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Supplier ESG Code of Conduct

May 2024

SK Telecom

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1. Overview

1) Purpose of the Code of Conduct

This Supplier ESG Code of Conduct (“this Code of Conduct”) aims to build a sustainable supply chain by promoting ESG management, including compliance with laws and regulations, for stakeholders within the SK Telecom value chain. SK Telecom expects all suppliers with which it has a business relationship to thoroughly comply with the relevant laws and regulations covered by this Code of Conduct. In addition, the company hopes that individual suppliers would conduct the highest level of management activities in areas such as human rights, safety, environment, ethics, and management systems.

This Code of Conduct has established detailed requirements for ESG management covering human rights, safety, environment, ethics, and management systems based on the UNGC Principles, OECD MINE Guidelines (OECD Guidelines for Multinational Enterprises), and GeSi's JAC (Joint Audit Cooperation) Guidelines.

SK Telecom expects that suppliers will achieve the vision of “Global AI Company” pursued by SK Telecom by complying with this Code of Conduct and that they will continue to conduct a sustainable business together with SK Telecom. Furthermore, the company wishes that suppliers would grow into socially respected companies.

2) Subject of the Code of Conduct

This Code of Conduct applies to all suppliers that have a business relationship with SK Telecom and all employees of them. Suppliers shall comply with this Code of Conduct in all business activities they conduct with SK Telecom. This Code of Conduct requires suppliers to strictly comply with this Code of Conduct not only in their own business activities but also in business relationships with third-party suppliers. If a supplier does not comply with this Code of Conduct, SK Telecom may request the supplier to take actions for correction, etc.

3) Responsibilities and roles of suppliers

SK Telecom or a third-party evaluation agency commissioned thereby may conduct inspections and due diligence, to the extent legally permitted, to determine whether the supplier is complying with this Code of Conduct. SK Telecom may request improvement and correction of risks identified through due diligence results. Suppliers shall conduct self-evaluations at regular intervals while doing their utmost to implement improvement and mitigation measures as for violations or improvement requirements discovered through on-site evaluations.

This Code of Conduct does not include all obligations of suppliers and may be updated regularly to improve supply chain sustainability. This Code of Conduct can be found on the SK Telecom website (sktelecom.com), and inquiries about details can be made with SK Telecom's ESG department.

[We (The company/I)] will actively cooperate in the implementation of SK Telecom's Supplier ESG Code of Conduct in business transactions with SK Telecom, and in order to establish a culture of fair and transparent transactions, agree to the following and put our/my name and seal (signature) below.

2. Labor/Human Rights Management

In the course of business operations, the human rights of members shall be protected and their dignity will be guaranteed at the level accepted in the international community. “Members” include all types of workers, such as part-time employees, migrant workers, trainees, and agency workers.

1) Prohibition of forced labor

Forced laborers, workers under a contract of personal bondage (including bondage for debt repayment), involuntary prison laborers, and human trafficking workers shall not be employed. This includes all acts of moving, hiring, or transferring socially disadvantaged people through threats, coercion, force, kidnapping, or fraud for the purpose of labor exploitation. Workers shall not be required to transfer government-issued identification cards, passports, or work permits as a condition of employment. Sub-suppliers or labor dispatch companies shall not request fees (e.g., job placement) or deposits from workers. In addition, working conditions must be documented and communicated in languages that workers can understand.

2) Prohibition of child labor

Child labor is strictly prohibited. “Child” means a person under “the age of 15, the age at which mandatory education ends, or the minimum age for employment under relevant laws and regulations, whichever is the highest.” If a child worker is discovered, immediate measures shall be taken. Employment of the relevant child workers shall be stopped without delay, and the worker age verification process during the hiring process shall be improved. When operating internship programs, etc., relevant laws and regulations shall be complied with. Youth workers older than the legal minimum employment age may be employed, but workers under the age of 18 shall not perform work that is defined as hazardous in terms of safety and health (including overtime and night work).

3) Compliance with working hours

Weekly working hours shall not exceed the maximum working hours prescribed by law. Furthermore, except in emergencies or special circumstances, weekly working hours including overtime work hours shall not exceed the working hours prescribed in the Labor Standards Act.

4) Wages/benefits

Wages paid to workers shall include minimum wages, overtime pay, four major insurances and the benefit items under the law, etc., and shall comply with all relevant laws and regulations. All overtime work shall be done voluntarily with the consent of the worker, and overtime pay higher than the hourly wage applicable to regular working hours pursuant to relevant laws and regulations shall be paid. Wage deductions as a means of disciplinary action are not permitted. The wage payment standards and items for workers shall be provided in a language that workers can understand and through a pay statement or written record of wage details, a company intranet, etc.

5) Humane treatment

There shall be no harsh, inhumane treatment including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, and verbal abuse of workers. There shall be no threats of such treatment, either. Moreover, policies and procedures to ensure humane treatment of workers shall be prescribed and sufficiently explained to workers without any lacking.

6) Prohibition of discrimination/harassment

Measures shall be taken to prevent workers from being harassed or illegally discriminated against. There

shall be no discrimination practiced based on race, skin color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership, marital status, etc. in the employment practices such as hiring process, wages, promotions, compensation, and educational opportunities. Apart from a few exceptions required by relevant laws or for safety of workplace, medical examinations that could be used as grounds for discrimination cannot be required of workers or job candidates.

7) Freedom of association

In accordance with relevant laws and regulations, the right of workers to organize and join a workers' council or labor union and to freely associate with other workers for collective bargaining and peaceful assembly shall be respected, and the right not to participate in such activities shall also be respected. The freedom of collective bargaining shall be guaranteed, and the matters of collective bargaining with representatives from workers shall be discussed in good faith. In addition, workers and their representatives shall be able to freely communicate and discuss with the company (supplier) their opinions and hardships regarding working conditions and management policies without worrying about becoming victims of discrimination, retaliation, threats, harassment, etc.

3. Health/Safety Management

Suppliers shall be aware that activities to ensure the safety and health of workers (meaning "employees" under the Serious Accident Punishment Act, and hereinafter the same in "3. Health/Safety Management") are essential in all activities related to business transactions with SK Telecom. In addition, efforts shall be made to establish and maintain a safe and healthy workplace in accordance with the Serious Accident Punishment Act and other related laws and regulations.

1) Establishment of a safety and health management system

Suppliers shall comply with laws and regulations on safety and health, and obtain and maintain safety and health-related licenses necessary for business operations. In addition, suppliers shall establish and operate a safety and health management system in an organized manner to prevent safety and health accidents resulting from business operations. The aforementioned system must thoroughly facilitate organization, planning, procedures, and result inspections.

2) Occupational safety

In order to control workers' exposure to potential safety hazards (e.g., electric shock, fire, vehicles, risk of falling, etc.), continuous safety education shall be implemented along with appropriate administrative control and preventive maintenance. In cases where the above-mentioned means cannot sufficiently control the risk factors, appropriate personal protective equipment shall be provided to workers. Workers shall be able to freely raise safety-related concerns to the management. In addition, potential emergencies and accidents (natural disasters, mass infections, fires, and safety accidents, etc.) shall be identified and evaluated in advance. Procedures regarding reporting, worker notification, and evacuation in case of an emergency shall be devised, and damages caused by an emergency shall be minimized through emergency evacuation training for workers to prevent emergencies, securing of escape facilities, fire detection and extinguishing equipment, etc. A specific manual to be ready for emergency situations shall be prepared, and regular education and training shall be provided, which shall improve emergency response capabilities of the workers in all workplaces. Along with that, normal operation of the facilities and equipment shall be checked regularly to ensure the timely implementation of response.

3) Industrial accidents and diseases

Suppliers shall identify, evaluate, and control the exposure of workers to physically demanding work. The work defined as physically demanding work includes work that requires workers to perform manual work repeatedly for long periods of time and work that requires lifting of heavy objects or standing, as well as assembly work that requires a high level of physical strength. In addition, workers shall be given appropriate safety and health education, which shall be conducted in the language primarily used by the workers. Safety and health-related information in the workplace shall be posted in a conspicuous place.

4) Accident management

Procedures and systems for preventing and effectively managing industrial accidents and diseases in advance shall be established. The systems shall include regulations that encourage workers to report abnormalities, classify and record industrial accidents and diseases having occurred, provide necessary treatment, and take corrective measures for the root cause to promote employees' recovery. In the event of an industrial accident or serious illness, necessary measures such as immediately stopping the relevant work and evacuating employees shall be taken. At the same time, efforts shall also be made to investigate the cause and devise improvement measures at the same time.

5) Safety management of machinery, equipment, and facilities

The safety of harmful or dangerous machinery, equipment, and facilities existing in all workplaces shall be periodically inspected and evaluated. Through such inspections and evaluations, physical risk factors shall be removed in a proactive manner, and preventive measures shall be taken through appropriate design, engineering and administrative control, preventive maintenance, safe work procedures, etc. Along with that, safety devices, protective walls, and emergency devices shall be installed and managed to prevent safety accidents caused by the use of harmful or dangerous machinery, equipment, and facilities within the workplace. In addition, safety reviews on newly introduced machinery or equipment shall be thoroughly conducted to continuously maintain a safe work environment.

6) Hygiene, food, and housing

Hygiene of facilities such as toilets, drinking water, hygienic food preparation and storage facilities, dining facilities, etc. shall be managed at regular intervals. Moreover, a safety management system (securing cleanliness, emergency exits, heating/ventilation devices, personal space, etc.) shall also be established when operating dormitories.

7) Health/safety communication

Health/safety-related occupational safety education shall be conducted periodically for all workers working at the workplace. The opinions on improvement shall be heard and collected to raise workers' safety and health awareness.

4. Environmental Management

In relation to transactions, suppliers shall recognize their responsibilities for environmental protection and promote the development and dissemination of eco-friendly technologies. In addition, suppliers shall comply with SK Telecom's Response to Climate Change and Environmental Management Policy and strive to protect biodiversity and prevent forest degradation. In relation to environmental pollution caused by business operations, suppliers shall comply with the relevant environmental laws and regulations (waste, recycling, industrial water management and reuse, greenhouse gas and air emissions management, etc.).

1) Establishment of environmental management goals

Suppliers shall set internal management goals for waste management, soil/noise/odor, eco-friendly products, hazardous substance management, raw materials, greenhouse gas emissions, energy consumption, water management, and air pollutants (key areas of environmental management). They shall hold organizations and systems accountable for promoting environmental management, and obtain environment-related certifications and permits required for all workplaces when necessary.

2) Eco-friendly products/services

Suppliers shall expand eco-friendly products and services through the development and dissemination of eco-friendly technologies, and strive to obtain eco-friendly product and service certifications.

3) Response to climate change

Negative impacts of climate change shall be reduced in the stages of raw material procurement and product/service production and sales. Along with that, various aspects such as policy and law, technology, market, reputation, whether acute or chronic, etc. shall also be considered as risks and opportunities related to climate change. In addition, energy consumption by type shall be measured at company-wide and workplace levels, and greenhouse gas emissions shall also be measured and identified by type. An energy efficiency system as well as system that can reduce greenhouse gas emissions shall be introduced, and the amount of renewable energy used shall be measured in accordance with renewable energy laws.

4) Prevention of pollution and waste

Wastes discharged from the industrial process shall be systematically measured, reduced, and disposed of/recycled, a system for reducing wastes shall be adapted, and activities to promote recycling shall be implemented thereafter. In addition, safety management standards for the entire process involving hazardous substances shall be established so that self- and third-party inspections can be conducted at each handling stage. Furthermore, monitoring of hazardous substances contained in products shall be conducted, and hazardous substances discharged from the industrial process shall be measured. Air pollutant emissions must also be measured, and the equipment to reduce air pollutant emissions for all workplaces shall be introduced when necessary.

5) Natural capital

Negative impacts on the ecosystem near the workplace (noise/odor/water pollution, etc.) shall be identified and monitored, a system for reducing raw material usage shall be introduced, and the amount of recycled raw materials used shall be measured. In addition, for water management, water consumption shall be reduced and a system for treating water pollutants in the discharging/disposing of wastewater shall be introduced. In addition, the amount of water intake, recycling, and discharge shall be measured at each water use stage, if necessary.

6) Protection of biodiversity and prohibition of deforestation

Negative impacts on protection of natural ecosystems, conservation of related biodiversity, promotion of deforestation and/or ecosystem restoration, land conservation and/or soil pollution management, deforestation, forest degradation and/or conversion shall be controlled for reduction. Also, all workplaces to which the Convention on Biological Diversity and Land Conservation (World Heritage areas, IUCN Category I-IV protected areas) applies shall comply with national, regional, and local legal requirements, along with SK Telecom's biodiversity and anti-deforestation policy. In addition, suppliers that operate their own workplaces with major biodiversity shall adopt a mitigation hierarchy model (avoidance, minimization, restoration, and offset) to protect and enhance biodiversity.

7) Chemical substance management

Continuous efforts shall be made to ensure that chemical substances handled during business operations are transported, stored, used, and disposed of in a safe process. In addition, information that can identify the hazards and harmfulness of the relevant chemical substances shall be indicated or disclosed, while regulation on the use and disposal of specific substances shall be strictly observed in compliance with local laws and regulations.

8) Environmental regulation response for products

Recycling and disposal marks related to products shall be observed, as well as local laws and regulations on the prohibition or restriction of the use of specific substances.

5. Ethical Management

In transactions with SK Telecom, the highest level of ethical standards shall be maintained and relevant laws and regulations shall be observed.

1) Business integrity

In relation to transactions with SK Telecom, suppliers shall not provide money, entertainment, or convenience to SK Telecom's executives and/or employees directly or through a third party for the purpose of influencing the transactions (entry into transaction, setting of favorable transaction terms, etc.). In addition, if SK Telecom's executives and/or employees make any wrongful demands (the provision of money, entertainment, convenience, etc.) in relation to a transaction, suppliers shall report them to SK Telecom's Ethics Counseling Center (<https://ethics.sk.co.kr>, Fax: 02-2121-1959) without delay.

2) Fair trade

Suppliers shall not engage in unfair trade practices, such as collusion with other companies, in transactions with SK Telecom. In addition, suppliers shall maintain and enforce internal regulations prohibiting violations of fair trade laws (exaggerated advertising, false advertising, collusion, etc.).

3) Privacy protection

Without the prior approval of SK Telecom, suppliers shall not use the management information (including SK Telecom's subscriber information, etc.) learned in transactions with SK Telecom for transactions with other companies or leak such information to third parties.

4) Information disclosure

Information on suppliers' accounting/financial status and ESG performance, business activities, environmental management status, etc. shall be disclosed in accordance with applicable laws and general industry practices. Any form of falsification or false representation of records on the status and practices of relevant areas in the supply chain is not tolerated.

5) Intellectual property protection

Intellectual property rights shall be respected. Transfer of technology and know-how shall be carried out in a manner that protects intellectual property rights.

6) Protection of whistleblowers

Suppliers shall have a channel through which members can report unethical behavior and shall hold and

enforce regulations to protect whistleblowers and prohibit retaliation against them. SK Telecom shall keep the facts related to whistleblowing confidential when related issues arise. The company may take strict measures if any retaliation against whistleblowing is detected, and may fairly investigate the issues raised and seek or demand solutions.

7) Responsible mineral procurement

For the sustainable future of mankind and the planet, internal management standards for conflict minerals and responsible minerals shall be established and efforts shall be made to fulfill corporate responsibility.

8) Legal compliance

Suppliers shall strictly comply with laws applicable to business operations and set legal requirements as the minimum standard. SK Telecom shall be notified in advance about all issues related to the products and services distributed, especially health and safety issues, and such notification shall be used to support SK Telecom's compliance with global regulations.

6. Management System

Suppliers shall establish and operate a management system to spread and promote ESG management throughout the SK Telecom value chain.

1) Establishment of management system

Suppliers shall establish and improve a management system to comply with laws and customer requirements related to performance of business. In addition, this Code of Conduct or similar commitments to fulfilling social responsibility shall be shared within the organization through the management's New Year's address, internal guidelines, and internal bulletin boards. They shall also be disclosed externally through the website, business report, promotional materials, etc.

2) Response to laws and external requirements

Suppliers shall maintain an active understanding of the latest laws, regulations, and customer requirements related to performance of business and develop and operate a process to apply them to management activities.

3) Risk inspection

Suppliers shall endeavor to identify potential risks related to human rights, safety, environment, and ethics during business operations. If a material risk is identified, measures to mitigate the risk shall be prepared and implemented.

4) Training and communication

Efforts of providing training to workers on the relevant laws and regulations related to this Code of Conduct shall be made to promote compliance with the law. Suppliers shall share with workers, sub-suppliers, and customers the plan for implementing matters included in this Code of Conduct and the results of its implementation.

5) Information management

Information on the status and risks in the areas of human rights, safety, environment, and ethics shall be

accurately recorded and managed. When the laws of the individual country where the business is conducted, industry groups, major customers with whom a business contract has been entered into, etc., require disclosure of such information, the supplier shall act with responsibility to transparently disclose such information to the extent permitted by law.

6) Operation of a grievance handling system

A grievance handling system shall be operated through which workers can report cases of violations of laws in the areas of human rights, safety, environment, and ethics or when their personal rights and interests are infringed. Procedures to collect workers' opinions on the standards and conditions for applying this Code of Conduct and to facilitate improvement shall be prepared as well. In addition, workers shall be protected from unreasonable measures such as dismissal, threats, retaliation, and ridicule for such reporting, etc., and the identity of such reporter shall be kept strictly confidential.

7) Management of business partners (sub-suppliers)

During the planning, design, sales, and manufacturing of products or services, business partners (sub-suppliers) shall be encouraged to pay attention to management in terms of human rights, safety, environment, and ethics. If it is confirmed that business partners (sub-suppliers) have violated laws and regulations in the areas of human rights, safety, environment, and ethics or if risks in the relevant areas have been identified, improvements shall be recommended and induced for correction.

7. ESG Diagnosis and Improvement

In order to check the level of compliance with this Code of Conduct of the pledger, SK Telecom may conduct regular ESG diagnosis and conduct on-site verification to certify compliance with this Code of Conduct. During the verification process, the pledger shall make earnest efforts to provide all cooperations, such as submitting related materials requested by SK Telecom. In addition, if ESG improvement needs of the pledger are identified through on-site verification, the pledger shall submit corrective action and improvement plans within the specified period without prolonged delay and do their utmost for the implementation of corrective action and improvement.

8. Revision History

(ver. 2.3) Revised version published in May 2024.

[We (The company)/I] agree that if we/I violate this Supplier ESG Code of Conduct, we/I may be subjected to limited transaction volume, contract termination, etc. which SK Telecom will enact, depending on the degree of violation and its internal standards.