1) VLAM((Visual Localization and Mapping) technology: Technology that reduces the average error range of one's position to within 1m by taking pictures or videos in a space where 3D scanning is completed, providing much more accurate location information than before

'Silent M', a taxi driven by a hearing impaired

Since 2018, SK Telecom has been supporting 'Silent M', a taxi driven by the hearing impaired. This taxi is a service launched by Coactus to help the hearing impaired get a job, and SK Telecom added a blinking notification function, dispatch notification pop-up, and messaging function to the 'TMAP Taxi app for the hearing Impaired' to enhance the convenience of drivers and passengers. Through this service, a total of 160 deaf drivers have been produced by the end of 2022.



Development of AI technology for treatment of people with developmental disabilities

There are a small number of experts in diagnosis and treatment of autism spectrum disorder, and hospitals that can treat it are concentrated in some areas, so the golden time for treatment is often missed. In 2022, SK Telecom began developing vision AI-based technologies for early diagnosis of developmental disorders and treatment of challenging behaviors with Seoul National University Hospital. We are to develop an AI technology that can detect autism early by learning the behavioral characteristics of children with the autism spectrum, such as avoiding eye contact or not responding when called by name. We are also working together in the development of digital therapy to alleviate abnormal behavior in children with autism by allowing AI to objectively measure whether autistic children's abnormal behavior(harm self, harm others) has improved before and after digital treatment.

Transportation convenience service for workers with severe disabilities

'Good shuttle' is a dedicated shuttle bus that helps severely disabled workers who are having difficulty in commuting by using idle minibuses. SK Telecom's face recognition technology, 'NUGU Face Scan', is applied to notify the guardian as soon as the passenger gets on board. Good-shuttle has been adopted as a formal business by Seongnam City since April 2022 and is in operation and is also in operation at standard workplaces for the disabled at companies such as SK Hynix and Coupang. In the future, we plan to expand the Good shuttle service across the country in collaboration with the Employment Agency for the Disabled.

ICT education to bridge the digital divide for youth with disabilities

SK Telecom operates the Happy Coding School and holds a Coding Challenge Contest to improve the ICT capabilities of youth with disabilities and to bridge the digital divide. Happy Coding School for youth with disabilities is a social value creation program that contributes to the discovery of happiness and talent of youth with disabilities through software training. Sustainable coding training courses by disability type(physical, developmental, visual, auditory, special class) and age were developed into 14 modular texts and operated for special schools nationwide from 2019 to 2022. We ran training in 40 schools in 2019, 14 in 2020, 51 in 2021, and 23 in 2022. In addition, the Coding Challenge Contest for youth with disabilities, which began in 1999 and celebrated its 23rd contest in 2022, has contributed to instilling awareness that anyone can become a value creator that society needs through the process of participants resolving coding tasks such as animal protection, poverty eradication, and disaster overcoming. In the future, we plan to support coding training in the form of Happy Coding School to youth from the underprivileged to improve digital inclusion.

Creating a culture of donation

Operation of donation platform

SK Telecom is conducting social contribution projects through a variety of donation platforms such as Happy Credit and GiveU to create a donating society.

Happy Credit is a new concept ESG point donation program operated by SK Telecom. When a customer practices a good life, such as purchasing eco-friendly courier packaging products, products of social enterprises and small businesses, or uses services that create a social value, he or she accumulate happy credits, which are points dedicated for donation, and SK Telecom donates the amount of accumulated credits instead. For a year, from November 2021 to October 2022, customers participated in 11th Street, SK Stoa, PASS, T Membership, T Direct Shop, and member blood donation campaigns, accumulating a total of KRW 863 million in donations. The number of customers who participated in the accumulation was 3.8 million, up 49% from the previous year. The Happy Credit reserve is used for social problem-solving projects such as helping the less fortunate, disaster relief, and environmental protection.

The GiveU service is provided by an online donation platform, T Together(ttogether.sktelecom.com), through which SK Telecom supports the fundraising activities of various NGOs such as Good Neighbors, Holt Children's Services, and UNICEF. In 2022, a total of 33 NGOs participated in GiveU service, and through SK Telecom's own fundraising activities, such as the T direct shop good gift event, it raised about KRW 430 million in donations and delivered it to NGOs.

ICT-based social contribution campaign

SK Telecom is taking the lead in resolving social problems through social contribution campaigns that utilize ICT and distribution infrastructure. We have supported social enterprises to resolve social problems more effectively by implementing the 'SK Probono Happy Tester' activity from 2020, which tests the usability of app/web services created by social enterprises based on the ICT capabilities of our members and derives improvements. In addition, to improve ICT capabilities and provide learning opportunities for the vulnerable, we donate smart devices to children of the vulnerable.

'Red Connect', an official blood donation application developed in cooperation with the Korean Red Cross in 2019, contributed to the increase in re-donation rates by providing a health care service that combines blood test results with national health care big data and a function to inquire donated blood. In recognition of the innovation of this app, SK Telecom has received awards from the Minister of Science and ICT, the President of the Health Insurance Review and Assessment Service, and the Chairman of Public Data Strategy. In 2022, the operation of the Red Connect service was transferred to the Korean Red Cross to enable more intensive service.

Along with this, since 2019, we have been helping solve the blood shortage problem by conducting a blood donation campaign in which employees of SK Telecom and ICT family members participate every year. In 2022, we provided free messaging(RCS) to the Korean Red Cross to support blood donation promotion and support improvement of blood donation service quality through VoC analysis process automation. Recognized for contributing to the spread of blood donation culture by resolving the blood shortage problem, developing ICT-based blood donation service, and employee participation, SK Telecom received a commendation from the Minister of Health and Welfare for blood donation and blood business, and the medal of highest honorary member of the Korean Red Cross in 2022.

Spending on charity activities by donation type(Unit: KRW million)

Cash donation	
Cash donation	11,432
Calculated amount based on volunteer hours by employees during working hours	89
In-kind donation[1)]	15,275
Indirect cost[2)]	3,826

1) In-kind donation: Cash equivalents such as products and services, projects and prizes, etc.
2) Indirect cost: Expenses spent on program management other than those spent on social contribution programs
* Donation and sponsorship for political purposes are avoided in accordance with SK Telecom's anti-corruption policy

Ratio of employee professional volunteers[3)]

Classification	Unit	
Total volunteer hours	Hour	1,025
ICT volunteer hours	Hour	357
2019	%	82
2020	%	28
2021	%	14[4)]
2022	%	35

3) Professional volunteer ratio: Volunteer hours of ICT volunteer and Pro Bono volunteers/Total volunteer hours
4) Ratio of ICT professional volunteer declined due to members' participation in blood donation

Support for ESG innovation startups

Creation of ESG innovation fund

SK Telecom created the 'SK Telecom-Kakao ESG Fund' worth KRW 20.8 billion in 2021 for the sustainable growth of innovative ICT startups that pursue social and environmental values and financial performance at the same time, and then created the '3 Telcos ESG Fund' worth KRW 40 million in 2022. The investment targets of the ESG Fund are startups with innovative technologies in ICT and convergence industries and excellent ESG management environments. The goal is to create a virtuous cycle structure in which ESG innovative startups, which have grown with support by actively using the ESG fund as a priming water, exert a positive influence on our society in the future. As of March 2023, the SK Telecom-Kakao ESG Fund has completed investments in 12 startups and the 3 Telco ESG Fund has completed investments in 7 startups.

Over the past 10 years, SK Telecom has been promoting accelerator programs and collaboration projects for startups, and establishing an ESG fund, and through this SK Telecom has established a virtuous cycle of nurturing startup growth from discovery to acceleration, investment, and growth. Through this, we discover and foster innovative startups in the ESG field where a variety of social issues such as the environment, the socially disadvantaged, and the educational gap occur, and support them, that have grown, to have a good influence on society. In the future, we plan to discover potential ESG innovative startups and invest in them as well as support them for competitiveness enhancement and company growth.

Fostering innovative startups specialized in 5G

SK Telecom is operating the 'ESG Korea' program, which discovers startups in the ESG field and supports systematic customized accelerating from goal setting to service development, market entry, and global expansion. This program is the best ESG specialized startup accelerator program in Korea that concentrates the R&C of each partners' of the 'ESG Korea Alliance', which is established by a total of 25 partners, including domestic and foreign top-tier players such as global companies like Microsoft and SAP, domestic social entrepreneur educational institutions, investors, and universities, and SK affiliates such as SK Innovation, SK Square, SK Hynix, and SK Networks.

In 2022, we selected 14 startups seeking solutions to social problems, such as renewable energy, recycling, embracing the disabled, and the educational gap, and provided mentoring and various support for six months. As a result, they were selected for major government contests and support projects, and during the program period, 8 cases of investment attraction and 8 cases of business linkages to SK Telecom and SK Group affiliates were achieved. In the future, we will continue to contribute to the growth of ESG innovative startups and vitalization of the startup ecosystem by engaging in the alliance with more investors, institutions, companies and SK affiliates.

Along with this, SK Telecom also operated the 'True Innovation Accelerator Program', which focuses on the business growth of early stage startups and their business connection with our company. This is an accelerating program that selects early stage startups with potential in the 5G field, such as AI, metaverse, IoT, smart factory, cloud, and MEC, and focuses on supporting stable market entry along with service mix, development, and launch. In 2022, we discovered 14 startups and conducted accelerating for 6 months, and as a result, 3 government projects were received and a total of KRW 8.7 billion in investment was secured for 4 teams. In the future, we plan to expand the accelerating program to support startups in the growth-stage that seek growth through business linkages beyond supporting early-stage startups to enter the market.

As such, SK Telecom discovered and supported the growth of total 384 startups through startup accelerating, which started in 2013, and the total enterprise value of the startups that have grown through this has exceeded KRW 6.3 trillion as of December 2022(based on 150 startups disclosing corporate value). Along with this, a total of 10 unicorns, spare unicorns, and baby unicorns were born, and they successfully won prestigious domestic and international awards such as the CES Best Innovation Award and the MWC GLOMO Award. SK Telecom will continue to create a variety of social values by discovering innovative and potential startups and supporting their growth.

Creation of ESG innovation Fund

[SK Telecom - Kakao ESG Fund]
Invest in ICT-based ESG innovative startups in the Bridge~Series A stage
(ESG 60% or more)

[3 Telcos ESG Fund]
100% investment in innovative technology startups that meet ESG in the Bridge~Series A stage
(priority in environmental areas such as Net Zero)

Fostering AI talent through industry-academia cooperation

Operation of AI fellowship to foster practical talent

SK Telecom operates the 'SKT AI Fellowship' program, which allows students to receive various support and mentoring while directly carrying out technical tasks in the industrial field, to deliver SK Telecom's, which is transforming into an AI-centric company, technology development experience and know-how to university students and to support students who have few opportunities for practical experience to grow while performing practical tasks. In 2022, SK Telecom provided data and assets to a total of 33 students who experienced the entire process from design to development of 12 on-the-job projects for 5 months, and in the process, we also supported close mentoring from senior developers so that they could become practical talents. Students who completed the SKT AI Fellowship not only developed technologies that are used in actual services of SK Telecom and SK ICT family companies, but also achieved results such as listing intellectual property rights, publishing papers in academic journals, and exhibiting and presenting at SK comprehensive technology exhibitions. As a result, students' satisfaction with the program exceeded 4.9 points out of 5, and two of the outstanding graduates finally joined the company through junior talents(new employees) recruitment in the second half of 2022. In the future, we plan to expand the program to the technology ecosystem in various ICT technologies such as 5G, media, and security as well as AI.

Fostering core practical talents based on AI technology

Since 2022, SK Telecom is taking the lead in fostering core practical talents based on SK Telecom's AI technology through the 'K-Digital Platform & Training' project[1]. In the Boramae office building in Seoul, we are operating the 'AI Tech Lab', an exhibition and learning space for fostering digital convergence talents, where SK Telecom's AI-related technologies are displayed and can be experienced directly. In addition, we foster digital human resources by operating the 'FLY AI' course that allows young people to learn AI technology, and fostered 47 digital talents through the first term operation in 2022. In the future, SK Telecom plans to open and share SK Telecom's infrastructure and technology with the local community and contribute to the creation of a virtuous cycle and ecosystem for excellent talents through customized practical training based on the latest technology.

1) K-Digital Platform & Training: A program to establish exhibition and experience spaces to foster talents in the digital and new technology fields and to develop and operate digital education courses for young people

AI curriculum to foster AI experts

SK Telecom is keenly aware of the need to foster AI experts who will lead the 5G era, so is striving to foster human resources in cooperation with leading universities in Korea. Starting with Seoul National University and Korea University in 2017, we are expanding our partnership with universities every year, and in 2022, we have cooperative relationships with 22 domestic universities, including Yonsei University, Hanyang University, Sogang University, and Sungkyunkwan University, and conducted a variety of educational cooperation programs necessary to develop AI technology training courses and foster excellent AI talents.

In particular, with the intention of continuously sharing our AI technology capabilities and working level experience with universities, AI experts from our company created the 'SKT AI Curriculum,' where AI experts directly lecture on technology theories and business cases, to provide high-quality learning content to students of related departments. About 700 students completed the SKT AI curriculum consisting of a total of 87 videos, and the level of satisfaction with education was 4.5 points out of 5.

In addition, we are also operating 'AI Curriculum Live' where mentors in the field counsel students' career concerns and questions about careers in related fields using our metaverse platform 'ifland', and 'AI Project Task' in which our members mentor students on projects that plan and implement new services using the AI service platform NUGU. In addition, in 2022, we donated development equipment worth KRW 8 million to AI-related research labs at partner universities to support the creation of a development environment for excellent technical talents.

Support for mutual growth with SME

SK Telecom is promoting a variety of support projects for win-win growth with small and medium-sized enterprises(SME) suffering from the economic downturn. We provide practical help to increase the sales of various franchise stores through 'T Day', which is most used by customers among SK Telecom's customer benefit programs, T Membership. T Day is to provide exceptional discount benefits on specific days in consultation with the franchise head office, and we support a variety of marketing such as MMS sending, app push, SNS posting, etc. by utilizing the strengths of the T Membership platform with 5.5 million MAU(monthly active users). For the year 2022, 5.8 million purchases were made at franchise stores through T-Day, resulting in KRW 79 billion in franchise sales and KRW 43 billion in discounts received by customers from franchise stores, of this, SK Telecom's direct support is estimated at KRW 12.8 billion.

SK Telecom is also operating a specialized benefit program for small business support called 'Open Membership' for customers who are willing to open their wallets for social values. Open Membership consists of 'Good Consumption' that supports small businesses such as social enterprises and social ventures, and 'Open Bakery' that helps marketing of local bakeries. For the year 2022, we supported KRW 270 million to 12 companies through Good Consumption and KRW 170 million to 60 local bakeries across the country through Open Bakery respectively.

Along with this, since April 2020, SK Telecom has supported SMEs nationwide by using 'T Deal', a big data-based text message marketing service. T Deal is a service that sends text messages to customers who are likely to purchase each product to connect to a dedicated online page where they can check product information and purchase. SMEs that have entered T Deal can receive support for highly effective marketing resources such as discount coupons, targeted advertising texts, banners, and special exhibitions for free of charge. As of the first quarter of 2023, the percentage of SMEs entering T Deal is 97%, and the percentage of their sales to total sales of T Deal reaches 96%. For example, 'Ganggang Sulae Food' and 'Green Handon', which entered T Deal in 2022 and have received good reviews with high

sales performance, achieved the highest online sales amount in T-Deal among channels other than their own malls.

Improving digital inclusion

Programs that bridge the digital divide

SK Telecom operates a variety of ICT education programs to bridge the information divide of the vulnerable. Since 2021, we have formed an industry-academia-research consortium with universities and education companies to promote the "National Digital Competency Reinforcement Education Project" to bridge the digital divide. This project is a Korean version of the New Deal project promoted to bridge the digital information divide and create jobs for the information underprivileged in the era of COVID-19, and we carried out this project in 6 regions across the country in 2022. By this project, we supported improving the digital capabilities of the underprivileged through AI senior care-linked smart senior citizen center education, customized education for the digitally underprivileged such as multicultural families, seniors living alone, and women with career interruptions, and software coding education by disability type.

Tariff discount for the vulnerable

SK Telecom is providing tariff discount benefits to the vulnerable to reduce the burden of communication costs and continuously improve accessibility to information services. In 2022, the amount of discounts provided to the disabled, low-income class, and basic pension recipients totaled KRW 510.8 billion, up 8.0% from the previous year.

Expansion of communication services in vulnerable areas

SK Telecom is establishing a 5G joint network in rural areas through cooperation with the Ministry of Science and ICT and 3 communication companies to improve service accessibility to the public so that 5G services can be used in rural areas as well. We are continuously expanding the scope of communication areas for residents in areas where it is hard to access the communication services, such as mountain areas, island areas, and remote villages. This technology is recognized worldwide by winning the '5G Industry Partnership' award at the 'MWC GLOMO Awards' in 2021.

Participation in ICT information divide closing education(Unit: persons)

	2020	2021	2022
Digital utilization training(smartphone utilization training for the elderly)[1]	36,548	101,027	107,433
ICT Makerthon(Coding Challenge)	-	76	98
Happy Coding School	142	464	238
Digital talent development training (FLY AI)			47

1) Since 2020, smartphone utilization education for the elderly was integrated with digital utilization education

Tariff discount(Unit: KRW million)

	2020	2021	2022
Disabled	133,901	139,382	140,380
Low-income	136,689	156,014	170,129
National Merit	12,521	13,324	13,744
Basic pensioners	135,164	169,071	191,779
Others	1,945	1,964	1,994
Total	420,152	479,755	510,826

Service Installation in Underserved Areas(Unit: number of places)

Network type		2020	2021	2022
5G	Remote mountain area	312	1,290	1,275
	Hiking trail	231	1,054	2,581
	Island area	11	89	89
LTE	Remote mountain area	741	521	201
	Hiking trail	192	269	251
	Island area	56	26	12

Case

National Digital Competency Reinforcement Project to bridge the digital divide

Since 2021, SK Telecom has participated in National Digital Competency Reinforcement Project led by the Ministry of Science and ICT and the National Intelligent Information Society Agency(NIA). Again in 2022, we conducted the project in six metropolitan governments, including Seoul, Incheon, Daejeon, Daegu, Busan, and Gyeongnam. This project is characterized by further improving execution power by forming a consortium with not only universities and education companies, but also regional-based professional companies. While operating digital learning centers in local governments, we also built a digital experience space using AI technology and solutions and operated a mobile education center. We also provided customized training such as education for the digitally underprivileged, the disabled(coding school), multicultural families(employment-linked education), small business owners(digital education), and the elderly(smart senior center). In the future, we will continue to participate in digital competency reinforcement project to bridge the digital divide and make efforts to make sure that all citizens enjoy digital benefits.

Sustainability Management E.S.G

Governance

- Corporate Governance 101
- Risks management 116
- Ethical Management 122
- Compliance 126

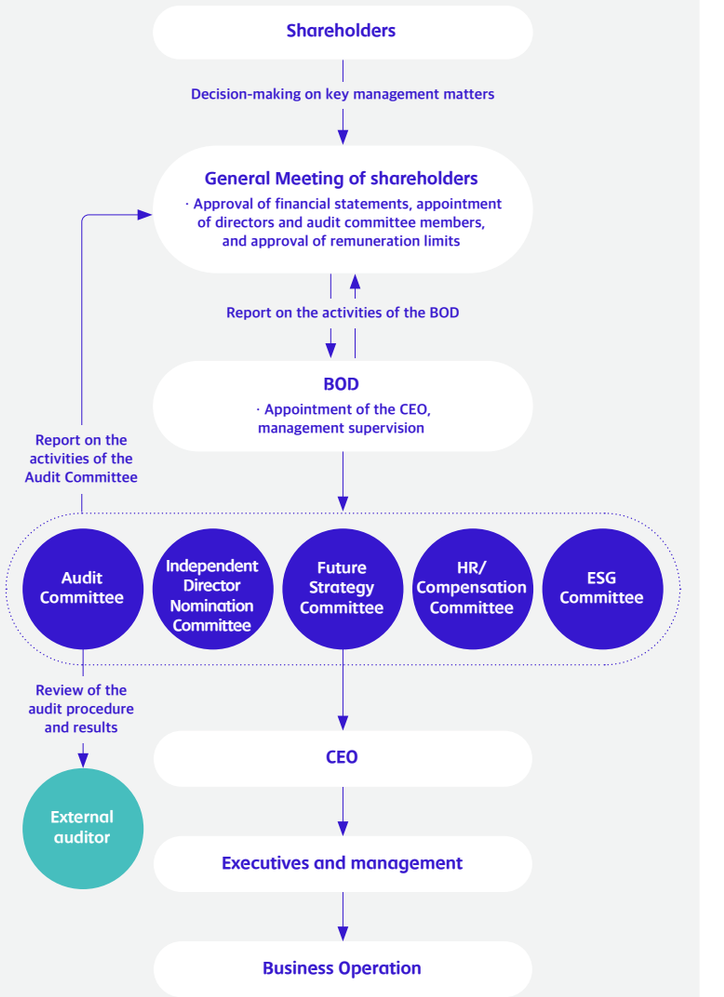
Corporate Governance

SK Telecom is committed to protecting the rights and interests of its shareholders and enhancing future value by establishing a transparent and sound governance structure. Based on the Governance Charter enacted in February 2018, we pursue sustainable growth and the development of the company by practicing responsible management centered on the board of directors. We have strengthened the independence, expertise, and diversity of the BOD and carried out various committee activities in order to promote exemplary management of the BOD, and continue to enhance shareholder value through shareholder-friendly management, including shareholder return policies.

Establishment of an Advanced Governance centered on the BOD

At the 37th regular shareholders' meeting held in March 2021, SK Telecom declared its determination and practice plans to establish a transparent and sound governance structure through amendments to the articles of incorporation and prepared the basis for the Governance Charter. In May 2021, we revised the Governance Charter, including the reorganization of the BOD, in order to advance corporate governance to the global standard and strengthen board-centered management. Accordingly, the BOD, as the company's highest decision-making body, takes the lead in company management and plays a key role in appointing the CEO, determining the scale of compensation, and approving and evaluating business plans and key performance indicators(KPIs). In addition, we have reorganized the committees under the BOD into five independent and professional committees(Audit Committee, Independent Director Nomination Committee, Future Strategy Committee, HR/Compensation Committee, and ESG Committee). The revised Governance Charter conforms to the Best Practices for Corporate Governance of the Korea Institute of Corporate Governance and Sustainability, the full text of which is available at the company website.

Governance Structure

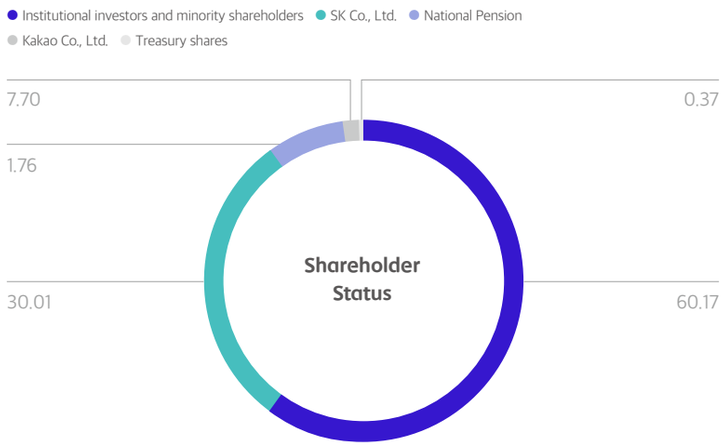


Shares and Ownership Structure

Shareholders

SK Telecom does not have a dual-class stock system that grants multiple voting rights to specific stocks, but follows the principle of one voting right per share. The total number of treasury shares with restricted voting rights under the Commercial Act is 801,091 shares. As of December 31, 2022, the number of shares with exercisable voting rights is 218,032,053 shares(99.63% of total outstanding shares).

Shareholder Status(Unit: %)(as of December 31, 2022)



	No. of shares issued	Ratio(%)
SK Co., Ltd.	65,668,397	30.01
National Pension	16,846,066	7.70
Institutional investors and minority shareholders	131,671,103	60.17
Kakao Co., Ltd.	3,846,487	1.76
Treasury shares	801,091	0.37

Types of Shares and Voting Rights

Types of Shares and Voting Rights(As of December 31, 2022)

	No. of shares issued(shares)[1]	Ratio(%)
Preferred stock	0	0
Common stock - stocks with voting rights	218,032,053	99.63
Common stock - treasury stocks	801,091	0.37
Sum	218,833,144	100

1) The total number of issued shares has been changed from 72,060,143(value per share: KRW 500) to 218,833,144 (value per share: KRW 100) through stock split and spin-off that took effect on October 28, 2021
※The number of treasury stocks includes 54,032 treasury stocks acquired due to the occurrence of single shares as a result of the spin-off

SK Telecom pursues responsible management activities based on mid- to long-term performance and encourages the CEO and executives to own stocks. We seek to match the interests of the management and those of shareholders by granting them stock purchase options. As of the end of December 2022, the government of the Republic of Korea does not hold any government ownership of SK Telecom. For Founder & Founding Family Ownership, Chairman Choi Taewon, the largest shareholder and CEO of SK Co., Ltd., directly owns 303 shares of SK Telecom. Chairman Choi Tae-won's stake in SK Co., Ltd. is 17.50%, and SK Co., Ltd.'s stake in SK Telecom is 30.01%.

Stock holdings by Executives[2] and Special Interest Group

	Name	Shares	Stock option	Sum(shares)
Executives of issuing company	Ryu Young Sang	7,340	329,998	337,338
	Kang Jong-Ryeol	3,484	35,098	38,582
	Choi Kyu-Nam	455		455
	Kim Yong-Hak	1,711		1,711
	Kim Seok-Dong	1,447		1,447
	Ahn Jung-Ho	1,447		1,447
	Yoon Young Min	1,447		1,447
	Kim Junmo	1,447		1,447

2) It refers only to the stock holding status of registered executives

Dividend Policy and Shareholder Return

The basic principle of SK Telecom's shareholder return policy is to enhance shareholder return from a long-term perspective through stable cash dividends based on the company's performance and an increase in corporate value based on continuous growth. To this end, we are striving to increase corporate value based on the principle of capital management that maintains a balance between investment for growth and shareholder return.

In addition, we determine the shareholder return by comprehensively considering business performance, investment plans, financial status and prospects, and can provide money and stocks to shareholders in accordance with the Articles of Incorporation. We determine the cash dividends by comprehensively considering investment for the company's continuous future growth, annual business performance, and the status of its cash flow. Furthermore, when paying dividends

Shareholders Meeting

by stocks, if the company issues several types of stocks, the new type of stocks to be allocated can be determined by a resolution of the general shareholders' meeting.

SK Telecom announces its long-term dividend policy by period in order to enhance the predictability of its shareholder return policy. First, we announced the mid- to long-term dividend policy that determines the total amount of dividends within 30-40% of EBITDA(Earnings Before Interest, Tax, Depreciation, and Amortization) - CapEx(capital expenditures) based on separate performance for the fiscal years 2021 to 2023 in 2021. We will disclose the new mid- to long-term dividend policy for the fiscal year 2024 and beyond at the appropriate time based on a full review by the BOD.

At the 37th general shareholders' meeting held in March 2021, SK Telecom amended the articles of incorporation in order to introduce quarterly dividends instead of existing interim dividends in line with the global trend of stable dividend payment, and has been paying quarterly dividends since the second quarter of 2021.

At the same time, we are purchasing treasury shares to enhance corporate value on an irregular basis in consideration of the company's stock price and financial capacity. From 2020 to 2021, we purchased KRW 500 billion of treasury shares through trusts. In May 2021, 8,685,568 shares of treasury stocks(10.76% of the total number of issued shares) previously acquired to enhance shareholder value were incinerated. SK Telecom's total annual dividend for 2022 amounted to KRW 723.8 billion(or KRW 3,320 per share), with a dividend yield of 6.8%.

Management Supervision Function

At the 38th general meeting of shareholders held on March 25, 2022, SK Telecom appointed Kang Jong-Ryeol as an internal director and decided to appoint Kim Seok-Dong as both an independent director and a member of the Audit Committee. In addition, it implemented its management supervision function by deciding to approve the limit on directors' remuneration and granting stock options to the management.

Shareholder-friendly Management

SK Telecom protects the right of all its shareholders to exercise their voting rights in accordance with the relevant laws and the articles of incorporation, and guarantees equal treatment for all shareholders, including minority shareholders and foreign shareholders. As part of this, it has adopted a concentrated voting system to encourage minority shareholders, rather than controlling shareholders, to exercise their voting rights. It has enhanced shareholders' convenience in exercising their rights by introducing an electronic voting system and holding a regular shareholders' meeting to avoid the last Friday of March, when shareholders' meetings are frequent. In particular, shareholder-friendly elements have been greatly expanded since 2019. A notice of the convening of the general meeting of shareholders was sent in a letter to provide detailed information on SK Telecom's major business performance, business vision, and financial status, and at the general meeting of shareholders, the CEO and other executives presented their management plans and visions. Then, we provided an opportunity for direct communication between management and shareholders by setting a time for direct inquiries from shareholders.

In addition, to minimize shareholders' concerns over COVID-19 infection due to attendance at the general meeting of shareholders and expand communication with them, SKT broadcast the 36th general meeting of shareholders online in real time via PC and mobile in 2020 for the first time in Korea, thus allowing shareholders to watch the meeting without attending. The company continued to hold the online shareholders' meeting until the 38th general meeting of shareholders in March 2022. We announced the online shareholders meeting on the stock exchange and the company website to ensure the attendance of the shareholders, and provided a pre-registration period to encourage shareholders to attend.

Furthermore, in March 2022, SK Telecom introduced an online dividend inquiry service designed to enable the shareholders to inquire about dividends more conveniently compared to the existing mail notification method. Through this, we expect to reduce the carbon emissions generated by our delivery process by 4.27 tons per year and reduce the amount of paper used for mailing, thereby protecting 125.9 30-year-old trees. In addition, whenever shareholders use the service, they accumulate 'Happy Credit' points of the company's donation program, which they can use for social contribution activities, thereby practicing shareholder-friendly management and ESG management at the same time.

Board of Directors

Composition and Operation

SK Telecom's Board of Directors is the highest decision-making body that coordinates the various interests of stakeholders and approves management decisions. Based on the relevant laws and articles of incorporation, we are fulfilling our roles and responsibilities in decision-making, having been entrusted with the highest decision-making authority on corporate management by shareholders. The BOD independently reviews the positive and negative impacts that the company's decisions may have on stakeholders in order to protect long-term corporate value. It also deliberates and approves issues related to conflicting interests, such as the company's investment plan and internal transactions and compensation, as well as making decisions on overall risk management. The BOD and the committees under the BOD are striving to establish operational expertise by explaining each agenda, including the management status, and conducting Q&A sessions. In 2022, the BOD held thirteen board meetings, with an attendance rate of 99.0%. SK Telecom recommends that all directors should attend more than 75% of the meetings.

Characteristic of the BOD

Independence	· Increased proportion of independent directors to ensure independence · Ratio of independent directors: 62.5%.(The average is 51.7%[1] among domestic conglomerates) · In accordance with the Commercial Act and other laws, the articles of incorporation specify the criteria for determining the independence and transparency of the independent directors · Appointment of an independent director as the chairman of the BOD · Appointment of independent director as the chairmen of 5 committees
Expertise	· Establishment of a director election process for secure professional competence in the mobile communications industry[2] · The BOD is composed of professionals with extensive expertise or practical experience in communications, media, security, AI, and cloud, etc · Recommend and elect experts who can make up for the skills gap needed to the expertise of the BOD as candidates for directors · Maintain the proportion of experienced directors in the mobile communication industry at a certain level · 6 experts in the ICT field out of 8 industry experts in the BOD
Efficiency	· Set the limit for the number of concurrent positions held by independent directors and auditors to maximum of two · Establish and operate various committees to ensure that the roles and responsibilities of the BOD are conducted efficiently and professionally
Diversity	· Pursue diversity without discrimination based on gender, race, ethnicity, country, nationality, religion, or disability, etc.

1) The Fair Trade Commission announced the status of corporate governance of large conglomerates in December 2022
2) Telecommunication Services(within the standards of GICS Level 1)

Independence and conflicts of interest statement of BOD

Independence

Reasons for disqualification of independence of independent director in the articles of incorporation(in accordance with the laws and regulations such as the Commercial Act)

1. Directors, executive officers and employees engaged in the company's regular business, or directors, auditors, executive officers and employees who have been engaged in the company's business within the last two years
2. The largest shareholder him/herself, his/her spouse, and lineal ascendants and descendants
3. If the largest shareholder is a corporate body, the directors, auditors, executive officers and employees of that corporation
4. Spouses and lineal ascendants and descendants of directors, auditors and executive officers
5. Directors, auditors, executive officers and employees of the company's parent company or subsidiary
6. Directors, auditors, executive officers and employees of corporations that have important interests, such as transaction relationships, with the company
7. Directors, auditors, executive officers and employees of other companies whose directors, executive officers are directors, executive officers and employees of the company

Transparency

Standards for conflict of interest in the articles of incorporation

1. The same person and related person under the Fair Trade Act that governs a company that is in competition with the company
2. An executive or employee of a company that is in competitive relationship with the company or a company belonging to the same corporate group under the Fair Trade Act, or an executive or employee of them within the last 2 years
3. An executive or employee of a company who is the largest shareholder or second largest shareholder of a company that is in a competitive relationship with the company and a company belonging to the same business group under the Fair Trade Act, or an executive and employee of them within the last two years

Director Election Process

Expertise and independence, industry experience and tenure

Expert pool for Independent director
Those who do not fall under independence disqualification criteria and conflict of interest (Article 32-3 of the Articles of Incorporation of SK Telecom)

Independent director nomination committee
Considers diversity such as gender, race and ethnicity, country of origin and nationality, and prevents discrimination on that basis

Resolution on the Appointment at the AGM
Majority of shares represent at AGM and more than 1/4 of the total number of issued shares

Independence of external directors

Requirements*	Compliance status
The director must not have been hired as an executive of the company within the previous year	●
During the current financial year, the director must not accept or have family members who receive monetary benefits exceeding $60,000 from the company, a parent company, or subsidiaries	●
The director must not be a family member of an individual employed by an executive of the company, a parent company, or subsidiaries	●
The director should not be an adviser, consultant, or member of the company's senior management and should be independent of the company providing advice and consulting	●
The director should not be related to significant customers or suppliers of the company	●
The director should not have a personal service agreement with the company or its senior management	●
The director should not be related to non-profit organizations that receive significant financial support from the company	●
The director should not be a partner or an employee conducting an external audit within the previous year	●
As determined by the Board, no conflict of interest had a result in a loss of independence (*According to the standards for conflicts of interest in SKT's Articles of Incorporation)	●

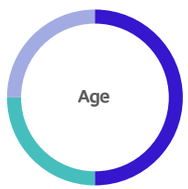
* The Directorial Independence requirements of the S&P Global Corporate Sustainability Assessment(CSA) and the ICGN Global Governance Principles are applied

Composition of the BOD(Unit: %)

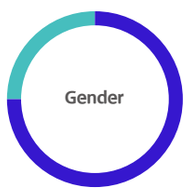
Management strategy, business development, M&A	37.5
Communication, media	25.0
Finance, economy, accounting	12.5
ICT convergence, growth business	25.0

Research/Academia	50.0
Government	12.5
Enterprise	37.5

0 ~ 1 year	25.0
2 ~ 4 year	50.0
5 ~ 7 year	25.0



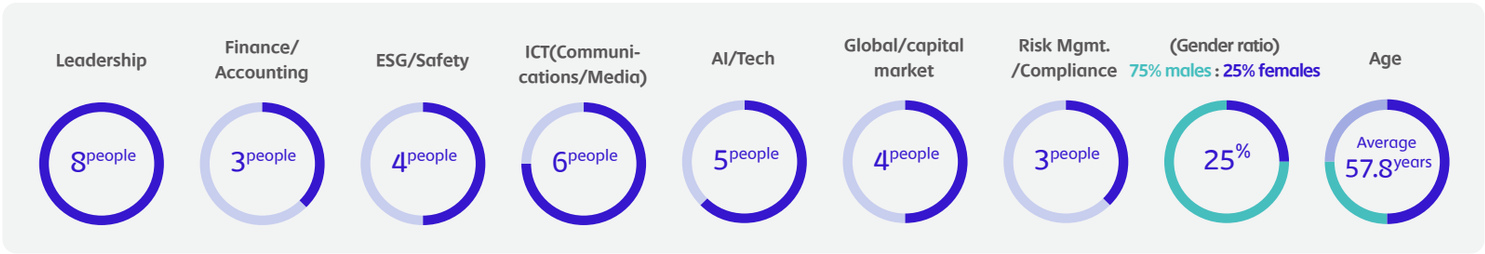
41 ~ 50 years	25.0
51 ~ 60 years	50.0
61 years or older	25.0



Male	75.0
Female	25.0

Board Skills Matrix(BSM)

As interest in ESG increases, shareholders and external investors are increasingly demanding information, including the expertise and diversity of the BOD, the company's highest decision-making body. In advanced capital markets such as the United States, the number of companies preparing and disclosing the Board Skills Matrix(BSM) is continuously increasing. Accordingly, the BOD of SK Telecom is actively responding to the needs of shareholders, investors, and the markets by introducing the BSM. The BSM is a material that visually organizes information and disclosed to the outside world such as the ability, quality, and diversity of board members or candidates. Such information is provided to investors to increase their understanding of the composition of the BOD and the capabilities of its members and to enhance trust in the company's rationale and process for nominating directors. The adoption of the BSM will enable SK Telecom to enhance its corporate value based on the optimal composition of the BOD and communication with investors to practice Financial Story as an AI company.



Education for indepen dent directors(2022)

Training date	Organizer	Participants	Key contents of training
2022.02.17	Office of the BOD	Kim Yong-Hak, Kim Seok-Dong, Ahn Jung-Ho, Yoon Young Min, Kim Junmo	· Progress of Apollo and future schedule
2022.02.22			· Examples of KPIs of global companies(such as overseas telcos)
2022.03.24			· Current status and plans for the UAM project
2022.04.27			· Apollo service and marketing plans
2022.06.23			· Advancement plans after the launch of 'A'
2022.09.21			· Progress of metaverse promotion and future plans
2022.07.27	Hanyeong Accounting Firm	Kim Yong-Hak, Kim Seok-Dong, Ahn Jung-Ho, Yoon Young Min	· Role of the Audit Committee in terms of governance

Evaluation of the BOD

The BOD of SK Telecom conducts regular evaluations of the activities of the BOD and committees in order to enhance trust in the company's governance structure and improve the operational efficiency of the BOD. The evaluation is conducted once a year by all members of the Board of Directors and the management attending the Board of Directors to evaluate the composition, roles, responsibilities, and operations of the Board of Directors and the entire committee in a qualitative evaluation and to express opinions by area. The results of the evaluation are used to establish advanced governance through board reports and discussions.

	Kim Yong-Hak Independent director, Chairman of the BOD		**Ryu Young Sang** Executive director		**Yoon Young Min** Independent director		**Kim Junmo** Independent director	
Tenure	March 2023-March 2026(first appointment in March 2020)		March 2018-March 2024		March 2021-March 2024(first appointment in March 2028)		March 2023-March 2026(first appointment in March 2020)	
Career Highlights	· Bachelor in Social Sciences, Yonsei University · Master and Ph. D in Social Sciences, University of Chicago · Current Professor Emeritus, Yonsei University · Former President of Yonsei University · Former Member of BK Planning Committee, Ministry of Education · Former Member of the Presidential Commission on Policy Planning		· Bachelor and Master in Industrial Engineering, Seoul National University · MBA, University of Washington · Current CEO of SK Telecom · Former President of MNO, SK Telecom · Former Head of the SK Telecom Corporate Center · Former EVP of Business Development Group, SK C&C · Former SVP of Business Development Office, SK Telecom		· Bachelor in English, Korea University · Master in Advertising / Ph. D in Mass Communication, Syracuse University · Current Professor, School of Media & Communication, Korea University · Former Dean, Media & Communication and Graduate School of Journalism & Mass Communication · Former Vice-Chairwoman, Korean Academic Society for Public Relations · Former Advisor, Ministry of Land, Infrastructure and Transport		· Bachelor in Electrical Engineering, Seoul National University · Master and Ph.D in EECS, MIT · Current Associate Professor, School of Electrical and Electronic Engineering, KAIST · Former Assistant Professor, School of Electrical and Electronic Engineering, KAIST · Former Professional Research Fellow, Samsung Advanced Institute of Technology	
Expertise	Social value creation, risk management		M&A, business development, finance, investment		Media industry policy and strategy, communication, risk management		AI, Data growth strategy, telecommunications	
Committee	Independent Director Nomination Committee, Future Strategy Committee, HR/Compensation Committee, Audit Committee		Future Strategy Committee		Future Strategy Committee, HR/Compensation Committee, ESG Committee, Audit Committee		Independent Director Nomination Committee, Future Strategy Committee, ESG Committee	

	Kim Seok-Dong Independent director		**Oh Haeyun** Independent director		**Choi Kyu-Nam** Non-executive director		**Kang Jong-Ryeol** Executive director	
Tenure	March 2022-March 2025(first appointment in March 2019)		March 2023-March 2026		October 2021-March 2024		March 2022-March 2025	
Career Highlights	· Bachelor of Business Administration, Seoul National University · Passed the 23rd Public Administration Examination · Current Chairman, Jipyong Institute of Humanities & Society · Former Chairman, Financial Services Commission · Former Vice Minister, Ministry of Finance and Economy · Former Vice Chairman, Financial Supervisory Commission		· Bachelor in Mathematics, MIT · Master in Language and Information Technology, Carnegie Mellon University · Ph.D. in EECS, MIT · Current Director, Artificial Intelligence Research Center, KAIST · Current Director, Center for MARS Artificial Intelligence Research, KAIST · Current Professor, School of Computer Science, KAIST · Former Civilian member, Presidential Committee on the 4th Industrial Revolution		· Bachelor in Resource Engineering, Seoul National University · Master in Industrial Management, Stanford University · MBA Course, Graduate School of Business, New York University · Current) Head of Investment Team 1 and Director of Environment TF, SK SUPEX Committee · Former Head of the Future Business Team, SK SUPEX Committee · Former Global Business Development Manager, SK SUPEX Committee		· Bachelor in Electronic Engineering, Seoul National University · Current Head of ICT Infra(CSPO), SK Telecom · Former Director of ICT Infra Center, SK Telecom · Former Head of the Corporate Culture Division, SK Telecom	
Expertise	Financial policy, finance, accounting, risk management		AI, growth strategy, telecommunications		Finance, business development, management strategy, risk management		Infrastructure, business development, occupational safety, corporate information security management	
Committee	Independent Director Nomination Committee, HR/Compensation Committee, Future Strategy Committee, Audit Committee		Future Strategy Committee, ESG Committee, Audit Committee		Independent Director Nomination Committee, HR/Compensation Committee, Future Strategy Committee		Future Strategy Committee, ESG Committee	

Board of Director activities(2022)

Session	Date	Key Agenda	Attendance Rate
461	2022.01.17	· Evaluation of KPI performance in 2021	100%
462	2022.01.20	· Disposal of treasury stock · Health and safety plan in 2022 · Contribution of donations for ESG management(SV creation) · Follow-up reports on 4Q	100%
463	2022.02.08	· The 38th financial statements · Delegation of long-term borrowing · 38th Business Report · Revision of the agreement between member companies to implement mutual cooperation measures, etc. · Results of the BOD evaluation in 2021.	100%
464	2022.02.24	· Operational status of the internal accounting management system · Convocation of the 38th general shareholders' meeting · Remuneration of CEO/executive directors · Disposal of treasury shares · Contributions to the Korean Fencing Association in 2022 · Results of the evaluation of operational status of the internal accounting management system	100%
465	2022.03.25	· Appointment of chairperson of the BOD · Appointment of committee members · Company KPI in 2022 · Transaction with SK Co., Ltd. in Q2 2022	100%
466	2022.04.28	· Remuneration of internal directors · Disposal of treasury stock · Q1 Dividend · SUPEX Committee operating expense payment in 2022 · Follow-up reports for Q1 2022	100%
467	2022.06.15	· Transactions with SK Co., Ltd. in Q3 2022	87.5%
468	2022.07.22	· Strategic alliance with Hana Financial Group	100%
469	2022.07.28	· 1H 2022 Settlement report · Q2 Dividend · Amendment of the audit committee regulations · Follow-up reports for Q2 2022 · Major agenda for the 1H 2022 related to the "Governance Story" (including major 2H schedules)	100%
470	2022.09.29	· Transactions with SK Co., Ltd. in 4Q 2022	100%
471	2022.10.27	· Q3 Dividend · Acquisition of a stake in Konan Technology Co., Ltd. · Payment of special membership fee to the Seoul Chamber of Commerce and Industry to support the hosting of the Busan World Expo · Lesson from fire at the Pangyo Data Center and SKT's response plan in preparation for wartime/disaster. · Impact on SKT and Contingency Plan according to macroeconomic/ environmental changes · Follow-up reports for Q3 2022	100%
472	2022.11.30	· Reorganization and executive personnel in 2023	100%
473	2022.12.19	· IT SM(System Maintenance) transaction in 2023 · Transactions with SK Co., Ltd. in Q1 2023 · Business plan in 2023 · Issuance and delegation of electronic short-term bonds · Procurement and delegation of long-term borrowing · Settlement of operating expenses for business aircraft in 2023 · Transactions with SK Pinx in 2023 · Settlement of operating expenses for SK Academy in 2023 · Results of compliance management activities in 2022 and the plan for 2023	100%

Committees under the BOD

The BOD of SK Telecom fulfills its responsibilities and roles efficiently and professionally through five subcommittees. Each committee complies with the committee regulations to ensure transparency in its operations, and guarantees its independence by specifying the committee's appointment ratio of independent directors in the committee regulations.

Composition of Committees under the BOD (As of April 2023)

Committee	Chairperson	Members
Audit Committee	Kim Seok-Dong	Kim Yong-Hak, Kim Seok-Dong, Yoon Young Min, Oh Haeyun
Independent Director Nomination Committee	Kim Junmo	Kim Yong-Hak, Kim Seok-Dong, Kim Junmo, Choi Kyu-Nam
Future Strategy Committee	Kim Yong-Hak	Kim Yong-Hak, Kim Seok-Dong, Yoon Young Min, Kim Junmo, Oh Haeyun, Ryu Young Sang, Choi Kyu-Nam, Kang Jong-Ryeol
HR/Compensation Committee	Yoon Young Min	Kim Yong-Hak, Kim Seok-Dong, Yoon Young Min, Choi Kyu-Nam
ESG Committee	Oh Hye Yeon	Yoon Young Min, Kim Junmo, Oh Haeyun, Kang Jong-Ryeol

Audit Committee

The Audit Committee conducts accounting and business audits, including financial statements and supplementary statements, review of audit procedures and results by external auditors, review of major company issues, and operational status of the internal accounting management system as reported by internal accounting managers and external auditors. In accordance with the Commercial Act, it also deliberates and approves specific transactions, such as private contracts with affiliates of a certain size or larger, and has the authority to execute the director's duties, investigates the status of work and property, request the suspension of employees who commit illegal acts, and convenes extraordinary general shareholders' meeting. The Audit Committee is required to report its evaluations and major activities to the general shareholders' meeting and disclose them in its business reports.

Operational Status of the Audit Committee(2022)

Date	Key Agenda	Attendance
2022.1.18	· Plan to establish infrastructure for ethical management, risk management	100%
2022.2.7	· 2021 management diagnosis and audit result and 2022 plan · Opinion of the Audit Committee on internal monitoring measures · Approval for provision of the external auditor services in 2022	100%
2022.2.22	· Operational status of the internal accounting management system · FY2021 financial audit result · FY2021 internal accounting management system audit result . · Evaluation of the operational status of the internal accounting management system · Confirmation of the Agenda for the 38th general meeting of shareholders and the opinions on document investigation · 38th Audit Report · Contract for the provision of gifts to fixed-line service customers in 2021	100%
2022.3.24	· 2022 Employee Welfare Fund contribution · 2022 optical network maintenance service · 2022 transmission equipment maintenance service	100%
2022.4.27	· Appointment of chairperson · PCAOB audit results in 2021. · 2022 accounting audit plan	100%
2022.5.25	· Report on the work of the group ethic management support team · Pre-approval of non-audit services by external auditors	100%
2022.7.27	· 1H 2022 management diagnosis and audit result and 2H plan · FY2021 external auditor service evaluation result · FY2022 external auditor's half-annual review result · Role of the Audit Committee in terms of governance	87.5%
2022.8.24	· AI CCTV supply transaction with SK Shieldus	100%
2022.9.28	· Results of implementation on group ethic management support team's management diagnosis in 2021 · A. TV service content purchasing transaction	100%
2022.10.27	· Results of personnel measures based on the management diagnosis in 2021	100%

Operational Status of the Audit Committee(2022)

Date	Key Agenda	Attendance
2022.11.23	· 2022 ethical management level evaluation result · Leaders' exemplary conduct review results · Approval of evaluation by the head of the internal audit department in 2022 · Approval of the organization of the Internal Audit Department in 2023 · Agreement on the appointment of the head of the Internal Audit Department · Real estate sub-leasing transaction with SK Broadband · 2023 resale of wired products with SK Broadband · Joint sale of IPTV combined products with SK Broadband	100%
2022.12.19	· 2022 financial report internal control test process and year-end audit plans · Approval of an external audit contract · 2023 Purchase of PS&M customer device bond purchase · 2023 product/service transaction with SK Planet · 2023 product/service transaction with SK Shieldus · 2023 product/service transaction with SK Hynix · 2023 product/service transaction with 11Street Co · 2023 product/service transaction with Dreamus Company · 2023 product/service transaction with Contents Wave · 2023 Customer contact channel operation service · 2023 overdue bill consulting and receivables collection entrustment · 2023 base station maintenance service · 2022 switching equipment operation support service · 2022 telecommunication equipment lease transaction · 2022 wired and wireless infrastructure building contract · 2022 Happy Narae communication materials/general goods purchase · 2023 One Store affiliate transaction	100%

Independent Director Nomination Committee

The Independent Director Nomination Committee is operated to recommend fair candidates for independent directors. Establish a transparent process for appointing independent directors and responsibly manage the nomination and selection process. It stipulates that a majority of the total members of the committee shall be composed of independent directors, and candidates with independence and expertise are recommended as independent directors.

Independent Director Nomination Committee activities(2022)

Date	Key Agenda	Attendance
2022.02.22	Nomination of independent director candidate as an member of the Audit Committee at the 38th AGM	100%
2022.04.27	Appointment of chairperson	66.7%
2022.06.23	Composition of mid- to long-term BOD	66.7%
2022.10.27	Pooling and listing of independent director candidates	100%

Future Strategy Committee

The Future Strategy Committee is in charge of deliberating and discussing mid- to long-term strategic directions, annual business plans, and setting and evaluating company-wide KPIs(key performance indicators). It is stipulated that the committee must be composed of three or more directors, with a majority of independent directors.

Future Strategy Committee activities(2022)

Date	Key Agenda	Attendance
2022.03.17	2022 Company-wide KPI Response to the ESG recommendation from a major shareholder	100%
2022.04.27	Appointment of chairperson	62.5%
2022.07.27	1H 2022 KPI performance	100%
2022.11.23	T-universe in one year and in the future. AI semiconductor business progress and plan Follow-up reports on the Southeast Asian game platform JV(Storm)	87.5%
2022.11.30	SKT 2.0 Financial Story 2023 business plan 2023 investment plan Provisional KPI evaluation in 2022	100%

HR/Compensation Committee

The HR/Compensation Committee has the authority to review the selection of management, including whether the CEO is reappointed, proposals for the appointment of the CEO, and recommendation of candidates, and to review the remuneration of the CEO and the internal directors. It is stipulated that the committee must be composed of three or more directors, excluding the CEO and the internal director, with a majority of independent directors.

HR/Compensation Committee activities(2022)

Date	Key Agenda	Attendance
2022.02.22	Remuneration of the CEO and internal directors Appointment of internal directors	100%
2022.04.27	Appointment of the chairperson Remuneration of the internal directors	100%
2022.12.19	CEO succession plan and candidate group	100%

ESG Committee

The ESG Committee is in charge of deliberating the direction and performance of key areas of ESG, such as environment, society, customers, and information security, mandatory ESG disclosures, and communicating with the shareholders on ESG related matters. We continue to expand discussions on the key ESG-related agenda in order to strengthen the BOD's roles and responsibilities regarding sustainability management and to enhance corporate value in the long term. It is stipulated that the committee must be composed of three or more directors, with a majority of independent directors.

ESG Committee activities(2022)

Date	Key Agenda	Attendance
2022.02.22	Achievements in securing overseas carbon credits Plan to create 3 Telcos ESG Fund	100%
2022.04.27	Appointment of the chairperson 2022 key ESG tasks and plans	100%
2022.05.25	Corporate governance report	100%
2022.06.23	Highlights of the FY2021 Annual Report	100%
2022.07.27	2021 social value creation result Human rights management TF operation result	100%
2022.08.24	ESG fund progress and plan	100%
2022.09.21	SKT Net Zero progress and plan	100%
2022.10.26	2022 key achievements of win-win cooperation and 2023 business directions Status of customer value innovation and information protection in 2022	100%
2022.11.23	2022 ESG promotion performance 2022 ESG evaluation results and plans	100%

External Auditor

SK Telecom's external auditors audit the company's financial statements and supplementary statements based on fairness and transparency. After the external audit is completed, the Audit Committee evaluates the adequacy of the results of the external audit. SK Telecom appoints the same auditors for three consecutive business years in accordance with Article 10 of the Act on External Audit of Stock Companies, etc. The external auditor selected for the 2022 business year was EY Hanyoung Accounting Corp., and the audit opinion for the 39th fiscal year was 'unqualified' with no other issue.

External auditor selection process

Auditor's Opinions

FiscalYear	Auditor	Auditor's opinion	Emphasis	Key audit items
39th (Current year)	EY Hanyoung Accounting Corp.	Unqualified	Not applicable	Wireless communication revenue recognition period, Assessment of impairment of cash generation units business rights in fixed communications business
38th	KPMG Samjong Accounting Corp.	Unqualified	Establishment of SK Square through a spin-off and indication of discontinued operation in the consolidated financial statement	Revenue recognition, Assessment of impairment of cash generation units business rights in fixed communications business
37th			Retroactive application of changes in the accounting policy due to alteration of the lease term calculation method	Revenue recognition, Assessment of impairment of cash generation units business rights in security services business, customer relations fair value assessment
36th			Not applicable	Revenue recognition, Assessment of impairment of cash generation units business rights in security services business

Audit service contract status

			Audit contract details		Actual performance details	
Fiscal Year	Auditor	Contents	Fee	Hours	Fee	Hours
39th (Current year)	EY Hanyoung Accounting Firm	· Quarterly/semi-annual audits · Audits of non-consolidated financial statements · Audits of Consolidated financial statements · English financial statements review and other audits · Audits on Internal accounting system	KRW 2.7 billion	24,100	KRW 2.7 billion	24,100

Fair performance evaluation and Compensation

Evaluation of the management performance

We evaluate the performance of the CEO and the management of SK Telecom comprehensively by considering both financial and non-financial performance. The annual performance evaluation consists of a self-assessment of the attendance rate of the BOD and its committees, expertise in the company's business and technology, contributions made, and active participation in board activities. The performance evaluation results of both internal and independent directors are reflected in the recommendation of the Independent Director Nomination Committee and re-appointment after the expiration of the term. In particular, since 2019, we have reflected the ESG(SV) KPIs in the CEO KPI, and reported the performance of strategic ESG tasks to the ESG committee for evaluation. In addition, ESG KPIs are reflected in the evaluation of the entire management members. This is to strengthen management's sense of responsibility for ESG management, and we are aiming to enhance long-term corporate value by pursuing business model innovation based on ESG management, going one step further than simply creating non-financial results for social contribution or corporate risk prevention. As the demand for ESG management from financial societies such as domestic and international customers, investors, and markets continue to increase, and the impact on corporate sustainability increases, we plan to gradually increase the proportion of ESG KPIs of the management and advance strategic initiatives to meet the global standards by 2025.

Remuneration of Executives

The remuneration of our management, including the CEO, is calculated within the limits approved by the AGM based on their business performance and the value of the job they perform. Director's salary and severance pay are approved by a resolution at an AGM. Performance remuneration is set by comprehensively considering the level of achievement of the goals of 'quantitative indicators' consisting of various financial factors such as sales, operating profit, ROA/ROE, TSR, share price return, stock price growth rate compared to competitors, and economic value added(EVA), and 'non-quantitative indicators' consisting of performance of ESG strategic tasks and leadership to create management performance based on performance evaluations(KPIs) of executives, including CEO, roles/positions/leadership, and remuneration standards. Meanwhile, we provide stock options to align the interests of the management and shareholders and pay remuneration in a responsible manner considering mid- to long-term performance. As for the performance-linked period, the vesting period of stock options was set at a maximum of 4 years, and it was linked with compensation to aim for mid- to long-term corporate value enhancement and performance creation. In order to transparently pay the remuneration of executives and directors, including the CEO, we disclose the status of individual remuneration of directors and auditors, who have been paid more than 500 million won since 2014, in our business report.

Remuneration payment for directors

Classification	Number of persons	Total payment (KRW million)	Average remuneration per person(KRW million)
Registered directors[1)]	3	2,656	1,328
Independent director[2)]	1	163	163
Members of Audit Committee	4	668	167

1) Excluding independent directors and members of the audit committee.
2) Excluding members of the audit committee.
* The number of registered directors includes one non-executive director who does not receive remuneration.
* The average remuneration per registered director excludes one non-executive director who does not receive remuneration.

CEO-employee remuneration ratio(2022)

Total remuneration for the CEO(KRW million)	Average remuneration for employees(KRW million)	Ratio[3)]
2,137	145	14.74

3) The number has been calculated by dividing the CEO's total remuneration by the employees' average remuneration.

Remuneration standards for directors and auditors

Risk area

The base salary was determined by comprehensively reflecting the duties in charge, expertise, and contribution to the company within the scope of the directors' remuneration limit in 2022. In addition, performance bonuses can be paid by comprehensively considering the results of the quantitative evaluation, such as the company's sales and operating profit, and the results of the qualitative evaluation, such as the achievement of strategic goals and leadership.

Independent director, Independent director as the member of the audit committee

The base salary was determined by comprehensively reflecting the duties in charge, expertise, and the company's business environment within the director's remuneration limit in 2022.

Stock options for executives

Grant date		Recipient	Base exercise price[1] KRW	Granted shares	Cancelled shares	Remaining shares	Exercise period
2017	March 24	Park Jung Ho	49,350	67,320	0	0[2]	2019.3.25~2022.3.24
			53,298	67,320	0	67,320	2020.3.25~2023.3.24
			57,562	67,320	0	67,320	2021.3.25~2024.3.24
		Sub total		201,960	0	201,960	
2018	February 20	Ryu Young Sang	50,824	4,123	0	4,123	2020.2.21~2023.2.20
		Sub total		4,123	0	4,123	
2019	February 22	Hah Seong Ho	53,052	4,157	0	4,157	2021.2.23~2024.2.22
		Ha Hyung Il		4,749	4,749	0	
		Yoon Pung Yeong		3,777	0	0[2]	
		Sub total		12,683	4,749	7,934	
	March 26	Yoo Young Sang	50,862	5,265	0	5,265	2021.3.27~2024.3.26
		Sub total		5,265	0	5,265	
2020	March 26	Park Jung Ho	38,452	337,408	0	337,408	2023.3.27~2027.3.26
		Ryu Young Sang		7,145	0	7,145	
		Ha Hyung Il		5,955	5,955	0	
		Kim Yoon		5,690	5,690	0	
		Heo Seok Jun		5,624	0	5,624	
		Yoon Pung Yeong		5,293	0	5,293	
		Hah Seong Ho		5,028	0	5,028	
		Cho Dong Hwan		4,631	0	4,631	
		Lee Hyeon Ah		4,631	0	4,631	
		Sub total		381,405	11,645	369,760	
2021	March 25	Ryu Young Sang	50,276	18,190	0	18,190	2023.3.26~2026.3.25
		Kang Jong Ryeol		7,136	0	7,136	
		Ha Hyung Il		11,418	11,418	0	
		Heo Seok Jun		6,863	0	6,863	
2021	March 25	Yoon Pung Yeong	50,276	10,203	0	10,203	2023.3.26~2026.3.25
		Ha Seong Ho		5,830	0	5,830	
		Cho Dong Hwan		5,375	0	5,375	
		Lee Hyeon Ah		8,746	0	8,746	
		Shin Sang Gyu		4,646	0	4,646	
		Song Jae Seung		8,047	0	8,047	
		Han Myeong Jin		4,403	0	4,403	
		Ryu Byeong Hun		3,796	0	3,796	
		Kim Yoon		6,407	6,407	0	
		Sub total		101,060	17,825	83,235	
2022	March 25	Ryu Young Sang	56,860	98,425	0	98,425	2025.3.26~2029.3.25
		Kang Jong Ryeol		21,743	0	21,743	2024.3.26~2027.3.25
		Lee Hyeon Ah		12,884	0	12,884	
		Cho Dong Hwan		8,697	0	8,697	
		Han Myeong Jin		11,274	0	11,274	
		Ha Hyung Il		10,737	10,737	0	
		Hah Seong Ho		9,341	0	9,341	
		Lim Bong Ho		8,858	0	8,858	
		Kim Jin Won		10,629	0	10,629	
		Park Yong Joo		10,334	0	10,334	
		Kim Hee Seop		7,086	0	7,086	
		Ahn Jung Hwan		8,858	0	8,858	
		Sub total		218,866	10,737	208,129	
		Total		925,362	44,956	809,309	

* As of December 31, 2022, list the number of shares and exercise price reflecting changes due to the stock split on October 28, 2021, and spin-off on November 1, 2021
** Includes stock options for unregistered executives
1) Calculated as the real value(the arithmetic average price of the weighted average closing price of the trading volume for the two months, one month, and one week prior to the date of granting the stock option) based on the date of granting the stock option
2) Exercise completed

Individual remuneration for directors and executives(unit: KRW million)

Recipient	Total amount paid	Type	Amount paid	Results
Ryu Young sang	2,137	Salary	1,100	**Calculation criteria and method** • Determined within the director remuneration limit in 2022 according to director remuneration standards by considering roles and positions, leadership and expertise, contribution to the company, and management performance • Roles and positions performed - As CEO of SK Telecom, he established SK Telecom's new growth strategy and vision as an AI & Digital Infra service company based on fixed and mobile communication after the spin-off - Enhanced corporate value by presenting new growth stories to stakeholders such as customers and shareholders • KRW 91.7 million, which is 1/12 of the total annual budget of KRW 1,100 million, was paid monthly
		Bonus	1,024	**Calculation criteria and basis** • January 2021 ~ October 2021: President of MNO business and executive director of SK Telecom - Continued growth in MNO sales and operating profit through distribution innovation, network efficiency, and efficient cost execution(annual mobile sales increased 3% yoy to KRW 11.3 trillion, and operating profit increased 8.9% to KRW 1.1 trillion) - In the enterprise area, all business areas such as data center and cloud grew evenly, recording KRW 360.9 billion in annual sales, up 17.4% from the previous year - Subscription service 'T Universe' has achieved meaningful performance by exceeding KRW 350 billion in annual total transaction volume and achieving KRW 200 billion in sales, and contributed to ICT family synergy achievement, such as a three-fold increase in the total transaction volume of 11Street overseas direct purchases after the launch of 'T Universe' - The metaverse service 'ifland' has settled in the market, with MAUs exceeding 1.1 million, a four-fold growth compared to the month of launch, and more than 1,500 requests for partnerships from companies, broadcasting, and public institutions. - In addition, even in 2021, the company continued to rank first in the three major customer satisfaction surveys(NCSI, KCSI, KS-SQI) for the longest period in a row, including the first place in the National Customer Satisfaction Index for 24 consecutive years • November 2021 ~ December 2021: CEO of SK Telecom - Promoted SKT 2.0 that maximizes business growth and corporate value through redefining SK Telecom's core business around the 5 business groups of Fixed and Mobile communication/Media/Enterprise /AIVERSE /Connected Intelligence, and optimizing customers, services, and technologies by area
		Others	13	• Executive welfare benefits, etc.

* Starting with the 2020 bonus paid at the beginning of 2021, the company introduced a shareholder participation program in which a portion of the bonus was paid with SK Telecom's treasury shares in order to align the interests of the company, its members, and shareholders, and implemented it after approval by the board of directors in accordance with Article 342 of the Commercial Code. As a result, KRW 225.2 million of the bonus was paid with treasury shares

Individual remuneration for directors and executives(unit: KRW million)

Recipient	Total amount paid	Type	Amount paid	Results
Kang Jong Ryeol	519	Salary	519	**Calculation criteria and method** • Determined within the director remuneration limit in 2022 according to director's remuneration standards, by considering roles and positions, leadership and expertise, contribution to the company, and management performance • Roles and positions performed - As a head of SK Telecom's ICT infrastructure(CSPO), he oversaw company-wide risk management, the establishment of the fixed and wireless network strategy, and infrastructure R&D - Based on his expertise in telecommunications business and infrastructure, he contributed to strengthening the expertise of the board of directors as an executive director of SK Telecom • KRW 56.3 million, which is 1/12 of the total annual budget of KRW 675 million, was paid monthly.
		Bonus	-	• The amount paid before the appointment of the registered director is not stated
		Others	-*	• Executive welfare benefits, etc.

* There was a small amount of other earned income, but the rounding result was '0', so it is marked as '-'

Risk Management

SK Telecom has established a company-wide integrated risk management system to systematically and efficiently manage selected risk management areas. We operate a company-wide risk management response system and crisis response system centered on an organization dedicated to risk management and conducts education and training for our members to internalize a risk management culture. In addition, we are expanding our company-wide risk management system to SK ICT family companies to further advance risk management at the ICT family level.

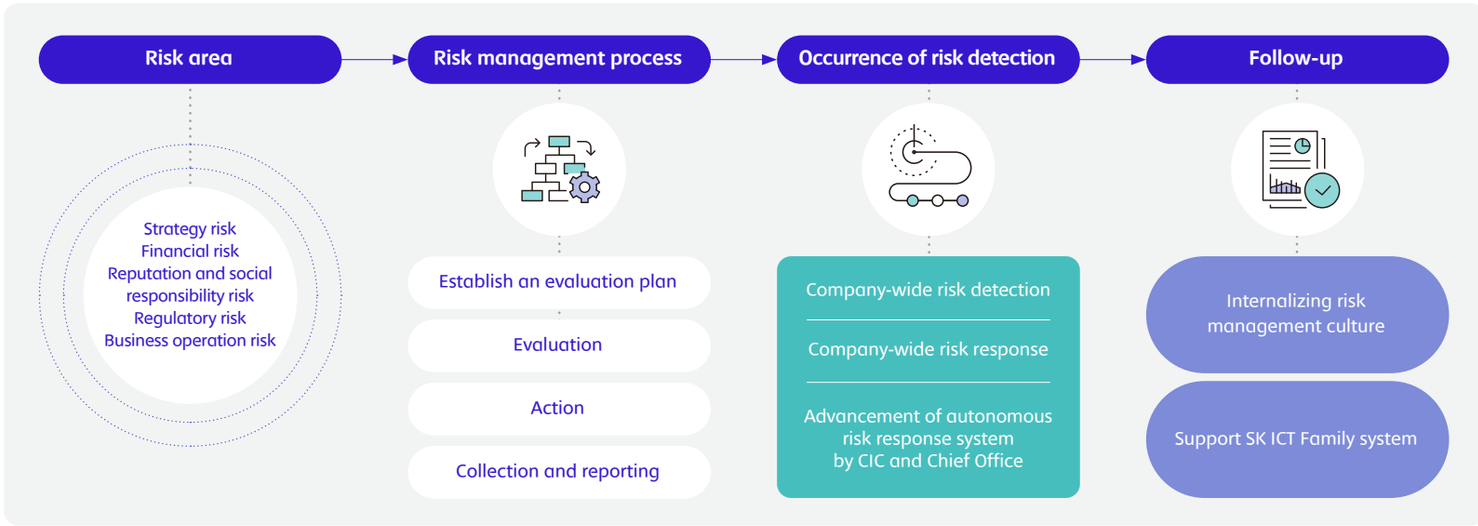
Integrated Risk Management System

SK Telecom operates an integrated risk management system that can preemptively detect and respond to risks. We have established a system that can evaluate annual risks in advance according to procedures, covering both financial and non-financial factors. Furthermore, we have strengthened our risk management system by operating the company-wide risk management response system and a crisis response system centered on Change Management Office 2, a dedicated organization, when risks are detected or arise, and activating autonomous risk response systems specific to CIC and the Chief Office. In addition, we manage risks more effectively by internalizing the risk management culture of our members and supporting the risk management system of SK ICT family companies.

Areas of Risk Management

SK Telecom manages a wide range of possible risks in terms of financial and non-financial aspects. The scope of risk management includes not only strategic risks, but also financial risks(market, interest rate, taxation, exchange rate), regulatory risks and business operation risks(large-scale customer complaints, customer information leakage, network failure, etc.), reputation and social responsibility risks(unfair trade, bribery and entertainment). We are expanding a strategic response system that reflects the key elements of each area and changes in the internal and external environment by subdividing risk management areas into business, employees, customer values, business partners, governance, disasters, serious accidents, and climate change. In particular, as social issues continue to arise due to customer information leakage, we focus on related risk management by operating a TF to strengthen customer information protection and service security.

Risk management system



Risk management areas and factors

Business

- Strategy: Prediction of customer needs and demands, decision-making on business, changes in technology and industrial environment, etc.
- Regulatory risk: Changes in ICT industry-related regulations and policies, such as telecommunications, media, and platforms
- Finance: Exchange rate, interest rate fluctuations, liquidity, credit, asset, debt management
- Operation process: Appropriateness of organizational design, incorrect process execution

Customer value

- Customer(collective) actions
- Customer information leakage: leakage of personal information of subscribers, leakage of handset information and call history, etc.
- Large-scale customer complaints: service failures, IT system errors, etc.
- Spreading negative public opinion through media reports and social media

Serious accidents

- Serious occupational accident: Death of workers in SK Telecom's business or workplace, etc.
- Serious civil accident: death of citizens due to defects products produced, manufactured, sold, or distributed by SK Telecom, or in the design, installation, or management of public facilities

Employees

- Personal corruption: leakage of corporate information, money transactions with employees and stakeholders, illicit profits and use, embezzlement of public funds, violation of the prohibition on concurrent position and concurrent employment, etc.
- Violation of sexual ethics: sexual harassment, gender discrimination, etc.
- Conflict among employees: Conflict between members, leaders, and companies
- Employees incidents and accidents: serious accidents, occupational accidents, social controversy(assault, etc.)
- Company losses due to work negligence: loss of profit opportunities, negligence in asset management
- Other illegal acts of employees

Climate change

- Regulatory risks: Changes in regulations and policies due to strengthened climate change policies
- Technology and market: Changes in technology and market due to climate change, increase in eco-friendly demands
- Reputation: Impacts of investment institutions according to ESG response status
- Physical environment: Impacts due to extreme weather events caused by climate change

Accidents and disaster

- Damages to life and facility due to fire, typhoon, epidemic, etc.

Business partners

- Provision and receipt of financial values and entertainment
- Illegal activities of business partners: fraud by distributors and sales agencies, etc.
- Violation of information protection by business partners: leakage of trade secrets, improper use of business information, etc.
- Unfair transactions: transactions with relatives and borrowed-name companies, unfair transactions, preferential treatment for specific companies including neglect of defects, etc.
- Conflicts with partners: violence, sexual harassment, legal disputes due to changes in the business environment, etc.

Governance

- Violation of fair trade: illegal subsidies, violation of the Protection of Communications Secrets Act, collusion, etc.
- Accounting fraud: creation of slush funds, fraudulent accounting, violation of public disclosure, etc.
- Inappropriate entertainment: provision of bribe and entertainment, etc.
- Investigation and search by state agencies: violations of laws and regulations, search and investigation of company business policies

Biodiversity

- Detect risks to biodiversity protection when establishing /operating network infrastructure

Risk evaluation

Risk identification

This is the process of finding, recognizing, and describing risk factors. We reflect internal and external issues related to the organization's purpose and strategic direction and stakeholder demands comprehensively, and if necessary, include a wide range of risks and opportunities that affect the achievement of management targets, and we manage the number of identified cases as a key performance.

Risk analysis

This is the process of understanding the nature of identified risks. The degree of impact for risks and opportunities and the probability of occurrence are defined as high, medium, and low.

Determination of risk level

This is the process of analyzing risk criteria and comparing results to determine acceptability and risk level. Based on this, we determine the necessity and priority of taking action according to the level of risk impact and the possibility of occurrence.

Company-wide Risk Management Response System

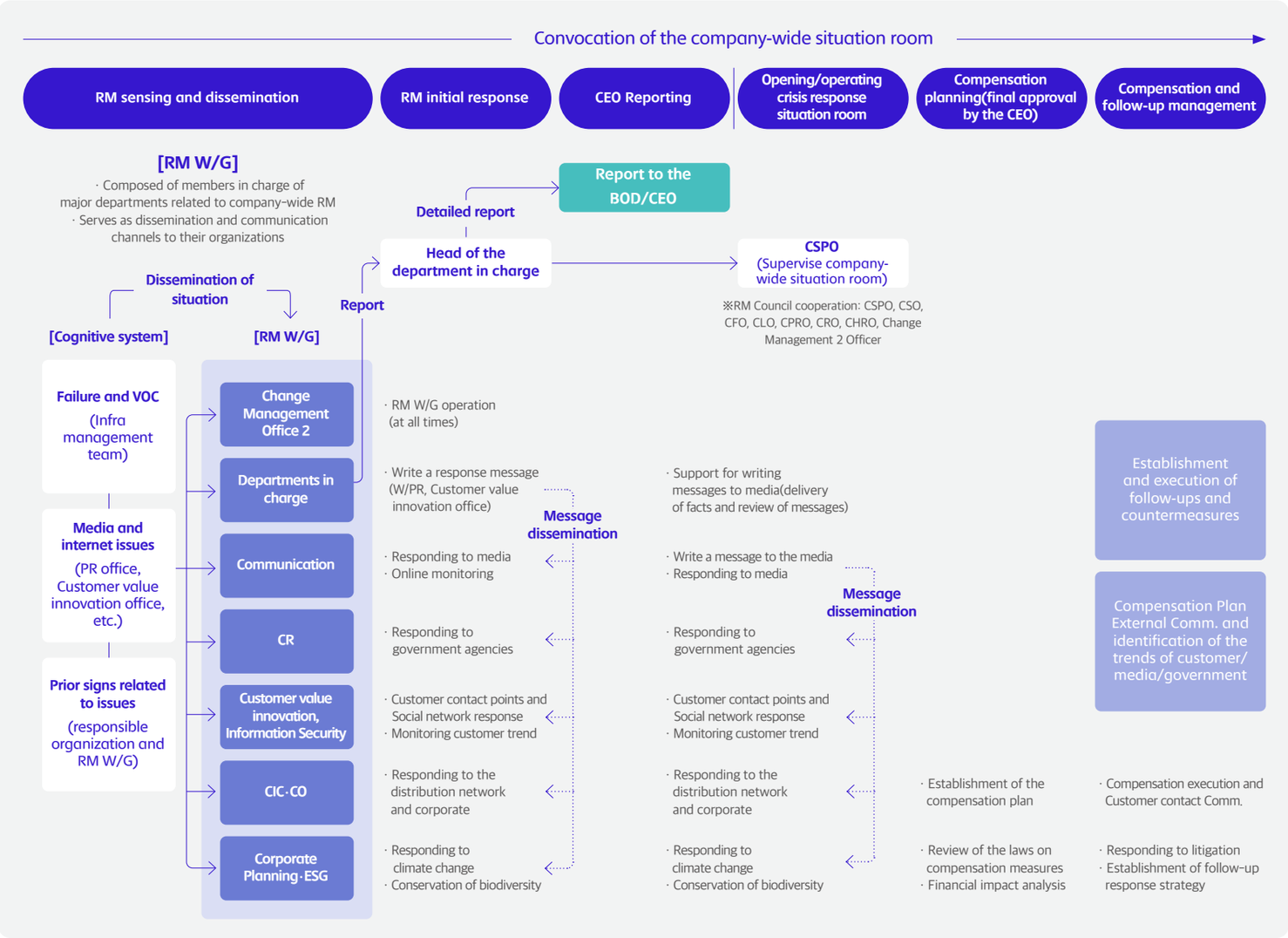
Organization dedicated to risk amnagement

SK Telecom has a company-wide risk monitoring and response system to preemptively respond to risks and strengthen follow-up management. In addition, through operating online channels, we manage and share risks promptly by assigning multiple managers for each role. Change Management Office 2 under the direct control of the CEO has the authority to report the risk to the CEO in the event of an emergency risk and to convene a company-wide crisis response situation room for the risk supervised by the CSPO(Chief Serious accident Prevention Officer). In addition, it is in charge of risk profile management, mapping of responsible departments to major risks, defining response plans for each risk, and oversees monitoring, risk recognition, dissemination, and response according to defined risk criteria. When a risk that has a significant impact on internal organization and business operations arises, CSPO convenes a company-wide crisis response situation room to promptly respond. In addition, the risk management working group operates online and offline channels to share the situation when risk symptoms arise. The BOD makes final decisions on the allowed range of exposure and response strategies for overall corporate risks, including strategy, finance, investment, information security(including personal information protection), operation including environmental and social aspects, tax, and reputation risk, and has final responsibility for risk management decisions, including defining the company-wide risk profile and limit levels by risks.

System advancement by CIC and Chief Office

SK Telecom establishes an autonomous risk response system by CIC and Chief Office. By establishing a risk response system appropriate for the characteristics and circumstances of each organization and business, we have advanced the preemptive monitoring system for potential risks. In particular, we check the level of compliance with security policies at all times to preemptively respond to information security accident risks, and strengthen activities for diagnosing and eliminating physical and technical vulnerabilities.

Risk Management Dissemination System



Support for risk management system of SK ICT family companies[1)]

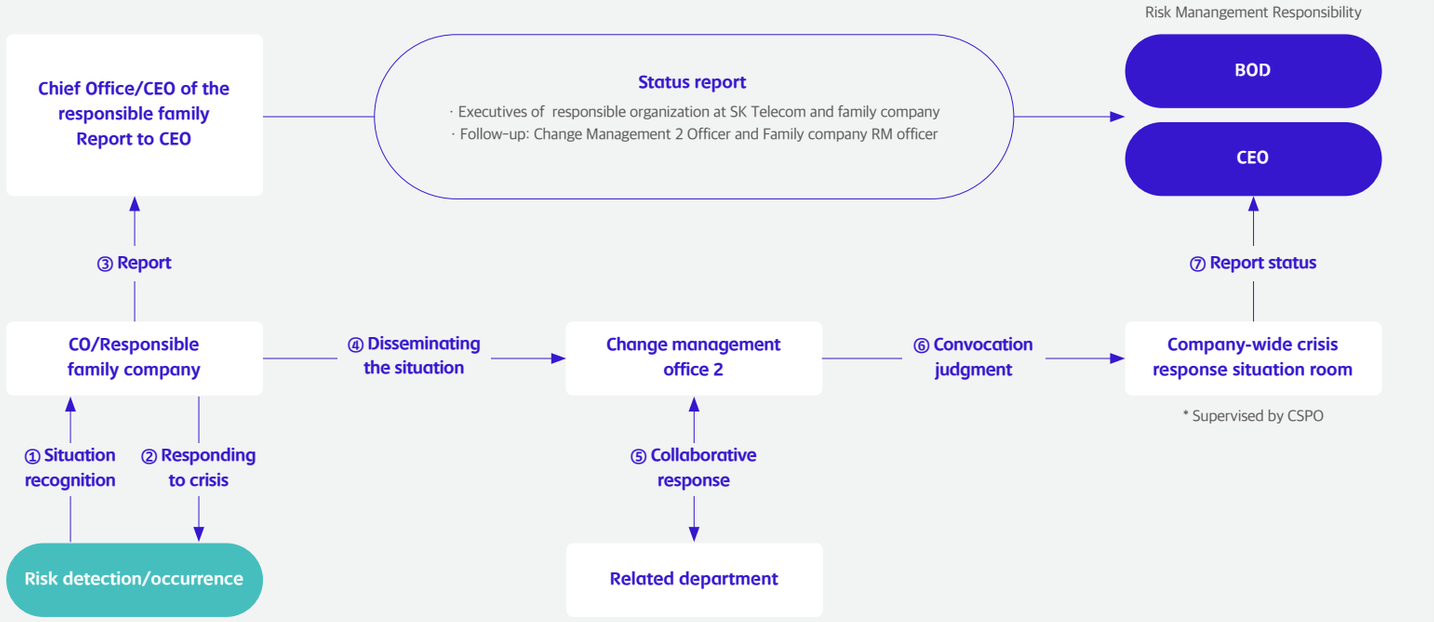
SK Telecom is operating a company-wide risk management working group in which SK ICT family companies participate. SK ICT family companies share information and derive prompt decision-making when an emergency situation arises according to the standards for spreading the situation by major risk. In addition, risk management meetings that SK ICT family companies participate in are regularized to preemptively respond to potential risks. SK Telecom will secure business stability by strengthening an organic and close cooperation system with ICT family companies through the operation of short-, mid-, and long-term risk management processes.

1) ICT affiliates within SK Group, including SK Telecom and our subsidiaries

Internalizing risk management culture

SK Telecom is making efforts to internalize and spread the risk management culture throughout the organizations, including employees, management, and the BOD. We are creating an environment where prompt reporting and disclosing are made so that members can have transparency and responsibility for their own risks, and in order to improve members' risk awareness, we select risks that have a growing impact in the mid- to long-term, and conduct regular pre-training and mock drills. In addition, we share risk analysis data collected through the risk management process with the system to continuously improve risk management practices.

Family company risk management dissemination system[2)]



2) Target Organizations: SKB, SK Telink, SK ONS, Service Ace, Service Top, F&U, PS&M, SK Communications, SK M&Service, SAPEON

Criteria to report to the CEO by type

Risk type	Criteria to report to the CEO
Service failure	· More than 1,000 cases of Telco-oriented service(voice/data) and B tv service VOC · More than 100 cases of roaming VOC · Over 2 hours of complete failure of core service3) · Over 1 hour of complete failure of SWING and in-house work system
Other issues related to company reputation such as information security, BR, GR	· Reporting on terrestrial TV, daily newspapers and portals · Raised as an issue on the Internet - Raised as an issue by popular influencers in the domestic and foreign IT and economy area - Online reporting articles, spreading through Social network
Family company issues	· Comply with CEO reporting standards for each family company, but apply SK Telecom's CEO reporting standards for major media reports and online SNS issues - Major service failures and customer complaints surged nationwide - Leakage of customer information and other media issues

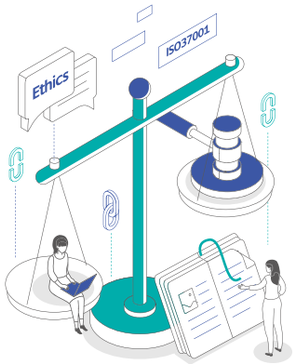
3) Among SK Telecom's major services, services that are difficult to respond to risk management with only VOC standards(T universe, A., T world, T world direct, T membership, MoVIOS, ZEM, T ID, T phone, NUGU ,PASS, Jump AR, ifland, RCS, Bill Letter, B tv, V coloring)

Emerging Risk

SK Telecom preemptively responds to risks by detecting potential risk factors that can have a significant impact on the business environment and analyzing the impact of those risks.
We plan to minimize uncertainties in the business environment and enhance business sustainability through risk management from short-term, mid-term, and long-term perspectives.

Risk	Description	Impact	Mitigation Actions
Risk of Rising Costs Due to Rising Energy Prices	Global energy crisis and rising electricity costs Amid the ongoing global energy crisis triggered by the Russia-Ukraine war, energy bills in countries around the world, including Europe, the United States, and Japan, are rising rapidly. In Europe, power costs continue to rise during the course of the war, with Italy rising by 106.9%, Britain by 89.0%, Spain by 45.0%, Germany by 43.3%, and France by 25.6%, respectively(as of June 2022, compared to January 2021). In Korea, the world's 8th largest energy consumer, government raised electricity rates by only about 20%(as of November 2022, compared to January 2021), despite relying on imports for about 94.8% of our energy consumption. Experts are warning that continued electricity price hikes are inevitable in the future. In addition, according to the 2050 Carbon Neutrality Committee, the current environmental costs due to greenhouse gas reduction and renewable energy conversion(expanded to 21.6% in 2030, 30.6% in 2036) are not properly reflected in the cost of electricity production, so it is expected that it will stimulate future electricity price increases. Due to the nature of the industry, indirect energy consumption by electricity use accounts for 99% of the total, and SK Telecom is highly likely to be affected by financial losses as much as the increased power cost. Over the past three years, SK Telecom's electricity consumption has increased by about 8%. Increased utilization of network due to expansion of hyper-scale AI and mobility business The telecommunications industry is a key industry and it is an industry regulated directly and indirectly by the government, while network equipment continues to increase for stable communication network supply, services cannot be arbitrarily terminated, so the energy consumption is inevitably increased. Data traffic generated from domestic wireless networks is currently approaching 1 million TB, which is more than double compared to the first half of 2019 when 5G service began to be served. In the future, as various life-friendly services using hyper-scale AI are released and the mobility(robot, autonomous driving, UAM, etc.) business is in full swing, network utilization is expected to increase rapidly, resulting in an increase in infrastructure operating costs.	Increased operating costs due to rising power prices and increased network utilization SK Telecom's annual energy usage and greenhouse gas emissions are expected to continue to increase, which will also increase SK Telecom's financial burden. As a result of analyzing the cost(purchasing REC, etc.) to achieve 2050 Net Zero and 2050 RE100 in a way that meets the SBTi standards, additional costs of approximately KRW 167.3 billion by 2030 and KRW 840.8 billion by 2050 are expected. However, these figures do not reflect the recent surge in energy prices, and if carbon trading prices gets higher, it would impose a greater financial burden than predicted. In addition, investment and operating costs will be incurred to meet the increasing network traffic each year, and these costs are also expected to increase each year.	SK Telecom is responding to rising energy prices and rising operating costs due to climate change by utilizing energy efficiency, investment in renewable energy, fuel conversion, and resource recycling. Energy efficiency: Reducing cooling energy consumption by eliminating heat generation from main equipment and auxiliary equipment, integrating network equipment such as base stations and repeaters, replacing old cooling equipment, strengthening office building energy use management based on network structure innovation and network slimming Fuel conversion: Promoting the introduction of electric vehicles from a mid- to long-term perspective, external reduction projects approval for 61 electric vehicles of SK Rent-a-Car Investment in renewable energy: Installing self-consumption solar power plants in idle sites such as office buildings, rooftops of base stations, and parking lots across the country(installation of 3.97MW solar power generation facilities in 63 locations in 2021 and 102 locations in 2022) Resource recycling: Happy Habit multi-use cup project(an eco-friendly platform project that creates a resource circulation ecosystem based on SK Telecom's ICT from supplying, renting, collecting, cleaning, and re-supplying multi-use cups) Expansion of carbon credit business portfolio: Since 2018, cookstoves have been distributed to residents of underdeveloped countries in Southeast Asia to procure carbon credits(2.39 million tons by 2030) and additional projects are being procured
Geopolitical risks in regions where major business sites are located	Increased uncertainty due to geopolitical risks According to the FED, the global Geopolitical Risk Index(GPR) is at its highest level in history. Geopolitical risks lead to increased uncertainty about the future outlook, so it is expected to have negative effects such as delays in corporate investment decisions and job creation, delays in household consumption, conservative lending decisions by financial institutions, preference for safe assets in the financial market, and falling stock market prices. On the Korean Peninsula, South Korea and North Korea have been in confrontation since the Korean War armistice in 1953, so there are always geopolitical risks such as North Korea's provocations such as ICBMs(Intercontinental Ballistic Missiles) and nuclear weapons. Recently, the North Korean risk is linked to international security issues and has a great impact on the Korean economy and security. For example, CSIS*'s report on war games in Taiwan(the first battle of the Next War) mentioned that with the outbreak of a war between China and Taiwan, the Korean Peninsula is likely to go to war at the same time as the North Korean regime's intentions or China's intention to disperse the power of the United States and Japan. SK Telecom's headquarters and major business sites are located in Korea, and 99.91% of its sales are generated in Korea. If there is a conflict between North Korea and South Korea due to geopolitical factors, there is a risk that Korea's telecommunications infrastructure will be destroyed on a large scale and SK Telecom's business will be affected. * CSIS(Center for Strategic and International Studies): A conservative foreign affairs think tank located in Washington, D.C.	Possibility of inability to provide services due to destruction of communication infrastructure In the event of a war or disaster, there is a high possibility that basic infrastructure facilities such as electricity, communication, and major roads will be destroyed first to block the exchange of goods and information, and in that respect, there is a high possibility that SK Telecom's communication infrastructure will be a major target of attacks. In the event of destruction of physical communication facilities due to local warfare or full-scale air raids, large-scale power outages due to damage to power facilities, cyber hacking attacks on networks, and other unexpected events due to the characteristics of wars and disasters, business continuity may be compromised by being unable to provide mobile communications services, which is SK Telecom's core business, in part or nationwide. In particular, if asymmetric weapons such as nuclear weapons and EMP* are used, there is a possibility of destroying the communication network throughout the Korean Peninsula. * EMP(Electro-Magnetic Pulse): The electromagnetic waves generated during a nuclear attack permanently destroy electronic circuits and semiconductor devices	In the event of a war or conflict due to geopolitical instability, it is impossible to completely prevent disruptions in the operation of communication facilities. How ever, we are making various preparations in advance so that the most effective response can be prepared when a situation arises. Establishment of a wartime response system: Operating a comprehensive situation room(establishment of guides, etc.) so that it is possible to communicate and respond to the situation to customers in the event of war or disaster, identifying and responding to system failures Service protection measures: Implementation of disaster roaming to other mobile carrier networks in case of damage to base stations and major centers, diversification of communication facilities, the establishment of a cyber-attack response system Backup of important data: Back up important data such as customer, financial, and HR information to a separate physical space to ensure business continuity in the event of server and data loss Regular drill: Participating in the 'National Emergency Preparedness Drill(Eulji Exercise)' organized by the Korean government to practice scenarios to reduce the impact and loss caused by new types of attacks or disasters

Ethical Management



SK Telecom has established a company-wide ethical management system to practice ethics and compliance management in order to continue to grow with the trust of stakeholders. We have a code of conduct and a dedicated organization to prevent ethical risks in advance and pursue voluntary practice by employees. In addition, we are striving to establish and spread ethical management by conducting ethics education, ethical practice pledges and operating an ethics counseling and reporting center. We are also making efforts to advance ethical management to a global level by acquiring the anti-corruption management system(ISO 37001) certification for the first time in the industry.

Mid- to long-term target of ethics management office

	Targets in 2023	Mid- to long-term Target(2024 ~)
Prevention	**Achieving ethical management at the top level in Korea** Advancement of an ethical management system - Revision of regulations reflecting the characteristics of our business (AI value/ethics, etc.) - Upgrade the content of the practice survey by identifying unit organization issues Customized Comm. subdivided by target/issue - Differentiated training by target, such as new leaders, corporate leaders, and employees High risk case-oriented training tailored to SKT characteristics - Online training centered on recent unethical cases - Training on anti-corruption management system(ISO37001), etc.	**Ethical management at the global top level** Advancement of an ethical management system - Continuous advancement of ethical management fundamentals
Identification	**Expansion of audit function for early detection of issues** Preventing the spread of issues by activating self-reporting /disclosing and responding early - Improving the reliability of self-reporting and disclosing Periodic conduction of direct audits of ethical management office in all areas of SKT - Conducting audit of all organizational with 3-year cycle based on risk assessment Strengthening the level of risk mgmt. and internal control in the business support area - Improvement of self-cleaning system operation (reflecting customer information protection management system) Continuous certification of the anti-corruption management system (ISO 37001) for 2nd year	**Zero the risk of external spread of unethical issues** Update risk factors through periodic audit Strengthen anti-corruption management through continuous ISO 37001 certification Early response to self-report/disclose

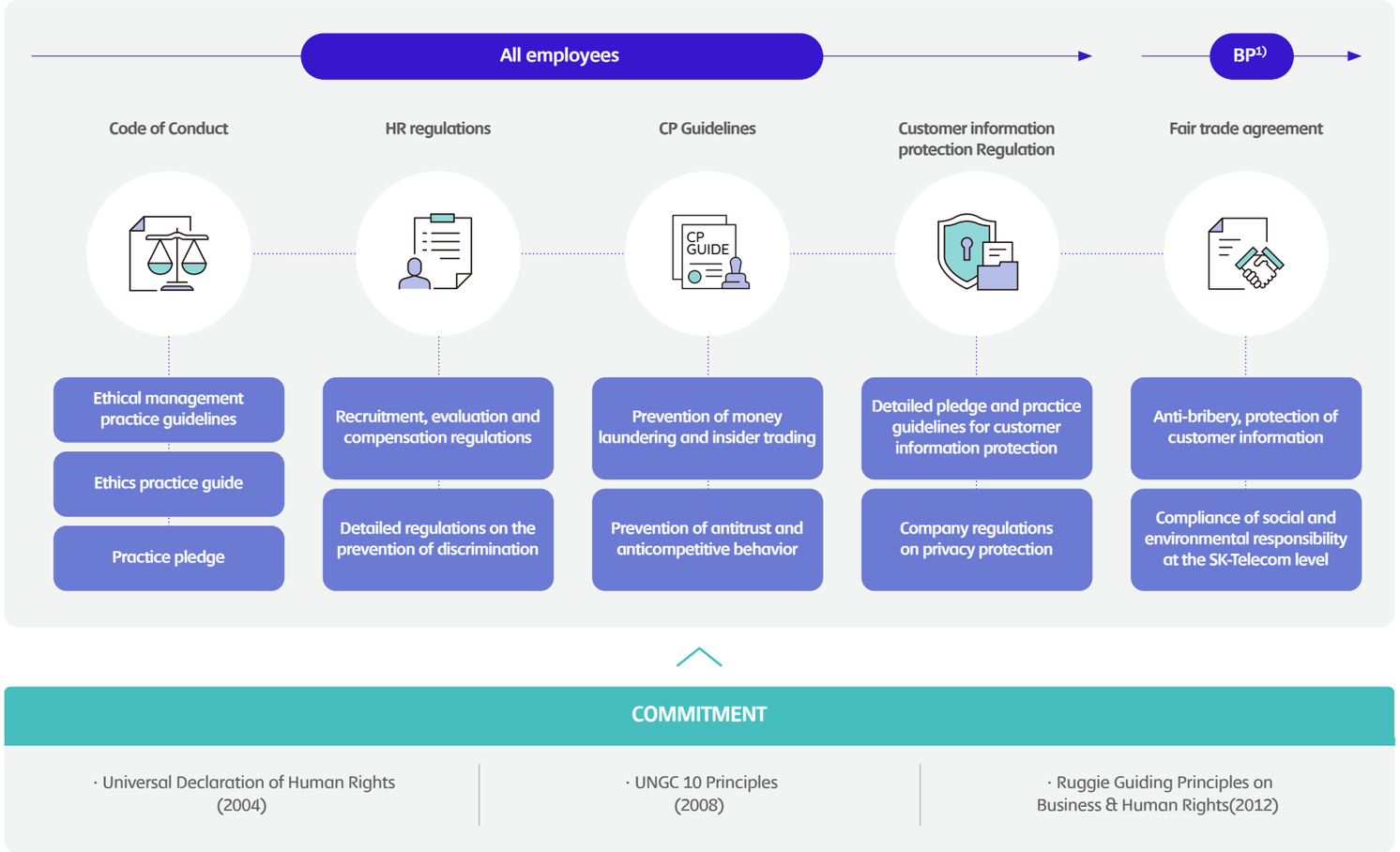
Ethical Management System

①Code of Conduct(Code of Ethics, etc.)

SK Telecom lays the foundation for fair trade and ethical management under the company-wide ethical management system and presents ethical policies, regulations, attitudes, and directions that each member must follow in overall management activities. In particular, the Code of Ethics and the Guidelines for Ethical Management are to be used as the criteria for decision-making and action in management activities, and in case of violations, we strictly respond by applying the zero-tolerance principle.

The code of conduct specifies the ethical principles that must be correctly followed for 'customers', 'business partners', 'company members', and 'me'. The ethical management practice guideline was established to enhance the level of understanding of members by specifying the guideline for the code of conduct and is continuously being revised in line with the changing internal and external business environment. In 2020, the Workplace Harassment Prohibition Act and ethical management regulations related to social media activities was put into practice, and in 2021, business partners and business manners, guidelines for dealing with improper solicitations and money receipt were clarified, and in 2022, the proceeding procedure for company's charitable donations was specified. With timely revision of the Code of Conduct, we prevent and manage possible unethical situations in advance for issues of increasing social interest. In addition, in 2021, we published and disseminated a manual on ethical management practice, explaining the practice guideline in detail based on cases and laws, further enhancing members' understanding and awareness of the practice.

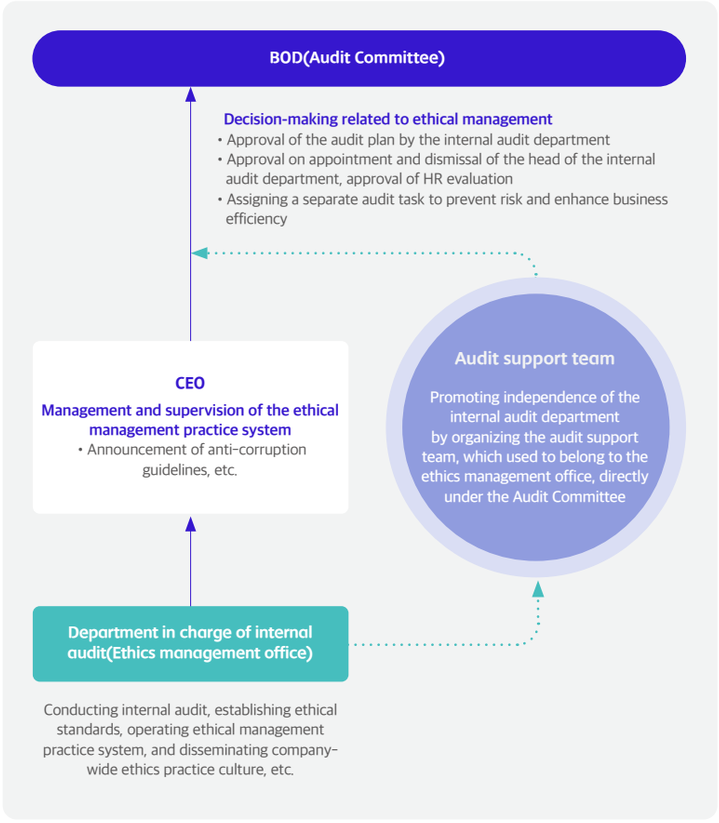
Code of Conduct System



1) Business partner

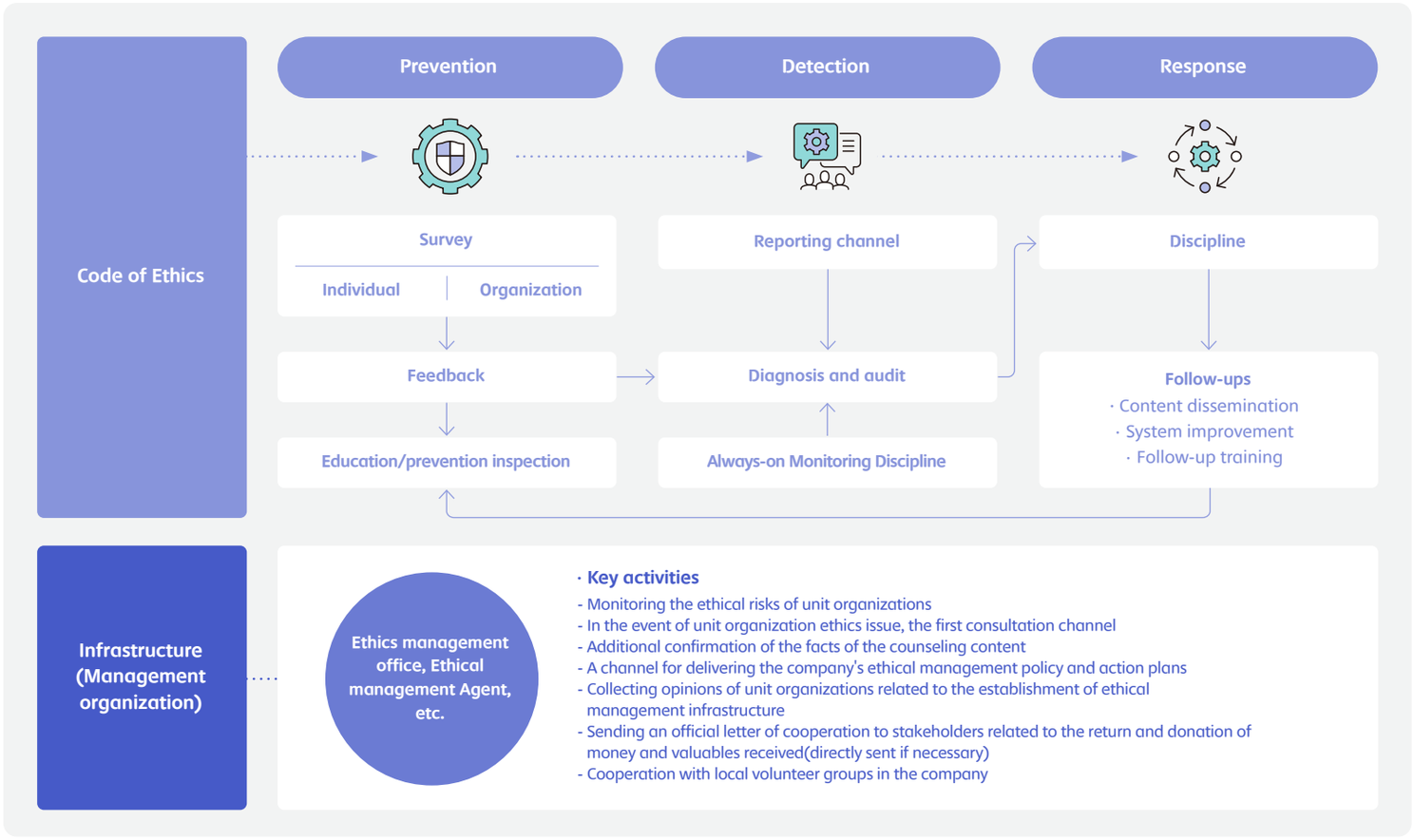
②Dedicated organization

SK Telecom operates a dedicated organization in charge of specific activities to enhance the level of ethical management practice. We specify the responsibilities and roles of the BOD, such as the audit committee, and the CEO for ethical management in the internal audit regulations so that ethical management can be systematically managed and supervised. The ethics management office, an internal audit department, focuses on spreading and establishing a company-wide ethical management culture by establishing the Code of Conduct and operating an ethical management practice system.



③Ethical management promotion process

SK Telecom operates a three stage ethical management promotion process(prevention-identification-response) based on the Code of Conduct, supervision of the CEO and audit committee. In 2022, it acquired the anti-corruption management system(ISO 37001) certification, an international standard for anti-corruption management, for the first time in the industry, establishing an advanced ethical management system at the global level. The CEO also declared the company-wide commitment to ethical management internally and externally by signing and announcing the 'SKT Anti-Corruption Policy'.



1) Prevention

Every year, SK Telecom not only receives ethical practice pledges and conducts ethical training such as sexual harassment prevention, but also conducts ethical management practice workshops to promote the ethical awareness of all members. In 2022, it published 'Ethical Practice Letter' 12 times for company-wide employees, including temporary workers(contract workers), conducted 'Practice Campaign' 6 times to continuously expand communication, and strengthened the ability to deliver messages by diversifying communication channels by directly producing YouTube video content. In addition, we continue to spread the culture of ethical management practice by supporting ethical training to partners and subsidiaries and distributing manuals necessary for ethical management practice.

After conducting training and workshops, we regularly conduct ethical management practice surveys to check the current status of ethics levels and create a practice environment through feedback from unit organizations. As a result of the survey, we preemptively respond to unethical issues that may arise by selecting areas that need to be supplemented at the company level as improvement tasks.

Ethical management prevention activities of employees

	Unit	2020	2021	2022
Online ethical practice pledge	%	99.3	99.1	99.1
Online training on ethical management		98.4	93.0	95.5
Online training on sexual harassment prevention		97.7	94.4	95.8

2) Detection

SK Telecom operates an ethics counseling and reporting center consisting of various online and offline channels such as website, face-to-face counseling, and letters so that all stakeholders can report and consult at all times. 'My Counselor', 'Letter to HR', female counselors dedicated to sexual harassment, intranet channels, and anonymous bulletin boards serve as channels for reporting irregularities and corruption, as well as consulting channels for stakeholders on various ethical issues. According to the law, whistleblowers can request 'confidentiality', 'personal protection', 'HR measures', 'protective measures', and 'prohibition of disadvantageous'. Based on the 'Public Interest Whistleblower Protection Act', SK Telecom is making efforts to protect whistleblowers against unfair cases or fraudulent acts that violate the code of ethics. We operate a separate counseling and informant protection program to protect the identity and report details of informants and counselors to prevent disadvantages to counselors, reporters, and investigation cooperators.

SK Telecom has established a mid-term audit plan based on risk evaluation and analysis to preemptively prevent business, management, and ethical risks of field organizations, and conducts regular audits of all organizations and businesses every three years. In particular, in 2022, along with practical support to enhance the value of subsidiaries such as F&U Credit Information and SKTA(US), we have improved unnecessary work practices through safety management status inspections to prevent serious accidents, asset management inspections, and document security inspections, and promoted operational efficiency by managing and inspecting potential risks.

Operation status of an ethics counseling center in 2022(Unit: cases)

	Cases	Completed cases	Processing rate
Ethics counseling and reporting[1]	8	8	100.0%
No issues[2]	7	7	100.0%
Simple work level issues	39	38	97.4%
Related to subsidiaries	175	174	99.4%
Customer complaints	108	108	100.0%
Sum	337	335	99.4%

1) Conduct own investigation on ethical counseling and reporting cases, and transfer other cases to the relevant departments
2) Investigation was not conducted due to insufficient information or withdrawal of reporting

3) Response

SK Telecom categorizes violations of the Code of Ethics by category and takes action on them. If necessary, we investigate the facts through additional confirmation and investigation and respond in accordance with related company regulations. When an employee is found to be violating the Code of Conduct, we hold the Personnel Committee to determine the level of disciplinary action depending on the seriousness of the case. Disciplinary actions include stages of dismissal, suspension, salary reduction, warning, etc., and in accordance with relevant HR regulations, each stage is linked to the evaluation system and affects the salary level of the corresponding employee. If a partner violates the Code of Conduct, we impose sanctions by limiting the volume of transactions with the partner or terminating the contract. We keep records of violations of these ethical regulations and their processing results for future ethical management process inspections and improvement tasks..

Actions for violation of the Code of Conduct in 2022

	Cases	Actions taken
Neglect of duty	3	Severe punishment 2
Violation of regulations	1	Severe punishment 1
Violation of mutual respect	1	Severe punishment 1
Sum	5	Severe punishment 4

SK Telecom emphasizes the prevention of discrimination and harassment based on gender, race, religion, disability, origin, etc. through the Charter of Human Rights and strictly responds to violations by applying the zero tolerance principle. In the ethical management practice guidelines, we specify that members should not engage in any behavior that hinders the formation of sound relationships, such as inappropriate financial transactions, private requests or instructions unrelated to work, and bullying in the workplace, and we follow the Code of Conduct framework and ethical management promotion process. In particular, for fairness, we provide in-house legal advisory services for all investigations on reports. In addition, through ethical management training for all employees, we raise awareness of discrimination and harassment in the workplace.

Number of disciplinary actions for discriminatory behavior and harassment and number of bullying incidents

2020	2021	2022
0	0	0

Case

Acquisition of ISO 37001, the international standard for anti-corruption management

In November 2022, SK Telecom obtained the International Standard for Anti-Corruption Management(ISO 37001) certification, which is a certification for having a system that can increase management integrity and customer trust through corruption risk assessment and analysis, for the first time in the industry. Judging that it is important to accurately identify stakeholders and corruption risks of the organization to obtain certification, we identified a total of 105 potential risks for each of 23 company-wide organizations, established anti-corruption system operation regulations based on the risk assessment results, and reorganized the management system. After about 4 months of preparation, we achieved the result of passing a rigorous external accredited certification review. By acquiring the anti-corruption management system certification, it is expected that we will be able to build stronger trust with various stakeholders by obtaining international recognition for our high-level ESG management and leading ethical management system. In addition, we plan to further advance the prevention system for ethical management risks to continue to maintain a high-level anti-corruption management system.

Compliance

In order to take the lead in responding to the rapidly changing business environment and meet the needs of the industrial ecosystem and society, SK Telecom is making various efforts to comply with fair trade and business-related laws and minimize risks involved in overall management activities. By establishing 'SKT ICT Family Compliance 2.0', a new compliance system at the ICT family level, we plan to grow into a leading company in compliance management that is loved by the market and society through carrying out more systematic and advanced compliance activities.

Establishment of compliance system

SK Telecom is pursuing a transition into a global AI service provider through growth and innovation in various business fields. As a result, business interests are more complex than ever, and compliance is becoming more important. In addition, as ESG management spreads, the demands from society and regulatory authorities for SK Telecom's compliance are increasing. In line with these changes in the business environment, the standards and scope of SK Telecom's compliance are expanding beyond the existing legal risk response level to the entire area of compliance control to meet the heightened level of society as a whole and fulfill corporate social responsibilities. In 2022, which marks the 20th anniversary of the introduction of the Fair Trade Self-Compliance Program(CP), we completed the overall compliance management system, including processes, systems, and content.

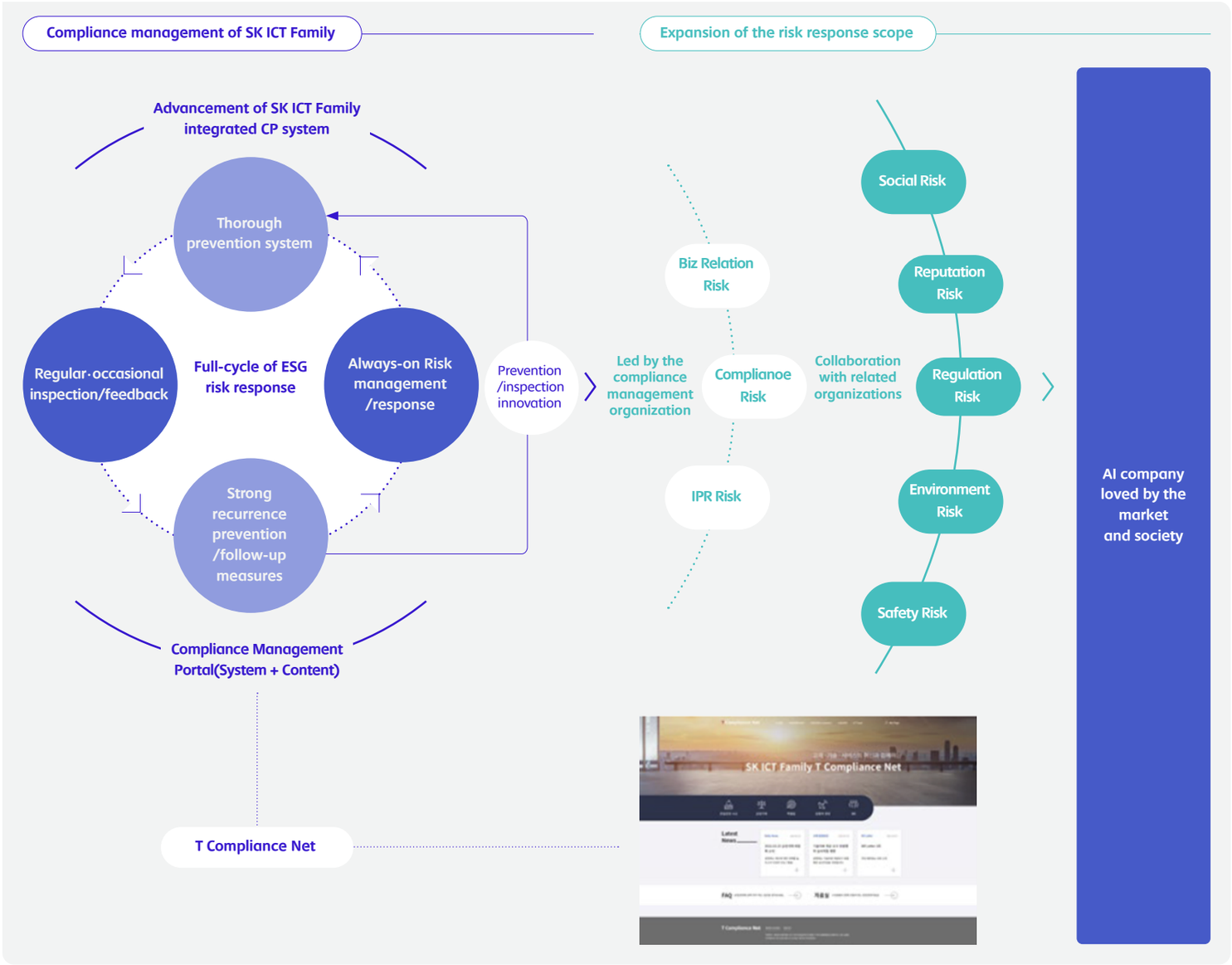
Compliance Policy and Vision

SK Telecom is investing the utmost effort to achieve our compliance vision and continuously upgrade its system to proactively respond to changes in the business environment. In particular, we have newly established standards and systems for compliance management to meet the growing demands from society and regulatory authorities with the expansion and complexity of the business scope following the advent of the digital era and the dissemination of ESG. Accordingly, SK Telecom's compliance system has also been expanded to the ICT family level. In addition, we not only respond to each case, but also operate a systemized and regular prevention system, and at the same time, we have further strengthened our role in creating a business promotion environment and structure that meets ESG values.

The vision of the newly established 'SKT ICT Family Compliance 2.0' is to be a leading company in compliance management that receives recognition and support from the market and society by expanding the external scope of compliance management activities, redefining standards, spreading compliance management culture at the family level, creating friendly business environment, and securing external recognition for promotion efforts. By achieving this vision, we will further solidify our leading position in compliance management, contributing to SK Telecom's leap as an AI company leading the ESG era.

SK ICT Family Compliance Vision

	Vision	Promotional task
SK ICT Family Compliance	In the ESG era, AI company loved by the market and society (SKT Compliance 2.0)	- External extension of compliance management activities and reestablishment of standards - Spread of compliance management culture at the ICT family level - Creation of a friendly business environment and enhancement of external trust in building a reputation for compliance



Key achievements in 2022

In 2022, which marked the 20th anniversary of the introduction of the compliance system, SK Telecom created meaningful results by focusing on reestablishing a solid compliance system and advancing the risk management system to procure the world's highest level of compliance management competitiveness in the ESG era.

Completion of the compliance management system linked to the ESG management environment

In May 2022, we converted the contents of each compliance management area accumulated over the past 20 years into compliance assets, and established 'T Compliance Net', a system that enables sharing and collaboration at the ICT family level. Thus, it can be evaluated that the complete system of compliance management system and content at the ICT family-level have been completed. Also, by utilizing this system, it can be said that we have secured a platform that improves awareness of compliance management based on on-site autonomy and responsibility, and presents practical work standards and practice guides that are highly utilized. In addition, based on these achievements and experiences, we not only contributed to the establishment of the group's compliance system, but also created results that disseminated capabilities and experiences from the perspective of process, content, and organization.

Establishing a system-based complete process

In 2022, we established an integrated system of preventive response implementation that leads from in-depth prevention and inspection, to systematic risk response, to the advancement of the response system, and to the reflection of follow-up measures and preventive inspections, and achieved early settlement of this system. We did our best to eliminate practical obstacles to promoting business by timely participating in the existing core business-related issues and company-wide growth business projects to identify and eliminate risks, and propose solutions. In addition, by linking with various digitalized business systems, we have established a system that enables advancing the gatekeeping function for compliance risks, and early detection and response to risks in terms of processes. Through this, we contributed to the systematization of the risk filtering function and the enhancement of the quality of risk management by upgrading the technical data cooperation system, developing the follow-up inspection and monitoring function of prior legal review items, and upgrading the BR risk extraction system. The evaluation results of performance and effectiveness of the measures to mitigate risks of unfair trade and unfair competition are reported to the BOD every year.

Internal and external recognition of strengthening compliance capabilities

First of all, in order to strengthen the compliance capabilities of employees, overall employee training has been revised to include recent compliance management trends, regulatory trends, and BR risk areas. We conducted the training, which was held from June to August 2022, for all members and executives, including temporary and contract workers from 2022 in accordance with the mid-term compliance goal, and despite the expansion of the number of subjects, the completion rate was 93.3%, a significant improvement compared to the previous year.

Second, we effectively conducted customized training for each risk area according to job duties using various methods. We conducted customized training that reflected the characteristics of the field organization. For organizations related to technology development or partner cooperation projects, education in the area of technology theft, which has recently been an issue, has been continuously provided throughout the year by directly visiting the field along with diagnosis. Intensive training for B2B and public works organizations where compliance with overall fair trade regulations is particularly important is conducted on a quarterly basis in the form of case based group training..

Third, we share and utilize the above various educational programs with SK Square and key family companies according to the integrated ICT family compliance system. Thanks to these efforts, in the group evaluation in the second quarter of 2022, we obtained the 'TOP grade' in all six evaluation areas, including 'anti-corruption policy' and 'anti-corruption education for employees', achieving the year-end goal early. Externally, we have obtained the highest level of evaluation results in the field of compliance management by external ESG rating agencies. Meanwhile, we also strengthen and implement the internal compliance capability strengthening program at the ICT family level compared to the previous year.

2022 ICT Family Company CP Task Operation Results(68 tasks in total)

Task type	Tasks to enhance compliance competency	Specialized tasks by the company
Number of tasks	45 Tasks	23 Tasks
Key cases	- Establishment of processes such as a pre-review system - Execution of member training(For all members/specific organizations·job groups) - Establishment of a serious accident prevention system, etc.	- Response to supervision and evaluation by the regulatory body in charge - Establishment of a process for inspection and review of specific transaction areas by business characteristics, etc.

* After the launch of SK Square in October 2021, task management for all 23 family companies was jointly conducted based on collaboration between SKT and SKSQ until the end of the year

Leading the establishment of a fair trade culture in the market

In 2022, SK Telecom established a dedicated organization to establish fair business partnerships and systematically manage conflict factors. Through the dedicated organization, we conducted the task of raising employee awareness and systematizing company-wide BRM(Biz. Relation Risk Management) by putting it at the top and focused on establishing a control tower for company-wide business relationship(BR) risks and managing risks on a regular basis. In addition, we established a solid cooperation system with the in-house risk management organization to carry out collaborative tasks, and planned and established a company-wide 24/7 BR risk management system. Through BR risk diagnosis and improvement for business organizations with active partnerships, we derived improvement tasks and provided detailed guides, and we opened compliance and BR dissemination training visiting directly to business departments and BR counseling channels within T Compliance Net. Through these efforts, we acquired the 'Best Grade' for 10 consecutive years in the Shared Growth Index evaluation in 2022 and were selected as the 'Best Honorary Company'.

Creating a friendly business promotion environment

In 2022, we have achieved the results of presenting serious obstacles and solutions in a timely manner for key issues of existing businesses, such as MVNO and terminal self-sufficiency market response, and growth businesses including restructuring cloud business structure, subscription products, and launching A.. In addition, by presenting meaningful results with an innovative approach to establishing relationships with regulatory agencies, we have also achieved meaningful performance in enhancing the company's status and image. Cases in which the National Police Agency and the Ministry of Science and ICT have actively participated in the campaign to prevent loans for durable goods are evaluated to be an example of presenting the direction of SK Telecom's social responsibility, such as the prevention of damages to customers by crimes and damage to the company's reputation from the public interest point of view, as well as the transformation of criminal risk into a leading and public interest caring corporate image through a change of thinking.

2023 and mid- to long-term goals

Based on our accumulated capabilities and experience over the past 20 years, we at SK Telecom intend to become a model company recognized and be supported by both the market and society by starting the transition to ESG-based compliance 2.0 in 2023. To this end, we have set more challenging goals for 2023 and mid- to long-term goals for 2024 and beyond.

Based on the achievements of completing the compliance system in 2022, first, in 2023, we intend to expand the scope of compliance and redefine standards in response to the trend of ESG expansion. We will establish judgment standards and practice levels that go beyond the existing legality or regulatory categories to reflect social acceptance, and further advance system-based risk management. Second, we want to establish autonomous and responsibility-based compliance implementation as an organizational culture at the level of field organizations and ICT families. The advancement of compliance management can eventually be expected to have the highest effect in the autonomous activities of people and organizations, and it can be expected to improve the level of compliance management, such as strengthening training that reflects the characteristics of each ICT industry and company by family company, detecting risk factors, and prevention systems. Third, we plan to dramatically strengthen our compliance risk prevention system by building and operating a digital technology-based always-on compliance monitoring system(CPMS). Lastly, we will establish a cooperative relationship from a macro perspective by strengthening cooperation with regulatory agencies and expanding innovation tasks, and obtain a compliance management certification(ISO 37301) from a reputable external institution to establish ourselves as a 「representative leading company in compliance」. For the mid-to-long-term, we will complete ESG compliance contents and achieve zero occurrence of compliance issues. In addition, we plan to continue to spread autonomous and responsibility-based compliance practices at the field organization and ICT family level into the organizational culture, and to achieve zero BR risk and further strengthen our relationship with regulators from a macro perspective by spreading a culture of fair trade with business partners.

	2023 Targets	Mid- to long-term targets(2024~)
Expanding and deepening ESG Standard	**Expanding and deepening Compliance Standard** - Content up-grade for compliance management considering Social Acceptance **Strengthening system-based risk control** - Continuous risk filtering and gatekeeping advancement based on system linkage (focused on BR, IPR Risk)	Complete ESG-leading compliance management content(~2nd half of 2024)
Settlement of field-oriented compliance culture	**Expansion of field-oriented compliance cycle** - [Company-wide Cycle] Discover hidden risks and evaluate/respond to risks ⇒ reflect inspection - [On-site Cycle] Theme-based inspection ⇒ Customized feedback and training ⇒ on-site autonomous cycle Adoption·settlement L/H (present detailed guide for each business) **Strengthening the Family One-Body system** - Advancement of compliance management system for each company and strengthening of customized capabilities L/H(* L/H : lead and help) - Achieving 95% of compliance regular training completion rate by the end of this year	- Zero occurrence of critical compliance issues caused by reasons after 2024 - Achieve 100% annual compliance training completion rate(~ 2025)
Expansion of win-win cooperation with partners	**Focused management on Biz. Partnership / IPR field partnership** - Completing an always-on risk monitoring system by establishing CPMS - Patent/trademark/design Mgmt. activities, technology theft and overall IPR risk	- Overall prevention of important BR risks and achievement of early termination - Continuing to maintain the evaluation of 'Best Grade' in the companion index
Compliance 혁신 가속화	**Strengthening company-wide strategic project solution presentation capabilities** **Increasing the proportion of issue-driven tasks and innovative tasks** - Establishment of partnership from a macro perspective, such as collaboration with regulatory agencies **Enhancing compliance reputation: Acquired Compliance Management Certification(ISO 37301)**	Continued spread of compliance innovation tasks (Continue to expand collaboration with regulatory agencies, secure additional ESG external evaluation)

- Operating KPI and performance compensation system for related executives for each target
- Reflection of company-level KPI and performance compensation of CP Task performances for each company of all ICT Family(in effect from 2021)

Transparent public policy participation and execution of association fee

SK Telecom is strengthening its fair trade system based on SK Group's 'SK Compliance System Guidelines' that stipulate ethical management and fair trade responsibilities. At the same time, SK Telecom is faithfully fulfilling its role as a sound corporate citizen by preventing corruption related to political funds that affect policy formation. In order to comply with the domestic Political Fund Act and prevent corruption related to political funds, we do not provide political and election funds and lobbying funds to specific political parties and political organizations. However, the details and scale of expenditure of regular assistance to related agencies that guarantee political neutrality and contribute to the development of the public interest are transparently disclosed year by year. Among them, donations of KRW 1 billion or more have been subject to a prior approval process through the resolution of the BOD since February 2017, strengthening the fairness of donation execution.

Policy related expenditure(unit: KRW million)

Total amount of political contributions

2020	2021	2022
0	0	0

Total amount of association fees for related associations

2020	2021	2022
574	578	609

Total lobbying funds

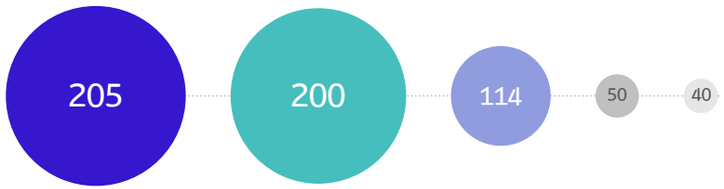
2020	2021	2022
0	0	0

Others

2020	2021	2022
0	0	0

	2020	2021	2022
Total amount of political contributions	0	0	0
Total lobbying funds	0	0	0
Total amount of association fees	574	578	609
Others	0	0	0

2022 top five expenditures for associations of related organizations(unit: KRW million, rounding up to KRW one million)



Name of Association	Position	Amount
Korea Telecommunications Operations Association	Vice Chair	205
Korea Association for ICT Promotion	Chair	200
Seoul Chamber of Commerce and Industry	Presidential Group	114
Korea Communications User Protection Association	Vice-chair	50
ITU-R	Member	40

APPENDIX

Financial Statement
Non-financial Statement
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About This Report

What is the future of SK Telecom that can be seen in advance through achievements?

Financial Statement

Consolidated Financial Statement

Consolidated statement of financial position(KRW million)

		39th	38th	37th
Assets	**Current assets**	**7,219,196**	**6,352,665**	**8,775,086**
	Cash and cash equivalents	1,882,291	872,731	1,369,653
	Short-term financial instruments	237,230	508,677	1,426,952
	Short-term investment securities	0	5,010	150,392
	Accounts receivables - trade, net	1,970,611	1,913,511	2,188,893
	Short-term loans, net	78,590	70,817	97,464
	Accounts receivable - other, net	479,781	548,362	979,044
	Contract assets	83,058	76,698	100,606
	Accrued revenue	1,732	762	3,252
	Advanced payments	56,475	23,383	33,858
	Prepaid expenses	1,974,315	1,987,503	2,128,349
	Current tax assets	415	77	1,984
	Derivative financial assets	168,527	30,110	8,704
	Inventories, net	166,355	204,637	171,443
	Assets held for sale	6,377	8,734	0
	Other current assets	113,439	101,653	114,492

		39th	38th	37th
Assets	**Non-Current Assets**	**24,089,066**	**24,558,612**	**39,131,871**
	Long-term financial instruments	375	375	893
	Long-term investment securities	1,410,736	1,715,078	1,648,837
	Investments in associate and joint ventures	1,889,289	2,197,351	14,354,113
	Investment property, net	25,137	23,034	0
	Property and equipment, net	13,322,492	12,871,259	13,377,077
	Goodwill	2,075,009	2,072,493	3,357,524
	Intangible assets	3,324,910	3,869,769	4,436,194
	Long-term contract assets	49,163	41,580	47,675
	Long-term loans, net	26,973	21,979	40,233
	Long-term accounts receivable	373,951	275,238	332,803
	Long-term prepaid expenses	1,073,422	1,069,148	1,063,711
	Long-term guarantee deposits	167,441	186,713	172,474
	Derivative financial assets	152,633	187,484	155,991
	Deferred tax assets	6,860	128	105,088
	Defined benefit assets	175,748	18,427	3,557
	Other non-current assets	14,927	8,556	35,701
	Total assets	**31,308,262**	**30,911,277**	**47,906,957**

Consolidated Financial Statement

Consolidated statement of financial position(KRW million)

		39th	38th	37th
Liabilities and Equity	**Current Liabilities**	**8,046,541**	**6,960,435**	**8,177,967**
	Accounts payable - trade	89,255	190,559	372,909
	Accounts payable - other	2,427,906	2,071,870	2,484,466
	Withholdings	803,555	790,489	1,410,239
	Contract liabilities	172,348	166,436	229,892
	Accrued expenses	1,505,549	1,295,404	1,554,889
	Income tax payable	112,358	192,221	219,766
	Short-term derivative financial liabilities	0	52	77
	Short-term Provisions	39,683	61,656	69,363
	Short-term borrowings	142,998	12,998	109,998
	Current installments of long-term debt, net	1,967,586	1,430,324	939,237
	Current installments of long-term payables - other	398,874	398,823	424,600
	Lease liabilities	386,429	349,568	359,936
	Other current liabilities	0	35	2,595

		39th	38th	37th
Liabilities and Equity	**Non-Current Liabilities**	**11,106,525**	**11,615,704**	**15,332,747**
	Debentures	6,524,095	7,037,424	7,690,169
	Long-term borrowing	668,125	353,122	1,979,261
	Long-term account payables	1,239,467	1,611,010	1,142,354
	Long-term accrued expense	1,160	31	6,379
	Long-term lease liabilities	1,395,628	1,184,714	1,076,841
	Long-term contract liabilities	61,574	36,531	30,704
	Defined benefit liabilities	61	13,157	154,944
	Long-term derivative financial liabilities	302,593	321,084	375,083
	Long-term provisions	79,415	65,339	81,514
	Deferred tax liabilities	763,766	941,301	2,709,075
	Other non-current liabilities	70,641	51,991	86,423
	Total Liabilities	**19,153,066**	**18,576,139**	**23,510,714**
Equity	**Equity attributable to owners of the Parent Company**	**11,318,320**	**11,579,346**	**23,743,894**
	Share capital	30,493	30,493	44,639
	Capital surplus and others	(11,567,117)	(11,623,726)	677,203
	Retained earnings	22,463,711	22,437,341	22,981,913
	Reserves	391,233	735,238	40,139
	Non-controlling interests	**836,876**	**755,792**	**652,349**
	Total Shareholders' Equity	**12,155,196**	**12,335,138**	**24,396,243**
Total Liabilities and Shareholder's Equity		**31,308,262**	**30,911,277**	**47,906,957**

Consolidated Income Statements(KRW million)

	39th	38th	37th
Operating revenue	**17,304,973**	**16,748,585**	**16,087,747**
Revenue	17,304,973	16,748,585	16,087,747
Operating expenses	**15,692,903**	**15,361,423**	**14,839,169**
Labor cost	2,449,813	2,300,754	2,108,496
Commissions	5,518,786	5,426,114	5,103,012
Depreciation and amortization	3,621,325	3,672,555	3,664,665
Network interconnection	715,285	749,599	770,712
Leased lines	268,426	310,141	293,960
Advertising	252,402	233,401	272,091
Rent	143,747	140,418	171,179
Cost of goods sold	1,268,124	1,167,417	1,106,001
Others	1,454,995	1,361,024	1,349,053
Operating profit(loss)	**1,612,070**	**1,387,162**	**1,248,578**
Finance income	**179,838**	**155,133**	**140,685**
Finance costs	**456,327**	**315,604**	**322,943**
Gain relating to investments in subsidiaries, associates and joint ventures, net	**(81,707)**	**446,300**	**52,456**
Other non-operating income	**55,898**	**114,553**	**95,154**
Other non-operating expenses	**73,620**	**69,353**	**308,712**
Profit before income tax	**1,236,152**	**1,718,191**	**905,218**
Income tax expense	**288,321**	**446,796**	**221,262**
Profit(loss) from continuing operations	**947,831**	**1,271,395**	**683,956**
Profit(loss) from discontinued operations, net of taxes	**0**	**1,147,594**	**816,582**
Profit(loss) for the year	**947,831**	**2,418,989**	**1,500,538**
Attributable to:			
Owners of the Parent Company	912,400	2,407,523	1,504,352
Non-controlling interests	35,431	11,466	(3,814)
Earnings per share			
Basic earnings per share(in won)	4,118	7,191	4,093
Basic earnings per share - continuing operations(in won)	4,118	3,614	1,741
Diluted earnings per share(in won)	4,116	7,187	4,092
Diluted earnings per share - continuing operations(in won)	4,116	3,613	1,741

Consolidated Statements of Comprehensive Income(KRW million)

	39th	38th	37th
Profit for the year	**947,831**	**2,418,989**	**1,500,538**
Other comprehensive income(loss)	**(306,226)**	**1,362,192**	**461,822**
Items that will never be reclassified to profit or loss	(420,968)	942,041	577,312
Remeasurement of defined benefit liabilities	70,885	16,374	(2,637)
Net change in other comprehensive income of investments in associates and joint ventures	0	4,796	271
Valuation gain on financial assets at fair value through other comprehensive income	(491,853)	920,871	579,678
Items reclassified as profit or loss during the follow-up periods	114,742	420,151	(115,490)
Net change in other comprehensive income(loss) of investments in associates and joint ventures	119,707	356,503	(114,478)
Net change in unrealized fair value of derivatives	(21,366)	16,133	19,138
Foreign currency translation differences for overseas operations	16,401	47,515	(20,150)
Total comprehensive income(loss) for the year	**641,605**	**3,781,181**	**1,962,360**
Total comprehensive income(loss) attributable to:			
Owners of the Parent Company	601,193	3,473,445	1,869,075
Non-controlling interests	40,412	307,736	93,285

Consolidated Statement of Changes in Equity(KRW million)

		Equity						
		Controlling Interest of Parent Company						
		Share Capital	Capital Surplus	Retained Earnings	Reserves	Sub-total	Non-Controlling Interest	Total equity
January 1, 2020(basic capital)		44,639	1,006,481	22,228,683	(329,576)	22,950,227	(133,293)	22,816,934
Total Comprehensive Income	Profit(loss) for the year	0	0	1,504,352	0	1,504,352	(3,814)	1,500,538
	Other comprehensive income(loss)	0	0	(4,992)	369,715	364,723	97,099	461,822
Transactions with owners	Annual dividends	0	0	(658,228)	0	(658,228)	(5,771)	(663,999)
	Interim dividends	0	0	(73,136)	0	(73,136)	0	(73,136)
	Stock option	0	179	0	0	179	1,256	1,435
	Interest on hybrid bonds	0	0	(14,766)	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	(426,664)	0	0	(426,664)	0	(426,664)
	Disposal of treasury shares	0	0	0	0	0	0	0
	Retirement of treasury shares	0	0	0	0	0	0	0
	Changes from spin-off	0	0	0	0	0	0	0
	Transactions of treasury shares	0	0	0	0	0	0	0
	Changes in ownership in subsidiaries	0	97,207	0	0	97,207	696,872	794,079
December 31, 2020 (end of term capital)		44,639	677,203	22,981,913	40,139	23,743,894	652,349	24,396,243
January 1, 2021(basic capital)		44,639	677,203	22,981,913	40,139	23,743,894	652,349	24,396,243
Total Comprehensive Income	Profit(loss) for the year	0	0	2,407,523	0	2,407,523	11,466	2,418,989
	Other comprehensive income(loss)	0	0	26,371	1,039,551	1,065,922	296,270	1,362,192
Transactions with owners	Annual dividends	0	0	(641,944)	0	(641,944)	(25,771)	(667,715)
	Interim dividends	0	0	(355,804)	0	(355,804)	0	(355,804)
	Stock option	0	75,498	0	0	75,498	12,124	87,622
	Interest on hybrid bonds	0	0	(14,766)	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	(76,111)	0	0	(76,111)	0	(76,111)
Transactions with owners	Disposal of treasury shares	0	57,017	0	0	57,017	0	57,017
	Retirement of treasury shares	0	1,965,952	(1,965,952)	0	0	0	0
	Changes from spin-off	(14,146)	(14,460,588)	0	(344,452)	(14,819,186)	(186,211)	(15,005,397)
	Transactions of treasury shares	0	0	0	0	0	0	0
	Changes in ownership in subsidiaries	0	137,303	0	0	137,303	(4,435)	132,868
December 31, 2021 (end of term capital)		30,493	(11,623,726)	22,437,341	735,238	11,579,346	755,792	12,335,138
January 1, 2022(basic capital)		30,493	(11,623,726)	22,437,341	735,238	11,579,346	755,792	12,335,138
Total Comprehensive Income	Profit(loss) for the year	0	0	912,400	0	912,400	35,431	947,831
	Other comprehensive income(loss)	0	0	32,798	(344,005)	(311,207)	4,981	(306,226)
Transactions with owner	Annual dividends	0	0	(361,186)	0	(361,186)	0	(361,186)
	Interim dividends	0	0	(542,876)	0	(542,876)	0	(542,876)
	Stock option	0	72,261	0	0	72,261	0	72,261
	Interest on hybrid bonds	0	0	(14,766)	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	0	0	0	0	0	0
	Disposal of treasury shares	0	0	0	0	0	0	0
	Retirement of treasury shares	0	0	0	0	0	0	0
	Changes from spin-off	0	0	0	0	0	0	0
	Transactions of treasury shares	0	(2,683)	0	0	(2,683)	0	(2,683)
	Changes in ownership in subsidiaries	0	(12,969)	0	0	(12,969)	40,672	27,703
December 31, 2022 (end of term capital)		30,493	(11,567,117)	22,463,711	391,233	11,318,320	836,876	12,155,196

Consolidated Statement of Cash Flow(KRW million)

	39th	38th	37th
Cash flows from operating activities	5,159,317	5,031,279	5,821,876
Cash generated from operating activities	5,785,375	5,324,073	6,059,650
Profit for the year	947,831	2,418,989	1,500,538
Adjustments for income and expenses	4,719,438	3,473,779	4,256,654
Changes in assets and liabilities related to operating activities	118,106	(568,695)	302,458
Interest received	52,163	37,403	41,832
Dividends received	16,388	327,906	166,019
Interest paid	(259,719)	(306,634)	(397,351)
Income tax paid	(434,890)	(351,469)	(48,274)
Cash flows from investing activities	(2,807,795)	(3,486,189)	(4,250,402)
Cash inflows from investing activities	1,229,923	600,188	428,948
Decrease in short-term financial instruments, net	264,693	162,565	0
Decrease in short-term investment securities, net	5,010	32,544	17,684
Collection of short-term loans	123,700	137,196	77,114
Decrease in long-term financial instruments	330,032	343	99
Proceeds from disposals of long-term investment securities	104,190	78,261	46,065
Proceeds from disposals of investments in associates and joint ventures	342,645	100,634	2,715
Proceeds from disposals of non-current assets held for sale	20,136	0	0
Proceeds from disposals of property and equipment	15,792	61,425	102,526
Proceeds from disposals of intangible assets	10,993	14,618	39,654
Collection of long-term loans	1,134	4,166	4,608
Decrease in deposits	10,056	6,941	16,244
Cash inflows from derivative transactions	1,542	1,495	845
Proceeds from disposals of subsidiaries	0	0	165
Cash inflow from business combinations, net	0	0	115,834
Cash inflow from transfers of business, net	0	0	5,395
Cash outflows for investing activities	(4,037,718)	(4,086,718)	(4,679,350)
Increase in short-term financial instruments, net	0	0	596,025
Increase in short-term loans	127,263	100,209	103,604
Increase in long-term loans	11,724	9,877	11,044
Increase in long-term financial instruments	330,032	21	2
Acquisitions of long-term investment securities	436,753	286,566	95,474
Acquisitions of investments in associates and joint ventures	11,065	222,765	170,292
Acquisitions of property and equipment	2,908,287	2,915,851	3,557,800
Acquisitions of intangible assets	138,136	392,588	129,976
Increase in deposits	12,146	51,274	12,175
Cash outflow for business combinations, net	62,312	107,226	2,958
Cash flows from financing activities	(1,349,882)	(2,053,611)	(1,457,579)
Cash inflows from financing activities	1,802,041	1,796,824	3,499,642
Proceeds from short-term borrowings, net	130,000	0	76,375
Issuance of debentures	1,200,122	873,245	1,420,962
Proceeds from long-term borrowings	440,000	350,000	1,947,848
Increase in financial liabilities at FVTPL	0	129,123	0
Cash inflows from settlement of derivatives	768	332	36,691
Transactions with non-controlling shareholders	31,151	444,124	17,766
Cash outflows for financing activities	(3,151,923)	(3,850,435)	(4,957,221)
Repayments of short-term borrowings, net	0	50,823	0
Repayments of long-term payables - other	400,245	426,267	428,100
Repayments of debentures	1,390,000	890,000	975,500
Repayments of long-term borrowings	41,471	286,868	1,950,874
Payments of dividends	904,020	1,028,520	742,136
Payments of interest on hybrid bonds	14,766	14,766	14,766
Repayments of lease liabilities	401,054	431,674	412,666
Acquisition of treasury shares	0	76,111	426,664
Cash outflows resulting from spin-off	0	626,000	0
Transactions with non-controlling shareholders	367	19,405	6,515
Net increase(decrease) in cash and cash equivalents	1,001,640	(508,521)	113,895
Cash and cash equivalents at beginning of the year	872,731	1,369,653	1,270,824
Effects of exchange rate changes on cash and cash equivalents	7,920	11,599	(15,066)
Cash and cash equivalents at end of the year	1,882,291	872,731	1,369,653

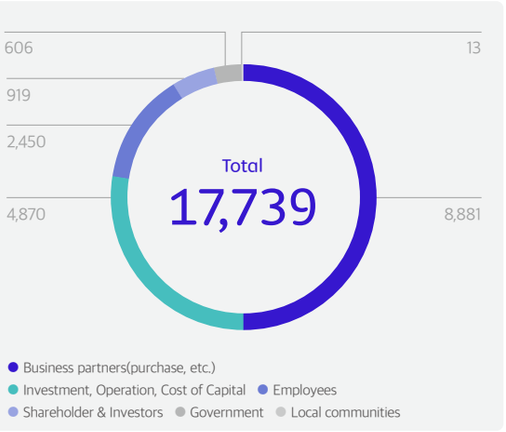
Creation and Distribution of Economic Value

SK Telecom generated a total KRW 17,559 billion in economic value including KRW 17,305 billion of operating income, financial investment income, asset sales income, and other profits in 2022 on a consolidated basis. Out of those values generated and with retained value added, the company distributed a total of KRW 17,738.9 billion to the stakeholders considering the future value and investment efficiency of the company, total changes in equity was negative KRW 179.9 billion after all the distributions.

Retained Economic Value(changes in total capital)

KRW 1,799 billion(negative)

Distribution of Economic Value(Unit: KRW billion)



- Distribution to Business Partners and Investment·Operation·Cost of Capital: Economic value distributions to business partners such as the cost of goods sold, commissions paid to suppliers, and R&D and network investment; and other operating expenses for service provision
- Distribution to Employees: Wages, benefits and welfare, and the reserve for retirement allowances
- Distribution to Shareholders & Investors: Dividends and interest payments
- Distribution to the Government: Payment of corporate taxes and other taxes, and frequency usage fees
- Distribution to the Local Communities: Pure donations to local communities, not including indirect impact resulting from business investments and infrastructure support

Tax Policy

- SK Telecom aims to adhere to both the spirit and letter of tax laws and regulations in the countries where it operates and faithfully fulfills its tax liability stipulated in the applicable laws to contribute to its economic development. Accordingly, SK Telecom has defined the direction of our tax management and compliance principle to reach this goal more effectively.

Tax Management Principles

1. Tax law compliance

- SK Telecom complies with the spirit and the letter of all applicable tax laws and regulations of each country that pertain to our business operations and faithfully fulfills our responsibilities by accurately estimating the tax liability and timely paying all of the taxes.

2. Tax authorities cooperation

- SK Telecom cooperates closely with tax authorities based on mutual trust to strengthen national competitiveness through progressive revision of the tax system and related regulations and procedures. Furthermore, we monitor advanced taxation systems at home and abroad and propose amendments to the relevant tax laws to reduce the cost of cooperating with society and strengthen the rationality of the taxation system.

3. Transaction transparency

- SK Telecom fully discloses the tax information to stakeholders as part of the efforts to ensure transaction transparency. It also reports the taxes per item stipulated in the applicable tax laws through an independent accounting firm to protect stakeholders by appropriately applying and interpreting the relevant laws.

4. Arm's length principle

- SK Telecom applies an appropriate procedure and reasonable price to all related-party transactions. Likewise, SK Telecom sustains the business and investment structure by complying with all relevant tax laws and regulations and the arm's length principles to prevent transfer pricing issues.

5. International trade obligations enforcement

- SK Telecom is faithfully fulfilling its tax obligations in international transactions. SK Telecom will not conduct transactions solely for tax avoidance by utilizing taxation structures without commercial substance, such as transferring profits to countries with low tax rates or operating in a tax haven.

Compliance Principles

1. Risk Management

- SK Telecom identifies compliance with tax-related laws and principles as the top priority of tax risk management to prevent tax risks that may arise from business activities.
- To manage tax risks, SK Telecom establishes and amends the tax policy based on the review and approval of the ESG Committee under the Board of Directors, and policy adjustment is disclosed in its annual report.

2. Management Organization

- SK Telecom has a tax department within its organization which monitors and prevents any tax compliance risks that can arise in the process of business pursuit. The tax management department assesses and manages all types of tax risks, and fully mobilizes both internal and external expertise and resources to ensure compliance.

3. Process

- For compliance within rigorous tax risk assessment and management both home and abroad, SK Telecom has introduced a tax compliance process as the following:
  - Document and file all tax report data, supporting evidence, major tax management data
  - Incorporate all the revisions of tax laws into the Company's tax compliance scheme and implement the changes
  - Monitor risks by analyzing internal/external business environment, business structures and transactions
  - Analyze financial/non-financial impact of risks
  - Collect experts' opinions on material issues when necessary and make the final decision based on them

Effective Tax Rate

SK Telecom contributes to economic development of countries in which it operates by faithfully observing their tax laws and regulations and fulfilling its tax liability stipulated in the applicable laws. In addition, we closely cooperate with tax authorities, developing the country's tax system and laws by monitoring the best practices home and abroad and suggesting various ideas to improve the system.

SK Telecom fully discloses the tax information to stakeholders as part of the efforts to ensure transaction transparency. We also report the taxes as per items stipulated in the applicable tax laws through an independent accounting firm to protect stakeholders by appropriately applying and interpreting the relevant laws. We apply the appropriate procedure and price to all transactions, and sustains a business and investment structure compliant with all applicable tax laws and regulations to preempt any transfer pricing issues with affiliated persons concerned home and abroad. We do not use a tax haven to lessen our tax burden.

Compliance is the top priority for SK Telecom when managing tax risks and is conducting the utmost to prevent any type of tax risks that may arise during business operation. SK Telecom has a tax department within its organization which monitors and prevents any tax compliance risks that can arise in the process of business pursuit. The tax management department assesses and manages all types of tax risks, and fully mobilizes both internal and external expertise and resources to ensure compliance.

In 2022, SK Telecom's earnings before tax were KRW 1,236.2 billion, and nominal tax amounted to KRW 329.6 billion at a nominal tax rate of 26.66%. Meanwhile, the company's effective tax amounted to KRW 288.3 billion at an effective tax rate of 23.32%. The effective tax rate in 2022 was 3.34%p lower than the nominal tax rate, the main reasons for which include the effects stemming from tax-exempt income, non-deductible expenses, and tax deductions and exemptions. This result is also attributable to changes in deferred income tax that are not feasible, refunded income taxes from past periods, and the effect of tax rate fluctuations.

	Unit	2020	2021	2022
Earnings before tax**	KRW million	905,218	1,718,191	1,236,152
Nominal taxes*		505,824	834,146	329,580
Adjustments*		(129,322)	(182,198)	(41,259)
Income tax paid**		221,262	446,796	288,321
Effective tax rate	%	24.44%	26.00%	23.32%
Cash tax paid	KRW million	186,853	238,874	196,636
Cash tax rate(Cash tax paid/Earnings before tax)	%	20.64%	13.90%	15.91%

* Including continued and discontinued operations (2020, 2021) ** Continued operations only

Adjustments*	Unit	2020	2021	2022
Tax exempt income	KRW million	(41,084)	(13,924)	(14,969)
Non-deductible expenses		31,882	15,329	24,679
Tax deductions and exemptions		(48,774)	(62,075)	(10,300)
Changes in deferred corporate tax that cannot be made		(69,776)	(68,589)	21,057
Effects of changes in tax rates		24,537	(36,193)	(42,307)
Refund of corporate tax in past, etc.		(26,107)	(16,746)	(19,419)

Tax by place of business[1] (KRW million)

Region	Name	Major Businesses	Revenue	Profit before Tax	Income tax accrued(current year)	Income tax paid[3]
Korea[2]	SK Telecom Co. Ltd[2]	Fixed and mobile Tele-communication Business	17,288,574	1,235,904	112,254	288,091
US	SK Telecom Americas, Inc.	Information Collection and Consulting Business	9,264	-199	-	12
Japan	SK Telecom Japan Inc.	Information Collection and Consulting Business	4,249	-14	81	104
China	SK Telecom China Holdings Co., Ltd.	Investment Business	2,887	460	23	115
Total			17,304,973	1,236,152	112,358	288,321

1) Based on the business report in 2022, SK Telecom's sales are 99.9% in Korea and 0.1% in other countries (USA, Japan, China, etc.)
2) SKT Co., Ltd. (headquarters) and all domestic subsidiaries 3) Income tax expenses according to K-IFRS(limited to continuing operations)

Internal Accounting Control System

SK Telecom, listed in Korea and the United States, is subject to the internal accounting provisions of Korea's Act on External Audit of Stock Companies and the US 'Sarbanes - Oxley Act(SOX Act)'. It secures the reliability of its separate and consolidated financial statements by operating an internal accounting control system for each area that takes into account the size of SK Telecom and its major consolidated subsidiaries.

The company's management, external auditors, and the audit committee independently assess the adequacy of the internal control system and report and disclose the results.

- The company's management conducts regular evaluations annually to improve the internal control system, and reports the results to the audit committee, board of directors and annual general meeting.
- An external auditor conducts an independent attestation audit on the company's internal control system and reports it to the audit committee.
- The audit committee reports the results to the board of directors after self-assessment/resolution on the operation status of company's internal control system.

* SK Telecom operates a separate 'Dedicated Organization for the Management and Evaluation of Internal Accounting Control System' and 'Independent Support Organization of the Audit Committee'.

For the practical operation of the internal accounting control system, SK Telecom developed a Risk Control Matrix(RCM) that describes how to identify potential risks, and manage and evaluate control activities in 3 areas: Entity Level Control(ELC), Transaction Level Control(TLC) and Information Technology General Control(ITGC). RCM is updated annually to reflect changes in the external environment and businesses and is used as the basis for management's self-evaluation.

The management self-evaluation is divided into design evaluation and semi-annual operational evaluation, and any deficiencies found during the self-evaluation and audit process are being improved by the relevant performance control department in consultation with the internal accounting evaluation department and the external auditor.

Management's Discussion & Analysis

The Management's Discussion & Analysis ('MD&A') is provided to enable readers to assess the results of operations and financial condition for the fiscal year ending December 31, 2022, compared to the preceding year. The MD&A section should be read in conjunction with our audited consolidated financial statements included in this annual report. Unless otherwise specified, all amounts are presented on a consolidated basis and are based on our audited consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by Korea. All amounts are in Korean won (KRW). All references to 'we,' 'us' or 'our' shall mean SK Telecom Co., Ltd. and, unless the context otherwise requires, its consolidated subsidiaries. References to 'SK Telecom' shall mean SK Telecom Co., Ltd., but shall not include its consolidated subsidiaries.

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

1. 2022 Overview

Effective as of November 1, 2021, we conducted a horizontal spin-off (the 'Spin-off') of our businesses related to the management of our equity interests in certain subsidiaries and investees (the 'Spin-off Portfolio Companies') engaged in the semiconductor and certain other non-telecommunications businesses, including security, e-commerce and other new information and communications technologies ('ICT') businesses (the 'Spin-off Businesses'). The Spin-off was accomplished through the establishment of a new company named SK square Co., Ltd. ('SK Square'), to which our equity interests in the Spin-off Portfolio Companies were transferred, and we distributed SK Square's shares of common stock on a pro rata basis to the holders of our common stock. As a result of the Spin-off, our business operations relating to the Spin-off Businesses have been accounted for as discontinued operations in our consolidated financial statements for the years ended December 31, 2022, 2021 and 2020, included in this annual report.

In the wireless telecommunication business that has transitioned to the current 5G network, we have launched

innovative products and services that meet the changing preferences and needs of the customers, thus enabling us to emerge as a leader in the ICT era. While maintaining our leading position in the domestic wireless telecommunication services market, we aim to continue to develop our next-generation growth business by offering innovative products including IoT solutions, platform services, cloud computing, data centers, smart factories, subscription services, metaverse, media platform and other innovative products and services, and to actively integrate AI technology into, and create synergies among, our various businesses. We also plan to utilize AI technology and our big data analytics technology to develop and commercialize new products and services that meet the changing needs of our customers and plan to provide a large number of products and services integrated with AI technology. In addition, we will continue to develop state-of-the-art 5G technology and utilize 5G infrastructure and capabilities to explore unique product and service creation measures tailored to evolving customer needs. Our operations are reported in three segments: (1) cellular services, (2) fixed-line telecommunication services and (3) other businesses.

Cellular Services

We offer wireless voice and data transmission services, sell wireless devices and provide IoT solutions and innovative platform services through our cellular services segment. Our wireless voice and data transmission services are offered through our backbone networks that collectively can be accessed by approximately 99% of the Korean population. We maintained our leadership position in the wireless sector in 2022 with 32.8 million subscribers (including subscribers of mobile virtual network operators ('MVNOs') that lease our networks) as of December 31, 2022, of which approximately 24.3 million used smartphones. Our share of the Korean wireless market based on the number of subscribers (including subscribers of MVNOs) was approximately 43.2% as of December 31, 2022 compared to 44.3% as of December 31, 2021. The Korean wireless telecommunication industry is considered to have reached its maturation stage with more than a 100% penetration rate. However, with continued advancements in network related technology, there are further opportunities to expand market size and revenue of cellular services through increasing the quality of cellular services we provide to our subscribers. By continuing to be innovative in developing core competencies, we have firmly established our position as the market leader in wireless telecommunications.

Through innovative 5G services that provide subscribers differentiated experiences, we will seek to maintain our business leadership in the wireless service market. We also plan to promote the proliferation of 5G services by offering services and content specialized for the 5G environment such as Cloud gaming, practical experiencing services, metaverse platform-based services and e-Sports. Furthermore, we will utilize AI technology to continuously analyze the needs of our customers and provide products and services that fulfill these needs.

In 2022, our cellular services segment revenue was KRW 12.94 trillion, representing 74.8% of our consolidated operating revenue.

Fixed-line Telecommunication Services

We offer fixed-line telephone, broadband Internet and advanced media platform services (including IPTV and cable TV services) and business communications services through our fixed-line telecommunications services segment. Our fixed-line telecommunication services are provided by our subsidiary, SK Broadband.

As of December 31, 2022, we had approximately 3.6 million fixed-line telephone subscribers (including subscribers to VoIP services of SK Broadband), approximately 6.7 million broadband Internet access subscribers and approximately 9.3 million pay TV subscribers, with market shares of 15.6%, 28.5% and 25.6% (of the overall pay TV market including IPTV, cable TV and satellite TV), respectively, based on the number of subscribers.

In April 2020, we completed the merger of Tbroad Co., Ltd., a former leading cable television and other fixed-line telecommunications services provider in Korea, and two of its subsidiaries (collectively, 'Tbroad'), with and into SK Broadband. In the same month, SK Telecom acquired a 55.0% equity interest in Broadband Nowon Co., Ltd.(formerly known as Tbroad Nowon Broadcasting Co., Ltd.), another subsidiary of Tbroad Co., Ltd., which was subsequently merged with and into SK Broadband in October 2022. As a result of such transactions (the 'Tbroad merger'), we owned approximately 74.4% of SK Broadband's total outstanding shares as of December 31, 2022 and were the second-largest pay TV provider in Korea in terms of number of subscribers as of December 31, 2022.

As part of our initiative to be the leading next-generation platform provider, we provide an advanced media platform with various media content and service offerings. We currently offer IPTV services under the brand name 'Btv' with access to 263 live high definition channels depending on the subscription service as of December 31, 2022, as well as pay-per-view and subscription-based video-on-demand services providing a wide range of media content, including recent box office movie releases, popular U.S. and other foreign TV shows and various children's TV programs. We also offer 'B tv UHD,' an ultra-high definition IPTV service whose resolution is four times as high as the standard high definition broadcasting service in the IPTV industry, and 'Apple TV 4K' set top box in collaboration with Apple, which offers a convenient solution for customers to experience our high definition IPTV services as well as other types of Apple iOS-based entertainment services (such as the Apple TV+ video streaming service). Following the Tbroad merger, we also offer cable TV services under the 'B tv Cable' brand with access to as many as 224 channels.

In 2022, our fixed-line telecommunications services segment revenue was KRW 3.81 trillion, representing 22.0% of our consolidated operating revenue.

Other Businesses

We strive to continually diversify our products and services and develop new businesses that we believe are complementary to our existing products and services, which we include in our other businesses segment. We operate a T-commerce network, 'SK stoa', through our consolidated subsidiary SK Stoa, which offers a broad assortment of goods and services through pre-recorded television programming.

The goods and services promoted on SK stoa's T-commerce programming can be purchased on the television screen using the viewer's remote controller. In addition, we offer a portal service under the 'Nate' brand name through SK communications that can be accessed through its website, www.nate.com, or through its mobile application. We also provide online corporate employee benefits management and training services to Korean businesses and public institutions through our wholly-owned indirect subsidiary M&Service, which we acquired in February 2022.

In 2022, our other businesses segment revenue was KRW 0.55 trillion, representing 3.2% of our consolidated operating revenue.

2. EXECUTIVE SUMMARY

In our cellular services segment, we earn revenue principally from our wireless voice and data transmission services through monthly plan-based fees, usage charges for outgoing voice calls, usage charges for wireless data services and value-added service fees paid by our wireless subscribers as well as interconnection fees paid to us by other telecommunications operators for use of our wireless network by their customers and subscribers. We also derive revenue from sales of wireless devices by our subsidiary, PS&Marketing. Other sources of revenue include revenue from other miscellaneous cellular services and our new services and products utilizing our AI and digital infrastructure capabilities and our telecommunications platforms, including a broad range of IoT solutions, platform services, cloud services, smart factory solutions, subscription services, advertising and curated shopping services, and metaverse platform-based services.

In our fixed-line telecommunication services segment, we earn revenue principally from our fixed-line telephone services and broadband Internet services and advanced media platform services (including IPTV and cable TV services) through monthly plan-based fees and usage charges as well as interconnection fees paid to us by other telecommunications operators for the use of our fixed-line network by their customers and subscribers, and advertising fees paid to us by businesses that advertise their products and services on our advanced media platforms.

In our others segment, we principally earn revenue from the T-commerce business of SK Stoa, which derives revenue through third-party seller fees earned (including commissions) for transactions in which it acts as a selling agent on SK stoa, its T-commerce network, our 'Nate' portal service operated by SK Communications and online corporate employee benefit management and training services provided by SK M&Service, which we acquired in February 2022.

The following selected consolidated financial information has been derived from, and should be read in conjunction with, the audited consolidated financial statements included in this annual report.

Our operating revenue increased by 3.3% from KRW 16.749 trillion in 2021 to KRW 17.305 trillion in 2022. This is primarily due to increases in the number of SK Telecom's 5G wireless subscribers and SK Broadband's paid television subscribers, as well as growth of B2B sales. Our operating expenses increased by 2.2% from KRW 15.361 trillion in 2021 to KRW 15.693 trillion in 2022. This is primarily due to increases in labor costs, cost of goods sold and commissions.

As the increase in operating revenue outpaced the increase in operating expenses, operating profit in 2022 amounted to KRW 1.612 trillion, representing an increase of 16.2%, while the EBITDA margin was 31.0%, a decrease of 0.1%p, and operating margin was 9.3%, an increase of 1.0%p. Profit for the year in 2022 was KRW 0.948 trillion, a 60.8% decrease from KRW 2.419 trillion in 2021.

Total assets increased by 1.3% to KRW 31.308 trillion as of December 31, 2022 from KRW 30.911 trillion as of December 31, 2021. Total liabilities increased to KRW 19.153 trillion as of December 31, 2022, compared to KRW 18.576 trillion as of December 31, 2021.

Total equity was KRW 12.155 trillion as of December 31, 2022, representing a 1.5% year-on-year decrease. Our debt-to-equity ratio as of December 31, 2022 was 76.5%, compared to 71.6% as of December 31, 2021.

Selected Financial Information(Consolidated, KRW billion)

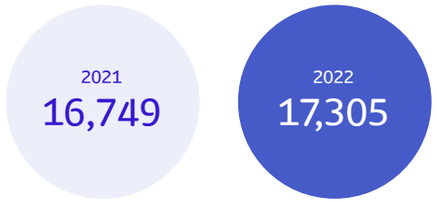
		2022	2021	Change
Statement of Income Data	Operating revenue	17,305	16,749	3.3%
	EBITDA[1]	5,367	5,207	3.1%
	Operating expenses	15,693	15,361	2.2%
	Operating profit	1,612	1,387	16.2%
	Profit for the year	948	2,419	-60.8%
Statement of Financial Position Data	Total assets	31,308	30,911	1.3%
	Cash & marketable securities[2]	2,120	1,381	53.5%
	Total liabilities	19,153	18,576	3.1%
	Interest-bearing financial debt[3]	9,303	8,833	5.3%
	Total equity	12,155	12,335	-1.5%
Financial Ratios(%)	EBITDA margin	31.0	31.1	-0.1%p
	Operating margin	9.3	8.3	1.0%p
	Net margin	5.5	14.4	-8.9%p
	Debt-to-equity ratio[4]	76.5	71.6	4.9%p

1) EBITDA = Operating profit + Depreciation and amortization + R&D-related depreciation within R&D expense
2) Cash & marketable securities = Cash & cash equivalents + Marketable securities + Short-term financial instruments
3) Interest-bearing financial debt = Short-term borrowings + Current portion of long-term debt + Debentures + Long-term borrowings
4) Debt-to-equity ratio = Interest-bearing financial debt/Total equity

3. Revenue

Our operating revenue increased by 3.3% from KRW 16.749 trillion in 2021 to KRW 17.305 trillion in 2022. The increase was primarily due to an increase in the proportion of 5G subscribers and the continued growth in the number of IPTV subscribers, as well as growth of B2B sales.

Consolidated Operating Revenue(Consolidated, KRW billion)



Subscribers & Market Share

The total number of wireless subscribers in Korea was approximately 76.0 million as of December 31, 2022 with a wireless telecommunications service penetration rate of 147.7%. SK Telecom ended the year 2022 with approximately 32.8 million subscribers (including subscribers of MVNOs that lease SK Telecom's networks). SK Telecom's wireless market share based on the number of subscribers (including subscribers of MVNOs) decreased by 1.1%p to 43.2% as of December 31, 2022 from 44.3% as of December 31, 2021. The number of SK Telecom's 5G subscribers reached 13.5 million as of December 31, 2022, compared to 9.9 million as of December 31, 2021, while the number of its LTE subscribers decreased to 18.1 million as of December 31, 2022, compared to 20.2 million as of December 31, 2021, in each case including subscribers of MVNOs that lease SK Telecom's networks.

ARPU

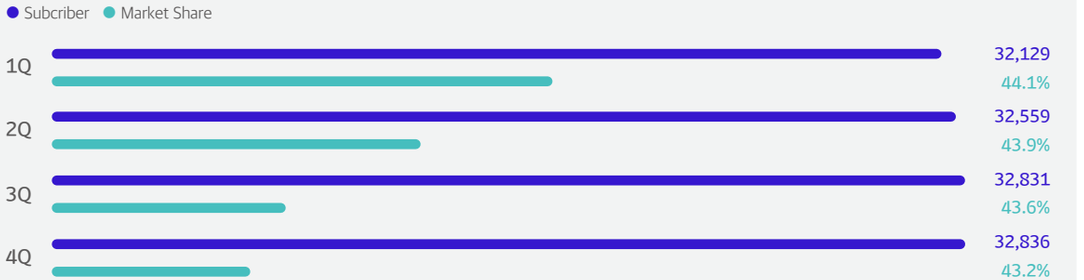
SK Telecom's average monthly revenue per subscriber excluding MVNO subscribers leasing SK Telecom's networks ('ARPU') increased by 0.1% to KRW 30,546 in 2022 from KRW 30,517 in 2021. SK Telecom's average monthly revenue per subscriber including such MVNO subscribers ('ARPU including MVNO') increased by 0.3% to KRW 28,582 in 2022 from KRW 28,485 in 2021. The increases in SK Telecom's ARPU and its ARPU including MVNO in 2022 were primarily due to an increase in the number of subscribers who subscribe to our higher-priced 5G plans.

Subsidiaries

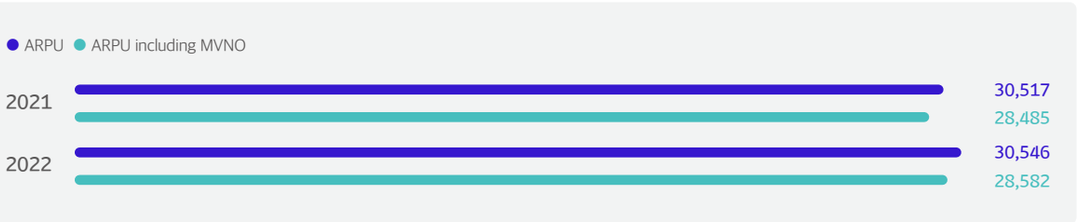
The consolidated revenue of SK Broadband, which is mostly generated from its fixed-line telecommunication and media services, increased by 2.6% to KRW 4.156 trillion in 2022 up from KRW 4.049 trillion in 2021, primarily due to increases in the number of paid television subscribers, the utilization rate of data centers and the number of new B2B orders.

PS&Marketing's revenue, which is mostly derived from sales of handsets, decreased by 1.4% to KRW 1.376 trillion in 2022 from KRW 1.446 trillion in 2021, primarily due to the decrease of handset sales revenue.

2022 Subscribers & Market Share(Subs: in thousands, Market share: %)



2022 ARPU(Unit: KRW)



Statement of Income(Consolidated, KRW billion)

	2022	% of Revenue	2021	% of Revenue
Operating revenue	17,305	100.0%	16,749	100.0%
Operating expenses	15,693	90.7%	15,361	91.7%
Labor[1]	2,450	14.2%	2,301	13.7%
Commissions[2]	5,519	31.9%	5,426	32.4%
Depreciation and amortization[3]	3,621	20.9%	3,673	21.9%
Network interconnection	715	4.1%	750	4.5%
Leased line	268	1.5%	310	1.9%
Advertising	252	1.5%	233	1.4%
Rent	144	0.8%	140	0.8%
Cost of goods sold	1,268	7.3%	1,167	7.0%
Others	1,455	8.4%	1,361	8.1%
Operating profit	1,612	9.3%	1,387	8.3%
Finance income	180	1.0%	155	0.9%
Finance costs	456	2.6%	316	1.9%
Gain (loss) relating to investments in subsidiaries, associates and joint ventures, net	(82)	0.5%	446	2.7%
Other non-operating income	56	0.3%	115	0.7%
Other non-operating expenses	74	0.4%	69	0.4%
Profit before income tax	1,236	7.1%	1,718	10.3%
Income tax expense	288	1.7%	447	2.7%
Profit for the year	948	5.5%	2,419	14.4%
EBITDA[4]	5,367	31.0%	5,207	31.1%

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

Operating Expense

Our operating expense for 2022 amounted to KRW 15.693 trillion, representing a 2.2% increase from KRW 15.361 trillion in 2021. Such increase was primarily due to a 6.5% increase in labor costs, an 8.7% increase in cost of goods sold and a 1.7% increase in commissions. The increase in labor costs was primarily due to a general increase in the base salary of our employees. The increase in cost of goods sold was primarily due to an increase in sales of miscellaneous telecommunications equipment to our corporate customers. The increase in commissions was primarily due to increases in fees paid to third party service and contents providers relating to our new businesses and the sales of IPTV service subscriptions through our authorized dealers and independent retailers.

Operating Expenses(unit: KRW billion)

	2022	2021
Labor	2,450	2,301
Commissions	5,519	5,426
Depreciation and amortization	3,621	3,673
Network interconnection	715	750
Leased lines	268	310
Advertising	252	233
Rent	144	140
Cost of goods sold	1,268	1,167
Others	1,455	1,361

Operating Profit and EBITDA

Our operating profit increased by 16.2% to KRW 1.612 trillion in 2022 as the increase in our operating revenue outpaced the increase in our operating expenses in 2022. Our EBITDA margin decreased by 0.1%p to 31.0% in 2022, while operating margin increased by 1.0%p to 9.3% in 2022.

Non-Operating Income and Expenses

Our finance income increased by 16.1% to KRW 180 billion in 2022 from KRW 155 billion in 2021, primarily due to a 56.7% increase in gain relating to financial instruments at fair value through profit or loss to KRW 94 billion in 2022 from KRW 60 billion in 2021, primarily relating to a decrease in the fair value of long-term derivative financial liability recognized with respect to our rights and obligations under the shareholders agreement with the former shareholders of Tbroad, which we had entered into in connection with the Tbroad Merger in April 2020, as well as a 56.8% increase in interest income to KRW 58 billion in 2022 from KRW 37 billion in 2021, which primarily reflected higher market interest rates. The impact of such increases was partially offset by a decrease in gain on sale of accounts receivable - other related to our sale of accounts receivable for handset installment payments to KRW 1 billion in 2022 from KRW 28 billion in 2021.

Our finance costs increased by 44.3% to KRW 456 billion in 2022 from KRW 316 billion in 2021, primarily due to a loss on sale of accounts receivable - other related to our sale of accounts receivable for handset installment payments of Won 62 billion in 2022 compared to nil in 2021, as well as a 17.1% increase in in interest expense to Won 328 billion in 2022 from Won 280 billion in 2021, which primarily reflected higher market interest rates.

Other non-operating income decreased by 51.3% to KRW 56 billion in 2022 from KRW 115 billion in 2021, primarily due to the one-time effect of the difference in the previously estimated and actual amounts of certain regulatory fees recognized in 2021.

Our non-operating expenses increased by 7.2% to KRW 74 billion in 2022 from KRW 69 billion in 2021, primarily due to an increase in impairment loss on property and equipment and intangible assets.

We recorded net losses related to investments in associates and joint ventures of KRW 82 billion in 2022, primarily due to loss from disposal of our equity interest in Hana Card in 2022, compared to net gains related to investments in associates and joint ventures of KRW 446 billion in 2021, primarily due to an increase in our share of profits of SK China Company Ltd., as well as gain from disposal of our equity interest in SK Wyverns Co., Ltd.

Income Tax

Income tax expense decreased by 35.6% to KRW 288 billion in 2022 from KRW 447 billion in 2021 primarily due to a 28.1% decrease in profit before income tax. Our effective tax rate in 2022 decreased to 23.3% from 26.0% in 2021.

Profit for the Year

Principally as a result of the factors discussed above, our profit for the year decreased by 60.8% to KRW 0.948 trillion in 2022 from KRW 2.419 trillion in 2021. Net margin was 5.5% in 2022 compared to 14.4% in 2021.

4. FINANCIAL STRUCTURE

Current Assets

We had current assets of KRW 7.219 trillion as of December 31, 2022, representing a 13.6% year-on-year increase from KRW 6.353 trillion as of December 31, 2021. Our cash and marketable securities (including short-term financial instruments) increased by 53.5% to KRW 2.120 trillion as of December 31, 2022 from KRW 1.381 trillion as of December 31, 2021, primarily due to an increase in cash and cash equivalents. Our accounts receivable (trade and other) slightly decreased by 0.5% to KRW 2.450 trillion as of December 31, 2022, compared to KRW 2.462 trillion as of December 31, 2021.

Current Assets(unit: KRW billion)

Non-current Assets

As of December 31, 2022, our non-current assets decreased by 1.9% from KRW 24.559 trillion as of December 31, 2021, to KRW 24.089 trillion, primarily due to decreases in investment assets and intangible assets. Our investment assets decreased by 15.5% to KRW 3.326 trillion as of December 31, 2022 from KRW 3.936 trillion as of December 31, 2021, primarily attributable to a decrease in investments in associates and joint ventures as well as long-term investment securities.

Liabilities

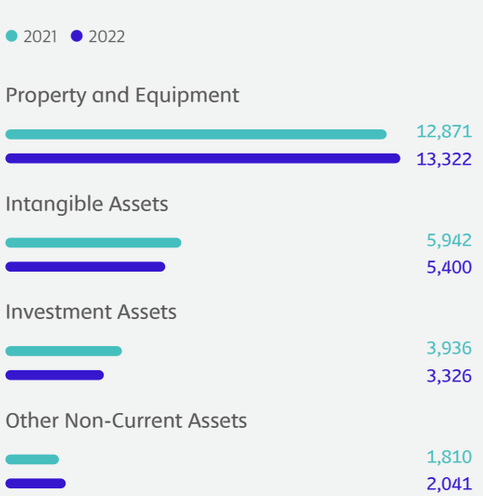
We had KRW 19.153 trillion of total liabilities as of December 31, 2022, representing a 3.1% increase from KRW 18.576 trillion of total liabilities as of December 31, 2021. This increase was primarily due to an increase in our interest-bearing financial debt.

Our total interest-bearing financial debt increased by 5.3% to KRW 9.303 trillion as of December 31, 2022 from KRW 8.833 trillion as of December 31, 2021, mainly due to an increase in long-term borrowings. Our debt-to-equity ratio as of December 31, 2022 was 76.5%, compared to 71.6% as of December 31, 2021.

Equity

Our total equity as of December 31, 2022 amounted to KRW 12.155 trillion, which decreased by 1.5% from December 31, 2021, primarily due to a decrease in reserves.

Non-current Assets(unit: KRW billion)

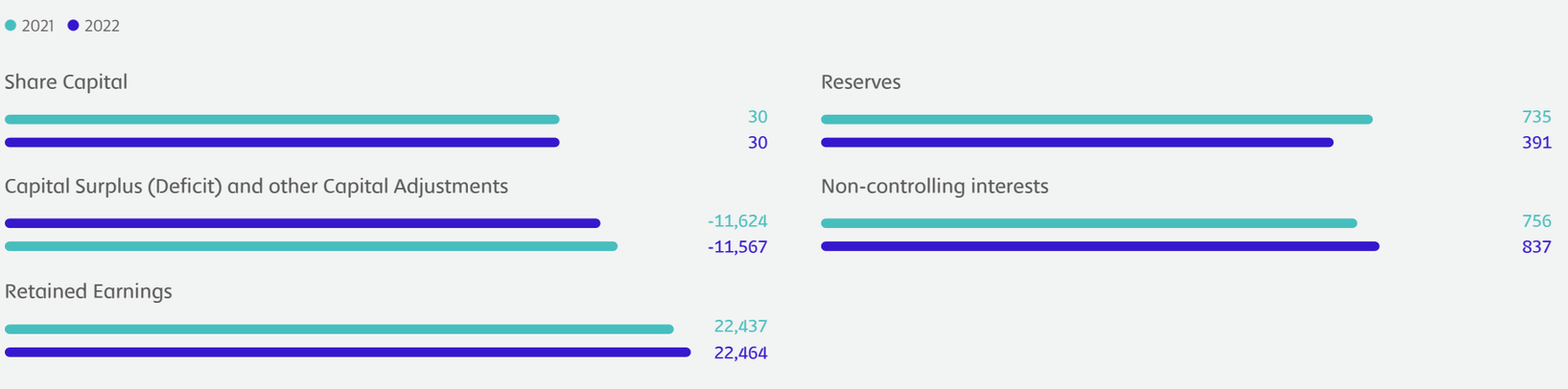


Interest-Bearing Financial Debt(unit: KRW billion)

5. CAPITAL EXPENDITURES (SEPARATE BASIS)

SK Telecom spent approximately KRW 2.21 trillion on capital expenditures in 2022 compared to KRW 2.18 trillion for capital expenditures in 2021, each on a separate basis. Of the total amount spent in 2022, SK Telecom spent approximately KRW 1.84 trillion KRW, or 83.3% on establishing and enhancing wireless networks (including new 5G networks), while SK Telecom spent KRW 377 billion on other investments, including development of new products and information technology systems and equipment upgrades.

Equity(unit: KRW billion))



Non-consolidated Financial Statement

Non-consolidated Statement of Financial Position(KRW million)

		39th	38th	37th
Assets	**Current Assets**	**5,498,460**	**4,681,493**	**5,047,115**
	Cash and cash equivalents	1,217,504	158,823	329,208
	Short-term financial instruments	169,829	379,000	516,000
	Short-term investment securities	0	0	31,854
	Account receivable - trade	1,425,695	1,514,260	1,503,552
	Short-term loans	70,043	62,724	89,280
	Account receivable - other	435,096	520,956	434,713
	Accrued revenue	1,168	331	518
	Contract assets	12,100	10,078	8,388
	Advance payment	47,168	15,773	16,127
	Prepaid expenses	1,908,987	1,913,419	2,052,515
	Security deposit	63,516	51,739	51,069
	Derivative financial assets	123,999	25,428	8,704
	inventories, net	23,355	8,962	5,181
	Assets held for sale	0	20,000	0
	Other current assets	0	0	6

		39th	38th	37th
Assets	**Non-current assets**	**20,933,661**	**21,707,572**	**26,939,336**
	Long-term financial instruments	354	354	354
	Long-term investment securities	1,155,188	1,476,361	983,688
	Investments in subsidiaries and associates	4,621,807	4,841,139	11,357,504
	Property and equipment, net	9,519,663	9,318,408	9,157,548
	Investment property	52,023	45,100	0
	Goodwill	1,306,236	1,306,236	1,306,236
	Intangible assets	2,693,400	3,203,330	2,665,083
	Long-term loans	194	201	6,518
	Long-term accounts receivable	377,858	287,179	348,335
	Long-term contract assets	20,998	19,399	22,844
	Long-term prepaid expenses	935,710	951,441	903,961
	Long-term guarantee deposits	92,019	106,091	110,555
	Long-term derivative financial assets	126,737	152,084	76,461
	Defined Benefit Assets	31,225	0	0
	Other non-current assets	249	249	249
	Total Assets	**26,432,121**	**26,389,065**	**31,986,451**

Non-consolidated Financial Statement

Non-consolidated Statement of Financial Position(KRW million)

		39th	38th	37th
Liabilities and Equity	**Current Liabilities**	**6,236,135**	**5,426,477**	**5,076,404**
	Account payables	2,334,484	2,072,195	1,955,472
	Contract liabilities	80,654	72,624	83,216
	Withholdings	604,681	608,069	659,181
	Accrued expenses	871,095	764,863	724,992
	Current tax liabilities	82,554	158,837	154,144
	Short-term Provisions	31,651	54,137	43,437
	Short-term borrowings	100,000	0	0
	Current bonds and long-term borrowings	1,383,097	976,195	712,105
	Lease liabilities	337,320	316,169	313,422
	Current long-term account payables	398,874	398,823	424,600
	Other current liabilities	11,725	4,565	5,835

		39th	38th	37th
Liabilities and Equity	**Non-current liabilities**	**9,812,604**	**10,099,732**	**9,560,189**
	Debentures	5,705,873	5,835,400	6,175,576
	Long-term borrowings	640,000	300,000	6,167
	Long-term account payables	1,239,467	1,611,010	1,141,723
	Long-term contract liabilities	12,745	9,149	8,110
	Derivative financial liabilities	302,593	321,025	362,002
	Long-term lease liabilities	1,041,991	1,045,926	999,776
	Non-current liabilities	65,754	42,432	55,953
	Deferred tax liabilities	754,321	883,311	756,873
	Defined benefit liabilities	0	6,902	7,421
	Other non-current liabilities	49,860	44,577	46,588
	Total Liabilities	16,048,739	15,526,209	14,636,593
Equity	Share capital	30,493	30,493	44,639
	Capital surplus and others	(4,506,693)	(4,576,271)	289,134
	Retained earnings	14,691,461	14,770,618	16,684,640
	Reserves	168,121	638,016	331,445
	Total Shareholders' Equity	10,383,382	10,862,856	17,349,858
Total Liabilities and Shareholders' Equity		**26,432,121**	**26,389,065**	**31,986,451**

Non-consolidated Statement of Income(KRW million)

	39th	38th	37th
Operating revenue	**12,414,588**	**12,102,830**	**11,746,630**
Revenue	12,414,588	12,102,830	11,746,630
Operating expense	**11,093,457**	**10,988,507**	**10,723,563**
Labor cost	992,964	953,849	804,982
Commissions	4,792,121	4,817,920	4,647,773
Depreciation and amortization	2,693,630	2,766,981	2,841,755
Network interconnection	532,621	561,321	555,846
Leased line	191,212	206,499	215,878
Advertising	161,294	117,969	114,794
Rent	121,067	115,271	121,032
Cost of goods sold	544,286	470,565	436,013
Other operating expense	1,064,262	978,132	985,490
Operating income(loss)	**1,321,131**	**1,114,323**	**1,023,067**
Finance income	**134,965**	**435,635**	**377,947**
Finance cost	**387,606**	**254,835**	**256,737**
Other non-operating income	**45,162**	**69,662**	**82,673**
Other non-operating expense	**29,005**	**49,489**	**273,655**
Gain(loss) related to investments in subsidiaries, associates and joint ventures	**61,603**	**54,051**	**(11,840)**
Profit before income tax	**1,146,250**	**1,369,347**	**941,455**
Corporate tax	**276,760**	**295,524**	**182,663**
Net profit for the term	**869,490**	**1,073,823**	**758,792**
Earnings per share			
Basic earnings per share(in won)	3,921	3,183	2,044
Diluted earnings per share(in won)	3,919	3,181	2,044

Non-consolidated Statement of Comprehensive Income(KRW million)

	39th	38th	37th
Annual profit	**869,490**	**1,073,823**	**758,792**
Other Inclusive gains and losses	**(499,714)**	**297,192**	**379,782**
Items not reclassified as a profit or loss during the follow-up periods	(485,922)	280,385	364,275
Remeasurement factors of defined benefit systems	(4,899)	(9,379)	(2,325)
Valuation loss on financial assets at fair value through other comprehensive income	(481,023)	289,764	366,600
Items reclassified as a profit or loss during the follow-up periods	(13,792)	16,807	15,507
Net change in unrealized fair value or derivatives	(13,792)	16,807	15,507
Total inclusive gains and losses for the term	**369,776**	**1,371,015**	**1,138,574**

Non-consolidated Statement of Changes in Equity(KRW million)

		Equity									
			Other Paid up Capital								
		Share Capital	Capital Excess Equity of Par Value	Treasury Stock	Hybrid Bond	Stock Options	Other	Total	Retained Earnings	Reserves	Total Equity
January 1, 2020 (basic capital)		44,639	2,915,887	(1,696,997)	398,759	1,302	(903,332)	715,619	16,672,947	(49,306)	17,383,899
Total Comprehensive Income	Annual profit	0	0	0	0	0	0	0	758,792	0	758,792
	Other comprehensive income	0	0	0	0	0	0	0	(969)	380,751	379,782
Transactions with owners	Annual dividends	0	0	0	0	0	0	0	(658,228)	0	(658,228)
	Interim dividends	0	0	0	0	0	0	0	(73,136)	0	(73,136)
	Stock option	0	0	0	0	179	0	179	0	0	179
	Interest on hybrid bonds	0	0	0	0	0	0	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	0	(426,664)	0	0	0	(426,664)	0	0	(426,664)
	Disposal of treasury shares	0	0	0	0	0	0	0	0	0	0
	Retirement of treasury shares	0	0	0	0	0	0	0	0	0	0
	Changes from spin-off	0	0	0	0	0	0	0	0	0	0
	Treasury shares trading	0	0	0	0	0	0	0	0	0	0
December 31, 2020 (end of term capital)		44,639	2,915,887	(2,123,661)	398,759	1,481	(903,332)	289,134	16,684,640	331,445	17,349,858

		Equity									
			Other Paid up Capital								
		Share Capital	Capital Excess Equity of Par Value	Treasury Stock	Hybrid Bond	Stock Options	Other	Total	Retained Earnings	Reserves	Total Equity
January 1, 2021 (basic capital)		44,639	2,915,887	(2,123,661)	398,759	1,481	(903,332)	289,134	16,684,640	331,445	17,349,858
Total Comprehensive Income	Annual profit	0	0	0	0	0	0	0	1,073,823	0	1,073,823
	Other comprehensive income	0	0	0	0	0	0	0	(9,379)	306,571	297,192
Transactions with owners	Annual dividends	0	0	0	0	0	0	0	(641,944)	0	(641,944)
	Interim dividends	0	0	0	0	0	0	0	(355,804)	0	(355,804)
	Stock option	0	0	0	0	56,386	19,112	75,498	0	0	75,498
	Interest on hybrid bonds	0	0	0	0	0	0	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	0	(76,111)	0	0	0	(76,111)	0	0	(76,111)
	Disposal of treasury shares	0	0	141,469	0	0	(84,452)	57,017	0	0	57,017
	Retirement of treasury shares	0	0	1,965,952	0	0	0	1,965,952	(1,965,952)	0	0
	Changes from spin-off	(14,146)	(1,144,887)	35,037	0	(10,701)	(5,767,210)	(6,887,761)	0	0	(6,901,907)
	Treasury shares trading	0	0	0	0	0	0	0	0	0	0
December 31, 2021 (end of term capital)		30,493	1,771,000	(57,314)	398,759	47,166	(6,735,882)	(4,576,271)	14,770,618	638,016	10,862,856

Non-consolidated Statement of Changes in Equity(KRW million)

		Equity									
			Other Paid up Capital								
		Share Capital	Capital Excess Equity of Par Value	Treasury Stock	Hybrid Bond	Stock Options	Other	Total	Retained Earnings	Reserves	Total Equity
January 1, 2020 (basic capital)		30,493	1,771,000	(57,314)	398,759	47,166	(6,735,882)	(4,576,271)	14,770,618	638,016	10,862,856
Total Compre-hensive Income	Annual profit	0	0	0	0	0	0	0	869,490	0	869,490
	Other compre-hensive income	0	0	0	0	0	0	0	(29,819)	(469,895)	(499,714)
Transactions with owners	Annual dividends	0	0	0	0	0	0	0	(361,186)	0	(361,186)
	Interim dividends	0	0	0	0	0	0	0	(542,876)	0	(542,876)
	Stock option	0	0	0	0	47,129	25,132	72,261	0	0	72,261
	Interest on hybrid bonds	0	0	0	0	0	0	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	0	0	0	0	0	0	0	0	0
	Disposal of treasury shares	0	0	0	0	0	0	0	0	0	0
	Retirement of treasury shares	0	0	0	0	0	0	0	0	0	0
	Changes from spin-off	0	0	0	0	0	0	0	0	0	0
	Treasury shares trading	0	0	20,612	0	(92,234)	68,939	(2,683)	0	0	(2,683)
December 31, 2022 (end of term capital)		30,493	1,771,000	(36,702)	398,759	2,061	(6,641,811)	(4,506,693)	14,691,461	168,121	10,383,382

Non-consolidated Statement of Cash Flows(KRW million)

	39th	38th	37th
Cash flows from operating activities	**4,072,281**	**3,919,829**	**4,387,809**
Cash generated from operating activities	4,554,517	4,021,672	4,289,499
Net Profit for the term	869,490	1,073,823	758,792
Adjustment for income and expenses	3,470,169	3,128,696	3,361,118
Changes in assets and liabilities related to operating activities	214,858	(180,847)	169,589
Interest received	31,516	23,109	20,283
Dividends received	50,927	326,759	285,040
Interest paid	(220,723)	(202,547)	(212,921)
Income tax paid(refund)	(343,956)	(249,164)	5,908
Cash flows from investing activities	**(1,964,831)**	**(2,251,647)**	**(3,178,152)**
Cash inflows from investing activities	1,120,368	485,118	165,628
decrease in short-term financial instruments	201,376	137,000	0
Collection of short-term loans	115,121	130,833	69,754
Decrease in long-term financial instruments	330,032	0	28
Proceeds from disposal of long-term investment securities	55,114	17,116	790
Proceeds from disposal of investments in associates and joint ventures	382,114	139,668	659
Disposal of Non-current Assets Held for Sale	20,136	0	0
Proceeds from disposal of property and equipment	12,795	55,658	89,922
Proceeds from disposal of intangible assets	3,680	4,843	4,475
Cash outflows for investment activities	(3,085,199)	(2,736,765)	(3,343,780)
Increase in short-term financial instruments	0	0	282,000
Increase in short-term loans	122,506	97,628	100,739
Increase in Long-term Financial Instruments	330,032	0	0
Acquisition of long-term investment securities	372,672	24,912	827
Acquisition of investments in associates and joint ventures	93,215	414,467	277,465
Acquisition of property and equipment	2,074,860	1,863,200	2,480,297
Acquisition of intangible assets	91,914	336,558	81,352
Cash outflows resulting from split-off	0	0	121,100

	39th	38th	37th
Cash flows from financing activities	**(1,048,738)**	**(1,838,576)**	**(1,377,732)**
Cash inflows from financing activities	1,591,588	808,208	1,099,191
Proceeds from short-term borrowings	100,000	0	0
Proceeds from long-term borrowings	440,000	300,000	
Issuance of debentures	1,050,820	507,876	1,062,500
Cash inflows due to transaction of derivative products	768	332	36,691
Cash outflows for financing activities	(2,640,326)	(2,646,784)	(2,476,923)
Repayment of long-term borrowings	7,096	12,824	13,624
Repayment of long-term account payables	400,245	425,349	425,349
Repayment of debentures	970,000	700,000	515,500
Payment of dividends	904,020	997,748	731,364
Interest on hybrid bond	14,766	14,766	14,766
Repayment of lease liabilities	344,199	341,186	349,656
Repurchase of treasury stock	0	76,111	426,664
Cash outflows resulting from spin-off	0	78,800	0
Net increase(decrease) in cash and cash equivalents	**1,058,712**	**(170,394)**	**(168,075)**
Cash and cash equivalent at beginning of the year	**158,823**	**329,208**	**497,282**
Effects of exchange rate changes on cash and cash equivalents	**(31)**	**9**	**1**
Cash and cash equivalents at end of the year	**1,217,504**	**158,823**	**329,208**

Independent Auditor's Report

The Shareholders and Board of Directors
SK Telecom Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of SK Telecom Co., Ltd. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing ("KSA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Cut-off of revenue from cellular services

As described in notes 3 (23) and 4 (2) to the consolidated financial statements, the Group's revenue from the cellular services is recognized based on data from a complex array of information technology systems which process a significant volume of transactions with its customers. Furthermore, the transactions involve a variety of contractual terms from new subscriptions to deactivations or churn, and changes of rate plans during the period. Therefore, we have identified timing of revenue recognition related to the Group's cellular services as a key audit matter. Related revenue from the cellular services amounted to ₩10,253,217 million in 2022. The primary procedures we performed to address this key audit matter included:

- Inspecting major contracts with subscribers to assess whether the Group's revenue recognition policies based on the terms and conditions as set out in the contracts, are consistent with reference to the requirements of KIFRS No. 1115;
- Testing internal controls relating to the timing of revenue recognition for the cellular services; and
- Evaluating the appropriateness of the timing of revenue recognition by recalculating the prorated revenue based on the subscribed rate plan and comparing it with the billing information.

2. Impairment assessment of goodwill for the fixed-line telecommunication services cash generating unit

As described in notes 3 (12) and 16 to the consolidated financial statements, the Group assesses impairment of goodwill allocated to a cash generating unit ("CGU"), at least, annually or when there is an indication of possible impairment by comparing the carrying amount of the CGU to its recoverable amount based on value-in-use ("VIU"). The amount of goodwill allocated to the fixed-line telecommunication services CGU is ₩764,082 million as of December 31, 2022.

In carrying out the goodwill impairment assessment, the Group compared the carrying amount of the fixedline telecommunication services CGU and its value in use ("VIU") based on discounted cash flow forecasts. We have identified the goodwill impairment assessment for the fixed-line telecommunication services CGU as a key audit matter due to the inherent uncertainties and significant judgement involved in management's estimates around the major assumptions such as estimates of future operating revenue, perpetual growth rate and discount rate, all of which have a significant impact on the determination of the VIU. The primary audit procedures we have performed for this key audit matter include:

- Assessing the competence and objectivity of the external specialist utilized by management;
- Evaluating the appropriateness of the valuation method and assumptions applied by management by involving our internal specialist;
- Performing a sensitivity analysis for both the discount rate and the perpetual growth rate applied to the discounted cash flow forecasts to assess the impact of changes in these key assumptions on the conclusion reached by management in its impairment assessment;
- Evaluating the reasonableness of management's future cash flow forecasts by comparison with financial budgets approved by management; and
- Performing a retroactive assessment of the prior periods' cash flow forecasts by comparison with the actual results.

Other Matter

The consolidated statement of financial position as of December 31, 2021, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended which have been audited by KPMG Samjong Accounting Corp., in accordance with KSA, whose report dated March 10, 2022 expressed an unqualified

opinion. The accompanying consolidated statement of financial position as of December 31, 2021 presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Yoo, Jung Ho.

March 10, 2023

This report is effective as of March 10, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of independent auditor's report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Non-financial Statement

Non-financial Management Discussion & Analysis

Reporting Standards and Principles

The purpose of this non-financial management discussion & analysis(MD&A) is to present management's analysis opinion on the company's key management performances from non-financial aspects, such as human capital, social capital, and environmental capital, for the reporting period from January 1, 2022 to December 31, 2022. The following international reporting standards and principles apply to this non-financial MD&A:

1. International Integrated Reporting Council's <IR>Framework

The <IR> Framework of the International Integrated Reporting Council(IIRC) requires concise reporting on the organization's strategy, governance, and how the performance and future prospects are connected to the short-, mid-, and long-term value creation of the organization under the economic, social, and environmental contexts. Please refer to p.20 for the business model required to implement the integrated reporting principles of the IIRC and p.35-36 for materiality assessment to determine important topics depending on the impact on value creation.

2. Sustainability Reporting Standards of Global Reporting Initiatives, GRI Standards

The Global Reporting Initiatives(GRI) provides information on the topics and disclosures of reporting from economic, social, and environmental perspectives so that stakeholders can discern the organization's performance. It demands that the topics be determined according to the correlation of each aspect from stakeholder impact and organization's economic, social, and environmental perspectives. We conducted a double materiality assessment that considers both the impact of external environmental and social factors on a company's financial value and the impact of business activities on the environment and society Please refer to p.35-36 for the results of the double materiality assessment conducted in accordance with the GRI requirements.

3. Accountability AA1000

The AA1000 series identifies and prioritizes sustainability issues related to the organization and defines its framework and principles. The information in this report is verified by a third party according to the Assurance Standard(AA1000AS) V3. Please refer to p.166-167 for the result of the third-party assurance performed by an independent institute.

References

1. UNGC COP

UN Global Compact Communication on Progress - a guideline for reporting the status of compliance with the Ten Principles of the UNGC by its members

2. ISO 26000

An international standard of the responsible management system released in November 2010 by the International Organization for Standardization(ISO)

3. CDSB Reporting Framework

A standard for carbon information disclosure put forth by the Climate Disclosure Standard Board(CDSB) in September 2010

4. SASB - Telecommunication Standards

Core issues and key performance indicators in the telecommunications industry released in April 2014 by the U.S. Sustainability Accounting Standard Board(SASB)

5. TCFD

Take Force on Climate-related Financial Disclosures. Designated group for financial information disclosure related to climate change

Scope of Data

The non-financial information presented in this nonfinancial MD&A is limited to the data of "SK Telecom" which does not include subsidiaries and supply chains unless otherwise specified. Over 99% of SK Telecom's revenues are generated in Korea, and thus the data coverage included meets the criterion of 99% or more of the revenue. This coincides with the scope of non-consolidated revenues of SK Telecom, which is the controlling company under the Korean International Financial Reporting Standards(K-IFRS). Environmental data such as energy, greenhouse gases(Scope 1, 2, 3), waste, and water and social data such as total employment, competency development, and social contribution are calculated based on 27 major business sites of SK Telecom(including networks such as base stations, repeaters, and central stations).

Social Value Creation

SK Telecom aims for 'DBL(Double Bottom Line)' management that creates economic and social values at the same time based on the SK Group's management philosophy, SKMS(SK Management System). In order to systematically manage DBL management performance, SK Telecom has been measuring the performance of social value creation in monetary value in accordance with SK Group's Social Value(SV) measurement methodology since 2018. It measures social value created throughout corporate activities, including product development, operation and production, sales, human resources management, cooperation with business partners, and CSR programs, and strengthen reliability by applying objective and conservative standards.

In 2022, SK Telecom generated a substantial sum of KRW 2,492.7 billion in social value, marking an impressive 18.4% growth compared to the previous year. Notably, this upward trend in social value creation has persisted for five consecutive years since 2018, when the measurement of social values commenced in earnest. In order to enhance stakeholder understanding and trust in social value measurement, SK Telecom disclosed the measurement results for 2022 and formulas for measuring major products and service indicators through the SK Telecom Newsroom(https://news.sktelecom.com/) channel.

SV measurement areas

Indirect economic contribution performances

- **Value indirectly contributed to the economy through corporate activities**
  - Employment: Salary, welfare and benefits, etc.
  - Dividend: Dividends paid to shareholders
  - Tax payment: National and local taxes

Environmental Performances

- **Product·service**
  - Positive(+) environmental value of green product/service development, production, and sales(e.g., reductions in pollutant emissions, resource saving, etc.)
- **Process**
  - Negative(-) environmental value of product/production process(e.g., greenhouse gas, pollutants, etc.)

Social Performances

- **Product·service**
  - Value of the improvement of the quality of consumers' lives through the provision of products/services
- **Labor, win-win growth**
  - Value of working environment improvement and activities for win-win growth
- **Social Contribution**
  - Value of CSR activities for local communities

* Governance indicators to be disclosed as non-monetary performances(e.g., stock exchange disclosures and core ESG indicators)

Indirect economic contribution performances

KRW 1,927.7 billion

+0.3% from the previous year, +5.7 billion KRW

Environmental performances

△KRW 111.1 billion

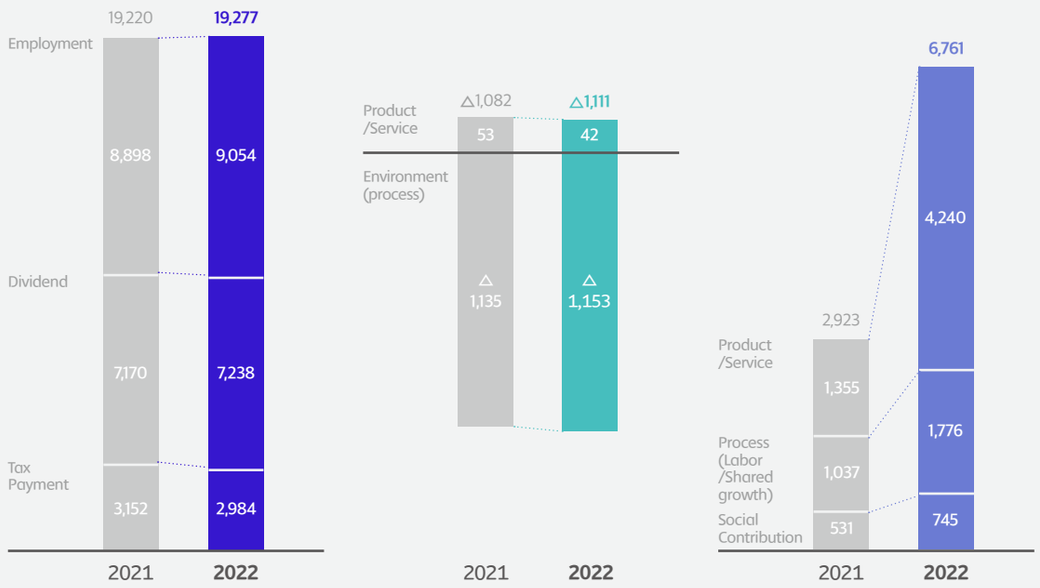
Compared to the previous year, △2.7%, △2.9 billion

Social performances

KRW 676.1 billion

+131.3% from the previous year, +383.8 billion KRW

Unit: KRW 100 million



Results of Social Value Measurement(Unit: KRW 100 million)

		2021	2022	change
Indirect economy	Employment	8,898	9,054	156
	Dividend	7,170	7,238	69
	Tax Payment	3,152	2,984	-168
	Subtotal	19,220	19,277	57
Environment	Products/Services	53	42	-11
	Environmental Process(total volume)	-1,135	-1,153	-19
	Subtotal	-1,082	-1,111	-29
Society	Products/Services	1,355	4,240	2,885
	Labor	312	329	18
	Shared Growth	726	1,447	721
	Governance	-	-	-
	Social Contribution Activities	419	630	211
	Donation	110	114	4
	Volunteer	1.5	0.7	-0.8
	Subtotal	2,923	6,761	3,838
Total		21,062	24,927	3,865

* Reflecting the SK Telecom-SK Square spin-off in 2021, performance based on solely on SK Telecom for two years is disclosed from 2021 to 2022.
Results for three years prior to the spin-off are disclosed in the Annual Report in 2021

Performance by Measurement Area

Indirect economic contribution performances

Indirect economic contribution was KRW 1,927.7 billion, an increase of KRW 5.7 billion from the previous year. Employment, welfare, and dividend performance increased slightly, and tax payment performance decreased due to the impact of corporate tax reduction.

Environmental Performances

Environmental performance recorded - KRW 111.1 billion, a slight decrease from the previous year. Even in the midst of continuous infrastructure investment, such as the expansion of 5G networks, we are striving to improve the performance of environmental processes by applying energy efficiency and renewable energy.

Social Performances

Social performance was KRW 676.1 billion, an increase of KRW 383.8 billion from the previous year. Based on the new performance of AI/ICT-based social safety net services and the expansion of shared growth performance with partners, measurement performance has been expanded significantly.

- Products and Services

The products and services sector generated KRW 424 billion in performance, an increase of KRW 288.5 billion from the previous year, due to the expansion of products and services performance that contributes to the establishment of a social safety net.

• Discovery of New Indicators of ICT Infrastructure-based Services

① Reduction of earthquake damages through the establishment of an earthquake detection safety-net

SK Telecom has established a nationwide network of earthquake detection sensors in base stations, office buildings, and distribution networks from the perspective of sharing infrastructure with public organizations such as the National Fire Agency, Korea Post, and Korea Coast Guard. This is the world's first and largest ultra-small earthquake detection sensor network using a wireless communication network. Furthermore, we contribute to the reduction of earthquake damages and associated social costs by offering ultra-high-density acceleration observation data to the Korea Meteorological Administration and various university research institutes, including Kyungpook National University and Hanyang University, at no cost. This initiative has been acknowledged as a measure of social value creation.

② Timely delivery of disaster information to all citizens through disaster alert text messages

Disaster alert text messaging service sends emergency information to all citizens within 30 seconds. disaster alert text message is operated by a separate system from normal text messages, and only 30 countries around the world, including the United States, Canada, and Japan, have it. In line with the situation where the importance of the disaster text message system is gradually emphasized due to the spread of mass infectious diseases such as COVID-19 and the increase in natural disasters such as typhoons, forest fires, and earthquakes, SK Telecom is leading the project

to refine the disaster alert text message areas for accurate disaster information to be delivered to the public in a timely manner. Social value was measured based on the calculation of the amount of customer willingness to pay for the disaster alert text message service that is currently provided free of charge through collaboration with specialized survey institutions.

• Expansion of Services for Vulnerable Groups (Disabled and the elderly living alone)

① Expansion of AI care service

As the 'AI Care' service launched in 2019 and the 'AI Call' service launched in 2020 spread to local governments across the country, social value performance is increasing. In addition to AI care emergency safety service, depression reduction, and care call, we have also measured the social cost reduction performance of 'Brain Tok Tok', a dementia prevention program from 2022. As of May 2023, we have rescued more than 500 elderly people living alone through the AI care emergency rescue request service and are expanding social impact by reflecting the health center project of the Ministry of Health and Welfare and entering the global market.

② Barrier-Free service

SK Telecom has developed and provided the 'UT Call' call function for taxi drivers with hearing impairments, contributing to the increase in the income of taxi drivers with hearing impairments belonging to 'Silent M'. We also support the improvement of the mobility rights of the disabled through the 'Good Shuttle' service that improves the poor commuting environment of the severely disabled.

• Prevention of voice phishing crime damage

SK Telecom signed a public-private cooperation MOU with the Seoul Metropolitan Police in March 2021 to prevent voice phishing crime damage and is taking the lead in preventing voice phishing damages through a service blocking voice spam and blocking the transmission of crime number. The voice phishing phone connection blocking service operates for crime numbers provided by the Police and is operated only by SK Telecom among mobile telecommunication companies. Through the system, we prevented damage by blocking a total of 104,990 customer phone calls that attempted to make outgoing calls to criminal numbers in 2022 alone. Additionally, we are expanding the scope of cooperation in preventing voice phishing damages including sharing the social value measurement methodology of voice phishing prevention with the National Police Agency.

- Fairness(labor and shared growth)

The area of fairness, consisting of labor and mutual growth, was KRW 177.6 billion, up KRW 73.9 billion from the previous year. The labor sector increased slightly due to an increase in the number of employees. In the sector of shared growth, the performance of support for SMEs and small businesses has significantly expanded by contributing to sales increase with suppliers through joint development of 5G fronthaul technology and development of sales channels and free marketing support for SMEs through T Deal.

- Social Contribution

The social contribution sector was KRW 74.5 billion, an increase of KRW 21.4 billion from the previous year. Sponsorship of social contribution programs, performance of operating sports teams including the cycling team for the disabled, and increased performance of small business support campaigns through T Day were reflected.

Social Data

Total Employment

The total number of employees includes permanent and temporary(contract-based) employees who have an employment contract with SK Telecom, and excludes employees and executives of SK Telecom's affiliated companies and subsidiaries. In order to secure AI & Digital Infra growth engines, we expanded the employment scale, recording 5,314 people, an increase of about 1.3% compared to 2021. By age, those aged between 30 and 50 accounted for the largest percentage, and the number of people aged 50 and over increased by 19.4% compared to the previous year. The percentage of permanent employees was 94.7%, a slight increase within a similar level to the previous year. As for overseas human resources, there was no significant change compared to the previous year, and the composition of managers slightly decreased due to changes in the number of overseas dispatched manpower.

Number of Employees(as of December 31, 2022)

		Unit	2020	2021	2022
Total Number of Employees[1]		Persons	5,262	5,245	5,314
By Employment Type	Permanent		5,042	4,961	5,036
	Temporary workers		220	284	278
	Agency workers		226	225	223
By Gender[2]	Male		4,246	4,170	4,212
	Female		1,016	1,075	1,102
By Age	Under 30		459	413	395
	Over 30 - Under 50		3,681	3,379	3,184
	Over 50		1,122	1,453	1,735
Overseas Employment	Expatriates		17	17	17
	Locally-hired employees[3]		39	27	27
	Total number of overseas employees		56	44	44
	Total number of overseas managers		33	20	17
	Total number of local managers[4]		18	11	6
	Percentage of local managers[5]	Persons	55	55	35

		Unit	2020	2021	2022
Unemployed Workers	Dispatched Workers	Persons	226	225	223
	Trainees				
	Contractors		1,224	1,184	1,198
	Home Workers				
	Intern				
	Self-employed				
	Subcontractors				

1) Excluding unregistered executives and dispatched employees, out of a total of 5,314 employees(571 managers), the number of employees(number of managers) by nationality excluding Koreans is USA(8) China(6) Canada(5) Switzerland(2) Other(16)
2) 0 LGBTQI+(lesbian, gay, bisexual, transgender, queer, intersex)
3) Employment status by overseas business site(including local workers and contract workers): US(12) China(10) Japan(8) Malaysia(10) Other(4)
4) All local employers and managers are Asian. Human resources having management authority of deputy/deputy manager or higher
5) Ratio of local managers = number of local managers / total number of managers at overseas business sites

Recruitment and Turnover

The number of new recruitment and turnover by age and gender is the number of permanent and temporary(contract) employees who have a direct employment contract with SK Telecom, employees and executives belonging to affiliates and subsidiaries were excluded. SK Telecom does not discriminate among members in recruitment, evaluation, compensation, and training, and provides various welfare benefits such as flexible time, support for childbirth and childrearing, refresh leave for long-term employees, and support for single-family housing, contributing to the expansion and maintenance of employment.

Recruitment and Turnover

			Unit	2020	2021	2022
Newly-employed	Total number of new employees		Persons	405	374	537
	By Gender	Male		204	168	285
		Female		201	206	252
	By Age	Under 30		218	192	211
		Over 30 - Under 50		187	154	293
		Over 50			28	33
Turnover	Total Turnover			226	164	112
	By Gender	Male		184	139	93
		Female		42	25	19
	By Age	Under 30		6	13	8
		Over 30 - Under 50		207	149	72
		Over 50		13	2	32
Voluntary Turnover				77	98	89
Internal announcement rate for candidate				57.2	59.8	25.3

* Errors in calculating data from the previous year have been partially corrected
** Voluntary turnover excludes those who quit due to retirement, disciplinary action, or death, etc.

Employee Salary

SK Telecom transparently discloses the wage status of all employees through its quarterly, semi-annual, business reports. Differences in the total salary amount and average salary between male and female employees are based on the average continuous years of service of male and female employees. We do not discriminate wages according to gender within the same position.

Male-Female Salary Difference(as of December 31, 2022)

	Unit	Non-managers	Managers	Executives
Base pay	%	81.94	93.47	107.2
Base pay + Other Cash Incentives		84.42	96.00	103.4

* Male-female salary ratio: Average salary of female employees / Average salary of male employees

Diversity

		Unit	2020	2021	2022
Female talent	Ratio of female employees(No.)	%(Persons)	19.3(1,023)	20.3(1,082)	20.5(1,109)
	Ratio of total female managers(No.)		10.4(333)	1.06(352)	11.1(331)
	Ratio of middle female managers(No.)		8.0(51)	8.5(58)	9.8(56)
	Ratio of female junior managers(No.)		11.1(275)	11.2(287)	11.6(268)
	Ratio of female executives(No.)		8(7)	8(7)	7(7)
	Ratio of female managers of profit generating departments(No.)		9(30)	9.4(27)	11.5(33)
	Female STEM[1] ratio(No.)		19(186)	24(248)	29.1(276)
Special Employment and Minorities	Employment of the disabled	Persons	62	59	53
	- Happy Hanool[2]		53	54	59
	Employment of veterans		170	169	167

* Reflecting double the number of severely disabled people (based on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities), a total of 176 people (47 mild cases, 6 severe cases in SK Telecom, 1 mild case and 58 severe cases in Happyhanool), achieving 3.20% compared to target of 3.1% for the disabled employment rate in 2022.
1) STEM: Employees who use their knowledge related to science, technology, engineering, and mathematics in their work
2) Happy Hanool: Standard workplaces for the disabled that provides business support services, car wash, bath & massage, and other physical care service

Maternity and Parental Leave

	Unit	2020	2021	2022
Number of Employees Who Used Maternity Leave	persons	163	162	150
Number of Female Employees Who Used Maternity Leave		31	37	45
Number of Male Employees Who Used Maternity Leave		118	125	105
Return Rate After Childbirth	%	100	98.8	98
Number of Employees Who Used Parental Leave	persons	74	81	94
Number of Female Employees Who Used Parental Leave		50	60	63
Number of Male Employees Who Used Parental Leave		24	21	31
Return Rate After Parental Leave[1)]	%	97.3	97.5	98.9
Turnover Rate Within 12 Months of Return[2)]	%	2.7	6.2	1.1

* Including maternity leave/parental leave if they overlap for even 1 day, return rate = excluding number of employees who quit the company
1) Return rate after parental leave: Excluding the number of employees who quit during parental leave at the end of 2022 (expected date of parental leave >= (last day of work)
2) Rate of quitting within 12 months after return: (number of people who quit within 12 months after return) /(total number of employees who took parental leave in 2022)

Mind Care Program Diagnosis/Counselling Status(Unit: Persons)

Partner Company		2020	2021	2022
Service Ace	No. of program participants(% to total)	2,255(75.8%)	1,736(63.9%)	1,891(70.5%)
	Measures for resolution - Personal counselling	130	247	318
	Measures for resolution - Group Counseling	9	22	9
	Measures for resolution - Psychological Advice		12	16
	Measures for resolution - Healing P/G		476	353
Service Top	No. of program participants(% to total)	2,963(82%)	2,911(91%)	2,545(91%)
	Measures for resolution - Personal counselling	784	643	551
	Measures for resolution - Group Counseling	312	267	631
	Measures for resolution - Psychological Advice		64	92
	Measures for resolution - Healing P/G		273	719

Psychological Satisfaction Survey

Partner Company	Item (%)	2020	2021	2022
Service Ace	Response Rate	-	83.8%(114/136)	93.7%(180/264)
	Positive Rate for Mental Health Aid	-	100%	98.9%
	Program Satisfaction	-	98.2%	99.4%
Service Top	Response Rate	100%(312/312)	92.6%(528/570)	93.7%(685/731)
	Positive Rate for Mental Health Aid	-	99.2%	98.0%
	Program Satisfaction	99.2%	98.9%	98.2%

Labor-Management Relations

SK Telecom actively guarantees freedom of association and the three labor rights of its members in accordance with International Labor Organization (ILO) Conventions No. 87 and 98, the Constitution of the Republic of Korea and labor-related laws. Members of SK Telecom are guaranteed the right to establish and operate a labor union, conclude collective bargaining and collective agreements, and take legitimate collective action. Among the members eligible to join the labor union, the rate of joining the labor union is 93.9% as of the end of 2022.

With the spirit of mutual respect and cooperation, SK Telecom and the labor union agreed to raise wages by 5.3% in 2022 and to improve employee welfare benefits. For management changes such as corporate mergers and spin-offs, SK Telecom conducts sufficient discussions with the labor union in accordance with the employment security agreement and collective agreement reached between labor and management.

Labor Union Membership

	Unit	2020	2021	2022
Number of employees eligible for labor union membership	Persons	2,911	2,670	2,644
Labor union members		2,591	2,453	2,484
Labor union membership rate	%	89.0	91.8	93.9
Collective bargaining application rate[1)]		100	100	100

1) A collective agreement signed with a majority labor union is applied to all employees eligible to join a labor union

Occupational Safety and Health

SK Telecom recognizes that protecting the lives and safety of customers, citizens, members and employees is the top priority and the basic principle behind all actions. With its goal of 'Zero Serious Accidents', the company requires all stakeholders including its employees, the SK ICT Family and partners to observe the safety and health management policy and is making a company-wide effort to create safe workplaces.

Topic	Category	Unit	2020	2021	2022
Employee Safety Management	· SK Telecom Loss time incidents rate of members (LTIR)[1]	Per 200 thousand working hours	0%	0%	0%
	· Business Partners LTIR		0%	0%	2.86%
	· SK Telecom + Business Partners LTIR		0%	0%	2.86%
	· SK Telecom lost time incident (LTI)	Cases	0	0	0
	· Business Partners LTI		0	0	9
	· SK Telecom + Business Partners LTI		0	0	9
	· SK Telecom Fatality rate	%	0	0	0
	· SK Telecom Fatalities(work-related)	Cases	0	0	0
Employee Healthcare	· SK Telecom Occupational illness frequency rate(OIFR)[2]	Per 200 thousand working hours	0	0	0
	· SK Telecom Occupational illnesses	Cases	0	0	0

1) Loss Time Incidents Rate
2) Occupational Illness Frequency Rate

R&D Investment

	Unit	2020	2021	2022
R&D Expenses[1]	KRW billion	597.2	583.9	628.3
R&D Staff	Persons	1,572	1,305	1,360

1) Sum of pure R&D expenses(network infrastructure, marketing, infrastructure, new growth business), R&D investment(AI business/device, etc., equity investment), growth business investment(CAPEX, OPEX), and related organizations' costs
* Increase in staffs for AI services (A., etc.): Establishing "A.Promotion devision" to accelerate AI transforming of the company.
** Increase in R&D investment: Investment for Adot (A.) business, Establishing SAPEON, an AI semiconductor corporation, etc.

Programs to Enhance Employee Happiness and Well-being

Type	Key Programs and Guidelines
Creating a Healthy Work Environment	· Building an automated temperature and humidity control system and measuring them twice per day.Operation of air-conditioning and exhaust fan and management of internal dust/CO_2 through batch ventilation before the start of working hours. Management of light intensity and noise standards · Planning to provide and expand ergonomic work environment(height adjustable desks, ergonomic chairs, and open standing conference rooms)
Stress Management	· Operation of employee counseling service program 'Mind Forest'(provide counseling on stress reduction and dealing with difficulties in the workplace, health, personal matters, etc.) · Operation of the Actium mental health program (mental health letter, health lectures, smiling exercise, healing yoga, etc.) · Health care massage service, nail care service
Fitness	· Operation of in-house physical training center, Actium, and provision of massage service, Health Care' to improve and manage physical strength of employees · Operation of a mind and body training room for members in the office building
Flexible Work Hours	· Operation of the flexible work hour system so that employees can decide when they come to and leave · Adopted the DYWT program(registering 160 working hours for a period of 4 weeks or 160 working hours, and immersive work)
Work from Anywhere (WfA)	· Operating WfA for employees to work freely at various workplaces provided by the company, as well as telecommuting · Operating 'Sphere', a base office, so that employees can immerse themselves in work at an office space adjacent to their residence
Part-time working options	· Operation of a part-time work system for employees in need of family care, personal care, retirement preparation, and self-development
Childcare and Child Education	· Providing a wide range of childcare support programs, including operation of in-house daycare centers and a dedicated lactation room, support for children's educational expenses(kindergarten, elementary, middle, and high school, university), support for camps for employees' children
Maternity and Parental Leave	· Reduced work hours during pregnancy: 6-hour workday throughout pregnancy period · Maternity leave: Offer 90 days of leave before and after childbirth and 120 days of leave in case of twins, and 5 days of paid leave when an employee's spouse gives birth · Parental leave: All members who are pregnant, have children under the age of 8, or are in the 2nd grade of elementary school or younger can apply for up to 2 years if necessary to raise a child regardless of primary caregiver/secondary caregiver(After the statutory parental leave, an additional 1 year of parental leave with statutory maximum parental leave pay is available) · Automatic transfer for parental leave: When a maternity leave is about to expire, an employee can automatically begin to use a parental leave consecutively without applying separately · Care leave for children schooling: 90-day leave for employees with children who entered elementary school, once for the entering year
Employee/Family Care System	· Operation of an individual/family care system to take care of family members in the event of illness or accident beyond parental leave without career interruption · Operation of a startup support program to help employees begin a new life after retirement, for which the company provides an outside expert coaching-consulting program and next career leave
Refresh leave system for long service	· Provision of a long-term vacation from 10 days to 45 days once every five years after joining the company to help employees have sufficient time to recharge

2022 List of Major Contributions

Program Name	Amount(KRW)	Promoting Organizations
Promotion of ESG Project	3,000,000,000	Happy Connect
Sponsor the Korean Fencing Federation	1,900,000,000	Korean Fencing Federation
Development of Social Value Measurement System	990,000,000	Center for Social Value Enhancement Studies
Barun ICT Research Center	980,000,000	Yonsei University
Scholarship Project	970,000,000	Korea Foundation for Advanced Studies
International Academic Exchange and Research	950,000,000	Chey Institute for Advanced Studies
Flood Recovery Support	500,000,000	National Disaster Relief Association
Industry Innovation Movement Support Project	400,000,000	Large, Small and Medium Business, Agriculture and Fisheries Cooperation Foundation
Scholarship Project	100,000,000	Kj Choi Foundation
UN Youth Environmental Conference	100,000,000	Ecomom Korea
Legal Research Development Support Project	50,000,000	Seoul National University Foundation, Inc.
Information Vulnerable Class Support Project	30,000,000	Korea welfare info-communications association
Sponsored Academic Research of KACBA	30,000,000	The Korean Academic Society of Business Administration
Scholarship Project	20,000,000	ICT Polytech Institute of Korea
Support for Culture and Arts	10,000,000	Korea Mecenat Association
Relief goods support for neighbors affected by typhoon and heavy rain	30,000,000	Hope Bridge(Korea Disaster Relief Association)
Support for treatment expenses for leukemia patients	25,000,000	Korea Childhood Leukemia Foundation
Self-reliance support project for low-income families in crisis	20,000,000	Miral Welfare Foundation
Support for job creation projects for the disabled	17,000,000	Yangju Tomorrow Disabled Protection Workplace
Welfare and education support for low-income families	15,000,000	WE START
Food support for the underprivileged	15,000,000	Wooyang Foundation
Support for the hearing-impaired to find sound and adapt to society	15,000,000	Snail of Love
Job support project for the disabled - Wonju office building	15,000,000	Wonju City Welfare Center for the Disabled
Job support project for the disabled - Jeju office building	15,000,000	Ilbaeumteo
Job support project for the disabled - Boramae office building	15,000,000	Association on Intellectual & Developmental Disabilities

Program Name	Amount(KRW)	Promoting Organizations
Winter heating cost support for facilities for people with developmental disabilities	11,553,984	Korea Paralympic Committee
Sponsor meals for children in childcare facilities and youth who have completed protection	10,520,000	Casa de Angel
Self-reliance support for people with autism and education support for caregivers	10,000,000	Gpnanum Foundation
Support for eco-friendly bag production facilities at workplaces for the disabled	10,000,000	Autism Society of Korea
Project to build houses for descendants of national merit	10,000,000	Goodwill Store, future vocational rehabilitation facility for the disabled in Seoul
Job support project for self-reliance of the underprivileged	10,000,000	Habitat Korea
Job support project for self-reliance of the underprivileged	10,000,000	Community Chest of Korea)
Support for cultural and artistic projects for people with developmental disabilities	10,000,000	Motion & Sound
Sponsorship for Chosun School in Japan	6,000,000	Kim Bok-dong Support Foundation
Industrial accident support for non-regular workers	5,000,000	The Beautiful Foundation
Flood damage repair support for short-term residential facilities for women	5,000,000	Miriam's House, short-term residential facility for St. Mary's Love
Ukrainian Refugee Relief Fund	3,000,000	Good Neighbors International
Support for purchase of learning program items for local children's centers	3,000,000	Social Cooperative, Haesol Pureunsol Local Children's Center
Creating sleeping vests for infants and toddlers in single-parent families	1,000,000	New Hope Being Together

Environmental Data

Location-based Greenhouse Gas Emissions

	Unit	2020	2021	2022	2022 target
Total GHG emissions	tCO_2e	1,039,979	1,051,380	1,101,340	1,132,090
Direct GHG emissions		6,133	6,286	6,394	6,250
Stationary Combustion		4,065	4,351	4,448	4,250
Mobile Combustion		2,068	1,935	1,947	2,000
Indirect GHG emissions		1,033,846	1,045,114	1,094,967	1,125,840
Electricity(local)		1,033,575	1,044,583	1,094,382	1,125,290
Steam		271	531	579	550
GHG intensity	tCO_2e /KRW Billion	88.5	86.9	88.7	91.2
Direct Intensity		0.5	0.5	0.5	0.5
Indirect Intensity		88.0	86.4	88.2	90.7

* GHG emissions and energy consumption have been calculated in accordance with the guidelines on the operation of GHG ETS. See p.168 for Greenhouse Gas Emissions
** GHG intensity measures emissions per 1 billion won of sales(tCO_2e/KRW billion)

Market-based Greenhouse Gas Emissions

	Unit	2020	2021	2022	2022 target
Total GHG emissions	tCO_2e	1,039,979	1,030,910	1,046,153	1,076,961
Direct GHG emissions		6,133	6,286	6,394	6,250
Indirect GHG emissions		1,033,846	1,024,624	1,039,780	1,070,711
GHG intensity	tCO_2e /KRW Billion	88.5	85.2	84.3	86.7

* GHG intensity measures emissions per 1 billion won of sales(tCO_2e/KRW billion)

Energy Consumption

	Unit	2020	2021	2022	2022 target
Total Energy Consumption	TJ	21,371.0	21,952.6	22,995.3	23,637.2
Direct Energy Consumption		103.7	106.8	111.1	108.1
Natural Gas		53.0	56.9	64.9	62.0
Diesel		12.1	8.9	5.4	5.2
Indoor Kerosene		12.4	15.0	11.9	11.4
Kerosene for Jet		5.0	4.0	5.0	5.2
Gasoline		19.8	20.3	22.0	22.6
LPG		1.5	1.6	1.9	1.8
Indirect Energy Consumption		21,267.3	21,845.8	22,884.2	23,529.2
Electricity		21,258.9	21,831.1	22,868.7	23,514.4
Steam		8.4	14.8	15.5	14.7
Energy Intensity	TJ/KRW Billion	1.82	1.81	1.85	1.90
Direct Energy Intensity		0.01	0.01	0.01	0.01
Indirect Energy Intensity		1.81	1.81	1.84	1.90

	Unit	2020	2021	2021	2022 target
Total Energy Consumption	Mwh	2,250,730	2,310,273	2,420,772	2,487,032
Direct[1]		28,809	29,661	30,853	30,020
Indirect Electricity[2]		2,219,591	2,276,511	2,385,615	2,452,921
Indirect Steam[1]		2,331	4,101	4,304	4,090
Energy Intensity	Mwh /KRW Billion	192	191	195	200

* The above sum of greenhouse gas emissions and energy consumption may differ from the sum of each direct and indirect energy consumption by source by applying the rule that emissions should be summed after truncating decimal places at the business site level
** GHG emissions and energy consumption have been calculated in accordance with the guidelines on the operation of GHG ETS. See p.166 for Greenhouse Gas Emissions Assurance Statement
*** Energy intensity measures emissions per 1 billion won of sales(TJ/KRW billion)
1) Direct energy consumption and indirect steam consumption are converted values using a conversion factor(0.2777778 MWh/GJ)
2) Indirect power consumption includes location-based power consumption and solar self-generation power consumption

Renewable Energy Consumption

	Unit	2020	2021	2022	2022 target
Total Renewable Energy Consumption	Mwh	2,810	45,461	123,584	123,299
Green Premium[1)]		0	44,600	120,125	120,125
Solar Panels on Buildings[2)]		81	522	1,112	555
Solar Power for Telecommunication Systems[3)]		2,729	338	2,346	2,619
Total Non-renewable Energy Consumption		2,250,730	2,265,673	2,300,648	2,367,032
Total Power Consumption		2,219,591	2,276,511	2,385,615	2,452,921
Renewable Energy Ratio	%	0.1	2.0	5.2	5.0

1) Green Premium used in Bundang Building and Seongsu Building
2) Power generated by solar panels installed on company buildings
3) Solar power generated for operation of telecommunication systems at stations

Reduction of Energy Consumption

			Unit	2020	2021	2022	2022 target
Total Reduction			tCO_2e	30,554	34,135	186,400	152,359
Energy Efficiency	Office buildings	High-efficiency equipment replacement		20,617	1,862	1,895	1,609
	Telecom-munication equipment	Single RAN project		8,646	11,380	28,632	28,629
		Power Saving		N/E	N/E	58,859	42,817
		5G network sharing		-	-	21,835	18,816
		High-efficiency equipment replacement		N/E	N/E	18,096	459
Fuel Subtitute	Adopting electric vehicles			N/E	N/E	1	4
Renewable Energy	Office buildings	Green premium		-	20,490	55,187	55,187
		Solar power		37	240	222	230
	Telecom-munication equipment	Solar power		1,254	155	1,367	1,378
Resource Recycling	Multi-use cup project of Happy Habit			-	8	306	3,380

* N/E: Not Estimated

Other indirect GHG emissions(Scope 3)

	Unit	2020	2021[1)]	2022[2)]	2022 target
Total Scope 3 Emissions	tCO_2e	6,918,286	4,384,495	3,322,029	6,609,502
1. Purchased Goods and Services		2,645,868	2,543,897	1,925,932	2,549,136
2. Capital Goods		1,183,439	1,186,700	922,967	1,120,519
3. Fuel and energy consumed		739	455	471	739
5. Wastes		600	461	218	600
6. Business Trips		768	1,411	962	768
7. Commuting		9,369	9,015	3,522	9,369
8. Rental Property		13,480	13,058	12,979	13,480
14. Merchants		74,271	81,013	54,095	74,271
15. Investment		2,989,751	548,485	400,883	2,840,620
Scope 3 GHG Intensity	tCO_2e /KRW Billion	589.0	362.3	267.6	532.4

* Scope 3 greenhouse gas intensity is calculated based on greenhouse gas emissions per KRW 1 billion in sales on a separate basis
1) In the case of category 15 in 2021, it was confirmed that emissions were reduced for 20 companies through the method of calculating emissions based on actual activity data
2) In 2022, the scope of calculating emissions based on actual activity data was expanded to 7 companies in Category 1 and 21 companies in Category 15

Water Consumption

	Unit	2020	2021	2022	2022 target
Volume of water consumed	㎥	662,034	604,870	640,831	650,000
Waterworks		630,297	591,396	599,741	620,000
Groundwater		31,737	13,474	41,090	30,000
Water consumption intensity	㎥ /KRW Billion	56.4	50.0	51.6	52.4

* Water intake and usage are the same
** Water consumption intensity is calculated based on water consumption per KRW 1 billion in sales on a separate basis

Waste and Recycling

	Unit	2020	2021	2022	2022 target
Total waste discharged	Ton	1,553	1,740	1,229	1,325
Domestic waste		512	383	389	400
Large-sized waste		219	176	154	200
Food Waste		360	232	236	250
Waste Cooking Oil		-	3	1	5
Designated Waste		45	530	29	50
Recyclable waste		417	417	419	420
Recycling Rate	%	26.9	23.9	34.1	31.7
Total waste disposed	Ton	1,136	1,323	810	905
Waste landfilled			490	82	300
Waste incinerated with energy recovery			178	166	100
Waste with unknown disposal method			655	562	505
Waste discharge intensity	Ton /KRW Billion	0.132	0.144	0.099	0.107

* In 2021, the amount of designated waste increased sharply due to the generation of sludge (484 tons) due to legal cleaning of the sewage treatment plant in the Boramae office building
** 100% consignment of waste disposal and recycling
*** Waste discharge intensity is calculated based on waste discharge per KRW 1 billion in sales on a separate basis

Environmental Costs

	Unit	2020	2021	2022
Total Environmental Costs[1)]	KRW million	947	3,483	2,414
Energy Saving and Climate Change Response Cost		470	2,559	2,128
Waste Disposal/Recycling Service		161	293	242
Education/Training cost		34	0	0
Charges & Taxes		282	631	44
Others				

1) Excluding green procurement, GHG emission credits

Green Procurement Costs

	Unit	2020	2021	2022
Green Procurement Costs	KRW million	33,700	38,100	38,800

Other Environmental Data

		Unit	2020	2021	2022	2022 target
Biodiversity	Number of facilities in the ecological protection area	places	4	0	3	3
	Number of eco-friendly wireless stations	places	217,240	216,580	218,111	215,348
	Environmental friendliness rate	%	36.1	33.8	32.0	31.3
Forest	Scale of forest damage prevention scale by external projects	trees	913,444	1,552,855	2,420,627	2,368,195
	Target progress rate	%	11.5	19.5	30.5	29.8
Training for Members	Training completion rate	%	77.7	70.8	81.5	-

Independent Assurance Statement

To: The Stakeholders of SK Telecom Co., Ltd.

Introduction and Objectives of Work

BSI Group Korea(hereinafter "the Assurer") was requested to verify SK telecom Annual Report 2022 (hereinafter "the Report"). This assurance statement applies only to the relevant information included in the scope of the assurance. SK telecom is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide SK telecom Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of SK telecom.

Standards and Levels

This assurance was based on the AA1000AS(Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018.

Scope

The scope of assurance applied to the Report is as follows;

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assertion included in the Report, such as s ustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

- Financial information in Appendix
- Index items related to other international standards and initiatives other than the GRI
- Other related additional information such as the website, business annual report

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible department
- Verification of data generation, collection and reporting for each performance index

Limitation

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The Report is prepared in accordance with the GRI Standards.(Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion

SK telecom defined shareholders, employees, business partners, government, NGOs/local communities and customers as key stakeholder groups, and operated communication channels for each stakeholder group for engagement. SK TELECOM reflected key issues derived from stakeholder channels to sustainability management decisions and disclosed the process in the Report.

Materiality: Identification and reporting of material sustainability topics

SK telecom established the strategy related to sustainability management and established the process to derive reporting issues. SK telecom identified financial and social/environmental impacts and derived 3 key issues and 7 reporting issue based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

Responsiveness: Responding to material sustainability topics and related impacts

SK telecom established the management process for material issues determined by the materiality assessment, and implemented a response plan for each issue to appropriately respond to the derived material issues that reflects the expectations of stakeholders. SK telecom disclosed the relevant process including establishing policy and indicators, activity and response performance on key reporting issues in the Report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

SK telecom established the process to identify and evaluate the impact on organizations and stakeholders related to material issues. SK telecom used impacts, risk and opportunity factor analysis results for material issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.

Key areas for ongoing development

- SK Telecom has upgraded its sustainability management system by disclosing the ESG governance system and measuring social value (SV) by sustainability issue. It may be helpful to advance sustainability management system by identifying industry-specific sustainability issues that take into account key business characteristics, such as the telecommunications industry, developing industry-specific sustainability strategies, policies and performance indicators, and disclosing the achievement of these issues.
- It may be helpful to sustainable growth and development by setting future strategies and goals for major new businesses about AI, and internalizing ESG performance management platforms.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with SK telecom. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by SK telecom, the sector standard was not applied.

[Universal Standards]

2-1 to 2-5(The organization and its reporting practices), 2-6 to 2-8(Activities and workers), 2-9 to 2-21(Governance), 2-22 to 2-28(Strategy, policies and practices), 2-29 to 2-30(Stakeholder engagement), 3-1 to 3-3(Material Topics Disclosures)

[Topic Standards]

201-1~4, 202-1~2, 203-1~2, 204-1, 205-1~3, 206-1, 207-1~4, 301-1~3, 302-1~5, 303-1~5, 304-1~4, 305-1~5, 306-1~5, 308-1~2, 401-1~3, 402-1, 403-1~10, 404-1~3, 405-1~2, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 413-1~2, 414-1~2, 415-1, 416-1~2, 417-1~3, 418-1

29th June 2023

S. H. Lim
BSI Group Korea, Managing Director

AA1000
Licensed Report
000-4/V3-02NIG

bsi.

Greenhouse Gas Emissions Assurance Statement · Direct and indirect(Scope 1+2)

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by SK Telecom Co., Ltd. ("SK Telecom") to verify the SK Telecom's Greenhouse Gas Inventory Report for the calendar year 2022 ("the report") based upon a reasonable level of assurance. SK Telecom is responsible for the preparation of the GHG emissions data on the basis set out within the guidelines on the operation of GHG emission trading scheme ("ETS) (Notification No. 2022-279 of Ministry of Environment)'. Our responsibility in performing this work is to the management of SK Telecom only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The GHG emissions data covered by our examination is set for 100% of SK Telecom's non-consolidated revenues under the GHG ETS and comprise Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from SK Telecom boundary.

- Organizational boundary for reporting:
  Domestic business sites of SK Telecom
  (incl. infrastructure for telecommunication)

Verification Approach

The verification has been conducted by DNV on March 2023 and performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS (Notification No.2022-279, Korean Ministry of Environment) and the verification guideline for GHG ETS (Notification No. 2021-112, Korean Ministry of Environment). We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO_2 equivalent. As part of the verification process.

- We have reviewed the GHG emissions and energy consumption report for the calendar year 2022
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions set out in SK Telecom's report are not fairly stated. The GHG emissions of SK Telecom for the year 2022 were confirmed as below.

June 2023
Seoul, Korea

Jang-Sub Lee Country Manager
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance 15 June 2023). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of SK TELECOM is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

GHG Emissions of SK Telecom Co., Ltd. for Yr 2022(Unit : ton CO_2e)

SK Telecom	Direct emissions(Scope1)	Energy indirect emissions(Scope2)	Total emissions
KOREA (Location-based)*	6,394	1,094,967	1,101,340
KOREA (Market-based)**		1,039,780	1,046,153

* The 'Location-based' emissions are GHG emissions reported as Scope 2 based of local-grid under GHG ETS
** The 'Market-based' emissions are GHG emissions reflected as Scope 2 by purchasing of a renewable electricity through Green Premium in 2022.

Greenhouse Gas Emissions Assurance Statement · Other indirect(Scope 3)

Introduction

DNV Business Assurance Korea Ltd.("DNV") was commissioned by SK TELECOM Co., Ltd.("SK Telecom") to verify the SK Telecom's Greenhouse Gas Inventory for the calendar year 2022 ("the report") based upon a limited level of assurance. SK Telecom is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD's "The Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the principles set out in ISO 14064-1:2018. Our responsibility in performing this work is to the management of SK Telecom only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination are for the Other indirect emissions(Scope 3) from SK Telecom boundary of the report.

- Reporting boundary: SK Telecom's Other indirect emissions(Scope 3) which are not included in the Direct emissions(Scope 1) and Indirect emissions(Scope2)
- Reporting categories:
  - Upstream scope: 7 Categories (Purchased goods and services, Capital goods, Fuel- and energy-related activities (not included in scope1 or scope 2), Waste generated in operations, Business travel, Employee commuting, Upstream Leased Assets)
  - Downstream scope: 2 Categories (Franchises, Investments)

Verification Approach

The verification has been conducted by DNV in May 2023 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2019. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO_2 equivalent. As part of the verification process.

- We have reviewed and verified the Greenhouse Gas Inventory Tool (Excel based)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the Other indirect Emissions of SK Telecom for the year 2022 below.

8th June 2023

Jang-Sub Lee
Country Manager
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance. Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

Other indirect emissions(Scope 3) of SK TELECOM for Yr 2022(unit: ton CO_2eq)

Other Indirect Emissions(Scope 3)	Emissions from Upstream	Emissions from Downstream	Total emissions
Yr 2022	2,867,051	454,978	3,322,029

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the calculation tool with ± 1 tCO_2

Water Consumption and Waste Generation

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by SK Telecom Co., Ltd. ("SK Telecom") to verify the SK Telecom's Water Consumption and Waste Generation Inventory Report for the calendar year 2022 ("the report") based upon a limited level of assurance. SK Telecom is responsible for the preparation of the Water Consumption and Waste Generation data. Our responsibility in performing this work is to the management of SK Telecom only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement. The verification is based on the assumption that the data and information provided to DNV are complete, sufficient and true.

Scope of Assurance

The water consumption and waste generation data covered by our examination comprise water consumption (waterworks, groundwater) and waste generation (domestic waste, large-sized waste, food waste, designated waste, recyclable waste) from SK Telecom boundary of the report.

- Organizational boundary for reporting: 27 office buildings of SK Telecom – SK T-Tower, Namsan Building, Knights Gym, Jaan Building, Future Management Institute, Bundang Building, Seongsu Building, Boramae Building, Suyu Building, Incheon Building, Dunsan Dunsan Building, Daejoen Busa Building, Wonju Building, Cheongju Building, Myeongnyun Building, Gwangju Songeong Building, Gwangju Usan Building, Jeonju Building, Jeju Building, Daegu Taepyeong Building, Daegu Bolli Building, Daegu Sincheon, Daegu Jungdong Building, Busan Datacenter, Busan Buam Building, Busan Allak Building, Pangyo Building

Verification Approach

The verification has been conducted in May 2023 at SK Telecom's headquarters and major business sites. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion, concerning the completeness of the water consumption and waste generation. As part of the verification process.

- We have reviewed and verified the SK Telecom's water consumption and waste generation inventory report (Excel based)
- We have reviewed and verified the process to generate, aggregate and report the water consumption and waste generation data

Conclusions

Based on the process and procedures conducted, there is no evidence that the water consumption and waste generation assertion is not materially correct and is not a fair representation of data and information. The water consumption and waste generation of SK Telecom for the year 2022 were confirmed as below.

2nd June 2023
Seoul, Korea

Jang-Sub Lee
Country Manager
DNV Business Assurance Korea Ltd

Water Consumption of SK Telecom's 27 office buildings for Yr 2022(unit: ㎥)

SK Telecom	Waterworks	Groundwater	Total Water Consumption
27 office buildings	599,741	41,090	640,831

Waste Generation of SK Telecom's 27 office buildings for Yr 2022(unit: ton)

SK Telecom	Domestic waste	Large sized waste	Food waste	Waste cooking oil	Designated waste	Recyclable waste	Total Waste Generation
27 office buildings	389	154	236	1	29	419	1,229

This Assurance Statement is valid as of the date of the issuance 2nd June 2023. Please note that this Assurance statement would be revised if any material discrepancy which may impact on the water consumption and waste generation is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

Environmental Management System Certificate

IQNET kfq Korean Foundation for Quality

CERTIFICATE

Certificate Number: EAC-0770000

SK Telecom Co., Ltd.

• Head office : SK T-Tower, 65, Eulji-ro, Jung-gu, Seoul, Korea (Zip code : 04539)

• Site : REFER TO 'APPENDIX'

Korean Foundation for Quality certifies that the above organization has complied with the following standard requirements.

ISO 14001:2015/KS I ISO 14001:2015

Scope of certification
- Solution Development and Service Operation
- Energy Saving Business

Registration Date 2022-09-27
Initial Certification Date 2020-09-25
Expiration Date 2023-10-24
Revision Date 2022-09-27

KAB IAF

KAB-EC-01

KFQ has been accredited in respect of ISO 14001 covered by the KAB (Accreditation Certificate Number KAB-EC-01)

Ji Young Song
President & CEO of KFQ

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Index

GRI Standard Index

Statement of use	Reporting Organization: SK Telecom reports the information by applying the GRI standard when reporting the contents of sustainability management during the period from January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Currently unavailable (As of December 2022, as of the reporting date, standard documents for industry groups (S&P 500, industries classified by SK Telecom based on MSCI) have not been announced), etc.

General Disclosures

GRI Standard 2021	Indicators	Page	Remarks
GRI 2: General Disclosures 2021	2-1 Organizational details	11	
	2-2 Entities included in the organization's sustainability reporting	191	
	2-3 Reporting period, frequency and contact point	191-192	
	2-4 Restatements of information	191	The recalculated data and performance were separately specified through annotations, etc.
	2-5 External assurance	166-167	
	2-6 Activities, value chain and other business relationships	11-15, 20	
	2-7 Employees	158	
	2-8 Workers who are not employees	158	
	2-9 Governance structure and composition	102-107	
	2-10 Nomination and selection of the highest governance body	104, 110	
	2-11 Chair of the highest governance body	104-107	
	2-12 Role of the highest governance body in overseeing the management of impacts	109-111	
	2-13 Delegation of responsibility for managing impacts	51, 69, 76, 101, 104-108	
	2-14 Role of the highest governance body in sustainability reporting	111	
	2-15 Conflicts of interest	Corporate governance report 42, 54~55	
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	109-111, 116-121	
	2-17 Collective knowledge of the highest governance body	105-106	
	2-18 Evaluation of the performance of the highest governance body	106, 111, 116, 113-115	
	2-19 Remuneration policies	113-115	
	2-20 Process to determine remuneration	113	
	2-21 Annual total compensation ratio	113	
	2-22 Statement on sustainable development Strategy	16-19	
	2-23 Policy commitments	76	
	2-24 Embedding policy commitments	76-78	
	2-25 Processes to remediate negative impacts	116-121	
	2-26 Mechanisms for seeking advice and raising concerns	77, 125	
	2-27 Compliance with laws and regulations	Business report 40, 334~335	
	2-28 Membership associations(Initiatives)	177-190	
	2-29 Approach to stakeholder engagement	33-34	
	2-30 Collective bargaining agreements	160	

Material topics

GRI Standard 2021	Indicators	Page	Remarks
GRI 3: Material Topics 2021	3-1 Process to determine material topics	35	
	3-2 List of material topics	36	
Material Issue 1. Response to Climate Change(Carbon neutrality)			
GRI 3: Material Topics 2021	3-3 Management of material topics	37-38, 41-43	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	58, 163-164	
	302-2 Energy consumption outside of the organization	58, 164	
	302-3 Energy intensity	163-164	
	302-4 Reduction of energy consumption	58, 164	
	302-5 Reductions in energy requirements of products and services	164	
GRI 305: Emissions 2016	305-1 Direct(Scope 1) GHG emissions	57, 163	
	305-2 Energy indirect(Scope 2) GHG emissions		
	305-3 Other indirect(Scope 3) GHG emissions	57, 164	
	305-4 GHG emissions intensity	163-164	
	305-5 Reduction of GHG emissions	164	
	305-6 Emissions of ozone-depleting substances(ODS)	N/A	Due to the nature of the industry, there is no environmental impact due to emission of ozone-depleting substances and ozone-depleting substances.
	305-7 Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant air emissions		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	58, 165	
	306-2 Management of significant waste-related impacts		
	306-3 Waste generated		
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal		

GRI Standard 2021	Indicators	Page	Remarks
Material Issue 2. Redefinition of AI-based Core Biz			
GRI 3: Material Topics 2021	3-2 List of material topics	36	
	3-3 Management of material topics	37-38, 44-45	
NON-GRI	No relevant topic standard		
Material Issue 3. Privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	37-38, 46-48	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	47	
Material Issue 4. Securing and Fostering Human Resources			
GRI 3: Material Topics 2021	3-3 Management of material topics	39, 64-66	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	159	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	161	
	401-3 Parental leave	160	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	65	
	404-2 Programs for upgrading employee skills and transition assistance programs	65	
	404-3 Percentage of employees receiving regular performance and career development reviews	66	
Material Issue 5. Advancement of Environmental Management Strategies and Systems			
GRI 3: Material Topics 2021	3-2 List of material topics	36	
	3-3 Management of material topics	39, 51	
NON-GRI	No relevant topic standard		
Material issue 6. Promote work-life balance and welfare benefits			
GRI 3: Material Topics 2021	3-2 List of material topics	36	
	3-3 Management of material topics	39, 67-68	
NON-GRI	No relevant topic standard		

Material topics

GRI Standard 2021	Indicators	Page	Remarks
Material Issue 7. Enhancing Shareholder Value			
GRI 3: Material Topics 2021	3-2 List of material topics	36	
	3-3 Management of material topics	40, 101-103	
NON-GRI	No relevant topic standard		
Material Issue 8. Advancement of integrated risk management system			
GRI 3: Material Topics 2021	3-3 Management of material topics	36, 40	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	122-125, 127-128	
	205-2 Communication and training about anti-corruption policies and procedures	124-125	
	205-3 Confirmed incidents of corruption and actions taken	125	
Material Issue 9. Selection and evaluation of sustainable supply chain			
GRI 3: Material Topics 2021	3-3 Management of material topics	36, 40	
GRI 308: Supplier Environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	87-90	
	308-2 Negative environmental impacts in the supply chain and actions taken	90	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	87-90	
	414-2 Negative social impacts in the supply chain and actions taken	90	
Material Issue 10. Practice of ethical management and fair trade			
GRI 3: Material Topics 2021	3-3 Management of material topics	36, 40	
GRI 206: Anti competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business report 334-340	
Economic performance			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	22, 132-137	
	201-2 Financial implications and other risks and opportunities due to climate change	52-57, 181-186	

GRI Standard 2021	Indicators	Page	Remarks
Economic performance			
GRI 201: Economic performance 2016	201-3 Defined benefit plan obligations and other retirement plans	-	During the reporting period, 100% based on full-time employees were applied as defined contribution plan or defined benefit plan.
	201-4 Financial assistance received from government	98	
Market Presence			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Confidentiality constraints	We pay wages above the minimum wage in all business regions, and there is no wage discrimination based on gender. However, details are not disclosed in accordance with the internal information disclosure policy.
	202-2 Proportion of senior management hired from the local community	158-159	
Indirect Economic Impacts			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	155-157	
	203-2 Significant indirect economic impacts		
Procurement			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	87	
Tax			
GRI 207: Tax 2019	207-1 Approach to tax	137-138	
	207-2 Tax governance, control, and risk management		
	207-3 Stakeholder engagement and management of concerns related to tax		
	207-4 Country-by-country reporting	138	

Material topics

GRI Standard 2021	Indicators	Page	Remarks
Raw Materials			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	N/A	Due to the nature of the industry, raw materials directly manufactured, processed, and used are not applicable.
	301-2 Recycled input materials used		
	301-3 Reclaimed products and their packaging materials		
Water and Waste Water			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	58, 164	
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal		
	303-4 Water discharge		
	303-5 Water consumption		
Biodiversity			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	Significant impacts on the ecosystem designated as protected areas in the operation of business are not applicable.
	304-2 Significant impacts of activities, products and services on biodiversity		
	304-3 Habitats protected or restored		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		
Labor Management Relations			
GRI 402: LaborManagement Relations 2016	402-1 Minimum notice periods regarding operational changes	160	The minimum notice period for management changes is specified in the collective agreements, etc.
Occupational Safety and Health			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	69-70	
	403-2 Hazard identification, risk assessment, and incident investigation	72	
	403-3 Occupational health services	75	
	403-4 Worker participation, consultation, and communication on occupational health and safety	160	
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health	75	

GRI Standard 2021	Indicators	Page	Remarks
Occupational Safety and Health			
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	74	
	403-8 Workers covered by an occupational health and safety management system	70-71	
	403-9 Work-related injuries	161	
	403-10 Work-related ill health		
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate governance report 41	
	405-2 Ratio of basic salary and remuneration of women to men	159	
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	125	
Freedom of Association and Collective Bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	SK Telecom has established the Human Rights Charter containing the will to practice human rights management. We systematically manage human rights risks through regular members' human rights impact assessment, identification of vulnerable groups by human rights issues, and due diligence. As of the end of the reporting period, ratio of members joining labor union in SK Telecom is 93.9%, and there is no possibility that freedom of association and collective bargaining will be seriously infringed upon during the reporting period.

Material topics

GRI Standard 2021	Indicators	Page	Remarks
Child Labor			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	76-78	
Forced Labor			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	76-78	
Security Practices			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Information unavailable	The ratio of human rights training for security personnel is not separately managed.
Rights of Indigenous People			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	76-78	
Local Communities			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	93-99	
	413-2 Operations with significant actual and potential negative impacts on local communities	155-157	SK Telecom manages the positive and negative effects that it creates on the local community through social performance measurement at the group level, and no significant actual or potential negative effects on the local community were found during the reporting period.
Public Policy			
GRI 415: Public Policy 2016	415-1 Political contributions	130	We comply with relevant laws and regulations, such as Article 32 of the Political Funds Act.

GRI Standard 2021	Indicators	Page	Remarks
Customer Safety and Health			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	-	We comply with measurement obligations in accordance with related laws and regulations such as the Radio Waves Act.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	SK Telecom manages the safety and health impacts of products and services on customers through measuring social performance at the group level, and there were zero cases of violations related to safety and health- of products and services during the reporting period.
Marketing and Labelling			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	-	Through social performance measurement at the group level, we manage whether product and service information are provided to customers.
	417-2 Incidents of non-compliance concerning product and service information and labeling	-	During the reporting period, there were zero cases of violations related to product and service information and labeling.
	417-3 Incidents of non-compliance concerning marketing communications	Business report 40, 334~335	

SASB(Sustainability Accounting Standards Board)

SK Telecom understands the importance of corporate sustainability and impact on stakeholders, and strives to have management indexes in various areas satisfy international sustainability standards, including the environment, information security, corporate ethics, circular economy, and risk management. In addition, to enable each stakeholder to precisely understand our sustainability-related activities, we aim to manage each item's qualitative and quantitative indexes and to thoroughly disclose them according to the SASB recommendations. SASB measurement indexes are disclosed after reviews and deliberations by the BOD and management. Regarding indexes that do not satisfy SASB standards, we will establish goals and make continued improvements through additional reviews.

ACTIVITY METRIC(As of December 31, 2022)

Accounting Metric	Category	Unit	Code	SK Telecom's Status	Cross Reference/Direct Answer
Wireless subscribers	Quantitative	Persons	TC-TL-000.A	32.84 million wireless subscribers	p.136-141
Wireline subscribers			(No. of subscribers)	3.67 million subscribers including SK Broadband and SK Telink VoIP service subscribers	p.136-141
Broadband subscribers		Petabytes, %	TC-TL-000.C	Approximately 6.7 million broadband Internet subscribers, approximately 9.32 million paid TV subscribers	p.136-141
Network traffic			TC-TL-000.D	48.88 million wireless communication lines per year 4,682,172 TB of annual data traffic processed	p.88

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic	Accounting Metric	Category	Unit	Code	SK Telecom's Status	Cross Reference / Direct Answer
Environmental Footprint of Operations	(1) Total consumed energy, (2) percentage of grid electricity, (3) percentage of renewable energy,	Quantitative	GJ/%	TC-TL-130a.1	Total energy consumption of 22,995,300 GJ	p.154
Data Privacy	Ads, policies and practices relating to the retention of customers' personal information	Discussion and Analysis	n/a	TC-TL-220a.1	5,265 people completed personal information protection training in 2022	p.44-47
	Number of customers whose customer information is collected for secondary purpose	Quantitative	Persons (No. of customers)	TC-TL-220a.2	Total 28,604,306(Consent: 16,307,062 / Non-consent: 12,297,244)	p.46
	Amount of legal and regulatory fines associated with customer privacy	Quantitative	KRW	TC-TL-220a.3	n/a	-
	(1) Number of legal punishments related to customer information (2) number of customers whose information was requested by government or law enforcement agencies percentage resulting in disclosure (3) percentage of disclosures	Quantitative	Cases/%	TC-TL-220a.4	Communication data requests 294,484, Communication verification data requests 42,058	p.46

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic	Accounting Metric	Category	Unit	Code	SK Telecom's Status	Page
Data Security	(1) Number of data security breaches (2) percentage of breaches of personally identifiable information(PII) security (3) number of customers who suffered from such breaches	Quantitative	Cases/%	TC-TL-230a.1	n/a	-
	Management approach to identifying data security risks including security risk related to utilization of third parties' information security risk	Discussion and Analysis	n/a	TC-TL-230a.2	SKT's Personal Information Handling Policy is published on the website in accordance with the Personal Information Protection Act.(Customers' personal information is collected only upon obtaining the subscriber's prior consent(opt-in), and the information is used only within the scope of the stated purpose; personal information can only be supplied to any third party after obtaining the customer's consent)	p.46
Product End-of-Life Management	(1) Materials recycled through take- back programs (2) percentage of recycled materials (3) recycling rate (4) landfill rate	Quantitative	Tons and % by weight	TC-TL-440a.1	Recycling rate 34.1% Device recycling rate 5.5% in 2022	p.64-65
Fair Competition	Financial damage such as fines caused by violations of fair trade-related acts	Quantitative	KRW	TC-TL-520a.1	SKT incurred no penalties for unfair competition	-
	(1) Contents owned by company and commercially related contents, (2) average download speed of unrelated contents	Quantitative	Mbps	TC-TL-520a.2	SK Telecom does not disclose the download speed by content types(contents owned by the company, commercial contents, contents not commercially related). However, there is no difference in the download speed between diverse contents.	p.88-89
	Explanations about risks and opportunities related to net neutrality, paid peering, and zero rating	Discussion and Analysis	n/a	TC-TL-520a.3	SK Telecom complies with the Guidelines on Network Neutrality and Internet Traffic Management established by the Ministry of Science and ICT.	-
Managing Systemic Risks from Technology Disruptions	(1) Telecommunication(Network) interruption frequency, (2) Average interruption duration per customer(Hour)	Quantitative	Frequency per customers, hours per customer	TC-TL-550a.1	SK Telecom experienced no major communication failure.	p.88
Technology Disruption and Analysis	System for normal service operation/provision against service interruptions and other similar situation	Discussion and Analysis	n/a	TC-TL-550a.2	SK Telecom has established a network failure emergency recovery system to minimize network failures and the service impacts caused by such failures. SK Telecom operates an integrated risk management system in order to preemptively respond to and manages risks related to business, employees, customer value, business partners, governance, and climate change.	p.88 p.113-117

Industry-specific Indicators

SK Telecom manages and discloses indicators for each area of environment, society, and governance that are specialized for the telecommunications industry by reflecting the changes and demands of major external stakeholders. In the future, we will continue to supplement the content that needs improvement so that it meets international sustainability standards.

No.	Topic	Category	Item	Unit	SK Telecom's Status	Page
1	Environmental efficiency of the product	Execution /Outcome	· Proportion of products restored /reused through product retrieval programs (1) reusable products, (2) recycled products, (3) landfilled products → The proportion of products collected by its manufacturers or third-party was also recognized	tons, %	· We have completely replaced plastic cards issued to T membership customers with mobile eco-cards, reducing the use of plastic by more than 50 tons per year and reducing carbon emissions by about 123 tons. The T membership mobile card issuance rate based on cumulative customers in 2022 is 72%, an increase of about 1%p from the previous year, and is steadily increasing year by year. · We are reducing unnecessary resource waste by collecting device. The device retrieval rate is calculated by dividing the number of devices collected by the total number of device sold annually. The device retrieval rate in 2022 was 5.5%, an increase from 4.9% previous year.	59
2	Communication Accessibility	Execution /Outcome	· Measure average download speed of contents (1) Contents owned by company or commercially related contents, (2) Unrelated contents	Mbps	· SK Telecom achieved an overwhelming first place in download speed and latency, the most important indicators of 5G network quality, in the 2022 5G quality evaluation conducted by the Ministry of Science and ICT in the second half of the year. Network quality continued to improve, with download speeds increasing by 7.78% y-o-y.	83
3		Policy	· Explanations about risks and opportunities (network neutrality, paid peering, zero rating etc.)	n/a	· SK Telecom complies with the 'Guidelines for Network Neutrality and Internet Traffic Management' of the Ministry of Science and ICT.	-
4		Execution /Outcome	· Operation of direct or fully owned subsidiaries in emerging markets	No. of cases	· SK Telecom does not operate direct or fully owned subsidiaries in emerging markets.	-
5			· Ownership interest in local business operators	No. of cases/%	· SK Telecom does not hold an ownership interest in local business operators.	-
6			· Provision of services for the underprivileged (including activities in developed markets) - senior citizens	n/a	· SK Telecom is making efforts to resolve the difficulties of the socially vulnerable, such as the elderly living alone, and to expand the social safety net based on AI technology and ICT expertise. · In order to close the information gap of the vulnerable elderly, SK Telecom is operating the 'Smart senior citizen center education linked to AI senior care' and 'Education to close the digital divide for the elderly living alone'.	93-94
7			· Provision of services for the underprivileged (including activities in developed markets) - children		· To provide the ICT vulnerable with ICT capacity building and learning opportunities, SK Telecom donates smart devices to children from vulnerable classes and organizes the 'Happy Coding Challenge' to help youths with disabilities develop their creativity.	94-95
8			· Provision of services for the underprivileged (including activities in developed markets) - the disabled		· SK Telecom, which is transforming into an 'AI Company', is promoting 'Barrier Free AI', which enhances the convenience of life for the disabled and helps create jobs by utilizing AI capabilities. · SK Telecom is operating the 'Software Coding Education by Disability Type' program to close the information gap of the disabled.	95
9			· Provision of services for the underprivileged (including activities in developed markets) - low-income households		· SK Telecom provides tariff reduction benefits to the vulnerable group to alleviate the burden of communication costs and continuously improve access to information services. In 2022, the amount of reduction provided to the disabled, low-income class, and basic pension recipients was a total of KRW 510.8 billion, up 8.0% from the previous year.	99

No.	Topic	Category	Item	Unit	SK Telecom's Status	Page
10	Communication Accessibility	Execution /Outcome	· Provision of services for the underprivileged (including activities in developed markets) - mountainous areas	n/a	· SK Telecom is establishing a joint rural 5G network so that 5G services can be used in rural areas through cooperation between the Ministry of Science and ICT and three telecommunication companies to improve service accessibility to the public. We're continuing to expand the scope of communication areas for residents in areas with poor access to communication services, such as mountainous areas, island areas, and remote villages.	99
11		Execution /Outcome	· Participate in philantrophic activities that explicitly support communication accessibility in developing countries	n/a	· SK Telecom does not participate in charity activities that explicitly support communication accessibility in developing countries.	-
12		Goal	· Goals for communication accessibility or implementation of digital division strategy	n/a	· SK Telecom plans to implement a digital competency strengthening program for a cumulative total of 400,000 people by 2025 to close the information gap for the digitally vulnerable and spread good influence through opening and sharing the advanced ICT technology capabilities.	189
13	Product /Service Safety	Execution /Outcome	(1) Average system failure time (2) Average system failure time by customer	Frequency per customers, hours per customer	· SK Telecom has established an emergency recovery system for network failures to minimize service impacts caused by network failures and breakdowns. The number of major communication failures in 2022 was zero.	31
14		Policy	· Discuss how to provide sustainable service during period of service interruption(Identify risk factors, estimate extent of damage, set up to recovery plans, follow-up measures, etc.)	n/a	· SK Telecom has a risk management process that consists of evaluation plan establishment, risk evaluation, risk handling, and collection/reporting stage by reflecting major internal and external issues and stakeholders' requirements. · SK Telecom includes service failure types in the standard for CEO reporting on risk by type.	116-120
15	Labor Practices	Execution /Outcome	· Provide stock options to employees	n/a	· SK Telecom is implementing a program that allows members to select performance-related incentives as treasury shares so that members can voluntarily participate in enhancing the company's corporate value.	66
16		Execution /Outcome	· Variable performance-based compensation	n/a	· SK Telecom avoids internal competition through individual absolute evaluation and conducts 360° multi-faceted evaluation to enhance transparency and fairness. The tasks that members are working on are registered as individual KPI in connection with the KPI of the company/organization, and the registered KPI is reviewed with the leader at all times using the performance management system.	66
17	Data Privacy and Data Security	Execution /Outcome	· Number of customers whose customer information is collected for secondary purpose	persons (No. of customers)	· Total 28,604,306(Consent: 16,307,062 / Non-consent: 12,297,244)	47
18		Execution /Outcome	· Amount of legal and regulatory fines associated with customer privacy	KRW	· The number of cases of customer information leakage is zero, and financial losses resulting from legal procedures are not applicable.	85
19		Execution /Outcome	· (1) Number of customers whose information was requested by government or law enforcement agencies percentage, (2) Number of customers who requested information, (3) percentage of disclosed information	No. of cases/%	· Communication data requests 294,484, Communication verification data requests 42,058	48
20		Execution /Outcome	· (1) Number of data security breaches, (2) percentage of breaches of personally identifiable information(PII) security, (3) number of customers who suffered from such breaches	No. of cases/%	· There is zero case of customer information leakage, system hacking, and DDoS infringement, so it is not applicable.	85
21	Anti-corruption	Execution /Outcome	· (1) Bribery or corruption, (2) Financial damage such as fines caused by anti-competitive practices	KRW	· SK Telecom complies with the domestic political fund act and does not provide political and election funds and lobbying funds to specific political parties and political organizations to prevent corruption related to political funds.	130

TCFD(Task Force on Climate-related Financial Disclosures)

Due to the increasingly frequent climate anomalies, the climate risks generated in the industries are increasing. To respond to this, SK Telecom aims to transparently disclose our activities to prepare for financial risks that major stakeholders are concerned about by preemptively managing potential financial risks caused by climate change risks.

In accordance with the TCFD recommendations, we disclosed SK Telecom's related response activities by dividing them into governance structure, management strategy, risk management, indicators, and targets, and we tried to cover not only the recommended disclosure of the TCFD recommendations but also information on guidelines for detailed sectors. For areas needs to be improved, we will establish achievement goals and continuously supplement them through additional reviews.

To this end, SK Telecom regularly monitors risks and opportunities for climate change under the management of ESG office centered on the ESG Committee. Risks and opportunities for climate change are reviewed from a variety of perspectives, considering various aspects such as 'policy and law, technology, market, reputation, and acute or chronic'. We systematically disclose these identified climate change risks and opportunities and response plans in accordance with TCFD standards after review and approval by the BOD and management.

TCFD Category	TCFD Recommendation	Description	SK Telecom Status	Page	CDP Mapping
Governance	a) Describe the board's oversight of climate-related risks and opportunities	Processes and frequency by which the board and/or Committees of the BOD(e.g., audit, risk, or other committees) are informed about climate-related issues.	The ESG Committee, one of SK Telecom's BOD committees, has the highest decision-making power on climate change and makes decisions on key issues through working group > CLO > CEO.	56	C1.1a,b
		Whether the board and/or Committees of the BOD consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.	The ESG department identifies climate change risks and report to the CLO immediately. The results of the materiality assessment are taken into account in setting performance goals, implementation and performance monitoring, and major action plans. Key issues are reported to and reviewed by the ESG committee.		
		How the board monitors and oversees progress against goals and targets for addressing climate-related issues.	The ESG Committee monitors climate-related goals and progress through the monthly management ESG reporting and conducts the supervision of climate-related goals and progress through the ESG Committee. * Number of ESG Committee meetings held in 2022: 9 times		
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Whether the organization has assigned climate- related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/or managing climate-related issues	In SK Telecom, the CLO, one of the management, reviews all identified and evaluated climate change risk and opportunity factors, and then the CEO, the upper management, makes additional decisions based on materiality, and the final decision is made on key issues through the ESG Committee.		C1.2
		How management is informed about climate-related issues and how management (through specific positions and/or management committees) monitors climate-related issues	The management monitors climate-related goals and progress through monthly management ESG reporting and monitors climate-related goals and progress by holding the ESG committee. * Number of ESG Committee meetings held in 2022: 9 times		

TCFD Category	TCFD Recommendation	Description	SK Telecom Status	Page	CDP Mapping
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	A description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate- related issues often manifest themselves over the medium and longer terms	SK Telecom reviews climate change risks and opportunities from various perspectives by considering a variety of aspects such as 'policy and law, technology, market, reputation, acute or chronic', etc. and then divides the identified climate change risks and opportunities based on short-term, mid-term and long-term impacts.	53	C2.1a C2.1b C2.2 C2.2a C2.3a C2.4a
		A description of the specific climate-related issues for each time horizon (short, medium, and long term) that could have a material financial impact on the organization	Base stations, some of which are also installed in mountains, are assets of SK Telecom, and an important element in business activities for maintaining communication networks. Forest fires caused by climate change are a major climate-related risk that can potentially occur in all time spans in the short-, mid-, and long-term, we are seeking and practicing various methods of preemptively responding to forest fires and further preventing them in advance.	60 55	
		A description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization	We analyze the financial risks and opportunities related to climate change by considering the 'income statement and statement of financial position', and the results of this analysis are managed by the risk management process, and the risk level is determined by the materiality assessment process.	53	
	b) Describe the impact of climate-related risks and opportunities	Organizations should consider including the impact on their businesses and strategy in the following areas: · Products and services · Supply chain and/or value chain- · Adaptation and mitigation activities · Investment in research and development · Operations(including types of operations and location of facilities) · Access to capital, acquisition, or disposal of capitalw	In accordance with the company-wide risk management process and climate risk management process, SK Telecom's business strategy and financial plans based on risks and opportunities related to climate change are explained. We are promoting environmental efficiency projects such as ICT-based smart green solutions, which are major products and services, and calculating and managing other indirect emissions (Scope 3) throughout the value chain. In addition, we consider climate change throughout our business and financial plan, such as price risk mitigation through distributed purchasing of emission rights as a way to alleviate the burden of the emissions trading system, purchase of renewable energy, participation in reduction initiatives related to climate change, economic value creation through research and development of energy reduction projects and overseas reduction projects, and preemptive measures against loss of base stations due to climate change.	116-121 52-57 41-43, 51 52-56	C3.3 C3.4
		Organizations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized.	Climate change issues are included in the materiality assessment, which combines SK Telecom's business relevance, stakeholder impact, and financial impact, and along with other issues, the priority of material issues of risk and opportunity is determined. The materiality test is reviewed annually on a fiscal year basis, and performance management and reporting are conducted for each material issue.	36	
		A description of how climate-related issues affect financial performance (e.g. revenues, costs) and financial position(e.g. assets, liabilities)	For climate change risks and opportunities identified as a risk management focus factor, we identify the impact and possible impact of each type including the impact on business as well as finance, and reflect the relevant response strategies in our financial plans every year. We also disclose actual environmental costs through quantitative data and indicators.	53 56 165	

TCFD Category	TCFD Recommendation	Description	SK Telecom Status	Page	CDP Mapping
Strategy	b) Describe the impact of climate-related risks and opportunities	Organizations committed to reducing GHG emissions should describe their transition plan to a low-carbon economy, which may include GHG emission targets and specific details(activities to reduce GHG emissions in their operations and value chains, or activities to support the transition).	SK Telecom declared SBTi-based Net Zero in 2021, and at the 38th general shareholders' meeting in 2022, the CEO promised '2050 Net Zero' environmental management goal and reduction efforts. In order to faithfully fulfill our promise of zero greenhouse gas emissions by 2050, we have established an environmental management strategy system aiming at the goal of 2050 Net Zero and set promotion tasks such as preemptively responding to climate change, advancing the environmental management system, and creating an eco-friendly green culture and disclose the details of practice. SK Telecom does not stop at internal reduction activities but calculates and discloses other indirect emissions (Scope 3) throughout the value chain, and for the closest 25 companies in the value chain, guidelines for estimating emissions and calculation tools are provided, allowing to directly calculate, manage, and reduce emissions.	43 54 57	C3.1 C4.1a C4.2a C4.2c
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Describe how a company's strategy can be changed to address potential climate-related risks and opportunities	SK Telecom regularly monitors risks and opportunities related to climate change and prepares for potential risks. Risks and opportunities identified through monitoring and impact analysis are frequently reported to the management and the BOD according to the level of issues, and then decisions are made to ensure flexibility in management strategies.	56	C2.1b C2.2 C2.2a C2.3a C2.4a
		Potential impacts of climate change risks and opportunities identified as key factors in risk management on finance as well as financial position(e.g. assets, liabilities)	For climate change risks and opportunities derived as risk management key factors, we identify impacts for each type of impact and possible impact, including impact on finance as well as business, and reflect the established response strategy in the financial plan every year.	53 56	
		Describe climate-related scenarios for each time horizon	SK Telecom has analyzed climate change scenarios based on RCP scenario, and based on the results of the analysis, it is composing climate change response strategies divided into short-, mid-, and long-term with the goal of achieving Net Zero by 2050.	52 54	C3.2a C4.1a C4.2 C4.2a C4.2c

TCFD Category	TCFD Recommendation	Description	SK Telecom Status	Page	CDP Mapping
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	Describe the organization's processes for identifying and assessing climate-related risks(how to determine the relative importance of climate-related risks in relation to other risks in an organization).	SK Telecom identifies and evaluates climate change-related risks through a risk management process in consideration of a variety of aspects such as 'policy and law, technology, market, reputation, and acute or chronic'. For the identified climate risks, along with other risks in the organization, the risk level is determined by the materiality assessment process.	53	C2.2 C2.2a C2.3a
		Describe whether existing and emerging regulatory requirements related to climate change and other relevant factors are taken into account in the risk management process.	For the greenhouse gas emissions trading system and the achievement of the goal of Net Zero, which are existing and emerging regulatory system related to climate change, we consider them as the most important factors in the risk management process and the relevant strategies are implemented through scenario analysis of climate change risks.	52 54	
		Process for evaluating the potential size and scope of identified climate change-related risks and disclosure of definitions of risk terms used or references to existing risk classification frameworks used.	For the identified climate change-related risks, along with other risks in the organization, the risk level is determined by the materiality assessment process. In this report, we disclose the materiality assessment process, results, and management of material issues.	35-40 53	
	b) Describe the organization's processes for managing climate-related risks	Describe the process of managing climate-related risks, including decision-making methods for mitigating, transferring, accepting or controlling climate-related risks.	The climate-related risks and opportunities are identified through regular monitoring and assessed by SK Telecom's ESG department. When the management and the board of directors make relevant decisions, the ESG and related department establish responses and manage them. If cooperate with the supply chain is necessary, we do so through communication.	52	C2.2 C2.2a C2.3a
		Describe the process for determining priority for climate-related risks, including how materiality is determined within the organization.	SK Telecom recognizes climate-related risks as very important risks. The various climate-related risks reviewed in the organization are prioritized by the materiality assessment process along with other risks in the organization. The materiality test process proceeds in the order of internal and external environment analysis, issue identification and pooling, materiality assessment, and derivation of material reporting issues.	35	
	c) Describe how processes for identifying assessing, and managing climate-related risks are integrated into the organization's overall risk management	How processes for identifying, assessing and managing climate change-related risks are integrated into an organization's overall risk management system.	At SK Telecom, risks related to climate change are included in the company-wide risk management area, and it can be confirmed through the company-wide risk management response system.	116	C2.2

TCFD Category	TCFD Recommendation	Description	SK Telecom Status	Page	CDP Mapping
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Provide indicators that match the categories of climate-related indicators used across industries with key indicators used to measure and manage climate- related risks and opportunities	Key indicators used to measure and manage climate-related risks are disclosed in the environmental data of this report. Key indicators include greenhouse gas emission status, energy use status, other indirect (Scope 3) greenhouse gas emission status, renewable energy use status, environmental costs, and purchase of emission rights.	163-165	C1.3a C5.1 C6.1 C6.3 C6.5 C7.9a C8.2a C11.3a
		If appropriate and applicable, when and how performance indicators for managing climate change risks linked to water, energy, land use and waste management are incorporated into remuneration policies	The environmental data reported includes indicators for water use, energy use, waste discharge, and recycling. To manage climate-related risks, the intensity of each indicator is also disclosed when necessary, and land use is not applicable to the organization's climate change-related risks.	163-165	
		Describe whether and how relevant performance indicators are incorporated into remuneration policies	SK Telecom introduces KPIs related to Net Zero to the management including the CEO and all related business division managers to evaluate performance and provide monetary compensation based on performance.	51 113	
		Indicators of climate-related opportunities, such as revenue from products and services designed for a low-carbon economy, as well as internal carbon prices	The internal carbon price disclosed through CDP is KRW 15,000, and we have reduced carbon emissions by about 55 tons annually by developing a mobile eco-card.	59	
		Provides indicators for past periods and forward-looking indicators for trend analysis	The environmental data reported in this report includes data for the past two years for trend analysis for all indicators, and we also disclose target indicators for the next year for key indicators.	54 163-165	
		Describe whether time frame of business or strategic Plans are aligned with indicators and the methodology used to calculate or estimate climate-related indicators	All indicators of SK Telecom are the same as the fiscal year period that is used as the basis for other public data. The criteria used for calculating each indicator are written in the explanation for each indicator in the main text of the environmental management report or at the bottom of each indicator of environmental data. Greenhouse gas emissions and energy consumption, which are key environmental indicators, follow the standard methodology of the 'Guidelines for Reporting Emissions and Certification of the Greenhouse Gas Emissions Trading System'.	163-165	
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope3 greenhouse gas(GHG) emissions, and the related risks	Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas(GHG) emissions(if applicable, recommended)	SK Telecom discloses Scope 1, Scope 2, and Scope 3 greenhouse gas emissions through the environmental data section of this report. Scope 3 identifies all 15 categories including 8 upstream activities and 7 downstream activities, among which we report emissions for 9 related categories that are currently available for calculation evaluation.	164	C5.1 C6.1 C6.3 C6.5
		GHG emissions should be calculated in line with the GHG Protocol methodology to allow for aggregation and comparability across organizations and jurisdictions. (As appropriate, organizations should consider providing related, generally accepted and industry-specific GHG efficiency ratios.)	SK Telecom discloses all of Scopes 1, 2, and 3 defined by the GHG Protocol, and in Scope 3, emissions by detailed category according to the categories presented in the GHG Protocol methodology are also disclosed.	164	
		Provides generally accepted GHG efficiency ratios forrelevant industries	SK Telecom ensures comparability by disclosing the intensity of greenhouse gas emissions per sale, which is commonly used not only in the telecommunications industry but also in all industries.	164	
		GHG emissions and related indicators are provided over past periods for trend analysis.	We disclose Scope 1 and Scope 2 greenhouse gas emissions on a 3-year basis, including the past 2 years, and Scope 3 including the past 1 year.	164	

TCFD Category	TCFD Recommendation	Description	SK Telecom Status	Page	CDP Mapping
Metrics and Targets	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Describe key climate-related targets related to GHG emissions, water usage, energy usage, etc.(must be consistent with anticipated regulatory requirements or market constraints or other targets, if applicable)	SK Telecom declared '0' (Net Zero) greenhouse gas emissions by 2050. Since Net Zero cannot be achieved simply through energy-saving activities, we are striving to achieve our goals through a variety of investments and efforts, such as purchasing renewable energy, producing renewable energy through solar power generation, and developing reduction technologies. Net Zero is a global trend and a preemptive activity to support national reduction efforts.	54	C4.1a C4.2a C4.2c C4.3a C4.3b C4.5 C12.1d
		Efficiency or financial targets, potential financial loss, avoiding GHG emissions throughout the product lifecycle, or net profit targets for products and services designed for a low-carbon economy.	For a low-carbon economy, SK Telecom is promoting the 'Happy Habit' project, an ICT-based multi-use cup circulation system with Seoul City, Jeju Island, social enterprise Happy Connect, and Starbucks. In a situation where the problem of overuse of disposable plastic cups is serious and domestic and international regulations are intensifying, SK Telecom joined this service business to solve environmental problems caused by using disposable plastic cups through ICT solutions, and we saved 5.44 million disposable cups in 2022, and we are targeting 11 million in 2023.	59	
		When describing climate-related goals, include: · Whether the goal is absolute or intensity-based · Time frame for goals · Base year for measuring progress · Key performance indicators used to evaluate progress against goals	SK Telecom's climate-related key goal, Net Zero, is the absolute goal of '0' greenhouse gas emissions. The base year for measuring the progress of Net Zero is 2020, which we aim to achieve by 2050. The performance indicators used to evaluate progress against targets are greenhouse gas emissions and reductions.	54	
		Organizations disclosing mid- to long-term goals should disclose relevant interim goals, if possible, either in aggregate or by business unit.	SK Telecom is disclosing detailed reduction targets in a five-year term from 2020 to 2050 for the company-wide goal of Net Zero by 2050.	54	
		Provides a description of the methodology used to calculate the goals and measures.	SK Telecom set the Net Zero reduction target scenario based on the methodology and guidelines provided by SBTi, which has been internationally proven to be reliable, and the emissions measured for the target follow the standard methodology of the 'Guidelines for Reporting Emissions and Certification of Emissions under the Greenhouse Gas Emissions Trading System'.	52	C4.1a C4.2c C4.3a C4.3b

UN Global Compact (UNGC)

The UN requests companies to conduct the 10 universal principles defined in human rights, environment, labor, anti-corruption, etc. by supporting the 10 principles of the UN Global Compact (UNGC), and to support the UN's development plan in a comprehensive scope including the Sustainable Development Goals (SDGs). SK Telecom is a founding member of the Korea Association, a local network of the UNGC, a business consultative body under the UN, and since joining the UN Global Compact in 2007 for the first time from four largest Korean groups, we have been complying with the 10 principles of the UN Global Compact and supporting the UN's development plan in a comprehensive scope, including the Sustainable Development Goals (SDGs). In particular, in April 2013, we declared our public support for the human rights principle presented by the 'Universal Declaration of Human Rights' and the 'UN Guiding Principles on Business and Human Rights: Ruggie Framework' of the UN Human Rights Commission and declared in the name of the CEO that we would fulfill our responsibilities related to respecting human rights. SK Telecom will continue conducting a variety of activities to solve domestic and international social problems and spread global ESG trends by complying with and supporting UNGC principles.

UNGC Activities

Associations/Initiatives	Joining date	Purpose/Remarks
UNGC Headquarters	May 2007	Advancing ESG system and Improving domestic and international ESG Recognition of the company through global ESG initiative activities
UNGC Korea	Sept. 2007	
UNGC LEAD	Jan. 2011	

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Fulfillment of the UNGC's Ten Principles in Strategy and Operation	Criterion 1	Commitment to integrate the UNGC 10 principles into business function and units	191
	Criterion 2	Practicing the UNGC 10 principles across the value chain	122-125
Definite Human Rights Policy and Procedure	Criterion 3	Human rights commitment, strategy, and policy	76-78
	Criterion 4	Effective management system to incorporate the human rights principles into business and management procedures	76-78
	Criterion 5	Monitoring and evaluation mechanism to ensure compliance with the human right principles in business and management procedures	76-78
Definite Labor Policy and Procedure	Criterion 6	Labor commitment, strategy, and policy	76-78, 158-162
	Criterion 7	Effective management system to incorporate the labor principles into business and management procedures	158-162
	Criterion 8	Mechanism to ensure compliance with the labor principles in business and management procedures	33-34
Definite Environmental Policy and Procedure	Criterion 9	Environment commitment, strategy, and policy	51-62, 155-157, 163-165
	Criterion 10	Effective management to incorporate the environmental principles into business and management procedures	51-62, 155-157, 163-165
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Definite Ethics and Compliance Policy and Procedure	Criterion 12	Anti-corruption commitment, strategy, and policy	122-125, 126-130
	Criterion 13	Effective management system to incorporate the anti-corruption principles into business and management procedures	122-125, 126-130
	Criterion 14	Monitoring and evaluation mechanism to ensure compliance with the anticorruption principles in business and management procedures	122-125, 126-130
Activities to Support Broader and More Comprehensive UN Objectives and Goals	Criterion 15	Contribution through key businesses to help achieve the UN objectives and goals	93-99, 158-162
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	Criterion 17	Public engagement and communication to help achieve the UN objectives and goals	189-190
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UN SUSTAINABLE DEVELOPMENT GOALS(SDGS)

In September 2015, 193 UN member nations and leaders of countries established the 17 Sustainable Development Goals and 169 specific tasks in each sector of the economy, environment, and society for the sustainable development of mankind. SK Telecom supports the UN Sustainable Development Goals(SDGs), and set seven SDGs as key areas in connection with the Double Bottom Line, which is our future value creation strategy. We will create sustainable value for mankind by promoting and implementing goals that take into account not only financial impacts but also social impacts.

Goal	SDG Context	Contribution of SK Telecom	DBL(Double Bottom Line)		Mid- to long-term targets
			Social impacts	Business impacts	
	Enhancement of healthy lives and welfare for all ages 3.7 Ensure universal access to health services	· Provide AI care service that provides notifications of medication and hospital visits to the elderly based on AI speakers · Provide AI call service to check safety and health management by phone based on AI technology	· Improvement of blind spots for welfare and care in a way that is highly accessible to the elderly · Ensure a healthy life for members of society by providing customized health management services for individual customers	· Enlarged reproduction of SV through EV expansion of AI care business and fostering Happy Connect, a social enterprise that operates on-site services · Expand the healthcare market through the development of dementia prevention and senility check management services only for AI care	· Expand a universal social safety net for self-reliant seniors, such as relieving the loneliness of vulnerable groups such as the elderly living alone, preventing lonely deaths, and managing health in the non-contact era · Supply AI care + AI call to 250,000 households by 2025
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all 4.4 Promote ICT skills for senior citizens and teenagers 4.5 Provide equal education to marginalized groups such as individuals with disabilities and indigenous people	· Support ICT competency improvement for all citizens so that anyone can enjoy digital benefits according to the digital transformation centered on unmanned and non-face-to-face · Establish a 'digital convergence training platform' that integrates SKT's innovative technologies such as 5G, AI, Metaverse, and immersive media, and support fostering key practical talents in the AI field through this · Operate happy coding school and hold coding challenge for SW education of teenagers with disability · Deliver our technology development experience and know-how to college students through the operation of the 'SKT AI Fellowship' program · Sign MOUs with 21 universities to develop curriculum in the field of AI technology and carry out various educational cooperation programs necessary for fostering excellent AI talents.	· Spread good influence by providing opportunities to close the information gap to all citizens · Create social and national values by strengthening AI capabilities and fostering professional talents based on the digital convergence training platform · Discover happiness and talent of teenagers with disabilities through SW education · Provide opportunity to be recruited as new employees to excellent SKT AI Fellowship graduates	· Dissemination of advanced ICT Tech and promotion of technology through the opening and sharing of resources related to SKT's innovative technology · Secure positive customer experiences and contribute to brand value enhancement through various educational opportunities and experience services for innovative technologies our company pursues	· Continue to spread good influence by bridging the information gap for the digitally vulnerable and opening and sharing advanced ICT technology capabilities · Strengthen capacity of 400,000 cumulative people by 2025
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 8.3 Promote creative and innovative policies for job creation and growth of SMEs	· Hire hearing-impaired drivers by Silent Mobility(Silent M) · By utilizing the 'Happy Credit' ESG point program, promote win-win partnership marketing for social enterprises and small businesses with T Membership, 11th Street, and SK Stoa · Support the growth of excellent ICT-related startups such as 5G and AI that solve various social problems(ESG KOREA, True Innovation, etc.) · Technical support and protection programs through the free transfer of technologies and patents, open collaboration, etc., and enhancement of suppliers' capabilities through win-win growth academy, CEO seminars, and online/offline courses for partners · Support the growth of SMEs with joint marketing through service platforms such as T Day and T Deal	· Create quality jobs for the vulnerable, including the disabled · Contribute to supporting social enterprises and small business online commerce and revitalizing local commercial districts etc. · Solve various social problems by providing startup accelerating programs to solve social problems · Establish a mutual growth system through partner infrastructure and technical support	· Obtain support from stakeholders for the good influence of SKT ICT, such as Silent M and Good Shuttle · Establish a virtuous cycle fostering system in connection with ICT business of our company through the support of ESG innovative companies · Improve business competitiveness through Biz. projects that link startups and SKT's businesses	**Tagerts for 2025** · Foster 250 taxi drivers with hearing impaired & 3,000 persons with disabilities using Good Shuttle per year · Continue to support social enterprises and small businesses using 'Happy Credit' · Support the growth of 500 startups by 2025

Goal	SDG Context	Contribution of SK Telecom	DBL(Double Bottom Line)		Mid- to long-term targets
			Social impacts	Business impacts	
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 9.1 Develop quality, reliable, sustainable and resilient infrastructure to support economic development and humanwell-being, with focus on affordable and equitable access for all	· Ranked No.1 in 5G communication service quality evaluation · Development of network slicing technology that provides customized 5G networks according to specific applications and services · Commercialization of 5G edge cloud service 'SKT 5GX Edge' through cooperation with AWS for the first time in Korea · Conducting various 5G MEC service business	· Establish high-quality network infrastructure by improving quality of communication service and communication network · Provide differentiated customer experiences through various 5G-based services	· Lead the creation of a 5G MEC ecosystem · Create new business opportunities such as autonomous driving and smart factories based on key infrastructure such as 5G and artificial intelligence (AI)	Securing 5G leadership
	Make cities and human settlements inclusive, safe, resilient and sustainable 11.7 Build a safe and pleasant city, in particular for women, children, seniors, and persons with disabilities 11.A Support positive economic, social and environmental links between urban, suburban and rural areas by strengthening national and regional development planning	· AI care service that relieves the loneliness of the elderly living alone and is equipped with a 911 connection function in case of emergency · Establishment of an 'earthquake observation network' through cooperation with public institutions, including our base stations and distribution network, and improvement of earthquake disaster safety for the public · Establishment of a social safety net that protects the safety and life of the people by sending disaster text messages in emergency situations such as infectious diseases (COVID-19) and natural disasters (forest fire, typhoon, heavy rain, earthquake, etc.)	· Establish a social safety net with care services equipped with an emergency rescue system using AI · Efforts to ensure public safety and minimize damage through natural disaster prediction and detection services using infrastructure · Minimize disaster damage to the general public by sending disaster messages at the base station level, including subscribers of other companies	· Strengthen market competitiveness through the advancement of the emergency SOS service-119 link system (collaboration with the National Fire Agency) · Strengthen competitiveness of IoT Biz through continuous collaboration with government agencies such as the Korea Meteorological Administration and advancement of the system · Collaboration with the government and the local government can promote various additional projects that can be linked to disaster text messages	· Advance and expand a universal social safety net for safe old age, such as the prevention of lonely deaths · Support measures for cooperation with related organizations, such as establishing government response measures in the event of an earthquake · Continue to expand the establishment of a social safety net that can protect the safety and lives of the people in various disaster situations
	Take urgent action to combat climate change and its impacts 13.2 Integrate climate change measures into national policies, strategies, and planning	· Preemptive joining to RE100 and official submission of roadmap · Declaration of Net Zero Goals in 2050 and completion of approval of science-based greenhouse gas reduction target (SBTi) · Minimize the scale of greenhouse gas increase by applying single RAN technology (integration and upgrade of 3G and LTE equipment) and AI-based power-saving technology · Implementation of electric vehicle greenhouse gas reduction business model using communication technology (Cat.M1) · Contribute to national greenhouse gas reduction targets by expanding ICT-based high-efficiency, low-carbon energy management technologies (BEMS, FEMS, LEMS) · Establishment of greenhouse gas (Scope 3) management process and management of greenhouse gas emissions throughout the value chain · Contribute to reducing the use of disposable cups in daily life by promoting the Happy Habit Project through the formation of the Habit Eco Alliance	· Contributes to reducing greenhouse gas emissions by participating in greenhouse gas reduction business and projects · Respond to climate change by recycling resources and saving resource usage · Contribute to creating new jobs in the field of multi-use cup washing and delivery	· Expand ICT-based energy and environmental solution market opportunities · Utilize our core technologies, such as Vision AI, as solutions to environmental problems · Link the accumulated points to sales of SKT Family groups after participating in Happy Habit, provision of telecommunications, and additional services necessary for service operation	· 2050 Net Zero, a reduction by 47.7% in 2030 compared to 2020 (Scope 1+2) · Establish a self-sustaining multi-use cup business model by 2025
	Strengthen the means of implementation and revitalize the global partnership for sustainable development 17.16 Strengthen global partnership with stakeholders by sharing knowledge, expertise, technology and resources	[UN Global Compact] · Founding member of Korea Association, a local network of UNGC · Attend the UNGC 2022 regular general meeting	· Secure the status and influence of ESG leading companies among Korean companies in the UNGC Network	· Secure the basis for ESG-based cooperation with global partners	· Continued selection as a UNGC LEAD group and establish and implement cooperation system in 5 SDG areas
		· Join TCFD to respond to climate change · Participate in the Climate Crisis Adaptation Council hosted by the National Climate Crisis Adaptation Center · Participate in Business N Biodiversity Platform, established by the Ministry of Environment and KBCSD · Declaration on biodiversity protection and prohibition of forest destruction · Promote various programs to strengthen the digital inclusion of the socially underprivileged	· Enhance environment-friendly internal and external activities · Contribute to strengthening biodiversity activities, which have recently been highlighted in importance	· Expand new business opportunities through environment friendly activities to reduce carbon emissions	· Operation of company-wide TCFD council and publication of TCFD report in 2023 · Join global initiatives to strengthen biodiversity by 2025 (TNFD, etc.) · Selected as the top 10% of WBA's Digital Inclusion Benchmark Index by 2023

About This Report

As SK Telecom's <Integrated Annual Report>, this report has been prepared for investors and stakeholders to provide an overview of SK Telecom's annual performance. This report contains not only SK Telecom's financial performance, but also a comprehensive Value Creation Story including our future prospects, non-financial performance, and efforts to enhance the underlying value. SK Telecom's BOD granted final approval for this report in June 2023.

Grounds for writing and referenced international guidelines

This report was prepared in compliance with the principles and contents presented by the <IR> Framework. <IR> Framework is a standard framework enacted by the International Integrated Reporting Council (IIRC) for integrated reporting of financial and non-financial performance. In addition, this report complies with the requirements in accordance with the 'GRI Standards', the sustainability reporting standard of the Global Reporting Initiative (GRI). SK Telecom joined the UN Global Compact, the world's largest corporate citizenship initiative under the UN for corporate social responsibility and sustainability improvement, in 2007, and we support the implementation of the 10 principles in the fields of human rights, labor, environment and anti-corruption and the achievement of the Sustainable Development Goals (SDGs).

Scope and boundaries of the report

The term 'SK Telecom' in this report refers to SK Telecom excluding its subsidiaries that are subject to consolidated financial statements in accordance with the Korean International Financial Reporting Standards(K-IFRS). Financial data were prepared on a consolidated basis, and the K-IFRS16 standards have been applied since 2019. Non-financial data, such as environment and society, were prepared based on SK Telecom's separate basis, and data from SK Telecom's overseas branches, subsidiaries, and invested companies are excluded unless general descriptions and information are separately indicated. If the previously reported data were changed due to the spin-off as of November 2021, the changes have been written in a separate notation. However, considering SK Telecom's financial and operational control, business influence, and ripple effects, these data were included in a separate indication in cases where the data could have a significant impact on the judgment of stakeholders. The geographical boundary for reporting is the Republic of Korea, where the principal business site is located, where more than 99% of sales are generated, and the temporal scope is from January 1, 2022 to December 31, 2022. However, some qualitative activities may include contents up to May 2023. If the former data reported in previous reports had changes required attention, the data have been recalculated as of 2022. The reporting cycle of this report is one year, and the previous report was the <SK Telecom Annual Report 2021> published in July 2022.

Third party assurance and disclaimer

The financial information contained in this report was prepared after an accounting audit by an independent audit firm, and non-financial information was assured by an independent professional organization to ensure the reliability of the report. In addition, a separate verification was conducted on the greenhouse gas data included in the report. This report contains forward-looking statements related to the financial situation of SK Telecom and its subsidiaries, operational and sales performance, and plans and goals of the company's management. Despite assurance by a third party, there may be a difference between the future performance stated or implied by the forward-looking statements and the actual performance of the company due to political, economic and circumstantial uncertainties surrounding corporate management.

International initiatives and partnerships

SK Telecom joined the UN Global Compact in 2007, which was initiated by UN organizations and companies to improve social ethics and the international environment, and has been active in it. In addition to complying with ISO 26000, a management system standard for social responsibility, we are also involved in the Carbon Disclosure Project (CDP) and Integrated Reporting (IR) business network. Also, in recognition of these efforts to improve sustainability, SK Telecom was incorporated into the Dow Jones Sustainability Indices (DJSI) World Index in 2022.

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

CDP
DISCLOSURE INSIGHT ACTION

IR
BUSINESS NETWORK

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at the SK Telecom's official website (http://www.sktelecom.com/index-en.html)

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