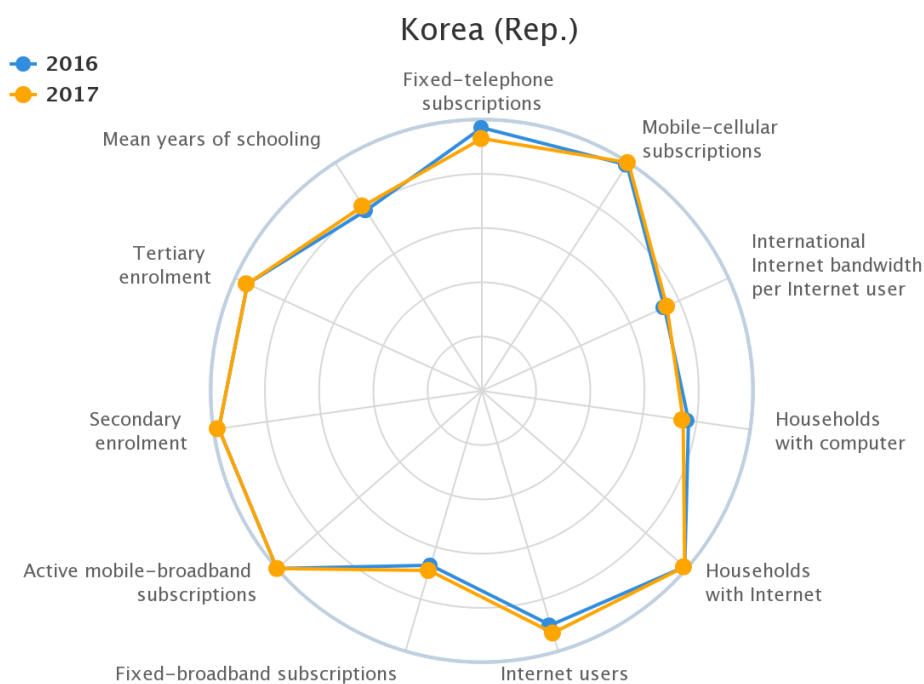


SK Telecom's
Digital Inclusion
Progress Report
2020



1. Status of Digital Divide

The Republic of Korea ranked 2nd place in the IDI (ICT Development Index, measured by ITU) for 2017, even though an IDI value which had risen from 8.8 to 8.85 from previous year. In terms of basic Internet access, Korea is showing a faster progress compared to other nations. It is not a simple quantitative approach to raise the network access rate, but more like a qualitative approach to address the digital divide by understanding the different access needs between different social classes, expanding access to the higher-quality Internet and offering IoT and more personalized services.



According to the 2017 IDI survey, the major digital divide issues of Korea include relative shortage of infrastructure such as the number of households with a computer and fixed-line Internet subscription. The average Internet bandwidth for users is also low compared to the quantitative subscription rate of the Internet. To address these issues, SK Telecom is (1) expanding physical access to high-quality networks for better accessibility, (2) reducing the accessibility gap of the economically vulnerable people through service innovation for better affordability, (3) developing and deploying innovative services to expand the IoT-based digital access for better availability, and (4) enhancing the quality of life through ICT by providing education on a sustained basis for higher acceptability.

2. Progress on our strategies

SK Telecom's expansion of service accessibility lays the groundwork for providing even more convenient mobile telecommunications services by securing and maintaining the absolute number of subscribers and expanding telecommunications devices. It consists of promoting digital inclusion for disadvantaged groups including low-income individuals and senior citizens. Digital inclusion efforts can potentially lead to the growth of the subscriber base and average revenue per user (ARPU). This may not only have a positive impact on SK Telecom's future revenue, but from a social standpoint, it improves the quality of individual lives.

(1) Accessibility

The rate of LTE subscribers is an indicator for mobile internet access. In 2020, the ratio of SK Telecom's LTE subscribers was recorded as 95%, a 2.5%p increase compared to 92.5% last year. As SK Telecom continues to improve access to service by expanding the use of wearable and 2nd devices, the company anticipates that access to service will continue to grow in the future as well.

Access to Service					
	2016	2017	2018	2019	2020
Total Subscribers	29,595	30,195	30,882	28,648	29,089
LTE Subscribers (in thousand)	21,078	22,865	24,796	26,494	27,658
LTE Subscribers Rate (%)*	71.2%	75.7%	80.3%	92.5%	95%

* Since 2019, the Rate of subscribers including LTE and 5G

Network Reach in Korea					
	2016	2017	2018	2019	2020
CDMA (2G)	99%	99%	99%	99%	99%
WCDMA (3G)	99%	99%	99%	99%	99%
LTE (4G)	99%	99%	99%	99%	99%

Additionally, SK Telecom is constantly expanding the regional boundaries of telecommunications services for the benefit of residents of areas with weak service accessibility such as remote mountainous areas and island areas. This brings addition to the Universal Loss of Services Compensation that SK Telecom gives to provide standard telecommunications services to low-income individuals and residents of sparsely populated areas. In 2020, SK Telecom paid KRW 14,800 million for its Universal Loss of Service Compensation.

(in KRW mn)	2016	2017	2018	2019	2020
Universal Loss of Service Compensation	18,321	11,683	14,111	14,800	14,800

(2) Affordability

In the interest of digital inclusion, SK Telecom continues to increase access to service by offering rate reductions for disadvantaged groups. In 2020, the total amount of rate reductions for disabled and low-income individuals was KRW 420,152 million, the scale of which is being maintained at a steady level. Among a variety of win-win measures launched to minimize the digital divide suffered by the underprivileged were the "5G Rate Plan for the Disabled", which doubled the number of free monthly video call hours, and the provision of additional data to small business owners and self-employed people hit by COVID-19.

(in KRW mn)	2016	2017	2018	2019	2020
Total Rate Reduction for the Disadvantaged	190,412	197,890	267,720	360,129	420,152
- Disabled	123,187	127,224	129,213	130,036	135,999
- Low-income Group	57,068	60,074	105,711	121,172	136,691
- Veterans	10,032	10,507	21,794	97,534	12,298
- Basic Pension Recipients	-	-	21,794	97,534	135,164
- Miscellaneous	125	85	77	72	67

(3) Availability

SK Telecom is in the process of completing the nation-wide IoT hybrid network, and creating an IoT ecosystem in collaboration with Daegu City, KEPCO(Korea Electric Power Corporation), Korea University and etc. The number of IoT circuits recorded 3,773,646 in 2020, increasing 18.4% against the previous year. SK Telecom completed the nation-wide network in 2016 and will further exert its efforts to spread the benefits of new ICT, leveraging the new IoT network for wider communities such as farmers, traditional markets and fishermen.

	2016	2017	2018	2019	2020
IoT circuits	2,032,710	2,181,994	2,626,700	3,187,679	3,773,646

(4) Acceptability

To improve access to service through education, programs to resolve the digital divide for disadvantaged groups, such as mobile phone education for senior citizens, mobile phone usage education for North Korean defectors and multicultural families as well as IT challenge contests for disabled youths are being carried out. In response to the rapidly changing and continuously developing ICT technology, SK telecom is in the process of reorganizing its training program. We joined forces with the Korea Productivity Center in 2020 to launch the National Digital Competency Reinforcement Education Project, which was promoted as part of the Korean version of the New Deal project to bridge the digital divide and create jobs for the underprivileged in the era of COVID-19 between September 2020 and February 2021. Through the six-month project, we helped improve the digital capabilities of the underprivileged by offering coding classes for children from disadvantaged households, reemployment courses for career-interrupted female as ICT instructors, digital device education for the elderly, and software coding education tailored for different types of disability.

	2016	2017	2018	2019	2020
Digital literacy	-	-	362	24,483	36,548
Smartphone education for the digital divides	454	432	2,273	830	
ICT Challenge	104	112	122	112	-
Coding Education for disabled youth				450	142

3. Business Cases

(1) 'Artificial intelligence care services' (2019~)



Based on SKT's artificial intelligence technology and data analysis capabilities, in April 2019 Happy Connect, local governments (National Council of Local Governments of Social Economic Solidarity, etc.) Started to cooperate to solve the problems of seniors living alone, the disabled, social isolation, safety, and dementia.

- In 2020, It operates 'ICT Care Center' and the artificial intelligence care services developed for senior citizens living alone, has installed artificial intelligence speakers in more than 12,000 households in 58 local governments and public institutions (LH) nationwide.

(2) Education on how to use smartphone for the disadvantaged (2007~)



SK Telecom is narrowing down the digital divide by teaching how to use smartphones to the senior citizens, children of multicultural families and North Korean defectors to increase their ICT utilization.

- In 2020, provided education on 36,548 digital divide.

(3) Education support initiative (2013~)



SK Telecom is participating in the low-income family education initiative organized by the Ministry of Education.

- Donated PCs and provided support for high-speed Internet subscription cost to students of low-income families
- Offered free Wi-Fi devices for homes and vouchers to use customized contents (online library, online training)

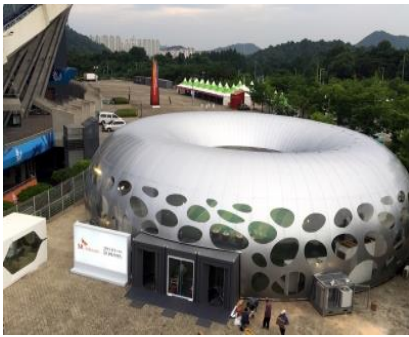
(4) Smart robot and education contents support (2014~)



It is rolling out an initiative named 'Robots to Share Creative Happiness' which supports smart robots and educational contents in partnership with small and medium-sized robot companies.

- Plans to expand the program to 2,400 children in 80 Community Children's Centers across the nation
- Plans to expand participating students to 11,500

(5) Traveling ICT museum, T.um Mobile (2014~)



T.um Mobile is a traveling ICT exhibition museum for students and residents in small or mid-sized cities who have relatively little access to cutting-edge ICT services.

- Pre-schoolers, primary/secondary students in underserved areas, senior citizens, children at orphanages to participate in the government events, etc.
- 6 sessions held and 106,400 people attended in 2016

(6) Digital access for the physically/mentally challenged (1999~)



SK Telecom has held the 'IT Challenge for Youths with Challenges' since 1999, which is attended by students of special education schools where participants can enhance their abilities to utilize various ICTs. The contest is recognized for motivating youths with physical/mental challenges to stand on their own. The Company is also participating in the contents development and service expansion of 'Happiness Library' for visually challenged people, which provide voice services to read books and magazines. SKT employees have been participating in this initiative, volunteering to record their voices.

- 104 students from 100 special schools participated in the IT challenge in 2019
- 4,680 annual app users visit Happiness Library for 1.51mn times in 2016

(7) Traditional market revitalization project (2012~2020)



SK Telecom is helping to boost the competitiveness of traditional markets by leveraging ICT to find the optimum solutions. It is providing ICT-based marketing solutions to Joonggok Jeil and Incheon Shinki traditional markets, and the smart delivery services to Shinyoung, Hwagok Joongang, Mok3dong traditional markets.

- Revitalization projects for 5 markets with a total of 6 promotional events and another event to promote the smart delivery system
- Supported for participation in the traditional market exhibition

(8) Smart local food system support (2013~)



SK Telecom is facilitating the farming communities by building a direct transaction system for local food. The system, designed to manage production and distribution of agricultural products, is expected to bring economic benefits to target areas including Gimpo, Pocheon, Yangpyeong and Sejong city. Farmers can provide fresh produce to consumers by simplifying the distribution stages and be guaranteed stable income.

- 6 areas including Wanju, Gimpo, Pocheon, Yangpyeong, Sejong city
- Approximately 2,500 households received support or participated in the system
- SK Telecom paid 50% of the total system cost and 40% of the operation cost