

SK Telecom Risk Report 2024



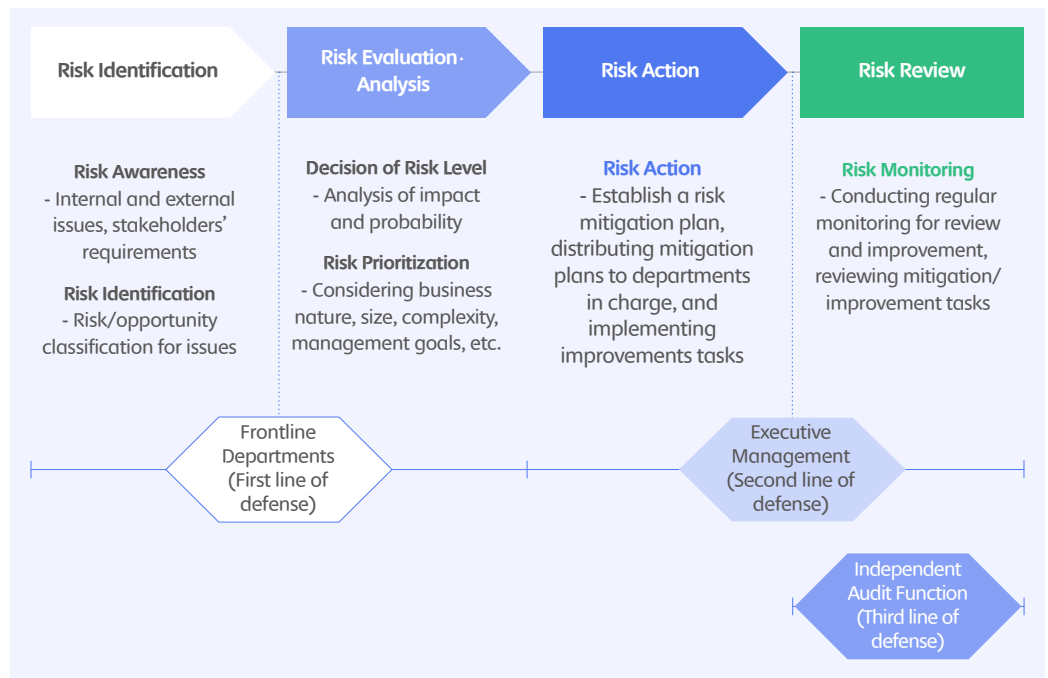
Company-wide Risk Management System





Framework

SK Telecom is establishing a company-wide Enterprise Risk Management (ERM) system to identify risks that may arise in the business environment in advance and respond efficiently to the identified risks. We formed a company-wide risk management working group (W/G) centered around our integrated risk management organization, involving business departments and ICT Family companies (subsidiaries), to regularly identify potential risks from various perspectives. Through these efforts, we are creating a risk management culture to improve the effectiveness of company-wide risk management and business strategy execution.

The Company-wide Risk Management Process

SK Telecom operates a company-wide risk management process to identify and effectively manage major risks affecting its business. This process involves key activities such as identification, evaluation and analysis, action, and review/monitoring, all of which are essential to business operations.



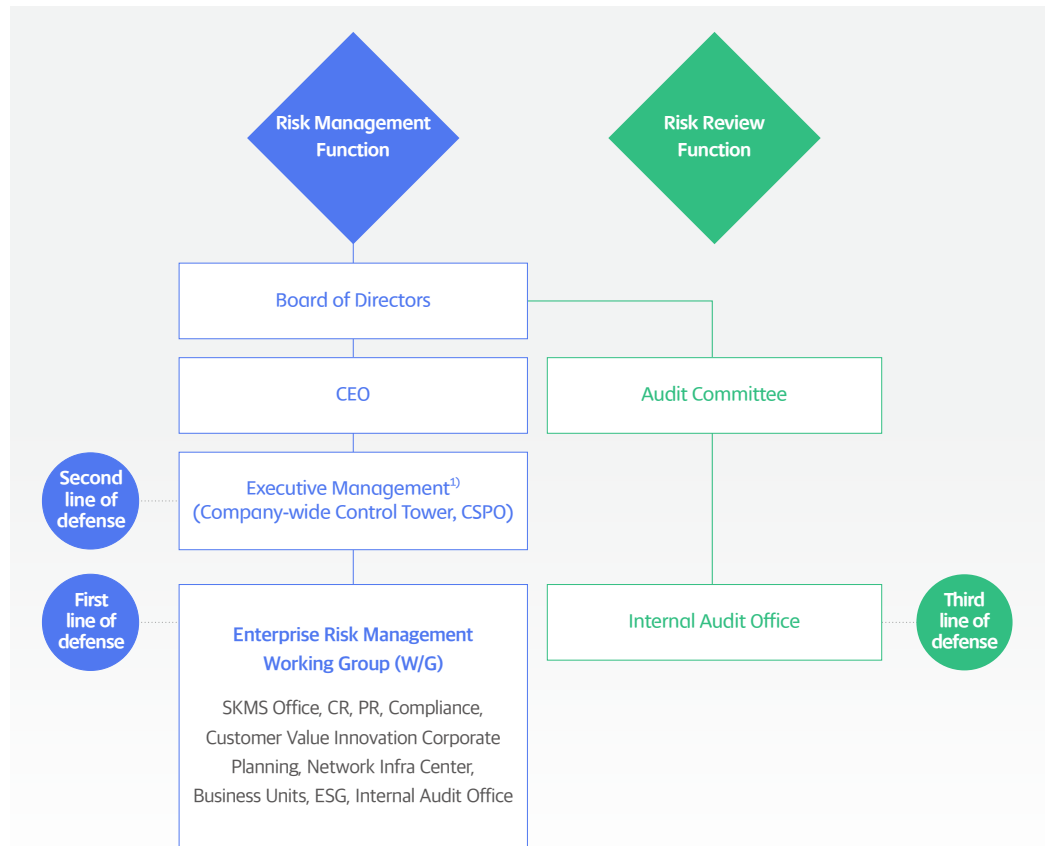
<p> Risk Identification</p> <p>We continuously monitor internal and external issues related to the organization's purpose and strategic direction, identifying risk factors by considering the influence of stakeholders.</p>	<p> Risk Evaluation and Analysis</p> <p>By analyzing identified risks and opportunities based on their impact and likelihood of occurrence, we determine risk priorities by considering risk levels, business nature, scale, complexity, and management goals.</p>
<p> Risk Action</p> <p>Based on the results of the risk evaluation, the business departments determine risk priorities and implement appropriate control measures to effectively mitigate and eliminate risks.</p>	<p> Risk Review</p> <p>The business departments establish monitoring procedures for risk review and improvement and continuously observe them. They then submit key risk monitoring reports on a regular basis at least twice a year.</p>

Company-wide Risk Management System

1) CSPO, CGO, CFO, CSO, CR Center, PR Center, HR Center, SKMS Office

Risk Management Governance

To continuously monitor and enhance the effectiveness of the risk management system, SK Telecom has integrated the risk management system into the governance framework, considering risks when making decisions and setting strategic goals.



(1) Risk Owner (First line of defense)

SK Telecom operates a Risk Management Working Group consisting of managers from dedicated organizations in each business area. The risk management working group is responsible for identifying and mitigating key risks in each business department, and each working group member is accountable for managing operational risks within their respective areas. In addition, we do our best to ensure risk management at the company-wide level by quarterly reporting on key risk identification and mitigation actions to the CEO, CSPO, and committees under the Board of Directors. The SKMS Office, a department dedicated to the company-wide risk management working group, manages risk profiles, maps departments in charge of key risks, defines response measures by risk and oversees activities such as monitoring, risk awareness and dissemination, and response according to defined risk standards.



(2) Risk Monitoring and Supervision (Second line of defense)

The CSPO oversees enterprise-wide risk management and continuously operates the company's risk response and crisis management systems. When a risk arises that significantly impacts internal operations or business activities, the CSPO convenes the Enterprise Risk Management (ERM) Working Group to initiate a swift response. SKMS Office, the dedicated department under the CSPO-led ERM Working Group, is responsible for auditing compliance with defined risk standards and systems across business units and employees. Additionally, the Internal Audit Office conducts annual risk assessments for all internal departments and ICT Family companies, based on SK Telecom's corporate values and Code of Conduct. This team also fosters a risk-aware culture and monitors the effectiveness and efficiency of risk management activities while communicating information related to internal controls. SK Telecom annually reviews and validates its risk categories, appoints responsible executives and department heads for each risk area, and strengthens the effectiveness of risk management. Each executive is accountable for meeting objectives set in accordance with their area of risk.



(3) Independent Audit (Third line of defense)

The Board of Directors supervises the company-wide risk management system and process through the Audit Committee. The Audit Committee, together with management, reviews the analysis of the company's risk types, and actions implemented to prioritize, manage or mitigate risks. When necessary, the audit committee conducts a review of the approach method to key risk types. Additionally, the Internal Audit Office provides operational support to the Audit Committee by conducting internal audits, supervising financial reporting, investigating fraud, etc., with all outcomes reported back to the committee.

Company-wide Risk Management System

An Organization Dedicated to Risk Management

Board of Directors

In order to coordinate the various interests of stakeholders and approve management decisions, SK Telecom has a Board of Directors comprised of professionals with extensive expertise and practical experience in communications, media, security, AI, and the Cloud.

Board of Directors - Risk Expertise Areas

Classification	Directors	Risk Type			
		Strategic	Operational	Financial	Compliance/Legal
		Risks that affect the execution of business strategy or achievement of business objectives	Risks that arise from internal processes or systems, member incidents and accidents, etc.	Risks that arise from exchange rate, interest rate fluctuations, liquidity, credit, asset and liability management, etc.	Risks that are related to changes in industry and ESG regulations and policies, fair trade violations, corruption, and adequacy of accounting and ESG disclosure standards, etc.
Executive director	Young Sang Ryu	◆	◆	◆	
	Yang Seob Kim	◆	◆	◆	◆
Non-executive director	Dong Soo Kang	◆	◆	◆	◆
Independent director	Yong Hak Kim	◆	◆		◆
	Chang Bo Kim	◆	◆		◆
	Junmo Kim	◆	◆		
	Haeyun Oh	◆	◆		
	Mi Kyung Noh	◆	◆	◆	◆

Audit Committee

SK Telecom ensures independence by organizing the Audit Committee with all independent directors. In addition to financial and accounting experts, authorities in the fields of social networks, AI, and media participate as members of the Audit Committee, providing expert insight on business and organizational operations. In addition, the company operates a specialized support organization for the Audit Committee to ensure smooth and efficient task execution.

Experience and Qualifications of the Members of the Audit Committee

Name (Position)	Classification	Experience and Qualifications	Remarks
Mi Kyung Noh (Chairperson)	Independent director	- Hong Kong Asia Pacific Region Risk/Credit Risk Review Manager, HSBC (2017~2024) - Seoul Chief Risk Officer, HSBC (2010~2017) - Seoul, HR/Financial/Credit Analyst, Chase Manhattan (1988~1996)	Expert in global risk management (Experience in accounting, finance, etc. at a foreign financial institution)
Yong Hak Kim (Member)	Independent director	- Professor Emeritus, Yonsei University (2020~present) - President of Yonsei University (2016~2020) - BK Planning Committee, Ministry of Education (2004 ~2005) - Member of the Presidential Commission on Policy Planning (1996~1997) - Professor of Sociology, Yonsei University (1987~2020)	Social network expert
Haeyun Oh (Member)	Independent director	- Director, Artificial Intelligence Research Center, KAIST (2023~2024) - Vice Director, Artificial Intelligence Research Center, KAIST (2021~2023) - Civilian member, Presidential Committee on the 4th Industrial Revolution (2020~2022) - Director, Center for MARS Artificial Intelligence Research, KAIST (2018~present)	AI Expert
Chang Bo Kim (Member)	Independent director	- Attorney, DR&AJU LLC (2024~present) - Presiding Judge, Seoul Central District Court (2021~2024) - Chief Judge, Seoul High Court (2019~2021)	Compliance/Legal Expert

Company-wide Risk Management System

Risk Management Status and Plan

Supporting Department of Audit Committee

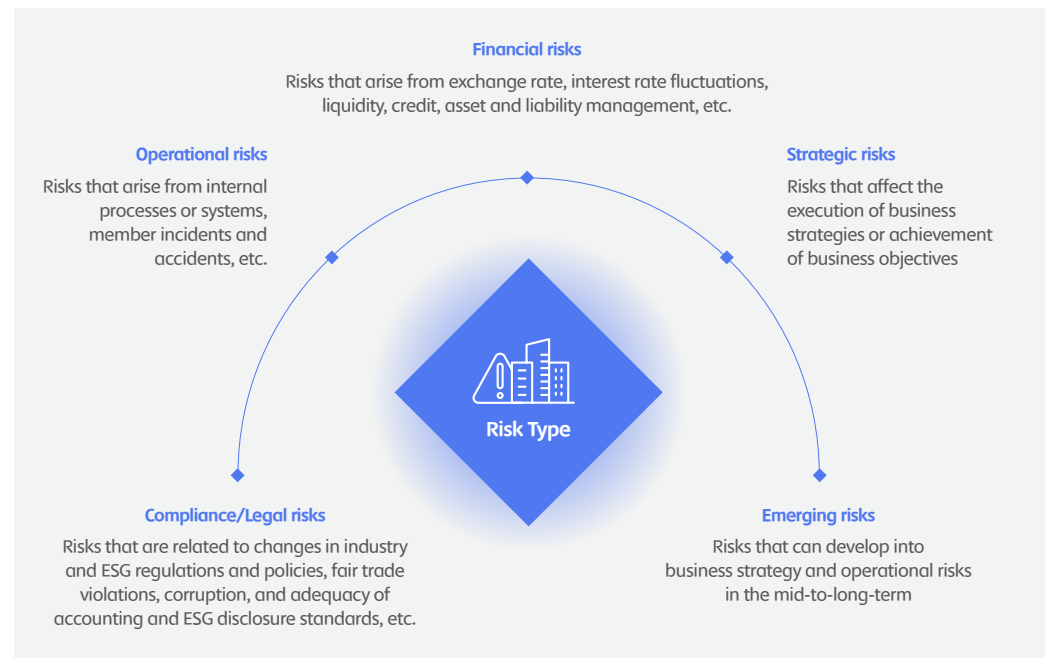
SK Telecom's Internal Audit Office consists of a total of 24 members, including 1 senior executives and 3 team leaders, and reports its audit results and major issues to the Audit Committee every year. In particular, the Audit Support Team, a dedicated organization established to perform audit duties effectively, is composed of five members, including two certified professionals such as CPAs.

The establishment and reporting duties of the Internal Audit Office are specified in the Audit Committee Regulations. The Internal Audit Office assists the Audit Committee by supervising the internal accounting management system, overseeing financial reporting, conducting fraud investigations, and reporting the results to the Audit Committee.

Risk Identification

SK Telecom classifies risks to holistically manage the various risks that may arise from financial and non-financial aspects.

Risk Type



Risk Evaluation, Analysis and Actions

SK Telecom identifies potential risks by regularly reviewing key risk factors at least twice a year. This process helps to identify financial and non-financial risks that may arise during management, enabling the company to proactively prevent and respond to them. We comprehensively review various risk factors resulting from the continuous volatility of the business environment when we discover new businesses (products, services, etc.) or conduct business and investment deliberations. In addition, we derive core risks based on the possibility of occurrence, impact, and material ESG issues identified in the company-wide risk pool, and establish mitigation actions for high-priority risks to proactively address their potential impacts.

The SK Telecom Board of Directors supervises the effectiveness and efficiency of risk management activities and receives reports on internal controls. SK Telecom reviews and verifies risk types annually and appoints executives and department heads responsible for each risk area to improve the effectiveness of related risks. Each executive is responsible for achieving the goals set based on the risk type.

Risk Management Status and Plan

1) Risk exposure, impact classification

◆ High ◆ Middle ◆ Low

2) Business Continuity Management

Key Risks and Mitigation Actions (2024)

Classification	Key Risks ¹⁾	Mitigation Actions	ESG Material Issues
Strategic Risks	◆ Business Alliance (M&A), investment performance management	Establishment and implementation of business strategies through customer needs and demand forecasting, making business decisions, and monitoring technology and industrial environments	-
	◆ Finance Macroeconomic factors such as foreign exchange and interest risks	Periodic monitoring and response to financial trends such as exchange rates, interest rate fluctuations, liquidity, and credit assets	-
	◆ R&D Core technology development and innovation, patent management	Efforts to procure customers through innovative core technology development and to minimize legal risks through strategic patent management of key business technologies	Report #1. Technological Innovation
	◆ ICT Family companies (Subsidiaries) Establishment of company-wide risk/ESG management system	Efforts to reduce, manage, and supervise subsidiary risks through ICT Family company risk education, establishment of a management system, and regular monitoring	Report #5: Strengthening Governance Integrity and Transparency
	◆ ESG Social value (SV) performance, stakeholder management and communication	Monitoring the impact of investment institutions based on ESG response status, monitoring stakeholder management and communication channels	-
	◆ Safety and Health Strengthening safety for workers and citizens as the postponement period of the Serious Accidents Punishment Act (SAPA) concludes	Monitoring and responding to safety and health impact factors for members and partners, managing serious industrial and public accidents	Report #6. Occupational Health and Safety
Operational Risks	◆ HR Welfare, labor-management relations, organizational culture, etc.	Company losses due to personal corruption, conflicts between members, incidents and accidents, work negligence, monitoring of other member misconduct, and raising awareness through regular training	Report #3. Talent Acquisition and Development
	◆ Information Security Cyber security, privacy systems, etc.	Enhancing the information security response system and conducting comprehensive training to raise employee awareness	Report #2. Information Security
	◆ Supply chain (business partners) Partner management, ESG evaluation	Establishment of a robust supply chain management system that includes the oversight of agencies and stores, addressing unfair trade practices, preferential treatment, and conflicts with partners, featuring regular monitoring, risk assessments, and actions based on supply chain ESG evaluations	-
	◆ Environmental Efficiency Environmental management strategy/system and environmental efficiency management	Monitoring greenhouse gas emissions and developing reduction strategies, monitoring biodiversity and mitigating related risks, and striving to reduce resource usage	Core Focus #3. Climate Change Response (Adaptation and Mitigation) Report #4. Building a Circular Economy Through Water and Waste Management
	◆ Service Quality Ensuring service quality, such as network	Checking network facilities to improve service quality, strengthening and monitoring system failure response training	Core Focus #1. Service Quality Management and Accountability
	◆ Customers Customer VoC, improvement of customer satisfaction, etc.	Improving service quality to reduce risks related to customer (group) behavior, customer information leakage, and large-scale complaints (service failures, computer errors), while raising member awareness through regular training	Core Focus #2. Establishing Customer-Centric Management
	◆ BCM ²⁾ Crisis response system and response actions	Establishment of a crisis response system for damage to human life and facilities due to fires, typhoons, infectious diseases, etc., and internalization through simulation training	-
Compliance/ Legal Risks	◆ Regulatory changes Changes in government policies and regulations, etc.	Responding to strengthened regulations related to climate change, continuous monitoring of changes in accounting and ESG disclosure standards, training of managers, executives, and employees on regulatory changes	-
	◆ Compliance and Legal Issues resulting from the political and geographical location of Korea, etc.	Efforts to mitigate risks arising from geopolitical factors in Korea when pursuing global business initiatives.	Report #7. Ethical Management and Compliance
Emerging Risks	◆ Geopolitical factors Issues resulting from the political and geographical location of Korea, etc.	Efforts to mitigate risks arising from geopolitical factors in Korea when pursuing global business initiatives.	-
	◆ Climate change Failure to respond to physical and transition risks, etc.	Monitoring technological and market changes due to climate change	Core Focus #3. Climate Change Response (Adaptation and Mitigation)

Risk Management Status and Plan

Risk Sensitivity

SK Telecom evaluates financial and non-financial risks by analyzing sensitivity to apply and implement a comprehensive approach to risk management.

Scenario Analysis 1. Profits Before Tax Due to Exchange Rate Fluctuations

Exchange rate fluctuations occur when the fair value or future cash flows of financial products change, posing risks to the business operations of overseas consolidated companies. To address this, we periodically evaluate, manage, and report on exchange rate risks annually, analyzing their potential impact and preparing accordingly. SK Telecom's major foreign currencies include USD and EUR, and we conducted a sensitivity analysis on the impact on profits before tax if the exchange rate of the functional currency for each foreign currency changes by 10% in 2024. We conducted the sensitivity analysis on monetary assets and liabilities denominated in foreign currencies other than the functional currency.

Status of Sensitivity Analysis on the Impact of Exchange Rate Fluctuations (Unit: KRW million)

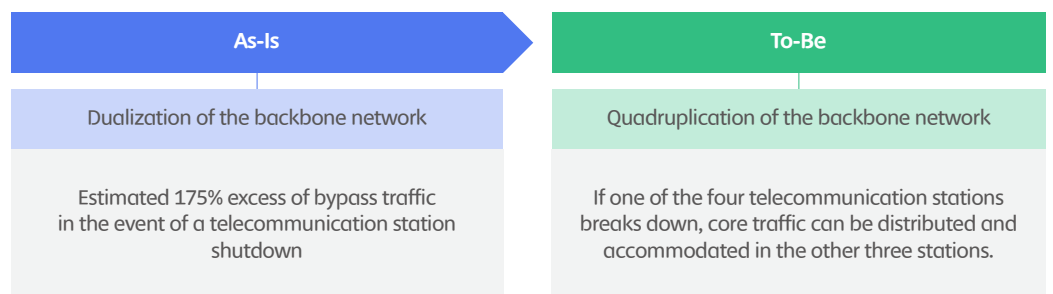
Currency	Effect on pre-tax profit		Effect on capital	
	If increased by 10%	If decreased by 10%	If increased by 10%	If decreased by 10%
USD	13,103	(13,103)	13,103	(13,103)
EUR	1,580	(1,580)	1,580	(1,580)
Others	49	(49)	49	(49)
Total	14,732	(14,732)	14,732	(14,732)

Scenario Analysis 2. Communication Disaster Response

SK Telecom provides services primarily through its communication network, which is constantly at risk of service interruptions due to disasters such as power failures, fires, floods, earthquakes, damage to telecommunication station buildings, and operator mistakes. Acknowledging the severity of network failures caused by natural disasters or operational errors, we have developed and implemented a communication disaster response strategy. This strategy considers network traffic at the telecommunication station level, actual traffic usage rates, and backup infrastructure to ensure continuity in case of a breakdown.

Since the Average Revenue Per User for wireless business of SK Telecom (ARPU)¹⁾ reaches KRW 29,616²⁾, the loss of subscribers in case of communications disaster may have a significant impact on sales. Accordingly, we are promoting various investment activities to strengthen our disaster-response capabilities in ways such as establishing redundancy and backup systems for services like common infrastructure systems³⁾. In particular, considering the 11.5% increase in demand for 5G Non-Standalone (NSA) mode and the 14.8% decrease in demand for 4G LTE from January 2024 to December 2024, we have made data capacity investments for 5G traffic distribution. Meanwhile, we have analyzed the sensitivity to failures at the telecommunication station building level to prepare for possible problems and actively respond to network infrastructure risks by considering the acceptable limits of inter-station traffic.

Failure Response Strategy at the Telecommunication Station Level



1) Based on SK Telecom MNO profit and wireless subscribers (including 3G/LTE/5G and IoT)
 - Based on MNO profit: Includes voice and data profit (excluding subscription fees and connection profit), additional service profit, etc
 * Reflection of sales discounts (agreements and combined discounts, etc.).
 Excluding MVNO-related sales.
 - Based on wireless subscribers: quarterly average number of billing line subscribers among the statistics of subscribers from the Ministry of Science and ICT

2) Based on the average amount of ARPU by quarter from previous 2 years

3) Common-based systems: include authentication, DNS (IP address translation), essential operational tools (monitoring / service control and deployment)

Risk Management Status and Plan

1) Cloud revenues poised to reach \$2 trillion by 2030 amid AI rollout

Scenario Analysis 3: Response to AI Regulation

Goldman Sachs Research projects that the global cloud services market will grow at an average annual rate of 22% from 2024 to 2030. Generative AI is expected to account for approximately USD 200-300 billion (KRW 267-400 trillion)¹⁾ of total cloud spending. Reflecting this trend, SK Telecom's AI revenue rose 46% year-over-year, indicating continued strong demand in the AI sector.

In response to growing global AI demand, the EU officially enacted the world's first AI regulatory legislation—the AI Act—in August 2024, and announced the AI Continent Action Plan in April 2025 to build large-scale AI computing infrastructure. Meanwhile, the second Trump administration in the U.S. revealed plans for USD 5 billion in AI infrastructure investments, and in Korea, AI-promoting regulations under the AI Framework Act are expected to be announced in the second half of 2025 to prevent industrial stagnation. As global markets accelerate the transition to AI services, both AI regulations and policy support for industrial development are expanding worldwide.

To proactively respond to global AI regulations and strengthen execution of its AI Pyramid Strategy, SK Telecom has established a dedicated AI governance framework. The company has developed an AI Governance Self-Assessment Checklist, an internal control process based on SKT's AI governance principles, to ensure safe and reliable AI service management. This system is currently under development and scheduled for official rollout to AI business unit members.

To proactively respond to AI industry regulations and market changes, we aim to become a Global AI Company by establishing a growth-oriented AI governance system and operating internal control processes.

Risk Management Status and Plan

Emerging Risks

At SK Telecom, we proactively identify potential long-term risks that could significantly impact our business and implement measures to mitigate these impacts.

Risk	Explanation	Impact	Mitigation Actions
Risk of rising costs due to rising energy prices	<p>Global energy crisis and rising electricity costs</p> <p>Energy bills in countries around the world, including Europe, the United States, and Japan, are rising rapidly amid the ongoing global energy crisis triggered by the Russia-Ukraine war. In Europe, while the UK experienced a 2.9% decrease, electricity rates rose sharply in other nations: 44.9% in Italy, 42.7% in France, 22.2% in Germany, and 4.9% in Spain, indicating continued increases in electricity costs during the course of the war (as of June 2024 compared to June 2021). South Korea, the world's eighth-largest energy consumer, relies on imports for approximately 93.6% of its energy consumption as of 2024. Nevertheless, electricity rates have only increased by around 31.5% during the same period, prompting many experts to warn that further electricity rate hikes are inevitable. In addition, according to the 2050 Carbon Neutrality Committee, the environmental costs resulting from the current reduction of greenhouse gases and to the transition to renewable energy (expanding to 21.6% in 2030 and 30.6% in 2036) are not appropriately reflected in the cost of electricity production, which is expected to stimulate future increases in electricity bills. Due to the nature of the industry, SK Telecom, with indirect energy consumption from electricity use accounting for 99% of its total energy consumption, is highly susceptible to financial losses due to rising electricity costs. Over the past three years, SK Telecom's electricity usage has increased by approximately 6%.</p> <p>Utilization of the network is increased due to the expansion of the ultra-large AI and mobility business</p> <p>The telecommunications industry is both a key industry and a regulated industry directly or indirectly controlled by the government. Network equipment is continuously increasing to provide a stable communication network supply, while services cannot be terminated arbitrarily, energy consumption is bound to continue to increase. Data traffic generated from domestic wireless networks is currently approaching 1 million TB, which is more than double the number compared to the first half of 2019 when 5G began to be serviced. In the future, as various life-friendly services using ultra-large AI are released and the mobility (robot, autonomous driving, UAM, etc.) business begins in earnest, network utilization is expected to increase rapidly, leading to an increase in infrastructure operating costs.</p>	<p>Higher operating costs due to higher power prices and increased network utilization</p> <p>SK Telecom's annual energy usage and greenhouse gas emissions are expected to continue to rise, thereby increasing the company's financial burden. As a result of analyzing the costs (including purchasing REC, etc.) to achieve 2050 Net Zero and 2050 RE100 in a way that meets the standards of SBTi, additional costs are expected to be around 167.3 billion won by 2030 and 840.8 billion won by 2050. However, these figures do not reflect the recent surge in energy prices, and higher carbon trading prices will result in a greater financial burden than expected. In addition, investment and operating costs will be invested to cover the increasing network traffic every year, and these costs are also expected to increase every year.</p>	<p>SK Telecom responds 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.</p> <ul style="list-style-type: none"> ♦ Energy efficiency: Reduction of cooling energy usage by eliminating heat from main equipment and auxiliary equipment, integration of network equipment such as base stations and repeaters, replacement of old air conditioning equipment, and strengthening the management of office energy use based on network structure innovation and network slimming ♦ Fuel conversion: Promoting the introduction of electric vehicles from a mid-to-long-term perspective, and approving an external reduction project for 61 SK Rent-a-Car electric vehicles ♦ Investment in renewable energy: Installation of self-consumption solar power plants on idle sites such as company buildings, rooftops of base stations, and parking lots across the country <ul style="list-style-type: none"> - As of 2023, 170 solar installations with a combined capacity of 4.9 MW were completed. - In 2024, these solar facilities generated 5,412 MWh of electricity ♦ Resource recycling: Reducing disposal costs by strengthening waste management in Network Infra and increasing profits by selecting integrated sales companies for recyclable waste. ♦ Expansion of carbon credit business portfolio: Since 2018, we have been distributing Cookstoves to residents in underdeveloped countries in Southeast Asia, procuring carbon emissions credits (2.39 million tons by 2030) and additional projects.

Risk Management Status and Plan

- 1) CSIS (Center for Strategic and International Studies):
A conservative think tank specializing in diplomacy located in Washington, D.C., USA
- 2) EMP (Electro-Magnetic Pulse):
Electromagnetic waves generated during a nuclear attack permanently destroy electronic circuits and semiconductor devices

Risk	Explanation	Impact	Mitigation Actions
Geopolitical risks in the region where major business sites are located	<p>Increased uncertainty due to geopolitical risks</p> <p>According to the U.S. Central Bank (Fed), the global Geopolitical Risk Index (GPR) is at its highest level in history.</p> <p>Geopolitical risks heighten uncertainty about future prospects and are expected to have several negative impacts.</p> <p>Companies may postpone investment decisions and job creation, households might reduce consumption, and financial institutions could adopt more conservative lending practices. Additionally, there may be a preference for safe assets in the financial market and declines in stock market prices. Since the ceasefire of the Korean War in 1953, South Korea and North Korea have been confronted on the Korean Peninsula, and geopolitical risks such as North Korea's provocations such as ICBMs (intercontinental ballistic missiles) and North Korean nuclear weapons exist. Recently, North Korea-related risks have been closely tied to international security concerns, significantly impacting both the Korean economy and national security. For example, the Taiwan War Game Report by CSIS¹⁾ (The First Battle of the Next War) mentions a high possibility of conflict on the Korean Peninsula. This could be triggered by the intentions of the North Korean regime or by China's aim to divert the power of the United States and Japan during a potential China-Taiwan War. SK Telecom's headquarters and major business sites are located in Korea, and 99.91% of our 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 South Korea's communication infrastructure may be destroyed on a large scale and our business may be affected.</p>	<p>Possibility of Service Disruption Due to Destruction of Communication Infrastructure</p> <p>In the event of a war or disaster, there is a high possibility that infrastructure facilities such as power, communication, and major roads will be destroyed first to block the exchange of goods and information, and in that respect, the communications infrastructure operated by SK Telecom is also likely to be a major target of an attack. In the event of destruction of physical communication facilities due to local warfare or full-scale air raids, large-scale power outages due to the destruction of power facilities, network cyber hacking attacks or other unexpected events due to the special nature of war and disaster, business continuity may be damaged as the mobile communication service, which is SK Telecom's core business, cannot be provided locally or nationwide. In particular, if asymmetric weapons such as nuclear weapons or EMP²⁾ are used, there is a possibility that communication networks across the Korean Peninsula may be destroyed.</p>	<p>In the event of war or conflict caused by geopolitical instability, it is impossible to completely prevent disruption of the operation of communication facilities.</p> <p>However, we have implemented various preliminary preparations to make sure that we can respond as effectively as possible when a situation occurs.</p> <ul style="list-style-type: none"> ◆ Establishment of a wartime response system: In the event of a war or disaster, we operate a comprehensive situation room (establishing guidelines, etc.) to announce the situation to customers to respond to it, and perform the role of identifying and responding to system failures. ◆ Measures to protect service: In the event of damage to base stations and major telecommunication station buildings, we implement disaster roaming through other mobile communication service providers' networks, diversify communication stations, and establish a cyberattack response system ◆ Backup important data: We back up important data such as customer, financial, and HR information in a separate physical space to ensure business continuity in situations when servers and data are lost ◆ Regular training: We participate in the National Emergency Preparedness Training (Eulji Exercise) organized by the Korean government and in scenario exercises to reduce the impact and losses from new types of attacks or disasters.

Risk Management Status and Plan

Risk Review

SK Telecom has improved the efficiency and transparency of the operation of our company-wide risk management system through regular internal and external audits.

Internal Audit

SK Telecom operates an Internal Audit Office dedicated to supporting the Audit Committee under the Board of Directors and the management's risk management activities. The Internal Audit Office conducts regular risk-based internal audits covering the entire management activities of the company and its ICT Family affiliates, in accordance with a 3-year rotational audit principle.

During audits, the Internal Audit Office examines the adequacy of the design and operation of internal controls for key functions within SK Telecom and ICT Family affiliates. It also reviews critical decision-making and risk management processes, as well as internal controls by business area and overall management activities. SK Telecom integrates internal controls with its risk management processes, and through thorough inspections during audits, continuously enhances its risk management system. Audit results, including identified improvement areas and implementation plans, are reported to the Audit Committee. The execution status of improvement plans for risk factors identified during audits is also continuously monitored and reported to the Audit Committee.

Additionally, self-assessments based on checklists are conducted annually for management areas such as HR, finance, and procurement. For areas where intensive risk management or strengthening of internal controls is deemed necessary based on the self-assessment results, the Internal Audit Office undertakes additional audits and improvement management activities. The Internal Audit Office is organized directly under the Audit Committee, which supervises all risk management-related activities of the Internal Audit Office through its authority to consent to the appointment and dismissal of the Internal Audit Office head, approval of the audit work plan, and approval of budget and organizational structure.

Main Activities of the Audit Committee

Classification	Detailed Activities
Ethics Management Office	Ethical management performance and mid-term business audit plan
	Status of external disclosure of ethical management and results of evaluation
	Result of measuring ethical management level
Internal Audit	Evaluation of the operation status of the internal accounting management system
	Opinion of the Audit Committee on internal monitoring system
	Approval of personnel evaluation of the head of the internal audit department
	Approval of organization of internal audit department
	Audit report
	Plan for regular business audits for ICT Family companies
External Audit	Signing of an audit agreement with ICT Family companies
	Approval of the provision of services by external auditors
	Approval of external audit contract

SK Telecom has established a code of conduct and a dedicated organization to practice company-wide ethical management. By doing so, we focus on preventing ethical risks and strengthening autonomous ethical practices among our members. To strictly manage ethical risks, we conduct regular risk evaluations for all business areas and organizations at least twice a year, implementing risk mitigation and elimination measures based on the evaluation results.

We are also striving to take the lead in responding to the rapidly changing business environment and to practice compliance management to meet the needs of the industrial ecosystem and society. We systematically manage compliance risks by establishing a compliance management system at the company-wide level, including ICT Family companies, such as SKT ICT Family Compliance 2.0 and Compliance Management Portal (T-Compliance Net) to comply with fair trade and business-related laws and minimize risks involved in overall management activities.

Risk Management Status and Plan

Spreading Risk Management Culture

External Audit

External Audit under the Act on External Audit of Stock Companies

SK Telecom periodically appoints external auditors in accordance with Article 11, Paragraphs 1 and 2 of the Act on External Audit of Stock Companies, Article 17 of its Enforcement Decree, and Articles 10 and 15(1) of the Regulations on External Audit and Accounting. The appointed auditors conduct annual external audits of the company. For the fiscal years 2022 through 2024, EY Hanyoung served as the external auditor, and beginning with the 2025 fiscal year, Samjong KPMG will take on the role. SK Telecom's external auditors conduct audits of the company's financial statements and accompanying schedules annually, based on principles of fairness and transparency, and submit the audit reports. The Audit Committee evaluates the appropriateness of the audit results. The audit opinion for the 41st fiscal year (January 1, 2024 - December 31, 2024) was "unqualified," with no additional findings.

External Auditor's Opinion

Fiscal year	Auditors	Auditor's opinion	Emphasis etc.	Key audit points
41st	Ernst & Young Han Young	Appropriate	Not applicable	Period attribution of wireless communications sales
40th	Ernst & Young Han Young	Appropriate	Not applicable	Period attribution of wireless communication sales, Period attribution of wireless communication sales, valuation of impairment of goodwill for cash-generating units in the wired telecommunications business
39th	Ernst & Young Han Young	Appropriate	Not applicable	Period attribution of wireless communications sales, Period attribution of wireless communication sales, valuation of impairment of goodwill for cash-generating units in the wired telecommunications business
38th	Samjeong Accounting Firm	Appropriate	Establishment of SK Square Co., Ltd. through spin-off and presentation of discontinued business in consolidated financial statements	Period attribution of wireless communication sales, valuation of impairment of goodwill for cash-generating units in the wired telecommunications business

External Audit by SK Group Audit Organization

The audit organization of SK Group conducts regular annual monitoring of internal control systems, compliance, and investment performance related to the operations of affiliates and subsidiaries, identifying key risks at the group level. SK Telecom is also subject to at least one on-site audit per year by the SK Group audit organization, which assesses the adequacy of risk management processes and regulatory compliance, reporting the results of internal control activities to the Board of Directors.

SK Telecom integrates risk management processes into its internal control system and undergoes annual assessments of the overall process and its operational effectiveness by independent third-party institutions based on global risk management standards such as ISO 31000. These assessments involve a thorough analysis of the risk management process through document reviews and onsite inspections, identifying areas for improvement. Since 2024, SK Telecom has issued an annual "Risk Report" based on the assessment results.

Strengthening Risk Response Capabilities

SK Telecom is striving to establish and spread a risk management culture throughout the organization by strengthening the risk response capabilities of our members. We have created an environment that promotes quick reports and tips so that all members, including management and the board of directors, can have transparency and responsibility in regards to risks. Furthermore, we have improved members' risk awareness by identifying risks with mid-to-long-term impacts and conducting regular preliminary education and simulation training. We provide various training programs such as risk inspection issue-based training, management inspection training for departments related to the compliance management system (ISO 37301), and compliance training at the request of the business departments so that members can recognize and practice the importance of ethics and compliance management. We incorporate adherence to ethics and compliance management, as well as the code of conduct, into our performance evaluations and compensation structures. Additionally, we are committed to internalizing a company-wide risk management culture by distributing ethics and compliance management guides and newsletters through our compliance management portal (T-Compliance Net). We continuously enhance our risk management practices by sharing analysis data collected through our risk management process with our members, ensuring they are well-informed and proactive in mitigating risks.

Spreading Risk Management Culture

Independent Director Training

SK Telecom conducts various trainings for independent directors every year to strengthen the expertise and efficiency of the Board of Directors. In particular, we strive to achieve more effective risk management by including risk-related topics in the training content to improve the understanding of independent directors on the company-wide risk management system, status, and tasks.

Training for Independent Directors

Status of Training for Independent Directors

Training date	Training provider	Key details of training	Independent directors in attendance
Mar. 26, 2024	Board Secretariat	- Orientation for new independent director (2024 business plan and KPIs, AI company strategy, etc.)	Mi Kyung Noh
Apr. 11, 2024	Board Secretariat	- Orientation for new independent director (2024 CEO/inside director compensation, AI governance, 2023 financial results, new shareholder return policy, etc.)	Mi Kyung Noh
May 23, 2024	Board Secretariat	- Orientation for new independent director (2024 safety and health plan, Audit Committee duties, 2023 ethical management performance and 2024 plans)	Mi Kyung Noh
Jun. 26, 2024	Board Secretariat	- Discussion based on 2023 board evaluation results	Yong Hak Kim, Seok Dong Kim, Junmo Kim, Haeyun Oh, Mi Kyung Noh
Jul. 24, 2024	Institute of Management and Economy	- U.S. policy changes and IMPACT outlook	Yong Hak Kim, Seok Dong Kim, Junmo Kim, Haeyun Oh, Mi Kyung Noh
Sep. 24, 2024	Compliance Office	- 2024 SK Telecom compliance training (case studies, behavioral guidelines, key aspects of anti-graft law)	Yong Hak Kim, Seok Dong Kim, Junmo Kim, Haeyun Oh, Mi Kyung Noh
Nov. 27, 2024	Samjong KPMG	- Accounting oversight strategies for the Audit Committee	Yong Hak Kim, Seok Dong Kim, Haeyun Oh, Mi Kyung Noh

Compliance Training

SK Telecom regularly conducts various training to prevent risks and promote ESG management through compliance check activities in major compliance areas, and to improve systems and policies on matters requiring improvement.

Status of Training on Compliance

Training cycle	Details of training
Quarterly	Regular safety and health training for workers
Annually	Training on compliance for company-wide members
Annually	Online education for self-compliance in the telecommunications market
Annually	Open-source compliance training
At all times	Training on key issues related to business relationships (BR)

Ethical Management Training

To enhance our ethical management system, SK Telecom has established the code of ethics and ethical management practice guidelines as the standards for decision-making and behavior in all business activities. We strictly enforce a zero-tolerance policy for any violations. Additionally, we collect ethical practice pledges annually, provide ethics training, including sexual harassment prevention, and conduct ethical management workshops to foster ethical awareness among all employees.

Appendix

Major Experiences and Core Competencies of the Board of Directors

Yong Hak Kim (1953, male)

Independent Director, Chairman of the BOD



First appointed	March, 2020
Recommended by	Independent Director Nominating Committee
Field of activities (responsibility)	<ul style="list-style-type: none"> • Audit Committee • Compensation Committee • Strategy Committee • ESG Committee
Major Experience	<ul style="list-style-type: none"> • Former President, Yonsei University • Former BK Planning Committee, Ministry of Education • Former Professor of Sociology, Yonsei University
Key Skills	• Leadership, ESG/Safety, Risk management/Compliance

Junmo Kim (1976, male)

Independent Director



First appointed	March, 2020
Recommended by	Independent Director Nominating Committee
Field of activities (responsibility)	<ul style="list-style-type: none"> • Compensation Committee • Strategy Committee • ESG Committee
Major Experience	<ul style="list-style-type: none"> • Associate Professor, School of Electrical and Electronic Engineering, KAIST • Former Assistant Professor, School of Electrical and Electronic Engineering, KAIST • Former Senior Researcher, Samsung Advanced Institute of Technology
Key Skills	• Leadership, ICT (communication/media), AI/Tech

Haeyun Oh (1974, female)

Independent Director



First appointed	March, 2023
Recommended by	Independent Director Nominating Committee
Field of activities (responsibility)	<ul style="list-style-type: none"> • Audit Committee • Compensation Committee • Strategy Committee • ESG Committee
Major Experience	<ul style="list-style-type: none"> • Director, KAIST Center for MARS Artificial Intelligence Research • Professor of Computing, KAIST • Former President, KAIST Artificial Intelligence Research Institute • Former Civilian Committee Member, the Presidential Committee on the 4th Industrial Revolution
Key Skills	• Leadership, ICT (communication/media), AI/Tech

Appendix

Mi Kyung Noh (1965, female) Independent Director



First appointed	March, 2024
Recommended by	Independent Director Nominating Committee
Field of activities (responsibility)	<ul style="list-style-type: none"> · Audit Committee · Independent Director Nominating Committee · Strategy Committee · ESG Committee
Major Experience	<ul style="list-style-type: none"> · Former Regional Head of Credit Risk Review, Asia Pacific Risk, HSBC Hongkong · Former EVP & Chief Risk Officer of Korea, HSBC Seoul · Former HR/Financial/Credit Analyst, Chase Manhattan Seoul
Key Skills	· Leadership, Finance/Accounting, Global/Capital Market, Risk management/Compliance

Chang Bo Kim (1967, male) Independent Director



First appointed	March, 2025
Recommended by	Independent Director Nominating Committee
Field of activities (responsibility)	<ul style="list-style-type: none"> · Audit Committee · Independent Director Nominating Committee · Strategy Committee
Major Experience	<ul style="list-style-type: none"> · LL.B., Seoul National University · Current Attorney, DR&AJU LLC · Former Chief Judge, Seoul High Court · Former Presiding Judge, Seoul Central District Court · Former Deputy Director and Acting Director, National Court Administration
Key Skills	· Risk Management/Compliance

Young Sang Ryu (1970, male) Executive Director



First appointed	March, 2018
Recommended by	BOD
Field of activities (responsibility)	<ul style="list-style-type: none"> · CEO of SK Telecom · Strategy Committee
Major Experience	<ul style="list-style-type: none"> · 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
Key Skills	· Leadership, Finance/Accounting, ICT (communication/media), AI/Tech

Appendix

Yang Seob Kim (1966, male)

Executive Director



First appointed	March, 2024
Recommended by	BOD
Field of activities (responsibility)	<ul style="list-style-type: none"> · SK Telecom Corporate Planning Manager (CFO) · Strategy Committee
Major Experience	<ul style="list-style-type: none"> · Former Vice President (CFO), Head of Finance, SK Innovation
Key Skills	<ul style="list-style-type: none"> · Leadership, Finance/Accounting, Global/Capital Market, Risk management/Compliance

Dong Soo Kang (1969, male)

Non-Executive Director



First appointed	March, 2025
Recommended by	BOD
Field of activities (responsibility)	<ul style="list-style-type: none"> · Independent Director Nominating Committee · Compensation Committee · Strategy Committee
Major Experience	<ul style="list-style-type: none"> · M.B.A., University of British Columbia, Canada · Current Head of PM Division, SK Inc. · Former Head of Portfolio Division, SK Innovation · Former Head of Solution & Platform Initiative, SK Energy
Key Skills	<ul style="list-style-type: none"> · Finance/Accounting, Global/Capital Market, Risk management/Compliance

Appendix

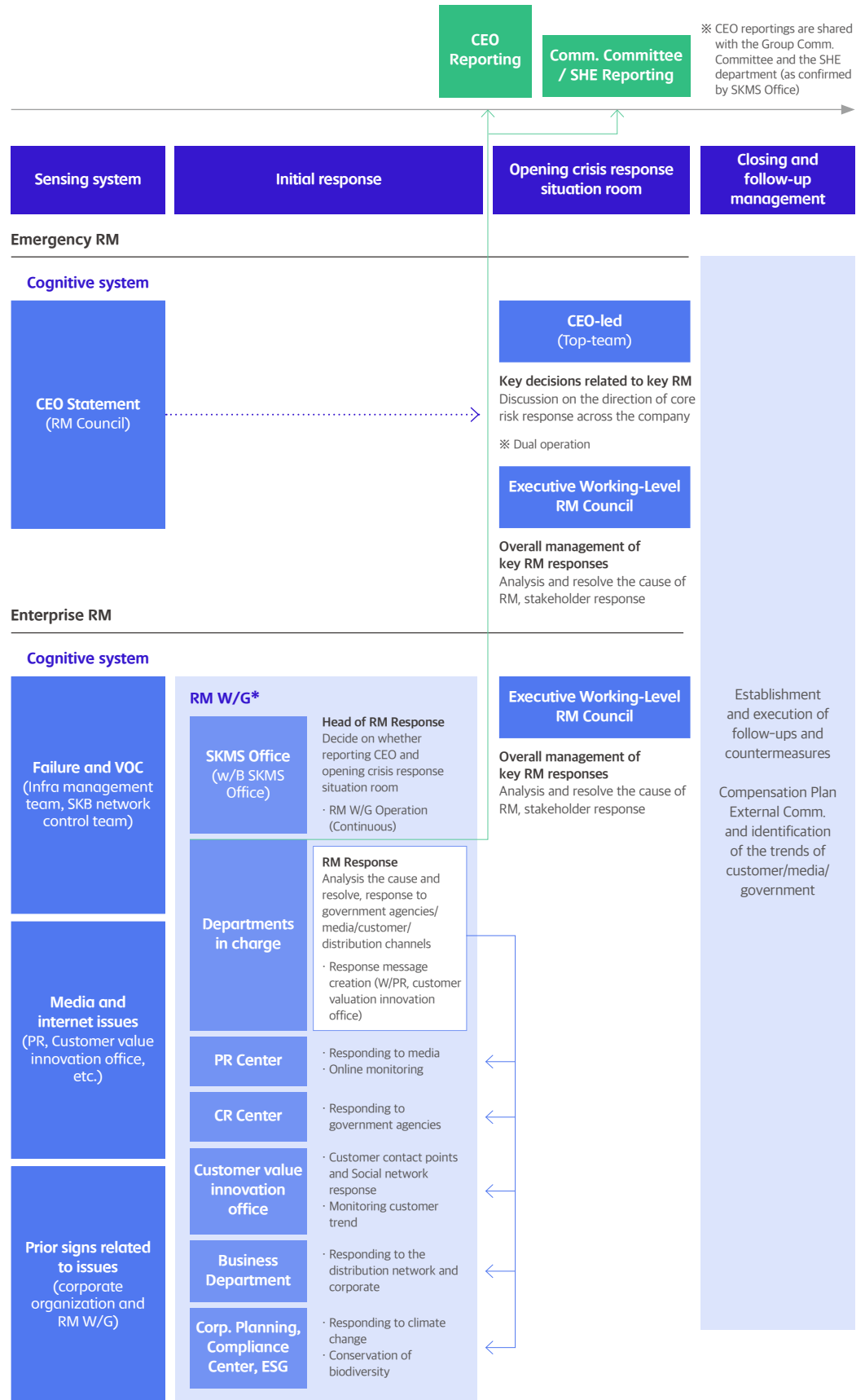
2024 Materiality Assessment Issue Pool

No.	Category	Issue Pool	Definition
1	Environmental	Climate Change Response (Adaptation and Mitigation)	Establishing strategies and implementing greenhouse gas management activities to respond to climate change-induced physical risks such as floods, droughts, and heat waves, as well as transition risks such as stricter carbon regulations
2	Environmental	Development of eco-friendly products/services (EMS, etc.)	Developing and providing eco-friendly technologies and services for energy conservation and efficiency improvement
3	Environmental	Biodiversity Conservation	Identifying the impact of corporate activities on ecosystems, such as habitat destruction and soil/water pollution, and implementing protection and restoration measures
4	Environmental	Building a Circular Economy Through Water and Waste Management	Establishing a sustainable circular economy system through reduction, recycling, and reuse of resources used by companies (including waste and water resources)
5	Social	Talent Acquisition and Development	Recruiting talented individuals and providing training and career development opportunities to ensure sustainable growth and competitiveness
6	Social	Labor practices	Establishing an appropriate compensation system for employees and protecting labor rights, such as guaranteeing the right to form and join labor unions
7	Social	Improvement of benefits	Providing various benefits and support programs in addition to salaries to ensure a good work-life balance for employees and increase job satisfaction
8	Social	Occupational Health and Safety	Establishing preventive measures and management systems to protect the health and safety of key stakeholders throughout the corporate value chain
9	Social	Employee Diversity	Providing equal opportunities to all employees without discrimination based on gender, age, race, disability, etc., and creating a culture that embraces diversity
10	Social	Social Contribution	Contributing to the social, economic, and environmental development of local communities by collaborating with them and managing the impact that businesses have on them
11	Social	Information Security	Strengthening security systems to safely protect customer personal information and prevent corporate information leaks
12	Social	Establishing Customer-Centric Management	Building sustainable customer relationships by improving customer experience, protecting user safety, and increasing service accessibility
13	Social	Service Quality Management and Accountability	Improving the efficiency and stability of the quality of services provided by companies, and systematically responding to failures to increase reliability
14	Social	Social Value Creation	Aiming for DBL (Double Bottom Line) management in all corporate activities to create both economic and social value at the same time
15	Social	Human Right Management	Supporting human rights principles, managing human rights risks, and respecting the human rights of all stakeholders
16	Governance	Ethical Management and Compliance	Complying with legal regulations and preventing corruption and unethical behavior among employees in order to practice ethical management
17	Governance	Sustainable Supply Chain Management	Selecting and managing supply chains with consideration for environmental and social responsibility, and establishing and implementing systems that enable mutual growth
18	Governance	Technological Innovation	Developing next-generation technologies through strategic R&D and promoting innovation in industry and daily life by utilizing these technologies
19	Governance	Shareholder Value	Establishing and implementing strategies to maximize shareholder value by promoting long-term growth and profitability
20	Governance	Stakeholder Engagement and Communication	Reflecting the opinions of stakeholders in key corporate decision-making processes and maintaining close communication
21	Governance	Strengthening Governance Integrity and Transparency	Making transparent and fair decisions, and strengthening the roles and responsibilities of boards of directors and management.
22	Governance	Enterprise Risk Management	Establishing an integrated response system to systematically identify, evaluate, and manage financial and non-financial risks faced by companies
23	Governance	AI Ethics	Following principles and standards to ensure that AI is used responsibly and everyone can benefit equally

Appendix

* RM Council Cooperation: CSPO, CGO, CFO, COO, CSO, CR Center Director, PR Center Director, HR Center Director, AT/DT Center Director, Customer Value Innovation Director, Safety and Health Director, Information Security Director, SKMS Implementation Director, B CEO, B Wireline/Media Business Director, B Corporate Center Director, B CSPO

Organizational Structure for RM Response System



※ CEO reportings are shared with the Group Comm. Committee and the SHE department (as confirmed by SKMS Office)

RM W/G*:

- Composed of members in charge of major departments related to company-wide RM (Establishment of a cooperative system with key SKB departments)
- Serves as dissemination and communication channels to their organization

Appendix

Auditor's Opinion

Internal Audit

Audit Report of the Audit Committee

As the audit committee of SK Telecom Co., Ltd., we conducted an audit of the company's accounting and business operations for the 41st fiscal year, covering the period from January 1, 2024, to December 31, 2024. We hereby present our findings as follows.

1. Overview of Audit Methods

For the accounting audit, we reviewed the financial statements and supplementary documents, received reports on the audit procedures and results from external auditors, and requested additional reviews of the company's key issues, receiving comprehensive reports in return. To ensure the reliability of financial information, we obtained and reviewed reports on the operation status of the internal accounting management system from both the internal accounting manager and external auditors. For the performance audit, we attended board of directors' meetings and other significant meetings, received reports on business operations from the management, reviewed documents related to important business activities, and obtained reports on the audit plan and results from the executive in charge of ethical management.

2. Audit Results

A. Matters related to financial position statement and profit and loss statement

The separate and consolidated financial statements and income statements appropriately present the company's financial status and business performance in accordance with laws and articles of incorporation.

B. Matters related to the statement of appropriation of retained earnings

The statement of appropriation of retained earnings conforms to laws and articles of incorporation and is prepared appropriately in light of the company's financial status and other circumstances.

C. Matters related to the changes in equity, cash flow statements, and notes

The separate and consolidated changes in equity, cash flow statements, and notes appropriately represent the company's assets and profit and loss status in accordance with laws and articles of incorporation.

D. Matters related to business reports

The business report appropriately presents the company's situation in accordance with laws and articles of incorporation.

March 10, 2025

Audit Committee of SK Telecom Co., Ltd.

Chairperson Seok Dong 

Member Yong Hak 

Member Haeyun 

Member Mi Kyung 

Appendix

Audit Committee's Opinion on Internal Monitoring System

1. Overview of the internal monitoring system

A. The internal monitoring system and its functions are as follows.

- ◆ BOD: Supervises the performance of directors' duties.
Consists of a total of nine directors, including three internal directors, one other non-executive director, and five independent directors.
- ◆ Audit Committee: Audit the performance of directors' duties
Consists of four independent directors.
- ◆ Internal audit department: Audit each department or work within the company.
For this, we conduct regular audits, special audits, and report investigations

B. Appointment of members of the audit committee

- ◆ We have established an audit committee in accordance with Article 542-11(1) of the Commercial Act, and appoint members of the audit committee in accordance with Article 542-11(2) to (4) and Article 542-12 of the same Act.

2. Operation of the internal monitoring system


- A. The audit committee receives reports on financial accounting and internal control matters through regular meetings with external auditors, appoints external auditors, and receives reports on the operation status of the internal accounting management system from the internal accounting manager.
- B. The audit committee prepares and manages an evaluation report on the operation status of the internal accounting management system and reports it to the Board of Directors.
- C. The internal audit department conducts comprehensive audits of each department within the company to ensure compliance with regulations and procedures. Additionally, it aims to enhance the efficiency and effectiveness of management activities by identifying areas of inefficiency and recommending improvement measures.

3. Evaluation opinion of the Audit Committee on the operation status of the internal monitoring system

- ◆ In the opinion of this Audit Committee, the internal monitoring system of SK Telecom Co., Ltd. for the fiscal year ending December 31, 2024 is operating effectively.

February 25, 2025
Audit Committee of SK Telecom Co., Ltd.

Chairperson Seok Dong 

Member Yong Hak  Member Haeyun  Member Mi Kyung  Noh

Appendix

External Audit

Management's Annual Report on Internal Control over Financial Reporting

To Shareholders, the Board of Directors and Audit Committee of SK Telecom Co., Ltd.

We, as the Chief Executive Officer ("CEO") and Internal Control over Financial Reporting ("ICFR") Officer of SK Telecom Co., Ltd. and its subsidiaries (the "Group"), assessed the status of the design and operation of the Group's ICFR for the year ending December 31, 2024.

The Group's management including the CEO and ICFR Officer is responsible for designing and operating ICFR. We, as the CEO and ICFR Officer (collectively, "We", "Our" or "Us"), evaluated whether the ICFR has been appropriately designed and is effectively operating to prevent and detect error or fraud which may cause material misstatement of the financial statements to ensure preparation and disclosure of reliable financial information.

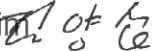
We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Group's ICFR. We also conducted an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment of ICFR operation, we concluded that the Group's ICFR has been appropriately designed and is operating effectively in all material respects as of December 31, 2024, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

February 25, 2025

CEO Young Sang R 

Internal Control over Financial Reporting Officer Yang Seob K 

Report on the annual activities

SK Telecom reports financial and non-financial risks and response activities through disclosure channels such as our website, sustainability reports, business reports, and audit reports.

Website	Ethical Management
	Compliance
Reports	Sustainability Report
	Business Report
	Audit Report

